

Agency Purpose

The Board of Accountancy was established in 1909 and is mandated by M.S. 326.165-326.229. The board's is responsible for ensuring that persons engaged in public accounting meet and maintain the qualifications and standards required to competently practice public accounting in the state of Minnesota. The board fulfills its mission through the following:

- ◆ administering the Uniform Certified Public Accountant examination;
- ◆ issuing and renewing licenses to certified public accountants;
- ◆ renewing licenses to licensed public accountants; and
- ◆ regulates the profession.

Core Functions

The board regulates the practice of public accounting by enforcing its rules and applicable laws on ethics and by monitoring continuing, professional education requirements, quality review and investigating complaints. The board also follows M.S. 214 that generally governs boards and commissions charged with regulating certain occupations in Minnesota.

Operations

The board is comprised of five certified public accountants, two licensed public accountants, and two public members. Dennis Poppenhagen is the executive secretary of the board. Four full-time equivalent employees assist the executive secretary with licensing, investigation, exam preparation, and other duties.

The Department of Commerce provides administrative support to the board. Its duties include processing payroll and personnel transactions, allotting, encumbering, and disbursing funds, and maintaining the accounting records. The Department of Commerce records the financial activity in the state's accounting system, MAPS, while payroll activity is recorded in the state's human resources system, SEMA4.

The Department of Finance provides standard financial reports for the board. The executive secretary is responsible for reviewing the financial reports and working with the Department of Finance to resolve any discrepancies. According to M.S. 214.06 and M.S. 326.22, the board is required to collect sufficient fees to recover both its direct and indirect costs. The Department of Finance works with the board to ensure that fees charged recover board costs.

Budget

The board's biennial budget for FY 2002-03 is \$1.404 million. This funding is through a direct appropriation for the state's General Fund. The board recovers all of its costs through the collection of fees for licensing, disciplinary action, and examinations.

At A Glance

Biennial Budget for FY 2002-03 \$1.404 million
Recovers all its costs through fees

Business Functions:

- ◆ Licenses over 23,000 Certified Public Accountants;
- ◆ Reviews and processes over 3000 applications to sit for the Uniformed Certified Public Accountant examination biennially; and
- ◆ Issues fines and penalties based on board authorized disciplinary action.

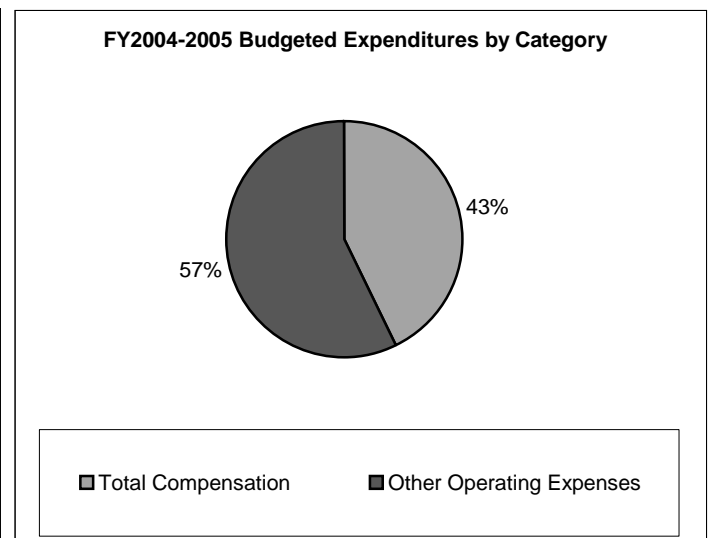
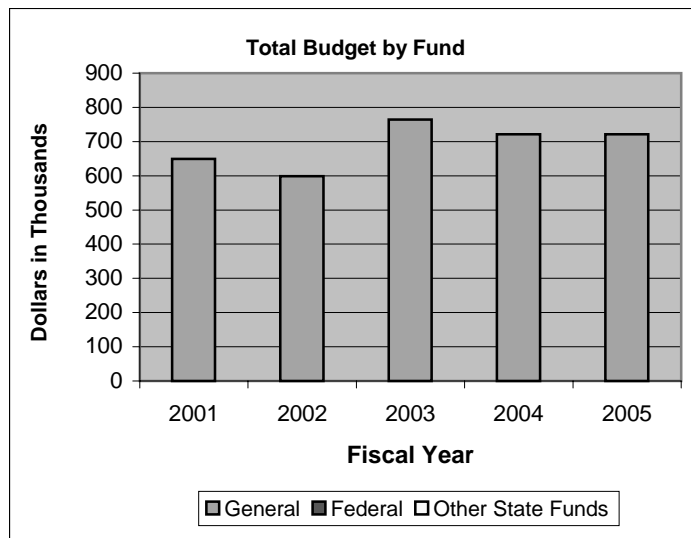
The board has a staff of five full-time employees.

Contact

Minnesota Board of Accountancy
85 E. 7th Place
St. Paul, Minnesota 55101

Dennis Poppenhagen, Executive Secretary
Phone: (651) 296-7937
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Visit our web site at: www.boa@state.mn.us for information on licensing, examinations, CPE requirements, rules and statutes, forms, and newsletters.



| <i>Dollars in Thousands</i> | | | | | | | | |
|------------------------------|------------|------------|------------|------------|------------|--------------|-------------------|-------------|
| | Actual | Actual | Budgeted | Base | | Biennium | Biennial Change | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | 2004-05 / 2002-03 | |
| | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 649 | 599 | 764 | 721 | 721 | 1,442 | 79 | 5.8% |
| Total | 649 | 599 | 764 | 721 | 721 | 1,442 | 79 | 5.8% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|--------------|-----------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 269 | 270 | 302 | 302 | 315 | 617 | 45 | 7.9% |
| Other Operating Expenses | 380 | 329 | 462 | 419 | 406 | 825 | 34 | 4.3% |
| Total | 649 | 599 | 764 | 721 | 721 | 1,442 | 79 | 5.8% |

| | | | | | | | | |
|--------------------------------|------------|------------|------------|------------|------------|--------------|-----------|-------------|
| Expenditures by Program | | | | | | | | |
| Accountancy | 649 | 599 | 764 | 721 | 721 | 1,442 | 79 | 5.8% |
| Total | 649 | 599 | 764 | 721 | 721 | 1,442 | 79 | 5.8% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|--------------|------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 0 | 715 | 665 | 665 | 665 | 1,330 | -50 | -3.6% |
| Cambridge Deposit Fund | 701 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 701 | 715 | 665 | 665 | 665 | 1,330 | -50 | -3.6% |
| Total Revenue | 701 | 715 | 665 | 665 | 665 | 1,330 | -50 | -3.6% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 4.8 | 4.7 | 5.3 | 5.3 | 5.3 |
|------------------------------------|------------|------------|------------|------------|------------|

Agency Purpose

“Service First” to Minnesota and its citizens is the goal of the Department of Administration (Admin) and is expressed in Admin’s mission to improve the quality and productivity of Minnesota government. Admin strives to accomplish this through providing high-quality facilities, services, and infrastructure that will assist each agency in achieving its organizational and strategic goals.

Admin strategic goals include:

- ⇒ *Customer Focus* – Admin consistently delivers goods and services that support state agencies in meeting and/or exceeding citizen expectations and takes a leadership role in facilities and operations management.
- ⇒ *Employer of Choice* – Admin motivates and enables employees to develop and utilize their skills in support of Admin’s overall objectives in a positive work environment.
- ⇒ *Technology for the Future* – Provide citizens with more convenient, easy, fast, and cost-effective access to government information and services.

At A Glance

- ◆ Manages over 525 construction projects with a total value of \$260 million.
- ◆ Recycles over 2,000 tons of materials yearly.
- ◆ Manages 1,000 state leases and 4 million usable square feet of leased space.
- ◆ Administers the state building codes.
- ◆ Provides energy management services that result in annual savings of over \$125,000.
- ◆ Provides information technology services to Minnesota’s public sector around the clock.
- ◆ Processes 31 million pieces of mail and 5 million warrants and checks annually.
- ◆ Provides oversight of \$1 billion in annual purchasing and consolidates procurement activities, saving \$49 million a year.
- ◆ Coordinates strategic investments in information and communications technology.
- ◆ Home to North Star, the state of Minnesota’s Internet portal.

Core Functions

Admin is organized under five distinct bureaus.

- ⇒ **Operations Management Bureau (OMB)** is the state’s buyer, mail service, printer, bookstore, office supply store, insurance carrier, vehicle leasing agency, and surplus property auctioneer.
- ⇒ **Office of Technology (OT)** is state government’s technology window to today and tomorrow. OT provides statewide leadership and direction for the development, integration, and implementation of electronic government services and other technology initiatives and seeks to assure that state policy enhances the capabilities of Minnesota’s citizens, businesses, schools, and communities. OT also coordinates and maintains *North Star*, the state’s Internet portal.
- ⇒ **InterTechnologies Group (InterTech)** is the state’s electronic nerve center, providing information technology services to state agencies, higher education, counties, cities, and school districts. InterTech offers voice, data, and video telecommunications network services; business recovery; and computer network server support.
- ⇒ **Facilities Management Bureau (FMB)** is the state’s architect, building inspector, leasing and land acquisition/disposition specialists, landlord, gardener, and state building custodian.
- ⇒ **Management Services Bureau (MSB)** includes the agency’s legislative, communications, administrative, and inter-agency support and consulting functions as well as several specialized services that include fiscal agent and public affairs responsibilities.

Operations

Admin serves multiple customers, including state agencies and constitutional offices, political subdivisions, the legislature, government employees, and citizens of the state. Admin provides four types of services to its customers:

- ⇒ **Marketplace Services** include internal service fund activities. Customers have freedom of choice when selecting vendors for products or services and choose to do business with Admin when superior service and value is provided. These services include management consulting services, vehicle leasing, sale of office supplies, sale of surplus property, insurance services, printing, sale of state documents, micrographics, and records storage.

- ⇒ **Utility Services** are similar to cooperatives in that the aggregation of demand is one of the primary benefits the utility provides. These services include data processing, telecommunications, 911 emergency telephone services, maintenance and grounds services, parking services, and mail operations.
- ⇒ **Compliance Services** are those that work to achieve compliance with laws, rules, standards, norms, and other expectations. These include information policy analysis, internal financial, audit and some human resources services, professional and technical contracting, leasing and land acquisition/disposition, and building codes and standards.
- ⇒ **Leadership Services** are those that provide statewide leadership on various issues. Leadership expertise within Admin focuses on technology architecture, NorthStar web site, electronic government services, facilities siting and building construction, resource recycling/recovery services, energy management, state archaeologist, and assistance to disabled individuals throughout the state.

Budget

The Department of Administration is funded through various sources including general, special revenue, federal, agency, gift, and internal service/enterprise funds.

- ⇒ General funds are primarily used for operations with statewide significance, including functions such as procurement, energy management, resource recovery, building construction, information policy analysis, and pass through grants. The Minnesota Legislature appropriates these funds.
- ⇒ Special Revenue funds are fee based and include 911 emergency services funds collected through monthly statewide subscriber fees, and building codes permits and surcharges for plan reviews, inspections and licenses.
- ⇒ The Developmental Disabilities Council and the STAR Program secure federal funds through the U.S. Department of Health and Human Services, and the U.S. Department of Education. Gift funds are donations accepted for the Governor's Residence Council.
- ⇒ Agency funds are pass through funds from state agencies for postage and state employees for bus cards.
- ⇒ Internal Service/Enterprise funds are the largest source of funds for the agency. Internal Service funds come through fees charged to state agencies for internal support services including insurance, printing, consulting, computer services, telecommunications, and leasing of facilities under the custodial control of Admin. These activities prepare annual business plans and develop rate structures for product and service offerings. Enterprise funds come through fees charged to governmental entities, citizens and businesses bookstore, surplus property, and cooperative purchasing products and services.

Many challenges are faced with hiring and maintaining a highly qualified staff to operate the many and varied divisions of the agency. Staffing numbers are constantly changing, and in FY 2002, the agency had 956 employees.

Contact

Department of Administration

www.admin.state.mn.us

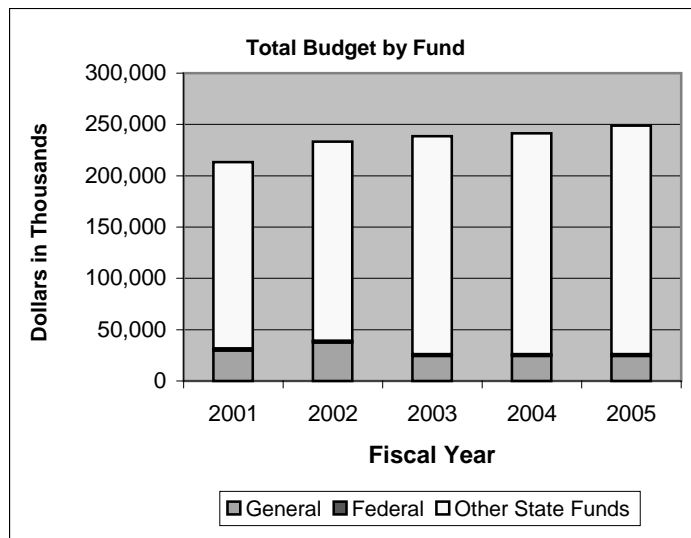
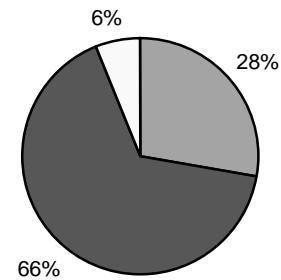
Jim Schwartz, Communications Liaison

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Larry Freund, Financial Management Director,

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For information on how this agency measures whether it is meeting its statewide goals, please refer to www.departmentresults.state.mn.us.

**FY2004-2005 Budgeted Expenditures by Category**

Total Compensation
 Other Operating Expenses
 Local Assistance

| <i>Dollars in Thousands</i> | | | | | | | | |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|-------------------|-------------------|
| | Actual | Actual | Budgeted | Base | | Biennium | Biennial Change | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | 2004-05 / 2002-03 | Dollars / Percent |
| Direct Appropriations | | | | | | | | |
| General | 29,621 | 37,491 | 24,215 | 24,181 | 24,181 | 48,362 | -13,344 | -21.6% |
| State Government Special Revenue | 4,619 | 5,694 | 6,446 | 6,640 | 6,839 | 13,479 | 1,339 | 11.0% |
| Special Revenue | 0 | 0 | 1,091 | 517 | 500 | 1,017 | -74 | -6.8% |
| Statutory Appropriations | | | | | | | | |
| General | 44 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| State Government Special Revenue | 17,724 | 17,382 | 23,746 | 22,641 | 26,042 | 48,683 | 7,555 | 18.4% |
| Special Revenue | 4,883 | 6,684 | 12,768 | 11,796 | 11,722 | 23,518 | 4,066 | 20.9% |
| Federal | 1,704 | 1,477 | 1,726 | 1,605 | 1,617 | 3,222 | 19 | 0.6% |
| Risk Management | 7,034 | 9,586 | 10,898 | 11,303 | 12,658 | 23,961 | 3,477 | 17.0% |
| Miscellaneous Agency | 10,435 | 9,917 | 11,100 | 11,100 | 11,103 | 22,203 | 1,186 | 5.6% |
| Gift | 155 | 131 | 38 | 77 | 64 | 141 | -28 | -16.6% |
| Plant Management | 24,791 | 26,155 | 25,920 | 28,647 | 28,896 | 57,543 | 5,468 | 10.5% |
| Documents And Publications | 2,306 | 1,873 | 1,949 | 1,980 | 2,061 | 4,041 | 219 | 5.7% |
| Micrographics | 1,295 | 1,336 | 1,284 | 1,359 | 1,380 | 2,739 | 119 | 4.5% |
| Management Analysis | 1,078 | 984 | 1,051 | 1,091 | 1,151 | 2,242 | 207 | 10.2% |
| Central Motor Pool | 13,060 | 14,021 | 12,862 | 13,104 | 13,292 | 26,396 | -487 | -1.8% |
| State Printer | 6,710 | 4,928 | 4,599 | 5,122 | 5,286 | 10,408 | 881 | 9.2% |
| Central Stores | 8,319 | 7,651 | 7,869 | 7,897 | 7,939 | 15,836 | 316 | 2.0% |
| Materials Distribution | 4,272 | 5,415 | 5,745 | 4,969 | 5,459 | 10,428 | -732 | -6.6% |
| Intertechnologies | 74,460 | 81,640 | 84,563 | 86,471 | 87,994 | 174,465 | 8,262 | 5.0% |
| Central Mailing | 760 | 765 | 701 | 738 | 766 | 1,504 | 38 | 2.6% |
| Total | 213,270 | 233,130 | 238,571 | 241,238 | 248,950 | 490,188 | 18,487 | 3.9% |

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|----------------|----------------|-----------------|----------------|----------------|-----------------|--------------------------|----------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Expenditures by Category | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Total Compensation | 54,900 | 57,965 | 60,758 | 65,539 | 68,554 | 134,093 | 15,370 | 12.9% |
| Other Operating Expenses | 143,176 | 149,233 | 161,627 | 159,620 | 161,010 | 320,630 | 9,770 | 3.1% |
| Capital Outlay & Real Property | 1,756 | 584 | 638 | 634 | 638 | 1,272 | 50 | 4.1% |
| Payments To Individuals | 0 | 5 | 0 | 0 | 0 | 0 | -5 | -100.0% |
| Local Assistance | 11,078 | 21,551 | 12,548 | 13,260 | 16,348 | 29,608 | -4,491 | -13.2% |
| Other Financial Transactions | 2,360 | 3,792 | 3,000 | 2,185 | 2,400 | 4,585 | -2,207 | -32.5% |
| Total | 213,270 | 233,130 | 238,571 | 241,238 | 248,950 | 490,188 | 18,487 | 3.9% |

Expenditures by Program

| | | | | | | | | |
|------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|-------------|
| Operations Management Bureau | 58,566 | 58,702 | 59,982 | 60,610 | 62,979 | 123,589 | 4,905 | 4.1% |
| Office Of Technology | 3,434 | 4,668 | 3,306 | 3,172 | 3,117 | 6,289 | -1,685 | -21.1% |
| Intertechnologies Group | 95,471 | 100,716 | 109,033 | 109,494 | 114,418 | 223,912 | 14,163 | 6.8% |
| Facilities Management | 37,728 | 40,454 | 47,470 | 49,172 | 49,497 | 98,669 | 10,745 | 12.2% |
| Management Services | 8,298 | 7,666 | 7,642 | 7,651 | 7,820 | 15,471 | 163 | 1.1% |
| Fiscal Agent | 9,773 | 20,924 | 11,138 | 11,139 | 11,119 | 22,258 | -9,804 | -30.6% |
| Total | 213,270 | 233,130 | 238,571 | 241,238 | 248,950 | 490,188 | 18,487 | 3.9% |

Revenue by Type and Fund**Non Dedicated**

| | | | | | | | | |
|------------------------|-----|-----|-----|-----|-----|-----|-----|--------|
| General | 332 | 174 | 119 | 121 | 121 | 242 | -51 | -17.4% |
| Subtotal Non Dedicated | 332 | 174 | 119 | 121 | 121 | 242 | -51 | -17.4% |

Dedicated

| | | | | | | | | |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|--------------|
| State Government Special Revenue | 22,728 | 21,994 | 27,323 | 29,258 | 31,182 | 60,440 | 11,123 | 22.6% |
| Special Revenue | 4,938 | 5,494 | 4,402 | 4,451 | 4,660 | 9,111 | -785 | -7.9% |
| Federal | 1,472 | 1,467 | 1,669 | 1,605 | 1,617 | 3,222 | 86 | 2.7% |
| Risk Management | 8,532 | 9,037 | 11,049 | 12,064 | 13,369 | 25,433 | 5,347 | 26.6% |
| Miscellaneous Agency | 10,389 | 10,119 | 11,100 | 11,100 | 11,103 | 22,203 | 984 | 4.6% |
| Gift | 152 | 115 | 22 | 56 | 35 | 91 | -46 | -33.6% |
| Plant Management | 38,412 | 40,927 | 38,209 | 44,202 | 44,494 | 88,696 | 9,560 | 12.1% |
| Documents And Publications | 2,308 | 1,912 | 1,986 | 2,009 | 2,069 | 4,078 | 180 | 4.6% |
| Micrographics | 1,373 | 1,206 | 1,314 | 1,401 | 1,401 | 2,802 | 282 | 11.2% |
| Management Analysis | 1,086 | 1,061 | 1,050 | 1,091 | 1,150 | 2,241 | 130 | 6.2% |
| Central Motor Pool | 12,181 | 13,478 | 14,572 | 14,857 | 15,690 | 30,547 | 2,497 | 8.9% |
| State Printer | 5,846 | 4,472 | 4,981 | 5,130 | 5,284 | 10,414 | 961 | 10.2% |
| Central Stores | 8,498 | 7,706 | 7,902 | 7,902 | 7,902 | 15,804 | 196 | 1.3% |
| Materials Distribution | 4,732 | 5,655 | 5,685 | 5,420 | 5,542 | 10,962 | -378 | -3.3% |
| Intertechnologies | 76,367 | 73,243 | 83,219 | 84,596 | 86,543 | 171,139 | 14,677 | 9.4% |
| Central Mailing | 782 | 786 | 767 | 807 | 802 | 1,609 | 56 | 3.6% |
| Subtotal Dedicated | 199,796 | 198,672 | 215,250 | 225,949 | 232,843 | 458,792 | 44,870 | 10.8% |
| Total Revenue | 200,128 | 198,846 | 215,369 | 226,070 | 232,964 | 459,034 | 44,819 | 10.8% |

Full-Time Equivalents (FTE)

912.5 901.5 927.4 943.0 934.5

Program Description

The purpose of the Operations Management Bureau (OMB) is to provide a broad range of operating support services to state government. These services are provided as cost-effective alternatives to decentralized administrative services. OMB strives to honor the agency mission by providing "services of such high quality and value that they are sought after by its customers."

Budget Activities Included:

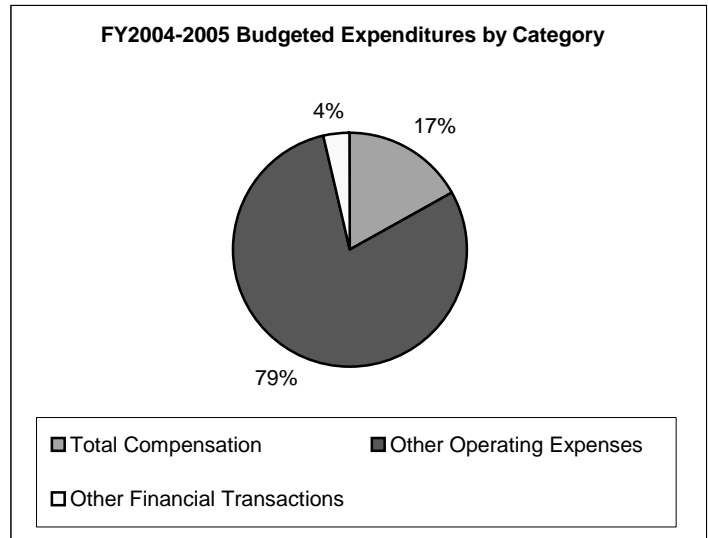
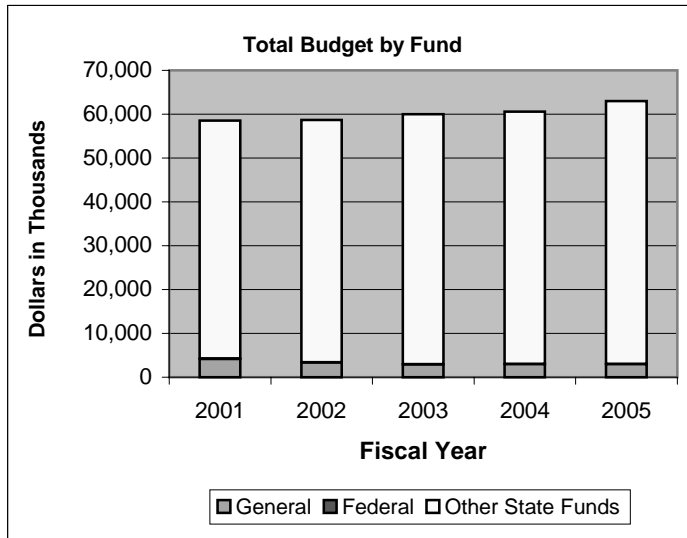
- ⇒ Risk Management
- ⇒ Materials Management
- ⇒ MMD Central Stores
- ⇒ Travel Management
- ⇒ Communications Media

Further detail on each of these Budget Activities is included in subsequent pages of this budget document.

ADMINISTRATION DEPT

Program: OPERATIONS MANAGEMENT BUREAU

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|-----------------|-------------------|-------------------|
| | Actual | Actual | Budgeted | Base | Biennium | Biennial Change | | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | 2004-05 / 2002-03 | Dollars Percent |
| Direct Appropriations | | | | | | | | |
| General | 4,121 | 3,343 | 2,938 | 3,002 | 3,002 | 6,004 | -277 | -4.4% |
| Statutory Appropriations | | | | | | | | |
| General | 44 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Special Revenue | 291 | 186 | 137 | 136 | 136 | 272 | -51 | -15.8% |
| Federal | 55 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Risk Management | 7,034 | 9,586 | 10,898 | 11,303 | 12,658 | 23,961 | 3,477 | 17.0% |
| Miscellaneous Agency | 10,224 | 9,559 | 11,000 | 11,000 | 11,000 | 22,000 | 1,441 | 7.0% |
| Gift | 75 | 39 | 0 | 0 | 0 | 0 | -39 | -100.0% |
| Documents And Publications | 2,306 | 1,873 | 1,949 | 1,980 | 2,061 | 4,041 | 219 | 5.7% |
| Micrographics | 1,295 | 1,336 | 1,284 | 1,359 | 1,380 | 2,739 | 119 | 4.5% |
| Central Motor Pool | 13,060 | 14,021 | 12,862 | 13,104 | 13,292 | 26,396 | -487 | -1.8% |
| State Printer | 6,710 | 4,928 | 4,599 | 5,122 | 5,286 | 10,408 | 881 | 9.2% |
| Central Stores | 8,319 | 7,651 | 7,869 | 7,897 | 7,939 | 15,836 | 316 | 2.0% |
| Materials Distribution | 4,272 | 5,415 | 5,745 | 4,969 | 5,459 | 10,428 | -732 | -6.6% |
| Central Mailing | 760 | 765 | 701 | 738 | 766 | 1,504 | 38 | 2.6% |
| Total | 58,566 | 58,702 | 59,982 | 60,610 | 62,979 | 123,589 | 4,905 | 4.1% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|--------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 10,843 | 10,240 | 9,381 | 10,191 | 10,753 | 20,944 | 1,323 | 6.7% |
| Other Operating Expenses | 45,620 | 45,373 | 47,601 | 48,234 | 49,826 | 98,060 | 5,086 | 5.5% |
| Other Financial Transactions | 2,103 | 3,089 | 3,000 | 2,185 | 2,400 | 4,585 | -1,504 | -24.7% |
| Total | 58,566 | 58,702 | 59,982 | 60,610 | 62,979 | 123,589 | 4,905 | 4.1% |

ADMINISTRATION DEPT

Program: OPERATIONS MANAGEMENT BUREAU

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------------------|----------------|
| Expenditures by Activity | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 Dollars | Percent |
| Risk Management | 7,034 | 9,586 | 10,898 | 11,303 | 12,658 | 23,961 | 3,477 | 17.0% |
| Materials Management | 7,343 | 8,200 | 8,211 | 7,461 | 7,951 | 15,412 | -999 | -6.1% |
| Mmd Central Stores | 8,319 | 7,651 | 7,869 | 7,897 | 7,939 | 15,836 | 316 | 2.0% |
| Travel Management | 13,269 | 14,207 | 12,999 | 13,240 | 13,428 | 26,668 | -538 | -2.0% |
| Communications Media | 21,894 | 19,019 | 20,005 | 20,709 | 21,003 | 41,712 | 2,688 | 6.9% |
| Mn Office Volunteer Serv | 707 | 39 | 0 | 0 | 0 | 0 | -39 | -100.0% |
| Total | 58,566 | 58,702 | 59,982 | 60,610 | 62,979 | 123,589 | 4,905 | 4.1% |

Revenue by Type and Fund

Non Dedicated

| | | | | | | | | |
|------------------------|----|----|---|---|---|---|-----|---------|
| General | 77 | 85 | 0 | 0 | 0 | 0 | -85 | -100.0% |
| Subtotal Non Dedicated | 77 | 85 | 0 | 0 | 0 | 0 | -85 | -100.0% |

Dedicated

| | | | | | | | | |
|----------------------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|-------------|
| Special Revenue | 246 | 129 | 136 | 136 | 136 | 272 | 7 | 2.6% |
| Federal | 26 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Risk Management | 8,532 | 9,037 | 11,049 | 12,064 | 13,369 | 25,433 | 5,347 | 26.6% |
| Miscellaneous Agency | 10,189 | 9,760 | 11,000 | 11,000 | 11,000 | 22,000 | 1,240 | 6.0% |
| Gift | 89 | 24 | 0 | 0 | 0 | 0 | -24 | -100.0% |
| Documents And Publications | 2,308 | 1,912 | 1,986 | 2,009 | 2,069 | 4,078 | 180 | 4.6% |
| Micrographics | 1,373 | 1,206 | 1,314 | 1,401 | 1,401 | 2,802 | 282 | 11.2% |
| Central Motor Pool | 12,181 | 13,478 | 14,572 | 14,857 | 15,690 | 30,547 | 2,497 | 8.9% |
| State Printer | 5,846 | 4,472 | 4,981 | 5,130 | 5,284 | 10,414 | 961 | 10.2% |
| Central Stores | 8,498 | 7,706 | 7,902 | 7,902 | 7,902 | 15,804 | 196 | 1.3% |
| Materials Distribution | 4,732 | 5,655 | 5,685 | 5,420 | 5,542 | 10,962 | -378 | -3.3% |
| Central Mailing | 782 | 786 | 767 | 807 | 802 | 1,609 | 56 | 3.6% |
| Subtotal Dedicated | 54,802 | 54,165 | 59,392 | 60,726 | 63,195 | 123,921 | 10,364 | 9.1% |
| Total Revenue | 54,879 | 54,250 | 59,392 | 60,726 | 63,195 | 123,921 | 10,279 | 9.0% |

| | | | | | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Full-Time Equivalents (FTE) | 193.6 | 169.6 | 159.3 | 158.8 | 156.8 |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|

ADMINISTRATION DEPT

Program: OPERATIONS MANAGEMENT BUREAU

Activity: RISK MANAGEMENT

Narrative

Activity Description

The Risk Management Division (RMD), operating under legislative authority of M.S. 16B.85, provides three major areas of service to state agencies, departments, boards, and commissions:

- ◆ manage the Risk Management Fund (RMF), which operates as the state's internal insurance company providing property and casualty insurance coverage;
- ◆ purchase commercial insurance to meet agencies' needs when the placement of the insurance may not be appropriate in the RMF; and
- ◆ provide risk and insurance management consulting services on a wide variety of issues.

Activity at a Glance

- ◆ Serves over 100 state agencies, departments, boards, and commissions.
- ◆ Property values insured total more than \$7 billion.
- ◆ Insure 13,500 state vehicles.
- ◆ Handled 1,412 new claims in FY 2002.

Population Served

State of Minnesota agencies, departments, boards and commissions, and political subdivisions.

Services Provided

The RMD, through the RMF, offers five major lines of insurance. Those lines are auto liability, auto comprehensive and collision, general liability, property, boiler and machinery, and other miscellaneous lines that provide coverages that meet specific agency needs. Reinsurance is purchased to provide protection to the RMF against catastrophic or annual aggregation of property losses.

When unique types of coverage are needed, the RMD assists state agencies with purchasing appropriate insurance if self-insurance of the risk is not deemed appropriate for the RMF.

The RMD does not provide grants, regulate activity, or set or enforce standards.

The RMD has an Advisory Committee made up of representatives from state agencies, academia, and the private sector.

Historical Perspective

The legislature created the RMD in 1986 in response to the hard casualty insurance marketplace and the expectation that the state might not have been able to obtain auto liability insurance. The RMD started 1-01-87.

In 1988, the first commercial general liability insurance was underwritten by the RMF. In 1994, automobile comprehensive and collision insurance was offered. In 1996, the RMF started to offer a full line of property and casualty insurance coverages with the creation of Minnesota State Colleges and Universities (MnSCU) and their desire to have a comprehensive insurance program. Since that time, there has been a growing list of clients, which is now expanded (by legislation) to include political subdivisions.

The most critical issue facing the RMF is the uncertainty of the reinsurance market as a result of 9-11-01 terrorist attacks. The reinsurance market provides protection against catastrophic property losses and the aggregation of property claims in one year that could impair the financial integrity of the RMF. RMD was successful in obtaining coverage in FY 2003, but only after a cost increase of 286%. The rate increase to clients is 191%. The additional increase is being absorbed by the RMF. Continued uncertainty is expected because of a lack of terrorism insurance and the impacts of a weakening economy and major industry bankruptcies.

Key Measures

The goal of the RMF is to provide insurance at a lower cost than the traditional insurance market. One measure is to compare industry overhead to the RMF. Over the past five years, the performance has been as follows:

ADMINISTRATION DEPT

Program: OPERATIONS MANAGEMENT BUREAU

Activity: RISK MANAGEMENT

Narrative

| Fiscal Year | 1998 | 1999 | 2000 | 2001 | 2002 |
|--|-------|------|------|------|-------------|
| Industry Average Operating Expense Ratio | 29.95 | 30.5 | 30.6 | 28.6 | 29.0 (est.) |
| RMD Operating Expense Ratio | 10.4 | 12.7 | 16.8 | 16.8 | 24.0 (est.) |

The large increase in the RMD operating ratio is a one-time event, in great part because of the development of a new Risk Management Information System that will be operational in FY 2003. Another key factor is the increase in reinsurance costs that reduces the revenue base, which results in a higher expense ratio.

Activity Funding

RMD operates as an Internal Service Fund, charging fees based on insurance options requested by customers. RMD had 10 *full-time equivalents* on 7-01-02.

There are no *loans from the General Fund, or proposed investments in technology or equipment of \$100,000 or more.*

Operating Losses/Increases in Retained Earnings:

The retained earnings decreased by \$55,763 in FY 2002 due to increases in claims.

Dividends represent the return of premium for superior loss and expense experience. Premiums collected are invested by the State Board of Investment (SBI). The difference between premium and investment, less deductions for losses incurred and administrative expenses, equals the amount of funds that are eligible for dividend declaration. In the event of unsatisfactory experience, it is possible that no dividend will be declared.

In 2002, the calculated dividend was \$1,451,374. Based upon the fact that the RMF was absorbing the increased reinsurance costs, higher deductibles, and aggregation of losses, it was the decision of the Risk Management Advisory Committee to withhold payment of the dividend in order to preserve the financial integrity of the RMF.

History of Rate Changes:

| Fiscal Year | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 |
|-----------------------|--------|---------|---------|--------|-------|----------|
| Rate Change (by line) | | | | | | |
| Auto Liability | .50% | (6.25%) | (9.23%) | 6.78% | .00% | (11.64%) |
| Auto Physical Damage | 18.20% | 59.00% | (4.95%) | 17.65% | 3.86% | .00% |
| General Liability | .00% | .00% | 14.45% | .00% | .00% | (6.12%) |
| Property | .00% | .00% | .00% | .00% | .00% | 191.31% |
| Other | .00% | .00% | .00% | .00% | .00% | .00% |
| Rate Change Average | 2.68% | 2.40% | 2.77% | 12.21% | 1.46% | 27.10% |

Factors contributing to changes in premium rates:

- ◆ loss experience variation;
- ◆ increased claim potential due to additional volume;
- ◆ increased need to be proactive in risk management, loss control, and computer security; and
- ◆ violent fluctuations of the reinsurance marketplace. (In FY 2003, reinsurance costs increased 286%.)

Impact of Rate Changes:

Assuming the same volume and mix, the five largest customers will pay approximately 31.32% more in FY 2003. Early indications in FY 2003 are that customers will decrease the amount of deductible and increase the amount of insured value, which will lead to premium increases. The five largest customers in FY 2002 were MnSCU and the departments of Administration, Natural Resources, Transportation, and Corrections.

Contact

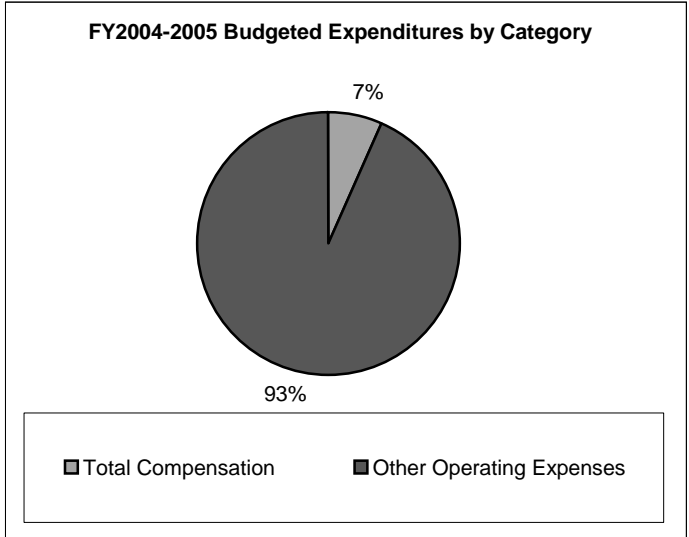
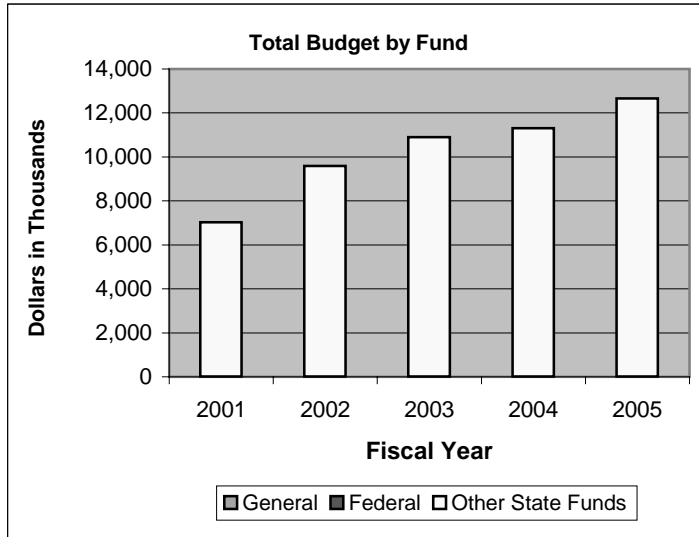
Fred Johnson, Director, (651) 296-1001, Fred.Johnson@state.mn.us
www.mainserver.state.mn.us/risk

ADMINISTRATION DEPT

Program: OPERATIONS MANAGEMENT BUREAU

Activity: RISK MANAGEMENT

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Statutory Appropriations | | | | | | | | |
| Risk Management | 7,034 | 9,586 | 10,898 | 11,303 | 12,658 | 23,961 | 3,477 | 17.0% |
| Total | 7,034 | 9,586 | 10,898 | 11,303 | 12,658 | 23,961 | 3,477 | 17.0% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|--------------|--------------|---------------|---------------|---------------|---------------|--------------|--------------|
| Total Compensation | 948 | 1,062 | 731 | 769 | 807 | 1,576 | -217 | -12.1% |
| Other Operating Expenses | 6,086 | 8,524 | 10,167 | 10,534 | 11,851 | 22,385 | 3,694 | 19.8% |
| Total | 7,034 | 9,586 | 10,898 | 11,303 | 12,658 | 23,961 | 3,477 | 17.0% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|--------------|--------------|---------------|---------------|---------------|---------------|--------------|--------------|
| Dedicated | | | | | | | | |
| Risk Management | 8,532 | 9,037 | 11,049 | 12,064 | 13,369 | 25,433 | 5,347 | 26.6% |
| Subtotal Dedicated | 8,532 | 9,037 | 11,049 | 12,064 | 13,369 | 25,433 | 5,347 | 26.6% |
| Total Revenue | 8,532 | 9,037 | 11,049 | 12,064 | 13,369 | 25,433 | 5,347 | 26.6% |

| | | | | | |
|------------------------------------|------------|------------|------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 7.9 | 8.0 | 9.6 | 10.0 | 10.0 |
|------------------------------------|------------|------------|------------|-------------|-------------|

Activity Description

The Materials Management Division (MMD) acquires goods and services and disposes of surplus property using methods that ensure the best value for the taxpayers' dollars and conform to the standards of public procurement. The division facilitates and oversees more than \$1.2 billion annually in state government purchases each year. The statutory framework for the division's activities is M.S. Chapter 16C – State Procurement.

Population Served

MMD operates in close partnership with state agencies to achieve a productive balance of centralized and delegated purchasing. Statewide and multi-state contracts negotiated by MMD currently serve more than 450 government entities, including 40 other states and Minnesota's political subdivisions. MMD also works with Minnesota and out-of-state businesses to ensure fair competition and resolve vendor performance issues.

MMD's Surplus Services operation serves a population including state agencies, political subdivisions, various nonprofit organizations, and – with respect to its auction and "garage sale" programs – the general public.

Services Provided

The division provides a mix of direct services and compliance activities:

- ◆ purchasing and contracting for goods, services, and utilities;
- ◆ recruiting and managing vendors;
- ◆ promoting environmentally sensitive purchasing;
- ◆ managing procurement functions through Minnesota Accounting and Procurement System (MAPS);
- ◆ reviewing and overseeing professional/technical contracts;
- ◆ monitoring compliance with state procurement law and policy;
- ◆ managing federal and state surplus property; and
- ◆ operating a cooperative purchasing program for Minnesota's political subdivisions and a pharmaceutical purchasing program on behalf of 41 states.

Historical Perspective

Minnesota's procurement laws attempt to balance numerous interests, including those of state agencies, vendors, small businesses, minority- or female-owned or economically disadvantaged businesses, environmental advocates, correctional industries, the visually impaired, and others. The legislature re-wrote Minnesota's procurement laws in 1998, reducing the number of mandates and moving from a "low-bid" to "best value" philosophy of procurement. MMD concurrently shifted to a less centralized approach where unlimited authority can be delegated to purchasing staff within agencies if they have demonstrated their competence and adherence to state standards. These changes have allowed MMD to reduce its role with respect to one-time, low-dollar-value purchases and to concentrate on the more complex procurements, including contracts that aggregate public purchasing dollars to achieve volume discounts.

Recent developments include heightened attention to professional/technical contracts and MMD's role in contract oversight. Both the Office of the Legislative Auditor and MMD (working with Administration's Management Analysis Division) have undertaken assessments of this issue.

Key Measures

Efficiency in procurement processing: MMD tracks the number of working days from an agency requisitioning a commodity or service to issuing a purchase order. During FY 2002, agencies indicated that they needed the order issued in an average of 44.72 days. MMD issued these orders in an average 13.15 days.

Activity at a Glance

- ◆ Oversees \$1.2 billion annually in state government purchasing.
- ◆ Negotiates volume discounts for more than 450 government entities, including Minnesota's political subdivisions. Purchases from these contracts exceed \$600 million annually.
- ◆ Reviews over 2,500 professional/technical contracts per year in an average of 2.76 days.

ADMINISTRATION DEPT

Program: OPERATIONS MANAGEMENT BUREAU

Activity: MATERIALS MANAGEMENT

Narrative

Efficiency in reviewing and approving contracts: MMD attempts to review 80% of all professional/technical contracts within five days of receipt. Through May of FY 2002, 78.35% met that standard. However, approximately 30% were approved on the day of receipt and the average processing time was 2.76 working days.

Availability of decentralized options to state agencies: MMD's goal is to make training available to 95% of all agency staff seeking delegated purchasing authority. The success rate was 96% in FY 2000 and rose to 100% in FY 2002.

Effectiveness in reuse of government property: Recycling surplus property meets both environmental and fiscal objectives. MMD's Surplus Services measures success by meeting its sales goals. The goal for FY 2002 was to meet or beat the record sales level of \$1,123,762 from the previous year. The goal was attained with net sales of approximately \$1,188,000.

Activity Funding

MMD's General Fund appropriation covers costs associated with delivery of centralized procurement services as well as oversight of delegated purchasing and professional/technical contracts. Surplus services and the division's cooperative purchasing programs are self-sustaining enterprise funds.

Contact

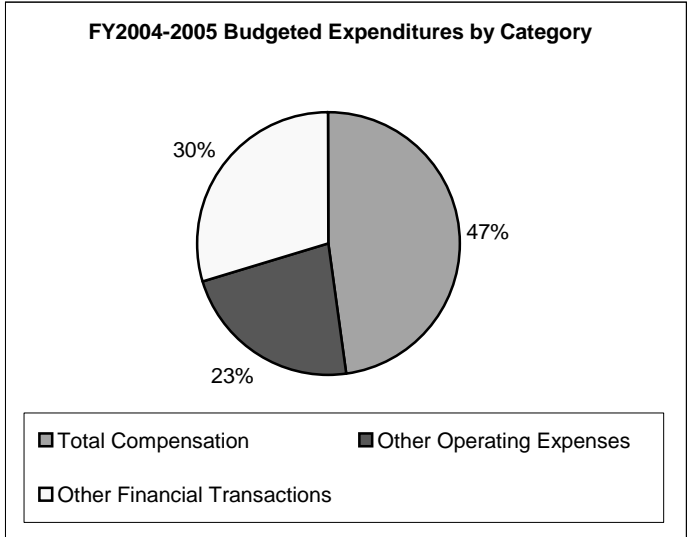
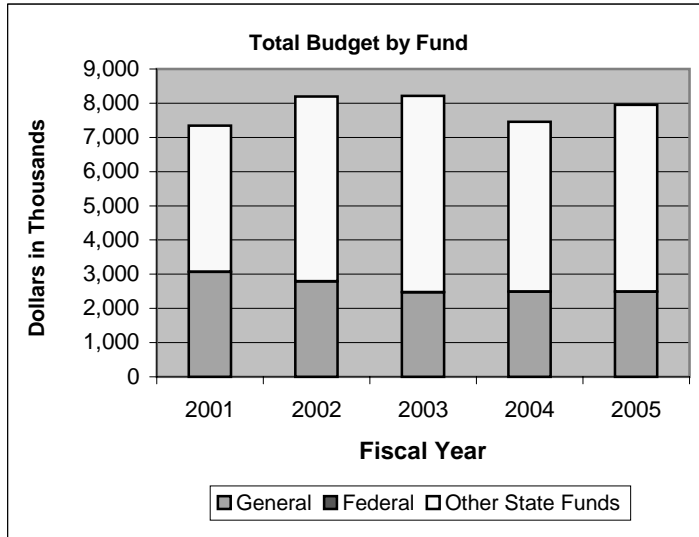
Kent Allin, Director, (651) 296-1442, kent.allin@state.mn.us
<http://www.mmd.admin.state.mn.us>

ADMINISTRATION DEPT

Program: OPERATIONS MANAGEMENT BUREAU

Activity: MATERIALS MANAGEMENT

Fiscal Report



| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|------------------|------------------|--------------------|----------------|----------------|---------------------|--------------------------------------|--------------|
| Expenditures by Fund | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 3,071 | 2,785 | 2,466 | 2,492 | 2,492 | 4,984 | -267 | -5.1% |
| Statutory Appropriations | | | | | | | | |
| Materials Distribution | 4,272 | 5,415 | 5,745 | 4,969 | 5,459 | 10,428 | -732 | -6.6% |
| Total | 7,343 | 8,200 | 8,211 | 7,461 | 7,951 | 15,412 | -999 | -6.1% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|-------------|--------------|
| Total Compensation | 3,709 | 3,591 | 3,296 | 3,573 | 3,783 | 7,356 | 469 | 6.8% |
| Other Operating Expenses | 1,603 | 1,520 | 1,915 | 1,703 | 1,768 | 3,471 | 36 | 1.0% |
| Other Financial Transactions | 2,031 | 3,089 | 3,000 | 2,185 | 2,400 | 4,585 | -1,504 | -24.7% |
| Total | 7,343 | 8,200 | 8,211 | 7,461 | 7,951 | 15,412 | -999 | -6.1% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|-------------|--------------|
| Non Dedicated | | | | | | | | |
| General | 12 | 26 | 0 | 0 | 0 | 0 | -26 | -100.0% |
| Subtotal Non Dedicated | 12 | 26 | 0 | 0 | 0 | 0 | -26 | -100.0% |
| Dedicated | | | | | | | | |
| Materials Distribution | 4,732 | 5,655 | 5,685 | 5,420 | 5,542 | 10,962 | -378 | -3.3% |
| Subtotal Dedicated | 4,732 | 5,655 | 5,685 | 5,420 | 5,542 | 10,962 | -378 | -3.3% |
| Total Revenue | 4,744 | 5,681 | 5,685 | 5,420 | 5,542 | 10,962 | -404 | -3.6% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 60.2 | 55.0 | 49.2 | 46.7 | 44.7 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

ADMINISTRATION DEPT

Program: OPERATIONS MANAGEMENT BUREAU

Activity: MMD CENTRAL STORES

Narrative

Activity Description

Materials Management Division (MMD) Central Stores is the state's distribution center for office supplies. Government entities benefit from one-stop shopping with pricing well below the competition plus free, prompt delivery.

Population Served

Central Stores provides products to the three branches of state government plus other governmental entities. Its largest customers are executive branch state agencies, accounting for 84.51% of sales. Central Stores also serves Minnesota cities, counties, and school districts. Its customers are not required to purchase through Stores.

Activity at a Glance

- ◆ Price comparison shows 39.8% savings to government on office products.
- ◆ Electronic orders via Central Stores web site now account for 42% of eligible purchases.
- ◆ Stores subsidizes chlorine-free, 100% recycled content paper and offers more than 3,000 other products with recycled content.

Services Provided

The following services are provided:

- ◆ sales and distribution of 948 stock items;
- ◆ catalog offering approximately 22,000 additional non-stock items at below-wholesale pricing;
- ◆ convenient "shopping cart" ordering through the Internet added to traditional fax and mail orders;
- ◆ free statewide delivery and central billing;
- ◆ product shows for customers; and
- ◆ guaranteed replacement for defective products or lost shipments.

Historical Perspective

Central Stores has been in business since 1939. It has not increased its markup rates since FY 1999.

Key Measures

Savings to state and local government: Central Stores conducts an annual price comparison with a major private sector competitor. The goal is to compare at least 45% of Central Stores' sales and demonstrate savings of 30% or more. In FY 2001, a market-basket comparison of 61% of the prior year's sales showed a cost savings to government of 31.4%. In FY 2002, the savings were calculated at 39.8% and compared 60% of the prior year's sales. Additionally, Stores has no add-on charges for shipping or minimum orders.

Efficiency in order processing: Stores implemented an Internet shopping cart service in May 2000. Staff members at both Stores and the agencies ordering office products benefit from the efficiencies of electronic procurement (less redundancy in forms and data entry, instant receipt of incoming orders, etc.). The goal of receiving 40% of Stores' eligible orders via the Internet in FY 2002 was exceeded by 2%.

Leadership in environmental stewardship: Central Stores attempts to grow the share of its sales for products containing recycled content. In FY 2002, 37.20% of stock and non-stock sales was for recycled content products. In FY 2001, that amount was 36.55%.

Activity Funding

Central Stores is an Internal Service Fund that receives no legislative appropriation and competes in the marketplace for its business. Operating costs are recovered and prices are determined by adding a markup to the cost of inventory purchased. In FY 2001, Stores sold \$8.5 million in products to government entities. In FY 2002, that number was \$7.7 million.

Stores operated with a staff of 12.65 *full-time equivalents* as of 7-01-02.

Central Stores does not have a *General Fund loan* or any *proposed investments in technology or equipment of \$100,000 or more*.

ADMINISTRATION DEPT**Program: OPERATIONS MANAGEMENT BUREAU****Activity: MMD CENTRAL STORES**

Narrative

Operating Losses/Increases in Retained Earnings:

Central Stores has experienced no operating losses. Central Stores' retained earnings increased by \$30,324 in FY 2002 and are expected to increase by approximately \$46,300 in FY 2003. Growth in retained earnings can be attributed to strong sales, low operating costs and -- primarily -- a five-year-contract offering substantial discounts on miscellaneous office products that will expire in May 2003.

History of Rate Changes:

| Fiscal Year | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 |
|-------------|------|-------|-------|------|------|------|
| Change | 0% | 7.27% | 3.39% | 0% | 0% | 0% |

Impact of Rate Changes:

Stores' rates have remained quite stable. Assuming the same volume and mix of goods/services as used in FY 2002, Central Stores' customers will pay approximately the same in FY 2003. The five largest customers in FY 2002 were the Department of Transportation – Central Office; Department of Health; Department of Children, Families and Learning; Department of Transportation – Roseville Office; and the Department of Commerce.

Contact

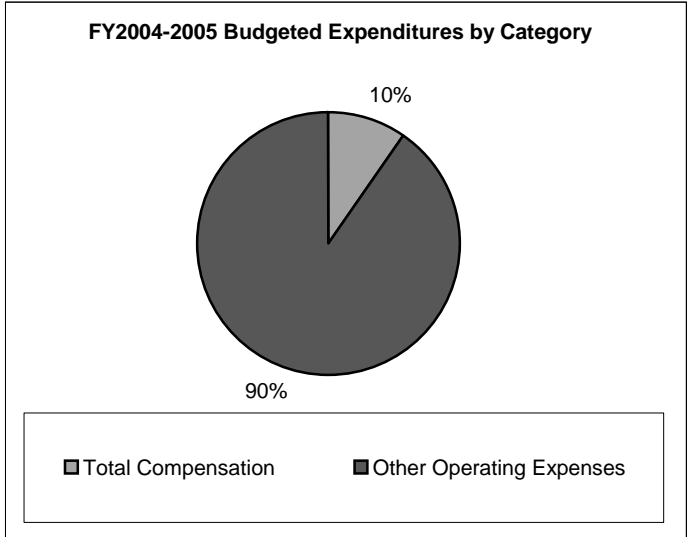
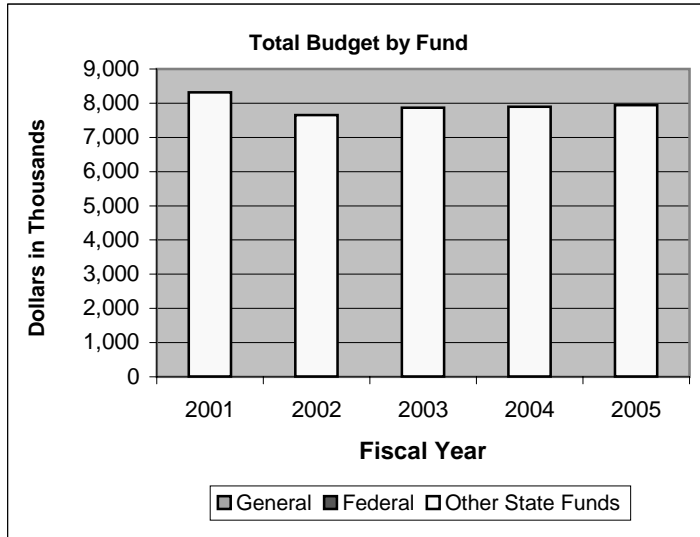
Jon Schaefer, Operations Manager, (651) 296-0726, jon.schaefer@state.mn.us
<http://www.mmd.admin.state.mn.us/mn04000.htm>.

ADMINISTRATION DEPT

Program: **OPERATIONS MANAGEMENT BUREAU**

Activity: MMD CENTRAL STORES

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Statutory Appropriations | | | | | | | | |
| Central Stores | 8,319 | 7,651 | 7,869 | 7,897 | 7,939 | 15,836 | 316 | 2.0% |
| Total | 8,319 | 7,651 | 7,869 | 7,897 | 7,939 | 15,836 | 316 | 2.0% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 628 | 650 | 693 | 740 | 782 | 1,522 | 179 | 13.3% |
| Other Operating Expenses | 7,691 | 7,001 | 7,176 | 7,157 | 7,157 | 14,314 | 137 | 1.0% |
| Total | 8,319 | 7,651 | 7,869 | 7,897 | 7,939 | 15,836 | 316 | 2.0% |

Revenue by Type and Fund

Non Dedicated

| | | | | | | | | |
|------------------------|---|----|---|---|---|---|-----|---------|
| General | 8 | 10 | 0 | 0 | 0 | 0 | -10 | -100.0% |
| Subtotal Non Dedicated | 8 | 10 | 0 | 0 | 0 | 0 | -10 | -100.0% |

Dedicated

| | | | | | | | | |
|----------------------|--------------|--------------|--------------|--------------|--------------|---------------|------------|-------------|
| Central Stores | 8,498 | 7,706 | 7,902 | 7,902 | 7,902 | 15,804 | 196 | 1.3% |
| Subtotal Dedicated | 8,498 | 7,706 | 7,902 | 7,902 | 7,902 | 15,804 | 196 | 1.3% |
| Total Revenue | 8,506 | 7,716 | 7,902 | 7,902 | 7,902 | 15,804 | 186 | 1.2% |

| | | | | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|--|--|--|
| Full-Time Equivalents (FTE) | 12.6 | 12.4 | 12.7 | 12.7 | 12.7 | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|--|--|--|

ADMINISTRATION DEPT

Program: OPERATIONS MANAGEMENT BUREAU

Activity: TRAVEL MANAGEMENT

Narrative

Activity Description

The Travel Management Division (TMD) supplies vehicles to state programs for use in the conduct of official state business. TMD also supplies vehicles to political subdivisions. TMD supplies support services for these vehicles including maintenance, fuel, and insurance.

Population Served

TMD provides vehicles to all branches of state government and political sub-divisions including cities, counties, and school districts.

Services Provided

TMD operates a long-term rental program providing a wide variety of passenger vehicles and light trucks. These vehicles are packaged with vehicle services to provide a complete, easy to use transportation solution. Long-term rentals account for approximately 96% of the TMD fleet.

TMD operates a short-term rental program that provides basic passenger vehicles on a daily rental basis. Short-term rentals account for approximately 4% of the TMD fleet.

Historical Perspective

TMD was established in 1961 to help state agencies effectively meet transportation needs. It has grown and evolved over the years to more effectively address the growing and changing needs of state government. TMD has expanded the types of vehicles provided, moving into a greater variety of light trucks. Vehicle life cycles are now tailored to better meet varying customer work requirements.

Key Measures

TMD has an ongoing customer satisfaction survey effort in place. Over 1,100 TMD customers have responded to this survey covering timeliness, quality, courtesy, and ease of process. Ninety-five percent of respondents have indicated they are satisfied or very satisfied with TMD customer service.

Activity Funding

Travel Management operates as an Internal Service Fund. No money is appropriated to TMD from the state's General Fund. The current state budget crisis has caused TMD to refocus on core functions, dropping or reducing non-core functions. On-site vehicle shop services have been reduced to include only basic vehicle maintenance. All complex repairs are now farmed out to private vendors. TMD energy is focused on the core function, long- and short-term vehicle rental programs.

As of 7-1-02, TMD had a total of 20 *full-time equivalents* (FTEs). Four FTE positions have been eliminated in the process of reducing non-core functions.

General Fund Loans:

General Fund loans are used to refinance master lease loans so that the repayment schedules work within the division's cash flow constraints. The division purchases new vehicles on a regular replacement schedule throughout the year. Cash flow issues arise due to the need to pay for the purchase of fleet vehicles when received, but receiving reimbursement for use of the vehicle over an extended period of time. TMD's General Fund loan balance as of 6-30-02 is \$4,933,332 with payments scheduled through February 2003.

TMD does not have any *proposed investments in technology or equipment of \$100,000 or more*.

Operating Losses/Increases in Retained Earnings:

FY 2002 retained earnings decreased by approximately \$598,000 due to the increase in depreciation expense.

Activity at a Glance

- ◆ Provides long-term rental vehicles and vehicle support services to state program and political subdivisions.
- ◆ Operates a daily rental program serving state programs in the St. Paul area.

ADMINISTRATION DEPT**Program: OPERATIONS MANAGEMENT BUREAU****Activity: TRAVEL MANAGEMENT**

Narrative

History of Rate Changes:

| Fiscal Year | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 |
|-------------|-------|--------|--------|------|------|------|
| Change | 13.0% | (3.4%) | (1.5%) | 4.9% | 6.0% | 7.1% |

The TMD short-term rental program has a history of very low rates. In an effort to have this program become more self-supporting, rates were dramatically raised beginning in July. The average rate increase for FY 2003 was 48%.

TMD is implementing a new rate structure for all new long-term rental vehicles. Vehicle rates will be calculated on an individual vehicle basis, taking into account acquisition cost, fuel economy, and life cycle. This rate structure offers TMD customers more flexibility in managing vehicle expenses. It more closely resembles private long-term rental programs. Rates are designed to charge fairly for many different vehicle types, sizes, and uses. Along with improving customer service, this change will enable TMD to keep better pace with costs in the automotive industry.

Existing long-term rental vehicle rates were raised 6% beginning in July.

More information concerning TMD short-term and long-term rates can be found on the TMD web site, and in the FY 2003 TMD Business Plan.

Impact of Rate Changes:

Assuming the same volume and mix of services as used in FY 2002, TMD's customers will pay approximately 7.1% more in FY 2003. TMD's five largest customers are the departments of Human Services, Corrections, Agriculture, Health, and Minnesota State Colleges and Universities (MnSCU). These entities account for over half of TMD business.

Contact

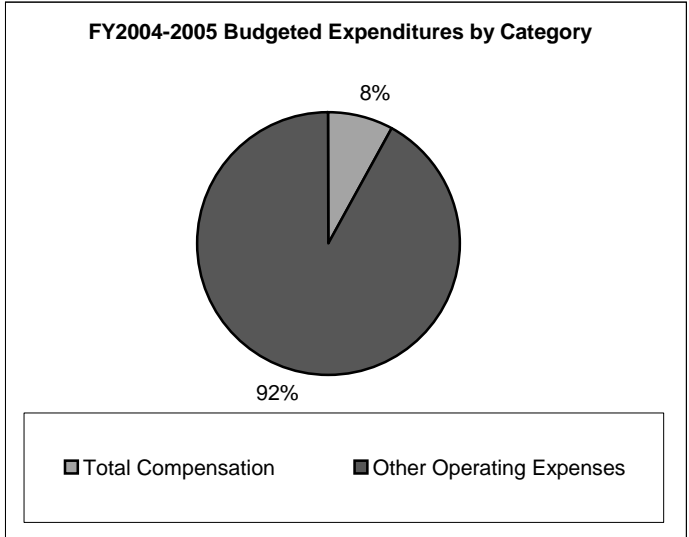
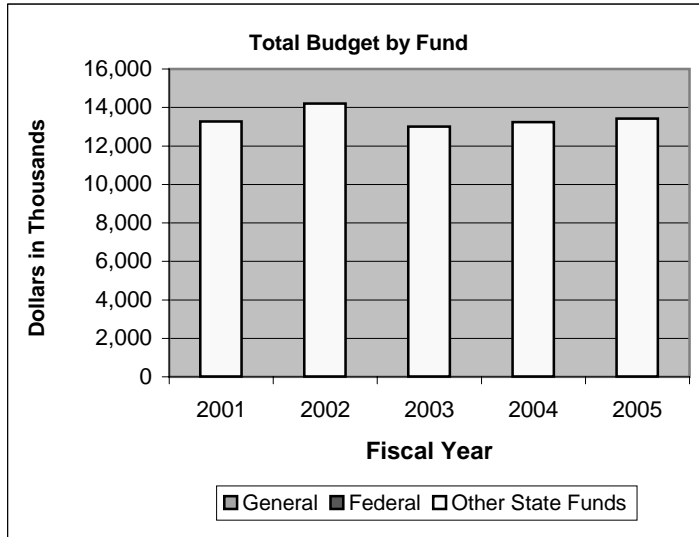
Tim Morse, Director, (651) 296-9998, tim.morse@state.mn.us
<http://www.tmd.state.mn.us/>

ADMINISTRATION DEPT

Program: OPERATIONS MANAGEMENT BUREAU

Activity: TRAVEL MANAGEMENT

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 209 | 186 | 137 | 136 | 136 | 272 | -51 | -15.8% |
| Central Motor Pool | 13,060 | 14,021 | 12,862 | 13,104 | 13,292 | 26,396 | -487 | -1.8% |
| Total | 13,269 | 14,207 | 12,999 | 13,240 | 13,428 | 26,668 | -538 | -2.0% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|-------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 1,104 | 1,018 | 929 | 1,043 | 1,098 | 2,141 | 194 | 10.0% |
| Other Operating Expenses | 12,093 | 13,189 | 12,070 | 12,197 | 12,330 | 24,527 | -732 | -2.9% |
| Other Financial Transactions | 72 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Total | 13,269 | 14,207 | 12,999 | 13,240 | 13,428 | 26,668 | -538 | -2.0% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|-------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Special Revenue | 150 | 125 | 136 | 136 | 136 | 272 | 11 | 4.2% |
| Central Motor Pool | 12,181 | 13,478 | 14,572 | 14,857 | 15,690 | 30,547 | 2,497 | 8.9% |
| Subtotal Dedicated | 12,331 | 13,603 | 14,708 | 14,993 | 15,826 | 30,819 | 2,508 | 8.9% |
| Total Revenue | 12,331 | 13,603 | 14,708 | 14,993 | 15,826 | 30,819 | 2,508 | 8.9% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 22.6 | 19.6 | 17.4 | 18.4 | 18.4 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

ADMINISTRATION DEPT

Program: OPERATIONS MANAGEMENT BUREAU

Activity: COMMUNICATIONS MEDIA

Narrative

Activity Description

The Communications Media Division provides a variety of publishing and distribution services to state and local units of government through four major businesses: PrintComm, Minnesota's Bookstore, MailComm, and DocuComm. Division work is outlined in several sections of Minnesota Statutes: Chapter 14 (**State Register**); 16B.47 (DocuComm) 16B.49 (MailComm); 16B.50 (PrintComm) and 16B.51 & 52 (Minnesota's Bookstore).

Population Served

- ◆ State government
- ◆ Local units of government
- ◆ General public (Minnesota's Bookstore)

Activity at a Glance

- ◆ Minnesota's Bookstore will serve more than 70,000 customers during FY 2003.
- ◆ MailComm will generate nearly \$1 million in postage savings during FY 2003 though its automation services.
- ◆ PrintComm will continue to demonstrate its commitment to the environment through participation in the *Great Printers* project – 90% of printing will be on paper with a 30% minimum of post-consumer waste during FY 2003.

Services Provided

PrintComm (predominant customers are state agencies) provides a variety of graphic services to Minnesota government.

Minnesota's Bookstore (predominant customers are the general public) provides services to the general public and state agencies through

1. The Minnesota's Bookstore – a centralized publishing house for state agency-produced products located in the Ford Building near the State Capitol;
2. The State of Minnesota Mailing List Service – a centralized production and distribution outlet for the sale of selected state public licensing data to a national customer base; and
3. The **State Register** and the **Solicitation Announcements**.

MailComm provides a mailing service including metering and processing of all outgoing federal mail for agencies within the boundaries of St. Paul. This unit also provides inter-office services to all state agencies within St. Paul and has the responsibility for distributing the federal mail for the Capitol Complex. MailComm also provides addressing and inserting services (Internal Service Fund – predominant customers are state agencies) resulting in reduced postage costs to state agencies. During FY 2002, MailComm helped generate nearly \$1 million in postage savings through in-house bar coding and ink-jet addressing.

DocuComm (predominant customers are state agencies) provides document management services to state agencies and local units of government. These services include conversion of paper records to microfilm or compact disk, secure warehouse storage, retrievals of files and electronic back-ups, conversion of microfilm or electronic data to compact disk, and production of computer output microfilm.

Historical Perspective

State agencies are generally not required to use state operations for printing, addressing, inserting, and records management. Because of this, the division places great emphasis on customer service, timeliness, turnaround, quality, and competitive pricing. There is one exception – state agencies within the boundaries of St. Paul are required to use MailComm's mail handling and processing services for outgoing mail. This centralized operation allows small and large agencies to collectively achieve postage savings through the use of MailComm's bar-coding and ink-jet addressing equipment and also helps to realize operational efficiencies such as staffing, equipment, and space.

Key Measures

The division's measurable objectives include:

- ⇒ Maintaining printing prices that are at least 5% below private-sector pricing averages. A pricing study completed during FY 2000 showed PrintComm was, on average, 35.9% below the market on smaller jobs and

ADMINISTRATION DEPT

Program: OPERATIONS MANAGEMENT BUREAU

Activity: COMMUNICATIONS MEDIA

Narrative

27.75% below the market on larger jobs. A supplemental study completed during FY 2002 showed PrintComm quick-copying pricing to be lower than the average of eight private-sector vendors in 13 of 19 categories.

- ⇒ Producing at least 90% of printing work on paper with a 30% minimum of post-consumer waste. For FY 2002, the actual figure was 95%.
- ⇒ Processing 95% of First Class mail within 24 hours. For FY 2002, the actual figure was 95.3%.

Activity Funding

Virtually all funding for the Communications Media Division comes from the products and services it sells to its customers and operates through internal service and enterprise funds -- the only General Fund appropriation in FY 2003 is to operate the mail delivery portion of MailComm. Total *full-time equivalents (FTEs)* in the division are 69 as of 7-01-02.

The Communications Media Division does not have a *General Fund loan* or any *proposed investment in technology or equipment of \$100,000 or more*.

PrintComm is projected to generate annual revenue of approximately \$4.9 million during FY 2003 from state agencies and local units of government. The number of *FTEs* within PrintComm is 35.5.

Operating Losses/Increases in Retained Earnings: FY 2002 retained earnings decreased by \$751,000 because of an operating loss sustained during the fiscal year due to sales that did not meet projections. This loss was due to declining revenues associated with the state employee strike and budget shortfall and general economic conditions of the printing industry in Minnesota. PrintComm is projected to improve its retained earnings position by \$42,000 during FY 2003.

History of Rate Changes:

| Fiscal Year | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 |
|-------------|-------|-------|-------|-------|-------|-------|
| Change | 0.00% | 1.60% | 0.30% | 0.20% | 1.60% | 1.00% |

Impact of Rate Changes:

Assuming the same volume and mix of goods/services as used in FY 2002, PrintComm's five largest customers (Human Services; Administration; Children, Families & Learning; Revenue; and the Attorney General) will pay virtually no more in FY 2003.

Minnesota's Bookstore is projected to generate annual revenue of approximately \$230,000 for the **State Register** during FY 2003. The revenue is generated from state agencies publishing material as well as subscribers. Minnesota's Bookstore and the Mailing List Service are projected to generate approximately \$2 million in revenue annually. Most of this revenue is from the general public. The number of *FTEs* within Minnesota's Bookstore is 12.5.

Operating Losses/Increases in Retained Earnings: FY 2002 retained earnings decreased by \$31,000 due to a **State Register** operating loss sustained during the fiscal year. Minnesota's Bookstore is projected to improve its retained earnings position by \$67,000 during FY 2003.

History of Rate Changes (State Register):

| Fiscal Year | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 |
|-------------|-------|--------|-------|-------|-------|-------|
| Change | 6.00% | 22.51% | 0.00% | 0.00% | 4.92% | 5.97% |

Impact of Rate Changes:

Assuming the same volume and mix of goods/services as used in FY 2002, the **State Register's** largest customers (Labor & Industry, Pollution Control Agency, Health, Human Services, and Administration) will pay virtually no more in FY 2003 since the overall increase in revenue from the rate changes is only \$12,000.

ADMINISTRATION DEPT**Program: OPERATIONS MANAGEMENT BUREAU****Activity: COMMUNICATIONS MEDIA****Narrative**

MailComm is projected to generate annual revenue of approximately \$760,000 during FY 2003 from state agencies and local units of government. The number of *FTEs* within MailComm is 15.

Operating Losses/Increases in Retained Earnings: FY 2002 retained earnings increased by \$62,000 due to increased revenues along with reductions in expenses during the fiscal year. MailComm is projected to reduce its retained earnings position by \$2,000 during FY 2003.

History of Rate Changes:

| Fiscal Year | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 |
|-------------|-------|-------|-------|-------|-------|-------|
| Change | 4.00% | 2.40% | 2.30% | 0.90% | 7.70% | 5.90% |

Impact of Rate Changes:

The increase in the FY 2003 rate is mostly due to the increase in the postage surcharge, which is a large percentage increase with a small dollar impact. Assuming the same volume and mix of goods/services as used in FY 2002, MailComm's five largest customers (Public Safety, Human Services, Revenue, Public Employee Retirement Association, and Minnesota State Retirement Association) will pay virtually no more in FY 2003. These largest customers also receive larger volume discounts, which help offset the increase in rates.

DocuComm is projected to generate annual revenue of approximately \$1.3 million during FY 2003 from state agencies and local units of government. The number of *FTEs* within DocuComm is six.

Operating Losses/Increases in Retained Earnings: FY 2002 retained earnings decreased by \$113,000 due to an operating loss sustained during the fiscal year. This loss was due to declining revenues associated with the state employee strike and budget shortfall. DocuComm is projected to improve its retained earnings position by \$21,000 during FY 2003.

History of Rate Changes:

| Fiscal Year | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 |
|-------------|-------|------|----------|-------|---------|---------|
| Change | 3.01% | 2.10 | (0.012%) | 3.00% | (5.29%) | (4.13%) |

Impact of Rate Changes:

Assuming the same volume and mix of goods/services as used in FY 2002, DocuComm's five largest customers (Administration, Human Services, Attorney General, Revenue, and Secretary of State) will pay approximately the same or slightly lower in FY 2003.

Contact

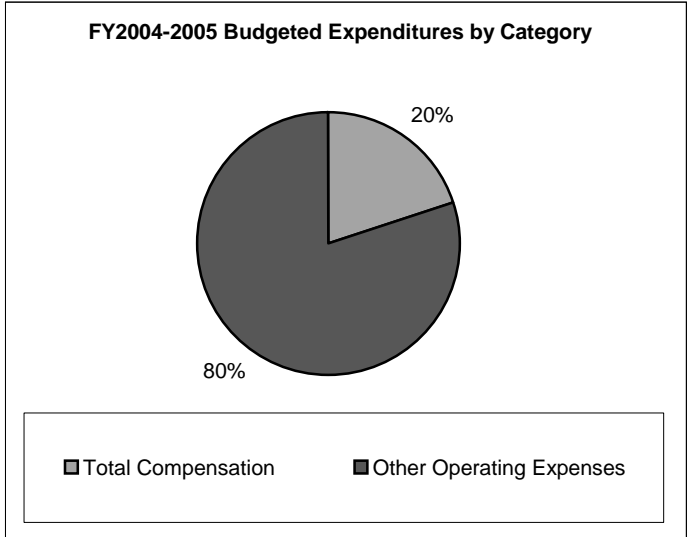
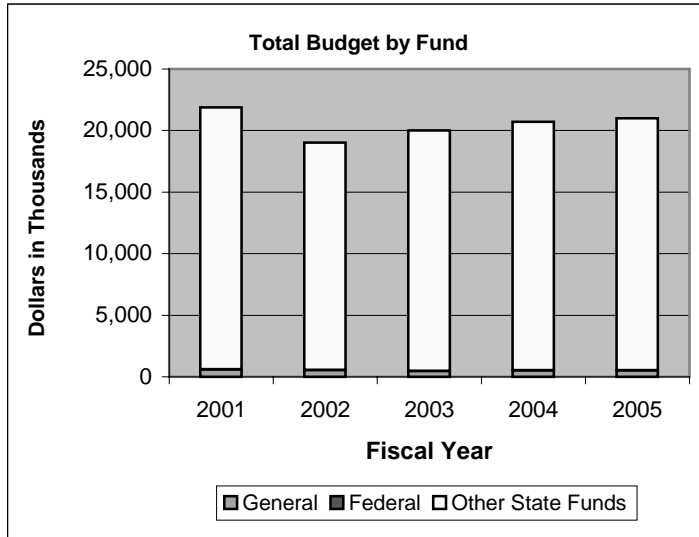
Mary K. Mikes, Director, (651) 297-3979, mary.mikes@state.mn.us
www.comm.media.state.mn.us

ADMINISTRATION DEPT

Program: **OPERATIONS MANAGEMENT BUREAU**

Activity: COMMUNICATIONS MEDIA

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 555 | 558 | 472 | 510 | 510 | 1,020 | -10 | -1.0% |
| Statutory Appropriations | | | | | | | | |
| General | 44 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Miscellaneous Agency | 10,224 | 9,559 | 11,000 | 11,000 | 11,000 | 22,000 | 1,441 | 7.0% |
| Documents And Publications | 2,306 | 1,873 | 1,949 | 1,980 | 2,061 | 4,041 | 219 | 5.7% |
| Micrographics | 1,295 | 1,336 | 1,284 | 1,359 | 1,380 | 2,739 | 119 | 4.5% |
| State Printer | 6,710 | 4,928 | 4,599 | 5,122 | 5,286 | 10,408 | 881 | 9.2% |
| Central Mailing | 760 | 765 | 701 | 738 | 766 | 1,504 | 38 | 2.6% |
| Total | 21,894 | 19,019 | 20,005 | 20,709 | 21,003 | 41,712 | 2,688 | 6.9% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 4,143 | 3,919 | 3,732 | 4,066 | 4,283 | 8,349 | 698 | 9.1% |
| Other Operating Expenses | 17,751 | 15,100 | 16,273 | 16,643 | 16,720 | 33,363 | 1,990 | 6.3% |
| Total | 21,894 | 19,019 | 20,005 | 20,709 | 21,003 | 41,712 | 2,688 | 6.9% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|-------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 57 | 49 | 0 | 0 | 0 | 0 | -49 | -100.0% |
| Subtotal Non Dedicated | 57 | 49 | 0 | 0 | 0 | 0 | -49 | -100.0% |
| Dedicated | | | | | | | | |
| Miscellaneous Agency | 10,189 | 9,760 | 11,000 | 11,000 | 11,000 | 22,000 | 1,240 | 6.0% |
| Documents And Publications | 2,308 | 1,912 | 1,986 | 2,009 | 2,069 | 4,078 | 180 | 4.6% |
| Micrographics | 1,373 | 1,206 | 1,314 | 1,401 | 1,401 | 2,802 | 282 | 11.2% |
| State Printer | 5,846 | 4,472 | 4,981 | 5,130 | 5,284 | 10,414 | 961 | 10.2% |
| Central Mailing | 782 | 786 | 767 | 807 | 802 | 1,609 | 56 | 3.6% |
| Subtotal Dedicated | 20,498 | 18,136 | 20,048 | 20,347 | 20,556 | 40,903 | 2,719 | 7.1% |
| Total Revenue | 20,555 | 18,185 | 20,048 | 20,347 | 20,556 | 40,903 | 2,670 | 7.0% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 84.9 | 74.6 | 70.4 | 71.0 | 71.0 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

Program Description

M. S. 16E requires the Office of Technology (OT) to provide leadership and direction for state information and communications technology policy. The office's mission is to ensure that the state's use of information technology improves Minnesota's businesses, schools, communities, and the lives of the state's citizens.

Population Served

OT serves those who interact and do business with the state – citizens, businesses, educators, government entities, vendors, and employees – and the agencies that serve them.

Services Provided

The Office of Technology provides an array of core complimentary services designed to lead state government in a unified direction. Major services include:

A Common Statewide Architecture

OT leads an inter-agency effort to create an enterprise technical architecture for state government:

- ⇒ Minnesota Enterprise Architecture: This architecture provides the blueprint for state technology infrastructure, outlining the principles, practices, and standards for developing and delivering consistent information systems across state agencies. This is an iterative process that has been reported in corporate settings to save as much as 15% in overall information technology (IT) costs.
- ⇒ Research from a January 2002 study showed that "...focus group participants do not know (or care) which level of government provides a service or information, they simply want to be able to easily access it." North Star is that access point to over 250 state entities and is accessed by over one million visitors per month. Electronic government, through its services, improves and strengthens relationships between citizens and their government. With the release of the new North Star portal, Minnesotans will realize a significant change in communications from their state government. When compared with the costs for developing web portals in other states including Michigan and California, OT effectively saved Minnesota upwards of \$26 million on the transformation effort of North Star.

Planning Practices and Procedures

OT provides IT planning and project management tools to all agencies to help the state set priorities and to increase the accountability of individual projects.

- ⇒ Strategic Information Resource Management Planning (SIRMP): OT manages this benchmark planning tool for state agencies. OT's SIRMP review, is an integral component in the development of the state's budget for IT-related projects.
- ⇒ Request For Proposal (RFP) approval: OT reviews all agency IT RFP's over \$100,000.
- ⇒ The Enterprise Project Management Office (PMO): Industry-standard project management procedures are required for all funded state IT projects. OT provides project management planning tools, templates, oversight, and consulting services to agency projects, and offers a training academy.
- ⇒ Master Roster and Master Contract programs: The Master Roster is a list of vendors pre-approved to provide project-related services. The Master Contract program provides agencies with a wide variety of external skill sets to augment their internal resources. OT recently increased the number of participating vendors available to provide services to state agencies by 75% in one year.

Collaborative Leadership

OT provides leadership in developing collaborative, public/private partnerships that foster statewide solutions to common and strategic technology issues.

Program at a Glance

- ◆ Manages North Star state web portal and electronic services.
- ◆ Reviews and sets priorities for \$192 million in submitted information technology (IT) project proposals in 2002-2003 biennial state budget process.
- ◆ Provided project management methodology training to 10 state agencies and provided consulting services for 30 projects.
- ◆ Serves as the steward for the statewide "Enterprise Architecture" – the technology blueprint for the state.
- ◆ Created public/private partnerships to help set priorities, screen vendors, identify new technologies, and aggregate technology purchases for state agencies and educational institutions. The Minnesota Software licensing aggregate purchase project saved the state \$209,000 over standard contract pricing.

- ⇒ The Technology Enterprise Board: The board advises the legislature, the governor, and others regarding statewide IT and telecommunications architecture and strategic plans.
- ⇒ Education and Community Initiatives: OT leads policy discussions and forums on emerging technologies; provides public information on technology issues for K-12 and higher education; and facilitates aggregated buying programs. In the first three months of operation beginning June 2002, K-12 volume purchase projects saved Minnesota schools \$735,000 over standard state contract pricing.

Historical Perspective

OT has moved from its historically more policy-based unit to one that combines enterprise-wide strategies, standards, and training with a system of checks and balances. The result is a more service and results oriented agency that provides leadership and direction for government agencies, increases accountability for stakeholders, and enables wise IT investment on an enterprise level. By emphasizing a collaborative process, OT ensures that the state's vision and strategies serve all units of government while encouraging participation and buy-in.

Key Measures

As a result of OT's work, state agencies maximize their services and minimize resources by aligning to the defined standards, products, and procedures; the state benefits from an environment of interoperability, collaboration, and leveraging of complimentary services; and the state's citizens and business partners find government services closer, more accountable, and more convenient than ever before. Key performances measures include:

- ◆ an average of 1,198 monthly hits on North Star in 2002, up from 808 in 2000;
- ◆ provided 116 online secure financial transactions electronically in 2002 and provided 3,608 non-financial online services;
- ◆ in 2002, Minnesota was ranked 77.8 (the number one state was rated 88.9) and ranked eight in the Digital State Survey, compared to a rating of 84.78 in 2001 and a ranking of 22;
- ◆ Brown University gave Minnesota an overall E-Government ranking of 37 in 2002, compared to 32 in 2001; and
- ◆ Governing Magazine Performance Project 2001 gave Minnesota a grade of B.

Program Funding

This activity is funded primarily through General Fund appropriations. State government Special Revenue Funds also fund this activity.

Contact

Reggie David, Assistant Commissioner, (651) 215-1997, Reggie.David@state.mn.us

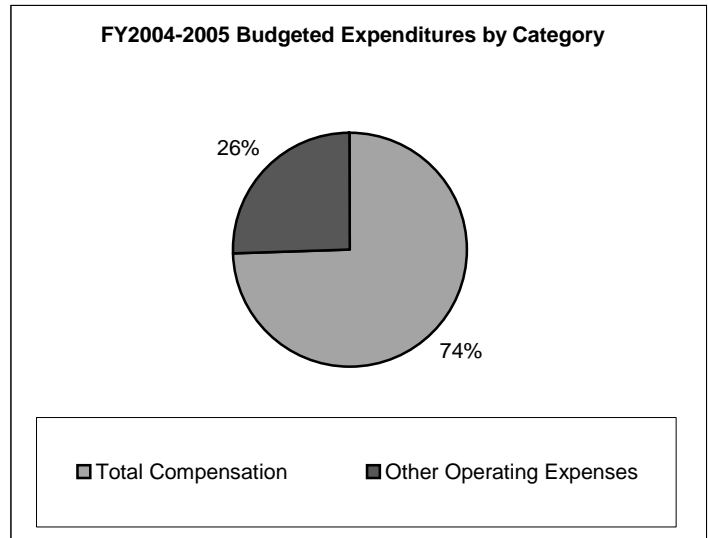
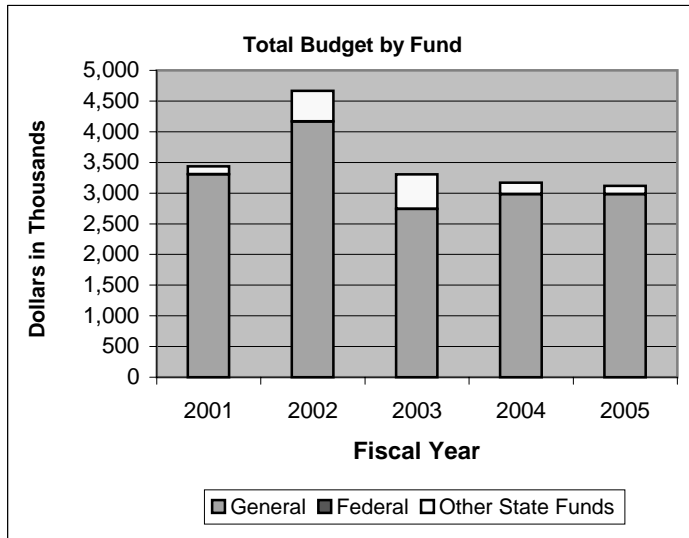
<http://www.ot.state.mn.us>

<http://www.ot.state.mn.us/sirmp> (OT's Strategic Information Resource Management Plan [SIRMP])

ADMINISTRATION DEPT

Program: OFFICE OF TECHNOLOGY

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 3,307 | 4,165 | 2,745 | 2,982 | 2,982 | 5,964 | -946 | -13.7% |
| Special Revenue | 0 | 0 | 84 | 17 | 0 | 17 | -67 | -79.8% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 127 | 317 | 477 | 173 | 135 | 308 | -486 | -61.2% |
| Miscellaneous Agency | 0 | 186 | 0 | 0 | 0 | 0 | -186 | -100.0% |
| Total | 3,434 | 4,668 | 3,306 | 3,172 | 3,117 | 6,289 | -1,685 | -21.1% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 1,405 | 1,954 | 1,967 | 2,271 | 2,391 | 4,662 | 741 | 18.9% |
| Other Operating Expenses | 2,029 | 2,594 | 1,339 | 884 | 726 | 1,610 | -2,323 | -59.1% |
| Local Assistance | 0 | 120 | 0 | 17 | 0 | 17 | -103 | -85.8% |
| Total | 3,434 | 4,668 | 3,306 | 3,172 | 3,117 | 6,289 | -1,685 | -21.1% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
| Expenditures by Activity | | | | | | | | |
| Office Of Technology | 3,434 | 4,668 | 3,306 | 3,172 | 3,117 | 6,289 | -1,685 | -21.1% |
| Total | 3,434 | 4,668 | 3,306 | 3,172 | 3,117 | 6,289 | -1,685 | -21.1% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|-------------|---------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 0 | 2 | 0 | 0 | 0 | 0 | -2 | -100.0% |
| Subtotal Non Dedicated | 0 | 2 | 0 | 0 | 0 | 0 | -2 | -100.0% |
| Dedicated | | | | | | | | |
| Special Revenue | 125 | 148 | 127 | 171 | 135 | 306 | 31 | 11.3% |
| Miscellaneous Agency | 0 | 186 | 0 | 0 | 0 | 0 | -186 | -100.0% |
| Subtotal Dedicated | 125 | 334 | 127 | 171 | 135 | 306 | -155 | -33.6% |
| Total Revenue | 125 | 336 | 127 | 171 | 135 | 306 | -157 | -33.9% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 18.2 | 24.7 | 23.3 | 23.1 | 22.1 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

Program Description

The purpose of the InterTechnologies Group (ITG) is to provide data processing and telecommunications services to other state agencies and public sector entities. The mission is to serve Minnesota's public sector by delivering value-added information technology services through a shared infrastructure.

Budget Activities Included:

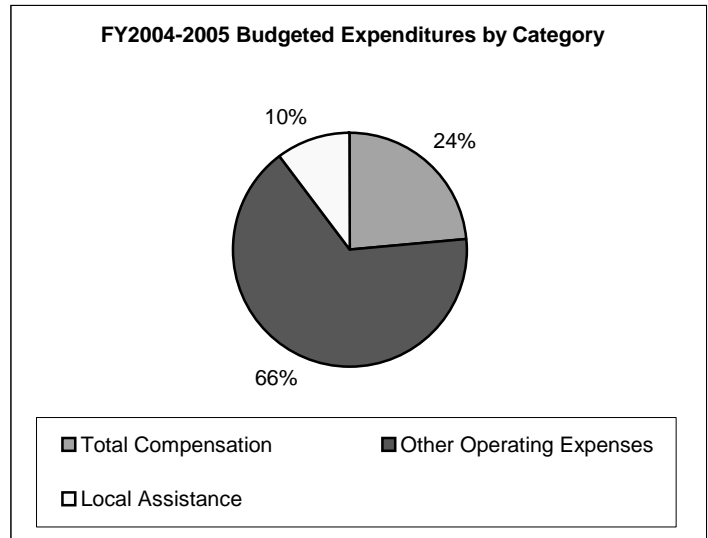
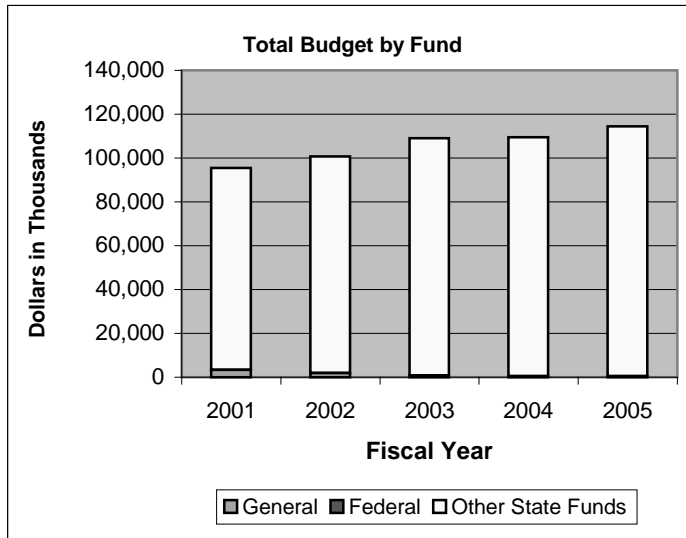
- ⇒ Computer Services
- ⇒ Telecom Services
- ⇒ InterTech – Other Services
- ⇒ 911 Emergency Services

Further detail on each of these Budget Activities is included in subsequent pages of this budget document.

ADMINISTRATION DEPT

Program: INTERTECHNOLOGIES GROUP

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|----------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 3,287 | 1,874 | 724 | 382 | 382 | 764 | -1,834 | -70.6% |
| Statutory Appropriations | | | | | | | | |
| State Government Special Revenue | 17,724 | 17,202 | 23,746 | 22,641 | 26,042 | 48,683 | 7,735 | 18.9% |
| Intertechnologies | 74,460 | 81,640 | 84,563 | 86,471 | 87,994 | 174,465 | 8,262 | 5.0% |
| Total | 95,471 | 100,716 | 109,033 | 109,494 | 114,418 | 223,912 | 14,163 | 6.8% |

| | | | | | | | | |
|---------------------------------|---------------|----------------|----------------|----------------|----------------|----------------|---------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 19,946 | 22,220 | 23,587 | 25,763 | 27,410 | 53,173 | 7,366 | 16.1% |
| Other Operating Expenses | 67,482 | 69,505 | 76,400 | 73,864 | 74,036 | 147,900 | 1,995 | 1.4% |
| Local Assistance | 7,859 | 8,289 | 9,046 | 9,867 | 12,972 | 22,839 | 5,504 | 31.8% |
| Other Financial Transactions | 184 | 702 | 0 | 0 | 0 | 0 | -702 | -100.0% |
| Total | 95,471 | 100,716 | 109,033 | 109,494 | 114,418 | 223,912 | 14,163 | 6.8% |

| | | | | | | | | |
|---------------------------------|---------------|----------------|----------------|----------------|----------------|----------------|---------------|-------------|
| Expenditures by Activity | | | | | | | | |
| Computer Services | 34,553 | 38,381 | 43,519 | 44,628 | 45,592 | 90,220 | 8,320 | 10.2% |
| Telecom Services | 39,907 | 43,259 | 41,044 | 41,843 | 42,402 | 84,245 | -58 | -0.1% |
| Itg Other Services | 3,287 | 1,874 | 724 | 382 | 382 | 764 | -1,834 | -70.6% |
| 911 Emergency Services | 17,724 | 17,202 | 23,746 | 22,641 | 26,042 | 48,683 | 7,735 | 18.9% |
| Total | 95,471 | 100,716 | 109,033 | 109,494 | 114,418 | 223,912 | 14,163 | 6.8% |

| | | | | | | | | |
|----------------------------------|---------------|---------------|----------------|----------------|----------------|----------------|---------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Dedicated | | | | | | | | |
| State Government Special Revenue | 15,791 | 16,573 | 21,622 | 23,257 | 25,181 | 48,438 | 10,243 | 26.8% |
| Intertechnologies | 76,367 | 73,243 | 83,219 | 84,596 | 86,543 | 171,139 | 14,677 | 9.4% |
| Subtotal Dedicated | 92,158 | 89,816 | 104,841 | 107,853 | 111,724 | 219,577 | 24,920 | 12.8% |
| Total Revenue | 92,160 | 89,816 | 104,841 | 107,853 | 111,724 | 219,577 | 24,920 | 12.8% |

ADMINISTRATION DEPT

Program: INTERTECHNOLOGIES GROUP

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|-----------------------------|------------------|------------------|--------------------|----------------|--------|---------------------|------------------------------|---------|
| Full-Time Equivalents (FTE) | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 Dollars | Percent |
| | 298.7 | 309.2 | 321.4 | 327.1 | 327.1 | | | |

ADMINISTRATION DEPT

Program: INTERTECHNOLOGIES GROUP

Activity: COMPUTER SERVICES

Narrative

Activity Description

Computer Services are provided by InterTech and used by public sector entities for central and distributed data processing. This activity is described in M.S. 16B.466; *"integrate and operate the state's centralized computer facilities to serve the needs of state government."*

Population Served

Computer Services serves public sector state agencies central and distributed data processing needs including: computing, disk and tape storage, printing, data security, electronic mail, data entry, and computer-output-to-microfilm.

Activity at a Glance

InterTech Computer Services provides for state agency data storage and central processing:

- ◆ 1,352,000 online transactions processed per day;
- ◆ 73,584,000 web pages served per year;
- ◆ 12,000,000 feet of printed output per month;
- ◆ identified and prevented 22,200 hacker attempts in FY 2002; and
- ◆ identified and eradicated 137,273 viruses in 2001 and 2002.

Following is a list of InterTech's Computer Services largest customers and their applications:

Department of Human Services: PRISM (the Child Support System) and MAXIS (the eligibility determination system for AFDC (Aid for Dependent Children), food stamps, Medicaid, and other social service programs) in all 87 Minnesota counties.

Departments of Finance and Employee Relations: Statewide procurement/accounting system (MAPS) and human resources/payroll system (SEMA4).

Department of Revenue: Income tax returns and refund checks, state sales tax, and property tax records and processing.

Department of Public Safety: Criminal Justice Information System (CJIS), which is used by state, city, county, and municipal police departments and sheriffs, correctional institutions, Department of Natural Resources, and others, with ties to the FBI and other national law enforcement systems.

Department of Transportation: Computer-assisted design (CAD) applications, and the department's PROFS (electronic mail) system.

Services Provided

In supporting customers' central and distributed data processing needs, InterTech provides a variety of services:

Z-Server Services: The primary products offered in this line of service include central processing unit (CPU) batch and customer information and control system (CICS) online transactions that are run on large Z servers (System/390 systems), disk and tape storage, and input/output services. Also included are applications operating interface support, production control and scheduling, security, disaster recovery, database design and administration, and technical support of system software and equipment.

Server Management Services: The primary products offered in this service line include NT storage, Administrator, and Domino Administrator Services. Also included are services such as Web Hoteling, Minnesota eCampus Course Hosting, Domino Server Hosting, WorkSpace Minnesota, WebSphere, and Server Co-Location.

Data Entry Service: This service provides the keying of data into machine-readable form to support requirements for central or distributed computer processing.

IT Risk Mitigation Services: This service is offered to reduce security and other information technology (IT) related risks. The primary products offered in this service include Common Web Authentication Framework, Encryption Activity, Business Impact Analysis, and IT Disaster Recovery Planning.

Key Measures

InterTech actively pursues strategies to be a competitive provider of computing, telecommunication, and related services with the understanding that state agencies may pursue other service providers. To determine InterTech's competitive position, InterTech contracted with a nationally recognized outside performance measurement company, Gartner Measurement Group, to measure its performance compared to other technology providers and to measure customer satisfaction with its services.

ADMINISTRATION DEPT

Program: INTERTECHNOLOGIES GROUP

Activity: COMPUTER SERVICES

Narrative

Gartner conducted assessments of InterTech's Computing Services for FY 1998, FY 1999, and FY 2000-01. In these analyses, InterTech ranked among the top most efficient companies in Gartner's total database. InterTech's Computing Services has provided a year-to-date mainframe availability of 99.7%. In addition, services delivered against business system requirements shows that for the S/390 technology InterTech has done an outstanding job of matching services to customer application requirements scoring a perfect 1.0 for effectiveness.

Activity Funding

Computer Services' finances are managed through the InterTech Internal Service Fund. Annual rates are established for services, and customer agencies are charged fees for services delivered. Expenses for personnel, hardware, software, etc., are paid for with Internal Service Fund payments. At the end of each fiscal year, the accounting objective of the fund is to break even.

InterTech Computer Services had 184.94 *full-time equivalents* as of 7-1-02.

General Fund Loans: Computer Services does not have a loan from the General Fund. InterTech does not anticipate a need for a General Fund loan during the next biennium.

Proposed Investments in Technology or Equipment of \$100,000 or more: InterTech purchases capital equipment to support customer applications. Master lease funding is utilized for the capitalized asset purchases. Computer Services equipment such as mainframe, disk, and tape equipment is depreciated over three years; all other equipment is depreciated over four years. The depreciated portion of the total cost is incorporated into usage rates.

During FY 2004-05 processing will continue to grow from existing applications' transaction increases. PRISM and MAXIS continue to grow faster than expected. SEMA4 has begun an upgrade approved by the 1999 legislature that is projected to add 12% increased CPU workload. Growth in storage requirements will come from across the entire customer base. InterTech will continue a "just-in-time" strategy to provide storage when needed but not maintain an excess. Print volumes continue to decline as online viewing becomes more prevalent; thus, no significant upgrades to printers are anticipated.

Anticipated equipment purchases greater than \$100,000 needed to meet these customer application capacity needs include:

- ◆ additional processing capacity of 200 millions of instructions per second (MIPS) in both FY 2004 and FY 2005 at a cost of \$500,000 each year;
- ◆ \$100,000 in FY 2004 for the connection device, Enterprise System Connection (ESCON); and
- ◆ \$1,000,000 in FY 2004 for uninterrupted power service (UPS) battery replacement systems.

Operating Losses/Increases in Retained Earnings: During FY 1994, Computer Services and Telecom Services Internal Service Funds were merged into one fund. Retained earnings are managed at the InterTech level and are managed according to federal requirements. These requirements state that the retained earnings balance cannot exceed two months of operating expenses. The federal government does not recognize depreciation as an operating expense in its calculation. In FY 2002, depreciation expense for Computer Services was \$3.6 million.

InterTech's budget goal is to break even by the end of each fiscal year. However, if customer usage is higher/lower than forecasts, increases/decreases in retained earnings occur. Over the years, Computer Services' products have exceeded budget forecasts, causing increases in retained earnings. The earnings above guidelines have been refunded to InterTech's customers.

Computer Services Retained Earnings decreased by \$2.0 million from FY 2001 to FY 2002. The primary reason for this decrease was a payment to the federal government.

ADMINISTRATION DEPT**Program: INTERTECHNOLOGIES GROUP****Activity: COMPUTER SERVICES**

Narrative

History of Rates:

| | | | | | | |
|-------------|------|------|------|------|-------|------|
| Fiscal Year | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 |
| Change | 0% | (8%) | (9%) | (8%) | (13%) | (4%) |

Historically, major Computer Services rates, except for print, have continued to decrease. This is primarily due to increases in customer usage and decreases in equipment costs.

Impact of Rate Changes:

While most Computer Services' rates continue to decrease, total cost to customers increases as customer usage increases. Customers whose usage remains stable receive the overall benefit of lower rates. The five largest customers are departments of Human Services, Finance, Economic Security, Public Safety, and Revenue.

Contact

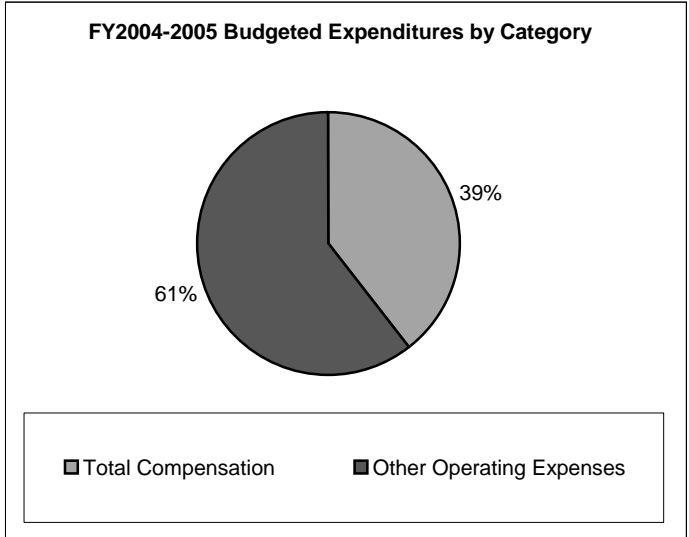
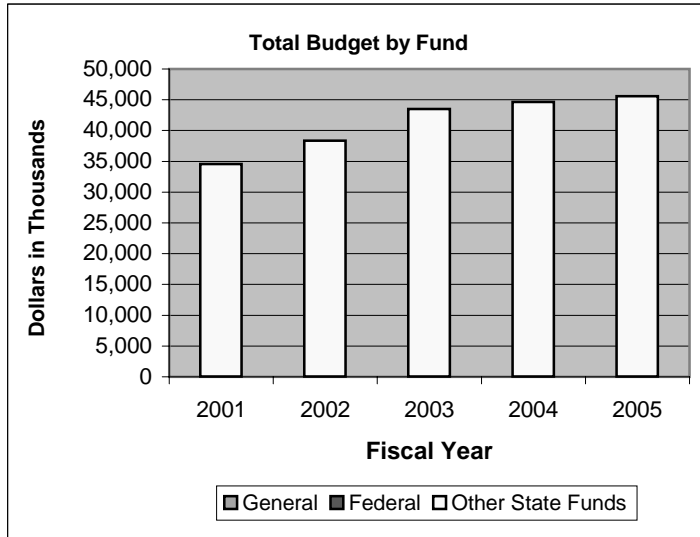
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http://www.mainserver.state.mn.us/intertech/390_z_server.html

ADMINISTRATION DEPT

Program: **INTERTECHNOLOGIES GROUP**

Activity: **COMPUTER SERVICES**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Statutory Appropriations | | | | | | | | |
| Intertechnologies | 34,553 | 38,381 | 43,519 | 44,628 | 45,592 | 90,220 | 8,320 | 10.2% |
| Total | 34,553 | 38,381 | 43,519 | 44,628 | 45,592 | 90,220 | 8,320 | 10.2% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 13,591 | 15,028 | 15,936 | 17,217 | 18,294 | 35,511 | 4,547 | 14.7% |
| Other Operating Expenses | 20,778 | 22,651 | 27,583 | 27,411 | 27,298 | 54,709 | 4,475 | 8.9% |
| Other Financial Transactions | 184 | 702 | 0 | 0 | 0 | 0 | -702 | -100.0% |
| Total | 34,553 | 38,381 | 43,519 | 44,628 | 45,592 | 90,220 | 8,320 | 10.2% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|-------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Intertechnologies | 41,596 | 35,769 | 38,693 | 39,413 | 40,401 | 79,814 | 5,352 | 7.2% |
| Subtotal Dedicated | 41,596 | 35,769 | 38,693 | 39,413 | 40,401 | 79,814 | 5,352 | 7.2% |
| Total Revenue | 41,596 | 35,769 | 38,693 | 39,413 | 40,401 | 79,814 | 5,352 | 7.2% |

| | | | | | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Full-Time Equivalents (FTE) | 202.4 | 207.7 | 218.6 | 222.8 | 222.8 |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|

Activity Description

InterTech's Telecommunications Services connect public entities throughout Minnesota by transporting voice, data, and video transmissions over a shared network infrastructure. This activity is described in M.S. 16B.46: "... shall supervise and control all state telecommunication facilities and services-" and M.S. 16B.465 "... has the responsibility for planning, development, and operations of the state information infrastructure in order to provide cost-effective telecommunication transmission services."

Population Served

InterTech's largest Telecommunication Services users are: Minnesota State Colleges and Universities (MnSCU), the University of Minnesota (U of M), the departments of Human Services, Public Safety, Transportation, Economic Security, Corrections, and Natural Resources, and hundreds of Minnesota school districts and public libraries.

Activity at a Glance

- ◆ InterTech provides voice, data, and video telecommunications services for public entities, utilizing owned and operated hubs connected by circuits leased from private sector vendors.
- ◆ InterTech serves over 100 state agencies and boards, over 125 counties and municipalities, all of the MnSCU and U of M campuses, and hundreds of schools and libraries.
- ◆ The integrated statewide data network employs more than 850 routers.

Services Provided

The objective of the InterTechnologies Group (ITG) is to provide its customers telecommunication services that are secure and reliable at competitive rates. InterTech aggregates the needs of the public sector and negotiates favorable contracts with telephone providers and carriers to obtain volume discounts that lower costs to all users. Telecommunications Services aggregates and integrates usage to ensure efficient utilization of available capacities.

Voice: The voice product line includes local service, long distance, and enhanced voice services. The primary products for local service include Centrex, business lines, special circuits, and foreign language interpretation services. Long distance includes switched, dedicated, toll-free and 900 services, calling cards, and audio conferencing. Enhanced voice offers voice mailboxes, call processing applications, central office-based automatic call distribution (CO-ACD), and integrated services digital network (ISDN) service.

Data Network Services: The data network services product line consists of a suite of hardware, bandwidth, and Internet services that provide customers with wide area network solutions tailored to their data connectivity and computer applications requirements. Data services are provisioned over a secure and reliable leased-line network known as MNet. Network services include a range of leased-line and dial-up access services using internet protocol (IP) and asynchronous transfer mode (ATM) digital network connections to MNet; reliable and secure wide area bandwidth; 24x7x365 network monitoring and management; customer assistance for network design; and community router service access to state-run applications between state and local governments as well as shared access to the Internet.

Video Wide Area Network Services: The video network services product line offers a suite of video conference services and resources to enable interactive services on the same wide area network supporting data services. Services focus on integrating counties, agencies, schools, and higher education on a common, standards-based two-way interactive video network to enable cross-organizational real-time multimedia communications. The network supports over 10,000 video events annually that improve public service delivery in many ways. Interactive video conferencing boosts productivity, expands educational opportunities, speeds decision making, and reduces travel time and expenses. Service solutions include a common web-based conference scheduling service, multipoint video conference bridging, user training, interactive site information, and video conferencing support. In addition to two-way interactive video, web-based IP audio/video streaming services are also available to deliver live and recorded audio/video content available for viewing across the Internet.

ADMINISTRATION DEPT

Program: INTERTECHNOLOGIES GROUP

Activity: TELECOM SERVICES

Narrative

Key Measures

InterTech actively pursues strategies to be a competitive provider of computing, telecommunication, and related services with the understanding that state agencies may pursue other service providers. To determine its competitive position, InterTech contracted with a nationally recognized outside performance measurement company, The Gartner Measurement Group, to measure InterTech's performance compared to other telecom service providers and to measure customer satisfaction with its services.

The Gartner Measurement Group reviewed three distinct areas of Telecommunications Services in FY 2001: Wide Area Data Network, Long Distance Network, and the statewide Centrex and Voice Mail Service. The cost-efficiency rating of the Wide Area Data Network is among the top 10% of organizations studied by Gartner. InterTech's actual cost to maintain the data network is 51% less than the peer group average of similar organizations would spend to support the same workload. The overall cost-per-minute for both outbound and inbound long distance calls is 20% less than that of the peer group average. The cost per Centrex phone station, including voice mail, is 45% less than the peer group average. The cost per software moves, adds, and changes to support Centrex phone stations is 28% less than the peer group average. InterTech plans an updated study for the fiscal year ending 6-30-02.

In FY 2002, the data network availability was 99.9%, and video sessions exceeded 97% on-time start.

Activity Funding

Telecommunications Services' finances are managed through the InterTech Internal Service Fund. Annually, InterTech establishes rates for services, and then InterTech charges customers for services delivered. Internal Service Fund payments cover the expenses for personnel, communications, hardware, etc. At the end of each fiscal year, the accounting objective of the Internal Service Fund is to break even.

InterTech Telecommunications Services had 111.48 *full-time equivalents* as of 7-01-02.

General Fund Loans: Telecommunication Services does not have a loan from the General Fund. InterTech does not anticipate a need for a General Fund loan during the next biennium.

InterTech purchases capital voice, data, and video network equipment to support customer applications and then depreciates the equipment over four years with the depreciation expense incorporated into the rates. Individual pieces of network equipment normally cost less than \$100,000. However, in aggregate, InterTech anticipates spending \$4.0 million during FY 2004-05 with depreciation (rate) impact of \$250,000 in FY 2004 and \$750,000 in FY 2005.

During FY 2004-05, InterTech does not plan any significant capital purchases for local, enhanced, and long distance voice services. However, the changing state of voice technologies is requiring InterTech to re-examine and reposition the portfolio of voice services offered by InterTech. This may result in new or eliminated services during FY 2004-05. ITG is aware of the current volatility in the telecom sector and closely monitors the changing situations on behalf of its customers. InterTech anticipates continued growth in the data and video network areas.

Proposed Investments in Technology and Equipment of \$100,000 or more:

- ◆ \$750,000 for upgrade of routers required to provide quality of service for H.323 video;
- ◆ \$550,000 for 200 upgrades of 2500-Series routers to 2600-Series routers required to provide quality of service for H.323 video; 2500-Series routers do not provide this feature;
- ◆ \$500,000 for optical fiber for backbone connections;
- ◆ \$275,000 for 200 channel service units/digital service units (CSU/DSUs) that will be used at new network sites due to general network expansion and the upgrade of 56 kb to T1 sites;
- ◆ \$250,000 for routers for new customers related to the new CSU/DSUs;
- ◆ \$300,000 for bridging H.323 to H320, using 1 Accord MCU (multipoint control unit) to provide a bridging and multi-point conferencing service to both types of video customers;

ADMINISTRATION DEPT

Program: INTERTECHNOLOGIES GROUP

Activity: TELECOM SERVICES

Narrative

- ♦ \$150,000 for 8540 and 8510 switches for additional hubs and mini-hubs required by general network expansion;
- ♦ \$100,000 for optical fiber repeaters for backbone connection; and
- ♦ \$200,000 for core router additions related to 8540 switches and general network expansion.

Operating Losses/Increases in Retained Earnings: During FY 1994, Computer Services and Telecom Services revolving funds were merged into one fund. InterTech manages retained earnings according to federal requirements. These requirements state that the retained earnings balance cannot exceed two months of operating expenses. The federal government does not recognize depreciation as an operating expense in this calculation. In FY 2002, depreciation expense for Telecom Services was \$1.9 million.

Telecom Services has not contributed to InterTech's overall retained earnings balance.

History of Rate Changes:

| Fiscal Year | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 |
|-------------|------|------|------|------|------|------|
| Change | 1% | 1% | (2%) | 2% | 0% | (5%) |

The market within the telecommunications industry, particularly for local and long distance services, is becoming increasingly competitive and complex, which puts additional pressure on InterTech's rate structure. InterTech's local telephone service and voice mail rates have continued to remain highly competitive with industry standards for similar business enterprise services. Long distance rates have continued to decrease. Rates for the integrated statewide data network have been flat or decreased.

Factors that contribute to rate changes include FCC-mandated fees and new vendor contracts. Rates are also impacted by service network complexity, bandwidth, and number of locations.

Impact of Rate Changes:

Customers whose usage remains stable receive the overall benefit of lower rates in FY 2003 by paying less. The five largest customers are MnSCU, and the departments of Human Services, Public Safety, Transportation, and Economic Security.

Contact

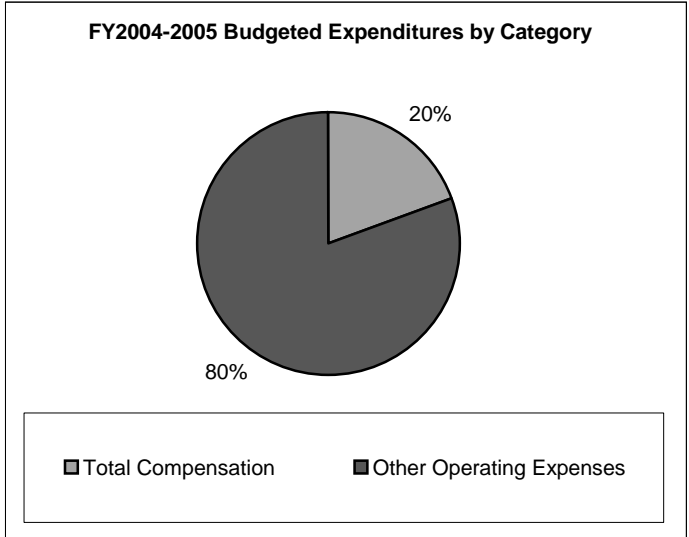
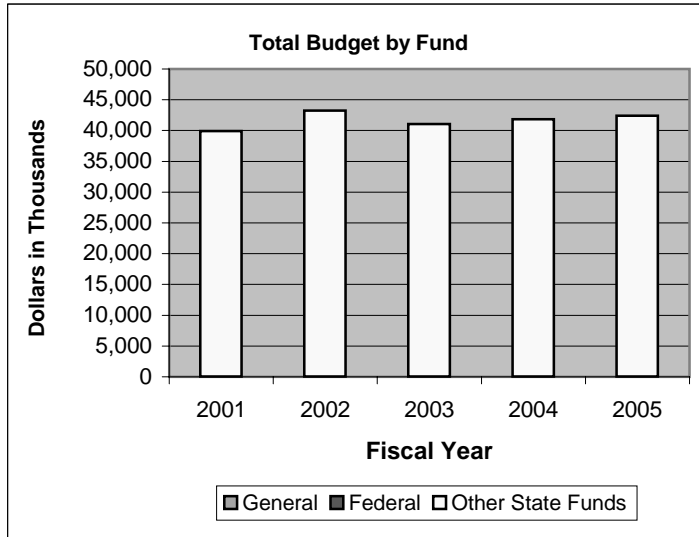
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http://www.mainserver.state.mn.us/intertech/voice_services.html

ADMINISTRATION DEPT

Program: **INTERTECHNOLOGIES GROUP**

Activity: TELECOM SERVICES

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Statutory Appropriations | | | | | | | | |
| Intertechnologies | 39,907 | 43,259 | 41,044 | 41,843 | 42,402 | 84,245 | -58 | -0.1% |
| Total | 39,907 | 43,259 | 41,044 | 41,843 | 42,402 | 84,245 | -58 | -0.1% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|------------|--------------|
| Total Compensation | 5,661 | 6,451 | 7,312 | 7,946 | 8,500 | 16,446 | 2,683 | 19.5% |
| Other Operating Expenses | 34,246 | 36,808 | 33,732 | 33,897 | 33,902 | 67,799 | -2,741 | -3.9% |
| Total | 39,907 | 43,259 | 41,044 | 41,843 | 42,402 | 84,245 | -58 | -0.1% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|
| Dedicated | | | | | | | | |
| Intertechnologies | 34,771 | 37,474 | 44,526 | 45,183 | 46,142 | 91,325 | 9,325 | 11.4% |
| Subtotal Dedicated | 34,771 | 37,474 | 44,526 | 45,183 | 46,142 | 91,325 | 9,325 | 11.4% |
| Total Revenue | 34,771 | 37,474 | 44,526 | 45,183 | 46,142 | 91,325 | 9,325 | 11.4% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|--------------|--------------|
| Full-Time Equivalents (FTE) | 83.9 | 88.6 | 97.8 | 100.3 | 100.3 |
|------------------------------------|-------------|-------------|-------------|--------------|--------------|

Activity Description

InterTech's Communication Center provides support and maintenance of the state of Minnesota's telephone directory database.

Population Served

General Fund services delivered by InterTech are used by public sector agencies, public and private K-12 and higher education institutions, local governments, libraries, and citizens.

Services Provided

The current funding is to support and maintain the telephone directory database of governmental organizations, locations, and telephone numbers through specialized database software and hardware. The current telephone directory database that is being maintained supports all the hierarchical relationship of an agency both in the metro and outstate Minnesota (blue pages) and outstate Minnesota state agency pages.

Electronic Government Services – Security Infrastructure - The implementation of Electronic Government Services (EGS) requires a common security infrastructure that will allow both government and citizen access to data currently stored on the state of Minnesota's shared mainframe computers and servers.

Electronic Government Services – Directory Services Technology - Directory Services defines the "what" in "what systems are available to different EGS users." Directory Services focuses on the data-specific aspects of EGS: the application of technology to identify individuals, ensure that they are authorized, verify their digital identity, direct them to the information required, and secure the information transferred during a transaction.

Key Measures

Maintain telephone directory hierarchical database for metro and outstate agencies.

Electronic Government Services accomplishments:

- ◆ Conducted security assessments that identified potential computer exposures and defined corrective actions to mitigate or eliminate exposures.
- ◆ Implemented multiple zones of firewall and intrusion detection systems technology on the S/390, LAN and WAN environments to increase the number of safeguards and level of security assurance.
- ◆ Implemented firewall and Intrusion Detection System technology for the Department of Trade & Economic Development and the Office of Technology (OT) hardware (North Star) housed at the data center to provide an additional layer of defense.

Electronic Government Services accomplishments:

- ◆ State of Readiness for the New Millennium: The project researched, reviewed and implemented virus prevention software for Directory Services during December 1999. This was part of the due diligence action for Y2K to safeguard the state e-mail environment. This proved to be a prudent and effective safeguard. This anti-virus software has identified, eradicated, and prevented 75,089 viruses from entering the state of Minnesota's e-mail environment during calendar year 2001.
- ◆ Common Authentication Framework for EGS Application Initiatives: This project included technical and business process discussions with potential technology providers in an effort to align the state's business and technical requirements with commercially available solutions. The project concluded with the selection, development and pilot deployment of common authentication services software as part of the state's EGS directory services infrastructure. Based upon the requirements defined, procurement and deployment of the solution began in the winter of 2001 for selected applications. InterTechnologies Group (ITG) is currently working with the Department of Human Services and OT to deliver this common authentication for their technology systems.
- ◆ EGS White Pages: ITG delivered a searchable database of all state employees, accessible through the North Star portal, and completed the "white pages" enhancement project. ITG built an ongoing process that allows technology to assist agencies with improving the accuracy of the data in SEMA4 and

ADMINISTRATION DEPT

Program: INTERTECHNOLOGIES GROUP

Activity: ITG OTHER SERVICES

Narrative

eliminates manual updating previously required to create the printed phone directory. Staff collapsed the old manual updates of two sources into a single automated update of the SEMA4 system in April of 2001.

Activity Funding

The Communication Center is managed through the General Fund. A General Fund appropriation of \$1,400,000 was received in FY 2000 and made available until 6-30-03 for the EGS – Security Infrastructure. A General Fund appropriation of \$2,075,000 was received in FY 2000 and made available until 6-30-03 for the EGS – Directory Services Technology.

Contact

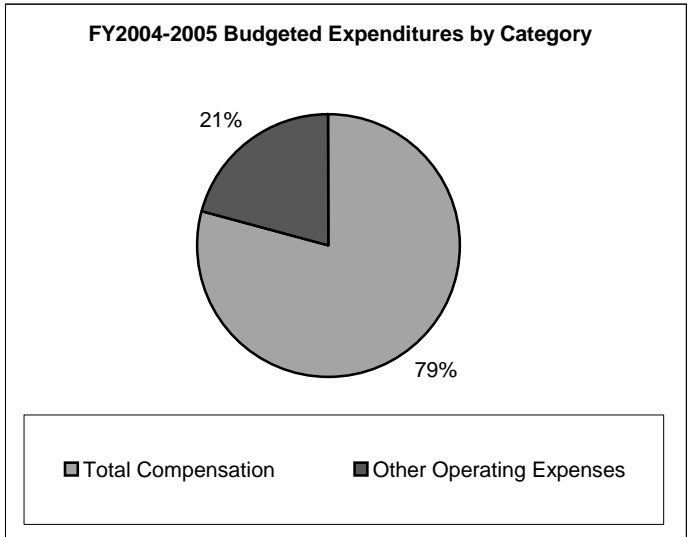
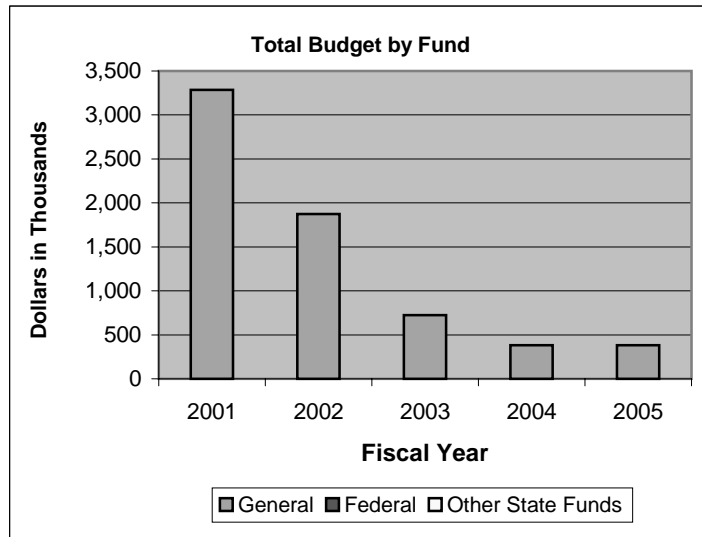
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ADMINISTRATION DEPT

Program: INTERTECHNOLOGIES GROUP

Activity: ITG OTHER SERVICES

Fiscal Report



| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
|------------------------------|------------------|------------------|--------------------|----------------|----------------|---------------------|--------------------------------------|---------------|
| Expenditures by Fund | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 3,287 | 1,874 | 724 | 382 | 382 | 764 | -1,834 | -70.6% |
| Total | 3,287 | 1,874 | 724 | 382 | 382 | 764 | -1,834 | -70.6% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|--------------|--------------|------------|------------|------------|------------|---------------|---------------|
| Total Compensation | 488 | 473 | 60 | 302 | 302 | 604 | 71 | 13.3% |
| Other Operating Expenses | 2,799 | 1,401 | 664 | 80 | 80 | 160 | -1,905 | -92.3% |
| Total | 3,287 | 1,874 | 724 | 382 | 382 | 764 | -1,834 | -70.6% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|----------|----------|----------|----------|----------|----------|----------|-------------|
| Non Dedicated | | | | | | | | |
| General | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Total Revenue | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 9.2 | 9.0 | 1.0 | 0.0 | 0.0 |
|------------------------------------|------------|------------|------------|------------|------------|

ADMINISTRATION DEPT

Program: INTERTECHNOLOGIES GROUP

Activity: 911 EMERGENCY SERVICES

Narrative

Activity Description

The Minnesota Statewide 9-1-1 Program within the Department of Administration (1) oversees 9-1-1 system standards; (2) provides technical assistance to cities and counties to implement, maintain, and improve 9-1-1 systems; (3) manages the state's share of contracted wired and wireless 9-1-1 costs authorized by M.S. 403.11; (4) administers grant funds for 9-1-1 Public Safety Answering Points (PSAPs) in accordance with M.S. 403.113; and (5) distributes funds to the Metropolitan Radio Board in accordance with M.S. 473.901.

Activity at a Glance

The following activity statistics help illustrate the size and scope of the Minnesota Statewide 9-1-1 Program:

- ◆ 100% statewide 9-1-1 coverage;
- ◆ State Patrol answers about 30% of the wireless 9-1-1 calls in Minnesota; and
- ◆ 9-1-1 calls are answered at 119 PSAPs.

Population Served

The universal emergency 9-1-1 number is available throughout the state of Minnesota, even in the few border exchanges where callers draw dial tone from an adjoining state. Enhanced 9-1-1, with Automatic Location Identification (specific location of landline callers), covers over 90% of the Minnesota population. For wireless telephones, FCC rules (Title 47, CFR 20.18) require the wireless carriers to put all 9-1-1 calls through to a PSAP, even if the cellular caller is a non-subscriber. FCC required Phase I Enhanced Wireless 9-1-1 service (general location and callback number of the cellular 9-1-1 caller) is available from five wireless carriers in the Minneapolis-Saint Paul Twin Cities seven-county metropolitan area and from six wireless carriers in 49 counties in Greater Minnesota. Phase I service is not yet available in the other 31 counties pending county cell site selection decisions and wireless carrier readiness. Phase I is necessary to support FCC Phase II service (callers location in latitude and longitude).

Services Provided

For budget purposes 9-1-1 costs can be viewed as several related activities required by M.S. 403.11, 403.113, and 473.901:

About 58% of the costs are to pay 9-1-1 network, database, and wireless charges:

- ⇒ 9-1-1 Network and Database Costs – The recurring costs of delivering 9-1-1 calls, with the associated location information, to PSAPs operated by county and other government agencies.
- ⇒ Wireless Enhanced 9-1-1 Costs – The installation and recurring costs for integrating wireless 9-1-1 calls into the Enhanced 9-1-1 networks for Phase I service. Funding for Phase II service is not covered in existing statutes.
- ⇒ Part of the Department of Public Safety PSAP operating costs - These costs cover Minnesota State Patrol expenses for handling 9-1-1 emergency calls made from cellular phones. The State Patrol answers about 30% of the wireless 9-1-1 calls in Minnesota.

About 40% of the costs are to fund grants to Public Safety Answering Points and the Metropolitan Radio Board:

- ⇒ Enhanced 9-1-1 Grant Costs - Grants to county and other government agencies operating public safety answering points to implement, improve, and maintain 9-1-1 systems (currently 10 cents per month per access line).
- ⇒ Metropolitan Radio Board Grant Costs - A portion of the Metropolitan Radio Board budget is funded by the 9-1-1 Special Revenue fund (up to four cents of the fee per line).

About 2% of the costs fund salaries for four full-time equivalent positions and administrative expenses.

All Incumbent Local Exchange Carriers (ILECs) and nine existing wireless carriers are integrated into the 9-1-1 systems. The competitive local exchange carriers and new wireless carriers as market newcomers require connections to 9-1-1 networks as their networks expand and mature. Work continues to provide at least wireless Phase I Enhanced 9-1-1 (Currently in 56 counties) to all 87 counties and to move to Phase II in all 87 counties.

ADMINISTRATION DEPT

Program: INTERTECHNOLOGIES GROUP

Activity: 911 EMERGENCY SERVICES

Narrative

Key Measures

- ⇒ Phase I Enhanced Wireless 9-1-1 service is available from five out of the seven wireless carriers in the Twin Cities seven-county metropolitan area and from six out of the 20 wireless carriers among 49 of the 80 counties in Greater Minnesota.
- ⇒ Eighty-one PSAPs (plus 10 State Patrol PSAPs) have attained tandem selective router Enhanced 9-1-1 with Automatic Location Identification (ALI), where 9-1-1 calls are sent to PSAPs by a selective router switch, and the location of the caller is determined from a remote database that is automatically updated based on telephone subscriber records. There were 77 PSAPs with ANI/ALI in December 2001.
- ⇒ Twenty PSAPs have tandem selective router Enhanced 9-1-1 with ANI/LLI, where 9-1-1 calls are sent to PSAPs by a selective router switch. There were 22 PSAPs with ANI/LLI in December 2001.
- ⇒ Of the 109 local PSAPs, eight (operated by seven counties and the University of Minnesota) have Direct Automatic Number Identification/Local Location Identification (ANI/LLI), where calls are connected directly to the PSAP with callback number, and the location of the caller is determined from a local database. There were 10 PSAPs with Direct ANI/LLI in December 2001.

Activity Funding

This activity is funded through a subscriber fee in the state government Special Revenue Fund. Funds are collected through a monthly statewide subscriber fee that is not less than eight cents nor more than 33 cents per month on each customer access line, including cellular and other nonwire access services. The commissioner of Administration sets the amount of the subscriber fee (currently 33 cents) with the approval of the commissioner of Finance. M.S. 403.11 requires the commissioner to transfer an amount equal to two cents a month from the 9-1-1 fee assessed on wireless telecommunications services to the commissioner of Public Safety to offset State Patrol's wireless 9-1-1 costs. M.S. 473.901 requires the commissioner to send up to four cents of the 9-1-1 fee to the Metropolitan Radio Board. M.S. 403.113 authorizes the commissioner to dedicate part of the 9-1-1 fee amount to be sent as Enhanced 9-1-1 grants to agencies operating PSAPs.

Contact

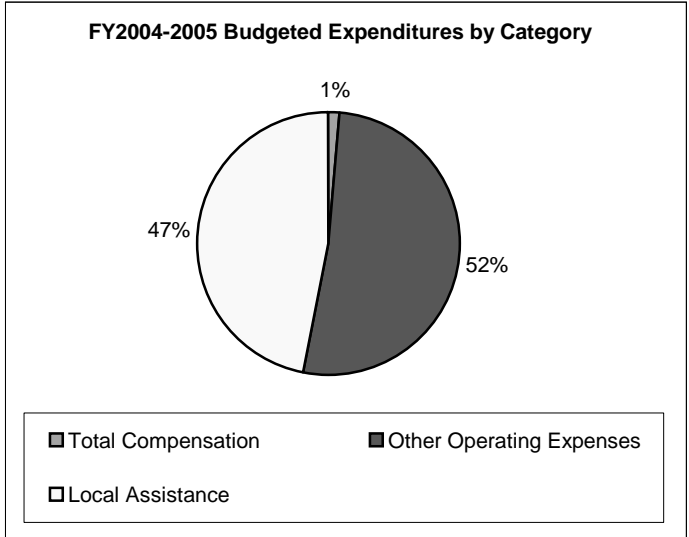
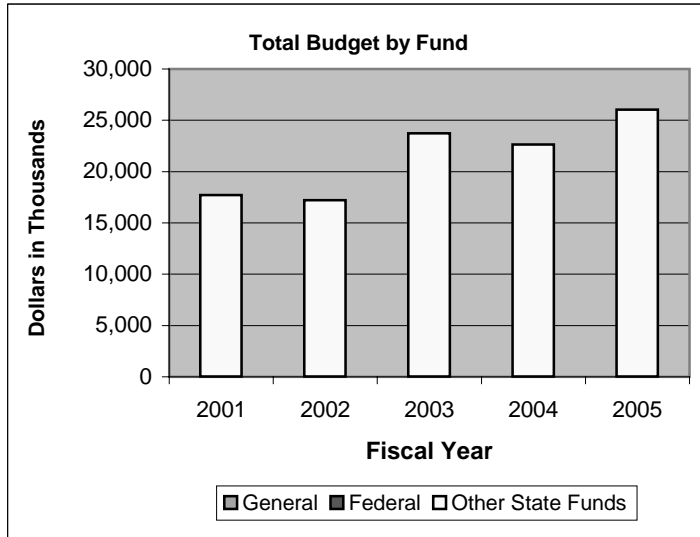
Jim Beutelspacher, State 9-1-1 Program Manager, (651) 296-7104, jim.beutelspacher@state.mn.us
<http://www.911.state.mn.us>

ADMINISTRATION DEPT

Program: **INTERTECHNOLOGIES GROUP**

Activity: 911 EMERGENCY SERVICES

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | | |
|----------------------------------|------------------|------------------|--------------------|----------------|--------------------|---------------------|---|--------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 Dollars | Percent |
| Statutory Appropriations | | | | | | | | |
| State Government Special Revenue | 17,724 | 17,202 | 23,746 | 22,641 | 26,042 | 48,683 | 7,735 | 18.9% |
| Total | 17,724 | 17,202 | 23,746 | 22,641 | 26,042 | 48,683 | 7,735 | 18.9% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|
| Total Compensation | 206 | 268 | 279 | 298 | 314 | 612 | 65 | 11.9% |
| Other Operating Expenses | 9,659 | 8,645 | 14,421 | 12,476 | 12,756 | 25,232 | 2,166 | 9.4% |
| Local Assistance | 7,859 | 8,289 | 9,046 | 9,867 | 12,972 | 22,839 | 5,504 | 31.8% |
| Total | 17,724 | 17,202 | 23,746 | 22,641 | 26,042 | 48,683 | 7,735 | 18.9% |

| Revenue by Type and Fund | | | | | | | | |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Dedicated | | | | | | | | |
| State Government Special Revenue | 15,791 | 16,573 | 21,622 | 23,257 | 25,181 | 48,438 | 10,243 | 26.8% |
| Subtotal Dedicated | 15,791 | 16,573 | 21,622 | 23,257 | 25,181 | 48,438 | 10,243 | 26.8% |
| Total Revenue | 15,791 | 16,573 | 21,622 | 23,257 | 25,181 | 48,438 | 10,243 | 26.8% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 3.2 | 3.9 | 4.0 | 4.0 | 4.0 |
|------------------------------------|------------|------------|------------|------------|------------|

Program Description

The purpose of the Facilities Management Bureau (FMB) is to manage some of the land and buildings owned or leased by the state. Through a participatory strategic planning process, agency long-term capital needs are identified and prioritized, with the overall goals of providing high quality, healthy, cost-effective, and serviceable facilities.

Budget Activities Included:

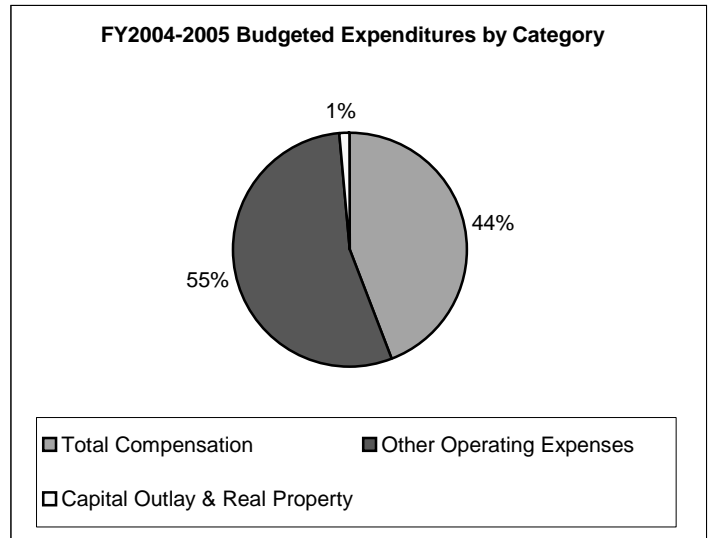
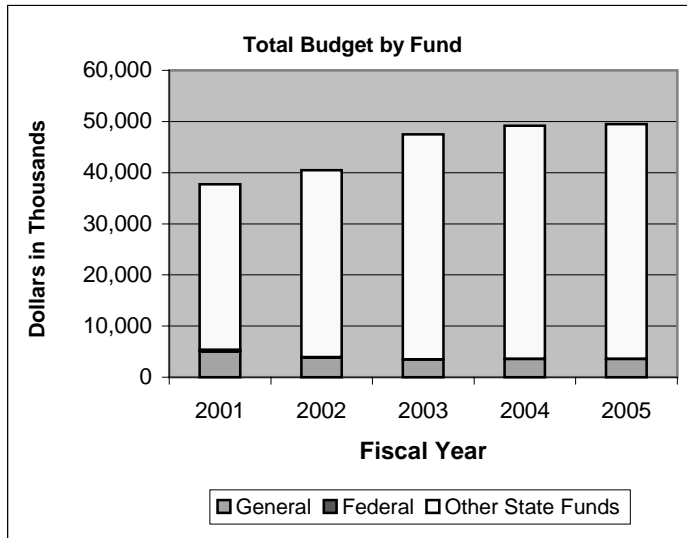
- ⇒ Real Estate Management
- ⇒ Plant Management
- ⇒ Building Codes & Standards
- ⇒ Building Construction

Further detail on each of these Budget Activities is included in subsequent pages of this budget document.

ADMINISTRATION DEPT

Program: FACILITIES MANAGEMENT

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|----------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 4,990 | 3,803 | 3,453 | 3,583 | 3,583 | 7,166 | -90 | -1.2% |
| State Government Special Revenue | 4,619 | 5,694 | 6,446 | 6,640 | 6,839 | 13,479 | 1,339 | 11.0% |
| Special Revenue | 0 | 0 | 1,007 | 500 | 500 | 1,000 | -7 | -0.7% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 2,775 | 4,514 | 10,529 | 9,681 | 9,547 | 19,228 | 4,185 | 27.8% |
| Federal | 306 | 50 | 7 | 0 | 0 | 0 | -57 | -100.0% |
| Miscellaneous Agency | 211 | 172 | 100 | 100 | 103 | 203 | -69 | -25.4% |
| Gift | 36 | 66 | 8 | 21 | 29 | 50 | -24 | -32.4% |
| Plant Management | 24,791 | 26,155 | 25,920 | 28,647 | 28,896 | 57,543 | 5,468 | 10.5% |
| Total | 37,728 | 40,454 | 47,470 | 49,172 | 49,497 | 98,669 | 10,745 | 12.2% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 17,036 | 17,986 | 20,206 | 21,517 | 21,989 | 43,506 | 5,314 | 13.9% |
| Other Operating Expenses | 18,863 | 21,879 | 26,626 | 27,021 | 26,870 | 53,891 | 5,386 | 11.1% |
| Capital Outlay & Real Property | 1,756 | 584 | 638 | 634 | 638 | 1,272 | 50 | 4.1% |
| Payments To Individuals | 0 | 5 | 0 | 0 | 0 | 0 | -5 | -100.0% |
| Other Financial Transactions | 73 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Total | 37,728 | 40,454 | 47,470 | 49,172 | 49,497 | 98,669 | 10,745 | 12.2% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Expenditures by Activity | | | | | | | | |
| Real Estate Management | 423 | 406 | 431 | 430 | 430 | 860 | 23 | 2.7% |
| Plant Management | 29,189 | 32,072 | 37,453 | 39,431 | 39,549 | 78,980 | 9,455 | 13.6% |
| Building Codes & Standards | 4,619 | 5,694 | 6,446 | 6,640 | 6,839 | 13,479 | 1,339 | 11.0% |
| Building Construction | 3,497 | 2,282 | 3,140 | 2,671 | 2,679 | 5,350 | -72 | -1.3% |
| Total | 37,728 | 40,454 | 47,470 | 49,172 | 49,497 | 98,669 | 10,745 | 12.2% |

ADMINISTRATION DEPT

Program: **FACILITIES MANAGEMENT**

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------------|--------------------------|--------------------------|----------------------------|---------------|---------------|-----------------------------|--|----------------|
| | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base | | Biennium 2004-05 | Dollars | Percent |
| Revenue by Type and Fund | | | | FY2004 | FY2005 | | | |
| Non Dedicated | | | | | | | | |
| General | 250 | 86 | 118 | 120 | 120 | 240 | 36 | 17.6% |
| Subtotal Non Dedicated | 250 | 86 | 118 | 120 | 120 | 240 | 36 | 17.6% |
| Dedicated | | | | | | | | |
| State Government Special Revenue | 6,436 | 5,419 | 5,700 | 6,000 | 6,000 | 12,000 | 881 | 7.9% |
| Special Revenue | 2,651 | 3,338 | 2,832 | 2,525 | 2,535 | 5,060 | -1,110 | -18.0% |
| Federal | 93 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Miscellaneous Agency | 200 | 173 | 100 | 100 | 103 | 203 | -70 | -25.6% |
| Gift | 33 | 76 | 3 | 3 | 2 | 5 | -74 | -93.7% |
| Plant Management | 38,412 | 40,927 | 38,209 | 44,202 | 44,494 | 88,696 | 9,560 | 12.1% |
| Subtotal Dedicated | 47,825 | 49,933 | 46,844 | 52,830 | 53,134 | 105,964 | 9,187 | 9.5% |
| Total Revenue | 48,075 | 50,019 | 46,962 | 52,950 | 53,254 | 106,204 | 9,223 | 9.5% |
| | | | | | | | | |
| Full-Time Equivalents (FTE) | 318.1 | 320.6 | 349.0 | 361.8 | 357.3 | | | |

Activity Description

This activity exists to provide real estate services to state agencies statewide that result in obtaining quality, efficient, and cost-effective property that meets the state's needs; and selling state surplus property in a manner that maximizes a return to the state of Minnesota. Real Estate services are provided in accordance with M.S. 16B.24, M.S. 16B.25, M.S. 16B.26, M.S. 16B.31, M.S. 16A.28 and M.S. 94.

Population Served

The activity provides direct real estate services to approximately 160 state agencies, divisions, boards, councils, and work units. Indirectly, the public using state programs is served in the spaces provided to agencies conducting their operations and providing the services. Properties and spaces are provided for offices, workforce centers, residential facilities, emergency services, training, environmental services, laboratory testing, probation offices, driver vehicle services, health programs, licensing centers, and public records.

Activity at a Glance

The Real Estate Management Division:

- ◆ maintains a total of 961 leases of nonstate-owned and state-owned real property;
- ◆ currently leases four million useable square feet on nonstate-state owned space and other real property at an annual cost of \$62.9 million;
- ◆ leases 1.5 million useable square feet of state-owned space under the custodial control of the Department of Administration to state agencies; and
- ◆ executes approximately 73% of all leases for nonstate-owned space and 27% of all leases for state-owned space to state agencies through the Department of Administration.

Services Provided

The activity:

- ◆ identifies state-owned and nonstate-owned real property that efficiently and functionally meets agency space needs;
- ◆ negotiates and drafts leases of state-owned and nonstate-owned real property to house state agencies in quality spaces at the most economical rent;
- ◆ provides space programming and monitoring of leasehold improvement construction in compliance with terms and conditions of leases;
- ◆ manages leases to assure compliance with terms and conditions including resolving day-to-day issues that may arise;
- ◆ provides relocation assistance including budgeting, capital budget requests, managing budgets, processing relocation requests, and coordination;
- ◆ generates revenue by leasing state-owned property temporarily not needed for state use, such as antenna space on communications towers;
- ◆ oversees building project financial analysis;
- ◆ assists agencies in site selections and oversees the due diligence process (appraisals, surveys, inspections, environmental assessments, and geo-technical reports);
- ◆ negotiates acquisition of required property;
- ◆ develops strategic plans for the disposition of state surplus real property that maximizes return to the state including obtaining appraisals, coordinating re-use studies, and working with stakeholders (i.e., agencies relinquishing property, local units of government, Minnesota Historical Society, and neighborhood associations) on relevant issues;
- ◆ develops and issues easements and permits, and transfers custodial control of property between agencies; and
- ◆ maintains databases of leases, floor plans, space management inventories, and state-owned land inventories for internal and external use.

Historical Perspective

In general, life cycle cost analyses on owning and leasing real estate have shown that it is more economical to own than lease facilities. Case-by-case life cycle cost analyses of owning and leasing facilities have been

ADMINISTRATION DEPT

Program: FACILITIES MANAGEMENT

Activity: REAL ESTATE MANAGEMENT

Narrative

historically used and will continue to be used to determine the most economic manner of providing space for state agencies.

Consolidation and co-location of agencies has been and continues to be a priority. The result of these efforts has been to conserve resources by sharing space, equipment, and staff. Consolidation and co-location also offer the public the ability to obtain products and services and to conduct more than one transaction at a visible, accessible, easily identifiable location. Consolidation and co-location also facilitate transportation pools that lead to conserving resources, better accessibility, reducing pollution, and controlling parking development costs.

There has been an increase in nonstate-owned space leased from 2.1 million square feet in 1988 to four million square feet in 2002.

Key Measures

1. Measure: Attain at least 4% savings on negotiated transactions through reduced rental cost.

| Performance | FY 2001 | FY 2002 |
|----------------|-----------|-------------|
| Percentage | 10.5% | 9% |
| Dollar Savings | \$391,461 | \$1,240,256 |

2. Measure: Maintain an 85% or better customer satisfaction rating

| Performance | FY 1997 | FY 1998 | FY 1999 | FY 2000 | FY 2001 | FY 2002 |
|-------------|---------|---------|---------|---------|---------|---------|
| Percentage | 86% | 88% | 86% | 94% | 98% | 96% |

The primary issue raised in customer surveys is the time it takes to complete transactions. Real estate negotiations and transactions have become more complex due to issues involving accessibility, code compliance, indoor air quality, hazardous materials, and risk management. Agencies expect services to include project management to ensure that spaces are delivered in accordance with lease terms and conditions.

Activity Funding

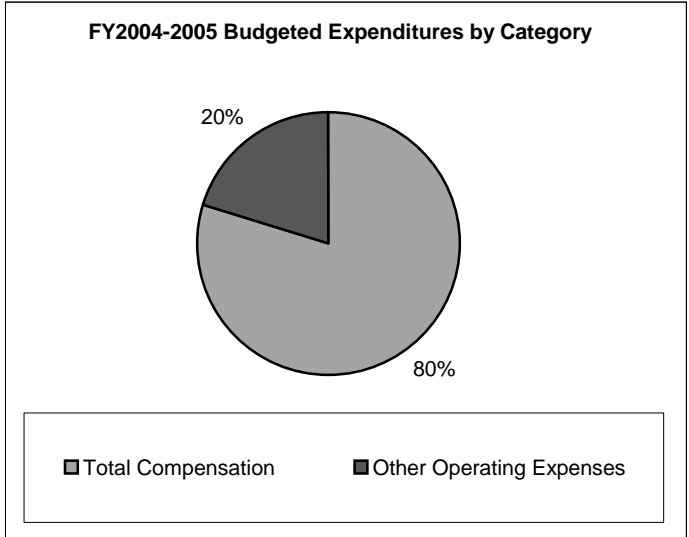
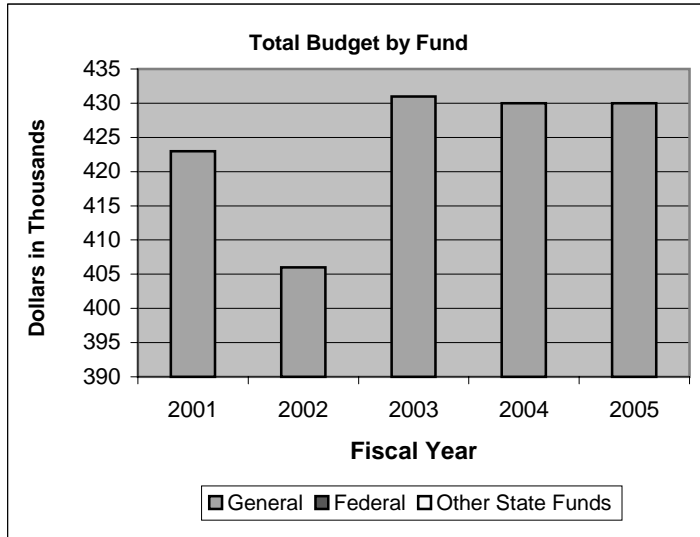
This activity is funded through a General Fund appropriation.

Contact

Bev Kroiss, Director, (651) 296-1896; Bev.Kroiss@state.mn.us

ADMINISTRATION DEPT
Program: FACILITIES MANAGEMENT
Activity: REAL ESTATE MANAGEMENT

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------------------|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 423 | 406 | 431 | 430 | 430 | 860 | 23 | 2.7% |
| Total | 423 | 406 | 431 | 430 | 430 | 860 | 23 | 2.7% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|-----------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 354 | 337 | 340 | 343 | 343 | 686 | 9 | 1.3% |
| Other Operating Expenses | 69 | 69 | 91 | 87 | 87 | 174 | 14 | 8.8% |
| Total | 423 | 406 | 431 | 430 | 430 | 860 | 23 | 2.7% |

| | | | | | | | | |
|---------------------------------|----------|----------|----------|----------|----------|----------|----------|-------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Total Revenue | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 3.1 | 2.8 | 2.9 | 3.0 | 3.0 |
|------------------------------------|------------|------------|------------|------------|------------|

ADMINISTRATION DEPT

Program: FACILITIES MANAGEMENT

Activity: PLANT MANAGEMENT

Narrative

Activity Description

Plant Management (PMD) delivers consistent, quality services to ensure cost-effective, clean, safe, and environmentally sound buildings, grounds, and operations in accordance with M.S. 16B.24, 16B.32, 16C.14, 16B.58 and 115A.15.

Population Served

The majority of PMD's customers are state agencies and the legislature. Non-state agency customers include visitors and event participants, as well as:

- ♦ organizations leasing space or needing parking; and
- ♦ federal, regional, and local units of government needing resource recovery.

Activity at a Glance

Plant Management maintains:

- ♦ 3.7 million gross square feet;
- ♦ 22 buildings;
- ♦ 21 monuments/memorials;
- ♦ 38 parking facilities;
- ♦ 2,159 tons of material recycled in FY 2002; and
- ♦ 40 million gross square feet served by Energy Management.

Services Provided

Services provided by PMD include:

- ♦ housekeeping, engineering, building management, refuse removal, grounds maintenance, snow removal, trade and repair services, and environmental and fire/life/safety systems;
- ♦ maintenance of ceremonial grounds, monuments, and memorials as a showplace for all Capitol Complex tenants, visitors, and Minnesota citizens;
- ♦ operating the State Recycling Center to prepare recyclables for market and administering the State Government Resource Recovery Program providing waste reduction and recycling assistance and education;
- ♦ conducting energy efficiency improvements and retrofit projects in state-owned buildings;
- ♦ implementing public buildings benchmarking project pursuant to M.S. 16B.325, Minnesota Session Laws 2001, article 1, chapter 212, section 3 and amended by Minnesota Session Laws 2002, chapter 398, section 8;
- ♦ moving, equipment rental, and delivery services; and
- ♦ maintaining and managing parking facilities and contracts and providing alternative transportation services.

Historical Perspective

PMD has developed a prioritized Asset Preservation Program for facilities under Administration's custodial control. The overall goal of this program is that all facilities are operated, repaired, and maintained in a cost-effective manner to ensure the integrity of the facilities and provide a safe and comfortable environment for building tenants. Failure to continue to address deferred maintenance will cause serious structural damage, deterioration, and reduction in the life expectancy of the buildings.

Through a change in legislation in 1997, a segregated Facility Repair/Replacement account was established to enable Capitol Asset Preservation and Replacement Account/Americans with Disabilities Act (CAPRA/ADA) bond interest and building depreciation collected through the rental rates to fund major projects. For FY 1998-2001, \$1.6 million was transferred. In addition, 1999 legislation that went into effect on 7-1-01, required all building depreciation collected through the rental rates for bonded projects to be transferred to this Facility Repair/Replacement account. Receipts are estimated at \$13 million each biennium. With the exception of CAPRA/ADA, bond interest costs incorporated in lease rates would continue to be transferred to the General Fund. Beginning in FY 2002, the Facility Repair/Replacement account assists PMD in planning and budgeting for future cyclical repairs and replacements that extend the useful life of the facilities and reduce the reliance on the capital budget process. The policy objective of the law is that preventive maintenance and planned, coordinated repair and replacements are significantly less expensive than emergency repairs or full replacement of facilities.

ADMINISTRATION DEPT

Program: FACILITIES MANAGEMENT

Activity: PLANT MANAGEMENT

Narrative

Key Measures

Service delivery accomplishments include the following:

- ◆ leases preserved facilities and supported a quality environment for building tenants through building tours, facility condition audits, and computer-assisted facilities management program;
- ◆ Resource Recovery Program continued to exceed the 60% recycling goal in the Capitol Complex in FY 2001 and FY 2002 as required by M.S. 115A.15, even though there was a 4% reduction in discards recycled in the Capitol Complex between FY 2001 and FY 2002; the reduction occurred because agencies shipped fewer recyclables due to waste reduction activities, the potential government shutdown, the state strike, and the fourth quarter announcement that the State Recycling Center's services were being reduced due to General Fund budget reductions;
- ◆ Energy Management saved state agencies \$717,729 in FY 2001 and \$168,573 in FY 2002 through negotiated natural gas pricing and savings by burning fuel oil versus natural gas;
- ◆ Energy Management implemented a contract between the utility and the correctional facility at Rush City to provide distributed generation and load curtailment which saved Corrections \$201,635 in FY 2002; and
- ◆ Energy Management completed state agency energy retrofit projects in FY 2001 of 451,501 square feet resulting in annual savings of \$80,588 and in FY 2002 of 310,671 square feet resulting in annual savings of \$60,947 before loan payments.

Activity Funding

PMD's Internal Service Fund (ISF) is made up of three activities: Leases, Repair and Other Jobs, and Materials Transfer. The predominant customers are state agencies located in custodial control buildings that pay for space through lease rental rates. The goal of the ISF is to set rates as close to break-even as possible, while maintaining a two-month working capital. Expenditures include salaries/benefits, utilities, operating expenses, bond interest, and building depreciation.

The *full-time equivalents* as of 7-1-02 were 237.97 for Leases, 12.35 for Materials Transfer, and 2.66 for Repair and Other Jobs.

PMD does not have a loan from the General Fund nor proposed investment in technology or equipment of \$100,000 or more.

Operating Losses/ Increases in Retained Earnings:

Retained earnings for the Lease activity increased in FY 2001 and FY 2002 because of the inability to fill positions due to wage disparities and the state hiring freeze. In addition, there are fluctuations in the lease rate-setting process as rates are established during the biennial budget process (i.e., one to two years in advance).

Retained earnings for the Repair and Other Jobs activity decreased in FY 2001 and are projected to decrease in FY 2002 based on planned losses due to positive retained earnings.

Retained earnings for the Materials Transfer activity increased in FY 2001 due to the delayed purchase of a new truck. Retained earnings for Materials Transfer are projected to decrease in FY 2002 due to reduced services by its largest customers as a result of the state budget shortfall; in addition, resulting staff reductions has lead to less flexibility to meet customer needs.

History of Rate Changes:

| Fiscal Year | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 |
|-----------------------|--------|-------|--------|-------|-------|-------|
| Leases | 5.20% | 1.60% | 9.34% | 0.66% | 4.54% | 2.96% |
| Repair and Other Jobs | 1.83% | 7.83% | 10.10% | 0.00% | 1.90% | 2.26% |
| Materials Transfer | 22.32% | 3.27% | 0.49% | 0.27% | 0.31% | 4.70% |

ADMINISTRATION DEPT

Program: FACILITIES MANAGEMENT

Activity: PLANT MANAGEMENT

Narrative

Factors contributing to the change in Lease activity rates include increased bond interest and building depreciation due to major construction, and repair and replacement projects.

Factors contributing to the change in Repair and Other Jobs rates include small size of activity and continued return of positive retained earnings.

Factors contributing to the change in Materials Transfer rates include small size of activity and reduction in requested customer services.

Impact of Rate Changes:

Assuming the same volume and mix of goods/services as used in FY 2002, the five largest Lease customers will pay approximately 2% more. The five largest customers are the Minnesota Historical Society, the Minnesota Supreme Court, and the departments of Revenue, Transportation, and Administration,

Assuming the same volume and mix of goods/services as used in FY 2002, the five largest Repair and Other Jobs customers will pay approximately 2% more in FY 2003. The five largest customers are the departments of Administration, Health, and Military Affairs, the Revisor of Statutes, and the legislature.

Assuming the same volume and mix of goods/services as used in FY 2002, the five largest Materials Transfer customers will pay approximately 3% more in FY 2003. The five largest customers are the departments of Administration, Human Services, Commerce, and Children, Families and Learning, and the Secretary of State.

In addition to the ISF, this activity is funded by a General Fund appropriation and revenue from several fees. Planned changes in the financing of parking facilities related to the Capitol Complex may have a significant impact on parking rates.

Contact

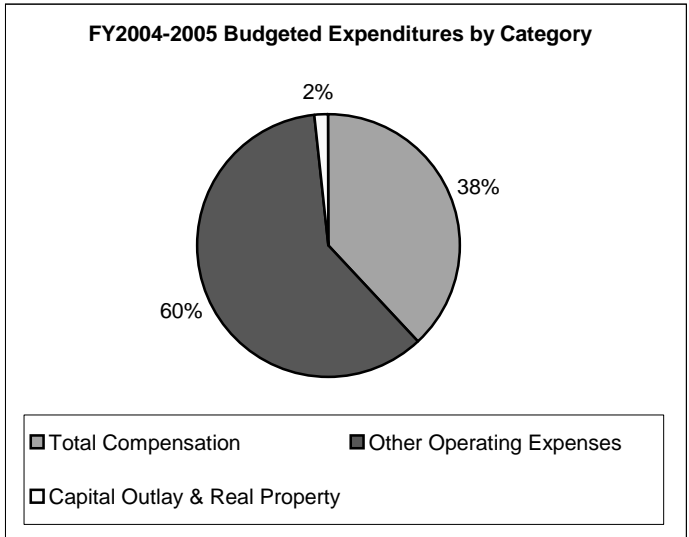
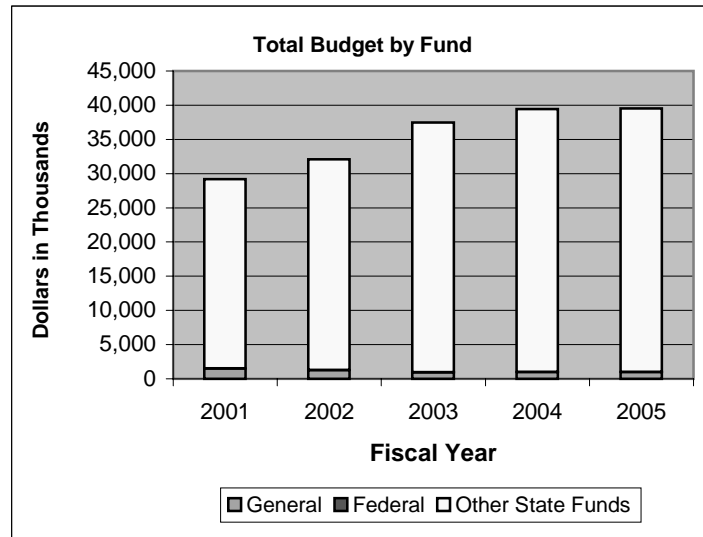
Lenora Madigan, Director, (651) 296-9898, Lenora.madigan@state.mn.us
<http://www.admin.state.mn.us/divisions.html>

ADMINISTRATION DEPT

Program: **FACILITIES MANAGEMENT**

Activity: **PLANT MANAGEMENT**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 1,494 | 1,254 | 920 | 1,003 | 1,003 | 2,006 | -168 | -7.7% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 2,693 | 4,491 | 10,513 | 9,681 | 9,547 | 19,228 | 4,224 | 28.2% |
| Miscellaneous Agency | 211 | 172 | 100 | 100 | 103 | 203 | -69 | -25.4% |
| Plant Management | 24,791 | 26,155 | 25,920 | 28,647 | 28,896 | 57,543 | 5,468 | 10.5% |
| Total | 29,189 | 32,072 | 37,453 | 39,431 | 39,549 | 78,980 | 9,455 | 13.6% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 11,428 | 12,230 | 13,762 | 14,803 | 15,222 | 30,025 | 4,033 | 15.5% |
| Other Operating Expenses | 16,215 | 19,347 | 23,061 | 23,994 | 23,689 | 47,683 | 5,275 | 12.4% |
| Capital Outlay & Real Property | 1,546 | 490 | 630 | 634 | 638 | 1,272 | 152 | 13.6% |
| Payments To Individuals | 0 | 5 | 0 | 0 | 0 | 0 | -5 | -100.0% |
| Total | 29,189 | 32,072 | 37,453 | 39,431 | 39,549 | 78,980 | 9,455 | 13.6% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 249 | 86 | 118 | 120 | 120 | 240 | 36 | 17.6% |
| Subtotal Non Dedicated | 249 | 86 | 118 | 120 | 120 | 240 | 36 | 17.6% |
| Dedicated | | | | | | | | |
| Special Revenue | 2,651 | 2,369 | 2,324 | 2,025 | 2,035 | 4,060 | -633 | -13.5% |
| Miscellaneous Agency | 200 | 173 | 100 | 100 | 103 | 203 | -70 | -25.6% |
| Plant Management | 38,412 | 40,927 | 38,209 | 44,202 | 44,494 | 88,696 | 9,560 | 12.1% |
| Subtotal Dedicated | 41,263 | 43,469 | 40,633 | 46,327 | 46,632 | 92,959 | 8,857 | 10.5% |
| Total Revenue | 41,512 | 43,555 | 40,751 | 46,447 | 46,752 | 93,199 | 8,893 | 10.5% |

| | | | | | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Full-Time Equivalents (FTE) | 243.8 | 247.6 | 264.7 | 283.0 | 278.8 |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|

ADMINISTRATION DEPT

Program: FACILITIES MANAGEMENT

Activity: BUILDING CODES & STANDARDS

Narrative

Activity Description

The division adopts the State Building Code, which sets minimum construction standards for building, mechanical, elevator, energy, accessibility, and manufactured structures to ensure the health, safety, and security of building occupants in accordance with M.S. 16B.59-.76 and M.S. 327B.01-12. The division administers the entire code in state-owned, state-funded, and state-licensed buildings, and school district projects over \$100,000, and administers manufactured structures statewide and elevators across the state except in Minneapolis and St. Paul. It also provides administrative assistance to all communities administering the State Building Code, including assistance during natural disasters such as the floods in Roseau or tornadoes in St. Peter and Granite Falls.

Population Served

The division provides interpretations on the adopted codes, gives information regarding building materials, and consults with municipal officials, design professionals, building contractors, and the general public on all types of projects throughout the state. Approximately 465 jurisdictions administer the State Building Code.

Activity at a Glance

- ◆ Investigative Section received 270 written complaints requiring formal investigations.
- ◆ Plan Review Section reviewed 299 plans for state-owned and state-licensed buildings with construction value of \$430,524,298.
- ◆ Education/Certification Section provided 80 seminars for municipal building officials, architects, engineers, and builders.
- ◆ Elevator Safety Section received 949 requests for permits and conducted 1,268 elevator inspections across the state.
- ◆ Manufactured Structures Section received 101 written complaints requiring formal investigation.

The State Building Code is administered in cities, townships, and counties where adopted throughout the state.

Services Provided

Education and Certification Section - This section assists division clientele in interpreting and applying the State Building Code. It also provides certification, training, and educational seminars for building officials, the design profession, and the construction industry.

Information, Rules, and Administrative Services Section - This section distributes information about administration of the State Building Code, updates the State Building Code through the Administrative Procedure Act, and amends specific sections to address legislation and geographic needs. This past year the division has maintained nine advisory committees made up of members of the construction industry to assist in updating the State Building Code with the latest model codes and assisted in providing state and local input into the national model code change process. The Administrative Services unit works with the Department of Commerce, Enforcement Division, for code-related issues, provides reviews of municipal building code departments throughout the state for compliance with the State Building Code, and investigates building code complaints.

Plan Review and Regional Services Section - This section reviews construction documents and does site inspections to ensure conformance with requirements of the State Building Code for buildings paid for by the state, public school district buildings, and buildings that are licensed by other state agencies, such as health care facilities and correctional facilities. Regional officials represent the division, assist municipalities, do inspections, and monitor contract inspectors from six locations geographically located throughout the state.

Manufactured Structures Section - This section regulates manufactured housing (mobile homes) and prefabricated buildings. It answers consumer inquiries and complaints regarding manufactured homes and prefabricated structures and provides training and educational seminars for building officials, manufacturers, dealers, and installers. It licenses manufactured home manufacturers and dealers and performs plant and dealer lot inspections.

Elevator Safety Section - This section reviews, permits, and inspects all new or altered elevators, escalators, and related transportation devices. It provides for inspection and investigation of reported accidents involving elevators and related transportation devices.

ADMINISTRATION DEPT

Program: FACILITIES MANAGEMENT

Activity: BUILDING CODES & STANDARDS

Narrative

Disaster Assistance - The division provides assistance to local jurisdictions in times of natural disasters. After consultation with the local officials, division staff respond to the communities by providing services they need to manage health and safety inspections during the disaster and administrative services needed to help in the recovering process. Services may include technical assistance, coordination of volunteers to conduct safety inspection and damage assessment, and onsite assistance with administrative procedures.

Historical Perspective

The laws of 1971 established the Minnesota State Building Code. The purpose was to provide uniform minimum standards for life safety and welfare of the public for buildings constructed in the state.

Effective 7-1-72, the Minnesota State Building Code superseded all municipal building codes. Before then, municipalities could apply any construction standards they chose to adopt. The net effect was 200-plus municipal construction standards in effect in the state. Designers, contractors, and material suppliers were confronted with different requirements when they worked in different municipalities.

The Minnesota State Building Code was initially, and continues to be, based on national model codes. State amendments to the national model codes have been incorporated to reflect legislative issues and geography.

Key Measures

Education Seminars

The division provides training and educational seminars to municipal officials, design professionals, state agencies, and contractors. The seminar programs have increased from 32 to 80 in the past year. Consistency and uniformity of construction and inspections are believed to be improved with expanded educational seminars, thus requiring fewer corrections in the field.

Seminar satisfaction ratings have remained consistently above the target performance goal of 85% with actual averages of 91% for the last two years.

Plan Review

The division is required by statute to review submitted construction plans within 30 days. The Building Codes & Standards Division's (BCSD) goal is to have them reviewed within 21 days. With plan reviewers' expertise needed to assist in code adoption and education, the 21-day goal was met 70% of the time with the remaining 30% done within 30 days.

Administrative Services

One of the responsibilities of the Administrative Services section is to provide consumer complaint assistance relating to municipal enforcement or contractor noncompliance.

Over the past year the division's target/goal for responding to formal complaints requiring an investigation of improper enforcement of the code at the local level or construction-related complaints referred to the division by the Department of Commerce, Contractor Licensing Section is to respond to all formal complaints within one week and set up on-site meetings if needed within two weeks. Of 43 files received by the section this past quarter, 98% were responded to within one week, and 98% site visits were scheduled.

Activity Funding

The Building Codes & Standards Division (BCSD) is funded by two main sources: a state surcharge fee, which is charged on every building permit issued by municipalities administering the State Building Code, and by construction permit and plan review fees for building, mechanical, accessibility, elevator, and manufactured structures.

These fees are fee-for service (user fees) paid by contractors, manufacturers, building owners, design professionals, and homeowners who benefit from the division's services that provide the following: adoption of a State Building Code providing uniform minimum construction standard for building projects across the state;

ADMINISTRATION DEPT

Program: FACILITIES MANAGEMENT

Activity: BUILDING CODES & STANDARDS

Narrative

training and assistance to the construction industry and municipal officials for uniform and consistent application of these standards; and review of construction plans and site inspection of state-owned or state-licensed projects and mechanical, accessibility, elevator, and manufactured structures.

Contact

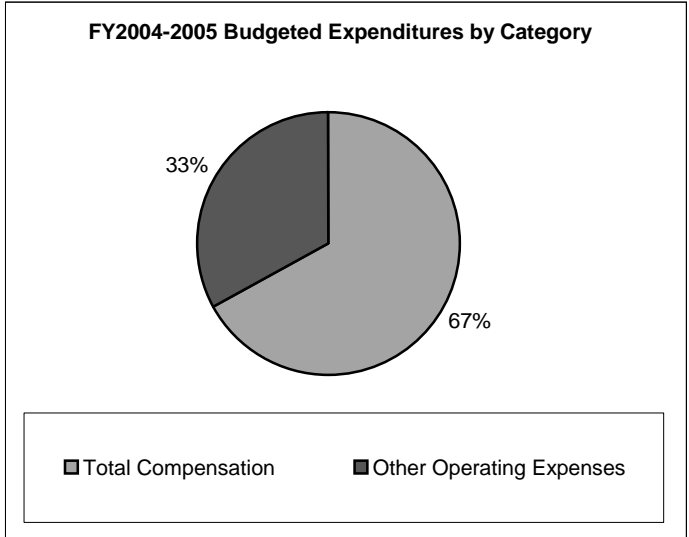
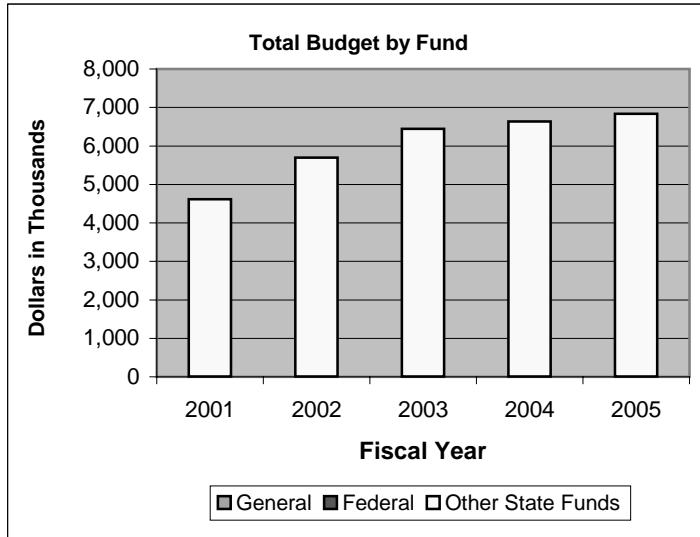
Tom Joachim, State Building Official, (651) 296-7037, tom.joachim@state.mn.us
www.state.mn.us/ebranch/admin/buildingcodes

ADMINISTRATION DEPT

Program: **FACILITIES MANAGEMENT**

Activity: BUILDING CODES & STANDARDS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|----------------------------------|---------------|---------------|-----------------|---------------|-----------------|----------------|--------------------------|----------------|
| Expenditures by Fund | Actual | Actual | Budgeted | Base | Biennium | | 2004-05 / 2002-03 | |
| | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| State Government Special Revenue | 4,619 | 5,694 | 6,446 | 6,640 | 6,839 | 13,479 | 1,339 | 11.0% |
| Total | 4,619 | 5,694 | 6,446 | 6,640 | 6,839 | 13,479 | 1,339 | 11.0% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|
| Total Compensation | 3,216 | 3,606 | 4,324 | 4,503 | 4,523 | 9,026 | 1,096 | 13.8% |
| Other Operating Expenses | 1,403 | 2,088 | 2,122 | 2,137 | 2,316 | 4,453 | 243 | 5.8% |
| Total | 4,619 | 5,694 | 6,446 | 6,640 | 6,839 | 13,479 | 1,339 | 11.0% |

| Revenue by Type and Fund | | | | | | | | |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|------------|-------------|
| Dedicated | | | | | | | | |
| State Government Special Revenue | 6,436 | 5,419 | 5,700 | 6,000 | 6,000 | 12,000 | 881 | 7.9% |
| Subtotal Dedicated | 6,436 | 5,419 | 5,700 | 6,000 | 6,000 | 12,000 | 881 | 7.9% |
| Total Revenue | 6,436 | 5,419 | 5,700 | 6,000 | 6,000 | 12,000 | 881 | 7.9% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 43.1 | 47.9 | 58.1 | 55.1 | 55.1 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

ADMINISTRATION DEPT

Program: FACILITIES MANAGEMENT

Activity: BUILDING CONSTRUCTION

Narrative

Activity Description

The Division of State Building Construction (DSBC) delivers professional architectural, engineering, and construction resources designed to improve the physical facilities of Minnesota state government in accordance with: M.S. 115A.15, 16A.632, 16B.05, 16B.24, 16B.27, 16B.30, 16B.305, 16B.31, 16B.32, 16B.33, 16B.335, 16B.35, and 16C.14.

Population Served

DSBC customers are state agencies having custodial control over facilities, and the occupants and visitors to those facilities.

Services Provided

Services provided by DSBC include:

- ◆ building design and construction project management, including contract administration, predesign, designer selection and oversight, and construction administration for new, remodeling, and asset preservation building projects;
- ◆ managing Capitol Asset Preservation and Replacement Account;
- ◆ managing hazardous materials surveys and abatement projects;
- ◆ assisting state agencies with Capital Budget Review preparation and provide Administration's review comments;
- ◆ managing predesign process;
- ◆ providing statewide facilities management (Facility Condition Audit);
- ◆ providing staff support for State Designer Selection Board;
- ◆ providing staff support for Governor's Residential Council; and
- ◆ developing Building Design Guidelines with consultant checklist.

Activity at a Glance

DSBC provides planning, design and construction services:

- ◆ for over 20 state agencies;
- ◆ for almost 4,000 state buildings;
- ◆ for over 450 active remodeling/repair projects, and several major new buildings, all of which require the processing of over 300 pay requests and 100 contracts monthly; and
- ◆ for 200 hazardous materials surveys and over 200 abatement projects annually.

Historical Perspective

DSBC provides a centralized resource where state agencies can obtain comprehensive and consistent architectural, engineering, facility management, and hazardous building materials management services to support agency facility needs. The process of building design and construction has become increasingly more complex from both a systems and technology standpoint as well as from the users' performance expectations. Increased technology and regulatory needs, including safety codes, building codes, health regulations, indoor air quality, sustainability, and environmental regulations also come into play. DSBC continues to work toward integration of all these items so that project scope, cost, and schedule requirements are met in a consistent and high quality manner. Toward this end, they have developed a consultant procedure manual, standardize forms, project initiation procedures, design criteria, and related information, all of which is posted on the DSBC web site (see address below).

Key Measures

FY02 service delivery accomplishments include:

- ◆ completion of a predesign supporting the co-location of Health and Agriculture; project delivery for \$140 million for new facility is on schedule;
- ◆ completion of a predesign for Human Services; project delivery for \$100 million for new facility is on schedule;
- ◆ construction on schedule for new \$60 million Bureau of Criminal Apprehension (BCA) building in St. Paul; completion in fall 2003;
- ◆ minimizing construction change orders (supplemental agreements) to 5% maximum over bid was met (on work scope within our control);
- ◆ minimizing design time on projects (to allow earlier start date for construction notice to proceed) was met on over 50% of our projects;

ADMINISTRATION DEPT

Program: FACILITIES MANAGEMENT

Activity: BUILDING CONSTRUCTION

Narrative

- ♦ minimizing time to secure consultant services by implementing five year design roster, creating master request for proposals, modifying flowchart, and currently in process of revising methods for contract preparation ; and
- ♦ developing Design Guidelines to ensure quality and consistent standards for state facilities.

Activity Funding

The Division of State Building Construction receives operating funds from a General Fund appropriation. Funding for projects that DSBC manages is from general obligation bonds, General Funds, federal funds, matching grants, and gift funds.

Contact

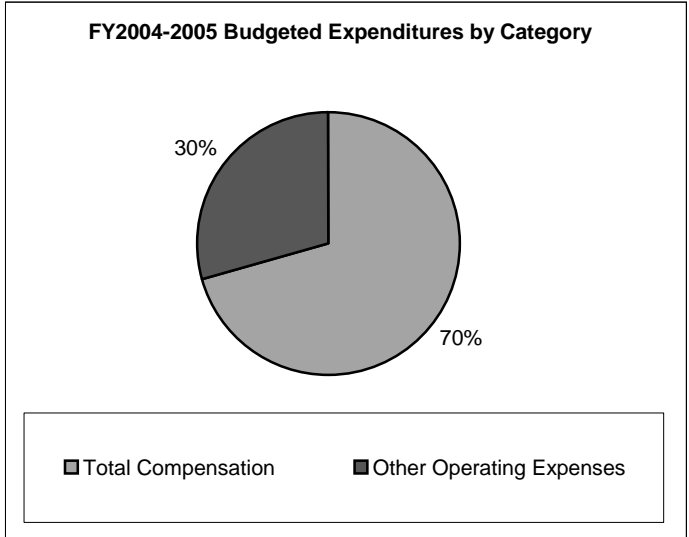
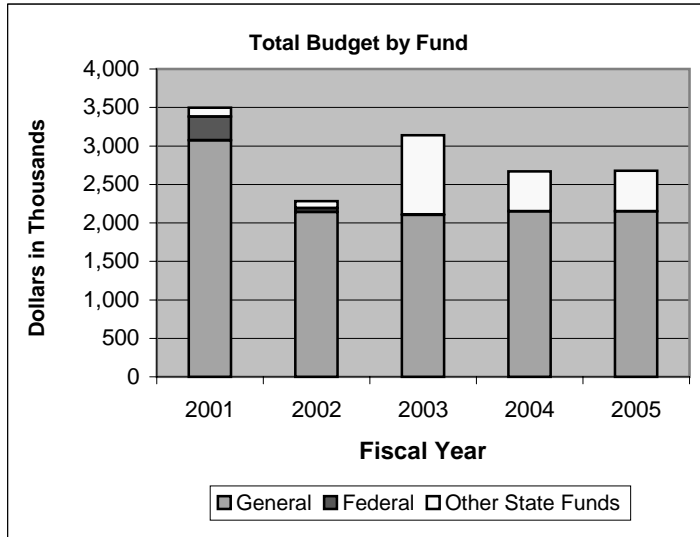
Heidi Myers, Director, (651) 296-4645, Heidi.myers@state.mn.us
<http://www.dsbc.admin.state.mn.us>.

ADMINISTRATION DEPT

Program: **FACILITIES MANAGEMENT**

Activity: BUILDING CONSTRUCTION

Fiscal Report



| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|------------------|------------------|--------------------|----------------|--------------------|---------------------|--------------------------------------|--------------|
| Expenditures by Fund | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 3,073 | 2,143 | 2,102 | 2,150 | 2,150 | 4,300 | 55 | 1.3% |
| Special Revenue | 0 | 0 | 1,007 | 500 | 500 | 1,000 | -7 | -0.7% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 82 | 23 | 16 | 0 | 0 | 0 | -39 | -100.0% |
| Federal | 306 | 50 | 7 | 0 | 0 | 0 | -57 | -100.0% |
| Gift | 36 | 66 | 8 | 21 | 29 | 50 | -24 | -32.4% |
| Total | 3,497 | 2,282 | 3,140 | 2,671 | 2,679 | 5,350 | -72 | -1.3% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|--------------|
| Total Compensation | 2,038 | 1,813 | 1,780 | 1,868 | 1,901 | 3,769 | 176 | 4.9% |
| Other Operating Expenses | 1,176 | 375 | 1,352 | 803 | 778 | 1,581 | -146 | -8.5% |
| Capital Outlay & Real Property | 210 | 94 | 8 | 0 | 0 | 0 | -102 | -100.0% |
| Other Financial Transactions | 73 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Total | 3,497 | 2,282 | 3,140 | 2,671 | 2,679 | 5,350 | -72 | -1.3% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|------------|--------------|------------|------------|------------|--------------|-------------|---------------|
| Dedicated | | | | | | | | |
| Special Revenue | 0 | 969 | 508 | 500 | 500 | 1,000 | -477 | -32.3% |
| Federal | 93 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Gift | 33 | 76 | 3 | 3 | 2 | 5 | -74 | -93.7% |
| Subtotal Dedicated | 126 | 1,045 | 511 | 503 | 502 | 1,005 | -551 | -35.4% |
| Total Revenue | 126 | 1,045 | 511 | 503 | 502 | 1,005 | -551 | -35.4% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 28.1 | 22.3 | 23.3 | 20.7 | 20.4 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

Program Description

The purpose of the Management Services Bureau is to provide internal leadership to the agency in legislative, communications, administrative, and interagency support functions, as well as several specialized services including fiscal support to small agencies and public affairs responsibilities. In addition, statewide leadership is provided in many areas in conjunction with the diverse operating divisions of the agency.

Budget Activities Included:

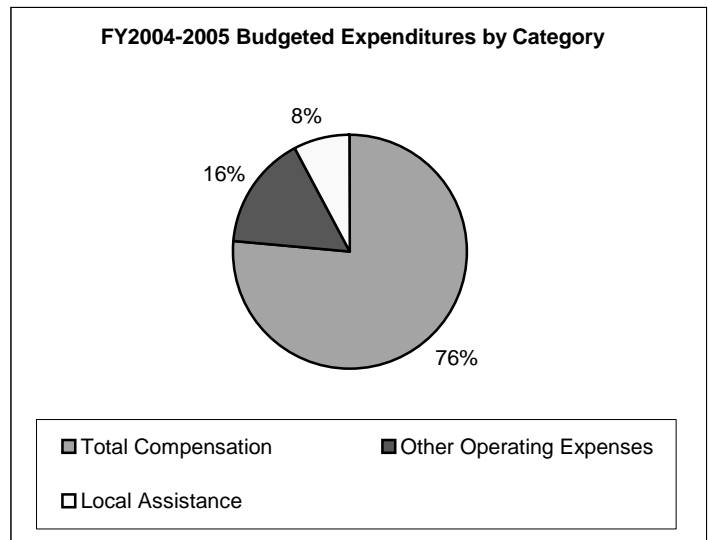
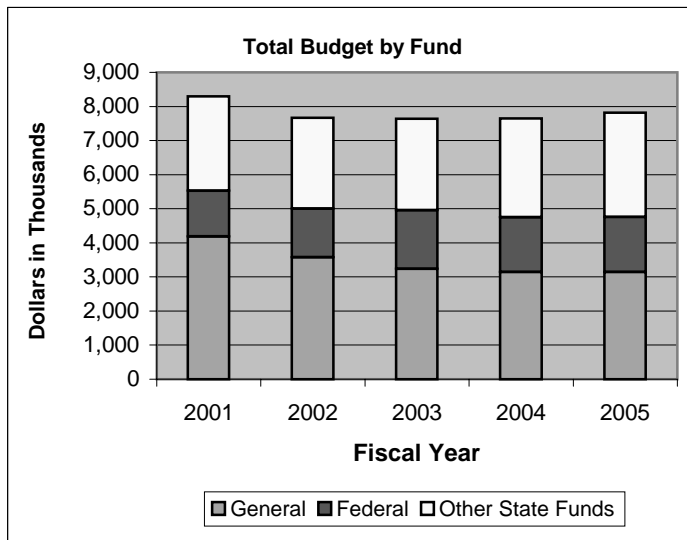
- ⇒ Administrative Management
- ⇒ Financial Management & Reporting
- ⇒ Human Resources
- ⇒ Management Analysis
- ⇒ Information Policy Analysis
- ⇒ Office of the State Archaeologist
- ⇒ Developmental Disabilities Council
- ⇒ System of Technology to Achieve Results (STAR)

Further detail on each of these Budget Activities is included in subsequent pages of this budget document

ADMINISTRATION DEPT

Program: **MANAGEMENT SERVICES**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 4,187 | 3,575 | 3,239 | 3,145 | 3,145 | 6,290 | -524 | -7.7% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 1,690 | 1,667 | 1,625 | 1,806 | 1,904 | 3,710 | 418 | 12.7% |
| Federal | 1,343 | 1,427 | 1,719 | 1,605 | 1,617 | 3,222 | 76 | 2.4% |
| Gift | 0 | 13 | 8 | 4 | 3 | 7 | -14 | -66.7% |
| Management Analysis | 1,078 | 984 | 1,051 | 1,091 | 1,151 | 2,242 | 207 | 10.2% |
| Total | 8,298 | 7,666 | 7,642 | 7,651 | 7,820 | 15,471 | 163 | 1.1% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|------------|-------------|
| Total Compensation | 5,670 | 5,565 | 5,617 | 5,797 | 6,011 | 11,808 | 626 | 5.6% |
| Other Operating Expenses | 1,905 | 1,692 | 1,377 | 1,254 | 1,209 | 2,463 | -606 | -19.7% |
| Local Assistance | 723 | 408 | 648 | 600 | 600 | 1,200 | 144 | 13.6% |
| Other Financial Transactions | 0 | 1 | 0 | 0 | 0 | 0 | -1 | -100.0% |
| Total | 8,298 | 7,666 | 7,642 | 7,651 | 7,820 | 15,471 | 163 | 1.1% |

| Expenditures by Activity | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|------------|-------------|
| Admin Management | 652 | 635 | 624 | 612 | 612 | 1,224 | -35 | -2.8% |
| Financial Mgmt & Reporting | 2,457 | 2,510 | 2,528 | 2,651 | 2,749 | 5,400 | 362 | 7.2% |
| Human Resources | 493 | 473 | 485 | 477 | 477 | 954 | -4 | -0.4% |
| Management Analysis | 1,710 | 1,630 | 1,548 | 1,580 | 1,640 | 3,220 | 42 | 1.3% |
| Info Policy Analysis | 796 | 511 | 458 | 449 | 449 | 898 | -71 | -7.3% |
| State Archeologist | 272 | 206 | 204 | 200 | 199 | 399 | -11 | -2.7% |
| Developmental Disabilities Co | 1,115 | 1,148 | 1,276 | 1,220 | 1,220 | 2,440 | 16 | 0.7% |
| Star Program | 803 | 553 | 519 | 462 | 474 | 936 | -136 | -12.7% |
| Total | 8,298 | 7,666 | 7,642 | 7,651 | 7,820 | 15,471 | 163 | 1.1% |

ADMINISTRATION DEPT

Program: **MANAGEMENT SERVICES**

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------------|---------------|---------------|-----------------|---------------|---------------|-----------------|--------------------------|----------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Revenue by Type and Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Non Dedicated | | | | | | | | |
| General | 3 | 1 | 1 | 1 | 1 | 2 | 0 | 0.0% |
| Subtotal Non Dedicated | 3 | 1 | 1 | 1 | 1 | 2 | 0 | 0.0% |
| Dedicated | | | | | | | | |
| Special Revenue | 1,916 | 1,879 | 1,307 | 1,619 | 1,854 | 3,473 | 287 | 9.0% |
| Federal | 1,353 | 1,467 | 1,669 | 1,605 | 1,617 | 3,222 | 86 | 2.7% |
| Gift | 0 | 3 | 3 | 3 | 3 | 6 | 0 | 0.0% |
| Management Analysis | 1,086 | 1,061 | 1,050 | 1,091 | 1,150 | 2,241 | 130 | 6.2% |
| Subtotal Dedicated | 4,355 | 4,410 | 4,029 | 4,318 | 4,624 | 8,942 | 503 | 6.0% |
| Total Revenue | 4,358 | 4,411 | 4,030 | 4,319 | 4,625 | 8,944 | 503 | 6.0% |
| | | | | | | | | |
| Full-Time Equivalents (FTE) | 83.9 | 77.4 | 74.4 | 72.2 | 71.2 | | | |

ADMINISTRATION DEPT

Program: MANAGEMENT SERVICES

Activity: ADMIN MANAGEMENT

Narrative

Activity Description

This activity provides both agency and statewide executive leadership and management support. The mission of the Department of Administration is to improve the quality and productivity of Minnesota government. The agency's vision is to be a leader in providing high-quality products and services to customers and to be an employer of choice for its employees.

Activity at a Glance

Admin Management is responsible for

- ◆ creating, communicating, and maintaining the agency strategic plan; and
- ◆ measuring quarterly performance results as reported by all internal divisions.

Population Served

Services and support are provided to all state agencies, councils, boards and offices, and the public.

Services Provided

The office has overall management responsibility of the agency. The commissioner of administration is the state chief information officer, and as such, provides technology leadership to the state. In addition, the Public Affairs unit coordinates the legislative and communications functions of the agency.

Key Measures

The Department of Administration has made customer satisfaction a major department-wide goal. There are 32 divisions within the agency that are working to devise meaningful measures of customer satisfaction to be used in improving the quality of services. Criteria have been developed to evaluate the extent to which all of these areas are tracking and measuring customer satisfaction.

Currently, nearly half of these areas are tracking customer satisfaction. By October 2002, 70% will be measuring customer satisfaction, and by March 2003, all areas are expected to have customer satisfaction measures in place. A customer satisfaction goal of 80% or higher is the minimum standard for divisions.

Employee satisfaction is also tracked. The current objective is to bring all performance reviews up to date by June 2003. This responds to employee concerns regarding regular contact with, and feedback from, supervisors.

Activity Funding

This activity is funded through a General Fund appropriation.

Contact

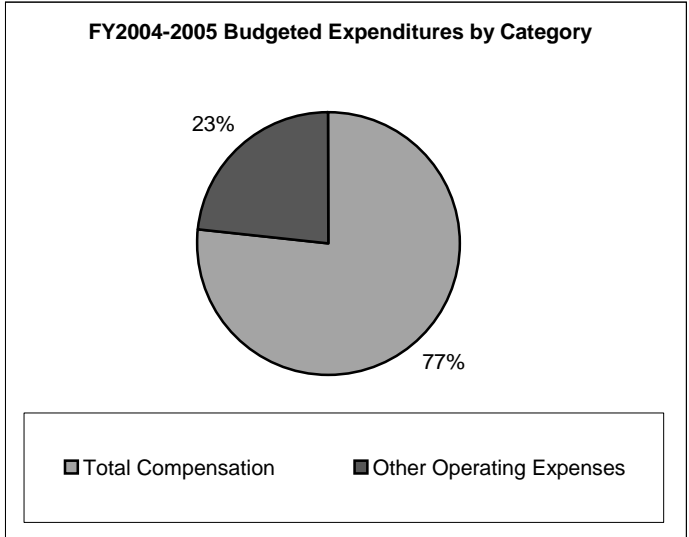
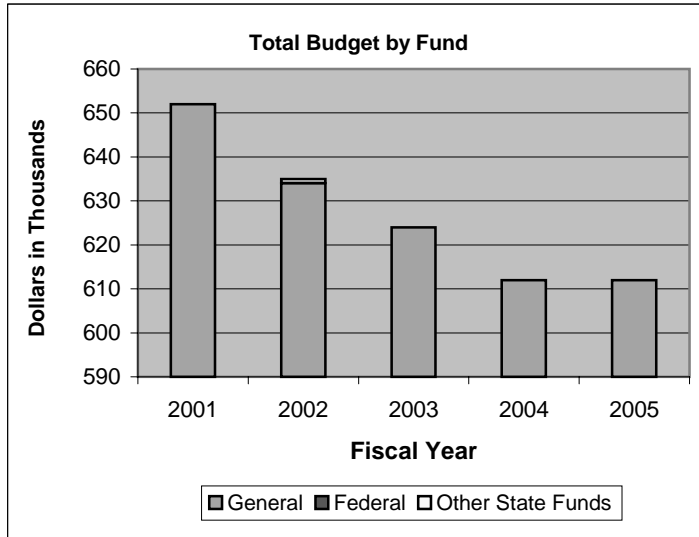
Larry Freund, Financial Management Director, (651) 296-5857, Larry.Freund@state.mn.us
<http://www.admin.state.mn.us/>

ADMINISTRATION DEPT

Program: **MANAGEMENT SERVICES**

Activity: ADMIN MANAGEMENT

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 652 | 634 | 624 | 612 | 612 | 1,224 | -34 | -2.7% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 0 | 1 | 0 | 0 | 0 | 0 | -1 | -100.0% |
| Total | 652 | 635 | 624 | 612 | 612 | 1,224 | -35 | -2.8% |
| Expenditures by Category | | | | | | | | |
| Total Compensation | 474 | 497 | 496 | 469 | 469 | 938 | -55 | -5.5% |
| Other Operating Expenses | 178 | 137 | 128 | 143 | 143 | 286 | 21 | 7.9% |
| Other Financial Transactions | 0 | 1 | 0 | 0 | 0 | 0 | -1 | -100.0% |
| Total | 652 | 635 | 624 | 612 | 612 | 1,224 | -35 | -2.8% |
| Full-Time Equivalents (FTE) | 5.4 | 5.5 | 5.3 | 5.3 | 5.3 | | | |

ADMINISTRATION DEPT

Program: MANAGEMENT SERVICES

Activity: FINANCIAL MGMT & REPORTING

Narrative

Activity Description

The mission of the Financial Management and Reporting Division (FMR) is to provide and promote financial management to the Department of Administration (Admin) and associated boards and councils.

Population Served

Financial services, information, and transactions are provided to all divisions within the agency, six boards and councils, the Department of Finance, the Legislative Auditors, the legislature, and vendors.

Services Provided

Services provided include all aspects of budgeting, accounting, internal auditing, transaction processing, financial reporting and analysis, and performance management consultation and reporting. FMR staff act as liaisons and financial consultants for Admin's operating divisions and the other customers. This activity strives to provide timely financial services and support while conforming to Generally Accepted Accounting Principles (GAAP). This facilitates the effective management of available resources as governed by laws, policies, and procedures of the accounting profession, and state and federal governments.

Key Measures

Agency Prompt Payment: M.S. 16A.124 requires state agencies to pay valid obligations to vendors within the vendor's early payment discount period, or in the absence of a stated period, within 30 days following receipt of the invoice for the completed delivery of the product or service.

| Fiscal Year | 2000 | 2001 | 2002 | 2003 (est.) |
|---------------------------------|--------|--------|--------|-------------|
| Prompt Payment goal: 97% | 97.53% | 98.08% | 97.16% | 98.00% |
| Number of payment transactions: | 48,528 | 44,633 | 41,848 | 40,500 |

Activity Funding

This activity is funded through a General Fund appropriation.

This activity also manages the agency internal allocation account. This account was established in FY 1998 to better manage certain costs that are distributed throughout all, or part of the agency. Allocations include agency-wide expenses such as a training coordinator and an internal auditor, and bureau or function-specific expenses such as an assistant commissioner and LAN support. Costs are allocated to activities based on budget, staffing, or user statistics.

Contact

Larry Freund, Financial Management Director, (651) 296-5857, Larry.Freund@state.mn.us
<http://www.admin.state.mn.us/>

Activity at a Glance

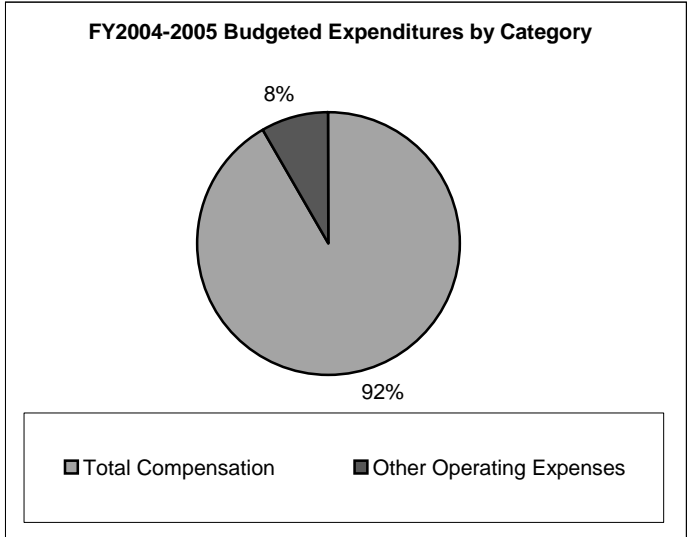
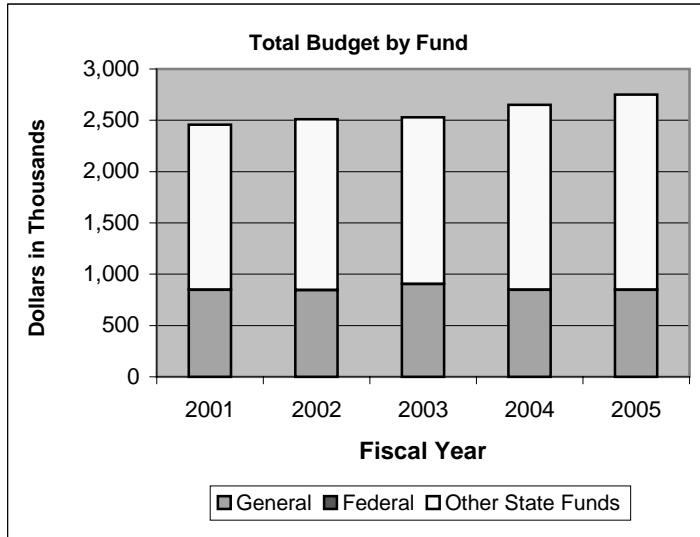
- ◆ FMR administers overall FY 2002-03 biennial agency budget in excess of \$460 million.
- ◆ FMR aids nearly 40 bureaus, divisions, agencies, boards, and offices in all types of financial matters.
- ◆ All FY 2001 financial statements received clean independent auditors' opinions.
- ◆ Ninety monthly, quarterly, and annual financial statements for business units produced per year.

ADMINISTRATION DEPT

Program: **MANAGEMENT SERVICES**

Activity: FINANCIAL MGMT & REPORTING

Fiscal Report



| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|------------------|------------------|--------------------|----------------|----------------|---------------------|--------------------------------------|-------------|
| Expenditures by Fund | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 848 | 844 | 905 | 848 | 848 | 1,696 | -53 | -3.0% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 1,609 | 1,666 | 1,623 | 1,803 | 1,901 | 3,704 | 415 | 12.6% |
| Total | 2,457 | 2,510 | 2,528 | 2,651 | 2,749 | 5,400 | 362 | 7.2% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|-------------|
| Total Compensation | 2,181 | 2,225 | 2,296 | 2,420 | 2,533 | 4,953 | 432 | 9.6% |
| Other Operating Expenses | 276 | 285 | 232 | 231 | 216 | 447 | -70 | -13.5% |
| Total | 2,457 | 2,510 | 2,528 | 2,651 | 2,749 | 5,400 | 362 | 7.2% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|-------------|
| Non Dedicated | | | | | | | | |
| General | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Dedicated | | | | | | | | |
| Special Revenue | 1,821 | 1,878 | 1,306 | 1,616 | 1,851 | 3,467 | 283 | 8.9% |
| Subtotal Dedicated | 1,821 | 1,878 | 1,306 | 1,616 | 1,851 | 3,467 | 283 | 8.9% |
| Total Revenue | 1,823 | 1,878 | 1,306 | 1,616 | 1,851 | 3,467 | 283 | 8.9% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 31.7 | 29.7 | 29.2 | 29.7 | 29.7 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

ADMINISTRATION DEPT

Program: MANAGEMENT SERVICES

Activity: HUMAN RESOURCES

Narrative

Activity Description

The Human Resources Division provides human resources services to the employees, prospective employees, and management of the Department of Administration (Admin) by actively recruiting, hiring, developing, and retaining a productive, diverse, and highly competent workforce. The division's work is subject to compliance with federal and state law as well as internal policies and procedures.

Activity at a Glance

- ◆ 200 employee hires/transfers per fiscal year.
- ◆ 40 labor grievances per fiscal year resolved prior to arbitration.
- ◆ 60% of employees provided onsite or offsite training per fiscal year.

Population Served

The Human Resources Division serves 850 employees of Admin as well as 16 additional employees of the Council on Asian/Pacific Minnesotans, the Council on Black Minnesotans, the Chicano/Latino Affairs Council, and the Ombudsman for Families.

Services Provided

The Human Resources Division provides the following services:

- ◆ recruitment and staffing;
- ◆ fringe benefits enrollment and administration;
- ◆ labor contract administration/employee relations;
- ◆ employee training and development;
- ◆ performance management and wage/compensation administration;
- ◆ Worker's Compensation, Occupational Safety and Health Administration (OSHA) compliance, and general safety/wellness program administration;
- ◆ Affirmative Action/ADA (Americans with Disabilities Act) and Family Medical Leave Act (FMLA) oversight and administration; and
- ◆ consultation on human resources management issues.

Key Measures

Human Resources strives to continue the current 100% customer satisfaction rate related to the variety of services provided above. Each service provider within the division solicits feedback on services rendered through an automated internal customer survey. Each service provider is charged with maintaining satisfactory statistics both as an individual contributor and as a member of the Human Resources team.

An additional performance management measure includes ensuring that all Admin employees' performance appraisals are current and that each agency employee has an annual review. Managers and supervisors in non-compliance with this measure will not receive their own performance increase. Target date for full compliance is 6-30-03.

A third performance measure includes continuing to hire, train, and promote any and all employees with respect to the Affirmative Action goals of the department's plan. Over the past two years, the department's hiring statistics reflect 100% compliance with affirmative action goals. The Human Resource division intends to continue this measurement into the biennium with the intention of retaining 100% compliance.

Activity Funding

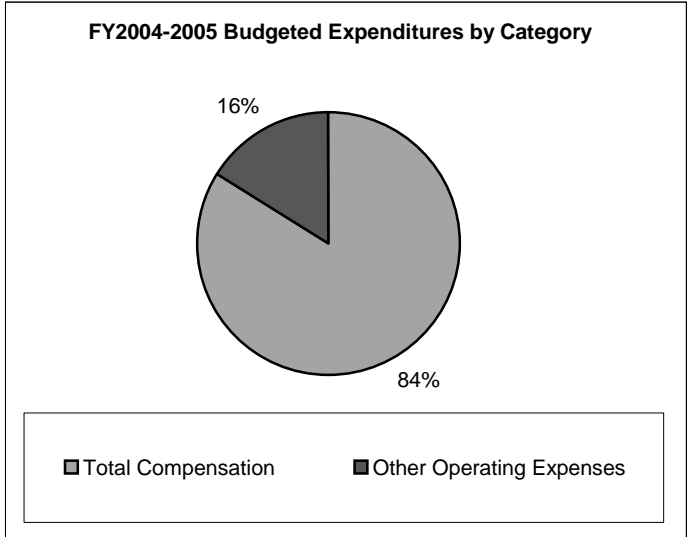
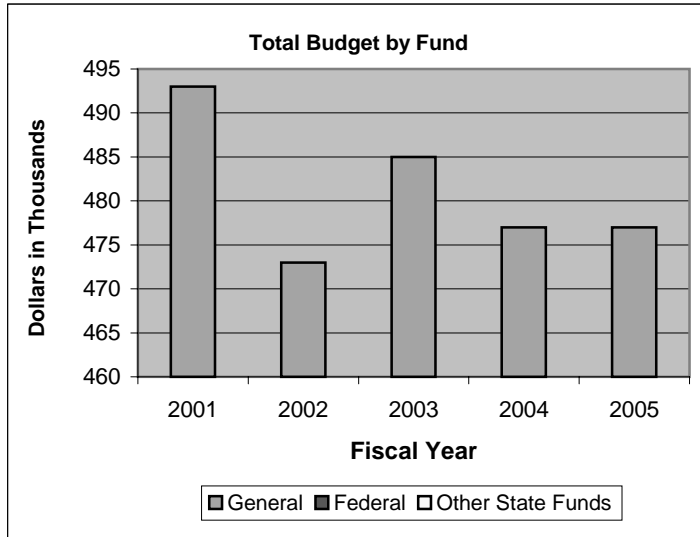
This activity is funded through a General Fund appropriation.

Contact

Deborah Tomczyk, Director, (651) 296-2885, Deborah.Tomczyk@state.mn.us
www.admin.state.mn.us.

ADMINISTRATION DEPT
Program: MANAGEMENT SERVICES
Activity: HUMAN RESOURCES

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------|---------------|---------------|-----------------|---------------|-----------------|----------------|--------------------------|----------------|
| Expenditures by Fund | Actual | Actual | Budgeted | Base | Biennium | | 2004-05 / 2002-03 | |
| | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 493 | 473 | 485 | 477 | 477 | 954 | -4 | -0.4% |
| Total | 493 | 473 | 485 | 477 | 477 | 954 | -4 | -0.4% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|-----------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 401 | 392 | 410 | 400 | 400 | 800 | -2 | -0.2% |
| Other Operating Expenses | 92 | 81 | 75 | 77 | 77 | 154 | -2 | -1.3% |
| Total | 493 | 473 | 485 | 477 | 477 | 954 | -4 | -0.4% |

| | | | | | | | | |
|---------------------------------|----------|----------|----------|----------|----------|----------|----------|-------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 1 | 1 | 1 | 1 | 1 | 2 | 0 | 0.0% |
| Subtotal Non Dedicated | 1 | 1 | 1 | 1 | 1 | 2 | 0 | 0.0% |
| Total Revenue | 1 | 1 | 1 | 1 | 1 | 2 | 0 | 0.0% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 6.7 | 7.5 | 6.9 | 7.0 | 6.0 |
|------------------------------------|------------|------------|------------|------------|------------|

ADMINISTRATION DEPT

Program: MANAGEMENT SERVICES

Activity: MANAGEMENT ANALYSIS

Narrative

Activity Description

The Management Analysis Division (MAD) is the state of Minnesota's management consulting organization. MAD offers a wide range of consulting services to state and local governments and higher education in accordance with M.S.16B.36. MAD consultants have worked on hundreds of projects with all agencies, many boards, units of local government, and higher education.

Population Served

MAD provides management consultation to state agencies, the governor, the legislature, higher education, and local and federal governments. The division's services are available to all public sector organizations on a fee-for-service basis. The direct recipients are public sector managers and executives; however, the ultimate beneficiaries are the state agencies and other public entities, and the end users whose services are impacted by the improvements.

Services Provided

MAD's consulting services include organizational improvement, analysis, performance measurement, service quality improvement, customer relations, facilitation, organization, evaluation, and development, strategic planning, process flow or process mapping, process redesign, legislative studies, grant writing, surveys, transition services, contingency planning, and other executive branch coordination activities.

Clients see improvements such as increased productivity, clearer direction, better working relationships, additional grant income, better data for decision making, or increased cooperation with stakeholders and partners.

Historical Perspective

MAD began consulting activities in 1985. Since that time, the requests for services have become increasingly complex and reflect the funding, societal, and policy pressures on public entities. Budget pressures and public expectations have increased the necessity for accountability, streamlining, and cooperation.

MAD's consulting business began with seven engagements in 1985. It has expanded to 137 engagements in FY 2002. Over the five fiscal years from FY 1998 through FY 2002, the number of projects per year averaged 134. The division worked on four legislative projects in FY 2002. The average for the past five fiscal years is three. MAD reported 1,360 hours on legislative engagements in FY 2002, equivalent to 13% of all hours reported on internal service fund projects in the year.

Key Measures

MAD's key measure is customer satisfaction. As consultants and analysts, MAD staff provide analysis, facilitation, consultation, and technical assistance to address client needs. The degree to which those needs are satisfied is a key measure. Some work is quantifiable. For example, grant writing efforts in the past two years have yielded the state an estimated \$3.3 million. Other efforts – such as getting diverse and competing stakeholders to come to consensus – are not as easily quantified but are immeasurably important to the clients. MAD's goal is to achieve at least 80% satisfaction; actual result this fiscal year will be 95% or higher.

Activity Funding

Funding is two-thirds from Internal Service Fund revenues from consulting and analytical projects, and one-third from a General Fund appropriation. The General Fund covers activities such as: regulatory mandates (Cost Benefit Analysis on transportation projects and testimony on topics as requested by the legislature); cross-agency management improvement projects (staffing or participating on task forces on performance management; providing managerial training; addressing emerging needs such as downsizing with one-on-one coaching for

Activity at a Glance

The Management Analysis Division:

- ◆ provides consulting to state agencies, the legislature, local governments, the University of Minnesota, Minnesota State Colleges and Universities (MnSCU), and public K-12 institutions;
- ◆ averages 120 engagements per year; and
- ◆ provides consulting services at up to 50% less than comparable external providers.

ADMINISTRATION DEPT

Program: MANAGEMENT SERVICES

Activity: MANAGEMENT ANALYSIS

Narrative

managers and training co-facilitated with the Employee Assistance Program); and work on behalf of the state as a whole (conducting contingency planning for state operations; establishing a gubernatorial transition office).

Internal service fund information:

MAD has 16 *full-time* equivalents as of 7-1-02.

There are no loans from the General Fund, or proposed investments in technology or equipment of \$100,000 or more.

Operating Losses/Increases in Retained Earnings:

Retained earnings estimated increase from FY 2001 to FY 2002 returns the division to the recommended minimum retained earnings level equal to two months operating funds. This return was possible due to fiscal management that allows the internal service fund to react to anticipated gaps in service demand due to budget shortfalls experienced by client agencies.

History of Rate Changes:

| Fiscal Year | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 |
|-------------|------|-------|------|-------|------|------|
| Hourly Rate | \$80 | \$85 | \$85 | \$95 | \$98 | \$98 |
| Change | 2.6% | 6.25% | 0% | 11.8% | 3.2% | 0% |

Impact of Rate Changes:

Rates did not increase for FY 2003; the rate of \$98 has been stable since July 2001. Services remain available at the previous rate so there is no impact on client agencies. The five largest customers in FY 2002 were the departments of Administration, Economic Security, Human Services, Public Safety, and Children, Families and Learning.

Contact

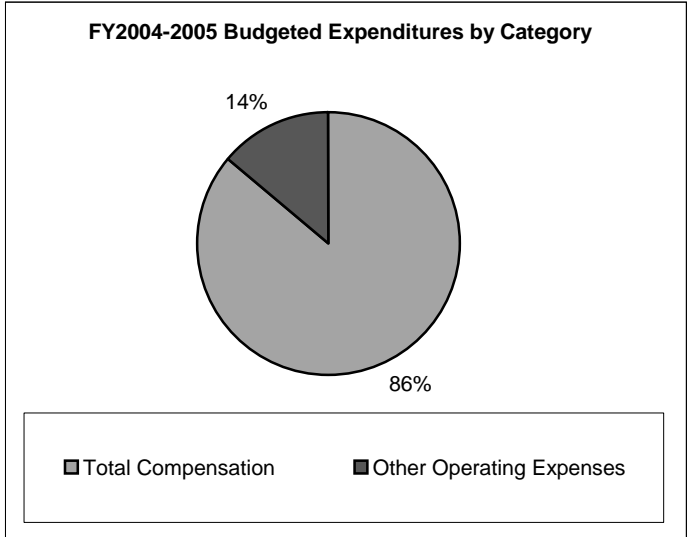
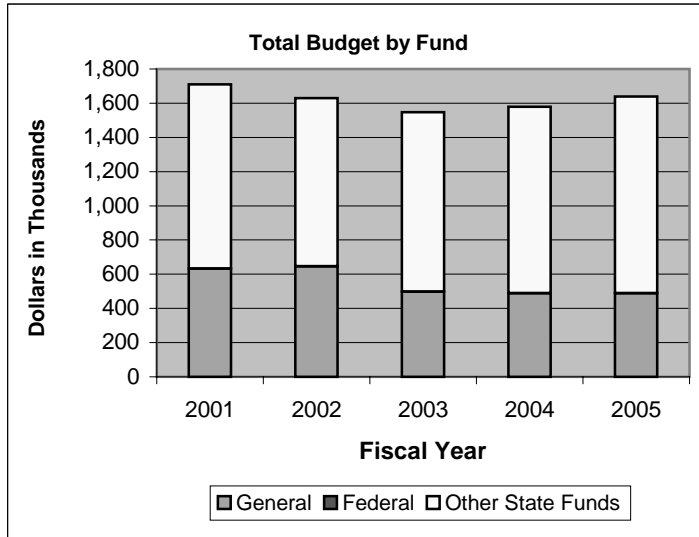
Judy Plante, Director, (651) 297-3904, judy.plante@state.mn.us.
<http://www.admin.state.mn.us/mad>

ADMINISTRATION DEPT

Program: **MANAGEMENT SERVICES**

Activity: MANAGEMENT ANALYSIS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 632 | 646 | 497 | 489 | 489 | 978 | -165 | -14.4% |
| Statutory Appropriations | | | | | | | | |
| Management Analysis | 1,078 | 984 | 1,051 | 1,091 | 1,151 | 2,242 | 207 | 10.2% |
| Total | 1,710 | 1,630 | 1,548 | 1,580 | 1,640 | 3,220 | 42 | 1.3% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 1,396 | 1,332 | 1,269 | 1,352 | 1,420 | 2,772 | 171 | 6.6% |
| Other Operating Expenses | 314 | 298 | 279 | 228 | 220 | 448 | -129 | -22.4% |
| Total | 1,710 | 1,630 | 1,548 | 1,580 | 1,640 | 3,220 | 42 | 1.3% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|-------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Management Analysis | 1,086 | 1,061 | 1,050 | 1,091 | 1,150 | 2,241 | 130 | 6.2% |
| Subtotal Dedicated | 1,086 | 1,061 | 1,050 | 1,091 | 1,150 | 2,241 | 130 | 6.2% |
| Total Revenue | 1,086 | 1,061 | 1,050 | 1,091 | 1,150 | 2,241 | 130 | 6.2% |

| | | | | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|--|--|--|
| Full-Time Equivalents (FTE) | 20.9 | 18.5 | 16.4 | 14.9 | 14.9 | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|--|--|--|

Activity Description

The Information Policy Analysis Division (IPAD) is where government entities, private sector organizations, the legislature, and citizens come for answers to data practices questions; consultation on data practices issues; help with public policy development; assistance in understanding and complying with complex legislation regulating information; dispute resolution services as it relates to data practices appeals; and assistance in exercising rights regarding access to information, protecting privacy, and challenging inaccurate or incomplete information.

Both the Minnesota Legislature and the federal government have either enacted statutes or promulgated extensive rules that deal with a variety of information related issues. These statutes and rules include, among others, the Minnesota Government Data Practices Act, the federal Family Educational Rights and Privacy Act and related rules, M.S. 144.335 (the health records statute), the federal Health Insurance Portability and Accountability Act of 1996 and related privacy rules, the federal Freedom of Information and Privacy Acts, and the Minnesota Records Management Act. Historically, the executive branch and the legislature informally agreed that it made sense that expertise concerning those and other related laws should be available at no charge to both government entities and citizens. As a General Fund activity, IPAD offers that expertise to government entities and citizens through a variety of functions and services.

Activity at a Glance

On average, over the last five years, IPAD has annually:

- ◆ issued 66 advisory opinions;
- ◆ answered 3,609 phone* inquiries from government entities;
- ◆ dealt with phone* questions or requests for assistance from 2,532 citizens; and
- ◆ provided 1,448 phone* consultations to private and public attorneys.

In 2002, IPAD's web site had 9,279 visits.

*IPAD also receives inquiries by paper mail, e-mail, and personal contact.

Population Served

IPAD serves personnel of state and local government entities, private citizens, private sector organizations, public and private attorneys, and the legislature.

Services Provided

IPAD provides the following major types of services to the population served: answering questions about rights and requirements of various information laws; consulting on difficult information policy issues; providing staff services to the commissioner of Administration in performing statutory duties that include issuing advisory opinions, acting on appeals to challenges to government data, acting on applications for temporary classification of data and requests to make new uses of data, and establishing and operating a statewide records management program; preparing and distributing training, model compliance, and informational materials; developing, updating, and operating a publicly accessible web site that contains all advisory opinions and all informational materials prepared by the division; offering training to state and local government entities; offering information sessions to citizens; providing training materials to enable government entities to do their own training; assisting citizens with answers to their inquiries and advice on how to exercise their rights; and working with the legislature, citizens, private sector groups, and state and local government agencies on the development of new information policy laws and changes to existing laws.

Historical Perspective

The Minnesota Government Data Practices Act began in 1974. Since that time, M.S. Chapter 13 has grown and has seen many revisions and additions as the data practices debate continues. Issues of information policy, such as data privacy, fair information practices, and the unauthorized destruction of the records of accounting and other organizations, continue to receive widespread discussion. Statewide responsibility for establishing and maintaining the infrastructure that assists government entities and the public in dealing with these issues has been assigned to the commissioner of administration and in turn to IPAD.

ADMINISTRATION DEPT

Program: MANAGEMENT SERVICES

Activity: INFO POLICY ANALYSIS

Narrative

Key Measures

Timeliness of responses from IPAD to clientele is critical to effectively serving the clientele. In line with that objective IPAD has used the following performance measure for several years.

Eighty-five percent of all phone and e-mail inquiries and requests for assistance will be responded to no later than the end of the next business day.

Historically, IPAD has met this goal in every year since 1998.

Beginning in the fall of 2003, IPAD will apply this response goal to all inquiries, including those received by paper mail and e-mail.

Activity Funding

This activity is funded through a General Fund appropriation.

Contact

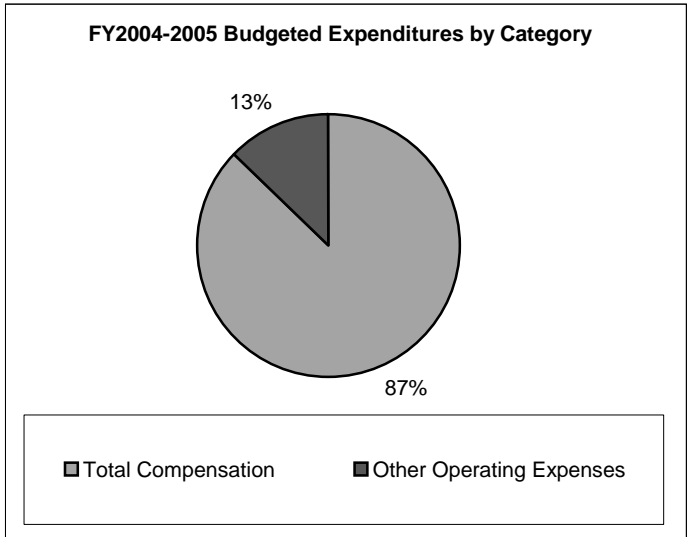
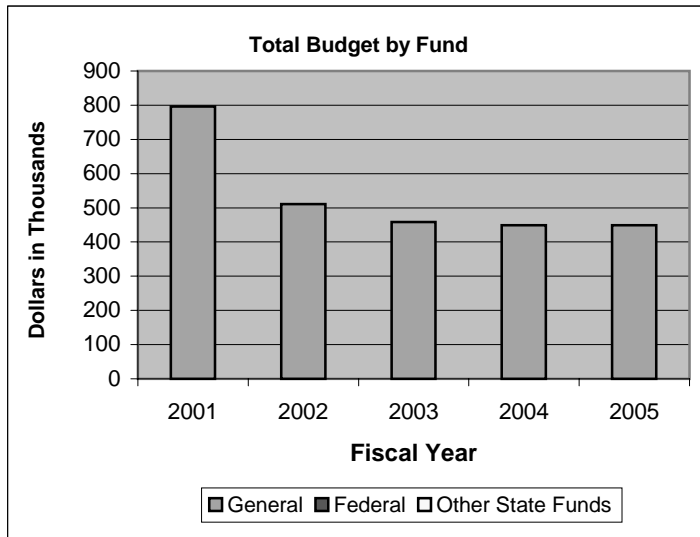
Don Gemberling, IPAD Director, (651) 296-6733, don.gemberling@state.mn.us
www.ipad.state.mn.us

ADMINISTRATION DEPT

Program: **MANAGEMENT SERVICES**

Activity: INFO POLICY ANALYSIS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------------|---------------|---------------|-----------------|---------------|-----------------|----------------|--------------------------|----------------|
| Expenditures by Fund | Actual | Actual | Budgeted | Base | Biennium | | 2004-05 / 2002-03 | |
| | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 796 | 511 | 458 | 449 | 449 | 898 | -71 | -7.3% |
| Total | 796 | 511 | 458 | 449 | 449 | 898 | -71 | -7.3% |
| Expenditures by Category | | | | | | | | |
| Total Compensation | 561 | 440 | 412 | 392 | 392 | 784 | -68 | -8.0% |
| Other Operating Expenses | 235 | 71 | 46 | 57 | 57 | 114 | -3 | -2.6% |
| Total | 796 | 511 | 458 | 449 | 449 | 898 | -71 | -7.3% |
| Full-Time Equivalents (FTE) | 8.1 | 6.1 | 5.8 | 4.8 | 4.8 | | | |

ADMINISTRATION DEPT

Program: MANAGEMENT SERVICES

Activity: Office of the STATE ARCHEOLOGIST

Narrative

Activity Description

The Office of the State Archaeologist (OSA) manages the state's archaeological resources, including sites and data, on behalf of the citizens of Minnesota, under provisions of M.S. 138.31-138.42 (the *Field Archaeology Act*) and M.S. 307.08 (section of the *Private Cemeteries Act*). In addition to extensive federal legislation addressing cultural heritage resource management, other state statutes, including M.S. 86A (the *Outdoor Recreation Act*) and M.S. 116B (the *Minnesota Environmental Rights Act*), also speak to issues of archaeological resource management.

Activity at a Glance

Key activity statistics related to OSA program activities (most recent year's data) include:

- ◆ 282 reviewed/licensed archaeological projects
- ◆ 281 evaluated/accepted site data forms
- ◆ 59 burial site investigation cases

OSA review processes under these statutes are critical to controlling public and private development costs, which derive in part from federal, state, and local mandates. The laws require the identification, evaluation, and protection of archaeological (including burial) and other heritage resources.

Held annually each spring, Minnesota Archaeology Week is a key component of the OSA's public participation and education programming. The OSA assumes the lead role in organizing, coordinating, and promoting this statewide series of events that celebrate Minnesota's archaeological and historic heritage. In 2002, 5,279 individuals attended Minnesota Archaeology Week.

Population Served

OSA clients include, but are not limited to: local, state, and federal agencies; representatives of Minnesota's tribal communities; builders and development associations; cultural resource management firms; county historical societies; private homeowners; professional and avocational archaeologists; local heritage preservation commissions; educators and school districts; and other public and private agencies and individuals.

Services Provided

Major service categories include: *data management; consultation; licensing and project review; compliance and enforcement; research; and information dissemination*. Both integrated and interdependent, these program services function as a whole. As an example, the scheduling, cost, and progress of both public and private development projects depend on accurate and timely consultative services, which in turn require comprehensive data management and research capabilities.

Historical Perspective

OSA and the *Field Archaeology Act* were created by the legislature in 1963. In May of 1996, Executive Order (reorganization order no. 175), established OSA as a division within the Department of Administration.

Recent studies by the Management Analysis Division and the Office of the Legislative Auditor explored alternative funding options for the OSA. The Office of the Legislative Auditor's April 2001 OSA program evaluation report concluded that "... the Office of the State Archaeologist should continue to receive its funding primarily from a General Fund appropriation, (and) the Legislature should direct the office to determine the feasibility of charging fees to supplement its budget." In the March 2002 assessment of the feasibility of supplementing OSA's budget with fee-for-service funds, the Management Analysis Division of the Department of Administration concluded that "... a fee-for-service model does not appear to be in the best interest of the Office of the State Archaeologist or the state."

Key Measures

Turnaround time for project review and issuance of Field Archaeology licenses: target is "within 10 days" of receipt of application and related support materials (note: OSA response time is not sole variable in determining turnaround time). The goal is consistently met. Actual turnaround time for FY 2002 was 100%.

ADMINISTRATION DEPT

Program: MANAGEMENT SERVICES

Activity: Office of the STATE ARCHEOLOGIST

Narrative

Turnaround time for review/correction of site data forms and issuance of Smithsonian Site Designation Numbers (SSDN): target is "within seven days" of receipt of correctly completed site forms. Actual average turnaround time for FY 2002 was 100%.

Perhaps the most comprehensive measure of OSA's performance is described in the Office of the Legislative Auditor's recent OSA program evaluation report, which thoroughly documents the base of support for OSA program activities.

Activity Funding

The program operates through a General Fund appropriation.

Contact

Office of the State Archaeologist, Fort Snelling History Center, St. Paul, Minnesota 55111

Mark Dudzik, State Archaeologist, (612) 725-2411, Mark.Dudzik@state.mn.us

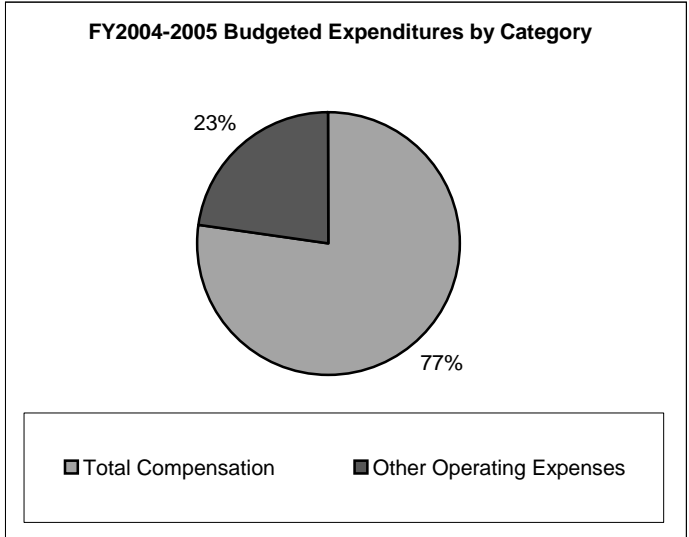
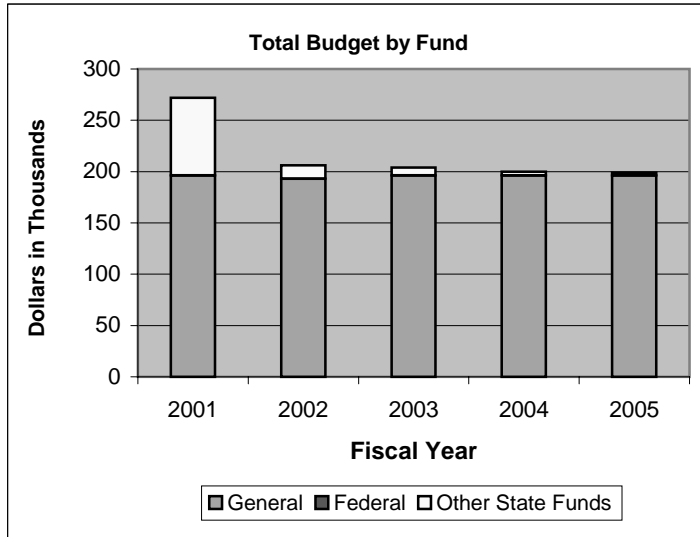
www.admin.state.mn.us/osa/

ADMINISTRATION DEPT

Program: **MANAGEMENT SERVICES**

Activity: STATE ARCHEOLOGIST

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------------------|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 196 | 193 | 196 | 196 | 196 | 392 | 3 | 0.8% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 76 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Gift | 0 | 13 | 8 | 4 | 3 | 7 | -14 | -66.7% |
| Total | 272 | 206 | 204 | 200 | 199 | 399 | -11 | -2.7% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 134 | 138 | 140 | 149 | 159 | 308 | 30 | 10.8% |
| Other Operating Expenses | 138 | 68 | 64 | 51 | 40 | 91 | -41 | -31.1% |
| Total | 272 | 206 | 204 | 200 | 199 | 399 | -11 | -2.7% |

| | | | | | | | | |
|---------------------------------|-----------|----------|----------|----------|----------|----------|----------|-------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Special Revenue | 91 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Gift | 0 | 3 | 3 | 3 | 3 | 6 | 0 | 0.0% |
| Subtotal Dedicated | 91 | 3 | 3 | 3 | 3 | 6 | 0 | 0.0% |
| Total Revenue | 91 | 3 | 3 | 3 | 3 | 6 | 0 | 0.0% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
|------------------------------------|------------|------------|------------|------------|------------|

Activity Description

The Governor's Council on Developmental Disabilities (GCDD), authorized under the Developmental Disabilities Assistance and Bill of Rights Act (DD Act)(P.L. 106-402) works to assure that people with developmental disabilities, and their families, receive the necessary support/services to increase their independence, productivity, self-determination, integration, and inclusion in the community (IPSII).

Population Served

The GCDD's primary customer group is comprised of people with developmental disabilities, who make up about 1.13% of the state's population or about 55,370 individuals, and their families. The other two customer groups are service providers and employers.

Services Provided

The GCDD is not a direct service provider. GCDD's business is information, education, and training for knowledge building, skills development, and attitude changes that lead to the IPSII results through three broad strategies – Partners in Policymaking®, Communications and Training, and Customer Focus and Quality Improvement.

At least 70% of the federal funds that GCDD receives each year are awarded primarily as grants to nonprofit organizations to carry out the following related sub strategies:

Partners in Policymaking®

- ⇒ Basic Partners Program: Competency/value based leadership training program for adults with disabilities and parents of young children with developmental disabilities; teaches how to develop positive partnerships with elected officials for systems change.
- ⇒ Partners Graduate Workshops: Advanced leadership training on topics such as negotiation and communication skills.
- ⇒ Longitudinal studies: Surveys conducted to track long-term results of Minnesota Partners graduates.
- ⇒ Cultural outreach programs: Outreach, basic leadership skills training, intro to concepts of the Partners program in the African American, American Indian, and Hispanic communities; expansion to Asian American community in 2003.
- ⇒ Partners for Employers: E-learning course on employment with tracks for people with disabilities and family members.
- ⇒ Self-Advocacy: Direct funding of a Minnesota self-advocacy organization to establish new self-advocacy groups and provide leadership training for self-advocates.

Communications and Training

- ⇒ Publications: Education/resource materials on best practices available to general public.
- ⇒ Electronic Government Services: Conversion of products and services to a web-based format; updating of GCDD web site; conversion of the Partners program to e-learning.
- ⇒ Training Conferences: Co-sponsorship funds awarded to agencies/organizations to support leadership training conferences.

Customer Focus and Quality Improvement

- ⇒ Customer Research: Determine customer needs, expectations, requirements on issues such as abuse/neglect, employer hiring practices, oral health care.
- ⇒ Application of Baldrige Framework: Increase knowledge, understanding, application of Baldrige to GCDD's business.

Activity at a Glance

- ◆ More than 9,000 Minnesota's Partners in Policymaking® program graduates nationally/internationally since 1987; includes more than 550 graduates of Minnesota's program.
- ◆ In the past funding year:
 - ⇒ -A total of 82 Partners graduates participated in four advanced leadership training workshops.
 - ⇒ -A total of 1,050 participants in five leadership training conferences.
- ◆ A total of 21,954 publications disseminated (nine months); evaluation scores average 9.3 out of 10.0.

ADMINISTRATION DEPT

Program: MANAGEMENT SERVICES

Activity: DEVELOPEMENTAL DISABILITIES COUNCIL

Narrative

The GCDD does not regulate activities nor set or enforce standards.

Historical Perspective

In the 1970s, the GCDD provided demonstration grants that funded diagnostic clinics, early intervention, self-advocacy, group homes, day programs, and regional planning councils.

In the 1980s, the GCDD provided demonstration grants for respite care, case management, employment, regional planning councils, and deinstitutionalization studies.

In the 1990s, the GCDD provided grants for youth leadership, Partners in Policymaking®, cultural outreach, and publications.

Key Measures

The GCDD tracks and reports the results of three performance measures, compared with a targeted goal, on its Quarterly Operations Report to the Department of Administration:

- ⇒ 30/60/90 day action plans: The targeted goal is 95% on time or early completion of work activities. FY 2002 actual was 100%.
- ⇒ Cycle time of publication orders: The targeted goal is 90% of all publication orders filled within three days of the request. The industry standard for fulfillment is three days. FY 2002 actual was 93%.
- ⇒ Quality of publications: The targeted goal is 8.5 (scale of 1 to 10; 10 = highest). FY 2002 actual was 9.3.

Performance measures for the next fiscal year are established by the GCDD, identified in Requests for Proposals, and contained in GCDD's supplier contracts. Performance goals are tracked for each fiscal year for each supplier, and over time, through dashboards, IPSII measures, customer satisfaction, cycle time for reporting, progress meetings that correspond with quarterly reporting deadlines, mid-year performance reviews, and supplier final reports.

Activity Funding

The GCDD's annual allocation is part of a Congressional appropriation for the U.S. Department of Health and Human Services. The FFY 2002 allocation totaled \$1,025,295. The anticipated allocation for FFY 2003 is \$1,020,449. This federal allocation requires a 25% non-federal match, which is acquired through a General Fund appropriation and in-kind contributions. The GCDD has received additional federal funds for family support.

The GCDD's planning and budgeting processes are directly connected for grant activities (70% of budget) and administrative spending (30% of budget). Budget allocations for grant activities begin with the three broad strategies and related sub strategies in our Five-Year State Plan. These are translated into an annual plan, specific grant activities, a preallocations memo, allocation recommendations, and GCDD approval. This process is repeated on an annual basis.

Contact

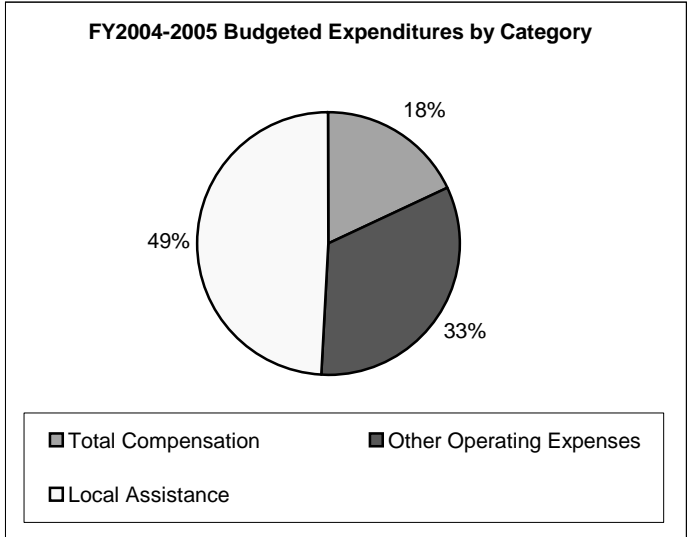
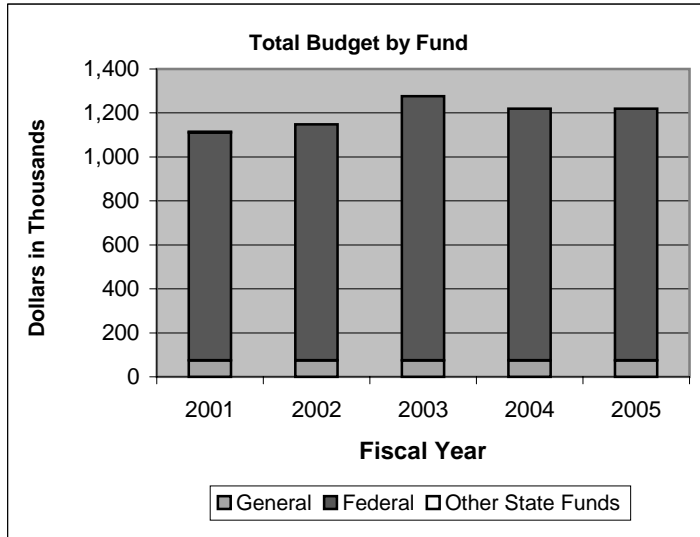
Colleen Wieck, Director, (651) 296-9964, Colleen.Wieck@state.mn.us
www.mnddc.org or www.mncdd.org.

ADMINISTRATION DEPT

Program: **MANAGEMENT SERVICES**

Activity: DEVELOPMENTAL DISABILITIES CO

Fiscal Report



| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|------------------|------------------|--------------------|----------------|--------------------|---------------------|--------------------------------------|-------------|
| Expenditures by Fund | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 74 | 74 | 74 | 74 | 74 | 148 | 0 | 0.0% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Federal | 1,036 | 1,074 | 1,202 | 1,146 | 1,146 | 2,292 | 16 | 0.7% |
| Total | 1,115 | 1,148 | 1,276 | 1,220 | 1,220 | 2,440 | 16 | 0.7% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------|-------------|
| Total Compensation | 223 | 254 | 203 | 214 | 225 | 439 | -18 | -3.9% |
| Other Operating Expenses | 429 | 637 | 473 | 406 | 395 | 801 | -309 | -27.8% |
| Local Assistance | 463 | 257 | 600 | 600 | 600 | 1,200 | 343 | 40.0% |
| Total | 1,115 | 1,148 | 1,276 | 1,220 | 1,220 | 2,440 | 16 | 0.7% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------|-------------|
| Dedicated | | | | | | | | |
| Federal | 1,036 | 1,074 | 1,202 | 1,146 | 1,146 | 2,292 | 16 | 0.7% |
| Subtotal Dedicated | 1,036 | 1,074 | 1,202 | 1,146 | 1,146 | 2,292 | 16 | 0.7% |
| Total Revenue | 1,036 | 1,074 | 1,202 | 1,146 | 1,146 | 2,292 | 16 | 0.7% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 3.5 | 3.8 | 3.0 | 3.0 | 3.0 |
|------------------------------------|------------|------------|------------|------------|------------|

Activity Description

The System of Technology to Achieve Results (STAR) program was established in 1989 as Minnesota's Federal Tech Act Project to plan and coordinate assistive technology (AT) information and services for the citizens of Minnesota with disabilities. The STAR Program serves as an advocate for federal and state assistive technology policy and legislation, builds assistive technology capacity in state government, and helps assure statewide assistive technology services for individuals with disabilities throughout the state.

Activity at a Glance

- ◆ Build Assistive Technology (AT) capacity throughout the state of Minnesota.
- ◆ An advocate for federal and state AT policy and legislation.
- ◆ Help assure access to statewide AT services.

An assistive technology device is any piece of equipment that is used to increase, maintain, or improve the functional abilities of a person with a disability.

Population Served

Minnesota has a disability rate of about 15%, or approximately 745,844 residents. Currently, over half of seniors 65 years old and older have a disability. These individuals need some assistance in performing daily activities or participating in community life. STAR conducts activities relating to the availability and benefits of assistive technology devices and services for these populations.

Services Provided

The STAR Program works at the state and national levels on legislation and policy for assistive technology. It informs and advocates for AT through training, information, and referral. STAR works closely with Minnesotans with disabilities and providers to develop a statewide network of resources related to technology assistance.

STAR works diligently to build collaborative relationships in the AT community. STAR, along with its nonprofit arm, is working with rural partners to assure statewide coverage of services. In addition, STAR works with state agencies and others in serving as a central clearinghouse for AT information, assessment, and application.

Historical Perspective

The STAR Program was established in 1989, and was identified as Minnesota's Tech Act Project. Working with the Governor's Advisory Council on Technology for People with Disabilities, the STAR Program worked closely with consumers to develop a statewide network of resources related to technology assistance.

STAR's accomplishments over the past 13 years include:

- ◆ distribution of over 100,000 copies of the *Directory of Funding Resources for Assistive Technology* (now in its fifth edition);
- ◆ completed over 1,000 training sessions, presentations, and displays on AT throughout the state;
- ◆ developed and distributed over 3,000 copies of *Guidelines for Assistive Technology in Post-secondary Settings*;
- ◆ served as a national model for states developing their own Tech Act sites;
- ◆ continued distribution of a quarterly newsletter (circulation of 8,000) to inform individuals and organizations of assistive technology news, opportunities and events;
- ◆ served as the state government's source for training and information regarding web site accessibility, as required by federal law (to date STAR has trained over 300 state webmasters);
- ◆ developed and implemented two statewide conferences on using assistive technology to assist individuals with disabilities move from dependency to self-sufficiency through employment;
- ◆ funded protection and advocacy services for individuals with disabilities who try to acquire assistive technology;
- ◆ developed and supported a statewide program of AT Networks (ATN) encompassing all of rural Minnesota working to increase out-state capacity to deliver assistive technology services;

ADMINISTRATION DEPT

Program: MANAGEMENT SERVICES

Activity: STAR PROGRAM

Narrative

- ◆ initiated outreach work and financial support to seven councils and organizations reaching over 12,000 individuals representing the communities of color in Minnesota;
- ◆ provided information on assistive technology and referral to sources requesting help averaging over 5,000 calls each year from throughout the STAR network;
- ◆ launched the Minnesota Assistive Technology Loan Network (MATLN), a program for short-term loan of AT devices; and
- ◆ provided funding for start-up programs, demonstration sites, laboratories, and projects working to serve the AT needs of Minnesotans with disabilities.

Key Measures

- ⇒ Advocate for federal and state AT policy and legislation:
 - ◆ conduct a consumer-based analysis of barriers to AT;
- ⇒ Assure statewide AT services and access to funding sources:
 - ◆ distribute, on average, 1,000 STAR Funding Directories per month
 - ◆ distribute a quarterly newsletter, *Constellations*, circulation 8,000
 - ◆ maintain an informational and interactive web site that identifies solutions to AT needs; and
- ⇒ Build AT capacity in state government:
 - ◆ conduct four training sessions for state webmasters on 508 accessibility requirements.

Activity Funding

Funding for the STAR Program is obtained from the Department of Education, National Institute on Disability and Rehabilitation Research, under the Assistive Technology Act of 1998 – P.L. 105-394. Federal funding is \$379,533 per fiscal year. STAR does not receive a General Fund appropriation.

Contact

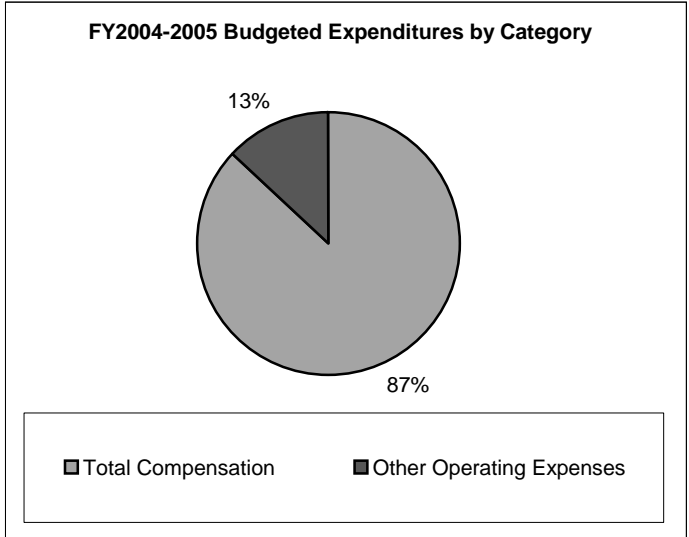
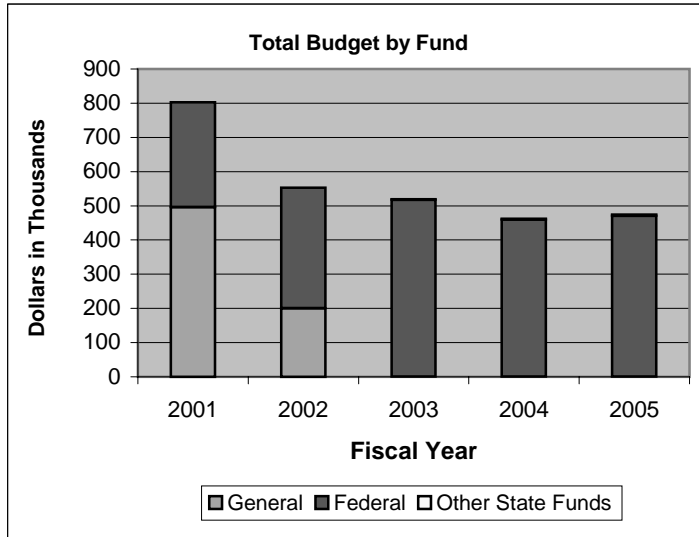
Mary Brogdon, Director, (651) 296-2771, TTY (Metro) (651) 296-9478, (Non-metro) 800 657-3895,
star.program@state.mn.us
www.admin.state.mn.us/assistivetechonology/

ADMINISTRATION DEPT

Program: **MANAGEMENT SERVICES**

Activity: STAR PROGRAM

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 496 | 200 | 0 | 0 | 0 | 0 | -200 | -100.0% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 0 | 0 | 2 | 3 | 3 | 6 | 4 | 200.0% |
| Federal | 307 | 353 | 517 | 459 | 471 | 930 | 60 | 6.9% |
| Total | 803 | 553 | 519 | 462 | 474 | 936 | -136 | -12.7% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|-------------|---------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 300 | 287 | 391 | 401 | 413 | 814 | 136 | 20.1% |
| Other Operating Expenses | 243 | 115 | 80 | 61 | 61 | 122 | -73 | -37.4% |
| Local Assistance | 260 | 151 | 48 | 0 | 0 | 0 | -199 | -100.0% |
| Total | 803 | 553 | 519 | 462 | 474 | 936 | -136 | -12.7% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|-----------|-------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Special Revenue | 4 | 1 | 1 | 3 | 3 | 6 | 4 | 200.0% |
| Federal | 317 | 393 | 467 | 459 | 471 | 930 | 70 | 8.1% |
| Subtotal Dedicated | 321 | 394 | 468 | 462 | 474 | 936 | 74 | 8.6% |
| Total Revenue | 321 | 394 | 468 | 462 | 474 | 936 | 74 | 8.6% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 5.6 | 4.3 | 5.8 | 5.5 | 5.5 |
|------------------------------------|------------|------------|------------|------------|------------|

Program Description

The purpose of the Fiscal Agent Program is to meet the administrative needs of the grant and other monies Administration (Admin) receives on behalf of multiple stakeholders. These funds are typically appropriated by the legislature for special projects. Admin distributes these funds to recipients, based on laws, statutes, policies, and procedures.

Budget Activities Included:

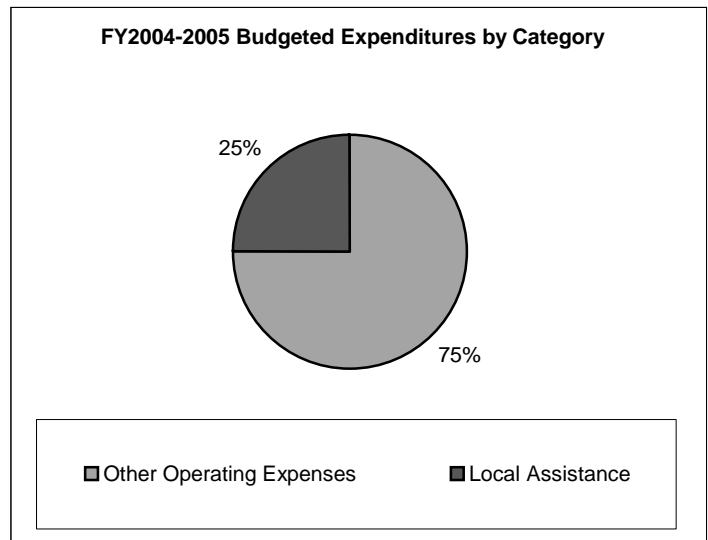
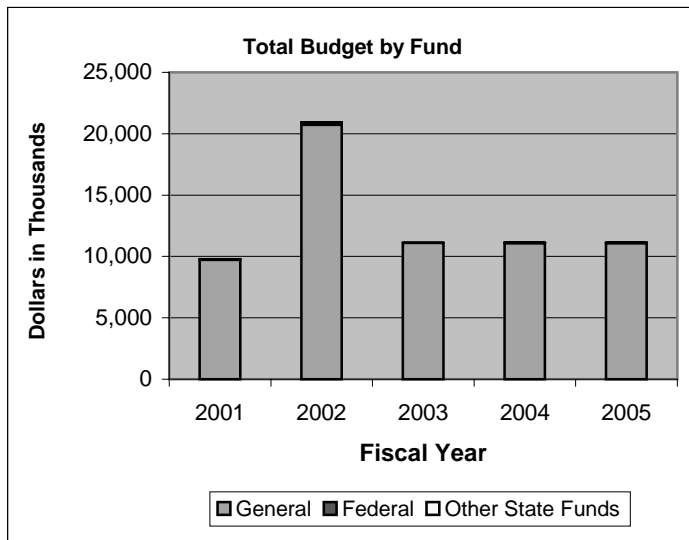
- ◆ Misc. Grants/Studies/Other
- ◆ Public Broadcasting
- ◆ In-Lieu of Rent

Further detail on each of these Budget Activities is included in subsequent pages of this budget document.

ADMINISTRATION DEPT

Program: FISCAL AGENT

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|----------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 9,729 | 20,731 | 11,116 | 11,087 | 11,087 | 22,174 | -9,673 | -30.4% |
| Statutory Appropriations | | | | | | | | |
| State Government Special Revenue | 0 | 180 | 0 | 0 | 0 | 0 | -180 | -100.0% |
| Gift | 44 | 13 | 22 | 52 | 32 | 84 | 49 | 140.0% |
| Total | 9,773 | 20,924 | 11,138 | 11,139 | 11,119 | 22,258 | -9,804 | -30.6% |

| | | | | | | | | |
|---------------------------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Expenditures by Category | | | | | | | | |
| Other Operating Expenses | 7,277 | 8,190 | 8,284 | 8,363 | 8,343 | 16,706 | 232 | 1.4% |
| Local Assistance | 2,496 | 12,734 | 2,854 | 2,776 | 2,776 | 5,552 | -10,036 | -64.4% |
| Total | 9,773 | 20,924 | 11,138 | 11,139 | 11,119 | 22,258 | -9,804 | -30.6% |

| | | | | | | | | |
|---------------------------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Expenditures by Activity | | | | | | | | |
| Misc Grants/Studies/Other | 310 | 1,160 | 1,081 | 54 | 34 | 88 | -2,153 | -96.1% |
| Public Broadcasting | 2,735 | 12,180 | 2,213 | 3,197 | 3,197 | 6,394 | -7,999 | -55.6% |
| In Lieu Of Rent | 6,728 | 7,584 | 7,844 | 7,888 | 7,888 | 15,776 | 348 | 2.3% |
| Total | 9,773 | 20,924 | 11,138 | 11,139 | 11,119 | 22,258 | -9,804 | -30.6% |

| | | | | | | | | |
|----------------------------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|---------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| State Government Special Revenue | 501 | 2 | 1 | 1 | 1 | 2 | -1 | -33.3% |
| Gift | 30 | 12 | 16 | 50 | 30 | 80 | 52 | 185.7% |
| Subtotal Dedicated | 531 | 14 | 17 | 51 | 31 | 82 | 51 | 164.5% |
| Total Revenue | 531 | 14 | 17 | 51 | 31 | 82 | 51 | 164.5% |

0.0%

ADMINISTRATION DEPT

Program: FISCAL AGENT

Activity: MISC GRANTS/STUDIES/OTHER

Narrative

Activity Description

This activity has been established to administer certain grants and other monies the agency receives through legislative appropriations.

Population Served

Various grant recipients are served based on specific legislative intent.

Services Provided

Each of the activities within this activity are established and operated under specific state legislation. Emphasis is placed on fulfilling the intent of the specific legislation, which varies considerably with each activity. Processes are established and maintained to process financial transactions, track information, and report in various formats the information required and desired by various audiences. Contracts and agreements are an integral function of this activity. Administration (Admin) receives no operating funds for the administration of these grants and studies.

Activity at a Glance

- ◆ The Minnesota State Band has 65 volunteer members, who conduct about 10 performances annually.
- ◆ Two current LCMR Project grants.
- ◆ Eleven Construction Grants to Political Sub-Divisions currently in process.

Minnesota State Band

The Minnesota State Band is a volunteer band performing events free and open to the public. The band has received state funding in the form of grants or appropriations since its founding in 1898. Since 1979, this grant has been contained in the budget of Admin. The current annual \$2,000 General Fund grant has accounted for approximately 41% of the band's operating budget over the past three years. These funds are used for travel, postage, music, and other operational costs of the band.

LCMR Project Grants

Based on M.S. 4.071, "Oil overcharge money" received by the state as a result of litigation or settlements of alleged violations of federal petroleum pricing regulations, is used for projects recommended by the Legislative Commission on Minnesota Resources (LCMR), and appropriated by the legislature. Admin has been administering grants through this program since 1988. Current projects include: Improving Air Quality by Using Biodiesel Generators/University of Minnesota (\$90,000), and Accelerated Technology Transfer for Starch-Based Plastics/University of Minnesota (\$90,000).

Construction Grants to Political Sub-Divisions

The legislature appropriates state funding to Admin for grants to local governments for a variety of capital projects. Funding may be approved through the state bonding bill or other state appropriation bills, in the form of bond proceeds or General Fund appropriations. Capital projects are subject to requirements of the Minnesota Constitution, state statutes, language contained in the appropriation bill, and state accounting policies. Recent construction grants include: Children's Museum Rooftop Perspectives/City of St. Paul (\$500,000); Mash-Ka-Wisen Treatment Center/Minnesota Indian Primary Residential Treatment Center (\$300,000); Gillette Children's Hospital/Ramsey County (\$7,000,000); and Bayport Storm Sewer/City of Bayport (\$2,680,000).

Governors Residence Council Gift Fund

Based on M.S. 16B.27, the council develops an overall restoration plan for the governor's residence and surrounding grounds and approves alterations in the existing structure. The council may solicit and accept donated money to maintain and improve the quality of furnishings for the public areas of the building. The Governor's Residence Council was established in 1980. Over the past two years, \$40,000 has been donated to the council, and expenditures have included piano restoration, furniture, interior furnishings, and artwork.

Activity Funding

This activity is funded through a mix of state, gift, oil overcharge, and bonded funds.

Contact

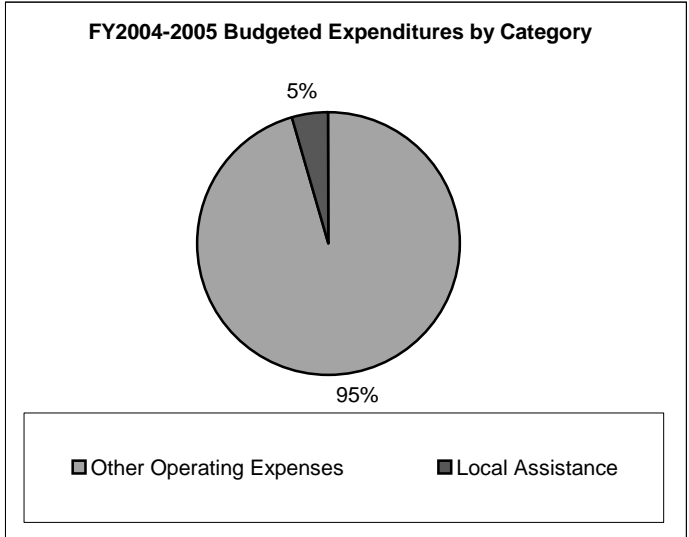
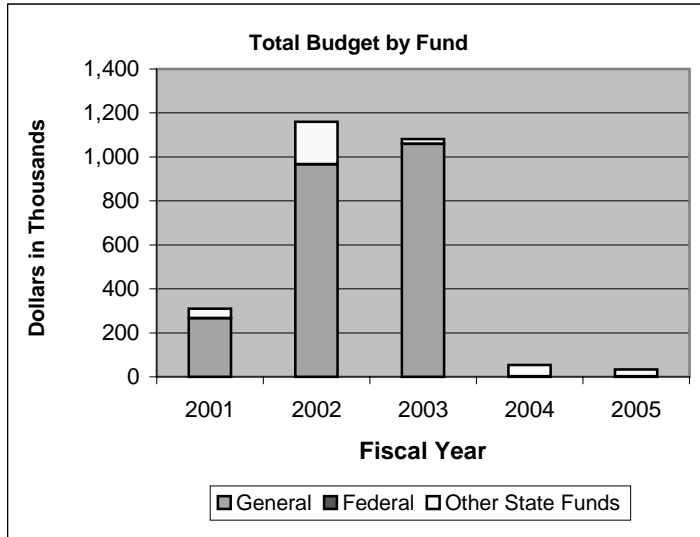
Larry Freund, Financial Management Director, (651) 296-5857, Larry.Freund@state.mn.us

ADMINISTRATION DEPT

Program: **FISCAL AGENT**

Activity: MISC GRANTS/STUDIES/OTHER

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|----------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------|--------------------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 | Dollars Percent |
| Direct Appropriations | | | | | | | | |
| General | 266 | 967 | 1,059 | 2 | 2 | 4 | -2,022 | -99.8% |
| Statutory Appropriations | | | | | | | | |
| State Government Special Revenue | 0 | 180 | 0 | 0 | 0 | 0 | -180 | -100.0% |
| Gift | 44 | 13 | 22 | 52 | 32 | 84 | 49 | 140.0% |
| Total | 310 | 1,160 | 1,081 | 54 | 34 | 88 | -2,153 | -96.1% |

| | | | | | | | | |
|---------------------------------|------------|--------------|--------------|-----------|-----------|-----------|---------------|---------------|
| Expenditures by Category | | | | | | | | |
| Other Operating Expenses | 48 | 209 | 22 | 52 | 32 | 84 | -147 | -63.6% |
| Local Assistance | 262 | 951 | 1,059 | 2 | 2 | 4 | -2,006 | -99.8% |
| Total | 310 | 1,160 | 1,081 | 54 | 34 | 88 | -2,153 | -96.1% |

| | | | | | | | | |
|----------------------------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|---------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| State Government Special Revenue | 501 | 2 | 1 | 1 | 1 | 2 | -1 | -33.3% |
| Gift | 30 | 12 | 16 | 50 | 30 | 80 | 52 | 185.7% |
| Subtotal Dedicated | 531 | 14 | 17 | 51 | 31 | 82 | 51 | 164.5% |
| Total Revenue | 531 | 14 | 17 | 51 | 31 | 82 | 51 | 164.5% |

ADMINISTRATION DEPT

Program: FISCAL AGENT

Activity: PUBLIC BROADCASTING

Narrative

Activity Description

Public broadcasting is the grant administration program carried out for the legislature under specific appropriation language and M.S.129D.11-16. The program oversees this grant authority, disbursing funds in accordance with legislative appropriations and direction, and ensures compliance with all statutory requirements and criteria.

Population Served

Television viewers and radio listeners throughout Minnesota are served by this activity.

Services Provided

Public Television

State funds are used by six recipient stations to sustain their ability to serve as a major community resource providing educational, cultural, economic development, public affairs, and children's programming to the public, governmental agencies, nonprofit organizations, business corporations, and educational facilities. State grants are made in a direct and matching basis, consistent with the criteria established in M.S. 129D.11-16. Public Television signals cover approximately 98% of the state. State grants provide between three, and 21% of the individual stations operating budget.

The legislature appropriated \$7,800,000 in FY 2002 from the General Fund for grants to noncommercial television stations to assist with conversion to a digital broadcast signal as mandated by the federal government.

Public Radio

State funds are used to support 12 public radio (AMPERS) stations that serve Minnesota residents through radio programming that is noncommercial, cultural, informational, ethnic, and educational in nature. It is programming designed to appeal to audiences not generally served by commercial broadcasters. Operational and equipment grants are made pursuant to criteria listed in M.S. 192D.11-16. The AMPERS stations cover approximately 95% of the population, and 80% of the geography of the state. State grants provide between two and 60% of the individual stations' total annual budget.

State funds are appropriated for an equipment grant to Minnesota Public Radio (MPR), a network of 31 stations providing local, regional, national, and international news and information programming, and classical music programming to listeners throughout the state and region. These state funds represent approximately 12% of MPR's FY 2002-03 capital budget.

Twin Cities Regional Cable Channel

State funds are used to provide grant-in-aid to Twin Cities Regional Cable Channel, Inc., a nonprofit organization operating the Metro Cable Network. These state funds provide for approximately 5% of the Metro Cable Network operating budget. The network appears on Channel 6 on all metropolitan area cable systems presenting a wide range of programs about issues and activities of regional interest and significance as mandated by state statutes and designated by the Minnesota Cable Communications Board in 1985.

Legislative Television

An additional appropriation is included in Public Broadcasting for Legislative Television. Funding is in the form of a grant for public information television transmissions of legislative activities. Senate Media Services and House Television programming raises public awareness of state issues, legislative activities, and state capitol events. Programming consists of live and taped coverage of senate and house floor sessions, select committee hearings, issue-oriented press conferences, public affairs programming, short documentaries, and civic-education programs. For the 2002 – 2003 legislative sessions, up to 3,298 hours of programming will be broadcast through two separate agreements. The legislature oversees this grant.

Activity at a Glance

- ◆ 1,032,000 people per week view programming of the Minnesota Public Television Association.
- ◆ 396,300 people listen one or more times per week to AMPERS radio stations.
- ◆ 706,000 people listen weekly to the radio programming broadcast by MPR stations.
- ◆ 600,000 cabled households in the seven-county metro area.
- ◆ Twin Cities legislative programming viewership between 3,000–4,000 daily, with peaks as high as 15,000.

ADMINISTRATION DEPT

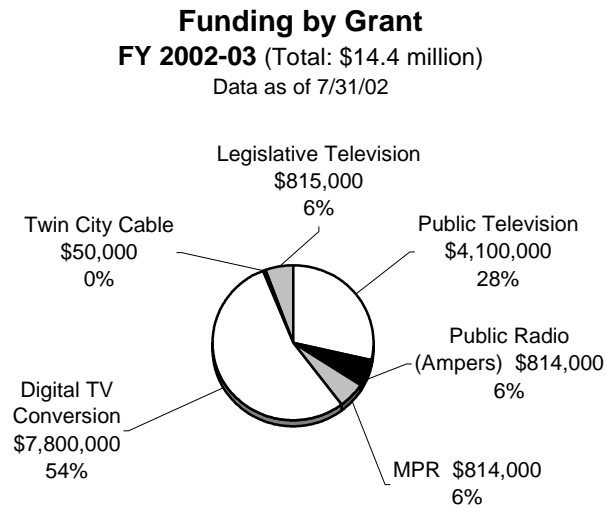
Program: FISCAL AGENT

Activity: PUBLIC BROADCASTING

Narrative

Activity Funding

This activity is funded through a General Fund appropriation.



Contact

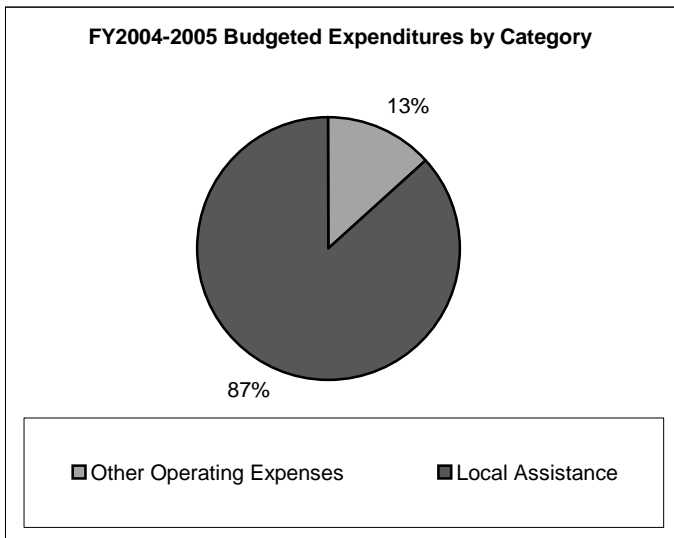
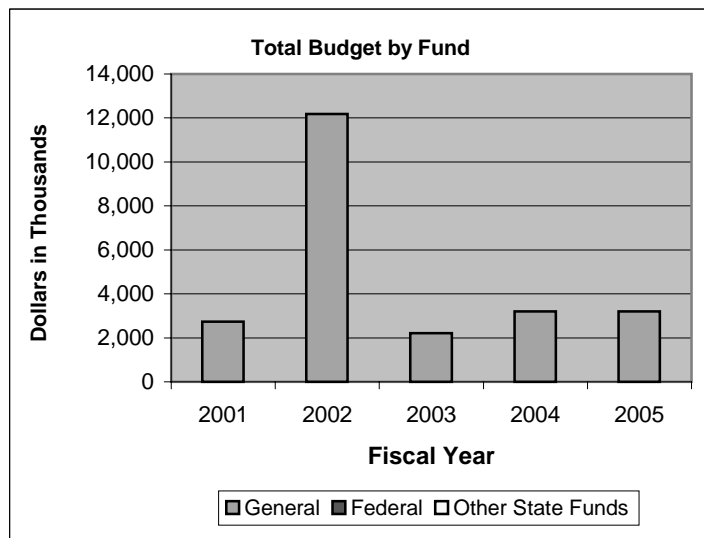
Larry Freund, Financial Management Director, (651) 296-5857, Larry.Freund@state.mn.us
<http://www.admin.state.mn.us/>

ADMINISTRATION DEPT

Program: **FISCAL AGENT**

Activity: PUBLIC BROADCASTING

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|---------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 2,735 | 12,180 | 2,213 | 3,197 | 3,197 | 6,394 | -7,999 | -55.6% |
| Total | 2,735 | 12,180 | 2,213 | 3,197 | 3,197 | 6,394 | -7,999 | -55.6% |
| Expenditures by Category | | | | | | | | |
| Other Operating Expenses | 501 | 397 | 418 | 423 | 423 | 846 | 31 | 3.8% |
| Local Assistance | 2,234 | 11,783 | 1,795 | 2,774 | 2,774 | 5,548 | -8,030 | -59.1% |
| Total | 2,735 | 12,180 | 2,213 | 3,197 | 3,197 | 6,394 | -7,999 | -55.6% |

ADMINISTRATION DEPT

Program: FISCAL AGENT

Activity: IN LIEU OF RENT

Narrative

Activity Description

This activity serves as a pass-through account for legislative General Fund appropriations for areas that do not enter into a lease agreement with Plant Management:

- ◆ Ceremonial Space – includes space in the Capitol Building such as the Rotunda, the Governor's Residence, the ceremonial grounds, and monuments/memorials in the Capitol area;
- ◆ Services for the Blind – space occupied by blind vending operators in the buildings (seven sites) under Plant Management Division's custodial control (M.S. 248.07, subd. 7); and
- ◆ Rent Waived – space occupied in the Capitol, State Office Building, and Veterans Services Building by the House of Representatives, Senate, Revisor of Statutes, Legislative Reference Library, and congressionally chartered veterans' organizations (M.S. 197.55 to 197.58).

Activity at a Glance

- ◆ 350,728 square feet of space maintained.
- ◆ 18 monuments and memorials maintained.

Population Served

Services and support are provided to the legislature and constituents, Services for the Blind vending operators, congressionally chartered veterans' organizations, and visitors.

Services Provided

Services provided include janitorial, maintenance, repair, trades, engineering, grounds, and utilities for the buildings and grounds mentioned above. The following is the breakdown of space (350,728 total square feet) serviced under this activity:

- ◆ Ceremonial Space – 34,060 square feet
- ◆ Services for the Blind – 9,297 square feet
- ◆ Rent Waived – 307,371 square feet

Activity Funding

This activity is funded through a General fund appropriation.

Contact

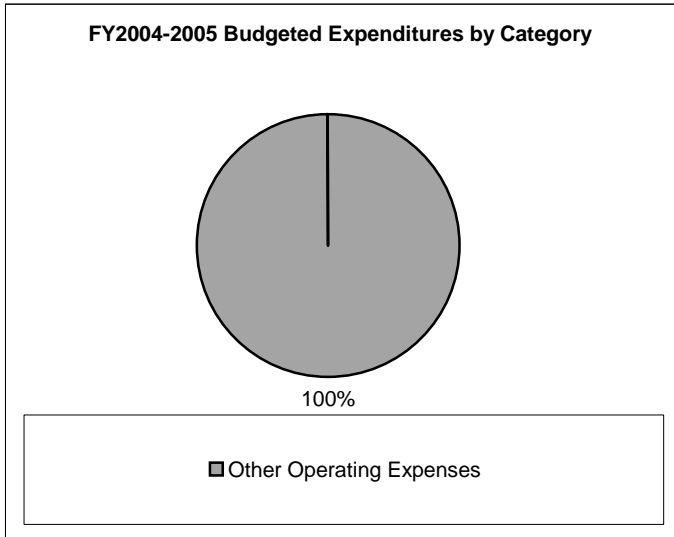
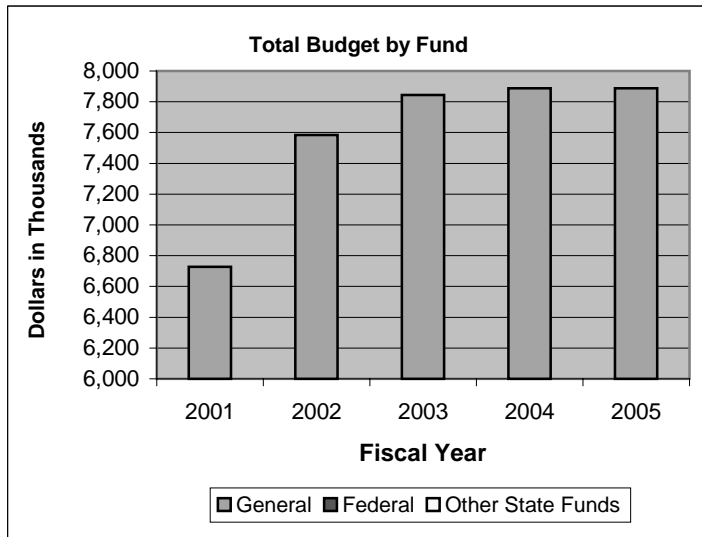
Lenora Madigan, Director, (651) 296-9898, Lenora.madigan@state.mn.us
<http://www.admin.state.mn.us/divisions.html>

ADMINISTRATION DEPT

Program: **FISCAL AGENT**

Activity: IN LIEU OF RENT

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 6,728 | 7,584 | 7,844 | 7,888 | 7,888 | 15,776 | 348 | 2.3% |
| Total | 6,728 | 7,584 | 7,844 | 7,888 | 7,888 | 15,776 | 348 | 2.3% |
| Expenditures by Category | | | | | | | | |
| Other Operating Expenses | 6,728 | 7,584 | 7,844 | 7,888 | 7,888 | 15,776 | 348 | 2.3% |
| Total | 6,728 | 7,584 | 7,844 | 7,888 | 7,888 | 15,776 | 348 | 2.3% |

ADMINISTRATION DEPT

Program: OPERATIONS MANAGEMENT BUREAU

Activity: RISK MANAGEMENT

Internal Service Fund

Financial Statement

Dollars in Thousands

| Budget Activity Summary | OPERATIONS DATA | | | | |
|-----------------------------------|-------------------|-------------------|----------------------|----------------------|----------------------|
| | ACTUAL FY 2001 | ACTUAL FY 2002 | PROJECTED FY 2003 | PROJECTED FY 2004 | PROJECTED FY 2005 |
| OPERATING REVENUES: | | | | | |
| NET SALES | 7,745.0 | 8,462.6 | 10,512.3 | 11,563.5 | 12,720.0 |
| LESS: COST OF SALES | | | | | |
| GROSS PROFIT ON SALES | 7,745.0 | 8,462.6 | 10,512.3 | 11,563.5 | 12,720.0 |
| OTHER REVENUE | | | | | |
| NET REVENUES | 7,745.0 | 8,462.6 | 10,512.3 | 11,563.5 | 12,720.0 |
| LESS: OPERATING EXPENSES: | | | | | |
| CLAIMS | 4,017.4 | 4,388.1 | 6,340.9 | 6,250.0 | 6,562.5 |
| SALARIES | 554.6 | 597.2 | 731.9 | 768.5 | 806.9 |
| SUPPLIES & EXPENSES | 2,017.5 | 2,739.6 | 3,741.8 | 4,200.0 | 4,300.0 |
| INDIRECT COSTS | 53.4 | 80.0 | 82.0 | 85.0 | 90.0 |
| AMORTIZATION & DEPRECIATION | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| TOTAL OPERATING EXPENSES | 6,642.9 | 7,804.9 | 10,896.6 | 11,303.5 | 11,759.4 |
| OPERATING INCOME (LOSS) | 1,102.1 | 657.7 | (384.3) | 260.0 | 960.6 |
| NON-OPERATING REVENUES (EXPENSES) | (380.4) | (713.5) | 536.5 | 500.0 | (250.0) |
| NET INCOME (LOSS) | 721.7 | (55.8) | 152.2 | 760.0 | 710.6 |
| BEGINNING RETAINED EARNINGS | 5,002.6 | 5,726.3 | 5,670.5 | 5,822.7 | 6,582.7 |
| PRIOR PERIOD ADJUSTMENT | 2.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| ENDING RETAINED EARNINGS | 5,726.3 | 5,670.5 | 5,822.7 | 6,582.7 | 7,293.3 |
| RATE INCREASE/(DECREASE): | 12.21% | 1.46% | 27.10% | 3.00% | 3.00% |
| FTE | 7.9 | 8.0 | 9.6 | 10.0 | 10.0 |

Expenditure Reconciliation to BBS

| | | |
|---|---------|---------|
| Operating Expenses | 11303.5 | 11759.4 |
| Less amortization & depreciation (non-cash) | 0.0 | 0.0 |
| Plus dividend expense paid in same FY as declared | 0.0 | 899.0 |
| Total cash payments | 11303.5 | 12658.4 |

BBS Amounts - Financing by Fund

| | | |
|-----------------|----------|----------|
| Risk Management | 11,303.0 | 12,658.0 |
|-----------------|----------|----------|

Receipt Reconciliation to BBS

| | | |
|---|----------|----------|
| Net Revenues | 11,563.5 | 12,720.0 |
| Interest Income from Non-operating revenue/expenses | 500.0 | 649.0 |
| Total cash receipts | 12,063.5 | 13,369.0 |

BBS Amounts - Revenue Collected

| | | |
|-----------------|----------|----------|
| Risk Management | 12,064.0 | 13,369.0 |
|-----------------|----------|----------|

ADMINISTRATION DEPT**Program: OPERATIONS MANAGEMENT BUREAU****Activity: RISK MANAGEMENT**

Internal Service Fund

Financial Statement

| | FINANCIAL DATA | | |
|--|-----------------------|-------------------|----------------------|
| | ACTUAL FY 2001 | ACTUAL FY 2002 | ESTIMATED FY 2003 |
| ASSETS: | | | |
| CURRENT ASSETS: | | | |
| CASH | 12,330.1 | 16,105.4 | 14,105.0 |
| OTHER CURRENT ASSETS | 2,994.0 | 12,856.8 | 5,257.2 |
| TOTAL CURRENT ASSETS | 15,324.1 | 28,962.2 | 19,362.2 |
| NON-CURRENT ASSETS: | 0.0 | 0.0 | 0.0 |
| TOTAL ASSETS | 15,324.1 | 28,962.2 | 19,362.2 |
| LIABILITIES & FUND EQUITY: | | | |
| LIABILITIES: | | | |
| CURRENT LIABILITIES: | | | |
| DUE GENERAL FUND - CURRENT | 0.0 | 0.0 | 0.0 |
| MASTER LEASE - CURRENT | 0.0 | 0.0 | 0.0 |
| OTHER CURRENT LIABILITIES | 9,572.9 | 23,258.9 | 13,504.1 |
| TOTAL CURRENT LIABILITIES | 9,572.9 | 23,258.9 | 13,504.1 |
| NON-CURRENT LIABILITIES: | | | |
| DUE GENERAL FUND - NON-CURRENT | 0.0 | 0.0 | 0.0 |
| MASTER LEASE - NON-CURRENT | 0.0 | 0.0 | 0.0 |
| OTHER NON-CURRENT LIABILITIES | 24.9 | 32.8 | 35.4 |
| TOTAL NON-CURRENT LIABILITIES | 24.9 | 32.8 | 35.4 |
| TOTAL LIABILITIES | 9,597.8 | 23,291.7 | 13,539.5 |
| FUND EQUITY: | | | |
| CONTRIBUTED CAPITAL-GENERAL FUND | 0.0 | 0.0 | 0.0 |
| RETAINED EARNINGS | 5,726.3 | 5,670.5 | 5,822.7 |
| TOTAL FUND EQUITY | 5,726.3 | 5,670.5 | 5,822.7 |
| TOTAL LIABILITIES & FUND EQUITY | 15,324.1 | 28,962.2 | 19,362.2 |

ADMINISTRATION DEPT

Program: **OPERATIONS MANAGEMENT BUREAU**

Activity: Cooperative Purchasing

Internal Service Fund

Financial Statement

Dollars in Thousands

OPERATIONS DATA

| | ACTUAL FY 2001 | ACTUAL FY 2002 | ESTIMATED FY 2003 | PROJECTED FY 2004 | PROJECTED FY 2005 |
|-----------------------------------|-------------------|-------------------|----------------------|----------------------|----------------------|
| OPERATING REVENUES: | | | | | |
| NET SALES | 4,316.3 | 3,181.6 | 3,757.0 | 4,244.9 | 4,342.1 |
| LESS: COST OF SALES | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| GROSS PROFIT ON SALES | 4,316.3 | 3,181.6 | 3,757.0 | 4,244.9 | 4,342.1 |
| OTHER REVENUE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| NET REVENUES | 4,316.3 | 3,181.6 | 3,757.0 | 4,244.9 | 4,342.1 |
| LESS: OPERATING EXPENSES: | | | | | |
| SALARIES | 701.4 | 852.4 | 1,022.0 | 1,085.0 | 1,275.0 |
| SUPPLIES & EXPENSES | 488.7 | 481.6 | 566.4 | 550.0 | 575.0 |
| INDIRECT COSTS | 32.3 | 41.2 | 29.7 | 32.0 | 33.0 |
| AMORTIZATION & DEPRECIATION | 2.1 | 4.2 | 1.0 | 3.0 | 3.0 |
| TOTAL OPERATING EXPENSES | 1,224.4 | 1,379.3 | 1,619.1 | 1,670.0 | 1,886.0 |
| OPERATING INCOME (LOSS) | 3,091.9 | 1,802.3 | 2,137.9 | 2,574.9 | 2,456.1 |
| NON-OPERATING REVENUES (EXPENSES) | (3,069.2) | (3,108.1) | (2,185.0) | (2,400.0) | (2,500.0) |
| NET INCOME (LOSS) | 22.7 | (1,305.8) | (47.1) | 174.9 | (43.9) |
| BEGINNING RETAINED EARNINGS | 1,861.5 | 1,917.4 | 611.1 | 564.0 | 738.8 |
| PRIOR PERIOD ADJUSTMENT | 33.3 | (0.6) | 0.0 | 0.0 | 0.0 |
| ENDING RETAINED EARNINGS | 1,917.4 | 611.1 | 564.0 | 738.8 | 694.9 |
| RATE INCREASE/(DECREASE): | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| FTE | 10.7 | 11.6 | 14.1 | 14.1 | 14.1 |

Expenditure Reconciliation to BBS

| | | |
|---|----------------|----------------|
| Operating Expenses | 1,670.0 | 1,886.0 |
| Less amortization & depreciation (non cash) | (3.0) | (3.0) |
| Plus cash payment of previous year's rebate in Non-operating revenues/expense | 2,185.0 | 2,400.0 |
| Total cash payments | <u>3,852.0</u> | <u>4,283.0</u> |
| BBS Amounts - Financing by Fund | | |
| Materials Distribution (Portion of amount of fiscal page is for Surplus) | <u>3,852</u> | <u>4,283</u> |

Receipt Reconciliation to BBS

| | | |
|--|----------------|----------------|
| Net Sales | 4,244.9 | 4,342.1 |
| Total cash receipts | <u>4,244.9</u> | <u>4,342.1</u> |
| BBS Amounts - Revenue Collected | | |
| Materials Distribution (Portion of amount on fiscal page is for Surplus) | <u>4,245</u> | <u>4,342</u> |

ADMINISTRATION DEPT**Program: OPERATIONS MANAGEMENT BUREAU****Activity: Cooperative Purchasing**

Internal Service Fund

Financial Statement

| FINANCIAL DATA | | | |
|--|---------------------------|---------------------------|------------------------------|
| | ACTUAL FY 2001 | ACTUAL FY 2002 | ESTIMATED FY 2001 |
| ASSETS: | | | |
| CURRENT ASSETS: | | | |
| CASH | 3,256.7 | 3,310.1 | 3,283.2 |
| OTHER CURRENT ASSETS | 1,973.9 | 729.0 | 765.5 |
| TOTAL CURRENT ASSETS | 5,230.5 | 4,039.2 | 4,048.7 |
| NON-CURRENT ASSETS: | 12.5 | 7.8 | 7.0 |
| TOTAL ASSETS | 5,243.0 | 4,047.0 | 4,055.7 |
| LIABILITIES & FUND EQUITY: | | | |
| LIABILITIES: | | | |
| CURRENT LIABILITIES: | | | |
| DUE GENERAL FUND - CURRENT | 0.0 | 0.0 | 0.0 |
| MASTER LEASE- CURRENT | 0.0 | 0.0 | 0.0 |
| OTHER CURRENT LIABILITIES | 3,303.2 | 3,391.9 | 3,445.7 |
| TOTAL CURRENT LIABILITIES | 3,303.2 | 3,391.9 | 3,445.7 |
| NON-CURRENT LIABILITIES: | | | |
| DUE GENERAL FUND - NON-CURRENT | 0.0 | 0.0 | 0.0 |
| MASTER LEASE - NON-CURRENT | 0.0 | 0.0 | 0.0 |
| OTHER NON-CURRENT LIABILITIES | 22.4 | 44.0 | 46.0 |
| TOTAL NON-CURRENT LIABILITIES | 22.4 | 44.0 | 46.0 |
| TOTAL LIABILITIES | 3,325.6 | 3,435.9 | 3,491.7 |
| FUND EQUITY: | | | |
| CONTRIBUTED CAPITAL-GENERAL FUND | 0.0 | 0.0 | 0.0 |
| RETAINED EARNINGS | 1,917.4 | 611.1 | 564.0 |
| TOTAL FUND EQUITY | 1,917.4 | 611.1 | 564.0 |
| TOTAL LIABILITIES & FUND EQUITY | 5,243.0 | 4,047.0 | 4,055.7 |

ADMINISTRATION DEPT**Program: OPERATIONS MANAGEMENT BUREAU**

Activity: Surplus Operations

Internal Service Fund

Financial Statement

*Dollars in Thousands***OPERATIONS DATA**

| | ACTUAL FY 2001 | ACTUAL FY 2002 | ESTIMATED FY 2003 | PROJECTED FY 2004 | PROJECTED FY 2005 |
|-----------------------------------|-------------------|-------------------|----------------------|----------------------|----------------------|
| OPERATING REVENUES: | | | | | |
| NET SALES | 1,123.8 | 1,188.5 | 1,154.7 | 1,175.0 | 1,200.0 |
| LESS: COST OF SALES | 370.1 | 303.6 | 306.0 | 350.0 | 365.0 |
| GROSS PROFIT ON SALES | 753.7 | 884.9 | 848.7 | 825.0 | 835.0 |
| OTHER REVENUE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| NET REVENUES | 753.7 | 884.9 | 848.7 | 825.0 | 835.0 |
| LESS: OPERATING EXPENSES: | | | | | |
| SALARIES | 434.7 | 380.6 | 379.0 | 404.0 | 423.1 |
| SUPPLIES & EXPENSES | 276.4 | 275.8 | 333.0 | 343.0 | 367.1 |
| INDIRECT COSTS | 23.7 | 19.2 | 19.5 | 20.1 | 20.7 |
| AMORTIZATION & DEPRECIATION | 20.1 | 20.1 | 19.7 | 15.9 | 17.9 |
| TOTAL OPERATING EXPENSES | 754.8 | 695.7 | 751.2 | 783.0 | 828.8 |
| OPERATING INCOME (LOSS) | (1.1) | 189.2 | 97.5 | 42.0 | 6.2 |
| NON-OPERATING REVENUES (EXPENSES) | 0.4 | (1.2) | 0.0 | 0.0 | 0.0 |
| NET INCOME (LOSS) | (0.7) | 188.0 | 97.5 | 42.0 | 6.2 |
| BEGINNING RETAINED EARNINGS | 260.4 | 259.7 | 396.5 | 494.0 | 536.0 |
| PRIOR PERIOD ADJUSTMENT | 0.0 | (51.2) | 0.0 | 0.0 | 0.0 |
| ENDING RETAINED EARNINGS | 259.7 | 396.5 | 494.0 | 536.0 | 542.2 |
| RATE INCREASE/(DECREASE): | 6.37% | 0.00% | 0.00% | 3.00% | 3.00% |
| FTE | 7.5 | 7.2 | 6.3 | 6.66 | 6.66 |

Expenditure Reconciliation to BBS

| | | |
|--|----------------|----------------|
| Operating Expenses | 783.0 | 828.8 |
| Less amortization & depreciation (non cash) | (15.9) | (17.9) |
| Plus Interest expenses from Non-operating revenue/expenses | 0.0 | 0.0 |
| Plus purchase of items for resale (cost of goods sold) | 350.0 | 365.0 |
| Total cash payments | <u>1,117.1</u> | <u>1,175.9</u> |

BBS Amounts - Financing by Fund

Materials Distribution (Portion of amount on fiscal page is for Coop)

1,117 1,176**Receipt Reconciliation to BBS**

| | | |
|-----------|----------------|----------------|
| Net Sales | <u>1,175.0</u> | <u>1,200.0</u> |
|-----------|----------------|----------------|

BBS Amounts - Revenue Collected

Materials Distribution (Portion of amount on fiscal page is for Coop)

1,175 1,200

NOTE: Rates are charged on warehousing of other agencies materials which represent only 8% of total Sales.

ADMINISTRATION DEPT**Program: OPERATIONS MANAGEMENT BUREAU****Activity: Surplus Operations**

Internal Service Fund

Financial Statement

| FINANCIAL DATA | | | |
|--|-------------------|-------------------|----------------------|
| | ACTUAL FY 2001 | ACTUAL FY 2002 | ESTIMATED FY 2003 |
| ASSETS: | | | |
| CURRENT ASSETS: | | | |
| CASH | 446.1 | 494.9 | 610.1 |
| OTHER CURRENT ASSETS | 95.9 | 150.7 | 150.0 |
| TOTAL CURRENT ASSETS | 542.0 | 645.6 | 760.1 |
| NON-CURRENT ASSETS: | 125.1 | 107.0 | 95.1 |
| TOTAL ASSETS | 667.1 | 752.6 | 855.2 |
| LIABILITIES & FUND EQUITY: | | | |
| LIABILITIES: | | | |
| CURRENT LIABILITIES: | | | |
| DUE GENERAL FUND - CURRENT | 0.0 | 0.0 | 0.0 |
| MASTER LEASE- CURRENT | 0.0 | 0.0 | 0.0 |
| OTHER CURRENT LIABILITIES | 96.8 | 47.8 | 49.0 |
| TOTAL CURRENT LIABILITIES | 96.8 | 47.8 | 49.0 |
| NON-CURRENT LIABILITIES: | | | |
| DUE GENERAL FUND - NON-CURRENT | 0.0 | 0.0 | 0.0 |
| MASTER LEASE - NON-CURRENT | 0.0 | 0.0 | 0.0 |
| OTHER NON-CURRENT LIABILITIES | 36.4 | 34.1 | 38.0 |
| TOTAL NON-CURRENT LIABILITIES | 36.4 | 34.1 | 38.0 |
| TOTAL LIABILITIES | 133.2 | 81.9 | 87.0 |
| FUND EQUITY: | | | |
| CONTRIBUTED CAPITAL-GENERAL FUND | 274.2 | 274.2 | 274.2 |
| RETAINED EARNINGS | 259.7 | 396.5 | 494.0 |
| TOTAL FUND EQUITY | 533.9 | 670.7 | 768.2 |
| TOTAL LIABILITIES & FUND EQUITY | 667.1 | 752.6 | 855.2 |

ADMINISTRATION DEPT

Program: OPERATIONS MANAGEMENT BUREAU

Activity: Central Stores

Internal Service Fund

Financial Statement

Dollars in Thousands

OPERATIONS DATA

| | ACTUAL FY 2001 | ACTUAL FY 2002 | ESTIMATED FY 2003 | PROJECTED FY 2004 | PROJECTED FY 2005 |
|-----------------------------------|-------------------|-------------------|----------------------|----------------------|----------------------|
| OPERATING REVENUES: | | | | | |
| NET SALES | 8,458.7 | 7,677.6 | 7,902.1 | 7,902.1 | 7,902.1 |
| LESS: COST OF SALES | 6,739.9 | 6,132.2 | 6,282.6 | 6,282.6 | 6,282.6 |
| GROSS PROFIT ON SALES | 1,718.8 | 1,545.4 | 1,619.5 | 1,619.5 | 1,619.5 |
| OTHER REVENUE | 0.0 | 0.0 | 0.0 | | |
| NET REVENUES | 1,718.8 | 1,545.4 | 1,619.5 | 1,619.5 | 1,619.5 |
| LESS: OPERATING EXPENSES: | | | | | |
| SALARIES | 629.6 | 672.2 | 692.8 | 740.0 | 782.2 |
| SUPPLIES & EXPENSES | 703.4 | 636.5 | 662.9 | 662.9 | 662.9 |
| INDIRECT COSTS | 223.0 | 205.7 | 210.9 | 210.9 | 210.9 |
| AMORTIZATION & DEPRECIATION | 5.3 | 0.7 | 6.6 | 6.6 | 6.6 |
| TOTAL OPERATING EXPENSES | 1,561.3 | 1,515.1 | 1,573.2 | 1,620.4 | 1,662.6 |
| OPERATING INCOME (LOSS) | 157.5 | 30.3 | 46.3 | (0.9) | (43.1) |
| NON-OPERATING REVENUES (EXPENSES) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| NET INCOME (LOSS) | 157.5 | 30.3 | 46.3 | (0.9) | (43.1) |
| BEGINNING RETAINED EARNINGS | 702.1 | 859.6 | 889.9 | 936.2 | 935.3 |
| PRIOR PERIOD ADJUSTMENT | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| ENDING RETAINED EARNINGS | 859.6 | 889.9 | 936.2 | 935.3 | 892.2 |
| RATE INCREASE/(DECREASE): | 0.00% | 0.00 | 0.00% | 0.00% | 0.00% |
| FTE | 12.6 | 12.4 | 12.7 | 12.65 | 12.65 |

Expenditure Reconciliation to BBS

| | | |
|--|---------|---------|
| Operating Expenses | 1,620.4 | 1,662.6 |
| Less amortization & depreciation (non cash) | (6.6) | (6.6) |
| Plus Interest expenses from Non-operating revenue/expenses | 0.0 | 0.0 |
| Plus purchase of items for resale (cost of goods sold) | 6,282.6 | 6,282.6 |
| Total cash payments | 7,896.4 | 7,938.6 |
| BBS Amounts - Financing by Fund | | |
| MMD Central Stores | 7,897 | 7,939 |

Receipt Reconciliation to BBS

| | | |
|---------------------------------|---------|---------|
| Net Sales | 7,902.1 | 7,902.1 |
| BBS Amounts - Revenue Collected | | |
| MMD Central Stores | 7,902 | 7,902 |

ADMINISTRATION DEPT**Program: OPERATIONS MANAGEMENT BUREAU****Activity: Central Stores**

Internal Service Fund

Financial Statement

FINANCIAL DATA

| | ACTUAL FY 2001 | ACTUAL FY 2002 | ESTIMATED FY 2003 |
|--|-------------------|-------------------|----------------------|
| ASSETS: | | | |
| CURRENT ASSETS: | | | |
| CASH | 440.2 | 754.6 | 792.2 |
| OTHER CURRENT ASSETS | 1,569.3 | 1,277.7 | 1,316.0 |
| TOTAL CURRENT ASSETS | 2,009.5 | 2,032.3 | 2,108.2 |
| NON-CURRENT ASSETS: | 0.3 | 6.6 | 6.6 |
| TOTAL ASSETS | 2,009.8 | 2,038.9 | 2,114.8 |
| LIABILITIES & FUND EQUITY: | | | |
| LIABILITIES: | | | |
| CURRENT LIABILITIES: | | | |
| DUE GENERAL FUND - CURRENT | 0.0 | 0.0 | 0.0 |
| MASTER LEASE- CURRENT | 0.0 | 0.0 | 0.0 |
| OTHER CURRENT LIABILITIES | 406.7 | 396.1 | 423.8 |
| TOTAL CURRENT LIABILITIES | 406.7 | 396.1 | 423.8 |
| NON-CURRENT LIABILITIES: | | | |
| DUE GENERAL FUND - NON-CURRENT | 0.0 | 0.0 | 0.0 |
| MASTER LEASE - NON-CURRENT | 0.0 | 0.0 | 0.0 |
| OTHER NON-CURRENT LIABILITIES | 52.6 | 61.9 | 63.8 |
| TOTAL NON-CURRENT LIABILITIES | 52.6 | 61.9 | 63.8 |
| TOTAL LIABILITIES | 459.3 | 458.0 | 487.6 |
| FUND EQUITY: | | | |
| CONTRIBUTED CAPITAL-GENERAL FUND | 691.0 | 691.0 | 691.0 |
| RETAINED EARNINGS | 859.5 | 889.9 | 936.2 |
| TOTAL FUND EQUITY | 1,550.5 | 1,580.9 | 1,627.2 |
| TOTAL LIABILITIES & FUND EQUITY | 2,009.8 | 2,038.9 | 2,114.8 |

ADMINISTRATION DEPT

Program: OPERATIONS MANAGEMENT BUREAU

Activity: Travel Management

Internal Service Fund

Financial Statement

Dollars in Thousands

| Budget Activity Summary | OPERATIONS DATA | | | | |
|-----------------------------------|-------------------|-------------------|----------------------|----------------------|----------------------|
| | ACTUAL FY 2001 | ACTUAL FY 2002 | ESTIMATED FY 2003 | PROJECTED FY 2004 | PROJECTED FY 2005 |
| OPERATING REVENUES: | | | | | |
| NET SALES | 10,396.4 | 11,759.6 | 12,268.0 | 13,050.5 | 13,883.4 |
| LESS: COST OF SALES | | | | | |
| GROSS PROFIT ON SALES | 10,396.4 | 11,759.6 | 12,268.0 | 13,050.5 | 13,883.4 |
| OTHER REVENUE | | | | | |
| NET REVENUES | 10,396.4 | 11,759.6 | 12,268.0 | 13,050.5 | 13,883.4 |
| LESS: OPERATING EXPENSES: | | | | | |
| SALARIES | 1,084.2 | 998.5 | 906.0 | 1,020.0 | 1,075.0 |
| SUPPLIES & EXPENSES | 4,570.0 | 4,454.8 | 4,735.1 | 4,900.9 | 5,072.4 |
| INDIRECT COSTS | 373.8 | 308.2 | 315.9 | 326.9 | 338.4 |
| AMORTIZATION & DEPRECIATION | 5,000.7 | 5,980.0 | 5,857.8 | 6,062.8 | 6,275.0 |
| TOTAL OPERATING EXPENSES | 11,028.7 | 11,741.5 | 11,814.8 | 12,310.6 | 12,760.8 |
| OPERATING INCOME (LOSS) | (632.3) | 18.1 | 453.2 | 739.9 | 1,122.6 |
| NON-OPERATING REVENUES (EXPENSES) | (124.2) | (333.3) | (308.5) | (282.7) | (193.2) |
| NET INCOME (LOSS) | (756.5) | (315.2) | 144.7 | 457.2 | 929.4 |
| BEGINNING RETAINED EARNINGS | 879.6 | 225.2 | (90.0) | 54.7 | 511.9 |
| PRIOR PERIOD ADJUSTMENT | 102.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| ENDING RETAINED EARNINGS | 225.2 | (90.0) | 54.7 | 511.9 | 1,441.3 |
| RATE INCREASE/(DECREASE): | 4.90% | 6.00% | 7.10% | 6.00% | 6.00% |
| FTE | 22.1 | 19.2 | 17.1 | 18.1 | 18.1 |

Expenditure Reconciliation to BBS

| | | |
|---|-----------------|-----------------|
| Operating Expenses | 12,310.6 | 12,760.8 |
| Less amortization & depreciation (non cash) | (6,062.8) | (6,275.0) |
| Plus interest expense from non-operating and purchase of vehicles | 6,857.0 | 6,807.0 |
| Total cash payments | <u>13,104.8</u> | <u>13,292.8</u> |

BBS Amounts - Financing by Fund
Travel Management

13,104 13,292

Receipt Reconciliation to BBS

| | | |
|---|-----------------|-----------------|
| Net Revenues | 13,050.5 | 13,883.4 |
| Interest Income from Non operating revenue/expenses | 697.0 | 697.0 |
| Sale of used vehicles, motor pool fuel -expenditure reduction | 1,110.0 | 1,110.0 |
| | <u>14,857.5</u> | <u>15,690.4</u> |

BBS Amounts - Revenue Collected
Travel Management

14,857.0 15,690.0

Note: Non-operating revenue/expenses also includes gains on sale of used vehicles (non-cash item).

ADMINISTRATION DEPT**Program: OPERATIONS MANAGEMENT BUREAU****Activity: Travel Management**

Internal Service Fund

Financial Statement

| | FINANCIAL DATA | | |
|--|-----------------------|-------------------|----------------------|
| | ACTUAL FY 2001 | ACTUAL FY 2002 | ESTIMATED FY 2003 |
| ASSETS: | | | |
| CURRENT ASSETS: | | | |
| CASH | 781.1 | 488.9 | 675.1 |
| OTHER CURRENT ASSETS | 1,147.2 | 1,221.3 | 1,225.0 |
| TOTAL CURRENT ASSETS | 1,928.3 | 1,710.2 | 1,900.1 |
| NON-CURRENT ASSETS: | 22,648.1 | 20,789.9 | 18,900.0 |
| TOTAL ASSETS | 24,576.4 | 22,500.1 | 20,800.1 |
| LIABILITIES & FUND EQUITY: | | | |
| LIABILITIES: | | | |
| CURRENT LIABILITIES: | | | |
| DUE GENERAL FUND - CURRENT | 5,080.0 | 5,600.0 | 4,500.0 |
| MASTER LEASE- CURRENT | 7,417.3 | 8,691.3 | 8,300.0 |
| OTHER CURRENT LIABILITIES | 911.9 | 764.0 | 710.2 |
| TOTAL CURRENT LIABILITIES | 13,409.2 | 15,055.3 | 13,510.2 |
| NON-CURRENT LIABILITIES: | | | |
| DUE GENERAL FUND - NON-CURRENT | 0.0 | 0.0 | 0.0 |
| MASTER LEASE - NON-CURRENT | 10,397.3 | 6,987.1 | 6,686.1 |
| OTHER NON-CURRENT LIABILITIES | 42.7 | 45.7 | 47.1 |
| TOTAL NON-CURRENT LIABILITIES | 10,440.0 | 7,032.8 | 6,733.2 |
| TOTAL LIABILITIES | 23,849.2 | 22,088.1 | 20,243.4 |
| FUND EQUITY: | | | |
| CONTRIBUTED CAPITAL-GENERAL FUND | 502.0 | 502.0 | 502.0 |
| RETAINED EARNINGS | 225.2 | (90.0) | 54.7 |
| TOTAL FUND EQUITY | 727.2 | 412.0 | 556.7 |
| TOTAL LIABILITIES & FUND EQUITY | 24,576.4 | 22,500.1 | 20,800.1 |

ADMINISTRATION DEPT

Program: OPERATIONS MANAGEMENT BUREAU

Activity: Communications Media – PrintComm

Internal Service Fund

Financial Statement

Dollars in Thousands

| | OPERATIONS DATA | | | | |
|--|-------------------|-------------------|----------------------|----------------------|----------------------|
| | ACTUAL FY 2001 | ACTUAL FY 2002 | ESTIMATED FY 2003 | PROJECTED FY 2004 | PROJECTED FY 2005 |
| OPERATING REVENUES: | | | | | |
| NET SALES | 5,705.4 | 4,577.1 | 4,981.0 | 5,130.0 | 5,283.9 |
| LESS: COST OF SALES | 5,267.1 | 4,508.9 | 4,152.7 | 4,276.9 | 4,405.2 |
| GROSS PROFIT ON SALES | 438.3 | 68.2 | 828.3 | 853.1 | 878.7 |
| OTHER REVENUE | | | | | |
| NET REVENUES | 438.3 | 68.2 | 828.3 | 853.1 | 878.7 |
| LESS: OPERATING EXPENSES: | | | | | |
| SALARIES | 423.2 | 453.1 | 453.1 | 464.5 | 490.3 |
| SUPPLIES & EXPENSES | 190.9 | 161.7 | 166.8 | 171.8 | 177.0 |
| INDIRECT COSTS | 190.5 | 149.8 | 149.8 | 154.3 | 158.9 |
| AMORTIZATION & DEPRECIATION | 18.0 | 9.6 | 3.4 | 0.7 | 0.0 |
| TOTAL OPERATING EXPENSES | 822.6 | 774.2 | 773.1 | 791.3 | 826.2 |
| OPERATING INCOME (LOSS) | (384.3) | (706.0) | 55.2 | 61.8 | 52.5 |
| NON-OPERATING REVENUES (EXPENSES) | 20.4 | (18.3) | (13.5) | (8.9) | (5.4) |
| NET INCOME (LOSS) | (363.9) | (724.3) | 41.7 | 52.9 | 47.1 |
| BEGINNING RETAINED EARNINGS | 342.6 | (21.3) | (745.6) | (703.9) | (651.0) |
| CAPITAL CONTRIBUTIONS | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| PRIOR PERIOD ADJUSTMENT | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| ENDING RETAINED EARNINGS | (21.3) | (745.6) | (703.9) | (651.0) | (603.9) |
| RATE INCREASE/(DECREASE): | 0.20% | 1.60% | 1.00% | 3.00% | 3.00% |
| FTE | 42.4 | 39.3 | 36 | 37.2 | 37.2 |
| Expenditure Reconciliation to BBS | | | | | |
| Operating Expenses | | | | 791.3 | 826.2 |
| Less amortization & depreciation (non cash) | | | | (0.7) | 0.0 |
| Plus items purchased for resale (cost of goods sold) | | | | 4,276.9 | 4,405.2 |
| | | | | 55 | 55 |
| Total cash payments | | | | 5,122.5 | 5,286.4 |
| BBS Amounts - Financing by Fund | | | | | |
| State Printer | | | | 5,122 | 5,286 |
| Receipt Reconciliation to BBS | | | | | |
| Net Sales | | | | 5,130.0 | 5,283.9 |
| Total cash receipts | | | | 5,130.0 | 5,283.9 |
| BBS Amounts - Revenue Collected | | | | | |
| State Printer | | | | 5,130 | 5,284 |

ADMINISTRATION DEPT**Program: OPERATIONS MANAGEMENT BUREAU**

Activity: Communications Media – PrintComm

Internal Service Fund

Financial Statement

| FINANCIAL DATA | | | |
|--|----------------|----------------|------------------|
| | ACTUAL | ACTUAL | ESTIMATED |
| | FY 2001 | FY 2002 | FY 2003 |
| ASSETS: | | | |
| CURRENT ASSETS: | | | |
| CASH | 405.5 | 0.0 | 125.2 |
| OTHER CURRENT ASSETS | 541.4 | 339.5 | 350.5 |
| TOTAL CURRENT ASSETS | 946.9 | 339.5 | 475.7 |
| NON-CURRENT ASSETS: | 1,723.2 | 1,308.5 | 978.7 |
| TOTAL ASSETS | 2,670.1 | 1,648.0 | 1,454.4 |
| LIABILITIES & FUND EQUITY: | | | |
| LIABILITIES: | | | |
| CURRENT LIABILITIES: | | | |
| DUE GENERAL FUND - CURRENT | 0.0 | 0.0 | 0.0 |
| MASTER LEASE- CURRENT | 0.0 | 0.0 | 0.0 |
| OTHER CURRENT LIABILITIES | 1,123.6 | 904.3 | 662.7 |
| TOTAL CURRENT LIABILITIES | 1,123.6 | 904.3 | 662.7 |
| NON-CURRENT LIABILITIES: | | | |
| DUE GENERAL FUND - NON-CURRENT | 0.0 | 0.0 | 0.0 |
| MASTER LEASE - NON-CURRENT | 0.0 | 0.0 | 0.0 |
| OTHER NON-CURRENT LIABILITIES | 127.8 | 124.3 | 130.6 |
| TOTAL NON-CURRENT LIABILITIES | 127.8 | 124.3 | 130.6 |
| TOTAL LIABILITIES | 1,251.4 | 1,028.6 | 793.3 |
| FUND EQUITY: | | | |
| CONTRIBUTED CAPITAL | 1,440.0 | 1,365.0 | 1,365.0 |
| RETAINED EARNINGS | (21.3) | (745.6) | (703.9) |
| TOTAL FUND EQUITY | 1,418.7 | 619.4 | 661.1 |
| TOTAL LIABILITIES & FUND EQUITY | 2,670.1 | 1,648.0 | 1,454.4 |

ADMINISTRATION DEPT

Program: **OPERATIONS MANAGEMENT BUREAU**

Activity: Communications Media – MN Bookstore

Internal Service Fund

Financial Statement

Dollars in Thousands

OPERATIONS DATA

| | ACTUAL FY 2001 | ACTUAL FY 2002 | ESTIMATED FY 2003 | PROJECTED FY 2004 | PROJECTED FY 2005 |
|---|-------------------|-------------------|----------------------|----------------------|----------------------|
| OPERATING REVENUES: | | | | | |
| NET SALES | 2,045.3 | 1,859.6 | 1,950.6 | 2,009.0 | 2,069.0 |
| LESS: COST OF SALES | 677.6 | 608.9 | 539.4 | 555.5 | 572.0 |
| GROSS PROFIT ON SALES | 1,367.7 | 1,250.7 | 1,411.2 | 1,453.5 | 1,497.0 |
| OTHER REVENUE | 44.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| NET REVENUES | 1,411.7 | 1,250.7 | 1,411.2 | 1,453.5 | 1,497.0 |
| LESS: OPERATING EXPENSES: | | | | | |
| SALARIES | 724.9 | 744.0 | 775.3 | 763.8 | 804.0 |
| SUPPLIES & EXPENSES | 491.9 | 464.5 | 505.2 | 520.4 | 536.0 |
| INDIRECT COSTS | 74.2 | 64.8 | 65.2 | 67.2 | 69.2 |
| AMORTIZATION & DEPRECIATION | 19.5 | 8.1 | 8.0 | 5.9 | 0.5 |
| TOTAL OPERATING EXPENSES | 1,310.5 | 1,281.4 | 1,353.7 | 1,357.3 | 1,409.7 |
| OPERATING INCOME (LOSS) | 101.2 | (30.7) | 57.5 | 96.2 | 87.3 |
| NON-OPERATING REVENUES (EXPENSES) (Unusual) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| NET INCOME (LOSS) | 101.2 | (30.7) | 57.5 | 96.2 | 87.3 |
| BEGINNING RETAINED EARNINGS | 1,159.2 | 1,260.4 | 1,229.7 | 1,287.2 | 1,383.4 |
| PRIOR PERIOD ADJUSTMENT | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| ENDING RETAINED EARNINGS | 1,260.4 | 1,229.7 | 1,287.2 | 1,383.4 | 1,470.7 |

FOOTNOTES TO STATEMENTS:

Statements include both the Bookstore and the State Register.

Rate change percentages are for the State Register only.

| | | | | | |
|---------------------------|-------|-------|-------|-------|-------|
| RATE INCREASE/(DECREASE): | 0.00% | 4.92% | 5.97% | 5.00% | 5.00% |
| FTE | 14.1 | 13.9 | 12.8 | 12.7 | 12.7 |

Expenditure Reconciliation to BBS

| | | |
|--|---------|---------|
| Operating Expenses | 1,357.3 | 1,409.7 |
| Less amortization & depreciation (non cash) | (5.9) | (0.5) |
| Plus purchase of items for resale (cost of goods sold) | 555.5 | 572.0 |
| Plus purchase of additional inventory | 73.0 | 80.0 |
| Total cash payments | 1,979.9 | 2,061.2 |
| BBS Amounts - Financing by Fund | | |
| Documents and Publications | 1,980 | 2,061 |

Receipt Reconciliation to BBS

| | | |
|---------------------------------|---------|---------|
| Net Sales | 2,009.0 | 2,069.0 |
| BBS Amounts - Revenue Collected | | |
| Documents and Publications | 2,009 | 2,069 |

ADMINISTRATION DEPT

Program: **OPERATIONS MANAGEMENT BUREAU**

Activity: Communications Media – MN Bookstore

Internal Service Fund

Financial Statement

| FINANCIAL DATA | | | |
|--|-------------------|-------------------|----------------------|
| | ACTUAL FY 2001 | ACTUAL FY 2002 | ESTIMATED FY 2003 |
| ASSETS: | | | |
| CURRENT ASSETS: | | | |
| CASH | 737.9 | 970.2 | 1,263.7 |
| OTHER CURRENT ASSETS | 1,292.5 | 897.9 | 676.0 |
| TOTAL CURRENT ASSETS | 2,030.4 | 1,868.1 | 1,939.7 |
| NON-CURRENT ASSETS: | 21.9 | 13.8 | 5.8 |
| TOTAL ASSETS | 2,052.3 | 1,881.9 | 1,945.5 |
| LIABILITIES & FUND EQUITY: | | | |
| LIABILITIES: | | | |
| CURRENT LIABILITIES: | | | |
| DUE GENERAL FUND - CURRENT | 0.0 | 0.0 | 0.0 |
| MASTER LEASE- CURRENT | 0.0 | 0.0 | 0.0 |
| OTHER CURRENT LIABILITIES | 248.2 | 105.7 | 108.8 |
| TOTAL CURRENT LIABILITIES | 248.2 | 105.7 | 108.8 |
| NON-CURRENT LIABILITIES: | | | |
| DUE GENERAL FUND - NON-CURRENT | 0.0 | 0.0 | 0.0 |
| MASTER LEASE - NON-CURRENT | 0.0 | 0.0 | 0.0 |
| OTHER NON-CURRENT LIABILITIES | 48.7 | 51.5 | 54.5 |
| TOTAL NON-CURRENT LIABILITIES | 48.7 | 51.5 | 54.5 |
| TOTAL LIABILITIES | 296.9 | 157.2 | 163.3 |
| FUND EQUITY: | | | |
| CONTRIBUTED CAPITAL | 495.0 | 495.0 | 495.0 |
| RETAINED EARNINGS | 1,260.4 | 1,229.7 | 1,287.2 |
| TOTAL FUND EQUITY | 1,755.4 | 1,724.7 | 1,782.2 |
| TOTAL LIABILITIES & FUND EQUITY | 2,052.3 | 1,881.9 | 1,945.5 |

ADMINISTRATION DEPT**Program: OPERATIONS MANAGEMENT BUREAU****Activity: Communications Media - MailComm**

Internal Service Fund

Financial Statement

*Dollars in Thousands***OPERATIONS DATA**

| | ACTUAL FY 2001 | ACTUAL FY 2002 | ESTIMATED FY 2003 | PROJECTED FY 2004 | PROJECTED FY 2005 |
|-----------------------------------|-------------------|-------------------|----------------------|----------------------|----------------------|
| OPERATING REVENUES: | | | | | |
| NET SALES | 766.5 | 783.2 | 762.2 | 802.2 | 802.2 |
| LESS: COST OF SALES | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| GROSS PROFIT ON SALES | 766.5 | 783.2 | 762.2 | 802.2 | 802.2 |
| OTHER REVENUE | | | | | |
| NET REVENUES | 766.5 | 783.2 | 762.2 | 802.2 | 802.2 |
| LESS: OPERATING EXPENSES: | | | | | |
| SALARIES | 334.5 | 308.1 | 336.3 | 382.4 | 403.1 |
| SUPPLIES & EXPENSES | 310.7 | 320.6 | 340.2 | 325.2 | 335.0 |
| INDIRECT COSTS | 35.1 | 25.6 | 26.3 | 27.1 | 27.9 |
| AMORTIZATION & DEPRECIATION | 65.2 | 64.6 | 64.3 | 64.3 | 24.0 |
| TOTAL OPERATING EXPENSES | 745.5 | 718.9 | 767.1 | 799.0 | 790.0 |
| OPERATING INCOME (LOSS) | 21.0 | 64.3 | (4.9) | 3.2 | 12.2 |
| NON-OPERATING REVENUES (EXPENSES) | (12.6) | (2.6) | 2.6 | 1.6 | 0.0 |
| NET INCOME (LOSS) | 8.4 | 61.7 | (2.3) | 4.8 | 12.2 |
| BEGINNING RETAINED EARNINGS | 108.5 | 108.9 | 170.6 | 168.3 | 173.1 |
| PRIOR PERIOD ADJUSTMENT | (8.0) | 0.0 | 0.0 | 0.0 | 0.0 |
| ENDING RETAINED EARNINGS | 108.9 | 170.6 | 168.3 | 173.1 | 185.3 |
| RATE INCREASE/(DECREASE): | 0.90% | 7.70% | 5.90% | 6.25% | 6.25% |
| FTE | 7 | 6 | 7.1 | 7.13 | 7.13 |

Expenditure Reconciliation to BBS

| | | |
|---|--------------|--------------|
| Operating Expenses | 799.0 | 790.0 |
| Less amortization & depreciation (non cash) | (64.3) | (24.0) |
| Plus interest expenses from Non-operating revenue/expenses and equipment purchase | 4.0 | 0.0 |
| Total cash payments | <u>738.7</u> | <u>766.0</u> |
| BBS Amounts - Financing by Fund | | |
| Central Mailing | <u>738</u> | <u>766</u> |

Receipt Reconciliation to BBS

| | | |
|---|--------------|--------------|
| Net Sales | 802.2 | 802.2 |
| Plus interest revenue from Non-operating revenue/expenses | 5.0 | 0.0 |
| Total cash receipts | <u>807.2</u> | <u>802.2</u> |
| BBS Amounts - Revenue Collected | | |
| Central Mailing | 807 | 802 |

ADMINISTRATION DEPT**Program: OPERATIONS MANAGEMENT BUREAU**

Activity: Communications Media - MailComm

Internal Service Fund

Financial Statement

FINANCIAL DATA

| | ACTUAL FY 2001 | ACTUAL FY 2002 | ESTIMATED FY 2003 |
|--|-------------------|-------------------|----------------------|
| ASSETS: | | | |
| CURRENT ASSETS: | | | |
| CASH | 133.2 | 226.2 | 199.4 |
| OTHER CURRENT ASSETS | 72.1 | 66.6 | 70.0 |
| TOTAL CURRENT ASSETS | 205.3 | 292.8 | 269.4 |
| NON-CURRENT ASSETS: | 231.3 | 169.1 | 104.8 |
| TOTAL ASSETS | 436.6 | 461.9 | 374.2 |
| LIABILITIES & FUND EQUITY: | | | |
| LIABILITIES: | | | |
| CURRENT LIABILITIES: | | | |
| DUE GENERAL FUND - CURRENT | 0.0 | 0.0 | 0.0 |
| MASTER LEASE- CURRENT | 63.0 | 89.7 | 60.7 |
| OTHER CURRENT LIABILITIES | 85.3 | 57.2 | 60.0 |
| TOTAL CURRENT LIABILITIES | 148.3 | 146.9 | 120.7 |
| NON-CURRENT LIABILITIES: | | | |
| DUE GENERAL FUND - NON-CURRENT | 0.0 | 0.0 | 0.0 |
| MASTER LEASE - NON-CURRENT | 92.5 | 60.7 | 0.0 |
| OTHER NON-CURRENT LIABILITIES | 19.7 | 16.5 | 18.0 |
| TOTAL NON-CURRENT LIABILITIES | 112.2 | 77.2 | 18.0 |
| TOTAL LIABILITIES | 260.5 | 224.1 | 138.7 |
| FUND EQUITY: | | | |
| CONTRIBUTED CAPITAL | 67.2 | 67.2 | 67.2 |
| RETAINED EARNINGS | 108.9 | 170.6 | 168.3 |
| TOTAL FUND EQUITY | 176.1 | 237.8 | 235.5 |
| TOTAL LIABILITIES & FUND EQUITY | 436.6 | 461.9 | 374.2 |

ADMINISTRATION DEPT

Program: **OPERATIONS MANAGEMENT BUREAU**

Activity: Communications Media - DocuComm

Internal Service Fund

Financial Statement

Dollars in Thousands

OPERATIONS DATA

| | ACTUAL FY 2001 | ACTUAL FY 2002 | ESTIMATED FY 2003 | PROJECTED FY 2004 | PROJECTED FY 2005 |
|-----------------------------------|-------------------|-------------------|----------------------|----------------------|----------------------|
| OPERATING REVENUES: | | | | | |
| NET SALES | 1,340.7 | 1,225.1 | 1,313.7 | 1,400.0 | 1,400.0 |
| LESS: COST OF SALES | 267.9 | 590.0 | 652.0 | 900.0 | 900.0 |
| GROSS PROFIT ON SALES | 1,072.8 | 635.1 | 661.7 | 500.0 | 500.0 |
| OTHER REVENUE | | | | | |
| NET REVENUES | 1,072.8 | 635.1 | 661.7 | 500.0 | 500.0 |
| LESS: OPERATING EXPENSES: | | | | | |
| SALARIES | 532.8 | 308.1 | 248.3 | 319.9 | 336.7 |
| SUPPLIES & EXPENSES | 405.1 | 314.2 | 327.3 | 86.2 | 88.8 |
| INDIRECT COSTS | 60.4 | 48.8 | 50.1 | 51.6 | 53.2 |
| AMORTIZATION & DEPRECIATION | 59.2 | 49.3 | 14.4 | 1.5 | 0.0 |
| TOTAL OPERATING EXPENSES | 1,057.5 | 720.4 | 640.1 | 459.2 | 478.7 |
| OPERATING INCOME (LOSS) | 15.3 | (85.3) | 21.6 | 40.8 | 21.3 |
| NON-OPERATING REVENUES (EXPENSES) | 2.9 | (11.8) | (0.6) | 0.0 | 0.0 |
| NET INCOME (LOSS) | 18.2 | (97.1) | 21.0 | 40.8 | 21.3 |
| BEGINNING RETAINED EARNINGS | 54.6 | 72.8 | (25.9) | (4.9) | 35.9 |
| PRIOR PERIOD ADJUSTMENT | 0.0 | (1.6) | 0.0 | | |
| ENDING RETAINED EARNINGS | 72.8 | (25.9) | (4.9) | 35.9 | 57.2 |

RATE INCREASE/(DECREASE): 3.00% -5.29% -4.13% 3.00% 3.00%

FTE 12.2 6.5 6.5 6.41 6.41

Expenditure Reconciliation to BBS

| | | |
|--|---------|---------|
| Operating Expenses | 459.2 | 478.7 |
| Less amortization & depreciation (non cash) | (1.5) | 0.0 |
| Plus Interest and other expenses from Non-operating revenue/expenses | 0.0 | 0.0 |
| Plus purchase of items for resale | 900.0 | 900.0 |
| Plus expenditure reimbursed as revenue | 1.0 | 1.0 |
| Total cash payments | 1,358.7 | 1,379.7 |
| BBS Amounts - Financing by Fund | | |
| Micrographics | 1,359 | 1,380 |

Receipt Reconciliation to BBS

| | | |
|--|---------|---------|
| Net Sales | 1,400.0 | 1,400.0 |
| Plus reimbursement for expenditure reduction | 1.0 | 1.0 |
| | 1,401.0 | 1,401.0 |

BBS Amounts - Revenue Collected

ADMINISTRATION DEPT**Program: OPERATIONS MANAGEMENT BUREAU****Activity: Communications Media - DocuComm**

Internal Service Fund

Financial Statement

| FINANCIAL DATA | | | |
|--|--------------|--------------|--------------|
| | ACTUAL | ACTUAL | ESTIMATED |
| | FY 2001 | FY 2002 | FY 2003 |
| ASSETS: | | | |
| CURRENT ASSETS: | | | |
| CASH | 265.1 | 209.8 | 220.9 |
| OTHER CURRENT ASSETS | 138.2 | 125.1 | 128.0 |
| TOTAL CURRENT ASSETS | 403.3 | 334.9 | 348.9 |
| NON-CURRENT ASSETS: | 75.7 | 16.6 | 2.2 |
| TOTAL ASSETS | 479.0 | 351.5 | 351.1 |
| LIABILITIES & FUND EQUITY: | | | |
| LIABILITIES: | | | |
| CURRENT LIABILITIES: | | | |
| DUE GENERAL FUND - CURRENT | 0.0 | 0.0 | 0.0 |
| MASTER LEASE- CURRENT | 51.0 | 22.0 | 0.0 |
| OTHER CURRENT LIABILITIES | 72.0 | 99.8 | 100.0 |
| TOTAL CURRENT LIABILITIES | 123.0 | 121.8 | 100.0 |
| NON-CURRENT LIABILITIES: | | | |
| DUE GENERAL FUND - NON-CURRENT | 0.0 | 0.0 | 0.0 |
| MASTER LEASE - NON-CURRENT | 22.0 | 0.0 | 0.0 |
| OTHER NON-CURRENT LIABILITIES | 16.2 | 10.6 | 11.0 |
| TOTAL NON-CURRENT LIABILITIES | 38.2 | 10.6 | 11.0 |
| TOTAL LIABILITIES | 161.2 | 132.4 | 111.0 |
| FUND EQUITY: | | | |
| CONTRIBUTED CAPITAL | 245.0 | 245.0 | 245.0 |
| RETAINED EARNINGS | 72.8 | (25.9) | (4.9) |
| TOTAL FUND EQUITY | 317.8 | 219.1 | 240.1 |
| TOTAL LIABILITIES & FUND EQUITY | 479.0 | 351.5 | 351.1 |

ADMINISTRATION DEPT

Program: INTERTECHNOLOGIES GROUP

Activity: InterTechnologies Group

Internal Service Fund

Financial Statement

Dollars in Thousands

OPERATIONS DATA

| | ACTUAL FY 2001 | ACTUAL FY 2002 | PROJECTED FY 2003 | PROJECTED FY 2004 | PROJECTED FY 2005 |
|--------------------------------------|-------------------|-------------------|----------------------|----------------------|----------------------|
| OPERATING REVENUES: | | | | | |
| NET SALES | 80,062.9 | 79,180.2 | 82,691.7 | 84,006.4 | 85,925.0 |
| LESS: COST OF SALES | | | | | |
| GROSS PROFIT ON SALES | 80,062.9 | 79,180.2 | 82,691.7 | 84,006.4 | 85,925.0 |
| OTHER REVENUE | 123.0 | 68.5 | 82.0 | 82.0 | 82.0 |
| NET REVENUES | 80,185.9 | 79,248.7 | 82,773.7 | 84,088.4 | 86,007.0 |
| LESS: OPERATING EXPENSES: | | | | | |
| SALARIES | 19,511.7 | 21,615.1 | 23,248.6 | 25,162.9 | 26,793.3 |
| SUPPLIES & EXPENSES | 47,975.0 | 50,601.5 | 53,254.0 | 52,374.8 | 52,374.7 |
| INDIRECT COSTS | 1,013.8 | 1,146.3 | 1,174.5 | 1,209.7 | 1,246.0 |
| AMORTIZATION & DEPRECIATION | 6,489.6 | 5,513.4 | 4,991.0 | 5,241.0 | 5,493.0 |
| TOTAL OPERATING EXPENSES | 74,990.1 | 78,876.3 | 82,668.1 | 83,988.4 | 85,907.0 |
| OPERATING INCOME (LOSS) | 5,195.8 | 372.4 | 105.6 | 100.0 | 100.0 |
| NON-OPERATING REVENUES (EXPENSES) | (5,194.7) | (1723.3) | (105.6) | (100.0) | (100.0) |
| UNUSUAL ITEM (Fixed Asset Threshold) | (76.6) | | | | |
| NET INCOME (LOSS) | (75.5) | (1,350.9) | (0.0) | (0.0) | 0.0 |
| BEGINNING RETAINED EARNINGS | 9,883.6 | 10,103.1 | 8,168.0 | 8,168.0 | 8,168.0 |
| PRIOR PERIOD ADJUSTMENT | 295.0 | (584.2) | 0.0 | 0.0 | 0.0 |
| ENDING RETAINED EARNINGS | 10,103.1 | 8,168.0 | 8,168.0 | 8,168.0 | 8,168.0 |
| RATE INCREASE/(DECREASE): | 0.00% | (1.00%) | (1.00%) | (1.00%) | (1.00%) |
| FTE | 286.3 | 296.3 | 322.4 | 322.6 | 322.6 |

Expenditure Reconciliation to BBS

| | | |
|--|----------------|----------------|
| Operating Expenses | 83988.4 | 85907.0 |
| Less amortization & depreciation (non cash) | (5241.0) | (5493.0) |
| Plus interest expenses from Non-operating revenue/expenses | 608.0 | 636.0 |
| Plus equipment purchases and master lease payments | 7116.0 | 6944.0 |
| Total cash payments | <u>86471.4</u> | <u>87994.0</u> |
| BBS Amounts - Financing by Fund | | |
| Computer Services | 44628.0 | 45592.0 |
| Telecomm Services | 41843.0 | 42402.0 |
| Total BBS payments | <u>86471.0</u> | <u>87994.0</u> |

Receipt Reconciliation to BBS

| | | |
|---|----------------|----------------|
| Net Revenues | 84006.4 | 85925.0 |
| Plus Interest revenue from Non-operating revenue/expenses | 508.0 | 536.0 |
| Other Revenue | 82.0 | 82.0 |
| Total cash receipts | <u>84596.4</u> | <u>86543.0</u> |
| BBS Amounts - Revenue Collected | | |
| Computer Services | 39413.0 | 40401.0 |
| Telecomm Services | 45183.0 | 46142.0 |
| Total BBS receipts | <u>84596.0</u> | <u>86543.0</u> |

ADMINISTRATION DEPT**Program: INTERTECHNOLOGIES GROUP**

Activity: InterTechnologies Group

Internal Service Fund

Financial Statement

| | Financial Data | | |
|--|-----------------------|-------------------|----------------------|
| | ACTUAL FY 2001 | ACTUAL FY 2002 | PROJECTED FY 2003 |
| ASSETS: | | | |
| CURRENT ASSETS: | | | |
| CASH | 12,231.3 | 4,662.3 | 9,417.1 |
| OTHER CURRENT ASSETS | 11,799.0 | 13,632.5 | 13,374.0 |
| TOTAL CURRENT ASSETS | 24,030.3 | 18,294.8 | 22,791.1 |
| NON-CURRENT ASSETS: | 10,398.0 | 9,480.6 | 10,566.4 |
| TOTAL ASSETS | 34,428.3 | 27,775.4 | 33,357.5 |
| LIABILITIES & FUND EQUITY: | | | |
| LIABILITIES: | | | |
| CURRENT LIABILITIES: | | | |
| DUE GENERAL FUND - CURRENT | 0.0 | 0.0 | 0.0 |
| MASTER LEASE- CURRENT | 5,434.9 | 4,329.1 | 3,681.0 |
| OTHER CURRENT LIABILITIES | 9,944.1 | 5,492.2 | 11,692.9 |
| TOTAL CURRENT LIABILITIES | 15,379.0 | 9,821.3 | 15,373.9 |
| NON-CURRENT LIABILITIES: | | | |
| DUE GENERAL FUND - NON-CURRENT | 0.0 | 0.0 | 0.0 |
| MASTER LEASE - NON-CURRENT | 5,693.8 | 6,049.6 | 6,563.6 |
| OTHER NON-CURRENT LIABILITIES | 904.4 | 1,388.5 | 904.0 |
| TOTAL NON-CURRENT LIABILITIES | 6,598.2 | 7,438.1 | 7,467.6 |
| TOTAL LIABILITIES | 21,977.2 | 17,259.4 | 22,841.5 |
| FUND EQUITY: | | | |
| CONTRIBUTED CAPITAL-GENERAL FUND | 2,348.0 | 2,348.0 | 2,348.0 |
| RETAINED EARNINGS | 10,103.1 | 8,168.0 | 8,168.0 |
| TOTAL FUND EQUITY | 12,451.1 | 10,516.0 | 10,516.0 |
| TOTAL LIABILITIES & FUND EQUITY | 34,428.3 | 27,775.4 | 33,357.5 |

ADMINISTRATION DEPT

Program: **FACILITIES MANAGEMENT BUREAU**

Activity: Plant Management

Internal Service Fund

Financial Statement

Dollars in Thousands

OPERATIONS DATA

| | ACTUAL FY 2001 | ACTUAL FY 2002 | ESTIMATED FY 2003 | PROJECTED FY 2004 | PROJECTED FY 2005 |
|-----------------------------------|-------------------|-------------------|----------------------|----------------------|----------------------|
| OPERATING REVENUES: | | | | | |
| NET SALES | 37,596.3 | 40,190.2 | 37,762.8 | 43,710.6 | 43,992.0 |
| LESS: COST OF SALES | | | | | |
| GROSS PROFIT ON SALES | 37,596.3 | 40,190.2 | 37,762.8 | 43,710.6 | 43,992.0 |
| OTHER REVENUE | 345.9 | 466.2 | 447.2 | 491.1 | 502.9 |
| NET REVENUES | 37,942.2 | 40,656.4 | 38,210.0 | 44,201.7 | 44,494.9 |
| LESS: OPERATING EXPENSES: | | | | | |
| SALARIES | 10,165.7 | 10,949.8 | 12,458.8 | 13,528.4 | 13,898.1 |
| SUPPLIES & EXPENSES | 12,310.3 | 13,090.0 | 12,444.6 | 14,067.7 | 14,038.1 |
| INDIRECT COSTS | 897.3 | 692.1 | 728.0 | 773.6 | 773.6 |
| AMORTIZATION & DEPRECIATION | 497.8 | 370.0 | 288.2 | 277.6 | 186.9 |
| TOTAL OPERATING EXPENSES | 23,871.1 | 25,101.8 | 25,919.6 | 28,647.3 | 28,896.7 |
| OPERATING INCOME (LOSS) | 14,071.1 | 15,554.5 | 12,290.4 | 15,554.4 | 15,598.2 |
| NON-OPERATING REVENUES (EXPENSES) | (13,573.2) | (14,440.8) | (13,972.2) | (15,272.2) | (15,234.1) |
| NET INCOME (LOSS) | 497.9 | 1,113.7 | (1,681.8) | 282.2 | 364.1 |
| BEGINNING RETAINED EARNINGS | 5,604.1 | 6,136.8 | 7,331.7 | 5,649.9 | 5,932.2 |
| PRIOR PERIOD ADJUSTMENT | 34.7 | 81.2 | 0.0 | 0.0 | 0.0 |
| ENDING RETAINED EARNINGS | 6,136.8 | 7,331.7 | 5,649.9 | 5,932.2 | 6,296.3 |
| RATE INCREASE/(DECREASE): | | | | | |
| Leases | 0.66% | 4.54% | 2.96% | 0.56% | 0.44% |
| Materials Transfer | 0.27% | 0.31% | 4.70% | 8.00% | 8.00% |
| ROJ | 0.00% | 0.00% | 2.26% | 5.00% | 5.00% |
| FTE | 215.8 | 221.6 | 239.1 | 262 | 262 |

Expenditure Reconciliation to BBS

| | | |
|---|----------|----------|
| Operating Expenses | 28,647.3 | 28,896.7 |
| Less amortization & depreciation (non cash) | (277.6) | (186.9) |
| Plus fixed assets | 277 | 187 |
| Total cash payments | 28,646.7 | 28,896.8 |
| BBS Amounts - Financing by Fund | | |
| Plant Management | 28,647 | 28,896 |

Receipt Reconciliation to BBS

| | | |
|---------------------------------|----------|----------|
| Net Sales | 43,710.6 | 43,992.0 |
| Plus Other Revenue | 491.1 | 502.9 |
| Total cash receipts | 44,201.7 | 44,494.9 |
| BBS Amounts - Revenue Collected | | |
| Plant Management | 44,202 | 44,494 |

Note: The Non-operating revenues/ expenses relate to building depreciation and bond interest which are transferred out.

ADMINISTRATION DEPT**Program: FACILITIES MANAGEMENT BUREAU****Activity: Plant Management**

Internal Service Fund

Financial Statement

| FINANCIAL DATA | | | |
|--|---------------------------|---------------------------|------------------------------|
| | ACTUAL FY 2001 | ACTUAL FY 2002 | ESTIMATED FY 2003 |
| ASSETS: | | | |
| CURRENT ASSETS: | | | |
| CASH | 7,720.7 | 7,112.7 | 5,510.5 |
| OTHER CURRENT ASSETS | 931.3 | 2,738.5 | 2,738.5 |
| TOTAL CURRENT ASSETS | 8,652.0 | 9,851.2 | 8,249.0 |
| NON-CURRENT ASSETS: | 1,557.7 | 1,305.5 | 1,029.5 |
| TOTAL ASSETS | 10,209.7 | 11,156.7 | 9,278.5 |
| LIABILITIES & FUND EQUITY: | | | |
| LIABILITIES: | | | |
| CURRENT LIABILITIES: | | | |
| DUE GENERAL FUND - CURRENT | | | |
| MASTER LEASE- CURRENT | 91.8 | 60.2 | 15.6 |
| OTHER CURRENT LIABILITIES | 2,514.4 | 2,405.4 | 2,329.3 |
| TOTAL CURRENT LIABILITIES | 2,606.2 | 2,465.6 | 2,344.9 |
| NON-CURRENT LIABILITIES: | | | |
| DUE GENERAL FUND - NONCURRENT | | | |
| MASTER LEASE - NON-CURRENT | 75.8 | 15.6 | 0.0 |
| OTHER NON-CURRENT LIABILITIES | 726.6 | 679.5 | 619.4 |
| TOTAL NON-CURRENT LIABILITIES | 802.4 | 695.1 | 619.4 |
| TOTAL LIABILITIES | 3,408.6 | 3,160.7 | 2,964.3 |
| FUND EQUITY: | | | |
| CONTRIBUTED CAPITAL | 664.3 | 664.3 | 664.3 |
| RETAINED EARNINGS | 6,136.8 | 7,331.7 | 5,649.9 |
| TOTAL FUND EQUITY | 6,801.1 | 7,996.0 | 6,314.2 |
| TOTAL LIABILITIES & FUND EQUITY | 10,209.7 | 11,156.7 | 9,278.5 |

ADMINISTRATION DEPT**Program: MANAGEMENT SERVICES BUREAU****Activity: Management Analysis**

Internal Service Fund

Financial Statement

*Dollars in Thousands***OPERATIONS DATA**

| | ACTUAL FY 2001 | ACTUAL FY 2002 | ESTIMATED FY 2003 | PROJECTED FY 2004 | PROJECTED FY 2005 |
|-----------------------------------|-------------------|-------------------|----------------------|----------------------|----------------------|
| OPERATING REVENUES: | | | | | |
| NET SALES | 1,131.8 | 1,081.2 | 1,050.0 | 1,091.2 | 1,150.5 |
| LESS: COST OF SALES | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| GROSS PROFIT ON SALES | 1,131.8 | 1,081.2 | 1,050.0 | 1,091.2 | 1,150.5 |
| OTHER REVENUE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| NET REVENUES | 1,131.8 | 1,081.2 | 1,050.0 | 1,091.2 | 1,150.5 |
| LESS: OPERATING EXPENSES: | | | | | |
| SALARIES | 890.0 | 736.3 | 860.2 | 925.6 | 970.7 |
| SUPPLIES & EXPENSES | 151.3 | 152.1 | 127.5 | 119.6 | 132.4 |
| INDIRECT COSTS | 41.2 | 44.9 | 46.0 | 46.0 | 47.4 |
| AMORTIZATION & DEPRECIATION | 0.9 | 1.0 | 0.0 | 0.0 | 0.0 |
| TOTAL OPERATING EXPENSES | 1,083.4 | 934.3 | 1,033.7 | 1,091.2 | 1,150.5 |
| OPERATING INCOME (LOSS) | 48.4 | 146.9 | 16.3 | 0.0 | 0.0 |
| NON-OPERATING REVENUES (EXPENSES) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| NET INCOME (LOSS) | 48.4 | 146.9 | 16.3 | 0.0 | 0.0 |
| BEGINNING RETAINED EARNINGS | 61.9 | 110.3 | 257.5 | 273.8 | 273.8 |
| PRIOR PERIOD ADJUSTMENT | 0.0 | 0.3 | 0.0 | 0.0 | 0.0 |
| ENDING RETAINED EARNINGS | 110.3 | 257.5 | 273.8 | 273.8 | 273.8 |
| RATE INCREASE/(DECREASE): | 12.00% | 3.00% | 0.00% | 3.00% | 3.00% |
| FTE | 13.3 | 10.7 | 10.8 | 10.5 | 10.5 |

Expenditure Reconciliation to BBS

| | | |
|---|---------|---------|
| Operating Expenses | 1,091.2 | 1,150.5 |
| Less amortization & depreciation (non cash) | 0.0 | 0.0 |
| Total cash payments | 1,091.2 | 1,150.5 |

BBS Amounts - Financing by Fund

| | | |
|---------------------|-------|-------|
| Management Analysis | 1,091 | 1,151 |
|---------------------|-------|-------|

Receipt Reconciliation to BBS

| | | |
|---|---------|---------|
| Net Revenues | 1,091.2 | 1,150.5 |
| Interest Income from Non operating revenue/expenses | 0.0 | 0.0 |
| Total cash receipts | 1,091.2 | 1,150.5 |

BBS Amounts - Revenue Collected

| | | |
|---------------------|-------|-------|
| Management Analysis | 1,091 | 1,150 |
|---------------------|-------|-------|

ADMINISTRATION DEPT**Program: MANAGEMENT SERVICES BUREAU****Activity: Management Analysis**

Internal Service Fund

Financial Statement

FINANCIAL DATA

| | ACTUAL FY 2001 | ACTUAL FY 2002 | ESTIMATED FY 2003 |
|--|-------------------|-------------------|----------------------|
| ASSETS: | | | |
| CURRENT ASSETS: | | | |
| CASH | 53.5 | 187.2 | 203.4 |
| OTHER CURRENT ASSETS | 176.7 | 151.4 | 151.4 |
| TOTAL CURRENT ASSETS | 230.2 | 338.6 | 354.8 |
| NON-CURRENT ASSETS: | 0.5 | | |
| TOTAL ASSETS | 230.7 | 338.6 | 354.8 |
| LIABILITIES & FUND EQUITY: | | | |
| LIABILITIES: | | | |
| CURRENT LIABILITIES: | | | |
| DUE GENERAL FUND - CURRENT | 0.0 | 0.0 | 0.0 |
| MASTER LEASE - CURRENT | 0.0 | 0.0 | 0.0 |
| OTHER CURRENT LIABILITIES | 82.6 | 50.0 | 47.0 |
| TOTAL CURRENT LIABILITIES | 82.6 | 50.0 | 47.0 |
| NON-CURRENT LIABILITIES: | | | |
| DUE GENERAL FUND - NON-CURRENT | 0.0 | 0.0 | 0.0 |
| MASTER LEASE - NON-CURRENT | 0.0 | 0.0 | 0.0 |
| OTHER NON-CURRENT LIABILITIES | 37.8 | 31.1 | 34.0 |
| TOTAL NON-CURRENT LIABILITIES | 37.8 | 31.1 | 34.0 |
| TOTAL LIABILITIES | 120.4 | 81.1 | 81.0 |
| FUND EQUITY: | | | |
| CONTRIBUTED CAPITAL-GENERAL FUND | 0.0 | 0.0 | 0.0 |
| RETAINED EARNINGS | 110.3 | 257.5 | 273.8 |
| TOTAL FUND EQUITY | 110.3 | 257.5 | 273.8 |
| TOTAL LIABILITIES & FUND EQUITY | 230.7 | 338.6 | 354.8 |

Agency Purpose

In 1976, the legislature established the Office of Administrative Hearings (OAH) as an independent executive branch agency responsible for conducting administrative contested case hearings whenever state or local law gave citizens the right to challenge state or local government action that adversely affected them. OAH was also given the responsibility of ensuring that state agency rulemaking and rulemaking proceedings conform to requirements of the law. In 1981, the legislature gave OAH the added responsibility of conducting hearings to resolve claims for workers' compensation benefits. And in 1998, the legislature added to that responsibility by transferring the functions of the Department of Labor and Industry's Judicial Services Unit to OAH. That gave OAH responsibility for providing certain alternative dispute resolution services to parties involved with workers' compensation benefit claims.

At A Glance

Annual Business Processes:

- ◆ Service to more than 80 state agencies and 20 local government units
- ◆ 584 administrative rulemaking and contested case proceedings per year
- ◆ 7,211 workers' compensation settlement matters disposed of per year
- ◆ 4,344 workers' compensation hearing matters disposed of per year

Core Functions

The agency's two operating divisions provide a variety of dispute resolution services to parties involved with administrative hearings and workers' compensation benefit claims, namely:

- ◆ providing persons adversely affected by state or local government actions with full and fair opportunities to be heard and to challenge those actions;
- ◆ ensuring that agency rules and rulemaking proceedings conform to the law and allowing the widest possible public participation in the formulation of agency rules;
- ◆ providing injured workers, their employers, and workers' compensation insurers with prompt and impartial resolutions of claims for workers' compensation benefits; and
- ◆ encouraging and assisting disputing parties to resolve their differences through settlement, arbitration, and mediation.

Operations

The administrative law judges (ALJ) assigned to the agency's Administrative Law Division serve and meet the administrative hearing needs of most state agencies and a number of local governments. Upon request, they also provide arbitration and mediation services to those customers. Administrative law judges also review all proposed agency rules and amendments for legality, necessity, and reasonableness and conduct public rule hearings when required. The compensation judges assigned to the agency's Workers' Compensation Division are responsible for conducting most pre-trial and all trial level functions associated with the disposition of claim petitions for workers' compensation benefits. Those functions include disposing of motions, conducting settlement and pre-trial conferences, conducting trials, and issuing awards and final decisions.

Key Measures

| | Statutory Requirement | 2002 |
|---|--------------------------|-----------|
| ⇒ Average time for ALJs to issue final decisions/recommendations after the record closes. | 90 days | 17 days |
| ⇒ Average time for compensation judges to issue final decisions after the record closes. | 60 days | 34.6 days |
| ⇒ Average time for compensation judges to issue orders on requests for discontinuance of benefits, medical and rehab requests. | 5 days | 3.4 days |
| ⇒ Percent of attorneys and parties who rated OAH judges as "excellent" or "good" in each of 21 categories. (See OAH website for more information on this survey.) | NA | 75%* |

* 1999 information – 2002 data will be available in January 2003.

Budget

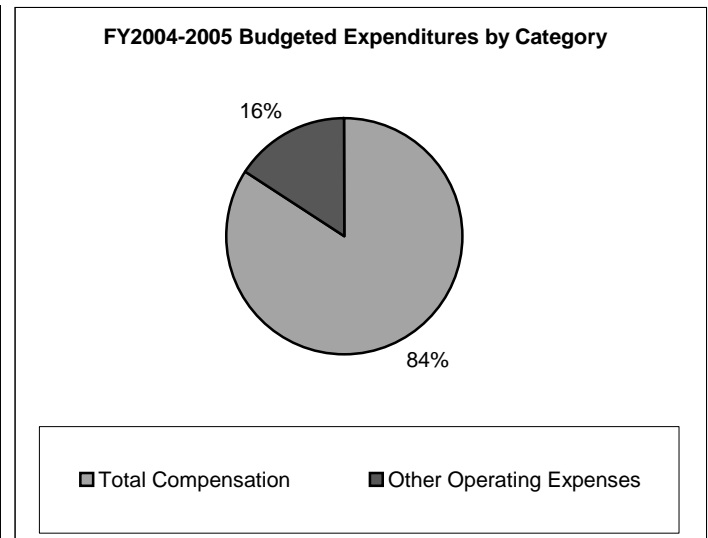
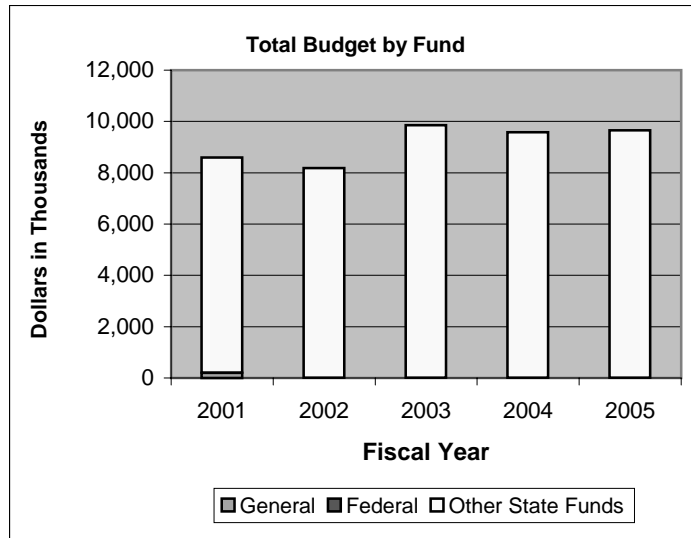
OAH maintains a staff of 94 full-time equivalent positions, and its FY 2002-03 biennial budget totals \$17.3 million. The Administrative Law Division has a \$2.3 million biennial budget, which is funded by a Special Revenue Revolving Fund. Deposits into that fund are collected from state agencies and local governments through hourly charges for administrative law judges and staff attorneys. The Workers' Compensation Division has a \$15.0 million biennial budget funded by an appropriation by the legislature from the state's Workers' Compensation Special Compensation Fund.

Contact

Administrative Hearing Office
100 Washington Square, Suite 1700
Minneapolis, Minnesota 55401-2138

World Wide Web Home Page:
<http://www.oah.state.mn.us>

Kenneth A. Nickolai
Chief Administrative Law Judge
Phone: (612) 341-7642
Fax: (612) 349-2665



| <i>Dollars in Thousands</i> | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|-----------------|-------------------|----------------|
| | Actual | Actual | Budgeted | Base | Biennium | Biennial Change | | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | 2004-05 / 2002-03 | |
| Direct Appropriations | | | | | | | Dollars | Percent |
| General | 194 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Workers Compensation | 7,063 | 7,086 | 8,309 | 7,980 | 8,043 | 16,023 | 628 | 4.1% |
| Statutory Appropriations | | | | | | | | |
| Administrative Hearings | 1,336 | 1,096 | 1,535 | 1,593 | 1,611 | 3,204 | 573 | 21.8% |
| Workers Comp Transcript | 3 | 4 | 6 | 6 | 6 | 12 | 2 | 20.0% |
| Total | 8,596 | 8,186 | 9,850 | 9,579 | 9,660 | 19,239 | 1,203 | 6.7% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|-------------|
| Total Compensation | 6,787 | 6,782 | 8,005 | 8,045 | 8,122 | 16,167 | 1,380 | 9.3% |
| Other Operating Expenses | 1,809 | 1,398 | 1,845 | 1,534 | 1,538 | 3,072 | -171 | -5.3% |
| Payments To Individuals | 0 | 6 | 0 | 0 | 0 | 0 | -6 | -100.0% |
| Total | 8,596 | 8,186 | 9,850 | 9,579 | 9,660 | 19,239 | 1,203 | 6.7% |

| Expenditures by Program | | | | | | | | |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|-------------|
| Administrative Hearings | 8,596 | 8,186 | 9,850 | 9,579 | 9,660 | 19,239 | 1,203 | 6.7% |
| Total | 8,596 | 8,186 | 9,850 | 9,579 | 9,660 | 19,239 | 1,203 | 6.7% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|------------|--------------|--------------|--------------|--------------|--------------|-----------|--------------|
| Dedicated | | | | | | | | |
| Administrative Hearings | 875 | 1,369 | 1,369 | 1,369 | 1,369 | 2,738 | 0 | 0.0% |
| Workers Comp Transcript | 8 | 8 | 6 | 6 | 6 | 12 | -2 | -14.3% |
| Subtotal Dedicated | 883 | 1,377 | 1,375 | 1,375 | 1,375 | 2,750 | -2 | -0.1% |
| Total Revenue | 883 | 1,377 | 1,375 | 1,375 | 1,375 | 2,750 | -2 | -0.1% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 92.5 | 87.0 | 87.9 | 84.5 | 83.5 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

Agency Purpose

The mission of the Minnesota Department of Agriculture (MDA) is to work toward a diverse agricultural industry that is profitable and environmentally sound; to protect public health and safety regarding food and agricultural products; and to ensure orderly commerce in agriculture and food products.

From the farm to your family, the MDA ensures that Minnesota agricultural products used in production or available for consumption meet or exceed regulatory standards. These standards are set by state and federal laws that ensure the quality of products and the safety of food. The MDA also helps sustain and enhance the economic and environmental conditions of the agricultural sector in a number of ways. Since Minnesota produces more food and agricultural products than its citizens can consume, it must focus on marketing strategies that encourage exports to other states and countries. The MDA plays a lead role in helping the state's farmers and agricultural businesses build trade relationships with potential customers in other states and countries.

Core Functions

The Protection Services Program provides regulatory oversight for agricultural products from the farm to retail stores. Many of these regulatory activities touch consumers' everyday lives. For example, the MDA protects consumers by inspecting food and dairy products, dairy farms, food processing facilities, grocery stores, and even food stands at the Minnesota State Fair. The MDA also regulates, inspects and analyzes animal feed, fertilizers and pesticides; it performs laboratory analysis on food products; and inspects grain and fresh produce moving into or out of Minnesota. The MDA helps protect the environment by monitoring surface and ground water for possible contaminants and by preventing the establishment of destructive tree and plant pests such as gypsy moth and Japanese beetle.

The Agricultural Marketing and Development Services Program helps sustain and enhance farmers' economic and environmental well-being through a number of services. The program develops and tests new farming practices that help minimize environmental impacts, educates farmers about these practices and encourages their implementation with education and technical assistance. It gives farmers updated information on plant pests during the growing season, helping them determine how and when to take action to protect their crops. The program also helps the state's agricultural community expand existing markets and develop new markets for Minnesota agricultural products. This includes developing international trade opportunities, offering educational programs on risk management, and encouraging value-added activities such as ethanol production.

The Administration and Financial Assistance Program provides leadership and administrative support to the agency, gathers important statistical information for the farm sector, and offers financial assistance to producers. This program provides overall leadership and coordination of agency efforts. It coordinates communication with internal and external stakeholders including farmers, media, and other government bodies. It provides fiscal oversight to the department and provides important information on employment and benefits to employees. Producers use the statistical information gathered by our joint federal/state division of Ag Statistics to learn about important trends in their industry. The publications provide valuable information on crop conditions, production statistics, and forwards information on Minnesota agriculture to the U.S. Department of Agriculture (USDA). Producers and rural lenders benefit from the Rural Finance Authority loan programs. These loans help beginning farmers get started and they help producers upgrade existing production facilities.

At A Glance

Why is agriculture vital to 21st century Minnesota? In addition to providing us with the world's most abundant and wholesome food supply, agriculture remains a cornerstone industry.

- ◆ Agriculture and its related industries account for nearly 20% of all Minnesota jobs
- ◆ Two-thirds of all agricultural jobs are off-farm, in processing, distribution, supply, and service sectors
- ◆ Every ag production job helps create another 3 jobs in other sectors
- ◆ The dairy sector alone employs more Minnesotans than Northwest Airlines, 3M and Target Corporation combined
- ◆ Exports of farm products bring in more than \$2 billion to the state each year
- ◆ Every dollar in agricultural and food export generates another \$2.5 in economic activities in other economic sectors
- ◆ More than half of the state's total land area is farmland

Operations

The department's main office is at 90 West Plato Boulevard, in St. Paul. However, since most of the regulatory and promotion services we provide require face to face contact with our farmers, producers, and consumers, almost half of our staff is scattered throughout the state in the areas they serve. Our inspectors are responsible for on-site inspections of facilities. These inspections ensure that the agricultural products and processes meet applicable standards for quality and integrity. For example, the fertilizer we use on our lawns must meet quality standards just as the fertilizer used in production agriculture. The pesticides we use in our homes are regulated just as those used by farmers. Milk is inspected at many points, from the farm to the milk plant to our supermarkets. Sustainable agricultural practices, such as biological control of weeds and pests, benefit not only the farmers but the shoppers in the urban shopping malls.

In addition to ensuring the safety and integrity of products, the department helps farmers and agribusinesses market those products in an increasingly competitive global marketplace. The MDA encourages value-added activities and the development of new domestic markets for existing ag products, and it works with other state offices to stimulate international exports of Minnesota-grown agricultural products. This is done to help keep Minnesota's agricultural community competitive in the world marketplace.

Budget

For the 2002-03 Biennium, MDA's budget is \$176,365,188

Expenditures by Program are::

| | |
|---------------------------------------|--------|
| Protection Services | 34.54% |
| Ag Marketing and Development Services | 14.78% |
| Ethanol Producer Payments | 39.20% |
| Admin and Financial Assistance | 11.47% |

Funding sources are:

| | |
|---|--------|
| General Fund | 23.77% |
| Open Appropriation-Ethanol | 39.20% |
| Dedicated-Special Revenue and Ag Fund | 27.14% |
| Environmental Fund | 1.30% |
| Federal Funds | 3.54% |
| Miscellaneous Funds | 0.13% |
| LCMR | 0.26% |
| Loans-Public Facilities and Rural Finance Authority | 4.66% |

During the 2002-03 Biennium, MDA reorganized Ethanol Producer Payments into a separate program.

Reorganizations for the 2004-05 Biennium are:

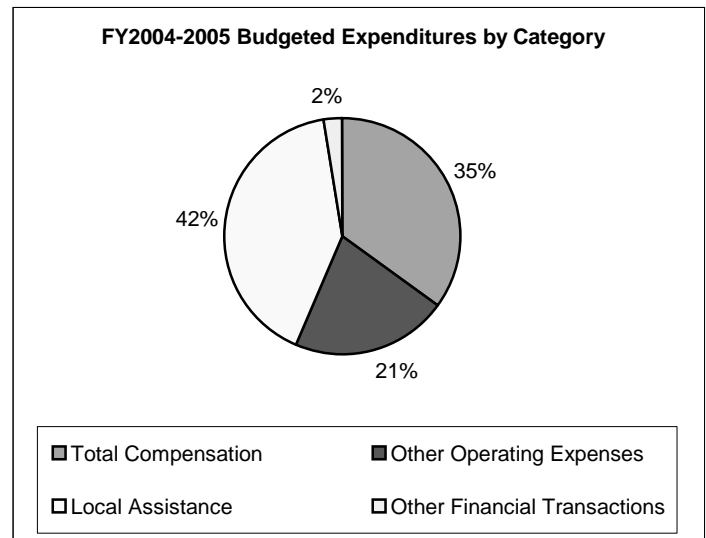
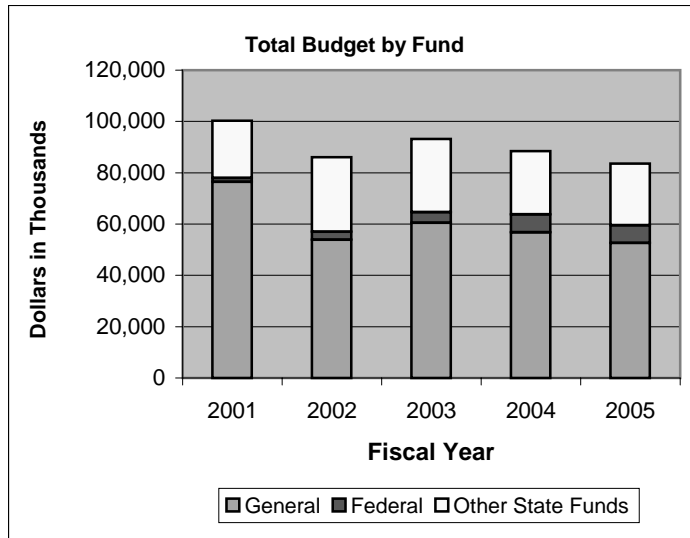
- ◆ Dairy Profitability and Enhancement moves from Dairy and Food Inspection Services to Grants and Claims; and
- ◆ Meat Inspection moves from Dairy and Food Inspection Services to Ag Marketing Services.

Contact

For additional policy information, please contact Amy Sobieski at (651) 296-2880, for more budget details, please contact Becky Leschner at (651) 215-5770.

MDA's website is www.mda.state.mn.us. Our web site contains additional information on each of the divisions in the agency, licensing information, food recalls information, and more.

For information on how this agency measures whether it is meeting its statewide goals, please refer to www.departmentresults.state.mn.us.



| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|------------------|------------------|--------------------|----------------|----------------|---------------------|--------------------------------------|--------------|
| Expenditures by Fund | | | | | | | Dollars | Percent |
| Carry Forward | | | | | | | | |
| General | 0 | 0 | 0 | 66 | 0 | 66 | 66 | n.m |
| Direct Appropriations | | | | | | | | |
| Environment & Natural Resource | 225 | 120 | 189 | 0 | 0 | 0 | -309 | -100.0% |
| General | 41,924 | 20,146 | 25,024 | 21,348 | 21,348 | 42,696 | -2,474 | -5.5% |
| Minnesota Resources | 61 | 48 | 138 | 0 | 0 | 0 | -186 | -100.0% |
| Environmental | 338 | 347 | 353 | 353 | 353 | 706 | 6 | 0.9% |
| Open Appropriations | | | | | | | | |
| General | 34,559 | 33,681 | 35,456 | 35,327 | 31,319 | 66,646 | -2,491 | -3.6% |
| Statutory Appropriations | | | | | | | | |
| Public Facilities Authority | 0 | 6,208 | 2,555 | 1,240 | 1,077 | 2,317 | -6,446 | -73.6% |
| General | 10 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Special Revenue | 3,635 | 2,954 | 3,447 | 3,286 | 3,280 | 6,566 | 165 | 2.6% |
| Agriculture Fund | 17,635 | 18,916 | 19,986 | 19,029 | 18,652 | 37,681 | -1,221 | -3.1% |
| Federal | 1,467 | 3,220 | 4,153 | 7,060 | 6,786 | 13,846 | 6,473 | 87.8% |
| Environmental | 345 | 256 | 1,313 | 500 | 500 | 1,000 | -569 | -36.3% |
| Rural Finance Administration | 0 | 0 | 411 | 250 | 300 | 550 | 139 | 33.8% |
| Miscellaneous Agency | 0 | 0 | 2 | 2 | 2 | 4 | 2 | 100.0% |
| Gift | 33 | 122 | 119 | 11 | 8 | 19 | -222 | -92.1% |
| Total | 100,232 | 86,018 | 93,146 | 88,472 | 83,625 | 172,097 | -7,067 | -3.9% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|----------------|---------------|---------------|---------------|---------------|----------------|---------------|--------------|
| Total Compensation | 26,356 | 27,077 | 29,719 | 29,743 | 29,991 | 59,734 | 2,938 | 5.2% |
| Other Operating Expenses | 35,577 | 14,402 | 20,583 | 18,435 | 17,889 | 36,324 | 1,339 | 3.8% |
| Capital Outlay & Real Property | 29 | 0 | 2 | 2 | 0 | 2 | 0 | 0.0% |
| Payments To Individuals | 479 | 657 | 750 | 709 | 693 | 1,402 | -5 | -0.4% |
| Local Assistance | 37,344 | 36,865 | 38,356 | 37,324 | 33,216 | 70,540 | -4,681 | -6.2% |
| Other Financial Transactions | 447 | 7,017 | 3,736 | 2,259 | 1,836 | 4,095 | -6,658 | -61.9% |
| Total | 100,232 | 86,018 | 93,146 | 88,472 | 83,625 | 172,097 | -7,067 | -3.9% |

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|--------------------------------|----------------|---------------|-----------------|---------------|---------------|-----------------|--------------------------|----------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Expenditures by Program | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Protection Services | 29,733 | 28,255 | 31,940 | 31,102 | 30,785 | 61,887 | 1,692 | 2.8% |
| Ag Marketing And Development | 8,624 | 7,222 | 9,350 | 8,415 | 8,391 | 16,806 | 234 | 1.4% |
| Ethanol Producer Payments | 34,559 | 33,681 | 35,456 | 35,327 | 31,319 | 66,646 | -2,491 | -3.6% |
| Admin & Financial Assist | 27,316 | 16,860 | 16,400 | 13,628 | 13,130 | 26,758 | -6,502 | -19.5% |
| Total | 100,232 | 86,018 | 93,146 | 88,472 | 83,625 | 172,097 | -7,067 | -3.9% |

Revenue by Type and Fund

Non Dedicated

| | | | | | | | | |
|------------------------|-------|-------|-------|-------|-------|-------|--------|--------|
| General | 1,643 | 4,462 | 3,632 | 3,377 | 3,214 | 6,591 | -1,503 | -18.6% |
| Minnesota Resources | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Cambridge Deposit Fund | 2,773 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 4,417 | 4,462 | 3,632 | 3,377 | 3,214 | 6,591 | -1,503 | -18.6% |

Dedicated

| | | | | | | | | |
|------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|
| Public Facilities Authority | 0 | 38 | 1,401 | 1,526 | 1,663 | 3,189 | 1,750 | 121.6% |
| Special Revenue | 3,526 | 3,167 | 3,017 | 3,130 | 3,159 | 6,289 | 105 | 1.7% |
| Agriculture Fund | 17,320 | 18,318 | 18,052 | 18,033 | 18,004 | 36,037 | -333 | -0.9% |
| Federal | 1,970 | 4,507 | 3,732 | 7,569 | 7,282 | 14,851 | 6,612 | 80.3% |
| Environmental | 118 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Rural Finance Administration | 9,389 | 13,831 | 10,838 | 12,522 | 14,557 | 27,079 | 2,410 | 9.8% |
| Miscellaneous Agency | -2 | 0 | 2 | 2 | 2 | 4 | 2 | 100.0% |
| Gift | 158 | 39 | 41 | 8 | 8 | 16 | -64 | -80.0% |
| Subtotal Dedicated | 32,479 | 39,900 | 37,083 | 42,790 | 44,675 | 87,465 | 10,482 | 13.6% |
| Total Revenue | 36,896 | 44,362 | 40,715 | 46,167 | 47,889 | 94,056 | 8,979 | 10.6% |

| | | | | | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Full-Time Equivalents (FTE) | 470.7 | 458.9 | 458.4 | 457.2 | 456.7 |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|

Program Description

The purpose of the Protection Services Program is to protect the state's citizens and environment by ensuring the quality, integrity, and safety of agricultural and horticultural products that are produced and used in Minnesota.

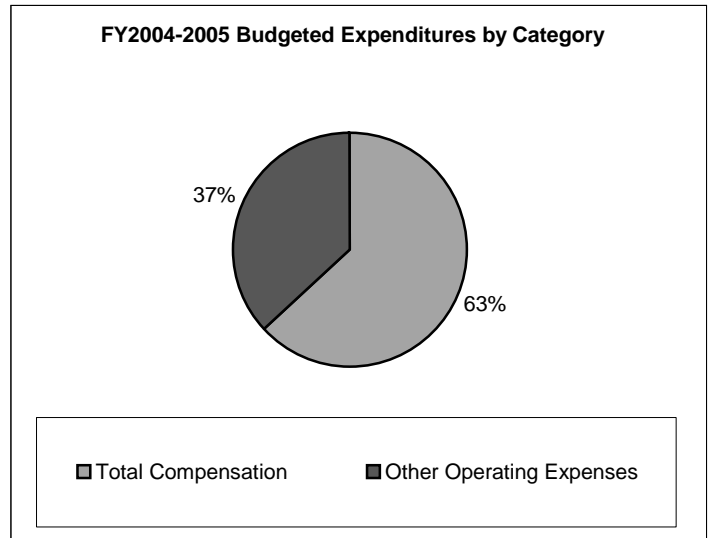
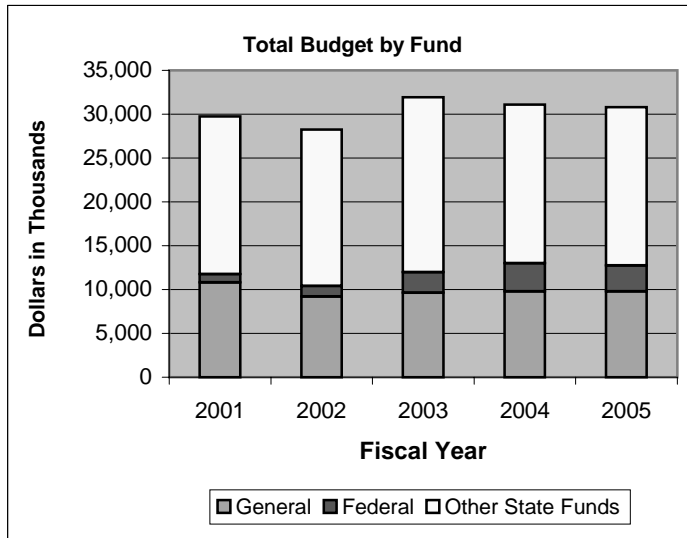
Budget Activities Included:

- ⇒ Agronomy and Plant Protection
- ⇒ Dairy and Food Inspection
- ⇒ Laboratory Services
- ⇒ Grain and Produce Inspection

AGRICULTURE DEPT

Program: PROTECTION SERVICES

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 10,781 | 9,189 | 9,635 | 9,772 | 9,772 | 19,544 | 720 | 3.8% |
| Minnesota Resources | 50 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Environmental | 338 | 347 | 353 | 353 | 353 | 706 | 6 | 0.9% |
| Statutory Appropriations | | | | | | | | |
| General | 10 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Special Revenue | 859 | 34 | 158 | 6 | 6 | 12 | -180 | -93.8% |
| Agriculture Fund | 16,382 | 17,217 | 18,142 | 17,250 | 17,183 | 34,433 | -926 | -2.6% |
| Federal | 964 | 1,210 | 2,336 | 3,218 | 2,968 | 6,186 | 2,640 | 74.5% |
| Environmental | 345 | 256 | 1,313 | 500 | 500 | 1,000 | -569 | -36.3% |
| Gift | 4 | 2 | 3 | 3 | 3 | 6 | 1 | 20.0% |
| Total | 29,733 | 28,255 | 31,940 | 31,102 | 30,785 | 61,887 | 1,692 | 2.8% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 17,546 | 18,023 | 19,517 | 19,353 | 19,609 | 38,962 | 1,422 | 3.8% |
| Other Operating Expenses | 12,094 | 10,136 | 12,322 | 11,648 | 11,101 | 22,749 | 291 | 1.3% |
| Local Assistance | 17 | 14 | 26 | 26 | 0 | 26 | -14 | -35.0% |
| Other Financial Transactions | 76 | 82 | 75 | 75 | 75 | 150 | -7 | -4.5% |
| Total | 29,733 | 28,255 | 31,940 | 31,102 | 30,785 | 61,887 | 1,692 | 2.8% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|-------------|
| Expenditures by Activity | | | | | | | | |
| Agronomy And Plant Protection | 12,757 | 12,100 | 14,412 | 13,106 | 12,844 | 25,950 | -562 | -2.1% |
| Dairy And Food Inspection | 6,117 | 5,442 | 6,207 | 6,346 | 6,291 | 12,637 | 988 | 8.5% |
| Laboratory Services | 5,002 | 4,884 | 5,530 | 5,900 | 5,900 | 11,800 | 1,386 | 13.3% |
| Grain & Produce Inspection | 5,857 | 5,829 | 5,791 | 5,750 | 5,750 | 11,500 | -120 | -1.0% |
| Total | 29,733 | 28,255 | 31,940 | 31,102 | 30,785 | 61,887 | 1,692 | 2.8% |

AGRICULTURE DEPT

Program: PROTECTION SERVICES

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------------|---------------|---------------|-----------------|---------------|---------------|-----------------|--------------------------|----------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Revenue by Type and Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Non Dedicated | | | | | | | | |
| General | 4 | 2,630 | 2,634 | 2,634 | 2,634 | 5,268 | 4 | 0.1% |
| Cambridge Deposit Fund | 2,626 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 2,630 | 2,630 | 2,634 | 2,634 | 2,634 | 5,268 | 4 | 0.1% |
| Dedicated | | | | | | | | |
| Special Revenue | 305 | 57 | 6 | 6 | 6 | 12 | -51 | -81.0% |
| Agriculture Fund | 16,235 | 17,085 | 16,763 | 16,763 | 16,763 | 33,526 | -322 | -1.0% |
| Federal | 1,484 | 1,899 | 2,177 | 3,204 | 2,939 | 6,143 | 2,067 | 50.7% |
| Environmental | 118 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Gift | 5 | 2 | 3 | 3 | 3 | 6 | 1 | 20.0% |
| Subtotal Dedicated | 18,147 | 19,043 | 18,949 | 19,976 | 19,711 | 39,687 | 1,695 | 4.5% |
| Total Revenue | 20,777 | 21,673 | 21,583 | 22,610 | 22,345 | 44,955 | 1,699 | 3.9% |
| | | | | | | | | |
| Full-Time Equivalents (FTE) | 319.7 | 308.3 | 301.7 | 301.3 | 301.3 | | | |

Activity Description

Agronomy and Plant Protection (APPD) regulates pesticides, fertilizers, seed, commercial feed, noxious weeds, nursery stock, exotic pests, and agricultural export certification. This encourages fair competition, quality assurance for consumers, environmental and human health protection, and quality assurances for plant and grain exports.

Population Served

All citizens of the state, producers, and agricultural industries benefit from APPD activities. APPD activities directly affect agriculture, and the protection of land and water resources affects all within the state. Also, a significant amount of the regulated activities occur in urban areas. In addition, the division works directly with other states and countries to facilitate global trade through regulatory and export certification programs.

Services Provided

APPD has broadly diverse responsibilities in three broad categories:

- ◆ traditional farm input regulation;
- ◆ environmental regulation; and
- ◆ plant and plant pest regulation.

Regulatory strategies in all areas include education, training, monitoring, licensing, permitting, and promotion of voluntary practices along with inspection, investigation, and enforcement actions.

The traditional mission of the division has been to ensure that seed, fertilizer, commercial feed, and other farm inputs were properly labeled and met legal criteria. This provided fair competition for the industry and guaranteed product quality for farmers and consumers. This mission is still important, but there is an increasing emphasis on product use and sale in urban areas and all tasks have become increasingly complex. For example, urban lawn and garden fertilizer has come under increasing scrutiny; more regulatory attention has focused on the pet food product quality; and the threat of Bovine Spongiform Encephalopathy (BSE), or "mad cow" disease requires more complex inspections at feed manufacturing facilities.

The division conducts a variety of fixed facility inspections for pesticides, fertilizers, seed, feed, and plant pests. Products are registered; individuals, companies, nursery stock and export products are certified, licensed or permitted. Education and compliance workshops update and communicate legal requirements or voluntary practices to clientele. Water quality and invasive species are extensively monitored. When necessary the division also directly protects Minnesota natural resources through the control of pests such as gypsy moth. The division also administers remediation and response to agricultural chemical incidents utilizing state superfund or an industry-supported reimbursement program. Additionally, the division facilitates property transfers by the oversight of environment site assessments.

Historical Perspective

Since the mid 1980's environmental concerns regarding pesticides and fertilizers have greatly increased. The revision of the Minnesota Pesticide Control Law in 1987 and the passage of the Comprehensive Groundwater Protection Act of 1989 resulted in significant and broad new responsibilities for the division. Programs such as waste pesticide collection, emergency response, superfund, ag chemical cleanup reimbursement, water quality monitoring, and increased applicator licensing and certification of applicators added not only a heavy workload but a changed focus to the services provided by the division. These programs also require highly technical and scientifically based regulatory action.

Activity at a Glance

- ◆ Collected 179,027 pounds of waste pesticides
- ◆ Issued 30,000 pesticide licenses or certificates
- ◆ Permitted 1,186 chemigation sites
- ◆ Registered 11,000 pesticide products
- ◆ Set 15,342 gypsy moth traps
- ◆ Collected approximately 900 pesticide, water quality samples
- ◆ Provided \$2,624,785 in ag-chemical cleanup reimbursement
- ◆ Permitted 600 ag chemical storage sites
- ◆ Certified 38 manure testing laboratories
- ◆ Issued 3,196 export documents
- ◆ Responded to 304 agricultural incidents such as chemical spills

AGRICULTURE DEPT

Program: PROTECTION SERVICES

Activity: AGRONOMY AND PLANT PROTECTION

Narrative

In 1996, plant protection regulatory responsibilities were transferred to the division. Nursery inspection, plant pest monitoring and management, and export certification require very different services and technical capabilities. With increased global trade, these programs must address new pests from other parts of the world, high demand for services to expedite the shipment of Minnesota plant products and the regulation of a rapidly expanding nursery industry. Staff entomologists, plant pathologists, and horticulturalists are increasingly challenged to protect Minnesota's industries and natural resources by monitoring for and combating plant pests such as gypsy moths and karnal bunt, as well as conducting field inspections and certifying the pest-free status of shipments of a wide variety of products for foreign markets.

Increasing demands on the division's programs coupled with flat or decreasing funding in special services accounts and general funds are resulting in difficult project prioritization and reduced services. Programs such as Agriculture Chemical Response and Reimbursement Account (ACRAA) reimbursement program, waste pesticide collections, and ground and surface water monitoring programs, and BSE inspections are nationally recognized for their effectiveness and innovation. In addition, biological pests are increasing in prevalence due to recent expansion of global and interstate trade and to biological factors beyond Minnesota's control.

Activity Funding

Sources of funds for this activity are:

| Funds: | FY 2002 | FY 2003 | Biennium |
|---------------------------------------|----------------|----------------|-----------------|
| General Fund | 17.59% | 16.85% | 17.22% |
| Dedicated-Special Revenue and Ag Fund | 69.78% | 64.33% | 67.03% |
| Federal | 7.91% | 6.64% | 7.27% |
| Environmental | 4.71% | 12.13% | 8.46% |
| Other | 0.02% | 0.04% | 0.03% |
| Total | 100.00% | 100.00% | 100.00% |

| Expenditures by Category by Fund: | Salaries | Operating | Pass Thru |
|--|-----------------|------------------|------------------|
| General Fund | 13.24% | 3.97% | 0% |
| Dedicated-Special Revenue and Ag Fund | 35.21% | 31.35% | 0.46% |
| Federal | 4.56% | 2.57% | 0.15% |
| Environmental | 1.94% | 6.52% | 0% |
| Other | 0% | 0% | 0.03% |
| Total | 54.96% | 44.41% | 0.64% |

Not included in the above totals is the \$200,000 per year transfer to Agriculture Utilization Research Institute (AURI).

Key Measures

Performance measures used to evaluate effectiveness are:

- ◆ The division will develop real-time electronic data sharing capability by making forms and databases available through the internet to interested parties and regulated clientele.

Contact

For additional information on this activity, please contact Greg Buzicky, Division Director, at (651) 296-5639 or Greg.Buzicky@state.mn.us.

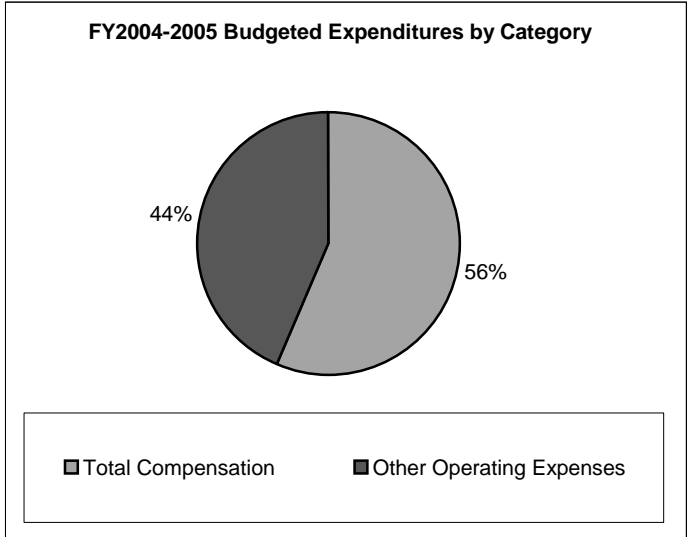
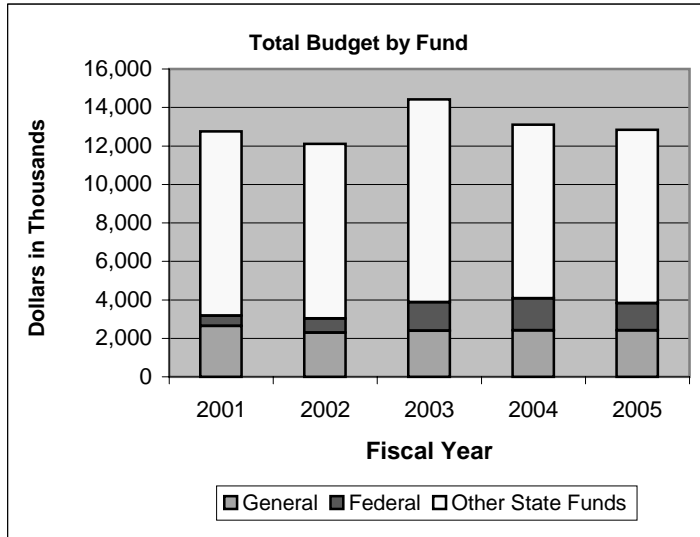
Information on programs and staff can be found at the MDA web site.

AGRICULTURE DEPT

Program: **PROTECTION SERVICES**

Activity: **AGRONOMY AND PLANT PROTECTION**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--------------------------|--------------------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 | Dollars / Percent |
| Direct Appropriations | | | | | | | | |
| General | 2,641 | 2,289 | 2,393 | 2,414 | 2,414 | 4,828 | 146 | 3.1% |
| Environmental | 338 | 347 | 353 | 353 | 353 | 706 | 6 | 0.9% |
| Statutory Appropriations | | | | | | | | |
| General | 10 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Special Revenue | 728 | 32 | 152 | 0 | 0 | 0 | -184 | -100.0% |
| Agriculture Fund | 8,162 | 8,443 | 8,711 | 8,170 | 8,170 | 16,340 | -814 | -4.7% |
| Federal | 529 | 731 | 1,487 | 1,666 | 1,404 | 3,070 | 852 | 38.4% |
| Environmental | 345 | 256 | 1,313 | 500 | 500 | 1,000 | -569 | -36.3% |
| Gift | 4 | 2 | 3 | 3 | 3 | 6 | 1 | 20.0% |
| Total | 12,757 | 12,100 | 14,412 | 13,106 | 12,844 | 25,950 | -562 | -2.1% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|-------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 6,716 | 6,645 | 7,208 | 7,172 | 7,385 | 14,557 | 704 | 5.1% |
| Other Operating Expenses | 5,948 | 5,371 | 7,103 | 5,833 | 5,384 | 11,217 | -1,257 | -10.1% |
| Local Assistance | 17 | 14 | 26 | 26 | 0 | 26 | -14 | -35.0% |
| Other Financial Transactions | 76 | 70 | 75 | 75 | 75 | 150 | 5 | 3.4% |
| Total | 12,757 | 12,100 | 14,412 | 13,106 | 12,844 | 25,950 | -562 | -2.1% |

AGRICULTURE DEPT

Program: PROTECTION SERVICES

Activity: AGRONOMY AND PLANT PROTECTION

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 4 | 562 | 598 | 598 | 598 | 1,196 | 36 | 3.1% |
| Cambridge Deposit Fund | 578 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 582 | 562 | 598 | 598 | 598 | 1,196 | 36 | 3.1% |
| Dedicated | | | | | | | | |
| Special Revenue | 146 | 50 | 0 | 0 | 0 | 0 | -50 | -100.0% |
| Agriculture Fund | 9,544 | 9,844 | 9,154 | 9,154 | 9,154 | 18,308 | -690 | -3.6% |
| Federal | 449 | 803 | 1,469 | 1,652 | 1,375 | 3,027 | 755 | 33.2% |
| Environmental | 118 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Gift | 5 | 2 | 3 | 3 | 3 | 6 | 1 | 20.0% |
| Subtotal Dedicated | 10,262 | 10,699 | 10,626 | 10,809 | 10,532 | 21,341 | 16 | 0.1% |
| Total Revenue | 10,844 | 11,261 | 11,224 | 11,407 | 11,130 | 22,537 | 52 | 0.2% |
| | | | | | | | | |
| Full-Time Equivalents (FTE) | 118.1 | 109.2 | 98.8 | 98.8 | 98.8 | | | |

Activity Description

Dairy and Food Inspection works to ensure that the food and dairy products Minnesotans consume are safe and wholesome. This is accomplished through regulatory inspections and enforcement, surveillance sampling, special investigations, consumer protection, and educational outreach. The goal of these food safety programs is to prevent the sale or consumption of adulterated food and dairy products and to heighten awareness of proper biosecurity and food safety practices.

Population Served

The entire population of Minnesota, as well as visitors and tourists and those outside Minnesota who consume dairy and food products produced, processed, prepared or sold in the state benefit from the service provided by these food protection programs. Minnesota businesses that export food and dairy products benefit from certificates of free sale issued by the Minnesota Department of Agriculture (MDA) as well.

Activity at a Glance

- ◆ Inspected 6,788 dairy farms, 427 bulk milk trucks, 1,345 haulers, and 57 plants
- ◆ Inspected 1,697 food processing plants, 6,225 retail food stores, and 105 mobile concessions
- ◆ 3,718 dairy samples taken (average 4.5 tests per sample)
- ◆ 1,878 food samples taken (average 2.4 tests per sample)
- ◆ Issued 895 Certificates of Free Sale for export
- ◆ Leveraged resources with other inspection agencies: 15 partnerships, 2 contracts and 4 grants

Services Provided

Dairy inspectors routinely inspect and take samples from dairy farms, processing plants, and bulk milk trucks to make sure all milk and dairy products are produced and handled safely. Inspectors also test pasteurizer equipment for proper operation, certify bulk milk hauler-samples, review labels for accuracy, work with farmstead cheese processors, and provide information to dairy farmers and processors to help keep them current with the latest laws and regulations. Milk survey officers check that the dairy industry, milk laboratories, and the Dairy Program comply with the federal Pasteurized Milk Ordinance, allowing Minnesota dairy products to be shipped in interstate commerce.

Food inspectors conduct routine and follow-up inspections at food manufacturing/processing plants, canneries, warehouses, salvage operations, concession stands and retail food stores. They also conduct regulatory and surveillance food sampling to determine food safety trends and emerging pathogens and conduct inspections under contract with the U.S. Food and Drug Administration (FDA). Inspectors investigate complaints, conduct final inspections of new and remodeled facilities, and work with local health departments to ensure uniform inspection procedures across the state. In addition, they investigate food borne illness outbreaks to determine the cause, remedy the problem, and prevent similar problems in the future. They also work with the industry and the public on food recalls originating in Minnesota or elsewhere and work to verify that recalled products have been removed from sale. The inspectors respond to emergencies such as floods, fires, truck rollovers, and other emergencies where food is involved to determine if the food is safe and wholesome, and to prevent damaged and contaminated goods from reaching the public.

The Compliance Section supports the dairy and food inspection programs in law enforcement and compliance activities. Compliance officers conduct special projects and investigations, work with delegated local health agencies, review plans for newly constructed and remodeled facilities, and train inspectors, industry, and consumers on the latest food safety issues. Many of the projects and training efforts are developed in partnership with the Minnesota Department of Health (MDH), University of Minnesota (U of M), local health agencies and representatives of the food or dairy industry. The Compliance Section, with division management, also develops legislation and regulations to safeguard our food system.

Historical Perspective

The food and dairy programs are moving toward a risk-based inspection program, which allocates scarce resources to facilities that have a higher risk or potential of causing food borne illness. While ordinary operations still have oversight, more complex, high-risk operations processing or preparing foods often involved in food

AGRICULTURE DEPT

Program: PROTECTION SERVICES

Activity: DAIRY AND FOOD INSPECTION

Narrative

borne outbreaks receive more frequent inspections and, in many cases, assistance in developing and following Hazard Analysis Critical Control Point (HACCP) plans to address problems before they occur.

Food and dairy inspection has become a more complicated and expensive business. A food and dairy industry that is becoming more mechanized and computerized with more complex, engineered foods requires well-equipped, highly trained overseers. A global food supply with challenging import and export standards, lower detection limits for contaminants, and new concerns about antibiotics, pesticide residues and emerging pathogens makes a close working relationship with a state-of-the-art laboratory essential. Efficient inspection programs demand the best computer and information technology. Electronic inspections, access to summary data from anywhere in the state, and prompt electronic analysis of data are vital components of an effective program in the electronic age.

Finally, the terrorist events of last September 11th have added an entire new consideration for increased security, planning, and emergency response in case of a terrorist attack on our food supply. Food and dairy businesses, especially medium-sized and small businesses that don't have the resources themselves, look to the department for guidance in preparing for and responding to such events.

Activity Funding

Sources of funds for this activity are:

Funds:

| | FY 2002 | FY 2003 | Biennium |
|---------------------------------------|---------|---------|----------|
| General Fund | 68.30% | 65.95% | 67.08% |
| Dedicated-Special Revenue and Ag Fund | 30.32% | 31.99% | 31.18% |
| Federal | 1.38% | 2.06% | 1.73% |
| Other | 0% | 0% | 0% |
| Total | 100.00% | 100.00% | 100.00% |

Expenditures by Category by Fund:

| | Salaries | Operating | Pass Thru |
|---------------------------------------|----------|-----------|-----------|
| General Fund | 57.42% | 9.67% | 0% |
| Dedicated-Special Revenue and Ag Fund | 22.40% | 8.68% | 0.10% |
| Federal | 0.95% | 0.78% | 0% |
| Other | 0% | 0% | 0% |
| Total | 80.77% | 19.13% | 0.10% |

Key Measures

Performance measures used to evaluate effectiveness are:

- ⇒ Total number of inspections completed versus total number of inspections required (according to risk categories). For example, high, medium, and low risk of causing foodborne illness.
- ⇒ Total number of dairy and food samples collected with average number of tests done on each sample.
- ⇒ Number of partnerships, agreements, and grants initiated or continued to leverage resources.

Contact

For additional information on this activity, please contact Shirley Bohm, Division Director, at (651) 296-1590 or Shirley.Bohm@state.mn.us.

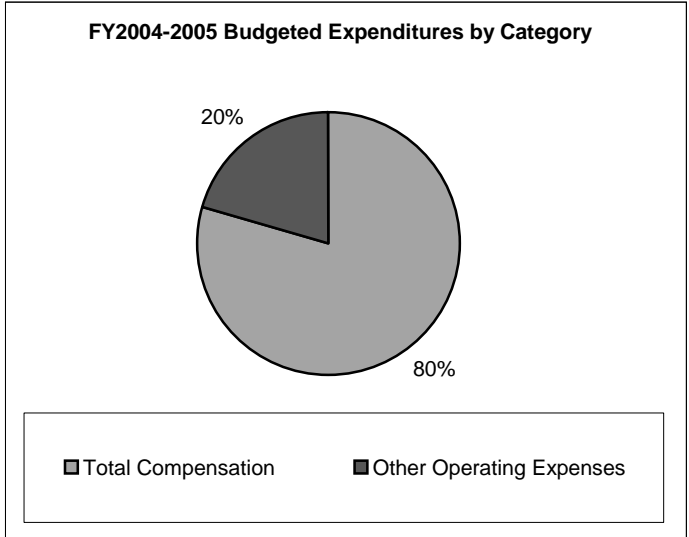
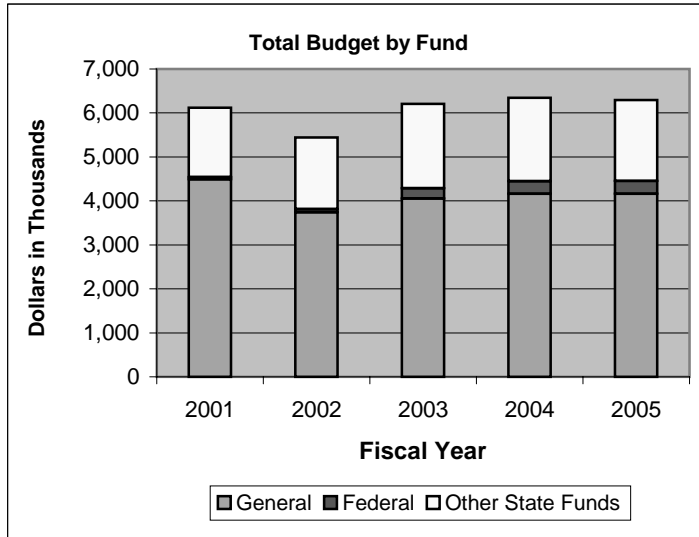
Additional information about dairy and food inspection activities are also available on the MDA's web site and the Dairy and Food Inspection Information/Complaint desk at (651) 296-1592.

AGRICULTURE DEPT

Program: **PROTECTION SERVICES**

Activity: DAIRY AND FOOD INSPECTION

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 4,491 | 3,740 | 4,052 | 4,165 | 4,165 | 8,330 | 538 | 6.9% |
| Minnesota Resources | 50 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 122 | 2 | 6 | 6 | 6 | 12 | 4 | 50.0% |
| Agriculture Fund | 1,405 | 1,626 | 1,914 | 1,896 | 1,829 | 3,725 | 185 | 5.2% |
| Federal | 49 | 74 | 235 | 279 | 291 | 570 | 261 | 84.5% |
| Total | 6,117 | 5,442 | 6,207 | 6,346 | 6,291 | 12,637 | 988 | 8.5% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 4,384 | 4,391 | 4,883 | 5,014 | 5,039 | 10,053 | 779 | 8.4% |
| Other Operating Expenses | 1,733 | 1,039 | 1,324 | 1,332 | 1,252 | 2,584 | 221 | 9.4% |
| Other Financial Transactions | 0 | 12 | 0 | 0 | 0 | 0 | -12 | -100.0% |
| Total | 6,117 | 5,442 | 6,207 | 6,346 | 6,291 | 12,637 | 988 | 8.5% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 0 | 2,068 | 2,036 | 2,036 | 2,036 | 4,072 | -32 | -0.8% |
| Cambridge Deposit Fund | 2,048 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 2,048 | 2,068 | 2,036 | 2,036 | 2,036 | 4,072 | -32 | -0.8% |
| Dedicated | | | | | | | | |
| Special Revenue | 159 | 7 | 6 | 6 | 6 | 12 | -1 | -7.7% |
| Agriculture Fund | 1,401 | 1,811 | 1,978 | 1,978 | 1,978 | 3,956 | 167 | 4.4% |
| Federal | 590 | 690 | 237 | 279 | 291 | 570 | -357 | -38.5% |
| Subtotal Dedicated | 2,150 | 2,508 | 2,221 | 2,263 | 2,275 | 4,538 | -191 | -4.0% |
| Total Revenue | 4,198 | 4,576 | 4,257 | 4,299 | 4,311 | 8,610 | -223 | -2.5% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 76.6 | 69.2 | 74.9 | 74.5 | 74.5 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

Activity Description

Laboratory Services Division (Lab) provides analytical support and data that is critical to the protection of Minnesota's food supply, agricultural industry, and environment. Analysis results must be legally defensible in case regulatory action is taken.

Population Served

The laboratory protects all Minnesota citizens and those who use Minnesota agriculture or agricultural products by working to ensure a safe, secure food supply and to protect the environment from misuse of agricultural chemicals. Through partnerships, we serve the entire nation as we work with other states and federal agencies to identify and address problems of national concern and work to ensure the wholesomeness of Minnesota's food exports.

Services Provided

Laboratory Services performs chemical, microbiological, and physical analyses of food, dairy products, beverages, water, fertilizer, lime, feed, seed, plant material, pesticides, pesticide residues, and grain. These tests support inspection and enforcement activities of the Minnesota Department of Agriculture's (MDA) regulatory divisions. We also determine products' quality and conformance to state and federal laws and regulations, to provide legally defensible evidence in legal proceedings against violators.

Our mission includes routine analyses to ensure that products meet legally mandated quality standards, such as analyzing a fertilizer to see if it is contaminated by heavy metals (i.e. arsenic or lead). It also provides for forensic analysis to identify unknown agents in a suspect product. Beyond that, our lab's special analytical testing gives the department rapid and accurate data needed to respond promptly and effectively to environmental and food-borne crises, such as E. coli contaminated ground beef and pesticide residues in produce. The Lab develops and maintains new analytical capabilities as new problems or questions arise within the feed, food, and agrochemical industry. We also consult on analytical issues with inspectors, managers, private analytical laboratories, and regulated industries.

In addition to our services to MDA's regulatory programs, the Lab provides analyses for the U.S. Department of Agriculture (USDA), the Food and Drug Administration (FDA), the Environmental Protection Agency (EPA), and other federal and state agencies. It also administers a laboratory certification program for private and commercial testing laboratories as required by law.

Historical Perspective

Laboratory Services has served Minnesotans since 1887. The lab's first duty was to oversee our state's dairy industry. Over the years our services have grown to include seed quality analysis and ever more complicated analytical services such as microbiological, chemical and plant analysis of seed, feed, food, and dairy products. The 1989 groundwater protection legislation created a special need to expand the lab's analytical capabilities and technology to include testing for a vast array of pesticides and other agricultural chemicals. In 1995, the MDA integrated the Minnesota Department of Natural Resources (DNR) analytical services into MDA's operations. This allowed the DNR to close two laboratories while still providing their programs the quality data required for decision-making. In 1999, the closure of the FDA Minneapolis lab led to the first ever location of federal FDA staff in a state facility bringing additional expertise and partnerships to the laboratory. The newly funded lab facilities co-located with the Minnesota Health Department's (MDH) laboratory will help expand this unique partnership, and give Minnesota the capacity to better address emerging food security concerns and threats of terrorism.

Activity at a Glance

The Laboratory Services Division consists of a number of analytical units providing diverse analytical services to help ensure food safety/security while protecting the agriculture industry and our environment. These units include:

- ◆ Microbiology Analysis
- ◆ Food/Dairy Chemical Analysis
- ◆ Agronomy Analysis
- ◆ Environmental Analysis
- ◆ Seed and Plant Analysis
- ◆ Laboratory Operations
- ◆ Quality Assurance

AGRICULTURE DEPT

Program: PROTECTION SERVICES

Activity: LABORATORY SERVICES

Narrative

The laboratory will face growing pressures and challenges to address the significant changes occurring in analytical technology, laboratory information systems, ISO accreditation requirements, and laboratory safety and security concerns.

Activity Funding

Sources of funds for this activity are:

| Funds: | FY 2002 | FY 2003 | Biennium |
|---------------------------------------|----------------|----------------|-----------------|
| General Fund | 51.85% | 51.21% | 51.53% |
| Dedicated-Special Revenue and Ag Fund | 39.67% | 39.83% | 39.75% |
| Federal | 8.48% | 8.96% | 8.72% |
| Other | 0% | 0% | 0% |
| Total | 100.00% | 100.00% | 100.00% |

| Expenditures by Category by Fund: | Salaries | Operating | Pass Thru |
|--|-----------------|------------------|------------------|
| General Fund | 31.33% | 20.19% | 0% |
| Dedicated-Special Revenue and Ag Fund | 21.67% | 18.08% | 0% |
| Federal | 3.63% | 5.09% | 0% |
| Other | 0% | 0% | 0% |
| Total | 56.64% | 43.36% | 0% |

Key Measures

Performance measures used to evaluate effectiveness are:

- ◆ provide end users ready access to laboratory data through the new Laboratory Information Management system, so that analysts, decision makers, and interested individuals get the information they need.
- ◆ Percent of required real time Analytical Quality Control available to analysts in the laboratory.
- ◆ Minimize effort and resources when identifying analytical methods and trends in food safety and security through participation in the new ECam and E-LexNet data and method indexes.
- ◆ Percent of defined priority food safety and security agents reported to the new federal ElexNet system.

Contact

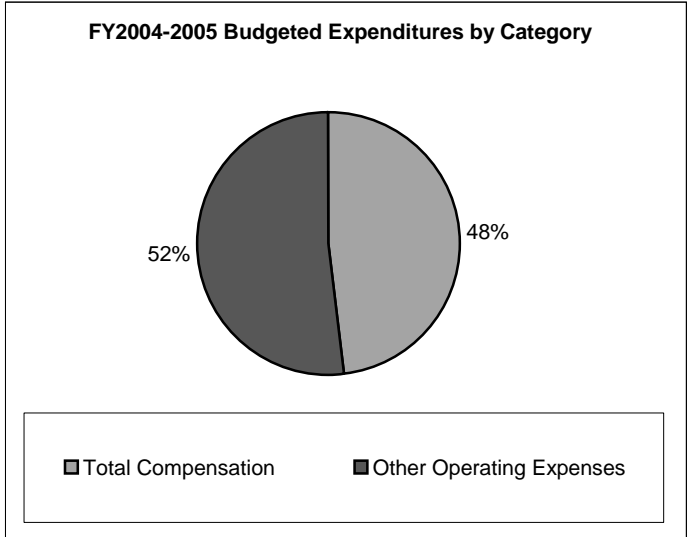
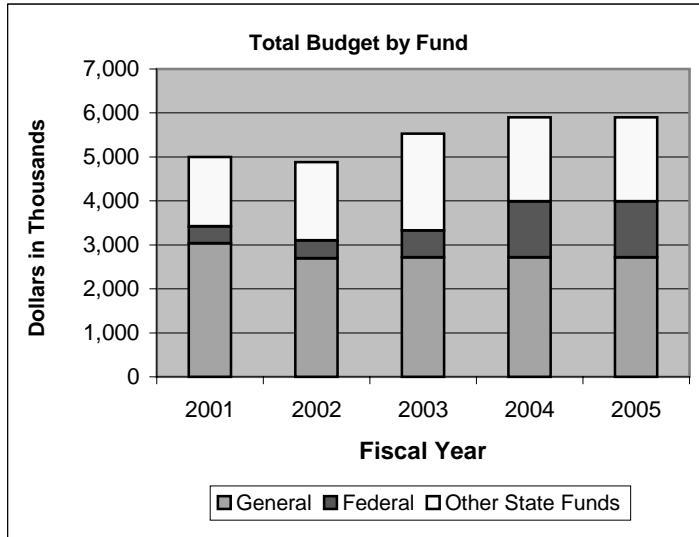
For additional information on this activity, please contact William Krueger, Division Director, at (651) 296-1572 or William.Krueger@state.mn.us.

AGRICULTURE DEPT

Program: PROTECTION SERVICES

Activity: LABORATORY SERVICES

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 3,035 | 2,693 | 2,713 | 2,713 | 2,713 | 5,426 | 20 | 0.4% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 9 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Agriculture Fund | 1,572 | 1,786 | 2,203 | 1,914 | 1,914 | 3,828 | -161 | -4.0% |
| Federal | 386 | 405 | 614 | 1,273 | 1,273 | 2,546 | 1,527 | 149.9% |
| Total | 5,002 | 4,884 | 5,530 | 5,900 | 5,900 | 11,800 | 1,386 | 13.3% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 2,301 | 2,554 | 3,047 | 2,829 | 2,847 | 5,676 | 75 | 1.3% |
| Other Operating Expenses | 2,701 | 2,330 | 2,483 | 3,071 | 3,053 | 6,124 | 1,311 | 27.2% |
| Total | 5,002 | 4,884 | 5,530 | 5,900 | 5,900 | 11,800 | 1,386 | 13.3% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|--------------|--------------|--------------|--------------|---------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Agriculture Fund | 69 | 129 | 343 | 343 | 343 | 686 | 214 | 45.3% |
| Federal | 445 | 406 | 471 | 1,273 | 1,273 | 2,546 | 1,669 | 190.3% |
| Subtotal Dedicated | 514 | 535 | 814 | 1,616 | 1,616 | 3,232 | 1,883 | 139.6% |
| Total Revenue | 514 | 535 | 814 | 1,616 | 1,616 | 3,232 | 1,883 | 139.6% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 42.6 | 47.4 | 46.2 | 46.2 | 46.2 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

Activity Description

The Grain and Produce activity has three program areas:

- ◆ Grain inspections and sampling analysis;
- ◆ Fruit and Vegetable inspections services; and
- ◆ Certified Seed Potato inspection services.

The inspection services provided are a combination of voluntary and mandatory activities to ensure fair marketing and appropriate end use of the product. This facilitates fair pricing of healthy produce and grain products. It also is used by clients to determine conformance with contract specifications of quantity and quality, which promotes fair trade practices.

Population Served

Grain Inspection:

- ◆ consumers around the world;
- ◆ elevators;
- ◆ exporters;
- ◆ processors;
- ◆ livestock feeders and grain farmers; and
- ◆ trading firms and those involved in the grain trade and transportation industry throughout the U.S. and its customers worldwide.

Fruit and Vegetable Inspection:

- ◆ consumers;
- ◆ produce brokers;
- ◆ wholesalers;
- ◆ processors;
- ◆ retailers; and
- ◆ exporters.

Certified Seed Potato Inspection:

- ◆ seed potato growers;
- ◆ processors and wholesalers of any kind, whether in or out of the state;
- ◆ consumers; and
- ◆ potato producers.

Services Provided

The Grain Inspection program provides neutral-party, accurate, repeatable, rapid quantity and quality determinations on grains. This service is provided under agreements with the U.S. Department of Agriculture's (USDA) Federal Grain Inspection Service. Services facilitate the marketing, storage and use of grain as well as promoting fair and competitive trade. The provision of these consistent professional weighing, sampling, testing, and grading services allows voluntary domestic and mandatory export customers the ability to trade with certainty of grain quality and quantity.

The Fruit and Vegetable program provides an unbiased third-party opinion on the quality and quantity of produce, ensuring that both are fairly reflected in the price to consumers. It allows shippers and receivers to operate in a fair market, with commodities that further ripen during shipment. Inspections occur at wholesale and delivery

Activity at a Glance

Grain Inspection:

- ◆ More than 77,000 inspections in FY 2001 of officially sampled and inspected grain equaling 468 million bushels. This does not count grain presented for submitted or commercial inspections or other weighing and tests. By comparison 1.2 billion bushels of corn, soybeans, wheat, and barley were grown in Minnesota in 2001.

Produce Inspection:

- ◆ Staff are licensed to inspect 85 different fruits and vegetables
- ◆ 43 million pounds of produce inspected in FY 2002
- ◆ 603 million pounds of potatoes at processing plants and 9 million pounds of table stock potatoes

Minnesota Certified Seed Potato:

- ◆ 9,330 acres enrolled in program with an estimated value of seed crops up to \$20,000,000
- ◆ 45 million pounds of certified seed potatoes given shipping point inspections

AGRICULTURE DEPT

Program: PROTECTION SERVICES

Activity: GRAIN & PRODUCE INSPECTION

Narrative

points, at the producer's sites for shipping point, and at the processing plants to determine market value and end use potential.

The Certified Seed Potato program markets, inspections, and tests seed potato lots to determine adherence to disease tolerance levels, freedom from certain diseases, and varietal purity of 75 different varieties of potatoes. It also provides recognition and increases market share by promoting the quality of the Minnesota Seed Potatoes.

Historical Perspective

Grain inspection revenue fluctuates with the level of commodity exports. The table below reflects Minnesota exports for the past three crop years.

| Commodity | September – August | | |
|-----------|----------------------------|----------------------------|----------------------------|
| | 2000-01 Million Bushels | 2001-02 Million Bushels | 2002-03 Million Bushels |
| Corn | 490 | 440 | 620 |
| Soybeans | 923 | 971 | 922 |
| Wheat | 32 | 22 | 10 |

Adding to the volatility of the program is the increasing demand for services in sampling and inspecting 110 rail car shuttle trains with a 12-15 hour completion requirement.

Seed Potato acreage enrolled in the Certified Seed Potato Program has fluctuated over the last five years. Acreage enrolled has gone from a high of 14,712 acres in 1998, to a low of only 9,030 acres in 2001. Current acreage is 10,135 acres.

Activity Funding

Sources of funds for this activity are:

| Funds: | FY 2002 | FY 2003 | Biennium |
|---------------------------------------|---------|---------|----------|
| General Fund | 8.01% | 8.12% | 8.15% |
| Dedicated-Special Revenue and Ag Fund | 94.05% | 91.71% | 91.85% |
| Federal | 0% | 0% | 0% |
| Other | 0% | 0% | 0% |
| Total | 102.06% | 99.82% | 100.00% |

| Expenditures by Category by Fund: | Salaries | Operating | Pass Thru |
|---------------------------------------|----------|-----------|-----------|
| General Fund | 7.36% | 0.79% | 0% |
| Dedicated-Special Revenue and Ag Fund | 70.56% | 21.29% | 0% |
| Federal | 0% | 0% | 0% |
| Other | 0% | 0% | 0% |
| Total | 77.92% | 22.08% | 0% |

Key Measures

Performance measures used to evaluate effectiveness are:

- ◆ Fruit and Vegetable Inspection provides inspection services within six hours of request or on-line as requested at processing facilities.
- ◆ Grain Inspection provides services within six hours of customer request.

Contact

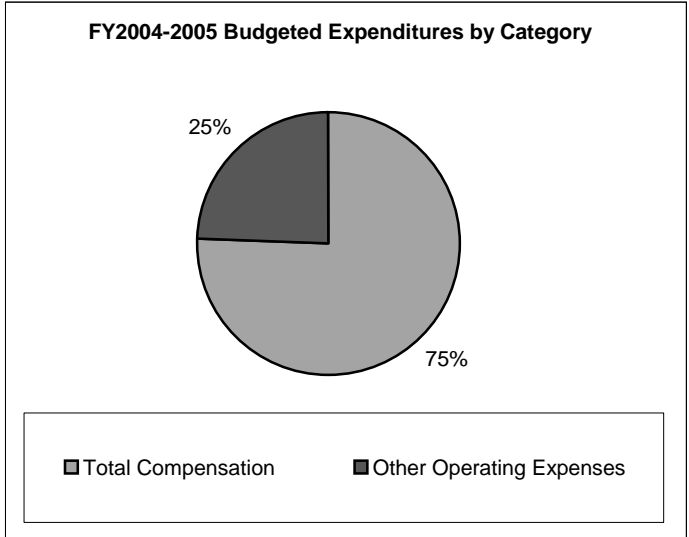
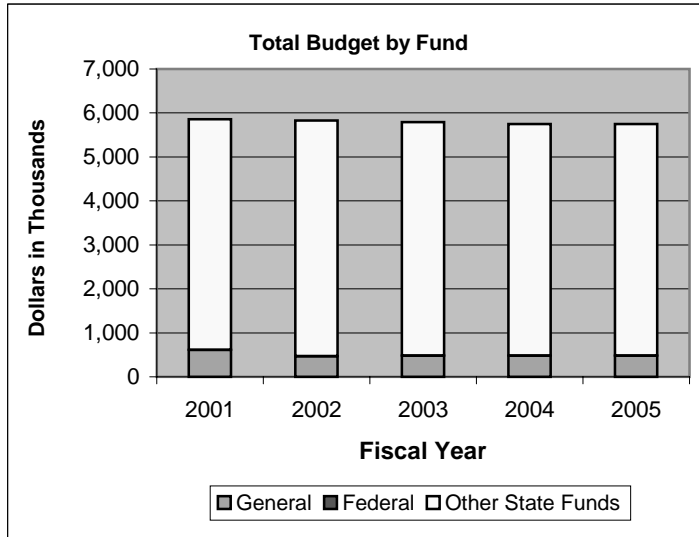
For additional information on this activity, please contact Dale Heimermann, Division Director, at (612) 341-7190 or Dale.Heimermann@state.mn.us.

AGRICULTURE DEPT

Program: **PROTECTION SERVICES**

Activity: **GRAIN & PRODUCE INSPECTION**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|---------------|---------------|-----------------|---------------|-----------------|----------------|--------------------------|----------------|
| Expenditures by Fund | Actual | Actual | Budgeted | Base | Biennium | | 2004-05 / 2002-03 | |
| | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 614 | 467 | 477 | 480 | 480 | 960 | 16 | 1.7% |
| Statutory Appropriations | | | | | | | | |
| Agriculture Fund | 5,243 | 5,362 | 5,314 | 5,270 | 5,270 | 10,540 | -136 | -1.3% |
| Total | 5,857 | 5,829 | 5,791 | 5,750 | 5,750 | 11,500 | -120 | -1.0% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|-------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 4,145 | 4,433 | 4,379 | 4,338 | 4,338 | 8,676 | -136 | -1.5% |
| Other Operating Expenses | 1,712 | 1,396 | 1,412 | 1,412 | 1,412 | 2,824 | 16 | 0.6% |
| Total | 5,857 | 5,829 | 5,791 | 5,750 | 5,750 | 11,500 | -120 | -1.0% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Agriculture Fund | 5,221 | 5,301 | 5,288 | 5,288 | 5,288 | 10,576 | -13 | -0.1% |
| Subtotal Dedicated | 5,221 | 5,301 | 5,288 | 5,288 | 5,288 | 10,576 | -13 | -0.1% |
| Total Revenue | 5,221 | 5,301 | 5,288 | 5,288 | 5,288 | 10,576 | -13 | -0.1% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 82.4 | 82.5 | 81.8 | 81.8 | 81.8 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

Program Description

The purpose of the Ag Marketing and Development Program is to bolster our agricultural sector's economic and environmental health by providing quality marketing services, technical resources, and economic stimulus.

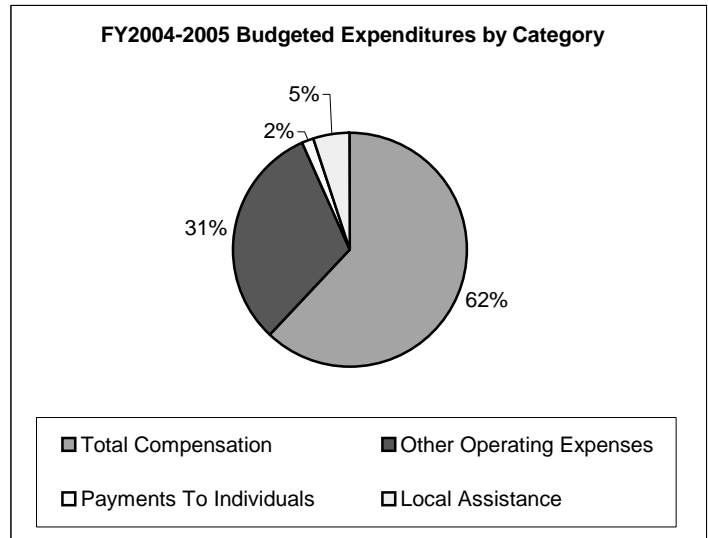
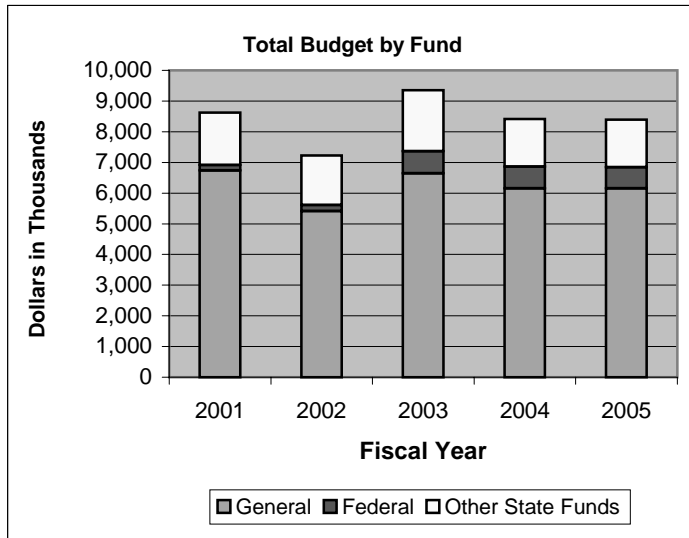
Budget Activities Included:

- ⇒ Ag Marketing Services
- ⇒ Resources Management and Development

AGRICULTURE DEPT

Program: AG MARKETING AND DEVELOPMENT

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| Environment & Natural Resource | 225 | 120 | 189 | 0 | 0 | 0 | -309 | -100.0% |
| General | 6,739 | 5,417 | 6,644 | 6,155 | 6,155 | 12,310 | 249 | 2.1% |
| Minnesota Resources | 11 | 48 | 138 | 0 | 0 | 0 | -186 | -100.0% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 198 | 184 | 277 | 270 | 270 | 540 | 79 | 17.1% |
| Agriculture Fund | 1,248 | 1,181 | 1,339 | 1,274 | 1,274 | 2,548 | 28 | 1.1% |
| Federal | 174 | 197 | 715 | 711 | 687 | 1,398 | 486 | 53.3% |
| Gift | 29 | 75 | 48 | 5 | 5 | 10 | -113 | -91.9% |
| Total | 8,624 | 7,222 | 9,350 | 8,415 | 8,391 | 16,806 | 234 | 1.4% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|------------|-------------|
| Total Compensation | 4,296 | 4,558 | 5,236 | 5,200 | 5,200 | 10,400 | 606 | 6.2% |
| Other Operating Expenses | 3,562 | 2,117 | 3,168 | 2,645 | 2,629 | 5,274 | -11 | -0.2% |
| Capital Outlay & Real Property | 29 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Payments To Individuals | 0 | 36 | 345 | 157 | 157 | 314 | -67 | -17.6% |
| Local Assistance | 737 | 511 | 601 | 413 | 405 | 818 | -294 | -26.4% |
| Total | 8,624 | 7,222 | 9,350 | 8,415 | 8,391 | 16,806 | 234 | 1.4% |

| Expenditures by Activity | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|------------|-------------|
| Ag Marketing Services | 4,081 | 4,145 | 5,263 | 4,827 | 4,833 | 9,660 | 252 | 2.7% |
| Resources Mgmt & Development | 4,307 | 2,909 | 3,760 | 3,588 | 3,558 | 7,146 | 477 | 7.2% |
| Agri Resources Management | 236 | 168 | 327 | 0 | 0 | 0 | -495 | -100.0% |
| Total | 8,624 | 7,222 | 9,350 | 8,415 | 8,391 | 16,806 | 234 | 1.4% |

AGRICULTURE DEPT

Program: **AG MARKETING AND DEVELOPMENT**

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------------|---------------|---------------|-----------------|---------------|---------------|-----------------|--------------------------|----------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Revenue by Type and Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Non Dedicated | | | | | | | | |
| General | 2 | 203 | 202 | 202 | 202 | 404 | -1 | -0.2% |
| Minnesota Resources | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Cambridge Deposit Fund | 120 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 123 | 203 | 202 | 202 | 202 | 404 | -1 | -0.2% |
| Dedicated | | | | | | | | |
| Special Revenue | 117 | 176 | 195 | 233 | 233 | 466 | 95 | 25.6% |
| Agriculture Fund | 1,058 | 1,207 | 1,225 | 1,231 | 1,231 | 2,462 | 30 | 1.2% |
| Federal | 154 | 71 | 1,184 | 1,236 | 1,212 | 2,448 | 1,193 | 95.1% |
| Gift | 87 | 29 | 7 | 5 | 5 | 10 | -26 | -72.2% |
| Subtotal Dedicated | 1,416 | 1,483 | 2,611 | 2,705 | 2,681 | 5,386 | 1,292 | 31.6% |
| Total Revenue | 1,539 | 1,686 | 2,813 | 2,907 | 2,883 | 5,790 | 1,291 | 28.7% |
| | | | | | | | | |
| Full-Time Equivalents (FTE) | 78.4 | 80.3 | 85.8 | 85.0 | 84.5 | | | |

Activity Description

Agricultural Marketing Services (AMS) assists in the orderly marketing of Minnesota's agricultural commodities and products; promotes Minnesota agricultural products in domestic and international markets; furnishes information and economic analyses related to marketing opportunities; provides promotional, informational and other marketing services for agricultural producers, processors, consumers, and others involved in the marketing process; and protects producers through programs related to the licensing, bonding, and certification in the sale and storage of agricultural products.

Included in AMS is the State Meat Inspection program which provides on-site inspection services at processing plants to the meat and poultry industry.

Population Served

AMS serves grain, livestock, vegetable, fruit, poultry, dairy producers, agri-businesses, manufacturers, processors, distributors, retailers, and exporters by protecting and promoting Minnesota agriculture. Consumers and end users benefit from the introduction and promotion of Minnesota agricultural products.

Currently the Meat Inspection Program has 60 processing plants under inspection. These processing plants plus the meat and poultry processors and livestock producers in Minnesota benefit from this program.

Services Provided

AMS helps diversify agriculture in Minnesota by promoting:

- ◆ Minnesota-Certified and Identity-Preserved Products, so producers can maximize their profits by differentiating what they produce from commonly produced commodity products.
- ◆ Risk Management and Dairy Options Pilot Program, so producers can protect themselves from market volatility.
- ◆ Dairy and Livestock development, so the state can maintain productivity in animal agriculture and maintain a diverse agricultural economy.
- ◆ Renewable fuel production and use, so Minnesota grain can help reduce air pollution and dependence on imported fossil fuels.
- ◆ Farmers markets, so producers can maximize their profits in the sale of fresh farm produce.
- ◆ Minnesota-Grown labeled products, so consumers can buy produce 2,000 miles fresher.

AMS protects producers by licensing, bonding, inspecting, and auditing:

- ◆ grain buyers and grain storage elevators;
- ◆ livestock dealers, markets and agents; and
- ◆ wholesale produce dealers.

AMS serves beekeepers by inspecting bee colonies to allow interstate shipment and bee colony inspections that track the health of Minnesota's honeybee population.

AMS helps commodity growers by overseeing the operations of the state's 12 commodity promotion and research councils.

The State Meat Inspection program provides on-site inspections during processing to 60 small- to medium-sized processing facilities. This program allows product to be sold at wholesale and retail in the state of Minnesota.

Activity at a Glance

This activity has three major functions:

- ◆ Help producers and agribusinesses add value to agricultural products by helping them find and capitalize on marketing opportunities.
- ◆ Protect producers of agricultural products by licensing, bonding, and auditing of persons and companies that buy grain, livestock and wholesale produce; registering and inspecting honeybee colonies; and accurately weighing of livestock.
- ◆ Provides State Meat Inspection program services, which allows producers and processors to direct market their product within the state of Minnesota.

AGRICULTURE DEPT

Program: AG MARKETING AND DEVELOPMENT

Activity: AG MARKETING SERVICES

Narrative

Historical Perspective

As farmers' productivity has outpaced Minnesota's population, the need for effective marketing and adding value has also increased. The globalization and consolidation of agriculture means that family farmers and local agri-businesses need help to sell their quality products locally, nationally, and internationally, and prosper in a changing economy. We help Minnesota consumers and producers connect locally through the Minnesota Grown program and connect Minnesota producers and agri-businesses with the world through trade missions and international cooperation. Licensing, bonding, and auditing programs are more important than ever when sellers and buyers are no longer neighbors but strangers. Producers in a changing landscape receive education on their rights under Minnesota and federal law, and Minnesota Certified Farm Risk Management Consultants help producers make fully informed business decisions.

In January 1999, the State Meat Inspection program started with one processing plant. That plant produced 100 pounds of inspected product during that first month. The 60 plants presently operating under state inspection produce more than 500,000 of product each month and slaughter more than 2,000 head of livestock. This creates more than \$40 million in of meat sales per year.

Activity Funding

Sources of funds for this activity are:

Funds:

General Fund
Dedicated-Special Revenue and Ag Fund
Federal
Other
Total

| FY 2002 | FY 2003 | Biennium |
|---------|---------|----------|
| 62.88% | 60.41% | 61.63% |
| 32.88% | 36.18% | 34.56% |
| 2.56% | 3.40% | 2.98% |
| 1.68% | 0% | 0.83% |
| 100.00% | 100.00% | 100.00% |

Expenditures by Category by Fund:

General Fund
Dedicated-Special Revenue and Ag Fund
Federal
Other
Total

| Salaries | Operating | Pass Thru |
|----------|-----------|-----------|
| 41.43% | 15.75% | 4.45% |
| 21.33% | 12.85% | 0.37% |
| 2.21% | 0.73% | 0.05% |
| 0.08% | 0.75% | 0% |
| 65.04% | 30.08% | 4.88% |

Key Measures

Performance measures used to evaluate effectiveness are:

- ⇒ Ensure the orderly marketing of agricultural products through the licensing, bonding, and auditing of grain elevators, grain buyers, wholesale produce dealers, and livestock dealers.
- ⇒ New or expanding domestic and international markets are identified, analyzed, and developed.
- ⇒ Verify the wholesomeness of product processed under Minnesota State Meat Inspection program to ensure it meets and/or exceeds U.S. Department of Agriculture standards for meat processed for sale and sold wholesale.

Contact

For additional information on this activity, please contact Kurt Markham, Division Director, at (651) 296-6382 or Kurt.Markham@state.mn.us.

Minnesota Grown Directory www.mda.state.mn.us/mngrown/directory.

MinnCert Program – www.mda.state.mn.us/minncert.

Minnesota Dairy L - www.mda.state.mn.us/dairyl.

Ag in the Classroom - www.mda.state.mn.us/maitc.

Apiary information - www.mda.state.mn.us/apiary.

Grain Elevator & Buyer licensing fact sheet - www.mda.state.mn.us/grain/grainfaq.

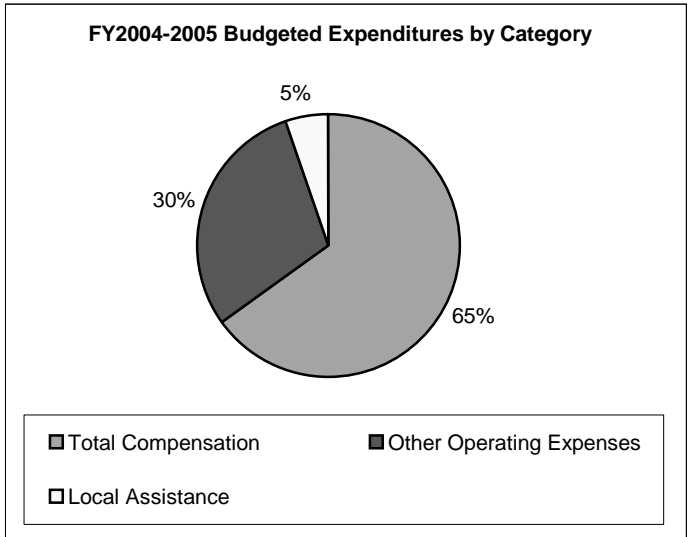
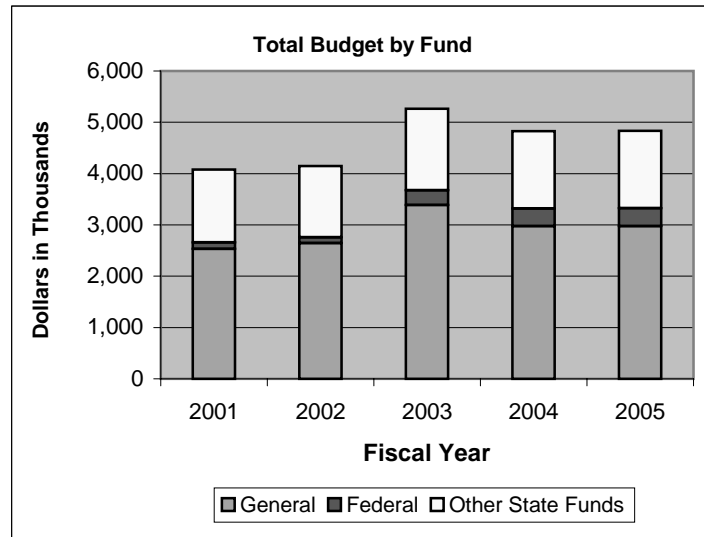
Wholesale Produce Dealer licensing information- www.mda.state.mn.us/wholedeal.

AGRICULTURE DEPT

Program: AG MARKETING AND DEVELOPMENT

Activity: AG MARKETING SERVICES

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------|--------------------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 | Dollars Percent |
| Direct Appropriations | | | | | | | | |
| General | 2,531 | 2,642 | 3,386 | 2,972 | 2,972 | 5,944 | -84 | -1.4% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 150 | 131 | 233 | 233 | 233 | 466 | 102 | 28.0% |
| Agriculture Fund | 1,248 | 1,181 | 1,339 | 1,274 | 1,274 | 2,548 | 28 | 1.1% |
| Federal | 123 | 116 | 290 | 348 | 354 | 702 | 296 | 72.9% |
| Gift | 29 | 75 | 15 | 0 | 0 | 0 | -90 | -100.0% |
| Total | 4,081 | 4,145 | 5,263 | 4,827 | 4,833 | 9,660 | 252 | 2.7% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 2,326 | 2,646 | 3,087 | 3,134 | 3,145 | 6,279 | 546 | 9.5% |
| Other Operating Expenses | 1,496 | 1,269 | 1,949 | 1,437 | 1,440 | 2,877 | -341 | -10.6% |
| Local Assistance | 259 | 230 | 227 | 256 | 248 | 504 | 47 | 10.3% |
| Total | 4,081 | 4,145 | 5,263 | 4,827 | 4,833 | 9,660 | 252 | 2.7% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 0 | 203 | 202 | 202 | 202 | 404 | -1 | -0.2% |
| Minnesota Resources | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Cambridge Deposit Fund | 120 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 121 | 203 | 202 | 202 | 202 | 404 | -1 | -0.2% |
| Dedicated | | | | | | | | |
| Special Revenue | 103 | 156 | 190 | 233 | 233 | 466 | 120 | 34.7% |
| Agriculture Fund | 1,058 | 1,207 | 1,225 | 1,231 | 1,231 | 2,462 | 30 | 1.2% |
| Federal | 15 | 23 | 816 | 873 | 879 | 1,752 | 913 | 108.8% |
| Gift | 87 | 3 | 0 | 0 | 0 | 0 | -3 | -100.0% |
| Subtotal Dedicated | 1,263 | 1,389 | 2,231 | 2,337 | 2,343 | 4,680 | 1,060 | 29.3% |
| Total Revenue | 1,384 | 1,592 | 2,433 | 2,539 | 2,545 | 5,084 | 1,059 | 26.3% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 43.4 | 46.5 | 53.5 | 52.7 | 52.2 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

Activity Description

Resources Management and Development supports the development of an agricultural industry that is profitable and environmentally sound by assisting producers with resource management and protection, conducting on-farm research, developing and transferring information and technology; and providing pest management and diversification options.

Population Served

Resources Management and Development primarily serves producers, and indirectly serves agricultural professionals, processors, suppliers and the general public. We work closely with researchers, local governments and state, local and federal environmental or developmental agencies to develop partnerships to address issues or opportunities.

Services Provided

Services include the following:

- ⇒ Reach out and inform producers and other stakeholders about new production methods, techniques, and options through forums, conferences, publications, and web sites.
- ⇒ Organize research and development partnerships with producers, researchers and others to address environmental protection measures, overcome production barriers and create opportunities.
- ⇒ Provide financial and technical assistance to producers to make investments in environmental protection.
- ⇒ Sponsor on-farm demonstrations and pilot projects to evaluate and transfer information and technology.
- ⇒ Identify pest infestations and provide biological control and integrated pest management (IPM) strategies.
- ⇒ Assist local governments and producers with rural planning and land management.
- ⇒ Provide information to producers on diversification options, including participation in value-added organizations.

Activity at a Glance

- ◆ Respond to producer and stakeholder information needs regarding environmental compliance, pest management, organic certification, and other issues.
- ◆ Administer a \$52 million Ag BMP Loan Program.
- ◆ Enter into research partnerships to evaluate feasibility, cost and environment benefit of practices or technologies.
- ◆ Disseminate weekly pest field data directly to all growers and agricultural professionals.
- ◆ With partners, maintain and harvest 1,600 insectaries for leafy spurge control agents.
- ◆ Provide planning assistance to local units of government on land use planning and agricultural development.

Historical Perspective

The Resources Management and Development division administers or supports several state laws that affect resources management and development. These include the:

- ◆ Environmental Policy Act (environmental review);
- ◆ Agricultural Land Preservation and Conservation;
- ◆ Sustainable Agriculture and Integrated Pest Management (including biological control);
- ◆ Agricultural Diversification;
- ◆ Feedlot and Manure Management Advisory Committee;
- ◆ Agricultural Best Management Practices (BMP) Loan Program; and
- ◆ Organic Production and Certification.

Some trends affecting the division's clientele and mission include:

- ◆ state and federal environmental policy on feedlots, non-point source pollution, pesticide use, and conservation;
- ◆ growing opportunities for new industrial and commercial uses of agricultural products, such as energy;
- ◆ growing consumer demand for organic, natural, and eco-labeled food products;
- ◆ demand from small and medium-sized producers for sound diversification options with which to integrate operations, including participation in value-added organizations;
- ◆ ongoing decline in Minnesota's livestock production, particularly in dairy;
- ◆ loss of agriculturally related businesses in rural Minnesota;

AGRICULTURE DEPT

Program: AG MARKETING AND DEVELOPMENT

Activity: RESOURCES MANAGEMENT AND DEVELOPMENT

Narrative

- ◆ rising consumer expectations about environmental and food quality, and
- ◆ globalization of agriculture and the resulting need to be cost competitive.

Activity Funding

Sources of funds for this activity are:

| Funds: | FY 2002 | FY 2003 | Biennium |
|---------------------------------------|----------------|----------------|-----------------|
| General Fund | 93.56% | 97.41% | 95.47% |
| Dedicated-Special Revenue and Ag Fund | 1.80% | 1.17% | 1.49% |
| Federal | 3.85% | 1.25% | 2.56% |
| Other | 0.79% | 0.16% | 0.48% |
| Total | 100.00% | 100.00% | 100.00% |

| Expenditures by Category by Fund: | Salaries | Operating | Pass Thru |
|--|-----------------|------------------|------------------|
| General Fund | 64.79% | 21.03% | 9.65% |
| Dedicated-Special Revenue and Ag Fund | 0.99% | 0.50% | 0% |
| Federal | 0.16% | 2.40% | 0% |
| Other | 0% | 0.48% | 0% |
| Total | 65.94% | 24.41% | 9.65% |

Key Measures

Performance measures used to evaluate effectiveness are:

- ⇒ Conduct up to 50 site-specific demonstration projects to evaluate the feasibility of on-farm implementation of practices or technology on production, environmental protection, or pest management.
- ⇒ Fund about 2,000 agricultural practices that protect or enhance water quality while keeping producers economically viable, such as feedlot upgrades, conservation tillage, or structural erosion control.
- ⇒ Publish weekly pest reports during the growing season to inform growers of pest infestations with economic significance so that they can implement effective and environmentally sound control measures.

Contact

For information regarding the division's overall mission and programs, agricultural development issues, and assistance to cooperatives, please contact Gerald F. Heil, Division Director at (651) 296-1486 or Gerald.Heil@state.mn.us.

For information regarding information on Ag BMP loans, environmental review, agricultural land preservation, and animal agricultural issues, please contact Paul Burns, Assistant Director at (651) 296-1488 or Paul.Burns@state.mn.us.

For information regarding information on sustainable agriculture, integrated pest management, pest surveys and organic programs, please contact Mary Hanks, supervisor, Sustainable Agriculture, IPM, and Biological Control at (651) 296-1277 or Mary.Hanks@state.mn.us.

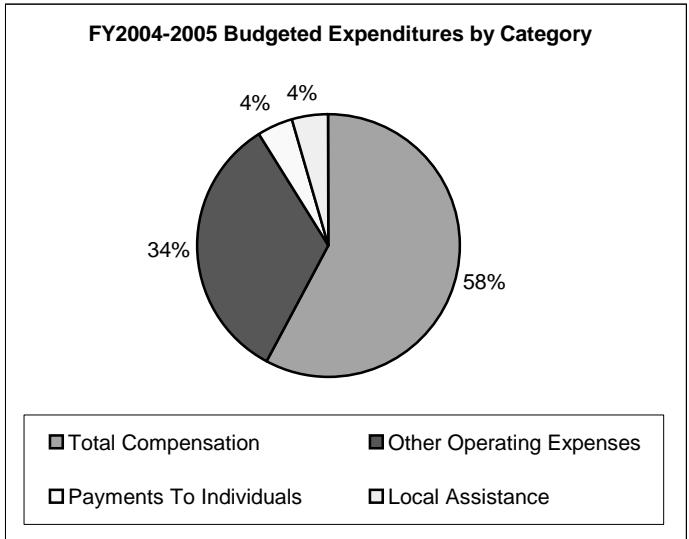
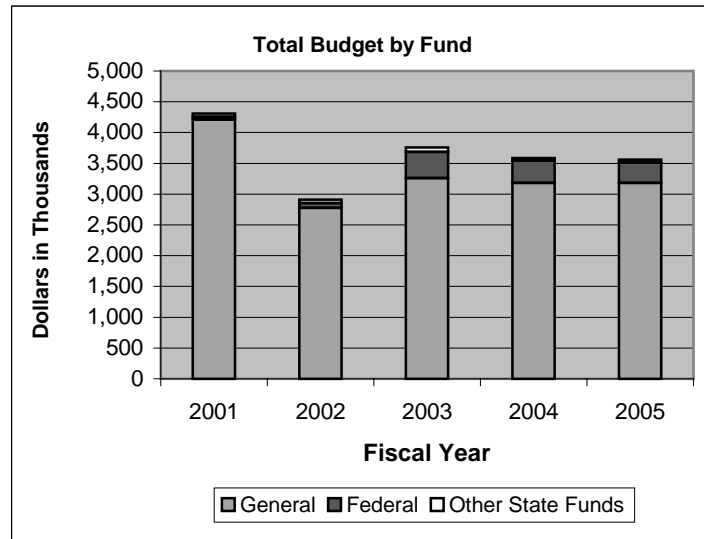
Division Web Site: www.mda.state.mn.us/agdev.

AGRICULTURE DEPT

Program: **AG MARKETING AND DEVELOPMENT**

Activity: **RESOURCES MGMT & DEVELOPMENT**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 4,208 | 2,775 | 3,258 | 3,183 | 3,183 | 6,366 | 333 | 5.5% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 48 | 53 | 44 | 37 | 37 | 74 | -23 | -23.7% |
| Federal | 51 | 81 | 425 | 363 | 333 | 696 | 190 | 37.5% |
| Gift | 0 | 0 | 33 | 5 | 5 | 10 | -23 | -69.7% |
| Total | 4,307 | 2,909 | 3,760 | 3,588 | 3,558 | 7,146 | 477 | 7.2% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 1,944 | 1,853 | 2,084 | 2,066 | 2,055 | 4,121 | 184 | 4.7% |
| Other Operating Expenses | 2,018 | 765 | 1,110 | 1,208 | 1,189 | 2,397 | 522 | 27.8% |
| Capital Outlay & Real Property | 29 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Payments To Individuals | 0 | 36 | 345 | 157 | 157 | 314 | -67 | -17.6% |
| Local Assistance | 316 | 255 | 221 | 157 | 157 | 314 | -162 | -34.0% |
| Total | 4,307 | 2,909 | 3,760 | 3,588 | 3,558 | 7,146 | 477 | 7.2% |

| | | | | | | | | |
|---------------------------------|------------|-----------|------------|------------|------------|------------|------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Dedicated | | | | | | | | |
| Special Revenue | 14 | 20 | 5 | 0 | 0 | 0 | -25 | -100.0% |
| Federal | 139 | 48 | 368 | 363 | 333 | 696 | 280 | 67.3% |
| Gift | 0 | 26 | 7 | 5 | 5 | 10 | -23 | -69.7% |
| Subtotal Dedicated | 153 | 94 | 380 | 368 | 338 | 706 | 232 | 48.9% |
| Total Revenue | 155 | 94 | 380 | 368 | 338 | 706 | 232 | 48.9% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 34.2 | 32.4 | 31.9 | 31.9 | 31.9 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

Program Description

The purpose of the Administration and Financial Assistance Program is to provide leadership and direction to the functions of the agency, and to provide Minnesota agriculture with financial assistance.

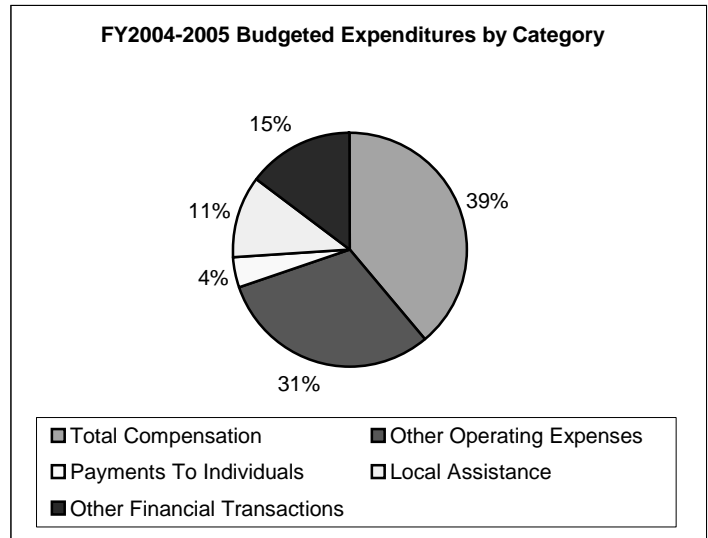
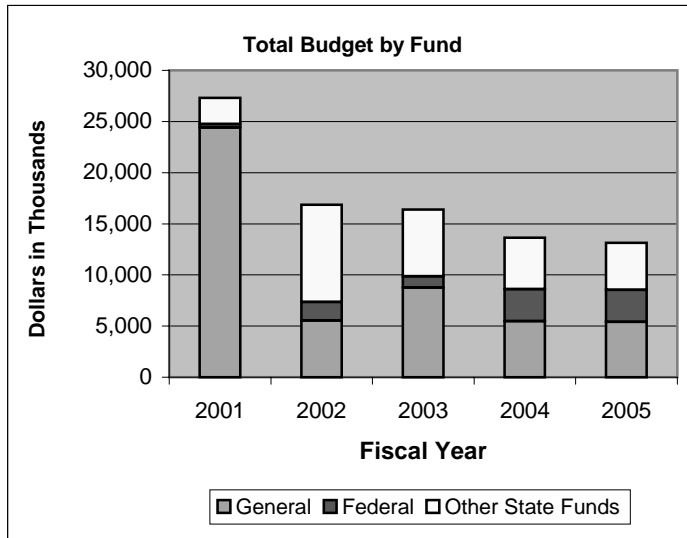
Budget Activities Included:

- ⇒ Grants and Claims
- ⇒ Rural Financing
- ⇒ Administrative Services

AGRICULTURE DEPT

Program: ADMIN & FINANCIAL ASSIST

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Carry Forward | | | | | | | | |
| General | 0 | 0 | 0 | 66 | 0 | 66 | 66 | n.m |
| Direct Appropriations | | | | | | | | |
| General | 24,404 | 5,540 | 8,745 | 5,421 | 5,421 | 10,842 | -3,443 | -24.1% |
| Statutory Appropriations | | | | | | | | |
| Public Facilities Authority | 0 | 6,208 | 2,555 | 1,240 | 1,077 | 2,317 | -6,446 | -73.6% |
| Special Revenue | 2,578 | 2,736 | 3,012 | 3,010 | 3,004 | 6,014 | 266 | 4.6% |
| Agriculture Fund | 5 | 518 | 505 | 505 | 195 | 700 | -323 | -31.6% |
| Federal | 329 | 1,813 | 1,102 | 3,131 | 3,131 | 6,262 | 3,347 | 114.8% |
| Rural Finance Administration | 0 | 0 | 411 | 250 | 300 | 550 | 139 | 33.8% |
| Miscellaneous Agency | 0 | 0 | 2 | 2 | 2 | 4 | 2 | 100.0% |
| Gift | 0 | 45 | 68 | 3 | 0 | 3 | -110 | -97.3% |
| Total | 27,316 | 16,860 | 16,400 | 13,628 | 13,130 | 26,758 | -6,502 | -19.5% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 4,514 | 4,496 | 4,966 | 5,190 | 5,182 | 10,372 | 910 | 9.6% |
| Other Operating Expenses | 19,921 | 2,149 | 5,093 | 4,142 | 4,159 | 8,301 | 1,059 | 14.6% |
| Capital Outlay & Real Property | 0 | 0 | 2 | 2 | 0 | 2 | 0 | 0.0% |
| Payments To Individuals | 479 | 621 | 405 | 552 | 536 | 1,088 | 62 | 6.0% |
| Local Assistance | 2,031 | 2,659 | 2,273 | 1,558 | 1,492 | 3,050 | -1,882 | -38.2% |
| Other Financial Transactions | 371 | 6,935 | 3,661 | 2,184 | 1,761 | 3,945 | -6,651 | -62.8% |
| Total | 27,316 | 16,860 | 16,400 | 13,628 | 13,130 | 26,758 | -6,502 | -19.5% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Expenditures by Activity | | | | | | | | |
| Grants And Claims | 20,180 | 3,830 | 6,166 | 2,415 | 2,412 | 4,827 | -5,169 | -51.7% |
| Rural Financing | 950 | 7,476 | 4,271 | 2,807 | 2,315 | 5,122 | -6,625 | -56.4% |
| Administrative Services | 6,186 | 5,554 | 5,963 | 8,406 | 8,403 | 16,809 | 5,292 | 45.9% |
| Total | 27,316 | 16,860 | 16,400 | 13,628 | 13,130 | 26,758 | -6,502 | -19.5% |

AGRICULTURE DEPT

Program: **ADMIN & FINANCIAL ASSIST**

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------------|---------------|---------------|-----------------|---------------|---------------|-----------------|--------------------------|----------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Revenue by Type and Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Non Dedicated | | | | | | | | |
| General | 1,637 | 1,629 | 796 | 541 | 378 | 919 | -1,506 | -62.1% |
| Cambridge Deposit Fund | 27 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 1,664 | 1,629 | 796 | 541 | 378 | 919 | -1,506 | -62.1% |
| Dedicated | | | | | | | | |
| Public Facilities Authority | 0 | 38 | 1,401 | 1,526 | 1,663 | 3,189 | 1,750 | 121.6% |
| Special Revenue | 3,104 | 2,934 | 2,816 | 2,891 | 2,920 | 5,811 | 61 | 1.1% |
| Agriculture Fund | 27 | 26 | 64 | 39 | 10 | 49 | -41 | -45.6% |
| Federal | 332 | 2,537 | 371 | 3,129 | 3,131 | 6,260 | 3,352 | 115.3% |
| Rural Finance Administration | 9,389 | 13,831 | 10,838 | 12,522 | 14,557 | 27,079 | 2,410 | 9.8% |
| Miscellaneous Agency | -2 | 0 | 2 | 2 | 2 | 4 | 2 | 100.0% |
| Gift | 66 | 8 | 31 | 0 | 0 | 0 | -39 | -100.0% |
| Subtotal Dedicated | 12,916 | 19,374 | 15,523 | 20,109 | 22,283 | 42,392 | 7,495 | 21.5% |
| Total Revenue | 14,580 | 21,003 | 16,319 | 20,650 | 22,661 | 43,311 | 5,989 | 16.0% |
| | | | | | | | | |
| Full-Time Equivalents (FTE) | 72.6 | 70.3 | 70.9 | 70.9 | 70.9 | | | |

Activity Description

Farm Advocates provide one-on-one assistance for Minnesota farmers who face crisis due to a natural disaster or financial problems. Farm Advocates understand the needs of agricultural families. They are trained and experienced to deal with agricultural lending practices, mediation, lender negotiation, farm programs, crisis counseling and disaster programs, and to recognize the need for legal and social services.

Farmers' Market Nutrition Programs (FMNP) promote farmers' markets and improve the diets of low-income children, pregnant women, and seniors. The program aims to increase direct sales of locally grown produce and encourage consumption of fresh produce among low-income and nutritionally at-risk people.

The Dairy Development Profitability and Enhancement program is a grant program to assist dairy producers in the enhancement of their operations. This is accomplished through grants to dairy producers across the state in collaboration with local representatives of the University of Minnesota (U of M), Minnesota State Colleges and Universities (MnSCU), and industry. There are currently seven regional teams involved in assisting producers including Sustainable Farming Association.

Activity at a Glance

Farm Advocates Program

- ◆ Offer one-on-one assistance to farmers
- ◆ Offer expertise and referral services to farmers facing adversity due to a natural disaster or financial programs.
- ◆ Assisted 366 families in FY 2002

Farmers Market Nutritional Programs

- ◆ Number of authorized farmers' market vendors: 335
- ◆ Number of FMNP-WIC recipients: 42,000
- ◆ Number of FMNP senior recipients: 2,765

Dairy Development Profitability and Enhancement Program

- ◆ 1,200 farms served to date
- ◆ Teams consistently produce a four to one return on grant funds
- ◆ 49 business planning grants closed in FY 2002

Population Served

Farm Advocates assist farmers who are entering negotiations with a lender, liquidating assets of the farming operation, seeking financial assistance, and/or are receiving an adverse decision from a state or federal agency.

Farmers' Market Nutrition Program helps program vendors (farmers who sell at local farmers' markets) and program recipients (low-income, nutritionally at-risk pregnant or post partum women, children under the age of five, and low-income seniors).

Dairy Development Profitability and Enhancement program provides assistance to dairy producers of Minnesota who wish to improve their management skills and their operations through a grant program funding local teams. Local teams are composed of U of M Extension and MnSCU employees as well as local veterinarians, feed nutritionists and financial lenders. Through this cooperative effort producers have been able to eliminate bottlenecks on their operations and accomplish business and family goals.

Services Provided

Key farm advocate services include: financial planning; lender negotiations; farm program advice; referrals for legal services; and referrals for Social and Human Services.

FMNP issues checks to FMNP-WIC recipients through the local WIC (Women, Infant and Children) agencies that can only be redeemed at authorized farmers' markets for locally grown, fresh, unprocessed fruits and vegetables. Seniors receive checks from the agencies that distribute NAPS (Nutrition Assistance Program for Seniors) commodities. The department authorizes markets and vendors to accept the checks and investigates to ensure that vendors comply with program requirements and redeem checks only for eligible items.

The Dairy Development Profitability and Enhancement program has two facets: Dairy Enhancement Team Grants and Dairy Business Planning Grants.

AGRICULTURE DEPT

Program: ADMIN & FINANCIAL ASSIST

Activity: GRANTS AND CLAIMS

Narrative

The Dairy Development Profitability and Enhancement Teams work one-on-one with producers to help them achieve greater profitability, productivity, and efficiency. This grant is available to all dairy producers, but the program prioritizes small to medium-sized producers.

The Dairy Business Planning Grant provides a 50% cost share, up to \$5,000 per producer, of the cost of completing a business plan. Options explored by these producers have included on-farm processing, expansion, transferring the farm to the next generation, and environmental upgrades.

Historical Perspective

The Farm Advocate program was founded in the mid-1980s.

Minnesota has had state funded FMNP since FY 1989 and has received federal funds since federal FY 1994. The senior FMNP started in Minnesota in federal FY 2001, the first year federal funds were available.

The Dairy Diagnostic program was established in 1996 to address low profitability on dairy farms. During the 2001 legislative session, funding was increased and the Dairy Business Planning Grants were added.

Activity Funding

Sources of funds for this activity are:

Funds:

| | FY 2002 | FY 2003 | Biennium |
|---------------------------------------|---------|---------|----------|
| General Fund | 50.34% | 67.13% | 57.54% |
| Dedicated-Special Revenue and Ag Fund | 0% | 0% | 0% |
| Federal | 47.91% | 31.69% | 40.95% |
| Other | 1.74% | 1.19% | 1.50% |
| Total | 100.00% | 100.00% | 100.00% |

Expenditures by Category by Fund:

| | Salaries | Operating | Pass Thru |
|---------------------------------------|----------|-----------|-----------|
| General Fund | 3.12% | 7.87% | 46.55% |
| Dedicated-Special Revenue and Ag Fund | 0% | 0% | 0% |
| Federal | 0% | 3.85% | 37.10% |
| Other | 0% | 1.50% | 0% |
| Total | 3.12% | 13.22% | 83.65% |

Key Measures

Performance measures used to evaluate effectiveness are:

Farm Advocate

⇒ Four hundred farm families will be served annually by 15 Farm Advocates.

Farmers' Market Nutrition Programs

⇒ Fifty percent of all first time check recipients who spend FMNP checks will be new market customers.

Dairy Profitability

⇒ A minimum of 350 producers served annually by a Dairy Profitability and Enhancement Team.

Contact

For additional information on:

Farm Advocate-Jim Boerboom, Assistant Commissioner at (651) 297-3395 or Jim.Boerboom@state.mn.us.

Farmers' Markets Nutrition Programs-Carol Milligan at (651) 296-6906 or Carol.Milligan@state.mn.us.

Dairy Development Profitability and Enhancement-David Weinand at (651) 215-3946 or

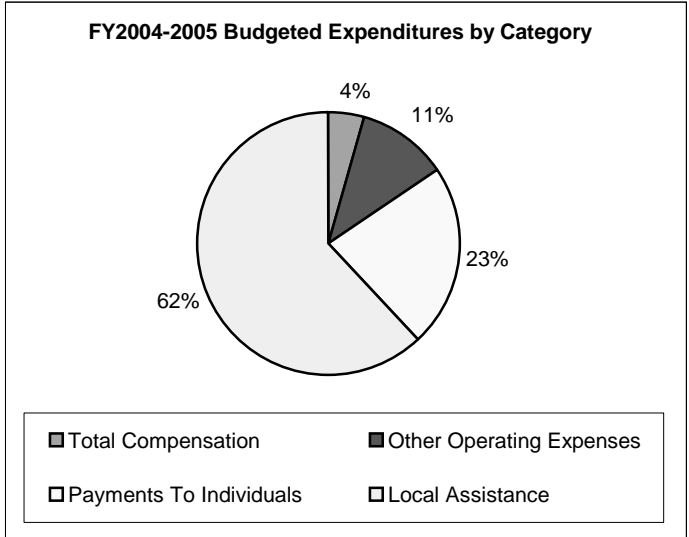
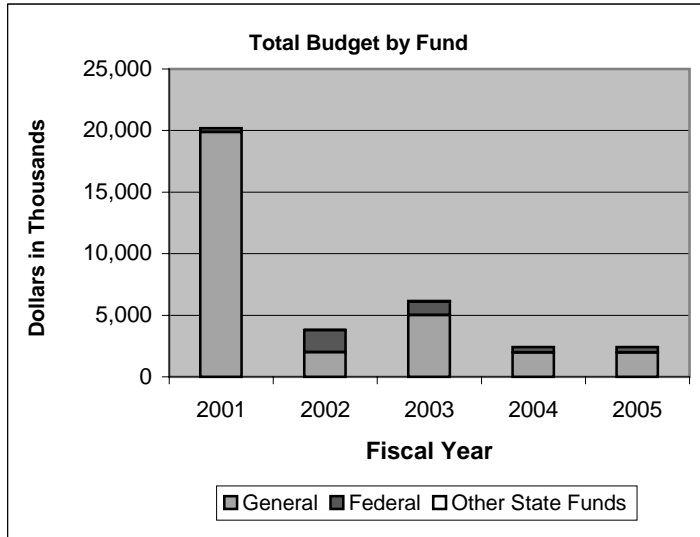
David.Weinand@state.mn.us.

AGRICULTURE DEPT

Program: **ADMIN & FINANCIAL ASSIST**

Activity: GRANTS AND CLAIMS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | | |
|---------------------------------|---------------|--------------|--------------|--------------|--------------|--------------|-------------------|-------------------|
| | Actual | Actual | Budgeted | Base | | Biennium | Biennial Change | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | 2004-05 / 2002-03 | Dollars Percent |
| Direct Appropriations | | | | | | | | |
| General | 19,881 | 2,010 | 5,020 | 1,970 | 1,970 | 3,940 | -3,090 | -44.0% |
| Statutory Appropriations | | | | | | | | |
| Federal | 299 | 1,775 | 1,078 | 442 | 442 | 884 | -1,969 | -69.0% |
| Gift | 0 | 45 | 68 | 3 | 0 | 3 | -110 | -97.3% |
| Total | 20,180 | 3,830 | 6,166 | 2,415 | 2,412 | 4,827 | -5,169 | -51.7% |

| | | | | | | | | |
|---------------------------------|---------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 166 | 95 | 155 | 106 | 108 | 214 | -36 | -14.4% |
| Other Operating Expenses | 17,554 | 494 | 3,385 | 265 | 276 | 541 | -3,338 | -86.1% |
| Payments To Individuals | 479 | 621 | 405 | 552 | 536 | 1,088 | 62 | 6.0% |
| Local Assistance | 1,981 | 2,620 | 2,221 | 1,492 | 1,492 | 2,984 | -1,857 | -38.4% |
| Total | 20,180 | 3,830 | 6,166 | 2,415 | 2,412 | 4,827 | -5,169 | -51.7% |

| | | | | | | | | |
|---------------------------------|-----------|--------------|-----------|----------|----------|----------|---------------|----------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Federal | 0 | 1,949 | 0 | 0 | 0 | 0 | -1,949 | -100.0% |
| Gift | 14 | 1 | 31 | 0 | 0 | 0 | -32 | -100.0% |
| Subtotal Dedicated | 14 | 1,950 | 31 | 0 | 0 | 0 | -1,981 | -100.0% |
| Total Revenue | 14 | 1,950 | 31 | 0 | 0 | 0 | -1,981 | -100.0% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 3.6 | 2.1 | 2.1 | 2.1 | 2.1 |
|------------------------------------|------------|------------|------------|------------|------------|

Activity Description

The Agricultural Finance division administers programs designed to enhance Minnesota's agricultural production and processing capacity, provide opportunities for renewable energy, and protect the environment.

The Rural Finance Authority (RFA), a separate public body created under M.S. Chapter 41B and authorized to utilize state bonds to develop the state's agricultural resources, is included in this activity.

Population Served

Eligible farmers who wish to purchase a farm, construct improvements on their farm, participate in value added activities, reduce production costs or protect the environment; and rural land owners with septic system needs.

Services Provided

Four primary activities are administered by the Ag Finance division. They include:

- ◆ Rural Finance Authority;
- ◆ Sustainable Agriculture Loan Program, jointly with Ag Development division;
- ◆ Agricultural Best Management Loan Program, jointly with Ag Development division; and
- ◆ Minnesota Corporate Farm Law.

The RFA may purchase a participation interest in a financial institution's agricultural loan when the loan is made to an eligible farmer for an eligible purpose, such as purchasing a farm or constructing new production buildings. A 45% interest in the loan may be purchased; up to \$125,000 under the Basic, Seller Assisted, and Ag Improvement programs; \$150,000 under Restructure II; and \$250,000 under Livestock Expansion. The loan must be secured by a first real estate mortgage. The RFA participation is structured on a reduced interest rate that is fixed for up to 10 years to improve the farmer's cash flow and reduce risk. The RFA has signed participation agreements that establish a partnership with over 400 qualified lenders. Currently, the RFA manages a loan portfolio of more than \$53.6 million, serving 1,180 farmers. A loan loss reserve greater than 1% of outstanding loan balances is maintained to preserve the financial strength of the state's investment.

The Agricultural Development Bond (Aggie Bond) Program creates a federal tax exemption for banks, and a federal and state tax exemption on interest income to an individual seller in exchange for offering below-market interest rates to the buyer. No state funds go into these loans.

In 1988, the Minnesota Legislature established the Shared Savings Loan Program within the Sustainable Agriculture statutes. The loan program is supported by a \$1 million revolving fund, and is designed to accomplish two goals. First, to demonstrate and publicize agricultural practices that are energy efficient, protect the environment, and lower production costs. Second, the program provides low-interest loans to farmers as an incentive to adopt such practices.

The Agricultural Best Management Program (AgBMP) was created by the 1994 State Legislature to provide low interest financing to farmers, agribusinesses, and rural landowners for the implementation of agricultural best-management practices that reduce or mitigate non-point source pollution. The program assists an eligible borrower through low-interest (3%) loans to purchase conservation tillage, seal abandoned wells, install agricultural waste facilities, erosion control systems, and septic systems.

The division also enforces and facilitates compliance with the Corporate and Alien Farm laws. The law's stated purpose is to protect the family farm as a basic economic unit and promote the stability and well being of rural society by ensuring that non-farm corporations and foreign entities do not own farm land or engage in production agriculture. The Corporate Farm Law (M.S. 500.24) was recodified in 1997 and amended substantially in 2000.

Activity at a Glance

- ◆ 2,132 farmers assisted through RFA
- ◆ \$96.2 million RFA real estate participations closed
- ◆ 419 RFA financial service centers available
- ◆ 3,073 legal entities certified under Corporate Farm Law guidelines
- ◆ 4,293 practices implemented through AgBMP
- ◆ 305 sustainable ag practices financed

AGRICULTURE DEPT

Program: ADMIN & FINANCIAL ASSIST

Activity: AGRICULTURAL FINANCE

Narrative

Historical Perspective

The Rural Finance Authority was established in 1986 to administer a program under which state bonds are issued to develop the state's agricultural resources. The initial program was designed to help lenders and borrowers restructure farm real estate loans that had become undersecured. In response to identified financing needs for agriculture, additional programs were initiated. They included the Basic Farm Loan (1987) and Seller-Assisted (1989) to help finance beginning and low-equity farmers to purchase farm real estate, Agricultural Improvement (1992) for existing farmers that needed to make improvements to their property, Restructure II for existing farmers who were in good standing with their local lender but having cash flow problems due to an imbalance in their debt structure, and Livestock Expansion (1994) to create affordable financing for new, state-of-the-art improvements for livestock production; the Value-Added "Stock" Loan Program (1994) and the Methane Digester Loan Program (2002).

Activity Funding

Sources of funds for this activity are:

Funds:

| | FY 2002 | FY 2003 | Biennium |
|---------------------------------------|---------|---------|----------|
| General Fund | 5.41% | 57.56% | 9.27% |
| Dedicated-Special Revenue and Ag Fund | 20.63% | 42.21% | 22.22% |
| Rural Finance Administration | 0% | 0% | 0% |
| Public Facilities Authority | 73.95% | 0% | 68.47% |
| Other | 0.02% | 0.23% | 0.03% |
| Total | 100.00% | 100.00% | 100.00% |

Expenditures by Category by Fund:

| | Salaries | Operating | Pass Thru |
|---------------------------------------|----------|-----------|-----------|
| General Fund | 7.26% | 1.01% | 1.00% |
| Dedicated-Special Revenue and Ag Fund | 0.33% | 0.28% | 21.62% |
| Rural Finance Administration | 0% | 0% | 0% |
| Public Facilities Authority | 0% | 0% | 68.47% |
| Other | 0% | 0.03% | 0% |
| Total | 7.59% | 1.32% | 91.10% |

Key Measures

Performance measures used to evaluate effectiveness are:

- ⇒ To direct more than 60% of the RFA loan participation to Basic, Seller-Assisted, and Agricultural Improvement loan programs.
- ⇒ To underwrite credits that show capital, liquidity, and debt service capacity comparable to industry standards.

Contact

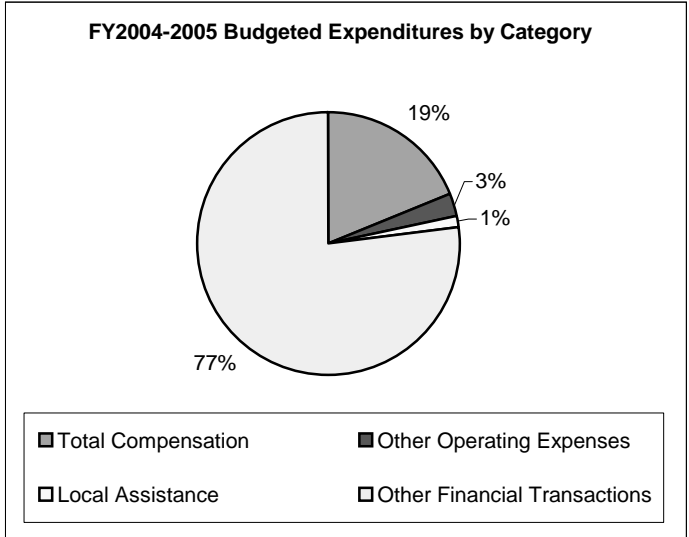
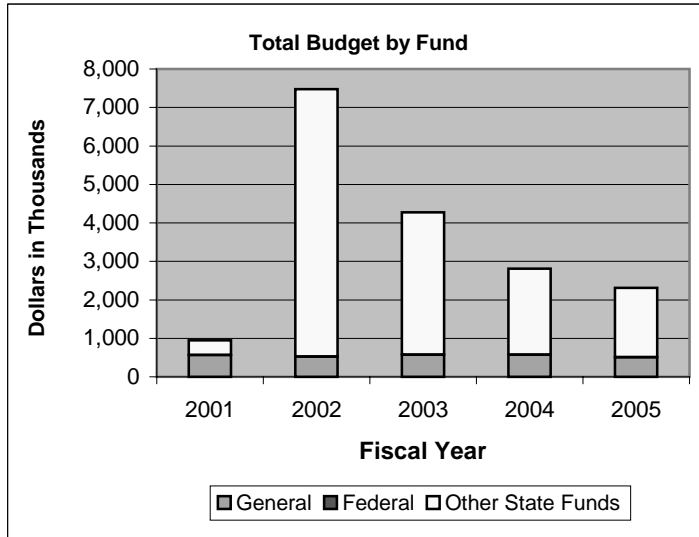
For additional information on this activity, please contact Wayne Marzolf at (651) 296-1748 or Wayne.Marzolf@state.mn.us.

AGRICULTURE DEPT

Program: **ADMIN & FINANCIAL ASSIST**

Activity: **RURAL FINANCING**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------------------|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 Dollars | Percent |
| Carry Forward | | | | | | | | |
| General | 0 | 0 | 0 | 66 | 0 | 66 | 66 | n.m |
| Direct Appropriations | | | | | | | | |
| General | 566 | 523 | 571 | 510 | 510 | 1,020 | -74 | -6.8% |
| Statutory Appropriations | | | | | | | | |
| Public Facilities Authority | 0 | 6,208 | 2,555 | 1,240 | 1,077 | 2,317 | -6,446 | -73.6% |
| Special Revenue | 384 | 245 | 232 | 239 | 236 | 475 | -2 | -0.4% |
| Agriculture Fund | 0 | 500 | 500 | 500 | 190 | 690 | -310 | -31.0% |
| Rural Finance Administration | 0 | 0 | 411 | 250 | 300 | 550 | 139 | 33.8% |
| Miscellaneous Agency | 0 | 0 | 2 | 2 | 2 | 4 | 2 | 100.0% |
| Total | 950 | 7,476 | 4,271 | 2,807 | 2,315 | 5,122 | -6,625 | -56.4% |

| | | | | | | | | |
|---------------------------------|------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 461 | 443 | 479 | 485 | 485 | 970 | 48 | 5.2% |
| Other Operating Expenses | 68 | 59 | 77 | 70 | 69 | 139 | 3 | 2.2% |
| Capital Outlay & Real Property | 0 | 0 | 2 | 2 | 0 | 2 | 0 | 0.0% |
| Local Assistance | 50 | 39 | 52 | 66 | 0 | 66 | -25 | -27.5% |
| Other Financial Transactions | 371 | 6,935 | 3,661 | 2,184 | 1,761 | 3,945 | -6,651 | -62.8% |
| Total | 950 | 7,476 | 4,271 | 2,807 | 2,315 | 5,122 | -6,625 | -56.4% |

AGRICULTURE DEPT

Program: **ADMIN & FINANCIAL ASSIST**

Activity: RURAL FINANCING

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 1,631 | 1,629 | 796 | 541 | 378 | 919 | -1,506 | -62.1% |
| Cambridge Deposit Fund | 27 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 1,658 | 1,629 | 796 | 541 | 378 | 919 | -1,506 | -62.1% |
| Dedicated | | | | | | | | |
| Public Facilities Authority | 0 | 38 | 1,401 | 1,526 | 1,663 | 3,189 | 1,750 | 121.6% |
| Special Revenue | 630 | 559 | 272 | 272 | 270 | 542 | -289 | -34.8% |
| Agriculture Fund | 0 | 0 | 62 | 37 | 8 | 45 | -17 | -27.4% |
| Rural Finance Administration | 9,389 | 13,831 | 10,838 | 12,522 | 14,557 | 27,079 | 2,410 | 9.8% |
| Miscellaneous Agency | -2 | 0 | 2 | 2 | 2 | 4 | 2 | 100.0% |
| Subtotal Dedicated | 10,017 | 14,428 | 12,575 | 14,359 | 16,500 | 30,859 | 3,856 | 14.3% |
| Total Revenue | 11,675 | 16,057 | 13,371 | 14,900 | 16,878 | 31,778 | 2,350 | 8.0% |
| | | | | | | | | |
| Full-Time Equivalents (FTE) | 6.4 | 6.6 | 6.6 | 6.6 | 6.6 | | | |

Activity Description

Administrative Services provides the leadership to the Minnesota Department of Agriculture (MDA) and its employees, and outreach to the agriculture industry and Minnesota consumers. It also provides department-wide support in the areas of Human Resources, Finance and Budget, and Information Services by assisting divisions in providing efficient and effective programs.

M.S. 17 provides the statutory authority for the commissioner of MDA.

Minnesota's agriculture industry is the 6th largest in the nation.

Population Served

In addition to supplying essential assistance to MDA employees and programs, Administrative Services also works with the legislature, producers and processors in the agricultural industry, citizens of Minnesota, and partner-state and federal agencies.

Activity at a Glance

- ◆ Commissioner's Office oversees and directs the activity of the 10 divisions in MDA
- ◆ Human Resources and Diversity assist over 500 employees with personnel matters
- ◆ Finance and Budget works to build and manage an \$83 million annual budget
- ◆ Information Services provides, maintains and updates MDA's hardware, software and network computer assets
- ◆ Agricultural Statistics is a state/federal partnership that collects, correlates, and analyzes agricultural data
- ◆ MDA has 317 employees located in the Minneapolis/St. Paul metro area, and 220 employees located throughout Minnesota in the areas they serve

Services Provided

Services are provided through the:

- ⇒ Commissioner's Office—provides leadership for the department, sets policy, and interacts with our stakeholders—federal, state, local, and international.
- ⇒ Human Resources –provides employee safety and health program, labor relations program, training program, and diversity program in order to maintain a flexible and diverse workforce that can meet the needs of a changing and demanding workplace.
- ⇒ Finance and Budget—provides centralized accounting, payroll, budgeting, mail, and copying services to the employees of MDA.
- ⇒ Information Services—provides services to all divisions for computer systems analysis, technical support, programming, project management, web design, graphic arts, and centralized licensing service and prepares for future technology needs.
- ⇒ Agricultural Statistics—a joint federal/state division that collects, analyzes, and disseminates statistical information useful to not only agricultural producers and processors, but also to economists.

Historical Perspective

During this administration, there have been many existing and new executive challenges and opportunities. Farm production and the economy continue to face formidable challenges; food safety and agriculture security requirements at the highest level in recent history; department's budget and human resources have been obligated to respond to numerous critical situations (i.e. budget reductions, state government shutdown, union strike, etc.).

In six short years, the department has made significant advances to align business needs with technology support, moving from a fragmented information technology infrastructure to a highly integrated system providing improved support/services to our employees, customers, and Minnesota citizens. The department has a proven track record of successfully managing and completing complex information technology projects on time and within budget.

AGRICULTURE DEPT

Program: ADMIN & FINANCIAL ASSIST

Activity: ADMINISTRATIVE SERVICES

Narrative

Activity Funding

Sources of funds for this activity are:

Funds:

| | FY 2002 | FY 2003 | Biennium |
|---------------------------------------|---------|---------|----------|
| General Fund | 57.39% | 52.87% | 55.19% |
| Dedicated-Special Revenue and Ag Fund | 41.90% | 46.75% | 44.25% |
| Federal | 0.71% | 0.38% | 0.55% |
| Other | 0% | 0% | 0% |
| Total | 100.00% | 100.00% | 100.00% |

Expenditures by Category by Fund:

| | Salaries | Operating | Pass Thru |
|---------------------------------------|----------|-----------|-----------|
| General Fund | 27.63% | 24.25% | 3.31% |
| Dedicated-Special Revenue and Ag Fund | 41.89% | 2.37% | 0% |
| Federal | 0% | 0.55% | 0% |
| Other | 0% | 0% | 0% |
| Total | 69.52% | 27.17% | 3.31% |

Key Measures

Performance measures used to evaluate effectiveness are:

- ⇒ MDA will partner with other state departments of agriculture to increase our presence at the national level to insure Minnesota's agriculture is represented and heard.
- ⇒ MDA is designing and completing technology projects that will insure that the projects goals are defined by business practices. Our projects will be completed on time and within budget.

Contact

For additional information on budgets, please contact Becky Leschner, Budget Director, at (651) 215-5770 or Becky.Leschner@state.mn.us.

For additional information on policy, please contact Amy Sobieski, Legislative Liaison, at (651) 296-2880 or Amy.Sobieski@state.mn.us.

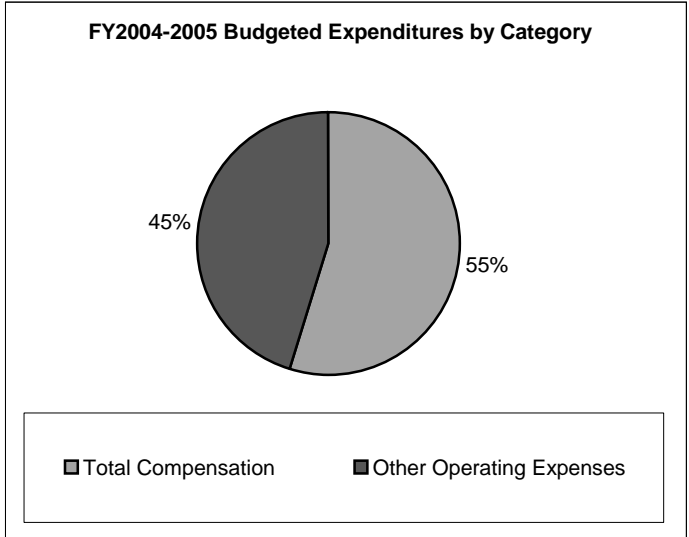
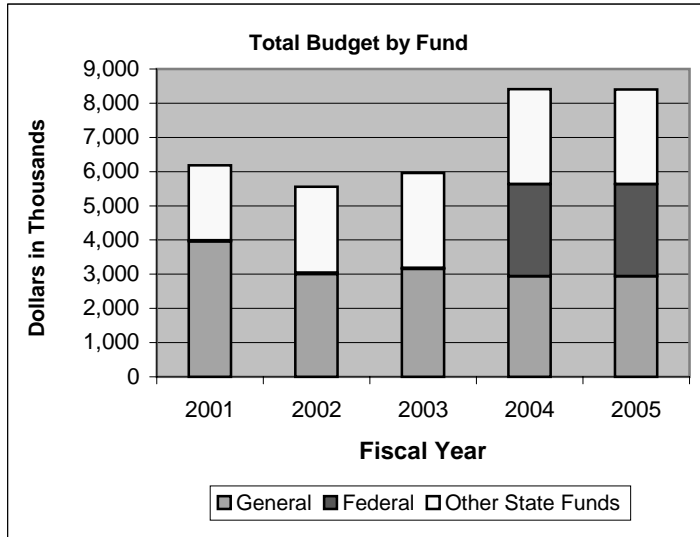
Additional information, such as the Commissioner's Column is also available on the MDA's web site.

AGRICULTURE DEPT

Program: **ADMIN & FINANCIAL ASSIST**

Activity: ADMINISTRATIVE SERVICES

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | | |
|---------------------------------|------------------|------------------|--------------------|----------------|--------------------|---------------------|---|--------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 3,957 | 3,007 | 3,154 | 2,941 | 2,941 | 5,882 | -279 | -4.5% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 2,194 | 2,491 | 2,780 | 2,771 | 2,768 | 5,539 | 268 | 5.1% |
| Agriculture Fund | 5 | 18 | 5 | 5 | 5 | 10 | -13 | -56.5% |
| Federal | 30 | 38 | 24 | 2,689 | 2,689 | 5,378 | 5,316 | 8574.2% |
| Total | 6,186 | 5,554 | 5,963 | 8,406 | 8,403 | 16,809 | 5,292 | 45.9% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|
| Total Compensation | 3,887 | 3,958 | 4,332 | 4,599 | 4,589 | 9,188 | 898 | 10.8% |
| Other Operating Expenses | 2,299 | 1,596 | 1,631 | 3,807 | 3,814 | 7,621 | 4,394 | 136.2% |
| Total | 6,186 | 5,554 | 5,963 | 8,406 | 8,403 | 16,809 | 5,292 | 45.9% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|
| Non Dedicated | | | | | | | | |
| General | 6 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 6 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Dedicated | | | | | | | | |
| Special Revenue | 2,474 | 2,375 | 2,544 | 2,619 | 2,650 | 5,269 | 350 | 7.1% |
| Agriculture Fund | 27 | 26 | 2 | 2 | 2 | 4 | -24 | -85.7% |
| Federal | 332 | 588 | 371 | 3,129 | 3,131 | 6,260 | 5,301 | 552.8% |
| Gift | 52 | 7 | 0 | 0 | 0 | 0 | -7 | -100.0% |
| Subtotal Dedicated | 2,885 | 2,996 | 2,917 | 5,750 | 5,783 | 11,533 | 5,620 | 95.0% |
| Total Revenue | 2,891 | 2,996 | 2,917 | 5,750 | 5,783 | 11,533 | 5,620 | 95.0% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 62.6 | 61.6 | 62.2 | 62.2 | 62.2 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

Program Description

The Minnesota Department of Agriculture (MDA) makes Ethanol Development Payments to Minnesota ethanol producers based on a formula found in M.S. 41A.09.

Population Served

Currently 13 ethanol plants located throughout Minnesota receive producer payments.

One plant no longer receives payments, and two more have their payments limited due to reaching the 10-year limitation on part of their production.

Services Provided

Each plant submits a quarterly report of gallons of ethanol produced to the MDA. These reports are independently audited, and payments are made in accordance with the statute. Payments are made November 15, February 15, May 15, and August 15.

Historical Perspective

This program was authorized by the state legislature in 1986. Each plant enrolled in the program is eligible for payment of 20 cents per gallon of ethanol produced up to a maximum amount of \$3 million for each of the 10 years they may participate in the program. The program expires June 30, 2010.

Laws of 2002, Chapter 220, reduced the payments from 20 cents per gallon to 19 cents per gallon, effective July 1, 2004.

Program Funding

Sources of funds for this program are:

Funds:

General Fund
Total

| FY 2002 | FY 2003 | Biennium |
|---------|---------|----------|
| 100.00% | 100.00% | 100.00% |
| 100.00% | 100.00% | 100.00% |

Expenditures by Category by Fund:

General Fund
Total

| Salaries | Operating | Pass Thru |
|----------|-----------|-----------|
| 0% | 0% | 100.00% |
| 0% | 0% | 100.00% |

Key Measures

Key measures for this program are specified in M.S. 41A.09, which provides for an annual production of ethanol from Minnesota plants of at least 240 million gallons. Current annual production is in excess of 260 million gallons.

⇒ MDA reviews, audits, and makes payments to producers eligible for payment under M.S. 41A.09.

Contact

For additional information on this activity, please contact Alan Dupay at (651) 296-1686 or Alan.Dupay@state.mn.us.

Program at a Glance

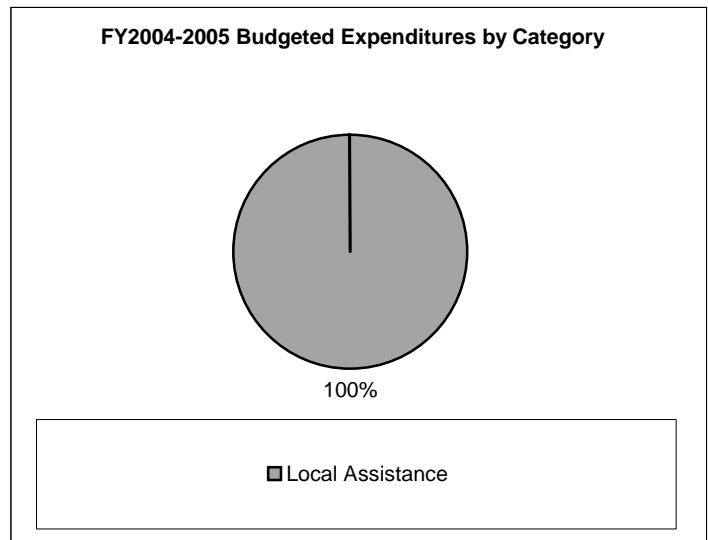
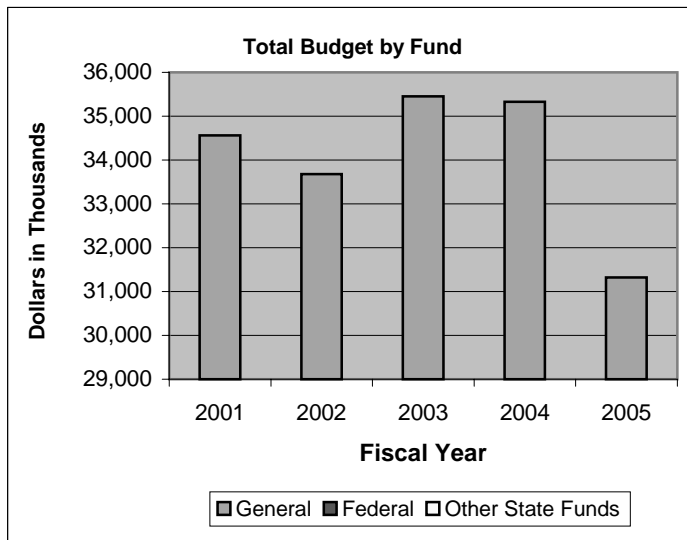
Ethanol Plants in Minnesota receiving producer payments:

- ◆ Agra Resources Co-op, Albert Lea
- ◆ Agri-Energy, LLC, Luverne
- ◆ Al-Corn Clean Fuel, Claremont
- ◆ Central MN Ethanol Coop, Little Falls
- ◆ Chippewa Valley Ethanol, LLP, Benson
- ◆ CornPlus, LLP, Winnebago
- ◆ Diversified Energy Co., LLC, Morris
- ◆ Ethanol 2000, Bingham Lake
- ◆ Heartland Corn Products, Winthrop
- ◆ Melrose Dairy Proteins, LLC, Melrose
- ◆ Gopher State Ethanol, St. Paul
- ◆ Minnesota Energy, Buffalo Lake
- ◆ Pro-Corn, LLC, Preston

AGRICULTURE DEPT

Program: ETHANOL PRODUCER PAYMENTS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|---------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | FY2005 | Biennium 2004-05 | Dollars | Percent |
| Open Appropriations | | | | | | | | |
| General | 34,559 | 33,681 | 35,456 | 35,327 | 31,319 | 66,646 | -2,491 | -3.6% |
| Total | 34,559 | 33,681 | 35,456 | 35,327 | 31,319 | 66,646 | -2,491 | -3.6% |
| Expenditures by Category | | | | | | | | |
| Local Assistance | 34,559 | 33,681 | 35,456 | 35,327 | 31,319 | 66,646 | -2,491 | -3.6% |
| Total | 34,559 | 33,681 | 35,456 | 35,327 | 31,319 | 66,646 | -2,491 | -3.6% |
| Expenditures by Activity | | | | | | | | |
| Ethanol Producer Payments | 34,559 | 33,681 | 35,456 | 35,327 | 31,319 | 66,646 | -2,491 | -3.6% |
| Total | 34,559 | 33,681 | 35,456 | 35,327 | 31,319 | 66,646 | -2,491 | -3.6% |

Agency Purpose

The Agricultural Utilization Research Institute (AURI) was created by the legislature in M.S. 1160.09. AURI efforts are focused on developing and increasing value added processing opportunities on a statewide basis. This is accomplished by providing applied scientific assistance in the development of new products and expanded uses for Minnesota agricultural commodities. Assistance is usually provided at the very early stages of product or process development and focuses on feasibility issues. AURI services assist producers and processors to make better decisions about allocating scarce resources.

Mission: To identify new markets and expand existing markets for agricultural commodities, ingredients and products, and to develop new uses or value improvements for Minnesota agricultural commodities.

Core Functions

The Agricultural Utilization Research Institute provides technical and applied scientific services to individuals and organizations that are developing value added businesses across Minnesota. Core functions include:

- ◆ providing technical and feasibility assistance, laboratory and pilot plant services in support of the development of the value-added processing capacity in Minnesota;
- ◆ acting as the applied research and development service for small and medium-sized commodity processors; and
- ◆ promoting, educating and informing agricultural stakeholders about the risks and rewards of participating in value added processing

Operations

AURI services assist a variety of clients including producers, producer groups (e.g. cooperatives), small & medium sized commodity processors, and entrepreneurs. AURI field office staff assists with project development activities, while laboratory and pilot plant staff support the technical elements of project development. Pilot plant and lab activities assist clients with feasibility, testing, analysis and product scale-up activities. AURI's operations and facilities are statewide in scope and include:

- ◆ Crookston: field office; pilot plant processing facility; product development lab; state administrative headquarters
- ◆ Marshall: field office; fats & oils lab; analytic and process labs; meats lab
- ◆ Morris: field office
- ◆ Waseca: field office; co-products utilization lab and pilot plant
- ◆ St. Paul: helps link markets and businesses with rural clients and serves as a liaison to other organizations

Program Areas

Client services include laboratory operations such as analytical, process, meats, fats and oils labs, as well as pilot plant operations. This also includes project development activities, as well as development grants for projects.

Industry initiatives focus on broad impact areas and include biodiesel research, ethanol co-products projects, agricultural energy & side stream research, and other feasibility projects that have the potential to impact a large number of producers.

Pesticide Reduction Options (PRO) Program supports research and demonstration grants in development of on-farm pesticide reduction strategies.

At A Glance

- ◆ In the 1990's combined ag and value added sales increased by 24%; AURI programs helped support and sustain continued growth and development of value added processing.
- ◆ AURI services were delivered to over 400 projects statewide in the past biennium.
- ◆ Presented over 40 producer/processor information sessions, examples include: biodiesel, wheat/barley ethanol, oilseeds, meat processing and food safety.

Core Challenges in Operating Environment:

- ◆ Low commodity prices and high transportation costs necessitate a strategy to support value added processing opportunities at the point of production.
- ◆ Increasing demand for feasibility and product development information for value added processing initiatives.
- ◆ Ever-changing markets, technologies and food safety issues that force rural Minnesota-based processors and agricultural enterprises to keep pace, or not survive.

Hybrid poplar represents research and industry development activities for short rotation woody crops. **Administrative services** provide human resources and administrative support for the organization.

Key Measures

In the past two years AURI has assisted with the development of value added projects which have resulted in more producers being able to evaluate and participate in processing projects; enhanced the investment potential in new or existing processing facilities; and has led to increased job opportunities in the state. **Key indicator examples include:**

- ◆ over 14,000 producers impacted through assistance with project feasibility assessment and information;
- ◆ early-stage project feasibility and assessment services resulting in a combined infrastructure investment potential of over \$100 Million; and
- ◆ nearly 300 value added processing jobs from AURI project development and technical services activities, as reported directly from client estimates.

Budget

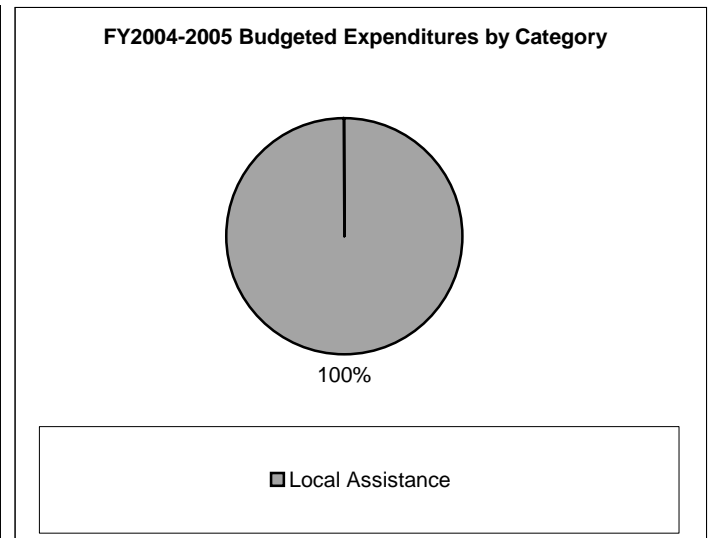
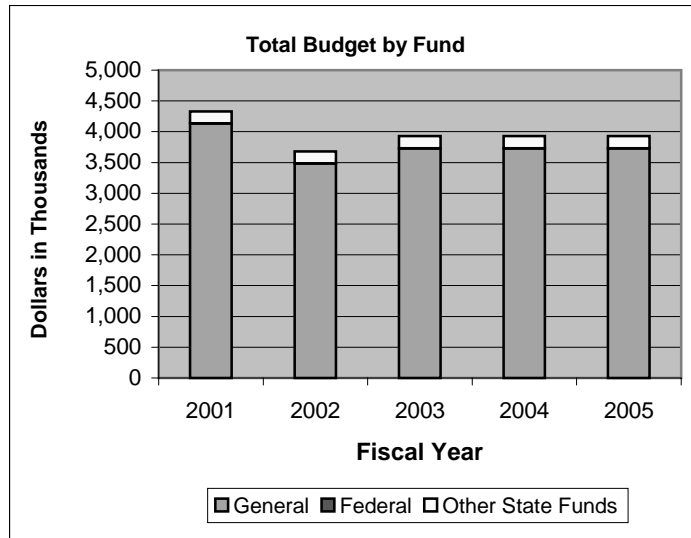
The budget for FY 2002-03 biennium is \$8.59 million. Organizational staff includes 29.5 full-time equivalent staff. Of the total funding for the biennium, \$7.2 million comes from the General Fund, which includes operating funds as well as the hybrid poplar funding. In addition, \$200,000 in funding for the Pesticide Reduction Options program comes from an agricultural fund account. Loan repayments of \$144,000*, commercialization repayments & interest of \$542,000*, and collaboration & match of \$330,000* account for the balance.

*Estimated for biennium.

Contact

AURI State Office
Owen Hall Annex, UM-Crookston
P.O. Box 599
Crookston, Minnesota 56716-0599
(800) 279-5010
(218) 281-7600
Edgar Olson, Executive Director

The AURI web site, at www.auri.org, provides information on programs, research & contacts in the organization.



| <i>Dollars in Thousands</i> | | | | | | | | |
|------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|-------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
| Direct Appropriations | | | | | | | | |
| General | 4,130 | 3,480 | 3,729 | 3,729 | 3,729 | 7,458 | 249 | 3.5% |
| Agriculture Fund | 200 | 200 | 200 | 200 | 200 | 400 | 0 | 0.0% |
| Total | 4,330 | 3,680 | 3,929 | 3,929 | 3,929 | 7,858 | 249 | 3.3% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|-------------|
| Expenditures by Category | | | | | | | | |
| Local Assistance | 4,330 | 3,680 | 3,929 | 3,929 | 3,929 | 7,858 | 249 | 3.3% |
| Total | 4,330 | 3,680 | 3,929 | 3,929 | 3,929 | 7,858 | 249 | 3.3% |

| | | | | | | | | |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|-------------|
| Expenditures by Program | | | | | | | | |
| Ag Utilization Research Inst | 4,330 | 3,680 | 3,929 | 3,929 | 3,929 | 7,858 | 249 | 3.3% |
| Total | 4,330 | 3,680 | 3,929 | 3,929 | 3,929 | 7,858 | 249 | 3.3% |

Agency Purpose

The Minnesota statutes directs the Minnesota Amateur Sports Commission (MASC) to promote the economic and social benefits of sport for Minnesota citizens and organizations. The MASC contributes to the statewide system of amateur sports by:

- ◆ generating economic benefits through sport events;
- ◆ providing increased amateur sport opportunities; and
- ◆ improving infrastructure through developing new sport facilities.

Core Functions

The MASC provides strategic direction to the state's amateur sports community in order to increase the state economic benefits from amateur sport by increasing sport opportunities and supporting facility improvements. These core functions translate to:

- ◆ hosting major amateur sport tourism events;
- ◆ operating the annual Star of the North State Games; and
- ◆ administering major sport facility and local grant programs.

These functions support ongoing operating goals:

- ⇒ Identifying and bidding for major amateur sport events that can bring financial impact to Minnesota, such as the 2001 Women's World Ice Hockey Championships.
- ⇒ Creating and developing new "homegrown" amateur sport events, such as the Schwan's USA Cup.
- ⇒ Administering the annual state Olympic games and rotating the event to various regions throughout the state. For example, during the summer of 2002, the Star of the North State Games was staged in St. Cloud.
- ⇒ Overseeing MASC's National Sports Center (NSC) operations. The NSC has operated in the black without subsidy for 12 straight years.
- ⇒ Administering both major sport facility grant programs and local grant programs, such as the Mighty Ducks, the Mighty Kicks, and the Mighty Kids programs.

Operations

The MASC serves a varied customer base. The local, national, and international amateur sport participants and their families are the primary customers of the agency. Amateur sport athletes participate in MASC sport programs and at MASC affiliate facilities. Cities, counties, school districts, and other state agencies/public entities are secondary customers through sport facility grant programs, sport event partnerships, and sport education collaboration. The MASC also serves and partners with convention and visitors bureaus, chambers of commerce, and community organizations on sport tourism promotion.

Sport Event Research and Bidding - The MASC actively researches new event opportunities for Minnesota. Once an event is identified, the MASC will partner with local government units, facilities, convention and visitors bureaus, and amateur sport organizations, in order to host the event.

Creation of the New Sport Events - Staff of the MASC research new event concepts and work to develop new "homegrown" events for our state.

At A Glance

| | <u>2000</u> | <u>2001</u> |
|--|-------------|-------------|
| ◆ Out-state annual economic impact of amateur sports | \$51.8 mil. | \$55 mil. |
| ◆ Out-state annual economic impact of the NSC | \$30.1 mil. | \$35.8 mil. |
| ◆ Annual participants in MASC affiliate facilities & programs | 3.75 mil | 3.9 mil |
| ◆ Annual visitors to NSC | 2.5 mil. | 2.7 mi. |
| ◆ The NSC is the state's most visited sport facility. | | |
| ◆ Star of the North Games hosts up to 9,000 Minnesota athletes annually. | | |

Operating the state Olympic games and selecting event -The MASC partners with its Star of the North State Games Board to 1) identify cities through Minnesota to host the games, 2) host the selected annual state games event involving up to 9,000 athletes; and 3) establish and administer the policy of the games.

Research and develop major amateur sport facilities - Since 1987, the MASC has partnered with state and local government units to assist the development of the following facilities:

| | |
|---------------------------------|-------------|
| National Sports Center | Blaine |
| National Hockey Center | St. Cloud |
| University of MN/Aquatic Center | Minneapolis |
| Giants Ridge Golf & Ski Resort | Biwabik |
| National Kayak Center | Carlton |
| Ole Mangseth Memorial Ski Jump | Coleraine |
| John Rose Minnesota OVAL | Roseville |
| National Volleyball Center | Rochester |
| Range Recreation Civic Center | Eveleth |
| Minneapolis Sports Center | Minneapolis |
| Bush Lake Ski Jump | Bloomington |
| Sport Event Center (Planning) | Blaine |

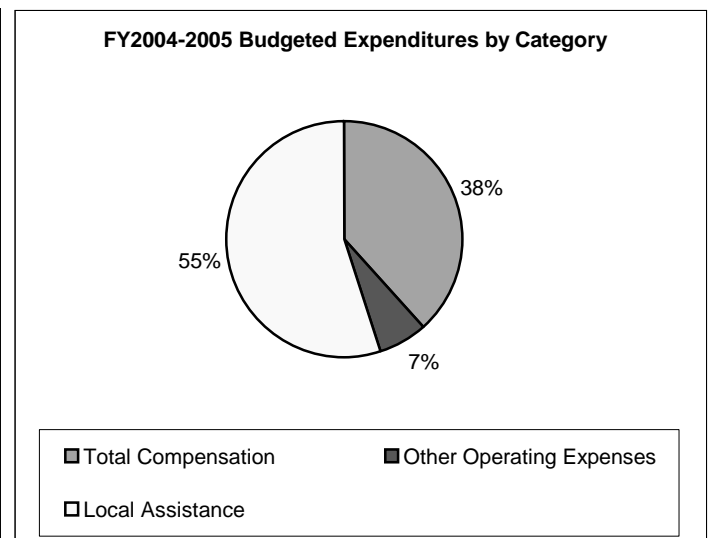
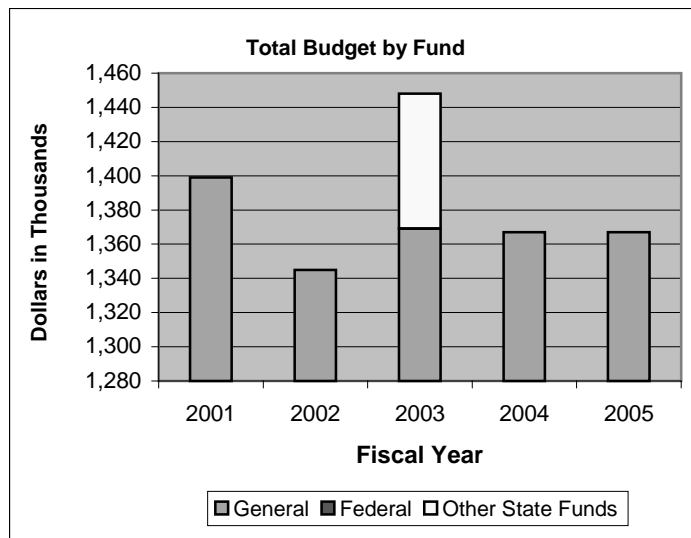
Budget

The MASC's agency budget for the FY 2002-03 biennium is \$1.2 million and is appropriated from the General Fund. The commission has a total of eight full-time staff.

Contact

Minnesota Amateur Sports Commission
1700 - 105th Avenue Northeast
Blaine, Minnesota 55449

Paul D. Erickson, Executive Director
Phone: (763) 785-5632
perickson@mnsports.org
www.masc.state.mn.us



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 649 | 595 | 619 | 617 | 617 | 1,234 | 20 | 1.6% |
| Open Appropriations | | | | | | | | |
| General | 750 | 750 | 750 | 750 | 750 | 1,500 | 0 | 0.0% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 0 | 0 | 79 | 0 | 0 | 0 | -79 | -100.0% |
| Total | 1,399 | 1,345 | 1,448 | 1,367 | 1,367 | 2,734 | -59 | -2.1% |
| Expenditures by Category | | | | | | | | |
| Total Compensation | 540 | 511 | 524 | 523 | 523 | 1,046 | 11 | 1.1% |
| Other Operating Expenses | 109 | 84 | 174 | 94 | 94 | 188 | -70 | -27.1% |
| Local Assistance | 750 | 750 | 750 | 750 | 750 | 1,500 | 0 | 0.0% |
| Total | 1,399 | 1,345 | 1,448 | 1,367 | 1,367 | 2,734 | -59 | -2.1% |
| Expenditures by Program | | | | | | | | |
| Amateur Sports Commission | 1,399 | 1,345 | 1,448 | 1,367 | 1,367 | 2,734 | -59 | -2.1% |
| Total | 1,399 | 1,345 | 1,448 | 1,367 | 1,367 | 2,734 | -59 | -2.1% |
| Full-Time Equivalents (FTE) | 10.2 | 9.3 | 9.3 | 9.3 | 9.3 | | | |

Agency Purpose

The Minnesota Board of Animal Health shall protect the health of Minnesota domestic animals (M.S. Chapter 35). The Board's mission is to protect and enhance the health of Minnesota domestic animal populations by preventing, controlling and eliminating animal diseases.

Core Functions

The core functions have been ever changing and increasingly challenging over the 100 years of service to the citizens of Minnesota. The Board of Animal Health supports both the livestock industry and animal health professionals in disease prevention and control. Our core functions are to:

- ◆ coordinate state and national animal disease control programs;
- ◆ monitor the health of imported animals;
- ◆ identify, locate, and control the movement of infected animals;
- ◆ educate the public about animal diseases;
- ◆ educate and train veterinarians in animal disease control programs;
- ◆ respond to disease outbreaks;
- ◆ coordinate the response to bio-terrorism and other emergencies involving animals;
- ◆ promote public health through animal health programs;
- ◆ coordinate programs with other agencies, the University of Minnesota, the federal government, and the legislature; and
- ◆ inspect domestic animal facilities to control diseases.

Operations

The Board serves a variety of customers. Livestock producers, veterinarians, pet owners, the University of Minnesota Diagnostic Laboratory and the United States Department of Agriculture are the primary customers. Services delivered include: monitoring the movement of livestock and poultry to prevent the spread of disease; providing updates on disease outbreaks; developing, implementing and enforcing animal health statutes and rules; and encouraging best management practices for bio-security.

Key Measures

The Board of Animal Health's success is measured by progress in disease eradication and control programs. Many of these diseases are zoonotic and affect humans. Examples of eradication programs include pseudorabies, brucellosis, tuberculosis, hog cholera, *Salmonella pullorum-typhoid*, *Mycoplasma gallisepticum*, *Mycoplasma synoviae*, scrapie, chronic wasting disease and all diseases foreign to the United States. Examples of control programs include rabies, salmonella, Johne's Disease, anthrax, anaplasmosis, avian pneumovirus, Lyme Disease, and equine infectious anemia.

Budget

The Board's FY 2002-03 budget totals \$6.1 million. Board staff includes 33 full-time equivalent employees.

Of the total budget for the biennium, \$5.9 million comes from General Fund dollars; \$220,000 comes from federal grants.

At A Glance

Two-Year State Budget:

\$5.9 million General Fund

\$6.1 million all funds

Annual Business Processes:

The environment is affected by the Minnesota legislative and executive branch of state government, the board members, the United States Department of Agriculture, the livestock industry, the poultry industry, practicing veterinarians, pet owners, as well as current and emerging disease threats. It is this delicate balance that provides oversight and guidance to the Board, while bringing together many different aspects striving for a common goal.

Contact

Board of Animal Health
119 Agriculture Building
90 West Plato Boulevard
St. Paul, Minnesota 55107

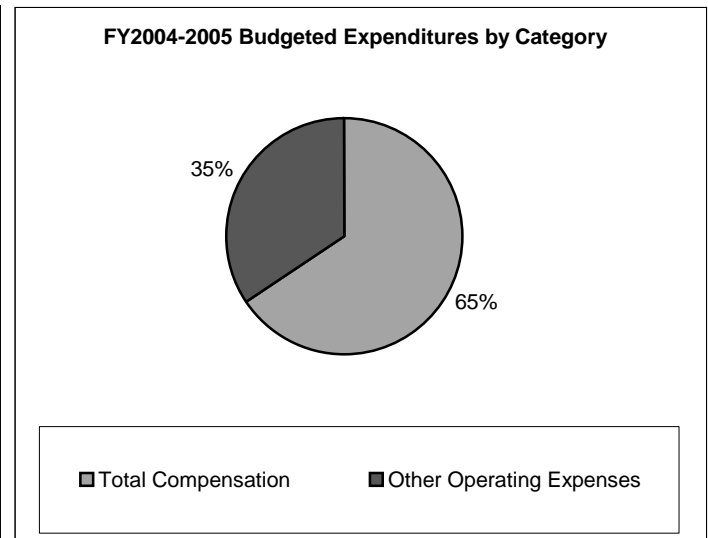
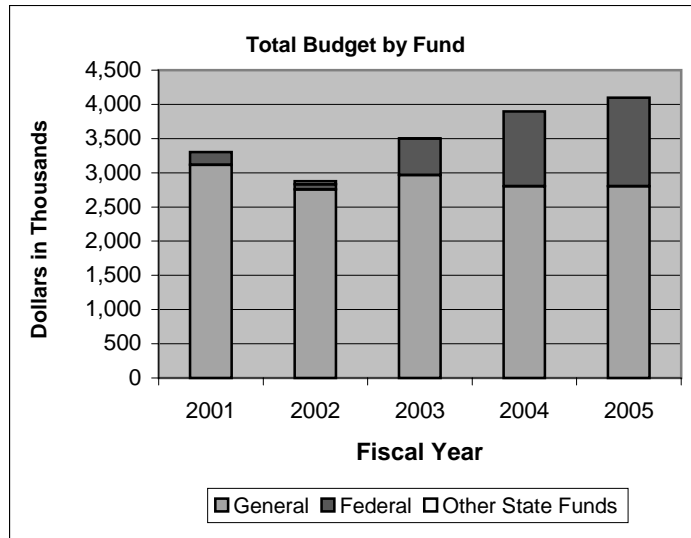
World Wide Web Home Page:

<http://www.bah.state.mn.us>

Dr. William Hartmann, Executive Director

Phone: (651) 296-2942 ext. 27

Fax: (651) 296-7417



| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 Dollars | Percent |
|---------------------------------|------------------|------------------|--------------------|----------------|--------------------|---------------------|---|--------------|
| Expenditures by Fund | | | | | | | | |
| Direct Appropriations | | | | | | | | |
| General | 3,114 | 2,753 | 2,968 | 2,803 | 2,803 | 5,606 | -115 | -2.0% |
| Special Revenue | 1 | 44 | 6 | 0 | 0 | 0 | -50 | -100.0% |
| Statutory Appropriations | | | | | | | | |
| Federal | 189 | 78 | 530 | 1,094 | 1,294 | 2,388 | 1,780 | 292.8% |
| Total | 3,304 | 2,875 | 3,504 | 3,897 | 4,097 | 7,994 | 1,615 | 25.3% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 2,021 | 1,985 | 2,245 | 2,528 | 2,706 | 5,234 | 1,004 | 23.7% |
| Other Operating Expenses | 1,243 | 890 | 1,259 | 1,369 | 1,391 | 2,760 | 611 | 28.4% |
| Local Assistance | 40 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Total | 3,304 | 2,875 | 3,504 | 3,897 | 4,097 | 7,994 | 1,615 | 25.3% |

| | | | | | | | | |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Expenditures by Program | | | | | | | | |
| Livestock And Poultry Health | 3,304 | 2,875 | 3,504 | 3,897 | 4,097 | 7,994 | 1,615 | 25.3% |
| Total | 3,304 | 2,875 | 3,504 | 3,897 | 4,097 | 7,994 | 1,615 | 25.3% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|--------------|--------------|--------------|--------------|---------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 0 | 3 | 5 | 5 | 5 | 10 | 2 | 25.0% |
| Cambridge Deposit Fund | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 3 | 3 | 5 | 5 | 5 | 10 | 2 | 25.0% |
| Dedicated | | | | | | | | |
| Special Revenue | 1 | 50 | 0 | 0 | 0 | 0 | -50 | -100.0% |
| Federal | 176 | 78 | 530 | 1,104 | 1,294 | 2,398 | 1,790 | 294.4% |
| Subtotal Dedicated | 177 | 128 | 530 | 1,104 | 1,294 | 2,398 | 1,740 | 264.4% |
| Total Revenue | 180 | 131 | 535 | 1,109 | 1,299 | 2,408 | 1,742 | 261.6% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 31.9 | 31.1 | 32.0 | 28.8 | 28.8 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

Program Description

The Minnesota Board of Animal Health shall protect the health of Minnesota domestic animals (Minnesota Statutes Chapter 35). The Board's mission is to protect and enhance the health of Minnesota domestic animal populations by preventing, controlling and eliminating animal diseases.

Population Served

Livestock producers, veterinarians, University of Minnesota Diagnostic Laboratory, United States Department of Agriculture Veterinary Services, multi state agencies, the public in general, as well as other states.

Services Provided

The core functions have been ever changing and increasingly challenging over the 100 years of service to the citizens of Minnesota. The Board of Animal Health supports both the livestock industry and animal health professionals in disease prevention and control. Our core functions are to:

- ◆ coordinate state and national animal disease control programs;
- ◆ monitor the health of imported animals;
- ◆ identify, locate, and control the movement of infected animals;
- ◆ educate the public about animal diseases;
- ◆ educate and train veterinarians in animal disease control programs;
- ◆ respond to disease outbreaks;
- ◆ coordinate the response to bio-terrorism and other emergencies involving animals;
- ◆ promote public health through animal health programs;
- ◆ coordinate programs with other agencies, the University of Minnesota, the federal government, and the legislature; and
- ◆ inspect domestic animal facilities to control diseases.

Key Measures

The Board of Animal Health's success is measured by progress in disease eradication and control programs. Many of these diseases are zoonotic and affect humans. Examples of eradication programs include pseudorabies, brucellosis, tuberculosis, hog cholera, *Salmonella pullorum-typhoid*, *Mycoplasma gallisepticum*, *Mycoplasma synoviae*, scrapie, chronic wasting disease and all diseases foreign to the United States. Examples of control programs include rabies, salmonella, John's Disease, anthrax, anaplasmosis, avian pneumovirus, Lyme Disease, and equine infectious anemia.

Program Funding

The Board's 2002-2003 budget totals \$6.1 million. Board staff includes 33 full-time equivalent employees.

Of the total budget for the biennium, \$5.9 million comes from General Fund dollars; \$220,000 comes from federal grants.

Program at a Glance**Two-Year State Budget:**

\$5.9 million general fund

\$6.1 million all funds

Annual Business Processes:

The environment is affected by the Minnesota legislative and executive branch of state government, the board members, the United States Department of Agriculture, the livestock industry, the poultry industry, practicing veterinarians, pet owners, as well as current and emerging disease threats. It is this delicate balance that provides oversight and guidance to the Board, while bringing together many different aspects striving for a common goal.

ANIMAL HEALTH BOARD

Program: LIVESTOCK AND POULTRY HEALTH

Narrative

Contact

Board of Animal Health
119 Agriculture Building
90 West Plato Boulevard
St. Paul, Minnesota 55107

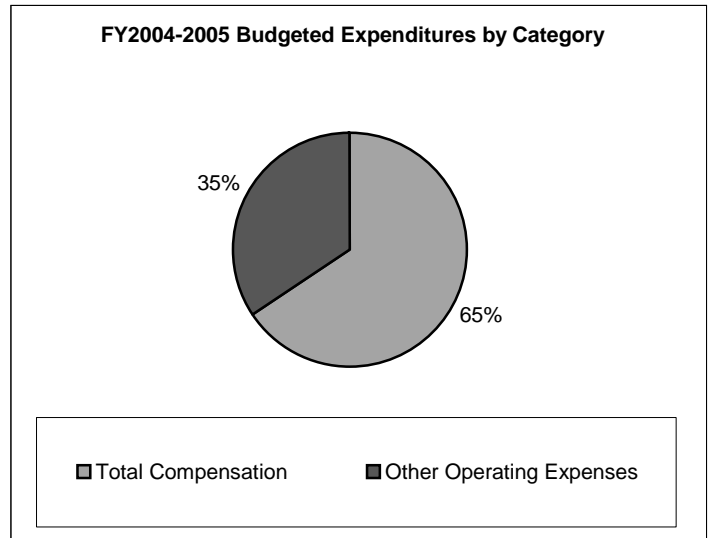
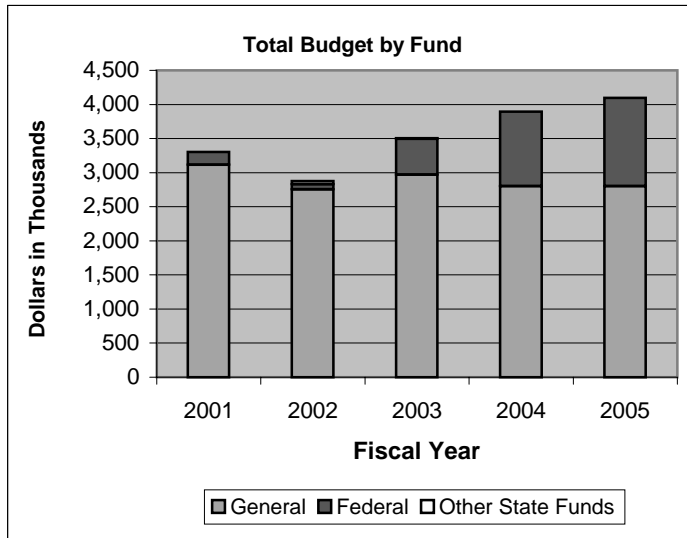
World Wide Web Home Page: <http://www.bah.state.mn.us>

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Phone: (651) 296-2942 ext. 27
Fax: (651) 296-7417

ANIMAL HEALTH BOARD

Program: LIVESTOCK AND POULTRY HEALTH

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 3,114 | 2,753 | 2,968 | 2,803 | 2,803 | 5,606 | -115 | -2.0% |
| Special Revenue | 1 | 44 | 6 | 0 | 0 | 0 | -50 | -100.0% |
| Statutory Appropriations | | | | | | | | |
| Federal | 189 | 78 | 530 | 1,094 | 1,294 | 2,388 | 1,780 | 292.8% |
| Total | 3,304 | 2,875 | 3,504 | 3,897 | 4,097 | 7,994 | 1,615 | 25.3% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Total Compensation | 2,021 | 1,985 | 2,245 | 2,528 | 2,706 | 5,234 | 1,004 | 23.7% |
| Other Operating Expenses | 1,243 | 890 | 1,259 | 1,369 | 1,391 | 2,760 | 611 | 28.4% |
| Local Assistance | 40 | 0 | 0 | 0 | 0 | 0 | 0 | n.m. |
| Total | 3,304 | 2,875 | 3,504 | 3,897 | 4,097 | 7,994 | 1,615 | 25.3% |

| Expenditures by Activity | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Disease Regulation And Control | 3,304 | 2,875 | 3,504 | 3,897 | 4,097 | 7,994 | 1,615 | 25.3% |
| Total | 3,304 | 2,875 | 3,504 | 3,897 | 4,097 | 7,994 | 1,615 | 25.3% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|------------|------------|------------|--------------|--------------|--------------|--------------|---------------|
| Non Dedicated | | | | | | | | |
| General | 0 | 3 | 5 | 5 | 5 | 10 | 2 | 25.0% |
| Cambridge Deposit Fund | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 3 | 3 | 5 | 5 | 5 | 10 | 2 | 25.0% |
| Dedicated | | | | | | | | |
| Special Revenue | 1 | 50 | 0 | 0 | 0 | 0 | -50 | -100.0% |
| Federal | 176 | 78 | 530 | 1,104 | 1,294 | 2,398 | 1,790 | 294.4% |
| Subtotal Dedicated | 177 | 128 | 530 | 1,104 | 1,294 | 2,398 | 1,740 | 264.4% |
| Total Revenue | 180 | 131 | 535 | 1,109 | 1,299 | 2,408 | 1,742 | 261.6% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 31.9 | 31.1 | 32.0 | 28.8 | 28.8 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

Agency Purpose

The Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience, and Interior Design was established to safeguard life, health, and property and to promote the public's welfare. M.S. – 326.15 mandates that the board examine, certify, license and regulate individuals practicing architecture, professional engineering, land surveying, landscape architecture, professional geology, and professional soil science, and those who use the title certified interior designer.

Core Functions

The Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience, and Interior Design protects the public at large through their regulation of the seven professions. Core functions support the policy making process and administration of the board. These core functions include:

- ◆ ensuring that those entering the professions meet standards of competency by way of education, experience, and examination;
- ◆ enforcing the laws and rules governing the professions in a fair, expeditious, and uniform fashion;
- ◆ educating the public on the requirements and exemptions to licensed practice; and
- ◆ ensuring that the professionals regulated by the board will continue to remain competent in their areas of practice through mandated continuing education and adherence to established standards of a code of conduct.

Operations

The board serves a diverse customer base. The licensees, certificate holders, and applicants are the primary customers of the licensing staff: application processing, verification of information, evaluation and examination.

Minnesota citizens, board members, legislators, building officials, fire marshals, other state agencies, and national councils, are provided information as part of the board's outreach program.

Budget

The board's FY 2002-03 budget totals \$1.932 million and the board staff includes nine full-time equivalent employees.

The board has four sources of revenue:

- ◆ Examinations
- ◆ Licenses
- ◆ Fines
- ◆ Filings

In addition:

- ⇒ Examinations are a pass through cost.
- ⇒ The board is funded by General Fund appropriations, and all revenues collected are returned to the General Fund.
- ⇒ The board's license fees are set in statute.

At A Glance

Annual Business Process:

Examination: Through the board, approximately 3,600 biennium examinations are conducted for those candidates meeting the board's education and experience requirements.

Licensure: The board licenses and certifies 15,000 individuals who meet the established qualifications, evaluates individuals, and issues approximately 800 new licenses annually.

Enforcement: During the 2002-03 biennium the board received 103 complaints alleging violation of its rules and laws. The board in conjunction with the Attorney General's office has continued to receive, file, and investigate complaints of violation of the statutes and rules.

New Program: June 2002 is the first mandated reporting period of continuing education. Administration of this program includes an audit process.

Contact

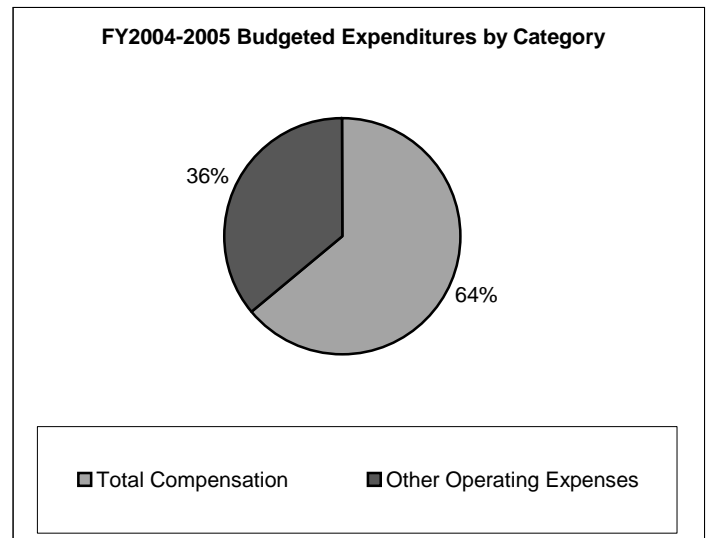
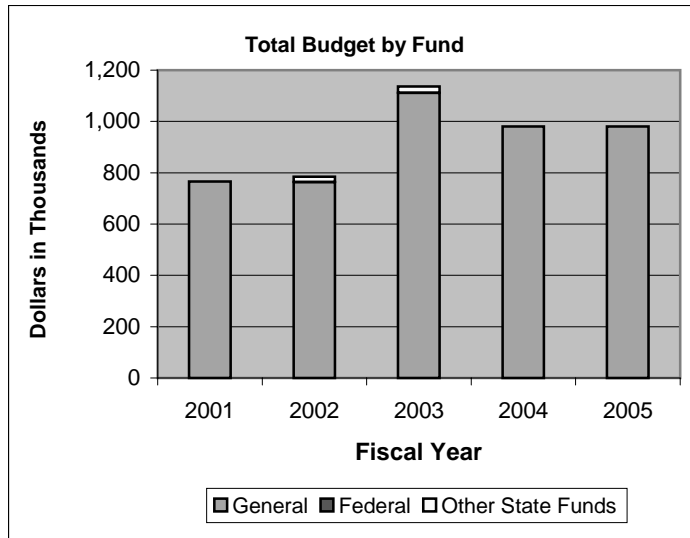
Board of Architecture, Engineering,
Land Surveying, Landscape Architecture,
Geoscience, and Interior Design

World Wide Web Home Page: <http://www.aelslagid.state.mn.us>

- ◆ Statutes
- ◆ Rules
- ◆ Newsletters
- ◆ Rosters
- ◆ Applications
- ◆ Enforcement Action

Doreen Frost, Executive Secretary

Phone: (651) 296-2388 Fax: (651) 297-5310



| <i>Dollars in Thousands</i> | | | | | | | | |
|------------------------------|------------|------------|--------------|------------|------------|--------------|-------------------|-------------|
| | Actual | Actual | Budgeted | Base | | Biennium | Biennial Change | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | 2004-05 / 2002-03 | |
| | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 766 | 764 | 1,111 | 981 | 981 | 1,962 | 87 | 4.6% |
| Special Revenue | 0 | 20 | 25 | 0 | 0 | 0 | -45 | -100.0% |
| Total | 766 | 784 | 1,136 | 981 | 981 | 1,962 | 42 | 2.2% |

| | | | | | | | | |
|---------------------------------|------------|------------|--------------|------------|------------|--------------|-----------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 392 | 443 | 611 | 616 | 638 | 1,254 | 200 | 19.0% |
| Other Operating Expenses | 374 | 341 | 525 | 365 | 343 | 708 | -158 | -18.2% |
| Total | 766 | 784 | 1,136 | 981 | 981 | 1,962 | 42 | 2.2% |

| | | | | | | | | |
|--------------------------------|------------|------------|--------------|------------|------------|--------------|-----------|-------------|
| Expenditures by Program | | | | | | | | |
| Aelsla | 766 | 784 | 1,136 | 981 | 981 | 1,962 | 42 | 2.2% |
| Total | 766 | 784 | 1,136 | 981 | 981 | 1,962 | 42 | 2.2% |

| | | | | | | | | |
|---------------------------------|------------|--------------|--------------|--------------|--------------|--------------|------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 0 | 1,348 | 1,327 | 1,327 | 1,327 | 2,654 | -21 | -0.8% |
| Cambridge Deposit Fund | 780 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 780 | 1,348 | 1,327 | 1,327 | 1,327 | 2,654 | -21 | -0.8% |
| Total Revenue | 780 | 1,348 | 1,327 | 1,327 | 1,327 | 2,654 | -21 | -0.8% |

| | | | | | |
|------------------------------------|------------|------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 8.4 | 9.2 | 11.6 | 11.3 | 11.3 |
|------------------------------------|------------|------------|-------------|-------------|-------------|

Agency Purpose

The Minnesota State Arts Board, through responsible stewardship, promotes the quality of life in Minnesota by making the arts accessible to all citizens, nurturing creative activities, encouraging the development of innovative forms of artistic expression, and preserving the diverse artistic heritage of the people.

The Arts Board was established in its current form in 1976, by M.S., Chapter 129D. However, it had several predecessor organizations that have been serving artists, arts organizations, and arts participants in Minnesota since 1903.

In order to achieve its mission, the Arts Board is pursuing the following goals as part of its current three-year plan:

- ◆ provide meaningful financial support to the arts in Minnesota;
- ◆ exercise prudent stewardship of the public interest;
- ◆ enhance arts education opportunities for Minnesota's school children;
- ◆ provide technical support for artists and arts organizations;
- ◆ build public awareness about the importance of the arts to the community;
- ◆ makes the Arts Board equally accessible in both non-metro and metro areas of the state;
- ◆ support arts opportunities for underserved cultural communities;
- ◆ maintain a productive, efficient organization while fostering a rewarding work environment for the staff; and
- ◆ be considered a national leader among state arts agencies.

Core Functions

The Arts Board provides grants and services to the statewide arts community through five programs: Artist Assistance, Arts Across Minnesota, Arts in Education, Folk Arts, and Institutional/Institutional Presenter Support. These programs support individual artists, schools, arts organizations, colleges and universities, communities, and organizations that sponsor arts activities.

The Arts Board also serves as the fiscal agent for 11 Regional Arts Councils (RACs) that comprise a statewide decentralized re-granting system. Regional Arts Councils provide grants and support services tailored to meet the needs of artists, arts organizations, and arts audiences in their particular areas of the state.

Operations

The Minnesota State Arts Board and Regional Arts Councils provide financial support and services to artists, arts organizations, arts educators, nonprofits, schools, and communities. Ultimately, Minnesota citizens are the primary beneficiaries of these activities.

The Arts Board employs a three-tiered grant review process to ensure that public funds are distributed wisely and fairly. First, Arts Board staff members review each application to ensure that it meets all eligibility requirements. Second, a peer panel of individuals from across the state who have expertise in the discipline/art form being considered, review and recommend which applications to fund. Finally, the 11-member Minnesota State Arts Board reviews the panel recommendations and makes final funding decisions.

At A Glance

- ◆ The arts are a \$1.3 billion industry in Minnesota.
- ◆ Minnesota is home to:
30,000 individual artists and
1,268 nonprofit arts organizations
- ◆ More than 19 million children and adults were served by Arts Board- and RAC-funded activities during FY 1999 and 2000.
- ◆ Five of Minnesota's top 25 tourist attractions are arts organizations: the Walker Art Center, Guthrie Theater, Ordway Center, Orchestra Hall, and the Children's Theatre.
- ◆ In the FY 2000-01 biennium, the Arts Board was able to fund 54% of the requests it received.

The Arts Board is a primary service provider to the Minnesota arts community. The agency provides technical assistance workshops and training sessions for artists, arts organizations, and arts educators annually in locations throughout the state. It is engaged in a multi-year statewide initiative to broaden, deepen, and diversify arts participation. Working in cooperation with Springboard for the Arts, it produces print and web-based exhibition, rehearsal/performance space, and grant guides for Minnesota artists.

Key Measures

Annually, the Minnesota State Arts Board accomplishes the following:

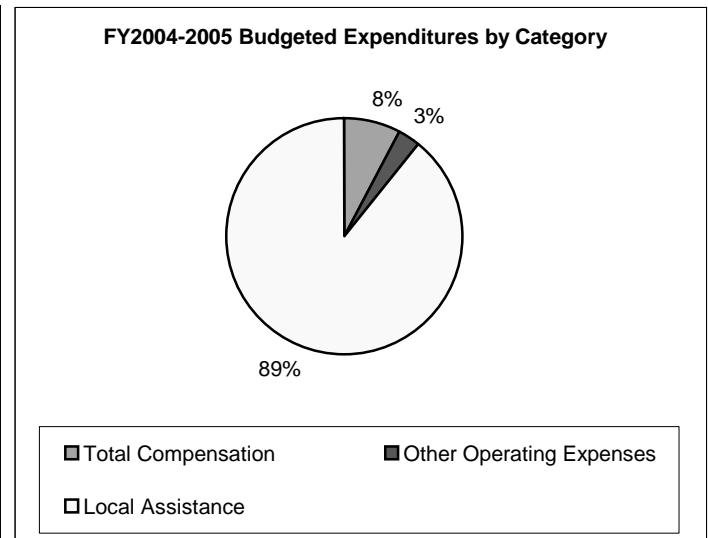
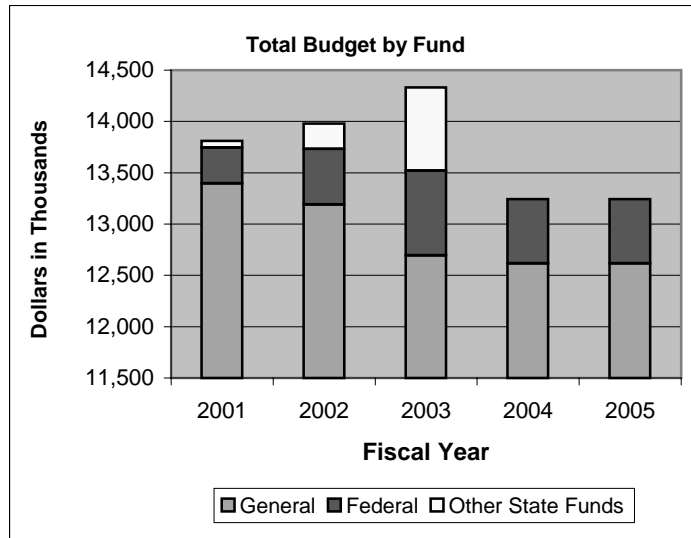
- ⇒ Provides general support to at least 110 Minnesota arts organizations. The funds stabilize the state's leading arts organizations and provide them with the flexibility essential to their growth and vitality.
- ⇒ Supports 600 weeks of residencies by artists in schools across the state. Through these activities, hundreds of thousands of children experience the arts, develop their cognitive skills, and achieve key competencies necessary to meet the state's graduation standards.
- ⇒ Provides timely, targeted support to 120 Minnesota artists. Supporting artistic and professional growth builds a strong foundation for a healthy arts community.
- ⇒ Provides support to at least 70 Minnesota communities, schools, and other nonprofit organizations to help present quality arts experiences for young people, residents, and visitors. These activities revitalize and stimulate community pride, bring people together, and enhance the quality of life for all Minnesotans.
- ⇒ Provides at least \$50,000 each year to arts activities in traditionally underserved communities. These activities effectively promote cross-cultural understanding and relationship building among all of Minnesota's citizens.

Budget

The Arts Board had a staff of 21 full-time equivalent employees in FY 2002; that number will decrease to 18.5 in FY 2003. Over 90% of the Arts Board general fund appropriation is awarded as grants to local arts organizations.

Contact

| | |
|-----------|--|
| Web site: | www.arts.state.mn.us |
| Phone: | (651) 215-1600 or (800) 8MN-ARTS |
| Key staff | Robert C. Booker, executive director, robert.booker@arts.state.mn.us James A. Dusso, assistant director, james.dusso@arts.state.mn.us Sue Gens, director of communication and government relations, sue.gens@arts.state.mn.us |



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|----------------------|----------------------|------------------------|--------------------|--------------------|-------------------------|----------------------------------|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 13,396 | 13,191 | 12,693 | 12,616 | 12,616 | 25,232 | -652 | -2.5% |
| Federal | 0 | 0 | 9 | 0 | 0 | 0 | -9 | -100.0% |
| Statutory Appropriations | | | | | | | | |
| Federal | 350 | 543 | 820 | 626 | 626 | 1,252 | -111 | -8.1% |
| Gift | 66 | 246 | 810 | 0 | 0 | 0 | -1,056 | -100.0% |
| Total | 13,812 | 13,980 | 14,332 | 13,242 | 13,242 | 26,484 | -1,828 | -6.5% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Total Compensation | 978 | 953 | 908 | 1,021 | 1,022 | 2,043 | 182 | 9.8% |
| Other Operating Expenses | 473 | 633 | 1,390 | 421 | 420 | 841 | -1,182 | -58.4% |
| Payments To Individuals | 473 | 524 | 0 | 0 | 0 | 0 | -524 | -100.0% |
| Local Assistance | 11,888 | 11,870 | 12,034 | 11,800 | 11,800 | 23,600 | -304 | -1.3% |
| Total | 13,812 | 13,980 | 14,332 | 13,242 | 13,242 | 26,484 | -1,828 | -6.5% |

| Expenditures by Program | | | | | | | | |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Operations & Services | 1,492 | 1,623 | 2,298 | 1,442 | 1,442 | 2,884 | -1,037 | -26.4% |
| Grant Programs | 8,785 | 8,822 | 8,640 | 8,406 | 8,406 | 16,812 | -650 | -3.7% |
| Region Arts Fisc Agent | 3,535 | 3,535 | 3,394 | 3,394 | 3,394 | 6,788 | -141 | -2.0% |
| Total | 13,812 | 13,980 | 14,332 | 13,242 | 13,242 | 26,484 | -1,828 | -6.5% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|------------|------------|--------------|------------|------------|--------------|-------------|---------------|
| Dedicated | | | | | | | | |
| Federal | 510 | 586 | 626 | 626 | 626 | 1,252 | 40 | 3.3% |
| Gift | 461 | 94 | 410 | 0 | 0 | 0 | -504 | -100.0% |
| Subtotal Dedicated | 971 | 680 | 1,036 | 626 | 626 | 1,252 | -464 | -27.0% |
| Total Revenue | 971 | 680 | 1,036 | 626 | 626 | 1,252 | -464 | -27.0% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 22.4 | 17.1 | 16.7 | 16.7 | 16.7 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

Agency Purpose

The Council on Asian-Pacific Minnesotans ('Council' or 'CAPM') was created by the Minnesota State Legislature in 1985 to fulfill the following primary objectives: advise the governor and state legislators on issues pertaining to Asian Pacific people; ensure Asian Pacific Minnesotans are more incorporated and engaged in the governmental and policymaking process; see that residents of Asian Pacific descent have sufficient access to state government services; promote the talents and resources of Asian Pacific people where appropriate; and act as a broker between the Asian Pacific community in Minnesota and mainstream society.

Serving as a conduit to state government for Asian Pacific organizations and individuals, the council recommends bills to the governor and state legislature designed to improve the economic and social condition of all Asian Pacific Minnesotans. Furthermore, the council may provide comment and/or recommendations regarding any application for federal funds submitted by state departments or agencies that stand to impact programs pertinent to Asian-Pacific Minnesotans.

Minnesota Statute, Section 3.9226

Core Functions

On behalf of this population, the council plays the role of advisor, advocate, and broker. In these capacities it deals with, among other things, problems unique to non-English speaking immigrants and refugees; administrative and legislative barriers blocking Asian-Pacific people's access to benefits and services; creating opportunities for affordable housing and health care; and taking appropriate measures to increase Asian Pacific peoples' level of preparedness for, and overall presence in, the state's ever-evolving workforce.

The council may perform its own research or contract for studies to be conducted which lead to policy recommendations intended to benefit the Asian Pacific community. Areas of focus may include education; work-force development; human rights; mental health; affordable housing; economic development; violence prevention/intervention; immigration and refugee issues; social welfare; or any other timely subject matter. For a more thorough understanding of these issues or to facilitate a community dialogue, the council frequently hosts roundtable discussions, forums, and workshops. It also convenes workgroups, taskforces, and special committees focusing on issues of particular importance — ones requiring more detailed examination or ones where the need for solutions is conveyed with a sense of urgency by the community.

Operations

The Council on Asian-Pacific Minnesotans consists of 23 members, 19 of which are appointed by the governor and subsume a broad representation of the Asian-Pacific community. In addition, two members of the House of Representatives and two members of the state senate are appointed under the rules of their respective bodies. They serve as non-voting members. The council maintains a staff of four under the leadership of the executive director.

At A Glance

The number of Asians and Pacific Islanders almost doubled during the 1990s, rising from about 78,000 to more than 144,000. An additional 24,000 people said they were part Asian or Pacific Islander. When those mixed-race people are apportioned among their races, the Asian population grew 108%.

| Statewide | 144,000 | 3% |
|------------------|----------------|-----------|
| Hennepin County | 54,086 | 4.8% |
| Ramsey County | 45,159 | 8.8% |
| Dakota County | 10,450 | 2.9% |
| Olmsted County | 5,346 | 4.3% |
| Anoka County | 5,102 | 1.7% |

Refugee Experience Background

Approximately 55% of the community has a refugee background, meaning having fled their war torn countries due to persecution based on one of the following five criteria: religion, political opinion, membership in a social group, race, or nationality.

Young Community

| | |
|---------------------------|------|
| Asian American | 24.5 |
| Pacific Islander American | 27.9 |

| School District | 1990 | 2000 |
|------------------------|-------------|-------------|
| Saint Paul | 6,516 | 13,985 |
| Minneapolis | 4,028 | 7,134 |
| Osseo | 598 | 1,705 |
| Rochester | 889 | 1,337 |
| Rosemount | 561 | 1,315 |

The council serves individuals and ethnic groups from over 40 countries, including Afghanistan, Australia, Bangladesh, Bhutan, Brunei, Burma (Myanmar), Cambodia, China, Cook Islands, Federated States of Micronesia, Federated States of Midway Islands, Fiji, French Polynesia, Guam, Hawaii's, Hong Kong, India, Indonesia, Iran, Japan, Kazakhstan, Kiribati, Kyrgyzstan, Laos (Hmong and Lao), Macau, Malaysia, Maldives, Marshall Islands, Mongolia, Nauru, Nepal, New Caledonia, New Zealand, North Korea, Northern Mariana Islands, Pakistan, Palau, Papua New Guinea, Philippines, Pitcairn Islands, Samoa, Singapore, Solomon Islands, South Korea, Sri Lanka, Tahiti, Taiwan, Tajikistan, Thailand, Tibet, Tonga, Turkmenistan, Tuvalu, Uzbekistan, Vanuatu, and Vietnam.

Budget

For the Two-Year State Budget

| | |
|---------|--------------|
| 599,000 | General Fund |
| 633,215 | All Funds |

75% of General Funds support 4 FTEs

25% of General Funds operational support

5% of all funds support Asian Pacific American Heritage Month activities and/or special events and services

Contact

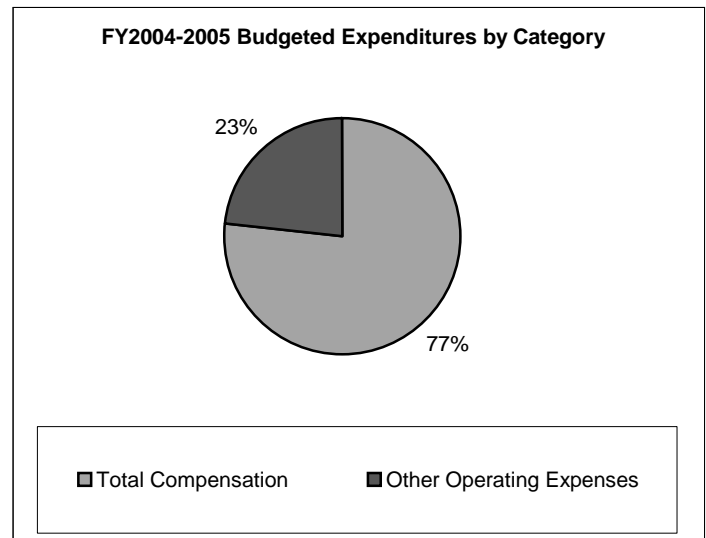
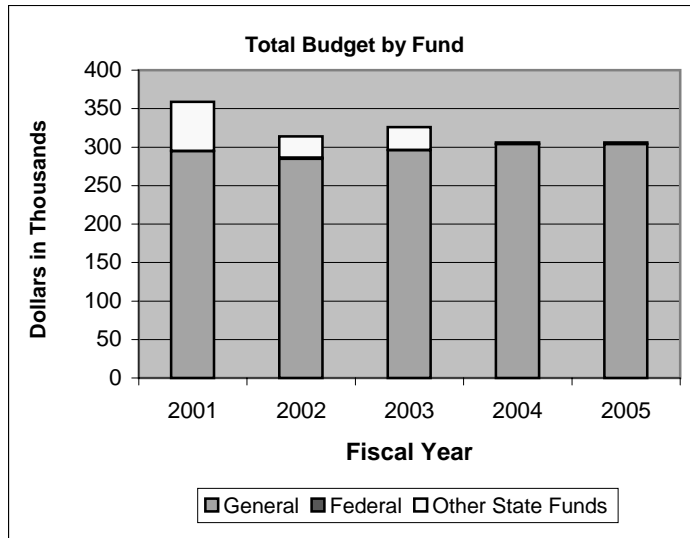
Council on Asian-Pacific Minnesotans
525 Park Street
St. Paul, Minnesota 55103

Ilean Her, Executive Director

Phone: (651) 296-0538

Fax: (651) 297-8735

E-mail: www.state.mn.us/ebranch/capm



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 295 | 285 | 296 | 304 | 304 | 608 | 27 | 4.6% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 45 | 1 | 0 | 0 | 0 | 0 | -1 | -100.0% |
| Federal | 0 | 1 | 0 | 0 | 0 | 0 | -1 | -100.0% |
| Gift | 19 | 27 | 30 | 2 | 2 | 4 | -53 | -93.0% |
| Total | 359 | 314 | 326 | 306 | 306 | 612 | -28 | -4.4% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 220 | 222 | 235 | 235 | 235 | 470 | 13 | 2.8% |
| Other Operating Expenses | 139 | 92 | 91 | 71 | 71 | 142 | -41 | -22.4% |
| Total | 359 | 314 | 326 | 306 | 306 | 612 | -28 | -4.4% |

| | | | | | | | | |
|--------------------------------|------------|------------|------------|------------|------------|------------|------------|--------------|
| Expenditures by Program | | | | | | | | |
| Cncl Asian Pacific | 359 | 314 | 326 | 306 | 306 | 612 | -28 | -4.4% |
| Total | 359 | 314 | 326 | 306 | 306 | 612 | -28 | -4.4% |

| | | | | | | | | |
|---------------------------------|-----------|-----------|-----------|----------|----------|----------|------------|---------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 0 | 1 | 0 | 0 | 0 | 0 | -1 | -100.0% |
| Subtotal Non Dedicated | 0 | 1 | 0 | 0 | 0 | 0 | -1 | -100.0% |
| Dedicated | | | | | | | | |
| Special Revenue | 24 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Federal | 0 | 1 | 0 | 0 | 0 | 0 | -1 | -100.0% |
| Gift | 25 | 22 | 18 | 2 | 2 | 4 | -36 | -90.0% |
| Subtotal Dedicated | 49 | 23 | 18 | 2 | 2 | 4 | -37 | -90.2% |
| Total Revenue | 49 | 24 | 18 | 2 | 2 | 4 | -38 | -90.5% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 4.2 | 4.0 | 4.0 | 4.0 | 4.0 |
|------------------------------------|------------|------------|------------|------------|------------|

Agency Purpose

The attorney general is the chief legal officer for the state. The duties of the office arise from the Constitution, state statutes, and common law. Every board, commission, and agency of the state of Minnesota receives legal counsel and representation in the courts by the attorney general. The attorney general also acts in a *parens patriae* capacity on behalf of the people of the state. Minnesota's attorney general is elected by the state's voters and serves a four-year term.

Core Functions

The attorney general has jurisdiction to:

- ◆ initiate legal actions to enforce civil laws;
- ◆ provide legal representation for state agencies;
- ◆ prosecute criminal actions at the request of local prosecutors;
- ◆ serve as the state's chief consumer advocate; and
- ◆ provide education, information, and mediation to agencies and citizens of the state.

At A Glance

- ◆ The office, through its citizen protection section, obtained settlements of over \$8 million in FY 2001 for state government and more in restitution for individual consumers.
- ◆ In 2001, staff mediated over 20,000 consumer complaints.
- ◆ At the current rate, the AGO during the 1999-2002 term will prosecute over twice as many murder cases as any previous term, 50 white-collar crime cases and over 100 drug cases.
- ◆ Since 1999, approximately 4,200 "implied consent" cases relating to drunk driving arrests were prosecuted, a number that has doubled since 1996.
- ◆ During the past biennium, the AGO saved the treasury over \$1 billion by successfully defending claims against the state.

Operations

The Attorney General's Office (AGO) is divided into five sections, each headed by a deputy attorney general, and an administrative support section. Sections are divided into divisions specializing in fields such as criminal, health, transportation, consumer protection, antitrust, finance, human services, agriculture, environment, utilities, public safety, and occupational licensing. The Chief Deputy/Solicitor General is state government's chief legal advocate as well as being the top deputy. The office has 431 full-time equivalent employees

The Attorney General's Office has direct and ongoing interaction with state agencies and officials, the legislature and staff, government entities as well as individual citizens. Much of the work of the office involves appearances before the courts and administrative agencies. The attorney general's work is categorized as follows.

Citizen Protection

- ⇒ Enforcing laws governing consumer protection, charities, Medicaid, anti-trust, and unfair business practices.
- ⇒ Assisting citizens in resolving consumer complaints through education, information, and mediation.
- ⇒ Providing education and information to help citizens avoid consumer fraud through presentations to community groups and distribution brochures on issues such as home buying, health care, privacy, and consumer credit.
- ⇒ Advocating interests of residential and small business utility customers before the Public Utilities Commission (PUC).

Law Enforcement

- ⇒ Assisting county attorneys in prosecuting serious crimes such as murder, gang operations, drug dealing, and drunken driving.
- ⇒ Representation in the appellate courts.

Attorney General Representation

- ⇒ Protecting the public from unsafe health care, sexual predators, and unscrupulous licensed professionals.
- ⇒ Protecting the state's natural resources.
- ⇒ Protecting taxpayers' dollars and enforcing state laws.
- ⇒ Providing opinions on legal issues to attorneys of local governments and school districts.

Defense of Claims

- ⇒ Defending the state against claims and using alternative dispute resolution methods to save on legal costs.
- ⇒ Advising state agencies on legal issues to limit litigation.

Budget

Of the total operating budget for the FY 2002-03 biennium, 62.4% comes from the general fund; 24.7% is received from other state entities through partner agreement billings for legal services; 5.9% is received from other appropriations (Fund 170, Fund 330, and Fund 370); and 2.4% is received from federal and special revenue funds. An additional 4.7% is also received as pass-through funds for restitution and/or settlement payments.

Contact

Attorney General's Office
102 State Capitol
75 Constitution Avenue
Saint Paul, Minnesota 55155
World Wide Web Home Page:

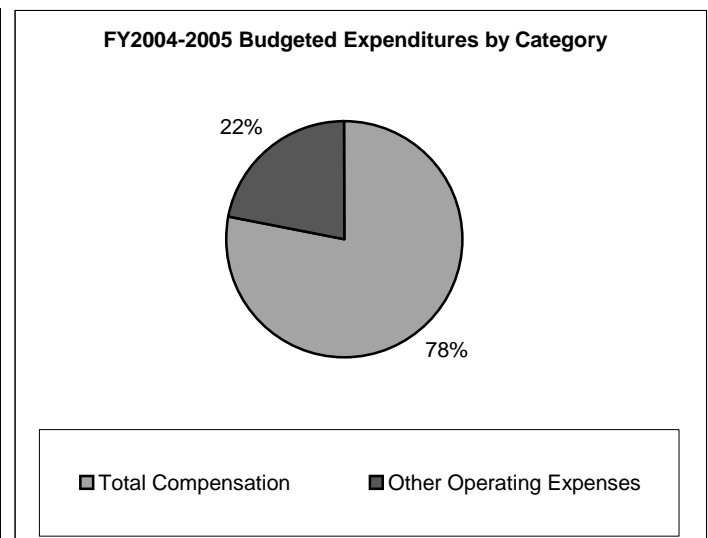
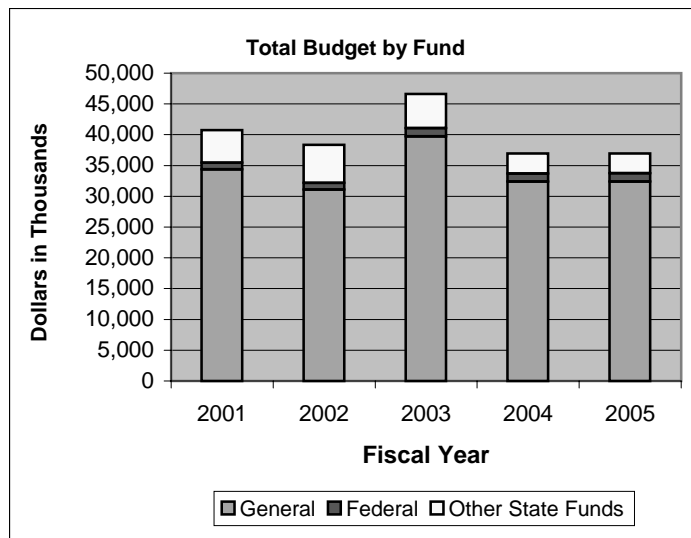
<http://www.ag.state.mn.us>

Mike Hatch, Attorney General

Phone: (651) 296-6196

Fax: (651) 297-4193

TTY: (651) 297-7206



| <i>Dollars in Thousands</i> | | | | | | | | |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|-------------------|-------------------|
| | Actual | Actual | Budgeted | Base | | Biennium | Biennial Change | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | 2004-05 / 2002-03 | Dollars Percent |
| Direct Appropriations | | | | | | | | |
| General | 27,275 | 25,006 | 33,269 | 26,664 | 26,664 | 53,328 | -4,947 | -8.5% |
| State Government Special Revenue | 2,229 | 2,363 | 2,813 | 1,612 | 1,591 | 3,203 | -1,973 | -38.1% |
| Special Revenue | 0 | 48 | 52 | 0 | 0 | 0 | -100 | -100.0% |
| Environmental | 61 | 52 | 235 | 145 | 145 | 290 | 3 | 1.0% |
| Solid Waste | 281 | 165 | 796 | 484 | 484 | 968 | 7 | 0.7% |
| Statutory Appropriations | | | | | | | | |
| General | 7,075 | 6,094 | 6,433 | 5,725 | 5,725 | 11,450 | -1,077 | -8.6% |
| Petroleum Tank Release Cleanup | 126 | 127 | 101 | 0 | 0 | 0 | -228 | -100.0% |
| Special Revenue | 250 | 257 | 701 | 277 | 277 | 554 | -404 | -42.2% |
| Federal | 1,083 | 1,087 | 1,373 | 1,294 | 1,336 | 2,630 | 170 | 6.9% |
| Miscellaneous Agency | 1,947 | 2,684 | 850 | 750 | 750 | 1,500 | -2,034 | -57.6% |
| Housing Finance Agency | 441 | 467 | 0 | 0 | 0 | 0 | -467 | -100.0% |
| Total | 40,768 | 38,350 | 46,623 | 36,951 | 36,972 | 73,923 | -11,050 | -13.0% |
| Expenditures by Category | | | | | | | | |
| Total Compensation | 28,746 | 29,842 | 36,479 | 31,272 | 31,192 | 62,464 | -3,857 | -5.8% |
| Other Operating Expenses | 12,022 | 8,508 | 10,144 | 8,796 | 8,838 | 17,634 | -1,018 | -5.5% |
| Transfers | 0 | 0 | 0 | -3,117 | -3,058 | -6,175 | -6,175 | n.m |
| Total | 40,768 | 38,350 | 46,623 | 36,951 | 36,972 | 73,923 | -11,050 | -13.0% |
| Expenditures by Program | | | | | | | | |
| Attorney General | 40,768 | 38,350 | 46,623 | 36,951 | 36,972 | 73,923 | -11,050 | -13.0% |
| Total | 40,768 | 38,350 | 46,623 | 36,951 | 36,972 | 73,923 | -11,050 | -13.0% |

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------------|--------------------------|--------------------------|----------------------------|---------------|---------------|-----------------------------|--|----------------|
| | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base | | Biennium 2004-05 | Dollars | Percent |
| Revenue by Type and Fund | | | | FY2004 | FY2005 | | | |
| Non Dedicated | | | | | | | | |
| General | 10,457 | 4,559 | 4,471 | 4,471 | 4,471 | 8,942 | -88 | -1.0% |
| Cambridge Deposit Fund | 327 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 10,784 | 4,559 | 4,471 | 4,471 | 4,471 | 8,942 | -88 | -1.0% |
| Dedicated | | | | | | | | |
| General | 5,857 | 6,245 | 6,275 | 5,725 | 5,725 | 11,450 | -1,070 | -8.5% |
| Special Revenue | 202 | 237 | 277 | 277 | 277 | 554 | 40 | 7.8% |
| Federal | 1,080 | 1,067 | 1,332 | 1,294 | 1,336 | 2,630 | 231 | 9.6% |
| Miscellaneous Agency | 1,640 | 2,031 | 130 | 750 | 750 | 1,500 | -661 | -30.6% |
| Subtotal Dedicated | 8,779 | 9,580 | 8,014 | 8,046 | 8,088 | 16,134 | -1,460 | -8.3% |
| Total Revenue | 19,563 | 14,139 | 12,485 | 12,517 | 12,559 | 25,076 | -1,548 | -5.8% |
| | | | | | | | | |
| Full-Time Equivalents (FTE) | 426.3 | 413.0 | 444.1 | 444.1 | 444.1 | | | |

ATTORNEY GENERAL

Program: ATTORNEY GENERAL

Narrative

Program Description

The Attorney General's Office (AGO) is organized under one program consisting of five sections and an administrative division as listed under the following budget activities.

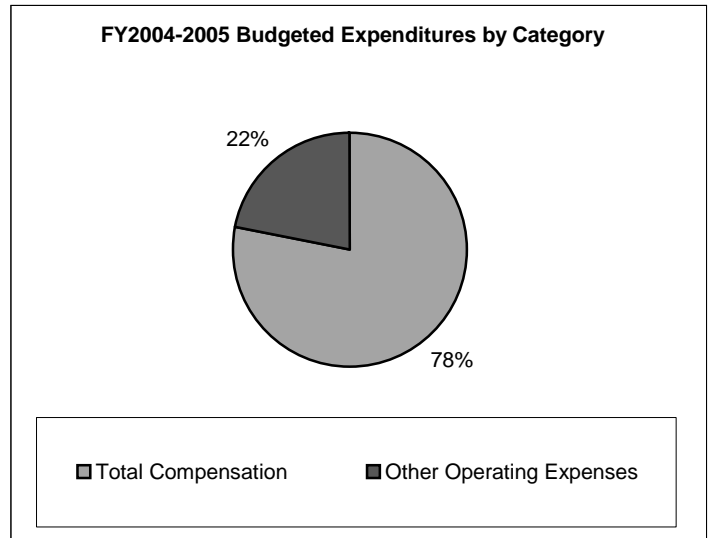
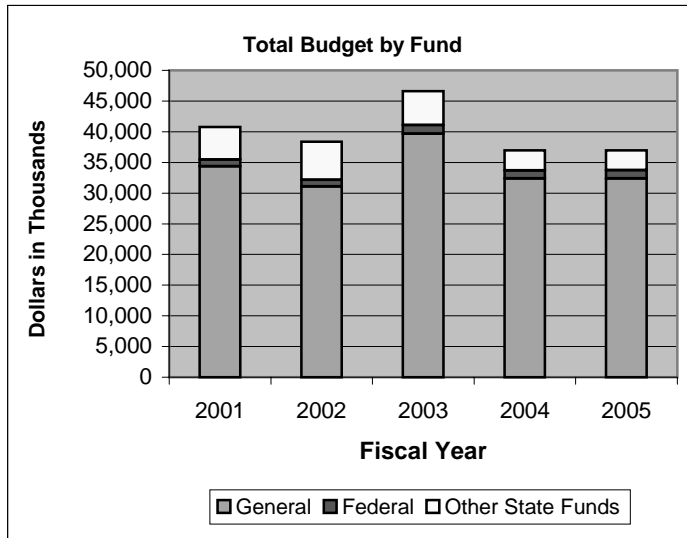
Budget Activities Included:

- ⇒ Government Operations
- ⇒ Government Services
- ⇒ Civil Enforcement
- ⇒ Public Protection
- ⇒ Solicitor General
- ⇒ Administration

ATTORNEY GENERAL

Program: ATTORNEY GENERAL

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|----------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 27,275 | 25,006 | 33,269 | 26,664 | 26,664 | 53,328 | -4,947 | -8.5% |
| State Government Special Revenue | 2,229 | 2,363 | 2,813 | 1,612 | 1,591 | 3,203 | -1,973 | -38.1% |
| Special Revenue | 0 | 48 | 52 | 0 | 0 | 0 | -100 | -100.0% |
| Environmental | 61 | 52 | 235 | 145 | 145 | 290 | 3 | 1.0% |
| Solid Waste | 281 | 165 | 796 | 484 | 484 | 968 | 7 | 0.7% |
| Statutory Appropriations | | | | | | | | |
| General | 7,075 | 6,094 | 6,433 | 5,725 | 5,725 | 11,450 | -1,077 | -8.6% |
| Petroleum Tank Release Cleanup | 126 | 127 | 101 | 0 | 0 | 0 | -228 | -100.0% |
| Special Revenue | 250 | 257 | 701 | 277 | 277 | 554 | -404 | -42.2% |
| Federal | 1,083 | 1,087 | 1,373 | 1,294 | 1,336 | 2,630 | 170 | 6.9% |
| Miscellaneous Agency | 1,947 | 2,684 | 850 | 750 | 750 | 1,500 | -2,034 | -57.6% |
| Housing Finance Agency | 441 | 467 | 0 | 0 | 0 | 0 | -467 | -100.0% |
| Total | 40,768 | 38,350 | 46,623 | 36,951 | 36,972 | 73,923 | -11,050 | -13.0% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 28,746 | 29,842 | 36,479 | 31,272 | 31,192 | 62,464 | -3,857 | -5.8% |
| Other Operating Expenses | 12,022 | 8,508 | 10,144 | 8,796 | 8,838 | 17,634 | -1,018 | -5.5% |
| Transfers | 0 | 0 | 0 | -3,117 | -3,058 | -6,175 | -6,175 | n.m. |
| Total | 40,768 | 38,350 | 46,623 | 36,951 | 36,972 | 73,923 | -11,050 | -13.0% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|
| Expenditures by Activity | | | | | | | | |
| Government Operations | 4,390 | 5,960 | 9,819 | 6,581 | 6,581 | 13,162 | -2,617 | -16.6% |
| Government Services | 7,486 | 7,009 | 9,498 | 6,567 | 6,546 | 13,113 | -3,394 | -20.6% |
| Civil Enforcement | 7,106 | 6,675 | 7,090 | 6,346 | 6,346 | 12,692 | -1,073 | -7.8% |
| Public Protection | 7,498 | 5,177 | 5,468 | 4,518 | 4,560 | 9,078 | -1,567 | -14.7% |
| Solicitor General | 4,755 | 7,295 | 5,996 | 5,058 | 5,058 | 10,116 | -3,175 | -23.9% |
| Administration | 9,533 | 6,234 | 8,752 | 7,881 | 7,881 | 15,762 | 776 | 5.2% |
| Total | 40,768 | 38,350 | 46,623 | 36,951 | 36,972 | 73,923 | -11,050 | -13.0% |

ATTORNEY GENERAL

Program: ATTORNEY GENERAL

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------------|---------------|---------------|-----------------|---------------|---------------|-----------------|--------------------------|----------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Revenue by Type and Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Non Dedicated | | | | | | | | |
| General | 10,457 | 4,559 | 4,471 | 4,471 | 4,471 | 8,942 | -88 | -1.0% |
| Cambridge Deposit Fund | 327 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 10,784 | 4,559 | 4,471 | 4,471 | 4,471 | 8,942 | -88 | -1.0% |
| Dedicated | | | | | | | | |
| General | 5,857 | 6,245 | 6,275 | 5,725 | 5,725 | 11,450 | -1,070 | -8.5% |
| Special Revenue | 202 | 237 | 277 | 277 | 277 | 554 | 40 | 7.8% |
| Federal | 1,080 | 1,067 | 1,332 | 1,294 | 1,336 | 2,630 | 231 | 9.6% |
| Miscellaneous Agency | 1,640 | 2,031 | 130 | 750 | 750 | 1,500 | -661 | -30.6% |
| Subtotal Dedicated | 8,779 | 9,580 | 8,014 | 8,046 | 8,088 | 16,134 | -1,460 | -8.3% |
| Total Revenue | 19,563 | 14,139 | 12,485 | 12,517 | 12,559 | 25,076 | -1,548 | -5.8% |
| | | | | | | | | |
| Full-Time Equivalents (FTE) | 426.3 | 413.0 | 444.1 | 444.1 | 444.1 | | | |

ATTORNEY GENERAL

Program: ATTORNEY GENERAL

Activity: GOVERNMENT OPERATIONS

Narrative

Activity Description

Provide a wide range of cost-effective, efficient legal services to state agencies.

Population Served

- ◆ Department of Human Rights
- ◆ Department of Human Services
- ◆ Department of Public Safety
- ◆ Agencies connected with gambling
- ◆ Department of Finance
- ◆ Department of Administration
- ◆ State boards (non-health professions)
- ◆ Department of Transportation
- ◆ Department of Commerce (utilities issues)
- ◆ Department of Labor and Industry
- ◆ Department of Economic Security

Activity at a Glance

- ◆ Provide expert legal advice and representation to state agencies
- ◆ Handles over 5,000 implied consent cases (drunk driver license revocations) annually

Services Provided

- ◆ Expert legal advice and representation to state agencies.
- ◆ Litigates human rights cases.
- ◆ Litigates workers compensation cases.
- ◆ Handles over 5,000 implied consent cases (drunk driver license revocations) annually.
- ◆ Handles drunk-driving-related appeals of convictions.
- ◆ Defends state agencies against litigation brought by various parties.
- ◆ Brokers settlements in lawsuits brought against state agencies when warranted.
- ◆ Provides eminent domain representation to the Department of Transportation.
- ◆ Provides representation for Department of Commerce on behalf of utility ratepayers before the Public Utilities Commission.
- ◆ Litigates OSHA workplace safety cases.

Historical Perspective

- ⇒ Obtained compensatory relief for Minnesota citizens in the amount of \$1,570,000 resulting from claims of discrimination filed with the Department of Human Rights.
- ⇒ Litigated to enforce occupational safety and health standards. In FY 2002 the AGO obtained \$235,000 in OSHA fines.
- ⇒ Represented the Department of Human Services on issues involving public assistance, child support, licensing, health care, child welfare, and mental health. Handled a large volume of licensing litigation under new licensing statutes that became effective in calendar years 2001 and 2002.
- ⇒ Facilitated bond issuance for state agencies - over \$1.51 billion.
- ⇒ Advised state agencies in connection with implementation of various communications and technology programs including MN Link, iSeek, CriMNet and MetNet.
- ⇒ Defended the state in litigation over contract and lease issues and data practices challenges.
- ⇒ Defended the state against challenges to DWI statutes.
- ⇒ Handled over 4,000 district court implied consent proceedings that challenged revocations of driving privileges.
- ⇒ Worked extensively with business and consumer advocates to develop a performance assurance plan for Qwest's provision of local wholesale performance.
- ⇒ Investigated anti-competitive conduct of a telecommunications provider.

ATTORNEY GENERAL

Program: ATTORNEY GENERAL

Activity: GOVERNMENT OPERATIONS

Narrative

- ⇒ Monitored and enforced terms of the merger between NSP and New Century (Xcel Energy).
- ⇒ Investigated natural gas purchasing practices.
- ⇒ Litigated eminent domain actions and appeals.
- ⇒ Represented Mn/DOT in its statutory prevailing wage enforcement responsibilities.
- ⇒ Successfully represented Mn/DOT in litigation involving Light Rail Transit.

Key Measures

- ◆ Claims brought against the state are defended.
- ◆ Interests of state agencies are advanced.
- ◆ Implied consent cases are prosecuted vigorously.
- ◆ Challenges to DWI laws are defended effectively.
- ◆ Utility mergers and acquisitions are monitored so that Minnesota's interests are represented.
- ◆ The AGO provides quality advice regarding the legal aspects of state transportation projects.

Contact

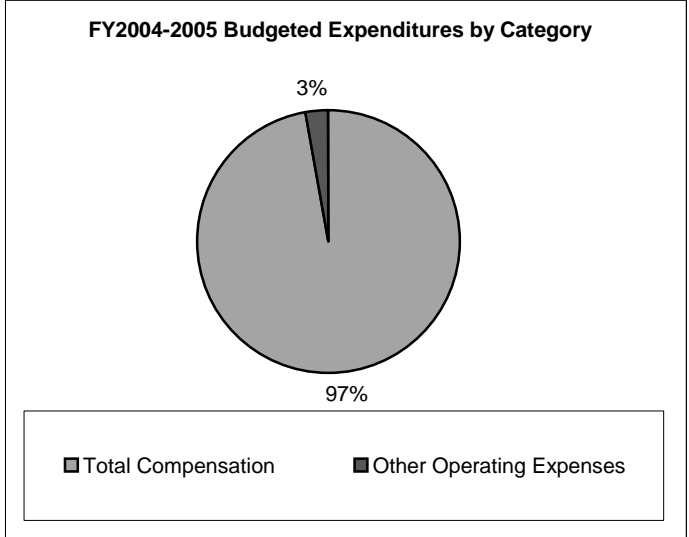
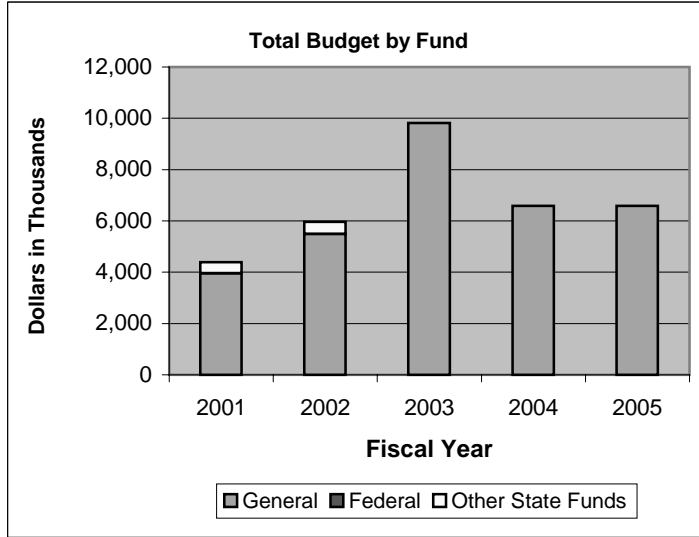
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ATTORNEY GENERAL

Program: **ATTORNEY GENERAL**

Activity: GOVERNMENT OPERATIONS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------|---------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 | |
| Direct Appropriations | | | | | | | | |
| General | 2,494 | 4,063 | 8,254 | 5,180 | 5,180 | 10,360 | -1,957 | -15.9% |
| Statutory Appropriations | | | | | | | | |
| General | 1,455 | 1,430 | 1,565 | 1,401 | 1,401 | 2,802 | -193 | -6.4% |
| Housing Finance Agency | 441 | 467 | 0 | 0 | 0 | 0 | -467 | -100.0% |
| Total | 4,390 | 5,960 | 9,819 | 6,581 | 6,581 | 13,162 | -2,617 | -16.6% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 4,066 | 5,745 | 9,574 | 8,227 | 8,227 | 16,454 | 1,135 | 7.4% |
| Other Operating Expenses | 324 | 215 | 245 | 245 | 245 | 490 | 30 | 6.5% |
| Transfers | 0 | 0 | 0 | -1,891 | -1,891 | -3,782 | -3,782 | n.m |
| Total | 4,390 | 5,960 | 9,819 | 6,581 | 6,581 | 13,162 | -2,617 | -16.6% |

| | | | | | |
|------------------------------------|-------------|--------------|--------------|--------------|--------------|
| Full-Time Equivalents (FTE) | 54.2 | 108.2 | 105.4 | 105.4 | 105.4 |
|------------------------------------|-------------|--------------|--------------|--------------|--------------|

ATTORNEY GENERAL

Program: ATTORNEY GENERAL

Activity: GOVERNMENT SERVICES

Narrative

Activity Description

Provide a wide range of legal services to state agencies and citizens of Minnesota.

Population Served

- ◆ Department of Natural Resources (DNR)
- ◆ Department of Agriculture
- ◆ Pollution Control Agency
- ◆ Department of Health
- ◆ Board of Medical Practice
- ◆ Health-related Licensing Boards
- ◆ Consumers and small businesses who are customers of utility companies
- ◆ Consumers and businesses that need protection from unfair practices in the marketplace

Activity at a Glance

- ◆ Provides legal services to state agencies
- ◆ Litigates on behalf of the state

Services Provided

- ◆ Provides client advice and legal representation to state agencies in the application and enforcement of state laws.
- ◆ Assists client agencies to recover fines, penalties and restitution.
- ◆ Provides client defense in suits brought against state agencies.
- ◆ Provides legal advice regarding Indian Law.
- ◆ Provides investigative services to health-related licensing boards.

Historical Perspective

- ⇒ Provided legal support to the Department of Natural Resources in the area of ecological services, enforcement, fish, forestry, Indian law issues, minerals, real estate acquisitions, and real estate land exchange.
- ⇒ During FY 2002, the AGO provided legal advice including drafting, review of and approval of, approximately 800 DNR transactions valued at approximately \$29 million.
- ⇒ The AGO provided legal assistance to the Pollution Control Agency in the areas of environmental law enforcement and environmental review litigation.
- ⇒ Provided legal services to the Department of Health including handling more than 25 cases concerning maltreatment of vulnerable adults in nursing homes and other healthcare facilities.
- ⇒ Initiated legal action against drug manufacturers for engaging in anti-competitive and illegal acts.
- ⇒ Investigated the Minnesota gasoline supply chain to determine the causes of recent gasoline price spikes and to identify legislative options that may address some of the problems experienced in Minnesota.
- ⇒ Initiated legal action with respect to the acquisition of certain assets of Potlatch by Sappi, Ltd.
- ⇒ During FY 2002, the AGO provided legal representation and investigative services to 15 health-related licensing boards.
- ⇒ During FY 2002, consumer analysts in the AGO's Residential Utilities Division (RUD) handled approximately 4,000 complaints from residential and small business consumers.
- ⇒ RUD represented the interests of consumers and small businesses in issues before the Public Utilities Commission, including challenges to certain practices of Xcel Energy, Qwest Communications and Reliant/Minnegasco.

Key Measures

- ◆ Effective and efficient legal advice is provided to state agencies.
- ◆ State agencies receive expert representation in all litigated matters.
- ◆ Investigations conducted are focused, thorough and timely.

ATTORNEY GENERAL

Program: ATTORNEY GENERAL

Activity: GOVERNMENT SERVICES

Narrative

Key Measures (Continued)

- ◆ The rights of consumers and small businesses are protected in the purchase of and payment for services from utility companies.
- ◆ Prompt action is taken against those who engage in anti-competitive practices in the marketplace.

Contact

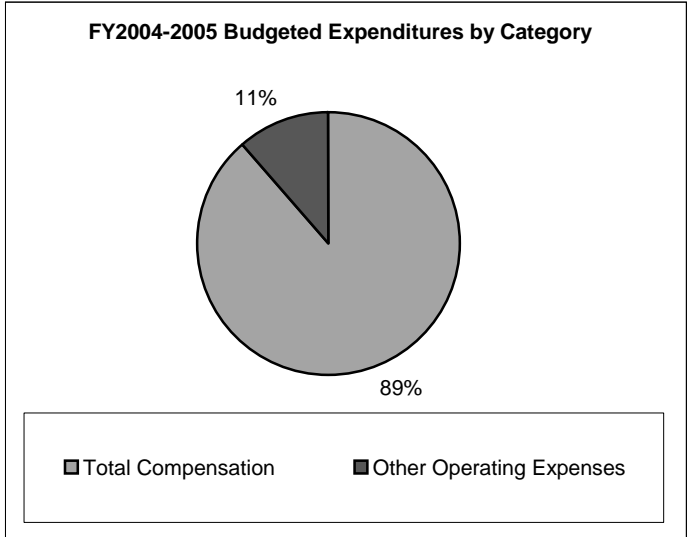
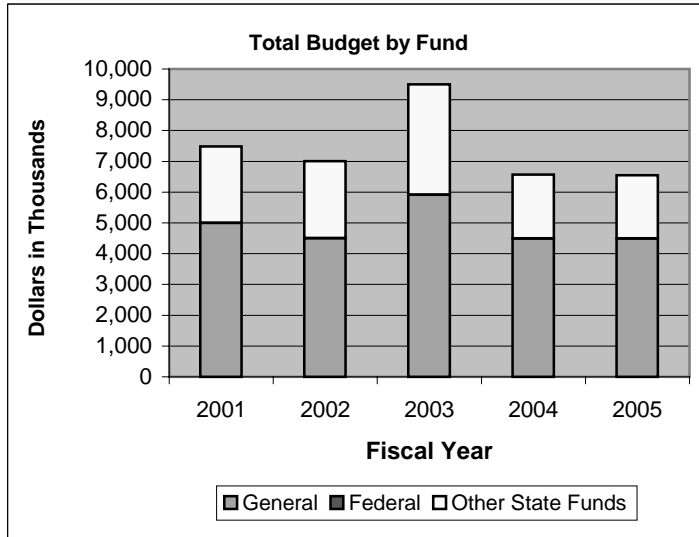
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ATTORNEY GENERAL

Program: **ATTORNEY GENERAL**

Activity: GOVERNMENT SERVICES

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 2,459 | 1,998 | 3,145 | 2,004 | 2,004 | 4,008 | -1,135 | -22.1% |
| State Government Special Revenue | 2,208 | 2,342 | 2,792 | 1,591 | 1,570 | 3,161 | -1,973 | -38.4% |
| Solid Waste | 281 | 165 | 796 | 484 | 484 | 968 | 7 | 0.7% |
| Statutory Appropriations | | | | | | | | |
| General | 2,538 | 2,504 | 2,765 | 2,488 | 2,488 | 4,976 | -293 | -5.6% |
| Total | 7,486 | 7,009 | 9,498 | 6,567 | 6,546 | 13,113 | -3,394 | -20.6% |
| Expenditures by Category | | | | | | | | |
| Total Compensation | 6,751 | 6,510 | 8,318 | 6,834 | 6,754 | 13,588 | -1,240 | -8.4% |
| Other Operating Expenses | 735 | 499 | 1,180 | 868 | 868 | 1,736 | 57 | 3.4% |
| Transfers | 0 | 0 | 0 | -1,135 | -1,076 | -2,211 | -2,211 | n.m |
| Total | 7,486 | 7,009 | 9,498 | 6,567 | 6,546 | 13,113 | -3,394 | -20.6% |
| Full-Time Equivalents (FTE) | 100.0 | 74.0 | 94.7 | 94.7 | 94.7 | | | |

ATTORNEY GENERAL

Program: ATTORNEY GENERAL

Activity: CIVIL ENFORCEMENT

Narrative

Activity Description

Provide enforcement of Minnesota consumer and non-profit laws. Represent Department of Commerce.

Population Served

- ◆ Consumers and citizens of the State of Minnesota
- ◆ Department of Commerce

Services Provided

- ◆ Enforce the State's consumer protection laws.
- ◆ Educate and advise consumers of their rights.
- ◆ Register and provide oversight of charities and non-profit organizations.
- ◆ Provide legal advice and representation to the Department of Commerce.

Activity at a Glance

- ◆ Received 25,000 written complaints and inquiries from Minnesota citizens
- ◆ Received 200,000 telephone inquiries from Minnesota citizens
- ◆ Recovered \$11 million in FY 2002 for Minnesota consumers resulting from complaints filed by them

Historical Perspective

- ⇒ During FY 2001-02 recovered over \$5 million in restitution for Minnesota consumers.
- ⇒ Successfully settled an investigation of U.S. Bancorp Investment resulting in the payment of \$1.1 million to Minnesota consumers.
- ⇒ Required Fleet Mortgage Corporation to make full restitution to Minnesota consumers for mortgage account charges resulting from telemarketing calls.
- ⇒ Resolved a consumer fraud lawsuit against WorldCom, Inc., regarding deceptive advertising.
- ⇒ Entered into agreements with two large Minnesota auto dealers related to the sale of extended warranties to Minnesota consumers.
- ⇒ Received 25,000 written complaints and inquiries from Minnesota citizens.
- ⇒ Received 200,000 telephone inquiries from Minnesota citizens.
- ⇒ In FY 2002 recovered \$11 million for Minnesota consumers resulting from complaints filed by them.
- ⇒ Represented the Commerce Department and obtained over \$800,000 in civil complaints and settlements with entities the department regulates.
- ⇒ Successfully defended a class action lawsuit challenging the 2000 legislation that directed the transfer of \$460 million in excess surplus from the Workers Compensation Assigned Risk Plan.
- ⇒ Maintained public registration information about 5,731 charitable organizations, 2,357 charitable trusts, and 227 professional fundraisers.
- ⇒ Audited Allina Health System and, based on findings, required it and its subsidiaries to adopt strict policies concerning executive compensation, travel and entertainment, conflicts of interest, etc. Numerous other Minnesota nonprofit organizations are adhering to these regulations following the conclusion of this audit.

Key Measures

- ◆ Minnesota's citizens are protected from wrongful acts and illegal conduct.
- ◆ Minnesota's citizens are educated about their rights and responsibilities in the marketplace.
- ◆ Charities and non-profits registered in Minnesota comply with state law.
- ◆ The Department of Commerce receives effective and efficient legal representation.

Contact

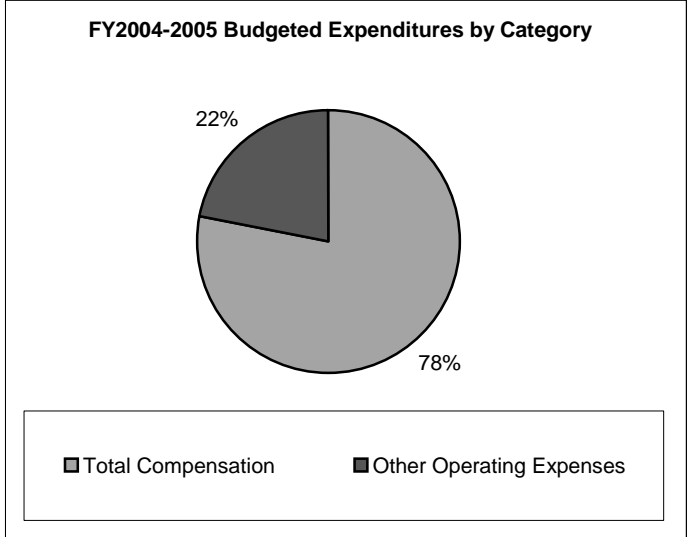
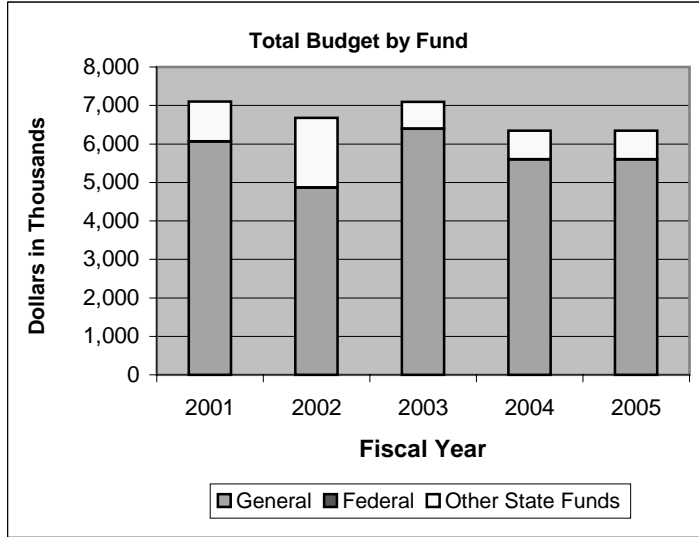
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ATTORNEY GENERAL

Program: ATTORNEY GENERAL

Activity: CIVIL ENFORCEMENT

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------------------|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 6,066 | 4,834 | 6,339 | 5,596 | 5,596 | 11,192 | 19 | 0.2% |
| Special Revenue | 0 | 48 | 52 | 0 | 0 | 0 | -100 | -100.0% |
| Statutory Appropriations | | | | | | | | |
| General | 0 | 33 | 54 | 0 | 0 | 0 | -87 | -100.0% |
| Petroleum Tank Release Cleanup | 0 | 127 | 101 | 0 | 0 | 0 | -228 | -100.0% |
| Miscellaneous Agency | 1,040 | 1,633 | 544 | 750 | 750 | 1,500 | -677 | -31.1% |
| Total | 7,106 | 6,675 | 7,090 | 6,346 | 6,346 | 12,692 | -1,073 | -7.8% |
| Expenditures by Category | | | | | | | | |
| Total Compensation | 4,707 | 4,423 | 5,784 | 5,031 | 5,031 | 10,062 | -145 | -1.4% |
| Other Operating Expenses | 2,399 | 2,252 | 1,306 | 1,406 | 1,406 | 2,812 | -746 | -21.0% |
| Transfers | 0 | 0 | 0 | -91 | -91 | -182 | -182 | n.m |
| Total | 7,106 | 6,675 | 7,090 | 6,346 | 6,346 | 12,692 | -1,073 | -7.8% |
| Full-Time Equivalents (FTE) | 82.4 | 78.2 | 90.5 | 90.5 | 90.5 | | | |

ATTORNEY GENERAL

Program: ATTORNEY GENERAL

Activity: PUBLIC PROTECTION

Narrative

Activity Description

Prosecute violent and serious crimes statewide. Defend felony convictions upon appeal. Obtain civil commitment of sex offenders. Criminal prosecution and civil enforcement of Medicaid Fraud violations including abuse or neglect of vulnerable adults.

Activity at a Glance

- ◆ Handled 172 criminal appeals
- ◆ Prosecuted violent and serious crime
- ◆ Trained law enforcement officers and prosecutors throughout the state

Population Served

- ◆ Minnesota citizens
- ◆ Minnesota counties
- ◆ Gang strike force
- ◆ Vulnerable adults

Services Provided

- ◆ Prosecutes violent and serious crime.
- ◆ Prosecutes gang crimes statewide.
- ◆ Prosecutes drug and white collar crime statewide.
- ◆ Provides training and prosecutorial assistance to local prosecutors throughout Minnesota.
- ◆ Defends felony conviction upon appeal.
- ◆ Obtains civil commitment of sex offenders under psychopathic personality and sexually dangerous person statutes.

Historical Perspective (optional)

- ⇒ In FY 2002 the AGO's Appeals Division handled 172 criminal appeals.
- ⇒ The AGO's Medicaid Fraud Division opened 31 abuse and neglect investigations.
- ⇒ The Medicaid Fraud Division reviewed 359 vulnerable adult cases in the Department of Health and 339 cases in the Department of Human Services.
- ⇒ In FY 2002 the Medicaid Fraud unit recovered Medicaid funds from providers who fraudulently billed the program for services provided. Over \$16 million was recovered for Medicare and Medicaid programs.
- ⇒ The AGO's Trial Division prosecuted violent and serious crime including first-degree, second-degree and first-degree premeditated murder cases throughout the state.
- ⇒ The AGO prosecuted methamphetamine and other drug cases referred to it by county attorneys obtaining 75 convictions in 20 counties in FY 2002.
- ⇒ The AGO handled more than a dozen sexually dangerous person/sexual psychopathic personality commitment cases in FY 2002.
- ⇒ The AGO trained law enforcement officers and prosecutors throughout the state on law-enforcement related issues.

Key Measures

- ◆ Prosecutions are successful.
- ◆ Citizens are protected from criminal activities.
- ◆ Vulnerable adults are protected.
- ◆ Medicaid Fraud regulations are enforced.
- ◆ Top quality prosecution resources are provided to county attorneys across the state.
- ◆ Criminal convictions are upheld.
- ◆ Respond effectively to crime growth areas.

ATTORNEY GENERAL

Program: ATTORNEY GENERAL

Activity: PUBLIC PROTECTION

Narrative

Contact

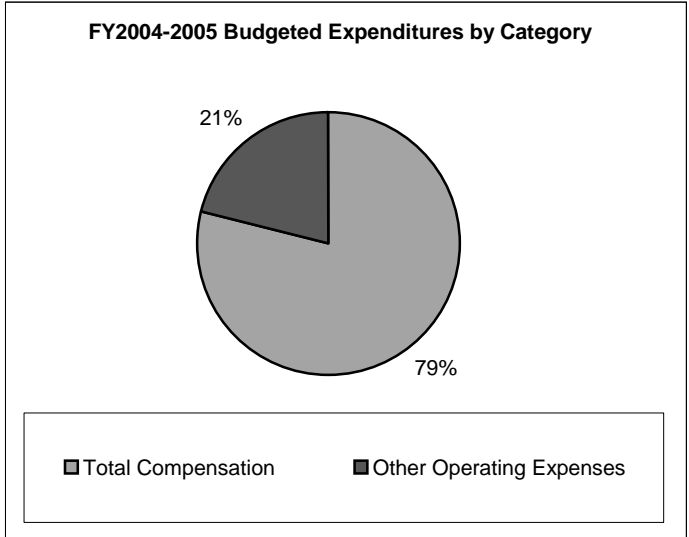
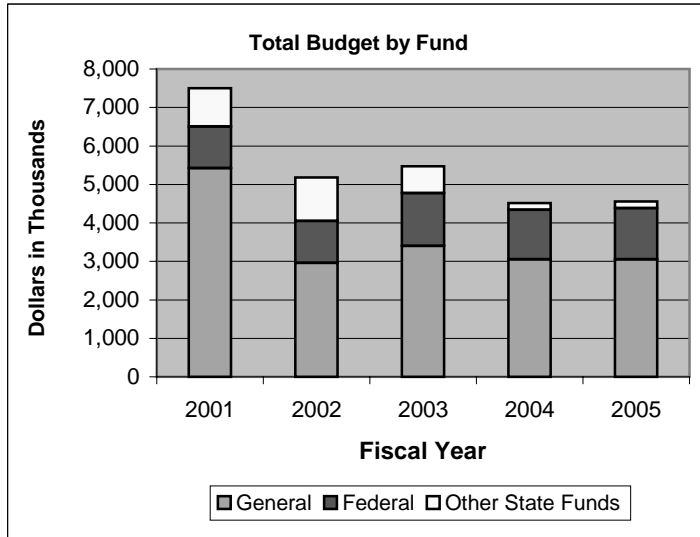
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ATTORNEY GENERAL

Program: **ATTORNEY GENERAL**

Activity: PUBLIC PROTECTION

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 5,419 | 2,859 | 3,400 | 3,048 | 3,048 | 6,096 | -163 | -2.6% |
| State Government Special Revenue | 21 | 21 | 21 | 21 | 21 | 42 | 0 | 0.0% |
| Environmental | 61 | 52 | 235 | 145 | 145 | 290 | 3 | 1.0% |
| Statutory Appropriations | | | | | | | | |
| General | 4 | 104 | 4 | 0 | 0 | 0 | -108 | -100.0% |
| Special Revenue | 3 | 3 | 129 | 10 | 10 | 20 | -112 | -84.8% |
| Federal | 1,083 | 1,087 | 1,373 | 1,294 | 1,336 | 2,630 | 170 | 6.9% |
| Miscellaneous Agency | 907 | 1,051 | 306 | 0 | 0 | 0 | -1,357 | -100.0% |
| Total | 7,498 | 5,177 | 5,468 | 4,518 | 4,560 | 9,078 | -1,567 | -14.7% |
| Expenditures by Category | | | | | | | | |
| Total Compensation | 5,925 | 3,392 | 3,933 | 3,581 | 3,581 | 7,162 | -163 | -2.2% |
| Other Operating Expenses | 1,573 | 1,785 | 1,535 | 937 | 979 | 1,916 | -1,404 | -42.3% |
| Total | 7,498 | 5,177 | 5,468 | 4,518 | 4,560 | 9,078 | -1,567 | -14.7% |
| Full-Time Equivalents (FTE) | | | | | | | | |
| | 85.4 | 47.4 | 50.4 | 50.4 | 50.4 | | | |

ATTORNEY GENERAL

Program: ATTORNEY GENERAL

Activity: SOLICITOR GENERAL

Narrative

Activity Description

Provide a wide range of legal services to state agencies.

Population Served

- ◆ Citizens of the state
- ◆ All state agencies
- ◆ Minnesota State Colleges and Universities (MnSCU)
- ◆ Department of Children, Families and Learning
- ◆ Department of Corrections
- ◆ Department of Revenue
- ◆ Department of Employee Relations
- ◆ Public Utilities Commission

Services Provided

- ◆ Defense of challenges to the constitutionality of Minnesota law.
- ◆ Defends tort claims against the state.
- ◆ Defense of employment claims against the state.
- ◆ Commercial litigation.
- ◆ Prisoner litigation.
- ◆ Representation of state educational agencies.
- ◆ Tax litigation.

Historical Perspective

- ⇒ In FY 2002 successfully represented the state in an *amicus* capacity regarding the Minnesota Twins requiring the team to fulfill its contract to play baseball in Minnesota in 2002.
- ⇒ Obtained judgments on debts owed to the state.
- ⇒ Represented MnSCU's 34 colleges and universities in litigation, discrimination/harassment issues, and data practices issues and technology issues.
- ⇒ Provided legal advice to Department of Children, Family and Learning regarding charter schools, special education and desegregation issues.
- ⇒ Opened 148 tax cases on behalf of the Department of Revenue.
- ⇒ Saved the state millions of dollars by its defense and resolution of tort and employment law claims.

Key Measures

- ◆ Constitutional challenges are defended successfully.
- ◆ Tort and employment law claims brought against the state are successfully defended or settled thereby minimizing the state's fiscal and employment law exposure.
- ◆ Employment law claims brought against the state are defended successfully.
- ◆ Debts owed state agencies are collected.
- ◆ Litigation brought by prisoners in correctional facilities is defended successfully.
- ◆ Litigation brought against state educational institutions is defended successfully.
- ◆ The Department of Revenue's interests in tax collection and tax litigation matters are represented effectively.

Activity at a Glance

- ◆ Obtained judgments on debts owed to the state
- ◆ Saved the state millions of dollars by its defense and resolution of tort and employment law claims

ATTORNEY GENERAL

Program: ATTORNEY GENERAL

Activity: SOLICITOR GENERAL

Narrative

Contact

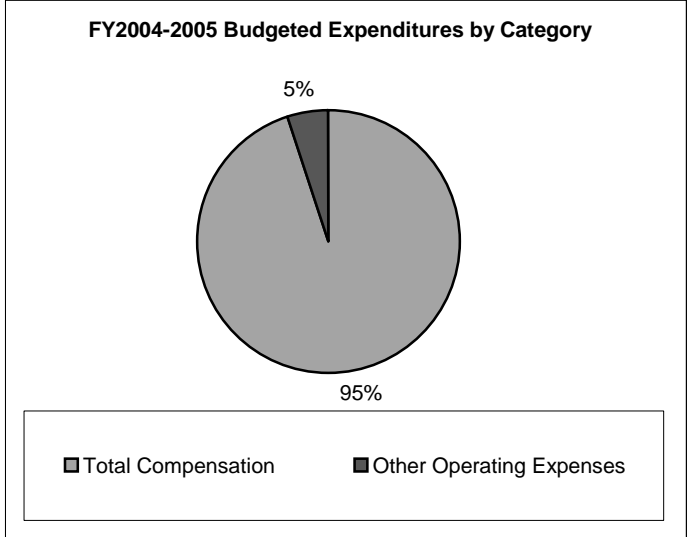
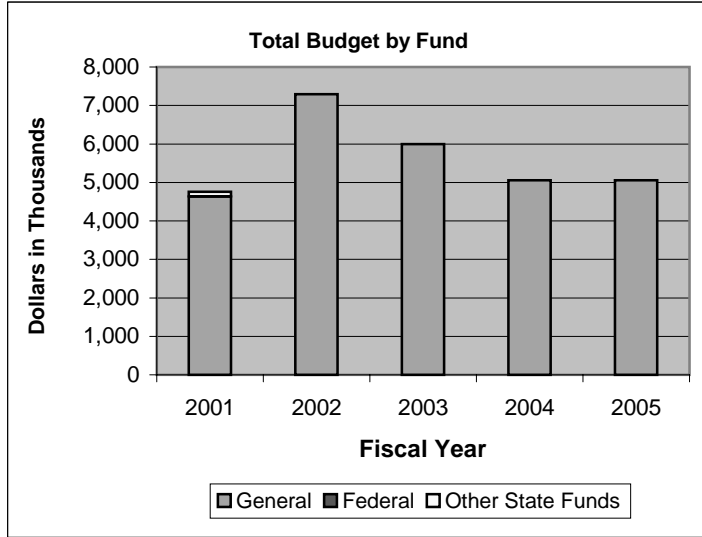
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ATTORNEY GENERAL

Program: **ATTORNEY GENERAL**

Activity: SOLICITOR GENERAL

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|---------------|---------------|-----------------|---------------|-----------------|----------------|--------------------------|----------------|
| Expenditures by Fund | Actual | Actual | Budgeted | Base | Biennium | | 2004-05 / 2002-03 | |
| | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 2,770 | 5,285 | 3,979 | 3,242 | 3,242 | 6,484 | -2,780 | -30.0% |
| Statutory Appropriations | | | | | | | | |
| General | 1,859 | 2,010 | 2,017 | 1,816 | 1,816 | 3,632 | -395 | -9.8% |
| Petroleum Tank Release Cleanup | 126 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Total | 4,755 | 7,295 | 5,996 | 5,058 | 5,058 | 10,116 | -3,175 | -23.9% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 4,517 | 7,117 | 5,737 | 4,799 | 4,799 | 9,598 | -3,256 | -25.3% |
| Other Operating Expenses | 238 | 178 | 259 | 259 | 259 | 518 | 81 | 18.5% |
| Total | 4,755 | 7,295 | 5,996 | 5,058 | 5,058 | 10,116 | -3,175 | -23.9% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 63.0 | 63.4 | 63.6 | 63.6 | 63.6 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

ATTORNEY GENERAL

Program: ATTORNEY GENERAL

Activity: ADMINISTRATION

Narrative

Activity Description

Administrative Services provides overall administrative support to the AGO.

Population Served

- ◆ Employees of the Attorney General's Office
- ◆ State agencies and other government agencies
- ◆ Citizens of Minnesota

Services Provided

- ◆ Strategic planning.
- ◆ Development and implementation of new administrative policies and procedures.
- ◆ Upgrading and maintaining the AGO's systems network.
- ◆ Budget development.
- ◆ Purchasing.
- ◆ Accounting.
- ◆ Docketing/timekeeping system that provides billing information to state agencies.
- ◆ Human resources services/personnel transactions.
- ◆ Library and legal research services.

Key Measures

- ⇒ Office mission is clear.
- ⇒ Procedures are implemented.
- ⇒ Budget is developed to justify funding for AGO activities.
- ⇒ AGO systems are up-to-date and operate efficiently.
- ⇒ Fiscal activities are accurate, complete and meet state standards.
- ⇒ Docketing/timekeeping is accurate. Invoices are produced on time.
- ⇒ Personnel transactions are accurate and timely.
- ⇒ Library/research services are up-to-date and complete.

Contact

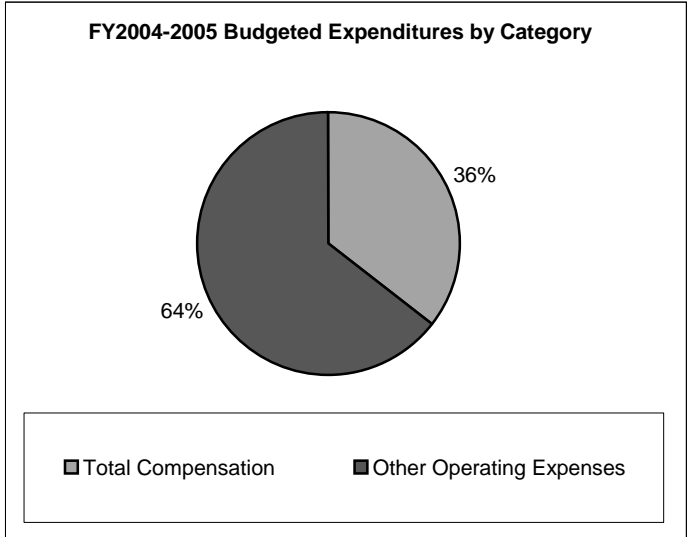
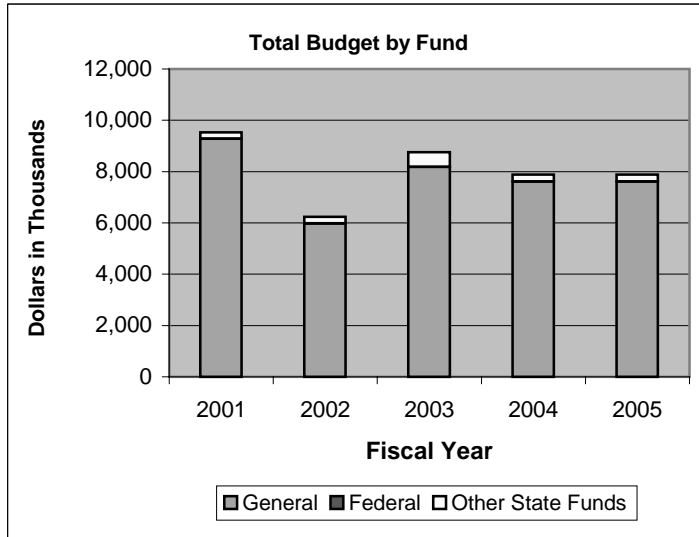
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ATTORNEY GENERAL

Program: ATTORNEY GENERAL

Activity: ADMINISTRATION

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------------------|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 8,067 | 5,967 | 8,152 | 7,594 | 7,594 | 15,188 | 1,069 | 7.6% |
| Statutory Appropriations | | | | | | | | |
| General | 1,219 | 13 | 28 | 20 | 20 | 40 | -1 | -2.4% |
| Special Revenue | 247 | 254 | 572 | 267 | 267 | 534 | -292 | -35.4% |
| Total | 9,533 | 6,234 | 8,752 | 7,881 | 7,881 | 15,762 | 776 | 5.2% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 2,780 | 2,655 | 3,133 | 2,800 | 2,800 | 5,600 | -188 | -3.2% |
| Other Operating Expenses | 6,753 | 3,579 | 5,619 | 5,081 | 5,081 | 10,162 | 964 | 10.5% |
| Total | 9,533 | 6,234 | 8,752 | 7,881 | 7,881 | 15,762 | 776 | 5.2% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 41.3 | 41.8 | 39.5 | 39.5 | 39.5 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

Agency Purpose

The Board of Barber Examiners was created in 1897 to protect the public's health and welfare while maintaining a high quality of barbering services to the public. Currently, M.S. 154 and Rules 2100 authorized the board to examine and regulate the barbering profession.

Core Functions

The board is responsible for the following:

- ◆ administering examinations;
- ◆ regulating the practice and registration of all individual barbers, barber shops, and schools; and
- ◆ conducting inspections of barber shops and schools on an annual basis to ensure that all sanitary statutes and rules are complied with. As a result of these inspections, the public can be assured of a clean and sanitary environment.

Operations

The board's operations for the most part directly affect the licensees, however, the public also can be affected by the processing of complaints and receiving of information. Services are delivered through examinations, licensing, inspections, regulation, processing of complaints, and giving information to individuals requesting it.

Budget

The board's FY 2002-03 budget totaled \$312,000. There are two full-time employees. The board is totally funded with a General Fund appropriation. The board recovers all operating costs through fees charged for examinations and licenses.

At A Glance

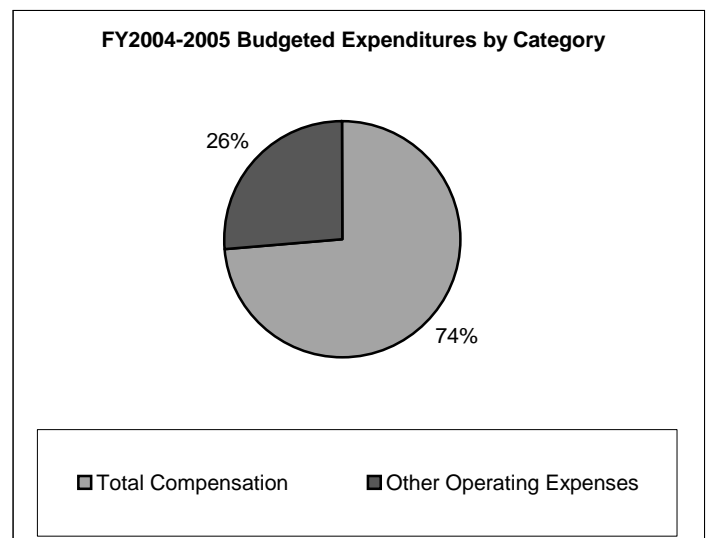
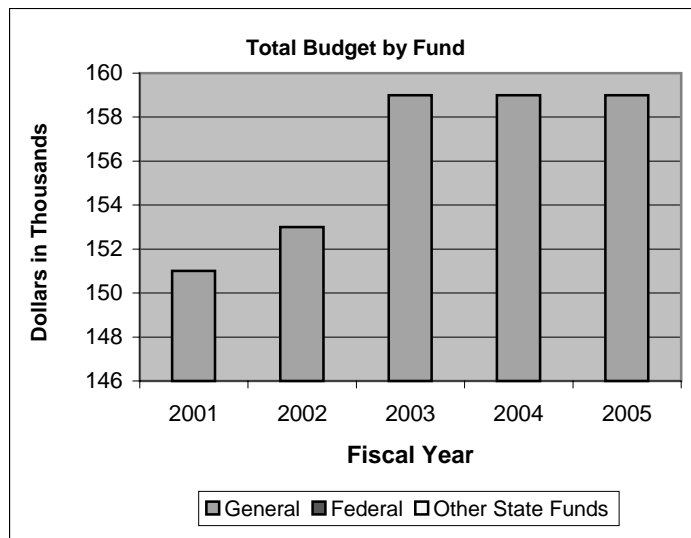
Factors affecting the board are school enrollment and the number of individuals, shops, and schools that are licensed on an annual basis.

Budget for FY 2002-03 biennium is \$312,000

Contact

Board of Barber Examiners
1885 University Avenue, Suite 335
Saint Paul, Minnesota 55104-3403

Maureen Tibbetts, Executive Secretary
Phone: (651) 642-0489
Fax: (651) 649-5997



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 151 | 153 | 159 | 159 | 159 | 318 | 6 | 1.9% |
| Total | 151 | 153 | 159 | 159 | 159 | 318 | 6 | 1.9% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|----------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 112 | 114 | 117 | 117 | 117 | 234 | 3 | 1.3% |
| Other Operating Expenses | 39 | 39 | 42 | 42 | 42 | 84 | 3 | 3.7% |
| Total | 151 | 153 | 159 | 159 | 159 | 318 | 6 | 1.9% |

| | | | | | | | | |
|--------------------------------|------------|------------|------------|------------|------------|------------|----------|-------------|
| Expenditures by Program | | | | | | | | |
| Barbers | 151 | 153 | 159 | 159 | 159 | 318 | 6 | 1.9% |
| Total | 151 | 153 | 159 | 159 | 159 | 318 | 6 | 1.9% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|-----------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 0 | 186 | 180 | 180 | 180 | 360 | -6 | -1.6% |
| Cambridge Deposit Fund | 182 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 182 | 186 | 180 | 180 | 180 | 360 | -6 | -1.6% |
| Total Revenue | 182 | 186 | 180 | 180 | 180 | 360 | -6 | -1.6% |

| | | | | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|--|--|--|
| Full-Time Equivalents (FTE) | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | | | |
|------------------------------------|------------|------------|------------|------------|------------|--|--|--|

Agency Purpose

The State Council on Black Minnesotans addresses the needs for people of African heritage to fully and effectively participate in and equitably benefit from the political, social and economic resources, policies and procedures of this state.

With the insistence and support of the African American community, the council was created by the Minnesota legislature in July 1980 (M.S. Section 3.9225). It has as its primary purpose to advise the governor and legislature on the nature and intensity of issues confronting the state's Black populations. The formation of the council was critical for Black Minnesotans because, historically, this population has been, and continues to be, underrepresented in the legislature and has had little access to the office of the governor or other policy makers.

The council is a policy-oriented agency that uses a community mobilization and involvement model. Prior to the creation of the council, there was no state or local agency with the responsibility for advising and educating policy makers, researching and analyzing the broad spectrum of issues affecting Black Minnesotans, and advocating on their behalf. And, there was also no agency or organization with the responsibility to educate and reeducate Black Minnesotans regarding specific policy issues and the value of political and policy participation.

The council's advice to policy makers must be well founded, accurate and representative of the will of its constituencies. To facilitate these functions, the council is made up of 13 public members appointed by the governor with the understanding that they must be broadly representative of Minnesota's Black communities. Four ex-officio legislative representatives are also members of the council and participate in setting the agenda and priorities of the agency.

Core Functions

The council operates as a liaison between state agencies, individuals and organizations seeking access to state government. Basically, it participates in policy making processes that affect the interests and welfare of Black Minnesotans. And, it recommends new laws or changes in existing laws to the governor and legislature which may benefit African Americans and Africans in the state of Minnesota. It also publicizes the accomplishments of Black Minnesotans and their contributions to the quality of Minnesota life. Specific functions of the council include monitoring government and private sector agencies, programs and policies to determine their impact on Black Minnesotans and other population of color. They also include conducting primary and secondary research and sponsoring and promoting issue/policy oriented educational programs.

In order to effectively advise the governor, legislators and other policy makers, the council has organized community legislative/policy dialogues. It also conducts primary and secondary research to get information on the extent to which Black Minnesotans benefit from current policies and programs. Conducting research has provided the council with information that allows it to identify existing community needs and resources and set organizational priorities. A significant barrier to the accomplishment of these functions is the current status of available data or information. Most agencies, state or local, public or non-profit, do not collect data in a manner

At A Glance

Minnesota's fast growing Black population is the council's primary client constituency and is the state's largest non-European ethnic/cultural group. According to the 2000 census, there are now about 171,731 residents who are Black Minnesotans – more than triple the state's Black population in 1980. The council's client constituency also includes one of the largest African immigrant populations in the United States. The vast majority of the council's constituencies, over 75%, are residents of the Twin Cities Metropolitan Area. Smaller Black communities can be found in and near Rochester, Duluth, St. Cloud, Moorhead and Worthington. Currently, rapid Black population growth is taking place in such Greater Minnesota counties as Carlton, Isanti, Chisago and Crow Wing.

The council also has an institutional constituency of health and human service organizations with similar values, concerns, target populations, and objectives.

Overall, the populations served by the council are disproportionately impoverished and have experienced a multitude of complex and inter-related problems; social, political and economic. These conditions are both caused and exacerbated by a lack of equal access and opportunity, and institutional and individual racism. The council was created to address the disparities associated with these conditions and be an instrument to create institutional and social change.

that would allow the council to determine in a precise fashion the extent to which Black Minnesotans participate in and benefit from existing programs and policies. Correcting this condition is a primary objective of the council.

The council has established programs to address the needs of its constituencies. Through collaboration and cooperation, it is involved in about 70 ongoing committees and organizations addressing such issues as out-of-home placement of children, teen pregnancy, hunger, health, affordable housing and homelessness, economic development, education, drugs, violence, childcare, HIV/AIDS, crime, the status of African American males, tobacco usage prevention/reduction, employment, the status of Black veterans, poverty, police community relations (including racial profiling) and the unique concerns of native African communities.

An annual function of the council involves managing and overseeing the observance of the Dr. Martin Luther King Holiday and celebration. Every year, since its inception in 1982, the council has planned and presented programs and events designed to promote the ideals of Dr. King.

Another important function of the council is to promote the representation, accountability and increased/effective leadership of Black Minnesotans in policy-making processes. This is accomplished through the identification of individuals, as community assets, and matching individual skills with volunteer opportunities on Boards, Commissions and Task Forces, etc.

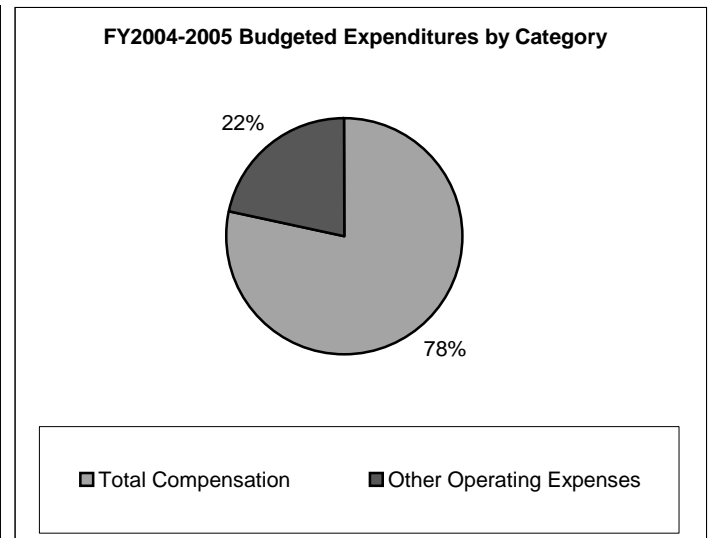
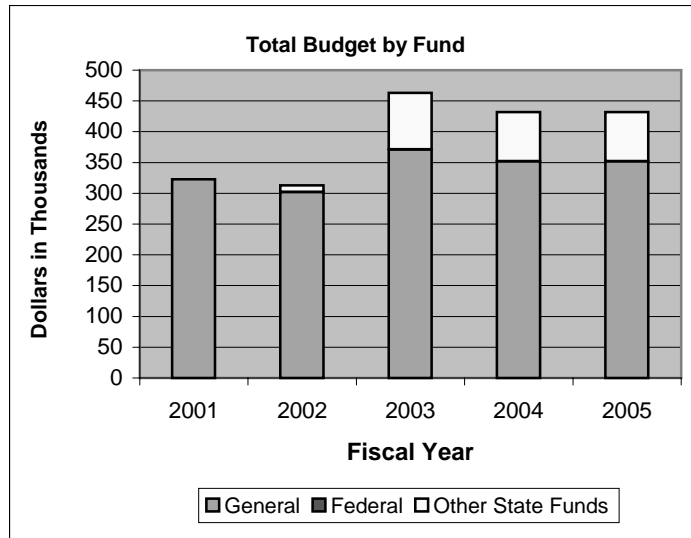
Budget

Revenues: The total budget for the State Council on Black Minnesotans for budget year 2002, is \$342,000. The state of Minnesota was the council's sole revenue source for this year. Of this amount, \$25,000 (7.3%) was allocated specifically for the Dr. Martin Luther King Holiday and celebration. The remaining \$317,000 (92.7%) was allocated for agency personnel and operations.

Expenditures: Just over 70% (\$218,500) of the council's budget is being devoted to staffing costs for 4.0 full-time equivalents for 2002. The remaining \$93,500 (roughly 30%) funded traditional agency operations costs (e.g., rent, travel, communications, supplies and equipment).

Contact

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| <i>Dollars in Thousands</i> | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|-----------------|-------------------|----------------|
| | Actual | Actual | Budgeted | Base | Biennium | Biennial Change | | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | 2004-05 / 2002-03 | |
| Direct Appropriations | | | | | | | Dollars | Percent |
| General | 323 | 302 | 371 | 352 | 352 | 704 | 31 | 4.6% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 0 | 4 | 85 | 80 | 80 | 160 | 71 | 79.8% |
| Gift | 0 | 7 | 7 | 0 | 0 | 0 | -14 | -100.0% |
| Total | 323 | 313 | 463 | 432 | 432 | 864 | 88 | 11.3% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|-----------|--------------|
| Total Compensation | 215 | 199 | 282 | 336 | 341 | 677 | 196 | 40.7% |
| Other Operating Expenses | 106 | 114 | 181 | 96 | 91 | 187 | -108 | -36.6% |
| Local Assistance | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Total | 323 | 313 | 463 | 432 | 432 | 864 | 88 | 11.3% |

| Expenditures by Program | | | | | | | | |
|--------------------------------|------------|------------|------------|------------|------------|------------|-----------|--------------|
| Council On Black Minn | 323 | 313 | 463 | 432 | 432 | 864 | 88 | 11.3% |
| Total | 323 | 313 | 463 | 432 | 432 | 864 | 88 | 11.3% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|----------|-----------|-----------|-----------|-----------|------------|-----------|--------------|
| Dedicated | | | | | | | | |
| Special Revenue | 4 | 20 | 82 | 82 | 61 | 143 | 41 | 40.2% |
| Gift | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Dedicated | 5 | 20 | 82 | 82 | 61 | 143 | 41 | 40.2% |
| Total Revenue | 5 | 20 | 82 | 82 | 61 | 143 | 41 | 40.2% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 4.1 | 3.4 | 5.1 | 5.0 | 5.0 |
|------------------------------------|------------|------------|------------|------------|------------|

Agency Purpose

The Campaign Finance and Public Disclosure Board is the service and regulatory agency that develops and implements administration and enforcement of M.S. Ch. 10A, the Ethics in Government Act. Agency staff supports a six-member bipartisan board, appointed by the governor for staggered four-year terms. The board's mission is to promote public confidence in state government decision making through development, administration, and enforcement of disclosure and public financing programs which will ensure public access to and understanding of information filed with the board.

At A Glance

In FY 2001, the board administered programs covering

- ◆ 744 candidate committees
- ◆ 336 political party units
- ◆ 345 political committees and funds
- ◆ 3,107 lobbyist registrations
- ◆ 1,355 reporting public officials
- ◆ \$3.3 million in public subsidy payments to candidates

Core Functions

Core functions of the Campaign Finance and Public Disclosure Board include administration and management of the:

- ◆ registration and public disclosure by state legislative and constitutional office candidates, political party units, political committees, and political funds;
- ◆ registration and public disclosure by lobbyists and their principals attempting to influence state legislative actions, administrative action, and the official action of metropolitan governmental units;
- ◆ disclosure of economic interests, conflicts of interest, and representation of a client for a fee under circumstances defined in M.S. Ch. 14 and M.S. Ch. 216B.243 for certain state and metropolitan officials; and
- ◆ distribution of payments from the state's public subsidy program that provides public funding to qualified state candidates and the state committee of a political party; and allows those candidates and parties to give political contribution refund receipts to certain campaign contributors.

Operations

The Campaign Finance and Public Disclosure Board assists clients in meeting the requirements of the law by:

- ◆ making all disclosure forms available in the board office, on the board's website, and mailing required forms to clients up to one month prior to the reporting date;
- ◆ conducting training classes to aid volunteer treasurers and candidates in record keeping, reporting, and using Finance 2002 campaign software;
- ◆ providing free campaign finance software to candidates for state and judicial offices to assist them in record keeping and enable them to file required reports electronically;
- ◆ maintaining an agency web site which provides forms and publications for downloading, board advisory opinions, board meeting agendas and minutes, board member and staff information, lists of clients, and summaries of past filings;
- ◆ maintaining an inbound voice line and fax line;
- ◆ providing client-use computers in the office for customers who do not have access to a computer or the Internet;
- ◆ providing a copier for client use in copying information from filed reports; and
- ◆ working with the legislature to make sure that the statute is understandable and easy to administer.

Agency operations directly affect candidates for state office, lobbyists, and public officials by assisting them in compliance with the statute. The general public and news media are benefited by timely, easy access to campaign information filed by candidates through agency web base applications.

Key Measures

- ⇒ Agency-developed campaign finance software was requested by and provided to 105 clients in 1998; software enhancements and additional training in 2002 added another 202 interested clients.
- ⇒ Agency interactive website information is updated daily to keep the public informed.

Budget

The board's operating budget is funded by a direct General Fund appropriation from the Minnesota Legislature.

Staff salaries currently include nine full-time (two vacant positions), one part-time, and one student worker position. Agency operations include all non-subsidy disbursements made to assist clients and are always higher in the second year of the biennium due to the elections cycle. The board's technology budget is used for the development and maintenance of its interactive agency website.

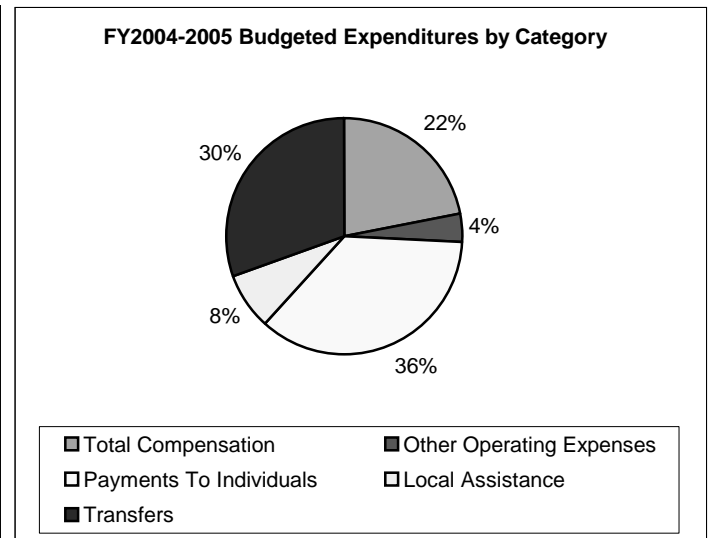
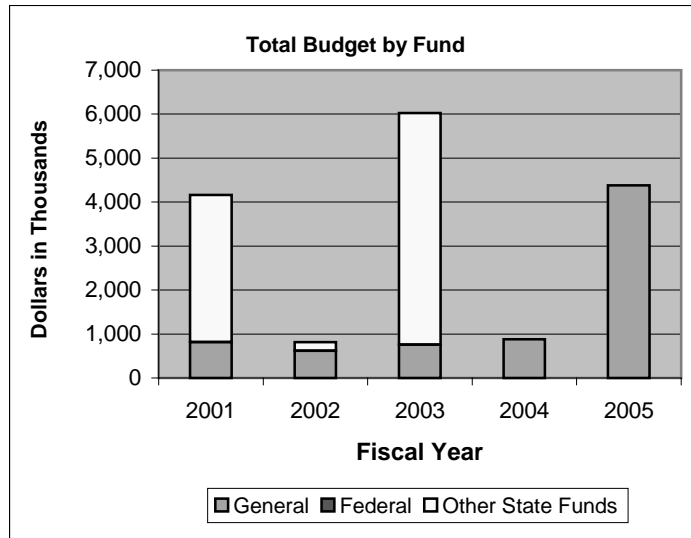
Contact

For additional information:

Jeanne Olson, Executive Director, at (651) 296-1721

E-mail the board office at cf.board@state.mn.us

Visit the Board web site at www.cfboard.state.mn.us



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|---------------|---------------|-----------------|---------------|-----------------|----------------|--------------------------|----------------|
| | Actual | Actual | Budgeted | Base | Biennium | | 2004-05 / 2002-03 | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 815 | 620 | 756 | 682 | 682 | 1,364 | -12 | -0.9% |
| Open Appropriations | | | | | | | | |
| General | 0 | 0 | 0 | 200 | 3,700 | 3,900 | 3,900 | n.m |
| Special Revenue | 3,344 | 100 | 5,240 | 0 | 0 | 0 | -5,340 | -100.0% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 0 | 98 | 27 | 0 | 0 | 0 | -125 | -100.0% |
| Total | 4,159 | 818 | 6,023 | 882 | 4,382 | 5,264 | -1,577 | -23.1% |

| | | | | | | | | |
|---------------------------------|--------------|------------|--------------|------------|--------------|--------------|---------------|---------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 481 | 482 | 558 | 571 | 577 | 1,148 | 108 | 10.4% |
| Other Operating Expenses | 334 | 166 | 225 | 111 | 105 | 216 | -175 | -44.8% |
| Payments To Individuals | 3,228 | 70 | 4,571 | 0 | 1,877 | 1,877 | -2,764 | -59.6% |
| Local Assistance | 116 | 100 | 669 | 200 | 220 | 420 | -349 | -45.4% |
| Transfers | 0 | 0 | 0 | 0 | 1,603 | 1,603 | 1,603 | n.m |
| Total | 4,159 | 818 | 6,023 | 882 | 4,382 | 5,264 | -1,577 | -23.1% |

| | | | | | | | | |
|--------------------------------|--------------|------------|--------------|------------|--------------|--------------|---------------|---------------|
| Expenditures by Program | | | | | | | | |
| Campaign Finance & Public Disc | 4,159 | 818 | 6,023 | 882 | 4,382 | 5,264 | -1,577 | -23.1% |
| Total | 4,159 | 818 | 6,023 | 882 | 4,382 | 5,264 | -1,577 | -23.1% |

| | | | | | | | | |
|---------------------------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 100 | 21 | 47 | 47 | 47 | 94 | 26 | 38.2% |
| Subtotal Non Dedicated | 100 | 21 | 47 | 47 | 47 | 94 | 26 | 38.2% |
| Dedicated | | | | | | | | |
| Special Revenue | 0 | 3 | 4 | 1 | 0 | 1 | -6 | -85.7% |
| Subtotal Dedicated | 0 | 3 | 4 | 1 | 0 | 1 | -6 | -85.7% |
| Total Revenue | 100 | 24 | 51 | 48 | 47 | 95 | 20 | 26.7% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 8.0 | 7.9 | 9.2 | 9.2 | 9.2 |
|------------------------------------|------------|------------|------------|------------|------------|

Agency Purpose

Minnesota Statutes 15.50 provide for the Capitol Area Architectural and Planning Board (CAAPB) to preserve and enhance the Capitol Area's unique aesthetic and historic character, and to plan and guide its future development by maintaining a framework for its physical growth. CAAPB was established by the 1967 legislature to ensure the architectural integrity of the Capitol, the buildings immediately adjacent to it, the Capitol grounds, and the Capitol Area.

Core Functions

As the planning and regulatory agency responsible for architectural design and long-range planning for the Capitol Area, the CAAPB has exclusive zoning jurisdiction and design review over both the state government complex and the surrounding commercial and residential neighborhoods.

Key Service Strategies:

- ⇒ *Initiate* funding requests, promoting timely design and maintenance of the Capitol Building.
- ⇒ Provide *framework* for the development and maintenance of the Capitol Mall and its memorials.
- ⇒ *Manage* internal agency operations, planning, and projects.
- ⇒ Provide planning tools and *guidelines* for future Capitol Area development.
- ⇒ *Coordinate* all historical documents for the Capitol Area.
- ⇒ Provide open *communication* and coordination with all clientele.
- ⇒ *Manage* the board's human resources effectively.

Operations

As overseer of Capitol Area development, the CAAPB's responsibility for public projects cover all phases of design and construction. Individual project planning occurs within a long-range framework for the area's physical development. The board's *1998 Comprehensive Plan* and the *Specific Actions for Implementation of the Comprehensive Plan* are the framework for its daily agenda, along with the *Zoning and Design Rules for the Capitol Area*, serving the 60 block area around Minnesota's Capitol, published in January 2000.

In overseeing and coordinating development in the Capitol Area, the CAAPB works closely with many state agencies, especially the Department of Administration, the city of Saint Paul, neighborhood planning district councils and development groups, and with private sector architects, engineers, and developers.

Board performance focuses on good design, thorough and coordinated long-range planning, and achieving more for the public dollar, whether it is federal, state, or city funding. Because the board is composed of gubernatorial, legislative, and city appointees, it often is in a position to coordinate and leverage public improvements in a cost-effective and result-orientated manner.

Key Measures

The board meets every two to three months to review or approve issues directly affecting zoning/planning development or design within the 60-block area of the board's jurisdiction.

Based on solid planning tools and guidelines developed in concert with the *Comprehensive Plan* and the *Zoning and Design Rules*, the board's influence has positive impact on the overall appearance of the Capitol Area and beyond. In recent years, the agency assisted in the design and construction of the Department of Revenue building, the Korean War Veterans Memorial, and the Woman's Suffrage Memorial, in addition to the ongoing

At A Glance

- ◆ The Capitol, built in 1905, will celebrate its centennial in 2005.
- ◆ Approximately 300,000 people visit the Minnesota State Capitol each year and another approximately 9,000 work within the Capitol Complex on a daily basis.
- ◆ Since 1986, capital budget appropriations totaling \$25.9 million have been dedicated to Capitol Building renovations and restoration.
- ◆ The Capitol Complex is comprised of a 60-block area that contains 15 state office (two million gross square feet of office, ceremonial, and public spaces), six blocks of commercial/retail space, 12 residential blocks, and one primary care hospital campus.
- ◆ The board is comprised of 10 members, chaired by the lieutenant governor, with both House and Senate representation as well as gubernatorial and city appointees.

restoration of the Capitol Building, including the "Rathskeller" cafeteria, the exterior and immediate grounds, and the completion of the *Predesign Study* for interior restoration of the building.

Based on the board's success in implementing a higher design standard, the advice of the Advisory Committee and staff is sought after by:

- ◆ other state capitols in their approaches to planning and development;
- ◆ the Saint Paul Design Center;
- ◆ surrounding district councils and citizen action groups;
- ◆ professional planning and architectural organizations interests; and
- ◆ nonprofit and community based initiatives; for example, Public Art Saint Paul, Summit Park redevelopment effort, Riverfront Corporation, and Saint Paul Farmers Market.

Budget

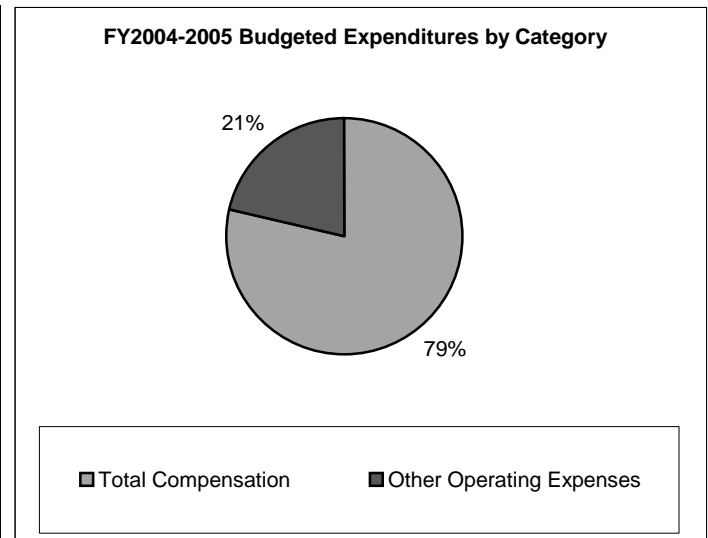
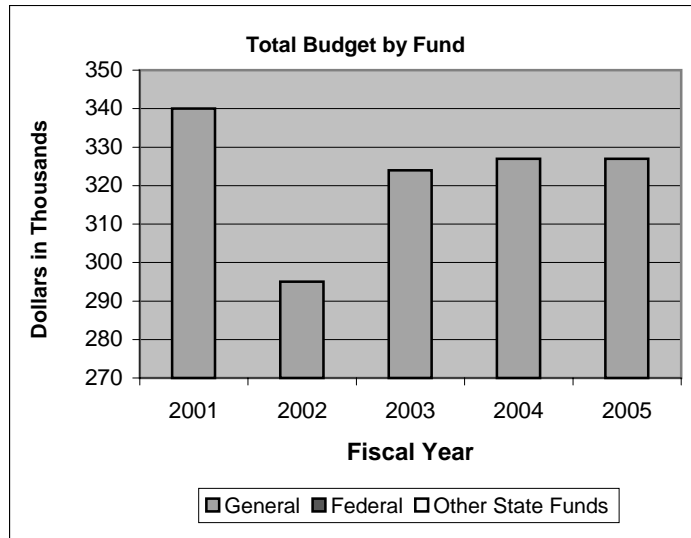
The CAAPB base budget is appropriated from the General Fund. The budget covers salaries for four permanent employees, plus per diems for the three-member Advisory Committee and the ten-member board. In FY 2002-03 a specific appropriation through the Department of Administration provided some additional funding for technology costs. The committee's level of activity, outside CAAPB control, is contingent upon others who need CAAPB review or approval for development projects. Legislative language passed in 2001 has allowed the CAAPB to begin charging for board, advisors, and staff time when the projects are pursuant to the Capitol Area and requiring board review or approval, but those costs are only reimbursable through FY 2003.

Contact

Capitol Area Architectural and Planning Board
Suite 204, Administration Building
50 Sherburne Avenue
Saint Paul, Minnesota 55155

World Wide Web Home Page: <http://www.caapb.state.mn.us>

Nancy Stark, Executive Secretary
Phone: (651) 296-1162
Fax: (651) 296-6718



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 340 | 295 | 324 | 327 | 327 | 654 | 35 | 5.7% |
| Total | 340 | 295 | 324 | 327 | 327 | 654 | 35 | 5.7% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|-----------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 246 | 248 | 265 | 257 | 257 | 514 | 1 | 0.2% |
| Other Operating Expenses | 94 | 47 | 59 | 70 | 70 | 140 | 34 | 32.1% |
| Total | 340 | 295 | 324 | 327 | 327 | 654 | 35 | 5.7% |

| | | | | | | | | |
|--------------------------------|------------|------------|------------|------------|------------|------------|-----------|-------------|
| Expenditures by Program | | | | | | | | |
| Capitol Area Arch Planning Bd | 340 | 295 | 324 | 327 | 327 | 654 | 35 | 5.7% |
| Total | 340 | 295 | 324 | 327 | 327 | 654 | 35 | 5.7% |

| | | | | | | | | |
|---------------------------------|----------|----------|----------|----------|----------|----------|-----------|----------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 0 | 1 | 0 | 0 | 0 | 0 | -1 | -100.0% |
| Subtotal Non Dedicated | 0 | 1 | 0 | 0 | 0 | 0 | -1 | -100.0% |
| Dedicated | | | | | | | | |
| Gift | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Dedicated | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Total Revenue | 2 | 1 | 0 | 0 | 0 | 0 | -1 | -100.0% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 |
|------------------------------------|------------|------------|------------|------------|------------|

Agency Purpose

Minnesota statutes provide the Chicano Latino Affairs Council with a unique responsibility of “advising the governor and the legislature on the issues of importance to Minnesota’s growing Latino population. The Council’s mission is key to bringing the Latino issues to the forefront when legislation, rules and regulations are discussed and to advise as to the impact of government action with regards to the Latino population. There are other statutory functions that are key to the Chicano Latino Affairs Council as well:

- ◆ serve as a liaison between local, state and federal government and Minnesota’s Chicano Latino community;
- ◆ serve as an information and referral agency to ensure that Chicano Latinos in Minnesota are connected to the appropriate government agencies and community based organizations to address their concerns, which range from immigration and education to discrimination and social well being;
- ◆ educate legislators, agency heads, the media and the general public about the accomplishments and contributions of Chicano Latinos;
- ◆ raise general awareness about the problems and issues faced by the Latino community; and
- ◆ publish the accomplishments of Chicano Latinos in Minnesota.

Core Functions

These functions help the Chicano Latino Affairs Council carry out its mission:

- ⇒ Being a resource for legislators, the governor and state agencies that address problems and issues of impact to the Latino population in Minnesota.
- ⇒ Being a resource for city and county governments that implement legislation and create policies that have an impact in the Latino population in the state.
- ⇒ Being a resource for community based organizations that work with the Chicano Latino population.
- ⇒ Educating the new Latino immigrants in the state on legislation, rules and regulations.
- ⇒ Publishing a monthly newsletter in Spanish and English titled “Al Dia” which has statewide distribution and not only reports on the accomplishments of the Chicano Latinos, but serves as an informational conduit for the community.
- ⇒ Publishing and disseminating a bilingual directory which is a resource book for the community containing information about all the organizations, businesses, churches, media and networking groups that are either owned by, or serve, Minnesota’s Chicano Latino population.

Operations

The Chicano Latino Affairs Council consists of a fifteen-member board of directors, eleven of which are members of the Chicano Latino community and four of which are legislators. Of the 11 community members, there is a representative for each of the state’s eight congressional districts. There are also three at-large community representatives.

At A Glance

Two-Year State Budget:

\$741,824 from the General Fund

The Latino population is the ethnic group with the highest growth in the United States and in Minnesota. The 2000 Census show that, from 1990 to 2000, Minnesota experienced a growth in the Latino population of 166%, becoming the minority group with the biggest growth in the state. Approximately 145,000 Latinos are residents in Minnesota. Close to 20,000 Latino agricultural workers come to Minnesota to work in the farms and food industry each year. The Chicano Latino Affairs Council’s unique position within state government makes it possible to bring the voice of the Latino community in Minnesota to the policymakers, raising awareness of the issues that affect that population while at the same time serving the community as an educational conduit and liaison with city and county governments statewide.

All community members are appointed by the governor. Through the executive director, they provide a voice in all levels of government for the approximately 145,000 Latinos who reside in the state of Minnesota as well as the approximately 20,000 migrant agricultural workers that come to work in the state each year from the months of March through November.

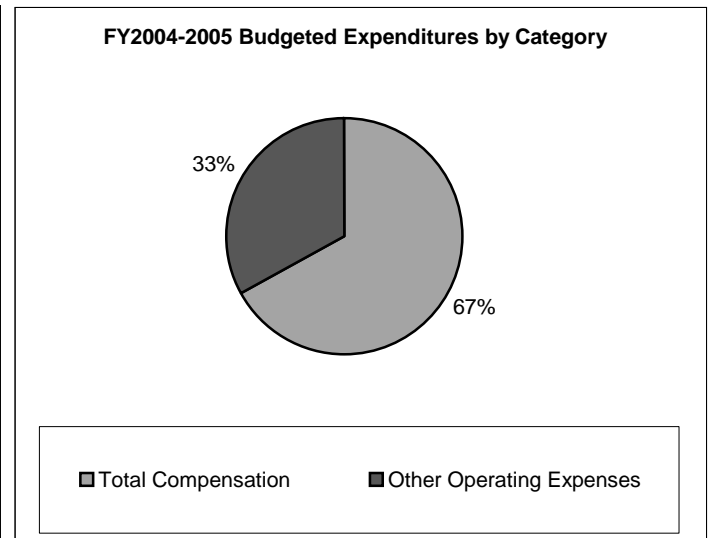
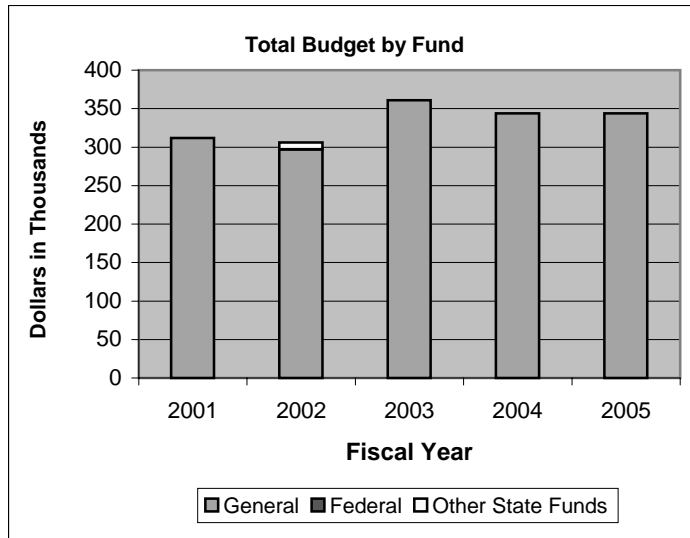
M.S. 3.9223, mandates that the CLAC not only fulfills its primary mission of advising to the governor and the Legislature on issues that affect the Chicano Latino community, including the unique problems encountered by the Spanish-speaking migratory workers, but that it also:

- ◆ make recommendations to the governor and the legislature as to statutes or rules necessary to ensure that Chicano Latinos are well served in the state;
- ◆ recommend legislation to improve the economic and social status of Chicano Latinos in the state;
- ◆ serve as a conduit for state government agencies that serve the Chicano Latino people;
- ◆ oversee the performance of studies designed to accurately depict the situation of Chicano Latinos in the state with the goal of suggesting solutions to those issues, especially in the areas of education, housing, economic development, health, human rights, social welfare and related matters; and
- ◆ implement programs designed to solve the problems of Chicano Latinos when authorized to do so by statute, rule or order.

Contact

Chicano Latino Affairs Council
555 Park Street, Suite 210
St. Paul, Minnesota 55103

Ytmar Santiago, Executive Director
Phone: (651)-296-9587
Toll-free (888)-234-1291
Fax: (651)-297-1297
Web site: www.clac.state.mn.us



| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|------------------|------------------|--------------------|----------------|--------------------|---------------------|--------------------------------------|-------------|
| Expenditures by Fund | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 312 | 297 | 361 | 344 | 344 | 688 | 30 | 4.6% |
| Special Revenue | 0 | 4 | 0 | 0 | 0 | 0 | -4 | -100.0% |
| Statutory Appropriations | | | | | | | | |
| Gift | 0 | 5 | 0 | 0 | 0 | 0 | -5 | -100.0% |
| Total | 312 | 306 | 361 | 344 | 344 | 688 | 21 | 3.1% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|-----------|-------------|
| Total Compensation | 203 | 217 | 228 | 228 | 233 | 461 | 16 | 3.6% |
| Other Operating Expenses | 109 | 89 | 133 | 116 | 111 | 227 | 5 | 2.3% |
| Total | 312 | 306 | 361 | 344 | 344 | 688 | 21 | 3.1% |

| Expenditures by Program | | | | | | | | |
|--------------------------------|------------|------------|------------|------------|------------|------------|-----------|-------------|
| Chicano Latino Affairs Council | 312 | 306 | 361 | 344 | 344 | 688 | 21 | 3.1% |
| Total | 312 | 306 | 361 | 344 | 344 | 688 | 21 | 3.1% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|----------|----------|----------|----------|----------|----------|-----------|---------------|
| Non Dedicated | | | | | | | | |
| General | 2 | 4 | 0 | 0 | 0 | 0 | -4 | -100.0% |
| Subtotal Non Dedicated | 2 | 4 | 0 | 0 | 0 | 0 | -4 | -100.0% |
| Dedicated | | | | | | | | |
| Special Revenue | 4 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Gift | 1 | 1 | 1 | 1 | 1 | 2 | 0 | 0.0% |
| Subtotal Dedicated | 5 | 1 | 1 | 1 | 1 | 2 | 0 | 0.0% |
| Total Revenue | 7 | 5 | 1 | 1 | 1 | 2 | -4 | -66.7% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 4.5 | 4.3 | 4.0 | 4.0 | 4.0 |
|------------------------------------|------------|------------|------------|------------|------------|

Agency Purpose

The Minnesota Department of Children, Families & Learning (CFL) provides leadership and works in partnership with communities, districts and service providers to support early childhood care and learning, the K-12 education system, lifelong learning and stable environments for families.

Seven agency goals provide a framework for implementing agency responsibilities.

- ⇒ Improve student achievement by ensuring that all children reach challenging academic standards taught by quality licensed educators.
- ⇒ Ensure that children receive targeted, coordinated services to improve performance, access, and equity in education.
- ⇒ Strengthen families and build a solid foundation for living and learning.
- ⇒ Create a culture of achievement and accountability.
- ⇒ Ensure that schools have financial resources to support safe, adequately maintained, and well managed schools.
- ⇒ Help children and adults become self-sufficient and successful in post-secondary education and training, productive employment, and community involvement.
- ⇒ Make CFL a high-performing organization with an efficient, effective infrastructure that emphasizes service quality, partnerships, customer service, and results.

At A Glance

- ◆ CFL's Customers: 851,384 Pre-Kindergarten – grade 12 students and their parents; 343 school districts; 69 charter schools; 62,475 licensed educators; 15,619 licensed child care providers; legislators and other policymakers; all Minnesota citizens.
- ◆ District/Charter Revenue processed annually (est. FY 2003)

| | | |
|---------|-----|---------------|
| Federal | 5% | \$0.4 billion |
| Local | 20% | \$1.7 billion |
| State | 75% | \$6.2 billion |
- ◆ State and federal grants administered annually: \$650 million.
- ◆ Public Access: Every year, CFL responds to over 3.5 million e-mails; 7,000 citizen letters; and 750 media contacts.

Core Functions

The following core functions define the agency's efforts:

- ◆ provide information, training, and technical assistance to schools, school districts, counties, and local service providers;
- ◆ administer state and federal aids, subsidies, and grants;
- ◆ calculate school district property tax levy limitations;
- ◆ license teachers and administrators;
- ◆ develop and administer statewide student and school performance/accountability systems;
- ◆ ensure compliance with federal and state laws that guarantee the individual rights of all learners; and
- ◆ establish and maintain information technology systems that gather and disseminate data about children, students, schools, services, and finances.

CFL provides support and assistance in the areas of:

- ◆ special education
- ◆ alternative education, including charter schools and open enrollment options
- ◆ standards-based curriculum and instruction
- ◆ lifelong and service learning
- ◆ adult basic education
- ◆ career and technical education
- ◆ statewide testing and assessment
- ◆ personnel licensing
- ◆ library services
- ◆ state and federal information technology
- ◆ financial and management services
- ◆ K-12 education funding
- ◆ desegregation/equity
- ◆ Indian education
- ◆ food and nutrition, early childhood, and school readiness
- ◆ violence and abuse prevention
- ◆ homelessness/self sufficiency
- ◆ compliance with state/federal requirements

Operations

The department serves a wide and varied customer base. Our primary customers are local school districts and schools, educators, local service providers, children, families, learners, citizens, and state policy-makers.

Teaching and Learning provides leadership and service in the design and implementation of standards-based reform for Minnesota's K-12 public education system and collaborates with institutions dealing with early childhood education, post-secondary, and other adult education programs. Efforts are directed towards issues related to special needs, lifelong learning, and assessment standards and measurement.

Community Services works with communities, school districts, counties, and family service providers to promote improved delivery of services for children and families through grant programs in the areas of early childhood, prevention, economic opportunity and nutrition.

Management Services administers the state's pre K-12 education data and funding systems, oversees library development and services, and provides human resources, information technology, and administrative support for the agency. The office collects, analyzes, and reports on student, staffing, and financial data for school districts and charter schools, calculates aid payments and levy limitations, and provides technical advice and assistance to local education agencies and state policy-makers.

Public Affairs and Policy Development coordinates policy and budget initiatives, communicates accurate, useful information to the public and policy-makers regarding the agency's work and priorities, enforces compliance with state, and federal laws applicable to local education agencies, oversees rulemaking activities, licenses educators and school administrators, and encourages equity in academic opportunities for all students.

Budget

In FY 2003, the agency will administer over \$6 billion in state K-12 and early childhood funding and calculate property tax limitations of \$1 billion annually. In addition to state and local funding, the agency administers over \$700 million in federal funds such as early childhood, prevention, self-sufficiency, education excellence, special education, facilities and technology, nutrition, and libraries.

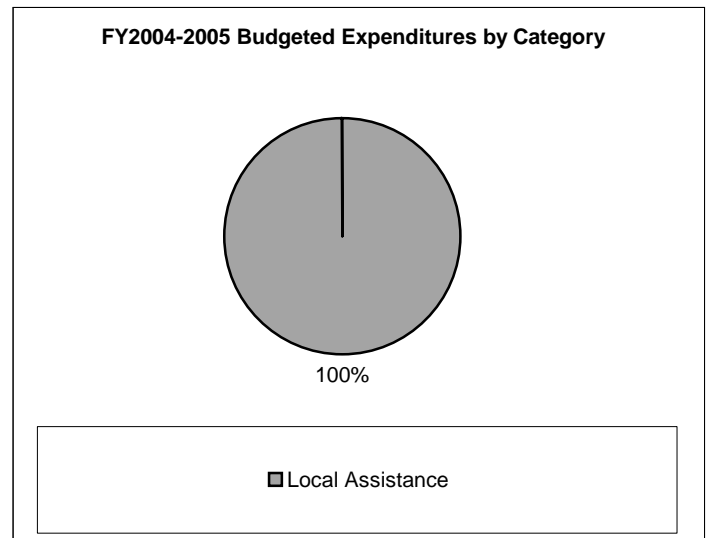
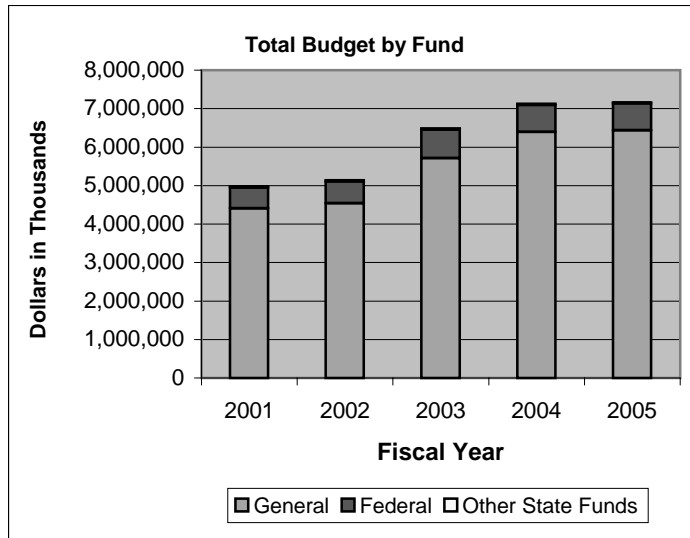
Agency Contact: (651) 582-8200
CFL Web Site: <http://cfl.state.mn.us/>

MINNESOTA
DEPARTMENT OF

*Children,
Families &
Learning*

1500 Highway 36 West
Roseville, Minnesota 55113-4266

For information on how this agency measures whether it is meeting its statewide goals, please refer to <http://www.departmentresults.state.mn.us/>



| <i>Dollars in Thousands</i> | | | | | | | | |
|----------------------------------|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|--------------|
| | Actual | Actual | Budgeted | Base | | Biennium | Biennial Change | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | 2004-05 / 2002-03 | |
| | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 4,403,836 | 4,536,814 | 5,716,052 | 6,396,635 | 6,439,304 | 12,835,939 | 2,583,073 | 25.2% |
| State Government Special Revenue | 96 | 101 | 96 | 96 | 96 | 192 | -5 | -2.5% |
| Trunk Highway | 21 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Federal Tanf | 1,811 | 3,015 | 4,684 | 0 | 0 | 0 | -7,699 | -100.0% |
| Open Appropriations | | | | | | | | |
| Endowment School | 24,053 | 21,368 | 19,282 | 19,634 | 19,986 | 39,620 | -1,030 | -2.5% |
| Statutory Appropriations | | | | | | | | |
| General | 243 | 158 | 140 | 139 | 139 | 278 | -20 | -6.7% |
| State Government Special Revenue | 302 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Special Revenue | 6,333 | 13,312 | 14,260 | 13,861 | 11,437 | 25,298 | -2,274 | -8.2% |
| Federal | 544,697 | 566,284 | 731,241 | 697,719 | 691,961 | 1,389,680 | 92,155 | 7.1% |
| Miscellaneous Agency | 632 | 723 | 850 | 777 | 777 | 1,554 | -19 | -1.2% |
| Gift | 1,013 | 1,455 | 276 | 74 | 74 | 148 | -1,583 | -91.5% |
| Total | 4,983,037 | 5,143,230 | 6,486,881 | 7,128,935 | 7,163,774 | 14,292,709 | 2,662,598 | 22.9% |

| | | | | | | | | |
|---------------------------------|------------------|------------------|------------------|------------------|------------------|-------------------|------------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 33,454 | 34,104 | 37,683 | 37,431 | 37,967 | 75,398 | 3,611 | 5.0% |
| Other Operating Expenses | 36,904 | 33,911 | 46,991 | 39,654 | 36,412 | 76,066 | -4,836 | -6.0% |
| Payments To Individuals | 2,762 | 2,737 | 2,670 | 8,058 | 5,634 | 13,692 | 8,285 | 153.2% |
| Local Assistance | 4,909,324 | 5,071,832 | 6,398,837 | 7,043,092 | 7,083,061 | 14,126,153 | 2,655,484 | 23.2% |
| Other Financial Transactions | 593 | 646 | 700 | 700 | 700 | 1,400 | 54 | 4.0% |
| Total | 4,983,037 | 5,143,230 | 6,486,881 | 7,128,935 | 7,163,774 | 14,292,709 | 2,662,598 | 22.9% |

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|--------------------------------|------------------|------------------|------------------|------------------|------------------|-------------------|--------------------------|----------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Expenditures by Program | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| General Education | 3,296,451 | 3,430,701 | 4,674,772 | 5,214,961 | 5,221,237 | 10,436,198 | 2,330,725 | 28.8% |
| Other General Programs | 7,173 | 6,823 | 3,800 | 5,106 | 5,897 | 11,003 | 380 | 3.6% |
| Nonpublic Pupil Programs | 31,909 | 34,127 | 36,919 | 41,137 | 39,940 | 81,077 | 10,031 | 14.1% |
| Charter Schools | 18,207 | 20,089 | 19,805 | 24,656 | 29,533 | 54,189 | 14,295 | 35.8% |
| Desegregation Programs | 55,259 | 65,026 | 53,059 | 69,176 | 69,552 | 138,728 | 20,643 | 17.5% |
| American Indian Programs | 3,588 | 5,383 | 6,254 | 6,629 | 6,677 | 13,306 | 1,669 | 14.3% |
| Accountability & Reform | 30,619 | 33,580 | 64,524 | 64,990 | 63,490 | 128,480 | 30,376 | 31.0% |
| Prgs For Special Populations | 117,888 | 115,736 | 176,497 | 171,992 | 171,938 | 343,930 | 51,697 | 17.7% |
| Special Programs | 662,773 | 709,188 | 693,702 | 788,337 | 813,080 | 1,601,417 | 198,527 | 14.2% |
| Facilities & Technology | 64,620 | 60,940 | 59,544 | 66,884 | 68,231 | 135,115 | 14,631 | 12.1% |
| Nutrition Programs | 155,366 | 166,058 | 168,713 | 168,315 | 169,361 | 337,676 | 2,905 | 0.9% |
| Libraries | 14,546 | 12,305 | 14,374 | 14,715 | 14,936 | 29,651 | 2,972 | 11.1% |
| Discontinued Programs (K-12) | 108,879 | 50,630 | 22,679 | 0 | 0 | 0 | -73,309 | -100.0% |
| Child Care Programs | 189,698 | 212,576 | 255,411 | 261,618 | 258,922 | 520,540 | 52,553 | 11.2% |
| Early Childhood & Family | 60,314 | 57,645 | 56,539 | 58,916 | 59,919 | 118,835 | 4,651 | 4.1% |
| Prevention | 37,585 | 39,308 | 32,090 | 29,245 | 27,242 | 56,487 | -14,911 | -20.9% |
| Self-Suff & Lifelong Learning | 65,582 | 63,257 | 73,047 | 72,467 | 75,129 | 147,596 | 11,292 | 8.3% |
| Discontinued Programs (Ec) | 1,399 | 200 | 401 | 0 | 0 | 0 | -601 | -100.0% |
| Agency | 61,181 | 59,658 | 74,751 | 69,791 | 68,690 | 138,481 | 4,072 | 3.0% |
| Total | 4,983,037 | 5,143,230 | 6,486,881 | 7,128,935 | 7,163,774 | 14,292,709 | 2,662,598 | 22.9% |

Revenue by Type and Fund**Non Dedicated**

| | | | | | | | | |
|------------------------|-------|-------|-------|-------|-------|-------|-----|------|
| General | 2 | 1,638 | 1,750 | 1,750 | 1,750 | 3,500 | 112 | 3.3% |
| Cambridge Deposit Fund | 1,630 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 1,632 | 1,638 | 1,750 | 1,750 | 1,750 | 3,500 | 112 | 3.3% |

Dedicated

| | | | | | | | | |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|------------------|---------------|-------------|
| General | 256 | 143 | 139 | 139 | 139 | 278 | -4 | -1.4% |
| State Government Special Revenue | 0 | 5 | 0 | 0 | 0 | 0 | -5 | -100.0% |
| Special Revenue | 8,362 | 12,553 | 11,267 | 10,666 | 10,542 | 21,208 | -2,612 | -11.0% |
| Federal | 546,887 | 563,482 | 730,925 | 697,719 | 691,961 | 1,389,680 | 95,273 | 7.4% |
| Maximum Effort School Loan | 1,060 | 940 | 940 | 940 | 940 | 1,880 | 0 | 0.0% |
| Miscellaneous Agency | 643 | 730 | 777 | 777 | 777 | 1,554 | 47 | 3.1% |
| Gift | 1,399 | 518 | 42 | 74 | 74 | 148 | -412 | -73.6% |
| Subtotal Dedicated | 558,607 | 578,371 | 744,090 | 710,315 | 704,433 | 1,414,748 | 92,287 | 7.0% |
| Total Revenue | 560,239 | 580,009 | 745,840 | 712,065 | 706,183 | 1,418,248 | 92,399 | 7.0% |

Full-Time Equivalents (FTE) **543.6** **518.7** **511.0** **509.7** **505.7**

CHILDREN, FAMILIES, & LEARNING

Program: GENERAL EDUCATION

Narrative

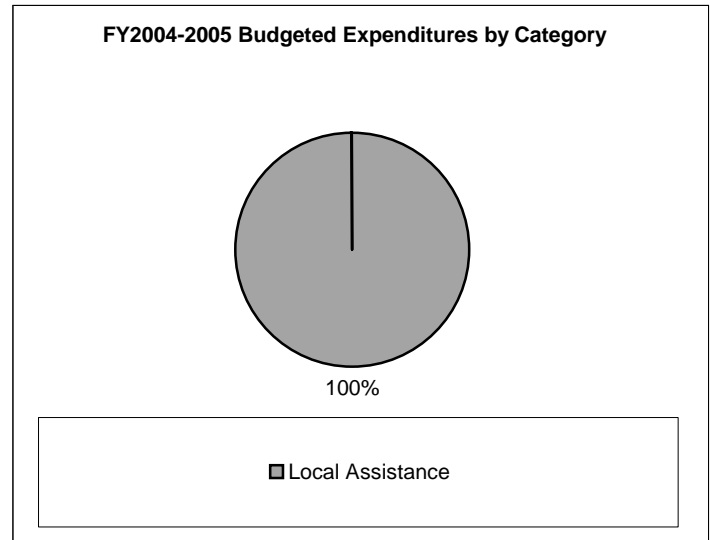
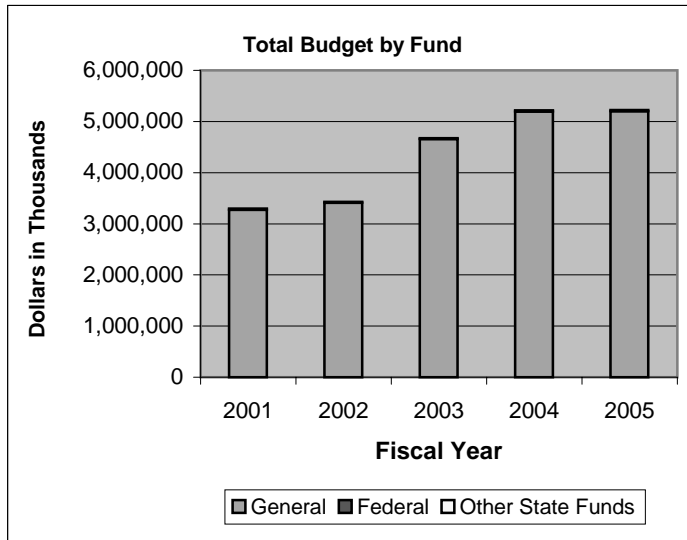
Budget Activities Included:

- ⇒ General Education
- ⇒ Property Tax Shift (information only)
- ⇒ State Paid Property Tax Credits (information only)
- ⇒ Referendum Tax Replacement Aid

CHILDREN, FAMILIES, & LEARNING

Program: **GENERAL EDUCATION**

Fiscal Report



| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
|------------------------------|------------------|------------------|--------------------|------------------|------------------|---------------------|--------------------------------------|--------------|
| Expenditures by Fund | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 3,272,398 | 3,409,333 | 4,655,490 | 5,195,327 | 5,201,251 | 10,396,578 | 2,331,755 | 28.9% |
| Open Appropriations | | | | | | | | |
| Endowment School | 24,053 | 21,368 | 19,282 | 19,634 | 19,986 | 39,620 | -1,030 | -2.5% |
| Total | 3,296,451 | 3,430,701 | 4,674,772 | 5,214,961 | 5,221,237 | 10,436,198 | 2,330,725 | 28.8% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|------------------|------------------|------------------|------------------|------------------|-------------------|------------------|--------------|
| Local Assistance | 3,296,451 | 3,430,701 | 4,674,772 | 5,214,961 | 5,221,237 | 10,436,198 | 2,330,725 | 28.8% |
| Total | 3,296,451 | 3,430,701 | 4,674,772 | 5,214,961 | 5,221,237 | 10,436,198 | 2,330,725 | 28.8% |

| Expenditures by Activity | | | | | | | | |
|---------------------------------|------------------|------------------|------------------|------------------|------------------|-------------------|------------------|--------------|
| General Education | 3,296,451 | 3,430,701 | 4,667,843 | 5,206,868 | 5,213,251 | 10,420,119 | 2,321,575 | 28.7% |
| Referendum Tax Replacement | 0 | 0 | 6,929 | 8,093 | 7,986 | 16,079 | 9,150 | 132.1% |
| Total | 3,296,451 | 3,430,701 | 4,674,772 | 5,214,961 | 5,221,237 | 10,436,198 | 2,330,725 | 28.8% |

CHILDREN, FAMILIES, & LEARNING

Program: GENERAL EDUCATION

Activity: GENERAL EDUCATION

Narrative

Activity Description

Citation: M.S. 122A.61; 123A.27; 123B.05; 126C; 127A.47; 127A.51

General Education is the largest single item of state general fund spending, and also the largest resource available to school districts. The following is a description of the purposes, uses, history and measures of General Education as a funding source for school finance, as well as a detailed explanation of each of the component parts that make up total funding.

Activity at a Glance

- ◆ 853,000 pre-kindergarten – grade 12 students – FY 2003
- ◆ 343 school districts and 77 charter schools
- ◆ \$5.2 billion in state aid and \$0.2 billion in referendum levies for FY 2003 (est.)
- ◆ \$6,364 average revenue per pupil – (est.) FY 2003 Average Daily Membership (ADM)

The purpose of this activity is to promote a general and uniform, thorough and efficient system of public schools throughout the state by providing the following.

- ⇒ **Adequate and equitable core funding for students** – General education revenue provides sufficient funding to ensure that each student receives an adequate education (excluding unique needs funded through categorical programs). This includes a large base of funding on a uniform per pupil basis, and additional revenues for variations in 1) the cost of delivering equivalent educational programs and services to students; and 2) the cost of programs to meet the unique needs of different student populations.
- ⇒ **Equity for taxpayers** – Core educational programs are funded by the state with proceeds from uniform statewide taxes. Discretionary programs and services are funded with local operating referendum levies, which are equalized by the state to enable participation by districts with low tax base.
- ⇒ **Efficient use of resources** – This program encourages school districts to provide programs and services efficiently by allocating resources based on uniform formulas applied to demographic and economic factors that are beyond local control, and by giving districts flexibility in the use of funds.
- ⇒ **Limited local control** – The referendum levy permits local school districts to raise limited additional revenues, with voter approval, to supplement state allocations.
- ⇒ **Facilitate state priorities** – This program encourages the development of programs and services identified as priorities by the state, such as class size reduction, staff development, and basic skills.
- ⇒ **Stability** – This program provides stable funding to ensure continuity of programs for students and stability in tax rates for taxpayers.

Population Served

General education revenue is provided for all public school students in kindergarten through grade 12 and for pre-kindergarten students with disabilities. In addition to students attending schools operated by school districts, this includes charter school students, students in grades 11 and 12 attending Minnesota higher education institutions under the Post Secondary Enrollment Options (PSEO) program, students enrolled in private, nonsectarian schools that have contracted with a public school district to provide educational services (contract alternative), and students attending public schools on a part-time basis while also attending nonpublic schools (shared time).

The table below shows the estimated state total number of students served in FY 2003 by grade level grouping and program type. The student counts shown are average daily membership (ADM), or the average number of students enrolled throughout the school year.

| | Regular District | Charter School | PSEO College | Contract Alternative | Shared Time | Total ADM |
|------------------|------------------|----------------|--------------|----------------------|-------------|-----------|
| Disabled Pre-K | 5,111 | 5 | 0 | 0 | 5 | 5,122 |
| Disabled Kndgrtn | 3,377 | 24 | 0 | 0 | 28 | 3,428 |
| Regular Kndgrtn | 53,253 | 1,175 | 0 | 88 | 10 | 54,526 |
| Grades 1-3 | 177,376 | 3,628 | 0 | 178 | 156 | 181,338 |
| Grades 4-6 | 190,836 | 2,822 | 0 | 112 | 243 | 194,013 |
| Grades 7-12 | 404,480 | 4,880 | 3,592 | 2,526 | 326 | 415,804 |
| TOTAL ADM | 834,433 | 12,534 | 3,592 | 2,904 | 768 | 854,231 |

CHILDREN, FAMILIES, & LEARNING

Program: GENERAL EDUCATION

Activity: GENERAL EDUCATION

Narrative

Historical and projected ADM state totals can be found on the Division of Program Finance web site. Historical ADM by school district is also available on the Division of Program Finance web site.

Services Provided

General education revenue is the primary source of general operating funds for school districts and charter schools. In FY 2003, it accounts for 84% of school district general fund state aid and levy revenues.

- ⇒ Programs supported by general education revenue include regular instruction, vocational instruction, special education, instructional support services, pupil support services, operations and maintenance of school facilities, pupil transportation, district and school administration, district support services, and capital expenditures.
- ⇒ The School District Profiles report, available on the Department of Children, Families & Learning (CFL) web site provides a breakdown of FY 2001 operating expenditures for each school district, as well as regional and state totals.

Most general education revenue is unrestricted, and can be used for any school operating purpose. Exceptions are as follows:

- ⇒ *Class-size reduction* (M.S. 126C.12). The additional basic revenue generated by the portion of the pupil unit weight for regular kindergarten students exceeding 0.5 and the portion of the pupil unit weight for students in grades 1 – 6 exceeding 1.0 is reserved for class-size reduction, beginning with kindergarten through grade three.
- ⇒ *Staff development* (M.S. 122A.61). An amount equal to 2% of basic revenue (\$92.02 per pupil unit in FY 2003) must be reserved for staff development. This requirement is waived for school districts in statutory operating debt, and may be waived by a majority vote of the school board and the teachers in any district.
- ⇒ *Basic skills* (M.S. 126C.15). This revenue, which includes compensatory education revenue and Limited English Proficiency (LEP) revenue, must be used to meet the educational needs of students who enroll under-prepared to learn and whose progress toward meeting state or local content or achievement standards is below the level that is appropriate for learners of their age. Compensatory revenue must be allocated to the buildings where the children generating the revenue are served; however, an amount up to 5% of the prior year's revenue may be allocated according to a local plan approved by the commissioner.
- ⇒ *Operating capital* (M.S.126C.10, Subd. 13, 14). This revenue must be used for facilities, equipment, or personnel costs directly related to the acquisition, operation, and maintenance of telecommunications systems, computers, related equipment, and software. For FY 2001 - FY 2003 only, \$5 per pupil unit of this revenue is set aside for telecommunications access.
- ⇒ *Class-size, all-day kindergarten, or special education* (M.S. 126C.125). In addition to the class-size reduction set-aside, \$11 per pupil unit must be reserved for class-size reduction, all-day kindergarten, or reducing special education student-to-instructor ratios.

Historical Perspective

The General Education program has undergone several changes since its inception in the late 1980s, including the following:

- ⇒ The General Education program was initiated in FY 1989, replacing the foundation program and numerous categorical programs, including teacher retirement aid, summer program aid and levy, gifted and talented aid, arts education aid, chemical dependency aid, programs of excellence grants, and the liability insurance levy.
- ⇒ In FY 1994, FY 1995, and FY 2000, the pupil weighting factors for regular kindergarten and elementary students were increased to provide additional funding for elementary class-size reduction.
- ⇒ Beginning in FY 1997, funding for regular transportation and operating capital is included in the general education program.
- ⇒ Beginning in FY 1998, compensatory education revenue is computed using building-level free and reduced-price lunch counts, instead of district-level Aid to Families with Dependent Children (AFDC) counts.
- ⇒ Beginning in FY 2000, additional funding is provided for districts with declining enrollments through the use of "marginal cost" pupil units, which reflect a mix of current and prior-year data.

CHILDREN, FAMILIES, & LEARNING

Program: GENERAL EDUCATION

Activity: GENERAL EDUCATION

Narrative

- ⇒ Beginning in FY 2001, district cooperation revenue was rolled into the general education formula, increasing the formula allowance by \$67.
- ⇒ Beginning in FY 2003, the general education levy is eliminated, and the general education formula is fully funded by the state. In addition, \$415 per pupil unit was transferred from referendum revenue to the general education formula.

Additional information on the history of [Minnesota School Finance](#) is available on the Division of Program Finance web site.

Key Measures

Indicators of the adequacy and equity of general education revenue include the following:

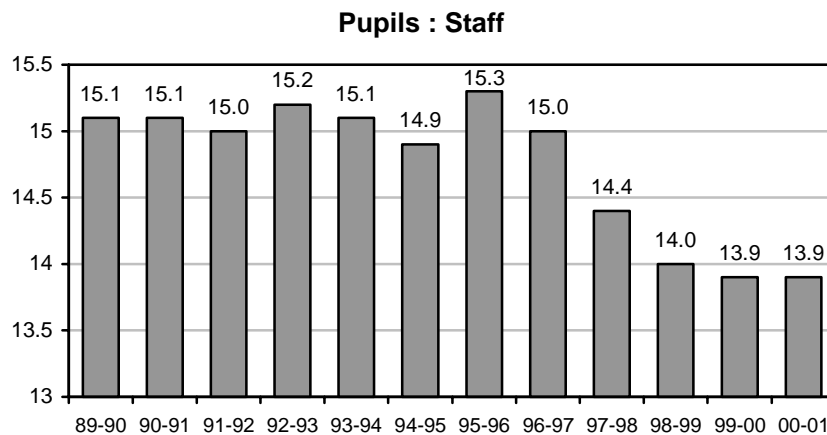
- ⇒ *Growth in Revenue per ADM.* The table below shows the change in general education revenue per ADM from FY 1996 through FY 2003 in current and constant (2001) dollars. Between FY 1996 and FY 2003, general education revenue per ADM increased by 30.5%. After adjusting for inflation using the consumer price index (CPI), the increase was 11.0%.

General Education Revenue per ADM, FY 1996 - FY 2003
(Including amounts rolled into General Education Revenue since FY 1996)

| | Revenue per ADM Current Dollars | | Revenue per ADM Constant (2001) Dollars | |
|------|------------------------------------|------------------------|--|----------------------|
| | Amount | Cumulative % Change | Amount | Cumulative Change |
| 1996 | 4,875 | NA | 5,523 | NA |
| 1997 | 4,946 | 1.5% | 5,450 | -1.3% |
| 1998 | 5,152 | 5.7% | 5,577 | 1.0% |
| 1999 | 5,294 | 8.6% | 5,635 | 2.0% |
| 2000 | 5,602 | 14.9% | 5,794 | 4.9% |
| 2001 | 5,844 | 19.9% | 5,844 | 5.8% |
| 2002 | 6,044 | 24.0% | 5,943 | 7.6% |
| 2003 | 6,364 | 30.5% | 6,129 | 11.0% |

Excludes revenues and pupils for PSEO College Shared Time and Contract Alternative Adjustments.

- ⇒ *Pupil – staff ratios.* Compensation for teachers and other district staff constitutes the districts' largest operating cost. The graph shows the ratio of ADM pupils to licensed professional staff. From FY 1990 to FY 1997 there was little variation in the ratio. Since then the ratio has decreased. For FY 2000 and FY 2001 the ratio was 13.9.



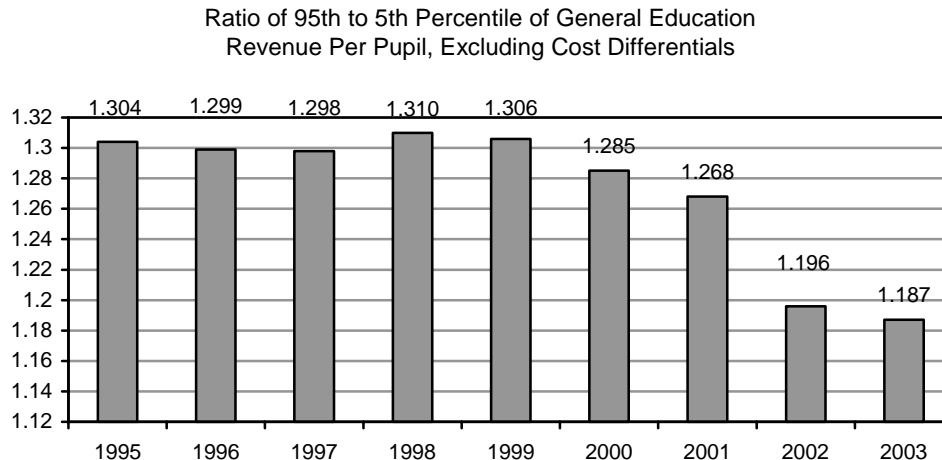
CHILDREN, FAMILIES, & LEARNING

Program: GENERAL EDUCATION

Activity: GENERAL EDUCATION

Narrative

⇒ *Disparity in revenue per pupil unit.* M.S. 127A.51 requires the department to report annually on the disparity in general education revenue per pupil unit, as measured by the ratio of the 95th percentile to the 5th percentile of general education revenue per pupil unit. The [General Education Disparity Report](#) can be found on the Division of Program Finance web site. Beginning in FY 2003, equity revenue is included in the analysis. Therefore, for comparison purposes, the numbers in the following chart have been adjusted to include equity revenue for all years. According to this measure, the disparity in general education revenue per pupil unit remained fairly constant between FY 1995 and FY 1997; then increased for FY 1998 and FY 1999. Since then, there has been a steady decline in the ratio.



⇒ *Other Measures.* Except for the portion of revenue attributable to compensatory revenue, which must be passed through to each school site, each local school board determines how to allocate the general education revenue among school sites and programs subject to certain legislative restrictions. Information on [school performance](#) and [school district spending](#) can be found on the department's web site.

Activity Funding

- ⇒ Funding is based primarily on the average daily membership (ADM) of students in pre-kindergarten through grade 12. ADM is computed by dividing the number of student membership days by the number of days school is in session.
- ⇒ To reflect cost differences; the ADM is weighted by grade level to determine the number of pupil units:

| | | | |
|-----------------------|-------|---------------|-------|
| Disabled Pre-K | 1.25 | Grades 1 – 3 | 1.115 |
| Disabled Kindergarten | 1.0 | Grades 4 - 6 | 1.06 |
| Regular Kindergarten | 0.557 | Grades 7 – 12 | 1.30 |

⇒ Most revenues are computed using adjusted marginal cost pupil units (AMCPU). "Adjusted" means that the resident pupil units have been adjusted by adding the pupil units generated by nonresident students served in the district under alternative attendance programs such as open enrollment, and subtracting the pupil units generated by resident students served in another district under an alternative attendance program. "Marginal cost" means that pupil units are computed using a mix of current and prior year data, recognizing that school districts have fixed costs that do not decline in direct proportion to enrollment decline. Adjusted marginal cost pupil units equal the greater of the adjusted pupil units for the current year or 77% of the adjusted pupil units for the current year plus 23% of the adjusted pupil units for the prior year.

CHILDREN, FAMILIES, & LEARNING

Program: GENERAL EDUCATION

Activity: GENERAL EDUCATION

Narrative

General education revenue includes several components, as shown in the table below. Beginning in FY 2003, all components except referendum revenue are funded entirely with state aid. Referendum revenue is funded with a mix of local property taxes, state referendum equalization aid, and state tax base replacement aid.

Spreadsheets showing general education revenue by component for FY 1999 – FY 2003 for individual districts, groupings of districts and the state are at [End of 2002 Session District Revenue Estimates by Strata and by District](#). Detailed [spreadsheets](#) showing the calculation of each revenue component for each school district and charter school for each fiscal year are on the Division of Program Finance web site.

General Education Revenue by Component – FY 2003 (est.)

| | Number of Districts | Number of Charter Schools | Amount (Millions) | Percent of Total |
|-----------------------------------|--------------------------------|--------------------------------------|------------------------------|-----------------------------|
| 1. Basic | 343 | 77 | \$ 4,513.5 | 83.1% |
| 2. Basic Skills: | | | | |
| a) Compensatory | 341 | 75 | 250.3 | 4.6% |
| b) LEP (incl. Concentration) | 209 | 22 | 51.0 | 0.9% |
| 3. Sparsity | 78 | 77 | 15.7 | 0.3% |
| 4. Transportation Sparsity | 343 | 31 | 56.6 | 1.0% |
| 5. Operating Capital | 343 | 77 | 199.2 | 3.7% |
| 6. Training & Experience | 216 | 77 | 17.7 | 0.3% |
| 7. Equity | 322 | 77 | 34.7 | 0.6% |
| 8. Alternative Attendance Adjust. | 218 | 73 | 2.0 | 0.0% |
| 9. Misc. Adjustments | | | | |
| a) Pension Adjustment | 342 | 77 | (46.6) | |
| b) PSEO-College | N/A | N/A | 18.8 | 0.3% |
| c) Shared Time | N/A | N/A | 4.1 | 0.1% |
| d) Contract Alternative | N/A | N/A | 17.6 | 0.3 |
| SUBTOTAL | 343 | 65 | \$5,134.6 | 94.5% |
| 10. Operating Referendum | 267 | 0 | 296.6 | 5.5% |
| GRAND TOTAL REVENUE | 343 | 77 | \$5,431.5 | 100.0% |

DETAIL OF REVENUE COMPONENTS. For FY 2003 and later, the components of general education revenue are as follows:

Basic Revenue

- ⇒ Basic revenue provides all districts with a uniform allocation per pupil unit.
- ⇒ Basic revenue for a district equals the product of the district's adjusted marginal cost pupil units times the formula allowance established in law.
- ⇒ The formula allowance for FY 2003 and later is \$4,601.
- ⇒ The change in the formula allowance is not a reliable indicator of the growth in school district revenue per student over time because of several factors, including changes in pupil weights, changes in formulas for allocating additional pupil units to districts with declining enrollment, transfers of various funding programs into or out of the general education formula, offsets to the formula for changes in other funding components, and changes in other funding components.

Basic Skills Revenue

Basic skills revenue includes compensatory revenue and LEP revenue:

Compensatory Revenue is based on the concentration of poverty in a school building.

- ⇒ A site's compensatory revenue for each eligible pupil increases as the concentration of eligible pupils at the site increases. The maximum compensatory funding per free-lunch pupil is 60% of the formula allowance in

CHILDREN, FAMILIES, & LEARNING

Program: GENERAL EDUCATION

Activity: GENERAL EDUCATION

Narrative

sites where the free lunch count plus 1/2 of the reduced-price lunch count is 80% or more of the total enrollment. Funding is based on the October 1 count for the prior school year.

LEP Revenue is based on the number and concentration of LEP students enrolled in the district. There are two components to LEP revenue: regular LEP revenue and concentration aid.

- ⇒ For districts and charter schools with at least one LEP student, regular LEP revenue equals \$584 times the greater of 20 or the marginal cost number of LEP pupils enrolled in the district (greater of current year count or 77% of current year plus 23% of prior year).
- ⇒ LEP concentration aid provides additional funding of \$190 times the LEP enrollment, times the lesser of one or the ratio of the district's LEP concentration percent to 11.5%.

Beginning in FY 2004, an LEP pupil ceases to generate revenue in the school year following the school year in which the pupil attains the state cut-off score on the Test of Emerging Academic English (TEAE). This test is designed to provide information about how well students with limited English language proficiency are learning academic English required for achievement of the high standards in reading and writing.

Sparsity Revenue

- ⇒ This revenue funds the added costs of operating small schools that are too isolated to reduce costs by cooperating or consolidating. The smaller the enrollment, the greater the potential sparsity revenue per student. The greater the isolation, the greater the portion of potential revenue that is paid. Sparsity revenue is calculated on a school-by-school basis.
- ⇒ Separate formulas are used for elementary schools and secondary schools:

For a secondary school to generate sparsity revenue, it must have a secondary ADM (grades 7-12) less than 400, and an isolation index greater than 23. The isolation index equals the square root of 55% of the attendance area of the school district, plus the distance to the nearest other high school. The isolation index approximates the longest travel distance that would be necessary after consolidation.

For an elementary school to generate sparsity revenue, it must have an elementary ADM (grades K-6) less than 140, and be located at least 19 miles from the nearest other elementary school.

Transportation Sparsity Revenue

- ⇒ This revenue funds the added cost of pupil transportation in areas with low population density, supplementing the 4.85% of basic revenue, (\$223 per pupil unit in FY 2003), provided to all districts for transportation purposes. The transportation sparsity allowance for a district increases as the number of pupil units per square mile decreases.

Training and Experience (T & E) Revenue

- ⇒ This revenue adjusts for cost variations associated with differences in the training and experience of the faculty. It is being phased out as teaching staff employed in FY 1997 leave the district.

Operating Capital Revenue

- ⇒ This revenue, which is reserved for facilities and equipment purposes, equals \$173 per pupil unit, plus an adjustment of up to \$50 per pupil unit, based on the average age of the district's buildings.

Equity Revenue

- ⇒ This formula provides additional revenue for districts with referendum revenue per pupil unit below the 95th percentile for the region where the district is located (metro or rural).
- ⇒ Minneapolis, St. Paul, and Duluth are not eligible for this revenue.
- ⇒ For qualifying districts with no referendum levy, the revenue allowance is \$10 per pupil unit.

CHILDREN, FAMILIES, & LEARNING

Program: GENERAL EDUCATION

Activity: GENERAL EDUCATION

Narrative

- ⇒ For qualifying districts with a referendum levy, the revenue allowance is \$10 plus an amount up to \$55 per pupil unit, depending on how far the district's referendum revenue per pupil unit is below the regional 95th percentile (sliding scale).

Alternative Attendance Adjustment

- ⇒ Referendum equalization aid follows the student to the nonresident district or charter school the student attends. The resident district loses the aid generated by the student.
- ⇒ If the student enrolls in another school district, that district's aid is increased by the nonresident district's referendum equalization aid per pupil unit.
- ⇒ If the student enrolls in a charter school, the charter school's aid is increased by the amount subtracted from the aid paid to the resident district.

Miscellaneous Adjustments to General Education Revenue

- ⇒ *Post-Secondary Enrollment Options (PSEO) Aid* is paid to Minnesota higher education institutions for courses taken by 11th and 12th grade students for high school credit. For institutions granting quarter credit, the reimbursement per credit hour is 88% of the formula allowance times 1.3, and divided by 45. For institutions granting semester credit, the reimbursement per credit hour is 88% of the formula allowance times 1.3, and divided by 30. Additional information on this program can be found on the department's [PSEO](#) web site.
- ⇒ *Contract Alternative Aid* is paid to districts for students eligible to participate in the graduation incentives program who enroll in nonpublic, nonsectarian schools that have contracted with the serving school district to provide education services.
- ⇒ *Shared Time Aid* is paid to districts for students who attend public schools on a part-time basis while also attending private schools. Revenue for shared time pupils equals their full-time equivalent pupil units times the formula allowance.
- ⇒ *Pension Adjustment*. General education aid is adjusted to offset the impact of certain changes in employer contribution rates for members of the Teachers Retirement Association (TRA) and the Public Employees Retirement Association (PERA). General education aid is reduced by an amount equal to 2.34% of the FY 1997 salaries for TRA members, and is increased by an amount equal to 0.7% of FY 1997 salaries for PERA members. In addition to these adjustments, an adjustment is made for a 1984 PERA rate change.

Referendum Revenue

- ⇒ A school board may increase its revenue for general education, beyond the level otherwise provided by state law, by obtaining approval from district voters for a referendum levy.
- ⇒ A district's gross referendum revenue equals the allowance per resident marginal cost pupil unit specified on the ballot times the school district's resident marginal cost pupil units.
- ⇒ A district's referendum allowance per pupil unit may not exceed the greater of a) 18.2% of the formula allowance, (\$837 in FY 2003), or b) 116.2% of the district's referendum allowance in FY 1994 minus \$415. The referendum allowance cap does not apply to districts receiving sparsity revenue.

Referendum Aid and Levy

- ⇒ School districts receiving referendum revenue make an additional levy for this purpose. The levy is spread based on the referendum market value of property, which excludes seasonal recreational cabin property and agricultural land (the house, garage and one acre of farm properties are taxable).
- ⇒ The state funds a portion of referendum revenue with referendum equalization aid and tax base replacement aid. Beginning in FY 2003, a two-tiered referendum equalization formula is used. For the first \$126 of revenue per pupil unit, the local levy share equals the lesser of 100% of the revenue or the product of the revenue times the ratio of the district's referendum market value per resident marginal cost pupil to \$476,000. For revenue over \$126 per pupil unit, up to the referendum allowance cap, the local levy share equals the lesser of 100% of the revenue or the product of the revenue times the ratio of the district's referendum market value per resident marginal cost pupil to \$270,000. For districts qualifying for sparsity revenue, the referendum allowance cap does not apply, and the full referendum revenue over \$126 per pupil unit is eligible for equalization using the \$270,000 equalizing factor.

CHILDREN, FAMILIES, & LEARNING

Program: GENERAL EDUCATION

Activity: GENERAL EDUCATION

Narrative

⇒ For districts with an FY 2002 referendum allowance levy exceeding \$415, the state pays tax base replacement aid equal to the unexpired portion of the district's referendum levy for taxes payable in 2002 attributable to the portion of the referendum allowance exceeding \$415 levied against seasonal recreational cabin property and agricultural land. Because tax base replacement aid is subtracted from referendum equalization aid, in FY 2003 it provides a net reduction in taxes only for 26 school districts where the tax base replacement aid exceeds the referendum equalization aid.

Replacements of General Education Revenue

A district's general education aid is reduced by the amount that it receives from the following sources:

- ⇒ *School Endowment Fund.* This fund is apportioned twice a year to all districts on the basis of the previous year's ADM (M.S. 127A.33). The School Endowment Fund distributes investment earnings transferred to it from the Permanent School Fund. The principle of the permanent school fund, which must remain perpetual and inviolate, has been generated by land sales, mining royalties, timber sales, lakeshore and other leases, and other miscellaneous sources.
- ⇒ *County Apportionment Deduction.* School districts receive revenue from the apportionment of certain county receipts (M.S. 127A.34). This revenue is derived from penalties on real estate taxes, taxes on transmission and distribution lines, liquor license fees, fines, and other sources.
- ⇒ *Taconite Aid.* Certain districts may receive a small portion of their general education revenue from various taconite taxes (M.S. 294.21-294.28; M.S. Chapter 298). Taconite receipts of a school district for a fiscal year exceeding the amount needed to offset the taconite levy limitation reduction recognized for that fiscal year are subtracted from general education aid under M.S. 126C.21, subd. 4.

Contact

Additional information is available from the Minnesota Department of Children, Families & Learning, Division of Program Finance, (651) 582-8868.

CHILDREN, FAMILIES & LEARNING

Program: GENERAL EDUCATION

Activity: General Education

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | | |
|---|------------------|--------------------|--------------------|-----------------------|------------------|-----------------------|---|--------------|
| Budget Activity Summary | Actual FY2001 | Estimate FY2002 | Budgeted FY2003 | Base FY2004 FY2005 | | Biennium FY2004-05 | Biennial Change 2004-05 / 2002-03 Dollars Percent | |
| 1. Statutory Formula Aid | 3,335,885 | 3,447,702 | 5,209,011 | 5,224,097 | 5,228,628 | 10,452,725 | 1,796,012 | 20.7% |
| 2. Statutory Excess/(Shortfall) | | | | | | | | |
| 3. Appropriated Entitlement | 3,335,885 | 3,447,702 | 5,209,011 | 5,224,097 | 5,228,628 | 10,452,725 | 1,796,012 | 20.7% |
| 4. State Aid Entitlement | 3,335,885 | 3,447,702 | 5,209,011 | 5,224,097 | 5,228,628 | 10,452,725 | 1,796,012 | 20.7% |
| 5. Local Levy | 1,652,917 | 1,707,094 | 29,732 | 354,105 | 436,105 | 790,210 | (946,616) | -54.5% |
| 6. Revenue (Total of Aid & Levy) | 4,988,802 | 5,154,796 | 5,238,743 | 5,578,202 | 5,664,733 | 11,242,935 | 849,396 | 8.2% |
| 7. Total School District Revenue - All Funds | 4,988,802 | 5,154,796 | 5,238,743 | 5,578,202 | 5,664,733 | 11,242,935 | 849,396 | 8.2% |
| Appropriations Basis for State Aid | | | | | | | | |
| Prior Year (10% FY 01-03) (17% FY 04-05) | 310,442 | 333,756 | 335,163 | 857,887 | 860,516 | 1,718,403 | 1,383,240 | |
| Cancellation | (8) | (4,835) | (3,844) | | | | | |
| Current Year (90% FY 01-02) (83% FY 03-05) | 2,962,174 | 3,080,412 | 4,299,741 | 4,329,347 | 4,332,749 | 8,662,096 | 1,281,943 | |
| Cancellation | (210) | | | | | | | |
| Advance Payment Appropriation | | | 17,500 | | | | | |
| Total State Aid - General Fund | 3,272,398 | 3,409,333 | 4,648,560 | 5,187,234 | 5,193,265 | 10,380,499 | 2,665,183 | 33.1% |
| Other Approp. Federal Plus Other State Funds | 24,053 | 21,368 | 19,283 | 19,634 | 19,986 | 39,620 | (1,031) | |
| TOTAL APPROPRIATIONS | 3,296,451 | 3,430,701 | 4,667,843 | 5,206,868 | 5,213,251 | 10,420,119 | 2,664,152 | 32.9% |

CHILDREN, FAMILIES, & LEARNING

Program: GENERAL EDUCATION

Activity: PROPERTY TAX SHIFT (info only)

Narrative

Activity Description

Citation: M.S. 123B.75, Subd.5

This accounting mechanism was first implemented in 1983 to help balance the state's budget and lessen cuts in education programs.

Activity at a Glance

Early Recognition Amounts

- ◆ FY 2000 \$135.1 million
- ◆ FY 2001 \$150.5 million

Population Served

This activity, in earlier years, provided benefits to both the state and its citizens by allowing the state to balance the state budget without making severe cuts in education aid. Districts benefit from current provisions of the law that allow districts to preserve fund balance created by historic early recognition of the specific levies including referendum, health benefits and insurance, and reemployment.

History

While property taxes are paid on a calendar year basis, school districts operate on a fiscal year that runs from July 1 to June 30. The first half of the property taxes payable for the calendar year are due in May and the second half are due in October or November.

Prior to FY 1983, all of the school districts' May property tax collections were held and recognized as revenue in the following fiscal year, beginning July 1. Beginning in FY 1983, the revenue recognition policy was changed so that a portion of the spring proceeds were recognized as revenue in the fiscal year of collection. The shift provision was structured to be revenue neutral to school districts¹ by adjusting state aid payments by the difference between the current year's early levy recognition amount and the previous year's early levy recognition amount. This accounting change provided the state with one-time savings in aid payments, without reducing the overall revenue recognized by a school district.

The state began repaying the revenue neutral portion of the shift in 1994. The following amounts were appropriated to eliminate the revenue neutral portion of the shift between FY 1994 and FY 1999.

| <u>FY 1994</u> | <u>FY 1995</u> | <u>FY 1996</u> | <u>FY 1997</u> | <u>FY 1998</u> | <u>FY 1999</u> | <u>TOTAL</u> |
|----------------|----------------|----------------|----------------|----------------|----------------|--------------|
| \$171,290 | \$710 | \$314,832 | \$180,000 | \$18,700 | \$90,200 | \$775,732 |

The referendum levy portion of the recognition change amount (along with several other smaller levies) is not revenue neutral and was not eliminated in FY 1999. Districts with first-time referendum levies recognized a portion of the levy a year early, while districts levying for the last time recognized only the balance not recognized the previous year. The continued early recognition of the referendum levy portion prevented school districts from experiencing a revenue loss when in the year the revenue neutral portion of the shift was eliminated. The continued early recognition of the other specified levies matches the timing of revenue recognition to district expenditure.

For FY 2000 school districts were required to recognize the lesser of 1) tax settlements received in May, June, and July, or 2) the sum of 31% of the referendum levy certified in the prior calendar year and 100% of levies for integration, reemployment insurance, health insurance, health benefits, retirement, and levy adjustments for retroactive formula changes.

Implementation of the education homestead and agricultural homestead credits reduced tax receipts for some districts to an amount less than the amount of the specific levies statute directs for early recognition. This resulted in revenue losses for some school districts, particularly those also receiving taconite property tax relief.

¹ Except for the referendum levy and other levies (such as health insurance) specified in law.

CHILDREN, FAMILIES, & LEARNING

Program: GENERAL EDUCATION

Activity: PROPERTY TAX SHIFT (info only)

Narrative

The formula was changed so for FY 2001 school districts were required to recognize the lesser of 1) tax settlements received in May, June, and July ***plus general education aid received in July and August***, or 2) the sum of 31% of the referendum levy certified in the prior calendar year and 100% of levies for integration, reemployment insurance, health insurance, health benefits, retirement, and levy adjustments for retroactive formula changes. This prevents a one-time revenue loss to districts where the spring tax settlements are not large enough to cover the amount of levy to be recognized early.

For FY 2002 and later, school districts are required to recognize the lesser of 1) tax settlements received in May, June, and July ***plus general education aid received in July and August***, or 2) the sum of 31% of the referendum levy ***certified in calendar year 2000*** and 100% of levies for integration, reemployment insurance, health insurance, health benefits, retirement, and levy adjustments for retroactive formula changes. This change to the formula prevents a one-time revenue loss to districts where the referendum levy is reduced for taxes payable in 2002 and later due to the \$415 transfer of referendum authority to the general education formula, tax base replacement aid, and equalization aid provided on the remaining referendum revenue.

The continued early recognition of these categories 1) prevent school districts from experiencing a revenue loss in a year; or 2) match the timing of revenue recognition to district expenditure.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

Additional information is available from the Minnesota Department of Children, Families & Learning, Division of Program Finance, (651) 582-8566

CHILDREN, FAMILIES, & LEARNING

Program: GENERAL EDUCATION

Activity: STATE PAID PROPERTY TAX CREDITS (info only)

Narrative

Activity Description

Citation: M.S. 469.170; M.S. 273.1398

Information Only

Property tax credits and aids administered by the Department of Revenue provide a vehicle for property tax reform or relief for targeted real property classes. The effect of these state paid property tax credits and aids is to shift a portion of property tax burden for education from property owners to the state.

Activity at a Glance

- ◆ 7 credit programs in FY 2003
- ◆ \$81.4 million total amount of credits FY 2003

Population Served

All school districts in the state receive some form of state paid property tax credits. The number and the amount of state paid tax credits that districts and property tax owners in the district receive is dependent upon the local conditions.

Activity Funding

Current property tax credit and aid programs paid to school districts by Children, Families & Learning (CFL) affect property tax in one of two ways:

Programs reducing the property tax rate applied to the property value to calculate property tax.

- ⇒ Homestead and Agricultural Credit Aid became effective for taxes payable in 1990, replacing the homestead credit and the agricultural credit programs. It reduced the overall net levy and tax rate of a school district. It was eliminated in FY 2003.
- ⇒ Disparity Reduction Aid provides relief to high tax rate areas. The Department of Revenue calculates a reduction to the initial tax rate to reduce the rate as much as 10%.

Programs providing a reduction to the calculated property tax, (listed in the order applied to the tax).

- ⇒ Disaster Credit provides relief to homesteads located in declared disaster or emergency areas.
- ⇒ Agricultural Preserves Credit provides relief to owners of agricultural property in the seven county metropolitan area.
- ⇒ Enterprise Zone Credit provides relief to commercial and industrial properties in economically depressed areas designated as enterprise zones with the purpose of retaining business base and generating employment.
- ⇒ Disparity Reduction Credit provides relief to apartments, commercial, industrial, and public utilities in economically depressed areas located at Minnesota borders designated as enterprise zones.
- ⇒ Education Homestead Credit, the largest of the property tax credits, was implemented as a property tax reform measure for taxes payable in 1998. The credit targeted homesteaded property and replaced 83% of the general education tax, up to a maximum of \$390. It was eliminated in FY 2003 with the state takeover of the basic general education levy.
- ⇒ Education Agricultural Credit, the second largest of the property tax credits, targeted homesteaded agricultural property and was implemented for taxes payable in 2000. It replaces 70% of the general education tax for agricultural homestead property with a market value of up to \$600,000 and 63% for other agricultural and timberland properties. It was eliminated in FY 2003 with the state takeover of the basic general education levy.
- ⇒ Residential Homestead Market Value Credit, implemented in 2002, provides relief to residential homestead property, including the house, garage, and one acre of land for farm homesteads and certain resort homesteads. The credit is computed as 0.4% of the first \$76,000 market value of each homestead property. The maximum credit is \$304, and is phased out at a rate of .09% of the value over \$76,000.
- ⇒ Agricultural Land Market Value Credit, implemented in 2002 provides relief to agricultural homestead property, excluding the house, garage, and one acre. The credit is computed as 0.2% of the market value of each homestead property. The maximum credit is \$230.

CHILDREN, FAMILIES, & LEARNING

Program: GENERAL EDUCATION

Activity: STATE PAID PROPERTY TAX CREDITS (info only)

Narrative

In addition to the property tax relief aids and credits listed above, school districts may receive others paid by the county, including power line credit, county conservation credit, and taconite homestead credit. Taconite homestead credit targets Iron Range homeowners with a credit of either 66% or 57%, depending on characteristics of the mining industry within the school district. The 66% credit has a maximum of \$315.10 per property. The 57% credit has a maximum of \$289.80 per property.

Key Measures

Open appropriations are provided for the following aids and credits paid to school districts by CFL. The amounts include credits and aids for mobile home properties. The Department of Revenue reports the property tax credit appropriation within its budget.

Source: Tax Research Division, Department of Revenue, February 8, 2002

State Paid Property Tax Credits

| | Dollars in Thousands | | | | |
|---------------------------------------|----------------------|--------------------|--------------------|--------------------|--------------------|
| | FY 2001 | FY 2002 | FY 2003 | FY 2004 | FY 2005 |
| | 99 Pay 00 | 00 Pay 01 | 01 Pay 02 | 02 Pay 03 | 03 Pay 04 |
| HACA | \$ 28,406.6 | \$ 17,198.9 | N/A | N/A | N/A |
| Homestead Market Value Credit | N/A | N/A | \$ 67,768.0 | \$ 69,564.0 | \$ 71,302.0 |
| Agricultural Land Market Value Credit | N/A | N/A | 3,674.0 | 3,766.0 | 3,860.0 |
| Disparity Reduction Aid | 10,343.9 | 10,398.4 | 8,150.8 | 7,252.1 | 7,072.4 |
| Disaster Credit | N/A | 9.4 | N/A | N/A | N/A |
| Agricultural Preserves Credit | 147.7 | 162.9 | 162.9 | 162.9 | 162.9 |
| Enterprise Zone Credit | 1.2 | 0.8 | 0.8 | 0.8 | 0.8 |
| Disparity Reduction Credit | 1,332.0 | 1,433.0 | 748.6 | 786.2 | 825.4 |
| Education Agriculture Credit | 45,979.2 | 55,116.0 | N/A | N/A | N/A |
| Education Homestead Credit | 396,897.5 | 405,886.7 | * 875.6 | * 221.0 | N/A |
| TOTAL | \$483,108.1 | \$490,206.1 | \$ 81,380.7 | \$ 81,753.0 | \$ 83,223.5 |
| Prior Year Adjustment | 16.0 | 16.7 | 16.7 | 16.7 | 16.7 |
| Adjusted TOTAL | \$483,124.1 | \$490,222.8 | \$ 81,397.4 | \$ 81,769.7 | \$ 83,240.2 |

*Prior year adjustment

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

Additional information is available the Minnesota Department of Children, Families & Learning, Division of Program Finance, (651) 582-8868.

CHILDREN, FAMILIES, & LEARNING

Program: GENERAL EDUCATION

Activity: REFERENDUM TAX REPLACEMENT

Narrative

Activity Description

Citation: M.S. 126C.17, Subd. 7a

This activity ensures that the removal of agricultural land and seasonal recreational cabin properties from the referendum tax base beginning with taxes payable in 2002 will not increase tax burdens for other taxpayers in a district for the portion of pre-existing referendum authorizations that remain in effect for later years.

Activity at a Glance

| | |
|---------------------------------|-------------|
| ◆ FY 2003 State Aid Entitlement | \$8,347,239 |
| ◆ Districts Participating | 122 |
| ◆ Average Aid Amount | \$68,419.99 |

Population Served

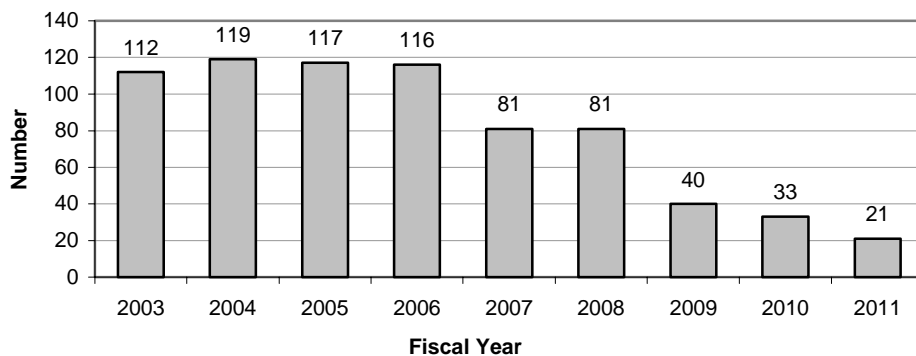
Referendum tax base replacement aid provides property tax relief to property owners who would otherwise have experienced tax increases as a result of the removal of farmland and seasonal recreational cabin property from referendum market value. All else being equal, the removal of these properties from the referendum tax base would have increased tax burdens on other taxpayers in a school district.

Services Provided

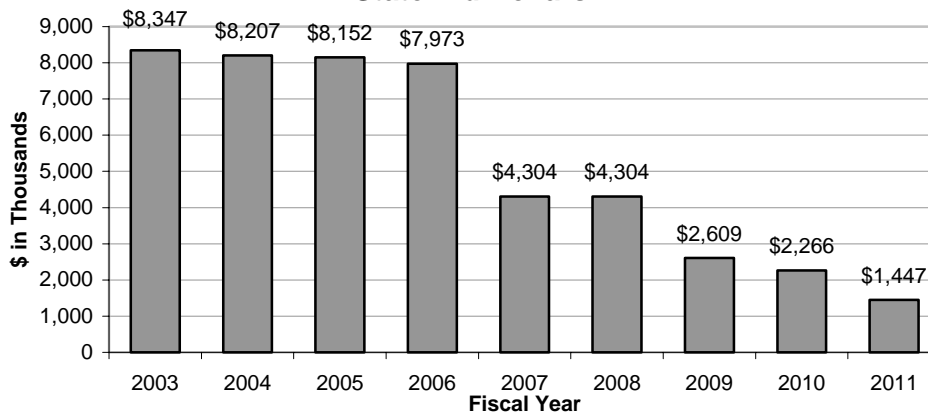
School districts do not receive additional revenue as a result of this aid.

Key Measures

Participating Districts



State Aid Dollars



CHILDREN, FAMILIES, & LEARNING

Program: GENERAL EDUCATION

Activity: REFERENDUM TAX REPLACEMENT

Narrative

Activity Funding

The referendum tax base replacement aid for a district equals the amount of the FY 2002 referendum levy attributable to the portion of the referendum allowance exceeding \$415 per pupil unit that was levied against agricultural land and seasonal recreational cabin properties. When the FY 2002 referendum authority for a district expires, the corresponding referendum tax base aid also expires. Since all referendums in effect for FY 2002 will expire by 2012, all referendum tax base replacement aid will expire by FY 2012.

Because referendum tax base replacement aid is subtracted from referendum equalization aid otherwise due the school district, it provides a net reduction in property taxes only for 26 school districts where the tax base replacement aid exceeds the referendum equalization aid.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

Additional information is available from the Minnesota Department of Children, Families & Learning, Division of Program Finance, (651) 582-8851.

CHILDREN, FAMILIES & LEARNING

Program: GENERAL EDUCATION

Activity: Referendum Tax Replacement Aid

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | | |
|---|------------------|--------------------|--------------------|--------------|--------------|-----------------------|--------------------------------------|---------------|
| Budget Activity Summary | Actual FY2001 | Estimate FY2002 | Budgeted FY2003 | Base | | Biennium FY2004-05 | Biennial Change 2004-05 / 2002-03 | |
| | | | | FY2004 | FY2005 | | Dollars | Percent |
| 1. Statutory Formula Aid | 0 | 0 | 8,348 | 8,041 | 7,974 | 16,015 | 7,667 | 91.8% |
| 2. Total School District Revenue - All Funds | 0 | 0 | 8,348 | 8,041 | 7,974 | 16,015 | 7,667 | 91.8% |
| Appropriations Basis for State Aid | | | | | | | | |
| Prior Year (10% FY 01-03) (17% FY 04-05) | 0 | 0 | 0 | 1,419 | 1,367 | 2,786 | 2,786 | |
| Current Year (90% FY 01-02) (83% FY 03-05) | 0 | 0 | 6,929 | 6,674 | 6,619 | 13,293 | 6,364 | |
| Total State Aid - General Fund | 0 | 0 | 6,929 | 8,093 | 7,986 | 16,079 | 9,150 | 132.1% |
| Other Approp. Federal Plus Other State Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| TOTAL APPROPRIATIONS | 0 | 0 | 6,929 | 8,093 | 7,986 | 16,079 | 9,150 | 132.1% |

CHILDREN, FAMILIES, & LEARNING

Program: OTHER GENERAL PROGRAMS

Narrative

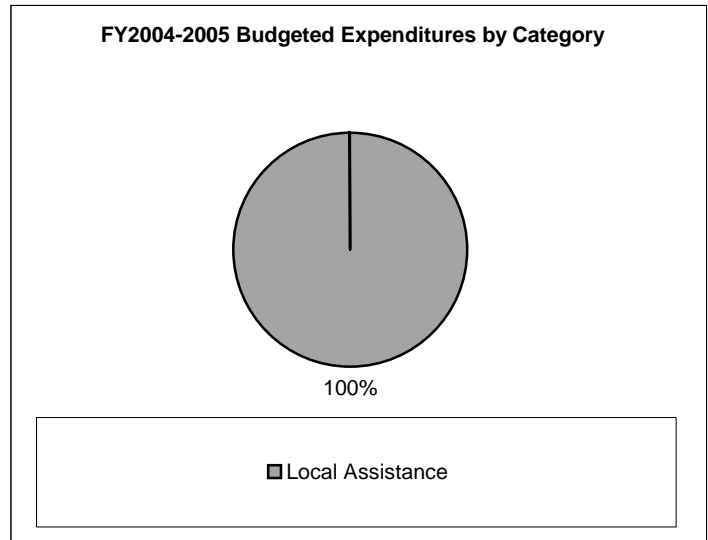
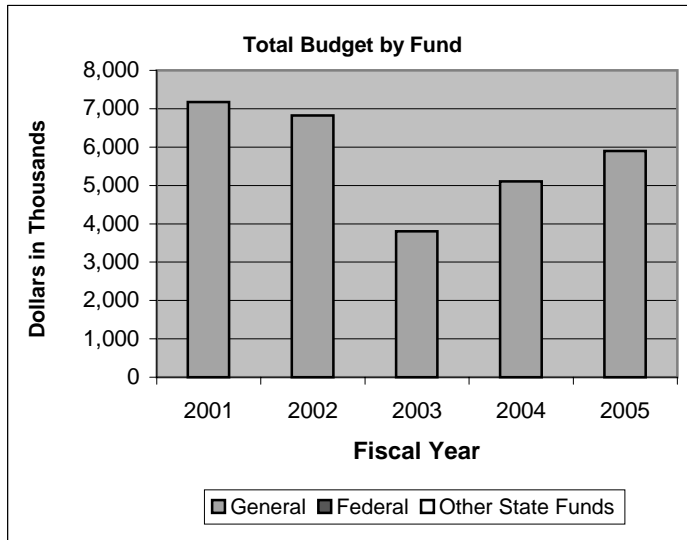
Budget Activities Included:

- ⇒ Enrollment Options Transportation
- ⇒ Abatement Revenue
- ⇒ Consolidation Revenue
- ⇒ Special Provisions for Selected Districts
- ⇒ Miscellaneous Levies

CHILDREN, FAMILIES, & LEARNING

Program: OTHER GENERAL PROGRAMS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 7,173 | 6,823 | 3,800 | 5,106 | 5,897 | 11,003 | 380 | 3.6% |
| Total | 7,173 | 6,823 | 3,800 | 5,106 | 5,897 | 11,003 | 380 | 3.6% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|------------|-------------|
| Local Assistance | 7,173 | 6,823 | 3,800 | 5,106 | 5,897 | 11,003 | 380 | 3.6% |
| Total | 7,173 | 6,823 | 3,800 | 5,106 | 5,897 | 11,003 | 380 | 3.6% |

| Expenditures by Activity | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|------------|-------------|
| Enrollment Options Transport | 27 | 30 | 45 | 50 | 55 | 105 | 30 | 40.0% |
| Abatement Revenue | 6,681 | 5,698 | 2,870 | 3,180 | 3,492 | 6,672 | -1,896 | -22.1% |
| Consolidation Transition | 465 | 539 | 228 | 213 | 620 | 833 | 66 | 8.6% |
| Little Falls Payback | 0 | 400 | 0 | 0 | 0 | 0 | -400 | -100.0% |
| Richfield Airport Impact Aid | 0 | 0 | 0 | 1,180 | 1,421 | 2,601 | 2,601 | n.m |
| Tornado Impact-Yellow Medicine | 0 | 156 | 117 | 78 | 39 | 117 | -156 | -57.1% |
| Declining Pupil-Albert Lea | 0 | 0 | 300 | 225 | 150 | 375 | 75 | 25.0% |
| Declining Pupil-Mesabi East | 0 | 0 | 200 | 150 | 100 | 250 | 50 | 25.0% |
| Declining Pupil-Roseau | 0 | 0 | 40 | 30 | 20 | 50 | 10 | 25.0% |
| Total | 7,173 | 6,823 | 3,800 | 5,106 | 5,897 | 11,003 | 380 | 3.6% |

CHILDREN, FAMILIES, & LEARNING

Program: OTHER GENERAL PROGRAMS

Activity: ENROLLMENT OPTIONS TRANSPORT

Narrative

Activity Description

Citation: M.S. 124D.03; 124D.09; 124D.10

This state aid program helps low-income students participate in the Post-Secondary Enrollment Options (PSEO), School District Enrollment Options (SDEO), and Results-Oriented Charter Schools (ROCS) programs by providing state aid to school districts that reimburse families for transportation expenses associated with these programs. (See Student Choice/Tax Incentives narrative for more information.)

Activity at a Glance

- ◆ 36 students served
- ◆ \$614 average reimbursement

Population Served

Low-income students participating in PSEO, SDEO and ROCS programs are served by this program.

Services Provided

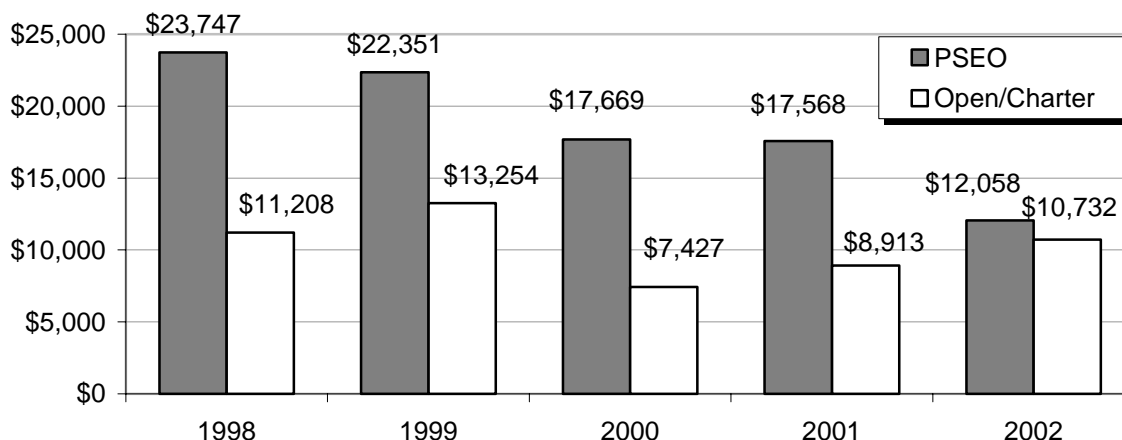
State aid is paid to school districts to reimburse transportation costs to families whose income is at or below the federal poverty income guideline level.

Some students, because of disabilities, cannot participate in this program unless they receive district-provided transportation services. For disabled students participating in open enrollment, districts may be forced to travel beyond district boundaries to transport the students. Some charter schools, even though they elected to use district-provided transportation, may be forced to transport nonresident students with disabilities within those students' resident districts. In all these cases, these potentially high cost transportation services are not authorized for state special education transportation aid. This program assures that disabled students of low income families will not be discouraged from participating in options programs due to high cost transportation.

Historical Perspective

Beginning in FY 1999, the program was expanded to allow PSEO mileage reimbursement to students attending nonpublic schools (including home schools).

**Transportation Claim Amounts from
Low-Income Families**



Key Measures

All students meeting eligibility are reimbursed.

CHILDREN, FAMILIES, & LEARNING

Program: OTHER GENERAL PROGRAMS

Activity: ENROLLMENT OPTIONS TRANSPORT

Narrative

Activity Funding

The mileage reimbursement rate is set at 15 cents per mile and is limited to 250 miles per week. There is an exception to the 250 miles per week limit in the PSEO program if the nearest post-secondary institution is more than 25 miles from the student's home or high school. School districts and post-secondary institutions receive notification of this program on an annual basis. Students provide their own transportation in this program. PSEO students apply through their resident districts (or the post-secondary institutions, if nonpublic). Open enrollment students submit their applications to the enrolling districts. Charter school students apply to their charter schools.

The low eligibility threshold for this program (100% of federal poverty guidelines) excludes many students qualifying for other poverty-based measures (e.g., free and reduced-priced lunch).

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

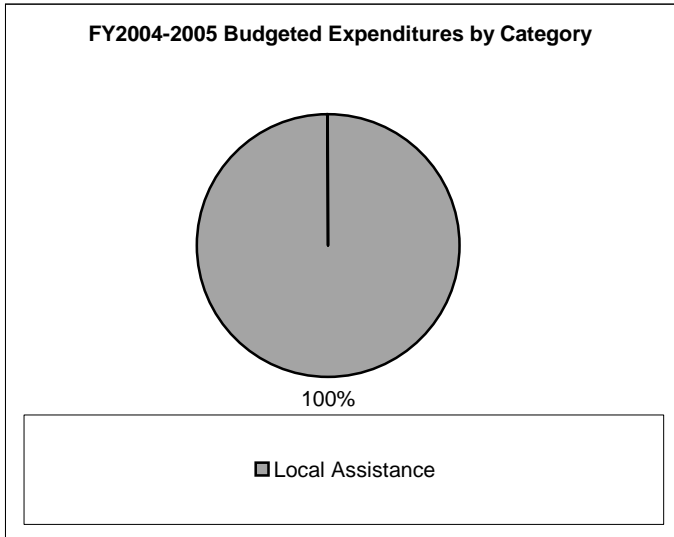
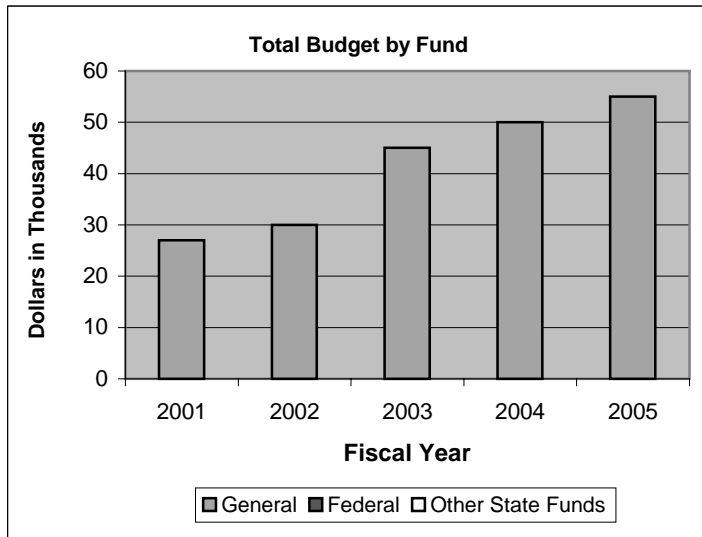
Additional information is available from the Minnesota Department of Children, Families & Learning, Division of Program Finance, (651) 582-8855. Additional information is available at the following web site:
<http://cfl.state.mn.us/dpf/transportation.html>.

CHILDREN,FAMILIES, & LEARNING

Program: **OTHER GENERAL PROGRAMS**

Activity: **ENROLLMENT OPTIONS TRANSPORT**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|---------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 27 | 30 | 45 | 50 | 55 | 105 | 30 | 40.0% |
| Total | 27 | 30 | 45 | 50 | 55 | 105 | 30 | 40.0% |
| Expenditures by Category | | | | | | | | |
| Local Assistance | 27 | 30 | 45 | 50 | 55 | 105 | 30 | 40.0% |
| Total | 27 | 30 | 45 | 50 | 55 | 105 | 30 | 40.0% |

CHILDREN, FAMILIES, & LEARNING

Program: OTHER GENERAL PROGRAMS

Activity: ABATEMENT REVENUE

Narrative

Activity Description

Citation: M.S. 126C.46; 127A.49, Subd.2

This state aid and local levy program maintains equity for students and taxpayers by replacing revenue to which the district was entitled but did not receive due to abatements.¹ The objective is to replace the revenue in the same proportion of aid and levy as the original entitlement.

Activity at a Glance

In calendar year 2001:

| | |
|-----------------------|----------------|
| ◆ Taxes Abated | \$12.4 million |
| ◆ Abatement Aid | \$2.8 million |
| ◆ Abatement Levy | \$9.6 million |
| ◆ Number of Districts | 258 |

Population Served

All eligible school districts in Minnesota participate in this program.

Services Provided

Abatement revenue is provided to school districts to prevent permanent revenue losses. The amount of abatement revenue for a school district is determined from data on net revenue losses as certified by the county auditors.

Historical Perspective

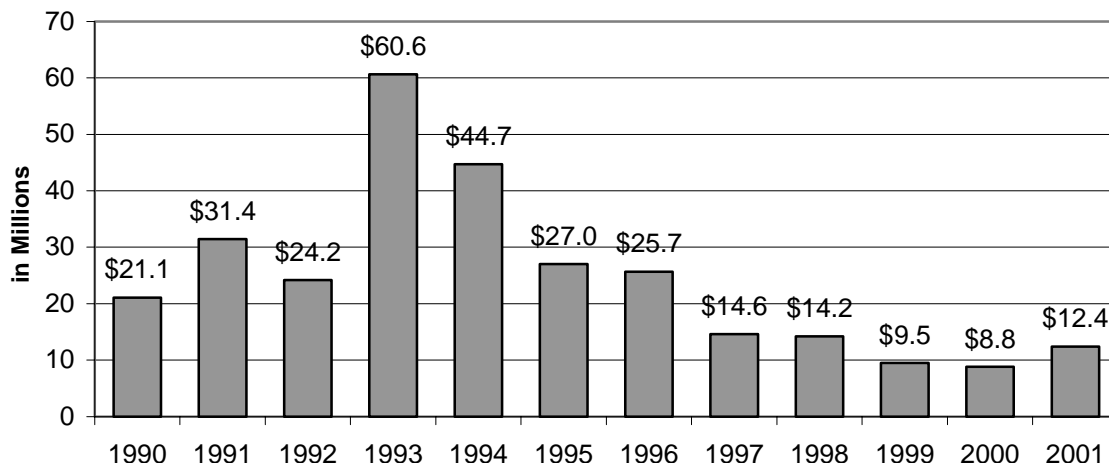
Funding for abatement revenue began in the late 1970s and was expanded in 1993 to include interest paid by the district on abatement refunds.

Key Measures

Educational funding policies that better enable schools, communities and local governments to manage fiscal resources for the most effective and efficient delivery of services are implemented.

- ⇒ A total of 258 school districts receive abatement revenue in FY 2003 for taxes abated in calendar 2001.
- ⇒ The following graph shows the amount of school taxes abated each year since 1990. These amounts would be losses to school district budgets without the abatement revenue formula.

Net Schools Taxes Abated



¹ Court-ordered net reductions in the tax capacity of the district after taxes have been spread by the county auditor.

CHILDREN, FAMILIES, & LEARNING

Program: OTHER GENERAL PROGRAMS

Activity: ABATEMENT REVENUE

Narrative

Activity Funding

Net revenue loss due to abatements is replaced with state aid and levy authority. The intent is to pay approximately the same amount in abatement aid as would have been paid to the district in general education and other equalized aids if the adjusted net tax capacity could have been adjusted to the lower level.

In general, school taxes abated in one calendar year are reported to the state in the following calendar year and included in the levy certified in the fall of that year for taxes payable in the next calendar year. For example, school taxes abated in 2001 are reported in the spring of 2002 and included on the 2002 payable 2003 levy.

A district may levy a year early for the net revenue loss incurred during the first six months of the calendar year (advance abatement levy) or choose to spread the levy over two years (three years with approval of the commissioner).

A district's aid entitlement is equal to its revenue loss multiplied by the ratio of: a) the amount certified by the district in equalized referendum, health and safety, and community education levies for which the district received corresponding state aid in the second preceding year, to b) the district's total certified levy in the preceding fall, plus or minus auditor's adjustments.

Abatement levy authority is the total of the three following components:

- ◆ the net revenue loss minus abatement aid after any proration is deducted,
- ◆ the net revenue loss for the first six months of the following calendar year, less any amount certified for the first six months of the prior calendar year, and
- ◆ an amount for any interest paid by the district on abatement refunds.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

Additional information is available from the Minnesota Department of Children, Families & Learning, Division of Program Finance, (651) 582-8566.

CHILDREN, FAMILIES & LEARNING
Program: OTHER GENERAL PROGRAMS
Activity: Abatement Revenue

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | | |
|--|--------------------------|----------------------------|----------------------------|---------------|---------------|-------------------------------|--|----------------|
| Budget Activity Summary | Actual FY2001 | Estimate FY2002 | Budgeted FY2003 | Base | | Biennium FY2004-05 | Biennial Change 2004-05 / 2002-03 | |
| | | | | FY2004 | FY2005 | | Dollars | Percent |
| 1. Statutory Formula Aid | 6,407 | 5,620 | 2,780 | 3,262 | 3,539 | 6,801 | (1,599) | -19.0% |
| 2. Local Levy | 3,140 | 3,194 | 9,606 | 10,603 | 11,526 | 22,129 | 9,329 | |
| 3. Total School District Revenue - All Funds | 9,547 | 8,814 | 12,386 | 13,865 | 15,065 | 28,930 | 7,730 | 36.5% |
| <i>Appropriations Basis for State Aid</i> | | | | | | | | |
| Prior Year (10% FY 01-03) (17% FY 04-05) | 914 | 640 | 562 | 472 | 554 | 1,026 | (176) | |
| Current Year (90% FY 01-02) (83% FY 03-05) | 7,365 | 5,058 | 2,308 | 2,708 | 2,938 | 5,646 | (1,720) | |
| Cancellation | (1,598) | | | | | | | |
| Total State Aid - General Fund | 6,681 | 5,698 | 2,870 | 3,180 | 3,492 | 6,672 | (1,896) | -22.1% |
| TOTAL APPROPRIATIONS | 6,681 | 5,698 | 2,870 | 3,180 | 3,492 | 6,672 | (1,896) | -22.1% |

CHILDREN, FAMILIES, & LEARNING

Program: OTHER GENERAL PROGRAMS

Activity: CONSOLIDATION TRANSITION

Narrative

Activity Description

Citation: M.S. 123A.485

The purpose of this state aid program is to support districts that have recently consolidated by providing funds for one-time reorganization costs and to foster conditions that better promote student success.

Activity at a Glance

| | |
|-------------------------------|-----------|
| ◆ Number of districts FY 2003 | 2 |
| ◆ FY 2003 State Appropriation | \$225,000 |

Population Served

Students and communities in eligible districts are served by this activity.

Services Provided

Voluntary school district reorganizations help to expand programs and services to students and families in greater Minnesota at a lower cost. This program provides an incentive for district consolidation and addresses some of the one-time costs associated with district consolidation. This program provides an alternative means of dealing with fiscal issues, such as staff reduction and operational debt reduction that often prevent permanent school district reorganization. Revenue may be used to cover district costs for early retirement incentives granted by the district under M.S. 123A.48, Subd. 23; to reduce operating debt as defined in M.S. 123B.82; to enhance learning opportunities; and to cover reorganization expenses.

A school district is eligible for revenue if it has reorganized under M.S. 123A.48 after 06-04-94, and has not received cooperation and combination revenue for at least six years. M.S. 123A.48 provides for the process of school consolidation, including approval procedures and timelines.

Historical Perspective

This program was enacted by the 1994 legislature. This revenue replaced the pre-existing cooperation and combination (C & C) revenue and transition and severance levies for consolidating districts.

Key Measures

While there are financial implications to consolidation, the primary reason for districts to consolidate is to address the academic needs of students. School districts that have consolidated through this program have reported that the consolidation has provided additional opportunities to meet student academic needs, increased efficiency in district operations, and improved the likelihood of long-term financial health of the newly formed district. The potential cost efficiencies that could be attributed to this program vary by district due to the unique financial, operating, and facility characteristics of the combining districts.

Jackson County Central ISD 2895 was formed by consolidation of two existing districts in FY 2001. On a per student measure, expenditures for the new district decreased by 22% for district support services, 11% for pupil support services, and 15% for operations and maintenance costs when compared to the sum of previous year expenditures for the two districts that combined. The savings are primarily due to the closing of the Sioux Valley school site.

Activity Funding

This program is funded with state aid and a local property tax levy. State aid is equal to \$200 times the actual pupil units in the first year after consolidation and \$100 times the actual pupil units in the second year after consolidation. A maximum of 1,500 pupils may be counted for the purpose of aid calculation. If consolidation transition aid is not sufficient to cover the eligible district costs, school districts may levy the difference, spreading the levy over up to three years.

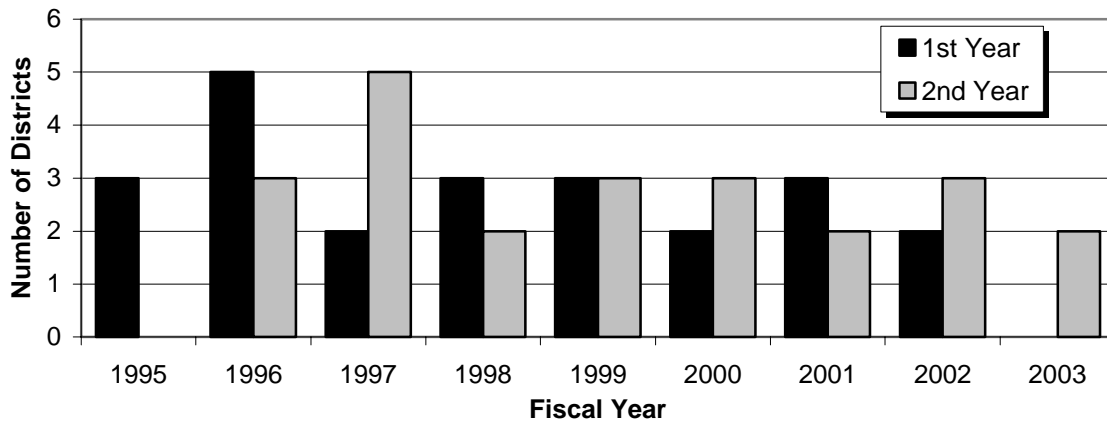
CHILDREN, FAMILIES, & LEARNING

Program: OTHER GENERAL PROGRAMS

Activity: CONSOLIDATION TRANSITION

Narrative

District Participation



*No districts consolidated in FY 2003.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

Additional information is available from the Minnesota Department of Children, Families & Learning, Division of Program Finance, (651) 582-8757. Additional information is also available at the Department of Children, Families & Learning web site <http://cfl.state.mn.us/TECH/reorg.htm>.

CHILDREN, FAMILIES & LEARNING
Program: OTHER GENERAL PROGRAMS
Consolidation Transition

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | | |
|---|--------------------------|----------------------------|----------------------------|---------------|---------------|-------------------------------|--|----------------|
| Budget Activity Summary | Actual FY2001 | Estimate FY2002 | Budgeted FY2003 | Base | | Biennium FY2004-05 | Biennial Change 2004-05 / 2002-03 | |
| | | | | FY2004 | FY2005 | | Dollars | Percent |
| 1. Statutory Formula Aid | 459 | 549 | 209 | 214 | 703 | 917 | 159 | 21.0% |
| 2. Statutory Excess/(Shortfall) | (10) | | | | | | | |
| 3. Appropriated Entitlement | 449 | 549 | 209 | 214 | 703 | 917 | 159 | 21.0% |
| 4. Adjustment(s) | | | | | | | | |
| a. Excess Funds Transferred In / (Out) | 10 | | | | | | 0 | |
| 5. State Aid Entitlement | 459 | 549 | 209 | 214 | 703 | 917 | 159 | 21.0% |
| Appropriations Basis for State Aid | | | | | | | | |
| Prior Year (10% FY 01-03) (17% FY 04-05) | 50 | 44 | 54 | 35 | 36 | 71 | (27) | |
| Current Year (90% FY 01-02) (83% FY 03-05) | 405 | 495 | 174 | 178 | 584 | 762 | 93 | |
| Transfers per M.S. 127A.41, subdivision 8 & 9 | 10 | | | | | | | |
| Total State Aid - General Fund | 465 | 539 | 228 | 213 | 620 | 833 | 66 | 8.6% |
| TOTAL APPROPRIATIONS | 465 | 539 | 228 | 213 | 620 | 833 | 66 | 8.6% |

CHILDREN, FAMILIES, & LEARNING

Program: OTHER GENERAL PROGRAMS

Activity: SPECIAL PROVISIONS FOR SELECTED DISTRICTS

Narrative

Activity Description

The following state aid programs provide financial assistance to five public school districts with declining pupil units due to industry plant closings, natural disasters, or airport expansion, and to one district experiencing cash flow problems due to a large audit finding.

Population Served

All students and communities in selected school districts are served by these programs.

Services Provided

Declining Pupil Unit Aid – Albert Lea

Citation: Laws 2002, Chapter 220, Article 4, Section 10, Subd 1,2,3,4.

This program provides declining pupil aid to the Albert Lea school in the amount of \$300,000 in FY 2003, \$225,000 in FY 2004, \$150,000 in FY 2005, and \$75,000 in FY 2006. This program was implemented by the 2002 legislature in response to the anticipated loss of pupils and revenues in the Albert Lea public schools due to the closure of the Farmland Foods plant.

Declining Pupil Unit Aid – Mesabi East

Citation: Laws 2002, Chapter 220, Article 4, Section 11, Subd 1,2,3,4.

This program provides declining pupil aid for the Mesabi East school district in the amount of \$200,000 in FY 2003, \$150,000 in FY 2004, \$100,000 in FY 2005, and \$50,000 in FY 2006. This program was implemented by the 2002 legislature in response to the anticipated loss of pupils and revenues in the Mesabi East schools due to the closure of the LTV plant in Hoyt Lakes.

Richfield Airport Impact Aid

Citation: Laws 2000, Chapter. 489, Art. 2, Sec.36; Laws 2001, First Special Session, Chapter 6, Article 1, Section 36

This program provides financial assistance to the Richfield Public School District for the loss of students due to the Minneapolis-St. Paul International Airport expansion and the resulting demolition of residential housing. The airport expansion project requires the demolition of residential housing within the airport expansion zone which is defined in Laws 1999, Chapter 243, Art. 16, Sec. 35.

This aid program, authorized for FY 2004-08, will replace a portion of the revenues attributable to students residing in the airport expansion zone in the 1998-99 school year. For FY 2004-05, the statutory formula provides aid of 70% of the general education formula allowance multiplied by the 1998-99 pupil units attributed to the airport impact zone defined in Laws 1999, Ch. 243, Art. 16, Sec. 35. That percentage declines to 52.5% in FY 2006, 35% in FY 2007, and 17.5% in FY 2008, as the district adapts to the student losses. The program is eliminated in FY 2008.

Declining Pupil Unit Aid - Yellow Medicine East

Citation: Laws 2001, First Special Session, Chapter 6, Article 1, Section 49

This program provides declining pupil aid for the Yellow Medicine East school district in the amount of \$156,000 in FY 2002, \$117,000 in FY 2003, \$78,000 in FY 2004, and \$39,000 in FY 2005. This program was implemented by the 2001 legislature in response to the anticipated loss of pupils and revenues in the Yellow Medicine East schools due to the tornado destruction of homes in the district.

Activity at a Glance

Target Districts

- ◆ Albert Lea
- ◆ Mesabi East
- ◆ Richfield
- ◆ Yellow Medicine East
- ◆ Little Falls
- ◆ Roseau

CHILDREN, FAMILIES, & LEARNING

Program: OTHER GENERAL PROGRAMS

Activity: SPECIAL PROVISIONS FOR SELECTED DISTRICTS

Narrative

Little Falls Payback

Citation: Laws 2001, First Special Session, Chapter 6, Article 1, Section 54, Subd. 12

This program requires the Minnesota Department of Children, Families & Learning to allow the Little Falls School District five years to repay a \$500,000 state aid overpayment resulting from the district's miscalculation of pupil units in FY 1998 and FY 1999. The district must repay the aid in equal payments of \$100,000 each year on June 20. Repayments began on June 20, 2002.

Flood Enrollment Impact Aid – Roseau

Citation: Laws 2002, First Special Session, Chapter 1, Section 6

This program provides declining pupils aid to the Roseau School District. In FY 2003, the aid is equal to lesser of the general education formula allowance times the reduction, if any, in the district's adjusted marginal cost pupil unit decline between FY 2002 and FY 2003 or \$40,000. In FY 2004, the aid is equal to lesser of the general education formula allowance times the reduction, if any, in the district's adjusted marginal cost pupil unit decline between FY 2002 and FY 2004 or \$30,000. In FY 2005, the aid is equal to lesser of the general education formula allowance times the reduction, if any, in the district's adjusted marginal cost pupil unit decline between FY 2002 and FY 2005 or \$20,000. In FY 2006, the aid is equal to the lesser of the general education formula allowance times the reduction, if any, in the district's adjusted marginal cost pupil decline between FY 2002 and FY 2006 or \$10,000.

Key Measures

These programs address specific and unique financial circumstances for impacted districts. No specific measurement data is collected.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

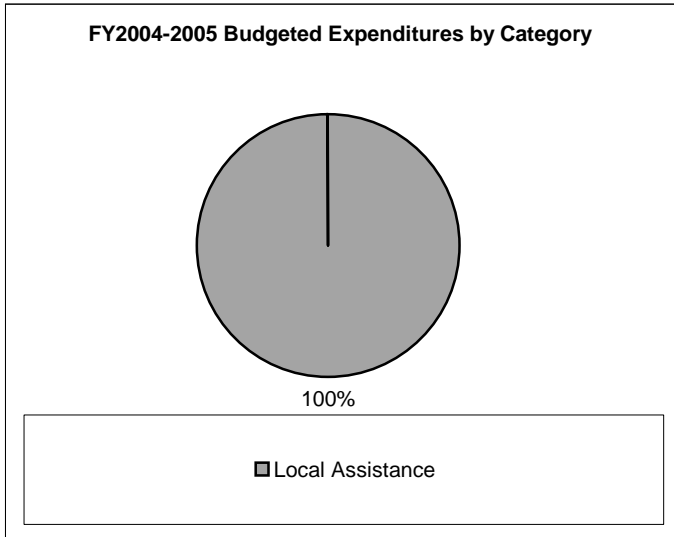
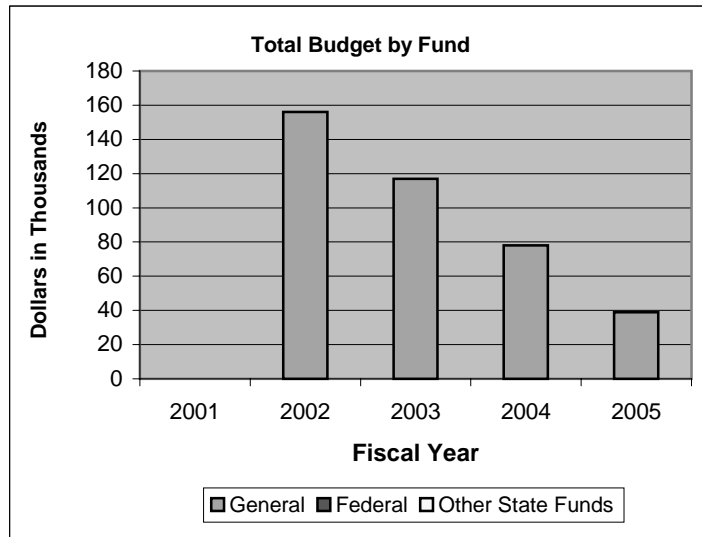
Additional information is available from the Minnesota Department of Children, Families & Learning, Division of Program Finance, (651) 582-8851.

CHILDREN, FAMILIES, & LEARNING

Program: **OTHER GENERAL PROGRAMS**

Activity: TORNADO IMPACT-YELLOW MEDICINE

Fiscal Report



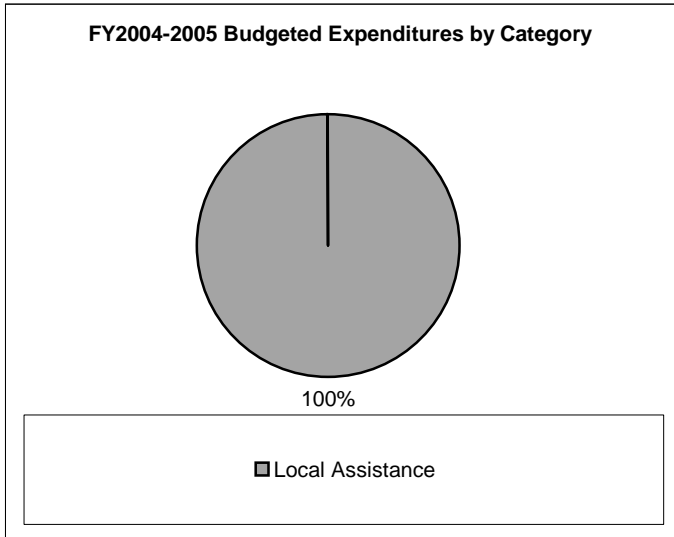
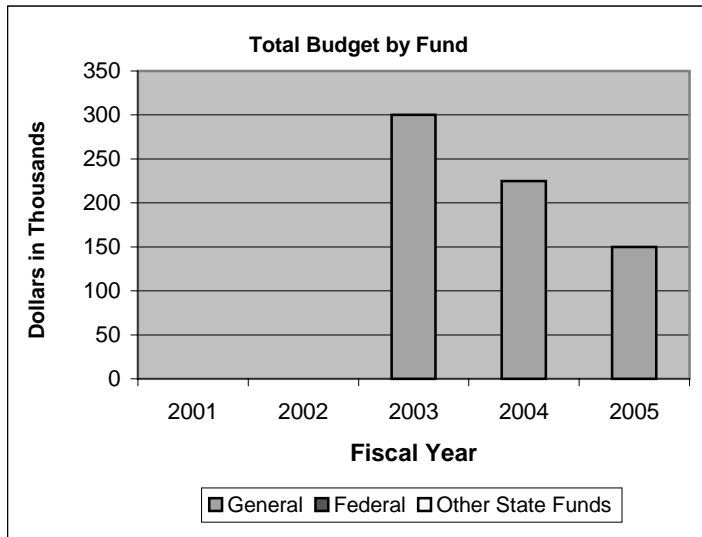
| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|---------------|-----------------------------|--------------------------|---------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 | |
| Direct Appropriations | | | | | | | | |
| General | 0 | 156 | 117 | 78 | 39 | 117 | -156 | -57.1% |
| Total | 0 | 156 | 117 | 78 | 39 | 117 | -156 | -57.1% |
| Expenditures by Category | | | | | | | | |
| Local Assistance | 0 | 156 | 117 | 78 | 39 | 117 | -156 | -57.1% |
| Total | 0 | 156 | 117 | 78 | 39 | 117 | -156 | -57.1% |

CHILDREN, FAMILIES, & LEARNING

Program: **OTHER GENERAL PROGRAMS**

Activity: DECLINING PUPIL-ALBERT LEA

Fiscal Report



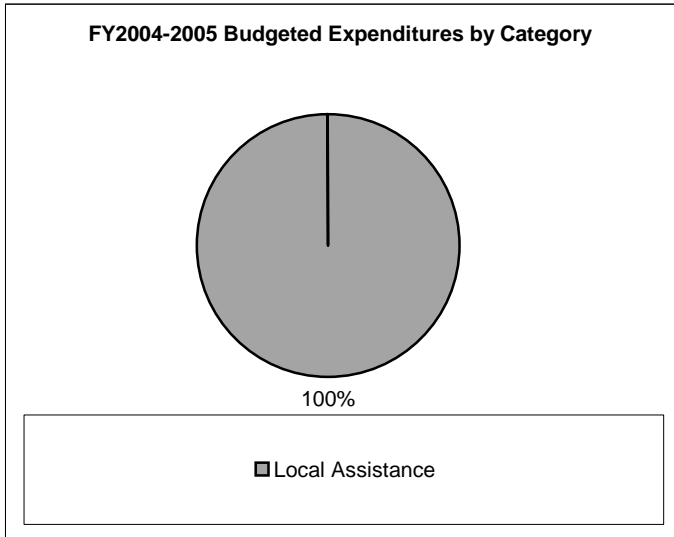
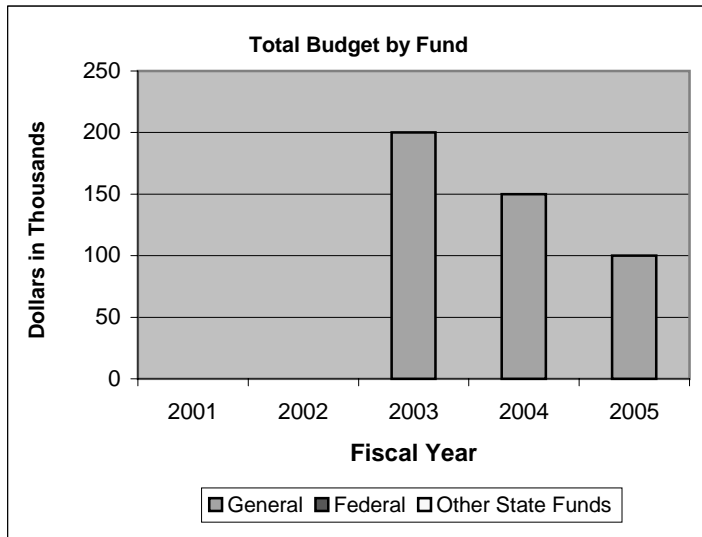
| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|---------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 0 | 0 | 300 | 225 | 150 | 375 | 75 | 25.0% |
| Total | 0 | 0 | 300 | 225 | 150 | 375 | 75 | 25.0% |
| Expenditures by Category | | | | | | | | |
| Local Assistance | 0 | 0 | 300 | 225 | 150 | 375 | 75 | 25.0% |
| Total | 0 | 0 | 300 | 225 | 150 | 375 | 75 | 25.0% |

CHILDREN, FAMILIES, & LEARNING

Program: **OTHER GENERAL PROGRAMS**

Activity: DECLINING PUPIL-MESABI EAST

Fiscal Report



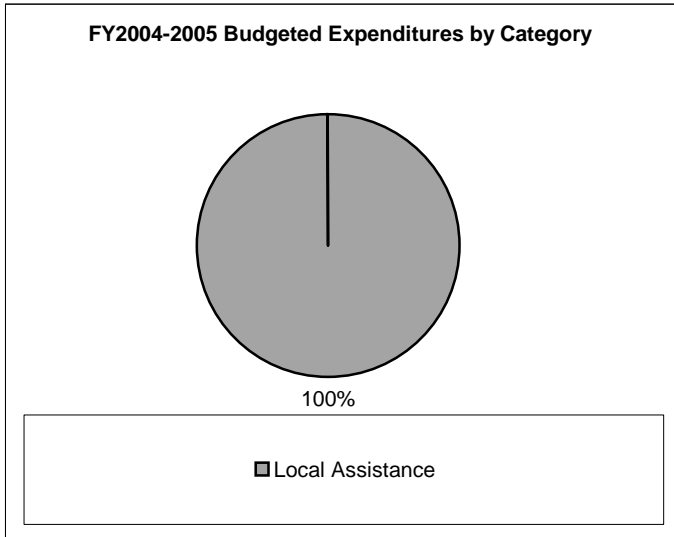
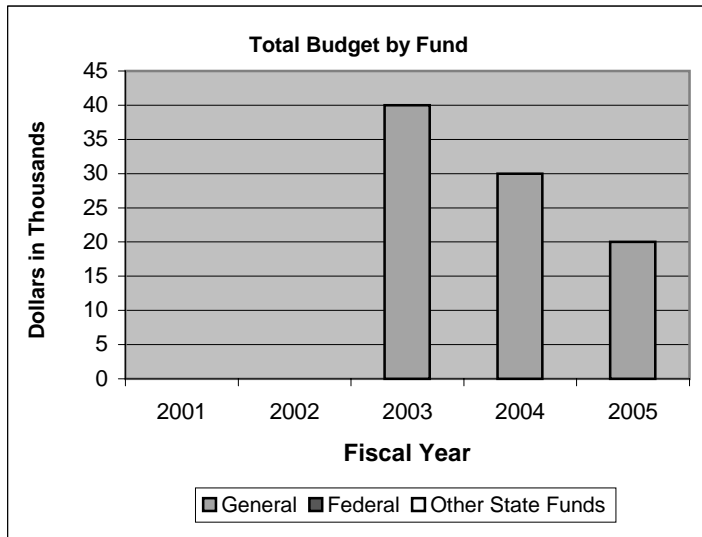
| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 0 | 0 | 200 | 150 | 100 | 250 | 50 | 25.0% |
| Total | 0 | 0 | 200 | 150 | 100 | 250 | 50 | 25.0% |
| Expenditures by Category | | | | | | | | |
| Local Assistance | 0 | 0 | 200 | 150 | 100 | 250 | 50 | 25.0% |
| Total | 0 | 0 | 200 | 150 | 100 | 250 | 50 | 25.0% |

CHILDREN, FAMILIES, & LEARNING

Program: **OTHER GENERAL PROGRAMS**

Activity: DECLINING PUPIL-ROSEAU

Fiscal Report



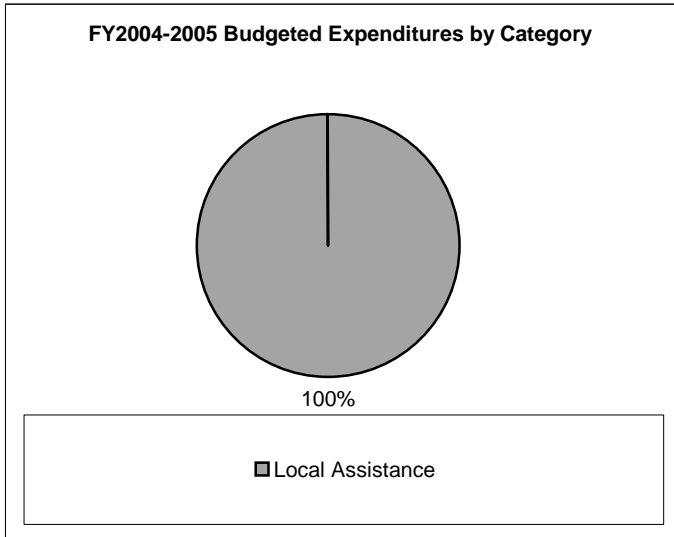
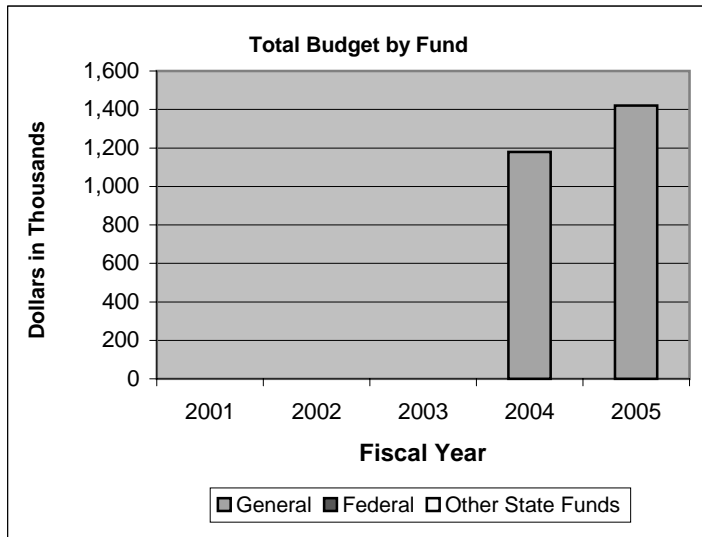
| <i>Dollars in Thousands</i> | | | | | | | | | |
|-----------------------------|------------------|------------------|--------------------|--------------------------|----|---------------------|--|-------|--|
| | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 FY2005 | | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 Dollars Percent | | |
| Expenditures by Fund | | | | | | | | | |
| Direct Appropriations | | | | | | | | | |
| General | 0 | 0 | 40 | 30 | 20 | 50 | 10 | 25.0% | |
| Total | 0 | 0 | 40 | 30 | 20 | 50 | 10 | 25.0% | |
| | | | | | | | | | |
| Expenditures by Category | | | | | | | | | |
| Local Assistance | 0 | 0 | 40 | 30 | 20 | 50 | 10 | 25.0% | |
| Total | 0 | 0 | 40 | 30 | 20 | 50 | 10 | 25.0% | |

CHILDREN, FAMILIES, & LEARNING

Program: **OTHER GENERAL PROGRAMS**

Activity: RICHFIELD AIRPORT IMPACT AID

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 0 | 0 | 0 | 1,180 | 1,421 | 2,601 | 2,601 | n.m |
| Total | 0 | 0 | 0 | 1,180 | 1,421 | 2,601 | 2,601 | n.m |
| Expenditures by Category | | | | | | | | |
| Local Assistance | 0 | 0 | 0 | 1,180 | 1,421 | 2,601 | 2,601 | n.m |
| Total | 0 | 0 | 0 | 1,180 | 1,421 | 2,601 | 2,601 | n.m |

CHILDREN, FAMILIES, & LEARNING

Program: OTHER GENERAL PROGRAMS

Activity: MISCELLANEOUS LEVIES

Narrative

Activity Description

Citation: See individual activities.

The following state programs exist to provide additional local property tax levy revenue to school districts to fund specific obligations of the district's general fund. School districts must meet statutory requirements for each levy program. Local school boards must annually approve each levy authority.

Activity at a Glance

◆ Number of Levy Programs 20

- ⇒ *Reemployment Insurance Levy* (M.S. 126C.43, Subd. 2). A school district may levy the amounts necessary to pay the district's obligations for unemployment insurance under M.S. 268.052, Subd. 1, and for job placement services offered to employees who may become eligible for benefits under M.S. 268.085.
- ⇒ *Statutory Operating Debt Levy* (M.S. 126C.42, Subd. 1). Only district 695, Chisholm; is still required to levy to retire the operating debt as of 06-30-77. (Last year of levy is Pay 03.)
- ⇒ *Operating Debt Levy* (M.S. 126C.42). Under the 1992 operating debt levy, a school district that has filed a statutory operating debt plan and has received approval by the commissioner may levy the lesser of
 - ◆ 1.0% of the adjusted net tax capacity of the district;
 - ◆ \$100,000; or
 - ◆ the amount needed to retire the deficit in the district's operating funds as of 06-30-92, reduced by any referendum revenue in the statutory operating debt plan.Payable 2003 is the last year of levy for districts under this authority.
- ⇒ *Judgment Levy* (M.S. 126C.43, Subd. 3 and 126C.47). A school district may levy the amounts necessary to pay the district's obligations for judgments against the district, including interest costs. The levy is limited to only the costs incurred since the last proposed levy was adopted.
- ⇒ *Health Insurance Levy* (M.S. 126C.41, Subd. 1 and Laws 1993, Chap. 224, Art. 8, Sec. 18). As an early retirement incentive, a school district may levy for health, medical, and dental expenses for certain eligible employees who retired between 05-15-92 and 07-21-92 and between 05-17-93 and 08-01-93. The levy is authorized for the retiree's expenses up to age 65. The levy is limited to the costs for the current fiscal year.
- ⇒ *Health Benefit Levy* (M.S. 126C.41, Subd. 2). A school district may levy for the district's obligations under the collective bargaining agreement in effect on 03-30-92 for health insurance and unreimbursed medical expenses of employees who retired before 07-01-92. The district levy authority may not exceed \$600,000. The levy is limited to the costs for the current fiscal year.
- ⇒ *Minneapolis Civil Service Retirement Levy* (M.S. 126C.41 Subd. 3). The Minneapolis school district may levy the amount levied for retirement in 1978, reduced each year by 10% of the difference between the amount levied for retirement in 1971 and the amount levied for retirement in 1975. Beginning in 1991, the Minneapolis school district may also levy an additional amount required for contributions to the Minneapolis Employees Retirement fund as a result of the maximum dollar amount limitation on state contributions to the fund.
- ⇒ *Minneapolis and St. Paul Additional Retirement Levy* (M.S. 126C.41, Subd. 3). The Minneapolis and St. Paul school districts may levy for the increased costs of Teachers Retirement Association contributions due to changes in the contribution rates.
- ⇒ *Minneapolis Health Insurance Subsidy Levy* (M.S. 126C.41, Subd. 4). The Minneapolis school district may levy 0.10% of the district's adjusted net tax capacity to subsidize health insurance costs for retired teachers who were basic members of the Minneapolis Teachers Retirement Fund Association, who retired before 05-01-74, and who are not eligible to receive the hospital insurance benefits of the federal Medicare program without payment of a monthly premium.
- ⇒ *St. Paul Severance Levy* (Laws of 1989, Chap. 329, Art 13, Sec. 18). The St. Paul school district may levy 0.34% of the district's adjusted net tax capacity to pay for severance costs.
- ⇒ *Crime Levy* (M.S. 126C.44). A school district may levy up to \$30 times the estimated adjusted marginal cost pupil units to provide a drug abuse prevention program in the elementary schools, to provide liaison services in the schools, to provide a gang resistance education program in the schools, to pay the costs for security on school property, and/or pay for other crime prevention, drug abuse, student and staff safety, and violence prevention measures taken by the school district.

CHILDREN, FAMILIES, & LEARNING

Program: OTHER GENERAL PROGRAMS

Activity: MISCELLANEOUS LEVIES

Narrative

- ⇒ *Ice Arena Levy* (M.S. 126C.45). A school district that operates and maintains an ice arena may levy for the net operational costs of the ice arena for the previous fiscal year. The school district must demonstrate that it will offer equal access for male and female students.
- ⇒ *Staff Development Levy* (M.S. 122A.62). A school district with a site that has implemented an ongoing outplacement program for teachers and a teacher mentorship program may levy up to \$8.15 times the number of teachers at the site.
- ⇒ *Reorganization Operating Debt Levy* (M.S. 123A.73, Subd. 9 and M.S. 123B.82). A school district that reorganizes under consolidation or dissolution and attachment may levy to retire the net negative undesignated fund balance in the operating funds. The levy may be spread over a period up to five years.
- ⇒ *Severance Levies* (M.S. 123A.30, Subd. 6; M.S. 123A.73, Subd. 12; M.S. 123A.444; M.S. 124D.05, Subd. 3). A school district that reorganizes under dissolution and attachment may levy the costs of severance pay or early retirement incentives for licensed and nonlicensed employees who resign or retire early as a result of the reorganization. A school district with a secondary agreement with another district must pay severance to licensed employees placed on unrequested leave and may levy for the expenses.
- ⇒ *Consolidation/Transition Levies* (M.S. 123A.76). A school district that reorganizes under dissolution and attachment may levy for transition expenses associated with the reorganization.
- ⇒ *Attached Machinery Aid Adjustment* (M.S. 273.138, Subd. 6). School districts that receive attached machinery aid have a corresponding negative reduction made to their general education levy. Attached machinery aid was enacted in 1973 to replace the revenue loss when attached machinery was exempted from real property taxation.
- ⇒ *Swimming Pool Levy* (M.S. 126C.455). Each year, a school district with its home office located in a county that has (i) a population density of ten or fewer persons per square mile according to the 2000 census of population; (ii) an international border; and (iii) more than one school district within its boundaries, may levy for the net operational costs of a swimming pool. The levy may not exceed the net actual costs of operation of the swimming pool for the previous year.
- ⇒ *Career and Technical Education Levy* (Laws 2001, 1st Special Session Chapter 6, Article 2, Section 75, Laws 2002, Chapter 220 Article 3, Section 5). FY 2002- For taxes payable in 2002, a district that receives revenue during FY 2001 under M.S. 1245D.453 may levy an amount equal to the districts FY 2001 entitlement for Career and Technical Education or \$7,500, whichever is greater. FY 2003 - for taxes payable in 2003, a district may levy an amount equal to the district's FY 2001 entitlement for Career and Technical Education or \$10,000, whichever is greater.
- ⇒ *Economic Development Abatement Levy* (M.S. 469.1812 through M.S. 469.1815). The governing body of a political subdivision may grant an abatement of the taxes imposed by the political subdivision on a parcel of property, or defer the payments of the taxes and abate the interest and penalty that otherwise would apply, if: (a) it expects the benefits to the political subdivision of the proposed abatement agreement to at least equal the costs to the political subdivision of the proposed agreement or intends the abatement to phase in a property tax increase; and (b) it finds that doing so is in the public interest. The political subdivision must add to its levy amount for the current year the total estimated amount of all current year abatements granted. No abatement aid is generated for these abatements.

Minnesota school districts will generate revenue to the extent needed for various general fund obligations, thereby contributing to their overall financial health. School districts will not need to allocate general education formula funding to these identified costs.

CHILDREN, FAMILIES, & LEARNING

Program: OTHER GENERAL PROGRAMS

Activity: MISCELLANEOUS LEVIES

Narrative

Activity Funding

The following table shows certified levy amounts and number of school districts participating in each program:

| | | Dollars in Thousands | | | | |
|---|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| | | FY 1999 97 PAY 98 | FY 2000 98 PAY 99 | FY 2001 99 PAY 00 | FY 2002 00 PAY 01 | FY 2003 01 PAY 02 |
| 1. Reemployment Ins. ⁽¹⁾ | | 0 | \$1,351.6 | \$1,441.5 | \$1,989.4 | \$3,775.2 |
| # of Districts | | 0 | 85 | 102 | 114 | 155 |
| 2. Statutory Oper Debt | | 42.4 | 45.2 | 47.0 | 50.4 | 49.7 |
| # of Districts | | 2 | 2 | 2 | 2 | 2 |
| 3. Operating Debt | | 1,033.3 | 1,309.1 | 1,130.8 | 593.1 | 502.9 |
| # of Districts | | 23 | 27 | 19 | 16 | 11 |
| 4. Judgment Levy | | 435.7 | 339.5 | 647.6 | 451.8 | 494.9 |
| # of Districts | | 8 | 11 | 10 | 11 | 12 |
| 5. Health Insurance | | 4,528.7 | 4,404.0 | 3,498.8 | 2,613.7 | 1,592.6 |
| # of Districts | | 199 | 190 | 177 | 156 | 125 |
| 6. Health Benefit | | 5,029.6 | 5,157.2 | 4,629.2 | 3,625.4 | 4,071.4 |
| # of Districts | | 107 | 96 | 85 | 72 | 42 |
| 7. Mpls. Retirement ⁽²⁾ | | 558.9 | 358.8 | 158.7 | 0 | 0 |
| 8. Additional Retirement | | 6,427.0 | 7,464.6 | 7,645.7 | 8,391.3 | 9,168.1 |
| # of Districts | | 2 | 2 | 2 | 2 | 2 |
| 9. Mpls. Health Ins. | | 291.4 | 269.5 | 0 | 0 | 261.9 |
| 10. St. Paul Severance | | 399.3 | 419.6 | 456.8 | 525.9 | 433.3 |
| 11. Crime Levy ⁽³⁾ | | 5,969.3 | 6,256.3 | 6,590.6 | 9,984.5 | 10,065.9 |
| # of Districts | | 215 | 227 | 248 | 263 | 275 |
| 12. Ice Arena Levy | | 306.4 | 490.0 | 447.1 | 608.4 | 751.4 |
| # of Districts | | 5 | 7 | 7 | 8 | 9 |
| 13. Staff Dev. Levy | | 30.4 | 27.8 | 29.3 | 34.9 | 33.7 |
| # of Districts | | 6 | 3 | 3 | 4 | 4 |
| 14. Reorg. Oper. Debt | | 700.3 | 674.7 | 606.6 | 705.4 | 378.1 |
| # of Districts | | 10 | 8 | 5 | 7 | 5 |
| 15. Severance Levies | | 731.5 | 1,275.9 | 783.5 | 1,330.7 | 866.0 |
| # of Districts | | 5 | 7 | 6 | 8 | 8 |
| 16. Consol/Transition | | 27.7 | 159.7 | 52.2 | 0 | 0 |
| # of Districts | | 1 | 1 | 1 | 0 | 0 |
| 17. Attached Machinery | | -808.7 | -808.7 | -808.7 | -808.7 | -810.1 |
| # of Districts | | 11 | 11 | 11 | 11 | 12 |
| 18. Swimming Pool ⁽⁴⁾ | | 0 | 0 | 0 | 0 | 411.7 |
| # of Districts | | 0 | 0 | 0 | 0 | 4 |
| 19. Career and Technical ⁽⁴⁾ | | 0 | 0 | 0 | 0 | 12,498.0 |
| # of Districts | | 0 | 0 | 0 | 0 | 292 |
| 20. Econ. Dev. Abatement | | 0 | 0 | 0 | 0 | 353.0 |
| # of Districts | | 0 | 0 | 0 | 0 | 5 |

(1) Formula Change resulted in no Pay 1998 levy

(2) Discontinued after Pay 2000

(3) Renamed Safe Schools Levy for Pay 2003

(4) New Levy for Pay 2002

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

CHILDREN, FAMILIES, & LEARNING

Program: OTHER GENERAL PROGRAMS

Activity: MISCELLANEOUS LEVIES

Narrative

Contact

Additional information is available from the Minnesota Department of Children, Families & Learning, Division of Program Division, (651) 582-8566.

CHILDREN, FAMILIES, & LEARNING

Program: NONPUBLIC PUPIL PROGRAMS

Narrative

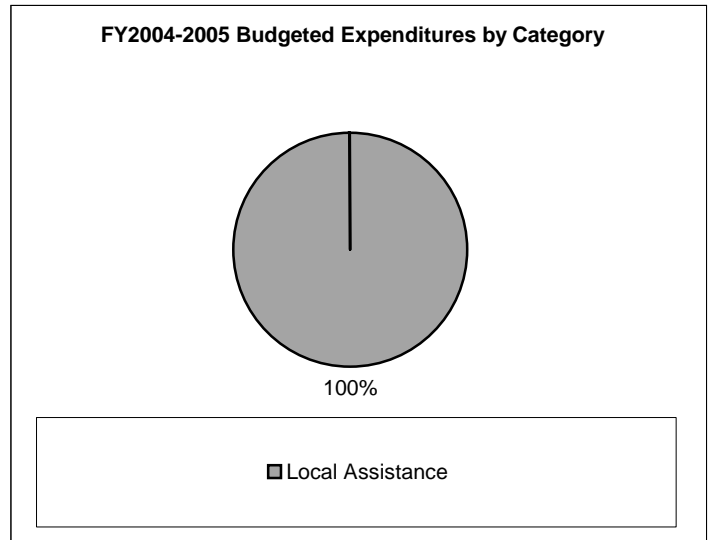
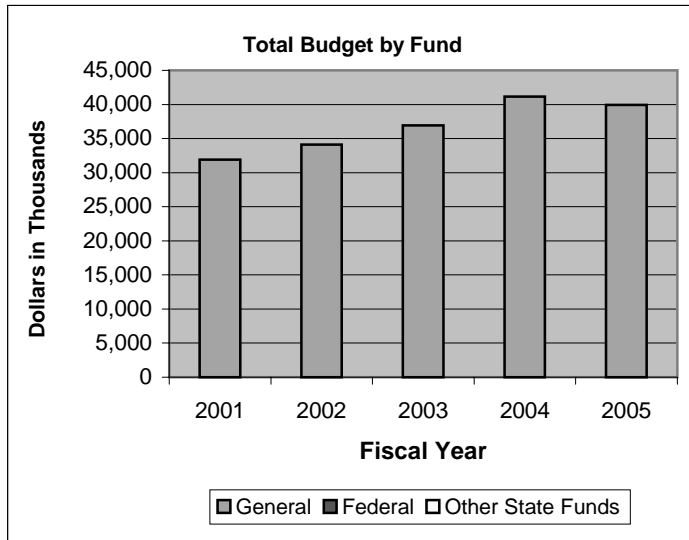
Budget Activities Included:

- ⇒ Nonpublic Pupil Aid
- ⇒ Nonpublic Transportation Aid

CHILDREN, FAMILIES, & LEARNING

Program: **NONPUBLIC PUPIL PROGRAMS**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 31,909 | 34,127 | 36,919 | 41,137 | 39,940 | 81,077 | 10,031 | 14.1% |
| Total | 31,909 | 34,127 | 36,919 | 41,137 | 39,940 | 81,077 | 10,031 | 14.1% |
| Expenditures by Category | | | | | | | | |
| Local Assistance | 31,909 | 34,127 | 36,919 | 41,137 | 39,940 | 81,077 | 10,031 | 14.1% |
| Total | 31,909 | 34,127 | 36,919 | 41,137 | 39,940 | 81,077 | 10,031 | 14.1% |
| Expenditures by Activity | | | | | | | | |
| Nonpublic Pupil Aid | 11,964 | 13,409 | 14,695 | 16,645 | 16,955 | 33,600 | 5,496 | 19.6% |
| Nonpublic Transportation Aid | 19,945 | 20,718 | 22,224 | 24,492 | 22,985 | 47,477 | 4,535 | 10.6% |
| Total | 31,909 | 34,127 | 36,919 | 41,137 | 39,940 | 81,077 | 10,031 | 14.1% |

CHILDREN, FAMILIES, & LEARNING

Program: NONPUBLIC PUPIL PROGRAMS

Activity: NONPUBLIC PUPIL AID

Narrative

Activity Description

Citation: M.S. 123B.40; 123B.41; 123B.42; 123B.43; 123B.44; 123B.445; 123B.45; 123B.46; 123B.47; 123B.48.

This state aid program provides every pupil in the state with equitable access to secular study materials and pupil support services.

Population Served

Services are provided to Minnesota students attending nonpublic and home schools.

Services Provided

Funding is allocated to public school districts for the benefit of nonpublic school students, and not directly to nonpublic schools, in order to maintain the separation of church and state as required by the First Amendment to the U.S. Constitution.

School districts are reimbursed for the costs of the educational materials loaned to the nonpublic pupil (textbooks, individualized instructional materials, and standardized tests) or for the costs of providing support services (health services and secondary guidance and counseling services) to the nonpublic pupil. School districts receive additional funds to cover administrative costs. This amount is equal to 5% of their total aid reimbursement amount.

There are three basic categories of nonpublic pupil aid supporting the following services

Textbooks, Individualized Instructional Materials, and Standardized Tests

⇒ Public school districts, upon formal request, must provide nonpublic pupils with instructional materials that are secular, neutral, nonideological, and not able to be diverted to religious use. These items are loaned to the nonpublic pupil and remain the property of the district.

Health Services

⇒ Public school districts, upon formal request, provide nonpublic pupils with student health services provided to public pupils. Health services may be provided to nonpublic students at a public school, a neutral site, the nonpublic school, or any other suitable location.

Guidance and Counseling Services

⇒ Public school districts, upon formal request, provide nonpublic secondary pupils with guidance and counseling services provided to public secondary pupils. This does not include guidance or counseling in the planning or selection of particular courses or classroom activities of the nonpublic school. Eligible services must be provided either at the public school, the nonpublic school, or a neutral site.

Key Measures

Textbooks, Individualized Instructional Materials, and Standardized Tests

⇒ The percentage of nonpublic school pupils participating in this category has increased from 89% in FY 1990 to 91% in FY 2002.

Health Services

⇒ The percentage of nonpublic school pupils participating in this category decreased slightly from 88% in FY 1990 to 85% in FY 2002.

Activity at a Glance

- ◆ Number of students participating (FY 2002):

| | |
|-----------------------|--------|
| Text Book/Materials | 87,837 |
| Health Services | 82,274 |
| Guidance & Counseling | 27,460 |
- ◆ Percentage of nonpublic students participating in program (FY 2002):

| | |
|-----------------------|-----|
| Text Book/Materials | 91% |
| Health Services | 85% |
| Guidance & Counseling | 86% |

(grades 7-12)
- ◆ FY 2003 rates per nonpublic pupil:

| | |
|-----------------------|----------|
| Text Book/Materials | \$63.93 |
| Health Services | \$49.32 |
| Guidance & Counseling | \$161.02 |
- ◆ All nonpublic students requesting materials and/or services by the statutory deadline have been and are being accommodated.

CHILDREN, FAMILIES, & LEARNING

Program: NONPUBLIC PUPIL PROGRAMS

Activity: NONPUBLIC PUPIL AID

Narrative

Guidance and Counseling Services

- ⇒ The percentage of nonpublic secondary school pupils participating in this category has increased from 76% in FY 1990 to 86% in FY 2002.

Activity Funding

Nonpublic Pupil Aid is funded exclusively with state funds.

Textbooks

- ⇒ The districts are reimbursed for the cost of purchasing and distributing eligible materials. This is calculated as an amount equal to the statewide average expenditure per public school pupil for similar materials in the second preceding school year, adjusted by the percent of increase in the general education formula allowance from the second preceding school year to the current school year, multiplied by the number of nonpublic pupils served. For purposes of this formula, kindergarten pupils are weighted at 0.5.
- ⇒ The formula for computing the per pupil rate is as follows for FY 2001:

$$\begin{array}{rclcl} \text{FY 2003} & & \text{FY 2001 Avg. Expend} & & \\ \text{Per Pupil} & = & \text{per Public Pupil} & \times & \frac{\text{FY 2003 Gen. Ed. Form. Allow.}}{\text{FY 2001 Gen. Ed. Form. Allow.}} \\ \text{Rate} & & \text{for like materials} & & \end{array}$$

Health Services

- ⇒ Each participating district is reimbursed for the cost of providing these services up to an amount equal to the statewide average expenditure per public school pupil for similar services in the second preceding school year, times the number of nonpublic pupils served.
- ⇒ For FY 2003, the maximum per pupil rate for health services is \$49.32.

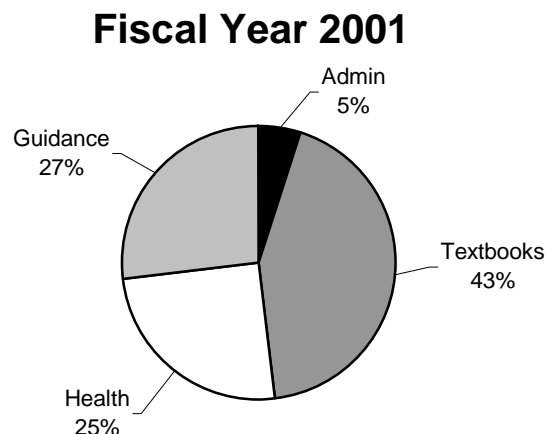
Guidance and Counseling Services

- ⇒ Each participating district is reimbursed for the cost incurred in providing eligible services up to an amount equal to the statewide average expenditure per public secondary pupil for similar services in the second preceding school year, times the number of nonpublic secondary pupils served.
- ⇒ For FY 2003, the maximum per pupil rate for guidance and counseling is \$161.02.

Administration

- ⇒ A district may claim and receive an additional amount equal to 5% of the district's aid for administrative costs.

The chart below provides a breakdown of estimated Nonpublic Pupil Aid for FY 2001. Money is allocated based on the number of participating nonpublic students and actual program expenditures.



CHILDREN, FAMILIES, & LEARNING

Program: NONPUBLIC PUPIL PROGRAMS

Activity: NONPUBLIC PUPIL AID

Narrative

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

Additional information is available from the Minnesota Department of Children, Families & Learning, Division of Program Finance, (651) 582-8858. Additional information is available at the Department of Children, Families & Learning's [Nonpublic web site](#).

CHILDREN, FAMILIES & LEARNING

Program: **NONPUBLIC PUPIL PROGRAMS**

Activity: Nonpublic Pupil Aid

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | | |
|---|--|--------------------------|----------------------------|----------------------------|------------------------|---------------|-------------------------------|--|
| Budget Activity Summary | | Actual FY2001 | Estimate FY2002 | Budgeted FY2003 | Base FY2004 | FY2005 | Biennium FY2004-05 | Biennial Change 2004-05 / 2002-03 |
| | | | | | | | | Dollars Percent |
| 1. Statutory Formula Aid | | 12,001 | 14,360 | 15,975 | 16,782 | 16,990 | 33,772 | 3,437 11.3% |
| 2. Total School District Revenue - All Funds | | 12,001 | 14,360 | 15,975 | 16,782 | 16,990 | 33,772 | 3,437 11.3% |
| Appropriations Basis for State Aid | | | | | | | | |
| Prior Year (10% FY 01-03) (17% FY 04-05) | | 1,175 | 1,330 | 1,436 | 2,716 | 2,853 | 5,569 | 2,803 |
| Cancellation | | | (845) | | | | 0 | 845 |
| Transfers per M.S. 127A.41, subdivision 8 & 9 | | (727) | | | | | | 0 |
| Current Year (90% FY 01-02) (83% FY 03-05) | | 12,273 | 12,924 | 13,259 | 13,929 | 14,102 | 28,031 | 1,848 |
| Cancellation | | (757) | | | | | | |
| Total State Aid - General Fund | | 11,964 | 13,409 | 14,695 | 16,645 | 16,955 | 33,600 | 5,496 19.6% |
| TOTAL APPROPRIATIONS | | 11,964 | 13,409 | 14,695 | 16,645 | 16,955 | 33,600 | 5,496 19.6% |

CHILDREN, FAMILIES, & LEARNING

Program: NONPUBLIC PUPIL PROGRAMS

Activity: NONPUBLIC TRANSPORTATION AID

Narrative

Activity Description

Citation: M.S. 123B.92, Subd. 9, 123B.84, 123B.85, 123B.86 and 123B.87

This program exists to ensure that nonpublic school students receive the same level of transportation services as public school students receive and that the school districts are able to provide this transportation without significant cross-subsidy from the district's general fund.

Activity at a Glance

- ◆ FY 2001, 73,266 nonpublic students were transported to and from schools.
- ◆ FY 2001, 219 districts transporting students.

Population Served

Minnesota students attending nonpublic schools are provided transportation services.

Services Provided

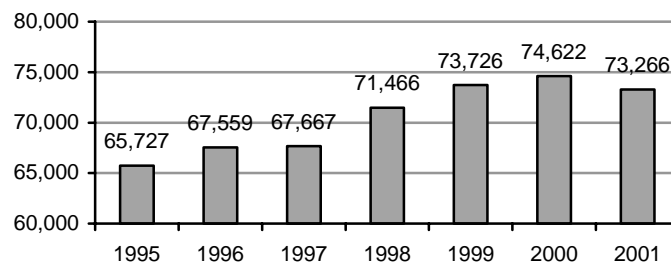
School districts must provide equal transportation within the district for public and nonpublic school students. This means that the district where a non-disabled pupil resides must provide transportation for the nonpublic pupil within the district in like manner as that provided to the public school student residing in the district. If the district transports nonpublic students to a school in another district because there is not a suitable nonpublic school located within the district, the nonpublic school or the parents pays the cost of transportation outside the district boundaries.

Public schools must also provide nonpublic school pupils with transportation within the district boundaries between the private school and public school or neutral site for health and secondary guidance and counseling services provided to nonpublic school pupils. The public school district must also transport nonpublic school students on late activity bus routes if it provides that service for public school students.

Historical Perspective

Since FY 1997, funding for the transportation of nonpublic students has been calculated using a separate formula based on average second prior year costs and the number of current year nonpublic students transported. The following graph shows the number of nonpublic students transported to and from school for FY 1995-2002.

Nonpublic Students Transported To and From School



Key Measures

There are no measures for this program.

CHILDREN, FAMILIES, & LEARNING

Program: NONPUBLIC PUPIL PROGRAMS

Activity: NONPUBLIC TRANSPORTATION AID

Narrative

Activity Funding

Nonpublic Transportation Aid equals the sum of:

- ◆ for regular and excess transportation, an amount equal to the product of the district's actual cost per public and nonpublic pupil transported in the regular and excess categories for the second preceding year, times the number of nonpublic pupils receiving regular or excess transportation in the current year, times the ratio of the formula allowance for the current year to the formula allowance for the second preceding year; plus
- ◆ for non-regular (e.g., shared time, support services) and late activity transportation, an amount equal to the product of the district's actual cost in the second preceding year, times the ratio of the formula allowance for the current school year to the formula allowance for the second preceding year.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

Additional information is available from the Minnesota Department of Children, Families & Learning, Division of Program Finance, (651) 582-8858 and at the Department of Children, Families & Learning's [Program Finance Nonpublic Transportation](#) web site.

CHILDREN, FAMILIES & LEARNING

Program: **NONPUBLIC PUPIL PROGRAMS**

Activity: Nonpublic Transportation

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | | |
|--|--------------------------|----------------------------|----------------------------|---------------|---------------|-------------------------------|--|----------------|
| Budget Activity Summary | Actual FY2001 | Estimate FY2002 | Budgeted FY2003 | Base | | Biennium FY2004-05 | Biennial Change 2004-05 / 2002-03 | |
| | | | | FY2004 | FY2005 | | Dollars | Percent |
| 1. Statutory Formula Aid | 19,888 | 20,789 | 24,281 | 24,534 | 22,669 | 47,203 | 2,133 | 4.7% |
| 2. Statutory Excess/(Shortfall) | 0 | (84) | | | | | (84) | |
| 3. Appropriated Entitlement | 19,888 | 20,705 | 24,281 | 24,534 | 22,669 | 47,203 | 2,049 | 4.6% |
| 4. Adjustment(s) | | | | | | | 0 | |
| a. Excess Funds Transferred In / (Out) | | 84 | | | | | 84 | |
| 5. State Aid Entitlement | 19,888 | 20,789 | 24,281 | 24,534 | 22,669 | 47,203 | 2,133 | 4.7% |
| 6. Total School District Revenue - All Funds | 19,888 | 20,789 | 24,281 | 24,534 | 22,669 | 47,203 | 2,133 | 4.7% |
| <i>Appropriations Basis for State Aid</i> | | | | | | | | |
| Prior Year (10% FY 01-03) (17% FY 04-05) | 2,057 | 2,000 | 2,071 | 4,128 | 4,170 | 8,298 | 4,227 | |
| Current Year (90% FY 01-02) (83% FY 03-05) | 19,276 | 18,634 | 20,153 | 20,364 | 18,815 | 39,179 | 392 | |
| Cancellation | (1,388) | | | | | | | |
| Transfers per M.S. 127A.41, subdivision 8 & 9 | | 84 | | | | | | |
| Total State Aid - General Fund | 19,945 | 20,718 | 22,224 | 24,492 | 22,985 | 47,477 | 4,619 | 10.8% |
| TOTAL APPROPRIATIONS | 19,945 | 20,718 | 22,224 | 24,492 | 22,985 | 47,477 | 4,619 | 10.8% |

Program Description

In 1991, Minnesota became the first state in the nation to authorize charter schools (then called Results Oriented Outcome-Based Schools). The law (M.S. 124D.10-11) permits teachers, parents and other community members to form and operate independent charter schools. To promote innovation, these schools are exempt from some statutes and rules governing school districts but held accountable for results. A charter school is a public school, part of the state's public education system.

The law requires that a charter school must meet one or more of the following purposes:

- ◆ Improve student learning;
- ◆ Increase learning opportunities for students;
- ◆ Encourage the use of different and innovative teaching methods;
- ◆ Require the measurement of learning outcomes and create different and innovative forms of measuring outcomes;
- ◆ Establish new forms of accountability for schools; or
- ◆ Create new professional opportunities for teachers, including the opportunity to be responsible for a learning program at the school site.

Establishing a School

Those wishing to start a charter school must obtain a sponsorship from a school board, intermediate district board, education district, eligible private college, community college, technical college, the University of Minnesota or an eligible charitable organization. A sponsor must obtain approval from the Commissioner of the Department of Children, Families & Learning to authorize a charter school.

In addition to starting a new school, a school board may convert one or more of its schools to charter school status if 60 percent of a school's teachers sign a petition approving conversion.

Organization

The parents of students enrolled in the school and staff employed at the school elect a Board of Directors in a timely manner after the school begins operation. Licensed teachers employed by the school must constitute a majority of the Board unless the Commissioner waives that requirement. The Board determines all aspects of the school's education program, management and administration.

Funding

Charter schools are eligible to participate in any state aid program that does not require a local levy. Since charter schools do not have the authority to levy property taxes, charter schools do not qualify for school revenue programs that require a local levy.

Like other school districts, General Education revenue provides the majority of charter school support. General Education revenue is earned by for each adjusted marginal cost pupil unit at the state formula amount. Basic skills revenue is calculated as for other school districts. Referendum aid equal to the referendum equalization aid adjustment allowance in the pupil's district of residence follows the charter school student. As a part of the general education formula, charter schools receive the state average per adjusted marginal cost pupil unit for sparsity aid, operating capital, training and experience and equity aid. Charter schools may also receive transportation revenue based on the amount per pupil received by the district where the school is located if the charter school provides the pupil transportation.

In addition to General Education revenue, charter schools are commonly eligible for state and federal special education funding, state charter school lease aid, state and federal charter school start-up aid,

state charter school integration aid, and state and federal school nutrition programs. Federal Planning and Startup Grant Funds may be awarded by CFL based on application from charter schools. Funds must be used for planning or startup purposes. Charter schools may also apply for funding provided by the various federal title programs.

For FY 2002, total state aid earned by students attending charter schools is estimated at \$80.7 million. Almost \$63 million of this amount is General Education aid. Charter School Lease aid is estimated at \$12.4 million. Special education aid is estimated at \$3.4 million..

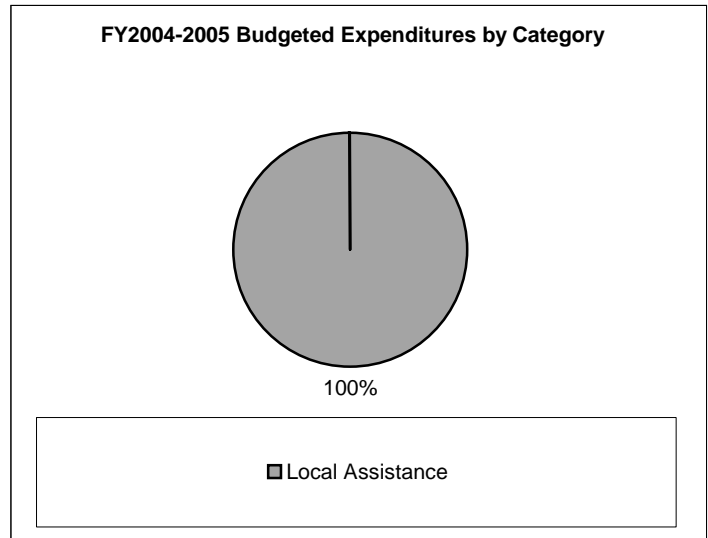
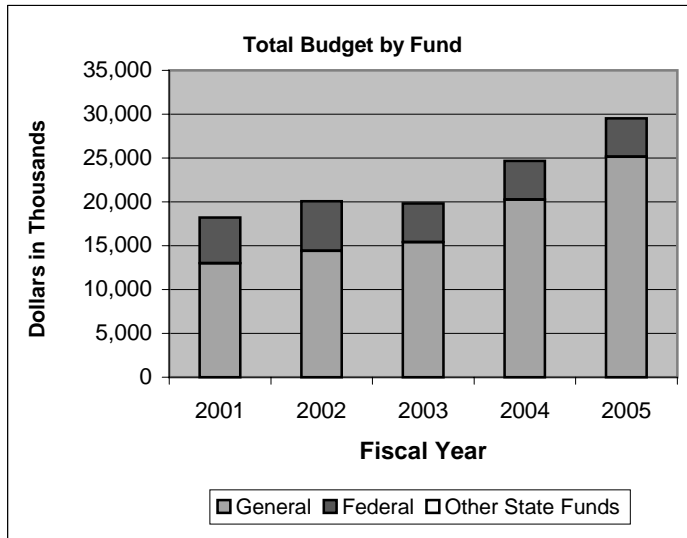
Budget Activities Included:

- ⇒ Charter School Lease Aid
- ⇒ Charter School Startup Aid
- ⇒ Charter School Integration

CHILDREN, FAMILIES, & LEARNING

Program: CHARTER SCHOOLS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 13,006 | 14,413 | 15,417 | 20,268 | 25,145 | 45,413 | 15,583 | 52.2% |
| Statutory Appropriations | | | | | | | | |
| Federal | 5,201 | 5,676 | 4,388 | 4,388 | 4,388 | 8,776 | -1,288 | -12.8% |
| Total | 18,207 | 20,089 | 19,805 | 24,656 | 29,533 | 54,189 | 14,295 | 35.8% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Expenditures by Category | | | | | | | | |
| Local Assistance | 18,207 | 20,089 | 19,805 | 24,656 | 29,533 | 54,189 | 14,295 | 35.8% |
| Total | 18,207 | 20,089 | 19,805 | 24,656 | 29,533 | 54,189 | 14,295 | 35.8% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Expenditures by Activity | | | | | | | | |
| Charter School Lease Aid | 10,379 | 12,393 | 14,130 | 18,560 | 22,773 | 41,333 | 14,810 | 55.8% |
| Charter School Startup Aid | 7,750 | 7,656 | 5,628 | 6,046 | 6,710 | 12,756 | -528 | -4.0% |
| Charter School Integration | 78 | 40 | 47 | 50 | 50 | 100 | 13 | 14.9% |
| Total | 18,207 | 20,089 | 19,805 | 24,656 | 29,533 | 54,189 | 14,295 | 35.8% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Federal | 5,402 | 5,888 | 4,856 | 4,856 | 4,856 | 9,712 | -1,032 | -9.6% |
| Subtotal Dedicated | 5,402 | 5,888 | 4,856 | 4,856 | 4,856 | 9,712 | -1,032 | -9.6% |
| Total Revenue | 5,402 | 5,888 | 4,856 | 4,856 | 4,856 | 9,712 | -1,032 | -9.6% |

CHILDREN, FAMILIES, & LEARNING

Program: CHARTER SCHOOLS

Activity: CHARTER SCHOOL LEASE AID

Narrative

Activity Description

Citation: M.S. 124D.11, Subd. 4

This program provides funding to charter schools to access appropriate facilities for instructional purposes.

Population Served

All charter schools that lease a facility are eligible to participate in this program.

Activity at a Glance

- ◆ Pupil units served FY 2003 - 14,010
- ◆ Lease aid per PU (max) FY 2003 - \$1,500
- ◆ Average gross aid per PU FY 2003 - \$1,121

Services Provided

This program provides funding to charter schools to access appropriate facilities for instructional purposes. Charter schools may apply to the commissioner to receive additional funding for lease costs, after having determined that the total operating capital revenue under M.S. 126C.10, subd. 13 is insufficient for their capital financial needs.

Eligibility criteria are specified in M.S. 124D.11, subd. 4. Approval criteria include:

- ◆ the reasonableness of the price based on current market conditions;
- ◆ the appropriateness of the proposed lease in the context of the space needs and financial circumstances of the charter school; and
- ◆ conformity of the lease to the laws and rules of the state of Minnesota.

Historical Perspective

This program began in FY 1998 with 24 charter schools receiving aid; 67 schools received lease aid in FY 2002.

Key Measures

Charter School Lease Statistics

| | FY 1998 | FY 1999 | FY 2000 | FY 2001 | FY 2002 | FY 2003 |
|--------------------|-----------|-----------|-----------|------------|------------|------------|
| Eligible Net Lease | 1,757,852 | 3,645,157 | 7,882,451 | 12,443,440 | 14,126,065 | 17,526,510 |
| Max Aid Per PU | 416 | 440 | 1,500 | 1,500 | 1,500 | 1,500 |
| Total Gross Aid | 1,141,177 | 2,093,894 | 6,904,968 | 10,705,174 | 12,449,958 | 15,705,210 |
| Average Aid | 330.68 | 386.11 | 822.31 | 1,031.23 | 1,081.76 | 1,121.00 |
| PU | 3,451 | 5,423 | 8,397 | 10,381 | 11,509 | 14,010 |
| Average Per PU | 509.37 | 672.17 | 938.72 | 1,198.67 | 1,227.39 | 1,251.00 |

Activity Funding

Aid is limited to the lesser of

- ◆ 90% of actual net lease costs, or
- ◆ \$1,500 times the charter school's pupil units served for the current year.

The maximum aid per pupil unit increased from \$416 in FY 1998 to \$440 in FY 1999 and to \$1,500 in FY 2000. FY 1998 and FY 1999 lease aid was limited to 80% of the actual net lease costs.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

Additional information is available from the Minnesota Department of Children, Families & Learning, Division of Program Finance, (651) 582-8801. Additional information about charter school laws, school formation, and operation is available at the Department of Children, Families & Learning's [Minnesota's Charter Schools](#) web site.

CHILDREN, FAMILIES & LEARNING

Program: CHARTER SCHOOLS

Activity: Charter School Lease Aid

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | | |
|---|--------------------------|----------------------------|----------------------------|---------------|---------------|-------------------------------|--|----------------|
| Budget Activity Summary | Actual FY2001 | Estimate FY2002 | Budgeted FY2003 | Base | | Biennium FY2004-05 | Biennial Change 2004-05 / 2002-03 | |
| | | | | FY2004 | FY2005 | | Dollars | Percent |
| 1. Statutory Formula Aid | 10,750 | 12,620 | 15,529 | 19,180 | 23,510 | 42,690 | 14,541 | 51.7% |
| 2. Statutory Excess/(Shortfall) | 0 | (207) | | | | | (207) | |
| 3. Appropriated Entitlement | 10,750 | 12,413 | 15,529 | 19,180 | 23,510 | 42,690 | 14,334 | 51.3% |
| 4. Adjustment(s) | | | | | | | | |
| a. Excess Funds Transferred In / (Out) | | 207 | | | | | 207 | |
| 5. State Aid Entitlement | 10,750 | 12,620 | 15,529 | 19,180 | 23,510 | 42,690 | 14,541 | 51.7% |
| 6. Total School District Revenue - All Funds | 10,750 | 12,620 | 15,529 | 19,180 | 23,510 | 42,690 | 14,541 | 51.7% |
| Appropriations Basis for State Aid | | | | | | | | |
| Prior Year (10% FY 01-03) (17% FY 04-05) | 643 | 1,114 | 1,241 | 2,640 | 3,260 | 5,900 | 3,545 | |
| Cancellation | | (100) | | | | | 100 | |
| Current Year (90% FY 01-02) (83% FY 03-05) | 10,164 | 11,172 | 12,889 | 15,920 | 19,513 | 35,433 | 11,372 | |
| Cancellation | (428) | | | | | | | |
| Transfers per M.S. 127A.41, subdivision 8 & 9 | | 207 | | | | | (207) | |
| Total State Aid - General Fund | 10,379 | 12,393 | 14,130 | 18,560 | 22,773 | 41,333 | 14,810 | 55.8% |
| TOTAL APPROPRIATIONS | 10,379 | 12,393 | 14,130 | 18,560 | 22,773 | 41,333 | 14,810 | 55.8% |

CHILDREN, FAMILIES, & LEARNING

Program: CHARTER SCHOOLS

Activity: CHARTER SCHOOL STARTUP AID

Narrative

Activity Description

State Citation: M.S. 124D.11, Subd. 8

Federal Citation: Title V, Part C Elementary and Secondary Education Act, CFDA 84.282A

This state and federal funded program provides start-up funding for charter schools. State funding is available for the first two-years of operation and federal funding is available for three years (typically one year for planning and the first two years of operations).

Population Served

This program serves charter school organizers, charter schools, students, and their parents.

Activity at a Glance

Charter School Start-Up

| | |
|-------------------------------------|--------|
| ◆ Number of Charter Schools FY 2003 | 77 |
| ◆ Number of Students Served FY 2003 | 12,534 |
| ◆ Number of Elementary Charters | 26 |
| ◆ Number of Secondary Charters | 30 |
| ◆ Number of K-12 Charters | 17 |
| ◆ Number of Middle School Charters | 5 |
| ◆ Number of Charters Receiving | |
| - State Start-Up FY 2003 | 20 |
| - Federal Start-Up FY 2003 | 40 |

Services Provided

State and federal aids for start up charter schools provide funding for the costs associated with start-up. State and federal start-up funds may be used for costs such as

- ◆ accountability/evaluation development,
- ◆ curriculum/instruction planning,
- ◆ student recruitment,
- ◆ staff development/governance training,
- ◆ minor facility renovation, and
- ◆ classroom materials.

Additionally, the federal program provides funding to charter schools in at least the fourth year of operation to support dissemination of charter school best practice.

Key Measures

| | Charter Schools Receiving for Start-Up Revenue | | | | | |
|---------|--|---------|---------|---------|---------|---------|
| | FY 1998 | FY 1999 | FY 2000 | FY 2001 | FY 2002 | FY 2003 |
| State | 11 | 20 | 28 | 32 | 26 | 20 |
| Federal | 39 | 47 | 53 | 48 | 40 | 40 |

In addition, five charter schools received federal dissemination grants in FY 2000.

The best measurement for this program would be to collect data regarding the use of these funds and the impact on the long-term financial health of the charter. There are no specific requirements in law to collect or report this data.

Activity Funding

The state funded start-up aid is available for two years and for each year equals the greater of \$50,000 per charter school or \$500 times the charter school's pupil units for that year.

Federal Funding (Public Charter School Program) planning and start-up aid is available for three years of funding. Schools receive a first year planning award base of \$100,000. In addition, new charter schools are eligible for \$10,000 incentive grants. The first year operating grant is \$150,000. The second year operating grant is \$125,000.

Dissemination awards may total 20% of the total federal award, based on the total planning and start-up awards made. Awards may vary depending upon the grant award made to the state of Minnesota.

CHILDREN, FAMILIES, & LEARNING

Program: CHARTER SCHOOLS

Activity: CHARTER SCHOOL STARTUP AID

Narrative

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

Additional information is available from the Minnesota Department of Children, Families & Learning, Learner Options Division, (651) 634-2304. Additional information about charter school laws, school formation, and operation is available at the Department of Children, Families & Learning's [Minnesota's Charter Schools](#) web site.

CHILDREN, FAMILIES & LEARNING

Program: CHARTER SCHOOLS

Activity: Charter School Startup Aid

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | | |
|---|--------------------------|----------------------------|----------------------------|---------------|---------------|-------------------------------|--|----------------|
| Budget Activity Summary | Actual FY2001 | Estimate FY2002 | Budgeted FY2003 | Base | | Biennium FY2004-05 | Biennial Change 2004-05 / 2002-03 | |
| | | | | FY2004 | FY2005 | | Dollars | Percent |
| 1. Statutory Formula Aid | 2,609 | 1,958 | 1,253 | 1,741 | 2,440 | 4,181 | 6,621 | 206.2% |
| 2. evenue (Total of Aid & Levy) | 2,609 | 1,958 | 1,253 | 1,741 | 2,440 | 4,181 | 6,621 | 206.2% |
| 3. Federal Funds | 5,402 | 5,888 | 4,856 | 10,744 | 4,856 | 15,600 | 20,456 | |
| 4. Total School District Revenue - All Funds | 8,011 | 7,846 | 6,109 | 12,485 | 7,296 | 19,781 | 27,077 | 194.0% |
| Appropriations Basis for State Aid | | | | | | | | |
| Prior Year (10% FY 01-03) (17% FY 04-05) | 206 | 258 | 200 | 213 | 296 | 509 | 805 | |
| Cancellation | (44) | (36) | | | | | | |
| Current Year (90% FY 01-02) (83% FY 03-05) | 2,720 | 1,806 | 1,040 | 1,445 | 2,026 | 3,471 | 5,497 | |
| Balance Forward | 33 | | | | | | | |
| Cancellation | (366) | (48) | | | | | | |
| Total State Aid - General Fund | 2,549 | 1,980 | 1,240 | 1,658 | 2,322 | 3,980 | 6,302 | 195.7% |
| Other Approp. Federal Plus Other State Funds | 5,402 | 5,888 | 4,856 | 10,744 | 4,856 | 15,600 | 20,456 | |
| TOTAL APPROPRIATIONS | 7,951 | 7,868 | 6,096 | 12,402 | 7,178 | 19,580 | 26,758 | 191.6% |

CHILDREN, FAMILIES, & LEARNING

Program: CHARTER SCHOOLS

Activity: CHARTER SCHOOL INTEGRATION

Narrative

Activity Description

Citation: 124D.11. Subd.6(e)

This state program allows charter schools to apply for grants consisting of the aid portion of integration revenue under M.S. 124D.86.

Population Served

Students attending eligible charter schools benefit from this program.

Services Provided

The majority of Minnesota's charter schools enroll students from districts eligible for integration revenue under M.S. 124D.86. The current level of funding provides limited resources for grants to charter schools to contribute to integration/desegregation efforts.

Key Measures

Activities funded included student field trips, staff training, transportation, training in conflict mediation, an intramural sports program and expansion of a library collection.

Six Twin Cities charter schools received a total of \$44,659 in FY 2002:

- ◆ Aurora Charter School,
- ◆ Excell Academy,
- ◆ New Visions Charter School,
- ◆ New Spirit Charter School,
- ◆ Skills for Tomorrow, and
- ◆ Twin Cities Academy.

Schools competing for grants must demonstrate that activities and pupil enrollment will advance desegregation or integration, such as through partnerships with a school district or other charter schools.

Activity Funding

Funds are distributed through a competitive grant process.

To apply for a grant, the schools must

- ◆ create a collaboration council to determine integration issues, develop integration/desegregation goals, and design activities to meet those goals;
- ◆ determine the educational justification for the integration/desegregation activities; and
- ◆ evaluate results.

This revenue first became available in FY 2000 and was not a grant program. No charter schools applied or qualified for the revenue in FY 2000. The 2001 legislature gave authority to the commissioner of Children, Families & Learning to distribute these grants through a competitive process. FY 2001 was the first year that charter schools received funding through this competitive grant.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Activity at a Glance

- ◆ Six Twin Cities charter schools received a total of \$44,659 for integration activities in FY 2002.
- ◆ Charter schools are exempt from the state's Desegregation Rule. Their participation in integration activities is voluntary.

CHILDREN, FAMILIES, & LEARNING

Program: CHARTER SCHOOLS

Activity: CHARTER SCHOOL INTEGRATION

Narrative

Contact

Additional information is available from the Minnesota Department of Children, Families & Learning, Office of Equity, (651) 582-8616. Additional information about charter school laws, school formation, and operation is available at the Department of Children, Families & Learning's [Minnesota's Charter Schools](#) web site. For additional information about integration programs, refer to the Integration Revenue and to the Integration Programs budget narratives.

CHILDREN, FAMILIES & LEARNING

Program: CHARTER SCHOOLS

Activity: Charter School Integration Grants

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | | |
|--|--------------------------|----------------------------|----------------------------|---------------|---------------|-------------------------------|--|----------------|
| Budget Activity Summary | Actual FY2001 | Estimate FY2002 | Budgeted FY2003 | Base | | Biennium FY2004-05 | Biennial Change 2004-05 / 2002-03 | |
| | | | | FY2004 | FY2005 | | Dollars | Percent |
| 1. Statutory Formula Aid | 78 | 45 | 50 | 50 | 50 | 100 | 5 | 5.3% |
| 2. Total School District Revenue - All Funds | 78 | 45 | 50 | 50 | 50 | 100 | 5 | 5.3% |
| Appropriations Basis for State Aid | | | | | | | | |
| Prior Year (10% FY 01-03) (17% FY 04-05) | 0 | 0 | 5 | 8 | 8 | 16 | 11 | |
| Current Year (90% FY 01-02) (83% FY 03-05) | 100 | 40 | 42 | 42 | 42 | 84 | 2 | |
| Cancellation | (22) | | | | | | | |
| Total State Aid - General Fund | 78 | 40 | 47 | 50 | 50 | 100 | 13 | 14.9% |
| TOTAL APPROPRIATIONS | 78 | 40 | 47 | 50 | 50 | 100 | 13 | 14.9% |

CHILDREN, FAMILIES, & LEARNING

Program: DESEGREGATION PROGRAMS

Narrative

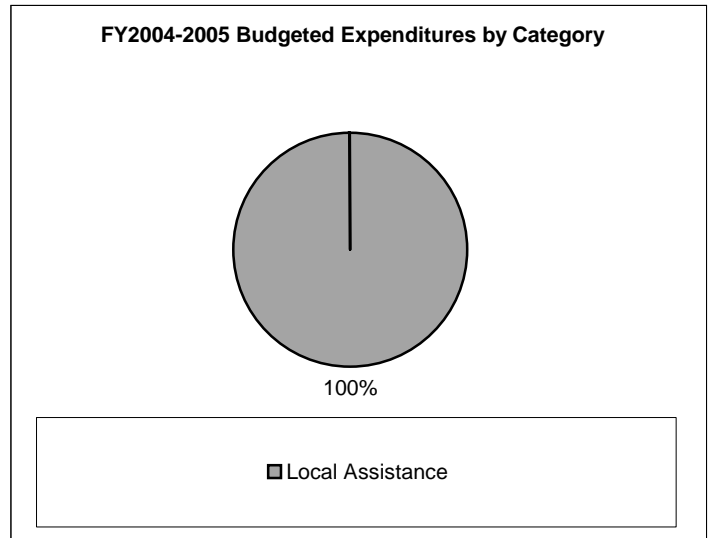
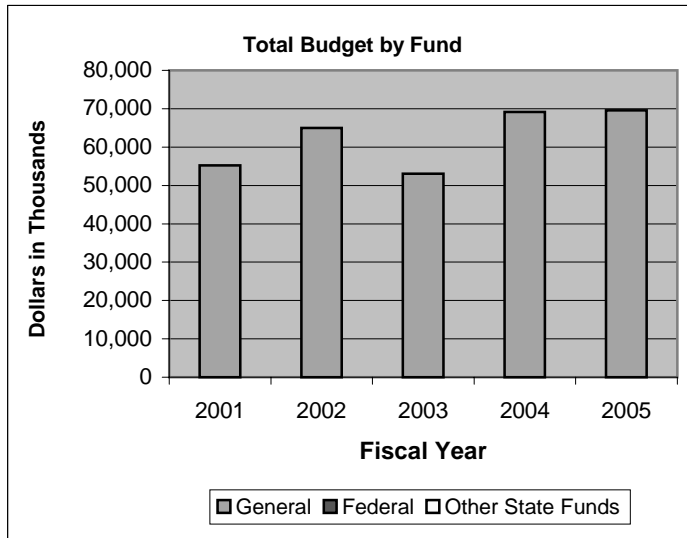
Budget Activities Included:

- ⇒ Integration Revenue
- ⇒ Integration Programs
- ⇒ Magnet School Grants
- ⇒ Magnet School Startup Aid
- ⇒ Interdistrict Desegregation Transportation

CHILDREN, FAMILIES, & LEARNING

Program: DESEGREGATION PROGRAMS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 55,259 | 65,026 | 53,059 | 69,176 | 69,552 | 138,728 | 20,643 | 17.5% |
| Total | 55,259 | 65,026 | 53,059 | 69,176 | 69,552 | 138,728 | 20,643 | 17.5% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|--------------|
| Expenditures by Category | | | | | | | | |
| Payments To Individuals | 80 | 73 | 0 | 0 | 0 | 0 | -73 | -100.0% |
| Local Assistance | 55,179 | 64,953 | 53,059 | 69,176 | 69,552 | 138,728 | 20,716 | 17.6% |
| Total | 55,259 | 65,026 | 53,059 | 69,176 | 69,552 | 138,728 | 20,643 | 17.5% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|--------------|
| Expenditures by Activity | | | | | | | | |
| Integration Revenue | 51,087 | 63,198 | 47,234 | 61,573 | 58,930 | 120,503 | 10,071 | 9.1% |
| Integration Programs | 1,031 | 932 | 1,068 | 1,000 | 1,000 | 2,000 | 0 | 0.0% |
| Magnet School Grants | 1,601 | 448 | 1,052 | 750 | 750 | 1,500 | 0 | 0.0% |
| Magnet School Startup Aid | 240 | 448 | 326 | 57 | 471 | 528 | -246 | -31.8% |
| Interdistrict Deseg Transport | 1,300 | 0 | 3,379 | 5,796 | 8,401 | 14,197 | 10,818 | 320.2% |
| Total | 55,259 | 65,026 | 53,059 | 69,176 | 69,552 | 138,728 | 20,643 | 17.5% |

CHILDREN, FAMILIES, & LEARNING

Program: DESEGREGATION PROGRAMS

Activity: INTEGRATION REVENUE

Narrative

Activity Description

Citation: M.S. 124D.86

The purpose of this state aid and local levy program is to promote racial integration, increase learning opportunities, and reduce the learning gap between learners living in high concentrations of poverty and their peers through programs established under a desegregation plan mandated by state rules or under court order.

Population Served

All students attending public schools receiving integration revenue are served by this program.

Services Provided

Integration revenue may be used in the following ways:

- ◆ additional operating costs for magnet/specialty schools or other methods used to achieve school district desegregation;
- ◆ desegregation transportation costs;
- ◆ staff development costs for preparing teachers to work with diverse populations in an integrated setting;
- ◆ development and implementation of strategies to meet the unique needs of specific cultural groups of students; and
- ◆ supplemental support services for unique students' needs in integrated schools.

Activity at a Glance

- ◆ Fifty-three school districts are required to have desegregation plans and generate integration revenue. Each of the plans is designed to provide voluntary strategies to reduce the racial isolation of 13 school districts from their neighboring districts.
- ◆ Nine Minnesota school districts also have a total of 36 schools within their districts that are racially isolated from the rest of the district's schools. Integration revenue supports plans to help the districts integrate within themselves.

Under State Board of Education Rule 3535, a desegregation plan is required in two instances.

- ⇒ When the percentage of protected students in a school exceeds the percent of protected students in the district and grade levels served by the school by 20 percentage points or more the desegregation plan must specify how the district will increase opportunities for interracial contact between students in the building.
- ⇒ When the percentage of protected students in a district exceeds the percent of protected students in any contiguous district by 20 percentage points or more the desegregation plan must specify how the district will increase opportunities for interracial contact between students in the district.

The Duluth, Minneapolis, and St. Paul school districts currently operate under authority of Rule 3535 and have had approved desegregation plans in place since the 1970s. In FY 2000, 19 more districts operated under desegregation plans. Effective FY 2002, districts that were not required to implement a desegregation plan under the State Board of Education Rule are eligible for integration revenue if they participate in a multidistrict integration collaborative. These districts are eligible to generate up to \$93 per adjusted pupil unit. By FY 2002, 53 districts had interdistrict desegregations and nine had intradistrict plans to eliminate racial isolation at specific school sites.

Historical Perspective

As shown in the table below, total enrollment in the Minneapolis and St. Paul school districts has increased significantly since FY 1995, and the concentration of students of color has increased significantly in all districts operating under a desegregation plan.

| | FY 1995 | FY 1997 | FY 1999 | FY 2000 | FY 2001 | FY 2002 |
|-----------------------------|---------|---------|---------|---------|---------|---------|
| Students Enrolled October 1 | | | | | | |
| Duluth | 14,056 | 13,970 | 13,023 | 12,758 | 12,430 | 12,135 |
| Minneapolis | 45,187 | 47,978 | 49,242 | 48,688 | 48,834 | 48,156 |
| St. Paul | 40,732 | 43,766 | 45,349 | 45,253 | 45,115 | 44,201 |
| Percent Students of Color | | | | | | |
| Duluth | 8.5% | 10.0% | 10.6% | 11.1% | 11.5% | 12.1% |
| Minneapolis | 61.1% | 65.7% | 69.8% | 71.1% | 72.8% | 73.4% |
| St. Paul | 51.9% | 57.4% | 62.5% | 64.7% | 66.7% | 68.1% |

CHILDREN, FAMILIES, & LEARNING

Program: DESEGREGATION PROGRAMS

Activity: INTEGRATION REVENUE

Narrative

The need for integration revenue will continue to increase due to growing concentrations of poverty and growing concentrations of students of color in urban core districts. The new desegregation rule requires greater collaboration among more districts in addressing integration issues.

Key Measures

Because the revenue can be used for a variety of activities, several potential measures of the program's success exist. One measure would be to survey parents and students who have participated in programs funded by the district's integration revenue on whether these programs have given them more opportunities to participate in multi-racial, multi-cultural environments. Another measure is whether students that have transferred to a nonresident district have been academically successful in their new environment. Yet another measure is whether new teaching strategies have proven successful in classrooms. Locally developed plans often make provisions for evaluation of the effectiveness of strategies.

Activity Funding

This program is funded with a combination of state aid and a local property tax levy, the sum of which is revenue. The percent of revenue from state aid has ranged from 54% in FY 1999 to 78% for several of the years covered, with the balance coming from local tax payers. Unlike most levies, for cities of the first class and for FY 2001 the entire amount levied is recognized as revenue in the fiscal year in which the levy is certified. Effective FY 2002 for other than cities of the first class, the revenue is recognized in the fiscal year following the levy.

Each eligible district must submit a budget detailing the costs of implementing the integration plan. At the end of the school year the district reports the actual expenditures related to implementation of the plan. For FY 2000 and later years, the maximum integration revenue is the lesser of the cost of implementing the district's plan or the statute-defined rate times the adjusted pupil units. The rates vary by district and, in some cases, by year.

Minneapolis

- ◆ \$536 through FY 2002
- ◆ \$446 effective FY 2003
- ◆ \$446 plus an additional levy amount of \$35 per adjusted pupil unit, effective FY 2004

St. Paul

- ◆ \$446

Duluth

- ◆ \$207

Other eligible districts

- ◆ \$93 for all other eligible districts through FY 2001
- ◆ \$93 effective FY 2002 for other eligible districts with an enrollment of protected students that does not exceed 15%
- ◆ \$130 effective FY 2002 for other eligible districts with an enrollment of protected students that exceeds 15%

Effective FY 2001, districts other than cities of the first class can generate alternative attendance integration aid providing a budget and reporting related expenditures. The state aid is equal to the lesser of the cost of the plan or the state aid portion of the revenue amount generated by residents of Minneapolis, St. Paul or Duluth.

Additional information on desegregation transportation is available in the Interdistrict Desegregation Transportation budget narrative.

CHILDREN, FAMILIES, & LEARNING

Program: DESEGREGATION PROGRAMS

Activity: INTEGRATION REVENUE

Narrative

The following table summarizes the trends in integration revenue since FY 1995.

Total Integration Revenue by District

| | Dollars in Thousands | | | | | | | Est. | Est. |
|---------------------|----------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 1994-95 | 1995-96 | 1996-97 | 1997-98 | 1998-99 | 1999-00 | 2000-01 | 2001-02 | 2002-03 |
| Duluth | \$ 2,879 | \$ 2,695 | \$ 2,909 | \$ 2,906 | \$ 2,998 | \$ 2,974 | \$ 2,918 | \$ 2,851 | \$ 2,756 |
| Minneapolis | 24,570 | 26,567 | 27,556 | 28,243 | 29,263 | 29,873 | 30,390 | 29,763 | 24,260 |
| St. Paul | 20,064 | 21,074 | 21,424 | 22,489 | 22,446 | 23,265 | 23,517 | 23,271 | 23,302 |
| Other Districts | 0 | 0 | 0 | 0 | 0 | 238 | 11,303 | 26,323 | 28,669 |
| STATE TOTALS | \$47,513 | \$50,336 | \$51,889 | \$53,638 | \$54,707 | \$56,350 | \$68,128 | \$82,208 | \$78,987 |

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

Additional information is available from the Minnesota Department of Children, Families & Learning, Office of Equity, (651) 582-8695.

CHILDREN, FAMILIES & LEARNING

Program: DESEGREGATION PROGRAMS

Activity: Integration Programs

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | | |
|---|------------------|--------------------|--------------------|---------------|---------------|-----------------------|--------------------------------------|-------------|
| Budget Activity Summary | Actual FY2001 | Estimate FY2002 | Budgeted FY2003 | Base | | Biennium FY2004-05 | Biennial Change 2004-05 / 2002-03 | |
| | | | | FY2004 | FY2005 | | Dollars | Percent |
| 1. Statutory Formula Aid | 53,166 | 63,867 | 49,200 | 64,107 | 57,869 | 121,976 | 8,909 | 7.9% |
| 2. Appropriated Entitlement | 53,166 | 63,867 | 49,200 | 64,107 | 57,869 | 121,976 | 8,909 | 7.9% |
| 3. Adjustment(s) | | | | | | | | |
| b. Net Prior Year Payments | (1) | | | | | | | |
| 4. State Aid Entitlement | 53,165 | 63,867 | 49,200 | 64,107 | 57,869 | 121,976 | 8,909 | 7.9% |
| 5. Local Levy | 14,962 | 17,887 | 28,587 | 19,781 | 25,249 | 45,030 | (1,444) | |
| 6. Revenue (Total of Aid & Levy) | 68,127 | 81,754 | 77,787 | 83,888 | 83,118 | 167,006 | 7,465 | 4.7% |
| 7. Total School District Revenue - All Funds | 68,127 | 81,754 | 77,787 | 83,888 | 83,118 | 167,006 | 7,465 | 4.7% |
| Appropriations Basis for State Aid | | | | | | | | |
| Prior Year (10% FY 01-03) (17% FY 04-05) | 3,856 | 5,729 | 6,398 | 8,364 | 10,898 | 19,262 | 7,135 | |
| Transfers per M.S. 127A.41, subdivision 8 & 9 | (206) | | | | | | | |
| Current Year (90% FY 01-02) (83% FY 03-05) | 51,972 | 57,582 | 40,836 | 53,209 | 48,032 | 101,241 | 2,823 | |
| Transfers per M.S. 127A.41, subdivision 8 & 9 | (279) | | | | | | | |
| Cancellation | (4,256) | (113) | | | | | 113 | |
| Total State Aid - General Fund | 51,087 | 63,198 | 47,234 | 61,573 | 58,930 | 120,503 | 10,071 | 9.1% |
| TOTAL APPROPRIATIONS | 51,087 | 63,198 | 47,234 | 61,573 | 58,930 | 120,503 | 10,071 | 9.1% |

CHILDREN, FAMILIES, & LEARNING

Program: DESEGREGATION PROGRAMS

Activity: INTEGRATION PROGRAMS

Narrative

Activity Description

Citation: 122A.24; Laws 1994, Ch.647, Art 8, Sec. 29; 122A.64; 122A.65; 124D.89

This program provides state aid for four integration programs.

- ⇒ **Alternative Preparation Licensing, Minority Fellowship Grants** recruits people of color into teaching by providing fellowship grants to qualified people seeking alternative preparation for teacher licensure and site grants for program development management.
- ⇒ **Teachers of Color Program** increases the numbers of teachers of color in school districts with growing student of color populations.
- ⇒ **Minority Teacher Incentives** shares fiscal responsibility with eligible school districts to employ additional teachers and aides or educational assistants of color.
- ⇒ **Cultural Exchange Program** develops and creates opportunities for children and staff of different ethnic, racial, and cultural backgrounds to experience educational and societal change.

Activity at a Glance

- ◆ Five individuals completed their teacher education program through Minority Fellowship Grants during the 2001-02 school year. Fourteen candidates are still in school.
- ◆ The Teacher of Color program currently has 18 partnerships between school districts and teacher preparation programs. 165 students are preparing for licensure, with average grant awards of \$4,503.

Population Served

Individuals that are participating in these programs and districts that are partnering with associated programs and institutions are primarily served by this program. Districts, parents, and students report a need for more teachers of color to serve as educators and mentors for Minnesota's public school students. Minnesota's minority population is projected to show a 52% increase for the 15-year span 2000 to 2015. At the same time that Minnesota's demographic landscape is rapidly changing, the state faces large scale teacher retirements and, in selected subject areas, some significant teacher shortages.

Services Provided

The Minnesota Department of Children, Families & Learning uses the flexibility of the block allocation to fund programs where the greatest needs exist and where the opportunities for success are the greatest. Currently, the entire integration programs budget is split between Minority Fellowships and Teachers of Color grants.

Minority Fellowship Grants

- ⇒ The Minnesota Board of Teaching approves alternative preparation to teacher licensure programs that are funded through Minority Fellowship Grants. Each approved program is a collaborative effort between a school district, groups of schools, and a post-secondary institution that has a teacher preparation program. The program provides each candidate the support of a mentoring team that is responsible for the instructional phase before the candidate assumes responsibility for a classroom, formal instruction and peer coaching during the school year, assessment, supervision, and evaluation. Beginning in FY 1998, Minority Teacher Fellowship funds have also been used to support planning grants to post-secondary institutions to develop new models to recruit and retain teachers of color.

Teachers of Color Program

- ⇒ The Teachers of Color program provides grants for tuition, books, fees, and sometimes other expenses, to make it possible for traditional and nontraditional students to obtain the education necessary for teacher licensure. Award levels are determined after students have accepted all other available financial aid. Programs currently provide scholarships to both public and private teacher preparation programs in Minnesota. Participants must teach in sponsoring school districts for two years following licensure or risk being required to pay back the grants.

CHILDREN, FAMILIES, & LEARNING

Program: DESEGREGATION PROGRAMS

Activity: INTEGRATION PROGRAMS

Narrative

Cultural Exchange Program

⇒ The Cultural Exchange Program provides funding for locally developed programs between school districts that have desegregation plans and those districts that have no desegregation plans. The grants may be used for staff time including salary and benefit expenses, costs for substitute staff, travel expenses, and curriculum materials. In addition, the grant may also be used for transportation, board, and lodging expenses for students.

Minority Teacher Incentives

- ⇒ This program provides funding to districts that have a student of color enrollment of more than 10% or to districts that have approved comprehensive desegregation plans.
- ⇒ Districts receive one-half of an educator's salary and benefits, not to exceed \$20,000 per year, if they employ a person of color who has not taught in a Minnesota school district during the preceding year.
- ⇒ Districts retaining the educator a second year are guaranteed a second year of funding. Reimbursements are made for each year of the biennium. According to current law, reimbursements cannot be prorated.

Key Measures

The greatest demand for services through Integration Programs is for scholarships to prepare people for K-12 teacher licensure in high demand areas such as science, English as a second language, special education and mathematics. As school districts cut spending, training teachers for licensure in other areas where shortages are not present leads to likely layoff.

For the Teachers of Color Program in FY 2002, \$825,600 was awarded to 18 partnerships of school districts and teacher preparation programs. Four individuals completed licensure through this program in 2002.

Activity Funding

Flexibility is used in the allocation of the funds of this block-funded program. This allows funds to be allocated to areas where the greatest needs exist and where the opportunities for success are the greatest. In FY 2003 funds are being allocated for the Minority Fellowship program and for the Teachers of Colors grants. Funds are awarded to districts for these purposes on a competitive basis.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

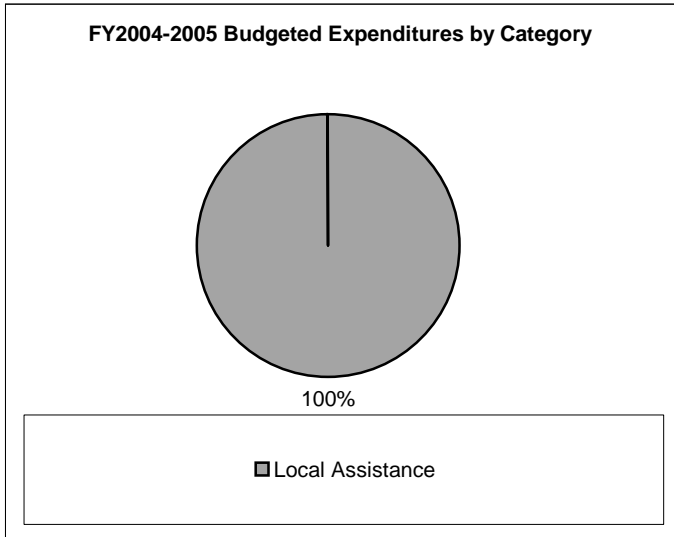
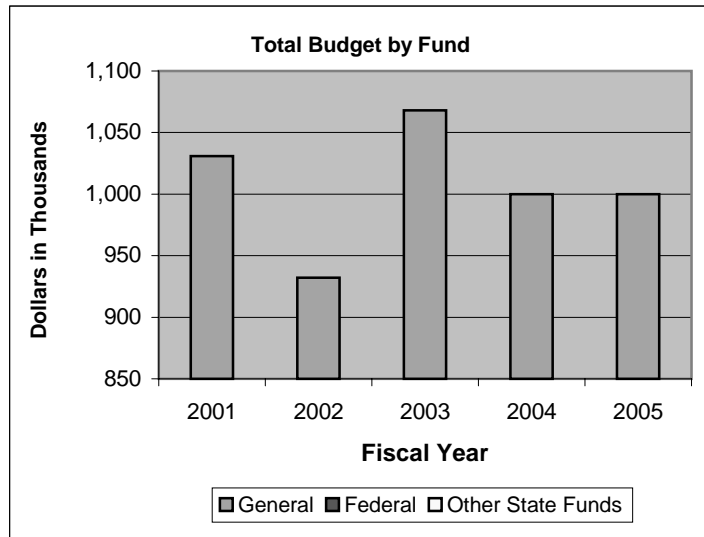
Additional information is available from the Minnesota Department of Children, Families & Learning, Office of Equity, (651) 582-8695.

CHILDREN, FAMILIES, & LEARNING

Program: **DESEGREGATION PROGRAMS**

Activity: **INTEGRATION PROGRAMS**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 1,031 | 932 | 1,068 | 1,000 | 1,000 | 2,000 | 0 | 0.0% |
| Total | 1,031 | 932 | 1,068 | 1,000 | 1,000 | 2,000 | 0 | 0.0% |
| Expenditures by Category | | | | | | | | |
| Payments To Individuals | 80 | 73 | 0 | 0 | 0 | 0 | -73 | -100.0% |
| Local Assistance | 951 | 859 | 1,068 | 1,000 | 1,000 | 2,000 | 73 | 3.8% |
| Total | 1,031 | 932 | 1,068 | 1,000 | 1,000 | 2,000 | 0 | 0.0% |

CHILDREN, FAMILIES, & LEARNING

Program: DESEGREGATION PROGRAMS

Activity: MAGNET SCHOOL GRANTS

Narrative

Activity Description

Citation: Laws 1994, Ch. 647, Art. 8, Sec. 38; M.S. 124D.88; Laws 1997, 1 Sp. Ch. 4, Art 2, Subd.13

The purpose of this state aid program is to provide for integrated K-12 education that will encourage mutual understanding and provide programs, services, and facilities essential to meeting students' needs and abilities.

Population Served

Districts, students, and parents in participating programs or projects are the primary population served. However, districts not eligible for integration revenue under the Desegregation Rule are aware of the importance of developing integrated learning environments for students and look to Magnet Schools and Programs funding to meet integration needs.

Minnesota's minority population is projected to increase 52% between the years 2000 and 2015. Minnesota's public schools invest in integration programs and activities to meet the needs of their increasingly diverse students but also to prepare both majority and minority students to succeed in a global marketplace.

Services Provided

Magnet Schools and Program Grants are competitively available statewide for the development of integrated learning environments. Following is a list of costs eligible for the funding:

- ◆ salaries for teachers who provide instruction or services to students in a magnet school or magnet program;
- ◆ salaries for education paraprofessionals who assist teachers in providing instruction or services to students in a magnet school or magnet program;
- ◆ equipment, equipment maintenance contracts, materials, supplies, and other property needed to operate a magnet school or magnet program;
- ◆ minor remodeling needed to operate a magnet school or magnet program;
- ◆ transportation for all field trips that are part of a magnet school or magnet program curriculum;
- ◆ program planning and staff curriculum development for a magnet school or magnet program;
- ◆ disseminating information on magnet schools and magnet programs; and
- ◆ indirect costs calculated according to the state statutory formula governing indirect costs.

The establishing statutes require the commissioner of Children, Families & Learning, in consultation with the desegregation/integration advisory board, to award grants for planning, developing, and operating magnet schools that provide integrated learning environments. Public schools, charter schools, and joint powers boards are eligible recipients.

Key Measures

Since 1994, performance indicators have been 1) to develop and operate schools and programs that create greater understanding of diverse populations; and 2) to improve student achievement by using multiple strategies. Sixteen of the 19 projects that have been funded are continuing to operate in accordance with the Desegregation Rule adopted in 1999. The magnet school grants provided the start-up funds necessary to launch programs that can now be funded with integration revenue.

Activity Funding

The amount of funding for magnet school and magnet program grants increased from \$1.5 million in FY 1999 to \$1.75 million in FY 2000. Legislation adopted in the 2000 session reduced the magnet school and magnet program grants base budget to \$750,000 per year to provide funding for desegregation transportation costs projected for FY 2003.

Activity at a Glance

- ◆ 19 projects funded – 15 in Twin Cities, four in Greater Minnesota.
- ◆ 16 Projects continued beyond initial start up through use of integration revenue.
- ◆ Communities and school districts statewide wishing to provide integrated learning opportunities to students are able to apply for this competitive grant.

CHILDREN, FAMILIES, & LEARNING

Program: DESEGREGATION PROGRAMS

Activity: MAGNET SCHOOL GRANTS

Narrative

Funding History

| District | Dollars in Thousands | | | |
|---|----------------------|----------------|----------------|--------------|
| | FY 1999 | FY 2000 | FY 2001 | *FY 2002 |
| WMEP Interdistrict Downtown School | \$ 525 | \$ 150 | \$ 185 | |
| WMEP FAIR School | 88 | 425 | 0 | |
| WMEP Professional Development Center | 99 | 60 | 0 | |
| Tri-District School | 525 | 100 | 0 | |
| Project Common Ground | 220 | 225 | 0 | |
| 5-District Project | 0 | 150 | 0 | |
| Crosswinds East Metro | 0 | 412 | 0 | |
| Anoka-Hennepin Magnet School Study | 0 | 130 | 0 | |
| Twin Cities Academy | 0 | 48 | 0 | |
| Minneapolis Established Learning Center | 0 | 50 | 0 | |
| Wayzata Public Schools | 0 | 0 | 322 | |
| Albert Lea Area Schools | 0 | 0 | 15 | |
| St. Louis Park | 0 | 0 | 90 | \$102 |
| Rochester | 0 | 0 | 315 | |
| WMEP Coordination | 44 | 0 | 0 | |
| WMEP SW School | 0 | 0 | 0 | |
| Willmar Area Project | 60 | 0 | 0 | 202 |
| East Metro District 6067 | 0 | 0 | 823 | |
| Chisholm | 0 | 0 | 0 | 46 |
| TOTAL | \$1,561 | \$1,750 | \$1,750 | \$350 |

*FY 2002 grants were delayed because of budget considerations and, consequently, few applications were received.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

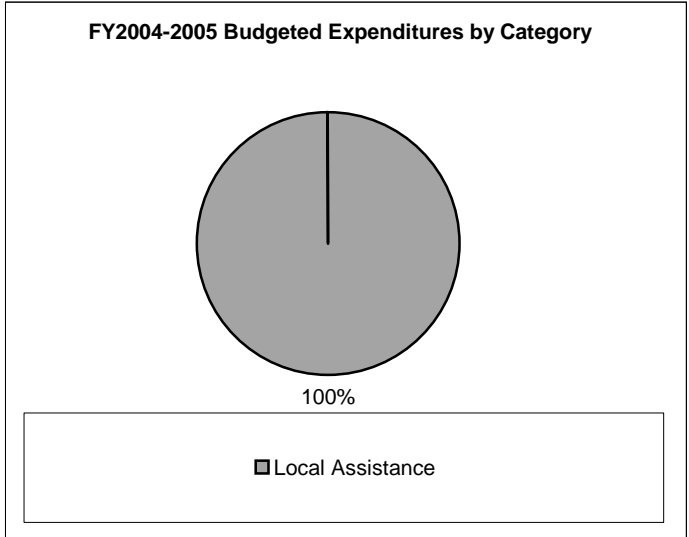
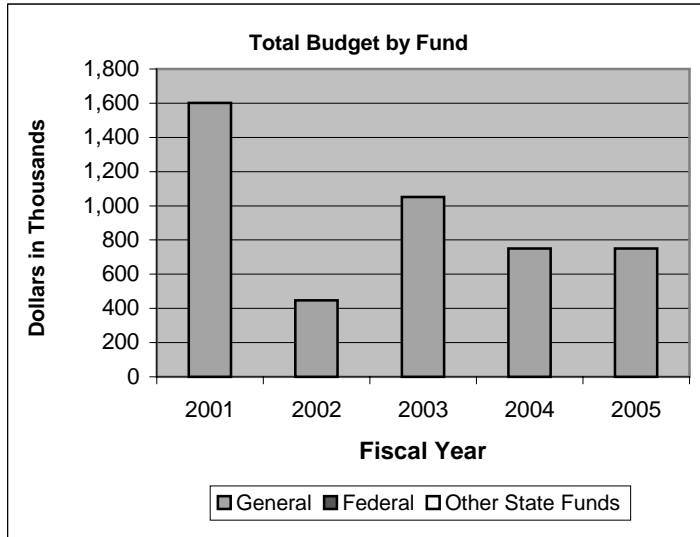
Additional information is available from the Minnesota Department of Children, Families & Learning, Office of Equity, (651) 582-8695

CHILDREN, FAMILIES, & LEARNING

Program: **DESEGREGATION PROGRAMS**

Activity: **MAGNET SCHOOL GRANTS**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|---------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 1,601 | 448 | 1,052 | 750 | 750 | 1,500 | 0 | 0.0% |
| Total | 1,601 | 448 | 1,052 | 750 | 750 | 1,500 | 0 | 0.0% |
| Expenditures by Category | | | | | | | | |
| Local Assistance | 1,601 | 448 | 1,052 | 750 | 750 | 1,500 | 0 | 0.0% |
| Total | 1,601 | 448 | 1,052 | 750 | 750 | 1,500 | 0 | 0.0% |

CHILDREN, FAMILIES, & LEARNING

Program: DESEGREGATION PROGRAMS

Activity: MAGNET SCHOOL STARTUP AID

Narrative

Activity Description

Citation: 124D.88, Subd. 4

This state grant program for metropolitan magnet schools is designed to provide for integrated K-12 education that will encourage mutual understanding and provide programs, services, and facilities essential to meeting students' needs and abilities.

Activity at a Glance

- ◆ Two magnet schools have received this grant since FY 2001.
- ◆ The funds help magnet schools with start up costs for two years.

Population Served

Magnet schools in their first two years of operation are eligible to participate in this program. During the first two years of a metropolitan magnet school's operation, the school is eligible for aid to pay for start-up costs and additional operating costs

Services Provided

Metropolitan magnet schools have strategies to

- ◆ create a sense of belonging for students and families in diverse school settings;
- ◆ create multicultural exchanges for teachers and students;
- ◆ create prototype schools that model interdistrict cooperation and collaboration;
- ◆ create curricula expertise and delivery system improvements;
- ◆ provide professional development related to understanding diversity;
- ◆ create a community of learners whose achievements are enhanced by diversity; and
- ◆ provide programming themes such as environmental sciences or the arts to attract students.

Key Measures

The metropolitan magnet school start-up aid has two performance indicators: 1) to operate schools that create greater understanding of diverse populations; and 2) to operate schools that improve student achievement.

Possible program measures include

- ◆ the degree to which the student body of the magnet school is racially and economically integrated compared to the sponsoring districts;
- ◆ the degree to which academic indicators show the school is closing achievement gaps relative to progress districts' are making on their own to reduce the gap; and
- ◆ the extent to which the magnet school is a popular choice for minority and majority students of all economic backgrounds.

The two districts that have received Magnet School Start-up grants show a diverse population. The percent of protected students is less than Minneapolis or St. Paul, but greater than that of other member districts indicating a successful mix of students served.

Activity Funding

Metropolitan magnet school start-up cost grant formula is based on \$500 times the magnet school's pupil units served for that year.

| | Dollars in Thousands | | | |
|------------------------------|----------------------|---------|---------|---------|
| | FY 2000 | FY 2001 | FY 2002 | FY 2003 |
| WMEP FAIR School | N/A | \$250 | \$324 | 0 |
| East Metro Crosswinds Middle | N/A | 0 | \$183 | \$305 |

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

CHILDREN, FAMILIES, & LEARNING

Program: DESEGREGATION PROGRAMS

Activity: MAGNET SCHOOL STARTUP AID

Narrative

Contact

Additional information is available from the Minnesota Department of Children, Families & Learning, Office of Equity, (651) 582-8695.

CHILDREN, FAMILIES & LEARNING

Program: DESEGREGATION PROGRAMS

Activity: Magnet School Startup Aid

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | | |
|---|--------------------------|----------------------------|----------------------------|---------------|---------------|-------------------------------|--|----------------|
| Budget Activity Summary | Actual FY2001 | Estimate FY2002 | Budgeted FY2003 | Base | | Biennium FY2004-05 | Biennial Change 2004-05 / 2002-03 | |
| | | | | FY2004 | FY2005 | | Dollars | Percent |
| 1. Statutory Formula Aid | 265 | 470 | 336 | 0 | 567 | 567 | (239) | -29.7% |
| 2. Statutory Excess/(Shortfall) | (15) | | | | | | 0 | |
| 3. Appropriated Entitlement | 250 | 470 | 336 | 0 | 567 | 567 | (239) | -29.7% |
| 4. Adjustment(s) | | | | | | | | |
| a. Excess Funds Transferred In / (Out) | 15 | | | | | | 0 | |
| 5. State Aid Entitlement | 265 | 470 | 336 | 0 | 567 | 567 | (239) | -29.7% |
| 6. Total School District Revenue - All Funds | 265 | 470 | 336 | 0 | 567 | 567 | (239) | -29.7% |
| Appropriations Basis for State Aid | | | | | | | | |
| Prior Year (10% FY 01-03) (17% FY 04-05) | 0 | 25 | 47 | 57 | 0 | 57 | (15) | |
| Current Year (90% FY 01-02) (83% FY 03-05) | 225 | 423 | 279 | 0 | 471 | 471 | (231) | |
| Transfers per M.S. 127A.41, subdivision 8 & 9 | 15 | | | | | | | |
| Total State Aid - General Fund | 240 | 448 | 326 | 57 | 471 | 528 | (246) | -31.8% |
| TOTAL APPROPRIATIONS | 240 | 448 | 326 | 57 | 471 | 528 | (246) | -31.8% |

CHILDREN, FAMILIES, & LEARNING

Program: DESEGREGATION PROGRAMS

Activity: INTERDISTRICT DESEG TRANSPORT

Narrative

Activity Description

Citation: M.S. 124D.87

The purpose of this state aid program is to promote interdistrict desegregation and integration programs among school districts by providing state aid to cover unreimbursed student transportation costs.

Population Served

This program serves public school students attending interdistrict desegregation or integration schools or programs.

Services Provided

Transportation is provided between the student's home or school and the interdistrict program or school. School districts have entered into joint powers agreements to develop desegregation/integration programs and/or schools. Existing programs include the Metropolitan Learning Alliance School, the East Metro Integration District 6067, West Metropolitan Education Program (WMEP) Interdistrict Downtown School, WMEP Robbinsdale FAIR School, and the Crosswinds School. The WMEP St. Louis Park School is scheduled to open in FY 2004. Other programs exist that promote desegregation/integration, including Project Common Ground, Expo Middle, and Five-District Integration

Key Measures

The best measurement of this program would be to survey families on whether the transportation service to interdistrict programs have given them more opportunities to participate in multi-racial, multi-cultural environments.

Activity Funding

The state aid equals the difference between the transportation costs and the amount of general education revenue, which can be considered transportation revenue, generated by the participating students.

From FY 1996 through FY 2001, the state aids were first directed to districts providing transportation for interdistrict integration programs. Excess funds were available to fund costs of providing transportation of open-enrolled students whose enrollment contributed to integration. Beginning in FY 2002 funding is available on an equal basis for both interdistrict magnet programs and open enrolled students contributing to integration.

Effective with FY 2002 expenditures, the formula for this program is changed from a current funding basis formula to a reimbursement basis formula. Districts receive the reimbursement for actual costs. Districts qualifying for aid in the prior year are required to recognize the revenue in the year earned.

The number of districts participating in this program is slowly increasing each year. In FY 1999, 14 districts participated in this program, 16 districts participated in FY 2000, and 18 districts participated in FY 2001. Transportation needs will continue to grow as additional interdistrict desegregation and integration programs are developed and new interdistrict schools are constructed.

Beginning in FY 2002, the Minneapolis school district implemented the Choice is Yours program. In FY 2002, 500 students were transported to other school districts to increase integration efforts. This number is expected to increase annually by 500 students until FY 2006 when 2,500 students will be transported from Minneapolis to other school districts. The costs for this program is expected to increase the demand for state funding.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Activity at a Glance

- ◆ In FY 2001, 1,619 students were transported to and from interdistrict desegregation or integration schools at a cost of \$1,643,137.
- ◆ Other students were transported to a program or event at a cost of \$22,846 in FY 2001.

CHILDREN, FAMILIES, & LEARNING

Program: DESEGREGATION PROGRAMS

Activity: INTERDISTRICT DESEG TRANSPORT

Narrative

Contact

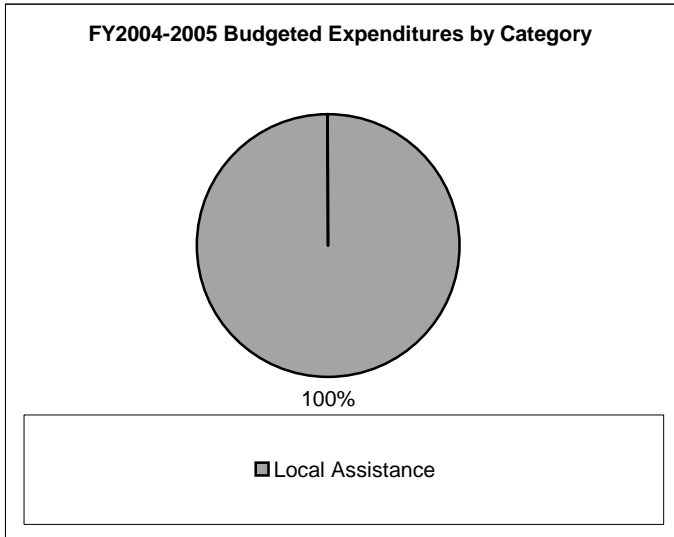
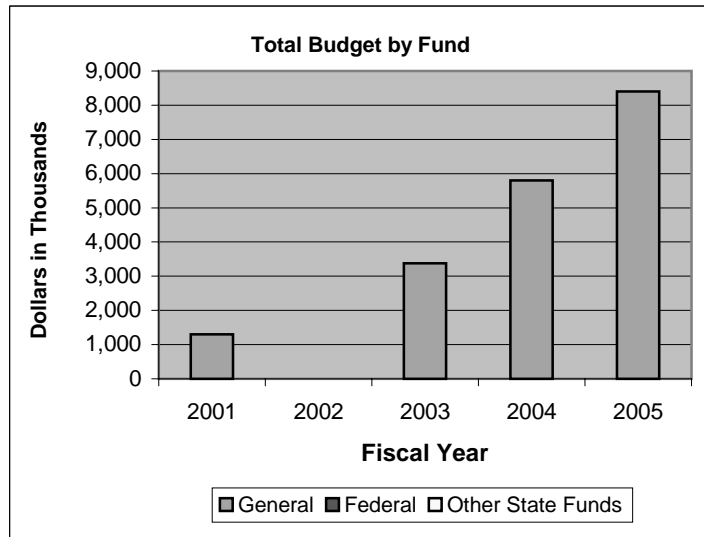
Additional information is available from the Minnesota Department of Children, Families & Learning, Office of Equity, (651) 582-8695.

CHILDREN, FAMILIES, & LEARNING

Program: **DESEGREGATION PROGRAMS**

Activity: **INTERDISTRICT DESEG TRANSPORT**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 1,300 | 0 | 3,379 | 5,796 | 8,401 | 14,197 | 10,818 | 320.2% |
| Total | 1,300 | 0 | 3,379 | 5,796 | 8,401 | 14,197 | 10,818 | 320.2% |
| Expenditures by Category | | | | | | | | |
| Local Assistance | 1,300 | 0 | 3,379 | 5,796 | 8,401 | 14,197 | 10,818 | 320.2% |
| Total | 1,300 | 0 | 3,379 | 5,796 | 8,401 | 14,197 | 10,818 | 320.2% |

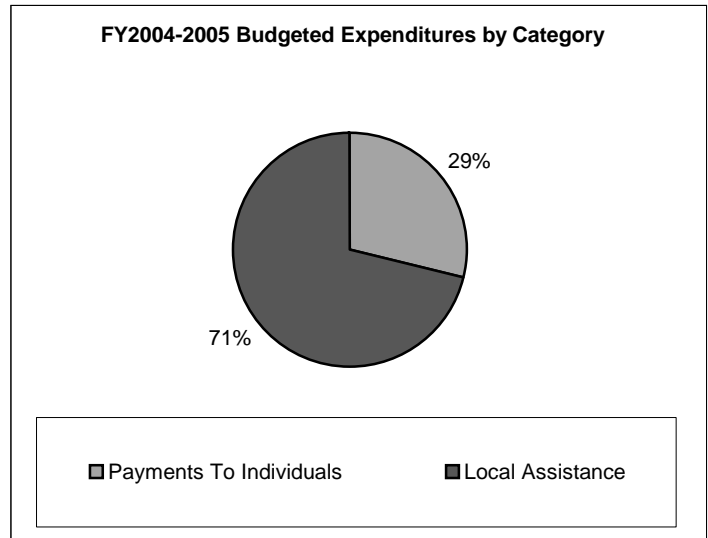
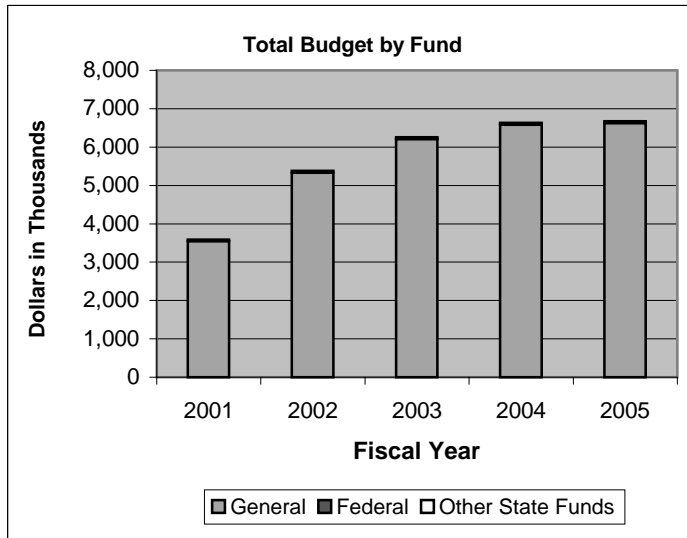
Budget Activities Included:

- ⇒ Success for the Future
- ⇒ Indian Scholarships
- ⇒ Indian Teacher Preparation Grants
- ⇒ Tribal Contract Schools
- ⇒ Early Childhood Programs at Tribal Schools

CHILDREN, FAMILIES, & LEARNING

Program: AMERICAN INDIAN PROGRAMS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 3,549 | 5,333 | 6,204 | 6,579 | 6,627 | 13,206 | 1,669 | 14.5% |
| Statutory Appropriations | | | | | | | | |
| Gift | 39 | 50 | 50 | 50 | 50 | 100 | 0 | 0.0% |
| Total | 3,588 | 5,383 | 6,254 | 6,629 | 6,677 | 13,306 | 1,669 | 14.3% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|
| Expenditures by Category | | | | | | | | |
| Payments To Individuals | 1,908 | 1,924 | 1,926 | 1,925 | 1,925 | 3,850 | 0 | 0.0% |
| Local Assistance | 1,680 | 3,459 | 4,328 | 4,704 | 4,752 | 9,456 | 1,669 | 21.4% |
| Total | 3,588 | 5,383 | 6,254 | 6,629 | 6,677 | 13,306 | 1,669 | 14.3% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|
| Expenditures by Activity | | | | | | | | |
| Success For The Future | 0 | 1,914 | 1,987 | 2,137 | 2,137 | 4,274 | 373 | 9.6% |
| Indian Scholarships | 1,908 | 1,924 | 1,926 | 1,925 | 1,925 | 3,850 | 0 | 0.0% |
| Indian Teacher Prep Grants | 167 | 190 | 190 | 190 | 190 | 380 | 0 | 0.0% |
| Tribal Contract Schools | 1,445 | 1,287 | 2,083 | 2,309 | 2,357 | 4,666 | 1,296 | 38.5% |
| Ecfe Program At Tribal Schools | 68 | 68 | 68 | 68 | 68 | 136 | 0 | 0.0% |
| Total | 3,588 | 5,383 | 6,254 | 6,629 | 6,677 | 13,306 | 1,669 | 14.3% |

| | | | | | | | | |
|---------------------------------|-----------|-----------|-----------|-----------|-----------|------------|-----------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Gift | 31 | 17 | 50 | 50 | 50 | 100 | 33 | 49.3% |
| Subtotal Dedicated | 31 | 17 | 50 | 50 | 50 | 100 | 33 | 49.3% |
| Total Revenue | 31 | 17 | 50 | 50 | 50 | 100 | 33 | 49.3% |

CHILDREN, FAMILIES, & LEARNING

Program: AMERICAN INDIAN PROGRAMS

Activity: SUCCESS FOR THE FUTURE

Narrative

Activity Description

Citation: 124D.81

Success for the Future is a state grant program that combines and expands the best features of three discontinued grant programs. This grant program provides funding to grantees that develop comprehensive and collaborative plans to support academic achievement, lower the drop out rate and improve the school climate in a culturally appropriate manner for American Indian students.

Activity at a Glance

- ◆ 30 grants funded for five years with annual renewal of funds
- ◆ 9,454 American Indian students served

Population Served

Twenty-seven public school districts and 3 tribal schools receive "Success for the Future" grant funds.

- ◆ American Indian student population served: Urban – 4,834; Rural/Reservation 4,711

Services Provided

Success for the Future collaborative programs provide the following program services to increase student achievement and lower the dropout rates:

- ◆ targeted retention programs,
- ◆ academic and counseling services, as well as advocacy and liaison services,
- ◆ innovative curriculum based on technology, and
- ◆ best practices in teaching for American Indian students.

Key Measures

Decrease the dropout rate and increase student graduation rates for American Indian Students.

⇒ School districts that are funded by "Success for the Future" are able to provide programs that reduce dropout rates and increase graduation rates for American Indian students. Districts that participate in the program experience a 2% lower dropout rate and higher graduation rates for American Indian students than in districts not served. This is documented by completion studies that are conducted every four years to allow tracking of students.

Activity Funding

The grants are awarded for a five-year period with an annual renewal process. Because of this the annual statistics will remain constant through FY 2006.

| | <u>FY 2002</u> |
|---|----------------|
| Number of Grants Funded | 30 |
| Number of Applicants | 46 |
| Percent of Applicants Funded | 65% |
| Number of Participating Indian Students | 9,454 |
| Number of Indian Students in School/Districts | 12,976 |
| Percent Served | 74% |

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

Additional information is available from the Minnesota Department of Children, Families & Learning, Indian Education Division, (651) 582-8831, cfl.indianeducation@state.mn.us, and the Department of Children, Families & Learning web site: <http://cfl.state.mn.us>, Program/Services, Indian Education.

CHILDREN, FAMILIES & LEARNING

Program: AMERICAN INDIAN PROGRAMS

Activity: Success For The Future

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | | |
|--|--------------------------|----------------------------|----------------------------|---------------|---------------|-------------------------------|--|----------------|
| Budget Activity Summary | Actual FY2001 | Estimate FY2002 | Budgeted FY2003 | Base | | Biennium FY2004-05 | Biennial Change 2004-05 / 2002-03 | |
| | | | | FY2004 | FY2005 | | Dollars | Percent |
| 1. Statutory Formula Aid | 0 | 2,127 | 2,137 | 2,137 | 2,137 | 4,274 | 10 | 0.2% |
| 2. Total School District Revenue - All Funds | 0 | 2,127 | 2,137 | 2,137 | 2,137 | 4,274 | 10 | 0.2% |
| Appropriations Basis for State Aid | | | | | | | | |
| Prior Year (10% FY 01-03) (17% FY 04-05) | 0 | 0 | 213 | 363 | 363 | 726 | 513 | |
| Current Year (90% FY 01-02) (83% FY 03-05) | 0 | 1,924 | 1,774 | 1,774 | 1,774 | 3,548 | (150) | |
| Cancellation | | (10) | | | | | 10 | |
| Total State Aid - General Fund | 0 | 1,914 | 1,987 | 2,137 | 2,137 | 4,274 | 373 | 9.6% |
| TOTAL APPROPRIATIONS | 0 | 1,914 | 1,987 | 2,137 | 2,137 | 4,274 | 373 | 9.6% |

CHILDREN, FAMILIES, & LEARNING

Program: AMERICAN INDIAN PROGRAMS

Activity: INDIAN SCHOLARSHIPS

Narrative

Activity Description

Citation: M.S. 124D.84

The state funded Minnesota Indian Scholarship Program (MISP) promotes partnerships between state government and tribal government to provide need-based financial assistance to American Indian students who would otherwise not have the opportunity to attend a post-secondary institution.

Population Served

American Indians residing in and attending Minnesota higher education institutions and who meet the following scholarship eligibility criteria can apply:

- ♦ be accepted by a higher education institution;
- ♦ be eligible for federal financial aid; and
- ♦ meet the definition of American Indian.

Activity at a Glance

- ♦ Provides scholarships to eligible American Indian students based on needs determined by the federal financial needs assessment process.
- ♦ An average of 1,000 students are funded each year.
- ♦ An average of 200 students are not funded due to lack of resources.
- ♦ Average student award is \$1,858 per year.
- ♦ Graduates an average of 150 students per year from certificate and technical programs, two, four, and graduate degree programs.

Services Provided

The MISP works with tribal governments and higher education institutions to provide scholarships for eligible American Indian students. MISP awards are:

- ♦ granted to students based on policies and procedures as adopted by Children, Family & Learning and the American Indian Education Committee;
- ♦ based upon the unmet need as shown by the higher education institutions recommended budget with the cost shared by tribal nations; and
- ♦ restricted to American Indian students of one-fourth or more American Indian ancestry, residing in Minnesota, and enrolled in an accredited Minnesota post-secondary institution.

Historical Perspective

This program was enacted in 1955 to encourage American Indians to attend post-secondary institutions. At that time, fewer than 10 American Indian students attended post-secondary institutions in Minnesota. In 2002 the MISP funded 1,002 American Indians enrolled in post-secondary institutions.

Key Measures

Increase educational opportunities for American Indian students.

| | FY 1999 | FY 2000 | FY 2001 | FY 2002 | Est. FY 2003 |
|----------------------------------|---------|---------|---------|---------|--------------|
| Students Funded | 1,015 | 1,014 | 935 | 1,002 | 1,000 |
| Graduate Students Funded by MISP | 40 | 27 | 40 | 27 | 35 |

Activity Funding

- ⇒ The average award in the FY 2001 and FY 2002 school year was \$1,858.
- ⇒ Since 1990 the MISP has provided scholarship assistance to approximately 1,000 eligible students per year.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

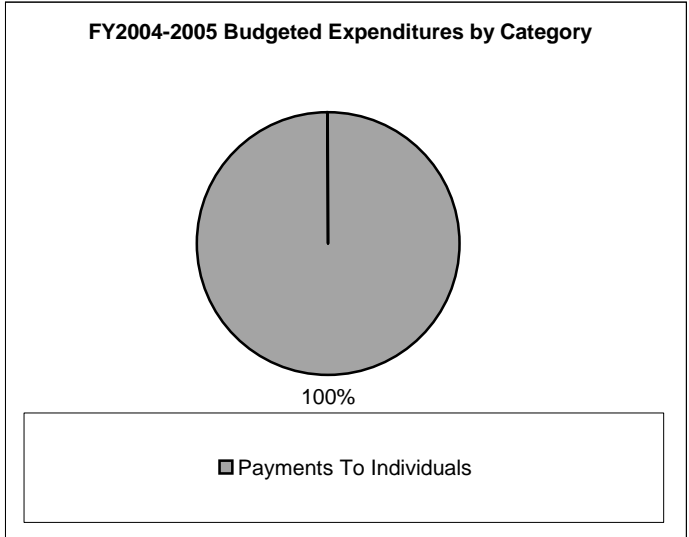
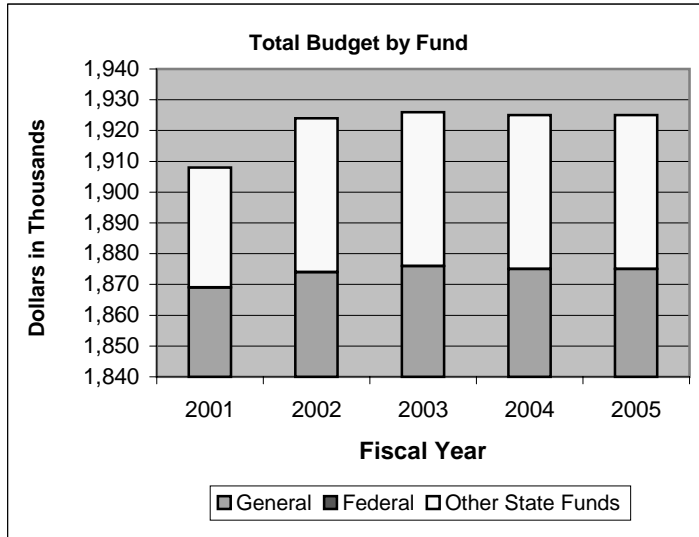
Additional information is available from the Minnesota Department of Children, Families & Learning, Indian Education Division, (651) 582-8831

CHILDREN, FAMILIES, & LEARNING

Program: **AMERICAN INDIAN PROGRAMS**

Activity: INDIAN SCHOLARSHIPS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 1,869 | 1,874 | 1,876 | 1,875 | 1,875 | 3,750 | 0 | 0.0% |
| Statutory Appropriations | | | | | | | | |
| Gift | 39 | 50 | 50 | 50 | 50 | 100 | 0 | 0.0% |
| Total | 1,908 | 1,924 | 1,926 | 1,925 | 1,925 | 3,850 | 0 | 0.0% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|----------|-------------|
| Expenditures by Category | | | | | | | | |
| Payments To Individuals | 1,908 | 1,924 | 1,926 | 1,925 | 1,925 | 3,850 | 0 | 0.0% |
| Total | 1,908 | 1,924 | 1,926 | 1,925 | 1,925 | 3,850 | 0 | 0.0% |

| | | | | | | | | |
|---------------------------------|-----------|-----------|-----------|-----------|-----------|------------|-----------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Gift | 31 | 17 | 50 | 50 | 50 | 100 | 33 | 49.3% |
| Subtotal Dedicated | 31 | 17 | 50 | 50 | 50 | 100 | 33 | 49.3% |
| Total Revenue | 31 | 17 | 50 | 50 | 50 | 100 | 33 | 49.3% |

CHILDREN, FAMILIES, & LEARNING

Program: AMERICAN INDIAN PROGRAMS

Activity: INDIAN TEACHER PREP GRANTS

Narrative

Activity Description

Citation: M.S. 122A.63

The state funded Indian Teacher Preparation Grant program assists American Indian people to become teachers and provides additional education for American Indian teachers. This program provides a source of certified American Indian teachers to specific school districts with significant concentrations of American Indian students.

Population Served

Eligible American Indian students attending one of the four colleges or universities legislated to receive grants can apply for assistance through this program.

Activity at a Glance

These grants assist American Indian students become teachers or assist American Indian teachers gain additional education or certification.

- ◆ Grants are awarded to Augsburg College in collaboration with Minneapolis and St. Paul Public Schools, Bemidji State University in collaboration with Red Lake Public School, Moorhead Public School, and the University of Duluth in collaboration with Duluth Public Schools.
- ◆ The grants support approximately 24 students per year.

An American Indian person who meets one of the following criteria is eligible to participate in the program:

- ◆ a student who intends to become a teacher and is enrolled in one of the post-secondary institutions receiving grants;
- ◆ a teacher aide who intends to become a teacher and who is employed by a district receiving a joint grant; or
- ◆ a licensed employee of a district receiving a joint grant who is enrolled in a master of education degree program.

Services Provided

This program provides grants and loans to American Indian students who have the potential to complete a teacher-training program and have demonstrated a financial need. The student receives funding in the form of grants and loans. Loans are forgiven through service at the participating school district.

Historical Perspective

This program began in 1979 as a result of a collaborative effort between the state, tribal governments, public school districts, and post-secondary institutions.

| | FY 1999 | FY 2000 | FY 2001 | FY 2002 | FY 2003 |
|----------------------------|---------|---------|---------|---------|---------|
| Number of Grants | 4 | 4 | 4 | 4 | 4 |
| Number of New Participants | 21 | 22 | 25 | 21 | 25 |
| Number of Graduates | 6 | 0 | 6 | 4 | 7 |

- ⇒ There have been 46 graduates of the program since its inception.
- ⇒ 80% of the program's first graduates have repaid the loans through service in a sponsoring school. Other graduates have repaid by service in other Minnesota districts.
- ⇒ A total of 75 American Indians have participated or are participating in the program to date.

Key Measures

In conjunction with other programs focused on preparing a multicultural teacher workforce, this program helps achieve these goals:

- ◆ to diversify Minnesota's teaching staff to better reflect the children and families in our public schools;
- ◆ to increase cultural awareness among teaching staff and administration;
- ◆ to create a welcoming and understanding school environments for minority children and families; and
- ◆ to increase experience and exposure to a diversity of teachers for all of Minnesota's students.

CHILDREN, FAMILIES, & LEARNING

Program: AMERICAN INDIAN PROGRAMS

Activity: INDIAN TEACHER PREP GRANTS

Narrative

Activity Funding

Grant awards are made by the agency based on applications from project sites specified in the legislation. Payments are made either to the school district or the post-secondary institution, as determined by agreement.

Grant Summary:

Funding to each of these partnerships is constant through FY 2003.

| | Dollars in Thousands FY 2003 |
|--|---------------------------------|
| Bemidji State and Red Lake SD sites | \$ 40 |
| Moorhead State and White Earth Nation sites | 40 |
| U of M and Duluth SD sites | 70 |
| Augsburg College and Minneapolis and St. Paul SD sites | 40 |
| TOTAL | \$190 |

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

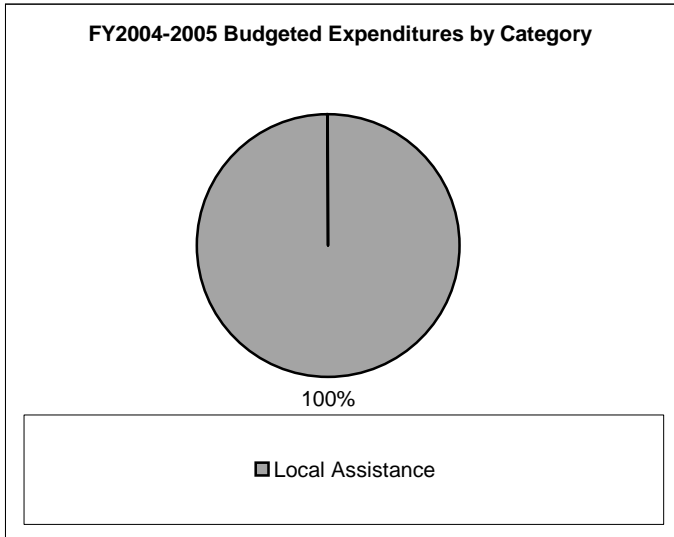
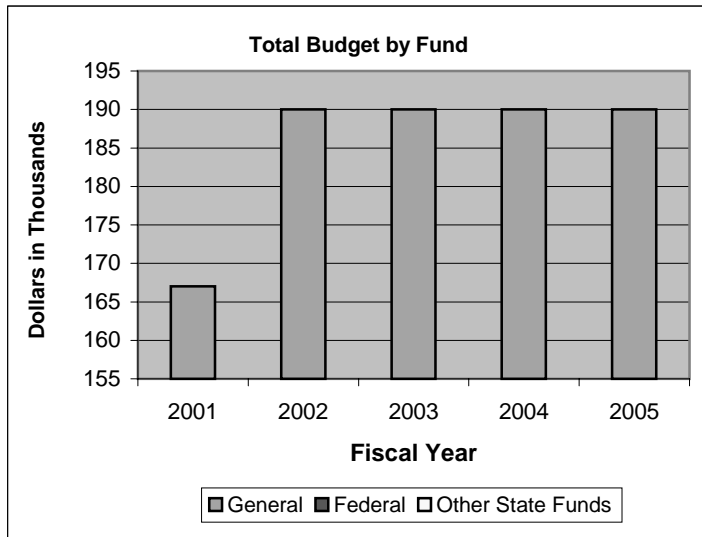
Additional information is available from the Minnesota Department of Children, Families & Learning, Indian Education Division, (651) 582-8831, email: cfl.indianeducation@state.mn.us, web site [http://cfl.state.mn.us/Programs/Services, Indian Education](http://cfl.state.mn.us/Programs/Services,IndianEducation).

CHILDREN, FAMILIES, & LEARNING

Program: **AMERICAN INDIAN PROGRAMS**

Activity: INDIAN TEACHER PREP GRANTS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 167 | 190 | 190 | 190 | 190 | 380 | 0 | 0.0% |
| Total | 167 | 190 | 190 | 190 | 190 | 380 | 0 | 0.0% |
| Expenditures by Category | | | | | | | | |
| Local Assistance | 167 | 190 | 190 | 190 | 190 | 380 | 0 | 0.0% |
| Total | 167 | 190 | 190 | 190 | 190 | 380 | 0 | 0.0% |

CHILDREN, FAMILIES, & LEARNING

Program: AMERICAN INDIAN PROGRAMS

Activity: TRIBAL CONTRACT SCHOOLS

Narrative

Activity Description

Citation: M.S. 124D.83

This state aid program provides funding to promote equal education opportunity for students enrolled in tribal contract schools (as compared to public schools) by providing state funds to schools based on the difference between the amount of aid provided by the federal government and the state per pupil aid.

Population Served

Annually, each American Indian-controlled tribal contract or grant school authorized by the United States Code Title 25, Section 450F, that is located on a reservation within the state is eligible to receive tribal contract aid provided that the school

- ♦ plans, conducts, and administers an education program that complies with the requirements of either chapter 124 and chapters 120, 121, 122, 123, 124A, 124C, 125, 126, 129, and 268A or Code of Federal Regulations Title 25, Sections 31.0 to 45.80; and
- ♦ complies with all other state statutes governing independent school districts or their equivalent in the Code of Federal Regulations, Title 25.

Eligibility is limited to the 4 tribal schools in the state.

- ♦ Bug-O-Nay-Ge-Shig School, Leech Lake
- ♦ Circle of Life School, White Earth
- ♦ Nay Ah Shing School, Mille Lacs
- ♦ Ojibwe School, Fond du Lac

Services Provided

The funds are placed in the schools' operating budget to provide general education services and are not specifically set aside to meet any legislated goals.

The tribal schools report student data on Minnesota Automated Reporting Student System (MARSS) and have adopted graduation standards and state testing according to their comprehensive education plans. They also test students to be in compliance with Title I and Bureau of Indian Affairs regulations.

Key Measures

The appropriation is for the schools' general fund for educational services. In October 2002, the yearly report cards for each school will be collected and baseline data will be compiled for each school as to graduation standards, retention rate and test scores.

Activity Funding

State aid is calculated by:

- ♦ **multiplying** the formula allowance under M.S. 126C.10, Subd. 2 minus \$170 times the actual pupil units in average daily membership and the number of pupils for the current school year;
- ♦ **adding** compensatory revenue based on compensation revenue pupil units times the formula allowance minus \$300;
- ♦ **subtracting** the amount of money allotted to the school by the federal government through the Indian School Equalization Program of the Bureau of Indian Affairs;
- ♦ **dividing** the result in clause (3) by the sum of the actual pupil units in average daily membership plus the tribal contract compensation revenue pupil units; then,
- ♦ **multiplying** the sum of the actual pupil units in average daily membership plus the tribal contract compensation revenue pupil units by the lesser of \$1,500 or the result in clause (4).

Activity at a Glance

- ♦ 900 to 1,000 American Indian students attend the four contract/grant schools in Minnesota.
- ♦ The four schools participate in the Minnesota Graduation Standards – testing and Profile of Learning.
- ♦ Appropriation is for general education services.

CHILDREN, FAMILIES, & LEARNING

Program: AMERICAN INDIAN PROGRAMS

Activity: TRIBAL CONTRACT SCHOOLS

Narrative

| | Dollars in Thousands | | | | |
|-------------------|----------------------|----------------|----------------|----------------|----------------|
| | <u>FY 1997</u> | <u>FY 1998</u> | <u>FY 1999</u> | <u>FY 2000</u> | <u>FY 2001</u> |
| Bug-O-Nay-Ge-Shig | \$375.8 | \$995.8 | \$747.1 | \$462.1 | \$636.8 |
| Circle of Life | 66.7 | 313.2 | 0 | 279.1 | 215.6 |
| Nay Ah Shing | 59.3 | 0 | 306.2 | 307.2 | 630.3 |
| Fond du Lac | 179.9 | 0 | 0 | 0 | 0 |

Federal aid to the tribal schools is based on school attendance during the fall count week, therefore, the schools do not receive federal funding for students transferring to the tribal school after that time. Although the schools receive state aid for students transferring midyear based on average daily membership, the amount does not make up for federal funding lost.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

Additional information is available from the Minnesota Department of Children, Families & Learning, Indian Education Division, (651) 582-8831, email: cfl.indianeducation@state.mn.us, web site: <http://cfl.state.mn.us>.

CHILDREN, FAMILIES & LEARNING

Program: **AMERICAN INDIAN PROGRAMS**

Activity: Tribal Contract Schools

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | | |
|--|--------------------------|----------------------------|----------------------------|---------------|---------------|-------------------------------|--|----------------|
| Budget Activity Summary | Actual FY2001 | Estimate FY2002 | Budgeted FY2003 | Base | | Biennium FY2004-05 | Biennial Change 2004-05 / 2002-03 | |
| | | | | FY2004 | FY2005 | | Dollars | Percent |
| 1. Statutory Formula Aid | 1,483 | 1,312 | 2,249 | 2,321 | 2,364 | 4,685 | 1,124 | 31.6% |
| 2. Total School District Revenue - All Funds | 1,483 | 1,312 | 2,249 | 2,321 | 2,364 | 4,685 | 1,124 | 31.6% |
| Appropriations Basis for State Aid | | | | | | | | |
| Prior Year (10% FY 01-03) (17% FY 04-05) | 154 | 192 | 217 | 383 | 395 | 778 | 369 | |
| Current Year (90% FY 01-02) (83% FY 03-05) | 1,728 | 1,955 | 1,866 | 1,926 | 1,962 | 3,888 | 67 | |
| Cancellation | (437) | (860) | | | | | 860 | |
| Total State Aid - General Fund | 1,445 | 1,287 | 2,083 | 2,309 | 2,357 | 4,666 | 1,296 | 38.5% |
| TOTAL APPROPRIATIONS | 1,445 | 1,287 | 2,083 | 2,309 | 2,357 | 4,666 | 1,296 | 38.5% |

CHILDREN, FAMILIES, & LEARNING

Program: AMERICAN INDIAN PROGRAMS

Activity: ECFE PROGRAMS AT TRIBAL SCHOOL

Narrative

Activity Description

Citation: M.S. 124D.83, Subd. 4

This state aid program provides funding to four eligible tribal schools to enhance the ability of American Indian parents to provide for their children's optimal learning and development through education and support that emphasizes cultural values and learning from birth to kindergarten age.

Population Served

Parents and children in the communities served by the Bug-O-Nay-Ge-Shig School in Leech Lake, Circle of Life School in White Earth, Fond du Lac Ojibwa School in Cloquet, and Nay Ah Shing School in Mille Lacs participate in this program.

The program provides an opportunity for tribal contract schools to establish and maintain early childhood family development programming that emphasizes cultural values and learning.

Services Provided

The programs use culturally appropriate materials and strategies to deliver the basic Early Childhood Family Education (ECFE) program, with an added emphasis on preserving American Indian culture.

The programs require the direct presence and substantial involvement of the children's parents and may include any or all of the following education services:

- ◆ programs to educate parents about the physical and mental development of the children;
- ◆ programs to enhance parents' skills in providing for their children's learning and development;
- ◆ learning experiences for children and parents;
- ◆ activities designed to detect children's physical, mental, emotional, or behavioral problems that may cause learning problems;
- ◆ activities and materials designed to encourage self-esteem, skills, and behaviors that prevent sexual and other interpersonal violence;
- ◆ educational materials which may be borrowed for home use;
- ◆ home visits or center-based activities; and
- ◆ other programs or activities to improve the health, development, and school-readiness of children.

Key Measures

Increase educational opportunities for American Indian children and their families.

Baseline data is due in October 2002 from each site on parent involvement and program goals. The Indian Education office will provide one training per school using the "Positive Indian Parenting" curriculum and will collect student and family data on the sites implementation of the curriculum.

Activity Funding

The processes for funding were revised in 2001 to more accurately represent the pre-K child count at the participating tribal schools.

| | <u>FY 2000</u> | <u>FY 2001</u> | <u>FY 2002</u> | <u>FY 2003</u> |
|-------------------|-----------------|-----------------|-----------------|-----------------|
| Fond du Lac | \$21,760 | \$21,760 | \$ 9,584 | \$ 9,584 |
| Circle of Life | 19,424 | 19,924 | 18,233 | 18,233 |
| Bug-O-Nay-Ge-Shig | 32,164 | 32,164 | 26,271 | 26,271 |
| Nay Ah Shing | 6,256 | 6,256 | 13,909 | 13,909 |
| TOTAL | \$68,000 | \$68,000 | \$68,000 | \$68,000 |

Activity at a Glance

These programs provide support to four tribal ECFE programs to promote parental involvement using culturally based curriculum to support families and achieve program goals.

- ◆ 2,200 students served
- ◆ Program sites: Bug-O-Nay-Ge-Shig School in Leech Lake, Circle of Life in White Earth, Fond du Lac Ojibwa in Cloquet, and Nay Ah Shing in Mille Lacs

CHILDREN, FAMILIES, & LEARNING

Program: AMERICAN INDIAN PROGRAMS

Activity: ECFE PROGRAMS AT TRIBAL SCHOOL

Narrative

Connections of tribal school programs with other ECFE programs need to be enhanced in order to benefit American Indian families who move to and from the reservations served by the tribal schools.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

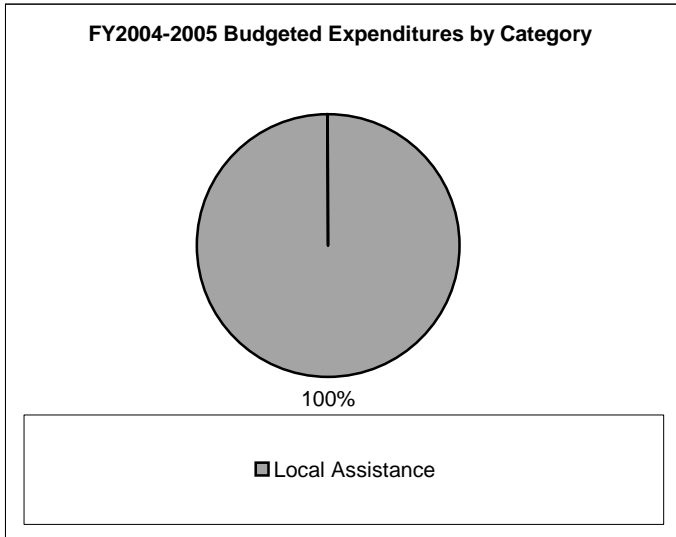
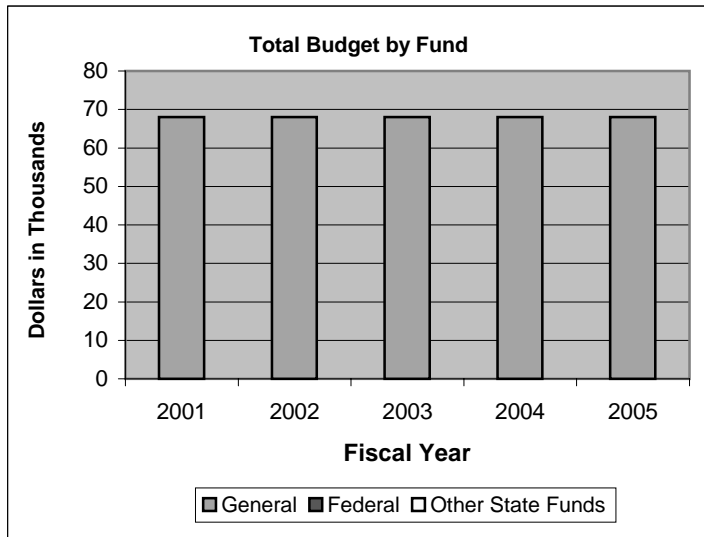
Additional information is available from the Minnesota Department of Children, Families & Learning, Indian Education Division, (651) 582-8831, email: cfl.indianeducation@state.mn.us, web site: <http://cfl.state.mn.us>

CHILDREN, FAMILIES, & LEARNING

Program: **AMERICAN INDIAN PROGRAMS**

Activity: **ECFE PROGRAM AT TRIBAL SCHOOLS**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|---------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 68 | 68 | 68 | 68 | 68 | 136 | 0 | 0.0% |
| Total | 68 | 68 | 68 | 68 | 68 | 136 | 0 | 0.0% |
| Expenditures by Category | | | | | | | | |
| Local Assistance | 68 | 68 | 68 | 68 | 68 | 136 | 0 | 0.0% |
| Total | 68 | 68 | 68 | 68 | 68 | 136 | 0 | 0.0% |

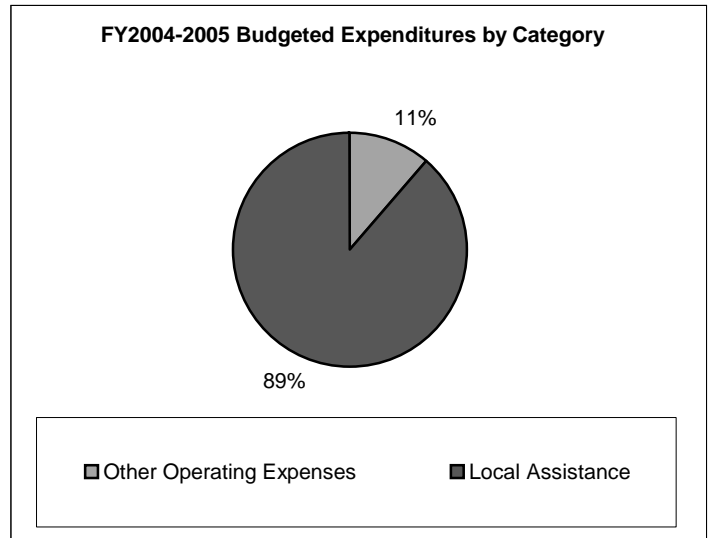
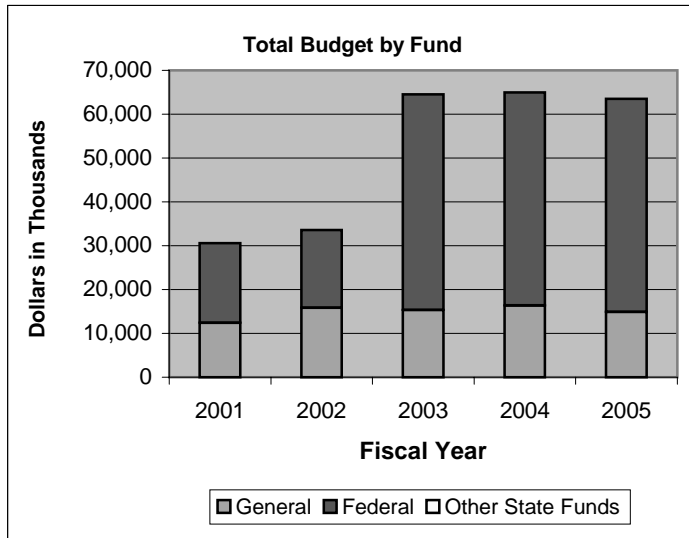
Budget Activities Included:

- ⇒ Statewide Testing
- ⇒ Best Practices Seminars
- ⇒ School Performance Evaluation
- ⇒ Alternative Teacher Compensation
- ⇒ Miscellaneous Federal Programs

CHILDREN, FAMILIES, & LEARNING

Program: ACCOUNTABILITY & REFORM

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 12,445 | 15,807 | 15,333 | 16,380 | 14,880 | 31,260 | 120 | 0.4% |
| Statutory Appropriations | | | | | | | | |
| Federal | 18,174 | 17,773 | 49,191 | 48,610 | 48,610 | 97,220 | 30,256 | 45.2% |
| Total | 30,619 | 33,580 | 64,524 | 64,990 | 63,490 | 128,480 | 30,376 | 31.0% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 63 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Other Operating Expenses | 7,070 | 7,333 | 6,537 | 8,000 | 6,500 | 14,500 | 630 | 4.5% |
| Local Assistance | 23,486 | 26,247 | 57,987 | 56,990 | 56,990 | 113,980 | 29,746 | 35.3% |
| Total | 30,619 | 33,580 | 64,524 | 64,990 | 63,490 | 128,480 | 30,376 | 31.0% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|--------------|
| Expenditures by Activity | | | | | | | | |
| Statewide Testing | 7,714 | 6,333 | 6,667 | 6,500 | 6,500 | 13,000 | 0 | 0.0% |
| 7th Grade Testing | 0 | 0 | 2,500 | 2,500 | 2,500 | 5,000 | 2,500 | 100.0% |
| Best Practices Seminars | 4,731 | 5,074 | 2,366 | 2,180 | 2,180 | 4,360 | -3,080 | -41.4% |
| School Performance Evaluation | 0 | 1,400 | 100 | 1,500 | 0 | 1,500 | 0 | 0.0% |
| Alternative Tchr Compensation | 0 | 3,000 | 3,700 | 3,700 | 3,700 | 7,400 | 700 | 10.4% |
| Misc Federal Programs | 18,174 | 17,773 | 49,191 | 48,610 | 48,610 | 97,220 | 30,256 | 45.2% |
| Total | 30,619 | 33,580 | 64,524 | 64,990 | 63,490 | 128,480 | 30,376 | 31.0% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Federal | 19,848 | 19,820 | 50,962 | 49,670 | 49,670 | 99,340 | 28,558 | 40.3% |
| Subtotal Dedicated | 19,848 | 19,820 | 50,962 | 49,670 | 49,670 | 99,340 | 28,558 | 40.3% |
| Total Revenue | 19,848 | 19,820 | 50,962 | 49,670 | 49,670 | 99,340 | 28,558 | 40.3% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 1.5 | 0.0 | 0.0 | 0.0 | 0.0 |
|------------------------------------|------------|------------|------------|------------|------------|

CHILDREN, FAMILIES, & LEARNING

Program: ACCOUNTABILITY & REFORM

Activity: STATEWIDE TESTING

Narrative

Activity Description

Citation: M.S.120B.30, M.S. 124D.59

These programs support improvements in teaching and learning with statewide testing in grades 3, 5, 8, 10 and 11, enhancements and development of reading and mathematics testing for grade seven and statewide testing for Limited English Proficiency (LEP) students in grades 3-12

Population Served

These programs serve all citizens of Minnesota and other interested parties by providing test results of students in grades 3, 5, 8, 10 & 11 as well as for LEP students in grades 3-12. Grade 7 test results will be available in FY 2004. All students attending public schools in Minnesota must participate in this program. Private schools may also choose to participate in this program.

Activity at a Glance

- ◆ 13 different test – BSTs, MCAs, and TEAE
- ◆ Reading, mathematics, and writing
- ◆ 65,000 students in each of grades 3, 5, 7, 8, 10, and 11
- ◆ 42,000 LEP students, grades 3-12
- ◆ Development of 7th grade testing in reading and mathematics
- ◆ Nonpublic and private schools may choose to participate

Services Provided

Statewide testing provides data and information across all schools in order to tell parents, teachers, and the public how well Minnesota students are meeting the state's Graduation Standards as measured by the following:

- ◆ **Basic Standards Tests (BST)**, which ensure that all students have basic literacy and math skills prior to graduating from high school;
- ◆ **Minnesota Comprehensive Assessments (MCA)**, designed to measure students' achievements in terms of the state's high academic standards; and
- ◆ **Test of Emerging Academic English (TEAE)**, designed to provide information about how well students with limited English language proficiency are learning academic English required for the state's high academic standards. TEAE test results are also used for funding and program evaluation purposes.

This program also provides funding for the development of statewide testing instruments for grade 7 in reading and mathematics. The grade 7 Reading and Mathematics MCA will be in field test mode in 2002-2003, with the first full tests scheduled for March 2004.

The current statewide testing program includes the following tests at the following grade levels

| Test | Content | Grades |
|-------------------------------------|----------------------|-------------------------|
| Basic Skills Test | Reading, Mathematics | First taken in grade 8 |
| Basic Skills Test/MCA | Writing | First taken in grade 10 |
| Minnesota Comprehensive Assessments | Reading | 3, 5, 7, 10 |
| Minnesota Comprehensive Assessments | Mathematics | 3, 5, 7, 11 |
| Minnesota Comprehensive Assessments | Writing | Grade 5 |
| Test of Emerging Academic English | Reading, Writing | 3-4, 5-6 & 7-12 |

For students who have not yet met basic standards, retake opportunities must be offered at least annually to students in grades 9 to 12 for the basic standards in reading and mathematics. For students in grades 11 to 12, retake opportunities must be offered for the written composition test.

CHILDREN, FAMILIES, & LEARNING

Program: ACCOUNTABILITY & REFORM

Activity: STATEWIDE TESTING

Narrative

Since the statewide testing program was designed for native speakers of English, many LEP students with minimal skills in English will score poorly even though they may be making progress in acquiring English skills. The statewide assessment system must account for their annual progress in acquiring skills in English. The reading and writing tests for LEP students are designed to measure emerging academic literacy skills for non-native speakers of English.

Historical Perspective

In FY 1997, the legislature enacted the Statewide Testing Law that required comprehensive assessments correlated with the Graduation Rule's High Standards in 3rd, 5th, and 8th grades, and an unspecified high school grade. The 3rd and 5th grade MCA tests were first given in all public schools in the spring of 1998. The 10th grade MCA Reading Test and 11th grade MCA Mathematics Test were first given in all public schools in the spring of 2002.

Reading and mathematics testing for grade 7 MCA tests are being developed and will be field-tested in spring 2003.

Beginning with school year 1999-2000, all students must pass the BSTs in reading and mathematics prior to graduating from high school. Beginning with school year 2000-2001, all students must also pass the BST in writing before graduation. Students take the writing test for the first time in the 10th grade.

Under the federal Elementary and Secondary Education Act legislation (*No Child Left Behind Act 2001*), federal funds are being provided to support the enhancement of Minnesota's statewide accountability system, providing information about students' achievements in terms of high academic standards. During 2002-2003 these funds support development of benchmarked expectations for all tests and test specifications for the additional six tests needed to provide information about reading and mathematics attainment for all students in grades 3 through 8. In 2003-2004, these funds will support the field-testing of these new tests.

Key Measures

The percentage of schools identified as needing improvement.

⇒ In 2001-02, 79 (11%) of Title I schools were identified under the current definition of Adequate Yearly Progress were identified as needing improvement.

Beginning in FY 2003, the definition of adequate yearly progress will be redefined to meet state and new federal standards.

Children, Families & Learning (CFL) is presently developing benchmarked expectations in reading and mathematics for all grades 3 through 8 and high school that will include

- ◆ the number and percentage of students in grades 3, 5 and 11 who achieve benchmarked expectations in mathematics in FY 2003 and each year thereafter, and
- ◆ the number and percentage of students in grades 3, 5 and 10 who achieve benchmarked expectations in reading in FY 2003 and each year thereafter.

The results of MCA tests will be used in the statewide accountability program to provide information about the progress of all students, including LEP students. Test results, together with other quantitative and qualitative indicators, will be used to identify schools in need of improvement, and schools that are distinguished in their use of best curricular and instructional practices. Such information will be shared with the public through the Children, Families and Learning Continuous Improvement Process web site.

Additional information on student performance on statewide testing is available at CFL's [CLASS web site](#).

CHILDREN, FAMILIES, & LEARNING

Program: ACCOUNTABILITY & REFORM

Activity: STATEWIDE TESTING

Narrative

Activity Funding

The funding supports contract vendors to supply test development, administration, and test scoring. To meet all the current requirements of the Statewide Testing Law and the Graduation Standards Rule Assessments, there are thirteen different tests. The three BSTs are each administered three times each year. The TEAE test has three forms (grades 3-4, 5-6, and 7-12). This means that a total of twenty-one test forms are needed each year, testing a total of about 894,000 students.

It is essential to sustain the validity, reliability and security of the tests each year. The FY 2003 state appropriations for these tests totaled \$9 million, with an average state appropriation cost of about \$10.07 per student tested.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

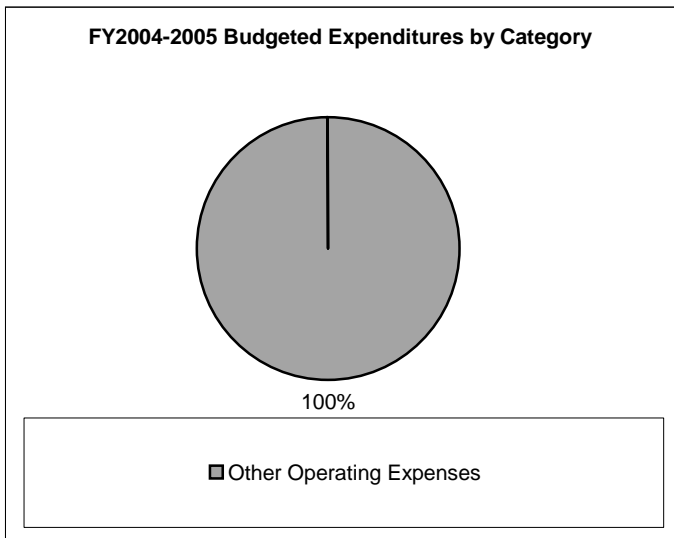
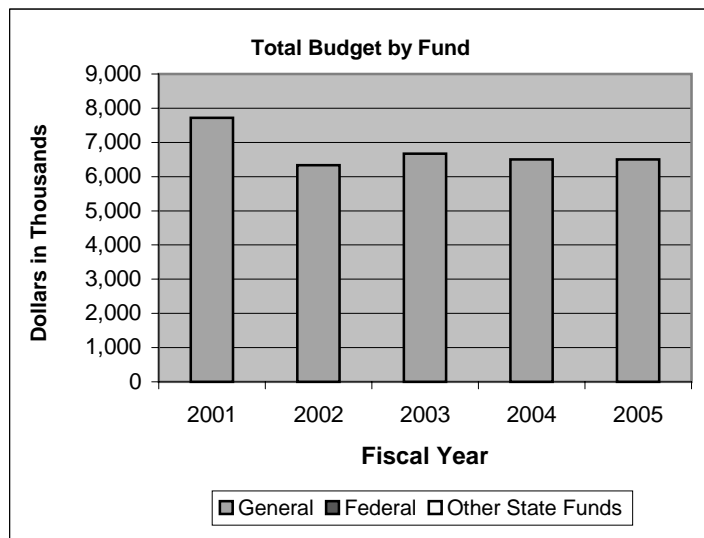
Additional information is available from the Minnesota Department of Children, Families & Learning, Statewide Assessment Division, (651) 582-8628

CHILDREN, FAMILIES, & LEARNING

Program: **ACCOUNTABILITY & REFORM**

Activity: STATEWIDE TESTING

Fiscal Report



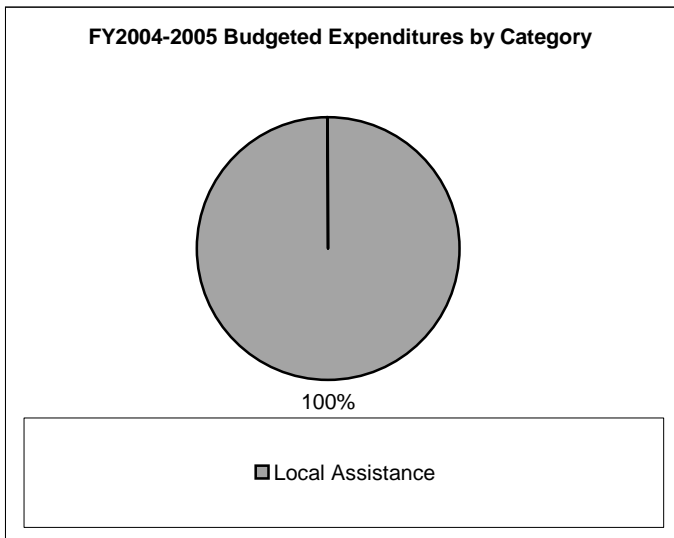
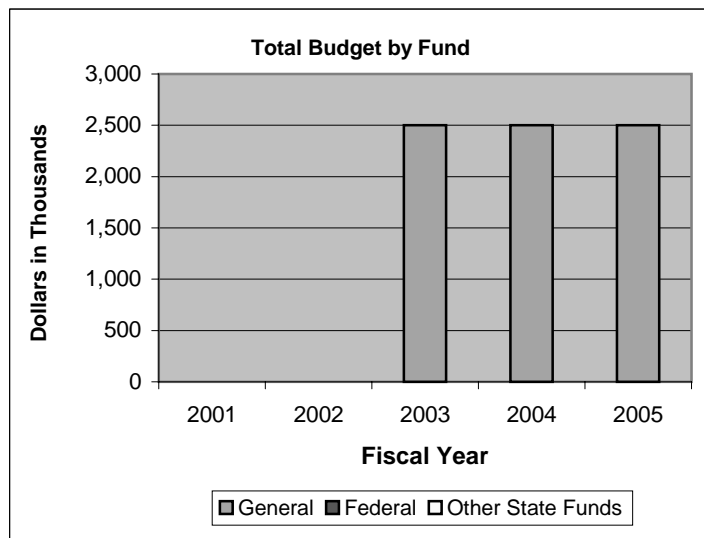
| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 7,714 | 6,333 | 6,667 | 6,500 | 6,500 | 13,000 | 0 | 0.0% |
| Total | 7,714 | 6,333 | 6,667 | 6,500 | 6,500 | 13,000 | 0 | 0.0% |
| Expenditures by Category | | | | | | | | |
| Total Compensation | 63 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Other Operating Expenses | 7,070 | 5,933 | 6,437 | 6,500 | 6,500 | 13,000 | 630 | 5.1% |
| Local Assistance | 581 | 400 | 230 | 0 | 0 | 0 | -630 | -100.0% |
| Total | 7,714 | 6,333 | 6,667 | 6,500 | 6,500 | 13,000 | 0 | 0.0% |
| Full-Time Equivalents (FTE) | | | | | | | | |
| | 1.5 | 0.0 | 0.0 | 0.0 | 0.0 | | | |

CHILDREN, FAMILIES, & LEARNING

Program: **ACCOUNTABILITY & REFORM**

Activity: 7TH GRADE TESTING

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 0 | 0 | 2,500 | 2,500 | 2,500 | 5,000 | 2,500 | 100.0% |
| Total | 0 | 0 | 2,500 | 2,500 | 2,500 | 5,000 | 2,500 | 100.0% |
| Expenditures by Category | | | | | | | | |
| Local Assistance | 0 | 0 | 2,500 | 2,500 | 2,500 | 5,000 | 2,500 | 100.0% |
| Total | 0 | 0 | 2,500 | 2,500 | 2,500 | 5,000 | 2,500 | 100.0% |

CHILDREN, FAMILIES, & LEARNING

Program: ACCOUNTABILITY & REFORM

Activity: BEST PRACTICES SEMINARS

Narrative

Activity Description

Citation: Laws 2000, Chap. 589, Art. 7, Sec. 15, Subd. 4; Laws 2000, Chap. 500, Sec. 17

This state funded grant program provides funding for seminars and other professional development capacity building activities to assure proficiency in teaching and implementation of the graduation standards.

Population Served

This program serves teachers, school leaders, students and communities.

Services Provided

This project is designed to ensure that teachers have an understanding of and become advocates for research based effective professional development. Well-prepared teachers are the best indicators of student success. Best practices in curriculum, instruction, assessment, and professional development have been identified through research and practice.

Seminars and activities to support proficiency in teaching and implementation of Minnesota Graduation Standards included the following.

- ⇒ A grant was awarded to Education Minnesota to establish a network of trained teachers who are functioning as professional development advocates in their districts. Training includes information about Minnesota staff development policy as well as research regarding effective professional development.
- ⇒ Competitive grants were awarded. Effective professional development delivery systems were used to provide a wide variety of content to teachers. Content included specific, research-based curriculum and instructional strategies designed to increase the proficiency of teachers in the implementation of the graduation standards.
- ⇒ Competitive grants were awarded to districts for activities designed to support teachers during their 1st or 2nd year of teaching. All projects included some model of mentoring.
- ⇒ Grants to organizations specifically designated in the legislation were administered.

Historical Perspective

Seminars and activities as per legislation.

- ⇒ The Minnesota New Teacher Project was administered per Article 6, Sec. 42 of 2000 Minnesota Statutes (\$1 million in FY 2001 and FY 2002, reduced and integrated with other Best Practice proposals in FY 2003).
- ⇒ Arts via the Internet collaborative project between the Walker Art Center and the Minneapolis Institute of Arts received funding (\$1million in FY 2000, 2001 and 2002).
- ⇒ Grants issued to intermediate school districts Nos. 287, 916 and 917 to train teachers of special needs students under Laws 1998, chapter 398, article 5, section 42.
- ⇒ Grant issued to A Chance to Grow/New Visions School for the Minnesota Learning Resource Center.
- ⇒ During FY 2001, a grant was awarded to Education Minnesota that initiated the "Teachers as Learners and Leaders" project. All districts were invited to identify at least two teachers who would attend workshop sessions and advocate for effective staff development aligned with the National Staff Development Council's standards.
- ⇒ Competitive grants were awarded to schools, districts and other educational organizations focusing on the capacity of teachers to deliver the Minnesota graduation standards. All proposals reflect current research in content, pedagogy and staff development.

Activity at a Glance

- ◆ Competitive grants were awarded (29-FY 2002 and 16-FY 2003) to schools, districts and other educational organizations from a field of 70 proposals each year.
- ◆ Teachers from 256 districts acquired knowledge and skills regarding effective professional development as part of Teachers as Learners and Leaders (TALL).
- ◆ New teacher grants were funded to support 1st and 2nd year teachers in 28 districts.

CHILDREN, FAMILIES, & LEARNING

Program: ACCOUNTABILITY & REFORM

Activity: BEST PRACTICES SEMINARS

Narrative

Key Measures

Teachers successfully implement standards-based curriculum and instruction that increases inclusive learning and supports high quality teaching.

- ⇒ **Education Minnesota** - Teachers as Learners and Leaders (TALL) project was established offering a two-phase training program to all districts. A total of 256 teachers participated the first year. As a result of the training, teachers and school representatives
 - ◆ reported increased personal knowledge about state policy on professional development, national standards for staff development and research supporting effective professional development;
 - ◆ assessed the local school districts policies, procedures and practices for staff development; and
 - ◆ developed an action plan for improvement of professional development practices.The Center for Applied Research and Applied Learning (CAREI) at the University of Minnesota conducted the evaluation of the TALL project. This evaluation presented findings on activities conducted as part of the grant as well as recommendations for the future.
- ⇒ **Intermediate Districts** - A curriculum framework document was developed that increases the capacity of low incidence special education teachers to integrate the graduation standards into curriculum and instruction for the students they serve. Additional teacher and staff training was provided through a web cast and an active web site.
- ⇒ **A Chance to Grow - New Visions School** - Academic training programs designed at the Minnesota Learning Resource Center at A Chance to Grow was refined and offered to schools throughout Minnesota. To date, 29 schools have been involved. As a result, teachers using new techniques report increased student readiness for school and increased ability to succeed in academic programs.
- ⇒ **Competitive Grants** - Each grant recipient reported the degree to which objectives of the project were accomplished. Evidence of increased teacher proficiency in the designated knowledge or schools was documented and submitted. Successful programs are being shared through a variety of venues including conferences and Best Practice Networks.

Each grant proposal includes a plan for evaluation of the project and dissemination of products and findings. Each evaluation plan describes the evidence that will be collected as a measure of success. This evidence is submitted as part of the final report to the Department of Children, Families & Learning. Wherever possible, existing networks are used to disseminate information regarding these projects.

Activity Funding

Competitive grants were awarded for seminars and other activities designed to enhance the instructional skills of teachers. State funding is distributed in the form of grants. Grantees are accountable for duties being carried out. Access to and proficiency in teaching and implementation strategies will increase the probability of student success in achieving the learning described in Minnesota's standards.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

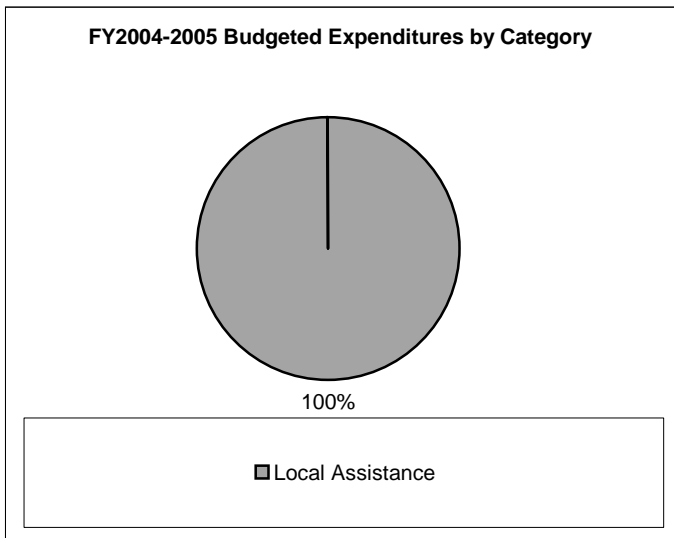
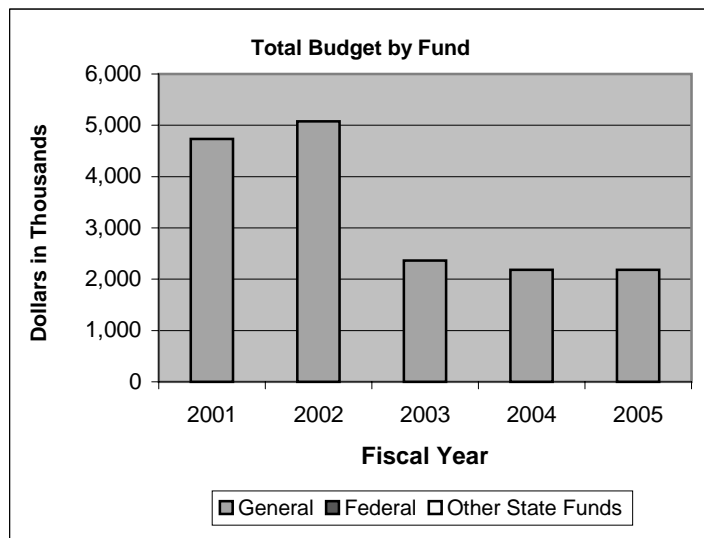
Additional information is available from the Minnesota Department of Children, Families & Learning, Division of Curriculum and Instruction, (651) 582-8812.

CHILDREN, FAMILIES, & LEARNING

Program: **ACCOUNTABILITY & REFORM**

Activity: BEST PRACTICES SEMINARS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 4,731 | 5,074 | 2,366 | 2,180 | 2,180 | 4,360 | -3,080 | -41.4% |
| Total | 4,731 | 5,074 | 2,366 | 2,180 | 2,180 | 4,360 | -3,080 | -41.4% |
| Expenditures by Category | | | | | | | | |
| Local Assistance | 4,731 | 5,074 | 2,366 | 2,180 | 2,180 | 4,360 | -3,080 | -41.4% |
| Total | 4,731 | 5,074 | 2,366 | 2,180 | 2,180 | 4,360 | -3,080 | -41.4% |

Activity Description

Citation: Minnesota Session Laws 2001, 1st Special Session, Chapter 6, Article 2, Section 64

This activity provides funding for the Minnesota School Academic and Financial Performance Evaluation Project to provide a tool to assist taxpayers, educators, school board members, and state and local officials in improving student achievement by evaluating the performance of the current public school system based on financial and achievement data analysis.

Activity at a Glance

- ◆ Connects education spending with learning
- ◆ Provides analysis and comparison among schools and districts on K-12 financial and achievement data
- ◆ Key decision source for K-12 Education
- ◆ Information resource for all Minnesotans

Population Served

All Minnesotans will have access to education performance evaluation data.

Services Provided

The Schools' Academic and Financial Performance Evaluation Project supports the agency's accountability initiatives and will be a module within the CLASS web site which connects learning with accountability. This evaluation will be conducted by an independent third party and the criteria will include the following six core categories for analysis:

- ◆ school district expenditures;
- ◆ students' performance outcomes based on multiple indices including students' test scores, attendance rates, dropout rates, and graduation rates;
- ◆ return on resources to determine the extent to which student outcomes improve commensurate with increases in district spending;
- ◆ school district finances, taxes and debt to establish the context for analyzing the district's return on resources;
- ◆ students' learning environment to establish the context for analyzing the district's return on resources; and
- ◆ school district demographics to establish the socioeconomic context for analyzing the district's return on resources.

Additionally, the following comparison data will be defined and reported:

- ◆ identification of allocations of baseline and incremental school district spending;
- ◆ connection of student achievement with expenditure patterns;
- ◆ tracking of school district financial health;
- ◆ observation of school district debt and capital spending levels; and
- ◆ measurement of the return on a school district's educational resources.

Historical Perspective

Funding for this project was first provided in the 2001 special session.

Key Measures

A contract with an independent third party was executed on 06-28-02 and the project will be completed on or before 06-30-03 as required by the legislation.

Activity Funding

The legislature appropriated funding of \$2.5 million for this project during the 2001 special session. During the 2002 session funding was decreased to \$1.5 million.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

CHILDREN, FAMILIES, & LEARNING

Program: ACCOUNTABILITY & REFORM

Activity: SCHOOL PERFORMANCE EVALUATION

Narrative

Contact

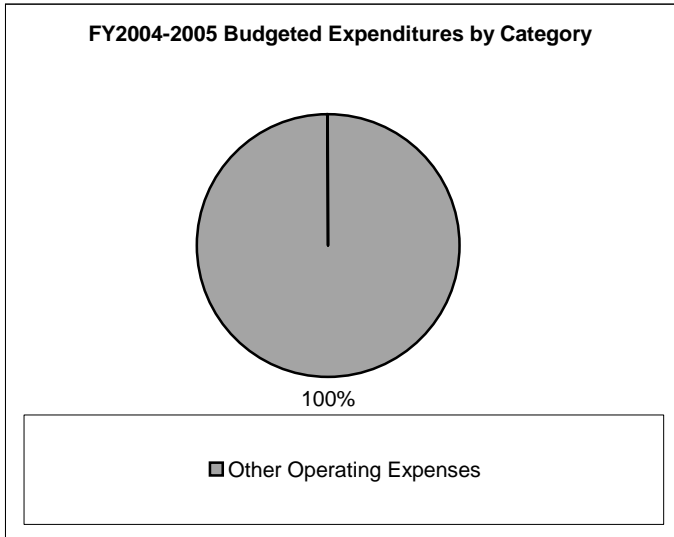
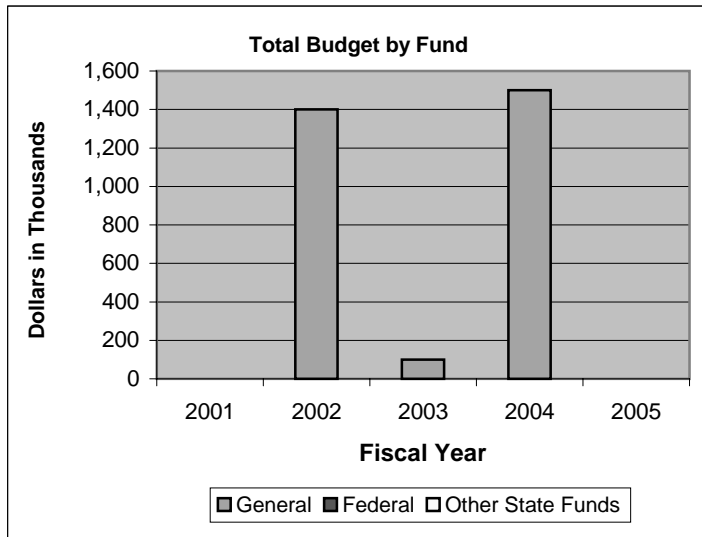
Additional information is available from the Minnesota Department of Children, Families & Learning, Office of Management Services, (651) 582-8808.

CHILDREN, FAMILIES, & LEARNING

Program: **ACCOUNTABILITY & REFORM**

Activity: SCHOOL PERFORMANCE EVALUATION

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 0 | 1,400 | 100 | 1,500 | 0 | 1,500 | 0 | 0.0% |
| Total | 0 | 1,400 | 100 | 1,500 | 0 | 1,500 | 0 | 0.0% |
| Expenditures by Category | | | | | | | | |
| Other Operating Expenses | 0 | 1,400 | 100 | 1,500 | 0 | 1,500 | 0 | 0.0% |
| Total | 0 | 1,400 | 100 | 1,500 | 0 | 1,500 | 0 | 0.0% |

CHILDREN, FAMILIES, & LEARNING

Program: ACCOUNTABILITY & REFORM

Activity: ALTERNATIVE TCHR COMPENSATION

Narrative

Activity Description

State Citation: M.S. 124D.945; 124D.947

The alternative compensation aid program establishes a restructured teacher compensation system to provide incentives for teachers to improve their knowledge and skills and for school districts to recruit and retain highly qualified teachers. This program provides aid to districts that adopt an alternative teacher professional pay system to replace the steps and lanes system and encourage teachers' continuous improvement in content knowledge, pedagogy, and use of best practices.

Activity at a Glance

Five districts are participating in this program. The entitlements in FY 2002 were:

| | |
|---------------------|-------------|
| ◆ Minneapolis | \$2,213,760 |
| ◆ Rushford-Peterson | 106,140 |
| ◆ LaCrescent-Hokah | 252,150 |
| ◆ Marshall | 362,550 |
| ◆ Floodwood | 65,400 |

Population Served

Five school districts received alternative compensation aid for the two-year teacher contract period beginning 07-01-02. The number of teachers participating in the five districts in FY 2002 totaled 1,702 and the number of students enrolled in the five districts totaled 53,656 in FY 2002.

Services Provided

Applications are approved and funded for two years coinciding with the teacher contract period. Applications were approved for the two-year teacher master contract period (2001-02 and the 2002-03 school years). The annual amount of aid to a district was calculated at \$150 per pupil using the prior October 1 pupil enrollment count for the district or a percentage of that amount if less than all the teachers in a district participated in the alternative pay system.

Districts participating in the program are required to submit applications containing the information required in the law.

Key Measures

- ⇒ Five districts had alternative compensation schedules replacing the steps and lanes pay schedules in FY 2002 and FY 2003.
- ⇒ Although data is not currently available, funded districts are required to evaluate this program using key indicators such as increases in teacher's content knowledge, knowledge of pedagogy, and use of best-teaching practices. This valuation must be aligned with the district's educational improvement plan under M.S. 124D.945, subd. 2.

Activity Funding

For districts that place all of their teachers in the district or at a site on the alternative compensation schedule, the aid received equals \$150 times the district's or site's number of pupils enrolled on October of the previous year. For districts with at least 25% of the district's teacher participating in the alternative compensation schedule the aid received equals \$150 times the percentage of participating teachers times the number of pupils enrolled as of October 1 of the previous year. Approved districts receive the alternative compensation aid as a part of their metered aid payments.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

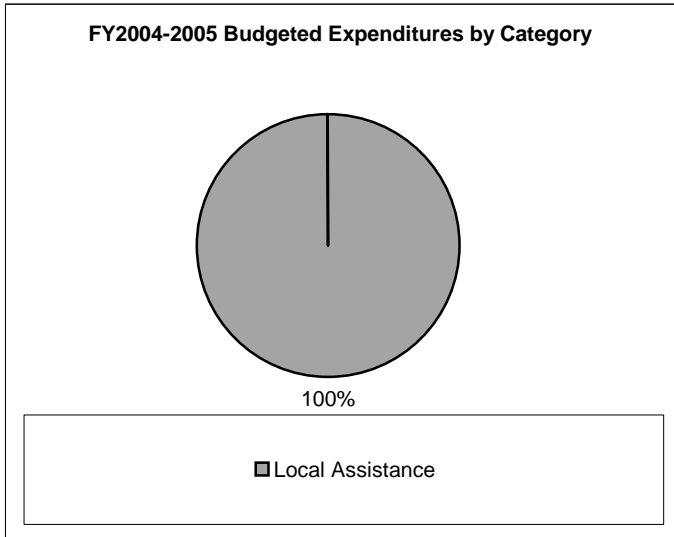
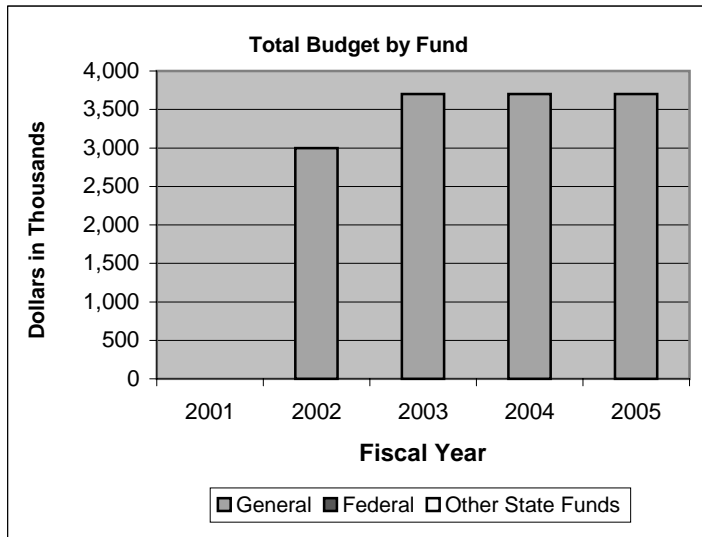
Additional information is available from the Minnesota Department of Children, Families & Learning, (651) 582-8824.

CHILDREN, FAMILIES, & LEARNING

Program: **ACCOUNTABILITY & REFORM**

Activity: ALTERNATIVE TCHR COMPENSATION

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 0 | 3,000 | 3,700 | 3,700 | 3,700 | 7,400 | 700 | 10.4% |
| Total | 0 | 3,000 | 3,700 | 3,700 | 3,700 | 7,400 | 700 | 10.4% |
| Expenditures by Category | | | | | | | | |
| Local Assistance | 0 | 3,000 | 3,700 | 3,700 | 3,700 | 7,400 | 700 | 10.4% |
| Total | 0 | 3,000 | 3,700 | 3,700 | 3,700 | 7,400 | 700 | 10.4% |

CHILDREN, FAMILIES, & LEARNING

Program: ACCOUNTABILITY & REFORM

Activity: MISC FEDERAL PROGRAMS

Narrative

Activity Description

This budget activity summarizes major federal programs that fund activities throughout Minnesota.

Innovative Programs (Title V Part A)

The specific purposes of this program are:

- ◆ to support local education reform efforts that are consistent with and support statewide education reform efforts;
- ◆ to provide funding to enable state education agencies and local education agencies to implement promising education reform programs and school improvement programs based on scientific based research;
- ◆ to provided a continuing source of innovation and educational improvement, including support programs to provide library services and instructional and media materials;
- ◆ to meet the educational needs of all students including at-risk youth; and
- ◆ to develop and implement education programs to improve school and teacher performance including professional development activities and class size reduction programs.

Activity at a Glance

The three major federal programs in this activity are:

- ◆ Innovative Programs
- ◆ Comprehensive School Reform
- ◆ Teacher and Principal Training and Recruiting

Dollars in Thousands

| | <u>FY 2001</u> | <u>FY 2002</u> | <u>FY 2003</u> |
|---------------------|----------------|----------------|----------------|
| Total Grant Amounts | \$6,454 | \$6,793 | \$6,612 |

Comprehensive School Reform (CSR) Program (Title I, Part F- Comprehensive School Reform)

This program was reauthorized as part if Title I of the Elementary and Secondary Education Act, removing the "demonstration" status of the program at the same time. This program provides renewable grants of at least \$50,000 to schools interested in adopting whole school reform efforts grounded in scientifically based research and effective practice to improve students achievement. Fifty-six Minnesota schools have been awarded grants have been awarded grants over the history of the program.

The CSR program targets high-poverty and low achieving schools, especially those receiving Title I funds by helping them to increase the quality and accelerate the pace of their reform efforts.

Dollars in Thousands

| | <u>FY 2001</u> | <u>FY 2002</u> | <u>FY 2003</u> |
|---------------------|----------------|----------------|----------------|
| Total Grant Amounts | \$2,860 | \$3,137 | \$3,750 |

Teacher and Principal Training and Recruiting (Title II, Part A)

The purposes of this program are to improve student academic achievement through strategies such as improving of teacher and principal quality. Recent changes in the law allow increased flexibility to allocated funds to class-size reduction and other innovative programs, eliminates the priority of separate Eisenhower mathematics and science grants, and provides for the recruitment of highly qualified staff from other fields into the education field.

Dollars in Thousands

| | <u>FY 2001</u> | <u>FY 2002</u> | <u>FY 2003</u> |
|---------------------|----------------|----------------|----------------|
| Total Grant Amounts | \$4,000 | \$6,000 | \$38,000 |

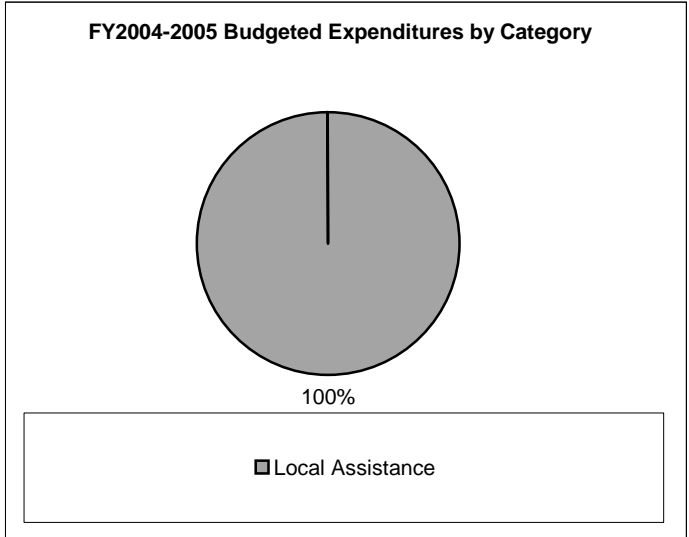
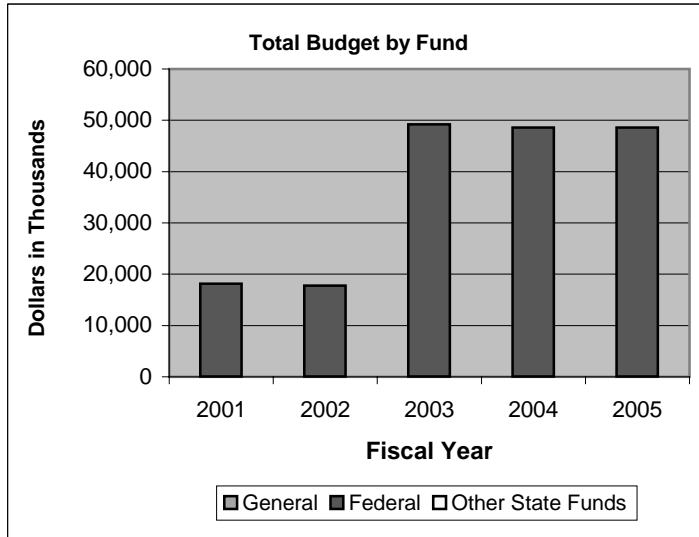
The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

CHILDREN, FAMILIES, & LEARNING

Program: **ACCOUNTABILITY & REFORM**

Activity: MISC FEDERAL PROGRAMS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Statutory Appropriations | | | | | | | | |
| Federal | 18,174 | 17,773 | 49,191 | 48,610 | 48,610 | 97,220 | 30,256 | 45.2% |
| Total | 18,174 | 17,773 | 49,191 | 48,610 | 48,610 | 97,220 | 30,256 | 45.2% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Expenditures by Category | | | | | | | | |
| Local Assistance | 18,174 | 17,773 | 49,191 | 48,610 | 48,610 | 97,220 | 30,256 | 45.2% |
| Total | 18,174 | 17,773 | 49,191 | 48,610 | 48,610 | 97,220 | 30,256 | 45.2% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Federal | 19,848 | 19,820 | 50,962 | 49,670 | 49,670 | 99,340 | 28,558 | 40.3% |
| Subtotal Dedicated | 19,848 | 19,820 | 50,962 | 49,670 | 49,670 | 99,340 | 28,558 | 40.3% |
| Total Revenue | 19,848 | 19,820 | 50,962 | 49,670 | 49,670 | 99,340 | 28,558 | 40.3% |

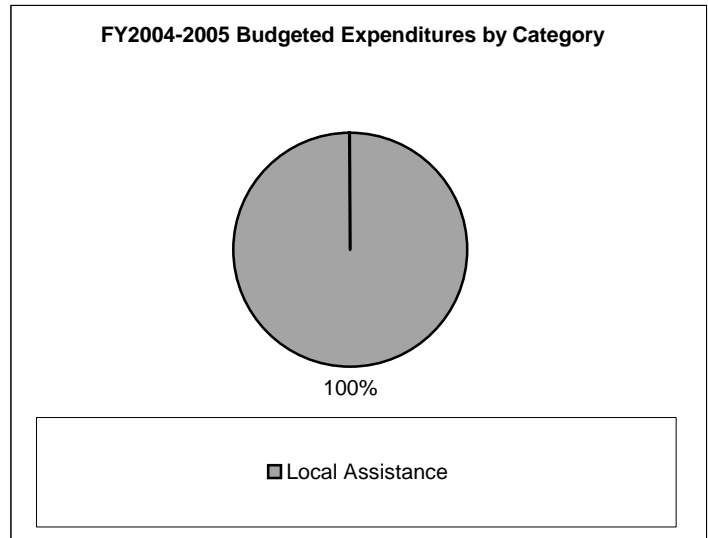
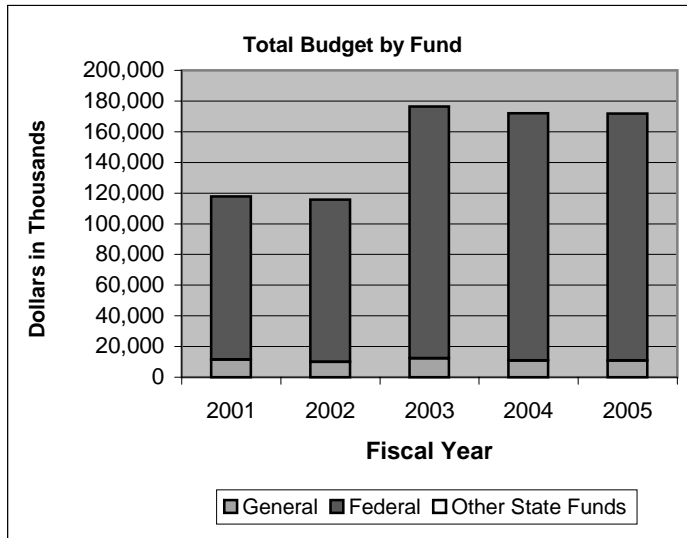
Budget Activities Included:

- ⇒ Advanced Placement/International Baccalaureate
- ⇒ First Grade Preparedness
- ⇒ Reading Competency
- ⇒ Youthworks Programs
- ⇒ Student Choice/Tax Incentives (information only)
- ⇒ Miscellaneous Federal Programs

CHILDREN, FAMILIES, & LEARNING

Program: PRGS FOR SPECIAL POPULATIONS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 11,470 | 10,016 | 12,271 | 10,763 | 10,763 | 21,526 | -761 | -3.4% |
| Statutory Appropriations | | | | | | | | |
| Federal | 106,396 | 105,720 | 164,220 | 161,229 | 161,175 | 322,404 | 52,464 | 19.4% |
| Gift | 22 | 0 | 6 | 0 | 0 | 0 | -6 | -100.0% |
| Total | 117,888 | 115,736 | 176,497 | 171,992 | 171,938 | 343,930 | 51,697 | 17.7% |

| | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 80 | 133 | 76 | 76 | 76 | 152 | -57 | -27.3% |
| Other Operating Expenses | 1,529 | 799 | 916 | 325 | 325 | 650 | -1,065 | -62.1% |
| Payments To Individuals | 47 | 729 | 730 | 722 | 722 | 1,444 | -15 | -1.0% |
| Local Assistance | 116,232 | 114,075 | 174,775 | 170,869 | 170,815 | 341,684 | 52,834 | 18.3% |
| Total | 117,888 | 115,736 | 176,497 | 171,992 | 171,938 | 343,930 | 51,697 | 17.7% |

| | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|--------------|
| Expenditures by Activity | | | | | | | | |
| Adv Placement/Intl Baccalaurea | 2,316 | 1,164 | 2,102 | 1,201 | 1,201 | 2,402 | -864 | -26.5% |
| First Grade Preparedness | 6,869 | 7,011 | 7,256 | 7,250 | 7,250 | 14,500 | 233 | 1.6% |
| Reading Competency | 0 | 100 | 100 | 100 | 100 | 200 | 0 | 0.0% |
| Youthwork Programs | 3,731 | 5,294 | 2,382 | 1,788 | 1,788 | 3,576 | -4,100 | -53.4% |
| Misc Federal Programs | 104,300 | 101,605 | 163,969 | 161,028 | 160,974 | 322,002 | 56,428 | 21.2% |
| Student Organizations | 672 | 562 | 688 | 625 | 625 | 1,250 | 0 | 0.0% |
| Total | 117,888 | 115,736 | 176,497 | 171,992 | 171,938 | 343,930 | 51,697 | 17.7% |

| | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Federal | 108,509 | 107,550 | 167,271 | 163,952 | 163,902 | 327,854 | 53,033 | 19.3% |
| Gift | 40 | 1 | -27 | 0 | 0 | 0 | 26 | -100.0% |
| Subtotal Dedicated | 108,549 | 107,551 | 167,244 | 163,952 | 163,902 | 327,854 | 53,059 | 19.3% |
| Total Revenue | 108,549 | 107,551 | 167,244 | 163,952 | 163,902 | 327,854 | 53,059 | 19.3% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 1.6 | 3.2 | 1.3 | 1.3 | 1.3 |
|------------------------------------|------------|------------|------------|------------|------------|

CHILDREN, FAMILIES, & LEARNING

Program: PRGS FOR SPECIAL POPULATIONS

Activity: ADV PLACEMENT/INTL BACCALAUREA

Narrative

Activity Description

Citation: M.S. 120B.13; Section 1705, Title I, Part G, Elementary and Secondary Education Act of 1965 as amended by 2001 ESEA; 810(d)(1).

This state and federal program provides financial incentives for schools to begin or expand their Advanced Placement (AP) and International Baccalaureate (IB) offerings and to promote rigorous, challenging courses of study as part of the regular offerings for students in secondary schools by providing funding for teacher training and student exam fees.

Population Served

Public and nonpublic schools and students participating in the AP and IB programs are served by these programs.

Activity at a Glance

In FY 2002:

- ◆ 238 AP schools, including 36 nonpublic schools participated
- ◆ 11 IB schools participated
- ◆ 16,011 AP students took 24,578 exams
- ◆ 1,151 IB students took 2,585 exams
- ◆ 794 low-income students took 1,209 exams
- ◆ 297 AP teachers attended training
- ◆ 91 IB teachers attending training
- ◆ 30 students took online AP courses

| | State Funded | | | | |
|--------------|----------------|----------------|----------------|----------------|----------------|
| | <u>FY 1999</u> | <u>FY 1999</u> | <u>FY 2000</u> | <u>FY 2001</u> | <u>FY 2002</u> |
| Public AP | 177 | 180 | 196 | 217 | 202 |
| Nonpublic AP | 31 | 37 | 37 | 37 | 36 |
| TOTAL AP | 208 | 217 | 233 | 254 | 238 |
| IB | 9 | 10 | 10 | 11 | 11 |

Services Provided

These programs provide an opportunity for high school students to earn college credit and/or advanced standing, thus saving students and their parent's time and money during postsecondary education. These programs, in addition to providing academic rigor, offer sound curricular design, accountability, comprehensive external assessment, feedback to students and teachers, and the opportunity for high school students to compete academically on a global level.

Most of Minnesota's public and private colleges and universities provide credit policies for AP and IB course credits for exams taken by students.

Schools have benefited from an AP or IB program in that it revitalizes teachers and departments, and indicates to the public that the school values intellectual achievement and academic excellence.

The AP and IB program provides financial incentives to support the following two program components:

Teacher Training and Support

- ⇒ Scholarships to train teachers to initiate or improve AP and/or IB courses are available for public and nonpublic schoolteachers.
- ⇒ Priority is given to teachers new to the programs.

Student Examination Fees

- ⇒ Exam fee subsidies are available to public and nonpublic students taking AP and/or IB exams.
- ⇒ Approximately 60-65% of the exam costs for all exams are paid directly to districts or nonpublic schools for AP and IB exams. All exam fees are paid for students from low-income families.

The AP Program receives 75% of the appropriation each year and the IB Program receives 25% of the appropriation. The department, in consultation with the AP and IB advisory boards, determines the amounts of the expenditures each year for examination fees and training and support for each program. \$375,000 of the

CHILDREN, FAMILIES, & LEARNING

Program: PRGS FOR SPECIAL POPULATIONS

Activity: ADV PLACEMENT/INTL BACCALAUREA

Narrative

annual appropriation is reserved for teacher training. The amount of the subsidy is determined by the department in consultation with the AP and IB advisory boards.

Beginning in FY 2000, federal funds for the AP incentive programs became available. These funds are specifically for secondary students attending public school qualifying at a free and reduced lunch rate of 24% or greater. The focus is to increase the number of low-income students who participate in AP and/or IB courses. This is a three-year grant.

Key Measures

Based on FY 2002 data.

The number of AP and IB students testing and the number of exams taken will increase each year.

| | AP – IB Exams Taken | | | | |
|-------------------|---------------------|----------------|----------------|----------------|----------------|
| | <u>FY 1998</u> | <u>FY 1999</u> | <u>FY 2000</u> | <u>FY 2001</u> | <u>FY 2002</u> |
| AP Students | 11,041 | 11,893 | 13,018 | 14,839 | 16,011 |
| AP Percent Change | 18% | 8% | 9% | 14% | 8% |
| AP Exams | 16,151 | 17,870 | 19,577 | 23,015 | 24,578 |
| AP Percent Change | 28% | 11% | 10% | 18% | 7% |
| IB Students | 876 | 1,023 | 977 | 1,043 | 1,151 |
| IB Percent Change | 7% | 17% | -4% | 7% | 10% |
| IB Exams | 1,911 | 2,013 | 2,283 | 2,215 | 2,585 |
| IB Percent Change | 14% | 5% | 13% | -2% | 17% |
| IB Diplomas | 70 | 85 | 87 | 74 | 96 |
| IB Percent Change | 15% | 21% | 2% | -12% | 29% |

The number of minority students participating in these programs and taking exams will increase each year.

Advanced Placement:

⇒ Students of color represent 13% of all Minnesota students tested in AP in FY 2002. These 1,973 students represent a 24% increase in participation from FY 2001.

The number of teachers trained will increase each year.

Advanced Placement:

⇒ A total of 295 teachers participated in weeklong summer training institutes: 187 at Carleton College, 17 at the College of St. Benedict, 72 at Augsburg and 19 out-of-state, a decrease of 12% for 2002.

⇒ 509 teachers participated in follow-up training, an increase of 2% for FY 2002.

International Baccalaureate:

⇒ A total of 91 teachers participated in three-day training during the school year and/or in one-two weeks during the summer in FY 2002, a 17% decrease.

⇒ 96 teachers participated in follow-up training, a decrease of 39% from FY 2002.

Activity Funding

State Funding:

| | Dollars in Thousands | | | | |
|-----------------------------------|----------------------|------------------|------------------|------------------------|------------------------|
| | <u>FY 1999</u> | <u>FY 2000</u> | <u>FY 2001</u> | Est. <u>FY 2002</u> | Est. <u>FY 2003</u> |
| Teacher Training | \$ 210.0 | \$ 229.0 | \$ 388.0 | \$ 244.0 | \$ 225.0 |
| *Teacher Stipends | 407.0 | 0 | 0 | 0 | 0 |
| Student Exam Subsidies | 912.0 | 1,225.0 | 1,914.0 | 905.0 | 1,626.0 |
| *Student Scholarships | 326 | 0 | 0 | 0 | 0 |
| TOTAL | \$1,855.0 | \$1,461.0 | \$2,302.0 | \$1,149.0 | \$1,851.0 |
| *One-time biennial appropriations | | | | | |

CHILDREN, FAMILIES, & LEARNING

Program: PRGS FOR SPECIAL POPULATIONS

Activity: ADV PLACEMENT/INTL BACCALAUREA

Narrative

Federal Funding:

| | Dollars in Thousands | | |
|-----------------------|----------------------|----------------|----------------|
| | <u>FY 2001</u> | <u>FY 2002</u> | <u>FY 2003</u> |
| Federal Grant Sources | \$296.0 | \$482.0 | \$296.0 |

Funding levels shown in this table may be different from the expenditures shown on the federal program fiscal summary page due to carryover and statewide accounting period closing requirements.

These funds are used for student recruitment, teacher training, grants to school sites, curriculum resources, and online advanced placement courses. This is a three-year grant which concludes in June 2003. Future federal funding is uncertain.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

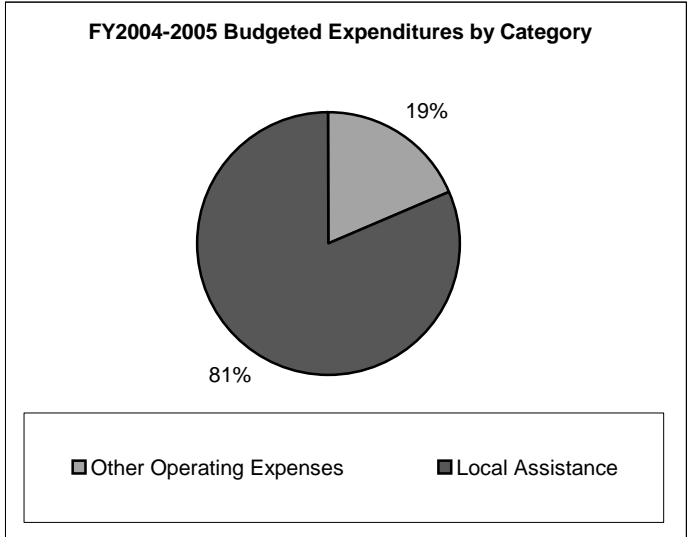
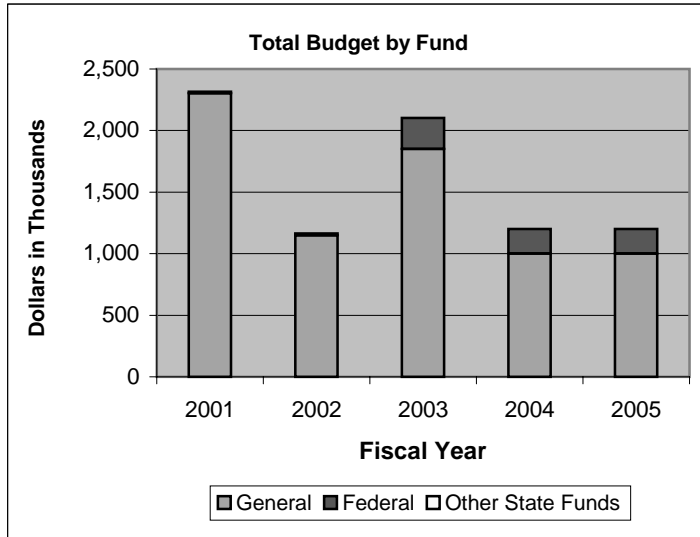
Additional information is available from the Minnesota Department of Children, Families & Learning, Curriculum and Instruction Division, (651) 582-8848.

CHILDREN, FAMILIES, & LEARNING

Program: PRGS FOR SPECIAL POPULATIONS

Activity: ADV PLACEMENT/INTL BACCALAUREA

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|---------------|---------------|-----------------|---------------|-----------------|----------------|--------------------------|----------------|
| Expenditures by Fund | Actual | Actual | Budgeted | Base | Biennium | | 2004-05 / 2002-03 | |
| | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 2,302 | 1,149 | 1,851 | 1,000 | 1,000 | 2,000 | -1,000 | -33.3% |
| Statutory Appropriations | | | | | | | | |
| Federal | 14 | 15 | 251 | 201 | 201 | 402 | 136 | 51.1% |
| Total | 2,316 | 1,164 | 2,102 | 1,201 | 1,201 | 2,402 | -864 | -26.5% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|---------------|
| Expenditures by Category | | | | | | | | |
| Other Operating Expenses | 1,327 | 644 | 804 | 225 | 225 | 450 | -998 | -68.9% |
| Payments To Individuals | 47 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Local Assistance | 942 | 520 | 1,298 | 976 | 976 | 1,952 | 134 | 7.4% |
| Total | 2,316 | 1,164 | 2,102 | 1,201 | 1,201 | 2,402 | -864 | -26.5% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|-------------|---------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Federal | 179 | 286 | 471 | 296 | 296 | 592 | -165 | -21.8% |
| Subtotal Dedicated | 179 | 286 | 471 | 296 | 296 | 592 | -165 | -21.8% |
| Total Revenue | 179 | 286 | 471 | 296 | 296 | 592 | -165 | -21.8% |

CHILDREN, FAMILIES, & LEARNING

Program: PRGS FOR SPECIAL POPULATIONS

Activity: FIRST GRADE PREPAREDNESS

Narrative

Activity Description

Citation: M.S. 124D.081

This state aid program provides the First Grade Preparedness (FGP) program funding to ensure that children in the state's highest poverty school have the opportunity before first grade to develop the skills and abilities necessary to learn to read and succeed in school, and to reduce the underlying causes that create a need for compensatory services and revenue in subsequent academic years.

Activity at a Glance

- ◆ Sixty-six sites funded in FY 2003
- ◆ Over 3,400 kindergarten students served in FY 2003

Population Service

All four and five year old students attending eligible schools participate in this program.

Services Provided

School sites have used these funds primarily to fund all-day everyday kindergarten programs for five year olds. Strategies to improve teaching and learning at the sites include quarterly meetings of site teams of administrators, teachers, and parents; and professional development in areas such as developmentally appropriate assessment, reading readiness strategies, and parent training. A formal evaluation of the program was required by the legislation in the first two years.

FGP programs, especially those for four-year-olds, must encourage and plan for parent involvement and must demonstrate collaboration with other providers of school readiness and child development services. The school board of a qualifying school site is required to approve a plan to provide extended day services to serve as many children as possible.

Historical Perspective

This program was created by the 1996 legislature: school year 1996-97 was the first year of operation. The state was divided into four geographical areas, with each area receiving 25% of the funding. The geographical areas are: Minneapolis, St. Paul, metro suburban and Greater Minnesota. School sites were ranked from highest to lowest poverty level and sites were funded in rank order in each geographic area until the funds were exhausted. In the first year of operation, \$3 million was distributed to 36 sites statewide. For the 2002-03 school year \$7.25 million will be distributed to 66 sites.

Historical Number Sites Funded by First Grade Preparedness Program

| | 1996-97 \$3 million | 1997-98 \$5 million | 1998-99 \$5 million | 1999-00 \$7 million | 2000-01 \$7.1 million | 2001-02 \$7.1 million | 2002-03 \$7.2 million |
|-------------------|------------------------|------------------------|------------------------|------------------------|--------------------------|--------------------------|--------------------------|
| St. Paul | 8 | 14 | 14 | 14 | 12 | 13 | 13 |
| Minneapolis | 7 | 14 | 15 | 14 | 17 | 16 | 14 |
| Suburbs | 5 | 11 | 11 | 11 | 13 | 13 | 11 |
| Greater Minnesota | 16 | 12 | 26 | 29 | 29 | 29 | 28 |
| TOTAL | 36 | 51 | 66 | 68 | 71 | 71 | 66 |

Key Measures

The second report to the legislature on FGP includes the following findings.

- ⇒ Approximately two-thirds of the kindergarten children received proficient ratings on 29 of the 41 indicators on a formal assessment instrument. This finding suggests that FGP children are demonstrating skills, behaviors and knowledge in areas of social development, language and literacy, and mathematical thinking that will support their transition to first grade.
- ⇒ Approximately 75% of the kindergarten children received higher ratings on all 41 indicators from the fall to the spring assessment. Most of the children rated not proficient in the fall demonstrated improvement by spring.

CHILDREN, FAMILIES, & LEARNING

Program: PRGS FOR SPECIAL POPULATIONS

Activity: FIRST GRADE PREPAREDNESS

Narrative

- ⇒ 90% of the children for whom first grade teacher assessments were obtained were assessed as doing well or making adequate adjustment to first grade.
- ⇒ 96% of the parents responding to the survey felt their child was prepared for their next level in school.
- ⇒ Approximately 75% of the parents indicated their child had changed in ways important to school success.
 - ◆ 82% said their child looked forward to school
 - ◆ 81% said their child is interested in books and stories
 - ◆ 81% said their child has improved communication skills
 - ◆ 75% said their child is more independent and self-confident

The most convincing data concerning the efficacy of all-day every-day kindergarten programming are the increases in the third grade reading scores of schools that have participated in FGP since FY 1996-97. Spring 2000 was the first time that students who participated in FGP all-day every-day kindergarten took the third grade Minnesota Comprehensive Assessments (MCAs). Of the eighteen metro and Greater Minnesota schools that participated in FGP in 1996-97, 12 schools showed significant growth from spring 1999 to spring 2000 in third grade reading scores. Nine schools showed growth from spring 2000 to spring 2001. All showed significant gains over the baseline scores of spring 1999. (Three of the schools had enrollments of fewer than 10 students and those scores were not reported.) Student mobility in the St. Paul and Minneapolis areas is so high that it is not possible to attribute any gains in these schools solely to FGP programs. For more information visit the [First Grade Preparedness Web site](#).

Activity Funding

This program is funded entirely with state aid. For the purposes of distribution, the state is divided into four areas - Minneapolis, St. Paul, suburban metro, and Greater Minnesota; each area receives 25% of the allocation. Schools in each area are ranked from highest to lowest based on the percent of students eligible for free or reduced-price lunch. Funds are distributed in rank order in each area based on the number of five year-olds attending kindergarten from the previous October 1 times 0.53 times the general education formula allowance. Funds may be used for start-up costs for new sites as well as for teacher salaries, fringe benefits, staff development, and parent involvement. Districts may also use the \$11 per pupil set aside as described in M.S. 126C.125 for all-day kindergarten.

Although the allocation for this program has more than doubled since its beginning in 1997, funds are not sufficient to fund all eligible schools in each area. All geographic areas except St. Paul are prorated in FY 2002-03 because current funding is insufficient to maintain previously eligible schools at full funding.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

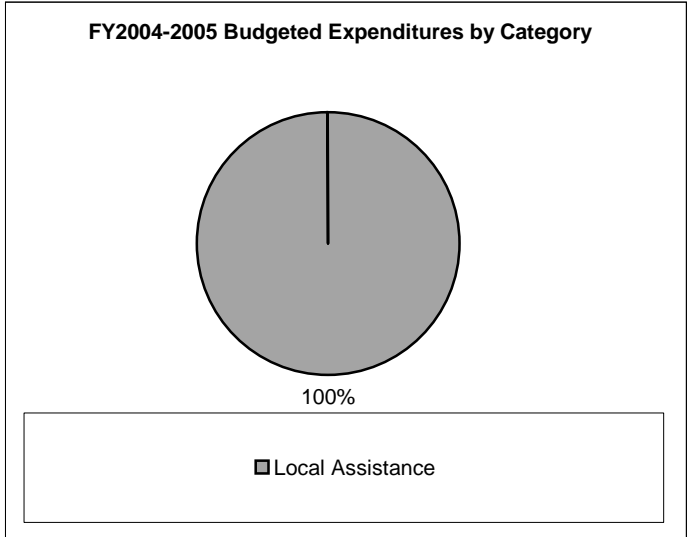
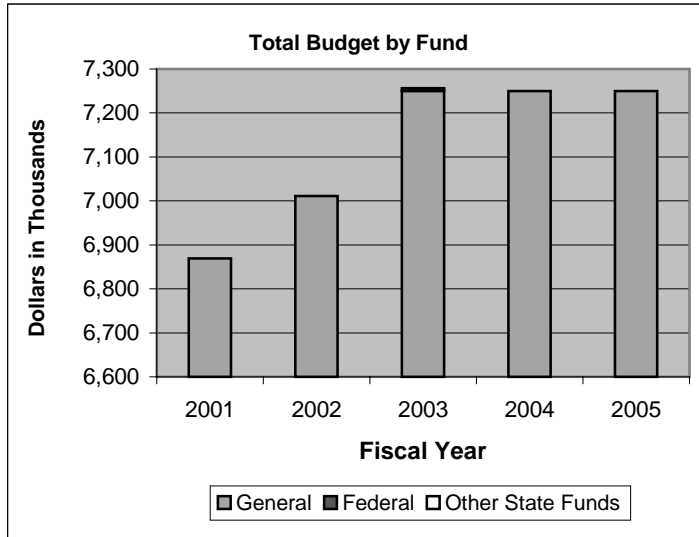
Additional information is available from the Minnesota Department of Children, Families & Learning, Learner Options Division, at (651) 582-8283.

CHILDREN, FAMILIES, & LEARNING

Program: PRGS FOR SPECIAL POPULATIONS

Activity: FIRST GRADE PREPAREDNESS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 6,869 | 7,011 | 7,250 | 7,250 | 7,250 | 14,500 | 239 | 1.7% |
| Statutory Appropriations | | | | | | | | |
| Gift | 0 | 0 | 6 | 0 | 0 | 0 | -6 | -100.0% |
| Total | 6,869 | 7,011 | 7,256 | 7,250 | 7,250 | 14,500 | 233 | 1.6% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|------------|-------------|
| Expenditures by Category | | | | | | | | |
| Local Assistance | 6,869 | 7,011 | 7,256 | 7,250 | 7,250 | 14,500 | 233 | 1.6% |
| Total | 6,869 | 7,011 | 7,256 | 7,250 | 7,250 | 14,500 | 233 | 1.6% |

| | | | | | | | | |
|---------------------------------|----------|----------|----------|----------|----------|----------|-----------|----------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Gift | 0 | 0 | 1 | 0 | 0 | 0 | -1 | -100.0% |
| Subtotal Dedicated | 0 | 0 | 1 | 0 | 0 | 0 | -1 | -100.0% |
| Total Revenue | 0 | 0 | 1 | 0 | 0 | 0 | -1 | -100.0% |

CHILDREN, FAMILIES, & LEARNING

Program: PRGS FOR SPECIAL POPULATIONS

Activity: READING COMPETENCY

Narrative

Activity Description

Citation: Laws 2001, Chapter 6, Art. 2, Sec. 70, 77, Subd. 27; M.S. 120B.12

This state grant is to an education organization to measure reading program results, to assist schools sites and charter schools in achieving reading competency by the end of third grade.

Activity at a Glance

- ◆ Information and assistance is provided by the grantee to other interested parties concerning the effectiveness of instructional methods and techniques in developing reading competency.

Population Served

An eligible organization must serve and provide education services to students and teachers in Kindergarten through Grade 3.

Services Provided

The grant provides an education organization with funding for reading intervention methods or programs to assist the student in reaching the goal of learning to read no later than the end of third grade. Reading-related skills that are research-based predictors of literacy are identified at the preschool level.

The education organization must assist school sites and charter schools, including sites where at least 25% of K-3 students are eligible to receive a free or reduced price lunch, in achieving children's reading competency by the end of third grade.

Historical Perspective

This legislation was adopted in 2001 and requires the education organization to:

- ◆ identify, before the end of the first grade, students who are at risk of not learning to read before the end of the second grade;
- ◆ provide a reading intervention method or program to assist each identified student in learning to read by the end of 2nd grade; and
- ◆ assess staff development needs and provide appropriate training for elementary teachers.

In addition, the Department of Children Families and Learning (CFL) is to recommend multiple assessment tools that assist districts and teachers identify students and to share examples for nationally recognized and research-based instruction methods or programs with districts.

Key Measures

90% of continuously enrolled children in participating sites are able to read by the end of third grade. Goals are set for each grade level.

- ⇒ Kindergarten - 90% of students will pass a phonemic segmentation accuracy test, and 90% of students will read lowercase letter sounds at a rate of 35 correct per minute.
- ⇒ 1st Grade - 90% of students will read end of first grade material at 60 words correct per minute.
- ⇒ 2nd Grade - 90% of students will read end of second grade material at 80 words correct per minute.
- ⇒ 3rd Grade - 90% of students will read at the end of third grade material at 90 per minute correct per minute. The average score of students in third grade on the Minnesota Comprehensive Assessments will be 1,420.

The education organization is required to report evidence of attainment of goals included in the proposal. Performance and measurement data from the FY 2002 grantee has not been received at the time of the writing of this document.

Activity Funding

In FY 2002, the legislature appropriated funds to the St. Croix Education District for this program.

CHILDREN, FAMILIES, & LEARNING

Program: PRGS FOR SPECIAL POPULATIONS

Activity: READING COMPETENCY

Narrative

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

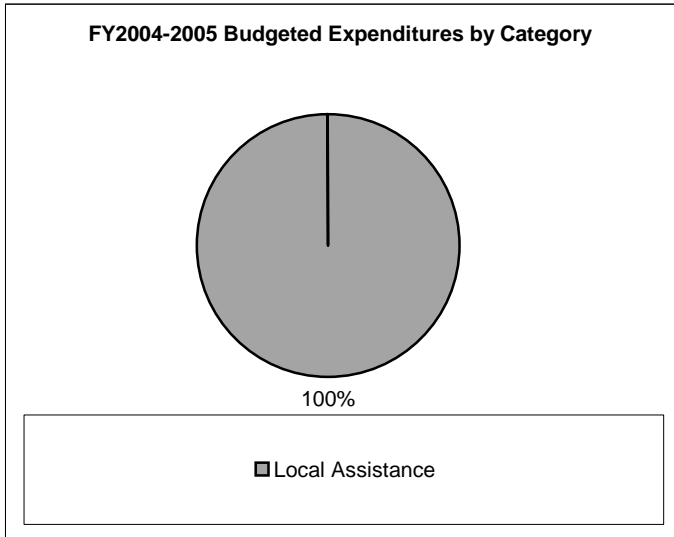
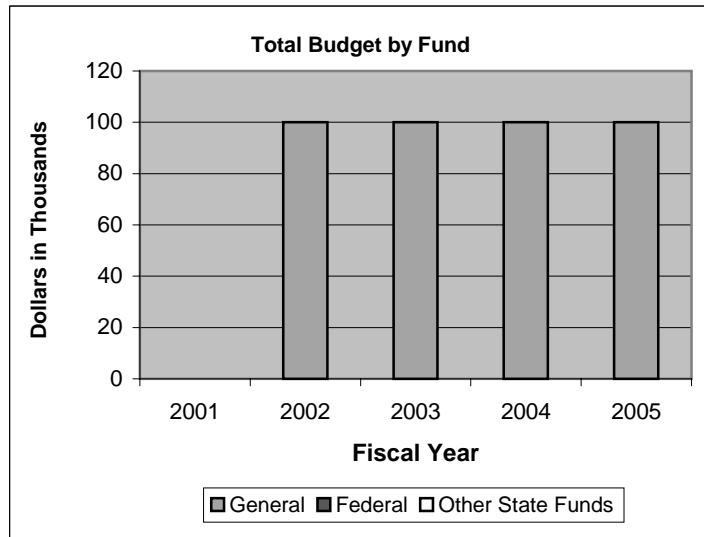
Additional information is available from the Minnesota Department of Children, Families & Learning, Division of Curriculum and Instruction, (651) 582-8812.

CHILDREN, FAMILIES, & LEARNING

Program: PRGS FOR SPECIAL POPULATIONS

Activity: READING COMPETENCY

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 0 | 100 | 100 | 100 | 100 | 200 | 0 | 0.0% |
| Total | 0 | 100 | 100 | 100 | 100 | 200 | 0 | 0.0% |
| Expenditures by Category | | | | | | | | |
| Local Assistance | 0 | 100 | 100 | 100 | 100 | 200 | 0 | 0.0% |
| Total | 0 | 100 | 100 | 100 | 100 | 200 | 0 | 0.0% |

CHILDREN, FAMILIES, & LEARNING

Program: PRGS FOR SPECIAL POPULATIONS

Activity: YOUTHWORX PROGRAMS

Narrative

Activity Description

Citation: M.S. 124D.36 to M.S. 124D.45

Federal Citation: National and Community Service Trust Act 1993

The state funded Minnesota Youthworks Program is in the eighth year of its partnership with the federal AmeriCorps. AmeriCorps is a "domestic Peace Corps" that provides Americans of all ages and backgrounds with education awards in exchange for a year or two of community service. Youthworks expands upon AmeriCorps by matching the federal effort with similar state support.

Activity at a Glance

More than a million hours of service provided to Minnesota communities by Youthworks and AmeriCorps members.

- ◆ 19 programs funded, plus additional sites that provided additional support
- ◆ 658 full-time equivalent members were supported earning thousands of dollars worth of future education expense credit

Population Served

This program serves students in schools and nonprofit organizations throughout Minnesota.

Services Provided

Youthworks members strengthen Minnesota communities by providing direct service in four priority areas: education, the environment, meeting unmet human needs, and public safety. This state program complements the federal AmeriCorps program and provides funding for youth to provide communities with a wide variety of services. The services provided by students can range from mentoring and tutoring, service-learning activities, mediation services to decrease violence, park safety, construction and rehabilitation of homes, environmental projects, and other community service projects.

Youthworks host agencies are educational institutions and local, state, and national nonprofit organizations.

The Youthworks activity is part of a coordinated effort of federal and state activities related to the implementation of a unified state plan for national and community service.

Historical Perspective

Youthworks began in 1994 with a governor-appointed Minnesota Commission on National and Community Service setting strategic direction and oversight. The Commission uses a competitive request for proposal process to select program sponsors.

Action by the 2002 Legislature transferred authority for the Minnesota Youthworks Program from the Department of Children, Families & Learning to a nonprofit corporation, ServeMinnesota!

Key Measures

A University of Minnesota cost-benefit analysis conducted in 1995 found the following outcomes:

- ◆ the average cost benefit ratio of Youthworks/AmeriCorps programs studied over a three-year period was \$2.30 in benefits for every \$1 invested;
- ◆ employability of young people who achieved their high school diplomas improved; and
- ◆ community property values were enhanced at an average of \$10,000 per house for the neighborhood served.

In 2001, 19 programs hosted 658 full-time equivalent (FTE) Youthworks members.

Youthworks members served local communities in 2001 by providing:

- ◆ 144,500 hours mentoring students to improve academic performance;
- ◆ 367,200 hours tutoring students to raise literacy levels;
- ◆ 146,200 hours in after-school programs assisting with homework, developing healthy relationships and supporting recreation activities;
- ◆ 76,500 hours in service-learning;

CHILDREN, FAMILIES, & LEARNING

Program: PRGS FOR SPECIAL POPULATIONS

Activity: YOUTHWORX PROGRAMS

Narrative

- ◆ 76,500 hours teaching mediation skills to decrease violence;
- ◆ 11,900 hours in park safety to provide places for community members to gather;
- ◆ 66,300 hours constructing and rehabilitating homes;
- ◆ 59,500 hours in referral services, community education and services to low income residents; and
- ◆ 170,000 hours in environmental projects.

Activity Funding

For full-time service (1,700 hours per year), program participants (Youthworks members) receive:

- ◆ a modest living allowance (\$8,730);
- ◆ health care;
- ◆ childcare if qualified;
- ◆ training and experience; and
- ◆ a post-service education award of \$4,725 which may be used toward higher education costs or for college loan payments.

For part-time service (900 hours per year), program participants (Youthworks members) receive:

- ◆ a modest living allowance (\$4,622); and
- ◆ a post-service education award of \$2,363 which may be used toward higher education costs or for college loan payments.

AmeriCorps members receiving education awards provided by the National Service Trust have the potential of returning over \$1million each year to Minnesota higher education institutions.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

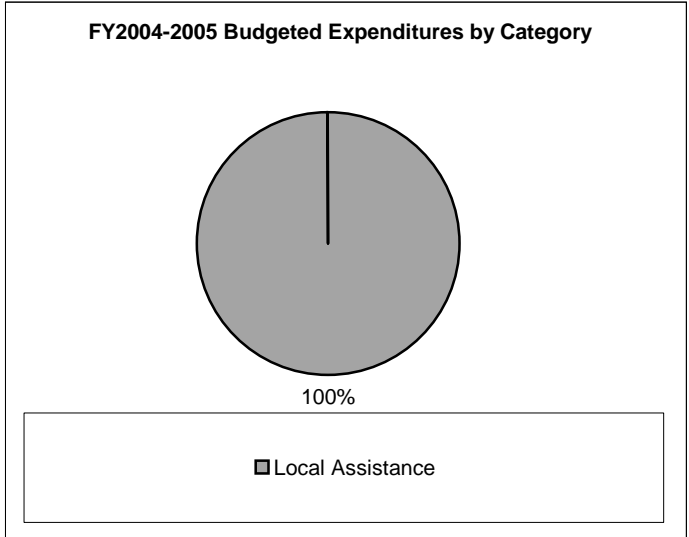
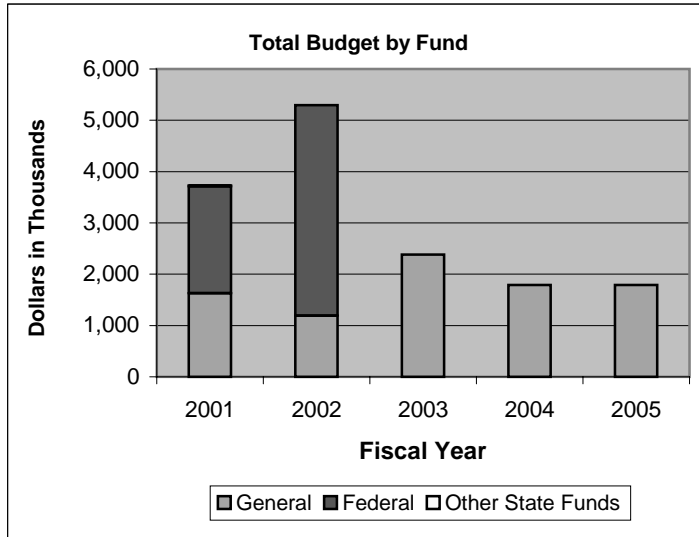
Additional information is available from the Minnesota Department of Children, Families & Learning, Lifework Development Division, (651) 582-8330, or ServeMinnesota! (612) 333-7740.

CHILDREN, FAMILIES, & LEARNING

Program: PRGS FOR SPECIAL POPULATIONS

Activity: YOUTHWORX PROGRAMS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 1,627 | 1,194 | 2,382 | 1,788 | 1,788 | 3,576 | 0 | 0.0% |
| Statutory Appropriations | | | | | | | | |
| Federal | 2,082 | 4,100 | 0 | 0 | 0 | 0 | -4,100 | -100.0% |
| Gift | 22 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Total | 3,731 | 5,294 | 2,382 | 1,788 | 1,788 | 3,576 | -4,100 | -53.4% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 15 | 71 | 0 | 0 | 0 | 0 | -71 | -100.0% |
| Other Operating Expenses | 138 | 101 | 0 | 0 | 0 | 0 | -101 | -100.0% |
| Local Assistance | 3,578 | 5,122 | 2,382 | 1,788 | 1,788 | 3,576 | -3,928 | -52.3% |
| Total | 3,731 | 5,294 | 2,382 | 1,788 | 1,788 | 3,576 | -4,100 | -53.4% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|------------|----------|----------|----------|---------------|----------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Federal | 2,298 | 3,761 | 0 | 0 | 0 | 0 | -3,761 | -100.0% |
| Gift | 40 | 1 | -28 | 0 | 0 | 0 | 27 | -100.0% |
| Subtotal Dedicated | 2,338 | 3,762 | -28 | 0 | 0 | 0 | -3,734 | -100.0% |
| Total Revenue | 2,338 | 3,762 | -28 | 0 | 0 | 0 | -3,734 | -100.0% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 0.3 | 1.6 | 0.0 | 0.0 | 0.0 |
|------------------------------------|------------|------------|------------|------------|------------|

CHILDREN, FAMILIES, & LEARNING

Program: PRGS FOR SPECIAL POPULATIONS

Activity: STUDENT CHOICE/TAX INCENTIVES (info only)

Narrative

Activity Description

INFORMATION ONLY

The purpose of these state programs is to provide learners with access to a wide range of educational opportunities by allowing them to choose a school or educational program either in or outside of their resident district. Learners and their families must play an active role in determining educational goals, the student's needs and interests, and the school's ability to provide an appropriate educational experience.

Activity at a Glance

- ◆ In FY 2002, over 196,700 students participated in various choice programs.
- ◆ In FY 2001, number claiming:
 - ⇒ Education Tax Credits 54,467
 - Average Amount \$343
 - ⇒ Education Tax Deduction 184,874
 - Average Amount \$1,108

Population Served

All students in Minnesota are eligible for one or more of these options.

Services Provided

Minnesota's choice programs include the following:

Open Enrollment: (M.S. [124D.03](#)) allows all public school-eligible pupils to apply to attend a school outside their resident district.

| | <u>FY 1995</u> | <u>FY 1996</u> | <u>FY 1997</u> | <u>FY 1998</u> | <u>FY 1999</u> | <u>FY 2000</u> | <u>FY 2001</u> | <u>Est.</u> <u>FY 2002</u> |
|---------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-------------------------------|
| Open Enrolled Students | 18,596 | 18,916 | 19,936 | 21,842 | 24,165 | 26,227 | 28,077 | 30,019 |

Charter Schools: (M.S. [124D.10](#)) are public schools designed to meet one or more of the following purposes:

- ◆ improve individual learning;
- ◆ increase learning opportunities;
- ◆ use different and innovative teaching methods;
- ◆ measure learning results using innovative forms of measurement;
- ◆ establish new forms of accountability for schools; or
- ◆ create new professional opportunities for teachers, including the opportunity to be responsible for a learning program at the school site.

Charter schools are exempt from some state statutes and rules governing schools and school districts.

| | <u>FY 1995</u> | <u>FY 1996</u> | <u>FY 1997</u> | <u>FY 1998</u> | <u>FY 1999</u> | <u>FY 2000</u> | <u>FY 2001</u> | <u>Est.</u> <u>FY 2002</u> | <u>Est.</u> <u>FY 2003</u> |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-------------------------------|-------------------------------|
| Number of Charter Schools | 13 | 17 | 19 | 27 | 38 | 53 | 64 | 68 | 78 |
| Average Daily Membership (ADM) | 1,048 | 1,494 | 2,138 | 3,292 | 4,991 | 7,526 | 9,199 | 10,191 | 11,914 |

Additional information about charter school laws, school formation, and operation is available at the Department of Children, Families & Learning's [Minnesota's Charter Schools](#) web site.

Learning Year Programs: (M.S. [124D.128](#)) extends the educational program from the traditional 9-month calendar to a 12-month calendar. Students can accelerate their educational program allowing them to either graduate early or to make up courses. A learning year program may begin after the close of the regular school year in June. The program may be for students in one or more grade levels from K-12. A continual learning plan must be developed for each student.

CHILDREN, FAMILIES, & LEARNING

Program: PRGS FOR SPECIAL POPULATIONS

Activity: STUDENT CHOICE/TAX INCENTIVES (info only)

Narrative

| | <u>FY 1995</u> | <u>FY 1996</u> | <u>FY 1997</u> | <u>FY 1998</u> | <u>FY 1999</u> | <u>FY 2000</u> | <u>FY 2001</u> |
|-------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Pupil Units | 1,186 | 1,247 | 1,529 | 3,630 | 3,762 | 7,023 | 6,830 |
| Sites | 3 | 6 | 4 | 10 | 19 | 27 | 22 |

Post-Secondary Enrollment Options: (M.S. 124D.09) allows high school juniors and seniors (both public and nonpublic, including home schooled) to take courses at eligible Minnesota post-secondary institutions. Students must meet the post-secondary institution's admissions requirements.

- ⇒ The program provides students with a greater variety of class offerings and an opportunity to pursue more challenging course work.
- ⇒ The tuition, fees, and required textbooks are provided at no cost to students.
- ⇒ The student earns secondary credit when courses are completed and earns post-secondary credit if they continue at a post-secondary institution that accepts those credit transfers after high school graduation.

| | <u>FY 1995</u> | <u>FY 1996</u> | <u>FY 1997</u> | <u>FY 1998</u> | <u>FY 1999</u> | <u>FY 2000</u> | <u>FY 2001</u> | <u>FY 2002</u> |
|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Students | | | | | | | | |
| Participating | 6,668 | 6,385 | 6,552 | 7,074 | 7,115 | 7,136 | 7,099 | 7,194 |

State Approved Alternative Programs: (M.S. 123A.05, 123A.06, 126C.05, Subd. 15 124D.128) There are three categories of State Approved Alternative Program's; Area Learning Centers (ALC), Alternative Learning Programs (ALP), and Contracted Alternatives. Area Learning Centers offer a wider array of options/services (K-12), including the requirement to have a daytime school within a school or separate site program for middle level students. In contrast, ALP's can designate what grades they want to serve. Contracted alternatives are nonpublic, nonsectarian schools that have contracted with the serving school district to provide educational services

State Approved Alternative Programs are designed for students who need a different approach or are experiencing difficulty in the traditional school. Instruction is designed to meet the student's individual learning style and needs and includes applied academics, school-to-work, computerized instruction, and service learning.

Overview of State Approved Alternative Programs

- ⇒ To attend a State Approved Alternative Program, students must meet one of the criteria listed in the Graduation Incentives Statute (M.S. 124D.68).
- ⇒ Depending on the district, students K-Adult access alternative programming on a part/full-time basis.
- ⇒ ALC's must offer programming for the entire year (for ALP's this is an option) with the availability of extended day/year programming.
- ⇒ Whereas ALC's, by statute, have to give students the option of receiving their diploma from their district of residence or the district in which the center is located (M.S. 123A.06, Subd. 4) the ALP can choose to solely award the diploma from the district where it is located.
- ⇒ A school district may establish an ALC by itself or in cooperation with other districts, other agencies, foundations, partnerships, etc. Except for a district located in a city of the first class, an ALC must serve the geographic region of at least two districts.
- ⇒ ALC's must allow equal access, and collaborate with, other districts; ALP's have the option of serving students only from their district.
- ⇒ Aid and revenue are based on the total number of hours of educational programming for pupils in average daily membership for each fiscal year.
- ⇒ Financially, there is no distinction between an ALP and ALC.
- ⇒ For additional information refer to the State Approved Alternative Program web page at <http://cfl.state.mn.us/LOD/alp>.

| | <u>FY 1995</u> | <u>FY 1996</u> | <u>FY 1997</u> | <u>FY 1998</u> | <u>FY 1999</u> | <u>FY 2000</u> | <u>FY 2001</u> | <u>FY 2002</u> |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| State Approved Alternative Programs | 115 | 128 | 137 | 140 | 148 | 152 | 155 | 157 |
| Students Served | 44,575 | 52,300 | 60,500 | 81,332 | 112,939 | 133,520 | 152,361 | 167,000 |
| Sites | 390 | 418 | 453 | 468 | 492 | 520 | 600 | 620 |

CHILDREN, FAMILIES, & LEARNING

Program: PRGS FOR SPECIAL POPULATIONS

Activity: STUDENT CHOICE/TAX INCENTIVES (info only)

Narrative

Tax Credits: (M.S. 290.0674) were enacted by the 1997 legislature and first took effect for 1998.

- ⇒ Families with school-age children and incomes at or below \$33,500 per year may qualify for a tax credit of up to \$1,000 per child (\$2,000 per family) to reimburse them for certain educational expenses, including tutoring, academic summer camps, enrichment programs, textbooks and instructional materials, home computer hardware, educational software, and some expenses associated with individual schools.
- ⇒ Parents of any child educated publicly, privately, or at home may qualify for education tax credits.

| <u>Tax Year</u> | <u>Tax Credits Amount Claimed (000's)</u> | <u>Number of Claimants</u> | <u>Average Amount</u> |
|-----------------|---|--------------------------------|---------------------------|
| 1998 | \$14,348 | 38,766 | \$370 |
| 1999 | \$21,373 | 57,962 | \$369 |
| 2000 | \$21,329 | 55,941 | \$381 |
| *2001 | \$18,665 | 54,467 | \$343 |

*2001 is to date.

Source: Minnesota Department of Revenue, Tax Research Division, August 2002

Additional information is available from the Minnesota Department of Revenue web site:
<http://www.taxes.state.mn.us/individ/taxinfo/credits24.html>

Tax Deductions: (M.S. 290.01, subd. 19b) were first enacted in 1955 and were most recently modified by the 1997 legislature. They are available to all families, regardless of income and regardless of whether they itemize on their tax returns. This deduction can be used for certain educational expenses, including tutoring, academic summer camps, enrichment programs, textbooks and instructional materials, home computer hardware, educational software, and some expenses associated with individual schools.

- ⇒ In 1997, deductions for each dependent child in kindergarten through sixth grade were increased from a maximum deduction of \$650 to \$1,625; deductions for each dependent child in grades 7 to 12 increased from a maximum of \$1,000 to \$2,500.

| <u>Tax Year</u> | <u>Tax Credits Amount Claimed (000's)</u> | <u>Number of Claimants</u> | <u>Average Amount</u> |
|-----------------|---|--------------------------------|---------------------------|
| 1998 | \$165,677 | 150,588 | \$1,100 |
| 1999 | \$203,476 | 188,752 | \$1,078 |
| 2000 | \$236,815 | 209,224 | \$1,132 |
| *2001 | \$204,790 | 184,874 | \$1,108 |

*2001 is to date.

Source: Minnesota Department of Revenue, Tax Research Division, August 2002

Additional information is available from the Minnesota Department of Revenue Web site:
<http://www.taxes.state.mn.us/individ/taxinfo/edc2324.html>

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

Additional information is available from the Minnesota Department of Children, Families & Learning, (651) 582-8283.

CHILDREN, FAMILIES, & LEARNING

Program: PRGS FOR SPECIAL POPULATIONS

Activity: MISC FEDERAL PROGRAMS

Narrative

Activity Description

This budget activity summarizes major federal programs that fund activities throughout Minnesota.

Learn and Serve America

Learn and Serve America supports service-learning programs in schools and community organizations that help nearly one million students from kindergarten through college meet community needs while improving their academic skills and learning the habits of good citizenship. Learn and Serve grants are used to create new programs or replicate existing programs, as well as to provide training and development to staff, faculty and volunteers. The Learn and Serve America formula allocation to Minnesota, awarded by the Corporation for National Service, is based on state population.

| | Dollars in Thousands | | |
|--------------------|----------------------|----------------|----------------|
| | <u>FY 2001</u> | <u>FY 2002</u> | <u>FY 2003</u> |
| Total Grant Amount | \$308 | \$304 | \$294 |

Community, Higher Education School Partnership

Community, Higher Education School Partnership (CHESP) is a three-year special initiative grant provided by the Corporation for National Service to build strong service-learning partnerships at the local level between community-based agencies, schools and institutions of higher education.

| | Dollars in Thousands | | |
|---------------|----------------------|----------------|----------------|
| | <u>FY 2001</u> | <u>FY 2002</u> | <u>FY 2003</u> |
| Federal Funds | \$222 | \$240 | \$219 |

Community-Based Service Learning*

The Community-Based Service Learning special grant (CEELS) is a three-year grant awarded through a competitive process to build the capacity of community nonprofit organizations to serve as partners in the transformation of communities through service-learning. Beginning in FY 2003, CEELS funds will be awarded to the nonprofit ServeMinnesota! rather than as a direct grant to Children, Families and Learning (CFL).

| | Dollars in Thousands | | |
|---------------|----------------------|----------------|----------------|
| | <u>FY 2001</u> | <u>FY 2002</u> | <u>FY 2003</u> |
| Federal Funds | \$115 | \$125 | \$57 |

* The state of Minnesota is required to match dollar for dollar all CNS funds.

Title I Grants to LEAS (Title I, Part A)

Title I of the Improving America's Schools Act is the largest of the federal compensatory education programs. Almost every district in the state qualifies for Title I funds, and Title I services are in approximately 90% of the state's elementary schools. More than 110,185 public and non-public students participate in Title I programs annually. There are several parts to Title I: Basic Grants, Concentration Grants, Accountability Grants, Grants for Neglected or Delinquent Institutions, and Capital Expenses.

Minnesota's share of the national appropriation is based on the number of low-income children counted during the 2000 census. CFL adjusts these entitlements to provide the required set-asides for administration, for school support teams for low-performing schools, and for Charter Schools.

Activity at a Glance

Major federal programs in the activity are:

- ◆ Learn and Serve
- ◆ Community, Higher Education School Partnership
- ◆ Community-Based Service Learning
- ◆ Title I Grants of LEAs
- ◆ Even Start Family Literacy Programs
- ◆ Reading First
- ◆ Migrant Education
- ◆ Prevention and Intervention for Children who are Neglected, Delinquent or At-Risk
- ◆ English Language Acquisition Grants
- ◆ Rural and Low-Income Schools
- ◆ Refugee Children Impact Grant
- ◆ Byrd Honors Scholarship Program
- ◆ Reading Excellence Program
- ◆ School-To-Work

CHILDREN, FAMILIES, & LEARNING

Program: PRGS FOR SPECIAL POPULATIONS

Activity: MISC FEDERAL PROGRAMS

Narrative

Specific objectives of the Title I Basic Grants to LEAs are

- ♦ to align Title I evaluation measures with the state student achievement and system performance measures;
- ♦ to identify and serve students who are most at risk of not meeting our state content and performance standards;
- ♦ to increase success in the regular classroom through coordination of supplemental services with classroom instruction and curriculum;
- ♦ to provide for the involvement of parents in the education of their children;
- ♦ to provide intensive and sustained staff development; and
- ♦ to coordinate with state and federal programs to maximize the services available for at-risk students and to increase the number of students receiving services.

Federal Allocations to Minnesota:

| | Dollars in Thousands | | | | |
|------------------------|----------------------|----------------|----------------|----------------|----------------|
| | <u>FY 1999</u> | <u>FY 2000</u> | <u>FY 2001</u> | <u>FY 2002</u> | <u>FY 2003</u> |
| Title I Grants to LEAs | \$86,890 | \$86,890 | \$86,890 | \$93,000 | \$113,000 est. |

Funding for Title I will likely remain flat in the coming biennium. The FY 2003 entitlement will be impacted by the use of 2000 census data.

Even Start Family Literacy Programs (Title I, Part B)

Even Start is the early childhood and family literacy initiative of the Title I program. The state's allocation for Even Start is determined by the amount of the basic and concentration funds the state receives. Funds are distributed to districts on a competitive basis; grants are awarded for four years. Currently there are nine Even Start programs in Minnesota.

Specific objectives of the Even Start Family Literacy programs are

- ♦ to improve the educational opportunities by integrating early childhood education and adult education for parents into a unified program;
- ♦ to create a new range of services through cooperative projects that build on existing community resources; and
- ♦ to assist children and adults from low-income families in achieving challenging state content and student performance standards.

Federal Allocations to Minnesota:

| | Dollars in Thousands | | | | |
|------------|----------------------|----------------|----------------|----------------|----------------|
| | <u>FY 1999</u> | <u>FY 2000</u> | <u>FY 2001</u> | <u>FY 2002</u> | <u>FY 2003</u> |
| Even Start | \$1,125 | \$1,117 | \$1,299 | \$2,438 | *\$2,417 est. |

* Projections based on U.S. Department of Education estimate for FY 2000.

Reading First (Title I, Part B)

The Reading First program is a new federal education program aimed at improving K-3 reading instruction through the use of effective, research-based strategies and methods. This program will provide allow the state to make competitive sub-grants to school districts meeting specific eligibility criteria identified in the authorizing legislation. Grantees will use program funds to:

- ♦ provide preschool-age children with high-quality oral language and literature-rich environments;
- ♦ provide professional development that is based on scientifically based reading research knowledge of early language and reading development;
- ♦ identify and provide activities and instructional materials that are based on scientifically based reading research;

CHILDREN, FAMILIES, & LEARNING

Program: PRGS FOR SPECIAL POPULATIONS

Activity: MISC FEDERAL PROGRAMS

Narrative

- ◆ acquire, provide training for, and implement screening reading assessments or other appropriate measures based on scientifically based reading research; and
- ◆ integrate instructional materials, activities, tools, and measures into the programs offered.

| | Dollars in Thousands | | |
|---------------|----------------------|----------------|----------------|
| | <u>FY 2003</u> | <u>FY 2004</u> | <u>FY 2005</u> |
| Reading First | \$9,678 | \$10,750 | \$10,750 |

Migrant Education (Title I, Part C)

The specific purposes of the Migrant Education program under Title I, Part C are:

- ◆ to ensure that migratory children are provided with appropriate educational services (including support services) that address their special needs in a coordinated and efficient manner;
- ◆ to ensure that migratory children have the opportunity to meet the same state content and performance standards that all children are expected to meet;
- ◆ to prepare migratory children to make a successful transition to post-secondary education or employment by supporting high-quality educational programs to help them overcome educational disruption, cultural and language barriers, social isolation, various health-related problems and other factors, and
- ◆ to ensure that migratory children benefit from state and local systemic reform.

Federal Allocations to Minnesota:

| | Dollars in Thousands | | | | |
|-------------------|----------------------|----------------|----------------|----------------|----------------|
| | <u>FY 1999</u> | <u>FY 2000</u> | <u>FY 2001</u> | <u>FY 2002</u> | <u>FY 2003</u> |
| Migrant Education | \$2,326 | \$2,612 | \$3,012 | *\$2,375 | \$2,375 est. |

*Funding for the Migrant Education program is projected to remain flat for the next biennium.

Prevention and Intervention Programs for Children and Youth Who Are Neglected, Delinquent, or At-Risk of Dropping Out (Title I, Part D)

The specific purposes of the Neglected and Delinquent programs under Title I, Part D, include:

- ◆ to provide supplementary instruction to students, ages 5-21, who are neglected and have been placed in a locally operated residential institution for such students;
- ◆ to improve educational services to neglected or delinquent children and youth so that such children and youth have the opportunity to meet the same challenging state content and performance standards that all children will be expected to meet;
- ◆ to provide the targeted population the services needed to make a successful transition from institutionalization to further schooling and employment; and
- ◆ to prevent at risk youth from dropping out and to provide dropouts and youth returning from institutions with a support system to ensure continued education.

Federal Allocations to Minnesota:

| | Dollars in Thousands | | | | |
|--------------------------|----------------------|----------------|----------------|----------------|----------------|
| | <u>FY 1999</u> | <u>FY 2000</u> | <u>FY 2001</u> | <u>FY 2002</u> | <u>FY 2003</u> |
| Neglected and Delinquent | \$235 | \$197 | \$197 | \$241 | \$184 est. |

English Language Acquisition Grants for Limited English Proficient Students Title III

This new program consolidates the 13 bilingual and immigrant education programs into a formula grant program and significantly increases flexibility and accountability. Minnesota previously received funds under the Title VII Emergency Immigrant program, while districts applied directly to the U.S. Department of Education for grants under other programs. This program maintains the current focus on assisting school districts in teaching English to limited English proficient students and in helping these students meet the same challenging state standards

CHILDREN, FAMILIES, & LEARNING

Program: PRGS FOR SPECIAL POPULATIONS

Activity: MISC FEDERAL PROGRAMS

Narrative

required of all other students. Some of the funds may be reserved to serve districts significantly impacted by the needs of immigrant students.

| | Dollars in Thousands | | |
|------------------------------|----------------------|----------------|----------------|
| | <u>FY 2003</u> | <u>FY 2004</u> | <u>FY 2005</u> |
| English Language Acquisition | \$4,900 est. | \$4,900 est. | \$4,900 est. |

Rural and Low-Income Schools Grant (Title VI, Part B)

This new program is designed to help rural districts that may lack the personnel and resources to compete effectively for federal competitive grants and that often receive federal grant allocations in amounts that are too small to be effective in meeting their intended purposes. This program serves a very small number of rural districts with high concentrations of poverty that are not eligible for a Small, Rural School Achievement grant from the U.S. Department of Education.

| | Dollars in Thousands | | |
|------------------------------|----------------------|----------------|----------------|
| | <u>FY 2003</u> | <u>FY 2004</u> | <u>FY 2005</u> |
| Rural and Low Income Schools | \$175 | \$175 est. | \$175 est. |

Refugee Children School Impact Grant

This program provides funding to CFL to make sub-grants to districts serving large numbers of refugee children. The purpose of these sub-grants is to provide for some of the costs of educating refugee children incurred by local school districts in which significant numbers of refugee children reside. ten Minnesota school districts will receive funds to provide extended day and/or extended year programming as well as additional services. Minnesota expects to receive continuation funding for this grant in FY 2004 and FY 2005.

| | Dollars in Thousands | | |
|--------------------------------|----------------------|----------------|----------------|
| | <u>FY 2003</u> | <u>FY 2004</u> | <u>FY 2005</u> |
| Refugee Children School Impact | \$1,500 | \$1,500 est. | \$1,500 est. |

Byrd Honors Scholarship Program

The purpose of the Byrd Honors Scholarship Program is to provide scholarships for study at institutions of high education to outstanding high school graduates who show promise of continued excellence, in an effort to recognize and promote student excellence and achievement

Federal Allocations to Minnesota:

| | Dollars in Thousands | | | | |
|--------------------------|----------------------|----------------|----------------|----------------|----------------|
| | <u>FY 1999</u> | <u>FY 2000</u> | <u>FY 2001</u> | <u>FY 2002</u> | <u>FY 2003</u> |
| Byrd Honors Scholarships | \$529 | \$527 | \$714 | \$714 | \$714 |

Reading Excellence Program

Minnesota received \$24.5 million in FY 2002 under the competitive Reading Excellence program for the U.S. Department of Education for the purpose of improving K-3 reading instruction, strengthening professional development, reducing referrals to special education because of reading difficulties, providing supplemental services for struggling students, and increasing access to family literacy programs. CFL has awarded two types of subgrants to 31 schools across the state. The Local Reading Improvement subgrants to 24 schools cover FY 2002-04 and are intended to provide the resources to allow the schools to implement a school-based reform focusing on improving K-3 reading instruction. The seven Tutorial Assistance subgrants cover FY 2003-04 and provide resources to schools to provide a choice of tutorial assistance to K-3 students at-risk of not reading on grade level by the end of third grade.

| | Dollars in Thousands | | |
|---------------------------|----------------------|----------------|----------------|
| | <u>FY 2002</u> | <u>FY 2003</u> | <u>FY 2004</u> |
| Federal Funds (estimated) | \$4,000 | \$10,000 | \$10,000 |

CHILDREN, FAMILIES, & LEARNING

Program: PRGS FOR SPECIAL POPULATIONS

Activity: MISC FEDERAL PROGRAMS

Narrative

School-To-Work

School-To-Work is a five-year federal initiative. The main purpose of Minnesota's School-To-Work initiative is to create a system that provide learners with options for receiving quality education and preparation for careers. Minnesota's School-To-Work initiative recognizes school-based learning, work-based learning, service-based learning, and connecting activities as system elements. The elements facilitate the comprehensive goals for Minnesotans to become lifelong learners, economic players, and responsible citizens.

| | Dollars in Thousands | | |
|---------------|----------------------|----------------|----------------|
| | <u>FY 2000</u> | <u>FY 2001</u> | <u>FY 2002</u> |
| Federal Funds | \$5,700 | \$3,800 | \$1,900 |

FY 2002 was the last year of funding. The state was granted a no-cost extension though 03-31-03, however, there will be no additional funding for this initiative.

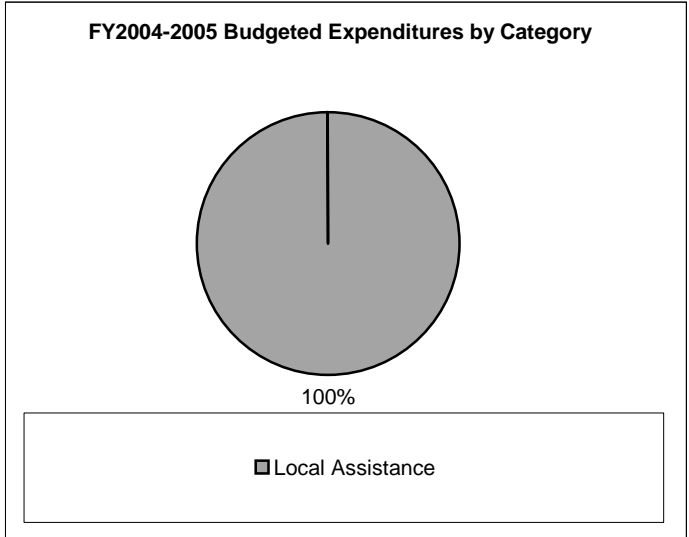
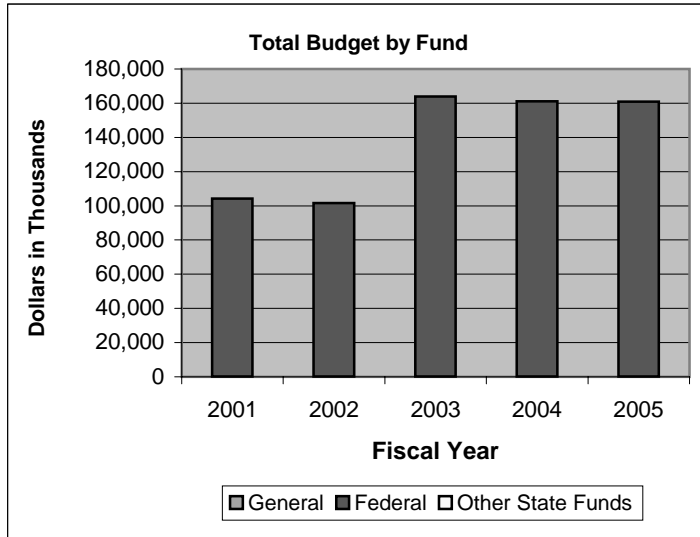
The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

CHILDREN, FAMILIES, & LEARNING

Program: PRGS FOR SPECIAL POPULATIONS

Activity: MISC FEDERAL PROGRAMS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Statutory Appropriations | | | | | | | | |
| Federal | 104,300 | 101,605 | 163,969 | 161,028 | 160,974 | 322,002 | 56,428 | 21.2% |
| Total | 104,300 | 101,605 | 163,969 | 161,028 | 160,974 | 322,002 | 56,428 | 21.2% |

| | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|--------------|
| Expenditures by Category | | | | | | | | |
| Payments To Individuals | 0 | 729 | 730 | 722 | 722 | 1,444 | -15 | -1.0% |
| Local Assistance | 104,300 | 100,876 | 163,239 | 160,306 | 160,252 | 320,558 | 56,443 | 21.4% |
| Total | 104,300 | 101,605 | 163,969 | 161,028 | 160,974 | 322,002 | 56,428 | 21.2% |

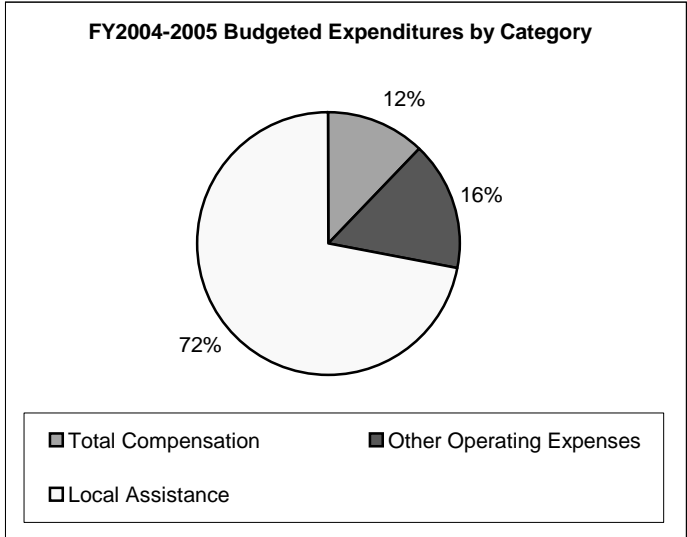
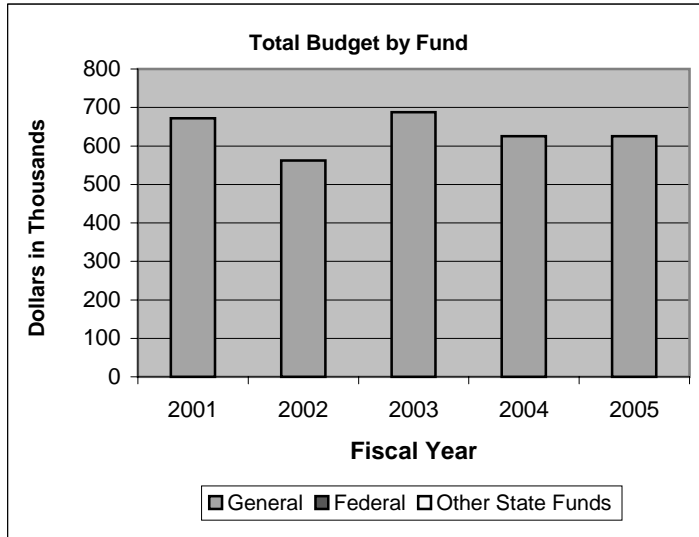
| | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Federal | 106,032 | 103,503 | 166,800 | 163,656 | 163,606 | 327,262 | 56,959 | 21.1% |
| Subtotal Dedicated | 106,032 | 103,503 | 166,800 | 163,656 | 163,606 | 327,262 | 56,959 | 21.1% |
| Total Revenue | 106,032 | 103,503 | 166,800 | 163,656 | 163,606 | 327,262 | 56,959 | 21.1% |

CHILDREN, FAMILIES, & LEARNING

Program: PRGS FOR SPECIAL POPULATIONS

Activity: STUDENT ORGANIZATIONS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------------|--------------------------|--------------------------|----------------------------|------------------------|---------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 672 | 562 | 688 | 625 | 625 | 1,250 | 0 | 0.0% |
| Total | 672 | 562 | 688 | 625 | 625 | 1,250 | 0 | 0.0% |
| Expenditures by Category | | | | | | | | |
| Total Compensation | 65 | 62 | 76 | 76 | 76 | 152 | 14 | 10.1% |
| Other Operating Expenses | 64 | 54 | 112 | 100 | 100 | 200 | 34 | 20.5% |
| Local Assistance | 543 | 446 | 500 | 449 | 449 | 898 | -48 | -5.1% |
| Total | 672 | 562 | 688 | 625 | 625 | 1,250 | 0 | 0.0% |
| Full-Time Equivalents (FTE) | 1.3 | 1.6 | 1.3 | 1.3 | 1.3 | | | |

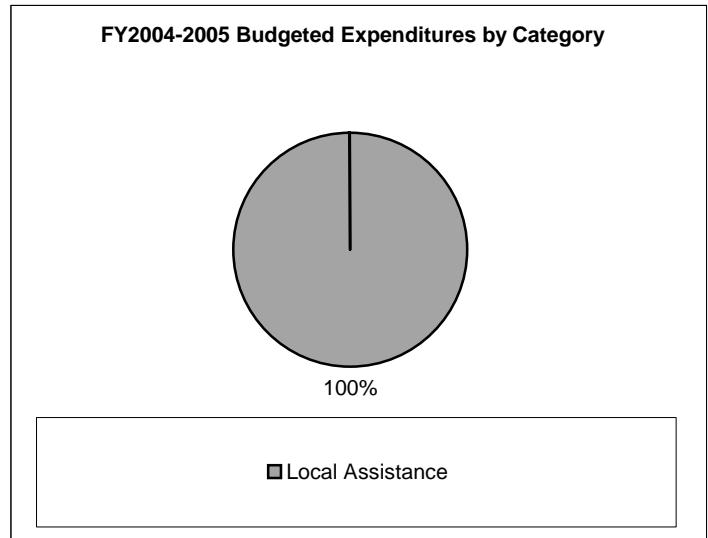
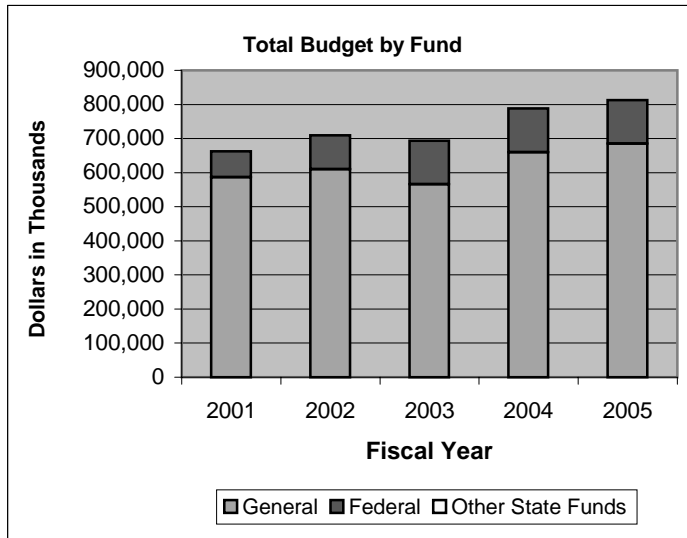
Budget Activities Included:

- ⇒ Special Education – Regular
- ⇒ Children with Disabilities Aid
- ⇒ Travel for Home-Based Services
- ⇒ Special Education – Excess Costs
- ⇒ Litigation Costs for Special Education
- ⇒ Transition for Disabled Students
- ⇒ Court Placed Special Education
- ⇒ Out of State Tuition for Special Education
- ⇒ Federal Special Programs

CHILDREN, FAMILIES, & LEARNING

Program: SPECIAL PROGRAMS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|------------------|-------------------|--------------|
| | Actual | Actual | Budgeted | Base | | Biennium | Biennial Change | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | 2004-05 / 2002-03 | Percent |
| Direct Appropriations | | | | | | | | |
| General | 586,983 | 609,849 | 565,594 | 659,988 | 684,731 | 1,344,719 | 169,276 | 14.4% |
| Statutory Appropriations | | | | | | | | |
| Federal | 75,790 | 99,339 | 128,108 | 128,349 | 128,349 | 256,698 | 29,251 | 12.9% |
| Total | 662,773 | 709,188 | 693,702 | 788,337 | 813,080 | 1,601,417 | 198,527 | 14.2% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|------------------|----------------|--------------|
| Local Assistance | 662,773 | 709,188 | 693,702 | 788,337 | 813,080 | 1,601,417 | 198,527 | 14.2% |
| Total | 662,773 | 709,188 | 693,702 | 788,337 | 813,080 | 1,601,417 | 198,527 | 14.2% |

| Expenditures by Activity | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|------------------|----------------|--------------|
| Special Education-Regular | 566,252 | 605,488 | 621,310 | 679,754 | 703,874 | 1,383,628 | 156,830 | 12.8% |
| Children W Disabilities Aid | 617 | 1,346 | 1,661 | 1,906 | 2,172 | 4,078 | 1,071 | 35.6% |
| Travel For Home-Based Services | 135 | 160 | 157 | 176 | 181 | 357 | 40 | 12.6% |
| Special Education-Excess Costs | 85,270 | 91,970 | 60,059 | 95,146 | 95,518 | 190,664 | 38,635 | 25.4% |
| Litigation Costs For Spec Educ | 340 | 0 | 375 | 375 | 375 | 750 | 375 | 100.0% |
| Transition-Disabled Students | 8,968 | 8,954 | 8,319 | 8,918 | 8,898 | 17,816 | 543 | 3.1% |
| Court Placed Spec Educ | 142 | 0 | 350 | 350 | 350 | 700 | 350 | 100.0% |
| Out Of State Tuition-Spec Educ | 268 | 0 | 250 | 250 | 250 | 500 | 250 | 100.0% |
| Federal Special Programs | 781 | 1,270 | 1,221 | 1,462 | 1,462 | 2,924 | 433 | 17.4% |
| Total | 662,773 | 709,188 | 693,702 | 788,337 | 813,080 | 1,601,417 | 198,527 | 14.2% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|---------------|----------------|----------------|----------------|----------------|----------------|---------------|--------------|
| Dedicated | | | | | | | | |
| Federal | 83,094 | 106,705 | 137,887 | 137,953 | 137,953 | 275,906 | 31,314 | 12.8% |
| Subtotal Dedicated | 83,094 | 106,705 | 137,887 | 137,953 | 137,953 | 275,906 | 31,314 | 12.8% |
| Total Revenue | 83,094 | 106,705 | 137,887 | 137,953 | 137,953 | 275,906 | 31,314 | 12.8% |

CHILDREN, FAMILIES, & LEARNING

Program: SPECIAL PROGRAMS

Activity: SPECIAL EDUCATION-REGULAR

Narrative

Activity Description

Citation: M.S. [125A.02](#); [125A.03](#); [125A.53](#); [125A.75](#); [125A.76](#); [125A.78](#); [125A.79](#)

Federal Citation: P.L. 105-17 IDEA

Special Education-Regular is a state aid program that provides specially designed instruction and related services for children and youth with disabilities ages birth – 21. Districts also receive additional federal Individual Disability Education Act (IDEA) funds to be used in the delivery of special education services.

Population Served

As shown in the following table, in FY 2001 Minnesota provided special education services to 114,017 children and youth, ages birth through 21. The following table shows the number of special education students by age and disability, as of 12-01-01.

Activity at a Glance

Special Education services, revenue, and expenditures for FY 2001:

- ◆ 114,017 students ages birth – 21 receiving services.
- ◆ 21,735 professional and paraprofessional staff employed.
- ◆ \$562,088,359 paid to districts.
- ◆ \$69,021,418 Federal Flow Through allocated to school districts.

Unduplicated Child Count by Disability and Age Group (click above for historical child count data) as of 12/1/01

| Disability | Preschool | K-12 | Total |
|---|---------------|----------------|----------------|
| | Ages B-4 | Ages 5-18 | |
| 1. Speech Language Impaired | 2,794 | 17,906 | 20,715 |
| 2. Developmental Cognitive Disability-Mild-Moderate | 28 | 6,958 | 7,488 |
| 3. Developmental Cognitive Disability-Severe-Profound | 11 | 2,123 | 2,469 |
| 4. Physically Impaired | 60 | 1,527 | 1,641 |
| 5. Hearing Impaired | 168 | 2,010 | 2,230 |
| 6. Visually Impaired | 46 | 375 | 437 |
| 7. Specific Learning Disabilities | 4 | 37,942 | 38,246 |
| 8. Emotional Behavior Disorder | 19 | 17,582 | 17,839 |
| 9. Autism Spectrum Disorder | 161 | 3,377 | 3,759 |
| 10. Deaf Blind | 6 | 50 | 58 |
| 11. Other Health Impaired | 31 | 8,583 | 8,706 |
| 12. Traumatic Brain Injury | 16 | 355 | 399 |
| 13. Developmentally Delayed (Early Childhood Special Education) | 6,589 | 3,275 | 9,864 |
| 14. Severely Multiply Impaired | 2 | 145 | 166 |
| TOTAL | 10,075 | 102,208 | 114,017 |

Students become eligible for special education services by meeting specific state eligibility requirements under one or more of 13 disability categories. Although some of the categories of disability clearly identify children with severe disabilities, even the disability categories that typically suggest mild impairment have students with disabilities that range from relatively mild to very severe.

Students must meet two general criteria to be eligible for special education services: 1) be found eligible through a multi-disciplinary assessment; and 2) be in need of specially designed instruction and related services. The eligibility criteria for each disability are defined in the [state education rules](#).

CHILDREN, FAMILIES, & LEARNING

Program: SPECIAL PROGRAMS

Activity: SPECIAL EDUCATION-REGULAR

Narrative

The following table shows the number of special education students by education setting as of 12-01-01:

Unduplicated Child Count by Setting as of December 1, 2001 (Birth -21)

| <u>Setting Ages 3-21</u> | <u>Total</u> |
|--|----------------|
| Regular Class | 67,068 |
| Resource Room 2 times or more per day | 26,503 |
| Separate Class | 9,970 |
| Public Separate Day School | 5,146 |
| Private Separate Day School | 266 |
| Public Residential School | 728 |
| Private Residential School | 976 |
| Hospital or Homebound | 307 |
| Subtotal Ages 3-21 | 110,964 |
| <u>Settings Ages Birth – 2</u> | |
| Early Childhood Setting or Home-based | 447 |
| Part-time EC Setting Home or Itinerant | 172 |
| Early Childhood Sp. Ed. Classroom | 2,384 |
| Private Separate Day School | 1 |
| Public Residential | 43 |
| Private Residential | 6 |
| Subtotal Ages Birth – 2 | 3,053 |
| TOTAL | 114,017 |

Services Provided

Special Education instruction and services are governed by state statutes (M.S. 125A.02; M.S. 125A.03; M.S. 125A.75); state education rules (chapter 3525); federal law [P.L. 105-17, Individuals with Disabilities Education Act (IDEA)]; and federal rules (CFR 300).

The combination of these laws and rules require the provision of a free appropriate public education (FAPE) for all eligible children and youth with disabilities. FAPE is defined as instruction and services that are:

- ◆ based on need as identified in a multi-disciplinary assessment;
- ◆ written into an individualized education plan (IEP), Individualized Family Service Plan (IFSP) or Individualized Interagency Intervention Plan (IIIP); and
- ◆ provided in the least restrictive environment appropriate to the student's needs and at no cost to parents.

Special Education is broad-based and focuses on areas of instruction that students without disabilities can generally accomplish without specific instruction directed to them.

The responsibility for Special Education services lies with the district in which the parents reside. Districts and parents determine the most appropriate means of delivering the necessary instruction and services to the students.

- ⇒ More than 279 smaller school districts have formed 43 special education cooperatives to deliver special education programs more cost effectively and efficiently.
- ⇒ In addition, districts can purchase services from service cooperatives, intermediate school districts, and cooperate with formal collaborative organizations such as children's mental health collaboratives, family service collaboratives, interagency early intervention committees, and community interagency transition committees.

CHILDREN, FAMILIES, & LEARNING

Program: SPECIAL PROGRAMS

Activity: SPECIAL EDUCATION-REGULAR

Narrative

The Division of Special Education and the Division of Accountability and Compliance are working with the school districts and cooperatives to implement self-assessment procedures known as Continuous Improvement Monitoring Process (CIMP). This process is for children with disabilities birth through 21 and their families, and has three major goals:

- ◆ to improve educational results for children and youth with disabilities through the provision of specialized instruction and related services;
- ◆ to improve educational benefit for children and youth with disabilities through the development and implementation of interagency delivery systems; and
- ◆ to assure free and appropriate public education and early intervention services through state and local implementation of required procedures for finding, evaluating, placing, instructing and supporting children and youth with disabilities.

Key Measures

Significantly increase the performance of students with Individualized Education Plans (IEP) on state assessment tests (SE).

- ◆ Student Performance as measured by the Minnesota Basic Skills Test

| | Percent Passing | |
|---|-----------------|------|
| | 1998 | 2001 |
| All Students with Disabilities | | |
| Basic Skills Test 8 th Grade – Reading | 25% | 37% |
| Basic Skills Test 8 th Grade – Mathematics | 26% | 30% |
| Basic Skills Test 10 th Grade – Writing* | 43% | 59% |

- ◆ Student Performance as measured by the Minnesota Comprehensive Assessment (MCAs)

| | Percentage Scoring at Level 2 or Above | |
|-------------------------|--|------|
| | 1998 | 2001 |
| Grade 3 MCA Reading | 41% | 53% |
| Grade 3 MCA Mathematics | 55% | 74% |
| Grade 5 MCA Reading | 41% | 61% |
| Grade 5 MCA Mathematics | 47% | 64% |
| Grade 5 MCA Writing | 69% | 84% |

- ◆ Minnesota Compared With the Nation on Key Federal Indicators

| | Minnesota | Nationally |
|--|-----------|------------|
| Percentage Served Birth to Age 2 | 1.5% | 1.7% |
| Percentage Served in Regular Classrooms | 85% | 73% |
| Percentage Served in Segregated Classes | 8% | 27% |
| Special Education Dropout Rate | 29% | 32% |
| Overall Graduation Rate for Special Education Students | 80% | 64% |
| Special Education Students Grade 12 | *38% | 25% |
| Graduation Rate with Regular Diplomas | | |
| Exemption Rate for State Testing | 4% | **10-20% |
| *In FY 2000 Minnesota had the highest rate in the nation | | |
| **National standard | | |

Additional information on special education key measures are available at:

CFL's Special Education Web Site: <http://cfl.state.mn.us/SPECED/>

Initiatives and Priorities: <http://cfl.state.mn.us/SPECED/initiatives.html>

CHILDREN, FAMILIES, & LEARNING

Program: SPECIAL PROGRAMS

Activity: SPECIAL EDUCATION-REGULAR

Narrative

Activity Funding

Special education programs are funded with state special education aids and federal IDEA funds.

Special Education Expenditures State and Federal

| Dollars in Thousands | | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
| | FY 1996 | FY 1997 | FY 1998 | FY 1999 | FY 2000 | FY 2001 |
| Child Count Birth-21 | 103,980 | 106,898 | 108,951 | 110,794 | 112,903 | 114,017 |
| Average Cost Per Student | \$6,943 | \$7,118 | \$7,379 | \$7,685 | \$7,986 | \$8,373 |
| Salaries | \$503,611 | \$531,835 | \$561,823 | \$595,636 | \$614,954 | \$649,516 |
| Fringe Benefits* | 110,794 | 118,067 | 123,601 | 131,040 | 135,290 | 142,894 |
| Contracted Services | 25,027 | 26,302 | 27,503 | 28,716 | 29,135 | 25,750 |
| Individualized Instructional Supplies and Equipment | 9,428 | 10,567 | 11,316 | 11,487 | 8,835 | 8,682 |
| Federal Funds Used for Instruction | 13,399 | 10,819 | 12,893 | 12,960 | 34,668 | 41,545 |
| SUBTOTAL for Direct & Related Services | \$662,259 | \$697,590 | \$737,136 | \$779,839 | \$822,882 | \$868,387 |
| Transportation** | 59,712 | 63,312 | 66,789 | 71,639 | 78,781 | 86,301 |
| TOTAL Expenditures | \$721,971 | \$760,902 | \$803,925 | \$851,478 | \$901,663 | \$954,668 |
| Annual % Change | 3.73% | 5.39% | 5.65% | 5.92% | 5.90% | 5.88% |
| Federal Flow Through to Districts | \$31,998 | \$33,742 | \$42,765 | \$55,829 | \$69,021 | \$91,318 |
| Federal Flow Through per Child to Districts Based on Prior Year's Child Count | \$325.49 | \$330.03 | \$410.90 | \$525.73 | \$627.72 | \$822.96 |

*Estimated based on ratio of salaries for staff from UFARS

**Includes transportation to and from school, between schools and board and lodging

State Special Education Aids:

Special education revenue is based on expenditures in the second prior year (base year). State special education revenue for FY 2003 is based on expenditures in FY 2001.

The special education base revenue equals the sum of the following amounts computed using base year data:

- ◆ *Salary* - 68% of the salary of each essential staff providing direct instructional services to students;
- ◆ *Supplies and Equipment* - 47% of the cost of supplies and equipment not to exceed an average of \$47 per student with a disability;
- ◆ *Contracted Services* - 52% of the amount of a contract for instruction and services that are supplemental to a district's education program for students with disabilities. 52% of the difference between the amount of the contract and the general education revenue of the district for that pupil for the fraction of the school day the student receives services that are in place of services of the district's program; and
- ◆ *Transportation* - 100% of the cost of special transportation services.

The special education adjusted base revenue equals the base revenue times the ratio of the current year average daily membership (ADM) to the base year ADM. If the special education base revenue for a district equals zero, the special education revenue equals the amount computed above using current year data. A school district's special education revenue equals the state total special education revenue, minus new district revenue, times the ratio of the district's adjusted special education base revenue to the state total adjusted special education base revenue.

The state total special education revenue for FY 2000 and beyond equals: 1) the state total special education revenue for the preceding fiscal year times; 2) the program growth factor times; and 3) the ratio of the state total ADM for the current fiscal year to the state total ADM for the preceding fiscal year.

CHILDREN, FAMILIES, & LEARNING

Program: SPECIAL PROGRAMS

Activity: SPECIAL EDUCATION-REGULAR

Narrative

For FY 1999 and earlier, special education revenue was funded with a combination of state aid and property tax levies. Beginning in FY 2000, this program is funded entirely with state aid.

Federal IDEA Funds:

IDEA, Part B funds are generated on a December 1 child count basis. School districts submit the number of individuals with disabilities, ages 3 to 21, who have an IEP and are receiving special education services on December 1. Pre-school incentive funds, Section 619 of IDEA, are generated on children ages 3-5 that have IEP's and are receiving services on December 1. The funding to school districts is referenced in the chart above.

The federal law requires that the state and local school districts maintain effort from one year to the next. Expenditures on a statewide basis or on a local district basis may not be decreased from the current year to the subsequent year, except under specific circumstances. Districts cannot supplant state and local expenditures for special education with federal funds. Federal funds are intended to expand and improve education services to individuals with disabilities.

Because of the maintenance of effort requirements of IDEA, districts have generally paid for related services staff, supplies, equipment, and tuition agreements with federal funds. Districts have somewhat more latitude to pay for non-reimbursed eligible costs with federal funds, rather than with state special education aids. The two aid packages are compatible and provide a complete package for local school districts.

CFL flows 86% of the federal funds to local education agencies. The department retains 2.3% of the funds for administration costs and approximately 11.7% for statewide set aside programs to implement Minnesota's State Improvement Plan.

Special education revenue, together with the general education revenue earned by students with disabilities for the time they are enrolled in special education programs, does not reimburse all of the expenses that districts incur for special education programs. Information on special education cross-subsidies is available at <http://cfl.state.mn.us/dpf/specialed.html>.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

Additional information is available from the Minnesota Department of Children, Families & Learning, Special Education Division, (651) 582-8264.

CHILDREN, FAMILIES & LEARNING

Program: SPECIAL PROGRAMS

Activity: Special Education - Regular

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | | |
|---|--------------------------|----------------------------|----------------------------|----------------|----------------|-------------------------------|--|----------------|
| Budget Activity Summary | Actual FY2001 | Estimate FY2002 | Budgeted FY2003 | Base | | Biennium FY2004-05 | Biennial Change 2004-05 / 2002-03 | |
| | | | | FY2004 | FY2005 | | Dollars | Percent |
| 1. Statutory Formula Aid | 474,006 | 511,189 | 534,039 | 556,724 | 581,137 | 1,137,861 | 92,633 | 8.9% |
| 2. Statutory Excess/(Shortfall) | (6) | | | | | | | |
| 3. Appropriated Entitlement | 474,000 | 511,189 | 534,039 | 556,724 | 581,137 | 1,137,861 | 92,633 | 8.9% |
| 4. Adjustment(s) | | | | | | | | |
| a. Excess Funds Transferred In / (Out) | 6 | | | | | | | |
| b. Net Prior Year Recoveries | (50) | | | | | | | |
| 5. State Aid Entitlement | 473,956 | 511,189 | 534,039 | 556,724 | 581,137 | 1,137,861 | 92,633 | 8.9% |
| 6. Revenue (Total of Aid & Levy) | 473,956 | 511,189 | 534,039 | 556,724 | 581,137 | 1,137,861 | 92,633 | 8.9% |
| 7. Federal Funds | 68,864 | 98,069 | 126,887 | 126,887 | 126,887 | 253,774 | (28,818) | |
| 8. Total School District Revenue - All Funds | 542,820 | 609,258 | 660,926 | 683,611 | 708,024 | 1,391,635 | 63,815 | 5.0% |
| Appropriations Basis for State Aid | | | | | | | | |
| Prior Year (10% FY 01-03) (17% FY 04-05) | 46,300 | 47,400 | 51,170 | 90,786 | 94,643 | 185,429 | 86,859 | |
| Current Year (90% FY 01-02) (83% FY 03-05) | 426,600 | 460,528 | 443,253 | 462,081 | 482,344 | 944,425 | 40,644 | |
| Transfers per M.S. 127A.41, subdivision 8 & 9 | 6 | | | | | | | |
| Cancellation | (50) | (509) | | | | | 509 | |
| Total State Aid - General Fund | 472,856 | 507,419 | 494,423 | 552,867 | 576,987 | 1,129,854 | 128,012 | 12.8% |
| Other Approp. Federal Plus Other State Funds | 68,864 | 98,069 | 126,887 | 126,887 | 126,887 | 253,774 | 28,818 | 12.8% |
| TOTAL APPROPRIATIONS | 541,720 | 605,488 | 621,310 | 679,754 | 703,874 | 1,383,628 | 156,830 | 12.8% |

CHILDREN, FAMILIES, & LEARNING

Program: SPECIAL PROGRAMS

Activity: CHILDREN W DISABILITIES AID

Narrative

Activity Description

Citation: M.S. 125A.75, Subd. 3

This state aid program provides funding for individuals who are placed in a state institution, a licensed residential facility, or foster facility for care and treatment and for whom no district of residence can be determined.

Activity at a Glance

For FY 2001:

- ◆ 140 students without disabilities were placed.
- ◆ 338 students with disabilities were placed.
- ◆ Total cost was \$2.25 million.

Population Served

Districts that serve individuals described above receive full payment for net education costs for students with and without disabilities who are served.

Services Provided

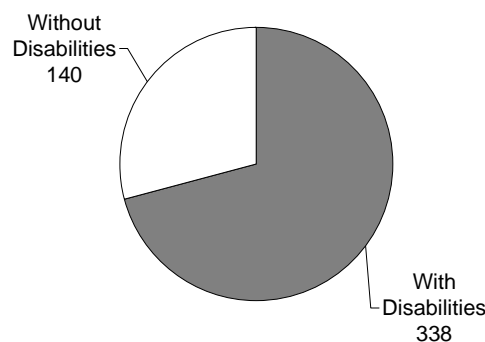
This activity ensures that individuals who are placed in a residential facility and for whom no district of residence can be determined receive a free and appropriate education. Pupils are eligible if no district of residence can be determined because:

- ◆ parental rights have been terminated by court order;
- ◆ parents cannot be located;
- ◆ no other district of residence can be determined; or
- ◆ the parent or guardian having legal custody of the child is an inmate of a Minnesota correctional facility or is a resident of a halfway house under the supervision of the commissioner of corrections.

This activity's objectives are the same as stated for regular special education. Special education programs and services are designed to benefit individuals with disabilities whose educational needs range from self care skills, to independent living skills, to preparation for sheltered employment or employment in the community. Students without disabilities are also eligible for this aid if they are eligible as noted above. This aid is for the costs of education and not for the costs associated with the care and treatment of the students.

Students eligible for this aid must be placed where the regular education program at the facility is approved according to section M.S. 125A.515.

FY 2001



CHILDREN, FAMILIES, & LEARNING

Program: SPECIAL PROGRAMS

Activity: CHILDREN W DISABILITIES AID

Narrative

Historical Perspective

This program began in the 1970s to include education costs for students with disabilities. The law was amended in 1999 to include all students, those with and without disabilities as eligible for aid if they meet the criteria stated above. Students without disabilities must have been placed by the courts to be eligible.

Key Measures

Key indicators and measures for special education programs are available in the Special Education -Regular budget narrative.

Additional information on special education key measures are available at:

CFL's Special Education Web Site: <http://cfl.state.mn.us/SPECED/>

Initiatives and Priorities: <http://cfl.state.mn.us/SPECED/initiatives.html>

Activity Funding

The aid equals 100% of the net costs of educating these individuals, including transportation costs, a proportionate amount of capital expenditures and debt service, minus the sum of basic general education revenue, special education aid, transportation aid, and any other aid earned on behalf of the child.

The students without disabilities have an average placement of 34.20 days while the students with a disability have an average placement of 77.40 days. In FY 2001, the average cost for a full-time equivalent student without a disability is \$6,077.60 while it is \$8,058.01 for a student with a disability.

The aid is paid as a reimbursement in the year following the year the services are provided.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

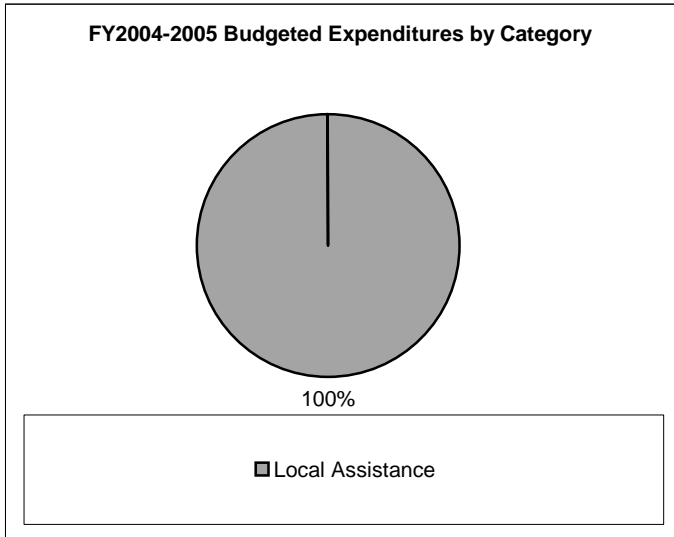
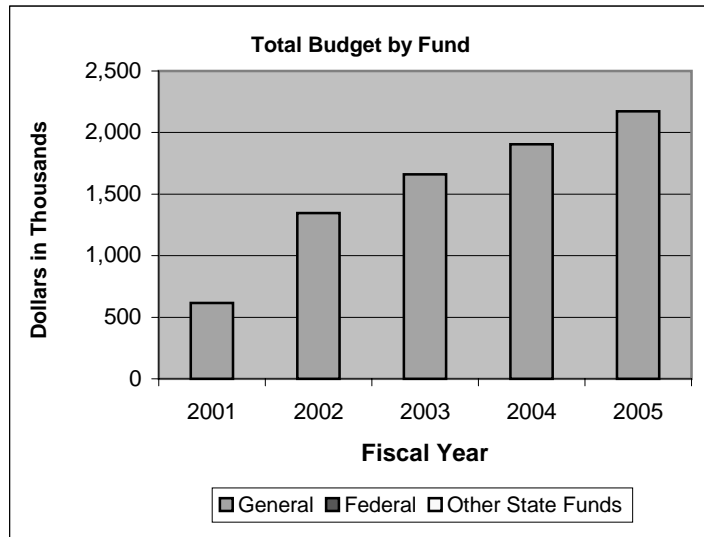
Additional information is available from the Minnesota Department of Children, Families & Learning, Special Education Division, (651) 582-8264.

CHILDREN, FAMILIES, & LEARNING

Program: **SPECIAL PROGRAMS**

Activity: CHILDREN W DISABILITIES AID

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|---------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 617 | 1,346 | 1,661 | 1,906 | 2,172 | 4,078 | 1,071 | 35.6% |
| Total | 617 | 1,346 | 1,661 | 1,906 | 2,172 | 4,078 | 1,071 | 35.6% |
| Expenditures by Category | | | | | | | | |
| Local Assistance | 617 | 1,346 | 1,661 | 1,906 | 2,172 | 4,078 | 1,071 | 35.6% |
| Total | 617 | 1,346 | 1,661 | 1,906 | 2,172 | 4,078 | 1,071 | 35.6% |

CHILDREN, FAMILIES, & LEARNING

Program: SPECIAL PROGRAMS

Activity: TRAVEL FOR HOME-BASED SERVICES

Narrative

Activity Description

Citation: M.S. 125A.75, Subd. 1; P.L. 95-17, 42 U.S.C. Part C

This activity is funded by state sources. The state aid activity provides funding to assist school districts with travel costs for early childhood special education staff delivering services to children and their families in the home and at early childhood education center based sites within the community.

Activity at a Glance

Home-Based Travel for ECSE staff to provide services in the home or center based programs.

- ◆ 10,075 ECSE children served in FY 2001
- ◆ \$135,806 paid to districts in FY 2001

Population Served

M.S. 125A.03 mandates special education services begin at birth for children with disabilities.

- ⇒ For very young children, special education services consist of consultation with parents and parent training, as well as direct services to the child.
- ⇒ Home-based travel aid assures that services are available in a variety of settings and that training and services can be delivered in the home or in settings most appropriate for the child and family.

Home based travel assists the parents to be more involved in children's learning, development, and readiness for K-12 education and it provides services in the child's more natural setting of the home or early childhood center.

Services Provided

Travel for home-based services assures that all individuals from birth through age four with disabilities, and their families, have access to early childhood special education (ECSE) intervention services.

Federal funding under the Individuals with Disabilities Education Act (IDEA), (P.L. 95-17) (Budget Activity 0301), the Preschool Incentive program (P.L. 95-17, Sec. 619) (Budget Activity 3201), and the Infants and Toddlers program (Budget Activity 0915) (42 U.S.C. Part C) may also be used for this purpose.

Key Measures

- ⇒ The number of children, from ages birth through age four, identified as having disabilities and receiving special education services increased from 6,901 in FY 1991 to 10,075 in FY 2001. The majority of these services are provided in the child's home or in a center-based site in the community.
- ⇒ There are 3,186 students age five who are in home-based, center, school-based and other settings, some of whom are eligible for home-based travel aid.

Key indicators and measures for special education programs are available in the Special Education -Regular budget narrative.

Additional information on special education key measures are available at:

CFL's Special Education Web Site: <http://cfl.state.mn.us/SPECED/>

Initiatives and Priorities: <http://cfl.state.mn.us/SPECED/initiatives.html>

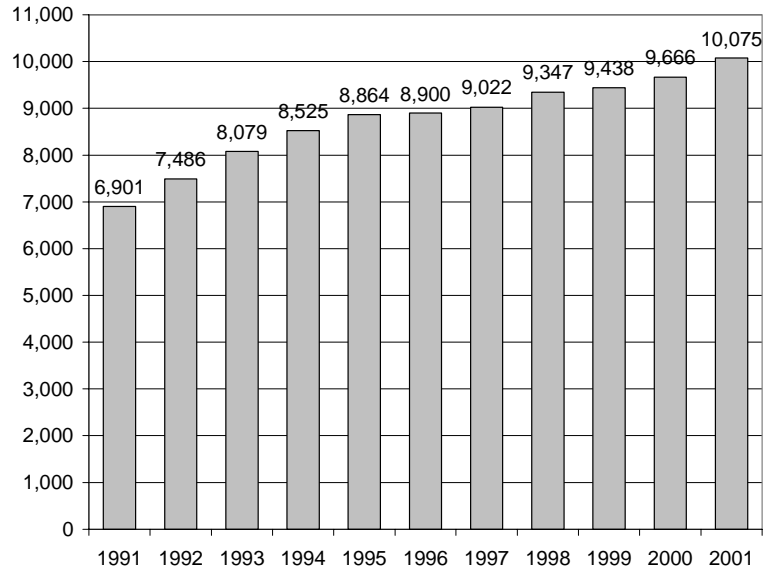
CHILDREN, FAMILIES, & LEARNING

Program: SPECIAL PROGRAMS

Activity: TRAVEL FOR HOME-BASED SERVICES

Narrative

**Number of Preschool Children (Age 0-4)
Receiving Special Education Services**



Activity Funding

Under current law, the state must pay each district one-half of the sum actually expended by a district for necessary travel of essential personnel providing home-based services to children with a disability under age five and their families.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

Additional information is available from the Minnesota Department of Children, Families & Learning, Division of Special Education, (651) 582-8264.

CHILDREN, FAMILIES & LEARNING

Program: SPECIAL PROGRAMS

Activity: Travel For Home-Based Services

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | | |
|---|--------------------------|----------------------------|----------------------------|---------------|---------------|-------------------------------|--|----------------|
| Budget Activity Summary | Actual FY2001 | Estimate FY2002 | Budgeted FY2003 | Base | | Biennium FY2004-05 | Biennial Change 2004-05 / 2002-03 | |
| | | | | FY2004 | FY2005 | | Dollars | Percent |
| 1. Statutory Formula Aid | 136 | 161 | 172 | 177 | 182 | 359 | 26 | 7.8% |
| 2. Statutory Excess/(Shortfall) | (5) | (20) | | | | | (20) | |
| 3. Appropriated Entitlement | 131 | 141 | 172 | 177 | 182 | 359 | 6 | 1.9% |
| 4. Adjustment(s) | | | | | | | | |
| a. Excess Funds Transferred In / (Out) | 5 | 20 | | | | | 20 | |
| 5. State Aid Entitlement | 136 | 161 | 172 | 177 | 182 | 359 | 26 | 7.8% |
| 6. Total School District Revenue - All Funds | 136 | 161 | 172 | 177 | 182 | 0 | 26 | 7.8% |
| Appropriations Basis for State Aid | | | | | | | | |
| Prior Year (10% FY 01-03) (17% FY 04-05) | 13 | 14 | 14 | 29 | 30 | 59 | 31 | |
| Current Year (90% FY 01-02) (83% FY 03-05) | 117 | 126 | 143 | 147 | 151 | 298 | 29 | |
| Transfers per M.S. 127A.41, subdivision 8 & 9 | 5 | 20 | | | | | (20) | |
| Total State Aid - General Fund | 135 | 160 | 157 | 176 | 181 | 357 | 40 | 12.6% |
| TOTAL APPROPRIATIONS | 135 | 160 | 157 | 176 | 181 | 357 | 40 | 12.6% |

CHILDREN, FAMILIES, & LEARNING

Program: SPECIAL PROGRAMS

Activity: SPECIAL EDUCATION-EXCESS COSTS

Narrative

Activity Description

Citation: M.S. 125A.79

This state aid program provides school districts with assistance for unreimbursed costs of special education and related services. These high costs have traditionally been subsidized by the general fund, reducing funds available for classroom education.

Population Served

All public schools in Minnesota that experience unreimbursed special education costs as defined by the aid formula receive benefits from state aid.

Services Provided

Special education excess cost aid promotes adequacy and equity in the general education program. Specifically, this activity helps students with a disability access free and appropriate public education without requiring school districts to subsidize special education costs excessively from general operating funds.

In small school districts, the unreimbursed costs of serving a few high cost students can have a severe impact on the district's general fund budget. High concentrations of special education students can create similar problems in larger school districts. The special education excess cost aid provides a safety net to mitigate the impact of unreimbursed special education costs on school district general fund budgets.

Historical Perspective

Since FY 1996, the total state special education revenue has been set in law. The growth in special education excess cost revenue since FY 1995 is largely attributable to faster growth in special education expenditures than in state total special education revenue during this period.

Beginning in FY 1999, transportation funding for students with a disability was rolled into the special education formula, and the excess cost of transporting these students was included in the excess cost formula.

Beginning in FY 2000, the revenue was increased from 70% to 75% of excess costs, and the threshold to qualify for revenue was reduced from 5.7% to 4.4% of general education revenue. The threshold was reduced to 4.36% beginning in FY 2001.

Key Measures

Key indicators and measures for special education programs are available in the Special Education -Regular budget narrative.

Additional information on special education key measures are available at:

CFL's Special Education Web Site: <http://cfl.state.mn.us/SPECED/>

Initiatives and Priorities: <http://cfl.state.mn.us/SPECED/initiatives.html>

Activity Funding

For FY 2001, a district's special education excess cost aid equaled the greater of

- ◆ 75% of the difference between the district's unreimbursed special education cost and 4.36% of the district's general revenue; or
- ◆ 70% of the difference between the increase in the district's unreimbursed special education cost between the base, and the current year and 1.6% of the district's general revenue.

Activity at a Glance

Excess Cost Aid provides a "safety net" for districts that experience high costs for special education services which are not reimbursed by regular special education aid.

- ◆ \$88.1 million in entitlements to Minnesota districts in FY 2001.
- ◆ 299 districts received excess cost aid in FY 2001.

CHILDREN, FAMILIES, & LEARNING

Program: SPECIAL PROGRAMS

Activity: SPECIAL EDUCATION-EXCESS COSTS

Narrative

Beginning in FY 2002, the state total excess cost aid equals the product of the state total excess cost aid in the previous year, times the program growth factor, times the ratio of the state total average daily membership (ADM) in the current year to the state total ADM in the previous year.

The program growth factor equals 1.044 for FY 2002 and 1.02 for FY 2003 and later. A district's initial excess cost aid is computed using the formula in effect for FY 2001. A district's actual excess cost aid equals its initial entitlement times the ratio of the state target for excess cost aid to the state total initial excess cost aid.

Excess cost aid targets a portion of special education funding increases to districts with the greatest excess cost as a percentage of total general revenue. By considering the overall impact of unreimbursed special education costs on a district's general fund budget, this program is more effective in addressing excess costs than narrower programs such as the residential aid, court placement, and tuition revenue programs.

The table below shows the state total amount of excess cost revenue for FY 1995 through FY 2003, and the numbers of districts participating in the program each year:

Special Education Excess Cost Revenue

Dollars in Millions

| | <u>FY 1995</u> | <u>FY 1996</u> | <u>FY 1997</u> | <u>FY 1998</u> | <u>FY 1999</u> | <u>FY 2000</u> | <u>FY 2001</u> | <u>Est.</u> <u>FY 2002</u> | <u>Est.</u> <u>FY 2003</u> |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-------------------------------|-------------------------------|
| Total Revenue | \$5.9 | \$10.7 | \$9.8 | \$15.4 | \$31.0 | \$71.8 | \$88.1 | \$91.9 | \$93.7 |
| Number of Districts | 71 | 44 | 113 | 173 | 202 | 272 | 299 | 276 | 298 |

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

Additional information is available from the Minnesota Department of Children, Families & Learning, Division of Special Education, (651) 582-8264.

CHILDREN, FAMILIES & LEARNING

Program: SPECIAL PROGRAMS

Activity: Special Education - Excess Costs

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | | | |
|---|--|--------------------------|----------------------------|----------------------------|-------------------------------|---------------|-------------------------------|--|--------------|
| Budget Activity Summary | | Actual FY2001 | Estimate FY2002 | Budgeted FY2003 | Base FY2004 FY2005 | | Biennium FY2004-05 | Biennial Change 2004-05 / 2002-03 Dollars Percent | |
| 1. Statutory Formula Aid | | 88,088 | 91,273 | 92,983 | 94,524 | 96,217 | 190,741 | 6,485 | 3.5% |
| 2. Adjustment(s) | | | | | | | | | |
| b. Net Prior Year Recoveries | | (686) | | | | | | | |
| 3. State Aid Entitlement | | 87,402 | 91,273 | 92,983 | 94,524 | 96,217 | 190,741 | 6,485 | 3.5% |
| 4. Total School District Revenue - All Funds | | 87,402 | 91,273 | 92,983 | 94,524 | 96,217 | 190,741 | 6,485 | 3.5% |
| Appropriations Basis for State Aid | | | | | | | | | |
| Prior Year (10% FY 01-03) (17% FY 04-05) | | 6,815 | 9,889 | 9,192 | 42,116 | 41,494 | 83,610 | 64,529 | |
| Transfers per M.S. 127A.41, subdivision 8 & 9 | | 942 | | | | | | | |
| Current Year (90% FY 01-02) (83% FY 03-05) | | 89,062 | 82,733 | 50,867 | 53,030 | 54,024 | 107,054 | (26,546) | |
| Cancellation | | (11,549) | (652) | | | | | 652 | |
| Total State Aid - General Fund | | 85,270 | 91,970 | 60,059 | 95,146 | 95,518 | 190,664 | 38,635 | 25.4% |
| TOTAL APPROPRIATIONS | | 85,270 | 91,970 | 60,059 | 95,146 | 95,518 | 190,664 | 38,635 | 25.4% |

CHILDREN, FAMILIES, & LEARNING

Program: SPECIAL PROGRAMS

Activity: LITIGATION COSTS FOR SPEC EDUC

Narrative

Activity Description

Citation: M.S. 125A.75, Subd. 8

This state aid program provides additional funding for school districts for eligible litigation costs associated with special education.

Population Served

School districts with eligible special education litigation costs can participate in this activity.

Activity at a Glance

Provides districts with reimbursement for due process hearing costs relating to special education matters.

- ◆ 12 districts received \$132,568 in FY 2000
- ◆ 13 districts received \$337,518 in FY 2001.

Services Provided

This program increases the efficiency of special education programs by encouraging districts to make program decisions based on student educational needs and not based on fear of high litigation costs. Districts are eligible for reimbursement of administrative hearing costs. Attorney fees are not eligible for reimbursement.

The administrative costs of special education hearings, including the following items, are eligible for 100% reimbursement.

- ◆ hearing officer fees
- ◆ court reporter fees
- ◆ mileage costs
- ◆ independent evaluations ordered by the hearing officer
- ◆ rental of hearing rooms
- ◆ transcription fees
- ◆ interpreter and transliterator fees

Key Measures

Some school districts are pressured to provide more special education services than necessary to avoid significant litigation costs. By assisting districts with litigation costs, this program is intended to reduce the impact of potential litigation as a factor driving program decisions and to allow decisions to focus more directly on student educational needs.

| | <u>FY 1999</u> | <u>FY 2000</u> | <u>FY 2001</u> |
|--|----------------|----------------|----------------|
| Number of School Districts | 14 | 12 | 13 |
| Amount Paid to Districts | \$542,911 | \$132,568 | *\$337,518 |
| <i>*In addition 4 districts paid \$25,393 for hearing costs with federal funds in FY 2001.</i> | | | |

Activity Funding

This program is funded with state aid. If the amount appropriated is insufficient to fully fund the aid for hearing and litigation costs, the aid is prorated. All applications for funding are reviewed by the Division of Special Education and Division of Accountability and Compliance to assure "neutral funding" for due process procedures.

Beginning in FY 2002, this program was changed to reimburse school districts for prior year eligible costs.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

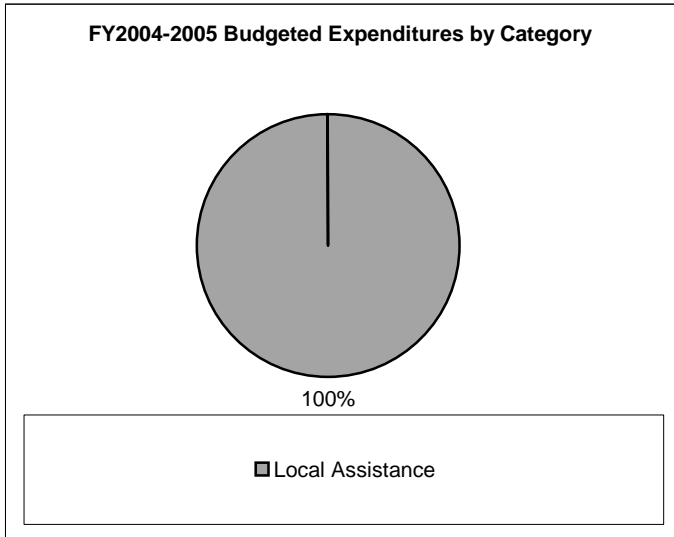
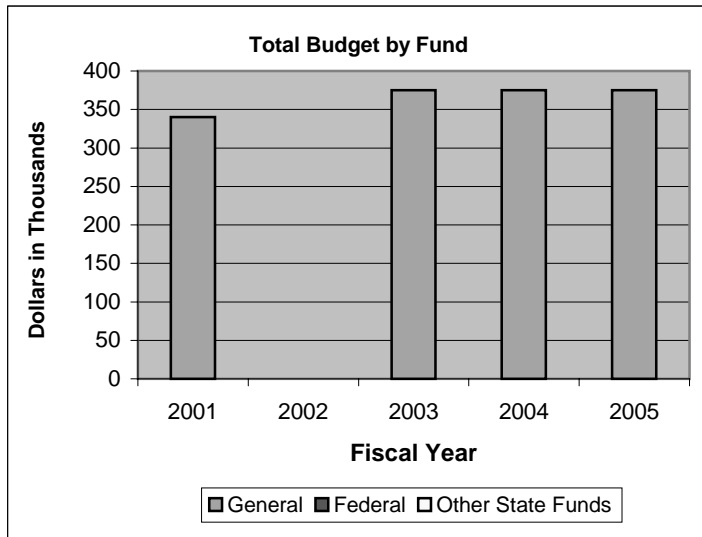
Additional information is available from the Minnesota Department of Children, Families & Learning, Division of Special Education, (651) 582-8264.

CHILDREN, FAMILIES, & LEARNING

Program: **SPECIAL PROGRAMS**

Activity: LITIGATION COSTS FOR SPEC EDUC

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 340 | 0 | 375 | 375 | 375 | 750 | 375 | 100.0% |
| Total | 340 | 0 | 375 | 375 | 375 | 750 | 375 | 100.0% |
| Expenditures by Category | | | | | | | | |
| Local Assistance | 340 | 0 | 375 | 375 | 375 | 750 | 375 | 100.0% |
| Total | 340 | 0 | 375 | 375 | 375 | 750 | 375 | 100.0% |

CHILDREN, FAMILIES, & LEARNING

Program: SPECIAL PROGRAMS

Activity: TRANS PRGS-DISABLED STUDENTS

Narrative

Activity Description

Citation: M.S. 124D.454

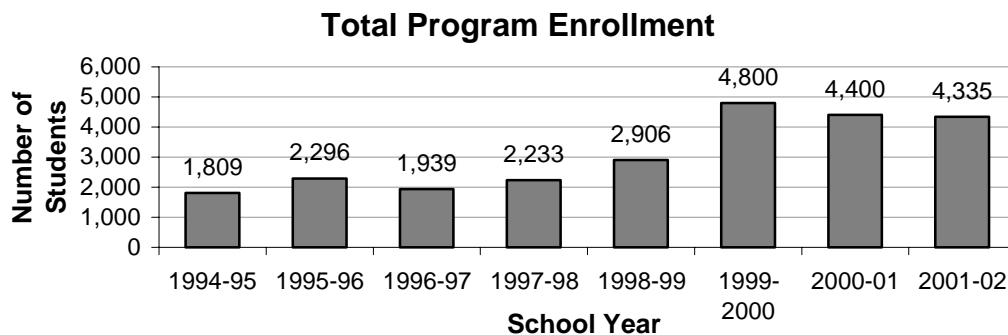
The Transition Program for Students with Disabilities is a state funded program that provides additional funding for transitional career and technical (vocational) experiences/programs that provide career exploration, healthy work attitudes, specific career and academic knowledge, and job skills for students with disabilities.

Activity at a Glance

- ◆ 4,335 students served in FY 2002

Population Served

This program serves students who meet state disability eligibility criteria according to M.S. 125A.02 and whose individual Education Plans (IEP) includes work-based learning.



Services Provided

Examples of special services offered to aid in career and technical student success are assessment of aptitude, abilities, and support needs; interpreters; career assessment; community-based work experience; and technical tutors.

This program provides students with disabilities opportunities to:

- ◆ explore career choices;
- ◆ acquire entry-level academic and technical skills for employment;
- ◆ learn problem-solving and communication skills appropriate to the individual education plans and employment standards;
- ◆ gain experience in the use of equipment that will be used in their chosen fields of study; and
- ◆ gain work experience in a real-world setting.

A student with a disability may be served in his/her district of residence, by cooperative efforts with other districts, or through formally organized intermediate districts or cooperatives. Many students with disabilities meet transition goals through regular career and technical education programs.

- ⇒ Programs meet state program standards.
- ⇒ Programs are taught by appropriately licensed staff.
- ⇒ Programs address federal core indicators of academic and technical skill attainment, program completion, participant progress in post-secondary education or employment, and participation in opportunities not traditional to the gender.
- ⇒ Equipment and contracted services obtain state approval because need and effectiveness are demonstrated.
- ⇒ Programs address the wealth of opportunities available in business/industry settings.

CHILDREN, FAMILIES, & LEARNING

Program: SPECIAL PROGRAMS

Activity: TRANS PRGS-DISABLED STUDENTS

Narrative

Historical Perspective

In the past, this program has been known as Secondary Vocational-Disabled, Secondary Vocational for Students With Disabilities, and School to Work for Students with Disabilities, and is now known as Transition Programs for Students With Disabilities.

Key Measures

Significantly increase the transition from education to employment for students with IEPs.

⇒ The agency is currently in the process of developing a data collection process that will be used to collect program data for this and other school-to-work programs. This data will be available beginning with data from the FY 2003 school year.

Activity Funding

School districts, intermediate districts, cooperatives, and other educational organizations must have program approval and must use appropriately licensed staff to qualify for program funding.

Per current law, the state total revenue equals the state total transition-disabled revenue for the previous year, times a growth factor, times the ratio of state total ADM for the current year to the state total ADM for the previous year.

A school district's transition-disabled revenue equals the state total transition-disabled revenue, less new district revenue, times the ratio of the school district's adjusted base transition-disabled revenue to the state total adjusted base transition-disabled revenue.

State transition-disabled revenue is based on expenditures in the second prior year (base year). The base revenue resulting from the base year expenditures equals the sum of the following:

- ◆ 68% of salaries of essential personnel providing direct instructional services;
- ◆ 52% of the difference between an approved contract for services and basic revenue for that student for the fraction of the school day the student receives services;
- ◆ 47% of necessary equipment;
- ◆ 47% of teacher travel between instruction sites or to/from community-based learning sites;
- ◆ 47% of supplies not to exceed an average of \$47 per student with a disability;
- ◆ 52% of the contract amount for services by an organization, other than a Minnesota school district or cooperative, that are supplemental to the district education program; and
- ◆ 52% of the contract for vocational evaluation of a student not yet enrolled in 12th grade.

The adjusted base year revenue equals the base revenue times the ratio of the district's average daily membership (ADM) for the current year to the district's ADM in the base year. If the district base year revenue is zero, the current year revenue calculation is based on formula percentages applied to current year expenditures.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

Additional information is available from the Minnesota Department of Children, Families & Learning, Lifework Development Division, (651) 582-8409.

CHILDREN, FAMILIES & LEARNING

Program: SPECIAL PROGRAMS

Activity: Transition for Disabled Students

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---|------------------|--------------------|--------------------|-------------------------|--------------|-----------------------|--------------------------------------|-------------|
| Budget Activity Summary | Actual FY2001 | Estimate FY2002 | Budgeted FY2003 | Base FY2004 FY2005 | | Biennium FY2004-05 | Dollars | Percent |
| 1. Statutory Formula Aid | 8,966 | 8,954 | 8,943 | 8,913 | 8,895 | 17,808 | (89) | -0.5% |
| 2. Total School District Revenue - All Funds | 8,966 | 8,954 | 8,943 | 8,913 | 8,895 | 17,808 | (89) | -0.5% |
| <i>Appropriations Basis for State Aid</i> | | | | | | | | |
| Prior Year (10% FY 01-03) (17% FY 04-05) | 898 | 896 | 896 | 1,520 | 1,515 | 3,035 | 1,243 | |
| Current Year (90% FY 01-02) (83% FY 03-05) | 8,070 | 8,066 | 7,423 | 7,398 | 7,383 | 14,781 | (708) | |
| Transfers per M.S. 127A.41, subdivision 8 & 9 | | (8) | | | | | 8 | |
| Total State Aid - General Fund | 8,968 | 8,954 | 8,319 | 8,918 | 8,898 | 17,816 | 543 | 3.1% |
| TOTAL APPROPRIATIONS | 8,968 | 8,954 | 8,319 | 8,918 | 8,898 | 17,816 | 543 | 3.1% |

CHILDREN, FAMILIES, & LEARNING

Program: SPECIAL PROGRAMS

Activity: COURT PLACED SPEC EDUC

Narrative

Activity Description

Citation: M.S. 125A.79, subd. 4

This state aid program provides funding for school districts to pay the costs of providing special education programs to non-Minnesota students with disabilities when the providing school district is unable to collect tuition from the responsible state or agency.

Activity at a Glance

Court Place Revenue for Non-Minnesota Residents placed by the courts in Minnesota.

- ◆ 25 students were placed from out-of-state
- ◆ 10.84 ADMs were in placement
- ◆ \$141,667 was paid to districts in FY 2001

Population Served

Minnesota school districts receive aid that would otherwise be subsidized by the district general fund.

Services Provided

Minnesota school districts providing special education services to court-placed nonresident students with disabilities are assured that they will receive revenue for services provided if out-of-state agencies fail to pay tuition bills. In addition to the tuition bills, the district submits to the agency the documentation of the efforts to collect the tuition from the student's resident district and state.

Key Measures

FY 1999 was the first year of operation for this program, with 16 students eligible for the state aid under this program.

In FY 2001, twenty-five non-resident students (10.84 Average Daily Memberships) were placed in Minnesota by the courts for services that were not paid by the resident district or state with a cost of \$141,667.

Activity Funding

To be eligible for this revenue, districts must demonstrate that they have admittance procedures designed to identify the agency responsible for the education costs, and get commitment for payment of tuition from the agency prior to admitting the student into the program.

Beginning in FY 2002, this program was changed to reimburse school districts for prior year eligible costs.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

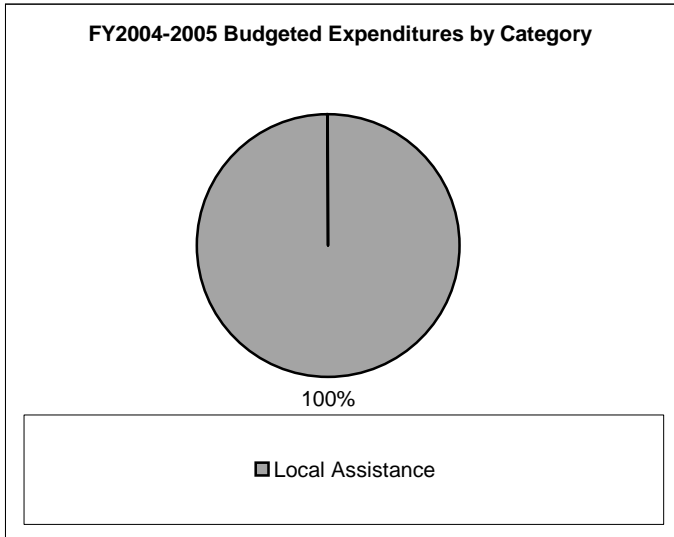
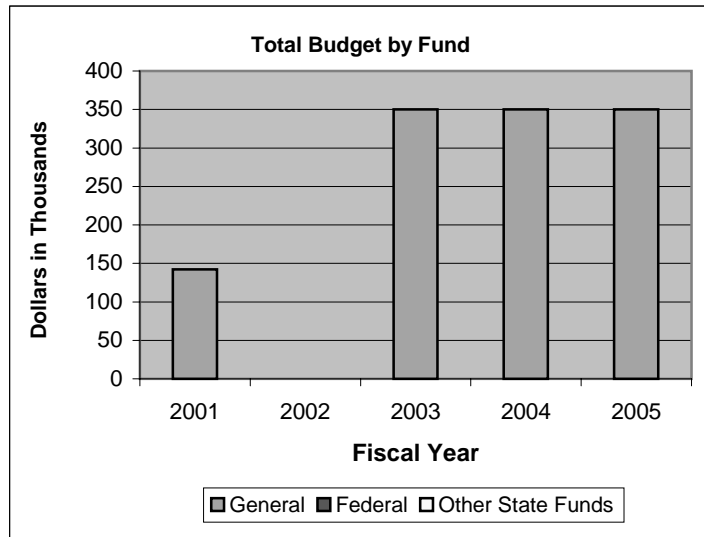
Additional information is available from the Minnesota Department of Children, Families & Learning, Division of Special Education, (651) 582-8264.

CHILDREN, FAMILIES, & LEARNING

Program: **SPECIAL PROGRAMS**

Activity: COURT PLACED SPEC EDUC

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 142 | 0 | 350 | 350 | 350 | 700 | 350 | 100.0% |
| Total | 142 | 0 | 350 | 350 | 350 | 700 | 350 | 100.0% |
| Expenditures by Category | | | | | | | | |
| Local Assistance | 142 | 0 | 350 | 350 | 350 | 700 | 350 | 100.0% |
| Total | 142 | 0 | 350 | 350 | 350 | 700 | 350 | 100.0% |

CHILDREN, FAMILIES, & LEARNING

Program: SPECIAL PROGRAMS

Activity: OUT OF STATE TUITION-SPEC EDUC

Narrative

Activity Description

Citation: M.S. 125A.79, Subd.8

This state aid program provides education funding for Minnesota resident students placed in care and treatment facilities by court action in a state that does not have a reciprocity agreement.

Population Served

Districts receive education funding for students placed in care and treatment facilities by court action in a state that does not have a reciprocity agreement.

Activity at a Glance

Minnesota residents placed out-of-state for care and treatment summary for FY 2001:

- ◆ 82 students were placed out-of-state
- ◆ 51.19 ADMs were in placement
- ◆ \$267,766.94 paid to school districts

Services Provided

The resident school district submits the balance of the tuition bills, minus the sum of basic general education revenue, special education aid, and any other aid earned on behalf of the child to the Minnesota Department of Children, Families & Learning, Special Education Division for payment.

Historical Perspective

This provision was enacted in 1999 to pay the costs of providing special education programs to Minnesota students with disabilities who are placed in a care and treatment facility by court action in a state that does not have a reciprocity agreement.

Key Measures

The first year of operation of this program was FY 2001, and 82 students were placed out-of-state for care and treatment. The payment from this statute is made after all available aids such as general education revenue and special education revenue have been applied.

| <u>Number of Students in out-of-state placements</u> | <u>ADM</u> | <u>Total Expenditure</u> | <u>Special Education Revenue</u> | <u>Basic Revenue</u> | <u>Court Placed Funding</u> |
|--|------------|------------------------------|--------------------------------------|--------------------------|-------------------------------------|
| 82 | 51.19 | \$828,880 | \$290,080 | \$271,032 | \$267,766 |

Key indicators and measures for special education programs are available in the Special Education -Regular budget narrative.

Additional information on special education key measures are available at:

CFL's Special Education web site: <http://cfl.state.mn.us/SPECED/>

Initiatives and Priorities: <http://cfl.state.mn.us/SPECED/initiatives.html>

Activity Funding

Because data is not readily available prior to the end of the school year, this program was changed to reimburse school districts for eligible costs in the prior year beginning in FY 2003.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

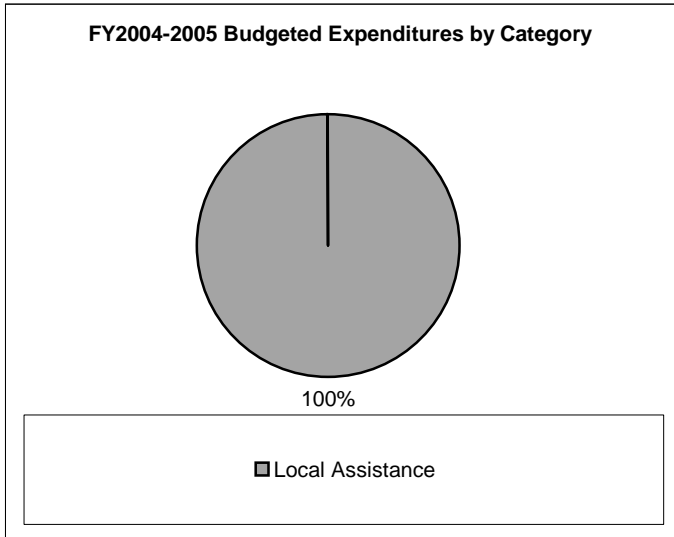
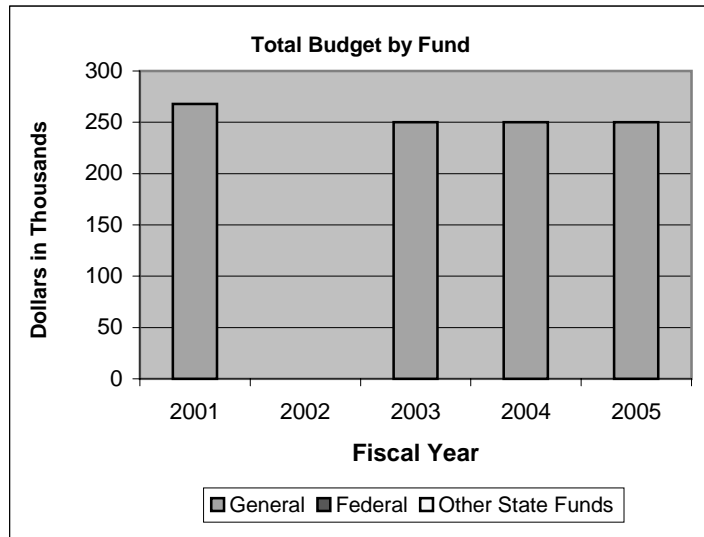
Additional information is available from the Minnesota Department of Children, Families & Learning, Division of Special Education, (651) 582-8264.

CHILDREN, FAMILIES, & LEARNING

Program: **SPECIAL PROGRAMS**

Activity: OUT OF STATE TUITION-SPEC EDUC

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 268 | 0 | 250 | 250 | 250 | 500 | 250 | 100.0% |
| Total | 268 | 0 | 250 | 250 | 250 | 500 | 250 | 100.0% |
| Expenditures by Category | | | | | | | | |
| Local Assistance | 268 | 0 | 250 | 250 | 250 | 500 | 250 | 100.0% |
| Total | 268 | 0 | 250 | 250 | 250 | 500 | 250 | 100.0% |

CHILDREN, FAMILIES, & LEARNING

Program: SPECIAL PROGRAMS

Activity: FEDERAL SPECIAL PROGRAMS

Narrative

Activity Description

This budget activity summarizes federal programs for special populations that fund activities throughout Minnesota.

Special Education - Deaf/Blind P.L. 105-17 IDEA

To initiate and improve statewide educational services for children with deaf-blindness from birth to age twenty-two.

To provide transition services for Minnesota youth and young adults with deaf-blindness as they progress from secondary special education programs to post-secondary education, employment, and community living.

The specific program objectives are the same as stated under Special Education-Regular narrative. Special Education programs are designed to prepare individuals with disabilities whose education needs are basic, ranging from self care skills, to independent living skills, to preparation for sheltered employment, or employment in the community. Some will be prepared for and benefit from the full array of post-secondary education programs available.

Special Education State Improvement Grant P.L. 105-17 IDEA

The State Improvement Grant (SIG) is a five-year grant that was received through a competitive process among states. The purpose of the grant is to bring about systemic change in identified statewide need areas in special education. The grant currently focuses upon: 1) facilitating access to general education curriculum and achieving results for children and youth with disabilities; 2) fully implementing a coordinated, multidisciplinary interagency service system for children and youth with disabilities birth through 21 statewide; and 3) ensuring the availability of a qualified special education workforce in all regions and communities of Minnesota.

Special Education Self Improvement Grant P.L. 105-17 IDEA

The self-improvement grant is a one-year grant that was received through a competitive process to focus on self-improvement in five areas of need previously identified in the *Minnesota's Self-Assessment Process 2000*. These five areas include: successful student transitions, sufficient trained staff, access to mental health services, interagency coordination, and reducing system bias.

Title I Program for Neglected and Delinquent Children P.L. 100-297 Elementary and Secondary Education Act of 1965, Title I Chapter 1

Federal funds for use by state corrections facilities to provide education services to children at risk (academic) and support partnerships between schools and correctional facilities for the purpose of improving the at risk youngsters' quality of education in an effort to meet state performance standards that comply with guidelines of the Neglected and Delinquent Children's policies.

Future Bound: Outreach Project to Promote Secondary Transitional Opportunities for American Indian Students. (CFDA 84324R)

This grant program provides the four Dakota communities and other tribal nations and public schools in Minnesota with the funding for summer programs and curriculum to help special education/at-risk students make the transition from high school to postsecondary education.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

Additional information is available from the Minnesota Department of Children, Families & Learning, Special Education Division, (651) 582-8264.

Activity at a Glance

The federal program in the narrative are:

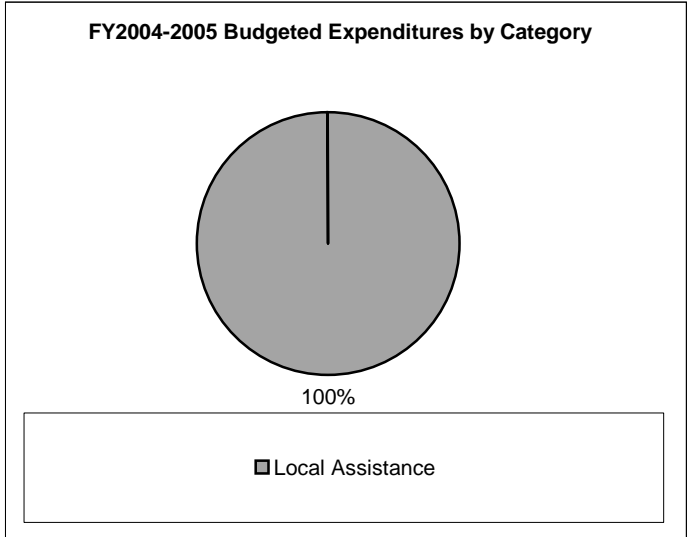
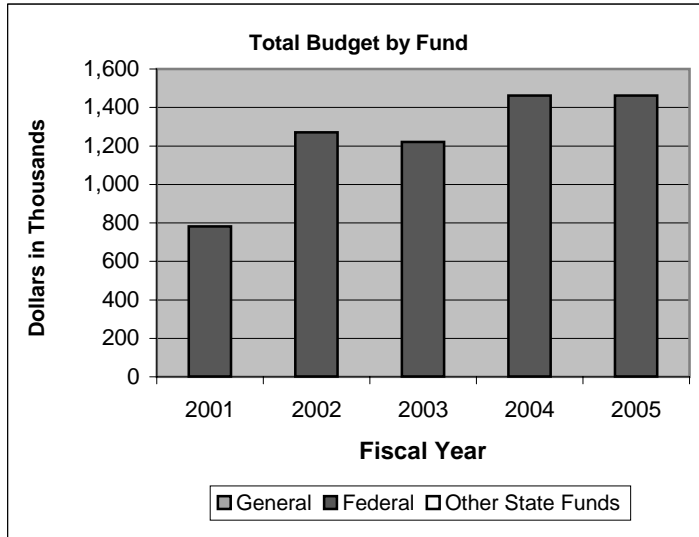
- ◆ Special Education – Deaf/Blind
- ◆ Special Education State Improvement
- ◆ Special Education Self Improvement
- ◆ Title I Program for Neglected and Delinquent Children
- ◆ Future Bound: Outreach Project

CHILDREN, FAMILIES, & LEARNING

Program: SPECIAL PROGRAMS

Activity: FEDERAL SPECIAL PROGRAMS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | | |
|-----------------------------|------------------|------------------|--------------------|----------------|----------------|---------------------|--------------------------------------|--------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
| Statutory Appropriations | | | | | | | Dollars | Percent |
| Federal | 781 | 1,270 | 1,221 | 1,462 | 1,462 | 2,924 | 433 | 17.4% |
| Total | 781 | 1,270 | 1,221 | 1,462 | 1,462 | 2,924 | 433 | 17.4% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|------------|--------------|--------------|--------------|--------------|--------------|------------|--------------|
| Local Assistance | 781 | 1,270 | 1,221 | 1,462 | 1,462 | 2,924 | 433 | 17.4% |
| Total | 781 | 1,270 | 1,221 | 1,462 | 1,462 | 2,924 | 433 | 17.4% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|--------------|
| Dedicated | | | | | | | | |
| Federal | 1,281 | 1,642 | 1,934 | 2,040 | 2,040 | 4,080 | 504 | 14.1% |
| Subtotal Dedicated | 1,281 | 1,642 | 1,934 | 2,040 | 2,040 | 4,080 | 504 | 14.1% |
| Total Revenue | 1,281 | 1,642 | 1,934 | 2,040 | 2,040 | 4,080 | 504 | 14.1% |

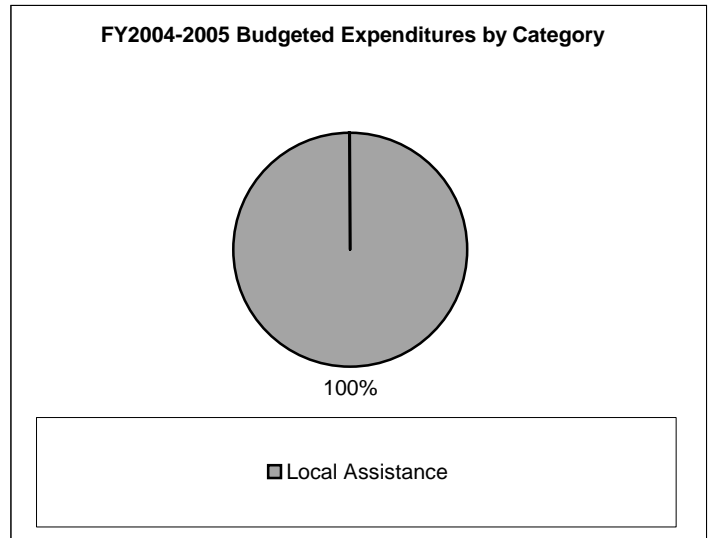
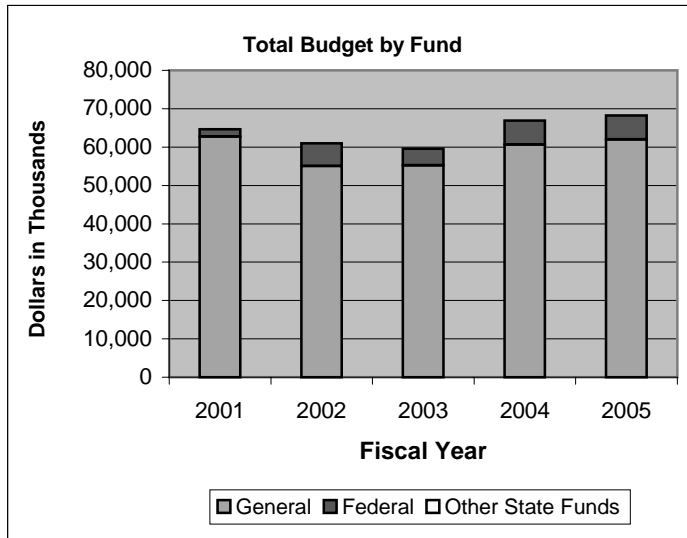
Budget Activities Included:

- ⇒ Health & Safety Revenue
- ⇒ Debt Service Equalization
- ⇒ Alternative Facilities Bonding Aid
- ⇒ Miscellaneous Facilities Levies
- ⇒ Federal Technology Programs

CHILDREN, FAMILIES, & LEARNING

Program: FACILITIES & TECHNOLOGY

Fiscal Report



| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 Dollars | Percent |
|-----------------------------|------------------|------------------|--------------------|----------------|--------------------|---------------------|---|--------------|
| Expenditures by Fund | | | | | | | | |
| Direct Appropriations | | | | | | | | |
| General | 62,739 | 55,053 | 55,215 | 60,619 | 61,966 | 122,585 | 12,317 | 11.2% |
| Statutory Appropriations | | | | | | | | |
| Federal | 1,881 | 5,887 | 4,329 | 6,265 | 6,265 | 12,530 | 2,314 | 22.7% |
| Total | 64,620 | 60,940 | 59,544 | 66,884 | 68,231 | 135,115 | 14,631 | 12.1% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|--------------|
| Expenditures by Category | | | | | | | | |
| Local Assistance | 64,620 | 60,940 | 59,544 | 66,884 | 68,231 | 135,115 | 14,631 | 12.1% |
| Total | 64,620 | 60,940 | 59,544 | 66,884 | 68,231 | 135,115 | 14,631 | 12.1% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|--------------|
| Expenditures by Activity | | | | | | | | |
| Health & Safety Revenue | 14,252 | 9,786 | 7,318 | 5,841 | 5,070 | 10,911 | -6,193 | -36.2% |
| Debt Service Equalization | 29,286 | 25,987 | 29,960 | 35,491 | 37,609 | 73,100 | 17,153 | 30.7% |
| Alternative Facilities Bonding | 19,201 | 19,280 | 17,937 | 19,287 | 19,287 | 38,574 | 1,357 | 3.6% |
| Federal Technology Programs | 1,881 | 5,887 | 4,329 | 6,265 | 6,265 | 12,530 | 2,314 | 22.7% |
| Total | 64,620 | 60,940 | 59,544 | 66,884 | 68,231 | 135,115 | 14,631 | 12.1% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Federal | 2,164 | 6,080 | 4,441 | 6,594 | 6,594 | 13,188 | 2,667 | 25.3% |
| Maximum Effort School Loan | 1,060 | 940 | 940 | 940 | 940 | 1,880 | 0 | 0.0% |
| Subtotal Dedicated | 3,224 | 7,020 | 5,381 | 7,534 | 7,534 | 15,068 | 2,667 | 21.5% |
| Total Revenue | 3,224 | 7,020 | 5,381 | 7,534 | 7,534 | 15,068 | 2,667 | 21.5% |

CHILDREN, FAMILIES, & LEARNING

Program: FACILITIES & TECHNOLOGY

Activity: HEALTH & SAFETY REVENUE

Narrative

Activity Description

Citation: M.S. 123B.57

The Health and Safety program is a state aid and levy program to address facility and grounds issues that impact safety and health concerns.

Population Served

Only school districts with levy authority are eligible to participate in this program.

Services Provided

Program revenue may be used for repairs in any existing public school building or site. However, the district must own or have contractually agreed to purchase (lease-purchase) any building or facility where program-funded improvements are being made. New construction and portable classrooms are not eligible for funding. In addition, (with the exception of calamity bonds) revenues cannot be used to make principal and/or interest payments on any other debt instrument.

Activity at a Glance

Estimated FY 2003:

| | |
|------------------------------------|--------------|
| ◆ H/S Revenue | \$94,500,000 |
| ◆ State Aid | \$9,500,000 |
| ◆ Local Levy | \$85,000,000 |
| ◆ Number Districts | 328 |
| ◆ Uses of Revenue (\$ in millions) | |
| Physical Hazards | \$24.9 |
| Fire Safety | \$21.1 |
| Hazardous Substance | \$5.1 |
| Environment Management | \$9.7 |
| Asbestos | \$15.3 |
| Indoor Air Quality | \$18.4 |

The program addresses a wide array of areas impacting environments, including the following:

- ◆ asbestos removal or encapsulation;
- ◆ hazardous substance, including provisions for fuel storage repairs, cleanup, or storage tank removal and lead removal;
- ◆ fire safety, including compliance with State Fire Marshal orders;
- ◆ environmental health and safety management; and
- ◆ physical hazard control, including indoor air quality.

Historical Perspective

The predecessor to the program began in 1985 as a hazardous substance removal program. The Health and Safety program, as it is now known, began in FY 1990 when the hazardous substance revenue program was expanded to include fire and life safety. Major changes to the program since that time have included expansion to cover costs related to

- ◆ environmental management and physical hazards (FY 1994);
- ◆ the Indoor Air Quality in Schools Act (FY 1990); and
- ◆ member district's share of the three intermediate (cooperative) district's health and safety costs (FY 2001).

Key Measures

The program has facilitated the removal or remediation of a variety of hazards from school facilities. A breakdown of health and safety expenditures by category is provided below.

CHILDREN, FAMILIES, & LEARNING

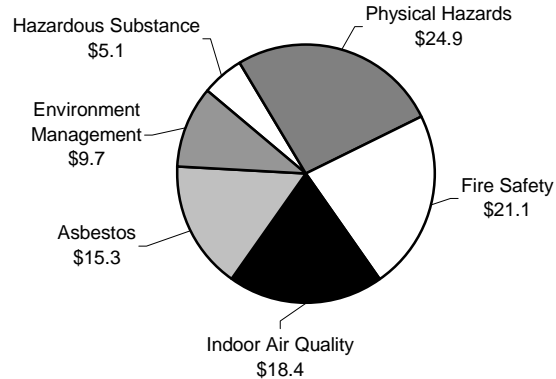
Program: **FACILITIES & TECHNOLOGY**

Activity: **HEALTH & SAFETY REVENUE**

Narrative

Health & Safety Expenditures Categories

FY 2003 Total: \$94.5 million (\$ in millions)

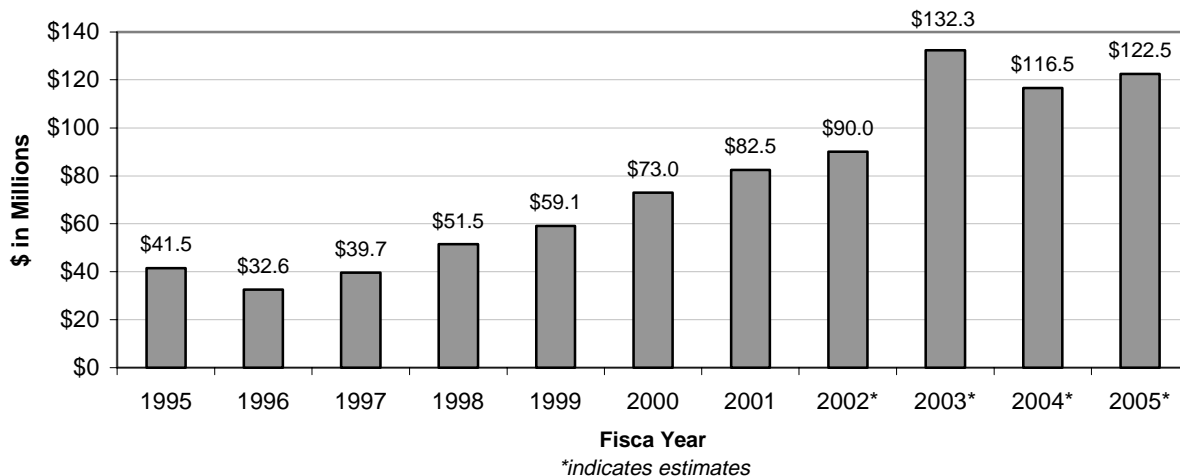


Activity Funding

Health and safety revenue is funded through a combination of state aid and local property tax levies. For FY 2003 and later years, the state and local shares of Health and Safety revenue are determined using an equalizing factor of \$2,935. The local share equals the product of the revenue times the lesser of one or the ratio of the district's adjusted net tax capacity per adjusted marginal cost pupil unit to \$2,935.

Program expenditures on hazardous substances and fire safety have leveled off in recent years. However, as an increasing number of school districts address indoor air quality issues, expenditures in this area are expected to continue climbing. Total revenues are expected to surpass the \$100 million dollar mark by FY 2003. Local taxpayers will bear the brunt of increasing program expenditures, as state aid will continue to fall with increases in the adjusted net tax capacity.

Health & Safety Revenue FY 1995 - 2005



CHILDREN, FAMILIES, & LEARNING

Program: FACILITIES & TECHNOLOGY

Activity: HEALTH & SAFETY REVENUE

Narrative

State-Local Share

Dollars in Thousands

| | <u>FY 1999</u> | <u>FY 2000</u> | <u>FY 2001</u> | <u>Est.</u> <u>FY 2002</u> | <u>Est.</u> <u>FY 2003</u> |
|----------------------|----------------|----------------|----------------|-------------------------------|-------------------------------|
| Total Revenue | | | | | |
| Amount | \$59,100 | \$73,016 | \$82,541 | \$90,000 | \$132,300 |
| # of Districts | 312 | 322 | 325 | 327 | 328 |
| Levy | | | | | |
| Amount | \$46,000 | \$59,016 | \$67,741 | \$75,000 | \$122,800 |
| # of Districts | 311 | 322 | 325 | 327 | 328 |
| State Aid | | | | | |
| Amount | \$13,100 | \$14,000 | \$14,800 | \$15,000 | \$9,500 |
| # of Districts | 254 | 246 | 236 | 230 | 227 |

Health and Safety revenue is primarily driven by approved projects. Adjustments for prior year actual costs are also included in the calculation of revenue.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

Additional information is available from the Minnesota Department of Children, Families & Learning, Division of Program Finance, (651) 582-8319.

CHILDREN, FAMILIES, & LEARNING
Program: FACILITIES & TECHNOLOGY
Activity: HEALTH & SAFETY REVENUE

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | | |
|---|--------------------------|----------------------------|----------------------------|---------------|---------------|-------------------------------|--|----------------|
| Budget Activity Summary | Actual FY2001 | Estimate FY2002 | Budgeted FY2003 | Base | | Biennium FY2004-05 | Biennial Change 2004-05 / 2002-03 | |
| | | | | FY2004 | FY2005 | | Dollars | Percent |
| 1. Statutory Formula Aid | 14,337 | 9,506 | 7,371 | 5,528 | 4,975 | 10,503 | (6,374) | -37.8% |
| 2. Adjustment(s) | | | | | | | | |
| b. Net Prior Year Recoveries | (5) | | | | | | | |
| 3. State Aid Entitlement | 14,332 | 9,506 | 7,371 | 5,528 | 4,975 | 10,503 | (6,374) | -37.8% |
| 4. Local Levy | 62,848 | 85,000 | 117,059 | 121,419 | 126,276 | 247,695 | 45,636 | 22.6% |
| 5. Revenue (Total of Aid & Levy) | 77,180 | 94,506 | 124,430 | 126,947 | 131,251 | 258,198 | 39,262 | 17.9% |
| 6. Total School District Revenue - All Funds | 77,180 | 94,506 | 124,430 | 126,947 | 131,251 | 258,198 | 39,262 | 17.9% |
| Appropriations Basis for State Aid | | | | | | | | |
| Prior Year (10% FY 01-03) (17% FY 04-05) | 1,400 | 1,480 | 1,200 | 1,253 | 940 | 2,193 | (487) | |
| Current Year (90% FY 01-02) (83% FY 03-05) | 13,323 | 10,800 | 6,118 | 4,588 | 4,130 | 8,718 | (8,200) | |
| Cancellation | (471) | (824) | | | | | 824 | |
| Transfers per M.S. 127A.41, subdivision 8 & 9 | | (1,670) | | | | | 1,670 | |
| Total State Aid - General Fund | 14,252 | 9,786 | 7,318 | 5,841 | 5,070 | 10,911 | (6,193) | -36.2% |
| TOTAL APPROPRIATIONS | 14,252 | 9,786 | 7,318 | 5,841 | 5,070 | 10,911 | (6,193) | -36.2% |

CHILDREN, FAMILIES, & LEARNING

Program: FACILITIES & TECHNOLOGY

Activity: DEBT SERVICE EQUALIZATION

Narrative

Activity Description

Citation: 123B.53; 123B.55

Debt Service Equalization is a state aid and local levy program that ensures that all school districts, regardless of property wealth, can afford adequate educational facilities for their students. The equalization formula facilitates the betterment and/or expansion of school facilities by providing debt service aid to districts with a low to moderate tax base per pupil unit. Some districts with a relatively high tax base per pupil unit can still qualify for debt service aid if they have a relatively high debt burden.

Activity at a Glance

Estimated FY 2003

| | |
|---|-----------|
| ◆ Districts Receiving Aid | 127 |
| ◆ Average Amount of Aid Received by a District | \$259,684 |
| ◆ Percentage of Eligible Debt Service Revenue Paid by State Aid | 6.1% |

School districts must receive approval from a majority of those voting in a school bond referendum before issuing bonds to construct, acquire or improve school facilities. Exceptions include alternative facilities bonding, and special legislation for Minneapolis and St. Paul.

Population Served

This program serves all students attending public schools and taxpayers in districts with a relatively high debt service tax rate and low tax base per pupil unit.

Services Provided

The debt service program includes several components, and is financed through a combination of state aid and local property tax levies. The following table shows the state total and number of districts participating in each component for FY 2003 (taxes payable in 2002).

Debt Service Revenue by Funding Category, FY 2003

(\$ in Thousands)

| Funding Category | Total Amount | No. of Districts |
|---|--------------|------------------|
| A. Revenue Components | | |
| 1a. Required Debt Service Levy-Eligible ^{1 2} | 465,355 | 255 |
| 1b. Required Debt Service Levy-Ineligible | 23,588 | 31 |
| 2a. Maximum Effort Levy Above Required ² | 576 | 13 |
| 2b. Additional Maximum Effort Levy | 2,591 | 21 |
| 3. Req. Debt Service Levy for Equipment Bonds | 6,376 | 29 |
| 4. Req. Debt Service for Facilities Bonds | 2,149 | 50 |
| 5a. Elg. Req. Debt Service for Alt. Facilities ^{2 3} | 26,434 | 10 |
| 5b. Inelg. Req. Debt Serv. Levy for Alt. Fac. | 819 | 1 |
| 5c. Alt. Facilities Annual Levy ² | 36,014 | 11 |
| 6. Energy Conservation ² | 2,112 | 104 |
| 7. Lease Purchase-Eligible ² | 36,260 | 5 |
| 8. Lease Purchase-Ineligible | 1,994 | 3 |
| 9. Net Debt Excess | (35,060) | 150 |
| 10. Gross Equalization Revenue ⁴ | 536,276 | 271 |
| B. Funding Sources | | |
| 1. Net Debt Service Equalization Revenue | 98,940 | 158 |
| 2. Debt Service Equalization Aid | 32,980 | 127 |

¹ Includes net taconite debt service levy. Excludes Alternative Facilities debt service levy (see line 6a).

² Included in computation of Gross Equalization Revenue

³ Net amount after alternative facilities aid – see Alternative Facilities Bonding narrative

⁴ Sum of lines 1a, 2a, 2b, 5a, 5c, 6, 7, 8, and 9.

CHILDREN, FAMILIES, & LEARNING

Program: **FACILITIES & TECHNOLOGY**

Activity: **DEBT SERVICE EQUALIZATION**

Narrative

Key Measures

Statewide debt service revenue continues to increase as shown in the table below. The table also illustrates the state/local share of debt service revenue. The unequalized local portion of debt service revenue (15% * district's ANTC) makes up the lion's share of total revenue. The equalized local portion is defined as the local share beyond the 15% * ANTC. This amount remained relatively constant over the years.

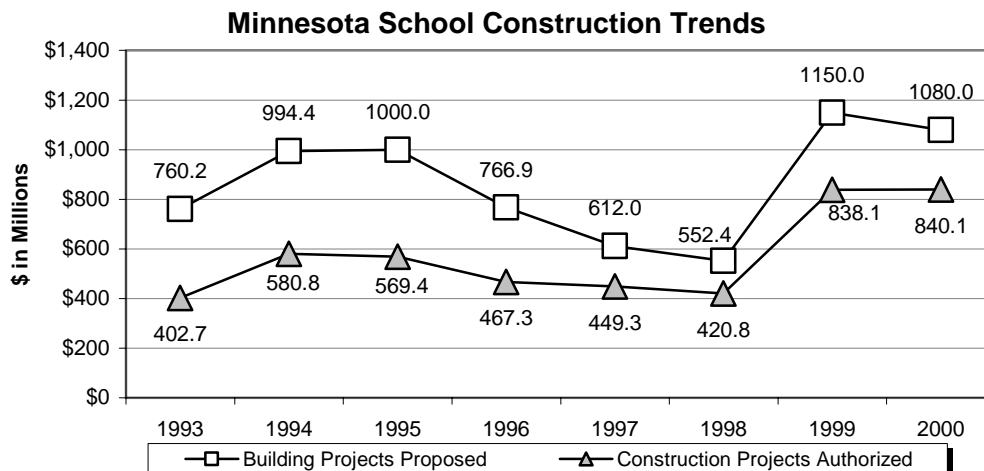
| | Dollars in Millions | | | | |
|----------------------------|---------------------|---------|---------|---------|---------|
| | FY 1999 | FY 2000 | FY 2001 | FY 2002 | FY 2003 |
| Unequalized Local Portion | \$265.9 | \$304.0 | \$343.0 | \$409.2 | \$440.1 |
| Equalized Local Portion | 67.8 | 65.1 | 58.1 | 51.3 | 66.0 |
| Debt Service Aid | 33.9 | 32.6 | 29.0 | 25.7 | 33.0 |
| TOTAL Debt Service Revenue | \$367.6 | \$401.7 | \$430.1 | \$486.2 | \$539.1 |

- ⇒ As a result of the new two-tiered equalization formula created by the 2001 legislature, total debt service aid reversed its downward trend in FY 2003.
- ⇒ In percentage terms, the state's share of eligible debt service revenue increased from 5.3% in FY 2002 to 6.1% in FY 2003. The state share of net debt service revenue eligible for equalization had declined from a high of 11.09% in FY 1997. From FY 1997 to FY 2002, this percentage naturally decreased with increases in tax capacity and an essentially constant debt-equalizing factor.
- ⇒ Legislative overhaul of the debt service equalization formula was accomplished in 2001. A new two-tiered equalization formula was created to target districts with low to moderate tax bases and/or districts with a relatively high debt burden.

Historical Perspective

- ⇒ Historically, facility acquisition and betterment was considered solely a local responsibility and no state aid equalization was provided. In 1992, a debt service equalization program was enacted. In 2001, a second tier was added to the debt service equalization formula to provide targeted tax relief to school districts with eligible debt service revenue exceeding 25% of district ANTC.
- ⇒ The graph below shows construction trends over the last eight calendar years. The top line on the graph is the total dollars proposed in that calendar year that received a positive review and comment. The bottom line is the dollar amount approved. The 1999 growth indicated in the table in the approved amount can be attributed to a) a few districts receiving voter approval for large bond issues; b) greater participation in the alternative facilities program; and c) projects funded with a lease levy (lease with an option to purchase). The upward trend in authorized construction project dollars is expected to continue due to a backlog of unmet needs and the higher level of state equalization aid.

⇒



CHILDREN, FAMILIES, & LEARNING

Program: FACILITIES & TECHNOLOGY

Activity: DEBT SERVICE EQUALIZATION

Narrative

The change to the two-tiered debt service equalization formula has led to a noticeable increase in bond issue size. Much of this can be ascribed to the new equalization formula in combination with a less generous equalization factor for the health and safety aid program. These two factors provide incentives for districts to seek voter approval for a majority of facility needs in order to maximize debt service aid.

Activity Funding

Revenue Components

Required Debt Service Levy (M.S. 123B.55; 475.61).

- ⇒ A school district must levy for the principal and interest payments on its general obligation bonds, plus an additional 5% to cover potential tax delinquencies, for the following fiscal year. The required debt service levy for all years is established and approved by the local school board at the time that bonds are sold.

Maximum Effort Debt Service Levy (applies to Capital Loan Districts) (M.S. 126C.63, Subd. 8).

- ⇒ Districts with an outstanding state capital loan and/or debt service loan must levy for debt service a minimum of 32% or 40% of the latest ANTC (the 40% of ANTC applies only to capital loans issued after 2001, all others are 32%). This amount is referred to as a district's maximum effort.
- ⇒ The maximum effort debt service levy cannot exceed the amount beyond the required debt service levy that is needed to retire all outstanding state loans. If the maximum effort debt service levy is greater than the required debt service levy, then the difference is included in computing debt service aid.
- ⇒ If, after debt service aid is subtracted, the net eligible debt service levy is less than the maximum effort debt service levy, there is an additional maximum effort debt service levy, such that the net eligible debt service levy is not less than maximum effort debt service levy. The additional maximum effort debt service levy is not included in computing debt service equalization aid.

Required Debt Service Levy for Equipment (M.S. 123B.61).

- ⇒ A school district, with the approval of the commissioner and without voter approval, may issue certificates of indebtedness or capital notes to purchase capital equipment. The certificates or notes must be repaid within five years or less.
- ⇒ A school district must annually levy the amount needed to retire the certificates of indebtedness or capital notes. The district's general education fund levy is correspondingly reduced by the same amount. As an end result, districts do not receive additional revenue to repay these obligations.

Required Debt Service Levy for Facilities (M.S. 123B.62).

- ⇒ A school district, with the approval of the commissioner and without voter approval, may issue bonds to provide funds for capital improvements to facilities.
- ⇒ A school district must annually levy the amount needed to retire the facility bond or note. The district's general education levy is correspondingly reduced by the same amount. As an end result, districts do not receive additional revenue to repay these obligations.

Alternative Facilities Bonding and Levy (M.S. 123B.59, Subd. 1).

- ⇒ Large school districts with over 1,850,000 square feet of space and an average building age of 15 years or older, or over 1,500,000 square feet of space and an average building age of 35 years or older, and a 10-year facility plan approved by the commissioner, may issue bonds or annually levy for health and safety, disabled access, and deferred maintenance projects specified in the approved plan.
- ⇒ Debt Service levies made under this program are included in the computation of debt service equalization aid.
- ⇒ See the alternative facilities narrative for more information.

CHILDREN, FAMILIES, & LEARNING

Program: FACILITIES & TECHNOLOGY

Activity: DEBT SERVICE EQUALIZATION

Narrative

Energy Conservation (M.S. 126C.40, Subd. 5).

- ⇒ School districts must levy for the amount needed to repay the annual principal and interest on state energy conservation loans and other loans approved on or before 03-01-98 under M.S. 216C.37. This levy is included in computing debt service equalization aid.
- ⇒ There is no levy authority for energy conservation loans approved after 03-01-98. Districts receiving these loans must annually transfer from the general fund to the debt redemption fund the amount needed to pay the principal and interest on the loans.

Lease Purchase (M.S. 126C.40, Subd. 2, Laws 1995, First Special Session, Ch. 3, Art. 5, Sec. 9).

- ⇒ Eligible school districts must levy the amount needed for payments on lease purchase agreements approved by the commissioner prior to 07-01-90. In addition, certain districts with a desegregation plan, may levy for lease purchase costs for more recent facility acquisitions. This levy is included in computing debt service equalization aid.
- ⇒ Selected districts have specific lease purchase levy authority that is ineligible for debt service equalization. Districts 622, 833, and 834 levy for the acquisition of the Valley Crossing Elementary School in Woodbury. District 622 has special legislation for a lease purchase levy.

Debt Excess (M.S. 475.61, Subd. 3).

- ⇒ The net debt excess in the debt redemption fund, other than for capital loan districts, is certified by the commissioner to the county auditor. The county auditor reduces the debt service levy by the amount of the debt excess certified.
- ⇒ With the approval of the commissioner, some districts may be authorized to retain all or a portion of the debt excess in the debt redemption fund.
- ⇒ Districts with outstanding capital or debt service loans are required to remit the debt excess amount to the commissioner as payment on their capital and/or debt service loans.

Debt Service Loan (M.S. 126C.68).

- ⇒ School districts with a very large debt service levy relative to their tax base may qualify for a debt service loan. The amount of the loan reduces the debt service levy of the district.
- ⇒ Districts receiving a debt service loan are required to levy each year an amount at least equal to the maximum effort debt service levy until the loan is retired.

Gross Equalization Revenue (M.S. 123B.53, Subd. 1).

- ⇒ For districts without capital loans, the gross equalization revenue equals the sum of the following.
 - ◆ the eligible required debt service levy
 - ◆ the gross annual (pay as you go) alternative facilities levy
 - ◆ the energy conservation levy
 - ◆ the eligible lease purchase levy
- ⇒ For capital loan districts the maximum effort debt service levy applies in addition to the components mentioned above.

Funding Source

Debt Service Equalization Revenue (M.S. 123B.53, Subd. 1).

- ⇒ A district's net debt service equalization revenue equals the gross equalization revenue from above, minus the district's local share (an amount equal to 15% of the district's ANTC).

Debt Service Equalization Aid (M.S. 123B.53, Subd. 1).

- ⇒ The current equalization formula has two different tiers of equalization. Prior to reaching the first tier, a district must levy 15% of its ANTC. The first tier is defined as 15%-25% of ANTC and the second tier as anything above 25% of ANTC.

CHILDREN, FAMILIES, & LEARNING

Program: FACILITIES & TECHNOLOGY

Activity: DEBT SERVICE EQUALIZATION

Narrative

- ⇒ Once the eligible debt service revenue by tier has been determined, the equalization factors are applied to each tier. The first tier equalization factor is \$3,200 and the second tier equalization factor is \$8,000.
- ⇒ The equalization formula incorporates the equalization factors and is used to determine the levy ratio (or percentage) of eligible revenue in each tier to be paid by local taxpayers. The remaining percentage is paid by state aid. The formula is:

$$\frac{\text{Adjusted Net Tax Capacity}}{\text{Adjusted Pupil Units}}$$

Equalizing Factor (\$3,200 for Tier 1, \$8,000 for Tier 2)

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

Additional information is available from the Minnesota Department of Children, Families & Learning, Division of Program Finance, (651) 582-8319.

CHILDREN, FAMILIES, & LEARNING
Program: FACILITIES & TECHNOLOGY
Activity: DEBT SERVICE EQUALIZATION

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | | |
|---|--------------------------|----------------------------|----------------------------|---------------------------------|---------------|-------------------------------|--|--------------|
| Budget Activity Summary | Actual FY2001 | Estimate FY2002 | Budgeted FY2003 | Base FY2004 FY2005 | | Biennium FY2004-05 | Biennial Change 2004-05 / 2002-03 Dollars Percent | |
| 1. Statutory Formula Aid | 28,928 | 25,663 | 32,980 | 36,030 | 37,933 | 73,963 | 15,320 | 26.1% |
| 2. Local Levy | 400,983 | 460,003 | 506,014 | 585,508 | 655,769 | 1,241,277 | 275,260 | |
| 3. Revenue (Total of Aid & Levy) | 429,911 | 485,666 | 538,994 | 621,538 | 693,702 | 1,315,240 | 290,580 | 28.4% |
| 4. Maximum Effort School Loan Repayment | 1,060 | 940 | 940 | 940 | 940 | 1,880 | 0 | |
| 5. Total School District Revenue - All Funds | 430,971 | 486,606 | 539,934 | 622,478 | 694,642 | 1,317,120 | 290,580 | 28.3% |
| Appropriations Basis for State Aid | | | | | | | | |
| Prior Year (10% FY 01-03) (17% FY 04-05) | 3,255 | 2,890 | 2,566 | 5,586 | 6,125 | 11,711 | 6,255 | |
| Transfers per M.S. 127A.41, subdivision 8 & 9 | (7) | | | | | | | |
| Current Year (90% FY 01-02) (83% FY 03-05) | 26,145 | 23,097 | 27,394 | 29,905 | 31,484 | 61,389 | 10,898 | |
| Cancellation | (107) | | | | | | | |
| Total State Aid - General Fund | 29,286 | 25,987 | 29,960 | 35,491 | 37,609 | 73,100 | 17,153 | 30.7% |
| Other Approp. Federal Plus Other State Funds | | 940 | 940 | 940 | 940 | 1,880 | | |
| TOTAL APPROPRIATIONS | 29,286 | 26,927 | 30,900 | 36,431 | 38,549 | 74,980 | 17,153 | 29.7% |

CHILDREN, FAMILIES, & LEARNING

Program: FACILITIES & TECHNOLOGY

Activity: ALTERNATIVE FACILITIES BONDING

Narrative

Activity Description

Citation: M.S. 123B.59

The Alternative Facilities program is a state aid and local levy program that enables large school districts to complete deferred maintenance, health and safety and disabled accessibility projects that cannot be completed with other available funds. Alternative facilities revenue may not be used for the construction of new facilities or the purchase of portable classrooms. Voter approval is not required.

Activity at a Glance

| | |
|--------------------------------|---------------|
| ◆ Number of Eligible Districts | 15 |
| ◆ Minimum Sq. Ft. Required | 1.5 million |
| ◆ Average District Revenue | \$4.4 million |

Population Served

School districts qualifying for the program are able to prevent deterioration of school facilities by performing maintenance.

The following districts are currently eligible and participating in the program. Districts that have issued debt under the program are designated with a number one (1). Districts making an annual pay-as-you-go levy are designated with a number two (2). In addition, districts marked with an asterisks (*) below, receive aid based upon their Payable 1997 levy for bonded alternative facility debt and/or aid based upon one-sixth of their Payable 1998 pay-as-you-go levy.

| | | | |
|---------------------------------|-----------------------------|-------------------------|-----------------------------|
| Anoka-Hennepin ^{2*} | Bloomington ^{1 2*} | Burnsville ² | Duluth ^{1 2*} |
| Minneapolis ^{1*} | North St. Paul ¹ | Osseo ² | Robbinsdale ^{1 2*} |
| Rochester ^{1 2*} | Rosemount ^{1 2} | St. Cloud ² | St. Paul ^{1*} |
| South Washington ^{1 2} | Stillwater ¹ | White Bear Lake | |

Districts must meet one of the following criteria:

- ◆ have at least 1.85 million square feet of space and an average building age of at least 15 years; or
- ◆ have at least 1.5 million square feet of building space and average building age of at least 35 years.

Stillwater has received special legislation allowing the district to participate in this program. FY 2004 will be the first year of participation for White Bear Lake.

Services Provided

To receive alternative bonding revenue, districts must submit a 10-year facility plan to the Department of Children, Families and Learning (CFL) for approval. The plan must describe eligible projects and the district's timetable for undertaking them. Once CFL approval is obtained, the district must decide if it will:

- ◆ issue bonds to finance improvements and retire them over time with a debt service levy,
- ◆ make an annual general fund (pay-as-you go) levy to fund projects on an annual basis, or
- ◆ some combination of these two options.

This program is funded by a combination of state aid and local property tax levies. Debt service levies under this program qualify for debt service equalization.

Historical Perspective

- ⇒ The program was originally enacted by the 1993 legislature. Initially, districts were allowed to apply their health and safety revenue alternatively toward facilities maintenance, health and safety, and disabled access projects.
- ⇒ For FY 1995, eligible districts were allowed to issue bonds and levy for debt service or make an annual pay-as-you-go levy up to the amount of their health and safety revenue for FY 1993.
- ⇒ The 1997 legislature authorized state funding equal to 100% of the districts annual alternative bonding debt service costs, not to exceed the amount of the debt service levy for taxes payable in 1997.

CHILDREN, FAMILIES, & LEARNING

Program: FACILITIES & TECHNOLOGY

Activity: ALTERNATIVE FACILITIES BONDING

Narrative

- ⇒ The 1998 legislature authorized state funding for districts making an annual pay-as-you-go levy equal to one-sixth of the levy for taxes payable in 1998.
- ⇒ The White Bear Lake School District was added to the list of eligible districts as a result of 2001 legislative action that includes districts with 1.5 million square feet or more and a building age of at least 35 years.

Key Measures

The alternative facilities program enables districts to complete necessary facilities maintenance in a timely manner without the need for voter approval. The program facilitates a long-term approach to building upkeep and is intended to promote cost-effective scheduling of needed repairs.

Activity Funding

District revenue is determined by local school boards. Local decisions are impacted by building conditions, financial condition of the district, and local property tax impact.

A district's alternative facilities aid is the sum of:

- ◆ 100% of the district's annual debt service costs, not to exceed the amount certified to be levied for those purposes for taxes payable in 1997; and
- ◆ one-sixth of the annual pay-as-you-go levy certified for taxes payable in 1998, not to exceed 100% of the current annual levy.

The table below shows the breakdown of total alternative facility aid and levy by fiscal year. Note that the total alternative facility aid includes two components, general alternative facility aid and debt aid on bonded alternative facility debt levy. The general fund alternative facilities levy is reduced for debt service equalization aid.

Alternative Facilities Revenue

| | Dollars in Thousands | | | | |
|--------------------|----------------------|-----------------|-----------------|-------------------------------|-------------------------------|
| | <u>FY 1999</u> | <u>FY 2000</u> | <u>FY 2001</u> | <u>Est.</u> <u>FY 2002</u> | <u>Est.</u> <u>FY 2003</u> |
| Debt Levy | 0 | \$ 2,335 | \$10,054 | \$18,048 | \$27,253 |
| Debt Aid | \$16,387 | 16,303 | 16,392 | 16,456 | 16,456 |
| General Fund Levy | 16,979 | 18,485 | 21,800 | 24,318 | 36,015 |
| Gen. Alt. Fac. Aid | 0 | 2,830 | 2,817 | 2,830 | 2,830 |
| Gen. Debt. Eq. Aid | 1,039 | 491 | 541 | 120 | 838 |
| TOTAL | \$34,405 | \$40,444 | \$51,604 | \$61,772 | \$83,392 |

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

Additional information is available from the Minnesota Department of Children, Families & Learning, Division of Program Finance, (651) 582-8319.

CHILDREN, FAMILIES, & LEARNING

Program: FACILITIES & TECHNOLOGY

Activity: ALTERNATIVE FACILITIES BONDING

Fiscal Report

| <i>Dollars in Thousands</i> | Actual | Estimate | Budgeted | Biennium |
|--|---------------|---------------|---------------|------------------|
| Budget Activity Summary | FY2001 | FY2002 | FY2003 | FY2002-03 |
| 1. Statutory Formula Aid | 19,209 | 19,287 | 19,287 | 38,574 |
| 2. Statutory Excess/(Shortfall) | 0 | | | |
| 3. Appropriated Entitlement | 19,209 | 19,287 | 19,287 | 38,574 |
| 4. Adjustment(s) | | | | |
| a. Excess Funds Transferred In / (Out) | | | | |
| 5. State Aid Entitlement | 19,209 | 19,287 | 19,287 | 38,574 |
| 6. Local Levy | 0 | 0 | 0 | 0 |
| 7. Revenue (Total of Aid & Levy) | 19,209 | 19,287 | 19,287 | 38,574 |
| 8. Federal Funds | 0 | 0 | 0 | 0 |
| 9. Other State Funds | 0 | 0 | 0 | 0 |
| 2. Total School District Revenue - All Funds | 19,209 | 19,287 | 19,287 | 38,574 |
| <i>Appropriations Basis for State Aid</i> | | | | |
| Prior Year (10% FY 01-03) (17% FY 04-05) | 1,913 | 1,921 | 1,928 | 3,849 |
| Current Year (90% FY 01-02) (83% FY 03-05) | 17,289 | 17,359 | 16,009 | 33,368 |
| Cancellation | (1) | | | |
| Transfers per M.S. 127A.41, subdivision 8 & 9 | | | | |
| <i>Total State Aid - General Fund</i> | 19,201 | 19,280 | 17,937 | 37,217 |
| <i>Other Approp. Federal Plus other State Funds</i> | | 0 | 0 | 0 |
| <i>TOTAL APPROPRIATIONS</i> | 19,201 | 19,280 | 17,937 | 37,217 |

Alternative facilities aid is a reduction to debt service equalization revenue. The levies associated with the alternative facilities program are included in debt service equalization revenue.

CHILDREN, FAMILIES, & LEARNING

Program: **FACILITIES & TECHNOLOGY**

Activity: **MISCELLANEOUS FACILITIES LEVIES**

Narrative

Activity Description

Citation: See individual levies.

This budget activity summarizes six building and land lease/levy programs. The building and land lease levies provide districts with the opportunity to accommodate short-term needs for additional space. The other miscellaneous programs provide districts with levy authority to maintain and enhance the condition of their school buildings. These programs foster the delivery of quality educational services by providing districts with flexible local revenue sources to accommodate changing facility needs.

Population Served

All students in participating districts are served by these programs. Only eligible districts with levy authority may participate in these programs.

Services Provided

Minnesota school districts will generate additional revenue to the extent needed for various capital expenditure obligations. These programs are funded by local property tax levies.

Activity at a Glance

| In FY 2003: | | (\$ in Millions) |
|--------------------------------------|----------------|------------------|
| Program Name | # of Districts | Amount Levied |
| ◆ Building/Land Lease | 190 | \$39.3 |
| ◆ Building Construction Down Payment | 8 | \$7.2 |
| ◆ Cooperative Building Repair | 0 | 0.0 |
| ◆ Disabled Access | 16 | \$1.1 |
| ◆ Technology | 0 | 0.0 |
| ◆ Special Legislation | 3 | \$0.4 |

- ⇒ **Building and Land Lease** (M.S. 126C.40, subd.1). Districts may levy to rent or lease a building or land for instructional purposes, school storage, or furniture repair if the district determines that the total operating capital revenue authorized under section M.S. 126C.10, subd. 13, is insufficient for this purpose. The levy authority and amount must be approved by the commissioner, and cannot exceed \$100 per weighted resident average daily membership (WADM) unless approved by the commissioner. Some building additions to existing schools are funded with proceeds from this levy. Member districts may levy an amount up to \$25 per adjusted marginal cost pupil units (AMCPU) for the cost of an intermediate district lease for these same purposes.
- ⇒ **Building Construction Down Payment** (M.S. 123B.63). A school district may levy the tax rate approved by a majority of the voters on the question of providing funds for a down payment for an approved building construction project. All proceeds from the levy must be transferred to the down payment account in the building construction fund. This program has been used primarily for deferred maintenance and technology improvements to existing facilities.
- ⇒ **Cooperative Building Repair** (M.S. 126C.40, subd. 3). A school district that has a cooperative agreement according to M.S. 123A.30 or 123A.32, subd. 1 may levy for the repair costs, as approved by the Department of Children, Families and Learning, of a building located in another district that is a party to the agreement.
- ⇒ **Disabled Access Levy** (M.S. 123B.58). The 1990 federal Americans with Disabilities Act (ADA) facilitates the removal of architectural barriers for persons with disabilities in public schools and enables school districts to modify school buildings based on inspection by the State Fire Marshal. A school district may levy up to \$300,000 over a time period not to exceed eight years to provide disabled accessibility for all facilities. Some newly consolidated districts have maximum levy authority of \$450,000 or \$600,000. The commissioner must approve the levy amount. For most districts, the eight year time period has expired.
- ⇒ **Technology Levy** (Laws 1996, Ch. 412, Art. 12, Sec. 12). The Minneapolis School District was selected to pilot a Technology Incentives Program allowing the district to purchase computers through a lease purchase agreement for exclusive use by ninth grade students in selected school sites. The district could levy up to 1/4 the cost of the lease purchase agreement each year for four years. This levy expired for taxes payable in 2002.
- ⇒ **Special Legislation**. (Citations for FY 2003: ISD 181, ISD 204, ISD 319) Special legislation provides selected districts with additional capital revenue for specific purposes.

CHILDREN, FAMILIES, & LEARNING

Program: FACILITIES & TECHNOLOGY

Activity: MISCELLANEOUS FACILITIES LEVIES

Narrative

Activity Funding

The following table shows certified levy amounts and number of school districts participating in each program.

| | Dollars in Thousands | | | | | | |
|-----------------------|----------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | <u>FY 1997</u> | <u>FY 1998</u> | <u>FY 1999</u> | <u>FY 2000</u> | <u>FY 2001</u> | <u>FY 2002</u> | <u>FY 2003</u> |
| Building Lease | \$16,724.3 | \$18,513.2 | \$22,810.1 | \$27,304.1 | \$31,963.6 | \$31,963.6 | \$39,326.1 |
| Districts | 130 | 135 | 145 | 160 | 170 | 171 | 190 |
| Down Payment | 830.7 | 980.7 | 1,057.5 | 1,140.6 | 1,970.6 | 2,659.1 | 7,192.7 |
| Districts | 4 | 3 | 3 | 3 | 4 | 5 | 8 |
| Coop. Building Repair | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Districts* | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Disabled Access | 5,918.5 | 4,274.3 | 3,371.7 | 3,896.6 | 2,959.5 | 1,789.2 | 1,126.2 |
| Districts | 89 | 79 | 80 | 54 | 54 | 26 | 16 |
| Technology Levy | 0 | 0 | 681.8 | 499.0 | 699.0 | 699.0 | 0 |
| Districts* | 0 | 0 | 1 | 1 | 1 | 1 | 0 |
| Specific Legislation | 0 | 298.2 | 27.2 | 27.2 | 115.4 | 27.2 | 439.0 |
| Districts | 0 | 5 | 2 | 2 | 3 | 2 | 3 |

* In FY 2003, no districts elected or qualified for funding.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

Additional information is available from the Minnesota Department of Children, Families & Learning, Division of Program Finance, (651) 582-8801.

CHILDREN, FAMILIES, & LEARNING

Program: FACILITIES & TECHNOLOGY

Activity: FEDERAL TECHNOLOGY PROGRAMS

Narrative

Activity Description

Citation: Elementary and Secondary Education Act, Title II, Part D

P.L. 107-110, the No Child Left Behind Act of 2001

<http://www.ed.gov/offices/OESE/asst.html#leg>

The purpose of the federal Enhancing Education Through Technology program is to promote initiatives that assist schools in effectively integrating technology with curriculum to improve student achievement and to provide staff development for teachers in the use of technology as a tool for instruction.

Activity at a Glance

Promotes the effective integration of technology as a tool for instruction. Promotes increased academic achievement for students.

- ◆ \$6.5 million appropriated in federal fiscal year 2003.
- ◆ Funding allocation via formula to all school districts and charter schools.
- ◆ \$3.1 million in competitive grant awards each year.

Population Served

All students attending public schools receiving federal Title I funding are served by this program.

Services Provided

The Enhancing Education Through Technology program provides funding to states that is intended to support the integration of technology with education to improve student achievement. The Department of Children, Families & Learning (CFL) administers this program designed to

- ◆ provide teachers, principals and administrators with the capacity to integrate technology effectively with curriculum that is aligned with the Minnesota Graduation Standards and student achievement standards;
- ◆ enhance professional development for teachers, principals, and administrators through initiatives that increase the knowledge, skills, and abilities of teachers in using technology as a tool for instruction;
- ◆ promote statewide implementation of a comprehensive system that effectively uses technology in schools to improve student academic achievement;
- ◆ support networks and other innovative delivery methods to provide specialized or rigorous academic courses for students in areas that would not otherwise have access to these types of educational opportunities such as distance learning technologies and other innovative delivery methods;
- ◆ provide for rigorous evaluation of programs funded, particularly the impact of these programs on academic achievement;
- ◆ support classroom, school, and school district based projects that focus on the integration of technology with curriculum to promote academic achievement;
- ◆ support local efforts to use technology to promote family involvement in education and communication among teachers, administrators, students, parents, community; and
- ◆ support infrastructure upgrades for school districts in need of equipment and peripheral replacements, enhancements, and upgrades.

Historical Perspective

Federal technology funding was provided each year through the former Technology Literacy Challenge Fund Grant Program (TLCF) that was awarded to school districts through a competitive grant process. The TLCF program was discontinued and replaced by the Enhancing Education Through Technology program by Congress in 2002. Funded through federal dollars, the new Enhancing Education Through Technology program under the No Child Left Behind Act is in the first year of authorization in FY 2002.

Key Measures

The primary goal of this program is to improve student academic achievement through the use of technology in elementary schools and secondary schools. Additional goals of this program are:

- ◆ to assist every student in crossing the digital divide by ensuring that every student is technologically literate by the time the student finishes the eighth grade, regardless of the student's race, ethnicity, gender, family income, geographical location, or disability; and

CHILDREN, FAMILIES, & LEARNING

Program: FACILITIES & TECHNOLOGY

Activity: FEDERAL TECHNOLOGY PROGRAMS

Narrative

- ◆ to encourage the effective integration of technology resources and systems with teacher training and curriculum development to establish research-based instructional methods that can be widely implemented as best practices by state and local educational agencies.

As part of the statewide assessment of this program, CFL must

- ◆ assess and determine methods for measuring the level of integration of technology within school districts and establish a relationship to how the level of technology integration impacts student achievement; and
- ◆ complete an updated statewide plan for technology in K-12 education. This will address areas of technology impacts on education in teaching and learning, educator preparation and professional development, school administration, and school district technology infrastructure. The state plan is expected to be completed by early 2003.

Activity Funding

Funding of federal Enhancing Education Through Technology is dependent upon Congressional action relating to continued operation and funding of the program. The state will receive further allocations of similar amounts based on statewide Title I shares in FY 2004 and FY 2005, depending on Congressional action.

The funding is to be distributed to school districts on a 50/50 basis, with 50% of the funding to be distributed to school districts through a formula distribution based on Title I shares, and the remaining 50% to be distributed through grant competitions.

Grant competitions will be periodically conducted and requests for project proposals will focus on the initiatives outlined above. Priority in competitions must be given to school districts that have schools identified as needing improvement, schools that have a high percentage of families living below the poverty line, and school districts that do not generate sufficient funding under the formula portion of the program to effectively deploy technology. Grant awards will be determined by volunteer panels composed of educators, administrators, higher education representatives, and business leaders. It is anticipated that approximately 10-15 grant awards will be made each year.

The formula funding section of the program will provide approximately \$3.1 million in allocations to school districts. Grant competitions will distribute approximately \$3.1 million in funding based on award limitations to be determined by CFL based on federal guidelines for the program. Five percent of the total allocation to Minnesota is retained at the state level to administer the program and foster statewide technology initiatives for all school districts.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

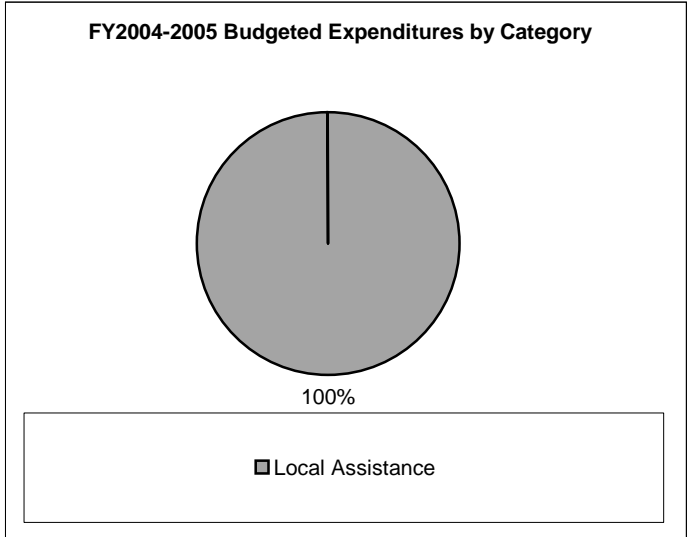
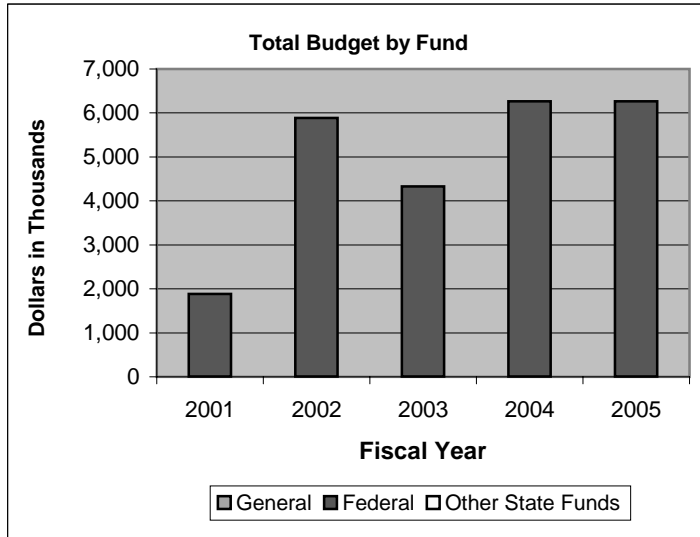
Additional information is available from the Minnesota Department of Children, Families & Learning, Division of Program Finance, (651) 582-8827.

CHILDREN, FAMILIES, & LEARNING

Program: **FACILITIES & TECHNOLOGY**

Activity: **FEDERAL TECHNOLOGY PROGRAMS**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Statutory Appropriations | | | | | | | | |
| Federal | 1,881 | 5,887 | 4,329 | 6,265 | 6,265 | 12,530 | 2,314 | 22.7% |
| Total | 1,881 | 5,887 | 4,329 | 6,265 | 6,265 | 12,530 | 2,314 | 22.7% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|
| Expenditures by Category | | | | | | | | |
| Local Assistance | 1,881 | 5,887 | 4,329 | 6,265 | 6,265 | 12,530 | 2,314 | 22.7% |
| Total | 1,881 | 5,887 | 4,329 | 6,265 | 6,265 | 12,530 | 2,314 | 22.7% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Federal | 2,164 | 6,080 | 4,441 | 6,594 | 6,594 | 13,188 | 2,667 | 25.3% |
| Subtotal Dedicated | 2,164 | 6,080 | 4,441 | 6,594 | 6,594 | 13,188 | 2,667 | 25.3% |
| Total Revenue | 2,164 | 6,080 | 4,441 | 6,594 | 6,594 | 13,188 | 2,667 | 25.3% |

CHILDREN, FAMILIES, & LEARNING

Program: NUTRITION PROGRAMS

Narrative

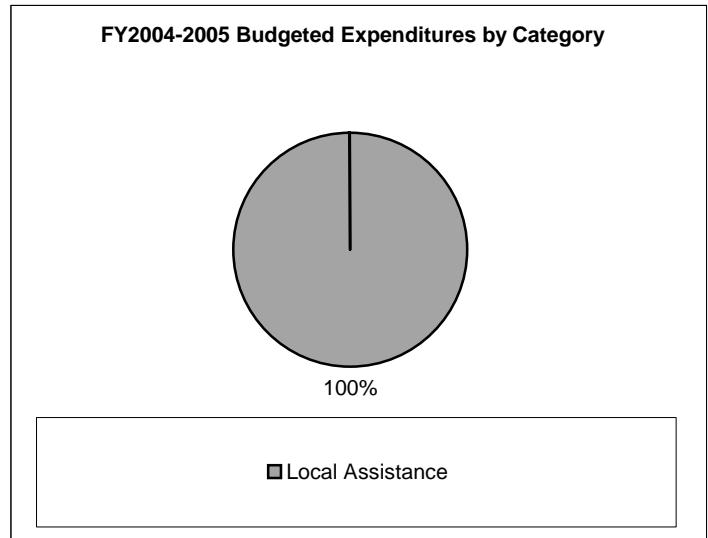
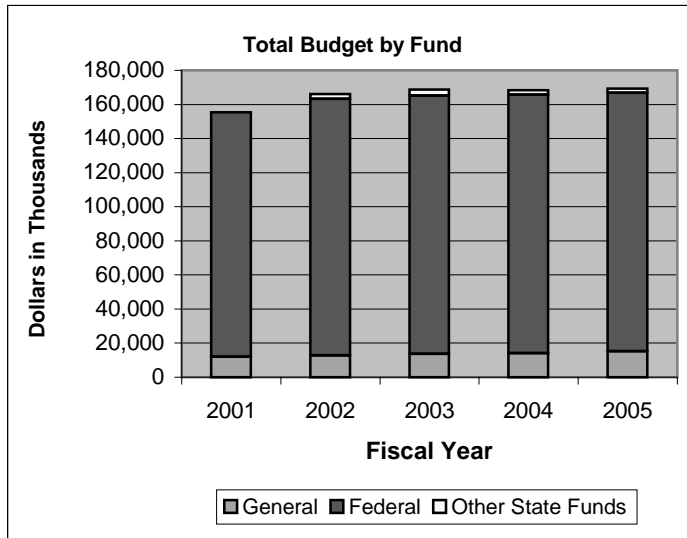
Budget Activities Included:

- ⇒ School Lunch
- ⇒ School Breakfast
- ⇒ Community Nutrition Programs

CHILDREN, FAMILIES, & LEARNING

Program: NUTRITION PROGRAMS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 11,952 | 12,812 | 13,658 | 14,066 | 15,112 | 29,178 | 2,708 | 10.2% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 24 | 2,829 | 3,582 | 2,500 | 2,500 | 5,000 | -1,411 | -22.0% |
| Federal | 143,390 | 150,417 | 151,473 | 151,749 | 151,749 | 303,498 | 1,608 | 0.5% |
| Total | 155,366 | 166,058 | 168,713 | 168,315 | 169,361 | 337,676 | 2,905 | 0.9% |

| | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|--------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 7 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Other Operating Expenses | 24 | 2 | 1 | 1 | 1 | 2 | -1 | -33.3% |
| Local Assistance | 155,335 | 166,056 | 168,712 | 168,314 | 169,360 | 337,674 | 2,906 | 0.9% |
| Total | 155,366 | 166,058 | 168,713 | 168,315 | 169,361 | 337,676 | 2,905 | 0.9% |

| | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|--------------|-------------|
| Expenditures by Activity | | | | | | | | |
| School Lunch | 81,019 | 87,385 | 88,747 | 88,254 | 88,404 | 176,658 | 526 | 0.3% |
| School Breakfast | 15,744 | 17,623 | 18,000 | 18,040 | 18,090 | 36,130 | 507 | 1.4% |
| Fast Break To Learning | 2,523 | 3,725 | 4,228 | 4,496 | 5,342 | 9,838 | 1,885 | 23.7% |
| Summer School Serv Replacement | 2,776 | 2,943 | 2,950 | 2,950 | 2,950 | 5,900 | 7 | 0.1% |
| Community Nutrition Programs | 53,304 | 54,382 | 54,788 | 54,575 | 54,575 | 109,150 | -20 | 0.0% |
| Total | 155,366 | 166,058 | 168,713 | 168,315 | 169,361 | 337,676 | 2,905 | 0.9% |

| | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|-------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Special Revenue | 31 | 3,959 | 2,500 | 2,500 | 2,500 | 5,000 | -1,459 | -22.6% |
| Federal | 142,528 | 149,984 | 150,979 | 150,979 | 150,979 | 301,958 | 995 | 0.3% |
| Subtotal Dedicated | 142,559 | 153,943 | 153,479 | 153,479 | 153,479 | 306,958 | -464 | -0.2% |
| Total Revenue | 142,559 | 153,943 | 153,479 | 153,479 | 153,479 | 306,958 | -464 | -0.2% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 |
|------------------------------------|------------|------------|------------|------------|------------|

CHILDREN, FAMILIES, & LEARNING

Program: NUTRITION PROGRAMS

Activity: SCHOOL LUNCH

Narrative

Activity Description

Citation: M.S. 124D.111; 124D.118

Federal Authorizations: National School Lunch Act, Child Nutrition Act

This budget activity includes federal and state lunch and milk programs. The National School Lunch Program (NSLP) and Food Distribution Program (FDP) safeguard the health and well being of Minnesota children and help ensure that students are ready to learn by giving them access to a nutritious lunch and improving eating habits through nutrition education. The After-School Snack component of the NSLP gives students in after-school programs access to a nutritious snack.

State school lunch funding helps to keep lunch prices affordable. Children from low-income families have access to free or reduced-price school meals.

The federal Special Milk Program (SMP) provides access to milk, an important source of nutrients including calcium, for students who do not have access to school meals (usually kindergarten or pre-kindergarten students). The Minnesota Kindergarten Milk Program (MKMP) provides state funds for kindergarten milk breaks.

Population Served

Students (pre-kindergarten through high school) in public schools, nonpublic schools, and residential childcare institutions such as group homes and juvenile correctional facilities are served.

Services Provided

Student health and learning readiness are improved through daily access to a nutritious school lunch. Students in after-school care programs receive access to a nutritious snack. Students without access to school meals, typically pre-kindergarten or kindergarten students, may receive milk at either no charge or at a nominal charge.

School lunch menus are planned according to federal guidelines. Commodities such as meat, cheese, poultry, fruits, and vegetables are donated by the United State Department of Agriculture (USDA) to contribute to the school lunch menu and support the American farmer.

Students from families with income under 185% of federal poverty guidelines receive free or reduced-price meals. Many low-income families are electronically certified for free or reduced-price meals based on household data from state agencies, eliminating the need for a paper application.

School lunch and milk programs are supported financially and administratively through:

- ◆ federal and state reimbursements for lunches, after-school snacks, and servings of milk that meet guidelines;
- ◆ surveys of school preferences for USDA commodities;
- ◆ notification to schools of students electronically certified for meal benefits, through statewide matching of student enrollment data and human services assistance data;
- ◆ assistance in meeting program requirements and improving the quality of the food service through administrative reviews, development of resource materials, workshops, and technical assistance; and
- ◆ "CLiCS," the Food and Nutrition Service interactive web site, which allows schools to meet their application, commodity, and claim requirements online and offers immediate access to program resources.

For more information access the following web sites

School Nutrition Programs 2001 Annual Report – "Meals for Learning"

School Lunch Fact Sheet

"Focus on the Future: What Eating at School Should Look Like" (A Student Perspective)

Activity at a Glance

In 2001:

- ◆ All public schools participated in school lunch.
- ◆ Sixty percent of enrolled students participated in school lunch.
- ◆ 93 million school lunches were served, one-half million each school day.
- ◆ One-third of school lunches were served free or at a reduced price to qualifying students.

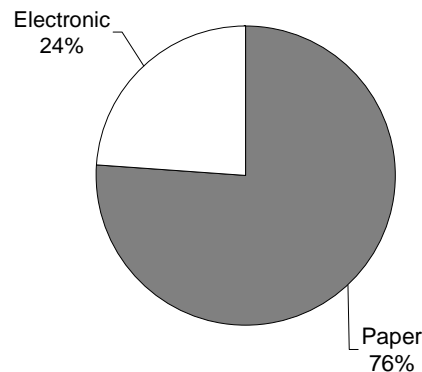
Historical Perspective

The National School Lunch Act created the program in 1946 to improve the national defense in response to young recruits failing physical exams during World War II. By school year 2000-01, 93 million school lunches were being served at 2,000 schools.

Key Measures

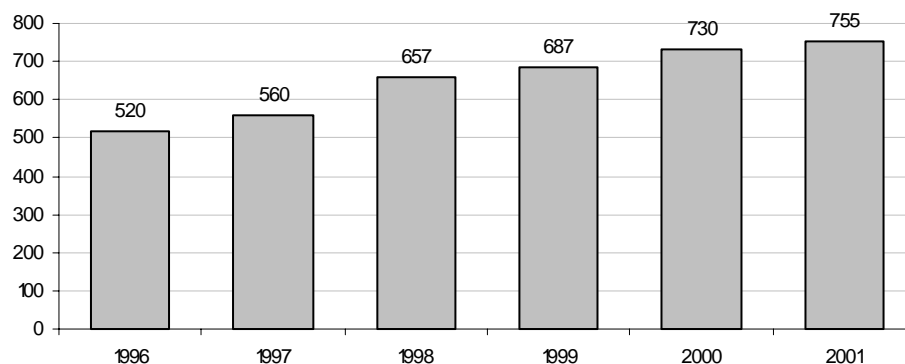
- ⇒ Increase the number of school districts that have school policies in place to support a healthy school nutrition environment by 20% through training and technical assistance to local school administrators.
- ⇒ Increase by 50% the percentage of students determined eligible for free and reduced-price meals through the electronic certification process (compared to the number determined eligible with paper applications) by using additional sources of household data from state agencies.

Paper Applications vs. Electronic Certification - 2001



- ⇒ Increase the number of elementary schools participating in Fitness Fever, a program that promotes a combination of healthy food choices and physical activity, from 755 to 797 by 2003.

Number of Minnesota Schools Participating in Fitness Fever



CHILDREN, FAMILIES, & LEARNING

Program: NUTRITION PROGRAMS

Activity: SCHOOL LUNCH

Narrative

Activity Funding

State funding is required to provide matching funds to participate in the National School Lunch Program. The funding provided by the state in FY 2001 allowed the school districts to receive over \$70 million in federal reimbursement for school lunch programs. Under current law, the state must pay districts participating in the national school lunch program the amount of eight cents for each full paid, reduced, and free student lunch served to students in the district. A portion of the state funding is paid to districts for milk served to kindergarten students.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

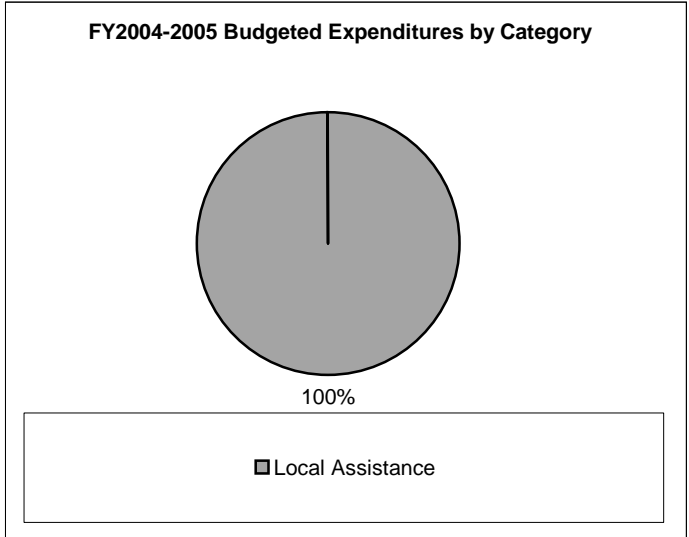
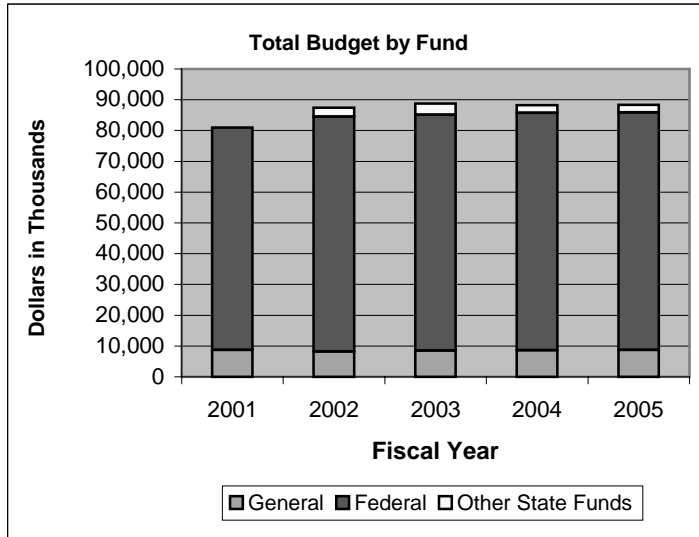
Additional information is available from the Minnesota Department of Children, Families & Learning, (651) 582-8526.

CHILDREN, FAMILIES, & LEARNING

Program: **NUTRITION PROGRAMS**

Activity: **SCHOOL LUNCH**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 8,690 | 8,217 | 8,500 | 8,600 | 8,750 | 17,350 | 633 | 3.8% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 24 | 2,829 | 3,582 | 2,500 | 2,500 | 5,000 | -1,411 | -22.0% |
| Federal | 72,305 | 76,339 | 76,665 | 77,154 | 77,154 | 154,308 | 1,304 | 0.9% |
| Total | 81,019 | 87,385 | 88,747 | 88,254 | 88,404 | 176,658 | 526 | 0.3% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|------------|-------------|
| Expenditures by Category | | | | | | | | |
| Other Operating Expenses | 24 | 1 | 0 | 0 | 0 | 0 | -1 | -100.0% |
| Local Assistance | 80,995 | 87,384 | 88,747 | 88,254 | 88,404 | 176,658 | 527 | 0.3% |
| Total | 81,019 | 87,385 | 88,747 | 88,254 | 88,404 | 176,658 | 526 | 0.3% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Special Revenue | 31 | 3,959 | 2,500 | 2,500 | 2,500 | 5,000 | -1,459 | -22.6% |
| Federal | 72,119 | 76,042 | 76,459 | 76,459 | 76,459 | 152,918 | 417 | 0.3% |
| Subtotal Dedicated | 72,150 | 80,001 | 78,959 | 78,959 | 78,959 | 157,918 | -1,042 | -0.7% |
| Total Revenue | 72,150 | 80,001 | 78,959 | 78,959 | 78,959 | 157,918 | -1,042 | -0.7% |

CHILDREN, FAMILIES, & LEARNING

Program: NUTRITION PROGRAMS

Activity: SCHOOL BREAKFAST

Narrative

Activity Description

Citation: 124D.115; 124D.1156; 124D.117

Federal Authorization: National School Lunch Act, Child Nutrition Act

Federal and state School Breakfast Programs help ensure that students are healthy and ready to learn by giving them access to a nutritious breakfast at the start of the school day.

- ⇒ Any school may participate in the School Breakfast Program.
- ⇒ Elementary schools in low-income areas that agree to reduce school breakfast barriers such as social stigma, lack of facilities and transportation may receive additional state funding through the Fast Break to Learning breakfast program so that school breakfast can be available to all students at no charge.
- ⇒ State law requires schools to offer a breakfast program if 33% or more school lunches are served free or at reduced price.

Activity at a Glance

In 2001:

- ◆ 1,300 schools offered nutritious breakfasts through the School Breakfast Program. Two out of three schools that offer school lunch also offer school breakfast.
- ◆ Over 300 of these schools participated in the Fast Break to Learning breakfast program.
- ◆ Breakfast participation averaged 54% at Fast Break to Learning schools, compared to 10% at schools offering the regular breakfast program.

Population Served

Students (pre-kindergarten through high school) in public schools, nonpublic schools, and residential child care institutions such as group homes and juvenile correctional facilities are served.

Services Provided

Student health and achievement are improved through daily access to a nutritious school breakfast.

- ⇒ School breakfast menus are planned according to federal guidelines.
- ⇒ Students from families with incomes under 185% of federal poverty guidelines receive free or reduced-price meals, either upon being electronically certified based on household data from state agencies or upon the household completing an application on paper.
- ⇒ At elementary schools that participate in the Fast Break to Learning breakfast program, breakfast is available at no charge to all students.

School Breakfast Programs are supported financially and administratively through

- ◆ federal and state reimbursements for school breakfasts that meet guidelines;
- ◆ payment of additional state funds to Fast Break to Learning elementary schools so that all breakfasts may be served at no charge to all students;
- ◆ United States Department of Agriculture (USDA) commodity food items (earned through participation in the National School Lunch Program) available for use in school breakfasts;
- ◆ assistance in meeting program requirements and enhancing the quality of the food service provided through administrative reviews, development of resource materials, presentation of workshops, and technical assistance; and
- ◆ "CLiCS," the Food and Nutrition Service interactive web site, which allows schools to meet their application and claims requirements online and provides immediate access to program resources.

More information about the School Breakfast Program and Fast Break to Learning breakfast program:

Fast Break to Learning Executive Summary

School Nutrition Programs Annual Report – "Meals for Learning"

School Breakfast Program Fact Sheet

CHILDREN, FAMILIES, & LEARNING

Program: NUTRITION PROGRAMS

Activity: SCHOOL BREAKFAST

Narrative

Historical Perspective

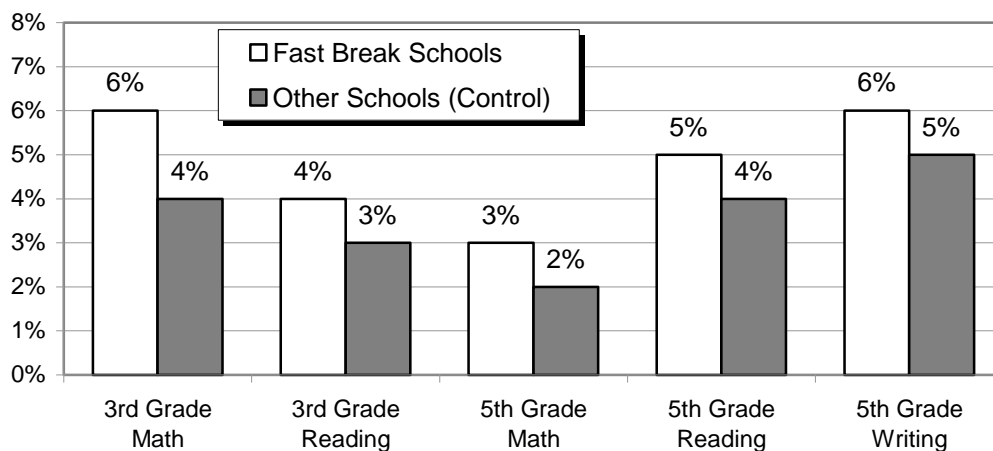
The federal School Breakfast Program began in 1966 with a focus on improving the health and school performance of low-income children. State funding began in 1993 with a per-breakfast rate of 5.1 cents.

The Fast Break to Learning breakfast program, established in 1999, provides additional state funding to assist elementary schools in low-income areas to provide breakfast access to all students at no charge, and reduce traditional barriers to school breakfast participation such as social stigma, facilities, and transportation. Elementary schools are eligible if at least 33% of school lunches have been served to students eligible for free or reduced price school meals.

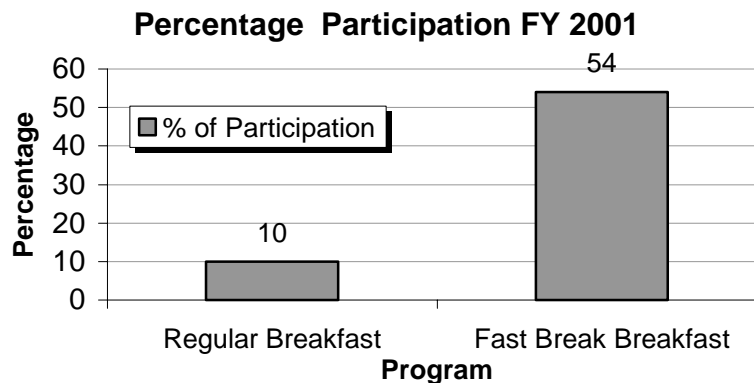
Key Measures

⇒ Increase overall performance on the reading, writing, and math portions of the MCA at Fast Break to Learning schools by 4% per year.

Increase in Percent of Students Achieving at Level II or Above at Fast Break to Learning Schools (Between FY 2000 and FY 2001)



⇒ Increase the participation rate at Fast Break to Learning schools from 54% in FY 2001 to 60% by FY 2004.



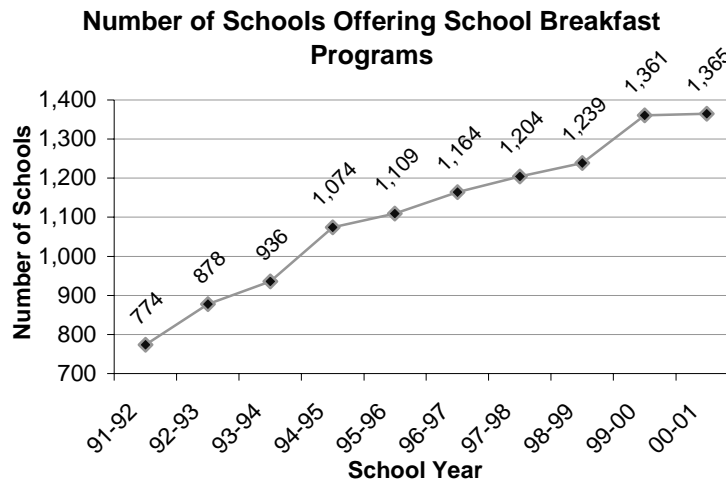
⇒ Increase the number of Minnesota schools offering a school breakfast program by 5% per year.

CHILDREN, FAMILIES, & LEARNING

Program: NUTRITION PROGRAMS

Activity: SCHOOL BREAKFAST

Narrative



Activity Funding

School Breakfast

"Severe need" schools, which serve at least 40% free and reduced price school meals, qualify for the highest rates of federal reimbursement. Each school year, the state reimburses schools for the amount of 5.1 cents for each fully paid breakfast and for each free and reduced price breakfast not eligible for the "severe need" rate. In addition, each school year the state must reimburse schools 10.5 cents for each free and reduced breakfast served at school that had free/reduced price meal participation above 33% but not high enough to qualify for federal "severe need" reimbursement.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Fast Break to Learning

Each school year, the state reimburses schools for the difference between the per meal federal rate of reimbursement and the per meal state average cost. Meals that are reimbursed at a federal rate that is equal to or higher than the state average cost do not qualify for fast break to learning funds.

Contact

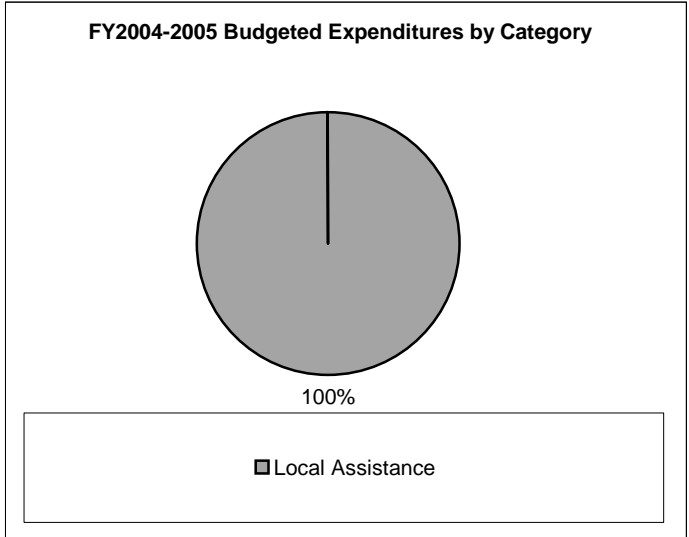
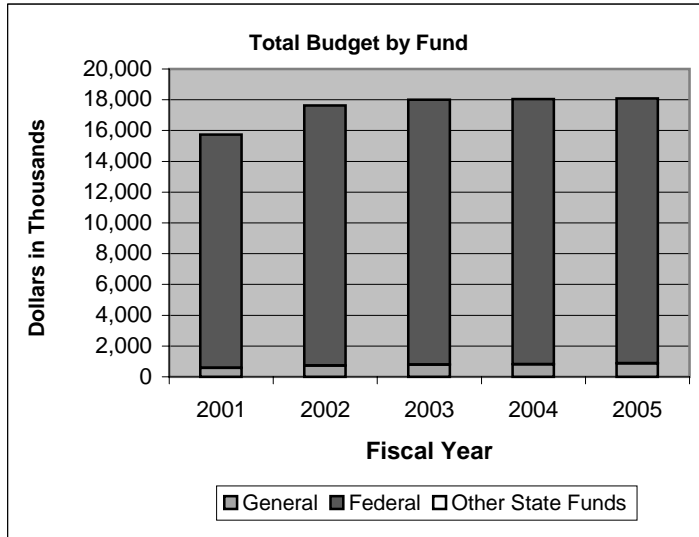
Additional information is available from the Minnesota Department of Children, Families & Learning, 651-582-8526.

CHILDREN, FAMILIES, & LEARNING

Program: **NUTRITION PROGRAMS**

Activity: **SCHOOL BREAKFAST**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|-----------------|-------------------|-------------|
| | Actual | Actual | Budgeted | Base | Biennium | Biennial Change | | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | 2004-05 / 2002-03 | |
| Direct Appropriations | | | | | | | | |
| General | 589 | 720 | 780 | 820 | 870 | 1,690 | 190 | 12.7% |
| Statutory Appropriations | | | | | | | | |
| Federal | 15,155 | 16,903 | 17,220 | 17,220 | 17,220 | 34,440 | 317 | 0.9% |
| Total | 15,744 | 17,623 | 18,000 | 18,040 | 18,090 | 36,130 | 507 | 1.4% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|------------|-------------|
| Total Compensation | 7 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Local Assistance | 15,737 | 17,623 | 18,000 | 18,040 | 18,090 | 36,130 | 507 | 1.4% |
| Total | 15,744 | 17,623 | 18,000 | 18,040 | 18,090 | 36,130 | 507 | 1.4% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|------------|-------------|
| Dedicated | | | | | | | | |
| Federal | 15,155 | 16,903 | 17,220 | 17,220 | 17,220 | 34,440 | 317 | 0.9% |
| Subtotal Dedicated | 15,155 | 16,903 | 17,220 | 17,220 | 17,220 | 34,440 | 317 | 0.9% |
| Total Revenue | 15,155 | 16,903 | 17,220 | 17,220 | 17,220 | 34,440 | 317 | 0.9% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 |
|------------------------------------|------------|------------|------------|------------|------------|

CHILDREN, FAMILIES, & LEARNING
Program: NUTRITION PROGRAMS
Activity: FAST BREAK TO LEARNING

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | | |
|---|--------------------------|----------------------------|----------------------------|---------------|---------------|-------------------------------|--|----------------|
| Budget Activity Summary | Actual FY2001 | Estimate FY2002 | Budgeted FY2003 | Base | | Biennium FY2004-05 | Biennial Change 2004-05 / 2002-03 | |
| | | | | FY2004 | FY2005 | | Dollars | Percent |
| 1. Statutory Formula Aid | 2,523 | 3,996 | 4,396 | 4,888 | 5,435 | 10,323 | 1,931 | 23.0% |
| 2. Statutory Excess/(Shortfall) | | (1,279) | | | | | (1,279) | |
| 3. Appropriated Entitlement | 2,523 | 2,717 | 4,396 | 4,888 | 5,435 | 10,323 | 652 | 9.2% |
| 4. Adjustment(s) | | | | | | | | |
| a. Excess Funds Transferred In / (Out) | | 1,279 | | | | | 1,279 | |
| 5. State Aid Entitlement | 2,523 | 3,996 | 4,396 | 4,888 | 5,435 | 10,323 | 1,931 | 23.0% |
| 6. Total School District Revenue - All Funds | 2,523 | 3,996 | 4,396 | 4,888 | 5,435 | 10,323 | 1,931 | 23.0% |
| Appropriations Basis for State Aid | | | | | | | | |
| Prior Year (10% FY 01-03) (17% FY 04-05) | 0 | 0 | 271 | 439 | 831 | 1,270 | 999 | |
| Current Year (90% FY 01-02) (83% FY 03-05) | 2,500 | 2,446 | 3,957 | 4,057 | 4,511 | 8,568 | 2,165 | |
| Transfers per M.S. 127A.41, subdivision 8 & 9 | | 1,279 | | | | | (1,279) | |
| Balance Forward | 23 | | | | | | | |
| Total State Aid - General Fund | 2,523 | 3,725 | 4,228 | 4,496 | 5,342 | 9,838 | 1,885 | 23.7% |
| TOTAL APPROPRIATIONS | 2,523 | 3,725 | 4,228 | 4,496 | 5,342 | 9,838 | 1,885 | 23.7% |

CHILDREN, FAMILIES, & LEARNING

Program: NUTRITION PROGRAMS

Activity: COMMUNITY NUTRITION PROGRAMS

Narrative

Activity Description

Citation: 124D.119

Federal Authorization: Child Nutrition Act and National School Lunch Act

Community Nutrition Programs safeguard the health and well-being of Minnesotans year-round by helping to ensure that young children and older adults receiving organized care services have access to a nutritious diet and improve their eating habits.

Summer Food Service Program (SFSP)

SFSP provides access to nutritious meals to children in low-income areas during the summer when school meals are not available. Most SFSP sites provide one or two meals per day, but may provide up to three meals a day. The annual state share of funding is \$150,000.

Child and Adult Care Food Program (CACFP)

CACFP provides nutritious meals at family child care homes, child care centers, school-age care sites, emergency shelters, and adult day care centers. After-school programs in low-income areas that provide educational or enrichment activities participate in the After School Snack component of the CACFP. The federal government provides all funding for the CACFP. Federal funding has increased at a rate of approximately 2% per year since 1998.

Population Served

SFSP primarily serves children who participate in organized summer programs at park and community sites and schools in areas where at least 50% of families have income within 185% of federal poverty guidelines. SFSP sponsors include public and private schools, residential summer camps, government units, colleges and universities, as well as nonprofit organizations.

CACFP serves 1) children in licensed child care centers and licensed family child care homes, 2) children attending after-school enrichment programs in areas where at least 50% of families have income within 185% of federal poverty guidelines, and 3) adults in licensed adult day care centers.

Services Provided

Health is improved through access to healthy meals and snacks.

- ⇒ Menus for healthy meals and snacks are planned according to federal guidelines.
- ⇒ Meals and snacks are provided at no charge to children in low-income areas through the SFSP. Most CACFP locations provide meals and snacks at no charge to all enrolled children.

Community Nutrition Programs are supported through

- ◆ federal and state reimbursements for meals and snacks that meet guidelines;
- ◆ federal administrative reimbursements to SFSP sponsors and CACFP sponsors of family child care homes;
- ◆ assistance in meeting program requirements and improving the quality of the food service through administrative reviews, development of resource materials, workshops, and technical assistance; and
- ◆ "CLiCS," the Food and Nutrition Service interactive web site, which allows sponsoring organizations to meet their application and claims requirements online and provides immediate access to program resources.

More information on Community Nutrition Programs:

Community Nutrition Programs Annual Report

Child and Adult Care Food Program Fact Sheet

Summer Food Service Program Fact Sheet

Activity at a Glance

- ◆ Over 11,000 family child care homes, over 400 child care centers, and 32 adult care centers participate in the CACFP.
- ◆ 121,000 children in child care receive meals supported by the CACFP. In a typical month, 5.6 million meals and snacks are served.
- ◆ In July 2001, 51 summer food sponsors of the SFSP served over 31,000 children per day at 394 sites.

CHILDREN, FAMILIES, & LEARNING

Program: **NUTRITION PROGRAMS**

Activity: **COMMUNITY NUTRITION PROGRAMS**

Narrative

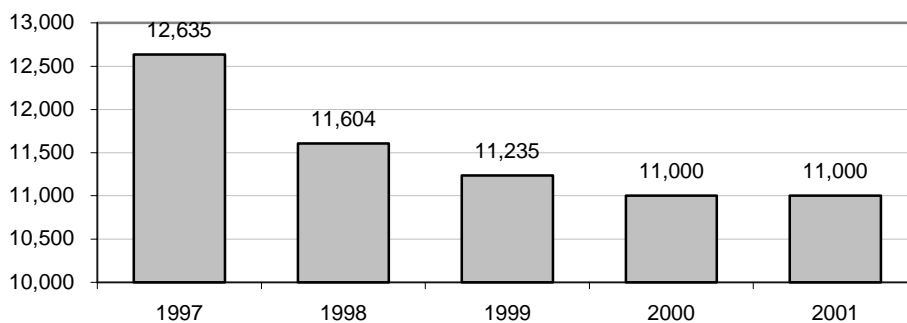
Historical Perspective

The CACFP was initiated with the federal Child Nutrition Act of 1966. Participation of adult day care centers was added in 1989. After federal welfare reform in 1996, family child care homes were reduced by \$1.5 million per month, resulting in reduced participation in CACFP.

Key Measures

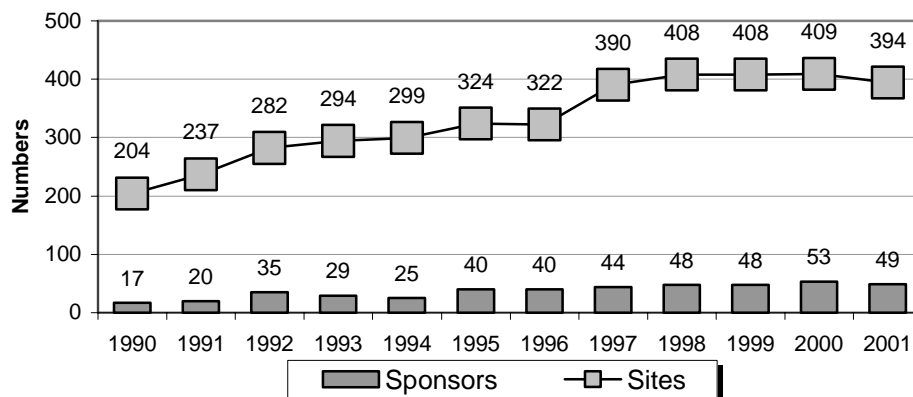
⇒ Maintain the number of family child care providers participating in the Child and Adult Care Food Program at over 11,000 family child care homes through outreach to new providers.

Family Care Providers Participating in CACFP



⇒ Increase the number of Summer Food Service Program sites by 5% through streamlining application and program requirements for sites.

Summer Program Increases 1990 - 2001



Activity Funding

Summer Food Service Program: Federal funds provide 96% of total funding and increase approximately 2% each year. In response to cuts in federal funding due to welfare reform in 1997, annual state replacement aid of \$150,000 was appropriated to maintain healthy meals during the summer.

Child and Adult Care Food Program: Participation of adult day care centers was added in 1989. A two-tier reimbursement system was instituted for family child care providers under federal welfare reform legislation in 1996. As a result, Minnesota lost about \$1.5 million per month in federal reimbursements for meals served to children since 1997.

CHILDREN, FAMILIES, & LEARNING

Program: NUTRITION PROGRAMS

Activity: COMMUNITY NUTRITION PROGRAMS

Narrative

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

Additional information is available from the Minnesota Department of Children, Families & Learning, (651) 582-8526.

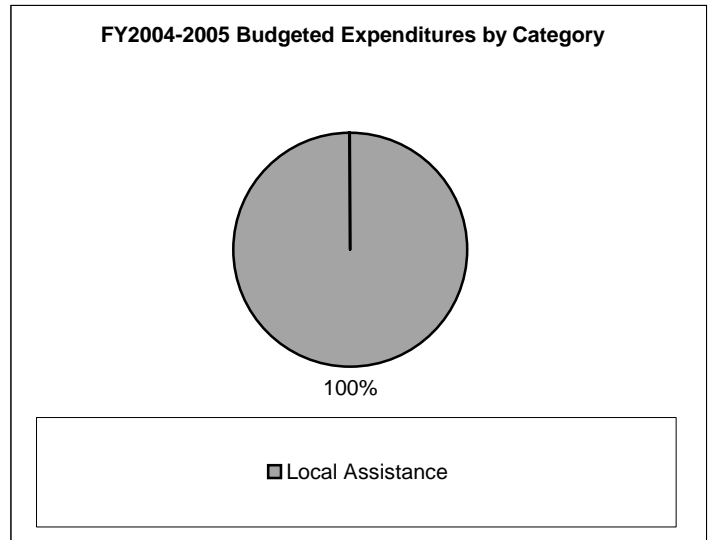
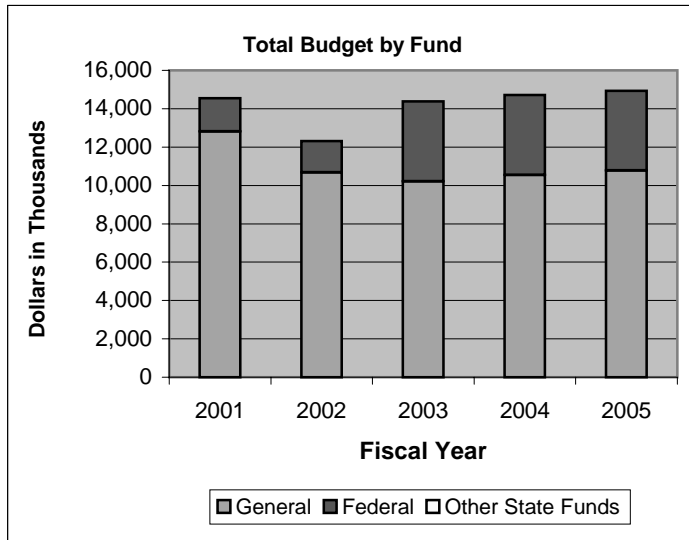
Budget Activities Included:

- ⇒ Basic Support
- ⇒ Multicounty Multitype Library Systems
- ⇒ Miscellaneous Federal Library Programs

CHILDREN, FAMILIES, & LEARNING

Program: LIBRARIES

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 12,810 | 10,673 | 10,211 | 10,552 | 10,773 | 21,325 | 441 | 2.1% |
| Statutory Appropriations | | | | | | | | |
| Federal | 1,736 | 1,632 | 4,163 | 4,163 | 4,163 | 8,326 | 2,531 | 43.7% |
| Total | 14,546 | 12,305 | 14,374 | 14,715 | 14,936 | 29,651 | 2,972 | 11.1% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|
| Expenditures by Category | | | | | | | | |
| Local Assistance | 14,546 | 12,305 | 14,374 | 14,715 | 14,936 | 29,651 | 2,972 | 11.1% |
| Total | 14,546 | 12,305 | 14,374 | 14,715 | 14,936 | 29,651 | 2,972 | 11.1% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|
| Expenditures by Activity | | | | | | | | |
| Basic Support | 11,907 | 9,770 | 9,371 | 9,649 | 9,870 | 19,519 | 378 | 2.0% |
| Multicounty Multitype Library | 903 | 903 | 840 | 903 | 903 | 1,806 | 63 | 3.6% |
| Federal Library Programs | 1,736 | 1,632 | 4,163 | 4,163 | 4,163 | 8,326 | 2,531 | 43.7% |
| Total | 14,546 | 12,305 | 14,374 | 14,715 | 14,936 | 29,651 | 2,972 | 11.1% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Federal | 1,879 | 1,821 | 4,400 | 4,400 | 4,400 | 8,800 | 2,579 | 41.5% |
| Subtotal Dedicated | 1,879 | 1,821 | 4,400 | 4,400 | 4,400 | 8,800 | 2,579 | 41.5% |
| Total Revenue | 1,879 | 1,821 | 4,400 | 4,400 | 4,400 | 8,800 | 2,579 | 41.5% |

CHILDREN, FAMILIES, & LEARNING

Program: LIBRARIES

Activity: BASIC SUPPORT

Narrative

Activity Description

Citation: M.S. 134.31; 134.32; 134.34; 134.35; 134.47

Library Basic Support provides state aid to public libraries for operations, interlibrary programs, and services.

Library Telecommunications Aid provides state aid to public libraries for data and video access costs, related costs to improve or maintain electronic access, and connect the library system with the state information infrastructure.

Population Served

This activity serves Minnesota citizens through 12 regional library systems. Participation in regional public library systems includes all Minnesota counties and serves 99.49% of the state's population. These systems are 1) Arrowhead Library System, 2) East Central Regional Library, 3) Great River Regional Library, 4) Kitchigami Regional Library, 5) Lake Agassiz Regional Library, 6) Metropolitan Library Service Agency, 7) Northwest Regional Library, 8) Pioneerland Library System, 9) Plum Creek Library System, 10) Southeastern Libraries Cooperating, 11) Traverse des Sioux Library System, and 12) Viking Library System.

Activity at a Glance

- ◆ 360 libraries are served through the program.
- ◆ In FY 2000, approximately 44 million items were loaned.
- ◆ In FY 2000, 22.2 million visits were made to a public library.
- ◆ In FY 2000, attendance at library-sponsored programs was 979,053.
- ◆ Approximately 5 million reference requests take place yearly.

Services Provided

The public makes heavy use of its libraries for self-sufficiency including financial and business decisions, education, self-development, and personal interests. This activity provides the following services to strengthen the ability of libraries across the state to continue excellent services to citizens:

- ◆ provides incentives for counties and cities to work together in regional public library systems extending service to all at the most reasonable cost;
- ◆ distributes funding between cooperating jurisdictions and encourages sharing the library materials within each region and statewide through library-to-library lending and reciprocal borrowing;
- ◆ maintains and improves the infrastructure for reading and lifelong learning through library programs, materials, and outreach to culturally diverse communities;
- ◆ strengthens library materials and media collections;
- ◆ supports automation, integration of new technologies and training, and community access to high-speed Internet links; and
- ◆ improves or maintains electronic access and connects the library system with the state information infrastructure administered by the department of administration.

Historical Perspective

State funding of regional public library systems is needed to ensure and raise the level of equitable library services across Minnesota. The telecommunications aid program began in 1996 to encourage interconnectivity and more equity of access. Previous legislation consolidated separate categorical grant funds for public libraries into this program beginning in FY 2000, which improved flexibility in the use of funds. Increases in funding have been due to the roll-in of categorical grant/aid programs into basic, including Regional Telecommunications Aid in FY 2004.

Key Measures

Quality library services are available for a Minnesotan of all ages.

- ⇒ The number of items loaned within public libraries increased 20.45% from 35 million in 1988 to 44 million in 2000.
- ⇒ Library to library requests filled within regional public library systems increased 61% from 152,000 in 1988 to 389,137 in 2000.

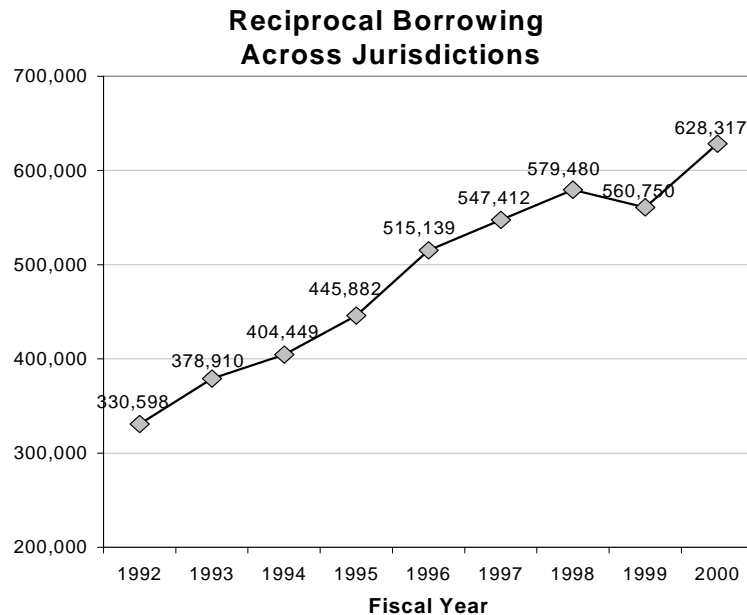
CHILDREN, FAMILIES, & LEARNING

Program: **LIBRARIES**

Activity: **BASIC SUPPORT**

Narrative

- ⇒ Minnesota's public libraries rank 13th among the states in per capita expenditures, 5th in the United States in public library lending per capita, and 4th in reference questions asked per capita.
- ⇒ Reciprocal borrowing across jurisdictional boundaries remains at high levels.



Activity Funding

The basic aid budget activity is funded with state aid distributed by a formula using population, area, equalized valuation of property, and a basic amount per system. The telecommunications aid budget activity is funded with state aid distributed on a pro-rated actual cost basis for system branches/members who meet the aid program criteria.

To qualify for basic aid, each participating city and county must meet a minimum level of support based on adjusted net tax capacity. The state appropriation is used to demonstrate state maintenance of effort in order to qualify for the one federal library program. Local, state, and federal funds are from public funds. The other sources of funds include foundation grants, gifts, and fundraising. The regional systems are required to apply for the federal E-rate discount program. The federal E-rate program provides discounts and/or reimbursements to assist eligible schools and libraries to obtain telecommunications and Internet access. The discounts or reimbursements depend on the level of poverty and the urban/rural status of the population served. The E-rate program is an unstable source of funding because funding is prorated based on demand. Costs by sites vary considerably across the state.

| Source | Dollar Amount | Per Capita |
|--------------|----------------------|----------------|
| Local | \$126,667,867 | \$25.75 |
| State | 12,821,584 | 2.61 |
| Federal | 1,099,636 | 0.22 |
| Other | 10,393,811 | 2.11 |
| TOTAL | \$150,982,898 | \$39.69 |

The state funding for Regional Telecommunications Aid was combined with the funding for Basic Aid beginning in FY 2004.

CHILDREN, FAMILIES, & LEARNING

Program: LIBRARIES

Activity: BASIC SUPPORT

Narrative

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

Additional Information is available from the Minnesota Department of Children, Families & Learning, Information Technology/Library Development and Services Division, (651) 582-8881.

CHILDREN, FAMILIES, & LEARNING

Program: LIBRARIES

Activity: BASIC SUPPORT

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | | |
|---|--------------------------|----------------------------|----------------------------|---------------|---------------|-------------------------------|--|----------------|
| Budget Activity Summary | Actual FY2001 | Estimate FY2002 | Budgeted FY2003 | Base | | Biennium FY2004-05 | Biennial Change 2004-05 / 2002-03 | |
| | | | | FY2004 | FY2005 | | Dollars | Percent |
| 1. Statutory Formula Aid | 8,570 | 8,570 | 8,570 | 9,870 | 9,870 | 19,740 | 2,600 | 15.2% |
| 2. Regional Library Telecommunications | 3,337 | 1,200 | 1,400 | 0 | 0 | 0 | (2,600) | |
| 3. Total Library Revenue - All Funds | 11,907 | 9,770 | 9,970 | 9,870 | 9,870 | 19,740 | 0 | 0.0% |
| Appropriations Basis for State Aid | | | | | | | | |
| Prior Year (10% FY 01-03) (17% FY 04-05) | 857 | 857 | 857 | 1,456 | 1,677 | 3,133 | 1,419 | |
| Current Year (90% FY 01-02) (83% FY 03-05) | 7,713 | 7,713 | 7,114 | 8,193 | 8,193 | 16,386 | 1,559 | |
| Total State Aid - General Fund | 8,570 | 8,570 | 7,971 | 9,649 | 9,870 | 19,519 | 2,978 | 18.0% |
| Other Approp. Federal Plus Other State Funds | 3,337 | 1,200 | 1,400 | | | | (2,600) | |
| TOTAL APPROPRIATIONS | 11,907 | 9,770 | 9,371 | 9,649 | 9,870 | 19,519 | 378 | 2.0% |

CHILDREN, FAMILIES, & LEARNING

Program: LIBRARIES

Activity: MULTICOUNTY MULTITYPE LIBRARY

Narrative

Activity Description

Citation: M.S. 134.351; 134.353; 134.354

The purpose of this state aid program is to improve library services to Minnesotans by fostering and supporting cooperation among libraries of all types.

Population Served

This activity serves the state of Minnesota through seven regional multicounty multitype library cooperation systems. Capacity-building and extending services through collaborative sharing of resources are the main strategies used. Currently, 1,236 members with almost 2,200 library outlets of all types in Minnesota work together. Only the very smallest and libraries not staffed do not participate.

Activity at a Glance

| | |
|---|-----------|
| ◆ Number of people served | 4,919,479 |
| ◆ Grants to seven multicounty multitype library cooperation systems | |
| ◆ FY 2003 Entitlement | \$903,000 |

Total participating library jurisdictions by system:

| | |
|--|-----|
| Central Minnesota Library Exchange | 287 |
| Metronet | 186 |
| North Country Library Cooperative | 82 |
| Northern Lights Library Network | 277 |
| Southcentral Minnesota Inter-Library Exchange | 99 |
| Southeast Library System | 108 |
| Southwest Multicounty Multitype Inter-Library Exchange | 197 |

Services Provided

This program supports the following services to improve library services.

- ⇒ Assists the development and implementation of strategic plans that address the needs of the region with the available library and information resources
- ⇒ Provides communication systems among participating libraries.
- ⇒ Operates and improves delivery services to facilitate sharing material and information among participating libraries.
- ⇒ Assists the development and uses of linked databases that support information sharing and exchange.
- ⇒ Helps with the organization and promotion of opportunities for continued staff development and expertise in new technologies and other services for the public.

Historical Perspective

Seven multicounty multitype library cooperation systems have been in existence since 1980. They are, 1) Central Minnesota Libraries Exchange, 2) North Country Library Cooperative, 3) Southcentral Minnesota Interlibrary Exchange, 4) Southwest Area Multicounty Multitype Interlibrary Exchange, 5) Metronet, 6) Northern Lights Library Network, and 7) Southeast Library System.

Key Measures

Quality library services are available for all Minnesotans of all ages

Existing funding does not allow all systems to do all the same things to an equal extent and as a result each system pursues priorities important to its members. Based upon their strategic plans, each system reports on goals accomplished on annual basis.

The following are examples of priorities of specific systems in FY 2000.

- ⇒ The Central Minnesota Libraries Exchange spent almost \$40,000 (35.6% of its budget) to fill 7,663 requests for materials and information.
- ⇒ Metronet spent \$17,469 (9.7% of its budget) to expand access to online bibliographic databases by metro area residents.

CHILDREN, FAMILIES, & LEARNING

Program: LIBRARIES

Activity: MULTICOUNTY MULTITYPE LIBRARY

Narrative

- ⇒ North Country Library Cooperative spent \$32,950 (25.5% of its budget) for resource sharing including underwriting 9,108 requests for information and materials through the Reference and Referral Center in Duluth.
- ⇒ Northern Lights Library Network spent \$25,293 (16.7% of its budget) to support its participation in a statewide multicounty multitype cooperation systems' project to establish and maintain an online statewide library directory.
- ⇒ Southwest Area Multicounty Multitype Interlibrary Exchange spent \$23,171 (20% of its budget) for resource sharing, including funding training and searching costs to increase access to online bibliographic databases.
- ⇒ Southeast Library System spent \$10,191 (9.3% of its budget) to underwrite a portion of operational costs to enable 23 school districts and 40 schools to have library materials delivered 2-3 times a week to meet student research needs.
- ⇒ Southcentral Minnesota Inter-Library Exchange spent \$21,227 (21.8% of its budget) to load bibliographic records from four school districts (232,136 records) and two history centers (1,444 records) to the Traverse des Sioux Library System's online catalog.

Activity Funding

A formula established by rule sets operating grant awards that allocate 60% of available funds equally among the systems, 20% of available funds in an equal amount per capita, and 20% of available funds in an equal amount per square mile. This aid program is supported totally with state funds.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

Additional Information is available from the Minnesota Department of Children, Families & Learning, Information Technology/Library Development and Services Division, (651) 582-8881.

CHILDREN, FAMILIES, & LEARNING

Program: LIBRARIES

Activity: MULTICOUNTY MULTITYPE LIBRARY

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | | |
|--|------------------|--------------------|--------------------|------------|------------|-----------------------|--------------------------------------|-------------|
| Budget Activity Summary | Actual FY2001 | Estimate FY2002 | Budgeted FY2003 | Base | | Biennium FY2004-05 | Biennial Change 2004-05 / 2002-03 | |
| | | | | FY2004 | FY2005 | | Dollars | Percent |
| 1. Statutory Formula Aid | 903 | 903 | 903 | 903 | 903 | 1,806 | 0 | 0.0% |
| 2. Total Library Revenue - All Funds | 903 | 903 | 903 | 903 | 903 | 1,806 | 0 | 0.0% |
| Appropriations Basis for State Aid | | | | | | | | |
| Prior Year (10% FY 01-03) (17% FY 04-05) | 90 | 90 | 90 | 153 | 153 | 306 | 126 | |
| Current Year (90% FY 01-02) (83% FY 03-05) | 813 | 813 | 750 | 750 | 750 | 1,500 | (63) | |
| Total State Aid - General Fund | 903 | 903 | 840 | 903 | 903 | 1,806 | 63 | 3.6% |
| TOTAL APPROPRIATIONS | 903 | 903 | 840 | 903 | 903 | 1,806 | 63 | 3.6% |

CHILDREN, FAMILIES, & LEARNING

Program: LIBRARIES

Activity: FEDERAL LIBRARY PROGRAMS

Narrative

Activity Description

Citation: 20 US Code 9121-963

The purpose of the federal Library Services and Technology Act (LSTA) program is to improve services to targeted underserved populations and to build electronic linkages and networks that support library services.

Activity at a Glance

- ◆ Number of FY 2002 grant projects 57
- ◆ Population served 4,919,479
- ◆ Grants range in size from \$5,000 - \$650,000

Population Served

This activity serves the library community statewide to include all types of libraries. Enhancement or increased capacity in programs impact all residents of Minnesota.

Services Provided

The state plan for use of federal funds provides for carrying out state goals and priorities within the following federal purposes:

- ◆ to consolidate federal library programs;
- ◆ to stimulate excellence and promote access to learning and information resources in all types of libraries for individuals of all ages;
- ◆ to promote library services that provide all users access to information throughout state, regional, national and international electronic networks;
- ◆ to provide linkages among and between libraries;
- ◆ to promote targeted library services to people of diverse geographic, cultural, and socioeconomic backgrounds, to individuals with disabilities, and to people with limited functional literacy or information skills; and
- ◆ to electronically link libraries with educational, social, or information services.

The program requires a state plan for library services to include a plan for LSTA and goals to carry out the federal purposes. The state uses LSTA funds to carry out enhancement programs and capacity-building components in the Minnesota five-year LSTA state plan.

All libraries, which meet the criteria for the program, are eligible applicants. The state library agency can fund statewide library initiatives with federal LSTA dollars. Up to a maximum of 4% of the appropriation can be used annually for administration purposes at the state level.

Historical Perspective

Federal grants awarded by the state to eligible libraries under the previous five-year LSTA Plan (by state fiscal years).

| | FY 1998 | FY 1999 | FY 2000 | FY 2001 | FY 2002 | TOTALS |
|---------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
| Goal 1 | \$1,552,849 | \$ 640,634 | \$ 928,818 | \$ 519,919 | \$ 784,308 | \$ 4,526,528 |
| Goal 2 | 198,530 | 75,000 | 130,670 | 144,400 | 174,581 | 723,181 |
| Goal 3 | 193,072 | 460,529 | 73,991 | 0 | 0 | 727,592 |
| Goal 4a | N/A | N/A | 93,165 | 100,000 | 145,500 | 338,665 |
| Goal 4b | 124,495 | 800,363 | 664,526 | 1,430,000 | 424,223 | 3,443,607 |
| Goal 5 | 10,000 | 7,580 | 10,000 | 0 | 91,762 | 119,342 |
| Goal 6 | 0 | 0 | 0 | 0 | 34,795 | 34,795 |
| Goal 7 | 304,620 | 300,430 | 0 | 0 | 0 | 605,050 |
| Goal 8 | 9,900 | 0 | 30,000 | 59,794 | 172,720 | 272,414 |
| Goal 9 | 0 | 6,140 | 0 | 100,000 | 446,348 | 552,488 |
| TOTALS | \$2,393,466 | \$2,390,676 | \$1,931,170 | \$2,354,113 | \$2,274,237 | \$11,343,662 |

CHILDREN, FAMILIES, & LEARNING

Program: LIBRARIES

Activity: FEDERAL LIBRARY PROGRAMS

Narrative

Goals and activities established under the first Minnesota LSTA Plan, 1998-2002.

- ⇒ Goal 1 – All types of libraries will be electronically linked for providing information.
- ⇒ Goal 2 – Minnesotans will have access to specialized resources because of partnerships between libraries and community agencies and organizations.
- ⇒ Goal 3 – Minnesotans will have access to full-text databases and other electronic resources.
- ⇒ Goal 4a – Minnesota library community will demonstrate leadership and partnerships to make maximum use of library resources to serve the information needs of Minnesotans.
- ⇒ Goal 4b – Library resources will be shared via effective and efficient systems for interlibrary request and delivery to serve the information needs of Minnesotans.
- ⇒ Goal 5 – Strengthen services to children and adults through better coordination between schools and public libraries.
- ⇒ Goal 6 – Increase public's understanding of libraries' shared activities, services and resources among libraries.
- ⇒ Goal 7 – Develop quality library service equitably statewide by establishing and implementing standards for all Minnesota libraries.
- ⇒ Goal 8 – People in every Minnesota locality will have an opportunity and the means to identify their needs for library services.
- ⇒ Goal 9 – Improve the skills of library staff and trustees in serving the needs of their communities.

Key Measures

In awarding grants, the department considers the following criteria:

- ◆ fulfillment of federal LSTA purposes and the Minnesota five-year plan goals, activities and measurements;
- ◆ adherence to Minnesota priority activity requirements;
- ◆ integration with and leveraging of other regional and state initiatives;
- ◆ congruence with strategic and technology plans pertinent to the applicant;
- ◆ outcomes of the proposed project;
- ◆ building upon or supporting collaboration with other libraries and non-library partners; and
- ◆ ability to continue the project after the initial grant.

Goals and activities established under the new Minnesota LSTA Plan – 2003 – 2007.

- ⇒ Goal 1A – Target programming for seniors.
- ⇒ Goal 1B – Targeted programming for individuals with limited English proficiency.
- ⇒ Goal 1C – Target programming for individuals with disabilities.
- ⇒ Goal 1D – Target programming to children living in poverty.
- ⇒ Goal 2 – Statewide initiatives and services.

Activity Funding

The federal act requires both a state match (34% of the federal award), and a state maintenance of effort (the difference between the match and LSTA funding allocated to the state). Library Development and Services reports the state appropriation for regional public library system basic aids and the multicounty, multitype library system aid to meet these requirements.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

CHILDREN, FAMILIES, & LEARNING

Program: LIBRARIES

Activity: FEDERAL LIBRARY PROGRAMS

Narrative

Contact

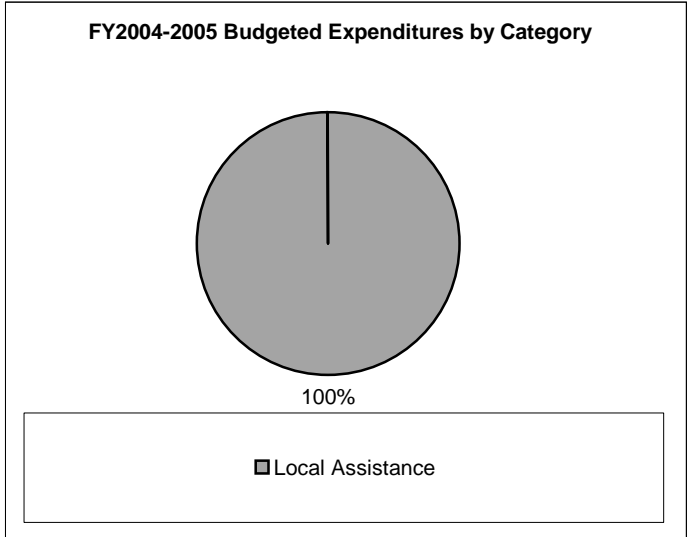
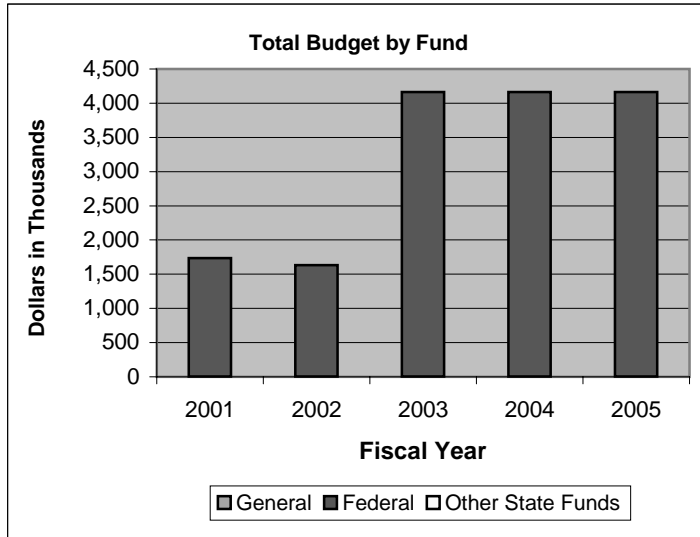
Additional information is available from the Minnesota Department of Children, Families & Learning, Information Technology/Library Development and Services Division, (651) 582-8805.

CHILDREN, FAMILIES, & LEARNING

Program: **LIBRARIES**

Activity: **FEDERAL LIBRARY PROGRAMS**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | | |
|-----------------------------|------------------|------------------|--------------------|----------------|----------------|---------------------|---|--------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 Dollars | Percent |
| Statutory Appropriations | | | | | | | | |
| Federal | 1,736 | 1,632 | 4,163 | 4,163 | 4,163 | 8,326 | 2,531 | 43.7% |
| Total | 1,736 | 1,632 | 4,163 | 4,163 | 4,163 | 8,326 | 2,531 | 43.7% |

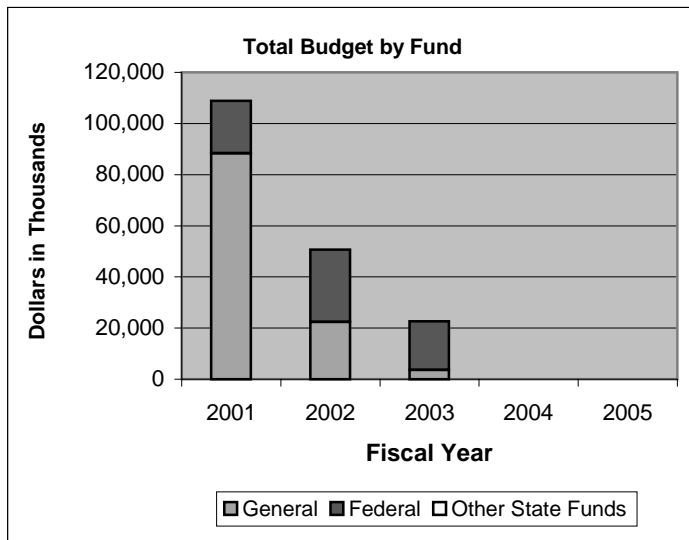
| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Expenditures by Category | | | | | | | | |
| Local Assistance | 1,736 | 1,632 | 4,163 | 4,163 | 4,163 | 8,326 | 2,531 | 43.7% |
| Total | 1,736 | 1,632 | 4,163 | 4,163 | 4,163 | 8,326 | 2,531 | 43.7% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Federal | 1,879 | 1,821 | 4,400 | 4,400 | 4,400 | 8,800 | 2,579 | 41.5% |
| Subtotal Dedicated | 1,879 | 1,821 | 4,400 | 4,400 | 4,400 | 8,800 | 2,579 | 41.5% |
| Total Revenue | 1,879 | 1,821 | 4,400 | 4,400 | 4,400 | 8,800 | 2,579 | 41.5% |

CHILDREN, FAMILIES, & LEARNING

Program: DISCONTINUED PROGRAMS (K-12)

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|------------------|------------------|--------------------|----------------|----------|---------------------|----------------|--------------------------------------|--|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | FY2005 | Biennium 2004-05 | Dollars | Percent | |
| Direct Appropriations | | | | | | | | | |
| General | 88,339 | 22,434 | 3,688 | 0 | 0 | 0 | -26,122 | -100.0% | |
| Statutory Appropriations | | | | | | | | | |
| Federal | 20,540 | 28,196 | 18,991 | 0 | 0 | 0 | -47,187 | -100.0% | |
| Total | 108,879 | 50,630 | 22,679 | 0 | 0 | 0 | -73,309 | -100.0% | |

| | | | | | | | | | |
|---------------------------------|----------------|---------------|---------------|----------|----------|----------|----------------|----------------|--|
| Expenditures by Category | | | | | | | | | |
| Total Compensation | 225 | 67 | 97 | 0 | 0 | 0 | -164 | -100.0% | |
| Other Operating Expenses | 251 | 11 | 30 | 0 | 0 | 0 | -41 | -100.0% | |
| Payments To Individuals | 709 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% | |
| Local Assistance | 107,694 | 50,552 | 22,552 | 0 | 0 | 0 | -73,104 | -100.0% | |
| Total | 108,879 | 50,630 | 22,679 | 0 | 0 | 0 | -73,309 | -100.0% | |

| | | | | | | | | | |
|---------------------------------|----------------|---------------|---------------|----------|----------|----------|----------------|----------------|--|
| Expenditures by Activity | | | | | | | | | |
| Discontinued Programs | 108,879 | 50,630 | 22,679 | 0 | 0 | 0 | -73,309 | -100.0% | |
| Total | 108,879 | 50,630 | 22,679 | 0 | 0 | 0 | -73,309 | -100.0% | |

| | | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|----------|----------|----------|----------------|----------------|--|
| Revenue by Type and Fund | | | | | | | | | |
| Dedicated | | | | | | | | | |
| Federal | 20,540 | 28,196 | 18,991 | 0 | 0 | 0 | -47,187 | -100.0% | |
| Subtotal Dedicated | 20,540 | 28,196 | 18,991 | 0 | 0 | 0 | -47,187 | -100.0% | |
| Total Revenue | 20,540 | 28,196 | 18,991 | 0 | 0 | 0 | -47,187 | -100.0% | |

| | | | | | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|--|--|--|--|
| Full-Time Equivalents (FTE) | 4.9 | 0.9 | 0.3 | 0.0 | 0.0 | | | | |
|------------------------------------|------------|------------|------------|------------|------------|--|--|--|--|

CHILDREN, FAMILIES, & LEARNING

Program: DISCONTINUED PROGRAMS (K-12)

Activity: DISCONTINUED PROGRAMS

Narrative

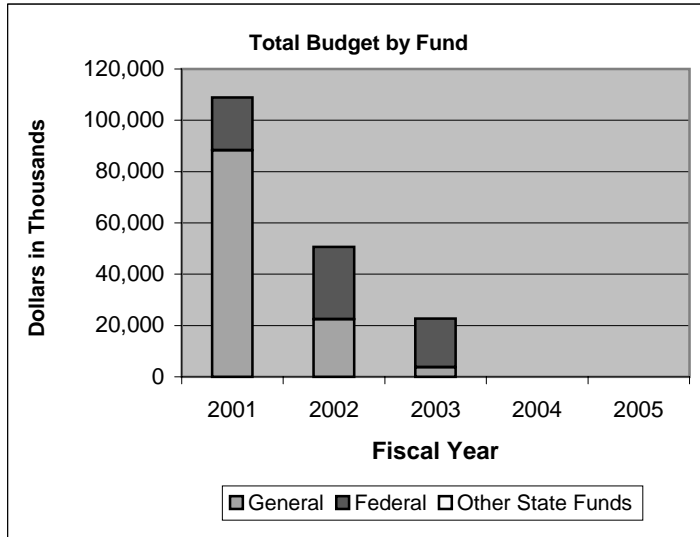
Statute requires a report of discontinued education aids or grants if there is an expenditure in FY 2001, FY 2002, FY 2003.

CHILDREN, FAMILIES, & LEARNING

Program: **DISCONTINUED PROGRAMS (K-12)**

Activity: DISCONTINUED PROGRAMS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|----------------|---------------|-----------------|---------------|-----------------|----------------|--------------------------|----------------|
| | Actual | Actual | Budgeted | Base | Biennium | | 2004-05 / 2002-03 | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 88,339 | 22,434 | 3,688 | 0 | 0 | 0 | -26,122 | -100.0% |
| Statutory Appropriations | | | | | | | | |
| Federal | 20,540 | 28,196 | 18,991 | 0 | 0 | 0 | -47,187 | -100.0% |
| Total | 108,879 | 50,630 | 22,679 | 0 | 0 | 0 | -73,309 | -100.0% |

| | | | | | | | | |
|---------------------------------|----------------|---------------|---------------|----------|----------|----------|----------------|----------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 225 | 67 | 97 | 0 | 0 | 0 | -164 | -100.0% |
| Other Operating Expenses | 251 | 11 | 30 | 0 | 0 | 0 | -41 | -100.0% |
| Payments To Individuals | 709 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Local Assistance | 107,694 | 50,552 | 22,552 | 0 | 0 | 0 | -73,104 | -100.0% |
| Total | 108,879 | 50,630 | 22,679 | 0 | 0 | 0 | -73,309 | -100.0% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|----------|----------|----------|----------------|----------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Federal | 20,540 | 28,196 | 18,991 | 0 | 0 | 0 | -47,187 | -100.0% |
| Subtotal Dedicated | 20,540 | 28,196 | 18,991 | 0 | 0 | 0 | -47,187 | -100.0% |
| Total Revenue | 20,540 | 28,196 | 18,991 | 0 | 0 | 0 | -47,187 | -100.0% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 4.9 | 0.9 | 0.3 | 0.0 | 0.0 |
|------------------------------------|------------|------------|------------|------------|------------|

CHILDREN, FAMILIES & LEARNING

Program: CHILD CARE PROGRAMS

Narrative

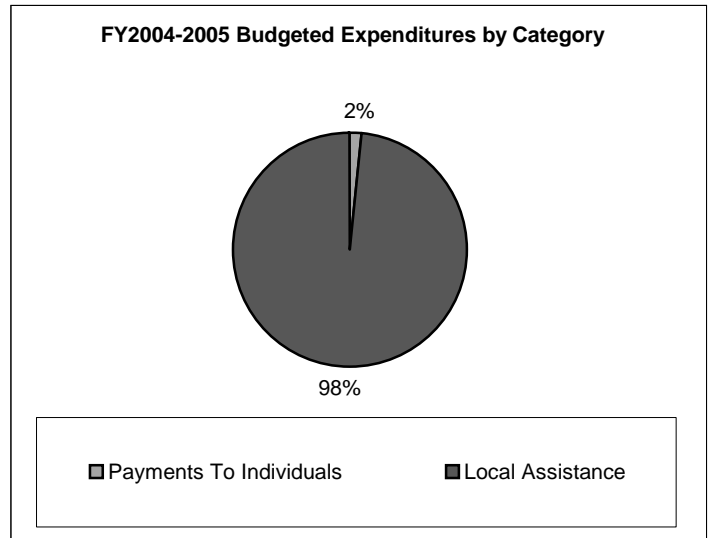
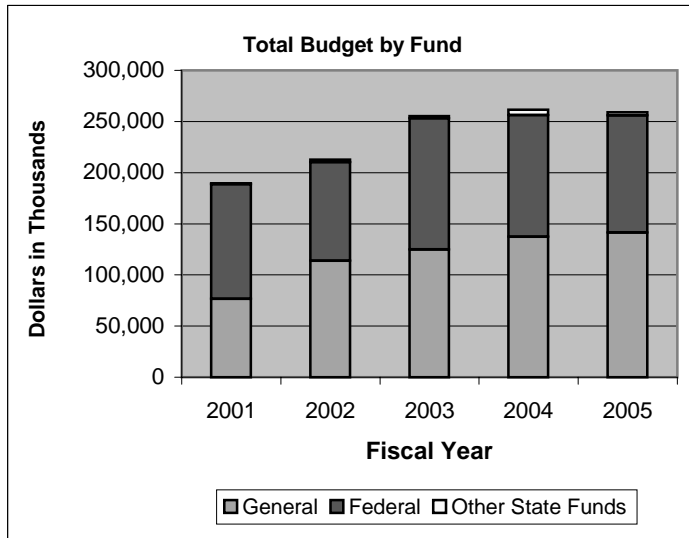
Budget Activities Included:

- ⇒ Child Care Assistance
- ⇒ Child Care Program Integrity
- ⇒ Child Care Development

CHILDREN, FAMILIES, & LEARNING

Program: CHILD CARE PROGRAMS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 76,607 | 113,858 | 124,834 | 137,309 | 141,522 | 278,831 | 40,139 | 16.8% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 1,000 | 2,441 | 2,350 | 5,411 | 2,987 | 8,398 | 3,607 | 75.3% |
| Federal | 111,916 | 96,277 | 128,227 | 118,898 | 114,413 | 233,311 | 8,807 | 3.9% |
| Gift | 175 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Total | 189,698 | 212,576 | 255,411 | 261,618 | 258,922 | 520,540 | 52,553 | 11.2% |

| | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 337 | 517 | 1,005 | 772 | 772 | 1,544 | 22 | 1.4% |
| Other Operating Expenses | 1,848 | 2,119 | 2,757 | 0 | 0 | 0 | -4,876 | -100.0% |
| Payments To Individuals | 9 | 11 | 14 | 5,411 | 2,987 | 8,398 | 8,373 | n.m |
| Local Assistance | 187,504 | 209,929 | 251,635 | 255,435 | 255,163 | 510,598 | 49,034 | 10.6% |
| Total | 189,698 | 212,576 | 255,411 | 261,618 | 258,922 | 520,540 | 52,553 | 11.2% |

| | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|--------------|
| Expenditures by Activity | | | | | | | | |
| Basic Sliding Fee Child Care | 85,316 | 93,471 | 104,772 | 105,351 | 102,941 | 208,292 | 10,049 | 5.1% |
| Mfip Child Care | 91,751 | 104,896 | 126,156 | 136,397 | 136,125 | 272,522 | 41,470 | 17.9% |
| Child Care Program Integrity | 2,340 | 2,811 | 3,937 | 947 | 947 | 1,894 | -4,854 | -71.9% |
| Child Care Development | 10,291 | 11,398 | 20,546 | 18,923 | 18,909 | 37,832 | 5,888 | 18.4% |
| Total | 189,698 | 212,576 | 255,411 | 261,618 | 258,922 | 520,540 | 52,553 | 11.2% |

| | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|-------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Special Revenue | 3,050 | 3,506 | 3,253 | 2,987 | 2,862 | 5,849 | -910 | -13.5% |
| Federal | 116,384 | 97,018 | 131,447 | 122,088 | 117,603 | 239,691 | 11,226 | 4.9% |
| Gift | 3 | -14 | 0 | 0 | 0 | 0 | 14 | -100.0% |
| Subtotal Dedicated | 119,437 | 100,510 | 134,700 | 125,075 | 120,465 | 245,540 | 10,330 | 4.4% |
| Total Revenue | 119,437 | 100,510 | 134,700 | 125,075 | 120,465 | 245,540 | 10,330 | 4.4% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 5.3 | 7.8 | 8.5 | 8.5 | 8.5 |
|------------------------------------|------------|------------|------------|------------|------------|

CHILDREN, FAMILIES & LEARNING

Program: CHILD CARE PROGRAMS

Activity: CHILD CARE ASSISTANCE

Narrative

Activity Description

Citation: M.S. 119B; P.L. 104-193, Title VI, P.L. 101-508

The Child Care Assistance Program (CCAP) provides financial subsidies to help low-income families pay for child care so that parents may pursue employment or education leading to employment. This program is supervised by CFL and administered by county social services agencies.

Population Served

Families who participate in welfare activities are served through the Minnesota Family Investment Program (MFIP) child care program which includes MFIP and Transition Year (TY) subprograms. Low-income families who are not connected to the cash assistance program are served through the Basic Sliding Fee (BSF) child care program.

Activity at a Glance

- ◆ In 2001, the MFIP Child Care Program served almost 12,000 families and over 22,000 children with a total of \$92 million in state, federal, and county funds.
- ◆ In 2001, the Basic Sliding Fee Program served over 14,500 families and over 24,000 children with a total of \$88 million in state, federal, and county funds.
- ◆ As of 05-31-02 there were 5,094 families on the Basic Sliding Fee program waiting lists in 30 counties statewide.

Services Provided

The CCAP helps families pay child care costs on a sliding fee basis. As family income increases so does the amount paid by the family. When family income reaches 75% of the state median income, family co-payments generally meet or exceed the full cost of care.

Minnesota Family Investment Plan (MFIP)

The following families are eligible to receive MFIP or TY child care assistance: 1) MFIP families who are employed or pursuing employment, or participating in employment, training, or social services activities authorized in an approved employment services plan; and 2) employed families who are in their first year off MFIP (transition year). Families on MFIP might also be eligible for child care assistance for social services activities. This is funded through a separate appropriation.

Basic Sliding Fee (BSF)

BSF child care helps pay the child care costs of low-income families not currently participating in MFIP and helps keep families off welfare. Families with incomes below 75% of the state median income who participate in authorized activities, such as employment, job search, and job training, are eligible for BSF child care.

At Home Infant Care (AHIC)

In 1997, the legislature created the At-Home Infant Care program (AHIC). The program took effect in FY 1999. AHIC allows BSF eligible families with infant children to receive a subsidy for a period of up to 12 months, while staying at home with their infant (and any other children). The family receives 90% of the amount that would be paid for infant care in the county of the family's residence. The BSF uses a full year's income as the basis for determining the level of assistance. Income for the AHIC program is calculated by annualizing only the amount a family receives while a parent is staying at home with a child.

Historical Perspective

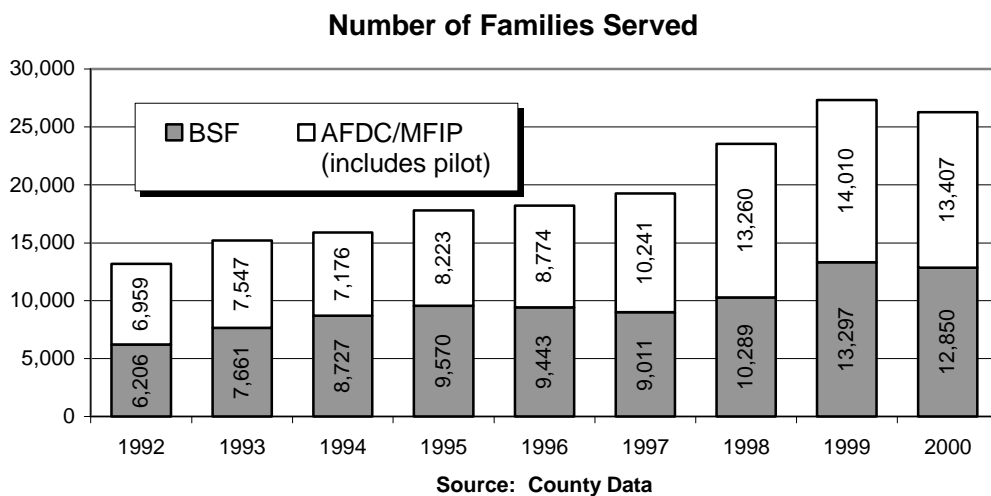
The BSF program was developed in the 1970s as a pilot program serving 24 counties in recognition that child care was essential to the employment of low-income families. MFIP child care was called AFDC child care and funded by federal Title IV(a) funds prior to the 1996 federal welfare reform act. Demand for child care assistance has increased as parents participating in welfare reform now are required to be employed. The total number of families served has increased from 13,161 in FY 1992 to 26,555 in FY 2001. Total expenditures have increased from \$46.6 million to \$180.1 over those years.

CHILDREN, FAMILIES & LEARNING

Program: CHILD CARE PROGRAMS

Activity: CHILD CARE ASSISTANCE

Narrative



Key Measures

With the implementation of Minnesota Electronic Child Care Information System (MEC²) the CCAP will begin to have the capacity to measure the effectiveness of the program statewide and specific measures will be reported in the next biennial budget request. The following indicators have been selected as points of discussion for the goals of the program.

Families have adequate economic resources to provide for their children and ensure family self-sufficiency.

- ⇒ Percent of families on the waiting list to receive BSF who enroll in the MFIP program.
- ⇒ Percent of CCAP families who exit off the program, by termination reason, who do not return to the program or the waiting list within 12 months.
- ⇒ Percent of families who maintain continuous employment while enrolled in CCAP.

All children have access to high quality and developmentally appropriate birth to kindergarten early childhood care and education services that help prepare them for school and access to quality school age care upon school entry.

- ⇒ Percent of providers used by families in the CCAP who are licensed.
- ⇒ Percent of parents who are able to obtain the care they prefer for their children (location, age slot, price-range, hours, special needs, cultural emphasis).
- ⇒ Percent of children who have more than one provider change in a year.
- ⇒ Percent of non-native English speaking children who are cared for by a provider who speaks the language preferred by the parent.
- ⇒ Number of provider training opportunities for child care providers.

The Early Childhood and Family Support Division in the Office of Community Services has adopted a single indicator as a focus around which to integrate individual early childhood programs. This indicator is to increase the percentage of young children who are ready for school as measured by an observational performance assessment. In the fall of 2002, CFL will pilot a School Readiness Indicator Study in which information about the school readiness of a random sample of approximately 2,000 kindergarten children will be gathered.

Activity Funding

Child care assistance is funded by state general fund appropriations, federal Child Care and Development Fund (CCDF) monies, which include Temporary Assistance to Needy Families (TANF) transfer funds, county contributions, and child care support collections.

CHILDREN, FAMILIES & LEARNING

Program: CHILD CARE PROGRAMS

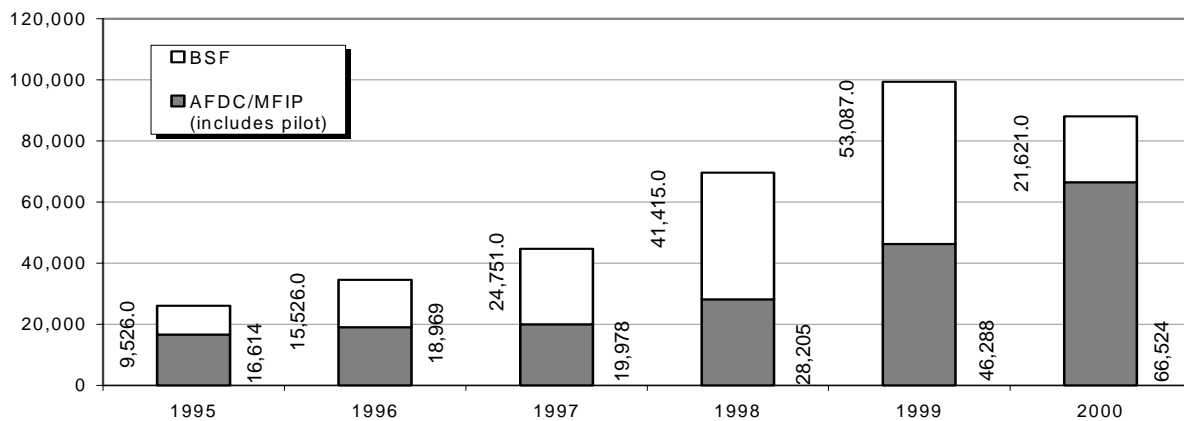
Activity: CHILD CARE ASSISTANCE

Narrative

The CCDF program consists of three funding streams: mandatory, matching, and discretionary. The mandatory and discretionary funds do not require a state match. However, in order to receive the matching funds, the state must meet a maintenance of effort (MOE) requirement of \$19.6 million. State child care assistance expenditures are used to meet MOE requirements for both the federal CCDF and TANF funding. Expenditures will be matched at the federal medical assistance participation rate up to the amount of money available in the matching allocation. Minnesota consistently draws down all available federal dollars.

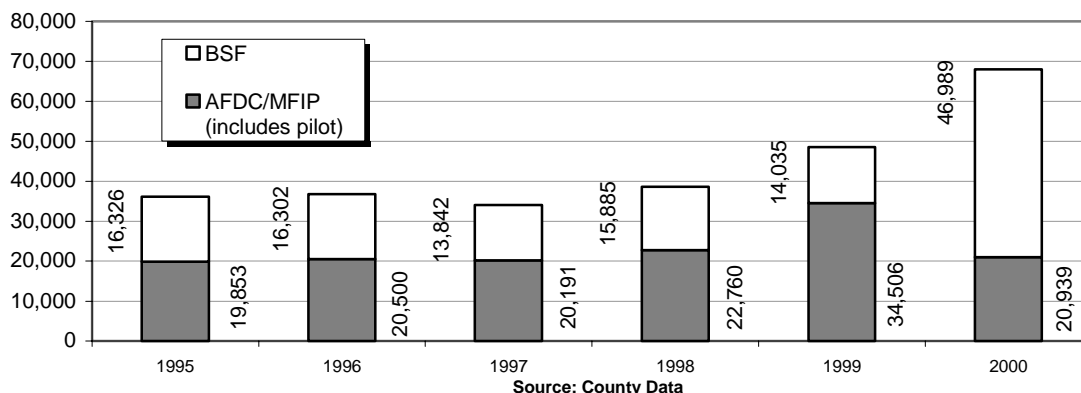
MFIP child care is a fully funded program. Counties are reimbursed for 100% of their expenditures. Counties receive an additional administrative allowance equal to 5% of their earnings. In both MFIP and BSF, counties are required to contribute a minimum direct service match and in many cases choose to contribute additional county funds. Counties receive an administrative allowance equal to 5% of their earnings. This allowance is capped at 1/21 of their allocation.

State Aid



Source: County Data

Federal Aid



Source: County Data

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

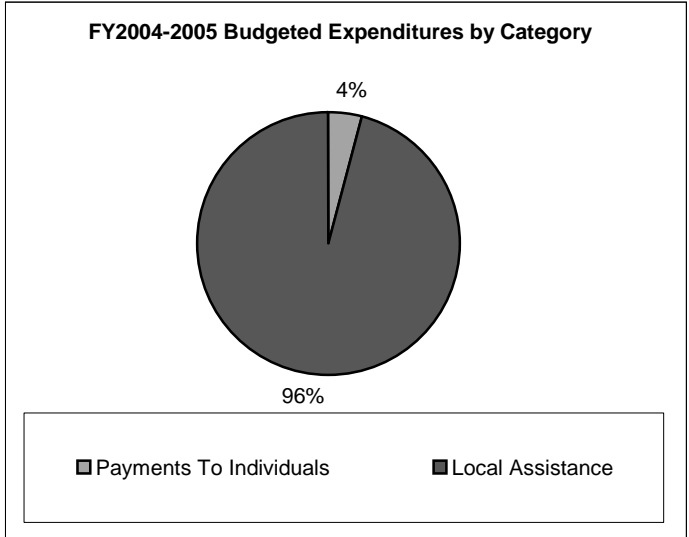
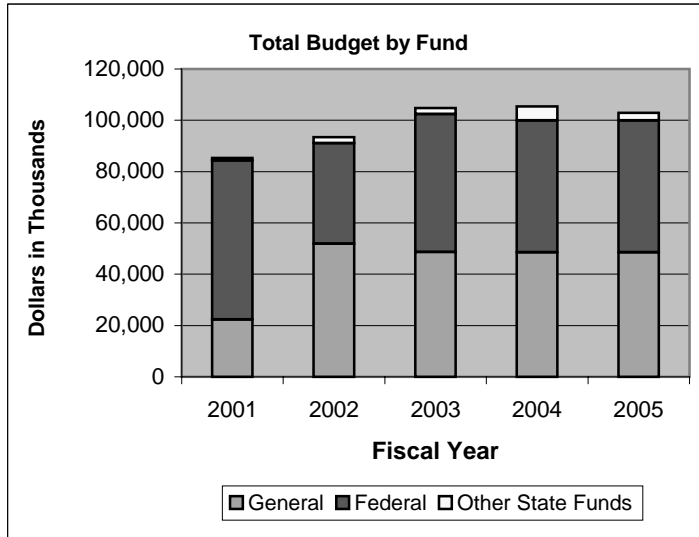
Additional information is available from the Department of Children, Families & Learning, (651) 582-8372 and the CFL web site for Early Childhood and Family Initiatives. <http://cfl.state.mn.us/ecfi>.

CHILDREN, FAMILIES, & LEARNING

Program: CHILD CARE PROGRAMS

Activity: BASIC SLIDING FEE CHILD CARE

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 22,377 | 51,903 | 48,595 | 48,499 | 48,499 | 96,998 | -3,500 | -3.5% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 1,000 | 2,441 | 2,350 | 5,411 | 2,987 | 8,398 | 3,607 | 75.3% |
| Federal | 61,939 | 39,127 | 53,827 | 51,441 | 51,455 | 102,896 | 9,942 | 10.7% |
| Total | 85,316 | 93,471 | 104,772 | 105,351 | 102,941 | 208,292 | 10,049 | 5.1% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|----------------|----------------|----------------|----------------|---------------|-------------|
| Expenditures by Category | | | | | | | | |
| Payments To Individuals | 0 | 0 | 0 | 5,411 | 2,987 | 8,398 | 8,398 | n.m |
| Local Assistance | 85,316 | 93,471 | 104,772 | 99,940 | 99,954 | 199,894 | 1,651 | 0.8% |
| Total | 85,316 | 93,471 | 104,772 | 105,351 | 102,941 | 208,292 | 10,049 | 5.1% |

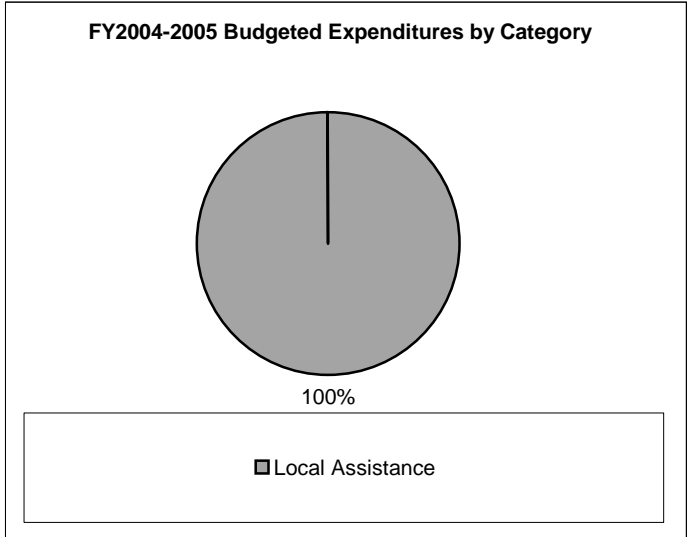
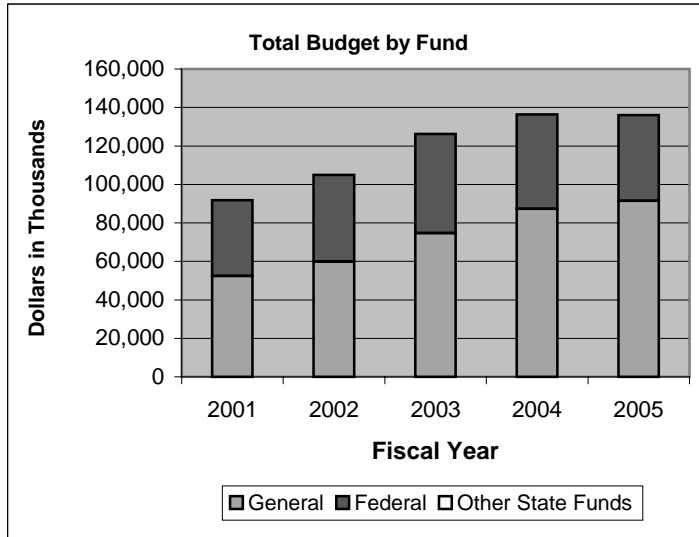
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|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|--------------|-------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Special Revenue | 3,050 | 3,506 | 3,253 | 2,987 | 2,862 | 5,849 | -910 | -13.5% |
| Federal | 62,837 | 40,184 | 54,909 | 51,455 | 51,455 | 102,910 | 7,817 | 8.2% |
| Subtotal Dedicated | 65,887 | 43,690 | 58,162 | 54,442 | 54,317 | 108,759 | 6,907 | 6.8% |
| Total Revenue | 65,887 | 43,690 | 58,162 | 54,442 | 54,317 | 108,759 | 6,907 | 6.8% |

CHILDREN, FAMILIES, & LEARNING

Program: CHILD CARE PROGRAMS

Activity: MFIP CHILD CARE

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 52,356 | 59,956 | 74,658 | 87,270 | 91,483 | 178,753 | 44,139 | 32.8% |
| Statutory Appropriations | | | | | | | | |
| Federal | 39,395 | 44,940 | 51,498 | 49,127 | 44,642 | 93,769 | -2,669 | -2.8% |
| Total | 91,751 | 104,896 | 126,156 | 136,397 | 136,125 | 272,522 | 41,470 | 17.9% |

| | | | | | | | | |
|---------------------------------|---------------|----------------|----------------|----------------|----------------|----------------|---------------|--------------|
| Expenditures by Category | | | | | | | | |
| Local Assistance | 91,751 | 104,896 | 126,156 | 136,397 | 136,125 | 272,522 | 41,470 | 17.9% |
| Total | 91,751 | 104,896 | 126,156 | 136,397 | 136,125 | 272,522 | 41,470 | 17.9% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Federal | 39,395 | 44,940 | 51,498 | 49,127 | 44,642 | 93,769 | -2,669 | -2.8% |
| Subtotal Dedicated | 39,395 | 44,940 | 51,498 | 49,127 | 44,642 | 93,769 | -2,669 | -2.8% |
| Total Revenue | 39,395 | 44,940 | 51,498 | 49,127 | 44,642 | 93,769 | -2,669 | -2.8% |

CHILDREN, FAMILIES & LEARNING

Program: CHILD CARE PROGRAMS

Activity: CHILD CARE INTEGRITY

Narrative

Activity Description

Citation: Child Care Development Fund P.L. 104-193, 45 CFR 98 and 99

The federal funded Minnesota Electronic Child Care Information System (MEC²) is designed to support program integrity and meet the needs of the Child Care Assistance Program (CCAP) in Minnesota by providing automated support and process improvements at the state and county level. State funding is appropriated to enforce program integrity through a contract with the Department of Human Services for fraud prevention investigation.

Activity at a Glance

- ◆ MEC² is being implemented in all 87 counties.
- ◆ Approximately 1,000 state and county workers will use MEC² on a regular basis.
- ◆ Over 25,000 providers will receive payments every two to four weeks from this system.
- ◆ MEC² will be used to serve an annual average of 26,500 families and over 46,000 children.

Population Served

MEC² will be implemented in all 87 Minnesota counties and will be used by approximately 1,000 workers at the state and local level. System implementation is being phased in beginning in the fall of 2002. The system will be used to serve an average of 26,500 families per quarter and their approximately 46,000 children. In addition, MEC² will serve over 25,000 child care providers annually. These families, providers, and Minnesota taxpayers will benefit from improved services, more efficient administration of the program, and enhanced program integrity. The MEC² systems and the fraud prevention investigation activities support appropriate and efficient distribution of available resources to eligible families.

Services Provided

MEC² functionality includes the following: Family Management & Eligibility (pre-screening, waiting list, eligibility determination, case management and service authorization), Provider Management, Budget Tracking, Payment Processing, and Reporting. The system also will have the ability to print and distribute the appropriate forms and notices to families and providers.

MEC² is an information system with flexibility to manage the fiscal complexities of multiple CCAP subprograms and their various funding sources. It can also accommodate differences in county policy and includes interfaces to related employment and welfare systems serving the same individuals and families.

The Department of Children, Families & Learning (CFL) contracts with the Department of Human Services (DHS) for the fraud prevention investigation program. This program oversees county investigations of fraud prevention activities statewide.

Historical Perspective

The department has been working to increase program integrity in the child care assistance program since the programs were transferred to it in 1996. In 1999, disqualification periods and penalties for fraud were added to the statute. In 2001, the rule governing the program was revised to add provisions related to disqualification, requiring more documentation by applicants, giving families more warnings about the implications of not following the rules and giving providers more warning about treating CCAP and non-CCAP families the same. A statewide universal application was implemented in December 2001 that included a separate form stating rights, responsibilities, and consequences for noncompliance, and included an authorization to release information for fraud prevention investigation.

The MEC² Project was approved by the 1999 legislature. The legislature authorized the use of \$5.8 million from the federal Child Care and Development Fund (CCDF) to design, build and implement this system. In addition, ongoing maintenance funds were approved. The current base for these funds is \$771,750 per year. The project began in late 1999 with detailed planning and the gathering of the kinds of information the system would need to collect, develop and store. By mid-2000 a Request for Purchase (RFP) was issued to find a contractor who could develop the final requirements, design and construction, and a contract was awarded in September 2000. At that point, state staff and the contractor began a series of meetings with the consumers and users of the system to

CHILDREN, FAMILIES & LEARNING

Program: CHILD CARE PROGRAMS

Activity: CHILD CARE INTEGRITY

Narrative

create a comprehensive and responsive system. System implementation was scheduled for May 2002. However, since that time, agency shutdown planning, state employee strike, agency budget cuts and hiring freezes have affected project progress. Consequently, implementation was delayed until September 2002. The system will be fully functional after all county workers have been trained and all existing cases are converted. This process will happen over a period of 9-12 months following initial implementation.

Key Measures

With implementation, MEC² will begin to have the capacity to measure the effectiveness of the program statewide. The following indicators have been selected as goals for the system:

- ◆ improve services to families and providers;
- ◆ decrease state and county administrative burdens; and
- ◆ ensure program integrity.

Specific measures under consideration include reducing system down time and reducing administrative errors.

Activity Funding

Federal funding for this program include

- ◆ FFY 2000 - \$5,800,000
- ◆ FFY 2001 - \$700,000
- ◆ FFY 2002 - \$735,000
- ◆ FFY 2003 and beyond - \$771,750

In addition, \$175,000 each year is appropriated to CFL and transferred to DHS for statewide fraud prevention activities.

The expenditures and budgeted amounts for state fiscal years 2001, 2002, and 2003 include carry forward of funds to support development and implementation of the system. In addition, the state fiscal year amount for 2003 includes funding for ongoing maintenance.

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The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

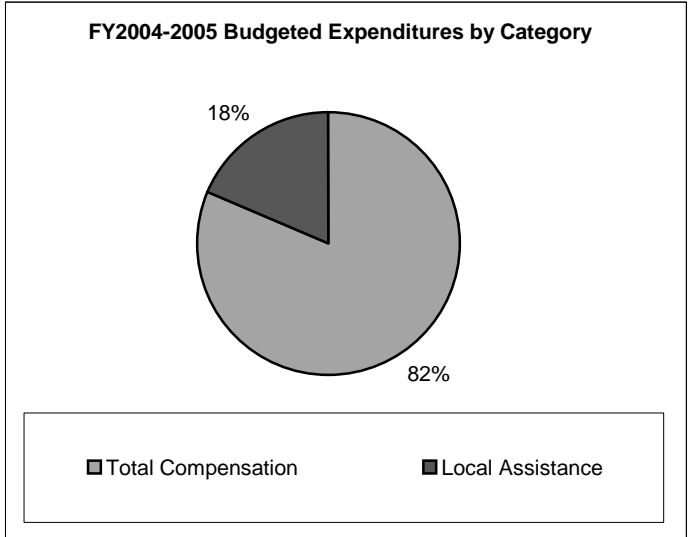
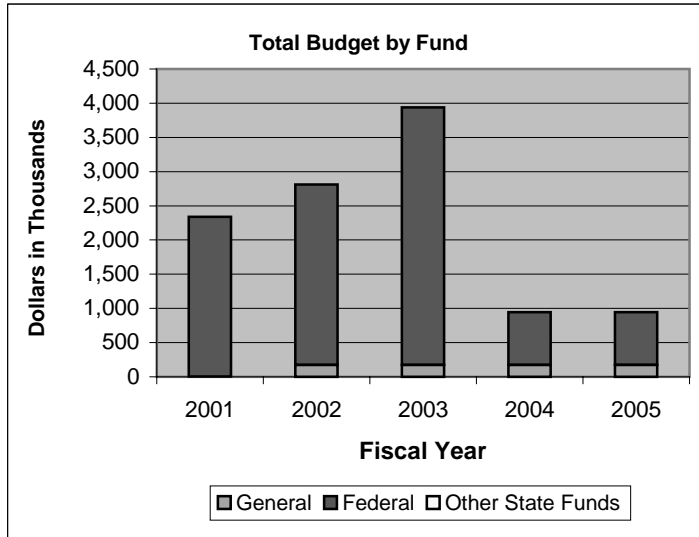
Additional information is available from the Department of Children, Families & Learning, (651) 582-8372.

CHILDREN, FAMILIES, & LEARNING

Program: CHILD CARE PROGRAMS

Activity: CHILD CARE PROGRAM INTEGRITY

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 0 | 175 | 175 | 175 | 175 | 350 | 0 | 0.0% |
| Statutory Appropriations | | | | | | | | |
| Federal | 2,340 | 2,636 | 3,762 | 772 | 772 | 1,544 | -4,854 | -75.9% |
| Total | 2,340 | 2,811 | 3,937 | 947 | 947 | 1,894 | -4,854 | -71.9% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|------------|------------|--------------|---------------|---------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 337 | 517 | 1,005 | 772 | 772 | 1,544 | 22 | 1.4% |
| Other Operating Expenses | 1,828 | 2,119 | 2,757 | 0 | 0 | 0 | -4,876 | -100.0% |
| Local Assistance | 175 | 175 | 175 | 175 | 175 | 350 | 0 | 0.0% |
| Total | 2,340 | 2,811 | 3,937 | 947 | 947 | 1,894 | -4,854 | -71.9% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Federal | 2,165 | 2,646 | 4,431 | 4,431 | 4,431 | 8,862 | 1,785 | 25.2% |
| Subtotal Dedicated | 2,165 | 2,646 | 4,431 | 4,431 | 4,431 | 8,862 | 1,785 | 25.2% |
| Total Revenue | 2,165 | 2,646 | 4,431 | 4,431 | 4,431 | 8,862 | 1,785 | 25.2% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 5.3 | 7.8 | 8.5 | 8.5 | 8.5 |
|------------------------------------|------------|------------|------------|------------|------------|

CHILDREN, FAMILIES & LEARNING

Program: CHILD CARE PROGRAMS

Activity: CHILD CARE DEVELOPMENT

Narrative

Activity Description

Citation: M.S. 119B; P.L. 104-193, 45 CFR 98 and 99

The Child Care Development programs promote school readiness, healthy child development, and family self-sufficiency by improving the quality and availability of child care for Minnesota.

Population Served

- ⇒ An estimated 696,800 Minnesota children ages 0 to 12 need some form of child care while their parent's work.
- ⇒ Approximately 222,000 of these children spend time in licensed child care arrangements.
- ⇒ 15,619 licensed child care providers serve these children.
- ⇒ Relatives and friends serve approximately 400,000 children in legally unlicensed arrangements.

Activity at a Glance

Services provided in FY 2000-01:

- ◆ over 52,000 child care referrals;
- ◆ almost 163,000 child care consultations;
- ◆ 3,093 child care grants to improve the quality and availability of care made to providers and programs;
- ◆ 79 facility loans for start-up or expansion made to child care programs;
- ◆ over 329,000 technical assistance consultations provided to child care providers; and
- ◆ 43,650 providers trained in ways to improve the quality of care provided.

Services Provided

Two primary program areas respond to needs for available, quality child care for families and a statewide infrastructure to assist communities in responding to these needs.

The first program area involves grants to both public and private agencies focused on:

- ◆ improving the quality of early childhood care and education programs;
- ◆ recruiting and training child care center staff and family child care providers; and
- ◆ developing special child care services, such as care for infants, school-age children, sick children, children with special needs, care during non-traditional hours, and culturally responsive care.

The second program area consists of 23 Child Care Resource & Referral (CCR&R) sites throughout the state that work to:

- ◆ build the supply and improve the quality of child care;
- ◆ help parents access appropriate care and information about available child care subsidy programs;
- ◆ work with employers, counties, and workforce centers; and
- ◆ coordinate community resources and information on child care supply, demand, and cost; and administer grants.

Other key elements of the child care development programs include:

- ◆ ongoing mechanisms for community-level input on programs and policies through advisory committees for major program components;
- ◆ use of research and evaluation to guide policy and program development and effectively target resources; and
- ◆ local control of grant priorities for grants administered by CCR&R sites.

Historical Perspective

The 1988 Minnesota legislature established the Child Care Development programs to respond to increased demand for quality child care and the need for a statewide infrastructure for parents and communities to respond to these needs. Since that time, Child Care Development programs have used statewide and local-level grants to:

- ◆ support child care providers in improving quality and expanding services;
- ◆ develop the child care infrastructure to provide referral services to parents and professional development, technical assistance and facilities improvements to child care providers; and

CHILDREN, FAMILIES & LEARNING

Program: CHILD CARE PROGRAMS

Activity: CHILD CARE DEVELOPMENT

Narrative

- ◆ conduct research and evaluation to identify needs and improve program effectiveness.

Key Measures

Quality early care and education programs have a documented long-term impact on children's success in school. Research also shows that families with the highest risk factors gain the most from high quality child care experiences. The North Carolina Abecedarian Project followed two groups of high-risk children for 20 years. The group of children that were in quality care settings showed significantly better outcomes than the control group. The study found that children in quality care were:

- ◆ more likely to be employed than the control group – 65% to 50%;
- ◆ more likely to attend college than the control group - 35% to 14%; and
- ◆ less likely to use special education services than the control group – 24% to 48%.

The percentage of families using child care referral services who report increased ability to seek and select quality child care.

- ⇒ Helping parents access quality child care is a core function of Minnesota's 23 child care resource & referral agencies. Child Care Resource and Referral programs report that 77% of the families they serve have indicated an increased ability to seek and select quality child care.

The percent of child care providers and staff who have college-level degree in child development.

- ⇒ Research shows that the education level of child care providers directly impacts the quality of care that children receive and is related to improvements in measures of school readiness for young children. Children, Families & Learning (CFL) is in the process of developing data collection methods for this indicator for providers and staff in licensed family child care homes and center-based child care settings.

The Early Childhood and Family Support Division in the Office of Community Services has adopted a single indicator as a focus around which to integrate individual early childhood programs. This indicator is to increase the percentage of young children who are ready for school as measured by an observational performance assessment. In the fall of 2002, CFL will pilot a School Readiness Indicator Study in which information about the school readiness of a random sample of approximately 2,000 kindergarten children will be gathered. In addition, CFL is in the process of training early childhood teachers to use the "Ounce of Prevention Scale" with children ages 0-2 in order to determine the school readiness of children.

Activity Funding

Child care development is funded with state and federal child care and development funds. Eligible recipients of grant dollars include child care programs, tribal governments, school-based programs, and organizations developing child care services. In addition to required quality set-asides, the federal CCDF requires that a minimum of 4% of the total allocation be used by states to increase the quality and availability of child care.

Child Care Resource and Referral grants are allocated in each of the Governor's Economic Development Regions through a funding formula as designated in M.S. 119B.

Local CCR&R agencies administer grants for start-up/expansion, staff training, and facility and program improvement to family child care providers, center and school-based programs, and other child care organizations.

The federal child care development fund establishes earmarks for infant/toddler care, school-age care/CCR&R programs, and quality initiatives. Priorities and criteria for selection of grantees within the earmarks, and for additional state and federal funds, are established by local stakeholders. The CCDF plan receives review through a public hearing process.

In FY 2001, Child Care Development received grant fund requests totaling approximately five times the amount of available funding.

CHILDREN, FAMILIES & LEARNING

Program: CHILD CARE PROGRAMS

Activity: CHILD CARE DEVELOPMENT

Narrative

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

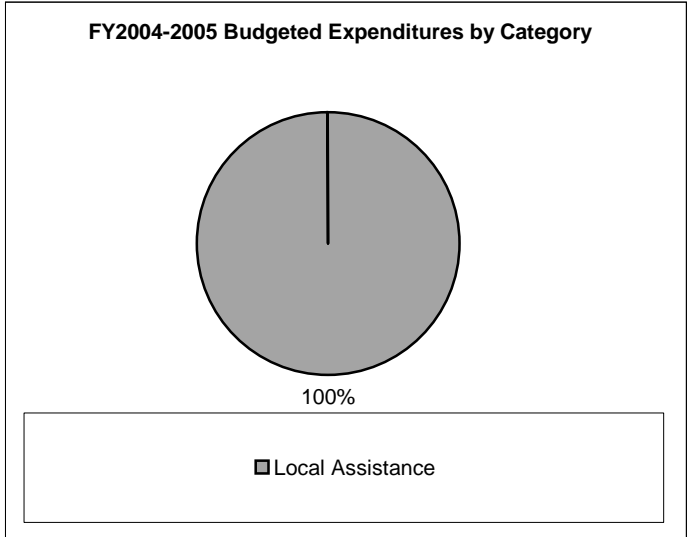
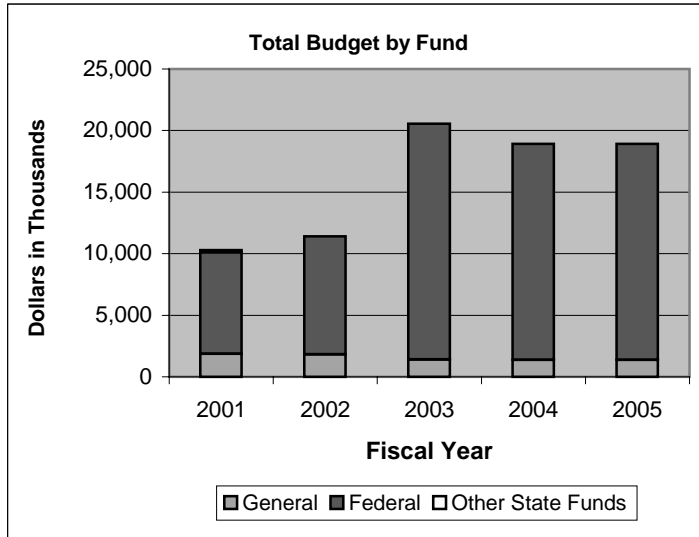
Additional information is available from the Department of Children, Families & Learning, (651) 582-8372.

CHILDREN, FAMILIES, & LEARNING

Program: **CHILD CARE PROGRAMS**

Activity: CHILD CARE DEVELOPMENT

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 1,874 | 1,824 | 1,406 | 1,365 | 1,365 | 2,730 | -500 | -15.5% |
| Statutory Appropriations | | | | | | | | |
| Federal | 8,242 | 9,574 | 19,140 | 17,558 | 17,544 | 35,102 | 6,388 | 22.2% |
| Gift | 175 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Total | 10,291 | 11,398 | 20,546 | 18,923 | 18,909 | 37,832 | 5,888 | 18.4% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|
| Expenditures by Category | | | | | | | | |
| Other Operating Expenses | 20 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Payments To Individuals | 9 | 11 | 14 | 0 | 0 | 0 | -25 | -100.0% |
| Local Assistance | 10,262 | 11,387 | 20,532 | 18,923 | 18,909 | 37,832 | 5,913 | 18.5% |
| Total | 10,291 | 11,398 | 20,546 | 18,923 | 18,909 | 37,832 | 5,888 | 18.4% |

| | | | | | | | | |
|---------------------------------|---------------|--------------|---------------|---------------|---------------|---------------|--------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Federal | 11,987 | 9,248 | 20,609 | 17,075 | 17,075 | 34,150 | 4,293 | 14.4% |
| Gift | 3 | -14 | 0 | 0 | 0 | 0 | 14 | -100.0% |
| Subtotal Dedicated | 11,990 | 9,234 | 20,609 | 17,075 | 17,075 | 34,150 | 4,307 | 14.4% |
| Total Revenue | 11,990 | 9,234 | 20,609 | 17,075 | 17,075 | 34,150 | 4,307 | 14.4% |

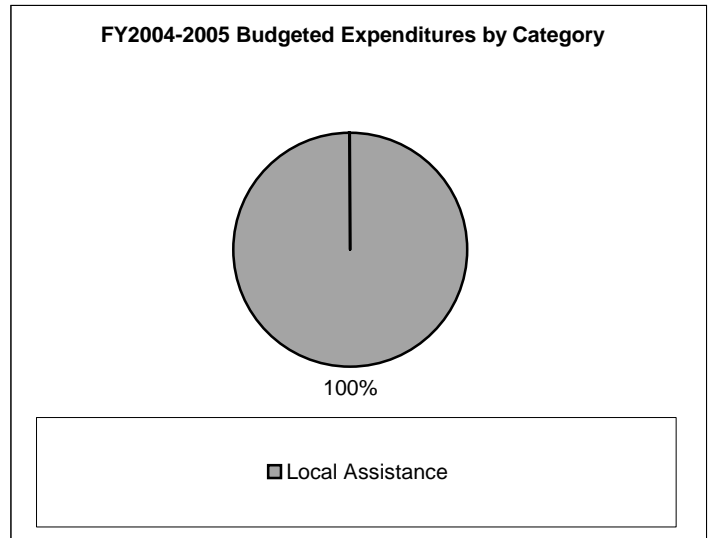
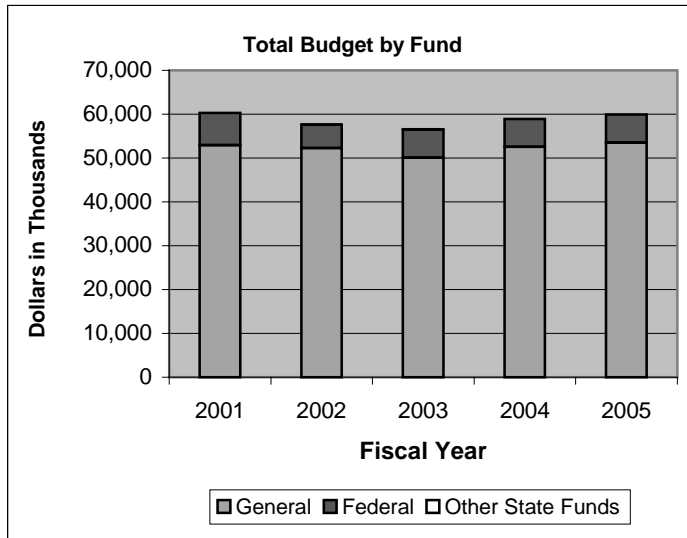
Budget Activities Included:

- ⇒ School Readiness
- ⇒ Early Childhood Family Education Aid
- ⇒ Health & Development Screening Aid
- ⇒ Way to Grow
- ⇒ Head Start Program
- ⇒ Infants and Toddlers – Part C

CHILDREN, FAMILIES, & LEARNING

Program: **EARLY CHILDHOOD & FAMILY**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 52,933 | 52,235 | 50,073 | 52,521 | 53,524 | 106,045 | 3,737 | 3.7% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 3 | 28 | 29 | 0 | 0 | 0 | -57 | -100.0% |
| Federal | 7,378 | 5,382 | 6,437 | 6,395 | 6,395 | 12,790 | 971 | 8.2% |
| Total | 60,314 | 57,645 | 56,539 | 58,916 | 59,919 | 118,835 | 4,651 | 4.1% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|--------------|-------------|
| Expenditures by Category | | | | | | | | |
| Other Operating Expenses | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Local Assistance | 60,311 | 57,645 | 56,539 | 58,916 | 59,919 | 118,835 | 4,651 | 4.1% |
| Total | 60,314 | 57,645 | 56,539 | 58,916 | 59,919 | 118,835 | 4,651 | 4.1% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|--------------|-------------|
| Expenditures by Activity | | | | | | | | |
| School Readiness | 10,395 | 10,395 | 9,667 | 10,395 | 10,395 | 20,790 | 728 | 3.6% |
| Early Childhood Family Educ | 20,396 | 20,774 | 18,693 | 20,615 | 21,618 | 42,233 | 2,766 | 7.0% |
| Health & Development Screen | 2,330 | 2,661 | 2,475 | 2,661 | 2,661 | 5,322 | 186 | 3.6% |
| Way To Grow | 475 | 475 | 475 | 475 | 475 | 950 | 0 | 0.0% |
| Head Start Program | 19,402 | 17,981 | 18,854 | 18,395 | 18,395 | 36,790 | -45 | -0.1% |
| Infants & Toddlers-Part C | 7,316 | 5,359 | 6,375 | 6,375 | 6,375 | 12,750 | 1,016 | 8.7% |
| Total | 60,314 | 57,645 | 56,539 | 58,916 | 59,919 | 118,835 | 4,651 | 4.1% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|-------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Special Revenue | 25 | 25 | 0 | 0 | 0 | 0 | -25 | -100.0% |
| Federal | 7,697 | 5,753 | 6,832 | 6,831 | 6,831 | 13,662 | 1,077 | 8.6% |
| Subtotal Dedicated | 7,722 | 5,778 | 6,832 | 6,831 | 6,831 | 13,662 | 1,052 | 8.3% |
| Total Revenue | 7,722 | 5,778 | 6,832 | 6,831 | 6,831 | 13,662 | 1,052 | 8.3% |

CHILDREN, FAMILIES & LEARNING

Program: EARLY CHILDHOOD & FAMILY SUPPORT

Activity: SCHOOL READINESS

Narrative

Activity Description

Citation: M.S. 124D.15; 124D.16

The School Readiness program funds school districts to provide child development programs that promote future success in school. Participants are either referred through Early Childhood Screening or must participate in screening within 90 days of enrollment in School Readiness or the child's fourth birthday.

Population Served

Preschool children three and a half to four years old who are identified with health and development problems are priority participants in this program. A total of 40,047 children and 39,427 parents were served in 2001. In the 2000-01 school year, 131 districts reported that they served 5,326 children younger than three and one-half years of age. 280 districts reported that they provided 30 hours or more of School Readiness services to 21,921 three and one-half to five year old children.

The following are participant characteristics in 2001.

- ⇒ 5,369 children were identified with developmental delays and disabilities through an early childhood screening or special education evaluation process.
- ⇒ More than 24% of parents had no more education than a high school diploma/GED.
- ⇒ Over 24% of participating families had household incomes of less than \$30,000, including almost 4% of families who had household incomes of less than \$10,000.
- ⇒ Over 20% of participating families were headed by a single parent.

Services Provided

School Readiness provides a continuum of services for three and a half to four year old children based on needs. Services are provided directly by school districts or through district contracts or agreements with community based programs. Because this program requires close coordination and cooperation of various health, education, and human services providers, local service providers' strategies for delivering services to eligible children and families include both referrals and a wide array of coordinated or integrated services, such as:

- ◆ comprehensive Head Start and Family Literacy/English Language Learner programs;
- ◆ the addition of parent education and special needs services to preschool and center-based child care programs;
- ◆ staff development and consultation for family child care providers;
- ◆ "kindergarten connection" classes for children and parents;
- ◆ special nutrition education sessions offered through Minnesota Extension Services;
- ◆ coordination of referrals and follow-up to Early Childhood Screening;
- ◆ one or two days of child only activities added to Early Childhood Family Education; and
- ◆ Early Childhood Special Education and School Readiness integrated classrooms.

Historical Perspective

The School Readiness program was first enacted in 1991 for four year olds. It was expanded in 1993 to cover children ages three and one-half to kindergarten, and younger than three and one-half if necessary for program effectiveness.

Key Measures

- ⇒ Since 1994, Children, Families & Learning (CFL) has provided training on the use of the Work Sampling System of child assessment in order to measure child progress of participating children. Over 1/3 of the school districts currently report using Work Sampling.

Activity at a Glance

In 2001:

- ◆ 79,500 children and parents participated in the program.
- ◆ More than 22,000 referrals were made to and from other community services and programs.
- ◆ Almost 22,000 children received 30 or more hours per year of child/parent services.

CHILDREN, FAMILIES & LEARNING

Program: EARLY CHILDHOOD & FAMILY SUPPORT

Activity: SCHOOL READINESS

Narrative

⇒ A CFL-sponsored study of a random group of School Readiness program participants found more than 85% of the study children demonstrated improved performance on indicators that enhanced their transition to school as reported by teachers.

The Early Childhood and Family Support Division in the Office of Community Services has adopted a single indicator as a focus around which to integrate individual early childhood programs. This indicator is to increase the percentage of young children who are ready for school as measured by an observational performance assessment. In the fall of 2002, CFL will pilot a School Readiness Indicator Study in which information about the school readiness of a random sample of approximately 2,000 kindergarten children will be gathered.

Activity Funding

This program is funded entirely with state aid. School districts receive aid equal to: 1) the number of eligible four-year old children in the district times the ratio of 50% of the total school readiness aid for that year to the total number of eligible four-year old children reported to the commissioner that year; plus 2) the number of pupils enrolled in the school district from families eligible for the free or reduced lunch program times the ratio of 50% of the total school readiness aid for that school year to the number of pupils in the state from families eligible for the free or reduced school lunch program. The average district aid for 2003 will be \$30,754. The biennial state aid appropriation has remained constant at \$10,395,000 since 1999.

State law allows districts to maintain a School Readiness reserve, but limits the amount of School Readiness funds districts can carry forward to 25 percent of their prior year revenue, including aid and fees.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

Additional information is available from the Department of Children, Families & Learning, (651) 582-8372 and the CFL web site for Early Childhood & Family Initiatives <http://cfl.state.mn.us/ecfi>.

CHILDREN, FAMILIES & LEARNING

Program: **EARLY CHILDHOOD & FAMILY SUPPORT**

Activity: **SCHOOL READINESS**

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | | |
|--|--------------------------|----------------------------|----------------------------|---------------|---------------|-------------------------------|--|----------------|
| Budget Activity Summary | Actual FY2001 | Estimate FY2002 | Budgeted FY2003 | Base | | Biennium FY2004-05 | Biennial Change 2004-05 / 2002-03 | |
| | | | | FY2004 | FY2005 | | Dollars | Percent |
| 1. Statutory Formula Aid | 10,394 | 10,395 | 10,395 | 10,395 | 10,395 | 20,790 | 0 | 0.0% |
| 2. Total School District Revenue - All Funds | 10,394 | 10,395 | 10,395 | 10,395 | 10,395 | 20,790 | 0 | 0.0% |
| Appropriations Basis for State Aid | | | | | | | | |
| Prior Year (10% FY 01-03) (17% FY 04-05) | 1,040 | 1,039 | 1,039 | 1,767 | 1,767 | 3,534 | 1,456 | |
| Current Year (90% FY 01-02) (83% FY 03-05) | 9,355 | 9,356 | 8,628 | 8,628 | 8,628 | 17,256 | (728) | |
| Total State Aid - General Fund | 10,395 | 10,395 | 9,667 | 10,395 | 10,395 | 20,790 | 728 | 3.6% |
| TOTAL APPROPRIATIONS | 10,395 | 10,395 | 9,667 | 10,395 | 10,395 | 20,790 | 728 | 3.6% |

CHILDREN, FAMILIES & LEARNING

Program: EARLY CHILDHOOD & FAMILY SUPPORT

Activity: EARLY CHILDHOOD FAMILY EDUCATION

Narrative

Activity Description

Citation: M.S. 124D.13; 124D.135; 124D.15

The Early Childhood Family Education (ECFE) program is funded by state aid and local levy. The program provides early childhood education, parent-child learning opportunities, and parent education that enhance the ability of parents to provide for their children's optimal learning and development.

Activity at a Glance

In 2001:

- ◆ over 300,000 children and parents participated; and
- ◆ approximately 43% of Minnesota's children, ages birth to kindergarten, and their families, were involved.

Population Served

All families with children ages birth to kindergarten are eligible for ECFE. Demand for program services is increasing as indicated by the growing number of families on waiting lists (approximately 4,000 reported in 2001) and the number of families needing more intensive services, e.g. family literacy and referrals for families with multiple stresses. ECFE served 143,000 children and 159,000 parents in 2001.

Services Provided

All ECFE programs are planned and implemented locally and typically include the following services. Services are provided directly by school districts or through district contracts or agreements with community based programs.

- ◆ parent discussion groups
- ◆ parent-child interaction
- ◆ play and learning activities that promote children's development
- ◆ home visits
- ◆ special events for the entire family
- ◆ information on community resources for young children and families
- ◆ libraries of books, toys, and other learning materials

Historical Perspective

⇒ ECFE began as a series of pilot programs from 1974-1983. In 1984, the legislature made it possible for any school district with a community education program to establish the program. ECFE was offered in all 343 school districts and the four tribal schools in Minnesota in 2001. There has been an increase of parent participants from 87,374 in 1989-1990 to 159,050 in 2000-01.

Key Measures

Increase the percentage of young children who are ready for school as measured by an observational performance assessment.

⇒ In a 1996 study of low-income participants in ECFE, parents reported that ECFE participation helped their children's school readiness in the following areas: increased independence (72%), better communication skills (68%), and improved relationships with other children (62%).

Increase the number of parents receiving the education and support they need to assist their children's development and learning.

⇒ In a 1999 study of parents with infants, parents reported that their ECFE participation resulted in improved understanding of how infants learn and develop (83%), learning how to support their infant's learning and development (81%), improved confidence as a parent (79%), improved understanding and response to their child's behavior (76%), and making connections with other parents (73%).

CHILDREN, FAMILIES & LEARNING

Program: EARLY CHILDHOOD & FAMILY SUPPORT

Activity: EARLY CHILDHOOD FAMILY EDUCATION

Narrative

Increase the percentage of parents involved in activities at home, school, and in the community related to their children's learning, development, and education.

⇒ A 1992 study comparing former ECFE participants to non-participants with children in second and fifth/sixth grades found that ECFE participating parents were more likely to make telephone calls to teachers (68% compared to 41%), participate in classroom activities (53% compared to 32%), work with their children on school work (48% compared to 29%), and take on leadership roles in PTA or parent advisory councils (27% compared to 11%).

The Early Childhood and Family Support Division in the Office of Community Services has adopted a single indicator as a focus around which to integrate individual early childhood programs. This indicator is to increase the percentage of young children who are ready for school as measured by an observational performance assessment. In the fall of 2002, CFL will pilot a School Readiness Indicator Study in which information about the school readiness of a random sample of approximately 2,000 kindergarten children will be gathered. In addition, CFL is in the process of training early childhood teachers to use the "Ounce of Prevention Scale" with children ages 0-2 in order to determine the school readiness of children.

Activity Funding

This is a state aid and levy program. A district's state aid is the difference between the revenue and levy. The ECFE levy is the lesser of a fixed rate times the district's adjusted tax capacity, or the ECFE maximum revenue. A district's maximum revenue equals the ECFE allowance of \$120 times the greater of 150 or the number of children under age five residing in the district on October 1 of the previous school year.

State law allows districts to maintain an ECFE reserve, but limits the amount of ECFE funds districts can carry forward to 25% of their prior year revenue, including aid, levy, and fees.

Districts are required to have a sliding fee scale and formula funding may be supplemented with registration fees and funds from other sources.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

Additional information is available from the Department of Children, Families & Learning, 651-582-8372 and the CFL web site for Early Childhood & Family Initiatives <http://cfl.state.mn.us/ecfi>.

CHILDREN, FAMILIES & LEARNING

Program: EARLY CHILDHOOD & FAMILY SUPPORT

Activity: Early Childhood Family Education Aid

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | | |
|---|------------------|--------------------|--------------------|-----------------------|---------------|-----------------------|---|-------------|
| Budget Activity Summary | Actual FY2001 | Estimate FY2002 | Budgeted FY2003 | Base FY2004 FY2005 | | Biennium FY2004-05 | Biennial Change 2004-05 / 2002-03 Dollars Percent | |
| 1. Statutory Formula Aid | 20,350 | 20,789 | 19,982 | 20,745 | 21,796 | 42,541 | 1,770 | 4.3% |
| 2. Local Levy | 19,145 | 21,019 | 22,107 | 22,226 | 22,135 | 44,361 | 1,235 | |
| 3. Revenue (Total of Aid & Levy) | 39,495 | 41,808 | 42,089 | 42,971 | 43,931 | 86,902 | 3,005 | 3.6% |
| 4. U-Care ECFE Partnership | 3 | 28 | 29 | | | | (57) | |
| 5. Total School District Revenue - All Funds | 39,498 | 41,836 | 42,118 | 42,971 | 43,931 | 86,902 | 2,948 | 3.5% |
| Appropriations Basis for State Aid | | | | | | | | |
| Prior Year (10% FY 01-03) (17% FY 04-05) | 2,079 | 2,036 | 2,079 | 3,397 | 3,527 | 6,924 | 2,809 | |
| Current Year (90% FY 01-02) (83% FY 03-05) | 19,028 | 18,710 | 16,585 | 17,218 | 18,091 | 35,309 | 14 | |
| Cancellation | (714) | | | | | | | |
| Total State Aid - General Fund | 20,393 | 20,746 | 18,664 | 20,615 | 21,618 | 42,233 | 2,823 | 7.2% |
| Other Approp. Federal Plus Other State Funds | 3 | 28 | 29 | | | | (57) | |
| TOTAL APPROPRIATIONS | 20,396 | 20,774 | 18,693 | 20,615 | 21,618 | 42,233 | 2,766 | 7.0% |

CHILDREN, FAMILIES & LEARNING

Program: EARLY CHILDHOOD & FAMILY SUPPORT

Activity: HEALTH & DEVELOPMENT SCREEN

Narrative

Activity Description

Citation: M.S. 121A.16; 121A. 17; 121A.19

Early Childhood Health and Developmental Screening promotes educational readiness and improved health of young children through the early detection of factors that may impede children's learning, growth, and development.

Population Served

All children must participate in Early Childhood Screening before entering kindergarten. This program targets children who are three and a half to four years of age. (Children who have had a comparable health and development screening through another provider are exempt from this requirement.) Districts typically notify all parents of children ages three and one half to four of the screening requirement and where the screening can be obtained.

Activity at a Glance

In 2001, a total of 58,500 children were screened. This included:

- ◆ over 19,000 children referred to health and education services for assessment;
- ◆ over 3,200 children placed in Early Childhood Special Education; over 4,400 children referred to the School Readiness Program; over 4,700 families referred to Early Childhood Family Education; over 1,500 children referred to Head Start; and
- ◆ over 260 parents referred to adult education/literacy.

Services Provided

Early Childhood Health and Development Screening include the following services: outreach, screening, referral, and follow-up.

- ⇒ Required screening components include 1) vision; 2) hearing; 3) height; 4) weight; 5) development (cognitive, social/emotional, fine/gross motor, and speech/language); 6) immunization review; 7) identification of risk factors that may interfere with learning; and 8) a summary interview with parents.
- ⇒ Optional screening components include 1) health history; 2) review of family factors that might affect development; 3) nutritional assessment; 4) physical and dental assessment; 5) blood pressure; and 6) laboratory tests.

The objectives of early childhood screening are to

- ◆ detect and seek solutions to conditions interfering with children's growth, development, and learning;
- ◆ increase parental awareness of physical health, development, and learning readiness connections;
- ◆ improve access to and encourage the regular use of preventive health services; and
- ◆ link families to a wide array of community services and programs.

Historical Perspective

The screening program began in 1977 in order to identify children who may have possible health or development concerns that could delay their future learning and to refer children to health, school, and other community services for further assessment.

In 1990, the legislature established a comprehensive health screening program. In 1992, it was replaced with a mandated screening prior to public school enrollment. The mandatory screening is less comprehensive than the screening established in 1990. Screening now targets children ages three and a half to four years, which allows for one year of intervention services prior to school enrollment.

Key Measures

Increase the percentage of children who receive the nutrition, physical activity, and health care that they need to arrive at school with healthy minds and bodies.

- ⇒ In 2001, 19,179 referrals were made for possible health or developmental problems identified at the time of Early Childhood Health and Developmental Screening. (Note: Children, Families & Learning (CFL) has implemented a web-based application for reporting annual aggregated Early Childhood Health and Development Screening data from school districts, including data on the status of children's immunizations, hearing, vision, growth, and access to health care coverage.)

CHILDREN, FAMILIES & LEARNING

Program: EARLY CHILDHOOD & FAMILY SUPPORT

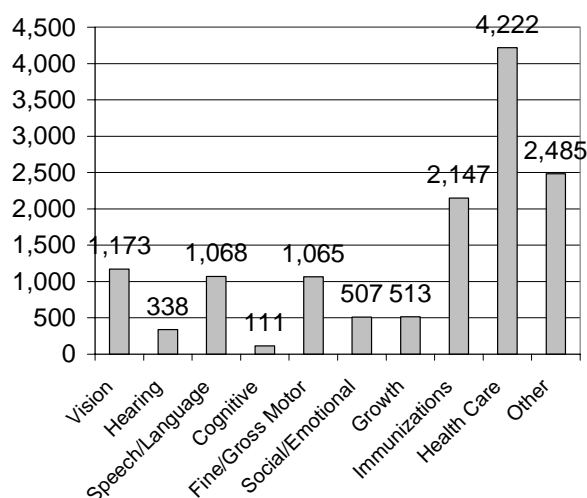
Activity: HEALTH & DEVELOPMENT SCREEN

Narrative

Increased coordination and integrated screening efforts and follow-up process with county health and social services, school districts, and other providers are implemented through the

- ◆ provision of integrated regional staff development opportunities offered jointly by the Minnesota Departments of Children Families and Learning, Health (MDH), and Human Services (DHS);
- ◆ development of common screening forms for Early Childhood Screening, Child and Teen Checkups/EPSTD, and Head Start; and
- ◆ development of links between the [CFL Early Childhood and Family Initiatives web site](#) and the appropriate sites at MDH and DHS.

1999: Number of New Potential Problems Identified



The Early Childhood and Family Support Division in the Office of Community Services has adopted a single indicator as a focus around which to integrate individual early childhood programs. This indicator is to increase the percentage of young children who are ready for school as measured by an observational performance assessment. In the fall of 2002, CFL will pilot a [School Readiness Indicator Study](#) in which information about the school readiness of a random sample of approximately 2,000 kindergarten children will be gathered.

Activity Funding

This program is funded with state aid and supplemented with in-kind funding from other education aid and community resources.

In 1998, the Minnesota legislature increased the reimbursement to school districts from \$25 to \$40 per child screened to more closely cover the actual average cost of \$50 per child screened. In FY 2001, the average actual cost for the required components was \$57 per child screened. State funding does not reimburse for optional components.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

Additional information is available from the Department of Children, Families & Learning, (651) 582-8372 and the CFL web site for [Early Childhood & Family Initiatives](#).

CHILDREN, FAMILIES & LEARNING

Program: **EARLY CHILDHOOD & FAMILY SUPPORT**

Activity: **HEALTH & DEVELOPMENT SCREEN**

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | | |
|---|---------------|-----------------|-----------------|---------------|---------------|------------------|--------------------------|----------------|
| Budget Activity Summary | Actual | Estimate | Budgeted | Base | | Biennium | Biennial Change | |
| | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | FY2004-05 | 2004-05 / 2002-03 | |
| | | | | | | | Dollars | Percent |
| 1. Statutory Formula Aid | 2,341 | 2,661 | 2,661 | 2,661 | 2,661 | 5,322 | 0 | 0.0% |
| 2. Total School District Revenue - All Funds | 2,341 | 2,661 | 2,661 | 2,661 | 2,661 | 5,322 | 0 | 0.0% |
| Appropriations Basis for State Aid | | | | | | | | |
| Prior Year (10% FY 01-03) (17% FY 04-05) | 255 | 266 | 266 | 452 | 452 | 904 | 372 | |
| Current Year (90% FY 01-02) (83% FY 03-05) | 2,395 | 2,395 | 2,209 | 2,209 | 2,209 | 4,418 | (186) | |
| Balance Forward | 223 | | | | | | | |
| Transfers per M.S. 127A.41, subdivision 8 & 9 | (543) | | | | | | | |
| Total State Aid - General Fund | 2,330 | 2,661 | 2,475 | 2,661 | 2,661 | 5,322 | 186 | 3.6% |
| TOTAL APPROPRIATIONS | 2,330 | 2,661 | 2,475 | 2,661 | 2,661 | 5,322 | 186 | 3.6% |

CHILDREN, FAMILIES & LEARNING

Program: EARLY CHILDHOOD & FAMILY SUPPORT

Activity: WAY TO GROW

Narrative

Activity Description

Citation: M.S. 124D.17

Way to Grow promotes the intellectual, social, emotional, and physical development, and school readiness of children pre-birth to age six by improving access to community-based and neighborhood-based services that assist parents in meeting the health and developmental needs of their children at the earliest possible age.

Population Served

All children pre-birth to age six and their families in the grantee areas are eligible for Way to Grow.

Activity at a Glance

In 2001:

- ◆ Way to Grow was offered through five grants (four to school district ECFE programs and one to the City of Minneapolis Youth Coordinating Board).
- ◆ Over 5,700 children and 5,600 parents participated in Way to Grow.

Participants by Year

| | FY 1996 | FY 1997 | FY 1998 | FY 1999 | FY 2000 | FY 2001 |
|-------------------------|---------|---------|---------|---------|---------|---------|
| # of Child Participants | 4,325 | 4,490 | 4,570 | 4,650 | 4,630 | 5,736 |

Services Provided

Way to Grow is a method of delivering services in a coordinated, extensive, and intensive approach to meet identified community needs. The funding is flexible and decision-making is community based. It allows public funds to be used strategically to leverage other public and private funding to support healthy and vital communities.

Depending upon community needs, programs may provide the following:

- ◆ services to pregnant women early in their pregnancies;
- ◆ establishment of networks and collaboration to promote culturally specific systems of services to families; and
- ◆ support to prevention and intervention programs for families with young children at risk of child abuse and neglect.

The program is designed around the following strategies:

- ◆ employing home visitors that link families at-risk with services and advocate for their needs;
- ◆ coordinating interdisciplinary resource teams of professionals that identify family needs and refer families to appropriate services;
- ◆ identifying and promoting local resources for families; and
- ◆ organizing neighborhood-based education and training.

Historical Perspective

Way to Grow began in 1989 in Minneapolis. St. Paul-Frogtown and Columbia Heights were added as grantees the next year. In 1991, the legislature funded two additional sites in St. Cloud and Winona.

Four of the five grantees are Early Childhood Family Education (ECFE) programs. The fifth grantee is the city of Minneapolis' Youth Coordinating Board.

Key Measures

Increase the number of parents receiving the education and support they need to assist their children's development and learning.

⇒ In a 1997 study of WTG:

- ◆ 96% of parents reported that their participation in WTG made a positive difference in their knowledge and understanding of child development;
- ◆ 93% reported increases in their confidence as parents; and

CHILDREN, FAMILIES & LEARNING

Program: EARLY CHILDHOOD & FAMILY SUPPORT

Activity: WAY TO GROW

Narrative

- ◆ 88% reported better understanding of programs and services for families and children and greater ease in obtaining services on their own.

The Early Childhood and Family Support Division in the Office of Community Services has adopted a single indicator as a focus around which to integrate individual early childhood programs. This indicator is to increase the percentage of young children who are ready for school as measured by an observational performance assessment. In the fall of 2002, CFL will pilot a School Readiness Indicator Study in which information about the school readiness of a random sample of approximately 2,000 kindergarten children will be gathered. In addition, CFL is in the process of training early childhood teachers to use the "Ounce of Prevention Scale" with children ages 0-2 in order to determine the school readiness of children.

Activity Funding

This program is funded with state aid, and requires a 50% local match. Current program funding level is: Columbia Heights \$58,333; Minneapolis \$175,000; St. Paul \$125,000; St. Cloud \$58,333; Winona \$58,333. The matching funds come from school district funds, community based organizations, counties, and other early childhood programs. Contributions can be cash or in-kind.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

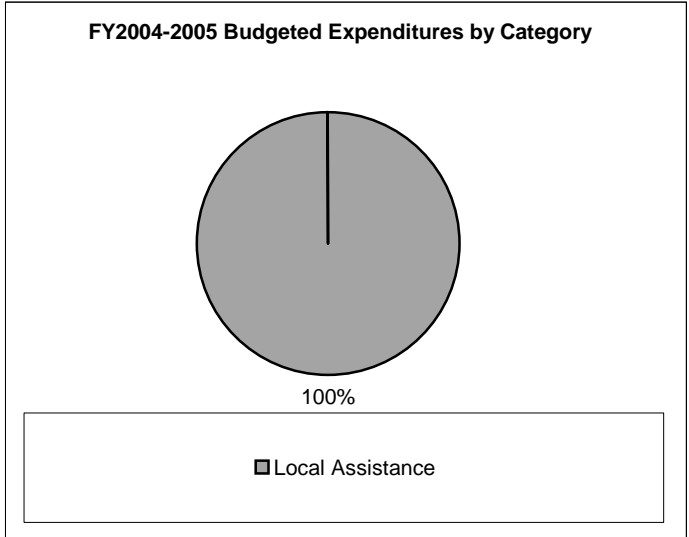
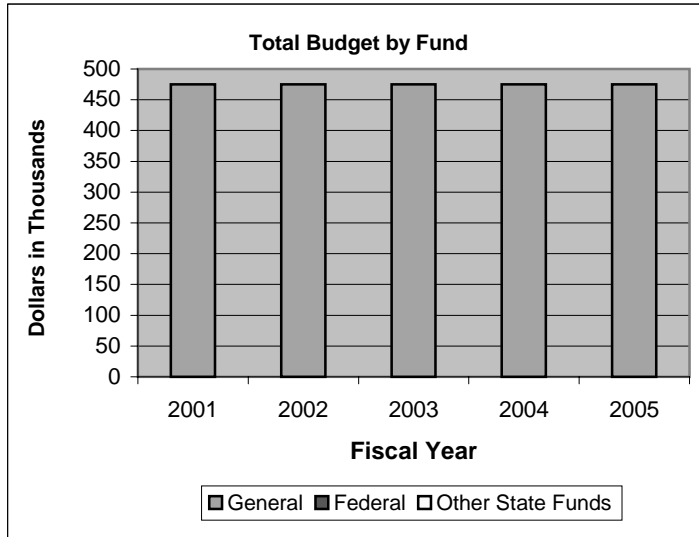
Additional information is available from the Department of Children, Families & Learning, (651) 582-8372.

CHILDREN, FAMILIES, & LEARNING

Program: **EARLY CHILDHOOD & FAMILY**

Activity: WAY TO GROW

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 475 | 475 | 475 | 475 | 475 | 950 | 0 | 0.0% |
| Total | 475 | 475 | 475 | 475 | 475 | 950 | 0 | 0.0% |
| Expenditures by Category | | | | | | | | |
| Local Assistance | 475 | 475 | 475 | 475 | 475 | 950 | 0 | 0.0% |
| Total | 475 | 475 | 475 | 475 | 475 | 950 | 0 | 0.0% |

CHILDREN, FAMILIES & LEARNING

Program: **EARLY CHILDHOOD & FAMILY SUPPORT**

Activity: **HEAD START PROGRAM**

Narrative

Activity Description

Citation: M.S. 119A.50-119A.54; 42 U.S.C.9801 et seq.

Head Start is a comprehensive family-oriented program with the overall goal of increasing the social competence and school readiness of young children in low-income families. Research has shown that families with the highest risk factors gain the most from high quality early childhood programming.

Population Served

Head Start primarily serves three to five year olds from low-income families. Some programs also receive funds to serve infants, toddlers and pregnant mothers. At least 90% of enrolled children must come from families who are living at or below the federal poverty level or participating in Minnesota Family Investment Program (MFIP). Ten percent of enrollment in Head Start is reserved for children with diagnosed disabilities. About 44% of the eligible population is currently being served.

Activity at a Glance

In 2001:

- ◆ 34 Head Start grantees enrolled almost 16,000 children; about 3,000 of these children were served with state funds.
- ◆ 12% of enrolled children had a diagnosed disability.
- ◆ 51% of participating families had annual incomes below \$12,000.
- ◆ Approximately 38% of Head Start families were participating in MFIP.

Services Provided

Head Start provides a comprehensive, individualized program of health, nutrition, education, parent involvement and social services to children and families. Education or employment training services were provided for 86% of the parents indicating a need for such services. Of the families needing counseling or information on mental health issues that place the family at risk, 80% received services.

Grantees provide required services that respond to local needs and available resources. Programs use a center-based, home-based and/or combination option with the most common design operating four to five hours a day, four or five days a week for nine months of the year. In response to changing needs of children and their families, most grantees also offer some full-day, full-year services through Head Start-child care partnerships. Other collaborative partners include public health, Early Childhood Screening, Early Childhood Special Education, Early Childhood Family Education, School Readiness, Adult Basic Education, family literacy, public school kindergarten, child support and other self-sufficiency programs.

Parent participation is integral to Head Start. Parents work in classrooms as volunteers and employees, participate in parent education activities and program governance, and work in partnership with Head Start staff. Former or current Head Start parents made up 29% of the staff and 48% of the 41,349 volunteers in 2001.

Historical Perspective

Head Start began as a federal program in 1965. In 1988, the Minnesota legislature first appropriated state funds. State funding has remained constant over the years. Federal funding has increased modestly to allow the programs to serve the same number of participants.

Key Measures

The percentage of children who complete all appropriate medical screenings and examinations within the last twelve months and the percentage of children who receive follow-up services for identified health and developmental needs.

⇒ In 2001, over 81% of all enrolled children completed all medical screenings.

⇒ In 2001, over 91% of children with identified health needs received treatment.

Increase the percentage of Head Start grantees providing all-day care.

⇒ The percentage of Head Start grantees involved in partnerships that provide full-day services to support family self-sufficiency.

CHILDREN, FAMILIES & LEARNING

Program: EARLY CHILDHOOD & FAMILY SUPPORT

Activity: HEAD START PROGRAM

Narrative

⇒ The percentage of Head Start grantees involved in partnerships to integrate services resulting in expanded service offerings and all-day care.

The Early Childhood and Family Support Division in the Office of Community Services has adopted a single indicator as a focus around which to integrate individual early childhood programs. This indicator is to increase the percentage of young children who are ready for school as measured by an observational performance assessment. In the fall of 2002, CFL will pilot a School Readiness Indicator Study in which information about the school readiness of a random sample of approximately 2,000 kindergarten children will be gathered.

Activity Funding

Federal Head Start funds flow directly from the federal agency to 34 local Head Start grantees (\$72 million in FFY 2001 and \$79 million in FFY 2002). At least 20% of the total cost of a Head Start program must come from local resources. In-kind contributions constitute much of this match through volunteer hours and donated space, materials and services. Only federally funded Head Start agencies in existence as of 1989 are eligible to receive state Head Start funds. The Minnesota legislature chose to use the existing programs, administrative structure and program performance standards already in place for Head Start. State allocation of funds is based equally on the grantee share of federal Head Start funds and on the proportion of eligible children in the grantee service area who are not currently being served.

State Innovative Funds - Up to 11% of the state funds appropriated annually may be used to provide competitive grants to local Head Start agencies for innovative programming. These programs are designed either to target Head Start resources to particular at-risk groups of children or to provide services in addition to those currently available under federal Head Start regulations.

Head Start Birth to Three – Since 1998, the Minnesota legislature has set aside \$1 million each year to be competitively awarded to Head Start programs to develop and implement full-year programming for children ages birth to three.

Minnesota Head Start Collaboration Project – Since 1992, Minnesota has annually received a \$100,000 federal grant from the Head Start Bureau in the U.S. Department of Health and Human Services for the Minnesota Head Start Collaboration Project. The purpose of the grant is to create significant statewide partnerships between Head Start and local communities in order to meet the challenges of improving services for low-income children and their families.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

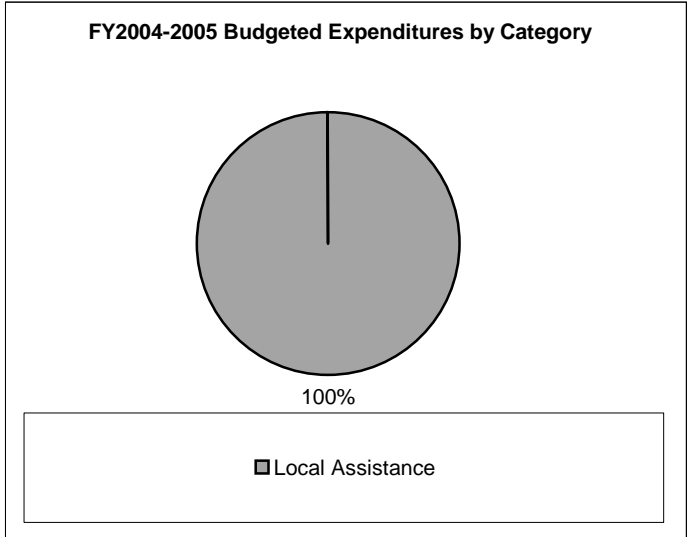
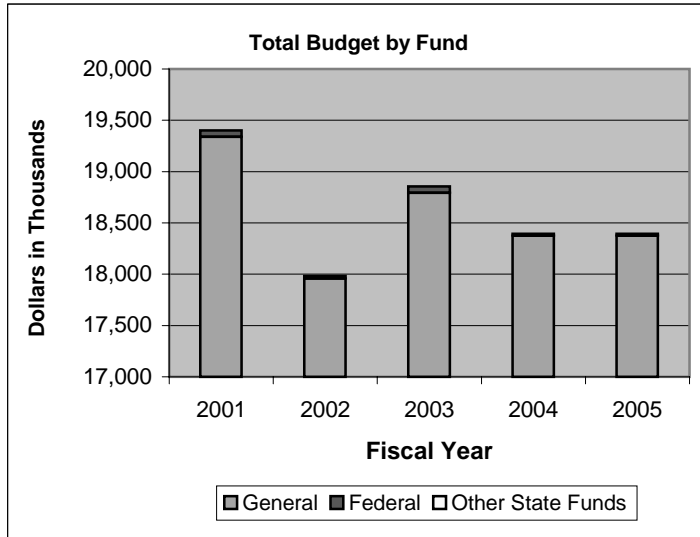
Additional information is available from the Department of Children, Families & Learning, (651) 582-8372 and at <http://cfl.state.mn.us/ecfi/headstart>. Information about federal initiatives, regarding the impact of Head Start, the Federal Head Start statute, regulations and guidance including the Program Performance Standards are available from the Head Start Bureau at <http://www2.acf.dhhs.gov/programs/hsb/>.

CHILDREN, FAMILIES, & LEARNING

Program: **EARLY CHILDHOOD & FAMILY**

Activity: **HEAD START PROGRAM**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 19,340 | 17,958 | 18,792 | 18,375 | 18,375 | 36,750 | 0 | 0.0% |
| Statutory Appropriations | | | | | | | | |
| Federal | 62 | 23 | 62 | 20 | 20 | 40 | -45 | -52.9% |
| Total | 19,402 | 17,981 | 18,854 | 18,395 | 18,395 | 36,790 | -45 | -0.1% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|------------|--------------|
| Expenditures by Category | | | | | | | | |
| Other Operating Expenses | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Local Assistance | 19,399 | 17,981 | 18,854 | 18,395 | 18,395 | 36,790 | -45 | -0.1% |
| Total | 19,402 | 17,981 | 18,854 | 18,395 | 18,395 | 36,790 | -45 | -0.1% |

| | | | | | | | | |
|---------------------------------|-----------|------------|------------|------------|------------|------------|-----------|-------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Federal | 70 | 106 | 122 | 121 | 121 | 242 | 14 | 6.1% |
| Subtotal Dedicated | 70 | 106 | 122 | 121 | 121 | 242 | 14 | 6.1% |
| Total Revenue | 70 | 106 | 122 | 121 | 121 | 242 | 14 | 6.1% |

CHILDREN, FAMILIES & LEARNING

Program: EARLY CHILDHOOD & FAMILY SUPPORT

Activity: INFANTS & TODDLERS-PART C

Narrative

Activity Description

Citation: M.S.125A.26-125A.48; Part C, IDEA (Individuals with Disabilities Act)

The Part C - Infants and Toddlers Program is a federally funded program that provides comprehensive interagency family-centered services to eligible children with disabilities, ages birth through age two, and their families, based upon identified need.

Population Served

Eligible infants and toddlers with disabilities birth to age three and their families as described in Minnesota Rule Chapter 3525 are served by the program. To be eligible, children must meet the eligibility criteria for early childhood special education.

Services Provided

The program assists and provides funds to the 96 local Interagency Early Intervention Committees (IEICs) through the IEIC annual application planning process ([ecfi/planinstructions.pdf](#).) IEICs are responsible for the development, coordination, and implementation of comprehensive local interagency early childhood intervention services for young children with disabilities and their families. IEIC members include representatives of school districts, county human service agencies, county boards, and early childhood family education programs, parents of young children with disabilities under age 12, and health care providers.

Early intervention services are offered in conformity with an Individual Family Services Plan (IFSP) and provided in natural environments including the home, child care setting, early childhood special education program, or other early childhood education settings.

Additional components of the Part C state and local system to enhance quality and accountability include:

- ◆ local staff development, including occupational therapists, Early Childhood Special Education (ECSE) staff, speech pathologists, physical therapists, physicians, nurses, nutritionists, and child care providers;
- ◆ technical assistance to local areas through the Minnesota Technical Assistance for Family Support, Early Hearing Detection and Intervention Network, Project Exceptional for inclusive child care, and the Autism Network;
- ◆ the development of web-based applications, such as the IFSP to enhance service coordination and family involvement and the Early Childhood Family Initiatives web site to serve as a resource for those interested in the health and development of young children with disabilities which includes the YOUR LINK newsletter;
- ◆ the central directory and the 1-800 number which provides parents with referral and resource information;
- ◆ the "Follow Along" program available in 84 of the 87 counties in Minnesota to track and follow young children at risk for early intervention services;
- ◆ local and state interagency agreements that include procedures for intra- and interagency dispute resolution, complaints, agency roles and responsibilities for child find, services, service coordination, financial commitments, and data collection;
- ◆ due process procedures for families and providers;
- ◆ analysis of IEIC self-study results for Child Find conducted during FY 2002, local referral sources, demographics and other data sources are examined and used to determine technical assistance to be provided; and
- ◆ coordination with child care providers and other early childhood care and education service providers is used to improve Child Find.

Activity at a Glance

In 2001:

- ◆ over 3,000 Minnesota children and families received services through an Individual Family Services Plan.
- ◆ 96 community coordinating committees design comprehensive intervention services for children with disabilities.

CHILDREN, FAMILIES & LEARNING

Program: EARLY CHILDHOOD & FAMILY SUPPORT

Activity: INFANTS & TODDLERS-PART C

Narrative

Historical Perspective

Minnesota has participated in Part C, IDEA (formerly Part H), a federal, interagency family centered change initiative for infants and toddlers with disabilities and their families since FY 1987.

The Minnesota Departments of Children, Families and Learning (CFL), (designated by the state as the lead agency), Health (MDH); and Human Services (DHS) work together with local interagency early childhood intervention Committees (IEICs) to provide coordinated interagency services and funding for each eligible child and family. The Governor's Interagency Coordinating Council on Early Childhood Intervention (ICC) serves in an advisory role.

The number of eligible children, birth to age three, with an IFSP on December 1 of each year has increased from 2,312 in 1993 to 3,053 in 2001.

| | Children and Families with an IFSP on December 1 | | | | | | | | |
|---|--|---------|---------|---------|---------|---------|---------|---------|---------|
| | FY 1993 | FY 1994 | FY 1995 | FY 1996 | FY 1997 | FY 1998 | FY 1999 | FY 2000 | FY 2001 |
| Number of Children and Families Participating | 2,312 | 2,436 | 2,563 | 2,620 | 2,658 | 2,806 | 2,820 | 2,948 | 3,053 |
| Percentage of Children Age 0-3 Participating (est.) | 1.16% | 1.26% | 1.34% | 1.39% | 1.42% | 1.49% | 1.49% | 1.54% | 1.53% |

Key Measures

The percentage of infants and toddlers birth to age three (particularly under one year of age) and their families who have IFSPs is increased and is proportional to the general state population.

- ⇒ The percentage of all infants under age one who receive early intervention services as identified in an IFSP (the federal benchmark is 1%).
- ⇒ The percentage of all infants and toddlers age birth to three who receive early intervention services as identified in an EFSP (the federal benchmark is 2%).

The Early Childhood and Family Support Division in the Office of Community Services has adopted a single indicator as a focus around which to integrate individual early childhood programs. This indicator is to increase the percentage of young children who are ready for school as measured by an observational performance assessment. In the fall of 2002, CFL will pilot a School Readiness Indicator Study in which information about the school readiness of a random sample of approximately 2,000 kindergarten children will be gathered.

Activity Funding

Minnesota's federal allocation for Part C is based on the number of all children in the cohorts from birth through age two annually.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

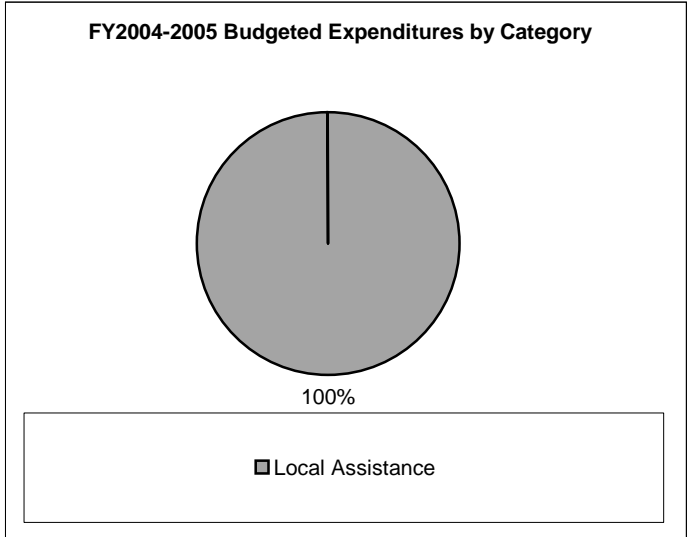
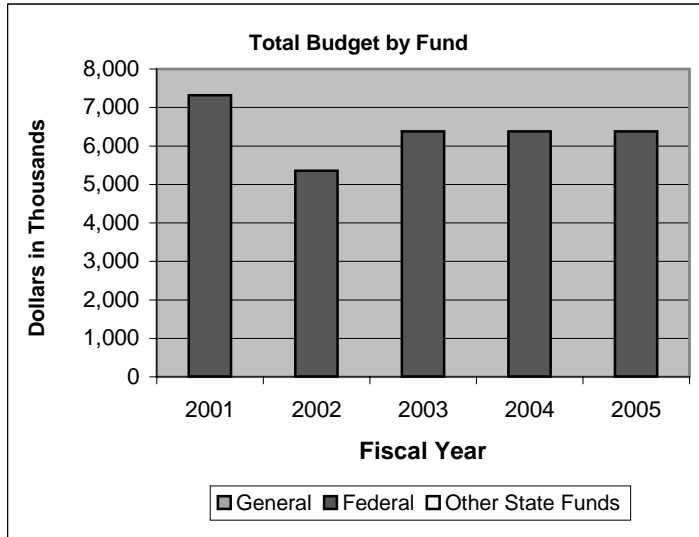
Additional information is available from the Department of Children, Families & Learning (651) 582-8372 and the CFL web site for Early Childhood and Family Initiatives.

CHILDREN, FAMILIES, & LEARNING

Program: **EARLY CHILDHOOD & FAMILY**

Activity: **INFANTS & TODDLERS-PART C**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Statutory Appropriations | | | | | | | | |
| Federal | 7,316 | 5,359 | 6,375 | 6,375 | 6,375 | 12,750 | 1,016 | 8.7% |
| Total | 7,316 | 5,359 | 6,375 | 6,375 | 6,375 | 12,750 | 1,016 | 8.7% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|-------------|
| Expenditures by Category | | | | | | | | |
| Local Assistance | 7,316 | 5,359 | 6,375 | 6,375 | 6,375 | 12,750 | 1,016 | 8.7% |
| Total | 7,316 | 5,359 | 6,375 | 6,375 | 6,375 | 12,750 | 1,016 | 8.7% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|-------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Federal | 7,627 | 5,647 | 6,710 | 6,710 | 6,710 | 13,420 | 1,063 | 8.6% |
| Subtotal Dedicated | 7,627 | 5,647 | 6,710 | 6,710 | 6,710 | 13,420 | 1,063 | 8.6% |
| Total Revenue | 7,627 | 5,647 | 6,710 | 6,710 | 6,710 | 13,420 | 1,063 | 8.6% |

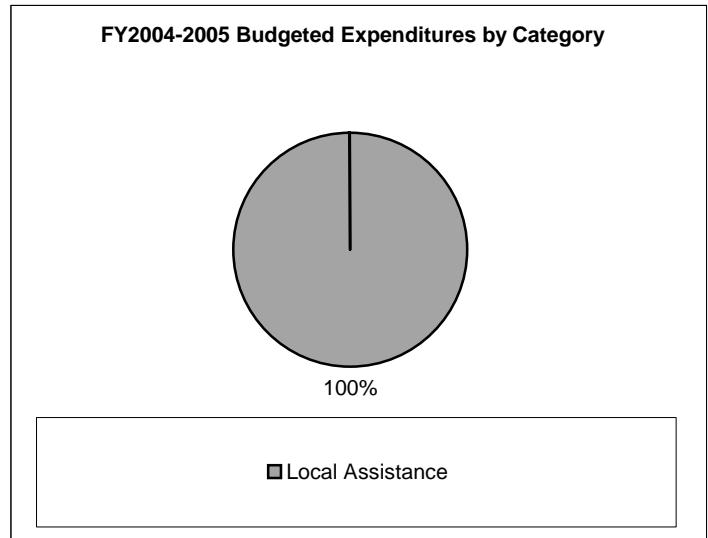
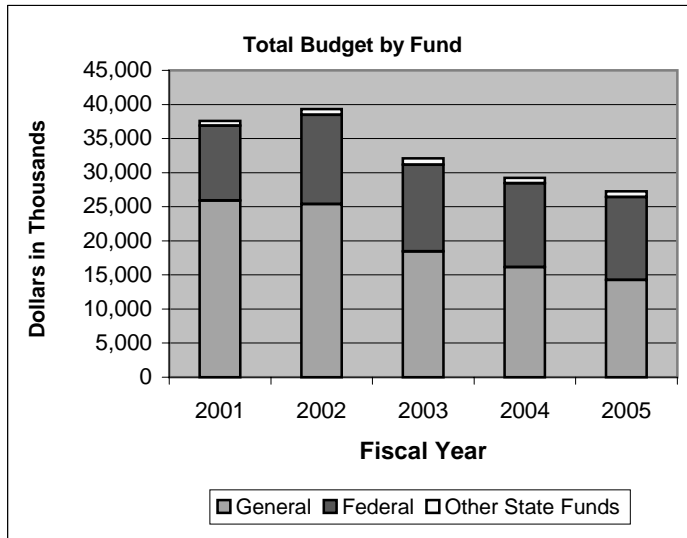
Budget Activities Included:

- ⇒ Family Collaboratives
- ⇒ Community Education
- ⇒ Adults with Disabilities Program Aid
- ⇒ Hearing Impaired Adults
- ⇒ Violence Prevention Grants
- ⇒ Abused Children
- ⇒ Children's Trust Fund
- ⇒ Parenting Time Centers
- ⇒ After School Enrichment Grants
- ⇒ 21st Century Community Learning Centers
- ⇒ Coordinated School Health
- ⇒ Safe and Drug-Free Schools
- ⇒ School Age Care Revenue
- ⇒ State Incentive Grant

CHILDREN, FAMILIES, & LEARNING

Program: PREVENTION

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|----------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 25,891 | 25,378 | 18,454 | 16,151 | 14,266 | 30,417 | -13,415 | -30.6% |
| State Government Special Revenue | 96 | 101 | 96 | 96 | 96 | 192 | -5 | -2.5% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 601 | 746 | 828 | 730 | 730 | 1,460 | -114 | -7.2% |
| Federal | 10,996 | 13,083 | 12,712 | 12,268 | 12,150 | 24,418 | -1,377 | -5.3% |
| Gift | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Total | 37,585 | 39,308 | 32,090 | 29,245 | 27,242 | 56,487 | -14,911 | -20.9% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|
| Payments To Individuals | 9 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Local Assistance | 37,576 | 39,308 | 32,090 | 29,245 | 27,242 | 56,487 | -14,911 | -20.9% |
| Total | 37,585 | 39,308 | 32,090 | 29,245 | 27,242 | 56,487 | -14,911 | -20.9% |

| Expenditures by Activity | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|
| Family Collaboratives | 1,849 | 1,474 | 866 | 370 | 0 | 370 | -1,970 | -84.2% |
| Community Education | 15,308 | 14,194 | 7,883 | 5,979 | 4,484 | 10,463 | -11,614 | -52.6% |
| Adults With Disabilities | 685 | 639 | 661 | 710 | 710 | 1,420 | 120 | 9.2% |
| Hearing Impaired Adults | 51 | 54 | 86 | 70 | 70 | 140 | 0 | 0.0% |
| Violence Prevention Grants | 1,442 | 1,305 | 1,349 | 1,450 | 1,450 | 2,900 | 246 | 9.3% |
| Abused Children | 2,437 | 2,274 | 976 | 945 | 945 | 1,890 | -1,360 | -41.8% |
| Children'S Trust Fund | 1,467 | 4,435 | 3,008 | 3,061 | 3,061 | 6,122 | -1,321 | -17.7% |
| Parenting Time Centers | 296 | 298 | 299 | 296 | 296 | 592 | -5 | -0.8% |
| After School Enrichment Grants | 5,128 | 5,506 | 5,514 | 5,510 | 5,510 | 11,020 | 0 | 0.0% |
| School Age Care Revenue | 269 | 221 | 94 | 42 | 22 | 64 | -251 | -79.7% |
| 21st Century Comm Learning Ctr | 0 | 0 | 3,157 | 4,762 | 4,762 | 9,524 | 6,367 | 201.7% |
| State Incentive Grant | 2,140 | 2,433 | 2,235 | 118 | 0 | 118 | -4,550 | -97.5% |
| Coordinated School Health | 210 | 271 | 222 | 290 | 290 | 580 | 87 | 17.6% |
| Safe & Drug-Free Schools | 6,303 | 6,204 | 5,740 | 5,642 | 5,642 | 11,284 | -660 | -5.5% |
| Total | 37,585 | 39,308 | 32,090 | 29,245 | 27,242 | 56,487 | -14,911 | -20.9% |

CHILDREN, FAMILIES, & LEARNING

Program: PREVENTION

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|-------------------|--------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Revenue by Type and Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Dedicated | | | | | | | | |
| State Government Special Revenue | 0 | 5 | 0 | 0 | 0 | 0 | -5 | -100.0% |
| Special Revenue | 448 | 478 | 300 | 300 | 300 | 600 | -178 | -22.9% |
| Federal | 12,662 | 14,683 | 14,372 | 13,936 | 13,813 | 27,749 | -1,306 | -4.5% |
| Subtotal Dedicated | 13,110 | 15,166 | 14,672 | 14,236 | 14,113 | 28,349 | -1,489 | -5.0% |
| Total Revenue | 13,110 | 15,166 | 14,672 | 14,236 | 14,113 | 28,349 | -1,489 | -5.0% |
| | | | | | | | | |
| Full-Time Equivalents (FTE) | 0.9 | 1.1 | 0.0 | 0.0 | 0.0 | | | |

CHILDREN, FAMILIES & LEARNING

Program: PREVENTION

Activity: FAMILY COLLABORATIVES

Narrative

Activity Description

Citation: M.S. 124D.23

Family Services Collaboratives provide incentives to communities that foster integrated services, encourage preventive services, promote service accountability, and improve outcomes for children and families. Collaboratives are provided up to five years of state funding to support needs assessment, planning, coordination, and pilot programs. Funding will be phased out by February 2004.

Population Served

The target population is children and adolescents ages 0-18, or birth through age 21 for individuals with disabilities, and their families.

Services Provided

Family Services Collaboratives (FSC) promote the development and maintenance of services including prevention, early intervention and outreach services, parenting services, family preservation services and culturally sensitive services. FSC have identified as priorities clearly defined outcomes and valid methods of assessment, effective service coordination, participation by the maximum number of jurisdictions and funding sources, integrated transportation and housing services and other local resources, and effective service coordination.

Collaborative governing boards must include at least one school district, one county, one public health organization, and one community action agency (CAA) or a Head Start grantee (if the CAA is not the Head Start grantee).

Historical Perspective

In 1993, the Minnesota legislature passed permissive language that allowed local communities to design flexible, comprehensive service systems and invest funds in locally determined services that focus on prevention and early intervention rather than crisis management. Communities that establish collaboratives must have a comprehensive plan for serving children ages 0-18, or birth through age 21 for individuals with disabilities, and their families. The plan must coordinate funding streams and commit resources to an integrated fund, and contain clear goals and outcome-based indicators to measure progress toward these goals.

The number of FSC has grown from 13 in 1994 to 80 as of 7-1-02.

Key Measures

Ensure that Collaboratives have established and implemented plans for improving outcomes for children and adolescents.

In the fall of 2000, a review focused on the first 28 FSC established in Minnesota. The review compared outcome measures averaged across these 28 FSC's counties, and compared these results to those of an average, or typical county in Minnesota (calculated by dividing state totals by 87).

On average, communities impacted by the work of the 28 FSC indicated better outcomes in the areas of early childhood development, education, healthy and caring communities. The 28 county averages show:

- ◆ fewer school transfers;
- ◆ higher rates of on-time immunizations; and
- ◆ higher academic achievement as measured by performance on the 8th Grade Basic Skills, Reading and Math Test as well as the 10th Grade Writing Exam.

Activity at a Glance

Family Services Collaboratives

- ◆ enhance local decision-making;
- ◆ encourage prevention and early intervention services;
- ◆ promote public accountability; and
- ◆ improve outcomes for children and families.

95% of Minnesota's children and families live in an area served by a Family Service Collaborative.

CHILDREN, FAMILIES & LEARNING

Program: PREVENTION

Activity: FAMILY COLLABORATIVES

Narrative

This report, "Targeted Family Services and Community-Based Collaboratives Review," is available for review at <http://cfl.state.mn.us/PUBRES.html>

Activity Funding

In 1999, the Minnesota legislature mandated that no new collaboratives be funded after 6-30-99 (2000 Session Law, Ch. 489, Art. 1, Sec. 30). As a result, there will be no state funding available to FSC after FY 2004.

Collaborative grants are funded for five years. Funding remains constant for the first three years then declines by 1/3 in each of the final two years.

In FY 2003, Children, Families & Learning will have 15 active FSC grants.

Collaborative grants state funding has leveraged over \$41 million in federal revenue enhancement in 2000 through participation in the Local Collaborative Time Study (LCTS) administered by the Department of Human Services.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

Additional information is available from the Minnesota Department of Children, Families & Learning, (651) 582-8453.

Collaborative Web addresses and Links

List of Family Services Collaboratives:

http://cfl.state.mn.us/cfldirectory/report_d.cgi?prog_num=1045

Information regarding Children's Mental Health Collaboratives:

<http://www.dhs.state.mn.us/childint/Programs/ChildMentalHealth/default.htm>

Information regarding Local Collaborative Time Study:

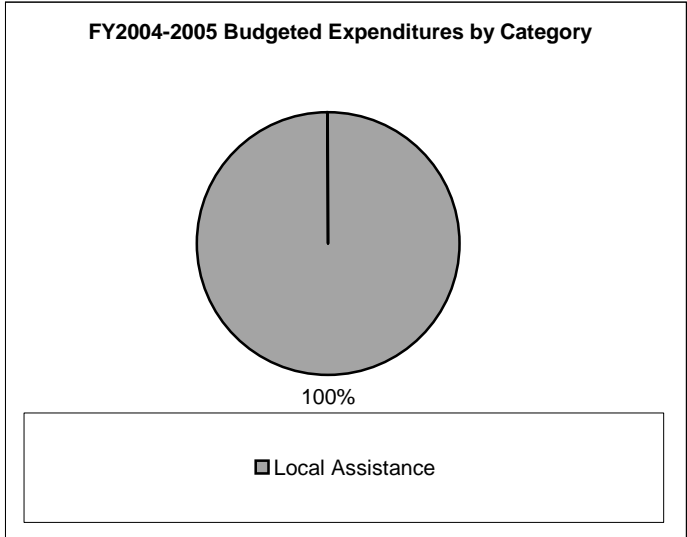
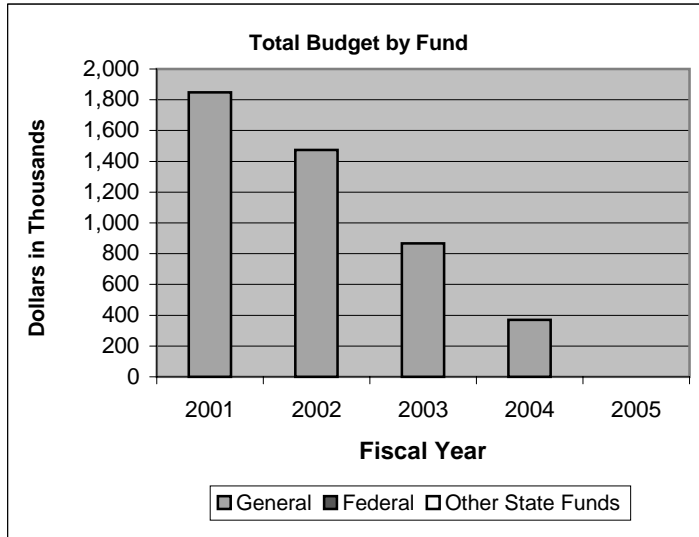
<http://www.dhs.state.mn.us/newsroom/facts/LTCS.htm>

CHILDREN, FAMILIES, & LEARNING

Program: PREVENTION

Activity: FAMILY COLLABORATIVES

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|---------------|---------------|-----------------|---------------|-----------------|----------------|--------------------------|----------------|
| Expenditures by Fund | Actual | Actual | Budgeted | Base | Biennium | | 2004-05 / 2002-03 | |
| | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 1,849 | 1,474 | 866 | 370 | 0 | 370 | -1,970 | -84.2% |
| Total | 1,849 | 1,474 | 866 | 370 | 0 | 370 | -1,970 | -84.2% |
| Expenditures by Category | | | | | | | | |
| Local Assistance | 1,849 | 1,474 | 866 | 370 | 0 | 370 | -1,970 | -84.2% |
| Total | 1,849 | 1,474 | 866 | 370 | 0 | 370 | -1,970 | -84.2% |

CHILDREN, FAMILIES & LEARNING

Program: PREVENTION

Activity: COMMUNITY EDUCATION

Narrative

Activity Description

Citation: M.S. 124D.18; 124D.19; 124D.20; 124D.21

This state aid and local levy program provides funding for community education programs to provide lifelong learning opportunities for all community members and allows access to school facilities for public use.

Activity at a Glance

- ◆ Every Minnesota school district operates a community education program.
- ◆ More than 100,000 activities offered in 2001.
- ◆ Programs serve participants of all ages from preschool through senior citizens.

Population Served

Every Minnesota school district operates a Community Education program. Programs may include (as specified in M.S. 124D.20, subd. 8)

- ◆ Adults with Disabilities,
- ◆ Adult Basic Education (ABE),
- ◆ Youth development,
- ◆ Youth service,
- ◆ Early Childhood Family Education (ECFE),
- ◆ School-Age Care,
- ◆ Summer programs for elementary and secondary pupils,
- ◆ Youth after-school enrichment programs, and
- ◆ Non-vocational, recreational, and leisure activities.

Participation in youth development/service activities increased to over 200,000 young people in 1999, a 5% increase from the previous year.

Services Provided

Community Education is a partnership between the community and the school district through which the resources of each are used for the continuing growth and betterment of both. Community Education provides services beyond the regular K-12 program as recommended by the Community Education Advisory Council and approved by the local school board (State Board Rule 3530.5600).

Community Education administers many popular programs, such as family literacy, ABE, School Age Care, and ECFE.

Local school boards establish Community Education advisory councils and hire local staff to promote and implement the program.

Historical Perspective

State funding for Community Education began in 1971 with the idea that the community should be able to use the public schools beyond the regular school day. Since that time, community education has grown rapidly and in many different directions depending upon the needs/desires of the local community. Many programs emphasize strong recreational opportunities while others focus on skill development. Others still emphasize general interest topics or provide opportunities to explore the arts. This local flexibility allows communities to build programs that meet their own interests and demands, but complicate efforts to maintain statewide support since there is no common understanding of what community education is.

Key Measures

Districts reported nearly two million participants in 2000-01, not including ECFE or ABE. New reporting procedures have been implemented in 2001-02 to ascertain expenditure data.

An annual Phi Delta Kappa poll found that offering activities that bring people into school buildings increases citizens' overall support for education.

CHILDREN, FAMILIES & LEARNING

Program: PREVENTION

Activity: COMMUNITY EDUCATION

Narrative

Department staff recently completed work with the Center for Democracy and Citizenship at the Humphrey Institute on the Value of Citizen Work project to develop qualitative data about changes in individuals and communities that result from citizen involvement. Results from the Value of Citizen Work project show changes in the perception of community education from a series of classes to a system of citizen development and civic engagement. Pilot sites report expanded involvement in community education from a wider range of residents. The Value of Citizen Work project offers new operational models for community education and a revitalized theory and practice for the profession. The Value of Citizen Work project was funded by the Charles Stewart Mott Foundation.

Activity Funding

A district's maximum revenue equals the Community Education allowance times the greater of 1,335 or the population of the district. The Community Education allowance has remained at \$5.95 for the past 14 years.

Districts that have implemented a youth development plan and a youth service program receive an additional \$1 times the greater of 1,335 or the population of the district.

The Community Education levy is the lesser of a fixed tax rate times the district Adjusted Net Tax Capacity (ANTC) or the Community Education revenue. The district's Community Education aid is the difference between the revenue and the levy. The 1998 legislature reduced the tax rate from 1.09% to 0.41% of ANTC, increasing the state share from 4% in FY 1999 to 49% in FY 2000.

Formula funding is supplemented with registration fees and funds from other sources. General community education revenue is not used to subsidize the direct activity costs for adult enrichment programs (the cost of the activity leader or instructor, cost of materials, transportation costs, etc.). Funding commonly supports parenting education and parent/child classes, youth recreation and athletics, community meetings, and community service activities.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

Additional information is available from the Minnesota Department of Children, Families & Learning, Lifework Development Division, (651) 582-8330

CHILDREN, FAMILIES & LEARNING
Program: PREVENTION
Activity: COMMUNITY EDUCATION

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | | |
|---|--------------------------|----------------------------|----------------------------|---------------------------------|--------------|-------------------------------|--|---------------|
| Budget Activity Summary | Actual FY2001 | Estimate FY2002 | Budgeted FY2003 | Base FY2004 FY2005 | | Biennium FY2004-05 | Biennial Change 2004-05 / 2002-03 Dollars Percent | |
| 1. Statutory Formula Aid | 15,284 | 14,073 | 7,803 | 5,604 | 4,256 | 9,860 | (12,016) | -54.9% |
| 2. Statutory Excess/(Shortfall) | (34) | | | | | | | |
| 3. Appropriated Entitlement | 15,250 | 14,073 | 7,803 | 5,604 | 4,256 | 9,860 | (12,016) | -54.9% |
| 4. Adjustment(s) | | | | | | | | |
| a. Excess Funds Transferred In / (Out) | 34 | | | | | | | |
| 5. State Aid Entitlement | 15,284 | 14,073 | 7,803 | 5,604 | 4,256 | 9,860 | (12,016) | -54.9% |
| 6. Local Levy | 17,483 | 19,218 | 31,245 | 33,918 | 35,857 | 69,775 | (19,312) | |
| 7. Revenue (Total of Aid & Levy) | 32,767 | 33,291 | 39,048 | 39,522 | 40,113 | 79,635 | (31,328) | -43.3% |
| 8. Total School District Revenue - All Funds | 32,767 | 33,291 | 39,048 | 39,522 | 40,113 | 79,635 | (31,328) | -43.3% |
| Appropriations Basis for State Aid | | | | | | | | |
| Prior Year (10% FY 01-03) (17% FY 04-05) | 1,552 | 1,528 | 1,407 | 1,327 | 952 | 2,279 | (656) | |
| Current Year (90% FY 01-02) (83% FY 03-05) | 13,722 | 12,666 | 6,476 | 4,652 | 3,532 | 8,184 | (10,958) | |
| Transfers per M.S. 127A.41, subdivision 8 & 9 | 34 | | | | | | | |
| Total State Aid - General Fund | 15,308 | 14,194 | 7,883 | 5,979 | 4,484 | 10,463 | (11,614) | -52.6% |
| TOTAL APPROPRIATIONS | 15,308 | 14,194 | 7,883 | 5,979 | 4,484 | 10,463 | (11,614) | -52.6% |

CHILDREN, FAMILIES & LEARNING

Program: PREVENTION

Activity: ADULTS WITH DISABILITIES

Narrative

Activity Description

Citation: M.S. 124D.56

This state aid and local levy program provides funding to school districts to support activities that integrate adults with disabilities with other people in their community.

Population Served

The number of adults with disabilities participating in this program increased from approximately 9,000 in FY 1988 to 39,000 in 1999, and has remained relatively stable since that time.

Activity at a Glance

- ◆ 77 school districts are approved for Adults with Disabilities Program Aid.
- ◆ The number of participants supported has remained relatively constant since 1999.
- ◆ Many more adults with disabilities are served by community education than are supported by the program.

Services Provided

Community Education programs locally administer the Adults with Disabilities program. Thirty of 77 supported school districts are in the seven county metropolitan area. The local programs use the following service strategies to achieve their objectives:

- ◆ services enabling adults to participate in community activities, such as training for community members, one-on-one assistance, Braille and interpreter services;
- ◆ classes specifically for adults with disabilities;
- ◆ outreach to identify adults needing services; and
- ◆ activities to increase public awareness of the roles of people with disabilities.

Key Measures

Local Community Education teachers work with others to:

- ◆ identify and encourage adults with disabilities to enjoy community life;
- ◆ develop specific learning and leisure time opportunities for those with disabilities;
- ◆ teach community members how to include people with differing abilities; and
- ◆ raise awareness of contributions of people with disabilities.

Activity Funding

To be eligible for specific categorical revenue to serve adults with disabilities, a school district's community education program must receive approval from the Minnesota Department of Children, Families & Learning.

State aid formula provides the lesser of \$30,000 or one-half the actual expenditures. A district is required to match this aid amount from local sources. A district is permitted to levy the lesser of \$30,000 or the actual expenditures minus the amount of state aid for the program.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

Additional information is available from the Minnesota Department of Children, Families & Learning, Lifework Development Division, (651) 582-8330

CHILDREN, FAMILIES & LEARNING
Program: PREVENTION
Activity: ADULTS WITH DISABILITIES

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | | |
|--|--------------------------|----------------------------|----------------------------|---------------|---------------|-------------------------------|--|----------------|
| Budget Activity Summary | Actual FY2001 | Estimate FY2002 | Budgeted FY2003 | Base | | Biennium FY2004-05 | Biennial Change 2004-05 / 2002-03 | |
| | | | | FY2004 | FY2005 | | Dollars | Percent |
| 1. Statutory Formula Aid | 685 | 710 | 710 | 710 | 710 | 1,420 | 0 | 0.0% |
| 2. Local Levy | 670 | 670 | 670 | 670 | 670 | 1,340 | 0 | |
| 3. Revenue (Total of Aid & Levy) | 1,355 | 1,380 | 1,380 | 1,380 | 1,380 | 2,760 | 0 | 0.0% |
| 4. Total School District Revenue - All Funds | 1,355 | 1,380 | 1,380 | 1,380 | 1,380 | 2,760 | 0 | 0.0% |
| Appropriations Basis for State Aid | | | | | | | | |
| Prior Year (10% FY 01-03) (17% FY 04-05) | 0 | 0 | 71 | 120 | 120 | 240 | 169 | |
| Current Year (90% FY 01-02) (83% FY 03-05) | 710 | 639 | 590 | 590 | 590 | 1,180 | (49) | |
| Balance Forward | 29 | | | | | | | |
| Cancellation | (54) | | | | | | | |
| Total State Aid - General Fund | 685 | 639 | 661 | 710 | 710 | 1,420 | 120 | 9.2% |
| TOTAL APPROPRIATIONS | 685 | 639 | 661 | 710 | 710 | 1,420 | 120 | 9.2% |

CHILDREN, FAMILIES & LEARNING

Program: PREVENTION

Activity: HEARING IMPAIRED ADULTS

Narrative

Activity Description

Citation: M.S. 124D.57

This state aid program provides funding to districts and other organizations to assure access to educational opportunities for deaf and hard of hearing adults by paying for interpreter or note-taker services.

Activity at a Glance

- ◆ 32 sites received funding under this program in 2001-02 with aid ranging from less than \$20 to more than \$6,000.

Population Served

Both public and private agencies providing adult education classes to hearing impaired adults may apply to Children, Families & Learning (CFL) for reimbursement of the costs of providing interpreting services. Applications for aid are received on a first-come, first-served basis only to the extent that funds are available. Over estimation of need by some may prevent aid flow to others.

Services Provided

This program

- ◆ targets part-time adult students with hearing impairments;
- ◆ provides access to vocational education programs promoting educational growth and development; and
- ◆ enhances and encourages lifelong learning.

Services provided include interpretation, note-taking, and closed captioning.

Access to education programs for persons with disabilities is assured by the American with Disabilities Act (ADA). Providers are learning ways to cover the costs of interpreter services within their budget plans. Nevertheless, some providers still turn to this program for assistance with the one-time costs of interpreter and note-taker services. The aid allocation is not meant to support all the interpreter services for deaf and hard of hearing adult learners, but to help in unforeseen situations.

Key Measures

Approximately 70% of reimbursement requests come from school districts providing adult education. The remaining 30% come from other public and private organizations.

During 1999-2000, 45 different agencies received funds, ranging from over \$8,000 for Hearing Dogs of Minnesota to \$70 for a local school district to interpret a one-time community education class for one adult.

Activity Funding

CFL provides reimbursement of the actual costs of direct services. The cost of providing interpreter services to one person for an activity/program is the same as providing that service to a group of people. The average cost for an hour of American Sign Language interpretation, estimated by the Minnesota Council on Disability, is \$35 to \$50 per hour, with a two-hour minimum charge.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

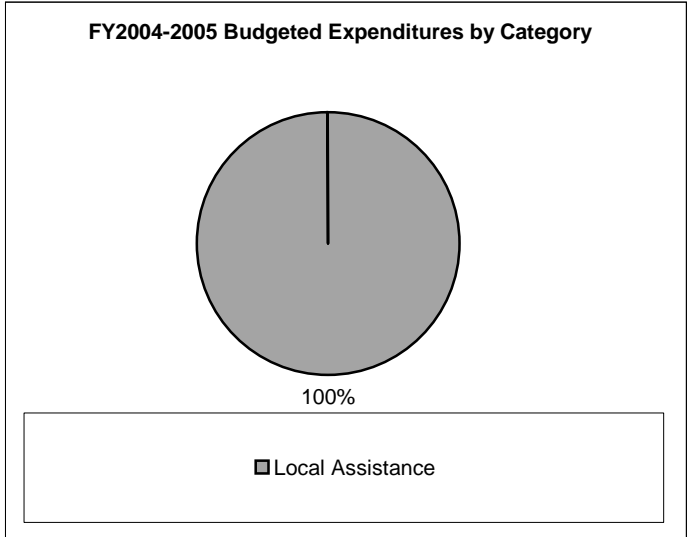
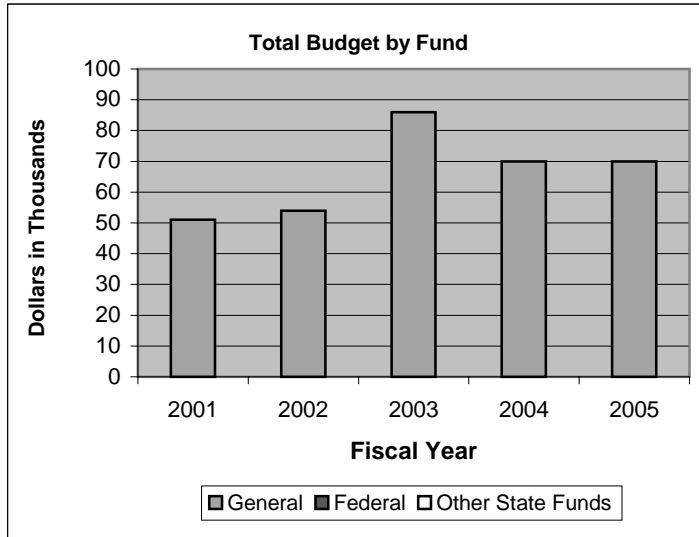
Additional information is available from the Minnesota Department of Children, Families & Learning, Lifework Development Division, (651) 582-8330.

CHILDREN, FAMILIES, & LEARNING

Program: **PREVENTION**

Activity: HEARING IMPAIRED ADULTS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|---------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 51 | 54 | 86 | 70 | 70 | 140 | 0 | 0.0% |
| Total | 51 | 54 | 86 | 70 | 70 | 140 | 0 | 0.0% |
| Expenditures by Category | | | | | | | | |
| Local Assistance | 51 | 54 | 86 | 70 | 70 | 140 | 0 | 0.0% |
| Total | 51 | 54 | 86 | 70 | 70 | 140 | 0 | 0.0% |

CHILDREN, FAMILIES & LEARNING

Program: PREVENTION

Activity: VIOLENCE PREVENTION GRANTS

Narrative

Activity Description

Citation: M.S. 120B.22-120B.23

Violence Prevention grants integrate violence prevention education programming into existing K-12 curricula and help students learn to resolve conflicts and reduce violence at school.

Population Served

Students, kindergarten through senior high school, attending public schools are the targeted service population.

Services Provided

Districts conduct a needs assessment, select measurable goals to work towards, use best or promising practices and conduct evaluation to assess the effectiveness of their efforts. Services vary based on each district's needs assessment and plan but may include a comprehensive, accurate, and age appropriate curriculum on violence prevention, nonviolent conflict resolution, sexual, racial, and cultural harassment, and student hazing that promotes equality, respect, understanding, effective communication, individual responsibility, thoughtful decision making, positive conflict resolution, useful coping skills, critical thinking, listening and watching skills, and personal safety.

The Violence Prevention Program staff work with schools, policy makers, and community groups to develop and adopt effective ways to address conflict in schools, to improve school climate, and to implement policies and practices which support safe schools and equitable treatment.

The Violence Prevention Program works in conjunction with Safe and Drug Free Schools to reduce violence and promote school safety. School districts apply for funds in a single application that combines use of the federal Safe and Drug-Free School and Communities funds with state Violence Prevention Education funds to address common violence-prevention goals.

Key Measures

Increase the proportion of students reporting they feel safe at school on the Minnesota Student Survey result.

- ⇒ About 90% of youth surveyed in 2001 reported that they feel relatively safe at school.
- ⇒ Recent research from the National Adolescent Health Study has shown that feelings of safety and security at school and a positive school climate are one of the strongest protective factors associated with positive youth outcomes in a wide range of areas, including school-relates indicators of success.

Decrease the number or rate of incidents involving dangerous weapons in schools

- ⇒ The rate of dangerous weapons incidents (calculated based on reports by school administrators of dangerous weapons incidents, and number of enrolled students) has decreased each year since 1998 from 1.9% to 1.1% in 2002.

Activity Funding

Total statewide annual funding for program initiatives is \$1.45 million. There are no funds provided for administration. \$1.45 million is appropriated annually for distribution to school districts based on resident student counts from the previous school year, resulting in a distribution of funds of approximately \$1.50 per pupil unit. Funds are restricted to no more than \$3 per resident pupil.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Activity at a Glance

- ◆ All Minnesota public school districts are eligible to receive funding. Participation rate is between 98-100% annually.
- ◆ Violence prevention education programs include:

| | % of Districts |
|---|----------------|
| Peer Education | 47% |
| Youth to Youth Mentoring | 54% |
| Community Service | 53% |
| Conflict Resolution and Peer Mediation | 80% |
| Restorative Measures | 40% |

CHILDREN, FAMILIES & LEARNING

Program: PREVENTION

Activity: VIOLENCE PREVENTION GRANTS

Narrative

Contact

Additional information is available from the Minnesota Department of Children, Families & Learning, (651) 582-8453. Also see: <http://www.makethepeace.org> The Make the Peace Campaign web site and link to other related sites <http://cfl.state.mn.us/PUBRES.html> includes the 2001 Minnesota Student Survey report and other CFL reports relating to violence prevention.

CHILDREN, FAMILIES & LEARNING

Program: PREVENTION

Activity: VIOLENCE PREVENTION GRANTS

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | |
|--|------------------|--------------------|--------------------|-----------------------------------|-------------|-----------------------|---|
| Budget Activity Summary | Actual FY2001 | Estimate FY2002 | Budgeted FY2003 | Governor's Rec FY2004 FY2005 | | Biennium FY2004-05 | Biennial Change 2004-05 / 2002-03 Dollars Percent |
| 1. Statutory Formula Aid | 1,442 | 1,450 | 1,450 | 1,450 | 1,450 | 2,900 | 0 0.0% |
| 2. Total School District Revenue - All Funds | 1,442 | 1,450 | 1,450 | 1,450 | 1,450 | 2,900 | 0 0.0% |
| Appropriations Basis for State Aid | | | | | | | |
| Prior Year (10% FY 01-03) (17% FY 04-05) | 0 | 0 | 145 | 246 | 246 | 492 | 347 |
| Current Year (90% FY 01-02) (83% FY 03-05) | 1,450 | 1,305 | 1,204 | 1,204 | 1,204 | 2,408 | (101) |
| Cancellation | (8) | | | | | | |
| Total State Aid - General Fund | 1,442 | 1,305 | 1,349 | 1450 | 1450 | 2,900 | 246 9.3% |
| TOTAL APPROPRIATIONS | 1,442 | 1,305 | 1,349 | 1450 | 1450 | 2,900 | 246 9.3% |

CHILDREN, FAMILIES & LEARNING

Program: PREVENTION

Activity: ABUSED CHILDREN

Narrative

Activity Description

Citation: M.S. 119A.20; 119A.21; 119A.22; 119A.35

Federal Citation: Victims of Crimes Act of 1984 (VOCA)

The Abused Children Program provides intervention services to children and adolescent victims of abuse and neglect, including victims of physical and sexual assault.

Population Served

Seventy percent of program participants are from greater Minnesota; 30% from the seven-county metropolitan area.

Activity at a Glance

- ◆ In 2001, almost 13,000 primary victims and 8,000 secondary victims were served in 53 programs statewide.
- ◆ Grants are co-administered by the CFL and the Department of Public Safety.
- ◆ 44 sites funded statewide, averaging \$47,000 annually.

Services Provided

The program provides a variety of intervention strategies including legal advocacy, support groups for children and non-offending family members, community awareness presentations, and outreach activities. Funds are made available through a competitive grant application.

Historical Perspective

The Abused Children Program began in 1987 with federal funds through the Victims of Crime Act (VOCA). In 1993, the advisory council identified a need for a statewide system of community-based services for children who have been abused or neglected. In 1994, the Minnesota legislature appropriated state funds to supplement the federal funds.

The Abused Children Program, in partnership with the Children's Trust Fund, supports the Children's Advisory Council. The Children's Advisory Council was created in 2001 when the legislature combined the previously existing Children's Trust Fund Advisory Council and the Abused Children Advisory Council into a single advisory body charged with identifying unmet needs and establishing goals for children abuse prevention and intervention resources in Minnesota. The Children's Advisory Council began meeting in the spring of 2002 with 22 representatives, 18 of who were appointed by the governor.

Beginning in FY 2002, CFL entered into an interagency agreement with the Department of Public Safety's Minnesota Center for Crime Victims Services (MCCVS) to administer this grant program. Because the interagency agreement allows MCCVS to have direct access to both state and federal Victims Of Crime Act (VOCA) funds that are used in this program, this agreement provides increased efficiency for the grantees and the agencies. MCCVS provides grant administration, monitoring, compliance, and technical assistance to local grantee programs.

Key Measures

Increase the number of child victims of abuse provided support services.

- ⇒ The number of child abuse victims served in Minnesota has doubled since 1995.
- ⇒ Research has shown that when child abuse is not addressed and the victims are not provided support and care, victims often demonstrate continuing, serious emotional and social problems throughout their lives.

Increase the number of secondary child abuse victims – individuals impacted but not experiencing abuse directly, such as siblings – provided support and education.

- ⇒ The number of secondary victims has more than tripled since 1995 as programs began to target services to everyone impacted by the violence of child abuse.

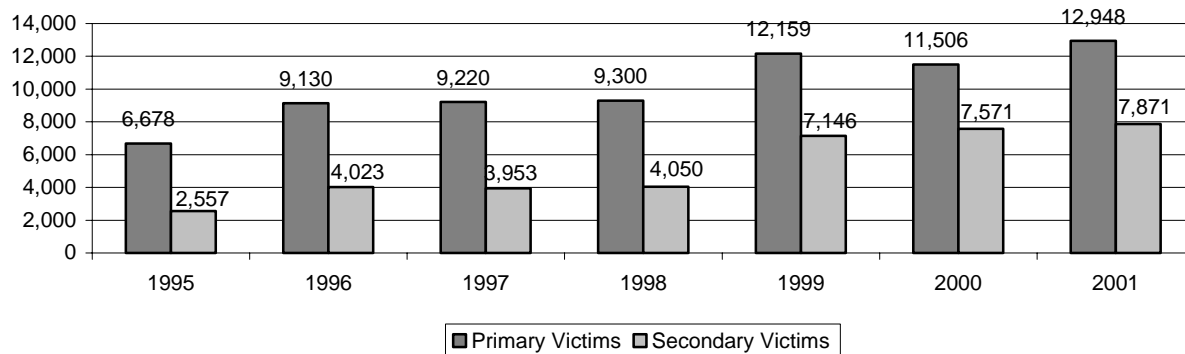
CHILDREN, FAMILIES & LEARNING

Program: PREVENTION

Activity: ABUSED CHILDREN

Narrative

Number of Abused Children Served Through Abused Children Programs



Activity Funding

The federal VOCA funding results from fines, forfeitures, and other monies collected from federal offenders and is awarded in form of a grant to Department of Public Safety. Federal Victims of Crime Act funds may not be used to supplant state and local funds that would otherwise be available for crime victim services. Beginning in FY 2003, the federal dollars will be awarded directly to the Department of Public Safety. CFL retains administrative responsibilities.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

Additional information is available from the Department of Public Safety, (651) 205-4821 or Department of Children, Families & Learning, (651) 582-8453.

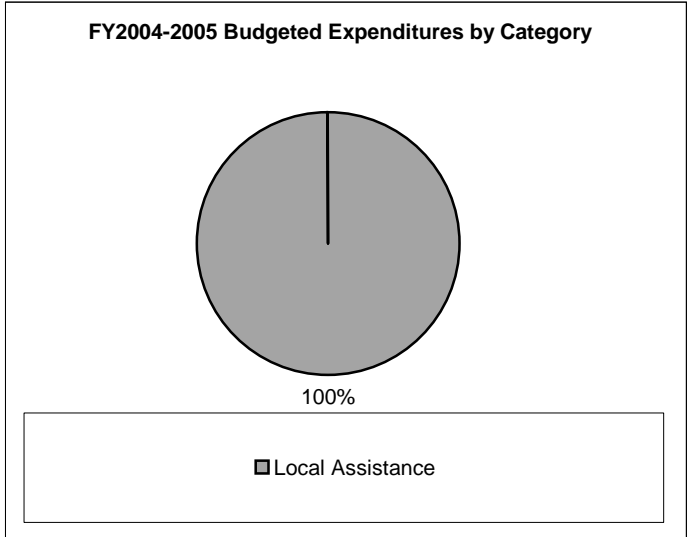
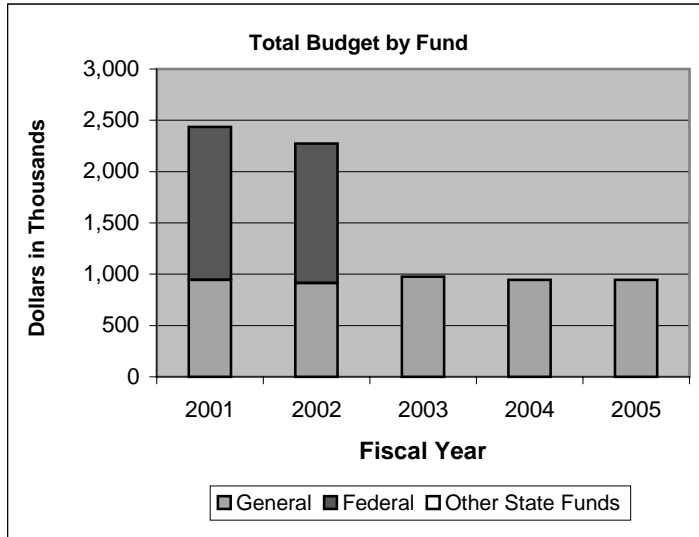
For a list of Abused Children grants awarded through the 2001 Prevention & Intervention grant application process go to: <http://cfl.state.mn.us/prevention>

CHILDREN, FAMILIES, & LEARNING

Program: PREVENTION

Activity: ABUSED CHILDREN

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 945 | 914 | 976 | 945 | 945 | 1,890 | 0 | 0.0% |
| Statutory Appropriations | | | | | | | | |
| Federal | 1,492 | 1,360 | 0 | 0 | 0 | 0 | -1,360 | -100.0% |
| Total | 2,437 | 2,274 | 976 | 945 | 945 | 1,890 | -1,360 | -41.8% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|------------|------------|------------|--------------|---------------|---------------|
| Expenditures by Category | | | | | | | | |
| Local Assistance | 2,437 | 2,274 | 976 | 945 | 945 | 1,890 | -1,360 | -41.8% |
| Total | 2,437 | 2,274 | 976 | 945 | 945 | 1,890 | -1,360 | -41.8% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|----------|----------|----------|----------|---------------|----------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Federal | 1,516 | 1,421 | 0 | 0 | 0 | 0 | -1,421 | -100.0% |
| Subtotal Dedicated | 1,516 | 1,421 | 0 | 0 | 0 | 0 | -1,421 | -100.0% |
| Total Revenue | 1,516 | 1,421 | 0 | 0 | 0 | 0 | -1,421 | -100.0% |

CHILDREN, FAMILIES & LEARNING

Program: PREVENTION

Activity: CHILDREN'S TRUST FUND

Narrative

Activity Description

Citation: M.S. 119A.10 to M.S. 119A.17; 119A.35

Community Based Family Resources and Support
Program Grants for Children's Trust Fund Title II Child
Abuse Prevention and Treatment Act 42 U.S.C. 5116

The Children's Trust Fund (CTF) helps to prevent child abuse and neglect by giving parents the tools and resources they need to parent their children effectively.

Population Served

From 2000-2002, the CTF awarded 45 grants based on principles of promising practice in preventing child abuse and neglect. The practices supported by grant funding include: parenting support and education, home visiting, and crisis nursery/respite care. Additionally, some grant funded programs focus on specific areas of high need including: ethnic/cultural populations, gender and/or geographic locations. The Department of Children, Families and Learning (CFL) awarded grants to 26 programs in greater Minnesota and 19 grants in the metro area.

Activity at a Glance

- ◆ Children's Trust Fund serves almost 15,000 families, and 16,000 children in 45 programs.
- ◆ Child Abuse Prevention Councils are located in 85 of the state's 87 counties.
- ◆ 98% of the programs have significant involvement of parents in the governance of the agency serving them.
- ◆ 112 grants statewide averaging \$45,800.

Services Provided

Programming ranges from parenting education and support activities, to respite care, to fathering education and support services and school-based programs for adolescent parents and their children. Grants are awarded with state and federal funds to nonprofit and public agencies providing child abuse and neglect prevention services, male responsibility and fathering programs, and adolescent pregnancy prevention programs.

The CTF creates and maintains a community-based prevention infrastructure through a network of authorized local Child Abuse Prevention Councils (CAPCs) in 85 of the 87 counties in the state. CAPCs are grass roots, community-based, volunteer organizations. Their purpose is to develop and promote educational campaigns designed to raise awareness of and prevent child abuse and neglect.

Historical Perspective

The Children's Trust Fund was established in Minnesota in 1986. In 1992, federal grants (CBFRS- Community Based Family Resource and Support) were made available to assist state in supporting their families with child abuse prevention programming. Minnesota has received the federal grant each year for the past decade.

The Children's Trust Fund, in partnership with the Abused Children Program, supports the Children's Advisory Council. The Children's Advisory Council was created in 2001 when the legislature combined the previously existing Children's Trust Fund Advisory Council and the Abused Children Advisory Council into a single advisory body charged with identifying unmet needs and establishing goals for children abuse prevention and intervention resources in Minnesota. The Children's Advisory Council began meeting in the spring of 2002 with 22 representatives, 18 of who were appointed by the governor.

Key Measures.

Maintain the number of school-aged youth reporting that they feel their parents' care about them as measured in the Minnesota Student Survey conducted every three years.

- ⇒ Data from the 2001 survey shows that a vast majority of students reported that they feel their parents care about them a great deal—88% of 12th grades, 90% of 9th graders, and 96% of 6th graders. These trends are relatively stable across the three points in time in which the survey was administered.

Decrease in the numbers of families with determinations of Child Maltreatment

- ⇒ As reported in a Department of Human Services (DHS) report titled "Minnesota's Child Welfare Report for 2000" in 2000, 24,680 reports alleging child maltreatment were taken by local Child Protection offices. Of those, 47% (or 11,845) were found to be cases where determination of maltreatment could be made.

CHILDREN, FAMILIES & LEARNING

Program: PREVENTION

Activity: CHILDREN'S TRUST FUND

Narrative

- ⇒ Reports from DHS indicate a slight downward reduction in the maltreatment rate per 1,000. 1992 was a 10-year high with 9.1 children per 1,000 proven abused, while in 2001 the rate is 8.5 per 1,000.
- ⇒ The report documents racial and ethnic groups most at risk for maltreatment. African-American and Native American are seven times more likely to be victims of abuse.

Reduce the number of births by youth under the age of 18.

- ⇒ There were 1,790 births to teens in 2000. The rate of teen births has declined since 1993 for almost every region in the state and for the state as a whole.

Activity Funding

The program receives funding from three sources.

- ⇒ State General Fund: Included in this appropriation are funds to support child abuse prevention programs, male responsibility and fathering programs and adolescent parenting programs.
- ⇒ Federal: The annual federal grant award is based on a child population formula and totals \$1.945 million in federal FY 2002. The federal award can be expended over three years. The Minnesota CTF is the designated program to receive the Community Based Family Resource and Support Program (CBFTS) monies.
- ⇒ Special Revenue: CTF receives revenue from a \$3 surcharge on birth certificates and the interest earned on a trust account.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

Additional information is available from the Minnesota Department of Children, Families & Learning, (651) 582-8453.

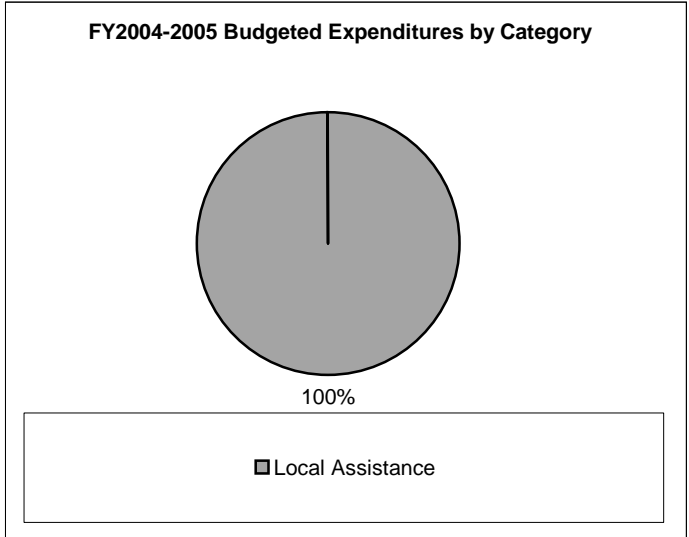
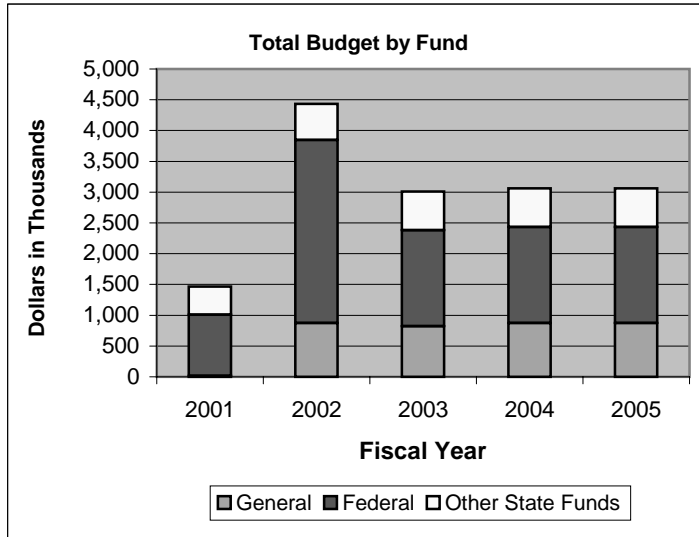
For more information about Minnesota's Children Trust fund go to: <http://cfl.state.mn.us/ctf/index.htm>

CHILDREN, FAMILIES, & LEARNING

Program: PREVENTION

Activity: CHILDREN'S TRUST FUND

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 14 | 874 | 822 | 875 | 875 | 1,750 | 54 | 3.2% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 456 | 587 | 630 | 630 | 630 | 1,260 | 43 | 3.5% |
| Federal | 996 | 2,974 | 1,556 | 1,556 | 1,556 | 3,112 | -1,418 | -31.3% |
| Gift | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Total | 1,467 | 4,435 | 3,008 | 3,061 | 3,061 | 6,122 | -1,321 | -17.7% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
| Expenditures by Category | | | | | | | | |
| Payments To Individuals | 9 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Local Assistance | 1,458 | 4,435 | 3,008 | 3,061 | 3,061 | 6,122 | -1,321 | -17.7% |
| Total | 1,467 | 4,435 | 3,008 | 3,061 | 3,061 | 6,122 | -1,321 | -17.7% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Federal | 1,188 | 3,220 | 1,945 | 1,945 | 1,945 | 3,890 | -1,275 | -24.7% |
| Subtotal Dedicated | 1,188 | 3,220 | 1,945 | 1,945 | 1,945 | 3,890 | -1,275 | -24.7% |
| Total Revenue | 1,188 | 3,220 | 1,945 | 1,945 | 1,945 | 3,890 | -1,275 | -24.7% |

CHILDREN, FAMILIES & LEARNING

Program: PREVENTION

Activity: PARENTING TIME CENTERS

Narrative

Activity Description

Citation: M.S. 119A.37; 517.08, subd. 1.c.(2)

Parenting Time Centers reduce children's vulnerability to violence and trauma related to family visitation (parenting time) and assist children in developing a relationship with an estranged parent, grandparent, or other family member.

Population Served

Centers serve children from newborn to 18 years of age. The majority of children served are six years old or younger.

Activity at a Glance

- ◆ Almost 1,600 children and 1,000 families were served in eight centers during 2001.
- ◆ 3,450 visitations were provided in 2001, an increase of 21% over the previous year.
- ◆ 4,000 exchanges were arranged in 2001, an increase of 26% over the previous year.

Services Provided

Parenting grants have been awarded to eight parenting time centers statewide. Centers serve residents of Becker, Carver, Crow Wing, Itasca, Kandiyohi, Hennepin, Mower, Otter Tail, St. Louis, Scott, and Stearns counties. These centers provide a safe place for non-custodial parents or parents of children in foster care to visit and/or exchange children. Many programs offer additional services, including parent education, child/parent groups, and toy and book lending libraries.

Parenting time and exchanges are often court ordered, but child protection workers, attorneys, or therapists may also refer families. Upon request, center staff provides courts and/or child protection with documentation of parent/child interaction observed during supervised visits.

Historical Perspective

The Minnesota legislature first funded Family Visitation Centers in 1992. During the 2000 legislative session, the name of the program changed from Family Visitation Centers to Parenting Time Centers.

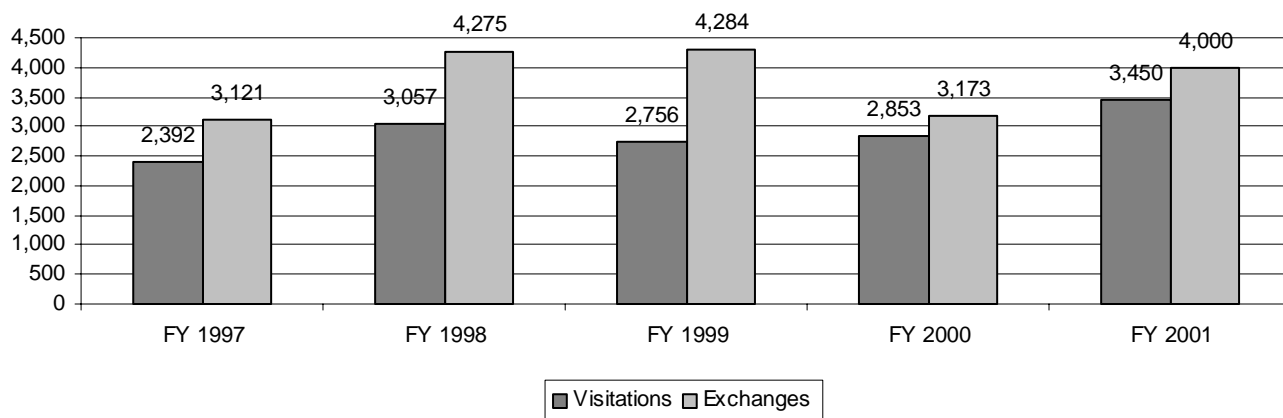
Key Measures

Increase the number of children provided safe visitation and supervised visits annually.

⇒ 32% increase in number of children served in 2001 from previous year.

⇒ 23% increase in the number of families accessing Parenting Time Center resources last year.

Number of Visitation and Exchanges through Parenting Time Centers



CHILDREN, FAMILIES & LEARNING

Program: PREVENTION

Activity: PARENTING TIME CENTERS

Narrative

Activity Funding

The program has two sources of state funding: 1) general fund, and 2) \$3 in special revenue funds from the sale of each marriage license. Funds are distributed through competitive grant application to sites statewide.

M.S. 119A.37, subd. 1 requires local programs to provide a 25% state fund match. In FY 2001, sites reported a 138% match of state dollars with local cash or in-kind donations.

Some programs have purchase of service contracts with county child protective services. Courts sometimes order the offending parent to pay a fee to the center. Most centers have a sliding fee scale, but centers waive the fee for victims of domestic violence.

Beginning in FY 2002, CFL entered into an interagency agreement with the Department of Public Safety to administer this grant program because of the close association that Parenting Centers have in providing services to abused children and their families (see the Abused Children Narrative). Through this interagency agreement, the Department of Public Safety provides grant administration, monitoring, compliance and technical assistance to local grantee programs.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

Additional information is available from the Department of Public Safety, (651) 205-4821 or the Department of Children, Families & Learning, (651) 582-8453.

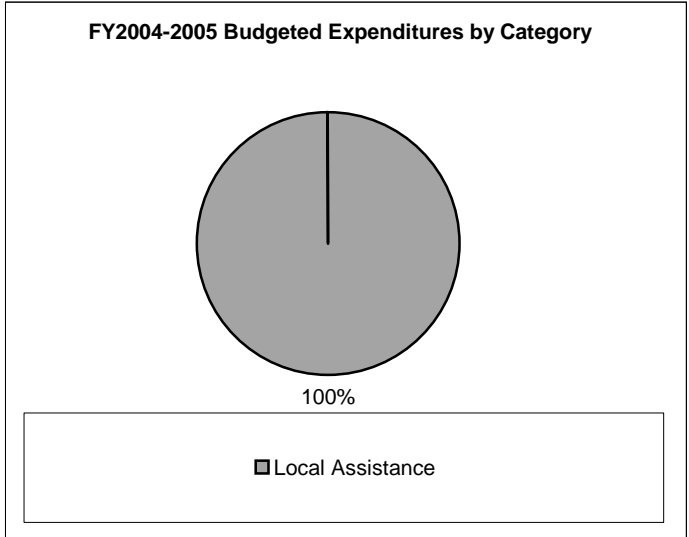
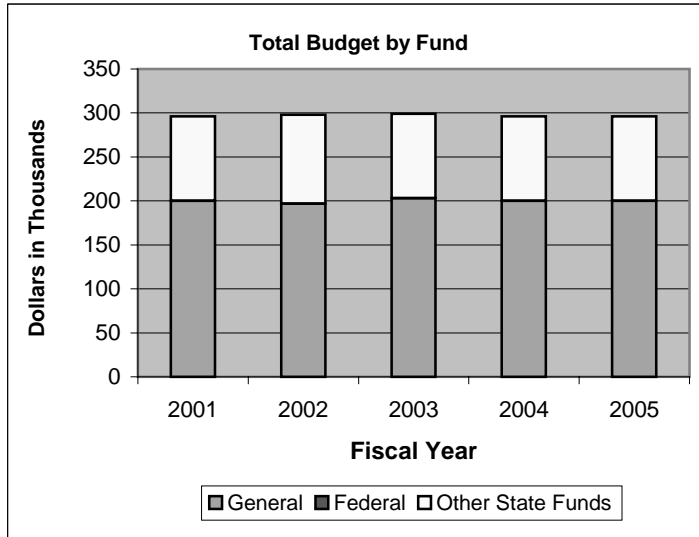
For a list of the Parenting Time Centers funded through the 2001 Prevention & Intervention grant application process go to: <http://cfl.state.mn.us/prevention>

CHILDREN, FAMILIES, & LEARNING

Program: PREVENTION

Activity: PARENTING TIME CENTERS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|----------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 200 | 197 | 203 | 200 | 200 | 400 | 0 | 0.0% |
| State Government Special Revenue | 96 | 101 | 96 | 96 | 96 | 192 | -5 | -2.5% |
| Total | 296 | 298 | 299 | 296 | 296 | 592 | -5 | -0.8% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|-----------|--------------|
| Expenditures by Category | | | | | | | | |
| Local Assistance | 296 | 298 | 299 | 296 | 296 | 592 | -5 | -0.8% |
| Total | 296 | 298 | 299 | 296 | 296 | 592 | -5 | -0.8% |

| | | | | | | | | |
|----------------------------------|----------|----------|----------|----------|----------|----------|-----------|----------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| State Government Special Revenue | 0 | 5 | 0 | 0 | 0 | 0 | -5 | -100.0% |
| Subtotal Dedicated | 0 | 5 | 0 | 0 | 0 | 0 | -5 | -100.0% |
| Total Revenue | 0 | 5 | 0 | 0 | 0 | 0 | -5 | -100.0% |

CHILDREN, FAMILIES & LEARNING

Program: PREVENTION

Activity: AFTER SCHOOL ENRICHMENT GRANTS

Narrative

Activity Description

Citation: M.S. 124D.221

The After School Enrichment is a state funded program with two goals: 1) to prevent at-risk behavior by children during out-of-school time hours; and 2) to enrich the development of children through involvement in quality programming.

Activity at a Glance

- ◆ Participation in the 44 programs statewide increased by over 30% in the last reporting year to almost 59,000 youth.
- ◆ Participant contact hours averaged three hours per week during 2001.

Population Served

The program serves at-risk, school aged youth before-school, after-school, and in the summer with programming provided through partnerships that effectively utilize and build on existing community resources.

Services Provided

After School Enrichment provides funding for community-based partnerships to bring together school and community youth-serving organizations and provide a variety of activities for children and adolescents. Programming offered includes skill building in the use of computers, the arts, athletics, and other cultural enrichment programs that engage youth in constructive activities, as well as tutoring, homework help and other academic support.

After School programming includes before and after school, weekend, summer, and release time programming. The grants are designed to encourage local control and collaborative decision-making about allocating resources efficiently to the services communities identify as most important. Local After School grantees are selected through open competition with priority given to local partnerships with experience in providing youth programming and maximizing resources. These partnerships usually involve representatives of youth-serving organizations, schools, recreation departments, local government, parents, and youth. In 2001, 59% of the grantees selected for funding in 2001 had previously received After School funding.

Three programs focusing on out-of-school time—School-Age Care, Minnesota's After School Enrichment Program and the 21st Century Learning Centers—work on promoting school connectedness. These programs provide complementary activities to what goes on during the school day. Activities include tutoring, recreational programs, and work in computer, sports and arts that help build well-rounded youth, particularly during key time periods during the day when youth lack adult supervision and opportunities to engage in structured activities.

Key Measures

Increase by 15% the number of at-risk youth participating in before, after school, and summer programming.

- ⇒ Programs reported a 31% increase in participation in 2000-01.
- ⇒ 38% report a decrease in juvenile crime.
- ⇒ 74% report that participants were involved in community service.

Maintain at-risk youth participation level at two hours or more per week.

- ⇒ Programs reported participation at three hours per week in 2000-01. A 1997 study by the U.S. Department of Health and Human Services showed that youth spending one to four hours per week in out-of-school time programming are less likely to use drugs and become teen parents than their peers who do not participate.

Improve academic achievement.

- ⇒ 76% of the 2000-2001 programs report increased academic achievement.
- ⇒ 47% report improved school attendance.
- ⇒ 82% reported on increased skill in technology.

CHILDREN, FAMILIES & LEARNING

Program: PREVENTION

Activity: AFTER SCHOOL ENRICHMENT GRANTS

Narrative

Activity Funding

After School Enrichment funding is provided through a state general appropriation. FY 2003 funding is \$5.51 million. Grant requests consistently exceed available funding. In 1998, 111 programs requested \$17 million for After School Enrichment Grants. Of these requests, 24 programs received grants. In 2000, 148 programs requested After School Enrichment Grants. Of these requests, 34 programs received grants. In 2002, 160 programs applied from throughout the state and 44 programs were funded. Most applicants are funded at the level they request.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

Additional information is available from the Minnesota Department of Children, Families & Learning, (651) 582-8453.

<http://cfl.state.mn.us/prevention> Application information for 2002 after-school enrichment grants and list of current grantee programs

<http://cfl.state.mn.us/PUBRES.html> includes the 2001-2002 After School Enrichment Data Report, the 2001 Minnesota Student Survey report and other CFL reports relating to out-of-school time programs.

www.afterschool.gov/cgi-bin/h/home.pl Clearinghouse to federal resources that support youth in the out of school hours.

www.gse.harvard.edu/hfrp/projects/afterschool/about.html Harvard Family Research Project's out of School Time Evaluation Database provides accessible information on programs and initiatives.

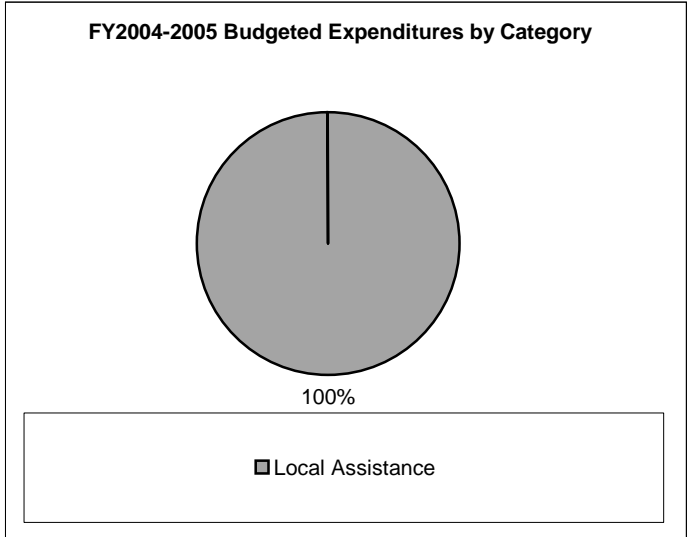
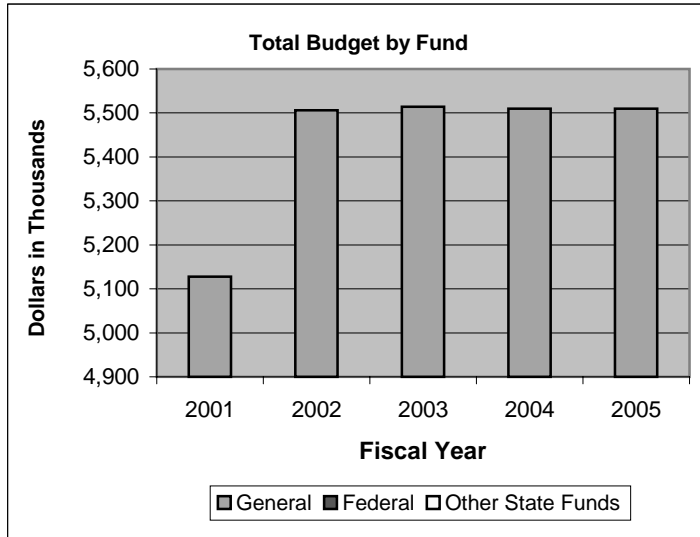
www.nydic.org/nydic/ National Youth Development Information Center provides program, policy and evaluation information on youth development issues, including out of school time.

CHILDREN, FAMILIES, & LEARNING

Program: **PREVENTION**

Activity: **AFTER SCHOOL ENRICHMENT GRANTS**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 5,128 | 5,506 | 5,514 | 5,510 | 5,510 | 11,020 | 0 | 0.0% |
| Total | 5,128 | 5,506 | 5,514 | 5,510 | 5,510 | 11,020 | 0 | 0.0% |
| Expenditures by Category | | | | | | | | |
| Local Assistance | 5,128 | 5,506 | 5,514 | 5,510 | 5,510 | 11,020 | 0 | 0.0% |
| Total | 5,128 | 5,506 | 5,514 | 5,510 | 5,510 | 11,020 | 0 | 0.0% |

CHILDREN, FAMILIES & LEARNING

Program: PREVENTION

Activity: 21ST CENTURY COMMUNITY LEARNING CENTERS

Narrative

Activity Description

Citation: Elementary-Secondary Education Act, Title IV, Part B, Sec. 4201-4026

The 21st Century Community Learning Centers is a federal program that funds academic, artistic and cultural enrichment programs during out-of-school time to help children and adolescents attending low performing schools or schools with concentrations of families in poverty improve academic achievement.

Activity at a Glance

- ◆ 21st Century Community Learning Centers was transferred from federal to state administration beginning July 1, 2002.
- ◆ Grants will be made to local school/community partnerships through open competition during the fall of 2002, with local programming beginning February 2003.

Population Served

School aged youth attending Title 1 schools with a rate of poverty of 40% and/or identified as "in need of improvement" and their families are targeted by this program.

Services Provided

Programs provide academic and cultural enrichment activities to support academic achievement before and after school, on weekends, summer breaks, and school early release times. Allowable activities include tutoring services, youth development activities, drug and violence prevention programs, counseling programs, art, music and recreation, technology education programs, and character education programs that are designed to reinforce and complement the regular academic instruction. Literacy and other educational opportunities may be offered for the families of eligible youth.

Historical Perspective

This program was funded and administered by the U.S. Department of Education from 1998 to June 30, 2002. Currently, 23 Minnesota programs receive these federal grant funds.

Three programs focusing on out-of-school time—School-Age Care, Minnesota's After School Enrichment Program and the 21st Century Learning Centers—work on promoting school connectedness. These programs provide complementary activities to what goes on during the school day and function to support the work of the schools. Activities of these "after school" programs include tutoring, recreational programs, and work in computer, sports and arts that help build well-rounded youth, particularly during key time periods during the day when youth lack adult supervision and opportunities to engage in structured activities.

Key Measures

Minnesota impact data is not currently available because the program was transferred from federal to state administration in July 2002. Minnesota impact data will be available in the fall of 2003.

- ⇒ Increase the percentage of youth meeting school district attendance goals.
- ⇒ Increase the percentage of youth meeting or exceeding local academic achievement standards in reading or math.
- ⇒ Maintain youth participation level at two hours or more per week as measured by average contact hour reports.

Activity Funding

Announcement of new funds available for local programming was made in July, 2002, by CFL with applications due October 30, 2002. Approximately 8 to 10 programs will be funded during this first year of state administration for up to five years of programming based on continued availability of federal funds.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

CHILDREN, FAMILIES & LEARNING

Program: PREVENTION

Activity: 21ST CENTURY COMMUNITY LEARNING CENTERS

Narrative

Contact

Additional information is available from the Minnesota Department of Children, Families & Learning, (651) 582-8453.

For more information relating to 21st Century Community Learning Centers, access the following web sites:

<http://cfl.state.mn.us/prevention> Application information for 2002 21st Century Community Learning Centers Program

www.ed.gov/21stcclc The Federal government's official site for 21st Century Community Learning Centers.

www.ncrel.org/21stcclc North Central Regional Educational Laboratory: Resources for After-School Programming provides resources for effective school-based after-school programs with links to potential partners.

www.afterschool.gov/cgi-bin/h/home.pl Clearinghouse to federal resources that support youth in the out of school hours.

www.gse.harvard.edu/hfrp/projects/afterschool/about.html Harvard Family Research Project's out of School Time Evaluation Database provides accessible information on programs and initiatives.

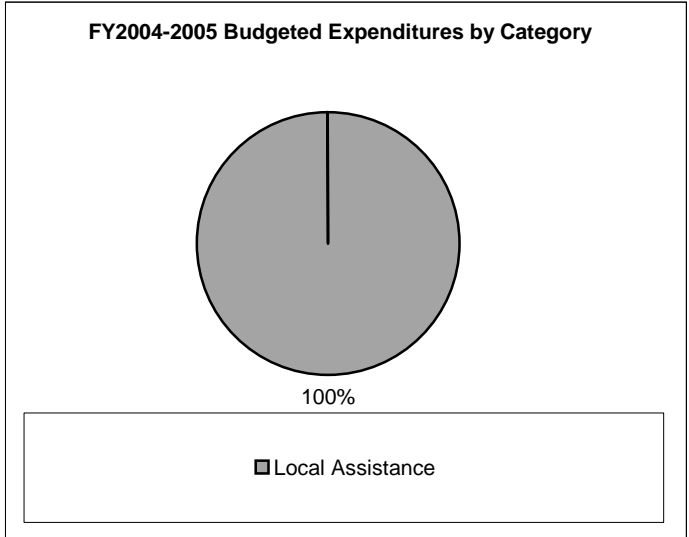
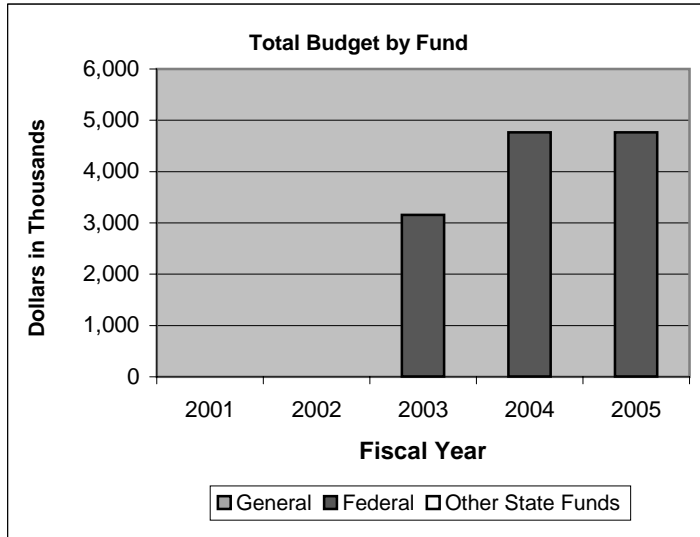
www.nydic.org/nydic/ National Youth Development Information Center provides program, policy and evaluation information on youth development issues, including out of school time.

CHILDREN, FAMILIES, & LEARNING

Program: **PREVENTION**

Activity: 21ST CENTURY COMM LEARNING CTR

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Statutory Appropriations | | | | | | | | |
| Federal | 0 | 0 | 3,157 | 4,762 | 4,762 | 9,524 | 6,367 | 201.7% |
| Total | 0 | 0 | 3,157 | 4,762 | 4,762 | 9,524 | 6,367 | 201.7% |

| | | | | | | | | |
|---------------------------------|----------|----------|--------------|--------------|--------------|--------------|--------------|---------------|
| Expenditures by Category | | | | | | | | |
| Local Assistance | 0 | 0 | 3,157 | 4,762 | 4,762 | 9,524 | 6,367 | 201.7% |
| Total | 0 | 0 | 3,157 | 4,762 | 4,762 | 9,524 | 6,367 | 201.7% |

| | | | | | | | | |
|---------------------------------|----------|-----------|--------------|--------------|--------------|---------------|--------------|---------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Federal | 0 | 17 | 3,306 | 5,000 | 5,000 | 10,000 | 6,677 | 200.9% |
| Subtotal Dedicated | 0 | 17 | 3,306 | 5,000 | 5,000 | 10,000 | 6,677 | 200.9% |
| Total Revenue | 0 | 17 | 3,306 | 5,000 | 5,000 | 10,000 | 6,677 | 200.9% |

CHILDREN, FAMILIES & LEARNING

Program: PREVENTION

Activity: SAFE & DRUG-FREE SCHOOLS

Narrative

Activity Description

Citation: Elementary and Secondary Education Act, 2001, Title IV, Part A, Secs. 4001-4124, 4126; 20 U.S.C. 7111-7117

This program is funded by federal sources to assist and support programs to prevent violence in and around schools and to prevent the illegal use of alcohol, tobacco, and other drugs.

Activity at a Glance

- ◆ 846,000 children and youth are served annually in 364 districts and charter schools.
- ◆ Approximately 20 at-risk youth grants funded annually.
- ◆ All school districts receive enrollment-based allocation of approximately \$4 per student.

Population Served

Youth in grades kindergarten through twelfth grade are the targeted participants for Safe and Drug-Free Schools and Communities (SDSFC) programs. These funds are targeted through grants or contracts to school districts and charter schools, parent groups, law enforcement agencies, community action agencies, community-based organizations, and other public and private organizations to address violence and drug abuse problems in schools and communities.

Services Provided

The purpose of Safe and Drug-Free Schools and Communities funding is to:

- ◆ support research-based drug abuse and violence prevention and education programs that involve parents and are coordinated with related community efforts and resources programs;
- ◆ provide grants to local and intermediate educational agencies and charter schools to establish, operate, and improve local programs of violence and drug abuse prevention, early intervention, rehabilitation referral, and education in elementary and secondary schools; and
- ◆ provide grants to and contracts with community-based organizations for programs of violence and drug abuse prevention and education, early intervention, and rehabilitation referral for school dropouts and other high-risk youth.

Historical Perspective

The original Drug-Free Schools Act was passed in 1986 authorizing the U.S. Department of Education to provide funding to state to prevent substance abuse by youth. The most recent reauthorization of the Act occurred in 2001 as part of the "No Child Left Behind Act."

Key Measures

Increase the proportion of youth reporting they feel safe at school.

- ⇒ About 90% of youth reported in 2001 that they feel relatively safe at school – about 90% for each of grades 6, 9, and 12 based on the Minnesota Student Survey results. Recent research from the National Adolescent Health Study has shown that feelings of safety and security at school and a positive school climate are one of the strongest protective factors associated with positive youth outcomes in a wide range of areas, including school-related indicators of success.

Increase the number of youth remaining abstinent from alcohol, tobacco, and other drug use, while delaying the onset of experimentation with alcohol, tobacco, and other drugs.

- ⇒ Data from the Minnesota Student Survey show small but positive shifts relating to youth choosing not to use tobacco, alcohol, and marijuana between 1998 and 2001.

Reduce the number of youth engaging in high-risk patterns of substance use, such as binge drinking.

- ⇒ Data from the Minnesota Student Survey shows the pattern of binge drinking has stayed relatively stable across time, with small minimal decreases between 1998 and 2001. In 2001, 17% of 9th grade males and 15% of 9th grade females reported drinking 5+ drinks at a time within the past two weeks, as did 39% of 12th grade males and 25% of 12th grade females.

CHILDREN, FAMILIES & LEARNING

Program: PREVENTION

Activity: SAFE & DRUG-FREE SCHOOLS

Narrative

Activity Funding

Minnesota receives the SDFSC under Title IV from the U.S. Department of Education. This grant is divided into two different categories: 1) state education agency (SEA), and 2) Governor's Safe and Drug-Free Schools.

Public school districts, regional education agencies, charter schools, and other school district consortia access funds through submission of a four-year application to Children, Families & Learning (CFL). The department requires that school districts submit a single application detailing the use of Safe and Drug-Free Schools funds and Minnesota Violence Prevention Education funds (M.S. 120B.22). School-based program funds are allocated according to an entitlement formula based 60% on the relative amount such agencies received under part A of ESEA Title I for the preceding year and 40% on public and nonpublic school enrollment with a district.

Community-based program funds – the Governor's Program – are targeted to impact youth at-risk of school failure and are awarded through the Prevention & Intervention competitive grant process. Eighty percent of the Safe and Drug-Free Schools funds received by the state are allocated to the school-based program; the remaining 20% is allocated to the Governor's Program.

Ninety-four percent of these funds are used for subgrants to local education agencies and community-based organizations. In accordance with federal law, 4% is used by the state agency for technical assistance, capacity building, training, evaluation and program improvement and coordination activities; and 2% is used for administrative costs.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

Additional information is available from the Minnesota Department of Children, Families & Learning, (651) 582-8453.

Application materials for Project Reconnect – Dropout Prevention Programming funded through the Safe and Drug-Free Schools and Communities Governor's Program, go to <http://cfl.state.mn.us/prevention>.

For more information about the Safe and Drug-Free Schools and Communities national program go to <http://www.ed.gov/offices/OESE/SDFS/>.

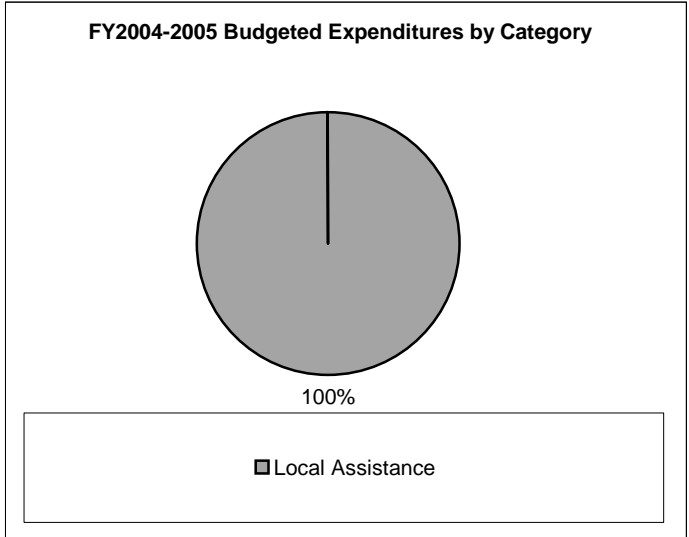
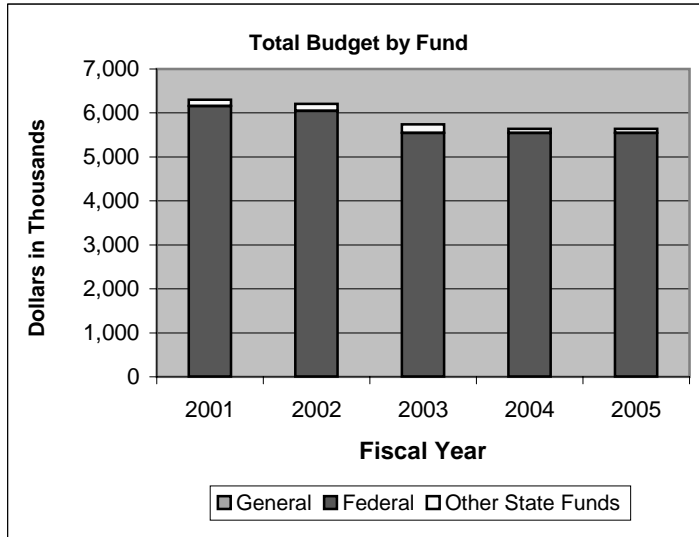
To access the 2001 Minnesota Student Survey Report and other information relating to this area go to <http://cfl.state.mn.us/PUBRES.html>.

CHILDREN, FAMILIES, & LEARNING

Program: PREVENTION

Activity: SAFE & DRUG-FREE SCHOOLS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 145 | 159 | 198 | 100 | 100 | 200 | -157 | -44.0% |
| Federal | 6,158 | 6,045 | 5,542 | 5,542 | 5,542 | 11,084 | -503 | -4.3% |
| Total | 6,303 | 6,204 | 5,740 | 5,642 | 5,642 | 11,284 | -660 | -5.5% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|-------------|--------------|
| Local Assistance | 6,303 | 6,204 | 5,740 | 5,642 | 5,642 | 11,284 | -660 | -5.5% |
| Total | 6,303 | 6,204 | 5,740 | 5,642 | 5,642 | 11,284 | -660 | -5.5% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|-------------|--------------|
| Dedicated | | | | | | | | |
| Special Revenue | 448 | 478 | 300 | 300 | 300 | 600 | -178 | -22.9% |
| Federal | 6,807 | 6,584 | 6,183 | 6,183 | 6,183 | 12,366 | -401 | -3.1% |
| Subtotal Dedicated | 7,255 | 7,062 | 6,483 | 6,483 | 6,483 | 12,966 | -579 | -4.3% |
| Total Revenue | 7,255 | 7,062 | 6,483 | 6,483 | 6,483 | 12,966 | -579 | -4.3% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 0.9 | 1.1 | 0.0 | 0.0 | 0.0 |
|------------------------------------|------------|------------|------------|------------|------------|

CHILDREN, FAMILIES & LEARNING

Program: PREVENTION

Activity: SCHOOL AGE CARE REVENUE

Narrative

Activity Description

Citation: M.S. 124D.19; 124D.22

School-Age Care (SAC) Revenue is a state aid and levy program that supports after school programming for children with disabilities or children experiencing family or related problems of a temporary nature. While funding is provided only for these students, many districts offer school age programming funded primarily through parent fees to other students.

Activity at a Glance

- ◆ 195 school districts offered school age care programs in 2001.
- ◆ 141 school districts certified levies in 2001.
- ◆ Over 56,000 children participate annually.

Population Served

Services are for children with disabilities or who experience problems of a temporary nature and participate in out-of-school time programs while parents are at work are funded by this program.

Services Provided

Activities of these "after school" programs include tutoring, recreational programs, and work in computer, sports and arts that help build well-rounded youth, particularly during key time periods during the day when youth lack adult supervision and opportunities to engage in structured activities. Local school districts set the standards of the program which must include the following components:

- ◆ adult supervised activities while school is not in session;
- ◆ parent involvement in program design and direction;
- ◆ partnerships with K-12 system, and other public, private, or nonprofit entities;
- ◆ opportunities for trained secondary school pupils to work with younger children as part of a community service program; and
- ◆ access to available school facilities when otherwise not in use as part of the operation of the school.

Historical Perspective

The Minnesota Legislature created the school age care program (previously called Extended Day) in 1989. No authorized levy or state aid was appropriated at that time.

In 1992, the legislature authorized school districts to levy for programs to serve children with disabilities or children experiencing family or related problems of a temporary nature who participate in the school age care program. Problems of a temporary nature include events such as medical emergency, divorce, and behavioral changes due to a move. All state aid and levy funding goes to fund the additional costs of providing services for these children.

The number of districts authorized to levy has grown from 109 in 1995 to 141 for the 2001 school year.

Public schools age care programs have grown from 40 districts to 195 districts in 2001. Over 56,000 children participate in these programs.

Key Measures

Increase the number of school districts that levy for the SAC disabilities revenue and increase the number of children with disabilities served by the SAC programs.

⇒ FY 2000-01, 120 districts claimed levy expenditures serving 2,529 children.

Activity Funding

The School Age Care Revenue for a district equals the eligible additional cost of providing services to children with disabilities or who experience problems of a temporary nature and participate in out of school time programs while parents are at work. The levy authority equals the revenue times the lesser of one, or the ratio of the quotient derived by dividing the adjusted net tax capacity by the actual pupil units, to \$3,280. State aid equals the difference between the revenue and the levy.

CHILDREN, FAMILIES & LEARNING

Program: PREVENTION

Activity: SCHOOL AGE CARE REVENUE

Narrative

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

Additional information is available from the Minnesota Department of Children, Families & Learning, (651) 582-8352.

Other recommended web sites:

Minnesota School-Age Care Alliance: www.mnsaca.org/

The Professional Development Consortium: www.mnpdc.org/

National Institute on Out-of-School Time: www.wellesley.edu/WCW/CRW/SAC/

CFL SAC Schools Program Guide: <http://cfl.state.mn.us/ecfe/publications.htm>

CHILDREN, FAMILIES & LEARNING

Program: PREVENTION

Activity: SCHOOL AGE CARE REVENUE

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | | |
|---|------------------|--------------------|--------------------|-----------------------|-----------|-----------------------|---|---------------|
| Budget Activity Summary | Actual FY2001 | Estimate FY2002 | Budgeted FY2003 | Base FY2004 FY2005 | | Biennium FY2004-05 | Biennial Change 2004-05 / 2002-03 Dollars Percent | |
| 1. Statutory Formula Aid | 271 | 212 | 87 | 33 | 20 | 53 | (246) | -82.3% |
| 2. Statutory Excess/(Shortfall) | (23) | | | | | | | |
| 3. Appropriated Entitlement | 248 | 212 | 87 | 33 | 20 | 53 | (246) | -82.3% |
| 4. Adjustment(s) | | | | | | | | |
| a. Excess Funds Transferred In / (Out) | 23 | | | | | | | |
| 5. State Aid Entitlement | 271 | 212 | 87 | 33 | 20 | 53 | (246) | -82.3% |
| 6. Local Levy | 6,177 | 5,771 | 7,059 | 7,749 | 7,762 | 15,511 | (2,681) | |
| 7. revenue (Total of Aid & Levy) | 6,448 | 5,983 | 7,146 | 7,782 | 7,782 | 15,564 | (2,927) | -22.3% |
| 8. Total School District Revenue - All Funds | 6,448 | 5,983 | 7,146 | 7,782 | 7,782 | 15,564 | (2,927) | -22.3% |
| Appropriations Basis for State Aid | | | | | | | | |
| Prior Year (10% FY 01-03) (17% FY 04-05) | 27 | 30 | 21 | 14 | 5 | 19 | (32) | |
| Current Year (90% FY 01-02) (83% FY 03-05) | 218 | 191 | 73 | 28 | 17 | 45 | (219) | |
| Transfers per M.S. 127A.41, subdivision 8 & 9 | 23 | | | | | | | |
| Total State Aid - General Fund | 268 | 221 | 94 | 42 | 22 | 64 | (251) | -79.7% |
| TOTAL APPROPRIATIONS | 268 | 221 | 94 | 42 | 22 | 64 | (251) | -79.7% |

CHILDREN, FAMILIES & LEARNING

Program: PREVENTION

Activity: STATE INCENTIVE GRANT

Narrative

Activity Description

Citation: P.H.S. Act Section 501 (D)(5)

The purpose of this federally funded program is to reduce substance abuse among youth by developing and implementing a statewide prevention strategy grounded in research findings designed to improve community-based prevention efforts. This project is completing its final year of funding. No new funds will be received in FY 2003.

Population Served

In 1999, three-year grants were made through the competitive Prevention and Intervention grant process to community-based organizations across the state to implement research-based substance services for pre-adolescents and adolescents.

Services Provided

A multi-agency partnership including the state departments of Health (MDH), Human Services (DHS), Public Safety and Children, Families & Learning (CFL) established an advisory body comprised of state and local representatives to conduct a needs assessment regarding youth substance abuse prevention programs. This needs assessment will result in a plan for increased efficiency and impact that will be forwarded to the governor for review and implementation in fall 2002 for review.

State Incentive Grants (SIG) are testing a variety of youth and community-focused prevention strategies to demonstrate their effectiveness. Strategies include community-wide public health initiatives, school-based curricula, early intervention strategies, and culturally specific programs. Each SIG grant is required to document impact information with the results reported statewide and nationally. Process evaluation results are currently available. Outcome evaluation results will be available in 2003.

Historical Perspective

In 1998, Minnesota received a three-year partnership award from the federal Substance Abuse and Mental Health Services Administration/Center for Substance Abuse Prevention (CSAP). Four state agencies combined in leading this application and its implementation: CFL; MDH; Public Safety; and DHS.

The partnership is expected to coordinate, leverage, and/or redirect all substance abuse prevention resources toward promising preventive approaches that reduce use of marijuana and other drugs by youth.

In 1999, Safe and Drug-Free Schools Governor grant funds were folded into the SIG grant process to simplify application and reporting processes for local communities.

Key Measures

The Statewide Youth Alcohol, Tobacco, and Other Drugs (ATOD) Prevention Plan targets three goals for substance-use focused prevention programs across Minnesota.

- ⇒ Increase the proportion of youth who abstain from tobacco, alcohol, and other drug use.
- ⇒ Delay the onset of use of alcohol, tobacco, and other drugs among youth.
- ⇒ Reduce high-risk patterns of substance use among youth.

Data from the Minnesota Student Survey show small but positive shifts relating to youth choosing not to use tobacco, alcohol, and marijuana between 1998 and 2001. These changes reflect the results of a number of prevention initiatives going on in Minnesota, including the 21 projects funded through SIGs.

Activity at a Glance

- ◆ Numbers served through 19 SIG funded programs to date:
 - Youth – 33,000
 - Parents – 33,000
 - Families – 13,000
 - Teachers – 9,000
- ◆ Partnership between Minnesota Departments of Health; Human Services; Public Safety; Children, Families & Learning; and the U.S. Department of Health and Human Services Center for Substance Abuse Prevention.

CHILDREN, FAMILIES & LEARNING

Program: PREVENTION

Activity: STATE INCENTIVE GRANT

Narrative

Activity Funding

The CSAP three-year grant totaled \$8.9 million, with a minimum of 85% of the funds restricted to community-based program implementation.

In addition to the CSAP funds, \$1.2 million in federal Safe and Drug-Free Schools and \$1.3 million in Bureau of Justice Assistance, Edward Byrne Memorial Formula Grant Program funds were included in the 1999 grant awards to Minnesota programs.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

Additional information is available from the Minnesota Department of Children, Families & Learning, (651) 582-8453.

See the following site for evaluation information on each of the SIG grants statewide:
<http://education.umn.edu/CAREI/Programs/SIG/default.html>

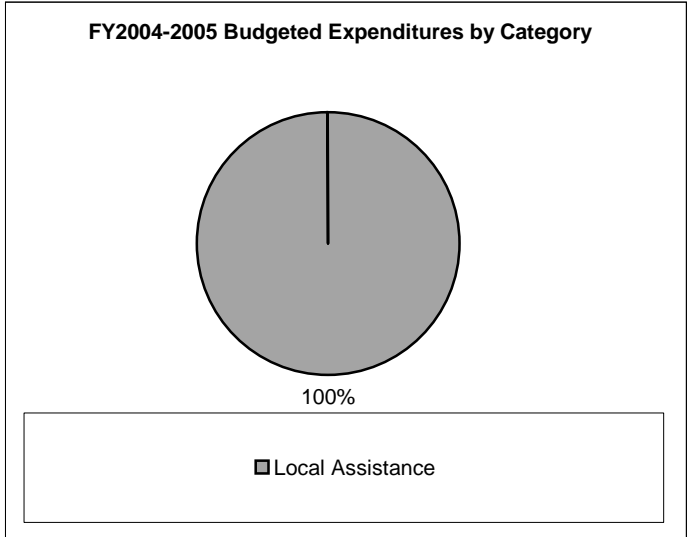
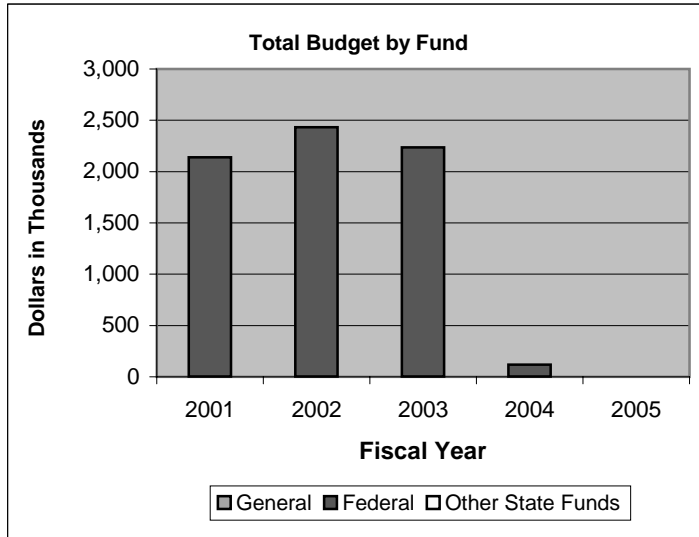
To access the 2001 Minnesota Student Survey Report, visit web site: <http://cfl.state.mn.us/PUBRES.html>

CHILDREN, FAMILIES, & LEARNING

Program: PREVENTION

Activity: STATE INCENTIVE GRANT

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Statutory Appropriations | | | | | | | | |
| Federal | 2,140 | 2,433 | 2,235 | 118 | 0 | 118 | -4,550 | -97.5% |
| Total | 2,140 | 2,433 | 2,235 | 118 | 0 | 118 | -4,550 | -97.5% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|------------|----------|------------|---------------|---------------|
| Expenditures by Category | | | | | | | | |
| Local Assistance | 2,140 | 2,433 | 2,235 | 118 | 0 | 118 | -4,550 | -97.5% |
| Total | 2,140 | 2,433 | 2,235 | 118 | 0 | 118 | -4,550 | -97.5% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|------------|----------|------------|---------------|---------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Federal | 2,403 | 2,648 | 2,329 | 123 | 0 | 123 | -4,854 | -97.5% |
| Subtotal Dedicated | 2,403 | 2,648 | 2,329 | 123 | 0 | 123 | -4,854 | -97.5% |
| Total Revenue | 2,403 | 2,648 | 2,329 | 123 | 0 | 123 | -4,854 | -97.5% |

CHILDREN, FAMILIES & LEARNING

Program: PREVENTION

Activity: COORDINATED SCHOOL HEALTH

Narrative

Activity Description

Citation: P.L. 101-381

Coordinated School Health (CSH) is a federally funded program promoting coordinated efforts among schools, communities and families to measurably improve the health and educational status of Minnesota's young children.

Activity at a Glance

- ◆ Over 1,500 teachers, school staff, and public health educators were trained on best-practice, science-based health curricula.
- ◆ Over 50% of Minnesota health teachers have used CSH school health resources.

Population Served

CSH works with school district and public health agency staff statewide to provide health education to children.

Services Provided

Coordinated School Health (CSH) is a partnership between the Department of Children, Families and Learning (CFL) and the Minnesota Department of Health (MDH). The partnership agreement requires implementation of strategies to

- ◆ build infrastructure in state and local agencies so policies, procedures and resources are in place to support school health programs;
- ◆ strengthen the health education curriculum in the area of these health behaviors: unintended injuries, alcohol and other drug use, sexuality/HIV/AIDS, tobacco, diet and physical activity; and
- ◆ assist school districts in providing effective HIV/AIDS/STD education (M.S.121A.23).

Currently, staff provide training for both school and public health audiences, produce and identify written materials for distribution, conduct statewide conferences and workshops, and provide technical assistance to customers. A coordinated school health resource center is maintained to review, purchase and distribute videos, curricula and other instructional material for use in prevention programs focusing on sexuality and HIV prevention. Over 50% of Minnesota health teachers have used resources provided through the program. A 23-member panel representing a cross section of Minnesotans and a student panel review materials for the resource center.

Historical Perspective

In 1987, the Centers for Disease Control and Prevention (CDC) established cooperative agreements with many of the nation's state education agencies to help them implement health education programs designed to prevent HIV infection among youth. Each state, including Minnesota, received \$240,000.

In 1995, Minnesota became one of 13 states to be funded for a new program in coordinated school health. This program expanded the HIV/STD/Unintended Pregnancy Cooperative partnerships to include other youth risk behavior areas identified as leading causes of death in young people, such as drug and alcohol abuse; tobacco use; poor dietary habits; sedentary lifestyles; and intentional and unintentional injuries. The partnership agreement requires staffing of four positions, a director at MDH and CFL, a training facilitator, and a HIV/AIDS specialist. Funding is restricted to activities and programs detailed in the partnership agreement.

In 1996, the state of Minnesota began a pilot program to develop regional training sites for HIV/STD prevention. The purpose of these sites is to assist school districts in implementing M.S. 121A.23. Two sites in greater Minnesota and one site in the metro area were established. In 1998, the legislature extended funding to those sites, and created two additional sites in greater Minnesota and an evaluation component.

Key Measures

Maintain the number of school districts incorporating education into classroom instruction relating to increasing youth health as reported in the School Health Profile report. Data collected from the 2002 School Health Profile report shows that of the 97% of Minnesota school districts requiring health education for 6th through 12th grade students:

- ◆ 99% reported teaching about positive dietary practices;
- ◆ 100% reported teaching about tobacco use prevention;

CHILDREN, FAMILIES & LEARNING

Program: PREVENTION

Activity: COORDINATED SCHOOL HEALTH

Narrative

- ◆ 98% reported teacher about alcohol and drug prevention;
- ◆ 98% reported teaching about prevention of sedentary lifestyles;
- ◆ 99% reported teaching about HIV prevention; and
- ◆ 98% reported teaching about preventing other sexually transmitted diseases (STD's).

Activity Funding

Funding for the Coordinated School Health Project is provided through a federal cooperative agreement with the CDC. Current annual funding is \$690,000 for two purposes:

- ◆ federal HIV/AIDS funding (\$250,000), and
- ◆ federal coordinated school health funding (440,000).

The department must apply every year to renew the five-year cooperative agreement with the CDC. This is a competitive grant process. Currently, CDC funds 21 states for this initiative. The block grant is up for reauthorization after FFY 2002. The state will apply for continued funding.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

Additional information is available from the Minnesota Department of Children, Families & Learning, (651) 582-8453.

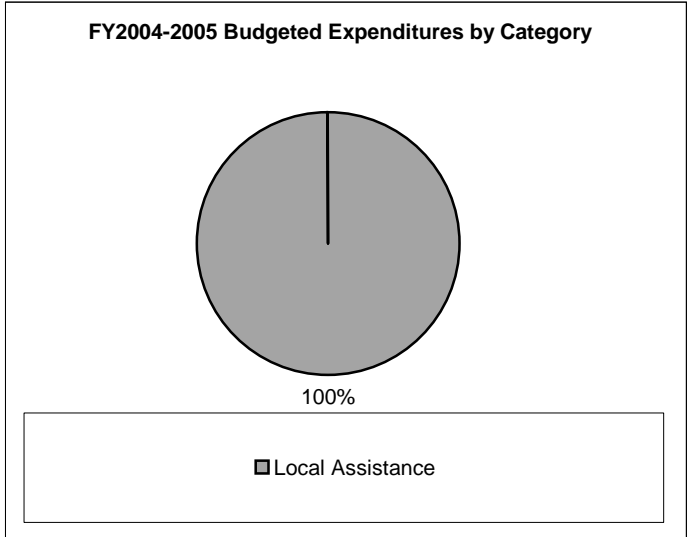
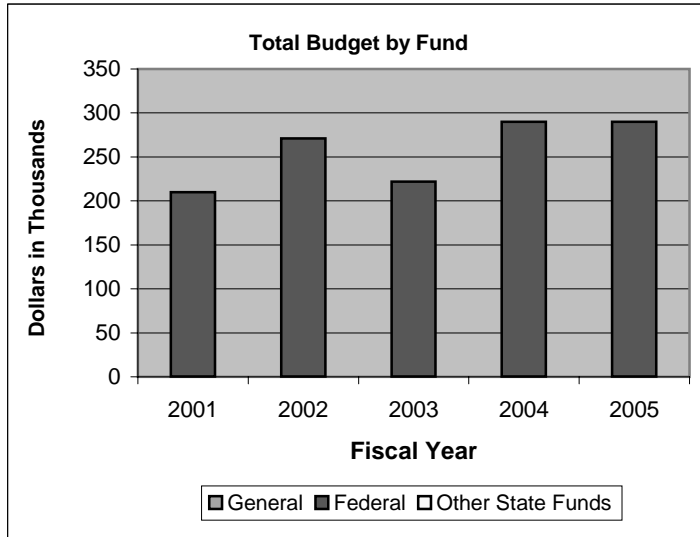
For more information about Coordinated School Health and other related programs go to:
<http://www.mnschoolhealth.com/index2.html>

CHILDREN, FAMILIES, & LEARNING

Program: PREVENTION

Activity: COORDINATED SCHOOL HEALTH

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Statutory Appropriations | | | | | | | | |
| Federal | 210 | 271 | 222 | 290 | 290 | 580 | 87 | 17.6% |
| Total | 210 | 271 | 222 | 290 | 290 | 580 | 87 | 17.6% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|-----------|--------------|
| Expenditures by Category | | | | | | | | |
| Local Assistance | 210 | 271 | 222 | 290 | 290 | 580 | 87 | 17.6% |
| Total | 210 | 271 | 222 | 290 | 290 | 580 | 87 | 17.6% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|--------------|------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Federal | 748 | 793 | 609 | 685 | 685 | 1,370 | -32 | -2.3% |
| Subtotal Dedicated | 748 | 793 | 609 | 685 | 685 | 1,370 | -32 | -2.3% |
| Total Revenue | 748 | 793 | 609 | 685 | 685 | 1,370 | -32 | -2.3% |

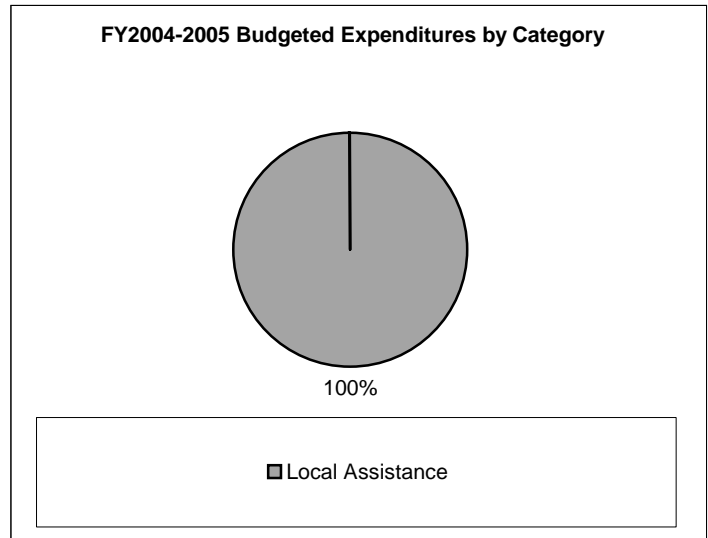
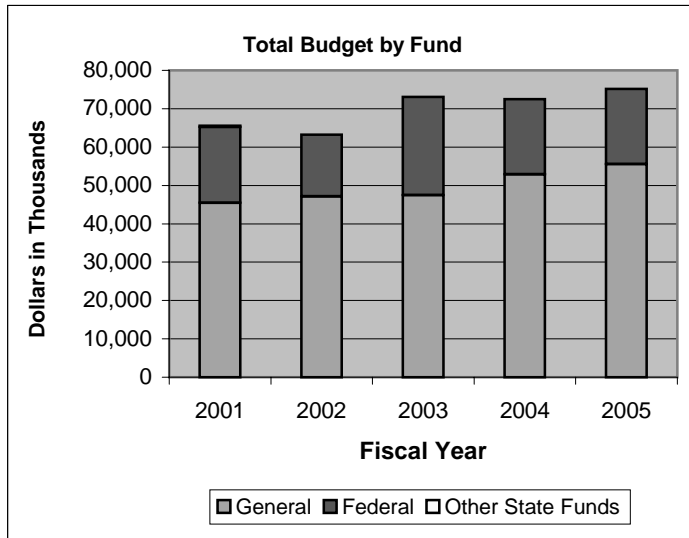
Budget Activities Included:

- ⇒ Minnesota Economic Opportunity Grants
- ⇒ Transitional House Programs
- ⇒ Food Shelf Programs
- ⇒ Adult Basic Education Aid
- ⇒ Adult Graduation Aid
- ⇒ GED Tests
- ⇒ Emergency Services Grants
- ⇒ Lead Hazard Reduction
- ⇒ ABE Audits
- ⇒ Family Assets for Independence
- ⇒ Energy Programs (The Energy and Westernization Programs were transferred from the Department of Children, Families & Learning, to the Department of Economic Security as of 10-21-2000.)

CHILDREN, FAMILIES, & LEARNING

Program: SELF-SUFF & LIFELONG LEARNING

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|----------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 45,493 | 47,143 | 47,481 | 52,866 | 55,528 | 108,394 | 13,770 | 14.6% |
| Federal Tanf | 1,811 | 3,015 | 4,684 | 0 | 0 | 0 | -7,699 | -100.0% |
| Statutory Appropriations | | | | | | | | |
| State Government Special Revenue | 302 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Special Revenue | 43 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Federal | 17,933 | 13,099 | 20,882 | 19,601 | 19,601 | 39,202 | 5,221 | 15.4% |
| Total | 65,582 | 63,257 | 73,047 | 72,467 | 75,129 | 147,596 | 11,292 | 8.3% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|-------------|
| Total Compensation | 273 | 164 | 172 | 0 | 0 | 0 | -336 | -100.0% |
| Other Operating Expenses | 154 | 46 | 354 | 175 | 70 | 245 | -155 | -38.8% |
| Local Assistance | 65,155 | 63,047 | 72,521 | 72,292 | 75,059 | 147,351 | 11,783 | 8.7% |
| Total | 65,582 | 63,257 | 73,047 | 72,467 | 75,129 | 147,596 | 11,292 | 8.3% |

| Expenditures by Activity | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|-------------|
| Mn Economic Opportunity Grants | 18,053 | 13,135 | 21,053 | 19,798 | 19,798 | 39,596 | 5,408 | 15.8% |
| Transitional Housing Program | 5,310 | 5,550 | 6,924 | 3,795 | 3,795 | 7,590 | -4,884 | -39.2% |
| Foodshelf Program | 1,888 | 2,044 | 1,727 | 1,727 | 1,727 | 3,454 | -317 | -8.4% |
| Adult Basic Education Aid | 31,593 | 38,850 | 39,930 | 43,405 | 46,423 | 89,828 | 11,048 | 14.0% |
| Adult Graduation Aid | 1,821 | 2,156 | 2,150 | 2,492 | 2,741 | 5,233 | 927 | 21.5% |
| Ged Tests | 125 | 112 | 138 | 125 | 125 | 250 | 0 | 0.0% |
| Emergency Service Grants | 1,003 | 810 | 850 | 350 | 350 | 700 | -960 | -57.8% |
| Family Assets For Independence | 195 | 500 | 0 | 500 | 0 | 500 | 0 | 0.0% |
| Lead Hazard Reduction | 226 | 100 | 100 | 100 | 100 | 200 | 0 | 0.0% |
| Abe Audits | 66 | 0 | 175 | 175 | 70 | 245 | 70 | 40.0% |
| Energy Programs | 5,302 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Total | 65,582 | 63,257 | 73,047 | 72,467 | 75,129 | 147,596 | 11,292 | 8.3% |

CHILDREN, FAMILIES, & LEARNING

Program: SELF-SUFF & LIFELONG LEARNING

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------------|---------------|---------------|-----------------|---------------|---------------|-----------------|--------------------------|----------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Revenue by Type and Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Dedicated | | | | | | | | |
| Federal | 19,346 | 14,228 | 22,028 | 20,773 | 20,773 | 41,546 | 5,290 | 14.6% |
| Gift | 19 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Dedicated | 19,365 | 14,228 | 22,028 | 20,773 | 20,773 | 41,546 | 5,290 | 14.6% |
| Total Revenue | 19,365 | 14,228 | 22,028 | 20,773 | 20,773 | 41,546 | 5,290 | 14.6% |
| Full-Time Equivalents (FTE) | 3.7 | 3.2 | 2.9 | 2.9 | 2.9 | | | |

CHILDREN, FAMILIES & LEARNING

Program: SELF-SUFFICIENCY & LIFELONG LEARNING

Activity: MN ECONOMIC OPPORTUNITY GRANTS

Narrative

Activity Description

Citation: M.S. 119A.374-.376; Community Services Block Grant (CSBG) PL 97-35

Funding for the Minnesota Economic Opportunity Grant (MEOG) and the federal Community Services Block Grant provides low-income citizens with the information and skills necessary to become more self-reliant and to alleviate the effects of poverty in Minnesota.

Population Served

Approximately 200,000 economically disadvantaged households are served annually. Many of these households are working and still meet income eligibility guidelines for program services. The federal poverty guidelines are used.

Activity at a Glance

- ◆ Community Action Agencies (CAAs) serve 200,000 economically disadvantaged households annually statewide.
- ◆ The state Minnesota Economic Opportunity (MEOG) and the federal Community Services Block Grant (CSBG) serve as the base funding for CAAs and together leverage \$240 million in other federal, state, local, and private funds to break the cycle of poverty.
- ◆ 48,000 volunteers provide 1.5 million hours of service.

Services Provided

A statewide network of 40 Community Action Agencies (CAAs), including 11 Indian Tribal Governments, deliver the locally designed programs.

CAAs are locally governed. A unique feature of CAAs is that members of the low-income community must make up one-third of each local governing board. Local elected officials and representatives from the local private sector constitute the other two-thirds.

Each grantee assesses needs and assets, establishes priorities, determines strategies to respond to local poverty issues and delivers a broad range of services and activities to strengthen self-reliance. CAAs are known by the services they offer, which include:

Energy Assistance
Family Assets for Independence in Minnesota (FAIM)
Food Shelves
Head Start

Homeless Prevention and Housing
Senior Dining
Transportation
Weatherization

Minnesota Economic Opportunity Grant funds are used to support all of these services across the state. Activities are locally determined and designed to provide a range of services based on local needs and are delivered using a variety of different mechanisms. Services include:

- ◆ intervention programs designed to provide immediate assistance for basic needs to stabilize households in economic crisis;
- ◆ family support programs that partner with clients seeking to become more self-reliant and build assets;
- ◆ economic development initiatives and entrepreneurial projects; and
- ◆ community building and advocacy.

Because of their ambitious mission of alleviating the effects of poverty, CAAs have a strong tradition of partnering with other community services. By sharing resources and developing partnerships, these agencies realize both cost and timesavings in providing services. Clients benefit as the traditional barriers between agencies dissolve and everyone works together toward a common goal of helping to increase self-reliance.

Historical Perspective

CAAs are federally recognized organizations and were established in the 1964 Economic Opportunity Act to fight America's "War on Poverty." Funding for the state MEOG program began in 1976. Federal funding for community action began in 1965 and was block granted into the Community Service Block Grants in 1981 when the federal government created block grants.

CHILDREN, FAMILIES & LEARNING

Program: SELF-SUFFICIENCY & LIFELONG LEARNING

Activity: MN ECONOMIC OPPORTUNITY GRANTS

Narrative

Key Measures

One of the goals of Children, Families & Learning's Strategic Plan is to strengthen families and build a solid foundation for living and learning. One of the outcomes relating to this goal is that families and individuals are moved out of poverty and all families provide a stable environment for their children. This budget activity reports information on the indicator that "low-income people will be more self-sufficient."

Community Action grantees utilize results oriented management and accountability (ROMA), a national interagency initiative promoting outcome-based management strategies to continuously improve results at the more than 1,000 community action agencies nationwide. Additional information on ROMA can be found at www.romal.org.

As one part of their effort to measure outcomes, a Self-Reliance Achievement Scale was piloted with seven CCAs in September 2000. Preliminary results from the first year of the pilot indicate that participants are experiencing positive outcomes. Continued effort is necessary to learn whether or not the findings will hold true over time and to insure the reliability and validity of the data. Subsequent to the pilot, the Self Reliance Achievement Scale was implemented statewide.

Examples of the benefits provided by Community Action agencies to participants in the pilot based on the Self Reliance Achievement Scale include the following.

- ⇒ 43% of those with incomes inadequate to meet the costs of food and shelter at first observation reported that after receiving Community Action services, they were able to meet the costs of food and shelter.
- ⇒ 37% of those who received services related to employment increased their hours of employment by at least 10 hours or more.
- ⇒ 70% of those who were homeless or in emergency and/or transitional housing at first observation reported an increase in housing stability after receiving services such that they were in market rate or subsidized rental housing or were home owners at last observation.

Activity Funding

This budget activity includes the state MEOG as well as the federal CSBG.

Funding is allocated statewide using a statutory formula based on the number of people living in poverty in each grantee's community and a base amount.

CAA programs are funded with various sources: state, federal, and private funds.

While federal and state laws provide overall direction that govern MEOG and CSBG expenditures, the flexibility for local agencies in terms of the use of the funding has been essential. The need for access to flexible funds has been exemplified by emergency services that CAAs have provided to local residents affected by flooding, tornadoes, and other catastrophic events.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

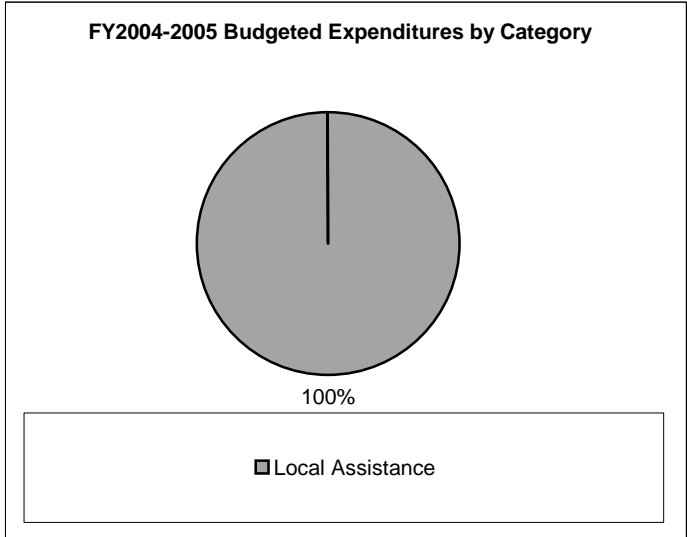
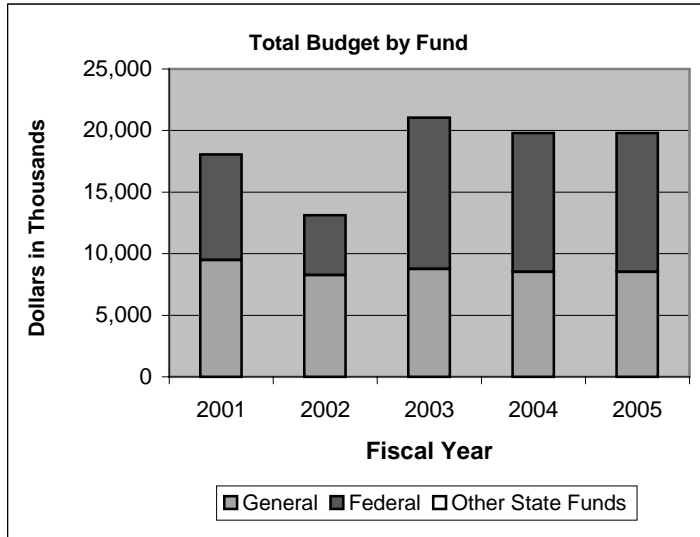
Additional information is available from the Minnesota Department of Children, Families & Learning, (651) 582-8569 and the CFL web site for the Office of Economic Opportunity <http://cfl.state.mn.us/OEO/>.

CHILDREN, FAMILIES, & LEARNING

Program: **SELF-SUFF & LIFELONG LEARNING**

Activity: MN ECONOMIC OPPORTUNITY GRANTS

Fiscal Report



| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|------------------|------------------|--------------------|----------------|----------------|---------------------|--------------------------------------|--------------|
| Expenditures by Fund | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 9,488 | 8,259 | 8,769 | 8,514 | 8,514 | 17,028 | 0 | 0.0% |
| Statutory Appropriations | | | | | | | | |
| Federal | 8,565 | 4,876 | 12,284 | 11,284 | 11,284 | 22,568 | 5,408 | 31.5% |
| Total | 18,053 | 13,135 | 21,053 | 19,798 | 19,798 | 39,596 | 5,408 | 15.8% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|
| Local Assistance | 18,053 | 13,135 | 21,053 | 19,798 | 19,798 | 39,596 | 5,408 | 15.8% |
| Total | 18,053 | 13,135 | 21,053 | 19,798 | 19,798 | 39,596 | 5,408 | 15.8% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|--------------|--------------|---------------|---------------|---------------|---------------|--------------|--------------|
| Dedicated | | | | | | | | |
| Federal | 8,912 | 5,265 | 12,522 | 11,512 | 11,512 | 23,024 | 5,237 | 29.4% |
| Subtotal Dedicated | 8,912 | 5,265 | 12,522 | 11,512 | 11,512 | 23,024 | 5,237 | 29.4% |
| Total Revenue | 8,912 | 5,265 | 12,522 | 11,512 | 11,512 | 23,024 | 5,237 | 29.4% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 0.0 | 0.3 | 0.0 | 0.0 | 0.0 |
|------------------------------------|------------|------------|------------|------------|------------|

CHILDREN, FAMILIES & LEARNING

Program: SELF-SUFFICIENCY & LIFELONG LEARNING

Activity: TRANSITIONAL HOUSING PROGRAM

Narrative

Activity Description

Citation: M.S. 119A.43

The Transitional Housing Program (THP) provides housing assistance and support services to individuals and families experiencing homelessness. The program supports participants in moving into and maintaining independent, stable, permanent housing.

Population Served

Individuals and families who experience homelessness are eligible for transitional housing. This program serves varied populations including domestic violence survivors, veterans, single parent and two parent families, single adults, unaccompanied youth, migrant and seasonal farm workers, and people with HIV/AIDS, mental illness or chemical dependency.

Children represent the fastest growing segment of the homeless population. In 1985, the majority of persons using shelters and transitional housing were men. By 2000, children had become almost 50% of this population. The increase in the numbers of homeless families is partially attributed to the disparity between income and housing costs. Welfare reform and the recent economic downturn also contribute to problem of homelessness.

The percentage of persons using shelters who are employed has risen from 19% in 1991 to 41% in 2000. Tight housing markets have resulted in increasing rents, lower vacancy rates, fewer landlords accepting housing subsidies such as Section 8, and stricter screening of potential tenants for bad rental or credit histories. The 2000 Statewide Survey of Homeless Adults, Children, and Youth in Minnesota conducted by Wilder Research Center provides information about the causes and dynamics of homelessness.

Services Provided

The Transitional Housing Program funds housing in congregate facilities and scattered site apartments. Participants must pay at least 25% of their household income for rent, and program stay is limited to 24 months. Participants work with a case manager to develop an individualized plan to work toward self-reliance and permanent, stable housing. Participants work regularly with a case manager to overcome the obstacles preventing them from attaining and maintaining permanent housing. Services may include job search, job training, chemical dependency treatment, mental health treatment, transportation, child care, as well as others. THP programs also coordinate with other social services programs.

Historical Perspective

In the 1980s, transitional housing was developed to reintegrate an increasing number of homeless persons back into stable, permanent housing. The Minnesota Legislature established the State Transitional Housing Program in 1984. Over time, funding for this program has grown, but the number of persons in need of services has also steadily increased.

Key Measures

One of the goals of Children, Families & Learning's Strategic Plan is to strengthen families and build a solid foundation for living and learning. One of the outcomes relating to this goal is that families and individuals are moved out of poverty and all families provide a stable environment for their children. This budget activity reports information on the indicator "decrease the number of homeless people."

- ⇒ Almost 70% of participants moved into independent, permanent housing upon graduating from transitional housing programs.
- ⇒ 32% of the individuals receiving TANF at entrance into the program were no longer receiving these funds upon exiting transitional housing programs.
- ⇒ Transitional housing participants increased their full-time employment by 61% from program entrance to exit.

Activity at a Glance

- ◆ 65% of homeless parents and 60% of homeless single adults are homeless for the first time in their lives.
- ◆ 41% of all homeless adults and 43% of homeless parents are employed.
- ◆ 2,500 households in 2001 received housing and support services through the program.

CHILDREN, FAMILIES & LEARNING

Program: SELF-SUFFICIENCY & LIFELONG LEARNING

Activity: TRANSITIONAL HOUSING PROGRAM

Narrative

Activity Funding

The department awards state funding on a competitive basis to nonprofit transitional housing agencies. During the 2002-03 biennium, \$7.8 million was available from a combination of state aid (\$4.0 million) and federal TANF funds (\$3.8 million). In FY 2002-03, 81 service providers received funding with an average grant of \$60,000.

Transitional Housing Program funding is flexible to best meet the local needs of Minnesota communities. Funds are awarded on a competitive basis in conjunction with the following federal homeless programs funding.

- ⇒ The Emergency Shelter Grant Program (ESGP) provides federal funds to shelters and transitional housing programs for operating costs, essential services, and homelessness prevention. In the 2002-2003 biennium, \$2.2 million was awarded to 36 programs.
- ⇒ The Rural Housing Assistance and Stability Program (RHASP), funded under the federal Supportive Housing Program (SHP), provides supportive services to homeless people to move them into permanent housing. Supportive services may include first month's rent, damage deposit, assistance with down payment, transportation and child care costs, assistance with job search and self-sufficiency case management. The White Earth Indian Reservation, 20 rural Community Action Agencies, and an organization serving migrant farm workers agencies receive RHASP funding.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

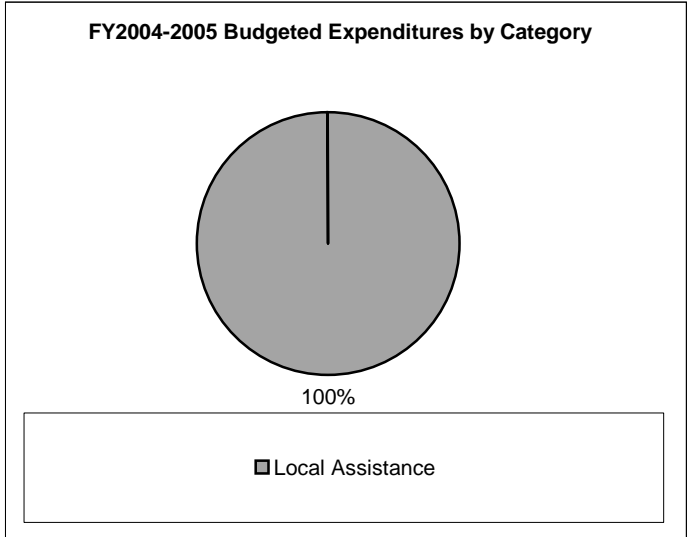
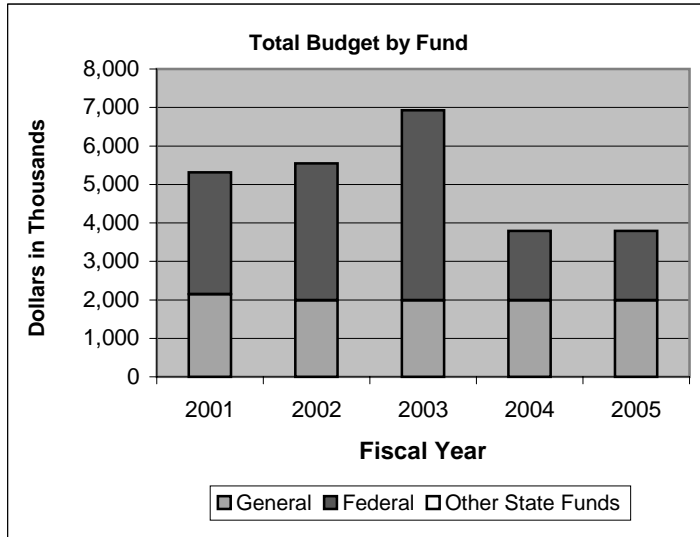
Additional information is available from the Minnesota Department of Children, Families & Learning, (651) 582-8399 or (651) 582-8569 and the CFL web site for the Office of Economic Opportunity <http://cfl.state.mn.us/OEO/homeless.htm>.

CHILDREN, FAMILIES, & LEARNING

Program: **SELF-SUFF & LIFELONG LEARNING**

Activity: **TRANSITIONAL HOUSING PROGRAM**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 2,142 | 1,988 | 1,988 | 1,988 | 1,988 | 3,976 | 0 | 0.0% |
| Federal Tanf | 1,070 | 1,832 | 2,848 | 0 | 0 | 0 | -4,680 | -100.0% |
| Statutory Appropriations | | | | | | | | |
| Federal | 2,098 | 1,730 | 2,088 | 1,807 | 1,807 | 3,614 | -204 | -5.3% |
| Total | 5,310 | 5,550 | 6,924 | 3,795 | 3,795 | 7,590 | -4,884 | -39.2% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 52 | 164 | 157 | 0 | 0 | 0 | -321 | -100.0% |
| Other Operating Expenses | 9 | 27 | 149 | 0 | 0 | 0 | -176 | -100.0% |
| Local Assistance | 5,249 | 5,359 | 6,618 | 3,795 | 3,795 | 7,590 | -4,387 | -36.6% |
| Total | 5,310 | 5,550 | 6,924 | 3,795 | 3,795 | 7,590 | -4,884 | -39.2% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Federal | 2,187 | 1,814 | 2,180 | 1,899 | 1,899 | 3,798 | -196 | -4.9% |
| Subtotal Dedicated | 2,187 | 1,814 | 2,180 | 1,899 | 1,899 | 3,798 | -196 | -4.9% |
| Total Revenue | 2,187 | 1,814 | 2,180 | 1,899 | 1,899 | 3,798 | -196 | -4.9% |

| | | | | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|--|--|--|
| Full-Time Equivalents (FTE) | 0.0 | 2.9 | 2.9 | 2.9 | 2.9 | | | |
|------------------------------------|------------|------------|------------|------------|------------|--|--|--|

CHILDREN, FAMILIES & LEARNING

Program: SELF-SUFFICIENCY & LIFELONG LEARNING

Activity: FOOD SHELF PROGRAM

Narrative

Activity Description

Citation: M.S. 119A.44; 7 U.S.C. 612c, 42 U.S.C. 9910a, sec. 681A

The purpose of the program is to provide food to low-income individuals and families who have exhausted other resources to meet their basic nutritional needs.

Population Served

It is estimated that one in 22 Minnesotans received help from a food shelf in 2001, and half of those served were children under the age of 18.

- ⇒ In 2001, one-half of the individuals served at food shelves were children, 20% were seniors.
- ⇒ Eleven percent of the children served at food shelves are forced to skip meals because there is not enough food in the home; 43% of their parents are skipping meals also.
- ⇒ Forty three percent of the households statewide report paid employment as the family's major source of income. In the Twin Cities suburbs the number of working poor approaches 60% of the families served. The working poor is the fastest growing group of food shelf clients.
- ⇒ Sixty five percent of the households using food shelves report incomes below \$799 a month, less than \$9,500 a year.

The effects of welfare reform, low wages, and the high costs of child care, housing, and health care continue to leave many individuals and families hungry. In 2001, Minnesota's 320 food shelves distributed over 29 million pounds of food to 1.32 million individuals. High housing and prescription costs, and low wages are cited by these populations as reasons for increased reliance on emergency food sources.

Services Provided

Food banks, food shelves, on-site meal programs, and shelters provide food through the programs described below.

Minnesota Food Shelf Program (MFSP)

The department grants MFSP funds to Hunger Solutions Minnesota (HSM) for distribution to over 300 individual food shelves throughout the state. Food shelves use these funds to purchase nutritious foods and to offset operating costs. Each food shelf is a nonprofit organization that distributes food to individuals and families based on need. HSM allocates funds to food shelves semi-annually based on the number of individuals served by each food shelf during the previous six-month period.

The Emergency Food Assistance Program (TEFAP)

The department partners with HSM to distribute U.S. Department of Agriculture (USDA) TEFAP commodities. HSM is comprised of six regional Second Harvest food banks that provide a balanced distribution of commodities to all 87 counties. TEFAP commodities are allocated to the regional food banks based on the population and poverty level of their service areas.

Community Food and Nutrition Program (CFNP)

The CFNP is federally funded under the Community Services Block Grant to improve nutrition for low-income people. CFNP funds are awarded to public or private organizations to coordinate existing public and private food assistance resources.

Historical Perspective

Established in 1981, The Emergency Food Assistance Program distributes USDA food commodities through food shelves, on-site meal programs, and shelters to low-income individuals and families. TEFAP funds are used to cover costs associated with the distribution of USDA commodities, including warehousing, transportation, commodity tracking and allocation, and technical assistance. State matching funds are required.

Activity at a Glance

- ◆ In 2001, Minnesota's 320 food shelves distributed over 29 million pounds of food to 1.32 million individuals.
- ◆ This is an increase of almost 10% over the previous year and is the largest single year increase in more than a decade.
- ◆ One-half of the individuals served at food shelves are children, 20% are seniors.

CHILDREN, FAMILIES & LEARNING

Program: SELF-SUFFICIENCY & LIFELONG LEARNING

Activity: FOOD SHELF PROGRAM

Narrative

The state began funding food shelves in 1992 because the demand for food assistance could not be met without state help, and the legislature realized the importance of a stable diet for all Minnesotans.

Key Measures

One of the goals of CFL's Strategic Plan is to strengthen families and build a solid foundation for living and learning. One of the outcomes relating to this goal is that families and individuals are moved out of poverty and all families provide a stable environment for their children. This budget activity reports information on the indicator "low-income people will not go hungry."

HSM reports the following evaluation findings from FY 2001:

- ⇒ Those who used food shelves do so an average of 6 times a year. Nearly 40% used a food shelf only once or twice a year.
- ⇒ The six Second Harvest Food Banks distributed 5.5 million pounds of USDA TEFAP commodity food to over 250 food shelves and 500 on-site meal programs and shelters.

Activity Funding

This budget activity is funded with both state and federal funds.

TEFAP provided over \$600,000 in federal funds and approximately five and a half million pounds of food in 2001. State program administration funding is matched dollar-for-dollar by USDA.

Emergency Food Program Funding by Federal Fiscal Year

Dollars in Thousands

| | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 |
|------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| State Funding: | | | | | | | | | | |
| MSFP | \$600 | \$600 | \$700 | \$700 | \$1,250 | \$1,250 | \$1,278 | \$1,278 | \$1,278 | \$1,278 |
| TEFAP State | 100 | 100 | 97 | 97 | 97 | 97 | 97 | 97 | 103 | 103 |
| Matching Funds | | | | | | | | | | |
| TOTAL | \$700 | \$700 | \$797 | \$797 | \$1,347 | \$1,347 | \$1,375 | \$1,375 | \$1,381 | \$1,381 |
| Federal Funding: | | | | | | | | | | |
| TEFAP | \$540 | \$480 | \$508 | \$571 | \$592 | \$563 | \$559 | \$550 | \$607 | \$607 |
| CFNP | 62 | 65 | 48 | 33 | 34 | 34 | 42 | 53 | 55 | 55 |
| TOTAL | \$602 | \$545 | \$556 | \$604 | \$608 | \$604 | \$601 | \$603 | \$662 | \$662 |
| GRAND TOTAL | \$1,302 | \$1,245 | \$1,353 | \$1,401 | \$1,955 | \$1,951 | \$1,976 | \$1,978 | \$2,043 | \$2,043 |

Funding levels shown in this table may differ from the expenditures shown on the federal program fiscal summary page due to carryover and statewide accounting period closing requirements.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

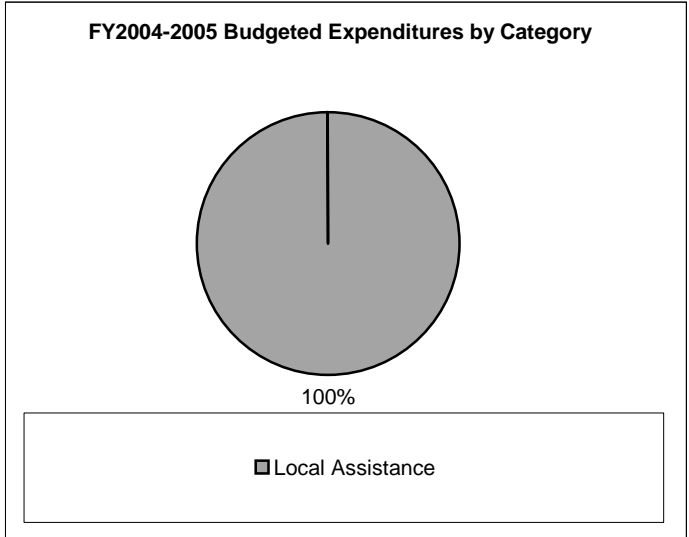
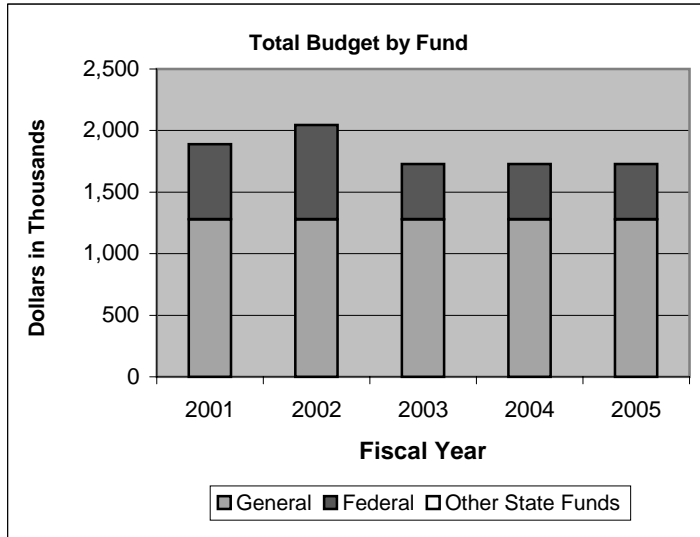
Additional information is available from the Minnesota Department of Children, Families & Learning, (651) 582-8396 and the CFL web site for the Office of Economic Opportunity <http://cfl.state.mn.us/OEO/>.

CHILDREN, FAMILIES, & LEARNING

Program: SELF-SUFF & LIFELONG LEARNING

Activity: FOODSHELF PROGRAM

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------|--------------------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 | Dollars Percent |
| Direct Appropriations | | | | | | | | |
| General | 1,278 | 1,278 | 1,278 | 1,278 | 1,278 | 2,556 | 0 | 0.0% |
| Statutory Appropriations | | | | | | | | |
| Federal | 610 | 766 | 449 | 449 | 449 | 898 | -317 | -26.1% |
| Total | 1,888 | 2,044 | 1,727 | 1,727 | 1,727 | 3,454 | -317 | -8.4% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|
| Expenditures by Category | | | | | | | | |
| Local Assistance | 1,888 | 2,044 | 1,727 | 1,727 | 1,727 | 3,454 | -317 | -8.4% |
| Total | 1,888 | 2,044 | 1,727 | 1,727 | 1,727 | 3,454 | -317 | -8.4% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|--------------|-------------|---------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Federal | 692 | 861 | 519 | 555 | 555 | 1,110 | -270 | -19.6% |
| Subtotal Dedicated | 692 | 861 | 519 | 555 | 555 | 1,110 | -270 | -19.6% |
| Total Revenue | 692 | 861 | 519 | 555 | 555 | 1,110 | -270 | -19.6% |

CHILDREN, FAMILIES & LEARNING

Program: SELF-SUFFICIENCY & LIFELONG LEARNING

Activity: ADULT BASIC EDUCATION AID

Narrative

Activity Description

Citation: M.S. [124D.52](#); [124D.53](#) ;

Federal Citation: P.L. 105-220, Title II - The Adult Education and Family Literacy Act [Adult Education and Family Literacy Act of 1998](#)

This state and federal funded program provides education opportunities for adults who lack basic academic skills, and whose low educational levels are barriers to employment and to productive participation in their families and in our society.

Population Served

Adults are eligible to participate when they are at least 16 years old, are not enrolled in school (formally withdrawn or dropped out), and function below the high school completion level in basic skills. The 2000 U.S. census reports that 12% of Minnesotans over 25 lack high school equivalency - over 380,000 people. Over 200,000 Minnesota residents are immigrants or refugees in need of English skills. Enrollment in English as a Second Language (ESL) programs has doubled in the past five years. During FY 2002, over 37,000 adults enrolled in ESL classes and 46% of all enrollees in Adult Basic Education (ABE) were ESL learners.

Activity at a Glance

- ◆ 57 Adult Basic Education (ABE) consortia, 500 delivery sites statewide.
- ◆ 1,200 licensed teachers and 3,000 volunteers served over 82,500 learners in FY 2002.
- ◆ 1 out of every 6 diplomas issued in Minnesota during 2002 was a General Educational Development (GED) or Adult High School Diploma.
- ◆ 46% of all learners were English as a Second Language (ESL) students 66% were parents, and 19% were unemployed.
- ◆ Research shows that the average high school graduate earns about \$7,000 more per year than a drop out.

Services Provided

Adult basic education program options include the following choices.

- ⇒ **GED** (general education development diploma) - high school equivalency program [Minnesota Department of Children Families & Learning -- GED](#).
- ⇒ **Adult Diploma** - programs for adults leading to a Minnesota high school diploma.
- ⇒ **English as a Second Language** - for learners whose language is other than English.
- ⇒ **Family Literacy** - features instruction for adults in literacy and parenting, and children receive education services as well through other funding sources.
- ⇒ **Basic Skills Education** - for learners who need to brush-up on some specific basic skills, such as math or reading (typically related to their employment).
- ⇒ **Workforce Preparation** - literacy skills related to learners' need to obtain, retain or improve their employment. Instruction uses work-related content, often delivered at the learner's work site.
- ⇒ **U.S. Citizenship and Civics** - programs for legal non-citizens and immigrants to attain English and civic knowledge necessary for U.S. citizenship and democratic participation.

State ABE funding supports individual public school districts or groups of districts (consortia) and other eligible nonprofit providers including community-based organizations and correctional institutions. ABE is provided at over 500 sites located in every Minnesota county at public schools, workforce centers, community/technical colleges, prisons/jails, libraries, learning centers, tribal centers, and nonprofit organizations. Programs have voluntarily formed ABE consortia (57 administrative units) to maximize efficiency and to share resources.

A literacy "hotline" has been established to link Minnesota residents with ABE programs statewide. This site is also used to refer persons who are interested in becoming volunteer tutors [Hotline](#).

In 2001, the reported waiting list for ABE services was 2,071 adults.

Key Measures

Increase the percentage of Minnesota adults who currently lack basic skills to achieve their educational and economic goals through participation in adult basic education programs.

CHILDREN, FAMILIES & LEARNING

Program: SELF-SUFFICIENCY & LIFELONG LEARNING

Activity: ADULT BASIC EDUCATION AID

Narrative

| Selected Outcome Results | FY 1998 | FY 2002 | Percent Change |
|-----------------------------------|---------|---------|----------------|
| Enrollment | 48,220 | 82,778 | 72% |
| GEDs Earned | 6,270 | 11,268 | 80% |
| H.S. Diplomas Earned | 920 | 1,224 | 35% |
| Left Public Assistance | 132 | 156 | 18% |
| Entered Post-Secondary Education | 2,070 | 2,865 | 38% |
| Earned U.S. Citizenship* | 1,100 | 408 | -63% |
| Able to Assist Children in School | 1,045 | 1,895 | 81% |
| Gained or Better Employment | 1,895 | 2,477 | 31% |
| Annual Cost Per Learner | \$307 | \$473 | 54% |

*In FY 1998 and FY 1999, ABE received a \$2 million state grant to promote citizenship acquisition. That grant ended in FY 2000 resulting in reduced outcomes for that measure.

Activity Funding

Adult basic education aid is formula-based on the following factors:

- ◆ base population aid at the greater of \$4,000 or \$1.80 times the census population of the member district; and
- ◆ of the remaining funds available, 84% is distributed based on prior year contact hours, 8% is distributed based on the population of K-12 Limited English Proficient (LEP) learners in the member district, and 8% is distributed based on the census population of adults aged 20 and over who do not hold a high school diploma.

Under the state funding formula, two funding caps are in law: 1) programs are held to a 17% or \$20,000 growth cap (the greater of) on contact hour revenue; and 2) programs are held to a gross revenue per contact hour of four times the base contact hour rate. By law, the total state ABE appropriation each year is set at the previous year's level times the lesser of 1.08 or the percentage increase in learner contact hours. Therefore the appropriation may by law increase as much as 8% each year as long as the growth in the preceding year contact hours was 8% or higher. The increase in learner contact hours over the past three years is given in the table below.

| | FY 2000 | FY 2001 | FY 2002 |
|---|-----------|-----------|-----------|
| Contact Hours | 3,205,283 | 3,552,917 | 4,170,176 |
| % Increase in Contact Hours Over Prior Year | 42.0% | 10.8% | 17.4% |

Under the federal Adult Education and Family Literacy Act (P.L.105-220), federal funds are received by CFL and must be used to coordinate with and supplement other ABE funds. Federal maintenance of effort provisions exist to promote the existing level of state resources.

The Adult Education and Family Literacy Act (AEFLA) requires state to keep within 90% of recent spending levels for adult education and literacy activities in order to continue to receive their full allotment of AEFLA funds. States spending at less than 90% face a drop in their federal allotments.

Federal Temporary Assistance to Needy Families (TANF) funds are used to provide ESL services. This is a time-limited appropriation for fiscal years 2001 through 2003.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

Additional information is available from the Minnesota Department of Children, Families & Learning, Lifework Development Division, (651) 582-8442.

CHILDREN, FAMILIES & LEARNING

Program: SELF-SUFFICIENCY & LIFELONG LEARNING

Activity: ADULT BASIC EDUCATION AID

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | | |
|---|--------------------------|----------------------------|----------------------------|---------------|---------------|-------------------------------|--|----------------|
| Budget Activity Summary | Actual FY2001 | Estimate FY2002 | Budgeted FY2003 | Base | | Biennium FY2004-05 | Biennial Change 2004-05 / 2002-03 | |
| | | | | FY2004 | FY2005 | | Dollars | Percent |
| 1. Statutory Formula Aid | 30,001 | 32,368 | 34,994 | 37,826 | 40,881 | 78,707 | 11,345 | 16.8% |
| 2. Adjustment(s) | | | | | | | | |
| b. Net Prior Year Payments | 7 | | | | | | | |
| 3. State Aid Entitlement | 30,008 | 32,368 | 34,994 | 37,826 | 40,881 | 78,707 | 11,345 | 16.8% |
| 4. Federal Funds | 1,762 | 5,727 | 6,061 | 6,061 | 6,061 | 12,122 | (334) | |
| 5. Federal TANF | 741 | 973 | 1,586 | | | | 2,559 | |
| 6. Total School District Revenue - All Funds | 32,511 | 39,068 | 42,641 | 43,887 | 46,942 | 90,829 | 11,011 | 13.5% |
| Appropriations Basis for State Aid | | | | | | | | |
| Prior Year (10% FY 01-03) (17% FY 04-05) | 2,101 | 3,019 | 3,237 | 5,948 | 6,430 | 12,378 | 6,122 | |
| Current Year (90% FY 01-02) (83% FY 03-05) | 27,067 | 29,131 | 29,046 | 31,396 | 33,932 | 65,328 | 7,151 | |
| Cancellation | (78) | | | | | | | |
| Total State Aid - General Fund | 29,090 | 32,150 | 32,283 | 37,344 | 40,362 | 77,706 | 13,273 | 20.6% |
| Other Approp. Federal Plus other State Funds | 2,503 | 6,700 | 7,647 | 6,061 | 6,061 | 12,122 | (2,225) | |
| TOTAL APPROPRIATIONS | 31,593 | 38,850 | 39,930 | 43,405 | 46,423 | 89,828 | 11,048 | 14.0% |

CHILDREN, FAMILIES & LEARNING

Program: SELF-SUFFICIENCY & LIFELONG LEARNING

Activity: ADULT GRADUATION AID

Narrative

Activity Description

Citation: M.S. 124D.54

This state aid program provides funds for the Adult Graduation program to provide adults age 21 and above with options and opportunities to earn their high school diploma.

Population Served

Adults age 21 and over who have not completed high school may complete their secondary education under this program. The individual must qualify under one of the following criteria:

- ♦ eligible for unemployment benefits or have exhausted unemployment benefits;
- ♦ eligible for and receiving income maintenance or support services; and
- ♦ eligible under the displaced homemaker program, state wage subsidy program, or any program under the Workforce Investment Act.

Most participants supported by Adult Graduation Aid are students in high school or a state-approved alternative program who reach the age of 21 before meeting high school graduation requirement.

Unlike adult basic education where participation is based on proficiency in basic skills, participation in the Adult Graduation Aid program is time-limited (no more than 14 years of public or nonpublic education from age five) and tied to eligibility for unemployment benefits or services under the federal Job Training Partnership Act.

Services Provided

Eligible individuals may enroll in area learning centers, public alternative programs, or any public high school. Individuals may access postsecondary courses under the Postsecondary Enrollment Options program if eligible under that program.

Enrollment is currently limited to two school years or until the adult learner completes the course work required for graduation, whichever is less. At the completion of the program, the individual receives a high school diploma. Many adult learners are part-time students. In FY 2001, 2,190 adults participated in the program, the equivalent of 609 full-time students.

The decline in participation since 1998 is indicative of improved efforts to assist learners to meet graduation requirements before reaching age 21, and of district decisions to focus efforts on younger learners, relying on adult basic education programs to address the over 21 population. Efforts have also been increased to enforce eligibility requirements of section 124D.68.

Key Measures

Provide increased access and effective programming to economically disadvantaged Minnesotans over 21 who desire to earn their high school diploma.

Activity at a Glance

- | | |
|--|-----|
| ♦ FY 2001 participating districts | 103 |
| ♦ FY 2001 pupils | 609 |
| ♦ FY 2001 graduates | 291 |
| ♦ Individuals who receive their high school diplomas earn on the average about \$7,000 more per year than a dropout. | |

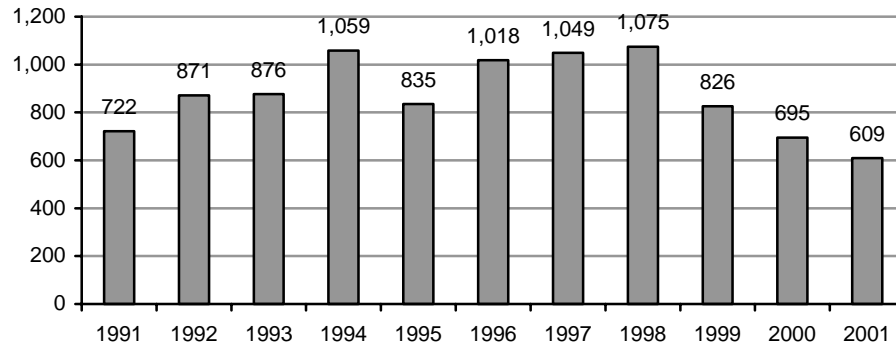
CHILDREN, FAMILIES & LEARNING

Program: SELF-SUFFICIENCY & LIFELONG LEARNING

Activity: ADULT GRADUATION AID

Narrative

Number of Participants (Average Daily Membership)



Activity Funding

The aid amount for each eligible pupil for FY 2002 equals \$2,338 times 1.3 times the Average Daily Membership (ADM) for the pupil. For this aid, ADM equals yearly hours in membership divided by the instructional hours for the district. The district may not count pupils for any other purpose other than adult graduation aid. Participation is expected to increase due to increased K-12 dropout rates and adults entering Minnesota who do not possess high school diplomas.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

Additional information is available from the Minnesota Department of Children, Families & Learning, Lifework Development Division, (651) 582-8442.

CHILDREN, FAMILIES & LEARNING

Program: SELF-SUFFICIENCY & LIFELONG LEARNING

Activity: ADULT GRADUATION AID

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | | |
|---|--------------------------|----------------------------|----------------------------|-------------------------------|--------------|-------------------------------|--|--------------|
| Budget Activity Summary | Actual FY2001 | Estimate FY2002 | Budgeted FY2003 | Base FY2004 FY2005 | | Biennium FY2004-05 | Biennial Change 2004-05 / 2002-03 Dollars Percent | |
| 1. Statutory Formula Aid | 3,058 | 2,091 | 2,301 | 2,531 | 2,784 | 5,315 | 923 | 21.0% |
| 2. Adjustment(s) | | | | | | | | |
| a. Excess Appropriation | (1,182) | | | | | | | |
| 3. State Aid Entitlement | 1,876 | 2,091 | 2,301 | 2,531 | 2,784 | 5,315 | 923 | 21.0% |
| 4 Total School District Revenue - All Funds | 1,876 | 2,091 | 2,301 | 2,531 | 2,784 | 5,315 | 923 | 21.0% |
| Appropriations Basis for State Aid | | | | | | | | |
| Prior Year (10% FY 01-03) (17% FY 04-05) | 278 | 305 | 240 | 391 | 430 | 821 | 276 | |
| Current Year (90% FY 01-02) (83% FY 03-05) | 2,753 | 2,157 | 1,910 | 2,101 | 2,311 | 4,412 | 345 | |
| Cancellation | (1,153) | (306) | | | | | 306 | |
| Transfers per M.S. 127A.41, subdivision 8 & 9 | (57) | | | | | | | |
| Total State Aid - General Fund | 1,821 | 2,156 | 2,150 | 2,492 | 2,741 | 5,233 | 927 | 21.5% |
| TOTAL APPROPRIATIONS | 1,821 | 2,156 | 2,150 | 2,492 | 2,741 | 5,233 | 927 | 21.5% |

CHILDREN, FAMILIES & LEARNING

Program: SELF-SUFFICIENCY & LIFELONG LEARNING

Activity: GED TESTS

Narrative

Activity Description

Citation: M.S. 124D.55

This state aid program provides increased access for eligible individuals to complete the test of general educational development (GED) by paying a portion of the student's GED testing fees.

Population Served

To be eligible to take the GED exam and have the cost subsidized by the state, an individual must meet three criteria:

- ◆ be a Minnesota resident and have been so for at least 90 days;
- ◆ not be currently enrolled in a program leading to a high school diploma; and
- ◆ not have the testing fee paid by another government agency.

In FY 2001-02:

- ◆ 23.8 years = average age of GED examinee.
- ◆ 10.3 years = average years of education of GED examinee.*
- ◆ 16-18 year olds accounted for 2,370 of the graduates, 21.0 % of the total.

*This represents a decline by 10% in the past three years.

Services Provided

This budget activity provides supplementary funds to GED testing centers to help offset the cost of the testing for eligible students. As a result of this subsidy, fees for individual GED examinees are reduced. Minnesota GED Testing Centers. There are 60 testing centers in Minnesota including 10 at state correctional facilities.

The GED examination consists of a battery of five tests that measure major and lasting outcomes associated with a high school education. The five tests (Writing, Social Studies, Science, Reading, and Mathematics) employ a multiple-choice format with the two-part Mathematics test also using alternative format questions. The writing skills test requires an essay. Many GED candidates are from low-income backgrounds and cannot afford the full cost of the five-test GED battery. Minnesota Department of Children Families & Learning -- GED

Successful completion of the GED test battery results in the awarding of a state of Minnesota GED diploma by the Department of Children, Families & Learning. A high school diploma or GED is required by many employers, and virtually all of Minnesota's post-secondary educational institutions accept the GED as a valid high school credential for admission purposes. Minnesota GED Testing Centers

In FY 2001-02, 7,013 applicants received \$20 discounts toward the cost of the full GED test battery and 2,908 applicants received \$4 discounts toward the test of a single GED test.

Historical Perspective

State funding for the GED Testing Reimbursement program began in 1992 when the state began to pay the lesser of \$20 or 60% of the fee charged to an eligible individual for the full battery of the GED test. Nearly all GED applicants qualify for GED test free support. In 2001-02, GED testing centers received \$125,000, but discounted test fees by \$151,892. Because of this disparity, some test sites may discontinue this service. Test leasing fees established by the GED Testing Service have tripled in the past three years.

Minnesota's 11,268 graduates in 2001 represent an annual increase of 4,383, or 63.7%, the fifth highest percentage increase in the United States.

Activity at a Glance

- ◆ 60 GED testing centers.
- ◆ In FY 2002, 16,788 examinees took at least one GED test and 13,244 took all five tests.
- ◆ In FY 2002, 11,268 adults were granted GED diplomas.
- ◆ Individuals who receive their high school diploma or GED earn about \$7,000 more per year than a dropout.

CHILDREN, FAMILIES & LEARNING

Program: SELF-SUFFICIENCY & LIFELONG LEARNING

Activity: GED TESTS

Narrative

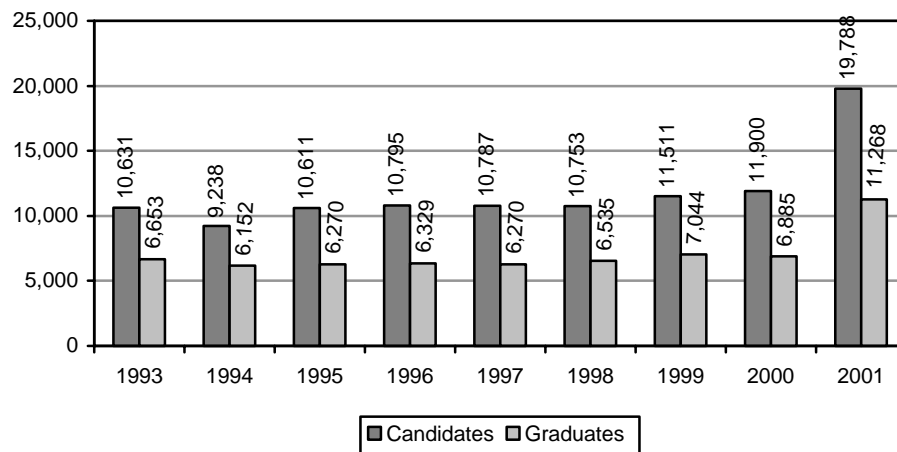
Key Measures

Provide increased access for eligible individuals to complete the test of GED by paying a portion of the student's testing fees.

FY 2001-02 Statistics

- ⇒ Passing rate in Minnesota is 85.0 % (Top 10 in US).
- ⇒ In 2001, more than 1 of 7 high school credentials issued in Minnesota was a GED. This translates to 11,268 out of 71,786 total credentials (15.6%).
- ⇒ 67% of examinees wanted GED to be able to further education; 33% for employment; and 3% for entrance into the military. NOTE: Respondent could have given more than one answer, hence more than 100% total.

**All Candidates For the Test
All Graduates Passing the Test**



Activity Funding

The average GED test fee per participant is \$50. Test leasing fees established by the GED Testing Service have tripled during in the last three years.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

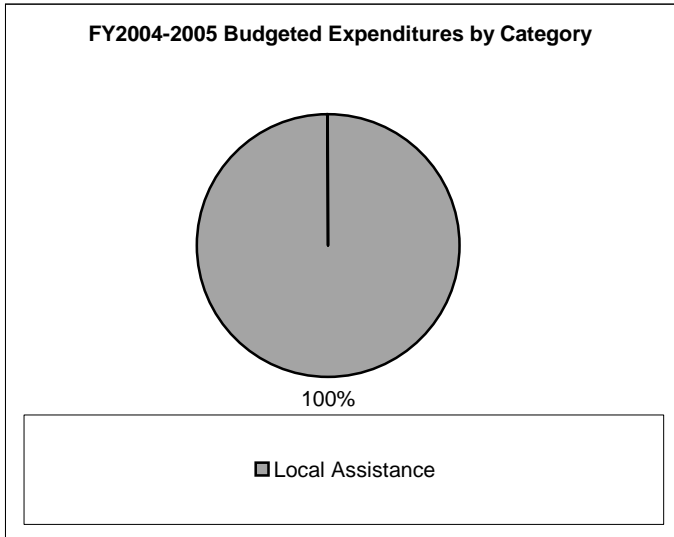
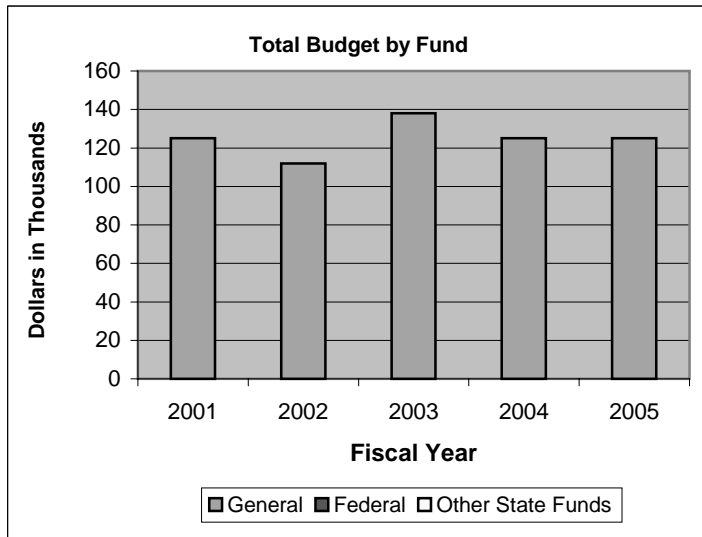
Additional information is available from the Minnesota Department of Children, Families & Learning, Lifework Development Division, (651) 582-8437

CHILDREN, FAMILIES, & LEARNING

Program: **SELF-SUFF & LIFELONG LEARNING**

Activity: GED TESTS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 125 | 112 | 138 | 125 | 125 | 250 | 0 | 0.0% |
| Total | 125 | 112 | 138 | 125 | 125 | 250 | 0 | 0.0% |
| Expenditures by Category | | | | | | | | |
| Local Assistance | 125 | 112 | 138 | 125 | 125 | 250 | 0 | 0.0% |
| Total | 125 | 112 | 138 | 125 | 125 | 250 | 0 | 0.0% |

CHILDREN, FAMILIES & LEARNING

Program: SELF-SUFFICIENCY & LIFELONG LEARNING

Activity: EMERGENCY SERVICE GRANTS

Narrative

Activity Description

Citation: MN Laws 1997, Chap. 162, Art. 3, Sec. 7 ; MN Laws 1999, Chap. 205, Art. 4, Subd. 12 ; MN Laws 2001, 1st Spec. Session, Chap. 3, Art. 3, Subd. 4

The Emergency Services Program (ESP) provides funding to shelters and nonprofit agencies to support the costs of emergency shelter and support services to homeless families and individuals.

Population Served

The program serves individuals and families who lack a regular and adequate nighttime residence. The program serves varied populations including, domestic violence survivors, veterans, single parent and two parent families, single adults, unaccompanied youth, migrant and seasonal farm workers, people with HIV/AIDS, mental illness or chemical dependency.

Children represent the fastest growing segment of the homeless population. In 1985, the majority of persons using shelters and transitional housing were men. By 2000, children had become almost 50% of this population. The increase in the number of homeless families is partially attributed to the disparity between income and housing costs. Welfare reform and the recent economic downturn also contribute to problem of homelessness.

The percentage of employed persons using shelters has risen from 19% in 1991 to 41% in 2000. Tight housing markets have resulted in increasing rents, lower vacancy rates, fewer landlords accepting housing subsidies such as Section 8, and stricter screening of potential tenants for bad rental or credit histories. The 2000 Statewide Survey of Homeless Adults, Children, and Youth in Minnesota conducted by Wilder Research Center provides information about the causes and dynamics of homelessness.

Services Provided

The ESP assists service providers in improving the quality of existing shelters, expanding the availability of emergency housing, meeting the operating and maintenance costs of shelter, and providing essential services to homeless persons. The ESP provides a range of support services including:

- ◆ case management;
- ◆ employment counseling and job placement;
- ◆ housing location, placement and rental assistance;
- ◆ substance abuse treatment;
- ◆ medical and psychological services;
- ◆ emergency childcare, voicemail, furniture, transportation, and other services to stabilize homeless persons in housing; and
- ◆ access to financial assistance from mainstream social services programs.

Historical Perspective

Homeless programs were developed in response to the increasing number of people experiencing homelessness. The Minnesota Legislature established the ESP in 1997.

Key Measures

One of the goals of Children, Families & Learning's Strategic Plan is to strengthen families and build a solid foundation for living and learning. One of the outcomes relating to this goal is that families and individuals are moved out of poverty and all families provide a stable environment for their children. This budget activity reports information on the indicator that "decrease the number of homeless people."

Activity at a Glance

- ◆ On any given night, an estimated 8,600 people are homeless in Minnesota. Nearly 50% are children.
- ◆ In 2001, nearly 2,000 households received emergency shelter and 28,000 received supportive services funded by ESP.
- ◆ In 2002, 35 service providers received funding with an average grant of \$47,000.

CHILDREN, FAMILIES & LEARNING

Program: SELF-SUFFICIENCY & LIFELONG LEARNING

Activity: EMERGENCY SERVICE GRANTS

Narrative

The program provides financial and technical assistance to provider agencies throughout the state. Through the provision of housing and support services, persons receive necessary protective shelter and services to meet their basic needs.

- ⇒ In 2001, approximately 30,000 households received emergency shelter or supportive services funded by ESP.
- ⇒ Individuals and families with children experiencing homelessness received critical services to meet their basic needs and to access permanent housing.

Activity Funding

ESP funding is flexible to best meet the local needs of Minnesota communities. Funds are awarded on a competitive basis and work in conjunction with the following federal homeless programs.

- ⇒ The Emergency Shelter Grant Program (ESGP) provides federal funds to shelters and transitional housing programs for operating costs, essential services, and homelessness prevention. In the 2002-2003 biennium, \$2.2 million was awarded to 36 programs.
- ⇒ The Rural Housing Assistance and Stability Program (RHASP), funded under the federal Supportive Housing Program (SHP), provides supportive services to homeless people to move them into permanent housing. Supportive services may include first month's rent, damage deposit, assistance with down payment, transportation and child care costs, assistance with job search and self-sufficiency case management. The White Earth Indian Reservation, 20 rural Community Action Agencies, and an organization serving migrant farm workers agencies receive RHASP funding.

In addition, the ESP received a time-limited appropriation of Federal Temporary Assistance to Needy Families (TANF) funding for fiscal years 2001 through 2003.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

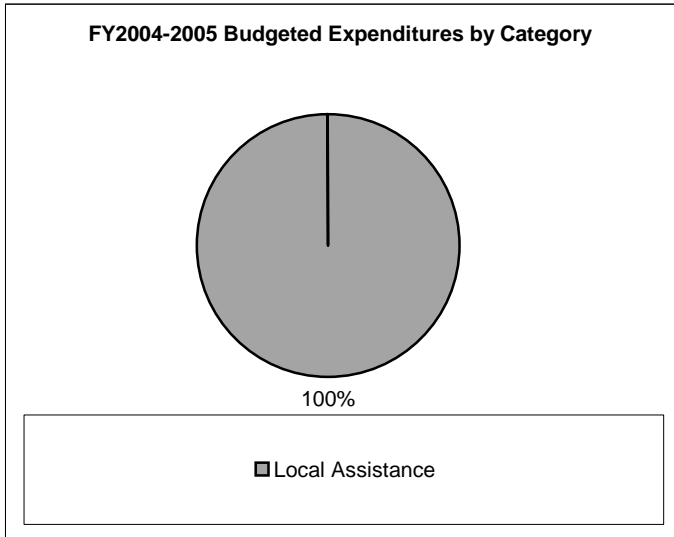
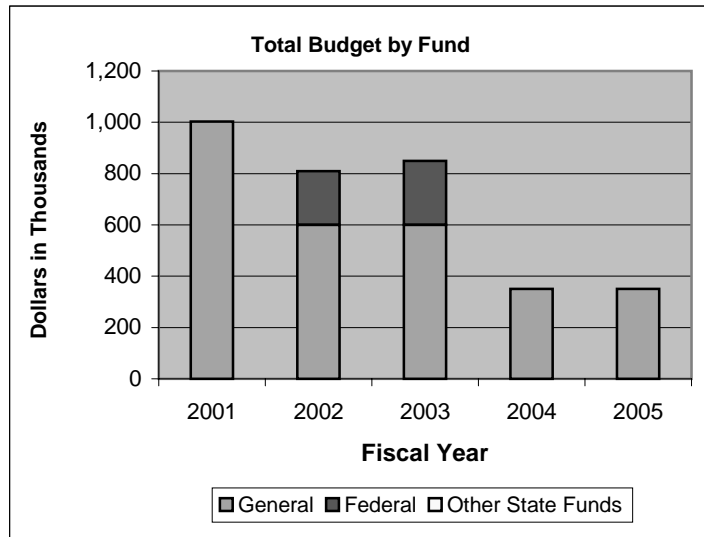
Additional information is available from the Minnesota Department of Children, Families & Learning, (651) 582-8399 or (651) 582-8569 and the CFL web site for the Office of Economic Opportunity <http://cfl.state.mn.us/OEO/homeless.htm>

CHILDREN, FAMILIES, & LEARNING

Program: **SELF-SUFF & LIFELONG LEARNING**

Activity: EMERGENCY SERVICE GRANTS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 1,003 | 600 | 600 | 350 | 350 | 700 | -500 | -41.7% |
| Federal Tanf | 0 | 210 | 250 | 0 | 0 | 0 | -460 | -100.0% |
| Total | 1,003 | 810 | 850 | 350 | 350 | 700 | -960 | -57.8% |
| Expenditures by Category | | | | | | | | |
| Local Assistance | 1,003 | 810 | 850 | 350 | 350 | 700 | -960 | -57.8% |
| Total | 1,003 | 810 | 850 | 350 | 350 | 700 | -960 | -57.8% |

CHILDREN, FAMILIES & LEARNING

Program: SELF-SUFFICIENCY & LIFELONG LEARNING

Activity: LEAD HAZARD REDUCTION

Narrative

Activity Description

Citation: M.S. 119A.46

The purpose of this program is to reduce the potential for lead poisoning in the homes of children from low-income families.

Population Served

This program serves low-income families statewide. One in every six children, under six years of age, is lead poisoned which can lead to learning and behavioral problems, kidney damage, hearing deficits, speech and language problems, and poor attention span in children.

Exposure to residential sources of lead is the most common environmental health hazard to children under six years of age. Homes built prior to 1978 likely contain some levels of lead paint. In addition, leaded gasoline contributed to widespread lead exposure in soil, especially near busy roadways. The Third National Health and Nutrition Examination Survey estimates 12-15% of the population under age six have blood levels of 15 micrograms of lead per deciliter of blood (mg/dl) or greater (high risk of lead poisoning) and 1.1% have blood lead levels of 20 mg/dl or greater (lead poisoned). The social costs of health effects of childhood lead blood (Pb) exposure go beyond the personal suffering of the child and the family. They include direct societal costs (medical and educational expenses) and indirect costs (reduced future earnings of the afflicted children).

Services Provided

AmeriCorp member crews visit households identified as lead contaminated. The crews are trained to assess homes for lead levels, educate residents on measures to keep safe from lead, clean and repaint surfaces using special equipment to reduce lead dust levels to make the home lead safe for children, and provide assistance necessary to meet the residents immediate needs while lead hazard reduction services are being completed on their residence.

- ⇒ The program provides outreach and educational activities related to lead poisoning for 2,000 Minnesota residents each year.
- ⇒ Residential houses for the lead hazard reduction services are identified by the Minnesota Department of Health. Activities include: 1) lead hazard inspections and dust sampling; and 2) lead hazard reduction services, including treating windows, stabilizing paint surfaces and re-painting, and treating and recovering soil.
- ⇒ Sustainable Resources Center (SRC), the organization that receives the state funds, provides lead hazard reduction activities statewide. These funds are used to supplement federal funding. Federal funds require a dollar-for-dollar match. One million dollars was available for the 2002-03 biennium and a similar amount is anticipated for the next biennium.

Historical Perspective

The lead abatement program was originally funded in 1993 for a two-year period. The program was not funded from 1995 to 1997, but was re-established in the 1997 legislative session.

Key Measures

- ⇒ Lead hazard reduction services are provided at an average cost of \$2,000 each for an average of 50 households each year.
- ⇒ 100 homes receive lead hazard inspections and dust sampling each year.
- ⇒ 50 homes receive lead hazard reduction services.

Activity at a Glance

- ◆ One in every six children under six years of age is lead poisoned.
- ◆ 100 homes receive lead hazard inspections and dust sampling each year from this program.
- ◆ 50 homes receive lead hazard reduction services each year from this program.
- ◆ The program provides outreach and educational activities related to lead poisoning for 2,000 Minnesota residents each year.
- ◆ State funds provide the required match for federal funds.

CHILDREN, FAMILIES & LEARNING

Program: SELF-SUFFICIENCY & LIFELONG LEARNING

Activity: LEAD HAZARD REDUCTION

Narrative

Activity Funding

Sustainable Resources Center uses state funds to leverage other funds for the project including: federal funding through the Department of Health and Human Services, the city of Minneapolis, the Center for Disease Control (CDC), foundations, private donations, CLEARcorps National Project of Service to America Volunteers, and supplies and paint donated by paint manufacturers which together provide more complete education and community collaborative activities. Federal funding is contingent upon receipt of the state funding match.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

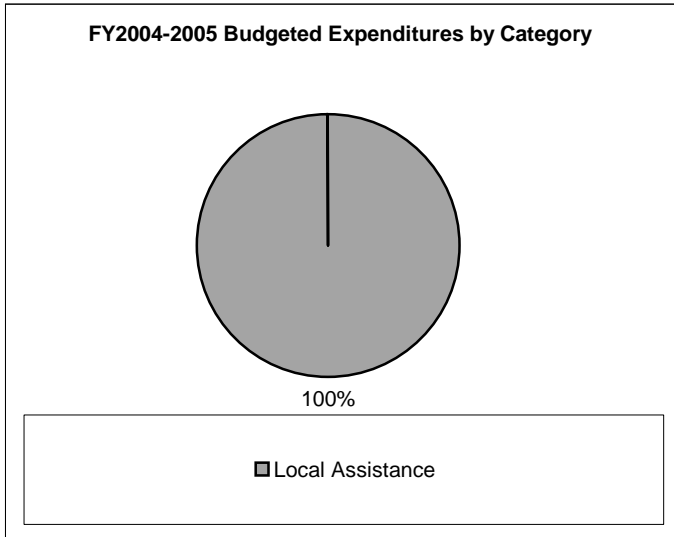
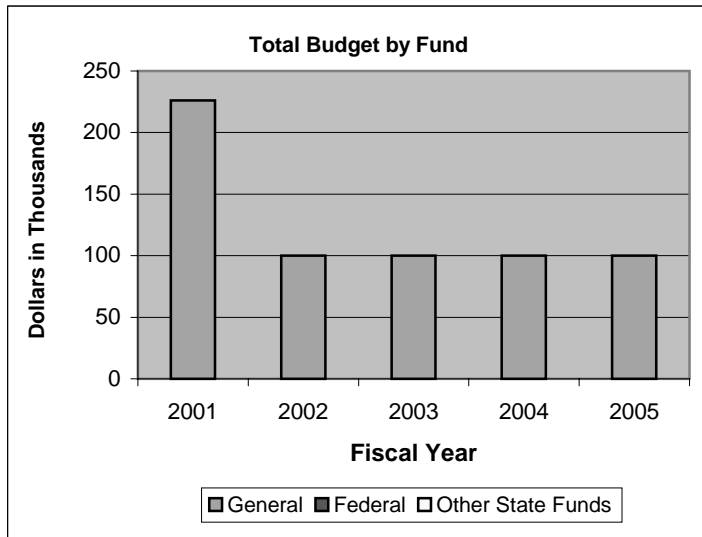
Additional information is available from the Minnesota Department of Children, Families & Learning, (651) 582-8405 and the CFL web site for the Office of Economic Opportunity <http://cfl.state.mn.us/OEO/>.

CHILDREN,FAMILIES, & LEARNING

Program: **SELF-SUFF & LIFELONG LEARNING**

Activity: LEAD HAZARD REDUCTION

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------------------|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 226 | 100 | 100 | 100 | 100 | 200 | 0 | 0.0% |
| Total | 226 | 100 | 100 | 100 | 100 | 200 | 0 | 0.0% |
| Expenditures by Category | | | | | | | | |
| Local Assistance | 226 | 100 | 100 | 100 | 100 | 200 | 0 | 0.0% |
| Total | 226 | 100 | 100 | 100 | 100 | 200 | 0 | 0.0% |

CHILDREN, FAMILIES & LEARNING

Program: SELF-SUFFICIENCY & LIFELONG LEARNING

Activity: ABE AUDITS

Narrative

Activity Description

Citation: M.S. 124D.531; M.S. 124D.52

The purpose of this state funded activity is to begin a cycle of audits for all Adult Basic Education (ABE) consortia that receive state aid under M.S. 124D.52 beginning in FY 2003.

Population Served

The ABE audits will occur beginning in FY 2003 and will involve 58 programs statewide that serve approximately 82,000 learners per year. All programs will be audited in either FY 2003 or FY 2004. Thereafter, a cycle will be established to audit each program at least once every five years.

Services Provided

The ABE audits will determine if all state ABE revenue received was accounted for properly and used solely for ABE purposes. The contact hour audit component of the audit will determine if learner hours were counted in accordance with the ABE learner eligibility and contact hour policies. Approximately three-fourths of the state ABE appropriation is distributed based upon a program's prior year contact hours. In addition, the audits will ensure that state ABE funds are expended for ABE allowable services, materials and equipment and that learner contact hours which generate state aid revenue are collected and reported to Children, Families & Learning (CFL) in accordance with state law and applicable ABE policy.

Key Measures

Audit findings will address the fiscal accountability issues of:

- ◆ whether ABE funds were properly accounted for and used solely for the defined purposes; and
- ◆ whether contact hours collected and reported were in accordance with ABE learner eligibility and contact hour policies.

Programs that are found to be out of compliance with ABE fiscal accountability requirements will be required to return funding to the state and recommendations will be made for program accountability improvements and/or continued eligibility. Similarly, any programs who may have under-reported activity and underpaid will be paid the balance owed.

Activity Funding

The FY 2001 legislation appropriated \$175,000 for this activity for FY 2003 and FY 2004 to complete the initial round of audits for all programs, with a base of \$70,000 for FY 2005 and beyond to begin the cycle of auditing each program at least once every five years.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

Additional information is available from the Minnesota Department of Children, Families & Learning, Lifework Development Division, (651) 582-8442.

Activity at a Glance

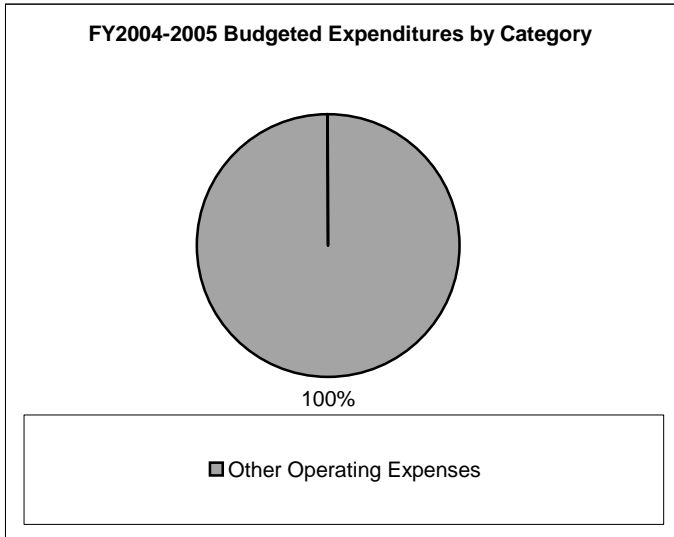
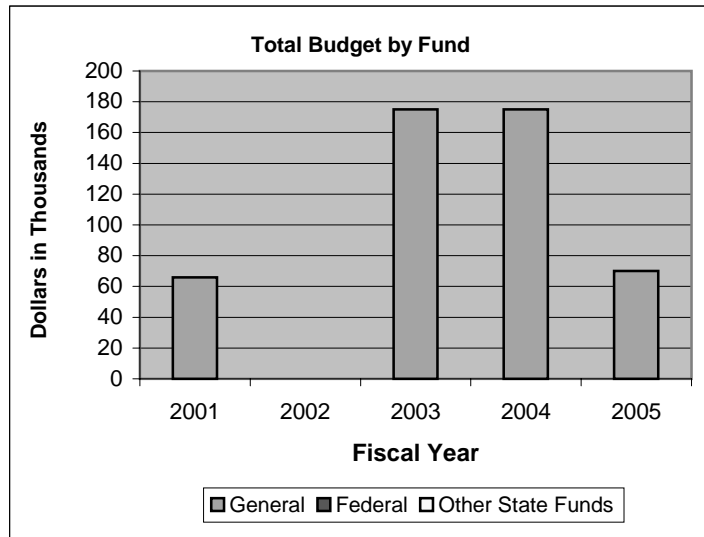
- ◆ New, mandated CFL activity for FY 2003
- ◆ 29 ABE programs must be audited by CFL during FY 2003
- ◆ Audits are scheduled to begin in January 2003

CHILDREN, FAMILIES, & LEARNING

Program: SELF-SUFF & LIFELONG LEARNING

Activity: ABE AUDITS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------|--------------------------|--------------------------|----------------------------|------------------------|---------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 66 | 0 | 175 | 175 | 70 | 245 | 70 | 40.0% |
| Total | 66 | 0 | 175 | 175 | 70 | 245 | 70 | 40.0% |

| | | | | | | | | |
|---------------------------------|-----------|----------|------------|------------|-----------|------------|-----------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Other Operating Expenses | 61 | 0 | 175 | 175 | 70 | 245 | 70 | 40.0% |
| Total | 66 | 0 | 175 | 175 | 70 | 245 | 70 | 40.0% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 0.2 | 0.0 | 0.0 | 0.0 | 0.0 |
|------------------------------------|------------|------------|------------|------------|------------|

CHILDREN, FAMILIES & LEARNING

Program: SELF-SUFFICIENCY & LIFELONG LEARNING

Activity: FAMILY ASSETS FOR INDEPENDENCE

Narrative

Activity Description

Citation: M.S. 119A.445; Assets for Independence Act (AFIA) P.L. 105-285, Title IV. 42 U.S.C. 604

The purpose of Family Assets for Independence in Minnesota (FAIM) is to help low-income working Minnesotans build assets and develop positive financial management habits and skills in order to achieve long-term economic self-sufficiency.

Population Served

FAIM serves 466 accountholders statewide. In order to be eligible for FAIM, households must have incomes at or below 200% of the federal poverty level and have a net worth of \$10,000 or less. Because savings must come from earned income, FAIM participants are considered the "working poor."

Evaluation of Minnesota's FAIM participants show the following characteristics:

- ◆ 86% of households have at least one child,
- ◆ 46% of participants have incomes below 100% of poverty,
- ◆ 79% have incomes below 150% of poverty,
- ◆ 64% are or have been "welfare" recipients (AFDC or TANF),
- ◆ 75% do not currently own a home, and
- ◆ 35% of FAIM participants are people of color.

Services Provided

Individual development accounts (IDAs) are subsidized savings accounts. Unlike other subsidized savings accounts such as Individual Retirement Accounts (IRAs) or 401(k) plans, IDAs are targeted to the poor, provide subsidies through matches rather than through tax breaks, and require participants to attend financial education. As Minnesota's IDA program, FAIM is delivered by a statewide multi-site collaborative of community action agencies (CAAs), Women Venture, Inc., the City and County Credit Union, and two tribal governments. A total of 28 local agencies participate in the program. Ramsey Action Program, Inc. (RAP) is the fiscal agent for the initiative. A FAIM Council made up of the collaborative partners provides oversight and monitoring of the program activities.

FAIM participants earn match at a rate of a 3:1 (half coming from state funds, half from non-state funds). Savings must be from earned income. Participants are encouraged to save regular amounts on a monthly basis (e.g. \$30 per month). Upon reaching their savings goal, participants use their accrued savings, interest and match to purchase a home, pursue post-secondary education, or start a small business.

Each FAIM participant receives 18 hours of general financial education to help them achieve their savings goals. They are also required to take 10 additional hours of asset-specific training.

FAIM agencies negotiate with local financial institutions to secure favorable banking arrangements for participants (e.g. no minimum balances, no service charges). Banks receive Community Reinvestment Act (CRA) credits when they provide financial contributions, mentoring, economic literacy, or other community services.

FAIM participants have the following savings goals: 16% for post-secondary education, 22% for micro-enterprises, and 62% home purchase.

Activity at a Glance

- ◆ 466 Minnesotans have accounts.
- ◆ Eligible savings goals include home ownership, postsecondary education and microenterprise.
- ◆ As of June 2002, accountholders had saved over \$300,000.
- ◆ Savings are matched at a 3:1 rate, half coming from state funding and half from non-state funding.
- ◆ FAIM accountholders also receive financial education.

CHILDREN, FAMILIES & LEARNING

Program: SELF-SUFFICIENCY & LIFELONG LEARNING

Activity: FAMILY ASSETS FOR INDEPENDENCE

Narrative

Historical Perspective

The first phase of Minnesota's FAIM operations began in 2000 and runs through 2003. FAIM is part of a national initiative to promote IDAs that emerged in the early 1990s. The concept of IDAs came from the recognition that poor and working-poor families are often excluded from financial opportunities for asset development traditionally available to middle- and upper-income families (e.g. mortgage interest deduction, capital gains, IRAs).

Data on income inequality show that incomes (adjusted for inflation) from the late 1970s to the late 1990s showed no growth for the poorest 20% of Minnesotans. This compared to 16.6% growth of incomes for the middle 20% of Minnesotans, and 42.6% growth of incomes for the richest 20% of Minnesotans. (Minnesota Budget Project, January 2000.) Differences in the distribution of economic gains are even more pronounced for asset accrual than for income.

Key Measures

One of the goals of Children, Families & Learning's Strategic Plan is to strengthen families and build a solid foundation for living and learning. One of the outcomes relating to this goal is that families and individuals are moved out of poverty and all families provide a stable environment for their children. This budget activity reports information on the indicator "low-income people will become for self-sufficient."

FAIM employs a combined strategy of financial assistance, mandatory participant education, and research and evaluation to achieve its goals. The Center for Social Development/Washington University in St. Louis published evaluation findings in September 2001 (http://gwbweb.wustl.edu/csd/Publications/IDAs_in_Minnesota.pdf). In addition, the University of Minnesota's Department of Family Social Sciences is conducting a qualitative analysis.

Key deposit and savings outcomes from the September 2001 FAIM evaluation of 27 FAIM sites and participants demonstrated the following:

- ◆ The average participant saved \$25 per month, and
- ◆ The average participant saved 9 out of every 12 months.

Information from MIS-IDA (the information management system used to collect information of all IDA programs receiving federal funding) showed the following statewide totals for Minnesota through June 2002:

⇒ 31 homes have been purchased, 18 businesses started, and 22 payouts for postsecondary education have occurred.

Activity Funding

Funding for FAIM includes the state appropriation, the federal Assets for Independence Act (AFIA) grant, and private support. State funds must be matched by nonstate funds on at least a 1:1 basis.

Funding is allocated to participating agencies according to a state statutory requirement of a 60/40 greater Minnesota/metro split.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

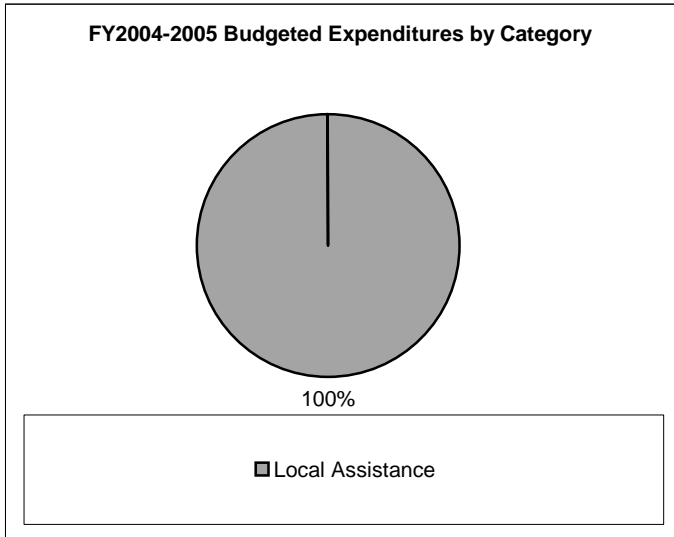
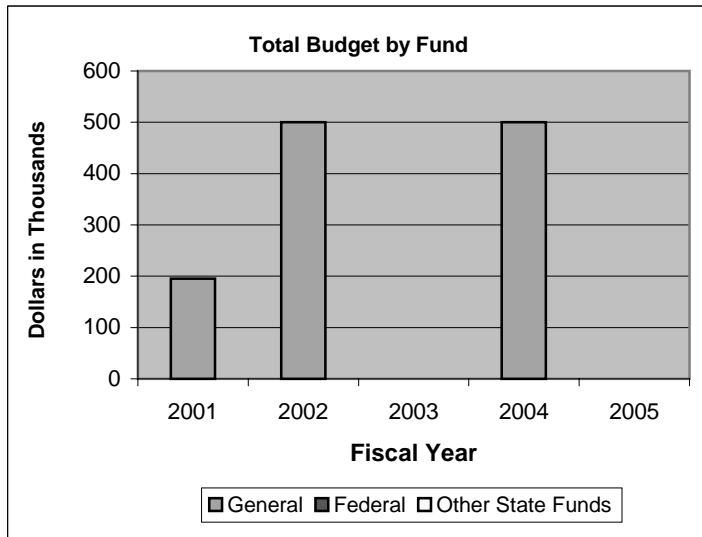
Additional information is available from the Minnesota Department of Children, Families & Learning, (651) 582-8375 and the CFL web site for the Office of Economic Opportunity <http://cfl.state.mn.us/OEO/>.

CHILDREN, FAMILIES, & LEARNING

Program: **SELF-SUFF & LIFELONG LEARNING**

Activity: FAMILY ASSETS FOR INDEPENDENCE

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 195 | 500 | 0 | 500 | 0 | 500 | 0 | 0.0% |
| Total | 195 | 500 | 0 | 500 | 0 | 500 | 0 | 0.0% |
| Expenditures by Category | | | | | | | | |
| Local Assistance | 195 | 500 | 0 | 500 | 0 | 500 | 0 | 0.0% |
| Total | 195 | 500 | 0 | 500 | 0 | 500 | 0 | 0.0% |

CHILDREN, FAMILIES & LEARNING

Program: DISCONTINUED PROGRAMS (EC)

Activity: DISCONTINUED PROGRAMS

Narrative

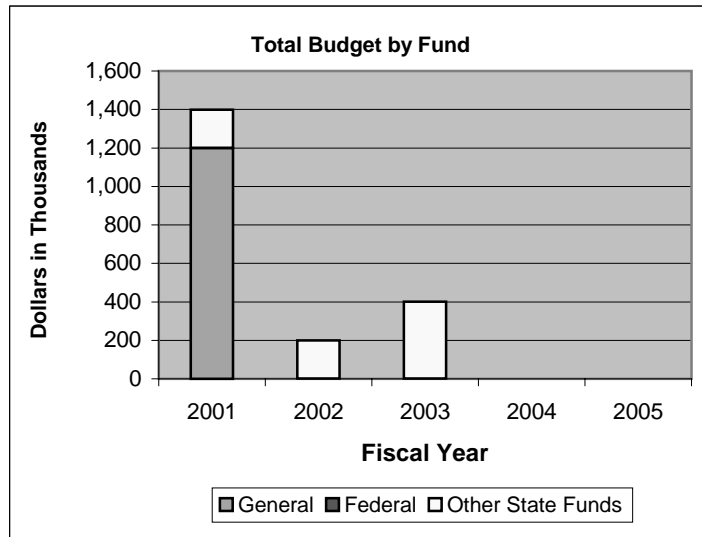
Statute requires a report of discontinued education aids or grants if there is an expenditure in FY 2001, FY 2002, or FY 2003.

CHILDREN, FAMILIES, & LEARNING

Program: **DISCONTINUED PROGRAMS (EC)**

Activity: DISCONTINUED PROGRAMS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|---------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 1,138 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Statutory Appropriations | | | | | | | | |
| General | 61 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Special Revenue | 200 | 200 | 401 | 0 | 0 | 0 | -601 | -100.0% |
| Total | 1,399 | 200 | 401 | 0 | 0 | 0 | -601 | -100.0% |

| | | | | | | | | |
|---------------------------------|--------------|------------|------------|----------|----------|----------|-------------|----------------|
| Expenditures by Category | | | | | | | | |
| Local Assistance | 1,399 | 200 | 401 | 0 | 0 | 0 | -601 | -100.0% |
| Total | 1,399 | 200 | 401 | 0 | 0 | 0 | -601 | -100.0% |

| | | | | | | | | |
|---------------------------------|-----------|----------|------------|----------|----------|----------|-------------|----------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| General | 75 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Special Revenue | 0 | 0 | 399 | 0 | 0 | 0 | -399 | -100.0% |
| Subtotal Dedicated | 75 | 0 | 399 | 0 | 0 | 0 | -399 | -100.0% |
| Total Revenue | 75 | 0 | 399 | 0 | 0 | 0 | -399 | -100.0% |

Program Description

The mission of the Department of Children, Families & Learning (CFL) is to "increase the capacity of Minnesota communities to measurably improve the well-being of children and families." (M.S. 119A.01)

Population Served

The agency provides services to a broad range of customers throughout the state, including:

- ◆ 851,384 Pre-kindergarten – grade 12 students and their parents;
- ◆ 343 school districts;
- ◆ 69 charter schools;
- ◆ 62,745 licensed educators;
- ◆ 15,619 licensed child care providers;
- ◆ nonprofit community organizations and CAP agencies;
- ◆ legislators and other policymakers; and
- ◆ all Minnesota citizens.

Services Provided

The agency provides the following set of core services to its customers throughout the state:

- ◆ provides information, training, and technical assistance to schools, school districts, counties, and local service providers;
- ◆ administers state and federal aids, subsidies, and grants;
- ◆ calculates school district property tax levy limitations;
- ◆ licenses teachers and administrators;
- ◆ develops and administers statewide school performance/accountability systems;
- ◆ ensures compliance with state and federal laws; and
- ◆ establishes and maintains information technology systems that gather and disseminate data about children, students, schools, services, and finances.

Key Measures

The functions and activities of the agency and its staff are broad. Outcome measures are presented throughout this budget to illustrate the impact of the programs the agency provides for learners in Minnesota. The agency program includes all state-paid staff positions throughout the department, as well as the support and infrastructure needed to maintain those positions and the activities they staff. Staff oversee a range of functions. Some are compliance related, to ensure that all state and federal monies are properly accounted for and administered within the provisions of state and federal law, including grant administration, aid calculation and payment, and audits. Others provide direct services to students, parents and schools/districts in the areas of curriculum development, special education, financial management and school/district administration and funding. Some key areas of service are presented here as examples of the critical services the agency provides for children and families in Minnesota.

- ⇒ Curriculum specialists, special education specialists and agency subject matter experts work with educators throughout the state to provide professional development so that teachers can learn new tools, techniques and strategies to better serve all categories of learners. Over 10,000 teachers are trained annually at CFL professional development workshops.

Program at a Glance

- ◆ District/Charter Revenue processed annually (est. FY2003):

| | | |
|---------|-------|----------------|
| Federal | (5%) | \$0.4 billion; |
| Local | (20%) | \$1.7 billion; |
| State | (75%) | \$6.2 billion. |
- ◆ State and annual federal grants administered annually: \$650 million.
- ◆ Public access: CFL responds to 3.5 million e-mails, 7,000 citizen letters and 750 media contacts each year.

CHILDREN, FAMILIES, & LEARNING

Program: AGENCY

Narrative

- ⇒ Staff in teacher licensure provide assistance to teachers and schools seeking information about licensure and licensed educators. During the 2002-03 biennium, the Teacher Licensure Division automated the application process for a license and reduced processing time for a license from 12 weeks to 4 weeks, a reduction of 66%.
- ⇒ The agency partners with schools, local units of government and nonprofit community organizations to facilitate collaborative programs for substance abuse prevention, effective early childhood education for all children, anti-poverty programs and after-school enrichment opportunities. The effect of such collaborations is to leverage, local, state, federal and private funds to ensure that effective strategies can be formulated for each community to ensure that their unique needs are met.
- ⇒ The Financial Management Team provides training and technical assistance to Minnesota school districts and charter schools on financial management, administration and accountability. Over 1,000 school officials received training each year. Participants rated the workshops as a 4.5 on average (on a 5.0 scale) for meeting their training needs in financial management. In addition to the formal workshops, hundreds of site visits and on-site training activities are conducted throughout the state for newly opened charter schools, schools in statutory operating debt, and new superintendents and business managers in school districts and charter schools.

Program Funding

This program is funded with both state and federal monies. Approximately 51% of the agency's personnel are paid from federal funds and 49% from state funds.

The amounts in the narrative may differ when compared to the fiscal summary due to timing of the state fiscal year-end close and forecast changes.

Contact

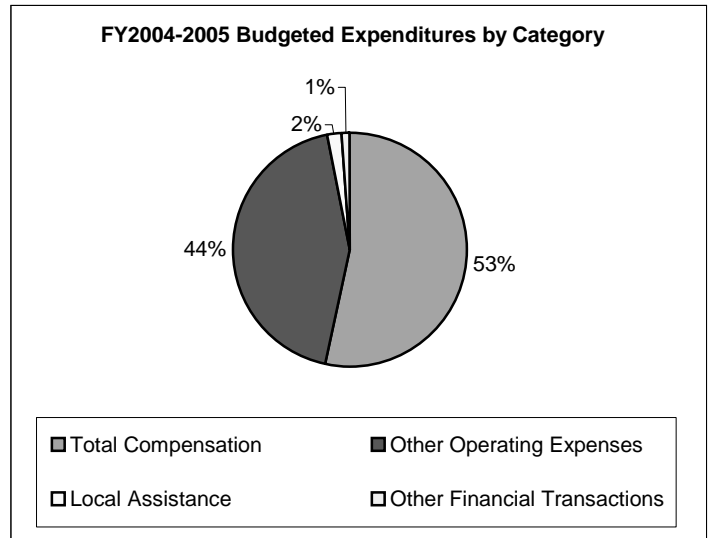
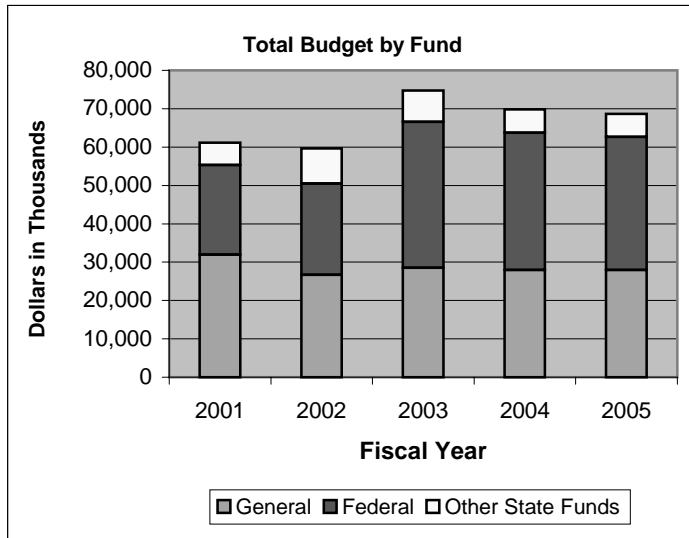
Agency contact: (651) 582-8200

Children, Families & Learning web site: <http://cfl.state.mn.us/>

CHILDREN, FAMILIES, & LEARNING

Program: AGENCY

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 31,742 | 26,501 | 28,351 | 27,827 | 27,827 | 55,654 | 802 | 1.5% |
| Trunk Highway | 21 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Statutory Appropriations | | | | | | | | |
| General | 182 | 158 | 140 | 139 | 139 | 278 | -20 | -6.7% |
| Special Revenue | 4,462 | 7,068 | 7,070 | 5,220 | 5,220 | 10,440 | -3,698 | -26.2% |
| Federal | 23,366 | 23,803 | 38,120 | 35,804 | 34,703 | 70,507 | 8,584 | 13.9% |
| Miscellaneous Agency | 632 | 723 | 850 | 777 | 777 | 1,554 | -19 | -1.2% |
| Gift | 776 | 1,405 | 220 | 24 | 24 | 48 | -1,577 | -97.0% |
| Total | 61,181 | 59,658 | 74,751 | 69,791 | 68,690 | 138,481 | 4,072 | 3.0% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|--------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 32,469 | 33,223 | 36,333 | 36,583 | 37,119 | 73,702 | 4,146 | 6.0% |
| Other Operating Expenses | 26,025 | 23,601 | 36,396 | 31,153 | 29,516 | 60,669 | 672 | 1.1% |
| Local Assistance | 2,094 | 2,188 | 1,322 | 1,355 | 1,355 | 2,710 | -800 | -22.8% |
| Other Financial Transactions | 593 | 646 | 700 | 700 | 700 | 1,400 | 54 | 4.0% |
| Total | 61,181 | 59,658 | 74,751 | 69,791 | 68,690 | 138,481 | 4,072 | 3.0% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|--------------|-------------|
| Expenditures by Activity | | | | | | | | |
| Teaching & Learning | 19,970 | 21,292 | 30,825 | 29,475 | 28,568 | 58,043 | 5,926 | 11.4% |
| Management Services | 19,042 | 17,886 | 21,217 | 19,052 | 18,632 | 37,684 | -1,419 | -3.6% |
| Policy Development | 6,787 | 6,882 | 7,438 | 7,378 | 7,517 | 14,895 | 575 | 4.0% |
| Councils And Foundations | 1,829 | 1,533 | 679 | 621 | 621 | 1,242 | -970 | -43.9% |
| Community Services | 13,553 | 12,065 | 14,592 | 13,265 | 13,352 | 26,617 | -40 | -0.2% |
| Total | 61,181 | 59,658 | 74,751 | 69,791 | 68,690 | 138,481 | 4,072 | 3.0% |

CHILDREN, FAMILIES, & LEARNING

Program: AGENCY

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------------|---------------|---------------|-----------------|---------------|---------------|-----------------|--------------------------|----------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Revenue by Type and Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Non Dedicated | | | | | | | | |
| General | 2 | 1,638 | 1,750 | 1,750 | 1,750 | 3,500 | 112 | 3.3% |
| Cambridge Deposit Fund | 1,630 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 1,632 | 1,638 | 1,750 | 1,750 | 1,750 | 3,500 | 112 | 3.3% |
| Dedicated | | | | | | | | |
| General | 181 | 143 | 139 | 139 | 139 | 278 | -4 | -1.4% |
| Special Revenue | 4,808 | 4,585 | 4,815 | 4,879 | 4,880 | 9,759 | 359 | 3.8% |
| Federal | 6,834 | 5,756 | 16,459 | 15,687 | 14,587 | 30,274 | 8,059 | 36.3% |
| Miscellaneous Agency | 643 | 730 | 777 | 777 | 777 | 1,554 | 47 | 3.1% |
| Gift | 1,306 | 514 | 19 | 24 | 24 | 48 | -485 | -91.0% |
| Subtotal Dedicated | 13,772 | 11,728 | 22,209 | 21,506 | 20,407 | 41,913 | 7,976 | 23.5% |
| Total Revenue | 15,404 | 13,366 | 23,959 | 23,256 | 22,157 | 45,413 | 8,088 | 21.7% |
| | | | | | | | | |
| Full-Time Equivalents (FTE) | 525.6 | 502.5 | 498.0 | 497.0 | 493.0 | | | |

Agency Purpose

The Minnesota Board of Chiropractic Examiners (MBCE) was created by legislative act on 3-13-19. It was originally created and currently exists to protect the public's interest through the regulation of chiropractors in the state of Minnesota. Minnesota Statutes 148.01-148.106 and Minnesota Rules 2500 give the board power to regulate, to license by examination and renewal, and to investigate complaints.

Core Functions

The board accomplishes its mandate by:

- ◆ examining practitioners prior to licensure to ensure that they meet or exceed baseline competence;
- ◆ responding to complaints about chiropractors and enforcing the laws governing the practice of chiropractic in Minnesota; and
- ◆ establishing continuing education (CE) requirements and monitoring compliance with those requirements.

To meet these core functions the MBCE operates under the following four key service strategies while protecting the public and providing services in an efficient and cost-effective manner with a focus on public accessibility:

- ◆ maintains an integrated database of licensee information, registrations, discipline, and complaints;
- ◆ conducts regular board meetings where citizens have input into the review of operations and rulemaking efforts;
- ◆ responds to public requests for information on chiropractors, continuing education sponsors, and licensee's status; and
- ◆ manages funds soundly.

Operations

The seven-member board, appointed by the governor, meets approximately five times a year. The board operates through its committees, most of which meet monthly, and are as follows: executive; rules; three complaint panels; and any additional committees formed only when necessary to address items of policy-making guidance. Meetings are conducted in accordance with the open meeting laws.

The board's office operates with a five member staff whose mission is on a daily basis to:

- ◆ license applicants;
- ◆ approve registrations for: acupuncture, professional firm, graduate preceptorship, and independent examiner;
- ◆ manage funds received;
- ◆ manage continuing education; and
- ◆ investigate complaints.

The board makes much of the information it gathers available to the public at no cost via publication on its web site.

Budget

The board's total direct and indirect expenses for FY 2002-03 biennium are \$1.378 million. The board staff includes five full-time equivalent employees.

Of the total budget for the biennium, \$1.136 million is collected as non-dedicated revenue which is deposited into the state government special revenue fund. The board collects fees charged to applicants, prospective applicants, licensees, and sponsors of continuing education programs approved by the board. The board is responsible to collect enough revenue to recover all direct and indirect costs.

At A Glance

Biennial Budget – FY 2002-03:

Total Expenses: \$1.378 million

Total Revenues: \$1.136 million

Staff: 5 Full-time equivalent employees

Minnesota Licensed Chiropractor Statistics

(As of June 30, 2002)

Total Licensed: 2,520

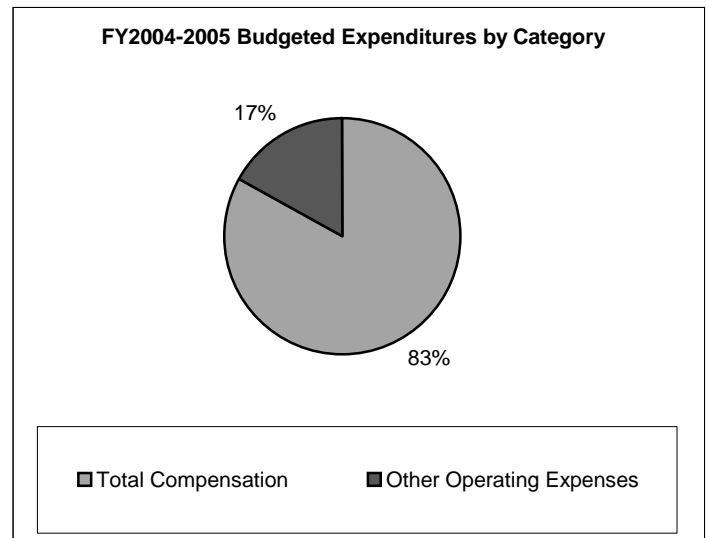
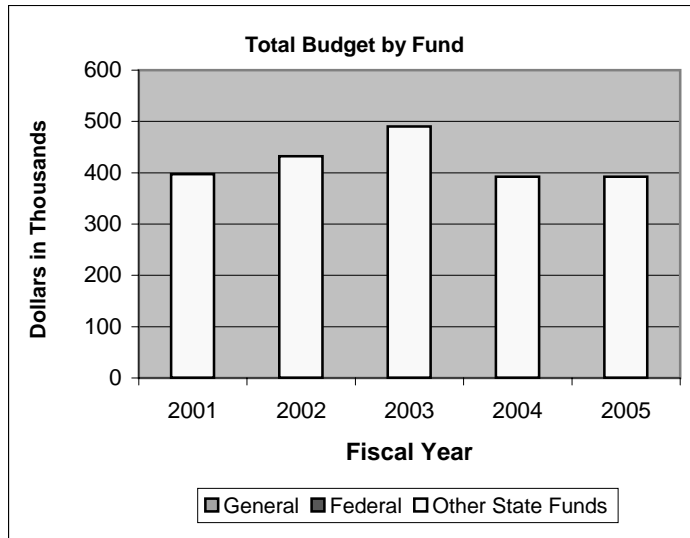
The board is responsible for the costs of services received from the Attorney Generals' Office, Health Professional Services Program, and the Administrative Services Unit. A direct appropriation is given to each of these programs from the state government special revenue fund. The board must ensure that sufficient revenue is collected through its fees to fund their portion of these program costs.

Contact

Board of Chiropractic Examiners
2829 University Avenue Southeast, Suite 300
Minneapolis, Minnesota 55414-3220

The website at: <http://www.mn-chiroboard.state.mn.us/> gives visitors easy access to useful information about chiropractors. Types of information available through the website include: regulatory news and updates, rules and Minnesota statutes, public notices and forms.

Larry A. Spicer, D.C., Executive Director
E-mail: larry.spicer@state.mn.us
Phone: (612) 617-2222
Fax: (612) 617-2224
TDD: (612) 297-5353 or 1-800-627-3529



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|----------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| State Government Special Revenue | 377 | 424 | 482 | 384 | 384 | 768 | -138 | -15.2% |
| Open Appropriations | | | | | | | | |
| State Government Special Revenue | 20 | 8 | 8 | 8 | 8 | 16 | 0 | 0.0% |
| Total | 397 | 432 | 490 | 392 | 392 | 784 | -138 | -15.0% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|-------------|---------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 271 | 293 | 317 | 326 | 326 | 652 | 42 | 6.9% |
| Other Operating Expenses | 126 | 139 | 173 | 66 | 66 | 132 | -180 | -57.7% |
| Total | 397 | 432 | 490 | 392 | 392 | 784 | -138 | -15.0% |

| | | | | | | | | |
|--------------------------------|------------|------------|------------|------------|------------|------------|-------------|---------------|
| Expenditures by Program | | | | | | | | |
| Chiropractors, Board Of | 397 | 432 | 490 | 392 | 392 | 784 | -138 | -15.0% |
| Total | 397 | 432 | 490 | 392 | 392 | 784 | -138 | -15.0% |

| | | | | | | | | |
|----------------------------------|------------|------------|------------|------------|------------|--------------|-----------|-------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| State Government Special Revenue | 566 | 594 | 558 | 591 | 591 | 1,182 | 30 | 2.6% |
| Subtotal Non Dedicated | 566 | 594 | 558 | 591 | 591 | 1,182 | 30 | 2.6% |
| Total Revenue | 566 | 594 | 558 | 591 | 591 | 1,182 | 30 | 2.6% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 5.0 | 4.9 | 4.9 | 4.9 | 4.9 |
|------------------------------------|------------|------------|------------|------------|------------|

Agency Purpose

The Minnesota Department of Commerce ensures secure, stable, reliable, and equitable commercial, financial, and utility services and transactions. To provide this assurance to the people of Minnesota, the department:

- ◆ Advocates to ensure equitable and reliable services;
- ◆ Regulates business activity to ensure compliance, responsible business conduct, security and stability;
- ◆ Investigates and resolves consumer complaints;
- ◆ Safeguards consumers' rights and investments; and,
- ◆ Expands economic opportunities while working to improve our environment and quality of life.

Core Functions

The Department of Commerce regulates utilities, financial institutions, licensed businesses, licensed individuals, retail businesses, and commercial activity without respect to the specific interests of either the regulated businesses or the clients they serve. The department's regulatory decisions maximize the net benefits to all residents and regulated businesses, while safeguarding the rights of consumers, and protecting policyholders and investors from financial failure.

Operations

The department enforces laws and rules, advocates on behalf of the public, and provides services to promote the financial well being of a broad constituency of individuals and businesses. To carry out its mission, the department must assess the significant consequences of every regulatory decision and enforcement action, including the impact on consumer costs, financial stability, reliability of service, the environment, and economic development. This carefully designed regulatory balance effectively protects the broad financial interests of Minnesota's businesses and consumers.

Energy Division:

- ◆ Advocates on behalf of consumers and ratepayers in proceedings relating to regulated gas and electric utilities.
- ◆ Promotes energy efficient building, conservation, alternative transportation fuels, and modern energy technologies.
- ◆ Oversees conservation improvement programs operated by public, municipal, and cooperative utilities.
- ◆ Administers the Low Income Home Energy Assistance Program and the Weatherization Assistance Program.

Enforcement Division:

- ◆ Enforces compliance and responsible business conduct across a broad range of licensed occupations, including insurance agents, stock and investment brokers, realtors, builders, and cosmetologists.
- ◆ Evaluates insurance policies and rates to ensure fair rates and to ensure compliance with Minnesota law.
- ◆ Registers securities sold in Minnesota.
- ◆ Ensures that telemarketing firms comply with Minnesota's "Do Not Call" statutes.

Financial Examinations Division:

- ◆ Licenses, examines and regulates insurance companies, credit unions, state chartered banks, mortgage companies, finance companies and other financial institutions to ensure that they remain safe and financially solvent.

At A Glance

FY2002 - 2003 Budget:

\$54.2 million General Fund

\$223.4 million all funds

98% of General Fund appropriations recovered through fees and assessments

Annual Business Processes:

| | |
|--------------|---|
| 348,000 | Consumer contacts received |
| 10,215 | Enforcement Division investigations |
| \$6,300,000 | Recovered by Enforcement Division |
| 232 | Financial institutions examined |
| 2,004 | Utility and telecom cases completed |
| 130 MW | Electricity demand reductions |
| 109,000 | Low income households served by LIHEAP and Weatherization |
| \$63,000,000 | Federal funds disbursed to low income households |
| 69,000 | Weights and Measures inspections |
| 125,000 | Licenses issued |

Petrofund:

- ◆ Provides reimbursement to underground petroleum storage tank owners and operators for the cost of investigating and cleaning up petroleum tank releases.

TAM:

- ◆ Funds telecommunications access services for deaf and hearing impaired citizens.

Telecommunications Division:

- ◆ Advocates on behalf of consumers and ratepayers in proceedings relating to regulated telecommunications companies.
- ◆ Promotes real competition among telecommunications companies in Minnesota.

Weights and Measures Division:

- ◆ Ensures the accuracy in all transactions based on weight or measure.
- ◆ Ensures consistent quality of petroleum products.
- ◆ Provides precision mass, temperature, density and volume measurement services to businesses.

Administration:

- ◆ Leads and directs the department, manages day to day operations, manages financial and human resources operations.
- ◆ Licenses businesses and individuals according to Minnesota statutes.
- ◆ Provides unclaimed property reclamation services to the people of Minnesota.
- ◆ Provides information management services and technical support to the department.

Budget

The department's FY 2002-03 budget totaled \$223.4 million. 98% of General Fund costs are recovered and repaid to the General Fund. Department staff includes 356.4 FTE. The FY 2002 budget increased over the previous fiscal year because the 2001 Minnesota Legislature transferred the LIHEAP and Weatherization programs to Commerce.

Contact

Department of Commerce
Suite 500
85 7th Place East
Saint Paul, Minnesota 55101

Home Page: <http://www.commerce.state.mn.us>

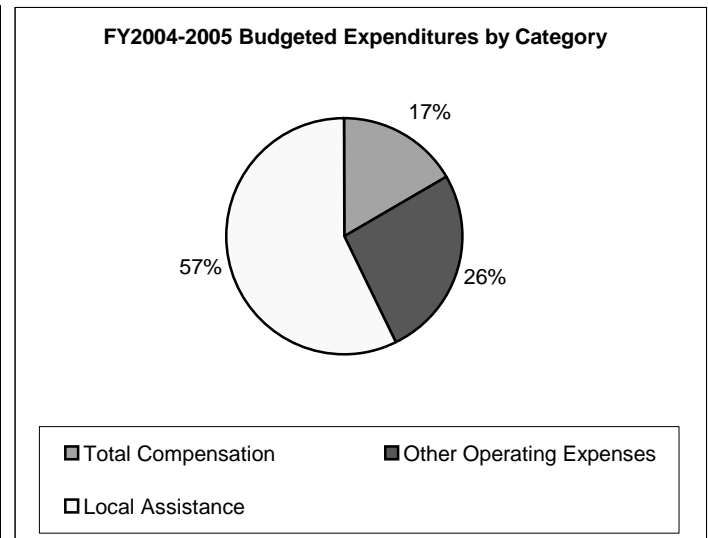
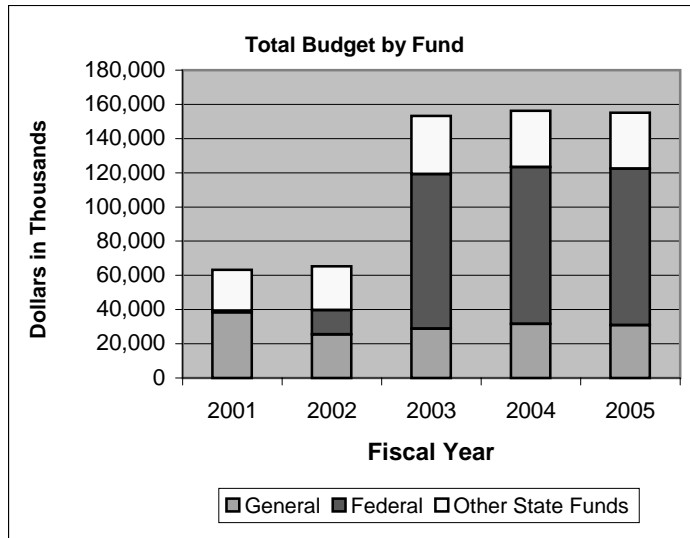
Performance Measures: <http://www.departmentresults.state.mn.us>

James C. Bernstein, Commissioner

Phone: (651) 296-5769

Fax: (651) 282-2568

Information on the department's results can be found at
<http://departmentresults.state.mn.us/commerce/index.html>



| <i>Dollars in Thousands</i> | | | | Base | | Biennium | Biennial Change | |
|----------------------------------|------------------|------------------|--------------------|----------------|----------------|----------------|------------------------------|--------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | FY2004 | FY2005 | 2004-05 | 2004-05 / 2002-03 Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 37,684 | 23,505 | 26,448 | 26,801 | 26,073 | 52,874 | 2,921 | 5.8% |
| Petroleum Tank Release Cleanup | 824 | 815 | 1,333 | 1,084 | 1,084 | 2,168 | 20 | 0.9% |
| Workers Compensation | 593 | 578 | 636 | 835 | 835 | 1,670 | 456 | 37.6% |
| Open Appropriations | | | | | | | | |
| General | 742 | 1,914 | 2,352 | 4,778 | 4,838 | 9,616 | 5,350 | 125.4% |
| Petroleum Tank Release Cleanup | 13,256 | 10,692 | 15,145 | 15,246 | 15,246 | 30,492 | 4,655 | 18.0% |
| Statutory Appropriations | | | | | | | | |
| State Government Special Revenue | 0 | 101 | 86 | 0 | 0 | 0 | -187 | -100.0% |
| Special Revenue | 9,310 | 12,480 | 16,459 | 15,582 | 15,617 | 31,199 | 2,260 | 7.8% |
| Federal | 823 | 14,333 | 90,478 | 91,820 | 91,410 | 183,230 | 78,419 | 74.8% |
| Gift | 0 | 840 | 220 | 26 | 26 | 52 | -1,008 | -95.1% |
| Total | 63,232 | 65,258 | 153,157 | 156,172 | 155,129 | 311,301 | 92,886 | 42.5% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|----------------|----------------|----------------|----------------|---------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 19,335 | 22,566 | 24,841 | 25,723 | 25,925 | 51,648 | 4,241 | 8.9% |
| Other Operating Expenses | 28,340 | 29,165 | 40,150 | 40,663 | 40,109 | 80,772 | 11,457 | 16.5% |
| Local Assistance | 15,520 | 13,372 | 87,666 | 89,185 | 88,494 | 177,679 | 76,641 | 75.9% |
| Other Financial Transactions | 37 | 155 | 500 | 500 | 500 | 1,000 | 345 | 52.7% |
| Transfers | 0 | 0 | 0 | 101 | 101 | 202 | 202 | n.m |
| Total | 63,232 | 65,258 | 153,157 | 156,172 | 155,129 | 311,301 | 92,886 | 42.5% |

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|--------------------------------|---------------|---------------|-----------------|----------------|----------------|-----------------|--------------------------|----------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Expenditures by Program | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Financial Examinations | 6,656 | 7,555 | 10,066 | 10,262 | 10,259 | 20,521 | 2,900 | 16.5% |
| Petroleum Tank Cleanup Fund | 14,080 | 11,507 | 16,478 | 16,330 | 16,330 | 32,660 | 4,675 | 16.7% |
| Administration | 7,145 | 5,746 | 5,901 | 6,041 | 6,041 | 12,082 | 435 | 3.7% |
| Enforcement | 21,980 | 6,817 | 8,724 | 8,747 | 8,032 | 16,779 | 1,238 | 8.0% |
| Telecommunications | 1,188 | 2,010 | 1,722 | 1,196 | 1,196 | 2,392 | -1,340 | -35.9% |
| Energy | 4,964 | 20,803 | 99,205 | 102,788 | 102,425 | 205,213 | 85,205 | 71.0% |
| Tam | 7,219 | 7,750 | 7,882 | 7,617 | 7,655 | 15,272 | -360 | -2.3% |
| Weights & Measures | 0 | 3,070 | 3,179 | 3,191 | 3,191 | 6,382 | 133 | 2.1% |
| Total | 63,232 | 65,258 | 153,157 | 156,172 | 155,129 | 311,301 | 92,886 | 42.5% |

Revenue by Type and Fund

Non Dedicated

| | | | | | | | | |
|--------------------------------|--------|--------|--------|--------|--------|---------|--------|--------|
| General | 34,769 | 87,946 | 84,728 | 85,097 | 86,346 | 171,443 | -1,231 | -0.7% |
| Petroleum Tank Release Cleanup | 1,487 | 829 | 632 | 632 | 632 | 1,264 | -197 | -13.5% |
| Cambridge Deposit Fund | 46,679 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 82,935 | 88,775 | 85,360 | 85,729 | 86,978 | 172,707 | -1,428 | -0.8% |

Dedicated

| | | | | | | | | |
|----------------------|---------------|----------------|----------------|----------------|----------------|----------------|---------------|-------------|
| General | 0 | 2 | 4 | 0 | 0 | 0 | -6 | -100.0% |
| Special Revenue | 12,873 | 14,754 | 18,375 | 16,914 | 17,153 | 34,067 | 938 | 2.8% |
| Federal | 791 | 68,706 | 88,073 | 91,820 | 91,410 | 183,230 | 26,451 | 16.9% |
| Miscellaneous Agency | 4 | 3 | 0 | 0 | 0 | 0 | -3 | -100.0% |
| Gift | 0 | 1,732 | 27 | 26 | 26 | 52 | -1,707 | -97.0% |
| Subtotal Dedicated | 13,668 | 85,197 | 106,479 | 108,760 | 108,589 | 217,349 | 25,673 | 13.4% |
| Total Revenue | 96,603 | 173,972 | 191,839 | 194,489 | 195,567 | 390,056 | 24,245 | 6.6% |

| | | | | | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Full-Time Equivalents (FTE) | 317.4 | 350.4 | 356.4 | 357.5 | 357.5 |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|

Program Description

The Financial Examinations Division assures safe, sound, and solvent financial services in Minnesota. -- an assurance that consumers and businesses cannot realize without the intervention of an independent regulator like the division. Additionally, by maintaining the soundness and solvency of a large number of financial institutions, the program assures consumers and businesses that they will have access to a broad range of financial products and services at competitive prices. The Bank and Credit Union Examination unit examines all state chartered banks, trust companies, credit unions, certificate investment companies, thrift companies, and consumer credit companies. The Insurance Examination unit is designed to monitor the financial stability of insurance companies. If a company becomes financially unstable, action is taken to provide a mechanism for a return to solvency.

Program at a Glance

In FY 2002, the Financial Examinations Division regulated:

- ◆ \$32.6 billion in bank, credit union and finance company assets.
- ◆ \$153 billion in insurance company assets.

Population Served

The Financial Examinations Division serves all Minnesota consumers and businesses that rely on banks, credit unions, finance companies and insurance companies for financial products and services.

Services Provided

Bank and Credit Union Examinations

The unit conducts on-site examinations at all state-chartered banks, trust companies, credit unions, certificate investment companies and thrift companies on a 12 to 18-month cycle (determined by institution rating). Examinations are shared between the Federal Deposit Insurance Corporation (FDIC), Federal Reserve Bank and the National Credit Union Administration (NCUA).

The unit also examines consumer credit companies. Examinations are generally conducted on an 18-month cycle. Examinations focus on compliance issues rather than solvency or safety and soundness. There is no comparable federal regulation of the consumer credit industry.

The unit licenses residential mortgage loan origination and servicing companies. These companies are subject to market conduct requirements, but not to routine on-site examinations. In addition to the examinations, the Bank and Credit Union unit performs compliance reviews of various applications from regulated entities. Action is taken to approve or deny applications.

The Division encourages the growth of state-chartered institutions. Growth fosters competition and ensures numerous choices for consumers and business. Competition drives down the cost of financial services. Several new financial products originated in state-chartered institutions and have spread nationwide.

Insurance Company Examinations

The unit's primary focus is to ensure the financial soundness and solvency of every insurance company doing business in Minnesota. If domestic companies are financially insecure, it is Minnesota's responsibility to formulate a plan to effect compliance or close the business. If a foreign company becomes unstable, Minnesota would restrict the business they are allowed to do within the state. If an insurance company failure is unavoidable, it is the unit's responsibility to manage the transition and to minimize any negative impact on Minnesota policyholders. The goal is to give the consumer the comfort that the company they purchase insurance from will have the resources available to pay a claim.

Insurance regulation is a state responsibility because, historically, insurance was largely a local endeavor. Today, insurers are large, multi-state, multi-jurisdictional concerns, but regulation is still accomplished at the state level. There is no federal regulation of the insurance industry. The Insurance Examination unit participates in the proceedings of the National Association of Insurance Commissioners (NAIC). The NAIC generally puts forward model regulatory standards for each state to adopt. However, the department tailors these model acts and adapts them to conditions unique to Minnesota.

The unit performs two types of examinations -- the desk audit and the on-site field audit. Desk audits are based on quarterly and annual financial reports submitted by insurance companies. Auditors evaluate information, and develop a financial profile of every company doing business in Minnesota. The staff monitor each profile for change. If change occurs, an action is taken to ensure that the company will remain solvent. The second method of monitoring solvency is the tri-annual on-site examination of domestic insurers. Examiners review insurance company books and records at the company headquarters. The examination is a full and complete review of financial condition. The examination is completed by staff or by special examiners (generally accounting firms). Additionally, the unit employs an actuarial staff to calculate and verify reserve adequacy at regulated insurance companies, and in various workers' compensation issues that the unit deals with.

Historical Perspective

With respect to insurance companies, the program is partially supported by an appropriation from the General Fund. Operating costs are also paid from the insurance examination revolving fund. The balance of the revolving fund cancels at the end of every fiscal year to the General Fund. Revenues generated by this program are a result of examination fees, registration fees, licensing fees, and transaction fees.

With respect to banks, credit unions and finance companies, the program is funded by appropriations from the General Fund, but all costs are recovered by assessments and examination fees charged to regulated entities. The assessment is billed at the beginning of a fiscal year at 103% of operating, agency indirect and Attorney General cost. The examination fee is set based on a formula calculating examiner salary and billing hours. Fees are also charged for applications relating to charter and license activity.

Key Measures

| <u>Banks, Credit Unions and Consumer Credit</u> | <u>FY 2000</u> | <u>FY 2001</u> | <u>FY 2002</u> | <u>FY 2003</u> |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| State banks | 365 | 358 | 349 | 345 |
| Branch offices | 336 | 363 | 357 | 360 |
| Examinations conducted | 149 | 123 | 124 | 120 |
| Bank assets (\$ in billions) | \$20.5 | \$21.2 | \$22.9 | \$24.0 |
| State credit unions | 125 | 118 | 110 | 105 |
| Consumer credit companies | 144 | 144 | 141 | 140 |
| Examinations conducted | 194 | 185 | 179 | 175 |
| Credit union assets (\$ in billions) | \$2.9 | \$3.0 | \$3.2 | \$3.4 |
| <u>Insurance</u> | <u>FY 2000</u> | <u>FY 2001</u> | <u>FY 2002</u> | <u>FY 2003</u> |
| Licensed insurance companies | 1,324 | 1,329 | 1,328 | 1,335 |
| New company licenses issued | 29 | 26 | 30 | 20 |
| Domestic insurance companies | 84 | 83 | 79 | 75 |
| Financial reviews conducted (desk audit) | 1,350 | 1,350 | 1,350 | 1,350 |
| On-site examinations | 24 | 19 | 13 | 15 |

Contact

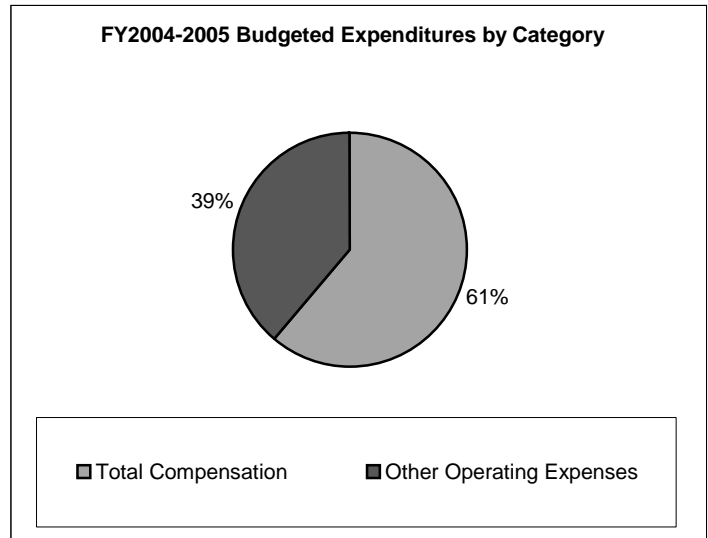
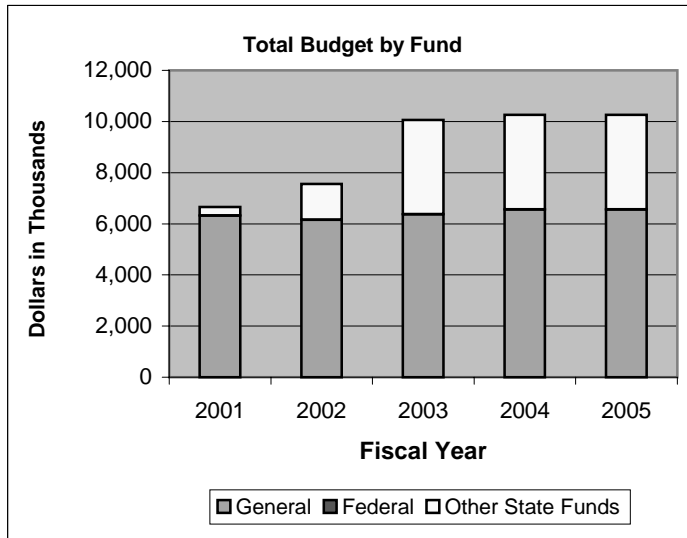
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COMMERCE DEPT

Program: FINANCIAL EXAMINATIONS

Fiscal Report



| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 Dollars | Percent |
|-----------------------------|------------------|------------------|--------------------|----------------|--------------------|---------------------|---|--------------|
| Expenditures by Fund | | | | | | | | |
| Direct Appropriations | | | | | | | | |
| General | 6,319 | 6,154 | 6,363 | 6,559 | 6,556 | 13,115 | 598 | 4.8% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 337 | 1,401 | 3,703 | 3,703 | 3,703 | 7,406 | 2,302 | 45.1% |
| Total | 6,656 | 7,555 | 10,066 | 10,262 | 10,259 | 20,521 | 2,900 | 16.5% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|---------------|---------------|---------------|---------------|--------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 5,822 | 5,816 | 6,063 | 6,280 | 6,288 | 12,568 | 689 | 5.8% |
| Other Operating Expenses | 834 | 1,739 | 4,003 | 3,982 | 3,971 | 7,953 | 2,211 | 38.5% |
| Total | 6,656 | 7,555 | 10,066 | 10,262 | 10,259 | 20,521 | 2,900 | 16.5% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|---------------|---------------|---------------|---------------|--------------|--------------|
| Expenditures by Activity | | | | | | | | |
| Financial Examinations | 6,656 | 7,555 | 10,066 | 10,262 | 10,259 | 20,521 | 2,900 | 16.5% |
| Total | 6,656 | 7,555 | 10,066 | 10,262 | 10,259 | 20,521 | 2,900 | 16.5% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|---------------|---------------|---------------|---------------|--------------|-------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 0 | 7,070 | 6,460 | 6,734 | 6,459 | 13,193 | -337 | -2.5% |
| Cambridge Deposit Fund | 6,044 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 6,044 | 7,070 | 6,460 | 6,734 | 6,459 | 13,193 | -337 | -2.5% |
| Dedicated | | | | | | | | |
| Special Revenue | 1,393 | 2,163 | 4,600 | 4,500 | 4,500 | 9,000 | 2,237 | 33.1% |
| Subtotal Dedicated | 1,393 | 2,163 | 4,600 | 4,500 | 4,500 | 9,000 | 2,237 | 33.1% |
| Total Revenue | 7,437 | 9,233 | 11,060 | 11,234 | 10,959 | 22,193 | 1,900 | 9.4% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 86.7 | 82.1 | 78.0 | 78.0 | 78.0 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

Program Description

The Petroleum Tank Release Cleanup Fund (Petrofund) ensures a cleaner environment, and prevents additional pollution of Minnesota's soil and water by providing eligible applicants with the financial wherewithal to investigate, cleanup, and stop leaks from petroleum storage tanks.

Program at a Glance

- ◆ Over \$318 million provided in reimbursements since 1987.
- ◆ 9,301 eligible applicants have received reimbursement.

Population Served

The Petrofund directly serves owners and operators of petroleum storage tanks, owners of property where a petroleum tank release occurred, and applicants who are ordered by the Minnesota Pollution Control Agency (MPCA) to take corrective action. Indirectly, the program serves all Minnesotans because it ensures a cleaner environment.

Services Provided

The Petrofund:

- ◆ Reimburses eligible applicants for the costs associated to remediate petroleum leaks in the most cost-effective manner possible.
- ◆ Generally, evaluates and processes reimbursement applications within 30 days of receipt.
- ◆ Provides money to reduce health risks and physical dangers caused by petroleum tank releases.

Historical Perspective

The Petrofund was created by the 1987 Minnesota Legislature to reimburse underground petroleum storage tank (UST) owners and operators for the cost of investigating and cleaning up petroleum tank releases. To meet the U.S. Environmental Protection Agency's (EPA) financial assurance requirements, UST owners and operators must document their ability to pay up to \$1 million for such costs. Minnesota, and 47 other states, established a state-financed reimbursement program to relieve UST owners and operators of this financial obligation.

By 1987, private insurance for old USTs had become scarce and expensive. Many tank owners were unable to afford the EPA mandated financial assurance requirement. The Petrofund was created to provide the necessary financial assurance. The program has helped to improve the environment for all Minnesotans by encouraging tank owners and operators to investigate and remediate petroleum contaminated soil and groundwater.

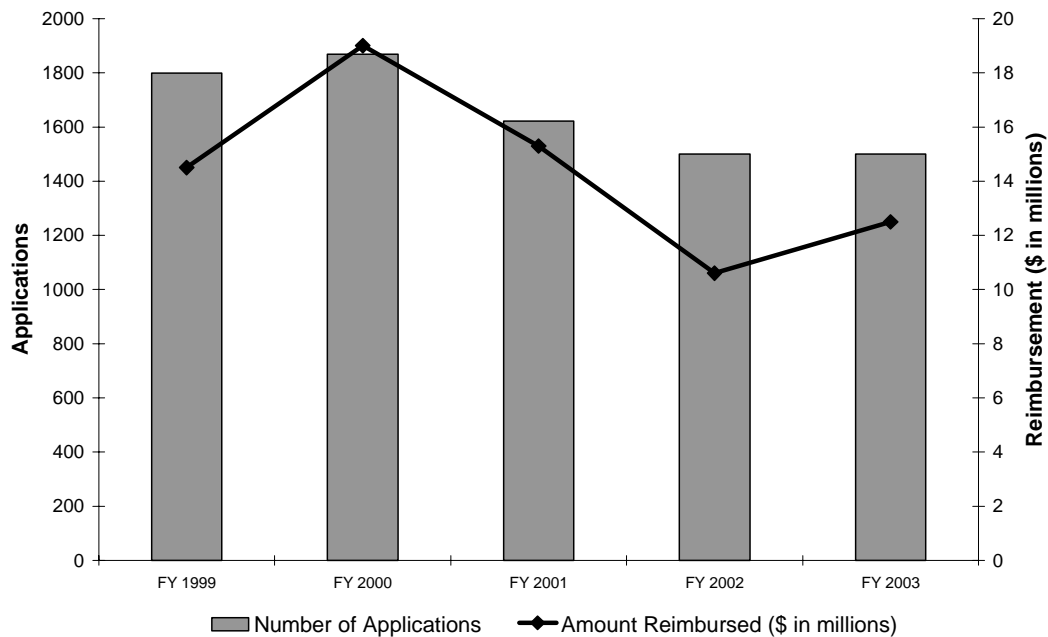
Installed or upgraded USTs must now meet or exceed federal requirements for leak detection and corrosion resistance. As a result, the insurance industry may begin to take a more active role in providing UST owners and operators with the required financial assurance. However, no one knows how the insurance industry will view historical contamination, or what premiums insurance providers will charge for coverage. In response to these concerns, the 1997 legislature extended the Petrofund's sunset date by five years. The statutory sunset date is now 6-30-05.

The EPA deadline for upgrading or replacing underground storage tanks expired on December 22, 1998. Demand on the fund will continue for several years due to continuing investigation and cleanup activities at many sites. MPCA's November 2003 compliance deadline for above ground storage tanks will cause continuing demand on the fund as owners and operators continue working to meet the new rules. The Petrofund's administrative costs should decrease after 2004.

The program is completely funded by an appropriation from the Petroleum Tank Release Cleanup Fund. Revenue into the fund is generated a \$.02 per gallon fee on wholesale petroleum products. The fee is imposed and collected by the Department of Revenue only when the fund balance falls below \$4 million (see M.S. 115C.08). Revenue is also received from investment earnings on the fund balance.

Key Measures

The annual number of reimbursement applications received by the program has remained fairly steady from FY 1997 through FY 2000.



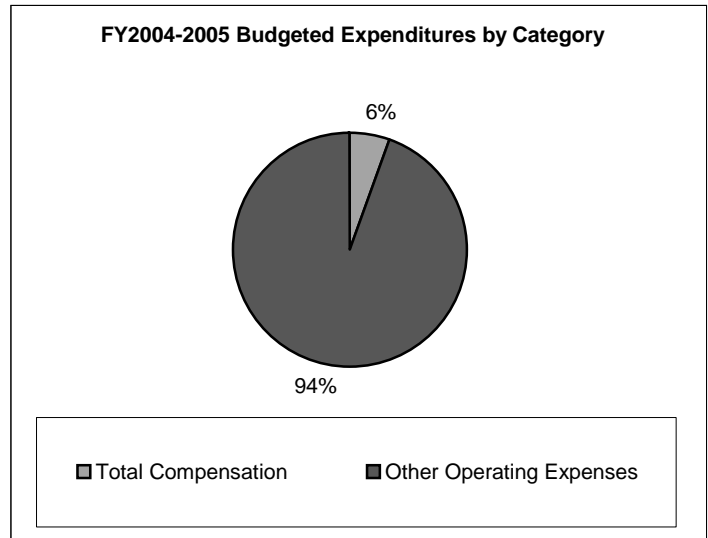
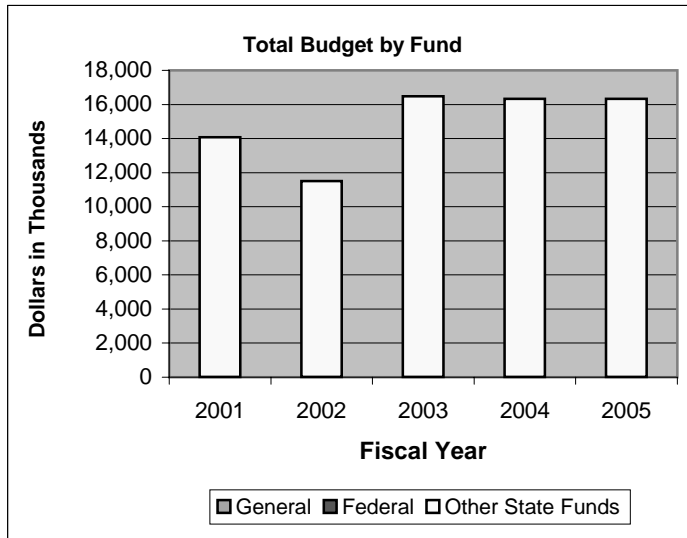
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COMMERCE DEPT

Program: PETROLEUM TANK CLEANUP FUND

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|--------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| Petroleum Tank Release Cleanup | 824 | 815 | 1,333 | 1,084 | 1,084 | 2,168 | 20 | 0.9% |
| Open Appropriations | | | | | | | | |
| Petroleum Tank Release Cleanup | 13,256 | 10,692 | 15,145 | 15,246 | 15,246 | 30,492 | 4,655 | 18.0% |
| Total | 14,080 | 11,507 | 16,478 | 16,330 | 16,330 | 32,660 | 4,675 | 16.7% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 658 | 680 | 1,157 | 899 | 918 | 1,817 | -20 | -1.1% |
| Other Operating Expenses | 13,422 | 10,827 | 15,321 | 15,330 | 15,311 | 30,641 | 4,493 | 17.2% |
| Transfers | 0 | 0 | 0 | 101 | 101 | 202 | 202 | n.m |
| Total | 14,080 | 11,507 | 16,478 | 16,330 | 16,330 | 32,660 | 4,675 | 16.7% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|
| Expenditures by Activity | | | | | | | | |
| Petroleum Tank Cleanup Fund | 14,080 | 11,507 | 16,478 | 16,330 | 16,330 | 32,660 | 4,675 | 16.7% |
| Total | 14,080 | 11,507 | 16,478 | 16,330 | 16,330 | 32,660 | 4,675 | 16.7% |

| | | | | | | | | |
|---------------------------------|--------------|------------|------------|------------|------------|--------------|-------------|---------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| Petroleum Tank Release Cleanup | 1,487 | 829 | 632 | 632 | 632 | 1,264 | -197 | -13.5% |
| Subtotal Non Dedicated | 1,487 | 829 | 632 | 632 | 632 | 1,264 | -197 | -13.5% |
| Total Revenue | 1,487 | 829 | 632 | 632 | 632 | 1,264 | -197 | -13.5% |

| | | | | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|--|--|--|
| Full-Time Equivalents (FTE) | 11.9 | 11.4 | 14.5 | 14.5 | 14.5 | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|--|--|--|

Program Description

The Administration program includes the commissioner's office, the department's central management and support functions, and the department's licensing and unclaimed property operations. The program ensures that all department operations are managed and implemented in a manner consistent with law and with the goals of the administration.

Population Served

- ◆ The Commissioner's office serves all Minnesotans who do business with the Department of Commerce.
- ◆ Licensing serves licensed individuals and businesses, and serves all Minnesotans who use the services of licensed individuals and businesses by assuring that the licensees have met professional standards established by law.
- ◆ Unclaimed property serves all Minnesotans who own abandoned property held by banks, former employers, retailers and other businesses.
- ◆ Central management and support functions facilitate the operations of the department's main programs.

Program at a Glance

Leads, manages and directs six divisions with diverse missions to:

- ◆ Regulate commercial, industrial, financial, utility, and retail activity in Minnesota.
- ◆ Provide technical services and support to Minnesota businesses.
- ◆ Provide energy assistance to low income households.
- ◆ Mitigate environmental damage from leaking petroleum storage tanks.
- ◆ Provide telecommunications services to the deaf and hard of hearing.
- ◆ License 276,000 professionals.
- ◆ Manage \$41 million in unclaimed property, and return \$10 million to rightful owners in FY 2002.

Services Provided

Administration:

- ◆ Leads, manages, and directs the department to ensure efficient operations.
- ◆ Develops and directs implementation of annual and long range objectives.
- ◆ Manages department finances and develops budgets.
- ◆ Provides personnel management according to Minnesota statutes, rules and policies.
- ◆ Provides administrative support services to all programs within the department.
- ◆ Manages information systems.
- ◆ Facilitates productive relationships with regulated businesses and individuals.
- ◆ Coordinates department activities with other government agencies, private sector businesses and the public.
- ◆ Provides consumer information to the people of Minnesota.
- ◆ Licenses businesses and individuals according to Minnesota statutes.
- ◆ Provides unclaimed property reclamation services to the people of Minnesota.

Licensing:

The unit responds to inquiries from licensees, applicants, and schools providing educational services to licensees. Additionally, the unit responds to consumer inquiries about license activity or status. The unit licenses the following industries:

- ◆ Real estate brokers, appraisers, salespersons, and abstractors;
- ◆ Residential building contractors, roofers, and remodelers;
- ◆ Manufactured home installers;
- ◆ Subdivided land agents;
- ◆ Campground membership salespersons;
- ◆ Insurance agents, adjusters, agencies, managing general agents, and reinsurance intermediaries;
- ◆ Notaries public;
- ◆ Cosmetologists, cosmetology salons, and cosmetology schools;
- ◆ Collection agencies and debt collectors; and,

Unclaimed Property

Abandoned property may include money from savings and checking accounts, wages, insurance proceeds, safe deposit box contents, stocks, bonds or dividends. All banks, insurance companies, corporations and government agencies operating in Minnesota are statutorily required to report, and turn over, abandoned property to the Department of Commerce. The Unclaimed Property unit receives and maintains the abandoned property until the rightful owner claims it. Names of abandoned property owners are published annually. The names are also published on the Department of Commerce web site. Tangible property from safe deposit boxes is sold at public sale every ten years. Auction proceeds are deposited in the general fund until claimed by the rightful owner. The department holds unclaimed stock for three years. After three years, the stock is liquidated and the sale proceeds are deposited in the general fund until claimed by the rightful owner.

Historical Perspective

This program is funded by an appropriation from the General Fund. Program costs are recovered, as management overhead costs, through the cost recovery systems of other programs within the department.

The Licensing unit was created in 1983 when the department was reorganized -- all licensing operations were combined into one group. The Unclaimed Property unit was created in 1969 following enactment of Minnesota's uniform disposition of unclaimed property act.

Key Measures

| <u>Licensing</u> | <u>FY2001</u> | <u>FY 2002</u> | <u>FY 2003</u> | <u>FY 2004</u> | <u>FY 2005</u> |
|--------------------------|---------------|----------------|----------------|----------------|----------------|
| New Licenses Issued | 45,781 | 47,000 | 56,000 | 59,000 | 62,000 |
| Licenses Renewed | 55,140 | 56,000 | 65,000 | 67,000 | 69,000 |
| Active Licenses | 266,792 | 270,000 | 276,000 | 282,000 | 288,000 |
| Telephone Calls Received | 193,033 | 200,000 | 208,000 | 210,000 | 210,000 |

| <u>Unclaimed Property</u> | <u>FY 2001</u> | <u>FY 2002</u> | <u>FY 2003</u> | <u>FY 2004</u> | <u>FY 2005</u> |
|---|----------------|----------------|----------------|----------------|----------------|
| Number of Unclaimed Property Holders | 12,500 | 13,000 | 13,500 | 14,000 | 14,500 |
| Number of Property Inquiries to DOC | 29,000 | 29,000 | 29,000 | 29,500 | 29,500 |
| Unclaimed Property Remitted to DOC (dollars in thousands) | \$37,100 | \$40,800 | \$40,400 | \$40,400 | \$40,400 |
| Unclaimed Property Returned to Owners and Heirs (dollars in thousands) | \$17,700 | \$9,800 | \$10,000 | \$10,000 | \$10,000 |

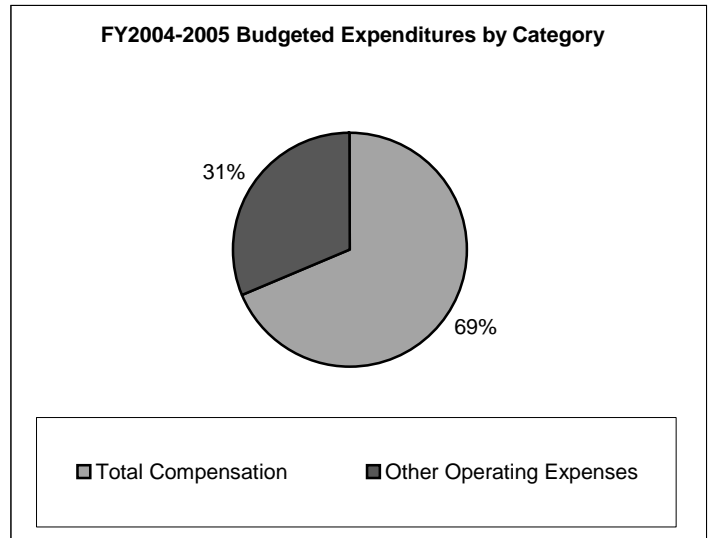
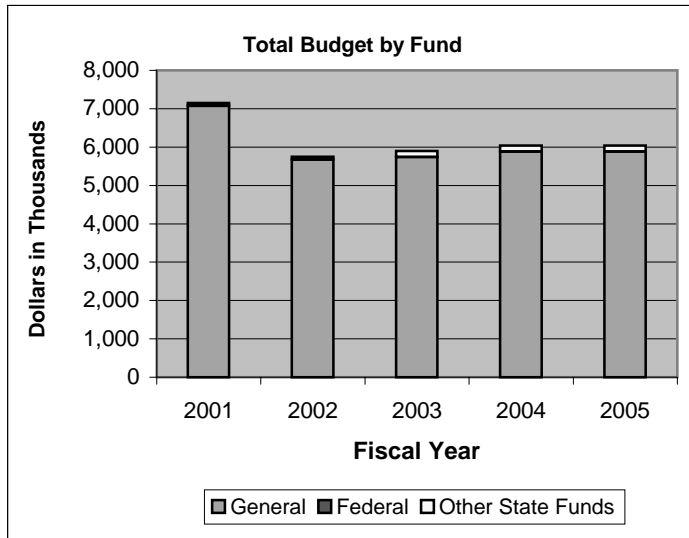
Contact

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COMMERCE DEPT

Program: ADMINISTRATION

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 7,077 | 5,675 | 5,741 | 5,881 | 5,881 | 11,762 | 346 | 3.0% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 68 | 71 | 160 | 160 | 160 | 320 | 89 | 38.5% |
| Total | 7,145 | 5,746 | 5,901 | 6,041 | 6,041 | 12,082 | 435 | 3.7% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 4,119 | 4,012 | 3,937 | 4,110 | 4,187 | 8,297 | 348 | 4.4% |
| Other Operating Expenses | 3,026 | 1,734 | 1,964 | 1,931 | 1,854 | 3,785 | 87 | 2.4% |
| Total | 7,145 | 5,746 | 5,901 | 6,041 | 6,041 | 12,082 | 435 | 3.7% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|------------|-------------|
| Expenditures by Activity | | | | | | | | |
| Administration | 7,145 | 5,746 | 5,901 | 6,041 | 6,041 | 12,082 | 435 | 3.7% |
| Total | 7,145 | 5,746 | 5,901 | 6,041 | 6,041 | 12,082 | 435 | 3.7% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|------------|-------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 6 | 40,921 | 39,758 | 39,716 | 41,276 | 80,992 | 313 | 0.4% |
| Cambridge Deposit Fund | 29,116 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 29,122 | 40,921 | 39,758 | 39,716 | 41,276 | 80,992 | 313 | 0.4% |
| Dedicated | | | | | | | | |
| Special Revenue | 47 | 185 | 150 | 150 | 150 | 300 | -35 | -10.4% |
| Miscellaneous Agency | 4 | 3 | 0 | 0 | 0 | 0 | -3 | -100.0% |
| Subtotal Dedicated | 51 | 188 | 150 | 150 | 150 | 300 | -38 | -11.2% |
| Total Revenue | 29,173 | 41,109 | 39,908 | 39,866 | 41,426 | 81,292 | 275 | 0.3% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 75.5 | 69.5 | 64.9 | 64.9 | 65.2 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

Program Description

The Enforcement Division includes two distinct operations:

- ⇒ The Investigations unit investigates complaints to determine whether regulated businesses or individuals have violated laws or rules. The unit also attempts to informally resolve disputes between consumers and the regulated industries.
- ⇒ The Registration and Policy Analysis unit reviews insurance forms to ensure compliance with Minnesota statutes. The unit ensures reasonable insurance rates, reviews financial offerings to ensure stable capital markets, and reviews the financial condition of companies that self-insure. This unit also licenses over 20,000 securities broker-dealers, agents, and investment advisors.

Program at a Glance

- ◆ 21 industries and occupations regulated
- ◆ 6,200 insurance form and rate filings per year
- ◆ 7,300 securities and franchise offerings reviewed each year
- ◆ 9,600 investigation files per year
- ◆ 650 disciplinary actions per year
- ◆ Monitors the activities of 276,000 licensed professionals on a complaint basis
- ◆ Plans to register more than 1,000,000 Minnesota residents on the No-Call list.

Population Served

The Enforcement Division serves:

- ◆ all Minnesota individuals and corporations that need insurance, have mortgages, buy or sell real estate, make investments, or otherwise do business with any of the industries licensed or regulated by the division.
- ◆ licensees and regulated businesses.
- ◆ other government and self-regulatory organizations, both in and out-state, that engage in similar regulatory activity or interact with the regulated industries.
- ◆ Minnesota residents who register for the No-Call list to reduce the number of telemarketing calls they receive.
- ◆ consumers of insurance, investments, and other financial products, as well as the individual licensees and businesses that offer these products.

Services Provided

Investigations. The unit investigates complaints in the following areas:

- | | |
|--|--|
| ◆ Insurance companies | ◆ Insurance agents and brokers |
| ◆ Insurance adjusters | ◆ Third party administrators and self-insurers |
| ◆ Notaries | ◆ Petroleum tank release cleanup fund |
| ◆ Real estate agents and brokers | ◆ Residential mortgage originators and servicers |
| ◆ Residential building contractors and roofers | ◆ Securities brokers, dealers and agents |
| ◆ Franchisors | ◆ Investment advisors |
| ◆ Currency exchanges | ◆ Collection agencies |
| ◆ Real estate appraisers | ◆ Wire transfer agencies (money transmitters) |
| ◆ Cigarette vendors | ◆ Abstractors |
| ◆ Athlete agents | ◆ Telemarketing companies |
| ◆ Viatical settlements | ◆ Cosmetologists, manicurists, and estheticians |

Registration and Policy Analysis:

- ◆ Reviews insurance policies and investment documents to determine whether they comply with applicable statutes and rules.
- ◆ Registers securities and franchise offerings, or certifies exemption from registration requirements.
- ◆ Licenses securities broker-dealers, agents, investment advisors, and viatical settlement providers.
- ◆ Develops and implements policies and procedures to expedite compliance with registration requirements.
- ◆ Promotes development and use of electronic registration and filing systems.
- ◆ Reviews rates charged for insurance products to ensure that rates are not excessive.
- ◆ Authorizes employers and other groups to self-insure.
- ◆ Develops and implements policies and procedures to expedite compliance with registration requirements.

Historical Perspective

Over the past five years the number of consumer complaints received by the division has increased by more than 43%, primarily in the insurance, mortgage originator, and building contractor industries. Over this same time period, the legislature has required the division to develop and administer five new regulatory programs. The following trends affect both the workload and performance of the Investigation unit:

- ◆ Consumer complaints and enforcement activity tend to fluctuate with changes in the economy.
- ◆ As lending rates change, there are corresponding changes in the number of complaints about real estate and building contractor licensees. Complaints have been increasing steadily.
- ◆ Stock market volatility increases complaints about securities and insurance issues.
- ◆ In addition to specific economic influences, the number of consumer complaints and inquiries is generally trending upward.
- ◆ The number of insurance investigations has increased in the last five years. At the same time, the complexity of insurance complaints has also increased. National trends indicate that complex, multi-state investigations will become more frequent.

Registration and policy analysis is a pro-active regulatory activity designed to prevent, rather than respond to, victimization of consumers in connection with insurance and investment transactions. This form of regulation attempts to balance an acceptable level of regulatory burden with the need for product credibility and consumer protection. State government began to regulate the investment business because, prior to regulation, companies offered investment products that did not provide the safety or the opportunity to earn that was represented in sales materials. Insurance regulation is the exclusive responsibility of the state pursuant to the McCarran-Ferguson Act of 1945. Contrary to historical trends, the number of filings and registrations has not decreased during the current economic downturn. The division continues to note an increase in the number and complexity of products filed for approval.

Key Measures

Complaint activity against regulated industries has increased steadily over the last five years, from 8,121 formal investigation files opened in 1998, to 11,685 in 2002. The number of administrative disciplinary actions taken against licensed entities rose from 571 in 1998 to 760 in 2002. This increase appears to be the result of a widespread change in corporate behavior and to financial instability in some business sectors.

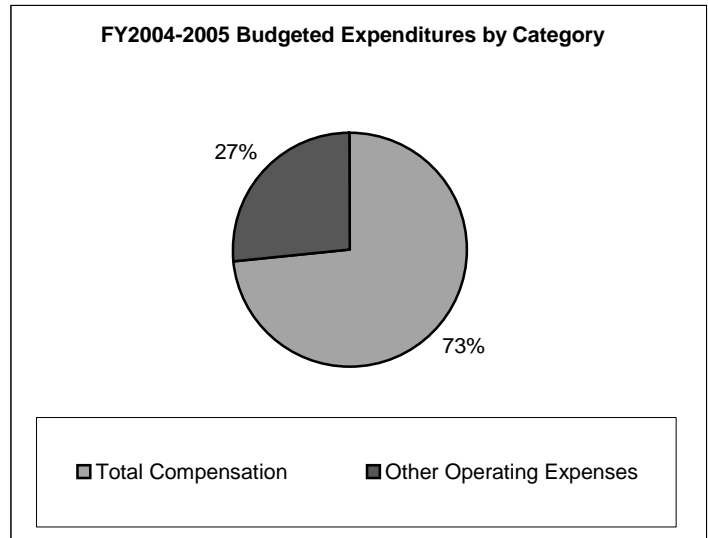
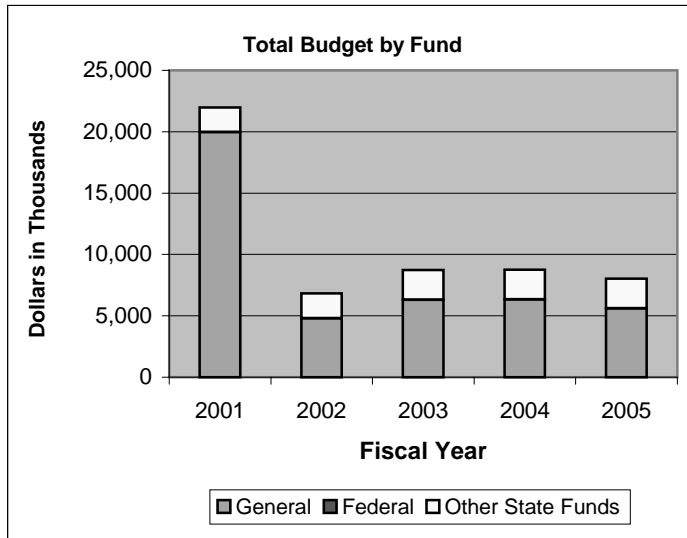
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COMMERCE DEPT

Program: ENFORCEMENT

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 19,973 | 4,790 | 6,319 | 6,325 | 5,600 | 11,925 | 816 | 7.3% |
| Workers Compensation | 593 | 578 | 636 | 835 | 835 | 1,670 | 456 | 37.6% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 1,414 | 1,449 | 1,769 | 1,587 | 1,597 | 3,184 | -34 | -1.1% |
| Total | 21,980 | 6,817 | 8,724 | 8,747 | 8,032 | 16,779 | 1,238 | 8.0% |

| | | | | | | | | |
|---------------------------------|---------------|--------------|--------------|--------------|--------------|---------------|--------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 5,085 | 5,114 | 5,794 | 6,148 | 6,104 | 12,252 | 1,344 | 12.3% |
| Other Operating Expenses | 1,790 | 1,703 | 2,715 | 2,549 | 1,878 | 4,427 | 9 | 0.2% |
| Local Assistance | 15,105 | 0 | 215 | 50 | 50 | 100 | -115 | -53.5% |
| Total | 21,980 | 6,817 | 8,724 | 8,747 | 8,032 | 16,779 | 1,238 | 8.0% |

| | | | | | | | | |
|---------------------------------|---------------|--------------|--------------|--------------|--------------|---------------|--------------|-------------|
| Expenditures by Activity | | | | | | | | |
| Enforcement | 21,980 | 6,817 | 8,724 | 8,747 | 8,032 | 16,779 | 1,238 | 8.0% |
| Total | 21,980 | 6,817 | 8,724 | 8,747 | 8,032 | 16,779 | 1,238 | 8.0% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 34,775 | 34,690 | 33,740 | 33,799 | 33,764 | 67,563 | -867 | -1.3% |
| Cambridge Deposit Fund | 8,784 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 43,559 | 34,690 | 33,740 | 33,799 | 33,764 | 67,563 | -867 | -1.3% |
| Dedicated | | | | | | | | |
| Special Revenue | 2,470 | 2,074 | 1,749 | 1,785 | 1,749 | 3,534 | -289 | -7.6% |
| Subtotal Dedicated | 2,470 | 2,074 | 1,749 | 1,785 | 1,749 | 3,534 | -289 | -7.6% |
| Total Revenue | 46,029 | 36,764 | 35,489 | 35,584 | 35,513 | 71,097 | -1,156 | -1.6% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 88.7 | 83.7 | 81.8 | 81.3 | 81.0 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

Program Description

The Telecommunications Division enforces federal and state telecommunications laws, and develops and implements state policies designed to assure all Minnesotans of continued access to reliable, efficient, affordable, and state-of-the-art telecommunication services on a statewide basis.

Population Served

The Division serves all of Minnesota's residential, small business, and large business consumers of telecommunication services.

Services Provided

Telephone regulation in Minnesota involves a quasi-judicial process that includes administrative review of licensing requests, service quality, pricing of services, and the competitive practices of incumbent and competitive telecommunications companies that interact with each other in the joint provision of services to citizens.

The division's primary responsibilities are to develop statewide telecommunications policies that promote an orderly development of the telecommunications network in the state, and to advocate in the public interest all telecommunications rate structure and service policy matters before the Minnesota Public Utilities Commission.

The division's services include:

- ◆ Advocating for the public interest in all telecommunications rate structure and service policy matters before the Public Utilities Commission.
- ◆ Advocating for the interests of Minnesota citizens and businesses in proceedings of the Federal Communications Commission.
- ◆ Enforcing orders of the Minnesota Public Utilities Commission.
- ◆ Enforcing selected orders of the Federal Communications Commission (FCC).

Historical Perspective

All program costs are recovered through assessments charged to telephone companies operating in Minnesota. These assessments are first deposited into a revolving fund and are subsequently transferred to the General Fund as non-dedicated revenue.

The direct and indirect costs of utility regulation are assessed back to the regulated utility companies. The direct costs are billed to regulated utility companies semi-annually. The indirect costs are estimated and billed 30 days in advance of each quarter. The indirect costs are prorated to regulated utility companies based on their gross Minnesota jurisdictional revenues. The estimated indirect cost billings are reconciled and adjusted to actual costs after the close of the fiscal year. The receipts include the recovery of the department's administrative costs, statewide indirect costs and the cost of services provided by the Office of the Attorney General.

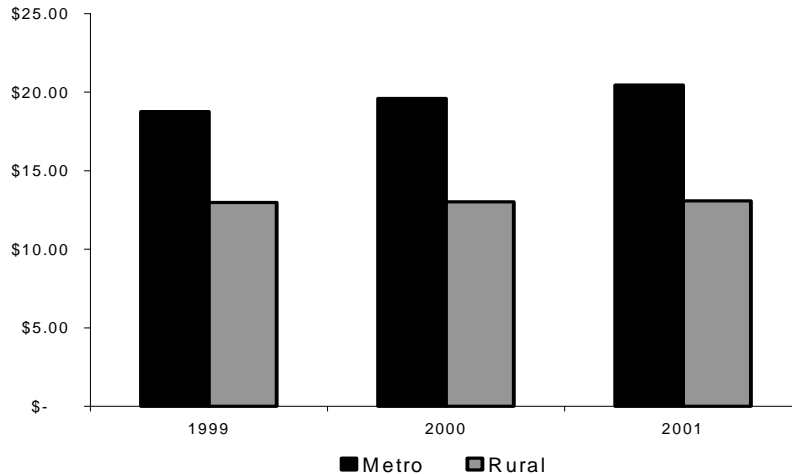
Program at a Glance

- ◆ The division enforces state and federal laws and regulations with respect to:
 - ⇒ 96 incumbent local telephone companies
 - ⇒ 161 competitive local carriers
 - ⇒ 418 companies offering long distance service
- ◆ The division evaluated and acted on approximately 1,798 individual dockets in FY 2002.

Key Measures

Average price for basic phone service

The department's goal is that prices for retail telephone lines will reflect the true underlying cost of providing service. If necessary, federal and state universal service subsidy programs will provide an explicit subsidy designed to achieve the goal of reasonable comparability between urban and rural rates. The department will work to rationalize subsidies and make them more explicit. Cost models and other strategies will help more closely relate price to cost.



Telephone company compliance with applicable minimum retail service quality standards.

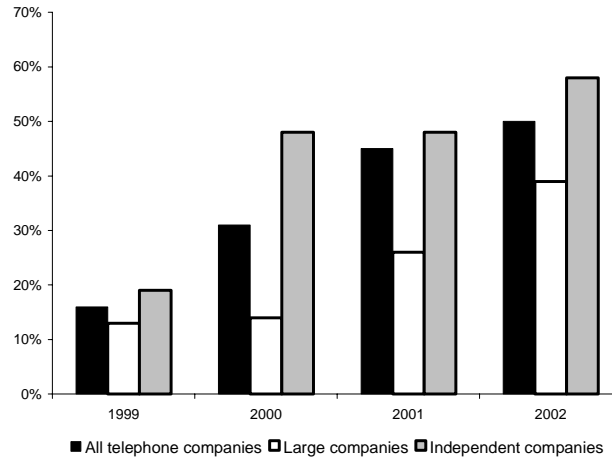
The Department of Commerce collects corporate performance data as part of its effort to encourage competition in the telecommunications industry. The information is not readily available. There is an approximate 18 month delay in receiving the data for this table.

| | Qwest | | Frontier | | Sprint | |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>1999</u> | <u>2000</u> | <u>1999</u> | <u>2000</u> | <u>1999</u> | <u>2000</u> |
| Held orders | Fail | Pass | Pass | Pass | Pass | No Data |
| Missed installations on standard residential lines | Fail | Fail | Pass | Pass | Pass | Pass |
| Out-of-service reports not cleared in 24 hours | Fail | Fail | Pass | Pass | Pass | Pass |
| Missed repair appointments | Fail | Fail | No Report | No Report | Pass | Pass |

Note: "Held orders" are new primary line service orders not filled within 30 days after the customer submitted the request. The market for local telephone service continues to be dominated by monopoly, or near monopoly carriers. Without competition, there is no real incentive for a firm to provide high quality service to its customers. Regulation can play an important role in ensuring the benefits of competition. Historically, service quality has been problematic for larger telephone companies. The Department of Commerce receives very few, if any, service quality complaints from smaller "independent" telephone companies. Because of the historical problems larger telephone companies have faced, these companies are subject to regulatory standards and reporting requirements that allow the state to monitor service quality, and remedy problems.

The department will continue to monitor the telephone industry to improve the level of service quality, and enforce minimum service quality standards. There are more standards for each company than those reflected in the tables. Standards are negotiated with each company and approved by the Public Utilities Commission. The Commerce Department and the Attorney General's Residential Utilities Division have worked to achieve uniformity in service quality standards and reporting procedures over the past two years. As a result, for 2001, three of the four largest phone companies (Frontier, Citizens and Qwest) all operate under similar standards, and are required to report service quality performance on at least an annual basis.

Number of telephone exchanges or wire centers served where DSL is available



Note: Telephone companies provide high speed service primarily through digital subscriber line (DSL) technology. The availability of DSL service by exchange or wire center is an indicator of the level of availability of high speed service throughout the state. The Department of Commerce conducted statewide inventories of telephone exchanges asking whether DSL was available within each telephone exchange or wire center. (Some companies serve an entire exchange through a single "wire center" or central office. Larger companies may serve an exchange through a number of different wire centers.)

Numbers are expected to improve due to agreements reached between the Department of Commerce and the Office of the Attorney General Residential Utilities Division and certain large telephone companies to further deploy DSL in telephone exchanges throughout the state. The Department of Commerce continues to work on the goal of making broadband service available to every state resident.

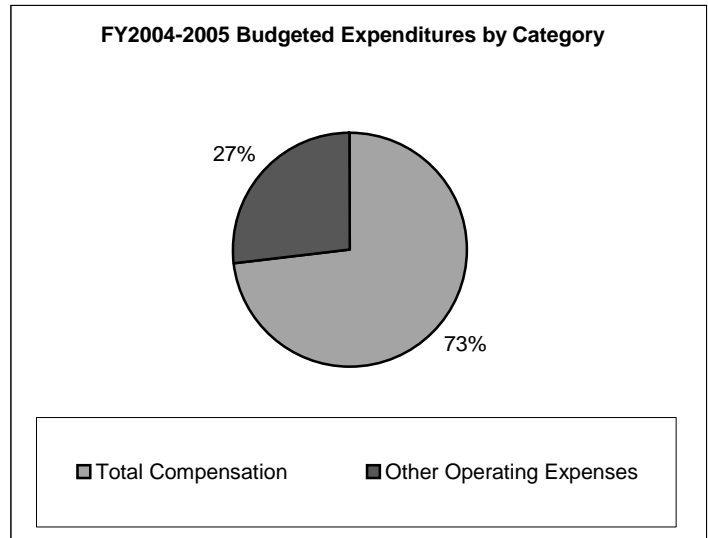
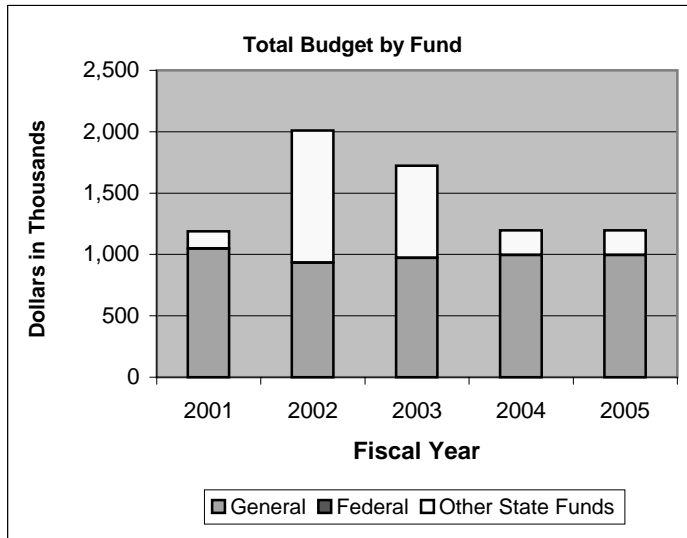
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COMMERCE DEPT

Program: TELECOMMUNICATIONS

Fiscal Report



| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|------------------|------------------|--------------------|----------------|----------------|---------------------|--------------------------------------|---------------|
| Expenditures by Fund | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 1,047 | 932 | 972 | 996 | 996 | 1,992 | 88 | 4.6% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 141 | 1,078 | 750 | 200 | 200 | 400 | -1,428 | -78.1% |
| Total | 1,188 | 2,010 | 1,722 | 1,196 | 1,196 | 2,392 | -1,340 | -35.9% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
| Total Compensation | 704 | 798 | 849 | 875 | 875 | 1,750 | 103 | 6.3% |
| Other Operating Expenses | 484 | 1,212 | 873 | 321 | 321 | 642 | -1,443 | -69.2% |
| Total | 1,188 | 2,010 | 1,722 | 1,196 | 1,196 | 2,392 | -1,340 | -35.9% |

| Expenditures by Activity | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
| Telecommunications | 1,188 | 2,010 | 1,722 | 1,196 | 1,196 | 2,392 | -1,340 | -35.9% |
| Total | 1,188 | 2,010 | 1,722 | 1,196 | 1,196 | 2,392 | -1,340 | -35.9% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
| Dedicated | | | | | | | | |
| Special Revenue | 1,198 | 2,902 | 3,688 | 2,083 | 2,081 | 4,164 | -2,426 | -36.8% |
| Subtotal Dedicated | 1,198 | 2,902 | 3,688 | 2,083 | 2,081 | 4,164 | -2,426 | -36.8% |
| Total Revenue | 1,198 | 2,902 | 3,688 | 2,083 | 2,081 | 4,164 | -2,426 | -36.8% |

| | | | | | | | | |
|-----------------------------|-----|------|------|------|------|------|--|--|
| Full-Time Equivalents (FTE) | 9.8 | 10.9 | 11.7 | 11.7 | 11.7 | 0.0% | | |
|-----------------------------|-----|------|------|------|------|------|--|--|

Program Description

The Energy Division ensures that Minnesotans have, and will continue to have, access to reliable, reasonably priced, efficient, economically sound, and environmentally responsible energy services.

Population Served

The division serves all energy consumers, investors, producers, and distributors in Minnesota.

Services Provided

The Energy Division provides a broad range of energy-related services:

Energy Planning and Advocacy:

- ◆ Advocates for the broad public interest in natural gas and electric utility matters before the Minnesota Public Utilities Commission.
- ◆ Analyzes utilities' conservation improvement proposals and presents its analyses to the Commerce Commissioner.
- ◆ Participates as the consumer advocate in the development and operation of the regional electric transmission operator.
- ◆ Intervenes before the Federal Energy Regulatory Commission.

The Reliability Administrator ensures the reliability of Minnesota's electric transmission and distribution systems by:

- ◆ Providing independent energy reliability expertise to state energy regulators.
- ◆ Participating in the operations of local and regional transmission operating and planning organizations.

The State Energy Office:

- ◆ Promotes research and development of modern energy technologies.
- ◆ Promotes alternative fuels.
- ◆ Administers energy conservation loan and grant programs.
- ◆ Administers the low-income weatherization program.
- ◆ Monitors Minnesota's petroleum supplies.
- ◆ The Energy Information Center distributes energy conservation information to Minnesota residents.

The Low Income Heating and Energy Assistance Program (LIHEAP) provides financial assistance to help Minnesota's low income residents pay their energy bills.

The division also develops and implements statewide energy policies.

The division coordinates the actions, decisions, and plans of this broad group of energy-related functions to ensure that the department presents a clear and unified approach to energy regulation, reliability, conservation, planning, financial assistance, and information dissemination.

Additionally, the commissioner has direct regulatory authority over energy Conservation Improvement Programs (CIP) designed and implemented by gas and electric utilities.

Program at a Glance

- ◆ Conservation Improvement Programs save energy. In FY 2003, CIP will save:
 - ⇒ 296,000,000 kilowatt hours of electricity
 - ⇒ 1.15 billion cubic feet of natural gas
- ◆ Regulatory effectiveness holds down utility rates. Minnesotans pay:
 - ⇒ 10% less than the national average for electricity.
 - ⇒ 21% less than the national average for natural gas.
- ◆ The Low Income Heating and Energy Program provided \$59.5 million in heating assistance to Minnesota's low income households.
- ◆ In FY 2003, 637 wind turbines will produce 542 megawatts of electricity.

Historical Perspective

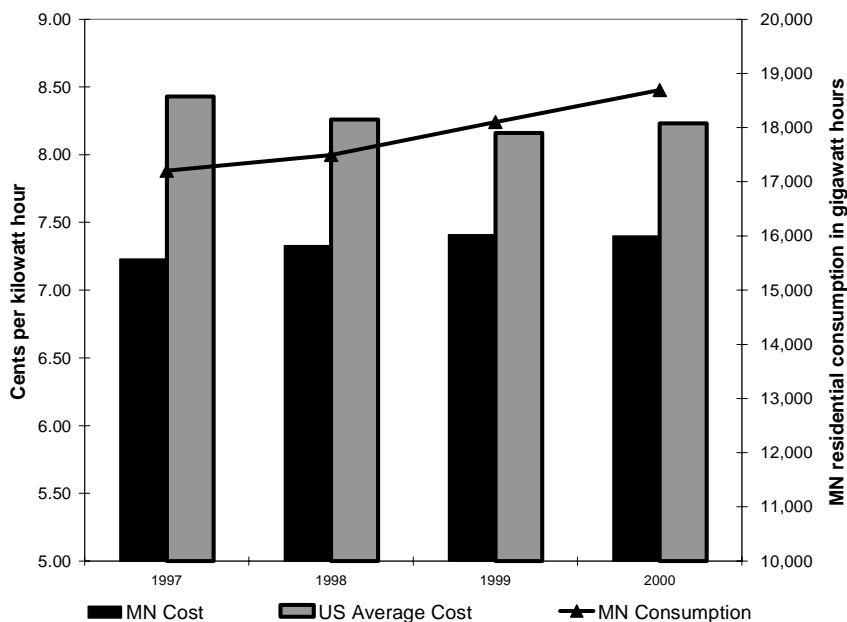
The direct and indirect costs of utility regulation are assessed back to the regulated utility companies. The direct costs are billed to regulated utility companies semi-annually. The indirect costs are estimated and billed 30 days in advance of each quarter. The indirect costs are prorated to regulated utility companies based on their gross Minnesota jurisdictional revenues. The estimated indirect cost billings are reconciled and adjusted to actual costs after the close of the fiscal year. The receipts include the recovery of the department's administrative costs, statewide indirect costs and the cost of services provided by the Office of the Attorney General.

The cost of some operations within the Energy Division is supported by federal funds.

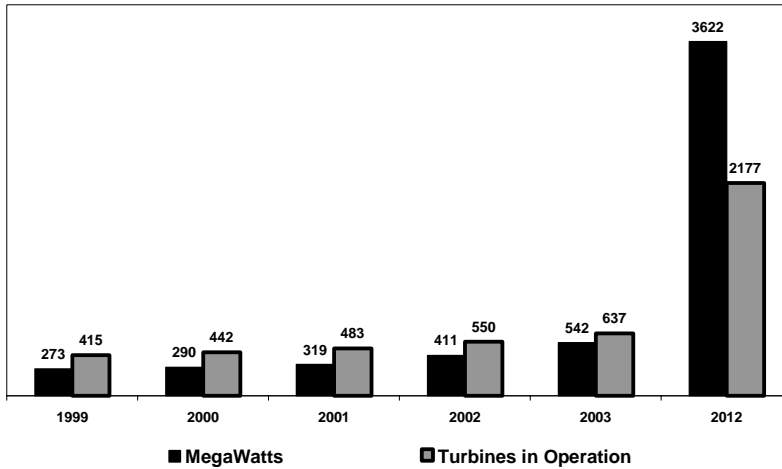
- ⇒ LIHEAP operates almost entirely on funds provided by the U.S. Department of Health and Human Services.
- ⇒ Weatherization operates entirely on funds provided by the U.S. Department of Energy.
- ⇒ Loan and grant programs operate partially on funds provided by the U.S. Department of Energy.
- ⇒ The Energy Information Center operates entirely on funds provided by the U.S. Department of Energy.

Key Measures

The cost of electric energy in Minnesota is well below the national average even though residential consumption is increasing steadily. The Energy Planning and Advocacy group works to maintain reasonable rates by representing the interests of Minnesota ratepayers.

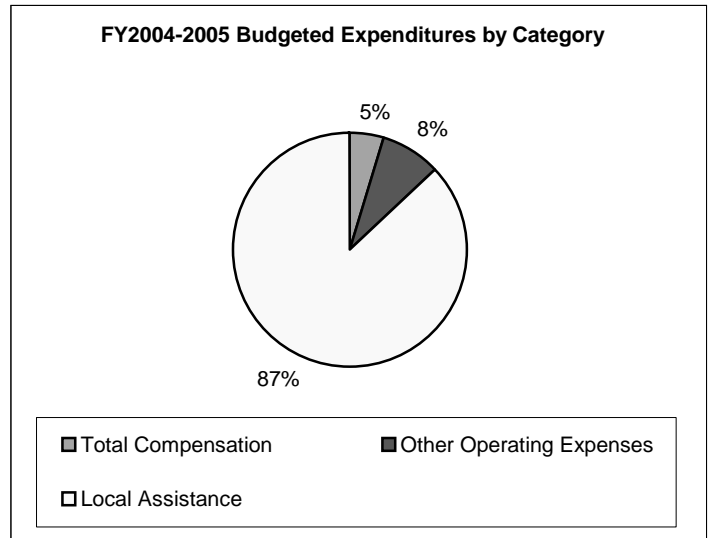
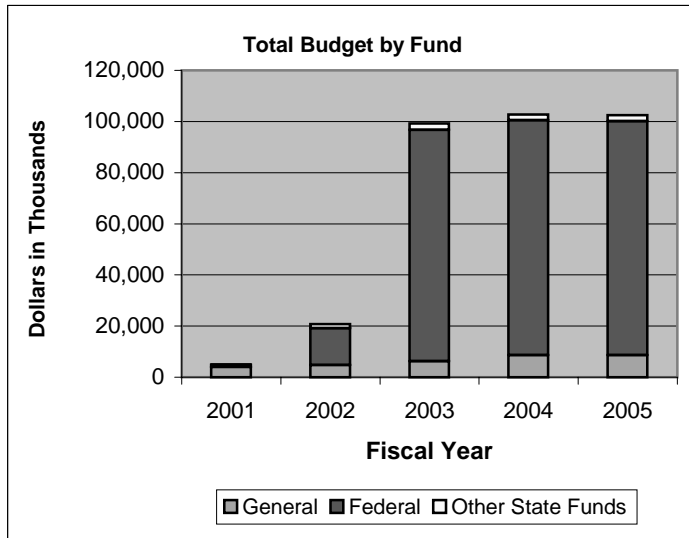


In the future, an increasing portion of Minnesota's energy needs will be supplied by alternative sources. The division promotes the use of alternative energy sources through its State Energy Office. The office has mapped Minnesota's wind energy resource, and continues to work to promote wind energy as a viable source for producing electricity. The office expects substantial growth in wind energy production within the next 12 years. If all currently planned projects are realized, the number of megawatts of electricity produced from wind sources will increase by more than 800%.



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| <i>Dollars in Thousands</i> | | | | | | | | |
|----------------------------------|--------------|---------------|---------------|----------------|----------------|----------------|-------------------|--------------|
| | Actual | Actual | Budgeted | Base | | Biennium | Biennial Change | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | 2004-05 / 2002-03 | Percent |
| Direct Appropriations | | | | | | | | |
| General | 3,268 | 2,884 | 3,874 | 3,849 | 3,849 | 7,698 | 940 | 13.9% |
| Open Appropriations | | | | | | | | |
| General | 742 | 1,914 | 2,352 | 4,778 | 4,838 | 9,616 | 5,350 | 125.4% |
| Statutory Appropriations | | | | | | | | |
| State Government Special Revenue | 0 | 101 | 86 | 0 | 0 | 0 | -187 | -100.0% |
| Special Revenue | 131 | 731 | 2,195 | 2,315 | 2,302 | 4,617 | 1,691 | 57.8% |
| Federal | 823 | 14,333 | 90,478 | 91,820 | 91,410 | 183,230 | 78,419 | 74.8% |
| Gift | 0 | 840 | 220 | 26 | 26 | 52 | -1,008 | -95.1% |
| Total | 4,964 | 20,803 | 99,205 | 102,788 | 102,425 | 205,213 | 85,205 | 71.0% |

| | | | | | | | | |
|---------------------------------|--------------|---------------|---------------|----------------|----------------|----------------|---------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 2,858 | 3,611 | 4,414 | 4,763 | 4,900 | 9,663 | 1,638 | 20.4% |
| Other Operating Expenses | 1,654 | 3,665 | 6,840 | 8,390 | 8,581 | 16,971 | 6,466 | 61.6% |
| Local Assistance | 415 | 13,372 | 87,451 | 89,135 | 88,444 | 177,579 | 76,756 | 76.1% |
| Other Financial Transactions | 37 | 155 | 500 | 500 | 500 | 1,000 | 345 | 52.7% |
| Total | 4,964 | 20,803 | 99,205 | 102,788 | 102,425 | 205,213 | 85,205 | 71.0% |

| | | | | | | | | |
|---------------------------------|--------------|---------------|---------------|----------------|----------------|----------------|---------------|--------------|
| Expenditures by Activity | | | | | | | | |
| Energy | 4,964 | 20,803 | 99,205 | 102,788 | 102,425 | 205,213 | 85,205 | 71.0% |
| Total | 4,964 | 20,803 | 99,205 | 102,788 | 102,425 | 205,213 | 85,205 | 71.0% |

COMMERCE DEPT
Program: ENERGY

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------------|------------------|------------------|--------------------|---------------|---------------|---------------------|--------------------------------------|--------------|
| | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base | | Biennium 2004-05 | Dollars | Percent |
| Revenue by Type and Fund | | | | FY2004 | FY2005 | | | |
| Non Dedicated | | | | | | | | |
| General | -12 | 3,986 | 3,490 | 3,568 | 3,567 | 7,135 | -341 | -4.6% |
| Cambridge Deposit Fund | 2,735 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 2,723 | 3,986 | 3,490 | 3,568 | 3,567 | 7,135 | -341 | -4.6% |
| Dedicated | | | | | | | | |
| General | 0 | 2 | 4 | 0 | 0 | 0 | -6 | -100.0% |
| Special Revenue | 326 | 1,109 | 1,811 | 1,955 | 2,168 | 4,123 | 1,203 | 41.2% |
| Federal | 791 | 68,706 | 88,073 | 91,820 | 91,410 | 183,230 | 26,451 | 16.9% |
| Gift | 0 | 1,732 | 27 | 26 | 26 | 52 | -1,707 | -97.0% |
| Subtotal Dedicated | 1,117 | 71,549 | 89,915 | 93,801 | 93,604 | 187,405 | 25,941 | 16.1% |
| Total Revenue | 3,840 | 75,535 | 93,405 | 97,369 | 97,171 | 194,540 | 25,600 | 15.2% |
| | | | | | | | | |
| Full-Time Equivalents (FTE) | 43.6 | 53.0 | 64.6 | 66.5 | 66.5 | | | |

Program Description

The Telecommunications Access Minnesota (TAM) division of the Department of Commerce contracts with outside vendors for Telecommunications Relay Services (TRS) on behalf of Minnesota's telephone ratepayers. The Minnesota Relay allows a person using a specialized telecommunications device called a Telecommunications Device for the Deaf (TDD) or Teletypewriter (TTY), or an individual with a speech- or mobility-impairment, to communicate with a person using a standard telephone. The Minnesota Relay provides telephone access to Minnesotans who are deaf, hard-of-hearing, speech- or mobility-impaired, 24 hours per day, seven days a week.

Program at a Glance

- ◆ Minnesota Relay:
 - ⇒ Handled 1,408,345 calls in calendar year 2001.
 - ⇒ Offers 40 custom calling features.
- ◆ In FY 2001, the Telephone Equipment Distribution Program:
 - ⇒ Distributed 2,702 telecommunications devices.
 - ⇒ Conducted 241 presentations to customers.

TAM also contracts, through an Interagency Agreement with the Department of Human Service's (DHS) Telephone Equipment Distribution Program (TED Program), to provide a wide variety of assistive listening and telecommunications devices at no charge to eligible deaf, hard-of-hearing, speech- and mobility-impaired Minnesotans.

Population Served

TAM serves Minnesotans who are deaf, hard-of-hearing, speech- or mobility-impaired, and those with hearing that are involved in relayed conversations.

Services Provided

TAM serves its clients through two vendor contracts and an Interagency Agreement:

- ⇒ Contract with Communication Services for the Deaf (CSD). CSD provides the management and human resource components for the Minnesota Relay.
- ⇒ Contract with Sprint. Sprint is responsible for providing the relay facilities, maintenance and access to Sprint's fiber optic telecommunications network.
- ⇒ Interagency Agreement with DHS. DHS's TED Program provides special telecommunications equipment to eligible deaf, hard-of-hearing, speech- and mobility-impaired persons to enable them to access Minnesota's telephone network. DHS provides statewide coverage through its seven Deaf and Hard of Hearing Regional Service Centers. Equipment includes: Telecommunication Devices for the Deaf (TDD/TTY), telephone amplifiers, telephone ring signalers (visual, tactile or amplified), text telephones with large visual displays, Braille TTYs, and "hands-free" speaker phones.

Historical Perspective

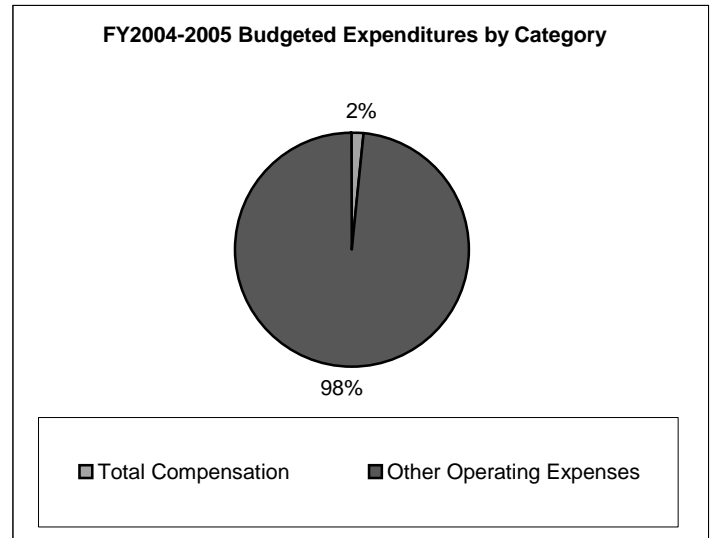
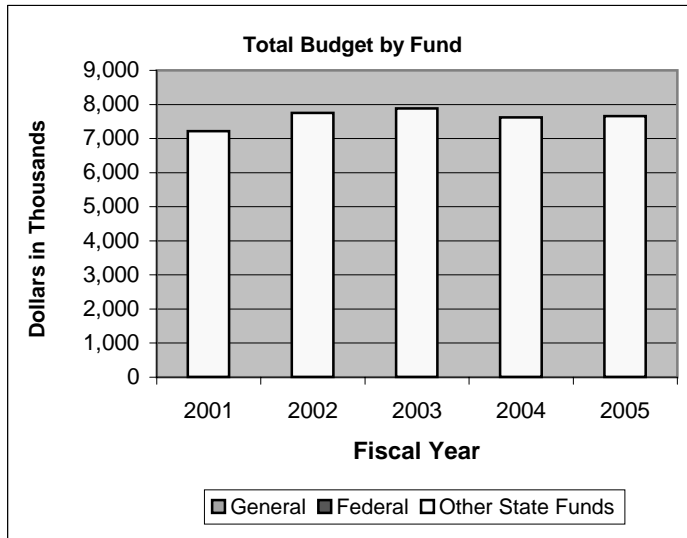
- ⇒ The TAM program is funded by a surcharge on all wired and non-wired telephone subscriber lines in Minnesota. The surcharge is required by M.S. 237.52, subd. 2.
- ⇒ Funds from the surcharge are paid into an interest-bearing, dedicated special revenue account that funds:
 - ◆ The TAP program administrator and coordinator;
 - ◆ DHS/TED Program staff;
 - ◆ Special assistive telecommunications devices distributed by the TED Program;
 - ◆ The facility, equipment, and operations of the Minnesota Relay;
 - ◆ Department of Commerce administrative costs.
- ⇒ The Public Utilities Commission (PUC) approves the TAM annual budget and sets the surcharge at a level that will generate sufficient revenue to fund the program.
- ⇒ The surcharge is currently set at \$0.10 per month, per access line. The statutory maximum is \$0.20 per month, per access line.

Key Measures

- ♦ The Minnesota Relay handled 1,408,345 calls in calendar year 2001.
- ♦ Relay service greatly exceeded FCC call answering performance standards. On average, incoming relay calls were answered in two rings or less.
- ♦ The TED Program distributed 2,702 telecommunications devices and conducted 241 presentations in FY 2001.

Contact

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St. Paul, Minnesota 55101-3165
Phone: (651) 297-4565
jim.alan@state.mn.us



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 7,219 | 7,750 | 7,882 | 7,617 | 7,655 | 15,272 | -360 | -2.3% |
| Total | 7,219 | 7,750 | 7,882 | 7,617 | 7,655 | 15,272 | -360 | -2.3% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|-------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 89 | 92 | 123 | 127 | 132 | 259 | 44 | 20.5% |
| Other Operating Expenses | 7,130 | 7,658 | 7,759 | 7,490 | 7,523 | 15,013 | -404 | -2.6% |
| Total | 7,219 | 7,750 | 7,882 | 7,617 | 7,655 | 15,272 | -360 | -2.3% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|-------------|--------------|
| Expenditures by Activity | | | | | | | | |
| Tam | 7,219 | 7,750 | 7,882 | 7,617 | 7,655 | 15,272 | -360 | -2.3% |
| Total | 7,219 | 7,750 | 7,882 | 7,617 | 7,655 | 15,272 | -360 | -2.3% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|------------|-------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Special Revenue | 7,439 | 6,321 | 6,377 | 6,441 | 6,505 | 12,946 | 248 | 2.0% |
| Subtotal Dedicated | 7,439 | 6,321 | 6,377 | 6,441 | 6,505 | 12,946 | 248 | 2.0% |
| Total Revenue | 7,439 | 6,321 | 6,377 | 6,441 | 6,505 | 12,946 | 248 | 2.0% |

| | | | | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|-------------|--|--|
| Full-Time Equivalents (FTE) | 1.2 | 1.3 | 2.0 | 2.0 | 2.0 | 0.0% | | |
|------------------------------------|------------|------------|------------|------------|------------|-------------|--|--|

Program Description

The Weights and Measures Division:

- ⇒ Provides the basis for physical measurement accuracy in Minnesota by maintaining the state standards for mass, length, volume, temperature, and density.
- ⇒ Extends standardization and accuracy to commerce in Minnesota by offering precision calibration services to large and small businesses, and individuals.
- ⇒ Enforces accuracy in commercial marketplaces by inspecting and testing all commercial weighing and measuring equipment in Minnesota.
- ⇒ Ensures the quality of petroleum products by sampling and testing gasoline, diesel fuel, heating fuels, and other products.
- ⇒ Enforces statutory gasoline oxygenation requirements by sampling and testing gasoline at all levels of distribution and sale in Minnesota.
- ⇒ Ensures the net weight and net volume accuracy of consumer commodities by inspecting and testing prepackaged goods in Minnesota.

Program at a Glance

- ◆ Weights and Measures affects more than \$23 billion in Minnesota commerce each year.
- ◆ The metrology laboratory is accredited under ISO 17025. It is one of the most highly regarded measurement laboratories in the nation.
- ◆ In FY 2002, the division's 17 petroleum and scale investigators tested and inspected:
 - ⇒ 49,000 gas pumps.
 - ⇒ 8,200 light capacity scales.
- ◆ In FY 2002, the division's six heavy capacity scale investigators tested and inspected:
 - ⇒ 1,600 vehicle scales
 - ⇒ 900 grain and fertilizer scales.
 - ⇒ 1,900 other heavy capacity scales.

Population Served

The Weights and Measures Division serves almost every person and business in Minnesota, including:

- ⇒ Minnesota citizens and businesses that buy or sell goods or services based on a measured quantity.
- ⇒ Businesses and individuals needing International Organization for Standardization (ISO) accredited calibration services to enable them to provide materials or services to other businesses in the United States, and throughout the world, and to enable them to compete in European Union nations.
- ⇒ Motor fuel, heating fuel, and aviation fuel consumers.

Services Provided

The division provides three distinct services:

- ⇒ Promotes accuracy in basic physical measurement by offering precision calibration services to Minnesota businesses and individuals.
- ⇒ Enforces Minnesota's weights and measures statutes to ensure the accuracy of gas pumps, grocery scales, prepackaged commodities, livestock scales, grain and fertilizer scales, and a broad range of other commercial weighing and measuring equipment.
- ⇒ Ensures the quality of gasoline, diesel fuel, heating fuel and other petroleum products.

Historical Perspective

The Weights and Measures Division is one of the oldest continuously operating units of Minnesota government. The division formally commenced operations in 1885 as part of the Railroad and Warehouse Commission.

The division has noted a continuing upward trend in the number of gasoline pumps in commercial use in Minnesota. The number has increased from approximately 21,000 in 1981 to 50,000 in 2002. Gasoline consumption, which declined in the 1970s and 1980s, and held fairly steady in the 1990s, is increasing again. Increasing gasoline consumption, and increasing gasoline prices, continue to increase demand for the division's inspection services.

Key Measures

The division's metrology laboratory has achieved and maintained accreditation under ISO 17025, the most recently adopted quality standards. Additionally, the metrology laboratory meets performance standards set by

the National Institute of Standards and Technology/National Voluntary Laboratory Accreditation Program and the NIST Office of Weights and Measures.

A comparison of measurement process uncertainties with other state and private metrology laboratories demonstrates that the Minnesota metrology laboratory consistently maintains the best measurement process uncertainties in the United States.

Enforcement operations have maintained high compliance rates for commercial weighing and measuring equipment despite the rapid increase in the number of gas pumps in use in for comparison purposes, there were about 20,000 gas pumps in use in Minnesota in FY 1980. Currently, there are approximately 50,000 pumps in use. In the last 22 years, the number of gas pumps increased by 250%, the division's staff decreased and its productivity more than doubled.

Petroleum quality enforcement operations maintained a 98% compliance rate for gasoline octane and oxygenation.

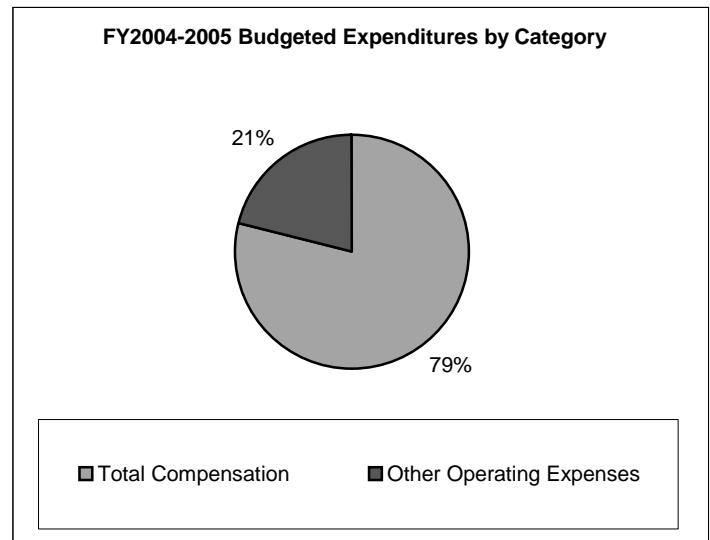
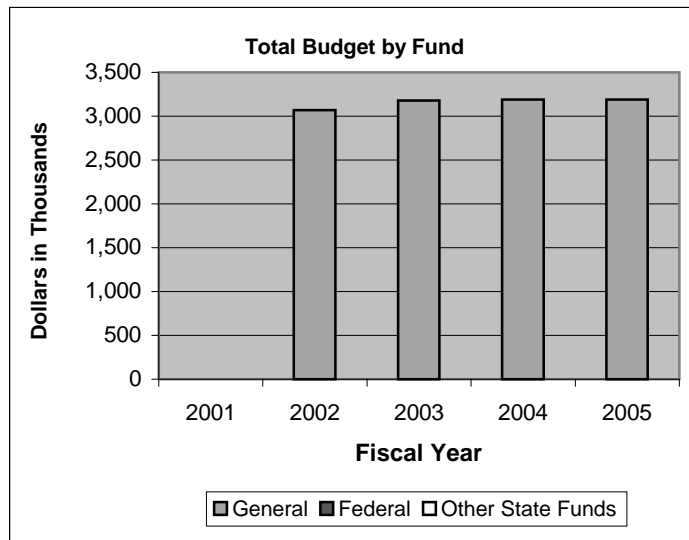
Contact

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COMMERCE DEPT

Program: WEIGHTS & MEASURES

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 0 | 3,070 | 3,179 | 3,191 | 3,191 | 6,382 | 133 | 2.1% |
| Total | 0 | 3,070 | 3,179 | 3,191 | 3,191 | 6,382 | 133 | 2.1% |

| | | | | | | | | |
|---------------------------------|----------|--------------|--------------|--------------|--------------|--------------|------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 0 | 2,443 | 2,504 | 2,521 | 2,521 | 5,042 | 95 | 1.9% |
| Other Operating Expenses | 0 | 627 | 675 | 670 | 670 | 1,340 | 38 | 2.9% |
| Total | 0 | 3,070 | 3,179 | 3,191 | 3,191 | 6,382 | 133 | 2.1% |

| | | | | | | | | |
|---------------------------------|----------|--------------|--------------|--------------|--------------|--------------|------------|-------------|
| Expenditures by Activity | | | | | | | | |
| Weights & Measures | 0 | 3,070 | 3,179 | 3,191 | 3,191 | 6,382 | 133 | 2.1% |
| Total | 0 | 3,070 | 3,179 | 3,191 | 3,191 | 6,382 | 133 | 2.1% |

| | | | | | | | | |
|------------------------------------|------------|-------------|-------------|-------------|-------------|-------|---|------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 0 | 1,279 | 1,280 | 1,280 | 1,280 | 2,560 | 1 | 0.0% |
| Full-Time Equivalents (FTE) | 0.0 | 38.5 | 38.9 | 38.6 | 38.6 | | | |

Agency Purpose

The Department of Corrections' primary purpose is public safety. The department's mission is to develop, provide, and promote effective correctional practices that contribute to a safer Minnesota. Its vision is that an offender's first time in the system is his or her last time. The values and goals of the department focus on personal responsibility and opportunities for self-sufficiency, accountability, and responsive and limited government.

Created by Minnesota law (Chapter 241) in 1959, the department operates secure prisons and provides community supervision of offenders with public safety as the ultimate goal. Prison programs are designed to prepare offenders for release so that they become contributing, law-abiding community members. Restoring the victim, community, and offender – is a key philosophical approach of the department.

Core Functions

The Department of Corrections' primary responsibilities include:

- ⇒ Secure and safe operation of seven prisons for adult male felons, one for adult female felons, and two correctional facilities for juveniles.
- ⇒ Provision of work, treatment, faith-based, and education programs that reduce the risk offenders present to the community after they are released.
- ⇒ Administration of the Community Corrections Act (CCA) that provides subsidies to 31 counties for local correctional services.
- ⇒ Supervision of adult offenders on probation, supervised release, and parole in the 56 counties that do not participate in the CCA.
- ⇒ Operation of programs that put non-dangerous offenders to work doing community service. This includes the Sentencing to Service program whereby offenders on probation clean up parks, roadways, and rivers; build recreation trails; and complete thousands of other improvement projects. Through the Institution Community Work Crew program, minimum-custody inmates build homes for low-income families.
- ⇒ Inspect and enforce standards in all jails throughout the state.
- ⇒ Administer and manage the department so that it operates as cost-effectively, efficiently, and productively as possible.

The department continues to address rapidly increasing offender populations both in prisons and on supervision in the community. Over the last decade, the prison population has more than doubled and the supervised offender population has increased over 80%. Population projections indicate continued increases through the FY 2004-05 biennium and beyond.

Operations

Since 2001, the department has been implementing sweeping budget reductions that are successfully reducing prison per diem and other department costs. By eliminating 200 positions and expanding bed capacities at existing prisons, the department's national ranking of costs per inmate has dropped from second to sixth.

Other initiatives - such as attaining self-sufficiency for MINNCOR prison industries, reducing staff positions and assigning their duties to other employees, and sharing of services among correctional facilities - have resulted in substantial savings.

At A Glance

10 Minnesota correctional facilities located at:

- ◆ Oak Park Heights
- ◆ Stillwater
- ◆ St. Cloud
- ◆ Rush City
- ◆ Faribault
- ◆ Lino Lakes
- ◆ Moose Lake/Willow River
- ◆ Shakopee
- ◆ Red Wing
- ◆ Togo (Thistledeew Camp)

Facility populations as of April 2002:

- ◆ 6,533 adult male inmates
- ◆ 414 adult female inmates
- ◆ 217 juvenile males
- ◆ 7 juvenile females

Offenders under community supervision as of April 2002:

- ◆ 126,000 offenders on probation, supervised release, and parole statewide
- ◆ 20,000 offenders supervised by the Corrections Department; others supervised locally

There are three operational divisions in the department: adult facilities, community and juvenile services, and management services.

Adult Facilities – The adult facilities division includes the department's eight correctional facilities that house adult male and female felons and support services such as offender education programs, religious programming, inmate transfer and classification, and building improvements and expansions. Additionally, units exist in the areas of investigations, correctional industries, and medical services.

Community and Juvenile Services – This division provides probation and supervised release/parole services and special programs including community service and work release. This division also coordinates juvenile services including oversight of two juvenile facilities operated by the department. Other responsibilities include:

- ◆ research and evaluation;
- ◆ administration of the Community Corrections Act, grants, and contracts;
- ◆ correctional facility/jail inspection;
- ◆ administration of offender transfer agreements with other states;
- ◆ planning for female offenders;
- ◆ sex offender/chemical dependency services;
- ◆ administration of the county probation subsidy;
- ◆ contracts with local programs; and
- ◆ restorative Justice.

Management Services – This division provides a broad range of management support services throughout the department. Units include policy and legal services, human resource management, diversity office, information technology, financial services and office services.

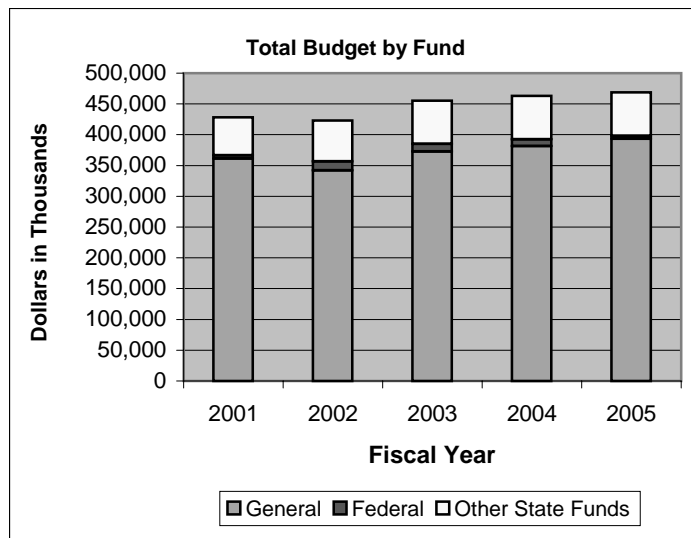
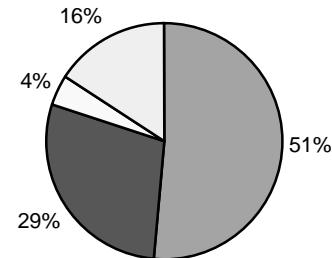
Budget

The department's biennial budget totals \$721.9 million, of which \$76 million is passed through to local entities in FY 2002. The department collects \$24 million annually from sales of products manufactured by offenders at correctional facilities and \$17 million in federal funds for chemical dependency and education programs, and facility construction and operation costs. Department staff includes 3,865 full-time equivalent employees.

Contact

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World Wide Web Home Page: www.corr.state.mn.us
Sheryl Ramstad Hvass, Commissioner
Phone (651) 642-0282, Fax (651)-642-0414

**FY2004-2005 Budgeted Expenditures by Category**

| <i>Dollars in Thousands</i> | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|-------------------|-------------|
| | Actual | Actual | Budgeted | Base | | Biennium | Biennial Change | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | 2004-05 / 2002-03 | |
| | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 360,463 | 342,011 | 372,910 | 381,673 | 393,237 | 774,910 | 59,989 | 8.4% |
| Statutory Appropriations | | | | | | | | |
| General | 968 | 75 | 0 | 0 | 0 | 0 | -75 | -100.0% |
| Special Revenue | 12,717 | 16,229 | 16,979 | 17,097 | 16,607 | 33,704 | 496 | 1.5% |
| Federal | 5,198 | 14,681 | 12,311 | 10,991 | 5,077 | 16,068 | -10,924 | -40.5% |
| Miscellaneous Agency | 23,951 | 25,599 | 25,671 | 24,875 | 24,875 | 49,750 | -1,520 | -3.0% |
| Gift | 27 | 72 | 44 | 23 | 23 | 46 | -70 | -60.3% |
| Correctional Industries | 25,086 | 24,210 | 27,157 | 28,301 | 29,003 | 57,304 | 5,937 | 11.6% |
| Total | 428,410 | 422,877 | 455,072 | 462,960 | 468,822 | 931,782 | 53,833 | 6.1% |

Expenditures by Category

| | | | | | | | | |
|--------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|-------------|
| Total Compensation | 208,469 | 215,624 | 234,035 | 237,860 | 238,920 | 476,780 | 27,121 | 6.0% |
| Other Operating Expenses | 120,021 | 99,193 | 117,870 | 127,166 | 137,091 | 264,257 | 47,194 | 21.7% |
| Capital Outlay & Real Property | 4,069 | 10,776 | 7,549 | 5,299 | 176 | 5,475 | -12,850 | -70.1% |
| Payments To Individuals | 21,608 | 21,388 | 19,497 | 19,471 | 19,471 | 38,942 | -1,943 | -4.8% |
| Local Assistance | 74,243 | 75,896 | 76,121 | 73,164 | 73,164 | 146,328 | -5,689 | -3.7% |
| Total | 428,410 | 422,877 | 455,072 | 462,960 | 468,822 | 931,782 | 53,833 | 6.1% |

Expenditures by Program

| | | | | | | | | |
|---------------------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|-------------|
| Correctional Institutions | 285,360 | 280,494 | 304,081 | 316,247 | 320,957 | 637,204 | 52,629 | 9.0% |
| Juvenile Services | 20,560 | 18,645 | 20,316 | 19,490 | 19,495 | 38,985 | 24 | 0.1% |
| Community Services | 107,019 | 108,972 | 111,018 | 109,501 | 110,610 | 220,111 | 121 | 0.1% |
| Operations Support | 15,471 | 14,766 | 19,657 | 17,722 | 17,760 | 35,482 | 1,059 | 3.1% |
| Total | 428,410 | 422,877 | 455,072 | 462,960 | 468,822 | 931,782 | 53,833 | 6.1% |

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------------|--------------------------|--------------------------|----------------------------|----------------|----------------|-----------------------------|--|----------------|
| | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base | | Biennium 2004-05 | Dollars | Percent |
| Revenue by Type and Fund | | | | FY2004 | FY2005 | | | |
| Non Dedicated | | | | | | | | |
| General | 235 | 10,815 | 10,974 | 11,045 | 11,045 | 22,090 | 301 | 1.4% |
| Cambridge Deposit Fund | 8,062 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 8,297 | 10,815 | 10,974 | 11,045 | 11,045 | 22,090 | 301 | 1.4% |
| Dedicated | | | | | | | | |
| General | 1,066 | 75 | 0 | 0 | 0 | 0 | -75 | -100.0% |
| Special Revenue | 15,678 | 17,041 | 16,973 | 16,173 | 15,511 | 31,684 | -2,330 | -6.9% |
| Federal | 7,530 | 15,750 | 9,959 | 8,798 | 3,719 | 12,517 | -13,192 | -51.3% |
| Miscellaneous Agency | 23,880 | 26,523 | 24,795 | 24,795 | 24,795 | 49,590 | -1,728 | -3.4% |
| Gift | 95 | 13 | 25 | 24 | 24 | 48 | 10 | 26.3% |
| Correctional Industries | 21,185 | 22,829 | 26,720 | 28,620 | 29,520 | 58,140 | 8,591 | 17.3% |
| Subtotal Dedicated | 69,434 | 82,231 | 78,472 | 78,410 | 73,569 | 151,979 | -8,724 | -5.4% |
| Total Revenue | 77,731 | 93,046 | 89,446 | 89,455 | 84,614 | 174,069 | -8,423 | -4.6% |
| | | | | | | | | |
| Full-Time Equivalents (FTE) | 3,725.0 | 3,694.7 | 3,924.4 | 3,933.2 | 3,933.2 | | | |

Program Description

The Adult Facilities Division serves a dual-purpose by protecting the community through incarceration of the offender at one of the eight Minnesota adult correctional facilities and by providing industrial, vocational, academic, and therapeutic opportunities for inmates to maximize the probability they will return to the community as law-abiding citizens.

Population Served

Offenders committed to the commissioner of corrections to serve their term of incarceration make up the population served within correctional facilities. Minnesota prison populations have significantly increased since 1989, and projections indicate this trend will continue into the foreseeable future. In fact, most recent projections estimate offender population to increase approximately 550 beds over current prison bed capacity by the end of FY 2005.

Services Provided

The Adult Facilities Division houses adult male and female felons. Each correctional facility is classified utilizing a system with a six-level classification structure ranging from level 1, which is minimum custody, to level 6, which is maximum custody.

Central Office provides support services within facilities such as offender education programs, religious programming, inmate transfer and classification, and building improvements and expansion. Additionally, services in the area of investigation, correctional industries, and medical services are also provided. Each correctional facility provides the above-mentioned direct services to offenders.

Historical Perspective

During the past biennium sweeping budget reductions have reduced prison per diems and other department costs. Through an extensive internal review at each facility, the Department of Correction (DOC) has, or will be, increasing total capacity by over 500 at marginal costs. Also following a national consultants' recommendation regarding DOC staffing, the department has identified 192 positions that have been, or will be during FY 2003, eliminated. Expanding bed capacities at existing prisons by over 500 offenders and eliminating 192 positions has dropped the department's national ranking of cost per inmate from second to sixth.

Several other department initiatives have made a significant impact on this division and resulted in cost savings, such as: attaining self-sufficiency for MINNCOR prison industries, reducing staff positions and assigning their duties to other employees, and sharing management service activities among correctional facilities. As a result of these and other initiatives, the department's budget request did not include the \$18 million set aside by the Department of Finance for institutional caseload increases in FY 2002 and 2003. Instead, the DOC funded bed increases with operational savings resulting from the per diem reduction plan. This was the first time in the recent history of the department's budget that a caseload increase was not requested. Additionally, the DOC continues to explore more per diem reduction initiatives for the upcoming biennium through further shared services between facilities, centralizing programming, and expanding beds at marginal costs.

Program Funding

This program is primarily funded through General Fund appropriations.

Program at a Glance

8 Minnesota correctional facilities located at:

- ◆ Oak Park Heights
- ◆ Stillwater
- ◆ St. Cloud
- ◆ Rush City
- ◆ Faribault
- ◆ Lino Lakes
- ◆ Moose Lake/Willow River
- ◆ Shakopee

Facility populations as of July 2002:

- ◆ 6,533 adult male inmates
- ◆ 442 adult female inmates

CORRECTIONS DEPT

Program: CORRECTIONAL INSTITUTIONS

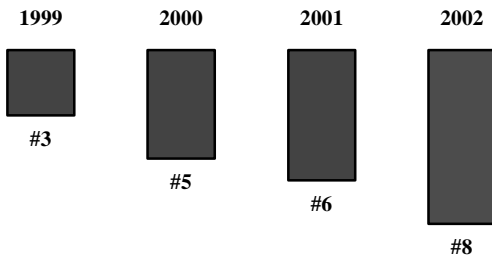
Narrative

Key Measures

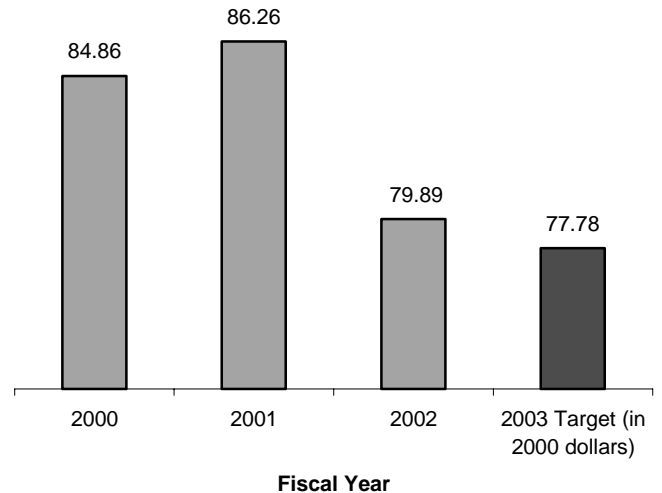
Goal: Operational Effectiveness

Key Measure: Reduce costs of correctional services

Minnesota prison costs ranked nationally



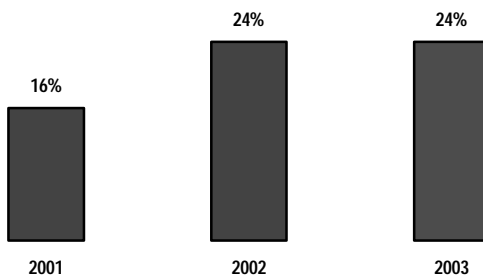
Offender Per Diem



Goal: Offender Accountability

Key Measure: Increase level of educational achievement for eligible incarcerated offenders.

Eligible offenders receiving a GED or 12th – grade education



Contact

Department of Corrections
1450 Energy Park Drive, Suite 200
St. Paul, Minnesota 55108-5219

World Wide Web Home Page: <http://www.doc.state.mn.us>

Sheryl Ramstad Hvass, Commissioner

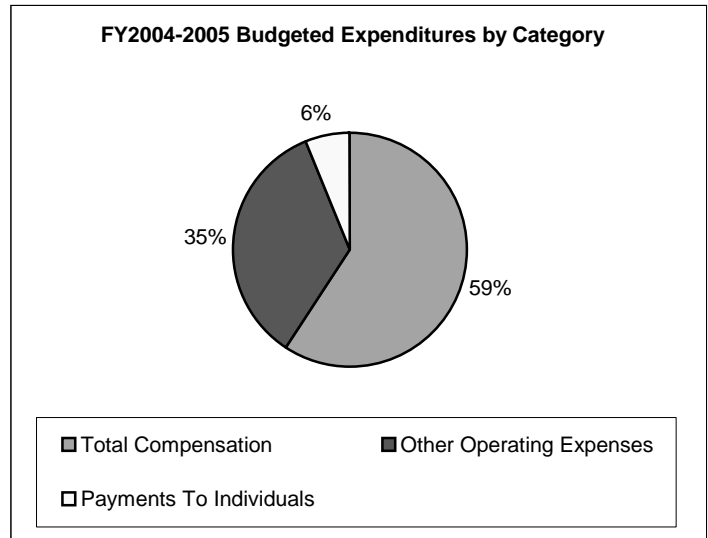
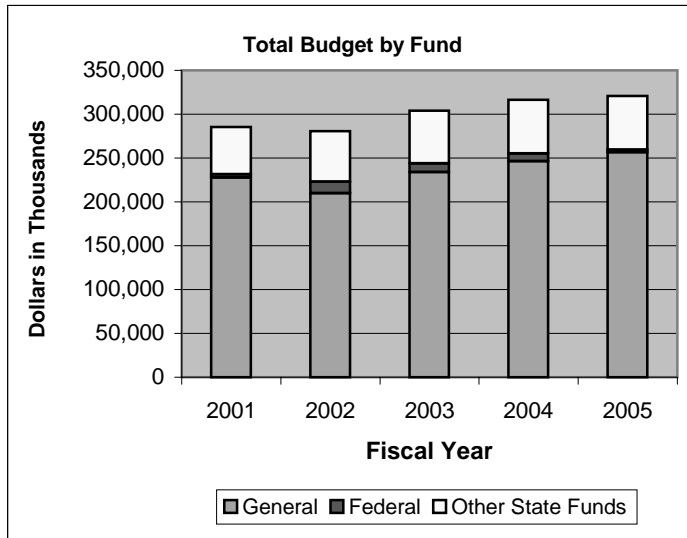
Phone: (651) 642-0200, Fax: (651) 642-0223

The department's strategic goals and progress achieved on each are located on the Minnesota State Government at Work web site www.departmentresults.state.mn.us under Corrections.

CORRECTIONS DEPT

Program: CORRECTIONAL INSTITUTIONS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 227,432 | 209,905 | 233,993 | 246,212 | 256,734 | 502,946 | 59,048 | 13.3% |
| Statutory Appropriations | | | | | | | | |
| General | 170 | 34 | 0 | 0 | 0 | 0 | -34 | -100.0% |
| Special Revenue | 5,580 | 8,211 | 7,997 | 8,667 | 8,062 | 16,729 | 521 | 3.2% |
| Federal | 3,627 | 12,989 | 9,781 | 8,731 | 2,822 | 11,553 | -11,217 | -49.3% |
| Miscellaneous Agency | 23,448 | 25,077 | 25,112 | 24,316 | 24,316 | 48,632 | -1,557 | -3.1% |
| Gift | 17 | 68 | 41 | 20 | 20 | 40 | -69 | -63.3% |
| Correctional Industries | 25,086 | 24,210 | 27,157 | 28,301 | 29,003 | 57,304 | 5,937 | 11.6% |
| Total | 285,360 | 280,494 | 304,081 | 316,247 | 320,957 | 637,204 | 52,629 | 9.0% |

| | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 165,852 | 169,065 | 182,650 | 186,533 | 187,587 | 374,120 | 22,405 | 6.4% |
| Other Operating Expenses | 94,424 | 79,748 | 94,942 | 105,521 | 114,300 | 219,821 | 45,131 | 25.8% |
| Capital Outlay & Real Property | 3,767 | 10,774 | 7,549 | 5,299 | 176 | 5,475 | -12,848 | -70.1% |
| Payments To Individuals | 21,049 | 20,835 | 18,915 | 18,889 | 18,889 | 37,778 | -1,972 | -5.0% |
| Local Assistance | 268 | 72 | 25 | 5 | 5 | 10 | -87 | -89.7% |
| Total | 285,360 | 280,494 | 304,081 | 316,247 | 320,957 | 637,204 | 52,629 | 9.0% |

CORRECTIONS DEPT

Program: CORRECTIONAL INSTITUTIONS

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|----------------|----------------|-----------------|----------------|----------------|-----------------|--------------------------|----------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Expenditures by Activity | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Mcf-Faribault | 32,562 | 32,143 | 32,350 | 30,790 | 30,576 | 61,366 | -3,127 | -4.8% |
| Mcf-Lino Lakes | 36,934 | 35,036 | 41,333 | 40,817 | 35,589 | 76,406 | 37 | 0.0% |
| Mcf-Shakopee | 13,687 | 12,524 | 13,659 | 14,220 | 14,205 | 28,425 | 2,242 | 8.6% |
| Mcf-Willow River | 2,980 | 2,634 | 2,774 | 2,757 | 2,757 | 5,514 | 106 | 2.0% |
| Mcf-Moose Lake | 26,399 | 24,301 | 25,158 | 24,468 | 24,365 | 48,833 | -626 | -1.3% |
| Mcf-Stillwater | 38,374 | 34,767 | 37,287 | 36,031 | 35,871 | 71,902 | -152 | -0.2% |
| Mcf-St Cloud | 29,138 | 27,545 | 29,743 | 26,998 | 26,861 | 53,859 | -3,429 | -6.0% |
| Mcf-Oak Park Heights | 22,502 | 28,335 | 19,627 | 19,394 | 19,341 | 38,735 | -9,227 | -19.2% |
| Mcf-Rush City | 19,546 | 15,799 | 21,208 | 23,343 | 23,343 | 46,686 | 9,679 | 26.2% |
| Health Care | 25,885 | 29,261 | 33,138 | 33,275 | 34,301 | 67,576 | 5,177 | 8.3% |
| Education | 435 | 2,712 | 3,400 | 3,421 | 3,421 | 6,842 | 730 | 11.9% |
| Institution Support Serv | 36,918 | 35,437 | 44,404 | 60,733 | 70,327 | 131,060 | 51,219 | 64.2% |
| Total | 285,360 | 280,494 | 304,081 | 316,247 | 320,957 | 637,204 | 52,629 | 9.0% |

Revenue by Type and Fund

Non Dedicated

| | | | | | | | | |
|------------------------|-----|-----|-----|-----|-----|-----|-----|--------|
| General | 227 | 274 | 218 | 218 | 218 | 436 | -56 | -11.4% |
| Subtotal Non Dedicated | 227 | 274 | 218 | 218 | 218 | 436 | -56 | -11.4% |

Dedicated

| | | | | | | | | |
|-------------------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|--------------|
| General | 207 | 34 | 0 | 0 | 0 | 0 | -34 | -100.0% |
| Special Revenue | 9,196 | 9,145 | 9,567 | 8,772 | 8,088 | 16,860 | -1,852 | -9.9% |
| Federal | 5,792 | 14,120 | 7,372 | 6,464 | 1,385 | 7,849 | -13,643 | -63.5% |
| Miscellaneous Agency | 23,410 | 26,017 | 24,236 | 24,236 | 24,236 | 48,472 | -1,781 | -3.5% |
| Gift | 92 | 11 | 21 | 20 | 20 | 40 | 8 | 25.0% |
| Correctional Industries | 21,185 | 22,829 | 26,720 | 28,620 | 29,520 | 58,140 | 8,591 | 17.3% |
| Subtotal Dedicated | 59,882 | 72,156 | 67,916 | 68,112 | 63,249 | 131,361 | -8,711 | -6.2% |
| Total Revenue | 60,109 | 72,430 | 68,134 | 68,330 | 63,467 | 131,797 | -8,767 | -6.2% |

| | | | | | |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Full-Time Equivalents (FTE) | 2,974.0 | 2,893.2 | 3,074.9 | 3,083.1 | 3,083.1 |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|

Program Description

The Juvenile Services Unit plans and directs the department's legislative, policy, and interagency collaboration initiatives relating to juveniles, operates a juvenile correctional facility and a juvenile residential program; manages the juvenile female program for girls committed to the commissioner of corrections; provides transition and aftercare services to all juveniles committed and/or placed in the commissioner's care; and provides training, technical assistance, and administers various subsidies and grants to counties.

Population Served

Juvenile offenders committed to the commissioner of corrections, or admitted to a facility by a court order, to complete a juvenile program.

Services Provided

This unit provides statewide leadership in developing juvenile corrections policy, legislative initiatives, special studies and reports, interagency partnerships and revenue generation strategies specifically with the departments of Human Services; Children, Families and Learning; and Health. It provides technical assistance and training to counties and other juvenile justice stakeholders. It also administers the state-committed female adolescent contract and various detention grants and subsidies programs to counties.

The MCF-Red Wing provides programming for serious, chronic juvenile male offenders including assessments, treatment planning, cognitive restructuring, cognitive skill building and life skills, restorative conferencing, education, chemical dependency, sex-offender treatment, and mental health services.

Thistledew Camp provides a three-month residential and a three-week adventure therapy program for juvenile males from ages 13 to 17. Both programs incorporate restorative justice and cognitive skill-building components. The three-month program places emphasis on educational programming and transition back to the community. Thistledew incorporates risk assessment into program planning and also provides mental health screening and rule 25 evaluations.

The Transition/Aftercare Unit provides services to youth discharged from the MCF-Red Wing, Thistledew Camp, and the juvenile female contracted residential program. This unit provides transitional planning, which includes: restorative conferencing, community reintegration, vocational placement and support, educational transition, support-system enhancements, aftercare, and as individual and family counseling.

Historical Perspective

In the last two bienniums the Juvenile Services Unit has gone through dramatic structural changes such that it now accounts for less than 4% of the agency budget. Most significant was the closing of the Sauk Centre facility and the assumption of its specialized programming of chemical dependency, sex offender treatment, and mental health services by the MCF-Red Wing. The closing of Sauk Centre also necessitated the action of contracting with a private facility for juvenile females committed to the commissioner of corrections. The unit also experienced the loss of the Youth Experience Alternatives Program at Camp Ripley. There have been several new initiatives in this unit. There has been the creation of a juvenile services transitional unit, a 10-bed challenge "Endeavors" program at Thistledew Camp, and the opening of the Berglin Mental Health Center at the MCF-Red Wing. The reorganization of the administrative support unit has also added responsibilities for developing statewide interagency initiatives with the departments of Children, Families and Learning; Human Services; and Health. This support unit also administers specific grants and subsidies with local units of government. The

Program at a Glance

1 Minnesota correctional facility located at:

- ◆ Red Wing

1 Residential facility:

- ◆ Thistledew Camp

Facility populations as of July 2002

- ◆ 237 juvenile males
- ◆ 4 juvenile females

Juvenile Services functions

- ◆ Contracted residential programming for state-commit juvenile females
- ◆ State interagency policy and collaboration initiatives
- ◆ Transition/aftercare services
- ◆ Technical assistance and mandated training
- ◆ Administration of special grants/subsidies

CORRECTIONS DEPT

Program: JUVENILE SERVICES

Narrative

MCF-Red Wing and contracted juvenile female program generate revenues of 65% of actual cost of confinement (per statute). Thistledeew Camp remains self-sufficient.

Program Funding

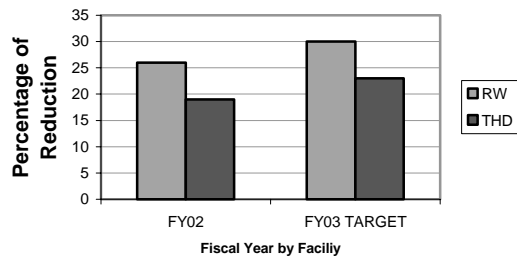
This program is primarily funded through General Fund appropriations.

Key Measures

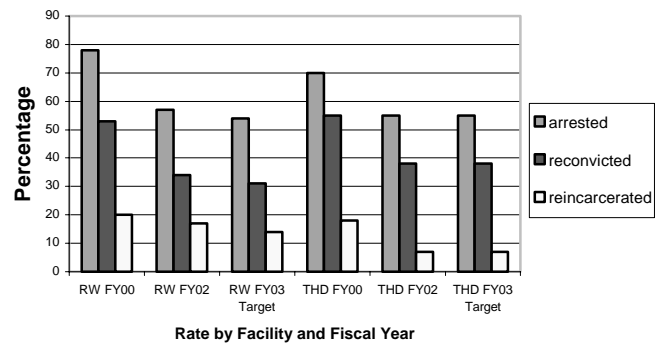
Goal: Community Safety

Key Measure: Reducing the risk of re-offending

Reduction in Risk Score Pre and Post
Youth Level of Service Inventory



Recidivism Rates



Contact

Department of Corrections
1450 Energy Park Drive, Suite 200
St. Paul, Minnesota 55108-5219

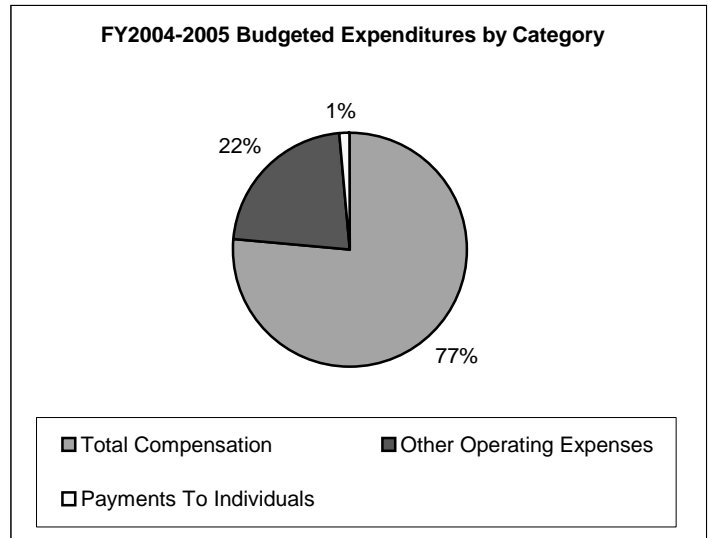
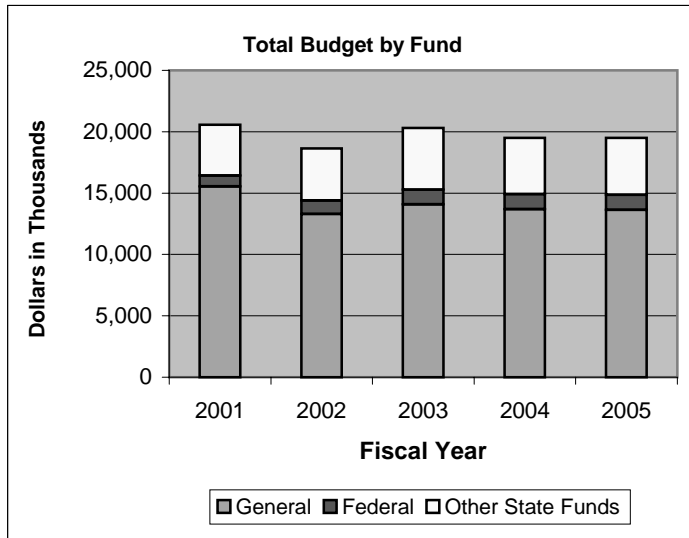
World Wide Web Home Page: <http://www.doc.state.mn.us>
Sheryl Ramstad Hvass, Commissioner
Phone (651) 642-0200, Fax (651) 642-0223

The department's strategic goals and progress achieved on each are located on the Minnesota State Government at Work web site www.departmentresults.state.mn.us under Corrections.

CORRECTIONS DEPT

Program: JUVENILE SERVICES

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 15,502 | 13,264 | 14,066 | 13,686 | 13,641 | 27,327 | -3 | 0.0% |
| Statutory Appropriations | | | | | | | | |
| General | 42 | 37 | 0 | 0 | 0 | 0 | -37 | -100.0% |
| Special Revenue | 3,938 | 4,062 | 4,800 | 4,354 | 4,406 | 8,760 | -102 | -1.2% |
| Federal | 876 | 1,082 | 1,223 | 1,223 | 1,221 | 2,444 | 139 | 6.0% |
| Miscellaneous Agency | 201 | 199 | 224 | 224 | 224 | 448 | 25 | 5.9% |
| Gift | 1 | 1 | 3 | 3 | 3 | 6 | 2 | 50.0% |
| Total | 20,560 | 18,645 | 20,316 | 19,490 | 19,495 | 38,985 | 24 | 0.1% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|-----------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 13,675 | 14,356 | 14,976 | 14,901 | 14,907 | 29,808 | 476 | 1.6% |
| Other Operating Expenses | 6,302 | 4,029 | 5,093 | 4,342 | 4,341 | 8,683 | -439 | -4.8% |
| Capital Outlay & Real Property | 302 | 2 | 0 | 0 | 0 | 0 | -2 | -100.0% |
| Payments To Individuals | 231 | 230 | 247 | 247 | 247 | 494 | 17 | 3.6% |
| Local Assistance | 50 | 28 | 0 | 0 | 0 | 0 | -28 | -100.0% |
| Total | 20,560 | 18,645 | 20,316 | 19,490 | 19,495 | 38,985 | 24 | 0.1% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|-----------|-------------|
| Expenditures by Activity | | | | | | | | |
| Mcf-Red Wing | 14,332 | 13,053 | 13,444 | 12,849 | 12,847 | 25,696 | -801 | -3.0% |
| Thistledeew Camp | 4,210 | 4,248 | 4,406 | 4,410 | 4,417 | 8,827 | 173 | 2.0% |
| Juvenile Support Services | 2,018 | 1,344 | 2,466 | 2,231 | 2,231 | 4,462 | 652 | 17.1% |
| Total | 20,560 | 18,645 | 20,316 | 19,490 | 19,495 | 38,985 | 24 | 0.1% |

CORRECTIONS DEPT

Program: JUVENILE SERVICES

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------------|--------------|---------------|---------------|---------------|---------------|---------------|-------------------|-------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Revenue by Type and Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Non Dedicated | | | | | | | | |
| General | 3 | 7,288 | 7,383 | 7,454 | 7,454 | 14,908 | 237 | 1.6% |
| Cambridge Deposit Fund | 4,951 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 4,954 | 7,288 | 7,383 | 7,454 | 7,454 | 14,908 | 237 | 1.6% |
| Dedicated | | | | | | | | |
| General | 42 | 37 | 0 | 0 | 0 | 0 | -37 | -100.0% |
| Special Revenue | 4,134 | 4,157 | 4,268 | 4,275 | 4,282 | 8,557 | 132 | 1.6% |
| Federal | 648 | 789 | 885 | 896 | 896 | 1,792 | 118 | 7.0% |
| Miscellaneous Agency | 211 | 207 | 224 | 224 | 224 | 448 | 17 | 3.9% |
| Gift | 1 | 1 | 3 | 3 | 3 | 6 | 2 | 50.0% |
| Subtotal Dedicated | 5,036 | 5,191 | 5,380 | 5,398 | 5,405 | 10,803 | 232 | 2.2% |
| Total Revenue | 9,990 | 12,479 | 12,763 | 12,852 | 12,859 | 25,711 | 469 | 1.9% |
| | | | | | | | | |
| Full-Time Equivalents (FTE) | 239.1 | 243.0 | 244.2 | 244.2 | 244.2 | | | |

Program Description

The Community Services program exists to provide a broad range of correctional services in the community directly by employees of the department or through the program's oversight of state grants and subsidies. The objectives of these services are to protect the public, control offender criminal behavior, assist offenders in development of skills necessary to function in the community, provide fiscal accountability, and ensure compliance with standards governing the operation of local correctional facilities.

Population Served

This program serves offenders under community supervision. Additionally, this program has regular contact with correctional professionals on the local and national level, elected officials, courts, treatment providers, and the community at large.

Services Provided

The Field Services Unit is responsible for all Department of Corrections (DOC) programs providing direct services to offenders in the community. The Probation and Supervised Release activity of this program provides community supervision services to offenders in 56 counties not organized under the Community Corrections Act. These services are provided to adult felons in 56 counties and to adult misdemeanants and juveniles in 27 counties and include investigation services for the courts and the Department's Hearings and Release Unit. Agents of the DOC supervise monthly caseloads of approximately 20,000 adult and juvenile offenders, of which 90% are on court-ordered probation with the remainder on supervised release. The Intensive Supervision Program provides community supervision to the most serious offenders released from prison with face-to-face contacts, electronic monitoring, mandatory work or school, curfews, and random drug testing. Sentencing to Service (STS) provides a very specific sentencing option to the courts for non-dangerous offenders in lieu of, or in conjunction with, jail. The Institution Community Work Crew (ICWC) program provides supervised community work crews for select minimum-security inmates at the end of their institutional stay. The Affordable Housing Program, part of ICWC, utilizes minimum-security inmates to build homes for low-income families while teaching a marketable skill. Work Release provides a structured transition period for offenders returning to the community up to eight months prior to their scheduled release date. The program contracts with public and private agencies for residential work release services. The community phases of the Challenge Incarceration Program include intensive community supervision by specially trained agents, drug testing, electronic monitoring, chemical dependency counseling and other treatment programs.

The Administrative Services Unit of this program has four distinct and different functions. The Sex Offender/Chemical Dependency Services activity is responsible for a multifaceted system for the management of sex offenders that includes implementation of community notification, increased and improved treatment both in prison and in the community, development and monitoring of treatment standards, civil commitment referrals, and training and collaboration with the Department of Human Services (DHS) on the highest-risk sex offender. The Grants and Subsidies activity is responsible for administration and monitoring of all state funds appropriated for the delivery of correctional services in the community including direct subsidies, grants, contracts, or reimbursements.

Program at a Glance

Community Services Functions:

- ◆ Probation and Supervised Release
- ◆ (56 Non-CCA Counties)
- ◆ Intensive Supervision Program
- ◆ Sentencing to Service (STS) Program
- ◆ Work Release
- ◆ Affordable Housing Building Program
- ◆ CIP – Phases 2 & 3 Supervision
- ◆ Sex Offender/Chemical Dependency Services
- ◆ Interstate Compacts
- ◆ Facilities Licensing & Inspection
- ◆ Grants, Contracts & Subsidy Administration
- ◆ Program Support & Evaluation
- ◆ Technical Assistance
- ◆ Restorative Justice
- ◆ Jail Resource Center
- ◆ Female Offender Planning Unit

Offenders under community supervision as of January 1, 2002:

- ◆ 130,000 offenders on probation, supervised release, and parole statewide
- ◆ 20,000 offenders supervised by the Corrections Department; others supervised locally

Grant programs:

- ◆ Funds administered to partnerships that have been developed between state, county and nonprofit agencies to provide correctional services for adult and juvenile offenders

The Interstate Compact activity is responsible for administering adult and juvenile interstate compacts, which allow for the orderly transfer of probation and parole supervision to and from the state. This activity also is responsible for the return of juvenile runaways, escapees, absconders, and minors taken across state lines by non-custodial persons. The Licensing and Inspection activity is responsible for licensing all local correctional facilities in Minnesota and the certification of all out-of-state juvenile facilities that accept delinquent youth from Minnesota. This unit enforces standards, investigates complaints/unusual occurrences, and provides technical assistance to these facilities. In addition, the director of this unit provides overall coordination of division activity, assistance to the deputy commissioner, and acts as the division's legislative liaison.

The Research and Technical Assistance unit ensures that the foundational base, from which the department and other criminal justice agencies operate, is anchored in sound data and best practices. The research activity of this unit is responsible for providing multiple stakeholders, including the legislature, the federal government, department administration, staff, and the public with accurate data and comprehensive reports essential to funding, policy and program decision-making. The research unit also has responsibility for establishing key outcomes and evaluating program effectiveness including establishing a standardized and meaningful method for tracking recidivism across Minnesota. Federal law requires all research on offenders meet ethical human subject guidelines. The research activity fulfills this obligation by managing all research on offenders under state jurisdiction. The technical assistance activity of this unit provides information to the legislature and department administration as well as training to a variety of criminal justice organizations such as correctional facilities and field staff, county corrections staff, and sheriff/jail staff on effective offender intervention. The technical assistance activity brings together local service providers for collaboration, exchange of information, and to reduce redundancies in service delivery.

Program Funding

This program is primarily funded through General Fund appropriations.

Historical Perspective

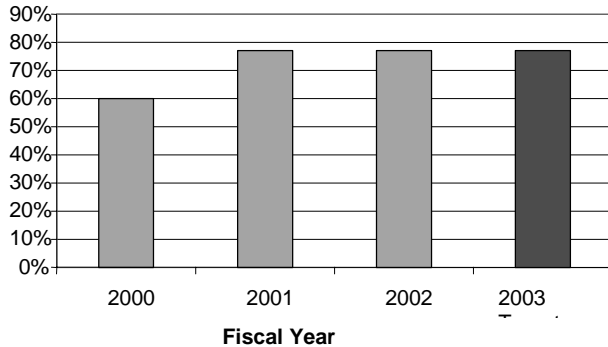
The number of offenders under supervision in the community has grown steadily over the past decade, from 80,000 in 1992 to over 130,000 today. Activities required of probation officers have grown as well. Since 1992 greater emphasis has been placed on the supervision and programming of sex offenders. Some activities added over the past 10 years are sex offender registration, notification, and enhanced supervision programs. The Intensive Supervision Program has more than doubled since its inception in 1991.

DOC grants, contracts, and subsidies amounted to approximately \$32.4 million in 1992 and were administered by staff in numerous units throughout the department. In March of 1999, grants administration was merged into one unit, and total funds administered today have grown to over \$73.5 million. The Interstate Compact was enacted into law in 1939. During the 2002 legislature a new compact was enacted. In July of 1994 Minnesota was supervising approximately 1,500 offenders for other states and had approximately 1,000 Minnesota offenders in other states. In July of 2002 Minnesota was supervising over 2,500 offenders for other states and had over 2,300 of its offenders in other states. In the Sex Offender Services activity the addition of community notification, risk level assessment, a level III web site, DOC/DHS collaboration, and treatment research have all been added responsibilities.

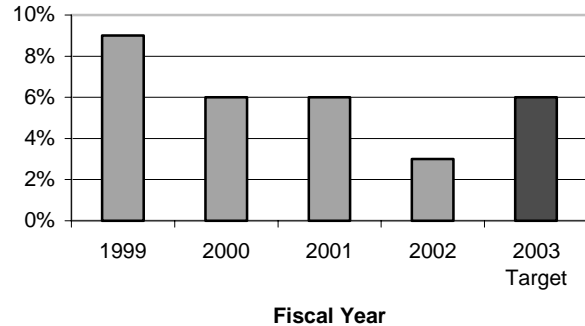
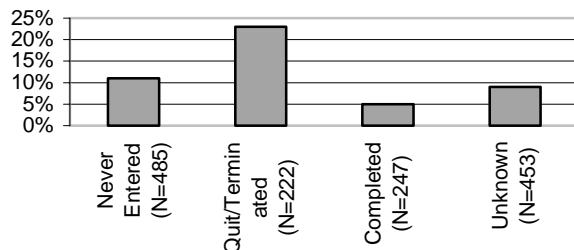
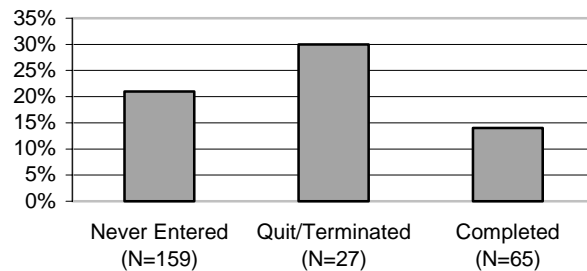
In the fall of 2002 the Research and Technical Assistance activities of the department were consolidated into one unit to promote best practices within the state and respond to the ever-increasing demand of the legislature for information, data, and result-based evaluations.

Key Measures

Offenders satisfying court-ordered restitution



Percent of Offenders reconvicted of a felony while under supervision

Sex Offender Treatment Recidivism
Probation 2002 UpdateSex Offender Treatment and Recidivism
Prison Update 2002

- * This sample consists of all sex offenders placed on probation in Minnesota in 1987, 1989, and 1992
- * Re-offense checks done in June 2002; time at risk ranges from 9-15 years

- * This is the sample originally studied by the Legislative Auditor in 1997 report on Recidivism of Adult Felons
- * All sex offenders released from the DOC in 1992, except for female offenders and offenders civilly committed as Psychopathic Personalities
- * Offenders who entered treatment were more likely to have a prior sex offense felony than those who never entered (38% vs 17%).

Contact

Department of Corrections
1450 Energy Park Drive, Suite 200
St. Paul, Minnesota 55108-5219

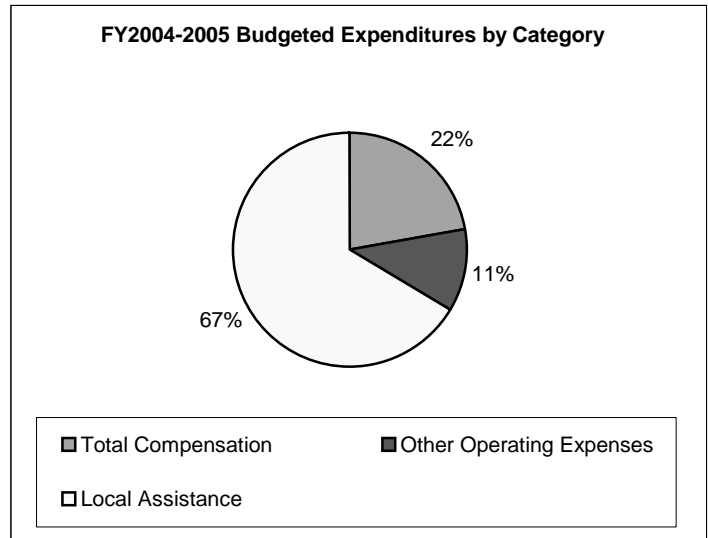
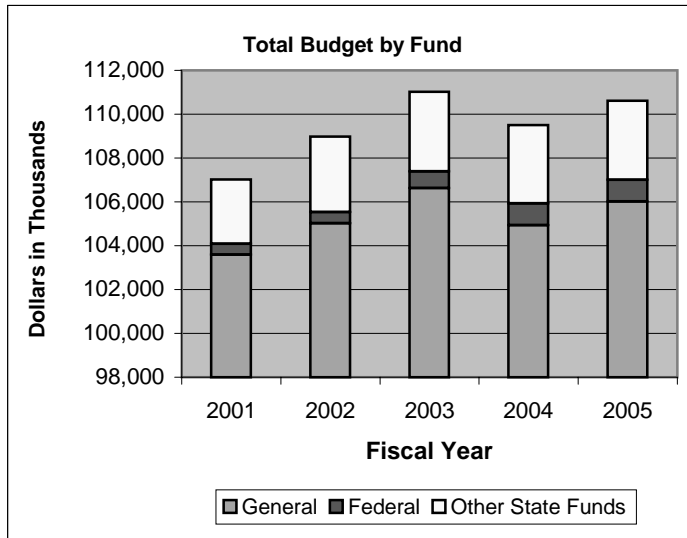
World Wide Web Home Page: <http://www.doc.state.mn.us>
Sheryl Ramstad Hvass, Commissioner
Phone: (651) 642-0200, Fax: (651) 642-0223

The department's strategic goals and progress achieved on each are located on the Minnesota State Government at Work web site www.departmentresults.state.mn.us under Corrections.

CORRECTIONS DEPT

Program: COMMUNITY SERVICES

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|-------------------|-------------------|
| | Actual | Actual | Budgeted | Base | | Biennium | Biennial Change | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | 2004-05 / 2002-03 | Dollars Percent |
| Direct Appropriations | | | | | | | | |
| General | 103,571 | 105,011 | 106,624 | 104,932 | 106,019 | 210,951 | -684 | -0.3% |
| Statutory Appropriations | | | | | | | | |
| General | 17 | 4 | 0 | 0 | 0 | 0 | -4 | -100.0% |
| Special Revenue | 2,619 | 3,113 | 3,291 | 3,236 | 3,261 | 6,497 | 93 | 1.5% |
| Federal | 501 | 518 | 768 | 998 | 995 | 1,993 | 707 | 55.0% |
| Miscellaneous Agency | 302 | 323 | 335 | 335 | 335 | 670 | 12 | 1.8% |
| Gift | 9 | 3 | 0 | 0 | 0 | 0 | -3 | -100.0% |
| Total | 107,019 | 108,972 | 111,018 | 109,501 | 110,610 | 220,111 | 121 | 0.1% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|------------|-------------|
| Total Compensation | 21,615 | 22,444 | 24,161 | 24,469 | 24,469 | 48,938 | 2,333 | 5.0% |
| Other Operating Expenses | 11,890 | 10,482 | 10,826 | 11,938 | 13,047 | 24,985 | 3,677 | 17.3% |
| Payments To Individuals | 328 | 323 | 335 | 335 | 335 | 670 | 12 | 1.8% |
| Local Assistance | 73,186 | 75,723 | 75,696 | 72,759 | 72,759 | 145,518 | -5,901 | -3.9% |
| Total | 107,019 | 108,972 | 111,018 | 109,501 | 110,610 | 220,111 | 121 | 0.1% |

| Expenditures by Activity | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|------------|-------------|
| Probation & Supervised Release | 15,517 | 15,548 | 17,146 | 17,862 | 18,946 | 36,808 | 4,114 | 12.6% |
| Special Supervision | 4,615 | 4,930 | 5,432 | 5,948 | 5,948 | 11,896 | 1,534 | 14.8% |
| Community Programs | 4,949 | 4,583 | 4,183 | 4,622 | 4,622 | 9,244 | 478 | 5.5% |
| Sentencing To Service | 6,314 | 6,499 | 6,750 | 6,794 | 6,794 | 13,588 | 339 | 2.6% |
| Facilities Licensing & Inspect | 1,982 | 1,906 | 2,042 | 1,963 | 1,988 | 3,951 | 3 | 0.1% |
| Pass Thru Grants & Subsidies | 72,500 | 74,420 | 74,084 | 70,988 | 70,988 | 141,976 | -6,528 | -4.4% |
| Program Support & Evaluation | 1,142 | 1,086 | 1,381 | 1,324 | 1,324 | 2,648 | 181 | 7.3% |
| Total | 107,019 | 108,972 | 111,018 | 109,501 | 110,610 | 220,111 | 121 | 0.1% |

CORRECTIONS DEPT

Program: COMMUNITY SERVICES

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|-------------------|-------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Revenue by Type and Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Non Dedicated | | | | | | | | |
| General | 0 | 3,235 | 3,370 | 3,370 | 3,370 | 6,740 | 135 | 2.0% |
| Cambridge Deposit Fund | 3,111 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 3,111 | 3,235 | 3,370 | 3,370 | 3,370 | 6,740 | 135 | 2.0% |
| Dedicated | | | | | | | | |
| General | 17 | 4 | 0 | 0 | 0 | 0 | -4 | -100.0% |
| Special Revenue | 2,322 | 3,732 | 3,128 | 3,116 | 3,131 | 6,247 | -613 | -8.9% |
| Federal | 896 | 749 | 1,163 | 1,399 | 1,399 | 2,798 | 886 | 46.3% |
| Miscellaneous Agency | 259 | 299 | 335 | 335 | 335 | 670 | 36 | 5.7% |
| Gift | 2 | 1 | 1 | 1 | 1 | 2 | 0 | 0.0% |
| Subtotal Dedicated | 3,496 | 4,785 | 4,627 | 4,851 | 4,866 | 9,717 | 305 | 3.2% |
| Total Revenue | 6,607 | 8,020 | 7,997 | 8,221 | 8,236 | 16,457 | 440 | 2.7% |
| Full-Time Equivalents (FTE) | 395.8 | 403.5 | 422.5 | 426.3 | 426.3 | | | |

Program Description

The Operations Support Unit provides direction and support that contributes to consistency across agency functions and enables all programs to accomplish the department's mission.

Population Served

Each Minnesota correctional facility and all field service offices are served by this unit as are all of the department's employees. All offenders are served by providing offender account services, adult and juvenile revocation hearings, offender policies, offender records, offender claim processing, and offender discipline review.

Services Provided

Support Services establishes the mission and major policy for the department and provides executive leadership. It also includes the Office of Diversity.

Policy and Legal Services is responsible for conducting offender hearings, developing policy, and providing direction and technical assistance on legal issues.

The Interagency Management Unit manages projects crossing local, state, and national criminal justice entities. Responsibilities include developing, piloting, and implementing the Statewide Supervision System (SSS) for probation and detention. Additionally, the unit develops integrated criminal justice information in collaboration with other state criminal justice agencies (CriMNet). Specific agency planning efforts, such as adult prison population projections and per diem reduction plans are also the responsibility of this unit.

Financial Services monitors and measures all fiscal activity within the department and reports the economic effect to managers and employees. It collects, classifies, records, and summarizes financial transactions and data. A primary responsibility is to provide managers with information necessary for planning and controlling operations on a day-to-day basis. This unit also provides offender account services.

Office Services provides support services to both central office and field services. These services include telecommunications, coordination of motor pool vehicle usage, physical plant and staff security, courier services, specialized forms, mail processing, printing and duplicating services, receptionist services, space planning, and maintenance of and improvements to the building.

Human Resources provides staffing, labor relations, management consultation and employee programs for the department. The primary goal is to partner with management in the recruitment, selection, management, and retention of a high-quality and diverse workforce. Services provided by the unit include recruitment, hiring assistance, job classification, benefit administration, labor contract negotiation and administration, supervisor training, affirmative action support, and human resource information systems. Employee Development provides pre-service and in-service training designed to develop and maintain employee skill levels.

Information Technology is responsible for supporting the department's mission by providing computerized data processing services to department operational and management staff.

Program Funding

This program is primarily funded through General Fund appropriations.

Historical Perspective

This unit has worked diligently the past three years to focus on system reengineering through shared services and/or centralization for cost-containment. The Human Resource Unit has been centralized. Financial Services

Program at a Glance

Management Services Functions:

- ◆ Support Services
- ◆ Policy and Legal Services
- ◆ Interagency Management Unit
- ◆ Financial Services
- ◆ Office Services
- ◆ Human Resources
- ◆ Employee Development
- ◆ Information Technology

Number of Employees as of July 2002:

- ◆ 3,716

Number of Offenders as of July 2002:

- ◆ 7,212 adults and juveniles

and Information Technology are sharing services department wide. Employee Development is the next unit to be centralized and this will take place over a two-year period. This reengineering process has created efficiencies and reduced a number of positions in this unit.

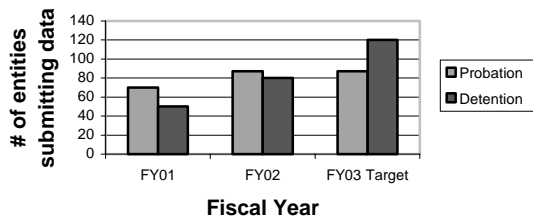
Key Measures

Goal: Operational Effectiveness

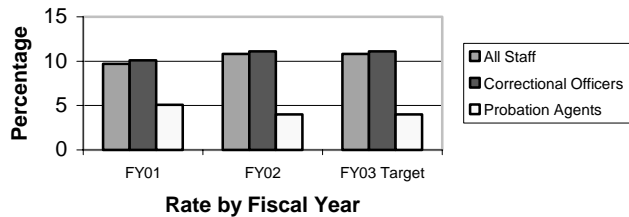
Key Measures: Improve/standardize data systems and practices

Maintain a diverse, well-trained staff

Use of Statewide Supervision System



Staff Turnover Rates



Contact

Department of Corrections
1450 Energy Park Drive, Suite 200
St. Paul, Minnesota 55108-5219

World Wide Web Home Page: <http://www.doc.state.mn.us>

Sheryl Ramstad Hvass, Commissioner

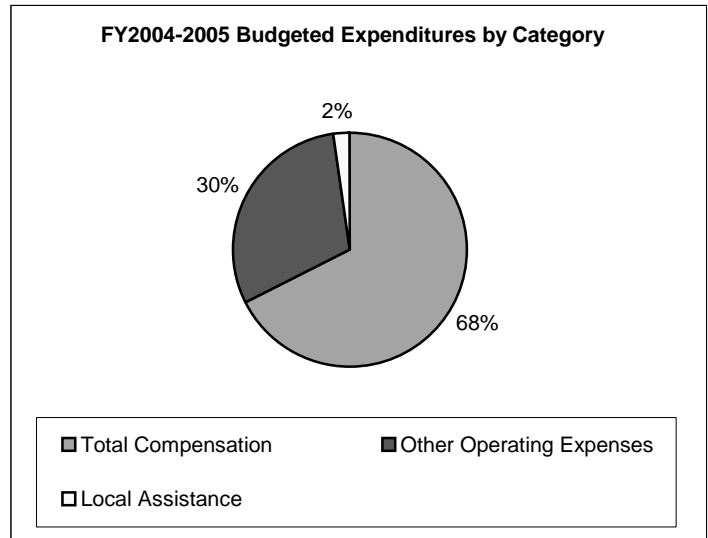
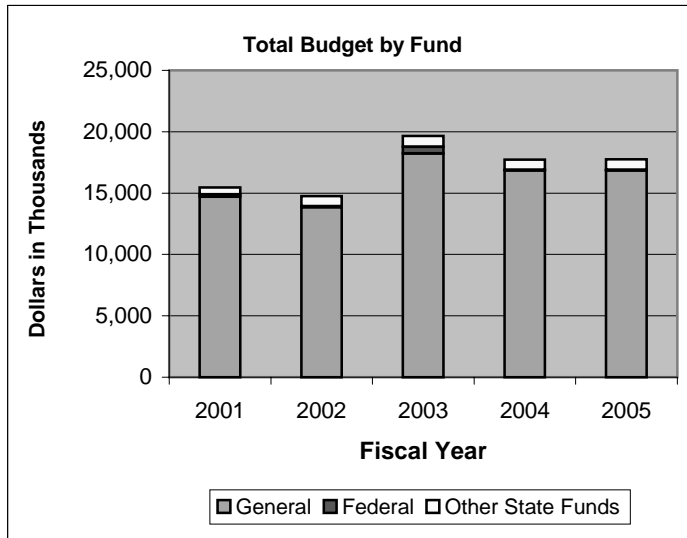
Phone: (651) 642-0200, Fax: (651) 642-0223

The department's strategic goals and progress achieved on each are located on the Minnesota State Government at Work web site www.departmentresults.state.mn.us under Corrections.

CORRECTIONS DEPT

Program: OPERATIONS SUPPORT

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 13,958 | 13,831 | 18,227 | 16,843 | 16,843 | 33,686 | 1,628 | 5.1% |
| Statutory Appropriations | | | | | | | | |
| General | 739 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Special Revenue | 580 | 843 | 891 | 840 | 878 | 1,718 | -16 | -0.9% |
| Federal | 194 | 92 | 539 | 39 | 39 | 78 | -553 | -87.6% |
| Total | 15,471 | 14,766 | 19,657 | 17,722 | 17,760 | 35,482 | 1,059 | 3.1% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 7,327 | 9,759 | 12,248 | 11,957 | 11,957 | 23,914 | 1,907 | 8.7% |
| Other Operating Expenses | 7,405 | 4,934 | 7,009 | 5,365 | 5,403 | 10,768 | -1,175 | -9.8% |
| Local Assistance | 739 | 73 | 400 | 400 | 400 | 800 | 327 | 69.1% |
| Total | 15,471 | 14,766 | 19,657 | 17,722 | 17,760 | 35,482 | 1,059 | 3.1% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|-------------|
| Expenditures by Activity | | | | | | | | |
| Support Services | 1,338 | 1,318 | 1,466 | 1,466 | 1,466 | 2,932 | 148 | 5.3% |
| Policy And Legal Services | 2,207 | 1,779 | 2,508 | 2,301 | 2,301 | 4,602 | 315 | 7.3% |
| Inter Agency Unit | 1,533 | 802 | 2,124 | 1,181 | 1,181 | 2,362 | -564 | -19.3% |
| Financial Services | 1,297 | 1,472 | 1,521 | 1,510 | 1,510 | 3,020 | 27 | 0.9% |
| Office Services | 2,415 | 1,972 | 2,156 | 2,147 | 2,185 | 4,332 | 204 | 4.9% |
| Human Resources | 1,411 | 1,451 | 2,873 | 2,735 | 2,735 | 5,470 | 1,146 | 26.5% |
| Employee Development | 685 | 639 | 755 | 715 | 715 | 1,430 | 36 | 2.6% |
| Information Technology | 4,585 | 5,333 | 6,254 | 5,667 | 5,667 | 11,334 | -253 | -2.2% |
| Total | 15,471 | 14,766 | 19,657 | 17,722 | 17,760 | 35,482 | 1,059 | 3.1% |

CORRECTIONS DEPT

Program: OPERATIONS SUPPORT

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|------------|-------------------|---------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Revenue by Type and Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Non Dedicated | | | | | | | | |
| General | 5 | 18 | 3 | 3 | 3 | 6 | -15 | -71.4% |
| Subtotal Non Dedicated | 5 | 18 | 3 | 3 | 3 | 6 | -15 | -71.4% |
| Dedicated | | | | | | | | |
| General | 800 | 0 | 0 | 0 | 0 | 0 | 0 | n.m. |
| Special Revenue | 26 | 7 | 10 | 10 | 10 | 20 | 3 | 17.6% |
| Federal | 194 | 92 | 539 | 39 | 39 | 78 | -553 | -87.6% |
| Subtotal Dedicated | 1,020 | 99 | 549 | 49 | 49 | 98 | -550 | -84.9% |
| Total Revenue | 1,025 | 117 | 552 | 52 | 52 | 104 | -565 | -84.5% |
| | | | | | | | | |
| Full-Time Equivalents (FTE) | 116.1 | 155.0 | 182.8 | 179.6 | 179.6 | | | |

Agency Purpose

Minnesota's Court of Appeals is the state's intermediate appellate court, providing citizens with prompt and deliberate review of final decisions of the trial courts, state agencies and local governments.

This error-correcting court hears and decides cases in three-judge panels.

- ⇒ **Mission:** To provide the people with impartial, clear, and timely appellate decisions made according to law.
- ⇒ **Vision:** To be an accessible intermediate appellate court that renders justice under the law fairly and expeditiously through clear, well-reasoned decisions and promotes cooperative effort, innovation, diversity, and the professional and personal growth of all personnel.

Core Functions

The Court of Appeals has jurisdiction over all final decisions of the district court, except first-degree murder convictions, which are appealed directly to the Supreme Court. The Court of Appeals has jurisdiction to review interlocutory decisions, administrative agency decisions, and rules and decisions of the Commissioner of Economic Security.

In support of these core functions, the Court of Appeals:

- ⇒ Manages its cases to ensure prompt resolution within the statutory 90-day time limitation from oral argument to decision.
- ⇒ Enhances the knowledge and skills of its staff by regular training.
- ⇒ Explores the use of technology to improve its ability to provide timely and effective access to the court.

Operations

Through its decisions and administration, the Court of Appeals has an impact on all Minnesotans.

In their adjudicative roles, the judges of the Court of Appeals are assisted by law clerks. Administratively, they are assisted by the Chief Attorney's Office and the State Court Administrator's Office.

The Court of Appeals hears cases throughout the state as well as in St. Paul. The court has installed interactive video as an additional measure to provide timely access.

The Court of Appeals issues a published opinion, unpublished opinion, or order opinion on each case it considers. The judges also share responsibility for hundreds of special term opinions, orders on motions, and petitions filed with the court.

With the assistance of a computerized case management system, the court monitors the progress of every appeal to ensure that there are no unnecessary delays in processing. The court demonstrates the value of aggressive, hands-on management of its cases.

Budget

The Court of Appeals is funded 100% from General Fund direct appropriations.

At A Glance

- ⇒ The Court of Appeals has 16 judges and considers more than 2,000 appeals each year.
- ⇒ By law, the court must issue a decision within 90 days after oral arguments – the shortest deadline imposed on any appellate court in the nation.
- ⇒ The court expedites decisions on child protection cases, child custody cases, mental health commitments, and other requested matters.
- ⇒ Court of Appeals' decisions are the final ruling in about 95% of the appeals filed each year.
- ⇒ The Court of Appeals operates in a constantly changing environment.
 - ◆ Laws, case types and legal sanctions change annually.
 - ◆ Caseload volume is determined by the trial courts and by other branches of government.
- ⇒ The Minnesota Courts regularly review their effectiveness by monitoring:
 - ◆ Case filing trends
 - ◆ Case clearance rates
 - ◆ Elapsed case time from filing to disposition

Costs of non-judicial personnel use 46% of the resources of the Court of Appeals. Another 34% goes to the personnel costs of the judicial personnel. The remaining 20% is for operations (including items such as legal research materials and supplies.)

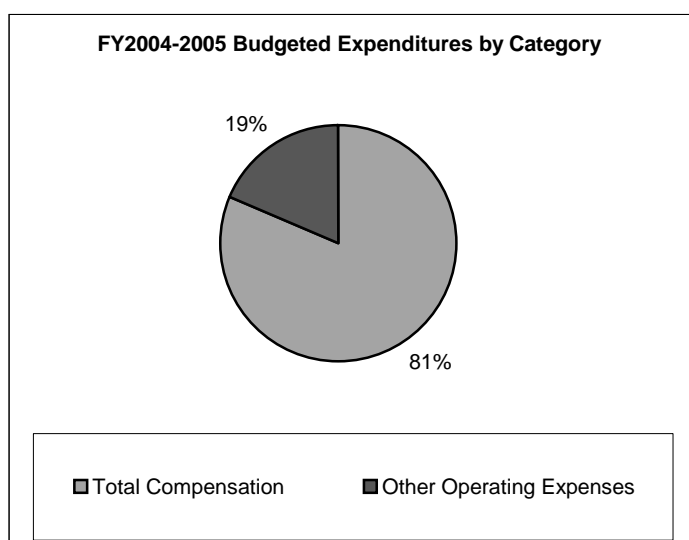
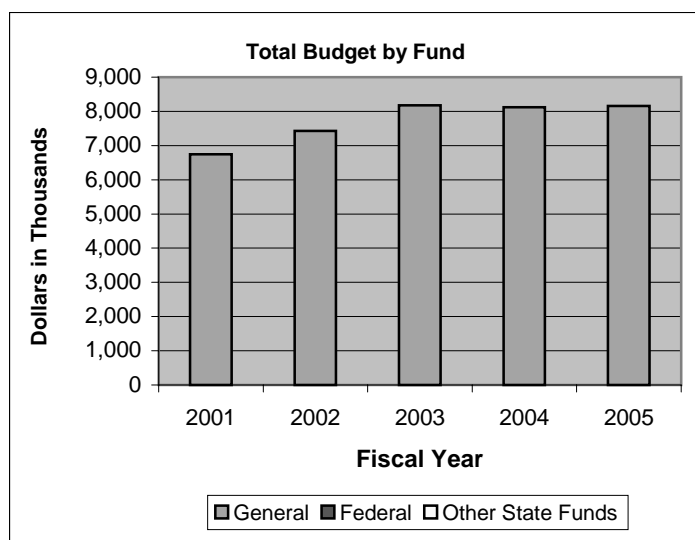
The Court of Appeals has 84.25 FTEs.

Contact

Minnesota Court of Appeals
Minnesota Judicial Center
25 Constitution Avenue
St. Paul, Minnesota 55155

Sue Dosal
State Court Administrator
Phone: (651) 296-2474
Fax: (651) 297-5636

Home page: <http://www.courts.state.mn.us>



| <i>Dollars in Thousands</i> | | | | | | | | |
|------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|-------------------|-------------|
| | Actual | Actual | Budgeted | Base | | Biennium | Biennial Change | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | 2004-05 / 2002-03 | |
| | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 6,749 | 7,429 | 8,178 | 8,119 | 8,160 | 16,279 | 672 | 4.3% |
| Total | 6,749 | 7,429 | 8,178 | 8,119 | 8,160 | 16,279 | 672 | 4.3% |

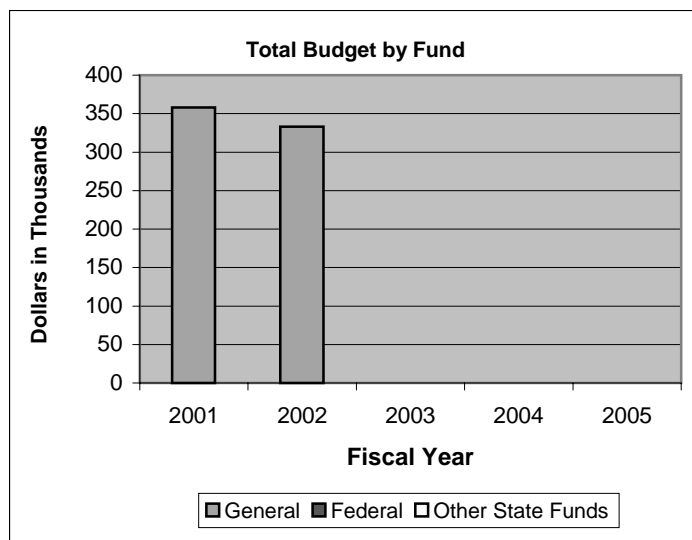
| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 5,276 | 6,047 | 6,523 | 6,602 | 6,643 | 13,245 | 675 | 5.4% |
| Other Operating Expenses | 1,473 | 1,382 | 1,655 | 1,517 | 1,517 | 3,034 | -3 | -0.1% |
| Total | 6,749 | 7,429 | 8,178 | 8,119 | 8,160 | 16,279 | 672 | 4.3% |

| | | | | | | | | |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|------------|-------------|
| Expenditures by Program | | | | | | | | |
| Court Of Appeals | 6,749 | 7,429 | 8,178 | 8,119 | 8,160 | 16,279 | 672 | 4.3% |
| Total | 6,749 | 7,429 | 8,178 | 8,119 | 8,160 | 16,279 | 672 | 4.3% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 82.9 | 84.4 | 83.8 | 83.8 | 83.8 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

Agency Purpose

The separate Office of the Crime Victims Ombudsman was eliminated effective July 1, 2002, and funding originally appropriated to it for FY 03 was eliminated under legislation passed during the 2002 session. The legislation moved the functions of this Office to the Department of Public Safety under the Crime Victims Oversight Act. Subsequent to those actions, Reorganization Order No. 184 was issued with the approval of the Governor to move these functions to the Ombudsman for Mental Health and Mental Retardation in July 2002. A more detailed description of these functions is found under that agency's program profiles. Fiscal data through FY 02 is included under this agency profile.



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------|--------------------------|--------------------------|----------------------------|------------------------|---------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 358 | 333 | 0 | 0 | 0 | 0 | -333 | -100.0% |
| Total | 358 | 333 | 0 | 0 | 0 | 0 | -333 | -100.0% |

| | | | | | | | | |
|---------------------------------|------------|------------|----------|----------|----------|----------|-------------|----------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 292 | 275 | 0 | 0 | 0 | 0 | -275 | -100.0% |
| Other Operating Expenses | 66 | 58 | 0 | 0 | 0 | 0 | -58 | -100.0% |
| Total | 358 | 333 | 0 | 0 | 0 | 0 | -333 | -100.0% |

| | | | | | | | | |
|--------------------------------|------------|------------|----------|----------|----------|----------|-------------|----------------|
| Expenditures by Program | | | | | | | | |
| Crime Victims Ombudsman | 358 | 333 | 0 | 0 | 0 | 0 | -333 | -100.0% |
| Total | 358 | 333 | 0 | 0 | 0 | 0 | -333 | -100.0% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 5.4 | 4.0 | 0.0 | 0.0 | 0.0 |
|------------------------------------|------------|------------|------------|------------|------------|

Agency Purpose

Minnesota Statute 150A and Minnesota Rules chapter 3100 provide the Minnesota Board of Dentistry responsibility to act as the official licensure agency for dental professionals (dentists, hygienists, and dental assistants) whose fitness to practice has been tested, and whose training and other qualifications meet the specifications established by the legislature and the board.

The mission of the board is:

- ◆ to ensure that Minnesota citizens receive quality dental health care from competent dental health professionals;
- ◆ to protect the public at large by issuing licenses/registrations only to those who meet the minimum standards of practice;
- ◆ to provide timely and impartial resolution of complaints filed against dental professionals; and
- ◆ to demonstrate competency of regulated dental professionals through establishing and monitoring continuing education standards.

Core Functions

The purpose of the board is to protect the public by ensuring that licensed dental professionals comply by the board's rules and practice in a professional, legal, and ethical manner. The core functions are:

- ◆ regulating the dental professionals in Minnesota;
- ◆ establishing minimum standards for licensure/registration;
- ◆ ensuring that those who hold a professional dental credential from the board continue to meet those standards throughout the time they hold the credential;
- ◆ identifying those who fail to maintain the minimum standards needed to render quality care to patients safely;
- ◆ taking timely and appropriate disciplinary or corrective action when warranted; and
- ◆ providing accurate and current information to the public to enable them to make informed decisions about their dental health care.

Operations

- ⇒ The board consists of nine members appointed by the governor: five dentists, one dental hygienist, one registered dental assistant, and two public members.
- ⇒ The full board normally meets five times per year. The board also appoints several committees (e.g., executive, complaint, licensure by credentials, policy) that meet as needed.
- ⇒ The board benefits and affects the public by ensuring that dental professionals meet and maintain minimum standards of competence and practice.

Budget

Total direct and indirect expenses for FY 2002-03 biennium are \$2.634 million. The board staff includes 9.5 full-time equivalent employees.

Of the total budget for the FY 2002-03 biennium, \$2.205 million is collected as non-dedicated revenue that is deposited into the state government special revenue fund. The board collects fees charged to applicants, licensees, continuing education sponsors and professional corporations. The board is responsible to collect enough revenue to recover all direct and indirect costs.

At A Glance

Biennial Budget – FY 2002-03:

Total Expenses: \$2.634 million

Total Revenues: \$2.205 million

Staff: 9.50 Full-time equivalent employees

MN Board of Dentistry Statistics

(As of June 30, 2002):

Total Licensed: 11,975

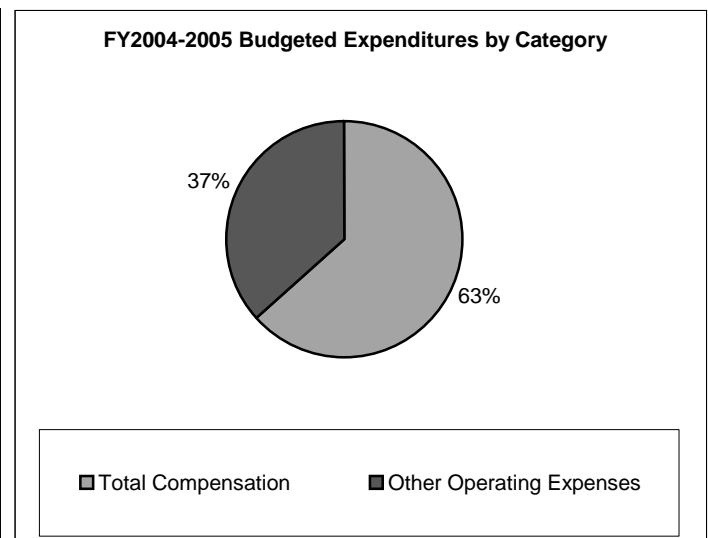
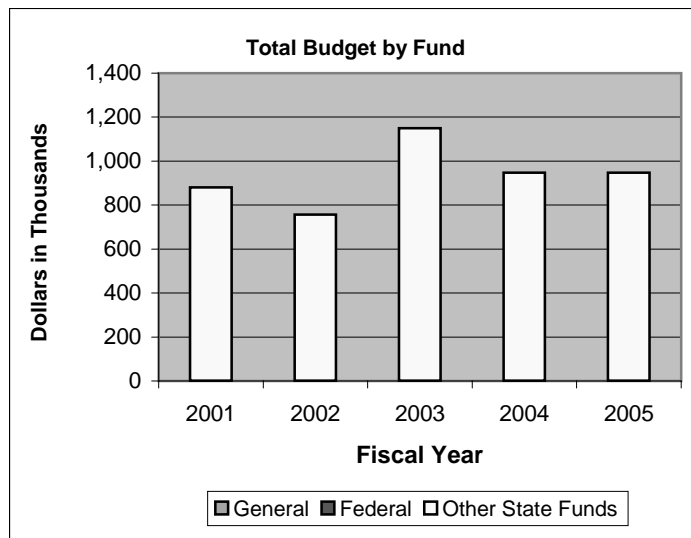
The board is responsible for the costs of services received from the Attorney General's Office, Health Professional Services Program, Department of Health HIV/HBV/HCV program and the Administrative Services Unit. A direct appropriation is given to each of these programs from the state government special revenue fund. The board must ensure that sufficient revenue is collected through its fees to fund their portion of these programs costs.

Contact

Minnesota Board of Dentistry
2829 University Avenue Southeast, Suite 450
Minneapolis, Minnesota 55414

The website at: <http://www.dentalboard.state.mn.us/> gives visitors easy access to useful information about Dentistry. Types of information available through the website include; regulatory news and updates, rules and Minnesota statutes, public notices and forms.

Marshall Shragg, Executive Director
E-mail: Marshall.Shragg@state.mn.us
Phone: (612) 617-2250
Fax: (612) 617-2260



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|----------------------------------|---------------|---------------|-----------------|---------------|-----------------|----------------|--------------------------|----------------|
| | Actual | Actual | Budgeted | Base | Biennium | | 2004-05 / 2002-03 | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| State Government Special Revenue | 859 | 744 | 1,060 | 858 | 858 | 1,716 | -88 | -4.9% |
| Health Care Access | 0 | 0 | 75 | 75 | 75 | 150 | 75 | 100.0% |
| Open Appropriations | | | | | | | | |
| State Government Special Revenue | 22 | 13 | 15 | 15 | 15 | 30 | 2 | 7.1% |
| Total | 881 | 757 | 1,150 | 948 | 948 | 1,896 | -11 | -0.6% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|------------|------------|--------------|------------|------------|--------------|------------|--------------|
| Total Compensation | 478 | 488 | 603 | 587 | 616 | 1,203 | 112 | 10.3% |
| Other Operating Expenses | 403 | 269 | 547 | 361 | 332 | 693 | -123 | -15.1% |
| Total | 881 | 757 | 1,150 | 948 | 948 | 1,896 | -11 | -0.6% |

| Expenditures by Program | | | | | | | | |
|--------------------------------|------------|------------|--------------|------------|------------|--------------|------------|--------------|
| Dentistry, Board Of | 881 | 757 | 1,150 | 948 | 948 | 1,896 | -11 | -0.6% |
| Total | 881 | 757 | 1,150 | 948 | 948 | 1,896 | -11 | -0.6% |

| Revenue by Type and Fund | | | | | | | | |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------|-------------|
| Non Dedicated | | | | | | | | |
| State Government Special Revenue | 1,119 | 1,111 | 1,094 | 1,134 | 1,162 | 2,296 | 91 | 4.1% |
| Subtotal Non Dedicated | 1,119 | 1,111 | 1,094 | 1,134 | 1,162 | 2,296 | 91 | 4.1% |
| Total Revenue | 1,119 | 1,111 | 1,094 | 1,134 | 1,162 | 2,296 | 91 | 4.1% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 8.6 | 8.8 | 8.8 | 8.8 | 8.8 |
|------------------------------------|------------|------------|------------|------------|------------|

Agency Purpose

Minnesota Statutes 148.621 – 148.633 and Minnesota Rules, chapter 3250 provide the Minnesota Board of Dietetics and Nutrition Practice authority to act as the licensure agency for the practice of dietetics and nutrition. It was established and currently exists to protect the public through the regulation of dietitians and nutritionists in the state of Minnesota. Regulation is accomplished through initial licensure examination, annual license renewal and required continuing education requirements.

The mission of the board is:

- ◆ promoting the public's interest in receiving quality dietetic and nutrition services from competent dietitians and nutritionists;
- ◆ protecting the public by ensuring that all licensed dietitians and nutritionists meet the educational and practical requirements specified in law; and
- ◆ protecting the public by setting standards for quality dietetic and nutrition services.

Core Functions

The board fulfills its mission by:

- ◆ reviewing and approving examination standards to insure knowledge of applicants for licensure as dietitians and nutritionists;
- ◆ reviewing of continuing education required to maintain knowledge for the safe practice of dietetics and nutrition;
- ◆ managing complaints alleging violation of board statutes and rules through initial committee review, thorough investigation, and disciplinary conferences with licensees to determine whether legal action against a dietitian or nutritionist is warranted; and
- ◆ providing accurate information about licensure requirements, standards of practice and disciplinary process to the public, licensees, and other interested parties.

Operations

The board serves consumers, licensed dietitians, licensed nutritionists, applicants for licensure, other governmental agencies, third party payers and sponsors of continuing education courses. Services are delivered through direct communication (telephone, mail, e-mail, and in-person).

Budget

Total direct and indirect expenses for FY 2002-03 biennium are \$232,000. The board staff includes 1 full-time equivalent employee.

Of the total budget for the FY 2002-03 biennium, \$173,000 is collected as non-dedicated revenue which is deposited into the state government special revenue fund. The board collects fees charged to applicants, prospective applicants, licensees, and sponsors of continuing education programs. The board is responsible to collect enough revenue to recover all direct and indirect costs.

The board is responsible for the costs of services received from the Attorney General's Office, Health Professional Services Program, and the Administrative Services Unit. A direct appropriation is given to each of these programs from the state government special revenue fund. The board must insure that sufficient revenue is collected through its fees to fund their portion of these program costs.

At A Glance

Biennial Budget – FY 2002-03:

Total Expenses: \$232,000

Total Revenue: \$173,000

Staff: 1 Full-time equivalent employee

**Minnesota Board of Dietetics and Nutrition
Practice Statistics
(As of June 30, 2002)**

Total Licensed: 1,028

Contact

Minnesota Board of Dietetics and Nutrition Practice
2829 University Ave Southeast, Suite 555
Minneapolis, Minnesota 55414

E-mail: board.dietetics-nutrition@state.mn.us

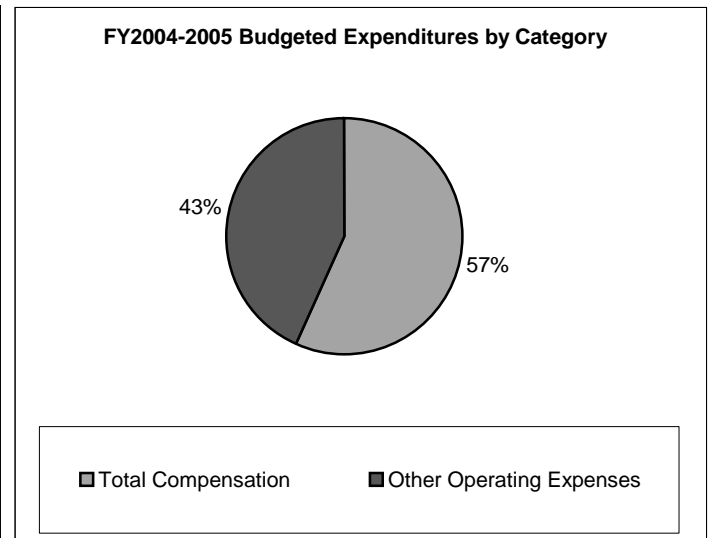
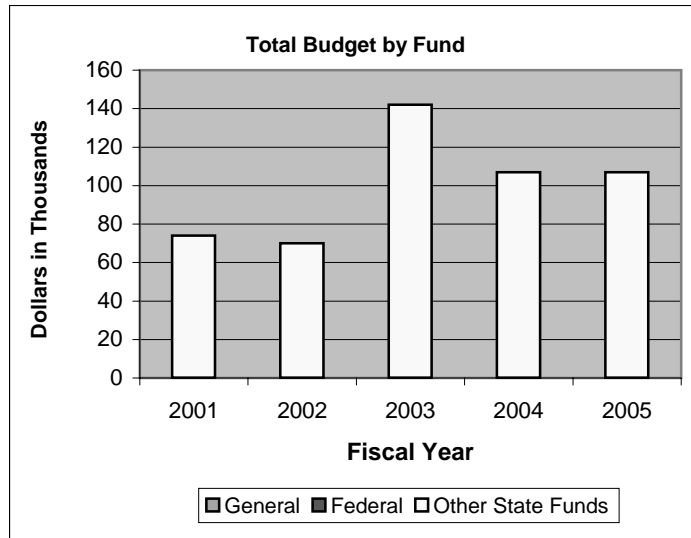
Laurie Mickelson, Executive Director

E-mail: laurie.mickelson@state.mn.us

Phone: (612) 617-2175

Fax: (612) 617-2174

TDD: (612) 297-5353 or 1-800-627-3529



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|----------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| State Government Special Revenue | 63 | 63 | 136 | 101 | 101 | 202 | 3 | 1.5% |
| Open Appropriations | | | | | | | | |
| State Government Special Revenue | 11 | 7 | 6 | 6 | 6 | 12 | -1 | -7.7% |
| Total | 74 | 70 | 142 | 107 | 107 | 214 | 2 | 0.9% |

| | | | | | | | | |
|---------------------------------|-----------|-----------|------------|------------|------------|------------|----------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 47 | 49 | 57 | 59 | 62 | 121 | 15 | 14.2% |
| Other Operating Expenses | 27 | 21 | 85 | 48 | 45 | 93 | -13 | -12.3% |
| Total | 74 | 70 | 142 | 107 | 107 | 214 | 2 | 0.9% |

| | | | | | | | | |
|--------------------------------|-----------|-----------|------------|------------|------------|------------|----------|-------------|
| Expenditures by Program | | | | | | | | |
| Dietetics & Nutrition Bd. | 74 | 70 | 142 | 107 | 107 | 214 | 2 | 0.9% |
| Total | 74 | 70 | 142 | 107 | 107 | 214 | 2 | 0.9% |

| | | | | | | | | |
|----------------------------------|-----------|-----------|-----------|-----------|-----------|------------|------------|---------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| State Government Special Revenue | 87 | 97 | 76 | 76 | 76 | 152 | -21 | -12.1% |
| Subtotal Non Dedicated | 87 | 97 | 76 | 76 | 76 | 152 | -21 | -12.1% |
| Total Revenue | 87 | 97 | 76 | 76 | 76 | 152 | -21 | -12.1% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 0.8 | 0.7 | 0.7 | 0.7 | 0.7 |
|------------------------------------|------------|------------|------------|------------|------------|

Agency Purpose

Minnesota Statutes (M.S. 256.482) provide the State Council on Disability (MSCOD) with the broad charge of giving attention to the needs of persons who have a disability and to advocate plans, programs and policies which serve the needs of people with disabilities. Statutes also direct the council to serve as liaison to the Office of Disability Employment Policy, which recently assumed all duties of the President's Committee on Employment of People with Disabilities. Within this broad charge, the council has focused its purpose by identifying four strategies that span all council activities: information and referral services; advisory recommendations; customer focus and quality improvement; and research and data collection.

⇒ MSCOD Mission: The MSCOD is an agency that collaborates, advocates, advises and provides information to expand opportunities, increase the quality of life and empower all persons with disabilities (Adopted 2/15/01).

Core Functions

The MSCOD links people with disabilities to those who are statutorily responsible for planning and delivering services to them, and supplements the efforts of disability advocacy groups in the private sector. These core functions are:

- ◆ providing aid and advisory services on matters pertaining to disability related public policy;
- ◆ providing disability related information and referral services on all disability related services and programs;
- ◆ providing technical assistance on laws, regulations and codes; and
- ◆ researching, formulating and advocating plans, programs; and policies serving the needs of people with disabilities.

Key Measures

To measure success and improve service quality, the council surveys satisfaction levels of participants at trainings, the usefulness of key publications, and information and referral services provided.

Operations

The council serves a varied customer base. People with disabilities and their families are the primary customers and benefactors of the council's services. The MSCOD also provides services to public officials, state agency personnel, local governments, employers, community organizations, disability related organizations, institutions, architects, builders, neighborhood groups and the broader public.

Aid and advisory services are provided formally, and informally, to public officials and state agency personnel. Direct disability related information and referral services are provided via telephone, e-mail, fax, and participation in public and private events to approximately 15,000 contacts each year. Disability related information, such as MSCOD's publications, frequently asked questions and answers (FAQs), fact sheets, and links are also available through MSCOD's website. Approximately 40 customized trainings are provided each year on disability issues to a wide array of audiences. MSCOD also provides information services, via two e-mail distribution lists, to approximately 200 disability related organizations throughout the state.

At A Glance

The MSCOD provides services to a person of any age, with any disability, as well as government officials, private agencies, builders, employers and the broader public.

The incidence of disability increases 25 percent after the age of 65. "By 2025, the number of Minnesotans age 65 and older is projected to be 80 percent larger than in 1995."*

Disability status among noninstitutionalized Minnesotans is 7% ages 5 – 20; 14% ages 21-64; and 37% age 65 and over. **

MN has the nation's highest percentage of people with a disabilities in the workforce at 65% compared to 57% nationally. An estimated 84% of Minnesotans are employed who have "no disability" compared to 77% nationally. **

* Faces of the Future, MN Planning, Sept. 1998

** Census 2000 Supplementary Survey

Budget

The council's FY 2002-03 budget totals \$1.4 million from the state's General Fund. Council staff include 10 full-time equivalent (FTE) positions. There are 21 council members appointed by the governor, with at least one member from each economic development region of the state. There are 10 ex-officio, non-voting members, representing various state agencies.

Contact

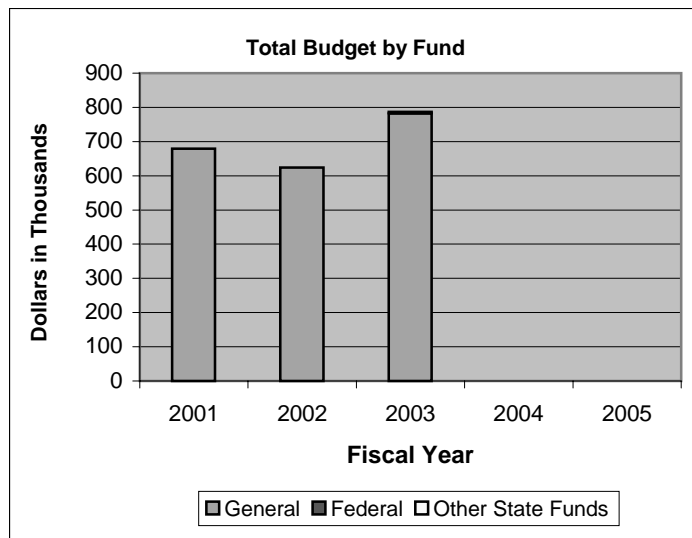
Minnesota State Council on Disability
121 East 7th Place, Suite 107
St. Paul, Minnesota 55101
651-296-6785 V/TTY
1-800-945-8913 V/TTY
e-mail: council.disability@state.mn.us

Further information about the MSCOD, including fact sheets, frequently asked questions (FAQs), publications, links and other information, is available at the council's web site at: <http://www.disability.state.mn.us>

The MSCOD's Strategic Plan for 2002 – 2003:
<http://www.disability.state.mn.us/pubs/strategicplan/stratplan.html>

Joan Willshire, Chair

David Skilbred, Executive Director – Phone (651) 296-1743 V/TTY; FAX (651) 296-5935



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|---------------|---------------|-----------------|---------------|---------------|-----------------|--------------------------|----------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 679 | 624 | 782 | 0 | 0 | 0 | -1,406 | -100.0% |
| Statutory Appropriations | | | | | | | | |
| Gift | 0 | 0 | 5 | 0 | 0 | 0 | -5 | -100.0% |
| Total | 679 | 624 | 787 | 0 | 0 | 0 | -1,411 | -100.0% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|----------|----------|----------|---------------|----------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 487 | 505 | 557 | 0 | 0 | 0 | -1,062 | -100.0% |
| Other Operating Expenses | 192 | 119 | 230 | 0 | 0 | 0 | -349 | -100.0% |
| Total | 679 | 624 | 787 | 0 | 0 | 0 | -1,411 | -100.0% |

| | | | | | | | | |
|--------------------------------|------------|------------|------------|----------|----------|----------|---------------|----------------|
| Expenditures by Program | | | | | | | | |
| Cncl On Disability | 679 | 624 | 787 | 0 | 0 | 0 | -1,411 | -100.0% |
| Total | 679 | 624 | 787 | 0 | 0 | 0 | -1,411 | -100.0% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 9.1 | 9.2 | 9.2 | 0.0 | 0.0 |
|------------------------------------|------------|------------|------------|------------|------------|

Agency Purpose

The purpose and mission of the Disabled American Veterans (DAV) is accomplished by:

- ◆ representing the interests of disabled veterans, their families, their widowed spouses, and their orphans before Congress, the White House, the Judicial Branch, as well as state and local government;
- ◆ providing free professional service to veterans and their families in obtaining benefits and services earned through military service provided by the U.S. Department of Veterans Affairs (VA) and other agencies of government;
- ◆ extending the DAV's mission of hope into the communities where these veterans and their families live through a network of the department and chapter outreach service programs; and
- ◆ providing a structure through which disabled veterans can express compassion for their fellow veterans through a variety of volunteer programs.

At A Glance

- ◆ There are approximately 420,000 veterans in Minnesota.
- ◆ In FY 2002, DAV representation before the U.S. Department of Veterans Affairs resulted in over \$43 million in benefits to Minnesota veterans.
- ◆ In FY 2002, the Transportation Network provided over 27,000 individual rides to VA medical appointments, comprising over 1.7 million miles traveled.
- ◆ Volunteer efforts by DAV chapters, county veteran service officers, and other veteran service organizations resulted in over 92,000 volunteer hours donated.
- ◆ Over 4,000 veterans were assisted with Thrift Store gift certificates for clothing needs.

Core Functions

The DAV service officers serve as representatives for veterans and their families in obtaining benefits to which they are entitled. The DAV also provides informational seminars and publishes articles to bring about an awareness concerning potential entitlements to benefits and services available through the DAV and U.S. Department of Veterans Affairs. The DAV provides direct assistance to veterans through its Older Veterans Assistance Program, its Thrift Store Gift Certificate program, its DAV Transportation Network program, and Veterans Service programs, all of which are of direct aid to veterans and their families in Minnesota.

Operations

The DAV has a Veteran National Service Office at Fort Snelling, staffed by four service officers and two secretaries. Services are rendered to individual veterans and are represented before the U.S. Department of Veterans Affairs to obtain entitled benefits. The Minnesota DAV department office is located in the Veteran Service Building in St. Paul with three personnel and has two other offices located at the Veterans Affairs Medical Center (VAMC) in Minneapolis and the VAMC in St. Cloud. All services are coordinated with the department and rendered to individual veterans and families.

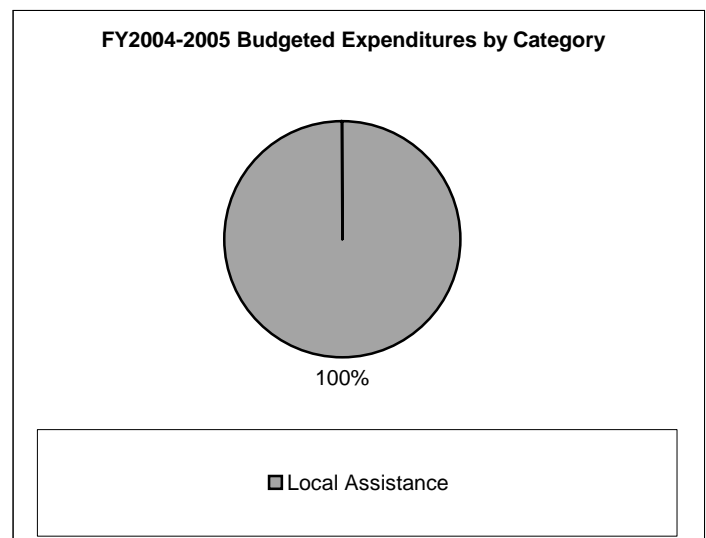
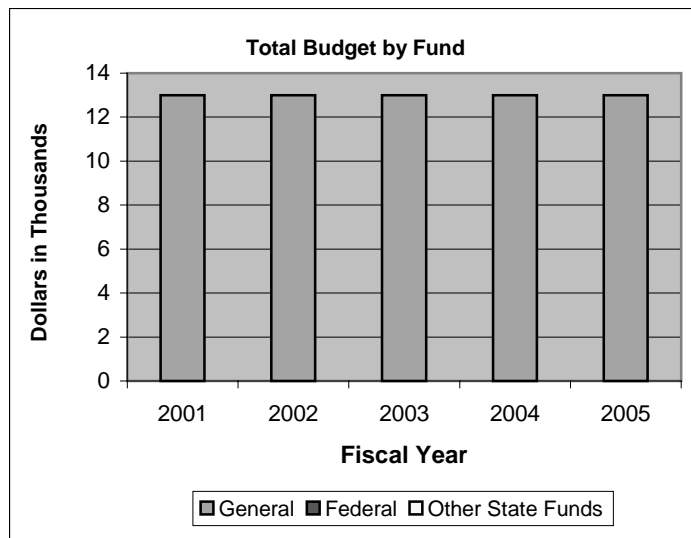
Budget

The DAV receives a grant from the General Fund and uses it to benefit veterans primarily through the agency's transportation program. In the FY 2002-03 biennium, base funding for this grant was \$13,000 per year, and represented less than 3% of the DAV's total budget. In the FY 2002, DAV allocated 84.4% of all funds to veteran programs.

Contact

Disabled American Veterans
207 Veterans Service Building
20 West 12th Street
St. Paul, Minnesota 55155

Department Adjutant, Roy S. Hansen (651) 291-1212



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 13 | 13 | 13 | 13 | 13 | 26 | 0 | 0.0% |
| Total | 13 | 13 | 13 | 13 | 13 | 26 | 0 | 0.0% |
| Expenditures by Category | | | | | | | | |
| Local Assistance | 13 | 13 | 13 | 13 | 13 | 26 | 0 | 0.0% |
| Total | 13 | 13 | 13 | 13 | 13 | 26 | 0 | 0.0% |
| Expenditures by Program | | | | | | | | |
| Disabled American Veterans | 13 | 13 | 13 | 13 | 13 | 26 | 0 | 0.0% |
| Total | 13 | 13 | 13 | 13 | 13 | 26 | 0 | 0.0% |

Agency Purpose

Minnesota's trial courts resolve citizens' criminal cases and civil disputes.

- ⇒ **Mission** – To provide justice through a system that assures equal access for the fair, competent, and timely resolution of cases and controversies.
- ⇒ **Vision** – The general public and those who use the court system will refer to it as accessible, fair, consistent, responsive, free of discrimination, independent and well managed.

Core Functions

The trial court has original statewide jurisdiction in all civil and criminal actions within district boundaries. There are 10 judicial districts and 271 district court judges. A family court division, juvenile court division, probate division, conciliation court division and a traffic and ordinance violations bureau exist in the district court.

In support of these core functions, the trial courts are implementing the following service strategies:

- ⇒ Set case processing and case management standards and institute monitoring programs for exceptions to ensure timely disposition of cases.
- ⇒ Develop programs to allow litigants meaningful access to the court process, e.g., court interpreter programs, free legal services for the poor, and self-help programs for persons who choose to guide their own litigation.
- ⇒ Explore ways to use technology to improve and expedite the work of the courts, including making justice more consumer oriented.
- ⇒ Develop programs and technologies to provide judges the critical information needed to make timely and sound case and policy decisions.
- ⇒ Delegate legal research and where possible draft decision writing to law clerks, freeing judges to spend more time hearing cases or directing the case dispositional activities.
- ⇒ Review and evaluate court practices and policies to identify the need for systemic improvement through the Conference of Chief Judges and committees established by the Supreme Court.
- ⇒ Explore greater integration and coordination with other justice and social service agencies.
- ⇒ Develop an adequate and stable funding base and transfer funding responsibilities from the counties to the state to ensure the uniform implementation of state mandates and policies.

Operations

With more than two million cases filed each year, the work of the trial courts has a substantial impact on Minnesotans.

Judges are assisted in their adjudicative work by law clerks (who perform legal research) and court reporters (who record trial proceedings). Court administration staff at the county and district level manage scheduling, case flow, finance, personnel, and juries.

At A Glance

- ⇒ Each year, there are more than two million cases filed in Minnesota's trial courts.
- ⇒ Trial court judges in Minnesota are among the hardest working in the country. They handle an average of 49% more cases each than do judges in states with comparable court systems.
- ⇒ From FY 1996-2001, filings of major cases statewide in trial courts increased twice as fast as expenditures on the judiciary.
- ⇒ Caseloads have increased dramatically (nearly 40% in the last decade, more than 700% in last 25 years) while time per case has dropped significantly.
- ⇒ The judiciary is in a state of massive transformation, moving from a county-funded to state-funded system.
 - ◆ There were 500 state court employees in FY 1992 and there will be 3,000 by FY 2006.
 - ◆ Western half of Minnesota is state funded. Eastern half will be phased in by FY 2006.
- ⇒ The judicial branch operates in a constantly changing environment.
 - ◆ Laws, case types and legal sanctions change annually.
 - ◆ Caseload volume is determined by other branches and levels of government.
- ⇒ The Minnesota courts regularly review their effectiveness by monitoring:
 - ◆ Case filing trends.
 - ◆ Case clearance rates.
 - ◆ Elapsed case time from filing to disposition.

The Conference of Chief Judges (CCJ) is the elected, policy-making body of the trial courts, responsible for budgeting and overall governance of administrative matters. It is assisted by the judicial district administrators and the State Court Administrator's Office.

Budget

Of the funding for the Trial Courts, over 99% is from General Fund direct appropriations. Federal (and other) grants represent a very small, but growing source of funding. Another small source of funding which will increase over time is reimbursements assessed for Guardian ad Litem services.

Of the Trial Court Expenditures, 74% is for personnel costs. Of this amount, 30% is judge costs and 44% is costs for non-judicial personnel. Mandated services (which include Guardian ad Litem, Interpreter, Psychological Exams and In Forma Pauperis) add up to 11% of the cost of the Trial Courts. This includes personnel costs for staff guardians ad litem and interpreters, as well as those paid on a contract basis.

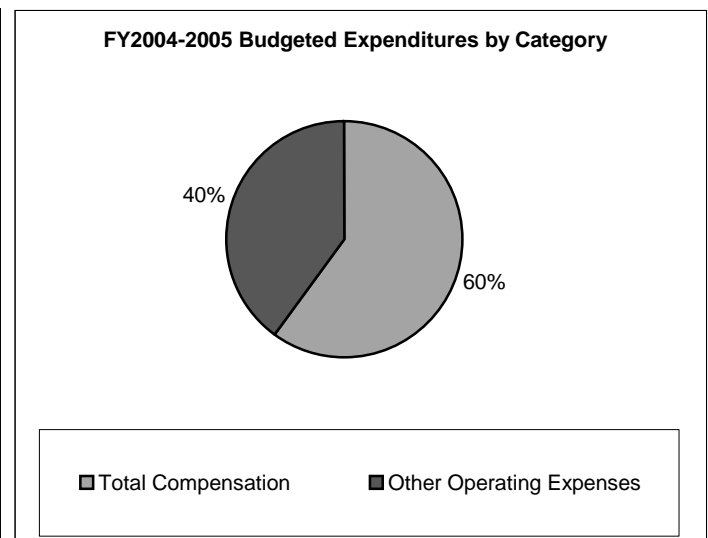
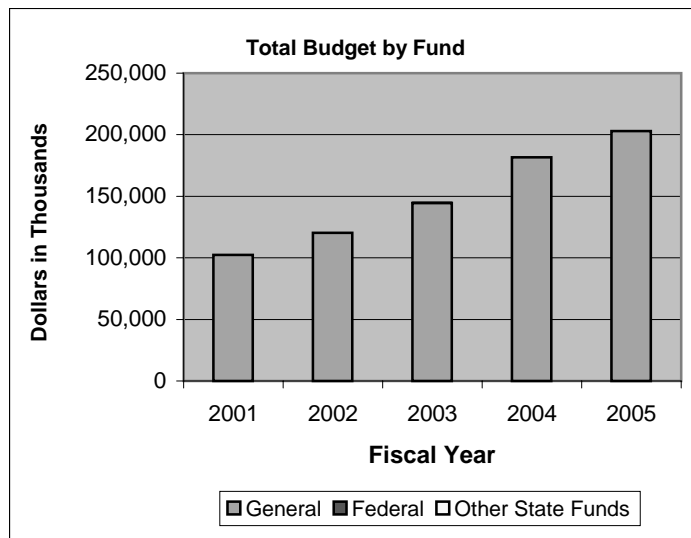
The Trial Courts have 1449.11 FTEs.

Contact

Judge J. Thomas Mott
Chair, Conference of Chief Judges
Ramsey County Courthouse
15 West Kellogg Boulevard
St. Paul, Minnesota 55102
Phone: (651) 266-9187
Fax: (651) 767-8941

Sue Dosal
State Court Administrator
135 Minnesota Judicial Center
25 Constitution Avenue
St. Paul, Minnesota 55155
Phone: (651) 296-2474
Fax: (651) 297-5636

Home Page: <http://www.courts.state.mn.us>



| <i>Dollars in Thousands</i> | | | | | | | | |
|---------------------------------|------------------|------------------|--------------------|----------------|--------------------|---------------------|---|--------------|
| | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 Dollars | Percent |
| Expenditures by Fund | | | | | | | | |
| Direct Appropriations | | | | | | | | |
| General | 102,055 | 120,095 | 143,774 | 181,256 | 202,603 | 383,859 | 119,990 | 45.5% |
| Statutory Appropriations | | | | | | | | |
| General | 221 | 182 | 690 | 278 | 278 | 556 | -316 | -36.2% |
| Special Revenue | 2 | 16 | 0 | 0 | 0 | 0 | -16 | -100.0% |
| Federal | 0 | 105 | 157 | 111 | 111 | 222 | -40 | -15.3% |
| Miscellaneous Agency | 8 | 12 | 11 | 11 | 11 | 22 | -1 | -4.3% |
| Total | 102,286 | 120,410 | 144,632 | 181,656 | 203,003 | 384,659 | 119,617 | 45.1% |

| | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 82,314 | 96,110 | 112,076 | 114,085 | 116,877 | 230,962 | 22,776 | 10.9% |
| Other Operating Expenses | 19,972 | 24,300 | 32,556 | 67,571 | 86,126 | 153,697 | 96,841 | 170.3% |
| Total | 102,286 | 120,410 | 144,632 | 181,656 | 203,003 | 384,659 | 119,617 | 45.1% |

| | | | | | | | | |
|--------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--------------|
| Expenditures by Program | | | | | | | | |
| Trial Courts | 102,286 | 120,410 | 144,632 | 181,656 | 203,003 | 384,659 | 119,617 | 45.1% |
| Total | 102,286 | 120,410 | 144,632 | 181,656 | 203,003 | 384,659 | 119,617 | 45.1% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 8,412 | 7,792 | 8,853 | 17,715 | 24,940 | 42,655 | 26,010 | 156.3% |
| Subtotal Non Dedicated | 8,412 | 7,792 | 8,853 | 17,715 | 24,940 | 42,655 | 26,010 | 156.3% |
| Dedicated | | | | | | | | |
| General | 221 | 594 | 278 | 278 | 278 | 556 | -316 | -36.2% |
| Special Revenue | 8 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Federal | 0 | 132 | 130 | 111 | 111 | 222 | -40 | -15.3% |
| Miscellaneous Agency | 10 | 10 | 11 | 11 | 11 | 22 | 1 | 4.8% |
| Subtotal Dedicated | 239 | 736 | 419 | 400 | 400 | 800 | -355 | -30.7% |
| Total Revenue | 8,651 | 8,528 | 9,272 | 18,115 | 25,340 | 43,455 | 25,655 | 144.1% |

| | | | | | |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Full-Time Equivalents (FTE) | 1,113.5 | 1,205.3 | 1,492.9 | 1,495.2 | 1,495.2 |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|

Agency Purpose

The Minnesota Department of Economic Security (MDES) helps people help themselves. We increase Minnesotans' economic independence by providing a range of employment and training initiatives. Our statutes emphasize service to the unemployed, and those with special disadvantages in the labor market (e.g., people with disabilities). (M.S. 268, 268A, 248.)

Eight broad strategic goals help us achieve our purpose:

- ⇒ Minnesota's workforce is robust.
- ⇒ Minnesotans are self-sufficient.
- ⇒ Minnesota employers drive workforce development.
- ⇒ MDES has strategic relationships.
- ⇒ MDES models workforce development practices.
- ⇒ E-government provides workforce development services to all Minnesotans.
- ⇒ MDES is a wise steward of workforce development resources.
- ⇒ Through leadership, Minnesota's workforce development system is the best in the nation.

At A Glance

MDES provides "counter-cyclical" services: as the economy worsens, demand for our services increases.

The FY 2001-02 recession provides a clear example. In FY 2001, which started well for Minnesota, claims on Unemployment Insurance were about \$600 million, with the bulk being paid out late in the year. In FY 2002, with the recession in full swing, the estimated payments approach \$1 billion.

From an institutional perspective, imminent changes in federal workforce development and welfare legislation may impact the agency's mission and funding.

Core Functions

MDES has five interconnected branches that contribute to the agency's mission and goals.

The **Workforce Services** branch prepares specific populations – including at-risk youth, unemployed adults, older workers, public assistance recipients, and others – with direct and grantee services to help them compete for jobs that Minnesota employers offer. The branch also contains the Job Service program, which provides similar services to employers and the general population. Assistance goes through service providers and/or directly to individuals, depending on the program.

The **Workforce Rehabilitation Services** branch supports Minnesotans with disabilities with employment and training services, as well as help with wider independent living concerns. Assistance goes through service providers and/or directly to individuals, depending on the program.

The **State Services for the Blind** branch assists blind and visually impaired Minnesotans with employment and training services, as well as help with wider self-sufficiency concerns. Assistance goes through service providers and/or directly to individuals, depending on the program.

The **Workforce Wage Services** branch provides economic relief to individual Minnesotans, as well as economic stimulus to the state, through the payment of Unemployment Insurance (UI) benefits, and determines disability status for adults and children claiming Social Security Disability Insurance benefits.

The **System Support Services** branch includes the administrative operations of MDES such as human resources, technology, and finance; as well as the research and planning services that provide labor market information and system performance measurements.

Operations

The most tangible delivery system for MDES services is the set of 53 WorkForce Centers spanning throughout Minnesota. The Centers bring together state, local, and private nonprofit employment and training services under one roof. Centers can serve all of the following targeted populations: employers seeking qualified employees, unemployed persons, public assistance recipients working toward self-sufficiency, displaced homemakers, disadvantaged youth, senior citizens, disabled persons who need job training or seek to live independently, and blind or visually impaired people who need job training or seek self-sufficiency.

In addition, Centers have resource areas that are open to any member of the public – including employed workers, students exploring career options, or anyone else. These resource areas include computers, office equipment, and reference material to help find job leads, write resumes, and learn about career planning.

But the Centers are not the only, or even the largest, vehicle for delivering MDES services. Much of what MDES provides is pass-through money – grants to other service providers (e.g., Independent Living and Extended Employment), and direct payments to individuals (e.g., Unemployment Insurance).

The UI benefit system now offers easier access through both telephone (1-877-898-9090) and the Internet (www.mnwfc.org). This way, Minnesotans in stressful situations can begin to receive benefits as quickly and efficiently as possible and take the time to use WorkForce Centers and other resources for a thorough job search.

The web site www.mnwfc.org is also a gateway for jobseekers and employers to receive certain services, such as postings of job openings and resumes, labor market information, and access to www.iseek.org, which is a gateway to an even larger universe of career planning, education and training, employment and other information.

Our last set of customers includes the legislature, the media, academic institutions, other state agencies and others who desire timely and accurate economic information. This information includes data on wages, occupations, industry and unemployment and is available through the MDES web site and regular publications *Minnesota Economic Trends*, *Minnesota Employment Review* and *Minnesota Careers*.

Budget

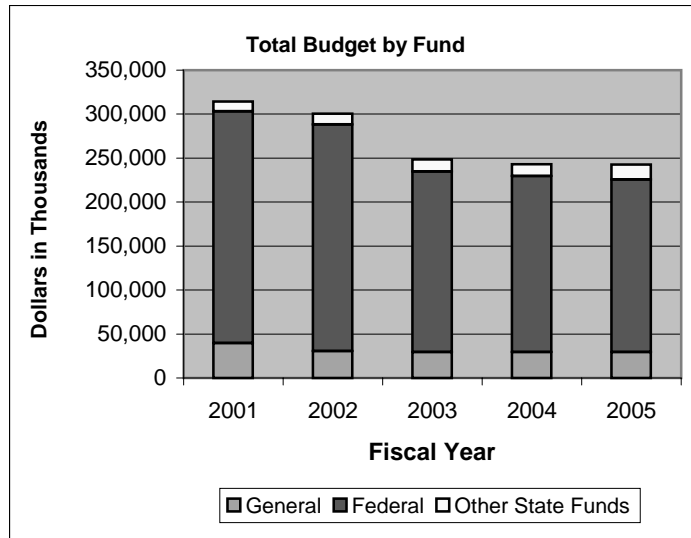
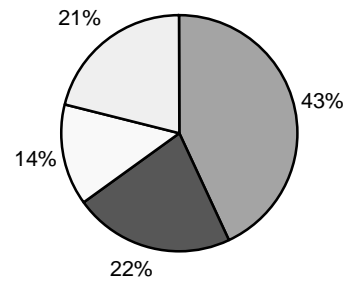
The MDES budget for the FY 2002-03 biennium totals about \$550 million, with 1,720 FTEs. The large majority (about three-fourths) of funds are from the federal government – for example, the Workforce Investment Act. About one-fifth of funding comes from the state General Fund and Special Revenue Funds and the rest comes from non-governmental sources (e.g., private donations to a Communications Center for the blind). MDES is atypical of state agencies in the large amount of federal resources it manages.

Contact

For more information on MDES in general, contact Commissioner Earl Wilson's office at (651) 297-4336, or go to the agency's web site at www.mnwfc.org.

For more information on this MDES profile or for specific budget and/or performance measurement information, contact Anthony Alongi at (651) 282-5185, e-mail anthony.alongi@state.mn.us.

For information on how this agency measures whether it is meeting its statewide goals, please refer to <http://www.departmentresults.state.mn.us/>

**FY2004-2005 Budgeted Expenditures by Category**

■ Total Compensation ■ Other Operating Expenses
 □ Payments To Individuals □ Local Assistance

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|----------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------------------|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 39,833 | 30,488 | 29,446 | 29,407 | 29,407 | 58,814 | -1,120 | -1.9% |
| Workforce Development | 5,938 | 9,993 | 9,670 | 8,720 | 8,720 | 17,440 | -2,223 | -11.3% |
| Federal Tanf | 0 | 6,066 | 5,927 | 0 | 0 | 0 | -11,993 | -100.0% |
| Statutory Appropriations | | | | | | | | |
| State Government Special Revenue | 1,087 | 37 | 0 | 0 | 0 | 0 | -37 | -100.0% |
| Special Revenue | 3,782 | 1,423 | 3,185 | 3,867 | 7,986 | 11,853 | 7,245 | 157.2% |
| Mdes Federal | 262,754 | 251,534 | 199,462 | 200,009 | 196,311 | 396,320 | -54,676 | -12.1% |
| Federal Tanf | 363 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Gift | 450 | 1,067 | 641 | 1,035 | 156 | 1,191 | -517 | -30.3% |
| Total | 314,207 | 300,608 | 248,331 | 243,038 | 242,580 | 485,618 | -63,321 | -11.5% |

| | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 92,979 | 98,614 | 103,595 | 105,003 | 104,719 | 209,722 | 7,513 | 3.7% |
| Other Operating Expenses | 37,271 | 42,297 | 52,783 | 52,899 | 53,068 | 105,967 | 10,887 | 11.5% |
| Capital Outlay & Real Property | 16 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Payments To Individuals | 26,366 | 30,259 | 33,596 | 33,859 | 33,879 | 67,738 | 3,883 | 6.1% |
| Local Assistance | 157,575 | 129,438 | 58,357 | 51,277 | 50,914 | 102,191 | -85,604 | -45.6% |
| Total | 314,207 | 300,608 | 248,331 | 243,038 | 242,580 | 485,618 | -63,321 | -11.5% |

| | | | | | | | | |
|--------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|
| Expenditures by Program | | | | | | | | |
| Workforce Services | 87,994 | 101,288 | 93,841 | 86,518 | 85,450 | 171,968 | -23,161 | -11.9% |
| Workforce Rehabilitation Svcs | 59,567 | 60,238 | 64,261 | 64,986 | 65,689 | 130,675 | 6,176 | 5.0% |
| Workforce Svcs For The Blind | 15,366 | 17,061 | 15,244 | 16,007 | 15,271 | 31,278 | -1,027 | -3.2% |
| Workforce Wage Assistance | 57,310 | 62,589 | 74,985 | 75,527 | 76,170 | 151,697 | 14,123 | 10.3% |
| Energy Programs | 93,970 | 59,432 | 0 | 0 | 0 | 0 | -59,432 | -100.0% |
| Total | 314,207 | 300,608 | 248,331 | 243,038 | 242,580 | 485,618 | -63,321 | -11.5% |

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------------|--------------------------|--------------------------|----------------------------|----------------|----------------|-----------------------------|--|----------------|
| | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base | | Biennium 2004-05 | Dollars | Percent |
| Revenue by Type and Fund | | | | FY2004 | FY2005 | | | |
| Non Dedicated | | | | | | | | |
| General | 11 | 12 | 0 | 0 | 0 | 0 | -12 | -100.0% |
| Subtotal Non Dedicated | 11 | 12 | 0 | 0 | 0 | 0 | -12 | -100.0% |
| Dedicated | | | | | | | | |
| General | 725 | 708 | 576 | 486 | 486 | 972 | -312 | -24.3% |
| State Government Special Revenue | 0 | 37 | 0 | 0 | 0 | 0 | -37 | -100.0% |
| Special Revenue | 4,430 | 4,844 | 10,659 | 10,631 | 10,631 | 21,262 | 5,759 | 37.1% |
| Workforce Development | 240 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Mdes Federal | 262,998 | 194,155 | 193,253 | 200,009 | 196,311 | 396,320 | 8,912 | 2.3% |
| Federal Tanf | 363 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Gift | 464 | 556 | 270 | 1,035 | 156 | 1,191 | 365 | 44.2% |
| Subtotal Dedicated | 269,220 | 200,300 | 204,758 | 212,161 | 207,584 | 419,745 | 14,687 | 3.6% |
| Total Revenue | 269,231 | 200,312 | 204,758 | 212,161 | 207,584 | 419,745 | 14,675 | 3.6% |
| | | | | | | | | |
| Full-Time Equivalents (FTE) | 1,713.5 | 1,731.5 | 1,720.0 | 1,714.8 | 1,703.4 | | | |

Program Description

The WorkForce Services Branch provides a full complement of employment and training services to a wide range of category-eligible populations, as well as workforce exchange services to employers and broad services to the wider public. The branch recognizes both the statewide need to build a more skilled workforce, and the untapped potential of so many people who seek rewarding, well-paid work. The branch receives its authority from multiple subsections of M.S. 268 (including 268.89, 268.364, and several others) and several federal laws (most notably the Workforce Investment Act of 1998).

Program at a Glance

The WorkForce Services branch serves over 370,000 people through over 50 WorkForce Centers across Minnesota. About 94,000 of those people are in eligibility-based programs; the rest are members of the public who use the Centers' open Resource Areas and workshops.

The branch is renewing a focus on its employer customers, about 12,000 of whom already place ads in the Minnesota Job Bank.

Population Served

Economically disadvantaged youth, adults, older workers, veterans, public assistance recipients, and new entrants to the workforce all receive services with specific, dedicated funds. Customers served by those funds must pass specific eligibility criteria. A limited set of generic jobseeking and training services is *open to the public* through the Resource Areas and workshops at WorkForce Centers statewide. The department as a whole continually seeks ways to serve *Minnesota businesses* directly by connecting them with qualified workers; this branch's budget activities are critical to those efforts.

Services Provided

The range of services provided within this branch is wide – at least 19 distinct programs are spread across five distinct units (listed as budget activities in this narrative). These programs are listed below. The units – *Adult Training, Employment Transition, Youth Services, Job Service Employment Programs, and Job Service Field Operations* – all contain direct service components as well as grant-making to local governments and nonprofits.

The primary direct service vehicle for the department is the *WorkForce Center System*. This system, described in the overall agency profile, provides jobseeking customers with a "one-stop shopping" source for their employment and training needs.

This system will also soon pilot a dedicated Employer Service Center that would redirect a core of existing staff both knowledgeable about employer services across funding streams, and capable of serving as resources to employer customers and other WorkForce Center System staff. Employers already receive free, Internet-based labor exchange services through the *Minnesota Job Bank*. The Job Bank links job seekers and employers through the state's largest searchable electronic database of job openings and job seeker resumes.

The two primary local entities that provide services relevant to this branch are the 16 local Workforce Service Areas (WSAs), and the Job Service partners, as provided through the federal Workforce Investment Act.

Historical Perspective

The federal Workforce Investment Act has been critical to the branch's efforts to integrate services at the one-stop WorkForce Centers, to put more decisionmaking in the hands of local partnerships, and to make helpful resources available to the wider public. Since that time, focus group research has shown that both customers and staff of the Centers feel that the state's workforce development system is more responsive and customer-driven than the system that preceded it.

Program Funding

⇒ This branch mirrors Minnesota Department of Economic Security (MDES) as a whole in its heavy reliance on federal funding to meet the needs of Minnesota jobseekers and employers. The federal Job Service program has had flat funding for the past 20 years.

ECONOMIC SECURITY DEPT

Program: WORKFORCE SERVICES

Narrative

Key Measures

Federal Fiscal Years (FFYs) run from October of the previous year through September of the named year. Individual customer satisfaction data for WorkForce Center programs is incomplete.

| MEASURE | FFY 1999 | FFY 2000 | FFY 2001 | FFY 2002 GOAL |
|--|---------------|----------|--------------------------------|----------------|
| Total jobseeking customers served by branch | Not available | 360,000 | 375,000 | 400,000 |
| Total employer customers using Job Bank | Not available | 13,433 | 11,629 | 14,776 |
| Percentage of jobseeking customers employed three months after completing a public workforce development program | 63% | 55% | 66% | 68% |
| Jobseeking customers' hourly wage after completing a public workforce development program | \$11.17 | \$11.65 | \$11.40 | \$12.24 |
| Satisfaction for individuals using WorkForce Center programs, indexed scale of 1 to 100. (Federal targets in parentheses.) | Not available | 73.5 | 74.6 (66.0) partial data | 76.0 (68.0) |
| Satisfaction for employers using WorkForce Center programs, indexed scale of 1 to 100. (Federal targets in parentheses.) | Not available | 70.3 | 77.2 (68.0) | 76.0 (70.0) |

NOTE: The placement and wage indicators work in tandem - looking at placement alone might encourage pushing any job, whether or not it leads to economic self-sufficiency. Measuring wages alone might result in a high average hourly wage but a low placement rate. These indicators reflect the success of those public workforce programs for which the relevant data was available, and for which employment is the desired outcome of the program (such as the Food Stamp Employment & Training Program, Workforce Investment Act Title IB Adults Program, and others).

Note also that the customer satisfaction data is based on the American Customer Satisfaction Index (ASCI), which is used extensively in both public and private sectors. Comparable state ACSI scores for workforce services range from 68 to 83 for individuals and 61 to 82 for employers.

Finally, note that many customers who come to WorkForce Centers are there for programs and services not in this branch (e.g., Rehabilitation Services).

In future biennia, we hope to have the following branch-level indicators available:

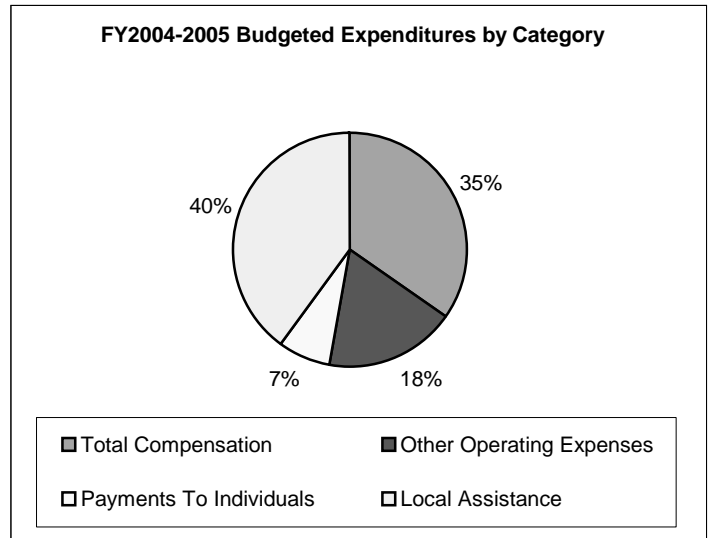
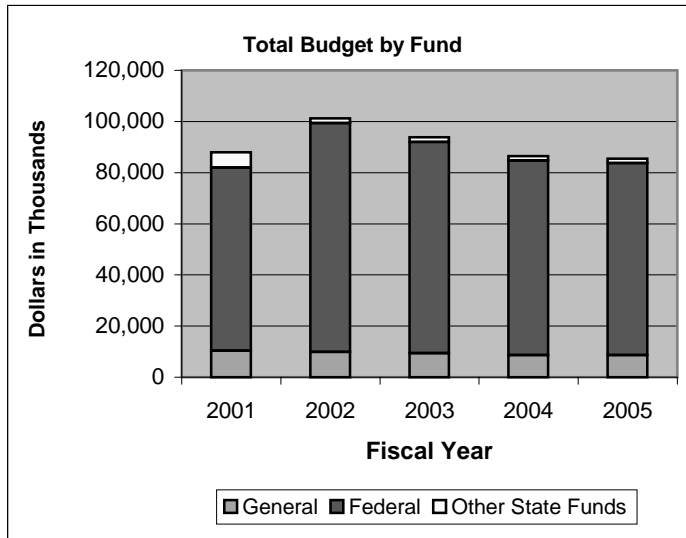
- ⇒ *Wage boost* – data exists on an individual program basis for wage boosts, and we are attempting to find a reasonable way to aggregate the data across very different customer pools.
- ⇒ *Employer satisfaction* – while the department does a limited employer survey now, we plan wider customer satisfaction polling across more intensive services in the very near future.
- ⇒ *Employer market penetration* – we hope to make a reasonable estimate of how many employers might make use of our services, and what percentage of those we are reaching.

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ECONOMIC SECURITY DEPT
Program: WORKFORCE SERVICES

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|---------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 10,364 | 9,878 | 9,415 | 8,650 | 8,650 | 17,300 | -1,993 | -10.3% |
| Workforce Development | 5,888 | 1,925 | 1,925 | 1,775 | 1,775 | 3,550 | -300 | -7.8% |
| Federal Tanf | 0 | 5,920 | 5,927 | 0 | 0 | 0 | -11,847 | -100.0% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 87 | 50 | 0 | 0 | 0 | 0 | -50 | -100.0% |
| Mdes Federal | 71,649 | 83,515 | 76,574 | 76,093 | 75,025 | 151,118 | -8,971 | -5.6% |
| Gift | 6 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Total | 87,994 | 101,288 | 93,841 | 86,518 | 85,450 | 171,968 | -23,161 | -11.9% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|---------------|----------------|---------------|---------------|---------------|----------------|----------------|---------------|
| Total Compensation | 25,423 | 29,521 | 30,750 | 30,227 | 29,627 | 59,854 | -417 | -0.7% |
| Other Operating Expenses | 12,982 | 14,935 | 15,670 | 15,547 | 15,442 | 30,989 | 384 | 1.3% |
| Capital Outlay & Real Property | 16 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Payments To Individuals | 1,630 | 3,656 | 6,200 | 6,200 | 6,200 | 12,400 | 2,544 | 25.8% |
| Local Assistance | 47,943 | 53,176 | 41,221 | 34,544 | 34,181 | 68,725 | -25,672 | -27.2% |
| Total | 87,994 | 101,288 | 93,841 | 86,518 | 85,450 | 171,968 | -23,161 | -11.9% |

| Expenditures by Activity | | | | | | | | |
|---------------------------------|---------------|----------------|---------------|---------------|---------------|----------------|----------------|---------------|
| Employment Transition Services | 13,599 | 13,855 | 9,887 | 3,329 | 2,261 | 5,590 | -18,152 | -76.5% |
| Youth Services | 24,996 | 27,873 | 22,130 | 21,455 | 21,455 | 42,910 | -7,093 | -14.2% |
| Adult Training | 12,476 | 17,800 | 14,774 | 14,774 | 14,774 | 29,548 | -3,026 | -9.3% |
| Employment Programs | 36,683 | 41,760 | 47,050 | 46,960 | 46,960 | 93,920 | 5,110 | 5.8% |
| Dislocated Worker | 240 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Total | 87,994 | 101,288 | 93,841 | 86,518 | 85,450 | 171,968 | -23,161 | -11.9% |

ECONOMIC SECURITY DEPT
Program: **WORKFORCE SERVICES**

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|---------------|---------------|-----------------|---------------|---------------|-----------------|--------------------------|----------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Revenue by Type and Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Dedicated | | | | | | | | |
| General | 725 | 696 | 576 | 486 | 486 | 972 | -300 | -23.6% |
| Special Revenue | 661 | 43 | 0 | 0 | 0 | 0 | -43 | -100.0% |
| Workforce Development | 240 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Mdes Federal | 72,539 | 78,508 | 72,428 | 76,093 | 75,025 | 151,118 | 182 | 0.1% |
| Gift | 6 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Dedicated | 74,171 | 79,247 | 73,004 | 76,579 | 75,511 | 152,090 | -161 | -0.1% |
| Total Revenue | 74,171 | 79,247 | 73,004 | 76,579 | 75,511 | 152,090 | -161 | -0.1% |

| | | | | | | | | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|--|--|------|
| Full-Time Equivalents (FTE) | 491.0 | 511.1 | 510.5 | 500.2 | 488.8 | | | |
| | | | | | | | | 0.0% |

Activity Description

The Employment Transition Services (ETS) budget activity addresses the needs of Minnesotans who require intensive services or training to obtain employment and self-sufficiency. Many of the customers of this activity's services are on public assistance. Some are also facing significant economic disadvantages as a result of basic skills deficiencies. The broad, common goal of all five programs contained within this activity is to place these disadvantaged customers in a satisfying and appropriate career path, and help keep them there.

The five programs are:

- ◆ the federal Welfare-to-Work Program (WtW);
- ◆ the Employment Services portion of the Minnesota Family Investment Program (MFIP);
- ◆ the Food Support Employment and Training (FSET) program;
- ◆ the Opportunities Industrialization Centers (OICs); and
- ◆ the Displaced Homemaker Program (DHP).

Authority for these programs comes respectively from: WtW Section 5001 of the Balanced Budget Act of 1997 and U.S. Code, Title 42, Chapter 603(a)(5); MFIP M.S. 256J.49 to 256J.73 and U.S. Code, Title 42, Section 603; FSET M.S. 256D.051 and U.S. Code, Title 7, Chapter 51, Section 2015(d); OICs M.S. 268.011, Subd. 4 and 268.871, Subd. 2; and DHP M.S. 268.96.

Population Served

There are differences in the customers within this activity from program to program:

WtW: Primary customers include long-term recipients of public assistance (MFIP). There are eligibility requirements based in long-term assistance status, exhaustion or near-exhaustion of benefits, and other strong at-risk factors. Seventy percent of Minnesota's federal allocation *must* serve long-term recipients or non-custodial parents.

MFIP Employment Services: The program's customers are Minnesota families currently on welfare. For most recipients, participation in this program is mandatory during their receipt of TANF (Temporary Assistance for Needy Families).

FSET: The program serves Minnesotans 18–55 years old in households not receiving other public assistance. There are work requirements for recipients.

OICs - Participants are unemployed, underemployed, and otherwise economically disadvantaged persons: minorities, welfare recipients, at-risk youth, refugees, and ex-offenders. This group is often not as well served by traditional employment providers.

DHP - Customers are women or men who have worked in the home for a minimum of two years caring for home and family but due to specific circumstances (separation, divorce, death, or disability of spouse or partner, or other loss of financial support) must support themselves and their family. Eligibility is based on income guidelines.

Activity at a Glance

A major purpose to Employment Transition Services (ETS) is to provide services to those experiencing significant barriers to employment:

- ◆ The Minnesota Family Investment Program, Food Support Employment and Training, and Welfare-to-Work programs primarily serve mandatory clients with a limited period of eligibility for assistance. The goal is placement, support, retention and job progression towards self sufficiency.
- ◆ The Displaced Homemaker Program and Opportunity Industrialization Centers provide specialized pre-employment and employment services to targeted populations.
- ◆ The ETS staff develops and facilitates enhancement and technical assistance programs such as Money Smart, nontraditional jobs for women, counselor training, fathers projects and specialized assessments.

ECONOMIC SECURITY DEPT

Program: WORKFORCE SERVICES

Activity: EMPLOYMENT TRANSITION SERVICES

Narrative

Services Provided

Services differ from program to program:

WtW and MFIP Employment Services: Given the common pool of customers across both programs, state and local partners work hard to align services statewide and leverage funds. These services include assessment, career planning, job search and retention skills training, wage subsidy, and work experience. Support services are provided on an individual basis as necessary. Employment services providers vary throughout the state and include the Minnesota WorkForce Center Partners, community action agencies, educational agencies, county agencies, and other non-profit entities. Through an interagency agreement, Minnesota Department of Economic Security (MDES) jointly administers the employment component of the MFIP program with the Department of Human Services.

FSET - Services include assessment, career planning, and job and skills training. Support services are provided on an individual basis as necessary. FSET services are administered statewide by counties, usually through service providers such as WorkForce Centers, community action agencies, and appropriate county offices. Through an interagency agreement, MDES jointly administers the employment component of FSET with the Department of Human Services.

OICs - Comprehensive services to customers include outreach/recruitment; counseling; remedial education; motivational and pre-vocational training; skills training; job development and placement. With over 90% of customers representing one or more minority populations, services are often specific to the needs and issues those populations face. OICs operate in Minneapolis and St. Paul, as well as on the Mille Lacs Indian Reservation and in Bemidji. The OIC State Council is the administrator of state funds to the OIC programs; it coordinates all state-level activities, provides technical assistance and resource development, and develops new OICs.

DHP – The Department administers the twelve programs that provide services to displaced homemakers statewide. Workshops, support groups and networking, one-to-one personal or vocational counseling, job-seeking methods, leadership development, decision-making skills, and assistance with action plans are among the resources available. Other services may include referral for remedial education, child care, legal assistance, and other support services. Transportation, child care, and work or school expenses are covered when funds are available.

Activity Funding

Employment Transition is one of the areas at the Department where state funding plays a critical role. Workforce Development Fund (WDF) and TANF appropriations support OICs and the Displaced Homemaker Program. FSET and MFIP ES administrative operations are conducted through interagency agreement with the Department of Human Services. Due to the availability of the required 50% state match, Minnesota was able to draw down all available WtW dollars.

Legislative action during the 2001 session reduced 2004-05 TANF base funding by \$827,000 for the Displaced Homemaker Program and \$100,000 for OICs.

ECONOMIC SECURITY DEPT

Program: WORKFORCE SERVICES

Activity: EMPLOYMENT TRANSITION SERVICES

Narrative

Key Measures

All measures are based on the regular state fiscal year. NA = not available at the time of printing.

| MEASURE | FY 2000 | FY 2001 | FY 2002 | FY 2002 GOAL |
|---|--------------|----------------|----------------|--------------|
| Total WtW customers served* | 5,567 | 8,005 | 9,326 | 9,650 |
| Percentage of WtW customers who leave program* | 50% | 67% | 79% | 82% |
| Percentage of leaving customers (WtW) who gain employment* | 33% | 33% | 35% | 38% |
| Average hourly wage of customers (WtW) who gain employment* | \$8.68 | \$8.11 | \$8.07 | \$8.00 |
| Total MFIP ES customers served | 49,500 | 49,400 | 56,300 | NA |
| Percentage of MFIP ES customers who left the program employed | 45% | 43% | 40% | NA |
| Average hourly wage of those leaving MFIP ES | \$8.60 | \$9.00 | \$9.33 | \$9.00 |
| Total FSET customers served | 6,970 | 7,487 | 10,441 | NA |
| Percentage of leaving customers (FSET) who gain employment | 41.5% | 40% | 34.4% | 34% |
| Average hourly wage of customers (FSET) who gain employment | \$7.74 | \$8.19 | \$8.30 | \$8.00 |
| Percentage of OIC customers who complete employability skills training | 69% | 79% | 76% | 75% |
| Percentage of OIC customers completing who gain employment (other positive goals in parentheses, including higher education) | 62% (38%) | 45% (25%) | 69% (31%) | 70% (30%) |
| Percentage of displaced homemaker customers who gain employment (other positive goals in parentheses, including higher education) | 39% (75%) | 30% (70.5%) | 30% (74.1%) | 70% |
| Average hourly wage of newly employed displaced homemaker customer | \$9.04 | \$9.34 | \$9.66 | \$9.00+ |

* Asterisked figures are calculated from the start of the federal grant in 1999.

Contact

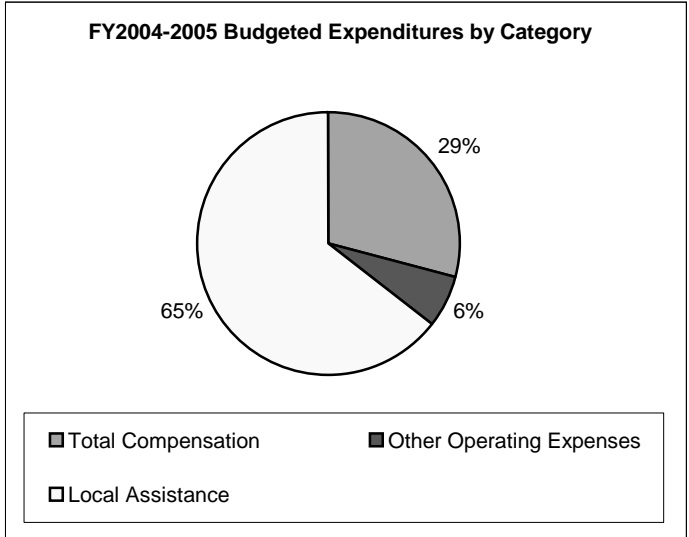
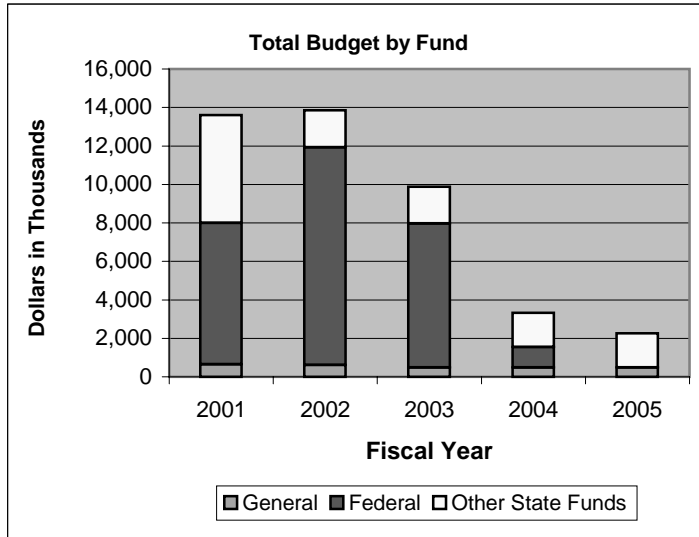
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ECONOMIC SECURITY DEPT

Program: WORKFORCE SERVICES

Activity: EMPLOYMENT TRANSITION SERVICES

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 647 | 616 | 486 | 486 | 486 | 972 | -130 | -11.8% |
| Workforce Development | 5,598 | 1,925 | 1,925 | 1,775 | 1,775 | 3,550 | -300 | -7.8% |
| Federal Tanf | 0 | 5,920 | 5,927 | 0 | 0 | 0 | -11,847 | -100.0% |
| Statutory Appropriations | | | | | | | | |
| Mdes Federal | 7,354 | 5,394 | 1,549 | 1,068 | 0 | 1,068 | -5,875 | -84.6% |
| Total | 13,599 | 13,855 | 9,887 | 3,329 | 2,261 | 5,590 | -18,152 | -76.5% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|--------------|--------------|--------------|--------------|----------------|---------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 2,720 | 1,698 | 1,582 | 1,119 | 519 | 1,638 | -1,642 | -50.1% |
| Other Operating Expenses | 403 | 350 | 347 | 229 | 124 | 353 | -344 | -49.4% |
| Payments To Individuals | 108 | 100 | 0 | 0 | 0 | 0 | -100 | -100.0% |
| Local Assistance | 10,368 | 11,707 | 7,958 | 1,981 | 1,618 | 3,599 | -16,066 | -81.7% |
| Total | 13,599 | 13,855 | 9,887 | 3,329 | 2,261 | 5,590 | -18,152 | -76.5% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|------------|--------------|---------------|---------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| General | 641 | 616 | 486 | 486 | 486 | 972 | -130 | -11.8% |
| Mdes Federal | 7,587 | 5,042 | 1,549 | 1,068 | 0 | 1,068 | -5,523 | -83.8% |
| Subtotal Dedicated | 8,228 | 5,658 | 2,035 | 1,554 | 486 | 2,040 | -5,653 | -73.5% |
| Total Revenue | 8,228 | 5,658 | 2,035 | 1,554 | 486 | 2,040 | -5,653 | -73.5% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|------------|
| Full-Time Equivalents (FTE) | 48.3 | 29.0 | 25.9 | 17.6 | 7.9 |
|------------------------------------|-------------|-------------|-------------|-------------|------------|

ECONOMIC SECURITY DEPT

Program: WORKFORCE SERVICES

Activity: YOUTH SERVICES

Narrative

Activity Description

The Youth Services budget activity gives youth statewide important resources and skills for transition into the career they choose. This activity encompasses six specific grants/programs – Workforce Investment Act (WIA) Youth Formula Grant, Minnesota Youth Program (MYP), Minnesota YouthBuild, Juvenile Accountability Incentive Block Grant (JAIBG), Juvenile Justice, and Youth Intervention Program (YIP). Authority for this budget activity therefore comes from multiple sources: M.S. 268.30, 268.361–367, 268.56–561, and various federal laws including the Workforce Investment Act of 1998, the Juvenile Justice and Delinquency Prevention Act of 1974 (as amended), and the U.S. Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act of 2001

Activity at a Glance

Youth Services encompasses six specific programs that serve over 75,000 Minnesota youth and their families. These “high risk” youth face significant economic and other disadvantages; the department uses a mixture of federal and state resources to meet their needs.

Population Served

While specific age limits and eligibility criteria differ by program, this activity generally serves those youth in or just out of their teenage years who are economically disadvantaged and/or at risk of not completing their high school education. These youth often face hurdles such as homelessness, pregnancy or parenting, trouble with the law, abuse at home, basic skills deficiency, chemical abuse, and limited English proficiency. Statewide, there are approximately 10,000 at-risk youth on local waiting lists for employment and training services.

Services Provided

Services differ significantly by program:

WIA Youth Formula Grant – The program operates statewide through the local Workforce Service Areas and the local Workforce Councils. Services include assessment, work experience, basic skills training, follow-up, supportive services as needed, and providing mentoring and leadership skills to help youth develop as citizens and leaders. Individualized assessments determine the specific services provided to in-school and out-of-school youth between the ages of 14 and 21.

MYP - The program operates through the local Workforce Councils and is available in all 87 counties. Staff assess youth needs and use those needs as the basis of designing individualized service strategies. Youth customers (ages 14-21) can access work experience, basic skills training, work-based learning, career counseling, personal counseling, life skills training, mentoring, and peer support groups, as well as support services such as transportation and child care.

MYP serves high-risk youth with severe barriers to employment: 100% are economically disadvantaged, 50% are from families receiving public assistance, and 45% are at risk of involvement with the juvenile justice system. Other barriers may include (but are not limited to) pregnant or parenting youth, homeless, runaway, recovering chemically dependent youth and foster children. Many MYP participants fit into several of these categories.

Minnesota YouthBuild – The program provides construction skills training, work experience, job readiness training, leadership development, and basic academic skills to dropouts, youth offenders, and other “high-risk” youth between the ages of 16 and 24. The program then provides affordable housing to low-income families and homeless individuals. The program is available from twelve different providers located in the Twin Cities, Bemidji, Chaska, Detroit Lakes, Virginia, Monticello, St. Cloud, and Rochester.

JAIBG – Funds are used by units of general local government for activities such as: truancy reduction, expediting juvenile court cases, transitional services including employment and education for youth returning to the community, training, information-sharing programs, and restorative justice programs. Federal requirements are very clear and specify “program purpose areas.” Over 60 Minnesota counties, cities, and regional partnerships receive entitlement grants and have the flexibility to use JAIBG funds for activities which fit into the “program purpose areas.”

ECONOMIC SECURITY DEPT

Program: WORKFORCE SERVICES

Activity: YOUTH SERVICES

Narrative

Activity Funding

Legislative action during the 2002 session reduced Minnesota Youth Program *base* funding by \$500,000.

Juvenile Justice - Examples of services for at-risk youth under the age of 18 include gender and culturally specific programs; diversion, intervention, and restorative justice programs that includes services to the offender, the offender's family, and the victim(s); programs delivering mentoring, tutoring, and other one-on-one experiences for youth to assist them in their maturation; and programs that assist at-risk youth to develop a focus on employment and training for career development. Providers include community based nonprofit organizations and units of local and tribal government, especially law enforcement and other justice agencies.

YIP - The program provides direct services to youth and families, including: youth development services (such as leadership development, mentoring, positive peer-centered activities, follow-up and support services); restorative justice services (such as restitution/community service supervision, family group conferencing, victim/offender mediation); pre-court diversion services; counseling services (including individual, family, and group counseling); educational programs related to specific offenses (such as theft, vandalism, alcohol, tobacco, and other drug offenses); and gender and/or culturally specific services. Public and private nonprofit agencies operate 52 community-based programs statewide. Twenty-nine programs operate in the Twin Cities metropolitan area and 23 serve youth in Greater Minnesota.

Key Measures

The WIA Youth Formula Grant provides outcome data for the Program Year that matches the state fiscal year, from 7-1-2000 through 6-30-02 data is estimated.

| MEASURE | PY 2000 | PY 2001* | PY 2002 (est.) |
|--|----------------------|------------------------|----------------|
| Total youth aged 14–18 served | 3,686 | 3,981 | (3,840) |
| Percentage of youth aged 14–18 who attain prescribed basic skills, work readiness skills, and/or occupational skills (goal in parentheses) | 85.0% (67.0%) | 86.6% (69.0%) | (71.0%) |
| Percentage of youth aged 14–18 who achieve placement and retention in post-secondary education/advanced training; military; unsubsidized employment, or qualified apprenticeship (goal in parentheses) | 70.4% (50.0%) | 76.6%** (52.0%) | (55.0%) |
| Total youth aged 19–21 served | 927 | 1,049 | (960) |
| Percentage of youth aged 19–21 who enter into unsubsidized employment (goal in parentheses) | 73.5% (60.0%) | 75.9% (62.0%) | (65.0%) |
| Percentage of youth aged 19–21 who remain employed for at least six months (goal in parentheses) | 80.3% (72.0%) | 71.3%** (74.0%) | (76.0%) |
| Average earnings over those six months, for those youth (goal in parentheses) | \$3,901 (\$2,850) | \$2,262** (\$3,000) | (\$3,150) |

*Based on preliminary data (as of 8-21-02).

**Preliminary outcomes based on only two quarters of data (10-1-00 – 3-31-01); additional outcomes pending.

MYP uses the standard state fiscal year. 2002 data is estimated.

| MEASURE | FY 1999 | FY 2000 | FY 2001 | FY 2002 (est.) |
|---|---------|---------|---------|----------------|
| Youth customers placed in jobs | 5,659 | 5,851 | 6,407 | 6,200* |
| Percentage of youth who increased reading and math skill levels | 82% | 77% | 79% | 80%* |
| Percentage of youth customers who received academic credit for their program experience | 49% | 47% | 45% | 50%* |

YouthBuild, YIP, JAIBG and Juvenile Justice programs use calendar years for program measures. 2002 data is estimated.

ECONOMIC SECURITY DEPT**Program: WORKFORCE SERVICES****Activity: YOUTH SERVICES**

Narrative

| For YouthBuild: | CY 1999 | CY 2000 | CY 2001 | CY 2002 (est) |
|--|----------------|----------------|----------------|-----------------------|
| Youth customers served | 399 | 387 | 355 | 370 |
| Percentage of youth customers who successfully completed program | 70% | 70% | 70% | 80% |
| Percentage of program completers who obtained high school diploma or GED | 70% | 85% | 85% | 87% |
| Percentage of program completers who immediately enrolled in post-secondary institutions | 27% | 35% | 35% | 44% |
| Percentage of program completers who immediately enrolled in building trades | 15% | 33% | 33% | 36% |
| Percentage of completers who entered unsubsidized employment with a starting wage averaging \$10/hour. | 45% | 72% | 70% | 77% |
| Units of affordable housing constructed or renovated by YouthBuild participants | N/A | 95 | 136 | 125 |
| Homeless and low-income individuals and families who received affordable housing or other positive impact from youth customers' work | N/A | 350 | 740 | 800 |
| For YIP: | CY 1999 | CY 2000 | CY 2001 | CY 2002 (est.) |
| Number of youth and families | 21,674 | 15,195 | 20,170 | 20,000 |
| Hours of community service performed by youth | 50,000 | 41,268 | 51,765 | 50,000 |
| Restitution dollars paid by youth | \$75,000 | \$102,096 | \$77,553 | \$75,000 |
| Percentage of youth customers who successfully complete the program | 82% | 92% | 86% | 90% |
| For JAIBG: | CY 1999 | CY 2000 | CY 2001 | CY 2002 (est.) |
| Reduced truancy rates | N/A | 80% | 80% | 80% |
| Reduced juvenile caseload | N/A | 50% | 50% | 50% |
| For Juvenile Justice Programs | CY 1999 | CY 2000 | CY 2001 | CY 2002 (est.) |
| Number of youth and families served | 21,300 | 15,876 | 25,800 | 12,500 |
| Percentage who complete program successfully | 80% | 82% | 85% | 85% |
| Reduced juvenile recidivism rate | N/A | N/A | 40% | 40% |
| Reduced truancy rate | N/A | N/A | 60% | 60% |

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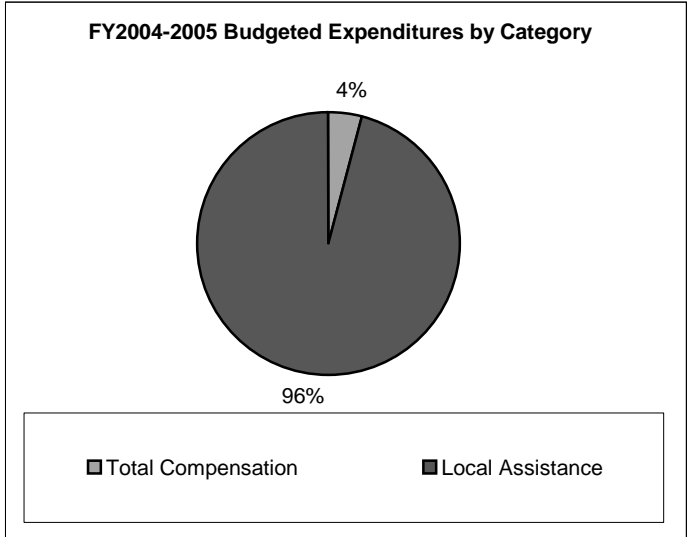
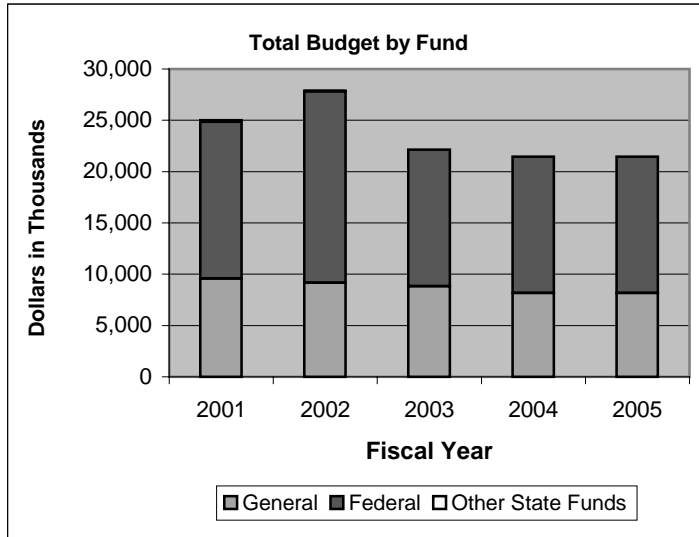
E-mail: kay.tracy@state.mn.usFor more information, visit: www.mnwfc.org/youth

ECONOMIC SECURITY DEPT

Program: WORKFORCE SERVICES

Activity: YOUTH SERVICES

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------|--------------------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 | Dollars Percent |
| Direct Appropriations | | | | | | | | |
| General | 9,562 | 9,182 | 8,839 | 8,164 | 8,164 | 16,328 | -1,693 | -9.4% |
| Workforce Development | 50 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 87 | 50 | 0 | 0 | 0 | 0 | -50 | -100.0% |
| Mdes Federal | 15,297 | 18,641 | 13,291 | 13,291 | 13,291 | 26,582 | -5,350 | -16.8% |
| Total | 24,996 | 27,873 | 22,130 | 21,455 | 21,455 | 42,910 | -7,093 | -14.2% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 771 | 777 | 880 | 905 | 905 | 1,810 | 153 | 9.2% |
| Other Operating Expenses | 224 | 145 | 198 | 198 | 198 | 396 | 53 | 15.5% |
| Payments To Individuals | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Local Assistance | 23,998 | 26,951 | 21,052 | 20,352 | 20,352 | 40,704 | -7,299 | -15.2% |
| Total | 24,996 | 27,873 | 22,130 | 21,455 | 21,455 | 42,910 | -7,093 | -14.2% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| General | -6 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Special Revenue | 87 | 43 | 0 | 0 | 0 | 0 | -43 | -100.0% |
| Mdes Federal | 15,431 | 16,221 | 13,262 | 13,291 | 13,291 | 26,582 | -2,901 | -9.8% |
| Subtotal Dedicated | 15,512 | 16,264 | 13,262 | 13,291 | 13,291 | 26,582 | -2,944 | -10.0% |
| Total Revenue | 15,512 | 16,264 | 13,262 | 13,291 | 13,291 | 26,582 | -2,944 | -10.0% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 11.4 | 12.5 | 13.7 | 13.3 | 13.0 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

ECONOMIC SECURITY DEPT

Program: WORKFORCE SERVICES

Activity: WELFARE TO WORK SERVICES

Narrative

Activity Description

The Job Service Employment Programs and Job Service Field Offices budget activity combines two units and eight different programs of the WorkForce Services Branch, in an array of services to employers seeking qualified applicants and individuals seeking assistance in employment. The two units are combined on this narrative since they tend to reflect "headquarters" and "branch" aspects of the same programs.

While the primary program here is the federally funded Job Service, the activity also includes: Veterans Programs; employer incentive initiatives such as the Work Opportunity and Welfare-to-Work Tax Credits; global economy adjustment aids including Foreign Labor Certification (FLC) and dislocated worker assistance under the Trade Adjustment Act and North American Free Trade Agreement; information products and services including Career Information and Labor Market Information; and a statewide labor exchange in the Minnesota Job Bank.

While the federal Wagner-Peyser Act, Trade Adjustment Act (TTA), and North American Free Trade Agreement (NAFTA) all contribute to this activity's authority, we recommend <http://www.mnwfc.org/burgundy/index.htm> as a reliable, complete listing of all relevant federal and state statutes.

Population Served

The primary customers of the Job Service program and information products and services are Minnesota job seekers and employers. Special efforts are made to serve veterans, youth, seasonal migrant farm workers, and people with disabilities. Other public employment and training programs in Minnesota are important secondary customers. The other programs in this budget activity – veterans, trade adjustment, tax credit, enterprise zone, foreign labor certification – all have specific eligibility requirements.

Services Provided

Services differ by program:

Job Service – Job Service provides job preparation assistance and job placement assistance to job seekers at WorkForce Centers throughout Minnesota. Minnesota's Job Bank is an Internet-based labor exchange system that links job seekers and employers through the largest employment database in the state, and provides a direct seamless link to America's Job Bank. While job attainment is the principal focus, Job Service also provides other services to that end, such as jobseeking classes, employment counseling, referrals to community-based services, and a wide range of employer-focused services.

Veterans – Customers receive career assessment, preparation, and placement assistance through the WorkForce Center System, tailored to their specific needs.

Work Opportunity and Welfare-to-Work Tax Credits – Employers receive a federal income tax credit when they hire persons from targeted groups.

Foreign Labor Certification - The department assists employers with the application process to hire foreign labor, provides prevailing wage information, and pre-screens applications prior to submittal to the Department of Labor Regional Certifying Officer in Chicago.

Activity at a Glance

Job Service Employment Programs and Job Service Field Offices are the "headquarters" and "branches" of a variety of labor exchange programs. While some of these programs look similar to specialized programs elsewhere in the WorkForce Services Branch, others are unique employer incentives, and still others are critical information products and services that every Minnesotan can use.

Job Service forms the backbone of this budget activity, serving nearly 150,000 Minnesota job seekers and employers directly per year and many more indirectly.

ECONOMIC SECURITY DEPT

Program: WORKFORCE SERVICES

Activity: WELFARE TO WORK SERVICES

Narrative

Trade adjustment – Programs include several benefits and reemployment services – such as training, job search allowances, relocation allowances, and cash benefits called Trade Readjustment Allowances (TRA). TRA may be paid to eligible workers following their exhaustion of unemployment insurance.

Career and labor market information – Products and services are extensive, and can best be described through three web sites the department manages or contributes to: www.iseek.org, www.mncareers.org, and www.mnwfc.org/lmi/. Products and services are also available in print and other formats.

Employer services - Job Service provides employers with current labor market information, program information to reduce business and hiring costs, and recruitment assistance with finding qualified applicants for job openings. Specific services include (but are not limited to) on-site recruiting, on-site interview facilities, Internet recruitment training and publications, and on- or off-site educational presentations. See www.mnwfc.org/employers.htm for a detailed listing of employer services.

Key Measures

These measures use the regular state fiscal year. Note that Job Service is a strong contributor to measures found on the WorkForce Services Branch narrative. Also note that because of internal systems changes, data earlier than 2001 is not available (NA).

| MEASURE | FY 2000 | FY 2001 | FY 2002 | FY 2002 GOAL |
|--|---------|--------------------|-------------------|--------------|
| Number of jobseekers receiving reportable service from Job Service | NA | 141,974 | 181,122 | NA |
| Number of veterans receiving a reportable service from veteran-oriented programs | NA | 22,326 | 23,873 | NA |
| Percentage of veterans customers who gain new employment after receiving service | NA | 22% | 23% | NA |
| Total number (and value) of Work Opportunities and Welfare-to-Work Tax Credits provided to employers | NA | 6,521 (\$32.5M) | 6793 (\$33.4M) | NA |
| Percentage of reportable data produced on-time (by U.S. Bureau of Labor Statistics standards) | NA | 100% | 100% | NA |
| Average response rate to Labor Market Information surveys | NA | 75% | 90% | NA |

Activity Funding

All funding for this activity comes from federal sources, primarily from the U.S. Department of Labor. Job Service is the largest activity. TAA and NAFTA Adjustment services often go to supplement assistance given by the Dislocated Worker Program at the Department of Trade and Economic Development.

Contact

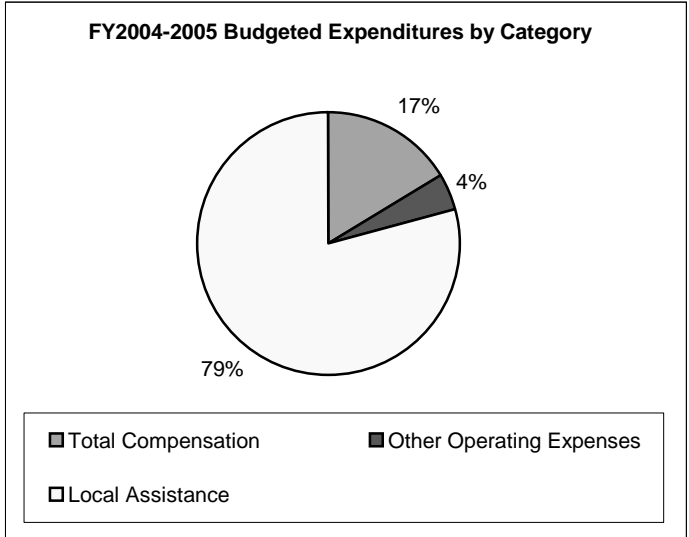
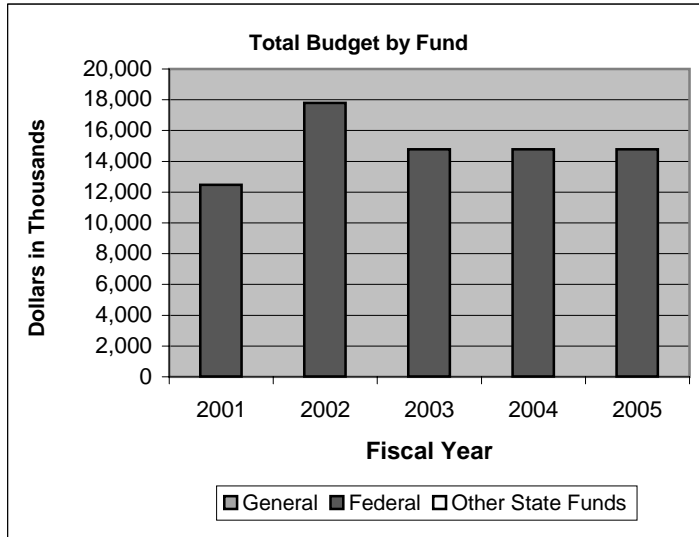
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ECONOMIC SECURITY DEPT

Program: **WORKFORCE SERVICES**

Activity: ADULT TRAINING

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Statutory Appropriations | | | | | | | | |
| Mdes Federal | 12,476 | 17,800 | 14,774 | 14,774 | 14,774 | 29,548 | -3,026 | -9.3% |
| Total | 12,476 | 17,800 | 14,774 | 14,774 | 14,774 | 29,548 | -3,026 | -9.3% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Total Compensation | 1,117 | 2,264 | 2,438 | 2,438 | 2,438 | 4,876 | 174 | 3.7% |
| Other Operating Expenses | 301 | 1,508 | 625 | 625 | 625 | 1,250 | -883 | -41.4% |
| Local Assistance | 11,058 | 14,028 | 11,711 | 11,711 | 11,711 | 23,422 | -2,317 | -9.0% |
| Total | 12,476 | 17,800 | 14,774 | 14,774 | 14,774 | 29,548 | -3,026 | -9.3% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|-------------|--------------|
| Dedicated | | | | | | | | |
| Mdes Federal | 13,473 | 17,627 | 12,520 | 14,774 | 14,774 | 29,548 | -599 | -2.0% |
| Subtotal Dedicated | 13,473 | 17,627 | 12,520 | 14,774 | 14,774 | 29,548 | -599 | -2.0% |
| Total Revenue | 13,473 | 17,627 | 12,520 | 14,774 | 14,774 | 29,548 | -599 | -2.0% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 19.8 | 38.6 | 39.9 | 38.3 | 36.9 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

ECONOMIC SECURITY DEPT

Program: WORKFORCE SERVICES

Activity: WORKFORCE EXCHANGE SERVICES

Narrative

Activity Description

The Adult Training budget activity provides employment and training assistance to adults to obtain and improve their employment, increase job retention, improve earnings, and earn occupational skill credentials. The activity encompasses two distinct programs – Workforce Investment Act (WIA) Title IB Adults, and the Senior Community Service Employment Program (SCSEP). Authority comes respectively from: the federal Workforce Investment Act of 1998, and Title V of the Older Americans Act of 1965 as amended by the Comprehensive Older Americans Act of 2000;

Population Served

Customers of WIA Title IB Adults are adults in Minnesota who want to improve their participation in the workforce. Although the program is designed to serve all adults, often the program's customers are individuals who are: economically disadvantaged individuals with disabilities, individuals with offender status, and/or are basic skills deficient. Customers of SCSEP are Minnesotans 55 years of age or older, with an income of less than 125% of the poverty levels established by the U.S. Department of Health and Human Services, who want or need additional income.

Services Provided

Services differ from program to program:

WIA Title I – Adult: Services available to assist job seekers include preliminary assessment of skill levels, aptitudes, and abilities; support services; occupational training; on-the-job training; job search assistance; placement assistance; and career counseling. Information is also available on a full array of employment-related services, including information about local education and training service providers, labor market information, job vacancies, and skills necessary for in-demand jobs. Sixteen local WorkForce Service Areas select the menu of services and the providers who deliver the services (WorkForce Center partners, city or county services, community-based organizations, or other vehicles).

SCSEP – Places low-income individuals 55 years of age and older in subsidized part-time employment in community service. Additional services may include annual physical exams, personal and job-related counseling, and job training. The goal of the program is to place a minimum of 20% of individuals into unsubsidized employment annually. The Department subgrants SCSEP operations to 15 local agencies that serve older workers in 60 counties throughout the state. In addition, five National sponsors provide services in the remaining counties. Together the local agencies and the national sponsors provide programs in all 87 Minnesota counties.

Key Measures

All measures are based on the regular state fiscal year. FY 2000 data is not available (NA) because of the timing of WIA's implementation. FY 2002 data is preliminary.

Activity at a Glance

Adult Training activities are based in two pieces of Federal Legislation – the Workforce Investment Act of 1998 (Title IB) and the Older Americans Act of 1965 (Title V) (as amended). In the year ending September 30, 2001, this activity registered about 3,500 customers across both programs. This total clearly understates the number of individuals who benefited from these programs since a large number of individuals utilize Title IB funded WorkForce Center services throughout the state without the requirement of registering.

Title IB puts a great deal of emphasis on not just immediate employment, but job retention and credentialing of skills. Federal authorities require annual reports; these reports are available from the department.

ECONOMIC SECURITY DEPT

Program: WORKFORCE SERVICES

Activity: WORKFORCE EXCHANGE SERVICES

Narrative

| MEASURE | FY 2000 | FY 2001 | FY 2002 (preliminary) | FY 2002 GOAL |
|--|---------|---------|--------------------------|--------------|
| Percentage of adult customers (Title I) who entered employment after receiving services. | NA | 70% | 74% | 75% |
| Percentage of employed adult customers (Title I) who retained their job for at least six months | NA | 82% | 74% | 78% |
| Average annualized earnings change after six months for adult customers (Title I) | NA | \$4,169 | \$3,771 | +\$3,600 |
| Percentage of adult customers (Title I) who both enter employment and receive a formal skills credential | NA | 33% | 56% | 45% |
| Percentage of older adult customers (SCSEP) who enter unsubsidized employment (federal target = 20%) | 27% | 24% | 20% | 20% |

Activity Funding

Federal funding supports Title I Adult and SCSEP programming. These programs do not receive state funding.

Contact

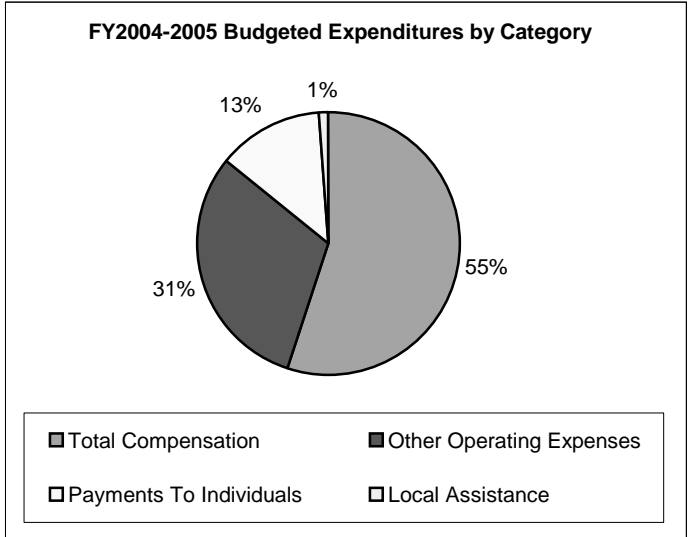
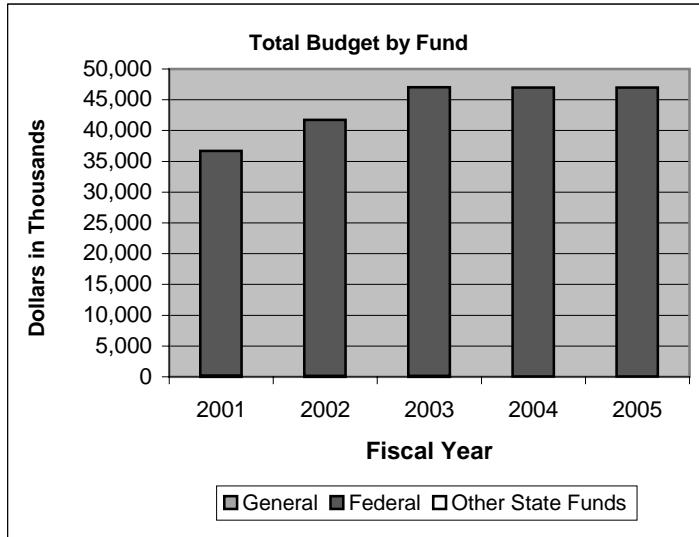
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ECONOMIC SECURITY DEPT

Program: **WORKFORCE SERVICES**

Activity: EMPLOYMENT PROGRAMS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 155 | 80 | 90 | 0 | 0 | 0 | -170 | -100.0% |
| Statutory Appropriations | | | | | | | | |
| Mdes Federal | 36,522 | 41,680 | 46,960 | 46,960 | 46,960 | 93,920 | 5,280 | 6.0% |
| Gift | 6 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Total | 36,683 | 41,760 | 47,050 | 46,960 | 46,960 | 93,920 | 5,110 | 5.8% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 20,591 | 24,782 | 25,850 | 25,765 | 25,765 | 51,530 | 898 | 1.8% |
| Other Operating Expenses | 12,038 | 12,932 | 14,500 | 14,495 | 14,495 | 28,990 | 1,558 | 5.7% |
| Capital Outlay & Real Property | 16 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Payments To Individuals | 1,519 | 3,556 | 6,200 | 6,200 | 6,200 | 12,400 | 2,644 | 27.1% |
| Local Assistance | 2,519 | 490 | 500 | 500 | 500 | 1,000 | 10 | 1.0% |
| Total | 36,683 | 41,760 | 47,050 | 46,960 | 46,960 | 93,920 | 5,110 | 5.8% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| General | 90 | 80 | 90 | 0 | 0 | 0 | -170 | -100.0% |
| Mdes Federal | 36,048 | 39,618 | 45,097 | 46,960 | 46,960 | 93,920 | 9,205 | 10.9% |
| Gift | 6 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Dedicated | 36,144 | 39,698 | 45,187 | 46,960 | 46,960 | 93,920 | 9,035 | 10.6% |
| Total Revenue | 36,144 | 39,698 | 45,187 | 46,960 | 46,960 | 93,920 | 9,035 | 10.6% |

| | | | | | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Full-Time Equivalents (FTE) | 411.5 | 431.0 | 431.0 | 431.0 | 431.0 |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|

Program Description

The WorkForce Rehabilitation Services (RS) Branch helps Minnesotans with disabilities integrate into society. The branch's emphasis is on serving those with severe disabilities, and on encouraging the participation of all Minnesotans with disabilities in the social and economic life of their communities. Authority comes from M.S. 268A, the federal Rehabilitation Act of 1973 as amended, and the federal Social Security Act.

Population Served

RS provides services to those Minnesota employers seeking qualified workers; those Minnesotans with severe disabilities who wish to prepare for, secure, and maintain employment; and the wider community of Minnesotans with disabilities who wish to live with greater independence in their homes and communities. (Children and the elderly typically receive age-appropriate services from other departments.) According to 2002 Census data, the total number of Minnesotans aged 21-64 with a disability is a bit over 303,000, or 10.8% of the state's population.

Program at a Glance

The WorkForce Rehabilitation Services (RS) Branch uses three different budget activities to help Minnesotans with disabilities integrate into society. Seventeen different grant programs help over 41,000 such Minnesotans every year; and thousands of Minnesota employers, as well as the state as a whole, benefit from the increased role our customers can play as citizens, workers, and community members.

Services Provided

Four hundred branch staff and 140 state-certified community agencies provide services through three major programs, all available statewide (and detailed further on subsequent narrative pages). First, the *Extended Employment* program offers ongoing employment support services to individuals through a variety of employment settings – including manufacturing, service, and retail operations managed by community rehabilitation programs. The *Independent Living* program provides comprehensive services to people with severe disabilities who wish to live more independently and participate in their communities; the five sets of services include skills training, individual and systems advocacy, peer counseling, information and referral, and transition services for youth and young adults. The *Vocational Rehabilitation Services* program supplies basic services to customers including assessment, vocational evaluation, training, rehabilitation counseling, assistive technology, and job placement. Certain special services are also available, based on individual circumstances.

The branch provides services through the statewide network of WorkForce Centers and a variety of private, nonprofit service providers (including eight Centers for Independent Living).

Key Measures

The extent to which people with disabilities are employed reflects general economic conditions, the success of programs serving people with disabilities, and overall attitudes about employing people with disabilities.

Program Funding

The majority of RS funding is federal. State funding for RS activities is primarily pass-through money intended for service providers in Extended Employment and Independent Living Services. Significant matching funds (\$7.5 million) support Vocational Rehabilitation Services. State operations constitutes less than 2% of state funding.

Minnesota's employment of people with disabilities ranks *first* among the states and compares quite favorably to the national average of 49%.

| | 1990 | 2000 | 2003 Goal |
|--|------|------|-----------|
| Percentage of Minnesotans with disabilities employed | 48% | 65% | 66% |

Budget activity pages contain performance data specific to the three broad areas within this branch.

ECONOMIC SECURITY DEPT

Program: WORKFORCE REHABILITATION SVCS

Narrative

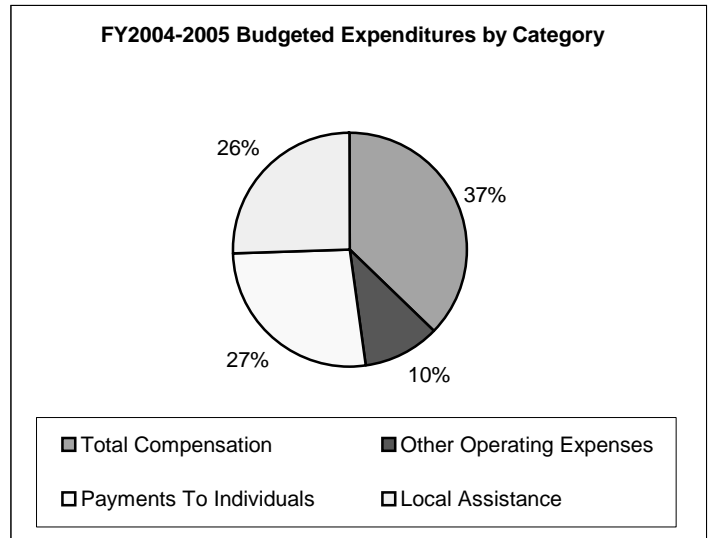
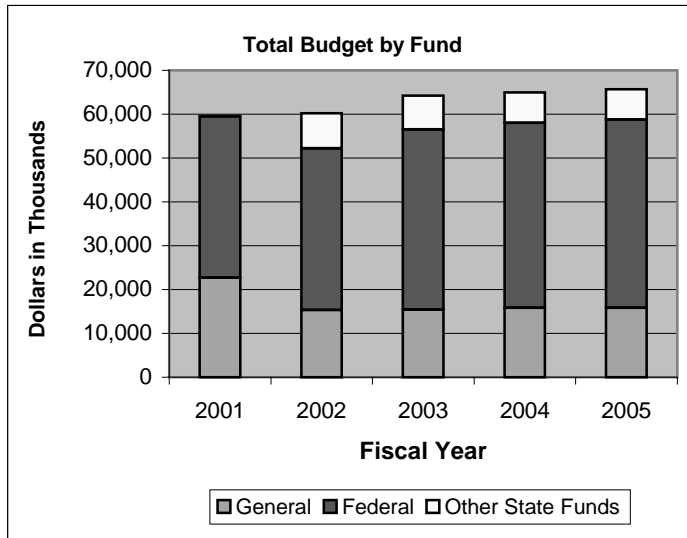
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ECONOMIC SECURITY DEPT

Program: WORKFORCE REHABILITATION SVCS

Fiscal Report



| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|------------------|------------------|--------------------|----------------|--------------------|---------------------|--------------------------------------|-------------|
| Expenditures by Fund | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 22,715 | 15,325 | 15,380 | 15,817 | 15,817 | 31,634 | 929 | 3.0% |
| Workforce Development | 50 | 8,068 | 7,745 | 6,945 | 6,945 | 13,890 | -1,923 | -12.2% |
| Federal Tanf | 0 | 146 | 0 | 0 | 0 | 0 | -146 | -100.0% |
| Statutory Appropriations | | | | | | | | |
| Mdes Federal | 36,439 | 36,698 | 41,130 | 42,218 | 42,921 | 85,139 | 7,311 | 9.4% |
| Federal Tanf | 363 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Gift | 0 | 1 | 6 | 6 | 6 | 12 | 5 | 71.4% |
| Total | 59,567 | 60,238 | 64,261 | 64,986 | 65,689 | 130,675 | 6,176 | 5.0% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|--------------|-------------|
| Total Compensation | 22,107 | 22,195 | 23,288 | 24,069 | 24,727 | 48,796 | 3,313 | 7.3% |
| Other Operating Expenses | 4,909 | 4,258 | 6,492 | 6,748 | 6,893 | 13,641 | 2,891 | 26.9% |
| Payments To Individuals | 15,664 | 16,442 | 17,366 | 17,457 | 17,357 | 34,814 | 1,006 | 3.0% |
| Local Assistance | 16,887 | 17,343 | 17,115 | 16,712 | 16,712 | 33,424 | -1,034 | -3.0% |
| Total | 59,567 | 60,238 | 64,261 | 64,986 | 65,689 | 130,675 | 6,176 | 5.0% |

| Expenditures by Activity | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|--------------|-------------|
| Vocational Rehabilitation | 42,925 | 43,298 | 47,272 | 48,360 | 49,063 | 97,423 | 6,853 | 7.6% |
| Independent Living | 2,885 | 3,141 | 3,259 | 3,259 | 3,259 | 6,518 | 118 | 1.8% |
| Extended Employment | 13,757 | 13,799 | 13,730 | 13,367 | 13,367 | 26,734 | -795 | -2.9% |
| Total | 59,567 | 60,238 | 64,261 | 64,986 | 65,689 | 130,675 | 6,176 | 5.0% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|-------------|
| Dedicated | | | | | | | | |
| Mdes Federal | 36,145 | 36,587 | 41,130 | 42,218 | 42,921 | 85,139 | 7,422 | 9.6% |
| Federal Tanf | 363 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Gift | 1 | 1 | 6 | 6 | 6 | 12 | 5 | 71.4% |
| Subtotal Dedicated | 36,509 | 36,588 | 41,136 | 42,224 | 42,927 | 85,151 | 7,427 | 9.6% |
| Total Revenue | 36,509 | 36,588 | 41,136 | 42,224 | 42,927 | 85,151 | 7,427 | 9.6% |

Full-Time Equivalents (FTE) **402.9** **400.5** **401.7** **409.9** **409.9**

State of Minnesota

ECONOMIC SECURITY DEPT

Program: WORKFORCE REHABILITATION SVCS

Activity: VOCATIONAL REHABILITATION

Narrative

Activity Description

The Vocational Rehabilitation (VR) budget activity is the state's comprehensive, statewide program that assists persons with significant disabilities to seek, gain, and retain employment. Authority comes from M.S. 268A and the federal Rehabilitation Act of 1973, as amended

Services Provided

VR supplies basic services to customers including assessment, vocational evaluation, training, rehabilitation counseling, assistive technology, and job placement. Customers receive these services through 176 VR counselors located across the statewide network of WorkForce Centers and school districts. The department purchases many services from local, nonprofit community rehabilitation providers.

Activity at a Glance

Persons with disabilities are a valuable source of skilled labor for employers. Vocational Rehabilitation (VR)'s experience demonstrates that Minnesotans with severe disabilities are eager and ready to work – and Minnesota employers are eager and ready to hire them.

- ◆ Over 4,200 customers employed in 2001
- ◆ Over 2,600 employers employing them
- ◆ Active caseload of nearly 20,000

Historical Perspective

Funding for VR has been essentially flat for the last several years – in fact, due to funding formulas, Minnesota's proportion of allocated federal funds has actually decreased. During the same period, demand for VR services has increased dramatically because of the greater need for skilled workers and the growth in the number of our customers seeking employment. Finally, inflationary pressure has made resources even tighter.

The federal Rehabilitation Act stipulates that when there are insufficient resources to serve all eligible individuals, the state must put in place an "order of selection" to ensure individuals with the most severe disabilities are served first. An order of selection has been in effect in Minnesota since 1994. Absent a significant increase in federal funding for Minnesota's Vocational Rehabilitation program this year, the cumulative effect of the above factors will lead to a more stringent order of selection starting 10-1-02.

Key Measures

Measures are based on a federal fiscal year (October 1 of previous year through September 30 of listed year). Note that customers of this program often take more than a year to reach key milestones. As a result, comparisons between one measure and another are difficult.

Activity Funding

The clear majority of VR funds come from the federal government. However, these funds cannot come without critical state matching funds. Each state dollar appropriated for the VR Program brings 3.7 federal dollars for these services. (In FY 2003, the state is providing \$7.5 million from the General Fund.)

| MEASURE | FFY 1999 | FFY 2000 | FFY 2001 | FFY 2002 GOAL |
|--|----------|----------|----------|---------------|
| Number of new customers accepted for service | 8,579 | 9,678 | 10,297 | 10,500 |
| Number of customers completing an employment plan during the year | 6,000 | 6,658 | 6,409 | 6,500 |
| Number of customers with an employment plan attaining work during the year | 3,781 | 3,989 | 4,278 | 4,000 |
| Number of participating employers | 2,484 | 2,566 | 2,623 | 1,900 |

This past year the department began a new method of gauging customer satisfaction with many of its key programs. An independent contractor surveys a statewide sample of WorkForce Center customers each month and reports the results (see www.mnwfc.org/customersurvey/). The department calculates a Minnesota Customer Satisfaction Index from responses to questions on overall satisfaction. For the first six months of the survey (November 2001 - April 2002), the index for this program was 72.1 on a scale of 1 to 100. This number will contribute to the first year baseline data and will be critical in monitoring patterns of customer satisfaction over time. Future budget narratives will report these trends.

ECONOMIC SECURITY DEPT

Program: WORKFORCE REHABILITATION SVCS

Activity: VOCATIONAL REHABILITATION

Narrative

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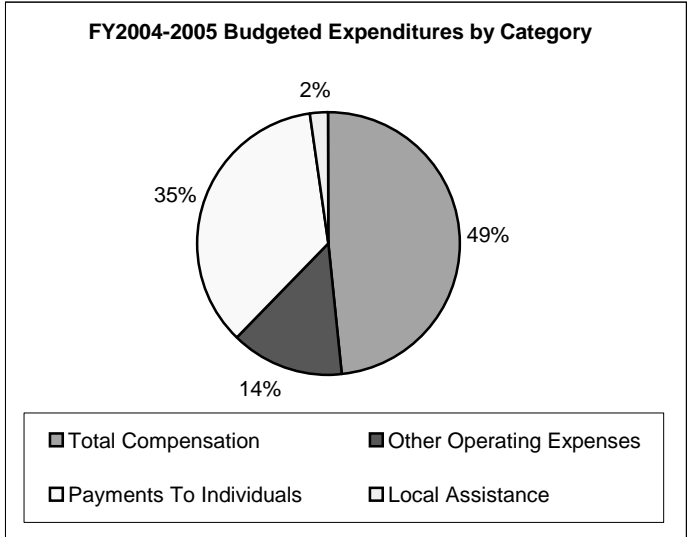
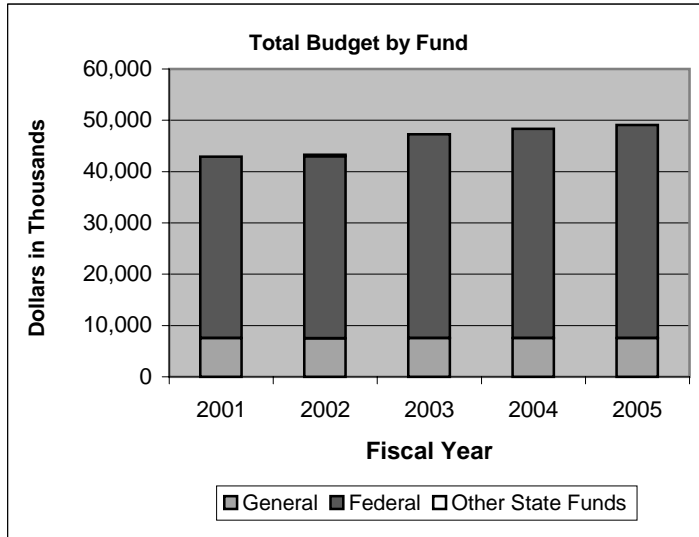
Web site: www.mnwfc.org/rehab/vr/main_vr.htm

ECONOMIC SECURITY DEPT

Program: WORKFORCE REHABILITATION SVCS

Activity: VOCATIONAL REHABILITATION

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 7,521 | 7,515 | 7,521 | 7,521 | 7,521 | 15,042 | 6 | 0.0% |
| Workforce Development | 0 | 325 | 0 | 0 | 0 | 0 | -325 | -100.0% |
| Statutory Appropriations | | | | | | | | |
| Mdes Federal | 35,404 | 35,457 | 39,745 | 40,833 | 41,536 | 82,369 | 7,167 | 9.5% |
| Gift | 0 | 1 | 6 | 6 | 6 | 12 | 5 | 71.4% |
| Total | 42,925 | 43,298 | 47,272 | 48,360 | 49,063 | 97,423 | 6,853 | 7.6% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 21,397 | 21,514 | 22,546 | 23,278 | 23,927 | 47,205 | 3,145 | 7.1% |
| Other Operating Expenses | 4,791 | 4,136 | 6,354 | 6,619 | 6,773 | 13,392 | 2,902 | 27.7% |
| Payments To Individuals | 15,534 | 16,289 | 17,246 | 17,337 | 17,237 | 34,574 | 1,039 | 3.1% |
| Local Assistance | 1,203 | 1,359 | 1,126 | 1,126 | 1,126 | 2,252 | -233 | -9.4% |
| Total | 42,925 | 43,298 | 47,272 | 48,360 | 49,063 | 97,423 | 6,853 | 7.6% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|-------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Mdes Federal | 35,110 | 35,346 | 39,745 | 40,833 | 41,536 | 82,369 | 7,278 | 9.7% |
| Gift | 1 | 1 | 6 | 6 | 6 | 12 | 5 | 71.4% |
| Subtotal Dedicated | 35,111 | 35,347 | 39,751 | 40,839 | 41,542 | 82,381 | 7,283 | 9.7% |
| Total Revenue | 35,111 | 35,347 | 39,751 | 40,839 | 41,542 | 82,381 | 7,283 | 9.7% |

| | | | | | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Full-Time Equivalents (FTE) | 391.6 | 388.7 | 390.0 | 397.6 | 397.6 |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|

ECONOMIC SECURITY DEPT

Program: WORKFORCE REHABILITATION SVCS

Activity: INDEPENDENT LIVING

Narrative

Activity Description

The Independent Living (IL) budget activity is a non-residential program that helps people with disabilities live independently. Authority comes from M.S. 268.A11 and the federal Rehabilitation Act of 1973, as amended.

Population Served

IL customers are persons with significant disabilities who request services to help them live independently in their communities.

Services Provided

There are four core IL services: skills training, individual and systems advocacy, peer counseling, and information and referral. All eight Independent Living Centers offer these core services, as well as transition services for youth and young adults. IL services seek to maximize the leadership, empowerment, independence, and productivity of people with disabilities. Customers may be eligible to receive services in two ways: 1) through the state's Vocational Rehabilitation Program (VR) and its 17 VR/IL counselors; and 2) through the state's network of eight regional, private nonprofit Centers for Independent Living.

Activity at a Glance

Independent Living (IL) helps Minnesotans with disabilities develop and find the skills and resources to achieve their maximum potential as citizens, workers, leaders, and family members.

Engagement with customers is intensive: less than 6,000 customers generated almost 40,000 instances of high-quality service in the year ending 9-30-01.

Key Measures

| MEASURE | FFY 1999 | FFY 2000 | FFY 2001 | FFY 2002 GOAL |
|--|----------|----------|----------|---------------|
| Total IL customers served | 4,406 | 5,644 | 5,906 | 6,000 |
| Total instances of service (include duplicate customers) | 13,430 | 23,487 | 39,643 | 40,000 |
| Percentage of IL goals met across all customers (that is, IL goals set divided by IL goals attained) | 41% | 76% | 65% | 70% |

Activity Funding

IL funds provided from the state General Fund are primarily pass-through to local delivery, with a small portion dedicated to match federal dollars. Federal funding is from the U.S. Department of Education. This activity receives no state appropriation for administrative operations.

Contact

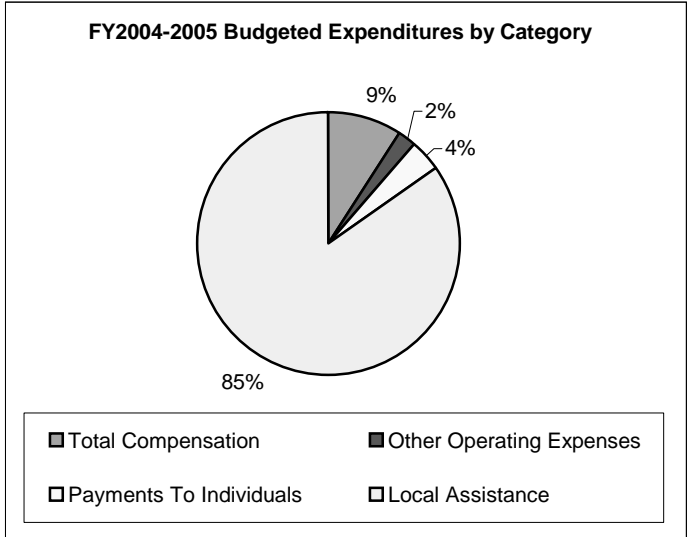
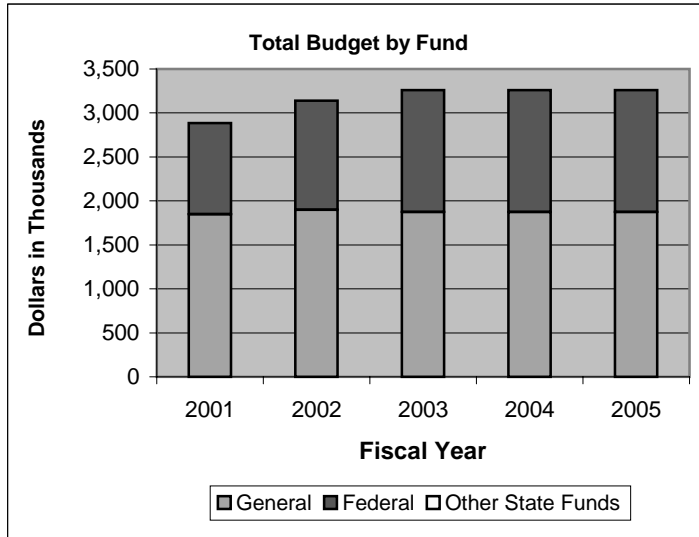
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ECONOMIC SECURITY DEPT

Program: **WORKFORCE REHABILITATION SVCS**

Activity: INDEPENDENT LIVING

Fiscal Report



| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|------------------|------------------|--------------------|----------------|--------------------|---------------------|--------------------------------------|-------------|
| Expenditures by Fund | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 1,850 | 1,900 | 1,874 | 1,874 | 1,874 | 3,748 | -26 | -0.7% |
| Statutory Appropriations | | | | | | | | |
| Mdes Federal | 1,035 | 1,241 | 1,385 | 1,385 | 1,385 | 2,770 | 144 | 5.5% |
| Total | 2,885 | 3,141 | 3,259 | 3,259 | 3,259 | 6,518 | 118 | 1.8% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|-------------|
| Total Compensation | 308 | 217 | 281 | 290 | 299 | 589 | 91 | 18.3% |
| Other Operating Expenses | 61 | 57 | 94 | 85 | 76 | 161 | 10 | 6.6% |
| Payments To Individuals | 130 | 153 | 120 | 120 | 120 | 240 | -33 | -12.1% |
| Local Assistance | 2,386 | 2,714 | 2,764 | 2,764 | 2,764 | 5,528 | 50 | 0.9% |
| Total | 2,885 | 3,141 | 3,259 | 3,259 | 3,259 | 6,518 | 118 | 1.8% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|-------------|
| Dedicated | | | | | | | | |
| Mdes Federal | 1,035 | 1,241 | 1,385 | 1,385 | 1,385 | 2,770 | 144 | 5.5% |
| Subtotal Dedicated | 1,035 | 1,241 | 1,385 | 1,385 | 1,385 | 2,770 | 144 | 5.5% |
| Total Revenue | 1,035 | 1,241 | 1,385 | 1,385 | 1,385 | 2,770 | 144 | 5.5% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 5.1 | 5.9 | 5.8 | 5.8 | 5.8 |
|------------------------------------|------------|------------|------------|------------|------------|

ECONOMIC SECURITY DEPT

Program: WORKFORCE REHABILITATION SVCS

Activity: EXTENDED EMPLOYMENT

Narrative

Activity Description

The Extended Employment (EE) budget activity makes it possible for persons with significant disabilities to maintain jobs and careers in the community. Authority comes from M.S. 268.A13–15

Population Served

EE consumers are Minnesotans with significant disabilities who require ongoing employment services and supports to maintain or advance their employment in the community. Portions of EE services are reserved for specific populations (e.g., persons with serious and persistent mental illness, or those who are deaf or hard of hearing), as detailed below.

Activity at a Glance

Extended Employment (EE) provides supported and center-based employment to Minnesotans with severe disabilities. Over 30 community rehabilitation programs (CRPs) are critical to the effort since they operate manufacturing, service, and retail enterprises.

Nearly 7,000 customers receive opportunities to work an average of 16 hours per week. Many of these customers include the public assistance system's "hardest to serve."

Services Provided

The basic EE Program provides funding for supported and center-based employment of persons with severe disabilities through a statewide network of 31 community rehabilitation programs (CRPs). *Supported employment* provides ongoing support for persons working in the larger community in a variety of employment settings. *Center-based employment* provides ongoing support for persons who work in manufacturing, service, and retail enterprises operated by the CRP.

Supported employment services are also provided to persons with serious and persistent mental illness who secure employment through the innovative Coordinated Employability Projects in collaboration with the Mental Health Division of the Department of Human Services. Similarly, supported employment services are also provided to persons who are deaf or hard of hearing through a grant to the Minnesota Employment Center for Persons who Are Deaf or Hard of Hearing.

Activity Funding

EE is one of the few budget activities at the department that is completely reliant on state funding. In addition, a portion of these funds draw down a federal match for exclusive use in the Vocational Rehabilitation budget activity. EE receives appropriations from the General Fund and Workforce Development Fund; General Fund cuts during the 2002 session did impact this program by \$192,000.

Historical Perspective

The program history of EE is tightly bound to its funding history. Over the past decade, EE funding has not kept up with increases in the Consumer Price Index. Community rehabilitation providers who receive EE funds experience significant staff turnover due to their inability to keep wages competitive.

ECONOMIC SECURITY DEPT

Program: WORKFORCE REHABILITATION SVCS

Activity: EXTENDED EMPLOYMENT

Narrative

Key Measures

| MEASURE | FFY 1999 | FFY 2000 | FFY 2001 | FFY 2002 GOAL |
|--|----------------------|----------------------|----------------------|----------------------|
| EE/BASIC | | | | |
| Number of customers employed (100% are employed) | 6,638 | 6,291 | 6,402 | 6,635 |
| Total number of hours worked | 5,689,511 | 5,652,660 | 5,434,353 | 5,386,086 |
| Average number of hours worked | 857 (16/wk) | 899 (17/wk) | 849 (16/wk) | 812 (16/wk) |
| Total wages earned | \$22,895,619 | \$23,912,780 | 24,157,029 | \$25,442,521 |
| Average wages earned | \$3,449 (\$64/wk) | \$3,883 (\$72/wk) | \$3,773 (\$72/wk) | \$3,835 (\$76/wk) |
| EE/SPMI | | | | |
| Number of customers employed (100% are employed) | 360 | 423 | 470 | 527 |
| Total number of hours worked | 192,090 | 205,817 | 182,056 | 228,311 |
| Average number of hours worked | 534 (10/wk) | 487 (9/wk) | 387 (7.5/wk) | 433 (8/wk) |
| Total wages earned | \$1,289,015 | \$1,438,599 | \$1,234,734 | \$1,696,054 |
| Average wages earned | \$3,581 (\$69/wk) | \$3,401 (\$65/wk) | \$2,627 (\$50/wk) | \$3,218 (\$62/wk) |

Contact

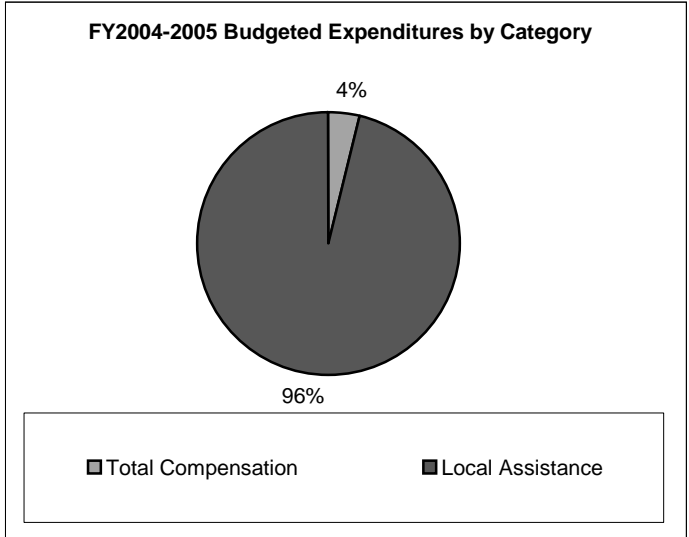
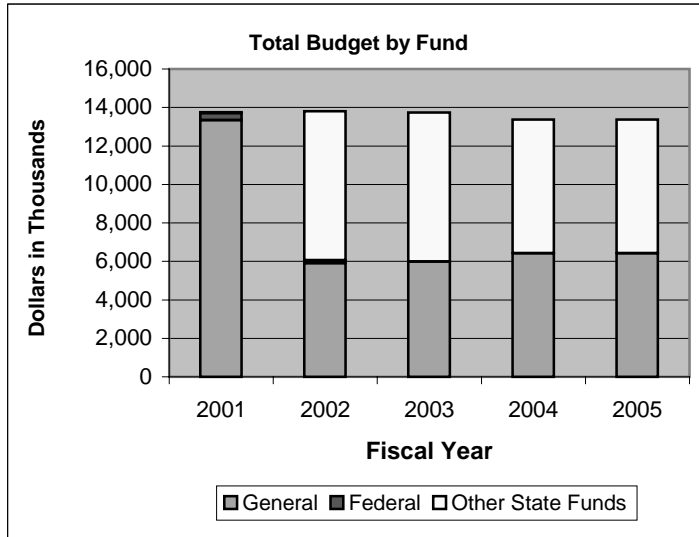
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ECONOMIC SECURITY DEPT

Program: WORKFORCE REHABILITATION SVCS

Activity: EXTENDED EMPLOYMENT

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 13,344 | 5,910 | 5,985 | 6,422 | 6,422 | 12,844 | 949 | 8.0% |
| Workforce Development | 50 | 7,743 | 7,745 | 6,945 | 6,945 | 13,890 | -1,598 | -10.3% |
| Federal Tanf | 0 | 146 | 0 | 0 | 0 | 0 | -146 | -100.0% |
| Statutory Appropriations | | | | | | | | |
| Federal Tanf | 363 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Total | 13,757 | 13,799 | 13,730 | 13,367 | 13,367 | 26,734 | -795 | -2.9% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|-------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 402 | 464 | 461 | 501 | 501 | 1,002 | 77 | 8.3% |
| Other Operating Expenses | 57 | 65 | 44 | 44 | 44 | 88 | -21 | -19.3% |
| Local Assistance | 13,298 | 13,270 | 13,225 | 12,822 | 12,822 | 25,644 | -851 | -3.2% |
| Total | 13,757 | 13,799 | 13,730 | 13,367 | 13,367 | 26,734 | -795 | -2.9% |

| | | | | | | | | |
|---------------------------------|------------|----------|----------|----------|----------|----------|----------|-------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Federal Tanf | 363 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Dedicated | 363 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Total Revenue | 363 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 6.2 | 5.9 | 5.9 | 6.5 | 6.5 |
|------------------------------------|------------|------------|------------|------------|------------|

Program Description

The State Services for the Blind (SSB) branch helps blind and visually impaired Minnesotans maximize their vocational and personal independence. Authority for the branch's services comes from M.S. 248, 160.28, and 273.13; Minnesota Rules, Chapter 3321 and 3325; and various federal laws and regulations.

Population Served

SSB serves blind, visually impaired, and print-impaired Minnesotans.

Services Provided

There are five sections within SSB (which serves as a single budget activity) – Workforce Development, Self-Sufficiency, Business Services, Assistive and Adaptive Technology, and Administrative Services.

Program at a Glance

State Services for the Blind (SSB) helps blind and visually impaired Minnesotans maximize their vocational and personal independence:

- ◆ about 100 customers annually find paid work as a result of workforce development programming;
- ◆ about 1,000 customers annually achieve their self-sufficiency goals;
- ◆ paid staff and volunteers produce 700,000–800,000 pages of Braille translation annually.

Workforce Development is the primary purpose of the federal program and receives funding under Title I of the Rehabilitation Act. Workforce Centers spread across Minnesota and an SSB office in St. Paul deliver services that emphasize adjustment to blindness, vocational counseling and training, and job placement.

Self-Sufficiency, funded largely by the state, primarily serves Minnesotans age 55+ who are not seeking employment and need to learn the skills necessary to regain or maintain their personal independence. Services are available throughout Minnesota through community hubs including field offices, senior centers, public libraries, churches, and a variety of community buildings. These services include information seminars on vision loss, solutions inventory, low vision evaluations, mobility instruction, household management instruction, and assistive devices.

Assistive and Adaptive Technology is federally and state funded and provides support to the Workforce Development section to deliver solutions for blind and visually impaired customers so they can have access to the printed word at work and in their daily lives. This section also conducts fund raising, as well as research and development in new technology that will assist all of our customers in being productive and independent citizens.

Business Services are federally and state funded and deliver access to the printed word through the Communication Center. The Communication Center produces Braille and tape transcription, radio programming (Radio Talking Book), 24-hour audio information (Dial-in-News and News-Line), and distribution of special equipment for the Library of Congress. Business Services also provides the certification of legal blindness for the Homestead Tax Credit. In addition, it manages and operates the Business Enterprise Program which promotes small business franchise opportunities to blind or visually impaired customers.

Administrative Services are federally and state funded and provide for policy development, case review, program evaluation, financial management, purchasing, contract management, staff training and development, and administrative and technical support.

Historical Perspective

In the 2002 session, the legislature adjusted the department's overall budget through across-the-board cuts. SSB accounts for \$2.32 million of the \$3.19 million defined by the legislature as available to the Department for cuts. While other branches were able to help minimize the impact to SSB (reducing this branch's share of the cuts to 46% instead of 73%), the \$416,000 cut faced by SSB required layoffs in multiple areas (including administrative staff), discontinuation of the Store, and reduced service levels at the Communication Center and Self-Sufficiency Program. In addition, a voluntary undertaking to assist the Department of Children, Families, and Learning with blind child rehabilitation is now limited to information and referral, instead of full counseling.

ECONOMIC SECURITY DEPT

Program: WORKFORCE SVCS FOR THE BLIND

Narrative

These cuts are among the most severe that SSB and its customers have ever experienced. The \$416,000 reduction represents 18% of the branch's budget for state operations.

Key Measures

Federal Fiscal Years (FFYs) run from October of the previous year through September of the named year. *FFY 2002 data is partial* (as of August 2002 only). Braille pages figure only is based on state fiscal year.

| MEASURE | FFY 2000 | FFY 2001 | FFY 2002 (partial) | FFY 2002 GOAL |
|---|-------------------|--------------------|-----------------------|------------------|
| Rate of customers exiting workforce development program who achieve paid work | 106-303 (35%) | 91-459 (20%) | 119-271 (44%) | 146 |
| Average hourly earnings in that program | \$9.93 | \$11.51 | \$13.60 | \$12.00 |
| Rate of customers exiting self-sufficiency program who accomplish all communication and self-care goals | 878-1284 (68%) | 1024-1224 (84%) | 935-1214 (77%) | (75%) |
| Braille pages provided (State Fiscal Year) | 753,236 | 815,788 | 715,883 | Not available |
| Customers accessing audio services | 14,631 | 14,507 | 14,670 | 14,700 |
| Blind vendors maintaining or improving income: number (and percentage of total) | 38 (59%) | 37 (60%) | Not yet available | 40 (65%) |

This past year the department began a new method of gauging customer satisfaction with many of its key programs. An independent contractor surveys a statewide sample of WorkForce Center customers each month and reports the results (see www.mnwfc.org/customersurvey/). The department calculates a Minnesota Customer Satisfaction Index from responses to questions on overall satisfaction. For the first six months of the survey (November 2001 - April 2002), the index for the SSB workforce development program was 67.6 on a scale of 1 to 100. This number will contribute to the first year baseline data and will be critical in monitoring patterns of customer satisfaction over time. Future budget narratives will report these trends.

Program Funding

SSB receives a single state appropriation, to be divided across various services. About half (\$2.2 million) of the appropriation must go to match federal dollars; another half million is direct customer support. The remainder (\$2.3 million for state operations) went to the Store, the Communications Center, the Child Rehabilitation support, and the Self-Sufficiency program.

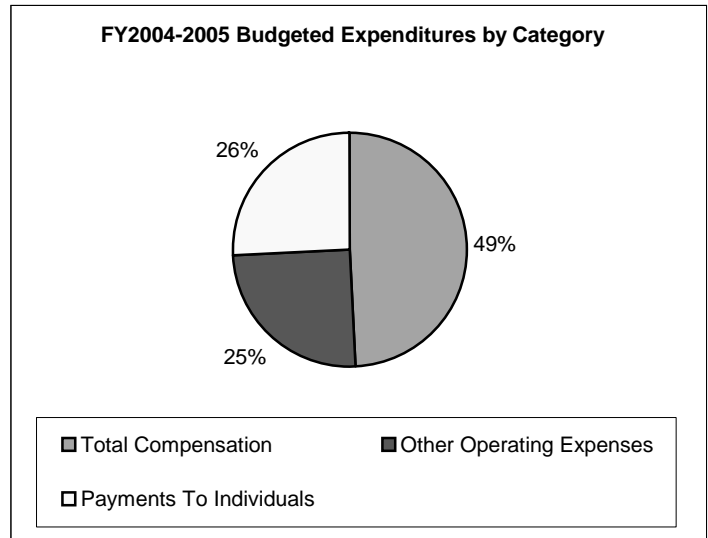
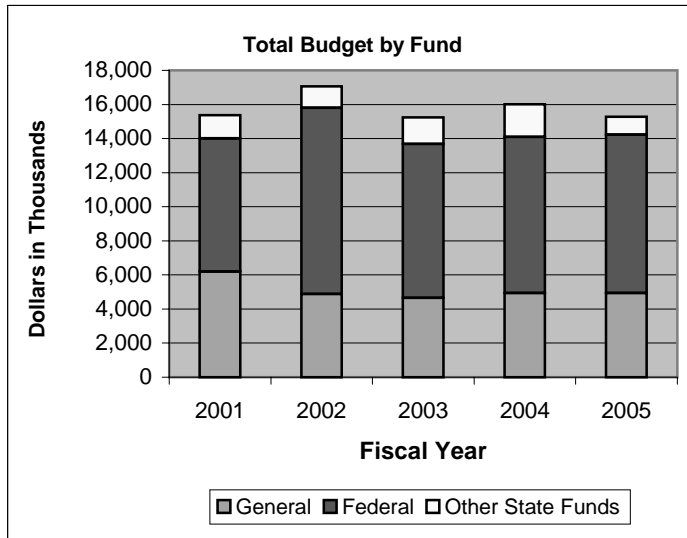
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ECONOMIC SECURITY DEPT

Program: **WORKFORCE SVCS FOR THE BLIND**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 6,187 | 4,880 | 4,651 | 4,940 | 4,940 | 9,880 | 349 | 3.7% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 945 | 981 | 935 | 881 | 886 | 1,767 | -149 | -7.8% |
| Mdes Federal | 7,812 | 10,921 | 9,023 | 9,157 | 9,295 | 18,452 | -1,492 | -7.5% |
| Gift | 422 | 279 | 635 | 1,029 | 150 | 1,179 | 265 | 29.0% |
| Total | 15,366 | 17,061 | 15,244 | 16,007 | 15,271 | 31,278 | -1,027 | -3.2% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 7,233 | 7,813 | 7,557 | 7,622 | 7,765 | 15,387 | 17 | 0.1% |
| Other Operating Expenses | 4,646 | 4,845 | 3,636 | 4,342 | 3,463 | 7,805 | -676 | -8.0% |
| Payments To Individuals | 3,456 | 4,382 | 4,030 | 4,022 | 4,022 | 8,044 | -368 | -4.4% |
| Local Assistance | 31 | 21 | 21 | 21 | 21 | 42 | 0 | 0.0% |
| Total | 15,366 | 17,061 | 15,244 | 16,007 | 15,271 | 31,278 | -1,027 | -3.2% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Expenditures by Activity | | | | | | | | |
| Services For The Blind | 15,366 | 17,061 | 15,244 | 16,007 | 15,271 | 31,278 | -1,027 | -3.2% |
| Total | 15,366 | 17,061 | 15,244 | 16,007 | 15,271 | 31,278 | -1,027 | -3.2% |

| | | | | | | | | |
|---------------------------------|--------------|---------------|--------------|---------------|---------------|---------------|---------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Special Revenue | 1,029 | 1,076 | 859 | 831 | 831 | 1,662 | -273 | -14.1% |
| Mdes Federal | 7,028 | 12,855 | 6,960 | 9,157 | 9,295 | 18,452 | -1,363 | -6.9% |
| Gift | 454 | 522 | 264 | 1,029 | 150 | 1,179 | 393 | 50.0% |
| Subtotal Dedicated | 8,511 | 14,453 | 8,083 | 11,017 | 10,276 | 21,293 | -1,243 | -5.5% |
| Total Revenue | 8,511 | 14,453 | 8,083 | 11,017 | 10,276 | 21,293 | -1,243 | -5.5% |

| | | | | | | | | |
|-----------------------------|-------|-------|-------|-------|-------|------|--|--|
| Full-Time Equivalents (FTE) | 134.1 | 139.3 | 132.8 | 129.7 | 129.7 | | | |
| | | | | | | 0.0% | | |

Program Description

The WorkForce Wage Assistance Branch helps Minnesotans remain economically self-sufficient through unemployment and/or disability. The *Unemployment Insurance (UI)* budget activity manages the payment of benefits to unemployed Minnesotans; and the *Disability Determination Services (DDS)* budget activity determines if Minnesotans claiming disability under the federal Social Security Disability Insurance and Supplemental Security Income programs qualify for those benefits.

The UI activity receives its authority from M.S. 268.001 through 268.23 and U.S. Code, Title 42, Chapter 7; U.S. Code, Title 26, Chapter 23. The DDS activity receives its authority from U.S. Code, Title 42, Chapter 7, Subchapter II, Section 421.

Program at a Glance

The federally mandated programs in this branch provide critical self-sufficiency services to a large pool of Minnesotans suffering short- or long-term distress. About a quarter of a million Minnesotans require services from this branch annually:

- ◆ Unemployment Insurance (approx. 210,000)
- ◆ Disability Determination Services (approx. 40,000)

Population Served

The primary customers of the UI program are the 130,000 Minnesota *employers* subject to the UI Benefit Tax and their 2.7 million *employees*. Over 210,000 Minnesota employees applied for unemployment insurance during calendar 2001. The primary customers of the DDS are the 40,000 *Minnesota residents* each year who file applications for disability benefits or are reviewed for continuing eligibility for payments.

Services Provided

In UI, services consist of benefit application, eligibility determination, and benefit provision for individuals; and tax collection and information gathering for employers. Both workers and employers have access to fair and timely adjudication and appeals assistance. Service centers (651-284-3033 or toll free 1-877-504-5050) and the Internet (www.mnwfc.org/ui/index.htm) are the primary delivery mechanisms.

In DDS, services consist of eligibility determination and appropriate referrals to services elsewhere in the Department (especially Vocational Rehabilitation Services and State Services for the Blind), as well as to the Department of Health where children with special health needs are concerned. Customers apply for disability benefits by calling the Social Security Administration's 800 number, or by filing for benefits at their local Social Security office.

While benefit payment is a critical "bridge" for distressed Minnesotans, both activities in this branch depend on the WorkForce Center System for re-employment services so that families can regain long-term economic security

Key Measures

The two activities under this branch have their own distinct performance measures. Please see the UI and DDS budget activity pages for specific performance data.

Program Funding

UI is funded by employer-paid taxes that are maintained in specially-designated federal funds for benefit provision and administrative costs. UI Trust Fund figures are not shown here. DDS receives a federal Social Security Administration appropriation for its work. No activities in this branch receive allocations from Minnesota's General Fund or Special Revenue funds.

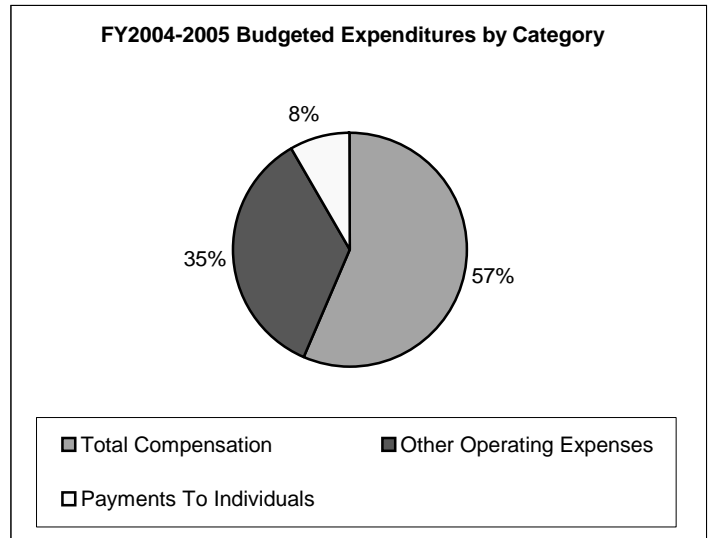
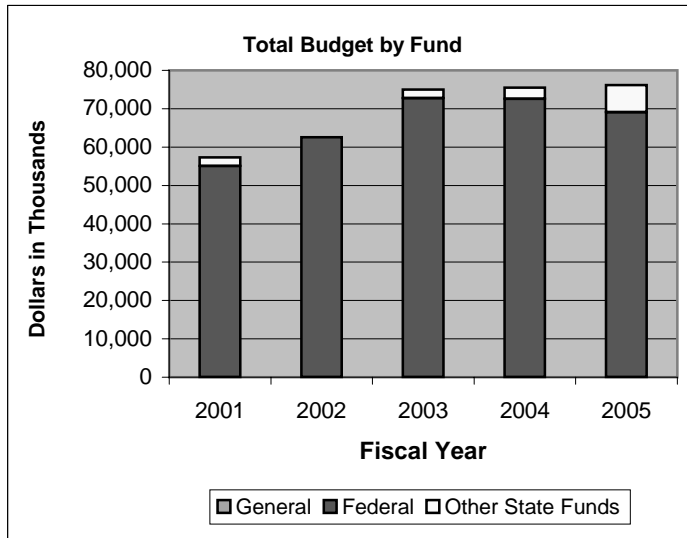
Contact

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ECONOMIC SECURITY DEPT

Program: **WORKFORCE WAGE ASSISTANCE**

Fiscal Report



| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|------------------|------------------|--------------------|----------------|----------------|---------------------|--------------------------------------|--------------|
| Expenditures by Fund | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 0 | 27 | 0 | 0 | 0 | 0 | -27 | -100.0% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 2,272 | 0 | 2,250 | 2,986 | 7,100 | 10,086 | 7,836 | 348.3% |
| Mdes Federal | 55,038 | 62,562 | 72,735 | 72,541 | 69,070 | 141,611 | 6,314 | 4.7% |
| Total | 57,310 | 62,589 | 74,985 | 75,527 | 76,170 | 151,697 | 14,123 | 10.3% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|--------------|
| Total Compensation | 37,364 | 38,734 | 42,000 | 43,085 | 42,600 | 85,685 | 4,951 | 6.1% |
| Other Operating Expenses | 14,330 | 18,076 | 26,985 | 26,262 | 27,270 | 53,532 | 8,471 | 18.8% |
| Payments To Individuals | 5,616 | 5,779 | 6,000 | 6,180 | 6,300 | 12,480 | 701 | 6.0% |
| Total | 57,310 | 62,589 | 74,985 | 75,527 | 76,170 | 151,697 | 14,123 | 10.3% |

| Expenditures by Activity | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|--------------|
| Unemployment Insurance | 39,513 | 44,919 | 55,750 | 55,736 | 55,850 | 111,586 | 10,917 | 10.8% |
| Disability Determination | 17,797 | 17,670 | 19,235 | 19,791 | 20,320 | 40,111 | 3,206 | 8.7% |
| Total | 57,310 | 62,589 | 74,985 | 75,527 | 76,170 | 151,697 | 14,123 | 10.3% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|--------------|
| Dedicated | | | | | | | | |
| Special Revenue | 2,249 | 3,652 | 9,800 | 9,800 | 9,800 | 19,600 | 6,148 | 45.7% |
| Mdes Federal | 55,818 | 60,392 | 72,735 | 72,541 | 69,070 | 141,611 | 8,484 | 6.4% |
| Subtotal Dedicated | 58,067 | 64,044 | 82,535 | 82,341 | 78,870 | 161,211 | 14,632 | 10.0% |
| Total Revenue | 58,067 | 64,044 | 82,535 | 82,341 | 78,870 | 161,211 | 14,632 | 10.0% |

| | | | | | | | | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|------|--|--|
| Full-Time Equivalents (FTE) | 672.2 | 675.1 | 675.0 | 675.0 | 675.0 | | | |
| | | | | | | 0.0% | | |

ECONOMIC SECURITY DEPT

Program: WORKFORCE WAGE ASSISTANCE

Activity: UNEMPLOYMENT INSURANCE

Narrative

Activity Description

The Unemployment Insurance (UI) program provides economic relief through the payment of unemployment benefits to unemployed Minnesotans. Authority comes from M. S. Section 268.029 through 268.23. See also U.S. Code, Title 42, Chapter 7 and U.S. Code, Title 26, Chapter 23.

Population Served

The primary customers of UI are the individuals who apply for unemployment benefits, in 2001, 210,000 Minnesotans. Of the persons who applied, over 165,000 received unemployment benefits. 130,000 Minnesota employers are also customers of the system; they pay into the UI Trust Fund through a special payroll tax on their 2.7 million employees. The amount of the tax is based upon their "experience" with unemployment.

Activity at a Glance

Unemployment Insurance (UI) is a federally mandated program that covers Minnesotans statewide. Virtually all Minnesota employers participate through payroll-based taxes, placed in a special trust fund used exclusively for the payment of unemployment benefits.

- ◆ \$675 million in regular unemployment benefits was paid in 2001.
- ◆ 210,000 individuals filed applications for unemployment benefits in 2001.
- ◆ 130,000 employers are involved in the UI program, covering 97% of all work performed in the state.

Services Provided

Each year, the UI program determines the tax liability of 130,000 Minnesota employers, each receiving an individually computed tax rate based upon the "experience" with unemployment. The program collects these revenues, audits employer accounts to ensure proper payments, determines benefit entitlement to applicants who apply for benefits, and pays weekly unemployment benefits to over 165,000 eligible applicants, provides impartial due process hearings for applicants and employers who wish to appeal UI decisions, and administers state and federal laws relating to unemployment insurance. (Such laws include special federal extended benefit programs, federal disaster unemployment assistance programs, and special state extensions.)

Service centers (651-284-3033 or toll free 1-877-504-5050) and the Internet (www.mnwfc.org/ui/index.htm) are the primary initial benefit delivery mechanisms.

Historical Perspective

The UI Trust Fund as of 6-30-02 had a balance of \$266 million. This balance is over \$260 million less than at the same time last year. The department expects unemployment benefit payouts in 2002 to exceed \$850 million and unemployment taxes to amount to \$440 million. Federal law does provide for borrowing from the federal treasury to pay unemployment benefits if necessary, and the department predicts the UI Trust Fund will borrow from the federal treasury in February 2003.

Even at its peak (\$750 million in March 2001), the UI Trust Fund did not meet federal solvency standards. An Office of Legislative Auditor report in January 2002 reinforced the department's concerns. During the 2002 session, the Minnesota legislature directed the UI Advisory Council to begin an analysis of steps necessary to ensure long-term solvency of the fund and to make specific legislative recommendations during the 2003 session. See Laws 2002, Chapter 370, Article 1, Section 8.

ECONOMIC SECURITY DEPT

Program: WORKFORCE WAGE ASSISTANCE

Activity: UNEMPLOYMENT INSURANCE

Narrative

Key Measures

The UI program measures follow a calendar year system. 2002 data is as of 8-16-02. NA = Not available.

| MEASURE | CY 2000 | CY 2001 | CY 2002 | CY 2002 GOAL |
|--|---------|---------|---------|--------------|
| Number of initial determinations on contested issues | 41,774 | 56,657 | NA | NA |
| Percentage of separation determinations accurate | NA | 79.0% | NA | 80.0% |
| Percentage of initial appeals decided within 45 days | 79.9% | 49.4% | 43.17% | 80.0% |
| UI benefit overpayments (as percentage of \$ spent) | 10.8% | 8.8% | NA | 8.0 |
| Percentage of first payments made within 14 days | 92.7% | 91.4% | 90.3% | 87.0% |
| Percentage of new employer status determinations made within 90 days of quarter end-date | 81.7% | 80.8% | 73.5% | 60% |
| Recovery rate on fraudulent UI claims | NA | 82.0% | NA | NA |

Contact

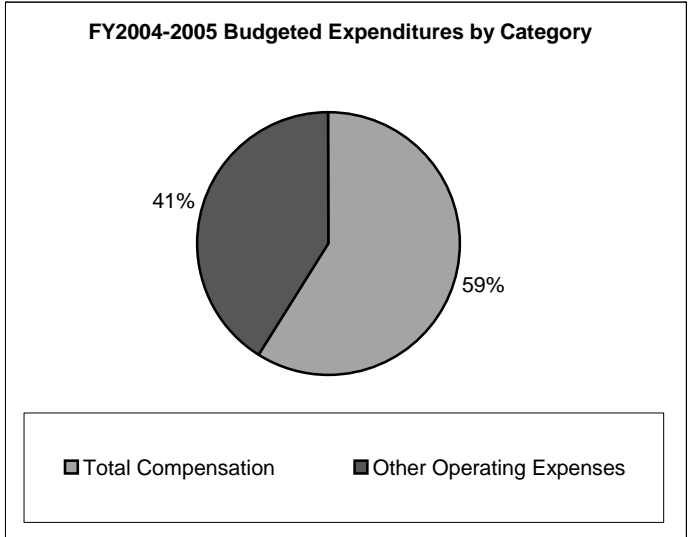
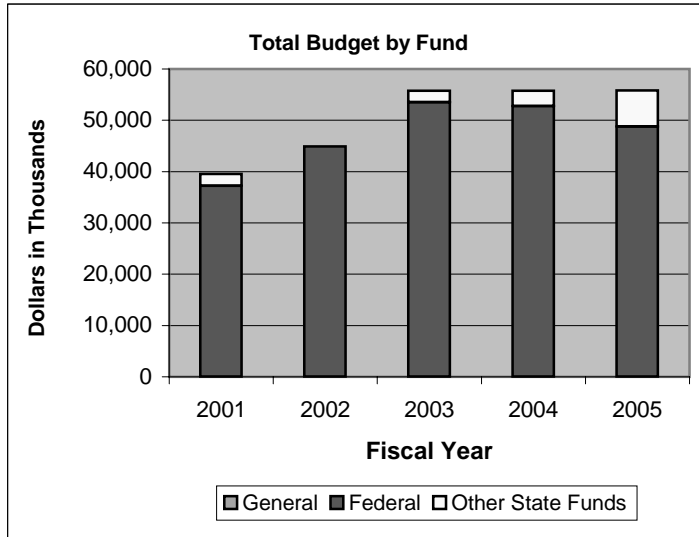
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ECONOMIC SECURITY DEPT

Program: **WORKFORCE WAGE ASSISTANCE**

Activity: **UNEMPLOYMENT INSURANCE**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 0 | 27 | 0 | 0 | 0 | 0 | -27 | -100.0% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 2,272 | 0 | 2,250 | 2,986 | 7,100 | 10,086 | 7,836 | 348.3% |
| Mdes Federal | 37,241 | 44,892 | 53,500 | 52,750 | 48,750 | 101,500 | 3,108 | 3.2% |
| Total | 39,513 | 44,919 | 55,750 | 55,736 | 55,850 | 111,586 | 10,917 | 10.8% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 29,102 | 30,142 | 32,500 | 33,300 | 32,500 | 65,800 | 3,158 | 5.0% |
| Other Operating Expenses | 10,411 | 14,777 | 23,250 | 22,436 | 23,350 | 45,786 | 7,759 | 20.4% |
| Total | 39,513 | 44,919 | 55,750 | 55,736 | 55,850 | 111,586 | 10,917 | 10.8% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Special Revenue | 2,249 | 3,652 | 9,800 | 9,800 | 9,800 | 19,600 | 6,148 | 45.7% |
| Mdes Federal | 38,343 | 42,722 | 53,500 | 52,750 | 48,750 | 101,500 | 5,278 | 5.5% |
| Subtotal Dedicated | 40,592 | 46,374 | 63,300 | 62,550 | 58,550 | 121,100 | 11,426 | 10.4% |
| Total Revenue | 40,592 | 46,374 | 63,300 | 62,550 | 58,550 | 121,100 | 11,426 | 10.4% |

| | | | | | | | | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|--|--|--|
| Full-Time Equivalents (FTE) | 521.7 | 525.0 | 525.0 | 525.0 | 525.0 | | | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|--|--|--|

ECONOMIC SECURITY DEPT

Program: WORKFORCE WAGE ASSISTANCE

Activity: DISABILITY DETERMINATION

Narrative

Activity Description

The Disability Determination Services (DDS) budget activity determines if Minnesota applicants meet federal criteria for disability cash benefits under Social Security's Disability Insurance or Supplemental Security Income program. Authority comes from U.S. Code, Title 42, Chapter 7, Subchapter II, Section 421.

Population Served

The primary customers of the DDS are the approximately 40,000 Minnesota residents annually who file applications for disability benefits or are reviewed for continuing eligibility for payments. The secondary customers are the state and federal taxpayers who pay for these benefits and deserve an accurate determination process.

Activity at a Glance

Disability Determination Services (DDS) is bound by Social Security Administration regulations to determine the status of Minnesota applicants for Social Security Disability Insurance and/or Supplemental Security Income benefits.

- ♦ about 40,000 new applicants each year
- ♦ about \$67 million in federal benefits monthly

Services Provided

In addition to providing determinations on eligibility for disability payments, the DDS also refers disability applicants who may benefit from rehabilitation services to Vocational Rehabilitation Services, State Services for the Blind, and to the Department of Health's section of Children with Special Health Needs. Customers apply for disability benefits by calling the Social Security Administration's 800 number, or by filing for benefits at their local Social Security office.

Key Measures

(NA = Not applicable)

| MEASURE | CY 1999 | CY 2000 | CY 2001 | CY 2002 GOAL |
|---|--------------|--------------|--------------|--------------|
| Individuals receiving SSD | 115,000 | 118,000 | 121,000 | NA |
| Benefits paid (average monthly) | \$66 million | \$68 million | \$71 million | NA |
| New determinations reviewed | 39,386 | 40,111 | 42,000 | 44,600 |
| Days in decision making | 101 | 101 | 103 | 115 |
| Percentage of decisions accurate | 97% | 97.5% | 97.1% | NA |
| Percentage of cases reviewed (compared to federal target) | 108% | 105% | 105% | 100% |

Activity Funding

DDS is funded entirely by the Social Security Administration. The Chicago regional office of the Social Security Administration monitors spending. There is very little discretion with the funds.

Contact

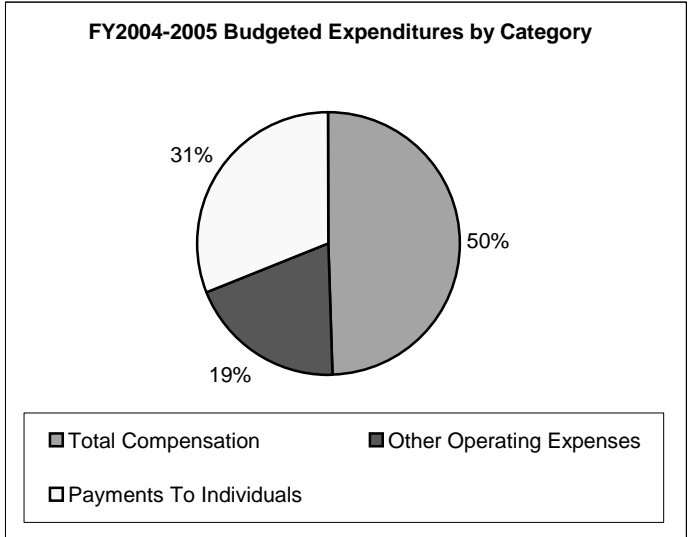
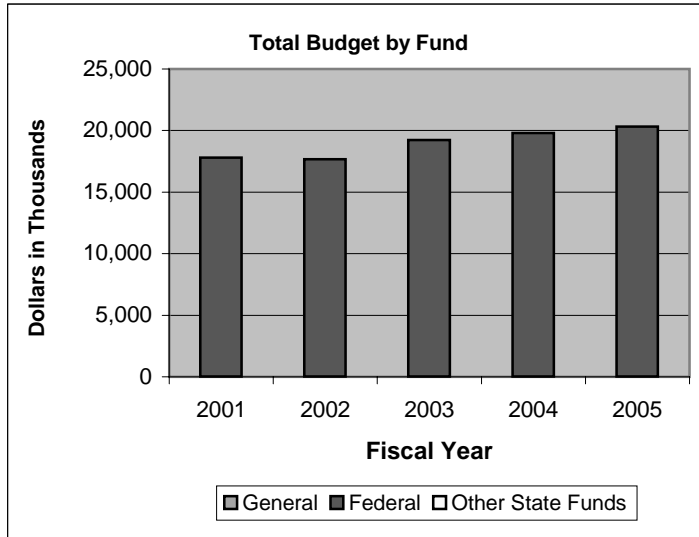
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ECONOMIC SECURITY DEPT

Program: **WORKFORCE WAGE ASSISTANCE**

Activity: **DISABILITY DETERMINATION**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | | |
|-----------------------------|------------------|------------------|--------------------|----------------|----------------|---------------------|--------------------------------------|-------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
| | | | | | | | Dollars | Percent |
| Statutory Appropriations | | | | | | | | |
| Mdes Federal | 17,797 | 17,670 | 19,235 | 19,791 | 20,320 | 40,111 | 3,206 | 8.7% |
| Total | 17,797 | 17,670 | 19,235 | 19,791 | 20,320 | 40,111 | 3,206 | 8.7% |

| Expenditures by Category | | | | | | | | |
|--------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|-------------|
| Total Compensation | 8,262 | 8,592 | 9,500 | 9,785 | 10,100 | 19,885 | 1,793 | 9.9% |
| Other Operating Expenses | 3,919 | 3,299 | 3,735 | 3,826 | 3,920 | 7,746 | 712 | 10.1% |
| Payments To Individuals | 5,616 | 5,779 | 6,000 | 6,180 | 6,300 | 12,480 | 701 | 6.0% |
| Total | 17,797 | 17,670 | 19,235 | 19,791 | 20,320 | 40,111 | 3,206 | 8.7% |

| Revenue by Type and Fund | | | | | | | | |
|--------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|-------------|
| Dedicated | | | | | | | | |
| Mdes Federal | 17,475 | 17,670 | 19,235 | 19,791 | 20,320 | 40,111 | 3,206 | 8.7% |
| Subtotal Dedicated | 17,475 | 17,670 | 19,235 | 19,791 | 20,320 | 40,111 | 3,206 | 8.7% |
| Total Revenue | 17,475 | 17,670 | 19,235 | 19,791 | 20,320 | 40,111 | 3,206 | 8.7% |

| | | | | | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Full-Time Equivalents (FTE) | 150.5 | 150.1 | 150.0 | 150.0 | 150.0 |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|

Agency Purpose

They exist to protect life and property from the hazards arising from the use of electricity by ensuring the qualifications of electricians through the electrical licensing requirements of M.S. Section 326.242 and the inspection of electrical wiring and equipment for compliance with the safety standards set forth in Section 326.243, as required by Section 326.244.

Core Functions

- ⇒ License individuals through an experience and examination process.
- ⇒ License businesses that perform electrical work.
- ⇒ Inspect installed electrical wiring.

Operations

- ⇒ License approximately 3,000 businesses that perform electrical wiring for others.
- ⇒ Issue over 15,000 personal licenses across 10 different classifications. Approximately 2,000 persons are licensed in more than one category.
- ⇒ Examine over 1,500 persons for personal licensure each fiscal year. Additionally, the board has a reciprocal licensing agreement with 11 other states that allows individuals to become licensed in participating states without additional examination.
- ⇒ During the biennium ending 6-30-02, the board received approximately 320,000 separate requests for inspection and completed a similar number of inspections requiring approximately 750,000 separate inspection trips, an average of 1,500 each business day.

Budget

The board collects revenues for electrical examinations and licensing, inspection charges, handling fees, civil penalties, and miscellaneous charges. These revenues are deposited in a special revenue account in the state treasury.

- ⇒ Electrical inspection fees are held in escrow and are used to pay inspection service expenses as individual inspections are completed. In FY 2002, 83% of the collected inspection fee was used to pay for inspection service with the remaining 17% used to offset associated operating costs, including anticipated future costs.
- ⇒ Electrical licensing fees are collected at the time of initial licensure and upon renewal. All licenses are based on a two-year term.
- ⇒ Revenue from inspection accounted for 89%, licensing fees for 9%, and sale of request for inspection certificate forms and other sources the remaining 2% of the board's total revenue for the 2001-02 biennium.

At A Glance

The board's level of activity is based on demand for service by its clientele, including citizens, license applicants, and licensees. The demand for license related service is relatively constant and has increased approximately 15% over the last 10 years. The demand for electrical inspection has increased 50% over the same 10-year period and is directly related to the level of construction activity.

Contact

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1821 University Avenue
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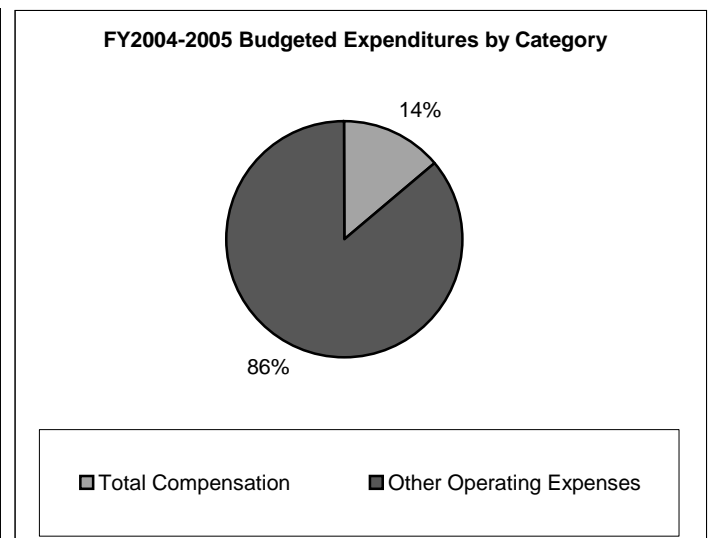
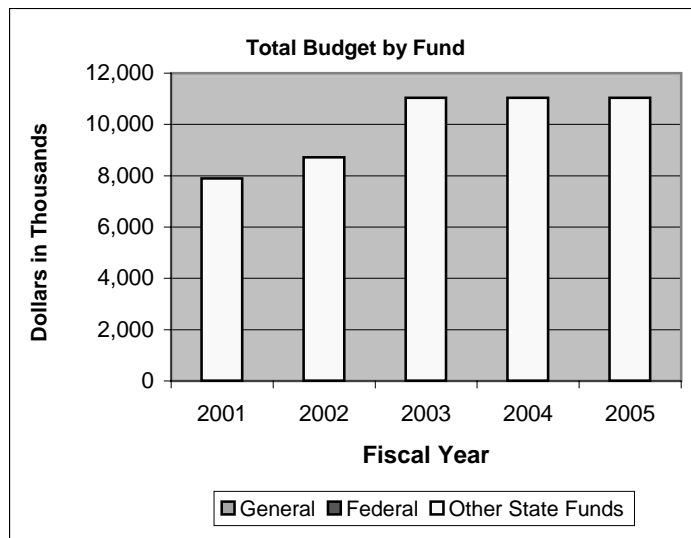
John A. Schultz, Executive Secretary

Phone: (651) 642-0800

Fax: (651) 642-0441

E-mail: john.schultz@state.mn.us

Additional information is available on the board's web site at www.electricity.state.mn.us.



| <i>Dollars in Thousands</i> | | | | | | | | |
|-----------------------------|--------------|--------------|---------------|---------------|---------------|---------------|-------------------|--------------|
| | Actual | Actual | Budgeted | Base | | Biennium | Biennial Change | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | 2004-05 / 2002-03 | |
| Statutory Appropriations | | | | | | | Dollars | Percent |
| Special Revenue | 7,901 | 8,717 | 11,045 | 11,045 | 11,045 | 22,090 | 2,328 | 11.8% |
| Total | 7,901 | 8,717 | 11,045 | 11,045 | 11,045 | 22,090 | 2,328 | 11.8% |

Expenditures by Category

| | | | | | | | | |
|--------------------------|--------------|--------------|---------------|---------------|---------------|---------------|--------------|--------------|
| Total Compensation | 1,528 | 1,618 | 1,531 | 1,531 | 1,531 | 3,062 | -87 | -2.8% |
| Other Operating Expenses | 6,373 | 7,099 | 9,514 | 9,514 | 9,514 | 19,028 | 2,415 | 14.5% |
| Total | 7,901 | 8,717 | 11,045 | 11,045 | 11,045 | 22,090 | 2,328 | 11.8% |

Expenditures by Program

| | | | | | | | | |
|----------------------|--------------|--------------|---------------|---------------|---------------|---------------|--------------|--------------|
| Board Of Electricity | 7,901 | 8,717 | 11,045 | 11,045 | 11,045 | 22,090 | 2,328 | 11.8% |
| Total | 7,901 | 8,717 | 11,045 | 11,045 | 11,045 | 22,090 | 2,328 | 11.8% |

Revenue by Type and Fund

| | | | | | | | | |
|------------------------|--------------|--------------|---------------|---------------|---------------|---------------|--------------|-------------|
| Non Dedicated | | | | | | | | |
| General | 0 | 0 | 1 | 1 | 1 | 2 | 1 | 100.0% |
| Subtotal Non Dedicated | 0 | 0 | 1 | 1 | 1 | 2 | 1 | 100.0% |
| Dedicated | | | | | | | | |
| Special Revenue | 8,413 | 9,476 | 11,045 | 11,045 | 11,045 | 22,090 | 1,569 | 7.6% |
| Subtotal Dedicated | 8,413 | 9,476 | 11,045 | 11,045 | 11,045 | 22,090 | 1,569 | 7.6% |
| Total Revenue | 8,413 | 9,476 | 11,046 | 11,046 | 11,046 | 22,092 | 1,570 | 7.7% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 25.4 | 25.7 | 25.7 | 25.7 | 25.7 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

Agency Purpose

Minnesota Statutes, sections 144E.001-144E.52 designate the Emergency Medical Services Regulatory Board (EMSRB) as the lead agency for emergency medical services (EMS) in the state. Its mission is to *provide leadership which optimizes the quality of emergency medical care for the people of Minnesota – in collaboration with its communities – through policy development, regulation, system design, education and medical direction.*

The EMSRB was created in 1995 legislation and began operations on 7-1-96. It was one of the first such independent EMS agencies in the nation and has served as a model for other states. Before its existence, EMS functions in Minnesota had been carried out in the Department of Health's EMS Section, dating to the 1960s when EMS was emerging here and nationally as a distinct public health component. The agency is governed by a 19-member board. Fifteen of those members are appointed by the governor from a variety of disciplines and areas comprising the EMS system. Additional members are a senator and a representative (both ex-officio) and the commissioners of Health and Public Safety.

The EMSRB also serves as the administering agency for the Health Professionals Services Program (HPSP). M.S. 214.31 to 214.37 charge (HPSP) with the responsibility to *protect the public from persons regulated by the [14 health-licensing] boards [and the EMSRB and Department of Health] who are unable to practice with reasonable skill and safety by reason of illness, use of alcohol, drugs, chemicals or any other material, or as a result of any mental, physical or psychological condition.*

At A Glance

- ◆ The EMS system in Minnesota is heavily dependent on volunteer ambulance services and on a diminishing pool of volunteers, particularly in rural areas.
- ◆ Low ambulance license fees and no fees for personnel certification (indicated by the voluntary makeup of EMS) prevent the agency from becoming fee-supported.

Core Functions

- ⇒ Licenses and regulates approximately 300 ambulance services.
- ⇒ Certifies more than 28,000 EMS personnel after they have completed the required training and testing.
- ⇒ Approves approximately 100 training programs that conduct training courses for EMS personnel.
- ⇒ Designates and funds eight organizations that provide EMS support on a regional level throughout the state.
- ⇒ Registers approximately 1,000 first responder units, on a voluntary basis, statewide. This is a new function authorized by 2002 legislation and effective 8-1-02.
- ⇒ Monitors (through HPSP) nearly 500 health professionals to enhance public safety in health care.

Operations

- ⇒ Receives, investigates and resolves complaints from the public and EMS professionals about ambulance services, training programs and EMS personnel, taking action as necessary to protect the public from unsafe EMS practice.
- ⇒ Administers funding for Comprehensive Advanced Life Support (CALS) courses that teach advanced emergency care skills to rural doctors, nurses and emergency room personnel.
- ⇒ Administers federal funding for the EMS for Children (EMSC) Resource Center which provides information and training on pediatric emergency care and child safety.
- ⇒ Administers reimbursements to volunteer ambulance services for expenses associated with initial training and continuing education for approximately 1,400 volunteer EMS personnel.
- ⇒ Administers a Longevity Award Program that provides one-time cash awards to qualifying volunteer EMS personnel upon retirement.
- ⇒ Performs (through HPSP) intake and assessment services to determine if monitoring health professionals is indicated.
- ⇒ Creates (through HPSP) contracts for health professionals and monitors their compliance with the contracts (e.g., review drug screens, treatment provider and work site reports).

Budget

The EMSRB portion of the agency's budget comes from a variety of sources: general fund appropriations, dedicated funds, federal grants and fines for seat-belt violations. Operation of the EMSRB accounts for 27% of its budget expenditures (16 full-time equivalent employees), with the remainder going to grants and other dedicated uses. The HPSP portion of the budget is generated by the participating boards. Each board pays an annual participation fee of \$1,000 and a pro rata share of program expenses based on the number of licensees they have in the program. HPSP has 7.0 full-time equivalent employees.

Contact

Emergency Medical Services Regulatory Board
2829 University Avenue South East, Suite 310
Minneapolis, Minnesota 55414-3222

<http://www.emsrb.state.mn.us>

Mary Hedges, Executive Director

E-mail: Mary.Hedges@state.mn.us

Phone: (612) 627-5424

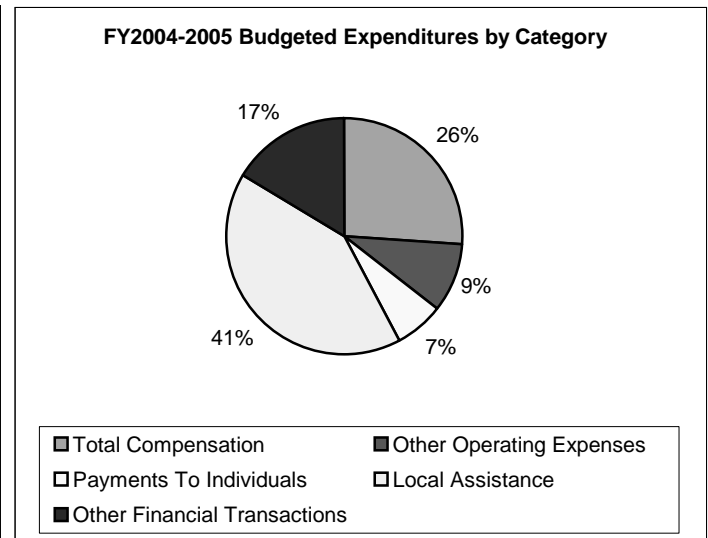
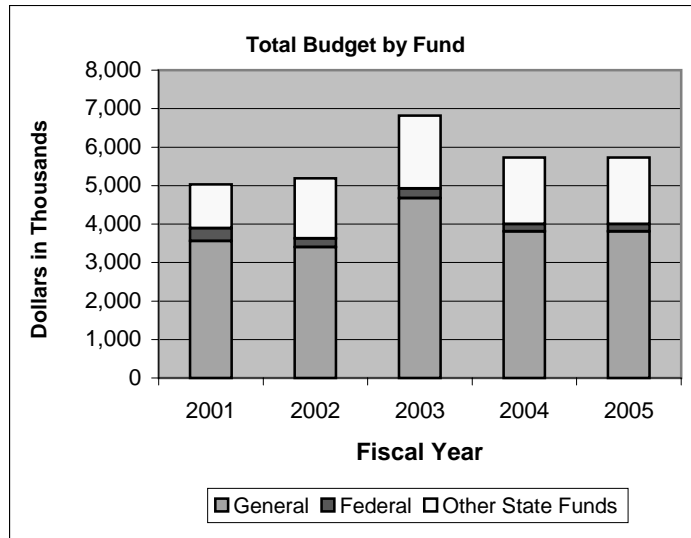
Health Professionals Services Program
1885 University Avenue West, Suite 229
Saint Paul, Minnesota 55104

<http://www.hpssp.state.mn.us>

Monica Feider, Program Manager

E-mail: Monica.Feider@state.mn.us

Phone: (651) 643-2120



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|----------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 2,618 | 2,470 | 3,638 | 2,858 | 2,858 | 5,716 | -392 | -6.4% |
| State Government Special Revenue | 0 | 432 | 629 | 546 | 546 | 1,092 | 31 | 2.9% |
| Open Appropriations | | | | | | | | |
| General | 945 | 932 | 1,033 | 947 | 947 | 1,894 | -71 | -3.6% |
| State Government Special Revenue | 0 | 17 | 8 | 8 | 8 | 16 | -9 | -36.0% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 1,142 | 1,116 | 1,248 | 1,172 | 1,172 | 2,344 | -20 | -0.8% |
| Federal | 330 | 224 | 248 | 199 | 199 | 398 | -74 | -15.7% |
| Gift | 0 | 0 | 13 | 2 | 2 | 4 | -9 | -69.2% |
| Total | 5,035 | 5,191 | 6,817 | 5,732 | 5,732 | 11,464 | -544 | -4.5% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|-------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 805 | 1,205 | 1,549 | 1,494 | 1,501 | 2,995 | 241 | 8.8% |
| Other Operating Expenses | 689 | 576 | 805 | 542 | 535 | 1,077 | -304 | -22.0% |
| Payments To Individuals | 343 | 292 | 478 | 385 | 385 | 770 | 0 | 0.0% |
| Local Assistance | 2,253 | 2,186 | 2,952 | 2,364 | 2,364 | 4,728 | -410 | -8.0% |
| Other Financial Transactions | 945 | 932 | 1,033 | 947 | 947 | 1,894 | -71 | -3.6% |
| Total | 5,035 | 5,191 | 6,817 | 5,732 | 5,732 | 11,464 | -544 | -4.5% |

| | | | | | | | | |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|-------------|--------------|
| Expenditures by Program | | | | | | | | |
| Emergency Medical Services Bd | 5,035 | 5,191 | 6,817 | 5,732 | 5,732 | 11,464 | -544 | -4.5% |
| Total | 5,035 | 5,191 | 6,817 | 5,732 | 5,732 | 11,464 | -544 | -4.5% |

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------------|--------------------------|--------------------------|----------------------------|---------------|---------------|-----------------------------|--|----------------|
| | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base | | Biennium 2004-05 | Dollars | Percent |
| Revenue by Type and Fund | | | | FY2004 | FY2005 | | | |
| Non Dedicated | | | | | | | | |
| General | 0 | 77 | 237 | 237 | 237 | 474 | 160 | 51.0% |
| State Government Special Revenue | 0 | 4 | 10 | 10 | 10 | 20 | 6 | 42.9% |
| Cambridge Deposit Fund | 55 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 55 | 81 | 247 | 247 | 247 | 494 | 166 | 50.6% |
| Dedicated | | | | | | | | |
| General | 23 | 12 | 30 | 30 | 30 | 60 | 18 | 42.9% |
| Special Revenue | 0 | 0 | 2 | 2 | 2 | 4 | 2 | 100.0% |
| Federal | 322 | 223 | 242 | 199 | 199 | 398 | -67 | -14.4% |
| Gift | 0 | 1 | 2 | 2 | 2 | 4 | 1 | 33.3% |
| Subtotal Dedicated | 345 | 236 | 276 | 233 | 233 | 466 | -46 | -9.0% |
| Total Revenue | 400 | 317 | 523 | 480 | 480 | 960 | 120 | 14.3% |
| | | | | | | | | |
| Full-Time Equivalents (FTE) | 13.6 | 19.5 | 19.3 | 19.3 | 19.3 | | | |

Agency Purpose

The Department of Employee Relations (DOER) assists in coordinating the state of Minnesota's Human Resource System. This is accomplished through a partnership with human resource professionals from all agencies who are committed to the continuous improvement of human resource products and services that support state government in providing exceptional service to all citizens.

DOER is governed by M.S. 43A, giving the department the responsibility for the administration of the state's civil service system, negotiating labor contracts for state employees, and providing insurance to state employees and their families.

Core Functions

DOER has two main functions: the first, human resource management, provides a wide variety of human resources products and services to state agencies. The second, the employee insurance division, develops, implements, and manages employee insurance benefits as part of an integrated total compensation package for state workers.

Operations

Administrative Services provides general administrative support that enables DOER to successfully accomplish its tasks, functions, and objectives. Internal support services including budgeting and accounting, central purchasing, human resources, office management, records management, and centralized statewide personnel files.

Information Services, within Administrative Services, provides DOER with a comprehensive information technology management program, while providing support for statewide information systems that design, develop, implement, and maintain the state's payroll, human resources, and employee insurance systems to ensure that it is cost effective and value added.

SEMA4/WARE, also within Administrative Services, establishes, maintains, and coordinates the statewide Human Resource Information Systems (HRIS) to enhance the capture of and access to information that improves enterprise-wide collaboration and to provide essential data needed for strategic planning and performance measurement. More specifically, the division collects, analyzes, compiles, and reports data from a variety of sources. It also, supplies HRIS with useful and accurate data about the state of Minnesota workforce and assists decision-makers in the development of policies and programs designed to accomplish goals in each agency.

Diversity and Equal Opportunity works with state agencies toward establishing systems, structures, and workplace cultures that attract and support diversity.

Labor Relations Bureau represents the State of Minnesota in negotiation and administration of collective bargaining agreements and labor plans for state employees.

Strategic Staffing ensures that a diverse pool of competent job applicants are available to meet state agency needs; provides information, consultation, training, and resources in job analysis, recruitment, selection, and workforce development; and manages, maintains, and integrates selection/recruiting technology.

Employee Insurance Administration develops and manages the State Employee Group Insurance Program (SEGIP) for eligible state employees, retirees and their dependents.

At A Glance

Annual Business Processes:

- ◆ Reached tentative agreement with five unions. Eleven labor contracts bargained biennially. Negotiated and administered bargaining agreements and labor plans for over 37,200 state employees.
- ◆ Created and implemented a new health insurance plan, affecting over 129,000 state employees and their families.
- ◆ Recovered more than \$1.2 million in workers' compensation third party settlements.
- ◆ Served 7,900 local government employee and families in the Public Employee Insurance Program with an increased enrollment of 14% for FY 2001.
- ◆ Processed 38,323 job applications and 12,500 resumes. Performed 632 job audits.
- ◆ Implemented Resumix database, conducted training and introduced Resume Builder, serving 120 state agencies human resource programs.
- ◆ Implemented a major upgrade to SEMA4 (the state human resources and payroll system) on time and on budget.

Public Employee Insurance Program (PEIP) offers local units of government group health, dental, and life insurance for their eligible employees, retirees and their dependents.

Worker's Compensation provides workers' compensation benefits to state employees; represents state agencies in workers' compensation court cases; and works with agencies to address workplace safety and health issues.

Employee Assistant Program (EAP) provides state agencies, employees and their eligible dependents with counseling and consultation regarding workplace, personal, and family problems that negatively affect employee performance and organizational effectiveness.

Budget

One and a half percent of the Department's FY 2002-03 budget is from the General Fund, with the other 98.5% composed of revenues and expenditures of the various insurance and state employee benefit programs that the department operates.

The General Fund portion of the budget covers operating expenses for approximately half of the agency programs and staff. These include Strategic Staffing, Information Services, SEMA4/WARE, Office of Diversity and Equal Opportunity, Administrative Services, and a portion of the Labor Relations/Total Compensation Program.

The remainder of the agency operations is covered by non-general fund dollars. This includes the State Employee Group Insurance Program (SEGIP), the Public Employee's Insurance Program (PEIP), the Workers' Compensation Program, and the Pre-Tax Savings programs.

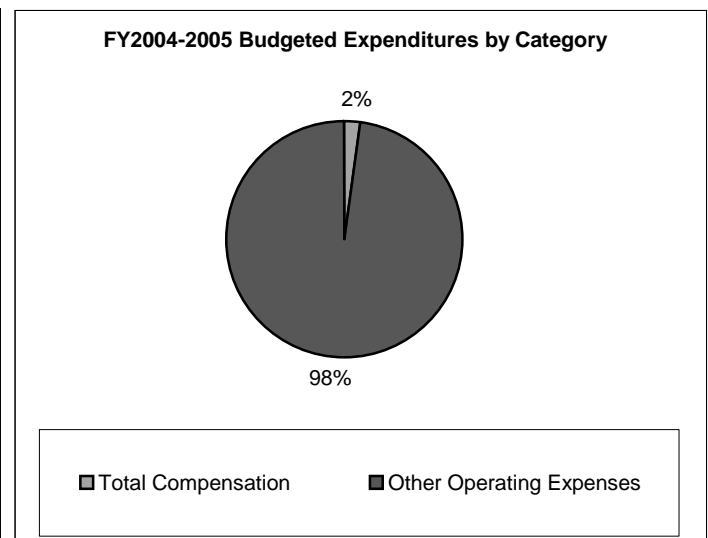
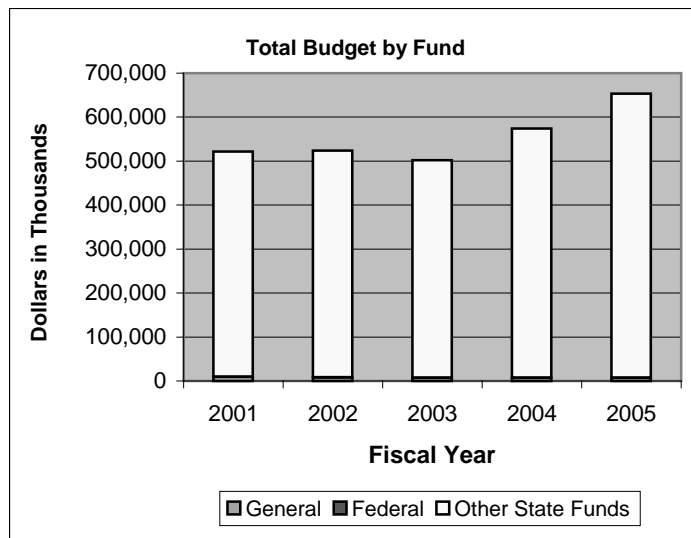
The non-general fund dollars used to operate the SEGIP and PEIP insurance programs consist of premiums collected from state agencies, Independent Billing Units, COBRA, and other self-paid participants. In the PEIP program, the users consist of various local units of government employers and their employees. State agency fees and claim reimbursements for claim costs generate the revenue in the Workers' Comp program. Pre-Tax Program revenue consists of employee contributions for medical, dental, and transit expense reimbursements.

Contact

Department of Employee Relations
200 Centennial Building
658 Cedar Street
Saint Paul, Minnesota 55155
Commissioner's Office: (651) 296-3095

World Wide Web Home Page: <http://www.doer.state.mn.us>

For information on how this agency measures whether it is meeting its statewide goals, please refer to <http://www.departmentresults.state.mn.us/>



| <i>Dollars in Thousands</i> | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|------------------|-------------------|--------------|
| | Actual | Actual | Budgeted | Base | | Biennium | Biennial Change | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | 2004-05 / 2002-03 | |
| | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 8,721 | 7,934 | 6,889 | 7,201 | 7,201 | 14,402 | -421 | -2.8% |
| Open Appropriations | | | | | | | | |
| General | 242 | 0 | 365 | 365 | 365 | 730 | 365 | 100.0% |
| Statutory Appropriations | | | | | | | | |
| General | 155 | 200 | 0 | 0 | 0 | 0 | -200 | -100.0% |
| Special Revenue | 24,608 | 26,914 | 30,311 | 28,706 | 29,261 | 57,967 | 742 | 1.3% |
| Private Employers Insurance | 574 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| State Employees Insurance | 475,435 | 476,322 | 451,632 | 525,352 | 603,575 | 1,128,927 | 200,973 | 21.7% |
| Miscellaneous Agency | 11,827 | 12,573 | 12,597 | 12,683 | 12,788 | 25,471 | 301 | 1.2% |
| Total | 521,562 | 523,943 | 501,794 | 574,307 | 653,190 | 1,227,497 | 201,760 | 19.7% |

| | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|------------------|----------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 12,415 | 12,901 | 12,946 | 12,924 | 12,933 | 25,857 | 10 | 0.0% |
| Other Operating Expenses | 509,124 | 511,025 | 488,845 | 561,380 | 640,254 | 1,201,634 | 201,764 | 20.2% |
| Payments To Individuals | 3 | 3 | 3 | 3 | 3 | 6 | 0 | 0.0% |
| Local Assistance | 20 | 14 | 0 | 0 | 0 | 0 | -14 | -100.0% |
| Total | 521,562 | 523,943 | 501,794 | 574,307 | 653,190 | 1,227,497 | 201,760 | 19.7% |

| | | | | | | | | |
|--------------------------------|----------------|----------------|----------------|----------------|----------------|------------------|----------------|--------------|
| Expenditures by Program | | | | | | | | |
| Human Resource Mgmt | 10,468 | 12,662 | 13,148 | 11,295 | 11,338 | 22,633 | -3,177 | -12.3% |
| Employee Insurance Division | 511,094 | 511,281 | 488,646 | 563,012 | 641,852 | 1,204,864 | 204,937 | 20.5% |
| Total | 521,562 | 523,943 | 501,794 | 574,307 | 653,190 | 1,227,497 | 201,760 | 19.7% |

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|--|--------------------------|--------------------------|----------------------------|------------------|------------------|-----------------------------|--|----------------|
| | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base | | Biennium 2004-05 | Dollars | Percent |
| Revenue by Type and Fund | | | | FY2004 | FY2005 | | | |
| Dedicated | | | | | | | | |
| General | 4,741 | 200 | 0 | 0 | 0 | 0 | -200 | -100.0% |
| Special Revenue | 25,179 | 26,283 | 29,305 | 27,202 | 27,257 | 54,459 | -1,129 | -2.0% |
| Private Employers Insurance | 576 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| State Employees Insurance | 474,686 | 481,066 | 452,459 | 526,762 | 604,687 | 1,131,449 | 197,924 | 21.2% |
| Miscellaneous Agency | 11,968 | 13,126 | 13,195 | 13,195 | 13,195 | 26,390 | 69 | 0.3% |
| Subtotal Dedicated | 517,150 | 520,675 | 494,959 | 567,159 | 645,139 | 1,212,298 | 196,664 | 19.4% |
| Total Revenue | 517,150 | 520,675 | 494,959 | 567,159 | 645,139 | 1,212,298 | 196,664 | 19.4% |
| Full-Time Equivalents (FTE) | 210.2 | 201.6 | 195.8 | 195.8 | 195.8 | | | |

Program Description

The Department of Employee Relations' (DOER) Human Resource Management Program provides a number of centralized personnel services for the executive branch.

Budget Activities Included:

- ◆ Administration
- ◆ Diversity and Equal Opportunity
- ◆ Labor Relations
- ◆ Strategic Staffing
- ◆ Human Resource Non-Operating
- ◆ Conference Revolving Account

Historical Perspective

In 2001, DOER's Human Resource Management Program was instrumental in forming the statewide Human Resource Directors Partnership (HRDP) and the Alliance for Cooperation and Collaboration in Employment and State Services (ACCESS), organizations designed to bring state agency human resources and Diversity/Equal Opportunity leaders together with DOER personnel for the purpose of promoting greater consistency and effectiveness within the executive branch human resources system. Working with these organizations, DOER then published the state's five-year HR strategic plan.

Also in 2001, Human Resource Management Program performed strategic coordination, contingency and communications planning to assist executive branch agencies and employees in preparation for a potential shutdown of Minnesota's state government. Although the shutdown was averted, some of these preparations were useful in maintaining the critical functions of state government during the subsequent 10-day employee strike. Labor Relations ended the largest strike in Minnesota history by settling contracts within budget parameters set by the Administration and Minnesota lawmakers.

In 2002, various elements of DOER's Human Resource Management Program implemented a new web-based hiring system for state government, made significant progress on a project designed to reform the state employment classification system, and continued a major upgrade of the state's human resource data system.

Key Measures

- ⇒ Success in settling labor contracts within the budget parameters set forth by the Administration and the Minnesota Legislature during the upcoming FY 2003-05 collective bargaining negotiations.
- ⇒ Continued progress in maximizing cost effectiveness and efficiency, by shifting all activity related to filling state job openings to the new hiring process; and receiving all applications from job-seekers through the new online resume-scanning system.
- ⇒ Successful distribution of executive branch transition resources and information, providing facts and assistance regarding state government employment, procedures, insurance benefits, etc. to members of the new administration following the November 2002 general election.
- ⇒ The effectiveness of services furnished by the Human Resource Management Program – which combine to make the state of Minnesota a more desirable employer – is in part reflected by the relatively low turnover rate among Minnesota state employees, as illustrated by the graph below.

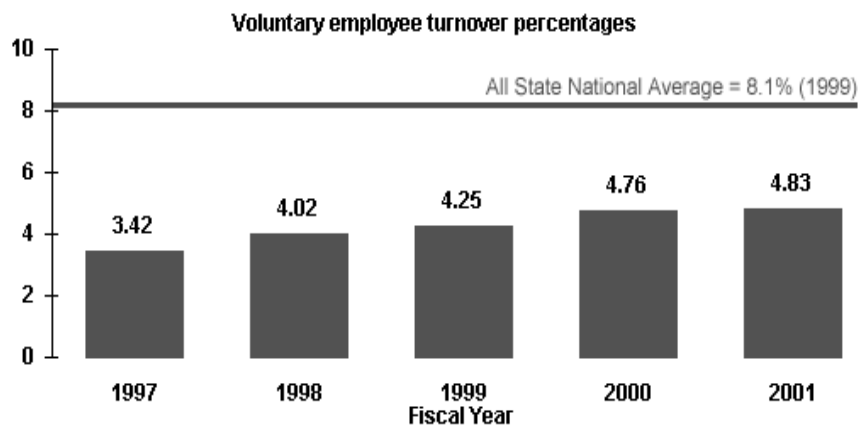
Program at a Glance

- ◆ Provides compensation, staffing, diversity, training and administrative services to all 120 executive branch state agencies (including Minnesota State Colleges and Universities), impacting 50,000 state employees;
- ◆ Provides labor relations services to all non-Minnesota State Colleges and Universities executive branch agencies, impacting about 37,200 state employees;
- ◆ Operates the state civil service system, first established in 1938;
- ◆ Works in cooperation with the state Human Resource Directors Partnership and the ACCESS Partnership.

EMPLOYEE RELATIONS DEPT

Program: HUMAN RESOURCE MANAGEMENT

Narrative



Program Funding

Funding for the activities of the program are provided by the agency's General Fund appropriation.

Contact

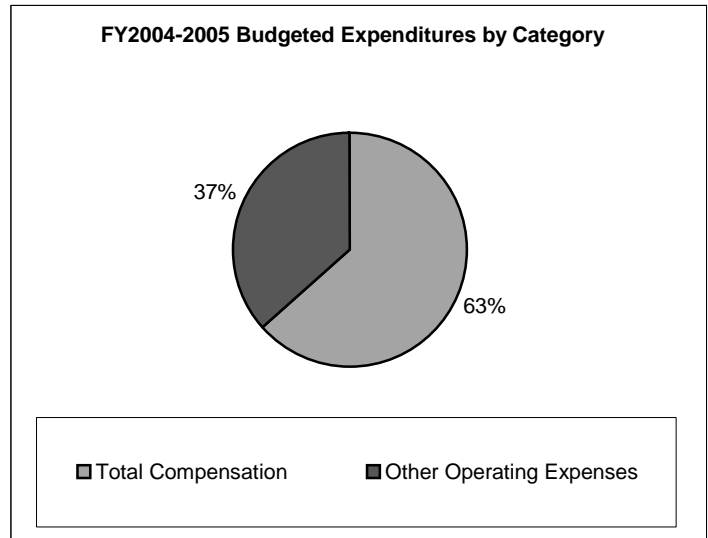
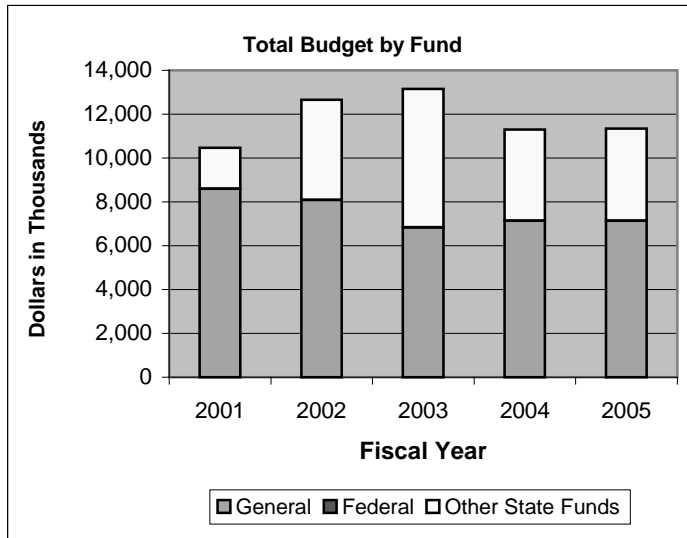
DOER Acting Commissioner, (651) 296-3095

DOER Deputy Commissioner, (651) 297-3859

Manager, DOER/Administrative Services Division, (651) 296-8366

EMPLOYEE RELATIONS DEPT
Program: HUMAN RESOURCE MGMT

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 8,440 | 7,881 | 6,826 | 7,138 | 7,138 | 14,276 | -431 | -2.9% |
| Statutory Appropriations | | | | | | | | |
| General | 155 | 200 | 0 | 0 | 0 | 0 | -200 | -100.0% |
| Special Revenue | 1,870 | 4,578 | 6,319 | 4,154 | 4,197 | 8,351 | -2,546 | -23.4% |
| Miscellaneous Agency | 3 | 3 | 3 | 3 | 3 | 6 | 0 | 0.0% |
| Total | 10,468 | 12,662 | 13,148 | 11,295 | 11,338 | 22,633 | -3,177 | -12.3% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 7,216 | 7,922 | 7,223 | 7,154 | 7,150 | 14,304 | -841 | -5.6% |
| Other Operating Expenses | 3,249 | 4,737 | 5,922 | 4,138 | 4,185 | 8,323 | -2,336 | -21.9% |
| Payments To Individuals | 3 | 3 | 3 | 3 | 3 | 6 | 0 | 0.0% |
| Total | 10,468 | 12,662 | 13,148 | 11,295 | 11,338 | 22,633 | -3,177 | -12.3% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Expenditures by Activity | | | | | | | | |
| Administration | 5,392 | 7,951 | 9,610 | 7,832 | 7,879 | 15,711 | -1,850 | -10.5% |
| Diversity & Equal Opportunity | 410 | 329 | 260 | 238 | 238 | 476 | -113 | -19.2% |
| Labor Relations | 1,127 | 1,246 | 1,364 | 1,358 | 1,354 | 2,712 | 102 | 3.9% |
| Strategic Staffing | 2,895 | 2,447 | 1,914 | 1,867 | 1,867 | 3,734 | -627 | -14.4% |
| Employee Assistance Prog | 644 | 689 | 0 | 0 | 0 | 0 | -689 | -100.0% |
| Total | 10,468 | 12,662 | 13,148 | 11,295 | 11,338 | 22,633 | -3,177 | -12.3% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| General | 135 | 200 | 0 | 0 | 0 | 0 | -200 | -100.0% |
| Special Revenue | 2,850 | 4,216 | 6,241 | 4,112 | 4,162 | 8,274 | -2,183 | -20.9% |
| Miscellaneous Agency | 15 | 10 | 5 | 5 | 5 | 10 | -5 | -33.3% |
| Subtotal Dedicated | 3,000 | 4,426 | 6,246 | 4,117 | 4,167 | 8,284 | -2,388 | -22.4% |
| Total Revenue | 3,000 | 4,426 | 6,246 | 4,117 | 4,167 | 8,284 | -2,388 | -22.4% |

| | | | | | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Full-Time Equivalents (FTE) | 119.6 | 118.4 | 104.3 | 104.3 | 104.3 |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|

EMPLOYEE RELATIONS DEPT

Program: HUMAN RESOURCE MANAGEMENT

Activity: ADMINISTRATION

Narrative

Activity Description

The Department of Employee Relations (DOER) Administration activities support the wide range of operational infrastructures and organizational/internal services needed to assist the agency's personnel and execute departmental functions. DOER Administration activities are provided through the department's Information Systems division, SEMA4/WARE Division and the Administrative Services Division.

Population Served

DOER Administration supports and serves the agency's staff members, who in turn provide widely varied services to:

- ◆ state employees in the executive, legislative and judicial branches of state government;
- ◆ all 120 executive branch state agencies served by the statewide SEMA4 personnel data system; and
- ◆ members of the general public.

Activity at a Glance

- ◆ The program supports and serves DOER's staff members, who in turn provide widely varied services to state employees in the executive, legislative and judicial branches of state government.
- ◆ The SEMA4/WARE activity provides training, documentation and support to more than 2,000 designated SEMA4 users who serve state agencies.
- ◆ DOER's Information Services Division provides technical support for systems (such as SEMA4, payroll, Resumix, and GenComp) that serve 120 state agencies and up to 54,000 employees of the executive, legislative and judicial branches.

Services Provided

Information Systems Division:

- ◆ develops and implements information technology and web-based projects to assist operations within DOER and throughout the entire state agency Human Resource system;
- ◆ analyzes, purchases, maintains and upgrades desktop personal computer technology for all DOER employees; and
- ◆ analyzes, purchases, maintains and upgrades DOER's LAN and web servers to support a wide variety of business functions.

SEMA4/WARE Division:

- ◆ oversees and implements changes and enhancements to the HR portion of the State's Human Resource Information System, SEMA4;
- ◆ establishes, maintains and coordinates human resource information systems that enhance the capture of and access to information which improves enterprise-wide collaboration and provides essential data needed for strategic planning and performance measurement;
- ◆ ensures data integrity and furnishes data about the state's workforce to aid in policy development; and
- ◆ provides Workforce Analysis Reporting and Evaluation (WARE) functions on a statewide level to interested parties.

Administrative Services Division:

- ◆ provides department-wide information processing, transcription, records management, etc.;
- ◆ supplies department-wide fiscal services management, accounts payable/receivable, organizational purchasing, etc.;
- ◆ provides the department with operational support (human resources coordination, equipment management, space planning/management, mail room, etc.); and
- ◆ miscellaneous agency fees derived from Combined Charities Applications and Vacation Donation Program.

EMPLOYEE RELATIONS DEPT

Program: HUMAN RESOURCE MANAGEMENT

Activity: ADMINISTRATION

Narrative

Key Measures

- ⇒ Successful implementation of Phase 2 of the SEMA4 system upgrade by April 2003 (expected to be on time and within budget). In partnership with the Department of Finance, this upgrade entails moving from the legacy Benefits system into SEMA4, adoption of the web-based PeopleSoft Version 8, reduction of the number of customizations which will reduce the effort and complexity of future upgrades, and creativity opportunities for the state to deliver self-service functions in the human resources, payroll, and benefits areas.
- ⇒ Successfully complete and support the enrollment technology requirements for DOER's state employee insurance Open Enrollment.
- ⇒ Completed development and delivery of plans for self-service access to public information.

Activity Funding

Funding for this activity is financed by appropriation from the General Fund. Costs for SEMA4 system upgrades are financed from the Insurance Administration Fund within the Employee Insurance Division.

Contact

Manager, DOER Administrative Services Division, (651) 296-8366

DOER Chief Information Officer, (651) 297-5767

Manager, DOER SEMA4/WARE Division, (651) 296-8912

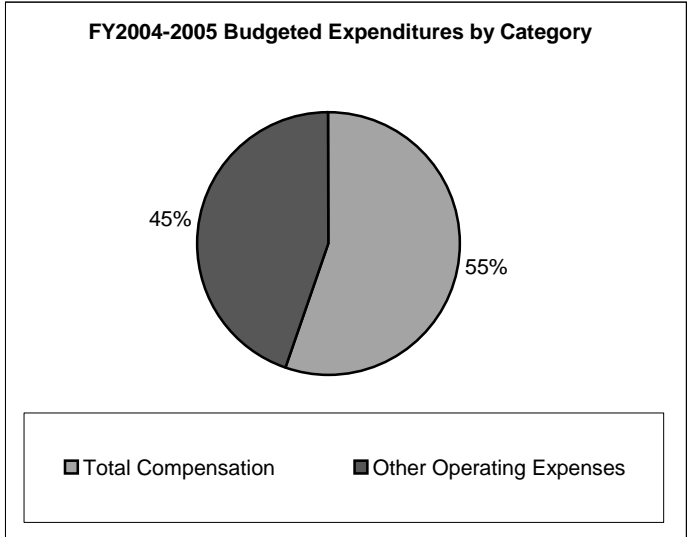
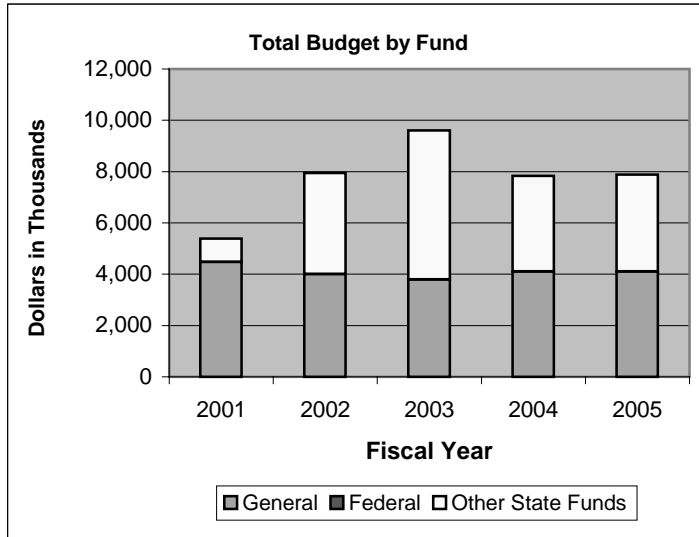
DOER Deputy Commissioner, (651) 297-3859

EMPLOYEE RELATIONS DEPT

Program: HUMAN RESOURCE MGMT

Activity: ADMINISTRATION

Fiscal Report



| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|------------------|------------------|--------------------|----------------|--------------------|---------------------|--------------------------------------|---------------|
| Expenditures by Fund | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 4,482 | 4,005 | 3,791 | 4,101 | 4,105 | 8,206 | 410 | 5.3% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 907 | 3,943 | 5,816 | 3,728 | 3,771 | 7,499 | -2,260 | -23.2% |
| Miscellaneous Agency | 3 | 3 | 3 | 3 | 3 | 6 | 0 | 0.0% |
| Total | 5,392 | 7,951 | 9,610 | 7,832 | 7,879 | 15,711 | -1,850 | -10.5% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|
| Total Compensation | 3,463 | 4,414 | 4,395 | 4,333 | 4,333 | 8,666 | -143 | -1.6% |
| Other Operating Expenses | 1,926 | 3,534 | 5,212 | 3,496 | 3,543 | 7,039 | -1,707 | -19.5% |
| Payments To Individuals | 3 | 3 | 3 | 3 | 3 | 6 | 0 | 0.0% |
| Total | 5,392 | 7,951 | 9,610 | 7,832 | 7,879 | 15,711 | -1,850 | -10.5% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
| Dedicated | | | | | | | | |
| Special Revenue | 2,070 | 3,646 | 5,816 | 3,687 | 3,732 | 7,419 | -2,043 | -21.6% |
| Miscellaneous Agency | 15 | 10 | 5 | 5 | 5 | 10 | -5 | -33.3% |
| Subtotal Dedicated | 2,085 | 3,656 | 5,821 | 3,692 | 3,737 | 7,429 | -2,048 | -21.6% |
| Total Revenue | 2,085 | 3,656 | 5,821 | 3,692 | 3,737 | 7,429 | -2,048 | -21.6% |

| | | | | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|--|--|-------------|
| Full-Time Equivalents (FTE) | 53.1 | 61.0 | 59.7 | 59.7 | 59.7 | | | 0.0% |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|--|--|-------------|

EMPLOYEE RELATIONS DEPT

Program: HUMAN RESOURCE MANAGEMENT

Activity: DIVERSITY & EQUAL OPPORTUNITY

Narrative

Activity Description

The Office of Diversity and Equal Opportunity (ODEO) exists to provide leadership and support to state agencies in compliance with Affirmative Action (AA) and Equal Employment Opportunity (EEO) laws. In addition, ODEO works with state agencies to coordinate efforts of recruitment strategies among agencies to address underutilization of protected group members as well as workforce planning for all employees.

Activity at a Glance

- ◆ ODEO serves approximately 5,300 state employees (minorities and persons with disabilities) who represent protected groups.

Population Served

The ODEO works with all state agencies to attract and retain highly qualified employees at all levels of each organization and in a fashion that mirrors the population of Minnesota; while developing strategies designed to encourage and allow state employees to thrive in and contribute to their organization. ODEO serves women, minorities and persons with disabilities throughout Minnesota's general population, by developing, implementing, and ensuring compliance with policies and programs designed to attract and retain protected group members to employment with state government.

Services Provided

- ⇒ Coordinate EEO/AA resources to address targeted areas of underutilization and to eliminate redundancies.
- ⇒ Provide state agencies with services to assure their compliance with state and federal laws governing affirmative action, equal employment opportunities, and other federal and state laws.
- ⇒ Work with state agencies to increase representation of protected group employees in all job classifications; and to help them develop plans through which they can effectively attract and retain a diverse workforce.
- ⇒ Ensure the turnover rate for protected group members is equal to the rate for non-protected group members.
- ⇒ Promote initiatives to allow culture change efforts, encouraging employees to work and contribute naturally to their organization.
- ⇒ Expand training efforts within state agencies as they relate to mentorship, affirmative action, recruitment and diversity.
- ⇒ Evaluate employee benefit programs to ensure that offerings are relevant to state workforce instead of to only the majority.
- ⇒ Provide support to ACCESS (Alliance for Cooperation and Collaboration in Employment and State Services) and the HRDP (Human Resources Directors Partnership) to accomplish equal employment opportunity, diversity, and affirmative action initiatives.

Key Measures

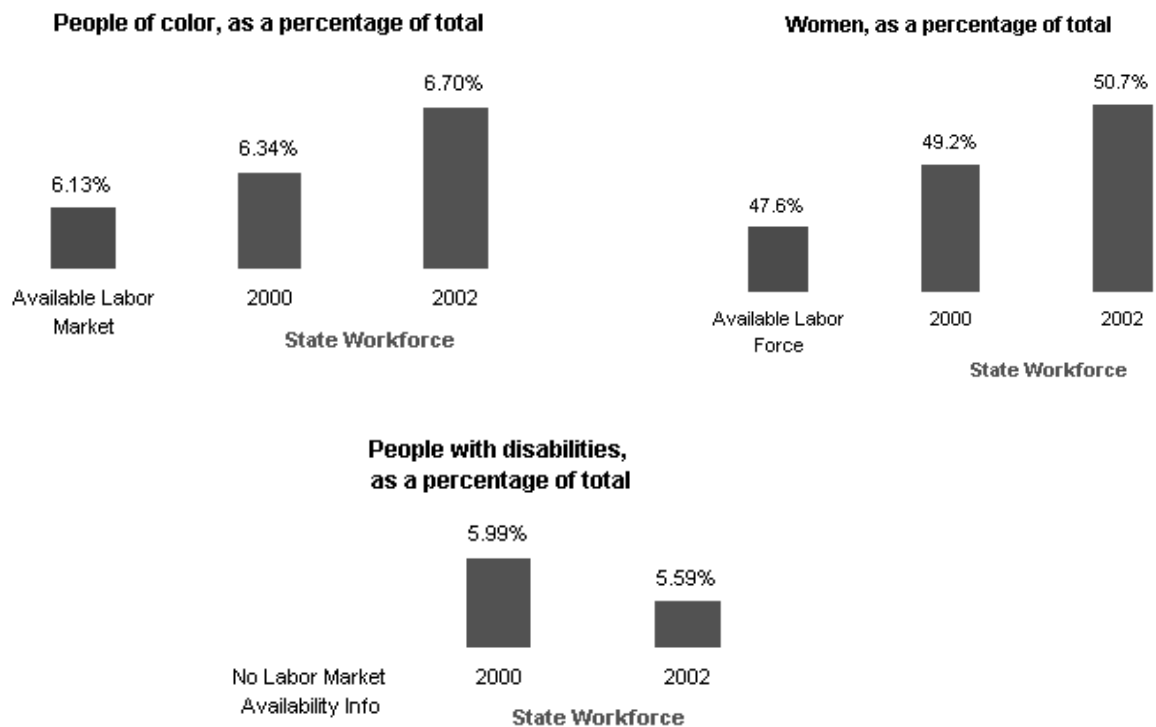
- ⇒ Increase current representation of protected group members in all state employee job classifications.
- ⇒ Ensure the turnover rate among state employees who are protected group members is equal to the turnover rate among state employees who are not members of protected groups.

EMPLOYEE RELATIONS DEPT

Program: HUMAN RESOURCE MANAGEMENT

Activity: DIVERSITY & EQUAL OPPORTUNITY

Narrative



Activity Funding

The department's General Fund appropriation funds the program's activities.

Contact

DOER Assistant Commissioner for Diversity and Equal Opportunity, (651) 296-8272

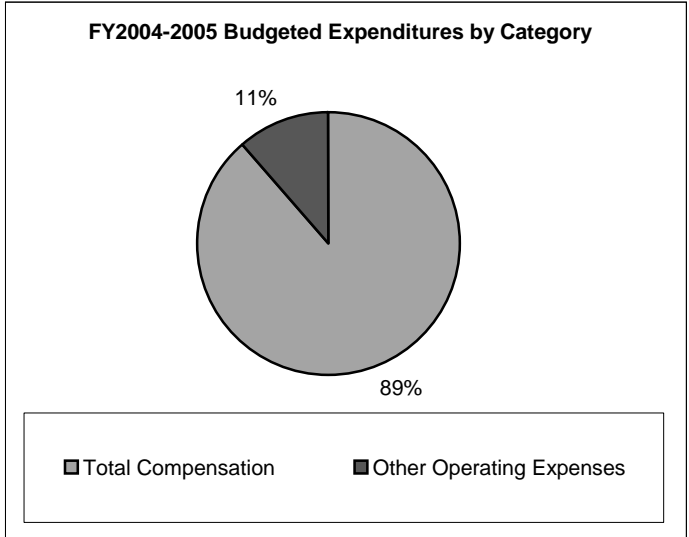
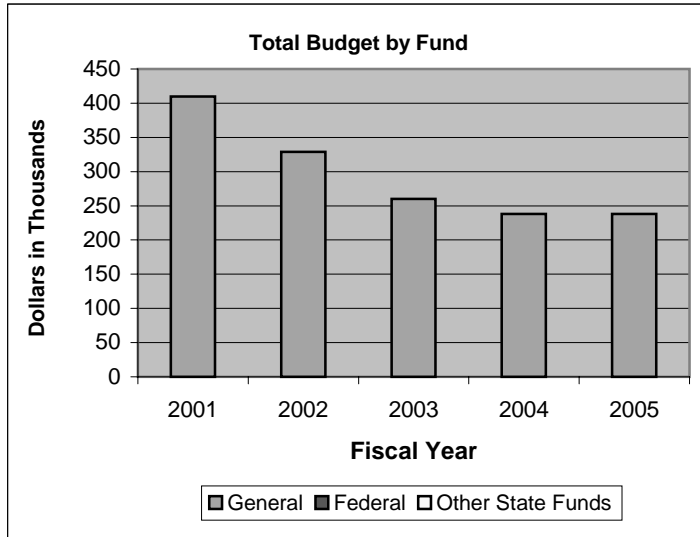
DOER Deputy Commissioner, (651) 297-3859

EMPLOYEE RELATIONS DEPT

Program: HUMAN RESOURCE MGMT

Activity: DIVERSITY & EQUAL OPPORTUNITY

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------------------|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 410 | 329 | 260 | 238 | 238 | 476 | -113 | -19.2% |
| Total | 410 | 329 | 260 | 238 | 238 | 476 | -113 | -19.2% |
| Expenditures by Category | | | | | | | | |
| Total Compensation | 372 | 274 | 232 | 211 | 211 | 422 | -84 | -16.6% |
| Other Operating Expenses | 38 | 55 | 28 | 27 | 27 | 54 | -29 | -34.9% |
| Total | 410 | 329 | 260 | 238 | 238 | 476 | -113 | -19.2% |
| Full-Time Equivalents (FTE) | 6.6 | 4.5 | 3.0 | 3.0 | 3.0 | | | |

EMPLOYEE RELATIONS DEPT

Program: HUMAN RESOURCE MANAGEMENT

Activity: LABOR RELATIONS & COMPENSATION

Narrative

Activity Description

The Labor Relations/Compensation Bureau performs the duties assigned to the Department of Employee Relations (DOER) commissioner under the Public Employees Labor Relations Act (PELRA), including contract negotiations with the state employee unions. In addition, the Bureau is responsible for monitoring local government subdivisions to ensure their compliance with the Local Government Pay Equity Act.

Population Served

The Bureau works with and represents the management of 120 state agencies and boards, impacting about 37,200 executive branch state employees; and works closely with legislative committees. In addition, the Bureau's Local Government Pay Equity Division works with more than 1,508 local governments to achieve compliance with state statute.

Services Provided

Labor Relations Unit:

- ◆ negotiates and oversees collective bargaining with the exclusive representatives of executive branch state employees (except Minnesota State Colleges and Universities faculty);
- ◆ presents management's positions in interest arbitration (arbitrations involving employees with no right to strike);
- ◆ implements major portions of collective bargaining agreements;
- ◆ advises each state agency's management in their relationships with the exclusive representatives for state employees; and sets statewide policy for management's relationship with labor;
- ◆ interprets collective bargaining agreements;
- ◆ advises agency management on contract and human resources administration issues;
- ◆ trains supervisors and managers in contract administration; and
- ◆ administers grievances appealed to arbitration by unions.

Compensation Unit:

- ◆ provides an overall compensation framework for compensation and benefits other than insurance, (vacation, sick leave, holidays, expense reimbursement, etc.);
- ◆ provides policy development and research services to executive branch management in the areas of compensation and related programs;
- ◆ responsible for estimating the fiscal impact of collective bargaining proposals and providing policy and technical direction in the negotiation of collective bargaining agreements; and
- ◆ develop or approve compensation plans for unrepresented employees in all non-higher education agencies.

Local Government Pay Equity Unit:

- ◆ administers the compliance process for the Local Government Pay Equity Act, ensuring that all political subdivisions (including cities, counties, school districts and others) report to the DOER to confirm elimination of sex-based wage inequities in compensation;
- ◆ inform local governments of the act's requirements; and
- ◆ review reports received from local governments - determining compliance, assessing penalties and informing the legislature of the compliance status of local government units.

Historical Perspective

- ◆ In 2001, DOER and the Bureau represented the state during a ten-day strike by AFSCME & MAPE employees of the executive branch; and settled the contracts within the budget parameters set forth by the Administration and the Minnesota Legislature.

Activity at a Glance

- ◆ Serves 37,200 of the executive branch's 50,000 state employees
- ◆ Negotiates seven collective bargaining agreements biennially, impacting about 35,000 executive branch state employees
- ◆ Oversees and administers two unrepresented employee plans, impacting about 2,200 executive branch state workers

EMPLOYEE RELATIONS DEPT

Program: HUMAN RESOURCE MANAGEMENT

Activity: LABOR RELATIONS & COMPENSATION

Narrative

- ◆ In 2001, AFSCME Unit 8 (Correctional Guards) elected to use their right to interest arbitration regarding inequities. The work of the Bureau led to the arbitrator's decision in favor of the state, saving the taxpayers \$9.5 million.
- ◆ In 2001, the Bureau completed the audit process for all classes and Federal Labor Standards Act (FLSA) back-pay, developed FLSA basic course and presented it to state agency human resources personnel, supervisors and managers.

Key Measures

- ◆ success in settling labor contracts within the budget parameters set forth by the Administration and the Minnesota Legislature during the upcoming FY 2003-05 collective bargaining negotiations;
- ◆ continued biennial reduction of the number of state employee labor grievances, as demonstrated in the 2001-02 biennium:
 - ⇒ 952 total active grievances during the 2001-02 biennium (counting appeals).
 - ⇒ 50 grievances were decided by an arbitrator.
 - ⇒ 188 grievances were settled by the Bureau.
 - ⇒ 333 grievances were withdrawn.
 - ⇒ 381 active grievances are left from the 2001-02 biennium.
- ◆ reduction in the annual number of pay equity non-compliance determinations within Minnesota's public sector by providing technical assistance, training and job evaluation tools (such as the newly revised State Job Match) free to local government units.

Activity Funding

The department's General Fund appropriation finances the activities of the Bureau.

Contact

DOER Deputy Commissioner for Labor Relations, (651) 296-8274

DOER Deputy Commissioner, (651) 297-3859

Labor Relations/Total Compensation Main Page on DOER Internet Web site:

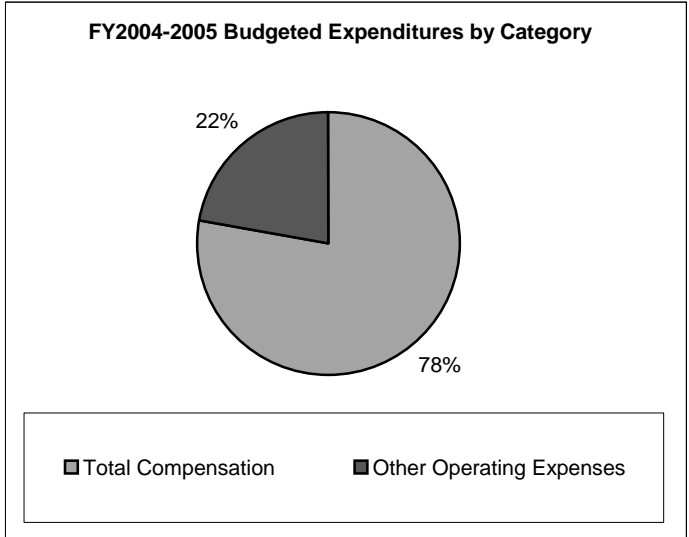
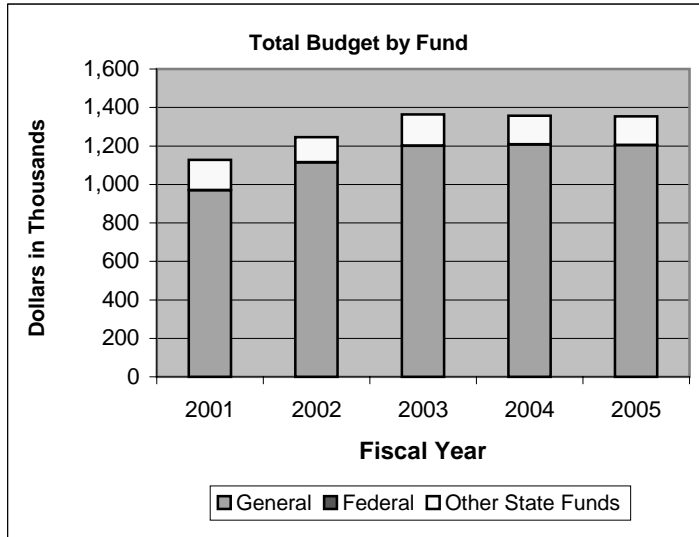
www.doer.state.mn.us/lab-rel/LR_Totalcomp.HTM

EMPLOYEE RELATIONS DEPT

Program: HUMAN RESOURCE MGMT

Activity: LABOR RELATIONS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | | |
|---------------------------------|------------------|------------------|--------------------|----------------|--------------------|---------------------|---|-------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 970 | 1,115 | 1,201 | 1,208 | 1,204 | 2,412 | 96 | 4.1% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 157 | 131 | 163 | 150 | 150 | 300 | 6 | 2.0% |
| Total | 1,127 | 1,246 | 1,364 | 1,358 | 1,354 | 2,712 | 102 | 3.9% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|-------------|
| Total Compensation | 893 | 954 | 1,064 | 1,056 | 1,052 | 2,108 | 90 | 4.5% |
| Other Operating Expenses | 234 | 292 | 300 | 302 | 302 | 604 | 12 | 2.0% |
| Total | 1,127 | 1,246 | 1,364 | 1,358 | 1,354 | 2,712 | 102 | 3.9% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|----------|-------------|
| Dedicated | | | | | | | | |
| Special Revenue | 157 | 144 | 150 | 150 | 150 | 300 | 6 | 2.0% |
| Subtotal Dedicated | 157 | 144 | 150 | 150 | 150 | 300 | 6 | 2.0% |
| Total Revenue | 157 | 144 | 150 | 150 | 150 | 300 | 6 | 2.0% |

| | | | | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|--|--|-------------|
| Full-Time Equivalents (FTE) | 13.3 | 13.1 | 15.5 | 15.5 | 15.5 | | | 0.0% |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|--|--|-------------|

EMPLOYEE RELATIONS DEPT

Program: HUMAN RESOURCE MANAGEMENT

Activity: STRATEGIC STAFFING

Narrative

Activity Description

The Strategic Staffing Division provides all state agencies with direction, development and maintenance of hiring, and training services in order to maximize state agency efforts to attract, hire and retain skilled employees.

Population Served

The Strategic Staffing Division serves Human Resource (HR) personnel, managers, supervisors, and lead workers at all 120 executive branch agencies. In addition, Staffing works with members of the general public interested in employment with the state of Minnesota.

Services Provided

The Strategic Staffing Division has the authority to make employee hiring decisions, while providing oversight and consultation as needed to many state agency HR offices.

The division retains responsibility for providing classification and hiring services to agencies that do not have the resources needed to handle HR functions, or when statewide coordination of services is necessary. Staffing's services include:

Consultation to state agency HR personnel, managers and supervisors in areas such as:

- ◆ coordination with all members of the Human Resource Director's Partnership (HRDP), a partnership developed by DOER to improve coordinated HR functions on a statewide basis;
- ◆ recruitment and marketing;
- ◆ selection process design and development; and
- ◆ strategic staffing, workforce planning and redeployment.

Administration of the division's Human Resources Information System (HRIS) tools to meet the current and future staffing needs statewide:

- ◆ evaluates and revises the staffing process, and researches new HRIS assessment, recruitment and selection tools to meet agency needs in today's labor market;
- ◆ analyzes various staffing metrics to identify staffing trends within specific agencies and on a statewide basis;
- ◆ provides user training to ensure consistency, best practices, and use of the selection tools;
- ◆ provides recruiting and marketing services designed to promote the state as a leading employer and to build a qualified, available and diverse recruitment pool;
- ◆ provides recruiting consultation services for hard-to-fill or under-represented areas; and
- ◆ establishes and maintains relationships with community organizations and schools to promote the opportunities and benefits of employment in state government.

Providing Applicant Services:

- ◆ ensures that resumes are quickly and accurately processed;
- ◆ answers questions from job-seekers regarding their application materials and the selection process;
- ◆ maintains the integrity of the *Resumix* applicant tracking database (a new resume scanning software) and, processes applications for state positions; and
- ◆ staffs and records data for the Job Information Line (public access point for information on state jobs), and processes all applicant information.

Activity at a Glance

- ◆ Serves HR personnel, managers, supervisors, and lead-workers at all 120 executive branch agencies; and
- ◆ Serves members of the general public who are interested in employment with the state of Minnesota.
- ◆ As of September 2002, the new hiring system had stored 40,000 active resumes in its database.
- ◆ As of September 2002, the new hiring system had advertised about 2,800 positions (all approved to fill under the State Hiring Freeze) on the state's employment web pages.

EMPLOYEE RELATIONS DEPT

Program: HUMAN RESOURCE MANAGEMENT

Activity: STRATEGIC STAFFING

Narrative

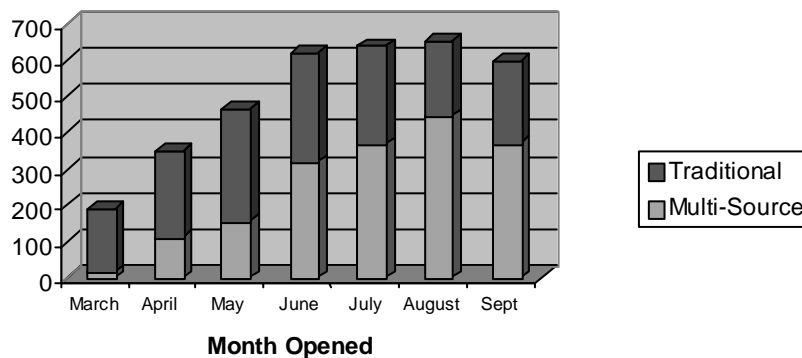
Provides Training Services:

- ◆ provides and coordinates training as required by statute to state managers, supervisors, lead workers, and HR personnel;
- ◆ provides resource/reference information to agencies seeking training in the areas professional development, performance management, project management, and leadership, for workforce development; and
- ◆ working on identification and implementation of a competency model for HR and managerial job classes, with eventual implementation for all state job classes. The competency model will have numerous applications in recruitment, selection, interviewing, and performance management, which will allow for strategic staffing of state agencies.

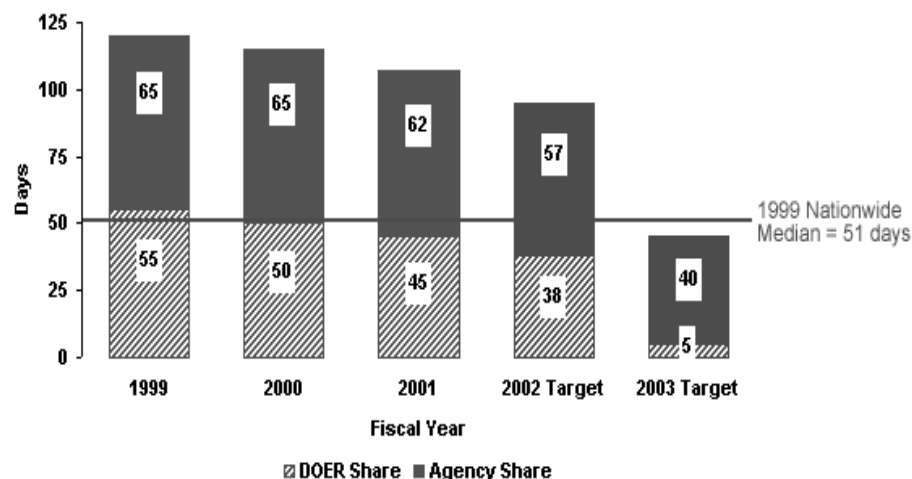
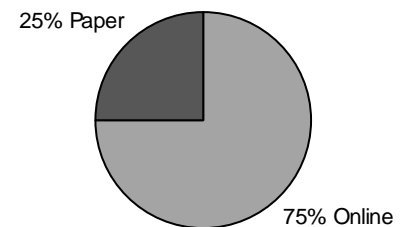
Key Measures

⇒ In March 2002, the Strategic Staffing Division adopted a new multi-source hiring process that uses web-based technology and a resume-scanning (*Resumix*) software to make the state's application and selection procedures more efficient and timely for both applicants and hiring managers. Under the new process, hiring managers may complete their job requisitions over the Internet, identify job seekers from a resume database, review resumes, and contact or track candidates. Job seekers may create, submit and update a single resume to be considered for all state job openings; search and apply for jobs; and retrieve job information through the web or other sources.

**Selection Process for Vacancies
For the Period March - September 2002**



**Resumes Received since
March 4, 2002 (Total: 27,907)**



EMPLOYEE RELATIONS DEPT

Program: HUMAN RESOURCE MANAGEMENT

Activity: STRATEGIC STAFFING

Narrative

Activity Funding

The department's General Fund appropriation finances the majority of activities on the program. The training functions are funded by a revolving fund with training participants paying for the classes. The revenue generated covers the program expenditures.

Contact

DOER Acting Commissioner/Strategic Staffing Manager, (651) 296-3095

DOER Deputy Commissioner, (651) 297-3859

Strategic Staffing Main Page on DOER Internet web site: www.doer.state.mn.us/staffing/STAFFING.HTM

State Employment Main Page on DOER Internet web site: www.doer.state.mn.us/stf-bltn/jobs2/index.htm

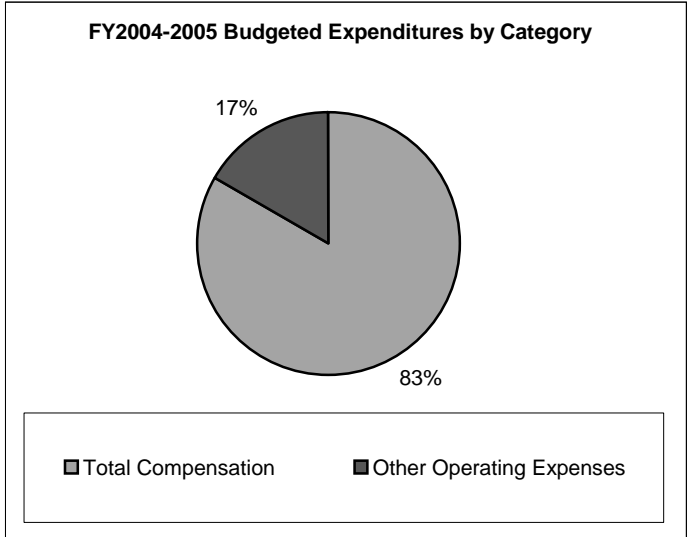
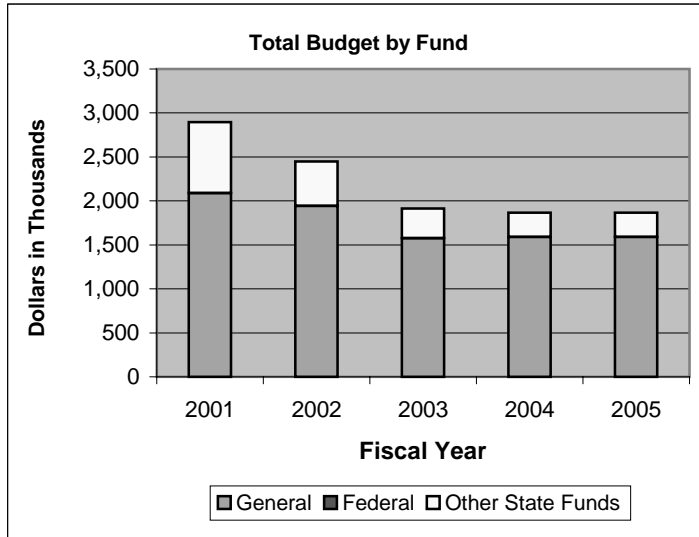
Job Information Line: (651) 296-2616 or 1-800-657-3974

EMPLOYEE RELATIONS DEPT

Program: HUMAN RESOURCE MGMT

Activity: STRATEGIC STAFFING

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 2,089 | 1,943 | 1,574 | 1,591 | 1,591 | 3,182 | -335 | -9.5% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 806 | 504 | 340 | 276 | 276 | 552 | -292 | -34.6% |
| Total | 2,895 | 2,447 | 1,914 | 1,867 | 1,867 | 3,734 | -627 | -14.4% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|---------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 2,036 | 1,805 | 1,532 | 1,554 | 1,554 | 3,108 | -229 | -6.9% |
| Other Operating Expenses | 859 | 642 | 382 | 313 | 313 | 626 | -398 | -38.9% |
| Total | 2,895 | 2,447 | 1,914 | 1,867 | 1,867 | 3,734 | -627 | -14.4% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|-------------|---------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Special Revenue | 623 | 426 | 275 | 275 | 280 | 555 | -146 | -20.8% |
| Subtotal Dedicated | 623 | 426 | 275 | 275 | 280 | 555 | -146 | -20.8% |
| Total Revenue | 623 | 426 | 275 | 275 | 280 | 555 | -146 | -20.8% |

| | | | | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|--|--|-------------|
| Full-Time Equivalents (FTE) | 39.2 | 32.6 | 26.1 | 26.1 | 26.1 | | | 0.0% |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|--|--|-------------|

Program Description

The Employee Insurance Division (EID) administers employee insurance fringe benefits for the state of Minnesota's eligible state employees, retirees, and dependents.

Budget Activities Included:

- ◆ State Employees Group Insurance Program (SEGIP)
- ◆ Employee Assistance Program (EAP)
- ◆ Workers' Compensation Program
- ◆ Public Employees Insurance Program (PEIP)
- ◆ Health Risk Management Unit

Historical Perspective

Employer-administered fringe benefits have been an important part of state workers' total compensation for more than 55 years. Over time, the range, complexity, and expense of employee fringe benefits has increased greatly - particularly in the area of health benefits. To address such increases, EID developed the Minnesota Advantage Health Plan for state employees and launched the program in 2002. Advantage was implemented to help contain health benefit costs, provide greater flexibility and options, and preserve access to a wide array of health care providers for employees.

Program at a Glance

- ◆ Provides insurance fringe benefits for more than 129,000 state employees, retirees and dependents, with a total annual budget activity of over \$466 million;
- ◆ Provides Workers' Compensation Program for more than 57,000 for state employees, at an annual cost of over \$21 million; and
- ◆ Manages the Public Employees Insurance Program (PEIP) -- providing health, dental, and life insurance to 137 non-state public sector employer groups, with premium expenditures of over \$20 million annually.

Key Measures

- ⇒ In 2002, the new Advantage health benefits program saved \$8 million in premiums for the state and \$30 million in premiums for employees (compared to the projected costs if the previous employee health coverage program had been continued).
- ⇒ The overall cost of administering SEGIP health benefits is approximately 8% of total premium costs, which is below the industry standard of 10-15% of total premium costs.
- ⇒ The rate of new workers compensation claims has declined 6.6% since FY 1998.
- ⇒ The number of groups enrolled in PEIP has increased every year for the past four years, from 73 in 1999 to 137 in 2002, an increase of over 88%.

Program Funding

Funding for the Employee Insurance Division consists primarily of insurance premiums collected from state agencies and other participating groups, and from employees and retirees. These funds are principally pass-through funds to insurance carriers, third party administrators, and other vendors. Funds are also used to pay workers' compensation claims.

Contact

DOER Assistant Commissioner, (651) 296-3159

Employee Insurance Division Director, (651) 296-6287

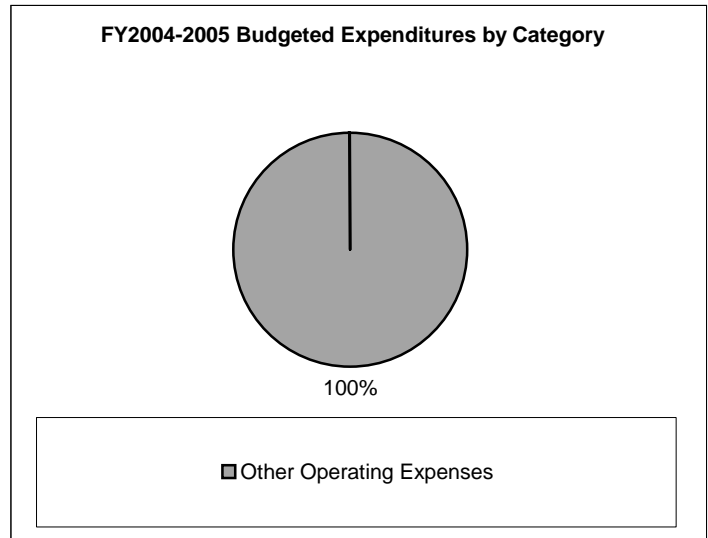
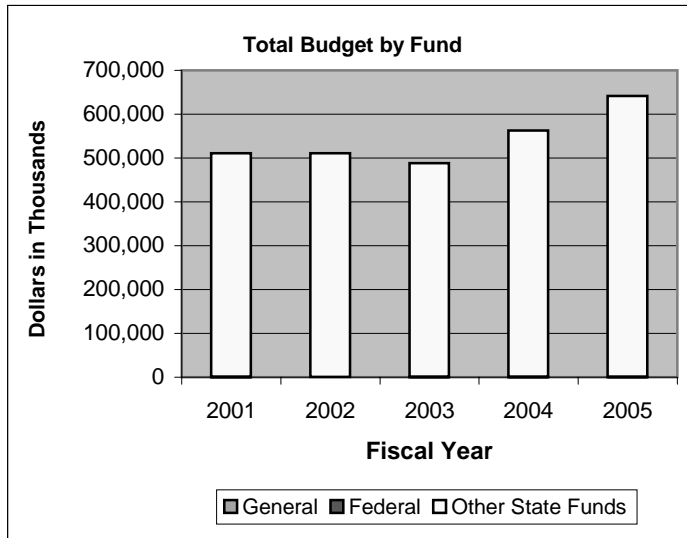
DOER Deputy Commissioner, (651) 297-3859

The program can be reached through the DOER web site, at www.doer.state.mn.us

EMPLOYEE RELATIONS DEPT

Program: EMPLOYEE INSURANCE DIVISION

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|------------------|-------------------|-------------------|
| | Actual | Actual | Budgeted | Base | | Biennium | Biennial Change | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | 2004-05 / 2002-03 | Dollars / Percent |
| Direct Appropriations | | | | | | | | |
| General | 281 | 53 | 63 | 63 | 63 | 126 | 10 | 8.6% |
| Open Appropriations | | | | | | | | |
| General | 242 | 0 | 365 | 365 | 365 | 730 | 365 | 100.0% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 22,738 | 22,336 | 23,992 | 24,552 | 25,064 | 49,616 | 3,288 | 7.1% |
| Private Employers Insurance | 574 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| State Employees Insurance | 475,435 | 476,322 | 451,632 | 525,352 | 603,575 | 1,128,927 | 200,973 | 21.7% |
| Miscellaneous Agency | 11,824 | 12,570 | 12,594 | 12,680 | 12,785 | 25,465 | 301 | 1.2% |
| Total | 511,094 | 511,281 | 488,646 | 563,012 | 641,852 | 1,204,864 | 204,937 | 20.5% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|------------------|----------------|--------------|
| Total Compensation | 5,199 | 4,979 | 5,723 | 5,770 | 5,783 | 11,553 | 851 | 8.0% |
| Other Operating Expenses | 505,875 | 506,288 | 482,923 | 557,242 | 636,069 | 1,193,311 | 204,100 | 20.6% |
| Local Assistance | 20 | 14 | 0 | 0 | 0 | 0 | -14 | -100.0% |
| Total | 511,094 | 511,281 | 488,646 | 563,012 | 641,852 | 1,204,864 | 204,937 | 20.5% |

| Expenditures by Activity | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|------------------|----------------|--------------|
| Employee Assistance Prog | 0 | 0 | 697 | 715 | 720 | 1,435 | 738 | 105.9% |
| Employee Insurance Admin | 6,201 | 7,958 | 7,202 | 7,719 | 7,763 | 15,482 | 322 | 2.1% |
| Public Employee Insurance Pgm | 20,175 | 23,232 | 26,514 | 28,023 | 28,573 | 56,596 | 6,850 | 13.8% |
| Mn Employer Insurance Pgm | 574 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Workers Compensation Admin | 4,170 | 4,717 | 4,989 | 5,062 | 5,071 | 10,133 | 427 | 4.4% |
| Insurance Div Non-Operatng | 479,974 | 475,374 | 449,244 | 521,493 | 599,725 | 1,121,218 | 196,600 | 21.3% |
| Total | 511,094 | 511,281 | 488,646 | 563,012 | 641,852 | 1,204,864 | 204,937 | 20.5% |

EMPLOYEE RELATIONS DEPT

Program: EMPLOYEE INSURANCE DIVISION

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------------|----------------|----------------|-----------------|----------------|----------------|------------------|--------------------------|----------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Revenue by Type and Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Dedicated | | | | | | | | |
| General | 4,606 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Special Revenue | 22,329 | 22,067 | 23,064 | 23,090 | 23,095 | 46,185 | 1,054 | 2.3% |
| Private Employers Insurance | 576 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| State Employees Insurance | 474,686 | 481,066 | 452,459 | 526,762 | 604,687 | 1,131,449 | 197,924 | 21.2% |
| Miscellaneous Agency | 11,953 | 13,116 | 13,190 | 13,190 | 13,190 | 26,380 | 74 | 0.3% |
| Subtotal Dedicated | 514,150 | 516,249 | 488,713 | 563,042 | 640,972 | 1,204,014 | 199,052 | 19.8% |
| Total Revenue | 514,150 | 516,249 | 488,713 | 563,042 | 640,972 | 1,204,014 | 199,052 | 19.8% |
| Full-Time Equivalents (FTE) | 90.6 | 83.2 | 91.5 | 91.5 | 91.5 | | | |

EMPLOYEE RELATIONS DEPT

Program: EMPLOYEE INSURANCE DIVISION

Activity: EMPLOYEE INSURANCE ADMINISTRATION

Narrative

Activity Description

The State Employee Group Insurance Program (SEGIP) administers the state of Minnesota's comprehensive employee insurance fringe benefits package.

Population Served

SEGIP provides benefits to eligible employees, retirees, and dependents in all three branches of state government, Minnesota State Colleges and Universities, and certain quasi-state agencies. This activity covers 129,000 individuals statewide.

Activity at a Glance

- ◆ SEGIP provides employee insurance to state employees, retirees, and dependents – over 129,000 covered lives statewide.
- ◆ Calendar year 2003 estimated total SEGIP budget activity -- \$466 million.

Services Provided

Current employee insurance benefits administered through SEGIP include health, dental, life, long and short term disability, and long-term care coverage, as well as pre-tax accounts. To administer these benefits, SEGIP provides the following services:

- ◆ planning, design, and implementation of benefits;
- ◆ accounting and audit services;
- ◆ support of the collective bargaining process;
- ◆ policy analysis;
- ◆ billing and enrollment;
- ◆ vendor selection and contract management;
- ◆ customer service; and
- ◆ risk management and Employee Assistance Program services.

Historical Perspective

The state of Minnesota is the largest single employer group health purchaser in the state, and it has long played a leading role in benefits design, purchasing, and administration. In 1989, SEGIP helped pioneer the health care delivery and financing concept of "managed competition" among competing health plans. Beginning in 2001, SEGIP's health benefits program became fully self-insured. In 2002, it successfully implemented a new employee health benefits concept known as Advantage. Advantage's innovative use of a three-tiered cost structure provides important signals and incentives to the health care system to contain costs and improve value, while maintaining choices, options, and a large network of available health care providers statewide.

In addition to more than a decade of health insurance purchasing landmarks, SEGIP added optional employee long-term care insurance in 2001, and coordinated and broadened its risk management function in 2002 to improve employee health and productivity while reducing claims costs. SEGIP has also increased the use of technology to more effectively, efficiently process transactions and serve customers. It is now partnering in completing a major upgrade to the state's computer system, to add Benefits Administration capabilities and integrate with human resources and payroll functions.

Key Measures

- ⇒ In 2002, the new Advantage employee health benefits program saved \$8 million in premiums for the state and \$30 million in premiums for employees (compared to the previous employee health coverage program).
- ⇒ The overall cost of administering health benefits remains well below the industry standard of 10-15% of the total, at approximately 8%.
- ⇒ The percentage of employees using online insurance enrollment has increased from 38% in 1997 to over 80% in 2001.

EMPLOYEE RELATIONS DEPT

Program: EMPLOYEE INSURANCE DIVISION

Activity: EMPLOYEE INSURANCE ADMINISTRATION

Narrative

Activity Funding

SEGIP insurance and claims costs are funded primarily through premiums collected from state agencies and other participating groups, and from employees and retirees. These funds are principally pass-through funds to insurance carriers, third party administrators, and other vendors.

SEGIP's administrative revenues are collected primarily through direct, per employee charges to state agencies and other groups.

Contact

SEGIP Manager, (651) 296-4349

DOER Assistant Commissioner, (651) 296-3159

DOER Deputy Commissioner, (651) 297-3859

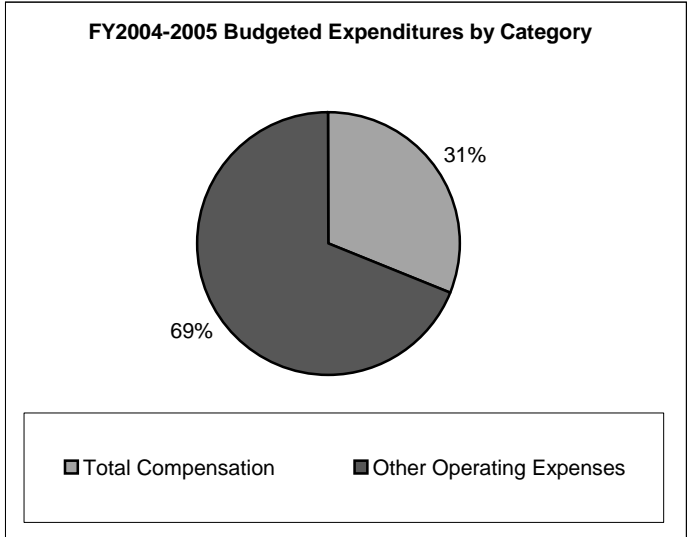
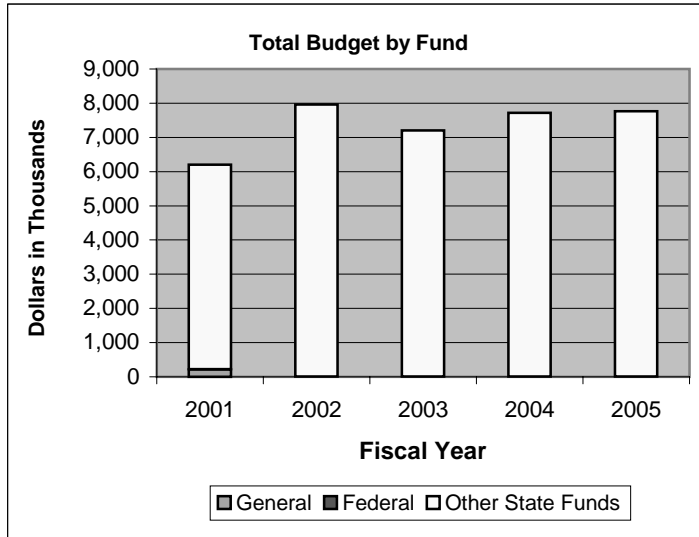
Or visit the SEGIP Main Page, at www.doer.state.mn.us/ei-segip/SEGIP.HTM

EMPLOYEE RELATIONS DEPT

Program: **EMPLOYEE INSURANCE DIVISION**

Activity: **EMPLOYEE INSURANCE ADMIN**

Fiscal Report



| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|------------------|------------------|--------------------|----------------|----------------|---------------------|--------------------------------------|-------------|
| Expenditures by Fund | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 219 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 1,718 | 1,043 | 1,066 | 1,053 | 1,056 | 2,109 | 0 | 0.0% |
| State Employees Insurance | 4,264 | 6,915 | 6,136 | 6,666 | 6,707 | 13,373 | 322 | 2.5% |
| Total | 6,201 | 7,958 | 7,202 | 7,719 | 7,763 | 15,482 | 322 | 2.1% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|------------|-------------|
| Total Compensation | 2,588 | 2,367 | 2,424 | 2,406 | 2,405 | 4,811 | 20 | 0.4% |
| Other Operating Expenses | 3,593 | 5,577 | 4,778 | 5,313 | 5,358 | 10,671 | 316 | 3.1% |
| Local Assistance | 20 | 14 | 0 | 0 | 0 | 0 | -14 | -100.0% |
| Total | 6,201 | 7,958 | 7,202 | 7,719 | 7,763 | 15,482 | 322 | 2.1% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|-------------|
| Dedicated | | | | | | | | |
| Special Revenue | 809 | 889 | 947 | 974 | 979 | 1,953 | 117 | 6.4% |
| State Employees Insurance | 6,069 | 5,705 | 5,734 | 6,082 | 6,486 | 12,568 | 1,129 | 9.9% |
| Subtotal Dedicated | 6,878 | 6,594 | 6,681 | 7,056 | 7,465 | 14,521 | 1,246 | 9.4% |
| Total Revenue | 6,878 | 6,594 | 6,681 | 7,056 | 7,465 | 14,521 | 1,246 | 9.4% |

| | | | | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|--|--|-------------|
| Full-Time Equivalents (FTE) | 43.7 | 39.3 | 39.3 | 39.3 | 39.3 | | | 0.0% |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|--|--|-------------|

EMPLOYEE RELATIONS DEPT

Program: EMPLOYEE INSURANCE DIVISION

Activity: PUBLIC EMPLOYEES INSURANCE PROGRAM

Narrative

Activity Description

The Public Employees Insurance Program (PEIP) is a statewide health-dental-life insurance pool managed by DOER and offered to local units of government. The program provides Minnesota's public employers (including counties, cities, townships, school districts, and other jurisdictions) the option to purchase an affordable, uniform package of health care and other benefits for their employees and their dependents and retirees.

Services Provided

The availability of PEIP helps public sector employers obtain competitive health insurance rates. In some cases, PEIP provides the lowest bid. In other cases, PEIP offers a bid that competing insurers will then attempt to match or improve upon in order to be selected. In these instances, even when PEIP is ultimately not the successful bidder, it helps local units of government negotiate with other carriers to obtain the best rates possible.

In addition, PEIP offers public sector employers and their employees a choice of health plans wherever possible, while the majority of employers in the state now contract with a single carrier or health plan for health insurance.

Historical Perspective

PEIP was launched in 1989. In 1998, PEIP experienced a noticeable downturn in enrollment when the program was perceived as no longer being competitive in the market. This was addressed by altering the program design from an insured model to a self-insured model, and through a new marketing plan. These changes provided for greater flexibility and stability in rating and premium setting, and greater awareness of the program. As a result, the number of public sector employer groups and employees served by PEIP increased in 1999.

Key Measures

⇒ PEIP's viability and overall impact in the market are determined to a large extent by the number of participating employee groups and the number of individuals covered by the program. Because the program is not mandatory, membership fluctuates.

This table shows the number of participants for the past eight years:

| PEIP | FY 1995 | FY 1996 | FY 1997 | FY 1998 | FY 1999 | FY 2000 | FY 2001 | FY 2002 |
|----------------------------|---------|---------|---------|---------|---------|---------|---------|---------|
| # of groups | 82 | 91 | 90 | 70 | 73 | 95 | 129 | 137 |
| % change vs. previous year | - | 11% | (1%) | (22%) | 4% | 30% | 36% | 6% |
| # of employees | 3,023 | 2,965 | 2,945 | 1,941 | 2,265 | 2,680 | 4,158 | 3,926 |
| % change vs. previous year | - | (2%) | (1%) | (34%) | 17% | 18% | 55% | (6%) |

⇒ At present, approximately 9,228 employees, retirees and dependents are covered under PEIP.

Activity Funding

PEIP is funded by employer group premiums. Premiums collected in excess of expenses are used to minimize the rates charged to employer groups. Premium investment income is used to offset administrative expenses.

Contact

DOER Assistant Commissioner for Employee Insurance, (651) 296-3159

PEIP Manager, (651) 296-4934

Activity at a Glance

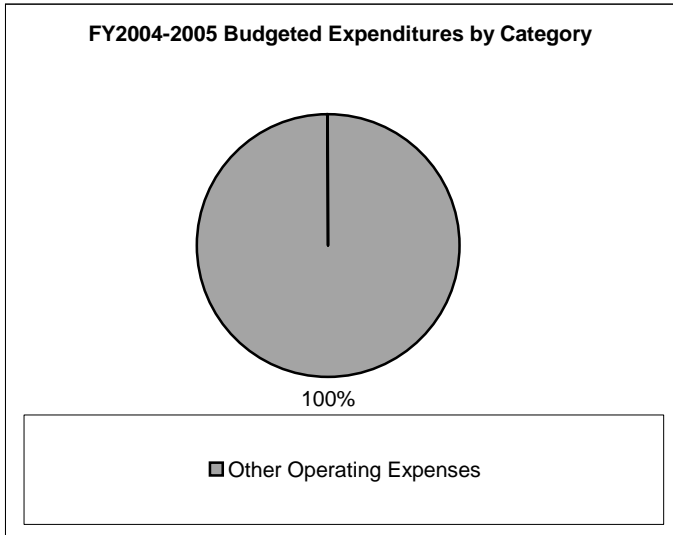
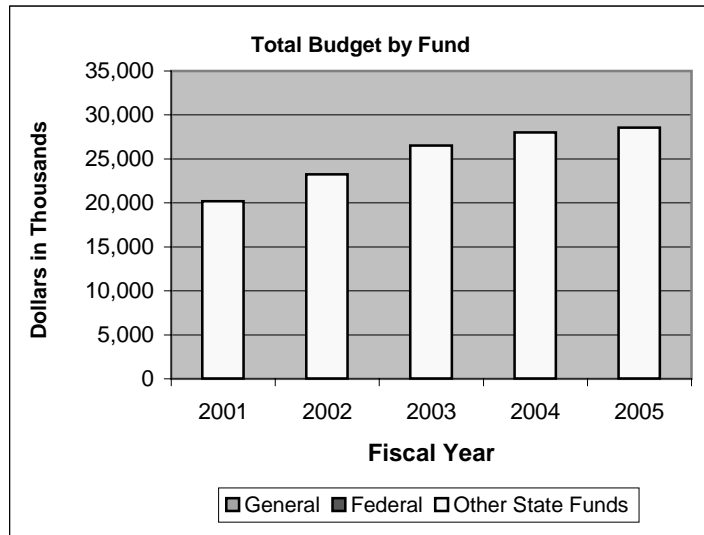
- ◆ As of July 2002, 137 public sector employer groups in Minnesota participated in PEIP. These include 20 school districts, 70 cities, 14 townships, 3 counties and 30 other units of government (watershed districts, HRA's, etc.).
- ◆ The average number of employees per group is 28, with groups as large as 323 members and as small as one member.

EMPLOYEE RELATIONS DEPT

Program: **EMPLOYEE INSURANCE DIVISION**

Activity: PUBLIC EMPLOYEE INSURANCE PGM

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Statutory Appropriations | | | | | | | | |
| State Employees Insurance | 20,175 | 23,232 | 26,514 | 28,023 | 28,573 | 56,596 | 6,850 | 13.8% |
| Total | 20,175 | 23,232 | 26,514 | 28,023 | 28,573 | 56,596 | 6,850 | 13.8% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|
| Total Compensation | 186 | 197 | 227 | 212 | 212 | 424 | 0 | 0.0% |
| Other Operating Expenses | 19,989 | 23,035 | 26,287 | 27,811 | 28,361 | 56,172 | 6,850 | 13.9% |
| Total | 20,175 | 23,232 | 26,514 | 28,023 | 28,573 | 56,596 | 6,850 | 13.8% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|
| Dedicated | | | | | | | | |
| State Employees Insurance | 18,833 | 22,186 | 26,857 | 29,037 | 29,037 | 58,074 | 9,031 | 18.4% |
| Subtotal Dedicated | 18,833 | 22,186 | 26,857 | 29,037 | 29,037 | 58,074 | 9,031 | 18.4% |
| Total Revenue | 18,833 | 22,186 | 26,857 | 29,037 | 29,037 | 58,074 | 9,031 | 18.4% |

| | | | | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|--|--|-------------|
| Full-Time Equivalents (FTE) | 3.3 | 3.2 | 3.3 | 3.3 | 3.3 | | | 0.0% |
|------------------------------------|------------|------------|------------|------------|------------|--|--|-------------|

EMPLOYEE RELATIONS DEPT

Program: **EMPLOYEE INSURANCE DIVISION**

Activity: **WORKERS' COMPENSATION**

Narrative

Activity Description

The purpose of Minnesota's self-insured workers' compensation activity is to provide workers' compensation benefits to state employees.

Population Served

The workers' compensation activity covers approximately 57,000 employees in the executive, legislative, and judicial branches of state government. In addition, the activity covers employees of quasi-state agencies, such as the Minnesota Historical Society and the Minnesota State Fair.

Activity at a Glance

- ◆ Serves approximately 57,000 employees in the executive, legislative, and judicial branches of state government (includes seasonal workers, student workers, etc.).
- ◆ In FY 2002, approximately 3,118 claims were filed.
- ◆ The rate of new claims declined 5.9% in FY 2002.

Services Provided

The workers' compensation activity provides services through four distinct units: claims management, legal services, disability management, and safety/industrial hygiene.

- ⇒ The claims management unit works with injured employees, agencies, the Department of Labor & Industry, rehabilitation and vocational specialists, medical providers and others to file, track, coordinate, service, and resolve state employee workers' compensation claims.
- ⇒ The legal services unit represents state agencies in workers' compensation court cases.
- ⇒ The disability management unit works with injured employees, agencies, rehabilitation and vocational specialists, medical providers and others to help state workers who have been hurt or disabled on the job to return to active employment as quickly and safely as possible.
- ⇒ The safety/industrial hygiene unit works with the statewide safety committee, individual safety committees in each agency to address widely varied workplace safety and health issues. These include materials handling, air quality, hazardous materials, blood-borne pathogens, biological hazards, office ergonomics, etc.

Historical Perspective

With cooperation from the statewide safety committee and individual agency safety committees, the Safety and Industrial Hygiene Unit has played a critical role in reducing the occurrence of workplace injuries over the past five years.

The active involvement of properly trained state agency personnel, in cooperation with the workers' compensation activity, has reduced the number of claims involving the loss of time from work during the past five years. The use of a certified managed care plan under contract with the workers' compensation activity has helped to control workers' compensation costs for state agencies.

Starting in FY 2003, the alternative cost allocation account was implemented to fund workers' compensation costs in small to medium-sized agencies. This account will help stabilize costs and provide a long-term strategic funding source for participating agencies.

Key Measures

- ⇒ In FY 2002, approximately 3,118 claims were filed. The rate of new claims declined 5.9% in FY 2002. Table 1 contains a breakdown of these claims.

Table 1

| | FY 1998 | FY 1999 | FY 2000 | FY 2001 | FY 2002 | FY 1998-02 | FY 2001-02 |
|-----------------|---------|---------|---------|---------|---------|------------|------------|
| Claims Reported | | | | | | % Change | |
| Lost Time | 678 | 590 | 627 | 675 | 672 | (0.9%) | (0.4%) |
| Medical Only | 2,661 | 2,590 | 2,470 | 2,640 | 2,446 | (8.1%) | (7.3%) |
| Totals | 3,339 | 3,180 | 3,097 | 3,315 | 3,118 | (6.6%) | (5.9%) |

EMPLOYEE RELATIONS DEPT**Program: EMPLOYEE INSURANCE DIVISION****Activity: WORKERS' COMPENSATION**

Narrative

⇒ Benefit costs increased 1% in FY 2002. Table 2 contains a breakdown of benefit costs for FY 1998-02.

Table 2

| | FY 1998 | FY 1999 | FY 2000 | FY 2001 | FY 2002 | FY 1998-02 | FY 2001-02 |
|---------------------|----------|----------|----------|----------|----------|------------|------------|
| Benefit Costs | | | | | | % Change | |
| Indemnity | \$6,847 | \$7,342 | \$7,221 | \$7,497 | \$7,149 | 4.4% | (4.6%) |
| Medical | 5,058 | 5,445 | 5,309 | 5,785 | 6,557 | 29.6% | 13.3% |
| Expenses | 643 | 620 | 698 | 620 | 607 | (5.6%) | (2.1%) |
| Rehab- ilitation | 606 | 766 | 790 | 1,194 | 881 | 45.3% | (26.2%) |
| EE Atty Fees | 457 | 547 | 446 | 428 | 480 | (12.3%) | 12.1% |
| Totals | \$13,611 | \$14,720 | \$14,464 | \$15,524 | \$15,674 | 15.2% | 1% |

Activity Funding

- ⇒ Workers' Compensation is funded through an administrative fee assessed to all state agencies based on the number of employees, open claims, and the number of transactions for each agency. During FY 1998-2001, the annual fee remained \$2.7 million. In FY 2002, the annual fee was increased to \$2.9 million.
- ⇒ The managed care fee (Table 3, Line 2) is passed through to state agencies (on a per-employee basis) for workers' compensation certified, managed care services.

Table 3

| | FY 1998 | FY 1999 | FY 2000 | FY 2001 | FY 2002 | FY 2003 | FY 2004 | FY 2005 |
|----------------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Administrative Costs | \$2.7M | \$2.7M | \$2.7M | \$2.7M | \$2.9M | \$2.9M | \$2.9M | \$3.1 |
| Managed Care | \$955K | \$1.0M | \$1.0M | \$1.0M | \$1.1 | \$1.2 | \$1.3 | \$1.5 |

- ⇒ The agency receives a General Fund appropriation to pay the state's annual Workers' Compensation Reinsurance Association (WCRA) premium.

Contact

DOER/Workers' Compensation Program Manager, at (651) 296-8190

DOER Assistant Commissioner, (651) 296-3159

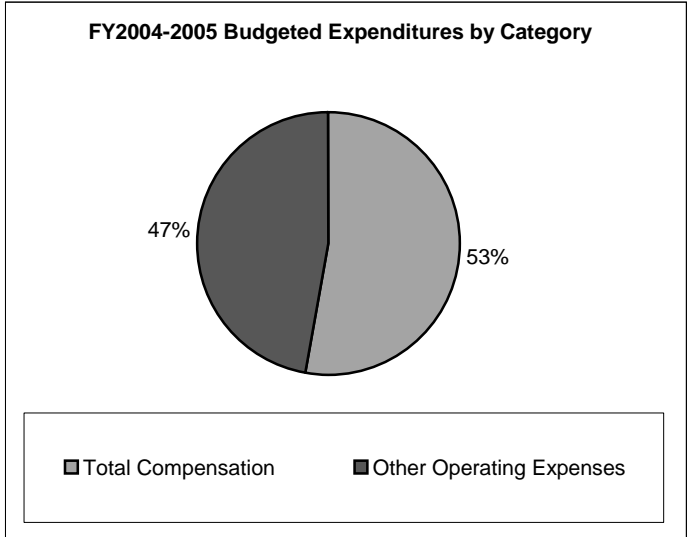
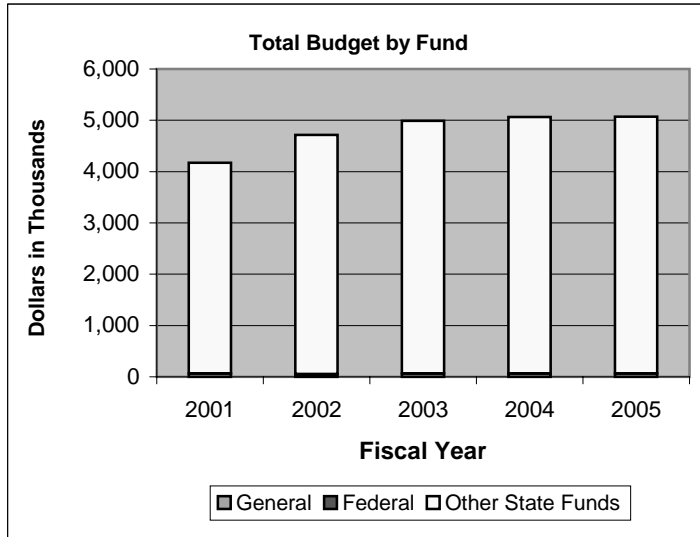
Workers' Compensation Activity's annual reports online: www.doer.state.mn.us/deptwide/wkr-comp.htm

EMPLOYEE RELATIONS DEPT

Program: **EMPLOYEE INSURANCE DIVISION**

Activity: **WORKERS COMPENSATION ADMIN**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 62 | 53 | 63 | 63 | 63 | 126 | 10 | 8.6% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 4,108 | 4,664 | 4,926 | 4,999 | 5,008 | 10,007 | 417 | 4.3% |
| Total | 4,170 | 4,717 | 4,989 | 5,062 | 5,071 | 10,133 | 427 | 4.4% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 2,425 | 2,399 | 2,598 | 2,666 | 2,675 | 5,341 | 344 | 6.9% |
| Other Operating Expenses | 1,745 | 2,318 | 2,391 | 2,396 | 2,396 | 4,792 | 83 | 1.8% |
| Total | 4,170 | 4,717 | 4,989 | 5,062 | 5,071 | 10,133 | 427 | 4.4% |

| | | | | | | | | |
|---------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|----------|-------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Special Revenue | 58 | 35 | 36 | 36 | 36 | 72 | 1 | 1.4% |
| Subtotal Dedicated | 58 | 35 | 36 | 36 | 36 | 72 | 1 | 1.4% |
| Total Revenue | 58 | 35 | 36 | 36 | 36 | 72 | 1 | 1.4% |

| | | | | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|--|--|
| Full-Time Equivalents (FTE) | 43.6 | 40.7 | 42.3 | 42.3 | 42.3 | 0.0% | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|--|--|

EMPLOYEE RELATIONS DEPT

Program: EMPLOYEE INSURANCE DIVISION

Activity: INSURANCE DIVISION NON-OPERATING

Narrative

Activity Description

The Department of Employee Relations (DOER) is authorized by Minnesota Statute to administer the state's employee benefit program and workers' compensation program. The actual revenues and expenditures for the insurance benefits and claims costs associated with these programs are accounted for in the Insurance Division's Non-Operating accounts. These accounts are primarily pass-through funds paid in by agencies and employees.

Services Provided and Funding

The services provided are payments to third party administrators, insurance carriers, and other vendors who are under contract to pay claims, provide benefits, and related services. Benefit costs funded through this activity include:

- ⇒ The Insurance Program - premiums contributed by agencies and employees for health, dental, life, long and short term disability benefits.
- ⇒ Workers compensation - funds paid by agencies to cover workers' compensation insurance.
- ⇒ Pre-tax programs - pass-through employee contributions allowing pre-taxed expenditures for medical, dental, transit and daycare expenses.
- ⇒ Workers' Compensation Reinsurance Association (WCRA) - statutorily required premium payment on behalf of all state agencies.

Funding for the Insurance Division Non-Operating accounts consists primarily of funds collected from state agencies, other participating groups, employees and retirees. These accounts consist primarily of pass-through funds to insurance carriers, third party administrators, and other vendors. In addition, the funds are used to pay workers' compensation claims and employee pre-taxed benefits programs.

The Insurance Division Non-Operating revenues and expenditures are provided in the table below. Excess revenues and investment earnings for the insurance program are applied to the respective program and work to hold down future increases. The differences between workers' compensation revenues and expenditures are due to administrative fees, and the timing of claims payments and various third party reimbursements. The WCRA expenditures consist of General Fund appropriations while the revenues are refunds generated by high rates of investment returns. Due to budget reductions, the WCRA 2002 premium was paid through DOER's operating budget.

| Insurance Division Non-Operating (Dollars in thousands) | FY 2001 Actual | | FY 2002 Actual | | FY 2003 Budgeted | |
|---|----------------|----------------|----------------|----------------|------------------|----------------|
| | Revenue | Expenditure | Revenue | Expenditure | Revenue | Expenditure |
| Insurance Programs (Fund 550) | 449,784 | 450,996 | 453,175 | 446,175 | 419,868 | 418,285 |
| Workers' Compensation (Fund 200) | 21,462 | 16,912 | 21,143 | 16,629 | 22,081 | 18,000 |
| Pre-Tax Programs (Fund 200) | 11,953 | 11,824 | 13,116 | 12,570 | 13,190 | 12,594 |
| WCRA (Fund 100) | 4,606 | 242 | 0 | 0 | 0 | 365 |
| Total Budget Activity | 487,805 | 479,974 | 487,434 | 475,374 | 455,139 | 449,244 |

Contact

SEGIP Manager, (651) 296-4349

DOER Assistant Commissioner, (651) 296-3159

DOER Deputy Commissioner, (651) 297-3859

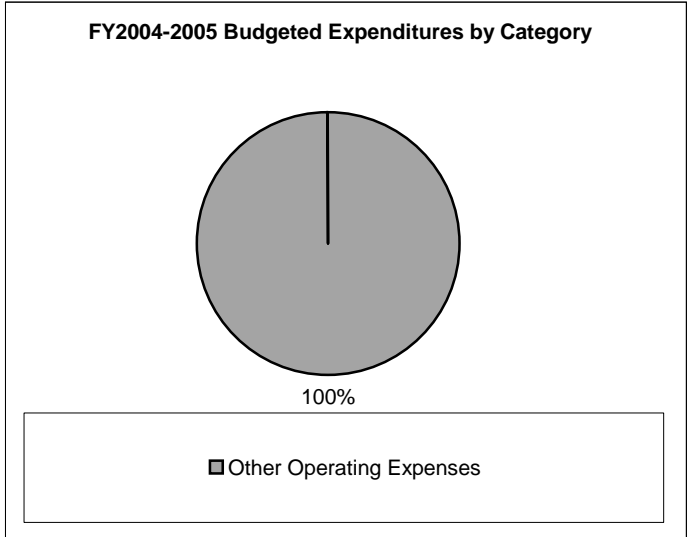
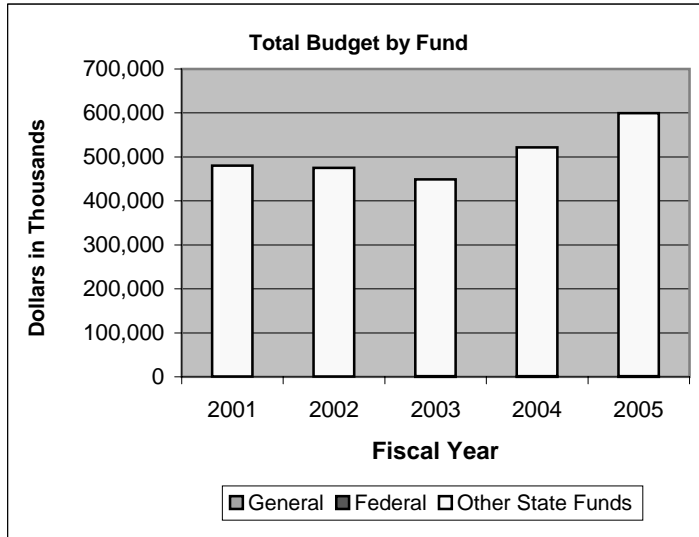
Or visit the SEGIP Main Page, at www.doer.state.mn.us/ei-segip/SEGIP.HTM

EMPLOYEE RELATIONS DEPT

Program: **EMPLOYEE INSURANCE DIVISION**

Activity: INSURANCE DIV NON-OPERATING

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Open Appropriations | | | | | | | | |
| General | 242 | 0 | 365 | 365 | 365 | 730 | 365 | 100.0% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 16,912 | 16,629 | 18,000 | 18,500 | 19,000 | 37,500 | 2,871 | 8.3% |
| State Employees Insurance | 450,996 | 446,175 | 418,285 | 489,948 | 567,575 | 1,057,523 | 193,063 | 22.3% |
| Miscellaneous Agency | 11,824 | 12,570 | 12,594 | 12,680 | 12,785 | 25,465 | 301 | 1.2% |
| Total | 479,974 | 475,374 | 449,244 | 521,493 | 599,725 | 1,121,218 | 196,600 | 21.3% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|------------------|----------------|--------------|
| Total Compensation | 0 | 16 | 0 | 0 | 0 | 0 | -16 | -100.0% |
| Other Operating Expenses | 479,974 | 475,358 | 449,244 | 521,493 | 599,725 | 1,121,218 | 196,616 | 21.3% |
| Total | 479,974 | 475,374 | 449,244 | 521,493 | 599,725 | 1,121,218 | 196,600 | 21.3% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|------------------|----------------|--------------|
| Dedicated | | | | | | | | |
| General | 4,606 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Special Revenue | 21,462 | 21,143 | 22,081 | 22,080 | 22,080 | 44,160 | 936 | 2.2% |
| State Employees Insurance | 449,784 | 453,175 | 419,868 | 491,643 | 569,164 | 1,060,807 | 187,764 | 21.5% |
| Miscellaneous Agency | 11,953 | 13,116 | 13,190 | 13,190 | 13,190 | 26,380 | 74 | 0.3% |
| Subtotal Dedicated | 487,805 | 487,434 | 455,139 | 526,913 | 604,434 | 1,131,347 | 188,774 | 20.0% |
| Total Revenue | 487,805 | 487,434 | 455,139 | 526,913 | 604,434 | 1,131,347 | 188,774 | 20.0% |

EMPLOYEE RELATIONS DEPT

Program: EMPLOYEE INSURANCE DIVISION

Activity: EMPLOYEE ASSISTANCE PROGRAM

Narrative

Activity Description

The State Employee Assistance Program (EAP) provides state employees and their eligible dependents with counseling and consultation regarding personal, family and workplace problems that negatively affect employee performance and organizational effectiveness. EAP also provides consultation to state agencies regarding organizational change and performance management problems.

Population Served

EAP is available to serve all of state government's 54,000 employees, including the Minnesota Legislature and the State Judicial Branch.

Activity at a Glance

- ◆ Serves all 54,000 employees of state government's executive, legislative and judicial branches;
- ◆ 87% of EAP clients report that their work performance has been negatively affected by the problems that bring them to EAP; and
- ◆ Utilization of program services has steadily increased over the past 10 years.

Services Provided

- ⇒ Counseling for employees experiencing work-related problems such as deteriorating performance, harassment, stress-management problems, conflict with coworkers, critical incidents, and threats of violence.
- ⇒ In-person assessment and counseling (maximum of two sessions) for state employees and their dependents experiencing personal or work-related problems. These problems, which may impact the employee's ability to function at work, include relationship difficulties, mental health problems, eldercare issues, parenting problems, grief and loss issues, alcohol or drug abuse, domestic abuse, legal or financial problems.
- ⇒ Consultation to managers and supervisors regarding organizational change, performance management problems, workplace communication, critical incidents, workplace violence, harassment, and work group problems.

Historical Perspective

Recent studies show that depression and anxiety rank first in prevalence and second in cost to the state among the top ten health problems that generate state employee insurance benefit claims. Depression and anxiety, along with many other behavioral health problems contribute significantly to the state's indirect costs associated with absenteeism and lost productivity. By developing and implementing policies and programs designed to directly address depression, anxiety and behavioral health problems in the state employee population, EAP has been successful in helping to keep state government's workforce healthy and productive.

Key Measures

EAP's recent Service Outcome Survey demonstrates a positive correlation between the use of its services and improvement in job performance among its customers. The program measures its success in part by tracking increases in the use of EAP services.

- ⇒ The number of new clinical cases increased 16% over the last biennium.
- ⇒ The number of organizational cases increased by 27% from FY 1999 to FY 2002.
- ⇒ Since FY 1999, the number of employees participating in EAP's training and other organizational services grew from 4,821 to 7,318, an increase of nearly 52%.

Activity Funding

The state EAP has previously been funded by a General Fund appropriation, and has seen increased supplemental funding from DOER's Employee Insurance Division (as authorized by M.S. 43A.30, Subd. 5).

Contact

EAP Director, (651) 296-9722

After Hours Counseling Line, (651) 296-0765 or 1-800-657-3719

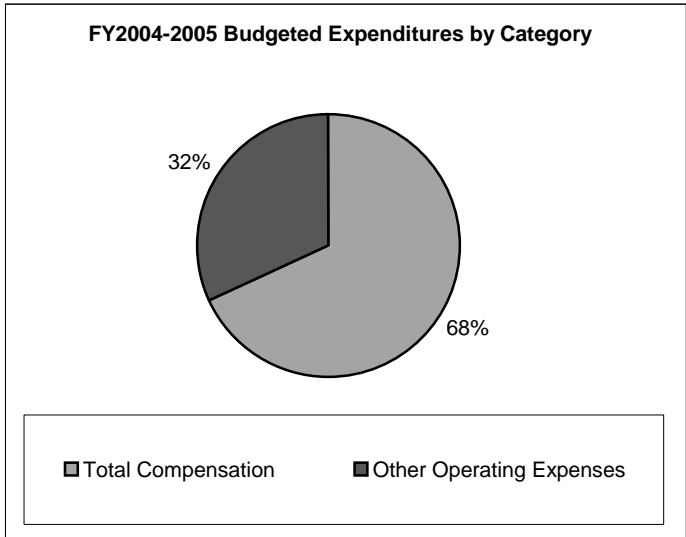
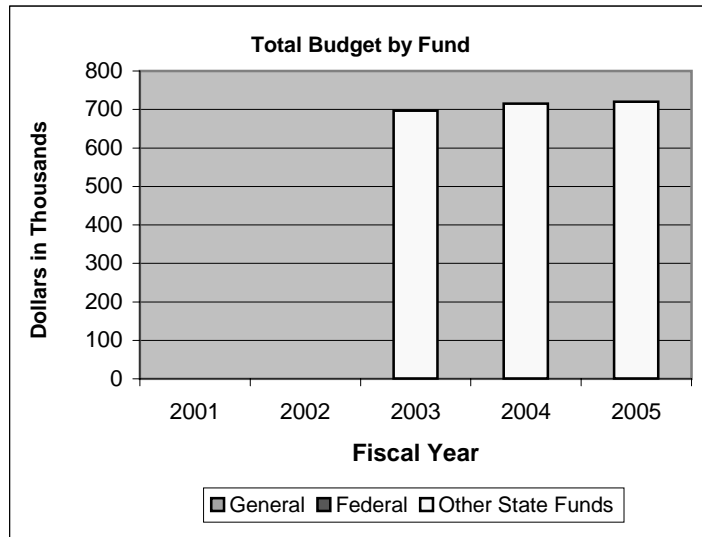
EAP Main Page on DOER Internet Web site: www.doer.state.mn.us/eap/eap.htm

EMPLOYEE RELATIONS DEPT

Program: EMPLOYEE INSURANCE DIVISION

Activity: EMPLOYEE ASSISTANCE PROG

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------------|--------------------------|--------------------------|----------------------------|------------------------|---------------|-----------------------------|--------------------------|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 | |
| Statutory Appropriations | | | | | | | Dollars | Percent |
| State Employees Insurance | 0 | 0 | 697 | 715 | 720 | 1,435 | 738 | 105.9% |
| Total | 0 | 0 | 697 | 715 | 720 | 1,435 | 738 | 105.9% |
| Expenditures by Category | | | | | | | | |
| Total Compensation | 0 | 0 | 474 | 486 | 491 | 977 | 503 | 106.1% |
| Other Operating Expenses | 0 | 0 | 223 | 229 | 229 | 458 | 235 | 105.4% |
| Total | 0 | 0 | 697 | 715 | 720 | 1,435 | 738 | 105.9% |
| Full-Time Equivalents (FTE) | 0.0 | 0.0 | 6.6 | 6.6 | 6.6 | | | |

Agency Purpose

The Minnesota Office of Environmental Assistance (OEA) is a state agency that works in partnership with businesses, local governments, schools, community groups, and individual citizens to apply innovative approaches to Minnesota's environmental issues. The OEA works with its partners to solve environmental problems and to further the state's economic and social priorities in an environmentally sound manner.

Our mission is to help Minnesotans make informed decisions and take actions that conserve resources and prevent pollution and waste to benefit the environment, economy and society.

The Office of Environmental Assistance is an organization that:

- ◆ works together with Minnesotans to address significant issues affecting human health and the environment;
- ◆ is a leader in developing innovative solutions to environmental challenges;
- ◆ incorporates environmental, economic, and social values into our approach to environmental issues;
- ◆ delivers services to Minnesotans in partnership with local, state and federal government; businesses; communities; schools; nongovernmental organizations and citizens;
- ◆ evaluates and measures the results of our work; and
- ◆ is a flexible, learning organization focused on positive environmental outcomes.

At A Glance

- ◆ Minnesota's recycling programs save 22 million BTUs, enough energy to power nearly all the homes in Ramsey County for one year.
- ◆ Our recycling industry created over 8,700 jobs, provided nearly \$93 million in tax revenues, and added \$1.6 billion to the state's economy.
- ◆ OEA's Minnesota Technical Assistance Program (MnTAP) has helped businesses reduce toxic waste by over 11 million pounds, reduce water use by over 90 million gallons and save over \$5 million by adopting pollution prevention and conservation practices.
- ◆ OEA reaches thousands of Minnesotans with education and waste reduction campaigns.
- ◆ OEA leads multi-state efforts to create national recycling/reuse programs for used carpet and used electronics.
- ◆ Awarded over \$10 million in grants for innovative environmental projects.
- ◆ Awarded \$14 million annually in grants to counties to support local recycling programs.
- ◆ Awarded \$6 million in solid waste processing credits.
- ◆ OEA environmental education web site accessed daily by over 2,000 people.

Core Functions

OEA's core functions support our mission to assure that human activities do not harm the environment, that resources are used with maximum efficiency and are replenished, and that environmental values are integrated into our economic and social systems. OEA's strategic goals are:

- ⇒ Minnesotans reduce and prevent pollution and toxicity.
- ⇒ Minnesotans use materials, products, and services in a manner that conserves resources and minimizes waste generation.
- ⇒ Our society recognizes and strengthens the interconnections between the environment, the economy and social structures.
- ⇒ Minnesotans understand and minimize the adverse environmental impacts of their actions.

To achieve these goals, the OEA:

- ◆ works with partners to develop consensus approaches to achieving our environmental goals and objectives;
- ◆ provides financial incentives with grants and loans;
- ◆ provides technical assistance to advance implementation of environmentally beneficial processes and prototypes; and
- ◆ provides environmental education and information to help Minnesotans make their own best decisions when interacting with the environment.

Operations

The OEA works with businesses, local governments, schools, community groups, and individual citizens to improve the quality of our natural environment:

- ⇒ **OEA's Policy and Grants Unit** identifies emerging environmental issues and develops innovative policies and programs to address those issues. These programs, which benefit all Minnesotans, include product stewardship, resource conservation research, and the environmental assistance grant program.
- ⇒ **OEA's Business Assistance Unit** focusing on waste prevention and toxicity reduction, offers technical and financial assistance to businesses to help them prevent pollution by implementing innovative technology and manufacturing processes; and encourages consumers to purchase non-hazardous and non-toxic products.
- ⇒ **OEA's Project Assistance Unit** offers financial and technical assistance to businesses and local governments to implement programs and policies designed to conserve and recover resources and energy, and safely manage any remaining waste. This assistance is provided by developing markets for recyclables, helping to finance and develop solid waste processing facilities and giving solid waste technical assistance.
- ⇒ **OEA's Local Government Assistance Unit** works with Minnesota counties and cities to plan and develop waste management systems that maximize the reduction, recycling and reuse of waste, as well as provides information and assistance on environmentally responsible building construction and purchasing of supplies, materials and equipment.
- ⇒ **OEA's Environmental Education Unit** works with educators, local government officials, and citizens to develop environmental education programs and provide information on making good choices for the environment. It operates web sites and the Education Clearinghouse, holds events and workshops, and provides sustainable development assistance to communities.

Budget

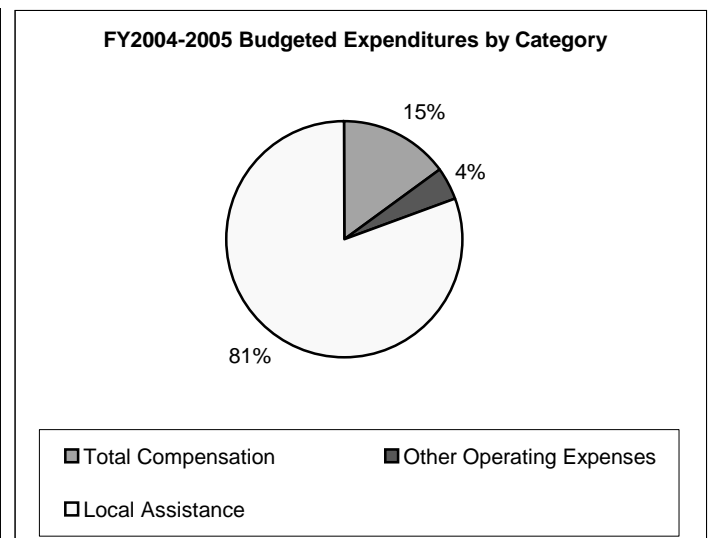
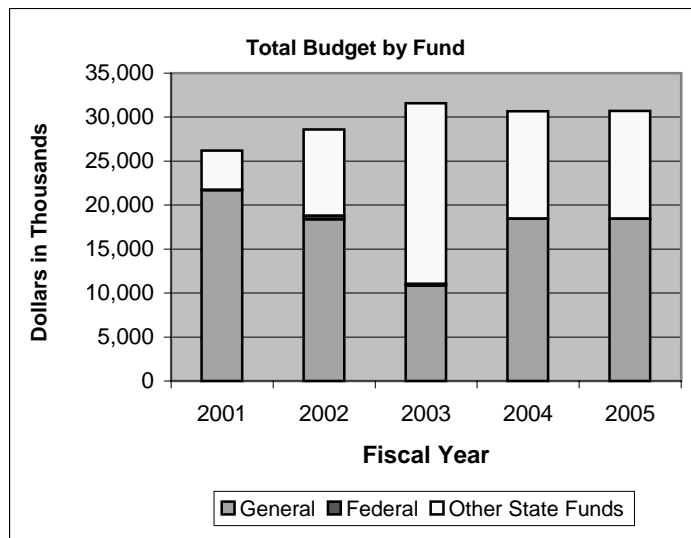
The OEA's 2002 budget is an estimated \$30.3 million. There are 69 full-time equivalent positions.

Included in the 2002 budget is 67% of appropriated General Fund money, and 12% Environmental Fund money which is primarily received from metropolitan landfill abatement fees. An additional 20% comes from the Solid Waste Fund and an average of 1% from the federal government and other sources.

Contact

Sherry Enzler, Director
Bill Sierks, Operations Manager
David Benke, Strategic Manager
Minnesota Office of Environmental Assistance
520 Lafayette Road, 2nd Floor
St. Paul, Minnesota 55155-4100
Phone: (651) 296-3417
Fax: (651) 215-0246

The OEA's home web site (<http://www.moea.state.mn.us>) offers visitors resources for learning more about pollution prevention, reuse, recycling, responsible waste management, and sustainable practices. Other OEA web sites: waste reduction campaign (<http://www.reduce.org>): an online source for Minnesotans who want to know more about preventing garbage and reducing what they throw away. NextStep (<http://www.nextstep.state.mn.us>): resources for finding and sharing information on sustainability. SEEK (<http://www.seek.state.mn.us>): Minnesota's interactive directory of EE resources for educators. MnTAP (<http://www.mntap.umn.edu>): resources for technical assistance to businesses, including information about its intern programs, a materials exchange program, etc.



| <i>Dollars in Thousands</i> | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|-------------------|-------------|
| | Actual | Actual | Budgeted | Base | Biennium | Biennium | Biennial Change | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | 2004-05 / 2002-03 | |
| Direct Appropriations | | | | | | | | |
| Environment & Natural Resource | 95 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| General | 21,680 | 18,380 | 10,857 | 18,431 | 18,431 | 36,862 | 7,625 | 26.1% |
| Environmental | 1,553 | 1,291 | 1,417 | 1,338 | 1,338 | 2,676 | -32 | -1.2% |
| Solid Waste | 0 | 6,000 | 16,500 | 8,541 | 8,541 | 17,082 | -5,418 | -24.1% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 132 | 5 | 23 | 1 | 1 | 2 | -26 | -92.9% |
| Federal | 42 | 377 | 150 | 0 | 0 | 0 | -527 | -100.0% |
| Environmental | 2,670 | 2,397 | 2,590 | 2,294 | 2,342 | 4,636 | -351 | -7.0% |
| Gift | 31 | 138 | 54 | 52 | 52 | 104 | -88 | -45.8% |
| Total | 26,203 | 28,588 | 31,591 | 30,657 | 30,705 | 61,362 | 1,183 | 2.0% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 3,757 | 3,832 | 4,277 | 4,493 | 4,682 | 9,175 | 1,066 | 13.1% |
| Other Operating Expenses | 1,481 | 1,336 | 1,474 | 1,321 | 1,308 | 2,629 | -181 | -6.4% |
| Local Assistance | 20,965 | 23,420 | 25,640 | 24,603 | 24,427 | 49,030 | -30 | -0.1% |
| Other Financial Transactions | 0 | 0 | 200 | 240 | 288 | 528 | 328 | 164.0% |
| Total | 26,203 | 28,588 | 31,591 | 30,657 | 30,705 | 61,362 | 1,183 | 2.0% |

| | | | | | | | | |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|-------------|
| Expenditures by Program | | | | | | | | |
| Office Of Environmental Assist | 26,203 | 28,588 | 31,591 | 30,657 | 30,705 | 61,362 | 1,183 | 2.0% |
| Total | 26,203 | 28,588 | 31,591 | 30,657 | 30,705 | 61,362 | 1,183 | 2.0% |

ENVIRONMENTAL ASSISTANCE

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------------|--------------------------|--------------------------|----------------------------|---------------|---------------|-----------------------------|--|----------------|
| | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base | | Biennium 2004-05 | Dollars | Percent |
| Revenue by Type and Fund | | | | FY2004 | FY2005 | | | |
| Non Dedicated | | | | | | | | |
| General | 22 | 82 | 83 | 83 | 83 | 166 | 1 | 0.6% |
| Environmental | 1,252 | 1,256 | 1,200 | 1,150 | 1,100 | 2,250 | -206 | -8.4% |
| Subtotal Non Dedicated | 1,274 | 1,338 | 1,283 | 1,233 | 1,183 | 2,416 | -205 | -7.8% |
| Dedicated | | | | | | | | |
| Special Revenue | 28 | 1 | 23 | 1 | 1 | 2 | -22 | -91.7% |
| Federal | 48 | 382 | 139 | 0 | 0 | 0 | -521 | -100.0% |
| Environmental | 78 | 43 | 40 | 80 | 128 | 208 | 125 | 150.6% |
| Miscellaneous Agency | 0 | 78 | 0 | 0 | 0 | 0 | -78 | -100.0% |
| Gift | 49 | 89 | 52 | 52 | 52 | 104 | -37 | -26.2% |
| Subtotal Dedicated | 203 | 593 | 254 | 133 | 181 | 314 | -533 | -62.9% |
| Total Revenue | 1,477 | 1,931 | 1,537 | 1,366 | 1,364 | 2,730 | -738 | -21.3% |
| | | | | | | | | |
| Full-Time Equivalents (FTE) | 62.5 | 60.4 | 62.2 | 61.6 | 61.7 | | | |

ENVIRONMENTAL ASSISTANCE

Program: OFFICE OF ENVIRONMENTAL ASSIST

Narrative

Program Description

The purpose of the Office of Environmental Assistance is to help Minnesotans make informed decisions and take actions that conserve resources and prevent pollution and waste to benefit the environment, economy and society.

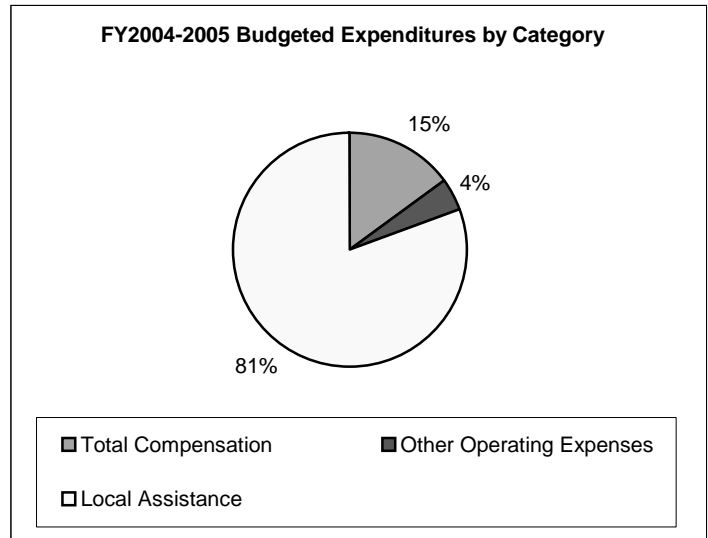
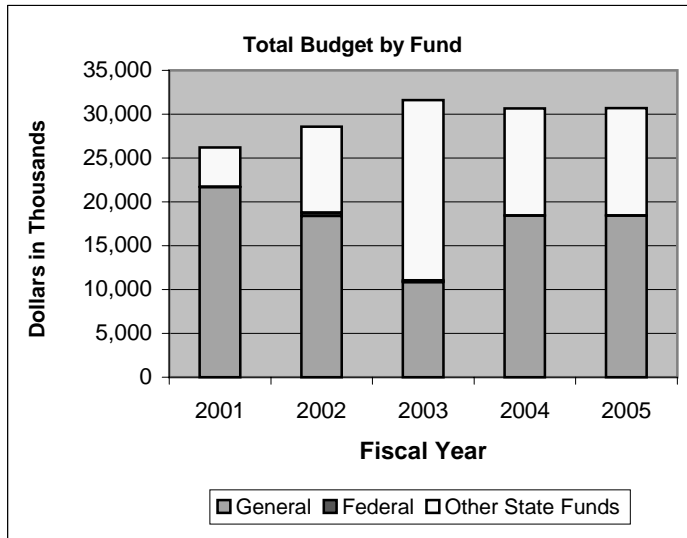
Budget Activities Included:

- ⇒ Research, Policy Analysis, Planning and Evaluation
- ⇒ Project Implementation
- ⇒ Education and Information
- ⇒ Support Services

ENVIRONMENTAL ASSISTANCE

Program: OFFICE OF ENVIRONMENTAL ASSIST

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|-------------------|-------------------|
| | Actual | Actual | Budgeted | Base | | Biennium | Biennial Change | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | 2004-05 / 2002-03 | Dollars Percent |
| Direct Appropriations | | | | | | | | |
| Environment & Natural Resource | 95 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| General | 21,680 | 18,380 | 10,857 | 18,431 | 18,431 | 36,862 | 7,625 | 26.1% |
| Environmental | 1,553 | 1,291 | 1,417 | 1,338 | 1,338 | 2,676 | -32 | -1.2% |
| Solid Waste | 0 | 6,000 | 16,500 | 8,541 | 8,541 | 17,082 | -5,418 | -24.1% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 132 | 5 | 23 | 1 | 1 | 2 | -26 | -92.9% |
| Federal | 42 | 377 | 150 | 0 | 0 | 0 | -527 | -100.0% |
| Environmental | 2,670 | 2,397 | 2,590 | 2,294 | 2,342 | 4,636 | -351 | -7.0% |
| Gift | 31 | 138 | 54 | 52 | 52 | 104 | -88 | -45.8% |
| Total | 26,203 | 28,588 | 31,591 | 30,657 | 30,705 | 61,362 | 1,183 | 2.0% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 3,757 | 3,832 | 4,277 | 4,493 | 4,682 | 9,175 | 1,066 | 13.1% |
| Other Operating Expenses | 1,481 | 1,336 | 1,474 | 1,321 | 1,308 | 2,629 | -181 | -6.4% |
| Local Assistance | 20,965 | 23,420 | 25,640 | 24,603 | 24,427 | 49,030 | -30 | -0.1% |
| Other Financial Transactions | 0 | 0 | 200 | 240 | 288 | 528 | 328 | 164.0% |
| Total | 26,203 | 28,588 | 31,591 | 30,657 | 30,705 | 61,362 | 1,183 | 2.0% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|-------------|
| Expenditures by Activity | | | | | | | | |
| Research, Policy, Evaluation | 708 | 803 | 549 | 561 | 597 | 1,158 | -194 | -14.3% |
| Project Implementation | 23,035 | 25,245 | 28,380 | 27,399 | 27,371 | 54,770 | 1,145 | 2.1% |
| Education And Information | 1,367 | 1,490 | 1,454 | 1,488 | 1,518 | 3,006 | 62 | 2.1% |
| Support Services | 1,093 | 1,050 | 1,208 | 1,209 | 1,219 | 2,428 | 170 | 7.5% |
| Total | 26,203 | 28,588 | 31,591 | 30,657 | 30,705 | 61,362 | 1,183 | 2.0% |

ENVIRONMENTAL ASSISTANCE

Program: OFFICE OF ENVIRONMENTAL ASSIST

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------------|---------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Revenue by Type and Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Non Dedicated | | | | | | | | |
| General | 22 | 82 | 83 | 83 | 83 | 166 | 1 | 0.6% |
| Environmental | 1,252 | 1,256 | 1,200 | 1,150 | 1,100 | 2,250 | -206 | -8.4% |
| Subtotal Non Dedicated | 1,274 | 1,338 | 1,283 | 1,233 | 1,183 | 2,416 | -205 | -7.8% |
| Dedicated | | | | | | | | |
| Special Revenue | 28 | 1 | 23 | 1 | 1 | 2 | -22 | -91.7% |
| Federal | 48 | 382 | 139 | 0 | 0 | 0 | -521 | -100.0% |
| Environmental | 78 | 43 | 40 | 80 | 128 | 208 | 125 | 150.6% |
| Miscellaneous Agency | 0 | 78 | 0 | 0 | 0 | 0 | -78 | -100.0% |
| Gift | 49 | 89 | 52 | 52 | 52 | 104 | -37 | -26.2% |
| Subtotal Dedicated | 203 | 593 | 254 | 133 | 181 | 314 | -533 | -62.9% |
| Total Revenue | 1,477 | 1,931 | 1,537 | 1,366 | 1,364 | 2,730 | -738 | -21.3% |
| | | | | | | | | |
| Full-Time Equivalents (FTE) | 62.5 | 60.4 | 62.2 | 61.6 | 61.7 | | | |

ENVIRONMENTAL ASSISTANCE

Program: OFFICE OF ENVIRONMENTAL ASSISTANCE

Activity: RESEARCH, POLICY ANALYSIS, PLANNING, and EVAL

Narrative

Activity Description

The Office of Environmental Assistance's (OEA's) research, policy analysis, planning, and evaluation activities provide strategic direction to state and local pollution prevention, waste management, energy and resource conservation, and environmental education programs. OEA research and policy development supports the evolution and development of OEA's programs. The result is the creation of new ideas to enhance current social and economic systems and improve the environment, economy, and society.

Population Served

The OEA's research, policy analysis, planning, and evaluation activities benefit all of Minnesota's citizens. The OEA works in direct partnership with businesses, other units of governments, schools, community organizations, and individuals to serve the entire population of the state.

Historical Perspective

The OEA has evolved significantly over the past 20 years to meet new challenges facing Minnesotans and the environment. The environmental issues we are now facing are diverse and complex. Pollutants in our air, water, and land come from many sources and many human activities, and existing regulatory programs alone are not adequate to protect our health and natural resources. OEA has responded, under its existing authority in pollution prevention, environmental education, and sustainability as well as its solid waste authority, by developing new programs and ideas to address today's environmental issues. Minnesota's economic challenges along with the environmental priorities of its citizens, make OEA's efforts at innovative environmental solutions even more important today.

Services Provided

Pollution prevention (P2). The OEA works with other states, U.S. Environmental Protection Agency (EPA), U.S. Department of Energy (DOE), and the National Pollution Prevention Roundtable to assure that OEA's pollution prevention activities will influence and leverage regional and national opportunities. For instance, OEA is helping to sponsor the first regional DOE Hydrogen Infrastructure Forum, which will be held in Chicago in the fall of 2002. To maximize our P2 program effectiveness, OEA surveys Minnesota manufacturers to determine evolving needs. Every even-numbered year, the OEA evaluates progress and opportunities in pollution prevention and submits a report to the legislature. The *2002 Pollution Prevention Evaluation Report* evaluates toxic release inventory, persistent bioaccumulative toxics, pesticide and greenhouse gas data to document progress in P2 and to direct future OEA P2 policy and programs.

Product stewardship. Seeking new ways to handle problem materials while also conserving energy and resources, OEA adopted the nation's first product stewardship policy in 1999. Product stewardship means all parties who have a role in designing, producing, selling or using a product shall assume responsibility for the environmental impacts of that product throughout its life. It shifts responsibility for the management and recycling of products from the public sector (government and taxpayers) to the private sector (manufacturers and purchasers). Under this voluntary, non-regulatory framework, the OEA works with manufacturers, retailers, recyclers, non-governmental organizations, and others to establish programs to collect and recycle products, thus diverting them from landfills and incinerators while conserving resources and reducing pollutants in the manufacturing process. OEA's major achievements to date are with used electronics and carpet.

The OEA will continue to lead national efforts and develop partnerships with other types of manufacturers to ensure that materials currently being managed as waste can be converted into resources that have economic value, including new national product stewardship initiatives for beverage containers, automobiles, and paint. The OEA is also working with the states of Massachusetts, California, Oregon, New York, and Florida to develop a national policy on product stewardship.

Activity at a Glance

- ◆ In January 2002, the OEA along with nine other states and U.S. EPA signed a landmark agreement with the carpet industry that establishes national recycling goals for discarded carpet.
- ◆ As a result of product stewardship efforts, Amazon Environmental, Inc., a paint rebblender and manufacturer, established a facility in Roseville, Minnesota in 1999.

ENVIRONMENTAL ASSISTANCE

Program: OFFICE OF ENVIRONMENTAL ASSISTANCE

Activity: RESEARCH, POLICY ANALYSIS, PLANNING, and EVAL

Narrative

Waste as a resource. The OEA is committed to advancing a policy that treats waste as a resource. A multi-discipline technical work group mapped the complexities of the solid waste system and identified possible strategies that could be adopted to accomplish this goal. A Governor's Select Committee, comprised of the environmental leadership from the house and senate and other elected or appointed officials, is in the second phase of meetings to develop and recommend strategies to improve Minnesota's waste management system while reducing the environmental impacts of manufacturing products through life cycle management.

County waste management planning. Over the past 15 years, county waste management plans have changed solid waste management practices throughout the state. OEA's partnerships with local units of government, manufacturers and businesses, educators, and individual citizens have implemented an integrated system of solid waste management. OEA works directly with local government to prepare solid waste plans that guide the implementation of local and regional programs for solid waste reduction, recycling, processing, yard waste management, problem materials management, and construction and demolition materials management. Local governments, the waste industry, commercial and industrial enterprises, and the public all actively participate in formulating and implementing these plans. The plans serve as the foundation for the technical assistance offered by many OEA staff and emphasize building strong regional waste management systems.

Resource savings and greenhouse gas research. The OEA continues its research on ways to reduce waste, conserve energy, and avoid land use and air emissions. Preliminary results show that between the years 2000 and 2020, 16 to 26 million tons of greenhouse gases and 340,000 tons of sulfur dioxide emissions can be avoided and 1,000 acres of land (the equivalent of 10 major new landfills) can be saved as a result of managing our wastes according to state policy.

OEA program evaluation. In 1997, OEA established program priorities and began using a performance measurement system to track progress. Performance measurement allows the organization to gather input from stakeholders and employees, establish strategic program directions, and focus on priorities and results. This system allows for outcome-based budgeting and makes our strategic plan a living document.

Partnerships. The OEA partners with various levels of local, state, and federal government, nonprofit organizations, national and local businesses, environmental organizations, and citizens to accomplish its objectives. Three primary advisory bodies offer input and advice on OEA's policies and programs: the Prevention, Reduction and Recycling Advisory Council (PRRAC), Environmental Educational Advisory Board (EEAB), and the Solid Waste Management Advisory Council (SWMAC).

OEA partners with over 2,000 members of the Minnesota Sustainable Communities Network to promote and share resources on sustainable issues such as energy and resource conservation, as well as sponsoring an annual conference. OEA also works closely with the Department of Children, Families and Learning, the National State Education and Environment Roundtable, and 24 Minnesota schools who will combine best practices into a comprehensive educational framework that address content standards from multiple disciplines.

Key Measures

Midwestern Carpet Workgroup. In February 2000, OEA convened the Midwestern Carpet Workgroup, which includes the states of Minnesota, Iowa, and Wisconsin; carpet manufacturers; retailers; recyclers; local governments; and environmental representatives. In January 2002, the OEA along with nine other states and U.S. EPA signed a landmark agreement with the carpet industry to establish national recycling goals for discarded carpet. The states, with input from the carpet industry, also developed model procurement guidelines so that carpet purchasers can specify environmentally preferable carpeting. Minnesota is in the process of working with industry to implement the agreement, which will result not only in the reduction of carpet waste, but the development of new sustainable industry initiatives in Minnesota.

ENVIRONMENTAL ASSISTANCE

Program: OFFICE OF ENVIRONMENTAL ASSISTANCE

Activity: RESEARCH, POLICY ANALYSIS, PLANNING, and EVAL

Narrative

National Electronics Product Stewardship Initiative (NEPSI). OEA's partnerships and projects with electronics manufacturers over the last three years helped lay the groundwork for the National Electronics Product Stewardship Initiative. NEPSI is a series of meetings involving electronics manufacturers, Minnesota and 10 other states, the federal government, and national environmental organizations. The purpose of the dialogue is to reach agreement on a national system for collecting, reusing, and recycling electronics such as TVs and computers, and on how that system will be financed. Negotiations are continuing into the fall of 2002.

Activity Funding

This activity is funded primarily from General Fund dollars.

Contact

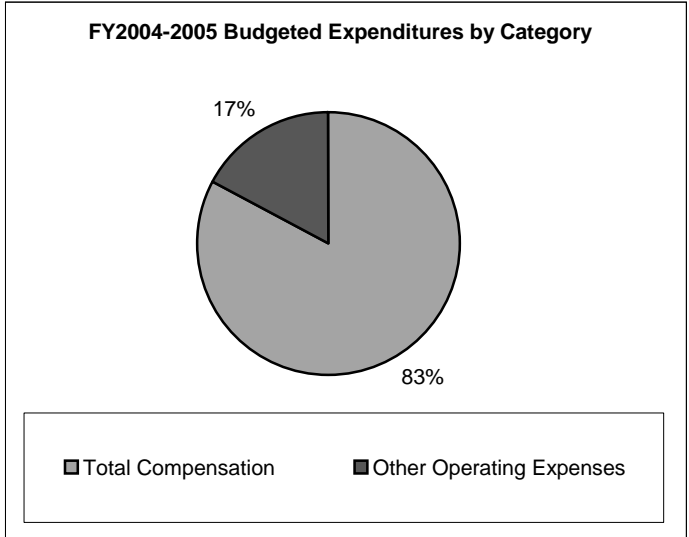
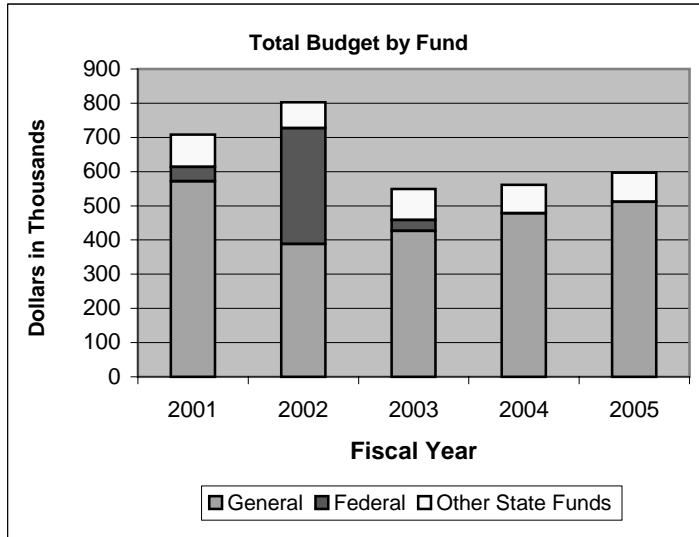
David Benke, Strategic Manager, (651) 215-0196. For further information about the OEA's activities and recent reports, visit OEA's web site at www.moea.state.mn.us.

ENVIRONMENTAL ASSISTANCE

Program: OFFICE OF ENVIRONMENTAL ASSISTANCE

Activity: RESEARCH, POLICY, EVALUATION

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------------------|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 572 | 388 | 427 | 478 | 512 | 990 | 175 | 21.5% |
| Environmental | 94 | 76 | 91 | 83 | 85 | 168 | 1 | 0.6% |
| Statutory Appropriations | | | | | | | | |
| Federal | 42 | 339 | 31 | 0 | 0 | 0 | -370 | -100.0% |
| Total | 708 | 803 | 549 | 561 | 597 | 1,158 | -194 | -14.3% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|--------------|-------------|---------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 461 | 339 | 424 | 462 | 496 | 958 | 195 | 25.6% |
| Other Operating Expenses | 205 | 125 | 108 | 99 | 101 | 200 | -33 | -14.2% |
| Local Assistance | 42 | 339 | 17 | 0 | 0 | 0 | -356 | -100.0% |
| Total | 708 | 803 | 549 | 561 | 597 | 1,158 | -194 | -14.3% |

| | | | | | | | | |
|---------------------------------|-----------|------------|-----------|----------|----------|----------|-------------|----------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Federal | 48 | 344 | 20 | 0 | 0 | 0 | -364 | -100.0% |
| Subtotal Dedicated | 48 | 344 | 20 | 0 | 0 | 0 | -364 | -100.0% |
| Total Revenue | 48 | 344 | 20 | 0 | 0 | 0 | -364 | -100.0% |

| | | | | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|--|--|-------------|
| Full-Time Equivalents (FTE) | 7.7 | 5.6 | 4.4 | 4.6 | 4.6 | | | 0.0% |
|------------------------------------|------------|------------|------------|------------|------------|--|--|-------------|

ENVIRONMENTAL ASSISTANCE

Program: OFFICE OF ENVIRONMENTAL ASSISTANCE

Activity: PROJECT IMPLEMENTATION

Narrative

Activity Description

The Office of Environmental Assistance (OEA) works with counties, cities, businesses, institutions, schools, and the public to implement activities and policies which:

- ◆ prevent air, land and water pollution, as well as waste.
- ◆ modify product design and manufacturing processes to have minimal impact on the environment.
- ◆ procure products, services, and materials that have the least environmental impact.
- ◆ recover materials and energy from waste through waste management systems that protect the environment and conserve resources.
- ◆ include community environmental considerations in economic and social decision making.

The OEA creates strong partnerships with public and private interests and provides technical expertise and financial incentives that otherwise would not be available to support sound environmental and economic policies.

Population Served

The OEA helps communities of all sizes, businesses and institutions, educators, and the general public implement policies and programs that protect the environment, conserve resources, and are cost-effective.

Services Provided

OEA's program implementation activities design and implement new system ideas, approaches, and technologies. On a strategic level, OEA's implementation program takes creative policy ideas from the conceptual to the tangible. OEA prioritizes assistance to manufacturing, commercial, and institutional sectors based on amounts and types of pollutants and/or waste they generate and the opportunities available to reduce those pollutants and/or wastes. OEA works to promote the use of least harmful products, prioritizing our efforts based on potential for risk and the availability of less-toxic alternatives. OEA partners with businesses, local governments, and communities to develop efficient materials and energy recovery systems for products that have reached the end of their useful lives.

Technical assistance activities

Pollution prevention (P2). Pollution prevention reduces the use and release of pollutants (both air and water) as well as waste and toxic chemicals at their source. Technical assistance currently focuses on increasing the use of P2 technologies in manufacturing, promoting products which are low or nontoxic, and piloting the use of a residential fuel cell. Over the last two years, OEA's Minnesota Technical Assistance Program (MnTAP) has saved businesses more than \$2 for every \$1 spent on the program, as well as reducing air emissions and water discharges.

Design for the Environment (DfE). Approximately 70% of a product's life-cycle costs are determined during its design. OEA provides on-site assistance for DfE and will continue to partner with manufacturers to implement specific projects that change the business designs and develops products. OEA's DfE program recently partnered with a company to make design changes which will save \$4 million per year in life-cycle costs.

Market development. The OEA works directly with businesses to develop manufacturing capacity for recyclable materials. OEA provides technical assistance in areas such as business development, recycled product development, and market research. This effort has contributed to the establishment of thousands of jobs in

Activity at a Glance

- ◆ Minnesota's recycling programs save 22 million BTUs, enough energy to power nearly all the homes in Ramsey County for one year.
- ◆ OEA's DfE Tool Kit was downloaded more than 9,000 times from the web site in 2001.
- ◆ OEA's MnTAP program saved Minnesota businesses over \$5.2 million, while eliminating 11.2 million pounds of air emissions, water discharges, and solid waste, and saving 90 million gallons of fresh water.
- ◆ In 2001, the OEA conducted a junk mail waste reduction campaign. Over 10,000 people filled out junk mail cards at the State Fair, and over 10,725 people downloaded the postcard from the web site. As a result, OEA estimates that over 1,400 trees were saved by diverting unwanted mail.
- ◆ OEA distributed over 30,000 brochures for its "Reducing Toxicity in Your Home" campaign, which provides information on how to reduce long-term exposure to potentially harmful substances. Toxicity reduction information continues to be disseminated at state and county fairs and events, presentations to organizations, expositions, and conferences.

ENVIRONMENTAL ASSISTANCE

Program: OFFICE OF ENVIRONMENTAL ASSISTANCE

Activity: PROJECT IMPLEMENTATION

Narrative

recycling and collection industries, as well as industries that use recycled feedstock, bringing in an estimated \$35 million in tax revenues within the state.

Green buildings. OEA's Green Building program provides schools and state and local government with information on how to incorporate reduced toxicity, recycled content, reusable materials, and energy conservation into building design and construction. Green building continues to gain support in Minnesota as a more economically efficient, healthy, and environmentally friendly approach to building design and construction.

Waste reduction. Over the last three years, the OEA has worked with local governments, businesses, and consumers to increase waste reduction through the statewide campaign – *Reduce Waste: If not you, who?*

Purchasing. Recognizing state government's tremendous purchasing power and the influence it can have on what products are produced, the OEA and the Department of Administration have teamed up to promote the purchase of goods and services that have a reduced effect on human health and the environment. OEA is now routinely involved in adding environmental products to state purchasing contracts and educating agencies about new products.

Minnesota is the only state in the country to specify that all waste electronic materials generated by public entities, and managed under the state contract, shall be processed, used, reused, reclaimed, or disposed of only in Canada, Mexico, or the United States, not overseas.

Assistance to counties. OEA's technical assistance priorities for counties include implementing methods to reduce waste generation; improving the cost-effectiveness of recycling, composting, and recovery systems; expanding the public's understanding of resource conservation and environmental protection; and building stronger regional waste management systems. County solid waste plans serve as the foundation for these technical assistance priorities.

Financial assistance strategies

Competitive grant awards. Since 1985, the OEA has awarded more than \$10 million in grants to businesses, public entities, nonprofit organizations, schools, and others throughout Minnesota. From October 1999 to July 2000, OEA provided \$1.35 million to 28 projects, leveraging nearly \$1.5 million in matching funds. The program emphasizes environmental education, pollution prevention, waste reduction and reuse, source separation, recycling and market development of recyclables, and resource conservation.

Capital Assistance Grant Program (CAP). The OEA reviews and approves grants for integrated waste management facilities under the Solid Waste Processing Facilities Capital Assistance Grant Program. The state has funded 89 grants totaling \$46.6 million and has leveraged \$108 million in local contributions for the development of Minnesota's waste management infrastructure.

County assistance. The OEA provides financial assistance to counties through SCORE (Select Committee on Recycling and the Environment) grants and through the Metropolitan Landfill Abatement Account's Local Recycling Development Grant program to support and expand services to prevent waste generation, foster reuse of materials, and expand recycling. These programs contribute significantly to Minnesota's high recycling rate.

Key Measures

Procurement. OEA worked with the Department of Administration to include mercury component disclosure or phase-out requirements in the 2002 motor vehicle request for bids. In the summer of 2000, the OEA helped establish state contracts for recycled-content latex paint and for flooring. The flooring contracts set air quality standards for carpet, require vendors to recycle old carpet, and encourage vendors to bid carpet, tile, and rubber flooring made with recycled materials.

ENVIRONMENTAL ASSISTANCE

Program: OFFICE OF ENVIRONMENTAL ASSIST

Activity: PROJECT IMPLEMENTATION

Narrative

Recycling. The state's recycling rate of 47% is the second highest in the country, fostering a recycling industry that added over 22,100 jobs (this includes direct, indirect, and induced jobs) and over \$2.74 billion in gross economic activity to Minnesota's economy in 2000. Over 20% of Minnesota waste is sent to resource recovery facilities, one of the highest rates in the nation; and a significant percentage of yard waste is composted.

Pollution Prevention. Since 1993, the amount of reported toxic chemicals released in Minnesota has decreased by 34% from 24 million to 16 million pounds.

Activity Funding

This program is funded primarily through the General Fund and environmental funds.

Contact

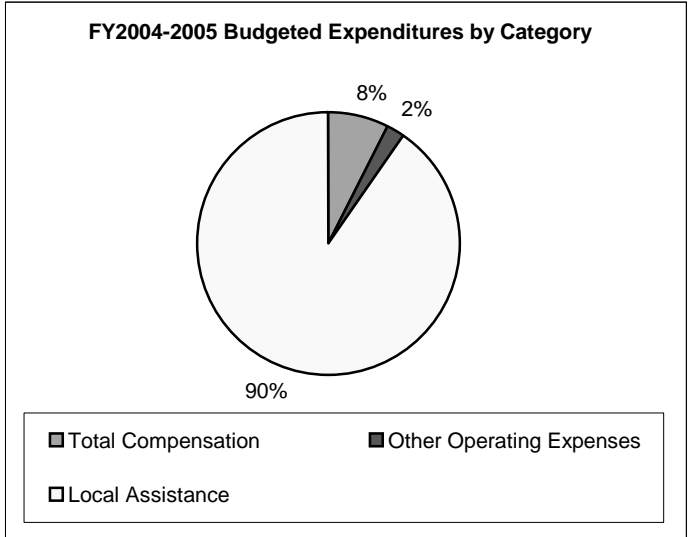
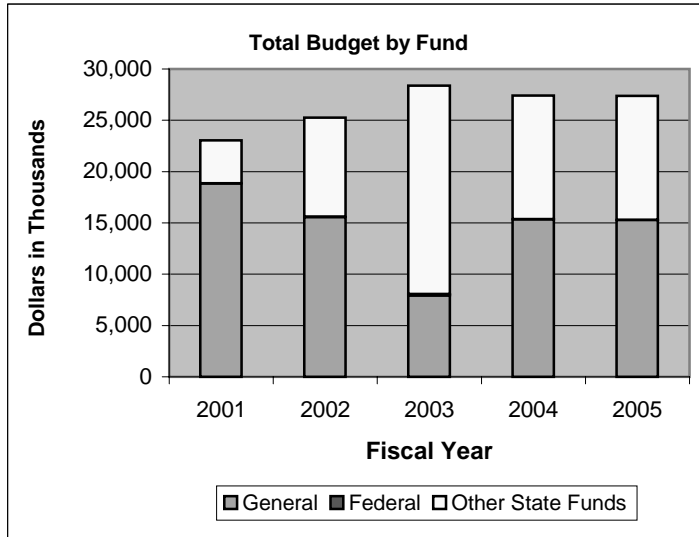
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ENVIRONMENTAL ASSISTANCE

Program: OFFICE OF ENVIRONMENTAL ASSISTANCE

Activity: PROJECT IMPLEMENTATION

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| Environment & Natural Resource | 95 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| General | 18,834 | 15,549 | 7,918 | 15,355 | 15,275 | 30,630 | 7,163 | 30.5% |
| Environmental | 1,353 | 1,128 | 1,225 | 1,157 | 1,161 | 2,318 | -35 | -1.5% |
| Solid Waste | 0 | 6,000 | 16,500 | 8,541 | 8,541 | 17,082 | -5,418 | -24.1% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 52 | 0 | 6 | 0 | 0 | 0 | -6 | -100.0% |
| Federal | 0 | 38 | 119 | 0 | 0 | 0 | -157 | -100.0% |
| Environmental | 2,670 | 2,397 | 2,558 | 2,294 | 2,342 | 4,636 | -319 | -6.4% |
| Gift | 31 | 133 | 54 | 52 | 52 | 104 | -83 | -44.4% |
| Total | 23,035 | 25,245 | 28,380 | 27,399 | 27,371 | 54,770 | 1,145 | 2.1% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 1,508 | 1,637 | 1,895 | 1,997 | 2,097 | 4,094 | 562 | 15.9% |
| Other Operating Expenses | 604 | 532 | 694 | 559 | 559 | 1,118 | -108 | -8.8% |
| Local Assistance | 20,923 | 23,076 | 25,591 | 24,603 | 24,427 | 49,030 | 363 | 0.7% |
| Other Financial Transactions | 0 | 0 | 200 | 240 | 288 | 528 | 328 | 164.0% |
| Total | 23,035 | 25,245 | 28,380 | 27,399 | 27,371 | 54,770 | 1,145 | 2.1% |

ENVIRONMENTAL ASSISTANCE

Program: OFFICE OF ENVIRONMENTAL ASSIST

Activity: PROJECT IMPLEMENTATION

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Non Dedicated | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| General | 22 | 82 | 83 | 83 | 83 | 166 | 1 | 0.6% |
| Environmental | 1,252 | 1,256 | 1,200 | 1,150 | 1,100 | 2,250 | -206 | -8.4% |
| Subtotal Non Dedicated | 1,274 | 1,338 | 1,283 | 1,233 | 1,183 | 2,416 | -205 | -7.8% |
| Dedicated | | | | | | | | |
| Special Revenue | 27 | 0 | 6 | 0 | 0 | 0 | -6 | -100.0% |
| Federal | 0 | 30 | 109 | 0 | 0 | 0 | -139 | -100.0% |
| Environmental | 78 | 43 | 40 | 80 | 128 | 208 | 125 | 150.6% |
| Miscellaneous Agency | 0 | 78 | 0 | 0 | 0 | 0 | -78 | -100.0% |
| Gift | 49 | 89 | 52 | 52 | 52 | 104 | -37 | -26.2% |
| Subtotal Dedicated | 154 | 240 | 207 | 132 | 180 | 312 | -135 | -30.2% |
| Total Revenue | 1,428 | 1,578 | 1,490 | 1,365 | 1,363 | 2,728 | -340 | -11.1% |
| Full-Time Equivalents (FTE) | 24.1 | 24.7 | 27.2 | 27.3 | 27.5 | | | |

ENVIRONMENTAL ASSISTANCE

Program: OFFICE OF ENVIRONMENTAL ASSIST

Activity: EDUCATION AND INFORMATION

Narrative

Activity Description

Office of Environmental Assistance's (OEA's) education efforts are key to assuring that Minnesotans have accurate and up-to-date information to understand and minimize the environmental impacts of their actions. Through its educational activities, the OEA can advance pollution prevention activities, modify the current waste management system, and encourage Minnesotans to practice resource conservation behaviors, as well as help them see the environmental, economic, and social connections of their activities.

Population Served

The OEA's education activities primarily serve educators, educational institutions, agencies, and organizations working to deliver environmental and sustainability information. Sustainability means meeting our needs today while ensuring that future generations can continue to meet their own needs, thereby ensuring that Minnesota can maintain its long-term cultural, economic, and ecologic health and vitality. Other educational activities of the OEA are focused on local governments, businesses, nonprofit organizations, and citizens.

Services Provided

The OEA educates Minnesotans through skill-building workshops, partnerships, communication and outreach efforts, and financial and educational resources. OEA focuses on developing effective leaders and educators who can implement environmental education programs at both the state and local levels. These education activities promote and support OEA's policy, planning, and program implementation efforts by researching and developing educational programs and tools, including interactive web sites, listservs, fact sheets, reports, directories, and videotapes.

The OEA continues to implement the *GreenPrint for Minnesota, Second Edition: State Plan for Environmental Education*, which offers guidance to individuals, organizations, and agencies that deliver or support environmental education (EE) in Minnesota. The *GreenPrint* is designed to foster and expand partnerships to produce and provide EE programs and materials to Minnesota citizens. Implementation of the *GreenPrint* will provide Minnesotans with the knowledge and skills they need to become active and engaged citizens who can help keep our communities healthy and vital.

Skill building. The OEA conducts monthly environmental education workshops which provide fundamental educational skills for scientists, technical specialists, and researchers and up-to-date education tools for the trained educators seeking assistance in honing their skills. Regional staff in Greater Minnesota provide local access to OEA's resources and workshops. These venues provide an interactive means of reaching OEA audiences and developing community networks for program implementation. One-on-one assistance is a critical component in improving Minnesotans' skills, especially in working on innovative sustainability issues. The OEA's NextStep web site and sustainable communities e-mail newsletter also disseminate important information and help to build skills for those interested in sustainability.

Partnerships. The OEA facilitates various education-based programming and partnerships statewide. OEA partners with a variety of organizations to provide an annual sustainability conference that participants have evaluated as an ideal event for acquiring sustainability skills and information. The Minnesota Sustainable Communities Network (MnSCN) and the Environmental Education Advisory Board (EEAB) are two forums the OEA works with to reach the citizens of Minnesota.

Activity at a Glance

- ♦ The OEA now has six regional offices to serve Greater Minnesota.
- ♦ In 2000, Clearinghouse staff provided information and resources to over 1,500 people in Minnesota.
- ♦ OEA's environmental education web site, SEEK, currently has 120 partners, including environmental and education organizations and agencies that post their resources on this interactive web site.
- ♦ Over 600 people representing state, local and federal government, nonprofits, business, consultants, and educators have participated in the OEA's capacity building workshops.
- ♦ The OEA's sustainable communities educational activities are well received, with an e-mail newsletter reaching over 2,000 and thousands of hits for the NextStep web site each month.

ENVIRONMENTAL ASSISTANCE

Program: OFFICE OF ENVIRONMENTAL ASSIST

Activity: EDUCATION AND INFORMATION

Narrative

Communication. Waste Reduction Campaign's web site (<http://www.reduce.org>) is an online source for Minnesotans who want to know more about preventing garbage and reducing what they throw away. MnTAP (<http://www.mntap.umn.edu>) provides technical assistance to businesses, including information about its intern programs, a materials exchange program, etc. SEEK (Sharing Environmental Education Knowledge), Minnesota's interactive directory of EE resources for educators can be found at <http://www.seek.state.mn.us>. Two OEA e-mail newsletters offer information and resources, the SEEK Bulletin for environmental education and the MnSCN newsletter for sustainability resources, together serving over 2,500 subscribers. The OEA also distributes information at key conferences and events, including the State Fair and the Living Green Expo, and regular sustainable communities conferences.

Educational resources. OEA's Clearinghouse offers a wealth of hands-on resources, including one-on-one guidance, videos, fact sheets, curricula, and CD ROMs. The Clearinghouse provides resources to businesses, citizen and youth groups, families, governments and nonprofit organizations, students, teachers and nonformal educators, and religious groups. OEA also reaches Minnesotans via the Internet through its up-to-date and informative web sites. OEA's web site (<http://www.moea.state.mn.us>) offers resources for learning more about pollution prevention, reuse, recycling, responsible waste management, and sustainable practices. OEA's NextStep web site (<http://www.nextstep.state.mn.us>) which offers resources for finding and sharing information on sustainability. Grants are another tool the OEA uses to support educational activities. Many projects, programs and resources would not have been developed without grant assistance. From waste minimization programs on college campuses to environmental literacy research, these grants have made a difference

Key Measures

Monthly EE Capacity Building Workshops. Over 600 people representing state, local and federal government, nonprofits, business, consultants, and educators have participated in these workshops, with many return participants. Recent workshops have included Facilitation Processes, the Environmental Literacy Scope and Sequence, Credibility, Educating the Whole Person, Team Building, and Leadership Skills.

Environmental Literacy Scope and Sequence is a tool for educators that provides a systems approach to environmental education in Minnesota for pre-K through adult learners. It describes key concepts about the interaction of natural and social systems and a sequence in which they are to be taught. It provides a systems approach to environmental education that can focus the efforts of teachers and deliverers of environmental education to unify their many independent efforts to achieve the goal of environmental literacy. The OEA worked with the Department of Children, Families and Learning and the GreenPrint Council in the development of the Scope and Sequence, along with the workshops for environmental educators to learn it how to use it.

Environment as an Integrating Context for Learning (EIC). In partnership with the Department of Children, Families and Learning and the National State Education and Environment Roundtable (SEER), the OEA has worked with approximately 24 Minnesota schools that will focus on combining best practices into a comprehensive education framework that simultaneously addresses content standards from multiple disciplines. In essence, we have doubled the number of EIC schools in 4 years. EIC uses the school's natural and socio-cultural settings to engage students in schoolwork that they perceive as relevant to their daily lives, thus increasing their motivation for learning and academic achievement.

Sustainable communities education. The OEA has hosted well-attended sustainability events for the past seven years, with more than 600 people registered at the 2001 annual sustainability conference. The Minnesota Sustainable Communities Network's bi-weekly e-mail newsletter is received by over 2,000 individuals, and the NextStep web site receives thousands of hits every month. The last bi-annual survey of newsletter readers showed that 98% of readers found it very or somewhat valuable, and that 88% of readers found the information of such value that they forwarded it to others.

Activity Funding

This activity is primarily funded from the General Fund.

Contact

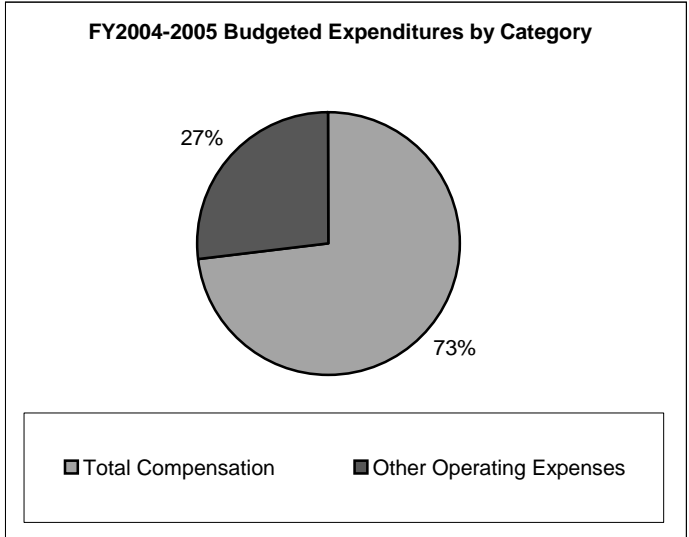
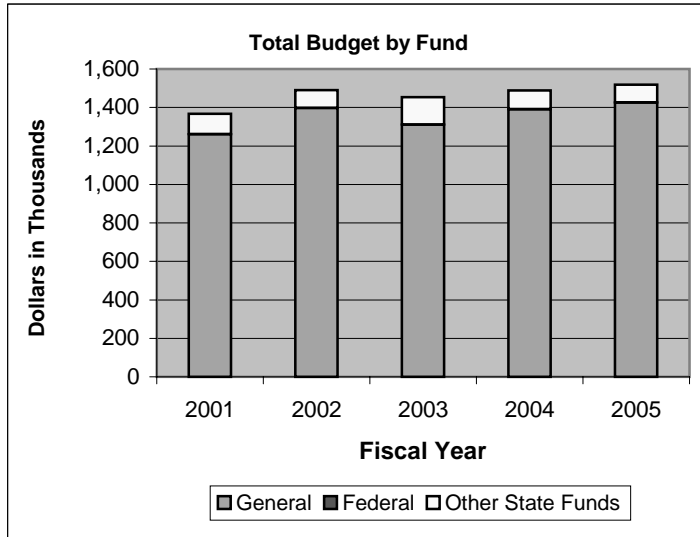
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ENVIRONMENTAL ASSISTANCE

Program: OFFICE OF ENVIRONMENTAL ASSIST

Activity: EDUCATION AND INFORMATION

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 1,261 | 1,397 | 1,311 | 1,390 | 1,426 | 2,816 | 108 | 4.0% |
| Environmental | 106 | 87 | 101 | 98 | 92 | 190 | 2 | 1.1% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 0 | 1 | 10 | 0 | 0 | 0 | -11 | -100.0% |
| Environmental | 0 | 0 | 32 | 0 | 0 | 0 | -32 | -100.0% |
| Gift | 0 | 5 | 0 | 0 | 0 | 0 | -5 | -100.0% |
| Total | 1,367 | 1,490 | 1,454 | 1,488 | 1,518 | 3,006 | 62 | 2.1% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 954 | 970 | 1,010 | 1,078 | 1,115 | 2,193 | 213 | 10.8% |
| Other Operating Expenses | 413 | 515 | 412 | 410 | 403 | 813 | -114 | -12.3% |
| Local Assistance | 0 | 5 | 32 | 0 | 0 | 0 | -37 | -100.0% |
| Total | 1,367 | 1,490 | 1,454 | 1,488 | 1,518 | 3,006 | 62 | 2.1% |

| | | | | | | | | |
|---------------------------------|----------|----------|-----------|----------|----------|----------|------------|----------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Special Revenue | 1 | 0 | 10 | 0 | 0 | 0 | -10 | -100.0% |
| Federal | 0 | 8 | 10 | 0 | 0 | 0 | -18 | -100.0% |
| Subtotal Dedicated | 1 | 8 | 20 | 0 | 0 | 0 | -28 | -100.0% |
| Total Revenue | 1 | 8 | 20 | 0 | 0 | 0 | -28 | -100.0% |

| | | | | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|--|--|
| Full-Time Equivalents (FTE) | 17.0 | 16.5 | 15.8 | 15.9 | 15.8 | 0.0% | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|--|--|

ENVIRONMENTAL ASSISTANCE

Program: OFFICE OF ENVIRONMENTAL ASSIST

Activity: SUPPORT SERVICES

Narrative

Activity Description

Office of Environmental Assistance (OEA) support services encompass management and clerical support, fiscal services, personnel and payroll, purchasing, computer services, and budgeting functions.

Population Served

OEA management provides leadership, expertise, and coordination of programs to staff and customers. Support services provide financial, personnel, computer, and clerical assistance to OEA staff and others.

Services Provided

Implementation of the OEA Strategic Plan allows management to focus on priorities, track and evaluate program implementation, and strategically allocate resources. OEA's support services:

- ◆ encourage and assist staff to follow OEA's core values;
- ◆ develop behavior models for staff to use when dealing with each other and with customers;
- ◆ assist staff, the public, and other customers in the most efficient and cost-effective manner possible;
- ◆ contract with Bemidji State University, the Minnesota Pollution Control Agency, and the Department of Natural Resources who provide regional office space and assistance, personnel services, and employee safety support;
- ◆ ensure that OEA's computer network is operational and available to staff;
- ◆ provide in-house computer software training to staff; and
- ◆ provide financial oversight to assure that taxpayer resources are protected and used in a responsible manner.

Key Measures

- ⇒ OEA has received exemplary audit reports from the Legislative Auditor's Office. The audits covered all policies, processes, and related control procedures.
- ⇒ OEA's local-area computer network continues to function optimally and is available for use 99% of annual hours. Downtime is on evenings or weekends.
- ⇒ OEA's prompt-payment record is 99.78% for FY 2002.

Activity Funding

Financing for OEA's support services is provided by the General Fund. Expenditures under this activity account for 4% of total spending and include salaries for 11 positions, a portion of building rent, and other office-wide expenditures not allocated directly to program activities.

Contact

David Benke, Strategic Directions Manager, (651) 215-0196. For further information about the OEA's activities and recent reports, visit OEA's web site at www.moea.state.mn.us.

Activity at a Glance

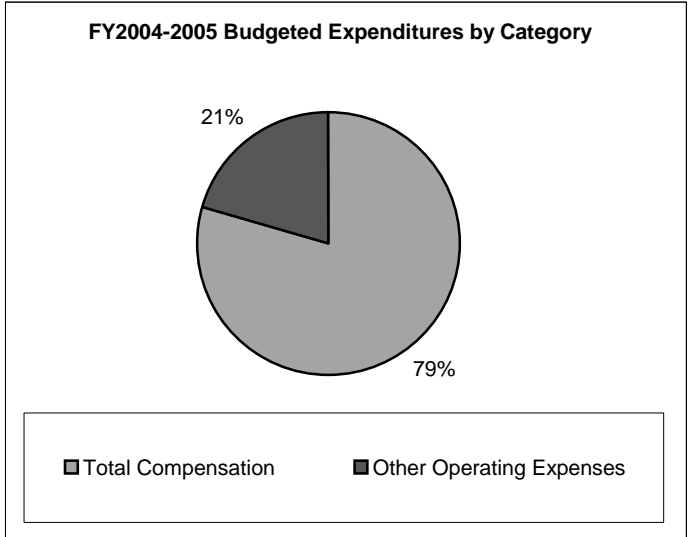
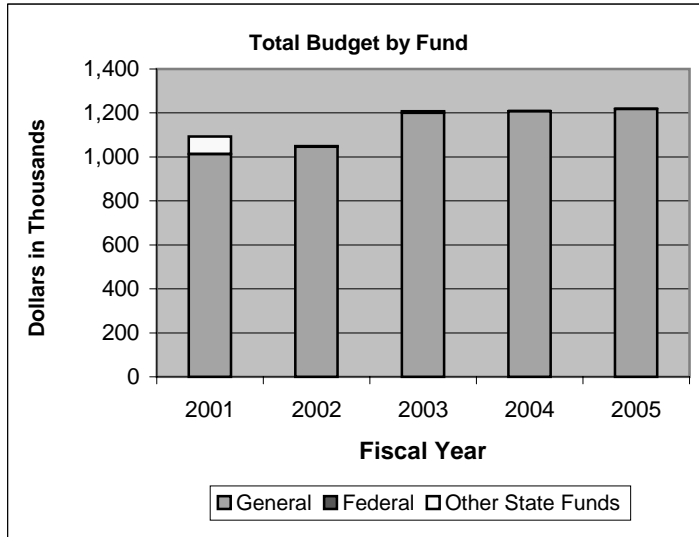
- ◆ OEA's local-area computer network continues to function optimally and is available for use over 99% of annual hours. Downtime is limited to evenings or weekends.
- ◆ OEA's prompt-payment record is 99.78% for FY 2002.
- ◆ OEA has received exemplary audit reports from the Legislative Auditor's Office. The audits covered all policies, processes, and related control procedures.

ENVIRONMENTAL ASSISTANCE

Program: OFFICE OF ENVIRONMENTAL ASSIST

Activity: SUPPORT SERVICES

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 1,013 | 1,046 | 1,201 | 1,208 | 1,218 | 2,426 | 179 | 8.0% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 80 | 4 | 7 | 1 | 1 | 2 | -9 | -81.8% |
| Total | 1,093 | 1,050 | 1,208 | 1,209 | 1,219 | 2,428 | 170 | 7.5% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 834 | 886 | 948 | 956 | 974 | 1,930 | 96 | 5.2% |
| Other Operating Expenses | 259 | 164 | 260 | 253 | 245 | 498 | 74 | 17.5% |
| Total | 1,093 | 1,050 | 1,208 | 1,209 | 1,219 | 2,428 | 170 | 7.5% |

| | | | | | | | | |
|---------------------------------|----------|----------|----------|----------|----------|----------|-----------|---------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Special Revenue | 0 | 1 | 7 | 1 | 1 | 2 | -6 | -75.0% |
| Subtotal Dedicated | 0 | 1 | 7 | 1 | 1 | 2 | -6 | -75.0% |
| Total Revenue | 0 | 1 | 7 | 1 | 1 | 2 | -6 | -75.0% |

| | | | | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|--|--|-------------|
| Full-Time Equivalents (FTE) | 13.7 | 13.6 | 14.8 | 13.8 | 13.8 | | | 0.0% |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|--|--|-------------|

Agency Purpose

Minnesota statutes provide the Department of Finance responsibility for “*managing the financial affairs of the state.*” Given this charge, the mission of the department is twofold: to ensure the integrity of state fiscal resources, and to support and challenge state decision-makers to constantly increase the value per dollar of services provided to Minnesotans.

These objectives span all department activities:

- ◆ ensure the integrity of the state's financial resources;
- ◆ provide statewide governmental financial management leadership;
- ◆ accurately present the state's financial condition;
- ◆ facilitate informed decision making; and
- ◆ improve accountability and promote the prudent use of state resources.

Core Functions

The Department of Finance provides central statewide direction to financial management processes. This direction ensures adherence to standards, continuity, legal compliance, and financial integrity. Core functions support the policy making process and the financial management of state government. Core functions are:

- ◆ managing state financial processes and systems;
- ◆ providing historical and projected financial and program information; and
- ◆ providing financial analysis.

The results of these core functions are:

- ◆ financial and analytical information that is consistent, accurate, reliable, and useful;
- ◆ financial business processes that are cost effective and flexible;
- ◆ financial and program information that are accessible to managers and the public; and
- ◆ state employees that are trained and informed in state financial business practices.

Operations

State employees, vendors, individuals, school districts, and local governments receive payments through the accounting, payroll, procurement, and human resources business processes and systems managed for daily operations. The biennial budget, capital budget, fiscal notes, annual spending plans, and performance reporting are other key systems managed by the department.

The information management and analysis functions provide information to state agencies, the governor and executive branch management, the legislature and its staff, governmental and non-governmental organizations, the media, and the public.

Economic Analysis prepares the financial forecasts that identify projected state revenues and expenditures based on current law for the current biennium and future biennia.

Budget Services coordinates the production of the governor's operating and capital budgets and assists legislative committees in their deliberations. It also prepares reports, coordinates fiscal notes, and advises agencies.

Once the budget is passed, **Accounting Services** helps agencies manage their financial activities, administers the accounting and payroll systems, and reports on the state's financial condition.

At A Glance

Annual Business Processes:

- ◆ Accounting and budget management for the state's \$43 billion two-year budget including the \$27 billion general fund
- ◆ 140 state agencies provided financial direction and control
- ◆ 47,500 employees paid bi-weekly
- ◆ 120 separate state funds are managed through 14,000 separate accounts
- ◆ 4.5 million expenditure transactions
- ◆ 833,000 cash deposits
- ◆ 1.4 million checks issued
- ◆ 670,000 purchase orders processed
- ◆ Two bond sales conducted annually, with nearly \$3 billion in outstanding general obligation debt

Cash and Debt Management establishes banking services for state agencies, accesses the capital markets to provide financing for capital projects and equipment, and administers the state's tax exempt bonding allocation law.

Information Services provides technical support for the state's administrative information systems, which include the accounting and procurement system, the payroll and human resources system, and the information access system.

Management Services provides human resources and administrative support for the department and includes the agency leadership and staff in the Commissioner's Office.

Budget

The department's FY 2002-03 biennial budget totals \$48 million. Department staff includes 167 employees.

Of the total budget for the biennium, 65% comes from General Fund dollars. Another 31% is collected from state agencies through statutory billing authority that is based on the volume of transactions they generate in the accounting and payroll systems. The remaining 4% is the balance from a four-year FY 2000 appropriation to upgrade the statewide human resources and payroll systems. This includes funding for six project employees.

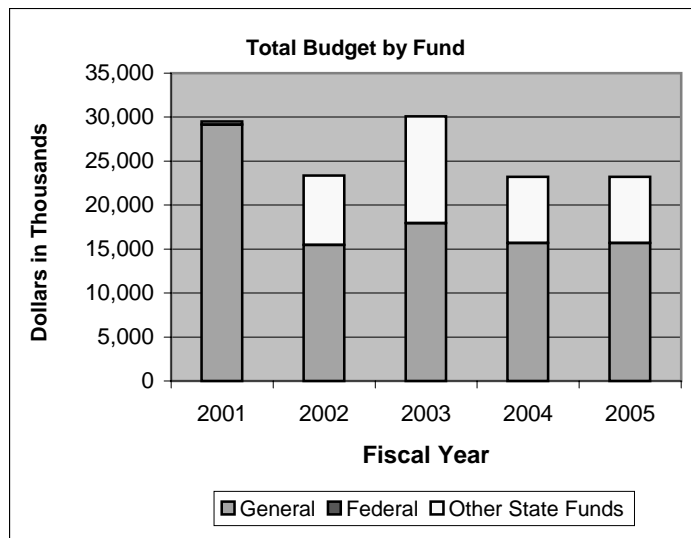
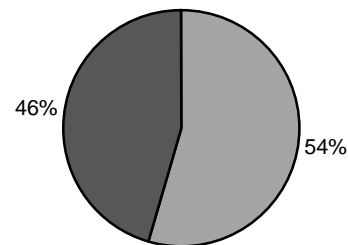
Contact

Department of Finance
400 Centennial Office Building
658 Cedar Street
Saint Paul, Minnesota 55155

World Wide Web Home Page:
<http://www.finance.state.mn.us/>

Commissioner's Office
Phone: (651) 297-7881
Fax: (651) 296-8685

For information on how this agency measures whether it is meeting its statewide goals, please refer to <http://www.departmentresults.state.mn.us/>

**FY2004-2005 Budgeted Expenditures by Category**

| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|------------------|------------------|--------------------|----------------|----------------|---------------------|--------------------------------------|---------------|
| Expenditures by Fund | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 21,784 | 15,477 | 17,926 | 15,690 | 15,690 | 31,380 | -2,023 | -6.1% |
| Statutory Appropriations | | | | | | | | |
| General | 7,350 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Special Revenue | 385 | 7,897 | 12,176 | 7,520 | 7,520 | 15,040 | -5,033 | -25.1% |
| Total | 29,519 | 23,374 | 30,102 | 23,210 | 23,210 | 46,420 | -7,056 | -13.2% |

Expenditures by Category

| | | | | | | | | |
|--------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Total Compensation | 13,026 | 13,300 | 14,870 | 12,733 | 12,733 | 25,466 | -2,704 | -9.6% |
| Other Operating Expenses | 16,474 | 10,071 | 15,232 | 10,677 | 10,677 | 21,354 | -3,949 | -15.6% |
| Local Assistance | 19 | 3 | 0 | 0 | 0 | 0 | -3 | -100.0% |
| Transfers | 0 | 0 | 0 | -200 | -200 | -400 | -400 | n.m |
| Total | 29,519 | 23,374 | 30,102 | 23,210 | 23,210 | 46,420 | -7,056 | -13.2% |

Expenditures by Program

| | | | | | | | | |
|-----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| State Financial Management | 8,422 | 7,890 | 7,947 | 7,353 | 7,353 | 14,706 | -1,131 | -7.1% |
| Information & Mgmt Services | 21,097 | 15,484 | 22,155 | 15,857 | 15,857 | 31,714 | -5,925 | -15.7% |
| Total | 29,519 | 23,374 | 30,102 | 23,210 | 23,210 | 46,420 | -7,056 | -13.2% |

Revenue by Type and Fund**Dedicated**

| | | | | | | | | |
|----------------------|--------------|--------------|---------------|--------------|--------------|---------------|---------------|---------------|
| General | 7,525 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Special Revenue | 385 | 9,269 | 10,804 | 7,520 | 7,520 | 15,040 | -5,033 | -25.1% |
| Subtotal Dedicated | 7,910 | 9,269 | 10,804 | 7,520 | 7,520 | 15,040 | -5,033 | -25.1% |
| Total Revenue | 7,910 | 9,269 | 10,804 | 7,520 | 7,520 | 15,040 | -5,033 | -25.1% |

| | | | | | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Full-Time Equivalents (FTE) | 183.5 | 175.7 | 179.0 | 162.7 | 162.7 |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|

Program Description

The State Financial Management program provides the direct financial management services to support state operations. Operations include accounting, budget, cash and debt management, economic analysis, financial reporting and analysis, and payroll.

Population Served

The Statewide Financial Management program provides services to state agencies, the governor and executive branch management, the legislature and its staff, governmental and non-governmental organizations, the media, and the public.

State employees, vendors, individuals, school districts, and local units of government receive payments through the statewide accounting, procurement, and payroll systems.

Services Provided

Accounting Services:

- ◆ sets statewide accounting and payroll policies and procedures;
- ◆ directs and maintains integrity of the accounting and payroll systems;
- ◆ provides training and assistance to agencies on the state's financial systems;
- ◆ works with agencies to develop systems of internal controls, as well as monitoring compliance and integrity of internal controls;
- ◆ produces the state's Comprehensive Annual Financial Report (CAFR); and
- ◆ coordinates of state agency Accounts Receivable.

Budget Services:

- ◆ manages the state budget process;
- ◆ prepares and submits the governor's operating and capital budgets;
- ◆ coordinates financial forecasts and develops financial reports and analysis;
- ◆ provides oversight and monitoring of budget implementation to agencies; and
- ◆ provides financial information and analysis of state spending to the governor and legislature.

Economic Analysis:

- ◆ prepares Minnesota's economic outlook and forecasts major revenues (income, sales, motor vehicle sales, corporate income).

Cash and Debt Management:

- ◆ administers the state's tax exempt bonding allocation law;
- ◆ is responsible for establishment of all state depository bank accounts;
- ◆ manages actual sale of state general obligation bonds to finance capital projects; and
- ◆ manages the state's debt policies and provides debt capacity forecasting.

Historical Perspective

These functions have existed since the agency was created in 1973 to consolidate and modernize the financial management functions of state government. By statute, the commissioner is the state's controller and chief accounting and financial officer. The commissioner fulfills statutory responsibility for the state's accounting, payroll, financial reporting, budgeting, forecasting, and debt management functions through the State Financial Management program.

Program at a Glance

- ◆ Prepares governor's operating and capital budgets.
- ◆ Produces two forecasts annually.
- ◆ Issues state general obligation debt.
- ◆ Provides direction and control of statewide accounting and payroll functions.
- ◆ Produces Minnesota's financial statements.

The program remained relatively unchanged until the mid 1990s when the major statewide administrative systems were replaced. The data processing systems for accounting, procurement, payroll, and human resources were updated to provide better access to financial management information. At that time, staffing increased to manage the more complex systems.

Program funding is 100% a general fund direct appropriation. Compensations costs represent 89% of program expenditures, supporting 89 FTEs.

Increasing salary costs are attributed to general inflation and the competitive labor market for experienced and highly skilled employees. The core functions of the Department of Finance, such as setting statewide financial management standards, regulating state financial operations, and providing quality budget and financial policy analysis, cannot be performed adequately with entry-level staff.

Budget reductions in the current biennium resulted in 9.5 positions eliminated or held vacant, and reductions in excess of \$720,000 in non-salary expenditures through business process changes. An additional four functional positions will end in FY 2003, which were funded from a one-time appropriation to upgrade the Human Resources and Payroll System.

Key Measures

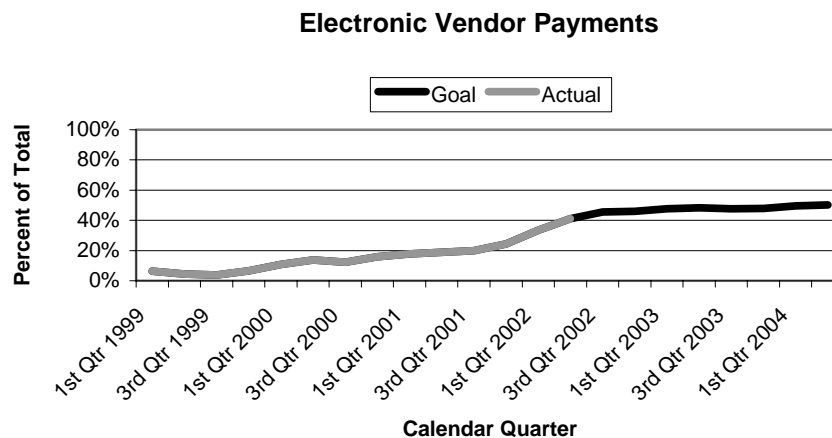
Respected organizations say that the state is fiscally well managed.

- ⇒ Continue to receive the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association. The department has received this award annually for the last 17 years.
- ⇒ Unqualified audit opinion from the Legislative Auditor for the past 18 years.
- ⇒ State bonds rated AAA by Moody's, Standard & Poor's, and Fitch's bond rating services since 1997.
- ⇒ State financial management rated A- by *Governing Magazine* (February 2001).
- ⇒ State capital management rated B+ by *Governing Magazine* (February 2001).

Sell state bonds at or below market index rates:

| | <u>June 1998</u> | <u>Nov. 1998</u> | <u>Aug. 1999</u> | <u>June 2000</u> | <u>Nov. 2000</u> | <u>Oct. 2001</u> | <u>June 2002</u> |
|-------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Index Rate | 4.50% | 4.27% | 4.93% | 5.24% | 5.02% | 4.29% | 4.02% |
| Actual Rate | 4.50% | 4.31% | 4.95% | 5.26% | 5.01% | 4.24% | 3.95% |
| Variance | 0.00% | (0.04)% | (0.02)% | (0.02)% | 0.01% | 0.05% | 0.07% |

Percent of vendor payments made electronically:



Contact

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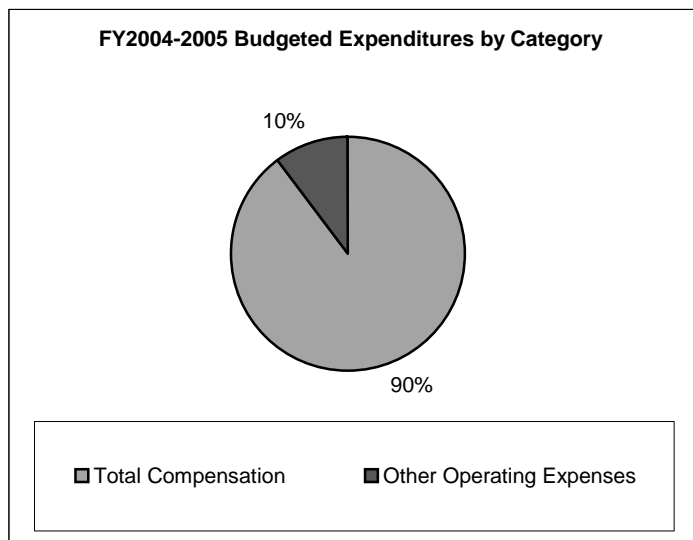
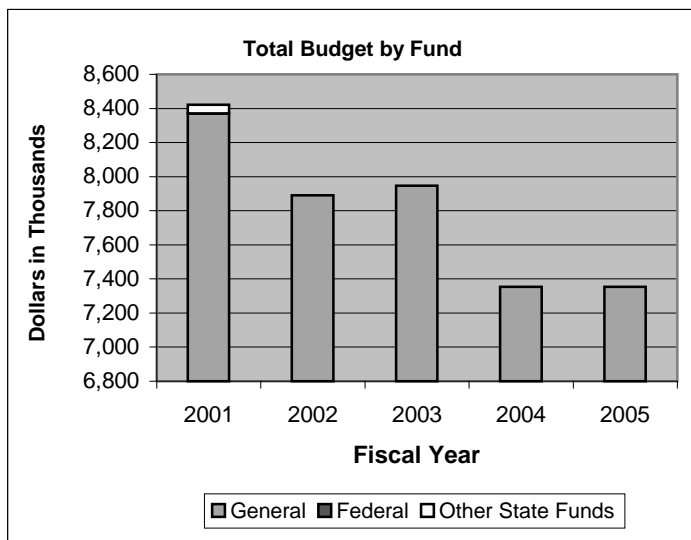
Anne Barry, Acting Commissioner
Phone: (651) 297-7881
Fax: (651) 296-8685

For additional information on how this agency measures whether it is meeting its statewide goals, please refer to <http://www.departmentresults.state.mn.us/>

FINANCE DEPT

Program: STATE FINANCIAL MANAGEMENT

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 8,369 | 7,890 | 7,947 | 7,353 | 7,353 | 14,706 | -1,131 | -7.1% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 53 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Total | 8,422 | 7,890 | 7,947 | 7,353 | 7,353 | 14,706 | -1,131 | -7.1% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 6,687 | 6,875 | 7,254 | 6,772 | 6,772 | 13,544 | -585 | -4.1% |
| Other Operating Expenses | 1,735 | 1,015 | 693 | 781 | 781 | 1,562 | -146 | -8.5% |
| Transfers | 0 | 0 | 0 | -200 | -200 | -400 | -400 | n.m. |
| Total | 8,422 | 7,890 | 7,947 | 7,353 | 7,353 | 14,706 | -1,131 | -7.1% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|--------------|
| Expenditures by Activity | | | | | | | | |
| State Financial Management | 8,422 | 7,890 | 7,947 | 7,353 | 7,353 | 14,706 | -1,131 | -7.1% |
| Total | 8,422 | 7,890 | 7,947 | 7,353 | 7,353 | 14,706 | -1,131 | -7.1% |

| | | | | | | | | |
|---------------------------------|-----------|----------|----------|----------|----------|----------|----------|-------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Special Revenue | 53 | 0 | 0 | 0 | 0 | 0 | 0 | n.m. |
| Subtotal Dedicated | 53 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Total Revenue | 53 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 98.2 | 94.6 | 91.4 | 93.2 | 93.2 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

Program Description

The Information and Management Services program consists of the commissioner's office and the administrative services division, which provides technical staff responsible for the design, maintenance, and operation of the statewide administrative systems, statewide budget systems, computer network, and web services. This program is also responsible for human resources, accounting, budget, and general support.

Population Served

The information management and analysis functions provide information to state agencies, the Governor and executive branch management, the legislature and its staff, governmental and non-governmental organizations, the media, and the public.

State employees, vendors, individuals, school districts, and local governments receive payments through the accounting, payroll, procurement, and human resources information systems.

Services Provided

- ⇒ Manages the computer software applications that provide the state's accounting and procurement functions (MAPS), human resources and payroll processes (SEMA 4), and statewide budget planning (BIS).
- ⇒ Manages the state's information access data warehouse (IA) that provides access to detailed statewide accounting, procurement, payroll, and human resources data used by agencies for operations, analysis, and reporting.
- ⇒ Manages the Department of Finance's computer network, infrastructure, security, desktop computers, and web services.
- ⇒ Manages the internal accounting, payroll, human resources, clerical support services, and office management for the department.

Historical Perspective

The program has been and will continue to be engaged in keeping statewide systems secure and technologically current while providing ongoing improvements and additional electronic government services.

In 1988, Statewide Systems Project (SSP) planning began, and the Statewide Administrative Systems (MAPS, SEMA4, and IA Data Warehouse) were fully implemented in 1995. The 1988 needs assessment identified that the accounting, procurement, and payroll systems were over 15 years old, lacked critical functionality, and deficiencies had led to development of duplicative stand-alone systems in agencies. In addition, there was no automated system for Human Resources, and no central repository of timely data existed for agency use. The systems implemented in 1995 supported statewide processing of payroll and HR transactions, payment of bills, and ad hoc reporting. The last MAPS upgrade was completed in November 1998 and moved us to a Year 2000-compliant version of the software.

Over the past seven years, the value of these systems has consistently increased. Today, they provide financial information management through technological enhancements such as the Enterprise Management Reporting System (EMRS), Electronic Funds Transfer (EFT), MAPS Vendor Payments Web Site, and On-line Paycheck/Advice system. Use of the data warehouse has significantly grown, and it provides agencies with both ad hoc and operational reporting capabilities. The warehouse will continue to play a key role in delivery of information to its wide customer base as the program strategically moves away from mainframe-based reporting.

Program at a Glance

- ◆ Provides services and support to 6,625 Statewide Administrative Systems Users: MAPS 2,833; SEMA4 2,116; IA Data Warehouse 1,676.
- ◆ Manages the department's web site: An average of 500,000 pages are viewed per month.
- ◆ Provides a secure computer environment for Statewide Administrative Systems applications and the department's internal computer environment.
- ◆ Responsible for internal agency operations, including human resources, accounting, budget, and general support.

A SEMA4 technical upgrade project was completed on time and within budget in March 2001. This upgrade moved us to a supported version of the software (version 7.5) and kept the system compatible with other software and systems running within the state's system enterprise. The project was funded in 1999 through a four-year legislative appropriation in the amount of \$6,839,000.

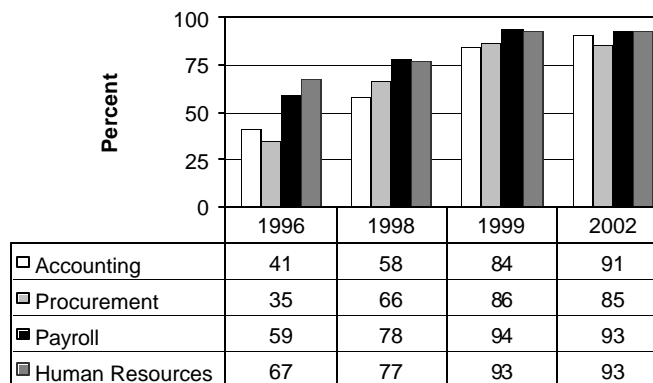
In 2001 the departments of Finance and Employee Relations began a second phase of the upgrade project called SEMA4 Upgrade Phase II. This project involves the upgrade of the statewide SEMA4 HR and Payroll application, reduction of the amount of customizations the state has made to the base product from the vendor, and the addition of the benefits administration application. This upgrade will move the state from PeopleSoft software version 7.5 to version 8.3. The planned implementation date is in the spring of 2003.

Budget reductions in the current biennium resulted in 2.2 positions eliminated or held vacant, and expenditure reductions in excess of \$2.9 million in business processes, professional/technical contracts and technological changes made to statewide systems operations and services. Reductions in the SEMA 4 upgrade project will result in \$1.4 million in one-time savings in addition to the \$2.9 million saved in the operating budget. An additional two technical positions will end in 2003, which were funded with one-time appropriations to upgrade and support the HR and Payroll systems.

Key Measures

⇒ Percentage of users "Satisfied" or "Very Satisfied" with the statewide administrative systems.

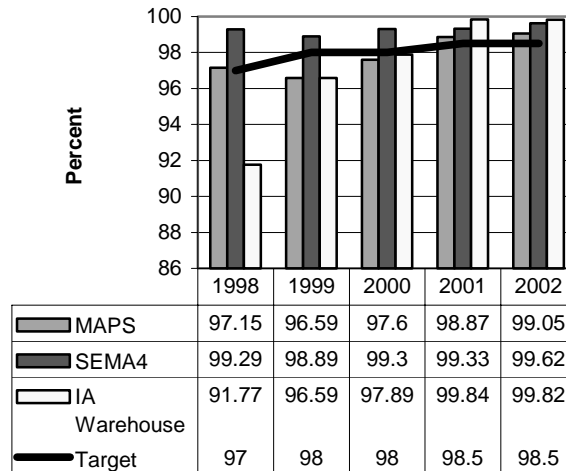
Percentage of users "Satisfied" or "Very Satisfied" with the statewide administrative systems.



User Survey Note: To enable us to make comparisons to earlier surveys, we found it necessary to recalculate percentage by removing the uncertain/no change figures, as they were not an option in the 1999 survey. Please take this information into consideration when referring back to previous survey statistics.

⇒ Percentage of scheduled time that systems are available.

Percentage of scheduled time that systems are available.



For more information: <http://www.finance.state.mn.us/agencyapps/systemssurvey/results/>.

Contact

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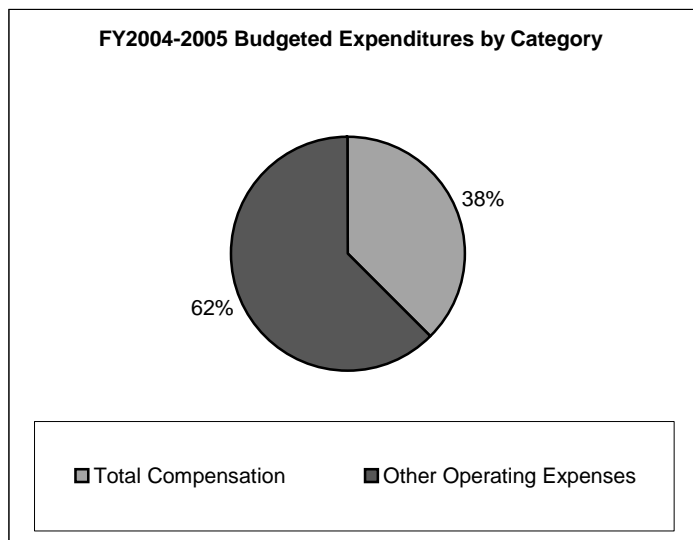
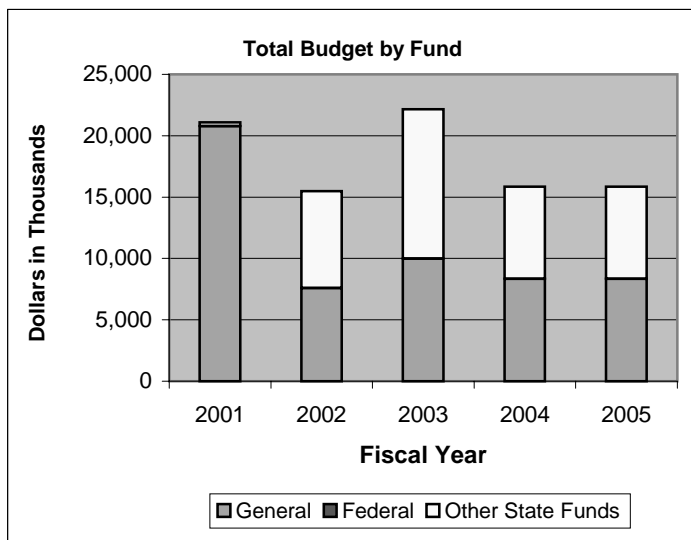
Anne Barry, Acting Commissioner
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For additional information on how this agency measures whether it is meeting its statewide goals, please refer to <http://departmentresults.state.mn.us/>

FINANCE DEPT

Program: INFORMATION & MGMT SERVICES

Fiscal Report



| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|------------------|------------------|--------------------|----------------|----------------|---------------------|--------------------------------------|---------------|
| Expenditures by Fund | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 13,415 | 7,587 | 9,979 | 8,337 | 8,337 | 16,674 | -892 | -5.1% |
| Statutory Appropriations | | | | | | | | |
| General | 7,350 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Special Revenue | 332 | 7,897 | 12,176 | 7,520 | 7,520 | 15,040 | -5,033 | -25.1% |
| Total | 21,097 | 15,484 | 22,155 | 15,857 | 15,857 | 31,714 | -5,925 | -15.7% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Total Compensation | 6,339 | 6,425 | 7,616 | 5,961 | 5,961 | 11,922 | -2,119 | -15.1% |
| Other Operating Expenses | 14,739 | 9,056 | 14,539 | 9,896 | 9,896 | 19,792 | -3,803 | -16.1% |
| Local Assistance | 19 | 3 | 0 | 0 | 0 | 0 | -3 | -100.0% |
| Total | 21,097 | 15,484 | 22,155 | 15,857 | 15,857 | 31,714 | -5,925 | -15.7% |

| Expenditures by Activity | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Information & Mgmt Services | 21,097 | 15,484 | 22,155 | 15,857 | 15,857 | 31,714 | -5,925 | -15.7% |
| Total | 21,097 | 15,484 | 22,155 | 15,857 | 15,857 | 31,714 | -5,925 | -15.7% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|--------------|--------------|---------------|--------------|--------------|---------------|---------------|---------------|
| Dedicated | | | | | | | | |
| General | 7,525 | 0 | 0 | 0 | 0 | 0 | 0 | n.m. |
| Special Revenue | 332 | 9,269 | 10,804 | 7,520 | 7,520 | 15,040 | -5,033 | -25.1% |
| Subtotal Dedicated | 7,857 | 9,269 | 10,804 | 7,520 | 7,520 | 15,040 | -5,033 | -25.1% |
| Total Revenue | 7,857 | 9,269 | 10,804 | 7,520 | 7,520 | 15,040 | -5,033 | -25.1% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 85.3 | 81.1 | 87.6 | 69.5 | 69.5 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

Program Description

By statute, the Department of Finance manages several special statewide accounts that are not a part of its day-to-day operation. As a group, these accounts are referred to as Non-Operating accounts. These accounts deal with a broad range of subjects from higher education, to local pensions, to debt service, to tort claims, to general contingency accounts. This narrative will focus on three of the Non-Operating accounts traditionally addressed in the budget documents: Contingent Accounts, Tort Claims and Debt Service.

These accounts are not reflected in the agency wide financial summary presented earlier.

Services Provided, and Program Funding

Contingent Accounts: Contingent accounts are appropriations made from several state funds to provide supplemental funding for emergencies and other legally authorized purposes. The release and expenditure of this funding requires the approval of the governor after consultation with the Legislative Advisory Commission (LAC). The LAC provides legislative review of the use of these funds during interim periods when the legislature is not in session. With the approval of the governor, supplemental funding for specific purposes is transferred to individual agency budgets; thus, expenditure history appears in the affected agency's budget. As a result of Laws 2002, Chapter 220, the original general fund appropriation was reduced by \$2.6 million for FY 2002 and by \$3.0 million for FY 2003.

| FUND (Dollars in Thousands) | FY 2001 | | FY 2002 | | FY 2003 |
|-------------------------------------|------------------|------------|--------------|------------|--------------|
| | Appr | Spent | Appr | Spent | Orig Appr |
| General Fund (100) | 100 ¹ | 195 | 3,000 | 362 | 3,000 |
| State Government Misc. (170) | 400 | 0 | 400 | 0 | 400 |
| State Airports (220) | 50 | 0 | 50 | 0 | 50 |
| Trunk Highway (270) | 200 | 0 | 200 | 0 | 200 |
| Highway User Tax Distribution (280) | 125 | 0 | 125 | 0 | 125 |
| Workers Compensation (320) | 100 | 0 | 100 | 0 | 100 |
| Total All Funds | 975 | 195 | 3,875 | 362 | 3,875 |

Tort Claims: This account pays tort claim judgments against a state agency that cannot be paid from that agency's appropriated accounts. As specified in M.S. 3.736, subd., 7, "a state agency, including an entity defined as part of the state in Section 3.732, subd. 1, incurring a tort claim judgment or settlement obligation shall seek approval to make payment by submitting a written request to the commissioner of Finance. If the commissioner of Finance determines that the agency has sufficient money in its appropriation accounts, the claim will be paid from these accounts. Otherwise, the payment will be made from the appropriation made to the commissioner of Finance for tort claim payments." As a result of Laws 2002, Chapter 220, the original general fund appropriation was reduced by \$114,000 for FY 2003.

| FUND (Dollars in Thousands) | FY 2001 | | FY 2002 | | FY 2003 |
|--------------------------------|------------------|------------|------------|------------|------------|
| | Appr | Spent | Appr | Spent | Orig Appr |
| General Fund | 275 ¹ | 435 | 275 | 145 | 275 |
| General Fund Highway | 600 | 420 | 0 | 0 | 0 |
| Trunk Highway (270) | 0 | 0 | 600 | 90 | 600 |
| Total All Funds | 875 | 855 | 875 | 235 | 875 |

Indirect Costs: Under M.S. 16A.127, state agencies operating activities with non-general funds (primarily federal) are obligated to prepare an agency wide cost allocation plan and submit it to their cognizant federal agency for approval. This plan must include agency indirect costs, which are administrative support costs that are not directly charged to a specific program. Agencies are required to reimburse the general fund for any portion of these costs that were originally funded by the general fund and that were used to support non-general fund activities. In addition, these non-general fund activities also rely on support from some of the centralized statewide systems financed by the general fund. The non-general fund activities must also reimburse the general fund for these statewide indirect costs. The commissioner of Finance prepares a plan each year that identifies

¹ Balance forward from FY00 covered additional expenditure.

FINANCE DEPT**Program NON-OPERATING ACCOUNTS****Narrative**

the sources and amounts of each agency's statewide indirect costs. The commissioner submits this plan to the cognizant federal agencies for approval, and provides copies to the governor and legislature. The commissioner also records all of the agency and statewide indirect cost reimbursements to the general fund.

Debt Service: This account pays principal and interest on general obligation long-term debt. On December 1 of each year, the commissioner of Finance must transfer to the Debt Service Fund an amount sufficient (with balance on hand and interest income) to pay all principal and interest on bonds due in the following 19 months. The Minnesota Constitution requires the State Auditor to annually levy a statewide property tax sufficient to pay debt service through this 19-month period. Historically, the legislature has made specific debt service appropriations to the commissioner of Finance in order to eliminate the need for levying the statewide property tax. Debt service appropriations are broken down into two categories: existing debt and new issues.

(Dollars in Thousands)

| | FY 2001 | FY 2002 | FY 2003 |
|-----------------------------------|------------------|------------------|------------------|
| Outstanding Debt | | | |
| Total | 2,592,595 | 2,993,645 | 2,953,410 |
| Debt Service Appropriation | | | |
| Existing Debt | 304,994 | 285,575 | 281,268 |
| New Debt Issues | <u>0</u> | <u>0</u> | <u>34,338</u> |
| Total | 304,994 | 285,575 | 315,606 |

Contact

For additional information on general contingency and tort claim accounts contact:

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 Department of Finance
 (651) 296-7858
 Karen.Hinkemeyer@state.mn.us

For additional information on indirect costs contact:

Bruce Reddemann
 Department of Finance
 (651) 296-5188
 Bruce.Reddemann@state.mn.us

For additional information on debt service accounts contact:

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 Department of Finance
 (651) 296-8373
 Sue.Gurrola@state.mn.us

Agency Purpose

The Gambling Control Board regulates lawful gambling in Minnesota, so that citizens are assured of the integrity of the industry and non-profit organizations may continue to raise funds for charitable contributions.

Core Functions

The Gambling Control Board has the power to issue, suspend, and revoke licenses. Additionally, the board conducts periodic audits and compliance reviews involving over 3,000 charitable gambling sites in Minnesota. The audits and reviews help ensure the integrity of operations and accountability of an estimated \$1.4 billion in annual gross receipts. Training and education is provided to licensed organizations affecting over 24,000 registered employees.

Operations

The board is comprised of seven citizens and supported by 30 staff. It provides education, outreach, and guidance to the lawful gambling industry through:

- ◆ compliance reviews and site inspections;
- ◆ continuing education classes;
- ◆ gambling manager seminars;
- ◆ a comprehensive website and newsletter ; and
- ◆ mentoring program.

At A Glance

- ◆ The Gambling Control Board regulates five forms of lawful gambling: (Pull-tabs, raffles, bingo, paddlewheels, and tipboards.)
- ◆ Lawful gambling is a \$1.4 billion per year industry in Minnesota.
- ◆ Net state taxes on lawful gambling are estimated to be \$57 million in FY 2002.
- ◆ Charitable contributions will exceed \$73 million in FY 2002.
- ◆ Permits issued for over 3,000 gambling sites.
- ◆ Licenses/permits issues to
 - 1,450 nonprofit organizations
 - 2,500 exempt organizations
 - 1,000 excluded organizations
 - 12 bingo halls
 - 18 distributors
 - 8 manufacturers
- ◆ The board annually conducts:
 - Compliance reviews of 480 organizations
 - Site inspections of 1,100 gambling sites
 - 150 criminal investigations

Compliance conducts compliance reviews of licensed organizations and educates the industry using training classes, a newsletter, the website, and mentoring.

Investigations uncover theft and fraud in the industry by inspecting gambling products, investigating irregularities noted in compliance reviews, and through allegations made by players.

Licensing reviews license and permit applications for compliance with statutes.

Administration oversees the agency, providing rules coordination, and human resources and administrative support.

Board Expenses are payments to Gambling Control Board members for per diem and travel.

Budget

The agency is funded by a direct general fund appropriation and has a biennial operating budget of \$4.8 million. Though not part of the agency budget, approximately \$1.7 million in general fund receipts are collected by the board biennially in the form of license/permit fees, and penalties and fines. The fees are paid by manufacturers and distributors of gambling equipment, bingo halls, and non-profit organizations. In addition, the state collects approximately \$57 million in net lawful gambling taxes annually.

Contact

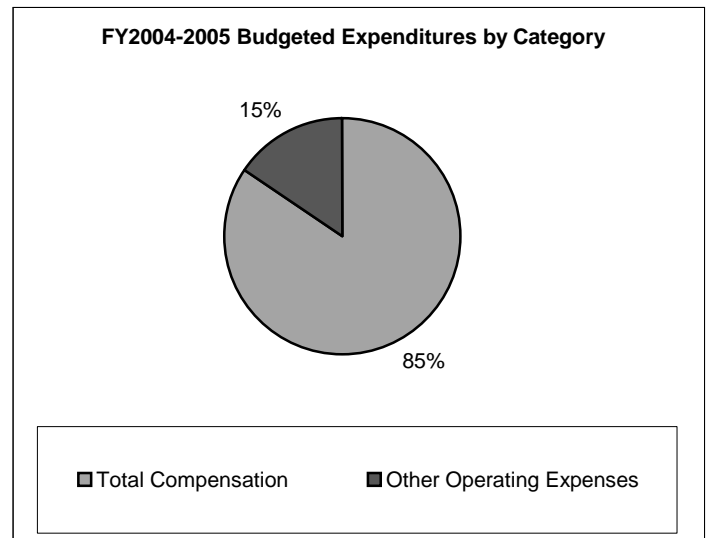
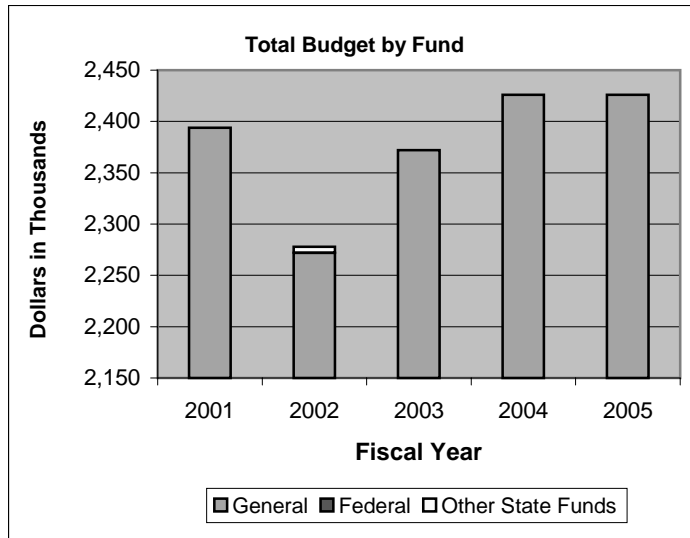
Gambling Control Board
1711 W Co Rd B Suite 300 South
Roseville, Minnesota 55113

World Wide Web Home Page:
<http://www.gcb.state.mn.us>

Tom Barrett, Executive Director

Phone: (651) 639-4090

Fax: (651) 639-4083



| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|------------------|------------------|--------------------|----------------|--------------------|---------------------|--------------------------------------|-------------|
| Expenditures by Fund | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 2,394 | 2,272 | 2,372 | 2,426 | 2,426 | 4,852 | 208 | 4.5% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 0 | 6 | 0 | 0 | 0 | 0 | -6 | -100.0% |
| Total | 2,394 | 2,278 | 2,372 | 2,426 | 2,426 | 4,852 | 202 | 4.3% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|-------------|
| Total Compensation | 1,826 | 1,901 | 1,984 | 2,050 | 2,052 | 4,102 | 217 | 5.6% |
| Other Operating Expenses | 568 | 377 | 388 | 376 | 374 | 750 | -15 | -2.0% |
| Total | 2,394 | 2,278 | 2,372 | 2,426 | 2,426 | 4,852 | 202 | 4.3% |

| Expenditures by Program | | | | | | | | |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|-------------|
| Lawful Gambling Control | 2,394 | 2,278 | 2,372 | 2,426 | 2,426 | 4,852 | 202 | 4.3% |
| Total | 2,394 | 2,278 | 2,372 | 2,426 | 2,426 | 4,852 | 202 | 4.3% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|------------|--------------|------------|--------------|------------|--------------|----------|-------------|
| Non Dedicated | | | | | | | | |
| General | 72 | 1,222 | 555 | 1,099 | 688 | 1,787 | 10 | 0.6% |
| Cambridge Deposit Fund | 513 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 585 | 1,222 | 555 | 1,099 | 688 | 1,787 | 10 | 0.6% |
| Dedicated | | | | | | | | |
| Special Revenue | 0 | 6 | 0 | 0 | 0 | 0 | -6 | -100.0% |
| Subtotal Dedicated | 0 | 6 | 0 | 0 | 0 | 0 | -6 | -100.0% |
| Total Revenue | 585 | 1,228 | 555 | 1,099 | 688 | 1,787 | 4 | 0.2% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 31.7 | 32.0 | 30.4 | 30.4 | 30.4 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

Agency Purpose

As chief executive, the governor oversees all operations of state government and takes the lead in shaping public policy by proposing ideas to the legislature.

Core Functions

The Governor's Office is organized to effectively administer the duties of the chief executive. Major duties of the governor are to:

- ◆ oversee and provide leadership for the day-to-day operations of state government, with emphasis on quality service delivery and state agency responsiveness to Minnesota citizens;
- ◆ appoint state department heads, people to state boards and commissions, and judges for all court systems when vacancies occur;
- ◆ chair the State Executive Council and the Legislative Advisory Commission;
- ◆ serve on the Land Exchange Board and the State Board of Investment;
- ◆ dispatch the National Guard for emergency duty;
- ◆ issue extradition papers;
- ◆ prepare comprehensive, long-range plans for the orderly, coordinated growth of the state;
- ◆ prepare and establish advisory committees to aid in developing legislative proposals and plans for executive action;
- ◆ inform the legislature of the general condition of the state, review the laws passed by the legislature, and call special sessions of the legislature when needed;
- ◆ develop the biennial budget and present it to the legislature;
- ◆ promote business development and help create new jobs with assistance and advice from legislators and business leaders;
- ◆ represent the citizens of the state at various functions at local, state, national, and international levels; and
- ◆ perform all other duties as specified by the laws of the state.

The lieutenant governor's chief duty is to assist the governor in carrying out the functions of the executive branch. The lieutenant governor serves as an extension of the governor, represents the governor, and is prepared to act in the governor's place in the event of the governor's absence or disability. The lieutenant governor is a key member of the governor's cabinet and is involved in major policy and budget decisions.

Part of the lieutenant governor's official duties include:

- ◆ chairing the Capitol Area Architectural Planning Board (CAAPB); and
- ◆ serving as a member of the State Executive Council.

Operations

The Governor's Office is organized by three program areas: Executive Operations, Governor's Residence, and the Washington Office. The Chief of Staff oversees all program areas, and Executive Operations includes four distinct departments: Citizen Outreach, Communications, Operations, and Policy Management.

Budget

The office is funded through a direct appropriation from the General Fund.

At A Glance

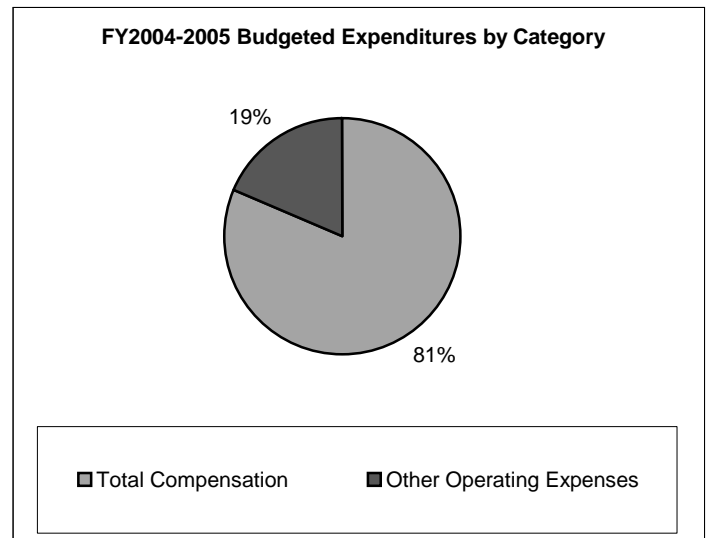
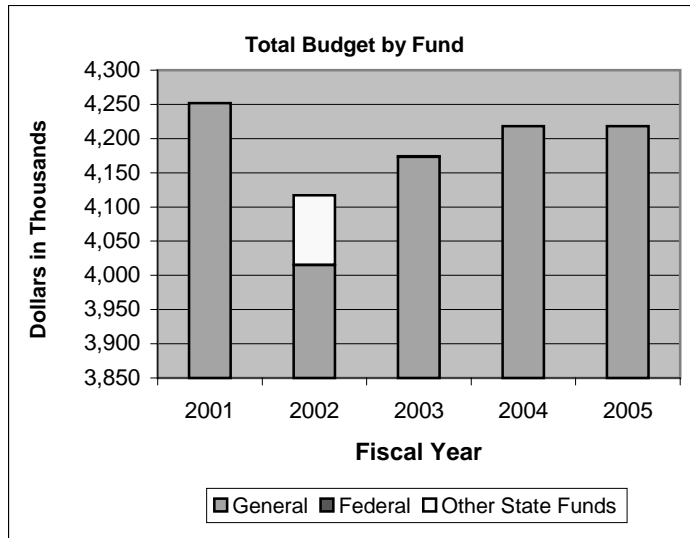
The governor and lieutenant governor, along with their staff:

- ◆ Report to and represent the 4.9 million citizens of Minnesota
- ◆ Manage 25 cabinet-level executive departments and 59 non-cabinet level, executive branch agencies that are comprised of 48,243 state employees (see <http://www.departmentresults.state.mn.us/>)
- ◆ Develop a \$41.6 billion state budget every two years
- ◆ Implement *The Big Plan*, a long-term plan for the state made up of 29 strategic initiatives and 189 results indicators (see <http://www.bigplanresults.state.mn.us.>)
- ◆ Consult with 201 state legislators during annual legislative sessions
- ◆ Appoint 1,000 citizens to 110 boards and commissions
- ◆ Appoint judges to the state's 10 judicial districts, the Court of Appeals, and the Supreme Court
- ◆ Respond to more than 100,000 citizen calls and contacts, conduct hundreds of media interviews, attend scores of meetings, and travel thousands of miles to promote the state of Minnesota.

Contact

Office of the Governor
Chief of Staff or Director of Operations
130 State Capitol
75 Constitution Avenue
Saint Paul, Minnesota 55155
Phone: (651) 296-3391
Fax: (651) 296-2089

World Wide Web Home Page:
www.governor.state.mn.us.



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 4,252 | 4,015 | 4,173 | 4,218 | 4,218 | 8,436 | 248 | 3.0% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 0 | 47 | 0 | 0 | 0 | 0 | -47 | -100.0% |
| Gift | 0 | 55 | 1 | 0 | 0 | 0 | -56 | -100.0% |
| Total | 4,252 | 4,117 | 4,174 | 4,218 | 4,218 | 8,436 | 145 | 1.7% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 3,202 | 3,147 | 3,362 | 3,435 | 3,435 | 6,870 | 361 | 5.5% |
| Other Operating Expenses | 1,050 | 970 | 812 | 783 | 783 | 1,566 | -216 | -12.1% |
| Total | 4,252 | 4,117 | 4,174 | 4,218 | 4,218 | 8,436 | 145 | 1.7% |

| | | | | | | | | |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|-------------|
| Expenditures by Program | | | | | | | | |
| Governors Office | 4,252 | 4,117 | 4,174 | 4,218 | 4,218 | 8,436 | 145 | 1.7% |
| Total | 4,252 | 4,117 | 4,174 | 4,218 | 4,218 | 8,436 | 145 | 1.7% |

| | | | | | | | | |
|---------------------------------|----------|----------|----------|----------|----------|----------|-----------|----------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Special Revenue | 0 | 7 | 0 | 0 | 0 | 0 | -7 | -100.0% |
| Gift | 0 | 2 | 0 | 0 | 0 | 0 | -2 | -100.0% |
| Subtotal Dedicated | 0 | 9 | 0 | 0 | 0 | 0 | -9 | -100.0% |
| Total Revenue | 0 | 9 | 0 | 0 | 0 | 0 | -9 | -100.0% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 51.7 | 48.3 | 45.8 | 45.8 | 45.8 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

Agency Purpose

The statutory mission of the Minnesota Department of Health (MDH) is to protect, maintain, and improve the health of all Minnesotans.

MDH is the state's lead public health agency and works with local public health agencies, federal health agencies, and other organizations to operate programs that protect and improve the health of entire communities, and programs that promote clean water, safe food, quality health care, and healthy personal choices.

Together, these programs are contributing to longer, healthier lives. As a result, Minnesota is consistently ranked one of the healthiest states in the country.

Core Functions

While MDH is perhaps best known for responding to disease outbreaks, the department's core functions are very diverse and far-reaching, and focus on preventing health problems in the first place.

- ⇒ Preventing Diseases: MDH detects and investigates disease outbreaks, controls the spread of disease, encourages immunizations, and seeks to prevent chronic and infectious diseases, including HIV/AIDS, TB, and cancer. The department's public health laboratories analyze some of the most complex and dangerous biological, chemical, and radiological substances known, employing techniques not available privately or from other government agencies.
- ⇒ Reducing Health Hazards: MDH identifies and evaluates potential health hazards in the environment, from simple sanitation to risks associated with toxic waste sites and nuclear power plants. The department protects the safety of public water supplies and the quality of the food eaten in restaurants. It also works to safeguard the air inside public places.
- ⇒ Protecting Health Care Consumers: MDH safeguards the quality of health care in the state by regulating many people and institutions that provide care, including HMOs and nursing homes. Minnesota has pioneered improvements in the health care system, including the development of policies that assure access to affordable, high-quality care which are models for the nation. The department monitors trends in costs, quality, and access in order to inform future policy decisions.
- ⇒ Promoting Good Health: MDH provides information and services that help people make healthy choices. The department protects the health of mothers and children through the supplemental nutrition program Women, Infants and Children (WIC) and services for children with special health needs. Minnesota was one of the first states to regulate smoking in public places, and has developed tobacco prevention strategies used nationwide. MDH programs also address mental health, occupational safety, and violence.
- ⇒ Achieving Success Through Partnership: Minnesota has a nationally renowned public health system built on well-articulated state and local government roles. MDH provides both technical and financial assistance to local public health agencies so they can provide programs and services meeting the unique needs of their communities.

Operations

Many core public health functions are carried out directly by MDH staff. Examples include:

- ◆ the scientists and epidemiologists who work in the laboratories and the cities and neighborhoods of the state to identify the nature, sources and means of treatment of disease outbreaks and food borne illness;
- ◆ the nursing home inspectors who make sure that elderly citizens are provided with safe and appropriate health care and treated with respect and dignity;
- ◆ the environmental engineers who work with cities and towns to assure that municipal water systems provide water that is safe for families to drink;

At A Glance

The Minnesota Department of Health (MDH) is one of the top state health departments in the country.

MDH has earned an international reputation for being on the cutting edge of disease detection and control and developing new public health methods.

MDH workforce of 1,300 includes many MD's, PhD's, nurses, health educators, biologists, chemists, epidemiologists, and engineers.

MDH program resources are deployed in the Twin Cities and seven regional offices statewide, to better serve the state population.

- ◆ the laboratory scientists who conduct sophisticated tests to detect treatable metabolic errors in all newborn babies; and
- ◆ the scientists and policy experts who collect, and evaluate information about environmental trends, the health status of the public, quality of health services, and other emerging issues, and carry out public health improvement programs.

MDH provides technical and financial assistance to local public health agencies, public and private care providers, non-governmental organizations, and teaching institutions. Technical assistance provides the department's partners access to current scientific knowledge and is commonly in the form of direct consultation, formal reports, and training.

While pursuing its core activities, MDH will focus special attention on the following strategic directions: eliminating disparities in health status among American Indians and populations of color; improving readiness/response capability for emerging health threats; supporting communities to raise healthy youth; and planning for the health care needs of the future.

Budget

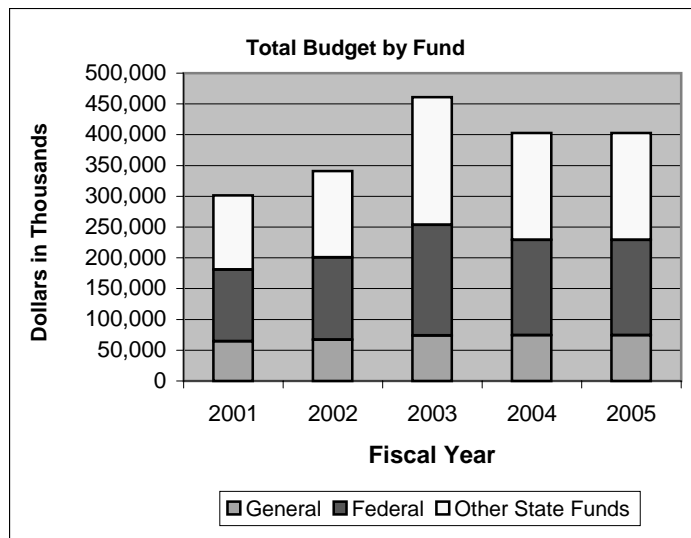
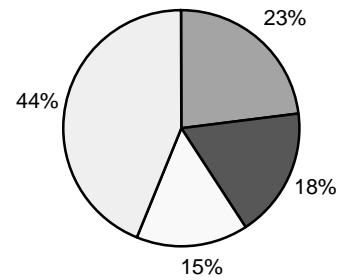
MDH receives 79% of its funding from non-general fund resources—the federal government, the tobacco endowments, fees, the health care access fund, and other revenues. The General Fund accounts for the remaining 21% of the budget. Approximately 57% of the budget is “passed through” to local governments, non-profit organizations, community hospitals and teaching institutions in the form of grants; 23% represents the cost of the professional and technical staff that carry out the department's core functions; and 20% is for other operating costs, primarily for technology and space.

Contact

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E-mail: david.johnson@health.state.mn.us.

| | |
|-----------------------------|---|
| Strategic Directions | http://www.health.state.mn.us/divs/opa/strategy.htm |
| Agency Overview | http://www.health.state.mn.us/divs/opa/overview01.pdf |
| Agency Performance Measures | http://www.departmentresults.state.mn.us/health/index.html |

**FY2004-2005 Budgeted Expenditures by Category**

■ Total Compensation ■ Other Operating Expenses
 □ Payments To Individuals □ Local Assistance

| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
|----------------------------------|------------------|------------------|--------------------|----------------|----------------|---------------------|--------------------------------------|-------------|
| Expenditures by Fund | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 64,284 | 66,915 | 73,981 | 74,098 | 74,178 | 148,276 | 7,380 | 5.2% |
| Minnesota Resources | 117 | 15 | 0 | 0 | 0 | 0 | -15 | -100.0% |
| State Government Special Revenue | 23,118 | 21,770 | 31,714 | 28,931 | 28,931 | 57,862 | 4,378 | 8.2% |
| Health Care Access | 10,945 | 10,196 | 10,133 | 7,374 | 7,374 | 14,748 | -5,581 | -27.5% |
| Federal Tanf | 2,866 | 5,971 | 26,029 | 9,000 | 9,000 | 18,000 | -14,000 | -43.8% |
| Solid Waste | 213 | 158 | 242 | 0 | 0 | 0 | -400 | -100.0% |
| Open Appropriations | | | | | | | | |
| Medical Education & Research | 31,565 | 48,920 | 91,094 | 72,895 | 72,895 | 145,790 | 5,776 | 4.1% |
| Tobacco Use Prevention | 14,587 | 19,363 | 29,648 | 24,305 | 24,305 | 48,610 | -401 | -0.8% |
| Statutory Appropriations | | | | | | | | |
| Drinking Water Revolving Fund | 0 | 490 | 1,038 | 522 | 522 | 1,044 | -484 | -31.7% |
| Special Revenue | 39,860 | 39,141 | 43,361 | 39,699 | 39,597 | 79,296 | -3,206 | -3.9% |
| Federal | 113,537 | 127,991 | 153,472 | 146,119 | 146,030 | 292,149 | 10,686 | 3.8% |
| Miscellaneous Agency | 109 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Gift | 152 | 92 | 167 | 26 | 26 | 52 | -207 | -79.9% |
| Total | 301,353 | 341,022 | 460,879 | 402,969 | 402,858 | 805,827 | 3,926 | 0.5% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|--------------|-------------|
| Total Compensation | 74,402 | 77,688 | 96,499 | 93,225 | 93,370 | 186,595 | 12,408 | 7.1% |
| Other Operating Expenses | 60,902 | 57,066 | 97,022 | 71,338 | 71,328 | 142,666 | -11,422 | -7.4% |
| Capital Outlay & Real Property | 281 | 68 | 4 | 4 | 4 | 8 | -64 | -88.9% |
| Payments To Individuals | 57,026 | 61,139 | 59,200 | 61,391 | 61,391 | 122,782 | 2,443 | 2.0% |
| Local Assistance | 108,380 | 144,631 | 207,729 | 176,631 | 176,385 | 353,016 | 656 | 0.2% |
| Other Financial Transactions | 362 | 430 | 425 | 425 | 425 | 850 | -5 | -0.6% |
| Transfers | 0 | 0 | 0 | -45 | -45 | -90 | -90 | n.m |
| Total | 301,353 | 341,022 | 460,879 | 402,969 | 402,858 | 805,827 | 3,926 | 0.5% |

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|--------------------------------|----------------|----------------|-----------------|----------------|----------------|-----------------|--------------------------|----------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Expenditures by Program | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Health Improvement | 166,297 | 187,355 | 239,619 | 210,940 | 210,446 | 421,386 | -5,588 | -1.3% |
| Health Quality And Access | 59,337 | 75,848 | 123,010 | 101,722 | 101,668 | 203,390 | 4,532 | 2.3% |
| Health Protection | 54,842 | 57,651 | 75,000 | 67,327 | 67,770 | 135,097 | 2,446 | 1.8% |
| Management & Support Services | 20,877 | 20,168 | 23,250 | 22,980 | 22,974 | 45,954 | 2,536 | 5.8% |
| Total | 301,353 | 341,022 | 460,879 | 402,969 | 402,858 | 805,827 | 3,926 | 0.5% |

Revenue by Type and Fund**Non Dedicated**

| | | | | | | | | |
|----------------------------------|--------|--------|--------|--------|--------|--------|-------|---------|
| General | 33 | 5 | 3 | 0 | 0 | 0 | -8 | -100.0% |
| State Government Special Revenue | 20,757 | 24,450 | 25,751 | 25,912 | 26,275 | 52,187 | 1,986 | 4.0% |
| Health Care Access | 0 | 20 | 0 | 0 | 0 | 0 | -20 | -100.0% |
| Subtotal Non Dedicated | 20,790 | 24,475 | 25,754 | 25,912 | 26,275 | 52,187 | 1,958 | 3.9% |

Dedicated

| | | | | | | | | |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|-------------|
| Drinking Water Revolving Fund | 0 | 490 | 1,038 | 522 | 522 | 1,044 | -484 | -31.7% |
| General | 18 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Special Revenue | 33,129 | 32,779 | 32,038 | 33,428 | 33,325 | 66,753 | 1,936 | 3.0% |
| Federal | 120,639 | 130,841 | 155,036 | 152,123 | 152,034 | 304,157 | 18,280 | 6.4% |
| Medical Education & Research | 41,382 | 54,871 | 74,165 | 72,895 | 72,895 | 145,790 | 16,754 | 13.0% |
| Miscellaneous Agency | 126 | 109 | 175 | 175 | 175 | 350 | 66 | 23.2% |
| Gift | 86 | 32 | 26 | 26 | 26 | 52 | -6 | -10.3% |
| Subtotal Dedicated | 195,380 | 219,122 | 262,478 | 259,169 | 258,977 | 518,146 | 36,546 | 7.6% |
| Total Revenue | 216,170 | 243,597 | 288,232 | 285,081 | 285,252 | 570,333 | 38,504 | 7.2% |

| | | | | | |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Full-Time Equivalents (FTE) | 1,246.2 | 1,236.8 | 1,371.3 | 1,376.9 | 1,376.5 |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|

Program Description

The purpose of the Health Improvement Program is to improve health through bringing together diverse expertise and systems to effectively direct resources to measurably improve the health of individuals, families and communities, with particular attention to those experiencing health disparities.

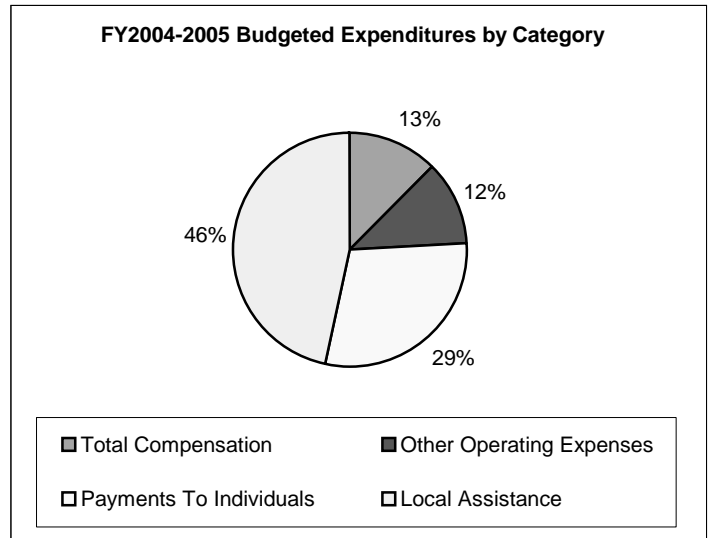
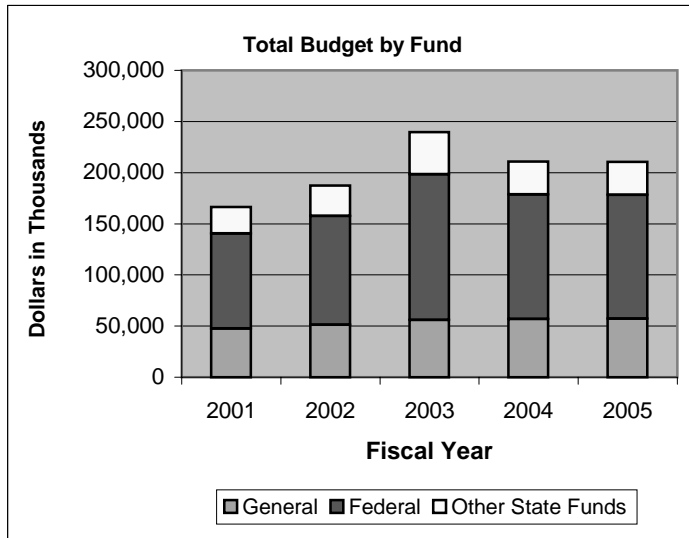
Budget Activities Included:

- ⇒ Community Health
- ⇒ Family Health
- ⇒ Health Promotion and Chronic Disease
- ⇒ State Center for Health Statistics
- ⇒ Office of Minority and Multicultural Health

HEALTH DEPT

Program: HEALTH IMPROVEMENT

Fiscal Report



| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
|----------------------------------|------------------|------------------|--------------------|----------------|--------------------|---------------------|--------------------------------------|--------------|
| Expenditures by Fund | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 47,509 | 51,452 | 55,933 | 57,020 | 57,160 | 114,180 | 6,795 | 6.3% |
| State Government Special Revenue | 2,278 | 1,492 | 2,273 | 1,987 | 1,987 | 3,974 | 209 | 5.6% |
| Health Care Access | 7,227 | 7,269 | 6,390 | 4,097 | 4,097 | 8,194 | -5,465 | -40.0% |
| Federal Tanf | 2,866 | 5,971 | 26,029 | 9,000 | 9,000 | 18,000 | -14,000 | -43.8% |
| Open Appropriations | | | | | | | | |
| Tobacco Use Prevention | 14,587 | 19,363 | 29,648 | 24,305 | 24,305 | 48,610 | -401 | -0.8% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 1,651 | 1,584 | 2,866 | 1,849 | 1,757 | 3,606 | -844 | -19.0% |
| Federal | 90,070 | 100,210 | 116,434 | 112,681 | 112,139 | 224,820 | 8,176 | 3.8% |
| Gift | 109 | 14 | 46 | 1 | 1 | 2 | -58 | -96.7% |
| Total | 166,297 | 187,355 | 239,619 | 210,940 | 210,446 | 421,386 | -5,588 | -1.3% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|--------------|
| Total Compensation | 20,861 | 21,849 | 28,309 | 26,524 | 26,479 | 53,003 | 2,845 | 5.7% |
| Other Operating Expenses | 18,024 | 17,703 | 43,777 | 24,711 | 24,508 | 49,219 | -12,261 | -19.9% |
| Payments To Individuals | 57,026 | 61,139 | 59,200 | 61,391 | 61,391 | 122,782 | 2,443 | 2.0% |
| Local Assistance | 70,386 | 86,664 | 108,333 | 98,314 | 98,068 | 196,382 | 1,385 | 0.7% |
| Total | 166,297 | 187,355 | 239,619 | 210,940 | 210,446 | 421,386 | -5,588 | -1.3% |

| Expenditures by Activity | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|--------------|
| Community Health | 29,583 | 34,870 | 45,515 | 45,431 | 45,267 | 90,698 | 10,313 | 12.8% |
| Family Health | 102,046 | 109,569 | 128,699 | 112,805 | 112,805 | 225,610 | -12,658 | -5.3% |
| Health Promotion & Chronic Dis | 29,724 | 34,580 | 51,307 | 41,479 | 41,038 | 82,517 | -3,370 | -3.9% |
| Mn Center For Health Statistic | 4,493 | 3,835 | 5,378 | 4,328 | 4,439 | 8,767 | -446 | -4.8% |
| Minority & Multicultural Hlth | 451 | 4,501 | 8,720 | 6,897 | 6,897 | 13,794 | 573 | 4.3% |
| Total | 166,297 | 187,355 | 239,619 | 210,940 | 210,446 | 421,386 | -5,588 | -1.3% |

HEALTH DEPT

Program: HEALTH IMPROVEMENT

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------------|---------------|----------------|----------------|----------------|----------------|----------------|-------------------|-------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Revenue by Type and Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Non Dedicated | | | | | | | | |
| General | 30 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| State Government Special Revenue | 704 | 557 | 753 | 711 | 711 | 1,422 | 112 | 8.5% |
| Health Care Access | 0 | 20 | 0 | 0 | 0 | 0 | -20 | -100.0% |
| Subtotal Non Dedicated | 734 | 577 | 753 | 711 | 711 | 1,422 | 92 | 6.9% |
| Dedicated | | | | | | | | |
| General | 18 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Special Revenue | 1,209 | 1,572 | 1,873 | 1,457 | 1,369 | 2,826 | -619 | -18.0% |
| Federal | 91,308 | 98,523 | 112,056 | 112,681 | 112,139 | 224,820 | 14,241 | 6.8% |
| Gift | 54 | 1 | 1 | 1 | 1 | 2 | 0 | 0.0% |
| Subtotal Dedicated | 92,589 | 100,096 | 113,930 | 114,139 | 113,509 | 227,648 | 13,622 | 6.4% |
| Total Revenue | 93,323 | 100,673 | 114,683 | 114,850 | 114,220 | 229,070 | 13,714 | 6.4% |
| | | | | | | | | |
| Full-Time Equivalents (FTE) | 353.1 | 344.0 | 359.7 | 374.4 | 374.0 | | | |

Activity Description

The Community Health activity provides responsive leadership to strengthen and mobilize systems to assure the health of all Minnesotans. This activity provides assistance to local public health agencies, increases access to health care for rural and other underserved Minnesotans, and develops and supports cooperative health partnerships among state and local governments, health care providers, other health-related organizations, communities and individuals. The Community Health activity also supports Minnesota's complex public health and health care delivery systems with a combination of technical assistance activities, grants programs, and cooperative policy development.

Activity at a Glance

- ◆ Administer 22 grant programs with grants to over 630 individual grantees.
- ◆ Assisted in 5,000+ local health disease investigations and 21 statewide outbreaks in 2000.
- ◆ Provided 258 rural communities with health-related financial or technical aid since 2000.
- ◆ Provide technical and financial assistance to the 50 health boards which serve all areas of the state based on locally established health priorities.

Population Served

The entire population of the state is served by this activity through its work with Minnesota's 50 local community health boards and its partnerships with statewide public, private and nonprofit health organizations. The activity also has a special focus on the state's 2.2 million rural residents and on its medically underserved urban population.

Services Provided

- ⇒ Help local health departments meet their public health responsibilities and priorities through administering a \$19 million public health subsidy, providing technical assistance to local health boards and staff, and providing public health training to local public health staff.
- ⇒ Monitor, analyze and support Minnesota's rural health system in order to maintain access to quality health care by targeting state and federal assistance to those communities whose health providers and systems are most in need.
- ⇒ Establish comprehensive and coordinated public health policies and programs in Minnesota's complex public health system by providing support to working committees representing the majority of the groups with key responsibilities in maintaining and improving public health.

Historical Perspective

Minnesota's decentralized public health system depends on local health departments for many day to day operating activities (e.g. maternal and child health, Women, Infants and Children (WIC), on the health care delivery system and local public health departments for disease surveillance and treatment, and on the state health department for a combination of expertise (e.g. specialized laboratory services), technical assistance (e.g. groundwater mapping and monitoring) and direct services (e.g. disease outbreak epidemiology). Maintaining these interlocking systems in a "state of readiness" so they respond rapidly and efficiently requires ongoing coordinated work among all areas. The public health system "state of readiness" has been tested repeatedly in recent years and has been able to respond without delay and without major infusions of highly targeted dollars because Minnesota has maintained an investment in the system. State and local public health have played major roles in identifying and controlling HIV/AIDS, in responding to flooding in several areas of the state, and in responding to numerous disease outbreaks, including the recent anthrax scare. As importantly, this decentralized system has helped prevent diseases and disability through programs such as those that increase immunization rates, reduce smoking, prevent and control diabetes, assure safety in restaurants and health care facilities, encourage wellness, support long-term care and home care and provide health education.

Minnesota began experiencing loss of its small rural hospitals and providers in the mid-1980s. Minnesota's early work in building a statewide rural health plan laid a strong foundation for MDH's current programs to reduce small rural hospital closures, strengthen the health care workforce, encourage regional cooperation among services and stabilize the rural health care system, which continues to face persistent challenges.

HEALTH DEPT

Program: HEALTH IMPROVEMENT

Activity: COMMUNITY HEALTH

Narrative

Key Measures

Protect public health by increasing the percentage of city and county public health agencies (n=91) that have completed a health annex to their local emergency response plans.

| History | Current | Target |
|------------|---------|--------|
| 1999 | 2001 | 2003 |
| 50% (est.) | 99% | 100% |

Source: MDH Community Health Division, Office of Public Health Practice

Maintain access to care statewide by monitoring, analyzing and supporting Minnesota's rural health system. A 1999 evaluation of the rural loan repayment program found that 100% of physicians in the program continued practicing in their communities after their loan practice obligation had been fulfilled.

Source: MDH Office of Rural Health and Primary Care

Ensure an effective state and local public health system by providing support to working committees representing groups with key responsibilities in making the public health system successful. A recent (2001) independent evaluation by the Board of Government Innovation and Cooperation stated that the State Community Health Services Advisory Committee (SCHSAC) was a "model to increase state-local government communication, cooperation, and understanding." This report also stated in its findings that not only was the SCHSAC a useful problem-solving/policy making group, but that the model resulted in fewer public health mandates on local government.

Source: Board of Government Innovation and Cooperation

Contact

Mary Sheehan, Director

Community Health Division

Phone: (651)296-9720

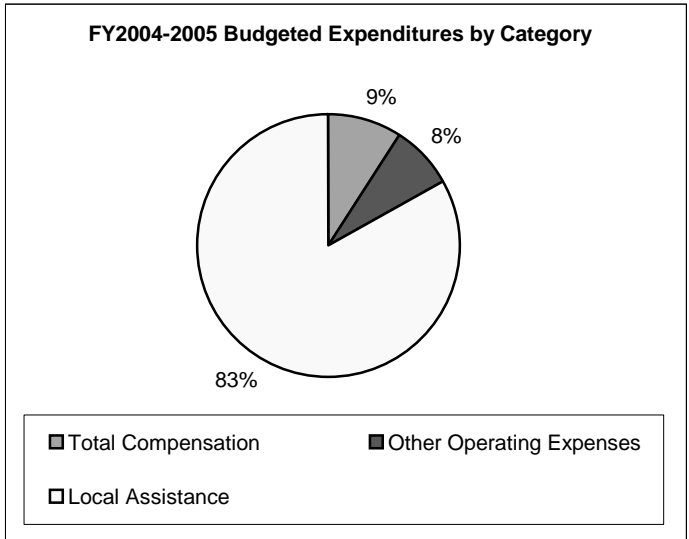
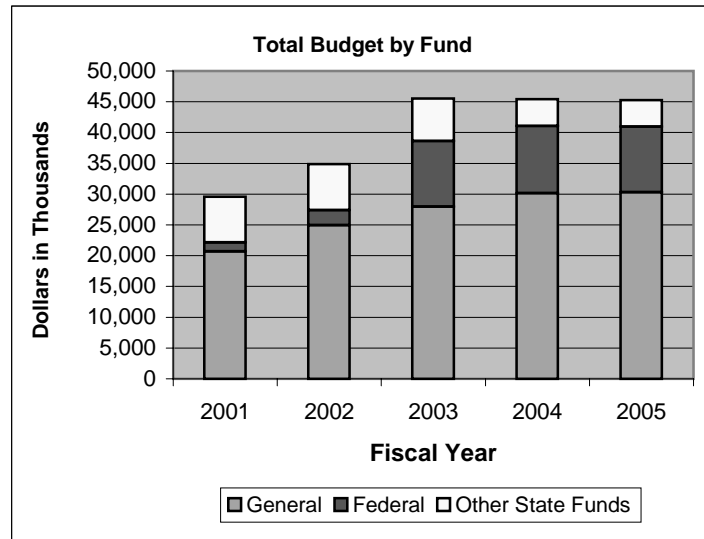
E-mail: Mary.Sheehan@health.state.mn.us

HEALTH DEPT

Program: **HEALTH IMPROVEMENT**

Activity: **COMMUNITY HEALTH**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 20,679 | 24,927 | 27,955 | 30,159 | 30,299 | 60,458 | 7,576 | 14.3% |
| Health Care Access | 7,227 | 7,269 | 6,390 | 4,097 | 4,097 | 8,194 | -5,465 | -40.0% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 235 | 231 | 490 | 282 | 196 | 478 | -243 | -33.7% |
| Federal | 1,441 | 2,443 | 10,677 | 10,893 | 10,675 | 21,568 | 8,448 | 64.4% |
| Gift | 1 | 0 | 3 | 0 | 0 | 0 | -3 | -100.0% |
| Total | 29,583 | 34,870 | 45,515 | 45,431 | 45,267 | 90,698 | 10,313 | 12.8% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Total Compensation | 2,816 | 2,965 | 4,424 | 4,208 | 4,190 | 8,398 | 1,009 | 13.7% |
| Other Operating Expenses | 1,549 | 1,112 | 3,913 | 3,522 | 3,472 | 6,994 | 1,969 | 39.2% |
| Payments To Individuals | 664 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Local Assistance | 24,554 | 30,793 | 37,178 | 37,701 | 37,605 | 75,306 | 7,335 | 10.8% |
| Total | 29,583 | 34,870 | 45,515 | 45,431 | 45,267 | 90,698 | 10,313 | 12.8% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|--------------|--------------|---------------|---------------|---------------|---------------|--------------|--------------|
| Non Dedicated | | | | | | | | |
| Health Care Access | 0 | 20 | 0 | 0 | 0 | 0 | -20 | -100.0% |
| Subtotal Non Dedicated | 0 | 20 | 0 | 0 | 0 | 0 | -20 | -100.0% |
| Dedicated | | | | | | | | |
| Special Revenue | 253 | 174 | 313 | 231 | 145 | 376 | -111 | -22.8% |
| Federal | 2,845 | 1,804 | 11,115 | 11,238 | 11,020 | 22,258 | 9,339 | 72.3% |
| Subtotal Dedicated | 3,098 | 1,978 | 11,428 | 11,469 | 11,165 | 22,634 | 9,228 | 68.8% |
| Total Revenue | 3,098 | 1,998 | 11,428 | 11,469 | 11,165 | 22,634 | 9,208 | 68.6% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 47.1 | 45.8 | 60.2 | 62.1 | 62.1 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

Activity Description

The Family Health activity protects and promotes the health and well-being of all Minnesota women, infants, children, youth, and families. Maternal and child health is an important reflection of the social and economic well-being of Minnesota families and a strong predictor of the health of our future generations.

Population Served

The population served includes women, infants, children and adolescents and their families, with a special focus on those most vulnerable and likely to be at risk for or experiencing poor health status: the homeless or hard-to-reach; those living in poverty; those from racial, ethnic and cultural groups with unique health care issues; and children who have special health care needs.

Services Provided

- ⇒ Provision of healthy foods, nutrition assessment and education and health care referrals to improve the health and nutrition status of pregnant and postpartum women, infants, young children and the elderly.
- ⇒ Assessment of needs, collaborative planning, technical consultation, professional education and training, public information and provision of grant funds to community health boards, Tribal Governments and other community-based and statewide organizations to improve pregnancy outcomes and the health status of children, youth, women and their families, with particular attention placed on those who experience disparities.
- ⇒ Specialty medical assessment and care in underserved areas of the state for children with chronic illness and disabilities.
- ⇒ Facilitation of interagency collaborative planning and provision of services to children and youth with disabilities at both the state and local levels.
- ⇒ Consultation, information, training, and on-site technical assistance to enhance collaborative efforts among schools, communities and families to improve the health and educational status of Minnesota's children and youth through a coordinated approach to school health.
- ⇒ Technical assistance, education, training and resources to support, in partnership with local public health, implementation of community strategies targeted at reducing risky health behaviors among adolescents and promoting healthy adolescent development.
- ⇒ Technical assistance, training and capacity building of communities in mental health promotion and suicide prevention.

Historical Perspective

Healthier mothers and babies, and family planning are both included on the list of Ten Great Public Health Achievements, 1900-1999 from the Centers for Disease Control and Prevention. Nevertheless, infant mortality and teen pregnancy rates are still higher here than in many industrialized countries. The core programs of Maternal and Child Health and Children with Special Health Needs have been supported through the federal government for almost 70 years, and the Women, Infants and Children (WIC) program was established over 25 years ago to improve health of women and children.

Although much has changed over these years, there remain significant needs that negatively influence the health of Minnesota families. Many of the health problems that women, infants, and children experience are preventable and require our ongoing attention. Preventive health care for children and adolescents is inadequate and/or unavailable for many. Injuries have become the leading cause of death for children aged 1 to 19 years. Adolescents have identified mental health services as their greatest need, yet accessible mental health services

Activity at a Glance

- ◆ Each month approximately 102,000 low-income pregnant women and children receive WIC supplemental food and nutrition services.
- ◆ In 2001, prenatal classes were provided to 23,000 women.
- ◆ In 2001, over 40,000 individuals obtained contraceptive services.
- ◆ Currently 80% of hospitals are screening newborns for hearing loss.
- ◆ Currently 13,600 women, children and elderly are provided with commodity food products.
- ◆ In 2001, over 26,000 children with special health care needs received services.

HEALTH DEPT

Program: HEALTH IMPROVEMENT

Activity: FAMILY HEALTH

Narrative

for children and adolescents are hard to find. Poor or unsafe childcare jeopardizes children's health, safety, and development. Understanding and support for unique health needs and issues of women remains insufficient.

Key Measures

Improve the health of newborns by reducing the percent of singleton infants born with low birth weight.

| | History | Current | Target |
|-------------|---------|---------|--------|
| Fiscal Year | 1998 | 2001 | 2005 |
| | 4.4 % | 4.5 % | 4.0 % |

Source: Minnesota Department of Health

Note: Low birth-weight infants are at higher risk of death or long-term illness and disability than are infants of normal weight. In addition, low birth-weight accounts for most of the disparity in infant mortality rates between African American and Whites.

Improve the health of infants by increasing the percent of mothers who breastfeed their infants at hospital discharge.

| | History | Current | Target |
|-------------|---------|---------|--------|
| Fiscal Year | 1997 | 2000 | 2005 |
| | 72 % | 76 % | 79 % |

Source: Minnesota Department of Health

Note: Extensive research has established that breastfeeding is the ideal method for feeding infants, imparting both short- and long-term benefits for both the infant and mother.

Improve the early identification of children with special health care needs by increasing the percent of newborns screened for hearing impairment before hospital discharge.

| | History | Current | Target |
|-------------|---------|---------|--------|
| Fiscal Year | 1997 | 2001 | 2005 |
| | 8 % | 75 % | 95 % |

Source: Minnesota Department of Health

Note: Hearing loss is the most common detectable disability in newborns. Research indicates that hearing-impaired infants who receive intervention by six months of age can develop normal cognitive, social and language skills.

Improve the health of youth by increasing the percent of adolescents who abstain from sexual intercourse or always use condoms if sexually active.

| | History | Current | Target |
|---|---------|---------|--------|
| | 1998 | 2001 | 2004 |
| 12 th graders who are abstinent | 50 % | 51 % | 53 % |
| 12 th graders who use condoms if sexually active | 40 % | 43 % | 45 % |

Source: Minnesota Student Survey

Note: The overall teen pregnancy rates in Minnesota have declined 17% in the past decade, and the STI rate has remained relatively stable. However, these numbers mask significant disparities in teen pregnancy and STI rates between Whites and African American, American Indian, Asian, and Hispanic populations.

HEALTH DEPT

Program: HEALTH IMPROVEMENT

Activity: FAMILY HEALTH

Narrative

Contact

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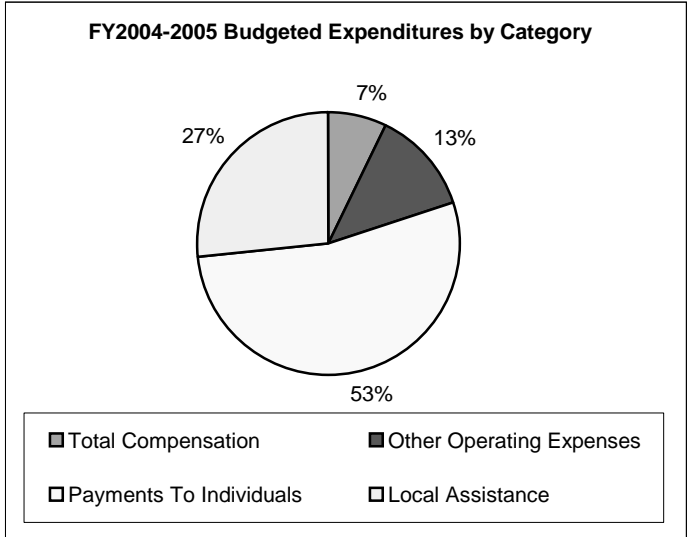
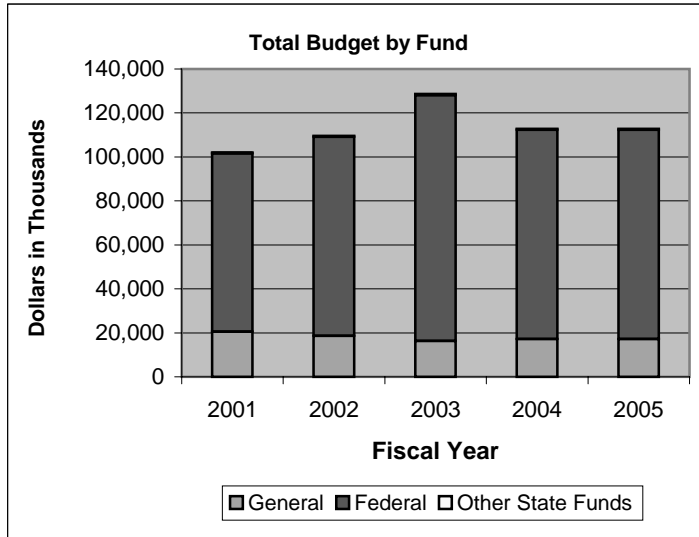
E-mail: jan.jernell@state.mn.us

HEALTH DEPT

Program: **HEALTH IMPROVEMENT**

Activity: FAMILY HEALTH

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|----------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 20,457 | 18,588 | 16,241 | 17,199 | 17,199 | 34,398 | -431 | -1.2% |
| State Government Special Revenue | 123 | 130 | 128 | 128 | 128 | 256 | -2 | -0.8% |
| Federal Tanf | 2,866 | 5,513 | 22,487 | 7,000 | 7,000 | 14,000 | -14,000 | -50.0% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 352 | 348 | 470 | 281 | 281 | 562 | -256 | -31.3% |
| Federal | 78,248 | 84,990 | 89,347 | 88,196 | 88,196 | 176,392 | 2,055 | 1.2% |
| Gift | 0 | 0 | 26 | 1 | 1 | 2 | -24 | -92.3% |
| Total | 102,046 | 109,569 | 128,699 | 112,805 | 112,805 | 225,610 | -12,658 | -5.3% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--------------|
| Total Compensation | 6,836 | 6,746 | 8,505 | 7,999 | 7,999 | 15,998 | 747 | 4.9% |
| Other Operating Expenses | 11,538 | 12,363 | 31,095 | 14,689 | 14,689 | 29,378 | -14,080 | -32.4% |
| Payments To Individuals | 54,926 | 59,600 | 57,460 | 59,879 | 59,879 | 119,758 | 2,698 | 2.3% |
| Local Assistance | 28,746 | 30,860 | 31,639 | 30,238 | 30,238 | 60,476 | -2,023 | -3.2% |
| Total | 102,046 | 109,569 | 128,699 | 112,805 | 112,805 | 225,610 | -12,658 | -5.3% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|--------------|-------------|
| Non Dedicated | | | | | | | | |
| General | 30 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 30 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Dedicated | | | | | | | | |
| General | 18 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Special Revenue | 310 | 341 | 339 | 289 | 289 | 578 | -102 | -15.0% |
| Federal | 78,621 | 84,356 | 85,041 | 88,196 | 88,196 | 176,392 | 6,995 | 4.1% |
| Gift | 1 | 1 | 1 | 1 | 1 | 2 | 0 | 0.0% |
| Subtotal Dedicated | 78,950 | 84,698 | 85,381 | 88,486 | 88,486 | 176,972 | 6,893 | 4.1% |
| Total Revenue | 78,980 | 84,698 | 85,381 | 88,486 | 88,486 | 176,972 | 6,893 | 4.1% |

| | | | | | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Full-Time Equivalents (FTE) | 110.5 | 106.0 | 105.2 | 116.7 | 116.7 |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|

Activity Description

The Health Promotion and Chronic Disease activity improves the health of all Minnesotans by providing leadership in the prevention and control of chronic diseases and injuries, conducting surveillance, and developing, implementing, and supporting public health interventions. The activity was created in 2002, in recognition that chronic disease and injury are the leading causes of death and disability in Minnesota.

Population Served

This activity serves the entire population of Minnesota, as over half of all deaths of Minnesotans under the age of 35, and more than three-fourths of all deaths of Minnesotans age 35 and older, are due to chronic diseases and injuries. Half of all Minnesotans alive today will develop a life-threatening malignancy in their lifetimes. Particular attention is focused on youth, when prevention efforts are most beneficial, on American Indians and populations of color, who are more likely to die from chronic diseases or injuries than are white Minnesotans, and on women, who are disproportionately disabled by chronic disease.

Services Provided

Reduce death and illness in Minnesota from cancers for which early detection saves lives.

- ⇒ Provide free breast and cervical cancer screening to women who are uninsured or underinsured.
- ⇒ Provide free or low cost colposcopy to women with cervical abnormalities needing follow-up.
- ⇒ Develop policy guidelines for finding and assisting women with breast and cervical cancer.
- ⇒ Coordinate health care provider and public information about identifying and treating persons at risk and affected by breast and cervical cancer.

Monitor the occurrence of cancer, injuries, and other chronic diseases.

- ⇒ Operate a statewide system of surveillance for all newly-diagnosed cancer cases in the state.
- ⇒ Respond to reports of chronic disease concerns.
- ⇒ Identify workplace hazards and injuries.
- ⇒ Examine farm-related injuries and investigate work-related deaths.

Improve health and prevent injury, substance abuse, and chronic disease.

- ⇒ Facilitate effective collaborations and partnerships.
- ⇒ Convene forums to identify common interests and foster action.
- ⇒ Translate health research and information into practice.
- ⇒ Develop and disseminate innovative and effective health promotion strategies.
- ⇒ Support health care providers and systems, public health agencies, and other community-based organizations in their prevention and evaluation efforts.

Eliminate exposure to secondhand smoke, prevent the initiation of tobacco use by youth, and eliminate disparities among populations at higher risk of tobacco use.

- ⇒ Fund and support community and school-based interventions.
- ⇒ Fund counter-marketing campaigns and youth development and empowerment programs.
- ⇒ Develop and advocate for policy changes.
- ⇒ Evaluate the effectiveness of program activities and monitor tobacco use in Minnesota.

Activity at a Glance

- ◆ In state FY 2002, 13,200 low-income women were screened for breast and cervical cancer at more than 300 clinics across the state.
- ◆ In calendar year 1999, according to the Minnesota Cancer Surveillance System, 22,200 invasive cancers were newly diagnosed in Minnesotans.
- ◆ In calendar year 2001, 4,355 persons with traumatic brain and/or spinal cord injury were offered resource and referral information.
- ◆ In state FY 2002, 750 elementary schools were assisted with conducting health promotion and educational programs.
- ◆ In state FY 2002, 100 grants were provided to organizations serving local communities and populations at risk for tobacco prevention and control activities.

HEALTH DEPT

Program: HEALTH IMPROVEMENT

Activity: HEALTH PROMOTION & CHRONIC DIS

Narrative

Historical Perspective

Chronic disease and injury result from the cumulative effect of several interacting risk factors. Many of the risk factors are related to lifestyle, modifiable, and affect more than one condition, including smoking, physical inactivity, obesity and poor nutrition, high blood pressure, and high blood cholesterol. As the number of Minnesotans over the age of 60 increases in the next 20 years, human suffering and health care costs resulting from chronic disease and injury will escalate rapidly. To reduce this impending burden, Minnesota's public health and health care systems must:

- ◆ encourage healthy behaviors and reduce the prevalence of unhealthy behaviors that put people at increased risk for chronic diseases and injuries;
- ◆ expand screening for early detection of chronic diseases and risk of injuries for which effective follow-up treatment exists;
- ◆ create opportunities and institute policies that promote good health;
- ◆ translate and disseminate best practices and develop scientific standards for effective community and medical interventions; and
- ◆ create and maintain adequate surveillance systems to measure the burden of chronic disease and injury, identify populations at risk, target program efforts, and evaluate program and policy effectiveness.

Key Measures

Reduce deaths from cancer by reducing the incidence rates for late-stage colorectal, cervical, and female breast cancer. (Rate is number of cases per 100,000 of late-stage cancer, by year of diagnosis, age-adjusted.)

| | History | Current | Target |
|------------|---------|---------|---------|
| | 1995-96 | 1997-99 | 2000-01 |
| Colorectal | 32.7 | 32.4 | 32.0 |
| Cervical | 2.8 | 2.5 | 2.5 |
| Breast | 42.7 | 43.7 | 42.5 |

Source: Minnesota Cancer Surveillance System

Note: Because of the delay between cancer occurrence and reporting, incidence data for a given year is not available until two years later.

Improve childhood health by increasing the percent of Minnesota children 10 and older who report eating five servings of fruits and vegetables on the previous day.

| | History | Current | Target |
|--------------------------|---------|---------|--------|
| | 1998 | 2001 | 2004 |
| 6 th graders | 22% | 22% | 26% |
| 9 th graders | 15% | 14% | 16% |
| 12 th graders | 13% | 11% | 11% |

Source: Minnesota Student Survey

Improve youth health by reducing the percent of Minnesota high school youth who report that they have used tobacco in the last 30 days.

| | History | Current | Target |
|---|---------|---------|--------|
| | 2000 | 2002 | 2005 |
| High school youth reporting tobacco use | 38.7 % | 34.8 % | 27.1 % |

Source: Minnesota Youth Tobacco Survey

HEALTH DEPT

Program: HEALTH IMPROVEMENT

Activity: HEALTH PROMOTION & CHRONIC DIS

Narrative

Note: M.S. 144.396 states that "it is a goal of the state to reduce tobacco use among youth by 30% by the year 2005."

Contact

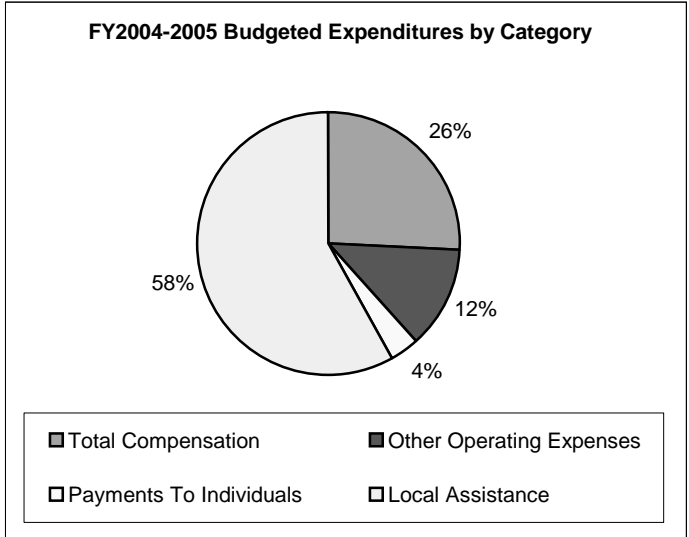
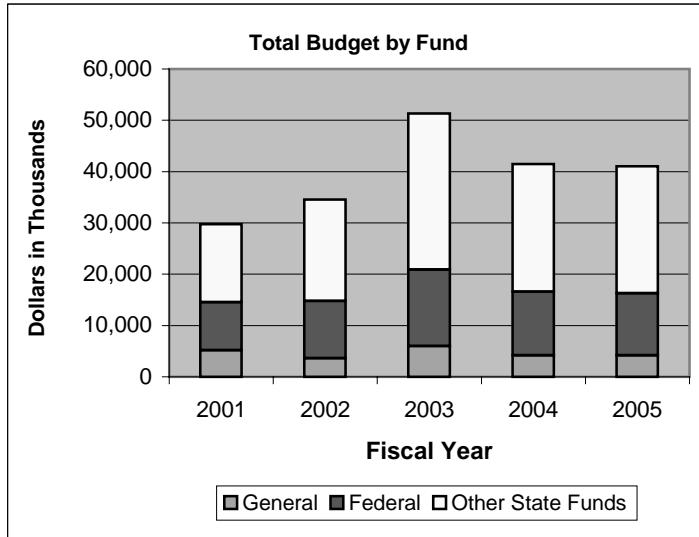
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HEALTH DEPT

Program: HEALTH IMPROVEMENT

Activity: HEALTH PROMOTION & CHRONIC DIS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|---------------|---------------|-----------------|---------------|-----------------|----------------|--------------------------|----------------|
| Expenditures by Fund | Actual | Actual | Budgeted | Base | Biennium | | 2004-05 / 2002-03 | |
| | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 5,181 | 3,612 | 5,993 | 4,165 | 4,165 | 8,330 | -1,275 | -13.3% |
| Open Appropriations | | | | | | | | |
| Tobacco Use Prevention | 14,440 | 19,277 | 29,432 | 24,305 | 24,155 | 48,460 | -249 | -0.5% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 620 | 484 | 992 | 595 | 593 | 1,188 | -288 | -19.5% |
| Federal | 9,375 | 11,193 | 14,873 | 12,414 | 12,125 | 24,539 | -1,527 | -5.9% |
| Gift | 108 | 14 | 17 | 0 | 0 | 0 | -31 | -100.0% |
| Total | 29,724 | 34,580 | 51,307 | 41,479 | 41,038 | 82,517 | -3,370 | -3.9% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Total Compensation | 8,214 | 9,005 | 11,289 | 10,743 | 10,602 | 21,345 | 1,051 | 5.2% |
| Other Operating Expenses | 3,453 | 3,342 | 6,632 | 5,177 | 5,027 | 10,204 | 230 | 2.3% |
| Payments To Individuals | 1,436 | 1,539 | 1,740 | 1,512 | 1,512 | 3,024 | -255 | -7.8% |
| Local Assistance | 16,621 | 20,694 | 31,646 | 24,047 | 23,897 | 47,944 | -4,396 | -8.4% |
| Total | 29,724 | 34,580 | 51,307 | 41,479 | 41,038 | 82,517 | -3,370 | -3.9% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Dedicated | | | | | | | | |
| Special Revenue | 218 | 273 | 483 | 202 | 200 | 402 | -354 | -46.8% |
| Federal | 9,239 | 11,221 | 14,828 | 12,414 | 12,125 | 24,539 | -1,510 | -5.8% |
| Gift | 53 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Dedicated | 9,510 | 11,494 | 15,311 | 12,616 | 12,325 | 24,941 | -1,864 | -7.0% |
| Total Revenue | 9,510 | 11,494 | 15,311 | 12,616 | 12,325 | 24,941 | -1,864 | -7.0% |

| | | | | | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Full-Time Equivalents (FTE) | 138.5 | 137.5 | 135.5 | 137.9 | 137.9 |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|

Activity Description

The Minority Health and Multicultural activity exists to improve health status and to close the gap in health disparities of American Indians and populations of color in Minnesota. It also identifies and recommends policy changes needed to improve the health status of other minorities.

Population Served

This activity serves the 519,197 Minnesotans who are American Indians, African American, Asian and other non-white races and 143,382 Minnesotans who are Hispanic.

Table 1: Minnesotans Served by Race

| | Number | Percent |
|------------------------|---------|---------|
| Black/African American | 171,731 | 3.5% |
| American Indian | 54,967 | 1.1% |
| Asian/Native Hawaiian | 143,947 | 2.9% |
| Other | 65,810 | 1.3% |
| Two or more | 82,742 | 1.7% |
| Total | 519,197 | 10.5% |

Table 2: Minnesotans Served by Ethnicity

| | Number | Percent |
|----------------------|---------|---------|
| Hispanic (any race)* | 143,382 | 2.9% |

Source: US Census

* A person of Hispanic origin can be of any race, therefore, the totals for race and ethnicity cannot be added together to get a total number served.

Services Provided

Provide leadership to improve the health status of American Indians and populations of color in Minnesota.

- ⇒ Develop and implement a comprehensive and coordinated plan to reduce health disparities.
- ⇒ Promote collaboration and increase communication between state, local and tribal governments, non-governmental organization and communities of color.
- ⇒ Develop strategies, programs and policies to improve health status of people of color.
- ⇒ Build capacity to meet the needs of people of color in the areas of health promotion, disease prevention and health care system.
- ⇒ Coordinate Minnesota Department of Health (MDH) related to minority health issues.
- ⇒ Promote workforce diversity and cultural competency in workplaces and health care settings.

Support local efforts to improve the health status of American Indians and populations of color in Minnesota.

- ⇒ Award and manage grants and provide technical assistance to community organizations and tribal governments to address health disparities.
- ⇒ Assist communities to assess the public health needs of American Indians and population of color.
- ⇒ Convene health committees with each community of color and local community meetings regarding minority health issues.
- ⇒ Work with existing MDH grant programs to increase their impact on closing health disparities gaps.

Activity at a Glance

- ◆ Measurable outcomes to track Minnesota's progress in reducing health disparities have been adopted.
- ◆ In 2002, 19 grants were awarded to address immunizations for adults and children and infant mortality in American Indians and populations of color.
- ◆ In 2002, 30 grants were awarded to address breast and cervical cancer, HIV/AIDS and sexually transmitted infections, cardiovascular disease, diabetes, and unintentional injuries and violence in American Indians and populations of color.
- ◆ In 2002, 20 grants were awarded to reduce infant mortality through reducing the high rate of teen pregnancies in American Indians and populations of color.
- ◆ Mobilizes and works with populations of color and American Indians to take responsibility for their own health.

Ensure valid, available, and reliable data about the health status of American Indians and populations of color in Minnesota.

- ⇒ Assess risk behaviors associated with health disparities.
- ⇒ Establish measurable outcomes to track Minnesota's progress in reducing health disparities.
- ⇒ Support ongoing research and studies regarding health status and concerns of American Indians and populations of color.
- ⇒ Provide information on the health status of American Indians and population of color to interested parties.
- ⇒ Improve the recording and reporting of race/ethnicity health-related data.
- ⇒ Evaluate the efforts of MDH, community organizations and tribal governments to improve the health of American Indians and population of color.

Historical Perspective

The MDH established the Office of Minority in 1993 to assist in improving the quality of health and eliminating the burden of preventable disease and illness of populations of color. In 2001 it became Office of Minority & Multicultural Health to reflect the ethnic specific focus on health with a multicultural approach to eliminating health disparities in populations of color and American Indians. The office works collaboratively with other divisions in MDH, other state departments, community-based agencies, health plans and others to address the needs of populations of color and American Indians.

Disparities in health status between the European majority and other populations in Minnesota have existed for some time, and have, in some cases, been getting worse, not better. These disparities are a result of a complex interplay of many factors, including racism, access to health care, genetics, social conditions, and health behaviors. Minnesota's population is becoming increasingly diverse – in the 1990 census, 6.3% of Minnesotans identified themselves as non-white or Hispanic/Latino; in the 2000 census, 11.8% did so.

- ⇒ In the 2000 census, almost 172,000 Minnesotans described themselves as black or African American *alone*, while another 31,000 said they were African American *in combination* with some other race. Either number marks a sharp increase from 1990 when almost 95,000 Minnesotans identified themselves as black or African American (Source: Minnesota Planning). Compared to Minnesota's white population, African American: individuals are less likely to have health insurance; infants are much more likely to be born early or too small or to die during infancy; children are less likely to be immunized; girls are much more likely to become pregnant; youths are more likely to die as a result of firearms; individuals are more likely to develop AIDS/HIV; and individuals are more likely to die from diabetes and cardiovascular disease.
- ⇒ In 1990, there were 49,909 American Indians, Eskimos and Aleuts, most of them American Indians, living in Minnesota. In 2000, about 55,000 Minnesotans identified themselves as American Indian or Alaska Native *only*, but an additional 27,000 described themselves as American Indian or Alaska Native *in combination* with another race (Source: Minnesota Planning). Compared to Minnesota's white population, American Indian: individuals are less likely to have health insurance; infants are much more likely to die during infancy; children are less likely to be immunized; youth are much more likely to commit suicide; girls are more likely to become pregnant; individuals are more likely to develop AIDS/HIV; and individuals are more likely to die from diabetes and cardiovascular disease.
- ⇒ Almost 142,000 Asian *alone* residents lived in Minnesota in 2000. About 20,000 people were Asian *in combination* with another race. Clearly the number of Asians grew substantially since 1990, when there were about 77,000 (Source: Minnesota Planning). Compared to Minnesota's white population, Asian American: individuals are more likely to have health insurance, but less likely to use it; children are less likely to be immunized; and individuals are more likely to suffer from stroke.
- ⇒ Minnesota's Hispanic/Latino population grew 166% during the 1990s, from 53,884 to 143,382 (Source: Minnesota Planning). Compared to Minnesota's white population, Hispanic/Latino: individuals are less likely to have health insurance; children are less likely to be immunized; youth are more likely to be victims of violence; girls are more likely to become pregnant; are more likely to develop AIDS/HIV; and individuals are more likely to die from diabetes and cardiovascular disease.

HEALTH DEPT

Program: HEALTH IMPROVEMENT

Activity: MINORITY & MULTICULTURAL HLTH

Narrative

Key Measures

Improve health by decreasing the disparity in infant mortality rates for American Indians and populations of color, as compared to rates for whites.

Number of deaths of live-born infants before age 1, per 1,000 births

| | History | Target |
|------------------------|-----------|--------|
| | 1995-2000 | 2010 |
| American Indian | 14.4 | 9.8 |
| Asian/Pacific Islander | 6.6 | 5.9 |
| Black/African American | 15.1 | 10.1 |
| Hispanic or Latino | 8.6 | 6.9 |
| White Population | 5.2 | |

Source: MDH Center for Health Statistics

Improve childhood health by decreasing the disparity in childhood immunization rates for American Indians and populations of color, as compared to rates for whites.

| | History | Current | Target |
|--|---------|----------|--------|
| Percent of children up-to-date on immunizations by age 2 | 1996-97 | 2001-02* | 2010 |
| American Indian | 55 % | - | 64 % |
| Asian/Pacific Islander | 42 % | - | 57 % |
| Black/African American | 50 % | - | 61 % |
| Hispanic or Latino | 44 % | - | 58 % |
| White | 72 % | - | 72 % |

Source: MDH Retrospective Kindergarten Immunization Survey
(*data not yet available, analysis expected October 2002)

Contact

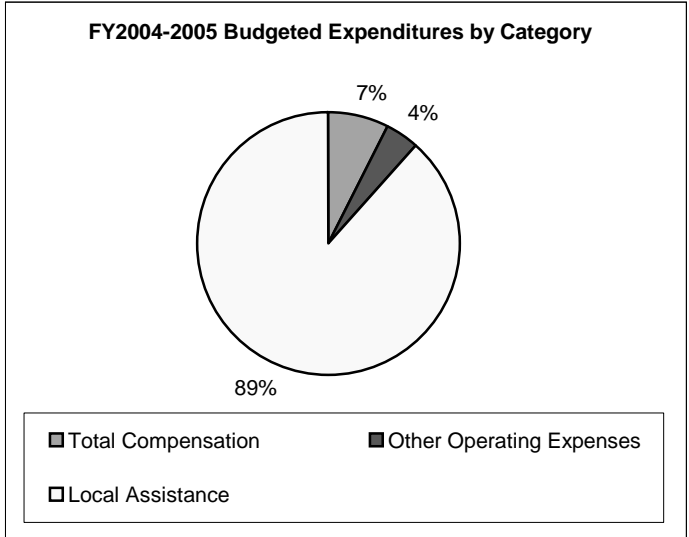
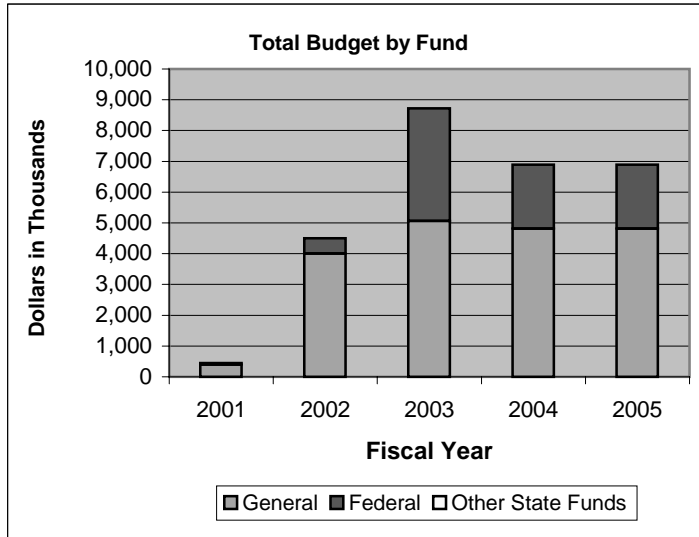
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HEALTH DEPT

Program: **HEALTH IMPROVEMENT**

Activity: MINORITY & MULTICULTURAL HLTH

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 399 | 4,004 | 5,067 | 4,808 | 4,808 | 9,616 | 545 | 6.0% |
| Federal Tanf | 0 | 458 | 3,542 | 2,000 | 2,000 | 4,000 | 0 | 0.0% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Federal | 50 | 39 | 111 | 89 | 89 | 178 | 28 | 18.7% |
| Total | 451 | 4,501 | 8,720 | 6,897 | 6,897 | 13,794 | 573 | 4.3% |

| | | | | | | | | |
|---------------------------------|------------|--------------|--------------|--------------|--------------|---------------|------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 148 | 315 | 589 | 514 | 514 | 1,028 | 124 | 13.7% |
| Other Operating Expenses | 70 | 128 | 489 | 283 | 283 | 566 | -51 | -8.3% |
| Local Assistance | 233 | 4,058 | 7,642 | 6,100 | 6,100 | 12,200 | 500 | 4.3% |
| Total | 451 | 4,501 | 8,720 | 6,897 | 6,897 | 13,794 | 573 | 4.3% |

| | | | | | | | | |
|---------------------------------|-----------|-----------|------------|-----------|-----------|------------|-----------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Special Revenue | 0 | -2 | 0 | 0 | 0 | 0 | 2 | -100.0% |
| Federal | 48 | 39 | 111 | 89 | 89 | 178 | 28 | 18.7% |
| Subtotal Dedicated | 48 | 37 | 111 | 89 | 89 | 178 | 30 | 20.3% |
| Total Revenue | 48 | 37 | 111 | 89 | 89 | 178 | 30 | 20.3% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 2.7 | 4.7 | 8.2 | 8.2 | 8.2 |
|------------------------------------|------------|------------|------------|------------|------------|

Activity Description

The Center for Health Statistics (MCHS) activity measures assesses and reports on the health of the population of Minnesota. This is accomplished through the civil registration system for collecting, maintaining and disseminating vital statistics records and related data, the design and implementation of population-based surveys, the collection and analysis of other health related data, and the direction and leadership to partners to insure uniformity. The overall purpose of these activities is to provide the data and statistical information needed to develop policies and the programs to improve the health of all citizens of Minnesota.

Activity at a Glance

- ◆ Over 8,000,000 birth certificates and death certificates are maintained in a statewide computer system.
- ◆ Over 60,000 customer service transactions are completed per year for copies of birth or death certificates.
- ◆ Approximately 65,000 births and 40,000 deaths occur each year, which need to have certificates processed.

Population Served

This activity serves the entire population of Minnesota as citizens need copies of birth certificates or death certificates or participate in population-based health surveys. There are approximately 60,000 customer transactions completed through the statewide vital statistics system of birth and death certificates. Approximately, 4,000 Minnesotans participate in health surveys conducted by the Center for Health Statistics.

Services Provided

- ⇒ The State Registrar of Vital Statistics maintains a permanent file of birth and death certificates, which provides public health researchers with a statewide database, and provides citizens with records for legal purposes.
- ⇒ The Behavioral Risk Factor Surveillance Survey is a rigorous survey of adult Minnesotans, which monitors trends in health behaviors and health status.
- ⇒ The Center for Health Statistics publishes reports regarding health status and trends and provides technical assistance to others working on public health problems; examples include local health departments, managed care organizations and state and national researchers.

Historical Perspective

The birth certificates and death certificate have been maintained since 1908 as paper records in the Office of the State Registrar of Vital Statistics at the Minnesota Department of Health (MDH). MDH has recently completed the Vital Statistics Redesign Project, which has been a five-year project to implement a centralized vital records system using electronic technology to collect and report birth and death information in Minnesota. The new system connects local registrars to a centralized database from which they issue statewide birth and death records. This database is maintained by MDH and serves as the official record of birth or death within our state. The system provides for hospitals, funeral homes, medical examiners and physicians to input birth and death information directly into the database from their location via computer. Funding for the maintenance of the system is through the collection of a \$2.00 surcharge on each record issued.

Accurate population-based data are important to providing a scientific basis for allocating resources and measuring the state's progress in achieving public health goals. The Minnesota Center for Health Statistics has managed several key elements to this strategy, including reinvigorating health quality improvement efforts in Minnesota.

Key Measures

Promote health by providing accurate health data through the improvement of systems for collecting, maintaining, and disseminating vital statistics records and related data through a new statewide computer system.

HEALTH DEPT

Program: HEALTH IMPROVEMENT

Activity: MN CENTER FOR HEALTH STATISTIC

Narrative

Percent of Hospitals And Funeral Homes Filing Electronically

| | History | Current | Target |
|---|---------|---------|--------|
| | 1999 | 2001 | 2003 |
| Hospitals reporting births in new computer system | 30% | 98% | 100% |
| Funeral homes reporting deaths in new computer system | 0% | 40% | 80% |

Source: Minnesota Center for Health Statistics

Improve public health policy and practice by providing health status reports and vital statistics data.

Note: MNCHS issued or contributed to 20 major health reports in the last two years, including:

- ◆ Minnesota Health Statistics Annual Profile
- ◆ Minnesota County Health Profiles
- ◆ Population Health Assessment Quarterly
- ◆ Populations of Color Health Status Report
- ◆ Teens and Tobacco in Minnesota: Results from the Minnesota Youth Tobacco Survey.

Contact

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Minnesota Center for Health Statistics

Phone: (612)676-5187

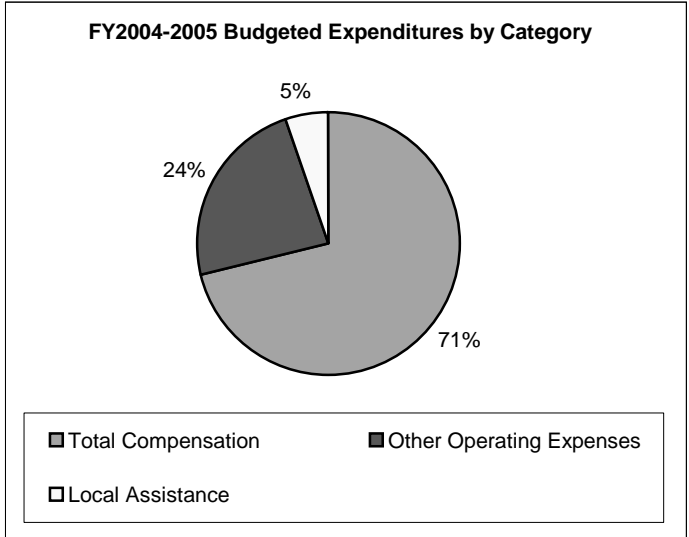
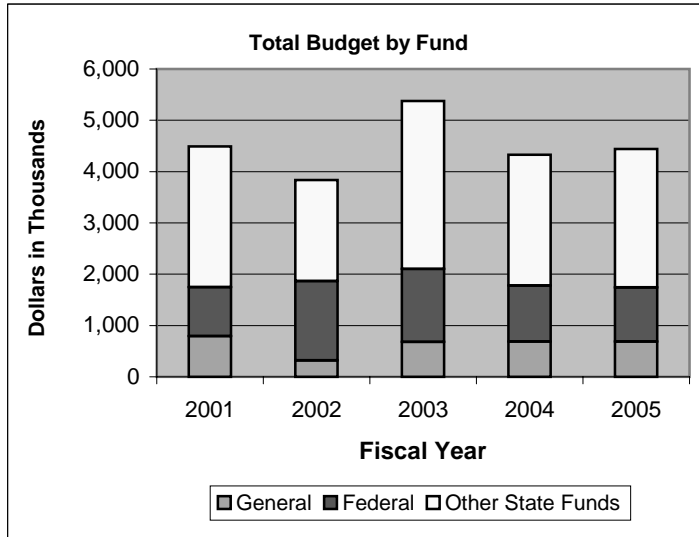
Email: john.oswald@health.state.mn.us

HEALTH DEPT

Program: **HEALTH IMPROVEMENT**

Activity: MN CENTER FOR HEALTH STATISTIC

Fiscal Report



| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
|----------------------------------|------------------|------------------|--------------------|----------------|--------------------|---------------------|--------------------------------------|--------------|
| Expenditures by Fund | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 793 | 321 | 677 | 689 | 689 | 1,378 | 380 | 38.1% |
| State Government Special Revenue | 2,155 | 1,362 | 2,145 | 1,859 | 1,859 | 3,718 | 211 | 6.0% |
| Open Appropriations | | | | | | | | |
| Tobacco Use Prevention | 147 | 86 | 216 | 0 | 150 | 150 | -152 | -50.3% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 442 | 521 | 914 | 691 | 687 | 1,378 | -57 | -4.0% |
| Federal | 956 | 1,545 | 1,426 | 1,089 | 1,054 | 2,143 | -828 | -27.9% |
| Total | 4,493 | 3,835 | 5,378 | 4,328 | 4,439 | 8,767 | -446 | -4.8% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|
| Total Compensation | 2,847 | 2,818 | 3,502 | 3,060 | 3,174 | 6,234 | -86 | -1.4% |
| Other Operating Expenses | 1,414 | 758 | 1,648 | 1,040 | 1,037 | 2,077 | -329 | -13.7% |
| Local Assistance | 232 | 259 | 228 | 228 | 228 | 456 | -31 | -6.4% |
| Total | 4,493 | 3,835 | 5,378 | 4,328 | 4,439 | 8,767 | -446 | -4.8% |

| Revenue by Type and Fund | | | | | | | | |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|---------------|
| Non Dedicated | | | | | | | | |
| State Government Special Revenue | 704 | 557 | 753 | 711 | 711 | 1,422 | 112 | 8.5% |
| Subtotal Non Dedicated | 704 | 557 | 753 | 711 | 711 | 1,422 | 112 | 8.5% |
| Dedicated | | | | | | | | |
| Special Revenue | 428 | 786 | 738 | 735 | 735 | 1,470 | -54 | -3.5% |
| Federal | 555 | 1,103 | 961 | 744 | 709 | 1,453 | -611 | -29.6% |
| Subtotal Dedicated | 983 | 1,889 | 1,699 | 1,479 | 1,444 | 2,923 | -665 | -18.5% |
| Total Revenue | 1,687 | 2,446 | 2,452 | 2,190 | 2,155 | 4,345 | -553 | -11.3% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 54.3 | 50.0 | 50.6 | 49.5 | 49.1 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

Program Description

The purpose of Health Quality and Access Program is to ensure that health care services provided by health care plans, facilities or members of health occupations are appropriate, safe and fair and to improve the quality and accessibility of health care to all Minnesotans.

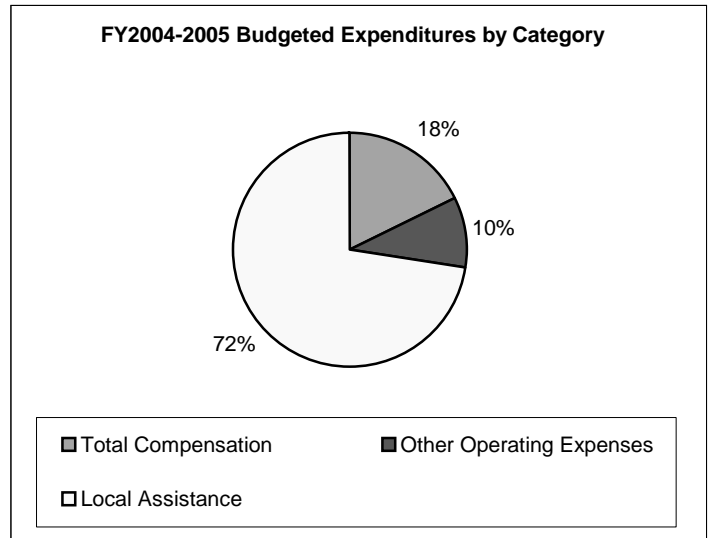
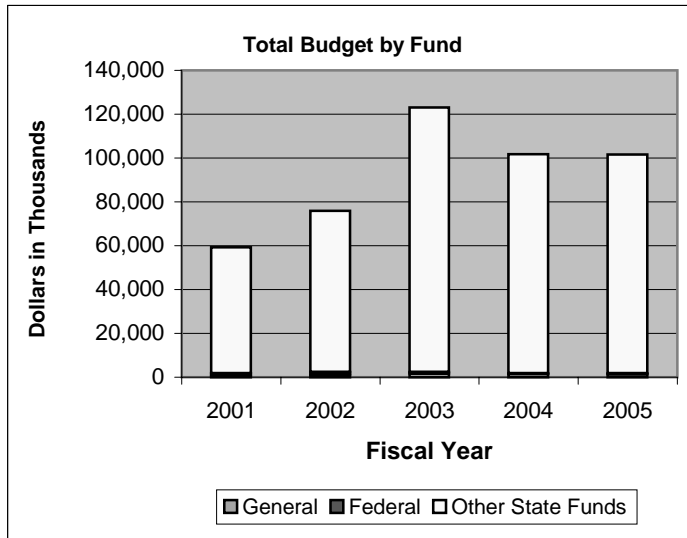
Budget Activities Included:

- ⇒ Health Policy and Systems Compliance
- ⇒ Facility and Provider Compliance

HEALTH DEPT

Program: HEALTH QUALITY AND ACCESS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|----------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 543 | 1,212 | 1,615 | 1,430 | 1,376 | 2,806 | -21 | -0.7% |
| State Government Special Revenue | 5,120 | 5,087 | 9,345 | 8,888 | 8,888 | 17,776 | 3,344 | 23.2% |
| Health Care Access | 3,718 | 2,927 | 3,743 | 3,277 | 3,277 | 6,554 | -116 | -1.7% |
| Open Appropriations | | | | | | | | |
| Medical Education & Research | 31,565 | 48,920 | 91,094 | 72,895 | 72,895 | 145,790 | 5,776 | 4.1% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 17,198 | 16,562 | 16,533 | 14,848 | 14,848 | 29,696 | -3,399 | -10.3% |
| Federal | 1,189 | 1,140 | 664 | 384 | 384 | 768 | -1,036 | -57.4% |
| Gift | 4 | 0 | 16 | 0 | 0 | 0 | -16 | -100.0% |
| Total | 59,337 | 75,848 | 123,010 | 101,722 | 101,668 | 203,390 | 4,532 | 2.3% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|----------------|----------------|----------------|----------------|--------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 17,350 | 17,160 | 18,235 | 18,165 | 18,159 | 36,324 | 929 | 2.6% |
| Other Operating Expenses | 9,507 | 8,686 | 12,887 | 9,912 | 9,864 | 19,776 | -1,797 | -8.3% |
| Local Assistance | 32,480 | 50,002 | 91,888 | 73,490 | 73,490 | 146,980 | 5,090 | 3.6% |
| Transfers | 0 | 0 | 0 | 155 | 155 | 310 | 310 | n.m |
| Total | 59,337 | 75,848 | 123,010 | 101,722 | 101,668 | 203,390 | 4,532 | 2.3% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|----------------|----------------|----------------|----------------|--------------|-------------|
| Expenditures by Activity | | | | | | | | |
| Hlth Policy & Syst Compliance | 39,319 | 55,639 | 99,512 | 79,929 | 79,929 | 159,858 | 4,707 | 3.0% |
| Facility & Provider Compliance | 20,018 | 20,209 | 23,498 | 21,793 | 21,739 | 43,532 | -175 | -0.4% |
| Total | 59,337 | 75,848 | 123,010 | 101,722 | 101,668 | 203,390 | 4,532 | 2.3% |

HEALTH DEPT

Program: HEALTH QUALITY AND ACCESS

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------------|---------------|---------------|-----------------|---------------|---------------|-----------------|--------------------------|----------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Revenue by Type and Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Non Dedicated | | | | | | | | |
| General | 3 | 3 | 3 | 0 | 0 | 0 | -6 | -100.0% |
| State Government Special Revenue | 5,588 | 7,846 | 8,422 | 8,391 | 8,403 | 16,794 | 526 | 3.2% |
| Subtotal Non Dedicated | 5,591 | 7,849 | 8,425 | 8,391 | 8,403 | 16,794 | 520 | 3.2% |
| Dedicated | | | | | | | | |
| Special Revenue | 10,427 | 10,452 | 8,004 | 8,919 | 8,919 | 17,838 | -618 | -3.3% |
| Federal | 6,928 | 5,846 | 6,659 | 6,384 | 6,384 | 12,768 | 263 | 2.1% |
| Medical Education & Research | 41,382 | 54,871 | 74,165 | 72,895 | 72,895 | 145,790 | 16,754 | 13.0% |
| Gift | 1 | 6 | 0 | 0 | 0 | 0 | -6 | -100.0% |
| Subtotal Dedicated | 58,738 | 71,175 | 88,828 | 88,198 | 88,198 | 176,396 | 16,393 | 10.2% |
| Total Revenue | 64,329 | 79,024 | 97,253 | 96,589 | 96,601 | 193,190 | 16,913 | 9.6% |
| | | | | | | | | |
| Full-Time Equivalents (FTE) | 277.7 | 260.2 | 276.1 | 263.7 | 263.7 | | | |

Activity Description

The Health Policy and Systems Compliance (HP&SC) activity helps to promote access to quality health care at a reasonable cost for Minnesotans through data collection and analysis, policy development, education and oversight activities. As the health care system has become more complex and costly, HP&SC provides policymakers with information to assist in their decision making, provides consumers with information and methods to resolve conflicts regarding their health care, and enforces standards established by statute and rule that are aimed at assuring consumers that they are receiving safe and effective health care.

Population Served

This activity serves many different groups of people. Much of the research and analysis activities are designed to assist the legislature and policymakers while consumers and practitioners are served by the regulation of allied health occupations, managed care organizations and funeral service providers.

Services Provided

To assist state lawmakers and other policymakers, HP&SC collects data that is used in research and analysis that can be applied to policy decision-making. HP&SC monitors Minnesota's health care market and the economic effects on the cost of health care, access to health care services and insurance coverage. Activities include:

- ◆ Examine health care market conditions and competition, health care access, levels of insurance and uninsurance and insurance premiums.
- ◆ Estimate aggregate health care spending.
- ◆ Monitor health care market trends and major health care capital expenditures.
- ◆ Analyze public insurance and its impact on insurance coverage and access in Minnesota.
- ◆ Research and develop mechanisms to adjust risk for publicly funded prepaid medical insurance programs.

HP&SC protects the health of Minnesotans who receive health care services from allied health care practitioners, mental health counselors, complementary and alternative health practitioners, managed care plans and funeral service providers. Activities include:

- ◆ Regulate individuals who want to practice as audiologists, hearing instruments dispensers, speech language pathologists, alcohol and drug counselors and occupational therapists.
- ◆ Investigate complaints and take enforcement actions against non-credentialed mental health counselors and complementary and alternative health practitioners.
- ◆ Protect for appropriate access to quality health care services for the 1.4 million Minnesotans who are enrolled in managed care health plans.
- ◆ Regulate Funeral Service providers to ensure the proper care and disposition of the dead.

Key Measures

⇒ Access: Because research consistently shows that not having health insurance is one of the key reasons people either postpone obtaining medical attention or simply do not seek health care when they need it, the Governor's Office has chosen the rate of uninsurance to be part of its Big Plan results indicators. HP&SC measures the level of uninsurance to assist policymakers as they are faced with decisions about modifications in coverage and regulation. HP&SC conducts surveys of the uninsured population, monitors the provider and payer markets, and researches access to services. While the results of the research and surveys are published and available to the public, the most valuable use is in the many HP&SC staff

Activity at a Glance

Health Policy and Systems Compliance:

- ◆ Assists policymakers to better understand factors influencing health care costs, access and quality through research and analysis of Minnesotans' health care.
- ◆ Ensures appropriate access and quality of care for the 1.3 million Minnesotans enrolled in the 10 HMOs with revenues totaling \$3.7 billion;
- ◆ Supports training 2,873 students at 1,074 clinical sites by administering \$20 million in medical education grants; and
- ◆ Assures that over 8,000 allied health practitioners are qualified to practice and are providing appropriate services to Minnesotans.

HEALTH DEPT

Program: HEALTH QUALITY AND ACCESS

Activity: HLTH POLICY & SYST COMPLIANCE

Narrative

presentations to policymakers both in Minnesota and nationally, and in being an unbiased, ready resource for inquiries from policymakers, including legislators. The report, Minnesota's Uninsured-Findings from the 2001 Health Access Survey, was produced to assist policymakers in identifying and eliminating barrier to health care coverage.

- ⇒ **Cost:** By conducting research and applied policy analysis, HP&SC monitors changes in both health care premiums and services. The findings are used to assist policymakers better understand factors influencing health care cost and to provide technical assistance in the development of state health care policy. The success of this activity is measured by the health care community's many requests, including from the legislature, for publications and presentations explaining the research and analysis. During FY 2002, HP&SC estimates that staff made 50 presentations, based on reports and publication, to over 2,500 people. In addition, staff receive 4-5 inquiries per week (200-250 per year) requesting further information or permission to use information in its publications.
- ⇒ **Quality:** Health care quality problems reduce the effectiveness and drive up the costs of the health care system. While the vast majority of allied health care practitioners and managed care organizations provide quality care and service, HP&SC works to protect Minnesota consumers from those that violate state and federal laws. Violations include sexual contact and other boundary violations or breaches of confidentiality by unlicensed mental health counselors; inappropriate funeral service advertising, billing, cremation, embalming and financial trust account activities; inappropriate title use; inappropriate HMO denial of medical services and claims; inappropriate denial of eligibility or termination of coverage; issues of network adequacy, access to care and continuity of care; allegations of poor quality care and provider incompetence; inappropriate coordination of benefits, copays and coinsurance; use of unapproved premium rates; and inappropriate determinations of experimental, investigative or unproven services.

Contact

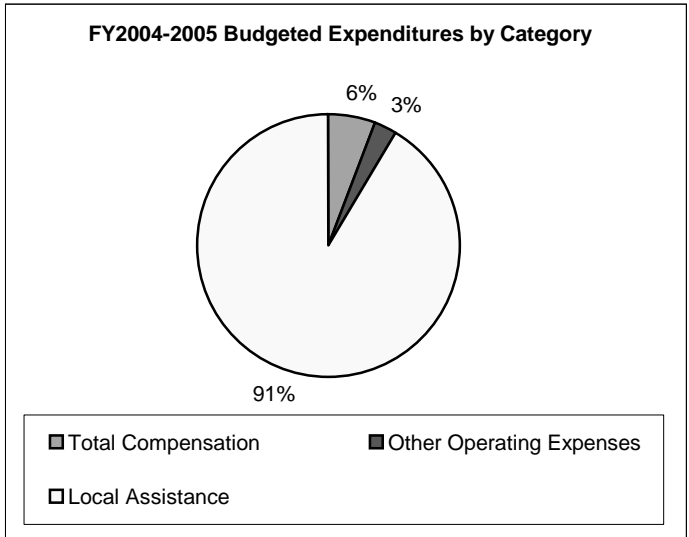
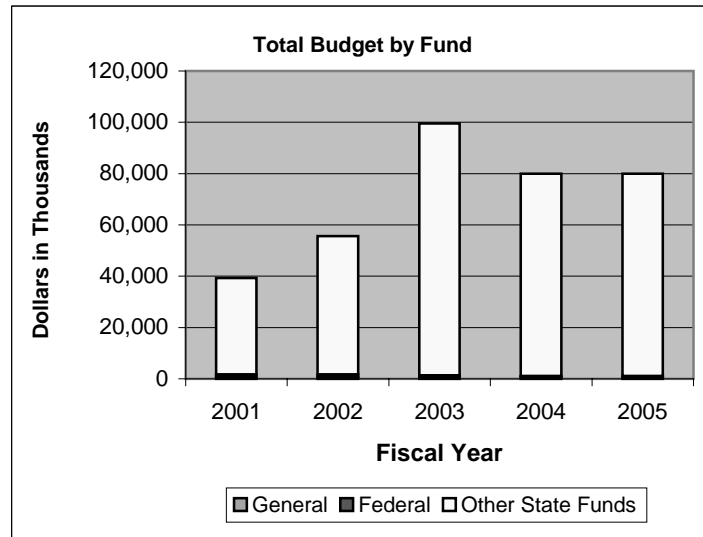
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HEALTH DEPT

Program: **HEALTH QUALITY AND ACCESS**

Activity: HLTH POLICY & SYST COMPLIANCE

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|----------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 543 | 616 | 814 | 756 | 756 | 1,512 | 82 | 5.7% |
| State Government Special Revenue | 2,273 | 2,091 | 3,291 | 2,712 | 2,712 | 5,424 | 42 | 0.8% |
| Health Care Access | 3,718 | 2,927 | 3,743 | 3,277 | 3,277 | 6,554 | -116 | -1.7% |
| Open Appropriations | | | | | | | | |
| Medical Education & Research | 31,565 | 48,920 | 91,094 | 72,895 | 72,895 | 145,790 | 5,776 | 4.1% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 159 | 89 | 72 | 66 | 66 | 132 | -29 | -18.0% |
| Federal | 1,057 | 996 | 482 | 223 | 223 | 446 | -1,032 | -69.8% |
| Gift | 4 | 0 | 16 | 0 | 0 | 0 | -16 | -100.0% |
| Total | 39,319 | 55,639 | 99,512 | 79,929 | 79,929 | 159,858 | 4,707 | 3.0% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|--------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 4,443 | 4,379 | 4,701 | 4,747 | 4,784 | 9,531 | 451 | 5.0% |
| Other Operating Expenses | 2,396 | 1,758 | 3,423 | 2,192 | 2,155 | 4,347 | -834 | -16.1% |
| Local Assistance | 32,480 | 49,502 | 91,388 | 72,990 | 72,990 | 145,980 | 5,090 | 3.6% |
| Total | 39,319 | 55,639 | 99,512 | 79,929 | 79,929 | 159,858 | 4,707 | 3.0% |

Revenue by Type and Fund

| | | | | | | | | |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|--------------|
| Non Dedicated | | | | | | | | |
| General | 3 | 3 | 3 | 0 | 0 | 0 | -6 | -100.0% |
| State Government Special Revenue | 2,427 | 2,675 | 2,622 | 2,591 | 2,603 | 5,194 | -103 | -1.9% |
| Subtotal Non Dedicated | 2,430 | 2,678 | 2,625 | 2,591 | 2,603 | 5,194 | -109 | -2.1% |
| Dedicated | | | | | | | | |
| Special Revenue | 210 | 61 | 137 | 137 | 137 | 274 | 76 | 38.4% |
| Federal | 1,066 | 992 | 477 | 223 | 223 | 446 | -1,023 | -69.6% |
| Medical Education & Research | 41,382 | 54,871 | 74,165 | 72,895 | 72,895 | 145,790 | 16,754 | 13.0% |
| Gift | 1 | 6 | 0 | 0 | 0 | 0 | -6 | -100.0% |
| Subtotal Dedicated | 42,659 | 55,930 | 74,779 | 73,255 | 73,255 | 146,510 | 15,801 | 12.1% |
| Total Revenue | 45,089 | 58,608 | 77,404 | 75,846 | 75,858 | 151,704 | 15,692 | 11.5% |

HEALTH DEPT

Program: **HEALTH QUALITY AND ACCESS**

Activity: HLTH POLICY & SYST COMPLIANCE

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------------|---------------|---------------|-----------------|---------------|---------------|-----------------|--------------------------|----------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Full-Time Equivalents (FTE) | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| | 74.9 | 69.8 | 75.1 | 74.6 | 74.6 | | | |

Activity Description

The Facility & Provider Compliance Division (F&PC) protects the health and safety of approximately 661,000 Minnesotans (40,000 Nursing Home residents, 16,000 Home Care clients, 29,000 Housing With Services recipients, 570,000 hospital patients, 6,000 supervised living residents) receiving long-term care and short stay health care services. Additional citizens are cared for by other health care providers including boarding care homes, supervised living facilities, ambulatory surgical centers and hospice providers. Quality of the services provided is assured through on-site surveys of facilities, complaint investigations, employee background checks, case mix assessments, physical plant plan reviews and consultation and education.

Population Served

Those served by F&PC are patients, consumers, providers and regulators of health care services. This includes federal, state and county agencies, advocates for patients, and persons requesting reconsideration of decisions that have disqualified them from working in a health care setting as a result of findings from criminal/maltreatment backgrounds checks.

This activity has seen the number of nursing homes decline in Minnesota from 450 in 1997 to 417 in 2002. In addition, many nursing and boarding care homes are reducing bed capacity. These reductions are in large part the result of a growing shift from providing longer-term care in an institutional setting to creating alternative services aimed at keeping persons at home or in a home-like setting. Evidence of this shift is seen in the dramatic increase in the number of home care, assisted living and housing with services providers whose number have grown from 589 in 1997 to 1,698 providers today. The Home Care Association is expecting the number of home care providers alone to increase by 40% or to approximately 2,377 over the next five years.

Services Provided

- ⇒ F&PC provides assurance to recipients of health care services that the facilities and health care services in Minnesota are providing quality care.
- ⇒ This activity conducts unannounced onsite inspections and surveys.
- ⇒ F&PC investigates complaints of abuse, neglect or maltreatment, and conducts criminal background checks.
- ⇒ This activity provides educational efforts that include clinical training on a statewide basis, personal consultation, information bulletins, and on-line web-based assistance.
- ⇒ F&PC also partners with providers and health care services to develop and/or revise rules so that they reflect the latest health care innovations and standards.
- ⇒ F&PC is the lead agency for the receipt and investigation of maltreatment reports in accordance with the Vulnerable Adult Act.
- ⇒ F&PC conducts annual reviews of all Medicaid recipients and private pay residents in certified nursing facilities.
- ⇒ F&PC approves all architectural and engineering plans for all new construction or remodeling of health care facilities to assure that the facilities' physical plants meet basic safety and health standards.

Historical Perspective

The number and percentage of Minnesotans aged 65 and older is increasing, as is the level of medical care they will require. Alternatives to traditional nursing home services are expanding statewide that will allow Minnesotans to receive cares and services in their own homes or in a home-like settings thereby enhancing the quality of life of

Activity at a Glance

- ◆ There are 5,251 health care providers whose delivery of services is monitored by F&PC for safety and quality.
- ◆ F&PC investigates complaints of abuse, neglect and maltreatment in health care systems.
- ◆ In state FY 2002, construction plan reviews amounted to \$200 million in capital investments for hospitals and nursing homes.
- ◆ Criminal background checks were processed on 109,630 applicants for employment in health care facilities.
- ◆ There are currently 48,455 nursing assistants on the Nursing Assistant Registry.

HEALTH DEPT

Program: HEALTH QUALITY AND ACCESS

Activity: FACILITY & PROVIDER COMPLIANCE

Narrative

our seniors. However, as society looks for cost effective ways to deliver health care services, it is important that the quality of those services is maintained.

Over the last three years, the Minnesota Department of Health and the Minnesota Department of Human Services worked together to design a new case mix system for Minnesota nursing homes. "Case Mix" refers to the system used in Minnesota for nursing homes to receive payment for the services provided and is based on a needs assessment of each resident. Currently, nursing homes perform one state required assessment for payment purposes and a different one required by federal law. Starting 10-1-02, information from the federal needs assessment system will be used to determine the Minnesota case mix classification and corresponding payment rate and the current state system will be deleted, thereby significantly reducing paper work for nursing facility staff.

The number of construction projects reviewed has steadily increased over the past several years. Many of the projects are more complex and the dollar value has increased commensurately. Several new hospitals have been constructed in the last three years, including the hospitals in Red Wing, Woodbury and Ada.

Key Measures

Improve the quality of life in nursing homes by reducing the percent of Minnesota nursing homes identified as having urinary incontinence deficiencies.

| | History | | Current | Target |
|------------------------------|----------|--------|---------|--------|
| | SFY 2000 | 2001 | 2002 | 2005 |
| Percent Deficiency Reduction | 22.43% | 19.16% | 16.01% | 12.0% |
| | (n=94) | (n=78) | (n=65) | |

Source: MDH annual surveys of nursing homes

Improve the quality of care in nursing homes by reducing the percent of nursing homes identified as having assessment of care deficiencies.

| | History | Current | Target |
|------------------------------|----------|---------|--------|
| | SFY 2001 | 2002 | 2005 |
| Percent Deficiency Reduction | 36% | 35.71% | 30.0% |
| | (n=148) | (n=145) | |

Source: MDH annual surveys of nursing homes.

Note: These two areas continue to fall within the top 10 deficiencies identified in annual surveys of nursing homes. To lower the number of deficiencies in these two areas, the department will focus on consultation and education on how to deliver quality cares, and provider support.

Improve the quality of in home care received by increasing the percent of home care providers in compliance with state regulations.

| | History | Current | Target |
|-----------------------|----------------------|-----------------------|----------|
| | SFY 2001 | SFY 2002 | SFY 2005 |
| Percent in compliance | 8.3 % (10 of 120) | 17.2 % (20 of 116) | 25 % |

Source: MDH annual surveys of home care providers

HEALTH DEPT

Program: HEALTH QUALITY AND ACCESS

Activity: FACILITY & PROVIDER COMPLIANCE

Narrative

Note: The number of home care providers fluctuates as this market continues to expand. The areas measured include any citation issued under quality of care, delivery of services, or a potential for serious harm. The F&PC activity assists home care providers to improve quality through one-on-one consultations and education, and periodic onsite surveys for new providers.

Contact

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Facility and Provider Compliance

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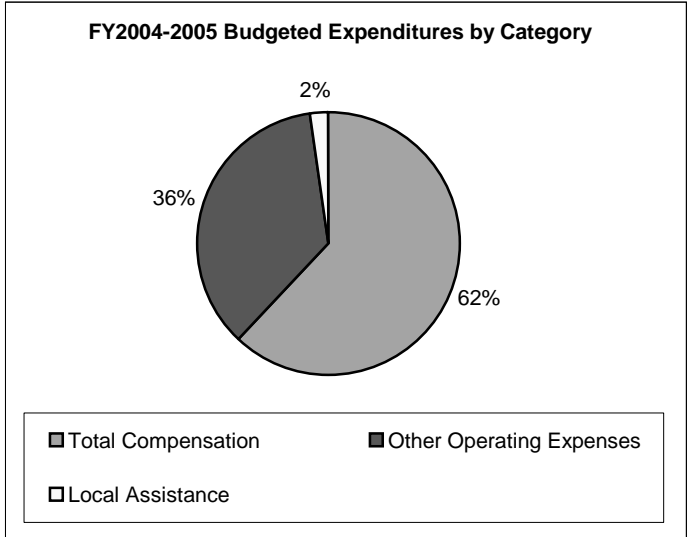
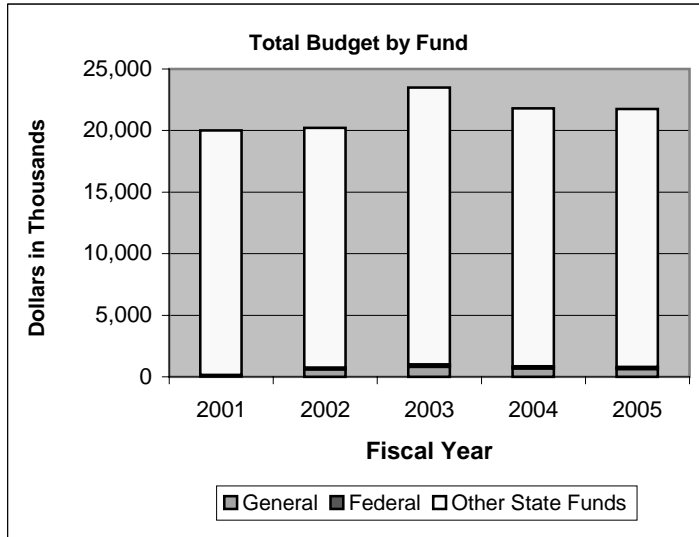
E-mail: Linda.Sutherland@health.state.mn.us

HEALTH DEPT

Program: **HEALTH QUALITY AND ACCESS**

Activity: **FACILITY & PROVIDER COMPLIANCE**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|----------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 0 | 596 | 801 | 674 | 620 | 1,294 | -103 | -7.4% |
| State Government Special Revenue | 2,847 | 2,996 | 6,054 | 6,176 | 6,176 | 12,352 | 3,302 | 36.5% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 17,039 | 16,473 | 16,461 | 14,782 | 14,782 | 29,564 | -3,370 | -10.2% |
| Federal | 132 | 144 | 182 | 161 | 161 | 322 | -4 | -1.2% |
| Total | 20,018 | 20,209 | 23,498 | 21,793 | 21,739 | 43,532 | -175 | -0.4% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|-------------|--------------|
| Total Compensation | 12,907 | 12,781 | 13,534 | 13,418 | 13,375 | 26,793 | 478 | 1.8% |
| Other Operating Expenses | 7,111 | 6,928 | 9,464 | 7,720 | 7,709 | 15,429 | -963 | -5.9% |
| Local Assistance | 0 | 500 | 500 | 500 | 500 | 1,000 | 0 | 0.0% |
| Transfers | 0 | 0 | 0 | 155 | 155 | 310 | 310 | n.m |
| Total | 20,018 | 20,209 | 23,498 | 21,793 | 21,739 | 43,532 | -175 | -0.4% |

| Revenue by Type and Fund | | | | | | | | |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|-------------|
| Non Dedicated | | | | | | | | |
| State Government Special Revenue | 3,161 | 5,171 | 5,800 | 5,800 | 5,800 | 11,600 | 629 | 5.7% |
| Subtotal Non Dedicated | 3,161 | 5,171 | 5,800 | 5,800 | 5,800 | 11,600 | 629 | 5.7% |
| Dedicated | | | | | | | | |
| Special Revenue | 10,217 | 10,391 | 7,867 | 8,782 | 8,782 | 17,564 | -694 | -3.8% |
| Federal | 5,862 | 4,854 | 6,182 | 6,161 | 6,161 | 12,322 | 1,286 | 11.7% |
| Subtotal Dedicated | 16,079 | 15,245 | 14,049 | 14,943 | 14,943 | 29,886 | 592 | 2.0% |
| Total Revenue | 19,240 | 20,416 | 19,849 | 20,743 | 20,743 | 41,486 | 1,221 | 3.0% |

| | | | | | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Full-Time Equivalents (FTE) | 202.8 | 190.4 | 201.0 | 189.1 | 189.1 |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|

Program Description

The purpose of the Health Protection Program is to protect the public from dangerous diseases, exposures and events through monitoring and assessment of health threats; developing and evaluating intervention strategies to combat disease and exposures; monitoring and inspections of potential health problems; and providing scientific laboratory and epidemiological capacity.

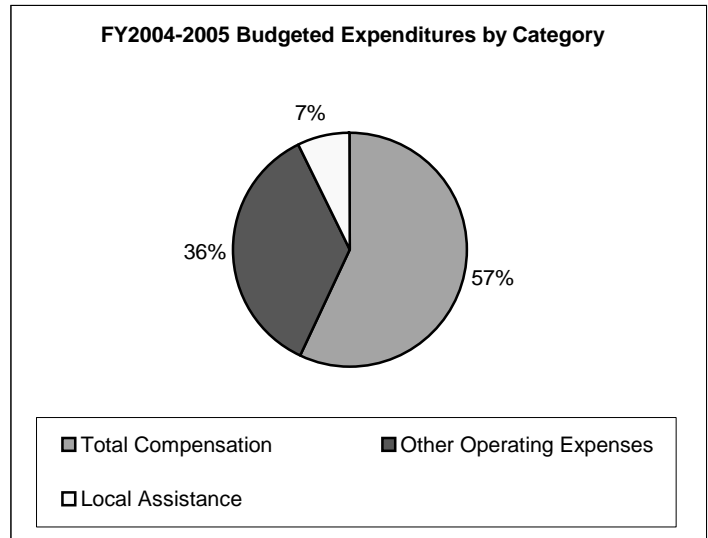
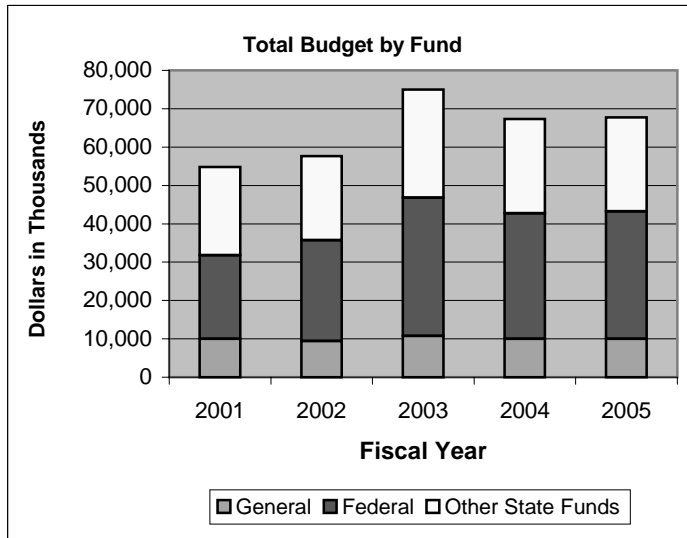
Budget Activities Included:

- ⇒ Environmental Health
- ⇒ Infectious Disease Epidemiology Prevention and Control
- ⇒ Public Health Laboratory
- ⇒ Office of Emergency Preparedness

HEALTH DEPT

Program: HEALTH PROTECTION

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|----------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 10,031 | 9,395 | 10,746 | 10,039 | 10,039 | 20,078 | -63 | -0.3% |
| Minnesota Resources | 117 | 15 | 0 | 0 | 0 | 0 | -15 | -100.0% |
| State Government Special Revenue | 15,720 | 15,191 | 20,096 | 18,056 | 18,056 | 36,112 | 825 | 2.3% |
| Solid Waste | 213 | 158 | 242 | 0 | 0 | 0 | -400 | -100.0% |
| Statutory Appropriations | | | | | | | | |
| Drinking Water Revolving Fund | 0 | 490 | 1,038 | 522 | 522 | 1,044 | -484 | -31.7% |
| Special Revenue | 6,936 | 6,026 | 6,751 | 5,975 | 5,965 | 11,940 | -837 | -6.6% |
| Federal | 21,786 | 26,298 | 36,031 | 32,711 | 33,164 | 65,875 | 3,546 | 5.7% |
| Gift | 39 | 78 | 96 | 24 | 24 | 48 | -126 | -72.4% |
| Total | 54,842 | 57,651 | 75,000 | 67,327 | 67,770 | 135,097 | 2,446 | 1.8% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|--------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 27,811 | 30,526 | 39,743 | 38,470 | 38,666 | 77,136 | 6,867 | 9.8% |
| Other Operating Expenses | 21,375 | 19,092 | 27,745 | 24,226 | 24,473 | 48,699 | 1,862 | 4.0% |
| Capital Outlay & Real Property | 281 | 68 | 4 | 4 | 4 | 8 | -64 | -88.9% |
| Local Assistance | 5,375 | 7,965 | 7,508 | 4,827 | 4,827 | 9,654 | -5,819 | -37.6% |
| Transfers | 0 | 0 | 0 | -200 | -200 | -400 | -400 | n.m |
| Total | 54,842 | 57,651 | 75,000 | 67,327 | 67,770 | 135,097 | 2,446 | 1.8% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|--------------|-------------|
| Expenditures by Activity | | | | | | | | |
| Environmental Health | 25,994 | 27,661 | 34,204 | 30,511 | 30,711 | 61,222 | -643 | -1.0% |
| Infect Disease Epid Prev Cntrl | 20,432 | 21,580 | 26,119 | 22,246 | 22,322 | 44,568 | -3,131 | -6.6% |
| Public Health Laboratory | 8,416 | 8,147 | 11,045 | 10,419 | 10,469 | 20,888 | 1,696 | 8.8% |
| Office Of Emergency Preparedns | 0 | 263 | 3,632 | 4,151 | 4,268 | 8,419 | 4,524 | 116.1% |
| Total | 54,842 | 57,651 | 75,000 | 67,327 | 67,770 | 135,097 | 2,446 | 1.8% |

HEALTH DEPT

Program: HEALTH PROTECTION

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------------|---------------|---------------|-----------------|---------------|---------------|-----------------|--------------------------|----------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Revenue by Type and Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Non Dedicated | | | | | | | | |
| General | 0 | 2 | 0 | 0 | 0 | 0 | -2 | -100.0% |
| State Government Special Revenue | 14,465 | 16,047 | 16,576 | 16,810 | 17,161 | 33,971 | 1,348 | 4.1% |
| Subtotal Non Dedicated | 14,465 | 16,049 | 16,576 | 16,810 | 17,161 | 33,971 | 1,346 | 4.1% |
| Dedicated | | | | | | | | |
| Drinking Water Revolving Fund | 0 | 490 | 1,038 | 522 | 522 | 1,044 | -484 | -31.7% |
| Special Revenue | 6,444 | 6,086 | 6,158 | 6,010 | 6,010 | 12,020 | -224 | -1.8% |
| Federal | 21,911 | 26,129 | 35,978 | 32,715 | 33,168 | 65,883 | 3,776 | 6.1% |
| Gift | 28 | 23 | 24 | 24 | 24 | 48 | 1 | 2.1% |
| Subtotal Dedicated | 28,383 | 32,728 | 43,198 | 39,271 | 39,724 | 78,995 | 3,069 | 4.0% |
| Total Revenue | 42,848 | 48,777 | 59,774 | 56,081 | 56,885 | 112,966 | 4,415 | 4.1% |
| | | | | | | | | |
| Full-Time Equivalents (FTE) | 471.9 | 499.9 | 574.4 | 576.1 | 576.1 | | | |

Activity Description

The Environmental Health (EH) activity protects Minnesota residents and visitors from exposures to environmental hazards in water, air, food, and land. This activity assures that Minnesotans have safe drinking water and food, and are protected from hazardous materials in their homes and in the environment. EH also identifies emerging environmental health issues, implements public health prevention activities for those issues that sound science indicates are a public health threat.

Population Served

EH serves the entire population of Minnesota by ensuring that all Minnesotans have clean drinking water, safe food, sanitary lodgings, and protection from hazardous materials in their environment.

Services Provided

Improve drinking water quality.

- ⇒ Monitor public drinking water systems.
- ⇒ Monitor and inspect water well construction and sealing.
- ⇒ Inspect swimming pool construction, and plumbing installations.
- ⇒ License professions whose work impacts drinking water.
- ⇒ Provide technical assistance and training to communities and citizens.

Improve food safety.

- ⇒ Inspect and monitor restaurants to ensure safe food handling.
- ⇒ Certify professionals in food safety to manage restaurants.
- ⇒ Monitor and provide technical assistance to local delegated food inspection programs.
- ⇒ Educate citizens regarding safe handling of food.
- ⇒ Develop guidelines for the safe consumption of fish from our lakes and streams.

Improve the health of children.

- ⇒ Provide training and technical assistance to school districts on developing and implementing indoor air quality management plans.
- ⇒ Establish health standards and specifying abatement methods for lead in paint, bare soil, dust, and water;
- ⇒ License professions who work with lead.
- ⇒ Educate citizens, communities and medical professionals on the dangers of lead.
- ⇒ Monitor the exposure of children and adults to lead across the state.
- ⇒ Issue guidelines on the screening, case management, and clinical treatment of children exposed to lead.
- ⇒ Increase focus and attention on children to ensure that they are protected from exposures to harmful chemicals and other environmental health hazards.
- ⇒ Partner with the legislature's children's environmental health working group, children's health care advocates, and Minnesota industry as we explore children's environmental health issues.

Activity at a Glance

- ◆ Minnesota is recognized nationally for our focus and attention on children's environmental health issues.
- ◆ The number of children with elevated blood lead levels declined between 1996 and 2002.
- ◆ The asbestos program's compliance rate for contractors is currently 96%.
- ◆ The x-ray inspection program inspects 25% of the x-ray equipment in Minnesota annually finding 20% of the equipment inspected needing repair.
- ◆ There are 8,300 public water supply systems that provide drinking water to Minnesota citizens and visitors. In 2001, we found only 31 systems with chemical levels that caused concern.
- ◆ In 2001, 99% of our community water supplies provided consumer confidence reports to citizens - one of the highest rates in the nation.
- ◆ In 2001, 75% of restaurants were inspected. Only 20% of violations observed were repeat violations.

HEALTH DEPT

Program: HEALTH PROTECTION

Activity: ENVIRONMENTAL HEALTH

Narrative

Historical Perspective

Protecting public health has been the mission of the Minnesota Department of Health since the first public health laws were passed in 1872. These early laws focused on providing safe drinking water, sewage disposal, waste water treatment, and milk sanitation. Our efforts to safeguard the quality of food and water were instrumental in controlling diseases like cholera and typhoid fever, which are spread by poor sanitation. These diseases are still a major problem in many parts of the world. Today, we continue our prevention efforts to ensure the health and safety of Minnesotans at home, at work and in public places.

EH has responded to many natural disasters, such as floods and tornados. Our primary role is to provide services essential for protecting and ensuring the well being of the people in those areas affected by the disaster, with an emphasis on prevention and control of communicable diseases. During the past decade, when Minnesota flood victims returned to their homes, they turned to EH for guidance. For example, we provided more than 5,000 free water test kits to make sure that drinking water from private wells was safe. We also provided information on cleaning homes, water plants, schools, restaurants, and other facilities to return them to a safe and sanitary condition. We are using this experience to strengthen and enhance the ability of the public health system as we prepare to respond to potential biological, chemical and radiological acts of terrorism.

Key Measures

Prevent ground water contamination by increasing the number of abandoned wells that are sealed.

| | History | | Current | Target |
|-------------------------------------|---------|--------|---------|---------|
| | 1987 | 1995 | 2001 | 2005 |
| Number of wells sealed (cumulative) | 3,275 | 77,375 | 155,607 | 204,000 |

Source: Well sealing records of licensed well contractors (reporting requirement)

Note: Minnesota has about 3/4 million abandoned wells. Sealing of abandoned wells often occurs as a result of a property transfer or when a new well is drilled (about 12,000 to 13,000 new wells per year). A question regarding abandoned wells is asked on disclosure forms used by realtors; educational materials are available on the EHD web site.

Improve food safety by increasing the percent of food establishments that have trained and certified food managers (CFM) and by reducing the percent of critical violations occurring in establishments with a trained and certified food manager.

| | History | Current | Target |
|--------------------------------|---------|---------|--------|
| | 2000 | 2001 | 2005 |
| Food establishments with a CFM | 0 | 74% | 90% |

Percent of food establishments with critical violations in the eight highest risk areas, 4/1/01 – 3/31/02.

| | |
|---|------------------|
| Non-CFM establishments with critical violations | 70.9% (n=203) |
| CFM establishments with critical violations | 52.4% (n=432) |
| Percent improvement | 18.5% |

Source: Environmental Health Division inspection report data

Improve school indoor air quality by increasing the percent of school districts that have developed and implemented district-specific Indoor Air Quality Management Plans.

HEALTH DEPT

Program: HEALTH PROTECTION

Activity: ENVIRONMENTAL HEALTH

Narrative

| | History | Current | Target |
|--------------------|---------|---------|--------|
| | 2001 | 2002 | 2005 |
| Schools with plans | <5% | 55% | 80% |

Source: MDH and DCFL survey of school districts

Note: About 20% of Minnesotans spend a significant amount of time in schools, where they may be exposed to indoor air contaminants that cause health problems or exacerbate existing conditions. M.S. 123B.57 requires all school districts to develop and implement indoor air quality plans. The EH division developed a model plan and provides training and technical assistance for school districts.

Contact

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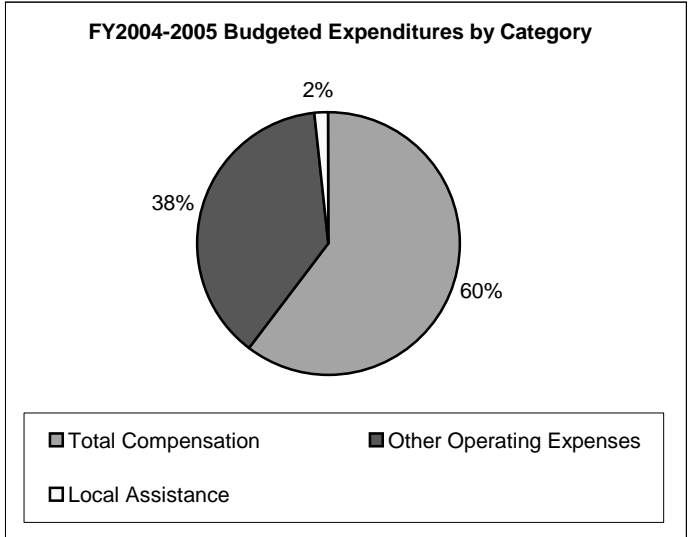
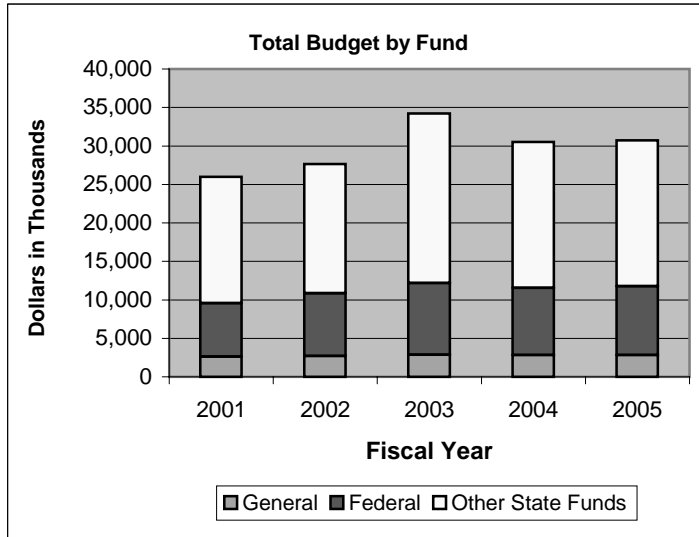
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HEALTH DEPT

Program: **HEALTH PROTECTION**

Activity: ENVIRONMENTAL HEALTH

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|----------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 | |
| Direct Appropriations | | | | | | | Dollars | Percent |
| General | 2,622 | 2,708 | 2,865 | 2,822 | 2,822 | 5,644 | 71 | 1.3% |
| Minnesota Resources | 117 | 15 | 0 | 0 | 0 | 0 | -15 | -100.0% |
| State Government Special Revenue | 13,705 | 13,438 | 18,115 | 16,203 | 16,203 | 32,406 | 853 | 2.7% |
| Solid Waste | 213 | 158 | 242 | 0 | 0 | 0 | -400 | -100.0% |
| Statutory Appropriations | | | | | | | | |
| Drinking Water Revolving Fund | 0 | 490 | 1,038 | 522 | 522 | 1,044 | -484 | -31.7% |
| Special Revenue | 2,410 | 2,726 | 2,627 | 2,220 | 2,220 | 4,440 | -913 | -17.1% |
| Federal | 6,925 | 8,126 | 9,316 | 8,744 | 8,944 | 17,688 | 246 | 1.4% |
| Gift | 2 | 0 | 1 | 0 | 0 | 0 | -1 | -100.0% |
| Total | 25,994 | 27,661 | 34,204 | 30,511 | 30,711 | 61,222 | -643 | -1.0% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|-------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 14,946 | 16,421 | 19,384 | 18,561 | 18,652 | 37,213 | 1,408 | 3.9% |
| Other Operating Expenses | 10,471 | 10,359 | 13,880 | 11,630 | 11,739 | 23,369 | -870 | -3.6% |
| Local Assistance | 577 | 881 | 940 | 520 | 520 | 1,040 | -781 | -42.9% |
| Transfers | 0 | 0 | 0 | -200 | -200 | -400 | -400 | n.m |
| Total | 25,994 | 27,661 | 34,204 | 30,511 | 30,711 | 61,222 | -643 | -1.0% |

Revenue by Type and Fund

| | | | | | | | | |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|------------|-------------|
| Non Dedicated | | | | | | | | |
| General | 0 | 1 | 0 | 0 | 0 | 0 | -1 | -100.0% |
| State Government Special Revenue | 12,591 | 14,195 | 14,691 | 14,925 | 15,276 | 30,201 | 1,315 | 4.6% |
| Subtotal Non Dedicated | 12,591 | 14,196 | 14,691 | 14,925 | 15,276 | 30,201 | 1,314 | 4.5% |
| Dedicated | | | | | | | | |
| Drinking Water Revolving Fund | 0 | 490 | 1,038 | 522 | 522 | 1,044 | -484 | -31.7% |
| Special Revenue | 2,472 | 2,772 | 2,438 | 2,214 | 2,214 | 4,428 | -782 | -15.0% |
| Federal | 6,906 | 8,110 | 9,305 | 8,743 | 8,943 | 17,686 | 271 | 1.6% |
| Gift | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Dedicated | 9,380 | 11,372 | 12,781 | 11,479 | 11,679 | 23,158 | -995 | -4.1% |
| Total Revenue | 21,971 | 25,568 | 27,472 | 26,404 | 26,955 | 53,359 | 319 | 0.6% |

HEALTH DEPT

Program: HEALTH PROTECTION

Activity: ENVIRONMENTAL HEALTH

Fiscal Report

| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base | | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
|-----------------------------|------------------|------------------|--------------------|--------|--------|---------------------|--------------------------------------|---------|
| | | | | FY2004 | FY2005 | | Dollars | Percent |
| Full-Time Equivalents (FTE) | 252.9 | 266.7 | 279.7 | 277.7 | 277.7 | | | |

Activity Description

The Infectious Disease Epidemiology, Prevention and Control (IDEPC) activity provides statewide leadership to protect Minnesotans against the threats posed by infectious diseases. IDEPC conducts disease surveillance to detect outbreaks; investigates and controls epidemics; develops, implements and monitors the effectiveness of disease prevention and control programs for tuberculosis (TB), vaccine preventable diseases, sexually transmitted diseases (STD) and HIV infection; and educates both health care professionals and the public on the prevention and control of infectious diseases. IDEPC plays a central role in preparing for and responding to the threat of bioterrorism

Population Served

All residents of Minnesota. Specific target populations include infants and children; adolescents; adults at high risk for contracting HIV and other sexually transmitted diseases; the elderly; contacts of tuberculosis and meningitis cases; refugees, immigrants and other foreign born individuals; health care providers at risk for blood borne infections; restaurant workers, patients in hospitals and long-term care facilities. IDEPC supports school nurses and local public health agencies in their efforts to prevent and control disease.

Activity at a Glance

- ◆ Managed health response to anthrax events.
- ◆ Investigated intestinal disease outbreaks affecting 1,885 persons in 2001.
- ◆ Facilitated medical care for and provided counseling to 1,804 Minnesotans with HIV or sexually transmitted diseases in 2001.
- ◆ Coordinated programs to immunize 65,000 babies born annually against meningitis, measles and other serious infectious diseases.
- ◆ Managed treatment for 239 TB cases in 2001. Evaluated 1,450 contacts to cases.
- ◆ Investigated introduction of West Nile Virus, to Minnesota in 2002, responding to 4,000 calls from concerned citizens over two weeks.

Services Provided

Monitor disease trends.

- ⇒ Collect disease reports supplied by hospitals, laboratories, and physicians.
- ⇒ Prepare summary reports for health care providers, policymakers, and the public.
- ⇒ Conduct specialized studies on diseases of high concern to the public and the medical community.

Identify and control disease outbreaks.

- ⇒ Analyze data to detect outbreaks, identify the source and implement control measures.
- ⇒ Alert health professionals and the public about outbreaks, informing them on control measures.
- ⇒ Assist medical care professionals in patient management, including the interpretation of test results.
- ⇒ Consult with physicians on management of persons bitten by potentially rabid animals.
- ⇒ Maintain food borne illness hotline to receive citizen complaints and detect outbreaks.

Manage disease prevention and control programs.

- ⇒ Manage treatment of and provide medications for TB cases to prevent spread of disease.
- ⇒ Distribute publicly purchased vaccines for children whose families are unable to afford vaccines.
- ⇒ Provide leadership for development of a statewide immunization information collection system.
- ⇒ Investigate cases of HIV, STD, TB and other communicable diseases.
- ⇒ Conduct follow-up to facilitate treatment and counseling to prevent disease transmission.
- ⇒ Coordinate testing of persons in contact with persons who have TB or sexually transmitted diseases.

Develop policy guidelines for infectious disease prevention and control.

- ⇒ Modify and distribute national disease prevention and control guidelines.
- ⇒ Consult with health-care providers on treatment and prevention recommendations
- ⇒ Communicate with schools and health care providers on the school immunization law.

HEALTH DEPT

Program: HEALTH PROTECTION

Activity: INFECT DISEASE EPID PREV CNTRL

Narrative

Provide education for health care professionals and the general public on identification, prevention, transmission and treatment for persons at risk for or affected by disease.

- ⇒ Furnish information to medical providers on current management of infectious diseases. This information is provided on the web, through publications and by direct telephone consultation services.
- ⇒ Develop and implement health education programs for high-risk populations.
- ⇒ Provide information to the public on disease testing, treatment and prevention methods.

Provide grants to local public health agencies and nonprofit organizations.

- ⇒ Administer grant contracts, including 38 HIV/STD health education and risk reduction projects, 35 HIV and seven STD testing sites, and 19 grants to eliminate racial and ethnic health disparities.
- ⇒ Provide technical assistance to organizations receiving grants.
- ⇒ Evaluate performance of grantees based on performance standards.

Involve high-risk communities, the medical community and concerned citizens in assessing, planning, implementing, and evaluating solutions to infectious disease problems that affect them. Examples include:

- ⇒ The Immunization Practices Task Force advises the commissioner of Health on immunization policy.
- ⇒ An HIV/STD task force advises the commissioner on a comprehensive HIV prevention plan.
- ⇒ The Immigrant Health Task Force, jointly sponsored with the Department of Human Services, promotes quality, comprehensive, and culturally competent health care for recent immigrants in Minnesota.

Support work of local public health agencies to provide services to their populations.

- ⇒ Provide technical support to localities for dealing with local outbreaks or disease control issues.
- ⇒ Provide guidelines and technical assistance in developing local programs.
- ⇒ Provide guidelines and standards to develop preparedness and emergency response plans (including bioterrorism) for local health departments, hospitals, and other agencies.
- ⇒ Provide funds for local programmatic activities, through reimbursement and grants.

Historical Perspective

Emergency preparedness activities for this division include smallpox case investigation, contact tracing and mass vaccination programs. The following are some major trends in the division's activities:

- ⇒ In the 1980s, decreased federal funding for childhood immunization programs led to low immunization rates. A nationwide measles outbreak occurred in 1989-1991. Minnesota reported 559 measles cases with three deaths. With increased focus on immunizing every baby, only 54 measles cases have occurred in the last 10 years, most of whom were children born outside the U.S. or unvaccinated due to conscientiously held beliefs. Immunization prevents blindness, deafness, mental retardation and congenital heart disease, substantially reducing the need for state support for life-long care of the disabled. The Centers for Disease Control (CDC) estimates that \$14 is saved for every \$1 spent on measles, mumps, and rubella (MMR) immunization alone.
- ⇒ HIV prevention activities have contributed to the decline in HIV infections over the past 10 years, from 469 new cases in 1991 to 283 in 2000. Preventing HIV infection and AIDS cases provides enormous cost savings to both governmental and private health care funding sources. The annual cost of providing medical care in Minneapolis for an HIV infected person averages \$24,000. Society saves \$12 for every \$1 spent on detecting and treating sexually transmitted diseases.
- ⇒ The number of confirmed food borne disease outbreaks has increased substantially over the past 11 years, from 12 in 1990 to 39 in 2001. This increase is due to changes in food production, food processing, and eating habits as well as finding more outbreaks through improved disease surveillance and new laboratory testing methods. The Minnesota Department of Health (MDH) estimates that 450,000 cases of food borne illness occur each year in Minnesota. Eight Minnesotans died from food borne illness in 2001.
- ⇒ IDEPC has detected and controlled many outbreaks in the past, including the Schwan's salmonella outbreak and the Mankato meningitis outbreak. Recent disease outbreaks include the Cub Foods E.Coli outbreak, the cluster of deaths following knee surgery, the introduction of West Nile Virus and the anthrax attacks on the

HEALTH DEPT

Program: HEALTH PROTECTION

Activity: INFECT DISEASE EPID PREV CNTRL

Narrative

East Coast. Each outbreak generated high levels of public concern. IDEPC will continue to detect and control infectious disease outbreaks as they occur in the future.

Key Measures

Ensure children get a healthy start in life by increasing on-time immunization rates among all children. Delays in immunizations increase the risk of infection and complications from communicable diseases.

| | History | | Current* | Target |
|-----------|---------|---------|----------|--------|
| | 1992-93 | 1996-97 | 2002 | 2003 |
| 4 months | 86.2 % | 89.6 % | * | 90 % |
| 6 months | 74.9 | 80.2 | * | 90 |
| 8 months | 64.2 | 70.9 | * | 90 |
| 16 months | 56.7 | 65.1 | * | 90 |
| 20 months | 45.6 | 54.7 | * | 90 |
| 24 months | 60.7 | 68.4 | * | 90 |

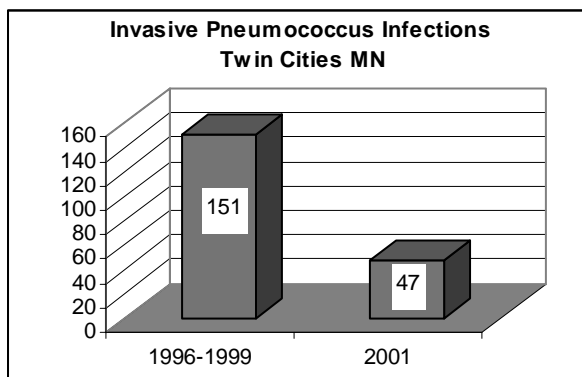
Source: MDH Retrospective Kindergarten Immunization Survey
(Note: The next round of survey data should be available in November 2002.)

Increase the percent of new tuberculosis patients that complete therapy within 12 months. Completion of tuberculosis therapy prevents spread and reduces the development of resistant strains of TB.

| History | Current | Target |
|----------------|-----------------|--------|
| 1996 | 2000 | 2004 |
| 63 % (n=78) | 79 % (n=136) | 90 % |

Source: MDH Tuberculosis Annual Progress Report

Increase usage of a new vaccine against Pneumococcus, which causes meningitis and blood poisoning. This vaccine has reduced serious Pneumococcus infections in children < 2yrs by 69%.



Source: MDH Infectious Disease Surveillance System

Contact

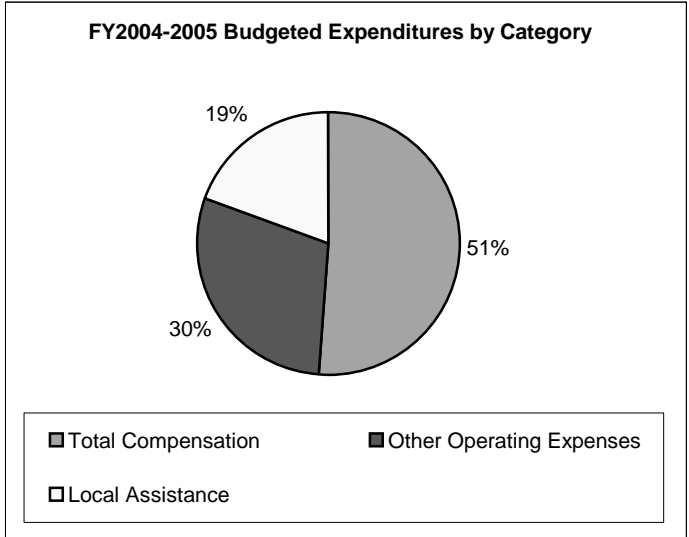
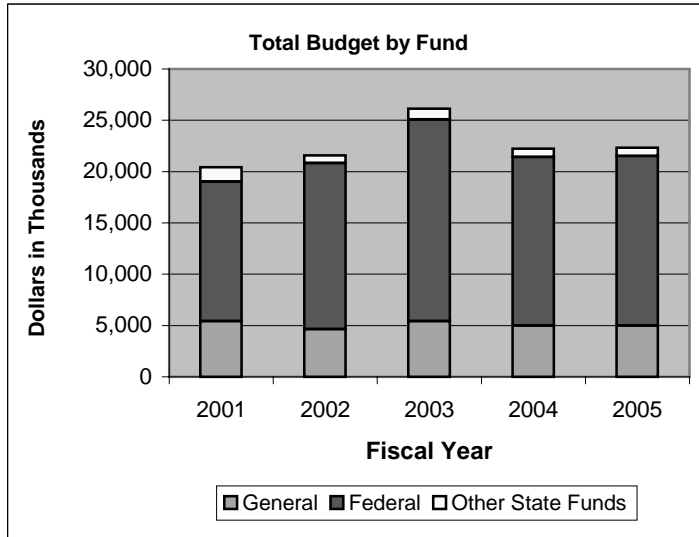
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HEALTH DEPT

Program: **HEALTH PROTECTION**

Activity: **INFECT DISEASE EPID PREV CNTRL**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|----------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 5,420 | 4,654 | 5,439 | 5,000 | 5,000 | 10,000 | -93 | -0.9% |
| State Government Special Revenue | 157 | 128 | 182 | 157 | 157 | 314 | 4 | 1.3% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 1,214 | 537 | 759 | 646 | 636 | 1,282 | -14 | -1.1% |
| Federal | 13,607 | 16,185 | 19,645 | 16,419 | 16,505 | 32,924 | -2,906 | -8.1% |
| Gift | 34 | 76 | 94 | 24 | 24 | 48 | -122 | -71.8% |
| Total | 20,432 | 21,580 | 26,119 | 22,246 | 22,322 | 44,568 | -3,131 | -6.6% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 8,022 | 8,687 | 11,856 | 11,360 | 11,391 | 22,751 | 2,208 | 10.7% |
| Other Operating Expenses | 7,612 | 5,809 | 7,695 | 6,579 | 6,624 | 13,203 | -301 | -2.2% |
| Local Assistance | 4,798 | 7,084 | 6,568 | 4,307 | 4,307 | 8,614 | -5,038 | -36.9% |
| Total | 20,432 | 21,580 | 26,119 | 22,246 | 22,322 | 44,568 | -3,131 | -6.6% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 0 | 1 | 0 | 0 | 0 | 0 | -1 | -100.0% |
| Subtotal Non Dedicated | 0 | 1 | 0 | 0 | 0 | 0 | -1 | -100.0% |
| Dedicated | | | | | | | | |
| Special Revenue | 1,199 | 439 | 602 | 678 | 678 | 1,356 | 315 | 30.3% |
| Federal | 13,693 | 15,235 | 18,791 | 15,613 | 15,699 | 31,312 | -2,714 | -8.0% |
| Gift | 24 | 23 | 24 | 24 | 24 | 48 | 1 | 2.1% |
| Subtotal Dedicated | 14,916 | 15,697 | 19,417 | 16,315 | 16,401 | 32,716 | -2,398 | -6.8% |
| Total Revenue | 14,916 | 15,698 | 19,417 | 16,315 | 16,401 | 32,716 | -2,399 | -6.8% |

| | | | | | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Full-Time Equivalents (FTE) | 125.6 | 136.0 | 160.1 | 163.8 | 163.8 |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|

Activity Description

The Minnesota Public Health Laboratory (PHL) provides scientific expertise and data used by public health partners for critical intervention and policy decisions regarding biological, chemical, and radiological threats. In addition, the PHL certifies all laboratories that conduct regulated environmental testing in Minnesota and screens all babies born in the state for rare, life-threatening metabolic disorders that are preventable if detected and treated soon after birth.

Population Served

All residents of Minnesota are served by the PHL. Samples for environmental testing, specimens for newborn screening, infectious isolates for reference analyses, and specimens for diagnosing rare diseases are sent to the PHL from local public and private hospitals, laboratories, and other entities throughout the state.

Activity at a Glance

- ◆ Analyzed 86,342 clinical specimens for infectious bacteria, viruses, fungi, and parasites in FY 2002.
- ◆ Performed 87,697 tests to detect chemical and bacterial contaminants in water, soil, and air in FY 2002.
- ◆ Screened 68,157 newborn babies for more than 20 treatable, life-threatening metabolic conditions in FY 2002.
- ◆ Certified 190 public and private environmental laboratories to assure quality in FY 2002.

Services Provided

- ⇒ Analysis of air, water, wastewater, sludge, sediment, soil, wildlife, vegetation, and hazardous waste for chemical and bacterial contaminants.
- ⇒ Testing of hospital and clinic patient specimens for infectious bacteria, parasites, fungi, and viruses.
- ⇒ Application of high-tech molecular methods such as DNA fingerprinting, amplification, and sequencing for rapid, early detection of infectious disease outbreaks and for identifying specific infectious agents.
- ⇒ Testing of each Minnesota newborn for a variety of treatable rare metabolic diseases.
- ⇒ Reference and confirmatory testing of clinical specimens and environmental samples using scientific expertise and state-of-the-art methods not available in other laboratories.
- ⇒ Certification of public and private environmental laboratories that conduct testing for the federal Safe Drinking Water, Clean Water, Resource Conservation and Recovery, and Underground Storage Tank Programs in Minnesota.
- ⇒ Collaboration with public and private laboratories, public safety officials, and federal officials to assure early detection and rapid response to possible agents of chemical and biological terrorism.
- ⇒ Emergency response by trained chemical experts serving on the state's Radiochemical Emergency Response Team, in the event of a release of radioactive chemicals at Minnesota's nuclear power plants.

Historical Perspective

The Minnesota PHL was first established more than 100 years ago. This was during a time in history when the germ theory of infectious disease was first established and little was known about the impact of environmental contamination on the public's health. In the early 1900s, with development of more sophisticated methods and instruments, the PHL became the premiere laboratory in Minnesota with the ability to identify environmental hazards and diagnose epidemic infectious diseases. Today, the PHL focuses on surveillance for early detection of public health threats, identification of rare chemical and biological hazards, emergency preparedness and response, and assurance of quality laboratory data through establishment of collaborative partnerships with clinical and environmental laboratories throughout the state.

Key Measures

Protect the public's health by increasing the percentage of Minnesota laboratories able to recognize possible agents of bioterrorism that must be submitted to the State Public Health Laboratory for confirmation.

HEALTH DEPT

Program: HEALTH PROTECTION

Activity: PUBLIC HEALTH LABORATORY

Narrative

Percent of Minnesota laboratories able to recognize possible *Bacillus anthracis*

| Current (FY 2002) | Target (FY 2003) |
|----------------------|---------------------|
| 68% | 90% |

Percent of Minnesota laboratories able to recognize possible *Brucella species*

| Current (FY 2002) | Target (FY 2003) |
|----------------------|---------------------|
| 33% | 60% |

Source: Minnesota Department of Health

Note: The State Public Health Laboratory provides hands-on laboratory training to assure that Minnesota laboratories have the ability to recognize possible agents of bioterrorism. Possible agents are sent to the State Public Health Laboratory for further analysis and specific identification. Through this public-private partnership, Minnesota is able to detect and respond rapidly to a suspected terrorism.

Improve health outcomes for Minnesota newborn babies by increasing the number of treatable inborn metabolic disorders identified and confirmed as positive.

Number of newborns identified with treatable disorders

| Historical 1993-2000 | Current 2001 | Target 2002-2003 | Target 2004 |
|-------------------------|-----------------|---------------------|----------------|
| 32-50 (range) | 58 (actual) | 71 | 192 |

Source: Minnesota Public Health Laboratory

Note: In 2001, the PHL introduced high-tech tandem mass spectrometry to screen newborns for additional treatable inborn metabolic disorders. Early identification and treatment of these disorders is crucial for successful outcomes.

Contact

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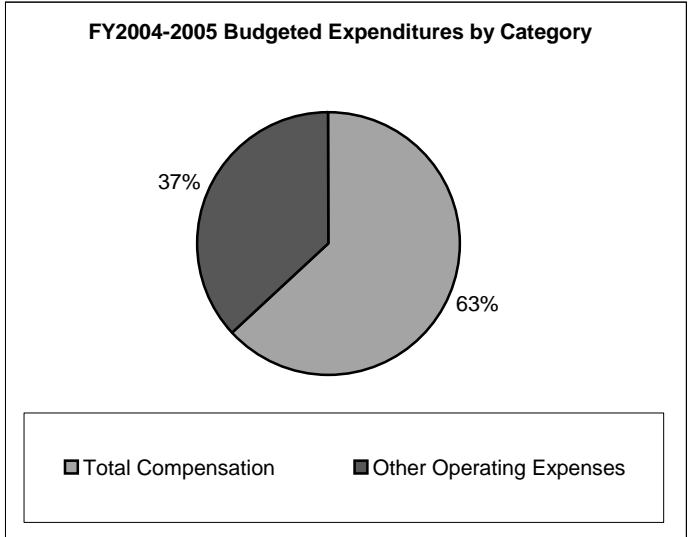
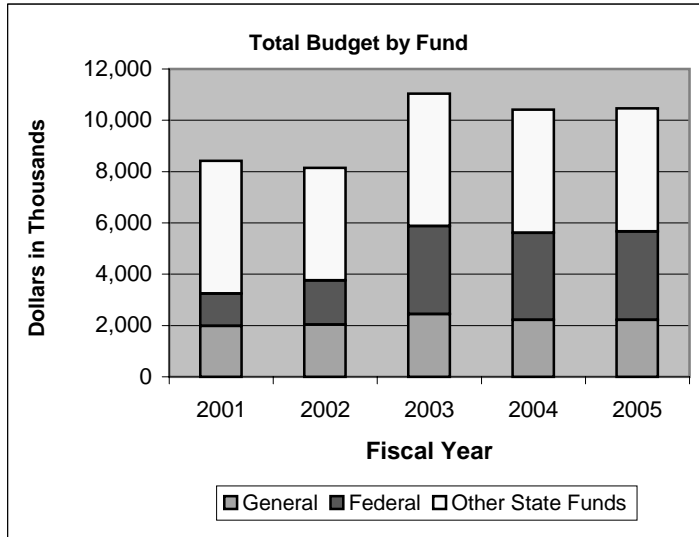
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HEALTH DEPT

Program: **HEALTH PROTECTION**

Activity: PUBLIC HEALTH LABORATORY

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|----------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 1,989 | 2,033 | 2,442 | 2,217 | 2,217 | 4,434 | -41 | -0.9% |
| State Government Special Revenue | 1,858 | 1,625 | 1,799 | 1,696 | 1,696 | 3,392 | -32 | -0.9% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 3,312 | 2,763 | 3,365 | 3,109 | 3,109 | 6,218 | 90 | 1.5% |
| Federal | 1,254 | 1,724 | 3,438 | 3,397 | 3,447 | 6,844 | 1,682 | 32.6% |
| Gift | 3 | 2 | 1 | 0 | 0 | 0 | -3 | -100.0% |
| Total | 8,416 | 8,147 | 11,045 | 10,419 | 10,469 | 20,888 | 1,696 | 8.8% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|---------------|---------------|---------------|---------------|--------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 4,843 | 5,395 | 6,763 | 6,581 | 6,606 | 13,187 | 1,029 | 8.5% |
| Other Operating Expenses | 3,292 | 2,684 | 4,278 | 3,834 | 3,859 | 7,693 | 731 | 10.5% |
| Capital Outlay & Real Property | 281 | 68 | 4 | 4 | 4 | 8 | -64 | -88.9% |
| Total | 8,416 | 8,147 | 11,045 | 10,419 | 10,469 | 20,888 | 1,696 | 8.8% |

| | | | | | | | | |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| State Government Special Revenue | 1,874 | 1,852 | 1,885 | 1,885 | 1,885 | 3,770 | 33 | 0.9% |
| Subtotal Non Dedicated | 1,874 | 1,852 | 1,885 | 1,885 | 1,885 | 3,770 | 33 | 0.9% |
| Dedicated | | | | | | | | |
| Special Revenue | 2,773 | 2,875 | 3,118 | 3,118 | 3,118 | 6,236 | 243 | 4.1% |
| Federal | 1,312 | 2,521 | 4,249 | 4,207 | 4,257 | 8,464 | 1,694 | 25.0% |
| Gift | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Dedicated | 4,087 | 5,396 | 7,367 | 7,325 | 7,375 | 14,700 | 1,937 | 15.2% |
| Total Revenue | 5,961 | 7,248 | 9,252 | 9,210 | 9,260 | 18,470 | 1,970 | 11.9% |

| | | | | | |
|------------------------------------|-------------|-------------|--------------|--------------|--------------|
| Full-Time Equivalents (FTE) | 93.4 | 96.9 | 109.3 | 109.3 | 109.3 |
|------------------------------------|-------------|-------------|--------------|--------------|--------------|

Activity Description

The Office of Emergency Preparedness (OEP) is the activity within the department established to give strategic leadership, direction assessment and coordination to activities to ensure statewide readiness, interagency collaboration local and regional preparedness for bioterrorism, other outbreak of infectious disease and other public health threat and emergencies.

Population Served

All residents of the state of Minnesota are served by this activity. The activity involves local health departments, Indian tribes, Emergency Management Agencies, National Guard, Emergency Medical Services, Office of Rural Health, police, fire departments, other rescue personnel, health care providers, associations of health professionals, Red Cross, volunteer agencies, and the hospital community in preparedness activities.

Services Provided

To carry out the assigned responsibilities, the OEP performs the following activities:

- ⇒ Set the strategic direction of health preparedness activities in Minnesota.
- ⇒ Facilitates cross-discipline planning and implementation
- ⇒ Assures compliance with requirements of grants from the Centers for Disease Control (CDC) and Health Resources Services Administration (HRSA).
- ⇒ Leads the planning for the health response to significant health threats, including the response plan to terrorist threats of smallpox, and the distribution plan for the National Pharmaceutical Stockpile
- ⇒ Conducts a variety of needs assessments of the public health system capacities related to bioterrorism, and other infectious disease outbreaks and emergencies.
- ⇒ Assesses statutes and regulations within the state and local public health jurisdictions regarding authority for implementing emergency public health measures.
- ⇒ Operates the Health Alert Network, the Minnesota Department of Health (MDH) tool for timely threat communications to local public health.
- ⇒ Oversees the development of education and training materials for building the capacity of local public health to respond to threats of terrorism and other infectious disease.
- ⇒ In conjunction with the MDH Community Health Division, OEP administers over \$5 million in grants to Community Health Boards and Tribes, and over \$2 million in grants to hospitals to build public health and health care preparedness.
- ⇒ OEP is accountable for bringing together staff located throughout MDH in implementing grant objectives, and responsible for working with local public health partners and others leaders in a variety of related fields to better prepare Minnesota for public health emergencies, and response to acts of bioterrorism.

Key Measures**Assessment and Training**

Assess state and local capacity to respond to a bioterrorism event or other health threat. Based on assessment, implement training and technical assistance to bring capacity to standards set by CDC Bioterrorism and Preparedness Grant Guidance and address Minnesota-specific needs. Build capacity of local public health for just-in-time training by the installation, testing, and use of distance learning technology.

Planning and Coordination

Develop and test plans for all aspects of local, regional and statewide incident response in consultation with partners including hospitals, tribal governments, local public health, emergency management, fire, police and others who may be involved in response to a health threat. Develop emergency preparedness and response

Activity at a Glance

The Office of Emergency Preparedness was created as a requirement of federal grants received by the department.

The department received a grant for over \$17 million for Public Health Preparedness and Response for Bioterrorism.

The department also received a \$2.2 million grant for Hospital Preparedness Program.

HEALTH DEPT

Program: HEALTH PROTECTION

Activity: OFFICE OF EMERGENCY PREPAREDNS

Narrative

systems to support epidemiology and surveillance systems, the public health laboratory, and risk communication efforts.

Communication

Operate the Health Alert Network and enhance the electronic systems that support it. Plan, implement, test, and support communication systems that include: MDH staff 24/7 alert, inter-departmental routine communication of grant related work, inter-agency communication including MDH, DEM, Minnesota Department of Agriculture (MDA), Minnesota Department of Natural Resources (DNR), and others as appropriate, 24/7 alert of local public health and hospital emergency departments, web-based secure site for vital information transactions during a health threat event and routine communication of grant related work.

Protect public health by increasing the percent of city and county public health agencies (n=91) with high-speed, continuous Internet access and an electronic connection to the Health Alert Network (HAN).

| | History | Current | Target |
|-----------------------------------|---------|---------|--------|
| | 2001 | 2002 | 2003 |
| Continuous, high-speed connection | 79% | 99% | 100% |

Source: MDH Health Alert Network survey of local public health agencies

Note: Local response to HAN messages is now less than two hours. (During September 11th, MDH issued a HAN message and all local departments had responded *prior* to the federal notification on the HAN by the Centers for Disease Control.)

Protect public health by increasing the percent of city and county public health agencies (n=91) that can be reached for emergency notification 24 hours a day, 7 days a week.

| | History | Current | Target |
|-------------------|---------|-----------------------------|--------|
| | | 2002 | 2003 |
| 24/7 notification | N/A | (assessment in October '02) | 100% |

Source: Office of Emergency Preparedness summary of local system tests

Note: Auto-call system to be activated in October 2002; monthly system tests until 100% goal reached, quarterly thereafter.

Contact

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Office of Emergency Preparedness

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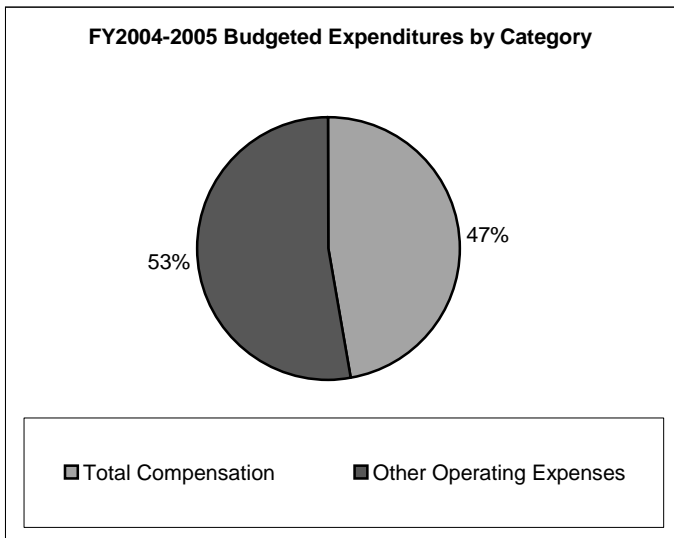
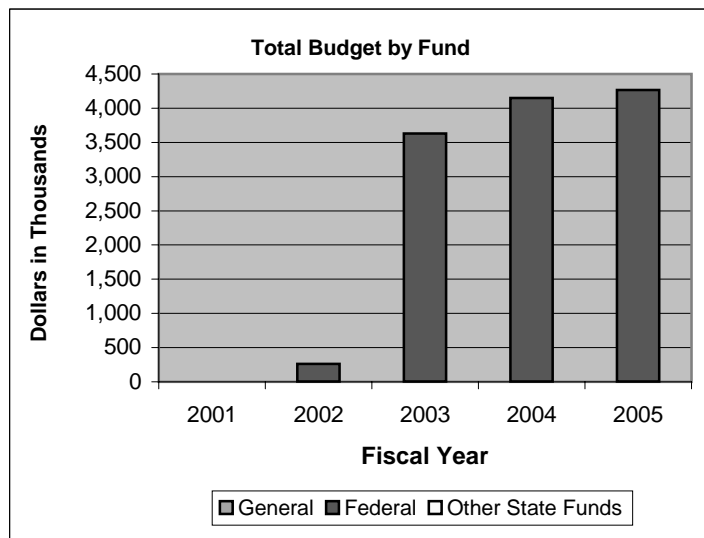
E mail: oep@health.state.mn.us

HEALTH DEPT

Program: **HEALTH PROTECTION**

Activity: OFFICE OF EMERGENCY PREPAREDNS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|---------------|---------------|-----------------|---------------|-----------------|----------------|--------------------------|----------------|
| Expenditures by Fund | Actual | Actual | Budgeted | Base | Biennium | | 2004-05 / 2002-03 | |
| | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Statutory Appropriations | | | | | | | | |
| Federal | 0 | 263 | 3,632 | 4,151 | 4,268 | 8,419 | 4,524 | 116.1% |
| Total | 0 | 263 | 3,632 | 4,151 | 4,268 | 8,419 | 4,524 | 116.1% |

| | | | | | | | | |
|---------------------------------|----------|------------|--------------|--------------|--------------|--------------|--------------|---------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 0 | 23 | 1,740 | 1,968 | 2,017 | 3,985 | 2,222 | 126.0% |
| Other Operating Expenses | 0 | 240 | 1,892 | 2,183 | 2,251 | 4,434 | 2,302 | 108.0% |
| Total | 0 | 263 | 3,632 | 4,151 | 4,268 | 8,419 | 4,524 | 116.1% |

| | | | | | | | | |
|---------------------------------|----------|------------|--------------|--------------|--------------|--------------|--------------|---------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Federal | 0 | 263 | 3,633 | 4,152 | 4,269 | 8,421 | 4,525 | 116.1% |
| Subtotal Dedicated | 0 | 263 | 3,633 | 4,152 | 4,269 | 8,421 | 4,525 | 116.1% |
| Total Revenue | 0 | 263 | 3,633 | 4,152 | 4,269 | 8,421 | 4,525 | 116.1% |

| | | | | | | | | |
|------------------------------------|------------|------------|-------------|-------------|-------------|--|--|--|
| Full-Time Equivalents (FTE) | 0.0 | 0.3 | 25.3 | 25.3 | 25.3 | | | |
|------------------------------------|------------|------------|-------------|-------------|-------------|--|--|--|

Program Description

The purpose of the Management and Support Services Program is to provide the executive leadership and business systems underlying and supporting all of the department's public health programs.

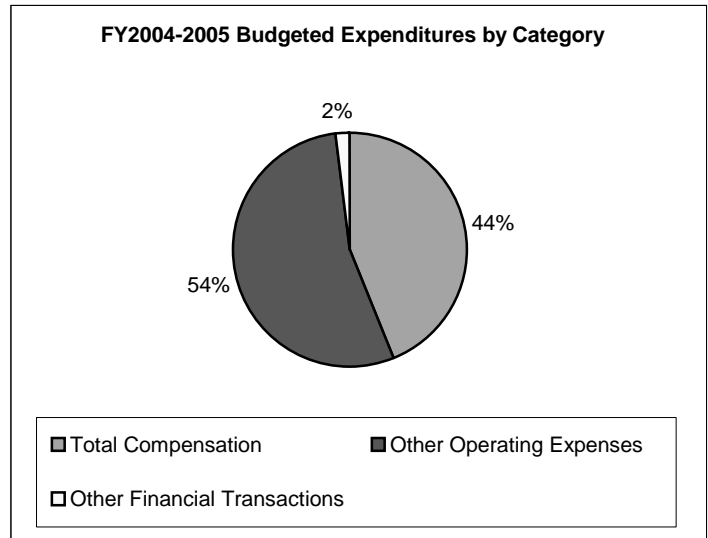
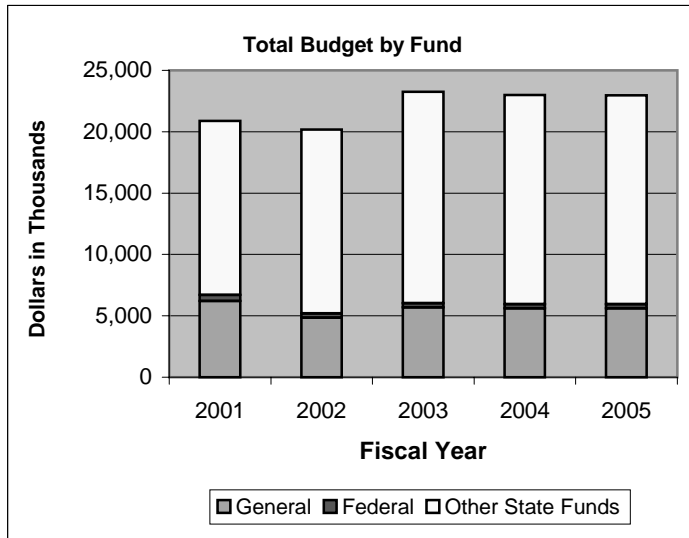
Budget Activities Included:

- ⇒ Finance and Administrative Management
- ⇒ Executive Office and Communications

HEALTH DEPT

Program: MANAGEMENT & SUPPORT SERVICES

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 6,201 | 4,856 | 5,687 | 5,609 | 5,603 | 11,212 | 669 | 6.3% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 14,075 | 14,969 | 17,211 | 17,027 | 17,027 | 34,054 | 1,874 | 5.8% |
| Federal | 492 | 343 | 343 | 343 | 343 | 686 | 0 | 0.0% |
| Miscellaneous Agency | 109 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Gift | 0 | 0 | 9 | 1 | 1 | 2 | -7 | -77.8% |
| Total | 20,877 | 20,168 | 23,250 | 22,980 | 22,974 | 45,954 | 2,536 | 5.8% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 8,380 | 8,153 | 10,212 | 10,066 | 10,066 | 20,132 | 1,767 | 9.6% |
| Other Operating Expenses | 11,996 | 11,585 | 12,613 | 12,489 | 12,483 | 24,972 | 774 | 3.2% |
| Local Assistance | 139 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Other Financial Transactions | 362 | 430 | 425 | 425 | 425 | 850 | -5 | -0.6% |
| Total | 20,877 | 20,168 | 23,250 | 22,980 | 22,974 | 45,954 | 2,536 | 5.8% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|-------------|
| Expenditures by Activity | | | | | | | | |
| Finance & Administrative Mgmt | 18,062 | 18,088 | 20,744 | 20,480 | 20,474 | 40,954 | 2,122 | 5.5% |
| Executive Office & Comm | 2,815 | 2,080 | 2,506 | 2,500 | 2,500 | 5,000 | 414 | 9.0% |
| Total | 20,877 | 20,168 | 23,250 | 22,980 | 22,974 | 45,954 | 2,536 | 5.8% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Special Revenue | 15,049 | 14,669 | 16,003 | 17,042 | 17,027 | 34,069 | 3,397 | 11.1% |
| Federal | 492 | 343 | 343 | 343 | 343 | 686 | 0 | 0.0% |
| Gift | 3 | 2 | 1 | 1 | 1 | 2 | -1 | -33.3% |
| Subtotal Dedicated | 15,544 | 15,014 | 16,347 | 17,386 | 17,371 | 34,757 | 3,396 | 10.8% |
| Total Revenue | 15,544 | 15,014 | 16,347 | 17,386 | 17,371 | 34,757 | 3,396 | 10.8% |

| | | | | | | | | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|------|--|--|
| Full-Time Equivalents (FTE) | 142.8 | 132.7 | 161.1 | 162.7 | 162.7 | | | |
| | | | | | | 0.0% | | |

Activity Description

The Finance and Administrative Management Activity provides internal business systems and central support services to all programs of the department in order to make maximum utilization of all agency resources. Critical responsibilities of this activity include the anticipation of and planning for the future. This activity continuously reviews the need for and quality of its services to assure they are provided in the most cost efficient manner.

Activity at a Glance

- ◆ Maintained 99.9% availability and functionality of core information technology infrastructure.
- ◆ Recruited 200 new employees annually.
- ◆ Paid 99.4% of all vendor invoices in 30 days or less.
- ◆ Implemented improved physical and systems/ data security at all office facilities.

Population Served

This activity serves all 1,350 employees of the department by providing facilities, human resources, financial, and information technology services; works with the vendors providing goods and services needed to carry out state public health programs; works with grantees receiving funds through the department; works with landlords providing space needed to carry out programs; and job applicants seeking employment with the department.

Services Provided

The departmental services provided by this activity are divided into four categories.

Facilities Management

- ⇒ Manages building operations of all Minnesota Department of Health (MDH) office facilities including physical security and parking.
- ⇒ Provides mail distribution, printing, duplication, warehouse, and other central services.
- ⇒ Provides administrative support in all MDH district offices across the state.
- ⇒ Manages a central conference center for use by MDH, local partners, and other state agencies.

Financial Management

- ⇒ Provides budget planning and development for all departmental resources.
- ⇒ Manages centralized budget management, accounting, reporting, and cash management.
- ⇒ Provides centralized procurement of goods and contract services.
- ⇒ Provides monitoring, financial reporting, and technical assistance required for federal grants.

Human Resources

- ⇒ Manages the recruitment, development and retention of qualified staff.
- ⇒ Manages all departmental labor relations, employee benefits, and health and safety activities.
- ⇒ Manages employee compensation and provides payroll services for all departmental staff.
- ⇒ Manages departmental equal opportunity and affirmative action activities.

Information Systems and Technology Management

- ⇒ Provides technical expertise, planning, and development of technology systems and data architectures.
- ⇒ Provides high level security for all departmental data, systems and communications.
- ⇒ Manages departmental communications networks and telecommunications systems.
- ⇒ Manages MDH central networks and infrastructure connecting all employees and 11 building locations.

Activity Funding

This activity provides the majority of it direct services to MDH programs and employees so that they may efficiently and effectively carry out their public health program responsibilities. The majority of the financial support for this activity is obtained through the assessment of an indirect cost rate to all programs. The current rate is 19.4% of all direct costs and has remained stable for the past several years. The demand for the services

HEALTH DEPT

Program: MANAGEMENT & SUPPORT SERVICES

Activity: FINANCE & ADMINISTRATIVE MGMT

Narrative

of this activity is greatly affected by the expansion and contraction of non-general fund programmatic activities and the level of funding they receive.

Key Measures

M.S. 16A.124 requires that payments to vendors must be made within 30 days receipt of invoice. The Department of Finance has established a statewide goal of 97% of payments made within this time frame.

| History | Current | Target |
|---------|---------|---------|
| 2001 | 2002 | 2004-05 |
| 99.05% | 99.36% | 99.0% |

Source: Department of Finance Prompt Payment Report

The department will increase the percentage of people of color in the MDH workforce by 5% each year.

| History | Current | Target |
|---------|---------|--------|
| 2001 | 2002 | 2005 |
| 10.1% | 10.8% | 12.5% |

Contact

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Phone: (651)282-2999

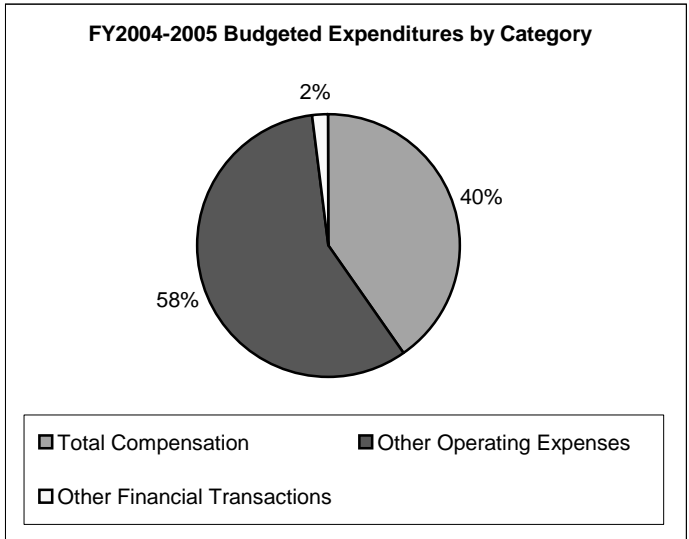
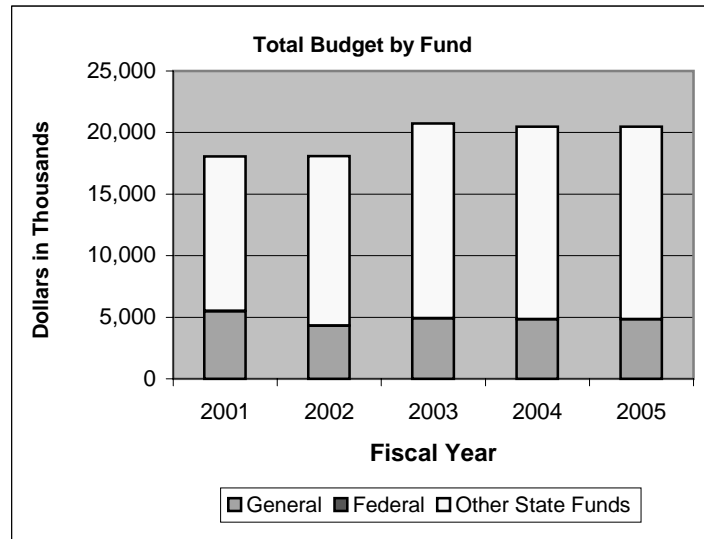
E-Mail: David.Johnson@state.mn.us

HEALTH DEPT

Program: **MANAGEMENT & SUPPORT SERVICES**

Activity: **FINANCE & ADMINISTRATIVE MGMT**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 5,488 | 4,321 | 4,905 | 4,827 | 4,821 | 9,648 | 422 | 4.6% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 12,455 | 13,767 | 15,837 | 15,653 | 15,653 | 31,306 | 1,702 | 5.7% |
| Federal | 10 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Miscellaneous Agency | 109 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Gift | 0 | 0 | 2 | 0 | 0 | 0 | -2 | -100.0% |
| Total | 18,062 | 18,088 | 20,744 | 20,480 | 20,474 | 40,954 | 2,122 | 5.5% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 6,446 | 6,724 | 8,385 | 8,239 | 8,239 | 16,478 | 1,369 | 9.1% |
| Other Operating Expenses | 11,253 | 10,934 | 11,934 | 11,816 | 11,810 | 23,626 | 758 | 3.3% |
| Local Assistance | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Other Financial Transactions | 362 | 430 | 425 | 425 | 425 | 850 | -5 | -0.6% |
| Total | 18,062 | 18,088 | 20,744 | 20,480 | 20,474 | 40,954 | 2,122 | 5.5% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Special Revenue | 15,049 | 14,664 | 15,983 | 17,027 | 17,027 | 34,054 | 3,407 | 11.1% |
| Federal | 10 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Gift | 1 | 1 | 0 | 0 | 0 | 0 | -1 | -100.0% |
| Subtotal Dedicated | 15,060 | 14,665 | 15,983 | 17,027 | 17,027 | 34,054 | 3,406 | 11.1% |
| Total Revenue | 15,060 | 14,665 | 15,983 | 17,027 | 17,027 | 34,054 | 3,406 | 11.1% |

| | | | | | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Full-Time Equivalents (FTE) | 115.2 | 112.0 | 135.1 | 136.7 | 136.7 |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|

Activity Description

The Commissioner's Office provides the vision and strategic leadership for creating effective public health policy for the state of Minnesota. It also oversees the management of the entire agency, including budget activities, administrative functions and the department's eight divisions. It carries out its mission in partnership with a wide range of external organizations that help to promote and protect the health of all Minnesotans.

Several key functions take place through the Commissioner's Office, including Planning Coordination and Performance Measurement, Government Relations, Library Services, and Communications.

Activities at a Glance

- ◆ Strategic leadership and planning
- ◆ Performance measurement coordination
- ◆ Budget and administrative management
- ◆ Government relations and policy development
- ◆ Library services
- ◆ Communications and public awareness

Population Served

The department's 1,300 employees work to protect and promote the health of all Minnesotans. The department carries out its mission in close partnership with other state agencies, elected officials, health care and community organizations, and public health officials at the federal, state and local levels.

Services Provided**Executive Leadership, Planning Coordination and Performance Measurement**

- ⇒ The Commissioner's Office develops and implements department policies and provides leadership to the state in developing public health priorities.
- ⇒ The Commissioner's Office directs the annual development of a set of public health strategic directions current, priority public health issues to provide guidance for agency activities and to more effectively engage the department's public health partners.
- ⇒ The Commissioner's Office also directs the development of meaningful performance measures for every major agency activity and works closely with the governor's office on department results and outcome measures for a citizen audience. .

Government Relations

- ⇒ Government Relations is responsible for leading and coordinating state legislative activities and monitoring federal legislative activities to advance the departments' priorities and mission.
- ⇒ Throughout the legislative session and during the interim, Government Relations is a contact for the public, other departments, legislators and legislative staff.
- ⇒ This activity works closely with the governor's office, department divisions, legislators, legislative staff, and other state agencies to communicate the department's strategies and priorities.

Communications

- ⇒ The Communications Office is responsible for leading and coordinating communications on statewide public health issues and programs.
- ⇒ The office works closely with the news media, including issuing an average of 75 news releases and responding to thousands of media inquiries each year.

Library Services

- ⇒ The Library Services is responsible for locating, organizing, sharing and distributing information; coordinating the purchase of books and journals; and assisting clients' research in library materials, databases and the Internet.
- ⇒ The R.N. Barr Library provides access to information for Minnesota Department of Health (MDH) staff, local public health agencies and school nurses. The public is welcome to use materials on-site. This library also distributes posters, pamphlets, brochures and other department publications.

HEALTH DEPT

Program: MANAGEMENT & SUPPORT SERVICES

Activity: EXECUTIVE OFFICE & COMM

Narrative

⇒ The Audiovisual Library has a large collection of videos on health-related subjects is available to the public through this library.

Key Measures

Improve agency performance by increasing the number of department activities that develop and communicate meaningful measures focused on results.

| | History | Current | Target |
|--|---------|---------|--------|
| | 2000 | 2002 | 2003 |
| Major department activities with quantitative performance measures | 38 % | 70 % | 90% |

Source: MDH Executive Office

Note: The Commissioner's Office has made measurable results a key emphasis in the agency's *Strategic Directions*. Five of 13 major department activities had measures that were included in the Governor's "Department Results" web site in 2001. The Commissioner's Office is currently working with each major agency activity to develop quantifiable indicators of performance that reflect outcomes important to the citizens of Minnesota.

Improve department effectiveness by increasing the percent of reports and other information that have a communications plan to ensure the information reaches the intended audiences. (Future measure: 2003 goal of 80% of publications with a communications plan.)

Source: MDH Communications Office

Improve effectiveness of department communications by conducting periodic on-line surveys and improving user satisfaction with department web site. (Future measure: 2003 goal of 75% satisfied users.)

Source: MDH Communications Office

Contact

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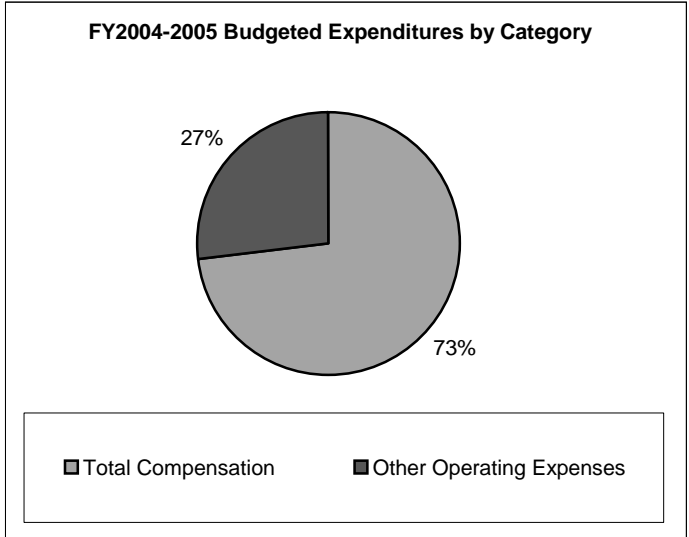
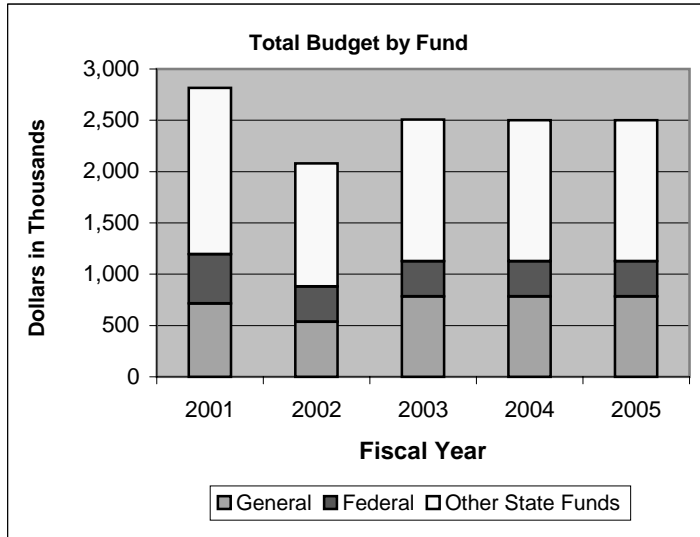
E-mail: julie.brunner@health.state.mn.us

HEALTH DEPT

Program: **MANAGEMENT & SUPPORT SERVICES**

Activity: EXECUTIVE OFFICE & COMM

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 713 | 535 | 782 | 782 | 782 | 1,564 | 247 | 18.8% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 1,620 | 1,202 | 1,374 | 1,374 | 1,374 | 2,748 | 172 | 6.7% |
| Federal | 482 | 343 | 343 | 343 | 343 | 686 | 0 | 0.0% |
| Gift | 0 | 0 | 7 | 1 | 1 | 2 | -5 | -71.4% |
| Total | 2,815 | 2,080 | 2,506 | 2,500 | 2,500 | 5,000 | 414 | 9.0% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 1,934 | 1,429 | 1,827 | 1,827 | 1,827 | 3,654 | 398 | 12.2% |
| Other Operating Expenses | 743 | 651 | 679 | 673 | 673 | 1,346 | 16 | 1.2% |
| Local Assistance | 138 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Total | 2,815 | 2,080 | 2,506 | 2,500 | 2,500 | 5,000 | 414 | 9.0% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Special Revenue | 0 | 5 | 20 | 15 | 0 | 15 | -10 | -40.0% |
| Federal | 482 | 343 | 343 | 343 | 343 | 686 | 0 | 0.0% |
| Gift | 2 | 1 | 1 | 1 | 1 | 2 | 0 | 0.0% |
| Subtotal Dedicated | 484 | 349 | 364 | 359 | 344 | 703 | -10 | -1.4% |
| Total Revenue | 484 | 349 | 364 | 359 | 344 | 703 | -10 | -1.4% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 27.6 | 20.7 | 26.0 | 26.0 | 26.0 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

Agency Purpose

The Minnesota Higher Education Facilities Authority (hereafter called the Authority) was created by the State Legislature in 1971 for the purpose of assisting nonprofit institutions of higher education within the State in financing or refinancing capital construction projects by issuing tax-exempt revenue bonds. Beginning in FY 1988, the legislature also asked that the Authority finance limited types of projects at certain public higher education institutions. The Authority receives no general fund tax dollars or any other legislative funding. The operating funds come from fees charged to the institutions that benefit from tax-exempt bonds.

Core Functions

The Authority operates under a board of ten members, eight of whom are appointed by the Governor with the advice and consent of the Senate. A representative of the Minnesota Higher Education Services Office and the President of the Minnesota Private College Council, are the two ex-officio members of the Authority.

The Authority issues tax-exempt revenue obligations and enters into agreements with higher education institutions to be responsible for the use of the loan proceeds and to repay the bondholders. The Authority has access to capital improvement funds only through borrowing directly. When a higher education institution needs funds for capital improvements, the Authority is able to provide more favorable interest rates because of its status as a government entity. Since the Authority is an agency of the State, the interest paid by the institution to the bondholders is exempt from both state and federal income taxes. The Authority has no liability to repay the bondholders.

Core functions support the goal of issuing tax-exempt revenue obligations in an efficient and cost-effective manner for higher education institutions. The core functions are:

- ◆ develop Authority expertise and educate institutions on financing options;
- ◆ provide analysis and consulting in developing institutional capital financing options; and
- ◆ manage Authority operations without increasing fees.

The functions support ongoing operating goals:

- ◆ provide a consistent and efficient process for obtaining tax-exempt financing;
- ◆ educate institutions through the application guide, newsletters and annual educational forum on market, legal and accounting considerations;
- ◆ provide specific analysis and consulting for institutional capital financing plans; and
- ◆ assist institutions with investor relations, post-closing compliance and rating agency reviews.

Operations

The Authority serves eligible higher education institutions throughout Minnesota by providing access to tax-exempt interest rates. Access to capital improvement funds is essential to long-term viability of institutions dedicated to educating Minnesota's workforce. Students benefit because lower borrowing costs reduce the pressure to increase tuition costs.

The Authority operates with the advice and leadership of a board of ten people and a staff of three people. The board meets monthly and acts incrementally on the application for financing and the financing structure of all bond issues. For each bond issue, a law firm to serve as bond counsel is appointed by the Attorney General. A

At A Glance

The Higher Education Facilities Authority assists nonprofit institutions of higher education in financing capital projects through the issuance of tax-exempt debt.

- ◆ The Authority is authorized to have a maximum total of \$650 million outstanding bond principal.
- ◆ In FY 2001, the Authority completed three financings for a total of \$34.7 million.
- ◆ The total bond principal outstanding at June 30, 2001 was \$464,942,557.
- ◆ 21 nonprofit, post-secondary institutions in Minnesota have utilized the program of the Authority and realized interest savings on financing their capital improvements.

financial advisor firm is retained by the Authority to advise on the financial feasibility and structure of each bond issue.

In general, except for payroll administration, the Authority's staff is responsible for all operations relating to the core functions. Staff receives minimal services from other state agencies (other than payroll and legal services). As a result, the Authority's operations have a neutral impact on the state's biennial budget and capital budget.

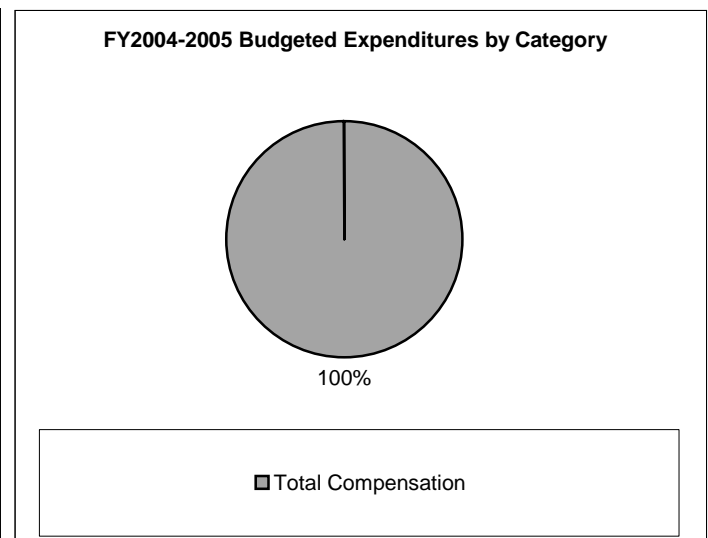
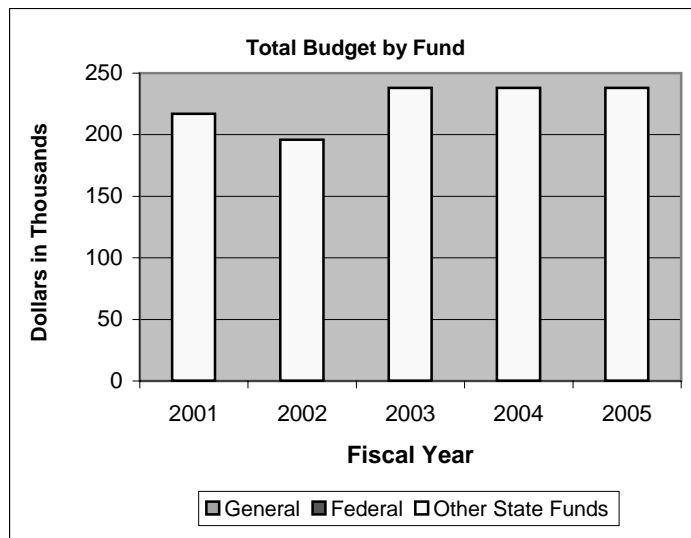
Budget

Operating expenses of the Authority are paid by a fee charged to each participating institution. The Authority receives no general fund tax dollars or other legislative funding. The Department of Finance administers the three-person payroll using dedicated receipts deposited monthly by the Authority.

Contact

For further information contact:
Marianne T. Remedios
Executive Director
Higher Education Facilities Authority
380 Jackson Street, Suite 450
St. Paul, Minnesota 55101

Phone: (651) 296-4690
Fax: (651) 297-5751
e-mail: mremedios@isd.net



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Statutory Appropriations | | | | | | | | |
| Miscellaneous Agency | 217 | 196 | 238 | 238 | 238 | 476 | 42 | 9.7% |
| Total | 217 | 196 | 238 | 238 | 238 | 476 | 42 | 9.7% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|-----------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 217 | 196 | 238 | 238 | 238 | 476 | 42 | 9.7% |
| Total | 217 | 196 | 238 | 238 | 238 | 476 | 42 | 9.7% |

| | | | | | | | | |
|--------------------------------|------------|------------|------------|------------|------------|------------|-----------|-------------|
| Expenditures by Program | | | | | | | | |
| Hgher Educ Fac Authr | 217 | 196 | 238 | 238 | 238 | 476 | 42 | 9.7% |
| Total | 217 | 196 | 238 | 238 | 238 | 476 | 42 | 9.7% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|-----------|-------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Miscellaneous Agency | 217 | 204 | 230 | 238 | 238 | 476 | 42 | 9.7% |
| Subtotal Dedicated | 217 | 204 | 230 | 238 | 238 | 476 | 42 | 9.7% |
| Total Revenue | 217 | 204 | 230 | 238 | 238 | 476 | 42 | 9.7% |

| | | | | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|--|--|--|
| Full-Time Equivalents (FTE) | 2.7 | 2.3 | 2.3 | 2.3 | 2.3 | | | |
|------------------------------------|------------|------------|------------|------------|------------|--|--|--|

Agency Purpose

The purpose of the Minnesota Higher Education Services Office (MHESO) is stated in the agency mission:

- ◆ achieve student financial access to post-secondary education;
- ◆ enable students to choose among post-secondary education options;
- ◆ protect and inform educational consumers;
- ◆ produce independent, statewide information on post-secondary education; and
- ◆ facilitate interaction among and collaborate with organizations that share responsibility for education in Minnesota.

Core Functions

MHESO's specific core statutory responsibilities are as follows:

- ◆ administration of state financial aid programs for students;
- ◆ negotiation and administration of statewide interstate tuition reciprocity programs;
- ◆ publication and distribution to students and parents of information about academic and financial preparation, including financial aid;
- ◆ approval, registration, and licensure of private colleges and career schools;
- ◆ oversight of statewide library service programs that improve access to information and support cost-effective library operations;
- ◆ administration of the Minnesota Education Telecommunications Council;
- ◆ collection, maintenance and analysis of student enrollment and financial aid data;
- ◆ administration of statewide federal programs; and
- ◆ prescribing policies, procedures, and rules necessary to administer the programs under MHESO's supervision.

Operations

Through delivery of its core programs, MHESO affects several primary constituencies including college students, students and families who are preparing for post-secondary education, colleges and universities that participate in providing distance learning opportunities and library services for students, researchers, and policymakers who use statewide post-secondary education data.

MHESO's programs and services are provided through different means including:

The Minnesota State Grant Program (which provides more than \$100 million in need-based aid to Minnesota students annually), and other student financial aid programs such as the Post-Secondary Child Care Grant Program, State Work Study Program, and the Public Safety Officers' Survivors Benefit Program. Other core programs are the Student Educational Loan Fund (SELF), the Minnesota College Savings Plan, and the Interstate Tuition Reciprocity Program. These programs enable thousands of Minnesota students to have financial access to, and choice of, post-secondary educational opportunities.

At A Glance

Two-year State Budget:

\$315.2 million General Fund
 \$242.5 million Student Loan Fund
 \$ 15.9 million Federal & Agency Funds

Over 90% of the general fund's appropriation is for student and school grants.

Annual Business Processes:

\$123 million in grants to 60,000 students
 \$100 million in student loans to 28,000 students
 \$ 12 million in work study to 10,000 students

32,000 students participate in the Interstate Reciprocity Program.

140 private institutions registered or licensed.
 300,000 requests per year for MINITEX library information resources.

MHESO's publications, videos, web page content, and direct contact with students and families enable the agency to provide outreach to communities of color, low income families, and families with no previous higher education experience. The Get Ready! Program working in tandem with the federally-sponsored GEAR UP (Gaining Early Awareness and Readiness for Undergraduate Programs) and Intervention for College Attendance Program Grants help to sustain a continuum of contact and service to low income students from 4th grade through high school as they prepare for college admission and attendance.

MHESO's web site includes information for students and parents; enrollment data which can be customized by the user; information concerning private post-secondary institutions licensed or registered by MHESO; on-line tuition reciprocity applications; and a financial aid estimator.

The MINITEX Library Information Network provides students, scholars, and residents of Minnesota and contiguous states with cost effective access to a wide range of library resources and information, including delivery of interlibrary loan materials, cooperative licensing, and access to electronic resources. The Minnesota Library Information Network (MnLINK) is a statewide virtual library that electronically links major Minnesota libraries. The MnLINK Gateway connects the online catalogs of 20 Minnesota library systems and selected commercial databases so that they appear to a user as a single source of information. The MnLINK Integrated Library System is being implemented as a shared library automation system for the University of Minnesota, Minnesota State Colleges and Universities, Minnesota state agencies and interested private college, public, school, and special libraries.

The Learning Network of Minnesota provides access to educational programs and library resources through telecommunications technology. The Learning Network enables students to have access to learning opportunities that otherwise would be unavailable at their college or in their geographic area.

Through state laws which undergird the registration and licensure of private colleges, universities, and career schools, MHESO provides students with consumer protection by assuring that private post-secondary institutions meet state standards in order to operate legally in Minnesota.

Budget

The agency's 2002/2003 budget totaled \$574 million. Agency staff include 113 full-time equivalent employees, of which 32 are state funded.

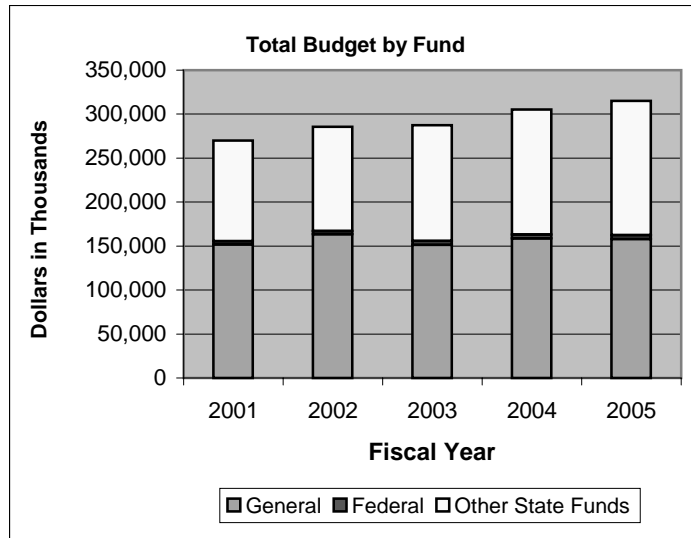
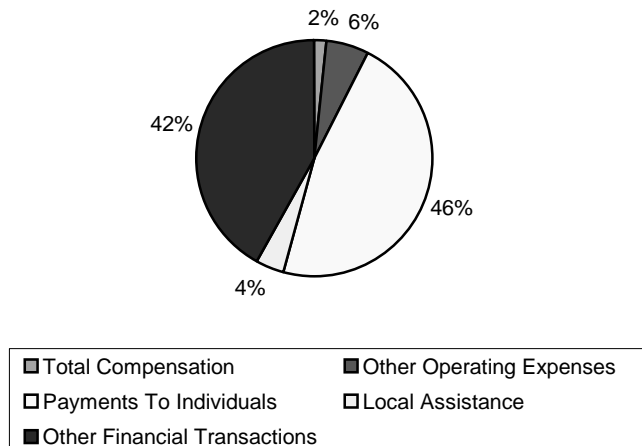
Of the total budget, \$315.2 million is from general fund tax dollars, \$8.3 million is from federal grants, \$242.5 million is from the student loan fund, and \$7.6 million is received from special revenue resources.

Contact

Higher Education Services Office
1450 Energy Park Drive, Suite 350
Saint Paul, Minnesota 55108-5227

Telephone: (651) 642-0567
800-657-3866
Fax: (651) 642-0675
E-mail: info@heso.state.mn.us

For further information, see the MHESO's web site at www.mheso.state.mn.us or contact Phil Lewenstein at: lewenstein@heso.state.mn.us.

**FY2004-2005 Budgeted Expenditures by Category**

| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|------------------|------------------|--------------------|----------------|----------------|---------------------|--------------------------------------|-------------|
| Expenditures by Fund | | | | | | | Dollars | Percent |
| Carry Forward | | | | | | | | |
| General | 0 | 0 | 0 | 1,060 | 424 | 1,484 | 1,484 | n.m |
| Direct Appropriations | | | | | | | | |
| General | 151,842 | 163,251 | 151,467 | 157,502 | 157,502 | 315,004 | 286 | 0.1% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 166 | 228 | 228 | 330 | 335 | 665 | 209 | 45.8% |
| Federal | 3,453 | 3,909 | 4,397 | 4,397 | 4,397 | 8,794 | 488 | 5.9% |
| Miscellaneous Agency | 3,445 | 3,516 | 3,673 | 3,673 | 3,673 | 7,346 | 157 | 2.2% |
| Higher Education Svcs Office | 111,028 | 114,800 | 127,596 | 138,213 | 148,733 | 286,946 | 44,550 | 18.4% |
| Total | 269,934 | 285,704 | 287,361 | 305,175 | 315,064 | 620,239 | 47,174 | 8.2% |

Expenditures by Category

| | | | | | | | | |
|------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|-------------|
| Total Compensation | 4,067 | 4,386 | 5,070 | 5,221 | 5,241 | 10,462 | 1,006 | 10.6% |
| Other Operating Expenses | 14,879 | 14,961 | 20,161 | 17,815 | 17,710 | 35,525 | 403 | 1.1% |
| Payments To Individuals | 138,291 | 146,157 | 135,216 | 145,171 | 145,145 | 290,316 | 8,943 | 3.2% |
| Local Assistance | 11,460 | 15,950 | 11,624 | 11,578 | 11,578 | 23,156 | -4,418 | -16.0% |
| Other Financial Transactions | 101,237 | 104,250 | 115,290 | 125,390 | 135,390 | 260,780 | 41,240 | 18.8% |
| Total | 269,934 | 285,704 | 287,361 | 305,175 | 315,064 | 620,239 | 47,174 | 8.2% |

Expenditures by Program

| | | | | | | | | |
|--------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|-------------|
| Student Financial Aid Services | 141,532 | 150,625 | 138,744 | 148,854 | 148,828 | 297,682 | 8,313 | 2.9% |
| State Student Loans | 110,046 | 113,827 | 126,342 | 136,942 | 147,442 | 284,384 | 44,215 | 18.4% |
| Research & Program Services | 1,573 | 1,572 | 1,980 | 1,940 | 1,942 | 3,882 | 330 | 9.3% |
| Libraries And Technology | 14,567 | 17,612 | 17,717 | 14,843 | 14,233 | 29,076 | -6,253 | -17.7% |
| Agency/Loan Administration | 2,216 | 2,068 | 2,578 | 2,596 | 2,619 | 5,215 | 569 | 12.2% |
| Total | 269,934 | 285,704 | 287,361 | 305,175 | 315,064 | 620,239 | 47,174 | 8.2% |

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------------|--------------------------|--------------------------|----------------------------|----------------|----------------|-----------------------------|--|----------------|
| | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base | | Biennium 2004-05 | Dollars | Percent |
| Revenue by Type and Fund | | | | FY2004 | FY2005 | | | |
| Non Dedicated | | | | | | | | |
| General | 170 | 660 | 50 | 51 | 50 | 101 | -609 | -85.8% |
| Subtotal Non Dedicated | 170 | 660 | 50 | 51 | 50 | 101 | -609 | -85.8% |
| Dedicated | | | | | | | | |
| General | 67 | 189 | 0 | 0 | 0 | 0 | -189 | -100.0% |
| Special Revenue | 217 | 294 | 224 | 282 | 282 | 564 | 46 | 8.9% |
| Federal | 3,456 | 3,905 | 4,397 | 4,397 | 4,397 | 8,794 | 492 | 5.9% |
| Miscellaneous Agency | 3,445 | 3,516 | 3,673 | 3,673 | 3,673 | 7,346 | 157 | 2.2% |
| Higher Education Svcs Office | 110,376 | 126,875 | 118,221 | 139,513 | 150,033 | 289,546 | 44,450 | 18.1% |
| Subtotal Dedicated | 117,561 | 134,779 | 126,515 | 147,865 | 158,385 | 306,250 | 44,956 | 17.2% |
| Total Revenue | 117,731 | 135,439 | 126,565 | 147,916 | 158,435 | 306,351 | 44,347 | 16.9% |
| | | | | | | | | |
| Full-Time Equivalents (FTE) | 85.4 | 86.3 | 103.7 | 103.7 | 103.7 | | | |

Program Description

Minnesota's financial aid policy, the Design for Shared Responsibility, enables people to enhance their self-sufficiency by facilitating financial access for residents, regardless of their economic status, to attend the institution that can best meet their educational needs. The Design for Shared Responsibility assigns responsibility for paying for post-secondary education to students, families, and taxpayers. Students, as primary beneficiaries, are assigned a significant payment responsibility. The remainder of the price is assigned to families and taxpayers. Assignments to families are based on their ability to pay.

Minnesota State Grants, working in combination with Federal Pell Grants, provide coverage of the Assigned Taxpayer Responsibilities, as necessary. Minnesota Work Study jobs assist students in earning money to help meet their assigned payment responsibilities. Minnesota Student Educational Loan Fund (SELF) loans, along with other federal and private loans, enable students and their families to defer part of their payment responsibilities until after the student completes his or her academic career.

For the 2002-2003 biennium, the objectives for student financial aid are to:

- ⇒ Enable residents of Minnesota to enroll in a post-secondary institution.
- ⇒ Support the ability of students to choose the post-secondary institution that best meets their educational needs, regardless of their financial circumstances.
- ⇒ Help pay for child care if students need such assistance to attend post-secondary institutions.
- ⇒ Expand work opportunities so that students can earn income to help pay for post-secondary education.
- ⇒ Encourage post-secondary participation by providing information about college and how to pay for college, especially to low-income families, and families of color.

To compete in today's global economy, most Minnesotans will enroll in some form of post-secondary education. As education has become more and more essential, Minnesota has enacted significant programs of financial aid and other assistance so that barriers to post-secondary education can be overcome. The activities under this program are part of the state's strategy to keep education affordable and accessible for all Minnesota families.

The important issues facing student financial aid services are to reach decisions that will:

- ◆ reflect accurate and increasing prices for post-secondary education so that students do not fall behind in their ability to pay educational expenses;
- ◆ maintain eligibility requirements for student aid that are consistent with enrollment patterns of today's students;
- ◆ expect a rigorous but reasonable investment by students in their own educations and provide flexible opportunities to meet this expectation through work and borrowing;
- ◆ meet obligations under interstate tuition reciprocity agreements that reduce the price of educational options available to Minnesota residents; and
- ◆ respond to changes in Minnesota's increasingly diverse population by providing information and other support mechanisms for low-income students and families to increase their awareness of post-secondary educational opportunities, and the steps they must take to prepare academically and financially to access such opportunities.

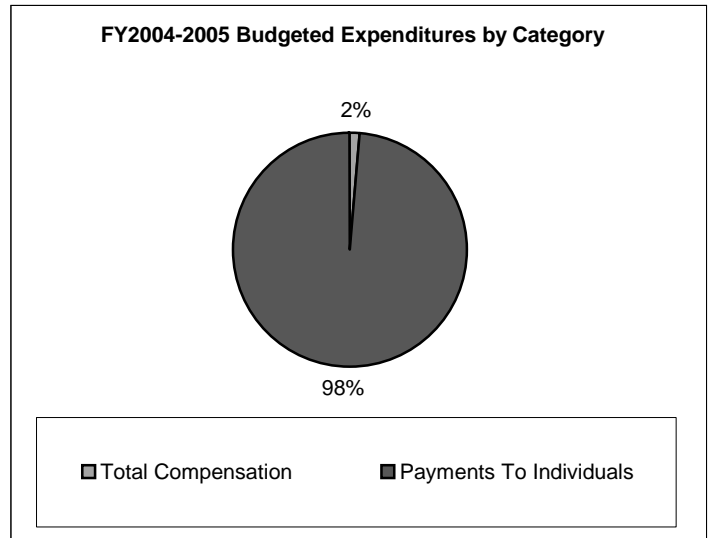
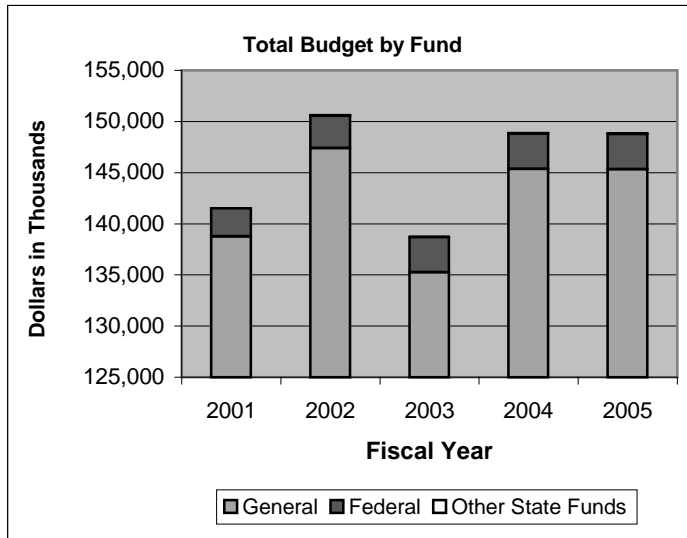
Budget Activities Included:

- ⇒ Minnesota State Grants (includes Post-Secondary Child Care Program, Safety Officers Survivors, and Summer Scholarships)
- ⇒ Interstate Tuition Reciprocity
- ⇒ State Work Study
- ⇒ College Savings Plan
- ⇒ Student & Parent Information
- ⇒ Student Financial Aid Services

HIGHER EDUCATION SVCS OFFICES

Program: STUDENT FINANCIAL AID SERVICES

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Carry Forward | | | | | | | | |
| General | 0 | 0 | 0 | 200 | 174 | 374 | 374 | n.m |
| Direct Appropriations | | | | | | | | |
| General | 138,778 | 147,411 | 135,258 | 145,168 | 145,168 | 290,336 | 7,667 | 2.7% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 27 | 77 | 51 | 51 | 51 | 102 | -26 | -20.3% |
| Federal | 2,727 | 3,137 | 3,435 | 3,435 | 3,435 | 6,870 | 298 | 4.5% |
| Total | 141,532 | 150,625 | 138,744 | 148,854 | 148,828 | 297,682 | 8,313 | 2.9% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|--------------|-------------|
| Total Compensation | 1,625 | 1,915 | 2,165 | 2,220 | 2,220 | 4,440 | 360 | 8.8% |
| Other Operating Expenses | 1,066 | 1,386 | 1,073 | 1,073 | 1,073 | 2,146 | -313 | -12.7% |
| Payments To Individuals | 138,291 | 146,157 | 135,216 | 145,171 | 145,145 | 290,316 | 8,943 | 3.2% |
| Local Assistance | 493 | 1,074 | 200 | 300 | 300 | 600 | -674 | -52.9% |
| Other Financial Transactions | 57 | 93 | 90 | 90 | 90 | 180 | -3 | -1.6% |
| Total | 141,532 | 150,625 | 138,744 | 148,854 | 148,828 | 297,682 | 8,313 | 2.9% |

| Expenditures by Activity | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|--------------|-------------|
| State Grants | 120,602 | 130,996 | 133,477 | 127,088 | 127,062 | 254,150 | -10,323 | -3.9% |
| Mn College Savings Program | 41 | 163 | 620 | 1,520 | 1,520 | 3,040 | 2,257 | 288.3% |
| Interstate Tuition Reciprocity | 4,313 | 3,084 | 1,250 | 4,250 | 4,250 | 8,500 | 4,166 | 96.1% |
| State Work Study | 12,887 | 12,262 | 0 | 12,444 | 12,444 | 24,888 | 12,626 | 103.0% |
| Student & Parent Information | 2,999 | 3,393 | 2,606 | 2,761 | 2,761 | 5,522 | -477 | -8.0% |
| Student Financial Aid Services | 690 | 727 | 791 | 791 | 791 | 1,582 | 64 | 4.2% |
| Total | 141,532 | 150,625 | 138,744 | 148,854 | 148,828 | 297,682 | 8,313 | 2.9% |

HIGHER EDUCATION SVCS OFFICES

Program: STUDENT FINANCIAL AID SERVICES

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------------|--------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Revenue by Type and Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Non Dedicated | | | | | | | | |
| General | 170 | 660 | 50 | 51 | 50 | 101 | -609 | -85.8% |
| Subtotal Non Dedicated | 170 | 660 | 50 | 51 | 50 | 101 | -609 | -85.8% |
| Dedicated | | | | | | | | |
| General | 0 | 189 | 0 | 0 | 0 | 0 | -189 | -100.0% |
| Special Revenue | 34 | 78 | 51 | 51 | 51 | 102 | -27 | -20.9% |
| Federal | 2,728 | 3,136 | 3,435 | 3,435 | 3,435 | 6,870 | 299 | 4.6% |
| Subtotal Dedicated | 2,762 | 3,403 | 3,486 | 3,486 | 3,486 | 6,972 | 83 | 1.2% |
| Total Revenue | 2,932 | 4,063 | 3,536 | 3,537 | 3,536 | 7,073 | -526 | -6.9% |
| | | | | | | | | |
| Full-Time Equivalents (FTE) | 39.5 | 46.4 | 60.7 | 60.7 | 60.7 | | | |

HIGHER EDUCATION SVCS OFFICES

Program: STUDENT FINANCIAL AID SERVICES

Activity: STATE GRANTS

Narrative

Activity Description

The State Grant Activity provides financial aid to Minnesota residents attending Minnesota post-secondary institutions. Programs under this activity are funded from General Fund appropriations.

Minnesota State Grant Program M.S. 136A.121 The State Grant Program is the foundation of post-secondary financial aid assistance grants for undergraduate students.

In the 2002-03 academic year, students pay average tuition and fees of \$2,912 in the technical colleges, \$3,040 in community colleges, \$4,088 in state universities, \$6,430 at the University of Minnesota, and \$19,014 at private liberal arts colleges. State Grants help maintain an appropriate and reasonable distribution of the price of post-secondary education among students, families and taxpayers so that Minnesotans of all economic backgrounds can choose and attend Minnesota post-secondary institutions. The State Grant Program is designed to respond to actual charges for tuition and estimated living costs.

The program accommodates a wide array of undergraduate students and student choices. There are no age or educational program restrictions. Students may be enrolled for as few as three semester credits. Undergraduates may attend any Minnesota public post-secondary institution and most Minnesota private post-secondary institutions.

Minnesota State Grants are based on a policy called the Design for Shared Responsibility, which assigns specific responsibilities for paying the price of attendance to students, families, and taxpayers. Minnesota State Grants are determined by establishing a price of attendance and then subtracting the amount of that price assigned to students, families, and the amount paid by taxpayers through Federal Pell Grants.

The Design starts with a recognized price of attendance defined as tuition and fees plus a standard living and miscellaneous expense allowance. The allowance is established by legislation and reflects the prices of room and board, books, supplies, and miscellaneous expenses. For students attending public and private institutions, actual tuition and fees are used up to a tuition maximum that limits the recognized price. The price of attendance for each term is based on each student's actual tuition and fees (up to a tuition and fee maximum) and the living allowance. The tuition and fee maximum and living allowance are based on 15 credits and are proportionately reduced if the student enrolls for fewer credits.

Under the Design for Shared Responsibility, students are assigned a major part of the price of attendance, which can be covered by savings, earnings, loans, or assistance from institutional or private sources. The amount assigned to students should be rigorous, but reasonable for students to assume with work or borrowing if necessary. The current Assigned Student Responsibility is 46% of the price of attendance.

The remaining part of the price is assigned to families and taxpayers. The dollar amount assigned to families is based on the family's income and net worth. Some students who meet specific criteria are eligible to apply as independent students. These students are assigned a family responsibility based on their ability to pay similar to the way the state assigns payment responsibility to the parents of dependent students.

The policy assigns taxpayers the responsibility for covering the amount not assigned to students and families. Taxpayers' assignments are covered by a combination of Federal Pell Grants which students receive from the federal government and Minnesota State Grants from the state government. The basic strategy of the Design for Shared Responsibility is that Minnesota should set state policy for the appropriate responsibilities of students

Activity at a Glance

From 2001-02:

- ◆ Minnesota State Grants
Number of Awards: 71,281
Total Award Amount: \$125,646,035
- ◆ Minnesota Post-Secondary Child Care Grants
Number of Awards: 2,492
Total Award Amount: \$4,750,526
- ◆ Safety Officers Survivor Grants
Number of Awards: 12
Total Award Amount: \$38,191
- ◆ Minnesota Summer Scholarships for Academic Enrichment
Number of Awards: 304

Total Award Amount: \$191,001

HIGHER EDUCATION SVCS OFFICES

Program: STUDENT FINANCIAL AID SERVICES

Activity: STATE GRANTS

Narrative

themselves, their families, and taxpayers for the accurate price of attending post-secondary education. Minnesota leverages the taxpayer-provided aid invested in the students through the Federal Pell Grant Program and appropriates sufficient state funds to help ensure that the remaining taxpayer responsibility is picked up by the State Grant for students who qualify.

Minnesota Post-Secondary Child Care Grant Program M.S. 136A.125

Minnesota students with young children face additional expenses associated with child care while attending school. To help offset the price paid for child care services, Post-Secondary Child Care Grants are made available to students who: have children 12 years of age and younger (14 years of age and younger if the child has a disability); do not receive assistance under the Minnesota Family Investment Program (MFIP); and who need child care assistance in order to attend an eligible Minnesota post-secondary school. A maximum grant award (\$2,600 per year, per child for a full-time student) is established in statute. Grant awards are based on family income and family size. Students may receive grant assistance for up to 40 hours/week per eligible child. The selection of recipients is made on campus from an allocation made to the institution from the state appropriation.

Summer Scholarships for Academic Enrichment M.S. 126.56

The Summer Scholarships for Academic Enrichment Program encourages talented Minnesota students in grades 7-12 to pursue academic development and exposure to post-secondary education opportunities during the summer. Low-income Minnesota students in grades 7-12, who attend eligible summer academic programs sponsored by Minnesota post-secondary institutions, are eligible for tuition grants. Students must have a B average overall or in the relevant subject area for the academic term prior to application. Grants for actual tuition costs, up to \$1,000, are made to students based on family income and household size. The program is publicized by Minnesota secondary schools, summer enrichment programs offered by Minnesota post-secondary institutions, the Minnesota Minority Education Partnership Inc., and the Academic Excellence Foundation.

Learn and Earn

The Office hold funds that were earned by one cohort of high school students under the Learn and Earn Program administered by the Department of Children, Families, & Learning. Students have until ten years after their graduation to use the funds for post-secondary expenses.

Advanced Placement/International Baccalaureate Grant M.S. 136A.124

The Advanced Placement/International Baccalaureate Grant Program is a new program, which provides an award for Minnesota high school graduates with a qualifying score on five or more AP or IB full-year tests and attend a Minnesota four-year post-secondary institution or a public two-year institution.

Public Safety Officers' Survivor Grant M.S. 299.45

The Public Safety Officers' Survivor Grant program honors public safety officers killed in the line of duty and assures that their survivors will be able to afford higher education tuition. Dependent children and surviving spouses may receive assistance under this program. The commissioner of Public Safety certifies that the applicant is a survivor of a public safety officer killed in the line of duty. Eligible applicants receive grant assistance to enroll in an undergraduate or certified program at a Minnesota post-secondary institution. The grant is equal to the tuition and fees charged by that institution up to the amount of the highest tuition and fees charged by a Minnesota public institution.

YouthWorks Post Service Benefits

One cohort of Minnesota high school students in FY 1996 which performed services to their community through the Federal AmeriCorps Program had their educational benefits funded by the state of Minnesota under the YouthWorks Program. The Minnesota Higher Education Services Office for up to seven years holds the funds. This will end FY 2003. The funds may be used to pay for college tuition, repay an educational loan, or pay for expenses incurred funding an approved apprenticeship. The 2001 legislature authorized "any appropriations remaining after final benefits are paid to YouthWorks grantees may be used for college early intervention programs."

HIGHER EDUCATION SVCS OFFICES

Program: STUDENT FINANCIAL AID SERVICES

Activity: STATE GRANTS

Narrative

Population Served

Described above.

Key Measures

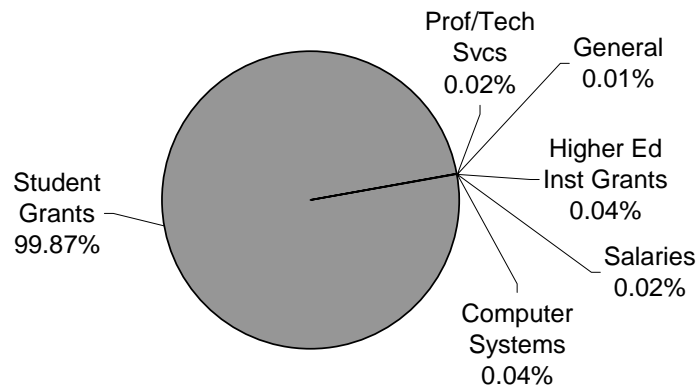
The Minnesota State Grant Program manages the impact of paying for post-secondary education on Minnesota students and families. It is a major way in which the state has supported student financial access to post-secondary education and the financial ability of students to choose among post-secondary options according to their educational needs. The current appropriation recognizes the actual prices paid by students attending public institutions, a legislatively determined tuition maximum, a livable allowance for living and miscellaneous expenses, and a manageable Assigned Student Responsibility.

Activity Funding

Source of Funding - General Fund

Expenditures by Category

FY2002-03 (Total \$264 Million)



Contact

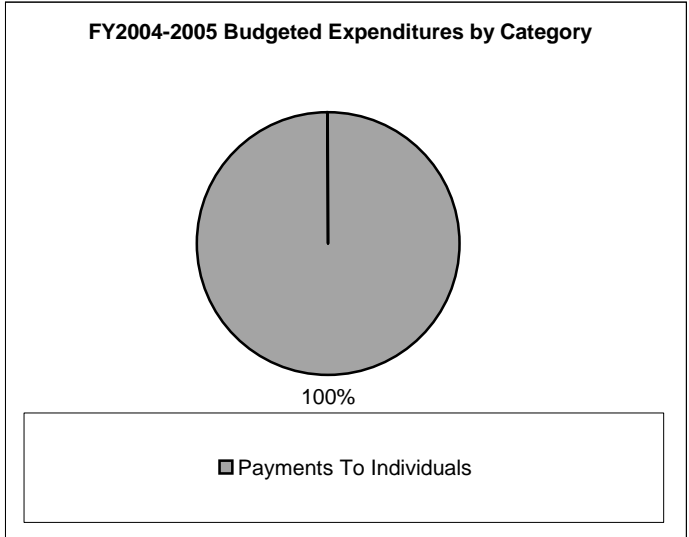
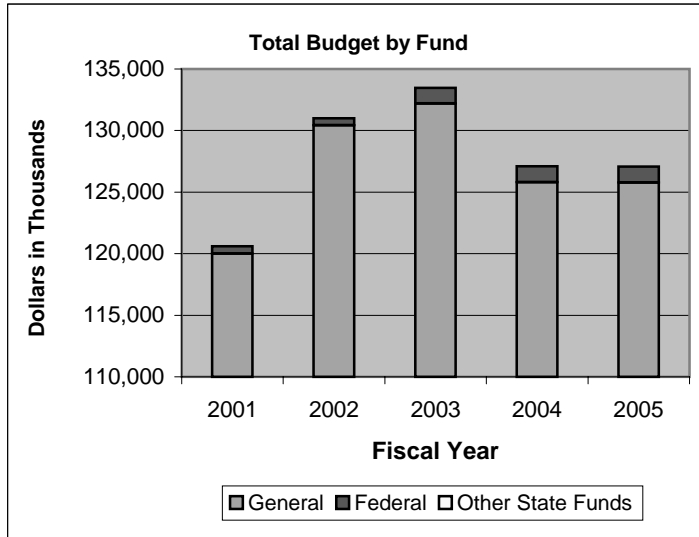
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HIGHER EDUCATION SVCS OFFICES

Program: **STUDENT FINANCIAL AID SERVICES**

Activity: STATE GRANTS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | | |
|---------------------------------|----------------|----------------|-----------------|----------------|-----------------|------------------|---|--------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 Dollars | Percent |
| Carry Forward | | | | | | | | |
| General | 0 | 0 | 0 | 200 | 174 | 374 | 374 | n.m |
| Direct Appropriations | | | | | | | | |
| General | 120,007 | 130,416 | 132,182 | 125,593 | 125,593 | 251,186 | -11,412 | -4.3% |
| Statutory Appropriations | | | | | | | | |
| Federal | 595 | 580 | 1,295 | 1,295 | 1,295 | 2,590 | 715 | 38.1% |
| Total | 120,602 | 130,996 | 133,477 | 127,088 | 127,062 | 254,150 | -10,323 | -3.9% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--------------|
| Total Compensation | 24 | 24 | 27 | 27 | 27 | 54 | 3 | 5.9% |
| Other Operating Expenses | -407 | 182 | 6 | 6 | 6 | 12 | -176 | -93.6% |
| Payments To Individuals | 120,985 | 130,680 | 133,444 | 127,055 | 127,029 | 254,084 | -10,040 | -3.8% |
| Local Assistance | 0 | 110 | 0 | 0 | 0 | 0 | -110 | -100.0% |
| Total | 120,602 | 130,996 | 133,477 | 127,088 | 127,062 | 254,150 | -10,323 | -3.9% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|------------|--------------|--------------|--------------|--------------|--------------|------------|-------------|
| Non Dedicated | | | | | | | | |
| General | 170 | 468 | 50 | 51 | 50 | 101 | -417 | -80.5% |
| Subtotal Non Dedicated | 170 | 468 | 50 | 51 | 50 | 101 | -417 | -80.5% |
| Dedicated | | | | | | | | |
| General | 0 | 189 | 0 | 0 | 0 | 0 | -189 | -100.0% |
| Federal | 595 | 580 | 1,295 | 1,295 | 1,295 | 2,590 | 715 | 38.1% |
| Subtotal Dedicated | 595 | 769 | 1,295 | 1,295 | 1,295 | 2,590 | 526 | 25.5% |
| Total Revenue | 765 | 1,237 | 1,345 | 1,346 | 1,345 | 2,691 | 109 | 4.2% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 |
|------------------------------------|------------|------------|------------|------------|------------|

HIGHER EDUCATION SVCS OFFICES

Program: STUDENT FINANCIAL AID SERVICES

Activity: MN COLLEGE SAVINGS PROGRAM

Narrative

Activity Description

The Minnesota College Savings Plan encourages individuals and families to save for post-secondary education.

A parent, grandparent, or other individual can establish an account for an account beneficiary who will attend college in the future. An account may be opened with a \$25 check or money order, electronic funds transfer, or automatic contribution plan. Account owners can also contribute \$15 per investment option per pay period using payroll deductions through participating employers. Three investment options are available to account owners: 1) an all equity option, 2) a managed, age-based, option with the investment becoming more conservative as the account beneficiary nears college attendance, and 3) a guaranteed option set at 4.70% through March 31, 2003. Account owners may transfer all or any portions of their funds invested in a particular investment option to another investment option once per calendar year or upon a change of the account beneficiary. There is a \$235,000 investment maximum. Earnings in the Minnesota College Savings Plan are tax deferred while invested and tax free when distributed for qualified higher education expenses. Qualified expenses are defined in federal law and include tuition and fees plus room and board if the student attends at least half-time and books, supplies, and equipment required for enrollment.

Activity at a Glance

- ◆ There were 13,723 Minnesota College Savings Plan accounts with nearly \$53 million invested on July 31, 2002.
- ◆ Through FY 2002, 773 account beneficiaries have received matching grants based on 2001 contributions.

Investment management, record keeping and other administrative expenses are paid by Minnesota College Savings Plan account owners through an annual fee equivalent to .65% of their account balances. There are no other fees or charges. The Minnesota Higher Education Services Office and the Minnesota State Board of Investment have contracted with TIAA-CREF, Tuition Financing, Inc. to manage the Minnesota College Savings Plan.

The state of Minnesota provides a matching grant to account beneficiaries from low- and middle-income Minnesota families. The matching grant is available to Minnesota resident account beneficiaries whose parent file a Minnesota individual income tax return with federal adjusted gross income \$80,000 or less. If the beneficiary's family income is \$50,000 or less, 15% of the contribution can be matched, up to a total of \$300 annually. If the beneficiary's family income is between \$50,000 and \$80,000, 5% of the contribution can be matched up to a total of \$300 annually. A minimum \$200 contribution is required in order to be considered for a matching grant. Matching grants must remain invested for a minimum of three years, cannot be transferred, and cannot be withdrawn for reason other than a qualified higher education expenditure as defined by federal law the matching grant is not an entitlement. The state of Minnesota retains ownership of matching grants until all requirements for the grant are met. Availability is limited by the amount of funds appropriated.

Population Served

The Minnesota College Savings Plan is available to any person as permitted under Section 529 of the United States' Internal Revenue Code. Minnesota College Savings Plan data from the end of the first quarter 2001 showed 96% of accounts were owned by Minnesota residents, and Minnesota residents held 92% of Plan assets. Non-Minnesota account owners are likely to be grandparents or relatives of a Minnesota resident account beneficiary.

Services Provided

Account owners are provided with a low-cost, tax-advantaged post-secondary education savings instrument. Accounts may be opened online. Account owners have online access to account data, investment performance, and account service forms at www.mnsaves.org. Account information and services are also available from a toll free telephone number, 1-877-338-4646. Account owners receive quarterly statements. Minnesota College Saving Plan marketing emphasizes the importance of financially planning for post-secondary education.

Historical Perspective

The Minnesota College Savings Plan opened on September 20, 2001.

HIGHER EDUCATION SVCS OFFICES

Program: STUDENT FINANCIAL AID SERVICES

Activity: MN COLLEGE SAVINGS PROGRAM

Narrative

Key Measures

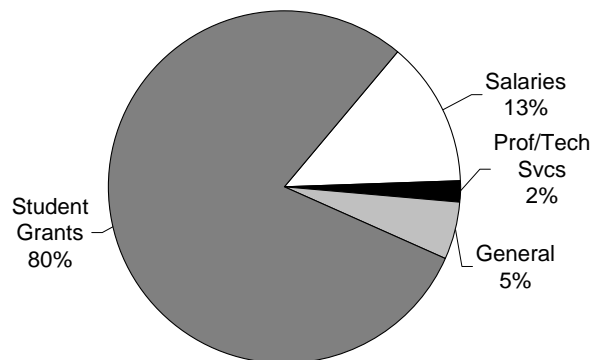
The Minnesota College Savings Plan supports the Minnesota Higher Education Services Office mission of helping students achieve financial access to and choice among post-secondary educational options.

Minnesota's 529 College Savings Plan was one of five state plans awarded "high achiever" status in recent *USA Today* analysis of 43 savings programs nationally. Minnesota's plan was praised for featuring low expenses and matching grants for low-income residents. The *USA Today* report, published July 8, 2002, indicated that all the top plans share one characteristic: below-average fees and expenses. The Minnesota Plan is among the least costly to account owners for a fully contracted college savings plan in the United States.

The Minnesota College Savings Plan received a "5 cap rating", with the state Plan receiving the top rating from a leading expert on College Savings Plans (www.savingforcollege.com).

Activity Funding

Expenditure by Category
FY2002-03 (Total: \$782.5 Thousand)
Source of Funding: General Fund



Contact

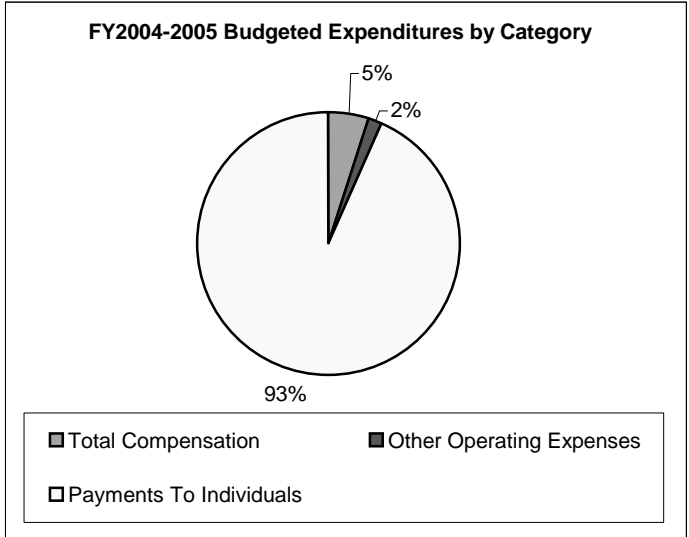
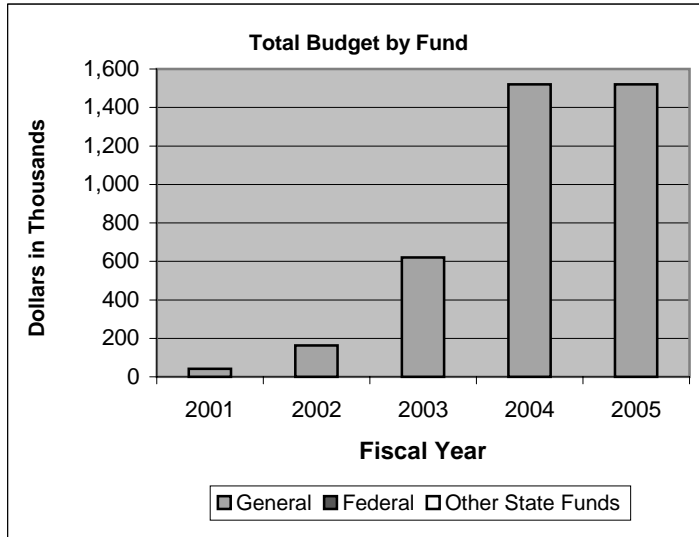
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HIGHER EDUCATION SVCS OFFICES

Program: **STUDENT FINANCIAL AID SERVICES**

Activity: MN COLLEGE SAVINGS PROGRAM

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 41 | 163 | 620 | 1,520 | 1,520 | 3,040 | 2,257 | 288.3% |
| Total | 41 | 163 | 620 | 1,520 | 1,520 | 3,040 | 2,257 | 288.3% |
| Expenditures by Category | | | | | | | | |
| Total Compensation | 25 | 30 | 75 | 75 | 75 | 150 | 45 | 42.9% |
| Other Operating Expenses | 16 | 32 | 25 | 25 | 25 | 50 | -7 | -12.3% |
| Payments To Individuals | 0 | 101 | 520 | 1,420 | 1,420 | 2,840 | 2,219 | 357.3% |
| Total | 41 | 163 | 620 | 1,520 | 1,520 | 3,040 | 2,257 | 288.3% |
| Full-Time Equivalents (FTE) | 0.8 | 0.5 | 1.0 | 1.0 | 1.0 | | | |

HIGHER EDUCATION SVCS OFFICES

Program: STUDENT FINANCIAL AID SERVICES

Activity: INTERSTATE TUITION RECIPROCITY

Narrative

Activity Description

Minnesota's tuition reciprocity agreements enhance student access by eliminating nonresident admission barriers and expand student choice by reducing non-resident tuition prices. Minnesota has ongoing tuition reciprocity agreements with Wisconsin, North Dakota, South Dakota, one institution in Iowa, and the Canadian province of Manitoba. The purpose of tuition reciprocity is the mutual improvement of educational advantages for the residents of Minnesota and other states or provinces with whom agreements are made (*M.S. 136A.08*).

Residents of the participating jurisdictions are considered residents for purposes of admission to public post-secondary institutions under tuition reciprocity. A Minnesota resident may enroll in an undergraduate or graduate program at a public institution in Wisconsin, North Dakota, South Dakota, Manitoba, or Iowa Lakes Community College without paying higher non-resident tuition rates, through tuition reciprocity. Similarly, residents of Wisconsin, North Dakota, South Dakota, Manitoba, and the Iowa Lakes Community College attendance area may enroll at Minnesota public institutions without paying higher non-resident tuition rates.

The Minnesota Higher Education Services Office is responsible for negotiating and administering tuition reciprocity agreements. The University of Minnesota Board of Regents and the Minnesota State Colleges and Universities Board of Trustees must ratify the agreements. Modifications to Minnesota's tuition reciprocity agreements are negotiated as needed.

Population Served

Student participation in tuition reciprocity has grown since Minnesota first entered an agreement with Wisconsin for academic year 1968-69. Over 36,000 tuition reciprocity students were enrolled in public institutions in the participating states and province in fall 2000.

Key Measures

Through its mission, the Higher Education Services Office is committed to helping students achieve financial access to post-secondary education and enabling students to choose among post-secondary educational options. Tuition reciprocity agreements support the mission of the Services Office by reducing price and admissions barriers at public institutions outside the student's state or province of residence.

Activity Funding

The state appropriation for tuition reciprocity meets Minnesota's financial obligation to Wisconsin and North Dakota. Agreements with South Dakota, Manitoba, and one institution in Iowa do not require interstate payment calculations.

Students and taxpayers share responsibility for financing tuition reciprocity. Minnesota's agreements with Wisconsin and North Dakota require each state to pay the marginal instructional costs of their resident students attending in the other state. Marginal instructional costs are defined in the agreements as 64% of instructional costs. Marginal instructional costs in the Minnesota/Wisconsin and Minnesota/North Dakota agreements exceed \$150 million annually. Student paid tuition is subtracted from marginal instructional costs to determine each state's net financial obligation. The state with the higher net financial obligation makes a payment of the difference to the other state.

Activity at a Glance

FTEs for 2000-01

- ◆ Interstate tuition reciprocity payments represent less than 5% of the total financial activity involved in the agreements.
- ◆ 16,396 Minnesota students participate in FY 2000.
- ◆ 5,125 North Dakota residents participate.
- ◆ 2,089 South Dakota residents participate.
- ◆ 92 Iowa residents participate.
- ◆ 60 Manitoba residents participate.
- ◆ 12,233 Wisconsin residents participate.

HIGHER EDUCATION SVCS OFFICES

Program: STUDENT FINANCIAL AID SERVICES

Activity: INTERSTATE TUITION RECIPROCITY

Narrative

Three variables drive Minnesota's tuition reciprocity financial obligation: 1) marginal instructional costs, 2) reciprocity tuition rates, and 3) student enrollment choices. Minnesota's tuition reciprocity payments have varied as much as \$4 million between any two fiscal years as marginal costs, tuition rates, and student enrollment choices vary. Minnesota's interstate tuition reciprocity payments to Wisconsin and North Dakota totaled \$3.1 million in FY 2002.

Contact

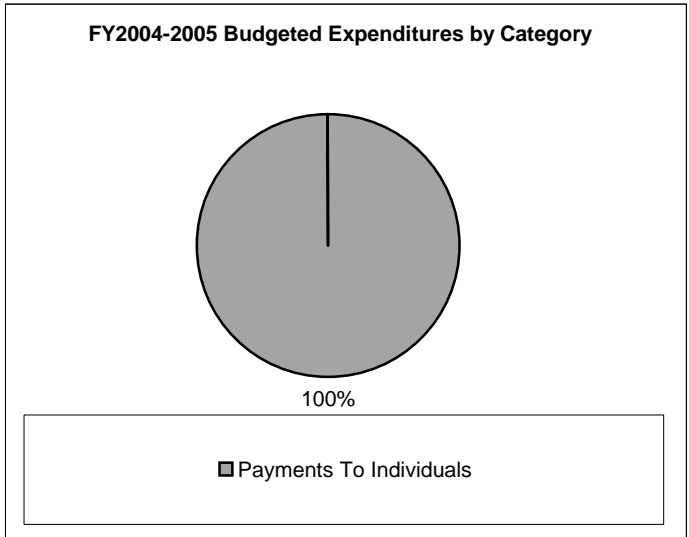
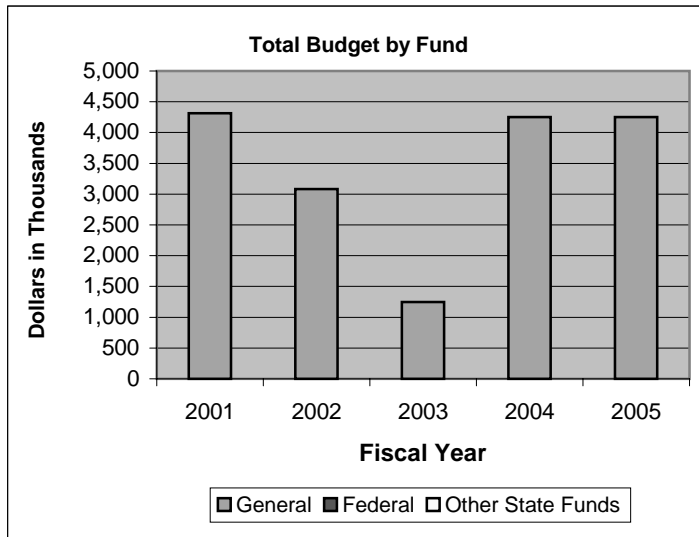
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HIGHER EDUCATION SVCS OFFICES

Program: **STUDENT FINANCIAL AID SERVICES**

Activity: INTERSTATE TUITION RECIPROCITY

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 4,313 | 3,084 | 1,250 | 4,250 | 4,250 | 8,500 | 4,166 | 96.1% |
| Total | 4,313 | 3,084 | 1,250 | 4,250 | 4,250 | 8,500 | 4,166 | 96.1% |
| Expenditures by Category | | | | | | | | |
| Payments To Individuals | 4,313 | 3,084 | 1,250 | 4,250 | 4,250 | 8,500 | 4,166 | 96.1% |
| Total | 4,313 | 3,084 | 1,250 | 4,250 | 4,250 | 8,500 | 4,166 | 96.1% |

HIGHER EDUCATION SVCS OFFICES

Program: STUDENT FINANCIAL AID SERVICES

Activity: STATE WORK STUDY

Narrative

Activity Description

The State Work Study Program is campus based. Allocations are made to participating institutions that use the funds to make work-study awards to their students. Institutions are responsible for identifying on and off-campus job opportunities that allow students to earn their work-study awards. Direct appropriations cover up to 75% of the wages paid to work study students. The employers pay the remaining 25%. Institutions and other employers set wage rates for work-study positions.

The State Work Study Program plays a significant role in assisting many Minnesota students. Institutions that attract older students, part-time students, and other students who are likely to already be employed enroll proportionately fewer students interested in work-study positions. Each year, funds are reallocated from some institutions unable to utilize their allocations to other institutions with unmet demands for work-study jobs.

Activity at a Glance

- ◆ The State Work Study Program is popular with both students and institutions because it usually provides jobs that are convenient to students and helps integrate students into the campus community. In FY 2002, 12,018 students received \$12,949,544 in State Work Study funds as the 75% match to their state work-study wages.
- ◆ All State Work Study funds for FY 2003 were moved to the State Grant Program in order to make full State Grant awards.

As required by Minnesota Laws 2002, Chapter 374, The Minnesota Higher Education Services Office (MHESO) moved all the funds in the FY 2003 State Work Study Program into the State Grant Program in order to make full awards in the State Grant Program.

Population Served

The program serves Minnesota undergraduate and graduate students who demonstrate financial need and who are enrolled for at least six credits per term in an attending eligible Minnesota institutions.

Historical Perspective

The State Work Study Program was created in 1975 to assist students in paying for their education by providing opportunities to work on and off-campus. Most state work study jobs are on-campus, but the program has always allowed and encouraged institutions to arrange jobs with nonprofit community organizations, senior citizens, and persons with disabilities. In 1997, the statute was amended to permit the use of State Work Study funds for internship positions with for-profit businesses if the internship is directly related to the student's field of study.

Under Minnesota's financial aid policy, all students are expected to contribute 46% of their price of attendance. Work study earnings can help students fulfill their responsibility in paying their share of the price of attendance. For FY 2002 institutions were allowed to award State Work Study up to the Student Share used in the Design for Shared Responsibility calculation for the Minnesota State Grant. Only ten institutions used this new feature so 327 students received awards under this new method. Therefore, most State Work Study awards are restricted to students who show "financial need," and students' past earnings can restrict their eligibility.

Key Measures

- ⇒ Enable residents of Minnesota to enroll in a post-secondary institution.
- ⇒ Support the ability of students to choose the post-secondary institution that best meets their educational needs, regardless of their financial circumstances.

Activity Funding

The State Work Study activity has a FY2002-03 General Fund budget of \$12.3 million.

HIGHER EDUCATION SVCS OFFICES

Program: STUDENT FINANCIAL AID SERVICES

Activity: STATE WORK STUDY

Narrative

Contact

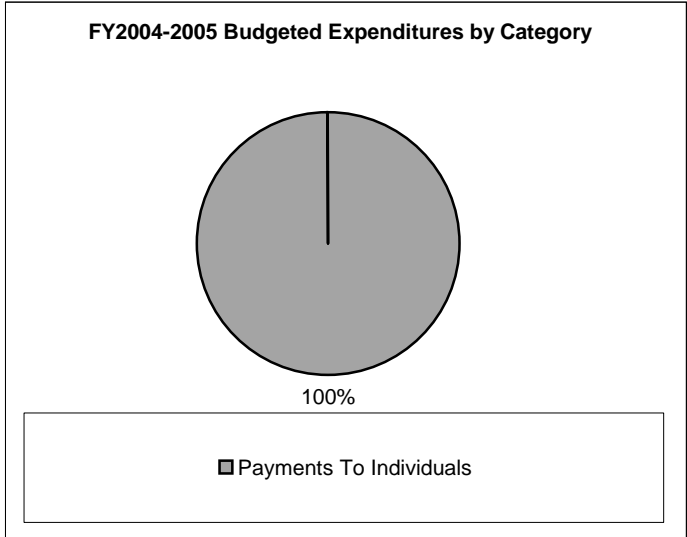
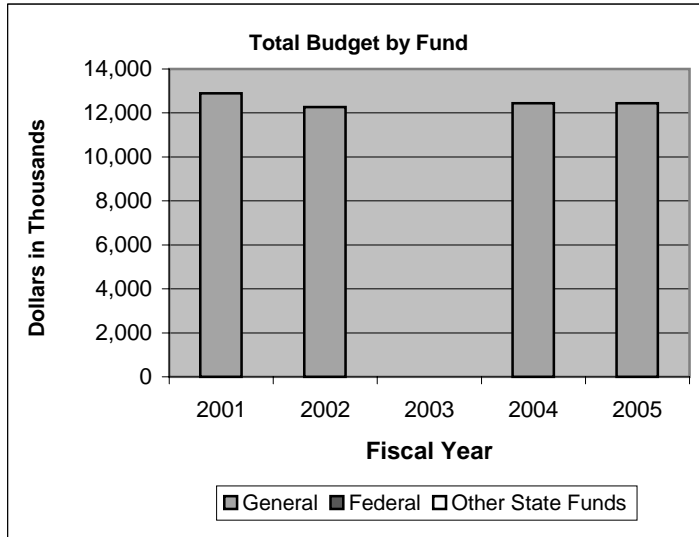
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HIGHER EDUCATION SVCS OFFICES

Program: **STUDENT FINANCIAL AID SERVICES**

Activity: STATE WORK STUDY

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 12,887 | 12,262 | 0 | 12,444 | 12,444 | 24,888 | 12,626 | 103.0% |
| Total | 12,887 | 12,262 | 0 | 12,444 | 12,444 | 24,888 | 12,626 | 103.0% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|----------|---------------|---------------|---------------|---------------|---------------|
| Expenditures by Category | | | | | | | | |
| Other Operating Expenses | -106 | -26 | 0 | 0 | 0 | 0 | 26 | -100.0% |
| Payments To Individuals | 12,993 | 12,288 | 0 | 12,444 | 12,444 | 24,888 | 12,600 | 102.5% |
| Total | 12,887 | 12,262 | 0 | 12,444 | 12,444 | 24,888 | 12,626 | 103.0% |

| | | | | | | | | |
|---------------------------------|---|-----|---|---|---|---|------|---------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 0 | 108 | 0 | 0 | 0 | 0 | -108 | -100.0% |
| Subtotal Non Dedicated | 0 | 108 | 0 | 0 | 0 | 0 | -108 | -100.0% |

HIGHER EDUCATION SVCS OFFICES

Program: STUDENT FINANCIAL AID SERVICES

Activity: STUDENT & PARENT INFORMATION

Narrative

Activity Description

The Higher Education Services Office provides information to help students and parents learn about and prepare for educational opportunities beyond high school. Research studies indicate that many families lack information about financial and academic preparations; they misperceive the price of attending colleges, and know little about financial aid. Without reliable, timely information, families may make ill-informed decisions or rule out higher education all together.

Of particular concern is the need to provide information to students from low-income families, of color, and/or little or no higher education experience. These students complete high school and participate in higher education at much lower rates than their counterparts from more affluent, highly educated backgrounds. They face substantial financial, academic, social, and cultural obstacles to higher education.

The Services Office is required by statute (M.S. 136A.87) to make available to all residents from eighth grade through adulthood information about planning and preparing for post-secondary opportunities.

Population Served

The Services Office provides information on post-secondary education planning to students and parents throughout Minnesota, school counselors, educators, and interested citizens. Information is provided to adults beginning or returning to higher education. Some information is targeted broadly to families while other efforts focus on more targeted audiences – students at key education transition points, such as middle school to high school; or families of specific backgrounds, low-income, of color, or no previous college experience. Recognizing the growing diversity of languages, the Office provides many materials in Spanish, Hmong, and Somali.

Services Provided

Several strategies are used to communicate information to students and parents. For example, the Get Ready magazine informs parents with children of all ages about academic and financial preparation; Future Choices materials encourage planning by eighth grad-students; and Focus on Financial Aid informs families about financial aid. The agency web page, www.mheso.state.mn.us, provides comprehensive information to help students and parents prepare for higher education.

The Get Ready! early awareness program provides low-income students, at an early age (4th-8th grades), and their parents with college planning information, first hand experiences, and academic skills that will help encourage and prepare them to complete high school and pursue higher education. Get Ready! staff work with students and parents one-on-one on a small group basis, and provide College Planning presentations to various school grades. The agency supplements the Get Ready! early awareness program through its AmeriCorps program. Get Ready! works in some form with more than 60 schools, more than a dozen colleges, several nonprofit entities, community organizations, and private sector partners.

To help sustain a continuum of service to low-income students from early grades through high school, the Services Office manages the Intervention for College Attendance Program in which ten grants to post-secondary institutions and community agencies help enhance and/or expand programs that provide services such as tutoring, mentoring, information about college options, parental involvement, and summer academic experiences to low-income students.

Activity at a Glance

- ◆ 1,100 low income students and parents received direct Get Ready! service in 2001-02
- ◆ over 5,000 students received College Planning Presentations
- ◆ about 20,000 students saw early awareness theatre presentations
- ◆ 135,000 copies of *Focus on Financial Aid* distributed
- ◆ 80,000 copies of *Future Choices* distributed
- ◆ 100,000 *Get Ready* magazines distributed
- ◆ 325,000 web page hits

HIGHER EDUCATION SVCS OFFICES

Program: STUDENT FINANCIAL AID SERVICES

Activity: STUDENT & PARENT INFORMATION

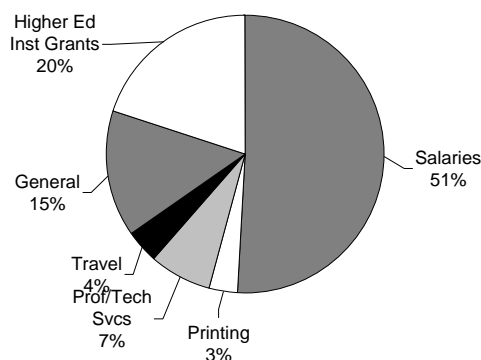
Narrative

Historical Perspective

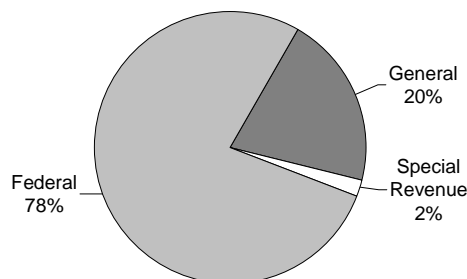
The Services Office began providing information about financial access to families in the 1970s, paralleling the growth of state and federal financial aid programs. Specific legislative initiatives in the 1980s directed the agency to provide information to all eighth grade students and to parents. The Get Ready! program was started in 1995-96, with a small federal grant, in response to a study by the Wilder Research Foundation. The findings of the study emphasized the importance of disseminating accurate information to students and equipping them with the tools to interpret it. The study concluded that students and parents be provided information at an early age – elementary school years. The Minnesota Legislature provided funds to expand Get Ready! in 1997 and to start the Intervention for College Attendance Program in 1999. In 1999, the Services Office received federal funds to support Get Ready! under the new Gaining Early Awareness for Undergraduates Program (GEAR UP).

Current research has found that due to high dropout rates at the high school level, low college participation rates and low college graduation rates, Minnesota education institutions and communities are preparing only a fraction of all potential students of color for Minnesota's workforce (*The State of Students of Color 2001*, Minnesota Minority Education Partnership Inc.). While Minnesota seeks to provide access to post-secondary education for all its citizens, significant gaps in college participation exist between students and families with limited financial mean and those with higher incomes (*Post-Secondary Education Choices of the Minnesota High School Class of 1999*, MHESO and CFL, November 2001). Further, Minnesota's population is becoming increasingly diverse with significant growth projected in minority and immigrant populations.

Expenditures by Category
FY2002-03 (Total: \$5.8 Million)



Source of Funding
FY2002-03 (Total: \$5.8 Million)



Key Measures

The Services Office surveys customers to assess their satisfaction with the agency's products and services and the usefulness of various types of information.

Future Choices:

- ⇒ A survey of school counselors in 2001-2002 found that 72% were "very satisfied" with the Future Choices materials for eighth graders and 25 percent "somewhat satisfied."
- ⇒ 63% found the information on careers "very useful," and 58% indicated the information on recommended high school classes "very useful."

HIGHER EDUCATION SVCS OFFICES

Program: STUDENT FINANCIAL AID SERVICES

Activity: STUDENT & PARENT INFORMATION

Narrative

Web Page Information:

- ⇒ Customers are coming increasingly to the agency web page for information. The number of web page "hits" provides a general indicator of use. MHESO web page hits increased from a little over 100,000 in the year 2000 to a projected rate of over 300,000 hits in 2002.

Get Ready! Program

- ⇒ An annual survey of educators has produced similar results in recent years. In the 2002 survey, 62% of educators "strongly agreed" that participation in Get Ready! helps students plan academically and financially for college. 55% "strongly agreed" that participation in Get Ready! helps motivate students to graduate from high school and attend college.
- ⇒ In an end-of-year evaluation, 92% of participants "agreed" that the program helped them know the ways to pay for college; 91% "agreed" that the program taught them the importance of going to college; and 96% said they would like to be in Get Ready! next year. Pre and post surveys of students indicate that after participating in the program for at least a year, students know much more than initially about ways to pay for college, what classes to take in high school, and the prices of attending specific types of colleges.

Activity Funding

Contact

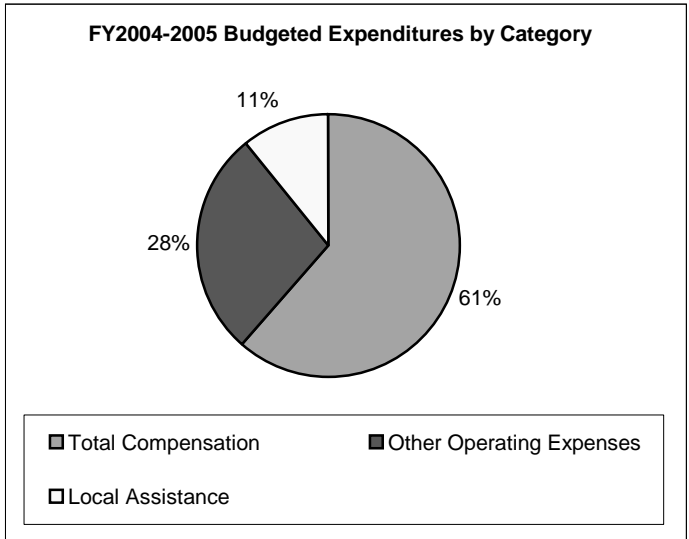
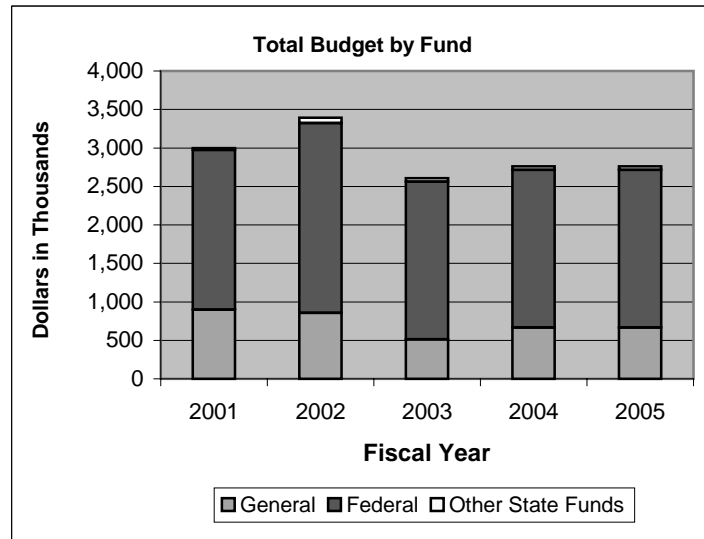
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HIGHER EDUCATION SVCS OFFICES

Program: **STUDENT FINANCIAL AID SERVICES**

Activity: **STUDENT & PARENT INFORMATION**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|---------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 897 | 857 | 510 | 665 | 665 | 1,330 | -37 | -2.7% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 27 | 72 | 46 | 46 | 46 | 92 | -26 | -22.0% |
| Federal | 2,075 | 2,464 | 2,050 | 2,050 | 2,050 | 4,100 | -414 | -9.2% |
| Total | 2,999 | 3,393 | 2,606 | 2,761 | 2,761 | 5,522 | -477 | -8.0% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 1,204 | 1,471 | 1,637 | 1,692 | 1,692 | 3,384 | 276 | 8.9% |
| Other Operating Expenses | 1,302 | 954 | 767 | 767 | 767 | 1,534 | -187 | -10.9% |
| Payments To Individuals | 0 | 4 | 2 | 2 | 2 | 4 | -2 | -33.3% |
| Local Assistance | 493 | 964 | 200 | 300 | 300 | 600 | -564 | -48.5% |
| Total | 2,999 | 3,393 | 2,606 | 2,761 | 2,761 | 5,522 | -477 | -8.0% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|---------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 0 | 84 | 0 | 0 | 0 | 0 | -84 | -100.0% |
| Subtotal Non Dedicated | 0 | 84 | 0 | 0 | 0 | 0 | -84 | -100.0% |
| Dedicated | | | | | | | | |
| Special Revenue | 27 | 72 | 46 | 46 | 46 | 92 | -26 | -22.0% |
| Federal | 2,030 | 2,463 | 2,050 | 2,050 | 2,050 | 4,100 | -413 | -9.2% |
| Subtotal Dedicated | 2,057 | 2,535 | 2,096 | 2,096 | 2,096 | 4,192 | -439 | -9.5% |
| Total Revenue | 2,057 | 2,619 | 2,096 | 2,096 | 2,096 | 4,192 | -523 | -11.1% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 31.5 | 38.7 | 52.5 | 52.5 | 52.5 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

HIGHER EDUCATION SVCS OFFICES

Program: STUDENT FINANCIAL AID SERVICES

Activity: STUDENT FINANCIAL AID SERVICES

Narrative

Activity Description

The division of Student Financial Aid Services administers student financial aid programs for which the Services Office is the fiscal agent. This activity includes ten state student financial assistance programs, five tuition reciprocity programs, a Midwestern Student Exchange Program, and two federal student assistance programs.

The division's responsibilities include the dissemination of financial aid program information, application processing, applicant notification, preparation of payment requests to recipients, program reports and evaluation of program effectiveness. The staff also provide administrative assistance to post-secondary institutional student financial aid offices, which includes trouble-shooting and answering program questions.

The programs help to ensure post-secondary access and choice for Minnesota residents by providing financial assistance to students from low and moderate income families.

Direct state appropriations support this activity. Federal funding does not support program administrative activities.

Programs:

◆ Paul Douglas Scholarship

This was a federal program, named for Illinois Senator Paul Douglas, offering loans to students who promised to be teachers in rural areas of Minnesota. The program no longer makes loans and is currently in the repayment phase. The Office receives no administrative funds from the federal government.

◆ Financial Aid Administration

The division's responsibilities include application processing, applicant notification, preparation of payment requests to recipients, program reports and evaluation of program effectiveness. The staff also provide administrative assistance to post-secondary institutional student financial aid offices, which includes trouble-shooting and answering program questions.

Population Served

During FY 2002, the Student Financial Aid Services Division processed approximately 140,000 student aid applications, delivering \$140 million of financial assistance to approximately 80,000 students attending both public and private post-secondary educational institutions. Also, included are 36,000 reciprocity students attending institutions in Minnesota, Wisconsin, North Dakota, South Dakota, Iowa, and Manitoba under tuition reciprocity agreements.

All the 132 institutions participating in the State Grant Program have decentralized delivery of grant funds to students. Funds to be used each term are disseminated to institutions which calculate individual student awards according to statutory specifications, and then report student data and results to the Services Office. The Services Office is working to enhance service delivery via the web to continually improve citizen access to agency services and information.

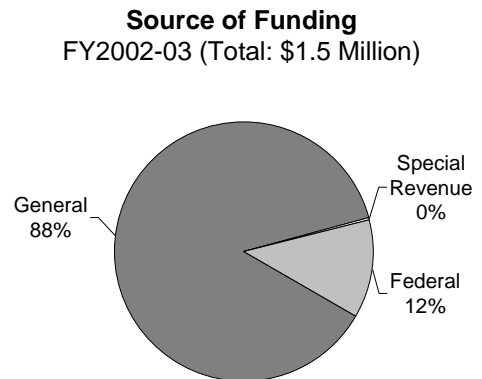
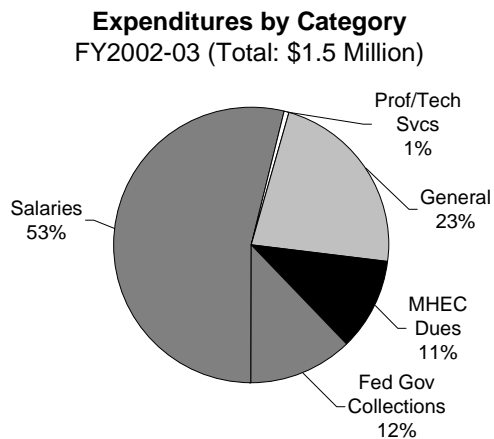
HIGHER EDUCATION SVCS OFFICES

Program: STUDENT FINANCIAL AID SERVICES

Activity: STUDENT FINANCIAL AID SERVICES

Narrative

Activity Funding



Contact

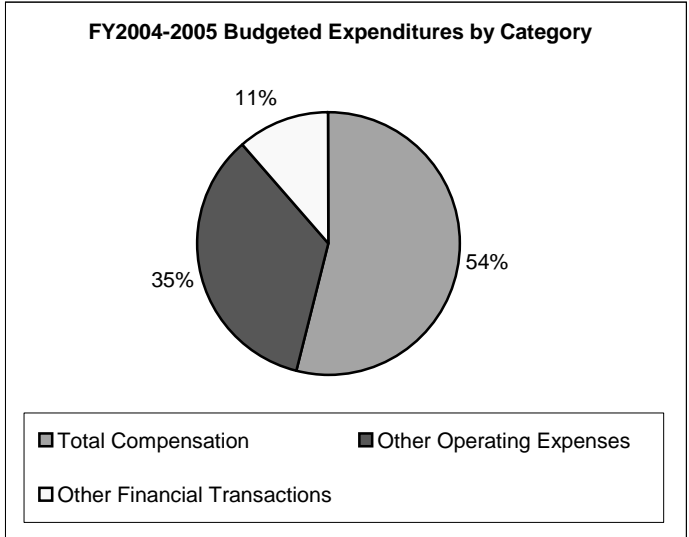
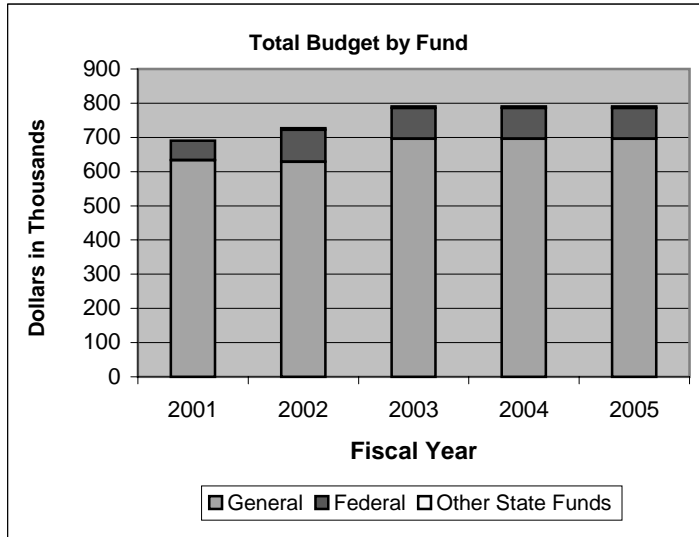
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HIGHER EDUCATION SVCS OFFICES

Program: **STUDENT FINANCIAL AID SERVICES**

Activity: STUDENT FINANCIAL AID SERVICES

Fiscal Report



| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|------------------|------------------|--------------------|----------------|--------------------|---------------------|--------------------------------------|-------------|
| Expenditures by Fund | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 633 | 629 | 696 | 696 | 696 | 1,392 | 67 | 5.1% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 0 | 5 | 5 | 5 | 5 | 10 | 0 | 0.0% |
| Federal | 57 | 93 | 90 | 90 | 90 | 180 | -3 | -1.6% |
| Total | 690 | 727 | 791 | 791 | 791 | 1,582 | 64 | 4.2% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|--------------|-----------|-------------|
| Total Compensation | 372 | 390 | 426 | 426 | 426 | 852 | 36 | 4.4% |
| Other Operating Expenses | 261 | 244 | 275 | 275 | 275 | 550 | 31 | 6.0% |
| Other Financial Transactions | 57 | 93 | 90 | 90 | 90 | 180 | -3 | -1.6% |
| Total | 690 | 727 | 791 | 791 | 791 | 1,582 | 64 | 4.2% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|------------|-----------|-----------|-----------|-----------|------------|-----------|--------------|
| Dedicated | | | | | | | | |
| Special Revenue | 7 | 6 | 5 | 5 | 5 | 10 | -1 | -9.1% |
| Federal | 103 | 93 | 90 | 90 | 90 | 180 | -3 | -1.6% |
| Subtotal Dedicated | 110 | 99 | 95 | 95 | 95 | 190 | -4 | -2.1% |
| Total Revenue | 110 | 99 | 95 | 95 | 95 | 190 | -4 | -2.1% |

| | | | | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|--|--|-------------|
| Full-Time Equivalents (FTE) | 6.7 | 6.7 | 6.7 | 6.7 | 6.7 | | | 0.0% |
|------------------------------------|------------|------------|------------|------------|------------|--|--|-------------|

Program Description

This program activity provides overall administrative support for the Services Office and fulfillment of its agency responsibilities. The activities provided under this program ensure fiscal integrity, efficient and effective use of resources through the use of continued process improvement methodologies including measurements and analysis, and enhanced service to the public through the use of technology.

This program is an essential element in ensuring the agency's effectiveness in achieving its mission.

The purpose of the State Student Loan Services is to provide administrative support for the Student Educational Loan Fund Program (SELF), the Federal Stafford Loan Program, the Graduated Repayment Income Protection Program (GRIP), and the Minnesota Medical and Osteopathy Loan Program (MMOLP). These loan programs assist undergraduate and graduate students in financing their education expenses.

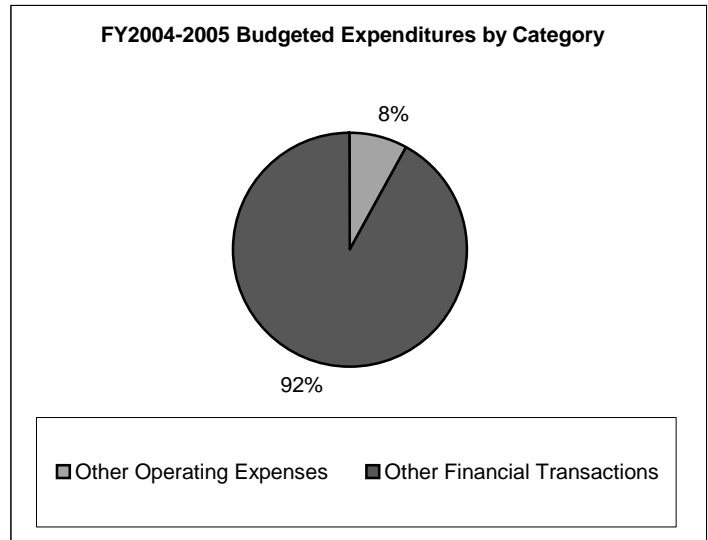
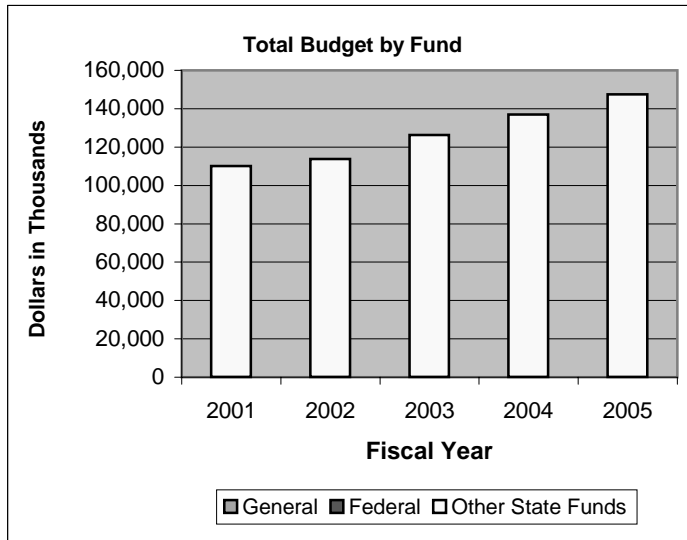
Budget Activities Included:

- ⇒ Student Educational Loan Fund (SELF)
- ⇒ Other loans: Federal Stafford Loan Program, Graduated Repayment Income Protection Program (GRIP), Minnesota Medical and Osteopathy Loan Program (MMOLP).

HIGHER EDUCATION SVCS OFFICES

Program: STATE STUDENT LOANS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|-------------------|-------------------|
| | Actual | Actual | Budgeted | Base | | Biennium | Biennial Change | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | 2004-05 / 2002-03 | Dollars Percent |
| Statutory Appropriations | | | | | | | | |
| Higher Education Svcs Office | 110,046 | 113,827 | 126,342 | 136,942 | 147,442 | 284,384 | 44,215 | 18.4% |
| Total | 110,046 | 113,827 | 126,342 | 136,942 | 147,442 | 284,384 | 44,215 | 18.4% |

| | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 386 | 408 | 545 | 545 | 545 | 1,090 | 137 | 14.4% |
| Other Operating Expenses | 8,480 | 9,262 | 10,597 | 11,097 | 11,597 | 22,694 | 2,835 | 14.3% |
| Other Financial Transactions | 101,180 | 104,157 | 115,200 | 125,300 | 135,300 | 260,600 | 41,243 | 18.8% |
| Total | 110,046 | 113,827 | 126,342 | 136,942 | 147,442 | 284,384 | 44,215 | 18.4% |

| | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|--------------|
| Expenditures by Activity | | | | | | | | |
| Stafford Loan | 25 | 17 | 15 | 15 | 15 | 30 | -2 | -6.3% |
| State Supplemental Loans | 109,567 | 113,500 | 126,027 | 136,627 | 147,127 | 283,754 | 44,227 | 18.5% |
| Other Loan Programs | 454 | 310 | 300 | 300 | 300 | 600 | -10 | -1.6% |
| Total | 110,046 | 113,827 | 126,342 | 136,942 | 147,442 | 284,384 | 44,215 | 18.4% |

| | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Higher Education Svcs Office | 110,376 | 123,046 | 118,221 | 139,513 | 150,033 | 289,546 | 48,279 | 20.0% |
| Subtotal Dedicated | 110,376 | 123,046 | 118,221 | 139,513 | 150,033 | 289,546 | 48,279 | 20.0% |
| Total Revenue | 110,376 | 123,046 | 118,221 | 139,513 | 150,033 | 289,546 | 48,279 | 20.0% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 9.6 | 8.4 | 9.6 | 9.6 | 9.6 |
|------------------------------------|------------|------------|------------|------------|------------|

HIGHER EDUCATION SVCS OFFICES

Program: STATE STUDENT LOANS

Activity: STUDENT EDUCATION LOAN FUND

Narrative

Activity Description

The Student Educational Loan Fund (SELF) Program provides an additional source of long-term, low interest funding to Minnesota residents attending post-secondary education institutions both in and outside Minnesota and the providence of Manitoba, and non-residents attending Minnesota institutions. M.S. 136A.1701 permits the creation of such supplemental loan programs.

Population Served

Graduate or undergraduate students may borrow from the SELF loan program. Minnesota residents attending in Minnesota or at one of more than 140 out-of-state institutions that have contracts with the program are eligible to borrow. Also, non-resident students attending eligible Minnesota institutions are eligible to borrow from this program.

Activity at a Glance

- ◆ Since 1985, the Services Office has made more than 182,000 SELF loans totaling over \$640 million to students from all sectors of higher education. The Services Office collected over \$2.7 million from SELF defaulters in FY 2002. The cumulative SELF default rate after collections is less than 1%.
- ◆ In Fiscal Year 02, the SELF Program lent approximately \$100 million to 28,000 students

Services Provided

The State of Minnesota has established programs like SELF to help ensure access to education for all Minnesota citizens.

The private sector has created additional private loan programs in recent years. However, the SELF loan has continued to provide funding to students at a lower interest rate and without charging origination and guarantee fees. The SELF Program is a low cost financing option for students. It provides a service to Minnesota residents, and to non-residents attending Minnesota schools, in ensuring access to an education of their choice. As the price of higher education continues to increase, more students need to partially or fully fund their education with student loans. Without the SELF program, many students might be unable to complete their education at the college of their choice.

The program requires a credit-worthy co-signer and payment of interest while the borrower is in school. The Services Office also uses various collection tools to collect on defaulted SELF loans.

Key Measures

- ⇒ SELF maintains a strong customer base.
- ⇒ Default rates are low.

Activity Funding

There are no General Fund appropriations for this program. Operating expenses are financed from bonds, loan repayments, and investment income.

The SELF Program is funded through repayments of existing SELF loans and through \$95.6 million of tax exempt bonds and \$129.4 million of taxable bonds outstanding. These revenues finance additional SELF loans, pay interest on the bonds, pay loan servicing costs, and cover program operating costs. Based on current loan volume projections, the Services Office anticipates that adequate funds exist for the FY 2002-03 biennium. It is anticipated that additional bonds will need to be issued for FY 2003-04. The Services Office is limited to a maximum of \$550 million in outstanding bonds. Based on current loan growth, the amount of outstanding bonds could approach that maximum in fewer than 10 years. The Services Office may need to seek an increase in the maximum in the future. Tax-exempt bonds can be issued for student loans under Section 144(b)(1)(B) of the Internal Revenue Code of 1986, as amended.

HIGHER EDUCATION SVCS OFFICES

Program: STATE STUDENT LOANS

Activity: STUDENT EDUCATION LOAN FUND

Narrative

Contact

Philip Lewenstein

MHESO

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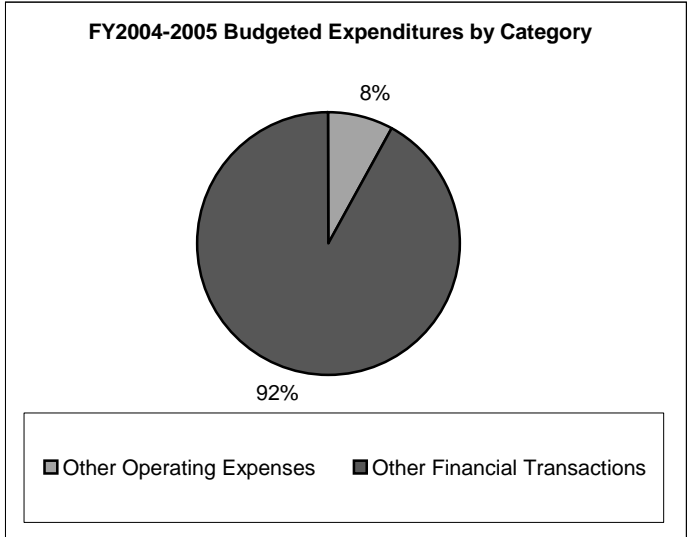
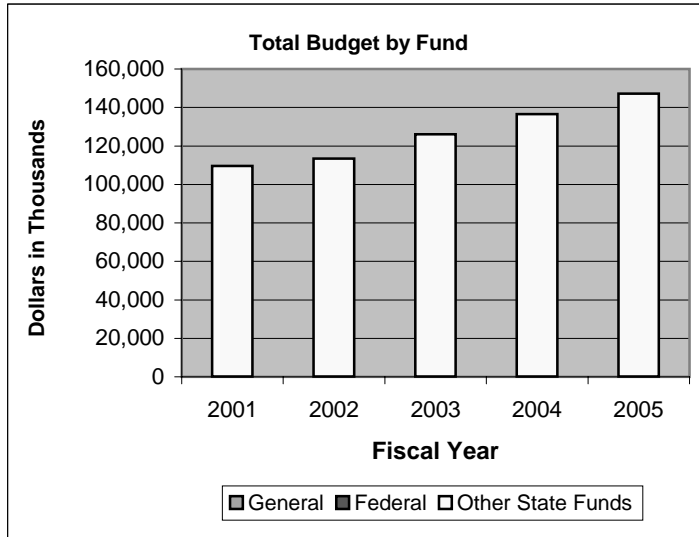
E-mail: Lewenstein@heso.state.mn.us

HIGHER EDUCATION SVCS OFFICES

Program: **STATE STUDENT LOANS**

Activity: STATE SUPPLEMENTAL LOANS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | | |
|------------------------------|----------------|----------------|----------------|----------------|----------------|-----------------|-------------------|--------------|
| | Actual | Actual | Budgeted | Base | Biennium | Biennial Change | | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | 2004-05 / 2002-03 | |
| Statutory Appropriations | | | | | | | Dollars | Percent |
| Higher Education Svcs Office | 109,567 | 113,500 | 126,027 | 136,627 | 147,127 | 283,754 | 44,227 | 18.5% |
| Total | 109,567 | 113,500 | 126,027 | 136,627 | 147,127 | 283,754 | 44,227 | 18.5% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|--------------|
| Total Compensation | 386 | 408 | 545 | 545 | 545 | 1,090 | 137 | 14.4% |
| Other Operating Expenses | 8,455 | 9,245 | 10,582 | 11,082 | 11,582 | 22,664 | 2,837 | 14.3% |
| Other Financial Transactions | 100,726 | 103,847 | 114,900 | 125,000 | 135,000 | 260,000 | 41,253 | 18.9% |
| Total | 109,567 | 113,500 | 126,027 | 136,627 | 147,127 | 283,754 | 44,227 | 18.5% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|--------------|
| Dedicated | | | | | | | | |
| Higher Education Svcs Office | 110,247 | 122,137 | 117,545 | 139,098 | 149,618 | 288,716 | 49,034 | 20.5% |
| Subtotal Dedicated | 110,247 | 122,137 | 117,545 | 139,098 | 149,618 | 288,716 | 49,034 | 20.5% |
| Total Revenue | 110,247 | 122,137 | 117,545 | 139,098 | 149,618 | 288,716 | 49,034 | 20.5% |

| | | | | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|--|--|-------------|
| Full-Time Equivalents (FTE) | 9.6 | 8.4 | 9.6 | 9.6 | 9.6 | | | 0.0% |
|------------------------------------|------------|------------|------------|------------|------------|--|--|-------------|

HIGHER EDUCATION SVCS OFFICES

Program: STATE STUDENT LOANS
Activity: OTHER LOAN PROGRAMS

Narrative

Activity Description

This activity includes three targeted state student loan programs and the federal Stafford Loan Program. The Graduated Repayment Income Protection (GRIP) Program, the Minnesota Medical and Osteopathy Loan Program (MMOLP), and the Optometry and Osteopathy (O&O) Program are being phased out. The Services Office has not made any Stafford Loans since 1988. Repayment to the Stafford Programs are deposited in the loan capital fund.

GRIP participants are graduates of Minnesota schools in dentistry, medicine, pharmacy, veterinary medicine, public health, and chiropractic medicine and Minnesota residents graduating from osteopathy programs. The GRIP program enabled program participants to repay their student loans with a repayment loan based on their projected annual income. The GRIP Loan was discontinued in 1995 for new participants. Loans are still being made to participants who entered the program prior to 1995.

Activity at a Glance

- ◆ Two individuals are in repayment under the O&O Program, and one individual is in repayment in the MMOLP. The principal of these loans ranges from \$1,200 to \$8,500. These loans should be repaid by June 2004.
- ◆ The Services Office has a portfolio of less than \$1 million under the Stafford Loan Program, which will be serviced until the loans have been repaid.
- ◆ The GRIP program enabled program participants to repay their student loans with a repayment loan based on their projected annual income. There are 90 individuals in repayment. The principal of the loans ranges from \$1,000 to \$123,000. The last borrower should complete repayment of the last GRIP loan in June 2015.

The Services Office is no longer an active lender in the MMOLP program. No new participants are allowed to enter the program. Repayments to the MMOLP and O&O Programs are deposited in the General Fund as non-dedicated receipts. Repayment to the GRIP and Stafford Programs are deposited in the Loan Capital Fund.

Population Served

The MMOLP program assisted students in medical and osteopathy schools by providing loans which would be forgiven if they served in rural Minnesota upon completion of their medical training. The O&O program targeted loans to medical students in those fields to encourage them to practice in Minnesota upon completion of their medical training.

The Stafford loan serves graduate and undergraduate students.

GRIP participants were graduates of Minnesota schools in dentistry, medicine, pharmacy, veterinary medicine, public health, and chiropractic medicine, and Minnesota residents graduating from osteopathy programs.

Key Measures

⇒ The Services Office will continue to monitor and oversee the repayment process for these loan programs in a cost effective manner.

Activity Funding

The FY 2002-03 funding for this activity is \$700,000.

Contact

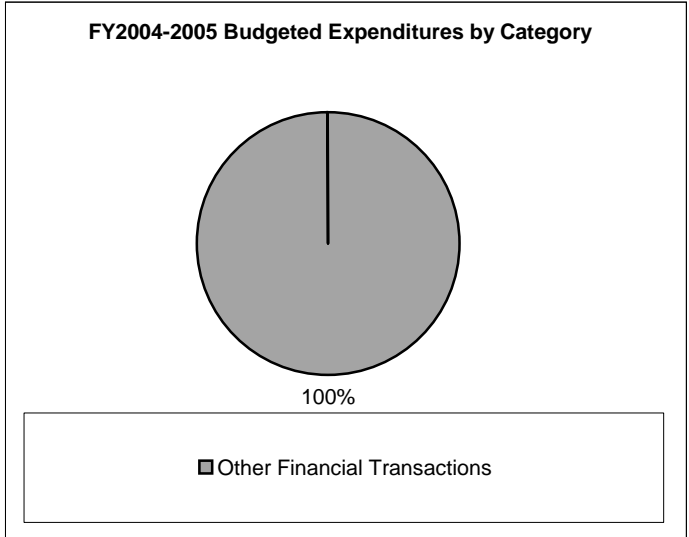
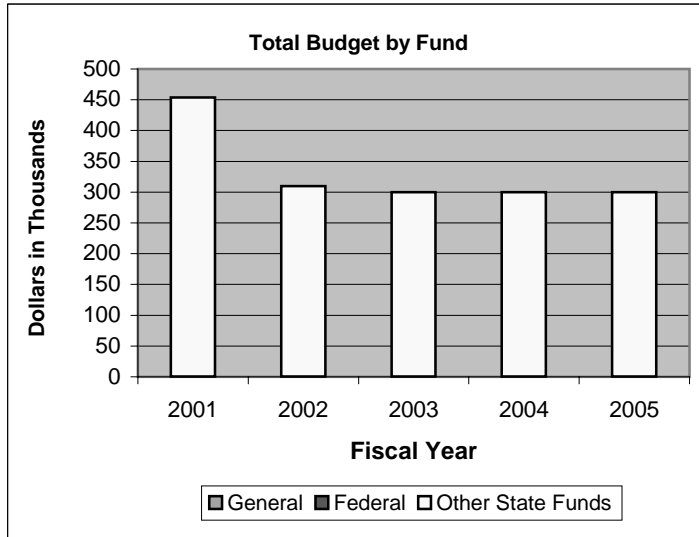
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HIGHER EDUCATION SVCS OFFICES

Program: **STATE STUDENT LOANS**

Activity: **OTHER LOAN PROGRAMS**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 | |
| Statutory Appropriations | | | | | | | Dollars | Percent |
| Higher Education Svcs Office | 454 | 310 | 300 | 300 | 300 | 600 | -10 | -1.6% |
| Total | 454 | 310 | 300 | 300 | 300 | 600 | -10 | -1.6% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|------------|--------------|
| Expenditures by Category | | | | | | | | |
| Other Financial Transactions | 454 | 310 | 300 | 300 | 300 | 600 | -10 | -1.6% |
| Total | 454 | 310 | 300 | 300 | 300 | 600 | -10 | -1.6% |

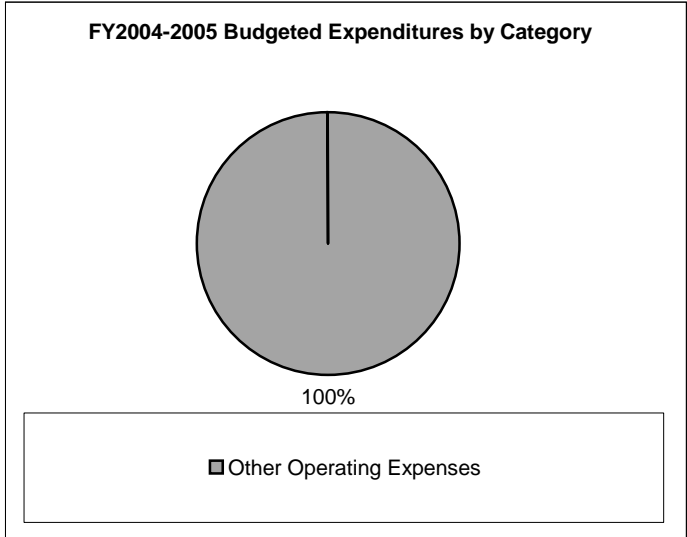
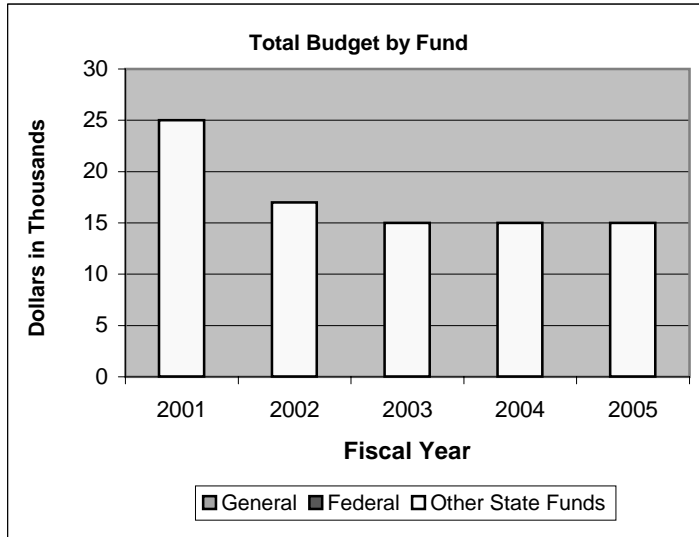
| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|-------------|---------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Higher Education Svcs Office | 108 | 887 | 661 | 400 | 400 | 800 | -748 | -48.3% |
| Subtotal Dedicated | 108 | 887 | 661 | 400 | 400 | 800 | -748 | -48.3% |
| Total Revenue | 108 | 887 | 661 | 400 | 400 | 800 | -748 | -48.3% |

HIGHER EDUCATION SVCS OFFICES

Program: STATE STUDENT LOANS

Activity: STAFFORD LOAN

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|---------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | FY2005 | Biennium 2004-05 | Dollars | Percent |
| Statutory Appropriations | | | | | | | | |
| Higher Education Svcs Office | 25 | 17 | 15 | 15 | 15 | 30 | -2 | -6.3% |
| Total | 25 | 17 | 15 | 15 | 15 | 30 | -2 | -6.3% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|--------------|
| Other Operating Expenses | 25 | 17 | 15 | 15 | 15 | 30 | -2 | -6.3% |
| Total | 25 | 17 | 15 | 15 | 15 | 30 | -2 | -6.3% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|---------------|
| Dedicated | | | | | | | | |
| Higher Education Svcs Office | 21 | 22 | 15 | 15 | 15 | 30 | -7 | -18.9% |
| Subtotal Dedicated | 21 | 22 | 15 | 15 | 15 | 30 | -7 | -18.9% |
| Total Revenue | 21 | 22 | 15 | 15 | 15 | 30 | -7 | -18.9% |

HIGHER EDUCATION SVCS OFFICES

Program: RESEARCH & PROGRAM SERVICES

Narrative

Program Description

The purpose of Research and Program Services is to support student and state interests in quality, well-managed, and financially accessible higher education opportunities.

Research-related activities under this program are: data collection and reporting on higher education students and analysis of state student financial aid programs and other student financing issues. Activities that support quality higher education programs are: consumer protection services that require private and out-of-state institutions to meet state standards and specialized grants that assist institutions in addressing state and federal initiatives.

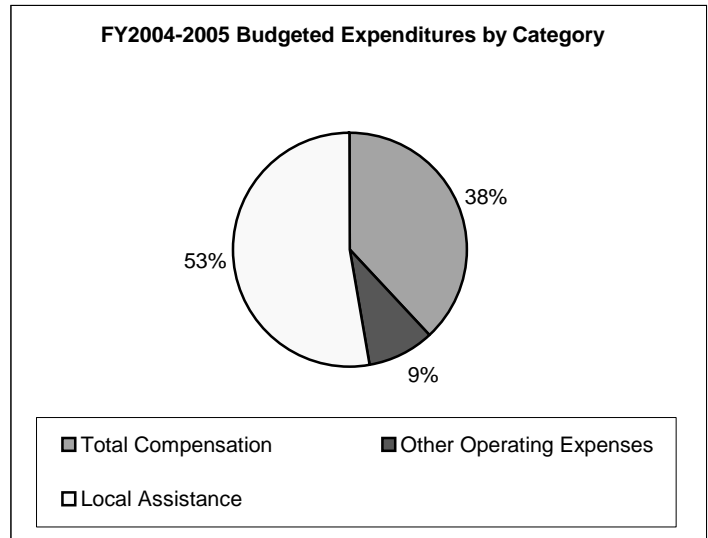
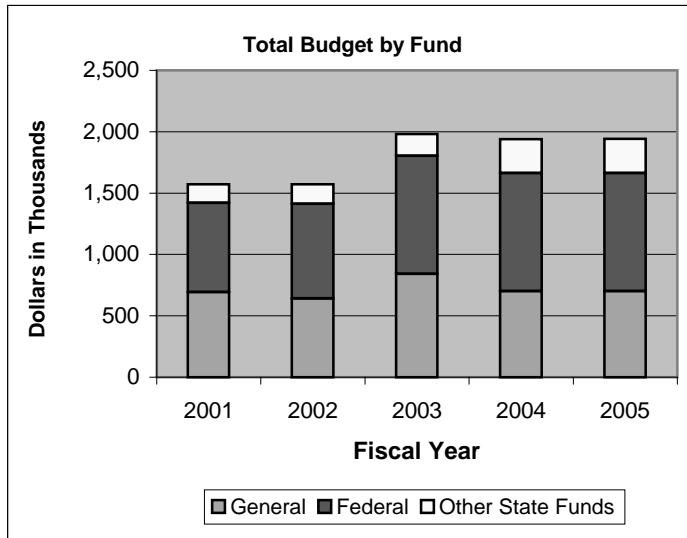
Budget Activities Included:

- ⇒ Research and Program Services
- ⇒ Miscellaneous Grant Programs

HIGHER EDUCATION SVCS OFFICES

Program: RESEARCH & PROGRAM SERVICES

Fiscal Report



| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|------------------|------------------|--------------------|----------------|--------------------|---------------------|--------------------------------------|-------------|
| Expenditures by Fund | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 694 | 641 | 843 | 702 | 702 | 1,404 | -80 | -5.4% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 99 | 102 | 113 | 209 | 209 | 418 | 203 | 94.4% |
| Federal | 726 | 772 | 962 | 962 | 962 | 1,924 | 190 | 11.0% |
| Higher Education Svcs Office | 54 | 57 | 62 | 67 | 69 | 136 | 17 | 14.3% |
| Total | 1,573 | 1,572 | 1,980 | 1,940 | 1,942 | 3,882 | 330 | 9.3% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|-------------|
| Total Compensation | 603 | 618 | 651 | 735 | 737 | 1,472 | 203 | 16.0% |
| Other Operating Expenses | 139 | 127 | 189 | 181 | 181 | 362 | 46 | 14.6% |
| Local Assistance | 831 | 827 | 1,140 | 1,024 | 1,024 | 2,048 | 81 | 4.1% |
| Total | 1,573 | 1,572 | 1,980 | 1,940 | 1,942 | 3,882 | 330 | 9.3% |

| Expenditures by Activity | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|-------------|
| Research & Program Services | 690 | 683 | 759 | 860 | 862 | 1,722 | 280 | 19.4% |
| Miscellaneous Grant Programs | 883 | 889 | 1,221 | 1,080 | 1,080 | 2,160 | 50 | 2.4% |
| Total | 1,573 | 1,572 | 1,980 | 1,940 | 1,942 | 3,882 | 330 | 9.3% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|------------|------------|--------------|--------------|--------------|--------------|------------|--------------|
| Dedicated | | | | | | | | |
| Special Revenue | 105 | 149 | 113 | 171 | 171 | 342 | 80 | 30.5% |
| Federal | 728 | 769 | 962 | 962 | 962 | 1,924 | 193 | 11.1% |
| Subtotal Dedicated | 833 | 918 | 1,075 | 1,133 | 1,133 | 2,266 | 273 | 13.7% |
| Total Revenue | 833 | 918 | 1,075 | 1,133 | 1,133 | 2,266 | 273 | 13.7% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 9.4 | 9.5 | 9.1 | 9.1 | 9.1 |
|------------------------------------|------------|------------|------------|------------|------------|

HIGHER EDUCATION SVCS OFFICES

Program: RESEARCH & PROGRAM SERVICES

Activity: RESEARCH & PROGRAM SERVICES

Narrative

Activity Description

In support of higher education opportunities for Minnesota residents, the Research and Program Services activity produces data and reporting on student enrollments and financing and manages regulation of private and out-of-state institutions.

Services under this activity result in consumer protection through administration of statutes that require private and out-of-state institutions to meet state standards, the ability for state and institutional policymakers to track student characteristics and trends, and research on state financial aid programs and how students finance their post-secondary educations.

Population Served

Students, former students, and prospective students of private and out-of-state institutions are served by two consumer protection statutes administered under this activity. Enrollment data and analyses are used by policy makers, institution staff, the media, and the general public who need a single source of data on post-secondary education in Minnesota. The Services Office produces analyses of student financing for state policy makers and staff, for agency planning, and for others interested in these items.

Activity at a Glance

- ◆ About 50 private, nonprofit and out-of-state post-secondary institutions are approved to offer degree programs in Minnesota and 26 other post-secondary providers are registered to offer non-degree programs.
- ◆ About 70 private, for-profit career training providers are licensed to operate in Minnesota
- ◆ Enrollment records of 290,000 students attending 120 institutions were reported in fall 2000.
- ◆ Research services made available on the agency web site now total approximately 150 pages of information and links to agency reports about higher education enrollments, student aid, and student financing in Minnesota.

Services Provided

This activity includes the following services:

Consumer Protection. Statutes allow the state to set minimum standards for private and out-of-state institution that offer programs in Minnesota.

- ⇒ The Minnesota Private Institution Registration Act (M.S. 136A.61-136A.71) provides quality control and fosters consumer protection for private, nonprofit and out-of-state post-secondary institutions offering educational programs within the state.
- ⇒ Licensing of private for-profit schools (M.S. Chapter 141) provides quality control and consumer protection for private, for-profit career training providers.

Standards address the quality of faculty, facilities and other program resources; financial stability; advertising and promotion; and protection for students if an institution does not maintain the program as promised or ceases operations. State oversight protects prospective students from schools that collect tuition money fraudulently, "diploma mills" that sell degrees without offering legitimate programs, and schools that lack sufficient expertise or financial resources to develop and maintain adequate post-secondary programs.

When complaints or other information indicates that state standards are not being met, legal action can be taken to protect students. The Services Office maintains information on the location of student records of closed schools and assists former students in getting access to their records.

Research Services. Agency research services enable the state to identify trends and conditions in post-secondary education. While individual institution maintain information on their own activities, data collection and analyses at the Services Office cover both public and private institutions so that a statewide picture is feasible.

Enrollment-related databases are maintained for fall term enrollments and degrees and other awards conferred by Minnesota institutions. Student fall enrollment information, including data on student characteristics such as age, gender, and credit load, has been collected since 1983. The Services Office publishes both standard enrollment

HIGHER EDUCATION SVCS OFFICES

Program: RESEARCH & PROGRAM SERVICES

Activity: RESEARCH & PROGRAM SERVICES

Narrative

reports and special analyses. Upon request, staff produces tailored summary reports for researchers from a variety of organizations. Staff also uses federal and other sources of information to provide answers to data questions about Minnesota higher education. Most information of general interest is posted on the agency web site which is becoming the primary way many users first look for data.

Research on student financing, including a biennial survey of undergraduate financial aid from all sources at Minnesota institutions and reporting on state financial aid programs for budgetary and policy purposes, is also part of this activity. A research database on the State Grant Program is used to project expenditures for budget planning and simulations of policy options.

Key Measures

New institutions, degrees and program registered or approved. Applications for new institutions, degrees or programs generally require more intensive review than renewal applications. The numbers below show completed actions; at any given time, additional institution will be in discussion about incomplete or pending applications. Staff also works with institutions that are undergoing ownership or governance changes, closing operations, and modifying programs or degrees that were previously approved, and establishing exemptions under the regulatory statutes.

| <u>FY 2001</u> | <u>FY 2002</u> | <u>FY 2003 Estimate</u> |
|----------------|----------------|-------------------------|
| 44 | 39 | 40 |

External visits to tables, reports, and graphs with student enrollment and financing data on the Services Office web site. This measure includes external visits to web pages with actual data or copies of reports produced by the Services Office; visits to cover pages are not included because some users may have decided not to continue if they did not find what they needed. Internal usage and known visits from "webcrawlers" retrieving information for search engines have been removed from these estimates. Because of the structure of the web site, not all visits to relevant pages are tracked so these estimates are conservative.

| <u>FY 2001 Estimates</u> | <u>FY 2002 Estimates</u> | <u>FY 2003 Estimates</u> |
|--------------------------|--------------------------|--------------------------|
| 3,100 | 11,700 | 11,700 |

State Grant analyses in response to external requests. As the state's largest student aid program, the State Grant program requires detailed information on results and projections of policy options to satisfy requests from policymakers and others. Activity is greatest during biennial budget sessions. The requests below are in addition to work for agency reports, budget planning and simulation of potential agency budget proposals.

| <u>FY 2001</u> | <u>FY 2002</u> | <u>FY 2003 Estimate</u> |
|----------------|----------------|-------------------------|
| 28 requests | 12 requests | 28 requests |

Activity Funding

This activity generates dedicated revenue from fees for Private Institution Registration and Private Career School Licensure. Enrollment reporting and analysis are fully supported from state General Fund appropriations. Student financing analysis is financed by the Loan Capital Fund and General Fund appropriations.

HIGHER EDUCATION SVCS OFFICES

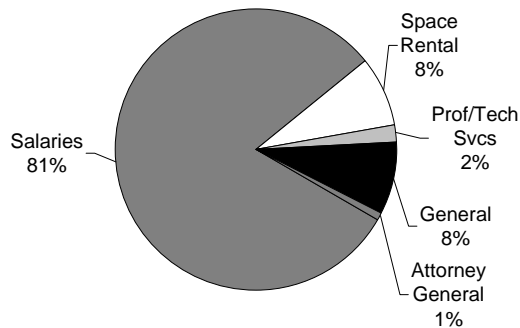
Program: RESEARCH & PROGRAM SERVICES

Activity: RESEARCH & PROGRAM SERVICES

Narrative

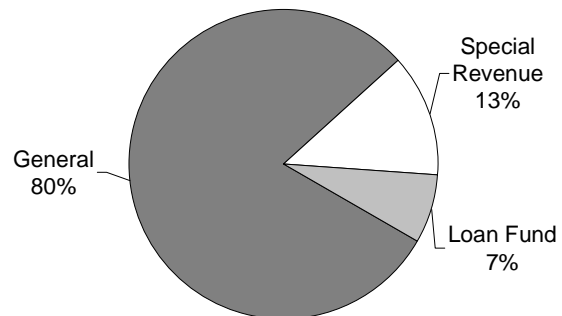
Expenditures by Category

FY 2002-03 (Total: \$1.7 Million)



Source of Funding

FY 2002-03 (Total: \$1.7 Million)



Contact

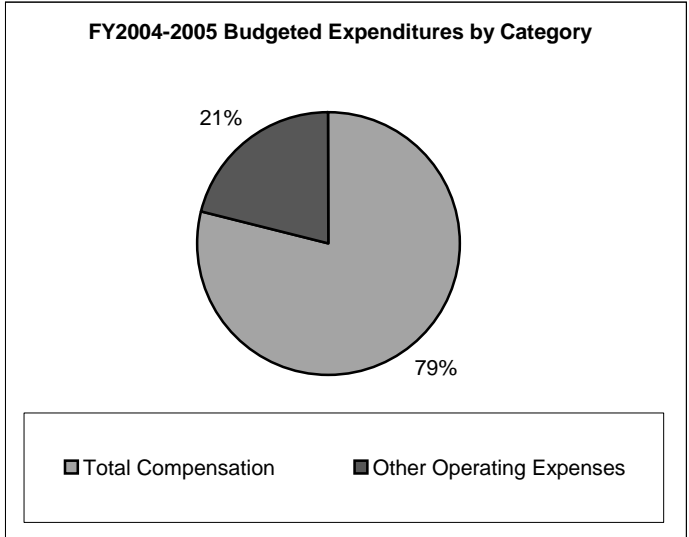
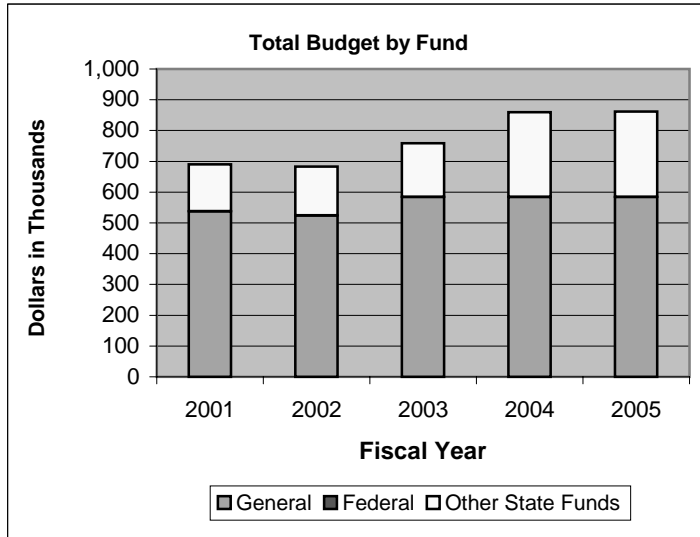
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HIGHER EDUCATION SVCS OFFICES

Program: **RESEARCH & PROGRAM SERVICES**

Activity: RESEARCH & PROGRAM SERVICES

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 537 | 524 | 584 | 584 | 584 | 1,168 | 60 | 5.4% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 99 | 102 | 113 | 209 | 209 | 418 | 203 | 94.4% |
| Higher Education Svcs Office | 54 | 57 | 62 | 67 | 69 | 136 | 17 | 14.3% |
| Total | 690 | 683 | 759 | 860 | 862 | 1,722 | 280 | 19.4% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|--------------|------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 552 | 560 | 595 | 679 | 681 | 1,360 | 205 | 17.7% |
| Other Operating Expenses | 138 | 123 | 164 | 181 | 181 | 362 | 75 | 26.1% |
| Total | 690 | 683 | 759 | 860 | 862 | 1,722 | 280 | 19.4% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|-----------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Special Revenue | 105 | 149 | 113 | 171 | 171 | 342 | 80 | 30.5% |
| Subtotal Dedicated | 105 | 149 | 113 | 171 | 171 | 342 | 80 | 30.5% |
| Total Revenue | 105 | 149 | 113 | 171 | 171 | 342 | 80 | 30.5% |

| | | | | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|--|--|-------------|
| Full-Time Equivalents (FTE) | 8.8 | 8.6 | 8.4 | 8.4 | 8.4 | | | 0.0% |
|------------------------------------|------------|------------|------------|------------|------------|--|--|-------------|

HIGHER EDUCATION SVCS OFFICES

Program: RESEARCH & PROGRAM SERVICES

Activity: MISCELLANEOUS GRANT PROGRAMS

Narrative

Activity Description

This activity manages two specialized grant programs that encourage post-secondary institutions and nonprofit organizations to address certain state and federal objectives.

- ⇒ State **Post-Secondary Service Learning** Grants support the development of campus/community collaborations that address significant long-term community needs and enhance the academic and civic development of post-secondary students.
- ⇒ Federal **Improving Teacher Quality Grants** support the academic achievement of K-12 students by helping schools and school districts improve classroom instruction and ensure that all teachers are highly qualified.

Population Served

The state Post-Secondary Service Learning Grants program serves post-secondary students, community organizations, and individual citizens. K-12 teachers and paraprofessionals in Minnesota schools will be served by the newly-authorized federal Improving Teacher Quality Program.

Services Provided

Funds for both grant programs are awarded on a competitive basis. The Minnesota Higher Education Services Office (MHESO) provides guidance for program development and administration, financial oversight and project evaluation. For Post-Secondary Service Learning Grants, MHESO contacts with the Minnesota Campus Compact for administrative and technical assistance to funded projects.

The state **Post-Secondary Service Learning** Program provides competitive grants to post-secondary institutions and nonprofit organizations. The Minnesota Campus Compact and MHESO jointly administer grants. Each project is a collaboration between at least one campus and one community-based organization. In some cases, the community organization manages the program.

Four funding areas (program start-up, integrating service with academic study, quality improvement, and the model engaged campus) allow different project strategies to meet identified post-secondary and community needs. Projects supported by current grants include health care projects that provide internships and clinical experiences for students in nursing, occupational therapy, physical therapy, social work and chiropractic care; projects in education that develop and support science and mathematics curriculum for Native American youth in grades 8-12; projects for teacher education students to provide an after-school program for underserved school-age children living in a public housing complex; and projects that aim to move institutional practice from an array of service-learning and community partnerships to a defined and integrated program of services for the entire campus.

An added activity for this biennium is a statewide assessment of the outcomes of service-learning and campus-community collaborations funded by state grants since 1989. The results of this assessment will guide the development of future projects supported by state grant funds.

Improving Teacher Quality Grants will be awarded to eligible partnerships to conduct professional development in mathematics, science, and social studies to ensure that highly qualified teachers and paraprofessionals have subject matter knowledge and teaching skills in these subjects. Eligible applicants must represent a partnership that includes a higher education institution and its teacher preparation division and school of arts and sciences and a high need school district.

Activity at a Glance

- ◆ For the 2002-03 biennium, 13 service-learning and campus-community collaboration projects have been awarded state grants ranging from \$4,000 to \$60,000.
- ◆ The first grants under the new federal Improving Teacher Quality Program will be made in early 2003 to partnerships that must include a higher education institution and its teacher preparation division and school of arts and sciences and a high need school district.
- ◆ The Improving Teacher Quality Program replaces the Eisenhower Professional Development Program that is currently supporting 25 grants, ranging from \$29,286 to \$45,000, to eight Minnesota higher education institutions and three nonprofit organizations.

HIGHER EDUCATION SVCS OFFICES

Program: RESEARCH & PROGRAM SERVICES

Activity: MISCELLANEOUS GRANT PROGRAMS

Narrative

Historical Perspective

Since 1985, MHESO has administered more than \$10 million in federal formula funds that have supported 336 projects by higher education institutions and nonprofit organizations for teacher and paraprofessional professional development. These competitively funded projects were designed to ensure that K-12 teachers and paraprofessionals, after sustained and intensive high-quality professional development, provide challenging learning experiences in core academic subjects for all students. The federal program required that primary emphasis be placed on mathematics and science. To enhance state efforts to implement the Minnesota Graduation Standards, funding included program support for three social studies projects.

The December 2001 No Child Left Behind Act amendment to the federal Elementary and Secondary Education Act emphasizes teacher quality as a factor in improving student achievement, requires a specific partnership from applicants that focuses on high need school districts and demands stronger accountability from grantees for gains in student academic achievement or increases in teacher/paraprofessional mastery of the academic subject. The No Child Left Behind Act will guide improving Teacher Quality Grants to be funded in 2003 and 2004.

Key Measures

College and university students engaged in service-learning activities in the community. Each grant-funded project engages students in service activities with people and organizations in their local communities. "Service-learning" enhances students' academic experience, promotes career exploration, and builds a commitment to life-long civic engagement and service.

FY 1998-99
1,709 students

FY 2000-01
1,947 students

FY 2002-03 Estimate
1,912 students

Community organizations and Minnesotans benefiting from the service-learning grant program. Each grant-funded project is designed to address significant, long-term community needs. Community organizations work in partnership with colleges and universities to provide enhanced support for the residents they serve.

FY 1998-99
148 organizations
5,789 Minnesotans

FY 2000-01
331 organizations
12,519 Minnesotans

FY 2002-03 Estimate
104 organizations
18,870 Minnesotans

Faculty members prepared to integrate service-learning experiences into their courses. Faculty involved in grant projects revise existing curricula to include service-learning experiences for their students. Often, these experiences are developed during the grant period and then offered on an annual basis for years to come. Faculty are given guidance in curriculum revision by program staff at workshops and through individual consultation.

FY 1998-99
115 faculty

FY 2000-01
68 faculty

FY 2002-03 Estimate
166 faculty

Contact

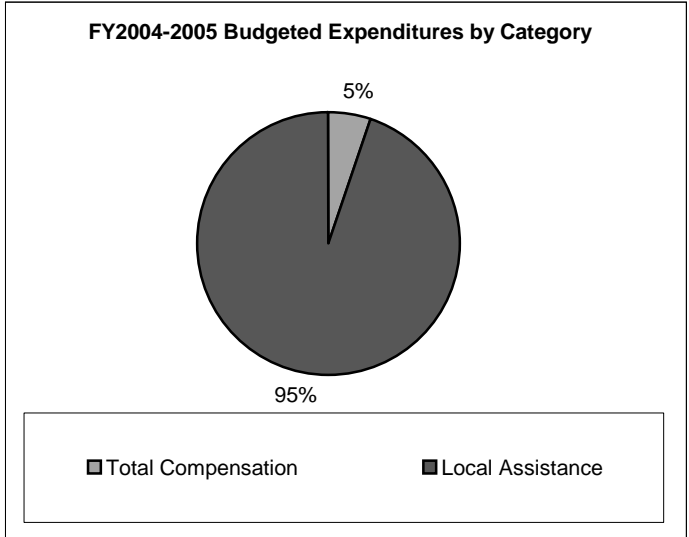
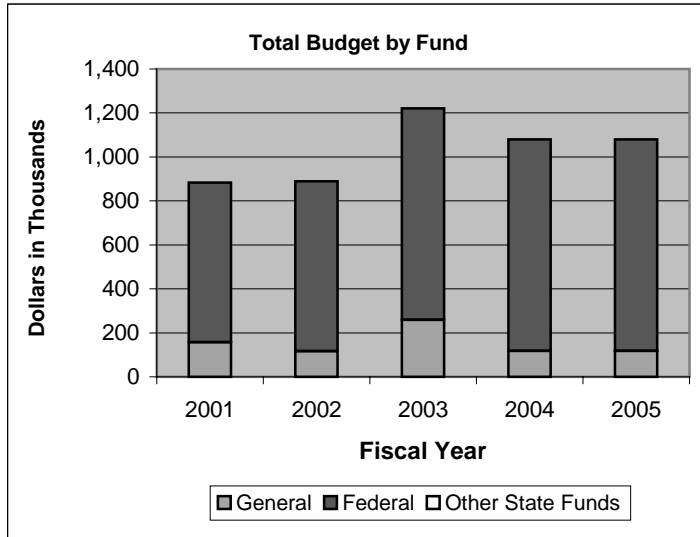
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HIGHER EDUCATION SVCS OFFICES

Program: **RESEARCH & PROGRAM SERVICES**

Activity: MISCELLANEOUS GRANT PROGRAMS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 157 | 117 | 259 | 118 | 118 | 236 | -140 | -37.2% |
| Statutory Appropriations | | | | | | | | |
| Federal | 726 | 772 | 962 | 962 | 962 | 1,924 | 190 | 11.0% |
| Total | 883 | 889 | 1,221 | 1,080 | 1,080 | 2,160 | 50 | 2.4% |

| | | | | | | | | |
|---------------------------------|------------|------------|--------------|--------------|--------------|--------------|-----------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 51 | 58 | 56 | 56 | 56 | 112 | -2 | -1.8% |
| Other Operating Expenses | 1 | 4 | 25 | 0 | 0 | 0 | -29 | -100.0% |
| Local Assistance | 831 | 827 | 1,140 | 1,024 | 1,024 | 2,048 | 81 | 4.1% |
| Total | 883 | 889 | 1,221 | 1,080 | 1,080 | 2,160 | 50 | 2.4% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|--------------|------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Federal | 728 | 769 | 962 | 962 | 962 | 1,924 | 193 | 11.1% |
| Subtotal Dedicated | 728 | 769 | 962 | 962 | 962 | 1,924 | 193 | 11.1% |
| Total Revenue | 728 | 769 | 962 | 962 | 962 | 1,924 | 193 | 11.1% |

| | | | | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|--|--|-------------|
| Full-Time Equivalents (FTE) | 0.6 | 0.9 | 0.7 | 0.7 | 0.7 | | | 0.0% |
|------------------------------------|------------|------------|------------|------------|------------|--|--|-------------|

HIGHER EDUCATION SVCS OFFICES

Program: LIBRARIES AND TECHNOLOGY

Narrative

Program Description

The purpose of the Library and Technology Program is to provide statewide support functions that assist libraries and post-secondary institutions in serving Minnesotans with efficient access to library materials, distance education, and other learning resources.

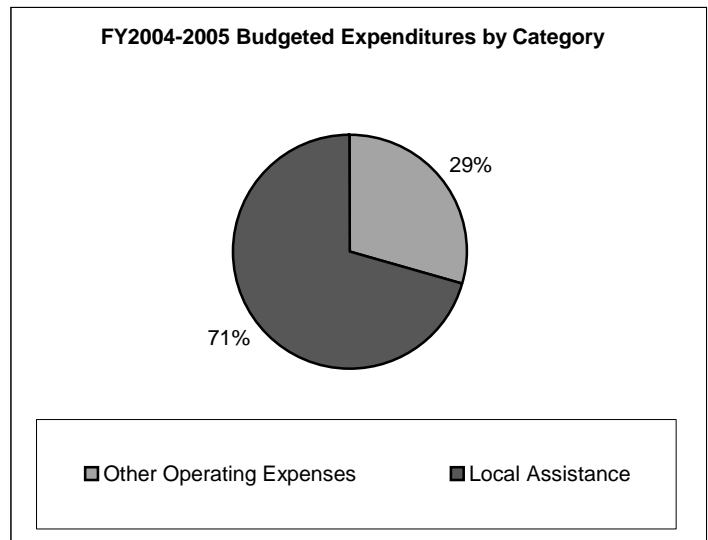
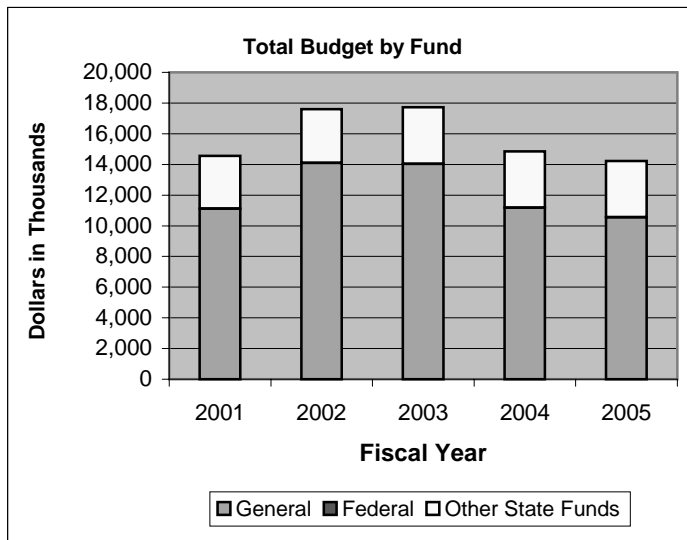
Budget Activities Included:

- ⇒ MINITEX
- ⇒ MnLINK Implementation/Gateway
- ⇒ Learning Network of Minnesota

HIGHER EDUCATION SVCS OFFICES

Program: **LIBRARIES AND TECHNOLOGY**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Carry Forward | | | | | | | | |
| General | 0 | 0 | 0 | 860 | 250 | 1,110 | 1,110 | n.m |
| Direct Appropriations | | | | | | | | |
| General | 11,122 | 14,096 | 14,044 | 10,310 | 10,310 | 20,620 | -7,520 | -26.7% |
| Statutory Appropriations | | | | | | | | |
| Miscellaneous Agency | 3,445 | 3,516 | 3,673 | 3,673 | 3,673 | 7,346 | 157 | 2.2% |
| Total | 14,567 | 17,612 | 17,717 | 14,843 | 14,233 | 29,076 | -6,253 | -17.7% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 65 | 57 | 65 | 65 | 65 | 130 | 8 | 6.6% |
| Other Operating Expenses | 4,414 | 3,554 | 7,416 | 4,572 | 3,962 | 8,534 | -2,436 | -22.2% |
| Local Assistance | 10,088 | 14,001 | 10,236 | 10,206 | 10,206 | 20,412 | -3,825 | -15.8% |
| Total | 14,567 | 17,612 | 17,717 | 14,843 | 14,233 | 29,076 | -6,253 | -17.7% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Expenditures by Activity | | | | | | | | |
| Minitex Library System | 7,963 | 8,552 | 8,354 | 8,354 | 8,354 | 16,708 | -198 | -1.2% |
| Mnlink-Implementation\Gateway | 1,407 | 3,328 | 4,197 | 1,310 | 700 | 2,010 | -5,515 | -73.3% |
| Learning Network Of Minn | 5,197 | 5,732 | 5,166 | 5,179 | 5,179 | 10,358 | -540 | -5.0% |
| Total | 14,567 | 17,612 | 17,717 | 14,843 | 14,233 | 29,076 | -6,253 | -17.7% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|-------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Miscellaneous Agency | 3,445 | 3,516 | 3,673 | 3,673 | 3,673 | 7,346 | 157 | 2.2% |
| Subtotal Dedicated | 3,445 | 3,516 | 3,673 | 3,673 | 3,673 | 7,346 | 157 | 2.2% |
| Total Revenue | 3,445 | 3,516 | 3,673 | 3,673 | 3,673 | 7,346 | 157 | 2.2% |

| | | | | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|--|--|--|
| Full-Time Equivalents (FTE) | 3.1 | 1.1 | 1.0 | 1.0 | 1.0 | | | |
|------------------------------------|------------|------------|------------|------------|------------|--|--|--|

HIGHER EDUCATION SVCS OFFICES

Program: LIBRARIES AND TECHNOLOGY

Activity: MINITEX LIBRARY SYSTEM

Narrative

Activity Description

MINITEX's mission is to enhance the effectiveness and efficiency of libraries by expanding their access to information resources for their users. Major activities are:

- ◆ retrieval and delivery of loans and photocopies from the University of Minnesota Libraries and Minneapolis Public Library;
- ◆ coordination of a delivery system for libraries throughout the region;
- ◆ electronic delivery of articles to patrons' desktop computers;
- ◆ discounted licensing of electronic resources, including the Electronic Library for Minnesota (ELM) which provides online access to full text magazines and reference resources for post-secondary and K-12 students, faculty, teachers, and staff as well as the general public;
- ◆ providing over 8,000 electronic books via the Internet;
- ◆ a common database of magazine and newspaper holdings owned by Minnesota, North Dakota, and South Dakota libraries;
- ◆ cooperative purchasing of electronic resources to achieve economy of scale and lower subscription prices; and
- ◆ support and training for using MINITEX products and services.

Activity at a Glance

- ◆ More than 384,000 books, articles, and non-print materials delivered to Minnesota library patrons.
- ◆ Online access to full-text articles in 4,000 journals.
- ◆ Participation of more than 1,540 Minnesota libraries of all types.
- ◆ More than 161,000 journals and magazines owned by libraries in the MINITEX region listed in a common source for easy location.

Population Served

Now in its 33rd year of operation, the MINITEX Library Information Network (MINITEX) is a publicly-supported network of libraries in Minnesota, North Dakota, and South Dakota. In Minnesota, MINITEX serves over 1,400 academic, state government, K-12, and public libraries which in turn serve all Minnesota residents.

Services Provided

MINITEX fulfills its objective through four primary activities: 1) document delivery; 2) group licenses for online access to full-text and bibliographic resources; 3) a common database of books and non-print holdings through online shared cataloging; and 4) a database of serial holdings (journals and magazines) of participating libraries. MINITEX also provides cooperative purchasing for all types of libraries, periodical exchange, and back-up reference service when libraries do not have local information to answer requests from patrons.

Historical Perspective

Originally funded jointly in 1969 by the Louis W. and Maud Hill Family Foundation, and state and federal funds, MINITEX tested sharing University of Minnesota library resources with 10 representative Minnesota libraries. The pilot project demonstrated the educational and economic viability of this type of resource sharing, and in 1971 the project became a program of the Minnesota Higher Education Coordinating Board funded by the legislature. Since then, the number of participating libraries and services has expanded to create a network of information resource sharing for the Minnesota/North Dakota/South Dakota region. During the 1990s, legislative funding increased to support not only growing demand for traditional interlibrary loan services but also access to online information resources.

Key Measures

Items delivered for Minnesota library users. MINITEX assists libraries by responding to requests for books, articles, and non-print items not available locally. Items are shared either directly between libraries by using the MINITEX courier service or by requesting the MINITEX staff to locate and retrieve items from the University of Minnesota-Twin Cities Library, Minneapolis Public Library or another library. Most items are delivered to the requesting library, but some articles can now be sent electronically to the library or patron's desktop computer. The numbers of items made available by MINITEX to Minnesota library users follows.

HIGHER EDUCATION SVCS OFFICES

Program: LIBRARIES AND TECHNOLOGY

Activity: MINITEX LIBRARY SYSTEM

Narrative

| | | |
|-----------------------|----------------------|--------------------------------|
| <u>FY 2001</u> | <u>FY2002</u> | <u>FY 2003 Estimate</u> |
| 328,448 | 383,235 | 459,882 |

Participating Minnesota Libraries. MINITEX provides services to Minnesota academic, public, state government, and K-12 school and district libraries through the Minnesota Higher Education Services Office (MHESO) appropriation and through a contract with the Minnesota Department of Children, Families & Learning. The number of Minnesota libraries participating in one or more of the primary MINITEX services supported by state appropriation follows.

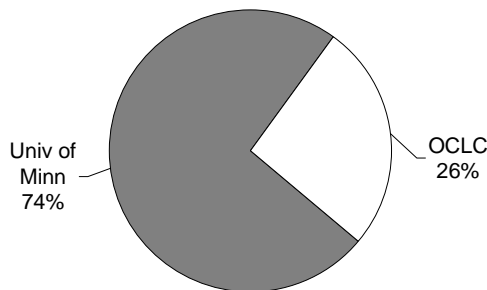
| | | |
|-----------------------|----------------------|--------------------------------|
| <u>FY 2001</u> | <u>FY2002</u> | <u>FY 2003 Estimate</u> |
| 1,098 | 1,404 | 1,540 |

Uses of licensed electronic resources. MINITEX negotiates licenses for access to online indices, web resources, full-text articles in more than 4,000 journals, a world-wide library catalog, and other reference resources. Minnesotans have access to these resources once they are "authenticated" as library patrons in good standing with a participating Minnesota academic, public, K-12 school, or state government library. Usage of statewide licensed electronic resources in the Electronic Library for Minnesota (ELM) and electronic resources in nursing, science, engineering and other disciplines available through academic libraries follows.

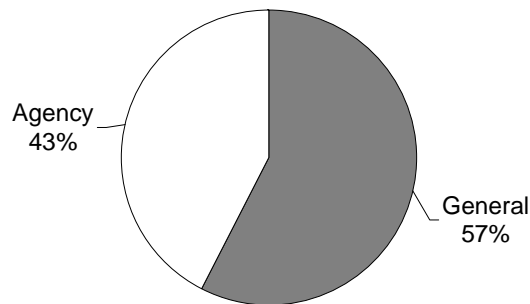
| | | |
|-----------------------|----------------------|--------------------------------|
| <u>FY 2001</u> | <u>FY2002</u> | <u>FY 2003 Estimate</u> |
| 5,960,885 | 7,894,218 | 9,078,351 |

Activity Funding

Expenditures by Category
FY2002-03 (Total: \$16.9 Million)



Source of Funding
FY 2002-03 (Total: \$16.9 Million)



The entire MINITEX appropriation to MHESO is for contracted services provided by MINITEX at the University of Minnesota. The University of Minnesota provides space and related physical plant and administrative support services without charge to MINITEX.

Additional revenue is generated from contracts with the Minnesota Department of Children, Families & Learning, the North Dakota State Library, and the South Dakota State Library. All funds are passed by MHESO directly to MINITEX at the University of Minnesota. Revenue is also generated by the Online Computer Library Center (OCLC) online cataloging service in which the revenue is received from libraries using OCLC services through the MINITEX office and passed directly to OCLC.

HIGHER EDUCATION SVCS OFFICES

Program: LIBRARIES AND TECHNOLOGY

Activity: MINITEX LIBRARY SYSTEM

Narrative

In 2001, the legislature increased MINITEX appropriations by \$900,000 each year to improve document delivery and to purchase additional statewide licenses to both academic and general interest electronic resources. The 2002 legislature reduced funding by \$382,000 in FY 2002 and \$737,000 in FY 2003. The \$737,000 reduction is reflected in the annual base appropriation for FYs 2004 and 2005. To absorb the reduction for the current biennium, MINITEX discontinued a statewide license to the full-text of five national newspapers-the *Minneapolis StarTribune*, *New York Times*, *Wall Street Journal*, *Los Angeles Times*, and *Washington Post*.

Contact

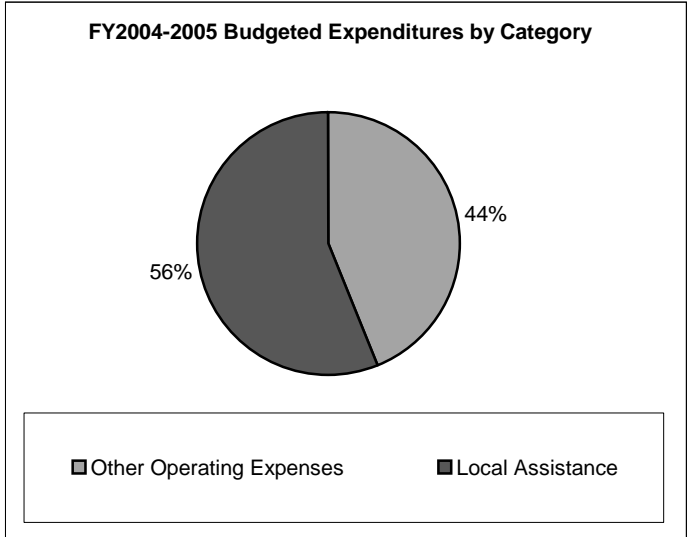
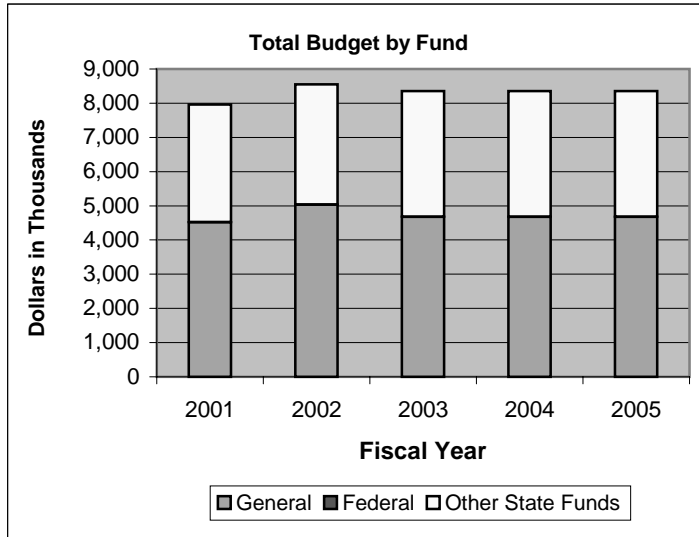
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HIGHER EDUCATION SVCS OFFICES

Program: **LIBRARIES AND TECHNOLOGY**

Activity: MINITEX LIBRARY SYSTEM

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------|--------------------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 | Dollars Percent |
| Direct Appropriations | | | | | | | | |
| General | 4,518 | 5,036 | 4,681 | 4,681 | 4,681 | 9,362 | -355 | -3.7% |
| Statutory Appropriations | | | | | | | | |
| Miscellaneous Agency | 3,445 | 3,516 | 3,673 | 3,673 | 3,673 | 7,346 | 157 | 2.2% |
| Total | 7,963 | 8,552 | 8,354 | 8,354 | 8,354 | 16,708 | -198 | -1.2% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|-------------|--------------|
| Expenditures by Category | | | | | | | | |
| Other Operating Expenses | 3,445 | 631 | 3,673 | 3,673 | 3,673 | 7,346 | 3,042 | 70.7% |
| Local Assistance | 4,518 | 7,921 | 4,681 | 4,681 | 4,681 | 9,362 | -3,240 | -25.7% |
| Total | 7,963 | 8,552 | 8,354 | 8,354 | 8,354 | 16,708 | -198 | -1.2% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Miscellaneous Agency | 3,445 | 1,946 | 3,673 | 3,673 | 3,673 | 7,346 | 1,727 | 30.7% |
| Subtotal Dedicated | 3,445 | 1,946 | 3,673 | 3,673 | 3,673 | 7,346 | 1,727 | 30.7% |
| Total Revenue | 3,445 | 1,946 | 3,673 | 3,673 | 3,673 | 7,346 | 1,727 | 30.7% |

HIGHER EDUCATION SVCS OFFICES

Program: LIBRARIES AND TECHNOLOGY

Activity: MN LINK IMPLEMENTATION/GATEWAY

Narrative

Activity Description

MnLINK is a statewide virtual library with a single point of access to most major Minnesota library catalogs and state-licensed electronic resources. MnLINK widens access to library resources for all Minnesota residents by drawing upon the combined collections of Minnesota libraries.

Population Served

The *MnLINK Integrated Library System* serves the students, faculty, and staff of the University of Minnesota and MnSCU technical colleges, state universities, and community colleges and users of state government libraries and participating private college, public and school libraries. The *MnLINK Gateway* serves participating libraries and their patrons by providing access to library catalogs around the state and to online information resources.

Services Provided

MnLINK enables Minnesota residents to search the catalogs of academic, government, public and school libraries from single web interface. MnLINK will increase the efficiency of library operations by using a common library automation system in all public academic libraries and by employing technology to streamline communications for resource sharing. The first installation of the Integrated Library System software was completed at the University of Minnesota-Twin Cities in FY 2002. Initial implementation of the first (beta-site) libraries to use the software through a second server site at Minnesota State University, Mankato is scheduled to be completed before the end of FY 2003.

Activity at a Glance

- ◆ The *MnLINK Integrated Library System* is an automated library information system operating on common software for the University of Minnesota libraries, MnSCU libraries, state agency libraries, and interested private college, public and school libraries.
- ◆ The *MnLINK Gateway* allows Minnesota library patrons to search from a single web site the *Integrated Library System*, many other library catalogs, and general electronic resources.
- ◆ The Gateway provides a virtual catalog to the 33.7 million volumes owned by MnLINK participating libraries.
- ◆ More than 1 million records and items were viewed through the Gateway in FY 2002.

The Gateway web site, launched in 1999, links to state-licensed electronic resources and connects the online catalogs of 20 library systems so that they can be searched simultaneously. The Gateway is accessed at www.mnlink.org. It began services in April 1999; new Gateway software with a patron-initiated interlibrary loan request capacity is being installed during the summer and fall of 2002. The Services Office contracts with MnSCU for management of MnLINK and operation of the Gateway.

Historical Perspective

The Higher Education Services Office developed MnLINK in cooperation with the Library Planning Task Force, which was created by the 1994 legislature to make recommendations about library and information services. MnLINK implementation is funded by a 1997 continuing state appropriation intended to cover the procurement and implementation costs of both the Integrated Library System and the MnLINK Gateway. The Gateway web site was launched in 1999; a biennial appropriation supports Gateway operations. Through an open, representative committee and governance structure, implementation of MnLINK has been coordinated with the University of Minnesota, the Minnesota State Colleges and Universities (MnSCU), the Minnesota Education Telecommunications Council, the MINITEX Advisory Committee, the Department of Children, Families & Learning, the Office of Technology, and the Department of Administration.

Key Measures

Catalog records loaded into the MnLINK Integrated Library System. The MnLINK Integrated Library System functions as a public online catalog of the holdings of participating libraries. The value of the system increases as the number of records increases; also, the number of records loaded indicates progress in moving to the new automated system.

FY 2001
0

FY 2002
3,690,000

FY 2003 Estimate
6,255,000

HIGHER EDUCATION SVCS OFFICES

Program: LIBRARIES AND TECHNOLOGY

Activity: MN LINK IMPLEMENTATION/GATEWAY

Narrative

Authenticated Uses of the Gateway. While anyone from around the world can find and search the library catalogs on the MnLINK Gateway, only those who are "authenticated" as a holder of a valid card from a participating Minnesota library can use the full set of features of the Gateway. The numbers below indicate how many times authenticated Minnesota library cardholders searched the Gateway.

| <u>FY 2001</u> | <u>FY 2002</u> | <u>FY 2003 Estimate</u> |
|----------------|----------------|-------------------------|
| 380,194 | 407,654 | 437,097 |

Searches conducted on the MnLINK Gateway. When someone is looking for material on the Gateway, a click of a button begins a search. The numbers below indicate the number of times a search was conducted on the Gateway.

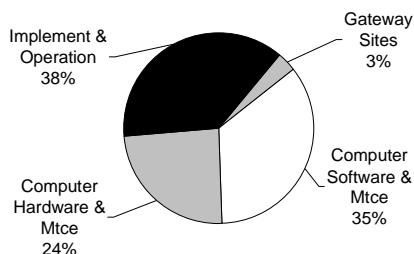
| <u>FY 2001</u> | <u>FY 2002</u> | <u>FY 2003 Estimate</u> |
|----------------|----------------|-------------------------|
| 671,296 | 731,490 | 1,000,000 |

Activity Funding

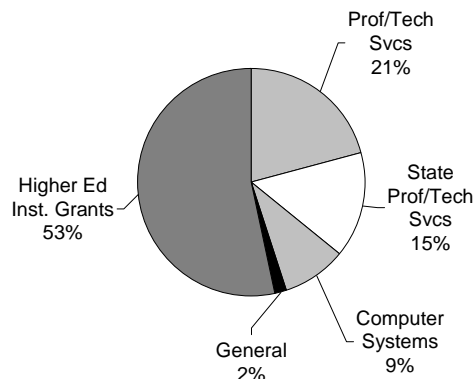
The implementation of MnLINK is funded through a 1997 state appropriation of \$12 million, which can be carried over until expended. The initial appropriation is expected to cover MnLINK costs through the installation of the two systems. Training of staff in participating libraries will be covered in part by MnLINK funding and in part by local library resources. Once operational, the Integrated Library System will be funded by the participating libraries, just as they have paid for their own automated library systems in the past. State funds are provided in an annual appropriation for the ongoing coordination and operations of the Gateway.

No budget changes for MnLINK were enacted in the 2001 session. In 2002, the legislature removed \$822,000 from the continuing 1997 appropriation for MnLINK implementation which had been set aside for authority control on the MnLINK servers, licensing support for report writer software, and the project's contingency fund. These reductions increase the financial risks associated with a large software installation and require participating libraries to bear some local implementation costs that would have been supported by the state appropriation.

Allocation of Expenditures
FY2002-03 (Total: \$8.6 Million)
Source of Funding: General



Expenditures by Category
FY2002-03 (Total: \$8.6 Million)
Source of Funding: General



HIGHER EDUCATION SVCS OFFICES

Program: LIBRARIES AND TECHNOLOGY

Activity: MN LINK IMPLEMENTATION/GATEWAY

Narrative

Contact

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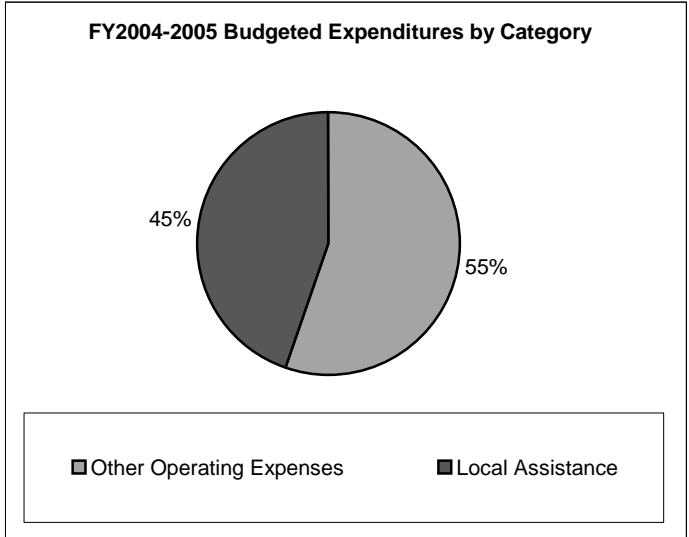
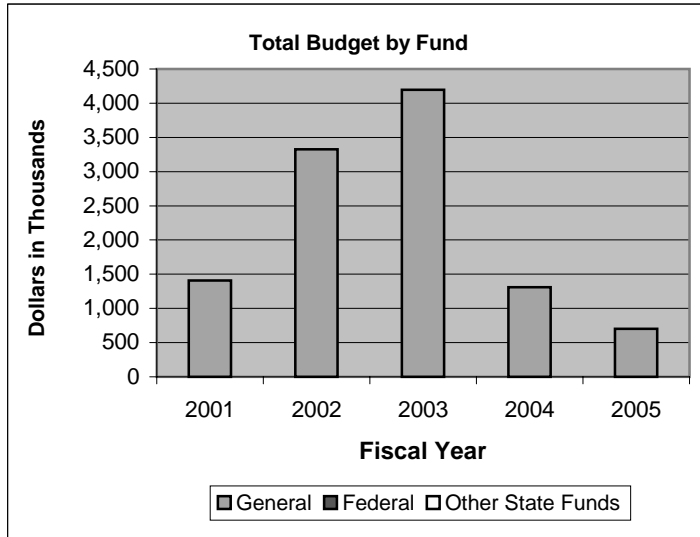
E-mail: Lewenstein@heso.state.mn.us

HIGHER EDUCATION SVCS OFFICES

Program: **LIBRARIES AND TECHNOLOGY**

Activity: MNLINK-IMPLEMENTATION\GATEWAY

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------|---------------|---------------|-----------------|---------------|-----------------|----------------|--------------------------|----------------|
| Expenditures by Fund | Actual | Actual | Budgeted | Base | Biennium | | 2004-05 / 2002-03 | |
| | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Carry Forward | | | | | | | | |
| General | 0 | 0 | 0 | 860 | 250 | 1,110 | 1,110 | n.m |
| Direct Appropriations | | | | | | | | |
| General | 1,407 | 3,328 | 4,197 | 450 | 450 | 900 | -6,625 | -88.0% |
| Total | 1,407 | 3,328 | 4,197 | 1,310 | 700 | 2,010 | -5,515 | -73.3% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|------------|--------------|---------------|---------------|
| Total Compensation | 10 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Other Operating Expenses | 956 | 2,918 | 3,707 | 860 | 250 | 1,110 | -5,515 | -83.2% |
| Local Assistance | 441 | 410 | 490 | 450 | 450 | 900 | 0 | 0.0% |
| Total | 1,407 | 3,328 | 4,197 | 1,310 | 700 | 2,010 | -5,515 | -73.3% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|----------|--------------|----------|----------|----------|----------|---------------|----------------|
| Dedicated | | | | | | | | |
| Miscellaneous Agency | 0 | 1,570 | 0 | 0 | 0 | 0 | -1,570 | -100.0% |
| Subtotal Dedicated | 0 | 1,570 | 0 | 0 | 0 | 0 | -1,570 | -100.0% |
| Total Revenue | 0 | 1,570 | 0 | 0 | 0 | 0 | -1,570 | -100.0% |

| | | | | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|--|--|-------------|
| Full-Time Equivalents (FTE) | 2.0 | 0.0 | 0.0 | 0.0 | 0.0 | | | 0.0% |
|------------------------------------|------------|------------|------------|------------|------------|--|--|-------------|

HIGHER EDUCATION SVCS OFFICES

Program: LIBRARIES AND TECHNOLOGY

Activity: LEARNING NETWORK OF MINN

Narrative

Activity Description

The Learning Network of Minnesota provides access to educational programs and library resources and enables administrative efficiency through telecommunications network infrastructure and applications such as web-based learning, multimedia communications, desktop video and interactive television.

Population Served

All citizens of Minnesota have access to the Network and its programs through their public libraries, K-12 school districts and institution of higher education.

The Minnesota Education Telecommunications Council (METC), a 25-member board that includes representatives of K-12 education, higher education, public libraries, the Minnesota Legislature and state agencies, manages the Network. The METC also provides leadership in developing a statewide vision, planning and coordination of educational technology use.

The Learning Network connects public school districts, regional public library systems and public higher education institutions. The Services Office serves as fiscal agent for the higher education portion of the Network and staffs the METC. The Department of Children, Families, and Learning is fiscal agent for the public school districts and library portion.

Services Provided

The higher education portion of the Network is comprised of six regional networks, each of which serves its member institutions with a range of educational technologies to enhance the delivery of programs and services between members and with other post-secondary institutions in the state. These services include

- ⇒ Over 1,000 college courses are offered over the Learning Network each year via interactive television and the Internet.
- ⇒ Network applications such as e-mail accounts for students, web-based course support, desktop video, administrative support, voice services and access to Internet 2.
- ⇒ Connections to private colleges, school districts, libraries, business and industry sites, correctional institutions, courthouses and medical facilities.
- ⇒ Aggregating purchases to take advantage of economies of scale. The metro region, for example, is increasing bandwidth to gigabit capacity while reducing costs for member institutions.
- ⇒ Facilitating joint degree programs between University of Minnesota and MnSCU campuses.
- ⇒ Enabling Community and Technical College campuses to share faculty and pool students in common sections.
- ⇒ Helping institutions to use technology to meet staffing needs. Colleges are hiring adjunct faculty who teach from their home communities via distance video.

Historical Perspective

In 1993 Minnesota Legislature funded the development of a statewide telecommunications network to connect public post-secondary education institutions around the state. The legislature also established the Higher Education Telecommunications Council (HETC) to provide statewide leadership and vision for the new Learning Network.

In 1995, the HETC became the METC, and the Learning Network was expanded to include K-12 education and public libraries. The legislature appropriated funds for telecommunications access grants to connect public school

Activity at a Glance

- ◆ The higher education portion of the Learning Network is comprised of six telecommunications regions serving approximately 70 campuses.
- ◆ The Learning Network enhances on-campus learning and provides distance education opportunities, thereby expanding access to higher education throughout the state.
- ◆ Public higher education institutions rely on the Learning Network for academic programs and administrative services, and both the University of Minnesota and the Minnesota State Colleges and Universities (MnSCU) include the Network as a key component in their strategic plans.

HIGHER EDUCATION SVCS OFFICES

Program: LIBRARIES AND TECHNOLOGY

Activity: LEARNING NETWORK OF MINN

Narrative

districts and public libraries to the Network. For FY 2001 and FY 2002, the K-12 funds were allocated directly to school districts in the form of categorical aid.

The METC encourages collaboration with other community, regional, and state initiatives. In addition, the Council promotes interoperability and efficiency through its recommendations concerning infrastructure investments, governance, and technical standards.

Key Measures

- ◆ Number of Distance Education Classrooms/Sites:

| | |
|-------------------------|-----|
| Academic Year 1999-2000 | 124 |
| Academic Year 2000-2001 | 126 |
- ◆ Number of Courses:

| | |
|-------------------------|-----|
| Academic Year 1999-2000 | 880 |
| Academic Year 2000-2001 | 944 |
- ◆ Number of Credits:

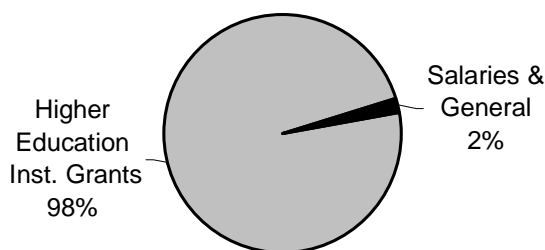
| | |
|-------------------------|---------|
| Academic Year 1999-2000 | 2,883.5 |
| Academic Year 2000-2001 | 3,108 |

(Note: These figures include only courses offered via interactive television. Courses and other instruction available via the Internet also use the Learning Network infrastructure. The Services Office and telecommunications regions are working with campuses to quantify this activity.)

Activity Funding

The 2001 Legislature provided an increase of \$900,000 each year of the biennium for the Learning Network to support modernization, maintenance and upgrades. The 2002 Legislature reduced appropriations for the Learning Network by \$270,000 in FY 2002 and \$900,000 in FY 2003 and later years. As result of these reductions, the Network is scaling down modernization and investment in new technologies.

Expenditures by Category
FY 2002-03 (Total: \$10.9 Million)
Source of Funding: General



Contact

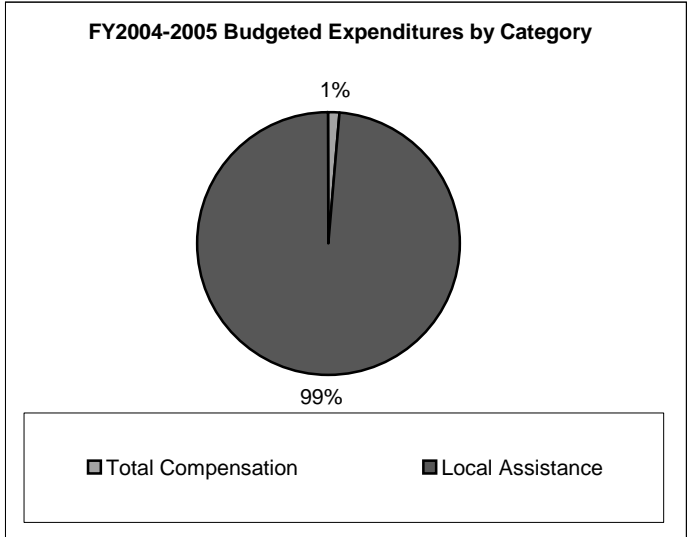
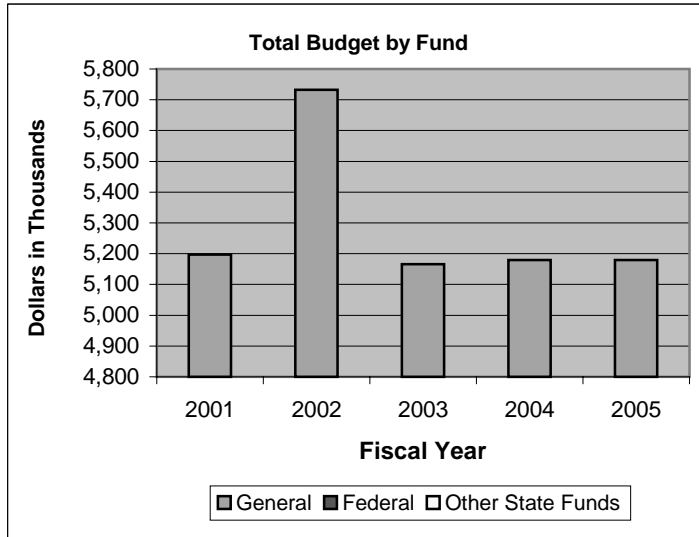
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HIGHER EDUCATION SVCS OFFICES

Program: **LIBRARIES AND TECHNOLOGY**

Activity: LEARNING NETWORK OF MINN

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 5,197 | 5,732 | 5,166 | 5,179 | 5,179 | 10,358 | -540 | -5.0% |
| Total | 5,197 | 5,732 | 5,166 | 5,179 | 5,179 | 10,358 | -540 | -5.0% |
| Expenditures by Category | | | | | | | | |
| Total Compensation | 55 | 57 | 65 | 65 | 65 | 130 | 8 | 6.6% |
| Other Operating Expenses | 13 | 5 | 36 | 39 | 39 | 78 | 37 | 90.2% |
| Local Assistance | 5,129 | 5,670 | 5,065 | 5,075 | 5,075 | 10,150 | -585 | -5.4% |
| Total | 5,197 | 5,732 | 5,166 | 5,179 | 5,179 | 10,358 | -540 | -5.0% |
| Full-Time Equivalents (FTE) | | | | | | | | |
| | 1.1 | 1.1 | 1.0 | 1.0 | 1.0 | | | |

HIGHER EDUCATION SVCS OFFICES

Program: AGENCY/LOAN ADMINISTRATION

Narrative

Program Description

The purpose of the Agency/Loan Administration Program is to provide overall administrative support for the Higher Education Services Office and its Higher Education Services Council through: fiscal services, human resources, office administrative services, data processing and information management services, overall agency oversight and management, communications, and legislative services.

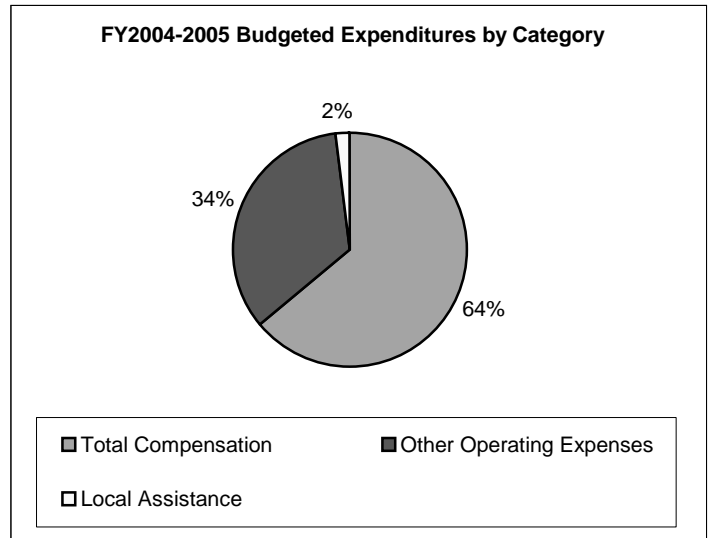
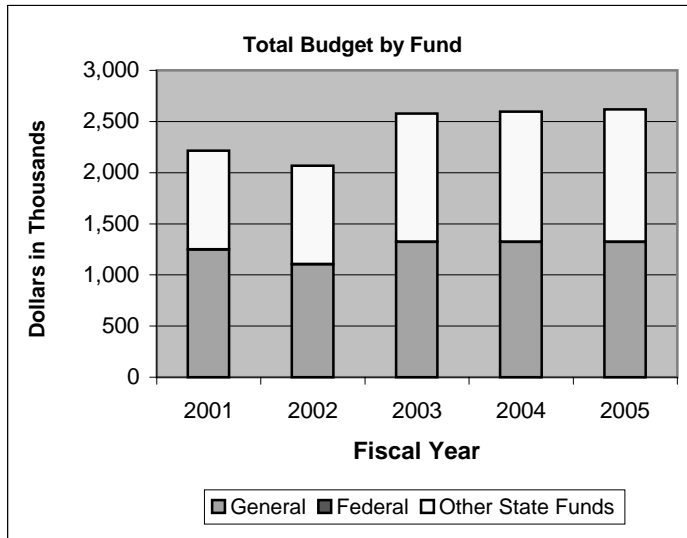
Budget Activities Included:

- ⇒ Agency Management
- ⇒ Administrative Services

HIGHER EDUCATION SVCS OFFICES

Program: **AGENCY/LOAN ADMINISTRATION**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 1,248 | 1,103 | 1,322 | 1,322 | 1,322 | 2,644 | 219 | 9.0% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 40 | 49 | 64 | 70 | 75 | 145 | 32 | 28.3% |
| Higher Education Svcs Office | 928 | 916 | 1,192 | 1,204 | 1,222 | 2,426 | 318 | 15.1% |
| Total | 2,216 | 2,068 | 2,578 | 2,596 | 2,619 | 5,215 | 569 | 12.2% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 1,388 | 1,388 | 1,644 | 1,656 | 1,674 | 3,330 | 298 | 9.8% |
| Other Operating Expenses | 780 | 632 | 886 | 892 | 897 | 1,789 | 271 | 17.9% |
| Local Assistance | 48 | 48 | 48 | 48 | 48 | 96 | 0 | 0.0% |
| Total | 2,216 | 2,068 | 2,578 | 2,596 | 2,619 | 5,215 | 569 | 12.2% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|--------------|
| Expenditures by Activity | | | | | | | | |
| Agency Management | 540 | 546 | 655 | 661 | 666 | 1,327 | 126 | 10.5% |
| Administrative Services | 1,676 | 1,522 | 1,923 | 1,935 | 1,953 | 3,888 | 443 | 12.9% |
| Total | 2,216 | 2,068 | 2,578 | 2,596 | 2,619 | 5,215 | 569 | 12.2% |

| | | | | | | | | |
|---------------------------------|-----------|--------------|-----------|-----------|-----------|------------|---------------|---------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Special Revenue | 78 | 67 | 60 | 60 | 60 | 120 | -7 | -5.5% |
| Higher Education Svcs Office | 0 | 3,829 | 0 | 0 | 0 | 0 | -3,829 | -100.0% |
| Subtotal Dedicated | 78 | 3,896 | 60 | 60 | 60 | 120 | -3,836 | -97.0% |
| Total Revenue | 78 | 3,896 | 60 | 60 | 60 | 120 | -3,836 | -97.0% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 23.8 | 20.9 | 23.3 | 23.3 | 23.3 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

HIGHER EDUCATION SVCS OFFICES

Program: AGENCY/LOAN ADMINISTRATION

Activity: AGENCY MANAGEMENT

Narrative

Activity Description

The Agency Management Activity includes the agency Director's Office (1.20 FTE), which provides overall leadership, direction, and supervision to 113.7 full time equivalent staff; guides activities of the agency; manages and overall budget of \$300 million; and serves the nine member Higher Education Services Council. The Council appoints the Director of the Services Office, provides advice and review regarding the performance of the Services Office, and communicates with and makes recommendations to the governor and the legislature.

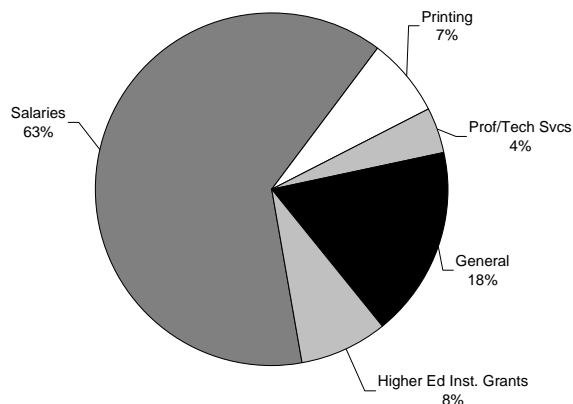
Services Provided

Responsibilities include:

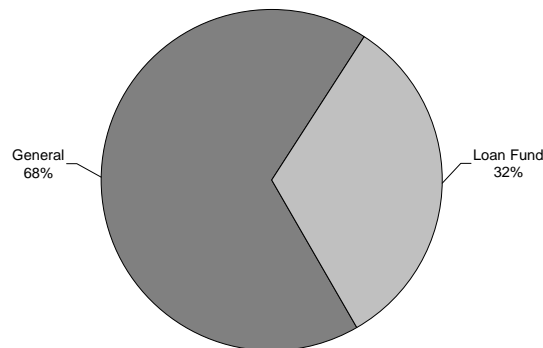
- ◆ Guiding and facilitating the work of the Higher Education Services Office through agency work plan development and Management Planning Team deliberations;
- ◆ Providing the Higher Education Services Council with the services necessary to achieve its mission, annual objectives, and statutory responsibilities; and,
- ◆ Communicating Services Office and Council actions, positions, and services to the agency's various constituencies.

Activity Funding

Expenditures by Category
FY2002-03 (Total: \$1.2 Million)



Source of Funding
FY2002-03 (Total: \$1.2 Million)



Contact

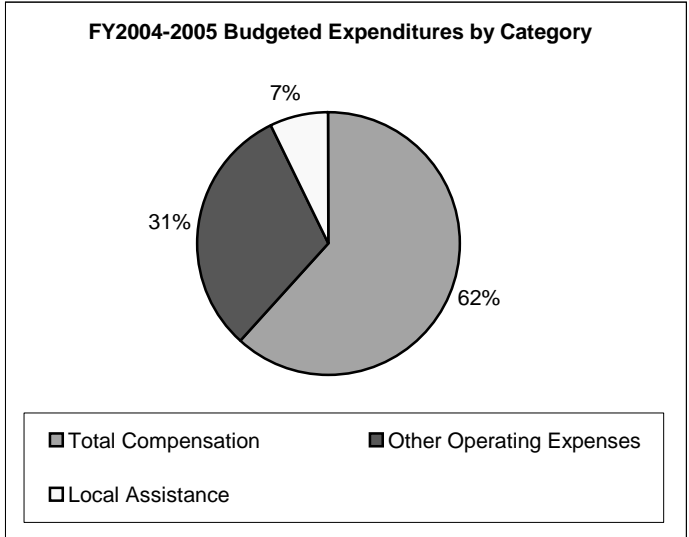
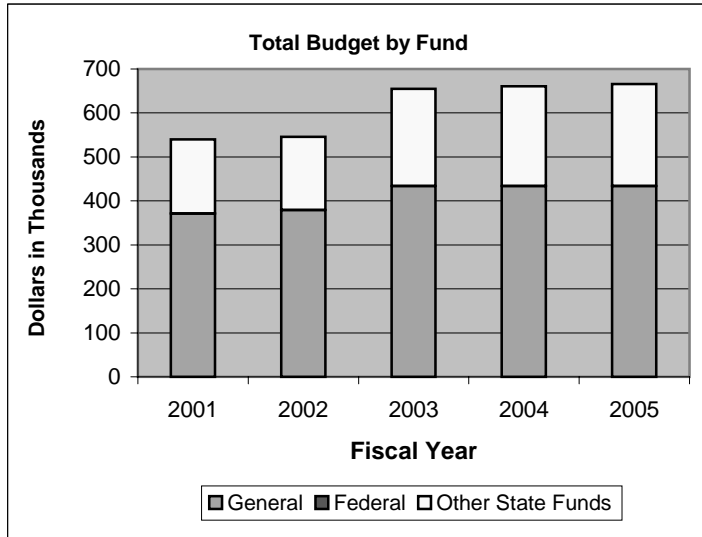
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HIGHER EDUCATION SVCS OFFICES

Program: **AGENCY/LOAN ADMINISTRATION**

Activity: AGENCY MANAGEMENT

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------------------|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 371 | 379 | 434 | 434 | 434 | 868 | 55 | 6.8% |
| Statutory Appropriations | | | | | | | | |
| Higher Education Svcs Office | 169 | 167 | 221 | 227 | 232 | 459 | 71 | 18.3% |
| Total | 540 | 546 | 655 | 661 | 666 | 1,327 | 126 | 10.5% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|--------------|------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 328 | 359 | 400 | 406 | 411 | 817 | 58 | 7.6% |
| Other Operating Expenses | 164 | 139 | 207 | 207 | 207 | 414 | 68 | 19.7% |
| Local Assistance | 48 | 48 | 48 | 48 | 48 | 96 | 0 | 0.0% |
| Total | 540 | 546 | 655 | 661 | 666 | 1,327 | 126 | 10.5% |

| | | | | | | | | |
|---------------------------------|----------|--------------|----------|----------|----------|----------|---------------|----------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Higher Education Svcs Office | 0 | 3,829 | 0 | 0 | 0 | 0 | -3,829 | -100.0% |
| Subtotal Dedicated | 0 | 3,829 | 0 | 0 | 0 | 0 | -3,829 | -100.0% |
| Total Revenue | 0 | 3,829 | 0 | 0 | 0 | 0 | -3,829 | -100.0% |

| | | | | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|--|--|-------------|
| Full-Time Equivalents (FTE) | 4.5 | 4.5 | 5.0 | 5.0 | 5.0 | | | 0.0% |
|------------------------------------|------------|------------|------------|------------|------------|--|--|-------------|

HIGHER EDUCATION SVCS OFFICES

Program: AGENCY/LOAN ADMINISTRATION

Activity: ADMINISTRATIVE SERVICES

Narrative

Activity Description

This activity provides administrative support in the areas of information and technology, financial management, internal office services, and human resources to assist all agency managers in the effective implementation and efficient administration of their programs and activities.

Population Served

All agency staff, post-secondary institutions (both in-state and out-of-state), post-secondary students, and contracted vendors are served by this budget activity.

Services Provided

Three distinct work units provide key services pertaining to agency administration:

Activity at a Glance

- ◆ Funds disbursed for the issuance of student loans: FY 2001 -- \$101.9 million; FY 2002 -- \$104.2 million
- ◆ Funds disbursed for State Grant payments: FY 2001 -- \$140.9 million; FY 2002 -- \$150.4 million
- ◆ Number of Post-Secondary Institutional Audits performed: FY 2002 – 51
- ◆ Fiscal Notes processed within deadline parameters during 2001 and 2002 legislative session: 17 (100%)

- ⇒ Financial Services unit provides services including: accounting, auditing, budgeting, fiscal oversight for agency contracts, financial analysis and reporting, agency administrative policies and procedures, purchasing, travel management, disbursement and receipt of funds and repayment processes for several programs.
- ⇒ Human Resources and Agency Services unit provides services including: all aspect of human resource management such as hiring, retention, termination, compensation, training, affirmative action, Americans with Disabilities Act (ADA) compliance, insurance and workers compensation processing; provision of agency receptionist responsibilities; fiscal note preparation, management of agency biennial budget narrative; creation/oversight of contracting process to ensure compliance with all state contract regulations and requirements; and application of continuous quality improvement to all agency services.
- ⇒ Information and Technology Services unit provides services including: analysis, design, programming, and maintenance of computer applications for student financial aid programs and administrative support; database administration; host and program the agency web site and intranet; minicomputer system management; maintain the agency network infrastructure; provide technical support and maintenance for personal computers and servers.

Key Measures

- ⇒ Number of payment transactions processed: FY 2001 – 4,963; FY 2002 – 4,654 with 98% of payments processed within 30 days.
- ⇒ In FY 2002, 51 post-secondary institutional audits related to Minnesota financial aid programs were performed, resulting in \$104,118 in refunds to state funded programs; audit review of financial statements for over 140 post-secondary institutions licensed or registered by Minnesota Higher Education Services Office.
- ⇒ During the 2001-2002 biennium, 100% of all fiscal note requests were responded to within the time parameters assigned to the agency.
- ⇒ In FY 2002, the average turn-around time to fill individual citizen requests for printed information or questions was within 72 hours of receipt.
- ⇒ Number of Interstate Tuition Reciprocity applications entered on-line via the agency web site: FY 2001 – 3,691; FY 2002 – 4,886.
- ⇒ Number of Student Educational Loan Fund (SELF) student loan applicants that have successfully completed the interactive student loan counseling program on the agency web site: FY 2001 – 2,319; FY 2002 – 3,812.

HIGHER EDUCATION SVCS OFFICES

Program: AGENCY/LOAN ADMINISTRATION

Activity: ADMINISTRATIVE SERVICES

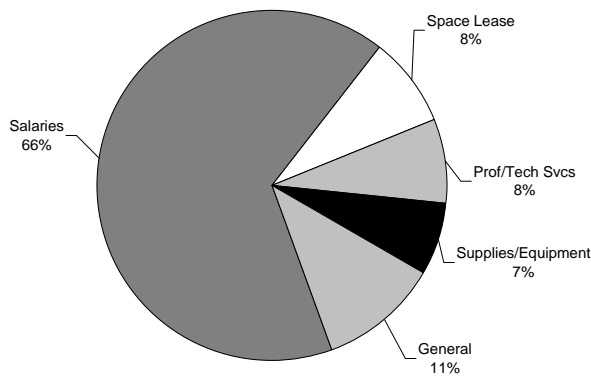
Narrative

Activity Funding

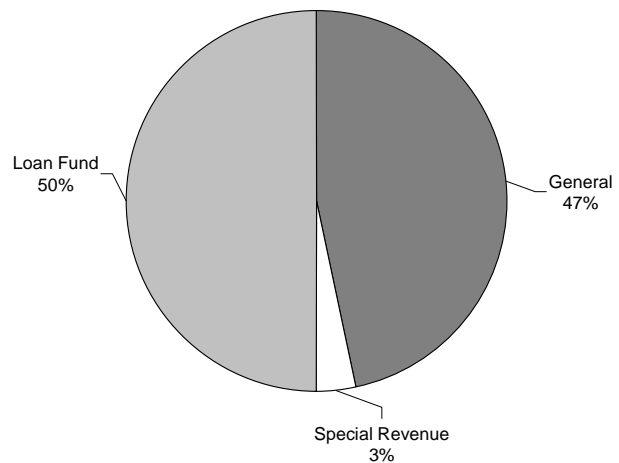
Revenue Sources: The MHESO generates non-dedicated revenue, dedicated revenue and federal revenue. The non-dedicated revenue is primarily generated through refunds of prior year financial aid payments. In addition, the MHESO received payments on several miscellaneous loan programs. All non-dedicated revenue is deposited to the state General Fund.

Fee Structure: The MHESO has two programs that are funded primarily through specific licensing fees: the Private Institution Registration Program and the Private Career School Licensure Program. In FY 2002, the revenues for these programs totaled \$448,989.

Expenditures by Category
FY2002-03 (Total: \$3.4 Million)



Source of Funding
FY2002-03 (Total - \$3.4 Million)



Contact

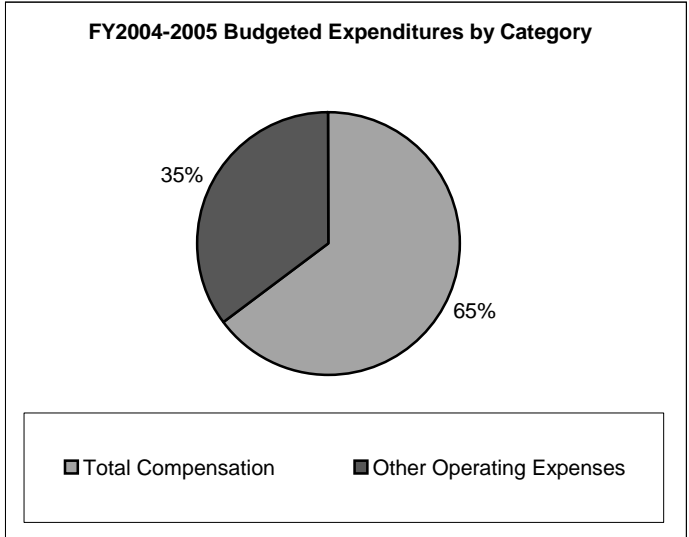
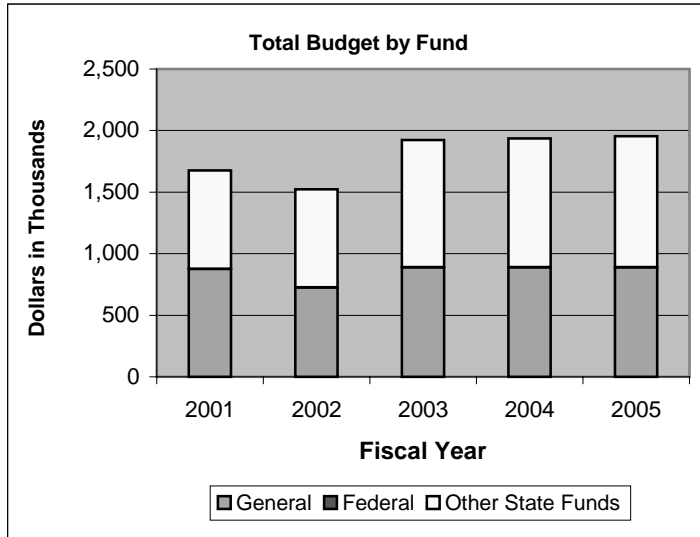
Philip Lewenstein
Minnesota Higher Education Services Office
Director of Communications and Legislative Services
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St. Paul, Minnesota 55108-5227
Phone: (651) 642-0554
Fax: (651) 642-0675
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HIGHER EDUCATION SVCS OFFICES

Program: **AGENCY/LOAN ADMINISTRATION**

Activity: ADMINISTRATIVE SERVICES

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 877 | 724 | 888 | 888 | 888 | 1,776 | 164 | 10.2% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 40 | 49 | 64 | 70 | 75 | 145 | 32 | 28.3% |
| Higher Education Svcs Office | 759 | 749 | 971 | 977 | 990 | 1,967 | 247 | 14.4% |
| Total | 1,676 | 1,522 | 1,923 | 1,935 | 1,953 | 3,888 | 443 | 12.9% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 1,060 | 1,029 | 1,244 | 1,250 | 1,263 | 2,513 | 240 | 10.6% |
| Other Operating Expenses | 616 | 493 | 679 | 685 | 690 | 1,375 | 203 | 17.3% |
| Total | 1,676 | 1,522 | 1,923 | 1,935 | 1,953 | 3,888 | 443 | 12.9% |

| | | | | | | | | |
|---------------------------------|-----------|-----------|-----------|-----------|-----------|------------|-----------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Special Revenue | 78 | 67 | 60 | 60 | 60 | 120 | -7 | -5.5% |
| Subtotal Dedicated | 78 | 67 | 60 | 60 | 60 | 120 | -7 | -5.5% |
| Total Revenue | 78 | 67 | 60 | 60 | 60 | 120 | -7 | -5.5% |

| | | | | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|--|--|-------------|
| Full-Time Equivalents (FTE) | 19.3 | 16.4 | 18.3 | 18.3 | 18.3 | | | 0.0% |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|--|--|-------------|

Agency Purpose

The Minnesota Historical Society was created by the Territorial Legislature in 1849 as one of the first educational and cultural institutions in Minnesota.

Today, the Society serves a statewide audience through programs and services at the History Center in the Capitol Complex in St. Paul and through a statewide network of historic sites.

The **Mission** of the Society *is to foster among people an awareness of Minnesota history so that they may draw strength and perspective from the past and find purpose for the future.*

The ***Mission*** is carried out by:

- ◆ providing opportunities for people of all ages to learn about the history of Minnesota;
- ◆ collecting and caring for materials that document human life in Minnesota, making them known and accessible to people in Minnesota and beyond; and
- ◆ encouraging and doing research in Minnesota history.

The Society's ***Vision*** is: To serve as an educational institution providing a variety of historical programs and services. Through these activities we help people gain meaning for their lives. The Society is a creative and dynamic institution, documenting life in Minnesota and offering programs that are at once educational, engaging, and entertaining.

The Society is governed by an Executive Council of 30 members who are responsible for establishing major policies and monitoring the quality of its programs and services.

Core Functions and Operations

The Minnesota Historical Society serves the citizens of Minnesota through a variety of programs and services. Major operations are as follows:

Interpretive Programs Division. Departments include:

- ◆ Historic Preservation, Field Services and Grants
- ◆ Archaeology
- ◆ MHS Press

Finance and Administration Division, Departments
include:

- ◆ Finance
- ◆ Human Resources
- ◆ Information Technology
- ◆ Institutional Services

Historic Sites Division

- ◆ 32 historic sites statewide

At A Glance

Two-year operating budget:

- ◆ \$53.460 million in state General Funds (FY 2002-03 appropriated)
- ◆ \$20.9 million in non-state funds including earned revenue, gifts, grants, etc. (FY 2002-03 estimated)

The Society serves, each year:

- ◆ Over 700,000 visitors served at Historic Sites
Over 158,000 school children on organized programs
- ◆ Nearly 300,000 visitors served at History Center
Over 100,000 school children on organized programs
- ◆ Nearly 1.5 million “visitor sessions” on the Society’s web site, www.mnhs.org

This work is carried out by

- ◆ 249.5 FTE full-time employees
- ◆ 236.3 FTE part-time and seasonal

The Society preserves over one million items in collections, including three-dimensional objects, artifacts, books, maps, photos, government records, and archaeological artifacts for the benefit of Minnesotans of today and of the future.



Library and Archives Division, Departments include:

- ◆ Acquisitions and Curatorial
- ◆ Reference
- ◆ State Archives
- ◆ Conservation
- ◆ Processing

Museum Division, Departments include:

- ◆ Exhibits
- ◆ Education
- ◆ Museum Collections
- ◆ Marketing and Public Relations

Minnesota's Historic Sites Network

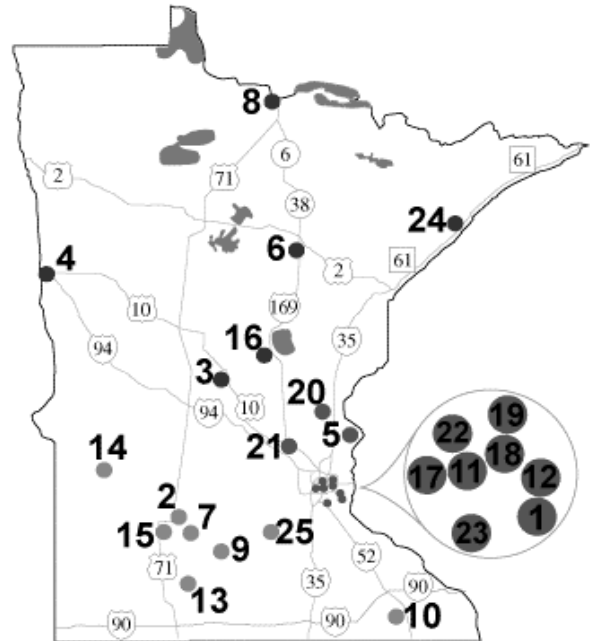
For further information about MHS Historic Sites:

<http://www.mnhs.org/places/sites/index.html>

Budget

The Society is supported by state appropriations of approximately \$26.7 million each year, for operation of the History Center (including building services and debt service, for which approximately \$6.390 million each year is transferred to the Department of Administration), the Historic Sites Network and other activities (including State Archives), the History Center Museum, the History Center Library, the State Historic Preservation Office and numerous other functions.

In addition, the Society is supported by non-state funds, including earned revenue, gifts, and grants.

**Contact**

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St. Paul, Minnesota 55102-1906

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(651)297-8085 Fax (651) 296-1004
david.kelliher@mnhs.org

Web sites

Minnesota Historical Society Homepage:
www.mnhs.org

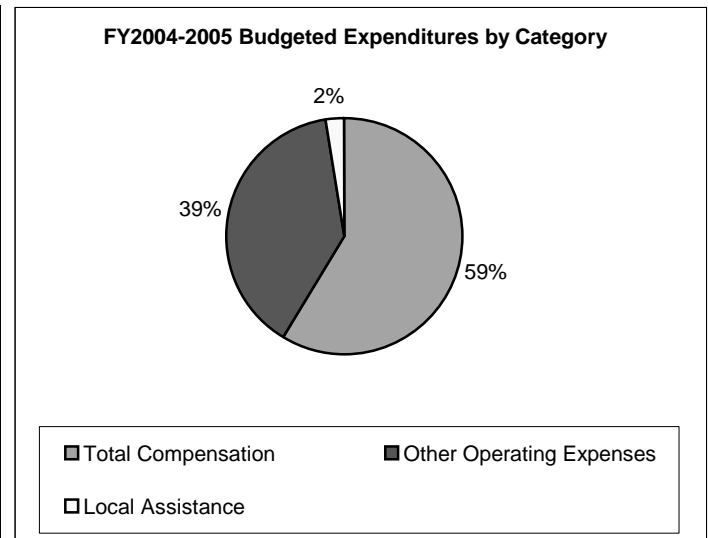
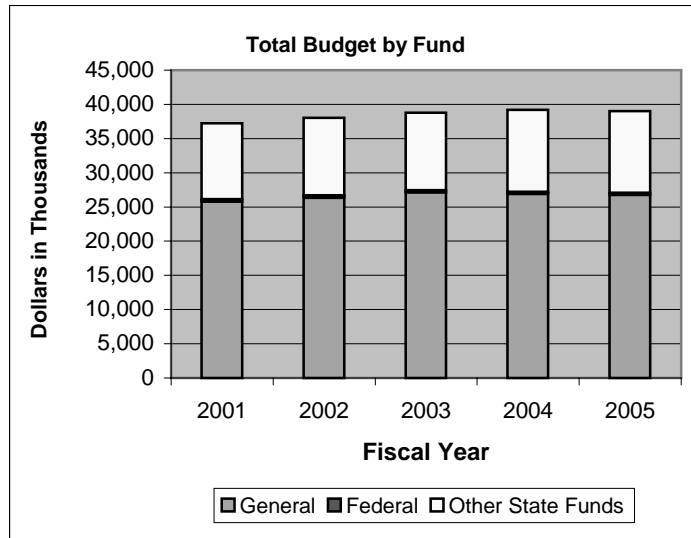
MHS Web links:
History Center information:
<http://www.mnhs.org/places/historycenter/index.html>

Library: Including catalogs, special databases, and genealogy information:
<http://www.mnhs.org/library/index.html>

Minnesota Place Names:
<http://mnplaces.mnhs.org/index.cfm>

Upcoming Events:
<http://www.mnhs.org/events/index.html>

Membership Information:
<http://www.mnhs.org/about/members/index.html>



| <i>Dollars in Thousands</i> | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|-------------------|-------------|
| | Actual | Actual | Budgeted | Base | | Biennium | Biennial Change | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | 2004-05 / 2002-03 | |
| Direct Appropriations | | | | | | | Dollars | Percent |
| Environment & Natural Resource | 227 | 163 | 0 | 0 | 0 | 0 | -163 | -100.0% |
| General | 25,795 | 26,340 | 27,120 | 26,893 | 26,745 | 53,638 | 178 | 0.3% |
| Minnesota Resources | 60 | 0 | 90 | 0 | 0 | 0 | -90 | -100.0% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 831 | 864 | 883 | 883 | 883 | 1,766 | 19 | 1.1% |
| Federal | 290 | 305 | 303 | 303 | 303 | 606 | -2 | -0.3% |
| Gift | 10,016 | 10,381 | 10,382 | 11,102 | 11,102 | 22,204 | 1,441 | 6.9% |
| Total | 37,219 | 38,053 | 38,778 | 39,181 | 39,033 | 78,214 | 1,383 | 1.8% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 19,793 | 20,774 | 22,284 | 22,839 | 22,877 | 45,716 | 2,658 | 6.2% |
| Other Operating Expenses | 16,353 | 15,813 | 15,363 | 15,187 | 15,152 | 30,339 | -837 | -2.7% |
| Capital Outlay & Real Property | 172 | 321 | 188 | 107 | 107 | 214 | -295 | -58.0% |
| Local Assistance | 901 | 1,145 | 943 | 1,048 | 897 | 1,945 | -143 | -6.8% |
| Total | 37,219 | 38,053 | 38,778 | 39,181 | 39,033 | 78,214 | 1,383 | 1.8% |

| | | | | | | | | |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|-------------|
| Expenditures by Program | | | | | | | | |
| Education & Outreach | 22,465 | 23,542 | 24,112 | 24,614 | 24,614 | 49,228 | 1,574 | 3.3% |
| Preservation & Access | 14,406 | 13,965 | 14,318 | 14,159 | 14,159 | 28,318 | 35 | 0.1% |
| Pass Through Appropriations | 348 | 546 | 348 | 408 | 260 | 668 | -226 | -25.3% |
| Total | 37,219 | 38,053 | 38,778 | 39,181 | 39,033 | 78,214 | 1,383 | 1.8% |

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------------|--------------------------|--------------------------|----------------------------|---------------|---------------|-----------------------------|--|----------------|
| | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base | | Biennium 2004-05 | Dollars | Percent |
| Revenue by Type and Fund | | | | FY2004 | FY2005 | | | |
| Non Dedicated | | | | | | | | |
| General | 67 | 44 | 0 | 0 | 0 | 0 | -44 | -100.0% |
| Subtotal Non Dedicated | 67 | 44 | 0 | 0 | 0 | 0 | -44 | -100.0% |
| Dedicated | | | | | | | | |
| Special Revenue | 831 | 864 | 883 | 883 | 883 | 1,766 | 19 | 1.1% |
| Federal | 290 | 305 | 303 | 303 | 303 | 606 | -2 | -0.3% |
| Gift | 10,016 | 10,381 | 10,382 | 11,102 | 11,102 | 22,204 | 1,441 | 6.9% |
| Subtotal Dedicated | 11,137 | 11,550 | 11,568 | 12,288 | 12,288 | 24,576 | 1,458 | 6.3% |
| Total Revenue | 11,204 | 11,594 | 11,568 | 12,288 | 12,288 | 24,576 | 1,414 | 6.1% |
| | | | | | | | | |
| Full-Time Equivalents (FTE) | 490.6 | 475.9 | 475.2 | 477.3 | 478.9 | | | |

HISTORICAL SOCIETY

Program: EDUCATION & OUTREACH

Narrative

Program Description

The Education and Outreach Program supports the Society's mission by "providing opportunities for people of all ages to learn about the history of Minnesota." This program includes:

- ◆ Historic Sites Network
- ◆ Educational programs, including school programs, museum programs, family programs, and public programs
- ◆ Exhibits at History Center and historic sites
- ◆ MHS Press
- ◆ State Historic Preservation Office and Field Services office
- ◆ Information Technology, Human Resources and Finance Departments (also partly included in Preservation and Access Program)
- ◆ History Center Building and Debt Service (also partly included in Preservation and Access Program)

Program at a Glance

The Minnesota Historical Society serves the public through:

- ◆ 32 historic sites statewide
- ◆ History Center Museum program, including exhibitions, educational and public programs
- ◆ 75-100 grants made annually, as well as technical assistance provided to local historical organizations to further statewide history efforts
- ◆ 20 books published by the MHS Press in FY 2001
- ◆ www.mnhs.org - the Society's web site, a comprehensive source of information about MHS Historic Sites and History Center programs and activities, including access to the Society's collections

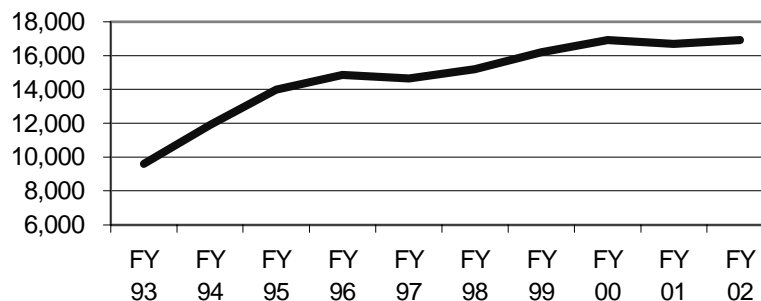
Population Served

Through this program, the Society serves, each year:

- ◆ Nearly 300,000 visitors to the History Center, including over 100,000 school children on organized programs.
- ◆ Nearly 700,000 visitors served at Historic Sites statewide, including over 158,000 school children on organized programs.

Activities within this program serve visitors from Minnesota and beyond, providing an important component of Minnesota's \$9 billion tourism sector.

Membership



Services Provided

The Education and Outreach program provides the following services to the people of Minnesota:

- ⇒ *Historic Sites Network* -- Minnesota's statewide network of 32 historic sites was created in 1965 by the Minnesota Legislature under M.S. 138.661- 669. By providing visitors with the unique experience of learning about history where it happened, the Network has added richness to the educational and

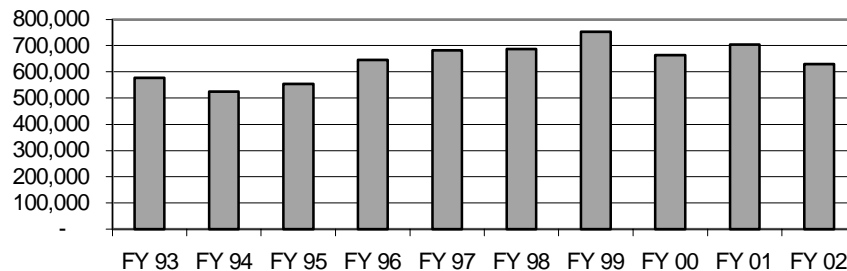
HISTORICAL SOCIETY

Program: EDUCATION & OUTREACH

Narrative

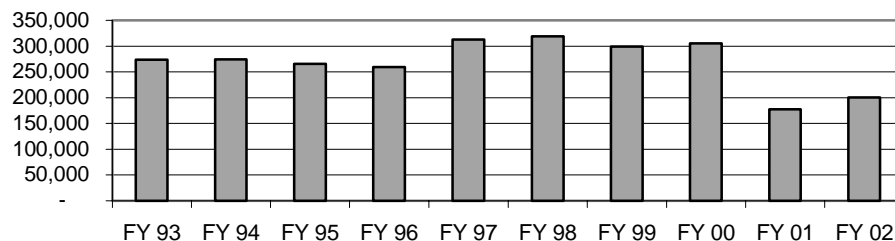
recreational life of Minnesotans and out-of-state visitors, and is an important element of the state's tourism economy.

Historic Sites Attendance



- ⇒ *Exhibits and Museum Program* -- Exhibits at the History Center and throughout the Historic Sites Network provide visitors with creative methods to learn about Minnesota's past. Costumed guides, interactive multi-media installations, and "hands-on" artifacts tell Minnesota's story in meaningful and memorable ways.

History Center Museum Attendance



- ⇒ *Education Department* -- As a central part of the Society's mission, the Education Department provides public programs for students of all ages. They include lectures, programs geared to students in the classroom, those who visit the History Center and use exhibits as a learning tool, and those who visit Historic Sites on field trips. Many of these school visits are related to material in *Northern Lights*, the Minnesota history curriculum developed by the Society and widely used in the state's schools.

One rapidly growing Society-coordinated educational program is History Day, which began with just over 100 participants in the early 1990s. Nearly 30,000 students now participate in this annual program, in which junior and senior high school students undertake original research projects, developing a variety of essential communications skills. In recent years, Minnesota students have taken numerous awards in the National History Day competition. It is expected that History Day will continue to grow, in part due to its applicability to meeting graduation standards.

- ⇒ *Minnesota Historical Society Press* -- The MHS Press, the oldest publisher in the state helps to fulfill the Society's mission by providing materials for readers interested in Minnesota's past. Through popular and scholarly titles, the MHS Press not only encourages research, but it also helps a wider audience learn about Minnesota history. The number of units shipped by the publications area (including books, tapes, CDs, posters) has shown steady increases each year over the past decade.
- ⇒ *Historic Preservation and Field Services* -- The Society, as directed by state and federal law, serves as Minnesota's State Historic Preservation Office (SHPO). This office maintains the *National Register of Historic Places* for properties in Minnesota, provides reviews for compliance with applicable federal laws, and educates the public about the values and benefits of maintaining cultural resources and the historic

| HISTORICAL SOCIETY | | |
|--------------------|----------------------|-----------|
| Program: | EDUCATION & OUTREACH | Narrative |

environment. In 2001, the SHPO conducted over 4,000 reviews of state and federal projects to ensure compliance with applicable laws. In addition, the office conducts reviews of applications for the various competitive, matching grant programs administered by the Society, and it helps to coordinate the Society's contact with the state's 450 county and local historical organizations. Through matching requirements, state funds are leveraged to accomplished projects with minimal state investment.

⇒ *Information Technology* -- The use of information technology has enhanced the Society's ability to deliver programs and collections to the public. The Society's web site (www.mnhs.org) is an active destination for researchers and users of the History Center, Historic Sites, educational programs and public events. In the last year, there were over 1,800,000 "visitor sessions" with an average of 5,000 per day. This represents a 60% increase over the previous year. Among the top destinations on the Society's web page were pages with information about death records, the National Register of Historic Places, the Historic Sites Network and specific sites, and other popular programs.

Contact

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 David Kelliher, Legislative Liaison
 Phone: (651) 297-8085
 Fax: (651) 296-1004

Web sites, relating to MHS and the Education and Outreach Program:

Minnesota Historical Society homepage: <http://www.mnhs.org>

Minnesota History Center General Information: <http://www.mnhs.org/places/historycenter/index.html>

Historic Sites Network (with links to specific sites): <http://www.mnhs.org/places/sites/index.html>

State Historic Preservation Office (with links to National Register of Historic Places, grants information): <http://www.mnhs.org/preserve/shpo/index.html>

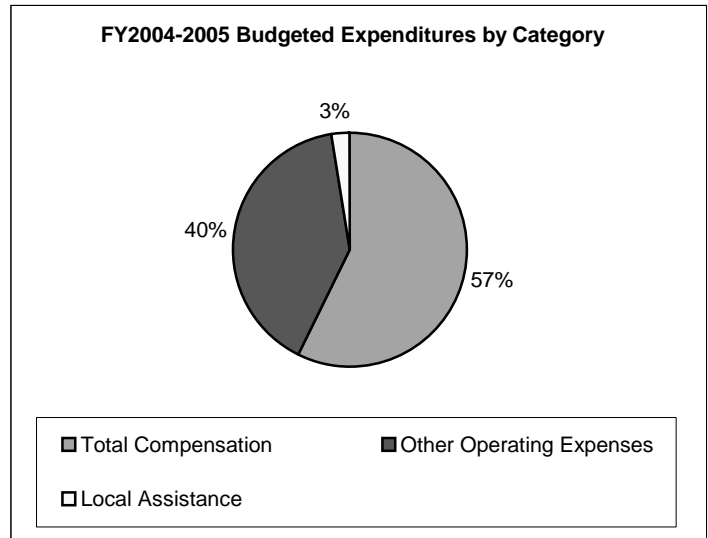
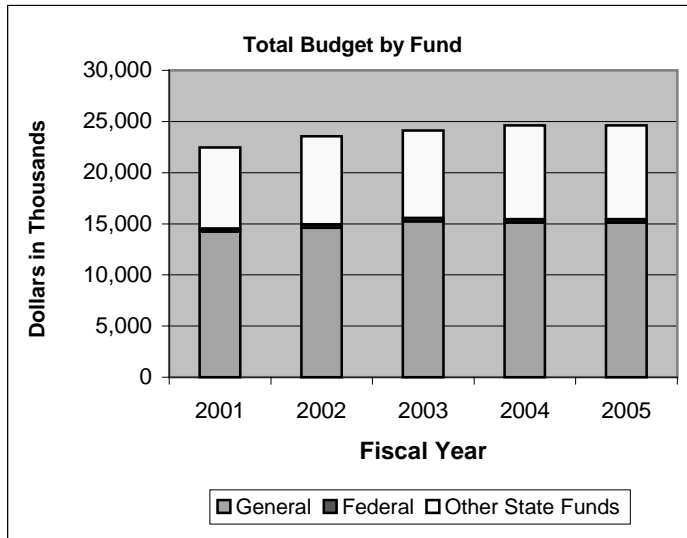
MHS Press: <http://www.mnhs.org/market/mhspress/index.html>

School and Educational Programs: <http://www.mnhs.org/school/index.html>

HISTORICAL SOCIETY

Program: EDUCATION & OUTREACH

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| Environment & Natural Resource | 227 | 163 | 0 | 0 | 0 | 0 | -163 | -100.0% |
| General | 14,222 | 14,609 | 15,235 | 15,107 | 15,107 | 30,214 | 370 | 1.2% |
| Minnesota Resources | 50 | 0 | 90 | 0 | 0 | 0 | -90 | -100.0% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 831 | 864 | 883 | 883 | 883 | 1,766 | 19 | 1.1% |
| Federal | 290 | 305 | 303 | 303 | 303 | 606 | -2 | -0.3% |
| Gift | 6,845 | 7,601 | 7,601 | 8,321 | 8,321 | 16,642 | 1,440 | 9.5% |
| Total | 22,465 | 23,542 | 24,112 | 24,614 | 24,614 | 49,228 | 1,574 | 3.3% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|-------------|
| Total Compensation | 11,850 | 12,439 | 13,549 | 14,018 | 14,056 | 28,074 | 2,086 | 8.0% |
| Other Operating Expenses | 9,820 | 10,159 | 9,700 | 9,857 | 9,822 | 19,679 | -180 | -0.9% |
| Capital Outlay & Real Property | 157 | 262 | 186 | 105 | 105 | 210 | -238 | -53.1% |
| Local Assistance | 638 | 682 | 677 | 634 | 631 | 1,265 | -94 | -6.9% |
| Total | 22,465 | 23,542 | 24,112 | 24,614 | 24,614 | 49,228 | 1,574 | 3.3% |

| Expenditures by Activity | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|-------------|
| Hist Sites, Mus, Statewide Sv | 17,988 | 19,067 | 19,561 | 20,234 | 20,218 | 40,452 | 1,824 | 4.7% |
| Information & Program Delivery | 1,144 | 867 | 872 | 875 | 843 | 1,718 | -21 | -1.2% |
| Hist Ctr Bldg & Debt Service | 3,333 | 3,608 | 3,679 | 3,505 | 3,553 | 7,058 | -229 | -3.1% |
| Total | 22,465 | 23,542 | 24,112 | 24,614 | 24,614 | 49,228 | 1,574 | 3.3% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|-------------|
| Dedicated | | | | | | | | |
| Special Revenue | 831 | 864 | 883 | 883 | 883 | 1,766 | 19 | 1.1% |
| Federal | 290 | 305 | 303 | 303 | 303 | 606 | -2 | -0.3% |
| Gift | 6,845 | 7,601 | 7,601 | 8,321 | 8,321 | 16,642 | 1,440 | 9.5% |
| Subtotal Dedicated | 7,966 | 8,770 | 8,787 | 9,507 | 9,507 | 19,014 | 1,457 | 8.3% |
| Total Revenue | 7,966 | 8,770 | 8,787 | 9,507 | 9,507 | 19,014 | 1,457 | 8.3% |

Full-Time Equivalents (FTE) **311.4** **310.6** **309.2** **314.0** **315.6**

Program Description

This program helps to fulfill the Society's mission of "collecting and caring for materials that document human life in Minnesota, and making them known and accessible to people in Minnesota and beyond." Through a variety of public programs, the Society preserves paper, artifacts, and other media that document Minnesota history.

Population Served

In addition to acquiring, processing, and conserving collections, the Society annually serves the following number of customers through the Preservation and Access Program:

- ⇒ 54,000 patrons served, including:
- ⇒ 38,000 in person inquiries at the History Center Library
- ⇒ 12,000 inquiries by telephone
- ⇒ 4,000 inquiries by mail
- ⇒ In addition, the Society's web site has experienced large increases in usage, especially as more collections-related information has been added to the web site. In 2001, 1.8 million "visitor sessions" occurred on www.mnhs.org. Among the more popular pages on the site are collections catalogs and specific resources, such as the Visual Resources Database and the Minnesota Death Records Database.

Program at a Glance

The Society currently holds for and makes accessible to the people of Minnesota:

- ◆ 410,350 books, pamphlets and periodicals
- ◆ 36,132 cubic feet of manuscripts and 5,922 reels of microfilmed manuscripts
- ◆ 53,905 cubic feet of government records and 11,057 reels of microfilmed records
- ◆ 21,000 maps and atlases
- ◆ 347,398 photographs, albums and collections
- ◆ 6,000 works of art
- ◆ Over one million archaeological artifacts
- ◆ Four million issues of 4,000 Minnesota newspapers on 68,128 reels of microfilm
- ◆ 230,585 historical artifacts

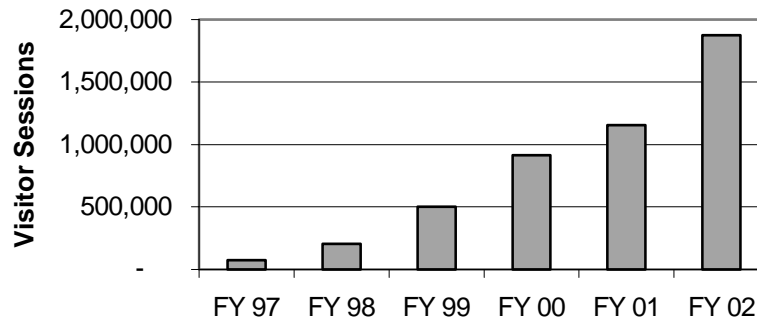
Services Provided

Through this program, the Society provides a number of services to the public to preserve and make collections available today and for future generations:

- ⇒ *Library* -- The History Center Library makes accessible to more than 54,000 patrons each year the written, visual, and oral history materials relating to Minnesota's past.
- ⇒ *State Archives* -- The Minnesota Historical Society is statutorily responsible for working with state and local units of government to evaluate the historical importance of all of Minnesota's governmental records and arrange for their permanent preservation or disposal. This activity has experienced constant growth, and is continuing to examine how best to handle records that are increasingly more complex and varied in their form and media.
- ⇒ *Processing and Conservation* -- Materials selected for inclusion in the Society's collections are organized, catalogued, and treated to ensure their long-term stability and usability.
- ⇒ *Repair and Replacement* -- Since many of the Society's buildings are more than 100 years old, caring for them presents unique, and usually costly, challenges. This activity provides for ordinary but necessary repairs for structures in the History Center and in the Historic Sites Network.
- ⇒ *Archaeology* -- The archaeology department provides help to the public and other departments of the Society. Recent work has included assistance with Historic Sites capital projects such as the Sibley Historic Site, the Lindbergh House Historic Site and the Mill City Museum in Minneapolis.
- ⇒ *Information Technology* -- The use of information technology has enhanced the Society's ability to deliver programs and collections to the public. The Society's web site (www.mnhs.org) is an active destination for researchers. In the last year, there were over 1,800,000 "visitor sessions." This represents a 60% increase over the previous year. More than 14,000 new records and over 13,000 digital images were added to the visual resources database, a consistently popular destination. To date, more than 174,000 records and

90,000 digital images are available, including photographs, artwork, and posters from the Society's collection. In addition, an online index of 1.7 million death certificates recorded between 1908 and 1959 was officially launched last year, and has become one of the most popular destinations on the web site.

Web Site Users



Historical Perspective

A significant part of the Society's mission involves the collection, conservation, and preservation of the state's cultural heritage and governmental records. The Society started this undertaking in 1849, even before Minnesota became a state. Over the years, the Society has successfully adapted to changing technology, beginning with the introduction of microfilming methods in the mid-twentieth century. In recent years, the Society has begun to offer these resources to the public through the internet. While we will never "digitize" all of the collections, we have begun to offer catalog information about the collections to researchers and genealogists. (The death records collection is a good example of this.) Our continuing challenge is to determine the best ways to continue to collect and preserve these materials, while using the latest technology to deliver them to the public.

Contact

General Information: (651) 296-6126

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Phone: (651) 297-8085

Fax: (651) 296-1004

Web sites, relating to MHS and the Preservation and Access Program:

Minnesota Historical Society homepage: <http://www.mnhs.org>

Library: including catalogs, special databases and genealogy information:
<http://www.mnhs.org/library/index.html>

PALS - Online catalog to MHS collections:
<http://www.pals.msus.edu/cgi-bin/pals-cgi?palsAction=newSearch&setWeb=MHSCATT>

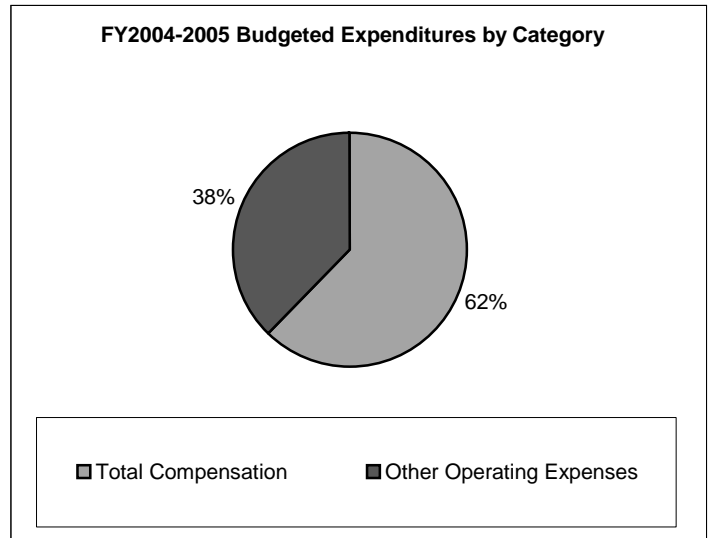
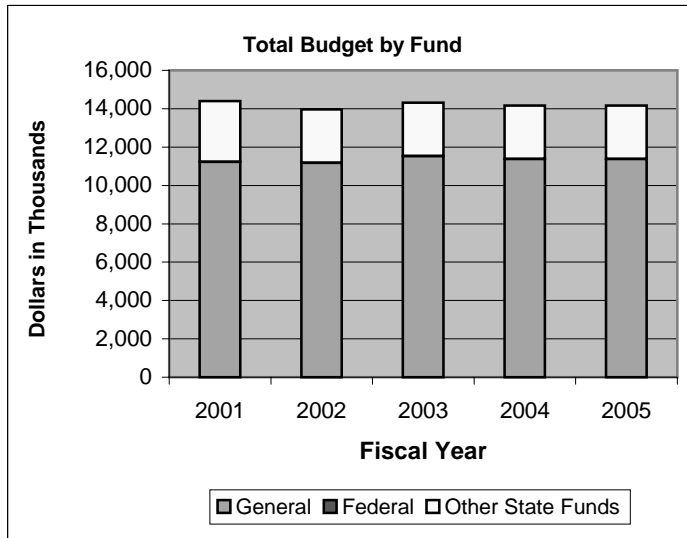
Visual Resources Database (including photograph collections) <http://collections.mnhs.org/visualresources/>

Death Records Index site: <http://people.mnhs.org/dci/Search.cfm>

HISTORICAL SOCIETY

Program: PRESERVATION & ACCESS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 11,225 | 11,185 | 11,537 | 11,378 | 11,378 | 22,756 | 34 | 0.1% |
| Minnesota Resources | 10 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Statutory Appropriations | | | | | | | | |
| Gift | 3,171 | 2,780 | 2,781 | 2,781 | 2,781 | 5,562 | 1 | 0.0% |
| Total | 14,406 | 13,965 | 14,318 | 14,159 | 14,159 | 28,318 | 35 | 0.1% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|-----------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 7,875 | 8,268 | 8,667 | 8,821 | 8,821 | 17,642 | 707 | 4.2% |
| Other Operating Expenses | 6,513 | 5,633 | 5,643 | 5,330 | 5,330 | 10,660 | -616 | -5.5% |
| Capital Outlay & Real Property | 15 | 59 | 2 | 2 | 2 | 4 | -57 | -93.4% |
| Local Assistance | 3 | 5 | 6 | 6 | 6 | 12 | 1 | 9.1% |
| Total | 14,406 | 13,965 | 14,318 | 14,159 | 14,159 | 28,318 | 35 | 0.1% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|-----------|-------------|
| Expenditures by Activity | | | | | | | | |
| Collection Services | 10,318 | 10,050 | 10,229 | 10,265 | 10,256 | 20,521 | 242 | 1.2% |
| Information & Program Delivery | 1,475 | 1,103 | 1,221 | 1,196 | 1,195 | 2,391 | 67 | 2.9% |
| Hist Ctr Bldg & Debt Service | 2,613 | 2,812 | 2,868 | 2,698 | 2,708 | 5,406 | -274 | -4.8% |
| Total | 14,406 | 13,965 | 14,318 | 14,159 | 14,159 | 28,318 | 35 | 0.1% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|----------|-------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Gift | 3,171 | 2,780 | 2,781 | 2,781 | 2,781 | 5,562 | 1 | 0.0% |
| Subtotal Dedicated | 3,171 | 2,780 | 2,781 | 2,781 | 2,781 | 5,562 | 1 | 0.0% |
| Total Revenue | 3,171 | 2,780 | 2,781 | 2,781 | 2,781 | 5,562 | 1 | 0.0% |

| | | | | | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Full-Time Equivalents (FTE) | 176.8 | 162.9 | 163.6 | 163.3 | 163.3 |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|

Program Description

Project 120—Students Experiencing Government

In 1976, Project 120 was initiated to provide youth with an intensive, personalized educational experience in state government. The primary mission of Project 120 is to help students develop an in-depth understanding of the basic structure of government and the political process and to motivate them to be active and informed citizens throughout their lives. The secondary mission is to bring students together from diverse geographic, cultural, and economic backgrounds and assist them in getting to know, understand, and respect each other. Project 120 carries out its mission by conducting five day residential Seminars for students in grades 9-12 at the Minnesota State Capitol complex and related sites during the legislative session.

Since its inception, Project 120 has educated more than 4,500 students. During FY 2004-05, Project 120 will educate more than 500 students in the five-day seminars, and speak to another 5,000 students through classroom presentations. A significant number of Project 120 students who complete our seminars represent communities who are under-represented in government institutions. To increase access to the political process, Project 120 also conducts two special seminars for American Indian and immigrant youth each year. This year, Project 120 developed a performance assessment package for the Minnesota Profile of Learning on civic participation for the learning area, people, and cultures in order to support Minnesota's policy objective of implementing the graduation standards.

Student demographics:

Geography:

54% Greater Minnesota
46% Metro Area

Race/Ethnicity:

59% Caucasian
15% African American
11% American Indian
9% Asian American
6% Latino

Students represented:

75 Communities
47 Senate Districts

Program at a Glance

The Minnesota Historical Society serves as the pass through agency for certain organizations determined by the Minnesota Legislature. Those organizations are:

- ◆ Project 120 – Students Experiencing Government
- ◆ Minnesota International Center (MIC)
- ◆ Minnesota Military Museum
- ◆ Minnesota Air National Guard Museum
- ◆ Minnesota Agricultural Interpretive Center (FarmAmerica)

Revenues: Project 120 activity generates dedicated revenue in the form of student fees to partially defray program expenses and the cost of their lodging and meals. Project 120 received \$31,293 in student fees in FY 2000. Student fees (\$250 per seminar) provide approximately 16% of our budget. Additionally, Project 120 believes all students, regardless of economic means, should be able to participate in the seminars and awarded \$23,150 in scholarships to 122 students last year so that they could attend the seminar. State funding provides 44% of our budget total.

Results/Outcomes: In a recent survey of Project 120 participants; 69% reported an increase in school and community leadership activities, 88% reported an increased awareness in politics, and 34% reported making contact with elected officials after the program. All participants complete a pre-test and a post-test on their knowledge of state government. On average, student scores have increased by 300% after program participation.

Minnesota International Center (MIC)

The Minnesota International Center (MIC) is a nonprofit, nonpartisan organization, established in 1953 to strengthen understanding between Minnesotans and the world. MIC is part of a national network of 104 nonprofit organizations committed to connecting Americans to the world, building people-to-people ties across borders, and enhancing international understanding. MIC is the 6th largest World Affairs Council in the United States.

MIC offers a full slate of around-the-world programs open to the public. In 2001-02, MIC was asked by the community to do more to help Minnesotans understand the post-September 11 world. MIC programs grew by an impressive 40% from the previous year to 700 activities to help meet this need. More than 13,000 Minnesotans

of all ages connected with people from 106 countries through MIC. MIC offered presentations in K-12 classrooms, public forums with expert international speakers, grass-roots discussion groups, dinner hosting, and appointment making for international professionals coming to the U.S. as guests of the U.S. State Department.

In 2001-02, MIC brought the world first-hand to over 8,500 K-12 school children with 80 international presenters working in 60 schools across Minnesota. These presentations enhance students' knowledge of the changing world and encourage respect for diversity and other cultures.

MIC encourages Minnesotans to explore international events through first-hand accounts of expert speakers. Last year, MIC sponsored or cosponsored 48 World Affairs events, involving over 6,000 people. Speakers included His Excellency Michael Kergin, Canada's ambassador to the U. S., and R.W. Apple, *New York Times* chief correspondent.

MIC sponsors *Great Decisions*, a statewide network of 29 discussion groups involving 948 participants. MIC also offers Minnesotans the opportunity to open their homes to international professionals and students for dinner. Last year, nearly 400 international guests from 87 countries participated in 166 MIC dinners hosted.

Minnesota Military Museum

The Minnesota Military Museum, located at Camp Ripley, is operated by the Military Historical Society of Minnesota. It exists to document, preserve, and depict the stories and contributions of Minnesotans who have served in all branches of military service and on the home front in time of peace and war from Minnesota's early years to the present. Exhibits and publications are intended to foster awareness and understanding of how armed conflicts and military institutions have shaped our state and national experience. The museum also functions as a major repository in Minnesota for historical military artifacts and records.

Our mission is state-oriented and we depend on state support. We receive no direct funds from the federal government, the military, or local government. Our self funding – gift shop sales, investment income, and contributions from veterans' organizations and individuals – has grown steadily and accounts for over 75% of our operating revenue. Private fund-raising is hampered due to the museum's location and the public's perception that it's a government-supported military activity.

At a glance:

- ◆ 14,000 visitors per year
- ◆ 65 tours per year
- ◆ 26,000 artifacts
- ◆ 5,500 books in reference library
- ◆ 160 archives in linear feet
- ◆ 10,000 photographs
- ◆ 1,400 volunteer hours worked last year

Minnesota Air Guard Museum

The Minnesota Air Guard Museum serves as a community resource for the preservation of aviation history, (especially military) offering activities and education for all ages.

The private, nonprofit Minnesota Air National Guard Historical Foundation, Inc. has the funding responsibility for the museum. The museum is located on the Minnesota Air National Guard Base at the Minneapolis/St. Paul International Airport. The Minnesota Air Guard owns most of the aircraft and displays them in an air park next to the museum.

Sources of Financial Support:

- ⇒ Membership has increased to 415. That is as high as it has been in recent years.
- ⇒ The \$19,000 state biennial grant represents 25% of our income.
- ⇒ Museum visitors have decreased over the last few years and as a result revenue is down. We expect about 11,000 visitors in 2002.
- ⇒ Private gifts and grants amount to about \$6,500, 10% of our revenue.

Minnesota Agricultural Interpretive Center (MAIC) AKA Farmamerica

Agency Vision and Mission Statement:

The vision of the MAIC is to teach people of all ages about our agricultural, food and environmental systems and their impact on our lives. The mission of the Minnesota Agricultural Interpretive Center is to carry out the vision through public and private partnerships and interactive experiences for visitors to the site. To accomplish this mission, MAIC maintains a 120-acre interpretive site and facilities located four miles west of Waseca on Waseca County Road 2. MAIC provides educational experiences for people of all ages.

Trends, Policies and Other Issues Affecting the Demand for Services:

The governor and Minnesota state legislature commissioned the MAIC in 1978 to tell the important story of Minnesota's agriculture. It is a not-for-profit educational institution administered by a volunteer board of directors. The story of agriculture is being told through guided tours, hands-on experiential learning experiences, festivals, and exhibitions. Visitors travel on a one-mile timeline road and become involved in activities as they move to the prairie/pond/marsh to the settlement farm of the 1850s. They continue by the one-room schoolhouse, the country church, the 1920/1930s dairy farm, the feed mill, and the blacksmith shop/town hall. The next stop would be the Agri-Hall Museum and the 1970s farm exhibit. The final stop is the newly constructed Visitor's Center that has a modern farm exhibit that projects the future of agriculture.

Trends – technology changes, fewer people involved in farming:

With the tremendous technology changes going on in agriculture and with fewer people involved, there is more need and demand to tell the agriculture story – past, present, and future. In the 2001–02 season, over 30,000 participated in the school and group tours, outreach programs, and festivals during June - September, as well as the All Hallows Eve and the Holiday Traditions events.

Continued improvements have been made to site facilities since 1978 on the original 120 acres. Facilities and improvements have been made to realize the goals to develop the site with safe and accessible facilities to support educational interpretive public programming about Minnesota's agriculture.

Significant progress has been made to provide necessary facilities in keeping with strategic plans with the most recent addition of the 10,000 square foot visitors center in 2000 and the security and accessibility improvements in 2001/2002. Presently, Farmamerica is focusing on maximizing use of those facilities and assuring that they are programmed and available to the public.

MAIC is Working to Expand It's Support Base:

Additional funding is required to operate the visitors center, the sites, expanded educational programs, and increased public visitation hours. With limited funds, it has accomplished much through the help of over 450 volunteers from 37 communities that conduct the programs. To realize its potential, an annual operating budget of \$500,000 is needed to operate the visitors center, serve a broad audience, be open year round, and provide quality public education programs in an efficient and effective manner.

Farmamerica is working aggressively to expand its funding base. It is continuing to develop new revenue sources including the expanded membership program, sponsorship program, naming rights program, annual fundraiser, and expanded user fee based programs and services. Donations and grant funds continue to be pursued for public programming.

Contact

David Kelliher, MHS Legislative Liaison

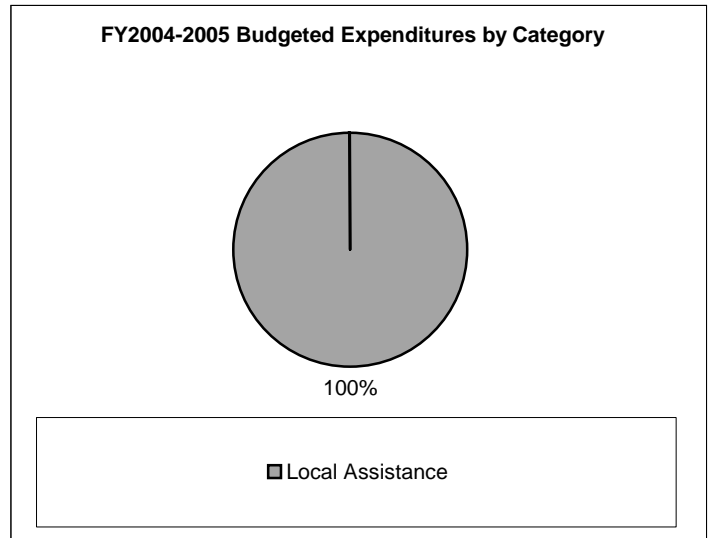
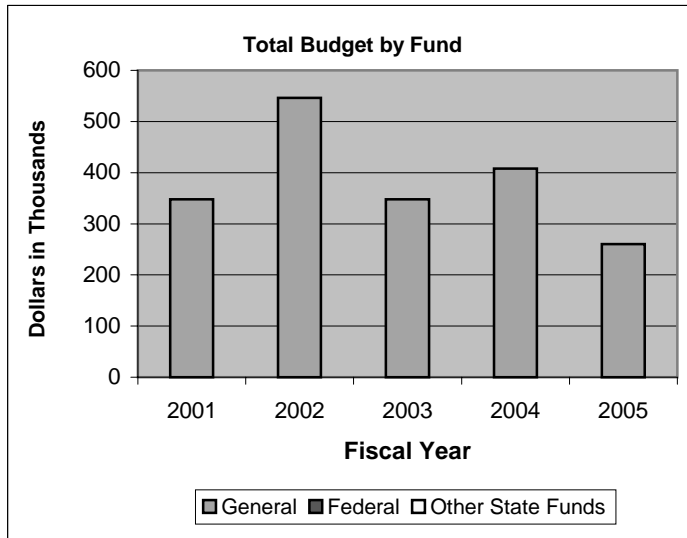
Phone: (651) 297-8085

Fax: (651) 296-1004

HISTORICAL SOCIETY

Program: PASS THROUGH APPROPRIATIONS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------|--------------------------|--------------------------|----------------------------|------------------------|---------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 348 | 546 | 348 | 408 | 260 | 668 | -226 | -25.3% |
| Total | 348 | 546 | 348 | 408 | 260 | 668 | -226 | -25.3% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|-------------|---------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 68 | 67 | 68 | 0 | 0 | 0 | -135 | -100.0% |
| Other Operating Expenses | 20 | 21 | 20 | 0 | 0 | 0 | -41 | -100.0% |
| Local Assistance | 260 | 458 | 260 | 408 | 260 | 668 | -50 | -7.0% |
| Total | 348 | 546 | 348 | 408 | 260 | 668 | -226 | -25.3% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|-------------|---------------|
| Expenditures by Activity | | | | | | | | |
| Sibley House Association | 88 | 88 | 88 | 0 | 0 | 0 | -176 | -100.0% |
| Mn International Center | 50 | 50 | 50 | 50 | 50 | 100 | 0 | 0.0% |
| Mn Air National Guard Museum | 0 | 19 | 0 | 19 | 0 | 19 | 0 | 0.0% |
| Project 120 | 110 | 110 | 110 | 110 | 110 | 220 | 0 | 0.0% |
| Mn Military Museum | 0 | 79 | 0 | 79 | 0 | 79 | 0 | 0.0% |
| Farmamerica | 100 | 150 | 100 | 150 | 100 | 250 | 0 | 0.0% |
| Little Elk Heritage | 0 | 50 | 0 | 0 | 0 | 0 | -50 | -100.0% |
| Total | 348 | 546 | 348 | 408 | 260 | 668 | -226 | -25.3% |

| | | | | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|--|--|--|
| Full-Time Equivalents (FTE) | 2.4 | 2.4 | 2.4 | 0.0 | 0.0 | | | |
|------------------------------------|------------|------------|------------|------------|------------|--|--|--|

Agency Purpose

Serving Northern Gardeners through education, encouragement and community is the mission of the Minnesota State Horticultural Society (MSHS).

- ◆ We honor the traditions of our organization and value the contributions of our members.
- ◆ We recognize that gardeners positively impact neighborhoods, communities and the environment.
- ◆ We demonstrate that gardening enhances the quality of life for all people.
- ◆ We use that knowledge to serve diverse communities.

Core Functions

Education

- ⇒ MSHS serves all residents of Minnesota by providing education and resources to anyone interested in gardening and the environment.
- ⇒ MSHS provides educational services through the Northern Gardener magazine, membership services, the Northern Gardener Bookstore, and educational classes.

Community Outreach

- ⇒ *Minnesota Green*: MSHS's signature project is designed to revitalize communities through plants. This Community Gardening Program promotes community greening as a means of strengthening neighborhoods through activities that connect people and plants. In FY 2002 Minnesota Green donated 7,000 plants, 17,000 seed packets and 300 bulbs to more than 200 community gardens throughout the state. Local volunteers maintain these gardens.
- ⇒ *Junior Northern Gardener Program*: MSHS launched this program in FY 2002. More than 300 children received free seeds this spring. MSHS will be in regular contact with these children throughout the growing season. The Junior Northern Gardeners and their families will be invited back to MSHS in the fall to share pictures and gardening experiences with each other. Each child will receive an award.
- ⇒ *Organic Gardening*: MSHS received its first federal grant from the Environmental Protection Agency. Beginning in Fall 2002, the community outreach program will teach gardeners statewide about organic gardening practices.

Encouragement

- ⇒ The MSHS award-winning web site reached more than 5,000 people per month in FY 2002.
- ⇒ The MSHS state awards program honors exemplary individuals and organizations that have contributed to beautification and community livability through gardening.
- ⇒ With over 600 volunteers, the MSHS volunteer program is the heart and soul of the organization.

Operations

- ⇒ MSHS is a 501(c)3 not for profit organization founded in 1865 at the State Fair in Rochester, Minnesota.
- ⇒ Services are delivered through the magazine, classes held statewide, sponsorship of educational meetings statewide, the circulating library, the MN Green plant donation program and through special events held at the MSHS building and throughout the state.

At A Glance

- ◆ 20,000 members throughout the state all interested in gardening and environmental issues.
- ◆ 187,000 copies of *Northern Gardener* magazine are edited, published and distributed by MSHS each year. It is the only magazine written exclusively for cold climate gardening.
- ◆ 250,000 residents of Minnesota receive education from and access services provided by MSHS each year.
- ◆ Over 600 volunteers throughout the state donate more than 4,000 hours per year to MSHS.
- ◆ MSHS Bookstore sells more than 300 educational publications about northern gardening.

Key Measures

- ⇒ Educate the public-MSHS reached 10,000 people this year through classes, public events and programs. MSHS published its first two books for Minnesota gardeners.
- ⇒ Teach children- More than 300 children participated in this new program. MSHS will continue to stay in touch with these children regularly and intends to increase the number of participating children each year.
- ⇒ Advocate environmental stewardship-MSHS is developing a statewide organic gardening practices educational program. The classes will be offered in fall 2002.

Budget

REVENUE FY 2002 \$1.2 million per year

| | | |
|---------------|-----------|-------|
| Membership | \$558,000 | 46.5% |
| Bookstore | \$310,000 | 25.8% |
| Publications | \$140,000 | 11.7% |
| Contributions | \$76,000 | 6.3% |
| State Grant | \$82,000 | 6.8% |
| Educ. Prog | \$33,000 | 2.8% |
| Misc | \$15,000 | 1% |

EXPENSE FY 2002 \$1.37 million per year

| | | |
|--------------|-----------|-----|
| Membership | \$170,000 | 12% |
| Bookstore | \$250,000 | 18% |
| Publications | \$370,000 | 27% |
| Fundraising/ | | |
| Member Dev. | \$100,000 | 7% |
| Educ. Prog | \$185,000 | 14% |
| Support Serv | \$295,000 | 22% |

- ⇒ Membership fees are \$55 per year. A subscription option was added in January 2002. The subscription rate is \$29 per year.
- ⇒ State grant was reduced on a one-time basis from \$82,000 to \$66,000 in FY 2003.
- ⇒ Educational programs expense includes the cost of the web site, classes at MSHS and in greater Minnesota, and the cost of managing the MN Green program for community gardens.
- ⇒ Staff level is 6.75 FTEs.

Contact

Minnesota State Horticultural Society

1755 Prior Avenue North
Falcon Heights, Minnesota 55113

World Wide Web Home Page:

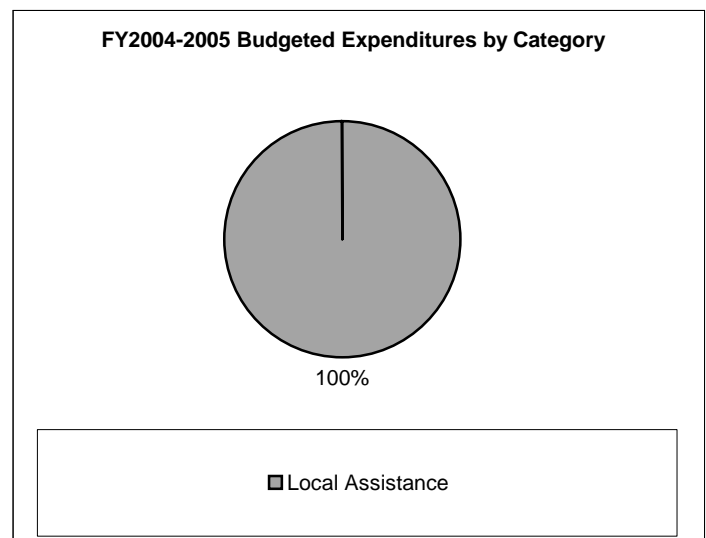
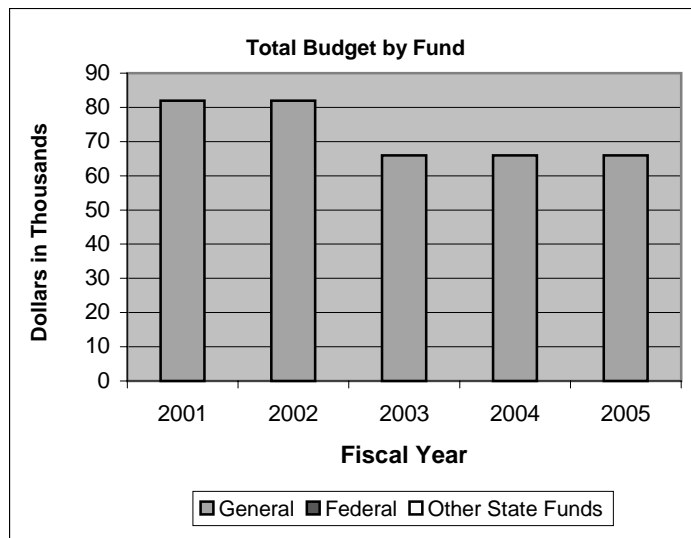
www.northerngardener.org

Marjee Righeimer, Executive Director

Email address: marjeer@northerngardener.org

Phone: (651) 643-3601

Fax: (651) 643-3638



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|---------------|---------------|-----------------|---------------|-----------------|----------------|--------------------------|----------------|
| Expenditures by Fund | Actual | Actual | Budgeted | Base | Biennium | | 2004-05 / 2002-03 | |
| | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 82 | 82 | 66 | 66 | 66 | 132 | -16 | -10.8% |
| Total | 82 | 82 | 66 | 66 | 66 | 132 | -16 | -10.8% |
| Expenditures by Category | | | | | | | | |
| Local Assistance | 82 | 82 | 66 | 66 | 66 | 132 | -16 | -10.8% |
| Total | 82 | 82 | 66 | 66 | 66 | 132 | -16 | -10.8% |
| Expenditures by Program | | | | | | | | |
| Horticultural Society | 82 | 82 | 66 | 66 | 66 | 132 | -16 | -10.8% |
| Total | 82 | 82 | 66 | 66 | 66 | 132 | -16 | -10.8% |

Agency Purpose

The Minnesota Housing Finance Agency (MHFA) is committed to meeting Minnesotans' needs for decent, safe, affordable housing and stronger communities.

The agency's strategic plan sets forth the following policy objectives:

- ◆ increase production of affordable housing in connection with economic development and redevelopment efforts;
- ◆ increase investment of resources to underserved households;
- ◆ increase investment of resources in developments using smart growth principles; and
- ◆ increase leverage of non-state resources.

Core Functions

MHFA funds housing activity in five broad areas:

- ⇒ **Development and Redevelopment Programs.** These programs fund the new construction and rehabilitation of rental housing and homes for ownership for families with a range of incomes.
- ⇒ **Homeownership Loan Programs.** These programs fund home purchase and home improvement loans for families and individuals with a range of incomes not served by the private sector alone.
- ⇒ **Supportive Housing Programs.** These programs fund housing development and rental assistance for very low-income families and individuals who often face other barriers to stability, economic self-sufficiency, and independent living.
- ⇒ **Preservation of Federally Assisted Housing Programs.** These programs seek to preserve the stock of federally assisted rental housing that is in danger of being lost due to op-outs for market reasons, physical deterioration, or both.
- ⇒ **Resident and Organization Support.** These programs provide operating funds for organizations that develop affordable housing, offer homebuyer training, education, and foreclosure prevention assistance, or coordinate regional planning efforts.

Operations

Management and control of the agency is vested in the board of directors. The board is comprised of five citizen members appointed by the governor and two ex-officio members: the commissioner of Trade and Economic Development and the state auditor. The board directs the policies of the agency and adopts an affordable housing plan, approves funding decisions, adopts finance policies, and selects the finance team.

The agency staff includes 197 full-time equivalent employees in four major divisions: accounting and finance; multifamily; homeownership; and research and policy. Over half of all the employees are professional level employees.

- ⇒ The accounting and finance staff are responsible for the management of the assets and liabilities of the agency which includes a portfolio of \$2.8 billion in housing related loans and other investments and \$2 billion in mortgage revenue bonds. The staff manages the process of raising capital through periodic debt issuances. The staff in this division also prepares financial forecasts, budgets, and fiscal year-end audited financial reports for all funds and accounts. Staff is responsible for the accurate and timely reporting of all accounting and financial information necessary to comply with disclosure requirements and board policies.
- ⇒ The staff of the multifamily division manages the process of assisting in the financing of new construction and rehabilitation and preservation of rental housing. This division's staff oversees the provision of tenant support services and rental assistance and homeless prevention activities. The staff is also responsible for the oversight of the management of the agency's portfolio of rental housing, monitoring compliance with state and

At A Glance

Two-Year State Budget:

- ◆ \$105 million in General Funds
- ◆ \$1.079 billion all funds
- ◆ 4 Sources:
 - ◆ 44% bond sales
 - ◆ 29% federal funds
 - ◆ 14% agency resources
 - ◆ 13% state appropriations

Annual Business Processes:

- ◆ Provided \$383 million in housing assistance in FFY 2001.
- ◆ Served 50,000 households.
- ◆ 76% of households served had annual incomes under \$20,000.

federal requirements, and administering the Section 8 contracts of 32,000 units of rental housing that include the contracts on 18,000 units previously administered by Housing and Urban Development (HUD).

- ⇒ The homeownership staff manages programs to assist with the financing of home purchases and home improvements. It also manages the process of assisting in the financing of new home construction for ownership and neighborhood revitalization. The division staff oversees the provision of homeownership education services. The staff also administers programs that provide post-purchase support and foreclosure prevention for homeowners.
- ⇒ The research and policy division includes the commissioner's office, governmental affairs, information systems, research and policy, human resources and office management.

The agency's assistance is delivered through local lenders, community action programs, local housing and redevelopment authorities, and for-profit and non-profit developers. MFHA joins with other public and private funders to make available development and redevelopment funds in a comprehensive, single application, one-stop selection process.

Budget

MHFA's largest source of financing is the sale of tax-exempt and taxable bonds that totals approximately 44% of the agency's budget. Proceeds from the sale of these bonds provide mortgage loans to first-time homebuyers and rental housing developments. Repayments made to programs funded by mortgage revenue bonds are made available for the same activities.

Agency resources constitute 14% of the agency's budget. Agency resources are earnings over the years in excess of funds needed to cover loan loss and self-insurance.

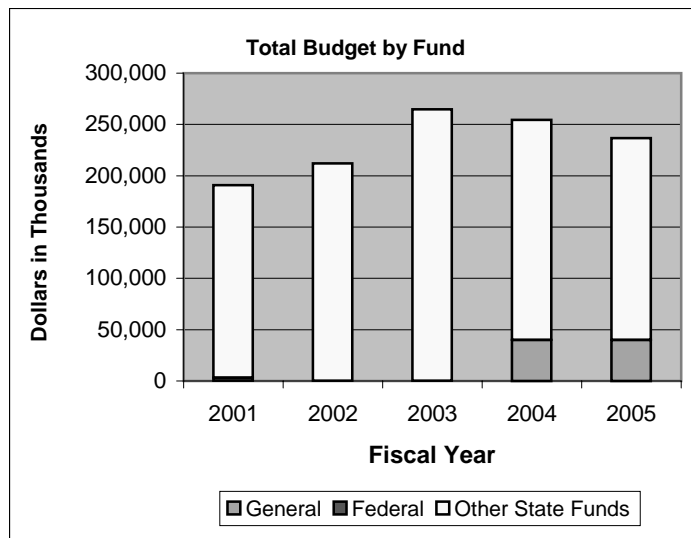
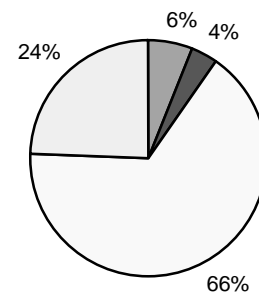
Federal funds constitute 29% of MHFA financing. In FY 2002-03 biennium, the two largest programs receiving federally appropriated funds were the Section 8 Housing Assistance payments program and the Home Investment Partnership Program (HOME). In the past, the agency has received federal funding for a number of smaller programs as well.

State appropriations constitute 13% of the program funds. State appropriations for the 2002-03 biennium totaled \$105,048,000 from the General Fund, plus \$250,000 from federal Temporary Assistance for Needy Families (TANF) funding.

Contact

For more information, contact: Tonja M. Orr, Director of Government Affairs at (651) 296-9820.

The MHFA web site at www.mhfa.state.mn.us provides information about Agency programs, application forms and procedures, and other useful information for persons seeking assistance with the financing of affordable housing.

**FY2004-2005 Budgeted Expenditures by Category**

■ Total Compensation ■ Other Operating Expenses
 □ Payments To Individuals □ Other Financial Transactions

| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|------------------|------------------|--------------------|----------------|----------------|---------------------|--------------------------------------|-------------|
| Expenditures by Fund | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 0 | 0 | 0 | 39,991 | 39,991 | 79,982 | 79,982 | n.m |
| Federal Tanf | 3,243 | 125 | 125 | 0 | 0 | 0 | -250 | -100.0% |
| Statutory Appropriations | | | | | | | | |
| Housing Finance Agency | 187,674 | 212,029 | 264,510 | 214,407 | 196,731 | 411,138 | -65,401 | -13.7% |
| Total | 190,917 | 212,154 | 264,635 | 254,398 | 236,722 | 491,120 | 14,331 | 3.0% |

Expenditures by Category

| | | | | | | | | |
|------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|-------------|
| Total Compensation | 10,812 | 11,893 | 13,491 | 14,402 | 15,228 | 29,630 | 4,246 | 16.7% |
| Other Operating Expenses | 6,689 | 7,447 | 9,095 | 9,101 | 9,062 | 18,163 | 1,621 | 9.8% |
| Payments To Individuals | 129,149 | 142,719 | 165,582 | 165,828 | 157,452 | 323,280 | 14,979 | 4.9% |
| Local Assistance | 567 | 509 | 500 | 531 | 363 | 894 | -115 | -11.4% |
| Other Financial Transactions | 43,700 | 49,586 | 75,967 | 64,536 | 54,617 | 119,153 | -6,400 | -5.1% |
| Total | 190,917 | 212,154 | 264,635 | 254,398 | 236,722 | 491,120 | 14,331 | 3.0% |

Expenditures by Program

| | | | | | | | | |
|---------------------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|-------------|
| Appropriated Programs | 63,425 | 71,319 | 101,608 | 82,385 | 63,947 | 146,332 | -26,595 | -15.4% |
| Non-Appropriated Programs | 127,492 | 140,835 | 163,027 | 172,013 | 172,775 | 344,788 | 40,926 | 13.5% |
| Total | 190,917 | 212,154 | 264,635 | 254,398 | 236,722 | 491,120 | 14,331 | 3.0% |

Revenue by Type and Fund**Dedicated**

| | | | | | | | | |
|------------------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|--------------|
| Housing Finance Agency | 131,581 | 143,826 | 172,035 | 176,432 | 176,318 | 352,750 | 36,889 | 11.7% |
| Subtotal Dedicated | 131,581 | 143,826 | 172,035 | 176,432 | 176,318 | 352,750 | 36,889 | 11.7% |
| Total Revenue | 131,581 | 143,826 | 172,035 | 176,432 | 176,318 | 352,750 | 36,889 | 11.7% |

Full-Time Equivalents (FTE) **181.1** **183.8** **197.0** **197.0** **197.0**

HOUSING FINANCE AGENCY

Program: APPROPRIATED PROGRAMS

Narrative

Program Description

Appropriated programs fund affordable housing activities in five broad areas. Although state appropriations are only 13% of the total Minnesota Housing Finance Agency (MHFA) biennial budget, these funds make a critical difference, enabling the MHFA to meet the housing needs of lower income families and individuals than would be otherwise possible. Appropriated programs often supplement non-appropriated programs that use amortizing debt and other sources of funds. Approximately 65% of the state appropriation is used for rental housing since providing affordable rental housing requires relatively more subsidy than homeownership.

In making funding decisions in competitive selection processes, MHFA uses investment guidelines and Continuum of Care plans developed at the regional level to assure consistency with regional priorities. The agency utilizes a joint application and review process in conjunction with the Family Housing Fund, the Greater Minnesota Housing Fund, and the Metropolitan Council for significant portions of its funding. Other state agencies and local units of government are consulted in making funding awards in order to better coordinate government resources.

Budget Activities Included:

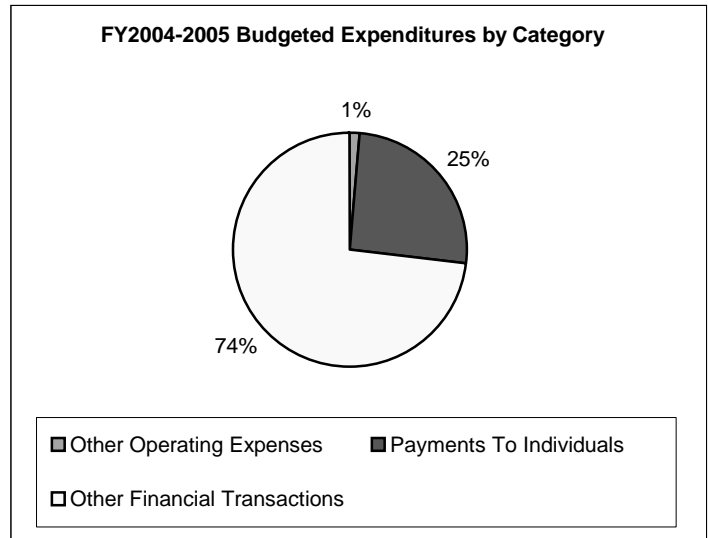
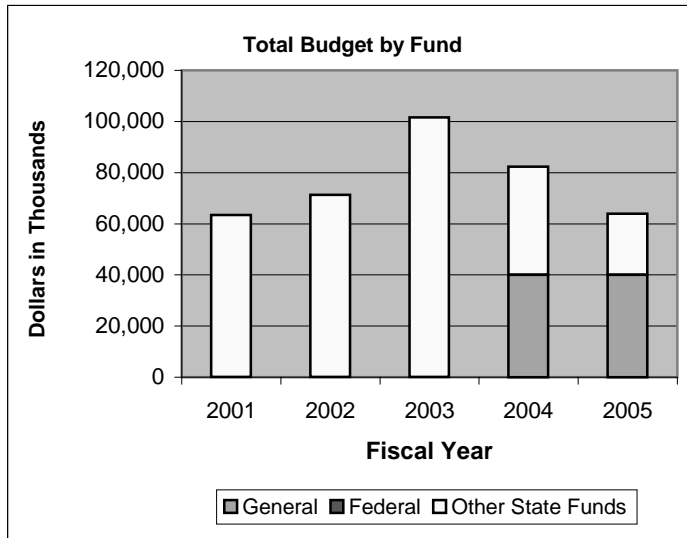
- ⇒ **Development and Redevelopment Programs.** These programs fund the new construction and rehabilitation of rental housing and homes for ownership for families with a range of incomes.
- ⇒ **Supportive Housing Programs.** These programs fund housing development and rent assistance for very low-income families and individuals who often face other barriers to stability, economic self-sufficiency, and independent living.
- ⇒ **Homeownership Loan Programs.** These programs fund home purchase and home improvement loans for families and individuals with a range of incomes not well served by the private sector alone.
- ⇒ **Preservation of Federally Assisted Housing Programs.** These programs seek to preserve the stock of federally assisted rental housing that is in danger of being lost due to opt-outs for market reasons, physical deterioration, or both.
- ⇒ **Resident and Organizational Support.** These programs provide operating funds for organizations that develop affordable housing, offer homebuyer training, education, and foreclosure prevention assistance, or coordinate regional planning efforts.

| | FY 2002 | FY 2003 | Biennial |
|--|---------------------|---------------------|---------------------|
| Development and Redevelopment Programs | | | |
| Economic Development and Housing Challenge Fund | \$11,940,000 | \$11,940,000 | \$23,880,000 |
| Urban Indian Housing | 186,000 | 186,000 | 372,000 |
| Supportive Housing Programs | | | |
| Housing Trust Fund | 4,598,000 | 4,598,000 | 9,196,000 |
| Bridges | 1,691,000 | 1,691,000 | 3,382,000 |
| Family Homeless Prevention and Assistance | 3,606,000 | 3,606,000 | 7,212,000 |
| Homeownership Loan Programs | | | |
| Rehabilitation Loan | 4,264,000 | 4,264,000 | 8,528,000 |
| Tribal Indian Housing | 1,674,000 | 1,674,000 | 3,348,000 |
| Homeownership Assistance Fund | 895,000 | 895,000 | 1,790,000 |
| Preservation of Federally Assisted Housing Programs | | | |
| Affordable Rental Investment Fund (ARIF- Preservation) | 9,946,000 | 9,946,000 | 19,892,000 |
| Resident and Organizational Support | | | |
| Homeownership Education, Counseling, and Training (HECAT) | 853,000 | 853,000 | 1,706,000 |
| Non-Profit Capacity Building Grants | <u>338,000</u> | <u>338,000</u> | <u>676,000</u> |
| Totals | \$39,991,000 | \$39,991,000 | \$79,982,000 |

HOUSING FINANCE AGENCY

Program: APPROPRIATED PROGRAMS

Fiscal Report



| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|------------------|------------------|--------------------|----------------|--------------------|---------------------|--------------------------------------|---------------|
| Expenditures by Fund | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 0 | 0 | 0 | 39,991 | 39,991 | 79,982 | 79,982 | n.m |
| Statutory Appropriations | | | | | | | | |
| Housing Finance Agency | 63,425 | 71,319 | 101,608 | 42,394 | 23,956 | 66,350 | -106,577 | -61.6% |
| Total | 63,425 | 71,319 | 101,608 | 82,385 | 63,947 | 146,332 | -26,595 | -15.4% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|---------------|---------------|----------------|---------------|---------------|----------------|----------------|---------------|
| Other Operating Expenses | 886 | 1,147 | 1,440 | 1,056 | 1,081 | 2,137 | -450 | -17.4% |
| Payments To Individuals | 24,468 | 24,623 | 30,121 | 22,682 | 14,306 | 36,988 | -17,756 | -32.4% |
| Local Assistance | 567 | 509 | 500 | 531 | 363 | 894 | -115 | -11.4% |
| Other Financial Transactions | 37,504 | 45,040 | 69,547 | 58,116 | 48,197 | 106,313 | -8,274 | -7.2% |
| Total | 63,425 | 71,319 | 101,608 | 82,385 | 63,947 | 146,332 | -26,595 | -15.4% |

| Expenditures by Activity | | | | | | | | |
|---------------------------------|---------------|---------------|----------------|---------------|---------------|----------------|----------------|---------------|
| Developm & Redevelopm Progs | 19,921 | 31,823 | 44,369 | 38,222 | 27,138 | 65,360 | -10,832 | -14.2% |
| Supportive Housing Progs | 19,769 | 16,003 | 21,886 | 18,481 | 11,295 | 29,776 | -8,113 | -21.4% |
| Homeownership Loan Progs | 15,739 | 15,726 | 20,307 | 11,485 | 11,485 | 22,970 | -13,063 | -36.3% |
| Preserv Of Fed Assisted Hous | 6,409 | 5,983 | 12,500 | 12,613 | 12,613 | 25,226 | 6,743 | 36.5% |
| Resident & Organizational Supp | 1,587 | 1,784 | 2,546 | 1,584 | 1,416 | 3,000 | -1,330 | -30.7% |
| Total | 63,425 | 71,319 | 101,608 | 82,385 | 63,947 | 146,332 | -26,595 | -15.4% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|--------------|--------------|---------------|----------------|---------------|
| Dedicated | | | | | | | | |
| Housing Finance Agency | 18,192 | 19,618 | 13,332 | 8,613 | 7,737 | 16,350 | -16,600 | -50.4% |
| Subtotal Dedicated | 18,192 | 19,618 | 13,332 | 8,613 | 7,737 | 16,350 | -16,600 | -50.4% |
| Total Revenue | 18,192 | 19,618 | 13,332 | 8,613 | 7,737 | 16,350 | -16,600 | -50.4% |

0.0%

HOUSING FINANCE AGENCY

Program: APPROPRIATED PROGRAMS

Activity: DEVELOPM & REDEVELOPM PROGS

Narrative

Activity Description

The goal of the Minnesota Housing Finance Agency's (MHFA) re/development programs is to fund the new construction and rehabilitation of housing, both rental and homes for ownership, needed to sustain economic growth and vitality. In some communities, new housing is needed due to significant net employment growth. In other communities, rehabilitating the existing stock is an important strategy for retaining existing employers and related economic activity.

MHFA's re/development programs are the primary vehicles for achieving the objective of increased production by greater leveraging of capital investment in housing. Re/development program funds have been used to finance both rental and homeownership units in new, mixed income developments, new rental housing, and affordable units in new single-family subdivisions.

Population Served

Homeowners, homebuyers, and tenants of rental housing are served by this budget activity. Additionally, communities receive assistance in their stabilization and revitalization efforts through this budget activity.

Services Provided

Re/development Program funds are made available primarily through a competitive, comprehensive, one-stop, single application process sponsored by MHFA, the Family Housing Fund, the Greater Minnesota Housing Fund, the Metropolitan Council, and others.

⇒ Economic Development and Housing Challenge Program (M.S. 462A.33)

The Economic Development and Housing Challenge program is the primary program to fund development and redevelopment activities. It funds a wide variety of development and redevelopment activities, including new construction, acquisition, and rehabilitation of both rental housing and homes for ownership. Assistance is provided generally in the form of no-interest, deferred loans and grants to local units of government, and for-profit and non-profit developers. The income maximum for the owner-occupied housing funded under this program is set at 115% of greater of state or area median income (\$88,205 in the Twin Cities metro area for 2002). The income maximum for the rental housing funded under this program is set at 80% of greater of state or area median income (\$61,360 in the Twin Cities metro area for 2002). The income maximums allow a range of workforce housing to be developed or rehabilitated.

Projects that show cost reduction or avoidance as a result of local regulatory relief are given a priority in selection for funding. At least 50% of the funds must be used only for projects in which an employer has made some sort of financial contribution to the housing as well as there being a contribution from either a local unit of government or a charitable organization. These requirements have helped to increase the amount of monies from non-state resources that are invested in affordable housing projects.

⇒ Urban Indian Housing Program (M.S. 462A.07, Subd. 15)

The Urban Indian Housing Program provides both home ownership and rental housing opportunities for low and moderate-income American Indians residing in the urban areas of the state. The program provides below market interest rate financing for first time homebuyers. Funding is also available for the development of special assistance program components of projects that address specifically identified needs of American Indians that are sponsored by nonprofit organizations.

Activity at a Glance

In FY 2001:

- ◆ 6,786 housing units were rehabilitated;
- ◆ The number of new housing units financed nearly doubled between FY 2000 and FY 2001 to over 1,400 units; and
- ◆ Requests typically exceed funds available by a five to one ratio.

HOUSING FINANCE AGENCY

Program: APPROPRIATED PROGRAMS

Activity: DEVELOPM & REDEVELOPM PROGS

Narrative

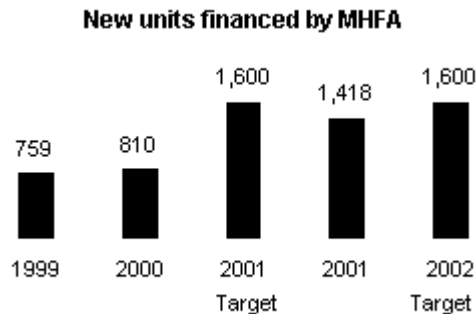
Historical Perspective

In 2000, the Minnesota Legislature approved a major consolidation of the funding for four programs that all supported re/development activities. The programs were consolidated into the Economic Development and Housing Challenge program and this program was made a permanent base program. The two primary reasons for the consolidation were:

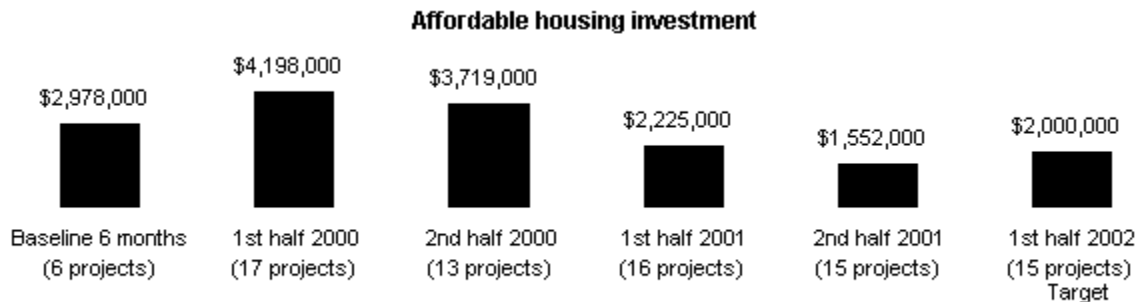
- ◆ To increase capital investment from non-state sources; and
- ◆ To increase private development and contain cost increases by promoting the removal of governmental barriers to affordable housing development.

Key Measures

Number of new units financed:



Investment in affordable housing development projects by businesses and employers both in amounts and numbers:



In the first half of 2000, the amount of investment by businesses and employers in affordable housing development projects increased by 41% over the baseline. In the second half of 2000, the amount of investment increased by 25%; and in the first half of 2001, the amount decreased by 26%. Since the volume of housing development business tends to be stronger in the last six months of the calendar year, we created a six-month baseline for 1999 that is half of the overall business for that year.

In the first half of 2000, the number of businesses and employers investing in affordable housing development projects increased by 183% over the baseline. In the second half of 2000, the number increased by 116%; and in the first half of 2001, by 250%.

HOUSING FINANCE AGENCY

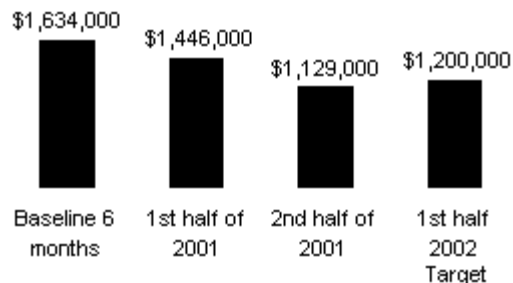
Program: APPROPRIATED PROGRAMS

Activity: DEVELOPM & REDEVELOPM PROGS

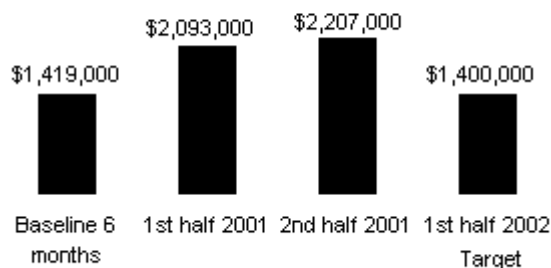
Narrative

Cost reductions in affordable housing development projects due to local regulatory relief:

Homeownership cost reduction from regulatory relief



Rental cost reduction from regulatory relief



Although we will never eliminate the need for public funding, subsidy must not be the only strategy for producing workforce housing. We must also work to reduce unnecessary costs, so that we can increase production of workforce housing that does not need public funding and make the public funding that does exist go farther. Local governments can contribute to reducing costs and increasing private, unsubsidized development by reducing or eliminating unnecessary barriers to development.

Since the volume of housing development business tends to be stronger in the last six months of the calendar year, we created a six-month baseline for 1999 that is half of the overall business for that year.

Contact

Tonja M. Orr, Director of Government Affairs

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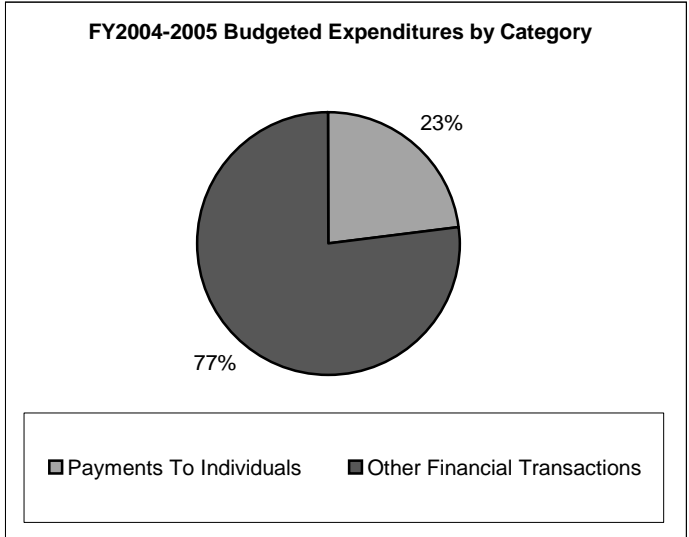
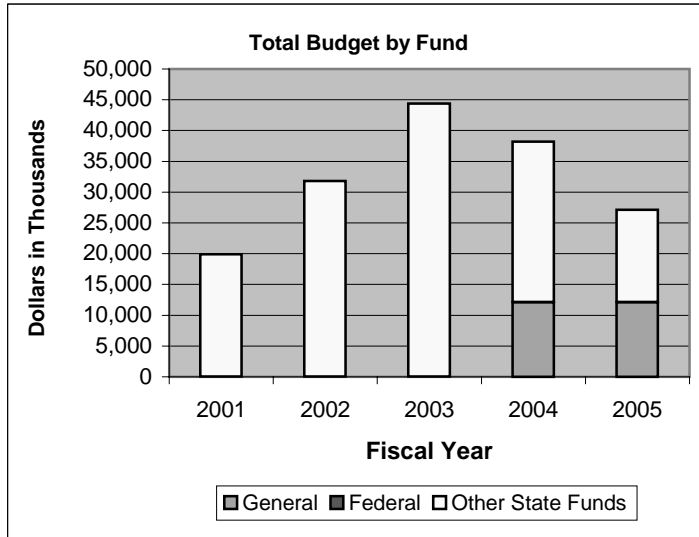
For further information, visit MHFA's web site at: www.mhfa.state.mn.us

HOUSING FINANCE AGENCY

Program: **APPROPRIATED PROGRAMS**

Activity: DEVELOPM & REDEVELOPM PROGS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------|--------------------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 | Dollars Percent |
| Direct Appropriations | | | | | | | | |
| General | 0 | 0 | 0 | 12,126 | 12,126 | 24,252 | 24,252 | n.m |
| Statutory Appropriations | | | | | | | | |
| Housing Finance Agency | 19,921 | 31,823 | 44,369 | 26,096 | 15,012 | 41,108 | -35,084 | -46.0% |
| Total | 19,921 | 31,823 | 44,369 | 38,222 | 27,138 | 65,360 | -10,832 | -14.2% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|
| Expenditures by Category | | | | | | | | |
| Payments To Individuals | 11,853 | 10,408 | 12,844 | 8,695 | 6,419 | 15,114 | -8,138 | -35.0% |
| Other Financial Transactions | 8,068 | 21,415 | 31,525 | 29,527 | 20,719 | 50,246 | -2,694 | -5.1% |
| Total | 19,921 | 31,823 | 44,369 | 38,222 | 27,138 | 65,360 | -10,832 | -14.2% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Housing Finance Agency | 6,876 | 5,384 | 6,568 | 2,915 | 2,253 | 5,168 | -6,784 | -56.8% |
| Subtotal Dedicated | 6,876 | 5,384 | 6,568 | 2,915 | 2,253 | 5,168 | -6,784 | -56.8% |
| Total Revenue | 6,876 | 5,384 | 6,568 | 2,915 | 2,253 | 5,168 | -6,784 | -56.8% |

HOUSING FINANCE AGENCY

Program: APPROPRIATED PROGRAMS

Activity: SUPPORTIVE HOUSING PROGS

Narrative

Activity Description

Supportive housing is permanent housing with support services. The goal of supportive housing is to stabilize housing for the poorest households or households with special needs so they can successfully address barriers to employment, complete school or training, and/or achieve independent living. Housing providers understand that providing affordable housing alone does not ensure success for these populations. Service providers increasingly understand that delivering services alone to a family or individual with no stable, affordable housing does not work either.

Population Served

Supportive housing programs serve individuals and families with multiple barriers to obtaining and maintaining housing, including persons who are homeless or at risk of becoming homeless, and persons with mental illness, substance abuse disorders, or persons with HIV/AIDS.

Activity at a Glance

For FY 2001:

- ◆ 982 households received Bridges assistance;
- ◆ 2,410 households received other state funded rental assistance;
- ◆ 139 housing units for very low-income households were constructed or rehabbed with Housing Trust Fund (HTF) monies;
- ◆ 6,733 households received homeless prevention assistance;
- ◆ Average assistance per household under the Family Homeless Prevention and Assistance Program (FHPAP) - \$538; and
- ◆ Nearly half of the households served under FHPAP are single-parent families.

Services Provided

Three Minnesota Housing Finance Agency (MHFA) appropriated programs assist in meeting supportive housing goals:

⇒ Housing Trust Fund Program (M.S. 462A.201)

The Housing Trust Fund program is the largest of the programs in this budget activity. The Housing Trust Fund provides 0% interest deferred loans for the financing of affordable permanent and supportive rental housing and limited equity cooperative housing for very low-income households. It also provides grants and loans for the costs of operating rental housing that are unique to the operation of low-income rental housing and for rental assistance. Housing assisted under this program must serve households with incomes that do not exceed 60% of metropolitan area median income (\$46,020 for 2002); 75% of the program funds must be used for housing for households with incomes that do not exceed 30% of the metropolitan area median income (\$23,010 for 2002). Nonprofit and for-profit organizations as well as local units of government are eligible to receive funds under this program.

⇒ Bridges (M.S. 462A.2097)

The Bridges program (statutorily known as the Rent Assistance for Persons with Mental Illness Program) provides rent assistance for households in which at least one adult member has a serious and persistent mental illness. Eligibility for the program is limited to households with incomes below 50% area median income. This activity links housing with social services through a partnership between a housing agency and a social service agency. The rental assistance is intended to stabilize the household in the community until a Section 8 certificate voucher becomes available.

⇒ Family Homeless Prevention and Assistance Program (M.S. 462A.204)

The Family Homeless Prevention and Assistance Program (FHPAP) provides flexible grants to counties and nonprofit organizations to use to assist families or youth who are homeless or at imminent risk of homelessness. Grant recipients are required to design or redesign an emergency response system to shift the focus to prevention of homelessness and a more rapid move to transitional or permanent housing. Fifty-seven counties are now served by FHPAP.

HOUSING FINANCE AGENCY

Program: APPROPRIATED PROGRAMS

Activity: SUPPORTIVE HOUSING PROGS

Narrative

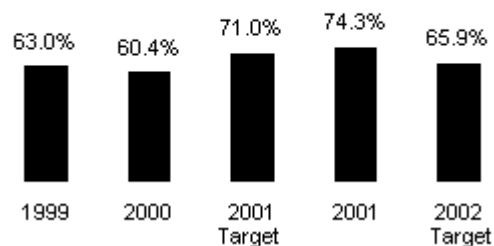
Historical Perspective

In 2000, the Minnesota Legislature approved a consolidation of funding from several programs into the Housing Trust Fund to better facilitate the development and operation of supportive housing. Prior to 2001, the Housing Trust Fund could only be used for bricks and mortar and there was no source of funding for operating cost support; the biennial base for the Housing Trust Fund was \$4.6 million prior to consolidation.

Key Measures

Households assisted that have extremely low incomes (\$17,370 annually):

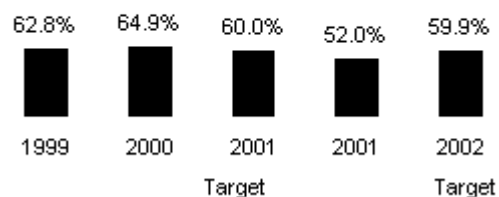
Percent of households with extremely low incomes served by MHFA



This indicator measures MHFA's efforts to assist the lowest income households in the state. 30% of the statewide median income is the standard for "extremely low income" households set by the Federal Department of Housing and Urban Development (HUD). In 2001, 30% of the statewide median income was equal to an annual income of \$17,370 for a family of four. That income level is also close to the highest level that a family of four can earn and remain on the Minnesota Family Investment Program (welfare-to-work).

Rental units developed with rents affordable to households with extremely low incomes (\$17,370 annually):

Percent of rental units developed with rents affordable to households with extremely low incomes



This indicator and the following indicator measure the extent to which MHFA produces rental housing affordable to the lowest income households and very low-income households. 30% and 50% of the statewide median income are the standards set by HUD for "extremely low" and "very low" incomes respectively. In 2001 by this standard, 30% of the statewide median income was \$17,370 per year for a family of four.

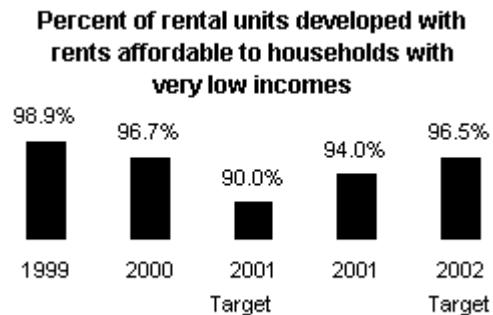
HOUSING FINANCE AGENCY

Program: APPROPRIATED PROGRAMS

Activity: SUPPORTIVE HOUSING PROGS

Narrative

Rental units developed with rents affordable to households with very low incomes (\$28,950 annually):



50% of the statewide median income is the standard for "very low income" set by HUD. In 2001, 50% of the statewide median income was equal to an annual income of \$28,950 for a family of four.

Contact

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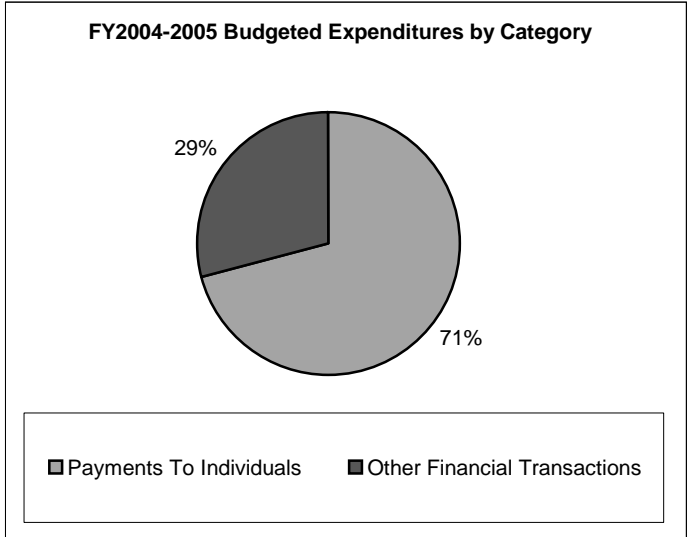
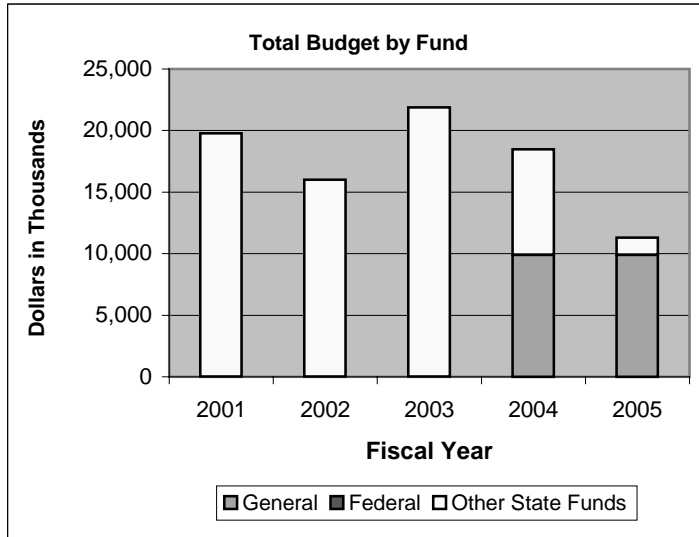
For further information, visit MHFA's web site at: www.mhfa.state.mn.us

HOUSING FINANCE AGENCY

Program: **APPROPRIATED PROGRAMS**

Activity: SUPPORTIVE HOUSING PROGS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|---------------|---------------|-----------------|---------------|-----------------|----------------|--------------------------|----------------|
| | Actual | Actual | Budgeted | Base | Biennium | | 2004-05 / 2002-03 | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 0 | 0 | 0 | 9,895 | 9,895 | 19,790 | 19,790 | n.m |
| Statutory Appropriations | | | | | | | | |
| Housing Finance Agency | 19,769 | 16,003 | 21,886 | 8,586 | 1,400 | 9,986 | -27,903 | -73.6% |
| Total | 19,769 | 16,003 | 21,886 | 18,481 | 11,295 | 29,776 | -8,113 | -21.4% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Expenditures by Category | | | | | | | | |
| Payments To Individuals | 12,136 | 13,525 | 15,977 | 13,587 | 7,487 | 21,074 | -8,428 | -28.6% |
| Other Financial Transactions | 7,633 | 2,478 | 5,909 | 4,894 | 3,808 | 8,702 | 315 | 3.8% |
| Total | 19,769 | 16,003 | 21,886 | 18,481 | 11,295 | 29,776 | -8,113 | -21.4% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|------------|------------|------------|------------|---------------|---------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Housing Finance Agency | 2,579 | 1,806 | 717 | 393 | 260 | 653 | -1,870 | -74.1% |
| Subtotal Dedicated | 2,579 | 1,806 | 717 | 393 | 260 | 653 | -1,870 | -74.1% |
| Total Revenue | 2,579 | 1,806 | 717 | 393 | 260 | 653 | -1,870 | -74.1% |

HOUSING FINANCE AGENCY

Program: APPROPRIATED PROGRAMS

Activity: HOMEOWNERSHIP LOAN PROGS

Narrative

Activity Description

The homeownership loan programs combine state appropriations with bond proceeds and Minnesota Housing Finance Agency (MHFA) resources to provide affordable loan programs. Homeownership loan programs also conduct marketing and outreach aimed at reaching underserved populations.

The two goals of MHFA's homeownership loan programs are as follows:

- ⇒ Increase homeownership among households not well served by private mortgage financing because of income, race, disability, or other factors. In many cases, the barrier to homeownership is not income but credit or racial discrimination. In the case of American Indians living on tribal land, private mortgage financing may not be available due to the security issues raised by the trust status of the land.
- ⇒ Provide home rehabilitation funding to homeowners not well served by private home improvement lending products.

Activity at a Glance

In FY 2001:

- ◆ 783 households received Homeownership Assistance Fund (HAF) assistance;
- ◆ 38% of first-time homebuyers with a MHFA mortgage received HAF assistance;
- ◆ Average assistance under the HAF program - \$4,010;
- ◆ 4,201 households received assistance to rehab or preserve their home; and
- ◆ Average assistance under the Rehabilitation Loan Program - \$11,015.

Population Served

The homeownership loan programs serve low and moderate-income first-time homebuyers and very low-income homeowners, including Native Americans living on tribal lands.

Services Provided

MHFA's appropriated homeownership loan programs are the following:

1. Rehabilitation Loan Program (M.S. 462A.05, Subd. 14a)

The Rehabilitation Loan Program provides deferred loans of up to \$15,000 to very low-income homeowners (\$18,000 or less) for the purpose of correcting health and safety hazards within their homes and improving their homes and improving their habitability, accessibility, and energy efficiency. Loans are deferred until the home is sold, the borrower no longer lives in the home, or 30 years, whichever occurs first. Repayments are recycled into new loans. Historically, repayments under this program have averaged about \$1,000,000 per year. Loans are distributed through local administrators who are familiar with the local area's needs.

2. Tribal Indian Housing Program (M.S. 462A.07, Subd. 14)

The Tribal Indian Housing Program provides mortgage loans, home improvement financing, and rental housing opportunities to American Indian families and persons throughout the state. Individual programs have been developed by each of the three Indian tribes that administer the program through their respective tribal housing authorities: Minnesota Chippewa Tribe Housing Corporation, the Upper Sioux Indian Housing Authority, and the Red Lake Housing Finance Corporation. All of the tribes must recycle any repayment and prepayments into new housing loans. The state appropriations are used exclusively for housing loans; administrative costs are paid for from the earnings on loans made.

3. Homeownership Assistance Fund (M.S. 462A.21, Subd. 8)

The Homeownership Assistance Fund (HAF) provides entry costs and monthly assistance to more modest income homebuyers who are purchasing their first home through one of MHFA's mortgage revenue bond programs. Assistance is in the form of a 0% interest second mortgage loan. Repayment of the loan is

HOUSING FINANCE AGENCY

Program: APPROPRIATED PROGRAMS

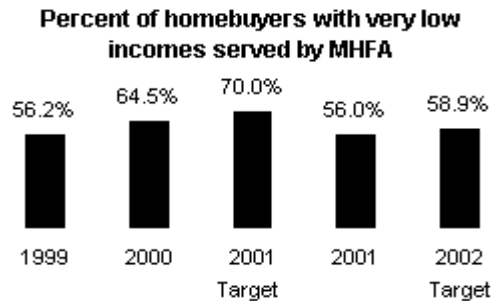
Activity: HOMEOWNERSHIP LOAN PROGS

Narrative

deferred until the home is sold, the mortgage is refinanced, or the borrower no longer occupies the home as his or her principal residence. Eligible homebuyers must have income that does not exceed 80% of the greater of state or area median income; income limits may be adjusted for family size. Repayments and prepayments of loans are invested in new loans. A network of participating lenders deliver this assistance.

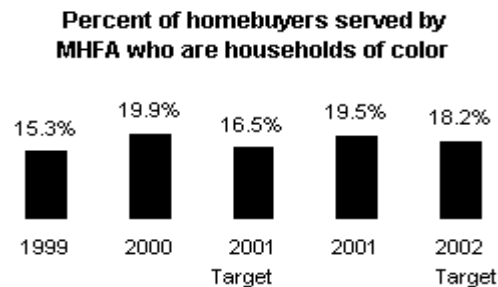
Key Measures

Homebuyers assisted that have very low incomes (\$28,950 annually):



This indicator measures MHFA's efforts to bring homeownership to very low-income households. Fifty percent of the statewide median income is the standard for "very low income" set by the federal Department of Housing and Urban Development (HUD). In 2001, 50% of the statewide median income was equal to an annual income of \$28,950 for a family of four.

Homeownership among households of color:



This indicator measures the extent to which MHFA serves homebuyers of color. MHFA targets its resources to groups historically underserved by the private market, including households of color. Homeownership rates among households of color are adversely affected by a variety of factors including significant increases in house prices.

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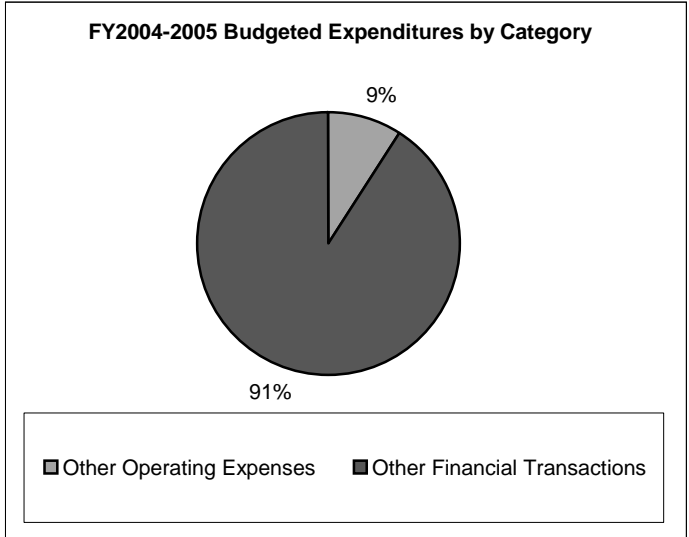
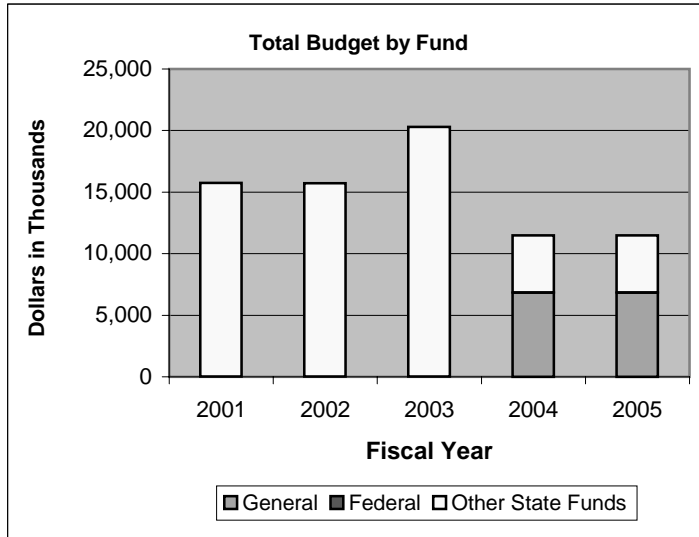
For further information, visit MHFA's web site at: www.mhfa.state.mn.us

HOUSING FINANCE AGENCY

Program: **APPROPRIATED PROGRAMS**

Activity: HOMEOWNERSHIP LOAN PROGS

Fiscal Report



| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|------------------|------------------|--------------------|----------------|----------------|---------------------|--------------------------------------|---------------|
| Expenditures by Fund | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 0 | 0 | 0 | 6,833 | 6,833 | 13,666 | 13,666 | n.m |
| Statutory Appropriations | | | | | | | | |
| Housing Finance Agency | 15,739 | 15,726 | 20,307 | 4,652 | 4,652 | 9,304 | -26,729 | -74.2% |
| Total | 15,739 | 15,726 | 20,307 | 11,485 | 11,485 | 22,970 | -13,063 | -36.3% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|
| Other Operating Expenses | 886 | 1,147 | 1,440 | 1,056 | 1,081 | 2,137 | -450 | -17.4% |
| Other Financial Transactions | 14,853 | 14,579 | 18,867 | 10,429 | 10,404 | 20,833 | -12,613 | -37.7% |
| Total | 15,739 | 15,726 | 20,307 | 11,485 | 11,485 | 22,970 | -13,063 | -36.3% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
| Dedicated | | | | | | | | |
| Housing Finance Agency | 6,230 | 9,847 | 5,096 | 4,444 | 4,436 | 8,880 | -6,063 | -40.6% |
| Subtotal Dedicated | 6,230 | 9,847 | 5,096 | 4,444 | 4,436 | 8,880 | -6,063 | -40.6% |
| Total Revenue | 6,230 | 9,847 | 5,096 | 4,444 | 4,436 | 8,880 | -6,063 | -40.6% |

HOUSING FINANCE AGENCY

Program: APPROPRIATED PROGRAMS

Activity: PRESERV OF FED ASSISTED HOUS

Narrative

Activity Description

In order to preserve every unit of federally assisted rental housing as is economically feasible, the Minnesota Housing Finance Agency (MHFA) provides incentive or rehabilitation loans, or both, for new or existing owners who will commit to staying in the federal assistance program for a longer term. This housing was financed originally with Housing and Urban Development (HUD), MHFA, or United States Department of Agriculture (USDA) Rural Development programs. No existing development program – federal, state, or local - can produce housing that is as affordable to residents as the existing stock of federally assisted housing. Preserving this housing costs substantially less per unit than new construction and, in many cases, leverages federal rent or mortgage subsidies well into the future.

Activity at a Glance

- ◆ There are approximately 53,000 units of privately owned, federally assisted rental housing in Minnesota;
- ◆ Of those, 6,689 units have received preservation funding to date;
- ◆ No federally assisted housing units in MHFA's portfolio have been lost; and
- ◆ Preservation funds increasingly are being used to address the physical deterioration of federally assisted housing.

This housing stock is threatened for three reasons:

- ⇒ half of Minnesota's Section 8 housing stock was financed with 20-year mortgages that either have or soon will expire;
- ⇒ federal policies and requirements and the increasingly frequent changes in these policies and requirements makes continued participation in any publicly funded rental housing program less attractive to owners. An increasing number of owners are choosing to opt-out of the programs for estate planning reasons; and
- ⇒ physical deterioration threatens a significant portion of federally assisted housing.

Population Served

Tenants of federally subsidized housing are generally the among the lowest income households served by MHFA.

Services Provided

The Affordable Rental Investment Fund (ARIF Preservation) (M.S. 462A.21, Subd. 8b) provides 0% deferred loans. The loans are most commonly in the form of preservation loans or loans to cover the costs of rehabilitation. Preservation loans are provided in situations where the development could, in MHFA's estimation, produce significantly greater revenues from market rents than it does under the federal program.

Key Measures

The following chart reflects the location, number of developments, and the number of units for which the owner has agreed to preserve the federally assisted housing program for the remaining term of the contract. MHFA's subsidy source of funds include ARIF and Housing Trust Fund (HTF):

HOUSING FINANCE AGENCY

Program: APPROPRIATED PROGRAMS

Activity: PRESERV OF FED ASSISTED HOUS

Narrative

PRESERVATION SUMMARY

| | # of Developments | Total Units | Total Assisted Units | MHFA Subsidy per Unit | Remaining Term of Federal Assistance | Benefit (Return) on Preservation Effort |
|--------------------------|-------------------|--------------|----------------------|-----------------------|--------------------------------------|---|
| Metro | 31 | 3,430 | 3,016 | \$8,579 | 11 | 4.4 |
| Conversion | 10 | 1,840 | 1,431 | \$7,027 | 13 | 5.2 |
| Physical Deterioration | 10 | 801 | 801 | \$9,216 | 14 | 2.5 |
| Combination | 11 | 789 | 784 | \$11,553 | 8 | 4.8 |
| Greater Minnesota | 30 | 1,638 | 1,528 | \$9,798 | 15 | 3.6 |
| Conversion | 3 | 206 | 206 | \$9,316 | 15 | 3.1 |
| Physical Deterioration | 17 | 605 | 601 | \$10,084 | 17 | 4.1 |
| Combination | 10 | 827 | 721 | \$9,708 | 13 | 3.3 |
| Total | 61 | 5,068 | 4,544 | \$8,973 | 13 | 4.1 |

The following chart reflects additional developments where only rehabilitation was performed:

REHABILITATION OF FEDERALLY ASSISTED HOUSING

| | Developments | Total Units | Assisted Units | MHFA Subsidy per Unit |
|--------------------------|--------------|--------------|----------------|-----------------------|
| Metro | 15 | 808 | 808 | \$1,009 |
| Greater Minnesota | 43 | 1,337 | 1,337 | \$3,693 |
| Total | 58 | 2,145 | 2,145 | \$2,682 |

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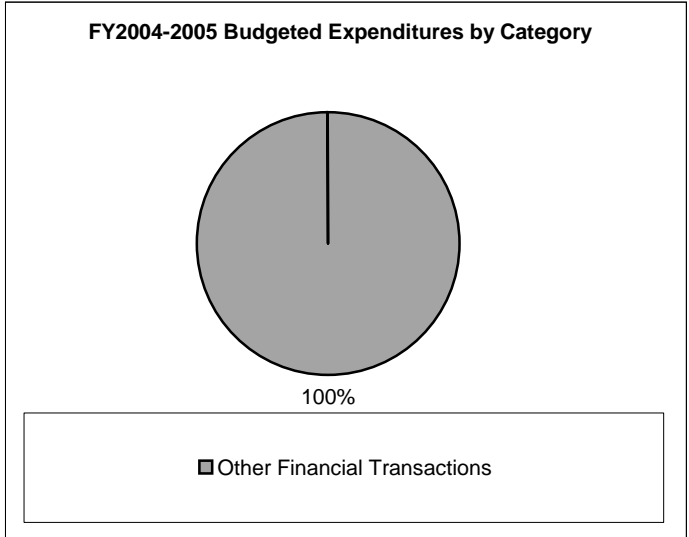
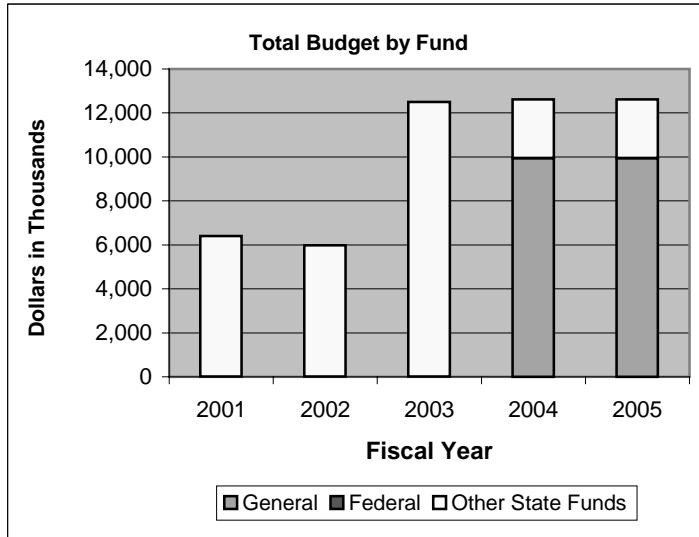
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HOUSING FINANCE AGENCY

Program: **APPROPRIATED PROGRAMS**

Activity: PRESERV OF FED ASSISTED HOUS

Fiscal Report



| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|------------------|------------------|--------------------|----------------|----------------|---------------------|--------------------------------------|--------------|
| Expenditures by Fund | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 0 | 0 | 0 | 9,946 | 9,946 | 19,892 | 19,892 | n.m |
| Statutory Appropriations | | | | | | | | |
| Housing Finance Agency | 6,409 | 5,983 | 12,500 | 2,667 | 2,667 | 5,334 | -13,149 | -71.1% |
| Total | 6,409 | 5,983 | 12,500 | 12,613 | 12,613 | 25,226 | 6,743 | 36.5% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|--------------|--------------|---------------|---------------|---------------|---------------|--------------|--------------|
| Other Financial Transactions | 6,409 | 5,983 | 12,500 | 12,613 | 12,613 | 25,226 | 6,743 | 36.5% |
| Total | 6,409 | 5,983 | 12,500 | 12,613 | 12,613 | 25,226 | 6,743 | 36.5% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|--------------|--------------|------------|------------|------------|--------------|---------------|---------------|
| Dedicated | | | | | | | | |
| Housing Finance Agency | 2,135 | 1,904 | 817 | 752 | 683 | 1,435 | -1,286 | -47.3% |
| Subtotal Dedicated | 2,135 | 1,904 | 817 | 752 | 683 | 1,435 | -1,286 | -47.3% |
| Total Revenue | 2,135 | 1,904 | 817 | 752 | 683 | 1,435 | -1,286 | -47.3% |

HOUSING FINANCE AGENCY

Program: APPROPRIATED PROGRAMS

Activity: RESIDENT & ORGANIZATIONAL SUPP

Narrative

Activity Description

The resident and organizational support programs provide support for some of the organizational infrastructure necessary to effectively deliver affordable housing throughout the state. These programs fund homebuyer education and foreclosure prevention, regional planning and coordinating activities, and non-profit operating costs. Citizen input sessions around the state and over the years consistently identify the lack of capacity as a barrier to producing more affordable housing.

Population Served

- ⇒ Homeowners faced with foreclosure and low and moderate-income first-time homebuyers are served by the resident support activities.
- ⇒ Nonprofit development organizations are assisted with the building of their capacity to develop affordable housing.
- ⇒ Regional networks that work on issues of regional planning and coordination.

Activity at a Glance

In FY 2001:

- ◆ 160 households received foreclosure prevention assistance;
- ◆ 5,624 households received homebuyer training services;
- ◆ 24 administrators, covering 61 counties in greater Minnesota and two counties in the metro area (Scott and Carver), receive HOME administrative costs funds;
- ◆ Funded the first steps towards coordination of homeless services throughout the metropolitan area; and
- ◆ Continued funding of regional Economic Development and Housing Initiative (EVHI) group to promote coordination of planning on a regional basis.

Services Provided

There are two appropriated programs that provide support for some of the organizational infrastructure necessary to effectively deliver affordable housing throughout the state:

- ⇒ Homeownership Education, Counseling, and Training (HECAT) program (M.S. 462A.209).

The Minnesota Housing Finance Agency (MHFA), in collaboration with many other organizations, has brought together groups throughout the state and designed a comprehensive statewide delivery network for homebuyer training and education overseen by the Homeownership Center in St. Paul. Experienced non-profit organizations receive grants to provide comprehensive homebuyer training and support on either a pre- or post-purchase basis for low and moderate-income first-time homebuyers. Funds may be used for either administrative support or program support.

Nonprofit and community based organizations provide interest-free loans for homeowners who are faced with foreclosure due to a temporary financial hardship; non-financial assistance in the form of financial counseling services, screening and assessment, referrals, case management and advocacy is also provided. These services are now available in every county.

- ⇒ Nonprofit Capacity Building Grant program (M.S. 462A.21, Subd. 3b). Two primary activities are funded through this program.

- ◆ Regional planning and coordination.

MHFA funds two types of regional planning and coordination using the six Minnesota Initiative Fund regions and the metropolitan area. MHFA provides minimal funding for each region to convene Economic Vitality and Housing Initiative advisory groups for the purpose of maintaining good communication between MHFA and the region; enabling an effective network within the region between economic development and housing efforts; and developing a Regional Investment guideline that MHFA uses in making funding decisions.

HOUSING FINANCE AGENCY

Program: APPROPRIATED PROGRAMS

Activity: RESIDENT & ORGANIZATIONAL SUPP

Narrative

MHFA also partially funds the development of regional Continuum of Care Plans that identify existing homeless prevention and assistance programs and services; funding and service gaps; and priorities for state and federal funding. All state agency members of the Interagency Task Force on Homelessness use these Plans when making funding decisions.

- ◆ Operating support for non-profit developers.

Using both state appropriations and federal funds, MHFA now funds an operating support program in cooperation with the Minnesota Housing Partnership and the Local Initiatives Support Corporation to provide multi-year ongoing operating funds to build non-profit capacity.

In addition, \$20,000 is used for training.

Historical Perspective

In 2000, the Minnesota Legislature combined the Full-Cycle Homeownership Services program and the Foreclosure Prevention and Assistance program to form a new program called the HECAT program. Since many administrators participated in both programs, the merger achieved administrative simplicity.

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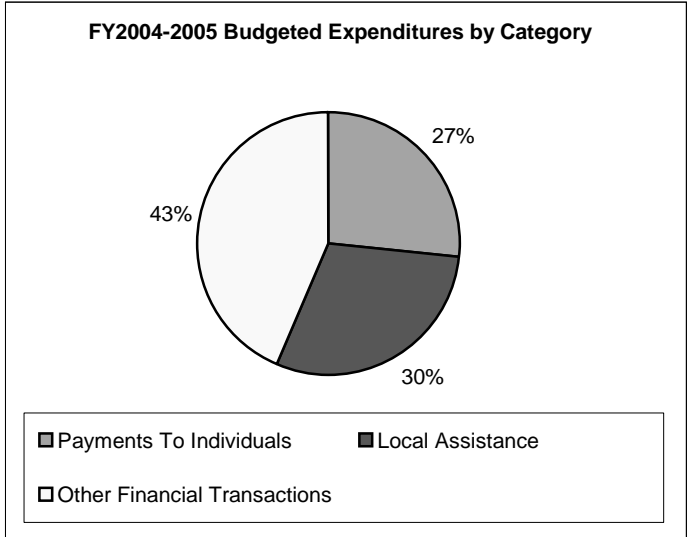
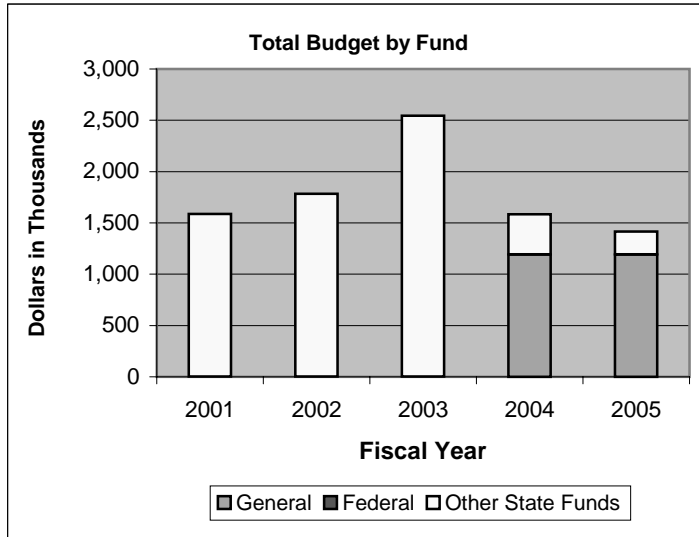
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HOUSING FINANCE AGENCY

Program: **APPROPRIATED PROGRAMS**

Activity: RESIDENT & ORGANIZATIONAL SUPP

Fiscal Report



| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|------------------|------------------|--------------------|----------------|--------------------|---------------------|--------------------------------------|---------------|
| Expenditures by Fund | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 0 | 0 | 0 | 1,191 | 1,191 | 2,382 | 2,382 | n.m |
| Statutory Appropriations | | | | | | | | |
| Housing Finance Agency | 1,587 | 1,784 | 2,546 | 393 | 225 | 618 | -3,712 | -85.7% |
| Total | 1,587 | 1,784 | 2,546 | 1,584 | 1,416 | 3,000 | -1,330 | -30.7% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
| Payments To Individuals | 479 | 690 | 1,300 | 400 | 400 | 800 | -1,190 | -59.8% |
| Local Assistance | 567 | 509 | 500 | 531 | 363 | 894 | -115 | -11.4% |
| Other Financial Transactions | 541 | 585 | 746 | 653 | 653 | 1,306 | -25 | -1.9% |
| Total | 1,587 | 1,784 | 2,546 | 1,584 | 1,416 | 3,000 | -1,330 | -30.7% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|-------------|---------------|
| Dedicated | | | | | | | | |
| Housing Finance Agency | 372 | 677 | 134 | 109 | 105 | 214 | -597 | -73.6% |
| Subtotal Dedicated | 372 | 677 | 134 | 109 | 105 | 214 | -597 | -73.6% |
| Total Revenue | 372 | 677 | 134 | 109 | 105 | 214 | -597 | -73.6% |

HOUSING FINANCE AGENCY

Program: NON-APPROPRIATED PROGRAMS

Narrative

Program Description

The Minnesota Housing Finance Agency (MHFA) funds affordable housing activities in five broad areas using "non-appropriated" funds in all five activity areas. "Non-appropriated" programs in the state budgeting system are funded with federal funds. MHFA also uses tax-exempt and taxable bond proceeds and agency resources to fund housing activities.

Budget Activities Included:

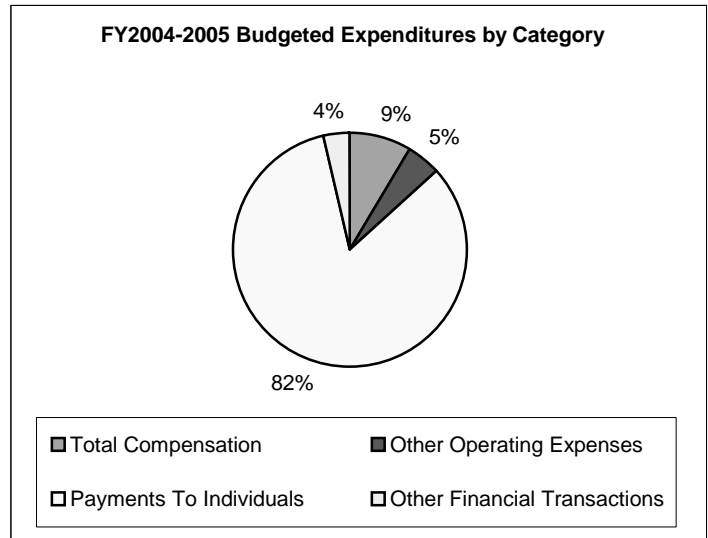
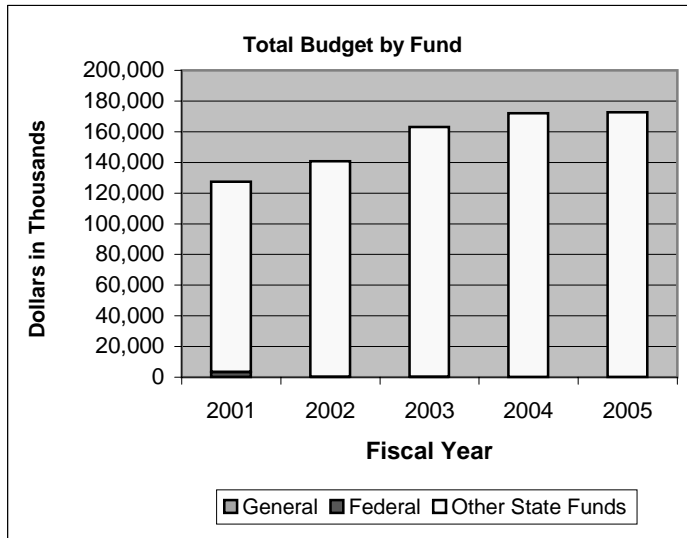
- ⇒ **Development and Redevelopment Programs.** These programs fund the new construction and rehabilitation of rental housing and homes for ownership for families with a range of incomes.
- ⇒ **Supportive Housing Programs.** These programs fund housing development and rent assistance for very low-income families and individuals who often face other barriers to stability, economic self-sufficiency, and independent living.
- ⇒ **Homeownership Loan Programs.** These programs fund home purchase and home improvement loans for families and individuals with a range of incomes not well served by the private sector alone.
- ⇒ **Preservation of Federally Assisted Housing Programs.** These programs seek to preserve the stock of federally assisted rental housing that is in danger of being lost due to opt-outs for market reasons, physical deterioration, or both.
- ⇒ **Resident and Organizational Support.** These programs provide operating funds for organizations that develop affordable housing, offer homebuyer training, education, and foreclosure prevention assistance, or coordinate regional planning efforts.

| | FY 2004 | FY 2005 | Biennial |
|--|----------------|----------------|------------------|
| Development and Redevelopment Programs | | | |
| HOME Rental Rehabilitation Program | \$6,400,000 | \$6,400,000 | \$12,800,000 |
| Minnesota Urban Rural Homesteading Program (HOME-MURL) | 3,300,000 | 3,300,000 | 6,600,000 |
| Supportive Housing Programs | | | |
| Housing Opportunities for Persons with AIDS (HOPWA) | 1,250,000 | 1,250,000 | 2,500,000 |
| Homeownership Loan Programs | | | |
| HOME Downpayment Assistance | 220,000 | 220,000 | 440,000 |
| Preservation of Federally Assisted Housing Programs | | | |
| Section 8 Housing Assistance Payments | 64,000,000 | 64,000,000 | 128,000,000 |
| HUD Contract Administration | 73,000,000 | 73,000,000 | 146,000,000 |
| Section 236 Interest Rate Reduction | 1,053,000 | 1,053,000 | 2,106,000 |
| Resident and Organizational Support | | | |
| Community Housing Development Corporation (CHDO) | 561,000 | 561,000 | 1,122,000 |
| Operating Grants | | | |
| HOME Administration Costs | <u>700,000</u> | <u>700,000</u> | <u>1,400,000</u> |
| Totals | \$150,484,000 | \$150,484,000 | \$300,968,000 |

HOUSING FINANCE AGENCY

Program: NON-APPROPRIATED PROGRAMS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| Federal Tanf | 3,243 | 125 | 125 | 0 | 0 | 0 | -250 | -100.0% |
| Statutory Appropriations | | | | | | | | |
| Housing Finance Agency | 124,249 | 140,710 | 162,902 | 172,013 | 172,775 | 344,788 | 41,176 | 13.6% |
| Total | 127,492 | 140,835 | 163,027 | 172,013 | 172,775 | 344,788 | 40,926 | 13.5% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|--------------|
| Total Compensation | 10,812 | 11,893 | 13,491 | 14,402 | 15,228 | 29,630 | 4,246 | 16.7% |
| Other Operating Expenses | 5,803 | 6,300 | 7,655 | 8,045 | 7,981 | 16,026 | 2,071 | 14.8% |
| Payments To Individuals | 104,681 | 118,096 | 135,461 | 143,146 | 143,146 | 286,292 | 32,735 | 12.9% |
| Other Financial Transactions | 6,196 | 4,546 | 6,420 | 6,420 | 6,420 | 12,840 | 1,874 | 17.1% |
| Total | 127,492 | 140,835 | 163,027 | 172,013 | 172,775 | 344,788 | 40,926 | 13.5% |

| Expenditures by Activity | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|--------------|
| Developm & Redevelopm Progs | 7,749 | 6,521 | 9,701 | 9,700 | 9,700 | 19,400 | 3,178 | 19.6% |
| Supportive Housing Progs | 3,724 | 1,775 | 1,379 | 1,250 | 1,250 | 2,500 | -654 | -20.7% |
| Homeownership Loan Progs | 1,809 | 89 | 220 | 220 | 220 | 440 | 131 | 42.4% |
| Preserv Of Fed Assisted Hous | 97,760 | 114,389 | 130,229 | 138,053 | 138,053 | 276,106 | 31,488 | 12.9% |
| Resident & Organizational Supp | 471 | 306 | 1,261 | 1,261 | 1,261 | 2,522 | 955 | 60.9% |
| Program Administration | 15,979 | 17,755 | 20,237 | 21,529 | 22,291 | 43,820 | 5,828 | 15.3% |
| Total | 127,492 | 140,835 | 163,027 | 172,013 | 172,775 | 344,788 | 40,926 | 13.5% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|--------------|
| Dedicated | | | | | | | | |
| Housing Finance Agency | 113,389 | 124,208 | 158,703 | 167,819 | 168,581 | 336,400 | 53,489 | 18.9% |
| Subtotal Dedicated | 113,389 | 124,208 | 158,703 | 167,819 | 168,581 | 336,400 | 53,489 | 18.9% |
| Total Revenue | 113,389 | 124,208 | 158,703 | 167,819 | 168,581 | 336,400 | 53,489 | 18.9% |

| | | | | | | | | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|-------------|--|--|
| Full-Time Equivalents (FTE) | 181.1 | 183.8 | 197.0 | 197.0 | 197.0 | 0.0% | | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|-------------|--|--|

HOUSING FINANCE AGENCY

Program: NON-APPROPRIATED PROGRAMS

Activity: DEVELOPM & REDEVELOPM PROGS

Narrative

Activity Description

The goal of the Minnesota Housing Finance Agency's (MHFA) re/development programs is to fund the new construction and rehabilitation of housing, both rental and homes for ownership, needed to sustain economic growth and vitality. In some communities, new housing is needed due to significant net employment growth. In other communities, rehabilitating the existing stock is an important strategy for retaining existing employers and related economic activity.

The agency's re/development programs are the primary vehicles for achieving the objective of increased production by greater leveraging of capital investment in housing. Re/development program funds have been used to finance both rental and homeownership units in new, mixed income developments, new rental housing, and affordable units in new single-family subdivisions

Population Served

Homeowners, homebuyers, and tenants of rental housing are served by this budget activity. Additionally, communities receive assistance in their stabilization and revitalization efforts through this budget activity.

Services Provided

The following are the MHFA's non-appropriated re/development programs:

⇒ HOME Rental Rehabilitation Program

The HOME Rental Rehabilitation Program is a federally funded program that provides deferred loans to rehabilitate privately owned rental property to support affordable, decent, safe, and energy efficient housing for lower income households. Assistance ranges from \$3,000 to \$14,000 per unit. Owners are required to match program assistance on a one to three basis. A network of local administrators assists in administering this program.

⇒ Minnesota Urban Rural Homesteading Program (HOME-MURL)

The Urban and Rural HOMEsteading Program is modeled closely after the state MURL program. It uses federal HOME block grant funds to provide grants to nonprofit housing providers or cities to acquire single-family residences that are vacant, condemned, or abandoned, rehabilitate those properties and then sell them on a contract for deed to first-time low and moderate-income homebuyers who are defined as "at risk". This program also strengthens communities by assisting in providing homeownership opportunities. Local units of government and nonprofits deliver this assistance.

Historical Perspective

The HOME funding had previously been used for the rehabilitation of owner-occupied homes as well as the Rental Rehabilitation program and the MURL program. HOME funds were reallocated in 2001 to the MURL program to simplify that program and better meet the new administrative requirements imposed by HUD on the HOME program.

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Activity at a Glance

In FY 2001:

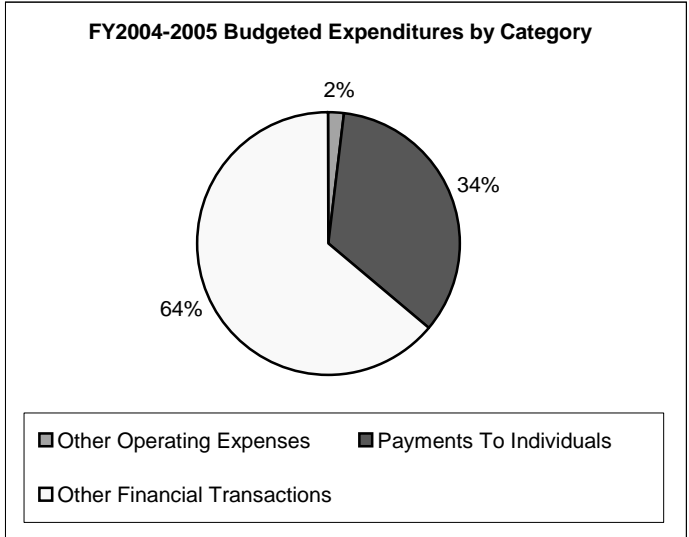
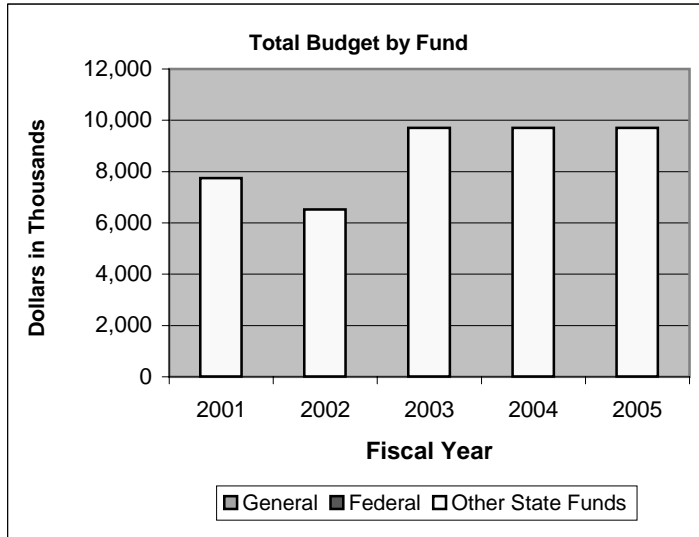
- ◆ 359 rental units in greater Minnesota were rehabbed under the HOME program;
- ◆ The median income of the tenants was \$12,876; and
- ◆ 19 extremely low-income households became homeowners under MURL.

HOUSING FINANCE AGENCY

Program: **NON-APPROPRIATED PROGRAMS**

Activity: DEVELOPM & REDEVELOPM PROGS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Statutory Appropriations | | | | | | | | |
| Housing Finance Agency | 7,749 | 6,521 | 9,701 | 9,700 | 9,700 | 19,400 | 3,178 | 19.6% |
| Total | 7,749 | 6,521 | 9,701 | 9,700 | 9,700 | 19,400 | 3,178 | 19.6% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|
| Expenditures by Category | | | | | | | | |
| Other Operating Expenses | 116 | 93 | 200 | 200 | 200 | 400 | 107 | 36.5% |
| Payments To Individuals | 3,082 | 1,963 | 3,301 | 3,300 | 3,300 | 6,600 | 1,336 | 25.4% |
| Other Financial Transactions | 4,551 | 4,465 | 6,200 | 6,200 | 6,200 | 12,400 | 1,735 | 16.3% |
| Total | 7,749 | 6,521 | 9,701 | 9,700 | 9,700 | 19,400 | 3,178 | 19.6% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Housing Finance Agency | 7,767 | 6,500 | 9,700 | 9,700 | 9,700 | 19,400 | 3,200 | 19.8% |
| Subtotal Dedicated | 7,767 | 6,500 | 9,700 | 9,700 | 9,700 | 19,400 | 3,200 | 19.8% |
| Total Revenue | 7,767 | 6,500 | 9,700 | 9,700 | 9,700 | 19,400 | 3,200 | 19.8% |

HOUSING FINANCE AGENCY

Program: NON-APPROPRIATED PROGRAMS

Activity: SUPPORTIVE HOUSING PROGS

Narrative

Activity Description

Supportive housing is permanent housing with support services. The goal of supportive housing is to stabilize housing for the poorest households or households with special needs so they can successfully address barriers to employment, complete school or training, and/or achieve independent living. Housing providers understand that providing affordable housing alone does not ensure success for these populations. Service providers increasingly understand that delivering services alone to a family or individual with no stable, affordable housing does not work either. Supportive housing requires three types of funding: 1) capital for bricks and mortar; 2) operating costs or rent subsidies; and 3) services and/or health care. Several recent studies have indicated that permanent supportive housing may improve outcomes for residents and reduce public expenditures.

Activity at a Glance

- ◆ At any given time, HOPWA funds provide rental assistance or a combination of rental assistance and services to repair tenant credit history to 100 persons with HIV/AIDS in the Twin Cities metro area;
- ◆ To date, more than 50 units of rental housing have been developed or rehabilitated or are in the process of re/development to house persons with HIV/AIDS; and
- ◆ In areas of greater Minnesota, HOPWA funds are used to assist with housing searches, including referral services.

Population Served

Supportive housing programs serve individuals and families with multiple barriers to obtaining and maintaining housing, including persons who are homeless or at risk of becoming homeless, and persons with mental illness, substance abuse disorders, or persons with HIV/AIDS.

Services Provided

MHFA's non-appropriated program in the area of supportive housing is:

Housing Opportunities for Persons with AIDS (HOPWA)

The HOPWA program is a federally funded program that is jointly administered by the Minnesota Department of Health and the Minnesota Housing Finance Agency. It provides resources to devise long-term and comprehensive strategies for meeting the housing needs of persons with AIDS or other related diseases. It can fund capital costs, emergency services, operating costs, or rental subsidies.

Key Measures

See Key Measures for this same budget activity under Appropriated Programs.

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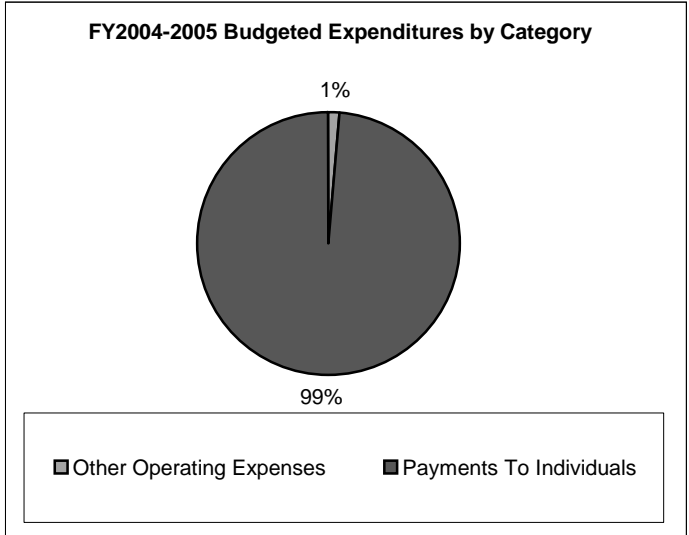
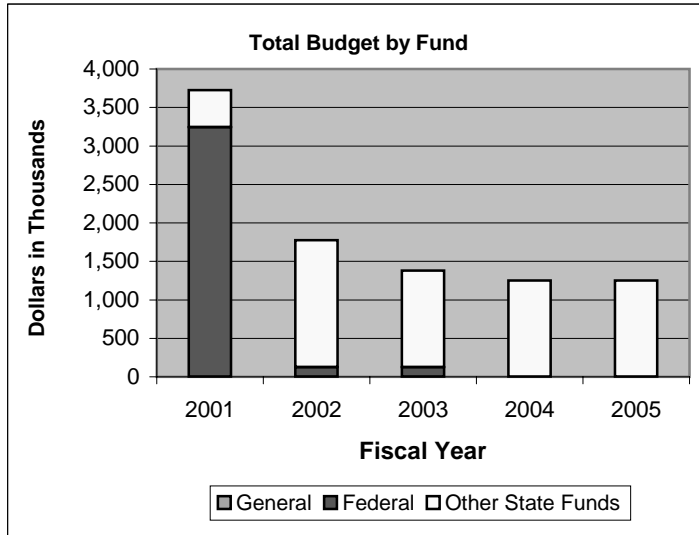
For further information, visit MHFA's web site at: www.mhfa.state.mn.us

HOUSING FINANCE AGENCY

Program: **NON-APPROPRIATED PROGRAMS**

Activity: SUPPORTIVE HOUSING PROGS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| Federal Tanf | 3,243 | 125 | 125 | 0 | 0 | 0 | -250 | -100.0% |
| Statutory Appropriations | | | | | | | | |
| Housing Finance Agency | 481 | 1,650 | 1,254 | 1,250 | 1,250 | 2,500 | -404 | -13.9% |
| Total | 3,724 | 1,775 | 1,379 | 1,250 | 1,250 | 2,500 | -654 | -20.7% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|---------------|
| Expenditures by Category | | | | | | | | |
| Other Operating Expenses | 27 | 22 | 9 | 18 | 18 | 36 | 5 | 16.1% |
| Payments To Individuals | 3,697 | 1,753 | 1,370 | 1,232 | 1,232 | 2,464 | -659 | -21.1% |
| Total | 3,724 | 1,775 | 1,379 | 1,250 | 1,250 | 2,500 | -654 | -20.7% |

| | | | | | | | | |
|---------------------------------|------------|--------------|--------------|--------------|--------------|--------------|-------------|---------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Housing Finance Agency | 481 | 1,651 | 1,250 | 1,250 | 1,250 | 2,500 | -401 | -13.8% |
| Subtotal Dedicated | 481 | 1,651 | 1,250 | 1,250 | 1,250 | 2,500 | -401 | -13.8% |
| Total Revenue | 481 | 1,651 | 1,250 | 1,250 | 1,250 | 2,500 | -401 | -13.8% |

HOUSING FINANCE AGENCY

Program: NON-APPROPRIATED PROGRAMS

Activity: HOMEOWNERSHIP LOAN PROGS

Narrative

Activity Description

The non-appropriated homeownership loan program uses federal funds to provide affordable loan programs.

The goal of the Minnesota Housing Finance Agency's (MHFA) homeownership loan programs is to:

⇒ Increase homeownership among households not well served by private mortgage financing because of income, race, disability, or other factors. In many cases, the barrier to homeownership is not income but credit or racial discrimination. In the case of American Indians living on tribal land, private mortgage financing may not be available due to the security issues raised by the trust status of the land.

Activity at a Glance

In FY 2001:

- ◆ The HOME downpayment assistance program was not funded in 2001.

Population Served

The homeownership loan programs serve first-time homebuyers.

Services Provided

The non-appropriated homeownership loan program is:

The HOME Downpayment Assistance Program.

This program uses federal block grant funds to provide downpayment assistance towards the purchase of single-family housing by low-income families who are first-time homebuyers. The 2002 appropriation for this program was rescinded; however, the President's budget includes an appropriation for this program for the upcoming year.

Key Measures

See Key Measures for this same budget activity under Appropriated Programs.

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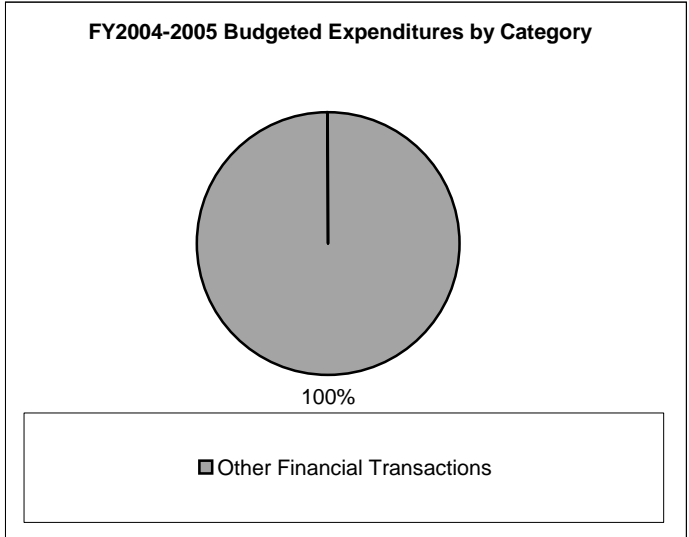
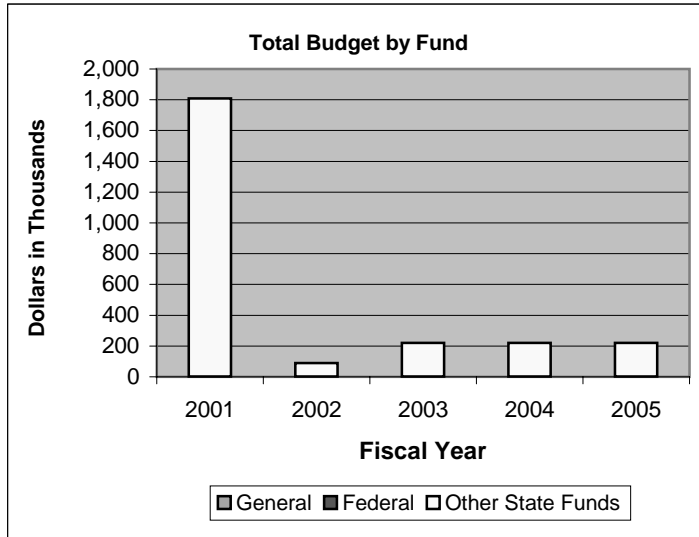
For further information, visit MHFA's web site at: www.mhfa.state.mn.us

HOUSING FINANCE AGENCY

Program: **NON-APPROPRIATED PROGRAMS**

Activity: HOMEOWNERSHIP LOAN PROGS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|---------------|---------------|-----------------|---------------|-----------------|----------------|--------------------------|----------------|
| Expenditures by Fund | Actual | Actual | Budgeted | Base | Biennium | | 2004-05 / 2002-03 | |
| | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Statutory Appropriations | | | | | | | | |
| Housing Finance Agency | 1,809 | 89 | 220 | 220 | 220 | 440 | 131 | 42.4% |
| Total | 1,809 | 89 | 220 | 220 | 220 | 440 | 131 | 42.4% |

| | | | | | | | | |
|---------------------------------|--------------|-----------|------------|------------|------------|------------|------------|--------------|
| Expenditures by Category | | | | | | | | |
| Other Operating Expenses | 164 | 8 | 0 | 0 | 0 | 0 | -8 | -100.0% |
| Other Financial Transactions | 1,645 | 81 | 220 | 220 | 220 | 440 | 139 | 46.2% |
| Total | 1,809 | 89 | 220 | 220 | 220 | 440 | 131 | 42.4% |

| | | | | | | | | |
|---------------------------------|--------------|-----------|------------|------------|------------|------------|------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Housing Finance Agency | 1,809 | 89 | 220 | 220 | 220 | 440 | 131 | 42.4% |
| Subtotal Dedicated | 1,809 | 89 | 220 | 220 | 220 | 440 | 131 | 42.4% |
| Total Revenue | 1,809 | 89 | 220 | 220 | 220 | 440 | 131 | 42.4% |

HOUSING FINANCE AGENCY

Program: NON-APPROPRIATED PROGRAMS

Activity: PRESERV OF FED ASSISTED HOUS

Narrative

Activity Description

In order to preserve every unit of federally assisted rental housing as is economically feasible, the Minnesota Housing Finance Agency (MHFA) provides incentive or rehabilitation loans, or both, for new or existing owners who will commit to staying in the federal assistance program for a longer term. This housing was financed originally with Housing and Urban Development (HUD), MHFA, or United States Department of Agriculture (USDA) Rural Development programs. No existing development program - federal, state, or local - can produce housing that is as affordable to residents as the existing stock of federally assisted housing. Preserving this housing costs substantially less per unit than new construction and, in many cases, leverages federal rent or mortgage subsidies well into the future.

Activity at a Glance

For FY 2001:

- ◆ \$65,030,334 in Section 8 Housing Assistance payments was disbursed for 12,497 units of rental housing;
- ◆ \$34,671,078 in Section 8 Housing Assistance payments was disbursed for 17,935 units of housing for which MHFA is the contract administrator;
- ◆ The median income of the households living in the Section 8 units was under \$10,200; and
- ◆ Every Minnesota county has at least one federally assisted rental project.

This housing stock is threatened for three reasons:

- ⇒ Half of Minnesota's Section 8 housing stock was financed with 20-year mortgages that either have expired or will soon expire.
- ⇒ Federal policies and requirements and the increasingly frequent changes in these policies and requirements make continued participation in any publicly funded rental housing program less attractive to owners. An increasing number of owners are choosing to opt-out of the programs for estate planning reasons.
- ⇒ Physical deterioration threatens a significant portion of federally assisted housing.

Effective administration of housing assistance payment contracts on approximately 32,000 units of Section 8 housing is the other strategy employed by MHFA to preserve federally assisted housing.

Population Served

Tenants of federally subsidized housing are generally among the lowest income households served by MHFA.

Services Provided

MHFA's non-appropriated programs in the area of preservation of federally-assisted housing are as follows:

- ⇒ Section 8 Housing Assistance Payments

MHFA administers the federal Section 8 Housing Assistance Payments for developments that have contracted with MHFA. The assistance is in the form of rental subsidies to low and moderate-income tenants. The tenant pays no more than 30% of his or her income for rent and HUD pays the difference between the tenant's contribution and a rent amount set by contract between HUD and the owner. Tenants must have incomes less than 80% of area median income. For developments with Housing Assistance Payments contracts executed after 10-01-81, 100% of the units must be occupied by households with incomes below 50% of area median income; developments with contracts executed before that date must rent at least 30% of the units to households with incomes below 50% of area median income. The Housing Assistance Payments are committed for the remainder of the mortgage term (30 or 40 years).

- ⇒ HUD Contract Administration

MHFA is the contract administrator for HUD developments with project-based Section 8. The assistance is in the form of rental subsidies to extremely low to moderate-income tenants. The tenant pays no more than 30% of his or her income for rent, until their income exceeds the income limits and HUD pays the difference between the tenant's contribution and a rent amount set by contract between HUD and the owner. Tenants

HOUSING FINANCE AGENCY

Program: NON-APPROPRIATED PROGRAMS

Activity: PRESERV OF FED ASSISTED HOUS

Narrative

must have incomes less than 80% of area median income. Owners must rent 40% of their units to extremely low income tenants (incomes at or below 30% of area median income). Sixty percent of the turnover units may be rented to households with incomes below 50% of area median income. For developments with Housing Assistance Payments contracts executed after 10-01-81, no more than 15% of the turn-over units may be rented to households with incomes between 50% and 80% of the area median income; developments with contracts executed before that date may not rent more than 15% of the turnover units to tenants with incomes at that level. The Housing Assistance Payments are committed for between one and five years.

⇒ Section 236 Interest Rate Reduction Program

The agency administers Section 236 interest rate reduction payments for 13 rental housing developments throughout Minnesota. The assistance is in the form of a shallow subsidy provided by HUD to lenders to cover the difference between a 1% interest rate and the market rate on a mortgage loan. Tenants must pay a basic rent, which is calculated on the basis of the reduced interest mortgage, or 30% of the tenant's income, not to exceed a market rent, whichever is greater. Tenants of the units covered by the interest-rate subsidy must have incomes at or below 80% of area median income. In general, the low-income use restrictions apply for at least 20 years.

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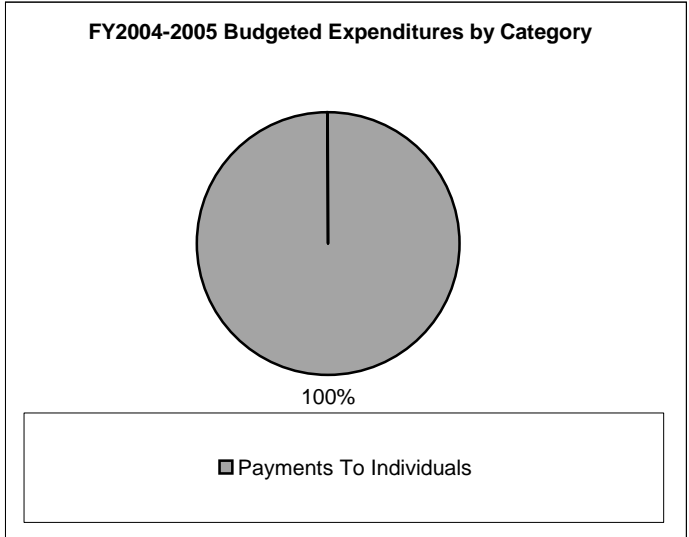
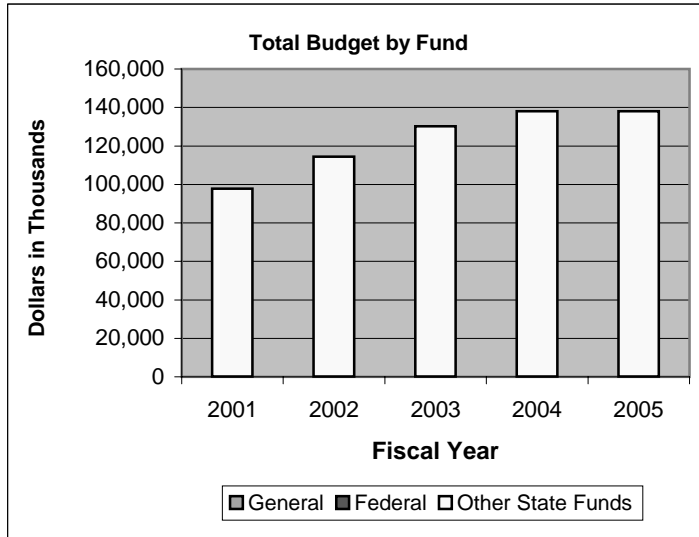
For further information, visit MHFA's web site at: www.mhfa.state.mn.us

HOUSING FINANCE AGENCY

Program: **NON-APPROPRIATED PROGRAMS**

Activity: PRESERV OF FED ASSISTED HOUS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Statutory Appropriations | | | | | | | | |
| Housing Finance Agency | 97,760 | 114,389 | 130,229 | 138,053 | 138,053 | 276,106 | 31,488 | 12.9% |
| Total | 97,760 | 114,389 | 130,229 | 138,053 | 138,053 | 276,106 | 31,488 | 12.9% |

| | | | | | | | | |
|---------------------------------|---------------|----------------|----------------|----------------|----------------|----------------|---------------|--------------|
| Expenditures by Category | | | | | | | | |
| Other Operating Expenses | 14 | 12 | 0 | 0 | 0 | 0 | -12 | -100.0% |
| Payments To Individuals | 97,746 | 114,377 | 130,229 | 138,053 | 138,053 | 276,106 | 31,500 | 12.9% |
| Total | 97,760 | 114,389 | 130,229 | 138,053 | 138,053 | 276,106 | 31,488 | 12.9% |

| | | | | | | | | |
|---------------------------------|---------------|----------------|----------------|----------------|----------------|----------------|---------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Housing Finance Agency | 96,280 | 109,231 | 130,229 | 138,053 | 138,053 | 276,106 | 36,646 | 15.3% |
| Subtotal Dedicated | 96,280 | 109,231 | 130,229 | 138,053 | 138,053 | 276,106 | 36,646 | 15.3% |
| Total Revenue | 96,280 | 109,231 | 130,229 | 138,053 | 138,053 | 276,106 | 36,646 | 15.3% |

HOUSING FINANCE AGENCY

Program: NON-APPROPRIATED PROGRAMS

Activity: RESIDENT & ORGANIZATIONAL SUPP

Narrative

Activity Description

The resident and organizational support programs provide support for some of the organizational infrastructure necessary to effectively deliver affordable housing throughout the state. These programs fund homebuyer education and foreclosure prevention, regional planning and coordinating activities, and nonprofit operating costs. Citizen input sessions around the state and over the years consistently identify the lack of capacity as a barrier to producing more affordable housing.

Population Served

- ⇒ Nonprofit development organizations are assisted with the building of their capacity to develop affordable housing; and
- ⇒ Local administrators of the Urban and Rural HOMEsteadying Program (HOME).

Services Provided

The Minnesota Housing Finance Agency's (MHFA) non-appropriated programs resident and organizational support programs are as follows:

- ⇒ Community Housing Development Corporation (CHDO) Operating Grants

The CHDO Operating Grants program used up to 5% of the annual HOME Investment Partnerships Program appropriation to support nonprofit organizations meeting federal standards on structure and purpose that own, sponsor, or develop affordable housing for low-income families.

- ⇒ HOME Administrative Costs

HOME Administrative Costs up to 10% of the annual HOME Investment Partnerships Program appropriation may be used for the costs of administering the HOME program.

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Activity at a Glance

In FY 2001:

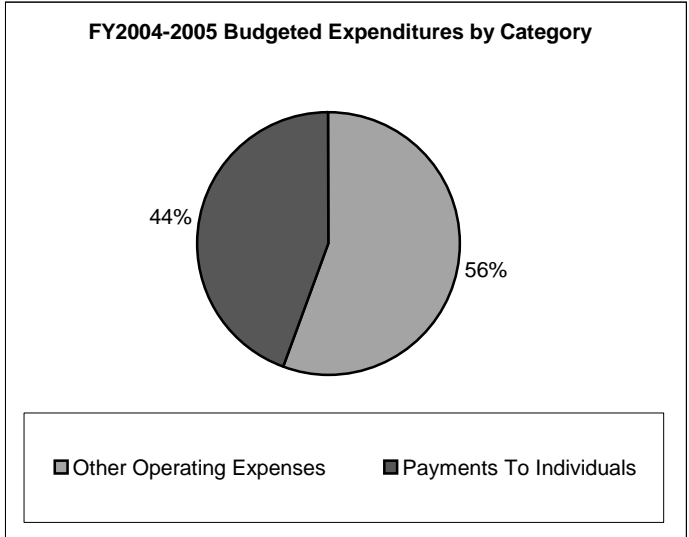
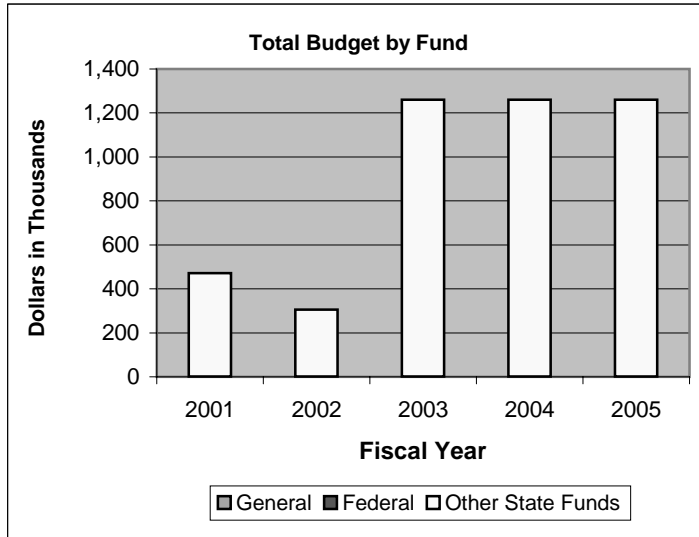
- ◆ 11 CHDO's received operating assistance;
- ◆ 24 HOME administrators serve 61 counties in greater Minnesota and two metro area counties; and
- ◆ All of the organizations receiving CHDO operating grants are actively engaged in the development of affordable housing.

HOUSING FINANCE AGENCY

Program: **NON-APPROPRIATED PROGRAMS**

Activity: RESIDENT & ORGANIZATIONAL SUPP

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|---------------|---------------|-----------------|---------------|-----------------|----------------|--------------------------|----------------|
| Expenditures by Fund | Actual | Actual | Budgeted | Base | Biennium | | 2004-05 / 2002-03 | |
| | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Statutory Appropriations | | | | | | | | |
| Housing Finance Agency | 471 | 306 | 1,261 | 1,261 | 1,261 | 2,522 | 955 | 60.9% |
| Total | 471 | 306 | 1,261 | 1,261 | 1,261 | 2,522 | 955 | 60.9% |

| | | | | | | | | |
|---------------------------------|------------|------------|--------------|--------------|--------------|--------------|------------|--------------|
| Expenditures by Category | | | | | | | | |
| Other Operating Expenses | 315 | 303 | 700 | 700 | 700 | 1,400 | 397 | 39.6% |
| Payments To Individuals | 156 | 3 | 561 | 561 | 561 | 1,122 | 558 | 98.9% |
| Total | 471 | 306 | 1,261 | 1,261 | 1,261 | 2,522 | 955 | 60.9% |

| | | | | | | | | |
|---------------------------------|------------|------------|--------------|--------------|--------------|--------------|------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Housing Finance Agency | 415 | 306 | 1,261 | 1,261 | 1,261 | 2,522 | 955 | 60.9% |
| Subtotal Dedicated | 415 | 306 | 1,261 | 1,261 | 1,261 | 2,522 | 955 | 60.9% |
| Total Revenue | 415 | 306 | 1,261 | 1,261 | 1,261 | 2,522 | 955 | 60.9% |

HOUSING FINANCE AGENCY

Program: NON-APPROPRIATED PROGRAMS

Activity: PROGRAM ADMINISTRATION

Narrative

Activity Description

This budget activity encompasses all of the activities necessary to manage and operate the agency.

During the FY 2002-03 biennium, the Minnesota Housing Finance Agency (MHFA) began implementation of a major consolidation of a variety of development and redevelopment programs into one major program – the Economic Development and Housing Challenge program. The consolidated re/development program includes provisions to emphasize the leveraging of non-state resources, particularly from employers and businesses, and local regulatory relief that helps reduce costs. Several other programs were consolidated into one supportive housing program – the Housing Trust Fund program. The consolidated program is better able to respond to the variety of funding needs of supportive housing. Rules were promulgated to govern the reconsolidated programs.

MHFA also continued the Minnesota Families Affordable Investment Fund program (MARIF) with a one-time appropriation from the 2001 Minnesota Legislature of \$24 million from the state's welfare reform reserve. The goal of the MARIF program is to build and rehabilitate rental housing for families moving from welfare to work. MARIF projects range from supportive housing developments to a portion of the units in a larger mixed-income development.

MHFA continued to meet the goal of preserving as much of the stock of federally assisted housing in Minnesota as economically feasible. In addition to its Redefined Equity program, MHFA used state funds to lock-in for the long term, and to rehabilitate where necessary, a variety of projects throughout the state originally financed by Housing and Urban Development (HUD), United States Department of Agriculture (USDA) Rural Development, and MHFA.

As of 6-30-01, MHFA has approximately \$2.71 billion in assets.

Population Served

Low and moderate-income tenants, homebuyers, and homeowners benefit from the administration of agency programs.

Services Provided

Agency staff engages in a number of activities to ensure that both appropriated and non-appropriated funds are well invested and the investments are well managed.

For multifamily properties, one of the major activities is management monitoring with five major components that require review and oversight: 1) underwriting; 2) construction; 3) marketing/initial rent-up; 4) long-term management; and 5) additional oversight for troubled properties. In addition, monitoring for compliance with the federal Section 8, Section 236, Low-Income Housing Tax Credits, and Urban and Rural HOMEsteady Program (HOME) programs must be performed as well as monitoring for compliance with imposed rent and income restrictions.

Activities surrounding the various homeownership assistance provided by MHFA include processing loan reservations and disbursements, compliance monitoring of funds used for homeownership assistance, monitoring of loan services, and provision of delinquency assistance and loss mitigation tools.

Activity at a Glance

For FY 2001:

- ◆ Disbursed \$170 million for homeownership programs;
- ◆ Disbursed \$43 million for home improvement and rehabilitation programs;
- ◆ Disbursed \$169.6 million for rental housing programs;
- ◆ Administered \$5.9 million in housing tax credits for 1,356 units of rental housing;
- ◆ Oversaw a portfolio of more than 900 first mortgages and deferred loans for rental housing;
- ◆ Insured an aggregate of \$356 million in 16 series of bonds; and
- ◆ GO bond rating upgraded from AA to AA+ by Standard and Poor's.

HOUSING FINANCE AGENCY

Program: NON-APPROPRIATED PROGRAMS

Activity: PROGRAM ADMINISTRATION

Narrative

The agency's portfolio grows as additional funds are appropriated for housing. A concomitant increase in the responsibilities for loan portfolio management, investment and debt management, and property management results from a larger portfolio.

The portfolio of federal housing tax credit is growing by approximately 1,200 units per year. Federal law requires that a portion of tax credit units be monitored every year.

Key Measures

By February 15 of each year, MHFA presents the following information on its administrative budget to the Jobs and Economic Development Finance Committee of the House and the Jobs, Energy and Economic Development Division of the Senate Finance Committee for review:

- ◆ A comparison of budgeted and actual administrative costs from the previous state fiscal year;
- ◆ A budget plan for the current fiscal year; and
- ◆ A comparison of the budgeted and actual-to-date administrative expenses from the current fiscal year.

The agency is required to explain any materially significant differences in any line items.

Activity Funding

The cost of operating the MHFA in FY 2001 was \$16,321,000. The agency pays for the costs of operation from agency earnings. The administrative costs of operating state-appropriated programs are recovered to the extent that there are interest earnings on state appropriations. No core state appropriation is used to fund agency operations.

Contact

Tonja M. Orr, Director of Government Affairs

Phone: (651) 296-9820

Fax: (651) 296-8139

E-mail: tonja.orr@state.mn.us

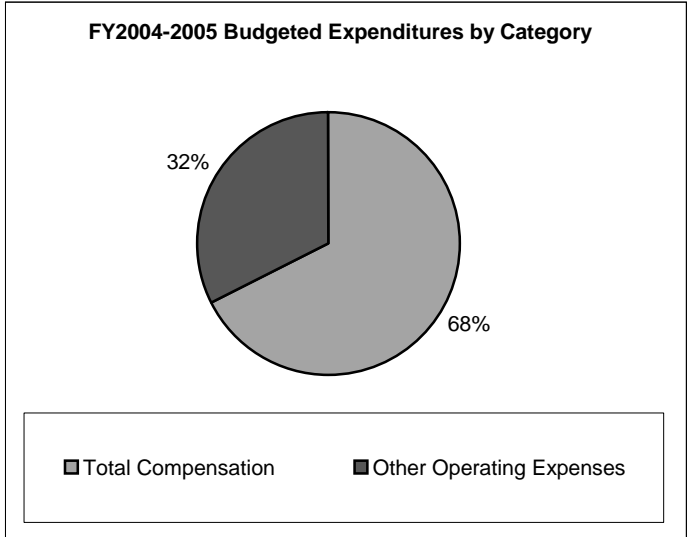
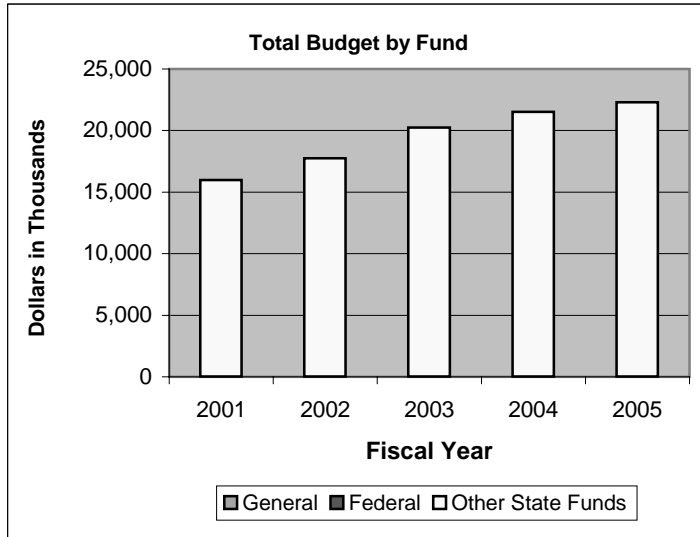
For further information, visit MHFA's web site at: www.mhfa.state.mn.us

HOUSING FINANCE AGENCY

Program: **NON-APPROPRIATED PROGRAMS**

Activity: PROGRAM ADMINISTRATION

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Statutory Appropriations | | | | | | | | |
| Housing Finance Agency | 15,979 | 17,755 | 20,237 | 21,529 | 22,291 | 43,820 | 5,828 | 15.3% |
| Total | 15,979 | 17,755 | 20,237 | 21,529 | 22,291 | 43,820 | 5,828 | 15.3% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 10,812 | 11,893 | 13,491 | 14,402 | 15,228 | 29,630 | 4,246 | 16.7% |
| Other Operating Expenses | 5,167 | 5,862 | 6,746 | 7,127 | 7,063 | 14,190 | 1,582 | 12.5% |
| Total | 15,979 | 17,755 | 20,237 | 21,529 | 22,291 | 43,820 | 5,828 | 15.3% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Housing Finance Agency | 6,637 | 6,431 | 16,043 | 17,335 | 18,097 | 35,432 | 12,958 | 57.7% |
| Subtotal Dedicated | 6,637 | 6,431 | 16,043 | 17,335 | 18,097 | 35,432 | 12,958 | 57.7% |
| Total Revenue | 6,637 | 6,431 | 16,043 | 17,335 | 18,097 | 35,432 | 12,958 | 57.7% |

| | | | | | | | | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|--|--|--|
| Full-Time Equivalents (FTE) | 181.1 | 183.8 | 197.0 | 197.0 | 197.0 | | | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|--|--|--|

Agency Purpose

The mission of the Department of Human Rights is to *stop illegal discrimination and further equal opportunity for all people in Minnesota*. The department pursues this mission through a coordinated program of law enforcement, prevention education, and community-based conflict resolution.

There are five major objectives that drive all department activities:

- ◆ provide *statewide leadership* aimed at eliminating illegal discrimination;
- ◆ *remedy harm* resulting from illegal discrimination;
- ◆ build capacity to *resolve discrimination issues locally*;
- ◆ *leverage outside resources* to accomplish the mission;
- ◆ provide services consistent with *individual needs and differences*; and
- ◆ provide *quality service in a timely manner*.

Core Functions

The Department of Human Rights resolves unlawful discrimination through enforcement of the *Human Rights Act*. Core functions support both the resolution of discrimination complaints and the promotion of increased fair employment opportunities statewide.

These core functions are:

- ◆ investigating and resolving discrimination complaints in *education, housing, jobs and services*;
- ◆ reviewing and certifying state contractor compliance with equal employment opportunity regulations; and
- ◆ providing education and consulting services.

These functions support daily operating goals:

- ◆ providing consistent, timely and legally sound processes and outcomes;
- ◆ resolving conflict at the earliest possible time in the process;
- ◆ improving access to legal and policy information for decision-makers and the public; and
- ◆ performing prevention education and consulting services for clients and partners.

Operations

The department serves a varied customer base. People alleging discrimination, those accused of discrimination, the legal community and state vendors are the primary customers of the department's business processes. This customer base includes: individuals, school districts, businesses, attorneys, local governments, state agencies, local human rights commissions, landlords, and local and federal human rights enforcement agencies.

The Contract Compliance Unit reviews affirmative action plans of state vendors and issues Certificates of Compliance to eligible businesses. It also provides consulting services to 1,000 businesses annually and conducts approximately 100 on-site compliance audits per year.

The Enforcement Unit handles 18,000 inquiries annually and provides referral, charge drafting, investigation and resolution of 1,400 charges annually.

Management Services and Administration provides policy leadership, manages external communications and publications, operates accounting, purchasing, and payroll services and manages departmental databases, web page facilities, and disaster recovery issues.

At A Glance

Two-Year State Budget

\$7.7million General Fund

Revenue Generated for General Fund

\$720,000 federal EEOC Funds
\$ 70,000 litigation reimbursements (est.)

Annual Business Process (FY 2002)

| | |
|---------------|-------------------------------------|
| 18,000 | inquires/referrals |
| 5,500 | jurisdictional complaints evaluated |
| 1,450 | formal charges filed and resolved |
| \$3.1 million | recovered aggrieved parties |
| 2,500 | state contractors |
| 2,010 | business EEO action plans reviewed |
| 1,000 | consultations with businesses |
| 100 | on-site audits conducted |

Budget

The agency's FY 2002-03 budget totals \$7.7 million. Department staff includes 57 full-time equivalent employees.

Of the total budget for the biennium, over \$7.6 million comes from the General Fund. An additional \$70,000 (est.) in dedicated revenue is generated from reimbursed legal costs borne by the agency. All dedicated revenue is used to pay litigation expenses incurred by the agency.

Note: The agency also generates \$360,000 per year through a contract with the federal Equal Employment Opportunity Commission. All receipts are transferred to the General Fund.

Contact

Department of Human Rights
Army Corps of Engineer Center
190 East 5th Street, Suite 700
St. Paul, Minnesota 55101

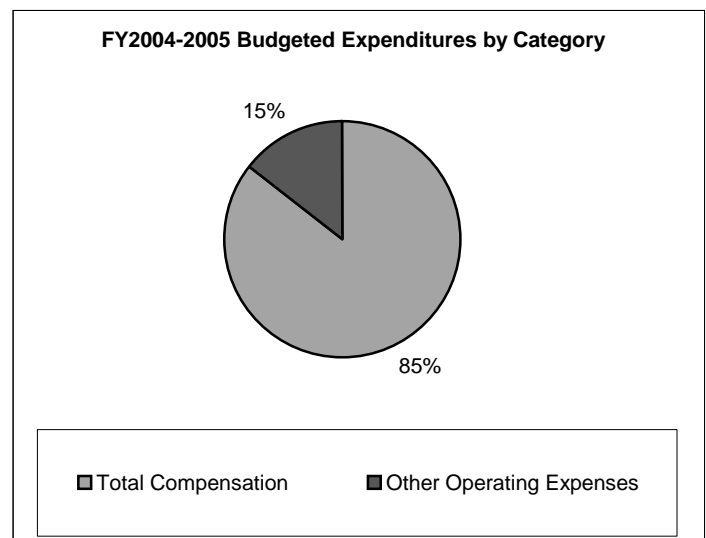
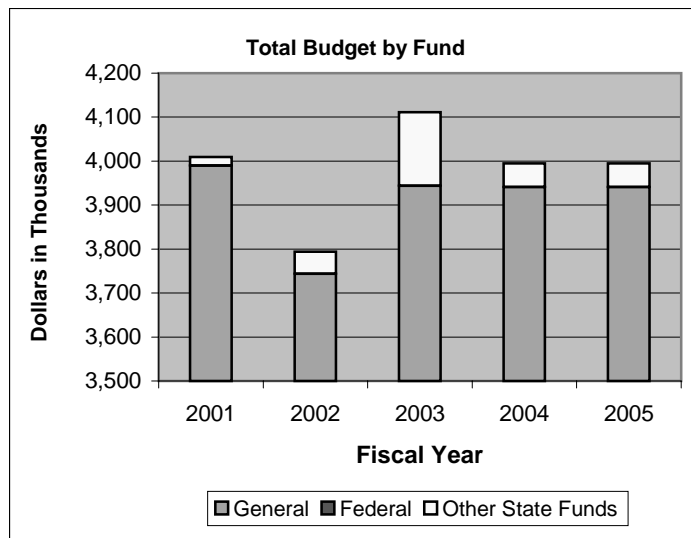
World Wide Web Home Page: <http://www.humanrights.state.mn.us>

Janeen Rosas, Commissioner

Phone: (651) 296-9038

Fax: (651) 296-1736

For information on how this agency measures whether it is meeting its statewide goals, please refer to www.departmentresults.state.mn.us.



| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|------------------|------------------|--------------------|----------------|--------------------|---------------------|--------------------------------------|-------------|
| Expenditures by Fund | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 3,990 | 3,744 | 3,944 | 3,941 | 3,941 | 7,882 | 194 | 2.5% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 19 | 50 | 167 | 54 | 54 | 108 | -109 | -50.2% |
| Total | 4,009 | 3,794 | 4,111 | 3,995 | 3,995 | 7,990 | 85 | 1.1% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------|-------------|
| Total Compensation | 3,208 | 3,249 | 3,430 | 3,414 | 3,414 | 6,828 | 149 | 2.2% |
| Other Operating Expenses | 801 | 545 | 681 | 581 | 581 | 1,162 | -64 | -5.2% |
| Total | 4,009 | 3,794 | 4,111 | 3,995 | 3,995 | 7,990 | 85 | 1.1% |

| Expenditures by Program | | | | | | | | |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------|-------------|
| Human Rights Enforcement | 3,973 | 3,794 | 4,111 | 3,995 | 3,995 | 7,990 | 85 | 1.1% |
| Management Services And Admin | 36 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Total | 4,009 | 3,794 | 4,111 | 3,995 | 3,995 | 7,990 | 85 | 1.1% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|-----------|-------------|
| Non Dedicated | | | | | | | | |
| General | 5 | 2 | 2 | 2 | 2 | 4 | 0 | 0.0% |
| Subtotal Non Dedicated | 5 | 2 | 2 | 2 | 2 | 4 | 0 | 0.0% |
| Dedicated | | | | | | | | |
| Special Revenue | 24 | 48 | 56 | 54 | 54 | 108 | 4 | 3.8% |
| Federal | 337 | 518 | 181 | 360 | 360 | 720 | 21 | 3.0% |
| Subtotal Dedicated | 361 | 566 | 237 | 414 | 414 | 828 | 25 | 3.1% |
| Total Revenue | 366 | 568 | 239 | 416 | 416 | 832 | 25 | 3.1% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 58.6 | 56.6 | 55.7 | 54.7 | 54.7 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

HUMAN RIGHTS DEPARTMENT

Program: HUMAN RIGHTS ENFORCEMENT

Narrative

Program Description

The purpose of the Human Rights Enforcement program is to stop illegal discrimination and promote equal opportunity for all people in Minnesota.

Budget Activities Included:

- ⇒ Contract Compliance
- ⇒ Complaint Processing
- ⇒ Management Services and Administration

HUMAN RIGHTS DEPARTMENT

Program: HUMAN RIGHTS ENFORCEMENT

Activity: CONTRACT COMPLIANCE

Narrative

Activity Description

The Contract Compliance activity enforces M.S. 363.073, which requires that state government agencies do business only with affirmative action/equal opportunity employers. This activity encourages equal employment opportunity (EEO) for qualified minorities and women.

Activity at a Glance

- ◆ 2,010 EEO action plans reviewed
- ◆ 1,000 consultations with Minnesota businesses in FY 2002
- ◆ 200 on-site audits in FY 2001-02

Population Served

This activity provides service to over 2,500 Minnesota businesses annually that want to do business with the state. Indirectly, the activity serves potential employees of these firms by promoting equal access to employment opportunities.

Services Provided

The Contract Compliance activity provides enforcement and direct technical services to businesses throughout the state. Audits conducted during the current biennium reveal that small businesses lack resources to implement successful EEO programs. Program evaluation shows that on-site audits have been extremely effective in enhancing business EEO programs; audit recipients outperformed their peers in EEO policy development and in recruiting and maintaining qualified women and minorities in their workforce.

This activity provides the following services:

- ◆ reviewing and assisting businesses in developing EEO action plans;
- ◆ issuing certificates of compliance in a timely manner;
- ◆ conducting on-site audits to provide technical assistance and insure compliance with EEO goals and policies; and
- ◆ evaluating on-site audit data and developing training tools and programs for Minnesota employers.

Historical Perspective

The Contract Compliance activity historically has focused its efforts on conducting “desk audits” of business affirmative action plans and providing telephone assistance to businesses in developing and implementing plans that work. Recently, Minnesota Department of Human Rights (MDHR) has emphasized on-site consulting in EEO recruitment and retention strategies. An evaluation of this effort has shown it to be very effective; over two-thirds of businesses receiving on-site assistance have improved their EEO policies and practices for three years or longer after the initial visit. During the last biennium, 10% or 200 businesses were audited.

The Contract Compliance activity was reduced by two positions as a result of budget reductions. MDHR responded by reengineering the plan review process, reducing technical assistance in plan development and limiting on-site audits to successful bidders on state contracts. Plans will be reviewed to insure that all required elements of affirmative action plans are addressed and that statistical information submitted is based on accurate workforce availability data. Individualized assistance to businesses developing plans will be reduced by 70% and on-site audits will be reduced from 10% to 2.5% of businesses contracting with the state.

Key Measures

One of the primary indicators for this activity is the percentage of companies meeting or substantially meeting their EEO goals. Progress toward achieving goals is measured by determining the percentage of minority (or female) participation hours in construction and non-construction businesses at a given point in time. MDHR receives monthly utilization reports from contractors and evaluates them to determine whether progress is being made toward goal attainment. The following is information provided by construction contractors for 6-30-02:

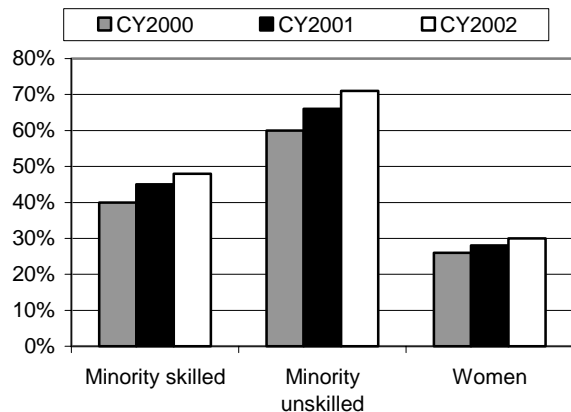
HUMAN RIGHTS DEPARTMENT

Program: HUMAN RIGHTS ENFORCEMENT

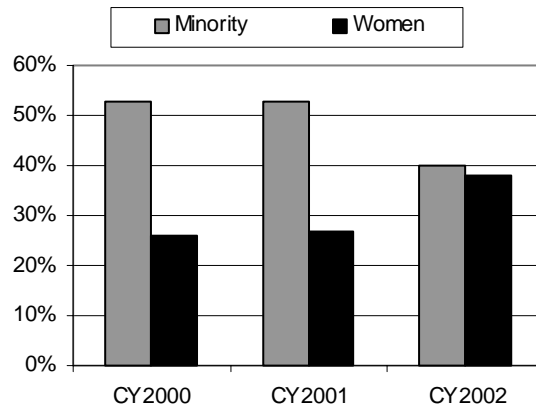
Activity: CONTRACT COMPLIANCE

Narrative

**Metro Construction Contractors
Meeting EEO Goals**



**Greater MN Contractors Meeting EEO
Goals**



CY – Calendar Year

Activity Funding

This activity is 100% funded by state General Funds.

Contact

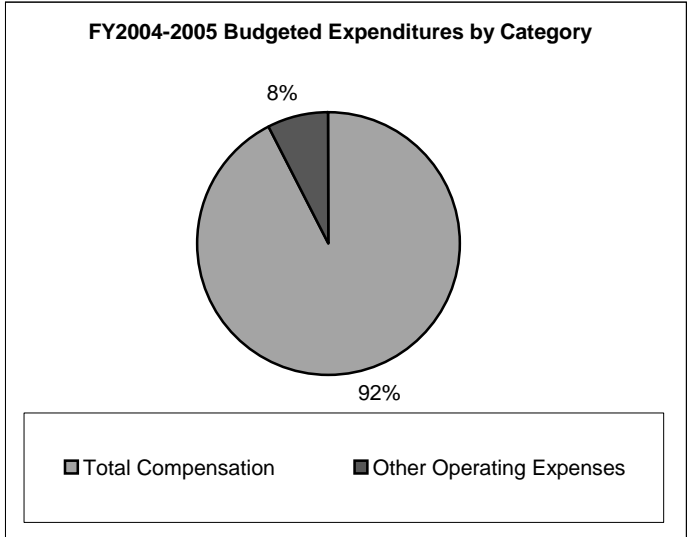
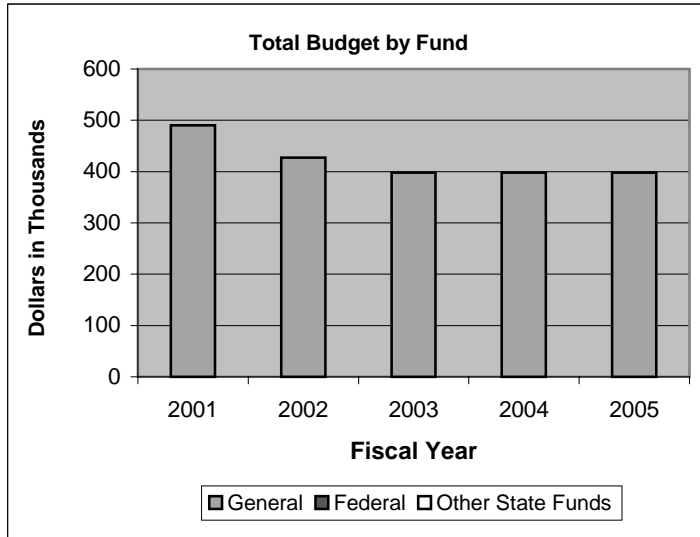
Additional information on this program can be obtained under "information for businesses" on our web site at www.humanrights.state.mn.us

HUMAN RIGHTS DEPARTMENT

Program: HUMAN RIGHTS ENFORCEMENT

Activity: CONTRACT COMPLIANCE

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 490 | 427 | 398 | 398 | 398 | 796 | -29 | -3.5% |
| Total | 490 | 427 | 398 | 398 | 398 | 796 | -29 | -3.5% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|------------|--------------|
| Total Compensation | 420 | 394 | 368 | 368 | 368 | 736 | -26 | -3.4% |
| Other Operating Expenses | 70 | 33 | 30 | 30 | 30 | 60 | -3 | -4.8% |
| Total | 490 | 427 | 398 | 398 | 398 | 796 | -29 | -3.5% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 7.8 | 6.9 | 6.0 | 6.0 | 6.0 |
|------------------------------------|------------|------------|------------|------------|------------|

HUMAN RIGHTS DEPARTMENT

Program: HUMAN RIGHTS ENFORCEMENT

Activity: COMPLAINT PROCESSING

Narrative

Activity Description

M.S. Chapter 363 requires that the agency investigate complaints of unlawful discrimination. While the majority of cases involve claims of discrimination in employment, the agency also has jurisdiction over allegations of discrimination in housing, education, public accommodations, public services, credit, and business contracts.

Population Served

The agency's services are provided to charging parties, respondents to discrimination charges, attorneys, employers, landlords, business owners, and the general public.

Activity at a Glance

- ◆ \$360,000 generated annually for the state General Fund
- ◆ 18,000 inquiries/referrals annually
- ◆ 1,300-1,500 charges filed annually
- ◆ 1,536 cases determined in FY 2002
- ◆ \$3.2 million recovered for aggrieved parties in FY 2002

Services Provided

This activity achieves results through a coordinated program of law enforcement and prevention education. In enforcing the Human Rights Act (HRA), the agency makes every effort to resolve human rights complaints at the earliest possible stage in the process. As a result, a wide range of services is provided to agency clients:

- ◆ preliminary inquiries into initial allegations;
- ◆ pre-and post-charge screening to efficiently allocate resources;
- ◆ investigation of allegations;
- ◆ pre-determination settlements (before a final determination is made);
- ◆ mediation services;
- ◆ administrative appeals for parties who challenge the agency's determination;
- ◆ conciliation services to resolve meritorious cases prior to litigation; and
- ◆ litigation of selected cases not resolved through the discrimination complaint process.

In addition to these activities, the agency has partnered with local human rights commissions to provide information, education, and intake services to 60 Minnesota communities. The agency also provides limited speaking, training, and outreach services to organizations and businesses throughout the state.

Historical Perspective (External)

Externally, the agency notes the following trends and issues emerging in the human rights arena.

- ⇒ Race/national origin is the most common basis for complaint and is likely to increase as new immigrants become familiar with our social system and overcome fear/distrust of government.
- ⇒ We expect more cases in which complainants and/or witnesses do not speak English.
- ⇒ Disability cases are increasing and will continue to do so as the population ages.
- ⇒ Government will be challenged to accomplish legitimate law enforcement objectives without unduly compromising civil rights through overly broad "profiling."
- ⇒ "Cyber-sex" discrimination will offer new challenges to employers, the agency and the courts. A number of questions have yet to be answered regarding whether or not sexual addiction or "impulse control disorder" constitutes a disability and whether or not co-workers can be sexually harassed by exposure to this behavior.
- ⇒ Genetic testing, prohibited in Minnesota and many other states, will continue to be an issue in pre-employment screening.

Historical Perspective (Internal)

The number of discrimination charges filed with the agency has increased 13% over the current biennium. The events of September 11th coupled with the resulting economic decline are possible causes. We have noted an increase in the number of discrimination charges filed by charging parties of Middle Eastern descent as well as increased numbers of allegations related to adverse employment actions. For FY 2003, we project more than 1,500 charges will be filed with the agency.

HUMAN RIGHTS DEPARTMENT

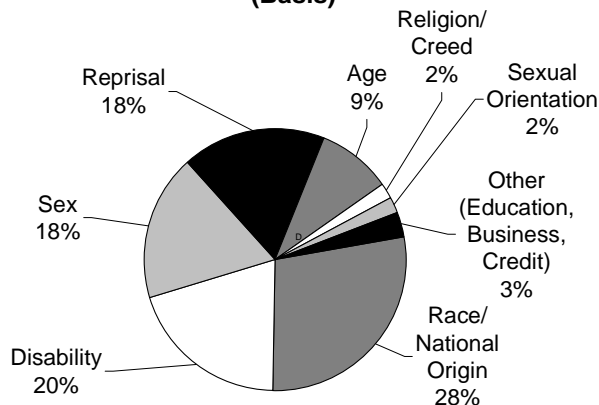
Program: HUMAN RIGHTS ENFORCEMENT

Activity: COMPLAINT PROCESSING

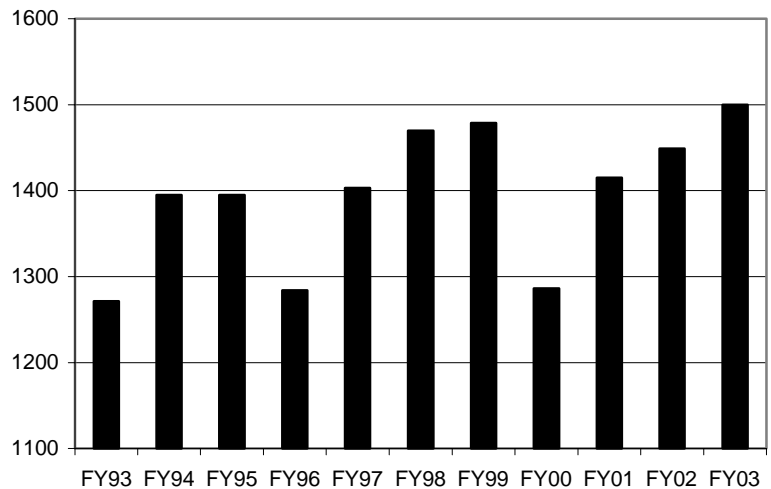
Narrative

Budget cuts in FY 2003 have resulted in the loss of two positions and all outreach travel funds in this activity. Minnesota Department of Human Rights (MDHR) has reengineered its process to provide less detailed information in its no probable cause memorandums to speed complaint processing and has aggressively pursued early case settlements in an attempt to reduce the number of investigations required. Funding also has been eliminated for providing office hours in 17 greater Minnesota communities. MDHR has worked with local human rights commissions and other organizations to enlist their aid in providing charge intake services in local communities throughout the state. We continue to examine our processes for other reengineering opportunities.

FY'02 Discrimination Charges Filed (Basis)



Discrimination Charges Filed by Fiscal Year



Key Measures

MDHR measures program effectiveness by what is important to our clients; ease of access to the human rights complaint process; timely investigation and determination of disputes; and satisfaction with settlements arising from the process. Performance indicators were measured on 6-30-02.

| | <u>2000</u> | <u>2001</u> | <u>2002</u> |
|---|-------------|-------------|--------------------------|
| Clients who follow through after learning we have jurisdiction over their complaints | 16.5% | 34.1% | 38% (est. 12/31/02) |
| Average Case Resolution Time | 277 days | 272 days | 245 days (est. 12/31/02) |
| Cases resolved to both parties' satisfaction | 9% | 15% | 20% (est. 12/31/02) |

Activity Funding

This activity is funded 100% by the state General Fund. This activity also generates revenue based on a performance contract with the Equal Employment Opportunity Commission. Cases are dual filed with the department, and must be completed within specified time periods. As a result of budget reductions, the agency anticipates that for every position eliminated, the General Fund will lose approximately \$20,000 in federal reimbursements. If contract performance is reduced too far, the contract (\$360,000 in FY 2002) could be cancelled in its entirety.

Contact

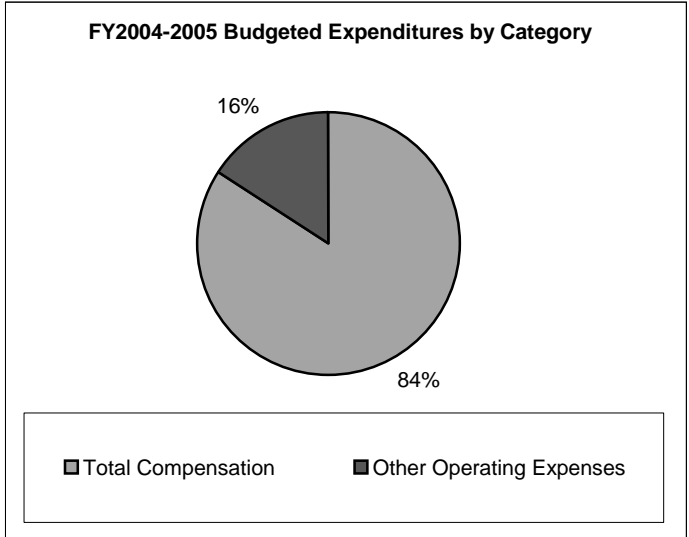
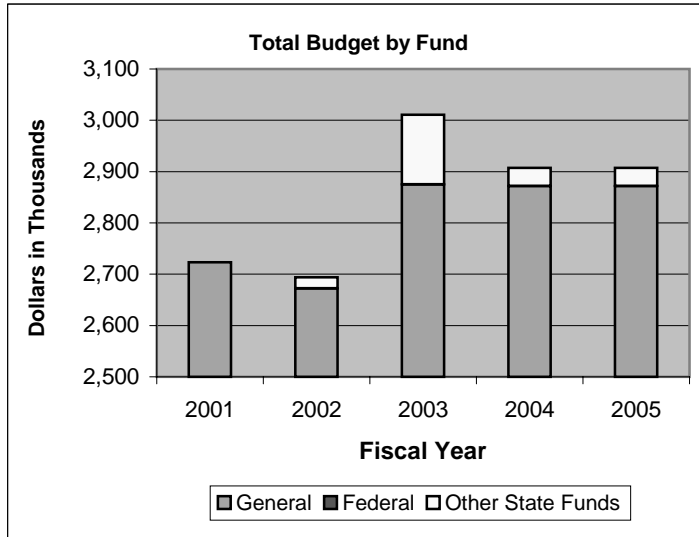
For more information about this program, visit the agency's web site at www.humanrights.state.mn.us.

HUMAN RIGHTS DEPARTMENT

Program: HUMAN RIGHTS ENFORCEMENT

Activity: COMPLAINT PROCESSING

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------|--------------------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 | Dollars Percent |
| Direct Appropriations | | | | | | | | |
| General | 2,723 | 2,672 | 2,875 | 2,872 | 2,872 | 5,744 | 197 | 3.6% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 0 | 22 | 136 | 35 | 35 | 70 | -88 | -55.7% |
| Total | 2,723 | 2,694 | 3,011 | 2,907 | 2,907 | 5,814 | 109 | 1.9% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 2,140 | 2,266 | 2,455 | 2,443 | 2,443 | 4,886 | 165 | 3.5% |
| Other Operating Expenses | 583 | 428 | 556 | 464 | 464 | 928 | -56 | -5.7% |
| Total | 2,723 | 2,694 | 3,011 | 2,907 | 2,907 | 5,814 | 109 | 1.9% |

| | | | | | | | | |
|---------------------------------|----------|-----------|-----------|-----------|-----------|-----------|-----------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Special Revenue | 0 | 12 | 35 | 35 | 35 | 70 | 23 | 48.9% |
| Subtotal Dedicated | 0 | 12 | 35 | 35 | 35 | 70 | 23 | 48.9% |
| Total Revenue | 0 | 12 | 35 | 35 | 35 | 70 | 23 | 48.9% |

| | | | | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|--|--|-------------|
| Full-Time Equivalents (FTE) | 40.2 | 40.6 | 40.6 | 40.6 | 40.6 | | | 0.0% |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|--|--|-------------|

HUMAN RIGHTS DEPARTMENT

Program: HUMAN RIGHTS ENFORCEMENT

Activity: MANAGEMENT SERVICES & ADMIN

Narrative

Activity Description

Management Services and Administration exists to support the business units of the department and to provide legal, policy, and information/communication services in support of the department's mission.

Population Served

This activity serves parties involved in discrimination cases, policy decision-makers, the media, the legal community, department staff, and the general public.

Activity at a Glance

- ◆ 250 case appeals processed annually
- ◆ 50 mediations conducted annually
- ◆ Annual Human Rights Day (400+ attendees)
- ◆ Quarterly newsletter with 6,000 subscribers
- ◆ 50,000 web visits per year (200,000 hits)
- ◆ 99% reliability in IT computer systems

Services Provided

This activity provides internal business support services, case adjudication alternatives, policy leadership and external information/education programs. These services include the following:

- ◆ accounting, purchasing, contract management, human resources, payroll, and IT computer systems;
- ◆ policy research and development, legislative coordination, and internal legal consulting and training;
- ◆ an administrative appeal process for parties involved in discrimination cases;
- ◆ data practices enforcement;
- ◆ mediation services for parties involved in the discrimination complaint process; and
- ◆ media relations, web site design and development, a quarterly newsletter, and an annual Human Rights Day Conference.

Historical Perspective

As part of the agency's FY 2002 budget cuts, funding for replacement of obsolete computer equipment and software was eliminated. Approximately one-third of the agency's computer equipment is beyond its useful life. Minnesota Department of Human Rights (MDHR) has submitted a strategic resource information plan to the Office of Technology that identifies and prioritizes our hardware and software needs. However, prospects for receiving funds from this source are uncertain.

In FY 2003, this activity also will be restructured to eliminate one management position. Supervision of legal, legislative, policy, and data practices enforcement services will be reassigned to the commissioner's office.

Key Measures

- ◆ resolving all administrative appeals within the statutory deadline of 20 days;
- ◆ processing 100% of all payables within 30 days; and
- ◆ maintaining computer system reliability and availability at 99% during working hours.

Activity Funding

This activity is 100% funded by the General Fund.

Contact

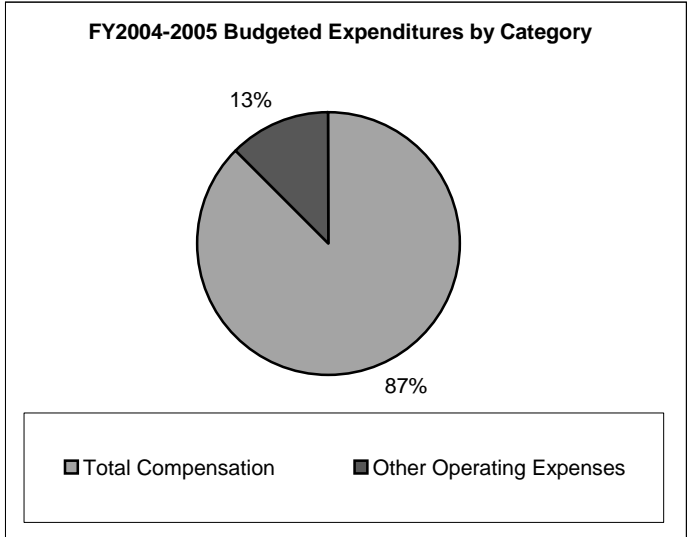
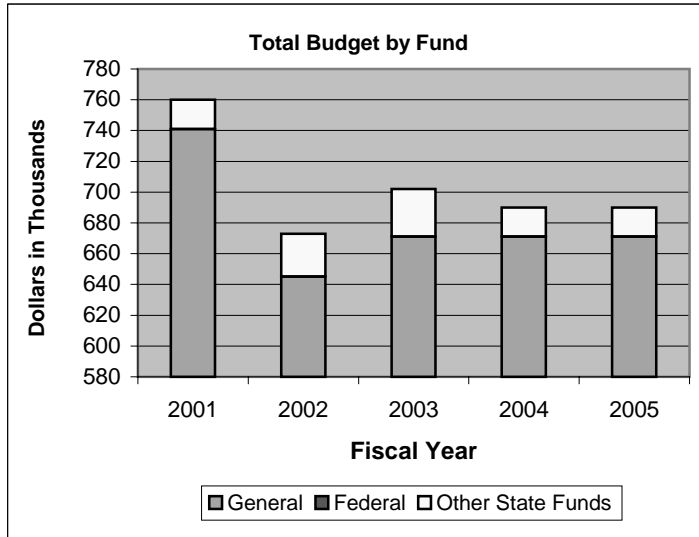
Additional information on this activity can be obtained at www.humanrights.state.mn.us

HUMAN RIGHTS DEPARTMENT

Program: **HUMAN RIGHTS ENFORCEMENT**

Activity: **MANAGEMENT SERVICES & ADMIN**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------------------|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 741 | 645 | 671 | 671 | 671 | 1,342 | 26 | 2.0% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 19 | 28 | 31 | 19 | 19 | 38 | -21 | -35.6% |
| Total | 760 | 673 | 702 | 690 | 690 | 1,380 | 5 | 0.4% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|--------------|----------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 648 | 589 | 607 | 603 | 603 | 1,206 | 10 | 0.8% |
| Other Operating Expenses | 112 | 84 | 95 | 87 | 87 | 174 | -5 | -2.8% |
| Total | 760 | 673 | 702 | 690 | 690 | 1,380 | 5 | 0.4% |

| | | | | | | | | |
|---------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|------------|---------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Special Revenue | 24 | 34 | 19 | 19 | 19 | 38 | -15 | -28.3% |
| Subtotal Dedicated | 24 | 34 | 19 | 19 | 19 | 38 | -15 | -28.3% |
| Total Revenue | 24 | 34 | 19 | 19 | 19 | 38 | -15 | -28.3% |

| | | | | | | | | |
|------------------------------------|-------------|------------|------------|------------|------------|--|--|-------------|
| Full-Time Equivalents (FTE) | 10.6 | 9.1 | 9.1 | 8.1 | 8.1 | | | 0.0% |
|------------------------------------|-------------|------------|------------|------------|------------|--|--|-------------|

Agency Purpose

The Minnesota Department of Human Services (DHS) helps people meet their basic needs, live as independently as possible and achieve their highest potential.

Core Functions

Ensuring basic health care for low-income Minnesotans

- ⇒ Medical Assistance (MA), Minnesota's Medicaid program for low-income seniors, children and parents, and people with disabilities.
- ⇒ MinnesotaCare, for residents who don't have access to affordable private health insurance and don't qualify for other programs.
- ⇒ General Assistance Medical Care (GAMC), primarily for adults without dependent children.
- ⇒ Prescription Drug Program to help low-income seniors and people with disabilities pay for prescription drugs.

Helping Minnesotans support their families

DHS works closely with counties to help low-income families with children achieve self-sufficiency, through programs such as the Minnesota Family Investment Program (MFIP, the state's welfare reform initiative), child support enforcement, food stamps, deaf and hard-of-hearing services, and refugee cash assistance and employment services.

Aiding children and families in crisis

The department supports families to ensure that children in crisis receive the services they need quickly and close to home so they can lead safe, healthy and productive lives. DHS principally guides statewide policy in child protective services, out-of-home care, permanent homes for children and children's mental health services.

Assisting people with disabilities

The department promotes independent living for people with disabilities by encouraging community-based services rather than institutional care. The department sets statewide policy and standards for care, and provides funding for:

- ◆ developmental disability services
- ◆ mental health services
- ◆ chemical health services

The department provides direct care safety net services for people with disabilities whose needs cannot be met in other ways through an array of campus- and community-based programs serving people with mental illness, developmental disabilities, chemical dependency and traumatic brain injury. This includes six regional treatment centers in Anoka, Brainerd, Fergus Falls, Moose Lake, St. Peter and Willmar, and a state-run nursing home in Ah-Gwah-Ching, near Walker.

At A Glance

Health care programs

Over 500,000 people served in January 2002:

- ◆ Medical Assistance (MA): 403,000 people
- ◆ MinnesotaCare: 137,000 people
- ◆ General Assistance Medical Care (GAMC): 31,000 people
- ◆ Prescription Drug Program: 4,457 people

Economic assistance programs

- ◆ Food Stamps: 213,639 people
- ◆ Minnesota Family Investment Program (MFIP): 43,172 families
- ◆ General Assistance: 10,614 people
- ◆ 265,000 children assisted through child support enforcement
- ◆ \$519 million child support payments collected in FY 2001

Child welfare services

- ◆ 18,455 children in 2000 were served in out-of-home care, such as family foster homes
- ◆ Almost 6,400 children were cared for by adoptive parents or relatives who receive financial assistance and support for children's special needs
- ◆ 636 children under state guardianship were adopted in 2000

Mental health services

- ◆ Nearly 25,000 adults with serious and persistent mental illness received publicly funded mental health services in 2000
- ◆ More than 21,000 children in 2000 received publicly funded mental health services

Operations and two-year state budget

- ◆ FY 2002-03 \$6.3 billion General Fund budget
- ◆ FY 2002-03 \$12.8 billion all funds budget
- ◆ 80% of the general fund budget is spent on health care and long-term care programs and related services
- ◆ 36,000 health care providers served
- ◆ 29.5 million health encounters and claims processed
- ◆ Approximately 97% of DHS budget goes toward program expenditures
- ◆ Approximately 3% of DHS budget is spent on central office administration.

Promoting independent living for seniors

The department supports quality care and services for low-income seniors so they can live as independently as possible. Nursing home oversight and payment remains a dominant aspect of these services.

Operations

DHS has a wide variety of customers, including the state's 87 counties, 36,000 health care providers, and more than 520,000 Minnesotans who are clients or enrollees in DHS programs. Most of Minnesota's human services programs are administered locally, at the county level, although DHS provides significant operational infrastructure.

DHS licenses an array of service providers, including child care centers, group homes, and treatment programs for people with chemical dependency, mental illness or developmental disabilities.

DHS operations also support other providers who directly serve Minnesotans. DHS oversees computer system support for: MAXIS, which determines eligibility for economic assistance programs; PRISM, the child support enforcement system; the Medicaid Management Information System (MMIS), which pays medical claims for publicly funded health care programs; and the Social Service Information System (SSIS), an automated child welfare case management system for child protection, children's mental health and out-of-home placement.

Budget

DHS is one of the state's largest agencies, comprising 30% of the state's total spending. The department's FY 2002-03 budget from all funding sources totals \$13.2 billion. Of the total budget for the biennium, \$6.3 billion comes from general fund tax dollars. The remaining \$6.9 billion comes from federal revenue and other funds, such as the Health Care Access Fund. Department staff includes approximately 5,900 full-time equivalent employees.

Contact

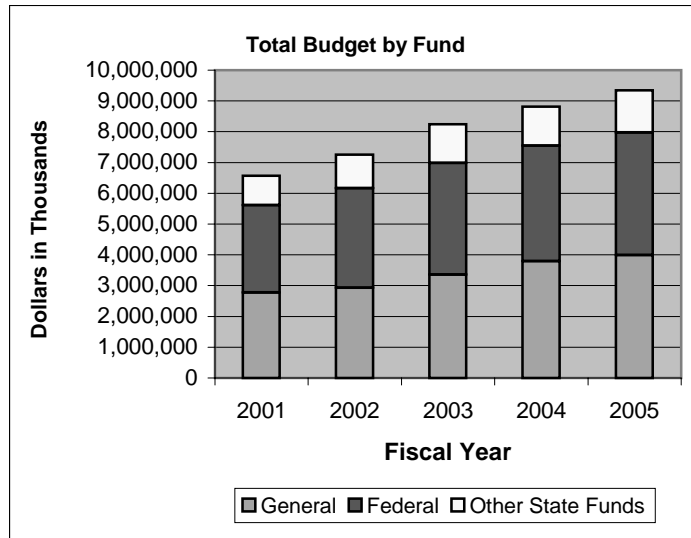
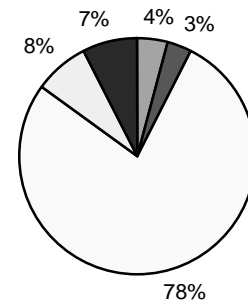
Minnesota Department of Human Services
444 Lafayette Road North
Saint Paul, Minnesota 55155-3815

Commissioner's Office:
Linda Anderson, Acting Commissioner
Phone: (651) 296-2701

World Wide Web Home Page:
<http://www.dhs.state.mn.us>

General Information:
Phone: (651) 297-3933
TDD: 1-800-627-3529

For information on how this agency measures whether it is meeting its statewide goals, please refer to <http://www.departmentresults.state.mn.us/>.

**FY2004-2005 Budgeted Expenditures by Category**

■ Total Compensation ■ Other Operating Expenses
 □ Payments To Individuals □ Local Assistance
 ■ Other Financial Transactions

| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
|----------------------------------|------------------|------------------|--------------------|------------------|------------------|---------------------|--------------------------------------|--------------|
| Expenditures by Fund | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 2,601,324 | 2,906,509 | 3,320,817 | 3,744,609 | 3,945,324 | 7,689,933 | 1,462,607 | 23.5% |
| State Government Special Revenue | 512 | 482 | 534 | 534 | 534 | 1,068 | 52 | 5.1% |
| Health Care Access | 156,511 | 209,608 | 277,527 | 343,632 | 409,078 | 752,710 | 265,575 | 54.5% |
| Special Revenue | 7 | 3 | 0 | 0 | 0 | 0 | -3 | -100.0% |
| Federal Tanf | 292,205 | 305,896 | 351,337 | 257,411 | 257,411 | 514,822 | -142,411 | -21.7% |
| Lottery Cash Flow | 1,514 | 2,164 | 1,495 | 1,306 | 1,306 | 2,612 | -1,047 | -28.6% |
| Open Appropriations | | | | | | | | |
| Special Revenue | 467 | 418 | 666 | 340 | 340 | 680 | -404 | -37.3% |
| Statutory Appropriations | | | | | | | | |
| General | 175,238 | 23,084 | 38,062 | 45,401 | 48,670 | 94,071 | 32,925 | 53.8% |
| State Government Special Revenue | 1,290 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Health Care Access | 23,054 | 27,700 | 23,780 | 28,956 | 32,849 | 61,805 | 10,325 | 20.1% |
| Special Revenue | 172,420 | 217,191 | 262,237 | 156,514 | 143,520 | 300,034 | -179,394 | -37.4% |
| Federal | 2,542,785 | 2,924,666 | 3,270,081 | 3,498,819 | 3,723,215 | 7,222,034 | 1,027,287 | 16.6% |
| Miscellaneous Agency | 534,423 | 566,345 | 606,513 | 648,839 | 692,758 | 1,341,597 | 168,739 | 14.4% |
| Gift | 109 | 32 | 88 | 150 | 61 | 211 | 91 | 75.8% |
| Endowment | 153 | 5 | 3 | 0 | 0 | 0 | -8 | -100.0% |
| Revenue Based State Oper Serv | 46,119 | 50,270 | 57,733 | 57,733 | 57,733 | 115,466 | 7,463 | 6.9% |
| Mn Neurorehab Hospital Brd | 2,724 | 7,439 | 15,744 | 15,744 | 15,744 | 31,488 | 8,305 | 35.8% |
| Dhs Chemical Dependency Servs | 13,948 | 15,207 | 16,460 | 16,460 | 16,460 | 32,920 | 1,253 | 4.0% |
| Total | 6,564,803 | 7,257,019 | 8,243,077 | 8,816,448 | 9,345,003 | 18,161,451 | 2,661,355 | 17.2% |

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|------------------|------------------|------------------|------------------|------------------|-------------------|--------------------------|----------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Expenditures by Category | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Total Compensation | 336,879 | 348,230 | 382,850 | 367,606 | 367,697 | 735,303 | 4,223 | 0.6% |
| Other Operating Expenses | 245,313 | 259,509 | 316,666 | 311,528 | 291,747 | 603,275 | 27,100 | 4.7% |
| Capital Outlay & Real Property | 1,179 | 163 | 249 | 249 | 249 | 498 | 86 | 20.9% |
| Payments To Individuals | 4,546,804 | 5,342,157 | 6,205,785 | 6,790,552 | 7,298,030 | 14,088,582 | 2,540,640 | 22.0% |
| Local Assistance | 897,616 | 738,663 | 731,675 | 696,147 | 693,082 | 1,389,229 | -81,109 | -5.5% |
| Other Financial Transactions | 537,012 | 568,297 | 605,651 | 648,064 | 691,896 | 1,339,960 | 166,012 | 14.1% |
| Non-Cash Transactions | 0 | 0 | 201 | 201 | 201 | 402 | 201 | 100.0% |
| Transfers | 0 | 0 | 0 | 2,101 | 2,101 | 4,202 | 4,202 | n.m |
| Total | 6,564,803 | 7,257,019 | 8,243,077 | 8,816,448 | 9,345,003 | 18,161,451 | 2,661,355 | 17.2% |

Expenditures by Program

| | | | | | | | | |
|-------------------------------|------------------|------------------|------------------|------------------|------------------|-------------------|------------------|--------------|
| Agency Management | 41,609 | 45,735 | 58,333 | 61,249 | 58,981 | 120,230 | 16,162 | 15.5% |
| Revenue & Pass Through | 930,781 | 942,950 | 995,738 | 1,012,981 | 1,056,406 | 2,069,387 | 130,699 | 6.7% |
| Childrens Services Grants | 132,942 | 146,350 | 156,214 | 155,868 | 154,175 | 310,043 | 7,479 | 2.5% |
| Childrens Services Management | 11,084 | 11,549 | 14,912 | 14,901 | 14,649 | 29,550 | 3,089 | 11.7% |
| Basic Health Care Grants | 2,197,355 | 2,512,662 | 3,140,690 | 3,640,969 | 4,026,688 | 7,667,657 | 2,014,305 | 35.6% |
| Health Care Management | 52,216 | 55,883 | 80,798 | 77,358 | 64,817 | 142,175 | 5,494 | 4.0% |
| State Operated Services | 288,975 | 287,276 | 312,460 | 293,991 | 291,716 | 585,707 | -14,029 | -2.3% |
| Continuing Care Grants | 2,291,679 | 2,578,647 | 2,802,702 | 2,923,535 | 3,061,303 | 5,984,838 | 603,489 | 11.2% |
| Continuing Care Management | 31,962 | 38,810 | 45,919 | 44,823 | 43,999 | 88,822 | 4,093 | 4.8% |
| Economic Support Grants | 513,005 | 566,281 | 550,875 | 506,772 | 487,851 | 994,623 | -122,533 | -11.0% |
| Economic Support Management | 73,195 | 70,876 | 84,436 | 84,001 | 84,418 | 168,419 | 13,107 | 8.4% |
| Total | 6,564,803 | 7,257,019 | 8,243,077 | 8,816,448 | 9,345,003 | 18,161,451 | 2,661,355 | 17.2% |

Revenue by Type and Fund**Non Dedicated**

| | | | | | | | | |
|------------------------|---------|---------|---------|---------|---------|-----------|----------|---------|
| General | 202,104 | 285,835 | 316,500 | 295,801 | 298,393 | 594,194 | -8,141 | -1.4% |
| Health Care Access | 2,298 | 4,548 | 3,175 | 2,549 | 2,549 | 5,098 | -2,625 | -34.0% |
| Special Revenue | 3 | 2 | 1 | 1 | 1 | 2 | -1 | -33.3% |
| Cambridge Deposit Fund | 58,119 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Federal Tanf | 300,488 | 321,847 | 394,578 | 267,161 | 267,161 | 534,322 | -182,103 | -25.4% |
| Miscellaneous Agency | 0 | 134 | 0 | 0 | 0 | 0 | -134 | -100.0% |
| Subtotal Non Dedicated | 563,012 | 612,366 | 714,254 | 565,512 | 568,104 | 1,133,616 | -193,004 | -14.5% |

Dedicated

| | | | | | | | | |
|----------------------------------|------------------|------------------|------------------|------------------|------------------|-------------------|------------------|--------------|
| General | 174,363 | 24,910 | 8,792 | 11,832 | 10,401 | 22,233 | -11,469 | -34.0% |
| State Government Special Revenue | 1,049 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Health Care Access | 22,838 | 27,724 | 23,780 | 28,956 | 32,849 | 61,805 | 10,301 | 20.0% |
| Special Revenue | 95,376 | 126,608 | 148,722 | 143,205 | 135,671 | 278,876 | 3,546 | 1.3% |
| Federal | 2,543,601 | 2,931,512 | 3,275,406 | 3,499,430 | 3,723,989 | 7,223,419 | 1,016,501 | 16.4% |
| Miscellaneous Agency | 532,917 | 566,828 | 606,340 | 648,760 | 692,679 | 1,341,439 | 168,271 | 14.3% |
| Gift | 107 | 45 | 75 | 51 | 47 | 98 | -22 | -18.3% |
| Endowment | 11 | 3 | 3 | 2 | 2 | 4 | -2 | -33.3% |
| Revenue Based State Oper Serv | 48,902 | 52,067 | 60,188 | 60,188 | 60,188 | 120,376 | 8,121 | 7.2% |
| Mn Neurorehab Hospital Brd | 4,398 | 11,082 | 16,269 | 16,264 | 16,264 | 32,528 | 5,177 | 18.9% |
| Dhs Chemical Dependency Servs | 12,362 | 15,671 | 18,177 | 18,177 | 18,177 | 36,354 | 2,506 | 7.4% |
| Subtotal Dedicated | 3,435,924 | 3,756,450 | 4,157,752 | 4,426,865 | 4,690,267 | 9,117,132 | 1,202,930 | 15.2% |
| Total Revenue | 3,998,936 | 4,368,816 | 4,872,006 | 4,992,377 | 5,258,371 | 10,250,748 | 1,009,926 | 10.9% |

Full-Time Equivalents (FTE)**6,099.3****6,171.3****6,076.3****6,072.2****6,072.2**

State of Minnesota

Page 4
Background2004-05 Biennial Budget
12/3/2002

Program Description

The purpose of the Agency Management program is to provide financial, legal, regulatory, management (e.g. personnel, telecommunications and facility management) and information technology support to all DHS policy areas and programs.

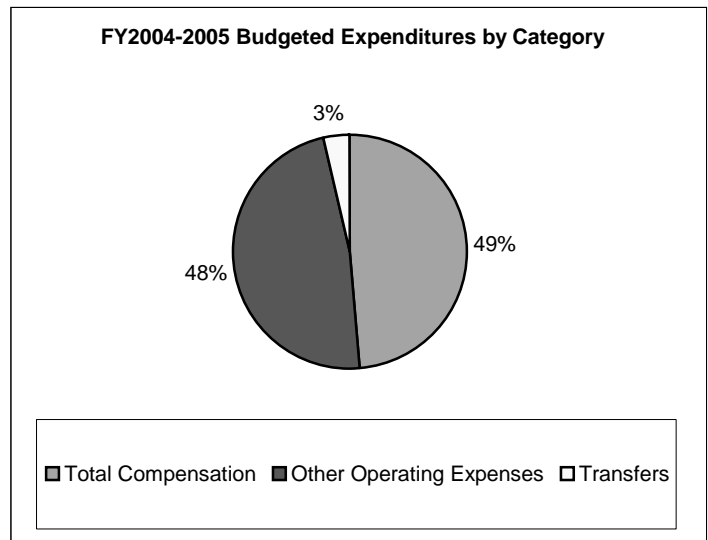
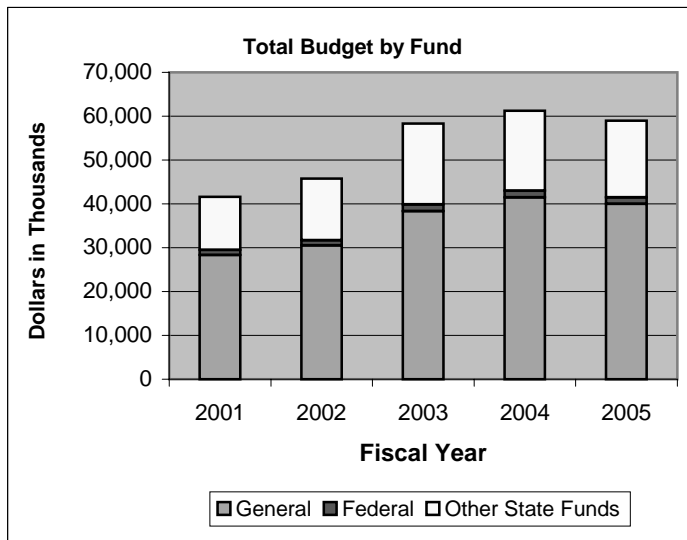
Budget Activities Included:

- ⇒ Financial Operations
- ⇒ Legal & Regulatory Operations
- ⇒ Management Operations
- ⇒ Information Technology Operations

HUMAN SERVICES DEPT

Program: AGENCY MANAGEMENT

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|----------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 28,229 | 30,495 | 38,341 | 41,473 | 39,977 | 81,450 | 12,614 | 18.3% |
| State Government Special Revenue | 398 | 403 | 415 | 415 | 415 | 830 | 12 | 1.5% |
| Health Care Access | 3,459 | 3,006 | 3,673 | 3,673 | 3,673 | 7,346 | 667 | 10.0% |
| Federal Tanf | 91 | 112 | 320 | 320 | 320 | 640 | 208 | 48.1% |
| Statutory Appropriations | | | | | | | | |
| General | 82 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| State Government Special Revenue | 1,290 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Special Revenue | 6,973 | 10,625 | 14,400 | 14,184 | 13,412 | 27,596 | 2,571 | 10.3% |
| Federal | 1,087 | 1,094 | 1,184 | 1,184 | 1,184 | 2,368 | 90 | 4.0% |
| Total | 41,609 | 45,735 | 58,333 | 61,249 | 58,981 | 120,230 | 16,162 | 15.5% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 23,668 | 24,502 | 28,046 | 28,756 | 29,855 | 58,611 | 6,063 | 11.5% |
| Other Operating Expenses | 17,941 | 21,233 | 30,287 | 30,392 | 27,025 | 57,417 | 5,897 | 11.4% |
| Transfers | 0 | 0 | 0 | 2,101 | 2,101 | 4,202 | 4,202 | n.m |
| Total | 41,609 | 45,735 | 58,333 | 61,249 | 58,981 | 120,230 | 16,162 | 15.5% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|--------------|
| Expenditures by Activity | | | | | | | | |
| Financial Operations | 10,510 | 10,213 | 12,927 | 13,039 | 13,390 | 26,429 | 3,289 | 14.2% |
| Legal & Regulatory Operations | 7,598 | 8,151 | 9,294 | 11,455 | 11,657 | 23,112 | 5,667 | 32.5% |
| Management Operations | 14,447 | 14,973 | 17,004 | 19,226 | 17,038 | 36,264 | 4,287 | 13.4% |
| Information Technology Ops | 9,054 | 12,398 | 19,108 | 17,529 | 16,896 | 34,425 | 2,919 | 9.3% |
| Total | 41,609 | 45,735 | 58,333 | 61,249 | 58,981 | 120,230 | 16,162 | 15.5% |

| | | | | | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Full-Time Equivalents (FTE) | 419.5 | 413.0 | 416.1 | 416.1 | 416.1 |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|

HUMAN SERVICES DEPT

Program: AGENCY MANAGEMENT

Activity: FINANCIAL OPERATIONS

Narrative

Activity Description

Financial Operations manages agencywide budget development, forecasting, accounting, collections and accounts payable and receivable within standard business practice and state and federal law.

Population Served

Because Financial Operations provides services to all Department of Human Services (DHS) policy and operations areas, virtually all agency businesses and clients benefit directly or indirectly.

Activity at a Glance

- ◆ Prepares forecasts for agency programs.
- ◆ Develops and manages agency budgets.
- ◆ Manages department payroll, accounts payable, accounts receivable and collections.
- ◆ Processes approximately \$4.5 billion in receipts annually.
- ◆ Manages approximately \$7.5 billion in payments annually.

Services Provided

- ⇒ Forecasts and reports for agency program revenue and expenditures to estimate growth or decline and determine fiscal implications of policy changes including:
 - ◆ creating the November and February program expenditure and enrollment forecasts, such as those for Medical Assistance (MA) and the Minnesota Family Investment Program (MFIP);
 - ◆ reporting and analyzing county expenditures;
 - ◆ reporting and analyzing federal funding and revenues;
 - ◆ reporting on accounts receivable and internal management reports on administration and grant expenditures;
 - ◆ creating ad hoc financial reports, including those requested by the Legislature and other state agencies; and
 - ◆ projecting the fiscal impact of policy changes.
- ⇒ Management to ensure that funds to defray client costs for agency services are collected from all required sources such as private insurance policies, Medicare or other federal programs; that receipt of selected fees and premiums paid by clients; and that agencywide accounting and fiscal policy support are provided including:
 - ◆ managing accounts payable – payments to grantees, counties, clients, providers and vendors;
 - ◆ managing accounts receivable – management, reporting and collection of DHS receivables;
 - ◆ processing receipts – depositing and accounting;
 - ◆ updating and maintaining computer interfaces and other technology enabling financial transactions with business partners and state agencies;
 - ◆ allocating state and federal grants to counties and other recipients;
 - ◆ allocating statewide, agency, and county administrative costs to programs; and
 - ◆ preparing federal claims (reports) and managing federal letters of credit operations.
- ⇒ Development of the agency's biennial, supplemental and capital budgets.
- ⇒ Development and management of ongoing fiscal policies and strategies to support policy objectives, meet changing federal requirements and ensure fiscal accountability.
- ⇒ Customer service and technical assistance to internal and external customers including:
 - ◆ providing technical assistance for revenue enhancement projects;
 - ◆ publishing reports for counties to use regarding service costs;
 - ◆ implementing DHS-county fiscal staff exchanges;
 - ◆ partnering with counties on the annual Association of Minnesota Social Service Accountants conference;
 - ◆ participating in county regional fiscal meetings and the county best practices workgroup, and seeking input from focus groups on fiscal policy changes;

HUMAN SERVICES DEPT

Program: AGENCY MANAGEMENT

Activity: FINANCIAL OPERATIONS

Narrative

- ♦ developing ways to train counties, tribes and other business partners on fiscal practices through on-site visits, interactive video and the Internet.

Historical Perspective

The past 10 years have brought significant increases in the complexity of program funding and budgeting rules. For example, the Temporary Assistance for Needy Families (TANF) block grant replaced the open entitlement Aid to Families with Dependent Children (AFDC), and the Health Care Access Fund (HCAF) was created to segregate funding for MinnesotaCare from the General Fund.

Increased use of program fees and premiums and greater complexity in program funding mechanisms and requirements have all had an impact on Financial Operations' work flow, compelling greater use of technology for efficiency and development and maintenance of electronic interfaces between computer systems within the department and between DHS, statewide and county systems. Expectations have increased for the use of electronic transfers of funds among DHS business partners.

Key Measures

- ⇒ Programs and operations are managed within appropriations and consistent with legal requirements, core values, and long-range planning results.
- ⇒ Payments are made within 30 days of receipt of invoices.

More information on Department of Human Services measures and results is available on the Web: <http://www.departmentresults.state.mn.us/hs/index.html>.

Activity Funding

Financial Operations is funded primarily from appropriations from the General Fund and Health Care Access Fund and from federal funds.

Contact

For more information about Financial Operations, contact:

- ♦ Chief Operating Officer Dennis W. Erickson, (651) 296-6635
- ♦ Management and Budget Office Acting Director Jane Wilcox Hardwick, (651) 297-8051
- ♦ Financial Management Director Jon Darling, (651) 296-5733
- ♦ Reports and Forecasts Director George Hoffman, (651) 296-6154

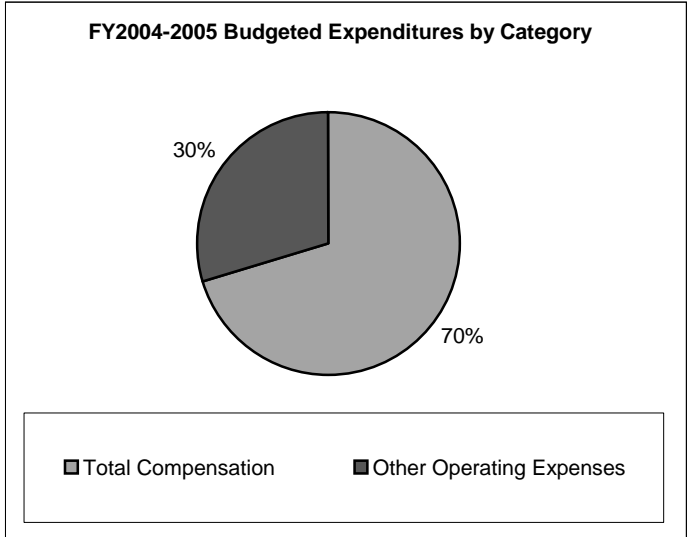
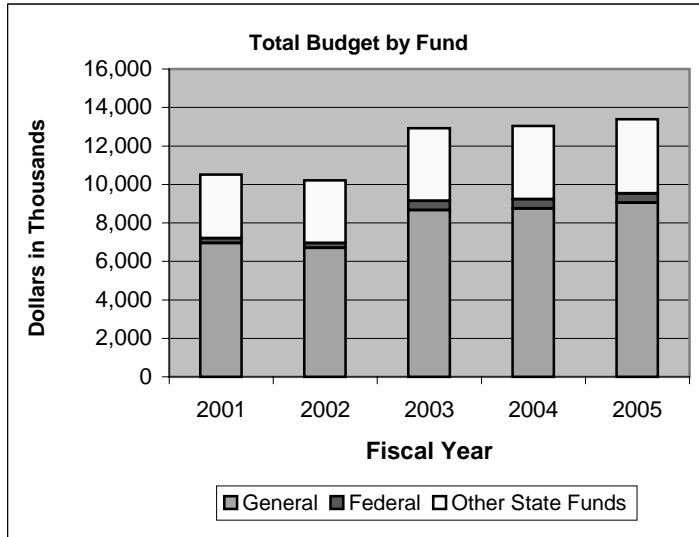
Information is also available on the DHS Web site: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT

Program: **AGENCY MANAGEMENT**

Activity: FINANCIAL OPERATIONS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------------------|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 6,949 | 6,700 | 8,669 | 8,751 | 9,056 | 17,807 | 2,438 | 15.9% |
| Health Care Access | 673 | 544 | 828 | 828 | 828 | 1,656 | 284 | 20.7% |
| Federal Tanf | 91 | 52 | 220 | 220 | 220 | 440 | 168 | 61.8% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 2,634 | 2,721 | 2,952 | 2,982 | 3,028 | 6,010 | 337 | 5.9% |
| Federal | 163 | 196 | 258 | 258 | 258 | 516 | 62 | 13.7% |
| Total | 10,510 | 10,213 | 12,927 | 13,039 | 13,390 | 26,429 | 3,289 | 14.2% |
| Expenditures by Category | | | | | | | | |
| Total Compensation | 8,182 | 8,272 | 8,889 | 9,124 | 9,473 | 18,597 | 1,436 | 8.4% |
| Other Operating Expenses | 2,328 | 1,941 | 4,038 | 3,915 | 3,917 | 7,832 | 1,853 | 31.0% |
| Total | 10,510 | 10,213 | 12,927 | 13,039 | 13,390 | 26,429 | 3,289 | 14.2% |
| Full-Time Equivalents (FTE) | 143.6 | 138.6 | 133.8 | 133.8 | 133.8 | | | |

Activity Description

Legal and Regulatory Operations maintains legal standards by which the agency operates and by which clients gain access to services; develops and implements statutory and regulatory standards for fair hearings, contested case hearings, licensing actions and contracting; provides legal analysis and/or advice regarding data privacy and contract development/management; writes rules, which define client benefits; and publishes bulletins concerning program changes and other issues affecting agency clients and programs.

Activity at a Glance

FY 2002 figures:

- ◆ Reviews and approves more than 1,000 contracts.
- ◆ Publishes more than 150 policy bulletins.
- ◆ Conducts 4,000 administrative fair hearings.
- ◆ Responds to more than 500 data privacy inquiries.

Population Served

Because Legal and Regulatory Operations supports all Department of Human Services (DHS) policy areas, virtually all agency businesses and clients are served directly or indirectly. Direct client contact includes meeting with clients through the fair hearing process and through licensing a wide range of services, including those for people with mental illness, chemical dependency and developmental disabilities, and for providers of foster care, child placement and adoption services and child care. Indirect contact includes county licensing oversight and approving service contracts.

Services Provided

⇒ Appeals resolution and regulations development including:

- ◆ resolving disputes with clients, license holders and long-term care facilities
 - ⇒ conducting 4,000 administrative fair hearings annually for applicants and recipients of service whose benefits have been denied, reduced or terminated;
 - ⇒ resolving appeals by applicants denied licenses or by providers whose licenses are suspended or revoked;
 - ⇒ handling appeals by Medical Assistance (MA) and General Assistance Medical Care service providers, principally MA long-term care payment rate appeals;
- ◆ providing legal support and rule-making activities for all department programs;
- ◆ overseeing litigation in collaboration with the Attorney General's Office; and
- ◆ managing grants and more than 1,000 contracts for department services.

⇒ License review, quality assurance and license issuance including:

- ◆ licensing, monitoring and investigating 28,000 human services programs, including 5,000 new annual licenses;
- ◆ conducting approximately 170,000 annual background studies on people who provide direct contact services in programs licensed by DHS and the Minnesota Department of Health (MDH);
- ◆ investigating approximately 1,400 complaints about the quality of services provided in licensed programs including approximately 650 investigations of abuse or neglect of children and vulnerable adults;
- ◆ issuing approximately 450 licensing sanctions per year;
- ◆ processing approximately 1,550 requests for administrative reconsideration of disqualifications based on background study information, maltreatment investigation findings and licensing actions; and
- ◆ routinely defending licensing decisions in fair hearings, contested case hearings, district court, and the Minnesota Court of Appeals.

Historical Perspective

The appeals and regulations work initially focused on hearings for applicants and recipients of DHS health care and welfare benefits. Although the number of hearings has remained relatively constant over time, the nature of hearings has changed from relatively simple, single-issue eligibility appeals to more complicated medical and social services appeals.

HUMAN SERVICES DEPT

Program: AGENCY MANAGEMENT

Activity: LEGAL & REGULATORY OPERATIONS

Narrative

The department has assumed responsibility for certain licensing and provider appeals and review of child and vulnerable adult maltreatment determinations. In 1996, the federal government passed the Health Insurance Portability Accountability Act (HIPAA), a complex federal law designed to provide protections to health care consumers and save administrative costs for health care providers. The HIPAA regulations set standards for electronic transmissions, electronic safeguards and privacy protections for the handling of private health care information. Because of the extensive databases and services provided by DHS, this legislation will impact every department business area. Appeals & Regulations is responsible for ensuring DHS' implementation of and compliance with the HIPAA privacy regulations.

The nature of licensing work has evolved as well. In 1991, the Legislature enacted a background study system. In 1995 and 2001 the Legislature established that DHS is also responsible for completing background studies on people providing services in programs licensed by the Minnesota Department of Health and the Minnesota Department of Corrections. In 1995, the Legislature transferred responsibility for many vulnerable adult maltreatment investigations from counties to DHS, and, in 1997, transferred responsibility for many maltreatment of minors investigations from counties to DHS. Regulatory simplification and the press for greater consistency across agencies has led to efforts like the current interagency project to develop an "umbrella rule" that will set similar standards for client placement in out-of-home settings whether those clients come into human services or corrections programs.

All aspects of Legal and Regulatory Operations have been affected significantly by two trends: more and faster-changing types of service models, which challenge traditional licensing and regulatory approaches; and the demands of clients, business partners and DHS staff for more use of electronic government services for basic information dissemination and for interactive business transactions.

Key Measures

- ⇒ Percent of timely issuance of appeals decisions (3, 60 and 90 days), fair hearing decisions, and contested case hearings (10 and 90 days).
- ⇒ Average length of time to complete investigations of licensing complaints.
- ⇒ Complete all licensing reviews within the one-year and two-year intervals set forth in statute.
- ⇒ Complete negative licensing action decisions within 45 days of county recommendations.

More information on Department of Human Services measures and results is available on the Web: <http://www.departmentresults.state.mn.us/hs/index.html>.

Activity Funding

Legal and Regulatory Operations is funded primarily from appropriations from the General Fund, Health Care Access Fund, and state government Special Revenue Fund, from federal funds, and from fees.

Contact

For more information about Legal and Regulatory Operations, contact:

- ◆ Chief Operating Officer Dennis W. Erickson, (651) 296-6635
- ◆ Appeals & Regulations Director Rae Bly, (651) 297-1489
- ◆ Licensing Director Jerry Kerber, (651) 296-4473

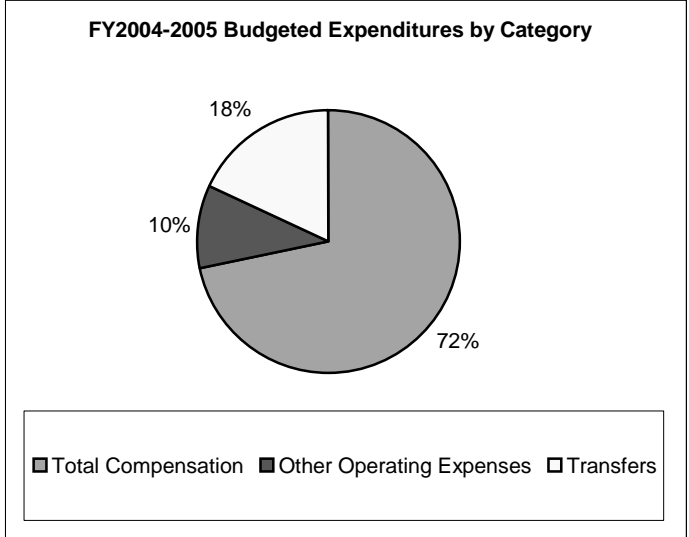
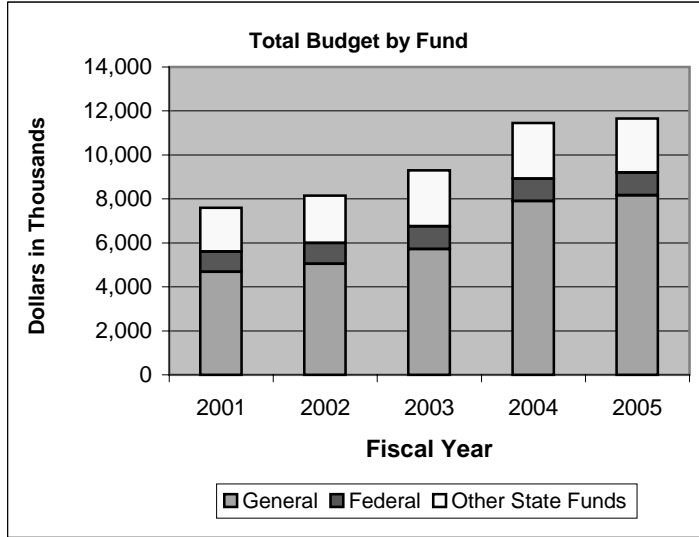
Information is also available on the DHS Web site: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT

Program: **AGENCY MANAGEMENT**

Activity: LEGAL & REGULATORY OPERATIONS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|----------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 4,662 | 5,044 | 5,722 | 7,896 | 8,168 | 16,064 | 5,298 | 49.2% |
| State Government Special Revenue | 398 | 403 | 415 | 415 | 415 | 830 | 12 | 1.5% |
| Health Care Access | 236 | 231 | 244 | 244 | 244 | 488 | 13 | 2.7% |
| Federal Tanf | 0 | 60 | 100 | 100 | 100 | 200 | 40 | 25.0% |
| Statutory Appropriations | | | | | | | | |
| General | 24 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| State Government Special Revenue | 1,290 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Special Revenue | 64 | 1,515 | 1,887 | 1,874 | 1,804 | 3,678 | 276 | 8.1% |
| Federal | 924 | 898 | 926 | 926 | 926 | 1,852 | 28 | 1.5% |
| Total | 7,598 | 8,151 | 9,294 | 11,455 | 11,657 | 23,112 | 5,667 | 32.5% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|---------------|---------------|---------------|--------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 6,431 | 6,800 | 7,887 | 8,160 | 8,432 | 16,592 | 1,905 | 13.0% |
| Other Operating Expenses | 1,167 | 1,351 | 1,407 | 1,194 | 1,124 | 2,318 | -440 | -16.0% |
| Transfers | 0 | 0 | 0 | 2,101 | 2,101 | 4,202 | 4,202 | n.m |
| Total | 7,598 | 8,151 | 9,294 | 11,455 | 11,657 | 23,112 | 5,667 | 32.5% |

| | | | | | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Full-Time Equivalents (FTE) | 119.1 | 119.6 | 118.4 | 118.4 | 118.4 |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|

HUMAN SERVICES DEPT

Program: AGENCY MANAGEMENT

Activity: MANAGEMENT OPERATIONS

Narrative

Activity Description

Management Operations promotes and supports workplace performance through its responsibility for the department's physical facility, communication management, video and telephone communications, human resources activities and internal auditing function.

Population Served

Because Management Operations supports all Department of Human Services (DHS) policy and operations areas, virtually all agency businesses and clients are served directly or indirectly.

Activity at a Glance

- ◆ Provides human resources support for more than 6,600 staff.
- ◆ Manages eight central office locations and 45 locations throughout Minnesota.
- ◆ Provides personnel services to 76 counties.
- ◆ Coordinates federal Single Audit Act activities for more than 280 organizations providing human services.

Services Provided

- ◆ Agency leadership, public policy direction and legislative liaison activity;
- ◆ Communication oversight for interactions with clients, business partners, the media, legislators and their staff; other state agencies, counties, tribes and the federal government;
- ◆ Human resources management services, training for DHS central office employees, state operated services employees and 76 counties including:
 - ⇒ strategies for redeploying personnel to fit new priorities and changing business needs;
 - ⇒ personnel recruitment, selection, compensation and classification;
 - ⇒ labor relations, grievance arbitration and negotiations;
 - ⇒ health, safety, wellness and workers compensation activities;
 - ⇒ professional development training, continuing education and skills development;
 - ⇒ equal employment opportunity and affirmative action plan implementation and Americans with Disabilities Act coordination;
 - ⇒ diversity training, cultural competency consultation;
 - ⇒ complaint investigation and mediation services; and
 - ⇒ civil rights enforcement, monitoring and training;
- ◆ Management services addressing the basic business needs of DHS, including:
 - ⇒ visual communications/teleconferencing network development among the many communities of video-conferencing users in Minnesota's human service field;
 - ⇒ facility management and building security;
 - ⇒ telephone systems and related interactive response technology;
 - ⇒ inventory and property management;
 - ⇒ purchasing services and inventory control;
 - ⇒ translation and publishing of documents, including vital documents for Limited English Proficiency (LEP) clients.
- ◆ Internal auditing to provide management with an appraisal of the department's fiscal management and programmatic controls.

Historical Perspective

For human resource management, a significant development has been the past decade's increase in Minnesota's minority and non English-speaking populations. This has increased efforts to recruit and retain staff with new language and communications skills and develop a more diverse DHS work force.

In 2001, DHS was given authority to plan for a new building, consolidating a number of its locations and providing space more appropriate to the technology needs of the agency's work. DHS has major investments in technology with major computer systems supporting welfare and health care benefits statewide. Technology, such as

HUMAN SERVICES DEPT

Program: AGENCY MANAGEMENT

Activity: MANAGEMENT OPERATIONS

Narrative

videoconferencing and sophisticated telephone systems, are increasingly part of a new spectrum of services Management Operations provides.

The Internal Audits Office was established in November 1995 to provide the department with an independent evaluation of its operations and to coordinate mandatory audit requirements for federal program funds. Over the last 2-1/2 years, the office has developed a computer forensic service to assist DHS' Human Resource Division and other state agencies in personnel investigations.

Key Measures

- ⇒ Customer contact centers have stated service standards, reports are available to managers to determine whether the benchmarks are met, and consulting is available to assist when performance is outside the goal.
- ⇒ All purchases are made according to state statute and policy and follow "best value" principles.
- ⇒ Timelines in the Federal Single Audit Act for processing audit reports.

More information on Department of Human Services measures and results is available on the Web: <http://www.departmentresults.state.mn.us/hs/index.html>.

Activity Funding

Management Operations is funded primarily from appropriations from the General Fund and Health Care Access Fund and from federal funds.

Contact

For more information about Management Operations, contact:

- ◆ Acting Deputy Commissioner Wes Kooistra, (651) 296-6993
- ◆ Chief Operating Officer Dennis W. Erickson, (651) 296-6635
- ◆ Communications Director Terry Gunderson, (651) 296-4416
- ◆ Human Resources Director Martha J. Watson, (651) 296-8067
- ◆ Internal Audits Director David Ehrhardt, (651) 282-9996
- ◆ Legislative Coordinator Steve Barta, (651) 296-5685
- ◆ Management Services Director Linda Nelson, (651) 296-6633
- ◆ External Relations Director Darcy Miner, (651) 282-6489
- ◆ Tribal Relations Director Vernon Laplante, (651) 296-4606

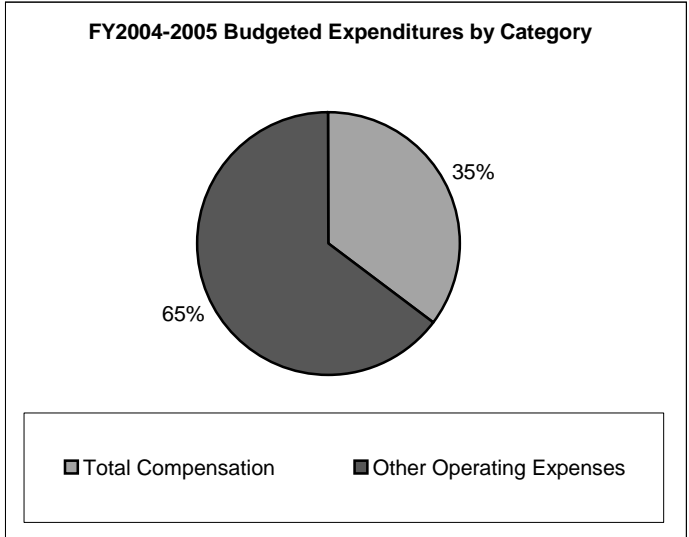
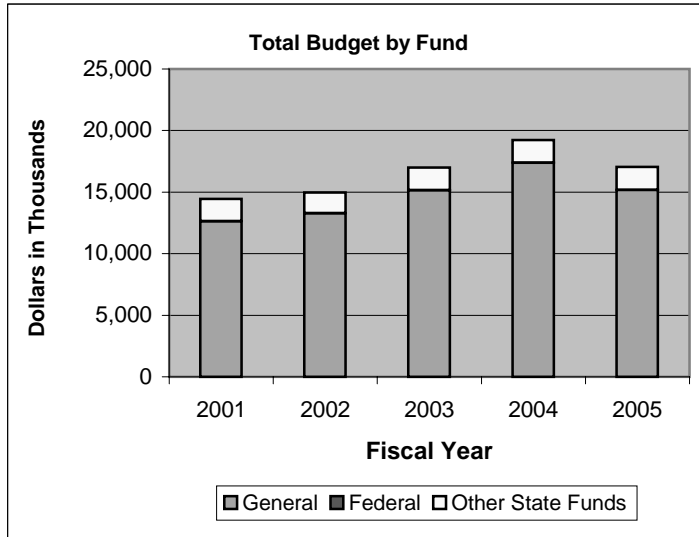
Information is also available on the DHS web site: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT

Program: **AGENCY MANAGEMENT**

Activity: MANAGEMENT OPERATIONS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 12,567 | 13,280 | 15,150 | 17,373 | 15,185 | 32,558 | 4,128 | 14.5% |
| Health Care Access | 1,581 | 1,500 | 1,623 | 1,623 | 1,623 | 3,246 | 123 | 3.9% |
| Statutory Appropriations | | | | | | | | |
| General | 58 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Special Revenue | 241 | 193 | 231 | 230 | 230 | 460 | 36 | 8.5% |
| Total | 14,447 | 14,973 | 17,004 | 19,226 | 17,038 | 36,264 | 4,287 | 13.4% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 5,418 | 5,267 | 6,150 | 6,262 | 6,574 | 12,836 | 1,419 | 12.4% |
| Other Operating Expenses | 9,029 | 9,706 | 10,854 | 12,964 | 10,464 | 23,428 | 2,868 | 13.9% |
| Total | 14,447 | 14,973 | 17,004 | 19,226 | 17,038 | 36,264 | 4,287 | 13.4% |

| | | | | | |
|------------------------------------|--------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 100.8 | 95.0 | 92.1 | 92.1 | 92.1 |
|------------------------------------|--------------|-------------|-------------|-------------|-------------|

HUMAN SERVICES DEPT

Program: AGENCY MANAGEMENT

Activity: INFORMATION TECHNOLOGY OPERATIONS

Narrative

Activity Description

Information Technology Operations (IT) manages the department's technical infrastructure, working closely with Department of Human Services (DHS) programs and operations to ensure a solid foundation for future technological development.

Population Served

IT Operations provides services to all DHS' policy and operations areas. Virtually all agency businesses, human services providers, and clients benefit directly or indirectly.

Services Provided

IT Operations provides:

- ◆ support for desktop software and hardware (data storage and backup, virus control, help desk) for 5,400 workstations;
- ◆ support of a department-wide e-mail system.;
- ◆ support for an agencywide data network, servers, data storage;
- ◆ leadership for strategic information resource management planning;
- ◆ direction for information policy, standards and practices;
- ◆ leadership for IT architectural future directions and services;
- ◆ strategic planning with DHS program areas and county service directors on the use of technology to better serve clients;
- ◆ planning and development with DHS program areas to ensure cross-agency systems coordination and compatibility;
- ◆ maintenance of and assistance for users of the DHS Data Warehouse and Executive Information System (EIS), which extracts data for program analysis from multiple service delivery systems;
- ◆ development and maintenance of information security and standards;
- ◆ coordination of technology projects agency-wide through the Projects Management Office;
- ◆ training for DHS staff on emerging computer technologies;
- ◆ planning with counties and other partners to keep computer systems compatible and planning for upgrades;
- ◆ maintenance of the department's public, internal and county Web sites;
- ◆ consultation with program areas about improving business strategies through the use of electronic government services and Web services technology; and
- ◆ representation of DHS' interests at statewide technology forums.

Activity at a Glance

- ◆ Maintains DHS network
- ◆ Provides desktop support to more than 5,000 users
- ◆ Coordinates cross-agency technology issues with Office of Technology, Intertech
- ◆ Supports the Data Warehouse and Executive Information System
- ◆ Maintains department Web services for citizens of Minnesota

Historical Perspective

In 1995, the Chief Information Officer position was established to lead IT Operations and related strategic planning within the department. The department continues to face a growing demand for electronic services through Web technology to communicate and conduct government business, as it is the bridge that human services workers use to gather information from the many sources necessary to do their work. Clients, business partners, and other levels of government increasingly expect that DHS will use Web technology for electronic government services in a variety of areas.

Information Technology Operations continues to coordinate department-wide projects such as the technology aspects of the Health Insurance Portability and Accountability Act (HIPAA) implementation, technology infrastructure, security infrastructure, server replacement, centralized data storage, and electronic government services

HUMAN SERVICES DEPT

Program: AGENCY MANAGEMENT

Activity: INFORMATION TECHNOLOGY OPERATIONS

Narrative

Key Measures

- ⇒ Set strategic IT direction for DHS.
- ⇒ Provide a secure, stable Web infrastructure to further business needs while providing adequate protections.

More information on Department of Human Services measures and results is available on the Web: <http://www.departmentresults.state.mn.us/hs/index.html>.

Activity Funding

Information Technology Operations is funded from appropriations from the General Fund and Health Care Access Fund and from matching funds.

Contact

For more information about Information Technology Operations, contact:

- ◆ Chief Information Officer Johanna Berg, (651) 296-0570
- ◆ Information Technology Management and Administration Director Tom Rowland, (651) 297-5421
- ◆ ITS Operations Director Chris Zehoski, (651) 296-0871
- ◆ User Applications Services Director Tom Albrecht, (651) 215-9441

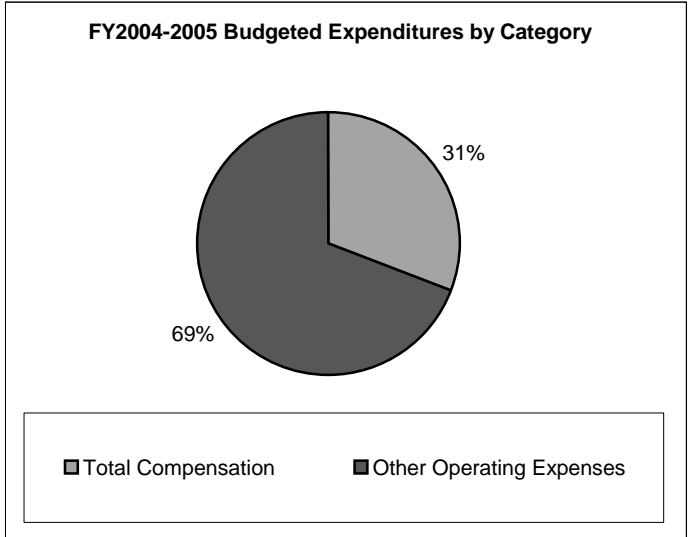
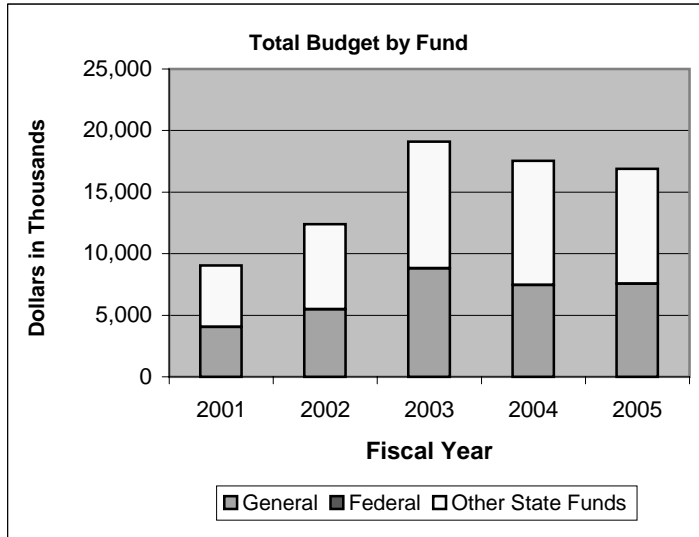
Information is also available on the DHS web site: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT

Program: **AGENCY MANAGEMENT**

Activity: INFORMATION TECHNOLOGY OPS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|---------------|-----------------------------|--------------------------|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 | |
| Direct Appropriations | | | | | | | Dollars | Percent |
| General | 4,051 | 5,471 | 8,800 | 7,453 | 7,568 | 15,021 | 750 | 5.3% |
| Health Care Access | 969 | 731 | 978 | 978 | 978 | 1,956 | 247 | 14.5% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 4,034 | 6,196 | 9,330 | 9,098 | 8,350 | 17,448 | 1,922 | 12.4% |
| Total | 9,054 | 12,398 | 19,108 | 17,529 | 16,896 | 34,425 | 2,919 | 9.3% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|--------------|---------------|---------------|---------------|---------------|---------------|--------------|-------------|
| Total Compensation | 3,637 | 4,163 | 5,120 | 5,210 | 5,376 | 10,586 | 1,303 | 14.0% |
| Other Operating Expenses | 5,417 | 8,235 | 13,988 | 12,319 | 11,520 | 23,839 | 1,616 | 7.3% |
| Total | 9,054 | 12,398 | 19,108 | 17,529 | 16,896 | 34,425 | 2,919 | 9.3% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 56.0 | 59.8 | 71.8 | 71.8 | 71.8 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

Program Description

This program contains the department's revenue and pass through expenditures. These revenues and pass-through expenditures involve complex inter-fund accounting transactions that often result in duplicate data within the state's standard biennial budget system reports. Isolating the results of these transactions within the Revenue and Pass-Through Program simplifies the fiscal pages for the department's other programs and activities. For example, to not skew the Child Support Enforcement Grant budget activity, the department's \$500 million annual child support collection (revenue) and payment (pass-through expenditure) activity is reflected here.

Revenues

Department of Human Services (DHS) collects or processes revenues in excess of \$4 billion annually. State law determines whether this revenue is *dedicated revenue* to the department (i.e. earmarked for specific programs) or *non-dedicated revenue* to the state.

Approximately 80% of the annual revenue is dedicated revenue. Examples include child support collections, federal grants, program premiums (co-pays), recoveries and refunds, cost of care billings, fees and federal administrative reimbursement.

Approximately 20% of the annual revenue is non-dedicated revenue. Examples include surcharges, recoveries and refunds, cost of care billings, fees and federal administrative reimbursement.

Pass-Through

The department's pass-through expenditures are approximately \$1 billion annually. Generally, pass-through expenditures are the result of transactions between funds. Examples include child support payments, transfers and federal administrative reimbursement.

Federal Administrative Reimbursement

Eligible state administrative costs are reimbursed from federal grants at various percentages, known as the federal financial participation (FFP) rates. Not all state administrative costs are eligible for federal reimbursement. For example, expenditures that support state-only programs do not earn FFP.

The department maintains a federally approved cost allocation plan that draws reimbursement for the federal share of state administrative expenditures. In this case, state administrative expenditures are defined to state costs (including the DHS central office) as well as county/local costs.

The department's central office federal administrative reimbursement exceeds \$100 million annually. Unless otherwise required in state law, federal administrative reimbursement earned on General Fund and Health Care Access Fund expenditures is non-dedicated revenue to the state. State law dedicates the federal administrative reimbursement earned on major system expenditures to the department.

Historically, the DHS central office has drawn the following average FFP rates, based on cost allocation within the state fund in which the administrative expenditure is incurred:

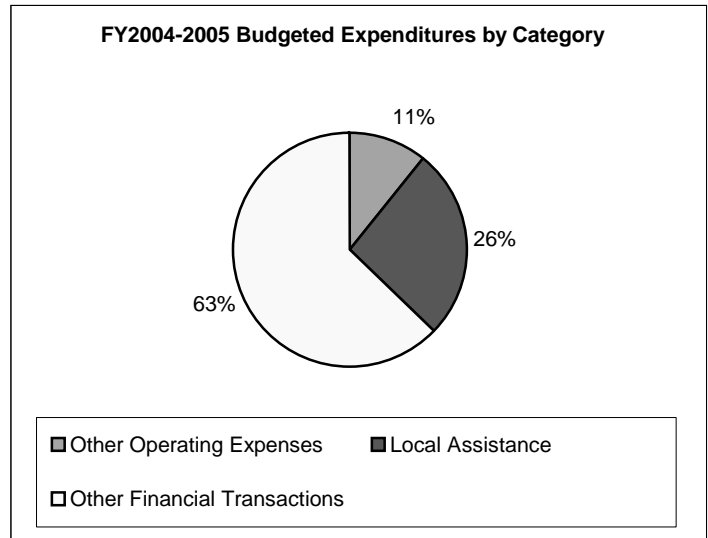
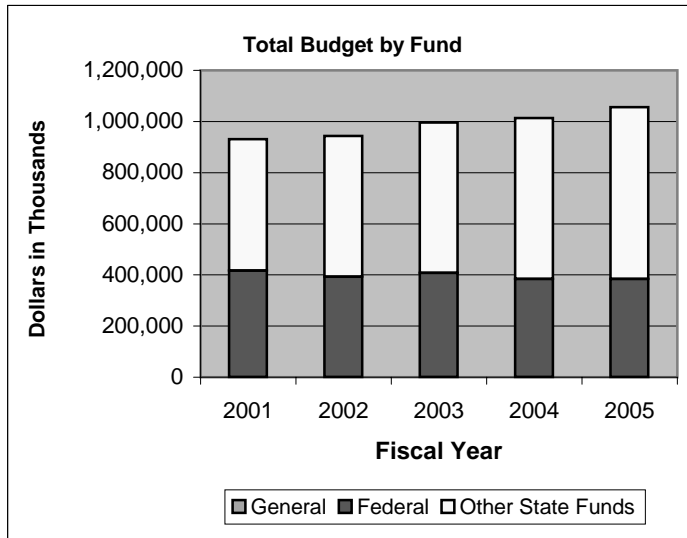
| | |
|---------------------------------------|-----|
| General Fund/ Health Care Access Fund | 40% |
| Major Systems – PRISM | 66% |
| Major Systems – SSIS | 50% |
| Major Systems – MAXIS | 35% |
| Major Systems – MMIS | 65% |

For simplicity and consistency, DHS budget initiatives and fiscal note estimates are based on these historic central office average FFP rates.

HUMAN SERVICES DEPT

Program: REVENUE & PASS THROUGH

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| Federal Tanf | 143,818 | 94,724 | 98,842 | 71,733 | 66,721 | 138,454 | -55,112 | -28.5% |
| Statutory Appropriations | | | | | | | | |
| General | 10 | 13 | 0 | 0 | 0 | 0 | -13 | -100.0% |
| Special Revenue | 2,558 | 3,083 | 3,271 | 3,171 | 3,146 | 6,317 | -37 | -0.6% |
| Federal | 272,492 | 298,779 | 308,716 | 312,162 | 317,024 | 629,186 | 21,691 | 3.6% |
| Miscellaneous Agency | 511,903 | 546,351 | 584,909 | 625,915 | 669,515 | 1,295,430 | 164,170 | 14.5% |
| Total | 930,781 | 942,950 | 995,738 | 1,012,981 | 1,056,406 | 2,069,387 | 130,699 | 6.7% |

| | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|------------------|------------------|------------------|----------------|-------------|
| Expenditures by Category | | | | | | | | |
| Other Operating Expenses | 89,873 | 102,619 | 108,595 | 111,207 | 112,373 | 223,580 | 12,366 | 5.9% |
| Local Assistance | 326,930 | 291,532 | 299,634 | 273,259 | 271,918 | 545,177 | -45,989 | -7.8% |
| Other Financial Transactions | 513,978 | 548,799 | 587,509 | 628,515 | 672,115 | 1,300,630 | 164,322 | 14.5% |
| Total | 930,781 | 942,950 | 995,738 | 1,012,981 | 1,056,406 | 2,069,387 | 130,699 | 6.7% |

| | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|------------------|------------------|------------------|----------------|-------------|
| Expenditures by Activity | | | | | | | | |
| Revenue & Pass Through | 930,781 | 942,950 | 995,738 | 1,012,981 | 1,056,406 | 2,069,387 | 130,699 | 6.7% |
| Total | 930,781 | 942,950 | 995,738 | 1,012,981 | 1,056,406 | 2,069,387 | 130,699 | 6.7% |

HUMAN SERVICES DEPT

Program: REVENUE & PASS THROUGH

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|----------------------------------|------------------|------------------|------------------|------------------|------------------|-------------------|--------------------------|----------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Revenue by Type and Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Non Dedicated | | | | | | | | |
| General | 202,104 | 285,835 | 316,500 | 295,801 | 298,393 | 594,194 | -8,141 | -1.4% |
| Health Care Access | 2,298 | 4,548 | 3,175 | 2,549 | 2,549 | 5,098 | -2,625 | -34.0% |
| Special Revenue | 3 | 2 | 1 | 1 | 1 | 2 | -1 | -33.3% |
| Cambridge Deposit Fund | 58,119 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Federal Tanf | 300,488 | 321,847 | 394,578 | 267,161 | 267,161 | 534,322 | -182,103 | -25.4% |
| Miscellaneous Agency | 0 | 134 | 0 | 0 | 0 | 0 | -134 | -100.0% |
| Subtotal Non Dedicated | 563,012 | 612,366 | 714,254 | 565,512 | 568,104 | 1,133,616 | -193,004 | -14.5% |
| Dedicated | | | | | | | | |
| General | 174,363 | 24,910 | 8,792 | 11,832 | 10,401 | 22,233 | -11,469 | -34.0% |
| State Government Special Revenue | 1,049 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Health Care Access | 22,838 | 27,724 | 23,780 | 28,956 | 32,849 | 61,805 | 10,301 | 20.0% |
| Special Revenue | 95,376 | 126,608 | 148,722 | 143,205 | 135,671 | 278,876 | 3,546 | 1.3% |
| Federal | 2,543,601 | 2,931,512 | 3,275,406 | 3,499,430 | 3,723,989 | 7,223,419 | 1,016,501 | 16.4% |
| Miscellaneous Agency | 532,917 | 566,828 | 606,340 | 648,760 | 692,679 | 1,341,439 | 168,271 | 14.3% |
| Gift | 107 | 45 | 75 | 51 | 47 | 98 | -22 | -18.3% |
| Endowment | 11 | 3 | 3 | 2 | 2 | 4 | -2 | -33.3% |
| Revenue Based State Oper Serv | 48,902 | 52,067 | 60,188 | 60,188 | 60,188 | 120,376 | 8,121 | 7.2% |
| Mn Neurorehab Hospital Brd | 4,398 | 11,082 | 16,269 | 16,264 | 16,264 | 32,528 | 5,177 | 18.9% |
| Dhs Chemical Dependency Servs | 12,362 | 15,671 | 18,177 | 18,177 | 18,177 | 36,354 | 2,506 | 7.4% |
| Subtotal Dedicated | 3,435,924 | 3,756,450 | 4,157,752 | 4,426,865 | 4,690,267 | 9,117,132 | 1,202,930 | 15.2% |
| Total Revenue | 3,998,936 | 4,368,816 | 4,872,006 | 4,992,377 | 5,258,371 | 10,250,748 | 1,009,926 | 10.9% |

Program Description

Children's Services Grants fund statewide child welfare and community-based children's mental health services.

Population Served

Children's Services Grants fund services for children who are at risk of abuse or neglect or who have been abused or neglected, in out-of-home placements, in need of adoption, under state guardianship, homeless, or have an emotional disturbance and need mental health services. Children's Services grants affect the lives of:

- ◆ more than 11,845 children annually who are abused or neglected and need child protection services;
- ◆ approximately 18,500 children who are in out-of-home placement annually because they cannot live safely with their parents or need care which cannot be provided within their homes;
- ◆ 600 homeless children or children at risk of homelessness who receive shelter or related support services;
- ◆ more than 20,000 children who need mental health services;
- ◆ 668 children who are waiting for immediate adoption; and
- ◆ 1,480 children under state guardianship.

Program at a Glance

Serves:

- ◆ 11,845 children determined to be abused or neglected
- ◆ 18,500 children in out-of-home placements
- ◆ 600 children who are or may become homeless
- ◆ 20,000 children who need mental health services
- ◆ 668 children who are waiting for adoption
- ◆ 1,480 children under state guardianship

Services Provided

Children's Services Grants:

- ◆ fund services to children and families, including adoption, child protection, homeless youth services, and children's mental health services and
- ◆ work through counties, tribes, local service collaboratives, schools, non-profits, and foundations to deliver services.

Children's Services Grants fund the following:

- ◆ alternative response assessment and services to families referred to child protection;
- ◆ family preservation services;
- ◆ services for women involved with drug related offenses or substance abuse;
- ◆ services for homeless and run away youth;
- ◆ crisis nursery services for families in need of crisis or respite care;
- ◆ training and consultation regarding the reporting and assessment of maltreatment;
- ◆ recruitment of foster and adoptive families and specialized services to enable state wards to be adopted;
- ◆ Adoption Assistance for children with special needs who were under state guardianship and have been adopted;
- ◆ Relative Custody Assistance for children with special needs whose custody is transferred to relatives;
- ◆ Indian child welfare services; and
- ◆ children's community-based mental health services including
 - ⇒ case management;
 - ⇒ assessments and counseling, including family and individual therapy;
 - ⇒ day treatment;
 - ⇒ therapeutic supports for children in foster care;
 - ⇒ respite care;
 - ⇒ in-home and family community support services;
 - ⇒ screening and assessment of mental health problems of children in the juvenile court system and those who struggle with homelessness; and
 - ⇒ life skills development for children with severe emotional disturbances, including adolescents who are aggressive or violent.

Historical Perspective

Most recently, Children's Services has focused on:

- ◆ reforming the child welfare system through innovative efforts such as Minnesota Child Welfare Training System, Social Services Information System, Child Maltreatment Review Panel, County Child Welfare System reviews, Family Group Decision Making, Alternative Response Program, Children's Justice Initiatives and Citizen Review Panels;
- ◆ finding and supporting permanent families for children who cannot be reunited with their families through the Public/Private Adoption Initiative, Concurrent Permanency Planning, and Minnesota Adoption Support and Preservation;
- ◆ meeting the needs of children with severe emotional disturbance and their families through:
 - ⇒ supporting flexible, child-and family-centered services provided by children's mental health collaboratives;
 - ⇒ supporting the development of a statewide parent leadership network for parents of children with emotional disturbances; and
- ◆ implementing specialized services to meet the needs of emotionally disturbed youth with aggressive or violent behavior; identifying youth in the juvenile court system with underlying mental health problems; and recruiting and training respite care providers for families of children with emotional disturbances.

Children's Services has developed a set of outcome measures for child welfare services that rely on data from the Social Services Information System. These measures are used to evaluate child safety, permanency and system activity. Specific measures have also been developed for use with each set of grantees.

Key Measures

- ⇒ All kids will develop to their fullest potential.
 - ◆ Percent of all children in Minnesota who are in out-of-home placements.
 - ⇒ By race/ethnicity
 - ⇒ Children in placements for protection
 - ◆ For children who are removed from their homes, the average length of time before they are returned to their families or are placed in other permanent family arrangements
 - ⇒ By race/ethnicity
 - ◆ Percent of children who are wards of the state who are adopted.
 - ⇒ By race/ethnicity
 - ◆ Percent of children identified with disabilities or mental health needs who receive treatment and supportive services.
- ⇒ People will be free from abuse and neglect.
 - ◆ Percent of child protection cases with a new substantiated maltreatment finding while case is open for child protection services.
 - ⇒ By race/ethnicity
 - ◆ Percent of child protection cases with a new substantiated maltreatment finding within 12 months of case closure.
 - ⇒ By race/ethnicity
 - ◆ Rate of substantiated abuse and neglect findings, per 10,000 state residents.
- ⇒ People will have access to high quality, cost effective mental, physical and chemical health care.
 - ◆ Percent of children who receive mental health services while on Minnesota Health Care Programs.
- ⇒ People are supported in and by their community.
 - ◆ Number of children under public guardianship/conservatorship.

More information on Department of Human Services measures and results is available on the web: <http://www.departmentresults.state.mn.us/hs/index.html>.

Program Funding

Children's Services Grants is funded primarily from appropriations from the General Fund and from federal funds.

Contact

For more information about Children's Services Grants, contact:

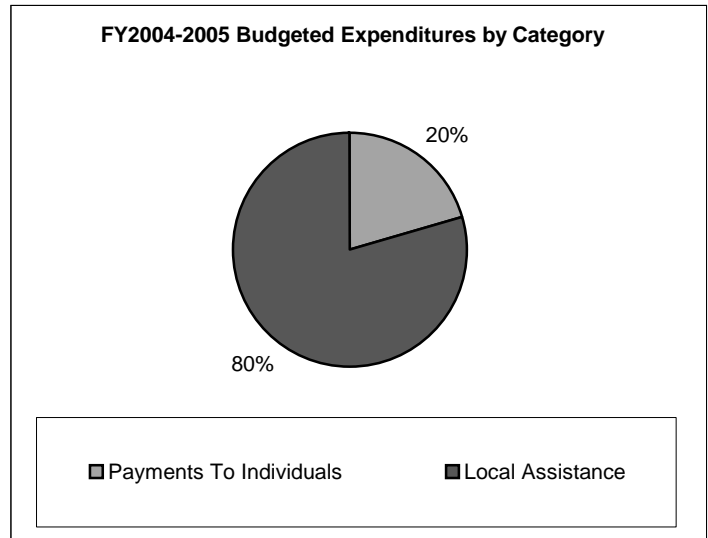
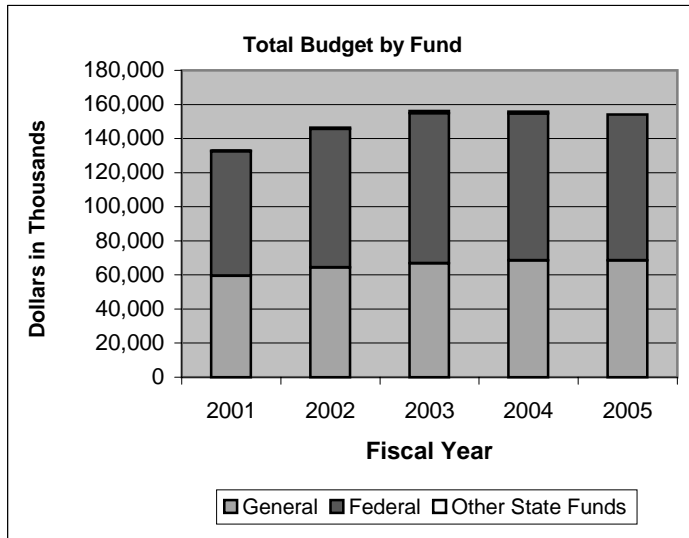
- ◆ Assistant Commissioner Erin Sullivan Sutton, (651) 296-2487
- ◆ Children's Mental Health Director Glenace Edwall, (651) 215-1382
- ◆ Family and Children's Services Director Dorothy Renstrom, (651) 297-5303

Information is also available on the DHS web site: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT

Program: CHILDRENS SERVICES GRANTS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 59,559 | 64,349 | 66,826 | 68,560 | 68,560 | 137,120 | 5,945 | 4.5% |
| Federal Tanf | 1,368 | 1,554 | 1,692 | 640 | 640 | 1,280 | -1,966 | -60.6% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 391 | 717 | 1,282 | 1,266 | 0 | 1,266 | -733 | -36.7% |
| Federal | 71,620 | 79,720 | 86,394 | 85,382 | 84,955 | 170,337 | 4,223 | 2.5% |
| Gift | 4 | 10 | 20 | 20 | 20 | 40 | 10 | 33.3% |
| Total | 132,942 | 146,350 | 156,214 | 155,868 | 154,175 | 310,043 | 7,479 | 2.5% |

| | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|--------------|-------------|
| Expenditures by Category | | | | | | | | |
| Other Operating Expenses | 118 | 67 | 5 | 0 | 0 | 0 | -72 | -100.0% |
| Payments To Individuals | 22,678 | 26,083 | 32,087 | 31,740 | 31,740 | 63,480 | 5,310 | 9.1% |
| Local Assistance | 110,146 | 120,200 | 124,122 | 124,128 | 122,435 | 246,563 | 2,241 | 0.9% |
| Total | 132,942 | 146,350 | 156,214 | 155,868 | 154,175 | 310,043 | 7,479 | 2.5% |

| | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|--------------|-------------|
| Expenditures by Activity | | | | | | | | |
| Childrens Services Grants | 132,942 | 146,350 | 156,214 | 155,868 | 154,175 | 310,043 | 7,479 | 2.5% |
| Total | 132,942 | 146,350 | 156,214 | 155,868 | 154,175 | 310,043 | 7,479 | 2.5% |

Program Description

Children's Services Management is the administrative support component of Children's Services Grants.

Population Served

As the management component, Children's Services Management serves the same children and families as Children's Services Grants. Children's Services Management works with the 87 counties, Indian tribes, local children's mental health collaboratives, non-profits, and other partners in providing services to children who are abused or neglected, in out-of-home placements, in need of adoption, under state guardianship, homeless, or have an emotional disturbance and need mental health services.

Services Provided

Children's Services Management:

- ◆ provides technical support and policy interpretation for 87 county human services agencies, non-profit and tribal agencies which deliver children and family services programs;
- ◆ provides technical assistance and administrative support for local children's mental health collaboratives in 45 counties;
- ◆ provides training and technical assistance on best practices and state and federal requirements to counties, collaboratives, and other providers of child welfare and children's mental health services;
- ◆ administers the Adoption Assistance program and reimburses counties for costs related to the Relative Custody Assistance program for children with special needs;
- ◆ maintains computer systems which support the delivery and evaluation of services to children and their families;
- ◆ assures and documents compliance with state and federal laws;
- ◆ develops statewide policy and procedures for child welfare and children's mental health services;
- ◆ conducts external reviews of county practices and monitors agency grants;
- ◆ works with other state agencies, especially the Departments of Children, Families and Learning, Corrections, and Health, to coordinate policies affecting children; and
- ◆ identifies ways children are affected by other Department of Human Services (DHS) policy changes (e.g. welfare reform) and makes recommendations about how to serve children's best interests.

Program at a Glance

- ◆ Provides administrative support to child welfare and children's mental health grants
- ◆ Develops child welfare and children's mental health policy
- ◆ Works with counties, tribes and local service collaboratives to determine best practices in child welfare and children's mental health, and to evaluate service effectiveness
- ◆ Operates the Social Services Information System (SSIS), the computer system which supports child welfare programs at the local level
- ◆ Provides training and technical assistance to direct service providers
- ◆ Monitors and implements federal actions relating to children's services

Historical Perspective

Children's Services Management has undertaken a number of initiatives to improve services for children and families in recent years. It has:

- ◆ implemented a public/private partnership to quickly find adoptive homes for children under state guardianship;
- ◆ provided leadership in developing the Local Collaborative Time Study (LCTS) as a source of funding for local children's collaboratives;
- ◆ formed a partnership with Minnesota counties to establish a statewide child welfare training system;
- ◆ implemented the Social Services Information System (SSIS), a statewide computer system that provides case management information and documentation support for children's services in Minnesota's 87 counties;
- ◆ negotiated an agreement with tribal governments in Minnesota regarding mutual roles and responsibilities in child welfare matters;
- ◆ led the expansion of federal financial participation in children's services through efforts to maximize Medical Assistance revenues for child welfare and children's mental health case management, community-based children's mental health services, and children's mental health residential treatment; and

- ◆ initiated reforms of the child protection's system response to reports of maltreatment by development of the Alternative Response program.

Throughout this period, the department has pursued constructive partnerships with Minnesota counties, school districts, and private and non-profit organizations to accomplish its mission.

Children's Services has developed a set of outcome measures for child welfare services that rely on data from the Social Services Information System. These measures are used to evaluate child safety, permanency and system activity. Specific measures have also been developed for use with each set of grantees.

Key Measures

- ⇒ All kids will develop to their fullest potential.
 - ◆ Percent of all children in Minnesota who are in out-of-home placements.
 - ⇒ By race/ethnicity
 - ⇒ Children in placements for protection
 - ◆ For children who are removed from their homes, the average length of time before they are returned to their families or are placed in other permanent family arrangements
 - ⇒ By race/ethnicity
 - ◆ Percent of children who are wards of the state who are adopted.
 - ⇒ By race/ethnicity
 - ◆ Percent of children identified with disabilities or mental health needs who receive treatment and supportive services.
- ⇒ People will be free from abuse and neglect.
 - ◆ Percent of child protection cases with a new substantiated maltreatment finding while case is open for child protection services.
 - ⇒ By race/ethnicity
 - ◆ Percent of child protection cases with a new substantiated maltreatment finding within 12 months of case closure.
 - ⇒ By race/ethnicity
 - ◆ Rate of substantiated abuse and neglect findings, per 10,000 state residents.
- ⇒ People will have access to high quality, cost effective mental, physical and chemical health care.
 - ◆ Percent of children who receive mental health services while on Minnesota Health Care Programs.
- ⇒ People are supported in and by their community.
 - ◆ Number of children under public guardianship/conservatorship.

More information on Department of Human Services measures and results is available on the web: <http://www.departmentresults.state.mn.us/hs/index.html>.

Program Funding

Children's Services Management is funded primarily from appropriations from the General Fund and from federal funds.

Contact

For more information about Children's Services Management, contact:

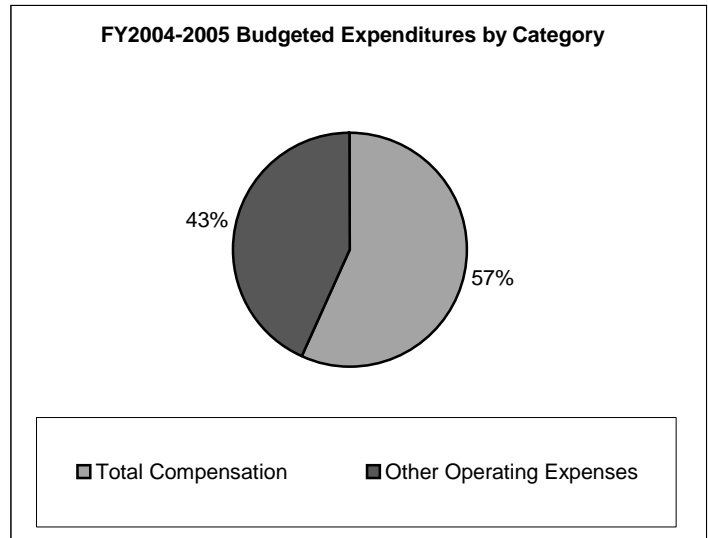
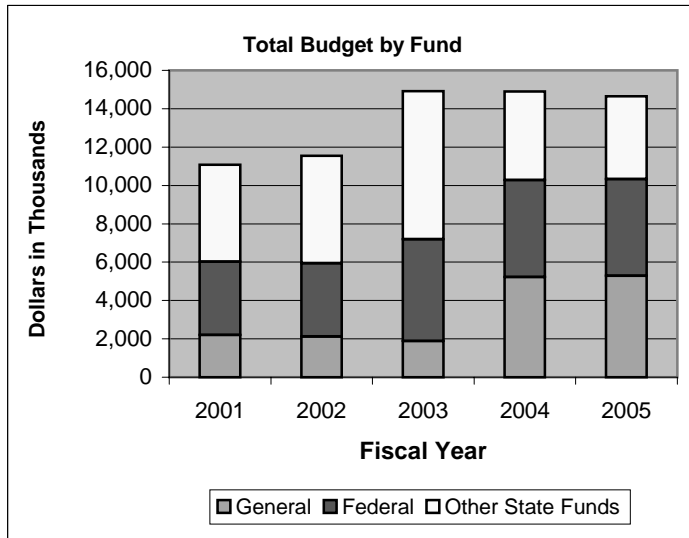
- ◆ Assistant Commissioner Erin Sullivan Sutton, (651) 296-2487
- ◆ Children's Mental Health Director Glenace Edwall, (651) 215-1382
- ◆ Family and Children's Services Director Dorothy Renstrom, (651) 297-5303
- ◆ Social Services Information System Director Gwen Wildermuth, (651) 772-3780

Information is also available on the DHS web site: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT

Program: CHILDRENS SERVICES MANAGEMENT

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 2,209 | 2,125 | 1,890 | 5,221 | 5,283 | 10,504 | 6,489 | 161.6% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 5,059 | 5,616 | 7,720 | 4,623 | 4,323 | 8,946 | -4,390 | -32.9% |
| Federal | 3,816 | 3,808 | 5,302 | 5,057 | 5,043 | 10,100 | 990 | 10.9% |
| Total | 11,084 | 11,549 | 14,912 | 14,901 | 14,649 | 29,550 | 3,089 | 11.7% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 6,243 | 6,762 | 8,119 | 8,274 | 8,489 | 16,763 | 1,882 | 12.6% |
| Other Operating Expenses | 4,841 | 4,787 | 6,793 | 6,627 | 6,160 | 12,787 | 1,207 | 10.4% |
| Total | 11,084 | 11,549 | 14,912 | 14,901 | 14,649 | 29,550 | 3,089 | 11.7% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|
| Expenditures by Activity | | | | | | | | |
| Childrens Services Management | 11,084 | 11,549 | 14,912 | 14,901 | 14,649 | 29,550 | 3,089 | 11.7% |
| Total | 11,084 | 11,549 | 14,912 | 14,901 | 14,649 | 29,550 | 3,089 | 11.7% |

| | | | | | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Full-Time Equivalents (FTE) | 111.3 | 117.3 | 122.3 | 122.3 | 122.3 |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|

Program Description

Basic Health Care Grants purchase preventive and primary health care services, such as physician services, medications, and dental care for low-income families with children, elderly and people with disabilities. More than 500,000 Minnesotans receive health care assistance through this grant area each year.

Federal Medicaid is the largest single source of federal funding in the Minnesota budget and supports activity throughout the DHS budget. Within the Basic Health Care Grants program area, federal Medicaid funding supports MinnesotaCare Grants, MA Basic Health Care Grants-Families and Children, and MA Basic Health Care Grants-Elderly and Disabled. Within the Continuing Care Grants program area, federal Medicaid funding supports MA Long Term Care Waivers and Home Care Grants and MA Long Term Care Facilities Grants.

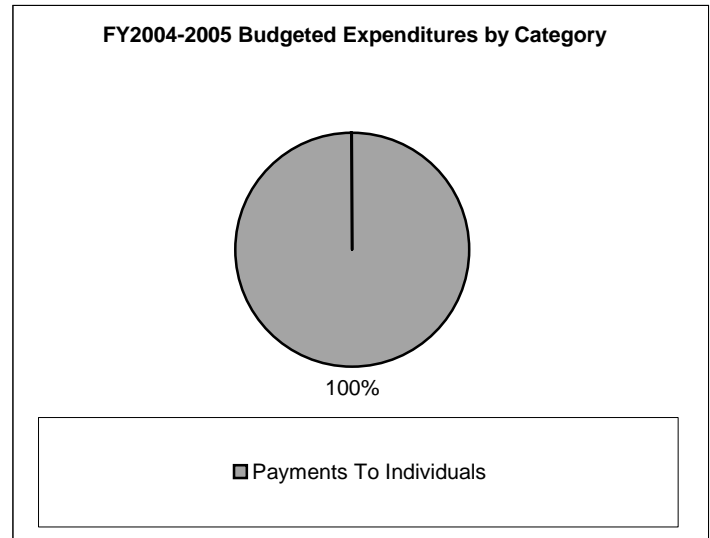
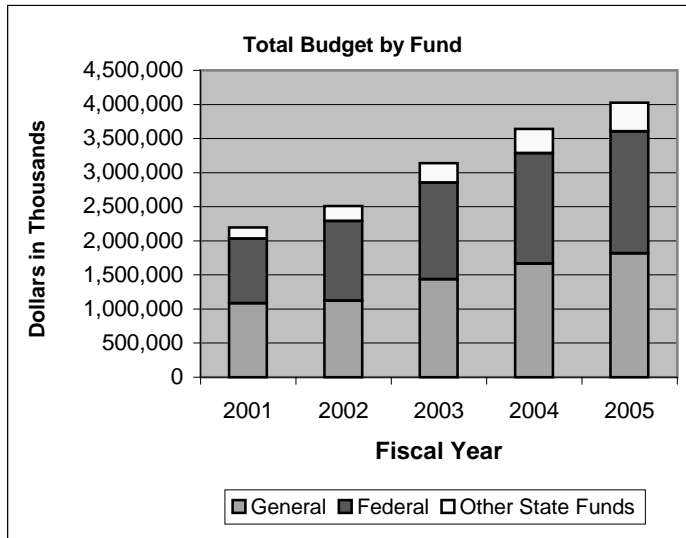
Budget Activities Included:

- ⇒ MinnesotaCare Grants
- ⇒ MA Basic Health Care Grants – Families and Children
- ⇒ MA Basic Health Care Grants – Elderly and Disabled
- ⇒ General Assistance Medical Care Grants
- ⇒ Health Care Grants – Other Assistance
- ⇒ Prescription Drug Program

HUMAN SERVICES DEPT

Program: BASIC HEALTH CARE GRANTS

Fiscal Report



| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 Dollars | Percent |
|---------------------------------|------------------|------------------|--------------------|------------------|--------------------|---------------------|---|--------------|
| Expenditures by Fund | | | | | | | | |
| Direct Appropriations | | | | | | | | |
| General | 1,015,601 | 1,108,999 | 1,405,267 | 1,632,053 | 1,779,720 | 3,411,773 | 897,507 | 35.7% |
| Health Care Access | 140,871 | 194,624 | 259,114 | 324,431 | 389,877 | 714,308 | 260,570 | 57.4% |
| Statutory Appropriations | | | | | | | | |
| General | 70,542 | 10,426 | 29,275 | 33,574 | 38,274 | 71,848 | 32,147 | 81.0% |
| Health Care Access | 22,585 | 27,700 | 23,780 | 28,956 | 32,849 | 61,805 | 10,325 | 20.1% |
| Special Revenue | 115 | 1,437 | 3,216 | 1,186 | 1,136 | 2,322 | -2,331 | -50.1% |
| Federal | 947,641 | 1,169,476 | 1,420,038 | 1,620,769 | 1,784,832 | 3,405,601 | 816,087 | 31.5% |
| Total | 2,197,355 | 2,512,662 | 3,140,690 | 3,640,969 | 4,026,688 | 7,667,657 | 2,014,305 | 35.6% |

| | | | | | | | | |
|---------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|--------------|
| Expenditures by Category | | | | | | | | |
| Other Operating Expenses | 406 | 559 | 687 | 687 | 687 | 1,374 | 128 | 10.3% |
| Payments To Individuals | 2,026,683 | 2,501,034 | 3,134,506 | 3,634,263 | 4,019,609 | 7,653,872 | 2,018,332 | 35.8% |
| Local Assistance | 170,266 | 11,069 | 5,497 | 6,019 | 6,392 | 12,411 | -4,155 | -25.1% |
| Total | 2,197,355 | 2,512,662 | 3,140,690 | 3,640,969 | 4,026,688 | 7,667,657 | 2,014,305 | 35.6% |

| | | | | | | | | |
|---------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|--------------|
| Expenditures by Activity | | | | | | | | |
| Minnesotacare Grants | 239,979 | 347,848 | 446,645 | 558,045 | 653,207 | 1,211,252 | 416,759 | 52.5% |
| Ma Basic Hc Grants-F&C | 928,539 | 918,478 | 1,192,700 | 1,349,596 | 1,459,340 | 2,808,936 | 697,758 | 33.1% |
| Ma Basic Hc Grants-E&D | 880,564 | 1,050,032 | 1,218,865 | 1,379,997 | 1,537,986 | 2,917,983 | 649,086 | 28.6% |
| Gamc Grants | 134,724 | 182,219 | 264,424 | 326,379 | 341,231 | 667,610 | 220,967 | 49.5% |
| Hc Grants-Other Assistance | 8,814 | 8,952 | 9,549 | 10,741 | 10,878 | 21,619 | 3,118 | 16.9% |
| Prescription Drug Program | 4,735 | 5,133 | 8,507 | 16,211 | 24,046 | 40,257 | 26,617 | 195.1% |
| Total | 2,197,355 | 2,512,662 | 3,140,690 | 3,640,969 | 4,026,688 | 7,667,657 | 2,014,305 | 35.6% |

Activity Description

MinnesotaCare Grants pay for health care services for Minnesotans who do not have access to affordable health insurance. There are no health condition barriers, but applicants must meet income and other program guidelines to qualify. Enrollees pay a premium based on income.

Population Served

Enrollees typically are working families and people who do not have access to affordable health insurance and whose income exceeds the limits for Medical Assistance and General Assistance Medical Care:

- ◆ Children, parents with children under 21, and pregnant women must have household incomes at or below 275% of the federal poverty guidelines (FPG). In FY 2002, an average of 115,000 people were enrolled in these categories.
- ◆ Adults (over 21) without children must have household incomes at or below 175% FPG. In FY 2002, an average of 29,000 people were enrolled in this category.
- ◆ Except for certain low-income children, applicants are not eligible if they have other health insurance (including Medicare) or have had other insurance within the past four months.

Activity at a Glance

- ◆ Purchases health care for approximately 144,000 enrollees.
- ◆ Assists low-income, working families and adults who cannot afford health insurance.
- ◆ Invests in preventive health care that makes Minnesota one of the healthiest states in the country.
- ◆ Supports families transitioning from welfare to work.

| Income as a percent of federal poverty guidelines (FPG) | Approximate percent of MinnesotaCare households July 2002 |
|---|---|
| ≤ 100 | 38% |
| 101% - 150% | 33% |
| 151% - 175% | 12% |
| 176% - 200% | 7% |
| 201% - 275% | 9% |
| >275% | 1% |

The average enrollee premium for FY 2002 was \$22 per person per month. The premium for some low-income children is as little as \$4 per month.

Adults (except pregnant women) must also meet asset limits. A household size of one can own up to \$15,000 in assets; a household size of two or more can own up to \$30,000. Some assets, like homestead property and burial funds, are not counted.

Services Provided

MinnesotaCare pays for many basic health care services. Department of Human Services (DHS) contracts with managed care health plans to provide services. Covered services include:

- ◆ ambulance (emergency use only for non-pregnant adults);
- ◆ chemical dependency treatment;
- ◆ chiropractic care;
- ◆ doctor and health clinic visits;
- ◆ dental services for children to age 21 and pregnant women; preventive dental care (teeth cleaning, X-rays, oral exams) for others; extended dental in some cases;
- ◆ emergency room services;
- ◆ eye checkups and prescription eyeglasses (some restrictions apply);
- ◆ home care such as a nurse visit or home health aide;
- ◆ hospice care;
- ◆ immunizations;

HUMAN SERVICES DEPT

Program: BASIC HEALTH CARE GRANTS

Activity: MINNESOTACARE GRANTS

Narrative

- ◆ laboratory and X-ray services;
- ◆ medical equipment and supplies;
- ◆ mental health services;
- ◆ most prescription drugs;
- ◆ rehabilitative therapy; and
- ◆ hospitalization
 - ⇒ no dollar limit for children under 21 and pregnant women;
 - ⇒ no dollar limit for adults who have a child under 21 in their home whose income is equal to or less than 175% FPG; and
 - ⇒ all other adults have a \$10,000 limit per year.

Children under 21 and pregnant women also have coverage for the following services:

- ◆ personal care attendant services;
- ◆ nursing home or intermediate care facilities;
- ◆ private duty nursing;
- ◆ non-emergency medical transportation; and
- ◆ case management services.

Historical Perspective

MinnesotaCare was enacted by the 1992 Minnesota Legislature to provide health care coverage to low-income people who do not have access to affordable health care coverage.

The program was implemented in October 1992 as an expansion of the Children's Health Plan. (The Children's Health Plan began in July 1988 and provided comprehensive outpatient health care coverage for children ages 1 through 17.) MinnesotaCare initially covered families with children whose income was at or below 185% of FPG. In January 1993, the program was expanded to cover families with children whose income was at or below 275% of FPG. In October 1994, MinnesotaCare became available to adults without children whose income was at or below 125% of FPG. The income guideline for adults without children was raised to 135% of FPG in July 1996, and again to 175% of FPG one year later.

The MinnesotaCare program received a boost in FY 2002 after the federal government agreed to give Minnesota access to its federal State Children's Health Insurance Program (S-CHIP) funds, a program created by Congress in 1997 to help states cover more low-income children. Minnesota had been unable to receive S-CHIP funding because MinnesotaCare provided health care coverage to low-income families and children prior to the enactment of S-CHIP. Beginning in FY 2002, the state receives federal funding based on state spending for parents in MinnesotaCare.

Key Measures

- ⇒ Adults who can work will and all people will have an adequate income and other supports to be self-reliant.
 - ◆ Percent of people who are working and have health coverage – by race/ethnicity
- ⇒ People will have access to high quality, cost effective mental, physical and chemical health care.
 - ◆ Percent of people who are insured
 - ⇒ children under 18 – by race/ethnicity and other known disparate groups
 - ⇒ all Minnesotans – by race/ethnicity and other known disparate groups

More information on Department of Human Services measures and results is available on the web: <http://www.departmentresults.state.mn.us/hs/index.html>.

HUMAN SERVICES DEPT

Program: BASIC HEALTH CARE GRANTS

Activity: MINNESOTACARE GRANTS

Narrative

Activity Funding

MinnesotaCare Grants is funded from appropriations from the Health Care Access Fund, from federal Medicaid funds, and from enrollee premiums.

Contact

For more information on MinnesotaCare Grants, contact:

- ◆ Assistant Commissioner for Health Care Brian Osberg, (651) 284-4388
- ◆ Health Care Eligibility and Access Director Kathleen Henry, (651) 296-8818
- ◆ Purchasing and Service Delivery Acting Director Kathleen Cota, (651) 215-0125

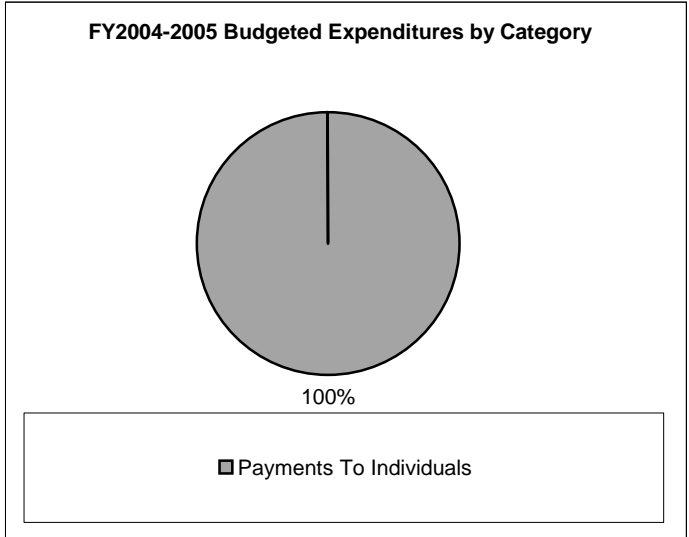
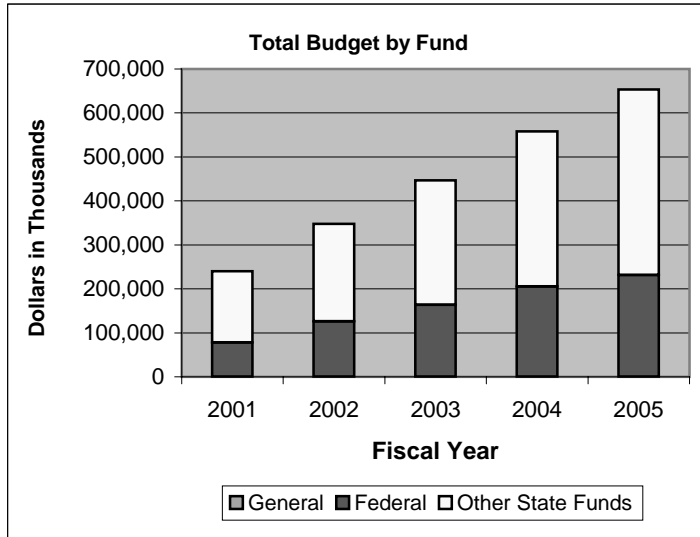
Information is also available on the DHS web site: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT

Program: **BASIC HEALTH CARE GRANTS**

Activity: MINNESOTACARE GRANTS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|-----------------------------|---------|---------|----------|---------|---------|-----------|-------------------|---------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| Health Care Access | 140,004 | 194,624 | 259,114 | 323,681 | 389,127 | 712,808 | 259,070 | 57.1% |
| Statutory Appropriations | | | | | | | | |
| Health Care Access | 22,292 | 27,700 | 23,780 | 28,956 | 32,849 | 61,805 | 10,325 | 20.1% |
| Federal | 77,683 | 125,524 | 163,751 | 205,408 | 231,231 | 436,639 | 147,364 | 50.9% |
| Total | 239,979 | 347,848 | 446,645 | 558,045 | 653,207 | 1,211,252 | 416,759 | 52.5% |
| | | | | | | | | |
| Expenditures by Category | | | | | | | | |
| Payments To Individuals | 239,979 | 347,848 | 446,645 | 558,045 | 653,207 | 1,211,252 | 416,759 | 52.5% |
| Total | 239,979 | 347,848 | 446,645 | 558,045 | 653,207 | 1,211,252 | 416,759 | 52.5% |

HUMAN SERVICES DEPT

Program: BASIC HEALTH CARE GRANTS

Activity: MA BASIC HEALTH CARE GRANTS-F&C

Narrative

Activity Description

Medical Assistance (MA) Basic Health Care Grants—Families and Children purchase health care services for the poorest Minnesotans, making it an important health care safety net. It is distinguished from MinnesotaCare in a number of ways – its income guidelines are lower, it does not have premiums, and it pays retroactively for medical bills incurred.

Population Served

Local county agencies determine eligibility for MA within federal and state guidelines. MA Basic Health Care Grants—Families and Children serve:

- ◆ pregnant women with income at or below 275% of the federal poverty guidelines (FPG);
- ◆ infants under age two with income at or below 280% of the FPG;
- ◆ children ages two through 18 at or below 170% of the FPG; and
- ◆ parents, relative caretakers, and children ages 19 and 20 at or below 100% of the FPG.

Families and children with income over the MA limits may qualify through a spend-down provision if incurred medical bills exceed the difference between income and 100% of the FPG.

Adults (except pregnant women) must also meet asset limits. A household size of one can own up to \$15,000 in assets; a household size of two or more can own up to \$30,000. Some assets, like homestead property and burial funds, are not counted.

Enrollees who become ineligible for MA because of increased earned income or child/spousal maintenance may be eligible for transitional MA for four to 12 months.

MA provides retroactive coverage for medical bills incurred up to three months before the date of application.

Services Provided

The department purchases most services for this population through capitated rate contracts with health plans. In most areas of the state, MA parents and children have multiple health plans from which to choose.

MA basic health care services include:

- ◆ physician services;
- ◆ ambulance and emergency room services;
- ◆ lab and X-ray;
- ◆ rural health clinics;
- ◆ chiropractic services;
- ◆ early periodic screening, diagnosis, and treatment;
- ◆ mental health, alcohol and drug treatment;
- ◆ inpatient and outpatient hospital care;
- ◆ eyeglasses and eye care;
- ◆ immunizations;
- ◆ medical transportation, supplies and equipment;
- ◆ prescription medications; and
- ◆ dental care.

Activity at a Glance

- ◆ Purchases preventive and primary health care for 263,000 people (FY 2002).
- ◆ Acts as a safety net health care program for the lowest income Minnesotans.
- ◆ Is the state's largest publicly funded health care program.

HUMAN SERVICES DEPT

Program: BASIC HEALTH CARE GRANTS

Activity: MA BASIC HEALTH CARE GRANTS-F&C

Narrative

Historical Perspective

In 1966—less than a year after Congress established the Medicaid program under Title XIX of the Social Security Act—Minnesota began receiving federal matching funds for the state's Medical Assistance program. In 1998, federal matching funds were appropriated by Congress for the State-Children's Health Insurance Program (SCHIP) under Title XXI of the Social Security Act. In 1999, Minnesota began receiving SCHIP funds for coverage provided to some low-income children enrolled in Medical Assistance and later for other health care expenditures as well.

By accepting federal matching funds, states are subjects to federal regulations concerning program administration, but have certain options concerning coverage of groups and services and provider reimbursement rates.

With changes to federal Medicaid requirements, Minnesota's Medical Assistance program has expended since the mid-1980s. The expansions have focused primarily on low-income, uninsured or under-insured children, as well as eligibility changes to better support seniors and people with disabilities in their own home or in small, community-based settings.

The most recent eligibility expansions in this grant area occurred on 7-1-02. The income limit for children was increased for children ages two through 18 to 170% of the federal poverty guideline (FPG). The previous standards were 133% of FPG for children ages two through five and 100% of FPG for children six through 18. This increased limit means that younger children will no longer lose MA when they turn six, and children of various ages in the same family will be able to have the same coverage. The other change included an increase in the income limit for low-income parents who were not participating in the Minnesota Family Investment Program, from approximately 69% of FPG to 100% of FPG.

Minnesota's investments in access to health care, such as those in Medical Assistance, are one reason that the United Health Foundation, a group of leading public health scholars, ranked Minnesota the healthiest state in 2001.

Since the 1970s, Minnesota's approach to purchasing basic health care benefits under Medical Assistance has evolved from strictly fee-for-service to increased use of more contracts with health plans to deliver care for a fixed or "capitated" amount per person. Purchasing with capitated contracts provides more incentive for cost-effective and coordinated care and access to the same health care providers as the general public.

Key Measures

- ⇒ Adults who can work will and all people will have an adequate income and other supports to be self-reliant.
 - ◆ Percent of people who are working and have health coverage – by race/ethnicity
- ⇒ People will have access to high quality, cost effective mental, physical and chemical health care.
 - ◆ Percent of people who are insured
 - ⇒ children under 18 – by race/ethnicity and other known disparate groups
 - ⇒ all Minnesotans – by race/ethnicity and other known disparate groups
 - ◆ Percent of children and adults who receive mental health services while on Minnesota Health Care Programs.
 - ◆ Percent of children in Minnesota Health Care programs and commercial managed care programs who received a preventive health care service – by age group (e.g., 0-3, 3-6).

More information on Department of Human Services measures and results is available on the web: <http://www.departmentresults.state.mn.us/hs/index.html>.

Activity Funding

MA Basic Health Care Grants—Families and Children is funded with appropriations from the General fund and federal Medicaid funds.

HUMAN SERVICES DEPT

Program: BASIC HEALTH CARE GRANTS

Activity: MA BASIC HEALTH CARE GRANTS-F&C

Narrative

Contact

For more information about MA Basic Health Care Grants–Families and Children, contact:

- ◆ Assistant Commissioner for Health Care Brian Osberg, (651) 284-4388
- ◆ Health Care Eligibility and Access Director Kathleen Henry, (651) 296-8818
- ◆ Purchasing and Service Delivery Acting Director Kathleen Cota, (651) 215-0125
- ◆ State Medicaid Director Mary B. Kennedy, (651) 297-7515

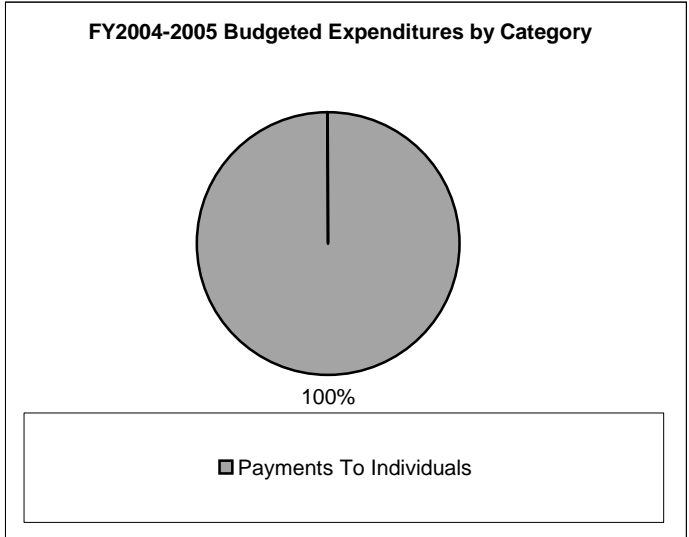
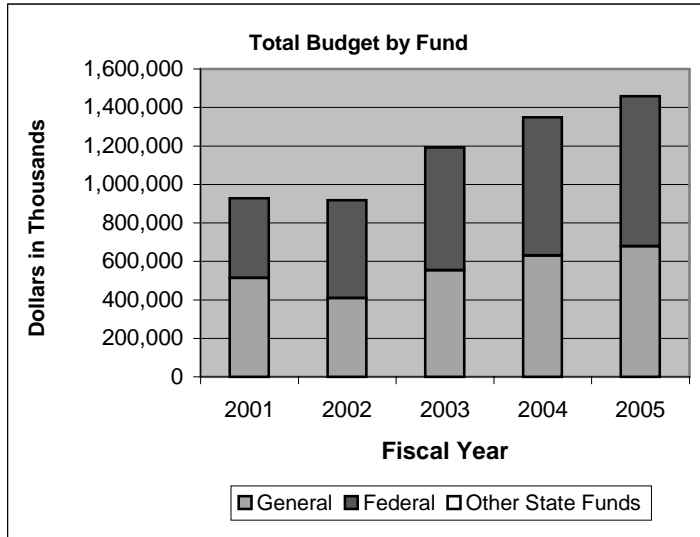
Information is also available on the DHS web site: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT

Program: **BASIC HEALTH CARE GRANTS**

Activity: MA BASIC HC GRANTS-F&C

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
| Direct Appropriations | | | | | | | Dollars | Percent |
| General | 487,025 | 398,305 | 524,831 | 595,990 | 641,021 | 1,237,011 | 313,875 | 34.0% |
| Statutory Appropriations | | | | | | | | |
| General | 26,312 | 10,426 | 29,270 | 33,569 | 38,269 | 71,838 | 32,142 | 81.0% |
| Federal | 415,202 | 509,747 | 638,599 | 720,037 | 780,050 | 1,500,087 | 351,741 | 30.6% |
| Total | 928,539 | 918,478 | 1,192,700 | 1,349,596 | 1,459,340 | 2,808,936 | 697,758 | 33.1% |

| | | | | | | | | |
|---------------------------------|----------------|----------------|------------------|------------------|------------------|------------------|----------------|--------------|
| Expenditures by Category | | | | | | | | |
| Payments To Individuals | 763,708 | 912,202 | 1,192,700 | 1,349,596 | 1,459,340 | 2,808,936 | 704,034 | 33.4% |
| Local Assistance | 164,831 | 6,276 | 0 | 0 | 0 | 0 | -6,276 | -100.0% |
| Total | 928,539 | 918,478 | 1,192,700 | 1,349,596 | 1,459,340 | 2,808,936 | 697,758 | 33.1% |

HUMAN SERVICES DEPT

Program: BASIC HEALTH CARE GRANTS

Activity: MA BASIC HEALTH CARE GRANTS-E&D

Narrative

Activity Description

Medical Assistance (MA) Basic Health Care Grants—Elderly and Disabled program purchase preventive and primary health care services for Minnesota's low-income elderly (65 years or older), blind people and people with disabilities. These funds also help many low-income Minnesotans pay Medicare premiums and co-payments.

Population Served

Local county agencies determine eligibility for MA within federal and state guidelines. Minnesotans eligible for full MA coverage include:

- ♦ elderly and disabled people who have income at or below 100% of the federal poverty guidelines (FPG) (by family size); and
- ♦ people with income over the MA limit who may qualify if their incurred medical bills exceed the difference between their income and the spend-down standard of 75% of the FPG (by family size).

The asset limit is \$3,000 for a single person and \$6,000 for a couple. Some assets like homestead property and burial funds are not counted.

MA provides coverage for medical bills incurred up to three months before date of application.

Additionally, several thousand Minnesotans receive help paying Medicare costs only, rather than comprehensive MA coverage. For Medicare enrollees with income at or below 100% of the FPG, MA covers all Medicare cost-sharing including premiums. For Medicare enrollees with income between 100% and 120% FPG, MA covers the Medicare Part B premium. Medicare enrollees with income between 120% and 135% FPG receive coverage of the Part B premium only through 12-31-02. Higher asset limits apply to these enrollees.

About 10% of MA enrollees with disabilities receive full MA coverage under the Medical Assistance for Employed Persons with Disabilities (MA-EPD) program. To be eligible for MA-EPD, an individual must:

- ♦ be certified disabled by either the Social Security Administration or the State Medical Review Team;
- ♦ be employed, and at least 16 but under 65 years of age;
- ♦ meet the \$20,000 asset limit; and
- ♦ pay a premium, if the enrollee's earned and unearned monthly income equals or exceeds 100% of FPG for their family size.

As of June 2002, about three-fourths of enrollees paid premiums, averaging \$42 per month. A majority of enrollees had earned gross income of less than \$800 per month.

Services Provided

Department of Human Services (DHS) purchases services for people with disabilities and some elderly. MA basic health care services include:

- ♦ physician services;
- ♦ ambulance and emergency room services;
- ♦ lab and X-ray;
- ♦ rural health clinics;
- ♦ chiropractic services;
- ♦ early periodic screening, diagnosis, and treatment;
- ♦ mental health, alcohol and drug treatment;
- ♦ inpatient and outpatient hospital care;
- ♦ eyeglasses and eye care;
- ♦ immunizations;

Activity at a Glance

- ♦ Purchases health care for approximately 51,000 elderly Minnesotans and 81,000 people with disabilities (FY 2002 average).
- ♦ Helps 6,200 elderly and 1,400 people with disabilities pay Medicare premiums and co-payments (FY 2002 average).

HUMAN SERVICES DEPT

Program: BASIC HEALTH CARE GRANTS

Activity: MA BASIC HEALTH CARE GRANTS-E&D

Narrative

- ◆ medical supplies and equipment;
- ◆ prescription medications;
- ◆ dental care; and
- ◆ medical transportation.

MA coverage of long-term care services, such as nursing home and home care services, are funded through the Continuing Care portion of the department's budget.

Historical Perspective

Medical Assistance has long served as a health care safety net for people with disabilities and elderly residents who have low income or have medical expenses that can be used to reduce income to the income limit. For many, MA acts as a supplement to Medicare, helping low-income Medicare enrollees pay premiums and co-payments.

In 1966—less than a year after Congress established the Medicaid program under Title XIX of the Social Security Act—Minnesota began receiving federal matching funds for the state's Medical Assistance program. By accepting federal matching funds, states are subjects to federal regulations concerning program administration, but have certain options concerning coverage of groups and services and provider reimbursement rates.

Prior to 2001, the income limits for most MA elderly and disabled were about 69% of the FPG.

In July 1999, Minnesota added the Medical Assistance for Employed Persons with Disabilities (MA-EPD) program that allows people with disabilities to earn income and still qualify for, or buy into, MA. Enrollment in the program leveled out in the first half of 2002, with about 5,840 people as of June 2002. Nearly 90% of enrollees have Medicare as their primary health care coverage, while MA-EPD covers additional services such as prescription drugs and personal care services.

Minnesota's investments in access to health care, such as those in Medical Assistance, are one reason that the United Health Foundation, a group of leading public health scholars, ranked Minnesota the healthiest state in 2001.

Since the 1970s, Minnesota's approach to purchasing basic health care benefits for seniors enrolled in Medical Assistance has evolved from strictly fee-for-service to increased use of more contracts with health plans to deliver care for a fixed or "capitated" amount per person. Purchasing with capitated contracts provides more incentive for cost-effective and coordinated care and access to the same health care providers as the general public.

Key Measures

- ⇒ Adults who can work will and all people will have an adequate income and other supports to be self-reliant.
 - ◆ Percent of people who are working and have health coverage—by race and ethnicity.
- ⇒ People will have access to high quality, cost effective mental, physical and chemical health care.
 - ◆ Percent of people who are insured
 - ⇒ children under 18 – by race/ethnicity and other known disparate groups
 - ⇒ all Minnesotans – by race/ethnicity and other known disparate groups
 - ◆ Percent of eligible elderly and disabled Medicare beneficiaries enrolled in public or private Medicare supplement programs.
 - ⇒ percent of eligible elderly and disabled enrolled in the Prescription Drug program
 - ⇒ percent of elderly and disabled with prescription drug coverage
- ⇒ People will be able to control their own lives.
 - ◆ Persons on MA residing in institutional settings

HUMAN SERVICES DEPT

Program: BASIC HEALTH CARE GRANTS

Activity: MA BASIC HEALTH CARE GRANTS-E&D

Narrative

More information on Department of Human Services measures and results is available on the web: <http://www.departmentresults.state.mn.us/hs/index.html>.

Activity Funding

MA Basic Health Care Grants–Elderly and Disabled is funded from appropriations from the General Fund and from federal Medicaid funds.

Contact

For more information about MA Basic Health Care Grants–Elderly and Disabled, contact:

- ◆ Assistant Commissioner for Health Care Brian Osberg, (651) 284-4388
- ◆ Health Care Eligibility and Access Director Kathleen Henry, (651) 296-8818
- ◆ Purchasing and Service Delivery Acting Director Kathleen Cota, (651) 215-0125
- ◆ State Medicaid Director Mary B. Kennedy, (651) 297-7515

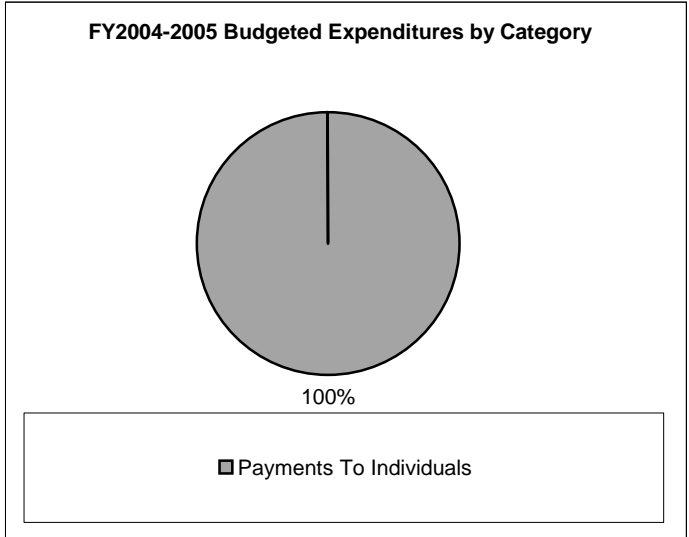
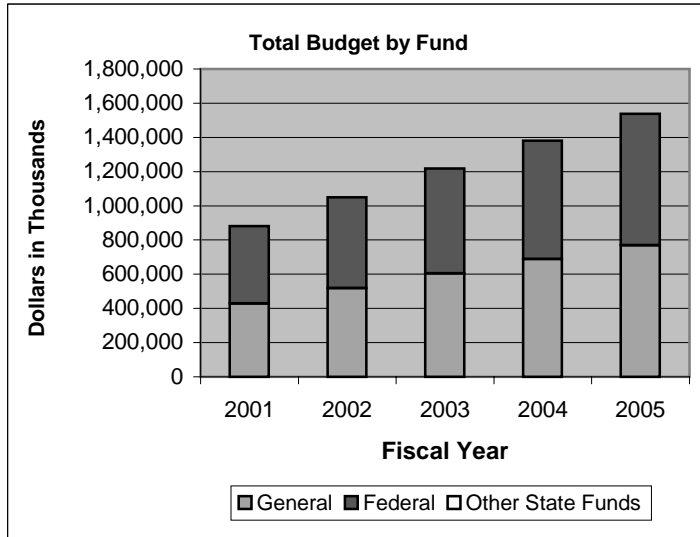
Information is also available on the DHS web site: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT

Program: **BASIC HEALTH CARE GRANTS**

Activity: MA BASIC HC GRANTS-E&D

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | | |
|---------------------------------|------------------|------------------|--------------------|------------------|------------------|---------------------|---|--------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 384,941 | 519,098 | 604,101 | 688,598 | 768,174 | 1,456,772 | 333,573 | 29.7% |
| Statutory Appropriations | | | | | | | | |
| General | 43,128 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Federal | 452,495 | 530,934 | 614,764 | 691,399 | 769,812 | 1,461,211 | 315,513 | 27.5% |
| Total | 880,564 | 1,050,032 | 1,218,865 | 1,379,997 | 1,537,986 | 2,917,983 | 649,086 | 28.6% |
| Expenditures by Category | | | | | | | | |
| Payments To Individuals | 880,564 | 1,050,032 | 1,218,865 | 1,379,997 | 1,537,986 | 2,917,983 | 649,086 | 28.6% |
| Total | 880,564 | 1,050,032 | 1,218,865 | 1,379,997 | 1,537,986 | 2,917,983 | 649,086 | 28.6% |

HUMAN SERVICES DEPT

Program: BASIC HEALTH CARE GRANTS

Activity: GAMC GRANTS

Narrative

Activity Description

General Assistance Medical Care (GAMC) Grants pay for medical care for low-income Minnesotans who are ineligible for Medical Assistance (MA) or other state or federal health care programs—primarily low-income adults between the ages of 21 and 64 who do not have dependent children.

Population Served

Local county agencies determine eligibility for GAMC within state guidelines. GAMC serves:

- ◆ primarily single adults with no earned income between ages 21 and 64 who do not have dependent children;
- ◆ people receiving General Assistance (GA) cash grants;
- ◆ some residents of facilities, such as Institutions for Mental Diseases (IMDs), treatment facilities and adult foster care homes;
- ◆ undocumented people who are under 18, over 65, blind, or have a disability; and
- ◆ people receiving services from the Center for Victims of Torture.

Eligibility criteria include:

- ◆ household income may not exceed 75% of the federal poverty guidelines (FPG), except that people with incomes over this limit may qualify if their incurred medical bills exceed the difference between their income and this limit; and
- ◆ enrollees may not have more than \$1,000 in assets, although some assets like homestead property and burial funds are not counted.

Other people may be eligible through a spend down if their medical bills exceed the difference between their income and the GAMC income limit.

Retroactive coverage is available for medical bills incurred one month prior to date of application.

Services Provided

Department of Human Services (DHS) purchases services for over half of this population through capitated rate contracts with health plans.

Services provided under GAMC include:

- ◆ inpatient and outpatient hospital care;
- ◆ drugs and medical supplies;
- ◆ physician services;
- ◆ immunizations;
- ◆ hearing aids;
- ◆ alcohol and drug treatment;
- ◆ medical equipment and supplies;
- ◆ prosthetics;
- ◆ emergency-room services;
- ◆ dental care;
- ◆ chiropractic services;
- ◆ medical transportation;
- ◆ eye exams and eyeglasses; and
- ◆ public health nursing services.

GAMC does not cover:

Activity at a Glance

- ◆ Pays for preventive and primary health care for approximately 30,000 Minnesotans not eligible for either MinnesotaCare or Medical Assistance.
- ◆ Serves primarily low-income adults without children.

HUMAN SERVICES DEPT

Program: BASIC HEALTH CARE GRANTS

Activity: GAMC GRANTS

Narrative

- ◆ artificial or in-vitro insemination, fertility drugs;
- ◆ cosmetic surgery;
- ◆ missed appointments;
- ◆ nursing home, hospice, or home health care;
- ◆ physical, occupational, or speech therapy, audiology; or
- ◆ pregnancy and related services.

Historical Perspective

The legislature established the state-funded GAMC program in 1976.

GAMC paid for the same broad range of medical services as MA until 1981. In 1981, coverage was restricted to seven major services: inpatient hospital care, outpatient hospital care, prescription drugs, physician services, medical transportation, dental care, and community mental health center day treatment. Since then, many services have been added back into coverage.

In 1989, provisions were added that make a person who gives away certain property ineligible for GAMC for a designated penalty period. In 1995, the time during which such transfers are examined was increased from 30 to 60 months prior to application.

Through 1990, the state paid 90% of the costs and counties paid 10%. Beginning in 1991, the state began reimbursing the 10% county share.

Key Measures

⇒ People will have access to high quality, cost effective mental, physical and chemical health care.

- ◆ Percent of people who are insured.
 - ⇒ children under 18 – by race/ethnicity and other disparate groups
 - ⇒ all Minnesotans – by race/ethnicity and other disparate groups

More information on Department of Human Services measures and results is available on the web: <http://www.departmentresults.state.mn.us/hs/index.html>.

Activity Funding

General Assistance Medical Care Grants is funded from appropriations from the General Fund.

Contact

For more information on General Assistance Medical Care Grants, contact:

- ◆ Assistant Commissioner for Health Care Brian Osberg, (651) 284-4388
- ◆ Health Care Eligibility and Access Director Kathleen Henry, (651) 296-8818
- ◆ Purchasing and Service Delivery Acting Director Kathleen Cota, (651) 215-0125

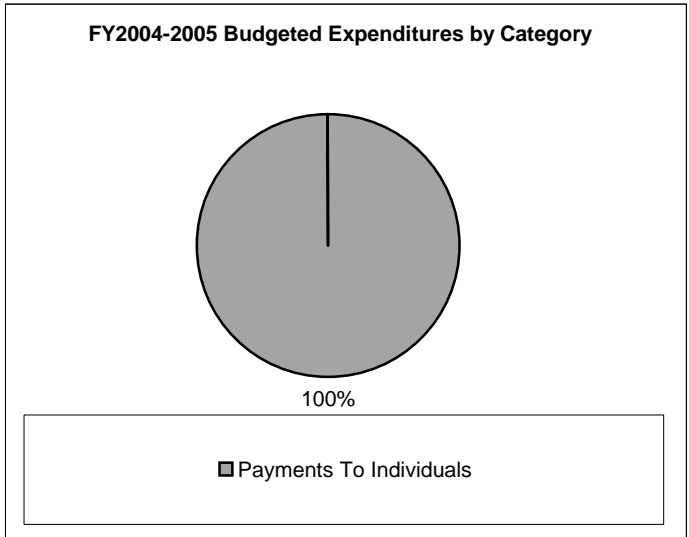
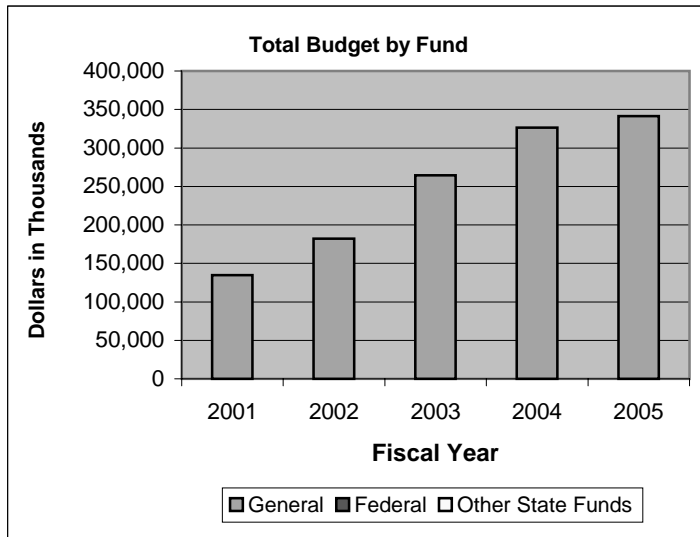
Information is also available on the DHS web site: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT

Program: **BASIC HEALTH CARE GRANTS**

Activity: GAMC GRANTS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 134,724 | 182,219 | 264,424 | 326,379 | 341,231 | 667,610 | 220,967 | 49.5% |
| Total | 134,724 | 182,219 | 264,424 | 326,379 | 341,231 | 667,610 | 220,967 | 49.5% |
| Expenditures by Category | | | | | | | | |
| Payments To Individuals | 134,724 | 182,219 | 264,424 | 326,379 | 341,231 | 667,610 | 220,967 | 49.5% |
| Total | 134,724 | 182,219 | 264,424 | 326,379 | 341,231 | 667,610 | 220,967 | 49.5% |

HUMAN SERVICES DEPT

Program: BASIC HEALTH CARE GRANTS

Activity: HEALTH CARE GRANTS-OTHER ASSISTANCE

Narrative

Activity Description

Health Care Grants-Other Assistance contains four elements:

- ◆ HIV/AIDS grants providing a menu of services specifically for HIV-infected people to prevent or delay enrollment in the Medical Assistance (MA) or General Assistance Medical Care (GAMC) programs;
- ◆ County Prepaid Medical Assistance (PMAP) grants defraying the administrative costs of both educating MA and GAMC enrollees about PMAP and enrolling them with a health plan;
- ◆ Community Dental grants improving access to dental care for MinnesotaCare, MA, and GAMC enrollees; and
- ◆ Minnesota Health Care Program Outreach educating people about the importance of having health insurance coverage and how to access preventive health care and assisting eligible people to enroll in Minnesota's publicly-funded health care programs.

Activity at a Glance

- ◆ In FY 2000, HIV/AIDS programs helped:
 - ⇒ 750 people pay for prescription drugs;
 - ⇒ 766 people pay insurance costs;
 - ⇒ 583 people with dental services;
 - ⇒ 815 people with nutritional services; and
 - ⇒ 981 people with case management services.
- ◆ 69 counties are eligible to utilize County PMAP grants of about \$1.5 million per year.
- ◆ In FY 2003, Community Dental Clinic grants will be awarded totaling \$800,000.
- ◆ Since 1997, over 40,000 people have been enrolled in a health care program by agencies funded by Minnesota Health Care Program Outreach grants.

Population Served

HIV/AIDS programs serve people living with HIV who have income under 300% of the federal poverty guideline (FPG) and cash assets under \$25,000.

MA and GAMC enrollees in 69 Minnesota counties participate in PMAP. Those counties are eligible to receive PMAP grants.

While Community Dental grants are awarded to support new clinics and expanded clinics generally serving people on publicly-funded programs, special emphasis has been placed on serving enrollees with developmental disabilities and on workforce development.

Minnesota Health Care Program Outreach grants are targeted toward reaching people eligible for, but not enrolled, in MA, GAMC, or MinnesotaCare.

Services Provided

HIV/AIDS programs assist enrollees with:

- ◆ the patient's portion of the cost of HIV-related medications;
- ◆ premiums to keep people enrolled in their private insurance;
- ◆ counseling about options for third-party coverage;
- ◆ dental services;
- ◆ up to \$50 per month of the cost of enteral nutrition; and
- ◆ case management through community-based vendors at a number of locations.

County PMAP grants defray the cost of PMAP administration including:

- ◆ education;
- ◆ advocacy; and
- ◆ outreach for county residents.

Community Dental Clinic grants increase access to dental care.

Minnesota Health Care Programs Outreach grants:

- ◆ educate people about the importance of having and maintaining health insurance coverage;

HUMAN SERVICES DEPT

Program: BASIC HEALTH CARE GRANTS

Activity: HEALTH CARE GRANTS-OTHER ASSISTANCE

Narrative

- ◆ assist Minnesotans in enrolling in publicly funded health care programs;
- ◆ provide ongoing support to keep people and families enrolled; and
- ◆ educate uninsured people and families on accessing preventive health care.

Historical Perspective

The HIV/AIDS program began in 1987. An important element in its creation was the desire to keep private insurance policies in place for HIV+ people and at the same time provide access to a limited scope of additionally needed services and products. The program currently serves more than 1,500 people. The number of people living with HIV in Minnesota has increased as new people are infected and those already infected are living longer. Epidemiological studies show that people contracting HIV are increasingly likely to be poor, women, people of color, and people with more complex needs and fewer resources who require more assistance. Continually evolving treatments and research make HIV an ever-changing and complex disease to manage. To make access to services more streamlined at the state level, in 2001, responsibility for case management of services to people with HIV was consolidated at DHS.

Community Dental Grants were first approved by the legislature for FY 2000-01 to address concerns about lack of access to dental care for enrollees in MA, GAMC, and MinnesotaCare. Approximately \$1.4 million has been spent on grant awards targeted toward particular populations and geographic areas.

Key Measures

- ⇒ People will have access to high quality, cost effective mental, physical and chemical health care.
 - ◆ Percent of people who are insured.
 - ⇒ children under 18 – by race/ethnicity and other disparate groups
 - ⇒ all Minnesotans – by race/ethnicity and other disparate groups
- ⇒ People will be able to control their own lives.
 - ◆ Persons participating in consumer directed options

More information on Department of Human Services measures and results is available on the web: <http://www.departmentresults.state.mn.us/hs/index.html>.

Activity Funding

Health Care Grants-Other Assistance is funded from appropriations from the General Fund and Health Care Access Fund and from federal funds.

Contact

For more information on Health Care Grants-Other Assistance, contact:

- ◆ Assistant Commissioner for Health Care Brian Osberg, (651) 284-4388
- ◆ Health Care Eligibility and Access Director Kathleen Henry, (651) 296-8818
- ◆ Purchasing & Service Delivery Acting Director Kathleen Cota, (651) 297-3200
- ◆ Director of HIV/AIDS Services James R. Huber, (651) 582-1806

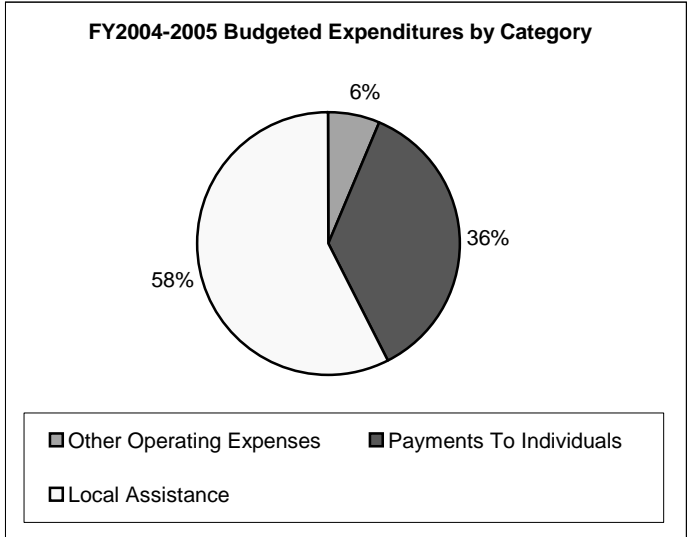
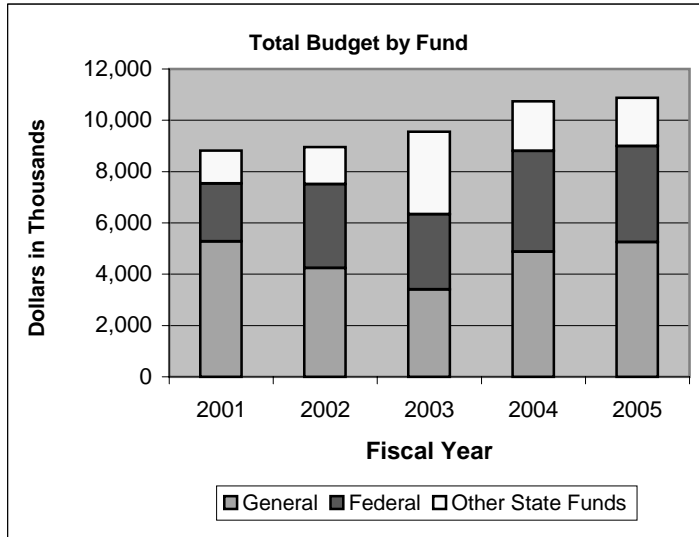
Information is also available on the DHS web site: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT

Program: **BASIC HEALTH CARE GRANTS**

Activity: HC GRANTS-OTHER ASSISTANCE

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 4,176 | 4,244 | 3,409 | 4,880 | 5,253 | 10,133 | 2,480 | 32.4% |
| Health Care Access | 867 | 0 | 0 | 750 | 750 | 1,500 | 1,500 | n.m |
| Statutory Appropriations | | | | | | | | |
| General | 1,102 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Health Care Access | 293 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Special Revenue | 115 | 1,437 | 3,216 | 1,186 | 1,136 | 2,322 | -2,331 | -50.1% |
| Federal | 2,261 | 3,271 | 2,924 | 3,925 | 3,739 | 7,664 | 1,469 | 23.7% |
| Total | 8,814 | 8,952 | 9,549 | 10,741 | 10,878 | 21,619 | 3,118 | 16.9% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|---------------|---------------|---------------|--------------|--------------|
| Expenditures by Category | | | | | | | | |
| Other Operating Expenses | 406 | 559 | 687 | 687 | 687 | 1,374 | 128 | 10.3% |
| Payments To Individuals | 2,973 | 3,600 | 3,365 | 4,035 | 3,799 | 7,834 | 869 | 12.5% |
| Local Assistance | 5,435 | 4,793 | 5,497 | 6,019 | 6,392 | 12,411 | 2,121 | 20.6% |
| Total | 8,814 | 8,952 | 9,549 | 10,741 | 10,878 | 21,619 | 3,118 | 16.9% |

HUMAN SERVICES DEPT

Program: BASIC HEALTH CARE GRANTS

Activity: PRESCRIPTION DRUG PROGRAM

Narrative

Activity Description

The Prescription Drug Program (PDP) pays for medications for Medicare beneficiaries who do not have prescription drug coverage. The program is state funded and rebates received from drug manufacturers help reduce costs. The PDP is not an entitlement. Assistance is provided as long as program costs do not exceed appropriated funds and rebate proceeds.

Activity at a Glance

- ◆ Pays for prescription drugs for Medicare beneficiaries who do not qualify for Medical Assistance and have incomes at or below 120% of the federal poverty guideline.
- ◆ Assists approximately 5,500 people a month.

Population Served

Elderly and disabled Medicare beneficiaries, who have income at or below 120% of the federal poverty guideline (FPG) by family size and do not qualify for Medical Assistance (MA) without a spend-down, may be eligible for the PDP. PDP enrollees must be Minnesota residents for at least six months and not have had prescription drug coverage within four months of applying.

The asset limit is \$10,000 for a single person and \$18,000 for a family of two or more. Some assets like homestead property and burial funds are not counted.

Services Provided

The PDP pays for most prescription drugs after enrollees pay the first \$35 per month (per person).

Historical Perspective

Originally called the Senior Drug Program (SDP), the program started on 1-1-99, covering Medicare beneficiaries age 65 and older whose income did not exceed 120% of the FPG. The asset limit was \$4,000 for a single person and \$6,000 for a family of two or more. Enrollees were required to pay an annual enrollment fee of \$120 and a monthly deductible of \$25 (per person). Drugs covered in the SDP were the same as those covered in the MA program.

Effective 7-1-99, the annual enrollment fee was eliminated and the monthly deductible was increased to \$35. At the same time, coverage was limited to those drugs covered by a rebate contract between the state and drug companies.

On 7-1-2000, the name of the program was changed to the PDP. Starting 10-1-2000, the asset limit for the program increased to \$10,000 for a single person and \$18,000 for a family of two or more. On 7-1-02, the program expanded to cover Medicare beneficiaries, under age 65 who have disabilities and incomes at or below 100% of the FPG.

A 2001 legislative expansion of the program to include elderly with income between 120% and 135% of FPG was delayed from 1-1-02 to 7-1-03 due to a shortfall in the initial 2002-03 appropriation.

Key Measures

- ⇒ People will have access to high quality, cost effective mental, physical and chemical health care.
 - ◆ Percent of eligible elderly and disabled Medicare beneficiaries enrolled in public or private Medicare supplement programs
 - ⇒ percent of eligible elderly and disabled enrolled in the PDP
 - ⇒ percent of elderly and disabled with prescription drug coverage

More information on Department of Human Services measures and results is available on the web: <http://www.departmentresults.state.mn.us/hs/index.html>.

HUMAN SERVICES DEPT

Program: BASIC HEALTH CARE GRANTS

Activity: PRESCRIPTION DRUG PROGRAM

Narrative

Activity Funding

The PDP is funded from appropriations from the General Fund; costs are reduced by negotiated rebates from drug manufacturers.

Contact

For more information about the Prescription Drug Program, contact:

- ◆ Assistant Commissioner for Health Care Brian Osberg, (651) 284-4388
- ◆ Health Care Eligibility and Access Director Kathleen Henry, (651) 296-8818

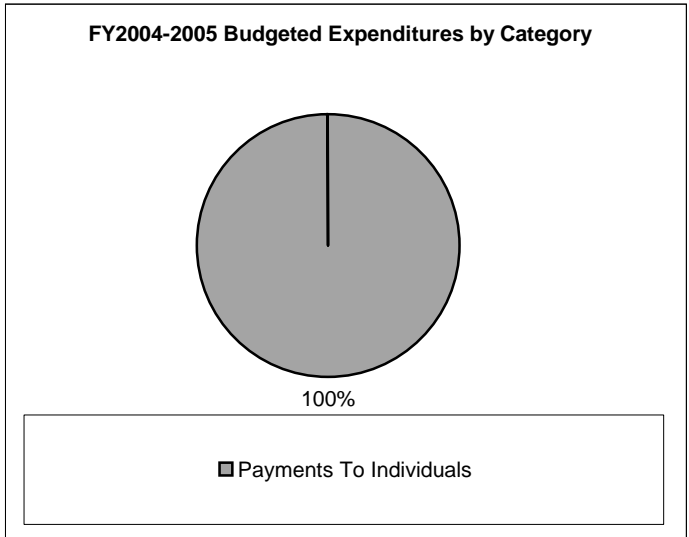
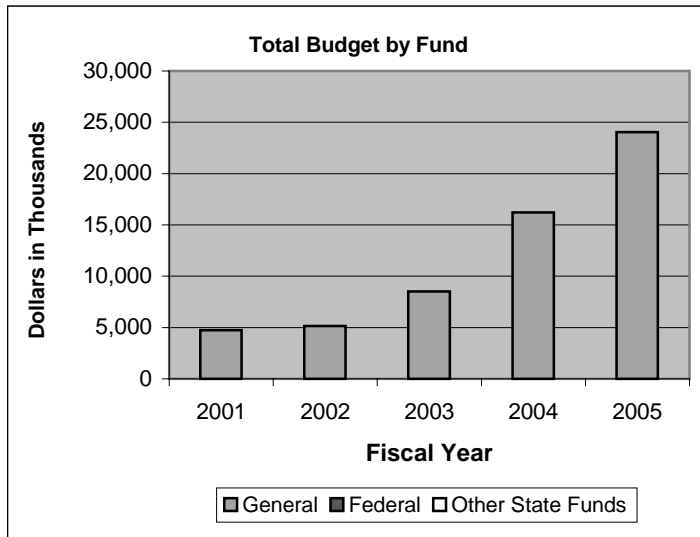
Information is also available on the DHS web site: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT

Program: **BASIC HEALTH CARE GRANTS**

Activity: **PRESCRIPTION DRUG PROGRAM**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|---------------|-----------------------------|--------------------------|---------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 | |
| Direct Appropriations | | | | | | | | |
| General | 4,735 | 5,133 | 8,502 | 16,206 | 24,041 | 40,247 | 26,612 | 195.2% |
| Statutory Appropriations | | | | | | | | |
| General | 0 | 0 | 5 | 5 | 5 | 10 | 5 | 100.0% |
| Total | 4,735 | 5,133 | 8,507 | 16,211 | 24,046 | 40,257 | 26,617 | 195.1% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|
| Expenditures by Category | | | | | | | | |
| Payments To Individuals | 4,735 | 5,133 | 8,507 | 16,211 | 24,046 | 40,257 | 26,617 | 195.1% |
| Total | 4,735 | 5,133 | 8,507 | 16,211 | 24,046 | 40,257 | 26,617 | 195.1% |

Program Description

Health Care Management is the administrative support component of Basic Health Care Grants. It is responsible for policy development and implementation, enrollment, purchasing, payment, and quality assurance for health care services. Health Care Management coordinates with Continuing Care Management on the Medicaid-funded activities within Continuing Care Grants.

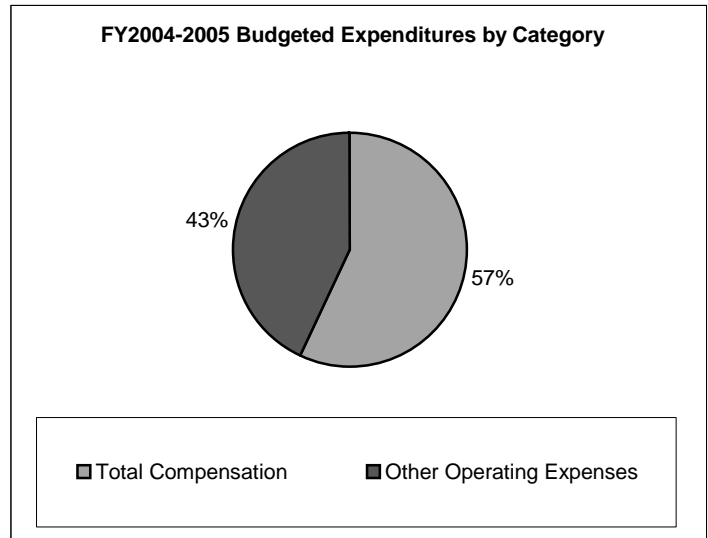
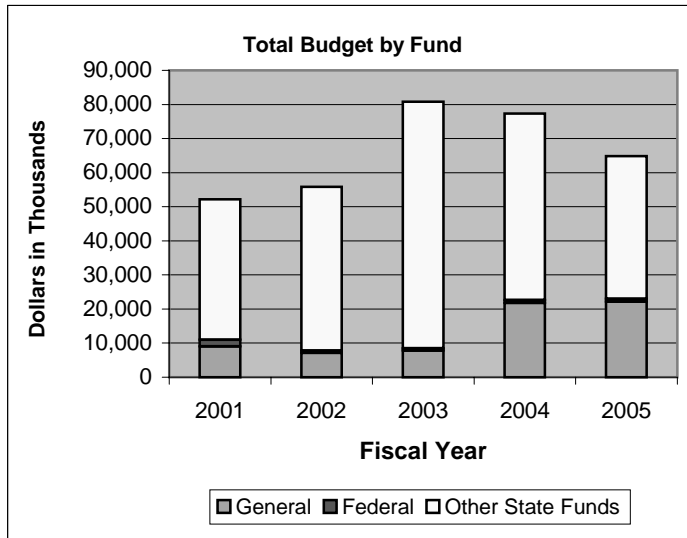
Budget Activities Included:

- ⇒ Health Care Policy Administration
- ⇒ Health Care Operations

HUMAN SERVICES DEPT

Program: HEALTH CARE MANAGEMENT

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 8,870 | 7,173 | 7,769 | 21,819 | 22,191 | 44,010 | 29,068 | 194.5% |
| Health Care Access | 11,899 | 11,684 | 14,491 | 14,179 | 14,179 | 28,358 | 2,183 | 8.3% |
| Statutory Appropriations | | | | | | | | |
| General | 181 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Health Care Access | 469 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Special Revenue | 28,822 | 36,391 | 57,846 | 40,573 | 27,661 | 68,234 | -26,003 | -27.6% |
| Federal | 1,975 | 635 | 692 | 787 | 786 | 1,573 | 246 | 18.5% |
| Total | 52,216 | 55,883 | 80,798 | 77,358 | 64,817 | 142,175 | 5,494 | 4.0% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|--------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 31,240 | 33,511 | 42,463 | 41,695 | 39,394 | 81,089 | 5,115 | 6.7% |
| Other Operating Expenses | 20,976 | 22,372 | 38,335 | 35,663 | 25,423 | 61,086 | 379 | 0.6% |
| Total | 52,216 | 55,883 | 80,798 | 77,358 | 64,817 | 142,175 | 5,494 | 4.0% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|--------------|-------------|
| Expenditures by Activity | | | | | | | | |
| Health Care Policy Admin | 3,820 | 2,733 | 4,587 | 4,890 | 4,792 | 9,682 | 2,362 | 32.3% |
| Health Care Operations | 48,396 | 53,150 | 76,211 | 72,468 | 60,025 | 132,493 | 3,132 | 2.4% |
| Total | 52,216 | 55,883 | 80,798 | 77,358 | 64,817 | 142,175 | 5,494 | 4.0% |

| | | | | | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Full-Time Equivalents (FTE) | 596.4 | 637.6 | 661.9 | 661.9 | 661.9 |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|

Activity Description

Health Care Policy Administration is responsible for developing and implementing health care policy related to Basic Health Care Grants.

Population Served

In an average month in FY 2002, approximately 590,000 Minnesotans were enrolled in Minnesota's publicly funded health care programs.

Health care administration works with many entities to serve enrollees including:

- ◆ 36,000 health care providers, including eight managed health care plans;
- ◆ more than 24 state health care professional organizations;
- ◆ the federal Centers for Medicare and Medicaid Services; and
- ◆ Minnesota's counties and tribes.

Activity at a Glance

- ◆ Develops health care policy for services to approximately 590,000 people served by Minnesota Health Care Programs.
- ◆ Negotiates with service providers on contracts to serve enrollees.
- ◆ Determines rates for services paid to providers.
- ◆ Works with the health care marketplace to get best coverage at the most affordable prices.
- ◆ Consults with the federal government to stay in compliance with federal law and negotiates waivers to current program rules.
- ◆ Conducts quality assurance measures to monitor health care outcomes for enrollees.

Services Provided

Health Care Policy Administration is responsible for:

- ◆ developing health care program policy and leading implementation of policy initiatives;
- ◆ developing payment policies, including fee-for-service and managed care rates, that promote cost-effective delivery of quality services to Medical Assistance (MA), General Assistance Medical Care (GAMC), MinnesotaCare and Prescription Drug Program (PDP) enrollees;
- ◆ monitoring health plans to ensure contract compliance, value, and access;
- ◆ conducting surveys and research to monitor quality of care provided and health status of program enrollees;
- ◆ working with the federal government to ensure compliance with Medicaid laws and rules;
- ◆ negotiating waivers to federal laws and rules to allow expanded access and coverage, payment initiatives, enhanced federal matching funds and demonstration projects to improve care and services for various enrollee groups;
- ◆ working with various partners to plan and implement changes needed to comply with the federal Health Insurance Portability & Accountability Act (HIPAA);
- ◆ providing oversight of county and tribal administration of state policies and rules; and
- ◆ planning and development of improved eligibility and enrollment systems, including a planned web-based HealthMatch system to make programs more accessible and administration more efficient.

Historical Perspective

Minnesota is consistently a national leader in promoting and implementing policy and payment initiatives that improve access, quality and cost-effectiveness of services provided through publicly funded health care programs.

Changes to health care program eligibility over the past 15 years—a combination of federally-mandated and state-initiated expansions—have improved access to health care for low-income, special needs, and uninsured Minnesotans. At the same time, program eligibility requirements have become more complex and resource intensive for the department.

Changes in approaches to purchasing services for enrollees has evolved over the past two decades from strictly fee-for-service to more managed care contracting. This has changed the nature of management in this area to include sophisticated, capitated rate setting and risk adjustment, contract management, performance

HUMAN SERVICES DEPT

Program: HEALTH CARE MANAGEMENT

Activity: HEALTH CARE POLICY ADMINISTRATION

Narrative

measurement, and more complex federal authority mechanisms, while at the same time continuing to improve fee-for-service rate setting and service coverage definition.

In the past decade, Department of Human Services (DHS) implemented managed care demonstration programs for seniors and adults with physical disabilities to provide cost-effective, coordinated Medicare and Medicaid services. Both programs -- the Minnesota Senior Health Options and Minnesota Disability Health Options -- incorporate home- and community-based services to reduce the need for nursing home care.

DHS also is actively involved in pursuit of federal prescription drug coverage for all Medicare enrollees. The state-funded PDP, implemented in 1999, serves those with the lowest incomes. In 1998 and again in 2002, the Health Care Policy Administration requested federal matching funds to expand the state's drug program, with the intent of reducing the need for and costs associated with preventable medical emergencies and serious conditions.

Finally, as the department increasingly contracts for day-to-day administration of primary health care services, more attention can be given to initiatives that better manage rapidly increasing health care costs. For example, the Health Care Policy Administration has recently implemented unique volume-based purchasing agreements within fee-for-service. Legislation passed in 2002 also directs administrators to seek additional rebate agreements with prescription drug manufacturers to help contain one of the greatest cost factors in the Medicaid budget.

Key Measures

- ⇒ People will have access to high quality, cost effective mental, physical and chemical health care.
 - ◆ Percent of people who are insured
 - ⇒ children under 18 – by race/ethnicity and other known disparate groups
 - ⇒ all Minnesotans – by race/ethnicity and other known disparate groups
 - ◆ Percent of eligible elderly and disabled Medicare beneficiaries enrolled in public or private Medicare supplement programs
 - ⇒ percent of eligible elderly and disabled enrolled in the Prescription Drug Program
 - ⇒ percent of elderly and disabled with prescription drug coverage
 - ◆ Percent of children and adults who receive mental health services while on Minnesota Health Care Programs
 - ◆ Percent of children in Minnesota Health Care programs and commercial managed care programs who received a preventive health care service – by age group
- ⇒ Adults who can work will and all people will have an adequate income and other supports to be self-reliant.
 - ◆ Percent of Minnesotans between the ages of 21 and 64 with a disability who are working
 - ⇒ percent of people with disabilities enrolled in Medical Assistance for Employed Persons with Disabilities (MA-EPD)
 - ⇒ percent of people who are working and have health coverage – by race/ethnicity

More information on Department of Human Services measures and results is available on the web: <http://www.departmentresults.state.mn.us/hs/index.html>.

Activity Funding

Health Care Policy Administration is primarily funded from appropriations from the General Fund and Health Care Access Fund and from federal funds.

HUMAN SERVICES DEPT

Program: HEALTH CARE MANAGEMENT

Activity: HEALTH CARE POLICY ADMINISTRATION

Narrative

Contact

For more information on Health Care Policy Administration, contact:

- ◆ Assistant Commissioner for Health Care Brian Osberg, (651) 284-4388
- ◆ State Medicaid Director Mary B. Kennedy, (651) 297-7515
- ◆ Health Care Eligibility and Access Director Kathleen Henry, (651) -296-8818
- ◆ Performance Measurement and Quality Improvement Director Vicki Kunerth, (651) 215-5755
- ◆ Purchasing and Service Delivery Acting Director Kathleen Cota, (651) 215-0125

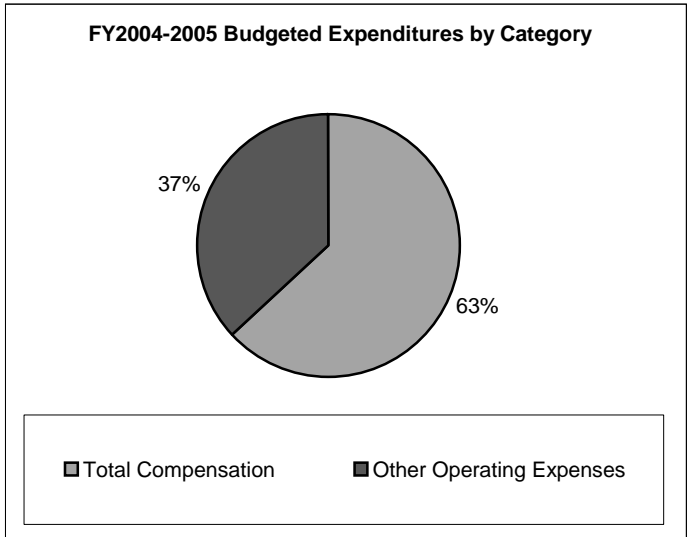
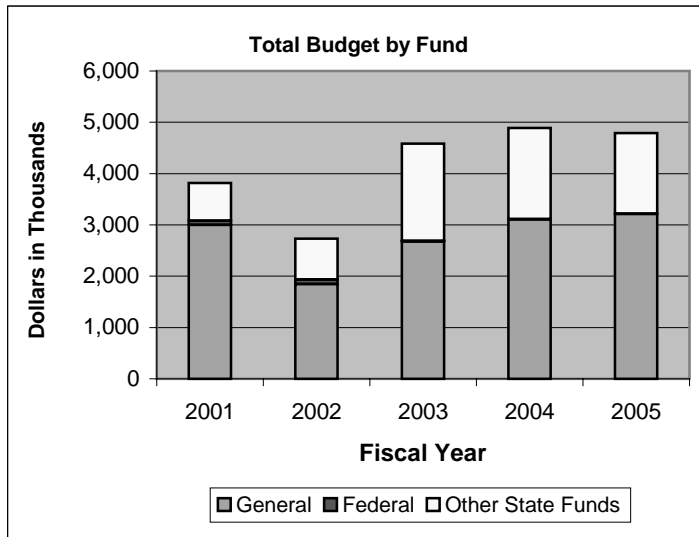
Information is also available on the DHS web site: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT

Program: **HEALTH CARE MANAGEMENT**

Activity: HEALTH CARE POLICY ADMIN

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------------------|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 2,997 | 1,848 | 2,678 | 3,104 | 3,215 | 6,319 | 1,793 | 39.6% |
| Health Care Access | 668 | 722 | 846 | 846 | 846 | 1,692 | 124 | 7.9% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 68 | 77 | 1,051 | 933 | 725 | 1,658 | 530 | 47.0% |
| Federal | 87 | 86 | 12 | 7 | 6 | 13 | -85 | -86.7% |
| Total | 3,820 | 2,733 | 4,587 | 4,890 | 4,792 | 9,682 | 2,362 | 32.3% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 2,278 | 2,369 | 2,978 | 3,087 | 3,019 | 6,106 | 759 | 14.2% |
| Other Operating Expenses | 1,542 | 364 | 1,609 | 1,803 | 1,773 | 3,576 | 1,603 | 81.2% |
| Total | 3,820 | 2,733 | 4,587 | 4,890 | 4,792 | 9,682 | 2,362 | 32.3% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 33.4 | 34.4 | 32.4 | 32.4 | 32.4 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

Activity Description

Health Care Operations provides the infrastructure necessary for effective and efficient health care purchasing and delivery for Basic Health Care Grants. This includes administering the Medicaid Management Information System (MMIS), which is a centralized medical payment system supporting other department functions, such as administering managed care contracts, conducting eligibility determinations, and conducting quality improvement and data analysis program management.

Activity at a Glance

Annually:

- ◆ Processes over 18 million fee-for-service medical claims
- ◆ Collects \$80 million from third-party insurers liable for some payment of services provided to program enrollees.
- ◆ Operates MMIS.

Population Served

Health Care Operations makes payments to providers, health plans, and, in certain cases, counties for the more than 500,000 Minnesotans enrolled in Medical Assistance (MA), General Assistance Medical Care (GAMC), MinnesotaCare and Prescription Drug Program (PDP). In doing so, Health Care Operations works directly with:

- ◆ approximately 36,000 health care service providers, including inpatient and outpatient hospitals, nursing homes, dentists, physicians, mental health professionals, home care providers and pharmacists;
- ◆ approximately 24 health care provider professional organizations;
- ◆ financial and social services staff in Minnesota's 87 counties;
- ◆ health plans and other insurers; and
- ◆ the federal Centers for Medicare and Medicaid Services.

Services Provided

Health Care Operations is responsible for:

- ◆ operating centralized payment systems (MMIS) for MA, MinnesotaCare, GAMC and PDP;
- ◆ maintaining health care provider enrollment agreements;
- ◆ supporting enrollee communication and outreach including benefit statements, renewal notices, and informational materials;
- ◆ maintaining on-line system availability for claims operation, customer services, and eligibility verification for 36,000 providers;
- ◆ supporting enhanced electronic claim activity to increase processing efficiency and decrease administrative costs, including maintaining a viable point-of-sale system for pharmacy;
- ◆ developing HealthMatch, the department's planned web-based application and eligibility system for publicly funded health care programs;
- ◆ implementing MMIS computer system changes required under the federal Health Insurance Portability & Accountability Act (HIPAA);
- ◆ supporting the collection of premiums for MinnesotaCare and MA for Employed Persons with Disabilities (MA-EPD), spenddowns for Minnesota Senior Health Options and Minnesota Disability Health Options, and development of financial control programs capable of supporting additional premium-based health care purchasing concepts;
- ◆ identifying all liable third parties required to pay for medical expenses before expenditure of state funds and recovering costs from other insurers, which includes maximizing Medicare participation in the cost of all services for dually-eligible enrollees, with emphasis on long-term care and home health services; and
- ◆ administering the medical care surcharge to ensure maximum receipt of surcharge funds from nursing care facilities and inpatient hospitals in compliance with federal laws and regulations.

Historical Perspective

The current MMIS was implemented in 1994, replacing a system that had been operational since 1974. Since that time the number of fee-for-service claims has grown to 18.4 million in FY 2002, and the number of encounter claims (record of a service provided) from prepaid managed care plans has grown to 11.6 million in FY 2002. Complexity in health care delivery strategies and in eligibility criteria to ensure focused eligibility for very specific

HUMAN SERVICES DEPT

Program: HEALTH CARE MANAGEMENT

Activity: HEALTH CARE OPERATIONS

Narrative

populations has required that MMIS be flexible and scalable. In addition, the accelerated rate of change in computing technology and the movement toward electronic government services for citizens has required ongoing strategic investments in health care systems.

Key Measures

- ⇒ Adults who can work will and all people will have an adequate income and other supports to be self-reliant.
- ◆ Percent of people who are working and have health coverage – by race/ethnicity

More information on Department of Human Services measures and results is available on the web: <http://www.departmentresults.state.mn.us/hs/index.html>.

Activity Funding

Health Care Operations is funded primarily from appropriations from the General Fund and Health Care Access Fund and from federal funds.

Contact

For more information on Health Care Operations, contact:

- ◆ Chief Operating Officer, Dennis W. Erickson, (651) 296-6635
- ◆ Assistant Commissioner for Health Care, Brian Osberg, (651) 284-4388
- ◆ Health Care Operations Director, Larry Woods, (651) 296-2719

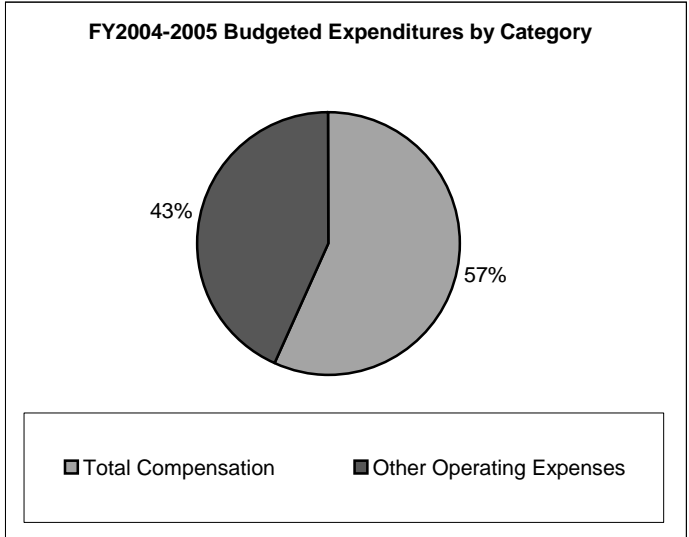
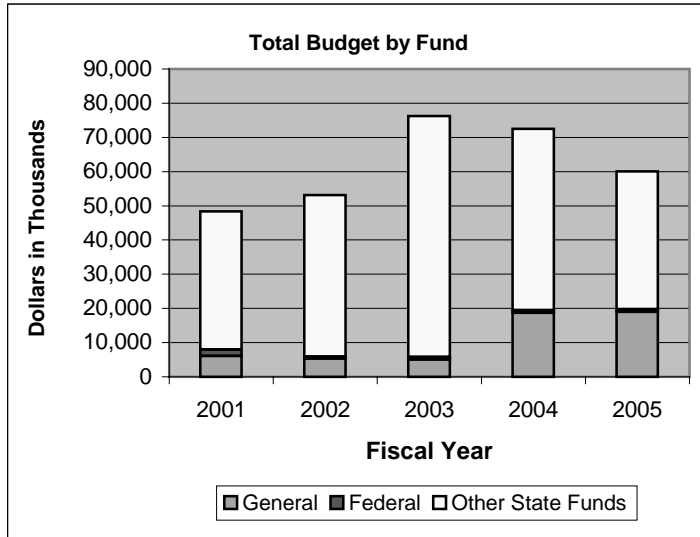
Information is also available on the DHS web site: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT

Program: **HEALTH CARE MANAGEMENT**

Activity: HEALTH CARE OPERATIONS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 5,873 | 5,325 | 5,091 | 18,715 | 18,976 | 37,691 | 27,275 | 261.9% |
| Health Care Access | 11,231 | 10,962 | 13,645 | 13,333 | 13,333 | 26,666 | 2,059 | 8.4% |
| Statutory Appropriations | | | | | | | | |
| General | 181 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Health Care Access | 469 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Special Revenue | 28,754 | 36,314 | 56,795 | 39,640 | 26,936 | 66,576 | -26,533 | -28.5% |
| Federal | 1,888 | 549 | 680 | 780 | 780 | 1,560 | 331 | 26.9% |
| Total | 48,396 | 53,150 | 76,211 | 72,468 | 60,025 | 132,493 | 3,132 | 2.4% |
| Expenditures by Category | | | | | | | | |
| Total Compensation | 28,962 | 31,142 | 39,485 | 38,608 | 36,375 | 74,983 | 4,356 | 6.2% |
| Other Operating Expenses | 19,434 | 22,008 | 36,726 | 33,860 | 23,650 | 57,510 | -1,224 | -2.1% |
| Total | 48,396 | 53,150 | 76,211 | 72,468 | 60,025 | 132,493 | 3,132 | 2.4% |
| Full-Time Equivalents (FTE) | 563.0 | 603.2 | 629.5 | 629.5 | 629.5 | | | |

Program Description

State Operated Services (SOS) provides direct care services to people with disabilities. These services are provided to clients by DHS at campus-based regional treatment centers (RTCs) and state-operated programs and residences located within communities. This program includes the Minnesota Sex Offender Program treating individuals committed as sexual psychopathic personalities and/or sexually dangerous persons.

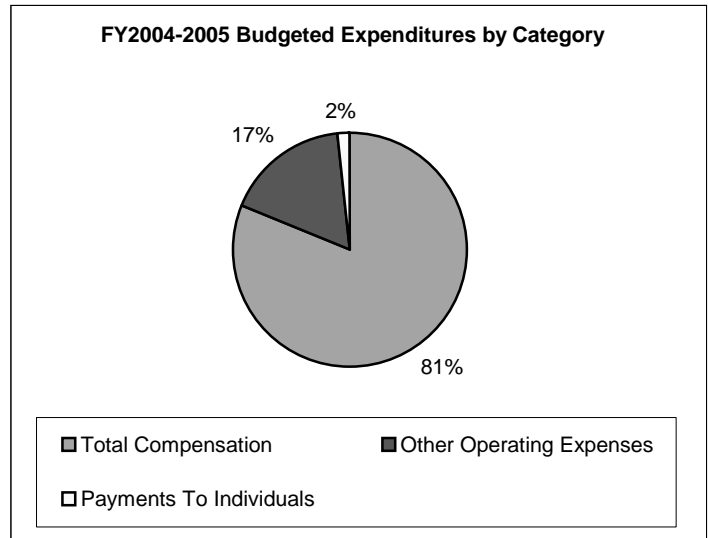
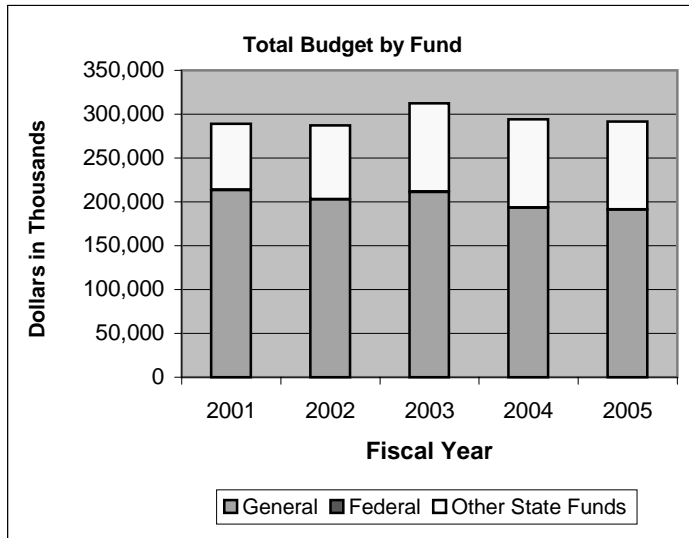
Budget Activities Included:

- ⇒ Appropriated Services
- ⇒ Enterprise Services

HUMAN SERVICES DEPT

Program: STATE OPERATED SERVICES

Fiscal Report



| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|------------------|------------------|--------------------|----------------|----------------|---------------------|--------------------------------------|--------------|
| Expenditures by Fund | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 213,609 | 202,693 | 211,340 | 193,247 | 191,007 | 384,254 | -29,779 | -7.2% |
| Special Revenue | 7 | 3 | 0 | 0 | 0 | 0 | -3 | -100.0% |
| Statutory Appropriations | | | | | | | | |
| General | 51 | 51 | 52 | 52 | 52 | 104 | 1 | 1.0% |
| Special Revenue | 8,653 | 7,979 | 7,563 | 7,190 | 7,155 | 14,345 | -1,197 | -7.7% |
| Federal | 112 | 126 | 115 | 115 | 115 | 230 | -11 | -4.6% |
| Miscellaneous Agency | 3,582 | 3,485 | 3,419 | 3,419 | 3,419 | 6,838 | -66 | -1.0% |
| Gift | 17 | 18 | 31 | 31 | 31 | 62 | 13 | 26.5% |
| Endowment | 153 | 5 | 3 | 0 | 0 | 0 | -8 | -100.0% |
| Revenue Based State Oper Serv | 46,119 | 50,270 | 57,733 | 57,733 | 57,733 | 115,466 | 7,463 | 6.9% |
| Mn Neurorehab Hospital Brd | 2,724 | 7,439 | 15,744 | 15,744 | 15,744 | 31,488 | 8,305 | 35.8% |
| Dhs Chemical Dependency Servs | 13,948 | 15,207 | 16,460 | 16,460 | 16,460 | 32,920 | 1,253 | 4.0% |
| Total | 288,975 | 287,276 | 312,460 | 293,991 | 291,716 | 585,707 | -14,029 | -2.3% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--------------|
| Total Compensation | 229,826 | 235,464 | 252,323 | 235,572 | 234,136 | 469,708 | -18,079 | -3.7% |
| Other Operating Expenses | 50,092 | 44,004 | 52,193 | 50,475 | 49,636 | 100,111 | 3,914 | 4.1% |
| Capital Outlay & Real Property | 1,179 | 163 | 249 | 249 | 249 | 498 | 86 | 20.9% |
| Payments To Individuals | 4,819 | 4,712 | 4,764 | 4,764 | 4,764 | 9,528 | 52 | 0.5% |
| Local Assistance | 2,473 | 2,493 | 2,473 | 2,473 | 2,473 | 4,946 | -20 | -0.4% |
| Other Financial Transactions | 586 | 440 | 257 | 257 | 257 | 514 | -183 | -26.3% |
| Non-Cash Transactions | 0 | 0 | 201 | 201 | 201 | 402 | 201 | 100.0% |
| Total | 288,975 | 287,276 | 312,460 | 293,991 | 291,716 | 585,707 | -14,029 | -2.3% |

| Expenditures by Activity | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--------------|
| Appropriated Services | 226,184 | 214,360 | 222,523 | 204,054 | 201,779 | 405,833 | -31,050 | -7.1% |
| Enterprise Services | 62,791 | 72,916 | 89,937 | 89,937 | 89,937 | 179,874 | 17,021 | 10.5% |
| Total | 288,975 | 287,276 | 312,460 | 293,991 | 291,716 | 585,707 | -14,029 | -2.3% |

| | | | | | |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Full-Time Equivalents (FTE) | 4,162.0 | 4,186.3 | 4,111.4 | 4,107.3 | 4,107.3 |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|

HUMAN SERVICES DEPT

Program: STATE OPERATED SERVICES

Activity: APPROPRIATED SERVICES

Narrative

Activity Description

State Operated Services (SOS) Appropriated Services provides specialized treatment and related supports for people with disabilities who cannot otherwise access services in community settings. These services are provided in campus-based programs, community facilities, group homes, and through direct outreach services to people.

Population Served

SOS Appropriated Services serve:

- ◆ adults with mental illness who need inpatient and community-based services;
- ◆ elderly people who need nursing facility care;
- ◆ people with developmental disabilities who need services in the community;
- ◆ people with developmental disabilities who pose a public safety risk; and
- ◆ people who are committed mentally ill and dangerous or serious sex offenders.

Services Provided

Appropriated Services provides four sets of programs:

⇒ Adult Mental Health (MH) Services includes inpatient psychiatric services provided to adults with mental illness at the regional treatment centers (RTCs) in Anoka, Brainerd, Fergus Falls, St. Peter, and Willmar. Community-based MH services are delivered in partnership with counties and other community service providers. Adult Mental Health services also includes a 15-bed psychiatric facility in Eveleth, a 12-bed transitional facility in Duluth, three transitional programs based on the social-rehabilitation treatment model in the Twin Cities, and consultation, crisis, and aftercare services across the state.

In addition, there are 225 SOS staff who are assigned to work in community settings under the direction of local mental health authorities through the Adult Mental Health Initiatives Program, which is a collaboration between the state and local mental health agencies providing needed services in the community.

⇒ Nursing Facility (NF) Services are provided at the Ah-Gwah-Ching Center in Walker and the Woodhaven Senior Community Center on the campus of the Brainerd Regional Human Services Center. These facilities operate as nursing homes for clients referred from other parts of SOS. These facilities also accept referrals from community nursing homes for clients who have severe and challenging behavior problems.

⇒ Forensic Services includes three major program areas. The Minnesota Extended Treatment Option (METO) program is a 48-bed specialized service for adults from across the state with developmental disabilities whose behaviors present a public safety risk. The focus of treatment in this program is on changing client behavior and identifying necessary supports that will permit them to return to the community.

The Minnesota Security Hospital (MSH), a 194-bed facility located in St. Peter, provides multi-disciplinary forensic treatment services for people who are under civil commitment as mentally ill and dangerous. This facility serves adults from throughout the state who are admitted pursuant to judicial or other lawful orders for assessment and/or treatment of acute and chronic major mental disorders.

MSH also provides comprehensive court-ordered forensic evaluations, including competency to stand trial and pre-sentence mental health evaluations. In addition, MSH operates a 50-bed Forensic Transition program that provides a supervised residential setting offering social rehabilitation treatment to increase self-sufficiency and build the skills necessary for a safe return to the community.

Minnesota's third forensic program is the Minnesota Sex Offender Program (MSOP). This program includes the 150-bed Minnesota Psychopathic Personality Treatment Center in Moose Lake. It also has two

Activity at a Glance

- ◆ Approximately 3,000 people are admitted to SOS inpatient services annually
- ◆ Average daily population for SOS inpatient services was 1,145 in FY 2002.
- ◆ Community support services provides over 20,000 services to clients annually

HUMAN SERVICES DEPT

Program: STATE OPERATED SERVICES

Activity: APPROPRIATED SERVICES

Narrative

evaluation and transition units of 25 beds each in St. Peter, as well as 18 special needs beds for people who, due to limited intellectual functioning, require specialized support and treatment approaches. People are referred to the sex offender program through the civil commitment process. The majority of people are referred from the Department of Corrections (DOC) upon completion of their sentences. DHS and DOC have collaborated to establish a uniform process for managing sex offenders and have established 50 MSOP treatment beds in the Moose Lake Correctional Facility.

⇒ Community Support Services for the developmentally disabled include 15 six-bed group homes located in community settings; two community health clinics that provide psychiatric and dental services to people who are unable to obtain these services in the community; and community support services in the form of technical assistance, staff training and education, crisis intervention, direct staff support to families and providers, and crisis placement in community residences for people who must be removed from their existing residential setting.

Historical Perspective

Minnesota's public policy is based on providing treatment and supports for persons with disabilities in the community. As the community service infrastructure has developed, there has been a change in the utilization of the SOS system. The RTC DD programs have closed and all clients are being served in community-based care. The adult mental health programs have partnered with community providers and counties under the Adult Mental Health Initiatives. This has reduced the length of stay in the RTCs and has allowed clients to return to the community faster.

As the SOS RTC campus-based system has become smaller and more dispersed, administrative consolidation and simplification has occurred to make SOS more cost efficient. However, SOS RTC campuses continue to have significant unoccupied space that has a negative effect on the SOS operating budget.

Key Measures

- ⇒ People will be free from abuse and neglect.
 - ◆ Rate of substantiated abuse and neglect findings, per 1,000 resident days of SOS and other DHS licensed long-term care facilities – under 65 and 65 and older
- ⇒ People are supported in and by their community.
 - ◆ Length of stay in SOS hospital system

More information on Department of Human Services measures and results is available on the web: <http://www.departmentresults.state.mn.us/hs/index.html>.

Activity Funding

Appropriated Services is funded from appropriations from the General Fund.

Contact

For more information on SOS Services, contact:

- ◆ Acting State Operated Services Assistant Commissioner Mike Tessneer, (651) 582-1885
- ◆ State Operated Services Support Director Fran Bly, (651) 582-1868

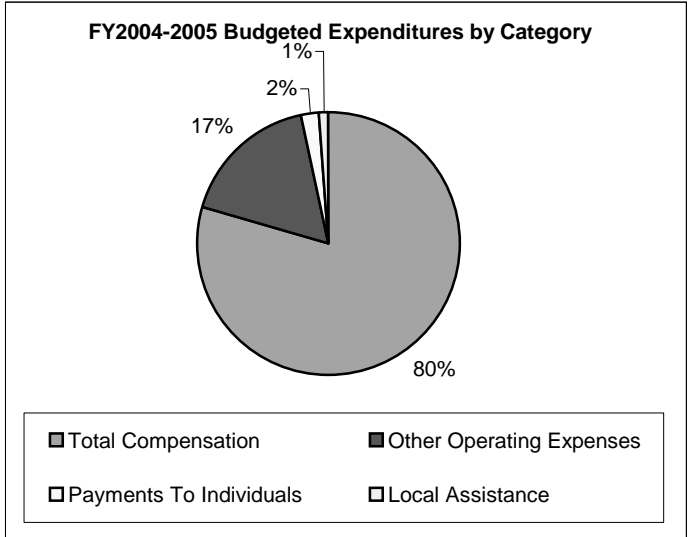
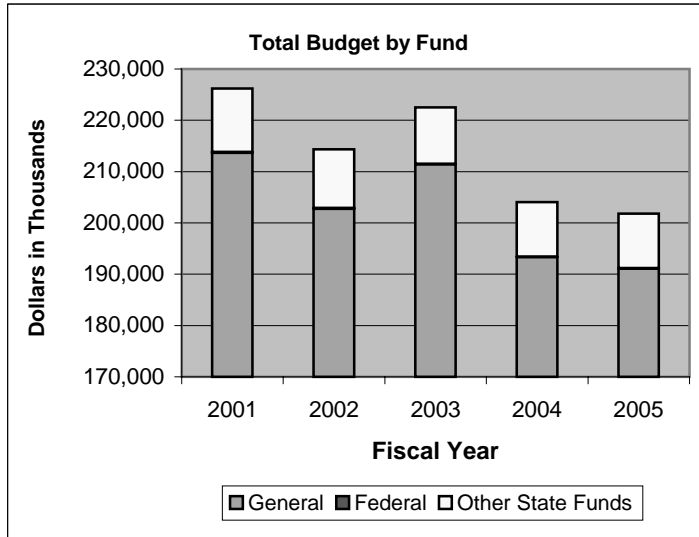
Information is also available on the DHS web site: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT

Program: STATE OPERATED SERVICES

Activity: APPROPRIATED SERVICES

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------|--------------------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 | Dollars / Percent |
| Direct Appropriations | | | | | | | | |
| General | 213,609 | 202,693 | 211,340 | 193,247 | 191,007 | 384,254 | -29,779 | -7.2% |
| Special Revenue | 7 | 3 | 0 | 0 | 0 | 0 | -3 | -100.0% |
| Statutory Appropriations | | | | | | | | |
| General | 51 | 51 | 52 | 52 | 52 | 104 | 1 | 1.0% |
| Special Revenue | 8,653 | 7,979 | 7,563 | 7,190 | 7,155 | 14,345 | -1,197 | -7.7% |
| Federal | 112 | 126 | 115 | 115 | 115 | 230 | -11 | -4.6% |
| Miscellaneous Agency | 3,582 | 3,485 | 3,419 | 3,419 | 3,419 | 6,838 | -66 | -1.0% |
| Gift | 17 | 18 | 31 | 31 | 31 | 62 | 13 | 26.5% |
| Endowment | 153 | 5 | 3 | 0 | 0 | 0 | -8 | -100.0% |
| Total | 226,184 | 214,360 | 222,523 | 204,054 | 201,779 | 405,833 | -31,050 | -7.1% |

| | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 178,235 | 174,950 | 178,605 | 161,854 | 160,418 | 322,272 | -31,283 | -8.8% |
| Other Operating Expenses | 40,055 | 32,668 | 37,133 | 35,415 | 34,576 | 69,991 | 190 | 0.3% |
| Capital Outlay & Real Property | 1,039 | 128 | 240 | 240 | 240 | 480 | 112 | 30.4% |
| Payments To Individuals | 4,223 | 4,100 | 4,054 | 4,054 | 4,054 | 8,108 | -46 | -0.6% |
| Local Assistance | 2,473 | 2,493 | 2,473 | 2,473 | 2,473 | 4,946 | -20 | -0.4% |
| Other Financial Transactions | 159 | 21 | 18 | 18 | 18 | 36 | -3 | -7.7% |
| Total | 226,184 | 214,360 | 222,523 | 204,054 | 201,779 | 405,833 | -31,050 | -7.1% |

| | | | | | |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Full-Time Equivalents (FTE) | 3,180.3 | 3,144.0 | 2,755.1 | 2,751.2 | 2,751.2 |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|

HUMAN SERVICES DEPT

Program: STATE OPERATED SERVICES

Activity: ENTERPRISE SERVICES

Narrative

Activity Description

State Operated Services (SOS) Enterprise Services serves services to people with disabilities while operating in the marketplace with other providers. These services are funded solely through revenues collected from third-party payment sources.

Population Served

Enterprise Services programs serve:

- ◆ people with chemical abuse or dependency problems;
- ◆ people who are developmentally disabled (DD);
- ◆ people with acquired brain injuries; and
- ◆ children and adolescents with severe emotional disturbances.

Activity at a Glance

- ◆ Approximately 3,500 people are treated for chemical abuse or dependency annually
- ◆ Approximately 325 people reside in community residential sites across Minnesota
- ◆ Approximately 550 people with DD are served in Day Treatment and Habilitation programs
- ◆ Between 15 and 20 clients with acquired brain injuries are treated annually
- ◆ Approximately 300 children and adolescents are treated for emotional disturbances annually

Services Provided

Enterprise Services includes a variety of programs:

- ⇒ State operated chemical dependency (CD) programs provide inpatient and outpatient treatment to persons with chemical dependency and substance abuse problems. Programs are operated in Anoka, Brainerd, Cloquet, Fergus Falls, St. Peter, and Willmar. Each CD program negotiates a host county contract that establishes the parameters of the services offered. Rates differ by program and type of services provided.
- ⇒ SOS community-based residential services for people with DD typically are provided in four-bed group homes. Individual service agreements are negotiated with the counties for each client based on his/her needs. Clients take advantage of and are integrated into the daily flow of their community.
- ⇒ Day Training and Habilitation (DT&H) programs provide vocational support services to people with DD and include evaluation, training, and supported employment. Individual service agreements are negotiated for each client.
- ⇒ The Minnesota Neurorehabilitation Hospital (MNH), located on the Brainerd Regional Human Services campus, provides intensive rehabilitation services to people with acquired brain injury who have challenging behaviors. The MNH is a 15-bed program serving the entire state of Minnesota.
- ⇒ Child and Adolescent Behavioral Health Services (CABHS) provides an array of services ranging from in-home crisis intervention to hospital care. CABHS does this with its own staff and by partnering with other caregivers and contracting with private providers. This is a statewide program providing hospital level of care in Brainerd and Willmar.

Historical Perspective

Changes in the funding structure for chemical dependent treatment moved SOS CD programs into enterprise services in 1988. In 1999, the legislature adopted statutory language that allowed SOS to establish other enterprise services. These services are defined as the range of services, which are delivered by state employees, needed by people with disabilities, and are fully funded by public or private third-party health insurance or other revenue sources. SOS specializes in providing these services to vulnerable people for whom no other providers are available or for whom SOS may be the provider selected by the payer. As such, enterprise services fill a need in the continuum of services for vulnerable people with disabilities by providing services not otherwise available.

Key Measures

- ⇒ People will have access to high quality, cost effective mental, physical and chemical health care.
 - ◆ Percent of adults and minors who complete chemical dependency treatment

More information on Department of Human Services measures and results is available on the web: <http://www.departmentresults.state.mn.us/hs/index.html>.

HUMAN SERVICES DEPT

Program: STATE OPERATED SERVICES

Activity: ENTERPRISE SERVICES

Narrative

Activity Funding

Enterprise Services is supported solely through collections from third party payment sources including:

- ◆ Consolidated Chemical Dependency Treatment Fund;
- ◆ Medical Assistance;
- ◆ Medicare;
- ◆ commercial and private insurance; and
- ◆ individual or self-pay.

Contact

For more information on Enterprise Services, contact:

- ◆ Acting State Operated Services Assistant Commissioner Mike Tessneer, (651) 582-1885
- ◆ State Operated Services Support Director Fran Bly, (651) 582-1868

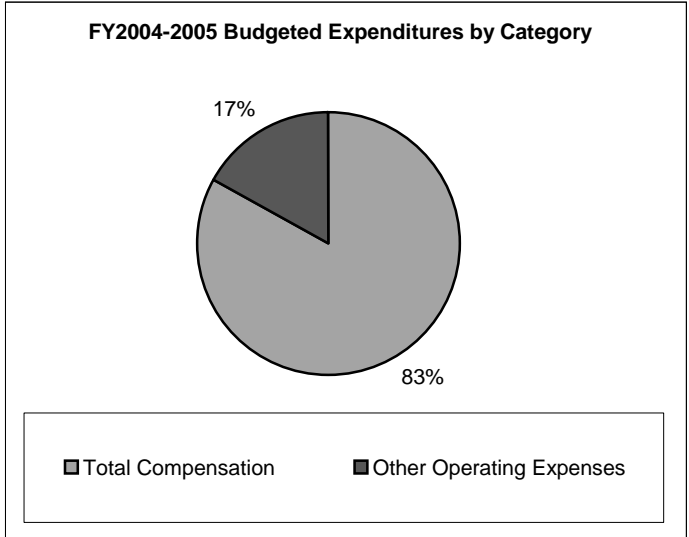
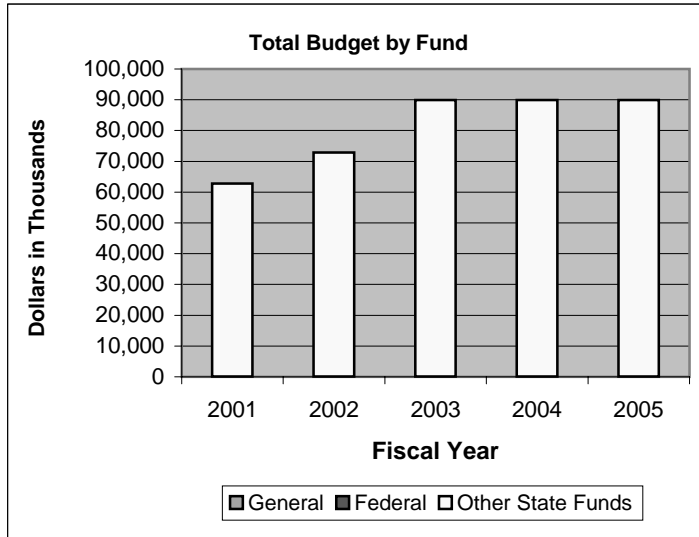
Information is also available on the DHS web site: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT

Program: **STATE OPERATED SERVICES**

Activity: ENTERPRISE SERVICES

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 | |
| Statutory Appropriations | | | | | | | Dollars | Percent |
| Revenue Based State Oper Serv | 46,119 | 50,270 | 57,733 | 57,733 | 57,733 | 115,466 | 7,463 | 6.9% |
| Mn Neurorehab Hospital Brd | 2,724 | 7,439 | 15,744 | 15,744 | 15,744 | 31,488 | 8,305 | 35.8% |
| Dhs Chemical Dependency Servs | 13,948 | 15,207 | 16,460 | 16,460 | 16,460 | 32,920 | 1,253 | 4.0% |
| Total | 62,791 | 72,916 | 89,937 | 89,937 | 89,937 | 179,874 | 17,021 | 10.5% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 51,591 | 60,514 | 73,718 | 73,718 | 73,718 | 147,436 | 13,204 | 9.8% |
| Other Operating Expenses | 10,037 | 11,336 | 15,060 | 15,060 | 15,060 | 30,120 | 3,724 | 14.1% |
| Capital Outlay & Real Property | 140 | 35 | 9 | 9 | 9 | 18 | -26 | -59.1% |
| Payments To Individuals | 596 | 612 | 710 | 710 | 710 | 1,420 | 98 | 7.4% |
| Other Financial Transactions | 427 | 419 | 239 | 239 | 239 | 478 | -180 | -27.4% |
| Non-Cash Transactions | 0 | 0 | 201 | 201 | 201 | 402 | 201 | 100.0% |
| Total | 62,791 | 72,916 | 89,937 | 89,937 | 89,937 | 179,874 | 17,021 | 10.5% |

| | | | | | |
|------------------------------------|--------------|----------------|----------------|----------------|----------------|
| Full-Time Equivalents (FTE) | 981.7 | 1,042.3 | 1,356.3 | 1,356.1 | 1,356.1 |
|------------------------------------|--------------|----------------|----------------|----------------|----------------|

Program Description

Continuing Care Grants pay for chronic health care services, long-term care in residential settings, at-home care, and social services for older Minnesotans and people with disabilities. Continuing Care Grants provide an important health care safety net for some of Minnesota's most vulnerable people. Medicaid-funded Continuing Care Grants are coordinated with the department's Basic Health Care Grants.

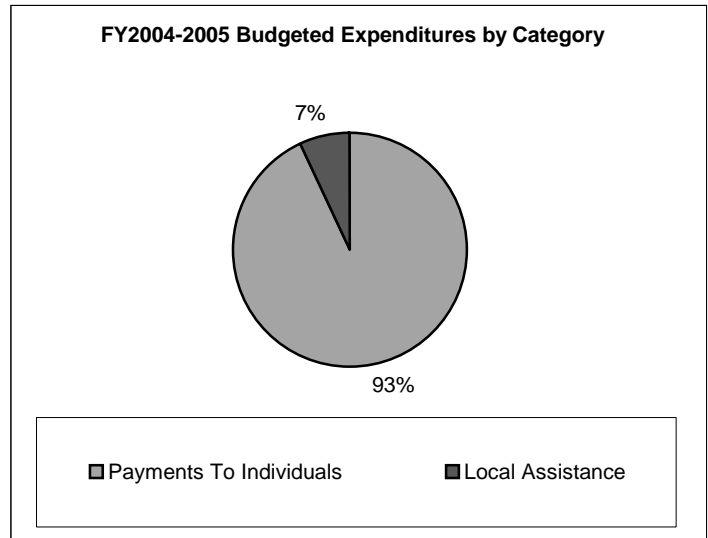
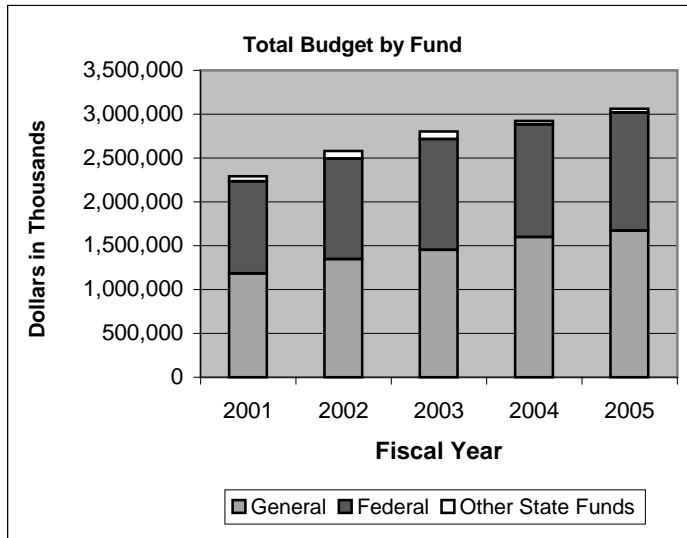
Budget Activities Included:

- ⇒ Community Social Services Grants
- ⇒ Aging and Adult Services Grants
- ⇒ Deaf and Hard of Hearing Grants
- ⇒ Mental Health Grants
- ⇒ Community Support Grants
- ⇒ MA Long Term Care Waivers & Home Care Grants
- ⇒ MA Long Term Care Facilities Grants
- ⇒ Alternative Care Grants
- ⇒ Group Residential Housing Grants
- ⇒ Chemical Dependency Entitlement Grants
- ⇒ Chemical Dependency Non-Entitlement Grants

HUMAN SERVICES DEPT

Program: CONTINUING CARE GRANTS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 1,086,763 | 1,341,244 | 1,445,003 | 1,586,560 | 1,661,983 | 3,248,543 | 462,296 | 16.6% |
| Lottery Cash Flow | 1,372 | 2,025 | 1,341 | 1,158 | 1,158 | 2,316 | -1,050 | -31.2% |
| Open Appropriations | | | | | | | | |
| Special Revenue | 467 | 418 | 666 | 340 | 340 | 680 | -404 | -37.3% |
| Statutory Appropriations | | | | | | | | |
| General | 96,220 | 4,395 | 7,441 | 10,771 | 9,529 | 20,300 | 8,464 | 71.5% |
| Special Revenue | 55,725 | 83,654 | 86,447 | 38,605 | 40,868 | 79,473 | -90,628 | -53.3% |
| Federal | 1,051,132 | 1,146,911 | 1,261,804 | 1,286,101 | 1,347,425 | 2,633,526 | 224,811 | 9.3% |
| Total | 2,291,679 | 2,578,647 | 2,802,702 | 2,923,535 | 3,061,303 | 5,984,838 | 603,489 | 11.2% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|----------------|--------------|
| Other Operating Expenses | 618 | 616 | 468 | 463 | 463 | 926 | -158 | -14.6% |
| Payments To Individuals | 2,084,012 | 2,359,974 | 2,613,458 | 2,714,578 | 2,851,823 | 5,566,401 | 592,969 | 11.9% |
| Local Assistance | 207,049 | 218,057 | 188,776 | 208,494 | 209,017 | 417,511 | 10,678 | 2.6% |
| Total | 2,291,679 | 2,578,647 | 2,802,702 | 2,923,535 | 3,061,303 | 5,984,838 | 603,489 | 11.2% |

| Expenditures by Activity | | | | | | | | |
|---------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|----------------|--------------|
| Community Social Service Grant | 95,699 | 94,947 | 73,766 | 83,728 | 83,712 | 167,440 | -1,273 | -0.8% |
| Aging & Adult Services Grants | 23,941 | 31,331 | 36,360 | 35,906 | 36,505 | 72,411 | 4,720 | 7.0% |
| Deaf & Hard Of Hearing Grants | 1,877 | 1,890 | 1,848 | 1,725 | 1,725 | 3,450 | -288 | -7.7% |
| Mental Health Grants | 58,309 | 61,150 | 52,629 | 59,773 | 59,773 | 119,546 | 5,767 | 5.1% |
| Community Support Grants | 14,171 | 14,731 | 11,183 | 13,632 | 13,572 | 27,204 | 1,290 | 5.0% |
| Ma Ltc Waivers & Home Care | 780,281 | 1,002,787 | 1,220,506 | 1,328,814 | 1,468,750 | 2,797,564 | 574,271 | 25.8% |
| Ma Long Term Care Facilities | 1,115,961 | 1,136,034 | 1,127,113 | 1,102,631 | 1,087,636 | 2,190,267 | -72,880 | -3.2% |
| Alternative Care Grants | 64,886 | 64,955 | 92,524 | 97,178 | 97,533 | 194,711 | 37,232 | 23.6% |
| Group Residential Housing | 68,821 | 75,197 | 87,168 | 95,145 | 103,671 | 198,816 | 36,451 | 22.5% |
| Cd Entitlement Grants | 48,119 | 71,448 | 78,147 | 84,545 | 87,968 | 172,513 | 22,918 | 15.3% |
| Cd Non-Entitlement Grants | 19,614 | 24,177 | 21,458 | 20,458 | 20,458 | 40,916 | -4,719 | -10.3% |
| Total | 2,291,679 | 2,578,647 | 2,802,702 | 2,923,535 | 3,061,303 | 5,984,838 | 603,489 | 11.2% |

HUMAN SERVICES DEPT

Program: CONTINUING CARE GRANTS

Activity: COMMUNITY SOCIAL SERVICES GRANTS

Narrative

Activity Description

The Community Social Services Grants activity provides funding to counties to purchase or provide services that serve nine targeted populations of over 350,000 clients including children in need of protective services and people with disabilities. Counties determine how best to use community social services money to tailor interventions to their particular client needs and complement services provided under other human services programs.

Activity at a Glance

- ◆ Funds services in 87 counties
- ◆ Serves 350,000 people annually
- ◆ Plans services for nine groups of people

Population Served

Social services are provided to people of all ages who are faced with developmental, emotional and physical disabilities, chemical dependency, in need of protection from themselves or others, or have care or treatment needs that can't be provided by parents or family. More specifically, these grants target nine groups of people, including:

- ◆ children in need of protection, pregnant adolescents, adolescent parents and their children;
- ◆ dependent and neglected children under state guardianship;
- ◆ adults who are vulnerable and in need of protection;
- ◆ people over age 60 who need help living independently;
- ◆ children and adolescents with emotional disturbances and adults with mental illness;
- ◆ developmentally disabled people;
- ◆ chemically dependent and intoxicated people;
- ◆ parents with incomes below 70% of state median income who need child care services for their children; and
- ◆ children and adolescents at risk of involvement with criminal activity.

Services Provided

The goals for community social services are:

- ◆ preventing or remedying neglect, abuse or exploitation of children and adults unable to protect their own interests, or preserving, rehabilitating or reuniting families.
- ◆ achieving or maintaining self-sufficiency, including reduction or prevention of dependency.
- ◆ preventing or reducing inappropriate institutional care by providing for community-based care, home-based care, or other forms of less intensive care.
- ◆ referring or admitting for institutional care people for whom other forms of care are not appropriate.

Community Social Services Grants support:

- ◆ adoption services, including counseling for biological parent(s), recruitment of adoptive families, and pre- and post-placement training and/or counseling;
- ◆ case management services, including individual service plan development; counseling; monitoring, developing, securing, and coordinating services; monitoring and evaluating client progress; and assuring that clients' rights are protected;
- ◆ counseling services providing therapeutic help to resolve personal, family, situational, or occupational problems;
- ◆ foster care services for adults and children, including arranging substitute care and alternative living situations for people who may need such services because of social, physical or mental disabilities, or as a consequence of abuse or neglect;
- ◆ protective services for adults and children to prevent or remedy abuse, neglect, or exploitation of people who are unable to protect their own interests;
- ◆ residential treatment services including short-term residential care and comprehensive treatment and services for children or adults whose problems are so severe or are such that they cannot be cared for at home or in foster care and need services provided by specialized facilities;

HUMAN SERVICES DEPT

Program: CONTINUING CARE GRANTS

Activity: COMMUNITY SOCIAL SERVICES GRANTS

Narrative

- ◆ special services for people with developmental, emotional, or physical disabilities, including personal and family counseling; respite care; family support; recreation; transportation; independent functioning assistance; training in mobility, communication skills, special aids; and self-sufficiency skills;
- ◆ substance abuse services comprising a comprehensive range of personal and family counseling, methadone treatment for opiate abusers, or detoxification treatment for substance abusers; services may be provided in institutional settings, community-based halfway houses and out-patient facilities;
- ◆ transportation services to help clients access services or obtain medical care or employment; and
- ◆ public guardianship, assuring the emotional, health, vocational, and educational needs of these people and an 18-month review of the physical, mental, and social circumstances of each person under state guardianship.

Historical Perspective

The two largest elements in this grant activity are funding for the Community Social Services Act (CSSA) and the Social Services Block Grant. CSSA became law in 1979 and changed the method of funding for social services from categorical grants and aids to a county allocation block grant based on statutory formula. The initial appropriation was \$39 million. Appropriations remained relatively constant throughout the 1990's, with a high in 1993 of \$54 million and most years around \$50 million. Since 1999, the legislature has reduced the General Fund appropriation and used federal Temporary Assistance to Needy Families (TANF) funds to backfill the reduction.

The Social Services Block Grant (Title XX) began in 1982, with Minnesota's federal share at \$43 million. Through the late 1980s and mid-1990s, this federal portion rose to about \$49 million. In 1996, the federal government, as a by-product of federal welfare reform, reduced Minnesota's allocation. It has dropped dramatically in subsequent years. Minnesota's current federal allocation is \$29.9 million. Federal TANF rules allow states to transfer up to 10% of TANF funds into Title XX. Eleven million dollars has been transferred annually the past couple of years to make up for a General Fund cut of a like amount to CSSA and a \$7.5 million one-time transfer to help counties as a result of recent cuts in the federal Title XX allocation.

To receive money from these funding sources, counties must annually levy an amount for social services at least equal to its community social services allocation by the state. Recent department efforts have focused on streamlining reporting and planning efforts around community social service grants to make it less bureaucratic for counties to participate.

Key Measures

- ⇒ All kids will develop to their fullest potential.
 - ◆ Percent of all children in Minnesota who are in out-of-home placements – by race/ethnicity
 - ⇒ Children in placement for protection – by race/ethnicity
 - ◆ For children who are removed from their homes, the average length of time before they are returned to their families or are placed in other permanent family arrangements – by race/ethnicity
 - ◆ Percent of children who are wards of the state who are adopted – by race/ethnicity
 - ◆ Percent of children identified with disabilities or mental health needs who receive treatment and supportive services
- ⇒ People will be free from abuse and neglect.
 - ◆ Percent of child protection cases with a new substantiated maltreatment finding while case is open for child protection services – by race/ethnicity
 - ◆ Percent of child protection cases with a new substantiated maltreatment finding within 12 months of case closure – by race/ethnicity
 - ◆ Rate of substantiated abuse and neglect findings, per 10,000 state residents
- ⇒ People will have access to high quality, cost effective mental, physical and chemical health care.
 - ◆ Percent of adults and minors who complete chemical dependency treatment
- ⇒ People will be able to control their own lives.

HUMAN SERVICES DEPT

Program: CONTINUING CARE GRANTS

Activity: COMMUNITY SOCIAL SERVICES GRANTS

Narrative

- ◆ Persons participating in consumer directed options

More information on Department of Human Services measures and results is available on the web: <http://www.departmentresults.state.mn.us/hs/index.html>.

Activity Funding

Community Social Services Grants is funded from appropriations from the General Fund and from federal funds.

Contact

For more information on Community Social Services Grants, contact

- ◆ Assistant Commissioner Erin Sullivan Sutton, (651) 296-2487
- ◆ Assistant Commissioner Maria R. Gomez, (651) 297-3209

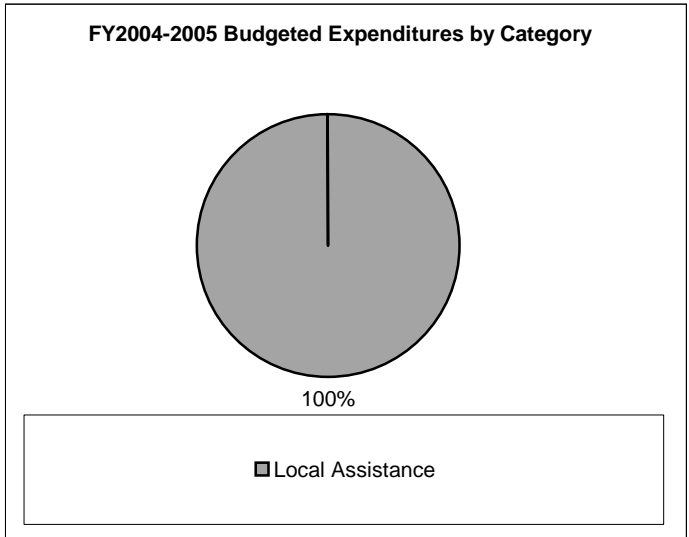
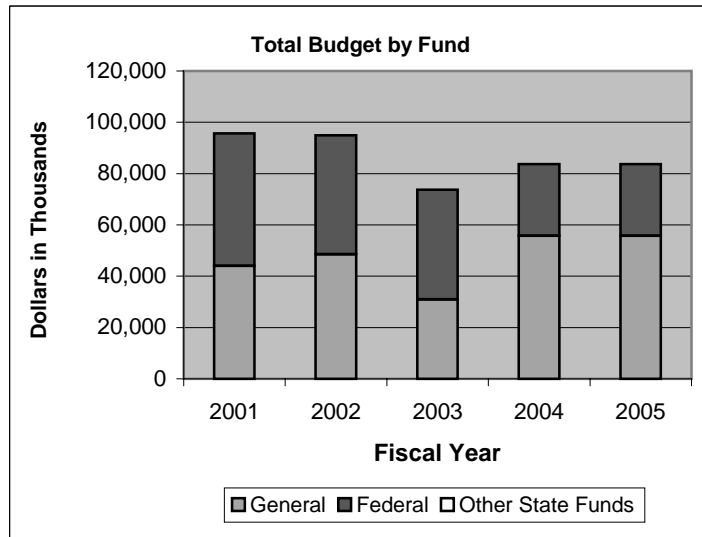
Information is also available on the DHS web site: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT

Program: **CONTINUING CARE GRANTS**

Activity: COMMUNITY SOCIAL SERVICE GRANT

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------|--------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 | |
| Direct Appropriations | | | | | | | | |
| General | 44,062 | 48,562 | 30,970 | 55,700 | 55,700 | 111,400 | 31,868 | 40.1% |
| Statutory Appropriations | | | | | | | | |
| Federal | 51,637 | 46,385 | 42,796 | 28,028 | 28,012 | 56,040 | -33,141 | -37.2% |
| Total | 95,699 | 94,947 | 73,766 | 83,728 | 83,712 | 167,440 | -1,273 | -0.8% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|--------------|
| Expenditures by Category | | | | | | | | |
| Local Assistance | 95,699 | 94,947 | 73,766 | 83,728 | 83,712 | 167,440 | -1,273 | -0.8% |
| Total | 95,699 | 94,947 | 73,766 | 83,728 | 83,712 | 167,440 | -1,273 | -0.8% |

Activity Description

Aging and Adult Services Grants pay for non-medical social services and provide funding for communities to develop informal services to keep older people engaged in their communities.

Population Served

To be eligible for most of the services paid through these grants, people must be age 60 or older. Although not means tested, services are targeted to people with the greatest social and economic needs. This conforms to eligibility criteria under the Older Americans Act (OAA), which also provides federal funding for a number of these services.

Services Provided

Aging and Adult Services grants support:

- ◆ nutritional services including meals, grocery delivery, and nutrition education counseling;
- ◆ transportation, chore services, and other social support services;
- ◆ diabetes, blood pressure screening, and other health promotion services;
- ◆ mentoring of families and children through older adult volunteer community services projects;
- ◆ care and one-on-one attention for special needs children (through the Foster Grandparents Program);
- ◆ assistance with daily activities for frail older adults;
- ◆ information and assistance through Senior LinkAge Line® and counseling about Medicare and supplemental insurance choices;
- ◆ respite and other supportive assistance to family caregivers;
- ◆ planning grants to counties and area agencies on aging to identify and develop needed services in counties and regions;
- ◆ community service grants to expand and develop more home and community service options; and
- ◆ grants for development of housing alternatives.

Activity at a Glance

- ◆ 375 grants awarded for services for older people
- ◆ 52,000 people participate in congregate dining; 9,000 people receive home-delivered meals
- ◆ 127,000 people receive social support services; 1,400 receive health care promotion services
- ◆ 18,000 volunteers provide over two million volunteer hours in the Retired and Senior Volunteer Program (RSVP); 800 Foster Grandparents provide 629,000 volunteer hours, 390 Senior Companions provide 276,000 volunteer hours
- ◆ 43,741 callers receive one-to-one information and counseling through the Senior LinkAge Line®

Historical Perspective

The OAA was passed by Congress in 1965 at the same time that the Medicaid program was established (funding nursing home care). The OAA's purpose was to assist elderly people to live as independently as possible and avoid premature institutionalization. The state's federal OAA funds are administered through the Minnesota Board on Aging to provide less formal, community-based services, including volunteer services.

Federal OAA funding is distributed by the proportion of older adults in a state relative to the total older adults in the country. Over the last decade, Minnesota has seen an increase of more than 50,000 older adults. However, other states have seen a greater increase proportionately, which results in less federal funding for Minnesota. State funding has been appropriated to supplement federal OAA funds.

Key Measures

⇒ People will be able to control their own lives.

- ◆ Percent of public long-term care funds spent on institutional care versus community care
- ◆ Persons participating in consumer directed options

More information on Department of Human Services measures and results is available on the web: <http://www.departmentresults.state.mn.us/hs/index.html>.

HUMAN SERVICES DEPT

Program: CONTINUING CARE GRANTS

Activity: AGING & ADULT SERVICES GRANTS

Narrative

Activity Funding

Aging and Adult Services Grants is funded from appropriations from the General Fund and from federal funds.

Contact

For more information on Aging and Adult Services Grants, contact

- ◆ Aging and Adult Services Director - James Varpness, (651) 296-1531
- ◆ Legislative and Fiscal Operations - Sue Banken, (651) 296-5724

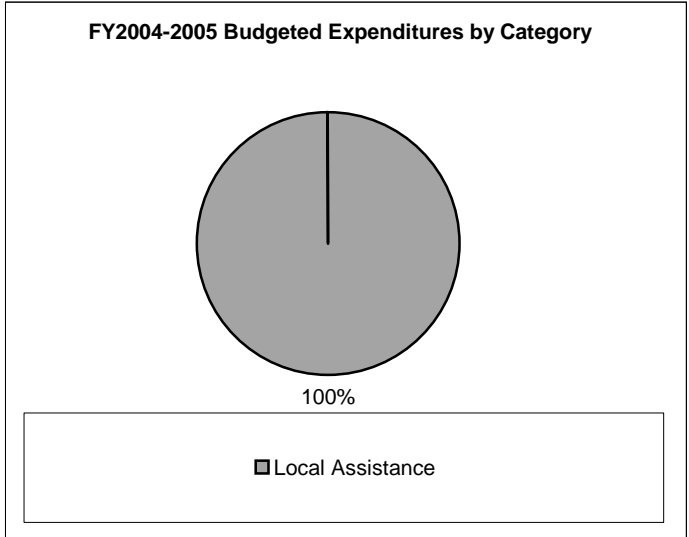
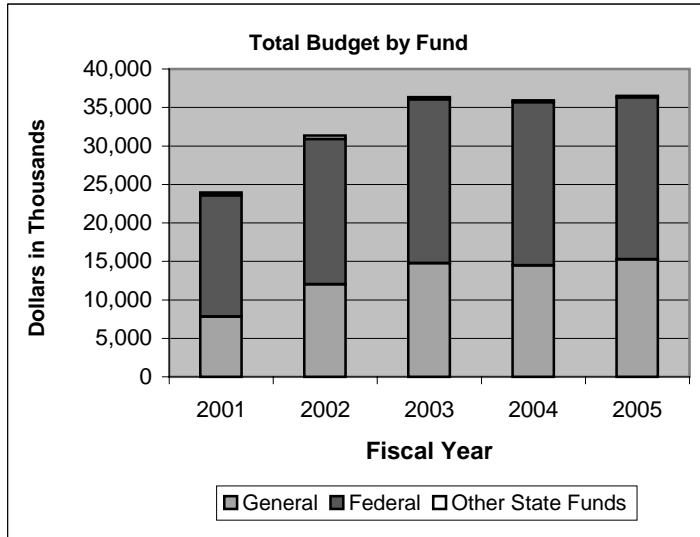
Information is also available on the DHS web site: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT

Program: **CONTINUING CARE GRANTS**

Activity: AGING & ADULT SERVICES GRANTS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 7,820 | 12,011 | 14,774 | 14,474 | 15,242 | 29,716 | 2,931 | 10.9% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 364 | 456 | 300 | 220 | 220 | 440 | -316 | -41.8% |
| Federal | 15,757 | 18,864 | 21,286 | 21,212 | 21,043 | 42,255 | 2,105 | 5.2% |
| Total | 23,941 | 31,331 | 36,360 | 35,906 | 36,505 | 72,411 | 4,720 | 7.0% |
| Expenditures by Category | | | | | | | | |
| Other Operating Expenses | 4 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Local Assistance | 23,937 | 31,331 | 36,360 | 35,906 | 36,505 | 72,411 | 4,720 | 7.0% |
| Total | 23,941 | 31,331 | 36,360 | 35,906 | 36,505 | 72,411 | 4,720 | 7.0% |

HUMAN SERVICES DEPT

Program: CONTINUING CARE GRANTS

Activity: DEAF & HARD OF HEARING GRANTS

Narrative

Activity Description

Deaf and Hard of Hearing Grants provides support services to assist Minnesotans, who are deaf, deafblind, or hard of hearing, gain or maintain independence and participate in their communities.

Population Served

Of approximately 497,000 Minnesotans who have some degree of hearing loss, 46,000 received some form of assistance through this grant program in FY 2002.

Generally, people are helped regardless of their income. To get equipment from the Telephone Equipment Distribution Program, (TED), people must demonstrate a hearing loss, speech, or mobility impairment, and have a family income below the state median poverty level.

Activity at a Glance

- ◆ Serves 46,000 people a year
- ◆ Provides interpreter services and adaptive equipment
- ◆ Funds specialized services including those for deafblind people and people with hearing loss and mental illnesses

Services Provided

Deaf and Hard of Hearing Grants provide a variety of services:

- ⇒ Interpreter referral services include coordinating and placing qualified sign language and oral and Cued Speech interpreters, assessing interpreter skills, disseminating regional referral directories to emergency service providers, and providing technical assistance to agencies and consumers on how to work effectively with interpreters. Services are provided through grants awarded to community-based vendors in both greater Minnesota and in the Twin Cities area.
- ⇒ Services to deafblind people include client needs assessment and deetermination, one-to-one support services for deafblind adults, intervenors and family education specialists for deafblind children and their families, mobility and rehabilitation services for deafblind people, and training for support service providers and intervenors. Services are provided through statewide grants awarded to community-based, specialized service providers and through a pilot project program using a consumer-directed service model.
- ⇒ Specialized mental health services include inpatient and outpatient therapy, family counseling, psychological assessment including recommendations and follow-up services, residential community-based support services in group home settings, a drop-in center, and community educational opportunities for families, schools and mental health providers. Services are provided through statewide grants awarded to community-based, specialized service providers.

Historical Perspective

In the early 1980s, the Minnesota Legislature passed the Hearing-Impaired Services Act and the Deaf and Hard of Hearing Services Act. These laws affirm Minnesota's commitment to making all human services provided by the state accessible to citizens who are deaf, deafblind, and hard of hearing. In 1985 the Minnesota Legislature created the Minnesota Commission Serving Deaf and Hard of Hearing People, a 15-member, statewide advisory council, which advises the governor, DHS area and other state agencies.

An important current trend affecting this grant area is greater public awareness about the importance of early hearing loss detection and intervention and related requires for information and assistance. Recent efforts to improve services include securing more technology for the Equipment Distribution Program, identifying ways to address the needs of people with both vision and hearing loss, and improving access to the Minnesota emergency and disaster system for the program's clientele.

Key Measures

- ⇒ People will be able to control their own lives.
 - ◆ Number of persons receiving adaptive equipment
- ⇒ People are supported in and by their community.
 - ◆ Percent of people who receive sign language interpretive services from the regional referral service

HUMAN SERVICES DEPT

Program: CONTINUING CARE GRANTS

Activity: DEAF & HARD OF HEARING GRANTS

Narrative

More information on Department of Human Services measures and results is available on the web:
<http://www.departmentresults.state.mn.us/hs/index.html>.

Activity Funding

Deaf and Hard of Hearing Grants is funded from appropriations from the General Fund.

Contact

For more information on Deaf and Hard of Hearing Grants, contact:

- ◆ Assistant Commissioner Jeanette Taylor Jones, (651) 296-6955
- ◆ Deaf and Hard of Hearing Services Director Bruce Hodek, (651) 296-3980 (voice) or (651) 297-1392 (TTY)

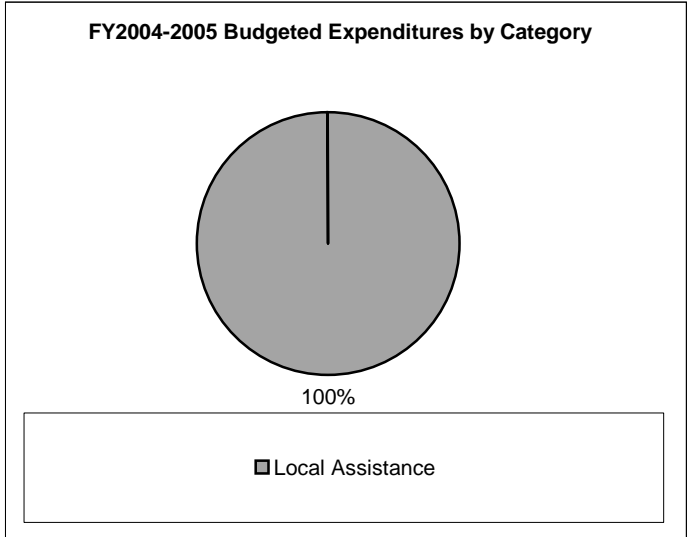
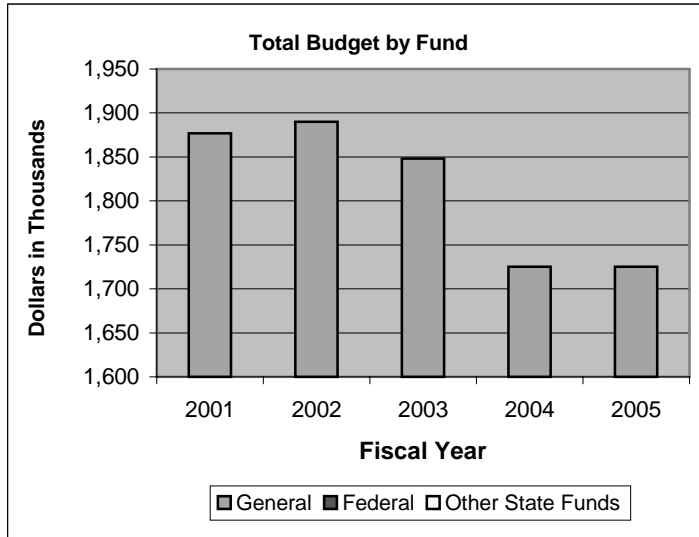
Information also is available on the DHS web site: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT

Program: **CONTINUING CARE GRANTS**

Activity: DEAF & HARD OF HEARING GRANTS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 1,877 | 1,890 | 1,848 | 1,725 | 1,725 | 3,450 | -288 | -7.7% |
| Total | 1,877 | 1,890 | 1,848 | 1,725 | 1,725 | 3,450 | -288 | -7.7% |
| Expenditures by Category | | | | | | | | |
| Other Operating Expenses | 0 | 6 | 0 | 0 | 0 | 0 | -6 | -100.0% |
| Local Assistance | 1,877 | 1,884 | 1,848 | 1,725 | 1,725 | 3,450 | -282 | -7.6% |
| Total | 1,877 | 1,890 | 1,848 | 1,725 | 1,725 | 3,450 | -288 | -7.7% |

Activity Description

Mental Health Grants serve Minnesotans with mental illness, set overall policy related to best practices in mental health services for enrollees in publicly funded programs, spur development of non-institutional treatment options, and pay for mental health services for people when they cannot afford to pay. This activity supports the overall objective of promoting assistance for people to live independently, when possible, and when not, to live in treatment settings that are clean, safe, caring, and effective. These grants are used in conjunction with other funding, particularly Medical Assistance (MA) and Group Residential Housing.

Activity at a Glance

- ◆ 18,000 adults receive mental health case management
- ◆ 11,000 people receive community support services
- ◆ 2,800 people receive residential treatment
- ◆ Crisis housing provided to 350 people
- ◆ 8,200 homeless people served
- ◆ 1,030 people receive compulsive gambling treatment

Population Served

This grant area primarily covers adults with serious and persistent mental illness (SPMI). This definition does not include people with developmental disabilities or chemical dependency unless these conditions co-exist with mental illness. This grant area includes a few grants that serve both adults and children. Grants that serve children only are in the Children's Services Grants budget activity.

Approximately 94,000 Minnesota adults have SPMI. Of this group, 71,000 adults with SPMI are estimated to need publicly-subsidized mental health services. This compares to about 25,000 people who actually received these services in 2001.

Services Provided

- ⇒ *The Adult Mental Health Initiative/Integrated Fund* supports local planning and development to expand community-based services and to develop alternative service delivery models to reduce reliance on facility-based care. As part of this initiative, regional treatment centers staff are being integrated into the community mental health delivery system. In most of the state, this also includes integration of the separate grants listed below. Integration of grants at the county level allows administration to be more effective and efficient. A recent DHS evaluation of the Adult MH Initiatives found that clients of the Initiatives reduced their use of community hospitals by 33% and state hospitals by 77%.
- ⇒ *Grants for Community Support Services for Adults with Serious and Persistent Mental Illness (Adult Rule 78)* are awarded to counties for client outreach, medication monitoring, independent living skills development, employability skills development, psychosocial rehabilitation, day treatment and case management if MA is inadequate or not available. These funds are allocated by formula, primarily based on a county's population. In addition, these grants include a separate allocation which is based on the amount each county formerly received as the state share of MA case management, adjusted by the number of people now being served by each county. Effective 7-1-99, counties became responsible for the non-federal share of MA case management, but they can use this "former state share" grant to meet part of that responsibility.
- ⇒ *Adult Residential Grants (Rule 12)* pay for residential facilities staff to provide treatment to people with mental illness. County boards apply for Rule 12 funds on behalf of local residential facilities to assist in meeting program-licensing standards.
- ⇒ *Crisis Housing* provides financial help when people are hospitalized and need help to maintain their current housing. Eligible people need to be in inpatient care for up to 90 days and have no other help to pay housing costs.
- ⇒ *Moose Lake Regional Treatment Center (RTC) Alternatives* pays for non-MA contract beds in community hospitals up to 45 days per admission for people who are committed or who would be committed if these community services were not available. This is part of a package of expanded community mental health services for the area formerly served by the Moose Lake RTC (which closed in 1995).
- ⇒ *Federal Mental Health Block Grant* funds are used to demonstrate innovative approaches based on best practices that, based on evaluation results, could be implemented statewide. Of the federal block grant,

HUMAN SERVICES DEPT

Program: CONTINUING CARE GRANTS

Activity: MENTAL HEALTH GRANTS

Narrative

Minnesota has allocated about 53% for children's mental health. At least 25% is used for Indian mental health services, not more than 15% for planning and evaluation, and not more than 5% for statewide administration. Grants provided for Indian mental health services fund nine projects on reservations and two in the metro area.

- ⇒ *Projects for the Homeless (PATH)* funds, from the federal McKinney Act, are provided to counties to address mental illness among the homeless. Grants to counties are made in combination with Rule 78 Community Support Program funds.
- ⇒ *Mental Health Services for People Affected by Natural Disasters* includes federal grants for crisis counseling for people affected by the April 1997 floods, the April 1998 tornadoes, the July 2000 tornado, and the June 2002 floods.
- ⇒ *Compulsive Gambling Treatment and Education* funds inpatient and outpatient treatment programs on an individual client, fee-for-service basis. The program also pays for research, a resource library, public education and awareness efforts, in-service training for treatment providers, and a statewide toll-free, 24-hour helpline. In state FY 2002, the helpline received 3,750 calls.

Historical Perspective

Federal restrictions that prohibit the use of MA for adults in Institutions for Mental Diseases (IMDs) have required the state to rely on state General Fund grant programs to a much larger degree than programs serving other populations, such as the elderly or developmentally disabled. During the past four years, Minnesota has made progress in expanding the range of non-residential community mental health services and maximizing federal reimbursement for these services. However, adults with mental illness continue to experience barriers when trying to access permanent housing options and receiving intensive sub-acute residential treatment and crisis stabilization services.

The Compulsive Gambling Treatment and Education program was created in 1989 to address concerns about the social consequences of large scale gambling expansion.

Key Measures

- ⇒ People will have access to high quality, cost effective mental, physical and chemical health care.
 - ◆ Percent of children and adults who receive mental health services while on Minnesota Health Care programs
- ⇒ People will be able to control their own lives.
 - ◆ Increase in employment for adults with mental illness receiving case management
 - ◆ Increase in independent living for adults with mental illness receiving case management

More information on Department of Human Services measures and results is available on the web: <http://www.departmentresults.state.mn.us/hs/index.html>.

Activity Funding

Mental Health Grants is funded from appropriations from the General Fund and Lottery Fund and from federal funds.

Contact

For more information about Mental Health Grants, contact:

- ◆ Mental Health Director Sharon Autio, (651) 582-1810
- ◆ Fiscal & Legislative Operations, Mental Health Division, John Zakelj, (651) 582-1825

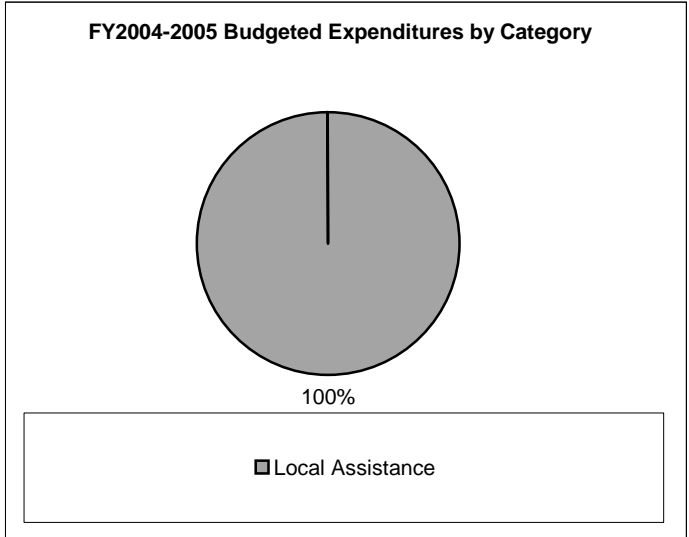
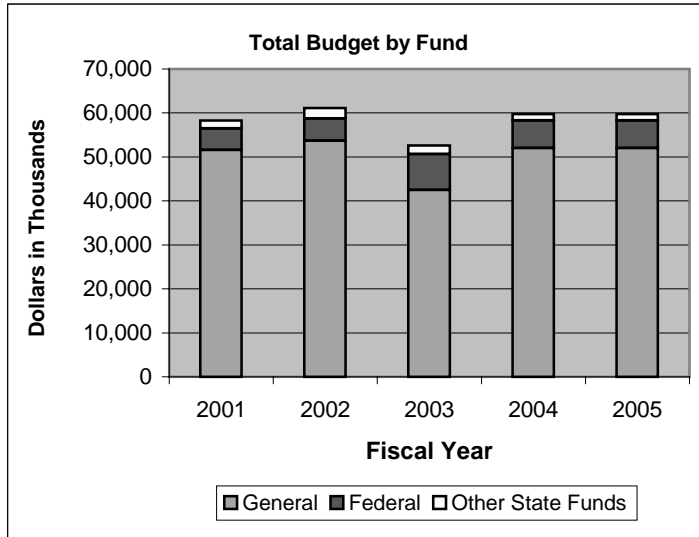
Information is also available on the DHS web site: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT

Program: **CONTINUING CARE GRANTS**

Activity: MENTAL HEALTH GRANTS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 51,604 | 53,680 | 42,514 | 52,029 | 52,029 | 104,058 | 7,864 | 8.2% |
| Lottery Cash Flow | 1,372 | 2,025 | 1,341 | 1,158 | 1,158 | 2,316 | -1,050 | -31.2% |
| Open Appropriations | | | | | | | | |
| Special Revenue | 467 | 418 | 666 | 340 | 340 | 680 | -404 | -37.3% |
| Statutory Appropriations | | | | | | | | |
| Federal | 4,866 | 5,027 | 8,108 | 6,246 | 6,246 | 12,492 | -643 | -4.9% |
| Total | 58,309 | 61,150 | 52,629 | 59,773 | 59,773 | 119,546 | 5,767 | 5.1% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|--------------|-------------|
| Expenditures by Category | | | | | | | | |
| Other Operating Expenses | 357 | 284 | 305 | 305 | 305 | 610 | 21 | 3.6% |
| Payments To Individuals | 0 | 0 | 0 | 265 | 265 | 530 | 530 | n.m |
| Local Assistance | 57,952 | 60,866 | 52,324 | 59,203 | 59,203 | 118,406 | 5,216 | 4.6% |
| Total | 58,309 | 61,150 | 52,629 | 59,773 | 59,773 | 119,546 | 5,767 | 5.1% |

HUMAN SERVICES DEPT

Program: CONTINUING CARE GRANTS

Activity: COMMUNITY SUPPORT GRANTS

Narrative

Activity Description

Community Support Grants pay for health care and social services to help families and people with disabilities live independently. Programs funded under this budget activity typically are not available under Medical Assistance.

Population Served

This activity serves people with disabilities and their families. Families whose annual adjusted gross income is less than \$72,446 and who have a child with mental retardation or a related condition are eligible for Family Support Grants (FSG). Consumer Support Grants are for people who are eligible to receive Medical Assistance, (MA) Alternative Care (AC) services, or FSG. Semi-Independent Living Skills (SILS) recipients must be 18 years old, have mental retardation or a related condition, require a level of support that is not at a level that would put them at risk of institutionalization, and require systematic instruction or assistance to manage activities of daily living.

Activity at a Glance

- ◆ Family Support Grants serve 1,582 families
- ◆ SILS Grants serve 1,575
- ◆ Average annual cost per person for SILS is \$5,200
- ◆ Community Support Grants serve 145

Services Provided

- ⇒ Consumer Support Grants assist people with functional limitations and their families in directly purchasing and securing supports needed to live as independently and productively as possible in the community. Consumer Support Grants enable consumers to receive a support grant as an alternative to the home care services benefits they received through MA, the AC Program or the FSG Program. Consumer Support Grants are administered by counties; however, county participation is not mandatory. People participating in the CSG Program can purchase home care, adaptive aids, home modifications, respite care, and other assistance with the tasks of daily living. Recipients receive a grant amount less than or equal to the state share of the amount of certain long-term care services they have received under other programs.
- ⇒ FSG provide cash to families to offset the higher-than-average cost of raising a child with a disability. Families purchase such things as supplies, home modifications, vehicle adaptations, respite care or other services not available to the family from other sources. The maximum grant per family is \$3,000 per year.
- ⇒ SILS Grants assist adults with mental retardation or a related condition (MR/RC) to maintain or increase their independence in activities of daily living and to live as independently as possible in the community. The grants are used to purchase instruction or assistance to the person in the following areas: nutrition education, meal planning and preparation, shopping, first aid, money management, personal care and hygiene, self-administration of medications, use of emergency resources, social skill development, home maintenance and upkeep, and transportation skills. The average cost per individual is approximately \$5,200 per year.

Historical Perspective

The Community Support Grant Program was established in 1995 in response to a growing interest in service alternatives that promoted consumer control and accountability.

Key Measures

- ⇒ People will be able to control their own lives.
 - ◆ Persons participating in consumer directed options
- ⇒ People are supported in and by their community.
 - ◆ Percent of people whose service plans include use of natural supports

More information on Department of Human Services measures and results is available on the web: <http://www.departmentresults.state.mn.us/hs/index.html>.

Activity Funding

Community Support Grants is funded from appropriations from the General Fund and from federal funds.

HUMAN SERVICES DEPT

Program: CONTINUING CARE GRANTS

Activity: COMMUNITY SUPPORT GRANTS

Narrative

Contact

For more information on Community Support Grants, contact:

- ◆ Disabilities Services Director Shirley Patterson, (651) 582-1805
- ◆ Legislative & Fiscal Operations – Continuing Care, Dan McCarthy, (651) 582-1959

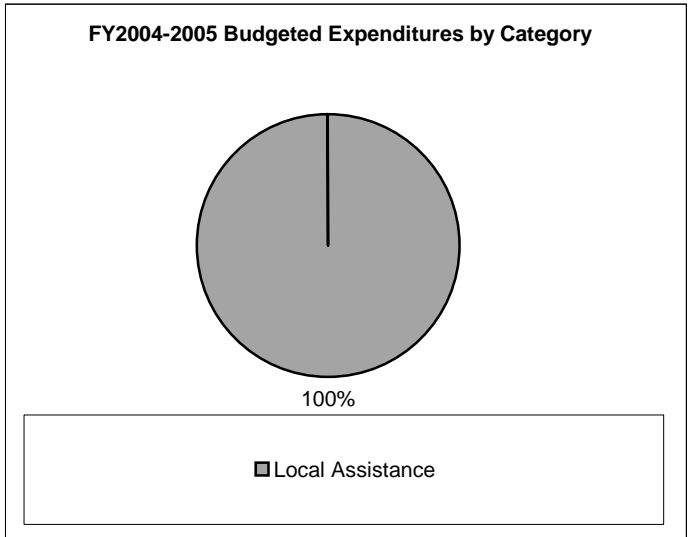
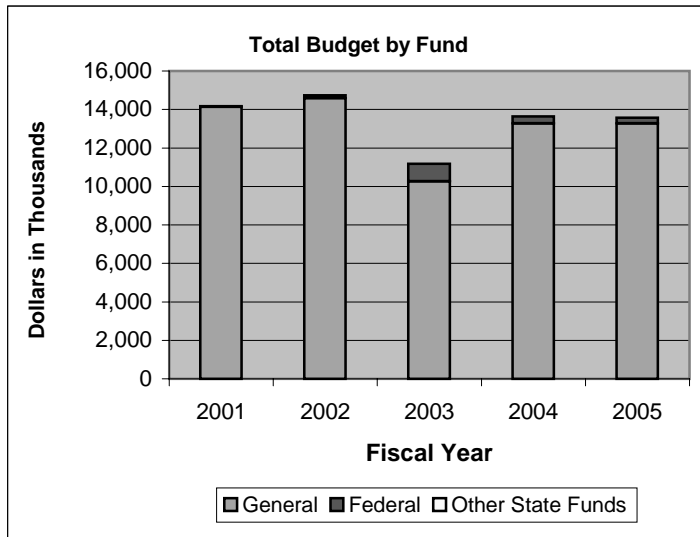
Information is also available on the DHS web site: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT

Program: **CONTINUING CARE GRANTS**

Activity: COMMUNITY SUPPORT GRANTS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 14,131 | 14,583 | 10,269 | 13,272 | 13,272 | 26,544 | 1,692 | 6.8% |
| Statutory Appropriations | | | | | | | | |
| Federal | 40 | 148 | 914 | 360 | 300 | 660 | -402 | -37.9% |
| Total | 14,171 | 14,731 | 11,183 | 13,632 | 13,572 | 27,204 | 1,290 | 5.0% |
| Expenditures by Category | | | | | | | | |
| Other Operating Expenses | 95 | 83 | 5 | 0 | 0 | 0 | -88 | -100.0% |
| Local Assistance | 14,076 | 14,648 | 11,178 | 13,632 | 13,572 | 27,204 | 1,378 | 5.3% |
| Total | 14,171 | 14,731 | 11,183 | 13,632 | 13,572 | 27,204 | 1,290 | 5.0% |

HUMAN SERVICES DEPT

Program: CONTINUING CARE GRANTS

Activity: MA LTC WAIVERS & HOME CARE GRANTS

Narrative

Activity Description

Medical Assistance (MA) long-term care (LTC) waivers and home care grants pay for a collection of medical and health care-related support services that enable low-income Minnesotans, who are elderly or who have disabilities, to live as independently as possible in their communities. LTC waivers refer to home and community-based services available under a federal Medicaid waiver as an alternative to institutional care.

Activity at a Glance

- ◆ 7,761 people received MA Home Care Services
- ◆ 18,076 people received Home Health Care Services
- ◆ 35,245 people at risk of placement in an institution are supported in the community by long-term care waivers

Population Served

Home Care and LTC Waivers serve MA-enrolled people of all ages, including infants and the frail older adults. To receive LTC waivers, a person must be at risk of requiring institutional care. Waiver eligibility is linked to a person's need for a 24-hour plan of care that places them at risk of placement in an institutional setting. These programs served the following number of people in FY 2002:

| | <u>People Served</u> | <u>Avg. Annual Cost per Person</u> |
|--|----------------------|------------------------------------|
| MA Home Care Services | | |
| Personal Care Assistance (PCA) Services | 7,356 | \$17,574 |
| Private Duty Nursing (PDN) Services | 405 | \$63,474 |
| Home Health Care Services | | |
| Home health aide services | 4,470 | \$2,738 |
| Skilled nursing services | 12,504 | \$958 |
| Therapies | 1,102 | \$1,813 |
| Long-Term Care Waivers | | |
| Community Alternative Care Waiver (CAC) | 139 | \$45,021 |
| Community Alternative for Disabled Individuals Waiver (CADI) | 6,151 | \$6,954 |
| Elderly Waiver (EW) | 12,595 | \$5,890 |
| Mental Retardation/Related Conditions Waiver | 15,721 | \$42,396 |
| Traumatic Brain Injury Waiver (TBI) | 639 | \$37,647 |

Services Provided

Home care includes specific services for people recovering from major illness or making a transition from a hospital or nursing facility back to their home. It also includes a limited continuing care benefit for people with ongoing assistance needs. MA home care services are authorized based on medical necessity and an order by a licensed physician. MA home care services include:

- ◆ assessments by public health nurses;
- ◆ home health aide visits;
- ◆ nurse visits;
- ◆ private duty nursing services;
- ◆ personal care services;
- ◆ occupational, physical, speech, and respiratory therapies; and
- ◆ medical supplies and equipment.

LTC Waivers, which are also known as home and community-based waiver programs, provide a variety of support services that assist people to live in the community instead of going into or staying in an institutional setting. Available support services include:

- ◆ caregiver training and education;

HUMAN SERVICES DEPT

Program: CONTINUING CARE GRANTS

Activity: MA LTC WAIVERS & HOME CARE GRANTS

Narrative

- ◆ case management;
- ◆ consumer-directed community supports;
- ◆ behavioral interventions;
- ◆ day activity, day habilitation, and vocational supports;
- ◆ home-delivered meals;
- ◆ home and environmental modifications;
- ◆ homemaking and chore services;
- ◆ independent living skills training;
- ◆ supplies and equipment;
- ◆ transportation;
- ◆ respite care;
- ◆ supportive services in foster care, assisted living, and residential settings; and
- ◆ extended MA home care services, including therapies.

Historical Perspective

Home and community-based waivers were established under section 1915(c) of the federal Social Security Act of 1981. These waivers were intended to correct the institutional bias in Medicaid by allowing states to offer a broad range of home and community-based services to people who may otherwise be institutionalized. Minnesota has obtained approval of the waivers described in this activity.

Minnesota has demonstrated a strong commitment to providing home and community-based support options for older adults and people with disabilities and to moving people with disabilities from institutional to community settings. Numerous state and national studies have documented the benefits of community-based services for persons with disabilities.

In 1999, the U. S. Supreme Court ruled in *Olmsted vs L.C.* that states have an obligation to insure that people with disabilities are not forced to remain institutionalized when a more integrated setting is appropriate and the affected people do not object to the community placement. The court further indicated that states should have comprehensive, effectively working plans for placing qualified people in less restrictive settings. This ruling prompted states, including Minnesota, to review their current policies and practices and to determine whether they most effectively support the relocation and diversion of people from institutional settings.

Key Measures

⇒ People will be able to control their own lives.

- ◆ Percent of public long-term care funds spent on institutional care versus community care
- ◆ Persons participating in consumer directed options

More information on Department of Human Services measures and results is available on the web: <http://www.departmentresults.state.mn.us/hs/index.html>.

Activity Funding

MA Long-Term Care Waivers and Home Care Grants is funded with appropriations from the General Fund and from federal Medicaid funds.

Contact

For more information on MA Long-Term Care Waivers & Home Care Grants, contact:
Legislative and Fiscal Operations (Persons with Disabilities), Dan McCarthy, (651) 582-1959
Legislative and Fiscal Operations (Aging Initiative), Sue Banken, (651) 296-5724

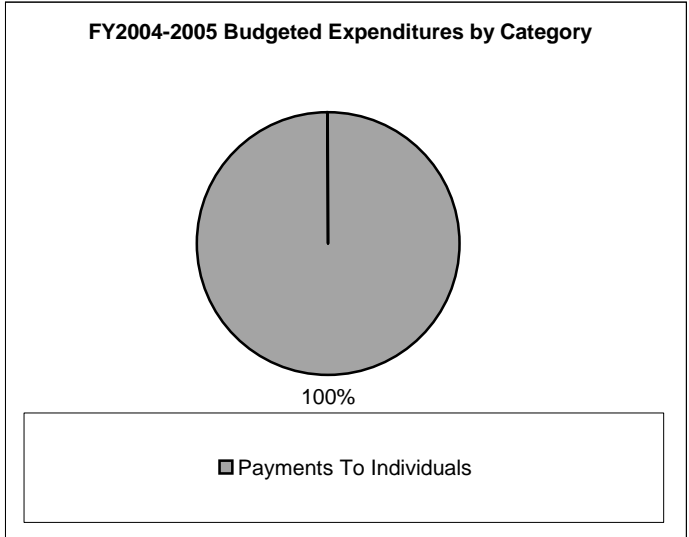
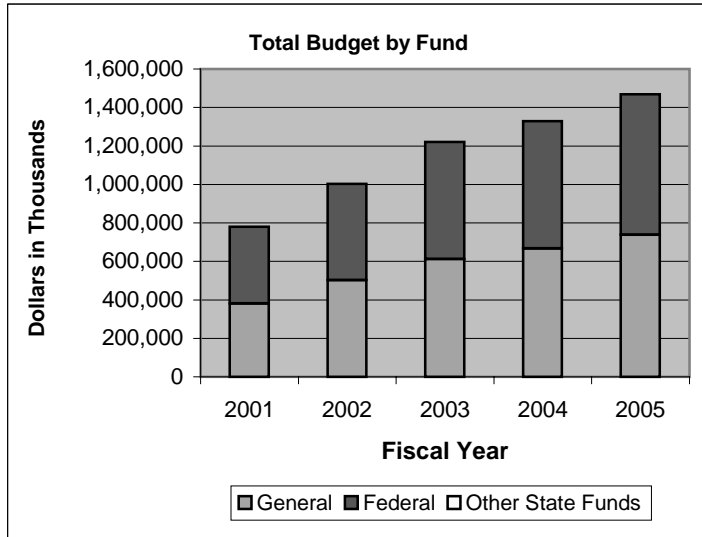
Information is also available on the DHS web site: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT

Program: **CONTINUING CARE GRANTS**

Activity: MA LTC WAIVERS & HOME CARE

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | | |
|---------------------------------|------------------|------------------|--------------------|------------------|------------------|---------------------|---|--------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 343,583 | 502,506 | 611,892 | 667,077 | 737,970 | 1,405,047 | 290,649 | 26.1% |
| Statutory Appropriations | | | | | | | | |
| General | 38,001 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Federal | 398,697 | 500,281 | 608,614 | 661,737 | 730,780 | 1,392,517 | 283,622 | 25.6% |
| Total | 780,281 | 1,002,787 | 1,220,506 | 1,328,814 | 1,468,750 | 2,797,564 | 574,271 | 25.8% |
| Expenditures by Category | | | | | | | | |
| Payments To Individuals | 780,281 | 1,002,787 | 1,220,506 | 1,328,814 | 1,468,750 | 2,797,564 | 574,271 | 25.8% |
| Total | 780,281 | 1,002,787 | 1,220,506 | 1,328,814 | 1,468,750 | 2,797,564 | 574,271 | 25.8% |

HUMAN SERVICES DEPT

Program: CONTINUING CARE GRANTS

Activity: MA LONG TERM CARE FACILITIES GRANTS

Narrative

Activity Description

Medical Assistance (MA) Long-Term Care Facilities Grants pays for nursing facility (NF) care, intermediate care facilities for people with mental retardation (ICF/MR), and day training and habilitation (DT&H) for people with mental retardation or related conditions who are ICF/MR residents.

Population Served

MA enrollees who require nursing facility or ICF/MR services are eligible. There are nearly 670 long-term care (LTC) facilities that serve almost 40,000 people per month in this budget activity. The following data is from FY 2002:

- ⇒ There are 417 MA-certified NF and boarding care homes. MA-certified NFs and boarding care homes serve approximately 37,000 people per month at a daily average rate of \$123 per person. About two-thirds of the residents receive MA and one-third privately pay for their care, receive Medicare, or have other insurance.
- ⇒ There are 249 MA-certified ICFs/MR. Last fiscal year, ICFs/MR served an average of 2,508 recipients per month. The monthly average payment was \$5,404 per resident. In FY 2002, 23 ICFs/MR were closed and 244 additional beds were decertified.

Activity at a Glance

- ◆ Nursing facilities and boarding care homes serve 37,000 people per month.
- ◆ ICFs/MR serve about 2,508 residents per month.
- ◆ DT&H programs serve 11,200 people per month.

Funding for DT&H services is contained in three different budget activities: MA Long-Term Care Facilities Grants for those people residing in ICFs/MR, MA Long-Term Care Waivers and Home Care Grants for mental retardation or related condition waiver recipients, and Community Social Service Grants available to all eligible people. There are 250 DT&H service vendors in Minnesota. In total, DT&H programs serve approximately 11,200 people with disabilities. Approximately 2,176 ICF/MR recipients per month receive DT&H services at a monthly average MA payment of \$1,466 per person.

Services Provided

Nursing facilities provide 24-hour care and supervision in a residential-based setting. Housing and all other services are provided as a comprehensive package, including, but not limited to:

- ◆ nursing and nursing assistant services;
- ◆ help with activities of daily living and other care needs;
- ◆ housing;
- ◆ meals;
- ◆ medication administration;
- ◆ activities and social services;
- ◆ supplies and equipment;
- ◆ housekeeping, linen, and personal laundry; and
- ◆ therapy services (at an extra cost).

ICFs/MR provide 24-hour care, habitation, training, and supervision to people with mental retardation or related conditions. Most ICFs/MR are less medically oriented than nursing facilities and focus on teaching independent living skills. Like nursing facilities, they provide a package of services which include housing and food.

DT&H vendors provide training and activities related to work, self care, communication skills, socialization, community orientation, transportation needs, emotional development, development of adaptive behavior, cognitive development, and physical mobility. DT&H services assist people with developmental disabilities to prepare for, find, and retain employment.

These services are purchased from enrolled providers on a fee-for-service basis and, in some circumstances, on a prepaid capitated basis.

HUMAN SERVICES DEPT

Program: CONTINUING CARE GRANTS

Activity: MA LONG TERM CARE FACILITIES GRANTS

Narrative

Historical Perspective

Use of NFs grew rapidly with the establishment of the federal Medicaid program in the 1960s. The availability of federal matching funds for the state's publicly-funded health care programs provided an incentive for this investment and Medicaid expenditures grew as people who qualified for NF services accessed this entitlement. In the mid-1980s, a moratorium was placed on development of new NFs and efforts were made to develop less expensive home and community-based alternatives. Today, more older adults are choosing to receive services in their own homes. NF utilization has been declining and NFs are more often used for short-term care and rehabilitation following hospitalization. Recent efforts to rightsize the industry and to provide financial stability include provisions for bed layaway and planned bed closure and higher rates for short lengths of stay.

ICFs/MR are another Medicaid-funded entitlement service. Before the 1970s, virtually all public services for people with developmental disabilities were custodial in nature, paid for with state funds and delivered in large state institutions. In 1971, Congress authorized Medicaid funding for ICF/MR services. To qualify for Medicaid reimbursement, ICFs/MR had to be MA-certified and comply with federal standards. Smaller ICFs/MR developed in the 1970s and early 1980s as a means to aid in deinstitutionalizing people with disabilities from large state-run institutions. In the mid-1980s, a moratorium was placed on the development of new ICFs/MR. Instead, people began receiving services in their own homes through the MR/RC waiver. The number of people served in ICFs/MR has been steadily declining in the past decade.

DT&H services have been in operation in the state for over 35 years. They are a mandatory service for people with mental retardation or a related condition. DT&H programs on average provide 195 days of service per year.

Key Measures

⇒ People will be free from abuse and neglect.

- ◆ Rate of substantiated abuse and neglect findings, per 10,000 state residents
- ◆ Rate of substantiated abuse and neglect findings, per 1,000 resident days of SOS and other DHS licensed long-term care facilities

⇒ People will be able to control their own lives.

- ◆ Percent of public long-term care funds spent on institutional care versus community care
- ◆ Persons on MA residing in institutional settings

More information on Department of Human Services measures and results is available on the web: <http://www.departmentresults.state.mn.us/hs/index.html>.

Activity Funding

MA Long Term Care Facilities Grants is funded from appropriations from the General Fund and from federal Medicaid funds.

Contact

For more information on Nursing Facilities, contact:

- ◆ Continuing Care for the Elderly Director – Nursing Facilities, Bob Held, (651) 215-5761
- ◆ Legislative and Fiscal Operations, Sue Banken, (651) 296-5724

For more information on ICFs/MR or DT&H services, contact:

- ◆ Disability Services Director, Shirley Patterson, (651) 582-1805
- ◆ Legislative and Fiscal Operations, Dan McCarthy, (651) 582-1959

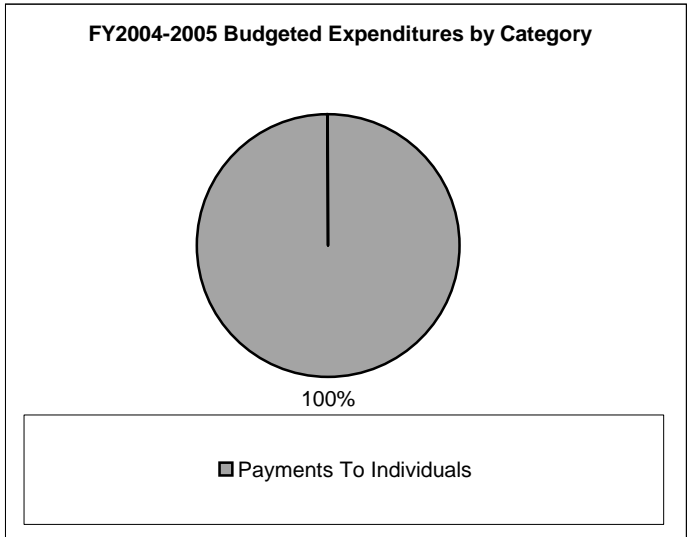
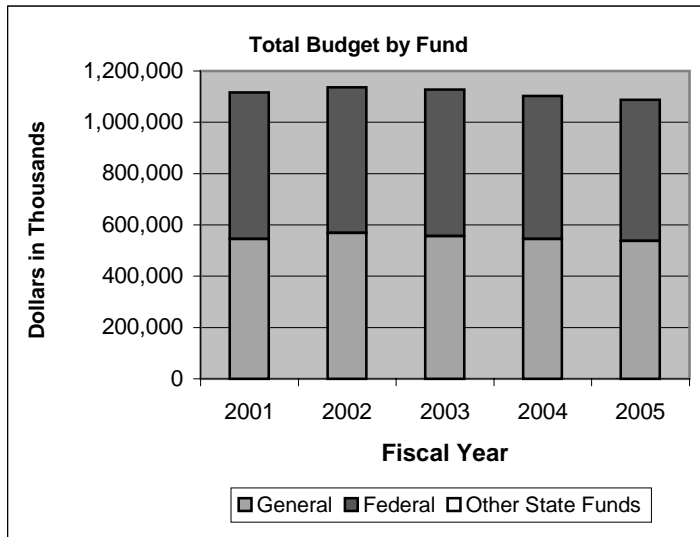
Information is also available on the DHS web site: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT

Program: **CONTINUING CARE GRANTS**

Activity: MA LONG TERM CARE FACILITIES

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------|--------------------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 | Dollars Percent |
| Direct Appropriations | | | | | | | | |
| General | 489,137 | 567,366 | 552,226 | 536,940 | 530,571 | 1,067,511 | -52,081 | -4.7% |
| Statutory Appropriations | | | | | | | | |
| General | 55,480 | 1,304 | 4,666 | 8,038 | 6,886 | 14,924 | 8,954 | 150.0% |
| Federal | 571,344 | 567,364 | 570,221 | 557,653 | 550,179 | 1,107,832 | -29,753 | -2.6% |
| Total | 1,115,961 | 1,136,034 | 1,127,113 | 1,102,631 | 1,087,636 | 2,190,267 | -72,880 | -3.2% |
| Expenditures by Category | | | | | | | | |
| Payments To Individuals | 1,115,906 | 1,136,034 | 1,127,113 | 1,102,631 | 1,087,636 | 2,190,267 | -72,880 | -3.2% |
| Local Assistance | 55 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Total | 1,115,961 | 1,136,034 | 1,127,113 | 1,102,631 | 1,087,636 | 2,190,267 | -72,880 | -3.2% |

Activity Description

Alternative Care (AC) pays for at-home care and community-based services for older adults who are at risk of becoming eligible for Medical Assistance (MA) nursing facility care within six months. It is a state-funded program that gives eligible older adults community-based service choices similar to federally-funded home and community-based programs.

Population Served

To be eligible for AC, a person must be age 65 or older, assessed as needing nursing facility level of care, and have income and assets inadequate to fund nursing facility care for more than 180 days.

Activity at a Glance

- ◆ Pays for at-home health and community-based care services for low-income elderly Minnesotans
- ◆ Helps older adults stay in their own homes longer by providing an alternative to nursing home care
- ◆ Serves 8,200 persons per month
- ◆ Costs an average of \$650 per person per month, compared to \$3,741 per person in a nursing facility

In FY 2002, AC funded services for approximately 8,200 elderly persons per month at an average monthly cost of approximately \$650 per person, compared to a \$3,741 average monthly cost of nursing facility care.

Services Provided

Alternative Care provides funding for:

- ◆ respite care, both in-home and at approved facilities, to provide a break for caregivers;
- ◆ case management to ensure that care provided is appropriate;
- ◆ adult day care;
- ◆ personal care services to assist with activities of daily living;
- ◆ homemaker services;
- ◆ companion service to enhance quality of life;
- ◆ assisted living;
- ◆ caregiver training and education to provide caregivers with the knowledge and support necessary to adequately care for an elderly person;
- ◆ chore services to provide assistance with heavy household tasks such as snow shoveling;
- ◆ home health nursing and aide services;
- ◆ transportation to AC-related services and community integration;
- ◆ nutrition services;
- ◆ residential care services for people living in a board and lodging setting;
- ◆ adult foster care for people living in licensed foster care;
- ◆ medically necessary supplies and equipment;
- ◆ telehomecare services to monitor the health status of people in their own homes as an alternative to home visits; and
- ◆ other consumer directed services and discretionary services that are part of the person's plan of care.

Historical Perspective

The AC program was implemented in 1981. Its purpose is to provide older adults at risk of nursing facility placement with home and community-based services to assist them to remain at home. Funding is allocated for local lead agencies to provide for service delivery under individual service plans and manage their allocations to serve eligible persons.

Key Measures

⇒ People will be able to control their own lives

- ◆ Percent of public long-term care funds spent on institutional care versus community care
- ◆ Persons participating in consumer directed options

HUMAN SERVICES DEPT

Program: CONTINUING CARE GRANTS

Activity: ALTERNATIVE CARE GRANTS

Narrative

More information on Department of Human Services measures and results is available on the web: <http://www.departmentresults.state.mn.us/hs/index.html>.

Activity Funding

Alternative Care Grants is funded from appropriations from the General Fund and from enrollee premiums.

Contact

For more information on Alternative Care Program, contact

- ◆ Aging and Adult Services Director - James Varpness, (651) 296-1531
- ◆ Legislative and Fiscal Operations - Sue Banken, (651) 296-5724

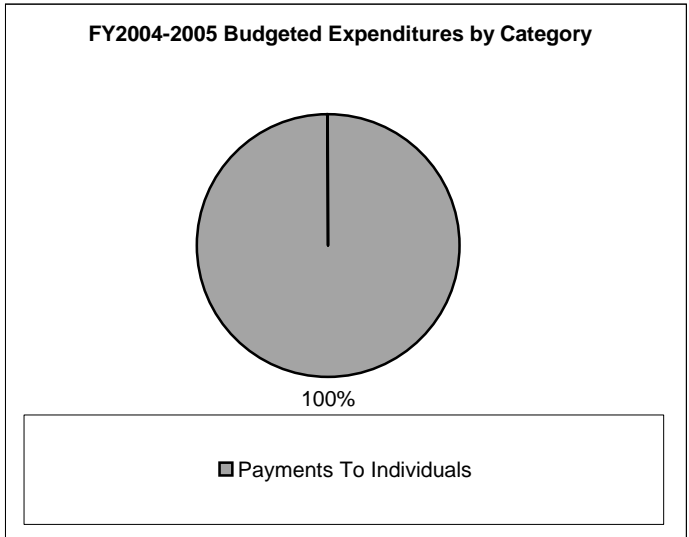
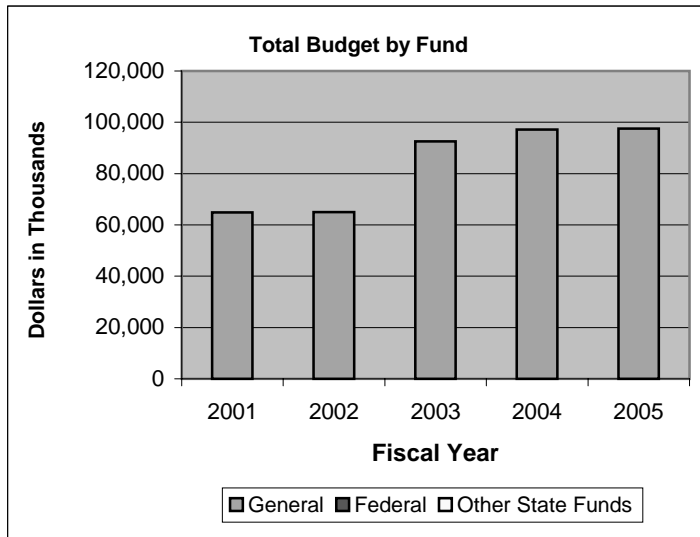
Information is also available on the DHS web site: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT

Program: **CONTINUING CARE GRANTS**

Activity: **ALTERNATIVE CARE GRANTS**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------------------|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 62,347 | 62,267 | 89,749 | 94,445 | 94,890 | 189,335 | 37,319 | 24.5% |
| Statutory Appropriations | | | | | | | | |
| General | 2,539 | 2,688 | 2,775 | 2,733 | 2,643 | 5,376 | -87 | -1.6% |
| Total | 64,886 | 64,955 | 92,524 | 97,178 | 97,533 | 194,711 | 37,232 | 23.6% |
| Expenditures by Category | | | | | | | | |
| Payments To Individuals | 64,886 | 64,955 | 92,524 | 97,178 | 97,533 | 194,711 | 37,232 | 23.6% |
| Total | 64,886 | 64,955 | 92,524 | 97,178 | 97,533 | 194,711 | 37,232 | 23.6% |

HUMAN SERVICES DEPT

Program: CONTINUING CARE GRANTS

Activity: GROUP RESIDENTIAL HOUSING GRANTS

Narrative

Activity Description

Group Residential Housing (GRH) Grants provide income supplements for room and board and other related housing services for people whose illness or disability prevents them from living independently. In order for its residents to be eligible for GRH payments, a setting must be licensed by the Department of Human Services (DHS) as an adult foster home or by the Department of Health as a board and lodging establishment, a supervised living facility, a boarding care home, or, in some cases, registered as a housing with services establishment.

Activity at a Glance

- ◆ There are 3,800 GRH settings
- ◆ GRH provides room and board for 13,500 recipients per month
- ◆ The basic GRH room and board rate is \$670 per month

Population Served

There are over 3,800 GRH settings serving about 13,500 average monthly recipients who are unable to live independently in the community due to illness or incapacity.

GRH settings serve a variety of dependent persons, including persons with mental retardation, mental illness, chemical dependency, physical disabilities, advanced age, or brain injuries.

Persons receiving GRH often also receive services through Medical Assistance (MA) Home Care, a home and community-based waiver under Title XIX of the Social Security Act, or mental health grants. In these cases, the GRH rate is restricted to the room and board rate only. The combination of GRH room and board supports and Medical Assistance services enables people to live in the community rather than in a facility.

Services Provided

GRH separately identifies housing costs from services and provides a standard payment rate for housing for aged, blind and disabled persons in certain congregate settings:

- ⇒ GRH is a supplement to a client's income to pay for the costs of room and board in specified licensed or registered settings.
- ⇒ Currently, the basic GRH room and board rate is \$670 per month, which is based on a statutory formula. The maximum GRH payment rate for settings that provide services in addition to room and board, such as difficulty of care in adult foster care, is \$447.93 per month. In limited cases, and upon county and state approval, GRH will also fund up to \$426.37 per month (based on documented costs) for persons whose needs require specialized housing arrangements.
- ⇒ Although GRH is 100% state-funded, these rates are offset by the recipient's own income contribution (usually Supplemental Security Income or Social Security Retirement or Disability Insurance contributions of at least \$515.05).

GRH also pays for basic support services, such as oversight and supervision, medication reminders, and appointment arrangement, for persons who are ineligible for other service funding mechanisms such as home and community-based waivers or home care.

Historical Perspective

GRH was once part of the Minnesota Supplemental Aid (MSA) Program but was made a separate program in the mid-1990s. There is currently a moratorium on the creation of beds with a rate that exceeds the base rate of \$670 unless they are licensed as adult foster care. More recently, all supplemental room and board rates, which are available only for adult foster care settings, are subject to a county average calculated on the basis of FY 2000 data in order to control costs.

Key Measures

- ⇒ People will be able to control their own lives.
 - ◆ Percent of public long-term care funds spent on institutional care versus community care
 - ◆ Persons on MA residing in institutional settings

HUMAN SERVICES DEPT

Program: CONTINUING CARE GRANTS

Activity: GROUP RESIDENTIAL HOUSING GRANTS

Narrative

More information on Department of Human Services measures and results is available on the web: <http://www.departmentresults.state.mn.us/hs/index.html>.

Activity Funding

Group Residential Housing Grants is funded from appropriations from the General Fund.

Contact

For more information on Group Residential Housing, contact:

- ◆ Social Services Program Consultant, GRH, Duane Elg, (651) 296-6004
- ◆ Legislative and Fiscal Operations – older adult populations, Sue Banken, (651) 296-5724
- ◆ Legislative and Fiscal Operations – disabled populations, Dan McCarthy, (651) 582-1959

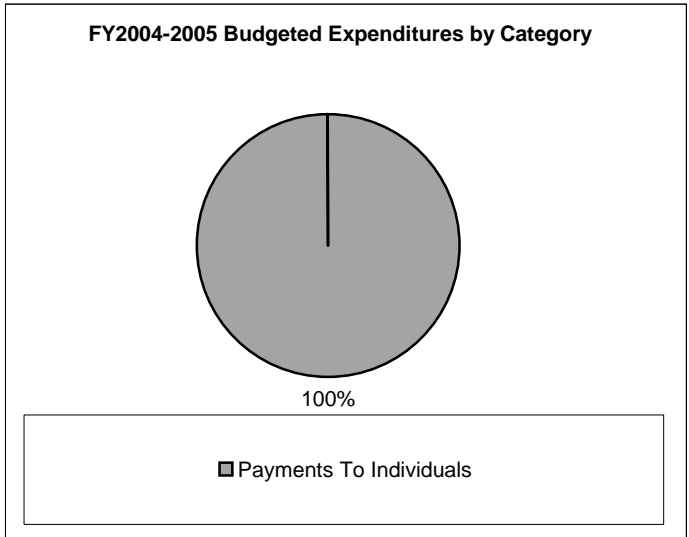
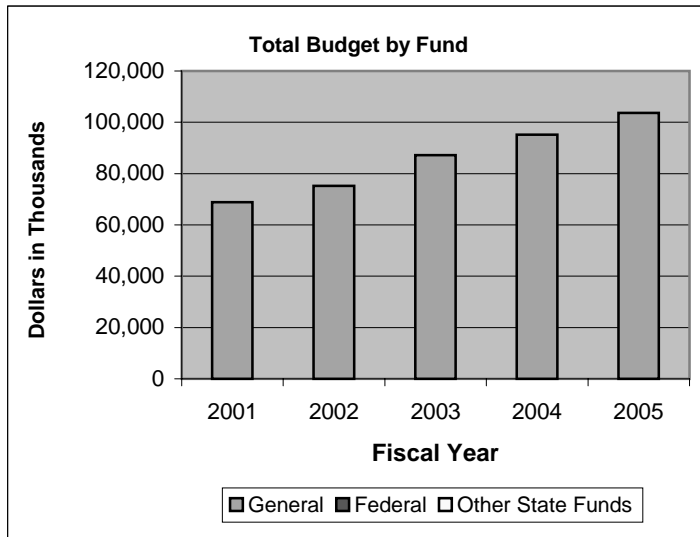
Information is also available on the DHS web site: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT

Program: **CONTINUING CARE GRANTS**

Activity: GROUP RESIDENTIAL HOUSING

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------|-----------------------------|--------------------------|--------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 | |
| Direct Appropriations | | | | | | | | |
| General | 68,621 | 74,794 | 87,168 | 95,145 | 103,671 | 198,816 | 36,854 | 22.8% |
| Statutory Appropriations | | | | | | | | |
| General | 200 | 403 | 0 | 0 | 0 | 0 | -403 | -100.0% |
| Total | 68,821 | 75,197 | 87,168 | 95,145 | 103,671 | 198,816 | 36,451 | 22.5% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|----------------|----------------|---------------|--------------|
| Expenditures by Category | | | | | | | | |
| Other Operating Expenses | 47 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Payments To Individuals | 68,774 | 75,147 | 87,168 | 95,145 | 103,671 | 198,816 | 36,501 | 22.5% |
| Local Assistance | 0 | 50 | 0 | 0 | 0 | 0 | -50 | -100.0% |
| Total | 68,821 | 75,197 | 87,168 | 95,145 | 103,671 | 198,816 | 36,451 | 22.5% |

HUMAN SERVICES DEPT

Program: CONTINUING CARE GRANTS

Activity: CD ENTITLEMENT GRANTS

Narrative

Activity Description

Chemical Dependency Entitlement Grants fund treatment of eligible people who have been assessed to be in need of treatment for chemical abuse or dependency. This activity is administered through the Consolidated Chemical Dependency Treatment Fund (CCDTF).

Population Served

Chemical dependency (CD) treatment services are provided to anyone who is found by an assessment to be in need of care and is financially eligible, unless the needed services are to be provided by a managed care organization in which the person is enrolled.

Activity at a Glance

- ◆ There were 18,437 treatment admissions in FY 2000
- ◆ Average cost per admission was \$3,142
- ◆ 350 treatment programs participate in the CCDTF
- ◆ 50% of all treatment admissions in Minnesota are made through the CCDTF

The CCDTF has three tiers of eligibility, although this budget activity covers only Tier I:

- ⇒ Tier I is the entitlement portion. Eligible clients are people who are enrolled in Medical Assistance (MA), General Assistance Medical Care (GAMC), receive Minnesota Supplemental Assistance (MSA), or meet the MA, GAMC or MSA income limits.
- ⇒ Tier II includes people who are not eligible for MA, but whose income does not exceed 215% of federal poverty guidelines. (This tier is addressed in the non-entitlement grants activity page.)
- ⇒ Tier III includes people with incomes between 215% and 412% of federal poverty guidelines. (This tier has not been funded in recent years.)

Services Provided

The CCDTF pays for four types of chemical dependency treatment

- ◆ inpatient;
- ◆ outpatient;
- ◆ halfway house; and
- ◆ extended care.

Primary inpatient treatment typically lasts three to four weeks, extended care programs six to seven weeks, and halfway house stays seven weeks. Outpatient programs vary greatly, with stays typically ranging from four to 12 weeks.

Approximately 50% of CD treatment admissions for Minnesota residents are paid for through the CCDTF. A person's need for CD treatment is assessed by the local county social service agency or American Indian tribal entity. The assessor authorizes treatment based on uniform statewide assessment and placement criteria. Most treatment providers in the state accept Consolidated Fund clients.

Historical Perspective

The CCDTF was created in 1988 to consolidate a variety of funding sources for chemical dependency treatment services for low-income, chemically dependent Minnesota residents. The CCDTF combines previously separated funding sources - Medical Assistance, General Assistance Medical Care, General Assistance, state appropriations, and federal block grants - into a single fund with a common set of eligibility criteria. Counties pay at least 15% of treatment costs to maintain a local maintenance of effort.

Since its inception, the entitlement portion of the CCDTF (Tier I) has served about 18,500 clients annually.

Key Measures

- ⇒ People will have access to high quality, cost effective mental, physical and chemical health care.
 - ◆ Percent of adults and minors who complete chemical dependency treatment

HUMAN SERVICES DEPT

Program: CONTINUING CARE GRANTS

Activity: CD ENTITLEMENT GRANTS

Narrative

More information on Department of Human Services measures and results is available on the web: <http://www.departmentresults.state.mn.us/hs/index.html>.

Activity Funding

Chemical Dependency Entitlement Grants is funded from appropriations from the General Fund.

Contact

For more information on Chemical Dependency Entitlement Grants, contact:

- ◆ Chemical Health Director Donald Eubanks, (651) 582-1856
- ◆ Chemical Health Operations Manager Troy Mangan, (651) 582-1884

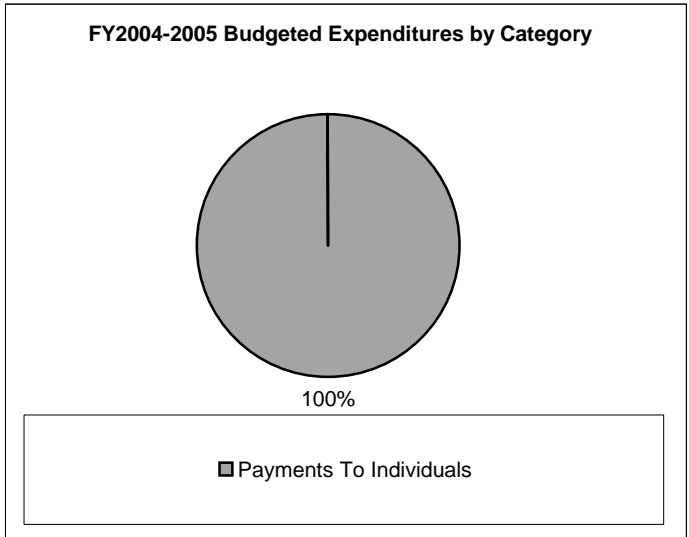
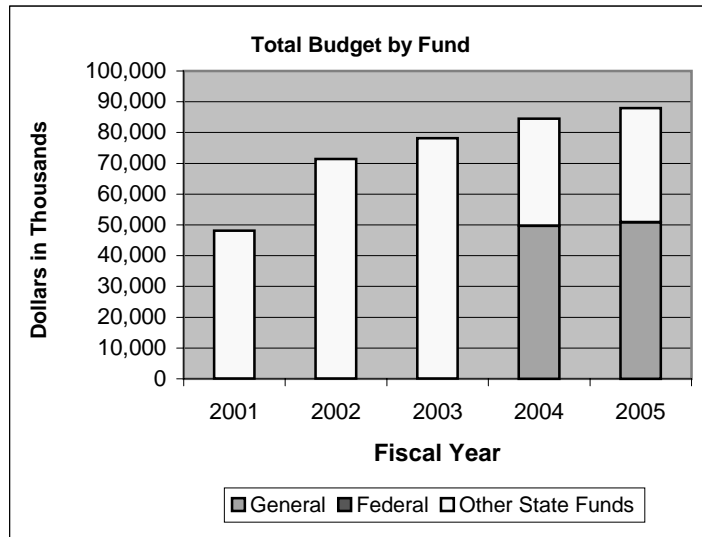
Information is also available on the DHS web site: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT

Program: **CONTINUING CARE GRANTS**

Activity: CD ENTITLEMENT GRANTS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|---------------|-----------------------------|--------------------------------------|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 0 | 0 | 0 | 49,673 | 50,848 | 100,521 | 100,521 | n.m |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 48,119 | 71,448 | 78,147 | 34,872 | 37,120 | 71,992 | -77,603 | -51.9% |
| Total | 48,119 | 71,448 | 78,147 | 84,545 | 87,968 | 172,513 | 22,918 | 15.3% |
| Expenditures by Category | | | | | | | | |
| Payments To Individuals | 46,923 | 69,301 | 78,147 | 84,545 | 87,968 | 172,513 | 25,065 | 17.0% |
| Local Assistance | 1,196 | 2,147 | 0 | 0 | 0 | 0 | -2,147 | -100.0% |
| Total | 48,119 | 71,448 | 78,147 | 84,545 | 87,968 | 172,513 | 22,918 | 15.3% |

Activity Description

Chemical Dependency Non-Entitlement Grants pay for chemical dependency treatment provided to low-income people ineligible for entitlement-based treatment, statewide prevention efforts, and culturally appropriate services and support.

Population Served

Eligibility for treatment is as follows:

- ◆ Tier II of the Consolidated Chemical Dependency Treatment Fund (CCDTF) includes those people not eligible for Medical Assistance (MA) and whose income does not exceed 215% of federal poverty guidelines; and
- ◆ Tier III includes people with incomes between 215% and 412% of federal poverty guidelines and who are not eligible for MA. (This tier has not been funded in recent years.)

Activity at a Glance

- ◆ Provided chemical abuse or dependency treatment to 2,800 people
- ◆ Admitted 38,400 people to detox programs
- ◆ Provided 4,000 school-age children with prevention information
- ◆ Provided intervention and case management services to 350 pregnant women and women with children
- ◆ Trained 800 CD professionals

Services Provided

Non-Entitlement Grants support:

- ◆ chemical dependency treatment for non-entitled recipients;
- ◆ community drug and alcohol abuse prevention for American Indians, African Americans, Asian-Americans, and Hispanic populations;
- ◆ women's treatment program grants which include subsidized housing, transportation, child care, and parenting education;
- ◆ counseling;
- ◆ case management for people with chronic alcohol and drug abuse conditions;
- ◆ assistance to counties and providers in meeting licensing requirements and improving services;
- ◆ a statewide prevention resource center that assists Minnesota counties, local communities, and organizations by providing alcohol and other drug abuse education, information, and training;
- ◆ research and evaluation projects identified by the division's statutory advisory councils, policy makers, and chemical dependency professionals;
- ◆ data collection and analysis on drug and alcohol abuse trends; and
- ◆ detoxification transportation.

Historical Perspective

Tier II and Tier III of the CCDTF were established in 1988 to create a hierarchy of financial eligibility that prioritized CCDTF service access when state funding was limited. In the early 1990s, Tier II eligibility was restricted to adolescents, pregnant women, and parents with minor children in the home. Since FY 1999, Tier II service needs have been fully funded using resources available in the CCDTF Reserve. Approximately 2,500 Tier II eligible individuals have accessed needed chemical dependency treatment services each year. Tier III has not been funded in over 10 years.

Over the last decade, as research studies indicated that the prevalence of substance abuse was higher for certain populations or that some groups did not succeed in chemical dependency treatment at the same rate as the general population, specific improvement efforts were established. These efforts were designed to build prevention strategies and treatment support services that focus on the unique strengths and needs of these various populations. The need for these specialized models of prevention and treatment has grown as counties and tribes recognize the role substance abuse plays in difficult Temporary Assistance to Needy Families and Child Welfare cases.

HUMAN SERVICES DEPT

Program: CONTINUING CARE GRANTS

Activity: CD NON-ENTITLEMENT GRANTS

Narrative

Key Measures

- ⇒ People will have access to high quality, cost effective mental, physical and chemical health care.
 - ◆ Percent of adults and minors who complete chemical dependency treatment
 - ◆ Percent of people who are insured
 - ⇒ children under 18 – by race/ethnicity and other known disparate groups
 - ⇒ all Minnesotans – by race/ethnicity and other known disparate groups

More information on Department of Human Services measures and results is available on the web: <http://www.departmentresults.state.mn.us/hs/index.html>.

Activity Funding

Chemical Dependency Non-Entitlement Grants is funded from appropriations from the General Fund and from federal funds.

Contact

For more information on Chemical Dependency Non-Entitlement Grants, contact:

- ◆ Chemical Health Director Donald Eubanks, (651) 582-1856
- ◆ Chemical Health Operations Manager Troy Mangan, (651) 582-1884

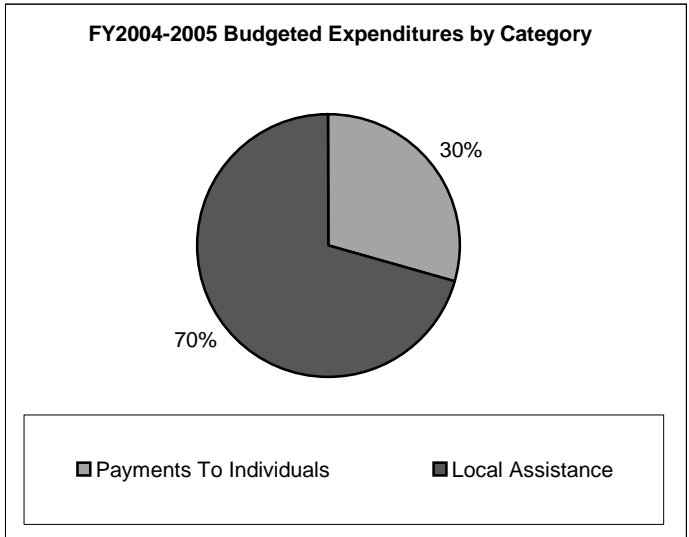
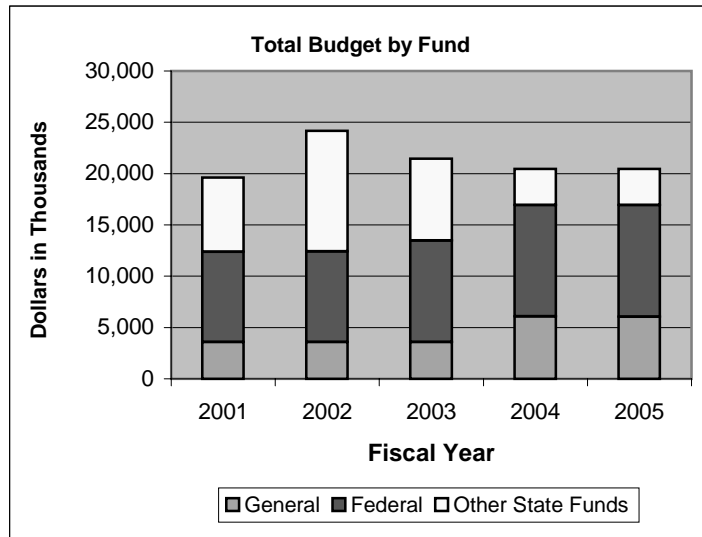
Information is also available on the DHS web site: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT

Program: **CONTINUING CARE GRANTS**

Activity: CD NON-ENTITLEMENT GRANTS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------------------|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 3,581 | 3,585 | 3,593 | 6,080 | 6,065 | 12,145 | 4,967 | 69.2% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 7,242 | 11,750 | 8,000 | 3,513 | 3,528 | 7,041 | -12,709 | -64.3% |
| Federal | 8,791 | 8,842 | 9,865 | 10,865 | 10,865 | 21,730 | 3,023 | 16.2% |
| Total | 19,614 | 24,177 | 21,458 | 20,458 | 20,458 | 40,916 | -4,719 | -10.3% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Expenditures by Category | | | | | | | | |
| Other Operating Expenses | 115 | 243 | 158 | 158 | 158 | 316 | -85 | -21.2% |
| Payments To Individuals | 7,242 | 11,750 | 8,000 | 6,000 | 6,000 | 12,000 | -7,750 | -39.2% |
| Local Assistance | 12,257 | 12,184 | 13,300 | 14,300 | 14,300 | 28,600 | 3,116 | 12.2% |
| Total | 19,614 | 24,177 | 21,458 | 20,458 | 20,458 | 40,916 | -4,719 | -10.3% |

Program Description

Continuing Care Management is the administrative component for the service areas funded by Continuing Care Grants. It also provides central office support to State Operated Services programs and coordinates with Health Care Management on the Medicaid-funded Continuing Care Grant activities.

Population Served

This program serves elderly Minnesotans and citizens with disabilities who need long-term care, including persons with physical and cognitive disabilities, deafness or hard of hearing, emotional disturbances, mental illness, HIV/AIDS, and chemical dependency.

Services Provided

Department of Human Services (DHS) staff administer programs and services that are used by over 350,000 Minnesotans. This work is accomplished by working with citizens, counties, legislators, grantees, other state agencies and providers.

Program at a Glance

Continuing Care Management functions:

- ◆ performs statewide human services planning;
- ◆ develops and implements policy;
- ◆ obtains, allocates, and manages resources;
- ◆ manages contracts and grants;
- ◆ sets standards for service development and delivery;
- ◆ provides technical assistance and training to local county agencies;
- ◆ monitors for compliance/evaluation;
- ◆ supports local innovation and quality improvement efforts;
- ◆ assures a statewide safety net capacity; and
- ◆ carries out unique specialized activities.

In addition to the normal management functions, which apply to all people served, Continuing Care Management performs unique specialized activities:

- ◆ direct constituent service:
 - ⇒ statewide regional service centers which help deaf, deafblind, and hard-of-hearing people access community resources and the human services system;
 - ⇒ the Equipment Distribution Program, which helps deaf and hard-of-hearing people access the telephone system with specialized equipment;
 - ⇒ HIV/AIDs programs which help people with HIV/AIDs obtain or maintain health care coverage; and
 - ⇒ ombudsman services for older Minnesotans which assist consumers in resolving complaints and preserving access to services;
- ◆ citizen/consumer feedback:

Staff assistance and administrative support are provided to a number of legislatively-required councils including:

 - ⇒ The Minnesota Commission Serving Deaf and Hard of Hearing People;
 - ⇒ The Minnesota Board on Aging;
 - ⇒ The State Advisory Council on Mental Health;
 - ⇒ Alcohol and Other Drug Abuse Advisory Council;
 - ⇒ American Indian Advisory Council on Alcohol and Other Drug Abuse;
 - ⇒ Traumatic Brain Injury Service Integration Advisory Committee; and
 - ⇒ Long-term Care Advisory Committee;
- ◆ collaborative efforts with local partners and other state agencies; and
- ◆ special projects and responsibilities.

Historical Perspective

Years ago, service options for the elderly and people with disabilities were limited. Most people needing publicly-funded services received them in institutions. Through the years, priorities, values, and expectations continually change. Today, more choices are available, providing people with more individualized and better quality options.

Staff in Continuing Care Management administer a broad array of services for this diverse population. In addition to administering ongoing operations of programs and services, some recent achievements include:

- ◆ describing the demographic realities of the state's aging population and working with many constituencies to prepare responses to these profound changes (Project 2030);
- ◆ implementing strategies of the long-term care task force that reform Minnesota's long-term care system for the elderly. This includes administering the voluntary, planned closure of nursing facility beds and expanding use of home and community-based services through grants and other mechanisms to develop community capacity;
- ◆ working with community partners that included the Citizen's League, Consumer Survivor's Network, the State Mental Health Advisory Councils, and the Department of Health to increase the public's understanding of our citizen's mental health needs and the community infrastructure, both formal and informal, that will meet those needs;
- ◆ taking actions necessary to increase flexibility, reduce access barriers, and promote consumer choice and control with the home care and waived services covered by Medical Assistance;
- ◆ working with consumers, family members, county agencies, provider organizations, and advocates to develop community options for younger persons with disabilities currently residing in institutional settings;
- ◆ developing the Minnesota Senior Health Options (MSHO) and Minnesota Disability Health Options (MDHO) projects that integrate health and long-term care for "dual eligible" elderly and younger persons with disabilities to improve community capacity;
- ◆ working with American Indian stakeholders to clarify desired outcomes of culturally appropriate substance abuse and mental health services necessary to address the needs of their people;
- ◆ working with members of the Ethiopian, Oromo, and Somali communities in Minnesota to obtain federal grant funds to improve the access of resettled refugees to mainstream continuing care services; and
- ◆ working with contract nursing homes under the Alternative Payment System to continually improve quality.

Key Measures

- ⇒ People will have access to high quality, cost effective mental, physical and chemical health care.
 - ◆ Percent of children and adults who receive mental health services while on Minnesota Health Care programs
 - ◆ Percent of adults and minors who complete chemical dependency treatment
- ⇒ People will be able to control their own lives.
 - ◆ Percent of public long-term care funds spent on institutional care versus community care
 - ◆ Persons participating in consumer directed options
- ⇒ People are supported in and by their community.
 - ◆ Percent of individuals who receive sign language interpretive services from the regional referral service.
 - ◆ Geographic concentration of licensed residential sites and numbers of adults living in individually licensed sites
 - ◆ Length of stay in State Operated Services (SOS) hospital system
 - ◆ Length of stay in SOS hospital system after the person is ready for discharge

More information on Department of Human Services measures and results is available on the web: <http://www.departmentresults.state.mn.us/hs/index.html>.

Program Funding

Continuing Care Management is funded primarily from appropriations from the General Fund, State Government Special Revenue Fund, and Lottery Fund and from federal funds.

Contact

For more information on Continuing Care Management, contact

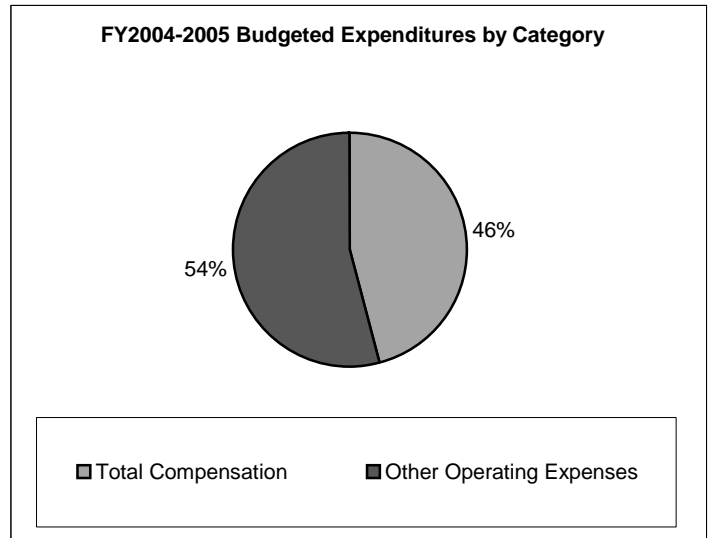
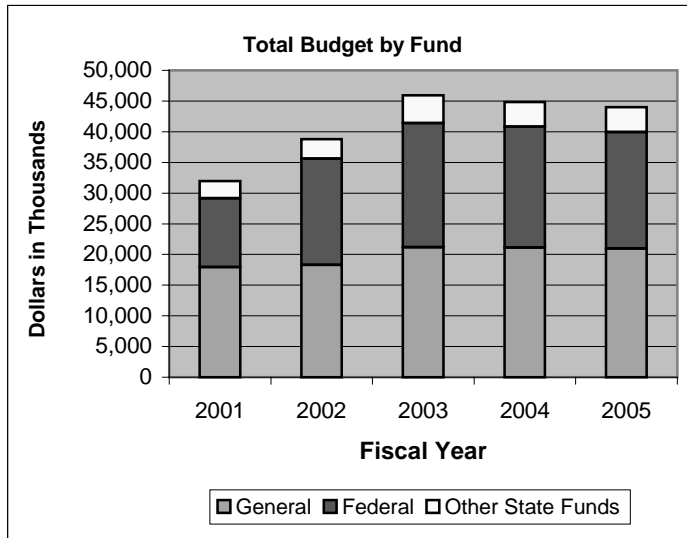
- ◆ Sue Banken, Fiscal & Legislative Operations, (651) 296-5724
- ◆ Dan McCarthy, Fiscal & Legislative Operations, (651) 582-1959

Information is also available on the DHS web site: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT

Program: CONTINUING CARE MANAGEMENT

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|----------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 17,888 | 18,278 | 21,161 | 21,109 | 20,939 | 42,048 | 2,609 | 6.6% |
| State Government Special Revenue | 114 | 79 | 119 | 119 | 119 | 238 | 40 | 20.2% |
| Lottery Cash Flow | 142 | 139 | 154 | 148 | 148 | 296 | 3 | 1.0% |
| Statutory Appropriations | | | | | | | | |
| General | 46 | 3 | 0 | 0 | 0 | 0 | -3 | -100.0% |
| Special Revenue | 2,566 | 2,978 | 3,901 | 3,428 | 3,460 | 6,888 | 9 | 0.1% |
| Federal | 11,190 | 17,329 | 20,247 | 19,707 | 19,023 | 38,730 | 1,154 | 3.1% |
| Miscellaneous Agency | 0 | 0 | 300 | 300 | 300 | 600 | 300 | 100.0% |
| Gift | 16 | 4 | 37 | 12 | 10 | 22 | -19 | -46.3% |
| Total | 31,962 | 38,810 | 45,919 | 44,823 | 43,999 | 88,822 | 4,093 | 4.8% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 17,669 | 18,894 | 19,362 | 20,010 | 20,594 | 40,604 | 2,348 | 6.1% |
| Other Operating Expenses | 14,293 | 19,916 | 26,557 | 24,813 | 23,405 | 48,218 | 1,745 | 3.8% |
| Total | 31,962 | 38,810 | 45,919 | 44,823 | 43,999 | 88,822 | 4,093 | 4.8% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|-------------|
| Expenditures by Activity | | | | | | | | |
| Continuing Care Management | 31,962 | 38,810 | 45,919 | 44,823 | 43,999 | 88,822 | 4,093 | 4.8% |
| Total | 31,962 | 38,810 | 45,919 | 44,823 | 43,999 | 88,822 | 4,093 | 4.8% |

| | | | | | | | | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|--|--|--|
| Full-Time Equivalents (FTE) | 315.6 | 324.3 | 286.4 | 286.4 | 286.4 | | | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|--|--|--|

Program Description

The purpose of the Economic Support Grants program is to provide cash, food assistance, job training, and work related services to increase the ability of families and individuals to move out of poverty and support themselves financially, while also providing a safety net for people who cannot fully support themselves.

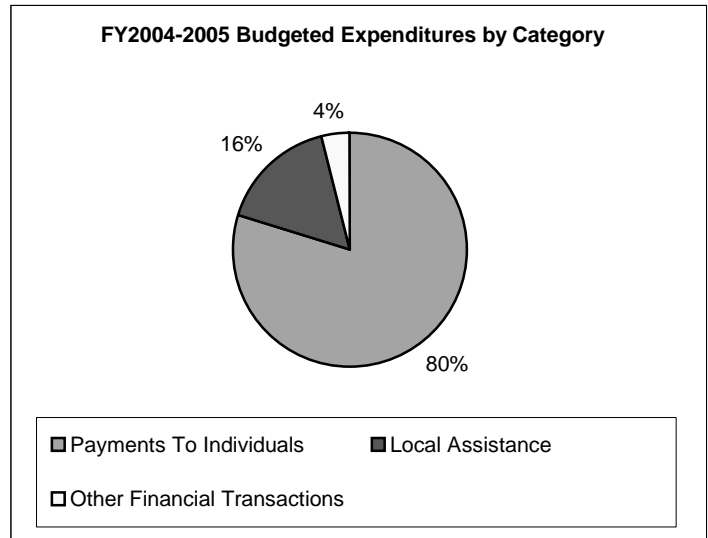
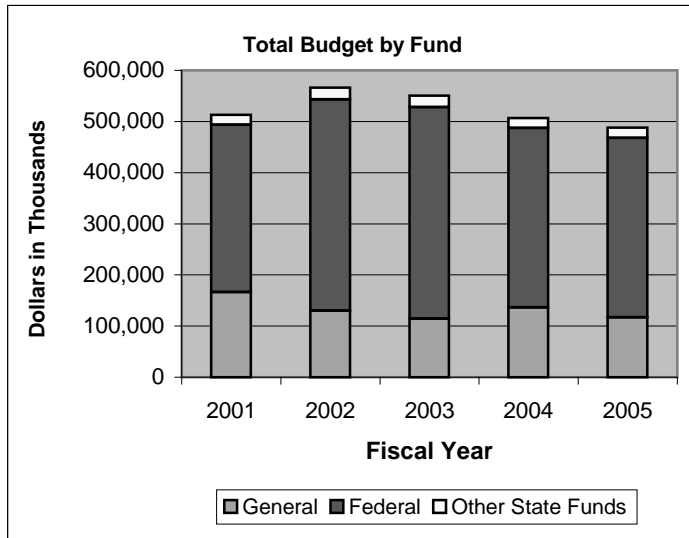
Budget Activities Included:

- ⇒ Minnesota Family Investment Program
- ⇒ Work Grants
- ⇒ Economic Support Grants – Other Assistance
- ⇒ Child Support Enforcement Grants
- ⇒ General Assistance Grants
- ⇒ Minnesota Supplemental Aid Grants
- ⇒ Refugee Services Grants

HUMAN SERVICES DEPT

Program: ECONOMIC SUPPORT GRANTS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 158,449 | 121,840 | 113,568 | 135,697 | 116,361 | 252,058 | 16,650 | 7.1% |
| Federal Tanf | 146,434 | 207,651 | 249,212 | 184,350 | 189,362 | 373,712 | -83,151 | -18.2% |
| Statutory Appropriations | | | | | | | | |
| General | 8,085 | 8,196 | 1,194 | 1,004 | 815 | 1,819 | -7,571 | -80.6% |
| Special Revenue | 658 | 6,634 | 5,183 | 125 | 125 | 250 | -11,567 | -97.9% |
| Federal | 180,441 | 205,451 | 163,833 | 166,391 | 161,664 | 328,055 | -41,229 | -11.2% |
| Miscellaneous Agency | 18,938 | 16,509 | 17,885 | 19,205 | 19,524 | 38,729 | 4,335 | 12.6% |
| Total | 513,005 | 566,281 | 550,875 | 506,772 | 487,851 | 994,623 | -122,533 | -11.0% |

| | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|---------------|
| Expenditures by Category | | | | | | | | |
| Other Operating Expenses | 1,193 | 1,557 | 847 | 586 | -2,614 | -2,028 | -4,432 | -184.4% |
| Payments To Individuals | 408,612 | 450,354 | 420,970 | 405,207 | 390,094 | 795,301 | -76,023 | -8.7% |
| Local Assistance | 80,752 | 95,312 | 111,173 | 81,774 | 80,847 | 162,621 | -43,864 | -21.2% |
| Other Financial Transactions | 22,448 | 19,058 | 17,885 | 19,205 | 19,524 | 38,729 | 1,786 | 4.8% |
| Total | 513,005 | 566,281 | 550,875 | 506,772 | 487,851 | 994,623 | -122,533 | -11.0% |

| | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|---------------|
| Expenditures by Activity | | | | | | | | |
| Minnesota Family Investment Pr | 379,006 | 414,155 | 381,716 | 366,782 | 350,224 | 717,006 | -78,865 | -9.9% |
| Work Grants | 63,317 | 70,466 | 79,960 | 56,458 | 52,958 | 109,416 | -41,010 | -27.3% |
| Economic Support Grants-Other | 6,801 | 14,263 | 15,624 | 9,067 | 9,067 | 18,134 | -11,753 | -39.3% |
| Child Support Enforcement | 6,245 | 5,287 | 5,592 | 4,786 | 4,786 | 9,572 | -1,307 | -12.0% |
| General Assistance | 20,355 | 24,622 | 25,741 | 26,222 | 25,956 | 52,178 | 1,815 | 3.6% |
| Minnesota Supplemental Aid | 26,754 | 28,031 | 29,033 | 30,398 | 31,801 | 62,199 | 5,135 | 9.0% |
| Refugee Services | 10,527 | 9,457 | 13,209 | 13,059 | 13,059 | 26,118 | 3,452 | 15.2% |
| Total | 513,005 | 566,281 | 550,875 | 506,772 | 487,851 | 994,623 | -122,533 | -11.0% |

HUMAN SERVICES DEPT

Program: ECONOMIC SUPPORT GRANTS

Activity: MINNESOTA FAMILY INVESTMENT PROGRAM

Narrative

Activity Description

Minnesota Family Investment Program (MFIP) Grants pay for cash grants and food assistance. MFIP is Minnesota's program implementing the federal Temporary Assistance to Needy Families (TANF) block grant, which replaced Aid to Families with Dependent Children (AFDC) in 1996.

Activity at a Glance

- ◆ An average of 43,300 families, or 128,000 people, a month participated in FY 2002
- ◆ About two-thirds of those served are children

Population Served

To be eligible for MFIP, a family must include a minor child or a pregnant woman, and meet citizenship, income, and asset requirements. MFIP is aimed at moving parents quickly into jobs and out of poverty. Most parents are required to work and receive help with health care, child care, and employment services.

Most parents with minor children are eligible to receive cash assistance for a total of 60 months. Families reaching the 60-month time limit are eligible for extensions if they meet certain categorical requirements. Most families reaching the 60-month limit are those with multiple and serious barriers to employment. Families of color are also disproportionately represented in this group.

Services Provided

This activity funds the cash and food assistance grants of the MFIP program. Supports outside the welfare system, such as health care, child care, child support, housing and tax credits, are important components to Minnesota's welfare approach. Working families receive earning supplements, leaving MFIP when their income is approximately 20% above the federal poverty level.

Parents who fail to work or follow through with activities to support their families have their assistance cut by 10%, and then 30%, and have shelter costs and utilities paid directly to landlords, mortgage companies, or utility companies.

Historical Perspective

The MFIP was initially piloted in seven counties as a state welfare reform effort. After passage of the federal welfare reform law, MFIP was implemented statewide in 1998 as the state's Temporary Assistance to Needy Families Program that expects, supports, and rewards work. MFIP replaced AFDC and includes employment and training and food support. Congress is scheduled to reauthorize the TANF law in 2002; possibly requiring changes to MFIP.

Minnesota has experienced national success with MFIP. More than three-quarters of the families on MFIP in July 1998 were off assistance or working three years later. However, the population served by MFIP remains vulnerable to economic shifts. Because of the slumping economy, the MFIP caseload has increased from 40,700 families in SFY 2001 to 43,300 families in 2002.

Key Measures

- ⇒ Adults who can work will and all people will have an adequate income and other supports to be self-reliant.
 - ◆ Percent of all Minnesotans living below the poverty line
 - ⇒ children under 18 – by race/ethnicity
 - ⇒ 65 years and older – by race/ethnicity
 - ◆ MFIP Self-Support Index (percent of adults working 30+ hours or off MFIP cash assistance three years later) – by race/ethnicity

More information on Department of Human Services measures and results is available on the web: <http://www.departmentresults.state.mn.us/hs/index.html>.

HUMAN SERVICES DEPT

Program: ECONOMIC SUPPORT GRANTS

Activity: MINNESOTA FAMILY INVESTMENT PROGRAM

Narrative

Activity Funding

Minnesota Family Investment Program Grants is funded primarily from appropriations from the General Fund and from the federal TANF block grant, which replaced AFDC in 1996.

Contact

For more information on the Minnesota Family Investment Program, contact:

- ◆ Assistant Commissioner Jeanette Taylor Jones, (651) 296-6955
- ◆ Families with Children Division Director Chuck Johnson, (651) 297-4727

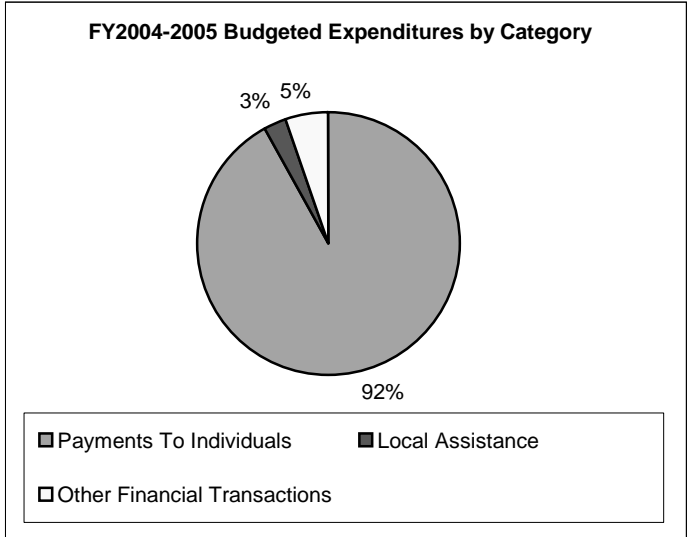
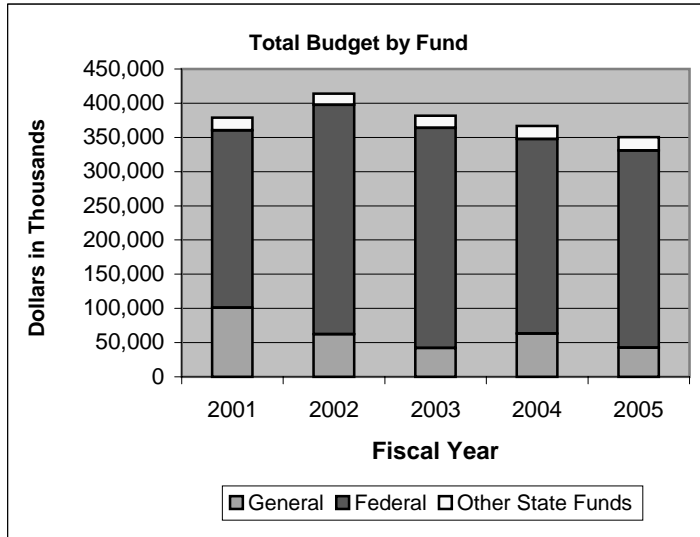
Information is also available on the DHS web site: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT

Program: **ECONOMIC SUPPORT GRANTS**

Activity: MINNESOTA FAMILY INVESTMENT PR

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 96,449 | 57,161 | 40,870 | 62,317 | 41,844 | 104,161 | 6,130 | 6.3% |
| Federal Tanf | 94,376 | 147,543 | 180,227 | 139,867 | 148,379 | 288,246 | -39,524 | -12.1% |
| Statutory Appropriations | | | | | | | | |
| General | 4,727 | 4,883 | 1,194 | 1,004 | 815 | 1,819 | -4,258 | -70.1% |
| Federal | 164,516 | 188,059 | 141,540 | 144,389 | 139,662 | 284,051 | -45,548 | -13.8% |
| Miscellaneous Agency | 18,938 | 16,509 | 17,885 | 19,205 | 19,524 | 38,729 | 4,335 | 12.6% |
| Total | 379,006 | 414,155 | 381,716 | 366,782 | 350,224 | 717,006 | -78,865 | -9.9% |
| Expenditures by Category | | | | | | | | |
| Payments To Individuals | 352,684 | 387,155 | 353,640 | 337,620 | 321,370 | 658,990 | -81,805 | -11.0% |
| Local Assistance | 3,874 | 7,942 | 10,191 | 9,957 | 9,330 | 19,287 | 1,154 | 6.4% |
| Other Financial Transactions | 22,448 | 19,058 | 17,885 | 19,205 | 19,524 | 38,729 | 1,786 | 4.8% |
| Total | 379,006 | 414,155 | 381,716 | 366,782 | 350,224 | 717,006 | -78,865 | -9.9% |

HUMAN SERVICES DEPT

Program: ECONOMIC SUPPORT GRANTS

Activity: WORK GRANTS

Narrative

Activity Description

Work Grants provides employment, education, and training services to help low-income families and people to avoid or end public assistance dependency.

Population Served

This activity serves two core groups:

- ◆ participants in the Minnesota Family Investment Program (MFIP); and
- ◆ recipients of food stamps, or food support, through the Food Support Employment and Training (FSET) program.

Activity at a Glance

- ◆ In FY 2002, about 56,300 people were served by MFIP employment services
- ◆ In FY 2002, about 7,000 people were served by FSET.

Although most MFIP participants succeed in the work force, those who remain on MFIP or food support for the longest time are generally those who are most difficult to employ. Many need very basic skills training or have learning disabilities, chemical dependency or mental health problems. To meet work goals, job counselors need to invest more time and resources to help these people.

Services Provided

Grants for work programs are co-managed by DHS and the Minnesota Department of Economic Security (DES). DES oversees state workforce centers that work with county agencies to evaluate the needs of each recipient and work together to develop an employment plan.

Local employment service providers and counties provide referrals for a number of services including:

- ◆ job search, job counseling, job interview skills, skill development, and training services;
- ◆ educational planning and payment for educational services;
- ◆ adult basic education, intensive work literacy, high school completion classes, general equivalency diploma(GED)/high school equivalency coaching;
- ◆ English proficiency training;
- ◆ training currently limited to 24 months;
- ◆ assistance and referral to other services such as child care, medical benefits programs, and chemical dependency and mental health services; and
- ◆ small business development (for a small group of recipients who may be good candidates to become self-employed).

Key Measures

- ⇒ Adults who can work will and all people will have an adequate income and other supports to be self-reliant.
 - ◆ MFIP Self-Support Index (percent of adults working 30+ hours or off MFIP cash assistance three years later)
 - ◆ Percent of people who are working and have health coverage – by race/ethnicity
- ⇒ All people will achieve comparable outcomes; there will not be disparities.
 - ◆ Percent of newly arrived Minnesotans between the ages of 21 and 64 who access employment and training services.

More information on Department of Human Services measures and results is available on the web: <http://www.departmentresults.state.mn.us/hs/index.html>.

Activity Funding

Work Grants is funded from appropriations from the General Fund and federal funds.

HUMAN SERVICES DEPT

Program: ECONOMIC SUPPORT GRANTS

Activity: WORK GRANTS

Narrative

Contact

For more information on Work Grants, contact:

- ◆ Assistant Commissioner Jeanette Taylor Jones, (651) 296-6955
- ◆ Families with Children Division Director Chuck Johnson, (651) 297-1428
- ◆ Adult Supports Division Director Bonnie Becker, (651) 296-2499

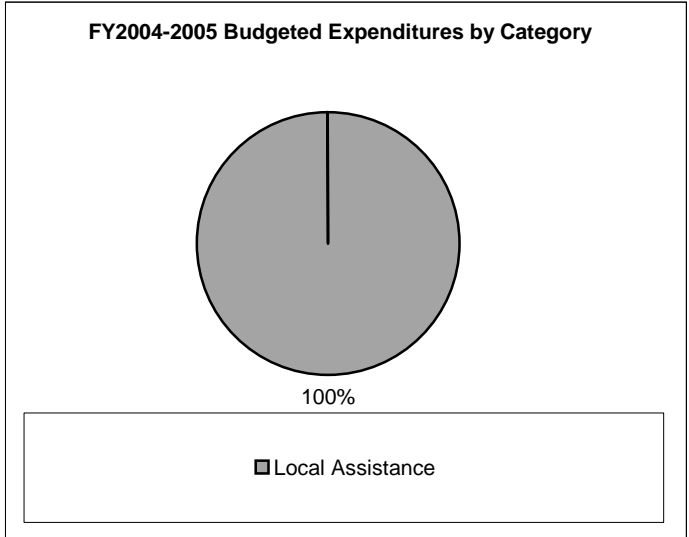
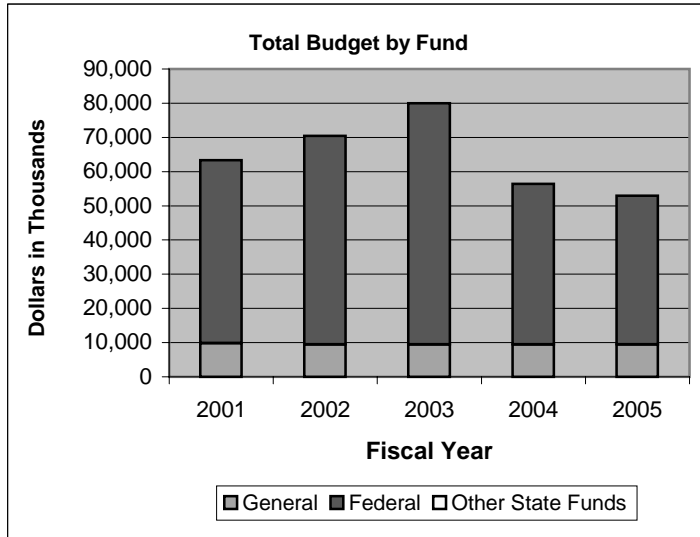
Information is also available on the DHS web site: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT

Program: **ECONOMIC SUPPORT GRANTS**

Activity: WORK GRANTS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------|---------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 | |
| Direct Appropriations | | | | | | | | |
| General | 9,782 | 9,448 | 9,440 | 9,440 | 9,440 | 18,880 | -8 | 0.0% |
| Federal Tanf | 51,684 | 58,970 | 67,725 | 44,223 | 40,723 | 84,946 | -41,749 | -33.0% |
| Statutory Appropriations | | | | | | | | |
| Federal | 1,851 | 2,048 | 2,795 | 2,795 | 2,795 | 5,590 | 747 | 15.4% |
| Total | 63,317 | 70,466 | 79,960 | 56,458 | 52,958 | 109,416 | -41,010 | -27.3% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|---------------|
| Expenditures by Category | | | | | | | | |
| Other Operating Expenses | 747 | 553 | 347 | 86 | -3,114 | -3,028 | -3,928 | -436.4% |
| Local Assistance | 62,570 | 69,913 | 79,613 | 56,372 | 56,072 | 112,444 | -37,082 | -24.8% |
| Total | 63,317 | 70,466 | 79,960 | 56,458 | 52,958 | 109,416 | -41,010 | -27.3% |

HUMAN SERVICES DEPT

Program: ECONOMIC SUPPORT GRANTS

Activity: ECONOMIC SUPPORT GRANTS-OTHER ASSISTANCE

Narrative

Activity Description

Economic Support Grants-Other Assistance includes Temporary Assistance for Needy Families (TANF) services and programs that do not fall under the program structure of the Minnesota Family Investment Program (MFIP). It includes food support, housing assistance, and fraud prevention grants.

Activity at a Glance

- ◆ 1,300 people receive MFAP each month
- ◆ 56,400 households, or 84,800 people, a month receive non-MFIP food support
- ◆ 48 families receive housing support through the pilots

Population Served

Eligible recipients include:

- ◆ legal, noncitizens who are not eligible for federal food support and participate in the Minnesota Food Assistance Program (MFAP);
- ◆ homeless people, who are eligible for TANF services in Ramsey and Blue Earth counties who participate in a housing support pilot; and
- ◆ homeless families, or families at risk of homelessness, who need housing and supportive services until they are able to move into stable, permanent housing.

Services Provided

Programs and services include:

- ◆ TANF - Supportive Housing/Managed Care, a pilot project in Ramsey and Blue Earth counties that provides integrated employment services, supportive services, housing and health care for people who are homeless;
- ◆ TANF-Transitional Housing, a program administered by the Minnesota Department of Children, Families and Learning, that provides grants for programs that provide transitional housing and supportive services to people until they can find stable, permanent housing;
- ◆ TANF-Family Homeless Prevention and Assistance, a program administered by the Minnesota Housing Finance Agency, that provides grants for projects to stabilize families in their existing homes, shorten the time that families stay in emergency shelters, and assist families with securing transitional or permanent affordable housing;
- ◆ food support provided through Electronic Benefit Transfer (EBT), Food Support Expedited Benefits and Food Support Cashout Supplemental Security Income (SSI);
- ◆ MFAP, state-funded grants to legal noncitizens who are no longer eligible for federal food support; and
- ◆ fraud prevention grants, which are awarded to counties to fund early fraud detection and collection efforts.

Historical Perspective

The number of people eligible for MFAP is expected to decline because food support for some noncitizens will be restored under the 2002 federal farm bill. Also, current state law ends MFAP benefits for individuals 18 – 49 years old beginning 7-1-03.

TANF funds for the Supportive Housing/Managed Care pilot, Transitional Housing, and Family Homeless Prevention and Assistance are only appropriated through state FY 2003.

Key Measures

- ⇒ Adults who can work will and all people will have an adequate income and other supports to be self-reliant.
 - ◆ MFIP Self-Support Index (percent of adults working 30+ hours or off MFIP cash assistance three years later)
 - ◆ Percent of people who are working and have health coverage – by race/ethnicity
- ⇒ All people will achieve comparable outcomes; there will not be disparities.
 - ◆ Percent of non-citizens and elderly who qualify for food support programs and actually receive food supports
 - ◆ Percent of newly arrived Minnesotans between the ages of 21 and 64 who access employment and training services.

HUMAN SERVICES DEPT

Program: ECONOMIC SUPPORT GRANTS

Activity: ECONOMIC SUPPORT GRANTS-OTHER ASSISTANCE

Narrative

More information on Department of Human Services measures and results is available on the web: <http://www.departmentresults.state.mn.us/hs/index.html>.

Activity Funding

Economic Support Grants–Other Assistance is funded from appropriations from the General Fund and from federal funds.

Contact

For more information on Economic Support Grants–Other Assistance, contact:

- ◆ Assistant Commissioner Jeanette Taylor Jones, (651) 296-6955
- ◆ Families with Children Division Director Chuck Johnson, (651) 297-4727
- ◆ Adult Supports Division Director Bonnie Becker, (651) 296-2499
- ◆ Program Assessment and Integrity Division Director Ramona Scarpace, (651) 296-5767

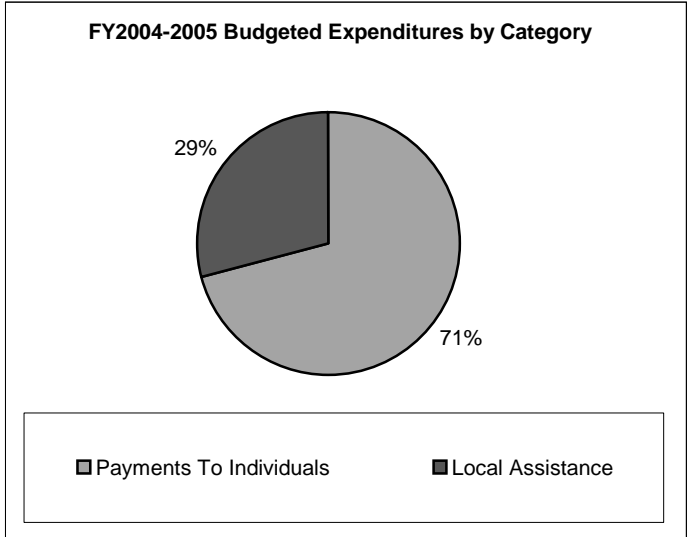
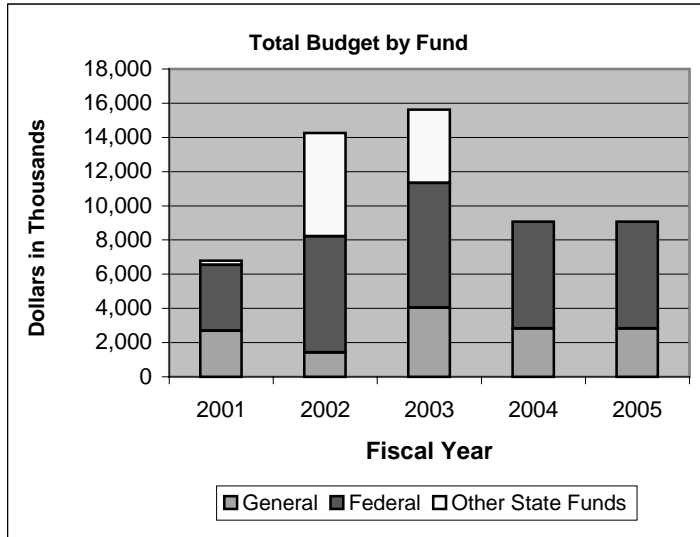
Information is also available on the DHS web site: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT

Program: **ECONOMIC SUPPORT GRANTS**

Activity: ECONOMIC SUPPORT GRANTS-OTHER

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|---------------|-----------------------------|--------------------------|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 | |
| Direct Appropriations | | | | | | | Dollars | Percent |
| General | 2,700 | 1,414 | 4,045 | 2,831 | 2,831 | 5,662 | 203 | 3.7% |
| Federal Tanf | 117 | 906 | 1,000 | 0 | 0 | 0 | -1,906 | -100.0% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 260 | 6,040 | 4,285 | 0 | 0 | 0 | -10,325 | -100.0% |
| Federal | 3,724 | 5,903 | 6,294 | 6,236 | 6,236 | 12,472 | 275 | 2.3% |
| Total | 6,801 | 14,263 | 15,624 | 9,067 | 9,067 | 18,134 | -11,753 | -39.3% |

| | | | | | | | | |
|---------------------------------|--------------|---------------|---------------|--------------|--------------|---------------|----------------|---------------|
| Expenditures by Category | | | | | | | | |
| Payments To Individuals | 4,946 | 7,553 | 8,006 | 6,417 | 6,417 | 12,834 | -2,725 | -17.5% |
| Local Assistance | 1,855 | 6,710 | 7,618 | 2,650 | 2,650 | 5,300 | -9,028 | -63.0% |
| Total | 6,801 | 14,263 | 15,624 | 9,067 | 9,067 | 18,134 | -11,753 | -39.3% |

HUMAN SERVICES DEPT

Program: ECONOMIC SUPPORT GRANTS

Activity: CHILD SUPPORT ENFORCEMENT GRANTS

Narrative

Activity Description

Child Support Enforcement Grants help families receive child support, an important component in helping many families become self-sufficient and stay off welfare.

Population Served

Child Support Enforcement serves both families who receive public assistance and those who are non-public assistance clients.

Activity at a Glance

- ◆ \$553 million in child support collected in SFY 2002
- ◆ 268,400 children served
- ◆ 56,600 public assistance cases
- ◆ 181,300 non-public assistance cases

Services Provided

Services provided by the state and counties to help families in Minnesota receive child support include:

- ◆ establishing paternity;
- ◆ establishing and modifying orders for child support, medical support, and child care support;
- ◆ collecting and disbursing support; and
- ◆ enforcing support orders, including:
 - ⇒ intercepting income tax refunds and lottery winnings when child support is not paid and investigating income sources of non-paying parents;
 - ⇒ locating non-paying parents; and
- ◆ using various tools to collect support, including suspension of driver's licenses and various state occupational licenses for non-payment, new hire reporting by employers, and working with financial institutions to move money directly from bank accounts.

Historical Perspective

Although most child support cases do not currently receive public assistance, a large percentage of cases at one time received public assistance. Most child support is collected from wage withholding by employers.

Key Measures

- ⇒ All kids will develop to their fullest potential.
 - ◆ Percent of children born out-of-wedlock in Minnesota this year having paternity established or acknowledged
 - ◆ Percent of child support payments that are made on time
- ⇒ Adults who can work will and all people will have an adequate income and other supports to be self-reliant.
 - ◆ Percent of all Minnesotans living below the poverty line.
 - ⇒ children under 18 – by race/ethnicity
 - ⇒ 65 and older – by race/ethnicity
- ⇒ People will have access to high quality, cost effective mental, physical and chemical health care.
 - ◆ Percent of people who are insured
 - ⇒ children under 18 – by race/ethnicity and other known disparate groups
 - ⇒ all Minnesotans – by race/ethnicity and other known disparate groups

More information on Department of Human Services measures and results is available on the Web:
<http://www.departmentresults.state.mn.us/hs/index.html>.

Activity Funding

Child Support Enforcement Grants is funded from appropriations from the General Fund and from federal funds.

HUMAN SERVICES DEPT

Program: ECONOMIC SUPPORT GRANTS

Activity: CHILD SUPPORT ENFORCEMENT GRANTS

Narrative

Contact

For more information on Child Support Enforcement Grants, contact:

- ◆ Assistant Commissioner Jeanette Taylor Jones, (651) 296-6955
- ◆ Child Support Enforcement Division Director Wayland Campbell, (651) 297-8232

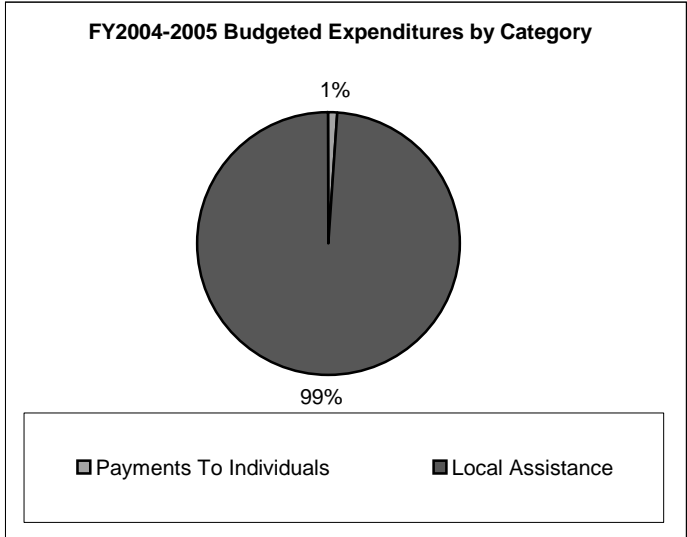
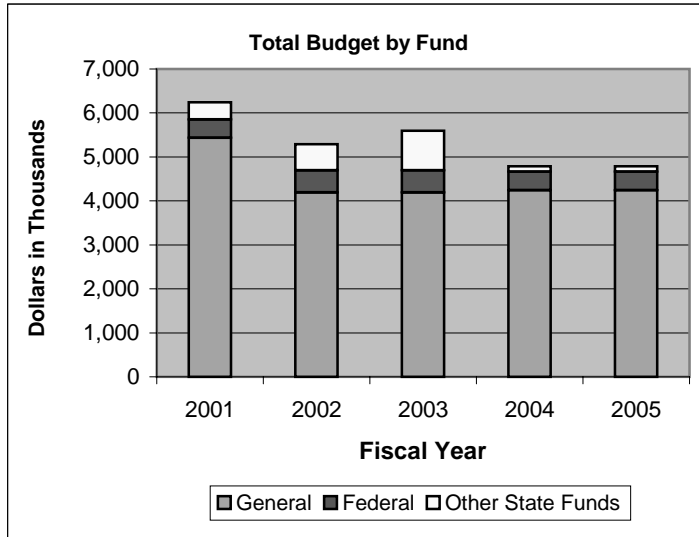
Information is also available on the DHS web site: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT

Program: **ECONOMIC SUPPORT GRANTS**

Activity: CHILD SUPPORT ENFORCEMENT

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 | |
| | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 5,309 | 4,189 | 4,189 | 4,239 | 4,239 | 8,478 | 100 | 1.2% |
| Federal Tanf | 257 | 232 | 260 | 260 | 260 | 520 | 28 | 5.7% |
| Statutory Appropriations | | | | | | | | |
| General | 128 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Special Revenue | 398 | 594 | 898 | 125 | 125 | 250 | -1,242 | -83.2% |
| Federal | 153 | 272 | 245 | 162 | 162 | 324 | -193 | -37.3% |
| Total | 6,245 | 5,287 | 5,592 | 4,786 | 4,786 | 9,572 | -1,307 | -12.0% |
| Expenditures by Category | | | | | | | | |
| Other Operating Expenses | 232 | 372 | 0 | 0 | 0 | 0 | -372 | -100.0% |
| Payments To Individuals | 33 | 28 | 50 | 50 | 50 | 100 | 22 | 28.2% |
| Local Assistance | 5,980 | 4,887 | 5,542 | 4,736 | 4,736 | 9,472 | -957 | -9.2% |
| Total | 6,245 | 5,287 | 5,592 | 4,786 | 4,786 | 9,572 | -1,307 | -12.0% |

HUMAN SERVICES DEPT

Program: ECONOMIC SUPPORT GRANTS

Activity: GENERAL ASSISTANCE GRANTS

Narrative

Activity Description

General Assistance (GA) Grants provide monthly cash supplements for individuals and childless couples, who cannot fully support themselves, to help meet some of their monthly maintenance and emergency needs. GA is a state-funded program and an important safety net for low income Minnesotans.

Activity at a Glance

- ◆ An average of 10,200 people, or 10,000 cases, received GA in SFY 2002

Population Served

Program participants must fit one of 18 categories of eligibility specified in state statutes, which are primarily defined in terms of inability to work and disability, and meet income and resource limits. Applicants or recipients are generally required to apply for benefits from federally funded disability programs for which they may qualify.

Services Provided

GA grants currently provide cash assistance of \$203 for single people and \$260 for married couples. Special funding is available when a person or family lacks basic need items for emergency situations, which threaten health or safety.

GA is temporary for some recipients while an individual overcomes an emergency situation, a temporary problem, or is waiting for approval for other forms of assistance. For others with more intractable barriers to self-support, assistance is needed for a longer term.

GA recipients are usually eligible for payment of medical costs through the General Assistance Medical Care program or the Medical Assistance program.

Historical Perspective

The Minnesota Legislature established the General Assistance Program in 1973. The original program provided assistance to low-income people who did not qualify for federal assistance. In the early 1980s, the legislature changed the program by increasing the GA grant to the current \$203 for single people and \$260 for married couples and by targeting assistance to people who meet certain standards of un-employability as determined and certified by a licensed physician, licensed consulting psychologist, licensed psychologist, or vocational specialist.

In 1998, families with children were moved from GA to the Minnesota Family Investment Program, immediately reducing the number of people served in GA each month from 15,000 to 11,000. Since that time, the average number of people served on GA has ranged from a low of roughly 7,800 a month in 2000 to the current 10,200 a month for FY 2002.

Payments for women staying in Battered Women's Shelters were transferred out of the GA program (into the Department of Corrections' Crime Victims Services) in FY 2001.

Key Measures

- ⇒ Adults who can work will and all people will have an adequate income and other supports to be self-reliant.
 - ◆ Percent of Minnesotans living below the poverty line
 - ⇒ children under 18 – by race/ethnicity
 - ⇒ 65 years and older – by race/ethnicity
- ⇒ People will have access to high quality, cost effective mental, physical and chemical health care.
 - ◆ Percent of people who are insured
 - ⇒ children under 18 – by race/ethnicity and other known disparate groups
 - ⇒ all Minnesotans – by race/ethnicity and other known disparate groups

More information on Department of Human Services measures and results is available on the web: <http://www.departmentresults.state.mn.us/hs/index.html>.

HUMAN SERVICES DEPT

Program: ECONOMIC SUPPORT GRANTS

Activity: GENERAL ASSISTANCE GRANTS

Narrative

Activity Funding

General Assistance Grants is funded from appropriations from the General Fund.

Contact

For more information on General Assistance Grants, contact:

- ◆ Assistant Commissioner Jeanette Taylor Jones, (651) 296-6955
- ◆ Adult Supports Division Director Bonnie Becker, (651) 296-2499

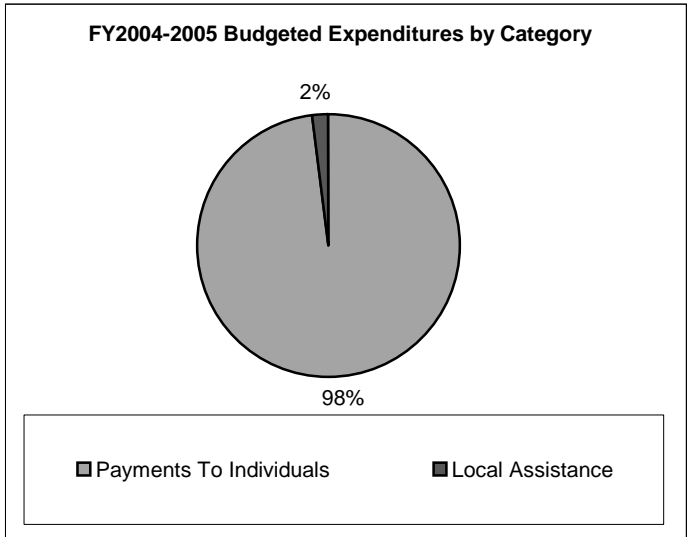
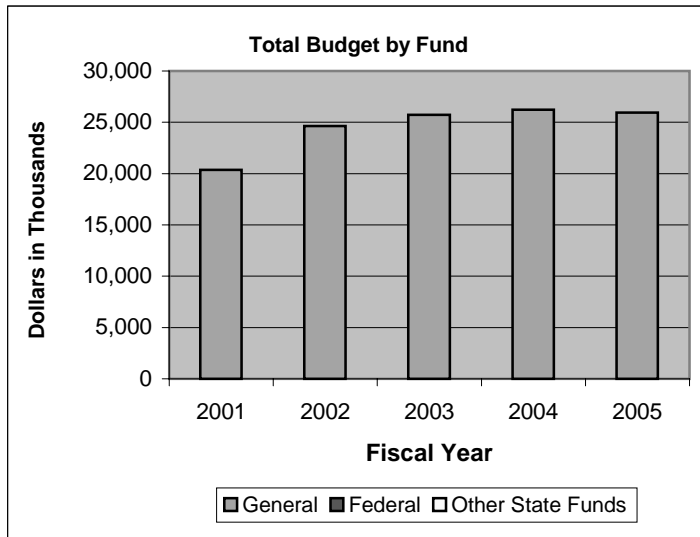
Information is also available on the DHS web site: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT

Program: **ECONOMIC SUPPORT GRANTS**

Activity: GENERAL ASSISTANCE

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 17,332 | 21,595 | 25,741 | 26,222 | 25,956 | 52,178 | 4,842 | 10.2% |
| Statutory Appropriations | | | | | | | | |
| General | 3,023 | 3,027 | 0 | 0 | 0 | 0 | -3,027 | -100.0% |
| Total | 20,355 | 24,622 | 25,741 | 26,222 | 25,956 | 52,178 | 1,815 | 3.6% |
| Expenditures by Category | | | | | | | | |
| Payments To Individuals | 19,966 | 24,302 | 25,241 | 25,722 | 25,456 | 51,178 | 1,635 | 3.3% |
| Local Assistance | 389 | 320 | 500 | 500 | 500 | 1,000 | 180 | 22.0% |
| Total | 20,355 | 24,622 | 25,741 | 26,222 | 25,956 | 52,178 | 1,815 | 3.6% |

HUMAN SERVICES DEPT

Program: ECONOMIC SUPPORT GRANTS

Activity: MINNESOTA SUPPLEMENTAL AID GRANTS

Narrative

Activity Description

Minnesota Supplemental Aid (MSA) Grants provides a state-funded monthly cash supplement to people who are eligible for federal Supplemental Security Income (SSI) benefits and are disabled, aged, or blind.

Activity at a Glance

- ◆ An average of 27,600 people a month received MSA in FY 2002

Population Served

To receive MSA benefits, a person must be:

- ◆ age 65 or older;
- ◆ blind or have severely impaired vision; or
- ◆ disabled and age 18 or older.

MSA is available to individuals with assets up to \$2,000 and couples with assets up to \$3,000.

Services Provided

The MSA monthly grant standards are \$606 each month for individuals and \$908 each month for couples. Although payments amounts vary depending upon a number of factors, monthly grants average about \$83.

Historical Perspective

The Legislature established the MSA program in 1974. The program serves as the federally mandated supplement to Minnesota recipients of the Supplemental Security Income (SSI) program.

Key Measures

- ⇒ Adults who can work will and all people will have an adequate income and other supports to be self-reliant.
 - ◆ Percent of all Minnesotans living below the poverty line
 - ⇒ 65 years and older – by race/ethnicity

More information on Department of Human Services measures and results is available on the web: <http://www.departmentresults.state.mn.us/hs/index.html>.

Activity Funding

Minnesota Supplemental Aid Grants is funded from appropriations from the General Fund.

Contact

For more information on MSA Grants, contact:

- ◆ Assistant Commissioner Jeanette Taylor Jones, (651) 296-6955
- ◆ Adult Supports Division Director Bonnie Becker, (651) 296-2499

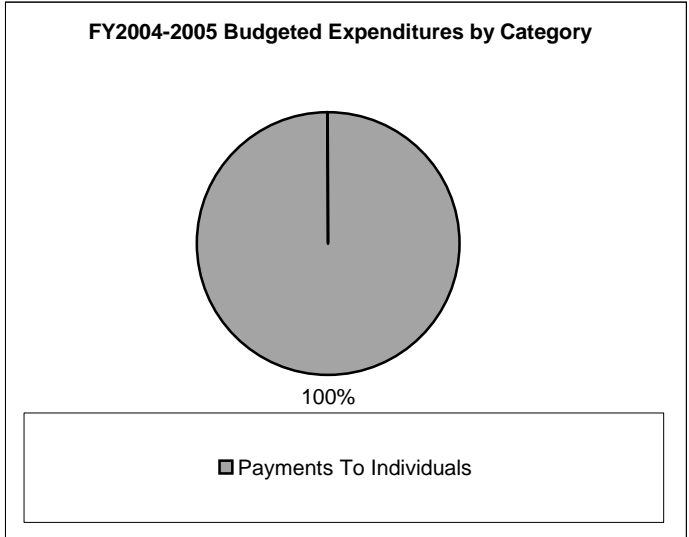
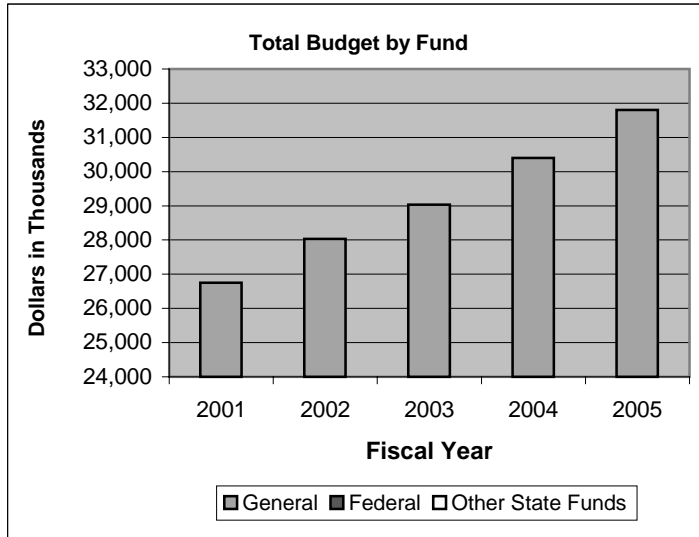
Information is also available on the DHS web site: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT

Program: **ECONOMIC SUPPORT GRANTS**

Activity: MINNESOTA SUPPLEMENTAL AID

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------------------|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 26,547 | 27,745 | 29,033 | 30,398 | 31,801 | 62,199 | 5,421 | 9.5% |
| Statutory Appropriations | | | | | | | | |
| General | 207 | 286 | 0 | 0 | 0 | 0 | -286 | -100.0% |
| Total | 26,754 | 28,031 | 29,033 | 30,398 | 31,801 | 62,199 | 5,135 | 9.0% |
| Expenditures by Category | | | | | | | | |
| Other Operating Expenses | 6 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Payments To Individuals | 26,748 | 28,031 | 29,033 | 30,398 | 31,801 | 62,199 | 5,135 | 9.0% |
| Total | 26,754 | 28,031 | 29,033 | 30,398 | 31,801 | 62,199 | 5,135 | 9.0% |

HUMAN SERVICES DEPT

Program: ECONOMIC SUPPORT GRANTS

Activity: REFUGEE SERVICES GRANTS

Narrative

Activity Description

Refugee Services grants provide federally funded services to help refugees resettle in Minnesota and become self-sufficient.

Population Served

Refugees are people lawfully admitted to the United States who are unable to return to their own home because of a well-founded fear of persecution.

Activity at a Glance

Monthly average of refugees receiving resettlement services (prior to 9/01)

| | |
|------------------------------|-------|
| ◆ Refugee Cash Assistance | 800 |
| ◆ Refugee Medical Assistance | 700 |
| ◆ Social Services | 1,400 |

Services Provided

Refugee Cash Assistance/Refugee Medical Assistance (RCA/RMA) is federal funding for cash and medical assistance for needy refugees who do not qualify for the Minnesota Family Investment Program (MFIP) or Medical Assistance (MA).

Social services provide refugees with culturally appropriate and bilingual employment services through contracts with nonprofit and ethnic-based community organizations. Services are generally limited to refugees during their first five years in this country, with priority given to those in their first year.

A wide range of other services is provided to help refugees adjust to life in the United States. Examples of these services are referral and information, translation and interpreter services, family literacy and English language instruction, and preparation for citizenship.

Historical Perspective

The number of refugees in Minnesota who have arrived in this country within the past five years is estimated to be over 20,000. The exact number of new arrivals is difficult to verify, because people move between states. Refugees may be from any country; however, refugees from Africa, especially Somalia, have been predominant among recent arrivals.

Prior to September 2001, an average of 3,200 refugees a year from about 29 countries resettled in Minnesota. This represents approximately 4% of the total number of refugees admitted to the United States during the year. The largest group of refugees is from Somalia and is joining family members already in Minnesota. Since September 2001, resettlement has slowed because of federal restrictions. Similar numbers are expected through the next biennium.

Key Measures

- ⇒ Adults who can work will and all people will have an adequate income and other supports to be self-reliant.
 - ◆ Percent of all Minnesotans living below the poverty line
 - ⇒ children under 18 – by race/ethnicity
 - ⇒ 65 years and older – by race/ethnicity
- ⇒ All people will achieve comparable outcomes; there will not be disparities.
 - ◆ Percent of county, DHS, and provider staff who have received Limited English Proficiency (LEP) training
 - ◆ Percent of newly arrived Minnesotans between the ages of 21 and 64 who access employment and training services.

More information on Department of Human Services measures and results is available on the web: <http://www.departmentresults.state.mn.us/hs/index.html>.

Activity Funding

Refugee Services Grants is funded from appropriations from the General Fund and from federal funds.

HUMAN SERVICES DEPT

Program: ECONOMIC SUPPORT GRANTS

Activity: REFUGEE SERVICES GRANTS

Narrative

Contact

For more information on Refugee Services Grants, contact:

- ◆ Assistant Commissioner Jeanette Taylor Jones, (651) 296-6955
- ◆ Adult Supports Division Director Bonnie Becker, (651) 296-2499

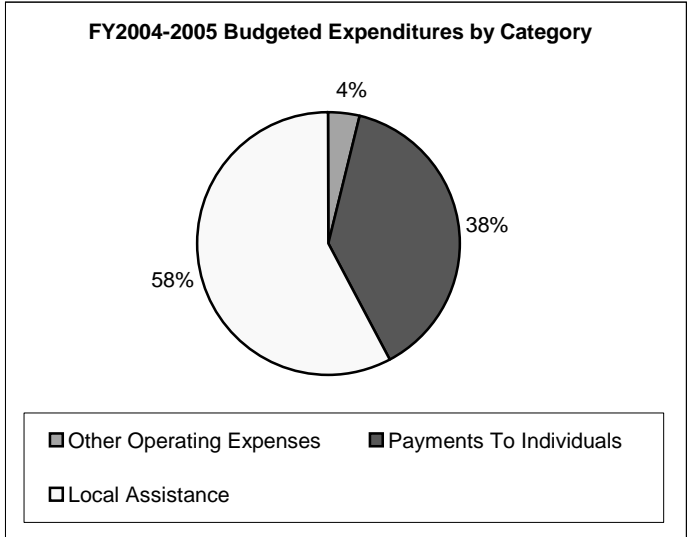
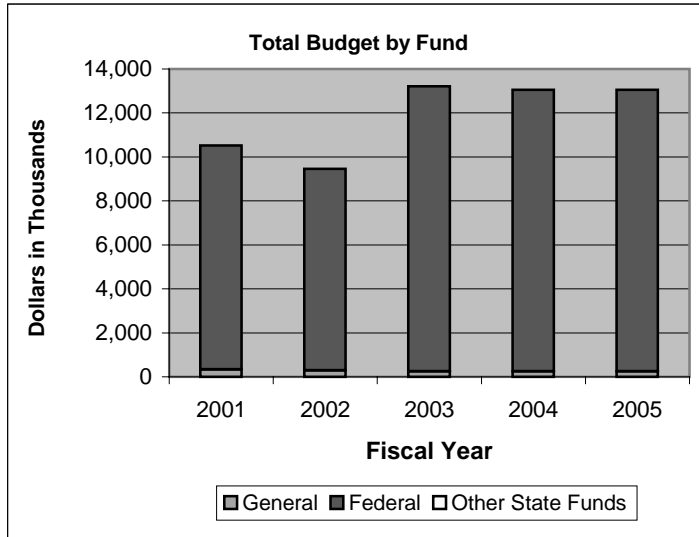
Information is also available on the DHS web site: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT

Program: **ECONOMIC SUPPORT GRANTS**

Activity: REFUGEE SERVICES

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|---------------|-----------------------------|--------------------------|--------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 | |
| Direct Appropriations | | | | | | | | |
| General | 330 | 288 | 250 | 250 | 250 | 500 | -38 | -7.1% |
| Statutory Appropriations | | | | | | | | |
| Federal | 10,197 | 9,169 | 12,959 | 12,809 | 12,809 | 25,618 | 3,490 | 15.8% |
| Total | 10,527 | 9,457 | 13,209 | 13,059 | 13,059 | 26,118 | 3,452 | 15.2% |

| | | | | | | | | |
|---------------------------------|---------------|--------------|---------------|---------------|---------------|---------------|--------------|--------------|
| Expenditures by Category | | | | | | | | |
| Other Operating Expenses | 208 | 632 | 500 | 500 | 500 | 1,000 | -132 | -11.7% |
| Payments To Individuals | 4,235 | 3,285 | 5,000 | 5,000 | 5,000 | 10,000 | 1,715 | 20.7% |
| Local Assistance | 6,084 | 5,540 | 7,709 | 7,559 | 7,559 | 15,118 | 1,869 | 14.1% |
| Total | 10,527 | 9,457 | 13,209 | 13,059 | 13,059 | 26,118 | 3,452 | 15.2% |

Program Description

Economic Support Management is the administrative support component for Economic Support Grants. It is responsible for policy development and implementation and for operating and computer systems support for Economic Support Grants.

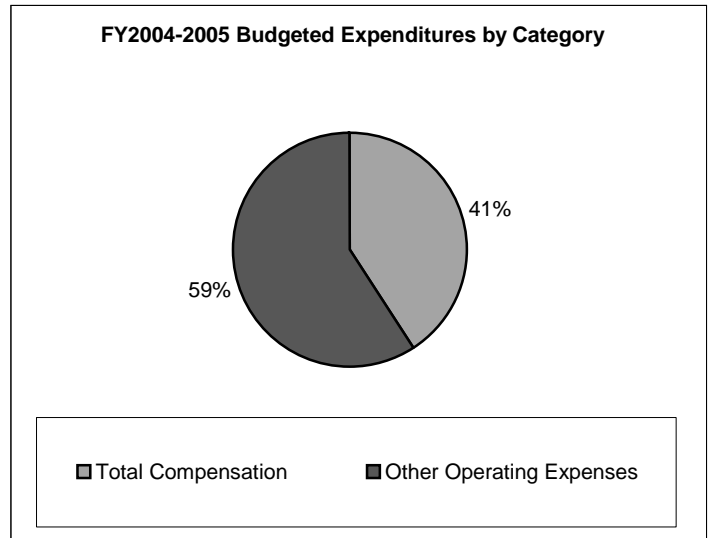
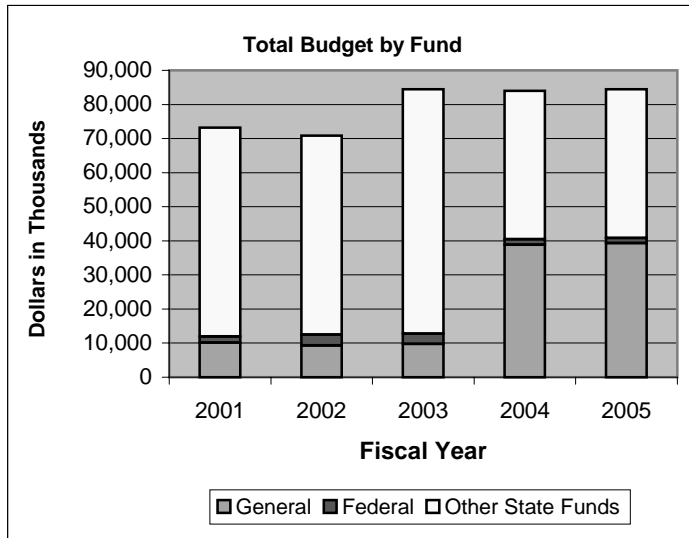
Budget Activities Included:

- ⇒ Economic Support Policy Administration
- ⇒ Economic Support Operations

HUMAN SERVICES DEPT

Program: ECONOMIC SUPPORT MANAGEMENT

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 10,147 | 9,313 | 9,652 | 38,870 | 39,303 | 78,173 | 59,208 | 312.2% |
| Health Care Access | 282 | 294 | 249 | 1,349 | 1,349 | 2,698 | 2,155 | 396.9% |
| Federal Tanf | 494 | 1,855 | 1,271 | 368 | 368 | 736 | -2,390 | -76.5% |
| Statutory Appropriations | | | | | | | | |
| General | 21 | 0 | 100 | 0 | 0 | 0 | -100 | -100.0% |
| Special Revenue | 60,900 | 58,077 | 71,408 | 42,163 | 42,234 | 84,397 | -45,088 | -34.8% |
| Federal | 1,279 | 1,337 | 1,756 | 1,164 | 1,164 | 2,328 | -765 | -24.7% |
| Gift | 72 | 0 | 0 | 87 | 0 | 87 | 87 | n.m |
| Total | 73,195 | 70,876 | 84,436 | 84,001 | 84,418 | 168,419 | 13,107 | 8.4% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 28,233 | 29,097 | 32,537 | 33,299 | 35,229 | 68,528 | 6,894 | 11.2% |
| Other Operating Expenses | 44,962 | 41,779 | 51,899 | 50,615 | 49,189 | 99,804 | 6,126 | 6.5% |
| Other Financial Transactions | 0 | 0 | 0 | 87 | 0 | 87 | 87 | n.m |
| Total | 73,195 | 70,876 | 84,436 | 84,001 | 84,418 | 168,419 | 13,107 | 8.4% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|-------------|
| Expenditures by Activity | | | | | | | | |
| Economic Support Policy Admin | 7,890 | 8,411 | 8,895 | 6,979 | 7,119 | 14,098 | -3,208 | -18.5% |
| Economic Support Operations | 65,305 | 62,465 | 75,541 | 77,022 | 77,299 | 154,321 | 16,315 | 11.8% |
| Total | 73,195 | 70,876 | 84,436 | 84,001 | 84,418 | 168,419 | 13,107 | 8.4% |

| | | | | | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Full-Time Equivalents (FTE) | 494.5 | 492.8 | 478.2 | 478.2 | 478.2 |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|

HUMAN SERVICES DEPT

Program: ECONOMIC SUPPORT MANAGEMENT

Activity: ECONOMIC SUPPORT POLICY ADMINISTRATION

Narrative

Activity Description

Economic Support Policy Administration provides policy development and administrative support for programs funded through Economic Support Grants.

Population Served

People receiving economic support services include:

- ◆ Minnesotans who receive benefits through Minnesota Family Investment Program, General Assistance, and food support;
- ◆ children who receive child support enforcement services; and
- ◆ more than 3,200 workers in 87 counties who receive policy, technical support, and training.

Activity at a Glance

- ◆ Develops economic support policy for services to more than 500,000 people
- ◆ Conducts pilot programs to improve service delivery and outcomes
- ◆ Administers Limited English Proficiency services
- ◆ Provides child support services for 268,400 children

Services Provided

Economic Support Policy Administration:

- ◆ supports county agency delivery of services through training, instructional manuals, policy assistance, and system support help desks;
- ◆ assists with case management;
- ◆ implements and monitors state-funded grant projects;
- ◆ conducts pilot programs to improve service delivery and outcomes;
- ◆ implements policy changes and develops and analyzes legislation;
- ◆ participates with other state and county agencies and community organizations to identify and address welfare reform issues;
- ◆ administers Limited English Proficiency (LEP) services;
- ◆ administers social services, cash assistance, and employment services to refugees;
- ◆ administers the Telephone Assistance Plan (TAP), which provides telephone subsidies to low-income elderly and disabled Minnesotans; and
- ◆ manages intergovernmental relations.

Historical Perspective

Welfare reform has increased the need for data, research and evaluation. Demands for technical assistance and information have also grown, especially as counties intensify efforts to assist families with employment barriers.

Growing numbers of clients with limited English proficiency have increased the need for LEP services.

Key Measures

- ⇒ Adults who can work will and all people will have an adequate income and other supports to be self-reliant.
 - ◆ Percent of all Minnesotans living below the poverty line
 - ⇒ children under 18 – by race/ethnicity
 - ⇒ 65 years and older – by race/ethnicity
 - ◆ MFIP Self-Support Index (percent of adults working 30+ hours or off MFIP cash assistance three years later) – by race/ethnicity
 - ◆ Percent of people who are working and have health coverage – by race/ethnicity
- ⇒ All people will achieve comparable outcomes; there will not be disparities.
 - ◆ Percent of non-citizens and elderly who qualify for food support programs and actually receive food supports.
 - ◆ Percent of county, department of Human Services (DHS), and provider staff who have received LEP training.

HUMAN SERVICES DEPT

Program: ECONOMIC SUPPORT MANAGEMENT

Activity: ECONOMIC SUPPORT POLICY ADMINISTRATION

Narrative

- ◆ Percent of newly arrived Minnesotans between the ages of 21 and 64 who access employment and training services.

More information on Department of Human Services measures and results is available on the web: <http://www.departmentresults.state.mn.us/hs/index.html>.

Activity Funding

Economic Support Policy Administration is funded primarily from appropriations from the General Fund and from federal funds.

Contact

For more information on Economic Support Policy Administration, contact:

- ◆ Assistant Commissioner Jeanette Taylor Jones, (651) 296-6955

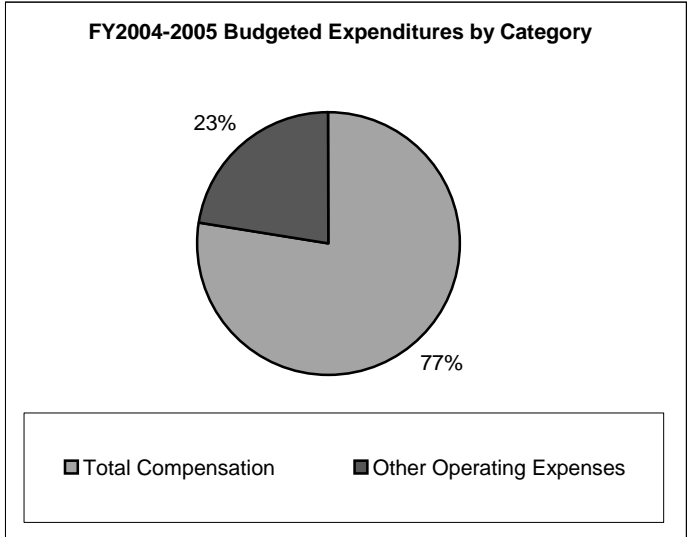
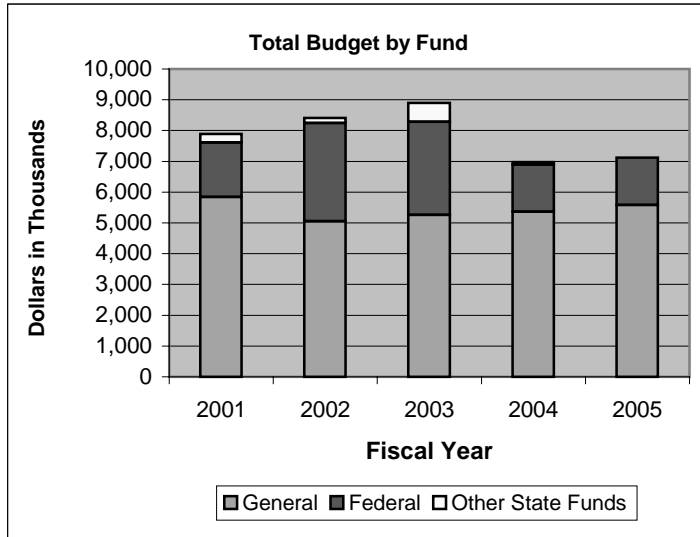
Information is also available on the DHS web site: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT

Program: **ECONOMIC SUPPORT MANAGEMENT**

Activity: ECONOMIC SUPPORT POLICY ADMIN

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 5,839 | 5,047 | 5,162 | 5,360 | 5,587 | 10,947 | 738 | 7.2% |
| Federal Tanf | 494 | 1,855 | 1,271 | 368 | 368 | 736 | -2,390 | -76.5% |
| Statutory Appropriations | | | | | | | | |
| General | 0 | 0 | 100 | 0 | 0 | 0 | -100 | -100.0% |
| Special Revenue | 206 | 172 | 606 | 0 | 0 | 0 | -778 | -100.0% |
| Federal | 1,279 | 1,337 | 1,756 | 1,164 | 1,164 | 2,328 | -765 | -24.7% |
| Gift | 72 | 0 | 0 | 87 | 0 | 87 | 87 | n.m |
| Total | 7,890 | 8,411 | 8,895 | 6,979 | 7,119 | 14,098 | -3,208 | -18.5% |
| Expenditures by Category | | | | | | | | |
| Total Compensation | 5,156 | 4,928 | 5,765 | 5,312 | 5,539 | 10,851 | 158 | 1.5% |
| Other Operating Expenses | 2,734 | 3,483 | 3,130 | 1,580 | 1,580 | 3,160 | -3,453 | -52.2% |
| Other Financial Transactions | 0 | 0 | 0 | 87 | 0 | 87 | 87 | n.m |
| Total | 7,890 | 8,411 | 8,895 | 6,979 | 7,119 | 14,098 | -3,208 | -18.5% |
| Full-Time Equivalents (FTE) | 85.7 | 82.9 | 80.2 | 80.2 | 80.2 | | | |

HUMAN SERVICES DEPT

Program: ECONOMIC SUPPORT MANAGEMENT

Activity: ECONOMIC SUPPORT OPERATIONS

Narrative

Activity Description

Economic Support Operations provides operating and computer systems support for programs funded through Economic Support Grants.

Population Served

Economic Support Operations serves:

- ◆ Minnesotans who receive economic assistance benefits through MAXIS;
- ◆ children who receive child support enforcement services through PRISM; and
- ◆ more than 3,200 county workers who use MAXIS and PRISM.

Activity at a Glance

- ◆ More than 500,000 people receive benefits through MAXIS
- ◆ 268,400 children receive child support services
- ◆ More than 3,200 workers in 87 counties use the systems

Services Provided

Economic Support Operations supports economic assistance programs by:

- ◆ operating and maintaining the eligibility and delivery systems for food support, General Assistance (GA), Minnesota Supplemental Aid (MSA), Minnesota Family Investment Program (MFIP), Medical Assistance (MA), General Assistance Medical Care (GAMC), Group Residential Housing, Minnesota Food Assistance Program, Telephone Assistance Program (TAP), Emergency General Assistance, and Emergency Assistance (EA);
- ◆ collecting and distributing child support payments, locating absent parents, establishing paternity, and enforcing of court orders;
- ◆ conducting federally mandated quality control reviews, payment accuracy assessment and administrative evaluation for MFIP, food support, MA, child support, and MinnesotaCare;
- ◆ administering the Electronic Benefit Transfer (EBT) system;
- ◆ managing program integrity (fraud prevention) and control functions;
- ◆ collecting and analyzing data trends and activities that determine program effectiveness, establish program error levels to prevent recipient fraud, and support long-range planning; and
- ◆ managing claims and recoveries of overpayments for the cash public assistance program, including the Treasury Offset Program (TOP).

Historical Perspective

Demands for user access and data exchange with other systems continue to increase and new technology needs to be incorporated to meet these needs.

Key Measures

- ⇒ All kids will develop to their fullest potential
 - ◆ Percent of children born out-of-wedlock in Minnesota this year having paternity established or acknowledged
 - ◆ Percent of child support payments that are made on time.
- ⇒ Adults who can work will and all people will have an adequate income and other supports to be self-reliant.
 - ◆ Percent of all Minnesotans living below the poverty line
- ⇒ children under 18 – by race/ethnicity
 - ◆ 65 years and older – by race/ethnicity
 - ◆ MFIP Self-Support Index (percent of adults working 30+ hours or off MFIP cash assistance three years later) – by race/ethnicity
 - ◆ Percent of people who are working and have health coverage – by race/ethnicity
- ⇒ All people will achieve comparable outcomes; there will not be disparities.
 - ◆ Percent of non-citizens and elderly who qualify for food support programs and actually receive food supports.

HUMAN SERVICES DEPT

Program: ECONOMIC SUPPORT MANAGEMENT

Activity: ECONOMIC SUPPORT OPERATIONS

Narrative

- ◆ Percent of county, DHS, and provider staff who have received Limited English Proficiency (LEP) training.
- ◆ Percent of newly arrived Minnesotans between the ages of 21 and 64 who access employment and training services.

More information on Department of Human Services measures and results is available on the web: <http://www.departmentresults.state.mn.us/hs/index.html>.

Activity Funding

Economic Support Operations is funded from appropriations from the General Fund and Health Care Access Fund and from federal funds.

Contact

For more information on Economic Support Operations, contact:

- ◆ Assistant Commissioner Jeanette Taylor Jones, (651) 296-6955
- ◆ Child Support Enforcement Division Director Wayland Campbell (651) 297-8232
- ◆ MAXIS Division Director Kate Wulf (651) 297-1428

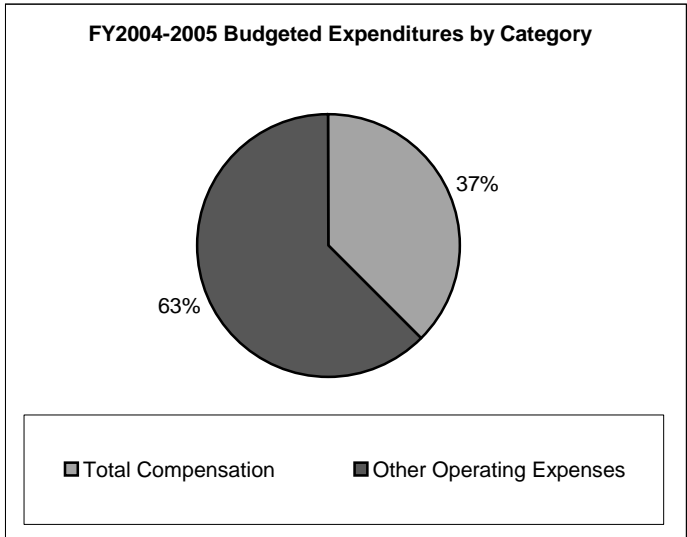
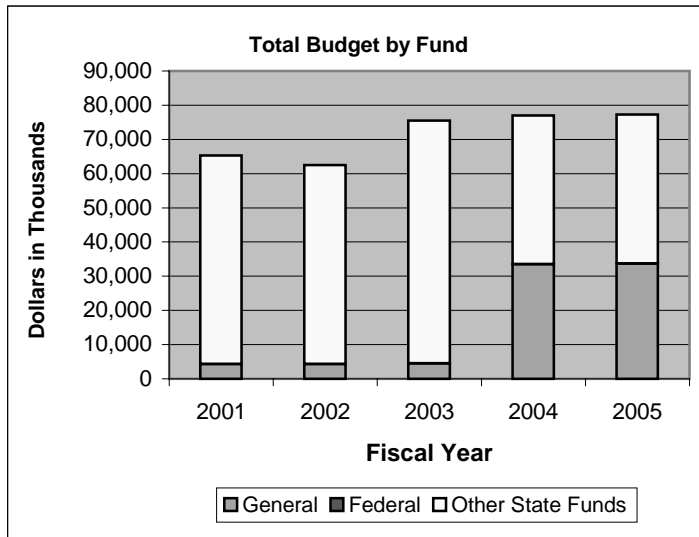
Information is also available on the DHS web site: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT

Program: **ECONOMIC SUPPORT MANAGEMENT**

Activity: ECONOMIC SUPPORT OPERATIONS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 4,308 | 4,266 | 4,490 | 33,510 | 33,716 | 67,226 | 58,470 | 667.8% |
| Health Care Access | 282 | 294 | 249 | 1,349 | 1,349 | 2,698 | 2,155 | 396.9% |
| Statutory Appropriations | | | | | | | | |
| General | 21 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Special Revenue | 60,694 | 57,905 | 70,802 | 42,163 | 42,234 | 84,397 | -44,310 | -34.4% |
| Total | 65,305 | 62,465 | 75,541 | 77,022 | 77,299 | 154,321 | 16,315 | 11.8% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 23,077 | 24,169 | 26,772 | 27,987 | 29,690 | 57,677 | 6,736 | 13.2% |
| Other Operating Expenses | 42,228 | 38,296 | 48,769 | 49,035 | 47,609 | 96,644 | 9,579 | 11.0% |
| Total | 65,305 | 62,465 | 75,541 | 77,022 | 77,299 | 154,321 | 16,315 | 11.8% |

| | | | | | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Full-Time Equivalents (FTE) | 408.8 | 409.9 | 398.0 | 398.0 | 398.0 |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|

Agency Purpose

The Minnesota Humanities Commission (MHC) inspires people to learn, to grow, and to give to their communities by providing leadership, resources, and programs that advance the study of the humanities - the foundation of democracy, government, and civil life - and that enhance the work of schools, colleges, and cultural organizations throughout our state.

Core Functions

MHC fulfills its mission through three program areas.

⇒ **Humanities Foundations** provides family literacy programs, including *Motheread/Fatheread* and the *Hmong Translation Initiative*; training, research, and support for schools and teachers using the *Core Knowledge* curriculum; professional development seminars for teachers through *Teacher Institutes*; and support for subject-area organizations within the *Humanities Education Network*.

⇒ **Grants and Public Humanities Programs** provide grants to scholars and organizations that belong to networks such as the *Humanities Organization Network* and the *Ethnic and Cultural Heritage Network*. It serves as the Minnesota agency for *Literature and the Professions*, *National Issues Forums*, and the *Minnesota Online Encyclopedia* project. MHC is home to the *Minnesota Center for the Book*, an affiliate of the Library of Congress.

⇒ **Learning in Retirement** promotes older adult learning in the humanities through the *Learning in Retirement Network*, a statewide association of senior learning organizations, and the *Elder Reading Initiative*, a reading-aloud program for frail and isolated elders.

Operations

MHC brings the humanities to Minnesotans of all ages throughout the state. The MHC's family literacy programs, such as *Motheread/Fatheread*, reach parents and children through educators and service providers trained by MHC staff. Kindergarten through 12th-grade teachers attend *Teacher Institute* professional development seminars through the Humanities Commission. Scholars and organizations receive funding from MHC's grants program. Retired adults from around the state participate in *Learning in Retirement Network* organizations, supported by MHC.

Key Measures

MHC considers evaluation essential to the continued development and success of its programs. Therefore, the commission evaluates its programs both qualitatively and quantitatively by these criteria: relevance of program, increased understanding/awareness of subject, general satisfaction of participants, increase of number of participants, and diversity of participants. Participants in Humanities Commission seminars and workshops complete evaluation forms. Comments and suggestions are reviewed and considered by MHC staff. Input is also solicited from audience members at MHC-supported events and from MHC board members. The Humanities Commission web site also offers a place for feedback.

Recent surveys and studies have indicated:

- ◆ 95% of *Teacher Institute* participants report increased understanding/awareness of subjects covered.
- ◆ 90% of *Teacher Institute* participants report that the programs achieve their stated goals.

At A Glance

The MHC works to create strong schools and strong communities. In FY 2001, MHC programs reached people of all ages statewide.

- ◆ 296 service providers, serving 15,000 children and parents, attended 29 *Motheread/Fatheread* training workshops
- ◆ 450 educators, serving 13,500 students, attended 15 *Core Knowledge* events
- ◆ 310 educators, serving 23,250 students, attended 13 *Teacher Institute* seminars
- ◆ 746 events funded in-part by the Humanities grants program reached 62,500 Minnesotans
- ◆ 630 events through the *Learning in Retirement Network* reached 17,430 retired adults in Minnesota

- ◆ over 80% of parents who participated in the *Motheread/Fatheread* observed improvement in their child's understanding of what is read and their child's interest in asking questions about stories.
- ◆ 72% of parents who participated in *Motheread/Fatheread* noticed improvement in their own reading, and 93% noticed improvement in their child's reading.

Budget

MHC receives financial support from private donors, corporations and foundations, the Minnesota State Legislature, the National Endowment for the Humanities, and income earned through publication sales, training fees, and facility rentals.

The Humanities Commission's budget for FY 2002 (11-1-01 to 10-31-02) totals \$3.01 million. The state of Minnesota funds 34% of MHC's budget; the National Endowment for the Humanities contributes 20%; corporate and private contributions equal approximately 32%; and earned income accounts for approximately 14%.

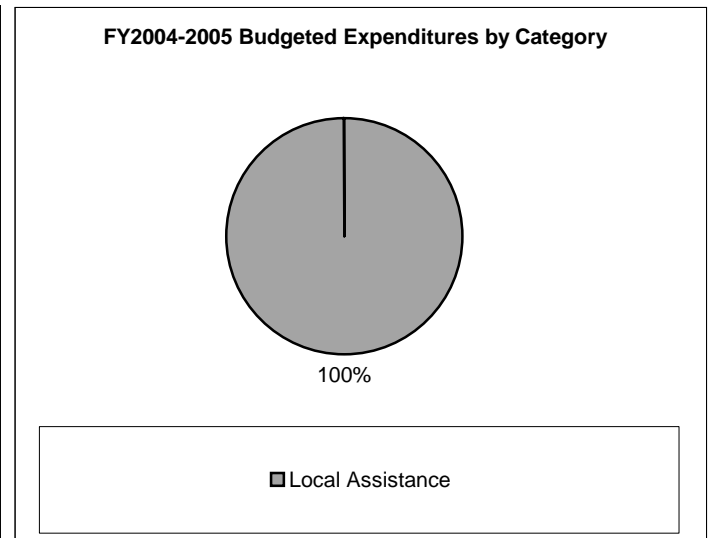
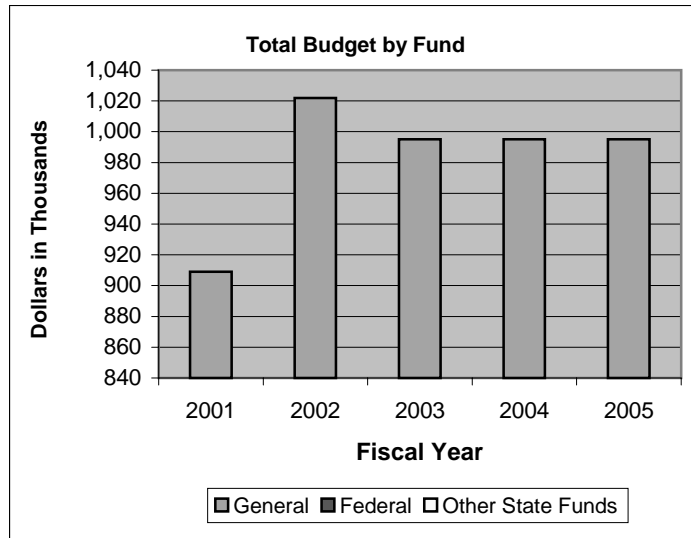
Resources are allocated to four areas: Humanities Foundations, 48%; Grants and Public Humanities Programs, 23%; Learning in Retirement, 4%; and management and fundraising, 25%. Twenty full-time staff and several part-time staff work at the Humanities Commission.

Contact

Minnesota Humanities Commission
987 East Ivy Avenue
St. Paul, Minnesota 55106

Phone: (651) 772-4244
Toll free: (866) 268-7293
Fax: (651) 774-0205

Visit the Minnesota Humanities Commission web site at www.minnesotahumanities.org or e-mail info@minnesotahumanities.org



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|---------------|---------------|-----------------|---------------|-----------------|----------------|--------------------------|----------------|
| Expenditures by Fund | Actual | Actual | Budgeted | Base | Biennium | | 2004-05 / 2002-03 | |
| | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 909 | 1,022 | 995 | 995 | 995 | 1,990 | -27 | -1.3% |
| Total | 909 | 1,022 | 995 | 995 | 995 | 1,990 | -27 | -1.3% |
| Expenditures by Category | | | | | | | | |
| Local Assistance | 909 | 1,022 | 995 | 995 | 995 | 1,990 | -27 | -1.3% |
| Total | 909 | 1,022 | 995 | 995 | 995 | 1,990 | -27 | -1.3% |
| Expenditures by Program | | | | | | | | |
| Humanities Commission | 909 | 1,022 | 995 | 995 | 995 | 1,990 | -27 | -1.3% |
| Total | 909 | 1,022 | 995 | 995 | 995 | 1,990 | -27 | -1.3% |

Agency Purpose

The Minnesota Indian Affairs Council (MIAC) was established in 1963 (M.S. 3.922.) MIAC is the official liaison between the state of Minnesota and the 11 tribal governments within the state. The council provides a forum for and advises state government on issues of concern to urban Indian communities. The council administers four programs designed to enhance economic opportunities and protect cultural resources for the state's American Indian constituencies. The MIAC plays a central role in the development of state legislation. It monitors programs that affect the state's American Indian population and tribal governments. Minnesota was the first state in the nation to establish an Indian affairs agency that today still provides a model for other states to follow.

The mission of the MIAC is to protect the sovereignty of the 11 Minnesota tribes and ensure the well being of American Indian citizens throughout the state.

The MIAC's vision is to strive for social, economic and political justice for all American Indian people living in the state of Minnesota, while embracing our traditional cultural and spiritual values.

Core Functions

The MIAC coordinates with the various state agencies appointed liaisons, other American Indians that do not reside within reservation boundaries, tribal and Indian programs to ensure that services are delivered by reviewing and analyzing data and trends and providing the findings to their respective agencies, tribes and other American Indian programs. Core functions include

- ◆ providing information and technical assistance to Indian Reservations in Minnesota through the administration of the Indian Economic Opportunity Program by interagency agreement with the Department of Health and Human Services;
- ◆ providing loans to eligible potential and existing American Indian business owners operating in the state through the Indian Business Loan Fund;
- ◆ monitoring and ensuring enforcement of federal and state laws to protect American Indian human remains and associated burial items through the Cultural Resource Program; and
- ◆ providing a vehicle for the urban Indian population through the Urban Indian Advisory Council to determine what the issues are which affecting their Indian populations.

Operations

The agency serves the 11 Minnesota tribes, its enrolled members, and all Indians residing in the state of Minnesota.

The **Indian Economic Opportunity Program** coordinates with the Department of Health and Human Services and the 11 reservations in grant planning among community service grants including Community Services Block Grant (CSBG), Minnesota Economic Opportunity Grant (MEOG), Emergency Shelter Grant Program (ESGP) and Rural Housing and Stability Program (RHASP). Management and technical assistance is provided to the reservations in the development of work plans, prioritized goals, objectives, and measurable outcomes, a coordination plan describing collaborative efforts with area service provider on how it will impact low income people and assist in progressing toward self-sufficiency.

At A Glance

American Indian Population: 54,967

⇒ Employment

- ◆ U.S. Unemployment Rate: 5.5%
- ◆ Minnesota Unemployment Rate: 4.8%
- ◆ American Indian Males: 22%
- ◆ American Indian Females: 16%

⇒ Poverty levels:

- ◆ All Minnesota Children: 12%
- ◆ American Indian Children: 55%

Cultural Resources: 3,000 human remains attained in 1989 – 436 remain for reburial.

Indian Business Loan: lends an average of \$650,000 per year to eligible American Indians.

Cultural Resources provides protection of American Indian human remains and associated burial items under the Minnesota Cemetery Act Statute 307.08 and the Native American Graves Protection and Repatriation Act, Public Act 101.601 by serving as a repository for human remains from state agencies, public museums, private individuals and institutions and processes said remains and associated items for proper disposition.

The **Indian Business Loan Fund** provides Minnesota-based Indians with a percentage of the financial resources needed to start or expand a business enterprise in Minnesota with emphasis on businesses located on a Minnesota Reservation to assist in the economic development of the reservation and the goal of self-sufficiency.

While participating in a number of separate programs as part of its overall mission, the Indian Affairs Council has come to be recognized, and utilized, as a clearing house for information and projects as they relate to Indians in Minnesota. As a database for information regarding Indians, the MIAC is called upon to participate and/or initiate a variety of activities and programs for the overall benefit of Indians in Minnesota. The MIAC acts as an incubator for these special projects by providing administration and financial services. Policy issues are monitored by the Indian Affairs Council to ensure the protection of the laws and rights of American Indian people and are the primary objective of the Indian Affairs Council.

Budget

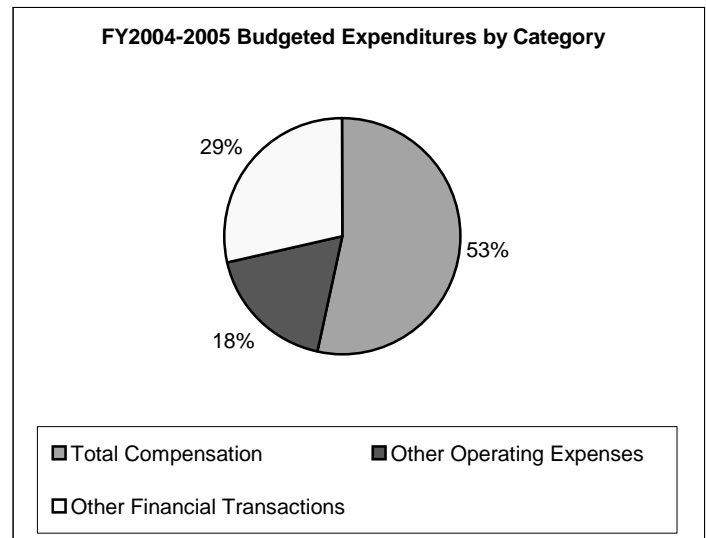
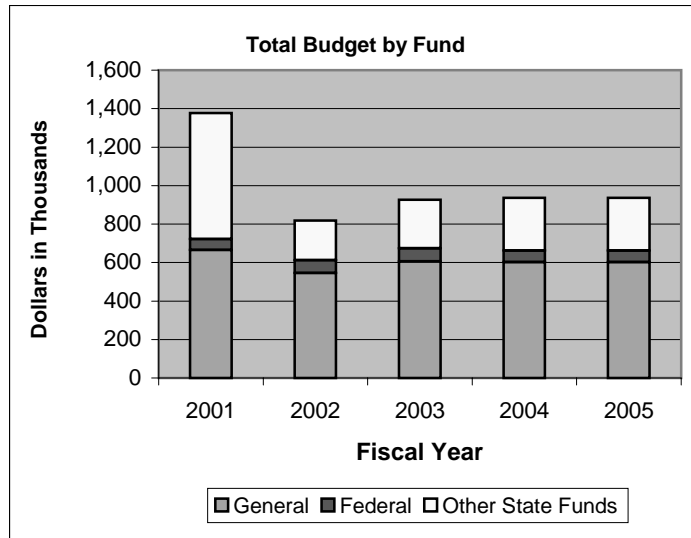
The agencies FY 2002-03 budget totals \$1.657 million. Department staff includes 8 full-time equivalent employees. Of the total budget for the biennium, \$1.186 million comes from the state's General Fund, \$60,000 comes from a federal grant for economic opportunity programming, and \$348,000 from a special revenue fund of collected severed mineral rights tax dollars paid the counties to the state.

Contact

Indian Affairs Council
1819 Bemidji Avenue
Bemidji, Minnesota 56601

Visit <http://www.indians.state.mn.us> for information on Minnesota tribes, treaties, resources and additional important links.

Joseph B. Day, Executive Director
Phone: (218) 755-3825
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| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|------------------|------------------|--------------------|----------------|--------------------|---------------------|--------------------------------------|-------------|
| Expenditures by Fund | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 665 | 545 | 606 | 602 | 602 | 1,204 | 53 | 4.6% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 655 | 206 | 253 | 274 | 274 | 548 | 89 | 19.4% |
| Federal | 57 | 67 | 68 | 60 | 60 | 120 | -15 | -11.1% |
| Total | 1,377 | 818 | 927 | 936 | 936 | 1,872 | 127 | 7.3% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|--------------|------------|------------|------------|------------|--------------|------------|-------------|
| Total Compensation | 439 | 433 | 498 | 498 | 498 | 996 | 65 | 7.0% |
| Other Operating Expenses | 289 | 179 | 184 | 169 | 169 | 338 | -25 | -6.9% |
| Other Financial Transactions | 649 | 206 | 245 | 269 | 269 | 538 | 87 | 19.3% |
| Total | 1,377 | 818 | 927 | 936 | 936 | 1,872 | 127 | 7.3% |

| Expenditures by Program | | | | | | | | |
|--------------------------------|--------------|------------|------------|------------|------------|--------------|------------|-------------|
| Indian Affairs Council | 1,377 | 818 | 927 | 936 | 936 | 1,872 | 127 | 7.3% |
| Total | 1,377 | 818 | 927 | 936 | 936 | 1,872 | 127 | 7.3% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|-----------|-------------|
| Non Dedicated | | | | | | | | |
| General | 0 | 0 | 1 | 1 | 1 | 2 | 1 | 100.0% |
| Subtotal Non Dedicated | 0 | 0 | 1 | 1 | 1 | 2 | 1 | 100.0% |
| Dedicated | | | | | | | | |
| Special Revenue | 281 | 243 | 274 | 274 | 274 | 548 | 31 | 6.0% |
| Federal | 64 | 60 | 60 | 60 | 60 | 120 | 0 | 0.0% |
| Gift | 0 | 0 | 1 | 1 | 1 | 2 | 1 | 100.0% |
| Subtotal Dedicated | 345 | 303 | 335 | 335 | 335 | 670 | 32 | 5.0% |
| Total Revenue | 345 | 303 | 336 | 336 | 336 | 672 | 33 | 5.2% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 7.7 | 7.1 | 9.1 | 8.9 | 8.9 |
|------------------------------------|------------|------------|------------|------------|------------|

Agency Purpose

The State Board of Investment (SBI) develops and implements investment policies and strategies for the state's retirement funds, trust funds, and cash accounts. The statutory mission of the SBI is "to establish standards which will insure that state and pension assets...will be responsibly invested to maximize the total rate of return without incurring undue risk." (M.S. Section 11A.01).

Core Functions

All activities of the board are governed by M.S. Chapter 11A and Chapter 356A. To meet the goals established therein, the SBI must:

- ◆ establish and periodically update the investment objectives, asset allocation, and investment management structure for each of the funds;
- ◆ seek and retain superior money managers to manage the assets of each fund;
- ◆ monitor and evaluate investment performance to insure investment objectives are met;
- ◆ assess developments in the broad financial markets and evaluate their potential impact on operations and policies; and
- ◆ communicate its investment policies to clients and constituents.

The board retains an executive director, an internal investment management staff, and external investment managers to execute its policies. In performing its duties, the board is assisted by the Investment Advisory Council (IAC), which is composed of 17 persons with investment and retirement fund expertise. With assistance from the IAC, SBI staff:

- ◆ recommends strategic planning alternatives to the board and council and executes board decisions;
- ◆ provides internal management for the Permanent School Fund, Environmental Trust Fund, Tobacco Settlement Pool, and State Cash accounts;
- ◆ monitors the performance of all external managers retained by the board; and
- ◆ reviews prospective investment vehicles for legislative consideration.

Operations

Investment activity is divided into two major areas; externally managed and internally managed funds. Each concentration requires different strategies and investment vehicles.

Externally Managed Funds

- ⇒ *The Basic Retirement Funds* invest the contributions of public employees and employers during the employees' years of public service. Approximately 256,000 employees in eight statewide retirement funds are in the Basic Funds. The goal is to act as a fiduciary, investing contributions to provide sufficient funds to finance promised benefits at retirement.
- ⇒ *The Post Retirement Fund* contains the assets of over 82,000 retired employees covered by the eight statewide retirement plans. Upon retirement, assets sufficient to finance fixed monthly annuities for the life of the retiree are transferred from the Basic Funds to the Post Fund. The SBI invests these assets to generate returns to maintain promised benefits and to generate additional returns that will provide benefit increases to retired public employees.
- ⇒ *The Supplemental Investment Fund* is a multi-purpose investment program that offers a range of investment options to state and local employees. It serves a wide range of participants and investment goals, and is, therefore, structured much like a family of mutual funds.
- ⇒ *The Assigned Risk Plan* is administered by the Department of Commerce to provide workers compensation insurance to companies unable to obtain private insurance. The goal is to match the projected liability stream while also maintaining adequate liquidity.

At A Glance

The SBI, composed of five constitutional officers, provides investment management for the Basic Retirement Funds, Post Retirement Fund, Permanent School Fund, Environmental Trust Fund, Assigned Risk Plan, Tobacco Settlement Pool, Supplemental Investment Fund, Invested Treasurer's Cash, and approximately 50 other state cash accounts. On 6-30-01, assets managed by the board totaled \$49.0 billion.

The majority of the board's activity relates to investment of retirement funds (82%). Clients are the current and retired members of the three statewide retirement systems (PERA, TRA, MSRS). For cash accounts, the board's largest clients are the State Treasurer and the Department of Finance.

Internally Managed Funds

- ⇒ *The Permanent School Fund* is created by the Minnesota State Constitution and designated as a source of revenue for public schools. Income from the fund's assets is used to offset state school aid payments. The Permanent School Fund is invested in a balanced portfolio of common stocks and bonds.
- ⇒ *The Environmental Trust Fund* is created by the State Constitution and designed as a source of revenue for funding environmental projects. Currently the fund is invested in a portfolio with 70% common stocks and 30% fixed income.
- ⇒ *The Tobacco Prevention Fund and the Medical Education Fund* are governed by the constraints and goals for the funds as established by statute. Annual earnings up to 5% of the market value of the funds may be distributed for expenditure. Effective 7-1-00, the two endowment funds have an asset allocation of 50% equity and 50% fixed income securities.
- ⇒ *The Closed Landfill Investment Fund* was created to provide the Pollution Control Agency with funds to pay the long-term costs of maintaining the integrity of landfills in Minnesota once they have been closed. The assets of the fund are unavailable for expenditure until after FY 2020. The Closed Landfill Investment Fund is invested entirely in common stock.
- ⇒ *State Cash Accounts* represent the cash balances in more than 400 individual accounts that flow through the Minnesota State Treasury. These accounts range in size from \$5,000 to over \$400 million, and are invested by SBI staff through two commingled short-term investment pools. The objectives of these pooled funds are to preserve capital, to provide a high level of current income, and to meet the cash needs of state government without the forced sale of securities at a loss.

Key Measures

Statutes establish investment goals for the Basic and Post Retirement funds. In addition, the board has set more exacting standards for investment returns. Performance has generally exceeded both statutory requirements and the board's investment performance targets at the total fund level. Below, returns for the investment of retirement funds are presented net of management fees and investment expenses.

Summary of Investment Results for Retirement Funds

| Period Ending | 6/30/01 | Millions | Annualized 1Year (%) | 3Years (%) | Annualized 5Years (%) |
|------------------|---------|----------|----------------------------|---------------|-----------------------------|
| Basic Funds: | | \$18,575 | -7.4 | 4.5 | 11.2 |
| Market composite | | | -8.4 | 4.5 | 10.7 |
| Post Fund: | | \$19,396 | -6.9 | 4.2 | 10.3 |
| Market composite | | | -8.0 | 4.2 | 9.7 |
| Benefit increase | | | 11.1 | 10.3 | 9.8 |

Budget

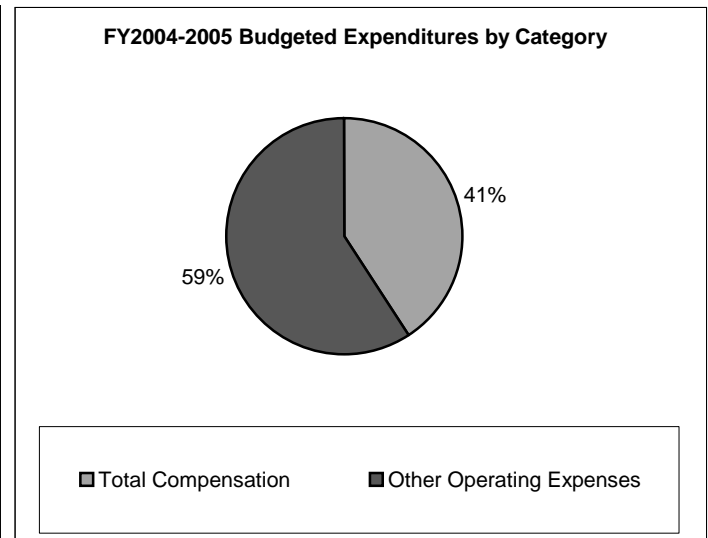
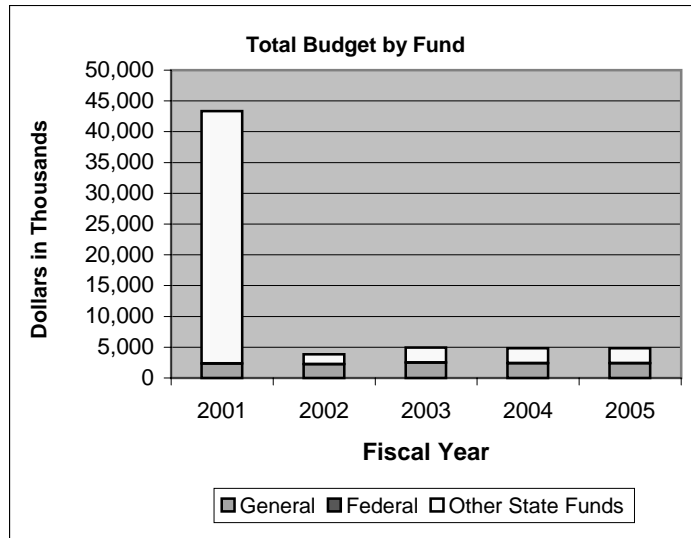
By statute, the SBI charges the statewide retirement funds and non-general fund cash accounts for approximately 90% of its General Fund appropriation. These receipts are deposited in the General Fund as non-dedicated revenue. The General Fund appropriation not recovered by the bill-back provision (approximately 10%) represents the portion of the SBI's budget that is associated with the investment of the General Fund portion of the Invested Treasurer's Cash Fund.

Contact

State Board of Investment
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Howard Bicker, Executive Director
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Fax: (651) 296-9572



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|--------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 | |
| | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 2,353 | 2,239 | 2,478 | 2,408 | 2,408 | 4,816 | 99 | 2.1% |
| Open Appropriations | | | | | | | | |
| Supplmntl Invest Invest Index | 20 | 15 | 25 | 25 | 25 | 50 | 10 | 25.0% |
| Supplemental Invest Suppl Bond | 5 | 7 | 10 | 10 | 10 | 20 | 3 | 17.6% |
| Supplemental Invest Invest Gic | 110 | 114 | 100 | 100 | 100 | 200 | -14 | -6.5% |
| Supplmntl Invest Moneymarket | 4 | 5 | 5 | 5 | 5 | 10 | 0 | 0.0% |
| Supplemental Investment Income | 28 | 28 | 100 | 100 | 100 | 200 | 72 | 56.3% |
| Supplemental Investment Growth | 10 | 12 | 100 | 100 | 100 | 200 | 88 | 78.6% |
| Post Retirement Investment | 931 | 894 | 1,000 | 1,000 | 1,000 | 2,000 | 106 | 5.6% |
| Invest Ext Money Managers#1 | 8,289 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Invest Ext Money Managers #2 | 31,601 | 556 | 1,000 | 1,000 | 1,000 | 2,000 | 444 | 28.5% |
| Supplemental Intl Equity | 2 | 2 | 100 | 100 | 100 | 200 | 98 | 96.1% |
| Total | 43,353 | 3,872 | 4,918 | 4,848 | 4,848 | 9,696 | 906 | 10.3% |

| | | | | | | | | |
|---------------------------------|---------------|--------------|--------------|--------------|--------------|--------------|------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 1,865 | 1,908 | 2,048 | 1,978 | 1,978 | 3,956 | 0 | 0.0% |
| Other Operating Expenses | 41,488 | 1,964 | 2,870 | 2,870 | 2,870 | 5,740 | 906 | 18.7% |
| Total | 43,353 | 3,872 | 4,918 | 4,848 | 4,848 | 9,696 | 906 | 10.3% |

| | | | | | | | | |
|--------------------------------|---------------|--------------|--------------|--------------|--------------|--------------|------------|--------------|
| Expenditures by Program | | | | | | | | |
| Investment Of Funds | 2,353 | 2,239 | 2,478 | 2,408 | 2,408 | 4,816 | 99 | 2.1% |
| Refunds/Retire Funds | 41,000 | 1,633 | 2,440 | 2,440 | 2,440 | 4,880 | 807 | 19.8% |
| Total | 43,353 | 3,872 | 4,918 | 4,848 | 4,848 | 9,696 | 906 | 10.3% |

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------------|--------------------------|--------------------------|----------------------------|----------------|----------------|-----------------------------|--|----------------|
| | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base | | Biennium 2004-05 | Dollars | Percent |
| Revenue by Type and Fund | | | | FY2004 | FY2005 | | | |
| Non Dedicated | | | | | | | | |
| General | 2,271 | 2,250 | 2,300 | 2,300 | 2,300 | 4,600 | 50 | 1.1% |
| Closed Landfill Investment | 0 | 1 | 0 | 0 | 0 | 0 | -1 | -100.0% |
| Supplmntl Invest Invest Index | 648 | 329 | 25 | 25 | 25 | 50 | -304 | -85.9% |
| Supplemental Invest Suppl Bond | 42 | 619 | 10 | 10 | 10 | 20 | -609 | -96.8% |
| Supplemental Invest Invest Gic | 1,159 | 324 | 100 | 100 | 100 | 200 | -224 | -52.8% |
| Tobacco Medical Ed Endowment | 13,133 | 19,107 | 17,000 | 17,000 | 17,000 | 34,000 | -2,107 | -5.8% |
| Tobacco Use Prevent Endowment | 14,034 | 19,922 | 17,000 | 17,000 | 17,000 | 34,000 | -2,922 | -7.9% |
| Supplmntl Invest Moneymarket | 3,113 | 3,266 | 5 | 5 | 5 | 10 | -3,261 | -99.7% |
| Supplemental Investment Income | 4,386 | 3,056 | 100 | 100 | 100 | 200 | -2,956 | -93.7% |
| Supplemental Investment Growth | 2,551 | 1,027 | 100 | 100 | 100 | 200 | -927 | -82.3% |
| Post Retirement Investment | 1,905,538 | 2,085,244 | 1,000 | 1,000 | 1,000 | 2,000 | -2,084,244 | -99.9% |
| Invest Ext Money Managers#1 | 10,928 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Invest Ext Money Managers #2 | 45,376 | 556 | 1,000 | 1,000 | 1,000 | 2,000 | 444 | 28.5% |
| Supplemental Intl Equity | 413 | 569 | 100 | 100 | 100 | 200 | -469 | -70.1% |
| Permanent School | 27,969 | 25,967 | 30,000 | 30,000 | 30,000 | 60,000 | 4,033 | 7.2% |
| Subtotal Non Dedicated | 2,031,561 | 2,162,237 | 68,740 | 68,740 | 68,740 | 137,480 | -2,093,497 | -93.8% |
| Total Revenue | 4,060,851 | 4,322,224 | 135,180 | 135,180 | 135,180 | 270,360 | -4,187,044 | -93.9% |
| Full-Time Equivalents (FTE) | 23.5 | 23.2 | 23.2 | 23.2 | 23.2 | | | |

Agency Purpose

The office of the commissioner of Iron Range Resources and Rehabilitation (IRRR) was created by the Minnesota Legislature in 1941 to rehabilitate the Iron Range area of northeastern Minnesota. Specifically, the Commissioner and staff serve the interests of the Taconite Tax Relief Area (TTRA), a geographical region encompassing approximately 13,000 square miles. While the methods of rehabilitation have varied over the years, the mission of the agency continues to be one of economic development and diversification. The agency is funded from taconite production taxes, which are levied against mining companies in lieu of property taxes. The agency is unique in that it receives no money from the General Fund.

Core Functions

The agency's core functions support the enhancement of the economic vitality of the TTRA through value-driven, cost-effective projects and programs designed for the long-range benefit of the region. These core functions are:

- ⇒ Providing loans and grants to businesses and local governments.
- ⇒ Marketing the TTRA to a wide variety of potential businesses that might consider moving or expanding their operations to Minnesota's Iron Range.
- ⇒ Working to establish the TTRA as a leader in the use of information technology as a means of enhancing and diversifying the regional economy for the benefit of its businesses, communities and citizens.
- ⇒ Helping sustain and enhance the existing iron ore industry and promoting the development of minerals other than iron.
- ⇒ Increasing the impact of tourism in the region.

Operations

The agency serves the citizens of the TTRA. Services are delivered through the following programs:

- ⇒ **Economic Diversification** provides low cost loans, loan guarantees, subordinated loans, incentive grants, training assistance and equity investments in certain companies. The division also administers a community grant program to help provide infrastructure to job creation projects. Business Recruitment implements an aggressive marketing program and a comprehensive networking effort to identify and reach potential business recruitment candidates. The division's do I.T! program focuses on three major initiatives: Technology Centers, Technology-based Economic Development, and Community Technology Awareness.
- ⇒ **Mining, Energy and Minerals Development** administers two taconite production tax rebate programs that help recapitalize Minnesota iron mines. The division also funds research in value-added iron products, copper-nickel, platinum group minerals and titanium processing and a drilling incentive grant program that provides small grants to companies conducting exploratory drilling. Additionally, the agency participates in Minnesota Minerals 21st Century Fund value-added iron and non-ferrous mineral development projects through matching investments.
- ⇒ **Tourism** provides matching grants for tourism marketing projects to communities and organizations within the TTRA and works closely with the Northern Lights Tourism Alliance (NLTA), a citizen's advisory committee to the Commissioner on tourism issues. In addition, the agency owns and operates **Giants Ridge Golf and Ski Resort** near Biwabik and **Ironworld Discovery Center** in Chisholm.

At A Glance

Two-Year Budget:

- ◆ \$24 million Taconite Tax Revenue
- ◆ \$25 million Agency Generated Revenue

Economic Environment

- ◆ Primary mission is job creation and diversification of the economy of the TTRA.
- ◆ Bankruptcy & closure of LTV Steel Mining Co. January 2001, resulted in significant reduction of production tax revenue.
- ◆ A generally weak U.S. steel sector translates to reduced production tax revenue. National Steel Corporation has been unable to make its 2003 Production Tax payments due to Chapter 11 bankruptcy.

Job Creation

- ◆ Facilitated the creation of over 1,500 jobs in the TTRA since Fall 2001.

Budget

Minnesota's six taconite companies pay taconite production taxes based on annual operating tonnage. The bankruptcy of LTV Steel Mining Company in December 2000 and subsequent closure significantly impacted agency financial resources. Additionally, the Chapter 11 bankruptcy filing in March 2002, of National Steel Corporation further eroded resources. The combined impact has required that the agency reduce its 2003 business plan by 30% from FY 2002 budget level, with further reduction required for FY 2004.

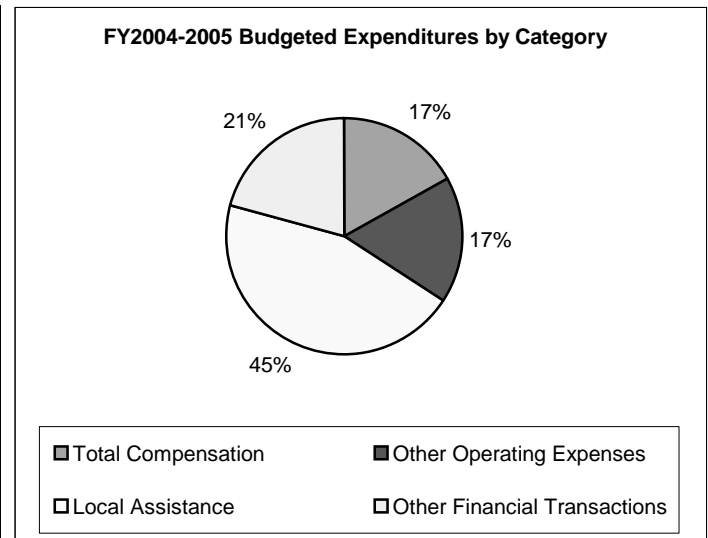
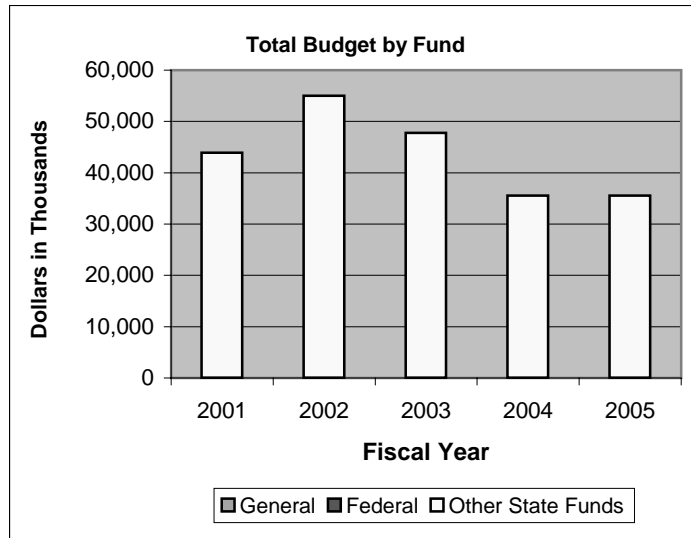
Allocation of agency resources, while currently in a dramatic state of flux, is based primarily on the agency's mission of economic development and diversification of the economy in the TTRA. Accordingly, job creation and economic diversification programs receive the greatest share of agency funds. Other program allocations are based on economic priorities determined by the Commissioner in cooperation with the IRRR Board.

Contact

Iron Range Resources and Rehabilitation Agency
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PO Box 441
Eveleth, Minnesota 55734

For a more detailed look at IRRRA, see our web site.
Web site: www.irrrb.org

John Swift, Commissioner
Phone: (800) 765-5043 or (218) 744-7400
Fax: (218) 744-7403



| <i>Dollars in Thousands</i> | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|-----------------|-------------------|-------------------|
| | Actual | Actual | Budgeted | Base | Biennium | Biennial Change | | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | 2004-05 / 2002-03 | Dollars Percent |
| Statutory Appropriations | | | | | | | | |
| Iron Range Resources & Rehab | 34,916 | 29,086 | 28,706 | 24,083 | 25,583 | 49,666 | -8,126 | -14.1% |
| Giants Ridge Golf & Ski Resort | 0 | 4,436 | 5,993 | 5,754 | 5,754 | 11,508 | 1,079 | 10.3% |
| Ne Mn Economic Protection | 8,974 | 21,507 | 13,072 | 5,723 | 4,223 | 9,946 | -24,633 | -71.2% |
| Total | 43,890 | 55,029 | 47,771 | 35,560 | 35,560 | 71,120 | -31,680 | -30.8% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 6,421 | 6,375 | 7,657 | 6,074 | 6,074 | 12,148 | -1,884 | -13.4% |
| Other Operating Expenses | 8,272 | 6,906 | 6,639 | 6,075 | 6,075 | 12,150 | -1,395 | -10.3% |
| Capital Outlay & Real Property | 794 | 138 | 1,842 | 0 | 0 | 0 | -1,980 | -100.0% |
| Payments To Individuals | 500 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Local Assistance | 21,791 | 25,810 | 18,063 | 15,980 | 15,980 | 31,960 | -11,913 | -27.2% |
| Other Financial Transactions | 6,112 | 15,800 | 13,570 | 7,431 | 7,431 | 14,862 | -14,508 | -49.4% |
| Total | 43,890 | 55,029 | 47,771 | 35,560 | 35,560 | 71,120 | -31,680 | -30.8% |

| | | | | | | | | |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|
| Expenditures by Program | | | | | | | | |
| Agency Administration | 2,365 | 12,468 | 3,789 | 2,408 | 2,408 | 4,816 | -11,441 | -70.4% |
| Facilities | 8,152 | 7,592 | 9,422 | 8,877 | 8,877 | 17,754 | 740 | 4.3% |
| Programs | 15,242 | 15,592 | 12,638 | 12,396 | 12,396 | 24,792 | -3,438 | -12.2% |
| Agency Roll-Over | 10,000 | 8,672 | 10,043 | 0 | 0 | 0 | -18,715 | -100.0% |
| Taconite Industry Rebate Funds | 8,131 | 10,705 | 11,879 | 11,879 | 11,879 | 23,758 | 1,174 | 5.2% |
| Total | 43,890 | 55,029 | 47,771 | 35,560 | 35,560 | 71,120 | -31,680 | -30.8% |

IRON RANGE RESOURCES & REHAB

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------------|--------------------------|--------------------------|----------------------------|---------------|---------------|-----------------------------|--|----------------|
| | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base | | Biennium 2004-05 | Dollars | Percent |
| Revenue by Type and Fund | | | | FY2004 | FY2005 | | | |
| Non Dedicated | | | | | | | | |
| General | 220 | 218 | 0 | 0 | 0 | 0 | -218 | -100.0% |
| Subtotal Non Dedicated | 220 | 218 | 0 | 0 | 0 | 0 | -218 | -100.0% |
| Dedicated | | | | | | | | |
| Iron Range Resources & Rehab | 27,573 | 14,316 | 25,405 | 26,160 | 26,160 | 52,320 | 12,599 | 31.7% |
| Giants Ridge Golf & Ski Resort | 0 | 3,341 | 3,858 | 5,455 | 5,455 | 10,910 | 3,711 | 51.5% |
| Ne Mn Economic Protection | 8,891 | 6,979 | 6,628 | 6,620 | 6,620 | 13,240 | -367 | -2.7% |
| Subtotal Dedicated | 36,464 | 24,636 | 35,891 | 38,235 | 38,235 | 76,470 | 15,943 | 26.3% |
| Total Revenue | 36,684 | 24,854 | 35,891 | 38,235 | 38,235 | 76,470 | 15,725 | 25.9% |
| | | | | | | | | |
| Full-Time Equivalents (FTE) | 128.6 | 114.2 | 102.1 | 102.6 | 102.6 | | | |

Program Description

The Administrative Services Division provides administrative support to the other divisions of the agency in terms of agency management, human resources and payroll, general accounting, accounts payable, accounts receivable, financial reporting, professional/technical contracting, procurement and information systems. Also, included in this division are legal services of the Office of Attorney General on-site staff.

By supplying human and technical resources to all other agency activities and programs, this division enables the agency to better serve customers and clients. It procures supplies, materials, equipment and services from vendors and contractors. In addition, this division performs various financial research and planning functions for the agency. Cost efficiency and effectiveness receive priority attention during the biennium. Managerial plans have been developed for agency facilities to achieve increased revenues and decreased operational costs. The agency budget plan emphasizes economic development, in keeping with Iron Range Resources & Rehabilitation's (IRRR) primary mission. The agency is currently directing resources toward various forms of business development, including tourism, to achieve maximum possible job creation and economic diversification.

Program at a Glance

- ◆ Senior Administration
- ◆ Agency Accounting, Procurement and Financial Reporting Services
- ◆ Professional /Technical Contracting
- ◆ Information Services
- ◆ Human Resources
- ◆ Attorney General Services

Population Served

IRRR Programs and Facilities; business clients and the general public.

Services Provided

Administrative direction, policymaking, strategic planning and interface with the public and the media; legal services and support; financial, accounting, and procurement support; information systems technical and administrative support.

Key Measures

- ⇒ Number and quality of new jobs created through business development during the biennium.
- ⇒ Improved operating margins at facilities

Program Funding

General Support per year - \$1,767,516
Information Systems per year- \$350,155
Human Resources per year - \$290,000

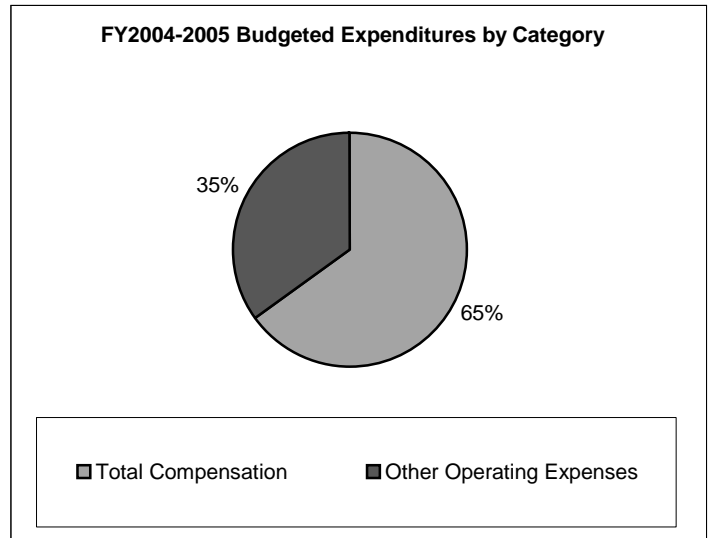
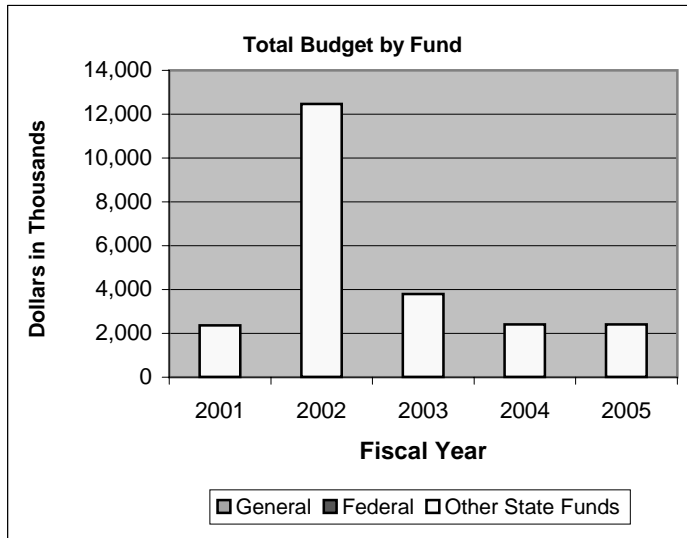
Contact

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IRON RANGE RESOURCES & REHAB

Program: AGENCY ADMINISTRATION

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Statutory Appropriations | | | | | | | | |
| Iron Range Resources & Rehab | 2,151 | 4,726 | 3,789 | 2,408 | 2,408 | 4,816 | -3,699 | -43.4% |
| Ne Mn Economic Protection | 214 | 7,742 | 0 | 0 | 0 | 0 | -7,742 | -100.0% |
| Total | 2,365 | 12,468 | 3,789 | 2,408 | 2,408 | 4,816 | -11,441 | -70.4% |

| | | | | | | | | |
|---------------------------------|--------------|---------------|--------------|--------------|--------------|--------------|----------------|---------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 1,487 | 1,528 | 2,883 | 1,564 | 1,564 | 3,128 | -1,283 | -29.1% |
| Other Operating Expenses | 878 | 908 | 906 | 844 | 844 | 1,688 | -126 | -6.9% |
| Local Assistance | 0 | 5,032 | 0 | 0 | 0 | 0 | -5,032 | -100.0% |
| Other Financial Transactions | 0 | 5,000 | 0 | 0 | 0 | 0 | -5,000 | -100.0% |
| Total | 2,365 | 12,468 | 3,789 | 2,408 | 2,408 | 4,816 | -11,441 | -70.4% |

| | | | | | | | | |
|---------------------------------|--------------|---------------|--------------|--------------|--------------|--------------|----------------|---------------|
| Expenditures by Activity | | | | | | | | |
| Agency Administration | 2,365 | 12,468 | 3,789 | 2,408 | 2,408 | 4,816 | -11,441 | -70.4% |
| Total | 2,365 | 12,468 | 3,789 | 2,408 | 2,408 | 4,816 | -11,441 | -70.4% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|-------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 220 | 218 | 0 | 0 | 0 | 0 | -218 | -100.0% |
| Subtotal Non Dedicated | 220 | 218 | 0 | 0 | 0 | 0 | -218 | -100.0% |
| Dedicated | | | | | | | | |
| Iron Range Resources & Rehab | 15,269 | 10,131 | 12,146 | 12,885 | 12,885 | 25,770 | 3,493 | 15.7% |
| Ne Mn Economic Protection | 8,891 | 6,979 | 6,628 | 6,620 | 6,620 | 13,240 | -367 | -2.7% |
| Subtotal Dedicated | 24,160 | 17,110 | 18,774 | 19,505 | 19,505 | 39,010 | 3,126 | 8.7% |
| Total Revenue | 24,380 | 17,328 | 18,774 | 19,505 | 19,505 | 39,010 | 2,908 | 8.1% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 23.0 | 20.7 | 19.2 | 19.2 | 19.2 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

Program Description

Ironworld Discovery Center: The primary activities of this program are the development and promotion of tourism opportunities that will enhance the economic diversification of the Taconite Tax Relief Area (TTRA).

Giants Ridge Golf and Ski Resort: The primary activities of this program are the development and promotion of tourism opportunities that will enhance the economic diversification of the TTRA. Giants Ridge Golf & Ski Resort continues to serve as the Iron Range Resources and Rehabilitation (IRRR) tourism and economic development pinnacle and success story of northeastern Minnesota. Purchased in 1984 by IRRR, Giants Ridge has transformed from a ski hill attracting day visitors within a 50-mile radius, to a four-season resort destination attracting over 130,000 multiple-night guests each year from throughout Minnesota, the United States and Canada. The mission of Giants Ridge Golf & Ski Resort is to "provide first class recreational experiences to enhance economic development in Northeastern Minnesota." And, during the past two years, the resort has successfully operated with the primary goal of being the Midwest's best four-season destination resort.

Mineland Reclamation: This program provides for reclamation, restoration or reforestation of minelands not otherwise provided for by the state law for the purpose of reclaiming and enhancing those areas of northeastern Minnesota adversely affected by (the) mining (of) taconite and iron ore. Reclamation projects include eliminating dangerous areas, establishing vegetation and reforestation, repairing and preventing erosion and dust problems, creating recreational areas and restoring wildlife habitats on abandoned minelands. This division continues to form new partnerships between units of government and private industry to accomplish mutually beneficial programs to better serve the people of northeastern Minnesota. The new partnerships stretch dollars farther and also combine the skills and knowledge of staff. Mineland Reclamation projects continue to have a larger share of local participation and lever substantial funding from other sources.

Maintenance & Shop: This activity provides maintenance and repair support for all agency motorized vehicles and equipment. This work is either done in the field or in the Eveleth, Ironworld and Giants Ridge shops, depending on the extent of the work required and other circumstances. The Eveleth shop has a specially equipped field truck that mechanics stationed at Eveleth or other agency facilities use to decrease down time and repair costs for the Building Demolition program as well as other agency programs that use motorized vehicles and equipment. In-house expertise and updated equipment have been utilized to service and repair new technology that is a part of our equipment and vehicles.

Additionally, this activity is responsible for maintenance operations. Costs are controlled through use of a new computer maintenance program that will enable the agency to track all maintenance costs for equipment, vehicles and labor at a central location. This assists the staff in streamlining all maintenance activity and evaluating individual equipment performance and useful life.

Building maintenance operations at the Eveleth facility are also managed through this division. Cost control measures, such as acquisition of larger outdoor maintenance equipment allow maintenance of the complex by one full-time equivalent employee.

Program at a Glance

Ironworld:

- ◆ Public Gate Attendance: 65,000
- ◆ Library Services: 12,000
- ◆ Private Events: 6,700
- ◆ Venue Events: 81,560

Giants Ridge Golf and Ski Resort:

- ◆ 105,000 annual skier visits
- ◆ 26,000 golf visits
- ◆ Quarry Course opens 2003

Mineland Reclamation:

- ◆ 150,000/year seedling production
- ◆ \$10,000/year fish stocking
- ◆ Abandoned mine safety projects
- ◆ Restore wildlife habitats
- ◆ Environmental education

Maintenance & Shop:

- ◆ Heavy equipment maintenance and repair
- ◆ Maintenance of leased Travel Management vehicles
- ◆ Annual building and grounds maintenance cost per square foot = \$3.24

Population Served

Ironworld: Minnesota residents and school children, national and international tourists, scholars, historians and other researchers.

Giants Ridge Golf & Ski Resort: Customers of the resort and the people of the Iron Range, North Shore and Central Minnesota.

Mineland Reclamation: The people of northeastern Minnesota within the Taconite Tax Relief Area (TTRA) including the Cuyuna, Mesabi and Vermilion Iron Ranges.

Maintenance & Shop: All agency departments including Ironworld, Giants Ridge and Eveleth Administration Complex. Meeting space is made available to the public, specialized task forces, committees and boards.

Services Provided

Ironworld: The IRRR operates Ironworld Discovery Center in Chisholm. Ironworld is a museum and heritage attraction that preserves northeastern Minnesota's iron mining and immigration history. Also included at Ironworld are the Iron Range Research Center and the education program, "Beyond School Walls."

Giants Ridge Golf & Ski Resort: Minnesota's premier four-season resort offers many adventures year-round. Lodging facilities include your choice of a suite at The Lodge or a condominium at The Villas. There is a full service restaurant and lounge, indoor pool and spa, event and conference facilities all located at Giants Ridge Golf & Ski Resort. The Legend, an 18-hole championship golf course, continues to gain national attention each season as publications such as Golf Digest rate the course among the top in the nation. The Quarry, a second 18-hole championship course will be opening in Spring 2003. The Disc Golf Course leads players through a challenging series of 18 "holes" that are actually chest-high baskets designed to catch the Frisbee-like discs. There are outdoor equipment rentals so guests can enjoy the 70 miles of hiking/biking trails or canoeing and kayaking on Wynne Lake. During the winter months, Giants Ridge is home to 34 alpine ski runs; 70 kilometers of groomed cross Country ski trails; over 30 kilometers of snowshoe trails; easy access to 3,000 miles of groomed snowmobile trails; and a 3,000 foot terrain park complete with a 14-foot wall and 600 foot half pipe, a new quarter pipe, floater, rail slide, and a state-of-the-art sound system.

Mineland Reclamation: The Mineland Reclamation Division provides the necessary labor, supplies and materials to carry out legislatively mandated duties and responsibilities. These include: eliminating unsafe conditions, restoring wildlife habitats, fish stocking, creating recreational opportunities, environmental education, constructing sites for commercial and residential development, tree planting for reforestation of abandoned minelands; repair and prevention of erosion through seeding, fertilizing and mulching to stabilize the soils; and protection and maintenance of existing tree plantations and mineland reclamation projects throughout the TTRA.

Maintenance & Shop: The Maintenance and Shop program provides heavy equipment, travel management and IRRR vehicle services either in the field and/or shop. This department also maintains the building and grounds of the Eveleth Headquarters complex located south of Eveleth on State Highway #53. The complex includes a 44,000 square foot administration building and over two acres of adjacent parking lots and grounds. Personnel, supplies and equipment necessary to operate and maintain the complex as a safe work environment are included in the building. It provides space for IRRR employees as well as meeting facilities for outside organizations.

Key Measures:**Ironworld:**

- ⇒ Prioritize resources to achieve the mission.
- ⇒ Move from past driven programs to future driven priorities.
- ⇒ Build internal capacity and effectiveness.
- ⇒ Preserve assets and diversify use.

IRON RANGE RESOURCES & REHAB

Program: Facilities

Narrative

Giants Ridge Golf & Ski Resort:

- ⇒ Ninety percent of resort visitors are from outside a 90-mile radius, which results in significant dollars pumping into the local economy via revenues collected in lodging, gas, restaurants, retail shopping and recreation.
- ⇒ For the second consecutive year, Golf Digest ranked the Legend golf course at Giants Ridge with a 4 1/2 star rating in its "Top Places to Play."
- ⇒ The Resort Development Office continues to market and sell The Woodlands at Giants Ridge, a premium single-family housing development with 19 lots located on holes 11, 12 and 18 of The Legend at Giants Ridge.
- ⇒ Giants Ridge was ranked Minnesota's Number One Ski area (2001 and 2002), Midwest's Top 5 (2001) and Top 3 (2002) Ski Area (2001).
- ⇒ Season pass sales have increased by 20% during the last two years.
- ⇒ Ranked in the Top 30 Summer Resorts in the Nation (2001).

Mineland Reclamation:

- ⇒ Reforestation, revegetation, education, recreation and safety.

Maintenance & Shop:

- ⇒ Full implementation of Atlas 2000, computerized equipment maintenance software.
- ⇒ Tracking of equipment maintenance costs as a means of maintenance expense management.

Program Funding:

Ironworld

Grants, Sponsorships, Earned Income,
Agency Funds
\$1,886,505 per year

Mineland Reclamation

Operating per year - \$436,086
Projects per year - \$327,500

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Giants Ridge Golf & Ski Resort

Resort Operations - \$4,206,934 per year
Resort Debt Service - \$1,296,193 per year
Resort Facility Improvement - \$250,000 per year

Maintenance & Shop:

\$472,579 per year

Giants Ridge Golf & Ski Resort

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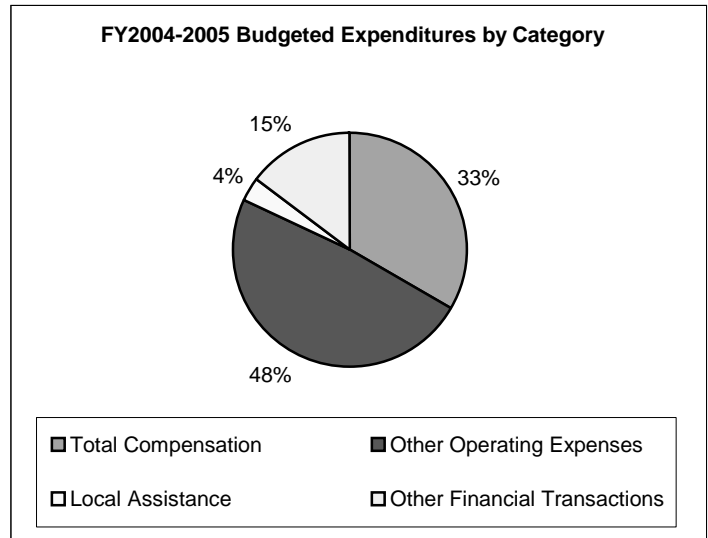
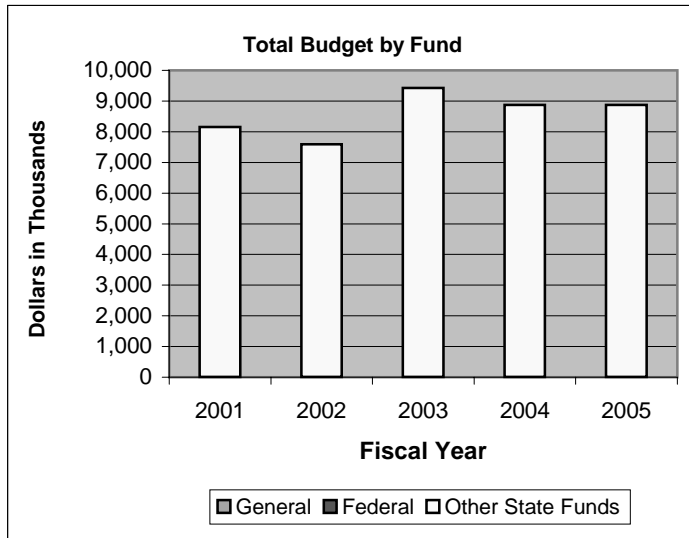
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IRON RANGE RESOURCES & REHAB

Program: **FACILITIES**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Statutory Appropriations | | | | | | | | |
| Iron Range Resources & Rehab | 8,152 | 3,156 | 3,433 | 3,123 | 3,123 | 6,246 | -343 | -5.2% |
| Giants Ridge Golf & Ski Resort | 0 | 4,436 | 5,989 | 5,754 | 5,754 | 11,508 | 1,083 | 10.4% |
| Total | 8,152 | 7,592 | 9,422 | 8,877 | 8,877 | 17,754 | 740 | 4.3% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 3,045 | 3,122 | 3,065 | 2,963 | 2,963 | 5,926 | -261 | -4.2% |
| Other Operating Expenses | 4,341 | 4,115 | 4,624 | 4,300 | 4,300 | 8,600 | -139 | -1.6% |
| Capital Outlay & Real Property | 84 | 17 | 0 | 0 | 0 | 0 | -17 | -100.0% |
| Local Assistance | 352 | 138 | 318 | 318 | 318 | 636 | 180 | 39.5% |
| Other Financial Transactions | 330 | 200 | 1,415 | 1,296 | 1,296 | 2,592 | 977 | 60.5% |
| Total | 8,152 | 7,592 | 9,422 | 8,877 | 8,877 | 17,754 | 740 | 4.3% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|------------|-------------|
| Expenditures by Activity | | | | | | | | |
| Facilities | 8,152 | 7,592 | 9,422 | 8,877 | 8,877 | 17,754 | 740 | 4.3% |
| Total | 8,152 | 7,592 | 9,422 | 8,877 | 8,877 | 17,754 | 740 | 4.3% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Iron Range Resources & Rehab | 4,315 | 426 | 471 | 471 | 471 | 942 | 45 | 5.0% |
| Giants Ridge Golf & Ski Resort | 0 | 3,341 | 3,858 | 5,455 | 5,455 | 10,910 | 3,711 | 51.5% |
| Subtotal Dedicated | 4,315 | 3,767 | 4,329 | 5,926 | 5,926 | 11,852 | 3,756 | 46.4% |
| Total Revenue | 4,315 | 3,767 | 4,329 | 5,926 | 5,926 | 11,852 | 3,756 | 46.4% |

| | | | | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|--|--|--|
| Full-Time Equivalents (FTE) | 72.6 | 66.7 | 58.1 | 58.1 | 58.1 | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|--|--|--|

Program Description

Business and Community Development: During the last biennium, the business and community development divisions consolidated, providing more resources and focus on the goal of assisting businesses and communities in creating jobs within the Taconite Tax Relief Area (TTRA). Project dollars have been combined and used primarily for projects that provide quality employment opportunities.

Business Recruitment: Efforts have been made to quantify the strengths and attributes of the region in order to provide focus to the agency's business recruitment strategy. These have led to a jointly funded partnership between the Iron Range Resources & Rehabilitation (IRRR) and the U.S. Department of Commerce's Economic Development Administration (EDA) to secure the services of Paragon Decision Resources, Inc., a national site locator firm, which, after considerable analysis, identified four target market sectors in which the TTRA is significantly competitive. They are: 1) upscale customer services centers, 2) metal fabrication and machinery manufacture, 3) high-end electronics assembly; and 4) value-added wood products.

Communications: The communications program continues to provide the publications of Rangeview, The Weekly Resourcer, and Biennial Report to the legislature. The division assists with the State Employees Combined Charities Campaign and a series of regional business forums.

Tourism and Trails: The Northern Lights Tourism Alliance (NLTA), a citizens' advisory group comprised of tourism professionals from across the TTRA, aids in this endeavor. The Tourism Planning and Development Division continues regional tourism marketing, while recreational opportunities and events offered by Giants Ridge Golf and Ski Resort and Ironworld Discovery Center continue to attract tourism and travel to the area. To help accomplish the Division goals, partnerships have been developed with other units of government at the local, state and federal level, economic development associations, tourism groups and statewide associations.

Mining, Energy and Minerals Development: The Mining, Energy and Minerals program guides the agency's involvement in the mining sector and energy initiatives. The taconite industry is a major contributor to Minnesota's economy and in particular to the economy of northeastern Minnesota. The agency is partially funded by taconite production taxes levied on mining operations in lieu of local property taxes. The agency receives no operational funding from the state General Fund. The production tax essentially replaces the local tax obligations that the taconite producers would otherwise have to local governments. The industry currently has 4,100 direct employees and other spin-off industries that do business with the taconite companies provide more than 14,000 jobs. Mining and Minerals Development manages the Taconite Economic Development Fund (TEDF) and Producer Grant Program (PGP). Through the TEDF, 30.1-cents of the \$2.103 tax paid for each ton of taconite pellets produced is rebated back into northeastern Minnesota taconite plants for new equipment, facility improvements and research and development in new mining technologies. Under the PGP, 5-cents per ton is allocated for environmentally unique reclamation projects and facility improvements. In 2001, the agency began the Energy Initiative program to research and analyze opportunities in the energy field. Projects focus on new, clean coal technologies, biomass, hydroelectric, wind power, solar energy and fuel cells.

Program at a Glance

Business and Community Development

- ◆ Over 133 projects
- ◆ Over \$45 million in projects
- ◆ Over 800 jobs created/retained in the last 18 months

Business Recruitment

- ◆ Ongoing marketing presence among business leaders in targeted industry groups through teleprospecting, site visits, trade show involvement, and business recruitment promotional activities including advertisements and informational mailing.

Communications

- ◆ Provides both internal and external communications for the agency.
- ◆ Tourism and Trails
- ◆ Increase the economic impact of tourism in the region.

Mining, Energy and Minerals Development

- ◆ Development of value-added iron products, non-ferrous minerals and alternative energy sources.

do I.T.

- ◆ Deployment of high speed connectivity
- ◆ Creation & recruitment of high tech businesses and jobs
- ◆ Training and education of constituents and businesses

Building Demolition

- ◆ Remove approximately 200 structures

IRON RANGE RESOURCES & REHAB

Program: Programs

Narrative

do I.T.: For the past four years IRRR has been involved in the do I.T! private/ public partnership. The first year was devoted to development of the vision and mission for this unique initiative. The last three years has seen the implementation phase of the program take root and bear fruit for the region's information technology assets. The mission of the do I.T! program is to create an umbrella organization whose purpose is to strengthen the region's economy by providing focus and assistance to communities, businesses and institutions in awareness, understanding and utilization of advanced technology. The do I.T! initiative directs its attention to three areas of responsibility: the deployment of connectivity and infrastructure throughout the region; technology-based economic development expansion; and community technology awareness and education.

Building Demolition: This program assists local units of government and private citizens by removing unmarketable and decaying structures. Since 1972, the program has removed 6,550 abandoned and unwanted structures throughout the TTRA. Communities reimburse IRRR based on utilization of the service. Local property owners pay fees in accordance with individual community guidelines.

Population Served

Business and Community Development: Communities located within the TTRA and eligible businesses currently located within or locating to the TTRA.

Business Recruitment: The program serves the communities and working families of the TTRA.

Communications: This program serves the population of the IRRR service area and the general population of Minnesota through its function of public information about the work and projects of the agency.

Tourism and Trails: This program serves both the local population as well as the general population of Minnesota and the Midwest. Locally, this program supports destination lodging, dining, shopping, recreation and service sector businesses that depend on tourism, travel and local trail provider organizations.

Mining, Energy and Minerals Development: The Mining, Energy and Minerals program serves the interests of the Taconite Tax Relief Area, a geographical region encompassing approximately 13,000 square miles, including all or parts of Cook, Lake, St. Louis, Itasca, Aitkin and Crow Wing counties.

do I.T.: Residents, business and industry of the TTRA.

Building Demolition: Residents, business and industry of the TTRA.

Services Provided

Business and Community Development: The IRRR has become one of the largest and most active commercial lenders in northeastern Minnesota, with a loan portfolio in excess of \$40 million. Business development throughout the region is achieved through the Bank Participation Loan Program, direct loans, employment incentive grants, training grants, key employee relocation grants, and venture capital investments. The current loan portfolio consists of 133 loans and over \$41.5 million serviced by three loan officers. In excess of 1,000 jobs are expected to be created or retained as a result of these agency investments during the biennium.

Business Recruitment: For three years, the IRRR has maintained a full-time office in the World Trade Center in St. Paul. This effort has had a positive impact on business recruitment efforts by several measures. First, leads and inquiries from the Twin Cities metropolitan area and central and southern Minnesota can be immediately followed up and qualified. Second, it has provided the agency with an opportunity to become more actively involved in various metropolitan-based business organizations and networking opportunities such as the Minnesota High Tech Association and the Collaborative, which is a network of entrepreneurial companies and venture capital organizations. And, finally, it has provided the agency with an excellent opportunity to more effectively collaborate with the Department of Trade and Economic Development and the Minnesota World Trade Office on business development and recruitment opportunities.

Communications: This program provides media releases about the work and projects of the agency on an as needed basis. It provides both external and internal communications. In the 2004-05 biennium this program will also assume internal responsibilities for a number of graphics and communications projects that had previously been out-sourced through professional/technical contracts.

Tourism and Trails: In partnership with the NLTA, the division promotes the Wild North as a vacation destination through projects that complement and enhance the efforts of community organizations and the

IRON RANGE RESOURCES & REHAB

Program: Programs

Narrative

Minnesota Office of Tourism, to optimize the economic impact of tourism in the region. The Trails program places emphasis on providing assistance to those volunteer organizations that provide basic trail infrastructure in our service area, with primary focus on motorized winter recreational trails.

Mining, Energy and Minerals Development: Through the Mining and Minerals Development program, several major contributions have been made to northeastern Minnesota's taconite industry. In 1994-95 through its Taconite Assistance Program, the agency awarded \$2 million in grants to each of the taconite companies for new equipment and facility improvements. Special assistance has also been provided. A \$6 million loan to National Steel Pellet Company was part of a \$25 million incentive package provided by the state of Minnesota and other stakeholders that helped National's taconite plant reopen in 1994 following a one-year closure. In 2000, \$4.25 million was awarded for mining projects to introduce new or better technology. The agency also administers the TEF and PGP taconite production tax rebate programs. These rebate programs provide \$10.7 million annually that help recapitalize Minnesota iron mines. Through these programs, the agency has invested approximately \$116 million in Minnesota's taconite industry since 1993. These dollars have leveraged over \$132 million from the producers to undertake projects exceeding \$248 million. Under the Energy Initiative program, pre-feasibility financial assistance was provided to Excelsior Energy, Inc. to develop a coal gasification facility at the former LTV Mine site, now Cliffs-Erie. Funding has also been provided to the East Range Joint Powers Board to purchase and construct a wind-monitoring tower on the tailings basin at Cliffs-Erie. In addition, work currently is underway to locate wind farms along the Laurentian Divide and develop a wind component manufacturing facility in our region.

do I.T.: Northeastern Minnesota has excellent resources provided by numerous sources offering high speed broadband connectivity utilizing fiber optic cable, DSL and wireless technologies. do I.T! staff has worked closely with statewide and regional initiatives to encourage expansion of high-speed networks throughout the state. do I.T! is a major partner in the Northeast Wide Area Network (NEWAN), a high speed video, voice and data ATM (asynchronous transfer mode) network now in operation throughout the region. This venture consists of 29 area libraries, 31 K-12 school districts, 13 higher education institutions and seven operating or planned technology centers which are linked to the world with T1 broadband connectivity. The technology-based economic development initiative of do I.T! is working to bring high-tech businesses to the region through a program of equity investment in qualified existing or start-up companies willing to locate in the TTRA. The program fosters community technology awareness through a number of programs that promote use and understanding of information technology.

Building Demolition: During the past two fiscal years, 239 structures were removed. These dilapidated, unwanted and hazardous structures were removed for counties, cities, and townships in a safe, timely manner. Typically, a single-family dwelling is removed for approximately \$1,800. The removal of these structures provides a cleaner and healthier environment, paves the way for new construction, economic development and strengthens the property tax base.

Key Measures

Business and Community Development:

⇒ Assist in the creation of 1,200 new jobs within the TTRA, paying over \$10/hour plus benefits, by the end of FY 2005.

Business Recruitment:

- ⇒ Increase business awareness of the TTRA through participation in at least three regional and one national trade show.
- ⇒ Aggressively network with and pursue prospective business leads in targeted industrial sectors.
- ⇒ Send specialized mailings to targeted business sectors.
- ⇒ Attempt to secure ten quality site visits per year resulting in at least one serious candidate for a new TTRA facility.

Communications:

- ⇒ While increasing utilization of staff on graphics and communications projects, we will create a baseline of service provided internally.

IRON RANGE RESOURCES & REHAB

Program: Programs

Narrative

Tourism and Trails:

⇒ Increase in the amount of gross revenues earned in the Wild North area of 7% per year.

Mining, Energy and Minerals Development:

⇒ Mining jobs created or retained in northeastern Minnesota.

⇒ Leverage of other funding sources for the Mining, Energy and Minerals program and projects.

⇒ Development of value-added iron products, non-ferrous minerals (copper, nickel, precious metals) and alternative energy sources for the region.

do I.T.:

⇒ Continued deployment of broadband connectivity throughout the TTRA, utilizing wireless, DSL and fiber optics cable.

⇒ Establishment of new and expansion of existing high-tech business and industry in the region providing high paying jobs.

⇒ Promotion of technology awareness in all segments of society with emphasis on business.

Building Demolition:

⇒ Economic Development that follows a demolition.

⇒ Increase to property tax base due to construction/building.

⇒ Removal of blight.

Program Funding

Business and Community Development

Operating per year - \$752,288

Projects per year - \$7,281,564

Business Recruitment

Operating per year - \$545,657

Projects per year - \$275,000

Communications

\$244,151 per year

Tourism and Trails

Operating per year - \$211,808

Projects per year - \$200,000

Mining, Energy & Minerals

Operating per year - \$247,631

Projects per year - \$60,000

do I.T.

Operating per year - \$152,251

Projects per year - \$1,250,000

Building Demolition

Users fund this program

\$175,000 per year

Contacts

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do I.T.

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Building Demolition

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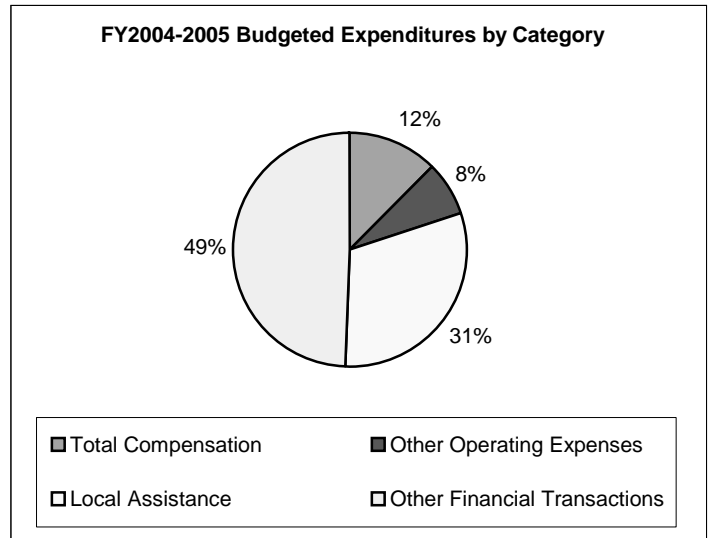
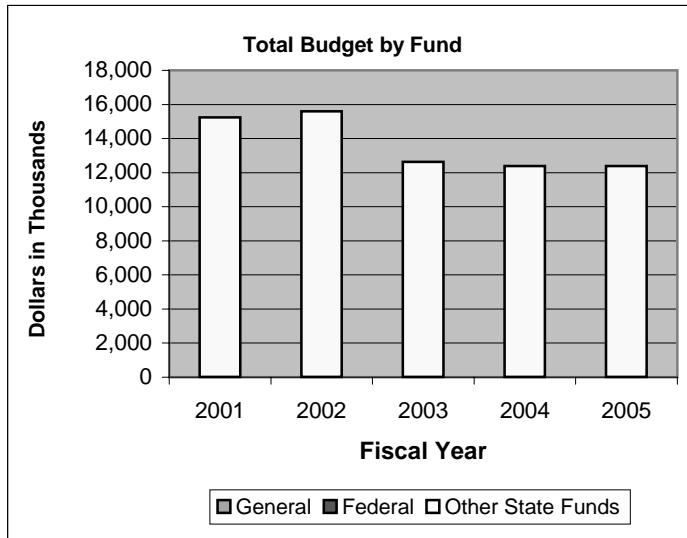
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IRON RANGE RESOURCES & REHAB

Program: PROGRAMS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Statutory Appropriations | | | | | | | | |
| Iron Range Resources & Rehab | 9,762 | 8,977 | 6,386 | 6,673 | 8,173 | 14,846 | -517 | -3.4% |
| Ne Mn Economic Protection | 5,480 | 6,615 | 6,252 | 5,723 | 4,223 | 9,946 | -2,921 | -22.7% |
| Total | 15,242 | 15,592 | 12,638 | 12,396 | 12,396 | 24,792 | -3,438 | -12.2% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 1,889 | 1,725 | 1,709 | 1,547 | 1,547 | 3,094 | -340 | -9.9% |
| Other Operating Expenses | 2,104 | 1,227 | 991 | 931 | 931 | 1,862 | -356 | -16.1% |
| Local Assistance | 8,466 | 7,950 | 3,803 | 3,783 | 3,783 | 7,566 | -4,187 | -35.6% |
| Other Financial Transactions | 2,783 | 4,690 | 6,135 | 6,135 | 6,135 | 12,270 | 1,445 | 13.3% |
| Total | 15,242 | 15,592 | 12,638 | 12,396 | 12,396 | 24,792 | -3,438 | -12.2% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Expenditures by Activity | | | | | | | | |
| Programs | 15,242 | 15,592 | 12,638 | 12,396 | 12,396 | 24,792 | -3,438 | -12.2% |
| Total | 15,242 | 15,592 | 12,638 | 12,396 | 12,396 | 24,792 | -3,438 | -12.2% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|--------------|------------|---------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Iron Range Resources & Rehab | 112 | -25 | 909 | 925 | 925 | 1,850 | 966 | 109.3% |
| Subtotal Dedicated | 112 | -25 | 909 | 925 | 925 | 1,850 | 966 | 109.3% |
| Total Revenue | 112 | -25 | 909 | 925 | 925 | 1,850 | 966 | 109.3% |

| | | | | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|--|--|--|
| Full-Time Equivalents (FTE) | 33.0 | 26.8 | 24.8 | 25.3 | 25.3 | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|--|--|--|

IRON RANGE RESOURCES & REHAB

Program: TACONITE INDUSTRY REBATE FUNDS

Narrative

Program Description

Mining and Minerals Development manages the Taconite Economic Development Fund (TEDF) and Producer Grant Program (PGP). Through the TEDF, 30.1-cents of the \$2.103 tax paid for each ton of taconite pellets produced is rebated back into northeastern Minnesota taconite plants for new equipment, facility improvements and research and development in new mining technologies. Under the PGP, 5-cents per ton is allocated for environmentally unique reclamation projects and facility improvements. Together the 30.1-cent TEDF distribution and the 5-cent Producer Grant provide a 35.1-cent rebate or approximately 17% of the total production tax collected, for capital improvements in northeastern Minnesota taconite plants.

Program at a Glance

- ◆ Recapitalize Minnesota's taconite operations.

Population Served

The Mining, Energy and Minerals program serves the interests of the Taconite Tax Relief Area, a geographical region encompassing approximately 13,000 square miles, including all or parts of Cook, Lake, St. Louis, Itasca, Aitkin and Crow Wing counties.

Services Provided

The agency also administers the TEDF and PGP taconite production tax rebate programs. Under current law, these rebate programs provide \$10.7 million annually that help recapitalize Minnesota iron mines. Through these programs, the agency has invested approximately \$116 million in Minnesota's taconite industry since 1993. These dollars have leveraged over \$132 million from the producers to undertake projects exceeding \$248 million.

Key Measures

⇒ Leverage of other funding sources to introduce new or better technology to Minnesota's taconite industry.

Program Funding

10.7 million dollars annually.

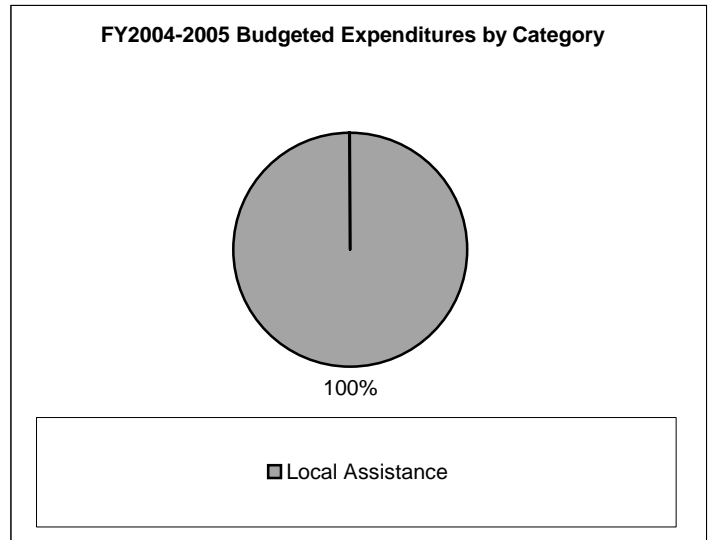
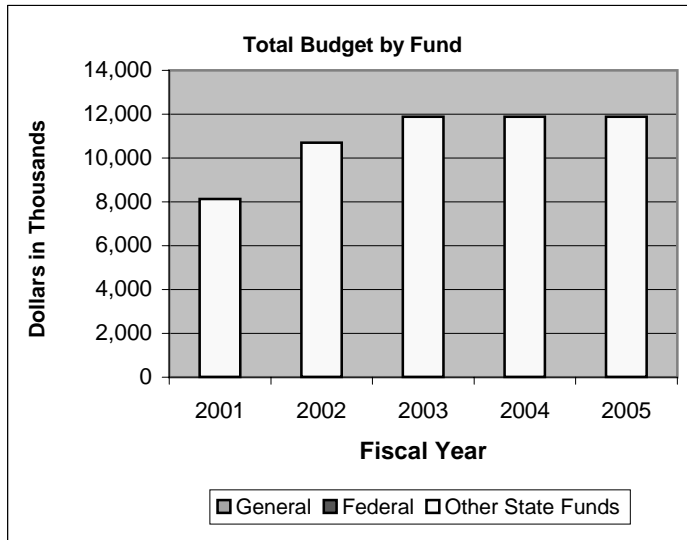
Contact

Brian Hiti, Deputy Commissioner or Jean Dolensek, Mining Program Coordinator
1006 Highway 53 South
PO Box 441
Eveleth, Minnesota 55734-0441
Phone: (218) 744-7400
Fax: (218) 744-7401
E-mail: brian.hiti@irrrb.org or jean.dolensek@irrrb.org

IRON RANGE RESOURCES & REHAB

Program: TACONITE INDUSTRY REBATE FUNDS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Statutory Appropriations | | | | | | | | |
| Iron Range Resources & Rehab | 8,131 | 10,705 | 11,879 | 11,879 | 11,879 | 23,758 | 1,174 | 5.2% |
| Total | 8,131 | 10,705 | 11,879 | 11,879 | 11,879 | 23,758 | 1,174 | 5.2% |

| | | | | | | | | |
|---------------------------------|--------------|---------------|---------------|---------------|---------------|---------------|--------------|-------------|
| Expenditures by Category | | | | | | | | |
| Local Assistance | 8,131 | 10,705 | 11,879 | 11,879 | 11,879 | 23,758 | 1,174 | 5.2% |
| Total | 8,131 | 10,705 | 11,879 | 11,879 | 11,879 | 23,758 | 1,174 | 5.2% |

| | | | | | | | | |
|---------------------------------|--------------|---------------|---------------|---------------|---------------|---------------|--------------|-------------|
| Expenditures by Activity | | | | | | | | |
| Trust Activities | 8,131 | 10,705 | 11,879 | 11,879 | 11,879 | 23,758 | 1,174 | 5.2% |
| Total | 8,131 | 10,705 | 11,879 | 11,879 | 11,879 | 23,758 | 1,174 | 5.2% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|---------------|---------------|---------------|---------------|--------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Iron Range Resources & Rehab | 7,829 | 3,784 | 11,879 | 11,879 | 11,879 | 23,758 | 8,095 | 51.7% |
| Subtotal Dedicated | 7,829 | 3,784 | 11,879 | 11,879 | 11,879 | 23,758 | 8,095 | 51.7% |
| Total Revenue | 7,829 | 3,784 | 11,879 | 11,879 | 11,879 | 23,758 | 8,095 | 51.7% |

IRON RANGE RESOURCES & REHABILITATION

Program: AGENCY ROLL-OVER

Narrative

Program Description

The agency roll-over consists of all agency budget activity that has been certified and reset into the current fiscal year. This account also includes projects that had not been processed by fiscal year end and therefore received commissioner approval to roll-forward into the current fiscal year.

Program at a Glance

| | | | |
|---|------------------|---------|---------|
| ◆ | Agency roll-over | balance | 6-30-01 |
| | \$19,513,945 | | |
| ◆ | Agency roll-over | balance | 6-30-02 |
| | \$11,904,598 | | |

Population Served

All agency divisions.

Key Measures

⇒ Reduce roll-over from prior period as a measure of better project planning i.e. projects are completed on time, within the fiscal budget period.

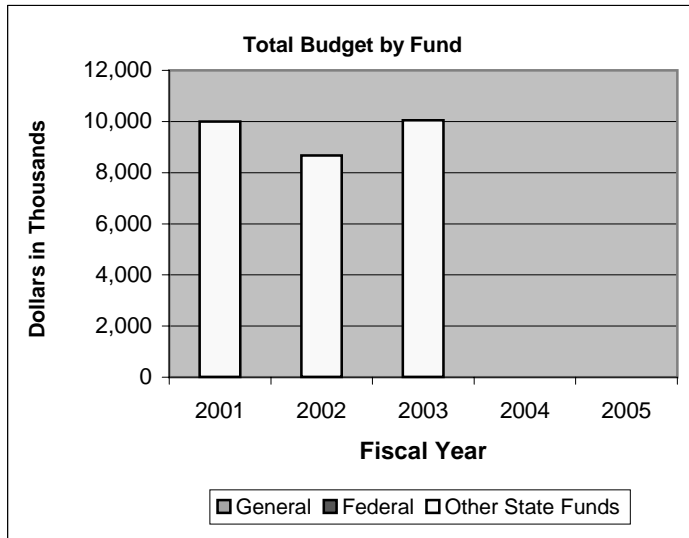
Contact

Don Dicklich, Chief Financial Officer
1006 Highway 53 South
PO Box 441
Eveleth, Minnesota 55734
Phone: (218) 744-7400
Fax (218) 744-7401
E-mail: Don.dicklich@irrrb.org

IRON RANGE RESOURCES & REHAB

Program: **AGENCY ROLL-OVER**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|---------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | FY2005 | Biennium 2004-05 | Dollars | Percent |
| Statutory Appropriations | | | | | | | | |
| Iron Range Resources & Rehab | 6,720 | 1,522 | 3,219 | 0 | 0 | 0 | -4,741 | -100.0% |
| Giants Ridge Golf & Ski Resort | 0 | 0 | 4 | 0 | 0 | 0 | -4 | -100.0% |
| Ne Mn Economic Protection | 3,280 | 7,150 | 6,820 | 0 | 0 | 0 | -13,970 | -100.0% |
| Total | 10,000 | 8,672 | 10,043 | 0 | 0 | 0 | -18,715 | -100.0% |

| | | | | | | | | |
|---------------------------------|---------------|--------------|---------------|----------|----------|----------|----------------|----------------|
| Expenditures by Category | | | | | | | | |
| Other Operating Expenses | 949 | 656 | 118 | 0 | 0 | 0 | -774 | -100.0% |
| Capital Outlay & Real Property | 710 | 121 | 1,842 | 0 | 0 | 0 | -1,963 | -100.0% |
| Payments To Individuals | 500 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Local Assistance | 4,842 | 1,985 | 2,063 | 0 | 0 | 0 | -4,048 | -100.0% |
| Other Financial Transactions | 2,999 | 5,910 | 6,020 | 0 | 0 | 0 | -11,930 | -100.0% |
| Total | 10,000 | 8,672 | 10,043 | 0 | 0 | 0 | -18,715 | -100.0% |

| | | | | | | | | |
|---------------------------------|---------------|--------------|---------------|----------|----------|----------|----------------|----------------|
| Expenditures by Activity | | | | | | | | |
| Agency Roll-Over | 10,000 | 8,672 | 10,043 | 0 | 0 | 0 | -18,715 | -100.0% |
| Total | 10,000 | 8,672 | 10,043 | 0 | 0 | 0 | -18,715 | -100.0% |

| | | | | | | | | |
|---------------------------------|-----------|----------|----------|----------|----------|----------|----------|-------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Iron Range Resources & Rehab | 48 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Dedicated | 48 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Total Revenue | 48 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |

Agency Purpose

Pursuant to M.S. 490.15, the purpose of the Board on Judicial Standards is:

- ♦ to promote appropriate judicial conduct and increase public confidence in the integrity and impartiality of the Minnesota judiciary;
- ♦ to ensure that all judicial officers employed by the judicial branch adhere to established standards of ethical conduct; and
- ♦ to provide a procedure to review and investigate allegations of judicial disability or misconduct and to provide a forum to discuss questions concerning appropriate judicial behavior.

Core Functions

The board has two basic responsibilities: 1) to educate and advise the public and judicial officers as to appropriate judicial conduct; and 2) to review and investigate the complaints received on judicial disability or alleged misconduct including behavior that interferes with the performance of judicial duties or conduct prejudicial to the administration of justice. In support of these functions, the board engages in the following activities:

- ♦ receives, reviews, and investigates complaints filed against judges and judicial officers for violations of the Code of Judicial Conduct and statutes;
- ♦ issues discipline to judges and judicial officers when appropriate, including private warnings and public reprimands;
- ♦ initiates, when necessary, public proceedings against judges and judicial officers and recommends a disciplinary disposition to the Minnesota Supreme Court, including retirement, censure or removal from office;
- ♦ reviews judges' compliance with M.S. 546.27 and takes appropriate disciplinary action, if necessary;
- ♦ responds to all inquiries concerning judicial ethics from the public, judges, attorneys, legislature and board members; and
- ♦ educates the public, judges and judicial officers on judicial ethics.

Operations

The agency serves a large statewide customer base. Since 1998, total agency contacts have increased by 68%. The board's primary activity is to serve the interests of the general public by determining and/or answering questions of proper judicial ethical behavior. Any person or entity may file a complaint against a judge.

Additionally, the staff educates and assists judges and judicial officers with questions concerning appropriate judicial behavior. The staff frequently conducts or otherwise participates in a variety of public and judicial seminars and workshops. Newly appointed judges and judicial candidates are provided information assuming the bench and running for office.

Key Measures

- ⇒ The agency strives to respond promptly to all inquires and to process complaints in a conscientious, thorough and timely manner.
- ⇒ The agency has improved the efficiency of its service to the public, judges and judicial officers, attorneys and the legislature, despite the increased number of individuals under the board's jurisdiction – new judgeships, child support magistrates, additional referees etc.
- ⇒ In calendar year 2001, 968 inquires by the public and judges were responded to by the staff within the same or next day and then an agency pamphlet was sent to each individual.

At A Glance

Two Fiscal Year Budget: \$497,000

Jurisdiction: 427

Judges and Referees

Retired Judges

Child Support Magistrates

Calendar Year 2001

1078 Total Agency Contacts

110 Complaints received

Discipline issued:

2 Public reprimands

7 Warnings

2 Imposed Conditions

211 Responses to Judge Inquiries

757 Responses to Public Inquires

- ⇒ The board meets monthly and resolves matters within a 46-day average (where no additional inquiry or action is necessary). The time required to resolve a matter has been reduced by 23% in the last three years.
- ⇒ Agency estimates that 120 complaints will be received and processed in the next fiscal year and will respond to over 1,000 inquiries from the public, judges, attorneys, and legislators.

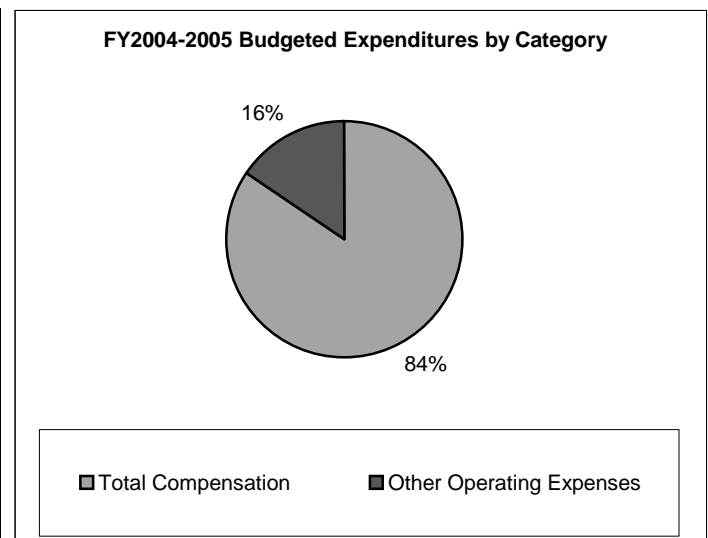
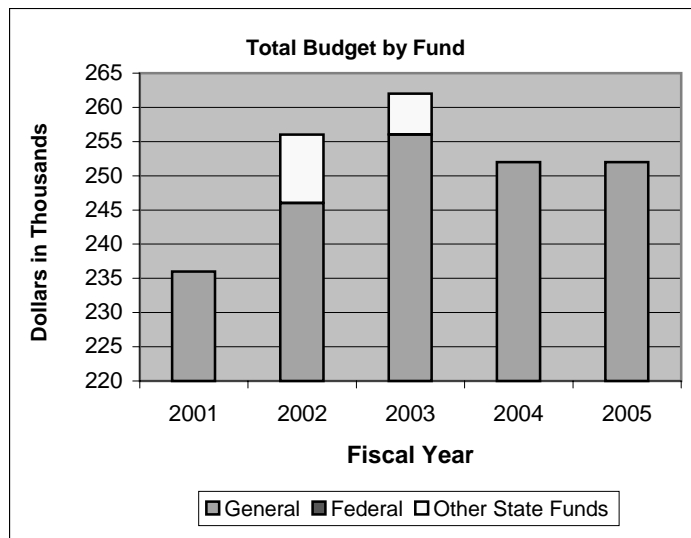
Budget

The agency received an appropriation \$497,000 from the General Fund for FY 2002-03 budget. The budget consists primarily of salaries and basic operating expenses such as rent, supplies, and telecommunication costs. The FTE has remained constant at two since the creation of the board despite the increased jurisdiction of individuals, positions and increased educational scope and inquiries. If the board receives a complaint alleging serious misconduct, this greatly increases the expenditures of the agency for investigative costs, court reporters, and attorney services. If this situation arises, the funds allocated for this expenditure in each biennium is insufficient and always requires a request for additional funds for the agency to proceed with its statutory obligation.

Contact

Board on Judicial Standards
2025 Centre Pointe Boulevard
Suite 420
Mendota Heights, Minnesota 55120

World Wide Web Home Page: <http://www.bjs.state.mn.us>
E-mail: judicial.standards@state.mn.us
David Paull, Executive Secretary
Phone: (651) 296-3999
Fax: (651) 866-1865



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 236 | 246 | 256 | 252 | 252 | 504 | 2 | 0.4% |
| Special Revenue | 0 | 10 | 6 | 0 | 0 | 0 | -16 | -100.0% |
| Total | 236 | 256 | 262 | 252 | 252 | 504 | -14 | -2.7% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 169 | 184 | 202 | 211 | 214 | 425 | 39 | 10.1% |
| Other Operating Expenses | 67 | 72 | 60 | 41 | 38 | 79 | -53 | -40.2% |
| Total | 236 | 256 | 262 | 252 | 252 | 504 | -14 | -2.7% |

| | | | | | | | | |
|--------------------------------|------------|------------|------------|------------|------------|------------|------------|--------------|
| Expenditures by Program | | | | | | | | |
| Judicial Standards Board | 236 | 256 | 262 | 252 | 252 | 504 | -14 | -2.7% |
| Total | 236 | 256 | 262 | 252 | 252 | 504 | -14 | -2.7% |

| | | | | | | | | |
|---------------------------------|----------|----------|----------|----------|----------|----------|----------|-------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 8 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 8 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Total Revenue | 8 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
|------------------------------------|------------|------------|------------|------------|------------|

Agency Purpose

The mission of the Department of Labor and Industry (DLI) is to promote a safe and productive environment for Minnesota's workplaces. Its vision is to be the leader in promoting workplace solutions and provide quality public service through supportive systems in a positive agency environment.

Agency activities are designed to assure that:

- ◆ workplaces are free from injury and illness;
- ◆ workers injured on the job are provided treatment and benefits required by law;
- ◆ workers from all communities have the opportunity to receive critical skills through apprenticeship training;
- ◆ boilers and high-pressure-piping systems are properly constructed, installed and operated; and
- ◆ workers, potential workers and employers have a clear understanding of their rights and responsibilities in the workplace.

At A Glance

Business Functions:

- ◆ Administer laws affecting Minnesota's 2.6 million employees and 156,000 employers.
- ◆ Oversee workers' compensation claims and benefit payments for 168,000 injuries and 57 workplace fatalities annually.
- ◆ Ensure the safe operating condition of 88,000 boiler and pressure vessels.
- ◆ Issue 47,000 occupational licenses.
- ◆ Monitor 11,000 registered apprentices.

Core Functions

DLI administers laws related to employment, workplace safety and workers' compensation through the following core functions:

- ◆ provide training and outreach;
- ◆ conduct inspections, audits and investigations;
- ◆ review workers' compensation claims and oversee the provision of benefits;
- ◆ provide informal dispute resolution services;
- ◆ provide vocational rehabilitation services;
- ◆ issue penalties for violations of the law;
- ◆ issue professional licenses and certifications; and
- ◆ register apprenticeship programs.

Operations

DLI's primary customers are Minnesota workers and employers. Other stakeholders include insurers, attorneys, rehabilitation and health care providers, employment agencies, entertainment agencies, building owners and boat owners. Services are provided through three divisions.

The **Workers' Compensation Division** oversees and administers the workers' compensation system in Minnesota through the following six activities.

- ⇒ **Special Compensation Fund** verifies and enforces employers' workers' compensation insurance coverage and administers claims for injured workers of uninsured and bankrupt self-insured employers and administers asbestosis claims. It also reimburses second-injury and supplementary benefits to insurers and self-insured employers.
- ⇒ **Customer Assistance** provides assistance and information about workers' compensation laws and processes to injured workers, employers and other stakeholders. It provides alternative dispute-resolution services, including mediations, conferences, telephone information, walk-in assistance and dispute certification.
- ⇒ **Compliance Services** ensures employers and insurers provide timely and accurate benefits, through audits of workers' compensation files, penalties and education. It certifies managed care organizations and qualified rehabilitation consultants and monitors their professional conduct.
- ⇒ **Vocational Rehabilitation** provides vocational services to injured workers whose claims have been denied or whose claims are in dispute and are awaiting resolution in court.

- ⇒ **Investigative Services** investigates workers' compensation fraud by employers, employees, insurers and health care providers.
- ⇒ **Information Processing Center** creates, maintains and manages the availability of workers' compensation claim files. It also provides required workplace posters to employers upon request.

The **Workplace Services Division** assures conditions of employment, safety standards, apprenticeship programs and wages comply with legal requirements through the following five activities.

- ⇒ **Apprenticeship** regulates, supervises and promotes apprenticeship programs that meet state standards. It also provides technical assistance to employers developing apprenticeship programs.
- ⇒ **Code Administration and Inspection Services** issues boiler-operator and pipefitter licenses and inspects boilers, pressure vessels, boats-for-hire, hobby boilers and high-pressure-piping systems.
- ⇒ **Labor Standards** enforces employment laws governing child labor, minimum wage, overtime, prevailing wage and parental leave. It provides outreach and education to employers and employees, and issues licenses to fee employment agencies and entertainment agencies.
- ⇒ **OSHA Compliance** conducts safety and health inspections of workplaces and issues citations for noncompliance with standards.
- ⇒ **Workplace Safety Consultation** provides safety and health inspections, partnerships, training and outreach sessions, and technical assistance to public and private sector employers, primarily targeting small high-hazard industries. It also administers safety programs such as safety grants, labor management safety committees, workplace violence prevention, and loggers' education programs.

The **General Support Division** supports agency operations in the areas of communications, financial management, human resources, information technology, research and statistics, and legal advice and litigation.

Budget

The total budget for DLI for the current biennium is \$287 million. Of this amount, \$217 million is workers' compensation benefit payments for injured workers. The remaining \$70 million represents the agency's operating budget. Department staff includes 391 full-time-equivalent employees working in locations throughout the state.

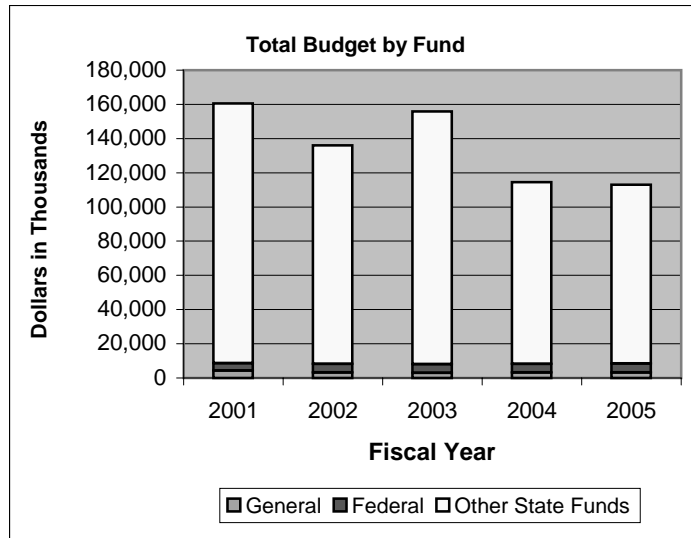
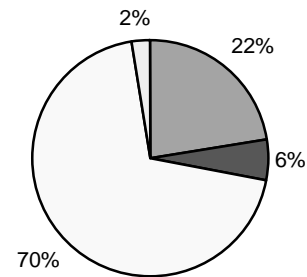
Of the total budget for the current biennium, \$267 million is from the workers' compensation fund, which is financed primarily by an assessment collected from workers' compensation insurers and self-insured employers. General fund appropriations total \$6.4 million; however, \$5 million of this is recovered through user fees. Ten million dollars is from federal funds, and \$1.8 million is from the Workforce Development fund.

Contact

For more information, contact: James Honerman, Communications Director, at (651) 284-5313.

More than a thousand visitors stop by the DLI Web site (www.doli.state.mn.us) each day to learn more about Minnesota's employment laws, safety and health standards, work-related injuries and worker training programs.

For information on department goals and results see the Minnesota Results Web site at: <http://www.departmentresults.state.mn.us/doli>

**FY2004-2005 Budgeted Expenditures by Category**

■ Total Compensation ■ Other Operating Expenses
 □ Payments To Individuals □ Local Assistance

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|----------------|----------------|-----------------|----------------|-----------------|----------------|--------------------------|----------------|
| | Actual | Actual | Budgeted | Base | Biennium | | 2004-05 / 2002-03 | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 4,256 | 3,206 | 2,996 | 3,159 | 3,159 | 6,318 | 116 | 1.9% |
| Workforce Development | 832 | 739 | 955 | 908 | 908 | 1,816 | 122 | 7.2% |
| Workers Compensation | 21,471 | 19,324 | 23,256 | 21,262 | 21,262 | 42,524 | -56 | -0.1% |
| Open Appropriations | | | | | | | | |
| Workers Compensation | 90,823 | 72,915 | 71,709 | 80,168 | 78,433 | 158,601 | 13,977 | 9.7% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 469 | 583 | 893 | 813 | 813 | 1,626 | 150 | 10.2% |
| Federal | 4,394 | 4,979 | 5,033 | 5,065 | 5,211 | 10,276 | 264 | 2.6% |
| Workers Compensation | 38,201 | 34,356 | 50,951 | 3,203 | 3,203 | 6,406 | -78,901 | -92.5% |
| Miscellaneous Agency | 18 | 17 | 22 | 15 | 15 | 30 | -9 | -23.1% |
| Total | 160,464 | 136,119 | 155,815 | 114,593 | 113,004 | 227,597 | -64,337 | -22.0% |

| | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 22,249 | 22,630 | 24,319 | 25,447 | 25,741 | 51,188 | 4,239 | 9.0% |
| Other Operating Expenses | 9,608 | 6,795 | 9,505 | 6,379 | 6,248 | 12,627 | -3,673 | -22.5% |
| Payments To Individuals | 126,476 | 103,575 | 118,744 | 80,071 | 78,336 | 158,407 | -63,912 | -28.7% |
| Local Assistance | 2,131 | 3,119 | 3,247 | 2,696 | 2,679 | 5,375 | -991 | -15.6% |
| Total | 160,464 | 136,119 | 155,815 | 114,593 | 113,004 | 227,597 | -64,337 | -22.0% |

| | | | | | | | | |
|--------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|
| Expenditures by Program | | | | | | | | |
| Workers Compensation Division | 138,379 | 114,627 | 131,429 | 91,552 | 89,817 | 181,369 | -64,687 | -26.3% |
| Workplace Services Division | 15,167 | 14,722 | 16,374 | 15,554 | 15,700 | 31,254 | 158 | 0.5% |
| General Support Division | 6,918 | 6,770 | 8,012 | 7,487 | 7,487 | 14,974 | 192 | 1.3% |
| Total | 160,464 | 136,119 | 155,815 | 114,593 | 113,004 | 227,597 | -64,337 | -22.0% |

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------------|--------------------------|--------------------------|----------------------------|----------------|----------------|-----------------------------|--|----------------|
| | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base | | Biennium 2004-05 | Dollars | Percent |
| Revenue by Type and Fund | | | | FY2004 | FY2005 | | | |
| Non Dedicated | | | | | | | | |
| General | 11 | 2,546 | 2,417 | 2,318 | 2,318 | 4,636 | -327 | -6.6% |
| Cambridge Deposit Fund | 2,140 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Workers Compensation | 91,471 | 79,617 | 126,188 | 112,638 | 114,383 | 227,021 | 21,216 | 10.3% |
| Subtotal Non Dedicated | 93,622 | 82,163 | 128,605 | 114,956 | 116,701 | 231,657 | 20,889 | 9.9% |
| Dedicated | | | | | | | | |
| Special Revenue | 608 | 627 | 813 | 813 | 813 | 1,626 | 186 | 12.9% |
| Federal | 4,391 | 4,980 | 5,026 | 5,065 | 5,211 | 10,276 | 270 | 2.7% |
| Workers Compensation | 347,129 | 13,747 | 13,203 | 3,203 | 3,203 | 6,406 | -20,544 | -76.2% |
| Miscellaneous Agency | 8 | 12 | 15 | 15 | 15 | 30 | 3 | 11.1% |
| Subtotal Dedicated | 352,136 | 19,366 | 19,057 | 9,096 | 9,242 | 18,338 | -20,085 | -52.3% |
| Total Revenue | 445,758 | 101,529 | 147,662 | 124,052 | 125,943 | 249,995 | 804 | 0.3% |
| | | | | | | | | |
| Full-Time Equivalents (FTE) | 406.9 | 391.5 | 389.7 | 380.7 | 380.7 | | | |

Program Description

The purpose of the Workers' Compensation Division is to minimize the impact of work-related injuries or illnesses on workers and employers.

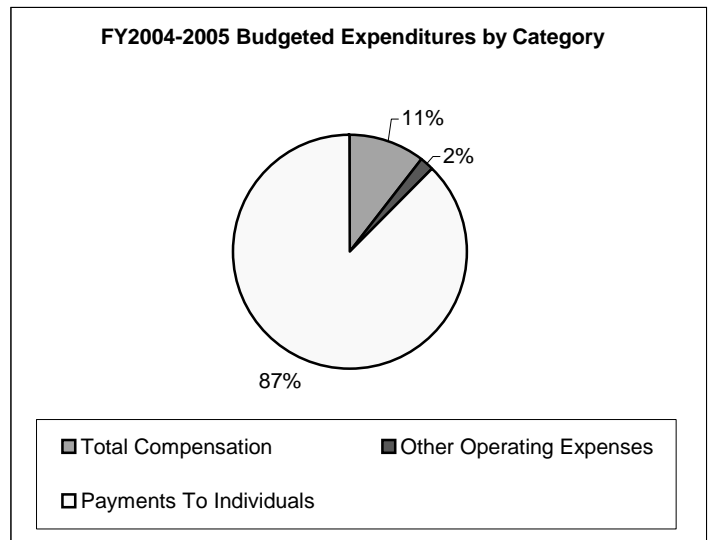
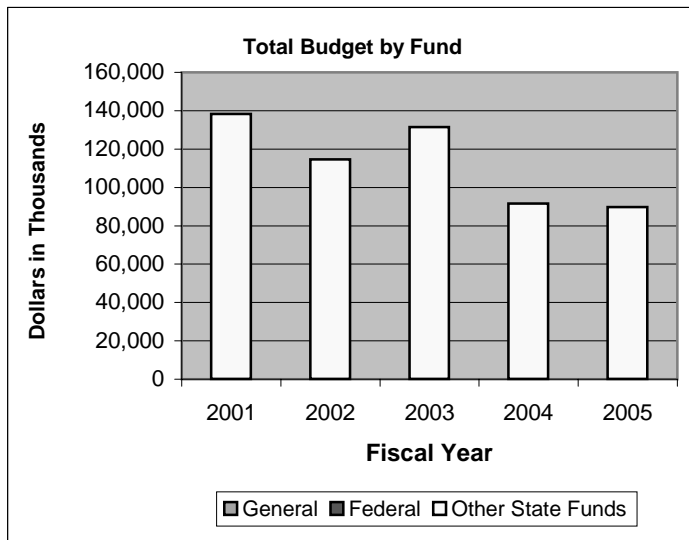
Budget Activities Included:

- ⇒ Workers' Compensation Administration
- ⇒ Special Compensation Fund
- ⇒ Customer Assistance
- ⇒ Compliance Services
- ⇒ Vocational Rehabilitation
- ⇒ Investigative Services
- ⇒ Information Processing Center

LABOR AND INDUSTRY DEPT

Program: WORKERS COMPENSATION DIVISION

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| Workers Compensation | 11,634 | 10,661 | 12,418 | 11,389 | 11,389 | 22,778 | -301 | -1.3% |
| Open Appropriations | | | | | | | | |
| Workers Compensation | 90,677 | 72,701 | 71,444 | 79,903 | 78,168 | 158,071 | 13,926 | 9.7% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 31 | 28 | 37 | 30 | 30 | 60 | -5 | -7.7% |
| Workers Compensation | 36,037 | 31,237 | 47,530 | 230 | 230 | 460 | -78,307 | -99.4% |
| Total | 138,379 | 114,627 | 131,429 | 91,552 | 89,817 | 181,369 | -64,687 | -26.3% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|---------------|---------------|----------------|----------------|---------------|
| Total Compensation | 8,835 | 9,011 | 9,327 | 9,619 | 9,672 | 19,291 | 953 | 5.2% |
| Other Operating Expenses | 2,943 | 1,916 | 3,233 | 1,737 | 1,684 | 3,421 | -1,728 | -33.6% |
| Payments To Individuals | 126,476 | 103,575 | 118,744 | 80,071 | 78,336 | 158,407 | -63,912 | -28.7% |
| Local Assistance | 125 | 125 | 125 | 125 | 125 | 250 | 0 | 0.0% |
| Total | 138,379 | 114,627 | 131,429 | 91,552 | 89,817 | 181,369 | -64,687 | -26.3% |

| Expenditures by Activity | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|---------------|---------------|----------------|----------------|---------------|
| Wc Administration | 312 | 225 | 1,362 | 181 | 186 | 367 | -1,220 | -76.9% |
| Wc Information Processing Ctr | 2,453 | 2,466 | 2,646 | 2,687 | 2,680 | 5,367 | 255 | 5.0% |
| Wc Customer Assistance | 2,694 | 2,433 | 2,382 | 2,648 | 2,591 | 5,239 | 424 | 8.8% |
| Wc Compliance Services | 1,828 | 1,620 | 1,648 | 1,657 | 1,753 | 3,410 | 142 | 4.3% |
| Wc Vocational Rehabilitation | 1,863 | 1,756 | 1,958 | 2,028 | 2,035 | 4,063 | 349 | 9.4% |
| Wc Special Compensation Fund | 128,525 | 105,453 | 120,721 | 81,859 | 80,080 | 161,939 | -64,235 | -28.4% |
| Investigative Services | 704 | 674 | 712 | 492 | 492 | 984 | -402 | -29.0% |
| Total | 138,379 | 114,627 | 131,429 | 91,552 | 89,817 | 181,369 | -64,687 | -26.3% |

LABOR AND INDUSTRY DEPT

Program: **WORKERS COMPENSATION DIVISION**

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------------|----------------|---------------|-----------------|----------------|----------------|-----------------|--------------------------|----------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Revenue by Type and Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Non Dedicated | | | | | | | | |
| Workers Compensation | 89,515 | 77,801 | 124,388 | 110,838 | 112,583 | 223,421 | 21,232 | 10.5% |
| Subtotal Non Dedicated | 89,515 | 77,801 | 124,388 | 110,838 | 112,583 | 223,421 | 21,232 | 10.5% |
| Dedicated | | | | | | | | |
| Special Revenue | 34 | 30 | 30 | 30 | 30 | 60 | 0 | 0.0% |
| Workers Compensation | 343,817 | 10,770 | 10,230 | 230 | 230 | 460 | -20,540 | -97.8% |
| Subtotal Dedicated | 343,851 | 10,800 | 10,260 | 260 | 260 | 520 | -20,540 | -97.5% |
| Total Revenue | 433,366 | 88,601 | 134,648 | 111,098 | 112,843 | 223,941 | 692 | 0.3% |
| | | | | | | | | |
| Full-Time Equivalents (FTE) | 173.5 | 162.0 | 162.9 | 153.9 | 153.9 | | | |

LABOR AND INDUSTRY DEPT

Program: **WORKERS' COMPENSATION DIVISION**

Activity: **WC ADMINISTRATION**

Narrative

Activity Description

The Workers' Compensation Administration (WCA) activity provides leadership, support, and a framework for operations of the Workers' Compensation Division. The goal is to ensure a fast, responsive, and easy-to-use workers' compensation system that delivers prompt services, maximizes resources, and reduces disputes.

Activity at a Glance

- ◆ Direct the activities of 152 division employees through six operating units
- ◆ Administer division budget of \$120 million for FY 2003

Population Served

This activity manages the six units of the Workers' Compensation Division, so stakeholders in the workers' compensation system—including employees, employers, insurers, attorneys, health-care providers, and service vendors—receive prompt and efficient service.

Services Provided

The Workers' Compensation Division's administrative and regulatory activities help to keep Minnesota workers' compensation costs low by

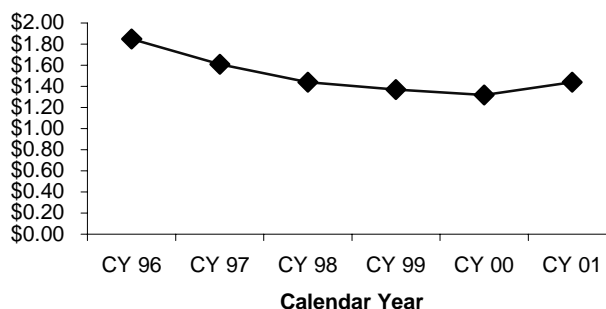
- ◆ providing information and education to employees, employers, insurance companies and service providers;
- ◆ providing informal and formal forums for prompt resolution of disputes;
- ◆ monitoring insurance companies to ensure prompt payment of benefits;
- ◆ actively seeking and investigating cases of possible fraud and improper behavior by service providers; and
- ◆ providing a variety of workplace safety programs to help employers reduce injuries.

In addition to providing leadership to the Workers' Compensation Division, the WCA activity supports the Workers' Compensation Advisory Council, a statutory body composed of employee and employer representatives to review proposed changes to M.S. 176, and the Workers' Compensation Insurers' Task Force, a non-statutory group seeking to share information and concerns with department staff members. The administrative unit ensures citizen questions about workers' compensation are promptly addressed.

Key Measures

Workers' compensation costs are affected not only by the law, how our department administers the law, and how the various participants in the system like insurers and employers behave (safety practices, claims administration, etc.) but also by nationwide fluctuations in the insurance industry. As part of a nationwide cycle, insurance rates have risen recently in all property/casualty lines including compensation, and the increase for 2001 is part of that. In addition, the transfer of \$250 million from the Special Compensation Fund to help balance the state's budget shortfall is expected to create upward pressure on workers' compensation rates in 2002. However, the 2001 cost relative to payroll is still at a historically low level (lower than at any time since 1984 except for 1998-2000, and down 44% from 1994).

Workers' Compensation Cost to Employers Per \$100 Payroll



LABOR AND INDUSTRY DEPT

Program: WORKERS' COMPENSATION DIVISION

Activity: WC ADMINISTRATION

Narrative

Activity Funding

The WCA unit is financed by an appropriation from the Workers' Compensation fund.

Contact

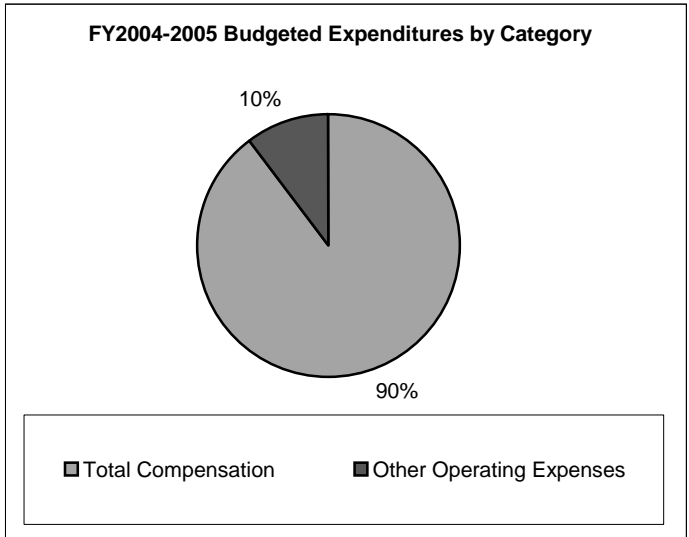
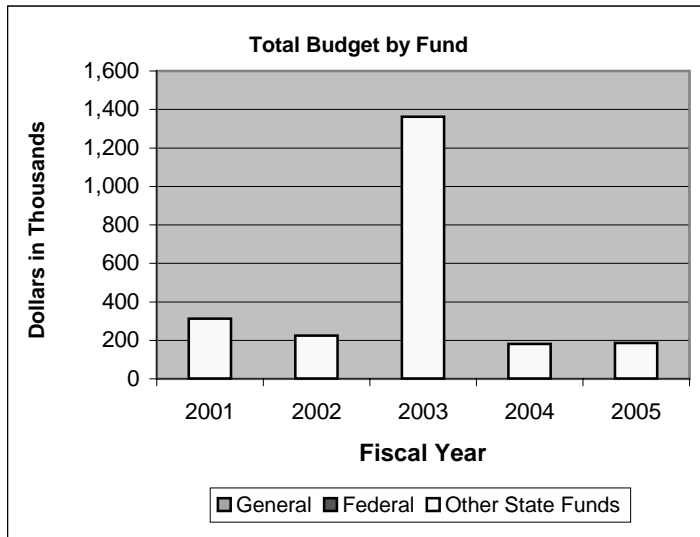
For more information, contact the Workers' Compensation Division by phone at (651) 284-5017 or 1-800-DIAL-DLI (1-800-342-5354) or e-mail at DLI.workcomp@state.mn.us or visit online at <http://www.doli.state.mn.us>.

LABOR AND INDUSTRY DEPT

Program: **WORKERS COMPENSATION DIVISION**

Activity: WC ADMINISTRATION

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| Workers Compensation | 312 | 225 | 1,362 | 181 | 186 | 367 | -1,220 | -76.9% |
| Total | 312 | 225 | 1,362 | 181 | 186 | 367 | -1,220 | -76.9% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|------------|------------|--------------|------------|------------|------------|---------------|---------------|
| Total Compensation | 152 | 187 | 162 | 162 | 167 | 329 | -20 | -5.7% |
| Other Operating Expenses | 160 | 38 | 1,200 | 19 | 19 | 38 | -1,200 | -96.9% |
| Total | 312 | 225 | 1,362 | 181 | 186 | 367 | -1,220 | -76.9% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 2.0 | 1.5 | 1.5 | 1.5 | 1.5 |
|------------------------------------|------------|------------|------------|------------|------------|

LABOR AND INDUSTRY DEPT

Program: WORKERS' COMPENSATION DIVISION

Activity: WC SPECIAL COMPENSATION FUND

Narrative

Activity Description

The Special Compensation Fund (SCF) provides workers' compensation protection to Minnesota employees by enforcing the state's workers' compensation mandatory coverage requirements, providing insurance information, providing certain benefits and reimbursements on behalf of eligible employees and insurers, and by collecting the assessments that fund Minnesota workers' compensation programs.

Population Served

SCF activities serve injured workers, employers, and workers' compensation insurers.

Services Provided

- ⇒ Mandatory coverage--SCF enforces the state's workers' compensation mandatory insurance coverage law by assessing appropriate penalties against employers who fail to comply with the law requiring they obtain workers' compensation insurance coverage for their eligible employees.
- ⇒ Uninsured claims--SCF acts as a "safety net," providing appropriate workers' compensation benefits to injured workers whose employers have failed to obtain proper workers' compensation insurance. The claim staff administers these claims in the same manner as an insurance company or adjusting company. SCF pursues recovery against the uninsured employer for benefits paid to the employee and ensures future compliance with the mandatory coverage law on the part of the employer. The SCF also administers asbestosis medical claims and pays benefits to injured employees of certain bankrupt self-insured employers.
- ⇒ Supplementary and second-injury claims--SCF reimburses insurers and employers for payments made to employees under the Second Injury and Supplementary Benefits programs. Although these programs were discontinued for new injuries occurring after 1992 and 1995, respectively, it is estimated that payments under those programs will continue to be made on a declining basis until approximately 2040.
- ⇒ Assessment collection--SCF collects assessments from insurers and self-insured employers to fund workers' compensation and safety activities of the Department of Labor and Industry, the workers' compensation section of the Office of Administrative Hearings, the Workers' Compensation Court of Appeals, and a portion of the Department of Commerce, as well as the benefits paid under the Uninsured, Second Injury and Supplementary Benefit programs.
- ⇒ Insurance verification--SCF provides insurance verification services to the public, including injured employees, attorneys, employers, and insurers. SCF's insurance verification staff use several databases to research past and present coverage information to identify which insurer provided workers' compensation coverage for a particular employer at any given time.

Activity at a Glance

- ◆ Collects assessments of more than \$100 million annually to pay injured workers benefits and workers' compensation program expenses
- ◆ Provides supplementary and second-injury benefit reimbursement to insurers for over 4,000 injured workers
- ◆ Provides workers' compensation benefits to more than 500 injured workers of uninsured and bankrupt self-insured employers annually
- ◆ Provides insurance verification services for more than 5,000 requests annually

Historical Perspective

The largest single component of the SCF's expenditures (and therefore, the largest cost-driver for the assessments employers and insurers must pay) is the Supplementary Benefit program. Since 1988, the assessment rate has fluctuated between 28% and 31%. In its 2000 session, the Minnesota Legislature appropriated \$325 million to the SCF, to be used to liquidate or settle a significant portion of the ongoing supplementary benefit and second injury claims. The assessment rate then dropped from 30% to 20% for indemnity payments made after 7-1-00, in anticipation of settlement of a substantial portion of these claims, and because of the increased investment income provided by the appropriate funds.

The rate remained at 20% throughout 2001. However, in its 2002 session, the legislature reallocated \$250 million from the SCF to the state's General Fund to help resolve a quickly developed budget crisis. This reallocation has necessitated a return to the previous assessment rate of 30% for the SCF to continue to meet its obligations to reimburse employers and insurers in a timely manner for benefit payments.

LABOR AND INDUSTRY DEPT

Program: WORKERS' COMPENSATION DIVISION

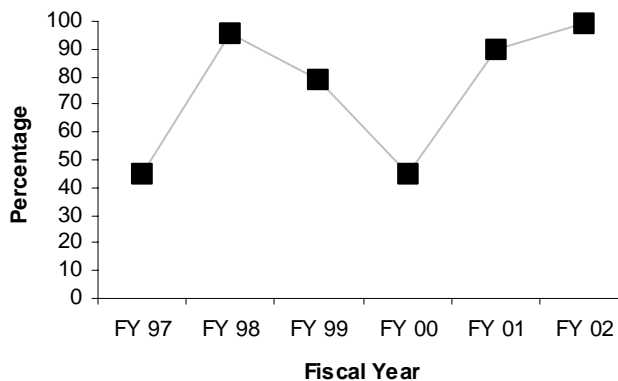
Activity: WC SPECIAL COMPENSATION FUND

Narrative

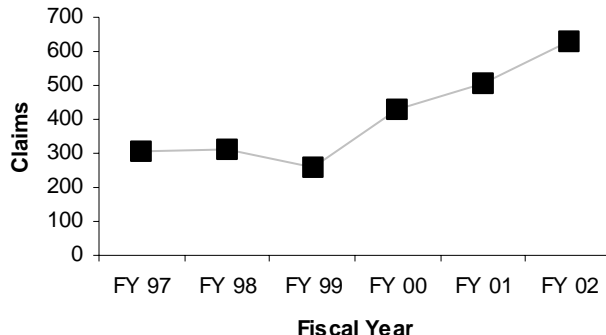
Key Measures

Ninety-five percent of Supplementary Benefit (SB) and Second Injury (SI) reimbursement claims are processed within 90 days of receipt. The delay in processing claims in FY 1999 and FY 2000 is attributed to the implementation of a court decision changing how benefits were paid.

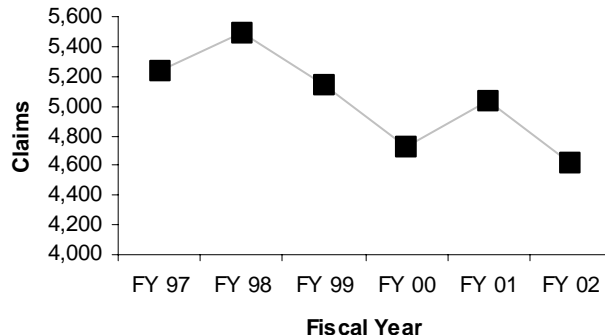
Average Percentage Paid Within 90 Days



New Special Claims*



Continuing SB/SI Claims



*includes uninsured, bankrupt self-insured, and asbestos claims.

Activity Funding

The SCF is financed by an appropriation from the Workers' Compensation fund. The unit collects an assessment from insurers and self-insured employers, as well as recoveries from employers for benefits paid. Penalties assessed by this unit are deposited to the Assigned Risk Safety Account, which is dedicated for workplace safety programs.

Contact

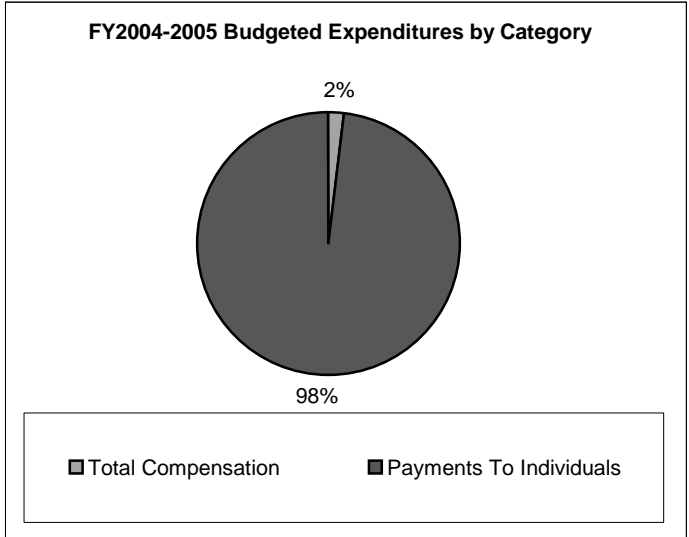
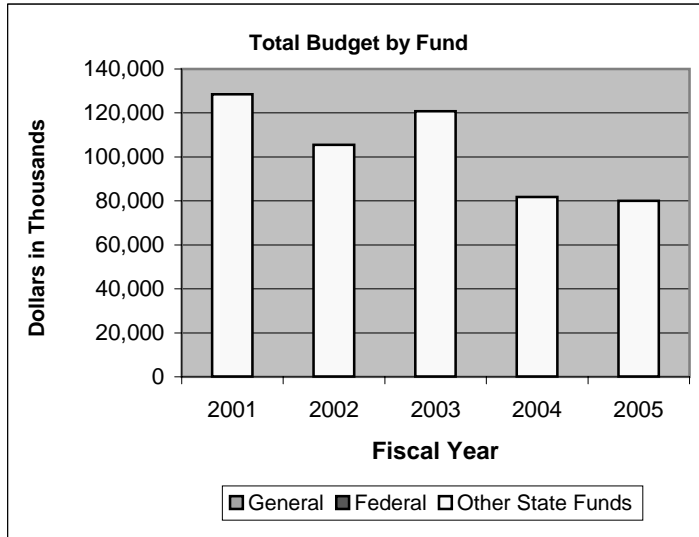
For more information, contact the Special Compensation Fund by phone at (651) 284-5045 or 1-800-DIAL-DLI (1-800-342-5354) or e-mail at DLISpecialcomp@state.mn.us or visit online at <http://www.doli.state.mn.us>.

LABOR AND INDUSTRY DEPT

Program: **WORKERS COMPENSATION DIVISION**

Activity: WC SPECIAL COMPENSATION FUND

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|---------------|---------------|----------------|-------------------|---------------|
| | Actual | Actual | Budgeted | Base | | Biennium | Biennial Change | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | 2004-05 / 2002-03 | Percent |
| Direct Appropriations | | | | | | | | |
| Workers Compensation | 2,015 | 1,724 | 2,016 | 1,956 | 1,912 | 3,868 | 128 | 3.4% |
| Open Appropriations | | | | | | | | |
| Workers Compensation | 90,677 | 72,701 | 71,444 | 79,903 | 78,168 | 158,071 | 13,926 | 9.7% |
| Statutory Appropriations | | | | | | | | |
| Workers Compensation | 35,833 | 31,028 | 47,261 | 0 | 0 | 0 | -78,289 | -100.0% |
| Total | 128,525 | 105,453 | 120,721 | 81,859 | 80,080 | 161,939 | -64,235 | -28.4% |

| | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|---------------|---------------|----------------|----------------|---------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 1,320 | 1,414 | 1,488 | 1,472 | 1,476 | 2,948 | 46 | 1.6% |
| Other Operating Expenses | 832 | 544 | 657 | 484 | 436 | 920 | -281 | -23.4% |
| Payments To Individuals | 126,373 | 103,495 | 118,576 | 79,903 | 78,168 | 158,071 | -64,000 | -28.8% |
| Total | 128,525 | 105,453 | 120,721 | 81,859 | 80,080 | 161,939 | -64,235 | -28.4% |

| | | | | | | | | |
|---------------------------------|----------------|---------------|----------------|----------------|----------------|----------------|------------|-------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| Workers Compensation | 89,166 | 77,383 | 123,946 | 110,346 | 112,046 | 222,392 | 21,063 | 10.5% |
| Subtotal Non Dedicated | 89,166 | 77,383 | 123,946 | 110,346 | 112,046 | 222,392 | 21,063 | 10.5% |
| Dedicated | | | | | | | | |
| Workers Compensation | 343,600 | 10,522 | 10,000 | 0 | 0 | 0 | -20,522 | -100.0% |
| Subtotal Dedicated | 343,600 | 10,522 | 10,000 | 0 | 0 | 0 | -20,522 | -100.0% |
| Total Revenue | 432,766 | 87,905 | 133,946 | 110,346 | 112,046 | 222,392 | 541 | 0.2% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 26.8 | 27.0 | 26.0 | 23.0 | 23.0 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

LABOR AND INDUSTRY DEPT

Program: WORKERS' COMPENSATION DIVISION

Activity: WC CUSTOMER ASSISTANCE

Narrative

Activity Description

The Customer Assistance (CA) unit exists to prevent and resolve workers' compensation disputes at a reasonable cost to employers (M.S. 176.001 and 176.261). This unit uses a "customer assistance" approach to dispute prevention and a "mediation/arbitration" approach to dispute resolution, with a focus on speed and efficiency.

Population Served

The CA unit serves injured workers, attorneys, employers, insurers, rehabilitation and health care providers, and other state agencies, such as the Attorney General's office and the Department of Commerce.

Services Provided

The services provided by CA can be best described by looking at "mode of contact," that is 1) hotline calls and walk-ins, 2) dispute certification requests, 3) rehabilitation and medical requests, and 4) requests for mediation. In all instances, the services provided are direct services and the specialists in the unit treat every contact with the department as an opportunity for resolution, paying careful attention to the need to be perceived as neutral.

Historical Perspective

The CA unit was created in the fall of 1995, adding the responsibility of answering "hotline" calls to the already existing responsibilities for conducting rehabilitation and medical conferences, as well as mediation sessions. This strategic decision coincided with and was partially driven by the inauguration of the imaging system. The hypothesis was that if the department were to combine front-loading its expertise with real-time access to workers' compensation files via image, many disputes could be prevented by the timely attention of department specialists. History has shown us many disputes are borne of misapprehension of information received by the injured worker from the insurer or some other miscommunication or lack of communication problem, combined with the time lag inherent in a paper-based system. With a focus on real-time responses, afforded by instant access to the complete file via image, the thinking was that many unnecessary disputes could be avoided.

In 1996, dispute certification was added to M.S. 176.081, providing that no attorney's fees could be charged in rehabilitation and medical matters until the department has determined that a dispute exists and that it has tried to resolve it. In 2000, M.S. 176.231 was amended to require that whenever an employer submits a First Report of Injury form, it is required to give the employee a copy of the Minnesota Workers' Compensation Employee Information Sheet, which contains some basic entitlement information, along with the claim representative's name and number, as well as the telephone number for the CA unit.

The above decisions and enactments were all intended to encourage and enable the department's dispute prevention and resolution specialists' early involvement in a claim, in the hope that any dispute could either be prevented or resolved early on.

Activity at a Glance*

- ◆ Answered more than 42,000 "Hotline" calls
- ◆ Served more than 300 "walk-in: visitors
- ◆ Processed nearly 5,275 requests for certification of dispute, resolving approximately 25%
- ◆ Conducted more than 1,200 administrative conferences, obtaining agreements 17% of the time
- ◆ Conducted more than 341 mediation sessions, achieving agreements over 90% of the time

* FY 2001

LABOR AND INDUSTRY DEPT

Program: WORKERS' COMPENSATION DIVISION

Activity: WC CUSTOMER ASSISTANCE

Narrative

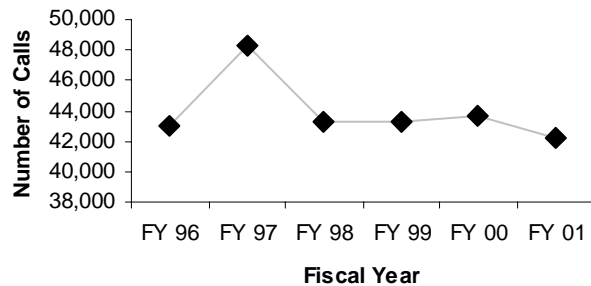
Key Measures

The following are the performance measures for the CA unit:

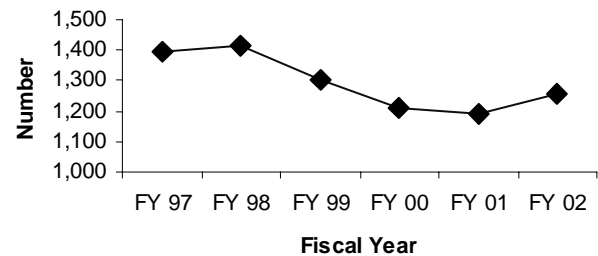
number of "hotline" calls answered;

number of administrative conference and mediation session resolutions; and

"Hotline" Calls by Year

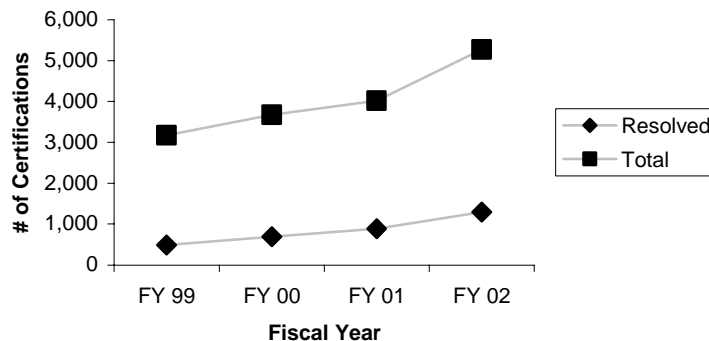


Conference Decisions and Mediation Resolutions



number of dispute certification issues resolved.

Resolved Dispute Certification Issues



Activity Funding

The CA unit is financed by an appropriation from the Workers' Compensation fund.

Contact

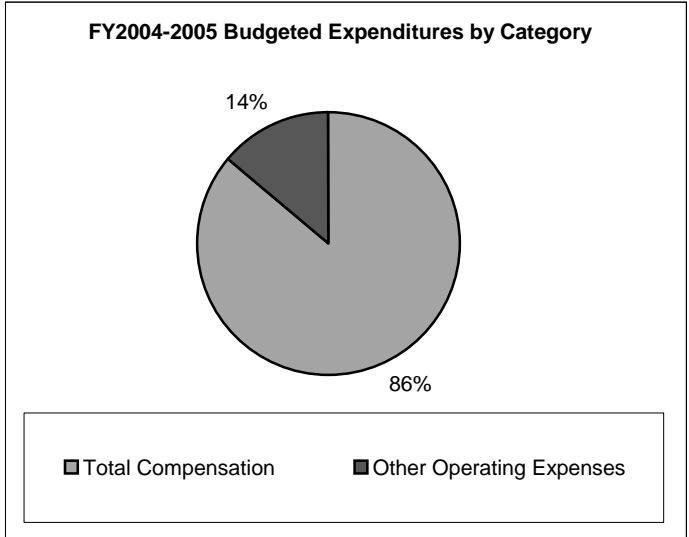
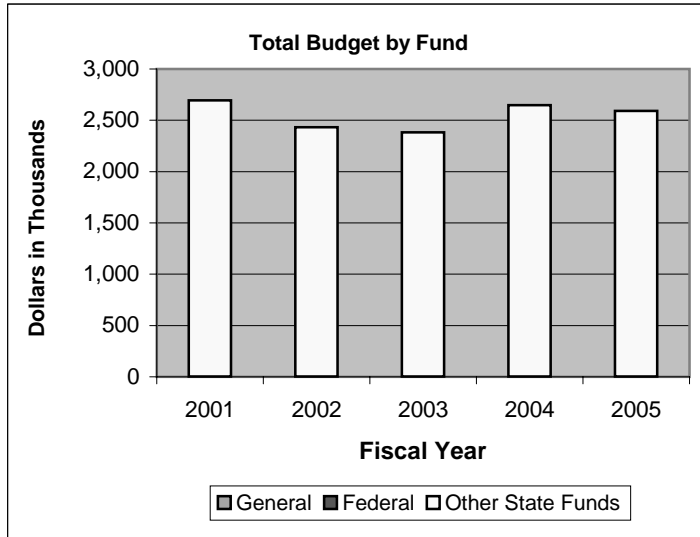
For more information, contact Customer Assistance by phone at (651) 284-5030 or 1-800-DIAL-DLI (1-800-342-5354) or e-mail at DLI.workcomp@state.mn.us or visit online at <http://www.doli.state.mn.us>.

LABOR AND INDUSTRY DEPT

Program: **WORKERS COMPENSATION DIVISION**

Activity: WC CUSTOMER ASSISTANCE

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------------|--------------------------|--------------------------|----------------------------|------------------------|---------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| Workers Compensation | 2,694 | 2,433 | 2,382 | 2,648 | 2,591 | 5,239 | 424 | 8.8% |
| Total | 2,694 | 2,433 | 2,382 | 2,648 | 2,591 | 5,239 | 424 | 8.8% |
| Expenditures by Category | | | | | | | | |
| Total Compensation | 2,172 | 2,081 | 2,018 | 2,285 | 2,228 | 4,513 | 414 | 10.1% |
| Other Operating Expenses | 522 | 352 | 364 | 363 | 363 | 726 | 10 | 1.4% |
| Total | 2,694 | 2,433 | 2,382 | 2,648 | 2,591 | 5,239 | 424 | 8.8% |
| Full-Time Equivalents (FTE) | 36.5 | 30.5 | 30.5 | 30.5 | 30.5 | | | |

LABOR AND INDUSTRY DEPT

Program: WORKERS' COMPENSATION DIVISION

Activity: WC COMPLIANCE SERVICES

Narrative

Activity Description

The Compliance Services (CS) unit ensures employers and insurers provide timely and accurate benefits by auditing workers' compensation files, issuing penalties, and providing education. CS certifies managed care organizations, registers qualified rehabilitation consultants (QRCs) and monitors the consultants professional conduct.

Population Served

CS interacts with injured employees, employers and insurers who are processing workers' compensation claims, and attorneys representing parties to a workers' compensation claim. In addition, CS serves medical providers, certified managed care organizations, and rehabilitation providers, including qualified rehabilitation consultants.

Services Provided

CS audits all claims filed with DLI, seeks corrections of improper payments, and monitors the performance of all insurers of workers' compensation claims. In addition, it registers rehabilitation providers, certifies managed care organizations, and investigates complaints against rehabilitation and medical providers and certified managed care organizations. CS assists insurers by offering frequent training opportunities for claims adjusters, alerting insurers to serious performance issues, and providing regular feedback to help them monitor their performance. The unit also provides training to rehabilitation and health care providers, including QRC orientation training. This is done to prevent the need for corrective action.

Historical Perspective

Until 1995, CS audited some of the paper files only once in a several-year period. Beginning in 1995, the department's imaging system provided a more efficient electronic routing system. Now, approximately 80% of active workers' compensation files are audited within three months after a triggering document is received.

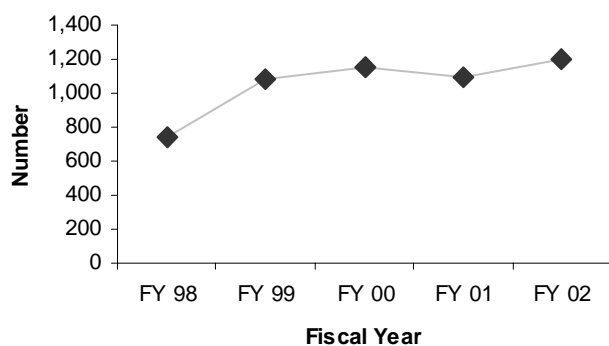
Key Measures

⇒ Each year, CS staff members review approximately 67,500 files looking for indemnity benefit payment mistakes made by insurers. When errors are found, CS contacts the insurers to advise them and explain the correction needed. An average of an additional \$2.1 million is paid to injured workers each year due to the audits conducted by staff. The majority of claim errors involve the incorrect payment of permanent partial disability benefits.

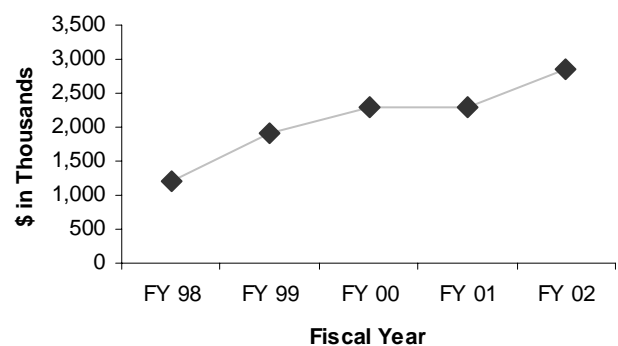
Activity at a Glance

- ◆ Average additional \$2.1 million returned to injured workers annually
- ◆ Seventy-one percent of time penalties are assessed from requests
- ◆ More than 500 applications for rehabilitation provider renewal of registration received

Underpayments



Underpayment in Dollars



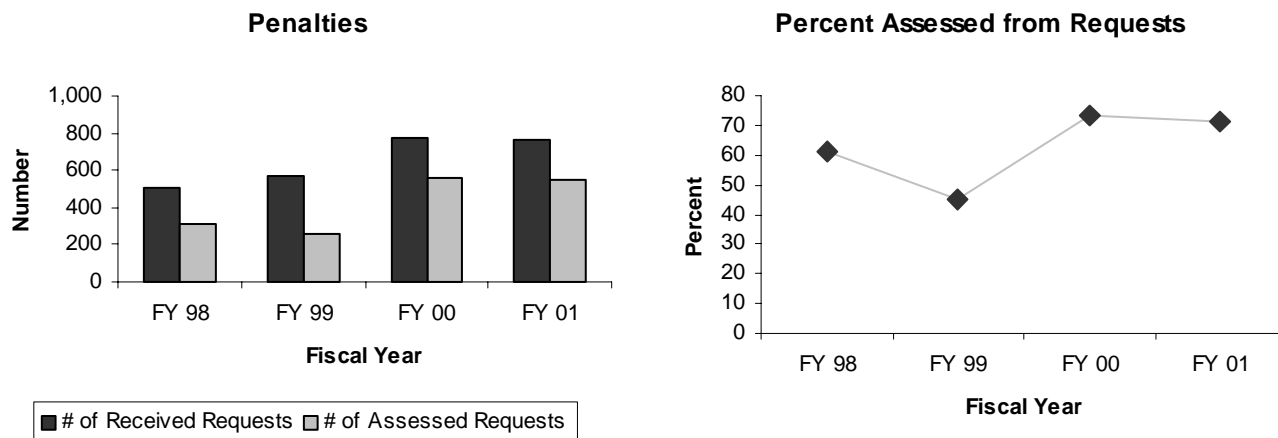
LABOR AND INDUSTRY DEPT

Program: WORKERS' COMPENSATION DIVISION

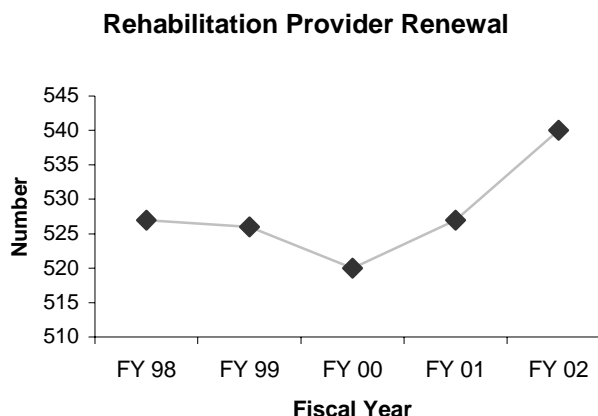
Activity: WC COMPLIANCE SERVICES

Narrative

⇒ Each year, the CS staff reviews approximately 500 to 800 requests for possible penalties. These requests come from customers outside the department and staff members within the department and do not include reviews done based on automatically generated lists. On average, approximately 60% to 75% of these requests result in penalties being issued by the CS staff.



⇒ Each year, more than 500 applications for rehabilitation provider renewal of registration are received, reviewed, and approved. When the requirements for renewal of a registration are not met by the applicant, the CS staff member corresponds with the rehabilitation provider to advise and explain the corrections needed or makes recommendations to remedy the deficiency. Fewer than (approximately) five applications for registration renewal are not approved annually due to failure to meet the requirements in the rehabilitation rules.



Activity Funding

The CS unit is financed by an appropriation from the Workers' Compensation fund. Penalties assessed by this unit are deposited to the Assigned Risk Safety Account, which is dedicated for workplace safety programs. The unit recovers its costs for training sessions through participant fees. It also collects registration fees from rehabilitation providers and managed care organizations.

Contact

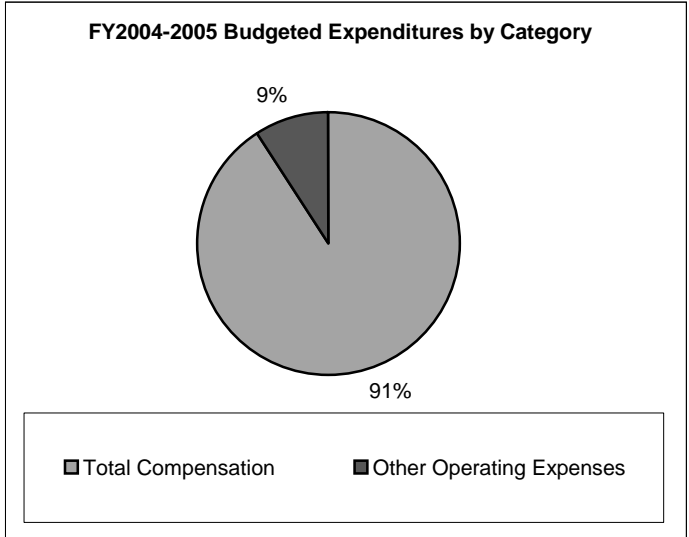
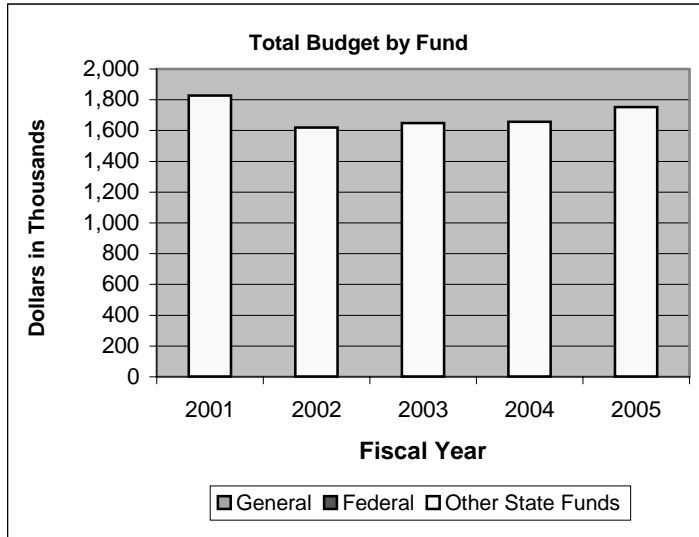
For more information, contact Compliance Services by phone at (651) 284-5030 or 1-800-DIAL-DLI (1-800-342-5354) or e-mail at DLI.workcomp@state.mn.us or visit online at <http://www.doli.state.mn.us>.

LABOR AND INDUSTRY DEPT

Program: **WORKERS COMPENSATION DIVISION**

Activity: WC COMPLIANCE SERVICES

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| Workers Compensation | 1,797 | 1,592 | 1,611 | 1,627 | 1,723 | 3,350 | 147 | 4.6% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 31 | 28 | 37 | 30 | 30 | 60 | -5 | -7.7% |
| Total | 1,828 | 1,620 | 1,648 | 1,657 | 1,753 | 3,410 | 142 | 4.3% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|-------------|
| Total Compensation | 1,486 | 1,448 | 1,485 | 1,501 | 1,597 | 3,098 | 165 | 5.6% |
| Other Operating Expenses | 342 | 172 | 163 | 156 | 156 | 312 | -23 | -6.9% |
| Total | 1,828 | 1,620 | 1,648 | 1,657 | 1,753 | 3,410 | 142 | 4.3% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|-----------|--------------|
| Non Dedicated | | | | | | | | |
| Workers Compensation | 90 | 94 | 92 | 92 | 92 | 184 | -2 | -1.1% |
| Subtotal Non Dedicated | 90 | 94 | 92 | 92 | 92 | 184 | -2 | -1.1% |
| Dedicated | | | | | | | | |
| Special Revenue | 34 | 30 | 30 | 30 | 30 | 60 | 0 | 0.0% |
| Subtotal Dedicated | 34 | 30 | 30 | 30 | 30 | 60 | 0 | 0.0% |
| Total Revenue | 124 | 124 | 122 | 122 | 122 | 244 | -2 | -0.8% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 25.2 | 20.0 | 22.0 | 20.0 | 20.0 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

LABOR AND INDUSTRY DEPT

Program: WORKERS' COMPENSATION DIVISION

Activity: WC VOCATIONAL REHABILITATION

Narrative

Activity Description

The Vocational Rehabilitation unit (VRU) was established in 1983, by M.S. 176.104, to provide rehabilitation services when a dispute exists regarding medical causation or primary liability. Vocational rehabilitation services help to restore employment and resolve claim issues, thereby reducing the workers' compensation and socio-economic costs of a work injury.

Activity at a Glance

- ◆ 395 consultations were completed, resulting in 317 new service plans in FY 2002.
- ◆ Completed plans resulting in employment restored \$2.3 million in wages in FY 2002.

Claim petitions for workers' compensation benefits exceed 5,000 each year. It has been estimated that 4,100 of the petitions are related to denial of liability or medical causation issues. During the approximate 12-month litigation process, the injured worker receives no benefits. Rehabilitation services assist with the restoration of an income for the injured worker and reduced wage-loss-compensation owed by the insurer if liability is determined.

Population Served

Injured workers, employers, and insurers directly benefit from the services of VRU. The state benefits from the injured workers reduced dependence on public financial support programs and by the income tax collected on wages when the employee returns to work. An early return to work helps to reduce the cost of workers' compensation in Minnesota.

Services Provided

The VRU is a direct provider of rehabilitation services as outlined in M.S. 176.102 and Minn. Rules 5220.0100-1900. Services provided by the VRU include

- ⇒ Rehabilitation consultation--meeting with the employee and contact with the treating physician and employer to determine eligibility for rehabilitation services as defined by the statute.
- ⇒ Medical management--coordination of the employee's medical treatment with the return to work plan.
- ⇒ Job analysis--assessment of the physical and cognitive demands of the job duties at the worksite and opining the capacity of the injured worker to be successful given the medical restrictions.
- ⇒ Vocational testing and counseling--assessment of the injured worker's interests, aptitudes, and abilities using standardized tests and subsequent meetings with the individual to integrate this information with the medical information, labor market information and the requirements of occupations to arrive at appropriate job goals.
- ⇒ Job development and placement--identification of employers and job openings consistent with job goals. VRU employees help prepare the injured worker to seek work, assist with a resume and job-seeking skills training, including application and interview assistance. They also contact employers for jobs, support and encourage the injured worker during the job search, and assist the injured worker with weekly job leads and the completion of job logs.
- ⇒ On-the-job training and retraining evaluation--coordinate and monitor the training of an employee at a workplace. If an employee is unable to acquire suitable employment, a retraining plan is proposed in a formal educational setting to acquire knowledge and skills that will result in suitable employment.

LABOR AND INDUSTRY DEPT

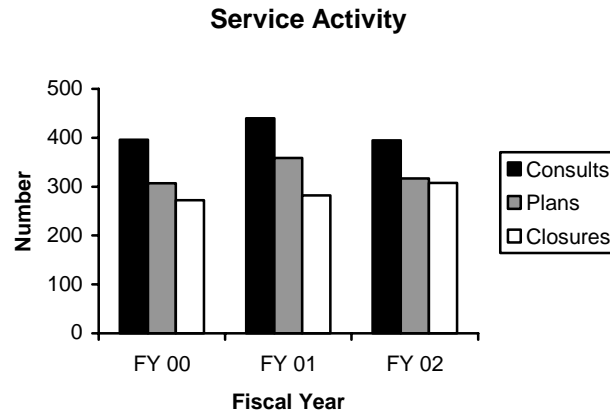
Program: WORKERS' COMPENSATION DIVISION

Activity: WC VOCATIONAL REHABILITATION

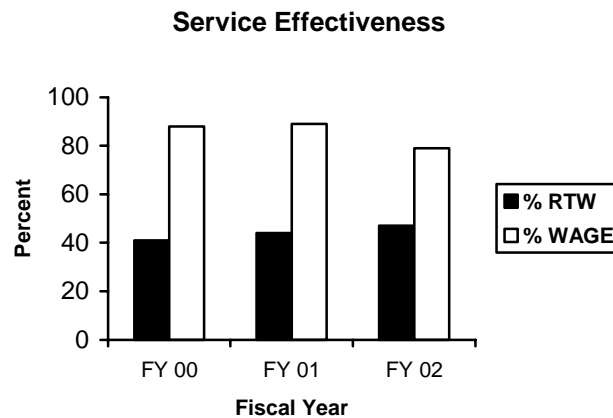
Narrative

Key Measures

⇒ Measures of service activity include rehabilitation consultations completed (Consults), rehabilitation plans implemented (Plans), and rehabilitation plans completed (Closures).



⇒ Measures of service effectiveness include the percent of completed cases that return to work prior to settlement (RTW) and the percentage of the pre-injury wages that are replaced at a new job (Wage).



Activity Funding

The VRU is financed by an appropriation from the Workers' Compensation fund. It collects reimbursements from employers and insurers for vocational services provided.

Contact

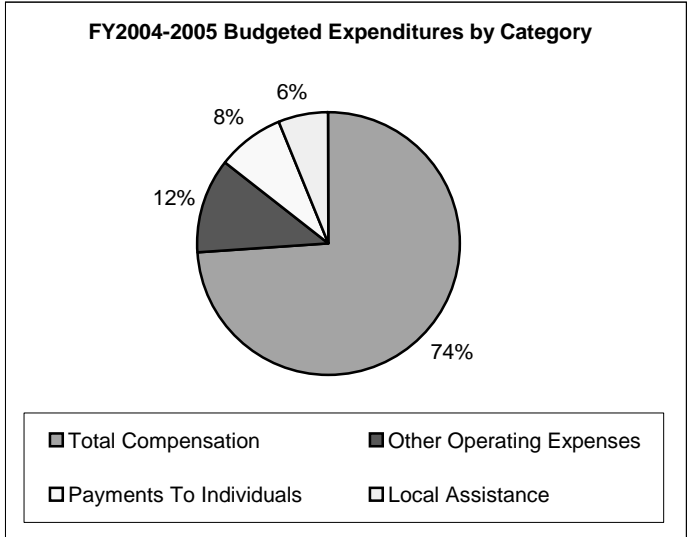
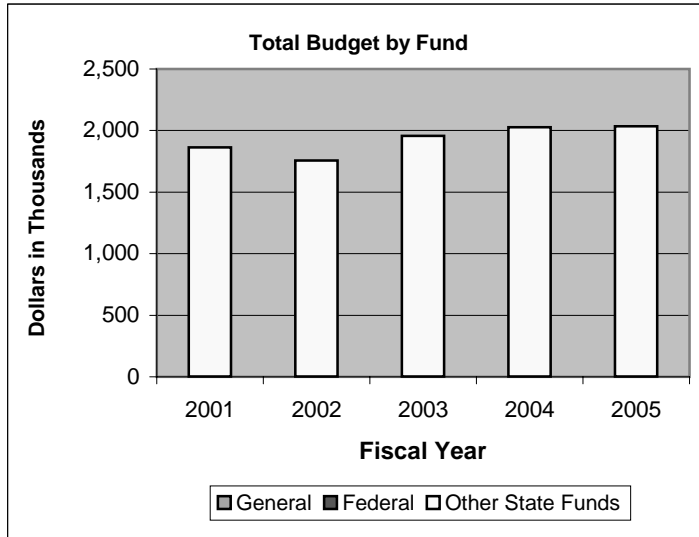
For more information, contact the Vocational Rehabilitation Unit by phone at (651) 284-5038 or 1-800-DIAL-DLI (1-800-342-5354) or e-mail at DLI.Vocrehab@state.mn.us or visit online at <http://www.doli.state.mn.us>.

LABOR AND INDUSTRY DEPT

Program: **WORKERS COMPENSATION DIVISION**

Activity: WC VOCATIONAL REHABILITATION

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------|--------------------------|--------------------------|----------------------------|------------------------|---------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| Workers Compensation | 1,863 | 1,756 | 1,958 | 2,028 | 2,035 | 4,063 | 349 | 9.4% |
| Total | 1,863 | 1,756 | 1,958 | 2,028 | 2,035 | 4,063 | 349 | 9.4% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|-------------|
| Total Compensation | 1,297 | 1,294 | 1,430 | 1,497 | 1,504 | 3,001 | 277 | 10.2% |
| Other Operating Expenses | 338 | 257 | 235 | 238 | 238 | 476 | -16 | -3.3% |
| Payments To Individuals | 103 | 80 | 168 | 168 | 168 | 336 | 88 | 35.5% |
| Local Assistance | 125 | 125 | 125 | 125 | 125 | 250 | 0 | 0.0% |
| Total | 1,863 | 1,756 | 1,958 | 2,028 | 2,035 | 4,063 | 349 | 9.4% |

| Revenue by Type and Fund | | | | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|-----|-----|-------|
| Non Dedicated | | | | | | | | |
| Workers Compensation | 259 | 324 | 350 | 400 | 445 | 845 | 171 | 25.4% |
| Subtotal Non Dedicated | 259 | 324 | 350 | 400 | 445 | 845 | 171 | 25.4% |
| Full-Time Equivalents (FTE) | 26.0 | 26.0 | 26.0 | 26.0 | 26.0 | | | |

LABOR AND INDUSTRY DEPT

Program: WORKERS' COMPENSATION DIVISION

Activity: WC INVESTIGATIVE SERVICES

Narrative

Activity Description

The Investigative Services unit (ISU) was established in January 1993, pursuant to M.S. 176.16. Through the cooperative efforts and assistance of employees, employers, insurance companies, health care providers, the legal community, and the public in general, ISU investigates all issues that adversely impact the workers' compensation system.

Population Served

The reduction of workers' compensation fraud will pose a financial benefit to Minnesota employees, employers, and insurers. The mandatory coverage program will reduce the number of uninsured claims received by the Special Compensation Fund (SCF) and also diminish the number of initial claims investigations.

Activity at a Glance

- ◆ Investigation of 327 cases of suspected workers' compensation fraud resulting in eight criminal charges.
- ◆ Investigation of 749 incidents of uninsured employers resulting in 331 penalty assessments.
- ◆ 112 initial claims investigations conducted for the Special Compensation Fund.

Services Provided

ISU provides three separate and unique functions that directly and indirectly impact the workers' compensation system in Minnesota.

- ⇒ The fraud section responds to complaints of fraudulent activity reported to ISU by the public, employees, employers, insurers, and others who use the workers' compensation system. The fraud section employs proactive approaches to identify fraudulent activity in areas of the system that have demonstrated susceptibility to abuse. The claimant fraud investigations are conducted with the intent of criminal prosecution. After the insurer or self-insured has completed their civil investigation and takes action to discontinue benefit payments, the matter is further investigated to demonstrate criminal culpability. Cases involving theft, diversion of funds, and forgery by health care providers, attorneys, claims adjusters, agents, and premium fraud by employers are also pursued and presented for criminal action.
- ⇒ The mandatory coverage section addresses the avoidance by employers of obtaining and maintaining workers' compensation coverage for their employees as required by Minnesota statutes. Failure to comply with the statutes offers an undue advantage to the uninsured employer through substantially lower operating costs and the ability to "undercut" their competition in the bidding or production process. Uninsured employers annually account for several hundred reported workers' compensation injuries that must be indemnified by the SCF. This responsibility costs millions of dollars annually, which is passed on to all the workers' compensation insurers doing business in the state through assessments on their indemnity payments. Ultimately, this financial responsibility is passed on to the consumer due to increased employer insurance costs.
- ⇒ The initial claims section is charged with the investigation of all initial claims received by the Special Compensation Fund concerning uninsured employers. These investigations are often analogous to those processed by insurers in the voluntary market. Frequently the employer and employee are difficult to locate, records are not up-to-date, if existent at all, and the employer may not be forthcoming during the investigation.

Historical Perspective

Since its inception in 1993, the fraud section of ISU has received 2,639 cases from all sources, resulting in 228 cases referred to prosecution. The cases range in losses from \$500 to \$500,000. Beginning in FY 2004, this section will be transferred to the Department of Commerce.

The mandatory coverage section was established in July 1995. It has reviewed 3,501 allegations of noncompliance and referred 1,659 cases for penalty. The initial claims section was established in 1995, and has investigated 463 injury claims for the SCF.

LABOR AND INDUSTRY DEPT

Program: **WORKERS' COMPENSATION DIVISION**

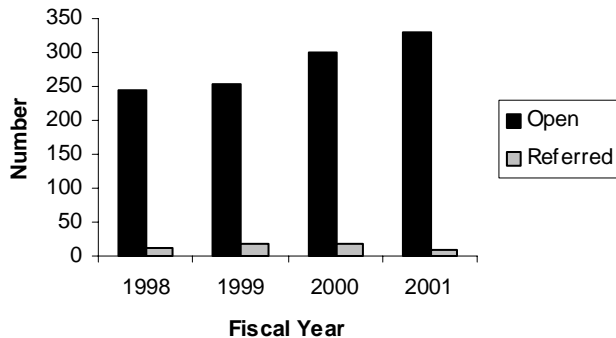
Activity: **WC INVESTIGATIVE SERVICES**

Narrative

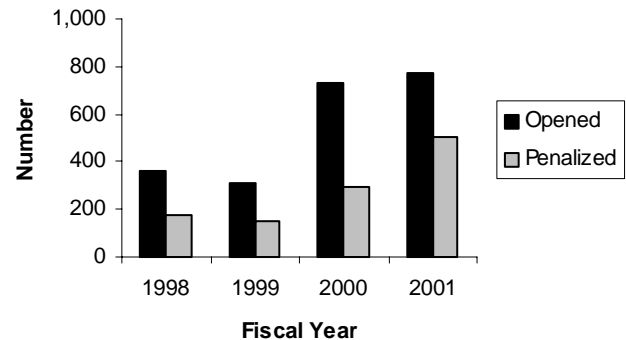
Key Measures

Key performance measures for the ISU include 1) total number of fraud cases opened and cases referred to a prosecutorial authority, 2) total number of mandatory coverage cases opened and penalized, and 3) total number of initial claims cases investigated during a given time frame.

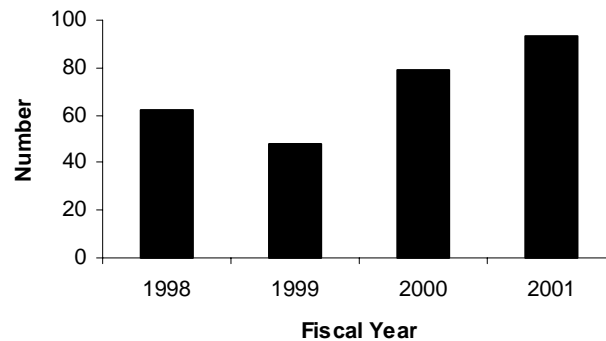
Fraud Cases Opened and Referred



MC Cases Opened and Penalized



IC Cases Investigated



Activity Funding

The unit is financed by an appropriation from the Workers' Compensation fund.

Contact

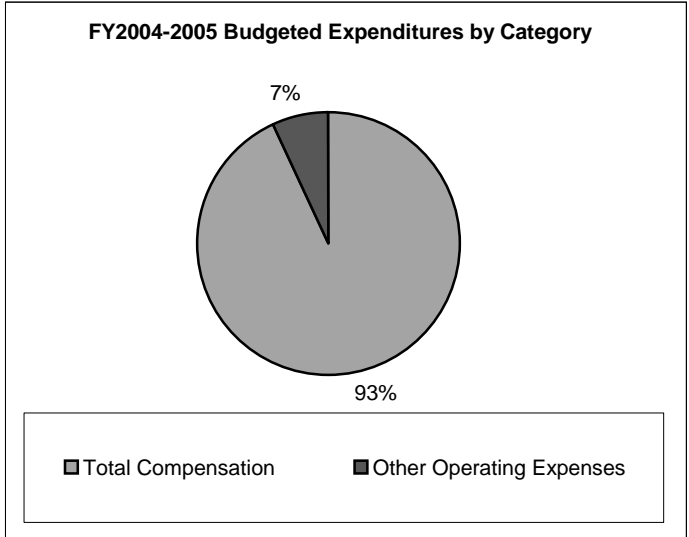
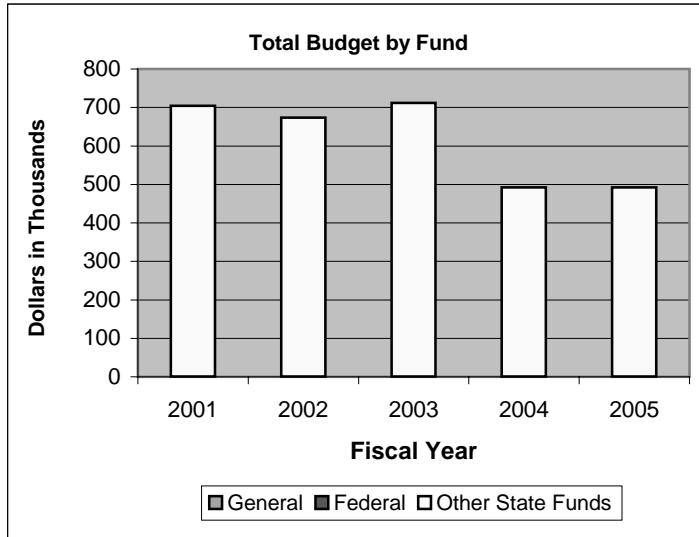
For more information, contact Investigation Services by phone at (651) 297-5797 or 1-888-FRAUD-MN (1-800-372-8366) or e-mail at DLI.ISU@state.mn.us or visit online at <http://www.doli.state.mn.us>.

LABOR AND INDUSTRY DEPT

Program: **WORKERS COMPENSATION DIVISION**

Activity: INVESTIGATIVE SERVICES

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| Workers Compensation | 704 | 674 | 712 | 492 | 492 | 984 | -402 | -29.0% |
| Total | 704 | 674 | 712 | 492 | 492 | 984 | -402 | -29.0% |
| Expenditures by Category | | | | | | | | |
| Total Compensation | 598 | 599 | 635 | 458 | 458 | 916 | -318 | -25.8% |
| Other Operating Expenses | 106 | 75 | 77 | 34 | 34 | 68 | -84 | -55.3% |
| Total | 704 | 674 | 712 | 492 | 492 | 984 | -402 | -29.0% |
| Full-Time Equivalents (FTE) | 12.0 | 11.0 | 10.9 | 7.9 | 7.9 | | | |

LABOR AND INDUSTRY DEPT

Program: WORKERS' COMPENSATION DIVISION

Activity: WC INFORMATION PROCESSING CENTER

Narrative

Activity Description

The Information Processing Center (IPC) exists to provide critical administrative support services to the Department of Labor and Industry and its customers.

Population Served

IPC services benefit injured workers, employers, insurers, claims administrators, attorneys, health care and rehabilitation service providers, the Office of Administrative Hearings, the Workers' Compensation Court of Appeals, the state Supreme Court, and the employees of the Department of Labor and Industry.

Services Provided

IPC's mission is to provide accurate, timely information to its customers through many services:

- ◆ receiving and distributing incoming/outgoing department mail (1.2 million pages of workers' compensation mail in FY 2002);
- ◆ providing shipping and receiving services for the department;
- ◆ providing centralized copy services for department personnel (1.9 million copies in FY 2001);
- ◆ processing requests for mandatory state employment posters (4,143 requests in FY 2002);
- ◆ imaging all workers' compensation claim file documents (1.6 million pages in FY 2002);
- ◆ verifying (8,111 phone calls) and entering workers' compensation data into the database (271,648 forms in FY 2002);
- ◆ coding and processing all First Report of Injury forms (52,361 in FY 2002);
- ◆ mailing employee rights brochures to injured workers (36,532 in FY 2002);
- ◆ receiving and processing all *fatal* First Report of Injury forms (110 in FY 2002);
- ◆ maintaining workers' compensation files (1.2 million files);
- ◆ processing requests for copies of workers' compensation files to authorized clientele (12,300 requests in FY 2002); and
- ◆ managing a quality assurance program that measures the accuracy and timeliness of all the information provided to customers.

Activity at a Glance

- ◆ Maintains more than 1.2 million workers' compensation claim files
- ◆ Processed 52,361 First Reports of Injury in FY 2002
- ◆ Imaged more than 1.6 million pages of mail in FY 2002 in an average of 1.8 days with an average accuracy rate of 98.91%
- ◆ Data entered more than 271,648 forms in FY 2002
- ◆ Processed 12,300 requests for copies of files in an average of 9.8 days in FY 2002

Historical Perspective

The Information Processing Center was created in September 1994, in preparation for the DAEDALUS Imaging Project that was implemented on 3-20-95. Documents with dates of injury post 3-1-95 are imaged and the paper is confidentially recycled. The benefits of imaging are numerous: improve service to clients; reduce staff time and cost for managing documents; provide better document control; provide an opportunity to streamline or consolidate operations; increase productivity and improve quality; provide backup of files and file information; reduce storage costs; permit multiple, simultaneous, and instantaneous access to files; facilitate faster dispute resolution because of access to important information and provide real-time tracking and reporting. Of the more than 1.2 million workers' compensation claims files managed by IPC, currently 33% are on image, 31% are on microfilm, and 36% remain as paper files.

LABOR AND INDUSTRY DEPT

Program: **WORKERS' COMPENSATION DIVISION**

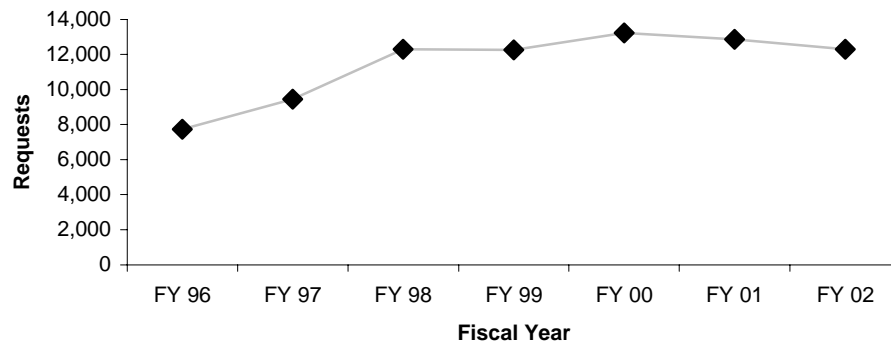
Activity: **WC INFORMATION PROCESSING CENTER**

Narrative

Key Measures

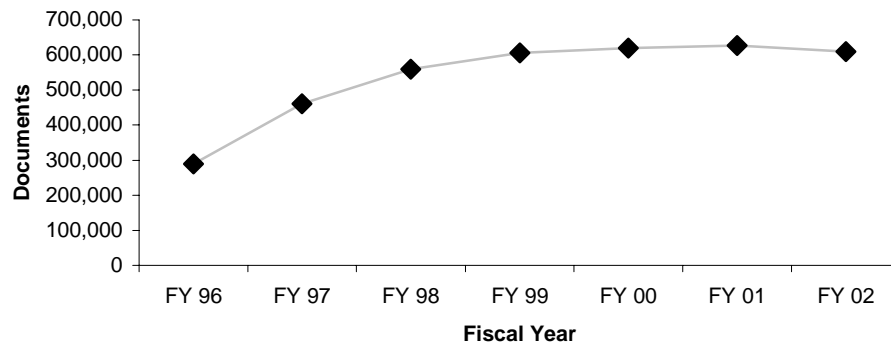
⇒ Ensure authorized clientele have prompt access to workers' compensation files.

Number of Copy Requests



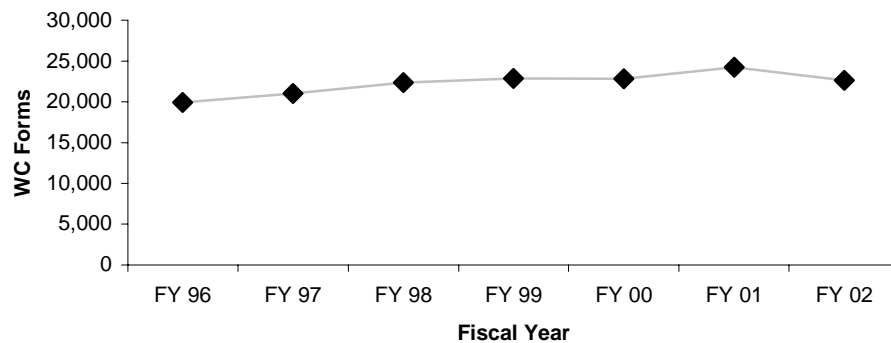
⇒ Ensure the timely and accurate imaging of workers' compensation documents.

Number of Documents Imaged by Fiscal Year



⇒ Ensure the timely and accurate data entry of workers' compensation data.

Average Number of WC Forms Entered Monthly



LABOR AND INDUSTRY DEPT

Program: WORKERS' COMPENSATION DIVISION

Activity: WC INFORMATION PROCESSING CENTER

Narrative

Activity Funding

The IPC unit is financed by an appropriation from the Workers' Compensation fund. The activity recovers the cost of providing photocopies of claim files to requesting parties in workers' compensation cases.

Contact

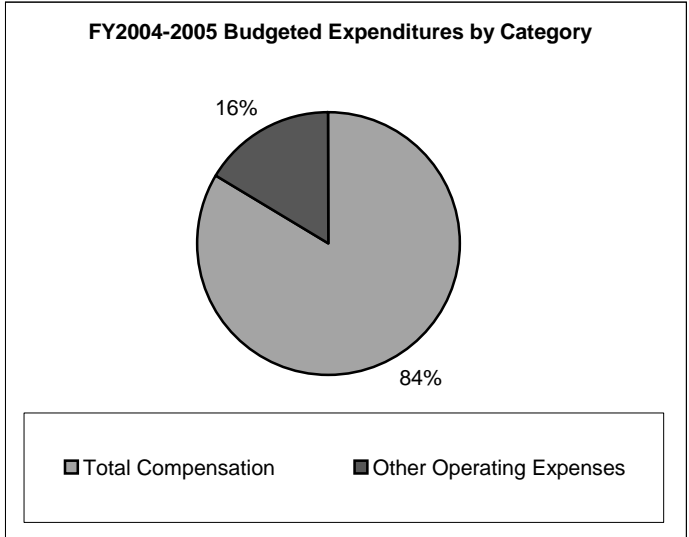
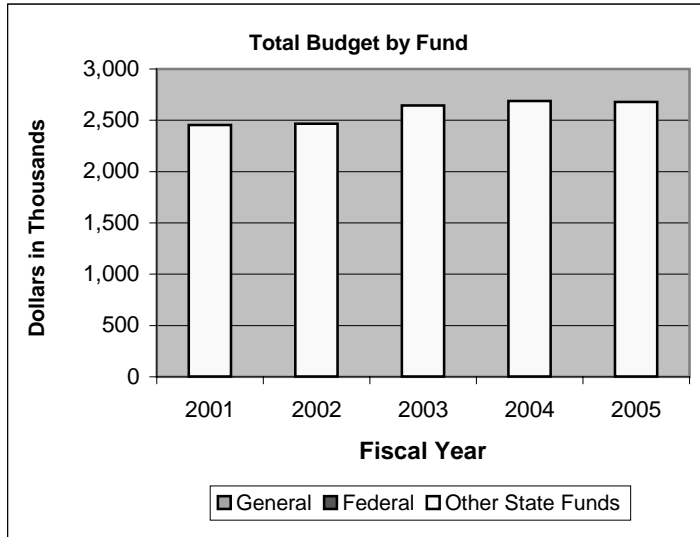
For more information, contact the Information Processing Center by phone at (651) 284-5040 or 1-800-DIAL-DLI (1-800-342-5354) or e-mail at DLI.workcomp@state.mn.us or visit online at <http://www.doli.state.mn.us>.

LABOR AND INDUSTRY DEPT

Program: **WORKERS COMPENSATION DIVISION**

Activity: WC INFORMATION PROCESSING CTR

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| Workers Compensation | 2,249 | 2,257 | 2,377 | 2,457 | 2,450 | 4,907 | 273 | 5.9% |
| Statutory Appropriations | | | | | | | | |
| Workers Compensation | 204 | 209 | 269 | 230 | 230 | 460 | -18 | -3.8% |
| Total | 2,453 | 2,466 | 2,646 | 2,687 | 2,680 | 5,367 | 255 | 5.0% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 1,810 | 1,988 | 2,109 | 2,244 | 2,242 | 4,486 | 389 | 9.5% |
| Other Operating Expenses | 643 | 478 | 537 | 443 | 438 | 881 | -134 | -13.2% |
| Total | 2,453 | 2,466 | 2,646 | 2,687 | 2,680 | 5,367 | 255 | 5.0% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Workers Compensation | 217 | 248 | 230 | 230 | 230 | 460 | -18 | -3.8% |
| Subtotal Dedicated | 217 | 248 | 230 | 230 | 230 | 460 | -18 | -3.8% |
| Total Revenue | 217 | 248 | 230 | 230 | 230 | 460 | -18 | -3.8% |

| | | | | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|--|--|-------------|
| Full-Time Equivalents (FTE) | 45.0 | 46.0 | 46.0 | 45.0 | 45.0 | | | 0.0% |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|--|--|-------------|

Program Description

The purpose of the Workplace Services Division is to support our communities to be healthy by preventing workplace injuries and illnesses, promoting fair wages and working conditions, and assuring a highly skilled and educated workforce.

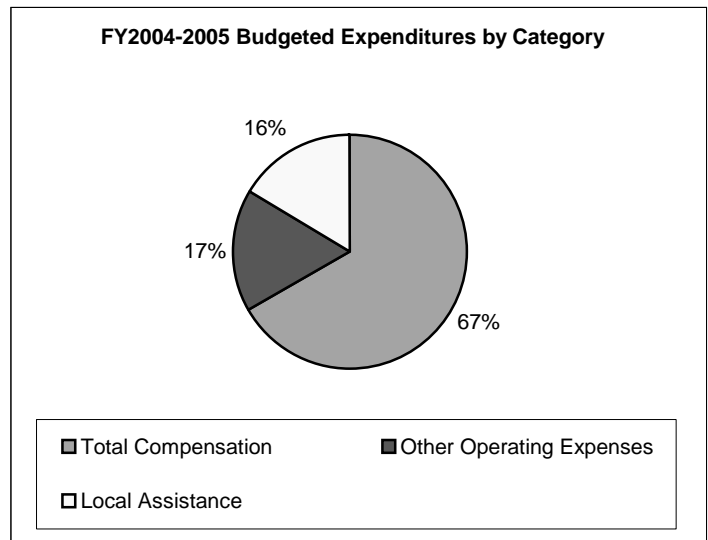
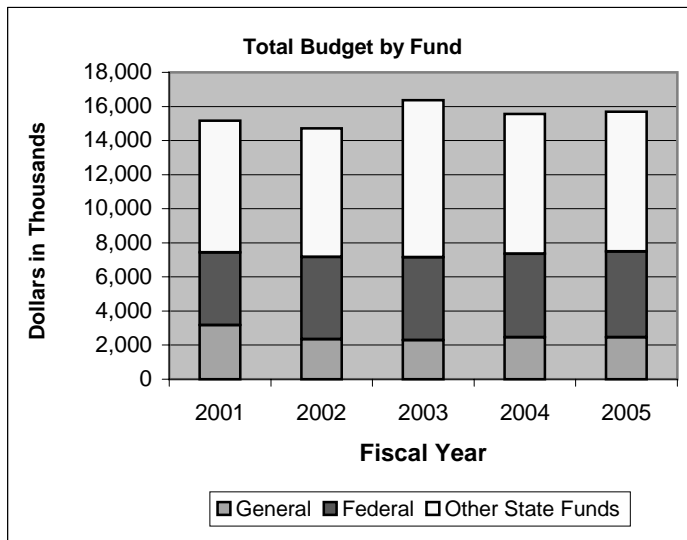
Budget Activities Included:

- ⇒ Workplace Services Administration
- ⇒ Apprenticeship
- ⇒ Code Administration and Inspection Services
- ⇒ Labor Standards
- ⇒ OSHA Compliance
- ⇒ Workplace Safety Consultation

LABOR AND INDUSTRY DEPT

Program: **WORKPLACE SERVICES DIVISION**

Fiscal Report



| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 Dollars | Percent |
|---------------------------------|------------------|------------------|--------------------|----------------|--------------------|---------------------|---|-------------|
| Expenditures by Fund | | | | | | | | |
| Direct Appropriations | | | | | | | | |
| General | 3,177 | 2,347 | 2,286 | 2,450 | 2,450 | 4,900 | 267 | 5.8% |
| Workforce Development | 832 | 739 | 955 | 908 | 908 | 1,816 | 122 | 7.2% |
| Workers Compensation | 4,698 | 3,666 | 4,797 | 4,281 | 4,281 | 8,562 | 99 | 1.2% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 29 | 14 | 31 | 28 | 28 | 56 | 11 | 24.4% |
| Federal | 4,249 | 4,820 | 4,862 | 4,899 | 5,045 | 9,944 | 262 | 2.7% |
| Workers Compensation | 2,164 | 3,119 | 3,421 | 2,973 | 2,973 | 5,946 | -594 | -9.1% |
| Miscellaneous Agency | 18 | 17 | 22 | 15 | 15 | 30 | -9 | -23.1% |
| Total | 15,167 | 14,722 | 16,374 | 15,554 | 15,700 | 31,254 | 158 | 0.5% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 8,840 | 8,824 | 9,753 | 10,345 | 10,480 | 20,825 | 2,248 | 12.1% |
| Other Operating Expenses | 4,321 | 2,904 | 3,499 | 2,638 | 2,666 | 5,304 | -1,099 | -17.2% |
| Local Assistance | 2,006 | 2,994 | 3,122 | 2,571 | 2,554 | 5,125 | -991 | -16.2% |
| Total | 15,167 | 14,722 | 16,374 | 15,554 | 15,700 | 31,254 | 158 | 0.5% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|------------|-------------|
| Expenditures by Activity | | | | | | | | |
| Workplace Services Admin | 309 | 307 | 520 | 315 | 321 | 636 | -191 | -23.1% |
| Apprenticeship Programs | 869 | 759 | 982 | 937 | 937 | 1,874 | 133 | 7.6% |
| Code Admin & Inspection Svs | 2,438 | 1,722 | 1,633 | 1,750 | 1,750 | 3,500 | 145 | 4.3% |
| Labor Standards | 688 | 605 | 616 | 680 | 679 | 1,359 | 138 | 11.3% |
| Osha Compliance | 7,362 | 6,791 | 7,679 | 7,428 | 7,546 | 14,974 | 504 | 3.5% |
| Workplace Safety Consultation | 3,501 | 4,538 | 4,944 | 4,444 | 4,467 | 8,911 | -571 | -6.0% |
| Total | 15,167 | 14,722 | 16,374 | 15,554 | 15,700 | 31,254 | 158 | 0.5% |

LABOR AND INDUSTRY DEPT

Program: **WORKPLACE SERVICES DIVISION**

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------------|---------------|---------------|-----------------|---------------|---------------|-----------------|--------------------------|----------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Revenue by Type and Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Non Dedicated | | | | | | | | |
| General | 11 | 2,546 | 2,417 | 2,318 | 2,318 | 4,636 | -327 | -6.6% |
| Cambridge Deposit Fund | 2,140 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Workers Compensation | 1,956 | 1,816 | 1,800 | 1,800 | 1,800 | 3,600 | -16 | -0.4% |
| Subtotal Non Dedicated | 4,107 | 4,362 | 4,217 | 4,118 | 4,118 | 8,236 | -343 | -4.0% |
| Dedicated | | | | | | | | |
| Special Revenue | 28 | 17 | 28 | 28 | 28 | 56 | 11 | 24.4% |
| Federal | 4,248 | 4,818 | 4,860 | 4,899 | 5,045 | 9,944 | 266 | 2.7% |
| Workers Compensation | 3,312 | 2,977 | 2,973 | 2,973 | 2,973 | 5,946 | -4 | -0.1% |
| Miscellaneous Agency | 8 | 12 | 15 | 15 | 15 | 30 | 3 | 11.1% |
| Subtotal Dedicated | 7,596 | 7,824 | 7,876 | 7,915 | 8,061 | 15,976 | 276 | 1.8% |
| Total Revenue | 11,703 | 12,186 | 12,093 | 12,033 | 12,179 | 24,212 | -67 | -0.3% |
| Full-Time Equivalents (FTE) | 158.5 | 156.0 | 152.3 | 153.3 | 153.3 | | | |

LABOR AND INDUSTRY DEPT

Program: WORKPLACE SERVICES DIVISION

Activity: WORKPLACE SERVICES ADMIN

Narrative

Activity Description

Workplace Services Administration (WSA) provides leadership and support to the division's program units as they work to prevent workplace injuries and illnesses, promote fair wages and working conditions, ensure the safety of boiler and high-pressure-piping systems, and assure a highly skilled and educated workforce.

Population Served

This activity manages the five units of the Workplace Services Division so that stakeholders—including employees, employers and owners and operators of boilers, pressure vessels, charter boats, and high-pressure-piping systems—receive prompt and efficient service.

Services Provided

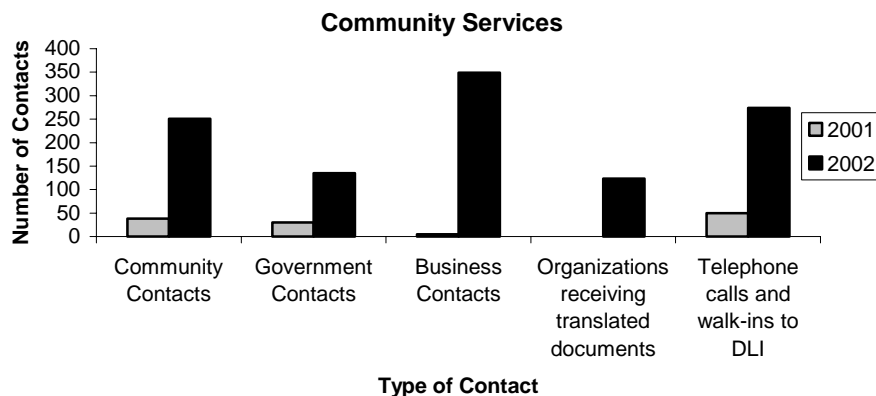
The Workplace Services Division's regulatory activities help to keep Minnesota workers safe by

- ◆ providing information and education to employees, employers, community-based and trade organizations;
- ◆ conducting safety inspections;
- ◆ providing workplace safety information and resources to prevent injuries;
- ◆ providing information to minorities and limited-English speaking communities; and
- ◆ providing administrative assistance to ensure a highly skilled workforce.

In addition to providing leadership to the Workplace Services Division, WSA supports the activities of the Occupational Safety and Health Act (OSHA) Advisory Council and directs the activities of the Community Services team. The Community Services team provides outreach to minority and limited-English-speaking communities, that, because of cultural and ethnic differences have had limited access to the department's programs and services. Working through community-based organizations, this team educates these populations about their workplace rights and responsibilities.

Key Measures

Measures of service activity include the number and type of contacts made by the Community Services team.



Activity Funding

The WSA activity is financed by appropriations from the General, Workforce Development, and Workers' Compensation funds.

Contact

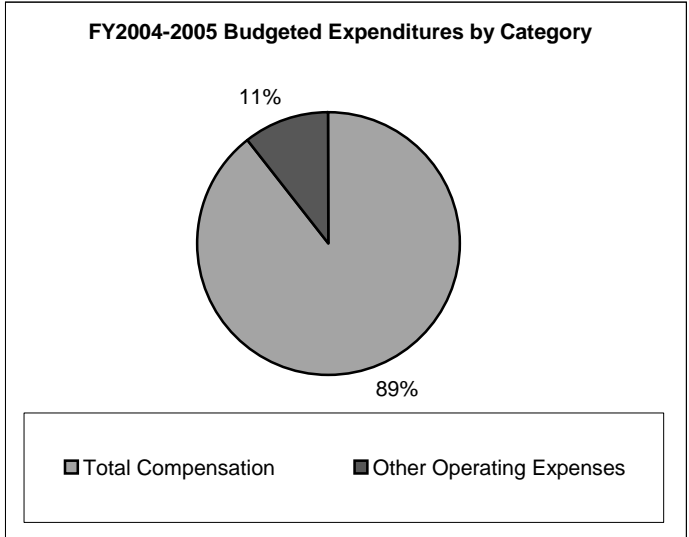
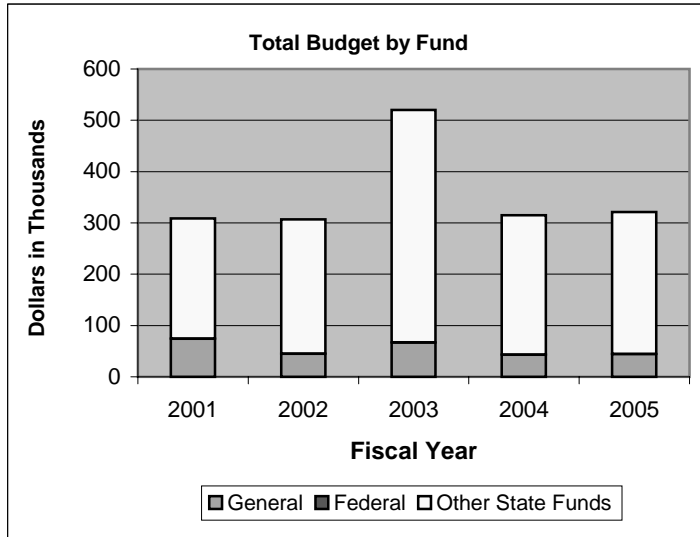
For more information, contact the Workplace Services Division by phone at (651)284-5018 or 1-800-DIAL-DLI (1-800-342-5354) or e-mail at DLI.Communications@state.mn.us or visit online at <http://www.doli.state.mn.us>.

LABOR AND INDUSTRY DEPT

Program: **WORKPLACE SERVICES DIVISION**

Activity: **WORKPLACE SERVICES ADMIN**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 74 | 45 | 67 | 43 | 44 | 87 | -25 | -22.3% |
| Workforce Development | 0 | 11 | 11 | 8 | 8 | 16 | -6 | -27.3% |
| Workers Compensation | 235 | 251 | 442 | 264 | 269 | 533 | -160 | -23.1% |
| Total | 309 | 307 | 520 | 315 | 321 | 636 | -191 | -23.1% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|-------------|---------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 257 | 289 | 265 | 279 | 289 | 568 | 14 | 2.5% |
| Other Operating Expenses | 52 | 18 | 255 | 36 | 32 | 68 | -205 | -75.1% |
| Total | 309 | 307 | 520 | 315 | 321 | 636 | -191 | -23.1% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 4.0 | 3.5 | 3.5 | 3.5 | 3.5 |
|------------------------------------|------------|------------|------------|------------|------------|

LABOR AND INDUSTRY DEPT

Program: WORKPLACE SERVICES DIVISION

Activity: APPRENTICESHIP

Narrative

Activity Description

The Apprenticeship unit exists to promote, develop, approve, and monitor quality registered apprenticeship training programs in Minnesota workplaces. Since 1939, registered apprenticeship has assisted both labor and industry to develop skilled workers through apprenticeship training. Minnesotans participating in apprenticeship training have recently become more diverse by gender and ethnicity than at any other time. The Apprenticeship unit conducts yearly technical assistance visits to training sites to ensure the quality of the employer's registered apprenticeship program is meeting agreed upon apprenticeship training standards while producing a highly skilled workforce.

Activity at a Glance*

- ◆ 325 sponsors of apprenticeship training
- ◆ 11,112 apprentices in training, including 1,647 women and people of color
- ◆ 110 occupations
- ◆ 145 approved veterans receiving GI benefits
- ◆ 1,182 graduates during FY 2002; w/average wage of \$26.03 an hour
- ◆ 4,584 new apprentices during FY 2002; w/average wage of \$14.03 an hour

*Data as of 6-30-02

Population Served

The Apprenticeship unit currently serves: all employer or employer/employee organizations interested in training apprentices; state, county, and local units of government that are preparing clients for entry into employment; all Minnesotans who are seeking career information about apprenticeship programs; and community-based organizations receiving grants to promote apprenticeship opportunities for women and people of color.

Services Provided

The Apprenticeship unit provides consultative services to all union and non-union employers interested in developing apprenticeship training standards in Minnesota. In addition to the *approval* of sponsor standards, the Apprenticeship unit monitors the activities of the apprentices and the employers for *adherence* to those standards throughout the duration of the apprenticeship training program.

Historical Perspective

In 1939, Minnesota became the fifth state to pass legislation referred to as the Voluntary Apprenticeship Law, M.S. 178. Since that time, there have been more than 110,000 Minnesotans who have participated in apprenticeship training. During those early years, the war effort dominated the demand for skilled workers needed for heavy production and services, and apprenticeship provided those personnel needs. The economy has always had a direct impact on the needs of the industrial sectors within the state. As recently as 1994, enrollments in apprenticeship were 3,085 apprentices, including 107 women and people of color. In June of 2002, enrollment had increased to more than 11,112 apprentices, including 1,647 women and people of color. While economic conditions have changed during the past few years, enrollment of apprentices learning skilled trades has remained fairly constant as compared to past economic downturns. This speaks well for the usage of apprenticeship as a preferred method of training skilled workers.

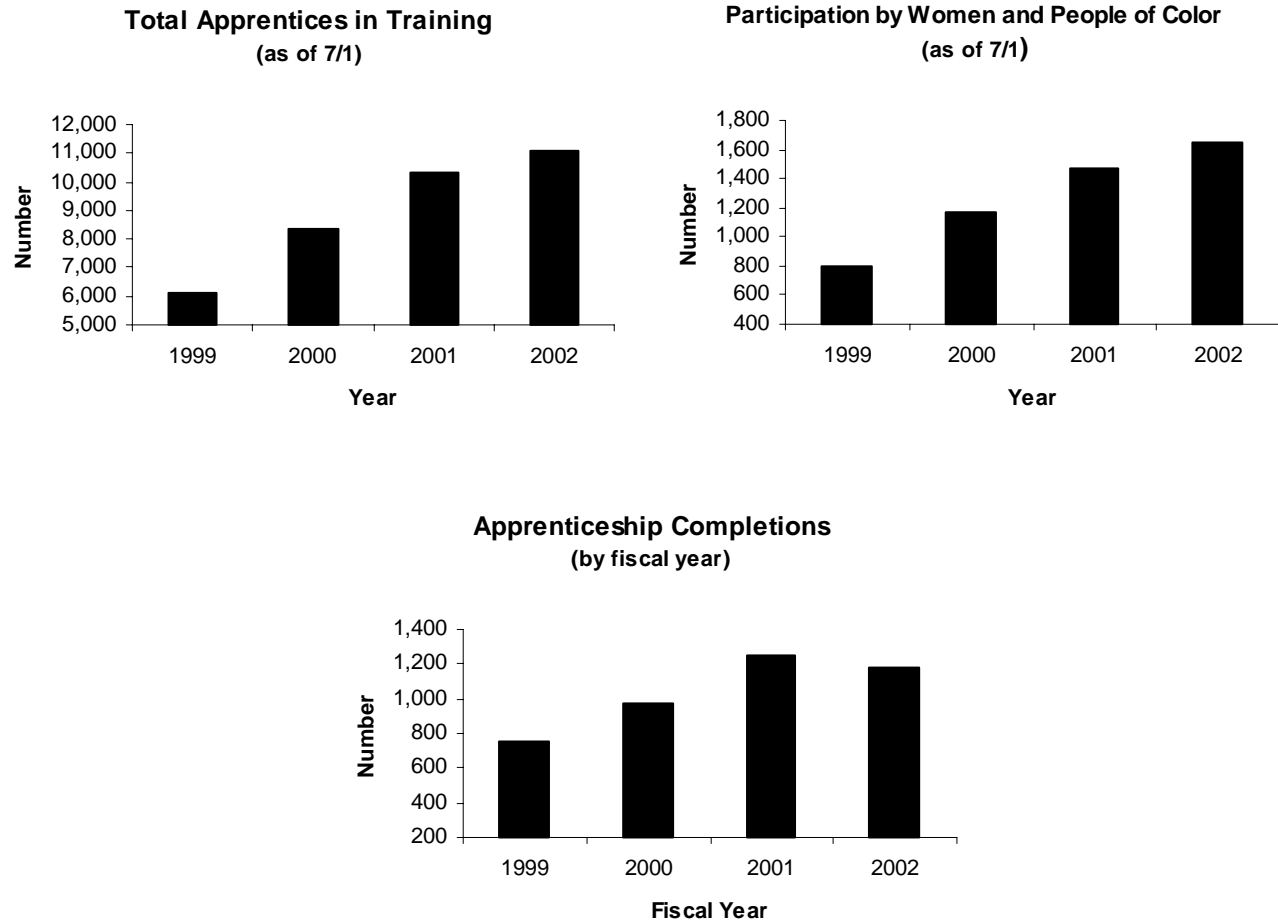
LABOR AND INDUSTRY DEPT

Program: WORKPLACE SERVICES DIVISION

Activity: APPRENTICESHIP

Narrative

Key Measures



Activity Funding

The Apprenticeship unit is financed by an appropriation from the Workforce Development fund. The unit also receives a federal grant from the Veteran's Administration for approving all eligible veteran apprenticeship and on-the-job training programs.

Contact

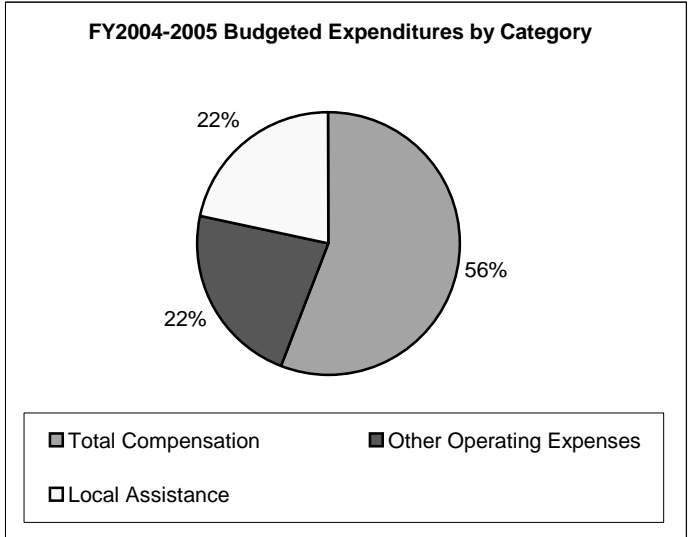
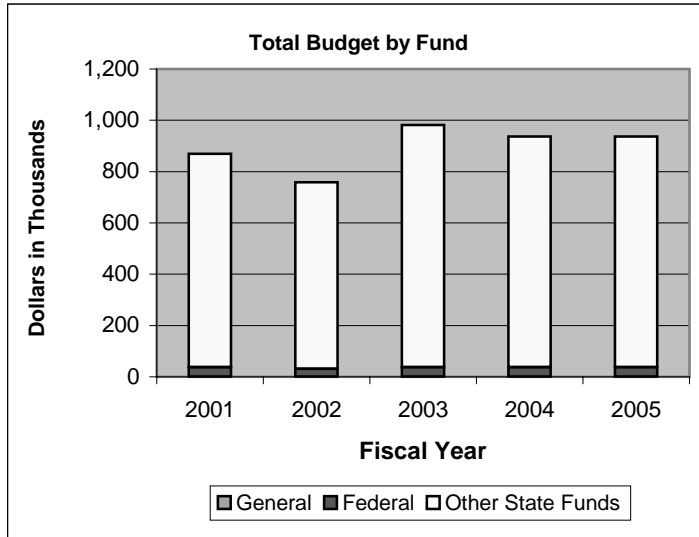
For more information, contact Apprenticeship by phone at (651) 284-5090 or 1-800-DIAL-DLI (1-800-342-5354) or e-mail at DLI.Apprenticeship@state.mn.us or visit online at <http://www.doli.state.mn.us>.

LABOR AND INDUSTRY DEPT

Program: **WORKPLACE SERVICES DIVISION**

Activity: APPRENTICESHIP PROGRAMS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| Workforce Development | 832 | 728 | 944 | 900 | 900 | 1,800 | 128 | 7.7% |
| Statutory Appropriations | | | | | | | | |
| Federal | 37 | 31 | 38 | 37 | 37 | 74 | 5 | 7.2% |
| Total | 869 | 759 | 982 | 937 | 937 | 1,874 | 133 | 7.6% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|--------------|------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 477 | 470 | 570 | 523 | 523 | 1,046 | 6 | 0.6% |
| Other Operating Expenses | 188 | 92 | 208 | 210 | 210 | 420 | 120 | 40.0% |
| Local Assistance | 204 | 197 | 204 | 204 | 204 | 408 | 7 | 1.7% |
| Total | 869 | 759 | 982 | 937 | 937 | 1,874 | 133 | 7.6% |

| | | | | | | | | |
|---------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|----------|-------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Federal | 37 | 31 | 37 | 37 | 37 | 74 | 6 | 8.8% |
| Subtotal Dedicated | 37 | 31 | 37 | 37 | 37 | 74 | 6 | 8.8% |
| Total Revenue | 37 | 31 | 37 | 37 | 37 | 74 | 6 | 8.8% |

| | | | | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|--|--|-------------|
| Full-Time Equivalents (FTE) | 8.0 | 8.0 | 9.0 | 8.0 | 8.0 | | | 0.0% |
|------------------------------------|------------|------------|------------|------------|------------|--|--|-------------|

LABOR AND INDUSTRY DEPT

Program: WORKPLACE SERVICES DIVISION

Activity: CODE ADMINISTRATION AND INSPECTION SERVICES

Narrative

Activity Description

Code Administration and Inspection Services (CAIS) exists to ensure the safety of boilers, pressure vessels, charter boats, and high-pressure-piping (HPP) systems in the state, pursuant to M.S. 184 and M.S. 326.46 to 326.521, through the adoption of regulations, licensing of boiler and boat operators and pipefitters, and conducting inspections. This activity has regulated boilers, pressure vessels, and charter boats for more than 100 years, with the objective of preventing death, injuries, and property damage from boiler and pressure-vessel explosions and hazardous charter boats. It has regulated high-pressure piping for more than 60 years, with the objective of preventing death, injuries, and property damage from ruptures in high-pressure-piping systems.

Population Served

CAIS's primary customers are the owners and operators of boilers, pressure vessels, charter boats, and high-pressure-piping systems. Indirectly, CAIS serves employees and the public who work and live around these vessels and high-pressure-piping systems, and passengers on charter boats operating on the state's inland waters.

Services Provided

- ⇒ Administer and enforce the state code on boilers, pressure vessels, and charter boats, which incorporates by reference the ASME Boiler and Pressure Vessel Code; National Board Inspection Code; and Code of Federal Regulations, Titles 33 and 46 (U.S. Coast Guard).
- ⇒ Administer and enforce the code on ammonia and power-piping systems.
- ⇒ Inspect boilers, pressure vessels, hobby boilers, charter boats, and high-pressure-piping systems.
- ⇒ License boiler operators, boat masters, and high-pressure-piping pipefitters and contractors.
- ⇒ Investigate compliance with state laws governing boilers, pressure vessels, hobby boilers, charter boats, and high-pressure-piping systems.

Historical Perspective

In 1881, following many deaths and injuries from boiler explosions during the preceding years, the Minnesota Legislature adopted several regulations to protect people and property, and created the department's boiler division to enforce the regulations. Regulation of the installation of high-pressure piping was added in 1937. The cost to administer and implement these laws is borne by those covered or regulated by the laws through user fees. Income from license, inspections, and permit activities were deposited into a special revenue fund until the legislature, in 1991, transferred the revenue and expenses to the General Fund. In FY 2001 and FY 2002, the unit replaced its computer systems to improve service to licensees and upgrade the department's ability to efficiently manage the inspection of boilers, pressure vessels, charter boats, and high-pressure-piping systems.

Activity at a Glance

- ◆ 88,076 registered boilers and pressure vessels
- ◆ 11,022 code-inspected locations
- ◆ 19,021 code-inspected vessels (inventory)
- ◆ 9,928 boiler and pressure-vessel inspections
- ◆ 99 charter boats inspected
- ◆ 167 boat inspections
- ◆ 598 licensed boat masters
- ◆ 43,128 licensed boiler operators
- ◆ 3,889 boiler license exams processed
- ◆ 2,648 licensed pipefitters
- ◆ 288 high-pressure-piping permits opened; 322 permits closed
- ◆ 1,542 high-pressure-piping inspections

LABOR AND INDUSTRY DEPT

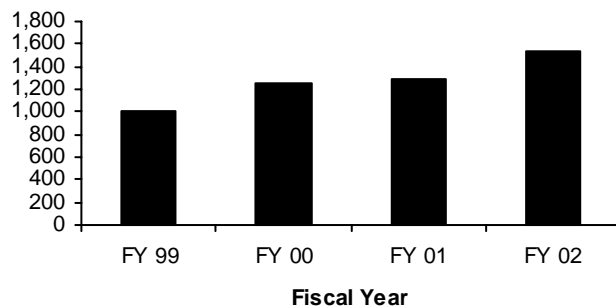
Program: WORKPLACE SERVICES DIVISION

Activity: CODE ADMINISTRATION AND INSPECTION SERVICES

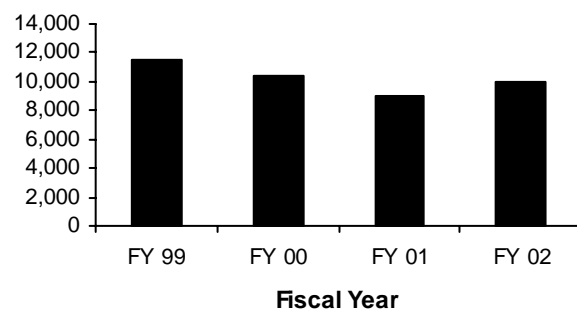
Narrative

Key Measures

High-Pressure-Piping Inspections by Fiscal Year



Boiler and Pressure-Vessel Inspections by Fiscal Year



Activity Funding

Code Administration and Inspection Services is financed by an appropriation from the General Fund. Costs are recovered through the collection of license, inspection, and seminar registration fees.

Contact

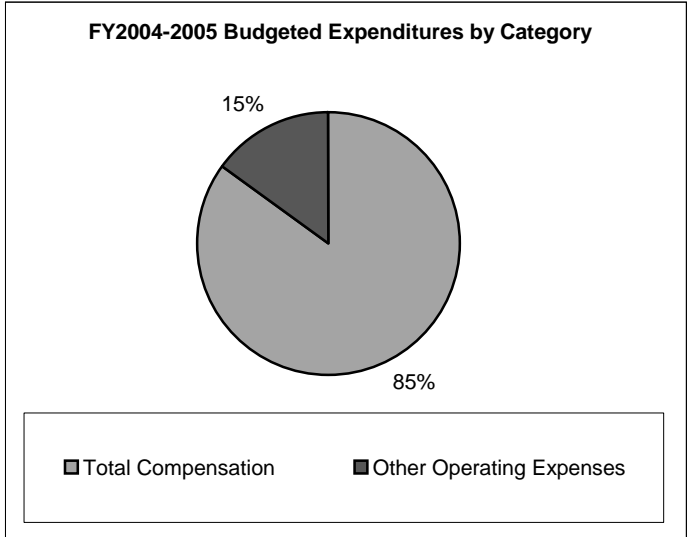
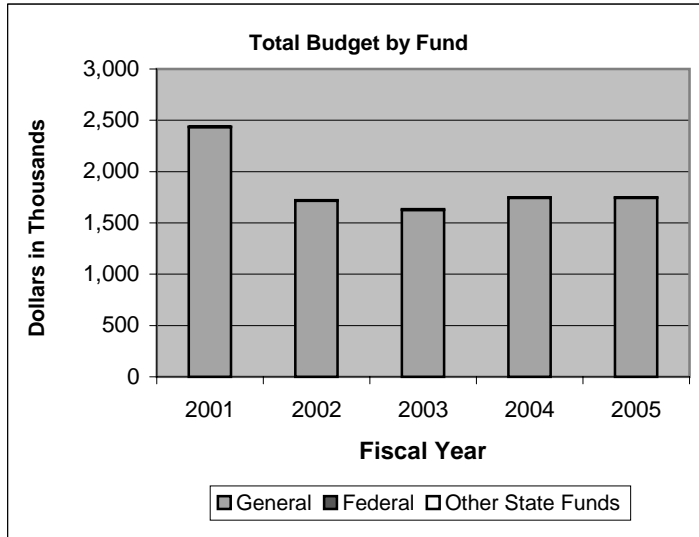
For more information, contact Code Administration and Inspection Services by phone at (651) 284-5080 or 1-800-DIAL-DLI (1-800-342-5354) or e-mail at DLI.Code@state.mn.us or visit online at <http://www.doli.state.mn.us>.

LABOR AND INDUSTRY DEPT

Program: **WORKPLACE SERVICES DIVISION**

Activity: CODE ADMIN & INSPECTION SVS

Fiscal Report



| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|------------------|------------------|--------------------|----------------|----------------|---------------------|--------------------------------------|-------------|
| Expenditures by Fund | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 2,433 | 1,714 | 1,625 | 1,742 | 1,742 | 3,484 | 145 | 4.3% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 5 | 8 | 8 | 8 | 8 | 16 | 0 | 0.0% |
| Total | 2,438 | 1,722 | 1,633 | 1,750 | 1,750 | 3,500 | 145 | 4.3% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|-------------|
| Total Compensation | 1,428 | 1,376 | 1,367 | 1,486 | 1,486 | 2,972 | 229 | 8.3% |
| Other Operating Expenses | 1,010 | 346 | 266 | 264 | 264 | 528 | -84 | -13.7% |
| Total | 2,438 | 1,722 | 1,633 | 1,750 | 1,750 | 3,500 | 145 | 4.3% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|
| Non Dedicated | | | | | | | | |
| General | 0 | 2,396 | 2,280 | 2,280 | 2,280 | 4,560 | -116 | -2.5% |
| Cambridge Deposit Fund | 2,042 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 2,042 | 2,396 | 2,280 | 2,280 | 2,280 | 4,560 | -116 | -2.5% |
| Dedicated | | | | | | | | |
| Special Revenue | 9 | 8 | 8 | 8 | 8 | 16 | 0 | 0.0% |
| Subtotal Dedicated | 9 | 8 | 8 | 8 | 8 | 16 | 0 | 0.0% |
| Total Revenue | 2,051 | 2,404 | 2,288 | 2,288 | 2,288 | 4,576 | -116 | -2.5% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 25.5 | 22.5 | 19.8 | 19.8 | 19.8 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

LABOR AND INDUSTRY DEPT

Program: WORKPLACE SERVICES DIVISION

Activity: LABOR STANDARDS

Narrative

Activity Description

The purpose of the Labor Standards unit is to administer and enforce Minnesota employment laws affecting employee wages, child labor, prevailing wages, and fee employment agencies. This unit also provides education and outreach activities to employers and employees. The unit has been established to ensure employers pay all employees in this state for all hours worked, to ensure accurate and timely prevailing-wage rates are set for state-funded construction projects, and to ensure fee employment agencies are knowledgeable of the laws governing them. The authority for this activity comes from M.S. 177 (Minnesota Fair Labor Standards Act), M.S. 181, M.S. 181A (Child Labor Standards Act), M.S. 181B, M.S. 184 (Employment Agency), and M.S. 184A (Entertainment Agency).

Activity at a Glance

- ◆ Investigate more than 350 cases a year
- ◆ Respond to more than 85,000 calls, e-mail messages, and correspondence a year
- ◆ Process more than 170 wage claims a year
- ◆ Set prevailing-wage rates for all counties in Minnesota

Population Served

The customers this unit serves are Minnesota employees and employers, labor organizations, schools and other state agencies.

Services Provided

The primary activities of the Labor Standards unit are enforcement, education, licensing, and surveying. Enforcement methods include investigation, mediation, on-site inspection, and issuing penalties and fines. Education methods include providing statute and rule information; providing brochures and posters to employers and employees; participating in speaking engagements and outreach activities to employee and employer organizations, schools, and other state agencies. Telephone calls, correspondence and e-mail to the unit can result in either an enforcement action or an educational opportunity. Employment agencies complete a process for licensing, and a survey is conducted to set the prevailing-wage rates.

Key Measures

The three key quantifiable performance measures in the Labor Standards unit are: 1) number of complaints investigated (minimum wage, overtime, child labor) and number of wage claims processed; 2) dollar amount recovered for back wages and wage claims; and 3) customer contacts.

⇒ To ensure the timely and accurate payment of wages for all hours worked by employees in Minnesota, the unit investigates complaints and processes wage claims (final paycheck disputes) in accordance with the Minnesota Fair Labor Standards Act (M.S. 177) and M.S. 181. To ensure the safety and well-being of employed minors, the unit investigates cases and issues penalty violations in accordance with the Minnesota Child Labor Standards Act (M.S. 181A).

| Key Measure (1) for | FY 1999 | FY 2000 | FY 2001 | FY 2002 |
|-----------------------|-----------|-----------|----------|----------|
| Cases opened | 238 | 373 | 342 | 330 |
| Cases closed | 240 | 355 | 355 | 331 |
| Wage claims opened | 39 | 235 | 172 | 152 |
| Wage claims closed | 43 | 235 | 172 | 148 |
| Key Measure (2) for | FY 1999 | FY 2000 | FY 2001 | FY 2002 |
| Back wages collected | \$133,598 | \$206,223 | \$56,773 | \$36,000 |
| Wage claims collected | \$7,571 | \$18,863 | \$13,083 | \$9,200 |

LABOR AND INDUSTRY DEPT

Program: WORKPLACE SERVICES DIVISION

Activity: LABOR STANDARDS

Narrative

⇒ To ensure employers and employees know and understand their responsibilities and the rights of employees in the workplace, the unit responds to telephone calls, e-mail messages, and correspondence, and conducts education and outreach activities.

| Key Measure (3) for | FY 1999 | FY 2000 | FY 2001 | FY 2002 |
|---|---------|---------|---------|---------|
| Telephone calls, e-mail, correspondence | 57,841 | 118,092 | 82,618 | 85,000 |
| Education and outreach activities (presentations, etc.) | 41 | 37 | 35 | 150 |
| Distribution of all (including translated) informational materials | n/a | n/a | n/a | 50,000 |

Activity Funding

The Labor Standards unit is financed by an appropriation from the General Fund. The unit collects revenue from:

- ◆ licensing of fee employment agencies and search firms; and
- ◆ fines assessed for violations of the Child Labor Act and Minnesota Fair Labor Standard Act.

The unit also collects back-wages owed to employees by employers. These funds are remitted to the employees. Beginning in FY 2004, the unit will no longer license search firms, resulting in an estimated revenue reduction of \$100,000 a year.

Contact

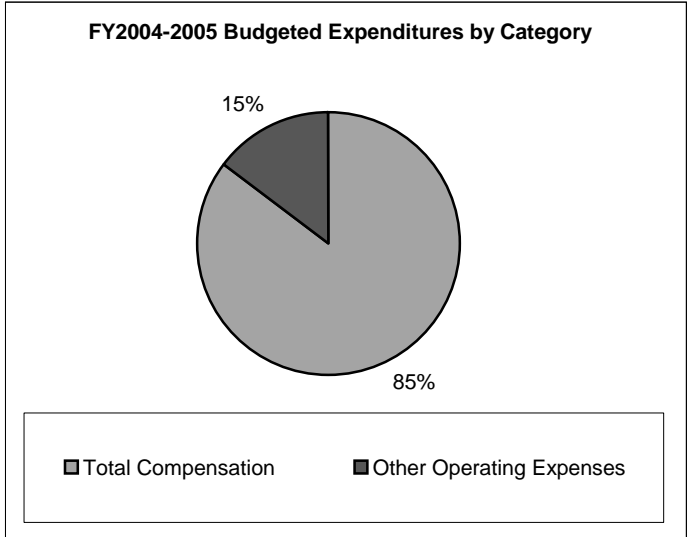
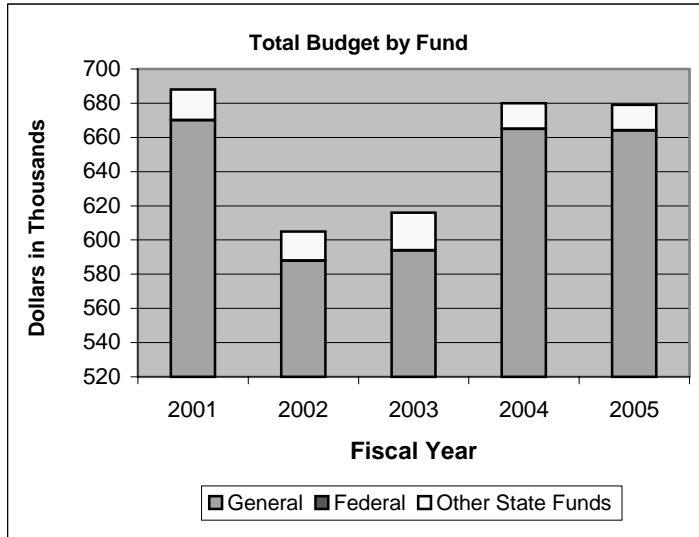
For more information, contact Labor Standards by phone at (651) 284-5005 or 1-800-DIAL-DLI (1-800-342-5354) or e-mail at DLI.LaborStandards@state.mn.us or visit online at <http://www.doli.state.mn.us>.

LABOR AND INDUSTRY DEPT

Program: **WORKPLACE SERVICES DIVISION**

Activity: **LABOR STANDARDS**

Fiscal Report



| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|------------------|------------------|--------------------|----------------|--------------------|---------------------|--------------------------------------|--------------|
| Expenditures by Fund | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 670 | 588 | 594 | 665 | 664 | 1,329 | 147 | 12.4% |
| Statutory Appropriations | | | | | | | | |
| Miscellaneous Agency | 18 | 17 | 22 | 15 | 15 | 30 | -9 | -23.1% |
| Total | 688 | 605 | 616 | 680 | 679 | 1,359 | 138 | 11.3% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|--------------|------------|--------------|
| Total Compensation | 491 | 495 | 511 | 580 | 579 | 1,159 | 153 | 15.2% |
| Other Operating Expenses | 197 | 110 | 105 | 100 | 100 | 200 | -15 | -7.0% |
| Total | 688 | 605 | 616 | 680 | 679 | 1,359 | 138 | 11.3% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|------------|------------|------------|-----------|-----------|------------|-------------|---------------|
| Non Dedicated | | | | | | | | |
| General | 11 | 150 | 137 | 38 | 38 | 76 | -211 | -73.5% |
| Cambridge Deposit Fund | 98 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 109 | 150 | 137 | 38 | 38 | 76 | -211 | -73.5% |
| Dedicated | | | | | | | | |
| Miscellaneous Agency | 8 | 12 | 15 | 15 | 15 | 30 | 3 | 11.1% |
| Subtotal Dedicated | 8 | 12 | 15 | 15 | 15 | 30 | 3 | 11.1% |
| Total Revenue | 117 | 162 | 152 | 53 | 53 | 106 | -208 | -66.2% |

| | | | | | |
|------------------------------------|-------------|-------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 10.0 | 10.0 | 8.0 | 8.0 | 8.0 |
|------------------------------------|-------------|-------------|------------|------------|------------|

LABOR AND INDUSTRY DEPT

Program: WORKPLACE SERVICES DIVISION

Activity: OSHA COMPLIANCE

Narrative

Activity Description

The Minnesota Occupational Safety and Health (MNOSHA) program's mission is to ensure every worker in Minnesota has a safe and healthy workplace, by establishing and enforcing safety and health standards in Minnesota workplaces. Because Minnesota has received approval from federal OSHA to administer its own occupational safety and health program, MNOSHA addresses the unique safety issues of Minnesota's industries and businesses. The program achieves its mission by conducting safety and health inspections and providing other services that are evaluated regularly by the federal OSHA program.

Activity at a Glance

- ◆ 2.6 million workers in Minnesota
- ◆ 156,000 private and public-sector employers
- ◆ 98% of Minnesota's workers are covered by MNOSHA
- ◆ \$3,292,170 in penalties were assessed against employers in FFY 2001
- ◆ 9,351 telephone calls from customers were received in FFY 2001

Population Served

All public and private employers in Minnesota, except federal agencies and exclusive federal-jurisdiction properties, are covered under the MNOSHA program. Therefore, nearly all Minnesota workers are served by MNOSHA. Based on the current budget and staffing level, it would take more than 75 years for MNOSHA to inspect all employers within the state. Because of that, MNOSHA efforts are concentrated on inspections in high-hazard industries, employee complaints, and companies with high workers' compensation injury rates.

Services Provided

The MNOSHA compliance program serves its stakeholders by promoting safe and healthful working conditions for all Minnesota workers by:

- ◆ establishing standards that are as least as effective as federal OSHA standards;
- ◆ conducting inspections that identify hazardous conditions;
- ◆ setting abatement dates for inspection violations to eliminate or control hazards;
- ◆ issuing citations and penalties to promote compliance;
- ◆ investigating workplace fatalities and serious accidents to prevent future recurrence;
- ◆ investigating complaints that employers have discriminated against employees for raising safety or health concerns;
- ◆ providing customer education and outreach through information, seminars, and technical assistance; and
- ◆ responding to employee complaints as required by federal OSHA.

Historical Perspective

The MNOSHA program was established by the Minnesota Legislature with the passage of the Minnesota Occupational Safety and Health Act of 1973, created by M.S. 182. The program became effective 8-1-73. Final approval of Minnesota's state plan was obtained from federal OSHA on 7-30-85. The U.S. Department of Labor, Occupational Health and Safety Administration monitors the program's activities, progress, and expenditures monthly.

LABOR AND INDUSTRY DEPT

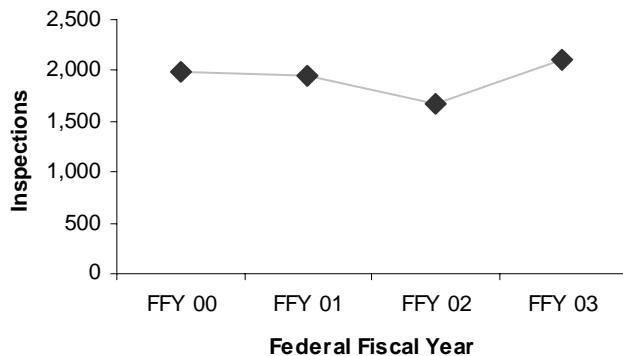
Program: WORKPLACE SERVICES DIVISION

Activity: OSHA COMPLIANCE

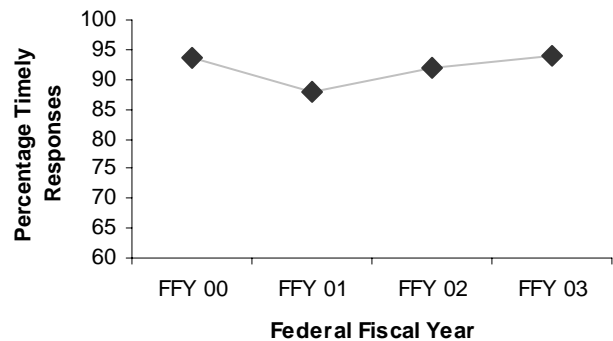
Narrative

Key Measures

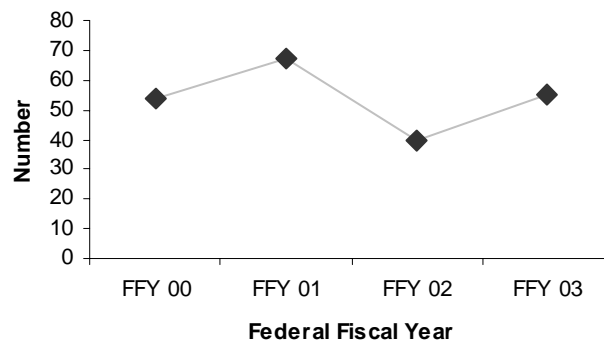
OSHA Inspections Conducted



OSHA Imminent-Danger Complaints



Outreach Presentations



Activity Funding

MNOSHA is financed by a federal grant that is matched with an appropriation from the Workers' Compensation fund. The activity generates nondedicated revenue for the Workers' Compensation fund through penalties assessed on employers that are not in compliance with MNOSHA standards.

Contact

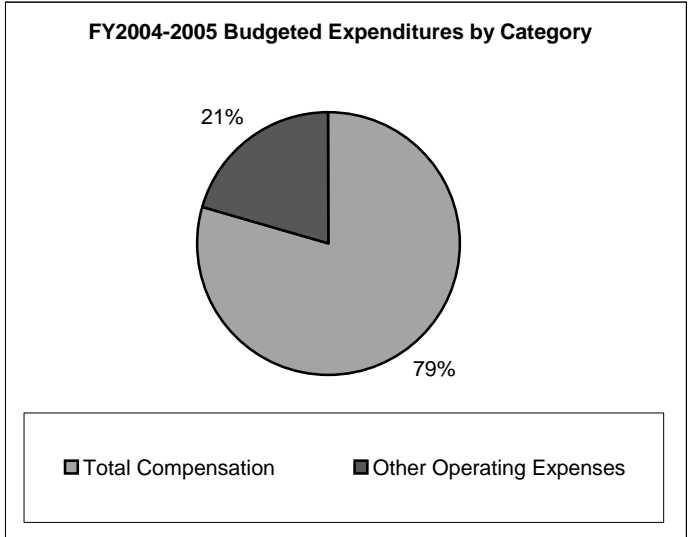
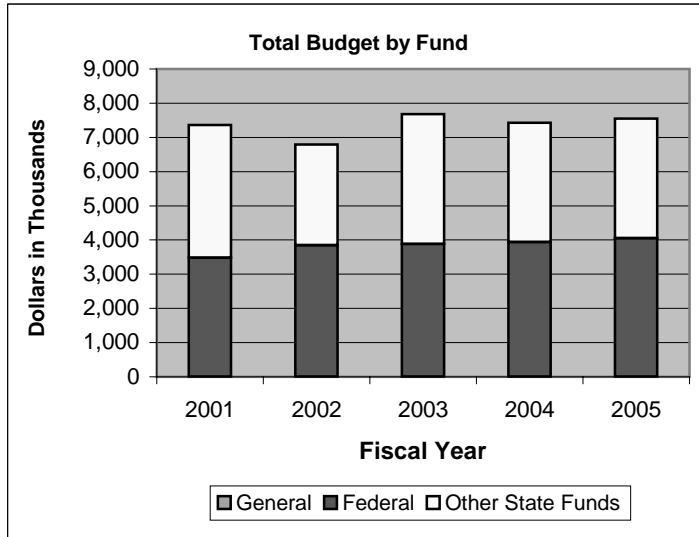
For more information, contact MSOSHA by phone at (651) 284-5050 or 1-800-DIAL-DLI (1-800-342-5354) or e-mail at OSHA.Compliance@state.mn.us or visit online at <http://www.doli.state.mn.us>.

LABOR AND INDUSTRY DEPT

Program: **WORKPLACE SERVICES DIVISION**

Activity: OSHA COMPLIANCE

Fiscal Report



| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 Dollars | Percent |
|---------------------------------|------------------|------------------|--------------------|----------------|--------------------|---------------------|---|-------------|
| Expenditures by Fund | | | | | | | | |
| Direct Appropriations | | | | | | | | |
| Workers Compensation | 3,886 | 2,947 | 3,799 | 3,492 | 3,492 | 6,984 | 238 | 3.5% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 0 | 2 | 2 | 2 | 2 | 4 | 0 | 0.0% |
| Federal | 3,476 | 3,842 | 3,878 | 3,934 | 4,052 | 7,986 | 266 | 3.4% |
| Total | 7,362 | 6,791 | 7,679 | 7,428 | 7,546 | 14,974 | 504 | 3.5% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 5,053 | 4,897 | 5,621 | 5,904 | 5,997 | 11,901 | 1,383 | 13.1% |
| Other Operating Expenses | 2,309 | 1,894 | 2,058 | 1,524 | 1,549 | 3,073 | -879 | -22.2% |
| Total | 7,362 | 6,791 | 7,679 | 7,428 | 7,546 | 14,974 | 504 | 3.5% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|------------|-------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| Workers Compensation | 1,956 | 1,816 | 1,800 | 1,800 | 1,800 | 3,600 | -16 | -0.4% |
| Subtotal Non Dedicated | 1,956 | 1,816 | 1,800 | 1,800 | 1,800 | 3,600 | -16 | -0.4% |
| Dedicated | | | | | | | | |
| Special Revenue | 0 | 2 | 2 | 2 | 2 | 4 | 0 | 0.0% |
| Federal | 3,479 | 3,840 | 3,877 | 3,934 | 4,052 | 7,986 | 269 | 3.5% |
| Subtotal Dedicated | 3,479 | 3,842 | 3,879 | 3,936 | 4,054 | 7,990 | 269 | 3.5% |
| Total Revenue | 5,435 | 5,658 | 5,679 | 5,736 | 5,854 | 11,590 | 253 | 2.2% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 91.7 | 92.7 | 91.7 | 92.7 | 92.7 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

LABOR AND INDUSTRY DEPT

Program: **WORKPLACE SERVICES DIVISION**

Activity: **WORKPLACE SAFETY CONSULTATION**

Narrative

Activity Description

The Workplace Safety Consultation (WSC) unit provides a broad network of occupational safety and health services at no cost to small and medium sized high-hazard industries that request assistance to voluntarily comply with the Minnesota Occupational Safety and Health Act. This activity assists employers and employees to implement effective safety and health programs to prevent injuries and illnesses that may result from exposure to hazardous workplace conditions and work practices.

Population Served

Although efforts are targeted towards small and medium sized employers, all public and private employers in Minnesota, except federal agencies and exclusive federal-jurisdiction properties, are covered under the MNOSHA program. Therefore, nearly all Minnesota workers are served by WSC.

Services Provided

The WSC unit provides many services by

- ◆ assisting employers and employees to recognize hazards in the workplace;
- ◆ suggesting approaches or options for solving a safety or health problem;
- ◆ providing a timely written report of findings to the employer, including the posting of hazards;
- ◆ training and educating employers and employees through seminars and workshops at the employer's worksite and at other off-site locations throughout the state; and
- ◆ recommending employers and employees for partnership and recognition programs, such as MNSTAR and Minnesota Safety and Health Achievement Recognition Program (MNSHARP).

Other specific programs:

- ⇒ **Loggers' Safety Education Program** – The WSC administers M.S. 176.130 to ensure Minnesota loggers have the opportunity to obtain safety training. Funds are rebated to logger employers, through an assessment collected from the wood mills, upon completion of safety training by their employees.
- ⇒ **Labor Management Safety Committee Program** – This program emphasizes the labor-management safety committee structure through a joint effort with the Bureau of Mediation Services. This program reinforces the importance of labor-management cooperation in workplace safety issues and helps prevent workplace injuries.
- ⇒ **Safety Hazard Abatement Grant Program** – The Assigned Risk Safety Account was established to allow businesses to receive grants to assist in covering the cost of: 1) obtaining safety equipment; 2) operating and maintaining equipment; or 3) purchasing or renting real property to meet criteria established by on-site safety inspections.
- ⇒ **Workplace Violence Prevention Program** – This program helps employers and employees deal with the increasing incidence of violence in the workplace. The program develops common sense preventive measures and informs employers and employees about how to prevent violence and what to do when confronted with a violent situation.
- ⇒ **MNSHARP** – The MNSHARP provides incentives and support to smaller, high-hazard employers to work with their employees to develop, implement, and continuously improve the effectiveness of their workplace safety and health programs. The goal of the program is to reduce injury and illness rates below the national average for their industry.
- ⇒ **MNSTAR** – MNSTAR is a voluntary protection program available to Minnesota employers. The program relies on the concept of self-assessment, by the requesting employers, following federal criteria. This

Activity at a Glance

- ◆ 2.6 million workers in Minnesota
- ◆ 156,000 private and public sector employers
- ◆ 98% of Minnesota workers are covered by Workplace Safety Consultation
- ◆ \$2.7 million annual penalty savings for employers
- ◆ 455 annual outreach sessions and 13,500 participants
- ◆ 840 annual on-site consultation inspections
- ◆ 41% average lost-workday injury and illness rate reduction for MNSHARP partners
- ◆ 34% average lost-workday injury and illness rate reduction for MNSTAR partners
- ◆ 74,000 workers impacted by on-site consultation inspections

LABOR AND INDUSTRY DEPT

Program: **WORKPLACE SERVICES DIVISION**

Activity: **WORKPLACE SAFETY CONSULTATION**

Narrative

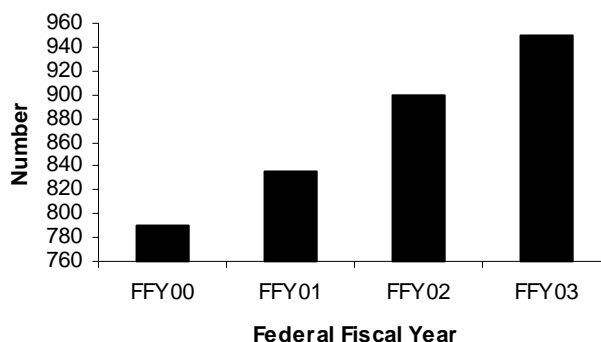
program affords the employer the opportunity to become involved in an effort to improve safety and health through cooperation among employees, management, and government.

⇒ **Safety and Health Educational Outreach Program** – This program offers workshops to help educate employers and employees about workplace safety and health hazards, and the OSHA standards addressing them. Its aim is to assist employers in implementing and maintaining effective safety and health programs, with the goals of lowering injury and illness rates and reducing workplace injury costs.

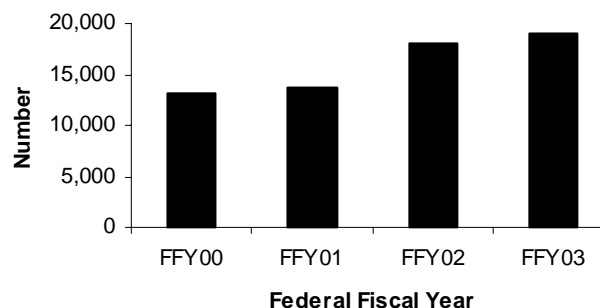
Key Measures

WSC efforts in the area of safety and health have: 1) resulted in greater voluntary safety and health efforts and improved worker protection through non-adversarial means; 2) led to better allocations of OSHA resources by minimizing duplications of work between enforcement and consultation staff; and 3) enabled MNOSHA consultants to concentrate on workplaces and to assist employers in controlling or eliminating hazards, establishing effective safety and health programs, and reducing workers' compensation costs.

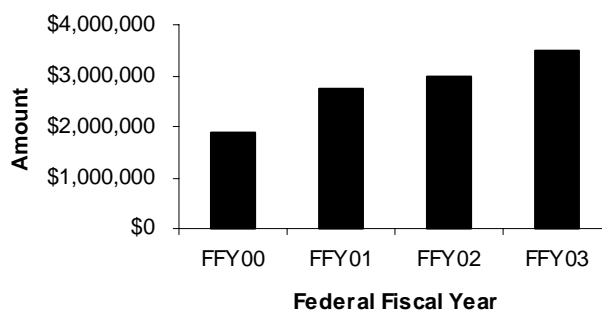
On-site Consultation Inspections



Number of Participants at Outreach Sessions



OSHA Penalty Savings (Costs Associated with OSHA Enforcement Penalties)



Activity Funding

WSC is financed by a federal grant that is matched with an appropriation from the Workers' Compensation fund. The unit also administers the funding appropriated from the Assigned Risk Safety Account in the Workers' Compensation fund for the Labor Management Safety Committee, Workplace Violence Prevention, and Safety Grant programs. The Loggers' Safety Education program is funded by an assessment paid by wood mills.

Contact

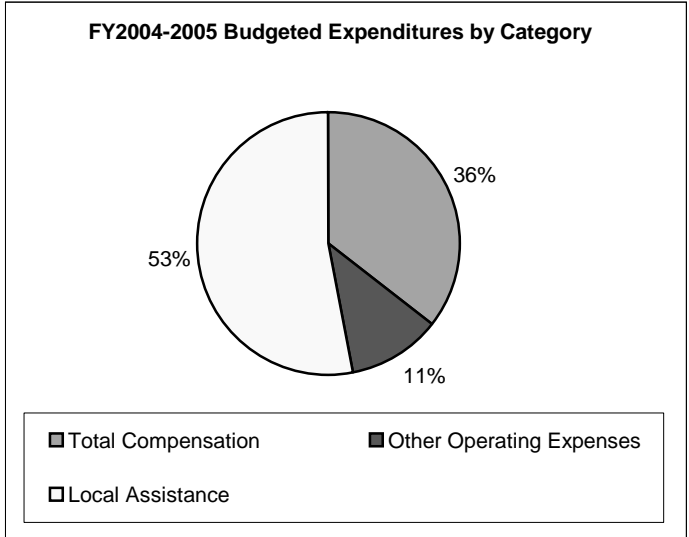
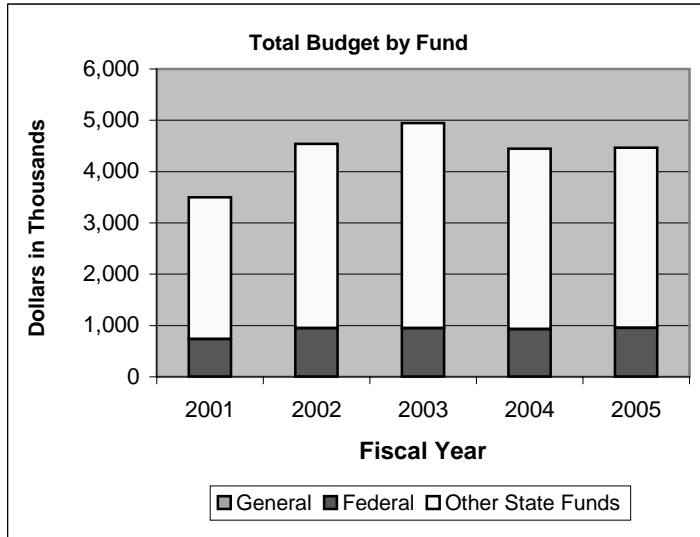
For more information contact Workplace Safety Consultation by phone at (651) 284-5060 or 1-800- DIAL-DLI (1-800-342-5354) or e-mail at OSHA.Consultation@state.mn.us or visit online at <http://www.doli.state.mn.us>.

LABOR AND INDUSTRY DEPT

Program: **WORKPLACE SERVICES DIVISION**

Activity: **WORKPLACE SAFETY CONSULTATION**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|---------------|-----------------------------|--------------------------|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 | |
| Direct Appropriations | | | | | | | Dollars | Percent |
| Workers Compensation | 577 | 468 | 556 | 525 | 520 | 1,045 | 21 | 2.1% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 24 | 4 | 21 | 18 | 18 | 36 | 11 | 44.0% |
| Federal | 736 | 947 | 946 | 928 | 956 | 1,884 | -9 | -0.5% |
| Workers Compensation | 2,164 | 3,119 | 3,421 | 2,973 | 2,973 | 5,946 | -594 | -9.1% |
| Total | 3,501 | 4,538 | 4,944 | 4,444 | 4,467 | 8,911 | -571 | -6.0% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 1,134 | 1,297 | 1,419 | 1,573 | 1,606 | 3,179 | 463 | 17.0% |
| Other Operating Expenses | 565 | 444 | 607 | 504 | 511 | 1,015 | -36 | -3.4% |
| Local Assistance | 1,802 | 2,797 | 2,918 | 2,367 | 2,350 | 4,717 | -998 | -17.5% |
| Total | 3,501 | 4,538 | 4,944 | 4,444 | 4,467 | 8,911 | -571 | -6.0% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------|-------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Special Revenue | 19 | 7 | 18 | 18 | 18 | 36 | 11 | 44.0% |
| Federal | 732 | 947 | 946 | 928 | 956 | 1,884 | -9 | -0.5% |
| Workers Compensation | 3,312 | 2,977 | 2,973 | 2,973 | 2,973 | 5,946 | -4 | -0.1% |
| Subtotal Dedicated | 4,063 | 3,931 | 3,937 | 3,919 | 3,947 | 7,866 | -2 | 0.0% |
| Total Revenue | 4,063 | 3,931 | 3,937 | 3,919 | 3,947 | 7,866 | -2 | 0.0% |

| | | | | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|--|--|-------------|
| Full-Time Equivalents (FTE) | 19.3 | 19.3 | 20.3 | 21.3 | 21.3 | | | 0.0% |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|--|--|-------------|

Program Description

The General Support Division supports internal customers in six management areas: 1) research and statistics; 2) information technology development and support; 3) legal advice and litigation; 4) financial management; 5) communications; and 6) human resources.

Population Served

This division provides leadership to other agency activities serving workers and employers in Minnesota.

Services Provided

The *Research and Statistics* unit collects, analyzes, and reports workplace safety and workers' compensation data. It conducts surveys of employers to estimate work-related injury and illness incidence rates and develops information for policymaking.

The *Information Technology Services* unit provides technology and telecommunications support to Department of Labor and Industry (DLI) operations. It manages and leads all computer systems development for DLI and systems shared with the Office of Administrative Hearings and the Workers' Compensation Court of Appeals.

The *Legal Services* unit serves DLI activities as in-house legal counsel, responding to requests for legal advice from agency staff in the performance of their duties. Legal advice requests include issues involving the administration of a state agency, data practices, workers' compensation, occupational safety and health, labor standards, prevailing wage, and high-pressure-piping and boiler code. The unit conducts rulemaking and provides specialized litigation services for matters involving the Special Compensation Fund, Compliance Services, and Occupational Safety and Health Act (OSHA) Compliance. The unit also provides assistance directly to the public, other government entities, and the legislature.

The *Financial Services* unit provides all aspects of agency financial management services, including budgeting, accounting, payroll, purchasing, and financial reporting.

The *Communications* unit manages DLI's communications program, including all internal and external publications, media relations, and Internet/intranet pages.

The *Human Resources* unit manages all labor relations, employee development, staffing, job classification, compensation and benefits, safety, and affirmative action functions.

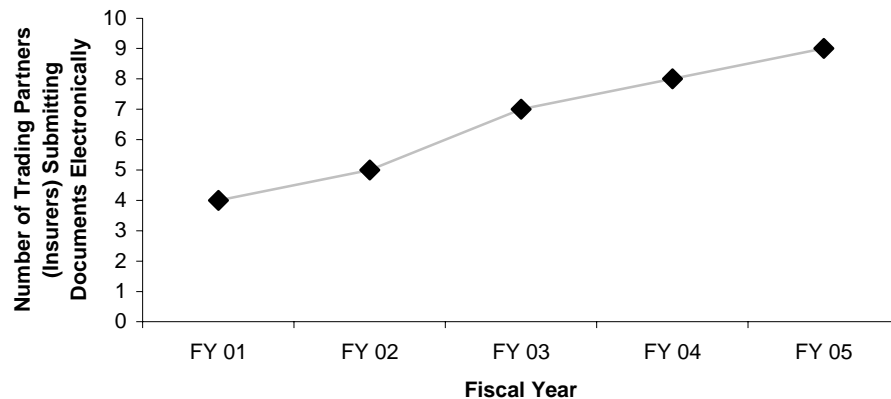
Program at a Glance

- ◆ Provides support to 390 agency employees located in nine offices statewide
- ◆ Administers \$127 million budget for FY 2003
- ◆ 98,522 Web site visitors in CY 2001
- ◆ Maintains federal survey response rate of 100%
- ◆ Conducts more than 30 research projects and responds to 180 requests for statistical data annually
- ◆ Represents the department in 84 cases involving uninsured employers annually

Key Measures

⇒ Expanding and enhancing use of electronic data interchange and submission.

**Expanding and Enhancing Use of Electronic Data
Interchange and Submission**

**Program Funding**

The program is financed by appropriations from the Workers' Compensation and General Funds, and indirect cost revenue recovered from the agency's federal programs. The program also administers two federal research grants from the Bureau of Labor Statistics.

Contact

For more information, contact: James Honerman, Communications director, at (651) 284-5313.

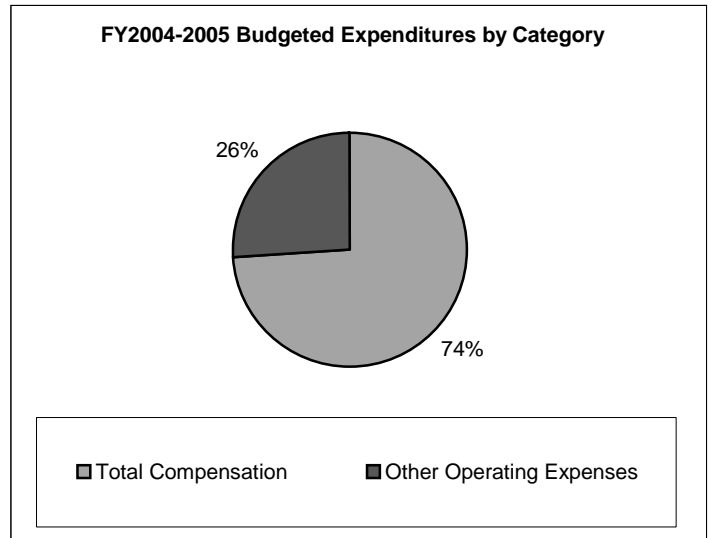
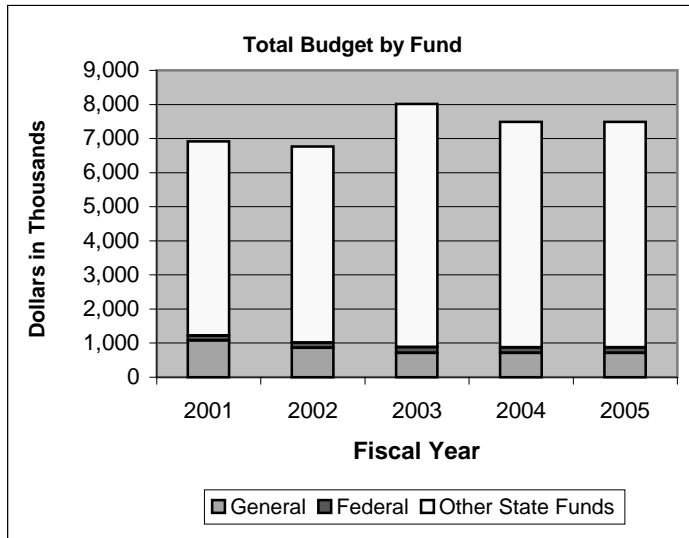
More than a thousand visitors stop by the DLI web site (<http://www.doli.state.mn.us>) each day to learn more about Minnesota's employment laws, safety and health standards, work-related injuries, and worker training programs.

For information about department goals and results, visit the Minnesota Results web site at: <http://www.departmentresults.state.mn.us/doli>.

LABOR AND INDUSTRY DEPT

Program: **GENERAL SUPPORT DIVISION**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 1,079 | 859 | 710 | 709 | 709 | 1,418 | -151 | -9.6% |
| Workers Compensation | 5,139 | 4,997 | 6,041 | 5,592 | 5,592 | 11,184 | 146 | 1.3% |
| Open Appropriations | | | | | | | | |
| Workers Compensation | 146 | 214 | 265 | 265 | 265 | 530 | 51 | 10.6% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 409 | 541 | 825 | 755 | 755 | 1,510 | 144 | 10.5% |
| Federal | 145 | 159 | 171 | 166 | 166 | 332 | 2 | 0.6% |
| Total | 6,918 | 6,770 | 8,012 | 7,487 | 7,487 | 14,974 | 192 | 1.3% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 4,574 | 4,795 | 5,239 | 5,483 | 5,589 | 11,072 | 1,038 | 10.3% |
| Other Operating Expenses | 2,344 | 1,975 | 2,773 | 2,004 | 1,898 | 3,902 | -846 | -17.8% |
| Total | 6,918 | 6,770 | 8,012 | 7,487 | 7,487 | 14,974 | 192 | 1.3% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|------------|-------------|
| Expenditures by Activity | | | | | | | | |
| General Support Division | 6,918 | 6,770 | 8,012 | 7,487 | 7,487 | 14,974 | 192 | 1.3% |
| Total | 6,918 | 6,770 | 8,012 | 7,487 | 7,487 | 14,974 | 192 | 1.3% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|--------------|------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Special Revenue | 546 | 580 | 755 | 755 | 755 | 1,510 | 175 | 13.1% |
| Federal | 143 | 162 | 166 | 166 | 166 | 332 | 4 | 1.2% |
| Subtotal Dedicated | 689 | 742 | 921 | 921 | 921 | 1,842 | 179 | 10.8% |
| Total Revenue | 689 | 742 | 921 | 921 | 921 | 1,842 | 179 | 10.8% |

| | | | | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|--|--|--|
| Full-Time Equivalents (FTE) | 74.9 | 73.5 | 74.5 | 73.5 | 73.5 | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|--|--|--|

Agency Purpose

The Minnesota Supreme Court exercising its inherent constitutional authority regulates the practice of law in Minnesota.

The Supreme Court exercises its regulatory authority so that within the state the public is well served by admitting to practice competent attorneys who continuously revitalize their knowledge of the law by attending continuing education programs, by appropriately disciplining after careful investigation those who have been found to have violated the Minnesota Rules of Professional Conduct, and by reimbursing clients under specified circumstances who have lost funds because of attorney misfeasance. The court has implemented a statewide lawyer assistance program to direct lawyers to appropriate and necessary counseling.

Core Functions

The Supreme Court has established regulatory boards to assist in key areas of the regulation of the practices of law.

- ⇒ The Continuing Legal Education Board certifies 6,000 programs annually in a wide variety of legal subjects to promote professional growth for the state's 23,000 attorneys and monitors each attorney's compliance with continuing education regulations.
- ⇒ The Lawyers Professional Responsibility Board, working in conjunction with district ethics committees throughout the state, investigates complaints of unprofessional conduct against lawyers and recommends discipline where appropriate.
- ⇒ The Legal Certification Board certifies agencies, which certify lawyers having specified experience and training as specialists.
- ⇒ The Client Security Board reviews claims from clients who have experienced monetary loss because of attorney dishonesty and, where the claim meets criteria established by the board, reimburses the client for the loss up to \$150,000.
- ⇒ The Board of Law Examiners reviews the credentials of applicants for admission to the practice of law in Minnesota and administers the bar examination.
- ⇒ A lawyer assistance program directs lawyers who are suffering from chemical and substance abuse emotional distress to appropriate treatment.

Operations

The boards, consisting of lawyers and lay members, are appointed by the Supreme Court to carry out the functions identified above within the rules for each board promulgated by the Supreme Court. Each board is authorized to hire staff. The Client Security Board contracts with the Board of Professional Responsibility for legal services to examine claims and pursue subrogation claims. The Board of Law Examiners, Continuing Legal Education, and Legal Certification have a single director and share staff.

At A Glance

Anticipated Revenue – FY 2003/04

- ◆ Continuing Legal Education Board: \$775,942.
- ◆ Lawyers Professional Responsibility Board: \$4,193,737.
- ◆ Legal Certification Board: \$92,600.
- ◆ Client Security Board: \$926,893.
- ◆ Board of Law Examiners: \$1,528,312.

Business Functions:

- ⇒ The Board of Law Examiners tests approximately 900 applicants to the bar annually and recommends for admission to the bar those persons who establish legal competence and good character.
- ⇒ The Board of Continuing Legal Education accredits 6,000 legal education courses annually and monitors 23,000 Minnesota-Licensed attorneys' completion of continuing legal education.
- ⇒ The Board of Legal Certification has accredited five legal organizations which certify a total of 859 attorneys as specialist in nine defined specialty fields of law.

Budget

Dedicated revenue fully funds the activities of the boards. No General Fund monies support the operations of these boards. The Supreme Court assesses each lawyer admitted to practice law in Minnesota an annual registration fee which funds these activities. The registration fee revenue is divided among the boards as determined by the Court after public hearing. The Board of Law Examiners assesses a bar examination fee to each applicant for the bar examination. The boards of Continuing Legal Education and Legal Certification assess various administrative fees. The fees for those boards are included in the Department Earnings Report.

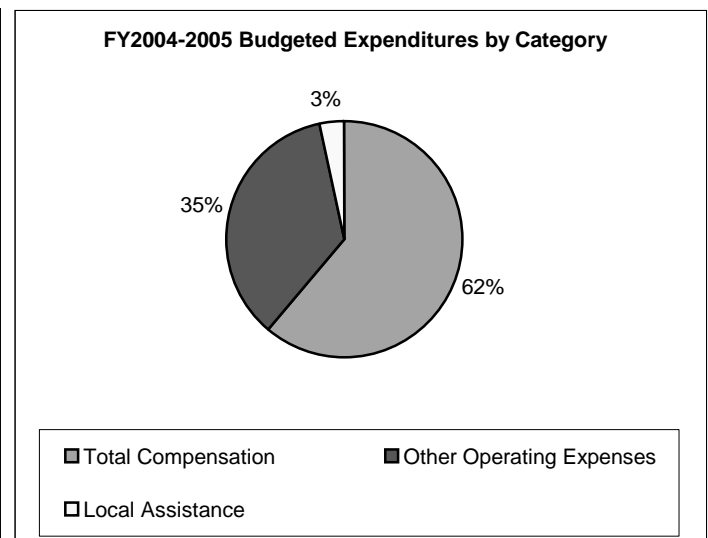
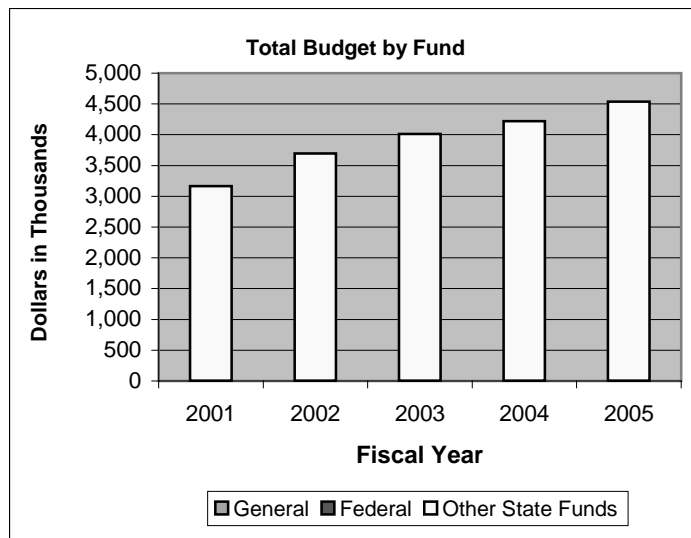
The boards have 47.26 FTEs.

Contact

Minnesota Supreme Court
Minnesota Judicial Center
25 Constitution Avenue
St. Paul, Minnesota 55155

Sue Dosal
State Court Administrator
Phone: (651) 296-2474
Fax: (651) 297-5636

Home page: <http://www.courts.state.mn.us>



| <i>Dollars in Thousands</i> | | | | | | | | |
|-----------------------------|------------------|------------------|--------------------|----------------|--------------------|---------------------|---|--------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 Dollars | Percent |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 3,167 | 3,694 | 4,010 | 4,218 | 4,535 | 8,753 | 1,049 | 13.6% |
| Total | 3,167 | 3,694 | 4,010 | 4,218 | 4,535 | 8,753 | 1,049 | 13.6% |

Expenditures by Category

| | | | | | | | | |
|--------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Total Compensation | 2,082 | 2,266 | 2,559 | 2,670 | 2,682 | 5,352 | 527 | 10.9% |
| Other Operating Expenses | 1,085 | 1,320 | 1,331 | 1,408 | 1,693 | 3,101 | 450 | 17.0% |
| Local Assistance | 0 | 108 | 120 | 140 | 160 | 300 | 72 | 31.6% |
| Total | 3,167 | 3,694 | 4,010 | 4,218 | 4,535 | 8,753 | 1,049 | 13.6% |

Expenditures by Program

| | | | | | | | | |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Continuing Legal Education Bd | 287 | 298 | 356 | 319 | 340 | 659 | 5 | 0.8% |
| Professional Responsibility Bd | 1,907 | 2,089 | 2,364 | 2,506 | 2,725 | 5,231 | 778 | 17.5% |
| Legal Certification Board | 43 | 45 | 51 | 53 | 57 | 110 | 14 | 14.6% |
| Client Security Board | 161 | 388 | 300 | 350 | 360 | 710 | 22 | 3.2% |
| Law Examiners Board | 769 | 874 | 939 | 990 | 1,053 | 2,043 | 230 | 12.7% |
| Total | 3,167 | 3,694 | 4,010 | 4,218 | 4,535 | 8,753 | 1,049 | 13.6% |

Revenue by Type and Fund

| | | | | | | | | |
|----------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|-------------|
| Dedicated | | | | | | | | |
| Special Revenue | 3,827 | 3,818 | 3,909 | 4,202 | 4,254 | 8,456 | 729 | 9.4% |
| Subtotal Dedicated | 3,827 | 3,818 | 3,909 | 4,202 | 4,254 | 8,456 | 729 | 9.4% |
| Total Revenue | 3,827 | 3,818 | 3,909 | 4,202 | 4,254 | 8,456 | 729 | 9.4% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 35.7 | 36.0 | 49.2 | 49.2 | 49.2 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

Agency Purpose

The Legislative Commission on Minnesota Resources (LCMR) was created in 1963 to provide the legislature with the background necessary to evaluate programs proposed to preserve, develop, and maintain Minnesota's natural resources.

M.S. 116P and an adopted strategic plan guide LCMR expenditure recommendations from the LCMR to the Minnesota Legislature for natural resource projects.

Recommendations are from four funding sources, the Environment and Natural Resources Trust Fund, the Minnesota Future Resources Fund, Oil Overcharge money and the Great Lakes Protection Account. Funding recommendations are for new, innovative or accelerated natural resource projects designed to help sustain, enhance and utilize Minnesota's natural resources.

Core Functions

Strategic Plan: Every two years, the Commission adopts a comprehensive strategic plan and issues a request for proposal (RFP) which is open to everyone. The RFP was adopted in February 2002.

Review Process: For the two-year funding beginning July 1, 2003, 261 proposals for over \$296 million were received. The Commission evaluated them based on the criteria and priority funding strategies set forth in the RFP. In addition, the Citizens Advisory Committee advised the Commission regarding allocations from the Environment and Natural Resource Trust Fund.

After an initial review of all proposals, the Commission selected 99 proposals that best fit the priority funding strategies and criteria. The project managers for the selected proposals were invited to present their proposals before Commission members at a series of public hearings during 8 days in June 2002.

Recommendations: For the biennium beginning July 1, 2003, the Commission is recommending 46 projects for a total of \$48.5 million to the 2003 Legislature from the four funding sources.

Operations

The LCMR is comprised of 20 members consisting of the chairs of the house and senate committees on environment and natural resources (or designees appointed for the terms of the chairs), the chairs of the house and senate committees on environment and natural resources finance (or designees appointed for the terms of the chairs), the chairs of the house Ways and Means and senate Finance Committees (or designees appointed for the terms of the chairs), seven members of the senate appointed by the Subcommittee on Committees of the Committee on Rules and Administration and seven members of the house appointed by the Speaker. At least three members from the senate and three members from the house must be from the minority caucus. The members elect their officers, rotating the chair from the senate to the house every two years. The LCMR employs a full-time professional and support staff of five full-time employees. In 2004-2005 there also is an allocation of \$150,000 to the Department of Natural Resources to administer the contracts of all the pass through non-state agency appropriations.

The Commission uses a number of approaches to assess the status of the state's natural resources and identify important issues and needs. These approaches include: site visits to public and private sector natural resource projects, regional forums at which citizens advise Commission members of their concerns regarding natural resources, and a web survey soliciting input from citizens. In addition to these activities, the Commission is advised by a Citizens Advisory Committee (appointed by the governor) regarding priorities for expenditures from the Environment and Natural Resources Trust Fund.

Additionally, all proposed research projects selected for funding recommendations undergo a scientific peer review. The Commission oversees and evaluates project progress and completion through work program review.

Budget

| | |
|--|------------------|
| Environment and Natural Resources Trust Fund | \$30,100,000 |
| MN Future Resources Fund | \$15,370,000 |
| LAWCON Receipts per 116P.14 | \$ 2,500,500 |
| Great Lakes Protection Account | \$ 56,000 |
| Oil Overcharge Money | \$ 519,000 |
| TOTAL for FY 2004-05 | \$48,545,000 |

All appropriation for funded projects are made through state agencies; for both direct agency spending and agreements with others (nonprofits, local government, etc.)

Contact

FY 2004-05 Project Funding Recommendations, the 2003 RFP and abstracts of funded projects since 1991 are available on the LCMR web site.

<http://www.lcmr.leg.mn>

Contact: John Velin, Director
Legislative Commission on Minnesota Resources
Room 65 State Office Building
St. Paul, Minnesota 55155
(651) 296-2406

Agency Purpose

The legislature is one of the three principal branches of state government (the others are the executive and judicial branches), created by the Constitution of the state of Minnesota. The legislative branch is responsible for the enactment and revision of state laws, establishing a state budget and tax policy, electing regents of the University of Minnesota, overseeing the work of state government, as well as proposing amendments to the state Constitution. The Minnesota Legislature consists of two bodies: the house of representatives and the senate. In addition, the house and the senate have jointly created various commissions and joint offices that serve specific purposes described more fully below.

Operations

The house and senate employ separate staff to serve the separate bodies and maintain the structural checks and balances of the bicameral system. As provided by M.S. Chapter 3.305, the legislature has also authorized a number of joint offices and commissions. The various commissions and offices are generally chaired by legislators and are charged with doing in-depth analysis on specific issues and policy areas as well as reviewing related laws, rules, and finances. They serve as advisory groups to the legislature and may employ staff.

House of Representatives

House of representatives staff works in one of six non-partisan departments or in one of the caucus departments.

The **GOP Caucus** and the **DFL Caucus** departments each provide legislative services to their respective members. Services provided include legislative management, member administrative support, committee administration and support services, constituent and communication/media services, and caucus research services (Staffing: 165 permanent, 22 session only)

The **Chief Clerk's Office** provides assistance and advice to the speaker and members of the house of representatives in meeting the legal and parliamentary requirements of the lawmaking process and to record the history of that process in a clear, unbiased, and accurate manner. The chief clerk, first and second assistant clerks, index clerk, and chaplain are elected officers of the house. (Staffing: 28 permanent, four session only)

The **House Research Department** provides research and legal services to the house and its members and committees. The work of House Research focuses on legislative decision-making: helping house members and committees develop and evaluate government policies and laws. The department is an agency of the house of representatives as a whole, rather than a committee or caucus. House Research is non-partisan: Its services are available to all members of the house without regard to partisan affiliation or legislative position. The department strives to be politically neutral and impartial on the issues. Its staff does not advocate, endorse, promote, or oppose legislation or legislative decision. (Staffing: 36.4 permanent, three session only)

The **Fiscal Analysis Department** provides professional, nonpartisan, and confidential services for all members of the house of representatives, as well as providing assistance to the house finance and tax committees on state budgetary and fiscal legislation. Department staff analyze spending requests, aid committees in developing and analyzing budgetary options, draft legislation to implement budget decisions, track legislative decisions, and provide analysis for legislative oversight of enacted budgets. Fiscal analysts respond to requests from individual members needing analyses or information on state budgetary issues or government finances. The Fiscal Analysis Department researches, prepares, and distributes publications providing information on state budget issues and government finances. (Staffing: 12 permanent)

At A Glance

- ◆ 67 senators and 134 representatives compose the Minnesota Legislature.
- ◆ Senators serve four-year terms, and representatives serve two-year terms.
- ◆ The Constitution provides that the legislature may meet for up to 120 days during a two-year period. (A legislative day is counted when a quorum of either the house or senate is present to conduct business as a body.)
- ◆ In 2001, 2,600 bills were introduced in the house, and 2,221 bills were introduced in the senate. Of those, 231 bills and three resolutions were sent to the governor for signature.

The **House Television Services and Public Information Department** is a contact point to help the public connect to the legislature. The mission of this department is to inform the general public of legislative actions, to educate the public about the legislative process, and to encourage public participation in the Minnesota Legislature. It produces numerous publications and provides televised access to the legislative process. In conjunction with Senate Media Services, it produces live and taped coverage of house floor sessions and some committee hearings, and provides that programming to the public. Some services offered are television broadcasts and computer delivery of live and taped proceedings of house floor session and committee meetings, pool feeds of legislative meetings to media outlets, and VHS dubs of house floor sessions and committee hearings. Legislative broadcasts of house and senate proceedings can be seen weekdays from 8:00 a.m. to 5:00 p.m. in the Minneapolis/St. Paul metro area on KTCI, Channel 17, beginning with the start of each legislative session. Programming is delivered via satellite to cable systems throughout Greater Minnesota.

The office produces and distributes "Session Weekly," committee schedules, committee rosters, lists of members and staff, full legislative directories, "New Laws" and various publications that explain the state's symbols, governmental structure, and lawmaking process. (Staffing: 13 permanent, seven session only)

The **House Administrative Services Department** is the official accounting, budgeting, and financial payment location for the house. All house member and staff paychecks, expense reimbursements, and invoices for house operations are processed here. This department also manages the human resources, purchasing, supply, telephone services, facilities management, and house information systems functions. (Staffing: 16 permanent, one session only)

The **Sergeant-At-Arms Office** provides temporary support staff (pages), parking, transportation, security, post office, duplication and printing, and educational program services for members, staff, and the public. The speaker appoints the chief sergeant. The assistant sergeants, postmaster, and assistant postmaster are elected by house members to serve with the chief sergeant as officers of the house. Pages serve as support staff for all house and conference committee hearings and aid all departments in accomplishing their duties. (Staffing: nine permanent, 42 session only)

Senate

In addition to the functions listed under Agency Purpose, the senate also has the responsibility to advise and consent to governor's appointments.

Joint Offices

The **Legislative Coordinating Commission (LCC) – General Support**, established in 1973, coordinates certain activities of the senate and house of representatives and serves as an umbrella organization over joint agencies and legislative commissions. It determines the employee benefits for all staff of the legislature, and health benefits for legislators. The commission reviews budget requests and establishes staffing levels for all commissions and joint agencies under its jurisdiction. The LCC also sets the compensation for all employees under its jurisdiction. The president of the senate and the speaker of the house alternately serve as chairperson on an annual basis. The commission provides staff support for the Compensation Council, the Regent Candidate Advisory Council, the Board of Trustees Candidate Advisory Council, and the Joint House-Senate Subcommittee on Claims. The LCC coordinates the provision of sign language interpreters at legislative hearings and meetings for citizens who are deaf or hard of hearing. The LCC Office of International Affairs serves as the main point of contact in scheduling meetings and arranging itineraries for visiting delegations seeking to learn more about the legislative process in Minnesota. The commission employs 6.5 full-time equivalent (FTE) staff members.

The **Legislative Reference Library (LRL)**, established in 1969, collects, indexes, and makes available public policy information to members and staff of the legislature. The library's main clientele are legislators and legislative staff. LRL also serves executive agencies and the public. State law requires six copies of all publications of state agencies, boards, commissions, etc., and one copy of all state-funded consultants' reports to be deposited with LRL. Rules of the house and senate assign the director a custodial role with respect to the floor and committee tape recordings and accompanying minutes and logs. Public access to these materials is also required by rule. The LRL employs 18 FTEs.

The **Revisor of Statutes** is a nonpartisan, professional joint legislative office providing drafting, editing, and publication services to the legislature, executive departments, and to the governor and other constitutional officers. Drafting services consist primarily of bills and administrative rules. Publications consist of Laws of Minnesota, Minnesota Statutes, Minnesota Rules, and miscellaneous minor publications. The computer system supports the drafting, editing, and publishing work of the legislature. The office has been under the jurisdiction of the LCC since 1973, and has 52 permanent and nine seasonal employees.

The **Mississippi River Parkway Commission** promotes development of the Great Lakes basin, plans water resource development, makes maximum possible use of navigational aids and other public works, and secures balanced use of the basin. The compact was signed by Illinois, Indiana, Michigan, Minnesota, New York, Ohio, Pennsylvania, Wisconsin, and Ontario.

The **Legislative Commission on Planning and Fiscal Policy** was established in 1987 to study and evaluate the actual and projected expenditures by state government, the actual and projected sources of revenue that support these expenditures, and the various options available to meet the state's future fiscal needs. In 1988, the duties were expanded requiring study and review of particular items and requiring recommendations to the legislature. In addition to projected state revenue, expenditures, and tax expenditures, other subjects include economic and fiscal policy, mix of revenue sources for programs, investigation of state building needs, and other related matters. There is currently no staff employed specifically for the commission.

The **LCC Geographic Information System Office** is responsible for providing the resources for the legislature, (including hardware, software, and staff) to support development of redistricting plans, as well as the development and maintenance of spatial databases and the production and distribution of map data and internet map server applications. The office provides staff support for LCC's computer network and web pages. The office currently employs three FTEs.

The **Legislative Commission on Pensions and Retirement** was established in 1955 to study and investigate on an ongoing basis the various public retirement systems applicable to nonfederal government employees in the state and to make recommendations to establish and maintain sound public employee pension legislation. The commission currently employs 3.5 FTE.

The **Great Lakes Commission** promotes the orderly, integrated, and comprehensive development, use, and conservation of the water resources of the Great Lakes Basin, which consists of eight Great Lakes states, Canada, and all water interconnections between them. There is currently no staff funded for the commission.

The **LCC Subcommittee on Employee Relations** was originally established in 1979 and now exists as a subcommittee of the LCC. It assists the legislature by monitoring the collective bargaining process between the state and its employees, and providing interim approval of negotiated agreements and arbitrated awards. The commission also reviews and approves the Commissioner's Plan, Managerial Plan, MnSCU Personnel Plan for Administrators, and HESO Unclassified Compensation Plan for unrepresented employees of the state. In addition, the governor's salary proposal for agency heads is reviewed for ratification. Other duties include the monitoring of the state civil service system, conducting research as directed, and performing other functions as delegated by the legislature. The subcommittee has a budget for one FTE.

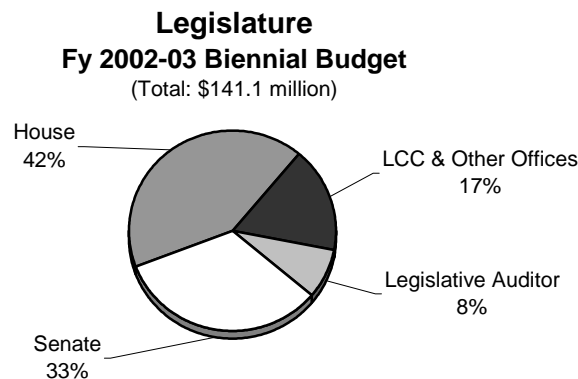
The **Legislative Commission on the Economic Status of Women (LCESW)** was established in 1976 to study all matters relating to the economic status of women in Minnesota, including: the economic security of homemakers and women in the labor force; opportunities for education and vocational training; employment opportunities; contributions of women to the economy; access to state-provided benefits and services; laws and business practices that constitute barriers to full participation in the economy; and the adequacy of programs and services for families, including single parent families. The commission employs three FTEs.

The **Electric Energy Task Force** was established under M.S. 216C.051 to make recommendations to the legislature regarding an environmentally and economically sustainable and advantageous electric energy supply. It consists of ten members of the senate and ten members of the house of representatives. Under M.S.216C.051, Sub. 9, the Electric Energy Task Force expires 6-30-2005.

The **Electronic Real Estate Recording Task Force** was established under 2000 Session Law, Chapter 391, to make recommendations to the legislature regarding implementation of a system for electronic filing and recording of real estate documents. The task force consists of representatives of county recorders, other county government officials, real estate attorneys, title and mortgage companies, legislators, and other stakeholders.

The mission of the **Office of the Legislative Auditor** and **Legislative Audit Commission** is to strengthen accountability in state government. The office completes 50 to 60 financial audit reports and six to eight program evaluation reports each year with a staff of 79. The office is nonpartisan, and its chief goal is to produce audit and evaluation reports that are accurate and objective. The legislative auditor, who is appointed for a six-year term by the Legislative Audit Commission, directs the office. The bipartisan commission consists of 16 legislators (eight representatives and eight senators).

The **Legislative Commission on Minnesota Resources (LCMR)** advises the legislature on the allocations for four dedicated funding sources for projects that will preserve, protect, develop, and maintain the state's natural resources. The commission consists of ten representatives and ten senators. The governing statute is M.S. Chapter 116P. Complete information and the funding for LCMR is provided within the Environment and Natural Resources budget.



Budget

The state legislature receives its funding as direct appropriations from the General Fund.

Contact

Minnesota House of Representatives

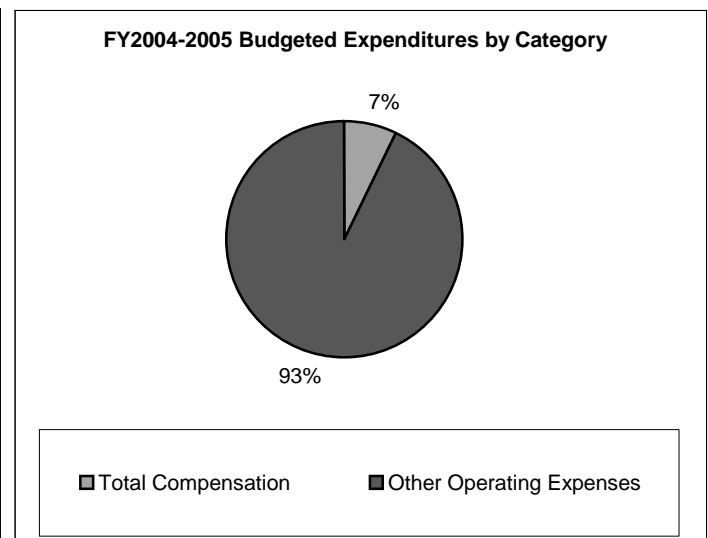
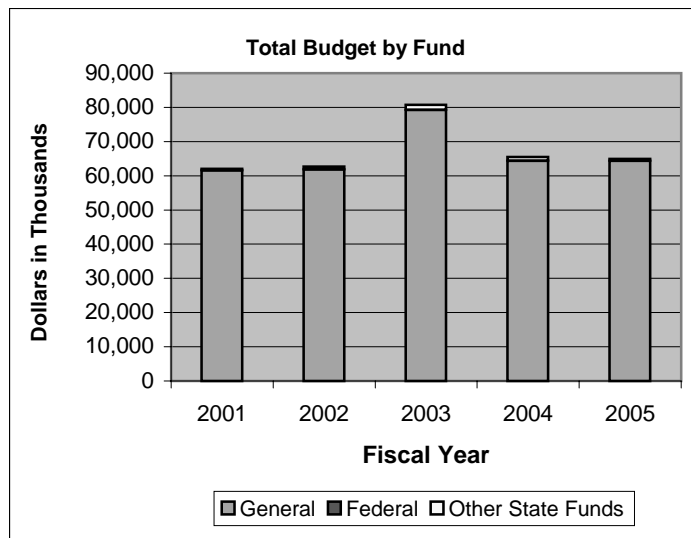
Paul Schweizer, Controller
198 State Office Building, St. Paul, Minnesota 55155
Phone: (651) 296-6648
Web site: <http://www.house.mn/>

Minnesota Senate

Pat Flahaven, Secretary of the Senate
231 State Capitol, St. Paul, Minnesota 55155
Phone: (651) 296-2344
Web site: <http://www.senate.mn/>

Legislative Coordinating Commission

Greg Hubinger, Director
85 State Office Building, St. Paul, Minnesota 55155
Phone: (651) 296-9002
Web site: <http://www.commissions.leg.mn/>



| <i>Dollars in Thousands</i> | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|-------------------|-------------------|
| | Actual | Actual | Budgeted | Base | | Biennium | Biennial Change | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | 2004-05 / 2002-03 | Dollars / Percent |
| Carry Forward | | | | | | | | |
| General | 0 | 0 | 0 | 18 | 11 | 29 | 29 | n.m |
| Direct Appropriations | | | | | | | | |
| General | 61,544 | 61,811 | 79,228 | 64,378 | 64,378 | 128,756 | -12,283 | -8.7% |
| Health Care Access | 154 | 150 | 150 | 150 | 150 | 300 | 0 | 0.0% |
| Gift | 8 | 37 | 59 | 0 | 0 | 0 | -96 | -100.0% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 0 | 354 | 892 | 566 | 0 | 566 | -680 | -54.6% |
| Federal | 0 | 8 | 17 | 0 | 0 | 0 | -25 | -100.0% |
| Miscellaneous Agency | 306 | 327 | 376 | 375 | 375 | 750 | 47 | 6.7% |
| Total | 62,012 | 62,687 | 80,722 | 65,487 | 64,914 | 130,401 | -13,008 | -9.1% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 4,918 | 5,111 | 5,672 | 4,757 | 4,757 | 9,514 | -1,269 | -11.8% |
| Other Operating Expenses | 57,094 | 57,576 | 75,050 | 60,730 | 60,157 | 120,887 | -11,739 | -8.9% |
| Total | 62,012 | 62,687 | 80,722 | 65,487 | 64,914 | 130,401 | -13,008 | -9.1% |

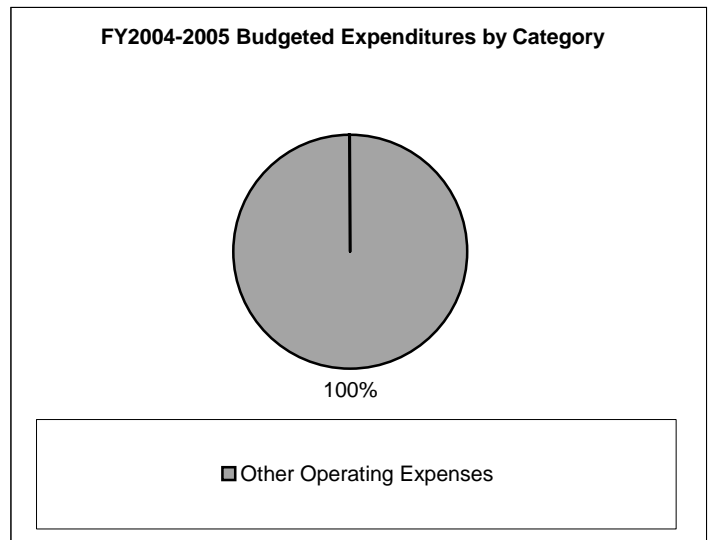
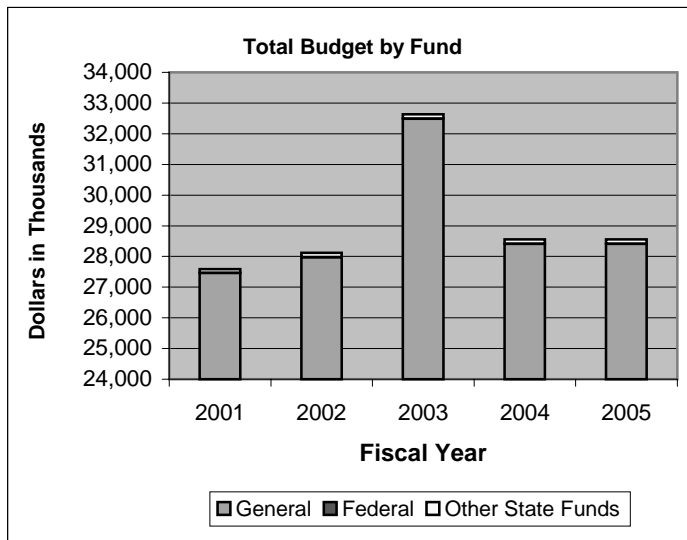
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|--------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|--------------|
| Expenditures by Program | | | | | | | | |
| House Of Representatives | 27,582 | 28,116 | 32,635 | 28,559 | 28,559 | 57,118 | -3,633 | -6.0% |
| Senate | 20,177 | 20,164 | 25,397 | 21,391 | 21,391 | 42,782 | -2,779 | -6.1% |
| Legislative Coordinating Cmsn | 8,522 | 8,729 | 16,366 | 10,232 | 9,659 | 19,891 | -5,204 | -20.7% |
| Legislative Audit Comm | 5,731 | 5,678 | 6,324 | 5,305 | 5,305 | 10,610 | -1,392 | -11.6% |
| Total | 62,012 | 62,687 | 80,722 | 65,487 | 64,914 | 130,401 | -13,008 | -9.1% |

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------------|--------------------------|--------------------------|----------------------------|---------------|---------------|-----------------------------|--|----------------|
| Revenue by Type and Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base | | Biennium 2004-05 | Dollars | Percent |
| | | | | FY2004 | FY2005 | | | |
| Non Dedicated | | | | | | | | |
| General | 75 | 489 | 605 | 78 | 78 | 156 | -938 | -85.7% |
| Subtotal Non Dedicated | 75 | 489 | 605 | 78 | 78 | 156 | -938 | -85.7% |
| Dedicated | | | | | | | | |
| General | 480 | 350 | 325 | 0 | 0 | 0 | -675 | -100.0% |
| Special Revenue | 0 | 45 | 0 | 0 | 0 | 0 | -45 | -100.0% |
| Federal | 0 | 8 | 17 | 0 | 0 | 0 | -25 | -100.0% |
| Miscellaneous Agency | 324 | 342 | 375 | 375 | 375 | 750 | 33 | 4.6% |
| Gift | 100 | 4 | 0 | 0 | 0 | 0 | -4 | -100.0% |
| Subtotal Dedicated | 904 | 749 | 717 | 375 | 375 | 750 | -716 | -48.8% |
| Total Revenue | 979 | 1,238 | 1,322 | 453 | 453 | 906 | -1,654 | -64.6% |
| Full-Time Equivalents (FTE) | 75.2 | 74.6 | 74.6 | 74.6 | 74.6 | | | |

LEGISLATURE

Program: HOUSE OF REPRESENTATIVES

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 27,464 | 27,969 | 32,484 | 28,408 | 28,408 | 56,816 | -3,637 | -6.0% |
| Statutory Appropriations | | | | | | | | |
| Miscellaneous Agency | 118 | 147 | 151 | 151 | 151 | 302 | 4 | 1.3% |
| Total | 27,582 | 28,116 | 32,635 | 28,559 | 28,559 | 57,118 | -3,633 | -6.0% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Expenditures by Category | | | | | | | | |
| Other Operating Expenses | 27,582 | 28,116 | 32,635 | 28,559 | 28,559 | 57,118 | -3,633 | -6.0% |
| Total | 27,582 | 28,116 | 32,635 | 28,559 | 28,559 | 57,118 | -3,633 | -6.0% |

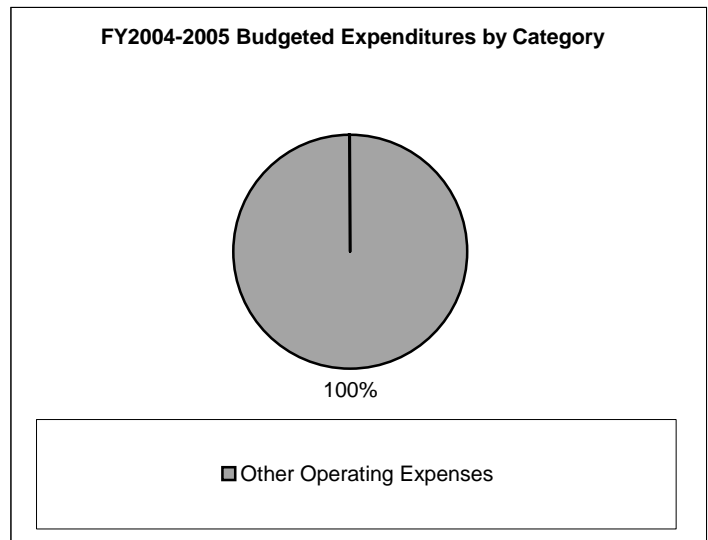
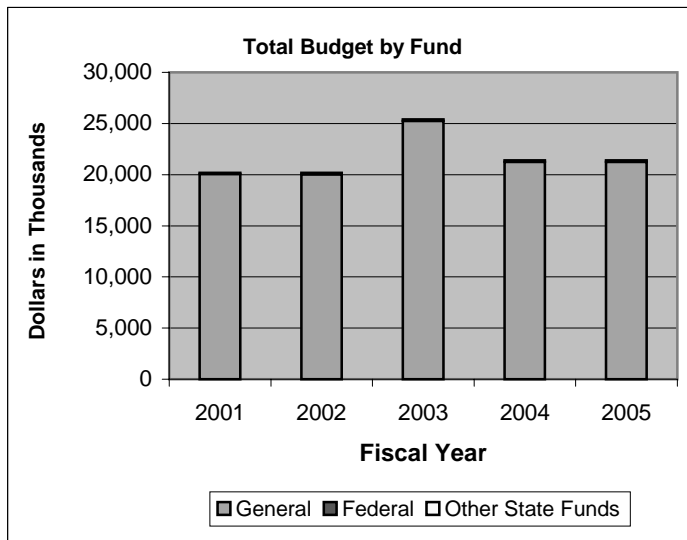
| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Expenditures by Activity | | | | | | | | |
| House Of Representatives | 27,582 | 28,116 | 32,635 | 28,559 | 28,559 | 57,118 | -3,633 | -6.0% |
| Total | 27,582 | 28,116 | 32,635 | 28,559 | 28,559 | 57,118 | -3,633 | -6.0% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|-----------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 0 | 7 | 2 | 0 | 0 | 0 | -9 | -100.0% |
| Subtotal Non Dedicated | 0 | 7 | 2 | 0 | 0 | 0 | -9 | -100.0% |
| Dedicated | | | | | | | | |
| Miscellaneous Agency | 125 | 151 | 151 | 151 | 151 | 302 | 0 | 0.0% |
| Subtotal Dedicated | 125 | 151 | 151 | 151 | 151 | 302 | 0 | 0.0% |
| Total Revenue | 125 | 158 | 153 | 151 | 151 | 302 | -9 | -2.9% |

LEGISLATURE

Program: **SENATE**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|---------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 20,046 | 20,035 | 25,236 | 21,230 | 21,230 | 42,460 | -2,811 | -6.2% |
| Statutory Appropriations | | | | | | | | |
| Miscellaneous Agency | 131 | 129 | 161 | 161 | 161 | 322 | 32 | 11.0% |
| Total | 20,177 | 20,164 | 25,397 | 21,391 | 21,391 | 42,782 | -2,779 | -6.1% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Expenditures by Category | | | | | | | | |
| Other Operating Expenses | 20,177 | 20,164 | 25,397 | 21,391 | 21,391 | 42,782 | -2,779 | -6.1% |
| Total | 20,177 | 20,164 | 25,397 | 21,391 | 21,391 | 42,782 | -2,779 | -6.1% |

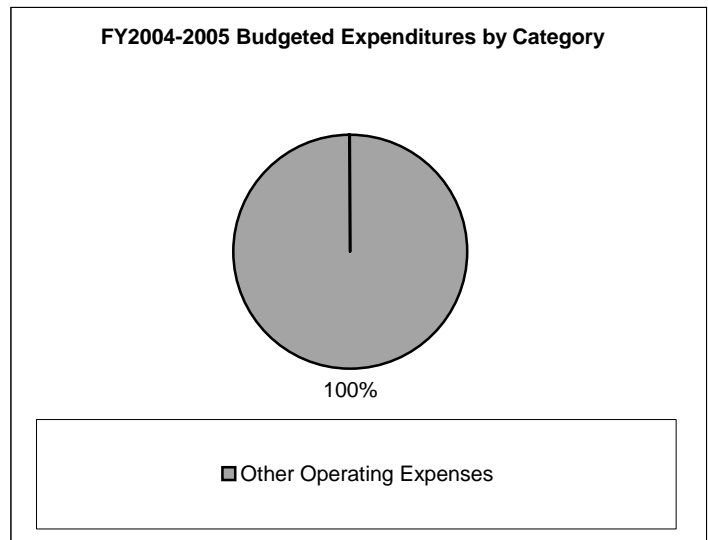
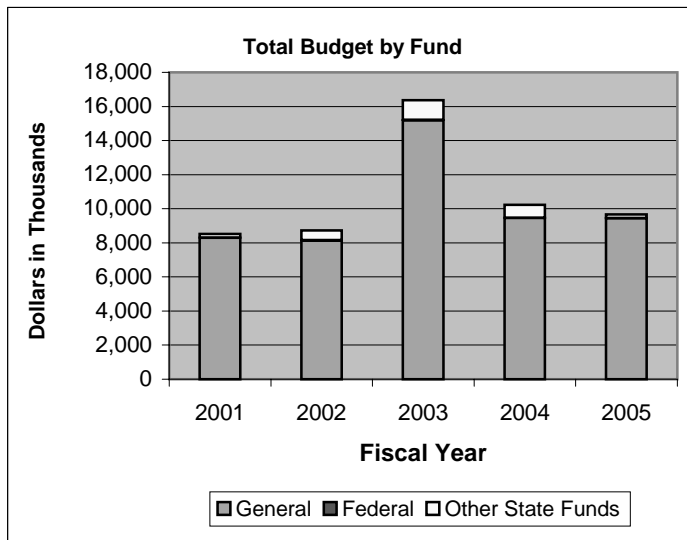
| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Expenditures by Activity | | | | | | | | |
| Senate | 20,177 | 20,164 | 25,397 | 21,391 | 21,391 | 42,782 | -2,779 | -6.1% |
| Total | 20,177 | 20,164 | 25,397 | 21,391 | 21,391 | 42,782 | -2,779 | -6.1% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|-----------|-------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Miscellaneous Agency | 140 | 140 | 161 | 161 | 161 | 322 | 21 | 7.0% |
| Subtotal Dedicated | 140 | 140 | 161 | 161 | 161 | 322 | 21 | 7.0% |
| Total Revenue | 140 | 140 | 161 | 161 | 161 | 322 | 21 | 7.0% |

LEGISLATURE

Program: LEGISLATIVE COORDINATING CMSN

Fiscal Report



| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|------------------|------------------|--------------------|----------------|--------------------|---------------------|--------------------------------------|---------------|
| Expenditures by Fund | | | | | | | Dollars | Percent |
| Carry Forward | | | | | | | | |
| General | 0 | 0 | 0 | 18 | 11 | 29 | 29 | n.m |
| Direct Appropriations | | | | | | | | |
| General | 8,303 | 8,129 | 15,184 | 9,435 | 9,435 | 18,870 | -4,443 | -19.1% |
| Health Care Access | 154 | 150 | 150 | 150 | 150 | 300 | 0 | 0.0% |
| Gift | 8 | 37 | 59 | 0 | 0 | 0 | -96 | -100.0% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 0 | 354 | 892 | 566 | 0 | 566 | -680 | -54.6% |
| Federal | 0 | 8 | 17 | 0 | 0 | 0 | -25 | -100.0% |
| Miscellaneous Agency | 57 | 51 | 64 | 63 | 63 | 126 | 11 | 9.6% |
| Total | 8,522 | 8,729 | 16,366 | 10,232 | 9,659 | 19,891 | -5,204 | -20.7% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|--------------|--------------|---------------|---------------|--------------|---------------|---------------|---------------|
| Other Operating Expenses | 8,522 | 8,729 | 16,366 | 10,232 | 9,659 | 19,891 | -5,204 | -20.7% |
| Total | 8,522 | 8,729 | 16,366 | 10,232 | 9,659 | 19,891 | -5,204 | -20.7% |

| Expenditures by Activity | | | | | | | | |
|---------------------------------|--------------|--------------|---------------|---------------|--------------|---------------|---------------|---------------|
| Lcc-Leg Reference Library | 1,233 | 1,242 | 1,418 | 1,238 | 1,238 | 2,476 | -184 | -6.9% |
| Lcc-Revisors Office | 5,014 | 4,888 | 10,539 | 5,891 | 5,891 | 11,782 | -3,645 | -23.6% |
| Lcc-Miss River Pkwy Cmsn | 39 | 55 | 91 | 36 | 36 | 72 | -74 | -50.7% |
| Lcc-Fiscal Agents | 263 | 302 | 680 | 493 | 493 | 986 | 4 | 0.4% |
| Lcc-Geographic Information Sys | 459 | 307 | 343 | 306 | 306 | 612 | -38 | -5.8% |
| Lcc-Pensions & Retirements | 498 | 513 | 640 | 545 | 545 | 1,090 | -63 | -5.5% |
| Lcc-Great Lakes Cmsn | 49 | 50 | 64 | 61 | 61 | 122 | 8 | 7.0% |
| Lcc-Employee Relations | 88 | 73 | 86 | 73 | 73 | 146 | -13 | -8.2% |
| Lcc-Commission Operations | 649 | 716 | 1,359 | 764 | 764 | 1,528 | -547 | -26.4% |
| Lcc-Economic Status Of Women | 227 | 229 | 275 | 241 | 241 | 482 | -22 | -4.4% |
| Lcc-Electric Energy Task | 3 | 11 | 13 | 18 | 11 | 29 | 5 | 20.8% |
| Lcc-Elect Real Estate Record | 0 | 343 | 858 | 566 | 0 | 566 | -635 | -52.9% |
| Total | 8,522 | 8,729 | 16,366 | 10,232 | 9,659 | 19,891 | -5,204 | -20.7% |

LEGISLATURE

Program: LEGISLATIVE COORDINATING CMSN

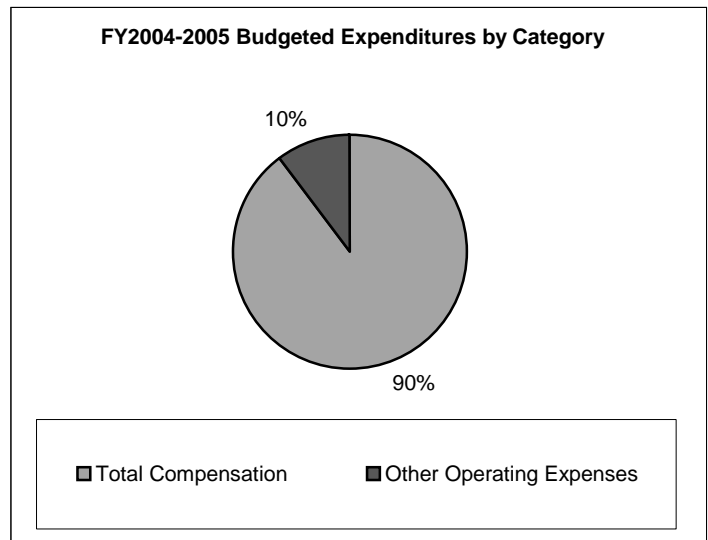
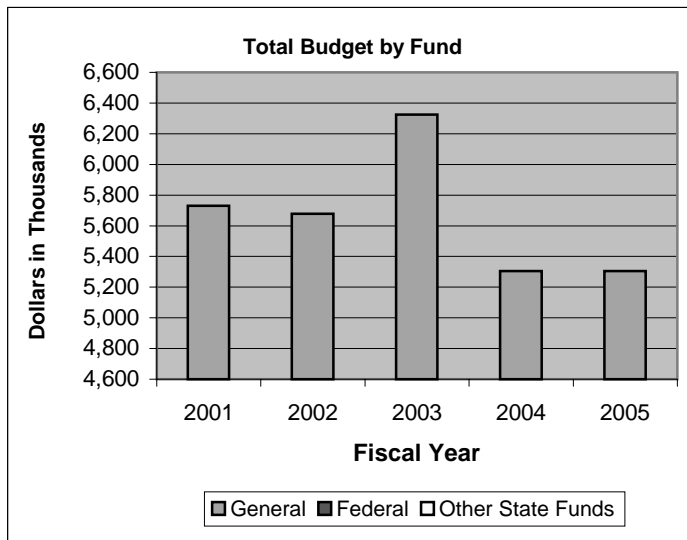
Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|---------------|---------------|-----------------|---------------|---------------|-----------------|--------------------------|----------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Revenue by Type and Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Non Dedicated | | | | | | | | |
| General | 0 | 396 | 525 | 0 | 0 | 0 | -921 | -100.0% |
| Subtotal Non Dedicated | 0 | 396 | 525 | 0 | 0 | 0 | -921 | -100.0% |
| Dedicated | | | | | | | | |
| Special Revenue | 0 | 45 | 0 | 0 | 0 | 0 | -45 | -100.0% |
| Federal | 0 | 8 | 17 | 0 | 0 | 0 | -25 | -100.0% |
| Miscellaneous Agency | 59 | 51 | 63 | 63 | 63 | 126 | 12 | 10.5% |
| Gift | 100 | 4 | 0 | 0 | 0 | 0 | -4 | -100.0% |
| Subtotal Dedicated | 159 | 108 | 80 | 63 | 63 | 126 | -62 | -33.0% |
| Total Revenue | 159 | 504 | 605 | 63 | 63 | 126 | -983 | -88.6% |

LEGISLATURE

Program: LEGISLATIVE AUDIT COMM

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 5,731 | 5,678 | 6,324 | 5,305 | 5,305 | 10,610 | -1,392 | -11.6% |
| Total | 5,731 | 5,678 | 6,324 | 5,305 | 5,305 | 10,610 | -1,392 | -11.6% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 4,918 | 5,111 | 5,672 | 4,757 | 4,757 | 9,514 | -1,269 | -11.8% |
| Other Operating Expenses | 813 | 567 | 652 | 548 | 548 | 1,096 | -123 | -10.1% |
| Total | 5,731 | 5,678 | 6,324 | 5,305 | 5,305 | 10,610 | -1,392 | -11.6% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|
| Expenditures by Activity | | | | | | | | |
| Legislative Audit Comm | 2 | 12 | 17 | 15 | 15 | 30 | 1 | 3.4% |
| Legislative Auditor | 5,729 | 5,666 | 6,307 | 5,290 | 5,290 | 10,580 | -1,393 | -11.6% |
| Total | 5,731 | 5,678 | 6,324 | 5,305 | 5,305 | 10,610 | -1,392 | -11.6% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|-----------|-----------|------------|-------------|---------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 75 | 86 | 78 | 78 | 78 | 156 | -8 | -4.9% |
| Subtotal Non Dedicated | 75 | 86 | 78 | 78 | 78 | 156 | -8 | -4.9% |
| Dedicated | | | | | | | | |
| General | 480 | 350 | 325 | 0 | 0 | 0 | -675 | -100.0% |
| Subtotal Dedicated | 480 | 350 | 325 | 0 | 0 | 0 | -675 | -100.0% |
| Total Revenue | 555 | 436 | 403 | 78 | 78 | 156 | -683 | -81.4% |

| | | | | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|--|--|--|
| Full-Time Equivalents (FTE) | 75.2 | 74.6 | 74.6 | 74.6 | 74.6 | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|--|--|--|

Agency Purpose

The Minnesota State Lottery exists to provide revenue for state programs as identified by the Minnesota Constitution and the legislature. The Lottery does so by offering games of chance to Minnesota adults in accordance with M.S. Chapter 349A.

Core Functions

To accomplish this purpose, the Lottery must:

- ◆ design, distribute, and promote games that will appeal to the general public in a manner consistent with statutory guidelines and the dignity of the state;
- ◆ maintain security procedures that ensure the integrity of the games will not be compromised;
- ◆ manage a large network of private sector retailers who sell lottery products; and
- ◆ accurately process numerous financial transactions, including payment of prizes to winners, commissions to retailers, proceeds to the state, and the purchase of goods and services necessary for lottery operations.

At A Glance

- ◆ In FY 2001, the Minnesota State Lottery generated \$81.7 million for state programs from sales of \$366.2 million.
- ◆ More than two out of three Minnesota adults have purchased a lottery ticket.
- ◆ Prizes in FY 2001 exceeded \$218 million.
- ◆ Scratch games account for 68% of lottery sales. Powerball accounts for another 20%.
- ◆ Since inception, Minnesotans have purchased over \$4 billion in lottery tickets, returning more than \$1 billion to the state.
- ◆ Factors such as weather, gasoline prices, local and state economies, and competition for discretionary dollars can all affect lottery sales and proceeds.

Operations

Lottery tickets are sold through a network of over 3,200 retailers located in more than 600 Minnesota cities. These retailers earn a commission on every ticket sold and can earn additional income by redeeming winning tickets and participating in various incentive programs. Each retailer has a computer terminal that is connected to central lottery computers through a secure telecommunications network. Retailers are the primary contact for the ticket-buying public. More than two out of every three Minnesota adults have purchased a lottery ticket.

The Lottery is managed by a director appointed by the governor with the advice and consent of the senate. The director must have experience and training in the operation of a lottery.

The Lottery is organized into five divisions:

- ⇒ **Administration** provides accounting and budget services, purchasing, office services, and human resources services.
- ⇒ **Executive** includes legal services, public and legislative relations, and research and planning.
- ⇒ **Marketing** is responsible for retailer service, promotions, advertising, and customer relations.
- ⇒ **Operations** provides computer and telecommunications services, conducts drawings, and is responsible for product design and distribution.
- ⇒ **Security** protects against internal and external lottery fraud and prevents compromise of the games.

Key Measures

Lottery success is primarily measured by the revenue returned to the state for the designated beneficiaries. In seeking to maximize revenue, the Lottery must also consider security, integrity, and the broader policy concerns of the state. Other measures include administrative efficiency and player participation and satisfaction.

Budget

The Lottery may not spend more than 15% of gross revenue on operations. It is not subject to the legislative appropriation process and operates outside the state treasury.

Major administrative expenses include salaries and benefits, payments to the online ticket vendor, advertising and promotions, scratch ticket printing, telecommunications, and computer maintenance. The Lottery has approximately 197 full-time permanent employees located at its headquarters in Roseville and its five regional offices statewide.

Contact

Minnesota State Lottery
2645 Long Lake Road
Roseville, Minnesota 55113

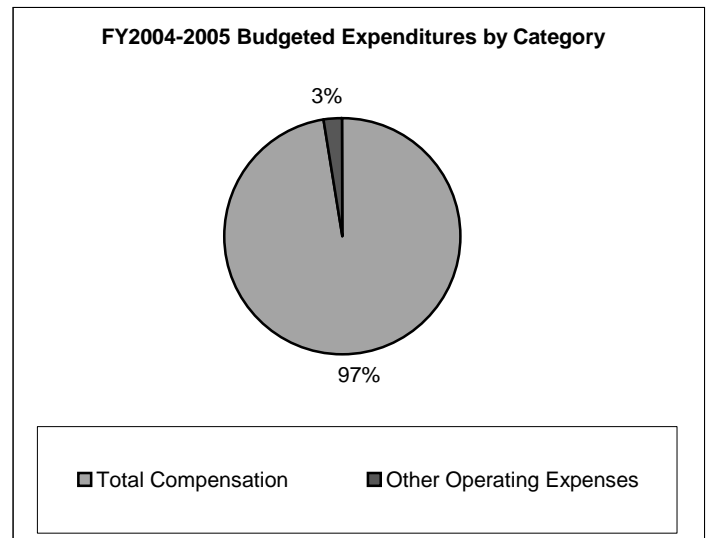
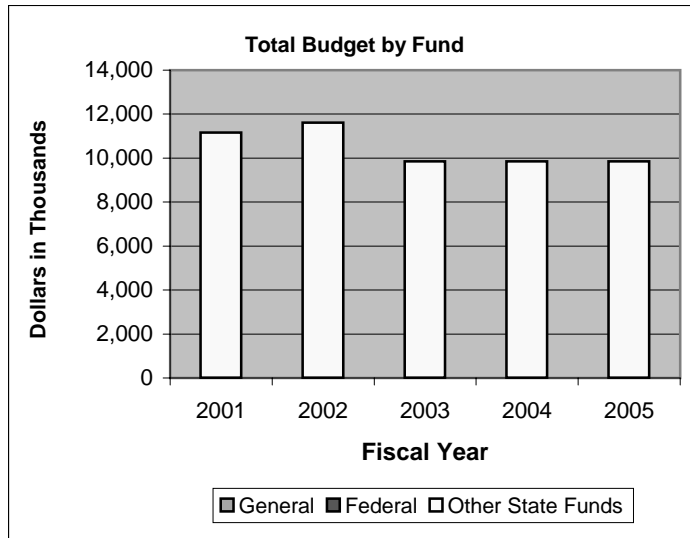
<http://www.mnlottery.com>

George Andersen, Director

Phone: (651) 635-8211

Fax: (651) 297-7496

andege@winternet.com



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|-----------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Open Appropriations | | | | | | | | |
| Lottery Cash Flow | 11,160 | 11,614 | 9,851 | 9,851 | 9,851 | 19,702 | -1,763 | -8.2% |
| Total | 11,160 | 11,614 | 9,851 | 9,851 | 9,851 | 19,702 | -1,763 | -8.2% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|--------------|--------------|--------------|---------------|---------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 10,978 | 11,414 | 9,601 | 9,601 | 9,601 | 19,202 | -1,813 | -8.6% |
| Other Operating Expenses | 182 | 200 | 250 | 250 | 250 | 500 | 50 | 11.1% |
| Total | 11,160 | 11,614 | 9,851 | 9,851 | 9,851 | 19,702 | -1,763 | -8.2% |

| | | | | | | | | |
|--------------------------------|---------------|---------------|--------------|--------------|--------------|---------------|---------------|--------------|
| Expenditures by Program | | | | | | | | |
| State Lottery | 11,160 | 11,614 | 9,851 | 9,851 | 9,851 | 19,702 | -1,763 | -8.2% |
| Total | 11,160 | 11,614 | 9,851 | 9,851 | 9,851 | 19,702 | -1,763 | -8.2% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|--------------|-------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 3,457 | 34,126 | 32,146 | 32,146 | 32,146 | 64,292 | -1,980 | -3.0% |
| Cambridge Deposit Fund | 26,925 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Lottery Cash Flow | 6,247 | 17,894 | 21,500 | 21,500 | 21,500 | 43,000 | 3,606 | 9.2% |
| Subtotal Non Dedicated | 36,629 | 52,020 | 53,646 | 53,646 | 53,646 | 107,292 | 1,626 | 1.5% |
| Total Revenue | 36,629 | 52,020 | 53,646 | 53,646 | 53,646 | 107,292 | 1,626 | 1.5% |

| | | | | | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Full-Time Equivalents (FTE) | 200.3 | 195.2 | 191.7 | 191.7 | 191.7 |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|

Agency Purpose

Minnesota Statutes 148B.01, 148B.175 and 148B.29 and Minnesota Rules 5300.0100-0360 mandate the Minnesota Board of Marriage & Family Therapy the responsibility to *act as the official licensure agency for marriage and family therapists.*

Core Functions

The purpose of the board is to protect the public, by ensuring that licensed marriage and family therapists comply by the board's rules, and practice in a professional, legal, and ethical manner.

Their core functions are:

- ◆ granting licensure to individuals who meet the statutory education, employment, and ethical requirements and who pass both the national and oral examination as required by rule;
- ◆ establishing and implementing procedures designed to assure that licensed marriage and family therapists will comply with the board's rules;
- ◆ reviewing complaints of alleged violations of statutes and rules, holding disciplinary conferences with licensees, and taking legal action to suspend or revoke the licenses of therapists who fail to meet standards;
- ◆ studying and investigating the practice of marriage and family therapy within the state in order to improve the standards imposed for the licensing of marriage and family therapists and to improve the procedures and methods used for enforcement of the board's standards; and
- ◆ providing information and education about licensure requirements and standards of practice to the public and other interested parties.

Operations

- ⇒ Licensure affects marriage and family therapists who are mental health professionals trained in psychotherapy and family systems, and licensed to diagnose and treat mental and emotional disorders within the context of marriage, couples, and family systems.
- ⇒ The board consists of seven members and normally meets on the third Friday of each month.
- ⇒ A newsletter regarding licensure matters and disciplinary actions is available on the board's web site.

Budget

The board's total direct and indirect expenses for FY 2002-03 biennium are \$274,000. The board staff includes 1.60 full-time equivalent employees.

Of the total budget for the biennium, \$267,000 is collected as non-dedicated revenue, which is deposited into the state government special revenue fund. The board collects fees charged to applicants, prospective applicants, licensees, and sponsors of continuing education programs approved by the board. The board is responsible to collect enough revenue to recover all direct and indirect costs.

The board is responsible for the costs of services received from the Attorney General's Office, Health Professional Services Program, and the Administrative Services Unit. A direct appropriation is given to each of these programs from the state government special revenue fund. The board must ensure that sufficient revenue is collected through its fees to fund their portion of these programs costs.

At A Glance

Biennial Budget – FY 2002-03:

Total Expenses: \$274,000

Total Revenues: \$267,000

Staff: 1.60 Full-time equivalent employees

MN Licensed Marriage & Family Therapist Statistics

(As of June 30, 2002):

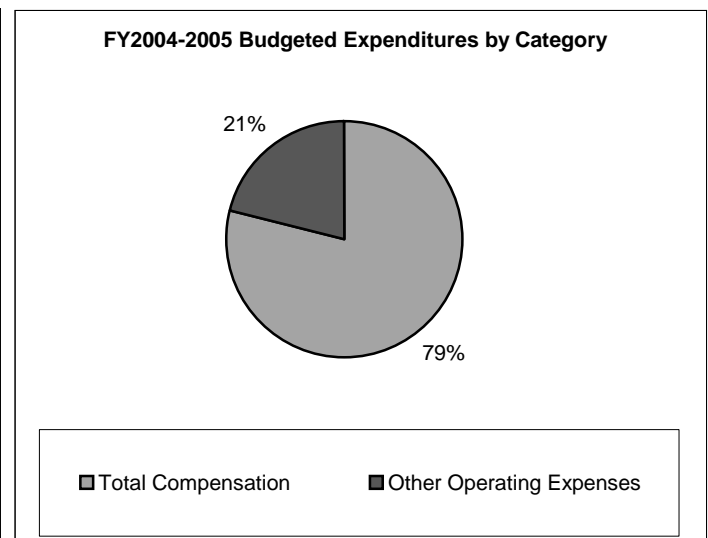
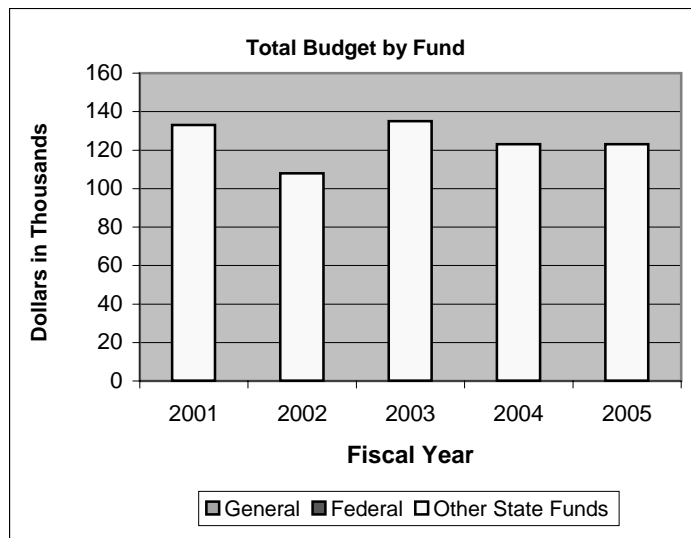
Total Licensed: 838

Contact

Board of Marriage & Family Therapy
2829 University Avenue Southeast,
Suite 330
Minneapolis, Minnesota 55414-3222

The website at: <http://www.bmft.state.mn.us> gives visitors easy access to useful information about marriage and family therapy. Types of information available through the website include: regulatory news and updates, rules and Minnesota statutes, public notices, and forms.

Robert Butler, Executive Director
E-mail: Robert.Butler@state.mn.us
Phone: (612) 617-2220
Fax: (612) 617-2221



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|----------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------------------|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| State Government Special Revenue | 104 | 102 | 130 | 118 | 118 | 236 | 4 | 1.7% |
| Open Appropriations | | | | | | | | |
| State Government Special Revenue | 9 | 6 | 5 | 5 | 5 | 10 | -1 | -9.1% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 20 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Total | 133 | 108 | 135 | 123 | 123 | 246 | 3 | 1.2% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|----------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 79 | 76 | 89 | 95 | 99 | 194 | 29 | 17.6% |
| Other Operating Expenses | 54 | 32 | 46 | 28 | 24 | 52 | -26 | -33.3% |
| Total | 133 | 108 | 135 | 123 | 123 | 246 | 3 | 1.2% |

| | | | | | | | | |
|--------------------------------|------------|------------|------------|------------|------------|------------|----------|-------------|
| Expenditures by Program | | | | | | | | |
| Marriage And Family Therapy, B | 133 | 108 | 135 | 123 | 123 | 246 | 3 | 1.2% |
| Total | 133 | 108 | 135 | 123 | 123 | 246 | 3 | 1.2% |

| | | | | | | | | |
|----------------------------------|------------|------------|------------|------------|------------|------------|-----------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| State Government Special Revenue | 127 | 138 | 129 | 149 | 149 | 298 | 31 | 11.6% |
| Subtotal Non Dedicated | 127 | 138 | 129 | 149 | 149 | 298 | 31 | 11.6% |
| Dedicated | | | | | | | | |
| Special Revenue | 20 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Dedicated | 20 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Total Revenue | 147 | 138 | 129 | 149 | 149 | 298 | 31 | 11.6% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 |
|------------------------------------|------------|------------|------------|------------|------------|

Agency Purpose

Mayo Foundation aspires to provide the highest quality, compassionate patient care at a reasonable cost through a physician-led team of diverse people working together in clinical practice, education and research in a unified multi-campus system.

Mayo aims to conduct its interdependent programs of medical care, research, and education in keeping with the highest standards of ethics and quality. Fundamental to this pledge is the need to combine the science and art of medicine and technology with personalized care. Excellence in all endeavors with respect for the individual - both patient and employee - is the primary goal.

Core Functions

Mayo Foundation operates clinics and hospitals in three locations: Jacksonville, Florida; Rochester, Minnesota; and Scottsdale, Arizona. The Mayo Foundation actively engages in competitive, prioritized, coordinated research programs, which enhance the care of the patient and decrease the burden of disease. In addition to patient care and research activities, Mayo Foundation provides education in the medical sciences amidst a scholarly environment. Mayo Foundation's education of future physicians, medical scientists, and allied health staff contributes to the quality of healthcare at Mayo Clinic and in communities throughout the state of Minnesota and worldwide. The educational activities of Mayo Clinic staff are a key component of Mayo's continuing excellence.

Operations

Mayo Foundation clinics and hospitals served more than a half-million patients in 2001. The state of Minnesota has provided Mayo Medical School capitation support for Minnesota students since the opening of the school in 1972. For the past several years, each Minnesota student has received \$10,736 in state funding to reduce the cost of tuition. The Mayo Graduate School of Medicine Family Practice Program was established in 1978. The program prepares the prospective family physician for primary care practice in all setting with a special emphasis on rural and underserved communities. Funding provided by the state of Minnesota offsets by approximately \$13,000 the cost of resident stipends that average \$32,500 per year. Additionally, Mayo Foundation is a sponsor of the Family Practice Residency Program at the St. Cloud Hospital, where 10 – 12 residents have begun training each year since the start of the program in 1996.

Budget

Income from current activities, the best indicator of Mayo Foundation's success in funding its overall mission, was \$53.2 million in 2001. Mayo Foundation continues to invest in education and research. Total commitment to education increased to \$140.0 million in 2001, with Mayo funds accounting for \$104.3 million of this amount. Total expenditure on research reached \$266.8 million in the same year. Mayo contributed \$127.9 million to research endeavors.

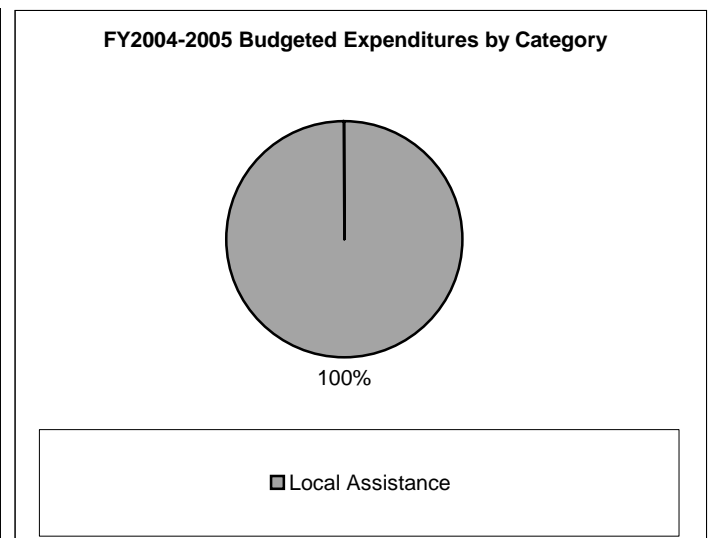
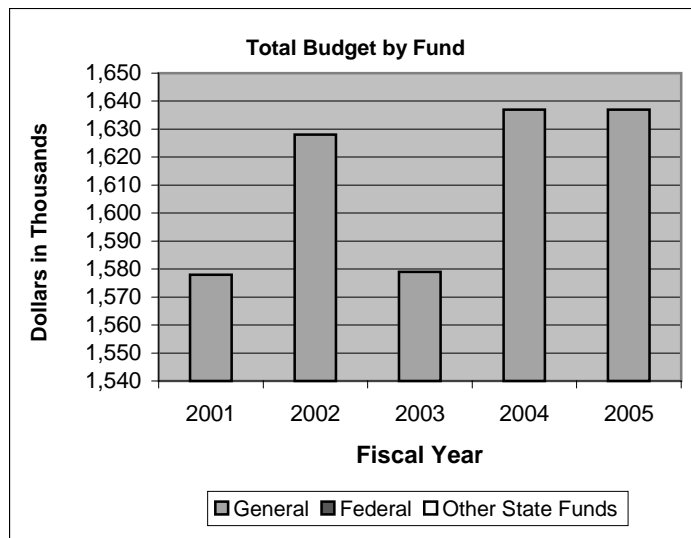
At A Glance

The Mayo Foundation

- ◆ Patient Care - Physicians, scientists & allied health staff collaboratively providing excellent healthcare
- ◆ Medical education – one of the largest graduate education centers in the country, training physicians in more than 100 specialties
- ◆ Research – Strong biomedical research programs in both basic and patient oriented area
- ◆ Over half of the 1063 graduates of Mayo Medical School are Minnesotans, with approximately 40% of these students practicing in Minnesota
- ◆ The Mayo Family Practice Residency Program has graduated over 100 physicians. Consistently, over half of these doctors choose to practice in Minnesota

Contact

Mayo Foundation for Medical Education and Research
200 First Street Southwest
Rochester, Minnesota 55906
(507) 284-2511
<http://www.mayo.edu>



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 1,578 | 1,628 | 1,579 | 1,637 | 1,637 | 3,274 | 67 | 2.1% |
| Total | 1,578 | 1,628 | 1,579 | 1,637 | 1,637 | 3,274 | 67 | 2.1% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------|-------------|
| Expenditures by Category | | | | | | | | |
| Local Assistance | 1,578 | 1,628 | 1,579 | 1,637 | 1,637 | 3,274 | 67 | 2.1% |
| Total | 1,578 | 1,628 | 1,579 | 1,637 | 1,637 | 3,274 | 67 | 2.1% |

| | | | | | | | | |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------|-------------|
| Expenditures by Program | | | | | | | | |
| Mayo Medical School | 591 | 663 | 547 | 605 | 605 | 1,210 | 0 | 0.0% |
| Rochester Family Med Residency | 580 | 558 | 625 | 625 | 625 | 1,250 | 67 | 5.7% |
| St Cloud Hospital/Family Med | 407 | 407 | 407 | 407 | 407 | 814 | 0 | 0.0% |
| Total | 1,578 | 1,628 | 1,579 | 1,637 | 1,637 | 3,274 | 67 | 2.1% |

Program Description

The mission of the Mayo Medical School is to enroll outstanding students and to offer them a curriculum designed to foster their individual strengths and talents and to take full advantage of the unique integrated research, education and practice resources of Mayo Foundation. The school seeks to provide access to a medical education to all students regardless of socioeconomic background. The school also strives to promote and eliminate barriers that may inhibit students from entering the historically lower paying primary care specialties. Finally, Mayo Medical School provides students the opportunity to obtain an excellent medical education that is delivered in a cost efficient manner and allows these students to graduate unencumbered by a large debt-load.

Program at a Glance

- ◆ Consistently 35% - 40% of the graduates of Mayo Medical School choose primary care specialties
- ◆ Through July 2002, 617 (63%) of the matriculants to Mayo Medical School were from the state of Minnesota
- ◆ 380 (35%) of the graduates of Mayo Medical School are practicing medicine in the state of Minnesota

Population Served

Graduates of undergraduate colleges and universities who are seeking a high quality, affordable medical education are served by this activity.

Services Provided

Mayo Medical School was founded in 1972. The small class size, 42 students per class, facilitates a personalized course of instruction characterized by extensive clinical interaction and the integration of basic and clinical sciences throughout all segments of the curriculum. A balance is sought to produce physicians interested in medical subspecialties as well as the primary care disciplines of general internal medicine, family medicine, pediatrics and obstetrics/gynecology. As part of their education, each Mayo Medical School student lives with a family practice physician who is in private practice in a rural Minnesota community to experience first-hand the challenges and rewards of primary care medicine.

Historical Perspective

Mayo Medical School has graduated 1,063 physicians since 1976 and of those, 380 (36%) currently practice medicine in Minnesota. Of the 617 graduates who were originally from Minnesota (and received capitation grants), 298 (76%) have stayed in practice in Minnesota. Since 1972, the legislature has provided grants to Minnesota residents. Capitation provided by the state is used to offset tuition paid by Minnesota medical school students. All state monies are directly given to Minnesota students to reduce their tuition payment. Tuition for 2002-2003 is \$21,500. The FY 2001 state appropriation supports grants of \$14,405 for up to 42 students.

Key Measures

- ⇒ As of July 2002, 617 (63%) of the total matriculants to Mayo Medical School were Minnesota residents.
- ⇒ 42% is the 5 year average for Mayo Medical School graduates entering primary care residency programs.
- ⇒ As of July 2002, 380 (36%) total graduates of Mayo Medical School are practicing medicine in Minnesota.

| Number of Mayo Medical School Graduates Choosing Primary Care Residency Training Programs | | | | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| Graduates of MMS 1998 | Graduates of MMS 1999 | Graduates of MMS 2000 | Graduates of MMS 2001 | Graduates of MMS 2002 |
| 24 for 49% | 15 for 44% | 14 for 39% | 16 for 41% | 14 for 36% |

MAYO FOUNDATION

Program: MAYO MEDICAL SCHOOL

Narrative

| <u>Class of</u> | <u>All MMS Grads</u> | <u>Minnesota Resident Matriculants</u> | <u>All MMS Grads in Practice or Residency in Minnesota</u> | <u>Minnesota Matriculants in Practice or Residency in Minnesota</u> |
|-----------------|----------------------|--|--|---|
| 1998 | 49 | 8 | 19 | 5 |
| 1999 | 35 | 9 | 14 | 7 |
| 2000 | 40 | 8 | 17 | 5 |
| 2001 | 40 | 8 | 20 | 3 |
| 2002 | 40 | 10 | 11 | 6 |

Program Funding

Mayo Medical School State Capitation Funding Summary 1997 - 2003

| <u>1997-1998</u> | <u>1998-1999</u> | <u>1999-2000</u> | <u>2000-2001</u> | <u>2001-2002</u> | <u>2002-2003</u> |
|------------------|------------------|------------------|------------------|------------------|------------------|
| \$452,927 | \$432,364 | \$567,600 | \$591,400 | \$662,630 | \$605,000 |

Contact

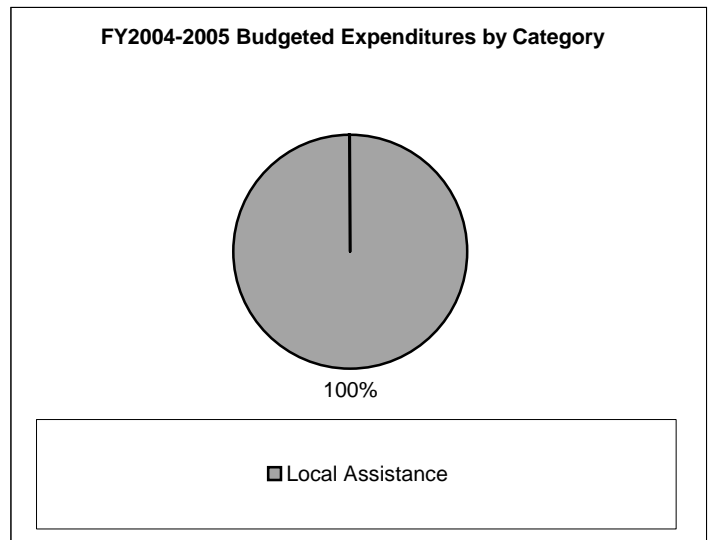
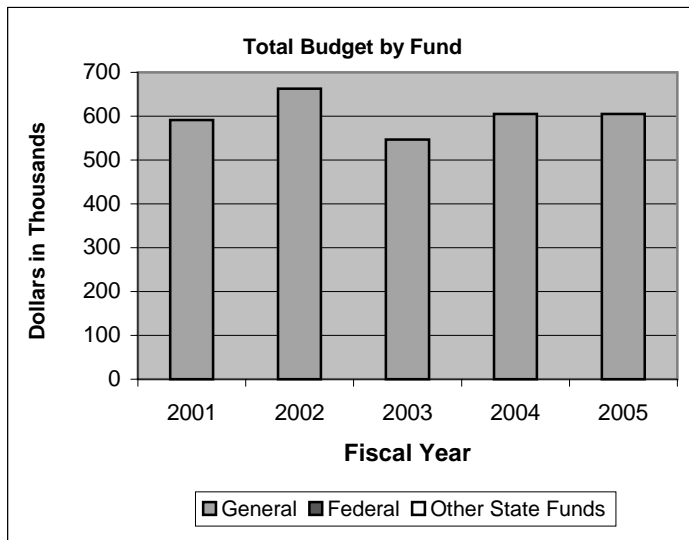
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http://www.mayo.edu/mms/MMS_Home_Page.html

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200 First Street South West
Rochester, Minnesota 55906
Phone: (507) 284-3627
Fax: (507) 284-2634
E-mail: bporter@mayo.edu

MAYO FOUNDATION

Program: MAYO MEDICAL SCHOOL

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 591 | 663 | 547 | 605 | 605 | 1,210 | 0 | 0.0% |
| Total | 591 | 663 | 547 | 605 | 605 | 1,210 | 0 | 0.0% |
| Expenditures by Category | | | | | | | | |
| Local Assistance | 591 | 663 | 547 | 605 | 605 | 1,210 | 0 | 0.0% |
| Total | 591 | 663 | 547 | 605 | 605 | 1,210 | 0 | 0.0% |
| Expenditures by Activity | | | | | | | | |
| Mayo Medical School | 591 | 663 | 547 | 605 | 605 | 1,210 | 0 | 0.0% |
| Total | 591 | 663 | 547 | 605 | 605 | 1,210 | 0 | 0.0% |

Program Description

The mission of the Mayo Rochester Family Medicine Residency Program is to train family physicians that will provide high quality, personal, and comprehensive care for persons of all ages, with a special emphasis on service in rural or smaller communities.

Population Served

The program has provided the largest consolidated service to the state of Minnesota, with 47% of all graduates practicing in communities throughout the state. Twenty-two percent of graduates serve rural areas of the state. The remaining program graduates serve other states in our country.

Program at a Glance

- ◆ All positions filled for the last 21 years.
- ◆ 47% of program graduates practicing in Minnesota.
- ◆ 22% primarily in rural areas in Minnesota.
- ◆ Residents have scored above average on board exams.
- ◆ 69% of graduates chose rural practice in the last three years.
- ◆ 30% have gone into medically underserved communities.

The program is located at the Kasson-Mayo Family Practice Clinic, in Kasson, Minnesota, a rural community in Dodge County serving a population area of close to 18,000.

Services Provided

The residency-training program prepares the prospective family physician for primary care medicine in all settings, with special emphasis on rural or smaller communities. The residents in training spend a major portion of their training providing ambulatory primary care, stressing prevention and continuity of care.

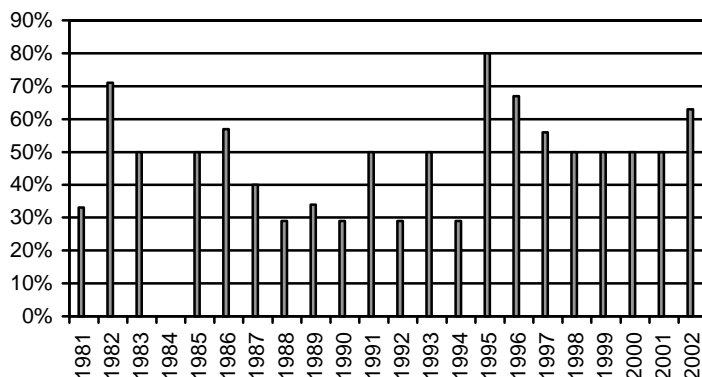
Historical Perspective

The three-year training program was established in 1978, beginning with four residents. It has included a maximum of 25 positions. Over time, it has grown in size and success, with all training positions being filled for the past 21 years. The program has graduated 108 family physicians and 107 remain in practice. The Minnesota capitation appropriation has supported residents' training stipends since 1978-79.

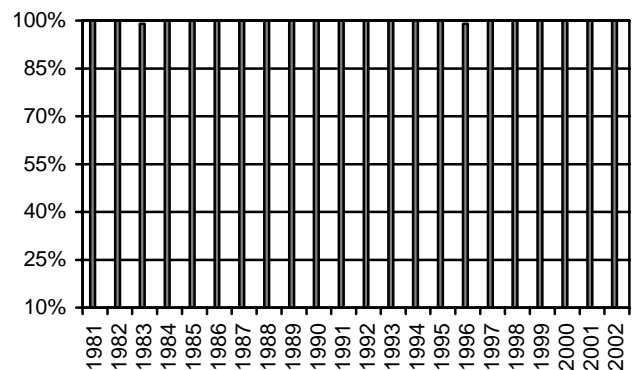
Key Measures

- ⇒ Percent of Family Medicine Graduates Practicing in Minnesota
- ⇒ Graduates Practicing in Family Medicine Since Program Beginning

Family Medicine Graduates Practicing in Minnesota



Graduates Practicing in Family Medicine Since the Beginning of the Program (1981)



Program Funding

The program's current operating budget is \$1,514,112. Mayo Clinic supports 66% of the program. The state capitation grant supported 37% of the 2001/2002 program budget with \$557,875. The appropriation for the 2002-2003 biennium is expected to be \$513,199 with \$22,313 for each of the 23 residents. This appropriation reflects approximately 34% of the total program budget.

Contact

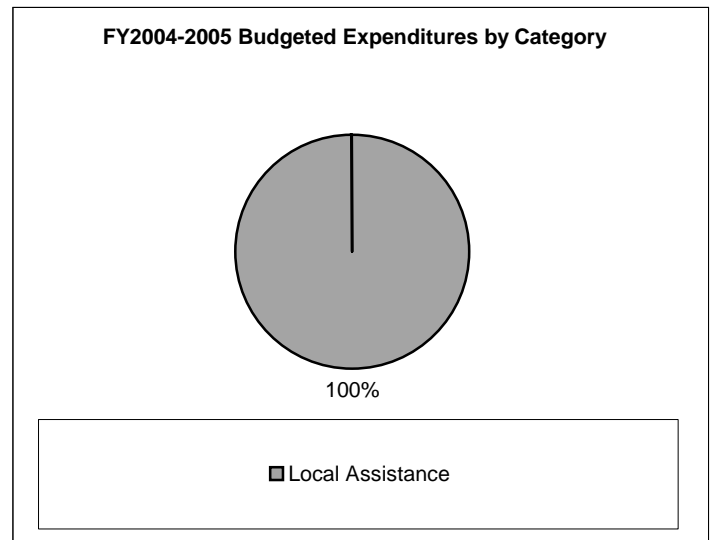
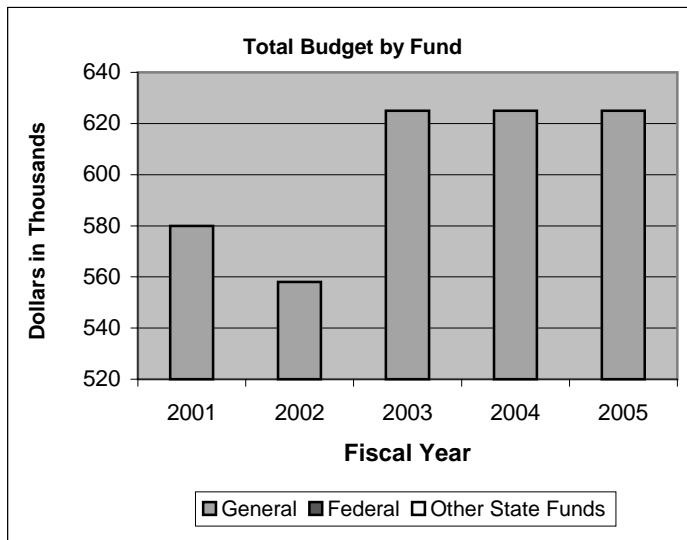
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MAYO FOUNDATION

Program: ROCHESTER FAMILY MED RESIDENCY

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 580 | 558 | 625 | 625 | 625 | 1,250 | 67 | 5.7% |
| Total | 580 | 558 | 625 | 625 | 625 | 1,250 | 67 | 5.7% |
| Expenditures by Category | | | | | | | | |
| Local Assistance | 580 | 558 | 625 | 625 | 625 | 1,250 | 67 | 5.7% |
| Total | 580 | 558 | 625 | 625 | 625 | 1,250 | 67 | 5.7% |
| Expenditures by Activity | | | | | | | | |
| Rochester Family Med Residency | 580 | 558 | 625 | 625 | 625 | 1,250 | 67 | 5.7% |
| Total | 580 | 558 | 625 | 625 | 625 | 1,250 | 67 | 5.7% |

Program Description

Since 1996 the mission of the St. Cloud Hospital/Mayo Family Medicine Residency Program is to train competent, caring family physicians to practice in rural communities. This 4/4/4 (4 residents per year for 3 years) program is the only residency at St. Cloud Hospital (SCH) and the only residency in Central and Western Minnesota. The program has been fully accredited by the ACGME.

Population Served

The program is located at the Mid-Minnesota Family Practice Center, in St. Cloud and serves all patients regardless of their ability to pay. The residency clinic sees 20,000 visits each year and is the safety-net provider for all of central Minnesota. The clinic and faculty have been recognized in their dedication of medical services to the underserved by state and local government agencies.

In the short history of this residency, 64% of all graduates are practicing in a rural community and 64% of all graduates are practicing in Minnesota.

Services Provided

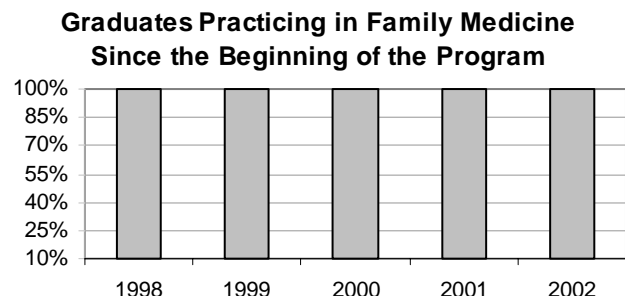
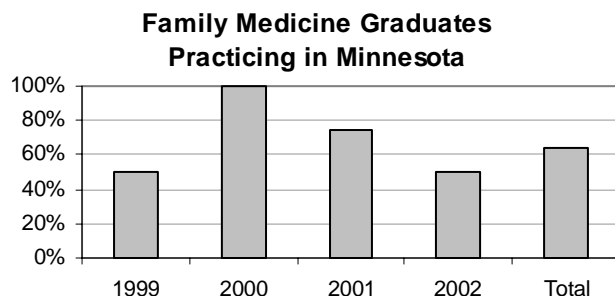
The residency program trains family physicians for primary care medicine in all settings, especially in small and rural communities. The residents train in hospitals and clinics in St. Cloud and throughout central Minnesota. Obstetrical care and procedures needed in smaller communities are emphasized.

Historical Perspective

The program was launched with a \$120,000 state appropriation in 1997. The legislature intends that "the program shall prepare doctors to practice primary care medicine in the rural areas of the state and will improve health care in rural communities, provide affordable access to appropriate medical care, and manage the treatment of patients in a more cost-effective manner." The three-year training program has a maximum of 12 residents, with four in class. The program has graduated 11 family physicians and all remain in practice.

Key Measures

- ◆ Percent of Family Medicine Graduates Practicing in Minnesota
- ◆ Graduates Practicing in Family Medicine Since Program Beginning



Program Funding

The program's current operating budget is \$2,262,029. St. Cloud Hospital supports 72% of the program. The state capitation grant supported 19% of the 2001/2002 program budget with \$418,807. The appropriation for the 2002-2003 biennium is expected to be \$430,952 with \$35,913 for each of the 12 residents.

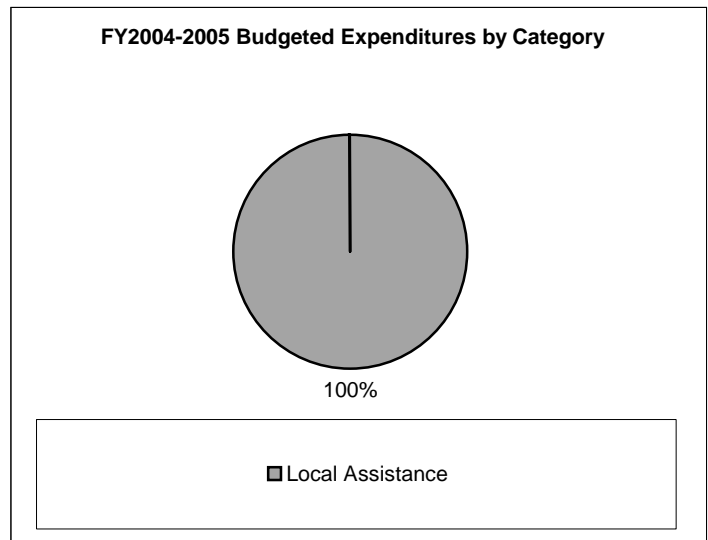
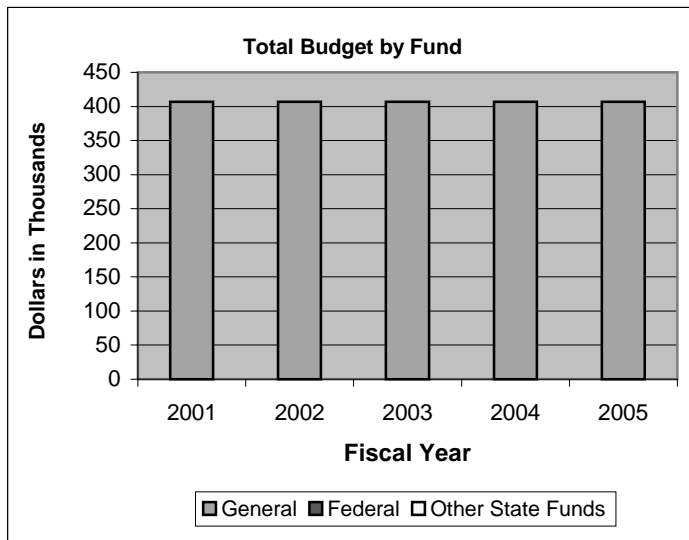
Contact

Joseph Hellie, Program Administrator
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St. Cloud, Minnesota 56303
Phone: (320) 255-5699
E-mail: helliej@centracare.com

MAYO FOUNDATION

Program: ST CLOUD HOSPITAL/FAMILY MED

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|---------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 407 | 407 | 407 | 407 | 407 | 814 | 0 | 0.0% |
| Total | 407 | 407 | 407 | 407 | 407 | 814 | 0 | 0.0% |
| Expenditures by Category | | | | | | | | |
| Local Assistance | 407 | 407 | 407 | 407 | 407 | 814 | 0 | 0.0% |
| Total | 407 | 407 | 407 | 407 | 407 | 814 | 0 | 0.0% |
| Expenditures by Activity | | | | | | | | |
| St Cloud Hospital/Family Med | 407 | 407 | 407 | 407 | 407 | 814 | 0 | 0.0% |
| Total | 407 | 407 | 407 | 407 | 407 | 814 | 0 | 0.0% |

Agency Purpose

The mission of the Minnesota Bureau of Mediation Services (BMS) is to promote stable and constructive labor-management relations and the use of alternative dispute resolution and collaborative processes in areas other than labor-management (M.S. Chapters 179 and 179A).

Core Functions

- ⇒ Assisting parties in resolving collective bargaining disputes.
- ⇒ Resolving questions of labor union representation and bargaining unit structure.
- ⇒ Supporting, training and facilitating joint labor management committees.
- ⇒ Providing technical training.
- ⇒ Developing and maintaining a roster of labor arbitrators.
- ⇒ Promoting the use of alternative dispute resolution and mediation programs by state agencies for non-labor disputes.

At A Glance

Minnesota Public Sector Union Representation in 2001:

| | Employees Represented By Unions | %Employees Represented By Unions |
|--------------|---------------------------------------|--|
| State | 42,000 | 84 |
| Local | 65,000 | 57 |
| U of M | 7,000 | 29 |
| K-12 | 85,000 | 71 |
| Other | 5,000 | 86 |
| Total | 204,000 | 65 |

Operations

The primary clientele of BMS includes labor organizations, employers (public, non-profit and private) and arbitrators. Agency services are delivered through:

- ◆ mediating collective bargaining disputes;
- ◆ determining bargaining units;
- ◆ conducting and certifying union representation elections;
- ◆ facilitating labor-management committees and awarding grants to area/industry labor-management councils;
- ◆ training practitioners in labor relations; and
- ◆ administering alternative dispute resolution programs in areas such as special education, vocational rehabilitation and workplace mediation.

Key Measures

| | |
|---|-----------------------|
| ⇒ Percentage of collective bargaining contract and grievance disputes that are settled without strikes or arbitration. | <u>FY 2001</u> 79% |
| ⇒ Percentage of bargaining unit and representation disputes requiring elections that are processed within 90 days. | 89% |
| ⇒ Number of joint labor-management councils and worksite committees developed and/or supported to increase cooperation. | Approx. 59 |

For updated information and a more complete list of the key measures by which BMS monitors its results, see <http://www.departmentresults.state.mn.us/bms>.

Budget

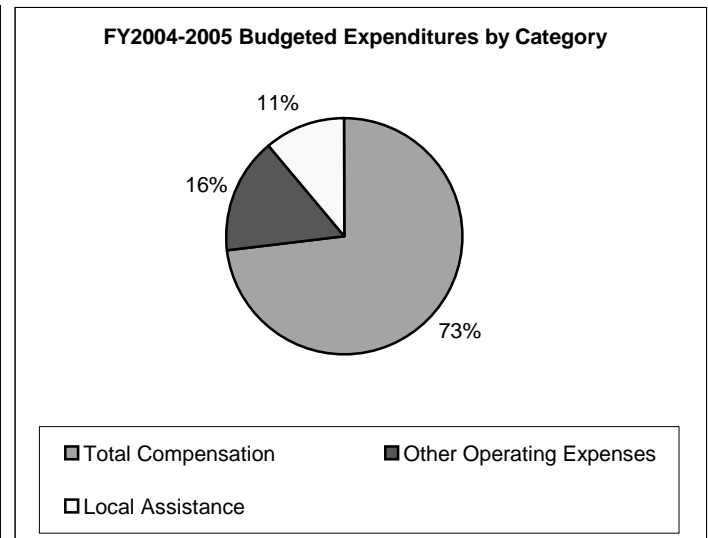
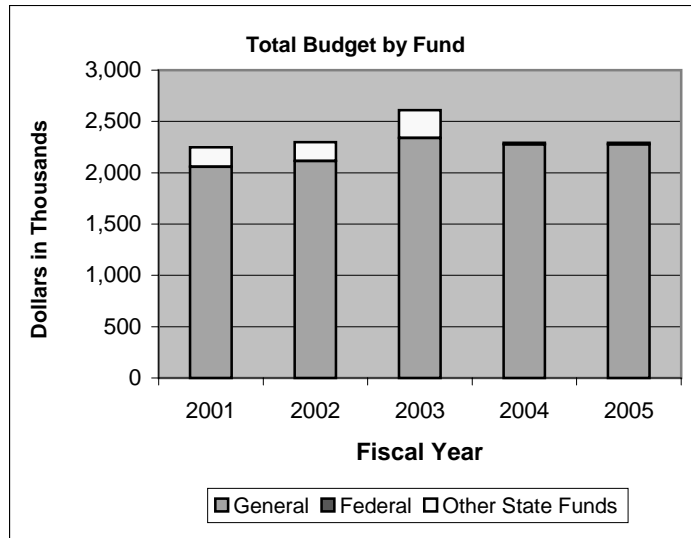
The department's primary source of funding is a direct appropriation from the General Fund. Current staff includes 19 full-time equivalent employees.

Contact

Bureau of Mediation Services
1380 Energy Lane, Suite #2
St. Paul, Minnesota 55108

World Wide Web Home Page: <http://www.BMS.state.mn.us>

Lance Teachworth, Commissioner
Phone: (651) 649-5433
Fax: (651) 643-3013



| <i>Dollars in Thousands</i> | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------------|--------------|
| | Actual | Actual | Budgeted | Base | | Biennium | Biennial Change | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | 2004-05 / 2002-03 | |
| Direct Appropriations | | | | | | | | |
| General | 2,057 | 2,115 | 2,340 | 2,277 | 2,277 | 4,554 | 99 | 2.2% |
| Special Revenue | 0 | 6 | 224 | 0 | 0 | 0 | -230 | -100.0% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 192 | 178 | 44 | 16 | 16 | 32 | -190 | -85.6% |
| Gift | 0 | 0 | 1 | 0 | 0 | 0 | -1 | -100.0% |
| Total | 2,249 | 2,299 | 2,609 | 2,293 | 2,293 | 4,586 | -322 | -6.6% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|
| Total Compensation | 1,617 | 1,632 | 1,692 | 1,676 | 1,676 | 3,352 | 28 | 0.8% |
| Other Operating Expenses | 481 | 395 | 645 | 365 | 365 | 730 | -310 | -29.8% |
| Local Assistance | 151 | 272 | 272 | 252 | 252 | 504 | -40 | -7.4% |
| Total | 2,249 | 2,299 | 2,609 | 2,293 | 2,293 | 4,586 | -322 | -6.6% |

| Expenditures by Program | | | | | | | | |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|
| Mediation Services | 2,249 | 2,299 | 2,609 | 2,293 | 2,293 | 4,586 | -322 | -6.6% |
| Total | 2,249 | 2,299 | 2,609 | 2,293 | 2,293 | 4,586 | -322 | -6.6% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|------------|------------|-----------|-----------|-----------|-----------|-------------|---------------|
| Non Dedicated | | | | | | | | |
| General | 0 | 1 | 1 | 1 | 1 | 2 | 0 | 0.0% |
| Cambridge Deposit Fund | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 1 | 1 | 1 | 1 | 1 | 2 | 0 | 0.0% |
| Dedicated | | | | | | | | |
| Special Revenue | 216 | 132 | 32 | 16 | 16 | 32 | -132 | -80.5% |
| Subtotal Dedicated | 216 | 132 | 32 | 16 | 16 | 32 | -132 | -80.5% |
| Total Revenue | 217 | 133 | 33 | 17 | 17 | 34 | -132 | -79.5% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 21.4 | 20.8 | 19.7 | 19.7 | 19.7 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

Agency Purpose

Minnesota Statutes mandate that the Board of Medical Practice *protects the public*. In the interest of public health, safety, and welfare, and to protect the public from the unprofessional, improper, incompetent, and unlawful practice of medicine, it is necessary to provide laws and regulations to govern the granting and subsequent use of the license to practice medicine.

- ⇒ The board protects the public by granting qualified applicants the privilege to practice in Minnesota.
- ⇒ The board investigates complaints relating to the competency or behavior of individual licensees or registrants.

Core Functions

The board enforces the Medical Practice Act by:

- ◆ ensuring that applicants for credentials have met all statutory requirements for license or registration;
- ◆ investigating and responding to public and agency inquiries, complaints, and reports regarding licensed and registered practitioners;
- ◆ implementing educational or disciplinary action with impaired or incompetent practitioners, thus ensuring that standards of care are met; and
- ◆ providing information and education about licensure requirements and standards of practice to the public and other interested audiences.

Operations

The board is made up of 11 physicians and five public members, all of whom are appointed by the governor. The board also regulates acupuncturists, athletic trainers, physician assistants, respiratory care practitioners, midwives and professional firms.

Approximately 24 board staff are employed to process licensing and complaint information for the board's review and to handle administrative functions. Historically, the board has licensed or registered 2,100 new practitioners each year. On an average, the board receives 700 – 900 complaints per year, resulting in approximately 66 disciplinary orders or corrective action agreements during that time frame.

Budget

Total direct and indirect expenses for FY 2002-03 biennium are \$7.312 million. The board staff includes 24.0 full-time equivalent employees.

Of the total budget for the FY 2002-03 biennium, \$8.159 million is collected as non-dedicated revenue and \$1,000 is collected as dedicated – special revenue, which is deposited, into the state government special revenue fund. The board collects fees charged to physicians, physician assistants, acupuncturists, athletic trainers, professional firms, midwives, and respiratory care practitioners. The dedicated revenue is from fees collected for seminars sponsored by the board. The board is responsible to collect enough revenue to recover all direct and indirect costs.

The board is responsible for the costs of services received from the Attorney General's Office, Health Professional Services Program, Department of Health HIV/HBV/HCV program and the Administrative Services Unit. Currently, the Board has a partnership agreement with the Attorney General's Office. Payments are made directly to the AGO on a quarterly basis. A direct appropriation is given to the Health Professional Services Program, HIV/HBV/HCV program, and the Administrative Services Unit from the state government special revenue fund. The board must ensure that sufficient revenue is collected through its fees to fund their portion of these programs costs.

At A Glance

Biennial Budget – FY 2002-03:

Total Expenses: \$7.312 million

Total Revenues: \$8,159 million

Staff: 24.0 Full-time equivalent employees

**Minnesota Board of Medical Practice
License Statistics
(As of June 30, 2002)**

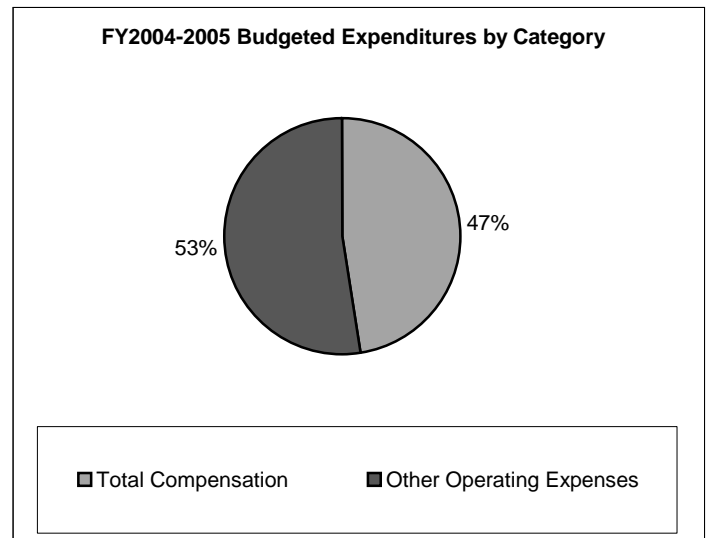
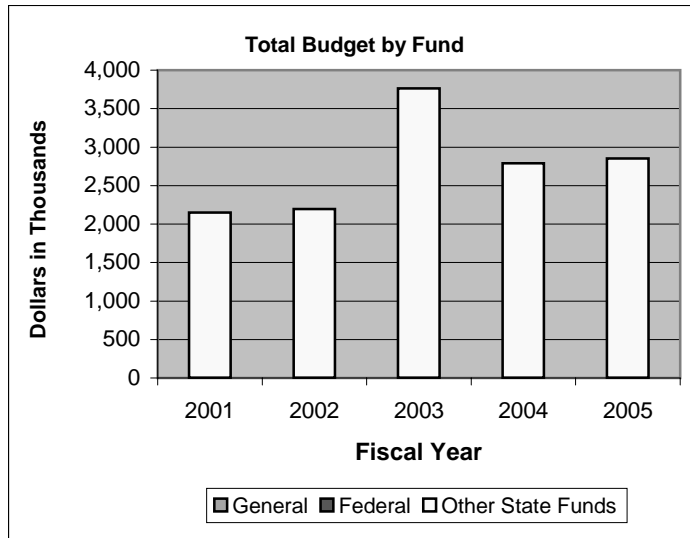
Total Licensed: 19,336

Contact

Minnesota Board of Medical Practice
2829 University Avenue Southeast, Suite 400
Minneapolis, Minnesota 55414-3246

The web site at: <http://www.bmp.state.mn.us> gives visitors easy access to useful information about medical practice. Types of information available through the web site include; regulatory news and updates, rules and Minnesota statutes, public notices, and forms.

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Phone: (612) 617-2130
Fax: (612) 617-2166



| <i>Dollars in Thousands</i> | | | | | | | | |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------------|--------------|
| | Actual | Actual | Budgeted | Base | | Biennium | Biennial Change | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | 2004-05 / 2002-03 | |
| | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| State Government Special Revenue | 2,071 | 2,174 | 3,734 | 2,764 | 2,823 | 5,587 | -321 | -5.4% |
| Open Appropriations | | | | | | | | |
| State Government Special Revenue | 29 | 11 | 27 | 27 | 27 | 54 | 16 | 42.1% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 51 | 12 | 1 | 1 | 1 | 2 | -11 | -84.6% |
| Total | 2,151 | 2,197 | 3,762 | 2,792 | 2,851 | 5,643 | -316 | -5.3% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|
| Total Compensation | 1,205 | 1,306 | 1,557 | 1,636 | 1,706 | 3,342 | 479 | 16.7% |
| Other Operating Expenses | 946 | 891 | 2,205 | 1,890 | 1,820 | 3,710 | 614 | 19.8% |
| Transfers | 0 | 0 | 0 | -734 | -675 | -1,409 | -1,409 | n.m |
| Total | 2,151 | 2,197 | 3,762 | 2,792 | 2,851 | 5,643 | -316 | -5.3% |

| Expenditures by Program | | | | | | | | |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|
| Medical Practice, Board Of | 2,151 | 2,197 | 3,762 | 2,792 | 2,851 | 5,643 | -316 | -5.3% |
| Total | 2,151 | 2,197 | 3,762 | 2,792 | 2,851 | 5,643 | -316 | -5.3% |

| Revenue by Type and Fund | | | | | | | | |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|-------------|
| Non Dedicated | | | | | | | | |
| State Government Special Revenue | 3,801 | 4,112 | 4,046 | 4,132 | 4,199 | 8,331 | 173 | 2.1% |
| Subtotal Non Dedicated | 3,801 | 4,112 | 4,046 | 4,132 | 4,199 | 8,331 | 173 | 2.1% |
| Dedicated | | | | | | | | |
| Special Revenue | 63 | 0 | 1 | 1 | 1 | 2 | 1 | 100.0% |
| Subtotal Dedicated | 63 | 0 | 1 | 1 | 1 | 2 | 1 | 100.0% |
| Total Revenue | 3,864 | 4,112 | 4,047 | 4,133 | 4,200 | 8,333 | 174 | 2.1% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 22.2 | 22.6 | 22.5 | 22.5 | 22.5 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

Agency Purpose

The Metropolitan Council is a political subdivision of the state serving the seven county metropolitan area and governed by a chairperson and 16 Council members representing districts and appointed by the governor. The mission of the Metropolitan Council is to improve regional competitiveness in the global economy so the Minneapolis-St. Paul metropolitan region is one of the best places to live, work, raise a family and do business. The agency's duties include guiding land use and related development in the seven-county area by linking land use, transportation and environment through regional planning and providing essential regional services--wastewater collection and treatment, transit and rental assistance to low-income families in the region.

The seven-county metropolitan area is an economically stable region, with a growing population and an expected increase by 2030 of 930,000 people, 460,000 households and 550,000 jobs. In recent years, congestion levels have been growing in the region and are projected to continue to increase. Congestion is an important issue of concern to citizens and will influence the region's future economic competitiveness. The council is encouraging transit-oriented development in the region and partnering with local governments to find ways to address these issues in the future.

This overview includes all council functions but provides additional detail for the transportation function which is substantially funded by state appropriations.

Core Functions

The council's main functions are:

- ◆ providing long-range comprehensive planning functions for transportation, airports, water, wastewater, housing and parks;
- ◆ operating the regional transit system;
- ◆ operating the regional wastewater treatment system; and
- ◆ operating a regional housing and redevelopment authority which provides assistance to low-income families in the region.

Operations

The state of Minnesota provides about 60% of the funding for the council's transportation function. The council also provides other services to the region which are funded with state appropriations. The council works to manage its services and infrastructure development to ensure a competitive and livable region in the future. The council also coordinates capital funding for regional parks including pass-through of some funds.

The **Transportation Function** is responsible for transportation planning within the seven-county metro area including aviation, highway, and transit systems as well as transit operations. This function is funded by state General Fund dollars, Motor Vehicle Excise Tax, Federal revenue and fares. The function:

- ⇒ Develops transportation policy for the metropolitan region and implements transportation policy through its own programs and through coordination with the federal, state, and local governments.
- ⇒ Develops and updates the five-year transit plan, the federal Transportation Improvement Program (TIP) for the metropolitan area.
- ⇒ Acts as the federally designated Metropolitan Planning Organization and manages the allocation of federal transportation funds.
- ⇒ Operates Metro Transit, the region's largest provider of regular-route transit service.

At A Glance

All Council Functions:

- ◆ 3,800 employees
- ◆ \$380 million annual operating budget
- ◆ 300 million gallons of wastewater treated per day
- ◆ 5,000 families supported by Section 8 program
- ◆ 193 local government comprehensive plans reviewed

Transportation Function

- ◆ 2,740 employees
- ◆ \$259 million annual operating budget
- ◆ \$133.5 million biennial state General Fund appropriation
- ◆ \$116.2 million annual projected revenue from state motor vehicle excise tax
- ◆ 75 million annual transit rides

- ⇒ Operates Metro Mobility, the region's complementary paratransit service. Administers 36 different types of contracted transit services.
- ⇒ Promotes transit and other alternative modes of transportation through Metro Commuter Services programs and with travel demand management organizations.

The **Environmental Services Division** owns and maintains approximately 600 miles of regional sewers and treats up to 300 million gallons of wastewater daily at eight regional treatment plants for a total of 105.6 billion gallons treated in 2001. The division maintains a near-perfect compliance with clean water discharge permits. The Stillwater Treatment Plant tied for first place as "Best Medium Advanced Facility" in a national EPA competition. This division is fully fee supported.

The **Regional Administration Policy Alignment and Development Unit** includes functions such as Planning & Technical Assistance, Research, Regional Growth Strategy, Geographic Information Systems, the Metropolitan Housing and Redevelopment Authority, and Livable Communities. This unit is funded by property taxes and federal funds.

- ◆ Coordinates Regional Parks capital program
- ◆ Administers the livable communities grant programs which have provided \$35 million for improving affordable housing in the region.

Key Measures

- ⇒ Twin Cities transit ridership has increased from 65.2 million in 1996 to 78.4 million in 2001. The target for 2020 is 131.8 million rides per year.
- ⇒ The Metropolitan Council has proposed adding 164 miles of transitways (including Hiawatha LRT) by 2010 and about 30 additional miles by 2025.

Budget

The council adopts an annual budget for its operations. The 2002 adopted operating budget is \$382 million. The organization's staff amounts to 3,800 full-time equivalents.

Of the total council budget \$259 million is for transportation, \$96 million for environmental services and \$14 million for planning and administration.

Contact

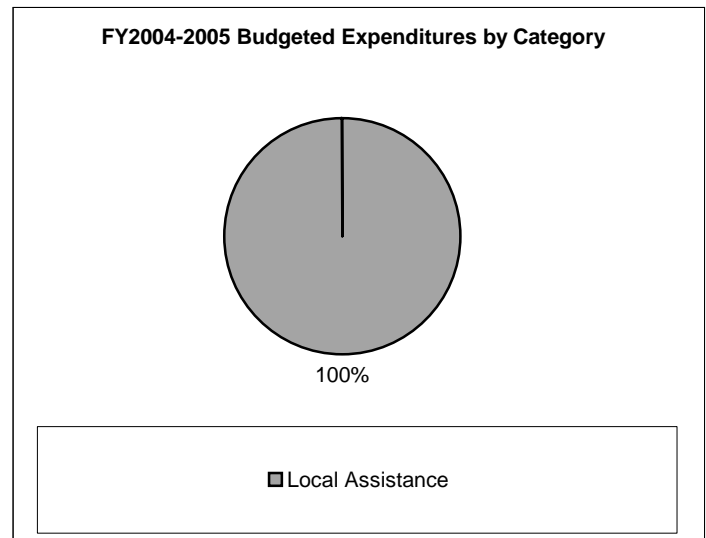
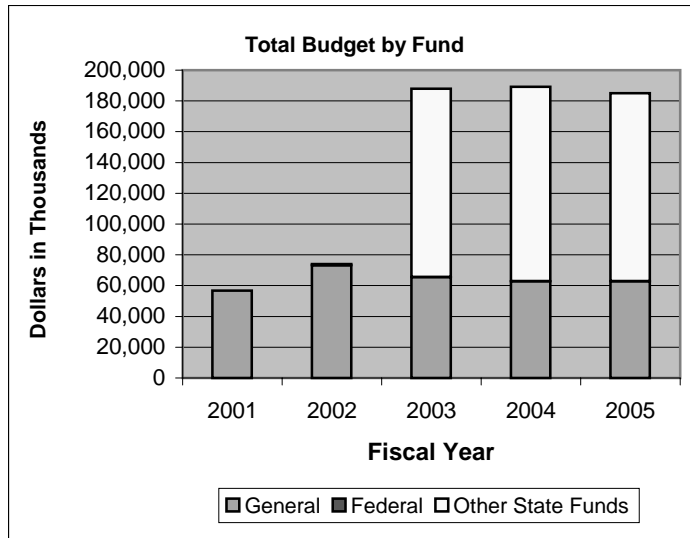
Metropolitan Council
230 East Fifth Street
St. Paul, Minnesota 55101

Ted Mondale, Chair
Phone: (651) 602-1453
Fax: (651) 602-1358

Home Page: <http://www.metrocouncil.org>

Lee E. Sheehy, Regional Administrator
Phone: (651) 602-1723
Fax: (651) 602-1358

For information on how this agency measures whether it is meeting its statewide goals, please refer to <http://www.departmentresults.state.mn.us/>.



| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|------------------|------------------|--------------------|----------------|----------------|---------------------|--------------------------------------|--------------|
| Expenditures by Fund | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| Environment & Natural Resource | 0 | 1,000 | 0 | 0 | 0 | 0 | -1,000 | -100.0% |
| General | 56,801 | 73,101 | 65,386 | 62,886 | 62,886 | 125,772 | -12,715 | -9.2% |
| Statutory Appropriations | | | | | | | | |
| Metro Area Transit | 0 | 0 | 122,652 | 126,301 | 122,242 | 248,543 | 125,891 | 102.6% |
| Total | 56,801 | 74,101 | 188,038 | 189,187 | 185,128 | 374,315 | 112,176 | 42.8% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|--------------|
| Local Assistance | 56,801 | 74,101 | 188,038 | 189,187 | 185,128 | 374,315 | 112,176 | 42.8% |
| Total | 56,801 | 74,101 | 188,038 | 189,187 | 185,128 | 374,315 | 112,176 | 42.8% |

| Expenditures by Program | | | | | | | | |
|--------------------------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|--------------|
| Met Council Transit | 56,801 | 74,101 | 188,038 | 189,187 | 185,128 | 374,315 | 112,176 | 42.8% |
| Total | 56,801 | 74,101 | 188,038 | 189,187 | 185,128 | 374,315 | 112,176 | 42.8% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|----------|----------|----------------|----------------|----------------|----------------|----------------|---------------|
| Dedicated | | | | | | | | |
| Metro Area Transit | 0 | 0 | 122,652 | 126,301 | 122,242 | 248,543 | 125,891 | 102.6% |
| Subtotal Dedicated | 0 | 0 | 122,652 | 126,301 | 122,242 | 248,543 | 125,891 | 102.6% |
| Total Revenue | 0 | 0 | 122,652 | 126,301 | 122,242 | 248,543 | 125,891 | 102.6% |

Agency Purpose

The Minnesota Department of Military Affairs, also known as the Minnesota National Guard, "is comprised of and includes the military forces of the state, the office of the adjutant general, all military reservations, military installations, armories, air bases, and facilities owned or controlled by the state for military purposes, and civilians employed by the state for the administration of the military department." (M.S. Ch.190.05)

- ⇒ *Federal Mission:* As a federal entity, military members of the Minnesota National Guard serve as a reserve force for the United States Army and Air Force. They are subject to be called to federal active duty for extended periods of time by the President.
- ⇒ *State Mission:* As a state entity, the Minnesota National Guard provides support to local law enforcement agencies during natural disasters and other emergencies at the direction of the governor.
- ⇒ *Community Mission:* The Minnesota National Guard is also involved in community support projects throughout the state. These projects give our soldiers a chance to "give back to the community."

The vision of the Department of Military Affairs is to provide leadership, resources, and support to the National Guard to assist in accomplishing these three missions.

Core Functions

The Department of Military Affairs provides the structure and resources to accomplish the four core programs that support the Minnesota National Guard:

- ◆ Maintenance of Training Facilities
- ◆ Enlistment Incentives
- ◆ Emergency Services
- ◆ Administrative Support

Operations

The department's customer base is the 12,000 members of the Minnesota Army and Air National Guard, the directors and managers responsible for the execution of the federal-state cooperative agreements, and the citizens of the state and nation during emergencies.

The **Facilities Management Office** is the primary staff section responsible for maintaining the state's facilities used to train and house the members of the Minnesota National Guard and to protect the state's investment in facilities. Each Air National Guard Base also has a Civil Engineering function that is responsible for the maintenance of the federal facilities that are supported with state dollars.

Incentives and Education Services is responsible for managing the department's enlistment incentives and tuition reimbursement programs. These programs provide incentives to the men and women who enlist and maintain their memberships in the Army and Air National Guard.

Emergency Services is managed by the Military Support directorate of the state staff. They provide the command and control services to the governor when the National Guard is activated in response to state emergencies.

State staff provides the general administrative, financial, accounting, budgeting, and human resource support necessary for the operation of the department.

At A Glance

- ◆ There are currently 12,000 military members of the Minnesota National Guard.
- ◆ The Department of Military Affairs manages 2.3 million square feet (SF) of facilities within 1,424 buildings on 53,000 acres at Camp Ripley; 508,027 SF in 64 National Guard Training facilities; and 1.6 million SF in 63 National Guard Training and Community Centers (armories).
- ◆ The agency annually supports 2,800 National Guard men and women through its tuition reimbursement program.
- ◆ The department has overseen 21,551 National Guard man-days in response to state emergencies since July 2001.

Budget

Of the department's total budget, 77.3% comes from the federal government through cooperative agreements for facilities maintenance, telecommunications, security, firefighting, and the STARBASE educational program. The state General Fund accounts for 21.9%, and approximately 0.8% comes from other sources (local government, facility sales, housing operations, etc.).

The Department of Military Affairs is also responsible for an additional approximately \$340 million, received from the federal government during the state's biennium. These funds come directly from the federal government, do not pass through the state treasury, and are paid to individuals and vendors for federal-related activities.

The department's staff includes 249 employees who approximate 229 full-time equivalents. Only 30 of these employees are 100% state-funded. The remainder are predominantly federally funded -- some at 100% and most others at 75%.

Contact

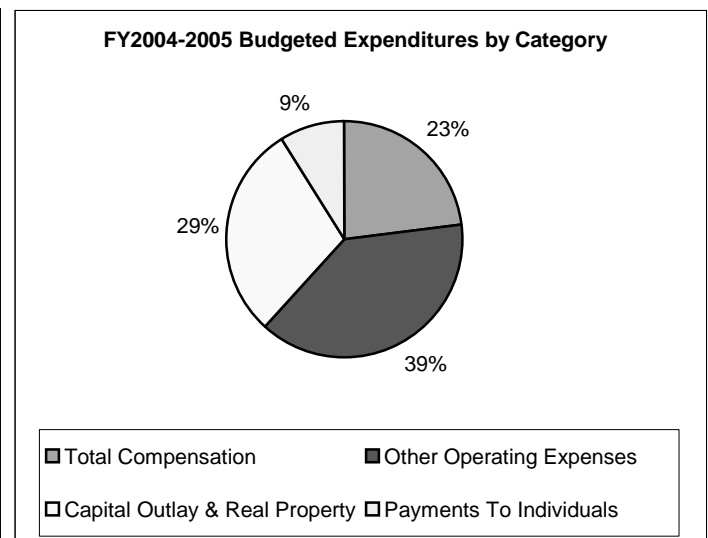
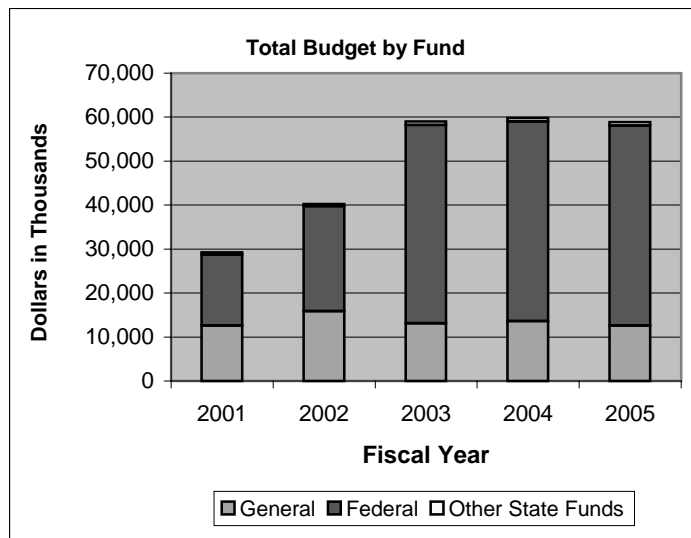
Department of Military Affairs
Veterans Service Building
20 West 12th Street
Saint Paul, Minnesota 55155

World Wide Web Home Page:
<http://www.dma.state.mn.us>

Major General Eugene R. Andreotti,
Adjutant General

Phone: (651)282-4664 Fax: (651)282-4541

For information on how this agency measures whether it is meeting its statewide goals, please refer to <http://www.departmentresults.state.mn.us/>



| <i>Dollars in Thousands</i> | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|-------------------|--------------|
| | Actual | Actual | Budgeted | Base | | Biennium | Biennial Change | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | 2004-05 / 2002-03 | |
| Carry Forward | | | | | | | Dollars | Percent |
| General | 0 | 0 | 0 | 989 | 0 | 989 | 989 | n.m |
| Direct Appropriations | | | | | | | | |
| General | 11,636 | 11,912 | 12,778 | 12,472 | 12,472 | 24,944 | 254 | 1.0% |
| Open Appropriations | | | | | | | | |
| General | 935 | 3,825 | 210 | 0 | 0 | 0 | -4,035 | -100.0% |
| Statutory Appropriations | | | | | | | | |
| General | 52 | 117 | 105 | 120 | 125 | 245 | 23 | 10.4% |
| Special Revenue | 491 | 560 | 796 | 798 | 798 | 1,596 | 240 | 17.7% |
| Federal | 16,112 | 23,859 | 45,104 | 45,400 | 45,456 | 90,856 | 21,893 | 31.7% |
| Total | 29,226 | 40,273 | 58,993 | 59,779 | 58,851 | 118,630 | 19,364 | 19.5% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|--------------|
| Total Compensation | 14,589 | 16,569 | 13,478 | 13,560 | 13,586 | 27,146 | -2,901 | -9.7% |
| Other Operating Expenses | 12,069 | 19,408 | 22,429 | 22,712 | 22,752 | 45,464 | 3,627 | 8.7% |
| Capital Outlay & Real Property | 119 | 38 | 17,150 | 17,150 | 17,150 | 34,300 | 17,112 | 99.6% |
| Payments To Individuals | 2,065 | 3,518 | 5,366 | 5,792 | 4,798 | 10,590 | 1,706 | 19.2% |
| Local Assistance | 384 | 740 | 570 | 565 | 565 | 1,130 | -180 | -13.7% |
| Total | 29,226 | 40,273 | 58,993 | 59,779 | 58,851 | 118,630 | 19,364 | 19.5% |

| Expenditures by Program | | | | | | | | |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|--------------|
| Maint-Training Facilities | 23,734 | 30,257 | 50,752 | 51,357 | 51,418 | 102,775 | 21,766 | 26.9% |
| General Support | 2,349 | 2,464 | 2,506 | 2,501 | 2,501 | 5,002 | 32 | 0.6% |
| Enlistment Incentives | 2,129 | 3,578 | 5,524 | 5,846 | 4,857 | 10,703 | 1,601 | 17.6% |
| Emergency Services | 1,014 | 3,974 | 211 | 75 | 75 | 150 | -4,035 | -96.4% |
| Total | 29,226 | 40,273 | 58,993 | 59,779 | 58,851 | 118,630 | 19,364 | 19.5% |

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------------|--------------------------|--------------------------|----------------------------|---------------|---------------|-----------------------------|--|----------------|
| | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base | | Biennium 2004-05 | Dollars | Percent |
| Revenue by Type and Fund | | | | FY2004 | FY2005 | | | |
| Non Dedicated | | | | | | | | |
| General | 2 | 2 | 0 | 0 | 0 | 0 | -2 | -100.0% |
| Subtotal Non Dedicated | 2 | 2 | 0 | 0 | 0 | 0 | -2 | -100.0% |
| Dedicated | | | | | | | | |
| General | 252 | 117 | 105 | 120 | 125 | 245 | 23 | 10.4% |
| Special Revenue | 491 | 560 | 796 | 798 | 798 | 1,596 | 240 | 17.7% |
| Federal | 16,387 | 24,131 | 45,104 | 45,400 | 45,456 | 90,856 | 21,621 | 31.2% |
| Subtotal Dedicated | 17,130 | 24,808 | 46,005 | 46,318 | 46,379 | 92,697 | 21,884 | 30.9% |
| Total Revenue | 17,132 | 24,810 | 46,005 | 46,318 | 46,379 | 92,697 | 21,882 | 30.9% |
| | | | | | | | | |
| Full-Time Equivalents (FTE) | 291.3 | 260.0 | 246.8 | 246.8 | 246.8 | | | |

Program Description

The purpose of the Maintenance of Training Facilities program is to protect the state's investment in state owned facilities; provide for operating costs of both state and federally supported facilities; and to provide the resources necessary to construct training facilities in partnership with the federal government.

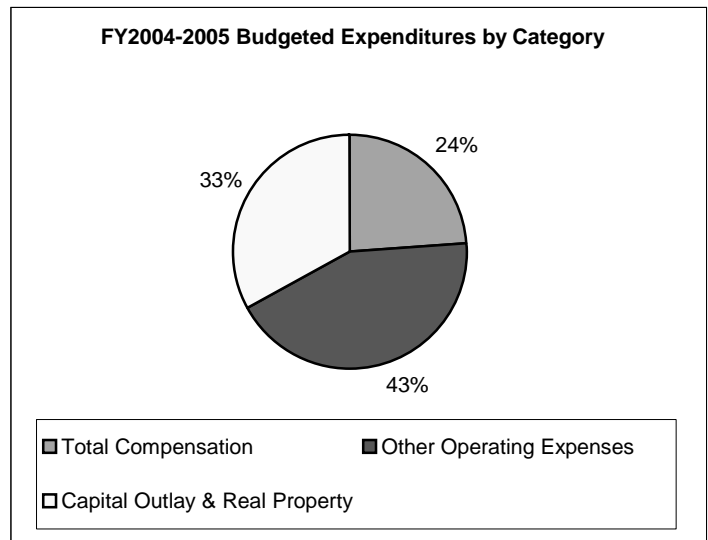
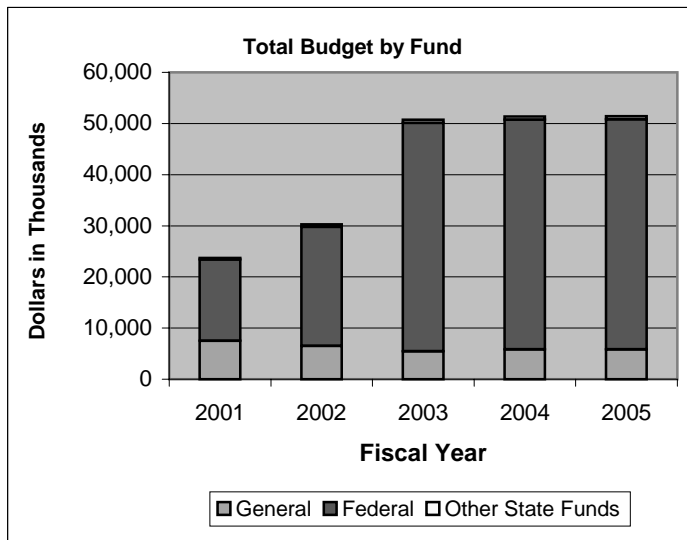
Budget Activities Included:

- ⇒ Camp Ripley/Holman
- ⇒ Armory Maintenance
- ⇒ Air Base Maintenance – Twin Cities
- ⇒ Air Base Maintenance – Duluth

MILITARY AFFAIRS DEPT

Program: MAINT-TRAINING FACILITIES

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 7,473 | 6,390 | 5,367 | 5,695 | 5,695 | 11,390 | -367 | -3.1% |
| Statutory Appropriations | | | | | | | | |
| General | 52 | 117 | 105 | 120 | 125 | 245 | 23 | 10.4% |
| Special Revenue | 359 | 507 | 616 | 617 | 617 | 1,234 | 111 | 9.9% |
| Federal | 15,850 | 23,243 | 44,664 | 44,925 | 44,981 | 89,906 | 21,999 | 32.4% |
| Total | 23,734 | 30,257 | 50,752 | 51,357 | 51,418 | 102,775 | 21,766 | 26.9% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 12,369 | 12,320 | 11,997 | 12,293 | 12,313 | 24,606 | 289 | 1.2% |
| Other Operating Expenses | 11,336 | 17,919 | 21,738 | 22,041 | 22,086 | 44,127 | 4,470 | 11.3% |
| Capital Outlay & Real Property | 0 | 0 | 17,000 | 17,000 | 17,000 | 34,000 | 17,000 | 100.0% |
| Payments To Individuals | 29 | 18 | 17 | 23 | 19 | 42 | 7 | 20.0% |
| Total | 23,734 | 30,257 | 50,752 | 51,357 | 51,418 | 102,775 | 21,766 | 26.9% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|--------------|
| Expenditures by Activity | | | | | | | | |
| Camp Ripley/Holman | 11,931 | 16,166 | 19,848 | 20,047 | 20,069 | 40,116 | 4,102 | 11.4% |
| Armory Maintenance | 7,176 | 9,806 | 24,835 | 25,224 | 25,265 | 50,489 | 15,848 | 45.7% |
| Air Base Maint-Twin Cities | 1,461 | 1,374 | 2,403 | 2,384 | 2,386 | 4,770 | 993 | 26.3% |
| Air Base Maint-Duluth | 3,166 | 2,911 | 3,666 | 3,702 | 3,698 | 7,400 | 823 | 12.5% |
| Total | 23,734 | 30,257 | 50,752 | 51,357 | 51,418 | 102,775 | 21,766 | 26.9% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| General | 252 | 117 | 102 | 120 | 125 | 245 | 26 | 11.9% |
| Federal | 16,057 | 22,886 | 44,664 | 44,925 | 44,981 | 89,906 | 22,356 | 33.1% |
| Subtotal Dedicated | 16,309 | 23,003 | 44,766 | 45,045 | 45,106 | 90,151 | 22,382 | 33.0% |
| Total Revenue | 16,309 | 23,003 | 44,766 | 45,045 | 45,106 | 90,151 | 22,382 | 33.0% |

| | | | | | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Full-Time Equivalents (FTE) | 269.2 | 240.1 | 228.3 | 228.3 | 228.3 |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|

Activity Description

This activity provides for the daily operation, maintenance, and repair of training facilities located at Camp Ripley, Arden Hills, Holman Field in St. Paul, and various other logistical facilities located in nine other communities around the state. Under the provisions of M.S. 190.11, the Adjutant General is charged with operation, care, and preservation of facilities and installations. The Adjutant General may also, under M.S. 190.16, cooperate with the federal government to construct and maintain facilities required for training and housing the military forces of the state.

This activity also provides the structure for acceptance of significant federal funding for construction, environmental programs, range operations, and base security. Some special funds (dedicated revenue) passes through this activity for operational leases of Camp Ripley facilities.

Activity at a Glance**Training Sites – Camp Ripley and Arden Hills**

- ◆ 54,225 acres
- ◆ 2.4 million square feet of facilities
- ◆ 1,450 buildings

Logistical Facilities

- ◆ 64 Structures
- ◆ 588,200 total square feet; 147,050 state-supported square feet
- ◆ 20 acres
- ◆ \$57.4 million investment in facilities

Population Served

This activity primarily serves the 12,000 members of the Minnesota Army and Air National Guard, providing training, maintenance, and housing facilities. It also serves members of other active and reserve military components, military members from other nations, and state employees from the departments of Natural Resources (DNR) and Public Safety – Camp Ripley is the home for the State Patrol's Rookie Camp and the DNR Enforcement Training. The Education Center is also used by many other state agencies for training.

Services Provided

This activity provides the state match required to pay for the operation, maintenance, and utility costs for a multitude of facilities. It also provides much of the staff required to construct and repair facilities throughout the state.

Historical Perspective

Since FY 2000, the Army National Guard has added 1,225 acres to our supported sites. This is predominantly the acquisition of additional training area space at Arden Hills. We have also added 20,044 square feet of state supported facilities. This is due to the replacement of the old Combined Support Maintenance Shop at Camp Ripley with a new, state of the art facility.

All these facilities support the training of soldiers and repair of equipment used by the Minnesota Army National Guard which directly affect the readiness posture of the Army National Guard.

Key Measures

We expect the state funds to be used efficiently to support the federal and state missions of the National Guard. We also expect a high standard of facility maintenance so that employees and military members can focus on accomplishing their work and so we can provide facilities for civilian use when not required for military use. In many ways, this activity is a pass-through which helps provide matching funding to support these facilities.

A pertinent measure is civilian use of the National Guard Training Facilities at Camp Ripley. Our ability to expand the use of facilities at Camp Ripley to state government, community agencies, schools, and civic organizations, reduces the need to build similar facilities in other locations, showcases the outstanding training and educational facilities, and provides another opportunity for the Minnesota National Guard to give back to the citizens of the state.

The goal for FY 2002 was 140,000 civilian days. The agency was not able to meet this goal primarily because of the security measures put in place in response to 9/11/01 that closed Camp Ripley to many civilian groups.

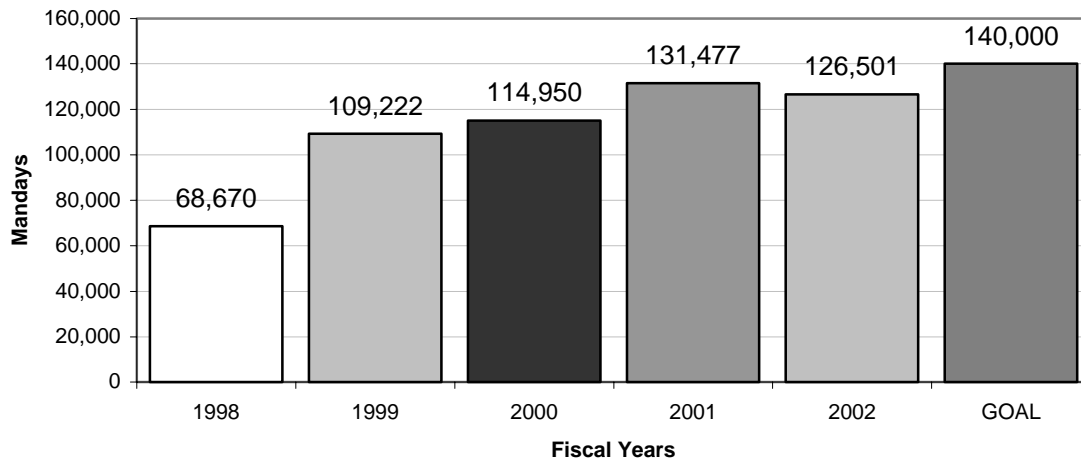
MILITARY AFFAIRS DEPT

Program: MAINT-TRAINING FACILITIES

Activity: CAMP RIPLEY/HOLMAN

Narrative

Camp Ripley Civilian Use



Activity Funding

Most of the facilities at Camp Ripley are supported 100% with federal funds. Some of the other logistical facilities are funded at 75% by the federal government; the state is required to fund the remaining 25% of the operational costs. The state's portion receives a direct appropriation from the General Fund. Some special funds are also generated through the use of Camp Ripley.

Contact

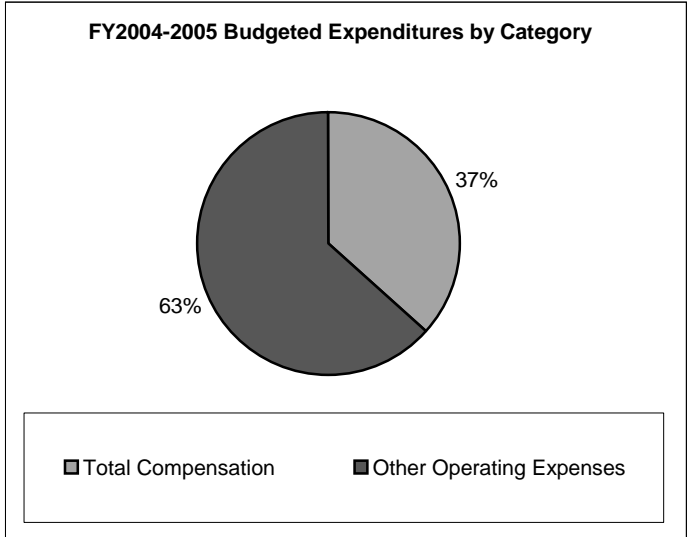
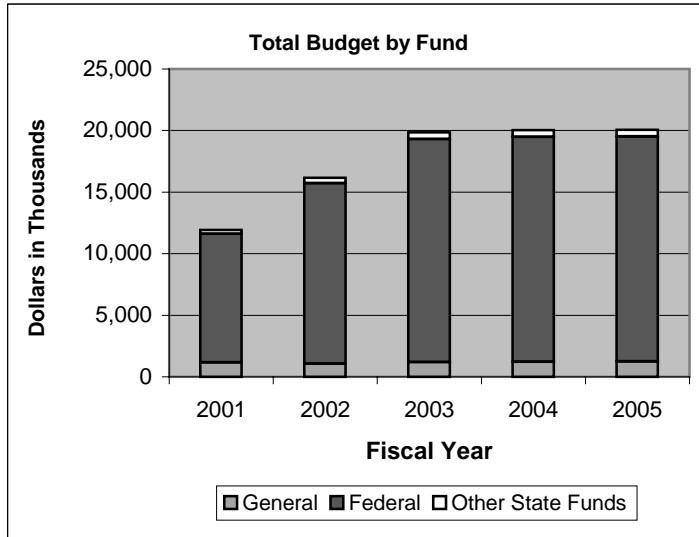
Additional information about this activity can be acquired from the Facilities Management Office, 15000 Highway 15, Little Falls, Minnesota 56345-4173. Phone: (320) 632-7314.

MILITARY AFFAIRS DEPT

Program: MAINT-TRAINING FACILITIES

Activity: CAMP RIPLEY/HOLMAN

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|-------------------|--------------|
| | Actual | Actual | Budgeted | Base | | Biennium | Biennial Change | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | 2004-05 / 2002-03 | |
| | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 1,113 | 960 | 1,094 | 1,110 | 1,112 | 2,222 | 168 | 8.2% |
| Statutory Appropriations | | | | | | | | |
| General | 52 | 117 | 105 | 120 | 125 | 245 | 23 | 10.4% |
| Special Revenue | 303 | 452 | 547 | 547 | 547 | 1,094 | 95 | 9.5% |
| Federal | 10,463 | 14,637 | 18,102 | 18,270 | 18,285 | 36,555 | 3,816 | 11.7% |
| Total | 11,931 | 16,166 | 19,848 | 20,047 | 20,069 | 40,116 | 4,102 | 11.4% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 6,028 | 6,316 | 7,177 | 7,363 | 7,381 | 14,744 | 1,251 | 9.3% |
| Other Operating Expenses | 5,874 | 9,832 | 12,654 | 12,661 | 12,669 | 25,330 | 2,844 | 12.6% |
| Payments To Individuals | 29 | 18 | 17 | 23 | 19 | 42 | 7 | 20.0% |
| Total | 11,931 | 16,166 | 19,848 | 20,047 | 20,069 | 40,116 | 4,102 | 11.4% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Federal | 10,587 | 14,280 | 18,107 | 18,270 | 18,282 | 36,552 | 4,165 | 12.9% |
| Subtotal Dedicated | 10,587 | 14,280 | 18,107 | 18,270 | 18,282 | 36,552 | 4,165 | 12.9% |
| Total Revenue | 10,587 | 14,280 | 18,107 | 18,270 | 18,282 | 36,552 | 4,165 | 12.9% |

| | | | | | | | | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|--|--|-------------|
| Full-Time Equivalents (FTE) | 127.0 | 123.9 | 123.7 | 123.7 | 123.7 | | | 0.0% |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|--|--|-------------|

MILITARY AFFAIRS DEPT

Program: MAINT-TRAINING FACILITIES

Activity: ARMORY MAINTENANCE

Narrative

Activity Description

This activity provides the funding for the daily operation, maintenance, and repair of armories located throughout the state. Under the provisions of M.S. 190.11, the Adjutant General is charged with operation, care, and preservation of facilities and installations. It also provides the structure for receipt of federal funds for construction, cooperative agreement funding for federal and community use of facilities, and federal funding for telecommunications costs.

Activity at a Glance

Support provided for operation of:

- ◆ 64 facilities;
- ◆ 1.7 million square feet of building space;
- ◆ 251 acres of supporting property; and
- ◆ \$249.4 million of investment in facilities.

Population Served

The population served by this program is the Army and Air National Guard members, employees of the department, and to some extent, citizens of the communities where National Guard facilities are located.

Services Provided

Under this program, Military Affairs operates and maintains 64 National Guard Training and Community Centers (armories). This activity provides funding for utilities, maintenance and repair, and various inspections. It also provides funding for some essential facility maintenance equipment. We partner with local government in several locations to leverage resources to operate and maintain facilities.

These facilities provide space for administrative and logistical support and training for the 9,800 Army National Guard soldiers located in Minnesota, stationing and support of soldiers called to state active duty by the governor in response to emergencies, events and programs of government and community organizations, and individuals including the new Distance Learning programs. Armories also serve as emergency shelters during weather emergencies.

Historical Perspective

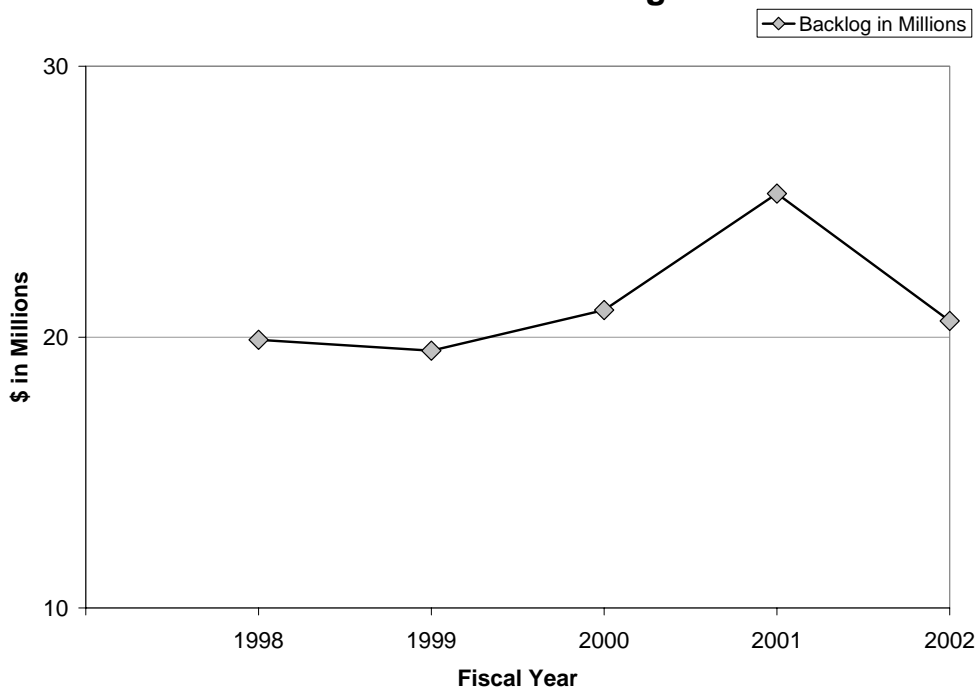
Due to budget constraints and loss of federally supported manning, the department closed 12 armories in 1991. Since that time, the National Guard's strength in Minnesota has increased significantly from a low of approximately 8,900 in 1991 to almost 10,000 today. Most recently, the department had to lay off its state-funded general maintenance worker staff, leaving most state owned facilities without custodial services.

The National Guard has been called upon to perform a greater role in the defense of the nation and state since 9-11-01. This has resulted in extremely high operations tempo in the military organizations throughout the state creating a greater burden on the facilities and personnel.

Key Measures

One of the measures of the effectiveness of our preventative maintenance program is the level of maintenance backlog. This measure is directly affected by the amount of money available for major repairs through the capital budget program, but an effective preventative maintenance program can prevent minor repairs becoming much more expensive major repairs. The following chart shows the actual backlog as measured on January 1 of each year.

Maintenance Backlog



Activity Funding

The state is responsible for maintenance, operation, and upkeep of armory facilities. Some funds are received from the federal government where we share with or lease space to other military organizations, and some local funds are provided where we partner with local government in the operation, maintenance, and use of facilities. We also receive federal funds under cooperative agreements whereby the federal government provides 75% of the basic costs of facility construction. The federal government pays 100% of the telecommunications costs for these facilities.

The state received increased federal funding in FY 2002 and FY 2003 related to completion of the Training and Community center in Mankato and anticipated projects including the design of a maintenance facility in Arden Hills. Prior to FY 2002, some federal construction dollars were tracked under a different accounting structure.

Contact

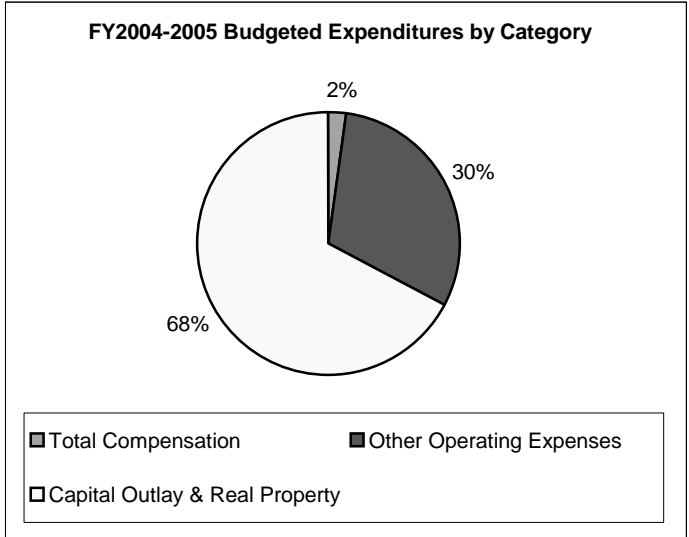
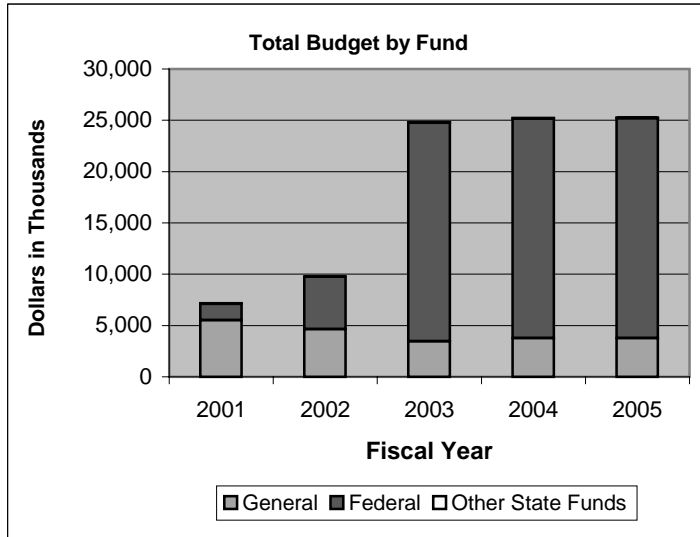
For further information, contact Division of Public Works, Facilities Management Office, 15000 Highway 115, Little Falls, Minnesota 56345-4173. Phone: (320) 632-7785.

MILITARY AFFAIRS DEPT

Program: MAINT-TRAINING FACILITIES

Activity: ARMORY MAINTENANCE

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 5,508 | 4,646 | 3,452 | 3,764 | 3,762 | 7,526 | -572 | -7.1% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 56 | 55 | 69 | 70 | 70 | 140 | 16 | 12.9% |
| Federal | 1,612 | 5,105 | 21,314 | 21,390 | 21,433 | 42,823 | 16,404 | 62.1% |
| Total | 7,176 | 9,806 | 24,835 | 25,224 | 25,265 | 50,489 | 15,848 | 45.7% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 2,420 | 2,180 | 505 | 549 | 552 | 1,101 | -1,584 | -59.0% |
| Other Operating Expenses | 4,756 | 7,626 | 7,330 | 7,675 | 7,713 | 15,388 | 432 | 2.9% |
| Capital Outlay & Real Property | 0 | 0 | 17,000 | 17,000 | 17,000 | 34,000 | 17,000 | 100.0% |
| Total | 7,176 | 9,806 | 24,835 | 25,224 | 25,265 | 50,489 | 15,848 | 45.7% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| General | 252 | 117 | 102 | 120 | 125 | 245 | 26 | 11.9% |
| Federal | 1,695 | 5,105 | 21,309 | 21,390 | 21,436 | 42,826 | 16,412 | 62.1% |
| Subtotal Dedicated | 1,947 | 5,222 | 21,411 | 21,510 | 21,561 | 43,071 | 16,438 | 61.7% |
| Total Revenue | 1,947 | 5,222 | 21,411 | 21,510 | 21,561 | 43,071 | 16,438 | 61.7% |

| | | | | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|--|--|-------------|
| Full-Time Equivalents (FTE) | 54.5 | 37.7 | 26.6 | 26.6 | 26.6 | | | 0.0% |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|--|--|-------------|

Activity Description

The Adjutant General may, under M.S. 190.16, cooperate with the federal government to construct and maintain facilities required for training and housing the military forces of the state. This activity provides for that cooperation in operating and maintaining the 133rd Air Wing, Minnesota Air National Guard base, located at the Minneapolis-St. Paul International Airport.

Population Served

This activity predominantly serves the 1,400 members of the 133rd Air Wing, Minnesota Air National Guard. It also serves the citizens of the state when natural disasters strike and in times of national emergencies. The mission of the 133rd is to provide the nation with a wing of eight C-130H model transport aircraft, ready for immediate deployment for state, national, or international emergencies.

Services Provided

Through a series of cooperative agreements with the federal government, the state partners to provide for facility operational costs, maintenance and repair costs, and also base security and fire protection. Activities are regulated on the federal side and the budget and state human resource activities are monitored and approved by the state agency.

Historical Perspective

The 133rd participated in several missions during the statewide snow removal operations and floods of 1997, providing snow removal and water pumping equipment and personnel, and airlifting equipment and sandbags to those areas hit by the flood.

In the spring of 2001, the wing also provided assistance statewide for flood response. Most recently, the 133rd Airlift Wing activated hundreds of members to provide essential services to the residents of the state veteran's homes during the October 2001 state employee strike.

Since the 9-11-01 crisis, the operational tempo of the 133rd Airlift Wing has increased dramatically. The wing is currently providing in-theater airlift and is maintaining a "warm" mission beddown site at home station.

Key Measures

Funding constraints on the federal side drive the state's obligations. The federal employees of the air wing develop budgets and apply for federal funding under the terms and conditions established by the federal government. The key measure may be whether or not the state is able to provide the required 25% match and acquire the federal funding. For the last two biennia, we have been able to provide 100% funding for this activity.

Much of the federal funding is driven by the wing's flying hour program. As illustrated in the following chart, there was a substantial increase in flying hours and sorties (missions) in response to 9-11-01. Increased activities place a much greater strain on facilities.

Activity at a Glance

Facilities supported represent:

- ◆ 414,361 square feet;
- ◆ 38 separate structures; and
- ◆ 128 acres.

These facilities support:

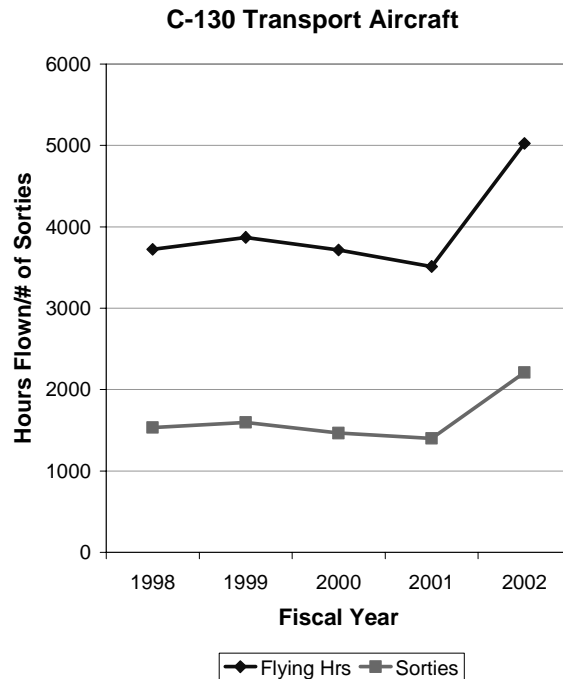
- ◆ 8 C-130H model transport airplanes; and
- ◆ 1400 air guard members.

MILITARY AFFAIRS DEPT

Program: MAINT-TRAINING FACILITIES

Activity: AIR BASE MAINT-TWIN CITIES

Narrative



Activity Funding

The costs for providing facility operations and maintenance are shared with the federal government. The federal government provides 75% of the costs for operations, maintenance, and airfield lease costs. The state must provide the other 25%. The federal government also pays 100% of the costs of base security and the operational costs for a C-130 regional flight simulator. Federal funding for base security and operations has increased since 9-11-01.

Contact

For further information on this activity, contact the Headquarters, Minnesota Air National Guard, Veterans Service Building, 20 West 12th Street, St. Paul, Minnesota 55155-2098 or Phone: (651) 282-4673.

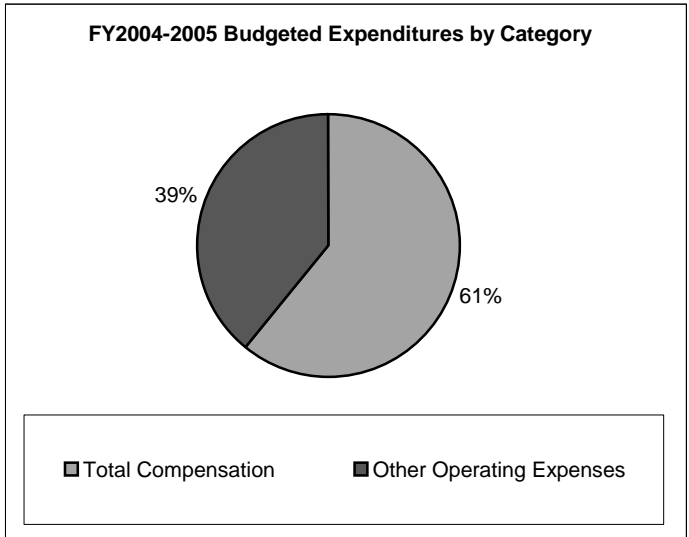
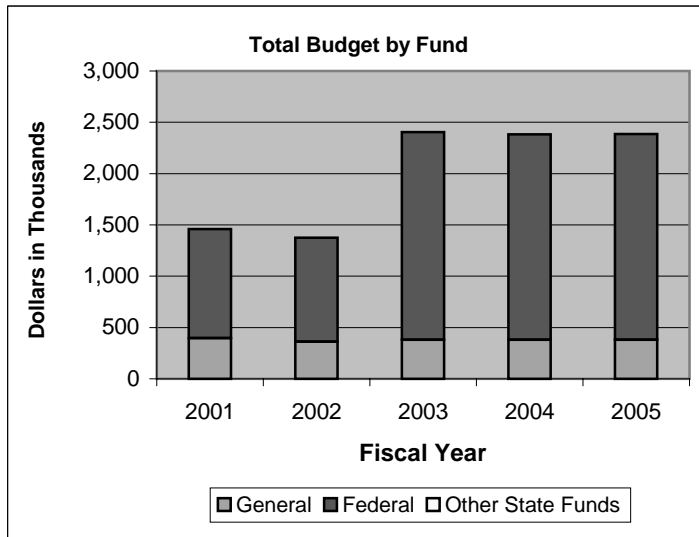
You may also visit the 133rd's web site at <http://www.dma.state.mn.us/airguard/main.htm>

MILITARY AFFAIRS DEPT

Program: MAINT-TRAINING FACILITIES

Activity: AIR BASE MAINT-TWIN CITIES

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------------------|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 397 | 363 | 382 | 382 | 382 | 764 | 19 | 2.6% |
| Statutory Appropriations | | | | | | | | |
| Federal | 1,064 | 1,011 | 2,021 | 2,002 | 2,004 | 4,006 | 974 | 32.1% |
| Total | 1,461 | 1,374 | 2,403 | 2,384 | 2,386 | 4,770 | 993 | 26.3% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 1,181 | 1,134 | 1,462 | 1,450 | 1,453 | 2,903 | 307 | 11.8% |
| Other Operating Expenses | 280 | 240 | 941 | 934 | 933 | 1,867 | 686 | 58.1% |
| Total | 1,461 | 1,374 | 2,403 | 2,384 | 2,386 | 4,770 | 993 | 26.3% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Federal | 1,064 | 1,011 | 2,021 | 2,002 | 2,004 | 4,006 | 974 | 32.1% |
| Subtotal Dedicated | 1,064 | 1,011 | 2,021 | 2,002 | 2,004 | 4,006 | 974 | 32.1% |
| Total Revenue | 1,064 | 1,011 | 2,021 | 2,002 | 2,004 | 4,006 | 974 | 32.1% |

| | | | | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|--|--|-------------|
| Full-Time Equivalents (FTE) | 27.0 | 23.5 | 23.0 | 23.0 | 23.0 | | | 0.0% |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|--|--|-------------|

Activity Description

The Adjutant General may, under M.S. 190.16, cooperate with the federal government to construct and maintain facilities required for training and housing the military forces of the state. This activity provides for that cooperation in operating and maintaining the 148th Fighter Wing, Minnesota Air National Guard base, located at the Duluth International Airport.

Population Served

This activity predominantly serves the 1,100 members of the 148th Fighter Wing, Minnesota Air National Guard. It also serves the citizens of the state when natural disasters strike and in times of national emergencies. The mission of the 148th is to provide the nation with a wing of 24 F-16A model fighter aircraft, ready for immediate deployment for state, national, or international emergencies.

Services Provided

Through a series of cooperative agreements with the federal government, the state partners to provide for facility operational costs, maintenance and repair costs, and also base security and fire protection. Activities are regulated on the federal side, and the budget and state human resource activities are monitored and approved by the state agency.

Historical Perspective

The wing has participated in many federal missions. It also provided security, medical, aircraft refueling and services support, as well as vehicle maintenance technicians and heavy equipment operators for state active duty call-ups.

Since the 9-11-01 crisis, the operational tempo of the 148th Fighter Wing has increased dramatically. The wing is currently providing air defense at numerous locations on an ongoing basis both here in Minnesota and at deployed locations around the nation.

Key Measures

Funding constraints on the federal side drive the state's obligations. The federal employees of the air wing develop budgets and apply for federal funding under the terms and conditions established by the federal government. The key measure may be whether or not the state is able to provide the required 25% match and acquire the federal funding. For the last two biennia, we have been able to provide 100% funding for this activity.

The flying hour program drives much of the federal funding the agency receives. The chart below illustrates the substantial increase in hours and sorties (missions) flown in response to 9-11-01. The hours flown in FY 2002 are a record for the 148th Fighter Wing. These activities put a strain on facilities due to much higher use.

Activity at a Glance

Facilities supported represent:

- ◆ 474,414 square feet of facilities; in
- ◆ 63 separate structures.

That support:

- ◆ 1100 Air National Guard members; and
- ◆ 24 F-16A fighter jets.

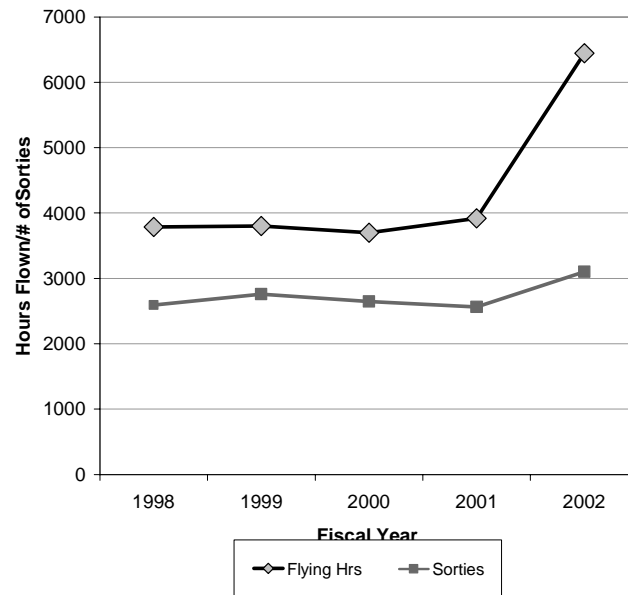
MILITARY AFFAIRS DEPT

Program: MAINT-TRAINING FACILITIES

Activity: AIR BASE MAINT-DULUTH

Narrative

F-16 Fighter Aircraft



Activity Funding

The costs for providing facility operations and maintenance are shared with the federal government. The federal government provides 75% of the costs for operations, maintenance, and airfield lease costs. The state must provide the other 25%. The federal government also pays 100% of the costs of a real property manager, base security, and airfield firefighting. Federal funding for security, firefighting, and operational costs have increased since 9-11-01.

Contact

For further information on this activity, contact the Headquarters, Minnesota Air National Guard, Veterans Service Building, 20 West 12th Street, St. Paul, Minnesota 55155-2098 or Phone: (651) 282-4673.

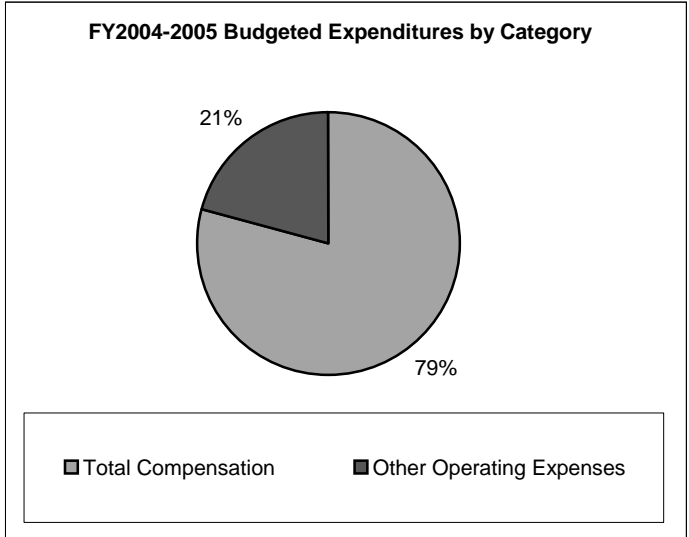
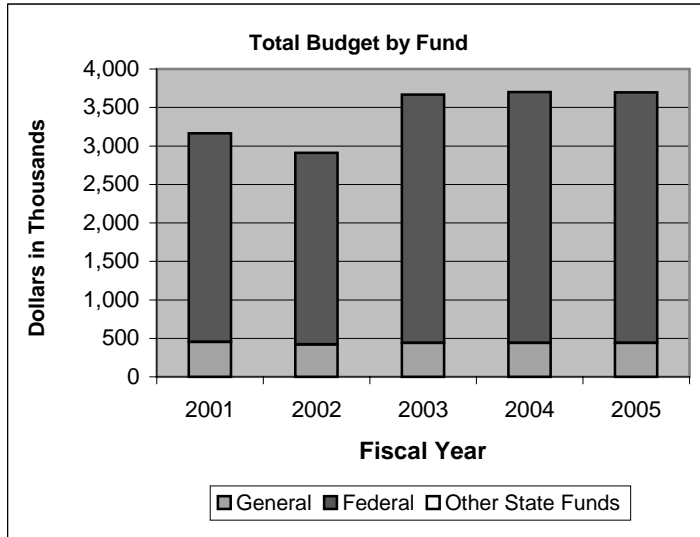
You may also visit the 148th 's web site at <http://www.dma.state.mn.us/airguard/main.htm>

MILITARY AFFAIRS DEPT

Program: MAINT-TRAINING FACILITIES

Activity: AIR BASE MAINT-DULUTH

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------|--------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 | |
| Direct Appropriations | | | | | | | | |
| General | 455 | 421 | 439 | 439 | 439 | 878 | 18 | 2.1% |
| Statutory Appropriations | | | | | | | | |
| Federal | 2,711 | 2,490 | 3,227 | 3,263 | 3,259 | 6,522 | 805 | 14.1% |
| Total | 3,166 | 2,911 | 3,666 | 3,702 | 3,698 | 7,400 | 823 | 12.5% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 2,740 | 2,690 | 2,853 | 2,931 | 2,927 | 5,858 | 315 | 5.7% |
| Other Operating Expenses | 426 | 221 | 813 | 771 | 771 | 1,542 | 508 | 49.1% |
| Total | 3,166 | 2,911 | 3,666 | 3,702 | 3,698 | 7,400 | 823 | 12.5% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Federal | 2,711 | 2,490 | 3,227 | 3,263 | 3,259 | 6,522 | 805 | 14.1% |
| Subtotal Dedicated | 2,711 | 2,490 | 3,227 | 3,263 | 3,259 | 6,522 | 805 | 14.1% |
| Total Revenue | 2,711 | 2,490 | 3,227 | 3,263 | 3,259 | 6,522 | 805 | 14.1% |

| | | | | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|--|--|-------------|
| Full-Time Equivalents (FTE) | 60.7 | 55.0 | 55.0 | 55.0 | 55.0 | | | 0.0% |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|--|--|-------------|

Program Description

The purpose of the General Support program is to provide the leadership, administrative, and technical support for the department. It also provides the support for members of the National Guard called to State Active Duty by the governor. It includes the operating costs for the department headquarters in St. Paul including rent for the Veterans Service Building.

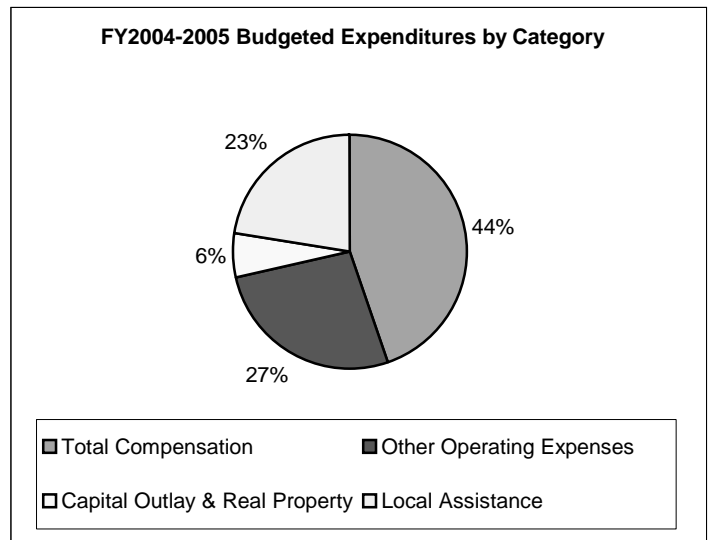
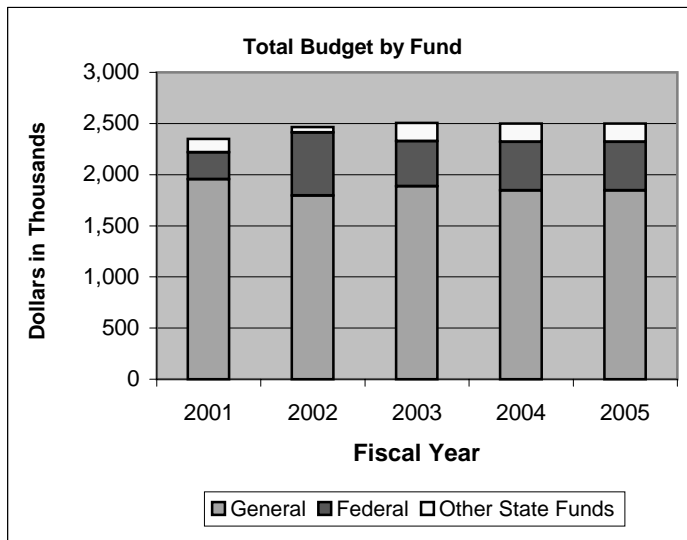
Budget Activities Included:

- ⇒ Administrative Services
- ⇒ Auxiliary Services
- ⇒ STARBASE MN

MILITARY AFFAIRS DEPT

Program: **GENERAL SUPPORT**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 1,955 | 1,795 | 1,886 | 1,845 | 1,845 | 3,690 | 9 | 0.2% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 132 | 53 | 180 | 181 | 181 | 362 | 129 | 55.4% |
| Federal | 262 | 616 | 440 | 475 | 475 | 950 | -106 | -10.0% |
| Total | 2,349 | 2,464 | 2,506 | 2,501 | 2,501 | 5,002 | 32 | 0.6% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 1,250 | 1,132 | 1,105 | 1,117 | 1,122 | 2,239 | 2 | 0.1% |
| Other Operating Expenses | 595 | 554 | 681 | 669 | 664 | 1,333 | 98 | 7.9% |
| Capital Outlay & Real Property | 119 | 38 | 150 | 150 | 150 | 300 | 112 | 59.6% |
| Payments To Individuals | 1 | 0 | 0 | 0 | 0 | 0 | 0 | n.m. |
| Local Assistance | 384 | 740 | 570 | 565 | 565 | 1,130 | -180 | -13.7% |
| Total | 2,349 | 2,464 | 2,506 | 2,501 | 2,501 | 5,002 | 32 | 0.6% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------|-------------|
| Expenditures by Activity | | | | | | | | |
| Administrative Services | 1,968 | 1,810 | 1,916 | 1,876 | 1,876 | 3,752 | 26 | 0.7% |
| Auxiliary Services | 119 | 38 | 150 | 150 | 150 | 300 | 112 | 59.6% |
| Starbase Minnesota | 262 | 616 | 440 | 475 | 475 | 950 | -106 | -10.0% |
| Total | 2,349 | 2,464 | 2,506 | 2,501 | 2,501 | 5,002 | 32 | 0.6% |

MILITARY AFFAIRS DEPT

Program: **GENERAL SUPPORT**

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------------|---------------|---------------|-----------------|---------------|---------------|-----------------|--------------------------|----------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Revenue by Type and Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Non Dedicated | | | | | | | | |
| General | 2 | 2 | 0 | 0 | 0 | 0 | -2 | -100.0% |
| Subtotal Non Dedicated | 2 | 2 | 0 | 0 | 0 | 0 | -2 | -100.0% |
| Dedicated | | | | | | | | |
| General | 0 | 0 | 3 | 0 | 0 | 0 | -3 | -100.0% |
| Special Revenue | 491 | 560 | 796 | 798 | 798 | 1,596 | 240 | 17.7% |
| Federal | 330 | 1,245 | 440 | 475 | 475 | 950 | -735 | -43.6% |
| Subtotal Dedicated | 821 | 1,805 | 1,239 | 1,273 | 1,273 | 2,546 | -498 | -16.4% |
| Total Revenue | 823 | 1,807 | 1,239 | 1,273 | 1,273 | 2,546 | -500 | -16.4% |
| Full-Time Equivalents (FTE) | 21.1 | 18.9 | 17.5 | 17.5 | 17.5 | | | |

Activity Description

The Adjutant General is the military chief of staff to the governor and is the department head. The assistant Adjutant General, and other key members of his staff, are charged with policy development, management, supervision, and support of the Minnesota Army and Air National Guard. This activity provides the leadership, technical, and administrative support for the state agency. It also provides the structure for one-time funding for some programs authorized by the legislature.

Activity at a Glance

This activity provides support to:

- ◆ 250 state employees; and
- ◆ 12,000 members of the Minnesota National Guard.

Population Served

The administrative services activity provides support to the Adjutant General's staff, the department directors responsible for the cooperative agreements with the federal government, the state employees of the department, and, in times of state declared emergencies, the members of the Minnesota Army and Air National Guard called to state active duty.

Services Provided

Areas of policy guidance and support include:

- ◆ strategic planning;
- ◆ administration and training;
- ◆ facility maintenance and management;
- ◆ acquisition of funding for new construction;
- ◆ personnel and recruiting; and
- ◆ military operational readiness.

Some of the administrative and management services provided include:

- ◆ senior leadership and management;
- ◆ budget and accounting functions;
- ◆ fiscal management of the state/federal cooperative agreement;
- ◆ internal audit and management controls;
- ◆ payroll and logistical support to personnel called to state active duty;
- ◆ human resources support services for our 250 state employees; and
- ◆ processing payments for departmental operations.

Historical Perspective

The workload for this part of the agency has generally increased over the past few years, mostly in response to call-up of the Minnesota National Guard for state active duty and also due to increases in federal funding for specific programs.

Key Measures

One of the measures we use to evaluate our efficiency is the percentage of invoices that are paid promptly as defined by Minnesota statutes. If there is no early payment discount period, the invoice must be paid within 30 days following the receipt of the invoice, merchandise, or service, whichever is later. The data below shows that measure from FY 1998 through FY 2002. Factors that affect our performance include additional workloads caused by National Guard State Active duty callouts and employee illnesses.

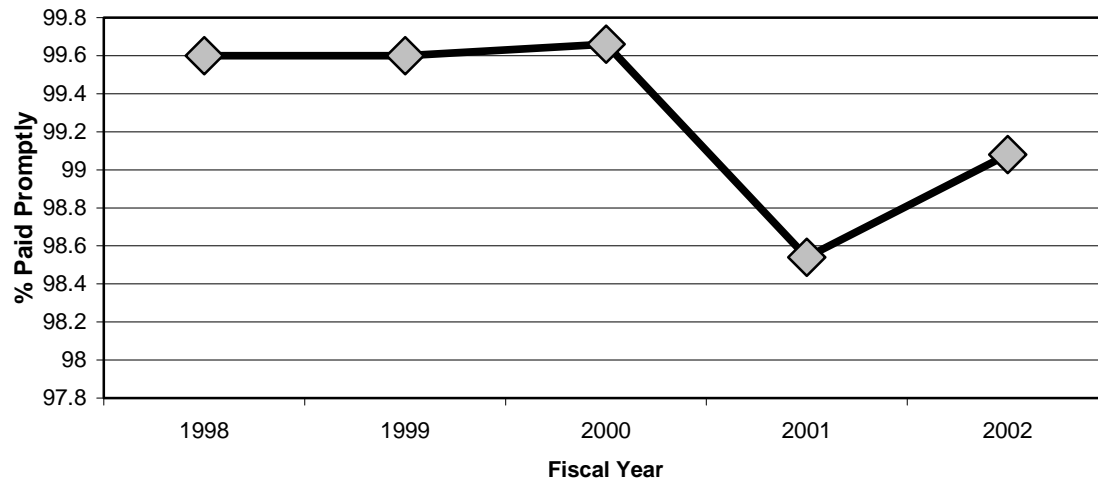
MILITARY AFFAIRS DEPT

Program: GENERAL SUPPORT

Activity: ADMINISTRATIVE SERVICES

Narrative

Obligation Payment History



Activity Funding

Funding for this activity is predominantly state General Fund. Some special revenue is recognized as part of an employee sharing agreement with the Minnesota State Armory Building Commission.

Contact

For further information, contact Comptroller, Department of Military Affairs, 20 West 12th Street, St. Paul, Minnesota 55155-2098 or call (651) 282-4678.

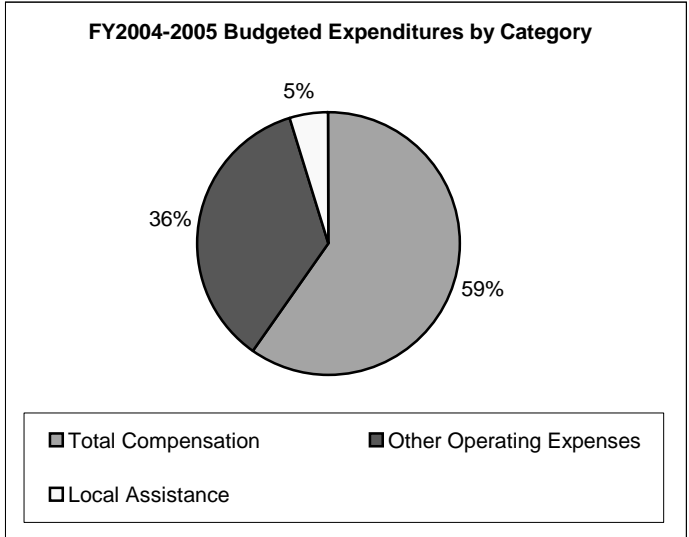
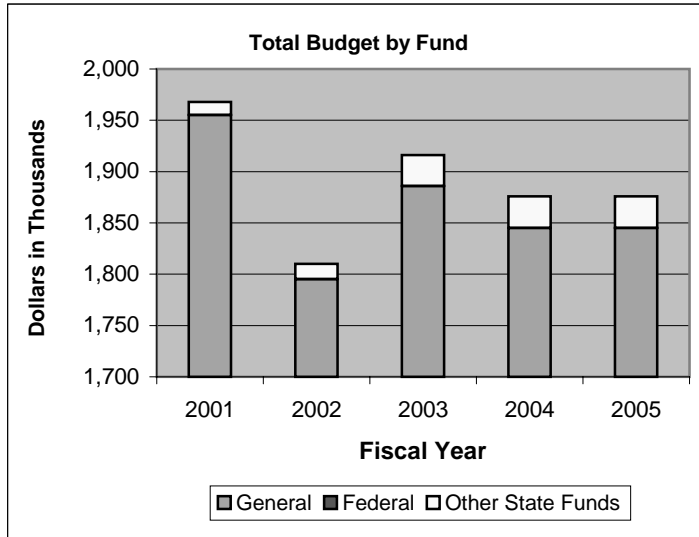
You may also visit the department's web site at <http://www.dma.state.mn.us/>.

MILITARY AFFAIRS DEPT

Program: **GENERAL SUPPORT**

Activity: ADMINISTRATIVE SERVICES

Fiscal Report



| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|------------------|------------------|--------------------|----------------|----------------|---------------------|--------------------------------------|-------------|
| Expenditures by Fund | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 1,955 | 1,795 | 1,886 | 1,845 | 1,845 | 3,690 | 9 | 0.2% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 13 | 15 | 30 | 31 | 31 | 62 | 17 | 37.8% |
| Total | 1,968 | 1,810 | 1,916 | 1,876 | 1,876 | 3,752 | 26 | 0.7% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------|-------------|
| Total Compensation | 1,250 | 1,132 | 1,105 | 1,117 | 1,122 | 2,239 | 2 | 0.1% |
| Other Operating Expenses | 595 | 554 | 681 | 669 | 664 | 1,333 | 98 | 7.9% |
| Payments To Individuals | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Local Assistance | 122 | 124 | 130 | 90 | 90 | 180 | -74 | -29.1% |
| Total | 1,968 | 1,810 | 1,916 | 1,876 | 1,876 | 3,752 | 26 | 0.7% |

| Revenue by Type and Fund | | | | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|--------------|------------|--------------|
| Dedicated | | | | | | | | |
| Special Revenue | 372 | 522 | 646 | 648 | 648 | 1,296 | 128 | 11.0% |
| Subtotal Dedicated | 372 | 522 | 646 | 648 | 648 | 1,296 | 128 | 11.0% |
| Total Revenue | 372 | 522 | 646 | 648 | 648 | 1,296 | 128 | 11.0% |
| Full-Time Equivalents (FTE) | 21.1 | 18.9 | 17.5 | 17.5 | 17.5 | | | 0.0% |

MILITARY AFFAIRS DEPT

Program: GENERAL SUPPORT

Activity: AUXILIARY SERVICES

Narrative

Activity Description

This activity provides the accounting and budgeting structure for receipts of payments for sale of closed armories under the provisions of M.S. 193.36.

Activity at a Glance

- ◆ Serves as "pass through" only for funds from sale of closed armories.

Population Served

The department and other local government entities.

Services Provided

This activity serves as a pass through for the receipt and dispersal of proceeds from the sale of closed armories.

Key Measures

There are no measures associated with this activity. Occasionally, armories are replaced and the old facility is sold to help finance the construction of the new facility.

Activity Funding

FY 2001 revenue was from sale of unused parcels in Duluth and a contract for deed payment for the sale of the old Montevideo armory. FY 2002 revenue was from the final two contract for deed payments from the sale of the old Montevideo armory and the sale of an unused parcel in Dawson, MN.

Contact

For further information contact: Comptroller, Department of Military Affairs, 20 West 12th Street, St. Paul, Minnesota 55155 or call (651) 282-4678.

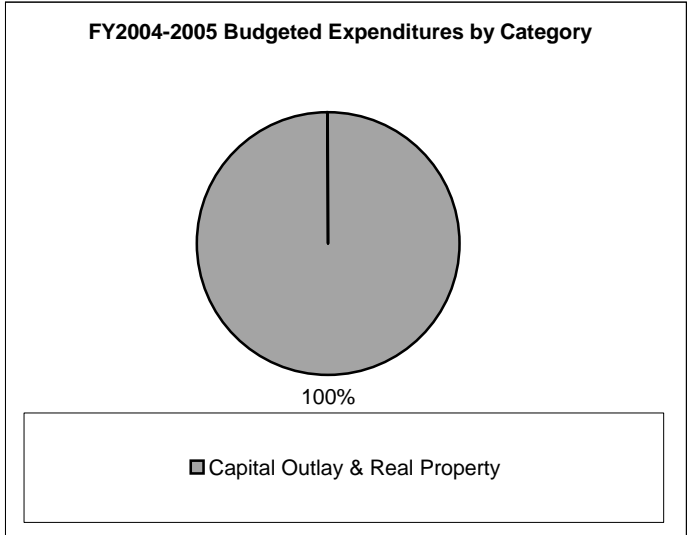
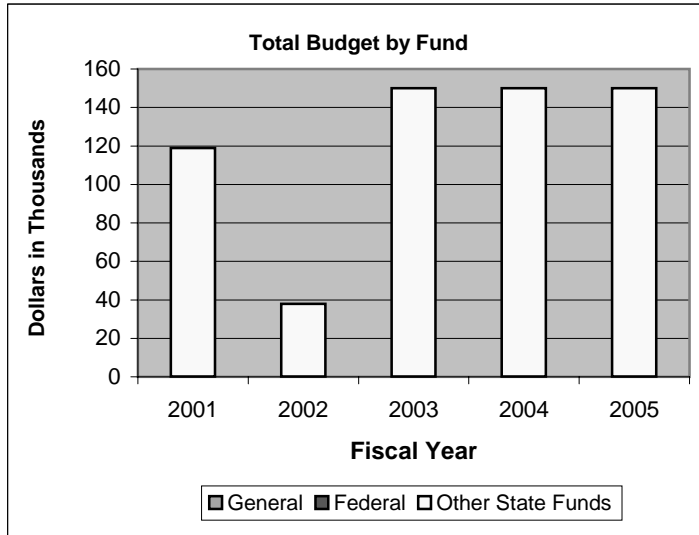
Additional information may also be accessed at the department's web site at www.dma.state.mn.us.

MILITARY AFFAIRS DEPT

Program: **GENERAL SUPPORT**

Activity: AUXILIARY SERVICES

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 119 | 38 | 150 | 150 | 150 | 300 | 112 | 59.6% |
| Total | 119 | 38 | 150 | 150 | 150 | 300 | 112 | 59.6% |

| | | | | | | | | |
|---------------------------------|------------|-----------|------------|------------|------------|------------|------------|--------------|
| Expenditures by Category | | | | | | | | |
| Capital Outlay & Real Property | 119 | 38 | 150 | 150 | 150 | 300 | 112 | 59.6% |
| Total | 119 | 38 | 150 | 150 | 150 | 300 | 112 | 59.6% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|-------------|---------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 2 | 2 | 0 | 0 | 0 | 0 | -2 | -100.0% |
| Subtotal Non Dedicated | 2 | 2 | 0 | 0 | 0 | 0 | -2 | -100.0% |
| Dedicated | | | | | | | | |
| Special Revenue | 119 | 38 | 150 | 150 | 150 | 300 | 112 | 59.6% |
| Federal | 68 | 629 | 0 | 0 | 0 | 0 | -629 | -100.0% |
| Subtotal Dedicated | 187 | 667 | 150 | 150 | 150 | 300 | -517 | -63.3% |
| Total Revenue | 189 | 669 | 150 | 150 | 150 | 300 | -519 | -63.4% |

Activity Description

This activity exists to provide a "pass through" for federal funding for the STARBASE program. The acronym STARBASE stands for Science and Technology Academies Reinforcing Basic Aviation and Space Exploration.

Population Served

Each year, over 2,300 inner city students are brought to the "school house."

Services Provided

The goal of STARBASE is to increase the knowledge, skills, and interests of inner city youth in science, mathematics, and technology through aerospace education. By providing a mix of hands-on, real world learning activities, and scientific experimentation and exploration, students are inspired to learn from unique educational experiences rarely found in traditional classroom settings.

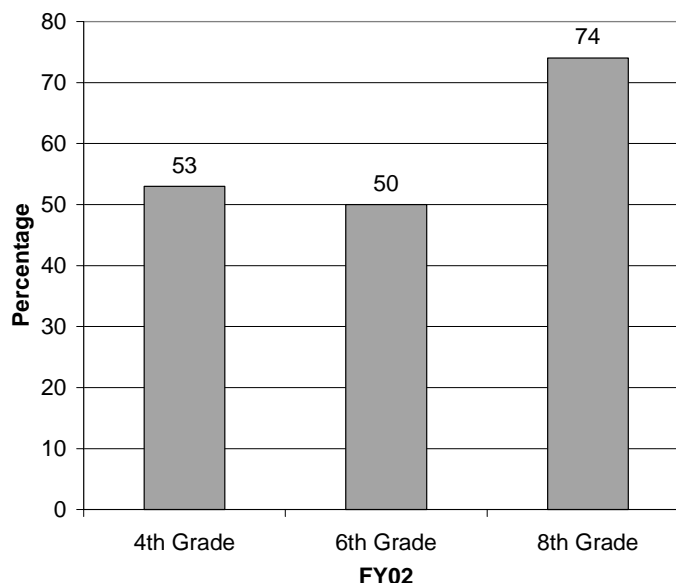
Historical Perspective

The STARBASE program was started in 1993 serving just under 1,000 students. The interest in STARBASE and the support of its programs has steadily increased. In FY 2002, almost 2,300 students were served and attendance in FY 2003 is now projected to be between 2,500 and 2,600 students.

Key Measures

STARBASE has begun a rigorous program of collecting results data. For the fiscal year ending 6-30-02, graduates of the program were shown to improve their knowledge and application of math and science skills by the following percentages:

Percentage Improvement by Grade Level



MILITARY AFFAIRS DEPT

| | |
|-----------|--------------------|
| Program: | GENERAL SUPPORT |
| Activity: | STARBASE MINNESOTA |

Narrative

Activity Funding

Annual funding for this activity is 100% federal.

Contact

For further information about STARBASE, contact Executive Director, STARBASE, 659 Mustang Avenue, St. Paul, Minnesota 55111-4128, or call (612) 713-2530.

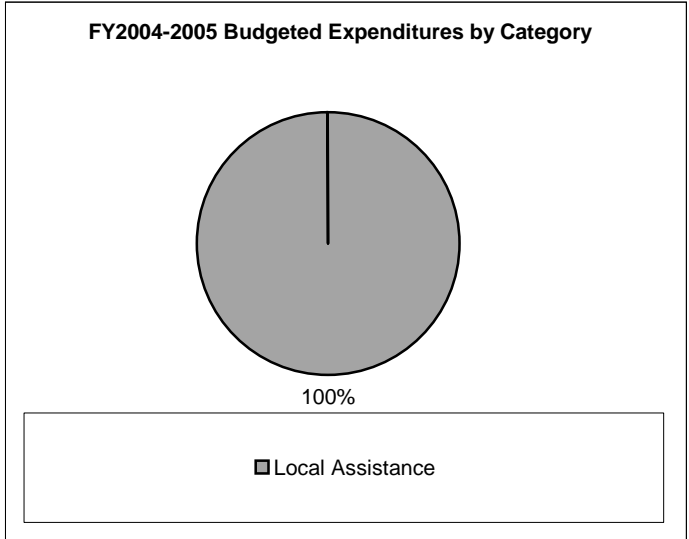
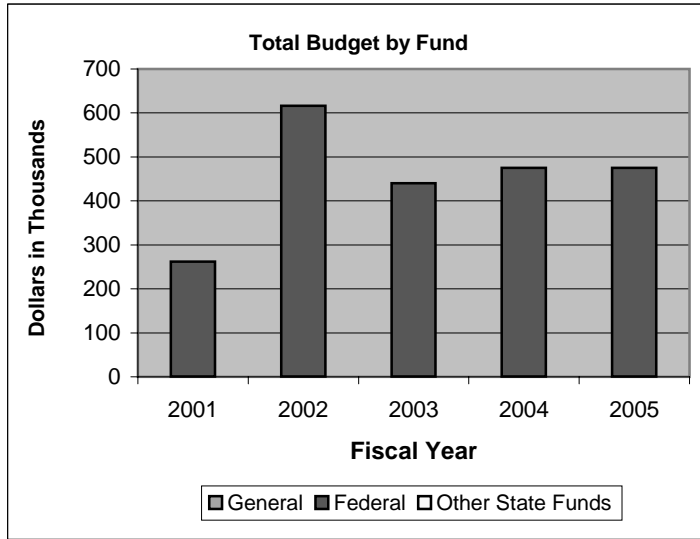
You may also visit the organization's web site at <http://www.starbasemn.org/>.

MILITARY AFFAIRS DEPT

Program: **GENERAL SUPPORT**

Activity: STARBASE MINNESOTA

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Statutory Appropriations | | | | | | | | |
| Federal | 262 | 616 | 440 | 475 | 475 | 950 | -106 | -10.0% |
| Total | 262 | 616 | 440 | 475 | 475 | 950 | -106 | -10.0% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|-------------|---------------|
| Expenditures by Category | | | | | | | | |
| Local Assistance | 262 | 616 | 440 | 475 | 475 | 950 | -106 | -10.0% |
| Total | 262 | 616 | 440 | 475 | 475 | 950 | -106 | -10.0% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|-------------|---------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| General | 0 | 0 | 3 | 0 | 0 | 0 | -3 | -100.0% |
| Federal | 262 | 616 | 440 | 475 | 475 | 950 | -106 | -10.0% |
| Subtotal Dedicated | 262 | 616 | 443 | 475 | 475 | 950 | -109 | -10.3% |
| Total Revenue | 262 | 616 | 443 | 475 | 475 | 950 | -109 | -10.3% |

Program Description

Incentives for Minnesota citizens to join and remain in the National Guard are authorized by M.S. 192.501, enacted by the legislature in 1989 and amended by the legislature in 1993, 1996, and again in 2001.

Population Served

This activity provides the funding for the state's enlistment incentives program for 12,000 members of the Minnesota Army and Air National Guard.

Program at a Glance

This program provides enlistment incentives used in FY 2001 by:

- ◆ 2,564 (20%) of Minnesota National Guard Members.

Services Provided

The **tuition reimbursement** program has not only helped the Minnesota Army and Air National Guard enlist and retain members, it has provided educational opportunities to many members who may not otherwise be financially able to attend school. National Guard members must be prepared to perform a military mission if called, but more practically, they add more value to their state and community if they pursue post secondary education. In order to be reimbursed, students must maintain their membership by participating satisfactorily in the National Guard and must attain a minimum grade of C in their course(s).

Commissioning Bonuses are also paid to some members. A commissioning bonus is designed to attract and encourage quality members of the Minnesota National Guard to become officers or warrant officers within the organization. The state offers a \$1,000 bonus to enlisted members receiving a commission through Federal OCS (Officer Candidate School), State OCS, or Air Guard COTS (Commissioned Officer Training School). This program was previously suspended due to insufficient funding.

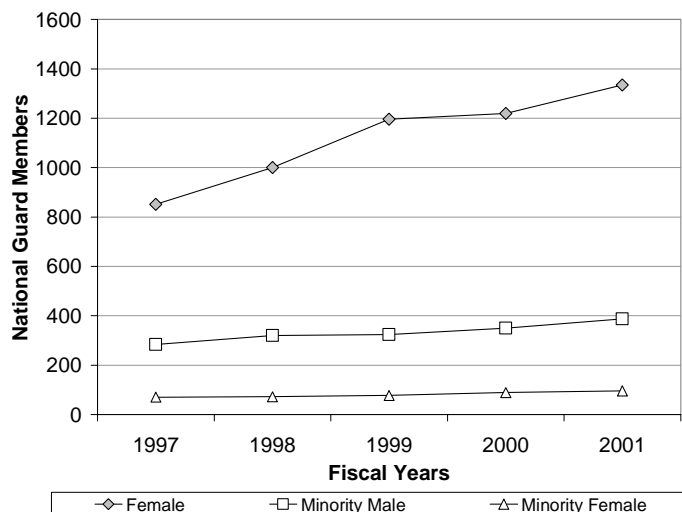
Historical Perspective

The keystone of the incentives program is the **tuition reimbursement** program. Prior to legislative amendment in 2001, the statutes allowed for up to 75% of the U of M undergraduate rate at the Twin Cities campus for tuition paid at public or private post-secondary educational institutions. The rate of reimbursement varied from year to year with a low of 50% in FY 2001. The 2001 amendment increased the maximum reimbursement to 80% and the program was funded to that level in FY 2002. During FY 2001 over 20% (2,564) of our total assigned National Guard members utilized tuition reimbursement.

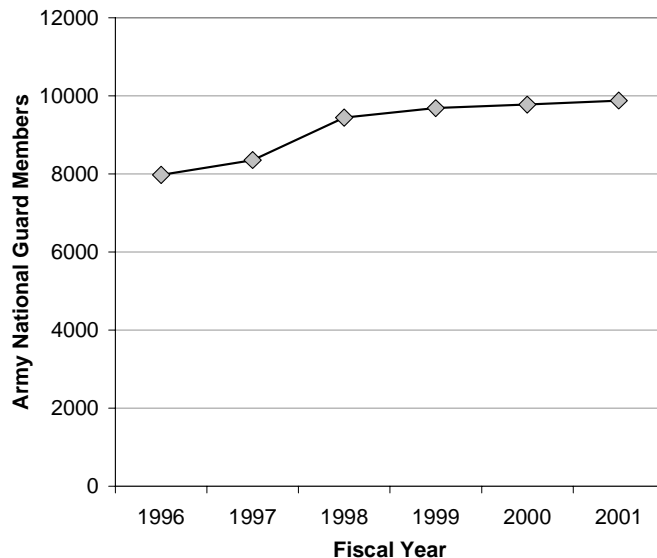
Key Measures

The state tuition reimbursement has proven effective in attracting women and minorities. The following tables show the increase in minority and female membership in the Army National Guard and total personnel strengths of the Army National Guard over the past five years. The numbers show a positive correlation between the incentives program and the recruitment and retention of members in general and of females and minorities in particular.

Effect of Enlistment Incentives



Effect of Enlistment Incentives



Activity Funding

All of the funding for this program is provided from the state General Fund. 98% of the funding is spent on tuition reimbursement, 1% on bonuses, and 1% on overhead costs – primarily salary.

Contact

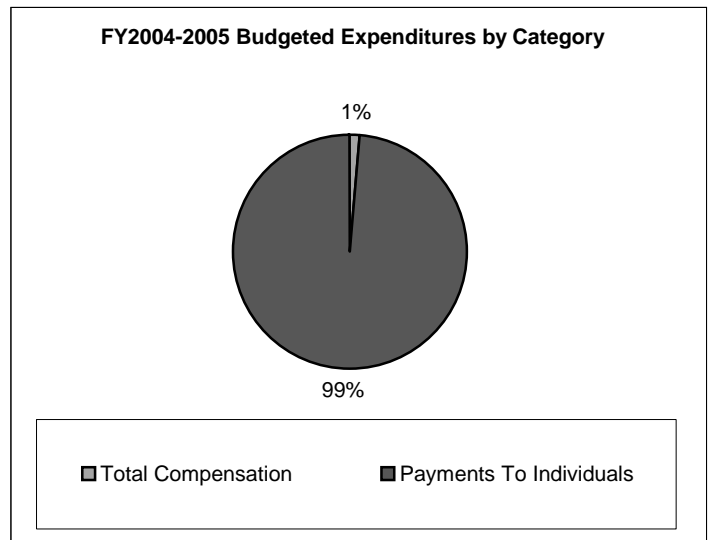
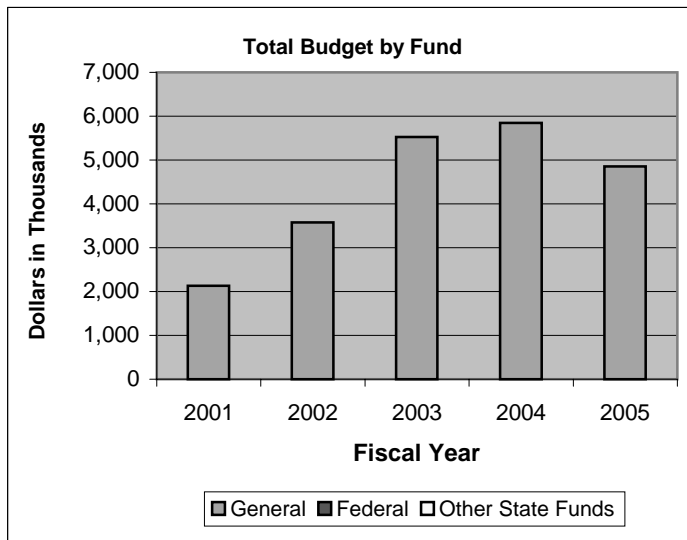
For further information, contact the Incentive and Educational Services Officer, Department of Military Affairs, 20 West 12th Street, St. Paul, Minnesota 55155-2098, or call (651) 282-4508

Additional information is also available at the department's web site at <http://www.dma.state.mn.us/>

MILITARY AFFAIRS DEPT

Program: ENLISTMENT INCENTIVES

Fiscal Report



| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
|------------------------------|------------------|------------------|--------------------|----------------|--------------|---------------------|--------------------------------------|--------------|
| Expenditures by Fund | | | | | | | Dollars | Percent |
| Carry Forward | | | | | | | | |
| General | 0 | 0 | 0 | 989 | 0 | 989 | 989 | n.m. |
| Direct Appropriations | | | | | | | | |
| General | 2,129 | 3,578 | 5,524 | 4,857 | 4,857 | 9,714 | 612 | 6.7% |
| Total | 2,129 | 3,578 | 5,524 | 5,846 | 4,857 | 10,703 | 1,601 | 17.6% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|
| Total Compensation | 93 | 78 | 175 | 77 | 78 | 155 | -98 | -38.7% |
| Other Operating Expenses | 1 | 0 | 0 | 0 | 0 | 0 | 0 | n.m. |
| Payments To Individuals | 2,035 | 3,500 | 5,349 | 5,769 | 4,779 | 10,548 | 1,699 | 19.2% |
| Total | 2,129 | 3,578 | 5,524 | 5,846 | 4,857 | 10,703 | 1,601 | 17.6% |

| Expenditures by Activity | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|
| Enlistment Incentives | 2,129 | 3,578 | 5,524 | 5,846 | 4,857 | 10,703 | 1,601 | 17.6% |
| Total | 2,129 | 3,578 | 5,524 | 5,846 | 4,857 | 10,703 | 1,601 | 17.6% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
|------------------------------------|------------|------------|------------|------------|------------|

Program Description

Statutes require that the National Guard be available for state active duty when the governor orders the Guard to support local law enforcement authorities in time of civil disorder, natural disaster, or other emergencies (M.S. 190.02).

Population Served

This program serves the governor, the Department of Public Safety, local law enforcement agencies, and the citizens of the state in times of emergencies.

Services Provided

The department is able to partner with and leverage all of the resources of the Army and Air National Guard. The training and equipping of the National Guard is funded totally by federal dollars. Over \$1 billion worth of federally owned military aircraft and other equipment is available to the governor to support the state in times of emergency. There is no expense to the state for this equipment except for operating costs, and repair or replacement if damaged during emergency operations.

Typical services provided include rescue, security, transport of supplies and equipment, and some work to limit further destruction of public and personal property.

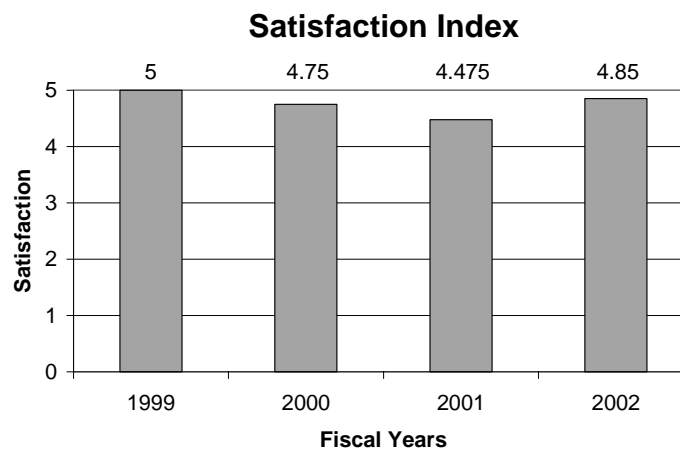
Historical Perspective

Over the last several years, the National Guard has been called to state active duty much more often than ever before for a variety of missions including: floods, missing person searches, storms/tornados, firefighting, and providing essential health and care services to residents of state regional treatment center, veterans' homes, and community-based residences.

| National Guard Support | | | | | |
|------------------------|---------|---------|---------|---------|---------|
| | FY 1998 | FY 1999 | FY 2000 | FY 2001 | FY 2002 |
| Mandays | 31,075 | 726 | 1,091 | 4,241 | 22,342 |

Key Measures

One of the measures of effective activity performance is the satisfaction survey that is filled out by supported organizations/agencies. On a scale of one to five (1 being poor and 5 being excellent), respondents are asked a series of questions which gauge their satisfaction with the response of the National Guard to the supported activities. The following chart shows the average of the responses for the last four federal fiscal years (ending September 30):



Activity Funding

The Department of Military receives a biennial appropriation of \$150,000. If these funds are exhausted, the department requests additional funds through an open appropriation under M.S. 192.52. When emergencies are declared federal disasters, the department applies for federal reimbursement on behalf of the state. Costs are then reimbursed at varying levels (75% to 100%) and when received are transferred to the state's General Fund.

Contact

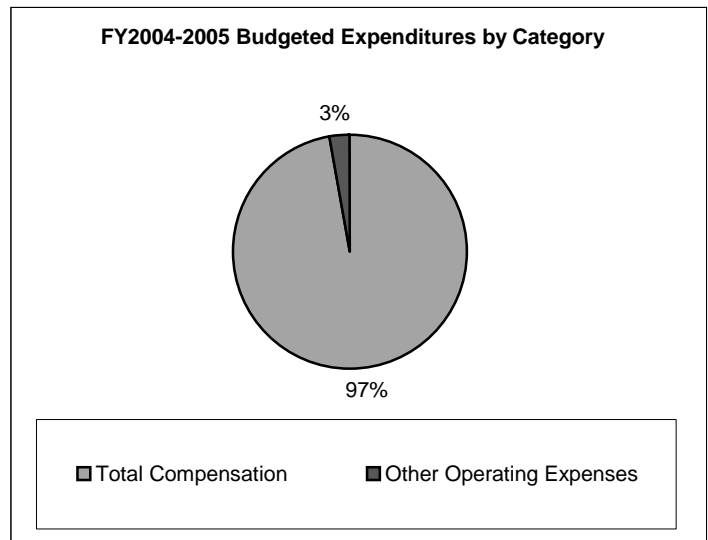
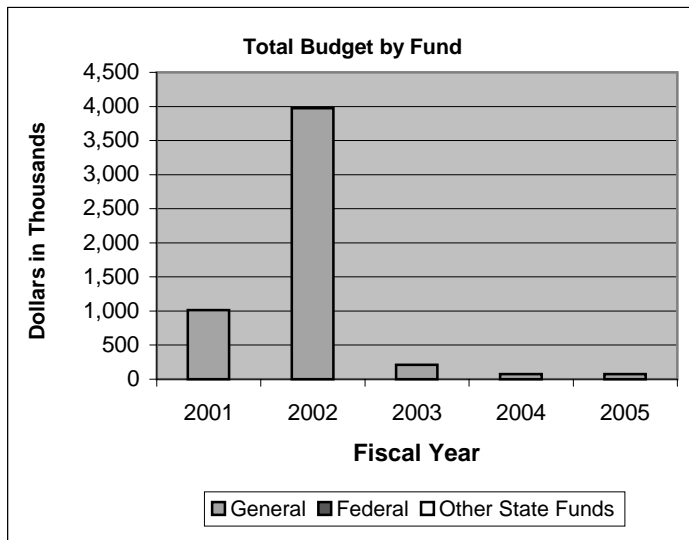
For further information, contact Military Support Officer, Department of Military Affairs, 20 West 12th Street, St. Paul, Minnesota 55155-2098, or call (651) 282-4554.

Additional information may be accessed at the department's web site at <http://www.dma.state.mn.us/>.

MILITARY AFFAIRS DEPT

Program: EMERGENCY SERVICES

Fiscal Report



| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
|------------------------------|------------------|------------------|--------------------|----------------|----------------|---------------------|--------------------------------------|---------------|
| Expenditures by Fund | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 79 | 149 | 1 | 75 | 75 | 150 | 0 | 0.0% |
| Open Appropriations | | | | | | | | |
| General | 935 | 3,825 | 210 | 0 | 0 | 0 | -4,035 | -100.0% |
| Total | 1,014 | 3,974 | 211 | 75 | 75 | 150 | -4,035 | -96.4% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|--------------|--------------|------------|-----------|-----------|------------|---------------|---------------|
| Total Compensation | 877 | 3,039 | 201 | 73 | 73 | 146 | -3,094 | -95.5% |
| Other Operating Expenses | 137 | 935 | 10 | 2 | 2 | 4 | -941 | -99.6% |
| Total | 1,014 | 3,974 | 211 | 75 | 75 | 150 | -4,035 | -96.4% |

| Expenditures by Activity | | | | | | | | |
|---------------------------------|--------------|--------------|------------|-----------|-----------|------------|---------------|---------------|
| Emergency Services | 1,014 | 3,974 | 211 | 75 | 75 | 150 | -4,035 | -96.4% |
| Total | 1,014 | 3,974 | 211 | 75 | 75 | 150 | -4,035 | -96.4% |

Agency Purpose

The Military Order of the Purple Heart of the USA (MOPH) is a congressionally chartered veterans organization authorized to represent veterans, dependents, widows, and orphans with the U.S. Department of Veterans Affairs (VA) claims. The organization is exclusively made up of combat wounded veterans from all wars. Its major objectives are:

- ◆ to provide free assistance to ALL veterans and their dependents, regardless of their military service or records;
- ◆ to identify the needs of the veterans and their dependents; and
- ◆ to obtain all the benefits that they are entitled to through the VA and the state of Minnesota.

At A Glance

In FY 2001, the Military Order of the Purple Heart:

- ◆ Represented 1,244 Minnesota veterans and their dependents.
- ◆ Recovered \$3.4 million in total benefits for veterans in Minnesota.
- ◆ Had 625 claims approved, 30 denied, 72 pending, and 2 claims went to the U.S. Board of Veterans Appeals.
- ◆ Held 62 interviews and reviewed 739 files.

Core Functions

MOPH provides benefits experts for veterans in the state of Minnesota. The office's daily functional goals are to:

- ⇒ Assist with filing of claims with the U.S. Department of Veterans Affairs for compensation, pension, medical care, education, job training, employment, veterans preference, housing, death, and burial benefits.
- ⇒ Assist in identifying and helping homeless veterans.
- ⇒ Assist with applications for admissions into the Minnesota Veterans Homes and private nursing homes.
- ⇒ Provide quality, professional representation to veterans whose benefits have been denied at the VA regional office.
- ⇒ Provide legal representation at the U.S. Court of Appeals for Veterans Claims.

Operations

MOPH provides completely free service and assistance through a national service officer, VA hospital representative, and an administrative assistant. The office provides technical support, training, claims development assistance, research development support, informational support, and updating of law and regulations; all of which are necessary to provide professional and dedicated service to the state's veteran population.

Budget

Total annual funding for MOPH in Minnesota is approximately \$77,000, excluding funds raised through local organizations. Seventy-four percent of this is provided by the MOPH National Service Headquarters in Springfield, Virginia for the salaries of a full-time national service officer and a full-time administrative assistant. The other 26% is from a General Fund appropriation grant from the state of Minnesota. In the FY 2002-03 biennium, base funding for this grant is \$20,000 each year and is used to finance the MOPH, Department of Minnesota National Service Office located at the VA Regional Office at Fort Snelling and the agency's Hospital Representative Office located at the Minneapolis VA Medical Center.

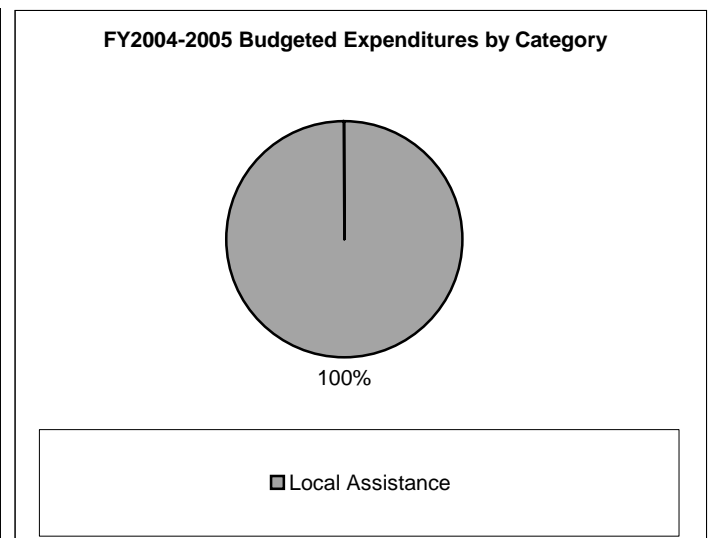
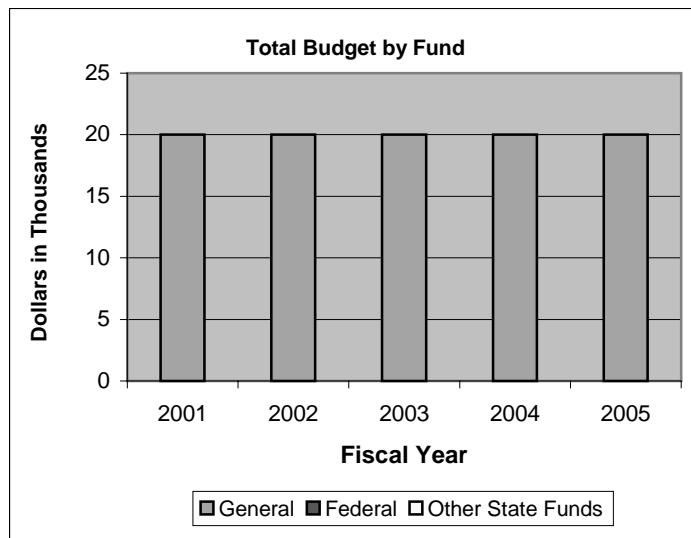
Contact

The Military Order of the Purple Heart, Inc. has a web site at <http://www.purpleheart.org/>

MOPH, Department of Minnesota can be contacted at 208 Veterans Service Building, St. Paul, MN 55155, (651) 227-4456 or E-mail at moph@qwest.net

MOPH, National Service Office can be contacted at 1 Federal Drive, Room 183A, St. Paul, MN 55111, (612) 970-5667 or E-mail at mopcviet@vba.va.gov

MOPH, Hospital Representative can be contacted at (612) 725-2000 ext. 3247



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|---------------|---------------|-----------------|---------------|-----------------|----------------|--------------------------|----------------|
| Expenditures by Fund | Actual | Actual | Budgeted | Base | Biennium | | 2004-05 / 2002-03 | |
| | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 20 | 20 | 20 | 20 | 20 | 40 | 0 | 0.0% |
| Total | 20 | 20 | 20 | 20 | 20 | 40 | 0 | 0.0% |
| Expenditures by Category | | | | | | | | |
| Local Assistance | 20 | 20 | 20 | 20 | 20 | 40 | 0 | 0.0% |
| Total | 20 | 20 | 20 | 20 | 20 | 40 | 0 | 0.0% |
| Expenditures by Program | | | | | | | | |
| Military Order Purple Heart | 20 | 20 | 20 | 20 | 20 | 40 | 0 | 0.0% |
| Total | 20 | 20 | 20 | 20 | 20 | 40 | 0 | 0.0% |

Agency Purpose

The Minnesota State Retirement System (MSRS) provides a comprehensive system of retirement programs for its members and their employers. Membership is comprised of state employees, state law enforcement and correctional officers, constitutional officers, legislators, judges, employees of the University of Minnesota, the Metropolitan Council, and employees of various other designated state agencies. MSRS also operates a tax-deferred compensation plan and a tax-free health care savings plan. In total, 31 employers are covered by MSRS retirement plans, and 650 different employers are contributing to the deferred compensation and health care savings plan.

Core Functions

The MSRS disburses monthly annuity benefits to retired members and their survivors. MSRS disburses lump-sum withdrawals and rollovers to members who have terminated their employment. Also, MSRS reimburses member health care costs.

Operations

The MSRS operates from the central office in St. Paul and branch offices located in St. Cloud and Mankato. Members receive retirement planning and pension administration services by phone, through onsite visits, and through the MSRS interactive web site(s). Services are provided to active members, former members, retired members, and the survivors and beneficiaries of all.

Budget

The MSRS revenues are received from employee and employer contributions and investment earnings. As of June 30, 2002, contribution rates as a percentage of salary for the various retirement plans were as follows:

| | <u>Employee</u> | <u>Employer</u> |
|--|-----------------|-----------------|
| General Employees Retirement Plan | 4.00% | 4.00% |
| Military Affairs Plan | 5.60 | 5.60 |
| Transportation Pilots' Plan | 5.60 | 5.60 |
| State Fire Marshals Plan | 6.78 | 8.20 |
| State Patrol Plan | 8.40 | 12.60 |
| Correctional Employees Retirement Plan | 5.69 | 7.98 |
| Judges Retirement Plan | 8.00 | 20.50 |
| Legislators Plan | 9.00 | N/A |
| Unclassified Employees Retirement Plan | 4.00 | 6.00 |

These funds are dedicated for the payment of monthly retirement and health care benefits, refunds/rollovers, and administrative expenses. All benefit payments are determined either by statute or by Internal Revenue Service (IRS) regulation. Budgets to cover administrative expenses are recommended by the MSRS staff to the Board of Directors for their review and approval. At present, MSRS employs a staff of 47.8 full-time equivalent employees. The administrative expenses for MSRS in FY 2002 totaled \$4.812 million which is .22% of the payroll on which MSRS contributions are based.

At A Glance

Membership statistics by fiscal year are as follows:

| At June 30 | Active Members | Inactive Members | Retirees & Beneficiaries |
|------------|----------------|------------------|--------------------------|
| 2002 | 104,504 | 54,117 | 28,170 |
| 2001 | 105,178 | 51,283 | 26,263 |
| 2000 | 115,716 | 32,534 | 21,286 |
| 1999 | 113,000 | 31,592 | 20,320 |
| 1998 | 128,389 | 41,160 | 19,551 |

Benefits paid (in 000's) by fiscal year are as follows:

| At June 30 | Annuity Benefits | Refunds/Rollovers |
|------------|------------------|-------------------|
| 2002 | 366,011 | 14,456 |
| 2001 | 332,819 | 18,727 |
| 2000 | 291,627 | 20,755 |
| 1999 | 254,327 | 19,734 |
| 1998 | 230,978 | 21,170 |

Actuarial Assets and Liabilities (in 000's):

| At June 30, 2002 | Assets | Liabilities | Funding Ratio |
|-------------------|-----------|-------------|---------------|
| General Plan | 7,673,028 | 7,340,597 | 104.53% |
| State Patrol Plan | 591,383 | 496,913 | 119.01% |
| Correctional Plan | 457,416 | 409,388 | 111.73% |
| Judges | 131,379 | 164,539 | 79.85% |

Contact

For more information, write to:
Minnesota State Retirement System
60 Empire Drive, Suite 300,
St. Paul, Minnesota 55103-3000.

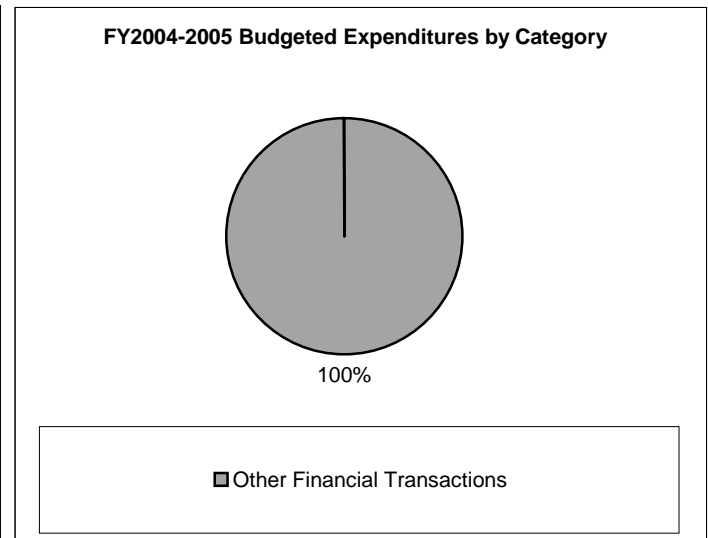
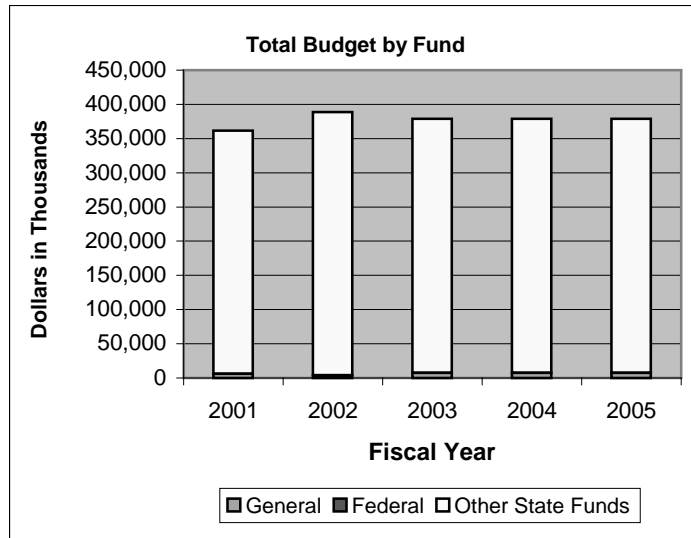
Phone: (651) 296-2761 or (800) 657-5757.

Fax: (651) 297-5238.

Visit us on the web at www.msrs.state.mn.us.

Telecommunications-device-for-the-deaf (TDD) and teletypewriter users call the Minnesota Relay Service at (800)627-3529 and ask to be connected to (651)296-2761.

The MSRS web site includes information about retirement plans and post-retirement health care plan, news articles relating to pensions, and online account access.



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|----------------|----------------|-----------------|----------------|-----------------|----------------|--------------------------|----------------|
| Expenditures by Fund | Actual | Actual | Budgeted | Base | Biennium | | 2004-05 / 2002-03 | |
| | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Open Appropriations | | | | | | | | |
| General | 5,984 | 3,560 | 7,606 | 7,606 | 7,606 | 15,212 | 4,046 | 36.2% |
| Correctional Employees Retire | 15,822 | 17,996 | 18,373 | 18,373 | 18,373 | 36,746 | 377 | 1.0% |
| State Employees Retirement | 284,752 | 310,061 | 317,142 | 317,142 | 317,142 | 634,284 | 7,081 | 1.1% |
| Highway Patrol Retirement | 30,042 | 33,195 | 11,098 | 11,098 | 11,098 | 22,196 | -22,097 | -49.9% |
| Unclassified Employees Retire | 8,409 | 5,831 | 6,188 | 6,188 | 6,188 | 12,376 | 357 | 3.0% |
| Postretirement Health Care Ben | 0 | 390 | 450 | 450 | 450 | 900 | 60 | 7.1% |
| Judicial Retirement | 12,291 | 13,247 | 13,562 | 13,562 | 13,562 | 27,124 | 315 | 1.2% |
| Statutory Appropriations | | | | | | | | |
| Legislative Annuities | 4,268 | 4,635 | 4,549 | 4,549 | 4,549 | 9,098 | -86 | -0.9% |
| Total | 361,568 | 388,915 | 378,968 | 378,968 | 378,968 | 757,936 | -9,947 | -1.3% |

| | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 2,683 | 2,819 | 3,224 | 3,224 | 3,224 | 6,448 | 405 | 6.7% |
| Other Operating Expenses | 2,022 | 2,897 | 2,516 | 2,516 | 2,516 | 5,032 | -381 | -7.0% |
| Other Financial Transactions | 356,863 | 383,199 | 373,228 | 373,228 | 373,228 | 746,456 | -9,971 | -1.3% |
| Total | 361,568 | 388,915 | 378,968 | 378,968 | 378,968 | 757,936 | -9,947 | -1.3% |

| | | | | | | | | |
|--------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|--------------|
| Expenditures by Program | | | | | | | | |
| Mn State Retirement System | 339,025 | 367,083 | 352,801 | 352,801 | 352,801 | 705,602 | -14,282 | -2.0% |
| Elective Officers Plan | 332 | 354 | 376 | 376 | 376 | 752 | 22 | 3.0% |
| Judges Plan | 12,291 | 13,247 | 13,562 | 13,562 | 13,562 | 27,124 | 315 | 1.2% |
| Legislators Plan | 9,920 | 7,841 | 11,779 | 11,779 | 11,779 | 23,558 | 3,938 | 20.1% |
| Health Care Savings Fund | 0 | 390 | 450 | 450 | 450 | 900 | 60 | 7.1% |
| Total | 361,568 | 388,915 | 378,968 | 378,968 | 378,968 | 757,936 | -9,947 | -1.3% |

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------------|--------------------------|--------------------------|----------------------------|---------------|---------------|-----------------------------|--|----------------|
| | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base | | Biennium 2004-05 | Dollars | Percent |
| Revenue by Type and Fund | | | | FY2004 | FY2005 | | | |
| Non Dedicated | | | | | | | | |
| General | 527 | 458 | 448 | 448 | 448 | 896 | -10 | -1.1% |
| Correctional Employees Retire | 16,937 | 17,303 | 17,977 | 18,416 | 18,867 | 37,283 | 2,003 | 5.7% |
| State Employees Retirement | 150,387 | 156,028 | 163,721 | 167,811 | 171,932 | 339,743 | 19,994 | 6.3% |
| Highway Patrol Retirement | 10,542 | 10,569 | 11,129 | 11,401 | 11,680 | 23,081 | 1,383 | 6.4% |
| Unclassified Employees Retire | 10,890 | 11,353 | 10,909 | 11,174 | 11,446 | 22,620 | 358 | 1.6% |
| Postretirement Health Care Ben | 0 | 3,154 | 2,316 | 2,373 | 2,432 | 4,805 | -665 | -12.2% |
| Judicial Retirement | 8,495 | 8,901 | 9,514 | 9,738 | 9,968 | 19,706 | 1,291 | 7.0% |
| Subtotal Non Dedicated | 197,778 | 207,766 | 216,014 | 221,361 | 226,773 | 448,134 | 24,354 | 5.7% |
| Total Revenue | 395,029 | 415,074 | 431,580 | 442,274 | 453,098 | 895,372 | 48,718 | 5.8% |
| Full-Time Equivalents (FTE) | 45.6 | 44.8 | 43.1 | 43.1 | 43.1 | | | |

Agency Purpose

Minnesota Technology, Inc. (MTI) is the state's technology-based economic development organization. *The purpose of the corporation is to foster long-term economic growth and job creation by stimulating innovation and the development of new products, services, and production processes.* (M.S.116O.03 subd.1a).

MTI contributes to the growth of high wage jobs in the state, with a current focus on the greater Minnesota economy. With the continuing downturn in the farm economy and out migration, high wage jobs are critical to the long-term viability of greater Minnesota. MTI brings technology and industrial expertise to a region of the state that is lacking in these resources.

Core Functions

MTI helps create stable, high-wage jobs for Minnesotans by:

- ⇒ Providing technology extension services to companies, primarily in greater Minnesota, to identify and implement new technologies (including technology from federal labs and universities) that will improve their productivity and ability to compete.
- ⇒ Working with greater Minnesota communities to help them learn about and apply technology to create new high wage employment opportunities and diversify their economies.
- ⇒ Providing information and insight to public and private sector customers in Minnesota about technology trends and emerging technologies as well as the depth and breadth of Minnesota's technology economy.

Operations

MTI is governed by a board of directors appointed by the governor and leaders of the four major legislative caucuses. The MTI Board also includes four ex-officio members: the commissioners of Trade and Economic Development and Administration, the dean of the University's Institute of Technology and the vice president for research at the University of Minnesota.

MTI has a staff of 70 that work throughout Minnesota. Of this staff, 45 serve companies and communities in greater Minnesota, residing in communities within their service area.

MTI's Technology Extension Services division serves manufacturing and technology companies at their location. Through objective, unbiased assessments and recommendations, MTI's services help companies strategize the adoption of new technologies. The companies then purchase the implementation services from private consultants. Services include software selection, e-business, automation, advanced manufacturing processes, new product development and access to federal/university technologies. These services are described on our web site, www.minnesotatechnology.org.

Total market includes 3,000 companies employing approximately 200,000 people. Success is measured by economic impact — during FY 2001, companies reported \$163 million of economic impact (e.g., increased sales, jobs created or retained, or technology investments).

At A Glance

Biennial State Budget:

- ◆ \$11.46 million in state operating funds
- ◆ \$925,000 in pass-through grants
- ◆ \$4.0 million in federal funding
- ◆ \$2.4 million in non-government operating funds (projected)

Business Functions:

- ◆ **MTI focuses its technology extension services** on supporting the growth and viability of the 3,000 manufacturing and technology companies that are the source of most of the highest paying jobs in greater Minnesota.
- ◆ A second focus is to **help communities in greater Minnesota develop and implement technology strategies** to diversify their economies.
- ◆ **MTI is also the state's information and knowledge resource** on technology issues affecting Minnesota's economy.
- ◆ **MTI represents the state** in a variety of partnerships with private and public sector organizations seeking to grow Minnesota's technology economy (e.g., Minnesota High Technology Association, Minnesota Business Partnership, Greater Minneapolis Regional Chamber of Commerce, University of Minnesota, Minnesota State Colleges and Universities (MnSCU), MnBIO, Medical Alley, DTED).

The Technology Community Awareness and Promotion division conveys information about technology and the technology economy to private and public sector stakeholders. Current products and services, provided in partnership with the private sector, include the www.minnesotatechnology.org web site, *Minnesota Technology* magazine, *Tech Trends*, the Tekne Awards and the State Science and Technology Initiatives report (all found on the web site).

MTI is also committed to the development of new ideas and opportunities that advance our mission. The recently created Ideation and Development division will evaluate and advance new initiatives within MTI's mission, and diversify revenue streams for the organization.

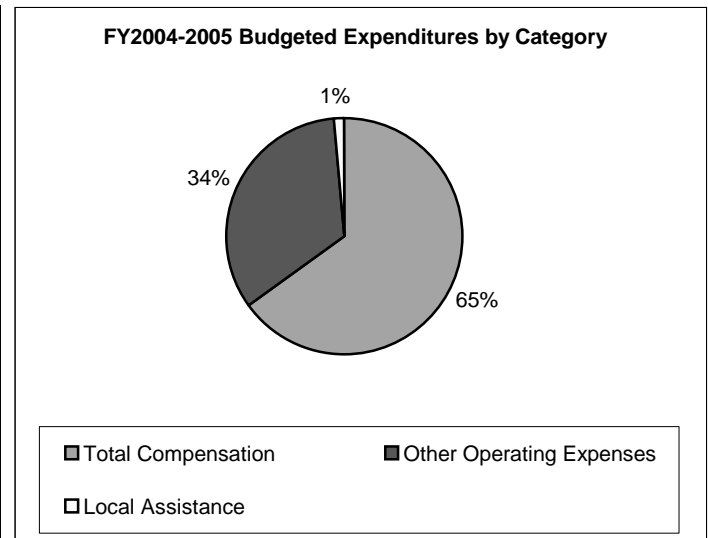
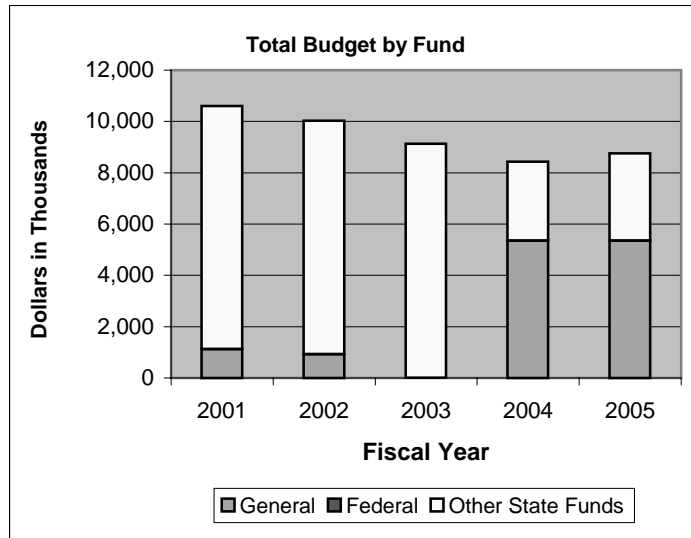
At the end of FY 2002, MTI merged all of its services which support internal customers (finance, human resources, information technology, reporting) into one operating unit to maximize the efficient use of resources and best support the delivery of services to external customers.

Budget

Historically, the majority of MTI's budget revenues have come from the state and federal government. Other sources of revenue include foundation grants, fees for services, advertising, and events. MTI is projecting a growth in fees for services in FY 2003.

Contact

For more information, contact Patty Billings, Managing Director, at (612) 373-2902. Or visit MTI's web site at www.minnesotatechnology.org to learn more about how technology helps Minnesota's economy grow. Information includes MTI's services, a technology research portal, trends and analysis, publications, directories, events and seminars.



| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|------------------|------------------|--------------------|----------------|--------------------|---------------------|--------------------------------------|---------------|
| Expenditures by Fund | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 1,120 | 925 | 0 | 5,355 | 5,355 | 10,710 | 9,785 | 1057.8% |
| Statutory Appropriations | | | | | | | | |
| Minnesota Technology Inc | 9,446 | 9,107 | 9,135 | 3,073 | 3,396 | 6,469 | -11,773 | -64.5% |
| Special Revenue | 38 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Total | 10,604 | 10,032 | 9,135 | 8,428 | 8,751 | 17,179 | -1,988 | -10.4% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|---------------|---------------|--------------|--------------|--------------|---------------|---------------|---------------|
| Total Compensation | 5,883 | 6,185 | 5,360 | 5,480 | 5,672 | 11,152 | -393 | -3.4% |
| Other Operating Expenses | 3,270 | 2,653 | 3,300 | 2,823 | 2,954 | 5,777 | -176 | -3.0% |
| Local Assistance | 1,451 | 1,194 | 475 | 125 | 125 | 250 | -1,419 | -85.0% |
| Total | 10,604 | 10,032 | 9,135 | 8,428 | 8,751 | 17,179 | -1,988 | -10.4% |

| Expenditures by Program | | | | | | | | |
|--------------------------------|---------------|---------------|--------------|--------------|--------------|---------------|---------------|---------------|
| Minnesota Technology | 10,604 | 10,032 | 9,135 | 8,428 | 8,751 | 17,179 | -1,988 | -10.4% |
| Total | 10,604 | 10,032 | 9,135 | 8,428 | 8,751 | 17,179 | -1,988 | -10.4% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|-------------|
| Dedicated | | | | | | | | |
| Minnesota Technology Inc | 1,222 | 1,101 | 3,209 | 3,188 | 3,605 | 6,793 | 2,483 | 57.6% |
| Special Revenue | 32 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Federal | 2,163 | 2,065 | 0 | 0 | 0 | 0 | -2,065 | -100.0% |
| Subtotal Dedicated | 3,417 | 3,166 | 3,209 | 3,188 | 3,605 | 6,793 | 418 | 6.6% |
| Total Revenue | 3,417 | 3,166 | 3,209 | 3,188 | 3,605 | 6,793 | 418 | 6.6% |

0.0%

Program Description

As the state's technology-based economic development organization, Minnesota Technology, Inc. (MTI) works to expand Minnesota's economy.

The end result is more high wage, stable jobs for Minnesota citizens.

The primary vehicle for achieving these high wage, stable jobs is a portfolio of technology extension services provided to small and medium-sized companies, to help those companies become more competitive. Greater Minnesota is in particular need of these services because:

- ◆ high wage jobs are so critical to the stability of greater Minnesota's economy;
- ◆ companies must continually update their technology use if they are to remain competitive in a worldwide market; and
- ◆ technology resources such as tech transfer, product development and technology process improvement services are much less accessible in greater Minnesota than in the metro area.

Program at a Glance

In FY 2002, Minnesota Technology, Inc. -

- ◆ Provided technology services to 1,007 Minnesota companies
- ◆ Generated \$142,494,342 in documented economic impact
- ◆ Generated \$2 million in federal funding and \$1.1 million in additional non-state income outside state and federal funding
- ◆ Delivered technology information and insight on technology and the technology economy to
 - ⇒ 19,000 *Minnesota Technology* magazine subscribers
 - ⇒ 45,000 web site visitors, who spent an average of 13 minutes on the site
- ◆ Generated \$16 million in state taxes for the \$6.1 million of General Fund dollars invested in Minnesota Technology, Inc.

The metro area also benefits from technology services. The health of the metro area is a function of the health of greater Minnesota's economy. A faltering greater Minnesota means more population pressure on the metro as people abandon greater Minnesota for jobs in the Twin Cities. The business and technology community in the Twin Cities also benefits from broader technology awareness forums, technology initiatives, and access to website services.

In addition, MTI serves as the state's technology information, research and public policy arm by providing vital access to industry data, technology trends, and emerging technologies.

Population Served

In order to facilitate stable, high-wage jobs for Minnesota citizens, MTI provides technology extension services to small and medium-sized employers, primarily in greater Minnesota. MTI also works with greater Minnesota communities to help them develop community/regional technology economic development strategies. In addition, MTI serves the metro and greater Minnesota technology community, by providing easy online access to a broad spectrum of state-of-the-art technology information.

Services Provided

Using state funds that match a \$2 million U.S. Department of Commerce contract, MTI has two core sets of services:

Core Service Area 1: Technology Extension Services to private industry clients:

- ◆ IT/Internet-related services (including software selection, web design, e-business, etc.)
- ◆ tech transfer (access to new technologies from federal labs, university research, private research labs)
- ◆ lean enterprise (maximizing production efficiencies to maximize profits necessary to grow companies)
- ◆ new product development
- ◆ business intelligence (business and technical research and analysis)

These "extension" services are provided one-on-one, at a company's facility, by field staff who have 10-20 years of senior management experience in private industry. Field staff will assess a company's unique situation, engage senior management in the development of a plan to implement technology solutions that will improve the company's competitiveness, and assist management in identifying available resources to implement the plan. The result is a more competitive company with stable and higher-paying jobs. Companies must commit resources when MTI provides technology assessment services and bear the cost of implementation, which is performed by a third party resource whenever possible.

In addition to one-on-one services, MTI provides fee-based technology awareness and implementation services to groups of companies statewide. MTI partners with local educational institutions, federal labs and other national resources to deliver programs that complement core services, e.g., Technology Forums, Lean 101 training, Fast Trac Manufacturing (a partnership with St. Thomas and the Kauffman Foundation).

Core Service Area 2: The state's primary resource for knowledge, information and insight about Minnesota's technology-based economy and national trends, provided to Minnesota's business and technology community and public sector partners.

Because a diverse and forward-looking technology sector ensures a robust and resilient Minnesota economy, MTI provides a spectrum of state-of-the-art information to Minnesota's technology companies.

Such resources include a technology research portal (provided through a partnership with Teltech), the Minnesota Technology Directory, reports analyzing technology trends and emerging technologies, online registration for Technology Forums, and publications such as *Minnesota Technology* magazine and *Tech Trends* (an online newsletter).

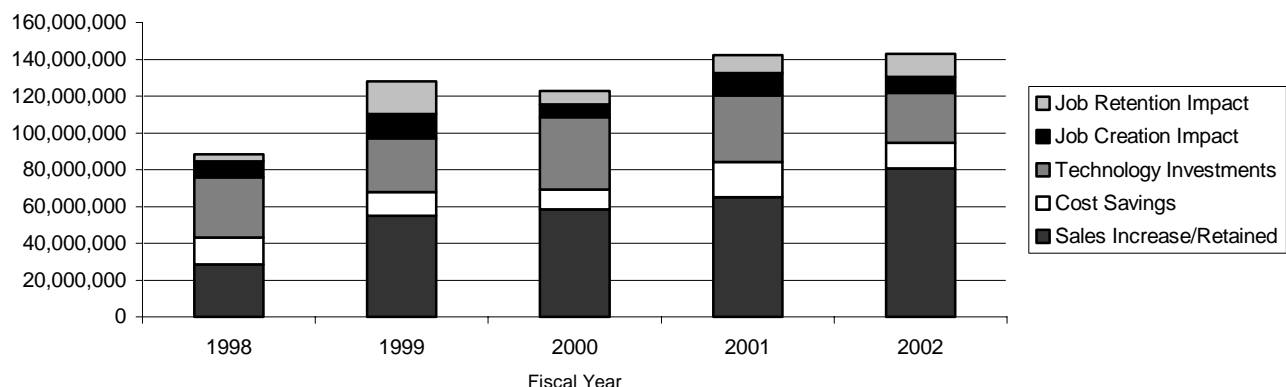
MTI also serves members of the legislature and Governor's Office through periodic reports on the technology economy, information and guidance on technology-based economic development strategies, the Capitol Forum Series, and monthly Future Visions meetings, which offer insight into the impact of up-and-coming technologies on Minnesota's economy.

Finally, MTI facilitates linkages between business, government and academia to promote technology and technology initiatives that help grow communities and regions.

Key Measures

MTI measures its services in terms of the success of its clients, i.e., economic impact. Economic impact components include increased sales, cost savings, technology investments, jobs created and jobs retained.

**Economic Impact by Category
Fiscal Year 1998 to 2002**



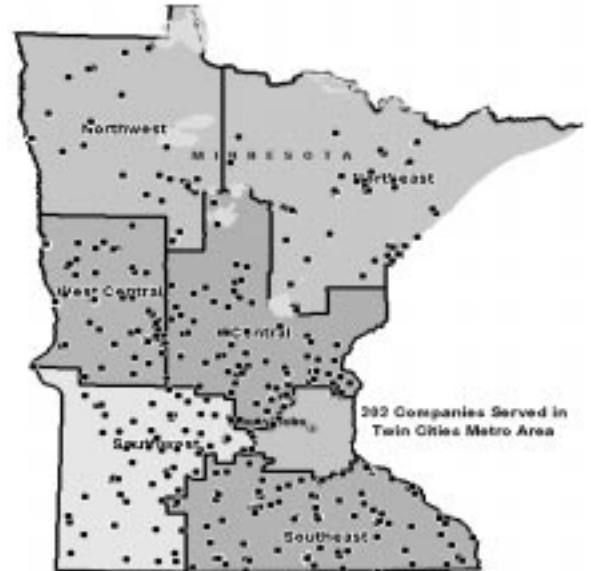
This impact is reported by client company management to a third party resource under contract with the U.S. Department of Commerce.

Market penetration and coverage of greater Minnesota impact is tracked according to industry, nature of service and nature of impact.

In addition, return on investment (ROI) is calculated annually, based on state tax revenues associated with the impact resulting from MTI projects. The ROI for the state's \$6.1 million investment in calendar year 2001 was \$16 million of taxes paid to the General Fund.

Contact

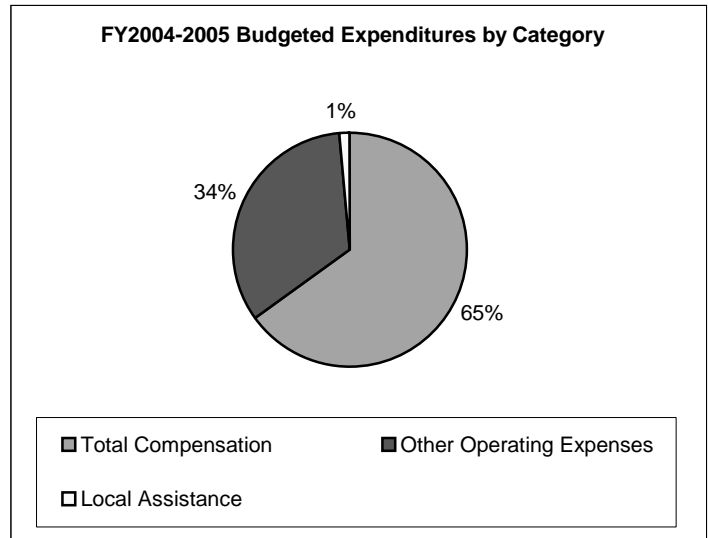
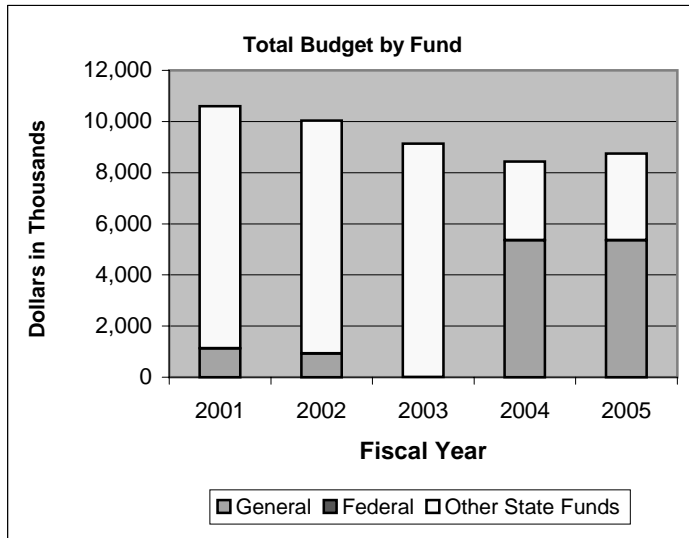
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MINNESOTA TECHNOLOGY INC

Program: MINNESOTA TECHNOLOGY

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 1,120 | 925 | 0 | 5,355 | 5,355 | 10,710 | 9,785 | 1057.8% |
| Statutory Appropriations | | | | | | | | |
| Minnesota Technology Inc | 9,446 | 9,107 | 9,135 | 3,073 | 3,396 | 6,469 | -11,773 | -64.5% |
| Special Revenue | 38 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Total | 10,604 | 10,032 | 9,135 | 8,428 | 8,751 | 17,179 | -1,988 | -10.4% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|---------------|---------------|--------------|--------------|--------------|---------------|---------------|---------------|
| Total Compensation | 5,883 | 6,185 | 5,360 | 5,480 | 5,672 | 11,152 | -393 | -3.4% |
| Other Operating Expenses | 3,270 | 2,653 | 3,300 | 2,823 | 2,954 | 5,777 | -176 | -3.0% |
| Local Assistance | 1,451 | 1,194 | 475 | 125 | 125 | 250 | -1,419 | -85.0% |
| Total | 10,604 | 10,032 | 9,135 | 8,428 | 8,751 | 17,179 | -1,988 | -10.4% |

| Expenditures by Activity | | | | | | | | |
|---------------------------------|---------------|---------------|--------------|--------------|--------------|---------------|---------------|---------------|
| Technology Services | 9,484 | 9,107 | 9,135 | 8,428 | 8,751 | 17,179 | -1,063 | -5.8% |
| Minnesota Project Innovation | 500 | 875 | 0 | 0 | 0 | 0 | -875 | -100.0% |
| Minnesota Inventors Congress | 70 | 50 | 0 | 0 | 0 | 0 | -50 | -100.0% |
| Natural Resources Research Ins | 450 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Cold Weather Research Center | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Total | 10,604 | 10,032 | 9,135 | 8,428 | 8,751 | 17,179 | -1,988 | -10.4% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|-------------|
| Dedicated | | | | | | | | |
| Minnesota Technology Inc | 1,222 | 1,101 | 3,209 | 3,188 | 3,605 | 6,793 | 2,483 | 57.6% |
| Special Revenue | 32 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Federal | 2,163 | 2,065 | 0 | 0 | 0 | 0 | -2,065 | -100.0% |
| Subtotal Dedicated | 3,417 | 3,166 | 3,209 | 3,188 | 3,605 | 6,793 | 418 | 6.6% |
| Total Revenue | 3,417 | 3,166 | 3,209 | 3,188 | 3,605 | 6,793 | 418 | 6.6% |

0.0%

Agency Purpose

The mission of the Minnesota State Academies is to promote the highest level of self-sufficiency possible for deaf/hard of hearing and blind/visually-impaired students in the state of Minnesota. Established in 1863, the academies are statewide public schools that provide education and related services to students 0-21 who are blind, visually impaired, deaf or hard of hearing including those with multiple disabilities. The Minnesota State Academies are composed of two separate and unique schools--The Minnesota State Academy for the Blind (MSAB) and the Minnesota State Academy for the Deaf (MSAD). Federal law mandates that services provided by the Academies meet the student's need for a Free and Appropriate Public Education (FAPE) within the least restrictive environment.

At A Glance

On an annual basis, the Minnesota State Academies provide services to more than 500 students, as well as school districts and educators. The Minnesota State Academies serve deaf or blind students:

- ◆ ages 0-21 who reside in the state of Minnesota;
- ◆ in a residential setting, providing 24 hour educational services; and
- ◆ with additional disabilities, including physical and emotional needs.

The decision to attend the Minnesota State Academies (MSA) during the school year is made by an Individualized Educational Planning (IEP) team within the Special Education process, including the parent, the district of residence and Minnesota State Academies staff. Each IEP team must decide that MSA provides the most appropriate placement. Students may also attend MSA to obtain social skills or for short-term skill development. For more information, reference M.S. 125A.69 Admission Standards.

Core Functions

The Academies educate enrolled/non-enrolled students and/or support public schools to educate students to:

- ◆ develop self-esteem, social skills, leadership skills, and specialized skills like Braille or sign language;
- ◆ complete a course of study comparable to public schools;
- ◆ earn a living, become integrated in to the community, live on their own or in supported living arrangements;
- ◆ prepare for higher education or vocational training;
- ◆ access and utilize state of the art technology to prepare for employment in the 21st century; and
- ◆ acquire technology skills to access information otherwise inaccessible because of their disability.

Operations

The range of services provided by the Academies in support of the agency's mission is unique and often complex when compared to most public schools, making the Academies a necessary option for school districts. The Academies have provided educational services to deaf and blind students for more than 130 years. Historically, the Academies were the only educational options available to deaf or blind students. If students were deaf or blind it was assumed that they would attend the Academies. Today most deaf or blind students attend school in their local community. Recent capital improvements have positively impacted the Academies ability to meet its mission, including technology enhancements, dormitory improvements at MSAD, and an expansion of the main education building at MSAB (Lysen Hall).

The Academies:

- ◆ provide services that would be prohibitively expensive or unavailable in public schools;
- ◆ provide direct and indirect educational services through a number of program options;
- ◆ enrollment in the academic year programs, which include K-12 academics, early childhood intervention, transition, and programs for students with multiple disabilities;
- ◆ provide off-campus services in support of local school districts for non-enrolled students including specialized evaluations, direct teacher services, orientation and mobility training, and consultations;
- ◆ provide on-campus services in support of local school districts for non-enrolled students including weekend parent training programs, family and teacher visitation at the Academies to review specialized resources, short-term direct services such as basic skills testing remediation, independent living training, extended school year programming, and transition programs;

- ◆ help the state meet federal statutory requirements, the Individuals with Disabilities Act (IDEA);
- ◆ provide access to a direct communication environment, comprehensive services, additional resources and increased opportunities which meet the individual needs of students as mandated by their individual education plans (IEPs); and
- ◆ offer mainstream courses via the Faribault Public Schools which provides access to broader curriculum choices, advanced coursework, increase skills in working with interpreters, and integration with non-disabled peers.

Budget

The Academies 2002-2003 biennial budget totals \$25.4 million. Academies staff include 206 full-time equivalent employees.

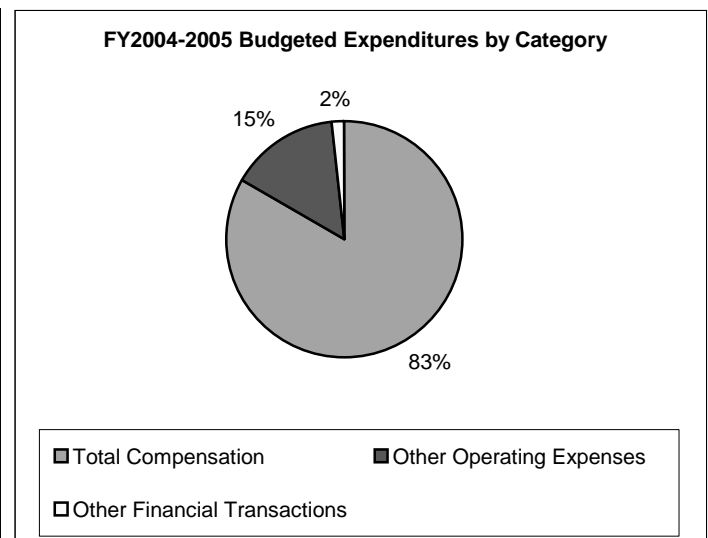
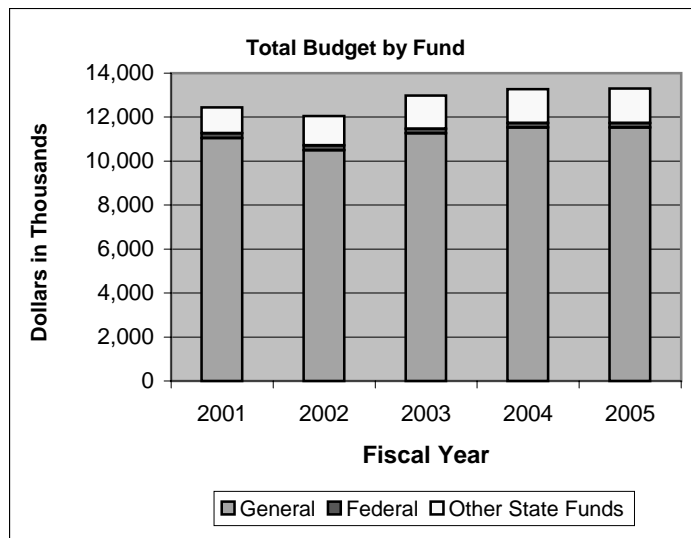
Of the total budget \$21.7 million comes from General Fund tax dollars. Another \$2.8 million is collected from school districts and the Department Of Children, Families, and Learning in the form of management aide reimbursement, tuition, and compensatory revenue. \$400,000 is received in federal dollars. \$500,000 is collected in employee's tax shelter annuities, student deposits, and gifts. In addition, the Academies collect \$1.3 million in tuition from school districts, which is deposited in the state's General Fund.

Contact

For additional information contact:

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Linda Mitchell
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linda.mitchell@msad.state.mn.us
www.msad.state.mn.us



| <i>Dollars in Thousands</i> | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|-----------------|-------------------|-------------|
| | Actual | Actual | Budgeted | Base | Biennium | Biennial Change | | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | 2004-05 / 2002-03 | |
| | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 10,897 | 10,216 | 10,710 | 10,966 | 10,966 | 21,932 | 1,006 | 4.8% |
| Statutory Appropriations | | | | | | | | |
| General | 142 | 282 | 555 | 555 | 555 | 1,110 | 273 | 32.6% |
| Special Revenue | 933 | 1,083 | 1,242 | 1,266 | 1,296 | 2,562 | 237 | 10.2% |
| Federal | 228 | 207 | 208 | 208 | 208 | 416 | 1 | 0.2% |
| Miscellaneous Agency | 228 | 244 | 259 | 259 | 259 | 518 | 15 | 3.0% |
| Gift | 10 | 13 | 12 | 12 | 12 | 24 | -1 | -4.0% |
| Endowment | 0 | 0 | 1 | 0 | 0 | 0 | -1 | -100.0% |
| Total | 12,438 | 12,045 | 12,987 | 13,266 | 13,296 | 26,562 | 1,530 | 6.1% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 9,827 | 10,059 | 10,616 | 10,974 | 11,004 | 21,978 | 1,303 | 6.3% |
| Other Operating Expenses | 2,198 | 1,642 | 2,056 | 1,963 | 1,963 | 3,926 | 228 | 6.2% |
| Capital Outlay & Real Property | 154 | 72 | 25 | 39 | 39 | 78 | -19 | -19.6% |
| Payments To Individuals | 65 | 63 | 65 | 65 | 65 | 130 | 2 | 1.6% |
| Other Financial Transactions | 194 | 209 | 225 | 225 | 225 | 450 | 16 | 3.7% |
| Total | 12,438 | 12,045 | 12,987 | 13,266 | 13,296 | 26,562 | 1,530 | 6.1% |

| | | | | | | | | |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|-------------|
| Expenditures by Program | | | | | | | | |
| Resendtl Academies/Deaf&Blind | 8,787 | 8,505 | 9,225 | 9,506 | 9,536 | 19,042 | 1,312 | 7.4% |
| Academy Operations | 3,651 | 3,540 | 3,762 | 3,760 | 3,760 | 7,520 | 218 | 3.0% |
| Total | 12,438 | 12,045 | 12,987 | 13,266 | 13,296 | 26,562 | 1,530 | 6.1% |

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------------|--------------------------|--------------------------|----------------------------|---------------|---------------|-----------------------------|--|----------------|
| | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base | | Biennium 2004-05 | Dollars | Percent |
| Revenue by Type and Fund | | | | FY2004 | FY2005 | | | |
| Non Dedicated | | | | | | | | |
| General | 0 | 676 | 701 | 701 | 701 | 1,402 | 25 | 1.8% |
| Special Revenue | 662 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 662 | 676 | 701 | 701 | 701 | 1,402 | 25 | 1.8% |
| Dedicated | | | | | | | | |
| General | 372 | 423 | 395 | 395 | 395 | 790 | -28 | -3.4% |
| Special Revenue | 1,340 | 687 | 1,213 | 1,243 | 1,273 | 2,516 | 616 | 32.4% |
| Federal | 220 | 204 | 207 | 207 | 207 | 414 | 3 | 0.7% |
| Miscellaneous Agency | 226 | 243 | 259 | 259 | 259 | 518 | 16 | 3.2% |
| Gift | 17 | 11 | 12 | 12 | 12 | 24 | 1 | 4.3% |
| Endowment | 0 | 0 | 1 | 0 | 0 | 0 | -1 | -100.0% |
| Subtotal Dedicated | 2,175 | 1,568 | 2,087 | 2,116 | 2,146 | 4,262 | 607 | 16.6% |
| Total Revenue | 2,837 | 2,244 | 2,788 | 2,817 | 2,847 | 5,664 | 632 | 12.6% |
| | | | | | | | | |
| Full-Time Equivalents (FTE) | 176.3 | 172.3 | 165.0 | 165.0 | 165.0 | | | |

Program Description/Population Served

The Minnesota State Academies provide educational opportunities to deaf/hard of hearing and blind/visually impaired students ages 0-21 when the student's local school district of residence cannot meet the educational needs of the student. A student may also attend the Academies to obtain social skills or for targeted short-term skill development. Federal law mandates that placement at the Academies be determined by the individual education planning team, including the parent, school district of residence, and Academies staff.

Services Provided

The Minnesota State Academies operate two separate campuses located about one mile apart from each other in Faribault, Minnesota: the Minnesota State Academy for the Deaf (MSAD) and the Minnesota State Academy for the Blind (MSAB). The Academies are governed by a nine member board which is appointed by the Governor. Support services, such as buildings and grounds maintenance, personnel, finance, food service, and health services are operated to support both MSAB and MSAD. The two academies share a common mission to educate students who are blind/visually impaired or deaf/hard of hearing. Blind students rely on auditory information and deaf students rely on visual information. Teaching methods are so unique that higher education course work is divergent. Teachers qualified to work at one campus are often not qualified to work at the other.

At A Glance

On an annual basis, the Minnesota State Academies provide services to more than 500 students, as well as school districts and educators. The Minnesota State Academies serve deaf or blind students:

- ◆ ages 0-21 who reside in the state of Minnesota;
- ◆ in a residential setting, providing 24 hour educational services; and
- ◆ with additional disabilities, including physical and emotional needs.

MSAD

The educational process at the MSAD is provided in an environment where direct communication access is available to all students. Communication access involves many components. At MSAD, communication is designed to meet the needs of each individual child. For some children this means speech/language services; for others it may mean sign language instruction. The learning environment at MSAD is a 24-hour, language-rich environment, where American Sign Language and English are utilized to foster effective communication in a community with a critical mass of similar age, language peers. The MSAD provides social opportunities for students to develop positive self-esteem, leadership potential, self-advocacy skills, and the knowledge and confidence to become independent, self-sufficient Minnesotans. Students are able to participate fully in a wide array of activities like their public school peers. These activities include such things as drama, oratorical and academic competition, Jr NAD (National Association of the Deaf), athletics and student government.

MSAB

Ninety percent of learning for a sighted child occurs through the visual sense. The power of observation is lost to a blind student; thus, direct teaching of skills necessary to overcome the loss of vision is necessary. The curriculum taught at MSAB focuses on helping a blind/visually impaired child become a self-sufficient adult. The areas of curriculum instruction offered at MSAB include the following:

- ◆ Development of skills to access the curriculum, including Braille, large print and or print with the use of optical devices
- ◆ Orientation and mobility skills for independent travel
- ◆ Independent living skills
- ◆ Career education and
- ◆ Technology

An example of this instruction is a summer transition program that focuses on functional skill development and is offered in conjunction with local schools and vocational rehabilitation assistance at MSAB.

Historical Perspective

The decision to enroll at the Academies is not an easy one for parents and/or school districts to make. Research indicates that if there is early identification of deafness or blindness, with timely and adequate specialized services by appropriately trained teachers, students can develop the tools to be successful, responsible, independent citizens. However, if students do not receive appropriate educational opportunities, the further they

lag in developing their potential, thus diminishing the potential for future success and independence. In addition, the social-emotional needs of deaf/hard of hearing or blind/visually impaired students are unique and real. Children with disabilities have the same social-emotional needs as their non-disabled peers and have the right to

- ◆ Form an identity
- ◆ Have a peer group
- ◆ Participate in activities
- ◆ Develop their maximum potential
- ◆ Share life experiences and
- ◆ Feel good about who they are.

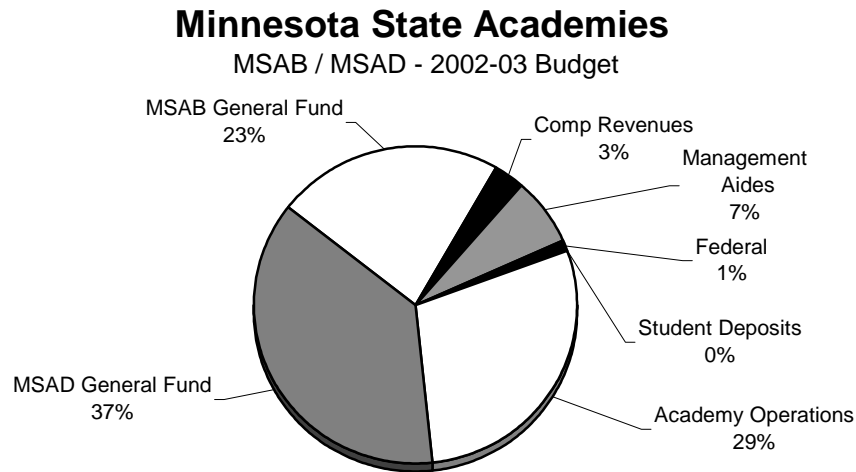
Determining the least restrictive environment for an individual student must be made on a case-by-case basis. The guiding principle in placement decisions should be matching the educational needs of the student with an appropriate school program that provides meaningful challenges, realistic expectations, maximum opportunities for achievement, and the development of healthy self-esteem.

Some students who attend the Academies are able to participate in regular public school classes within the local public schools in Faribault, while also taking courses at the Academies. This opportunity provides students with the experience of being a participant in a class with non-disabled peers. Deaf students acquire skills in working with an interpreter and note-taker, while blind students learn to negotiate a sighted environment that is not specifically designed to meet their learning style.

Key Measures

- ⇒ Students at MSAD and MSAB are subject to the Minnesota Graduation Standards and the goal for many students is to pass the Basic Skills Tests just like their non-disabled peers. A pilot program has been successfully operating since the summer of 2000, showing steady improvements in scores, with many of the students passing the tests.
- ⇒ Both MSAB and MSAD have elected to participate in the continuous improvement monitoring process (CIMP) through CFL. Data is analyzed, a plan of action developed, implemented and evaluated on a two-year cycle. All areas of improvement are directed at self-sufficiency.
- ⇒ Accreditation is sought by MSAD through the CEASD organization. Accreditation is already in place through the North Central Association process, and we are currently in year two of the five-year school improvement cycle.
- ⇒ The Minnesota State Academies provide support for teacher preparation programs. Student teachers from the University of Minnesota work under the guidance of MSAD licensed professionals. MSAB along with other professionals in the state are encouraging the University of Minnesota to re-institute a teacher preparation program. Currently, there are no teacher preparation programs for teachers of the Visually Impaired in the state of Minnesota. Among the 15 instructional FTEs at MSAB, there are currently two vacancies and 3.5 FTE's who are licensed teachers but do not have certification in visual impairment. We are working with these teachers to assist them in acquiring certification.

Program Funding



Contact

For additional information contact:

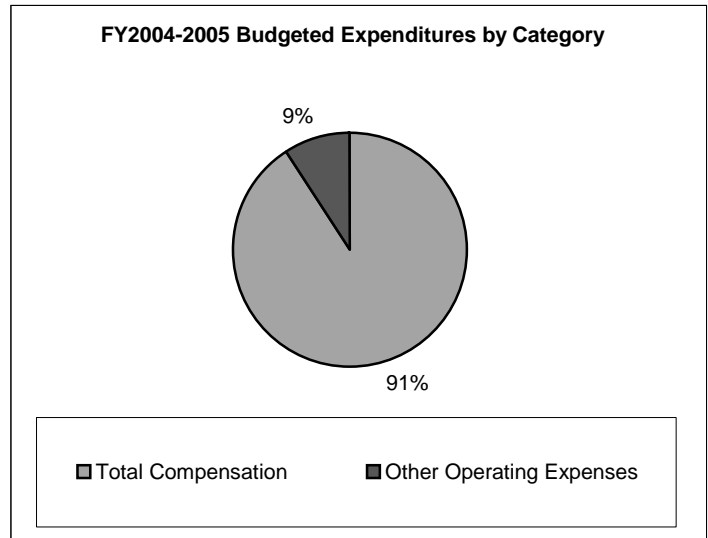
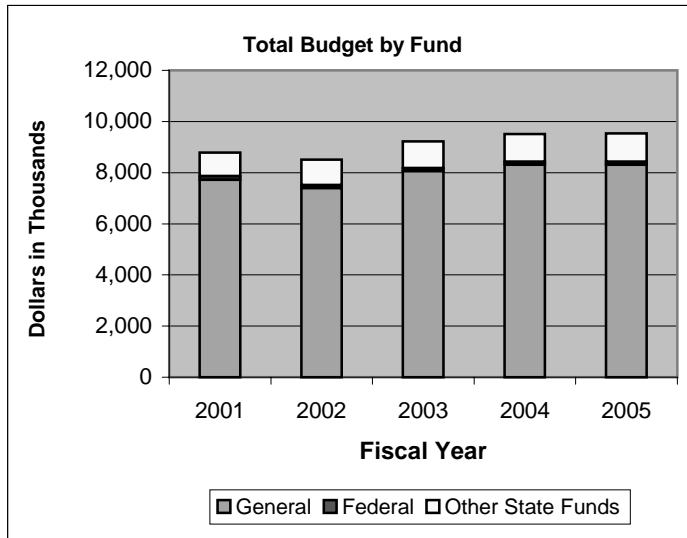
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MN STATE ACADEMIES

Program: RESENDTL ACADEMIES/DEAF&BLIND

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 7,583 | 7,110 | 7,500 | 7,752 | 7,752 | 15,504 | 894 | 6.1% |
| Statutory Appropriations | | | | | | | | |
| General | 142 | 282 | 555 | 555 | 555 | 1,110 | 273 | 32.6% |
| Special Revenue | 891 | 943 | 1,006 | 1,036 | 1,066 | 2,102 | 153 | 7.9% |
| Federal | 127 | 122 | 117 | 117 | 117 | 234 | -5 | -2.1% |
| Miscellaneous Agency | 34 | 35 | 34 | 34 | 34 | 68 | -1 | -1.4% |
| Gift | 10 | 13 | 12 | 12 | 12 | 24 | -1 | -4.0% |
| Endowment | 0 | 0 | 1 | 0 | 0 | 0 | -1 | -100.0% |
| Total | 8,787 | 8,505 | 9,225 | 9,506 | 9,536 | 19,042 | 1,312 | 7.4% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 7,500 | 7,722 | 8,227 | 8,572 | 8,602 | 17,174 | 1,225 | 7.7% |
| Other Operating Expenses | 1,088 | 702 | 952 | 874 | 874 | 1,748 | 94 | 5.7% |
| Capital Outlay & Real Property | 144 | 26 | 0 | 14 | 14 | 28 | 2 | 7.7% |
| Payments To Individuals | 55 | 55 | 46 | 46 | 46 | 92 | -9 | -8.9% |
| Total | 8,787 | 8,505 | 9,225 | 9,506 | 9,536 | 19,042 | 1,312 | 7.4% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|-------------|
| Expenditures by Activity | | | | | | | | |
| Academy For The Deaf | 5,372 | 5,287 | 5,761 | 5,847 | 5,862 | 11,709 | 661 | 6.0% |
| Academy For The Blind | 3,415 | 3,218 | 3,464 | 3,659 | 3,674 | 7,333 | 651 | 9.7% |
| Total | 8,787 | 8,505 | 9,225 | 9,506 | 9,536 | 19,042 | 1,312 | 7.4% |

MN STATE ACADEMIES

Program: RESENDTL ACADEMIES/DEAF&BLIND

Fiscal Report

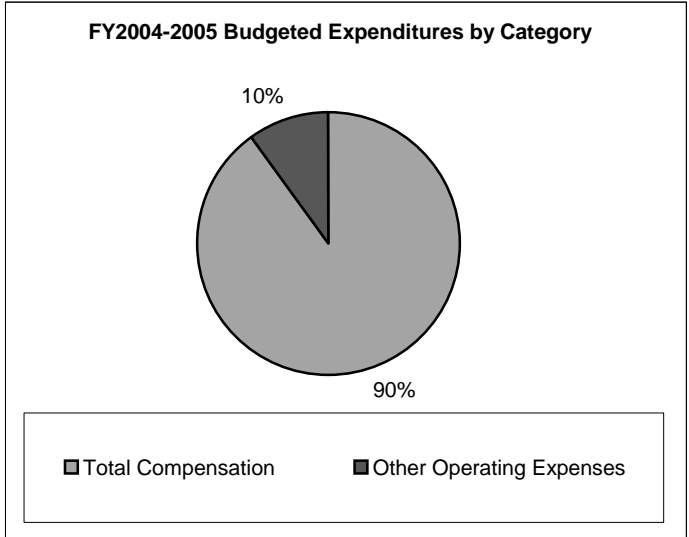
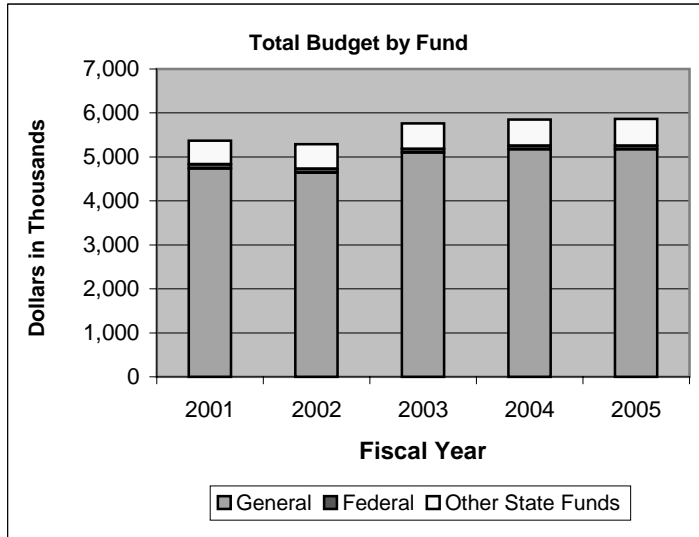
| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------------|--------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Revenue by Type and Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Non Dedicated | | | | | | | | |
| General | 0 | 676 | 701 | 701 | 701 | 1,402 | 25 | 1.8% |
| Special Revenue | 662 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 662 | 676 | 701 | 701 | 701 | 1,402 | 25 | 1.8% |
| Dedicated | | | | | | | | |
| General | 372 | 423 | 395 | 395 | 395 | 790 | -28 | -3.4% |
| Special Revenue | 1,340 | 687 | 1,213 | 1,243 | 1,273 | 2,516 | 616 | 32.4% |
| Federal | 220 | 204 | 207 | 207 | 207 | 414 | 3 | 0.7% |
| Miscellaneous Agency | 226 | 243 | 259 | 259 | 259 | 518 | 16 | 3.2% |
| Gift | 17 | 11 | 12 | 12 | 12 | 24 | 1 | 4.3% |
| Endowment | 0 | 0 | 1 | 0 | 0 | 0 | -1 | -100.0% |
| Subtotal Dedicated | 2,175 | 1,568 | 2,087 | 2,116 | 2,146 | 4,262 | 607 | 16.6% |
| Total Revenue | 2,837 | 2,244 | 2,788 | 2,817 | 2,847 | 5,664 | 632 | 12.6% |
| | | | | | | | | |
| Full-Time Equivalents (FTE) | 132.6 | 127.9 | 122.2 | 122.2 | 122.2 | | | |

MN STATE ACADEMIES

Program: RESENDTL ACADEMIES/DEAF&BLIND

Activity: ACADEMY FOR THE DEAF

Fiscal Report



| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|------------------|------------------|--------------------|----------------|----------------|---------------------|--------------------------------------|-------------|
| Expenditures by Fund | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 4,620 | 4,415 | 4,698 | 4,770 | 4,770 | 9,540 | 427 | 4.7% |
| Statutory Appropriations | | | | | | | | |
| General | 117 | 228 | 400 | 400 | 400 | 800 | 172 | 27.4% |
| Special Revenue | 518 | 528 | 550 | 565 | 580 | 1,145 | 67 | 6.2% |
| Federal | 92 | 85 | 84 | 84 | 84 | 168 | -1 | -0.6% |
| Miscellaneous Agency | 25 | 26 | 25 | 25 | 25 | 50 | -1 | -2.0% |
| Gift | 0 | 5 | 3 | 3 | 3 | 6 | -2 | -25.0% |
| Endowment | 0 | 0 | 1 | 0 | 0 | 0 | -1 | -100.0% |
| Total | 5,372 | 5,287 | 5,761 | 5,847 | 5,862 | 11,709 | 661 | 6.0% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|------------|-------------|
| Total Compensation | 4,640 | 4,748 | 5,084 | 5,227 | 5,242 | 10,469 | 637 | 6.5% |
| Other Operating Expenses | 596 | 488 | 647 | 576 | 576 | 1,152 | 17 | 1.5% |
| Capital Outlay & Real Property | 107 | 19 | 0 | 14 | 14 | 28 | 9 | 47.4% |
| Payments To Individuals | 29 | 32 | 30 | 30 | 30 | 60 | -2 | -3.2% |
| Total | 5,372 | 5,287 | 5,761 | 5,847 | 5,862 | 11,709 | 661 | 6.0% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|--------------|------------|--------------|--------------|--------------|--------------|------------|--------------|
| Dedicated | | | | | | | | |
| General | 277 | 326 | 300 | 300 | 300 | 600 | -26 | -4.2% |
| Special Revenue | 953 | 191 | 710 | 730 | 750 | 1,480 | 579 | 64.3% |
| Federal | 127 | 120 | 117 | 117 | 117 | 234 | -3 | -1.3% |
| Miscellaneous Agency | 23 | 25 | 25 | 25 | 25 | 50 | 0 | 0.0% |
| Gift | 4 | 3 | 3 | 3 | 3 | 6 | 0 | 0.0% |
| Endowment | 0 | 0 | 1 | 0 | 0 | 0 | -1 | -100.0% |
| Subtotal Dedicated | 1,384 | 665 | 1,156 | 1,175 | 1,195 | 2,370 | 549 | 30.1% |
| Total Revenue | 1,384 | 665 | 1,156 | 1,175 | 1,195 | 2,370 | 549 | 30.1% |

| | | | | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|--|--|-------------|
| Full-Time Equivalents (FTE) | 80.2 | 76.5 | 74.4 | 74.4 | 74.4 | | | 0.0% |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|--|--|-------------|

MN STATE ACADEMIES

Program: RESENRTL ACADEMIES/DEAF&BLIND

Activity: ACADEMY FOR THE DEAF

Fiscal Report

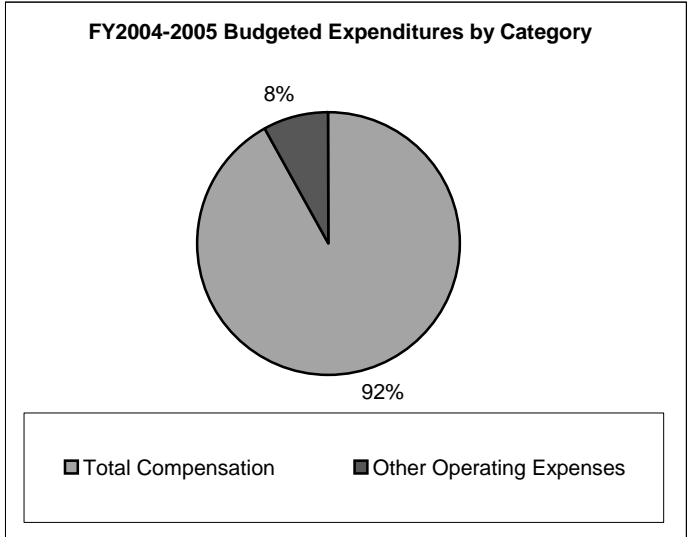
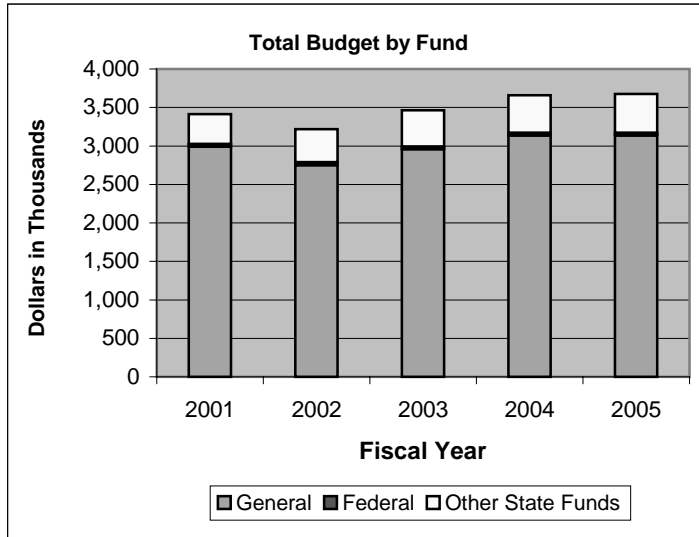
| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base | | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
|-----------------------------|------------------|------------------|--------------------|--------|--------|---------------------|--------------------------------------|---------|
| | | | | FY2004 | FY2005 | | Dollars | Percent |

MN STATE ACADEMIES

Program: RESENDTL ACADEMIES/DEAF&BLIND

Activity: ACADEMY FOR THE BLIND

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------------|-------------|
| | Actual | Actual | Budgeted | Base | | Biennium | Biennial Change | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | 2004-05 / 2002-03 | Percent |
| Direct Appropriations | | | | | | | | |
| General | 2,963 | 2,695 | 2,802 | 2,982 | 2,982 | 5,964 | 467 | 8.5% |
| Statutory Appropriations | | | | | | | | |
| General | 25 | 54 | 155 | 155 | 155 | 310 | 101 | 48.3% |
| Special Revenue | 373 | 415 | 456 | 471 | 486 | 957 | 86 | 9.9% |
| Federal | 35 | 37 | 33 | 33 | 33 | 66 | -4 | -5.7% |
| Miscellaneous Agency | 9 | 9 | 9 | 9 | 9 | 18 | 0 | 0.0% |
| Gift | 10 | 8 | 9 | 9 | 9 | 18 | 1 | 5.9% |
| Total | 3,415 | 3,218 | 3,464 | 3,659 | 3,674 | 7,333 | 651 | 9.7% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 2,860 | 2,974 | 3,143 | 3,345 | 3,360 | 6,705 | 588 | 9.6% |
| Other Operating Expenses | 492 | 214 | 305 | 298 | 298 | 596 | 77 | 14.8% |
| Capital Outlay & Real Property | 37 | 7 | 0 | 0 | 0 | 0 | -7 | -100.0% |
| Payments To Individuals | 26 | 23 | 16 | 16 | 16 | 32 | -7 | -17.9% |
| Total | 3,415 | 3,218 | 3,464 | 3,659 | 3,674 | 7,333 | 651 | 9.7% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|-----------|-------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| General | 95 | 97 | 95 | 95 | 95 | 190 | -2 | -1.0% |
| Special Revenue | 197 | 261 | 265 | 275 | 285 | 560 | 34 | 6.5% |
| Miscellaneous Agency | 9 | 9 | 9 | 9 | 9 | 18 | 0 | 0.0% |
| Gift | 13 | 8 | 9 | 9 | 9 | 18 | 1 | 5.9% |
| Subtotal Dedicated | 314 | 375 | 378 | 388 | 398 | 786 | 33 | 4.4% |
| Total Revenue | 314 | 375 | 378 | 388 | 398 | 786 | 33 | 4.4% |

| | | | | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|--|--|-------------|
| Full-Time Equivalents (FTE) | 52.4 | 51.4 | 47.8 | 47.8 | 47.8 | | | 0.0% |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|--|--|-------------|

Program Description

Academy Operations exists to provide support services required by the Minnesota State Academies Educational Program to run effectively and efficiently.

Population Served

Academy Operations serves 210 enrolled on campus students as well as 206 staff.

Services Provided

Academy Operations includes the following departments: buildings and grounds, personnel, business office, nutrition, and health services. Also included in Academy operations is the fixed cost line item. Services provided include the following:

- ◆ Meeting the health and safety needs of the students.
- ◆ Maintaining and preserving the campuses and the physical plant, including historic buildings, in a manner which assures access and a safe learning and living environment for students and a safe working environment for staff
- ◆ Providing personnel management, human resource needs, contract negotiation and administration.
- ◆ Providing financial management including payroll, purchasing, accounts payable and receivable, and budgeting.
- ◆ Providing health services for students as directed by doctors – medications, treatments, tube feeding, etc. Treating minor injuries, maintaining health records, health screening services and referrals.
- ◆ Providing food services for breakfast, lunch, and dinner to meet the nutritional needs of students following specialized diets or food prep.
- ◆ Fixed costs include electricity, gas, steam, water and sewage, telephones, t-l line, etc.

Historical Perspective

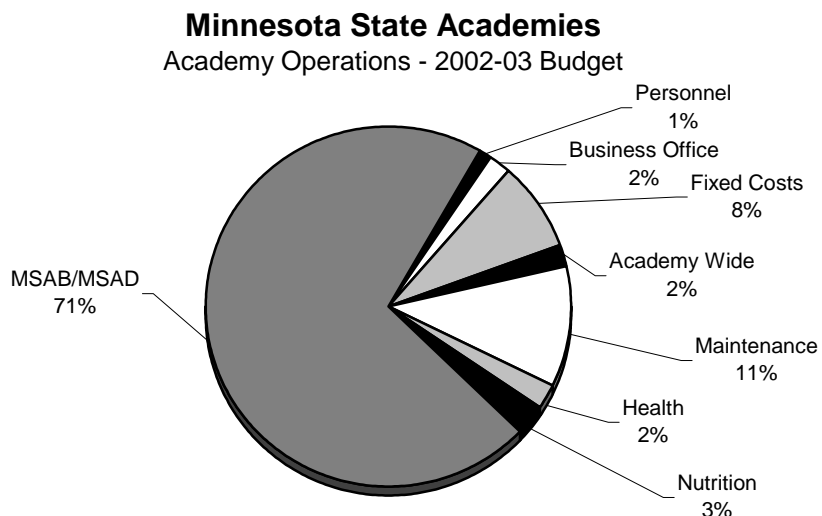
Prior to 1975, each school had a full complement of services. In an effort to economize resources and reduce duplication, the two schools combined the departments above. Demands on the maintenance department increased due to recent capital bonding projects. Renovation means more cleaning, moving furniture and equipment so those services to students are not interrupted and the environment is safe and clean. The department effectively handled these duties without additional cost by postponing other work and having staff handle the increase demands.

In the current biennium the Academies added 20,000 sq. ft to the main building at the MSAB campus consisting of educational classrooms, physical therapy areas, and office space. At the MSAD campus 9,000 sq. ft. was recently renovated and brought back into service as educational classrooms, living skills training area, and office space for the resource centers. Both of these projects have increased the demand on heating, cooling, electricity, and janitorial services. Grounds care is being met minimally due to shift of personnel and building care.

Key Measures

- ◆ Periodic reviews by external agencies validate quality and insure standards are successfully met ie: Legislative Audits, OSHA Standards, Health Standards, Food Inspection, and Department of Children, Families, & Learning reviews.
- ◆ Staff members are licensed appropriately as required by their position description.
- ◆ Documentation of services are available as appropriate for each department as established by statute, rules and state/agency policies.
- ◆ Review and consideration of student, parent, and staff driven evaluations of services.

Activity Funding



Contact

For additional information contact:

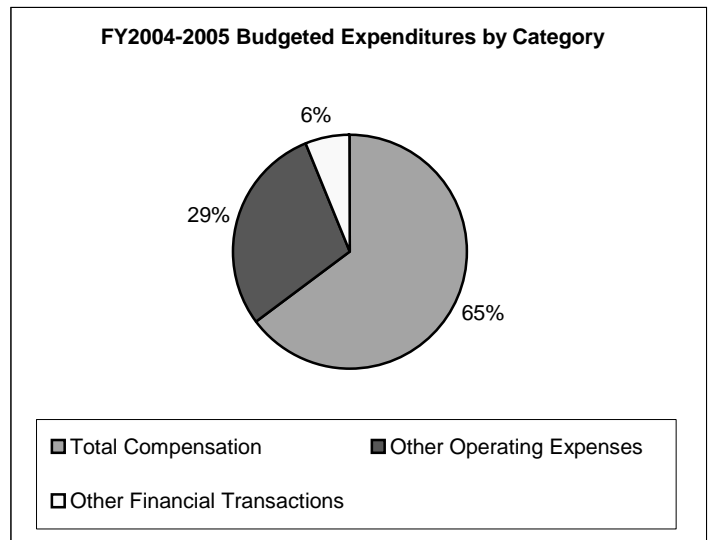
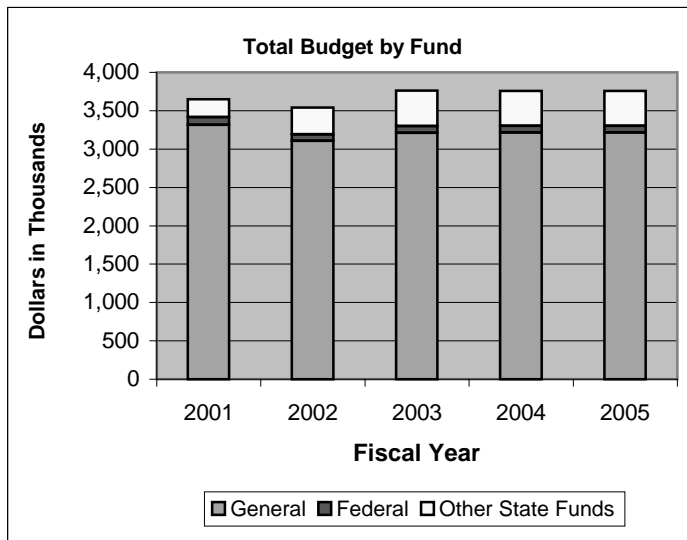
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MN STATE ACADEMIES

Program: ACADEMY OPERATIONS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 3,314 | 3,106 | 3,210 | 3,214 | 3,214 | 6,428 | 112 | 1.8% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 42 | 140 | 236 | 230 | 230 | 460 | 84 | 22.3% |
| Federal | 101 | 85 | 91 | 91 | 91 | 182 | 6 | 3.4% |
| Miscellaneous Agency | 194 | 209 | 225 | 225 | 225 | 450 | 16 | 3.7% |
| Total | 3,651 | 3,540 | 3,762 | 3,760 | 3,760 | 7,520 | 218 | 3.0% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 2,327 | 2,337 | 2,389 | 2,402 | 2,402 | 4,804 | 78 | 1.7% |
| Other Operating Expenses | 1,110 | 940 | 1,104 | 1,089 | 1,089 | 2,178 | 134 | 6.6% |
| Capital Outlay & Real Property | 10 | 46 | 25 | 25 | 25 | 50 | -21 | -29.6% |
| Payments To Individuals | 10 | 8 | 19 | 19 | 19 | 38 | 11 | 40.7% |
| Other Financial Transactions | 194 | 209 | 225 | 225 | 225 | 450 | 16 | 3.7% |
| Total | 3,651 | 3,540 | 3,762 | 3,760 | 3,760 | 7,520 | 218 | 3.0% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|-------------|
| Expenditures by Activity | | | | | | | | |
| Academy Operations | 3,651 | 3,540 | 3,762 | 3,760 | 3,760 | 7,520 | 218 | 3.0% |
| Total | 3,651 | 3,540 | 3,762 | 3,760 | 3,760 | 7,520 | 218 | 3.0% |

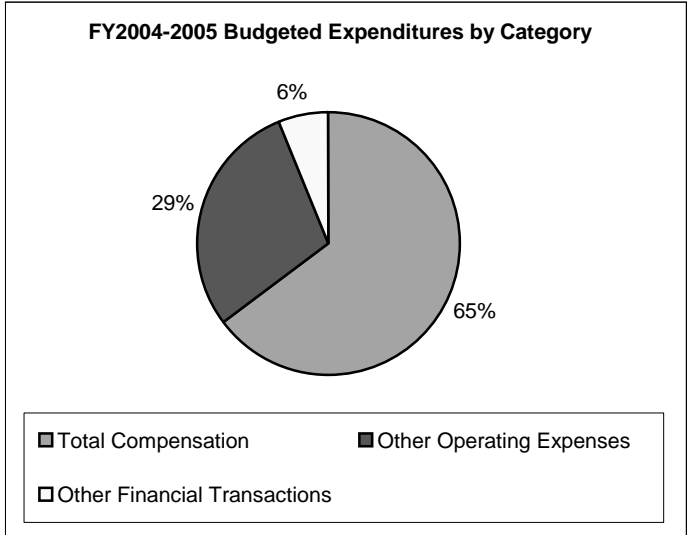
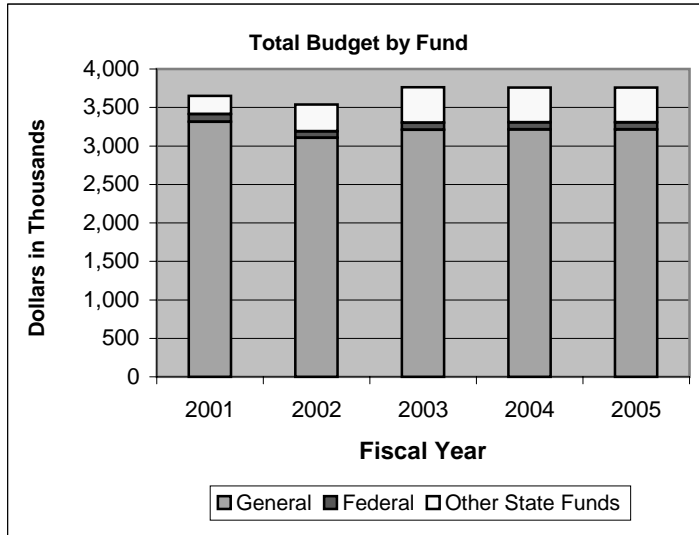
| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 43.7 | 44.4 | 42.8 | 42.8 | 42.8 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

MN STATE ACADEMIES

Program: **ACADEMY OPERATIONS**

Activity: ACADEMY OPERATIONS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------|--------------------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 | Dollars Percent |
| Direct Appropriations | | | | | | | | |
| General | 3,314 | 3,106 | 3,210 | 3,214 | 3,214 | 6,428 | 112 | 1.8% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 42 | 140 | 236 | 230 | 230 | 460 | 84 | 22.3% |
| Federal | 101 | 85 | 91 | 91 | 91 | 182 | 6 | 3.4% |
| Miscellaneous Agency | 194 | 209 | 225 | 225 | 225 | 450 | 16 | 3.7% |
| Total | 3,651 | 3,540 | 3,762 | 3,760 | 3,760 | 7,520 | 218 | 3.0% |
| Expenditures by Category | | | | | | | | |
| Total Compensation | 2,327 | 2,337 | 2,389 | 2,402 | 2,402 | 4,804 | 78 | 1.7% |
| Other Operating Expenses | 1,110 | 940 | 1,104 | 1,089 | 1,089 | 2,178 | 134 | 6.6% |
| Capital Outlay & Real Property | 10 | 46 | 25 | 25 | 25 | 50 | -21 | -29.6% |
| Payments To Individuals | 10 | 8 | 19 | 19 | 19 | 38 | 11 | 40.7% |
| Other Financial Transactions | 194 | 209 | 225 | 225 | 225 | 450 | 16 | 3.7% |
| Total | 3,651 | 3,540 | 3,762 | 3,760 | 3,760 | 7,520 | 218 | 3.0% |
| Full-Time Equivalents (FTE) | 43.7 | 44.4 | 42.8 | 42.8 | 42.8 | | | |

Agency Purpose

Minnesota Department of Natural Resources (DNR) "works with citizens to protect and manage the state's natural resources, provide outdoor recreation opportunities, and provide for commercial uses of natural resources in a way that creates a sustainable quality of life." (*Directions for Natural Resources 2000*, DNR's strategic plan.)

This mission requires sharing stewardship with citizens and partners, working together to address often competing interests, and is supported by two overarching goals:

- ◆ to restore, maintain or enhance the health of Minnesota ecosystems so they continue to serve environmental, social and economic purposes; and
- ◆ to foster an ethic of natural resource stewardship among all Minnesotans.

Core Functions

The DNR's responsibilities are broad. The agency works to provide opportunities for hunting and fishing, recreation and economic development as well as to preserve important features of our natural heritage.

The goal of sustainability guides our work in managing the state's natural resources. Sustainability depends on healthy ecosystems, a vibrant economy and viable communities. Healthy ecosystems support natural resource industries, tourism, outdoor recreation, and the lifestyles important to Minnesotans.

The following key management principles outlined in the department's strategic plan guide the DNR's strategies for managing our natural resources.

- ⇒ Sustaining natural resources and serving state citizens is fundamental to effective resource management.
- ⇒ Cooperate with other agencies, local units of government, citizens, and stakeholders to effectively manage natural resources.
- ⇒ Take a systems approach to resource management that integrates broad management efforts.
- ⇒ Meet complex challenges through the use of sound scientific principles, accurate information and state-of-the-art technology.
- ⇒ Communicate to internal and external audiences.
- ⇒ Make resource and land use decisions at the local level.
- ⇒ Develop an environmental stewardship ethic among all Minnesotans through education.
- ⇒ Model the sustainable use of natural resources in our work and personal lives.
- ⇒ Integrate planning and budgeting across area, regional, and state organizational levels.
- ⇒ Develop an effective and skilled workforce.
- ⇒ Produce high quality products and services.

Operations

The DNR works directly with citizens, stakeholder groups and all levels of government in providing scientific and technical expertise, setting priorities and managing diverse natural resources.

At A Glance

FY 2002-03 Budget

The total of all appropriations available to the DNR for the biennium is \$639.3 million.

Of this amount the DNR's operating budget is \$520.5 million, which includes direct and statutory appropriations of \$506.2 million and a General Fund open appropriation of \$14.3 million for firefighting.

\$75.1 million of the total is appropriated to the agency for grants and pass-through payments.

In addition \$43.7 million of the total is available to fund Legislative Commission on Minnesota Resources (LCMR)-recommended environment and natural resources projects and grants.

Minnesota's population is expected to increase to 5.2 million by 2020. Population growth and development trends put intense pressures on the state's natural resources. Land use conversion fragments natural landscapes. Changes in recreational vehicles, equipment and user preferences (jet skis, fish finders, off road vehicles) also add pressure to natural resources.

The DNR administers 12 million acres in mineral rights and 5.3 million acres of land for state forests, wildlife management areas, parks, recreation areas, scientific and natural areas, state trails, and public water access sites.

The agency is organized into nine operating divisions and five support bureaus. Staff work out of 200 field offices that are located statewide within four designated regions.

- ⇒ **Lands and Minerals** manages agency real estate transactions and provides expertise on mineral exploration, mining and mineland reclamation.
- ⇒ **Waters** monitors all phases of the hydrologic cycle, managing impacts on wetland, lake, river and groundwater phases of the hydrologic cycle.
- ⇒ **Forestry** ensures the sustainable yield of forest resources while balancing the need to protect wildlife habitat and provide for recreation in state forests. The division also protects citizens and property from wildfires.
- ⇒ **Parks & Recreation** operates a system of state park and forest campgrounds that preserves and manages natural, scenic and cultural resources, and offers opportunities for recreation and education.
- ⇒ **Trails & Waterways** provides access to lakes, rivers and streams; designates boating routes; and maintains a statewide network of recreational trails.
- ⇒ **Fisheries** protects and enhances the state's fishery resources through research, determining catch limits, stocking and habitat restoration.
- ⇒ **Wildlife** manages wildlife populations, regulates hunting limits, conducts land and aerial surveys and improves habitat on public and private land.
- ⇒ **Ecological Services** ensures healthy, resilient ecosystems through research on native plant and animal communities and provides extensive public information.
- ⇒ **Enforcement** ensures compliance with the laws related to game and fish and the operation of watercraft, snowmobiles, ATVs and other recreational vehicles.
- ⇒ **Operations Support** contains the five bureaus that provide administrative and support services to all other DNR divisions, as well as direct services to the general public.

Budget

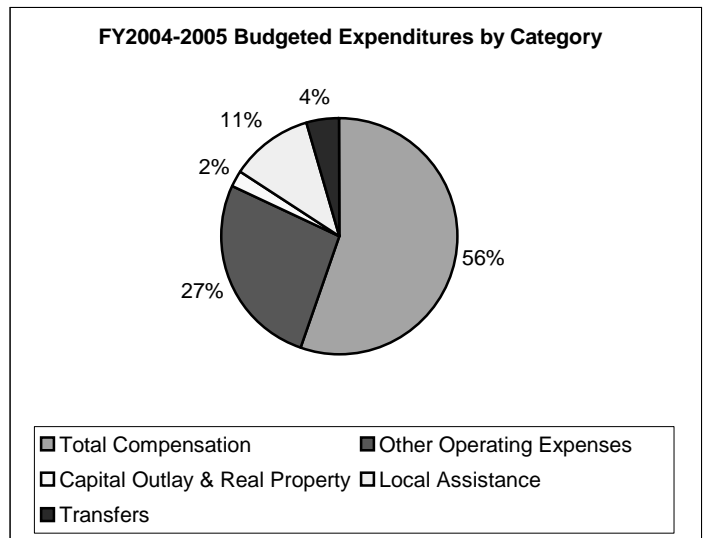
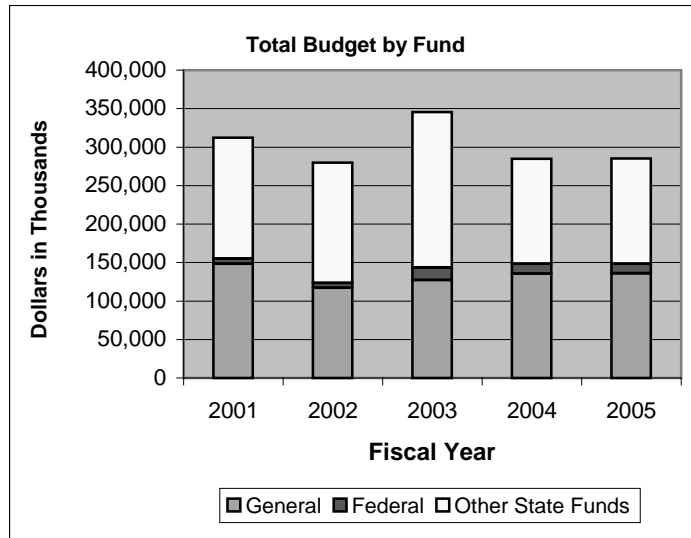
Of the \$639.3 million in total appropriations to the DNR for FY 2002-03, 41.3% is from the General Fund, 25.9% from the Game and Fish Fund, 15.0% from the Natural Resources Fund, 7.0% from special revenue funds, 3.9% from federal funds, and 6.8% from the Environmental Trust and Minnesota Resources Funds for LCMR-recommended projects.

About 40% of total appropriations to the DNR are made from accounts where the money is generated from user fees: licenses, registrations, titling, permits, gas tax, agreements, donations and participation fees. Typically user fees are deposited in dedicated and special revenue accounts (mainly within the Natural Resources, Game and Fish Funds and special revenue accounts) and appropriated to the agency for a specific purpose.

Contact

| | |
|---------------------------------|---|
| Department of Natural Resources | Allen Garber, Commissioner |
| 500 Lafayette Road | Phone: (651) 296-2549 |
| St. Paul, Minnesota 55155 | Fax: (651) 296-4799 |
| | http://www.dnr.state.mn.us |

For information on how this agency measures whether it is meeting its statewide goals, please refer to <http://www.departmentresults.state.mn.us/>.



| <i>Dollars in Thousands</i> | | | | | | | | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
| | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| Environment & Natural Resource | 6,523 | 13,646 | 19,924 | 0 | 0 | 0 | -33,570 | -100.0% |
| General | 124,756 | 101,016 | 110,219 | 104,658 | 104,658 | 209,316 | -1,919 | -0.9% |
| Minnesota Resources | 876 | 8,919 | 6,769 | 0 | 0 | 0 | -15,688 | -100.0% |
| Natural Resources | 38,549 | 41,478 | 51,425 | 41,682 | 41,682 | 83,364 | -9,539 | -10.3% |
| Game And Fish (Operations) | 80,634 | 69,735 | 88,070 | 70,142 | 70,142 | 140,284 | -17,521 | -11.1% |
| Iron Range Resources & Rehab | 24 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Solid Waste | 100 | 100 | 100 | 100 | 100 | 200 | 0 | 0.0% |
| Permanent School | 28 | 30 | 142 | 0 | 0 | 0 | -172 | -100.0% |
| Open Appropriations | | | | | | | | |
| General | 22,696 | 15,952 | 16,765 | 30,577 | 31,046 | 61,623 | 28,906 | 88.4% |
| Natural Resources | 330 | 256 | 323 | 323 | 323 | 646 | 67 | 11.6% |
| Game And Fish (Operations) | 1,112 | 856 | 1,151 | 1,151 | 1,151 | 2,302 | 295 | 14.7% |
| Statutory Appropriations | | | | | | | | |
| General | 991 | 90 | 205 | 120 | 100 | 220 | -75 | -25.4% |
| Natural Resources | 527 | 476 | 2,866 | 1,119 | 669 | 1,788 | -1,554 | -46.5% |
| Special Revenue | 16,478 | 16,534 | 21,434 | 15,821 | 15,838 | 31,659 | -6,309 | -16.6% |
| Game And Fish (Operations) | 2,295 | 2,126 | 3,170 | 2,624 | 2,636 | 5,260 | -36 | -0.7% |
| Federal | 6,694 | 6,262 | 16,146 | 13,249 | 12,807 | 26,056 | 3,648 | 16.3% |
| Environmental | 0 | 25 | 719 | 1,110 | 1,989 | 3,099 | 2,355 | 316.5% |
| Reinvest In Minnesota | 1,178 | 758 | 963 | 851 | 851 | 1,702 | -19 | -1.1% |
| Miscellaneous Agency | 7,258 | 95 | 100 | 28 | 15 | 43 | -152 | -77.9% |
| Gift | 972 | 1,283 | 4,552 | 1,336 | 1,339 | 2,675 | -3,160 | -54.2% |
| Permanent School | 203 | 16 | 505 | 48 | 19 | 67 | -454 | -87.1% |
| Total | 312,224 | 279,653 | 345,548 | 284,939 | 285,365 | 570,304 | -54,897 | -8.8% |

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|----------------|----------------|-----------------|----------------|----------------|-----------------|--------------------------|----------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Expenditures by Category | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Total Compensation | 151,559 | 153,297 | 165,203 | 156,831 | 156,821 | 313,652 | -4,848 | -1.5% |
| Other Operating Expenses | 92,782 | 65,970 | 105,551 | 75,621 | 75,947 | 151,568 | -19,953 | -11.6% |
| Capital Outlay & Real Property | 18,553 | 10,256 | 17,774 | 6,321 | 6,310 | 12,631 | -15,399 | -54.9% |
| Payments To Individuals | 212 | 139 | 48 | 0 | 0 | 0 | -187 | -100.0% |
| Local Assistance | 47,569 | 48,359 | 54,520 | 32,142 | 32,026 | 64,168 | -38,711 | -37.6% |
| Other Financial Transactions | 1,549 | 1,632 | 2,452 | 1,567 | 1,568 | 3,135 | -949 | -23.2% |
| Transfers | 0 | 0 | 0 | 12,457 | 12,693 | 25,150 | 25,150 | n.m |
| Total | 312,224 | 279,653 | 345,548 | 284,939 | 285,365 | 570,304 | -54,897 | -8.8% |

Expenditures by Program

| | | | | | | | | |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--------------|
| Land & Minerals Resource Mgmt | 15,817 | 8,423 | 11,271 | 22,365 | 22,752 | 45,117 | 25,423 | 129.1% |
| Water Resources Mgmt | 14,642 | 12,200 | 15,216 | 14,148 | 14,148 | 28,296 | 880 | 3.2% |
| Forest Management | 63,851 | 53,929 | 63,062 | 58,410 | 58,430 | 116,840 | -151 | -0.1% |
| Parks & Recreation Mgmt | 46,036 | 45,114 | 48,332 | 41,966 | 41,965 | 83,931 | -9,515 | -10.2% |
| Trails & Waterways Mgmt | 23,508 | 24,042 | 34,456 | 22,943 | 22,493 | 45,436 | -13,062 | -22.3% |
| Fish Management | 38,605 | 33,323 | 42,520 | 34,030 | 34,083 | 68,113 | -7,730 | -10.2% |
| Wildlife Management | 28,652 | 22,117 | 33,384 | 24,093 | 24,105 | 48,198 | -7,303 | -13.2% |
| Ecological Services | 12,237 | 9,289 | 15,008 | 9,776 | 10,655 | 20,431 | -3,866 | -15.9% |
| Enforcement-Nr Laws&Rules | 26,324 | 23,652 | 27,278 | 24,210 | 24,200 | 48,410 | -2,520 | -4.9% |
| Operations Support | 42,552 | 47,564 | 55,021 | 32,998 | 32,534 | 65,532 | -37,053 | -36.1% |
| Total | 312,224 | 279,653 | 345,548 | 284,939 | 285,365 | 570,304 | -54,897 | -8.8% |

Revenue by Type and Fund**Non Dedicated**

| | | | | | | | | |
|--------------------------------|--------|--------|--------|--------|--------|---------|-------|---------|
| Environment & Natural Resource | 6 | 3 | 2 | 2 | 2 | 4 | -1 | -20.0% |
| General | 799 | 8,469 | 8,159 | 8,159 | 8,159 | 16,318 | -310 | -1.9% |
| Minnesota Resources | 0 | 1 | 2 | 2 | 2 | 4 | 1 | 33.3% |
| Natural Resources | 14,344 | 19,682 | 20,441 | 20,426 | 20,266 | 40,692 | 569 | 1.4% |
| Cambridge Deposit Fund | 13,242 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Game And Fish (Operations) | 63,238 | 67,415 | 67,272 | 68,709 | 70,629 | 139,338 | 4,651 | 3.5% |
| Permanent School | 19 | 388 | 13 | 0 | 0 | 0 | -401 | -100.0% |
| Subtotal Non Dedicated | 91,648 | 95,958 | 95,889 | 97,298 | 99,058 | 196,356 | 4,509 | 2.4% |

Dedicated

| | | | | | | | | |
|----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|-------------|
| General | 1,038 | 231 | 153 | 108 | 100 | 208 | -176 | -45.8% |
| Minnesota Resources | 0 | 1,363 | 2,215 | 2,039 | 1,720 | 3,759 | 181 | 5.1% |
| Natural Resources | 659 | 986 | 1,137 | 1,119 | 669 | 1,788 | -335 | -15.8% |
| Special Revenue | 20,392 | 17,495 | 16,763 | 16,704 | 16,952 | 33,656 | -602 | -1.8% |
| Game And Fish (Operations) | 2,648 | 2,659 | 2,599 | 2,624 | 2,636 | 5,260 | 2 | 0.0% |
| Federal | 7,654 | 8,560 | 13,295 | 13,124 | 12,807 | 25,931 | 4,076 | 18.7% |
| Reinvest In Minnesota | 317 | 364 | 163 | 163 | 163 | 326 | -201 | -38.1% |
| Miscellaneous Agency | 9,932 | 2,555 | 5,286 | 7,184 | 8,088 | 15,272 | 7,431 | 94.8% |
| Gift | 1,685 | 1,282 | 1,650 | 1,336 | 1,339 | 2,675 | -257 | -8.8% |
| Permanent School | 15,801 | 13,689 | 14,317 | 15,131 | 15,970 | 31,101 | 3,095 | 11.1% |
| Subtotal Dedicated | 60,126 | 49,184 | 57,578 | 59,532 | 60,444 | 119,976 | 13,214 | 12.4% |
| Total Revenue | 151,774 | 145,142 | 153,467 | 156,830 | 159,502 | 316,332 | 17,723 | 5.9% |

| | | | | | |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Full-Time Equivalents (FTE) | 2,847.1 | 2,745.9 | 2,742.6 | 2,560.5 | 2,554.5 |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|

Program Description

The Division of Lands and Minerals is responsible for implementing land policy on state-owned lands and managing real estate and mineral transactions for state lands. The division manages real estate transactions on about five million acres of state-owned lands and mineral transactions for about 12 million acres of state-owned and tax-forfeited mineral rights. The division has regulatory authority to ensure that reclamation is conducted at metallic mineral and peat mines and is a principal proponent of environmentally sound mining.

The primary real estate functions include purchases, sales, exchanges, and leasing of state lands. The division implements the strategic resource management plans of the department by purchasing sensitive habitat and strategically important natural resources lands, and exchanging or selling lands to meet natural resource management objectives.

The primary mineral functions include managing state mineral leases for exploration and mining, negotiating lease rates, and collecting revenue from mining activities. In addition, the division provides technical assistance to local governments on land use and non-metallic mining issues.

The division also manages three minerals research programs that are intended to maintain the competitiveness of the taconite industry, diversify the minerals industry within the state, and address environmental issues related to mining.

Services Provided

The division provides a myriad of real estate and minerals services for a variety of internal and external customers. These services, which are core to the mission of the division, are as follows.

⇒ Real Estate and Mineral Transactions

Transactions include: land acquisitions; land exchanges; land sales; road easements; utility licenses; real estate tax and special assessment payments; and mineral and agricultural leases. Land is acquired in fee title and for various types of easements designed to protect habitat. Mineral leases include those for taconite, iron ore, non-ferrous metallic, horticultural peat, and industrial minerals.

Core responsibilities also include collecting mineral rental and royalty payments, title research, calculating PILT payments for state-owned lands, and conducting legislatively-mandated reviews for county-proposed, tax-forfeited land sales. Additional responsibilities include maintaining the Land and Mineral Rights Information System that holds records for 400,000 individual parcels of Department of Natural Resources (DNR) lands and county administered lands held in trust by the state.

⇒ Mineral Potential and Engineering

Responsibilities include developing fundamental mineral resource information to support state mineral lease sales and mining. This staff generates mineral resource estimates, calculates ore quality, determines mineral reserves, conducts field inspections, and calculates state royalties due from exploration and mining on leased state lands. The staff also provides technical information, such as construction aggregate data, to county boards and zoning and planning commissions throughout the state.

⇒ Mineland Reclamation

The division has statutory authority for establishing and enforcing regulations for reclamation of lands disturbed by mining. This authority pertains to iron ore, taconite, non-ferrous metallic minerals, and peat. Responsibilities include: reducing the environmental impacts of mining; issuing permits and ensuring reclamation during and following completion of mining; determining effective reclamation techniques;

Program at a Glance

- ◆ National Rankings*
 - 1st in taconite production
 - 8th in non-fuel mineral production
 - 9th in sand and gravel production
 - 3rd in horticultural peat production
- ◆ \$10 million in revenue for FY 2002
- ◆ 12 million acres of land managed for mineral rights.
- ◆ Eight million acres of surface rights managed for horticultural peat, industrial minerals, and construction materials.
- ◆ Fiduciary responsibilities for the Permanent School Fund and Permanent University Fund
- ◆ Manages three research and development programs.
- ◆ Manages the reclamation of mined lands
- ◆ Manages land acquisitions, sales, and exchanges on five million acres

* Source: United States Geological Survey, Minerals

enforcing reclamation law; ensuring public review and input to the permitting process; developing and implementing mine closure plans for bankruptcies; and promulgating -- or amending -- regulations as required.

⇒ Minerals Research

The division manages three research programs: Iron Ore Cooperative Research, Minerals Diversification, and Environmental Cooperative Research. Statutes direct the research to support and diversify the states mineral industry and address environmental issues related to mining. These programs are typically co-funded with non-state monies and are currently supported with over \$500,000 from the U.S. Department of Energy, Cleveland Cliffs Northshore, Minnesota Power, the Permanent University Trust Fund, and others.

⇒ Land Survey

The land survey staff provides land surveying services and boundary staking and platting for acquisitions, conservation easements, land sales, trespass situations, and other activities. Core functions include land title research, review of encroachments and adjoiner rights, resolution of conflicts, computations and computer assisted drafting (CAD), and review of all quiet title actions served upon the department.

Historical Perspective

The current structure of the division is a result of a 1999 merger of the former Division of Minerals and the Bureau of Real Estate Management and the 2001 transfer of the Land Survey Unit from Facilities and Operations Services to the Division of Lands and Minerals. The division's responsibilities now reflect its overall responsibilities as they were in 1968 as part of the Minnesota Department of Conservation.

From a historical perspective, mineral development in Minnesota was dominated by the extraction of iron ore from the 1890s to the 1950s, followed by development of the taconite process in the early 1950s, and construction of taconite plants in the late 1960s. The latest generation of value-added iron processing has begun with the funding of the Mesabi Nugget demonstration plant that will test a process of producing high-purity iron. The state of Minnesota, U.S. Department of Energy, Kobe Steel Ltd., and a number of domestic iron ore and steel companies are providing financial support for this project.

Other non-ferrous mineral commodities were discovered in Minnesota in the 1960s; modest metallic mineral leasing and exploration continue today. There are currently 276 active non-ferrous metallic mineral leases in the state covering 84,441 acres. Spurring some of the interest are platinum and palladium prospects, which have resulted in continuing exploration by multi-national corporations. In addition, the low-grade copper-nickel deposits near Hoyt Lakes continue to be evaluated by mineral exploration companies. Most recently, a Canadian firm has plans to extract a 35,000-ton bulk sample to test the extraction of minerals using a proprietary mineral processing method.

Historically, sales of construction aggregates (natural sand and gravel and crushed stone) from state lands have been limited. Currently, the growth in the metropolitan area has led to an increasing demand for construction aggregates. An impending shortage of materials in the Twin Cities has lead to increased requests for permits for mining in the collar-counties surrounding the metropolitan area. Directed by M.S. 84.94, Aggregate Mapping and Protection, the division has completed county aggregate evaluations for 9 counties and funded the reassessment of construction aggregate resources in the Seven-County Metropolitan Area. Mapping in 3 other counties is underway.

Key Measures

Real Estate Transactions

The following table contains information on department land acquisitions, land sales, and land exchanges for FY 2002. DNR programs acquiring land include: Aquatic Management Areas, Canoe and Boating Routes, Fish Management Areas, Native Prairie Bank, Scientific & Natural Areas, State Parks, State Trails, Water Access Sites, and Wildlife Management Areas. Real estate transactions are a measure of the department's progress toward its land management goals. As such, land acquisitions are used as a measurement for two of the department's twelve results indicators: "Acres acquired in Parks, WMA's, and SNAs" and "Miles of bicycle trails" (these indicators are described at www.departmentresults.state.mn.us).

NATURAL RESOURCES DEPT

Program: LANDS & MINERALS RESOURCE MGMT

Narrative

Land Acquisitions, Sales, and Exchange Statistics, FY 2002

| Land Acquisitions FY 2002 | Number of Parcels | Acres | Cost \$* |
|---------------------------------------|-------------------|-------|--------------|
| Fee Title, Purchased | 91 | 5,527 | |
| Easements, Purchased | 40 | 1,767 | |
| Total** | 131 | 7,294 | \$18,208,621 |
| **includes Gifts (17 fee, 3 easement) | | | |
| | 20 | 991 | |
| ** includes Condemnation | | | |
| | 1 | 4 | |
| Land Sales | 30 | 338 | \$858,532 |
| Land Exchanges | | | |
| Lands relinquished | | 2,138 | \$1,510,000 |
| Lands Acquired | | 4,993 | \$1,515,000 |

* Costs for acquisitions includes land value and other costs including appraisal fee, recording fee, property taxes, etc.

Based on data from Minnesota Accounting and Procurements Systems (MAPS)

Data source for acquisitions and land sale: AS/400 database, Division of Lands and Minerals, MN DNR, August 2002

Data source for land exchange: Land exchange documents, Division of Lands and Minerals, MN DNR, August 2002

Land Revenue

The real estate-related activities generated about \$2.4 million in FY 2002. Revenue related to various types of sales and leases represents 93% of the total. The chart illustrates the types and level of activity that produced revenue in FY 2002.

Mineral Revenue

Mineral revenue totaled \$10.428 million in FY 2001 and \$7.567 million in FY 2002. Taconite mining generated about 95% of the revenue, and while the tonnage of crude ore mined increased by about 1.7 million tons between the two years, FY 2002 revenues decreased from a historic high in the previous fiscal year. The reasons are twofold. First, were the unexpected shutdowns – the LTV Steel Mining Company closure in January of 2001 and several months of shutdowns at National Steel Pellet Co. and Hibbing Taconite Co. Second, were the two across-the-board royalty reductions the state provided to help maintain the vitality of the taconite industry and, indirectly, the domestic steel producers who have been competing with low-cost imported steel.

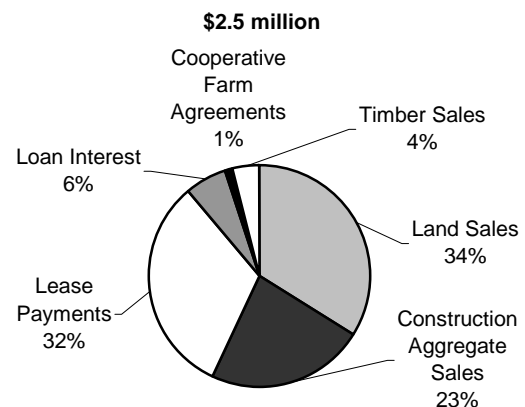
Under the provisions of M.S. 93.335, Subd. 4, the state annually distributes 80% of the mineral rents and royalties generated from the tax-forfeited lands to local taxing districts.

External Factors related to mineral revenue

LTV Steel Company, Inc. filed under Chapter 11 of the Bankruptcy Code on December 29, 2000. As authorized under the bankruptcy proceedings, LTV Steel Mining Company rejected many of the state taconite leases it held in Minnesota. The state has filed pre-petition and post-petition claims for rents, royalties and inspection fees due under the rejected state leases. The claims total \$596,115 (claim periods: October 1, 2000 - December 29, 2000 and July 1, 2001 - October 30, 2001).

National Steel Corporation filed under Chapter 11 of the Bankruptcy Code on March 6, 2002. National Steel Pellet Company continues to mine and remove taconite from state leased lands in Minnesota. The company is making post-petition payment due on taconite removed from state lands. The state has a pre-petition claim for rents, royalties, and inspection fees totaling \$528,971 (claim periods: January 1, 2002 - March 5, 2002.) If

Land Revenue FY 2002



NATURAL RESOURCES DEPT

Program: LANDS & MINERALS RESOURCE MGMT

Narrative

National elects to assume the leases, this amount must be paid in full. If National elects to reject the leases, the amount due will be a general claim in the bankruptcy proceedings.

Future mineral revenues are contingent on the mining plans of the companies operating in Minnesota. United States Steel LLC and National Steel Pellet Company currently generate the majority of state mineral revenues. Because National is in Chapter 11, United States Steel LLC is for sale, and other problematic issues, revenue projections and other forward looking statements contain a major element of risk. Past production cannot be used to predict future revenue.

Contact

William C. Brice, Division Director

Phone: (651) 296-9553

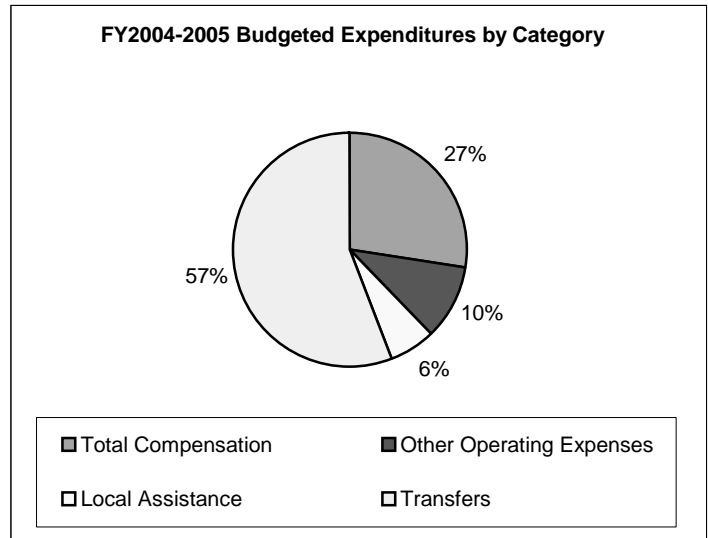
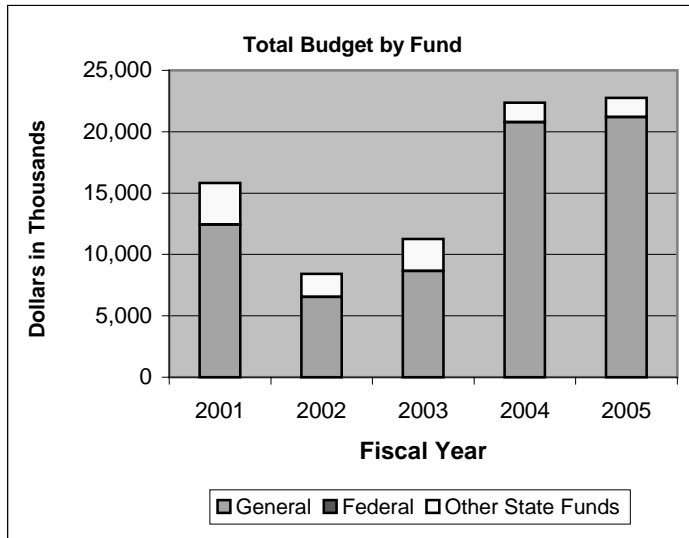
Fax: (651) 296-5939

http://www.dnr.state.mn.us/lands_minerals

NATURAL RESOURCES DEPT

Program: LAND & MINERALS RESOURCE MGMT

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| Environment & Natural Resource | 392 | 94 | 0 | 0 | 0 | 0 | -94 | -100.0% |
| General | 6,745 | 6,409 | 7,705 | 7,253 | 7,253 | 14,506 | 392 | 2.8% |
| Minnesota Resources | 92 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Natural Resources | 152 | 150 | 158 | 156 | 156 | 312 | 4 | 1.3% |
| Game And Fish (Operations) | 420 | 856 | 894 | 887 | 887 | 1,774 | 24 | 1.4% |
| Permanent School | 28 | 30 | 142 | 0 | 0 | 0 | -172 | -100.0% |
| Open Appropriations | | | | | | | | |
| General | 5,688 | 141 | 940 | 13,529 | 13,945 | 27,474 | 26,393 | 2441.5% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 2,097 | 727 | 927 | 492 | 492 | 984 | -670 | -40.5% |
| Permanent School | 203 | 16 | 505 | 48 | 19 | 67 | -454 | -87.1% |
| Total | 15,817 | 8,423 | 11,271 | 22,365 | 22,752 | 45,117 | 25,423 | 129.1% |
| Expenditures by Category | | | | | | | | |
| Total Compensation | 5,326 | 6,217 | 6,726 | 6,184 | 6,184 | 12,368 | -575 | -4.4% |
| Other Operating Expenses | 2,583 | 1,590 | 3,304 | 2,351 | 2,322 | 4,673 | -221 | -4.5% |
| Capital Outlay & Real Property | 43 | 10 | 0 | 0 | 0 | 0 | -10 | -100.0% |
| Local Assistance | 7,865 | 606 | 1,241 | 1,373 | 1,553 | 2,926 | 1,079 | 58.4% |
| Transfers | 0 | 0 | 0 | 12,457 | 12,693 | 25,150 | 25,150 | n.m. |
| Total | 15,817 | 8,423 | 11,271 | 22,365 | 22,752 | 45,117 | 25,423 | 129.1% |
| Expenditures by Activity | | | | | | | | |
| Land & Minerals Resource Mgmt | 15,817 | 8,423 | 11,271 | 22,365 | 22,752 | 45,117 | 25,423 | 129.1% |
| Total | 15,817 | 8,423 | 11,271 | 22,365 | 22,752 | 45,117 | 25,423 | 129.1% |

NATURAL RESOURCES DEPT

Program: LAND & MINERALS RESOURCE MGMT

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|-------------------|--------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Revenue by Type and Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Non Dedicated | | | | | | | | |
| General | 6 | 283 | 384 | 384 | 384 | 768 | 101 | 15.1% |
| Cambridge Deposit Fund | 235 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Game And Fish (Operations) | 238 | 204 | 196 | 196 | 196 | 392 | -8 | -2.0% |
| Permanent School | 19 | 388 | 13 | 0 | 0 | 0 | -401 | -100.0% |
| Subtotal Non Dedicated | 498 | 875 | 593 | 580 | 580 | 1,160 | -308 | -21.0% |
| Dedicated | | | | | | | | |
| Special Revenue | 2,815 | 1,010 | 844 | 675 | 676 | 1,351 | -503 | -27.1% |
| Miscellaneous Agency | 2,573 | 2,355 | 5,157 | 7,057 | 7,957 | 15,014 | 7,502 | 99.9% |
| Permanent School | 7,342 | 6,428 | 6,591 | 7,174 | 7,774 | 14,948 | 1,929 | 14.8% |
| Subtotal Dedicated | 12,730 | 9,793 | 12,592 | 14,906 | 16,407 | 31,313 | 8,928 | 39.9% |
| Total Revenue | 13,228 | 10,668 | 13,185 | 15,486 | 16,987 | 32,473 | 8,620 | 36.1% |
| | | | | | | | | |
| Full-Time Equivalents (FTE) | 84.1 | 93.1 | 95.7 | 90.2 | 90.2 | | | |

Program Description

Department of Natural Resources (DNR) Waters primary responsibility is to maintain the physical integrity of our lakes, rivers, and water supplies. This work is done in cooperation with local units of government and the public. DNR Waters measures rainfall, lake levels, stream flow, and ground water levels. DNR Waters gathers and interprets water resource data to describe how human activities impact the hydrologic system and how negative impacts can be mitigated.

DNR Waters programs address problems of flooding, drought, erosion, sedimentation, well interference, water supply shortages, water use conflicts, lake level conflicts, damage to shoreland and riparian habitat, loss of wetlands, encroachment onto the beds of public waters, shoreland and floodplain zoning conflicts, and unsafe dams. In carrying out its regulatory responsibilities it must strike a balance between resource protection and reasonable use. Its statutory duties are found under Chapters 103A through 103I, with the bulk of its duties in Chapter 103G.

Program at a Glance

- ◆ Administered over \$100 million in flood damage reduction grants since 1997.
- ◆ Regulate over 21,000 public waters basins and 92,000 miles of public watercourses.
- ◆ Permit and monitor about 7,000 large water users.
- ◆ Enforce dam safety regulations at over 1,000 public and private dams.
- ◆ Manage statewide monitoring networks for precipitation, lake levels, stream flow, and ground water levels.
- ◆ Assist 450 local governments administer floodplain ordinances, and 250 local governments administer shoreland ordinances.

Population Served

DNR Waters provides water resources data, information, stewardship education, and water resources technical assistance to other state and federal agencies, local government officials, planning commissions, consultants, environmental organizations, teachers, and the public. DNR Waters provides grants, training, and technical assistance to local governments. DNR Waters regulates certain activities of riparian land owners, dam owners, owners proposing projects that would result in filling or excavation of public waters, and water users who exceed the threshold of one million gallons per year.

Services Provided

DNR Waters:

- ◆ gathers, compiles, and interprets information from a precipitation monitoring network of over 1,200 volunteers managed by the State Climatologist in cooperation with soil and water conservation districts;
- ◆ gathers, compiles, and interprets water level data from a lake level monitoring network encompassing about 1,000 lakes with the assistance of about 700 citizen volunteers and several local government partners;
- ◆ operates a river floodwarning system that includes 32 automated stream gages in cooperation with the U.S. Geological Survey, the National Weather Service, and 24 municipalities; and provides matching funds to support 30 stream flow monitoring gages operated by the U.S. Geological Survey under the national cooperative stream gaging program;
- ◆ gathers, compiles, and interprets water level data from over 700 ground water observation wells in partnership with soil and water conservation districts;
- ◆ collects information on water use from approximately 7,000 water appropriation permit holders and approves municipal emergency and water conservation plans;
- ◆ prepares County Geologic Atlases and Regional Ground Water Assessments in cooperation with the Minnesota Geological Survey and local government partners; and seals abandoned wells on state property;
- ◆ delineates and prepares maps of ground water aquifers and surface water watersheds;
- ◆ defines the boundaries of state regulatory jurisdiction on wetlands, lakes, and rivers by determining the ordinary high water level of public waters;
- ◆ administers grants for local flood damage reduction and dam repair/removal projects;
- ◆ assists counties and cities in developing and administering zoning ordinances for shorelands, floodplains, and wild and scenic rivers;

- ◆ investigates and resolves domestic well interference problems that may be caused by high capacity wells; and
- ◆ regulates work below the ordinary high water level of public waters; withdrawals of water from surface and ground water sources; and construction, operation and maintenance of dams.

Historical Perspective

DNR Waters statutory responsibilities to protect Minnesota's public waters and water supply through a state permit program date back to 1937. It was given responsibility to set minimum standards for local shoreland and floodplain zoning ordinances in the 1960s. It was charged with conducting a statewide inventory of public waters basins and watercourses in the 1970s. Grant programs for flood damage reduction and dam safety were created in the 1980s. DNR Waters was given responsibility for the County Atlas Program in the Groundwater Protection Act of 1989.

Over the last several biennia, DNR Waters staff complement has been relatively flat because base budget adjustments have not kept pace with increases in salary obligations and inflation of fixed costs. To maximize efficiency, DNR Waters has: 1) simplified regulation through the issuance of general permits; 2) initiated a program evaluation process; and 3) adopted project management as a tool to increase staff productivity.

Key Measures

⇒ Counties with a County Geologic Atlas or a Regional Hydrogeological Assessment

Local governments want baseline hydrogeologic information to effectively plan for and manage their land and water resources. The need for baseline information about water resources is increasing, especially as water demands grow across Minnesota. In fact, demand for water resources is outstripping population growth rates. Without water supply planning, shortages may occur during periods of drought or if use continues to increase. Surface waters (wetlands, lakes, rivers, and unique resources such as trout streams and fens) can be degraded from ground water pumping or land use changes. Information and technical assistance helps communities find reliable sources of water, and manage water and land use to sustain high quality water resources.

DNR Waters has a partnership with the Minnesota Geologic Survey at the University of Minnesota (U of M) to provide local communities with practical information through the development of County Geologic Atlases and Regional Hydrogeological Assessments. These reports are available for areas that include 75% of the state's population and 37% of its area. They provide local officials, well drillers, consultants, and land owners a common framework for understanding the local ground water resource.

Eleven atlases and five assessments have already been completed. The goal is to complete one more atlas by 2004.

⇒ Number of Water Resources Data Sets available on the Internet

Customers are demanding web access to state agency data and information. They also expect the information to be current. The web provides a means to provide customers access to historical data and lengthy documents without printing and mailing hard copies.

DNR Waters goal is to provide web users the opportunity to view all of the data and information in its primary water resources data sets, which currently include: 1) Climate (in partnership with the U of M), 2) Stream Flow (in partnership with the U.S. Geological Survey), 3) Lake Levels, 4) Ground Water Levels, 5) Water Use, 6) Permits, 7) Dams, and 8) Watersheds. The majority of the information contained in the first five data sets listed is already available on the web at the DNR Waters home page www.dnr.state.mn.us/waters by clicking on "Water resources data".

DNR Waters has a target of getting Permits data on the web by the end of 2003, Dams in 2004, and Watersheds in 2005.

Program Funding

DNR Waters is funded primarily through General Fund appropriations. A small portion of its operating budget comes from the Water Recreation Account, Special Revenue, and federal grants.

Non-dedicated fees collected for permit applications and annual water use fees totaling approximately \$2.7 million a year are deposited in the General Fund. Current sources of federal grant income include Federal Emergency Management Agency grants for the floodplain management and dam safety programs, and National Oceanic and Atmospheric Agency grants for the coastal zone program in the Lake Superior basin. Potential additional outside funding sources for FY 2004 include Federal Emergency Management Agency funding for floodplain mapping, U.S. Army Corps of Engineers funding for wetland management planning, and U.S. Fish & Wildlife Service funding for shoreland habitat protection work.

The budget principles DNR Waters will use in prioritizing its work in FY 2004 are to:

- ◆ maintain functions critical to our core mission;
- ◆ position ourselves for future reductions;
- ◆ reduce staff complement through attrition versus layoffs to the degree possible;
- ◆ continue to use project management to maximize staff productivity; and
- ◆ maximize opportunities to leverage alternative funding sources.

Contact

Kent Lokkesmoe, Director

Phone: (651) 296-4810

Fax: (651) 296-0445

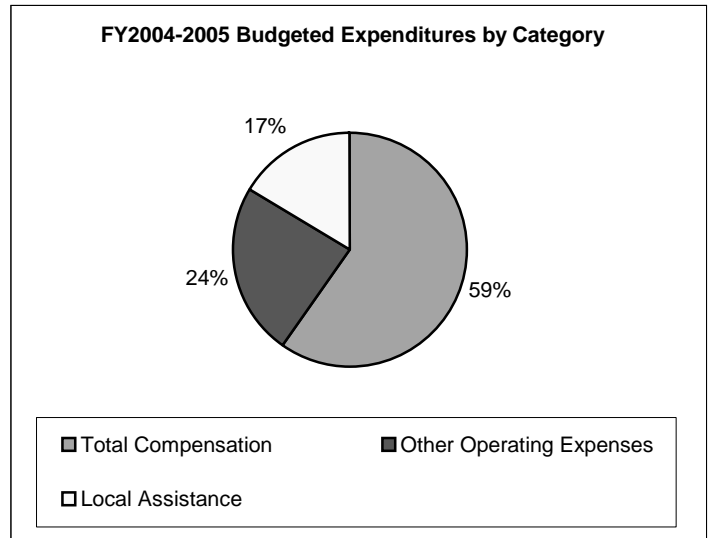
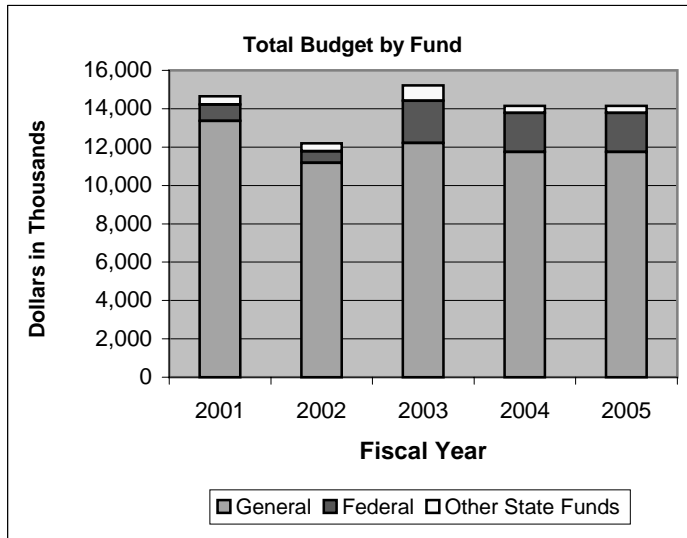
E-mail: kent.lokkesmoe@dnr.state.mn.us

For additional DNR Waters program information visit www.dnr.state.mn.us/waters.

NATURAL RESOURCES DEPT

Program: **WATER RESOURCES MGMT**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|-------------------|-----------------|
| | Actual | Actual | Budgeted | Base | | Biennium | Biennial Change | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | 2004-05 / 2002-03 | Dollars Percent |
| Direct Appropriations | | | | | | | | |
| Environment & Natural Resource | 0 | 86 | 234 | 0 | 0 | 0 | -320 | -100.0% |
| General | 13,370 | 11,179 | 12,212 | 11,745 | 11,745 | 23,490 | 99 | 0.4% |
| Natural Resources | 320 | 250 | 304 | 280 | 280 | 560 | 6 | 1.1% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 77 | 79 | 153 | 84 | 84 | 168 | -64 | -27.6% |
| Federal | 844 | 601 | 2,201 | 2,034 | 2,034 | 4,068 | 1,266 | 45.2% |
| Gift | 31 | 5 | 112 | 5 | 5 | 10 | -107 | -91.5% |
| Total | 14,642 | 12,200 | 15,216 | 14,148 | 14,148 | 28,296 | 880 | 3.2% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|------------|-------------|
| Total Compensation | 8,204 | 8,333 | 8,527 | 8,461 | 8,461 | 16,922 | 62 | 0.4% |
| Other Operating Expenses | 2,664 | 2,164 | 3,556 | 3,349 | 3,349 | 6,698 | 978 | 17.1% |
| Capital Outlay & Real Property | 78 | 14 | 0 | 0 | 0 | 0 | -14 | -100.0% |
| Local Assistance | 3,696 | 1,689 | 3,133 | 2,338 | 2,338 | 4,676 | -146 | -3.0% |
| Total | 14,642 | 12,200 | 15,216 | 14,148 | 14,148 | 28,296 | 880 | 3.2% |

| Expenditures by Activity | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|------------|-------------|
| Water Resources Mgmt | 14,642 | 12,200 | 15,216 | 14,148 | 14,148 | 28,296 | 880 | 3.2% |
| Total | 14,642 | 12,200 | 15,216 | 14,148 | 14,148 | 28,296 | 880 | 3.2% |

NATURAL RESOURCES DEPT

Program: WATER RESOURCES MGMT

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|-------------------|--------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Revenue by Type and Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Non Dedicated | | | | | | | | |
| General | 0 | 2,846 | 2,719 | 2,719 | 2,719 | 5,438 | -127 | -2.3% |
| Cambridge Deposit Fund | 2,521 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 2,521 | 2,846 | 2,719 | 2,719 | 2,719 | 5,438 | -127 | -2.3% |
| Dedicated | | | | | | | | |
| Special Revenue | 109 | 270 | 256 | 256 | 256 | 512 | -14 | -2.7% |
| Federal | 837 | 593 | 2,022 | 2,034 | 2,034 | 4,068 | 1,453 | 55.6% |
| Gift | 48 | 4 | 5 | 5 | 5 | 10 | 1 | 11.1% |
| Subtotal Dedicated | 994 | 867 | 2,283 | 2,295 | 2,295 | 4,590 | 1,440 | 45.7% |
| Total Revenue | 3,515 | 3,713 | 5,002 | 5,014 | 5,014 | 10,028 | 1,313 | 15.1% |
| | | | | | | | | |
| Full-Time Equivalents (FTE) | 134.5 | 127.4 | 122.3 | 118.3 | 117.3 | | | |

Program Description

The purpose of the Forest Management Program is to

- ◆ manage forest lands in the state (including community forests) to meet long-term, sustainable management objectives for multiple forest resources, including timber, wildlife habitat, recreation, and aesthetics;
- ◆ protect citizens, property, and natural resources from wildfires; and
- ◆ bring together the state's varied forest resource interests to develop and implement programs that promote sustainable site- and landscape-based forest management practices.

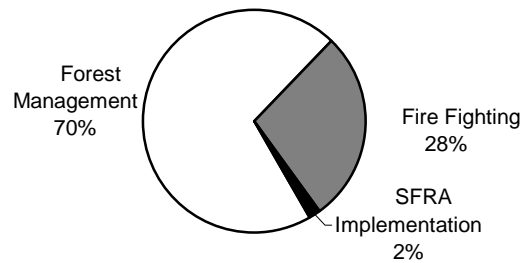
Budget Activities Included:

- ⇒ Forest Management
- ⇒ Fire Fighting
- ⇒ Sustainable Forest Resources Act Implementation

Funding FY2002-03

(Total = \$98 million)

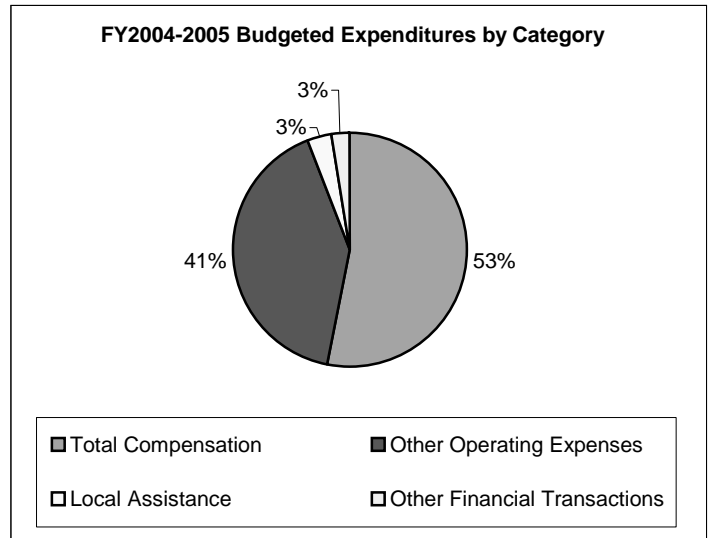
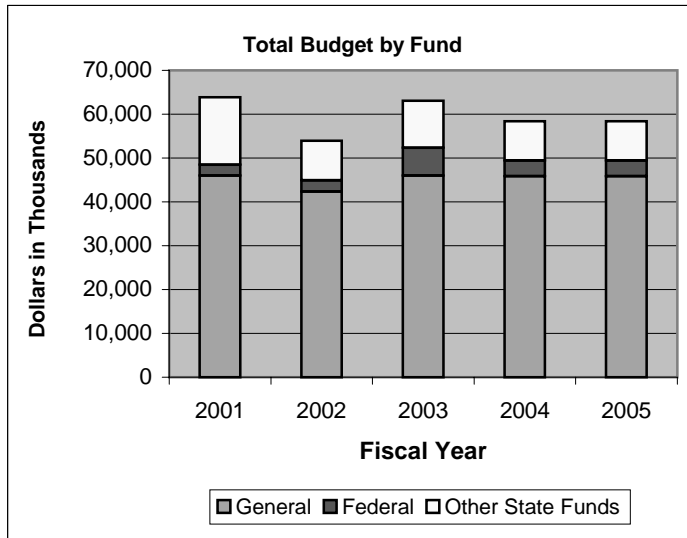
Data as of 8/19/02



NATURAL RESOURCES DEPT

Program: FOREST MANAGEMENT

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|-----------------|-------------------|-------------------|
| | Actual | Actual | Budgeted | Base | Biennium | Biennial Change | | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | 2004-05 / 2002-03 | Dollars Percent |
| Direct Appropriations | | | | | | | | |
| Environment & Natural Resource | 600 | 327 | 877 | 0 | 0 | 0 | -1,204 | -100.0% |
| General | 35,523 | 33,464 | 37,474 | 36,360 | 36,360 | 72,720 | 1,782 | 2.5% |
| Minnesota Resources | 158 | 109 | 26 | 0 | 0 | 0 | -135 | -100.0% |
| Game And Fish (Operations) | 0 | 228 | 271 | 0 | 0 | 0 | -499 | -100.0% |
| Open Appropriations | | | | | | | | |
| General | 9,507 | 8,901 | 8,500 | 9,500 | 9,500 | 19,000 | 1,599 | 9.2% |
| Statutory Appropriations | | | | | | | | |
| General | 954 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Natural Resources | 119 | 76 | 220 | 97 | 97 | 194 | -102 | -34.5% |
| Special Revenue | 8,068 | 8,259 | 9,147 | 8,819 | 8,836 | 17,655 | 249 | 1.4% |
| Federal | 2,480 | 2,520 | 6,328 | 3,585 | 3,585 | 7,170 | -1,678 | -19.0% |
| Miscellaneous Agency | 6,390 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Gift | 52 | 45 | 219 | 49 | 52 | 101 | -163 | -61.7% |
| Total | 63,851 | 53,929 | 63,062 | 58,410 | 58,430 | 116,840 | -151 | -0.1% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|-------------|--------------|
| Total Compensation | 29,944 | 29,940 | 31,469 | 30,980 | 30,980 | 61,960 | 551 | 0.9% |
| Other Operating Expenses | 27,220 | 17,997 | 27,526 | 23,950 | 23,918 | 47,868 | 2,345 | 5.2% |
| Capital Outlay & Real Property | 1,537 | 1,011 | 233 | 141 | 141 | 282 | -962 | -77.3% |
| Local Assistance | 4,386 | 3,412 | 2,275 | 1,807 | 1,858 | 3,665 | -2,022 | -35.6% |
| Other Financial Transactions | 764 | 1,569 | 1,559 | 1,532 | 1,533 | 3,065 | -63 | -2.0% |
| Total | 63,851 | 53,929 | 63,062 | 58,410 | 58,430 | 116,840 | -151 | -0.1% |

| Expenditures by Activity | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|-------------|--------------|
| Forest Management | 44,999 | 35,457 | 44,998 | 39,416 | 39,436 | 78,852 | -1,603 | -2.0% |
| Fire Fighting | 18,176 | 17,663 | 17,289 | 18,294 | 18,294 | 36,588 | 1,636 | 4.7% |
| Sustain Res Act Implementation | 676 | 809 | 775 | 700 | 700 | 1,400 | -184 | -11.6% |
| Total | 63,851 | 53,929 | 63,062 | 58,410 | 58,430 | 116,840 | -151 | -0.1% |

NATURAL RESOURCES DEPT

Program: **FOREST MANAGEMENT**

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------------|--------------------------|--------------------------|----------------------------|---------------|---------------|-----------------------------|--|----------------|
| | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base | | Biennium 2004-05 | Dollars | Percent |
| Revenue by Type and Fund | | | | FY2004 | FY2005 | | | |
| Non Dedicated | | | | | | | | |
| Environment & Natural Resource | 0 | 2 | 2 | 2 | 2 | 4 | 0 | 0.0% |
| General | 24 | 3,915 | 3,806 | 3,806 | 3,806 | 7,612 | -109 | -1.4% |
| Minnesota Resources | 0 | 1 | 2 | 2 | 2 | 4 | 1 | 33.3% |
| Cambridge Deposit Fund | 3,555 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 3,579 | 3,918 | 3,810 | 3,810 | 3,810 | 7,620 | -108 | -1.4% |
| Dedicated | | | | | | | | |
| General | 952 | 0 | 0 | 0 | 0 | 0 | 0 | n.m. |
| Natural Resources | 57 | 117 | 97 | 97 | 97 | 194 | -20 | -9.3% |
| Special Revenue | 9,633 | 8,985 | 9,190 | 9,550 | 9,797 | 19,347 | 1,172 | 6.4% |
| Federal | 3,010 | 4,503 | 4,681 | 3,585 | 3,585 | 7,170 | -2,014 | -21.9% |
| Miscellaneous Agency | 6,462 | 90 | 104 | 107 | 111 | 218 | 24 | 12.4% |
| Gift | 103 | 43 | 46 | 49 | 52 | 101 | 12 | 13.5% |
| Permanent School | 8,459 | 7,133 | 7,596 | 7,827 | 8,066 | 15,893 | 1,164 | 7.9% |
| Subtotal Dedicated | 28,676 | 20,871 | 21,714 | 21,215 | 21,708 | 42,923 | 338 | 0.8% |
| Total Revenue | 32,255 | 24,789 | 25,524 | 25,025 | 25,518 | 50,543 | 230 | 0.5% |
| | | | | | | | | |
| Full-Time Equivalents (FTE) | 566.0 | 548.1 | 535.2 | 552.2 | 552.2 | | | |

NATURAL RESOURCES DEPT

Program: FOREST MANAGEMENT

Activity: FOREST MANAGEMENT

Narrative

Activity Description

This activity exists to sustain and enhance forest ecosystems; to provide a sustainable supply of forest products to meet human needs (e.g., material, economic, and social); and to provide income to the permanent school trust fund.

The goals of this activity are to

- ◆ provide a long-term, sustainable yield of forest resources. This includes timber and other forest crops, fish and wildlife habitat, clean water, rare flora and fauna, air, soil, educational opportunities, and aesthetic and historic values;
- ◆ manage school trust lands to fulfill the fiduciary responsibilities to the permanent school trust; and
- ◆ improve the health and productivity of public and private (including community) forest lands.

Activity at a Glance

- ◆ Managing 4.3 million acres of state forest land.
- ◆ Planting three to four million trees each year on state forestlands.
- ◆ Producing 10 million tree seedlings for planting on public and private lands.
- ◆ Generating \$18-\$20 million in revenues.
- ◆ Harvesting 650,000 cords of wood each year . . . enough to build 13,000 homes.
- ◆ Technical and cost-share assistance serving 140,000 private forest landowners.

The basic purposes for which these forestry programs were originally created are still valid. This includes:

- ◆ maintaining the forest land base;
- ◆ encouraging professional management of forest lands to meet public demand for products and uses; and
- ◆ reforestation and restoring forest lands altered by harvesting, wildfires, insects and diseases, wind storms, and flooding.

Population Served

This activity serves a wide range of stakeholders, including

- ◆ non-industrial private forest landowners
- ◆ forest industries
- ◆ environmental groups
- ◆ outdoor recreational users (motorized and non-motorized)
- ◆ hunters
- ◆ loggers
- ◆ communities
- ◆ other state agencies and levels of government
- ◆ consulting foresters and other forestry professionals

Other units of government and the private sector are involved in the management of forestlands in Minnesota. This broad involvement is driven primarily by the diverse ownership of the state's forestlands. Each forestland owner has their own forest management objectives, that while often similar, are also sometimes unique.

Services Provided

This activity provides the following services:

- ◆ management of 4.3 million acres of state-owned lands, including
 - ⇒ forest vegetation management planning;
 - ⇒ timber sales and harvesting;
 - ⇒ reforestation;
 - ⇒ timber stand improvement;
 - ⇒ old growth, old forest, and riparian area management;
 - ⇒ maintenance and operation of the 2,064 mile state forest road system primarily for public recreation use, travel and access to state lands;

NATURAL RESOURCES DEPT

Program: FOREST MANAGEMENT

Activity: FOREST MANAGEMENT

Narrative

⇒ enforcement of state forest rules and regulations.

- ◆ forest management planning assistance (e.g., Forest Stewardship, Tree Farm, enrollment in Sustainable Forestry Incentives Act tax rebate program), technical advice, and cost-share assistance for non-industrial private forest landowners;
- ◆ technical urban forestry and cost-share assistance to Minnesota communities;
- ◆ producing and selling tree and shrub seedlings for conservation planting on public and private lands;
- ◆ monitoring the health, growth and composition of Minnesota' forests;
- ◆ monitoring the implementation and effectiveness of forest management practices and guidelines;
- ◆ technical assistance to counties;
- ◆ developing, monitoring and evaluating evolving management concepts; and
- ◆ coordinating forestry related education programs in schools.

Historical Perspective

Over the past 15 years, Department of Natural Resources (DNR) has contributed about 15 to 20% (i.e., 600,000 to 700,000 cords) to the total amount of timber harvesting occurring in the state (i.e., current statewide timber harvesting is about 3.8 million cords per year). Over a three-year period (starting in FY 2002), DNR is increasing the amount of timber it offers for sale in response to a legislative initiative to offer for sale a backlog of state timber that, according to existing management plans, should have been offered in previous years. As these sales are harvested (i.e., which can occur over a 5-year permit period), DNR's contribution to statewide timber harvesting can be expected to increase temporarily.

The DNR works with conservation partners to strengthen private forest management through the voluntary Forest Stewardship Program, which gives professional natural resource management expertise and cost sharing (for tree planting and other actions) to private landowners who develop plans for sustainable forest management. DNR currently provides about 40% to 45% of the Forest Stewardship planning assistance. Demands for assistance for forest management plan preparation and assistance will likely increase as a result of the passage of the Sustainable Forestry Incentives Act (SFIA) (effective beginning with the 2002 tax year). The SFIA provides a tax rebate for landowners that have to follow a professionally prepared forest management plan for their forested property. Increased capacity for plan preparation assistance will need to come from the private sector and other conservation partners in order to meet demand.

Established in 1931, DNR Forest Tree Nurseries have historically played a significant role in providing tree seedlings to private and public landowners for planting for conservation purposes. In 1997, the legislature capped tree seedling production at DNR nurseries at 10 million seedlings per year to help avoid competition with private nurseries. This cap was suspended by the legislature through 2002 to address what is estimated to be a 2-million tree seedling shortage. Discussions will continue between the DNR, private nurseries and the legislature on the appropriate role of DNR nurseries in providing tree seedlings for conservation purposes.

Key Measures

DNR's overarching goal of forest sustainability requires striking a balance between protecting forests for future generations and providing for increasing use and consumption of forest resources. As part of this goal, DNR offers timber for sale from DNR lands. Timber sales generate \$12-\$16 million in general fund revenue annually and are the primary tool for creating desired forest habitat conditions that are important for many kinds of wildlife. A cord is a stack of round wood that is roughly 4'x4'x8'. An acre of forestland yields approximately 20 cords of wood at the time of harvest.

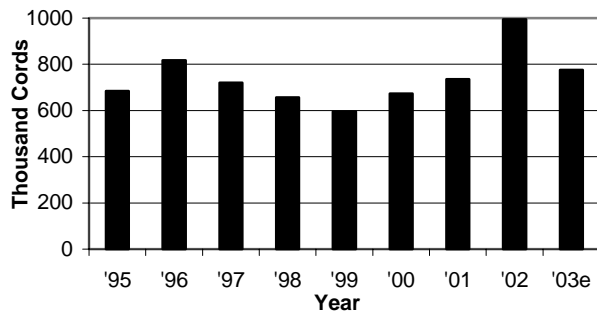
NATURAL RESOURCES DEPT

Program: FOREST MANAGEMENT

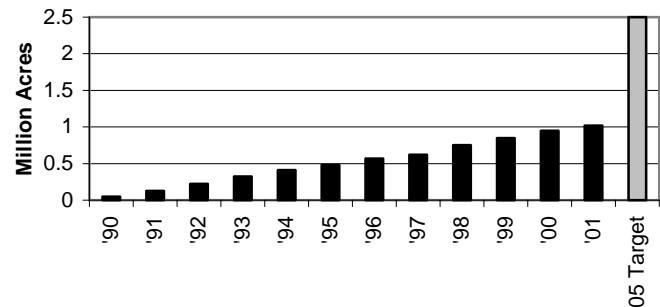
Activity: FOREST MANAGEMENT

Narrative

Timber offered for Sale from DNR Lands

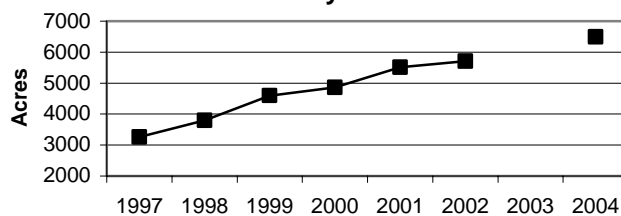


Private Lands with Forest Stewardship Plans

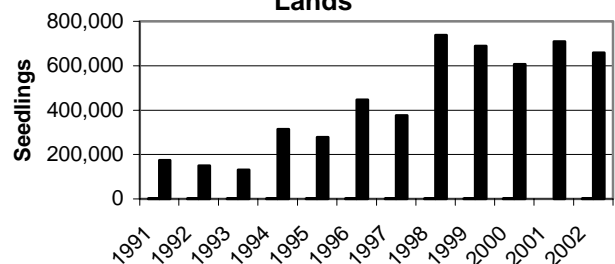


Over 140,000 diverse individuals and organizations (excluding forest industry) own 40% of Minnesota's forestland, much in small woodlots. These lands are under increasing pressure from urban, lakeshore, and recreational development. Well-managed private forestland is of vital importance to Minnesota's environment, economy and culture. The target to have 50% or 2.5 million acres of non-industrial private forestland under stewardship plans was set in 1995. It remains an extremely ambitious goal that may be difficult to achieve by 2005. Nonetheless, Minnesota is still a national leader in Forest Stewardship enrollment.

Young White Pine Acres on DNR Forestry Lands



White Pine Planted DNR Forestry Lands



The white pine initiative established in 1988 set a target to double the acreage of young white pine by 2004. Applying this target to state lands, the amount of young white pine on DNR forestlands has increased 75% since the initiative began, from 3,250 acres in 1997 to 5,700 acres in 2002. White pine planting on DNR lands has more than doubled compared to years prior to 1998, from an average of 267,000 seedlings per year to an average of 680,000 seedlings per year since 1998.

Activity Funding

This activity is funded primarily through General Fund appropriations (82%), with 13% from special revenue and dedicated accounts, and 5% from federal sources. Two-thirds of this activity's expenditures are salary related, 30% for other operating costs, and 3% for local assistance grants.

Contact

Tom Baumann; Forest Resource Management Section Manager, DNR Division of Forestry, (651) 296-4499.

Learn more about:

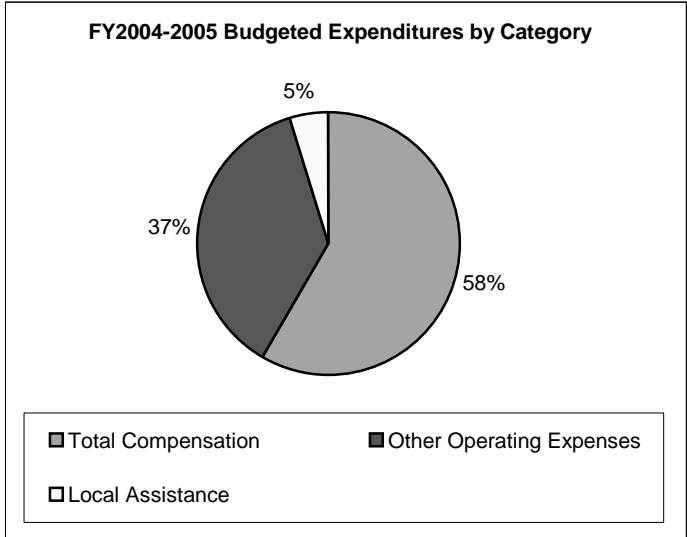
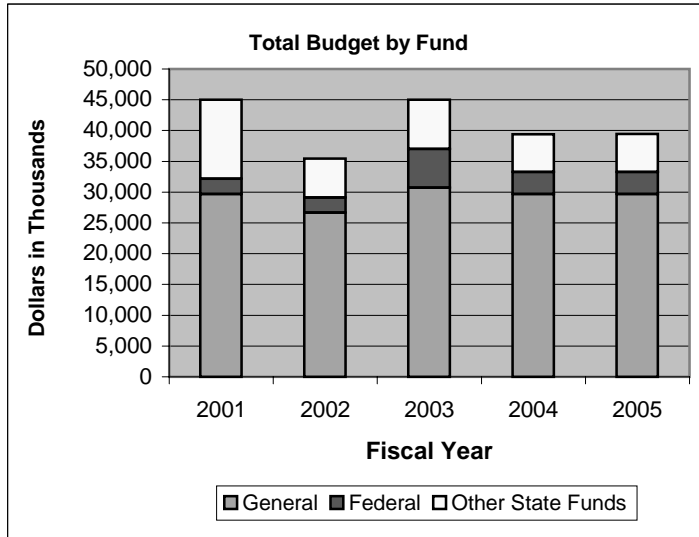
- ◆ Timber harvesting on state lands at <http://www.dnr.state.mn.us/forestry/harveseting/index.html>
- ◆ Public involvement in forest planning at <http://www.dnr.state.mn.us/forestry/subsection/index.html>
- ◆ Statewide timber harvest at <http://www.mnplan.state.mn.us/mm/goal.html>
- ◆ The Forest Stewardship Program at <http://www.dnr.state.mn.us/fad/forestmgmt/stewardship.html>

NATURAL RESOURCES DEPT

Program: **FOREST MANAGEMENT**

Activity: FOREST MANAGEMENT

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| Environment & Natural Resource | 600 | 327 | 877 | 0 | 0 | 0 | -1,204 | -100.0% |
| General | 29,623 | 26,678 | 30,699 | 29,660 | 29,660 | 59,320 | 1,943 | 3.4% |
| Minnesota Resources | 158 | 109 | 26 | 0 | 0 | 0 | -135 | -100.0% |
| Game And Fish (Operations) | 0 | 228 | 271 | 0 | 0 | 0 | -499 | -100.0% |
| Open Appropriations | | | | | | | | |
| General | 68 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Statutory Appropriations | | | | | | | | |
| General | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Natural Resources | 119 | 76 | 220 | 97 | 97 | 194 | -102 | -34.5% |
| Special Revenue | 5,507 | 5,574 | 6,363 | 6,030 | 6,047 | 12,077 | 140 | 1.2% |
| Federal | 2,480 | 2,420 | 6,323 | 3,580 | 3,580 | 7,160 | -1,583 | -18.1% |
| Miscellaneous Agency | 6,390 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Gift | 52 | 45 | 219 | 49 | 52 | 101 | -163 | -61.7% |
| Total | 44,999 | 35,457 | 44,998 | 39,416 | 39,436 | 78,852 | -1,603 | -2.0% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Total Compensation | 22,468 | 22,039 | 23,875 | 22,968 | 22,968 | 45,936 | 22 | 0.0% |
| Other Operating Expenses | 17,450 | 9,022 | 18,585 | 14,497 | 14,465 | 28,962 | 1,355 | 4.9% |
| Capital Outlay & Real Property | 1,507 | 1,006 | 233 | 141 | 141 | 282 | -957 | -77.2% |
| Local Assistance | 3,574 | 3,390 | 2,275 | 1,807 | 1,858 | 3,665 | -2,000 | -35.3% |
| Other Financial Transactions | 0 | 0 | 30 | 3 | 4 | 7 | -23 | -76.7% |
| Total | 44,999 | 35,457 | 44,998 | 39,416 | 39,436 | 78,852 | -1,603 | -2.0% |

NATURAL RESOURCES DEPT

Program: **FOREST MANAGEMENT**

Activity: FOREST MANAGEMENT

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|--------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Non Dedicated | | | | | | | | |
| Environment & Natural Resource | 0 | 2 | 2 | 2 | 2 | 4 | 0 | 0.0% |
| General | 24 | 3,915 | 3,806 | 3,806 | 3,806 | 7,612 | -109 | -1.4% |
| Minnesota Resources | 0 | 1 | 2 | 2 | 2 | 4 | 1 | 33.3% |
| Cambridge Deposit Fund | 3,555 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 3,579 | 3,918 | 3,810 | 3,810 | 3,810 | 7,620 | -108 | -1.4% |
| Dedicated | | | | | | | | |
| Natural Resources | 57 | 117 | 97 | 97 | 97 | 194 | -20 | -9.3% |
| Special Revenue | 7,034 | 8,985 | 9,190 | 9,550 | 9,797 | 19,347 | 1,172 | 6.4% |
| Federal | 3,010 | 4,014 | 4,681 | 3,585 | 3,585 | 7,170 | -1,525 | -17.5% |
| Miscellaneous Agency | 6,462 | 90 | 104 | 107 | 111 | 218 | 24 | 12.4% |

| | | | | | | | | |
|----------------------|---------------|---------------|---------------|---------------|---------------|---------------|------------|-------------|
| Gift | 103 | 43 | 46 | 49 | 52 | 101 | 12 | 13.5% |
| Permanent School | 8,459 | 7,133 | 7,596 | 7,827 | 8,066 | 15,893 | 1,164 | 7.9% |
| Subtotal Dedicated | 25,125 | 20,382 | 21,714 | 21,215 | 21,708 | 42,923 | 827 | 2.0% |
| Total Revenue | 28,704 | 24,300 | 25,524 | 25,025 | 25,518 | 50,543 | 719 | 1.4% |

Full-Time Equivalents (FTE) **400.2** **377.6** **380.3** **398.3** **398.3**

State of Minnesota

NATURAL RESOURCES DEPT

Program: FOREST MANAGEMENT

Activity: FIRE FIGHTING

Narrative

Activity Description

The Division of Forestry is charged with preventing and suppressing wildfires on 45.5 million acres of public and private land in Minnesota. Our goals are to

- ◆ provide wildfire protection to avoid loss of life;
- ◆ minimize the loss of property and natural resources;
- ◆ provide emergency response in Minnesota and other states; and
- ◆ use prescribed fire as an effective natural resource management tool.

Wildfire control efforts under state authority originated in the early 1900s after a series of devastating wildfires that destroyed Hinckley, Baudette, Chislm, and Cloquet. After a severe wildfire season in 1976 the legislature created an open appropriation account to fund emergency fire suppression efforts. Since then, we've worked with legislature to find the appropriate balance between direct and open appropriation.

Activity at a Glance

- ◆ Wildfire protection on 45.5 million acres on land in Minnesota
- ◆ Responding to nearly 2,900 fires reported to the DNR in 2000-01, burning over 60,000 acres.
- ◆ Oversight of open burning statutes through the issuing of 60,000-70,000 burning permits each year.
- ◆ Operation of the Minnesota Interagency Fire Center which coordinates wildfire response and resource sharing for wildfire suppression in Minnesota and for out-of-state reciprocal assistance.
- ◆ Providing direct emergency response assistance with equipment and trained staff.

Population Served

- ⇒ Minnesota citizens, homeowners, landowners and businesses.
- ⇒ Minnesota Rural Fire Departments.
- ⇒ Other state and federal agencies with a role in wildfire and other emergency response.
- ⇒ Natural resource and land managers.

This activity distributes approximately \$200,000 per year to communities with populations under 10,000 to organize, train, and equip their fire departments for preventing and suppressing fires.

Services Provided

- ◆ *Prevention* activities include:
 - ⇒ education (e.g., Smokey Bear, fire prevention week, school visits);
 - ⇒ regulation of open burning (i.e., issuing open burning permits); and
 - ⇒ enforcement of state wildfire and open burning statutes (M.S. chapter 88).
- ◆ *Pre-suppression* activities include:
 - ⇒ train firefighters and support personnel;
 - ⇒ develop and maintain partnerships with other fire protection agencies;
 - ⇒ operate the Minnesota Interagency Fire Center;
 - ⇒ maintain a national interagency fire equipment cache;
 - ⇒ contract for heavy ground and aerial suppression equipment;
 - ⇒ maintain a radio communications network; and
 - ⇒ develop mobilization and dispatch plans.
- ◆ *Suppression* is accomplished by a balanced force of trained firefighters, support personnel, and aerial and ground equipment. Activities include:
 - ⇒ locating wildfires using aircraft and lookout towers (i.e., detection);
 - ⇒ getting to wildfires quickly (i.e., initial attack); and
 - ⇒ controlling the spread and extinguish the fire (i.e., suppression).

NATURAL RESOURCES DEPT

Program: FOREST MANAGEMENT

Activity: FIRE FIGHTING

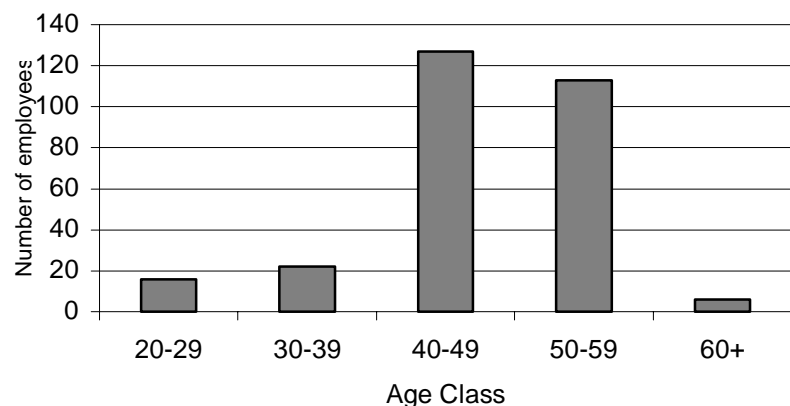
Narrative

- ◆ Emergency response assistance includes;
 - ⇒ maintaining expertise in the national Incident Command System (ICS); and
 - ⇒ providing direct emergency response assistance with equipment and staff trained in ICS command, support, and other overhead functions.
- ◆ *Prescribed burning* helps prepare sites for seeding, control insects, diseases, and invasive weeds, improve wildlife habitat, maintain certain natural community types, reduce the risk and severity of wildfires, and provide valuable fire suppression training. Activities include:
 - ⇒ prescribed fire planning;
 - ⇒ conducting prescribed fires;
 - ⇒ reporting, monitoring and evaluation of prescribed Department of Natural Resources (DNR) prescribed burning activity; and
 - ⇒ providing training to DNR staff and others involved in prescribed burning.
- ◆ *Federal Excess Property Program*: through grants, contracts, and cooperative agreements, this program enables federal excess personal property to be loaned to local fire forces via the state.

Historical Perspective

Our aging workforce and increasing reliance on hiring emergency firefighters or ordering national firefighting resources to sustain our suppression capabilities has reduced our ability to effectively fight wildfires. It will also increase the costs of wildfire suppression activities. The inability to hire and train new permanent staff will create a critical shortage in experienced firefighting leadership positions over the next 5-10 years. The ability to meet the wildfire suppression responsibilities will require even greater commitments of division field staff and support for wildfire response from nontraditional support staff within the Department impacting accomplishments in other programs. Wildfire and rural structural fire response is reaching a crisis nationally as well as in Minnesota.

Age Distribution of Employees
DNR Division of Forestry 2002



To overcome the national shortage of wildfire response staff, the division will need to maintain strong reciprocal relationships with other state, federal and provincial wildfire agencies. This will also impact other division programs through the reciprocal sharing of our experienced and skilled leadership staff.

Beginning in FY 2002, the legislature increased the direct appropriation for emergency fire fighting to \$6 million annually. This has supported the purchase and deployment of two CL-215 Firefighting Aircraft and enabled us to operate more economically by establishing more competitive contracts and pre-positioning resources and personnel to improve initial attack response capabilities. It also recognized the expanded response demands due to the radically changed fire conditions in northeast Minnesota. Nearly half million acres of forestland were damaged in July 1999 windstorms, leaving unprecedented levels of wildfire fuels (i.e., dead and downed trees) in and around the Boundary Waters Canoe Area Wilderness. These unique fire conditions have resulted in long-term increases in wildfire preparedness costs and will continue to place additional demands on the emergency fire open appropriation in responding to this potentially catastrophic wildfire situation.

NATURAL RESOURCES DEPT

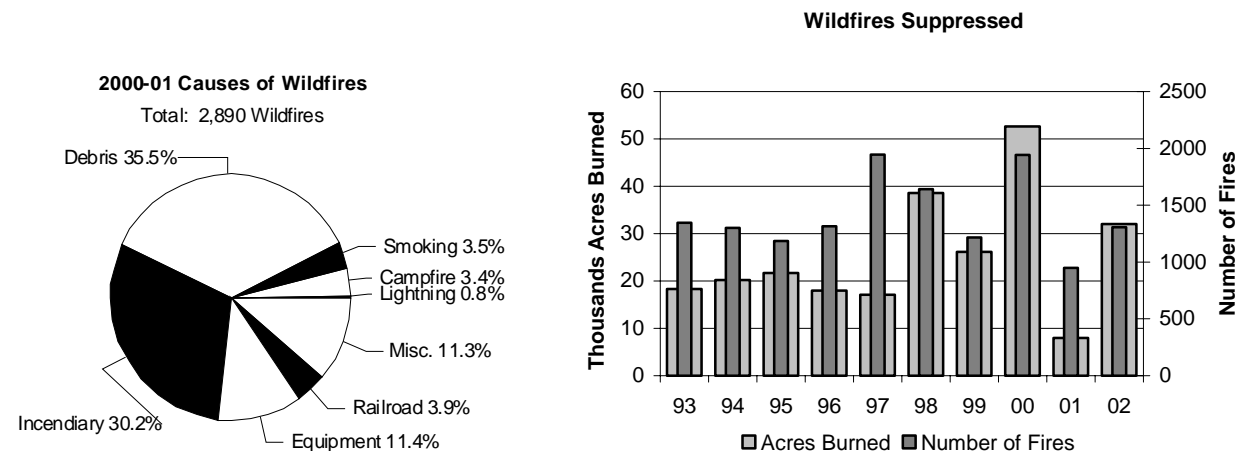
Program: FOREST MANAGEMENT

Activity: FIRE FIGHTING

Narrative

Reductions in federal grants and the availability of surplus equipment limit our ability to work with rural fire departments to help reduce wildlife suppression costs. Rural community fire departments' difficulties in recruiting and retaining experienced and trained personnel also limit their ability to respond to fires in the wildland/urban interface.

Key Measures



M.S. chapter 88 defines a wildfire as "a fire requiring suppression action, burning any forest, brush, grassland, cropland, or any other vegetative material." The data presented in the above charts include wildfires that the DNR was actively involved in suppressing as well as wildfires suppressed by fire departments that were reported to the DNR.

Activity Funding

The activity is funded primarily through general fund appropriations. Of the activity's expenditures, about one-third are from General Fund direction appropriations and 40%-45% are from General Fund open appropriations. Approximately 15% of the activity is funded from federal sources through reimbursements for out-of-state fire suppression assistance.

Contact

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http://www.dnr.state.mn.us/forestry/resource_protection.html

<http://www.dnr.state.mn.us/forestry/fire/index.html>

<http://www.dnr.state.mn.us/firewise/homerisk.html>

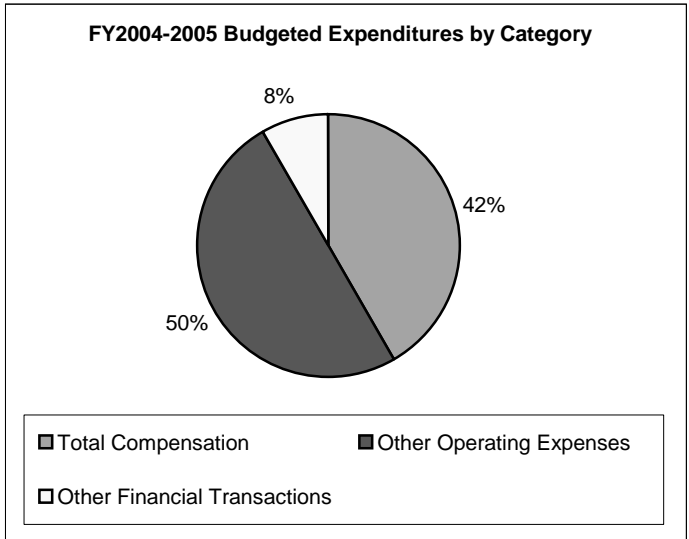
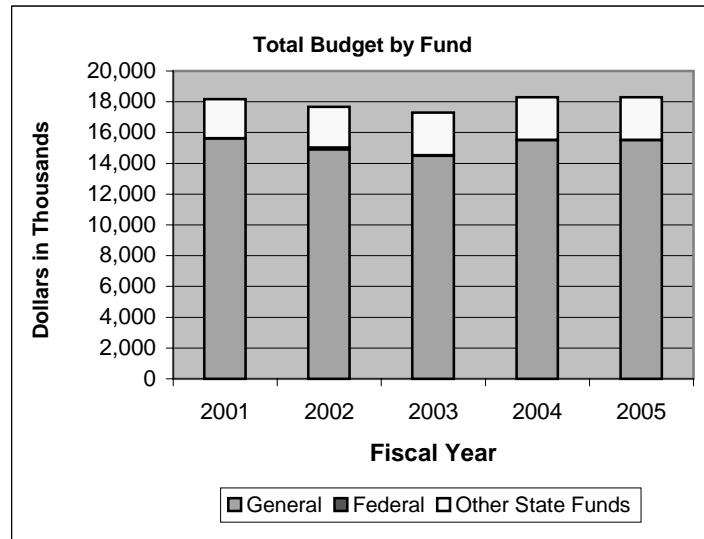
<http://www.dnr.state.mn.us/education/wildfire/index.html>

NATURAL RESOURCES DEPT

Program: **FOREST MANAGEMENT**

Activity: FIRE FIGHTING

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 5,224 | 6,000 | 6,000 | 6,000 | 6,000 | 12,000 | 0 | 0.0% |
| Open Appropriations | | | | | | | | |
| General | 9,439 | 8,901 | 8,500 | 9,500 | 9,500 | 19,000 | 1,599 | 9.2% |
| Statutory Appropriations | | | | | | | | |
| General | 952 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Special Revenue | 2,561 | 2,662 | 2,784 | 2,789 | 2,789 | 5,578 | 132 | 2.4% |
| Federal | 0 | 100 | 5 | 5 | 5 | 10 | -95 | -90.5% |
| Total | 18,176 | 17,663 | 17,289 | 18,294 | 18,294 | 36,588 | 1,636 | 4.7% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 7,115 | 7,508 | 7,209 | 7,634 | 7,634 | 15,268 | 551 | 3.7% |
| Other Operating Expenses | 9,455 | 8,559 | 8,551 | 9,131 | 9,131 | 18,262 | 1,152 | 6.7% |
| Capital Outlay & Real Property | 30 | 5 | 0 | 0 | 0 | 0 | -5 | -100.0% |
| Local Assistance | 812 | 22 | 0 | 0 | 0 | 0 | -22 | -100.0% |
| Other Financial Transactions | 764 | 1,569 | 1,529 | 1,529 | 1,529 | 3,058 | -40 | -1.3% |
| Total | 18,176 | 17,663 | 17,289 | 18,294 | 18,294 | 36,588 | 1,636 | 4.7% |

| | | | | | | | | |
|---------------------------------|--------------|------------|----------|----------|----------|----------|-------------|----------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| General | 952 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Special Revenue | 2,599 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Federal | 0 | 489 | 0 | 0 | 0 | 0 | -489 | -100.0% |
| Subtotal Dedicated | 3,551 | 489 | 0 | 0 | 0 | 0 | -489 | -100.0% |
| Total Revenue | 3,551 | 489 | 0 | 0 | 0 | 0 | -489 | -100.0% |

| | | | | | | | | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|-------------|--|--|
| Full-Time Equivalents (FTE) | 160.3 | 164.7 | 150.3 | 150.3 | 150.3 | 0.0% | | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|-------------|--|--|

NATURAL RESOURCES DEPT

Program: FOREST MANAGEMENT

Activity: SUSTAIN RES ACT IMPLEMENTATION

Narrative

Activity Description

This budget activity supports implementation of the Sustainable Forest Resources Act (SFRA), M.S. 89A. The public goal to be achieved through the SFRA is promoting the sustainable management and protection of Minnesota's forest resources. The SFRA does so by providing a unique forum for collaborative problem solving among diverse groups interested in forest resource management and protection. The Minnesota Forest Resource Council (MFRC) implements the SFRA. Our core mission is to oversee two broad initiatives that address impacts of timber harvesting and forest management: 1) site-based forest resource practices; and 2) larger scale landscape-level planning and coordination. Focusing on both site- and landscape-level issues is important because of the continuing conflict between commodity, ecological and amenity values associated with forests.

Population Served

Forests occupy one-third of Minnesota's land area and provide a variety of benefits vital to many Minnesota communities, their economies and the natural environment. Therefore, all Minnesota citizens, both urban and rural, depend to some extent on the state's forest resources since citizens expect and depend upon a vibrant economy, viable communities, and healthy ecosystems. Citizens who reside in forested areas and those who recreate there are especially dependent on the state's forest resources.

Services Provided

The MFRC coordinates implementation of the SFRA of 1995, and advises the governor and the legislature on the sustainability of the state's forest resources to promote aesthetic, environmental, recreational and economic values. The key programs led and conducted by the MFRC are: a) develop, implement, review and revise Timber Harvesting and Forest Management Guidelines, b) within eight regions, coordinate development of landscape-level forest resource plans and promote forest management coordination, c) conduct forest spatial analysis and modeling, d) monitor harvest sites to assess degree of compliance with guidelines, e) promote monitoring to assess current trends and conditions in managing and harvesting forest resources, f) promote and guide relevant forest research, g) operate the Citizens Concern Registration program, which allows citizens to express concerns regarding negligent timber harvesting and forest management practices, and h) provide policy advice to public management agencies.

Historical Perspective

Large increases in timber harvest levels from the 1970s to the early 1990s led to intense conflict over forest policy issues in Minnesota. In response to citizen concerns about these increases, the Minnesota Environmental Quality Board commissioned a Generic Environmental Impact Statement (GEIS) on Timber Harvesting and Forest Management in 1990. The GEIS analyzed the effects that expanded timber harvesting might have on the state's forest resources. Completed in 1994, the GEIS suggests site, landscape and research mitigation strategies to offset adverse impacts of timber harvesting. In 1995, the Minnesota Legislature adopted the Minnesota SFRA, one of the state's most significant forestry laws. The Act established policies and programs to ensure sustainable use and management of Minnesota's forests. The Act also created the Minnesota Forest Resources Council (M.S. 89A.03), and mandated it to develop and oversee programs to address impacts of timber harvesting and forest management at the site and landscape levels.

Activity at a Glance

- ◆ The MFRC, made up of 17 individuals with diverse interests in management of Minnesota's forests, addresses complex forest management issues through collaborative problem solving.
- ◆ Oversees implementation and monitors the application of comprehensive site-level forest management guidelines that promote sustainable harvest of over 85% of Minnesota's timber.
- ◆ Assembles forest resource data and develops and coordinates long-term forest management direction across all ownerships within eight major forest landscape regions.
- ◆ Monitors the condition of and timber harvesting activity occurring within riparian forest areas across the state.
- ◆ Guides the sustainable management and use of forestlands across the state that are vitally important to the state's \$7.6 billion forest industry and \$9 billion tourism industry.

NATURAL RESOURCES DEPT

Program: FOREST MANAGEMENT

Activity: SUSTAIN RES ACT IMPLEMENTATION

Narrative

Activity Funding

This activity is funded almost entirely (98% in FY 2002-03) through General Fund appropriations. In FY 2002-03, expenditures have been split fairly evenly between salaries (53%) and non-salary expenditures (47%).

Key Measures

- ⇒ Over 85% of Minnesota's timber is harvested by loggers trained to utilize site-level Timber Harvesting and Forest Management Guidelines.
- ⇒ Implementation monitoring results suggest that approximately 70% of Minnesota forest landowners in 2001 used voluntary timber harvest and forest management guidelines on-site in pre-harvest review. Landscape work is underway in six landscape regions. Since 1997 when this work began, hundreds of individuals have participated in the planning process.
- ⇒ Substantial progress has been made towards identifying 10 year and 100 year forest landscape composition conditions in two forested regions. Key measures will be based on this work in the future.
- ⇒ Identified changes needed to forest tax policy affecting privately owned forests, resulting in the enactment of the Sustainable Forest Incentive Act in 2001. Initial interest is high - over 300 landowners participated in 20 public meetings held statewide.

Contact

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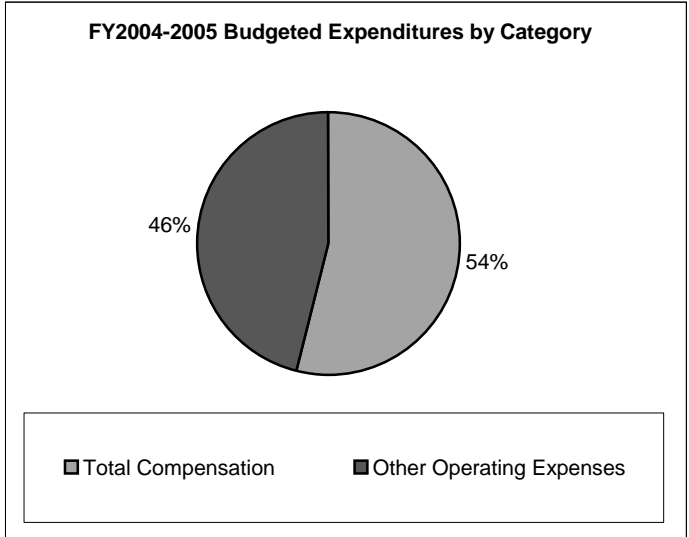
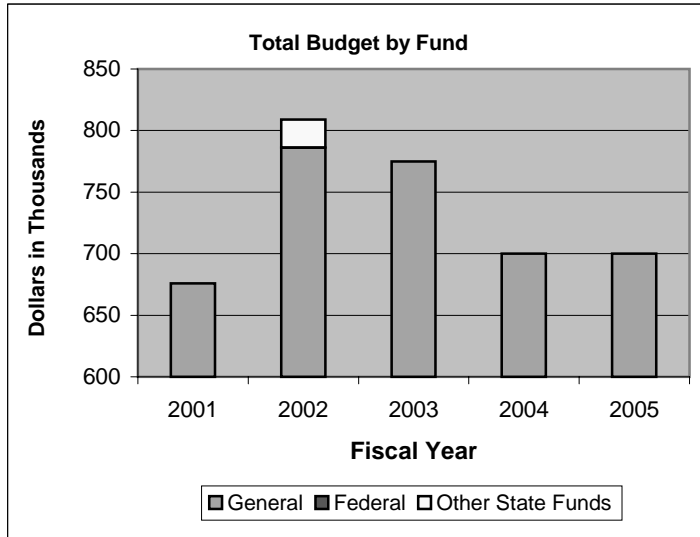
Web site: <http://www.frc.state.mn.us/>

NATURAL RESOURCES DEPT

Program: **FOREST MANAGEMENT**

Activity: SUSTAIN RES ACT IMPLEMENTATION

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|---------------|-----------------------------|--------------------------------------|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 676 | 786 | 775 | 700 | 700 | 1,400 | -161 | -10.3% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 0 | 23 | 0 | 0 | 0 | 0 | -23 | -100.0% |
| Total | 676 | 809 | 775 | 700 | 700 | 1,400 | -184 | -11.6% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|--------------|-------------|---------------|
| Total Compensation | 361 | 393 | 385 | 378 | 378 | 756 | -22 | -2.8% |
| Other Operating Expenses | 315 | 416 | 390 | 322 | 322 | 644 | -162 | -20.1% |
| Total | 676 | 809 | 775 | 700 | 700 | 1,400 | -184 | -11.6% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 5.5 | 5.8 | 4.6 | 3.6 | 3.6 |
|------------------------------------|------------|------------|------------|------------|------------|

Program Description

The purpose of the Division of Parks and Recreation is to provide a state park and state forest recreation system which preserves and manages Minnesota's natural, scenic and cultural resources for current and future generations while providing appropriate recreational and educational opportunities. The Minnesota state legislature has set aside 264,000 acres which contain some of Minnesota's most spectacular scenic resources, and the most unique natural and cultural resources. Minnesota was the second state in the United States to recognize the need for a state park system when it established Itasca State Park in 1891. This was done to ensure that not all natural resources would be exploited or developed and that our citizens would forever have places where they could experience nature at its best, learn about the importance of the natural world and have an outdoor recreational experience. The primary statutes that cover the Minnesota State Park System are Chapters 85 and 86A.

Program at a Glance

- ◆ Mission: Preserve natural resources while providing recreational and education opportunities.
- ◆ 81 park units totaling 264,000 acres.
- ◆ 8.5 million annual visitors.
- ◆ Over 5,000 individual campsites, 218 horse campsites, 68 group campsites, over 1,250 miles of trail, 6,381 picnic sites, 36 swimming beaches, 33 fishing piers, 322 miles of road and over 1,600 buildings.
- ◆ \$12 million in annual revenue.

Population Served

Minnesota statutes state that these opportunities should be made available to all citizens of Minnesota now and in the future. All citizens of the state of Minnesota benefit directly or indirectly from a high quality state park system. The 8.5 million annual visitors to Minnesota state parks benefit directly from the system. Visitors to our state from around the United States and the world who visit state parks also benefit. A number of other communities are served by the state park system. The business community of the state is served because state parks generate tourism and tourist spending. When state park revenue is taken into account, the system pays for itself through visitor expenditures. The state park system also helps redistribute dollars to Greater Minnesota in a two economy state. The education community is well served by state parks through naturalist programs, school class visits and natural resource research projects that occur throughout the system.

Services Provided

The services provided by the Division of Parks and Recreation are delivered through a variety of programs.

Grants

- ⇒ A grant of approximately \$8.7 million per year is made to the Metropolitan Council for the operation of regional parks in the Twin Cities metro area.

Resource Management

- ⇒ This activity provides direction and technical expertise for the division in protecting, restoring and managing natural and cultural resources on state park lands.

Interpretive Services and Environmental Education

- ⇒ This activity provides information, interpretive services and environmental education programs for park visitors, communities and schools to increase their understanding and appreciation of natural and cultural resources, outdoor issues and recreational opportunities.

Land Acquisition

- ⇒ This activity provides all the services necessary to determine legal park boundary descriptions, appraise land, acquire park land and maintain land records for the division.

Park Development

- ⇒ The development activity is responsible for determining state park infrastructure needs, securing funds from the legislature, designing and building park structures and facilities, Americans with Disabilities Act (ADA) compliance, maintaining those entities and keeping records of all activities.

Archaeology

- ⇒ This activity is governed by state and federal statutes which require archaeological investigations and interpretations of all state park sites and projects.

Park Operations

⇒ This activity provides for all state park operations functions including operational policy development, customer service, maintenance, equipment management, interdisciplinary activities, local government contacts, budget management and law enforcement.

Management and Geographic Information Systems

⇒ This activity provides the hardware and software for all state park computerized functions and the comprehensive management of all state park information, desktop support, Geographic Information System (GIS) surveys and mapping services.

Emergency Maintenance

⇒ The emergency maintenance activity is designed to provide immediate help in the event of natural and man-made disasters such as floods, storms, forest fires and accidents.

Merchandise

⇒ The merchandise activity provides high quality products and gifts for sale in state park nature stores with the proceeds going to resource and education programs.

Marketing and Public Affairs

⇒ The marketing and public affairs activity is responsible for managing the news media, the state park web site, marketing plans, the state fair program, tourism trade shows, customer surveys and the design and publication of a variety of brochures.

Planning

⇒ This activity provides the state park strategic plan, policy development, annual reports, environmental review, interdisciplinary park unit plans, park research, surveys and handles special reports and projects.

Legislative Affairs

⇒ This activity is responsible for the development, revision and passage of all state park legislative initiatives including the state park boundary bill and budget legislation.

Administration

⇒ This activity is responsible for all budget and human resource matters within the division including budget development and management and the hiring process for approximately 450 FTE's.

Historical Perspective

The Minnesota State Park System started in 1885 with the passage of a bill by the state legislature to create Minnehaha Falls State Park. No funds were provided for this park and it eventually became a Minneapolis city park. In 1891 the legislature created Itasca State Park to preserve the Mississippi River headwaters region with its old growth red and white pine. Since that time the system has grown to 72 state parks and recreation areas, 54 state forest campgrounds and recreation areas, eight state waysides and one state trail.

Visitation has risen steadily over the years to stabilize at 8.5 million visitor occasions in 2001. A variety of factors including floods, bad weather, storms, an employee strike, a potential government shutdown and campground closures have combined to limit visitation over the last few years. Some of those limiting factors are still in place today and are keeping the park system from realizing its potential to accommodate more visitors.

Key Measures

- ⇒ Visitation: Visitation rose steadily through the 1980s and 1990s but has leveled off in the last few years. This is due to weather related factors such as floods and storms, campground closures, an employee strike, a potential government shutdown and an economic depression. In spite of these limiting conditions, visitation has held steady at about 8.5 million visitors per year.
- ⇒ Income: Revenue from camping and lodging, entry permits and tours, and concessions at state parks has risen steadily from \$5.5 million in FY 1994 to \$7.2 million in FY 2002. Revenue from the state park merchandise program and operation of the Douglas Lodge at Itasca State Park has risen from \$2.4 million in FY 1994 to \$4.0 million in FY 2002.

Program Funding

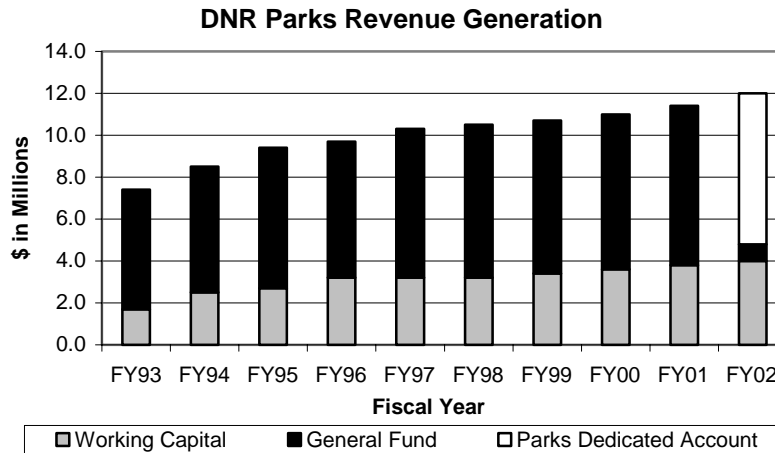
FUNDING SOURCES: Funding for state parks in the FY 2002-03 biennium came from three sources in the following percentages: General Fund 63%, Parks Dedicated Account 23%, and Lottery-in-lieu of Sales Tax 14%.

NATURAL RESOURCES DEPT

Program: PARKS & RECREATION MGMT

Narrative

REVENUE SUMMARY: State parks generated a total of \$12.107 million in FY 2002, a 6.46% increase over the previous fiscal year. General Fund revenue totaled \$798,000 in FY 2002, an increase of 25.8% over FY 2001. The new Parks Dedicated Account was created in FY 2002 for the deposit of camping fees, park permits, concession receipts and facility rental revenues. The dedicated account collected \$7.179 million in FY 2002, a 3.9% increase over FY 2001. With future operational budget cuts pending, the FY 2004-05 revenue forecast could be drastically reduced.



GRANTS SUMMARY: Included in this program are two grants to the Metropolitan Council for metropolitan area regional parks and trails maintenance and operations: \$4.0 million each year from the General Fund, and \$5.130 million each year from the lottery in-lieu of sales tax proceeds.

Contact

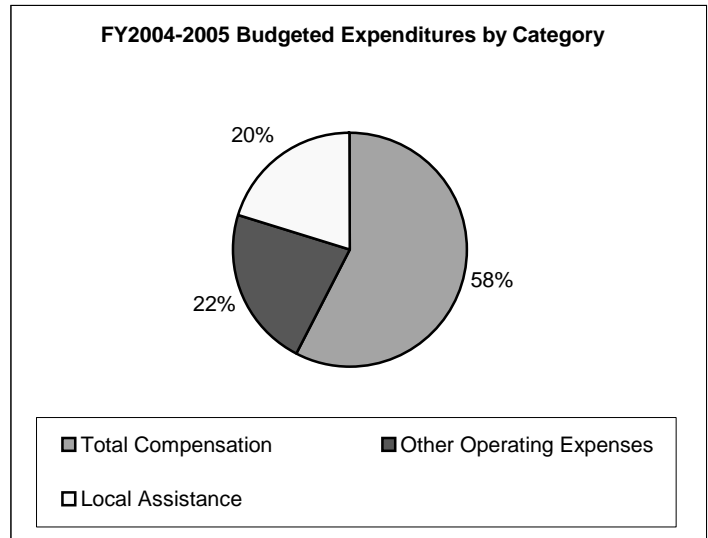
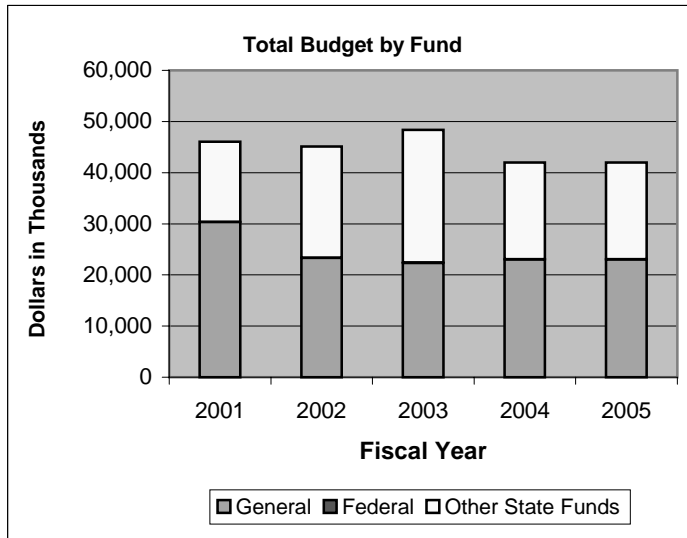
Bill Morrissey, Director
Patricia Arndt, Planning and MIS Manager
Peter Skwira, Administrative Manager
Ron Hains, Operations Manager

DNR-Parks and Recreation
500 Lafayette Road
St. Paul, Minnesota 55155
(651) 296-2270

NATURAL RESOURCES DEPT

Program: **PARKS & RECREATION MGMT**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| Environment & Natural Resource | 734 | 1,062 | 905 | 0 | 0 | 0 | -1,967 | -100.0% |
| General | 30,357 | 23,326 | 22,356 | 23,031 | 23,031 | 46,062 | 380 | 0.8% |
| Minnesota Resources | 0 | 289 | 1,071 | 0 | 0 | 0 | -1,360 | -100.0% |
| Natural Resources | 10,321 | 15,719 | 17,136 | 14,193 | 14,193 | 28,386 | -4,469 | -13.6% |
| Statutory Appropriations | | | | | | | | |
| Natural Resources | 90 | 1 | 18 | 17 | 17 | 34 | 15 | 78.9% |
| Special Revenue | 4,475 | 4,606 | 6,373 | 4,609 | 4,609 | 9,218 | -1,761 | -16.0% |
| Federal | 0 | 0 | 18 | 1 | 0 | 1 | -17 | -94.4% |
| Environmental | 0 | 25 | 23 | 0 | 0 | 0 | -48 | -100.0% |
| Gift | 59 | 86 | 432 | 115 | 115 | 230 | -288 | -55.6% |
| Total | 46,036 | 45,114 | 48,332 | 41,966 | 41,965 | 83,931 | -9,515 | -10.2% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 23,258 | 23,533 | 24,767 | 23,954 | 23,954 | 47,908 | -392 | -0.8% |
| Other Operating Expenses | 11,430 | 10,070 | 12,738 | 9,256 | 9,255 | 18,511 | -4,297 | -18.8% |
| Capital Outlay & Real Property | 1,653 | 2,708 | 2,495 | 355 | 355 | 710 | -4,493 | -86.4% |
| Local Assistance | 9,695 | 8,798 | 8,332 | 8,401 | 8,401 | 16,802 | -328 | -1.9% |
| Other Financial Transactions | 0 | 5 | 0 | 0 | 0 | 0 | -5 | -100.0% |
| Total | 46,036 | 45,114 | 48,332 | 41,966 | 41,965 | 83,931 | -9,515 | -10.2% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Expenditures by Activity | | | | | | | | |
| Parks & Recreation Mgmt | 46,036 | 45,114 | 48,332 | 41,966 | 41,965 | 83,931 | -9,515 | -10.2% |
| Total | 46,036 | 45,114 | 48,332 | 41,966 | 41,965 | 83,931 | -9,515 | -10.2% |

NATURAL RESOURCES DEPT

Program: **PARKS & RECREATION MGMT**

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------------|---------------|---------------|-----------------|---------------|---------------|-----------------|--------------------------|----------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Revenue by Type and Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Non Dedicated | | | | | | | | |
| General | 639 | 798 | 771 | 771 | 771 | 1,542 | -27 | -1.7% |
| Natural Resources | 0 | 7,207 | 7,064 | 6,934 | 6,934 | 13,868 | -403 | -2.8% |
| Cambridge Deposit Fund | 6,931 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 7,570 | 8,005 | 7,835 | 7,705 | 7,705 | 15,410 | -430 | -2.7% |
| Dedicated | | | | | | | | |
| Natural Resources | 8 | 1 | 17 | 17 | 17 | 34 | 16 | 88.9% |
| Special Revenue | 5,073 | 4,721 | 4,450 | 4,450 | 4,450 | 8,900 | -271 | -3.0% |
| Federal | 0 | 0 | 9 | 1 | 0 | 1 | -8 | -88.9% |
| Gift | 136 | 67 | 115 | 115 | 115 | 230 | 48 | 26.4% |
| Permanent School | 0 | 128 | 130 | 130 | 130 | 260 | 2 | 0.8% |
| Subtotal Dedicated | 5,217 | 4,917 | 4,721 | 4,713 | 4,712 | 9,425 | -213 | -2.2% |
| Total Revenue | 12,787 | 12,922 | 12,556 | 12,418 | 12,417 | 24,835 | -643 | -2.5% |
| Full-Time Equivalents (FTE) | 493.2 | 478.2 | 443.3 | 397.4 | 397.4 | | | |

Program Description

The purpose of the Trails and Waterways division is to create recreation opportunities through a system of trails and water recreation facilities that contribute to a sustainable quality of life.

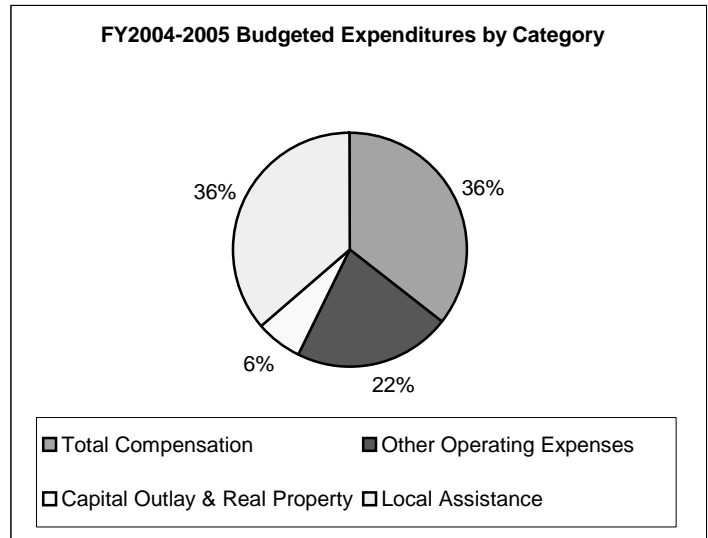
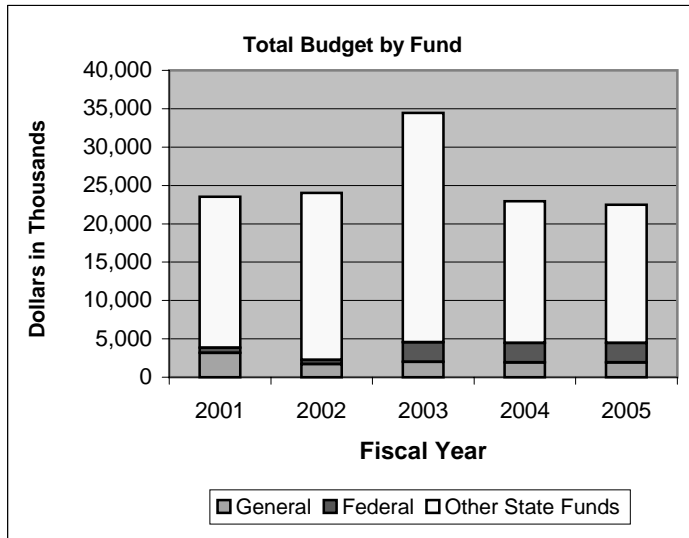
Budget Activities Included:

- ⇒ Trails and Waterways Management
- ⇒ Water Access & Recreation
- ⇒ Trails Recreation

NATURAL RESOURCES DEPT

Program: TRAILS & WATERWAYS MGMT

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------------------|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| Environment & Natural Resource | 402 | 1,437 | 1,658 | 0 | 0 | 0 | -3,095 | -100.0% |
| General | 3,172 | 1,729 | 2,002 | 1,906 | 1,906 | 3,812 | 81 | 2.2% |
| Minnesota Resources | 91 | 3,860 | 2,458 | 0 | 0 | 0 | -6,318 | -100.0% |
| Natural Resources | 16,255 | 15,105 | 20,894 | 15,912 | 15,912 | 31,824 | -4,175 | -11.6% |
| Game And Fish (Operations) | 2,163 | 690 | 1,515 | 1,310 | 1,310 | 2,620 | 415 | 18.8% |
| Iron Range Resources & Rehab | 24 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Open Appropriations | | | | | | | | |
| Natural Resources | 326 | 252 | 318 | 318 | 318 | 636 | 66 | 11.6% |
| Statutory Appropriations | | | | | | | | |
| Natural Resources | 1 | 16 | 1,663 | 485 | 35 | 520 | -1,159 | -69.0% |
| Special Revenue | 306 | 370 | 1,198 | 409 | 409 | 818 | -750 | -47.8% |
| Federal | 685 | 519 | 2,559 | 2,545 | 2,545 | 5,090 | 2,012 | 65.4% |
| Gift | 83 | 64 | 191 | 58 | 58 | 116 | -139 | -54.5% |
| Total | 23,508 | 24,042 | 34,456 | 22,943 | 22,493 | 45,436 | -13,062 | -22.3% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 6,977 | 7,234 | 8,715 | 8,091 | 8,091 | 16,182 | 233 | 1.5% |
| Other Operating Expenses | 5,790 | 4,532 | 6,882 | 4,932 | 4,882 | 9,814 | -1,600 | -14.0% |
| Capital Outlay & Real Property | 3,748 | 3,452 | 5,980 | 1,452 | 1,452 | 2,904 | -6,528 | -69.2% |
| Local Assistance | 6,993 | 8,824 | 12,879 | 8,468 | 8,068 | 16,536 | -5,167 | -23.8% |
| Total | 23,508 | 24,042 | 34,456 | 22,943 | 22,493 | 45,436 | -13,062 | -22.3% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|
| Expenditures by Activity | | | | | | | | |
| Trails & Waterways Mgmt | 4,315 | 4,812 | 8,756 | 3,214 | 3,214 | 6,428 | -7,140 | -52.6% |
| Water Access & Recreation | 8,552 | 9,733 | 10,161 | 7,703 | 7,703 | 15,406 | -4,488 | -22.6% |
| Trails Recreation | 10,641 | 9,497 | 15,539 | 12,026 | 11,576 | 23,602 | -1,434 | -5.7% |
| Total | 23,508 | 24,042 | 34,456 | 22,943 | 22,493 | 45,436 | -13,062 | -22.3% |

NATURAL RESOURCES DEPT

Program: TRAILS & WATERWAYS MGMT

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|-------------------|--------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Revenue by Type and Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Non Dedicated | | | | | | | | |
| General | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Natural Resources | 6,939 | 5,589 | 6,791 | 6,791 | 6,791 | 13,582 | 1,202 | 9.7% |
| Subtotal Non Dedicated | 6,940 | 5,589 | 6,791 | 6,791 | 6,791 | 13,582 | 1,202 | 9.7% |
| Dedicated | | | | | | | | |
| Natural Resources | 456 | 375 | 485 | 485 | 35 | 520 | -340 | -39.5% |
| Special Revenue | 790 | 555 | 409 | 409 | 409 | 818 | -146 | -15.1% |
| Federal | 104 | 460 | 1,500 | 1,500 | 1,500 | 3,000 | 1,040 | 53.1% |
| Gift | 41 | 67 | 58 | 58 | 58 | 116 | -9 | -7.2% |
| Subtotal Dedicated | 1,391 | 1,457 | 2,452 | 2,452 | 2,002 | 4,454 | 545 | 13.9% |
| Total Revenue | 8,331 | 7,046 | 9,243 | 9,243 | 8,793 | 18,036 | 1,747 | 10.7% |
| | | | | | | | | |
| Full-Time Equivalents (FTE) | 131.8 | 128.0 | 177.9 | 162.5 | 162.5 | | | |

NATURAL RESOURCES DEPT

Program: TRAILS & WATERWAYS MGMT

Activity: TRAILS & WATERWAYS MGMT

Narrative

Activity Description

This activity provides trail recreation for state residents and tourists. It supports Department of Natural Resources (DNR) trail related activities primarily on state trails and in state forests, and offers stewardship projects through the adopt-a-river program.

Population Served

The users served by this activity include:

- ◆ bicyclists;
- ◆ walkers;
- ◆ joggers;
- ◆ in-line skaters;
- ◆ hikers;
- ◆ horseback riders; and
- ◆ cross-country skiers.

Services Provided

The services provided by this activity include:

- ◆ administration of the State Trail Program;
- ◆ trail planning and surveying;
- ◆ management of capital budget acquisition and development projects;
- ◆ management of Legislative Commission on Minnesota Resources (LCMR) projects;
- ◆ administration of the Adopt-a-River program;
- ◆ administration of the Cooperative Trails Grant Program (local trail connections, regional trails, and national recreation trail grants [TEA-21]);
- ◆ development and maintenance of interpretive and vegetation management projects;
- ◆ development of trail amenities (e.g., parking, picnic areas, drinking water);
- ◆ maintenance of non-motorized state trails and DNR forestry trails; and
- ◆ development and distribution of public information materials (e.g., maps, brochures, etc.) for non-dedicated account activities.

Key Measures

Minnesotans and tourists have access to the outdoors through a network of trails that promote recreational activities such as biking, hiking, skiing and snowmobiling. These year-round recreation opportunities support Minnesota's high quality of life and also support regional economies. Developing and sustaining a diverse trail system ensures DNR meets the needs of both tourists and local residents alike. State bicycle trails are an important part of this trail system.

One of the targets for 2002 is to provide a total of 385 miles of paved state bicycle trails. Trail development is proceeding well for the year and DNR expects to exceed this target by about 15 miles, reaching 400 miles by the end of this year.

Activity at a Glance

- ◆ 9 paved state trails provided 896,373 hours of summertime use according to user surveys conducted by Trails and Waterways.
- ◆ 14 state trails have paved surface for bicycle use.
- ◆ Adopt-a-River clean up removed 67 tons of rubbish in 2001.

NATURAL RESOURCES DEPT

Program: TRAILS & WATERWAYS MGMT

Activity: TRAILS & WATERWAYS MGMT

Narrative

State Trail Mileage

| | FY 2000 | FY 2001 | FY 2002 | FY 2003 |
|---------------------|---------|---------|---------|---------|
| State Trails | 1,067 | 1,082 | 1,141 | 1,141 |
| State Trails (bike) | 330 | 345 | 365 | 400 |

The Adopt-a-River Program enlists volunteers to remove rubbish along sections of Minnesota's rivers, lakes, wetlands, and ravines. This restores the health and natural beauty of these rivers and improves fish and wildlife habitat.

Number of Cleanups Reported and Miles of Shoreline Cleaned

| | FY 2000 | FY 2001 | FY 2002 | FY 2003 |
|-------------------|---------|---------|---------|---------|
| Cleanups Reported | 155 | 170 | 185 | 200 |
| Miles Cleaned | 511 | 611 | 650 | 690 |

Activity Funding

This activity is funded primarily through General Fund appropriations.

Contact

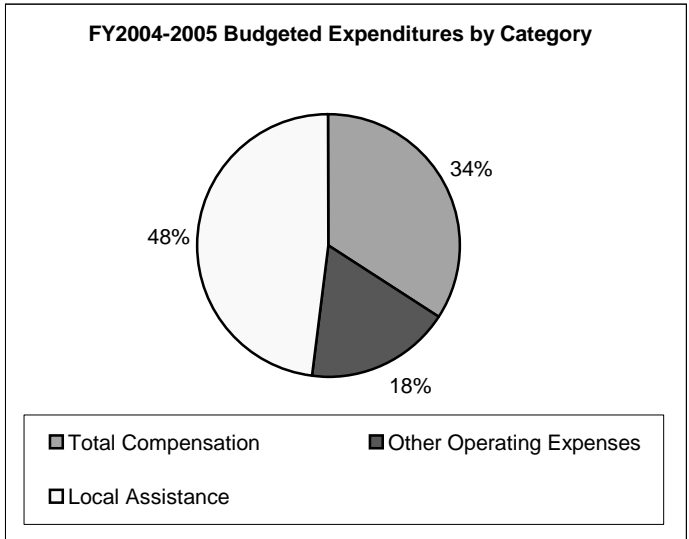
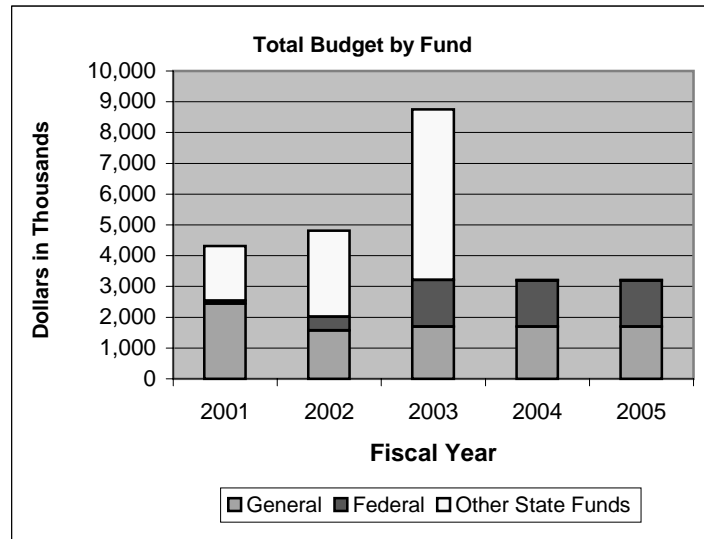
Additional information can be obtained on the DNR web site at "dnr.state.mn.us."

NATURAL RESOURCES DEPT

Program: TRAILS & WATERWAYS MGMT

Activity: TRAILS & WATERWAYS MGMT

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------|--------------------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 | Dollars Percent |
| Direct Appropriations | | | | | | | | |
| Environment & Natural Resource | 80 | 174 | 826 | 0 | 0 | 0 | -1,000 | -100.0% |
| General | 2,439 | 1,567 | 1,699 | 1,694 | 1,694 | 3,388 | 122 | 3.7% |
| Minnesota Resources | 91 | 1,550 | 1,958 | 0 | 0 | 0 | -3,508 | -100.0% |
| Natural Resources | 1,590 | 1,032 | 1,853 | 0 | 0 | 0 | -2,885 | -100.0% |
| Statutory Appropriations | | | | | | | | |
| Natural Resources | 1 | 0 | 41 | 0 | 0 | 0 | -41 | -100.0% |
| Special Revenue | 0 | 23 | 784 | 20 | 20 | 40 | -767 | -95.0% |
| Federal | 98 | 446 | 1,514 | 1,500 | 1,500 | 3,000 | 1,040 | 53.1% |
| Gift | 16 | 20 | 81 | 0 | 0 | 0 | -101 | -100.0% |
| Total | 4,315 | 4,812 | 8,756 | 3,214 | 3,214 | 6,428 | -7,140 | -52.6% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 1,419 | 1,550 | 1,629 | 1,100 | 1,100 | 2,200 | -979 | -30.8% |
| Other Operating Expenses | 1,348 | 806 | 1,193 | 566 | 566 | 1,132 | -867 | -43.4% |
| Capital Outlay & Real Property | 491 | 220 | 1,913 | 0 | 0 | 0 | -2,133 | -100.0% |
| Local Assistance | 1,057 | 2,236 | 4,021 | 1,548 | 1,548 | 3,096 | -3,161 | -50.5% |
| Total | 4,315 | 4,812 | 8,756 | 3,214 | 3,214 | 6,428 | -7,140 | -52.6% |

Revenue by Type and Fund

| | | | | | | | | |
|------------------------|------------|--------------|--------------|--------------|--------------|--------------|------------|--------------|
| Non Dedicated | | | | | | | | |
| General | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Natural Resources | 0 | 26 | 0 | 0 | 0 | 0 | -26 | -100.0% |
| Subtotal Non Dedicated | 1 | 26 | 0 | 0 | 0 | 0 | -26 | -100.0% |
| Dedicated | | | | | | | | |
| Natural Resources | 6 | 72 | 0 | 0 | 0 | 0 | -72 | -100.0% |
| Special Revenue | 392 | 413 | 70 | 70 | 70 | 140 | -343 | -71.0% |
| Federal | 0 | 460 | 1,500 | 1,500 | 1,500 | 3,000 | 1,040 | 53.1% |
| Gift | 0 | 61 | 58 | 58 | 58 | 116 | -3 | -2.5% |
| Subtotal Dedicated | 398 | 1,006 | 1,628 | 1,628 | 1,628 | 3,256 | 622 | 23.6% |
| Total Revenue | 399 | 1,032 | 1,628 | 1,628 | 1,628 | 3,256 | 596 | 22.4% |

NATURAL RESOURCES DEPT
 Program: **TRAILS & WATERWAYS MGMT**
 Activity: TRAILS & WATERWAYS MGMT

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|-----------------------------|--------------------------|--------------------------|----------------------------|------------------------|---------------|-----------------------------|--|----------------|
| | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | FY2005 | Biennium 2004-05 | Dollars | Percent |

| | | | | | | | | |
|------------------------------------|------|------|------|------|------|--|--|--|
| Full-Time Equivalents (FTE) | 26.9 | 28.0 | 37.0 | 28.5 | 28.5 | | | |
|------------------------------------|------|------|------|------|------|--|--|--|

NATURAL RESOURCES DEPT

Program: TRAILS & WATERWAYS MGMT

Activity: WATER ACCESS & RECREATION

Narrative

Activity Description

The purpose of the Water Access and Recreation activity is to provide the public with water-based recreational boating and fishing opportunities and services. This activity provides the public with access (M.S. 97A.141) to lakes, streams, river corridors and designated canoe and boating routes (M.S. 85.32) for boaters, anglers, paddlers and other users. Safe harbors (M.S. 86A20-24) on Lake Superior provide trailerable boat access and boatslips for larger boats in a protected harbor.

Activity at a Glance

- ◆ Minnesota ranks fourth in the nation for total boats registered (827,000).
- ◆ Over 250 fishing piers and shore fishing sites provide access to over two million anglers.

Population Served

All Minnesotans and tourists who boat, canoe or fish or who wish to access Minnesota's lakes and rivers.

Services Provided

Major responsibilities of the activity:

⇒ *Boat Access Sites*

Sites are one - seven acres in size, contain a boat launch ramp, a parking lot, an entrance road, and amenities such as toilets, docks, security lights, and information kiosks. Most sites are owned and operated by Department of Natural Resources (DNR). However, when we build or upgrade access sites, we first look for partnerships where we supply the capital investment and the local community maintains and operates the facility. Services provided include maps and information guides and on-site maintenance.

⇒ *River Recreation*

Facilities and services on 26 designated rivers, are provided by DNR, including primitive campsites, rest areas, portage trails, and launch sites. Services include river cleanup, snag removal, maps and information guides, water level reports, and marking and signing of hazards. New access sites are acquired and developed according to management objectives and demonstrated need, often in cooperation with local units of government.

⇒ *Fishing Piers and Shore Fishing Sites*

Piers are a very popular part of the program and are constructed in cooperation with local units of government. Priorities are determined based on a ranking system that considers the site characteristics, fisheries resource, local initiatives, and proximity to population centers. Piers and shore fishing sites are designated to be accessible to children, persons with disabilities, and the elderly. We currently have over 250 sites in operation.

⇒ *Lake Superior Safe Harbors*

Implementation of the North Shore Harbors Plan and subsequent legislation establishing safe harbors began in 1999 with the completion of the Silver Bay safe harbor and marina. Taconite Harbor, a boat access and safe harbor only, was completed in fall 2001. State and federal funds have been appropriated for additional harbors and accesses at Two Harbors and McQuade Road (Duluth) which are in land acquisition and design phase. All of the sites have active local participation. All facilities provide boat access and protection from storms, and some will provide gas, dockage, sewage pumpouts, and other services related to boating and fishing.

Historical Perspective

Minnesotans rely heavily on public water access sites. A survey conducted by the University of Minnesota showed that three-fourths of state boat owners launch at public boat access sites at least once a year.

Minnesota ranks fourth in the nation for total boats registered (827,000) and first in the nation in the number of boats per capita (one boat for every six people).

NATURAL RESOURCES DEPT

Program: TRAILS & WATERWAYS MGMT

Activity: WATER ACCESS & RECREATION

Narrative

In the 1996 metro, 1998 Brainerd, and 2001 central lakes boating studies, boat access users gave high marks to the quality of boat access. In the Brainerd study, and to a lesser degree in the central lakes study, boat accesses were identified as becoming an asset to lakeside homeowners and resorts, who accounted for nearly 40% of access use. Public accesses are becoming a necessity for all boaters, especially since boat and motor size has increased and rendered many small private accesses useless.

Key Measures

Acquisition, development and maintenance of boat access sites. We have attained approximately 70% of our goal of numbers of boat access sites.

Number of Boat Access Sites

| <u>Fiscal Years</u> | |
|---------------------|-------|
| 1998-99 | 1,525 |
| 2000-01 | 1,550 |
| 2002-03 | 1,560 |

Construction of fishing piers and shore fishing sites in partnership with local governments. The list of applications and carry over projects is approximately 50 per year.

Number of Fishing Piers/Shorefishing Sites

| <u>Fiscal Years</u> | |
|---------------------|-----|
| 1998-99 | 232 |
| 2000-01 | 257 |
| 2002-03 | 278 |

Activity Funding

Almost 35% of the current funding for this budget activity is appropriated from the Water Recreation Fund. This fund has two revenue sources: unfunded highway gas tax collected on gasoline used in boats; and watercraft registration fees. We also receive federal Wallop/Breaux funds for boat access from the following two sources: 1) the Game and Fish Fund, based on a federal law requiring 15% of federal receipts from the Sport Fish Restoration Program be spent on public access facilities (75% reimbursement); and 2) the Boat Safety Account administered by the U.S. Coast Guard (50% match).

Contact

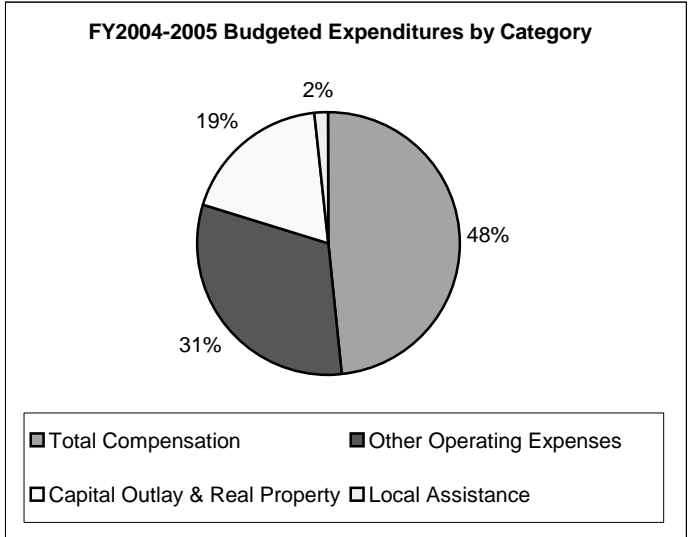
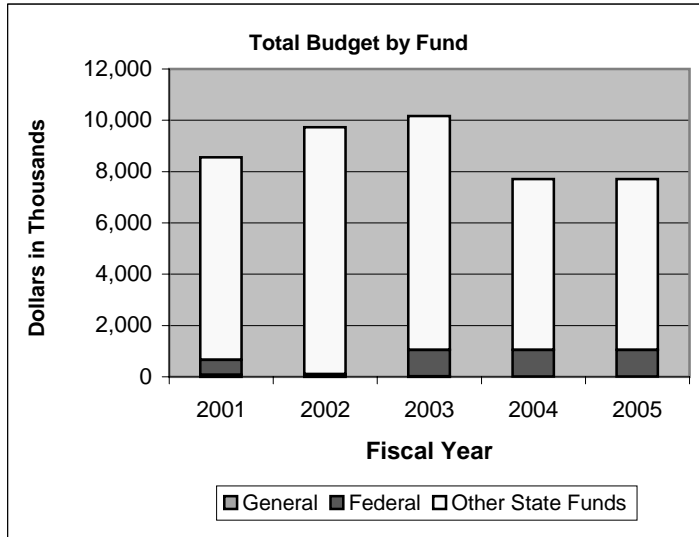
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NATURAL RESOURCES DEPT

Program: **TRAILS & WATERWAYS MGMT**

Activity: **WATER ACCESS & RECREATION**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------------------|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| Environment & Natural Resource | 322 | 1,263 | 832 | 0 | 0 | 0 | -2,095 | -100.0% |
| General | 74 | 21 | 8 | 0 | 0 | 0 | -29 | -100.0% |
| Minnesota Resources | 0 | 2,310 | 500 | 0 | 0 | 0 | -2,810 | -100.0% |
| Natural Resources | 5,037 | 5,023 | 5,782 | 5,026 | 5,026 | 10,052 | -753 | -7.0% |
| Game And Fish (Operations) | 2,163 | 690 | 1,515 | 1,310 | 1,310 | 2,620 | 415 | 18.8% |
| Open Appropriations | | | | | | | | |
| Natural Resources | 195 | 147 | 179 | 179 | 179 | 358 | 32 | 9.8% |
| Statutory Appropriations | | | | | | | | |
| Natural Resources | 0 | 16 | 117 | 35 | 35 | 70 | -63 | -47.4% |
| Special Revenue | 107 | 146 | 73 | 50 | 50 | 100 | -119 | -54.3% |
| Federal | 587 | 73 | 1,045 | 1,045 | 1,045 | 2,090 | 972 | 86.9% |
| Gift | 67 | 44 | 110 | 58 | 58 | 116 | -38 | -24.7% |
| Total | 8,552 | 9,733 | 10,161 | 7,703 | 7,703 | 15,406 | -4,488 | -22.6% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|---------------|--------------|--------------|---------------|---------------|---------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 3,236 | 3,321 | 3,811 | 3,731 | 3,731 | 7,462 | 330 | 4.6% |
| Other Operating Expenses | 2,673 | 2,266 | 2,862 | 2,402 | 2,402 | 4,804 | -324 | -6.3% |
| Capital Outlay & Real Property | 2,038 | 3,071 | 3,078 | 1,452 | 1,452 | 2,904 | -3,245 | -52.8% |
| Local Assistance | 605 | 1,075 | 410 | 118 | 118 | 236 | -1,249 | -84.1% |
| Total | 8,552 | 9,733 | 10,161 | 7,703 | 7,703 | 15,406 | -4,488 | -22.6% |

NATURAL RESOURCES DEPT

Program: TRAILS & WATERWAYS MGMT

Activity: WATER ACCESS & RECREATION

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|-----------------------------|--------------------------|--------------------------|----------------------------|------------------------|---------------|-----------------------------|--|----------------|
| | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | FY2005 | Biennium 2004-05 | Dollars | Percent |
| Non Dedicated | | | | | | | | |
| Natural Resources | 0 | 1 | 0 | 0 | 0 | 0 | -1 | -100.0% |
| Subtotal Non Dedicated | 0 | 1 | 0 | 0 | 0 | 0 | -1 | -100.0% |
| Dedicated | | | | | | | | |
| Natural Resources | 0 | 28 | 35 | 35 | 35 | 70 | 7 | 11.1% |

| | | | | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|-----------|----------|-------------|
| Federal | 6 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Gift | 41 | 6 | 0 | 0 | 0 | 0 | -6 | -100.0% |
| Subtotal Dedicated | 47 | 34 | 35 | 35 | 35 | 70 | 1 | 1.4% |
| Total Revenue | 47 | 35 | 35 | 35 | 35 | 70 | 0 | 0.0% |
| Full-Time Equivalents (FTE) | 62.9 | 59.6 | 87.6 | 82.4 | 82.4 | | | |

NATURAL RESOURCES DEPT

Program: TRAILS & WATERWAYS MGMT

Activity: TRAILS RECREATION

Narrative

Activity Description

This activity funded through the dedicated accounts within the Natural Resources Fund provide trails users the opportunity to access and enjoy the outdoors in a safe, responsible manner while protecting sensitive resources and fostering local economic development.

Activity at a Glance

- ◆ Five grant programs provided
- ◆ 285,675 registered snowmobiles
- ◆ 148,000 registered ATV's

Population Served

This activity provides services to trails users who contribute to dedicated accounts through registration fees and in most cases unrefunded gas tax. The recreational activities of these trail users include:

- ◆ Snowmobiling;
- ◆ All-Terrain Vehicles;
- ◆ Off-Highway Motorcycles;
- ◆ Off-Road Vehicles; and
- ◆ Cross-Country Skiing

Services Provided

The services provided by this activity include:

- ◆ maintenance and operations of state trails;
- ◆ the development on some state trails and in state forests;
- ◆ monitoring and maintenance of trails in state forest;
- ◆ the operations of the Iron Range off-highway vehicle recreation areas;
- ◆ grant programs to local units of government;
- ◆ development and distribution of public information materials (e.g., maps, brochures, interpretive, etc.); and
- ◆ the administration of dedicated account activities done by Trails and Waterways.

Key Measures

Development and maintenance of trails to meet the growing demand for recreational trails.

Miles of DNR Trails

| | <u>FY 2000</u> | <u>FY 2001</u> | <u>FY 2002</u> | <u>FY 2003</u> |
|----------------------------------|----------------|----------------|----------------|----------------|
| DNR-Snowmobile | 2,135 | 2,135 | 2,135 | 2,135 |
| DNR-rail Cross-Country Ski | 789 | 789 | 789 | 789 |
| DNR-Trail-All Terrain Vehicle | 151 | 181 | 212 | 263 |
| DNR-Trail-Off-Highway Motorcycle | 192 | 192 | 192 | 192 |
| DNR-Trail-Off Road Vehicle | <u>11</u> | <u>11</u> | <u>11</u> | <u>11</u> |
| TOTAL | 3,278 | 3,308 | 3,339 | 3,390 |

Administer a trail system that anticipates and responds to changing public demand through local trail grants.

Miles of Grant-In-Aid Trails

| | <u>FY 2000</u> | <u>FY 2001</u> | <u>FY 2002</u> | <u>FY 2003</u> |
|----------------------------|----------------|----------------|----------------|----------------|
| GIA-Snowmobile | 15,000 | 15,200 | 15,400 | 18,200 |
| GIA-Cross-Country Ski | 1,003 | 1,003 | 1,003 | 1,003 |
| GIA-All Terrain Vehicle | 468 | 505 | 505 | 525 |
| GIA-Off-Highway Motorcycle | 88 | 113 | 113 | 113 |
| GIA-Off Road Vehicle | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| TOTAL | 16,559 | 16,821 | 17,021 | 19,841 |

NATURAL RESOURCES DEPT

Program: TRAILS & WATERWAYS MGMT

Activity: TRAILS RECREATION

Narrative

Activity Funding

This activity is funded primarily through dedicated revenues from the Natural Resources Fund and with supplemental funding from the General Fund for cross-country ski. Revenues generated for the Off-Highway Motorcycle (OHM), Off-Road Vehicle (ORV), All-terrain Vehicle (ATV), and Snowmobile Safety and Enforcement Funds come from vehicle registrations and unrefunded gas tax. The Cross-Country Ski Account is funded from the sale of the ski pass. Unrefunded gas taxes are those tax dollars attributed to fuel consumed while using public lands and trails.

Contact

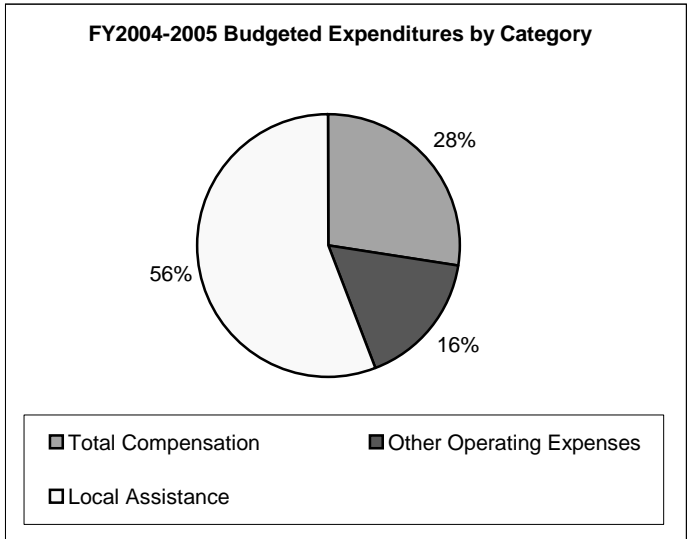
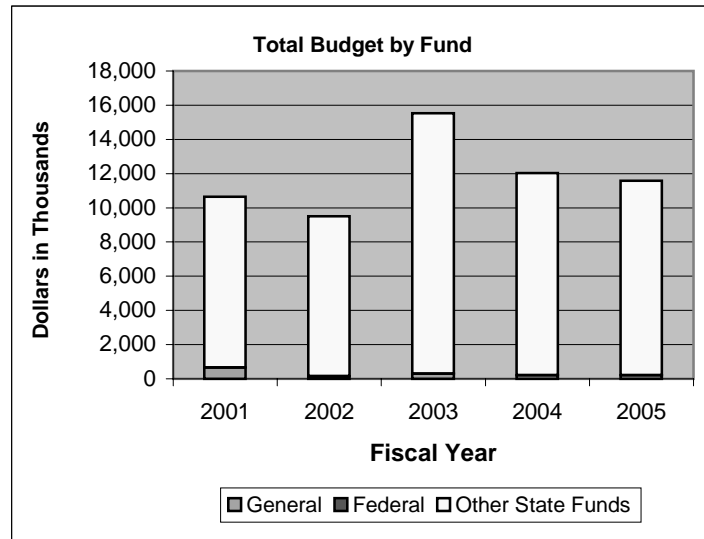
Additional information can be obtained on the DNR web site at "dnr.state.mn.us."

NATURAL RESOURCES DEPT

Program: TRAILS & WATERWAYS MGMT

Activity: TRAILS RECREATION

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 659 | 141 | 295 | 212 | 212 | 424 | -12 | -2.8% |
| Natural Resources | 9,628 | 9,050 | 13,259 | 10,886 | 10,886 | 21,772 | -537 | -2.4% |
| Iron Range Resources & Rehab | 24 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Open Appropriations | | | | | | | | |
| Natural Resources | 131 | 105 | 139 | 139 | 139 | 278 | 34 | 13.9% |
| Statutory Appropriations | | | | | | | | |
| Natural Resources | 0 | 0 | 1,505 | 450 | 0 | 450 | -1,055 | -70.1% |
| Special Revenue | 199 | 201 | 341 | 339 | 339 | 678 | 136 | 25.1% |
| Total | 10,641 | 9,497 | 15,539 | 12,026 | 11,576 | 23,602 | -1,434 | -5.7% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|---------------|--------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Total Compensation | 2,322 | 2,363 | 3,275 | 3,260 | 3,260 | 6,520 | 882 | 15.6% |
| Other Operating Expenses | 1,769 | 1,460 | 2,827 | 1,964 | 1,914 | 3,878 | -409 | -9.5% |
| Capital Outlay & Real Property | 1,219 | 161 | 989 | 0 | 0 | 0 | -1,150 | -100.0% |
| Local Assistance | 5,331 | 5,513 | 8,448 | 6,802 | 6,402 | 13,204 | -757 | -5.4% |
| Total | 10,641 | 9,497 | 15,539 | 12,026 | 11,576 | 23,602 | -1,434 | -5.7% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|-------------|
| Non Dedicated | | | | | | | | |
| Natural Resources | 6,939 | 5,562 | 6,791 | 6,791 | 6,791 | 13,582 | 1,229 | 9.9% |
| Subtotal Non Dedicated | 6,939 | 5,562 | 6,791 | 6,791 | 6,791 | 13,582 | 1,229 | 9.9% |
| Dedicated | | | | | | | | |
| Natural Resources | 450 | 275 | 450 | 450 | 0 | 450 | -275 | -37.9% |
| Special Revenue | 398 | 142 | 339 | 339 | 339 | 678 | 197 | 41.0% |
| Federal | 98 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Dedicated | 946 | 417 | 789 | 789 | 339 | 1,128 | -78 | -6.5% |
| Total Revenue | 7,885 | 5,979 | 7,580 | 7,580 | 7,130 | 14,710 | 1,151 | 8.5% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 42.0 | 40.4 | 53.3 | 51.6 | 51.6 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

Program Description

The Fish Management Program protects, maintains, and enhances Minnesota's fishery resources and aquatic communities for recreational, ecological, and economic benefits to the state. The Division of Fisheries is the sole entity responsible for managing the state's public fisheries resources. In addition to other units in the Department of Natural Resources (DNR), state environmental agencies, such as Agriculture, Health, Pollution Control, and the Board of Soil and Water Resources have responsibility for environmental regulation and management that impact water quality and aquatic habitat. Local units of government also have regulatory authority that impacts aquatic resources. Major fisheries issues include increasing fishing pressure, technology, and harvest, and, most important, the continual degradation of fish habitat from shoreline and watershed developments and non-point source pollution.

Program at a Glance

- ◆ The Division of Fisheries manages recreational and commercial fisheries and aquatic habitat on approximately 5,400 lakes and 16,000 miles of fishable streams and rivers.
- ◆ About 30 million pounds of fish are harvested annually in Minnesota.
- ◆ Over 30 million person-days are spent each year on recreational angling in Minnesota.
- ◆ Fishing-related activity generates about \$2.6 billion each year in direct expenditures to the state's economy.

Population Served

The Division of Fisheries' primary stakeholders are anglers and fishing-related businesses. However, because fishing and the health of the aquatic environment are so important to the state's economy and overall well being, virtually all Minnesotans have a stake in the services provided by Fisheries.

Services Provided

The Division of Fisheries provides services that maintain and enhance game fish populations and aquatic habitat for the state's anglers and businesses that depend on fishing. Core functions include:

- ◆ monitoring fish populations and aquatic habitat;
- ◆ protecting, improving, and restoring fish populations and aquatic habitat;
- ◆ propagating fish for stocking in publicly accessible waters;
- ◆ providing public information and aquatic education; and
- ◆ planning, coordination, and administration.

Historical Perspective

In general, fisheries for many of Minnesota's important game fish species are in good condition including largemouth and smallmouth bass, muskellunge, brook and brown trout, lake trout, and catfish. Walleye numbers in lakes with natural reproduction are generally good to excellent. Although stocked walleye populations are in generally good shape also, there is some concern that past stocking reductions caused declines on some waters. An accelerated walleye program has been funded and implemented to address these concerns.

Bluegill and black crappie numbers remain high, but decreasing average size is a major concern. The same is true of northern pike and yellow perch. Lake trout populations are holding up well in their native range in northeast Minnesota, but harvest is at non-sustainable levels on some waters. The Division of Fisheries has taken steps to address these species of concern through statewide and lake/stream specific fishing regulation changes.

Key Measures

Primary performance measures for the Fish Management Program are:

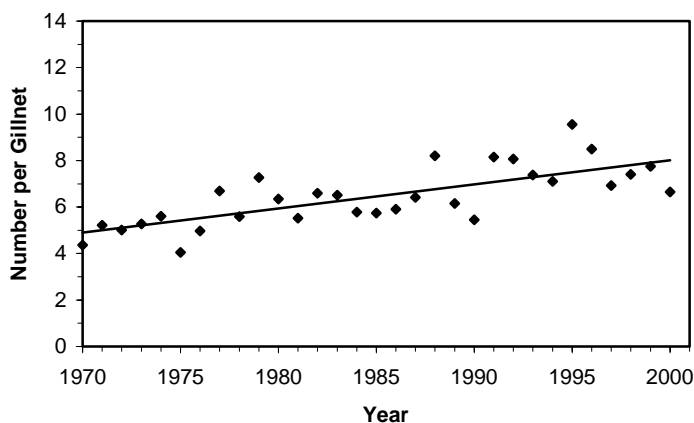
- ⇒ Game fish abundance and average size as measured by net catches and other sampling from the survey and assessment program.
- ⇒ Angler catch rates and average size of various fish species as measured by creel surveys.
- ⇒ Angler satisfaction as measured by attitude surveys.
- ⇒ Fisheries management plans developed with constituent input for each managed water.

- ⇒ Regulations that protect the fisheries resource and provide sustainable quality angling opportunities.
- ⇒ Aquatic habitat capable of sustaining recreational and commercial fisheries.
- ⇒ A public knowledgeable of the fisheries resource and the ecology, conservation, and ethics of fishing.

Examples of current performance:

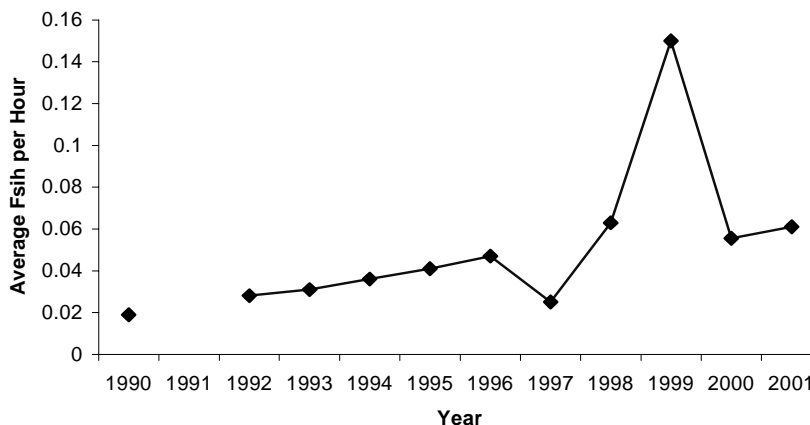
The walleye stocking program provides fish for approximately 900 lakes where natural reproduction is thought to be insufficient to provide good fishing. Due to more effective stocking, stocked walleye populations as measured by survey gill net catches have been increasing on average since 1977. The goal of the accelerated walleye program is to further increase the average gill net catch on stocked lakes, which will improve fishing success.

Walleye Abundance in Stocked Lakes



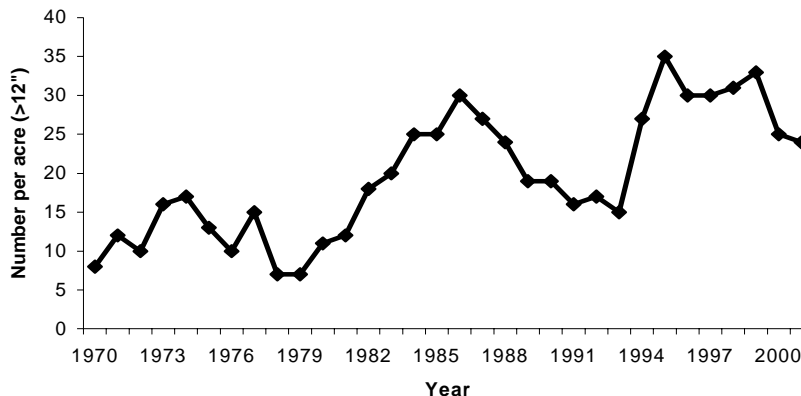
Steelhead catch rates (fish/angler-hour) on tributaries to Lake Superior have increased after development of a Lake Superior steelhead plan and implementation of restrictive harvest regulations in 1992.

Steelhead Catch Rate



Brown trout abundance in southeast Minnesota has increased since the 1970s due to a combination of improved watershed practices, habitat improvement, and better stocking practices.

Brown Trout Populations 12" and Larger



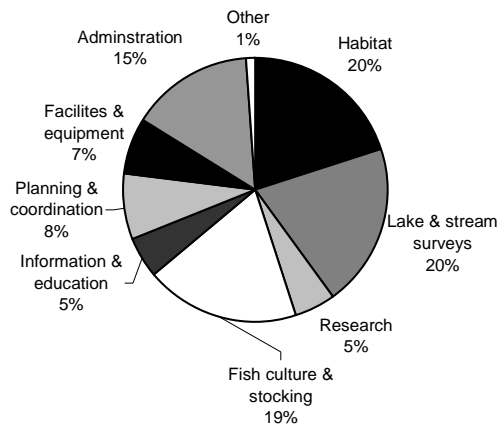
Program Funding

This program generates revenue from the sale of fishing licenses and from reimbursement under the Federal Aid to Sport Fish Restoration Program. These revenues are deposited in the dedicated Game and Fish Fund to support the program. The Heritage Enhancement Account, a sub-account of the Game and Fish Fund that was authorized by the 2000 legislature, is funded from a percentage of lottery revenues in lieu of sales tax. In addition, Fisheries generates dedicated revenue from cooperative agreements, sales of publications, and gifts.

The operating budget for FY 2002-03 includes the following sources of funds: Game and Fish (73%); Heritage Enhancement (17%); Trout and Salmon (2%); General (1%); Water Recreation (1%); Legislative Commission on Minnesota Resources (LCMR) (4%); and Special Revenue (2%).

FY2001 Program Expenditures are shown below.

Program Expenditures- FY 2001



Contact

The following web sites offer additional information on the fish management program.

The DNR Fishing information page at <http://www.dnr.state.mn.us/fishing/index.html> provides selected game fish information, news releases, and reports.

The "Lake Finder" at <http://www.dnr.state.mn.us/lakefind/index.html> provides management information about specific lakes. It also provides information about stocking, fish consumption advice, and water quality.

For general information about the Division of Fisheries and local area fisheries office news see <http://www.dnr.state.mn.us/fisheries/index.html>

For general information about fish management see <http://www.dnr.state.mn.us/fisheries/management/index.html>

Steve Hirsch, Assistant Director

Phone: (651) 297-4918

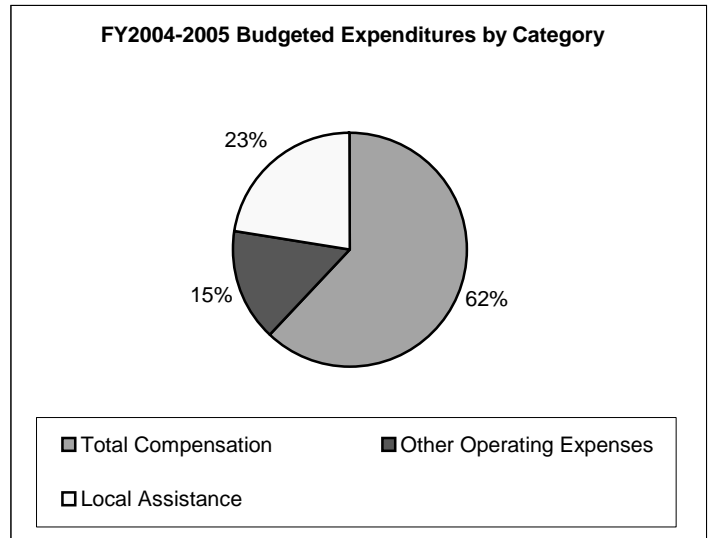
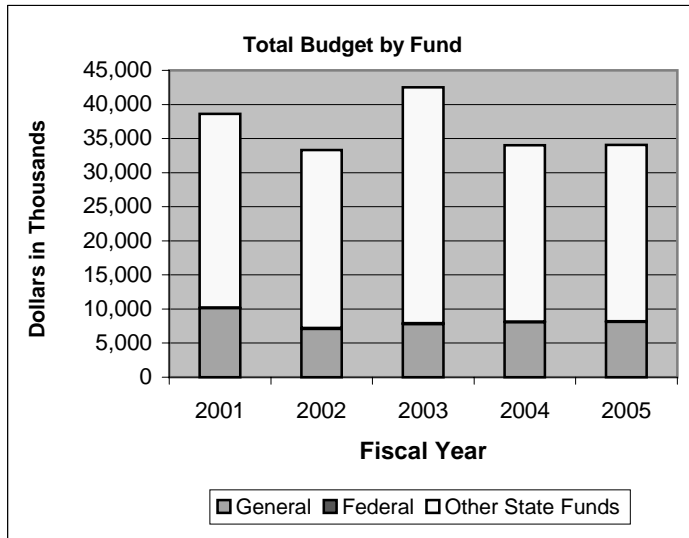
Fax: (651) 297-4916

E-mail: steve.hirsch@dnr.state.mn.us

NATURAL RESOURCES DEPT

Program: FISH MANAGEMENT

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|-----------------|-------------------|-----------------|
| | Actual | Actual | Budgeted | Base | Biennium | Biennial Change | | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | 2004-05 / 2002-03 | Dollars Percent |
| Direct Appropriations | | | | | | | | |
| Environment & Natural Resource | 74 | 600 | 1,907 | 0 | 0 | 0 | -2,507 | -100.0% |
| General | 2,654 | 186 | 485 | 506 | 506 | 1,012 | 341 | 50.8% |
| Minnesota Resources | 0 | 5 | 140 | 0 | 0 | 0 | -145 | -100.0% |
| Natural Resources | 194 | 190 | 198 | 197 | 197 | 394 | 6 | 1.5% |
| Game And Fish (Operations) | 27,008 | 24,033 | 30,514 | 24,315 | 24,315 | 48,630 | -5,917 | -10.8% |
| Open Appropriations | | | | | | | | |
| General | 7,501 | 6,910 | 7,325 | 7,548 | 7,601 | 15,149 | 914 | 6.4% |
| Game And Fish (Operations) | 1,112 | 856 | 1,151 | 1,151 | 1,151 | 2,302 | 295 | 14.7% |
| Statutory Appropriations | | | | | | | | |
| Natural Resources | 0 | 11 | 24 | 5 | 5 | 10 | -25 | -71.4% |
| Special Revenue | 15 | 275 | 406 | 150 | 150 | 300 | -381 | -55.9% |
| Federal | 42 | 94 | 71 | 63 | 63 | 126 | -39 | -23.6% |
| Reinvest In Minnesota | 0 | 12 | 0 | 0 | 0 | 0 | -12 | -100.0% |
| Gift | 5 | 151 | 299 | 95 | 95 | 190 | -260 | -57.8% |
| Total | 38,605 | 33,323 | 42,520 | 34,030 | 34,083 | 68,113 | -7,730 | -10.2% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 18,637 | 19,545 | 21,672 | 21,038 | 21,038 | 42,076 | 859 | 2.1% |
| Other Operating Expenses | 8,368 | 5,972 | 9,478 | 5,257 | 5,257 | 10,514 | -4,936 | -31.9% |
| Capital Outlay & Real Property | 3,620 | 643 | 3,104 | 112 | 112 | 224 | -3,523 | -94.0% |
| Local Assistance | 7,980 | 7,163 | 7,416 | 7,623 | 7,676 | 15,299 | 720 | 4.9% |
| Other Financial Transactions | 0 | 0 | 850 | 0 | 0 | 0 | -850 | -100.0% |
| Total | 38,605 | 33,323 | 42,520 | 34,030 | 34,083 | 68,113 | -7,730 | -10.2% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Expenditures by Activity | | | | | | | | |
| Fish Management | 38,605 | 33,323 | 42,520 | 34,030 | 34,083 | 68,113 | -7,730 | -10.2% |
| Total | 38,605 | 33,323 | 42,520 | 34,030 | 34,083 | 68,113 | -7,730 | -10.2% |

NATURAL RESOURCES DEPT

Program: FISH MANAGEMENT

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|-------------------|-------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Revenue by Type and Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Non Dedicated | | | | | | | | |
| Game And Fish (Operations) | 37,279 | 37,381 | 38,939 | 38,939 | 39,964 | 78,903 | 2,583 | 3.4% |
| Subtotal Non Dedicated | 37,279 | 37,381 | 38,939 | 38,939 | 39,964 | 78,903 | 2,583 | 3.4% |
| Dedicated | | | | | | | | |
| Natural Resources | 1 | 5 | 23 | 5 | 5 | 10 | -18 | -64.3% |
| Special Revenue | 59 | 134 | 150 | 150 | 150 | 300 | 16 | 5.6% |
| Federal | 60 | 44 | 24 | 63 | 63 | 126 | 58 | 85.3% |
| Gift | 112 | 74 | 95 | 95 | 95 | 190 | 21 | 12.4% |
| Subtotal Dedicated | 232 | 257 | 292 | 313 | 313 | 626 | 77 | 14.0% |
| Total Revenue | 37,511 | 37,638 | 39,231 | 39,252 | 40,277 | 79,529 | 2,660 | 3.5% |
| | | | | | | | | |
| Full-Time Equivalents (FTE) | 353.1 | 353.6 | 374.0 | 343.7 | 343.7 | | | |

Program Description

The Wildlife Management Program exists to provide management, protection, use, understanding, and enjoyment of the state's wildlife (M.S. 84.941).

The Wildlife Management Program is the primary authority responsible for wildlife population management and harvest regulation, providing healthy wildlife populations for hunting and viewing activities, as well as resolving conflicts between humans and wildlife.

Because of the critical role of habitat in maintaining healthy and diverse wildlife populations, this program is also the primary lead for other programs that deal with acquiring, managing, and restoring wildlife habitats on public and private lands, and some public waters. This program partners with public and private landowners, other agencies, all levels of government, nonprofit organizations, and citizens.

Population Served

Primary clientele include 597,000 hunters and trappers and 1.9 million wildlife viewers/photographers representing 15% and 54% of the state's population respectively. Minnesota ranks sixth among all states for the number of hunters and trappers and eleventh for the number of wildlife viewers/photographers in a 2001 national survey.

Program at a Glance

- ◆ 597,000 hunters and trappers, 1.9 million wildlife viewers served
- ◆ 1,350 Wildlife Management Areas with over one million acres managed for optimal wildlife habitat.
- ◆ 5,000 acres added to WMA system annually
- ◆ Over 50 big game, small game, waterfowl, migratory bird and furbearer species managed through regulated harvest
- ◆ 270,000 acres of public land conserved and managed annually
- ◆ Over 7,000 acres of private land managed through annual cost share programs
- ◆ 24,000 hours of technical guidance on wildlife habitat/populations and nuisance animals provided to private landowners and government agencies

Services Provided

The Wildlife Management Program has eight primary strategies or services provided:

- ⇒ Acquire, develop, and maintain wildlife management areas (WMAs) for wildlife habitat, public hunting, and wildlife observation.
- ⇒ Inventory and monitor the state's wildlife populations and habitats.
- ⇒ Provide customer service through regulated harvesting seasons, wildlife information, and education.
- ⇒ Provide technical assistance to land owners and land managers to improve wildlife habitat.
- ⇒ Improve the quality of Minnesota's shallow lakes.
- ⇒ Provide technical assistance and cost-sharing to resolve wildlife problems.
- ⇒ Conduct applied research on management-related wildlife topics.
- ⇒ Partner with organizations, individuals, and agencies to accomplish mutual objectives.

Wildlife management performance is measured in terms of quantities of public lands and waters administered, populations of wildlife species, and public recreation and information.

- ⇒ **Wildlife Management Areas.** This program manages an extensive system of over 1,350 Wildlife Management Areas totaling over 730,000 acres, with another 370,000 acres of cooperatively managed lands. Minnesota pioneered wetland protection efforts in the early 1950s with the "Save the Wetlands" program of acquiring shallow wetlands and managing them for wildlife - a program that has since become the model for other federal and state programs. The Minnesota WMA system is one of the largest in the country.
- ⇒ **Wildlife Populations and Resource Assessment.** Populations of many species are at or near all-time highs, including wild turkeys, black bears, and locally breeding Canada geese. Minnesota also has some of the best ruffed grouse populations in the country and is a major waterfowl production state. Abundant populations of wildlife such as deer, bears, and geese can cause conflicts with humans so the Division of Wildlife also maintains programs to address wildlife damage and nuisance problems.

Basic population inventory, monitoring and research is essential to responsible management of populations, including the management of quota systems, setting hunting seasons, and investigating applied population and habitat management needs. For example, current projects are investigating issues as diverse as moose population dynamics in northeastern Minnesota, the effects of logging practices on winter deer habitat, sources of mortality and movements of deer in agricultural environments; the conservation benefits of lands retired in Conservation Reserve Program (CRP), the effects of fish or bait rearing on wildlife productivity of shallow wetlands, and the current distribution and abundance of river otters in southern Minnesota.

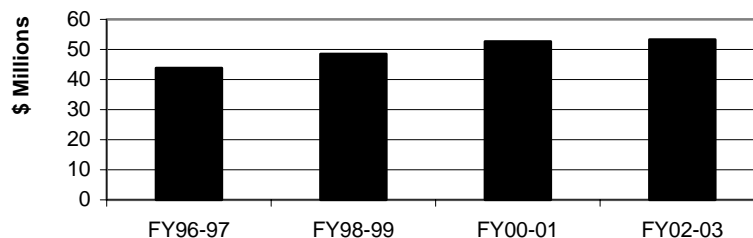
Natural resource assessments provide historical and current data on habitat cover and land use patterns. This information is critical for evaluating, recommending and planning habitat protection and management efforts.

- ⇒ **Wildlife Habitat.** In addition to direct management of WMAs, the program provides technical assistance for wildlife habitat management and improvement on other public as well as private lands by consulting with forest managers, providing wildlife expertise for agricultural land conservation programs such as CRP, CREP, and Reinvest in Minnesota (RIM) Reserve, assessing and managing shallow lakes with high wildlife production potential, and providing technical assistance and cost-share to private individuals and organizations for improving their lands for wildlife.
- ⇒ **Public Recreation and Information.** The Wildlife Management Program provides areas for wildlife recreation and manages hunting and trapping seasons for over 50 game species which provide over 8.4 million days of recreation annually. The program also provides public information and education about wildlife through publications, mass media, and personal presentations. Minnesota has a rich and diverse wildlife component of great importance to the state's citizens. The state's many types of prairie, wetland, forest, and other plant communities support 403 migratory and resident bird species, 240 nesting bird species that breed in the state, 80 species of mammals, and 48 species of amphibians, reptiles, and mussels.

Historical Perspective

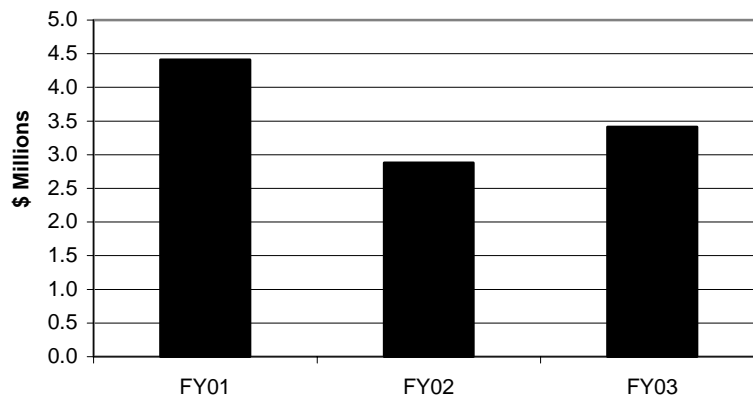
- ⇒ Funding for this program increased in FY 1998-99 largely due to a large bonding package and additional general funds through a Governor's Initiative. Funding increased again in FY 2001 with passage of a hunting and trapping license fee increase and formation of the Heritage Enhancement Account.

Wildlife Historical Funding Levels by Biennium



- ⇒ Expenditures from the Heritage Enhancement Account began in FY 2001 with the first appropriation authorized in Laws of 2000, Chapter 463, Section 23. Expenditures have supported sign-ups of conservation easements in the CREP program; acquisition of key WMA lands; enhanced wildlife habitat conservation on private lands; food plots; increased prescribed burning; improved brushland habitats; restored and improved wetlands and prairie grasslands; improved forest habitats; supported waterfowl habitat management in Canada, developed habitat on newly acquired WMA lands; and matched funds to continue prairie chicken restoration efforts.

Heritage Enhancement Funding

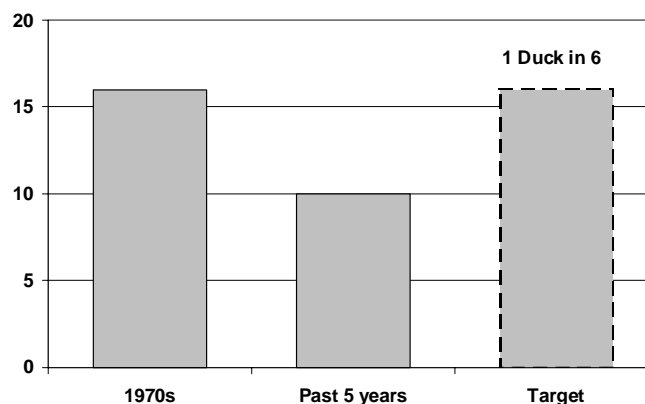


Key Measures

The Wildlife Management Program has four major goals: 1) to provide sustainable wildlife populations, 2) to provide sustainable recreational opportunities for users, 3) to effectively resolve problems or conflict caused by wildlife, and 4) to increase the public's understanding of Minnesota wildlife and habitats.

The two key measures below represent examples of the types of outcomes the Wildlife Program produces.

⇒ **Minnesota's share of the yearly Mississippi Flyway duck harvest.**



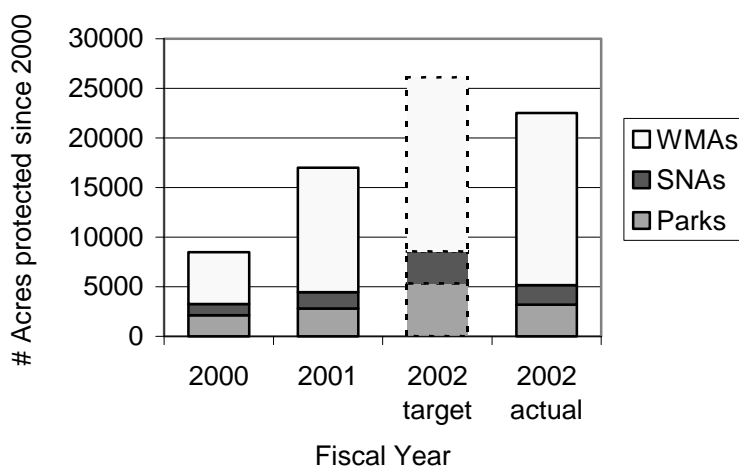
Minnesota has one of the largest populations of duck hunters in the nation. Over the past three decades, Minnesota's share of the yearly Mississippi Flyway duck harvest has decreased from 16% of the ducks annually harvested in the Mississippi Flyway to 10% of the total harvest due to fall migration habitat declines in wetlands. The Wildlife Program has focused on: 1) restoring wetland habitat complexes to increase local duck production, 2) improving management of shallow lakes by eliminating carp and managing water levels to improve the quality of fall migration habitat in wetlands, and 3) improving refuge and resting areas for waterfowl thereby reducing disturbances for fall migrating ducks.

The 2001 Minnesota duck harvest increased to approximately 10.48% of the Mississippi Flyway harvest, in part due to reduced harvest elsewhere in the Flyway. However, progress in managing wetlands and shallow lakes has been made. In FY 2001, 15,000 acres of wetlands were developed, restored or enhanced through dike and water control construction projects, aquatic vegetation removal and seeding, and removal of

undesirable fish species (carp and bullheads). 91,500 acres of wetlands were maintained through water level management efforts and dike/water control structure maintenance. Staff provided technical guidance and assessments for over 89,000 wetland acres.

Recommendations to increase the number, locations and quality of waterfowl refuges will be made following the completion of a statewide waterfowl refuge inventory which is currently underway. In addition, two additional waterfowl feeding and resting areas have been established, hunters proposed and honored a voluntary refuge area on Swan Lake, four additional lakes will be designated as wildlife management lakes in FY 2002-03, and a statutory language change will be proposed to update and meet current conditions on refuges and resting areas.

⇒ **Acres protected in State Parks, Wildlife Management Areas, and Scientific and Natural Areas.**



Healthy lands and waters are important to the high quality of life in Minnesota. Minnesota is one of the leading states for the percentage of its population that fishes, hunts or watches wildlife.

In FY 2001, 44 tracts of lands covering 7,342 acres were acquired for Wildlife Management Areas. In FY 2002, 34 tracts covering 4,909 acres were acquired.

The Wildlife Program is currently reviewing its 50 year old WMA system to create a plan for future acquisitions. In the fall of 2001, the Division surveyed hunters and other conservationists to learn how the Division could improve WMA acquisitions and obtain broader involvement in the development of recommendations for acquisition. A WMA acquisition advisory committee, comprised of major conservation groups in the state, was formed to provide recommendations for a revised acquisition plan addressing the needs for the next 50 years. The committee has been meeting since April 2002 and will complete its task in October 2002. The committee's recommendations will be incorporated into a draft acquisition plan to be presented at the annual public roundtable meeting of stakeholder organizations in January 2003. The WMA acquisition plan will be the framework for future WMA acquisition efforts and provide an important guide for the Wildlife program, the legislature, and Minnesota hunters, trappers, and wildlife enthusiasts that use and benefit from the WMA system. The plan is critical to addressing the many old and new issues facing WMA acquisition program and will be an integral part of the Division's strategic management plan.

Additional information is available on these and other Department of Natural Resources (DNR) goals at <http://www.departmentresults.state.mn.us>.

Program Funding

The Wildlife Division receives funding from many sources with the bulk of funding from the Game and Fish Fund (82%). The 2000 Legislature expanded the Game and Fish Fund by including lottery in-lieu of sales tax proceeds in a Heritage Enhancement Account and allocated a portion of this to the Wildlife Program. Other sources of funds include Special Revenue (9%), General (5%), Legislative Commission on Minnesota Resources (LCMR) (3%), and Federal (1%).

This program generates revenue from the sale of hunting licenses and from reimbursement under the Federal Aid in Wildlife Restoration Act. The United States Fish and Wildlife Service Federal Aid program manages the distribution of revenues derived from federal excise taxes on hunting equipment to state wildlife agencies through grants. These revenues are deposited in the dedicated Game and Fish Fund to support the program. In addition, the Division generates dedicated revenue from cooperative agreements, natural resource sales, sales of publications, and gifts.

Salaries comprise 53% of Wildlife's FY 2002-03 budget; 40% is allotted to non-salary costs including support costs, land acquisition, and supplies and equipment for habitat management. The FY 2002-03 grants payments are \$3.5 million and include the payment in-lieu of taxes made to the counties for public hunting grounds. Under the provisions of Laws 2000, Chapter 490, the budget and responsibility for processing these payments was transferred to the Department of Revenue beginning in FY 2002. The calculation for these payments will continue to be made by the DNR Division of Lands and Minerals. Other grants include the wildlife habitat cost share agreements, research projects, LCMR projects, and Heritage Enhancement grants for WMA work.

Contact

General information on Wildlife programs can be found on the Department of Natural Resources web site <http://www.dnr.state.mn.us/index.html>. A wide variety of general and technical publications are also available.

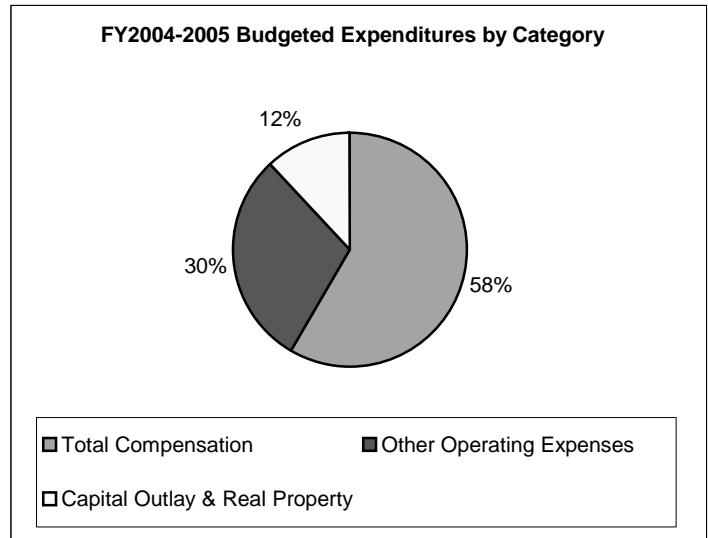
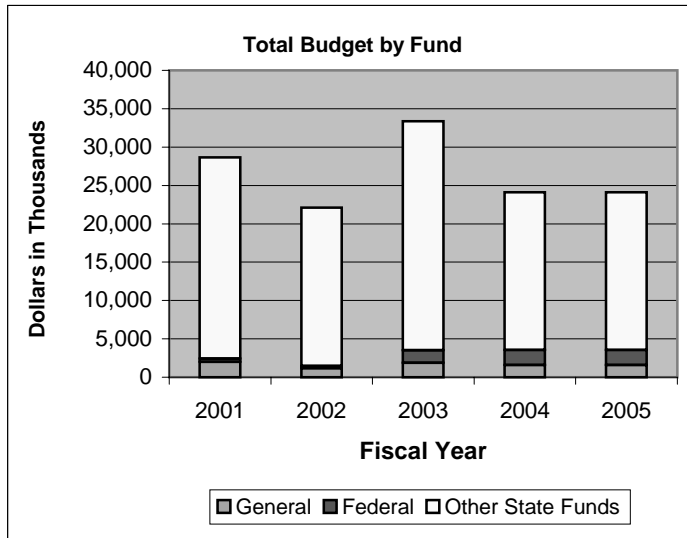
Contact for additional information:

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NATURAL RESOURCES DEPT

Program: WILDLIFE MANAGEMENT

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|-----------------|-------------------|-----------------|
| | Actual | Actual | Budgeted | Base | Biennium | Biennial Change | | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | 2004-05 / 2002-03 | Dollars Percent |
| Direct Appropriations | | | | | | | | |
| Environment & Natural Resource | 810 | 26 | 1,058 | 0 | 0 | 0 | -1,084 | -100.0% |
| General | 1,988 | 1,185 | 1,876 | 1,573 | 1,573 | 3,146 | 85 | 2.8% |
| Minnesota Resources | 292 | 337 | 496 | 0 | 0 | 0 | -833 | -100.0% |
| Game And Fish (Operations) | 23,378 | 18,646 | 24,451 | 18,704 | 18,704 | 37,408 | -5,689 | -13.2% |
| Statutory Appropriations | | | | | | | | |
| Natural Resources | 184 | 29 | 209 | 15 | 15 | 30 | -208 | -87.4% |
| Special Revenue | 258 | 541 | 992 | 428 | 428 | 856 | -677 | -44.2% |
| Game And Fish (Operations) | 24 | 20 | 741 | 324 | 336 | 660 | -101 | -13.3% |
| Federal | 430 | 283 | 1,616 | 1,978 | 1,978 | 3,956 | 2,057 | 108.3% |
| Reinvest In Minnesota | 1,178 | 745 | 940 | 851 | 851 | 1,702 | 17 | 1.0% |
| Gift | 110 | 305 | 1,005 | 220 | 220 | 440 | -870 | -66.4% |
| Total | 28,652 | 22,117 | 33,384 | 24,093 | 24,105 | 48,198 | -7,303 | -13.2% |
| Expenditures by Category | | | | | | | | |
| Total Compensation | 12,256 | 13,340 | 15,237 | 13,949 | 13,949 | 27,898 | -679 | -2.4% |
| Other Operating Expenses | 8,560 | 5,126 | 11,975 | 7,116 | 7,128 | 14,244 | -2,857 | -16.7% |
| Capital Outlay & Real Property | 6,154 | 1,645 | 3,775 | 2,845 | 2,845 | 5,690 | 270 | 5.0% |
| Payments To Individuals | 1 | 0 | 0 | 0 | 0 | 0 | 0 | n.m. |
| Local Assistance | 1,681 | 2,006 | 2,397 | 183 | 183 | 366 | -4,037 | -91.7% |
| Total | 28,652 | 22,117 | 33,384 | 24,093 | 24,105 | 48,198 | -7,303 | -13.2% |
| Expenditures by Activity | | | | | | | | |
| Wildlife Management | 28,652 | 22,117 | 33,384 | 24,093 | 24,105 | 48,198 | -7,303 | -13.2% |
| Total | 28,652 | 22,117 | 33,384 | 24,093 | 24,105 | 48,198 | -7,303 | -13.2% |

NATURAL RESOURCES DEPT

Program: WILDLIFE MANAGEMENT

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------------|---------------|---------------|-----------------|---------------|---------------|-----------------|--------------------------|----------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Revenue by Type and Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Non Dedicated | | | | | | | | |
| General | 0 | 2 | 0 | 0 | 0 | 0 | -2 | -100.0% |
| Natural Resources | 1,042 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Game And Fish (Operations) | 24,955 | 29,421 | 27,729 | 29,161 | 30,056 | 59,217 | 2,067 | 3.6% |
| Subtotal Non Dedicated | 25,997 | 29,423 | 27,729 | 29,161 | 30,056 | 59,217 | 2,065 | 3.6% |
| Dedicated | | | | | | | | |
| General | 46 | 46 | 0 | 0 | 0 | 0 | -46 | -100.0% |
| Natural Resources | 5 | 16 | 15 | 15 | 15 | 30 | -1 | -3.2% |
| Special Revenue | 450 | 365 | 428 | 428 | 428 | 856 | 63 | 7.9% |
| Game And Fish (Operations) | 313 | 320 | 299 | 324 | 336 | 660 | 41 | 6.6% |
| Federal | 295 | 524 | 1,260 | 1,978 | 1,978 | 3,956 | 2,172 | 121.7% |
| Reinvest In Minnesota | 317 | 364 | 163 | 163 | 163 | 326 | -201 | -38.1% |
| Gift | 453 | 187 | 486 | 220 | 220 | 440 | -233 | -34.6% |
| Subtotal Dedicated | 1,879 | 1,822 | 2,651 | 3,128 | 3,140 | 6,268 | 1,795 | 40.1% |
| Total Revenue | 27,876 | 31,245 | 30,380 | 32,289 | 33,196 | 65,485 | 3,860 | 6.3% |
| | | | | | | | | |
| Full-Time Equivalents (FTE) | 223.2 | 229.4 | 257.2 | 237.7 | 233.7 | | | |

Program Description

Ecological Services works to ensure that present and future citizens enjoy the benefits of healthy ecosystems. Natural resource agencies have a long tradition of managing fish and wildlife resources that have economic value for recreational hunting and fishing. In the late 1970s, however, citizens and agencies began to recognize the need to protect and manage all species (i.e., game and nongame) as well as native plants and rare natural communities, such as prairies and wetlands. In addition, they understood the importance of addressing threats to these natural systems, such as contaminants and exotic species, and the need to restore degraded systems, such as rivers and lakeshores, so that they would provide the same benefits and amenities as natural systems. The Department's Division of Ecological Services addresses these nontraditional resource issues. Over 20 different programs are concentrated in four key areas: 1) nongame and rare resources; 2) lakes and rivers; 3) ecosystem health; and 4) information integration and delivery.

Program at a Glance

- ◆ Manage 135 Scientific and Natural Areas
- ◆ Survey Minnesota counties for rare biological resources
- ◆ Maintain over 30,000 records of rare resources
- ◆ Provide 18,000 hours/yr of technical ecological assistance to local governments, private developers and other agencies
- ◆ Assist 10,000 homeowners protect native shoreland vegetation
- ◆ Help 1.6 million boaters avoid spreading exotic species
- ◆ Work with 1,000 volunteers to monitor loon populations
- ◆ Assist 80 initiatives designed to restore degraded rivers

Population Served

Ecological Services reaches out in partnership and service to a wide range of individuals and organizations. These include: active and concerned citizens, outdoor enthusiasts, local units of government, private business and nonprofit organizations, and natural resource managers.

Services Provided

Ecological Services primary mission is to collect and link ecological information to help make wise resource decisions. The division accomplishes this mission by providing five key services:

- ⇒ Collecting ecological data: Collecting and translating ecological information requires specialized expertise to understand how ecosystems and their component parts work. Division staff have specialized ecological expertise in Minnesota's natural communities (e.g., forests, wetlands, streams) and in the state's flora and fauna (e.g., ornithologists, botanists, and herpetologists). Small grants are provided to individuals and academic institutions to collect key information on rare resources.
- ⇒ Managing ecological data: The Division's emphasis on collecting ecological information means that it must place an equally important emphasis on managing data. The backbone of the system is the Natural Heritage Information System that includes over 20 databases that store data on rare features (e.g., state-listed plants and animals and native plant communities).
- ⇒ Delivering ecological data to decision makers and educators: It is important to deliver effective ecological data to resources users so that it becomes an important component in decision-making efforts of landowners, business leaders, resource agencies, and local public officials. Several division programs are focused on data delivery and interpretation.
- ⇒ Restoring and preserving natural communities: Key functions include acquisition and management of a statewide system of natural areas, management to minimize the impact of exotic species, and river restoration. Small grants to local units of government help them manage and control the impacts of aquatic exotic species on public waters.
- ⇒ Regulating activities that impact native species and natural systems: Program staff manage permit programs designed to manage and protect aquatic plants, control exotic species, protect endangered species and provide for the safe operation of aeration systems.

Historical Perspective

The history of the Division of Ecological Services reflects the growing interest of Minnesota's citizens to address a broader range of natural resource issues. For nearly 40 years the unit provided technical assistance to the department's traditional resource programs in fisheries and wildlife. In the 1980s, however, a series of program changes and additions gave shape to a newly expanded division with authorities in a variety of non-traditional resource areas, including exotic species, endangered species, wetland mitigation, nongame wildlife, scientific and natural areas, native plants and plant communities, and restoration of degraded grassland and stream habitats.

One of the most significant trends embraced by the Division is the continuing emergence of wildlife watchers as significant outdoor recreation participants. The number of Minnesota citizens participating in bird watching, wildlife tourism, bird feeding and wildlife photography increased from 1.3 million in 1996 to 1.9 million in 2001 – an increase of 53% in five years (U.S. Fish and Wildlife Service, 2002). The amount of money spent by these people in search of bald eagles, loons and peregrine falcons in the wild, as well as cardinals at their bird feeders, increased from \$383.2 million in 1996 to \$523.5 million in 2001 – an increase of 36.6% in five years. This is the first time in the survey's history that the annual expenditures for wildlife watching activities exceeded the annual expenditures for hunting activities in Minnesota.

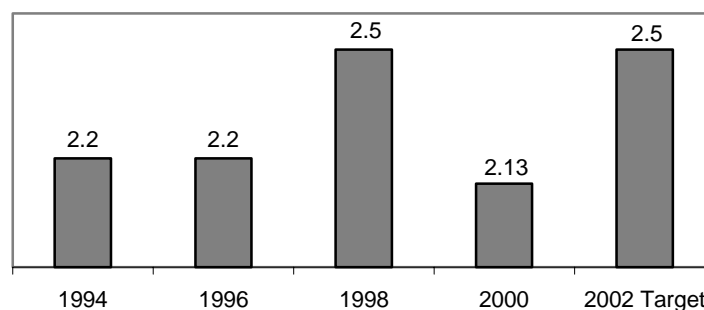
Coupled with this significant trend is a growing interest by local units of government to protect open space and natural areas and to restore degraded sites. Increasingly local communities are utilizing ecological data provided by the Division to launch local protection initiatives, such as Dakota County's Farmland and Natural Areas Protection Plan, the St. Cloud Environmentally Sensitive Areas Ordinance and protection of the Sandhill Crane Natural Area in Anoka County. The same trend has guided local governments' interest in initiating stream restoration and protection efforts throughout the state.

Key Measures

Ten of the key indicators for the Department of Natural Resources are direct outcomes of work conducted in the Division of Ecological Services. Two of these indicators are highlighted below.

- ⇒ **Loon Abundance:** Minnesota is summer home to approximately 12,000 adult loons. To assess the stability of loon populations over time, the DNR's Loon Monitoring program relies on nearly 1,000 volunteers to collect data on six 100-lake 'index areas.' The target of 2.5 adult loons per 100 acres in north-central Minnesota aims to maintain stable loon populations in the face of growing pressure.

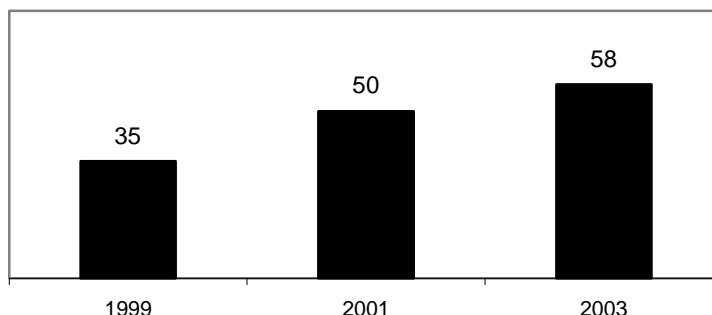
**Loon Abundance in North-central
Minnesota Lakes (adults/100 acres)**



- ⇒ **Counties with a completed Minnesota County Biological Survey:** The Minnesota County Biological Survey (MCBS) is a systematic examination of the state's rare biological features. The survey has already identified 12,781 locations of rare features and documented four species of native plants and two species of amphibians not previously recorded in Minnesota. Many natural areas are at risk from urban development and other pressures. Losing these sites not only diminishes unique biological features, it may diminish water

quality and reduce outdoor recreation opportunities. MCBS inventories are completed in 50 counties and underway in 12 others. The target is to complete 58 counties by 2003.

Counties With a Completed County Biological Survey

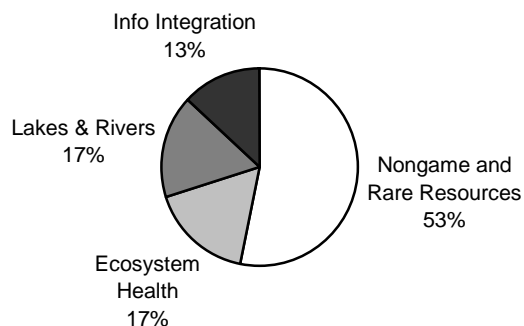


Program Funding

This program generates revenue from aquatic plant permits and from reimbursement under the Federal Aid to Sport Fish Restoration Program. These revenues are deposited in the dedicated Game and Fish Fund to support the program. The Heritage Enhancement Account and Wildlife Restoration Program, a sub-account of the Game and Fish Fund that was authorized by the 2000 Legislation, is funded from a percentage of lottery revenues in-lieu of sales tax. In addition, Ecological Services generates dedicated revenue from cooperative agreements, sales of publications, and gifts.

The operating budget for FY2002-03 includes the following sources of funds: Game and Fish (30%), General (32%), Natural Resources (18%), Legislative Commission on Minnesota Resources (LCMR) (8%), Federal (7%), and Special Revenue (5%). Total program funding in FY 2002-03 is \$23.5 million.

FY02-03 Allotments by Program Area



Contact

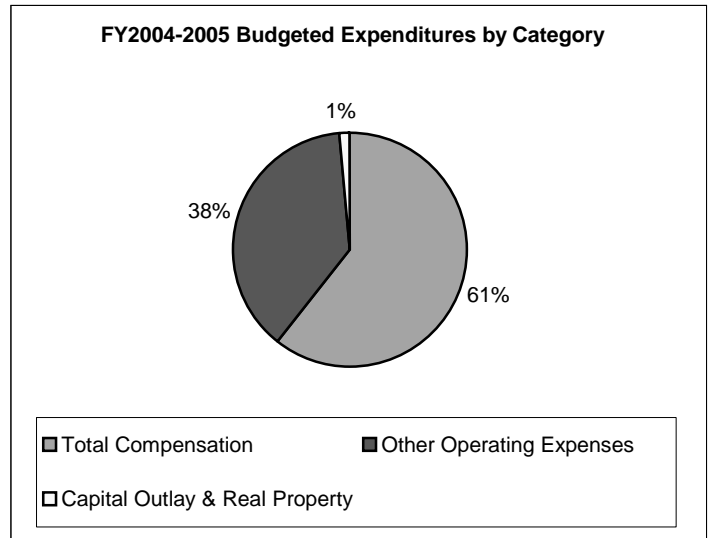
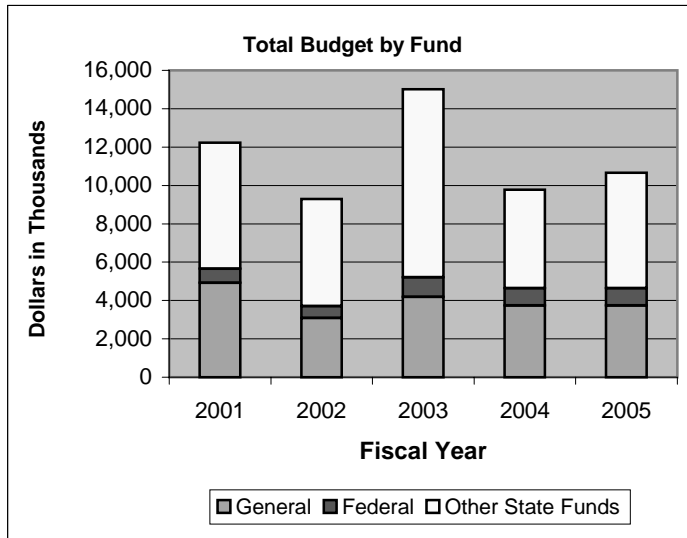
Lee Pfannmuller, Director
 Phone: 651-296-0783
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General information about the division and its diverse program services is available on the DNR web site (http://www.dnr.state.mn.us/ecological_services/index.html). In addition, annual reports are available that summarize the division's expenditures from the Game and Fish Fund and activities with the Aquatic Plant Management Program and Exotic Species Program. These can be obtained by calling (651) 296-2835.

NATURAL RESOURCES DEPT

Program: ECOLOGICAL SERVICES

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| Environment & Natural Resource | 1,748 | 742 | 1,228 | 0 | 0 | 0 | -1,970 | -100.0% |
| General | 4,927 | 3,090 | 4,183 | 3,740 | 3,740 | 7,480 | 207 | 2.8% |
| Natural Resources | 2,082 | 1,837 | 2,334 | 2,013 | 2,013 | 4,026 | -145 | -3.5% |
| Game And Fish (Operations) | 2,683 | 2,571 | 4,389 | 1,702 | 1,702 | 3,404 | -3,556 | -51.1% |
| Open Appropriations | | | | | | | | |
| Natural Resources | 4 | 4 | 5 | 5 | 5 | 10 | 1 | 11.1% |
| Statutory Appropriations | | | | | | | | |
| Natural Resources | 42 | 2 | 221 | 60 | 60 | 120 | -103 | -46.2% |
| Special Revenue | 22 | 408 | 646 | 214 | 214 | 428 | -626 | -59.4% |
| Federal | 726 | 617 | 1,016 | 901 | 901 | 1,802 | 169 | 10.3% |
| Environmental | 0 | 0 | 696 | 1,110 | 1,989 | 3,099 | 2,403 | 345.3% |
| Reinvest In Minnesota | 0 | 1 | 23 | 0 | 0 | 0 | -24 | -100.0% |
| Gift | 3 | 17 | 267 | 31 | 31 | 62 | -222 | -78.2% |
| Total | 12,237 | 9,289 | 15,008 | 9,776 | 10,655 | 20,431 | -3,866 | -15.9% |

| | | | | | | | | |
|---------------------------------|---------------|--------------|---------------|--------------|---------------|---------------|---------------|---------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 6,724 | 6,604 | 7,699 | 6,134 | 6,134 | 12,268 | -2,035 | -14.2% |
| Other Operating Expenses | 3,949 | 2,250 | 6,234 | 3,398 | 4,277 | 7,675 | -809 | -9.5% |
| Capital Outlay & Real Property | 337 | 156 | 811 | 148 | 148 | 296 | -671 | -69.4% |
| Payments To Individuals | 53 | 42 | 0 | 0 | 0 | 0 | -42 | -100.0% |
| Local Assistance | 1,174 | 237 | 264 | 96 | 96 | 192 | -309 | -61.7% |
| Total | 12,237 | 9,289 | 15,008 | 9,776 | 10,655 | 20,431 | -3,866 | -15.9% |

| | | | | | | | | |
|---------------------------------|---------------|--------------|---------------|--------------|---------------|---------------|---------------|---------------|
| Expenditures by Activity | | | | | | | | |
| Ecological Services | 12,237 | 9,289 | 15,008 | 9,776 | 10,655 | 20,431 | -3,866 | -15.9% |
| Total | 12,237 | 9,289 | 15,008 | 9,776 | 10,655 | 20,431 | -3,866 | -15.9% |

NATURAL RESOURCES DEPT

Program: ECOLOGICAL SERVICES

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------------|--------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Revenue by Type and Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Non Dedicated | | | | | | | | |
| Environment & Natural Resource | 0 | 1 | 0 | 0 | 0 | 0 | -1 | -100.0% |
| Natural Resources | 0 | 1,138 | 1,018 | 1,118 | 1,118 | 2,236 | 80 | 3.7% |
| Game And Fish (Operations) | 183 | 134 | 125 | 130 | 130 | 260 | 1 | 0.4% |
| Subtotal Non Dedicated | 183 | 1,273 | 1,143 | 1,248 | 1,248 | 2,496 | 80 | 3.3% |
| Dedicated | | | | | | | | |
| Natural Resources | 37 | 60 | 60 | 60 | 60 | 120 | 0 | 0.0% |
| Special Revenue | 167 | 178 | 214 | 214 | 214 | 428 | 36 | 9.2% |
| Federal | 1,009 | 503 | 587 | 901 | 901 | 1,802 | 712 | 65.3% |
| Gift | 1 | 32 | 80 | 31 | 31 | 62 | -50 | -44.6% |
| Subtotal Dedicated | 1,214 | 773 | 941 | 1,206 | 1,206 | 2,412 | 698 | 40.7% |
| Total Revenue | 1,397 | 2,046 | 2,084 | 2,454 | 2,454 | 4,908 | 778 | 18.8% |
| | | | | | | | | |
| Full-Time Equivalents (FTE) | 127.1 | 114.9 | 117.8 | 97.5 | 97.5 | | | |

Program Description

The Enforcement Division is responsible for ensuring public safety and compliance with state game and fish, recreational vehicle, and natural resource commercial operation laws. Major responsibilities include law enforcement, public safety, and education in:

- ◆ hunting and fishing seasons, methods of taking animals and fish, bag and possession limits;
- ◆ public safety, especially where it concerns alcohol use while hunting or operating recreational vehicle and watercraft;
- ◆ commercial use and possession of natural resources and products;
- ◆ the protection of the state's land, air, and water; and
- ◆ youth and adult safety training and hunter education classes.

Population Served

The division serves all of the citizens in safeguarding the public safety through its education and enforcement efforts with approximately 826,000 registered boaters, 860,000 licensed hunters, 1.2 million licensed anglers, 155,000 registered recreational vehicles, 287,000 registered snowmobiles, 2,000 licensed/registered commercial operations, and countless other citizens and visitors using the state's abundant natural resource recreational opportunities.

Services Provided

The Enforcement Division provides services to the state through use of community assigned conservation officers, and specially trained officers assigned for support. Services are provided through:

- ◆ 149 conservation officers assigned to specific community field stations;
- ◆ Three ELCOP, Asian liaison officers geographically assigned and available for officer support;
- ◆ Special Investigation Unit (SIU) undercover work targeting commercial operations;
- ◆ Department Aviation Unit, used by all divisions for operations support;
- ◆ Wetland Enforcement Officers (WEO), specially trained in state and federal wetland issues;
- ◆ Training and Standards Unit, concentrating on officer training, professionalism, and safety;
- ◆ Information and Education section, administering mandated safety training and education programs; and
- ◆ Administrative support and operations section.

Historical Perspective

Natural resource commercial and recreational use has increased many-fold in the last 55 years, but the Enforcement Division has maintained approximately the same number of officer positions that it had in 1940. In addition to the exponential increase in the number of traditional hunters and anglers, the state has new user groups. In 2001, there were 440,000 registered motorized recreational land vehicles and 826,000 boats. Under the current FY 2003 funding base restrictions, the division will leave approximately 23 field stations and six other conservation officer support positions vacant, leaving large portions of the state without protection. Facts show that the number of officers needed to protect the state's natural resources and public safety has dramatically increased, yet at a time when the natural resources and the public safety is faced with an increased threat of harm, the division is losing the ability to protect the state's resources and citizens.

Key Measures

Pro-active law enforcement efforts will become more focused upon protection of the habitat (forests, waters, and prairies) in lieu of the traditional game and fish poaching abatement patrol. Enforcement work in game and fish will be mostly limited to reactive enforcement. Efforts will be made to preserve the environmental infrastructure so

Program at a Glance

The Enforcement Division protects the state's natural resources. There is a direct link between natural resources and the state's quality of life, in addition to tourism and the state's economy. Some FY 2002 Enforcement highlights:

- ◆ 50,000+ citizens attended the division's education/safety classes.
- ◆ 22,903 violations were cited.
- ◆ Estimated 343,000 law enforcement field contacts were made.
- ◆ Estimated 400 commercial inspections were conducted
- ◆ The Division administered \$1.215 million in grants to local law enforcement agencies, and private/public gun ranges.

that when adequate fish and game protection efforts are funded, the environment has the capacity to replenish and restore populations.

Game and Fish Protection Measure: The rate of compliance to the natural resource laws is difficult to measure. Roadside wildlife possession inspections have consistently found that the compliance rate of the recreating public is approximately 75%. Although the division will continue to use the media in influencing citizens to increase voluntary compliance and report more violations, with the anticipated drastic decrease in enforcement activity the violation rate is expected to increase, having a negative impact upon the resources. We anticipate we will see an increase in hunting deaths to .25 deaths/100,000 licenses, an increase over the current average of 0.21 (860,000 licenses sold).

Recreational vehicle law enforcement: Efforts will be reduced, and it can be predicted that property damage, accidents, injuries, and deaths associated with off-road vehicle use, snowmobiles, and boats will increase. Our best efforts will be made to limit the increases to the following:

⇒ Boating deaths: 2.40 boating deaths per 100,000 registrations (826,000 registrations). 1996 - 2001 = 2.09 snowmobile deaths: 10/100,000 registrations, an increase over the current average of 7.9 (287,000 registrations); ATV deaths: 14/100,000 registrations, an increase over the current average of 12.1 (151,000 registrations).

Safety Education: Retain 3,200 volunteer instructors. This number is a decrease over the current complement of 4,000. Reductions in staff within the education program will limit the ability to offer as many opportunities to youth and adults for convenient locations of safety classes as before, but at least 1,250 classes will still be offered.

Program Funding

The Enforcement Division has a complex funding mechanism. The operating budget for FY 2002-03 is comprised of the following sources of funds: Game and Fish (61%), General (13%), Water Recreation (11%), Heritage Enhancement (6%), Snowmobile (6%), and OHM/ORV/ATV (3%).

Contact

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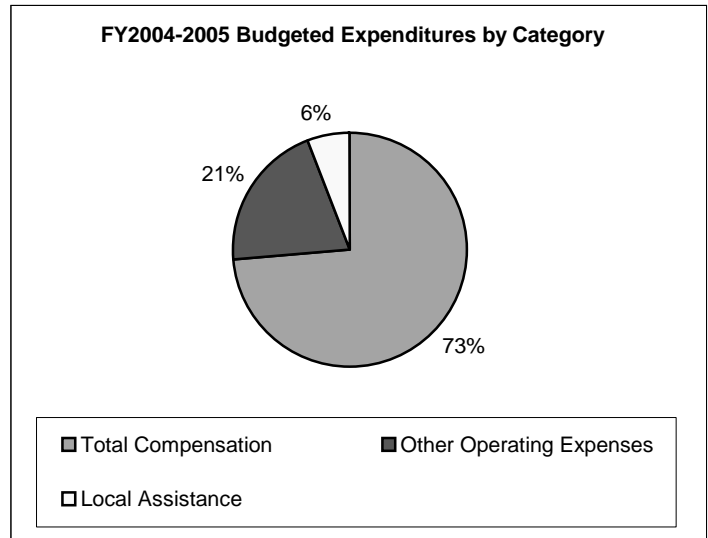
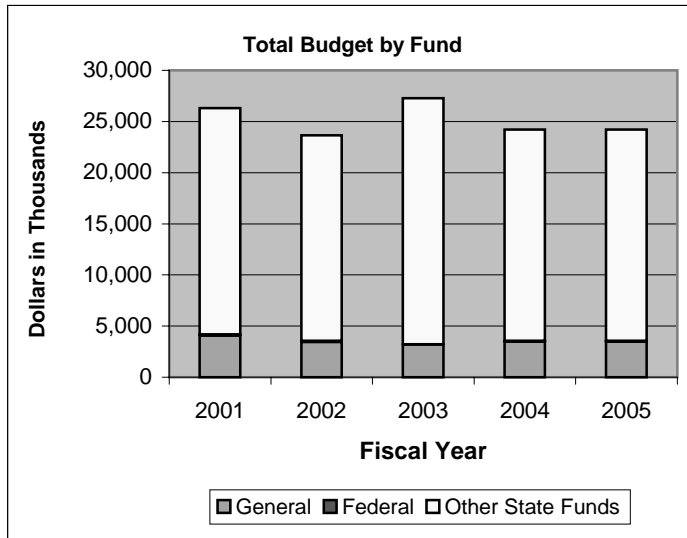
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NATURAL RESOURCES DEPT

Program: ENFORCEMENT-NR LAWS&RULES

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|-----------------|---------------|--------------|
| | Actual | Actual | Budgeted | Base | Biennium | Biennial Change | | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 4,075 | 3,431 | 3,176 | 3,487 | 3,487 | 6,974 | 367 | 5.6% |
| Minnesota Resources | 97 | 485 | 425 | 0 | 0 | 0 | -910 | -100.0% |
| Natural Resources | 4,721 | 4,264 | 5,614 | 5,161 | 5,161 | 10,322 | 444 | 4.5% |
| Game And Fish (Operations) | 16,214 | 15,202 | 17,450 | 15,145 | 15,145 | 30,290 | -2,362 | -7.2% |
| Solid Waste | 100 | 100 | 100 | 100 | 100 | 200 | 0 | 0.0% |
| Statutory Appropriations | | | | | | | | |
| Natural Resources | 91 | 30 | 125 | 73 | 73 | 146 | -9 | -5.8% |
| Special Revenue | 14 | 12 | 34 | 15 | 15 | 30 | -16 | -34.8% |
| Game And Fish (Operations) | 174 | 35 | 291 | 165 | 165 | 330 | 4 | 1.2% |
| Federal | 91 | 91 | 18 | 60 | 50 | 110 | 1 | 0.9% |
| Miscellaneous Agency | 747 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Gift | 0 | 2 | 45 | 4 | 4 | 8 | -39 | -83.0% |
| Total | 26,324 | 23,652 | 27,278 | 24,210 | 24,200 | 48,410 | -2,520 | -4.9% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 15,846 | 16,365 | 17,130 | 17,834 | 17,824 | 35,658 | 2,163 | 6.5% |
| Other Operating Expenses | 8,135 | 5,380 | 8,329 | 4,979 | 4,979 | 9,958 | -3,751 | -27.4% |
| Capital Outlay & Real Property | 15 | 0 | 0 | 0 | 0 | 0 | 0 | n.m. |
| Local Assistance | 1,566 | 1,891 | 1,819 | 1,397 | 1,397 | 2,794 | -916 | -24.7% |
| Other Financial Transactions | 762 | 16 | 0 | 0 | 0 | 0 | -16 | -100.0% |
| Total | 26,324 | 23,652 | 27,278 | 24,210 | 24,200 | 48,410 | -2,520 | -4.9% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Expenditures by Activity | | | | | | | | |
| Enforcement-Nr Laws&Rules | 26,324 | 23,652 | 27,278 | 24,210 | 24,200 | 48,410 | -2,520 | -4.9% |
| Total | 26,324 | 23,652 | 27,278 | 24,210 | 24,200 | 48,410 | -2,520 | -4.9% |

NATURAL RESOURCES DEPT

Program: ENFORCEMENT-NR LAWS&RULES

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------------|-------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Revenue by Type and Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Non Dedicated | | | | | | | | |
| Natural Resources | 122 | 84 | 108 | 108 | 108 | 216 | 24 | 12.5% |
| Game And Fish (Operations) | 545 | 246 | 262 | 262 | 262 | 524 | 16 | 3.1% |
| Subtotal Non Dedicated | 667 | 330 | 370 | 370 | 370 | 740 | 40 | 5.7% |
| Dedicated | | | | | | | | |
| Natural Resources | 95 | 82 | 73 | 73 | 73 | 146 | -9 | -5.8% |
| Special Revenue | 12 | 15 | 15 | 15 | 15 | 30 | 0 | 0.0% |
| Game And Fish (Operations) | 174 | 161 | 165 | 165 | 165 | 330 | 4 | 1.2% |
| Federal | 91 | 91 | 18 | 60 | 50 | 110 | 1 | 0.9% |
| Miscellaneous Agency | 747 | 0 | 0 | 0 | 0 | 0 | 0 | n.m. |
| Gift | 2 | 30 | 4 | 4 | 4 | 8 | -26 | -76.5% |
| Subtotal Dedicated | 1,121 | 379 | 275 | 317 | 307 | 624 | -30 | -4.6% |
| Total Revenue | 1,788 | 709 | 645 | 687 | 677 | 1,364 | 10 | 0.7% |
| | | | | | | | | |
| Full-Time Equivalents (FTE) | 237.4 | 240.1 | 241.9 | 237.3 | 237.3 | | | |

Program Description

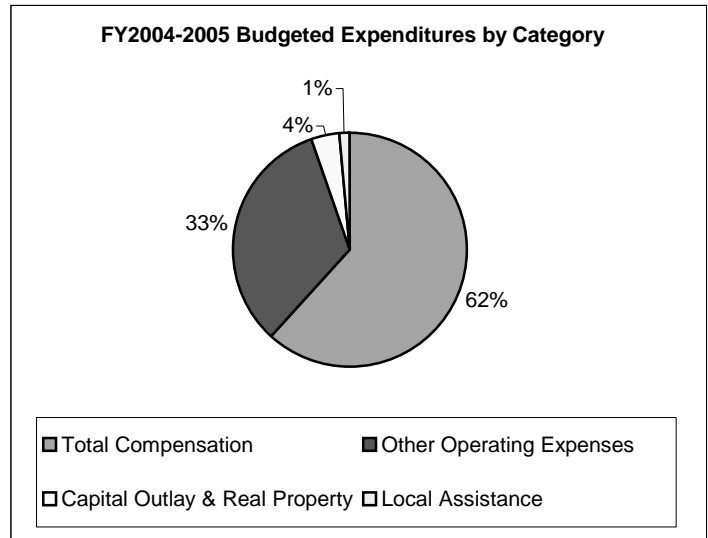
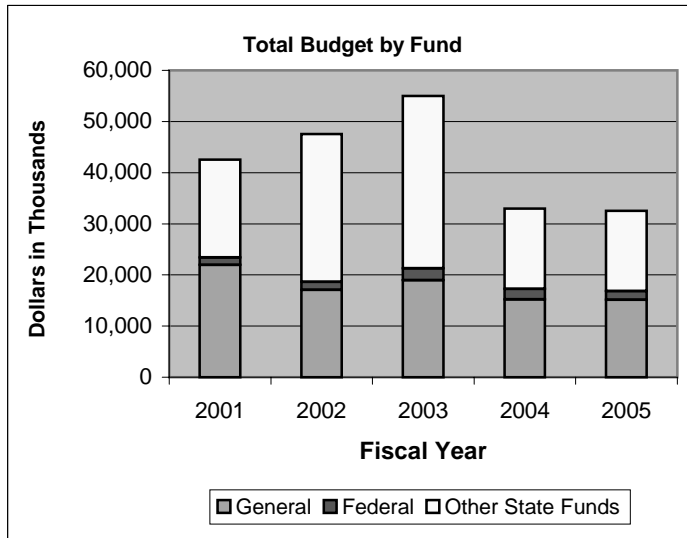
The purpose of the Operations Support Program is to provide administrative support to all other Department of Natural Resources (DNR) programs; direct services to the general public; technical assistance to local communities, stakeholders, and elected officials to enhance resource management and protection at the local level; financial assistance to local governments and private organizations to build recreational facilities, and to protect and enhance natural areas; and to provide hands-on natural resource stewardship and meaningful service-learning experience to youth and young adults offered through the Youth Program-Minnesota Conservation Corps (MCC).

Budget Activities Included:

- ⇒ Facilities and Operations Support
- ⇒ Regional Operations Support
- ⇒ Administrative Management
- ⇒ Recreation and Local Grants Initiative
- ⇒ Youth Programs

NATURAL RESOURCES DEPT
Program: **OPERATIONS SUPPORT**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | | |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|-----------------|-------------------|---------------|
| | Actual | Actual | Budgeted | Base | Biennium | Biennial Change | | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | 2004-05 / 2002-03 | |
| Direct Appropriations | | | | | | | | |
| Environment & Natural Resource | 1,763 | 9,272 | 12,057 | 0 | 0 | 0 | -21,329 | -100.0% |
| General | 21,945 | 17,017 | 18,750 | 15,057 | 15,057 | 30,114 | -5,653 | -15.8% |
| Minnesota Resources | 146 | 3,834 | 2,153 | 0 | 0 | 0 | -5,987 | -100.0% |
| Natural Resources | 4,504 | 3,963 | 4,787 | 3,770 | 3,770 | 7,540 | -1,210 | -13.8% |
| Game And Fish (Operations) | 8,768 | 7,509 | 8,586 | 8,079 | 8,079 | 16,158 | 63 | 0.4% |
| Statutory Appropriations | | | | | | | | |
| General | 37 | 90 | 205 | 120 | 100 | 220 | -75 | -25.4% |
| Natural Resources | 0 | 311 | 386 | 367 | 367 | 734 | 37 | 5.3% |
| Special Revenue | 1,146 | 1,257 | 1,558 | 601 | 601 | 1,202 | -1,613 | -57.3% |
| Game And Fish (Operations) | 2,097 | 2,071 | 2,138 | 2,135 | 2,135 | 4,270 | 61 | 1.4% |
| Federal | 1,396 | 1,537 | 2,319 | 2,082 | 1,651 | 3,733 | -123 | -3.2% |
| Miscellaneous Agency | 121 | 95 | 100 | 28 | 15 | 43 | -152 | -77.9% |
| Gift | 629 | 608 | 1,982 | 759 | 759 | 1,518 | -1,072 | -41.4% |
| Total | 42,552 | 47,564 | 55,021 | 32,998 | 32,534 | 65,532 | -37,053 | -36.1% |

| Expenditures by Category | | | | | | | | |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|
| Total Compensation | 24,387 | 22,186 | 23,261 | 20,206 | 20,206 | 40,412 | -5,035 | -11.1% |
| Other Operating Expenses | 14,083 | 10,889 | 15,529 | 11,033 | 10,580 | 21,613 | -4,805 | -18.2% |
| Capital Outlay & Real Property | 1,368 | 617 | 1,376 | 1,268 | 1,257 | 2,525 | 532 | 26.7% |
| Payments To Individuals | 158 | 97 | 48 | 0 | 0 | 0 | -145 | -100.0% |
| Local Assistance | 2,533 | 13,733 | 14,764 | 456 | 456 | 912 | -27,585 | -96.8% |
| Other Financial Transactions | 23 | 42 | 43 | 35 | 35 | 70 | -15 | -17.6% |
| Total | 42,552 | 47,564 | 55,021 | 32,998 | 32,534 | 65,532 | -37,053 | -36.1% |

NATURAL RESOURCES DEPT
Program: **OPERATIONS SUPPORT**

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|---------------|---------------|-----------------|---------------|---------------|-----------------|--------------------------|----------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Expenditures by Activity | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Facilities & Operation Support | 10,938 | 6,667 | 8,639 | 7,396 | 7,390 | 14,786 | -520 | -3.4% |
| Regional Operations Support | 4,956 | 4,786 | 6,839 | 3,108 | 2,680 | 5,788 | -5,837 | -50.2% |
| Administrative Management | 21,632 | 20,173 | 25,629 | 22,449 | 22,449 | 44,898 | -904 | -2.0% |
| Rec & Local Grants Initiative | 1,735 | 13,046 | 11,379 | 0 | 0 | 0 | -24,425 | -100.0% |
| Youth Programs | 3,291 | 2,892 | 2,535 | 45 | 15 | 60 | -5,367 | -98.9% |
| Total | 42,552 | 47,564 | 55,021 | 32,998 | 32,534 | 65,532 | -37,053 | -36.1% |

Revenue by Type and Fund

Non Dedicated

| | | | | | | | | |
|--------------------------------|-------|-------|-------|-------|-------|--------|------|--------|
| Environment & Natural Resource | 6 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| General | 129 | 625 | 479 | 479 | 479 | 958 | -146 | -13.2% |
| Natural Resources | 6,241 | 5,664 | 5,460 | 5,475 | 5,315 | 10,790 | -334 | -3.0% |
| Game And Fish (Operations) | 38 | 29 | 21 | 21 | 21 | 42 | -8 | -16.0% |
| Subtotal Non Dedicated | 6,414 | 6,318 | 5,960 | 5,975 | 5,815 | 11,790 | -488 | -4.0% |

Dedicated

| | | | | | | | | |
|----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|-------------|--------------|
| General | 40 | 185 | 153 | 108 | 100 | 208 | -130 | -38.5% |
| Minnesota Resources | 0 | 1,363 | 2,215 | 2,039 | 1,720 | 3,759 | 181 | 5.1% |
| Natural Resources | 0 | 330 | 367 | 367 | 367 | 734 | 37 | 5.3% |
| Special Revenue | 1,284 | 1,262 | 807 | 557 | 557 | 1,114 | -955 | -46.2% |
| Game And Fish (Operations) | 2,161 | 2,178 | 2,135 | 2,135 | 2,135 | 4,270 | -43 | -1.0% |
| Federal | 2,248 | 1,842 | 3,194 | 3,002 | 2,696 | 5,698 | 662 | 13.1% |
| Miscellaneous Agency | 150 | 110 | 25 | 20 | 20 | 40 | -95 | -70.4% |
| Gift | 789 | 778 | 761 | 759 | 759 | 1,518 | -21 | -1.4% |
| Subtotal Dedicated | 6,672 | 8,048 | 9,657 | 8,987 | 8,354 | 17,341 | -364 | -2.1% |
| Total Revenue | 13,086 | 14,366 | 15,617 | 14,962 | 14,169 | 29,131 | -852 | -2.8% |

Full-Time Equivalents (FTE) **496.7** **433.1** **377.3** **323.7** **322.7**

NATURAL RESOURCES DEPT

Program: OPERATIONS SUPPORT

Activity: FACILITIES & OPERATION SUPPORT

Narrative

Activity Description

The Facilities and Operations Support (FOS) Bureau provides leadership, and special expertise in the management of key capital assets and safety for Department of Natural Resources (DNR) staff so that natural resource management programs are supported by suitable, safe equipment and appropriately housed in well-maintained facilities.

Facilities and Operations Support address problems that arise as department staff conduct work and require facilities, equipment, and materials. Specifically we plan, design, specify, procure, construct, maintain and dispose of facilities, materials and equipment.

The work of the Facilities and Operations Support Bureau is guided by M.S. Chapter 16 (Capital Budget and Asset Management), Chapter 84 (Fleet Management), Chapter 115 (Resource Conservation), Chapter 116 (Environmental Policy), Chapter 216 (Energy Conservation), Chapter 326 (Public Facilities), and Chapter 363 (Accessibility to Public Programs and Facilities).

Population Served

DNR – All divisions and bureaus that require employee safety programming and capital assets for transportation and housing of their operations.

External Clients – The Bureau is the principle contact with the vendor community who provides goods and services to the DNR. Car and truck dealers, design firms, construction contractors, a variety of material vendors all depend on the bureau to provide clear, understandable, biddable documents and sound contracts under which business is conducted.

Services Provided

- ⇒ **Facility Design, Construction and Maintenance:** Provide design expertise, construction management and repair services for all DNR facilities, which includes building, trails, bridges, roads, water access sites, and sanitation and sewer systems. Landscape architects, engineers, architects, and facilities management staff help the DNR divisions evaluate conditions, prioritize development needs, and design, build, and maintain DNR infrastructures so that citizens have sustainable, well-positioned and long-lasting structures that support access to and use of Minnesota's natural resources.
- ⇒ **Fleet and Equipment Management:** Manage a department-wide fleet program that links financial responsibility with physical ownership of equipment. FOS assists resource management staff in the selection and purchase of appropriate equipment and provides access to maintenance services. Data is analyzed so that the department has an accurate inventory of equipment and record of use.
- ⇒ **Purchasing and Materials Management:** Help purchase and supply goods to DNR staff that are needed to operate programs efficiently and effectively. FOS experts research products, development specifications, execute contracts with suppliers, warehouse and distribute supplies, and produce signage. FOS staff establishes and operates recycling programs within the DNR, maintain fixed asset inventory, and ensure surplus property and out-dated equipment disposal is handled appropriately to optimize value.

Activity at a Glance

- ◆ Facility Design, Construction and Maintenance 2,440 buildings; 1,000 miles of trails; 500 bridges; 500 miles of road; 1,500 water access sites; 240 DNR staff work sites; 50 major construction projects per year; 120 maintenance projects per year.
- ◆ Fleet and Equipment Management 20 million miles driven; 2,500 major fleet equipment items; 2,200 radios; \$15 million in annual expenditures for replacement, repairs, maintenance, and fuel.
- ◆ Purchasing and Materials Management \$33 million in purchased goods and services; 19,000 fixed assets worth \$101 million; surplus property sales of \$1.3 million annually; \$600,000 annually in sales of warehouse goods, signs, and uniforms.
- ◆ Safety and Health 3,000+ employees; 200+ injuries annually; \$1.2 million in workers compensation costs

NATURAL RESOURCES DEPT

Program: OPERATIONS SUPPORT

Activity: FACILITIES & OPERATION SUPPORT

Narrative

⇒ **Safety and Health:** The DNR safety and health program is designed to help foster a healthy attitude among its employees and to create a safer and healthier work environment. FOS safety and equipment experts provide training and support in the safe operation of equipment and work activity.

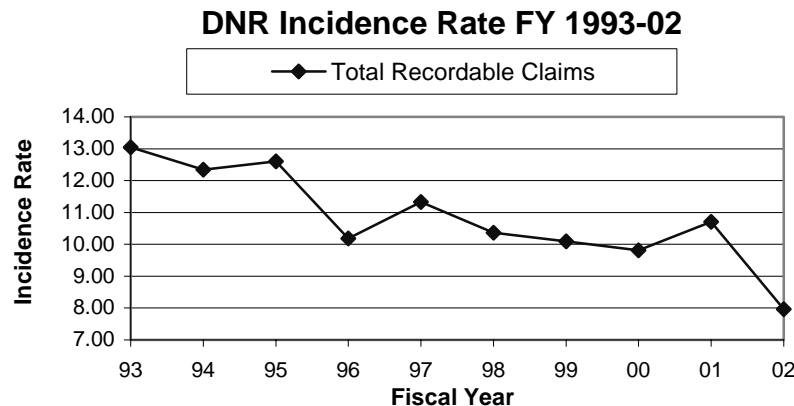
Historical Perspective

Facilities and Operations Support is a new budget activity. Former work units called Field Services, Engineering and the Minnesota Conservation Corps were merged. The work unit was developed recognizing that a number of key business activities are more efficiently managed in a centralized, or more concentrated configuration to provide efficiencies in the provision of capital assets and safety programming to the workers of the DNR.

Key Measures

Safety and Health Performance Indicators - Incidence Rate and Workers Compensation Costs

Incidence Rate is used as an indicator for safety performance. The total recordable incidence rate is the number of Occupational Health and Safety Administration (OSHA) recordable injuries and illnesses per 200,000 hours worked. The DNR Incidence Rate has dropped 39% in the last ten years and 19% in the last three years. The goal is to continue to reduce job related injuries illnesses to DNR employees through a strong department commitment to employee safety management. The future goal will be to reduce the total injuries or illnesses in the DNR so that the recordable claims incidence rate is at or below the private sector total incidence rate published by the Bureau of Labor Statistics (BLS). BLS total incidence rate for the private sector is 6.1.



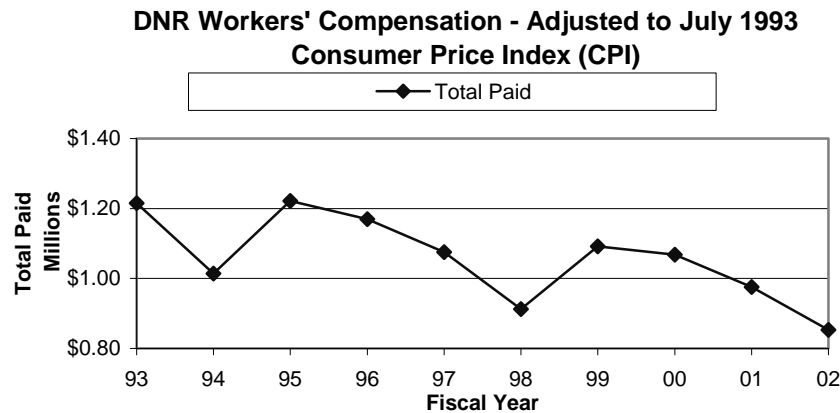
Workers' compensation is the direct cost of work related injuries and illnesses to the DNR. The costs include medical treatment, wage replacement, disability costs, claims and medical management and legal fees. This performance measure shows DNR progress in preventing accidents and reducing claims; this is important not only for worker health and safety, but also for fiscal responsibility. DNR workers' compensation costs adjusted for 1993 consumer price index dropped 29% over the last ten years and 20% over the last three years. The goal will be to reduce the ten-year Consumer Price Index (CPI) adjusted workers' compensation costs by at least 20%.

NATURAL RESOURCES DEPT

Program: OPERATIONS SUPPORT

Activity: FACILITIES & OPERATION SUPPORT

Narrative



Activity Funding

Direct appropriations provide 94% of the funding for this budget activity with the remaining 6% from dedicated revenues and federal funds. The source of funds for the direct appropriations includes the General Fund (64%), Natural Resources Fund (5%), and the Game and Fish Fund (31%).

Contact

Department of Natural Resources
500 Lafayette Road
St. Paul, Minnesota 55155

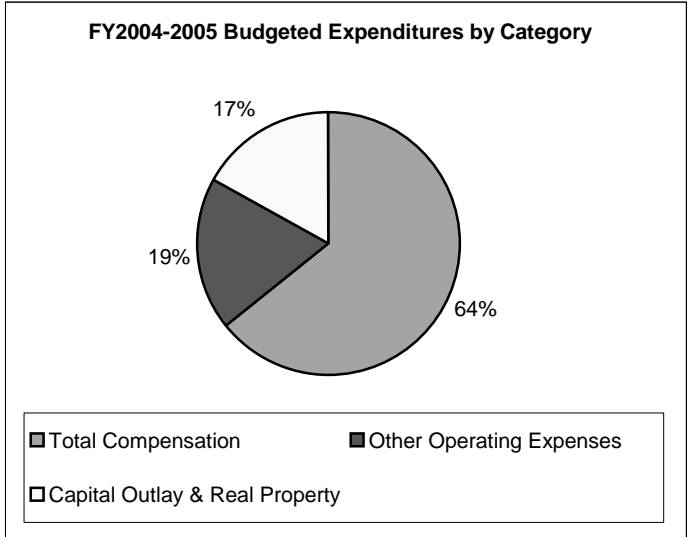
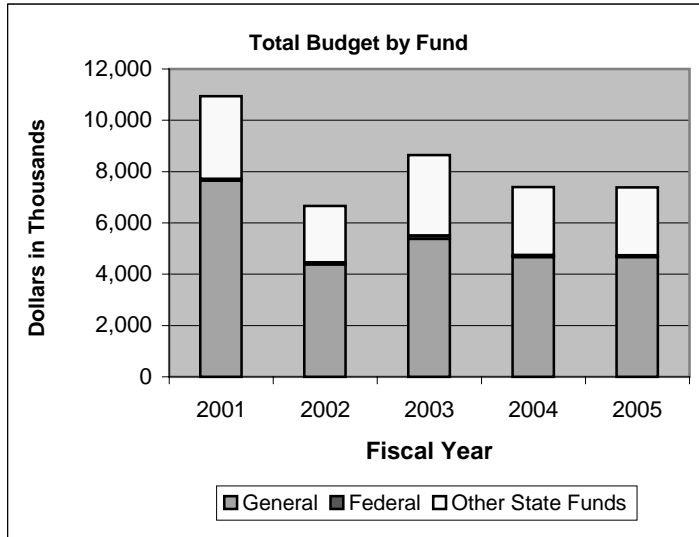
Elaine Johnson, Facilities and Operations Support Bureau Administrator
Peggy Adelman, CFO,
Office of Management and Budget
Phone: (651) 296-0565
Fax: (651) 296-6047

NATURAL RESOURCES DEPT

Program: OPERATIONS SUPPORT

Activity: FACILITIES & OPERATION SUPPORT

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 7,642 | 4,380 | 5,373 | 4,661 | 4,661 | 9,322 | -431 | -4.4% |
| Natural Resources | 340 | 116 | 567 | 345 | 345 | 690 | 7 | 1.0% |
| Game And Fish (Operations) | 2,739 | 1,971 | 2,378 | 2,144 | 2,144 | 4,288 | -61 | -1.4% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 114 | 115 | 186 | 108 | 108 | 216 | -85 | -28.2% |
| Game And Fish (Operations) | 31 | 13 | 13 | 60 | 60 | 120 | 94 | 361.5% |
| Federal | 72 | 72 | 122 | 78 | 72 | 150 | -44 | -22.7% |
| Total | 10,938 | 6,667 | 8,639 | 7,396 | 7,390 | 14,786 | -520 | -3.4% |

| | | | | | | | | |
|---------------------------------|---------------|--------------|--------------|--------------|--------------|---------------|-------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 6,234 | 4,224 | 4,904 | 4,740 | 4,740 | 9,480 | 352 | 3.9% |
| Other Operating Expenses | 3,577 | 2,101 | 2,483 | 1,412 | 1,406 | 2,818 | -1,766 | -38.5% |
| Capital Outlay & Real Property | 1,126 | 342 | 1,252 | 1,244 | 1,244 | 2,488 | 894 | 56.1% |
| Local Assistance | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Total | 10,938 | 6,667 | 8,639 | 7,396 | 7,390 | 14,786 | -520 | -3.4% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|------------|---------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 2 | 2 | 1 | 1 | 1 | 2 | -1 | -33.3% |
| Subtotal Non Dedicated | 2 | 2 | 1 | 1 | 1 | 2 | -1 | -33.3% |
| Dedicated | | | | | | | | |
| Special Revenue | 113 | 125 | 103 | 103 | 103 | 206 | -22 | -9.6% |
| Game And Fish (Operations) | 80 | 59 | 60 | 60 | 60 | 120 | 1 | 0.8% |
| Federal | 0 | 0 | 50 | 6 | 0 | 6 | -44 | -88.0% |
| Subtotal Dedicated | 193 | 184 | 213 | 169 | 163 | 332 | -65 | -16.4% |
| Total Revenue | 195 | 186 | 214 | 170 | 164 | 334 | -66 | -16.5% |

| | | | | | |
|------------------------------------|--------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 104.4 | 72.0 | 84.4 | 82.4 | 82.4 |
|------------------------------------|--------------|-------------|-------------|-------------|-------------|

NATURAL RESOURCES DEPT

Program: OPERATIONS SUPPORT

Activity: REGIONAL OPERATIONS SUPPORT

Narrative

Activity Description

Regional Operations, with offices located in Bemidji, Grand Rapids, New Ulm, and Saint Paul enhances the effectiveness of natural resources management by:

- ♦ working with discipline staff to ensure the integrated design and delivery of agency programs in the region.
- ♦ providing the leadership, direction and support for the department to build, enhance, and maintain relationships with communities at the regional and area level.
- ♦ providing critical links to the public and stakeholders by producing and disseminating information through news releases, radio programs, reports, brochures, newsletters, and public meetings.

Activity at a Glance

- ♦ Administers over \$2 million in natural resource management and planning grants provided to local communities.
- ♦ Habitat protected through acquisition, easements or ordinances.
- ♦ Projects providing direct technical and financial assistance to local communities.

In each of the four regions, this work is provided by a regional director, a regional planner, a regional public affairs officer, administrative support staff, and community assistance staff (Metro Greenways, Metro Trout Streams, Big Woods Landscape, Oak Savanna Landscape, and Red River and Blue Earth River Watershed).

Partnerships with local governments, stakeholder groups, and other state agencies is one of the agency's key strategies for meeting this goal. Additionally, Department of Natural Resources (DNR) emphasizes a system approach that seeks to coordinate and integrate the scope of its management efforts. Regional Operations plays an important role both in building partnerships and in ensuring the coordinated delivery of program services at the local level.

Population Served

Regional Operations provides a critical connection for the department to local communities, elected officials, citizens and stakeholders. Regional Operations also plays an important role in connecting field staff with the central office.

Services Provided

Coordination of Natural Resource Management Programs: Working with program managers, Regional Operations is charged with holding discipline staff accountable to work together on common issues at the local level. Integrated resource management is not an "add on" activity but a core activity that ensures that the department is unified in its response and is effectively and appropriately managing and protecting the state's natural resources.

Technical Assistance: Community Assistance staff provides technical assistance to local communities, stakeholders, and elected officials with the goal of enhancing resource management and protection at the local level. Some examples of the types of assistance provided include: the development of a student trout stream monitoring program in the metro area, workshops, assistance on local ordinances designed to protect high priority natural areas and open spaces.

Financial Assistance: Regional Planners administer the Conservation Partners, Environmental Partnerships, Natural Areas, and Metro Greenways Legislative Commission on Minnesota Resources (LCMR) grants, and the Community Assistance and Metro Greenways Planning grants. Over \$2 million in grants provided to approximately 65 grantees are administered over the biennium.

Information and Education: Regional Public Affairs Officers provide press releases on local and regional issues, serve as the media contact for regional newspapers and radio stations, provide professional communications services for DNR employees, facilitate department public meetings, and coordinate the departments participate in education and community events (county fairs, sports shows, farm shows, association meetings, etc.).

NATURAL RESOURCES DEPT

Program: OPERATIONS SUPPORT

Activity: REGIONAL OPERATIONS SUPPORT

Narrative

Emergency Response: Regional Operations is responsible for coordinating the delivery of department assistance to local communities in the event of a non-fire emergency. Some examples of the types of assistance provided include: pumps and other equipment, labor for sandbagging and tree removal, and financial assistance.

Historical Perspective

Ongoing inflation and budget reductions have limited the services provided through the Regional Operations budget activity. Ongoing budget shortfalls were compounded with base budget reductions of \$322,000 and a one-time reduction of \$126,000 in FY 2003 reducing the overall operating budget of the activity by 20%.

Business office services including payroll and human services and financial services were reassigned to the Human Resources Bureau and the Office of Management and Budget Services in FY 2003.

Key Measures

Integrated resource management is one of the core department functions provided through Regional Operations. Strategies of coordination, technical and financial assistance, and information and education ultimately aim to produce healthy natural resources, such as lakes, rivers and streams, fields and prairies. Regional Operations strategies also aim to produce high citizen satisfaction with recreation opportunities and commercial uses of natural resources.

Regional Operations relies on performance measures to measure the success of collective strategies that have been implemented across department programs, and are beyond the responsibility of any one discipline. Just a few such integrated measures are:

- ⇒ Acres of high-quality prairie protected and maintained. This measures the success of community assistance programs that promote land protection, conservation easements, and restorations on one of Minnesota's rarest natural lands. Currently there are about 150,000 acres of remaining prairie in Minnesota, is less than 1% of presettlement native prairie.
- ⇒ Miles of natural shoreline. This measures the success of collective strategies to sustain vegetated shorelines that promote healthy waters and wildlife habitat. This is especially important because Minnesota's lakeshore development is proceeding at a rapid pace. This indicator is not being systematically collected; however, it is an important measure of many aspects of DNR's work and will be a priority for future data collection efforts.
- ⇒ Miles of trout streams protected and/or restored. This measures DNR's progress in providing community assistance to sustain high quality trout stream resources. DNR will be using this measure to chart progress in protecting trout streams in the metro area. Data for some of these measures are in progress but are not complete. Decisions on how to effectively collect and report on this data will be determined in FY 2004.

Data for some of these measures are in progress but are not complete. Decisions on how to effectively collect and report on this data will be determined in FY 2004.

Activity Funding

FY 2002-03 direct omnibus appropriations provide 65% of the funding for this budget activity with the remaining 29% from the Environment and Natural Resources Fund (LCMR recommended projects), and six percent from dedicated revenues and federal funds. The source of funds for the direct omnibus appropriations include the General Fund (73%), Natural Resources Fund (6%), and the Game and Fish Fund (21%).

Contact

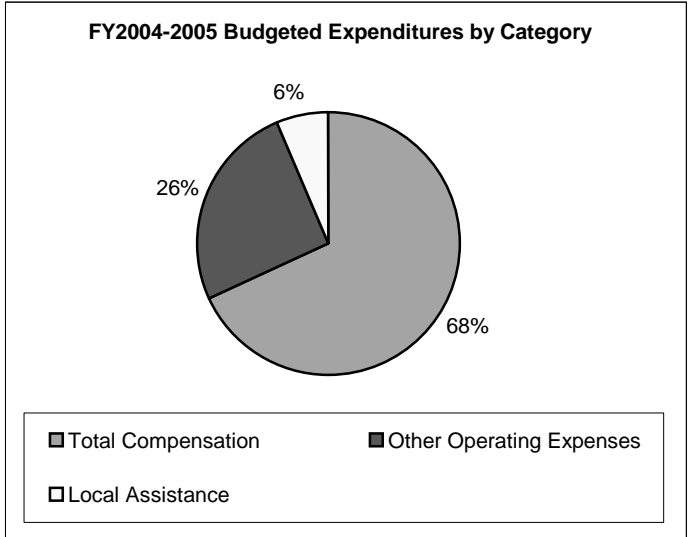
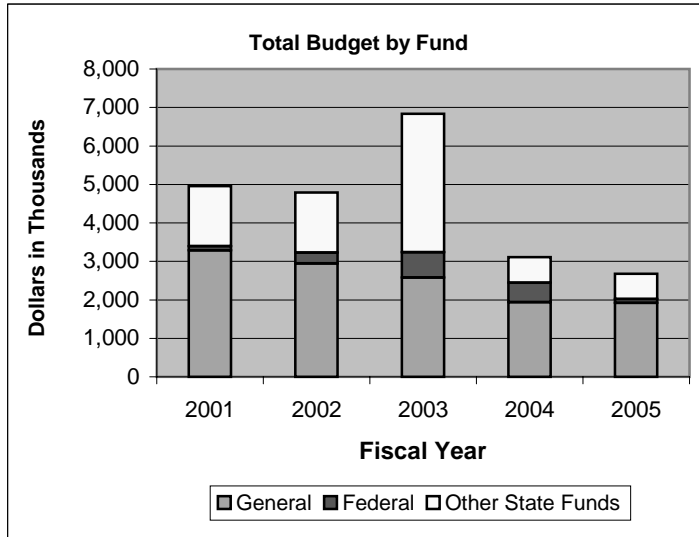
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NATURAL RESOURCES DEPT

Program: OPERATIONS SUPPORT

Activity: REGIONAL OPERATIONS SUPPORT

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| Environment & Natural Resource | 194 | 332 | 2,855 | 0 | 0 | 0 | -3,187 | -100.0% |
| General | 3,244 | 2,855 | 2,374 | 1,821 | 1,821 | 3,642 | -1,587 | -30.3% |
| Natural Resources | 248 | 253 | 177 | 155 | 155 | 310 | -120 | -27.9% |
| Game And Fish (Operations) | 1,005 | 944 | 523 | 467 | 467 | 934 | -533 | -36.3% |
| Statutory Appropriations | | | | | | | | |
| General | 37 | 90 | 205 | 120 | 100 | 220 | -75 | -25.4% |
| Special Revenue | 113 | 20 | 29 | 22 | 22 | 44 | -5 | -10.2% |
| Federal | 113 | 278 | 660 | 508 | 100 | 608 | -330 | -35.2% |
| Gift | 2 | 14 | 16 | 15 | 15 | 30 | 0 | 0.0% |
| Total | 4,956 | 4,786 | 6,839 | 3,108 | 2,680 | 5,788 | -5,837 | -50.2% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 3,500 | 3,659 | 2,200 | 1,954 | 1,954 | 3,908 | -1,951 | -33.3% |
| Other Operating Expenses | 765 | 449 | 1,406 | 950 | 533 | 1,483 | -372 | -20.1% |
| Capital Outlay & Real Property | 242 | 275 | 124 | 24 | 13 | 37 | -362 | -90.7% |
| Local Assistance | 449 | 403 | 3,109 | 180 | 180 | 360 | -3,152 | -89.7% |
| Total | 4,956 | 4,786 | 6,839 | 3,108 | 2,680 | 5,788 | -5,837 | -50.2% |

Revenue by Type and Fund

| | | | | | | | | |
|------------------------|------------|------------|------------|------------|------------|------------|-------------|---------------|
| Non Dedicated | | | | | | | | |
| General | 0 | 2 | 2 | 2 | 2 | 4 | 0 | 0.0% |
| Subtotal Non Dedicated | 0 | 2 | 2 | 2 | 2 | 4 | 0 | 0.0% |
| Dedicated | | | | | | | | |
| General | 40 | 185 | 153 | 108 | 100 | 208 | -130 | -38.5% |
| Special Revenue | 26 | 17 | 22 | 22 | 22 | 44 | 5 | 12.8% |
| Federal | 324 | 521 | 533 | 400 | 100 | 500 | -554 | -52.6% |
| Gift | 2 | 14 | 15 | 15 | 15 | 30 | 1 | 3.4% |
| Subtotal Dedicated | 392 | 737 | 723 | 545 | 237 | 782 | -678 | -46.4% |
| Total Revenue | 392 | 739 | 725 | 547 | 239 | 786 | -678 | -46.3% |

NATURAL RESOURCES DEPT

Program: **OPERATIONS SUPPORT**

Activity: REGIONAL OPERATIONS SUPPORT

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------------|---------------|---------------|-----------------|---------------|---------------|-----------------|--------------------------|----------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Full-Time Equivalents (FTE) | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| | 59.4 | 59.3 | 28.6 | 24.2 | 24.2 | | | |

NATURAL RESOURCES DEPT

Program: OPERATIONS SUPPORT

Activity: ADMINISTRATIVE MANAGEMENT

Narrative

Activity Description

This activity provides overall administrative support to agency management, including formulating and establishing policies and priorities, and integrating department operations in a cohesive direction. The activity includes the Commissioner's Office; Bureau of Human Resources; Bureau of Information, Education, and Licensing; Office of Management and Budget Services, and the Bureau of Management Information Services.

Population Served

Administrative Management serves managers, supervisors, and employees in all divisions and bureaus within the Department of Natural Resources (DNR). The general public and other governmental organizations benefit from the services outlined below.

Services Provided

⇒ **Commissioner's Office** provides leadership for the department and specialists in regulatory and legislative affairs, agricultural policy, and professional standards.

⇒ **Bureau of Human Resources** serves the department by providing leadership and assistance on employee relations and workforce planning issues including

- ◆ five labor agreements and two unrepresented plans covering agency employees;
- ◆ job analysis and allocation for over 400 agency job classes;
- ◆ agency-wide employee leadership development and training opportunities;
- ◆ employee ethics, compensation and recognition policy and advice;
- ◆ personnel, payroll and insurance expertise and processing;
- ◆ compliance with federal and state employment laws, rules and regulations;
- ◆ recruitment coordination including protected class outreach; and
- ◆ identification and application of selection and exam criteria for over 3,000 agency jobs.

⇒ **Bureau of Information, Education and Licensing** manages game, fish and commercial licensing, as well as recreational vehicle registration and titling. Provides information to the general public directly through the DNR's Information Center as well as through the media (including both written releases, interviews and video news reports). It provides audio-visual, graphics, special event and educational support to all DNR units. Publishes the bi-monthly *Minnesota Conservation Volunteer* magazine. Administers both the Boat and Water Safety Program and the Southeast Asian Outreach Program.

Activity at a Glance

- ◆ Distributed over three million copies of DNR publications to groups, license and registration agents, and the general public.
- ◆ The Information and License Centers responded to approximately 250,000 phone inquiries and over 30,000 e-mail inquiries and requests.
- ◆ Managed the transactions and collected revenues from three million DNR licenses as well as 1.3 million boat/vehicle registrations and watercraft titles.
- ◆ Managed 1,800 point-of-sale hunting and fishing license agents and 175 registration and titling agents.
- ◆ Sold 3,000 Lifetime Licenses.
- ◆ Directed budgeting and accounting procedures for the effective use of over \$300 million per year.
- ◆ Directed revenue procedures for receiving and accounting for approximately \$140 million in revenue.
- ◆ Minnesota Conservation Volunteer circulated to 130,000 households, all state public schools and libraries, reaching an estimated 400,000 readers.
- ◆ Reached more than 155,000 television news viewers weekly, more than 8 million viewer segments.
- ◆ Averaged 115,000 successful page requests per day on the DNR web site.
- ◆ Managed multi-disciplinary, statewide Federal Emergency Management Agency (FEMA) public assistance grants for natural disasters—damage to DNR facilities estimated at \$500,000.
- ◆ Coordinated 424,000 hours of volunteer time with a value of \$6.5 million to assist in natural resource-based activities.
- ◆ Processed 85,244 payroll checks, completed 15,579 employee and position transactions, filled 509 positions, and completed 289 job analysis reviews in FY 2001.

NATURAL RESOURCES DEPT

Program: OPERATIONS SUPPORT

Activity: ADMINISTRATIVE MANAGEMENT

Narrative

- ⇒ **Office of Management & Budget Services (OMBS)** provides management, budget, and financial services to all divisions. It also works with outside communities to balance ecosystem sustainability with recreational and commercial use of the state's natural resources. Together, these units
- ◆ integrate strategic planning, budgeting, and financial reporting;
 - ◆ provide leadership for results management;
 - ◆ conduct internal audits;
 - ◆ provide accounting, business, and policy services for all units;
 - ◆ provide integrated ecological and resource information to government and private sector decision makers through the environmental review process; and
 - ◆ coordinate volunteer programs.
- ⇒ **Bureau of Management Information Services (MIS)** is a mission-oriented partner with line and staff units in the protection, management, and wise use of Minnesota's natural resources. MIS provides
- ◆ Information Technology (IT) leadership and strategic planning;
 - ◆ design, development, acquisition, and maintenance of IT infrastructure and security;
 - ◆ development and promulgation of IT best practices, including data standards, PC hardware and software standards, IT project management and system development methodology, web site design, and metadata management;
 - ◆ development, maintenance, and dissemination of enterprise-level data;
 - ◆ management, custodianship, and dissemination of DNR knowledge and information resources; and
 - ◆ training, promotion, and consulting on how DNR staff can best employ the above core services to further their business (i.e., natural resource) goals.

Historical Perspective

The use of computers has greatly changed the way the department's business is conducted and the way the public gains access to our services. In the late 1980s, fewer than 10% of DNR employees had access to e-mail; today all employees have access. In 1995, DNR established its first web site and today much of the department's information and resource data is disseminated internally and to the public by way of the Internet. Hunting and fishing licenses can be purchased electronically any time of the day, any day of the week. Boat snowmobile, and ATV renewals will be added to the Internet in 2003. Human Resources activities are changing from a paper controlled to a paperless/on-line system. The public can participate in community forums, respond to surveys, and submit employment applications online. The ongoing development and availability of electronic tools will result in continued improved service and efficiency for the department's activities.

Key Measures

DNR's administrative management promotes effectiveness and efficiency within the department including formulating and establishing department-level policies and priorities and integrating department operations in a cohesive, efficient direction.

Results achieved by DNR's administrative management are illustrated with the following three key measures. These include: 1) balancing resource sustainability with recreation and commercial use of the state's natural resources through interdisciplinary policy initiatives; 2) promoting high customer satisfaction through effective and efficient licensing procedures and customer service; and 3) effectively and efficiently managing departmental fiscal resources.

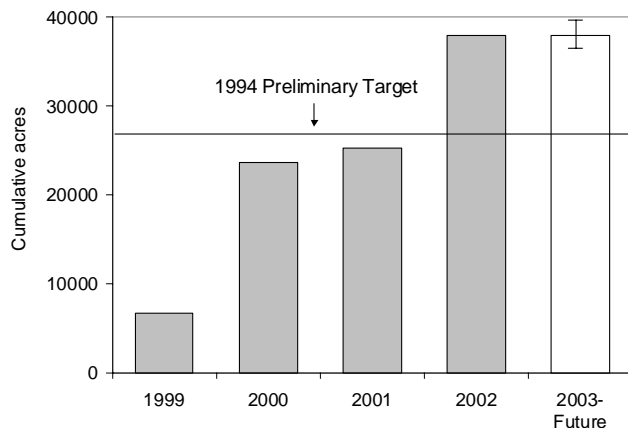
NATURAL RESOURCES DEPT

Program: OPERATIONS SUPPORT

Activity: ADMINISTRATIVE MANAGEMENT

Narrative

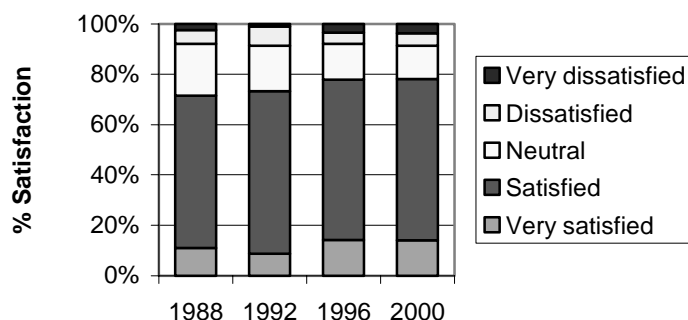
1. Protection of the highest quality old-growth forests on DNR-administered lands.



This indicator illustrates the results of one of DNR's interdisciplinary policy initiatives. Led by DNR's Commissioner's Office and Office of Management and Budget Services, this effort integrated work from the divisions of Forestry, Wildlife, Ecological Services, Parks and Recreation, external stakeholders, and others to achieve protection of old-growth forests as one element in DNR's sustainable forestry management.

Working with forest industry and environmental interests, the DNR in 1994 agreed to a process to "identify and protect the highest quality remaining natural old-growth forest communities." A preliminary target of 27,000 acres was established as an estimate of high quality old growth remaining on state-administered lands. In 1998 DNR began conducting a systematic inventory and evaluating candidate old growth forest sites. The process, completed in 2002, designated about 38,000 acres of the best old-growth forest for protection. If future changes increase or decrease the total amount of designated old-growth by 10% or more a stakeholder roundtable will be convened to discuss policy direction. This key measure is one of DNR's 12 Results Indicators on the Governor's Office Results Web site (www.departmentresults.state.mn.us)

2. Hunter and angler satisfaction with licensing procedures.



As part of its mission the DNR provides high-quality services to Minnesota's hunters and anglers. This includes not only managing and sustaining resources, but also providing customers with licenses and useful information. This indicator focuses on hunter and angler satisfaction with procedures to get a license or permit. High satisfaction is part of the goal of providing high-quality customer services.

NATURAL RESOURCES DEPT

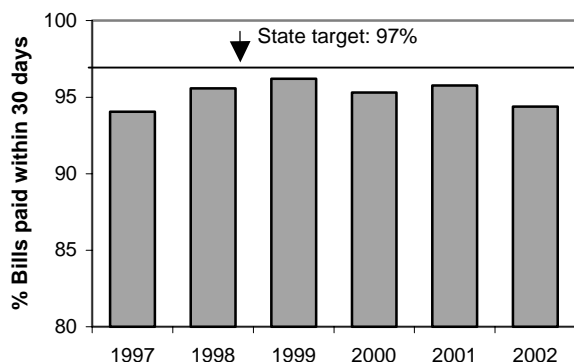
Program: OPERATIONS SUPPORT

Activity: ADMINISTRATIVE MANAGEMENT

Narrative

Recently the DNR launched an electronic licensing system (ELS) that allows the purchase of licenses from a local agent, by phone, or online. ELS provides timely and practical service to hunters and anglers throughout the state. It has also streamlined business practices and cut administrative costs. Currently 73 different transactions are available online, ranging from hunting and fishing licenses to cross-country ski passes and snowmobile trail stickers. Boat and recreational vehicle registrations will be available by the end of 2002. Future information on this indicator will help assess satisfaction levels with the new electronic licensing system. This key measure is one of DNR's 12 Results Indicators on the Governor's Office Results Website.

3. Percentage of bills paid within 30 days.



DNR's administrative management promotes effective and efficient fiscal management. The percentage of bills paid within 30 days is one area where DNR is tracking efforts and striving to become even more efficient. Within the past six years the DNR has successfully paid 94-96% of bills within 30 days. DNR is working to meet the state target of 97%.

Other indicators under development measure progress toward human resources management goals. For example:

- ◆ percentage of protected-group members in the DNR workforce as compared to the relevant labor market, and
- ◆ efficiency indicator on time/reduction in errors on personnel, payroll, and positions transactions and average lengths of time to provide hiring supervisors with a viable list of candidates for job vacancies.

These indicators support DOER statewide performance indicators related to human resources management.

Activity Funding

FY 2002-03 direct omnibus appropriations provide 77% of the funding for this budget activity with the remaining 22% from dedicated revenues and federal funds, and one percent from the LCMR recommended projects funded from the Minnesota Resources Fund and the Environment and Natural Resources Trust Fund. The source of funds for the direct omnibus appropriations include the General Fund (52%), the Natural Resources Fund (19%), and the Game and Fish Fund (29%).

Contact

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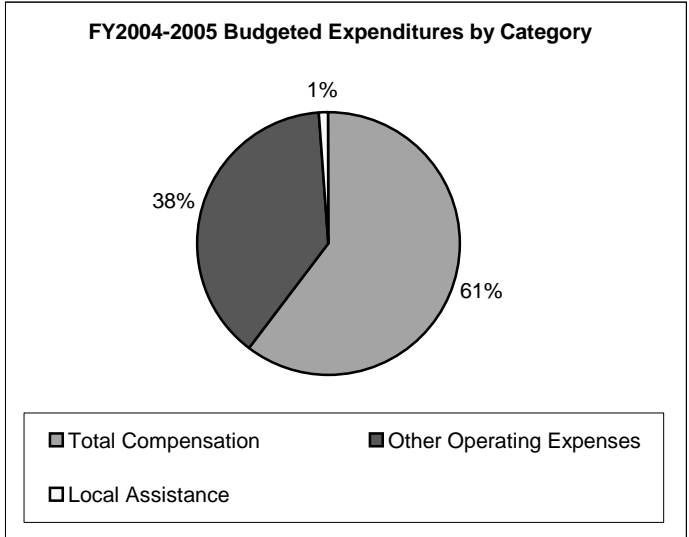
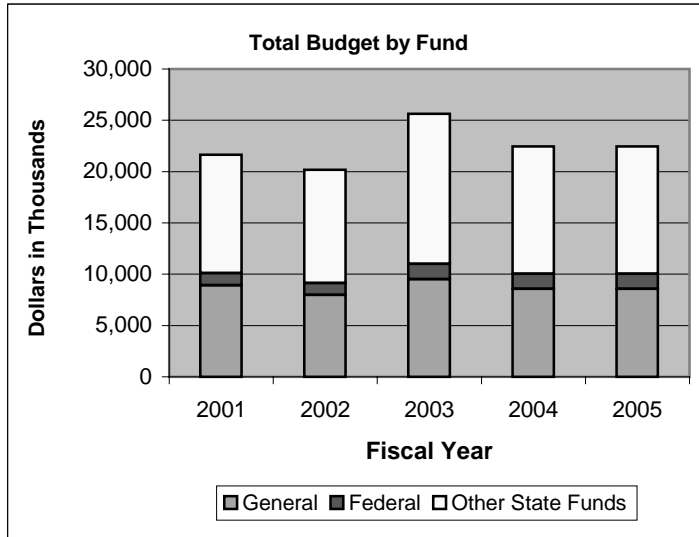
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NATURAL RESOURCES DEPT

Program: OPERATIONS SUPPORT

Activity: ADMINISTRATIVE MANAGEMENT

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
| | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| Environment & Natural Resource | 189 | 32 | 78 | 0 | 0 | 0 | -110 | -100.0% |
| General | 8,912 | 7,998 | 9,527 | 8,575 | 8,575 | 17,150 | -375 | -2.1% |
| Minnesota Resources | 99 | 179 | 181 | 0 | 0 | 0 | -360 | -100.0% |
| Natural Resources | 3,084 | 2,848 | 3,432 | 3,270 | 3,270 | 6,540 | 260 | 4.1% |
| Game And Fish (Operations) | 5,024 | 4,594 | 5,685 | 5,468 | 5,468 | 10,936 | 657 | 6.4% |
| Statutory Appropriations | | | | | | | | |
| Natural Resources | 0 | 311 | 386 | 367 | 367 | 734 | 37 | 5.3% |
| Special Revenue | 435 | 420 | 786 | 471 | 471 | 942 | -264 | -21.9% |
| Game And Fish (Operations) | 2,066 | 2,058 | 2,125 | 2,075 | 2,075 | 4,150 | -33 | -0.8% |
| Federal | 1,196 | 1,151 | 1,479 | 1,479 | 1,479 | 2,958 | 328 | 12.5% |
| Gift | 627 | 582 | 1,950 | 744 | 744 | 1,488 | -1,044 | -41.2% |
| Total | 21,632 | 20,173 | 25,629 | 22,449 | 22,449 | 44,898 | -904 | -2.0% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|-------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 12,375 | 12,277 | 14,650 | 13,512 | 13,512 | 27,024 | 97 | 0.4% |
| Other Operating Expenses | 8,901 | 7,587 | 10,660 | 8,626 | 8,626 | 17,252 | -995 | -5.5% |
| Local Assistance | 333 | 267 | 276 | 276 | 276 | 552 | 9 | 1.7% |
| Other Financial Transactions | 23 | 42 | 43 | 35 | 35 | 70 | -15 | -17.6% |
| Total | 21,632 | 20,173 | 25,629 | 22,449 | 22,449 | 44,898 | -904 | -2.0% |

NATURAL RESOURCES DEPT

Program: OPERATIONS SUPPORT

Activity: ADMINISTRATIVE MANAGEMENT

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|--------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Non Dedicated | | | | | | | | |
| Environment & Natural Resource | 6 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| General | 127 | 621 | 476 | 476 | 476 | 952 | -145 | -13.2% |
| Natural Resources | 6,241 | 5,664 | 5,460 | 5,475 | 5,315 | 10,790 | -334 | -3.0% |
| Game And Fish (Operations) | 38 | 29 | 21 | 21 | 21 | 42 | -8 | -16.0% |
| Subtotal Non Dedicated | 6,412 | 6,314 | 5,957 | 5,972 | 5,812 | 11,784 | -487 | -4.0% |
| Dedicated | | | | | | | | |
| Minnesota Resources | 0 | 1,363 | 2,215 | 2,039 | 1,720 | 3,759 | 181 | 5.1% |
| Natural Resources | 0 | 330 | 367 | 367 | 367 | 734 | 37 | 5.3% |
| Special Revenue | 429 | 354 | 432 | 432 | 432 | 864 | 78 | 9.9% |
| Game And Fish (Operations) | 2,081 | 2,119 | 2,075 | 2,075 | 2,075 | 4,150 | -44 | -1.0% |
| Federal | 1,888 | 1,271 | 2,596 | 2,596 | 2,596 | 5,192 | 1,325 | 34.3% |

| | | | | | | | | |
|----------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|-------------|
| Miscellaneous Agency | 33 | 15 | 20 | 20 | 20 | 40 | 5 | 14.3% |
| Gift | 784 | 754 | 744 | 744 | 744 | 1,488 | -10 | -0.7% |
| Subtotal Dedicated | 5,215 | 6,206 | 8,449 | 8,273 | 7,954 | 16,227 | 1,572 | 10.7% |
| Total Revenue | 11,627 | 12,520 | 14,406 | 14,245 | 13,766 | 28,011 | 1,085 | 4.0% |

Activity Description

The Recreation and Local Grants Initiative activity provides financial assistance to local governments and private organizations to build recreational facilities and to protect and enhance natural areas. The Local Parks Grants and Natural and Scenic Area Grants programs are established in M.S. 85.019. The Conservation Partners and Community Environmental Partnerships Grants programs are not established in statute, but have been funded by the Legislative Commission on Minnesota Resources (LCMR) since 1995. The Regional Park Grants (Outside Metro) program was funded by the 2000 and 2001 legislature and is not established in statute. Pass-through contract administration for LCMR projects was funded by the 2001 legislature [ML 2001, First Special Session, Chap. 2, Sec.14, Subd.3 (b)].

Population Served

This activity serves cities, counties, townships, recognized Indian Tribal Governments and eligible private/nonprofit organizations throughout Minnesota.

Services Provided

Projects funded through the Recreation and Local Grants Initiative promote more livable communities, a healthier population, and greater public appreciation and knowledge of natural resource benefits.

- ⇒ **Local Parks Grants** provide matching grants to encourage the creation or enhancement of high quality outdoor recreation facilities.
- ⇒ **Natural and Scenic Area Grants** provide matching grants to protect and enhance natural and scenic areas.
- ⇒ **Conservation Partners Grants** provide matching grants to encourage enhancement of fish, wildlife and native plant habitats, and research and survey of fish and wildlife directly related to specific habitat improvements.
- ⇒ **Environmental Partnership Grants** provide matching grants to encourage environmental service projects and related education activities through public and private partnerships.
- ⇒ **Regional Park Grants (Outside Metro)** provides grants to public regional parks organizations outside the Twin Cities Metro Area to acquire land, design, construct, and redevelop regional parks and trails, open space, and recreational facilities. Each \$3.00 of state grants must be matched by \$2.00 of non-state funds.

In 2001 the legislature appropriated \$150,000 in Future Resources Fund and Environmental Trust Fund dollars to the Department of Natural Resources (DNR) for administration of contracts for appropriations to several third party recipients, such as nonprofits and other levels of government. The Local Grants Unit administers this appropriation.

Activity at a Glance

Local Park Grants

- ◆ 2001: Acquired 123 acres of new parkland for five different city parks and development/redevelopment of outdoor recreation facilities at an additional 27 local parks.
- ◆ 2002: Acquired six acres of new parkland for one city park and development/redevelopment of outdoor recreation facilities at an additional 17 local parks.

Natural and Scenic Area Grants

- ◆ 2001: Acquired 241 acres of natural and scenic areas in seven different city and county projects. Almost one mile of river and lakeshore land protected.
- ◆ 2002: Acquired 55 acres of natural and scenic areas in one city and one county project. Includes 15 acres of native prairie and 40 acres of maple-basswood old growth forest.

Conservation Partners Grants

- ◆ 2001: 46 habitat improvement projects throughout the state.
- ◆ 2002: eight habitat improvement projects throughout the state.

Environmental Partnership Grants

- ◆ 2001: 33 conservation and environmental partnership grants throughout the state.
- ◆ 2002: three conservation and environmental partnership grants throughout the state.

Regional Park Grants

- ◆ 2001: Acquired 545 acres of regional parkland in four county parks and one city park outside the Metro area. Development of outdoor recreation facilities in one of the county parks.
- ◆ 2002: Acquired 235 acres in one county park.

Pass-Through Appropriations

- ◆ Administered 17 pass-through appropriations.

NATURAL RESOURCES DEPT

Program: OPERATIONS SUPPORT

Activity: REC & LOCAL INITIATIVE GRANTS

Narrative

The Recreation and Local Grants Initiative, plus the pass-through appropriations administered by DNR staff, represent a significant contribution to protecting and enhancing natural areas and outdoor recreation areas. One key characteristic of this activity is that it involves a variety of partnerships and cooperative efforts among state, local government, private organizations, and private citizen stakeholders. All projects are undertaken as positive, voluntary initiatives on the part of the participants.

Historical Perspective

The Land and Water Conservation Fund (LWCF) has an important place in the history of the United States' outdoor recreation and conservation funding efforts. Created in 1964 by Congress, it receives funding primarily through offshore oil and gas receipts. Since offshore drilling for oil and gas depletes a valuable natural resource, Congress determined that it was appropriate to invest the proceeds from these offshore leases to protect America's natural resources and encourages the nation to experience outdoor recreation. Since its inception, this program is responsible for the acquisition of nearly seven million acres of parkland as well as more than 37,000 state and local recreation and open space projects nationwide.

Since 1965, the LWCF program in Minnesota has invested more than \$60 million into the state's outdoor recreation system, funding over 400 state projects and over 800 local park and recreation projects. The LWCF program in Minnesota has a state and local program, each receiving 50% of the federal appropriation. The state program supports the acquisition and development of the state outdoor recreation system. The local program, supported by the Recreation and Local Grants Initiative budget activity, provides matching funds to local units of government, including recognized tribal governments, for outdoor recreation projects.

Congress appropriated federal FY 2000 funds to the states from the LWCF for the first time in several years. In federal FY 2001, \$1.6 million was appropriated and in federal FY 2002, \$2.5 million was appropriated to the state. The appropriation for federal FY 2003 is estimated to be \$2.6 million. One half of these funds are used for the local park program. These federal appropriations represent a significant increase in LWCF funding from previous years.

Key Measures

DNR's strategic plan, Directions 2000, identifies strategic outcomes for recreation to include healthy natural resources able to produce outdoor recreation benefits over the long term.

These services provided by the Recreation and Local Grants Initiative illustrate how this activity contributes to this outcome: (\$'s in millions)

| Demand for Grants | FY 2001 Requests Received | FY 2001 Funds Available |
|-------------------------|------------------------------|----------------------------|
| Local Park Grants | \$14.0 | \$1.9 |
| Natural & Scenic Grants | 1.4 | 1.2 |
| Regional Park Grants | 1.9 | 1.2 |

| Demand for Grants | FY 2002 Requests Received | FY 2002 Funds Available |
|-------------------------|------------------------------|----------------------------|
| Local Park Grants | \$7.6 | \$1.2 |
| Natural & Scenic Grants | .6 | .3 |
| Regional Park Grants | 2.2 | .6 |

NATURAL RESOURCES DEPT**Program: OPERATIONS SUPPORT****Activity: REC & LOCAL INITIATIVE GRANTS**

Narrative

| Results of Grant Investments | FY 2001-02 Projects Funded | Results |
|------------------------------|----------------------------|---|
| Local Park Grants | 50 | 129 acres of new parkland in 6 parks Outdoor recreation facilities in 44 parks |
| Natural & Scenic Grants | 9 | 296 acres of natural & scenic areas acquired 1 mile of river and lakeshore protected |
| Regional Park Grants | 6 | 780 acres acquired in 6 parks Outdoor recreation facilities in 1 county park |

Activity Funding

For the current biennium, 97% of the funding for this budget activity is provided from the Minnesota Resources Fund and the Environment and Natural Resources Trust Fund to support LCMR recommended pass-thru grant projects. The remaining three percent of funding is from the Lottery in-Lieu of Sales Tax and the General Fund.

Contact

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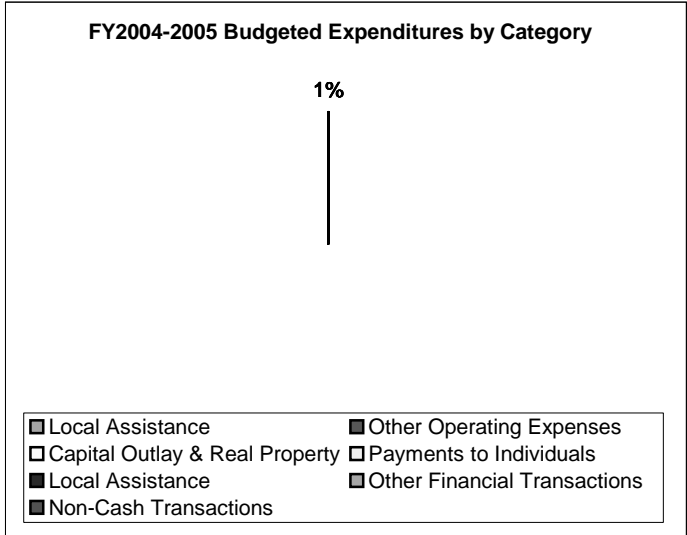
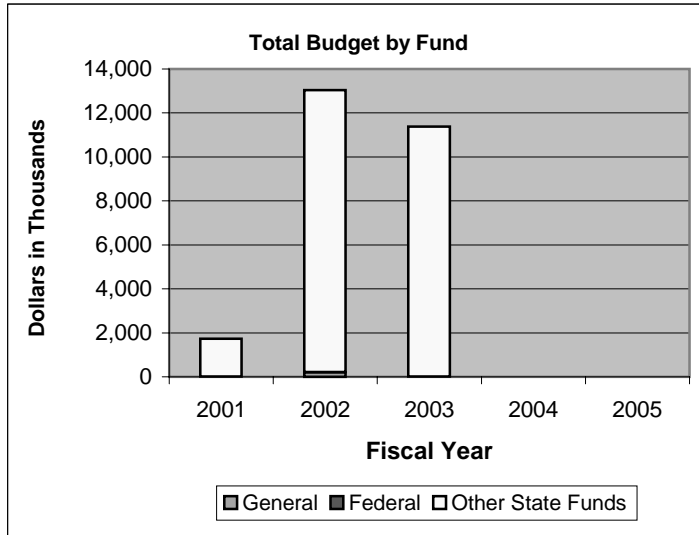
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NATURAL RESOURCES DEPT

Program: **OPERATIONS SUPPORT**

Activity: REC & LOCAL GRANTS INITIATIVE

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------------------|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| Environment & Natural Resource | 1,380 | 8,908 | 9,124 | 0 | 0 | 0 | -18,032 | -100.0% |
| General | 0 | 199 | 0 | 0 | 0 | 0 | -199 | -100.0% |
| Minnesota Resources | 47 | 3,655 | 1,972 | 0 | 0 | 0 | -5,627 | -100.0% |
| Natural Resources | 308 | 284 | 283 | 0 | 0 | 0 | -567 | -100.0% |
| Total | 1,735 | 13,046 | 11,379 | 0 | 0 | 0 | -24,425 | -100.0% |
| Expenditures by Category | | | | | | | | |
| Local Assistance | 1,735 | 13,046 | 11,379 | 0 | 0 | 0 | -24,425 | -100.0% |
| Total | 1,735 | 13,046 | 11,379 | 0 | 0 | 0 | -24,425 | -100.0% |

Activity Description

Youth Programs-Minnesota Conservation Corps' mission is to provide hands-on natural resource stewardship and meaningful service-learning experience to youth and young adults while accomplishing priority, cost-effective conservation and restoration work. M.S. 84.98 provides the basis for program operations.

Population Served

- ⇒ Youth, ages 15 to 18, and young adults, ages 18 to 26.
- ⇒ The Department of Natural Resources (DNR) and other agencies.

Services Provided

Youth Programs-Minnesota Conservation Corps (MCC) has two public service components: a summer program for high school students, and a year-round program for young adults. Summer youth serve 35 hours each week and receive five hours of environmental and career exploration education. Youth work on supervised crews or are assigned to mentored internships. Year-round young adults work on mobile crews, serve 40 hours a week for up to 12 months, and receive extensive hands-on training in natural resource management skills and work readiness.

MCC's brand of direct service most often takes the form of hard, physical work in the great outdoors. In 2001, MCC corps members undertook projects as diverse as suppressing wildfires, fighting floods, providing environmental education to schools, constructing and maintaining snowmobile trails, planting trees, river cleanup, hiking trail construction, park rehabilitation and so on. MCC had over 180 partners ranging from DNR divisions and regional park systems to soil and water conservation districts; from cities and counties to tribal governments.

In exchange for their service, summer youth earned a training wage (\$5.15) plus room and board. Entry-level young adults earned a living allowance equal to the minimum wage (\$5.65), received major medical insurance coverage, and an AmeriCorps post-service education award of up to \$4,725 to use for schooling or to pay-down education loans.

Historical Perspective

MCC's base budget has been eliminated in FY 2004-05. After 21 years of youth programming, MCC is slated to close operations effective June 30, 2003.

Key Measures

- ⇒ Based on project partner survey results, 96% of respondents rated MCC project services as 'good' or 'excellent'. Ninety nine percent of respondents indicated a desire to partner with MCC in the future.
- ⇒ MCC corps members provided 256,971 hours of service.
- ⇒ For every dollar invested, the state of Minnesota received a \$1.30 in value of worked produced.*
- ⇒ MCC leveraged \$1.3 million in grants and fee-for-service contracts to augment state appropriations of \$2.5 million.

Activity at a Glance

2001 Statistics

- ◆ Summer youth: 129 corps members
- ◆ Young adult : 99 corps members
- ◆ Project Partners: 180 sponsors
- ◆ Environmental education school outreach: 5,640 students
- ◆ Snowmobile trail construction: 116 miles
- ◆ Tree planting: 236,114 trees
- ◆ Volunteers generated: 5,527
- ◆ Fire suppression: 7,275 hours
- ◆ Shoreline restoration: 81,266 feet
- ◆ Trail construction & improvement: 3,463 miles
- ◆ Timber sales marking: 275 hours
- ◆ Habitat improvement: 6,760 acres
- ◆ Timber stand improvement: 315,906 trees
- ◆ Prescribed burns: 12,882 acres
- ◆ Timber stand improvement: 3,469 trees
- ◆ GIS GPS mapping: 2,444 miles
- ◆ Game registration-bag checks: 12,216 hunters
- ◆ Forest inventory/CSA: 10,560 acres
- ◆ Storm damage cleanup: 188,413 pounds
- ◆ Road improvement: 217 miles
- ◆ Forest inventory/FIA: 120 plots
- ◆ Boundary surveys & posting: 303,086 feet
- ◆ River cleanup: 194 miles
- ◆ Board walk construction: 5,989 feet
- ◆ Watercraft/exotic species monitoring: 51,508 boats

NATURAL RESOURCES DEPT

Program: OPERATIONS SUPPORT

Activity: YOUTH PROGRAMS

Narrative

***Utilizing Volunteer of America's value estimation formula compared to MCC's actual total expenses (including all direct overhead and administrative costs) and hours worked.**

Activity Funding

For the FY 2002-03 Biennium, 76% of the funding for this budget activity is from direct appropriations with the remaining 24% from dedicated revenues and federal funds. The source of funds for the direct appropriations includes the General Fund (79%) and the Natural Resources Fund (21%).

Contact

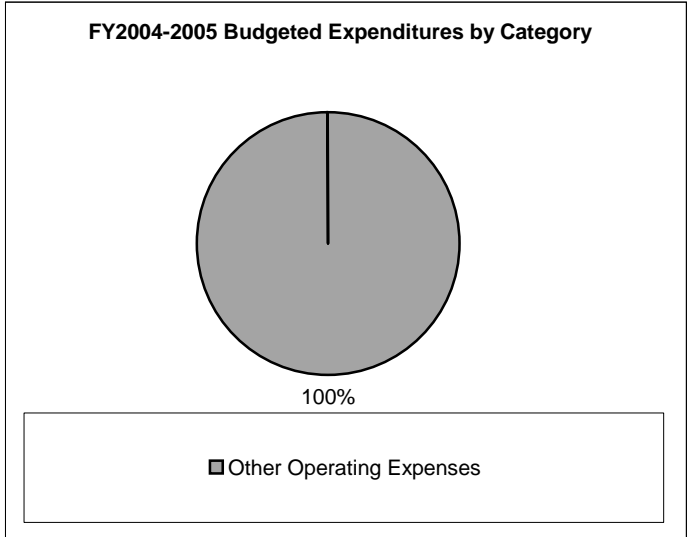
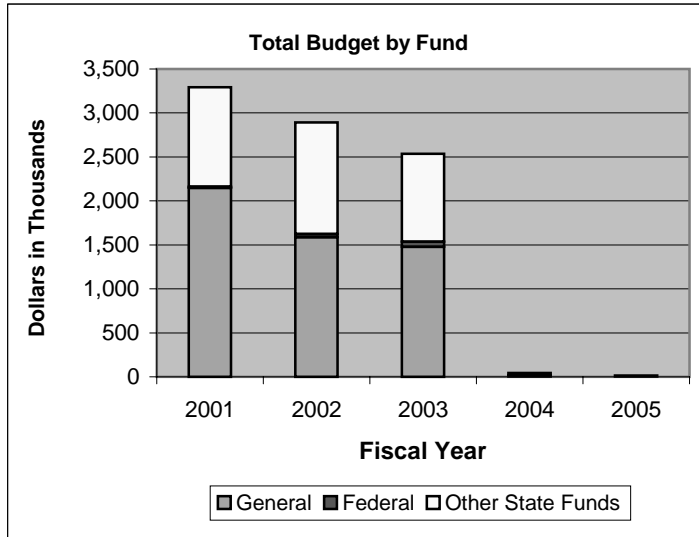
Larry Fonnest, Section Manager, at (651) 296-6195 or, visit the MCC web site at: www.dnr.state.mn.us/mcc. A copy of the Minnesota Conservation Corps' 2001 Annual Report is available upon request.

NATURAL RESOURCES DEPT

Program: OPERATIONS SUPPORT

Activity: YOUTH PROGRAMS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 2,147 | 1,585 | 1,476 | 0 | 0 | 0 | -3,061 | -100.0% |
| Natural Resources | 524 | 462 | 328 | 0 | 0 | 0 | -790 | -100.0% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 484 | 702 | 557 | 0 | 0 | 0 | -1,259 | -100.0% |
| Federal | 15 | 36 | 58 | 17 | 0 | 17 | -77 | -81.9% |
| Miscellaneous Agency | 121 | 95 | 100 | 28 | 15 | 43 | -152 | -77.9% |
| Gift | 0 | 12 | 16 | 0 | 0 | 0 | -28 | -100.0% |
| Total | 3,291 | 2,892 | 2,535 | 45 | 15 | 60 | -5,367 | -98.9% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|-----------|-----------|-----------|---------------|---------------|
| Total Compensation | 2,278 | 2,026 | 1,507 | 0 | 0 | 0 | -3,533 | -100.0% |
| Other Operating Expenses | 840 | 752 | 980 | 45 | 15 | 60 | -1,672 | -96.5% |
| Payments To Individuals | 158 | 97 | 48 | 0 | 0 | 0 | -145 | -100.0% |
| Local Assistance | 15 | 17 | 0 | 0 | 0 | 0 | -17 | -100.0% |
| Total | 3,291 | 2,892 | 2,535 | 45 | 15 | 60 | -5,367 | -98.9% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|------------|------------|------------|----------|----------|----------|---------------|----------------|
| Dedicated | | | | | | | | |
| Special Revenue | 716 | 766 | 250 | 0 | 0 | 0 | -1,016 | -100.0% |
| Federal | 36 | 50 | 15 | 0 | 0 | 0 | -65 | -100.0% |
| Miscellaneous Agency | 117 | 95 | 5 | 0 | 0 | 0 | -100 | -100.0% |
| Gift | 3 | 10 | 2 | 0 | 0 | 0 | -12 | -100.0% |
| Subtotal Dedicated | 872 | 921 | 272 | 0 | 0 | 0 | -1,193 | -100.0% |
| Total Revenue | 872 | 921 | 272 | 0 | 0 | 0 | -1,193 | -100.0% |

| | | | | | | |
|------------------------------------|--------------|--------------|-------------|------------|------------|-------------|
| Full-Time Equivalents (FTE) | 126.6 | 106.2 | 32.8 | 0.0 | 0.0 | 0.0% |
|------------------------------------|--------------|--------------|-------------|------------|------------|-------------|

Agency Purpose

Minnesota Statutes sections 148.171-148.285 provides that the Board of Nursing's mission is to protect the public's health and safety by providing reasonable assurance that the persons who practice nursing in Minnesota are competent, ethical practitioners with the necessary knowledge and skills appropriate to their title and role.

The board strives to achieve its mission by carrying out activities authorized by Minnesota statutes and rules (licensing, discipline and nursing education program approval), maintaining current knowledge relevant to the education and practice of nurses, disseminating information to nurses and the public, and operating an agency which utilizes human and fiscal resources efficiently and effectively.

The board's activities are guided by the following goals:

- ◆ fulfilling responsibilities for public safety with respect for due process and adherence to laws and rules;
- ◆ delivering customer services in a respectful, responsive, timely, communicative, and nondiscriminatory manner;
- ◆ providing government services that are accessible, purposeful, responsible, and secure; and
- ◆ carrying out business functions with efficiency, accountability, innovation, and a willingness to collaborate.

Core Functions

The Board of Nursing accomplishes its purpose by:

- ◆ licensing approximately 4,500 nurses and renewing approximately 43,500 nurse licenses (annually);
- ◆ verifying eligibility to prescribe drugs to the Federal Drug Enforcement Agency for approximately 200 advanced practice registered nurses (annually);
- ◆ investigating approximately 1,000 written jurisdictional complaints about nurses who are alleged to have violated a law related to the practice of nursing (annually);
- ◆ reporting disciplinary action to the employer and consumer and national disciplinary data banks;
- ◆ conducting surveys of nursing education programs for compliance with all applicable statutes and rules and monitoring program graduation pass/fail rates on the national licensing examination;
- ◆ disseminating information related to licensure, disciplinary actions, nursing education programs, and nursing practice standards so that employees and consumers can make informed decisions regarding the performance of nursing services provided by individual nurses; and
- ◆ interacting with consumers, employers, educators, and other regulators to address the critical nursing shortage and its impact on public safety, nursing education, and a dynamic health care delivery system.

Operations

The Board of Nursing is comprised of eight registered nurses, four licensed practical nurses, and four public members who are appointed by the governor. The board makes governance decisions related to the regulation of nursing credentialing, practice, and education and delegates' administrative management and services of the organization to an executive director and staff of nurse professionals and administrative support personnel.

The board interacts with and services applicants, licensees, educational institutions, attorneys, other state agencies and health-related licensing boards, national and federal information systems, and a national nurse licensure examination test service in person and writing and through electronic communications. Online solutions are implemented via the board web site.

At A Glance

Biennial Budget – FY 2002-03:

Total Expenses: \$6.685 million

Total Revenues: \$8.006 million

Staff: 35.7 Full-time equivalent employees

**Minnesota Board of Nursing
License Statistics
(As of June 30, 2002)**

Total Licensed: 87,619

The board disseminates information by publishing a newsletter, maintaining a web site, participating in statewide initiatives on nursing practice, education, and patient safety, and making public presentations and speeches.

Budget

The board is a public agency funded by fees collected from applicants and licensees whom it regulates and services, as well as nursing corporations. Licensees have input regarding the amount of fees collected through focused contact from board staff and the legislative process. The total direct and indirect expenses for FY 2002-03 biennium are \$6.685 million. The board staff includes 35.7 full-time equivalent employees.

Of the total budget for the FY 2002-03 biennium, \$8.006 million is collected as non-dedicated revenue, which is deposited, into the state government special revenue fund. The board is required by law to collect enough revenue to recover all direct and indirect costs.

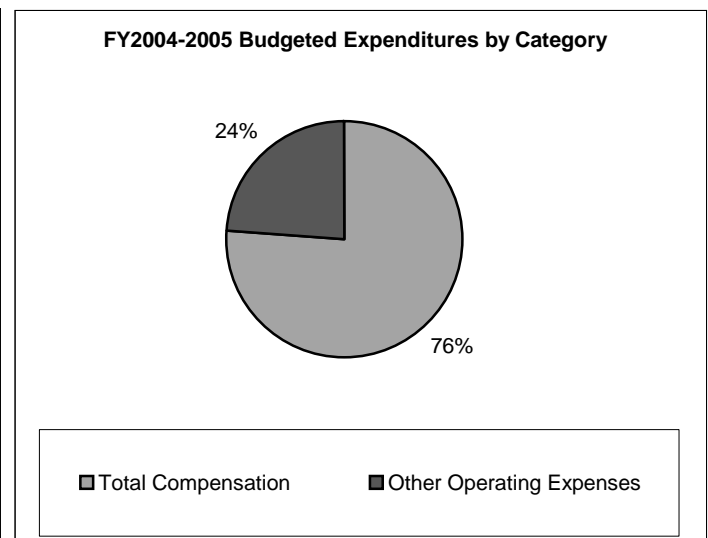
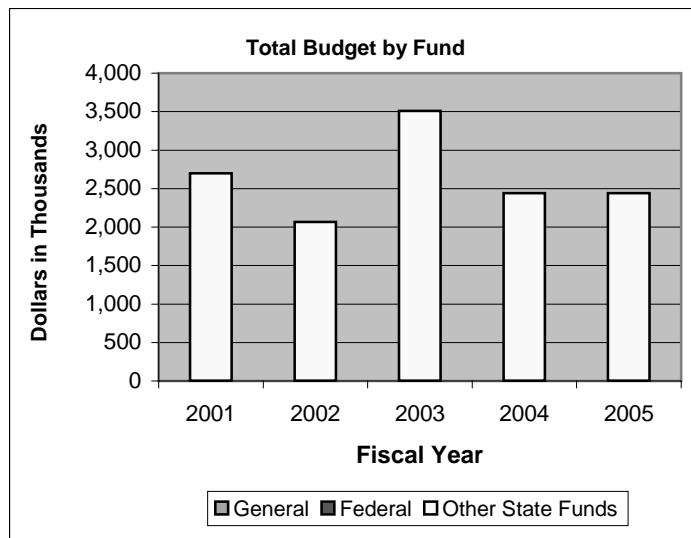
In addition to the operational costs related to credentialing, nursing program education approval, and disciplinary functions, the board is responsible for the costs of services received from the Attorney General's Office, Health Professional Services Program, Department of Health HIV/HBV/HCV program and the health-related licensing boards' collaborative administrative services unit. A direct appropriation is given to the Health Professional Services Program, HIV/HBV/HCV program, and the Administrative Services Unit from the state government special revenue fund. The board must ensure that sufficient revenue is collected through its fees to cover fund their portion of these programs costs.

Contact

Minnesota Board of Nursing
2829 University Avenue SE, Suite 500
Minneapolis, Minnesota 55414-3246

<http://www.nursingboard.state.mn.us> provides visitors with access to laws and rules governing the practice of nursing; information related to credentialing, nursing education programs; filing a complaint; statistical data; meeting notices and board meeting minutes; board newsletter; updates on board activities; links to the National Council of State Boards of Nursing; other state boards of nursing, nursing education programs, state and national nursing organizations, and other state agencies; and online licensure services, such as nurse licensure renewal.

Shirley Brekken, Executive Director
E-mail: Shirley.Brekken@state.mn.us
Phone: (612) 617-2270
Fax: (612) 617-2190



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|----------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| State Government Special Revenue | 2,639 | 1,993 | 2,777 | 2,405 | 2,405 | 4,810 | 40 | 0.8% |
| Open Appropriations | | | | | | | | |
| State Government Special Revenue | 60 | 25 | 34 | 34 | 34 | 68 | 9 | 15.3% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 0 | 50 | 700 | 0 | 0 | 0 | -750 | -100.0% |
| Total | 2,699 | 2,068 | 3,511 | 2,439 | 2,439 | 4,878 | -701 | -12.6% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|---------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 1,655 | 1,418 | 1,953 | 1,862 | 1,857 | 3,719 | 348 | 10.3% |
| Other Operating Expenses | 1,044 | 650 | 1,558 | 577 | 582 | 1,159 | -1,049 | -47.5% |
| Total | 2,699 | 2,068 | 3,511 | 2,439 | 2,439 | 4,878 | -701 | -12.6% |

| | | | | | | | | |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|---------------|
| Expenditures by Program | | | | | | | | |
| Nursing, Board Of | 2,699 | 2,068 | 3,511 | 2,439 | 2,439 | 4,878 | -701 | -12.6% |
| Total | 2,699 | 2,068 | 3,511 | 2,439 | 2,439 | 4,878 | -701 | -12.6% |

| | | | | | | | | |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|-------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| State Government Special Revenue | 4,111 | 4,285 | 3,721 | 4,081 | 4,081 | 8,162 | 156 | 1.9% |
| Subtotal Non Dedicated | 4,111 | 4,285 | 3,721 | 4,081 | 4,081 | 8,162 | 156 | 1.9% |
| Total Revenue | 4,111 | 4,285 | 3,721 | 4,081 | 4,081 | 8,162 | 156 | 1.9% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 32.9 | 27.6 | 27.6 | 27.6 | 27.6 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

Agency Purpose

Minnesota Statutes 144A.19 – 144A.28, and Minnesota Rules 6400 provide the Minnesota Board of Examiners for Nursing Home Administrators responsibility to act as the official licensure agency for nursing home administrators. It was originally created by federal mandate and currently exists to protect the public's interest through the regulation of nursing home administrators in the state of Minnesota. Regulation is accomplished through licensure examination and renewal as well as by the investigation of complaints.

The mission of the board is to promote the public's interest in quality care and effective services for residents of nursing facilities by ensuring that licensed administrators are qualified to perform their administrative duties.

At A Glance

Biennial Budget – FY 2002-03:

Total Expenses: \$436,000

Total Revenue: \$418,000

Staff: 2.0 Full-time equivalent employees

Minnesota Licensed Nursing Home Administrator Statistics (As of June 30, 2002)

Total Licensed: 855

Core Functions

The board accomplishes its mission by:

- ◆ setting and administering educational and examination standards for initial and continuing licensure;
- ◆ responding to inquiries, complaints and reports from the public and other health care regulators regarding licensure and conduct of applicants, permit holders, licensees and unlicensed practitioners;
- ◆ pursuing educational or disciplinary action with licensees as deemed necessary based upon results of investigations conducted; and
- ◆ providing information and education about licensure requirements and procedures and standards of practice to the public and other interested audiences.

Operations

- ⇒ The board provides information relating to the practice of administration in long-term care facilities by informing the public of appropriate services and expected professional standards of nursing home administrators.
- ⇒ The board reviews the domain of knowledge and skills required for contemporary administration and sets educational and examination standards reviewing 50 applicants and administering 35 state examinations per year.
- ⇒ The Standards of Practice Committee annually reviews 150 public and agency complaints regarding administrators. Public education is provided to consumers of long term health care.
- ⇒ Six approved Long-Term Care Administration academic programs and students seeking career information are provided assistance from the board.
- ⇒ The board assists 427 licensed skill nursing facilities in achieving federal compliance of employing a licensed nursing home administrator.

Budget

The board's total direct and indirect expenses for FY 2002-03 biennium are \$436,000. The board staff includes 2.0 full-time equivalent employees.

Of the total budget for the biennium, \$418,000 is collected as non-dedicated revenue, which is deposited into the state government special revenue fund. The board collects fees charged to applicants, prospective applicants, licensees, and sponsors of continuing education programs approved by the board. The board is responsible to collect enough revenue to recover all direct and indirect costs.

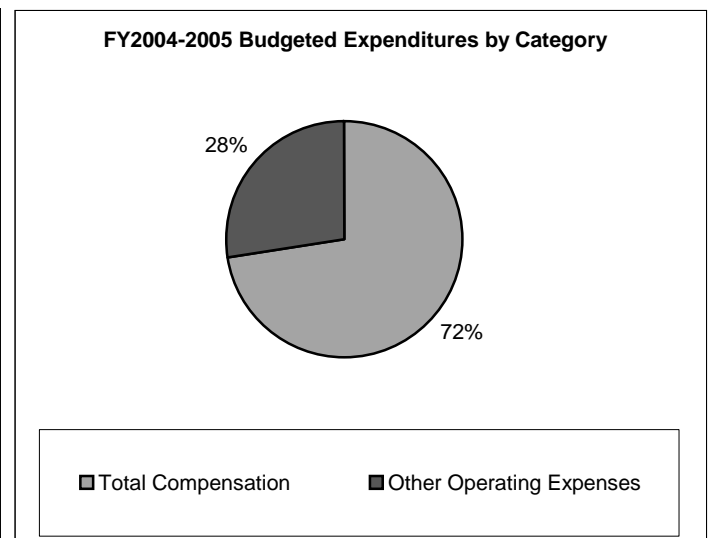
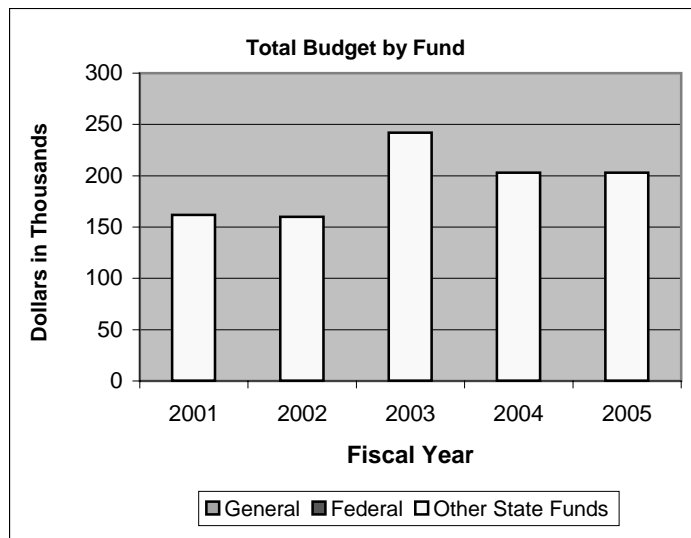
The board is responsible for the costs of services received from the Attorney General's Office, Health Professional Services Program, and the Administrative Services Unit. A direct appropriation is given to each of these programs from the state special government revenue fund. The board must ensure that sufficient revenue is collected through its fees to fund their portion of these programs costs.

Contact

Minnesota Board of Examiners for Nursing Home Administrators
2829 University Avenue Southeast, Suite 440
Minneapolis, Minnesota 55414

The web site at: <http://www.benha.state.mn.us> gives visitors easy access to useful information about nursing home administrators. Types of information available through the web site include; regulatory news and updates, rules and Minnesota statues, public notices and forms.

Randy Snyder, Executive Director
E-mail: Randy.Snyder@state.mn.us
Phone: (612) 617-2117
Fax: (612) 617-2119



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|----------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| State Government Special Revenue | 153 | 156 | 242 | 198 | 198 | 396 | -2 | -0.5% |
| Open Appropriations | | | | | | | | |
| State Government Special Revenue | 9 | 4 | 0 | 5 | 5 | 10 | 6 | 150.0% |
| Total | 162 | 160 | 242 | 203 | 203 | 406 | 4 | 1.0% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|----------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 107 | 130 | 146 | 145 | 149 | 294 | 18 | 6.5% |
| Other Operating Expenses | 55 | 30 | 96 | 58 | 54 | 112 | -14 | -11.1% |
| Total | 162 | 160 | 242 | 203 | 203 | 406 | 4 | 1.0% |

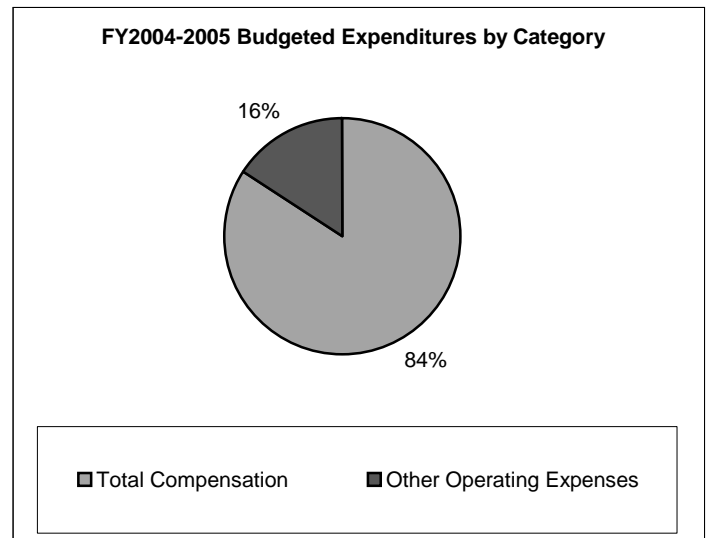
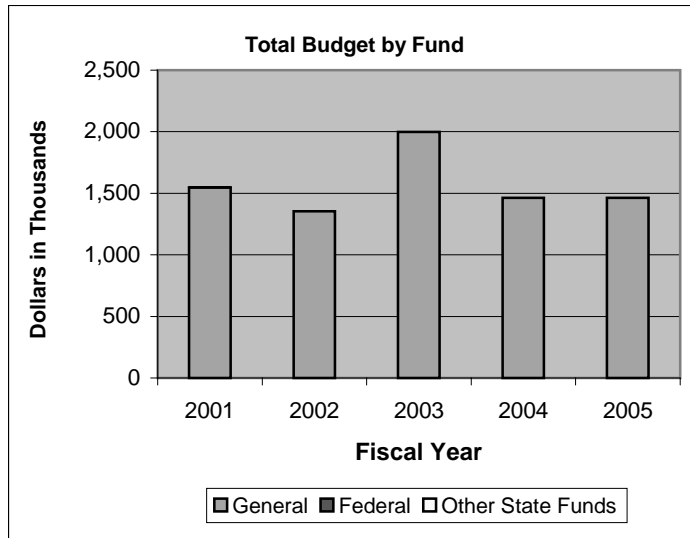
| | | | | | | | | |
|--------------------------------|------------|------------|------------|------------|------------|------------|----------|-------------|
| Expenditures by Program | | | | | | | | |
| Nursing Home Admin, Board Of | 162 | 160 | 242 | 203 | 203 | 406 | 4 | 1.0% |
| Total | 162 | 160 | 242 | 203 | 203 | 406 | 4 | 1.0% |

| | | | | | | | | |
|----------------------------------|------------|------------|------------|------------|------------|------------|------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| State Government Special Revenue | 201 | 196 | 222 | 198 | 198 | 396 | -22 | -5.3% |
| Subtotal Non Dedicated | 201 | 196 | 222 | 198 | 198 | 396 | -22 | -5.3% |
| Total Revenue | 201 | 196 | 222 | 198 | 198 | 396 | -22 | -5.3% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 1.8 | 2.0 | 2.0 | 2.0 | 2.0 |
|------------------------------------|------------|------------|------------|------------|------------|

Agency Purpose

This independent agency was created in 1987 to provide the function of Ombudsman for Mental Health and Mental Retardation (OMHMR). This function now includes the OMHMR and the Office of Crime Victims Oversight, which was originally established in 1985 as the Crime Victims Ombudsman. Reorganization Order No. 184 moved the Office of Crime Victims Oversight into OMHMR. The description of these independent functions can be found under the program profiles for this agency.



| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|------------------|------------------|--------------------|----------------|----------------|---------------------|--------------------------------------|---------------|
| Expenditures by Fund | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 1,547 | 1,353 | 1,998 | 1,462 | 1,462 | 2,924 | -427 | -12.7% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Total | 1,548 | 1,353 | 1,998 | 1,462 | 1,462 | 2,924 | -427 | -12.7% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|---------------|
| Total Compensation | 1,204 | 1,172 | 1,660 | 1,231 | 1,231 | 2,462 | -370 | -13.1% |
| Other Operating Expenses | 344 | 181 | 338 | 231 | 231 | 462 | -57 | -11.0% |
| Total | 1,548 | 1,353 | 1,998 | 1,462 | 1,462 | 2,924 | -427 | -12.7% |

| Expenditures by Program | | | | | | | | |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|---------------|
| Ombudsman For Mh & Mr | 1,548 | 1,353 | 1,544 | 1,462 | 1,462 | 2,924 | 27 | 0.9% |
| Crime Victims Oversight | 0 | 0 | 454 | 0 | 0 | 0 | -454 | -100.0% |
| Total | 1,548 | 1,353 | 1,998 | 1,462 | 1,462 | 2,924 | -427 | -12.7% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|-----------|----------|----------|----------|----------|----------|----------|-------------|
| Dedicated | | | | | | | | |
| General | 70 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Dedicated | 70 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Total Revenue | 70 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 19.1 | 17.6 | 22.6 | 17.6 | 17.6 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

Program Purpose

This independent agency was created to promote the highest attainable standards for treatment, competence, efficiency and justice for persons receiving care and treatment for mental illness, mental retardation and related conditions, chemical dependency, and emotional disturbance from a Minnesota licensed agency, facility or program (M.S. 245.95, subd. 2).

Our vision is to bring about change that improves the effectiveness and efficiency of the service delivery system, while ensuring that consumers who are least able to care for themselves are protected.

Core Functions

- ⇒ Review identified serious injuries and deaths of consumers residing in or receiving services from licensed facilities, agencies or programs.
- ⇒ Intervene through advocacy and mediation to resolve disputes.
- ⇒ Assist consumers to obtain the best quality care to meet their needs.
- ⇒ Recommend to elected officials, government agencies, and service providers how to improve services to consumers.
- ⇒ Identify systemic issues that affect the adequacy and quality of services delivered to all consumers.
- ⇒ Conduct training seminars and provide information to the citizens on the Civil Commitment Act and related law.
- ⇒ Team/Coordinate with other Minnesota state agencies.

Program at a Glance

During the 2000-01 biennium we accomplished the following:

- ◆ Provided service in approximately 1,435 case reviews, 1,877 serious injury reviews, 886 death reviews and responded to 3,098 requests for training, presentation, information or assistance.
- ◆ Sent out three medical alert mailings to over 6,600 providers annually.
- ◆ Provided training on civil commitment and other topics to professionals statewide.

Operations

This agency provides a direct statewide service to adults and children who are receiving treatment or services for mental illness, developmental disability or chemical dependency. Secondary receivers of service are family members and persons or entities interested in high quality services for persons with mental disabilities. Eight regional offices provide the backbone in delivering these services including:

- ◆ information and referral;
- ◆ civil commitment information and training;
- ◆ neutral fact finding and mediation;
- ◆ assertive representation when required; and
- ◆ investigation and reporting on broader issues impacting service delivery and quality.

The eight regional offices are located in

- ◆ Anoka
- ◆ Brainerd
- ◆ Cambridge
- ◆ Duluth
- ◆ Fergus Falls
- ◆ St. Peter (two offices)
- ◆ Willmar

In addition, this agency has a direct responsibility to review deaths and serious injuries of clients in any Minnesota state licensed facility, agency or program. This service is delivered by:

- ◆ reviewing deaths or serious injuries of persons with mental disabilities who are or were receiving services;
- ◆ providing direct feedback to facilities, agencies or programs on how they can improve service delivery; and

OMBUD FOR MENTAL HEALTH & M R

Program: OMBUDSMAN FOR MH & MR

Narrative

- ◆ alerting and educating providers of service (via mass communications) of potential problems or dangers and recommending improvements of service delivery.

Budget

- ◆ 100% of agency budget is from the General Fund
- ◆ 84% of the agency's budget is for staffing 17 FTEs and three part-time FTEs
- ◆ 16% of the agency's budget is for operating expenses

Contact

Office of the Ombudsman for Mental Health & Mental Retardation

Agency web site: <http://www.ombudmhmr.state.mn.us>

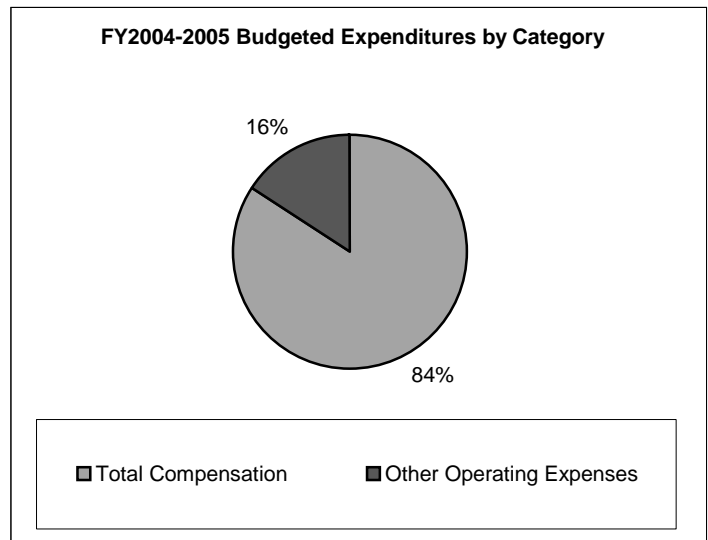
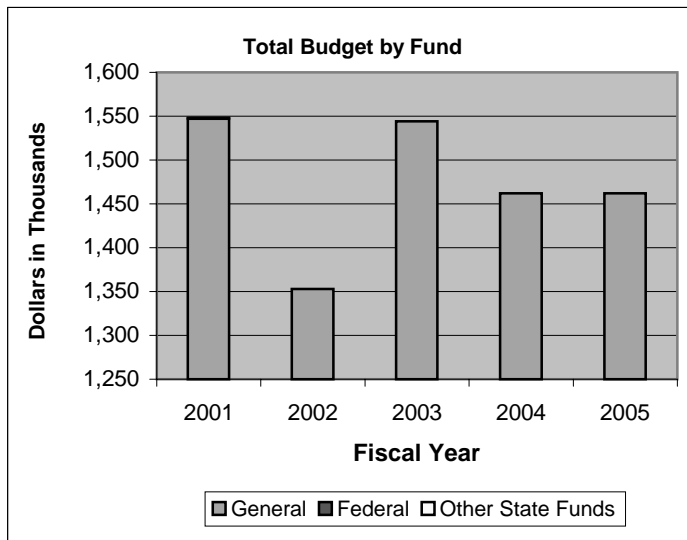
For additional information please contact Paul Doyle, Director of Policy and Administration, (651) 297-7288 or toll free 1-800-657-3506.

E-mail: paul.f.doyle@state.mn.us.

OMBUD FOR MENTAL HEALTH & M R

Program: OMBUDSMAN FOR MH & MR

Fiscal Report



| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|------------------|------------------|--------------------|----------------|----------------|---------------------|--------------------------------------|-------------|
| Expenditures by Fund | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 1,547 | 1,353 | 1,544 | 1,462 | 1,462 | 2,924 | 27 | 0.9% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Total | 1,548 | 1,353 | 1,544 | 1,462 | 1,462 | 2,924 | 27 | 0.9% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------|-------------|
| Total Compensation | 1,204 | 1,172 | 1,313 | 1,231 | 1,231 | 2,462 | -23 | -0.9% |
| Other Operating Expenses | 344 | 181 | 231 | 231 | 231 | 462 | 50 | 12.1% |
| Total | 1,548 | 1,353 | 1,544 | 1,462 | 1,462 | 2,924 | 27 | 0.9% |

| Expenditures by Activity | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------|-------------|
| Ombudsman For Mh & Mr | 1,548 | 1,353 | 1,544 | 1,462 | 1,462 | 2,924 | 27 | 0.9% |
| Total | 1,548 | 1,353 | 1,544 | 1,462 | 1,462 | 2,924 | 27 | 0.9% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|-----------|----------|----------|----------|----------|----------|----------|-------------|
| Dedicated | | | | | | | | |
| General | 70 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Dedicated | 70 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Total Revenue | 70 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 19.1 | 17.6 | 17.6 | 17.6 | 17.6 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

Program Description

The Office operates as a neutral third party in investigating the complaints of victims of crime. Those complaints may include the violation(s) of statutory rights, the delivery of victim services, the administration of the crime victims' reparations act, and other complaints of mistreatment. The Office also acts as a liaison between crime victims and witnesses and criminal justice agencies and provides information and resources. (M.S. 611A.72-74) The Office currently has 5 FTEs.

The Office attempts to ensure the just, fair and equitable treatment of crime victims and witnesses. It does this primarily by providing a method for crime victims/witnesses to question the action or inaction of criminal justice agencies and victim/witness assistance providers within the State of Minnesota and by providing resources to assist crime victims in navigating a difficult and complex criminal justice system. The office strives to

- ◆ prevent mistreatment of crime victims/witnesses by criminal justice agencies;
- ◆ ensure compliance with crime victim rights legislation;
- ◆ correct practices that are unjust, discriminatory, oppressive or unfair;
- ◆ change attitudes of criminal justice employees towards crime victims/witnesses;
- ◆ raise public awareness regarding the rights of crime victims;
- ◆ solve problems raised by crime victims/witnesses regarding criminal justice agencies and victim assistance programs;
- ◆ aid the criminal justice process by developing a sense of trust and willingness to participate between criminal justice professionals and current and potential witnesses; and,
- ◆ assist crime victims in bringing closure to significant, traumatic events that have occurred in their lives as a result of a criminal act and the subsequent unfair, unjust or inequitable treatment by the criminal justice system or a victim assistance program.

Program at a Glance

Each year, approximately 400,000 citizens become victims of crime, in this state. Minnesota legislators have ensured that victims of crime have legal rights and remedies available to them (See M.S. § 611A) and created this Office to provide oversight and ensure compliance with those laws.

Scope of Oversight:

The Ombudsman may investigate, with or without a complaint, any action or inaction of criminal justice agencies or victim assistance programs. These agencies include...

- ◆ Law Enforcement
- ◆ Prosecuting Attorneys
- ◆ Probation and Corrections Staff
- ◆ Victim and Witness Assistance Programs
- ◆ State Reparations Board
- ◆ Other city, county and state officials involved in a criminal case.

Core Functions

The Office provides the following services to citizens:

- ⇒ Conducts large and small-scale investigations of citizen complaints.
- ⇒ Acts as a liaison between crime victims/witnesses and criminal justice agencies.
- ⇒ Provides information and referral.
- ⇒ Trains professionals and educates the public.
- ⇒ Provides planning and leadership regarding public policy issues affecting crime victims/witnesses.
- ⇒ Maintains a comprehensive resource database.
- ⇒ Drafts and publishes reports.
- ⇒ Serves on commissions, focus groups, boards and committees.

Operations

The Office serves crime victims, witnesses and their families, criminal justice agencies, victim assistance programs, and others by objectively evaluating practices, procedures and systems and, when necessary, recommending change(s) that will enhance how agencies respond to citizens.

Any citizen can contact the office by phone, fax, e-mail or Internet to issue a complaint, forward a commendation, or access information and/or referral data. The service is provided free of charge.

Key Measures

The Office's services are primarily measured through a survey, which allows customers to evaluate the effectiveness of the service provided. The number of agencies that make concrete changes to improve service to crime victims based on the Office's recommendations also measures success.

Budget

During the 2002 legislative session, the Office of Crime Victims Ombudsman's budget was eliminated and its responsibilities moved to the Department of Public Safety (DPS) under the Crime Victim Oversight Act (CVOA). Minn. Stat. § 611A.72-74 was changed to reflect the transfer of the powers of the Ombudsman to the Commissioner of Public Safety.

To restore the office's independence, the Commissioner of Administration with the approval of the Governor issued Reorganization Order No. 184, transferring the CVOA functions out of the DPS and into the Office of the Ombudsman for Mental Health and Retardation. This move was in concert with the Administration's goal of co-locating all Minnesota ombudsman offices into one common location where administrative resources could be shared, thus freeing time for ombudsman staff to serve its constituents. One time funding for FY 03 was provided through an interagency agreement with the State Attorney General's Office.

This program includes funding for this function in FY 03. Funding for prior fiscal years is shown under the separate budget entity of Office of Crime Victims Ombudsman.

Contact

Office of Crime Victims Oversight
1021 Bandana Boulevard, Suite 225
St. Paul, MN 55108

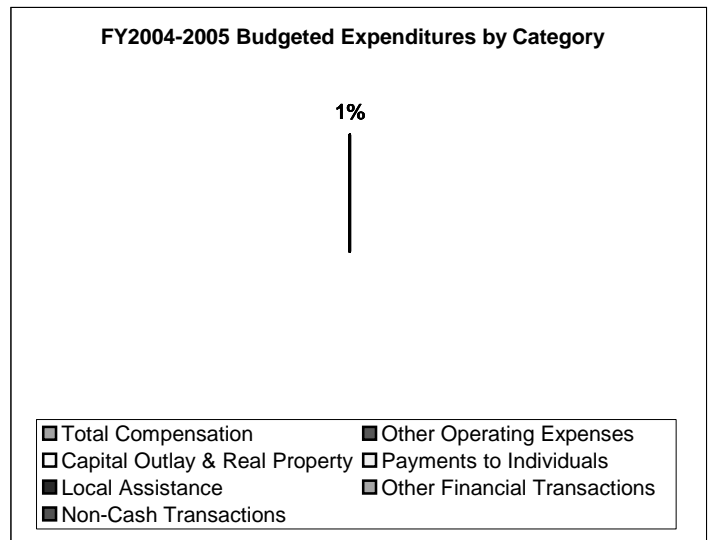
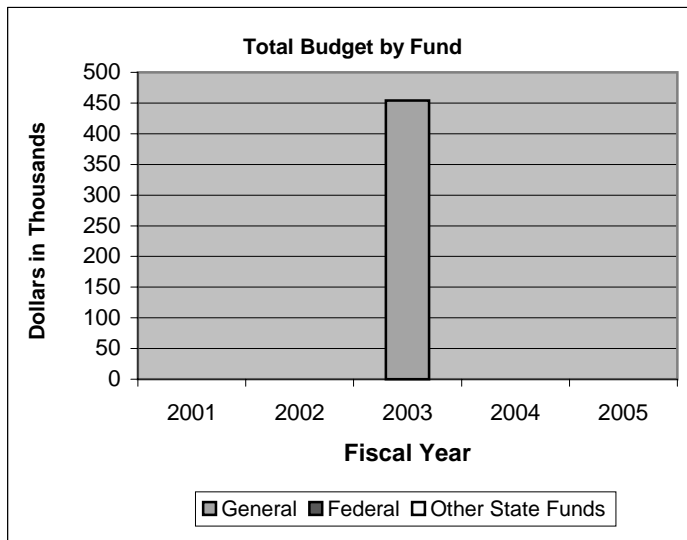
World Wide Web Home Page: <http://www.ocvo.state.mn.us>

Laura Goodman-Brown, Ombudsman
Phone: (651) 642-0550
Fax: (651) 642-0520
Greater Minnesota 1-800-247-0390

OMBUD FOR MENTAL HEALTH & M R

Program: CRIME VICTIMS OVERSIGHT

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|----------|-------------------|-------------------|
| | Actual | Actual | Budgeted | Base | | Biennium | Biennial Change | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | 2004-05 / 2002-03 | Dollars Percent |
| Direct Appropriations | | | | | | | | |
| General | 0 | 0 | 454 | 0 | 0 | 0 | -454 | -100.0% |
| Total | 0 | 0 | 454 | 0 | 0 | 0 | -454 | -100.0% |
| Expenditures by Category | | | | | | | | |
| Total Compensation | 0 | 0 | 347 | 0 | 0 | 0 | -347 | -100.0% |
| Other Operating Expenses | 0 | 0 | 107 | 0 | 0 | 0 | -107 | -100.0% |
| Total | 0 | 0 | 454 | 0 | 0 | 0 | -454 | -100.0% |
| Expenditures by Activity | | | | | | | | |
| Crime Victims Oversight | 0 | 0 | 454 | 0 | 0 | 0 | -454 | -100.0% |
| Total | 0 | 0 | 454 | 0 | 0 | 0 | -454 | -100.0% |
| Full-Time Equivalents (FTE) | 0.0 | 0.0 | 5.0 | 0.0 | 0.0 | | | |

Agency Purpose

The purpose of the Office of Ombudsman for Corrections is to investigate complaints and, where appropriate, make corrective recommendations regarding the Minnesota Department of Corrections (DOC) and facilities operating under Chapter 401. The mission of the agency is to promote standards of competence, efficiency, and justice in the administration of corrections. The agency is independent, reports to the executive branch, and is governed by M.S. 241.41 - 241.45.

Core Functions

- ⇒ Investigative staff accessibility by phone (Tuesday and Thursday 8:30am – 5:00pm), U.S. mail, and in-person while on-premises of institution.
- ⇒ Ombudsman accessibility to DOC senior management 24 hours/day, seven days/week via office, and personal phone number exchange.
- ⇒ The Ombudsman for Corrections will respond within one day of notification that a critical incident has taken place. In addition, the Ombudsman for Corrections will correspond as necessary to written as well as handle phone intake complaints two days per week. As necessary, the Ombudsman will visit institutions to conduct investigations and meet with staff and complainants within the office's jurisdiction.
- ⇒ The agency will continue to monitor policy and program changes in the institutions and make recommendations as appropriate to ensure DOC institutions are consistent, fair, and humane according to American Correctional Association (ACA) and other accrediting bodies standards.

Operations

The goal of the ombudsman is to act as an impartial fact finder and make recommendations that promote good correctional practice as mentioned by accrediting organizations such as the ACA and case law. Staff will visit institutions as necessary and are viewed as a knowledgeable resource by inmates and staff. Whether investigating a specific case or handling questions while at the institution, the Ombudsman carries out the mission of the office and treats everyone involved with respect and their input in a confidential manner. Through on-site review of critical materials, regular meetings with wardens as well as follow-up conversations with institution supervisors, the office is able to identify and recommend solutions to problems involving policy application, training or procedural breakdown with an intent to resolve issues at the lowest level of supervision or management necessary to enact meaningful change.

Key Measures

The measures of success are varied and dependent on available resources at any one time. When the office had nine staff, each investigator had an assigned group of facilities and was able to establish and maintain relationships with staff, allowing for a more efficient resolution of the conflict or issue with minimal friction and investigative time. The measurement tools at that time reflected this philosophy (i.e., percentage of cases resolved in one, fifteen or thirty days). With current budget and staffing limitations this is no longer practical since no investigators exist and only a limited grouping of issues will be reviewed as critical incidents occur or as the Ombudsman's discretion and time allows for review.

Budget

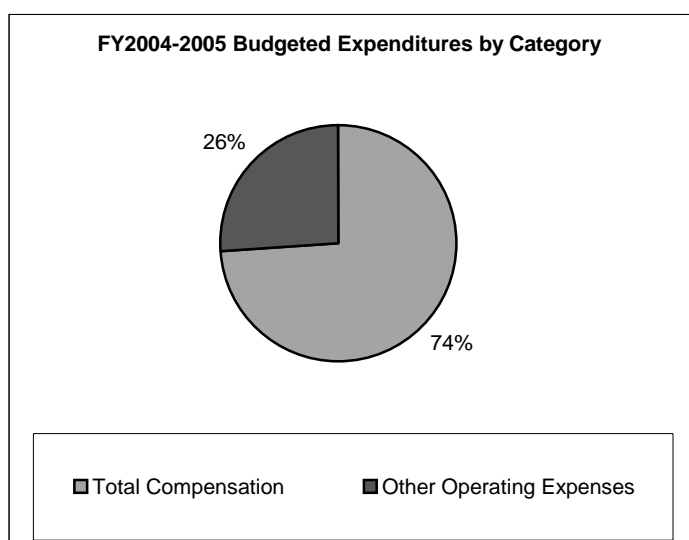
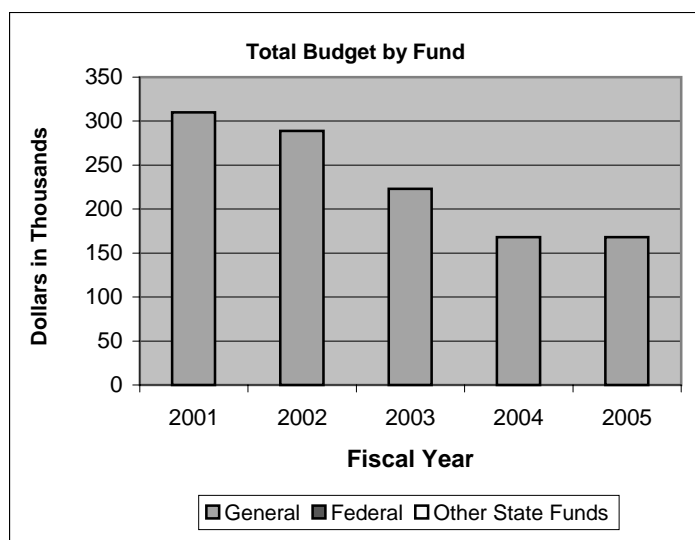
Funding for the agency has been significantly reduced in recent biennia. In FY 1999, the agency spent \$694,000 with nearly 9 FTE. In FY 2002, the funding level is set at \$323,000 with 4.75 FTE. During the 2002 legislative session, the legislature reduced funding in FY 2003 to \$168,000. It is anticipated that this will fund 1.6 FTE.

Contact

You may call or write the office as follows:

Office Address:
1885 University Avenue, Suite 395
St. Paul, Minnesota 55104

David Larson, Ombudsman for Corrections
(651) 643-3654 (Office) (651) 643-2148 (Fax)
Caryn Ye, Executive Assistant, (651) 643-3653 (Office)



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 310 | 289 | 223 | 168 | 168 | 336 | -176 | -34.4% |
| Total | 310 | 289 | 223 | 168 | 168 | 336 | -176 | -34.4% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|-------------|---------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 258 | 251 | 148 | 124 | 124 | 248 | -151 | -37.8% |
| Other Operating Expenses | 52 | 38 | 75 | 44 | 44 | 88 | -25 | -22.1% |
| Total | 310 | 289 | 223 | 168 | 168 | 336 | -176 | -34.4% |

| | | | | | | | | |
|--------------------------------|------------|------------|------------|------------|------------|------------|-------------|---------------|
| Expenditures by Program | | | | | | | | |
| Ombudsman-Corrections | 310 | 289 | 223 | 168 | 168 | 336 | -176 | -34.4% |
| Total | 310 | 289 | 223 | 168 | 168 | 336 | -176 | -34.4% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 3.7 | 3.4 | 1.6 | 1.6 | 1.6 |
|------------------------------------|------------|------------|------------|------------|------------|

Agency Purpose

The Office of Ombudsperson for Families is authorized by Minnesota Statutes 257.0755. The Office was created in 1991. The legislation requires the office to operate independently but in collaboration with the Indian Affairs Council, the Chicano-Latino Affairs Council, the Council on Black Minnesotans, and the Council on Asian-Pacific Minnesotans. The applicable community specific board (hereinafter, board) selects the Ombudsperson for each community. Each Ombudsperson serves in unclassified service at the pleasure of the board. Each board consists of five members appointed by the chair of that specific council. The members are required to meet four times a year to advise the Ombudspersons on overall policies.

Each Ombudsperson has the authority to investigate decisions, acts and other matters of an agency, program, or facility providing protection or placement services to children of color.

Core Functions

The office's primary duty is to ensure that all laws governing the protection of children and their families are implemented in a culturally appropriate manner and that decision-making processes are in compliance with the laws that protect children of color in the state of Minnesota.

Additional duties of the office include working with local and state courts, policy makers, and services providers to promote integrated systems to ensure family reunification, stability, security and permanency. This office reaffirms the state's commitment of making and keeping the family whole and assisting in the well being of Minnesota's children. Finally, the office helps develop policy to support and create culturally competent and bilingual social workers in communities of color throughout Minnesota.

Budget

Appropriation

FY 2002 and FY 2003

| | |
|------------------------------------|------------------|
| General Fund | \$236,000 |
| Transfer from Special revenue Fund | 92,000 |
| TOTAL FY 2002 | \$328,000 |

| | |
|------------------------------------|------------------|
| General Fund | \$245,000 |
| Transfer from Special Revenue Fund | 92,000 |
| TOTAL FY 2003 | \$337,000 |

FTE's = 4

At A Glance

The chart below shows the disparity in Minnesota of children of color in out of home placements compared to white children.

This disparity is carried over into: the decisions of whose children are placed out of home; the accessibility of services; the quality of services; the urgency in service delivery; the cultural and linguistic considerations, particularly for immigrant and refugee groups; permanency considerations; the monitoring and evaluating case plans and family outcomes; and the lack of culturally competent child welfare workers, to name but a few.

The rate of out of home placement for American Indian children is nine times that of white children. The rate for African Americans is more than five times that of whites. Over the years, the disproportionate rate among children of color has consistently remained high.

| | Total number of Children in Minnesota | Number in Out of Home Placement |
|--------------------------------|---------------------------------------|---------------------------------|
| Black/African American* | 64,308 | 3,573 |
| American Indian/Alaska Native* | 20,607 | 1,903 |
| Asian/Pacific Islander* | 53,831 | 440 |
| Hispanic** | 55,640 | 1,022 |
| White | 1,079,278 | 10,613 |

* This includes children with their race indicated as the only race according to the 2000 census.

** This number includes children of all races who had the ethnicity "Hispanic/Latino/ Spanish."

The statistics come from "All Kids Count! Assessing the Well-Being of African-American, American Indian, Asian, and Latino Children," Children's Defense Fund-Minnesota, and Congregations Concerned for Children-Child Advocacy Network at the Joint Religious Legislative Coalition.

Contact

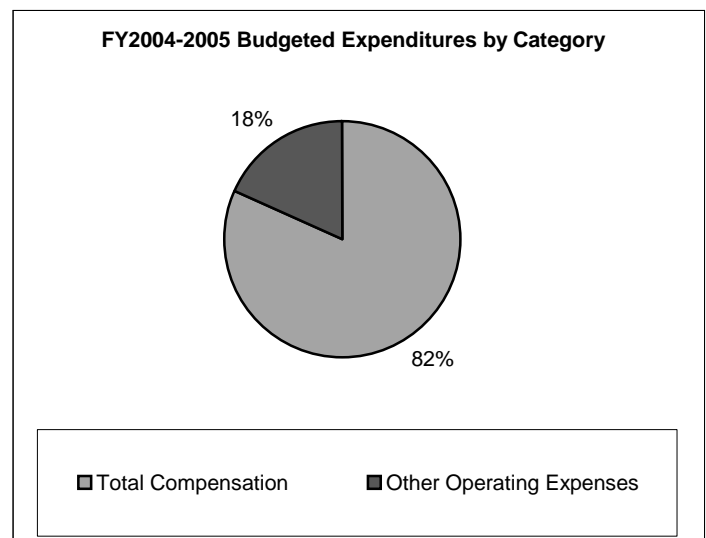
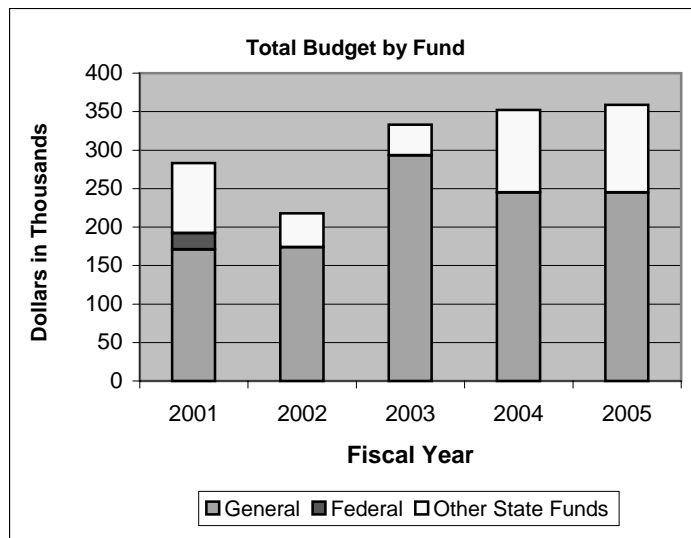
Ombudsperson for Families
1450 Energy Park Drive, Suite 106
St. Paul, Minnesota 55108

Contacts are:

| | |
|---|----------------|
| Ann Hill, Ombudsperson for African-American Families at | (651) 642-0897 |
| Dawn Blanchard, Ombudsperson for American Indian Families | (651) 643-2523 |
| Bauz Nengchu, Ombudsperson for Asian-Pacific Families | (651) 643-2514 |
| Alba Olmedo, Ombudsperson for Spanish-Speaking Families | (651) 643-2537 |

Toll free: (888) 234-4939

Fax: (651) 643-2539



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|----------------------|----------------------|------------------------|--------------------|--------------------|-------------------------|----------------------------------|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 171 | 174 | 293 | 245 | 245 | 490 | 23 | 4.9% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 91 | 44 | 40 | 107 | 114 | 221 | 137 | 163.1% |
| Federal | 21 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Total | 283 | 218 | 333 | 352 | 359 | 711 | 160 | 29.0% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 238 | 174 | 241 | 287 | 294 | 581 | 166 | 40.0% |
| Other Operating Expenses | 45 | 44 | 92 | 65 | 65 | 130 | -6 | -4.4% |
| Total | 283 | 218 | 333 | 352 | 359 | 711 | 160 | 29.0% |

| | | | | | | | | |
|--------------------------------|------------|------------|------------|------------|------------|------------|------------|--------------|
| Expenditures by Program | | | | | | | | |
| Ombudspersons For Families | 283 | 218 | 333 | 352 | 359 | 711 | 160 | 29.0% |
| Total | 283 | 218 | 333 | 352 | 359 | 711 | 160 | 29.0% |

| | | | | | | | | |
|---------------------------------|-----------|----------|----------|----------|----------|----------|----------|-------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Federal | 19 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Dedicated | 19 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Total Revenue | 19 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 4.2 | 3.0 | 4.0 | 4.0 | 4.0 |
|------------------------------------|------------|------------|------------|------------|------------|

Agency Purpose

Minnesota Statutes sections 148.52 – 148.62 and Minnesota Rules, chapter 6500 provide the Minnesota Board of Optometry authority to act as the licensure agency for the practice of optometry. It was established and currently exists to protect the public through the regulation of optometrists in the state of Minnesota. Regulation is accomplished through initial licensure examination, annual license renewal and required continuing education requirements.

The mission of the board is:

- ◆ to promote the public's interest in receiving quality optometric health care from competent optometrists;
- ◆ to protect the public by ensuring that all licensed optometrists meet the educational and practical requirements specified in law; and
- ◆ to protect the public by setting standards for quality optometric health care.

Core Functions

The board fulfills its mission by:

- ◆ reviewing and approving examination standards to insure knowledge of applicants for licensure as optometrists;
- ◆ reviewing of continuing education required to maintain knowledge for the safe practice of optometry;
- ◆ managing complaints alleging violation of board statutes and rules through initial committee review, thorough investigation and disciplinary conferences with licensees to determine whether legal action against an optometrist is warranted; and
- ◆ providing accurate information about licensure requirements, standards of practice and disciplinary process to the public, licensees and other interested parties.

Operations

The board serves consumers, licensed optometrists, applicants for optometry licensure, other governmental agencies, third party payers and sponsors of continuing education courses. Services are delivered through direct communication (telephone, mail, e-mail, and in-person).

Budget

Total direct and indirect expenses for FY 2002-03 biennium are \$222,000. The board staff includes 1.25 full-time equivalent employees.

Of the total budget for the FY 2002-03 biennium, \$203,000 is collected as non-dedicated revenue which is deposited into the state government special revenue fund. The board fees charged to applicants, prospective applicants, licensees, and sponsors of continuing education programs. The board is responsible to collect enough revenue to recover all direct and indirect costs.

The board is responsible for the costs of services received from the Attorney General's Office, Health Professional Services Program, and the Administrative Services Unit. A direct appropriation is given to each of these programs from the state special government revenue fund. The board must insure that sufficient revenue is collected through its fees to fund their portion of these program costs.

At A Glance

Biennial Budget – FY 2002-03:

Total Expenses: \$222,000

Total Revenue: \$203,000

Staff: 1.25 Full-time equivalent employees

Minnesota Licensed Optometrist Statistics (As of June 30, 2002)

Total Licensed: 871

Contact

Minnesota Board of Optometry
2829 University Ave Southeast, Suite 550
Minneapolis, Minnesota 55414

E-mail: optometry.board@state.mn.us

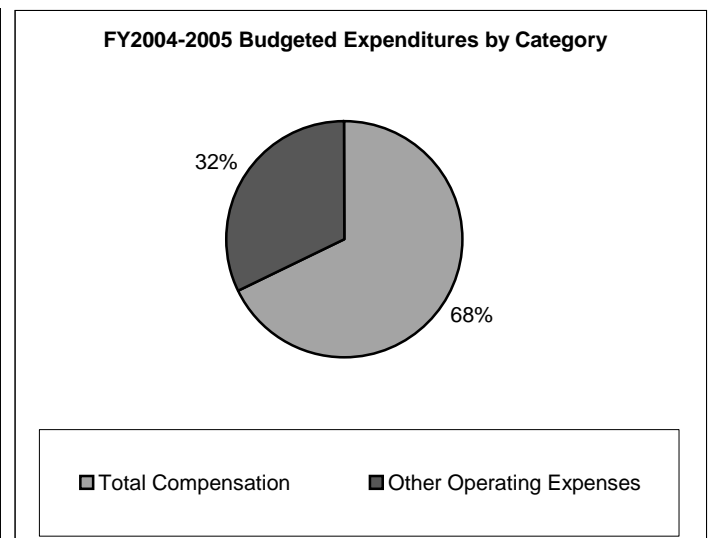
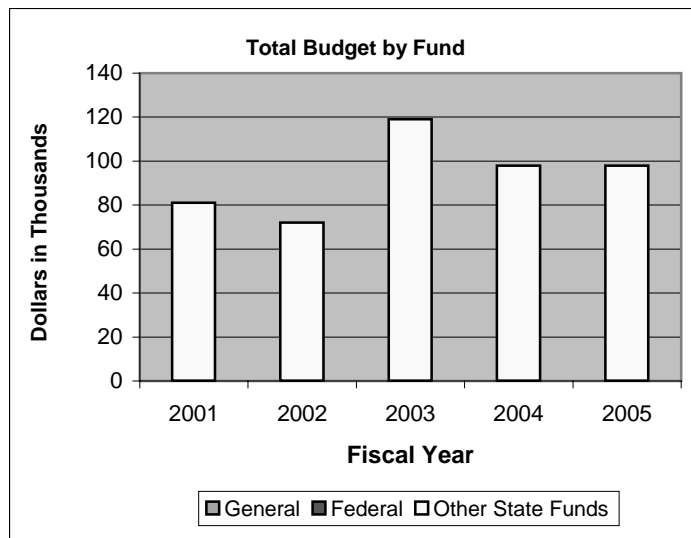
Laurie Mickelson, Executive Director

E-mail: laurie.mickelson@state.mn.us

Phone: (612) 617-2173

Fax: (612) 617-2174

TDD: (612) 297-5353 or 1-800-627-3529



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|----------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| State Government Special Revenue | 78 | 72 | 117 | 96 | 96 | 192 | 3 | 1.6% |
| Open Appropriations | | | | | | | | |
| State Government Special Revenue | 3 | 0 | 2 | 2 | 2 | 4 | 2 | 100.0% |
| Total | 81 | 72 | 119 | 98 | 98 | 196 | 5 | 2.6% |

| | | | | | | | | |
|---------------------------------|-----------|-----------|------------|-----------|-----------|------------|----------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 53 | 55 | 62 | 65 | 68 | 133 | 16 | 13.7% |
| Other Operating Expenses | 28 | 17 | 57 | 33 | 30 | 63 | -11 | -14.9% |
| Total | 81 | 72 | 119 | 98 | 98 | 196 | 5 | 2.6% |

| | | | | | | | | |
|--------------------------------|-----------|-----------|------------|-----------|-----------|------------|----------|-------------|
| Expenditures by Program | | | | | | | | |
| Optometry, Board Of | 81 | 72 | 119 | 98 | 98 | 196 | 5 | 2.6% |
| Total | 81 | 72 | 119 | 98 | 98 | 196 | 5 | 2.6% |

| | | | | | | | | |
|----------------------------------|------------|------------|-----------|-----------|-----------|------------|------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| State Government Special Revenue | 103 | 110 | 93 | 93 | 93 | 186 | -17 | -8.4% |
| Subtotal Non Dedicated | 103 | 110 | 93 | 93 | 93 | 186 | -17 | -8.4% |
| Total Revenue | 103 | 110 | 93 | 93 | 93 | 186 | -17 | -8.4% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
|------------------------------------|------------|------------|------------|------------|------------|

Agency Purpose

The mission of the Board of Peace Officer Standards and Training (POST Board) is to develop, maintain, and enforce selection, education, and licensing standards. Established in 1978 the purpose of the POST Board is to regulate the profession of law enforcement throughout the state of Minnesota.

The vision of the POST Board is based on enabling legislation found in M.S. 626.84. Briefly, it is to enhance the profession of law enforcement in the state of Minnesota through the selection, education, and licensing standards of peace officers.

Core Functions

The POST Board's mission is implemented through the following core functions:

- ◆ administer license examinations;
- ◆ license peace officers and part-time peace officers;
- ◆ renew and restore peace officer and part-time peace officer licenses;
- ◆ administer a training reimbursement fund to law enforcement agencies;
- ◆ monitor compliance with standards of conduct;
- ◆ monitor continuing education requirement compliance;
- ◆ establish and maintain pre-service education curriculum; and
- ◆ perform other services as mandated by the legislature.

Operations

The POST Board meets six times yearly and sets agency policy within the framework of the agency's enabling legislation and mandate. The POST Board licenses approximately 10,000 peace officers and part-time peace officers. Since the majority of these are employees of police departments and sheriff's offices, the POST Board also works closely with local units of government. As a regulatory agency, the POST Board's licensing system ensures that law enforcement officers are well-trained and meet a high level of professional conduct.

Key Measures

- ⇒ Compliance Reviews for law enforcement agencies.
- ⇒ Recertify Professional Peace Officer Education programs.
- ⇒ Monitor Continuing Education providers.
- ⇒ Investigate complaints.
- ⇒ Renew peace officers, part-time peace officers, and inactive officer licenses.

Budget

The POST Board is funded through a Special Revenue Account from a \$25 surcharge on certain criminal and traffic offenses. The law directs the state treasurer to credit 39% of the proceeds to the Peace Officer Training Account; however, the POST budget cannot exceed the legislated base appropriation. The FY 2002 budget was \$4,604,000 and the agency resources were allocated as follows:

| | | |
|--|-------------|--------|
| ◆ Reimbursements to local governments: | \$3,450,000 | 74.9 % |
| ◆ General operating costs: | \$995,000 | 21.6 % |
| ◆ Education opportunities program: | \$159,000 | 3.5 % |

The POST Board has 13 FTEs.

At A Glance

The Minnesota Board of Peace Officer Standards and Training licenses more than 10,000 peace officers and part-time peace officers. It also certifies 23 two- and four-year post-secondary institutions throughout the state that deliver professional peace officer education programs.

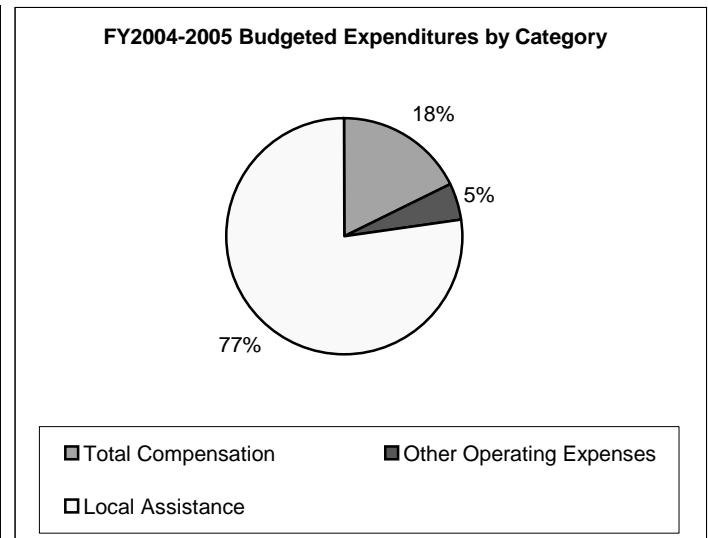
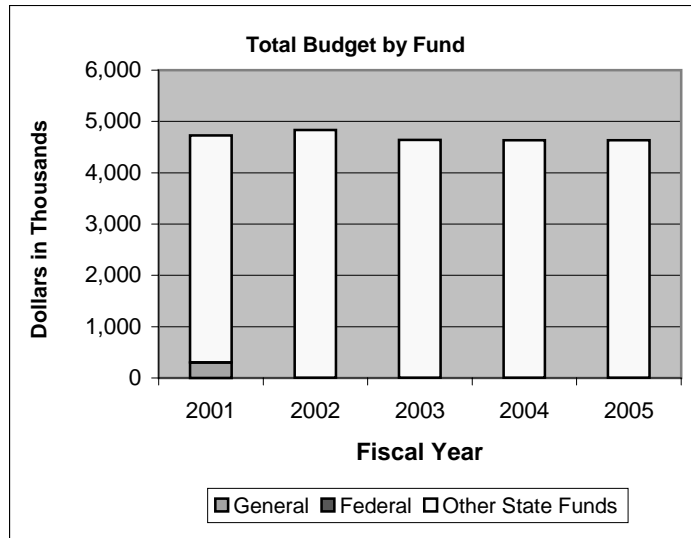
The licensing system in Minnesota is unique in the nation, as it requires all peace officers to obtain a post-secondary degree as part of their pre-service education. There is no state-level academy system in place as there is in most other states.

Since 1978 the Minnesota POST Board's system has served as a model for many other states that have subsequently adopted similar systems.

Contact

For more information, contact: Neil Melton, Executive Director, (651) 643-3063.

The POST Board website at www.dps.state.mn.us/post gives visitors convenient access to useful information about Minnesota's peace officer licensing system, news, updates, application forms, directories to board and staff, and links to other related state information.



| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 Dollars | Percent |
|---------------------------------|------------------|------------------|--------------------|----------------|--------------------|---------------------|---|--------------|
| Expenditures by Fund | | | | | | | | |
| Direct Appropriations | | | | | | | | |
| General | 300 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 4,429 | 4,836 | 4,638 | 4,633 | 4,633 | 9,266 | -208 | -2.2% |
| Total | 4,729 | 4,836 | 4,638 | 4,633 | 4,633 | 9,266 | -208 | -2.2% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 737 | 784 | 804 | 821 | 821 | 1,642 | 54 | 3.4% |
| Other Operating Expenses | 274 | 443 | 225 | 239 | 239 | 478 | -190 | -28.4% |
| Local Assistance | 3,718 | 3,609 | 3,609 | 3,573 | 3,573 | 7,146 | -72 | -1.0% |
| Total | 4,729 | 4,836 | 4,638 | 4,633 | 4,633 | 9,266 | -208 | -2.2% |

| | | | | | | | | |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|
| Expenditures by Program | | | | | | | | |
| Peace Officers Standards&Train | 4,729 | 4,836 | 4,638 | 4,633 | 4,633 | 9,266 | -208 | -2.2% |
| Total | 4,729 | 4,836 | 4,638 | 4,633 | 4,633 | 9,266 | -208 | -2.2% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|-----------|-------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 0 | 420 | 430 | 430 | 430 | 860 | 10 | 1.2% |
| Cambridge Deposit Fund | 427 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 427 | 420 | 430 | 430 | 430 | 860 | 10 | 1.2% |
| Total Revenue | 427 | 420 | 430 | 430 | 430 | 860 | 10 | 1.2% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 13.6 | 13.4 | 13.4 | 13.4 | 13.4 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

Agency Purpose

The Perpich Center for Arts Education (PCAE) was created in statute in 1985 to design and deliver innovative public education centered in the arts to Minnesota's K-12 students and their teachers. An Arts High School with residential and commuter capacity was established to serve up to 310 11th and 12th grade students from all of the state's congressional districts. The High School programs develop partnerships among students and teachers, individual artists, arts organizations, and institutions throughout the state.

As a public education institution, the Agency fulfills its unique statewide mission by means of four distinct operating areas: the Arts High School; the Professional Development Institute; the Research, Assessment and Curriculum Center; and the Learning Resource Center. PCAE as a whole, functions as a catalyst for building effective teaching and learning partnerships among schools, local communities, arts and cultural organizations, and individual teachers, artists, and students.

At A Glance

- ◆ In 2002, 80% of the Arts High School students pursued post-secondary education immediately following graduation
- ◆ Over the past five years, \$5 million has been invested in local communities, schools, teachers, and students to create educational and training programs
- ◆ 200 of Minnesota's 354 school districts served by the Comprehensive Arts Planning Program since 1985
- ◆ More than 1,600 teachers and artists currently enjoy access to borrowing materials and reference assistance as members of the Learning Resource Center

Core Functions

Service is delivered by means of four separate but integrated areas within the Agency:

- ⇒ The **Arts High School** serves students from every congressional district in the state, providing a comprehensive, interdisciplinary education program centered in the arts for 11th and 12th graders in a residential and commuter campus setting. It serves as a model for the replication and demonstration of effective teaching and learning strategies using the arts.
- ⇒ The **Professional Development Institute** provides grants, training, and development for school districts, individual teachers, and teaching artists statewide, who are seeking new ways to incorporate arts-infused and interdisciplinary instruction and new arts-based curricula into their teaching practices. The goal is to improve student engagement and achievement, and to meet performance and graduation standards.
- ⇒ The **Research, Assessment, and Curriculum Center** facilitates and initiates research and the creation of educational products and services related to best practices and student achievement. The Research, Assessment, and Curriculum Center also assists the Department of Children, Families, & Learning with development and implementation of standards and criteria for student learning and teacher competency.
- ⇒ The **Learning Resource Center** is a unique collection of instructional materials for each of the Center's six arts areas and offers free library services to all Minnesota residents over the age of 18. Reference assistance is available by telephone or e-mail. All resources are searchable via the PCAE web site at www.pcae.k12.mn.us.

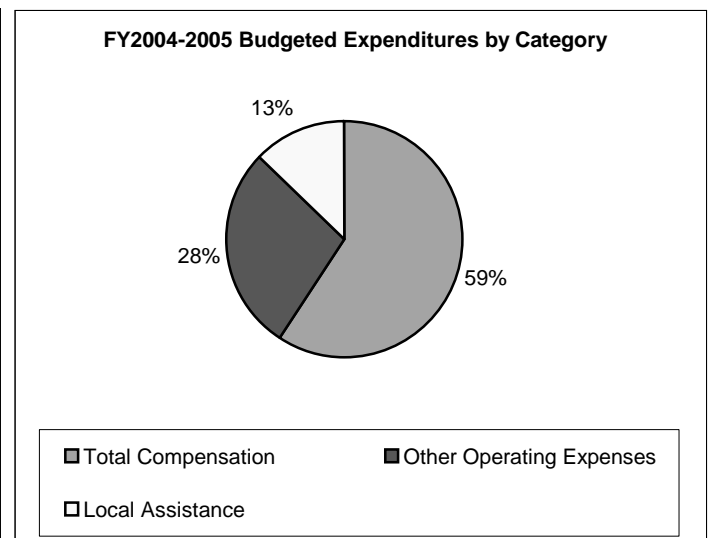
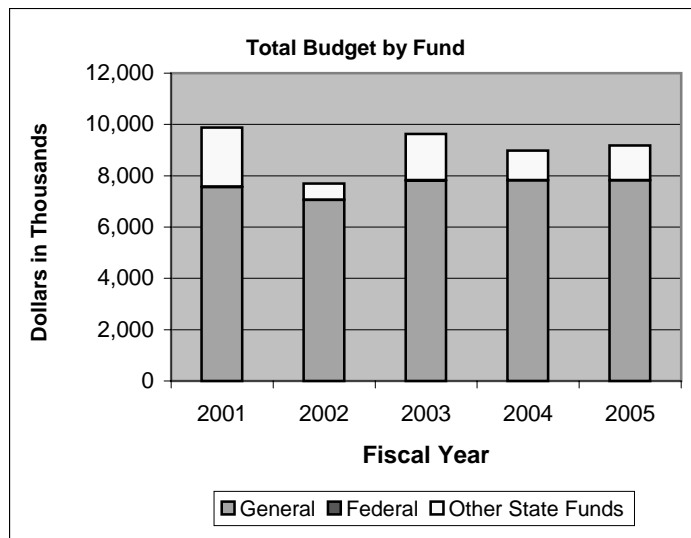
Operations

PCAE directly benefits enrolled high school students through the Arts High School program. Students throughout the state benefit from the grants, training, workshops, and other development services provided to school districts, teachers, and arts organizations throughout the state.

Contact

Office of the Executive Director
Perpich Center for Arts Education
6125 Olson Memorial Highway
Golden Valley, Minnesota 55422
(763) 591-4719

www.pcae.k12.mn.us



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 7,561 | 7,026 | 7,812 | 7,816 | 7,816 | 15,632 | 794 | 5.4% |
| Statutory Appropriations | | | | | | | | |
| General | 0 | 34 | 1 | 0 | 0 | 0 | -35 | -100.0% |
| Special Revenue | 677 | 413 | 477 | 477 | 462 | 939 | 49 | 5.5% |
| Federal | 8 | 1 | 2 | 2 | 2 | 4 | 1 | 33.3% |
| Miscellaneous Agency | 79 | 68 | 80 | 110 | 108 | 218 | 70 | 47.3% |
| Gift | 1,555 | 149 | 1,253 | 577 | 791 | 1,368 | -34 | -2.4% |
| Total | 9,880 | 7,691 | 9,625 | 8,982 | 9,179 | 18,161 | 845 | 4.9% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 4,801 | 5,086 | 5,378 | 5,315 | 5,315 | 10,630 | 166 | 1.6% |
| Other Operating Expenses | 2,579 | 2,046 | 2,624 | 2,533 | 2,532 | 5,065 | 395 | 8.5% |
| Capital Outlay & Real Property | 397 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Payments To Individuals | 30 | 47 | 30 | 33 | 36 | 69 | -8 | -10.4% |
| Local Assistance | 2,037 | 470 | 1,550 | 1,058 | 1,253 | 2,311 | 291 | 14.4% |
| Other Financial Transactions | 36 | 42 | 43 | 43 | 43 | 86 | 1 | 1.2% |
| Total | 9,880 | 7,691 | 9,625 | 8,982 | 9,179 | 18,161 | 845 | 4.9% |

| | | | | | | | | |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|------------|-------------|
| Expenditures by Program | | | | | | | | |
| Center For Arts Educ | 9,880 | 7,691 | 9,625 | 8,982 | 9,179 | 18,161 | 845 | 4.9% |
| Total | 9,880 | 7,691 | 9,625 | 8,982 | 9,179 | 18,161 | 845 | 4.9% |

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|--|--------------------------|--------------------------|----------------------------|-----------------|-----------------|-----------------------------|--|----------------|
| | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base | | Biennium 2004-05 | Dollars | Percent |
| Revenue by Type and Fund | | | | FY2004 | FY2005 | | | |
| Dedicated | | | | | | | | |
| General | 0 | 35 | 0 | 0 | 0 | 0 | -35 | -100.0% |
| Special Revenue | 384 | 445 | 412 | 410 | 410 | 820 | -37 | -4.3% |
| Federal | 5 | 1 | 2 | 2 | 2 | 4 | 1 | 33.3% |
| Miscellaneous Agency | 82 | 83 | 85 | 85 | 85 | 170 | 2 | 1.2% |
| Gift | 1,521 | 2,597 | 0 | 0 | 0 | 0 | -2,597 | -100.0% |
| Subtotal Dedicated | 1,992 | 3,161 | 499 | 497 | 497 | 994 | -2,666 | -72.8% |
| Total Revenue | 1,992 | 3,161 | 499 | 497 | 497 | 994 | -2,666 | -72.8% |
| Full-Time Equivalents (FTE) | 79.7 | 79.9 | 77.2 | 77.2 | 77.2 | | | |

Program Description

Citation: M.S. 129C.10

The Perpich Center for Arts Education (PCAE) exists to improve public education by providing quality and innovative educational experiences centered in the arts. We are charged with providing quality education centered in the arts for 310 eleventh and twelfth grade Minnesota students who are passionate about and talented in some art form. We are also charged with improving public education for all Minnesota elementary and secondary students by stimulating or providing innovative quality arts experiences for all students.

To do this, we collaborate with educational and arts organizations, teachers, artists, parents and students. We are a catalyst for collaborations throughout Minnesota and nationally. The Perpich Center operates an Arts High School, a Professional Development Institute, a Research, Assessment and Curriculum Center, and a Learning Resource Center.

At A Glance

- ◆ In 2002, 80% of the Arts High School students pursued post-secondary education immediately following graduation
- ◆ Over the past five years, \$5 million has been invested in local communities, schools, teachers, and students to create educational and training programs
- ◆ 200 of Minnesota's 354 school districts served by the Comprehensive Arts Planning Program since 1985
- ◆ More than 1,600 teachers and artists currently enjoy access to borrowing materials and reference assistance as members of the Learning Resource Center

Population Served

The Arts High School (AHS) directly serves up to 310 eleventh and twelfth grade students from all eight congressional districts. We have a competitive admission process that includes an interview and takes into account the student's academic record, portfolio or performance in the art area of choice, and level of motivation. Students represent all socioeconomic levels, and 13% are students of color. They share a common passion to perform and produce art. The school also targets socioeconomically-disadvantaged elementary and middle school students from Minneapolis and St. Paul for some special performances and art-making opportunities. Indirectly, the school serves all students in Minnesota by modeling innovative programming in arts and academics.

The Professional Development Institute (PDI) serves Minnesota K-12 school districts, teachers, teaching artists, and arts administrators. Professional arts educators' organizations, higher education institutions, local arts organizations, and major arts institutions are also served. PDI offers competitive grants supporting innovative partnerships and projects. It organizes open workshops conducted at low or no cost throughout the state and at the Center to support excellence in local arts education. And, it serves as an expert resource on graduation standards in the arts.

The Research, Assessment & Curriculum Center (RACC) serves K-12 teachers and students throughout the state, higher education faculty and researchers, artists, the Department of Children, Families & Learning, national arts and education organizations, administrators, and school districts throughout the state.

The Learning Resource Center (LRC) serves Arts High School students, teachers, teaching artists, and other professionals at the Center and throughout Minnesota. Additionally, we are part of the statewide interlibrary loan network.

Services Provided

The Arts High School offers an interdisciplinary, full-time comprehensive program that leads to a high school diploma. It provides a range of academic offerings in mathematics, science, social studies, English, and world languages. Students apply in one of six arts areas, including dance, music, theater, media arts, visual arts and literary arts. Students spend most of their time at the school focusing on their primary art area. The school is designed to offer in-depth learning experiences in both the arts and academics through individualized instruction, performances and exhibitions, block scheduling, and an extended school day. The school expects its graduates to develop their own voice, to be creative thinkers and problem solvers, proficient in the application of fundamental

skills, technologically sophisticated, and aware of what it takes to be a successful and productive citizen in the world after school.

In addition, the school operates a dormitory for up to 150 students who live beyond commuting distance. This is a necessary service if we are to fulfill our mission of serving students from throughout the state. In addition, in the 2001-2002 school year the Arts High School:

- ◆ provided performances or art making opportunities for over 200 area elementary and middle school students; and,
- ◆ helped over 200 Minnesota educators through workshops, onsite visits, project collaborations, and curriculum sharing conducted by AHS faculty.

The Professional Development Institute provides services to schools, teachers, teaching artists, and school administrators throughout the state that include:

- ◆ professional and technical services in the Center's six art areas; and
- ◆ grants and professional development awards to schools to develop arts education curriculum, and collaborations between schools and arts organizations and artists in their community.

PDI works with key arts organizations and higher educational institutions to positively impact arts education statewide. These partners include Bemidji State University, University of Minnesota School of Music, and Children's Theater Company of Minneapolis.

The Research, Assessment & Curriculum Center provides services that include:

- ◆ assisting the Department of Children, Families & Learning with development and implementation of state and national arts education standards and criteria for student learning and teacher competency;
- ◆ managing statewide and regional Arts Best Practice Networks;
- ◆ developing and disseminating innovative resources including arts curriculum frameworks, model assessment processes, and instructional tools and strategies to inform educational practices;
- ◆ collecting, organizing and disseminating arts and education research, and supporting teacher research;
- ◆ collaborating with higher education on major research studies in arts education and supporting conferences that examine compelling research in the arts and education; and
- ◆ providing leadership for policy development related to improved practices for the arts in education.

The Learning Resource Center library collection was originally developed for the Arts High School students and faculty for the six art areas as well as materials that support the range of academic disciplines taught at the Arts High School. Access to the Internet and several electronic databases for purposes of study and research are also available for students and Perpich Center staff. Arts High School students benefit from the information, literacy instruction and ongoing individual reference help they receive from the LRC staff. Over the last several years, increased emphasis has been directed to development of specialized collections for Minnesota educators and artists. In an effort to fulfill the agency's mission to support teaching and learning through the arts in Minnesota, the LRC offers a free membership program that allows Minnesota residents over 18 to borrow materials directly from our collection. LRC members are K-12 and post-secondary teachers, artists, and art organizations, who check out materials for use in schools from every part of the state. Given the unique nature of this library, materials are also regularly borrowed by academic and state agency libraries for their patrons through a statewide interlibrary loan network.

Key Measures

- ⇒ Positively influenced, through grants, workshops, and technical assistance, the teaching and learning of more than 18,887 teachers, teaching artists, administrators and students in 2001-2002.
- ⇒ Prepared all of our Arts High School students for success in post secondary schools and programs with 80% going on immediately to a college, university or art school.
- ⇒ Since 1999, Arts Best Practice staff have doubled the number of teachers, artists and community members who benefit from sharing curriculum and assessment resources from 1,273 to 2,663.

New measures are being developed to identify how many PCAE alumni who graduated five or more years ago are working in an art-related job, and whether art is still an important part of their lives.

Direct measures are being developed including surveying changes in school curriculum and changes in student achievement that may be attributed to changed teaching practices of PDI program participants.

Program Funding

The Perpich Center receives three types of funding:

- ⇒ **General Fund:** The agency received an appropriation of \$7.816 million from the General Fund for FY 2003. The appropriation was reduced by \$509,000 resulting from the law passed in the 2002 legislative session.
- ⇒ **Grants:** In FY 2003, the agency has \$2.439 million from private granting agencies, primarily the Annenberg and McKnight Foundations. Ninety percent of these funds are passed through to school districts to enable arts-based education throughout Minnesota.
- ⇒ **Miscellaneous Fees:** Residential and activity fees raise \$539,000 of revenue. The fees are used to partially offset the costs of residential, student, and other Center activities and services.

Contact

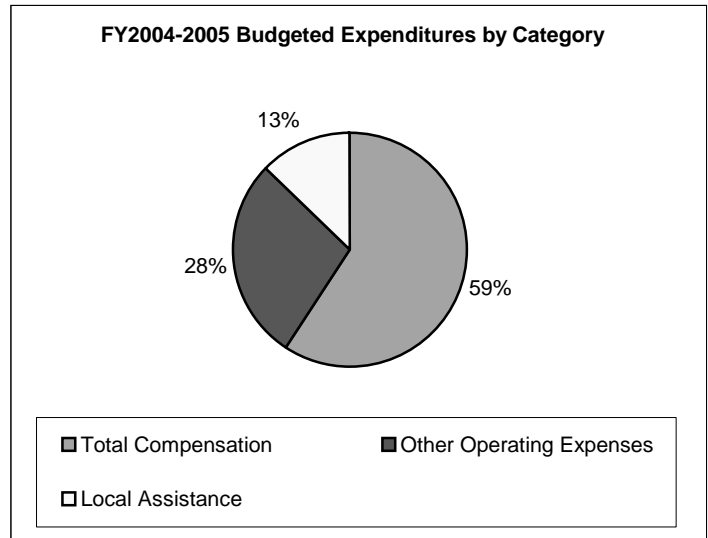
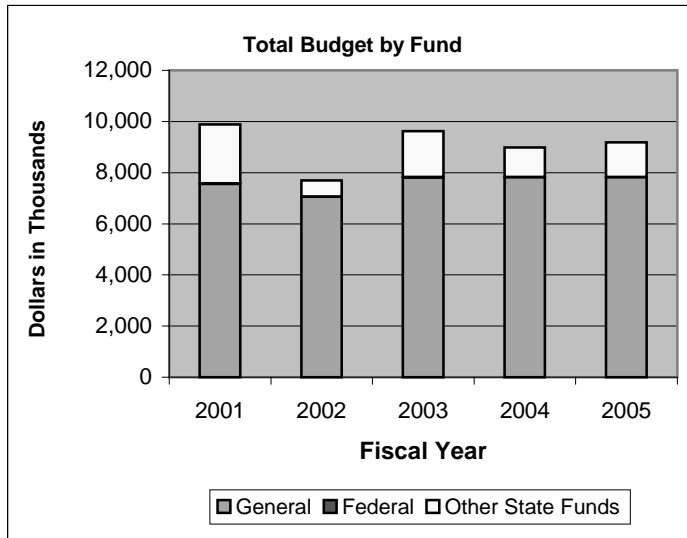
Office of the Executive Director
Perpich Center for Arts Education
6125 Olson Memorial Highway
Golden Valley, Minnesota 55422
(763) 591-4719

www.pcae.k12.mn.us

PERPICH CTR FOR ARTS

Program: CENTER FOR ARTS EDUC

Fiscal Report



| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|------------------|------------------|--------------------|----------------|----------------|---------------------|--------------------------------------|-------------|
| Expenditures by Fund | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 7,561 | 7,026 | 7,812 | 7,816 | 7,816 | 15,632 | 794 | 5.4% |
| Statutory Appropriations | | | | | | | | |
| General | 0 | 34 | 1 | 0 | 0 | 0 | -35 | -100.0% |
| Special Revenue | 677 | 413 | 477 | 477 | 462 | 939 | 49 | 5.5% |
| Federal | 8 | 1 | 2 | 2 | 2 | 4 | 1 | 33.3% |
| Miscellaneous Agency | 79 | 68 | 80 | 110 | 108 | 218 | 70 | 47.3% |
| Gift | 1,555 | 149 | 1,253 | 577 | 791 | 1,368 | -34 | -2.4% |
| Total | 9,880 | 7,691 | 9,625 | 8,982 | 9,179 | 18,161 | 845 | 4.9% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|------------|-------------|
| Total Compensation | 4,801 | 5,086 | 5,378 | 5,315 | 5,315 | 10,630 | 166 | 1.6% |
| Other Operating Expenses | 2,579 | 2,046 | 2,624 | 2,533 | 2,532 | 5,065 | 395 | 8.5% |
| Capital Outlay & Real Property | 397 | 0 | 0 | 0 | 0 | 0 | 0 | n.m. |
| Payments To Individuals | 30 | 47 | 30 | 33 | 36 | 69 | -8 | -10.4% |
| Local Assistance | 2,037 | 470 | 1,550 | 1,058 | 1,253 | 2,311 | 291 | 14.4% |
| Other Financial Transactions | 36 | 42 | 43 | 43 | 43 | 86 | 1 | 1.2% |
| Total | 9,880 | 7,691 | 9,625 | 8,982 | 9,179 | 18,161 | 845 | 4.9% |

| Expenditures by Activity | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|------------|-------------|
| Center For Arts Educ | 9,880 | 7,691 | 9,625 | 8,982 | 9,179 | 18,161 | 845 | 4.9% |
| Total | 9,880 | 7,691 | 9,625 | 8,982 | 9,179 | 18,161 | 845 | 4.9% |

PERPICH CTR FOR ARTS

Program: CENTER FOR ARTS EDUC

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|----------|-------------------|---------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Revenue by Type and Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Dedicated | | | | | | | | |
| General | 0 | 35 | 0 | 0 | 0 | 0 | -35 | -100.0% |
| Special Revenue | 384 | 445 | 412 | 410 | 410 | 820 | -37 | -4.3% |
| Federal | 5 | 1 | 2 | 2 | 2 | 4 | 1 | 33.3% |
| Miscellaneous Agency | 82 | 83 | 85 | 85 | 85 | 170 | 2 | 1.2% |
| Gift | 1,521 | 2,597 | 0 | 0 | 0 | 0 | -2,597 | -100.0% |
| Subtotal Dedicated | 1,992 | 3,161 | 499 | 497 | 497 | 994 | -2,666 | -72.8% |
| Total Revenue | 1,992 | 3,161 | 499 | 497 | 497 | 994 | -2,666 | -72.8% |
| Full-Time Equivalents (FTE) | 79.7 | 79.9 | 77.2 | 77.2 | 77.2 | | | |

Agency Purpose

Minnesota Statutes chapters 151 and 152 provide the Minnesota Board of Pharmacy the authority to act as the licensure agency for pharmacists and establishments involved in the legitimate distribution of prescription drugs in Minnesota.

The Board of Pharmacy has two budget activities: the operating activity of the board and the Administrative Services Unit (ASU). In addition to its statutory responsibilities, the Board of Pharmacy was selected to be the designated fiscal agent for the Administrative Services Unit.

The mission of the board is:

- ◆ to promote, preserve, and protect the public health, safety, and welfare by fostering the provision of quality pharmaceutical care to the citizens of Minnesota through the regulation of the practice of pharmacy, the inspection of licensed pharmacies, wholesalers, and manufacturers, and the distribution of prescription drugs in the public interest; and
- ◆ to have all prescription drugs provided to the public in a safe and effective manner by qualified licensees.

The mission of the Administrative Services Unit is:

- ◆ to provide centralized administrative services to the 14 health-related licensing boards and the Emergency Medical Services Regulatory Board (EMSRB) in the areas of budgeting, financial analysis, human resources transaction processing, purchasing and printing services, operations analysis, and research and policy analysis;
- ◆ to provide high quality services, by having trained staff, working together, and focusing on cooperative ventures; and
- ◆ to assist the establishment of a consortium of the boards to cooperate on matters of common interest.

Core Functions

- ⇒ Setting educational and examination standards for initial and continuing licensure and administering clinical portions of the examinations.
- ⇒ Conducting unannounced inspections of all pharmacies, drug wholesale houses, and drug manufacturers in the state.
- ⇒ Responding to public and agency inquiries, complaints, and reports regarding licensure and conduct of applicants, registrants, and licensees.
- ⇒ Setting standards of practice and conduct for licensees and pursuing educational or disciplinary action with licensees to ensure those standards are met, and
- ⇒ Providing information and education about licensure requirements, standards of practice and Minnesota drug law to the public and to other interested audiences.

Operations

The board's operations affect both the public and the board's licensees. The public is affected through the board's response to inquiries and complaints, and through the assurance of competence on the part of pharmacy practitioners. The board's licensees are affected through the provision of information and education about standards of practice and licensure requirements and through the board's inspection visits to each facility involved in legitimate drug distribution and located in the state of Minnesota.

Budget

Total direct and indirect expenses for FY 2002-03 biennium are \$3.222 million. The board staff includes 17.4 full-time equivalent employees.

At A Glance

Biennial Budget – FY 2002-03:

Total Expenses: \$3.222 million

Total Revenues: \$2.567 million

Staff: 17.4 Full-time equivalent employees

MN Board of Pharmacy Statistics
(As of June 30, 2002)

Total Licensed: 13,821

Of the total budget for the FY 2002-03 biennium, \$2.423 million is collected as non-dedicated revenue and \$144,000 is collected as dedicated-special revenue, which is deposited, into the state government special revenue fund. The board collects fees charged to applicants, licensees and professional corporations. The board is responsible to collect enough revenue to recover all direct and indirect costs.

The board is responsible for the costs of services received from the Attorney General's Office, Health Professional Services Program, and the Administrative Services Unit. A direct appropriation is given to each of these programs from the state government special revenue fund. The board must ensure that sufficient revenue is collected through its fees to fund their portion of these programs costs.

The Administrative Services Unit generates no revenue. Funds are appropriated to the Board of Pharmacy from the state governments special revenue fund. The 14 health-related licensing boards and EMSRB share the cost of this activity. ASU is funded by receipts from all boards through a formula designed to approximate the share of ASU services used by each board. The boards collect revenue through fees charged to licensees, applicants, and other users and deposit them into the state governments special revenue fund to cover the expenses of ASU. EMSRB pays for the services it receives through an interagency agreement.

Contact

Minnesota Board of Pharmacy
2829 University Avenue Southeast, Suite 530
Minneapolis, Minnesota 55414

The web site at:

<http://www.phcybrd.state.mn.us/> gives visitors easy access to useful information about the Board of Pharmacy. Types of information available through the web site include; regulatory news and updates, rules and Minnesota statutes, public notices and forms.

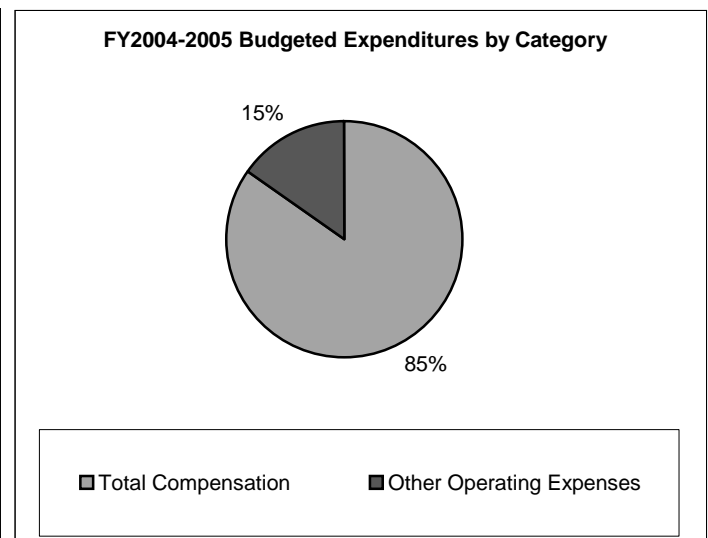
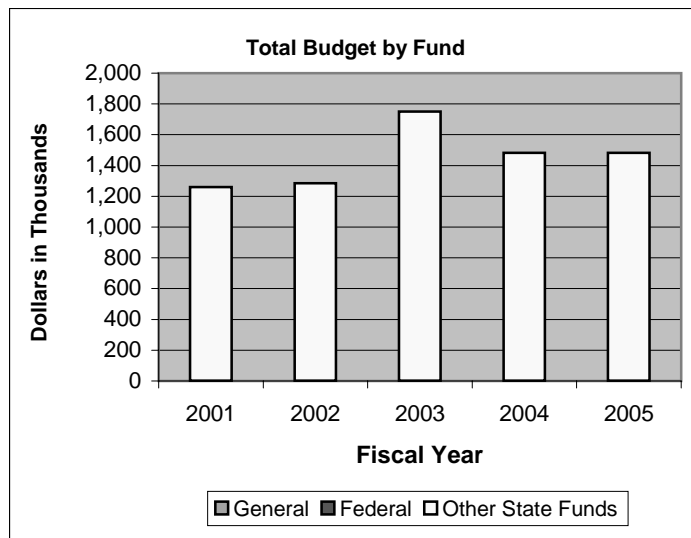
David Holmstrom, Executive Director

E-mail: David.Holmstrom@state.mn.us

Phone: (612) 617-2201

Fax: (612) 617-2212

TDD: 1-800-627-3529



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|----------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| State Government Special Revenue | 1,188 | 1,233 | 1,598 | 1,386 | 1,386 | 2,772 | -59 | -2.1% |
| Open Appropriations | | | | | | | | |
| State Government Special Revenue | 29 | 10 | 23 | 23 | 23 | 46 | 13 | 39.4% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 42 | 42 | 129 | 73 | 73 | 146 | -25 | -14.6% |
| Total | 1,259 | 1,285 | 1,750 | 1,482 | 1,482 | 2,964 | -71 | -2.3% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 923 | 1,013 | 1,237 | 1,253 | 1,262 | 2,515 | 265 | 11.8% |
| Other Operating Expenses | 336 | 272 | 513 | 229 | 220 | 449 | -336 | -42.8% |
| Total | 1,259 | 1,285 | 1,750 | 1,482 | 1,482 | 2,964 | -71 | -2.3% |

| | | | | | | | | |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|--------------|
| Expenditures by Program | | | | | | | | |
| Pharmacy, Board Of | 1,259 | 1,285 | 1,750 | 1,482 | 1,482 | 2,964 | -71 | -2.3% |
| Total | 1,259 | 1,285 | 1,750 | 1,482 | 1,482 | 2,964 | -71 | -2.3% |

| | | | | | | | | |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------|-------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| State Government Special Revenue | 1,188 | 1,254 | 1,254 | 1,266 | 1,308 | 2,574 | 66 | 2.6% |
| Subtotal Non Dedicated | 1,188 | 1,254 | 1,254 | 1,266 | 1,308 | 2,574 | 66 | 2.6% |
| Dedicated | | | | | | | | |
| Special Revenue | 55 | 71 | 73 | 73 | 73 | 146 | 2 | 1.4% |
| Subtotal Dedicated | 55 | 71 | 73 | 73 | 73 | 146 | 2 | 1.4% |
| Total Revenue | 1,243 | 1,325 | 1,327 | 1,339 | 1,381 | 2,720 | 68 | 2.6% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 14.5 | 14.6 | 14.5 | 14.5 | 14.5 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

Agency Purpose

Minnesota Statutes 148.65 – 148.78 and Minnesota Rules 5600.0100 – 5601.3165 provide the Minnesota Board of Physical Therapy with the responsibility to act as the official licensure agency for physical therapists. It was originally created and currently exists to protect the public's interest through the regulation of physical therapists in the state of Minnesota. Regulation is accomplished through licensure examination and renewal, as well as investigation and resolution of complaints.

The mission of the board is:

- ◆ to ensure that Minnesota citizens receive quality physical therapy services from competent physical therapists; and
- ◆ to protect the public through licensure of qualified physical therapists and to provide timely and impartial resolution of complaints against physical therapists.

Core Functions

The board accomplishes its mission by:

- ◆ establishing standards for initial licensure;
- ◆ responding to complaints about physical therapists and enforcing the laws governing the practice of physical therapy in Minnesota;
- ◆ ensuring that physical therapists meet the standards for licensure renewal;
- ◆ identifying physical therapists who fail to maintain the minimum standards necessary for the provision of safe and quality care;
- ◆ when warranted, providing timely and appropriate disciplinary or corrective action;
- ◆ establishing continuing education requirements and monitoring compliance with those requirements; and
- ◆ providing accurate information and education to the public, other interested parties, and licensees.

Operations

The board serves consumers (patients and clients as well as family members and friends of patients), licensed physical therapists, applicants for licensure, employers, governmental agencies, third party payers, and sponsors of education courses. Board functions include providing public protection through the review of and resolution of complaints and discipline of licensees when warranted; the provision of education and resource information to the public and physical therapists; the granting of initial Minnesota licenses to qualified individuals; the renewal of annual licenses; and the review and approval of continuing education courses. Services are delivered through direct communication (telephone, mail, e-mail, and in-person), the board's website, and presentations to students in Minnesota physical therapy educational programs and physical therapists.

Budget

The board's total direct and indirect expenses for FY 2002-03 biennium are \$513,000. The board staff includes two full-time equivalent employees.

Of the total budget for the biennium, \$531,000 is collected as non-dedicated revenue, which is deposited, into the state government special revenue fund. The board collects fees charged to applicants, prospective applicants, licensees, and sponsors of continuing education programs approved by the board. The board is responsible to collect enough revenue to recover all direct and indirect costs.

The board is responsible for the costs of services received from the Attorney General's Office, Health Professional Services Program, and the Administrative Services Unit. A direct appropriation is given to each of these programs from the state government special revenue fund. The board must ensure that sufficient revenue is collected through its fees to fund their portion of these programs costs.

At A Glance

Biennial Budget – FY 2002-03:

Total Expenses: \$513,000

Total Revenues: \$531,000

Staff: 2 Full-time equivalent employees

MN Licensed Physical Therapist Statistics

(As of June 1, 2002)

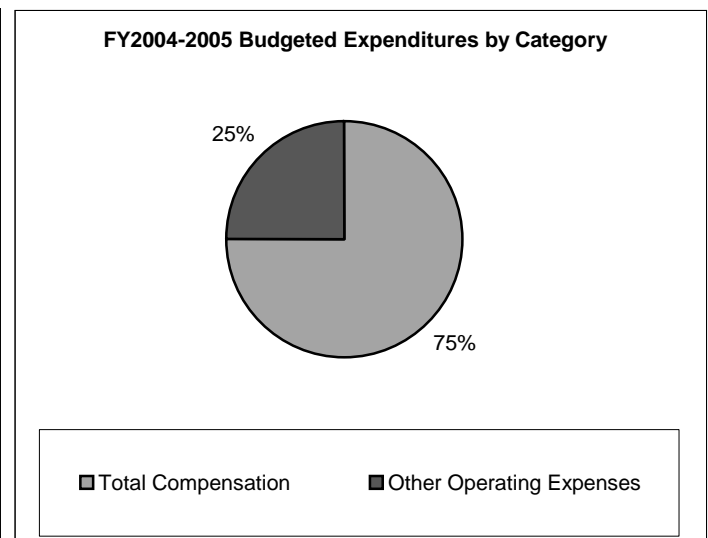
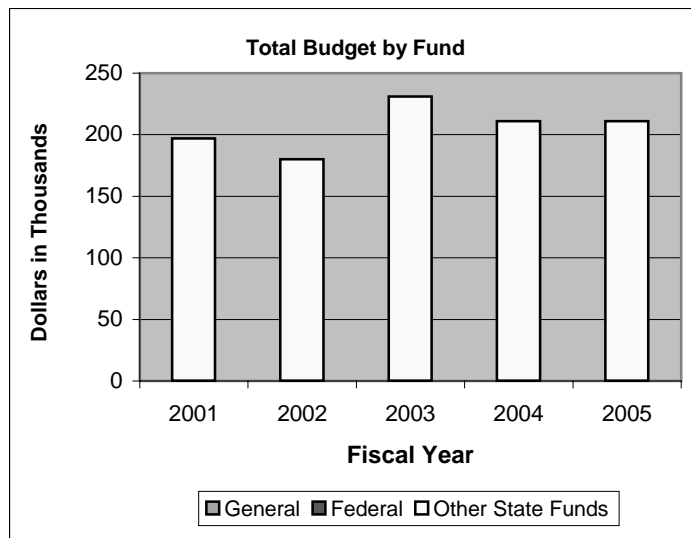
Total Licensed: 3,257

Contact

Minnesota Board of Physical Therapy
2829 University Avenue Southeast
Suite 315
Minneapolis, Minnesota 55414

The web site at: <http://www.Physicaltherapy.state.mn.us/> gives visitors easy access to useful information about physical therapists. Types of information available through the web site include; regulatory news and updates, rules and Minnesota statutes, public notices, search and verification of licensure status and forms.

Stephanie Lunning, Executive Director
E-mail: Stephanie.Lunning@state.mn.us
Phone: (612) 627-5406
Fax: (612) 627-5403
TDD: 1-800-627-3529



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|----------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| State Government Special Revenue | 197 | 171 | 217 | 197 | 197 | 394 | 6 | 1.5% |
| Open Appropriations | | | | | | | | |
| State Government Special Revenue | 0 | 9 | 14 | 14 | 14 | 28 | 5 | 21.7% |
| Total | 197 | 180 | 231 | 211 | 211 | 422 | 11 | 2.7% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|-----------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 108 | 135 | 147 | 155 | 161 | 316 | 34 | 12.1% |
| Other Operating Expenses | 89 | 45 | 84 | 56 | 50 | 106 | -23 | -17.8% |
| Total | 197 | 180 | 231 | 211 | 211 | 422 | 11 | 2.7% |

| | | | | | | | | |
|--------------------------------|------------|------------|------------|------------|------------|------------|-----------|-------------|
| Expenditures by Program | | | | | | | | |
| Physical Therapy Bd | 197 | 180 | 231 | 211 | 211 | 422 | 11 | 2.7% |
| Total | 197 | 180 | 231 | 211 | 211 | 422 | 11 | 2.7% |

| | | | | | | | | |
|----------------------------------|------------|------------|------------|------------|------------|------------|-----------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| State Government Special Revenue | 262 | 270 | 263 | 263 | 263 | 526 | -7 | -1.3% |
| Subtotal Non Dedicated | 262 | 270 | 263 | 263 | 263 | 526 | -7 | -1.3% |
| Total Revenue | 262 | 270 | 263 | 263 | 263 | 526 | -7 | -1.3% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 1.8 | 2.2 | 2.1 | 2.1 | 2.1 |
|------------------------------------|------------|------------|------------|------------|------------|

Agency Purpose

Created by the state legislature in 1991, the office is charged with:

- ◆ developing an integrated long-range plan for the state;
- ◆ coordinating activities among all levels of government; and
- ◆ stimulating public interest and participation in the future of the state.

Our mission – *To identify strategic issues and provide the information, analysis, coordination, and tools necessary for informed decision-making to guide Minnesota's future* – clarifies this broad mandate.

The Office of Strategic and Long-Range Planning (Minnesota Planning) is a small agency with a wide range of expertise. The office consists of analysts, cartographers, demographers, geographers, researchers, and statisticians who are experts on community development, crime and justice, demographics, education, environmental quality, geographic information systems, and government. Those who want to make Minnesota's criminal justice data systems the best in the nation work side-by-side with researchers who examine the state's strategic issues and long-range needs.

Core Functions

To help government and citizens make timely and informed decisions by:

- ◆ gathering, creating, organizing, and providing access to data; providing analytical tools to use data, and coordinating data across state agencies;
- ◆ providing information that reflects an appropriate context for and interpretation of data;
- ◆ focusing on the future; identifying strategic and critical issues, developing strategic plans, performing analysis, providing grants and technical assistance, and making policy recommendations; and
- ◆ reducing the cost of managing data and increasing its availability and usability.

To adjust municipal boundaries, coordinate and regulate activity that affects the environment, produce population estimates and projections, coordinate the use of geographic and criminal justice information, and provide planning assistance to local governments.

Operations

The **Criminal Justice Statistics Center** tracks crime, including juvenile offenses, and researches the state's justice system.

The **Critical Issues Team** provides analysis and reports which equip policy-makers and all Minnesotans to respond effectively to key challenges facing the state.

The **State Demographic Center**, Minnesota's liaison with the U.S. Census Bureau, estimates, forecasts, and investigates changes in the state's population, analyzes census data and distributes information.

The **Environmental Quality Board** develops policy and reviews proposed projects that could significantly affect the environment.

At A Glance

- ◆ In FY 2002, Minnesota Planning handled 350 applications for municipal boundary adjustments, up from 265 in FY 1999.
- ◆ In FY 2002, the office processed 25 power plant siting and transmission line routing applications, up from a total of 15 during the entire prior two years.
- ◆ Minnesota Planning satisfies more than 1,000 requests for geographic data each month.
- ◆ The office publishes 15-20 research and analysis reports and presents its findings at approximately 300 national, state, and local forums annually.
- ◆ The office is assigned to lead, serve on, or staff more than 70 national, state, and regional task forces, commissions, and working groups.
- ◆ Current and future research will include use of the 2000 Census, a comprehensive study of the state's fiscal position as a result of the recent economic downturn, and a new crime survey that will measure Minnesotans' sense of community safety since the September 11th attacks.

The **Land Management Information Center** offers data, software, project consultation, and coordination services that promote the effective use of geographic information and technology.

The **Local Planning Assistance Center** offers a variety of technical services and information and coordinates state assistance to help communities with local comprehensive planning and implementation work.

The **Municipal Boundary Adjustments Team** reviews and adjudicates municipal boundary changes in response to requests from cities, townships, and property owners.

Budget

Of the total biennial budget for Minnesota Planning, 76% comes from the General Fund, 21% from dedicated revenues (power plant siting assessment, project fees and LMIC Service Bureau fees), 2% from the Environmental Trust Fund, and 1% from the federal government.

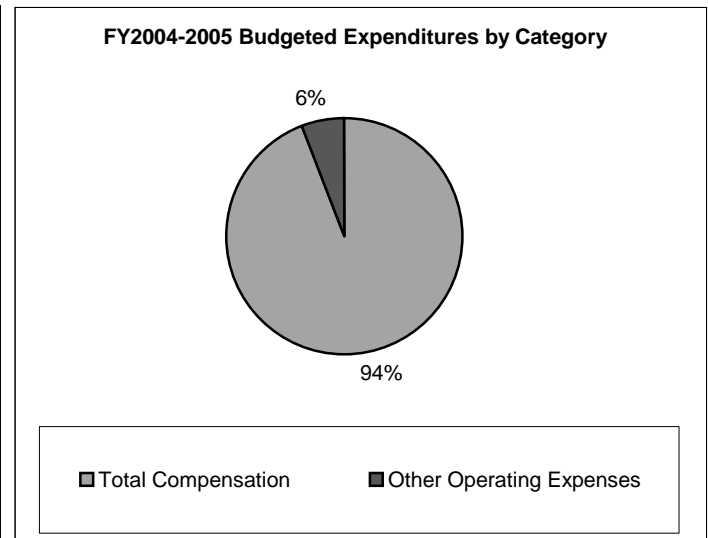
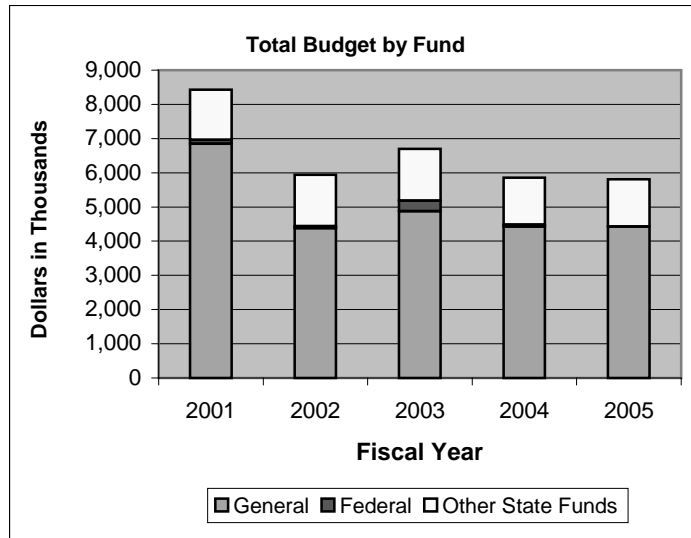
Contact

Minnesota Planning
300 Centennial Office Building
658 Cedar Street
St. Paul, Minnesota 55155
(651) 296-3985

World Wide Web Home Page: <http://www.mnplan.state.mn.us>

Director Dean Barkley
Phone: (651)297-2325
Fax: (651)296-3698

For information on how this agency measures whether it is meeting its statewide goals,
please refer to: <http://www.departmentresults.state.mn.us>.



| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|------------------|------------------|--------------------|----------------|--------------------|---------------------|--------------------------------------|--------------|
| Expenditures by Fund | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| Environment & Natural Resource | 108 | 240 | 0 | 0 | 0 | 0 | -240 | -100.0% |
| General | 6,846 | 4,382 | 4,877 | 4,428 | 4,428 | 8,856 | -403 | -4.4% |
| Minnesota Resources | 70 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Environmental | 0 | 75 | 0 | 0 | 0 | 0 | -75 | -100.0% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 1,298 | 1,197 | 1,517 | 1,378 | 1,381 | 2,759 | 45 | 1.7% |
| Federal | 110 | 49 | 306 | 55 | 0 | 55 | -300 | -84.5% |
| Total | 8,432 | 5,943 | 6,700 | 5,861 | 5,809 | 11,670 | -973 | -7.7% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|-------------|--------------|
| Total Compensation | 5,029 | 5,226 | 5,994 | 5,511 | 5,469 | 10,980 | -240 | -2.1% |
| Other Operating Expenses | 2,966 | 717 | 706 | 350 | 340 | 690 | -733 | -51.5% |
| Local Assistance | 437 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Total | 8,432 | 5,943 | 6,700 | 5,861 | 5,809 | 11,670 | -973 | -7.7% |

| Expenditures by Program | | | | | | | | |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|-------------|--------------|
| Agency Management | 8,432 | 5,943 | 6,700 | 5,861 | 5,809 | 11,670 | -973 | -7.7% |
| Total | 8,432 | 5,943 | 6,700 | 5,861 | 5,809 | 11,670 | -973 | -7.7% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|--------------|
| Non Dedicated | | | | | | | | |
| General | 0 | 54 | 60 | 60 | 60 | 120 | 6 | 5.3% |
| Cambridge Deposit Fund | 49 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 49 | 54 | 60 | 60 | 60 | 120 | 6 | 5.3% |
| Dedicated | | | | | | | | |
| Special Revenue | 1,302 | 1,147 | 930 | 1,378 | 1,381 | 2,759 | 682 | 32.8% |
| Federal | 96 | 11 | 250 | 55 | 0 | 55 | -206 | -78.9% |
| Subtotal Dedicated | 1,398 | 1,158 | 1,180 | 1,433 | 1,381 | 2,814 | 476 | 20.4% |
| Total Revenue | 1,447 | 1,212 | 1,240 | 1,493 | 1,441 | 2,934 | 482 | 19.7% |

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------------|--------------------------|--------------------------|----------------------------|---------------|---------------|-----------------------------|--------------------------|----------------|
| Full-Time Equivalents (FTE) | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base | | Biennium 2004-05 | 2004-05 / 2002-03 | |
| | | | | FY2004 | FY2005 | | Dollars | Percent |
| | 77.4 | 75.3 | 70.5 | 67.4 | 67.4 | | | |

Program Description

Among its legislative charges, the Office of Strategic and Long-Range Planning (Minnesota Planning) is directed to coordinate activities among all levels of government and keep Minnesotans focused on the future. Accordingly, the office focuses on activities important to the state's future, categorized under five general goals:

- ◆ **Data and tools** – collect and organize data that will be useful to government, business, and citizens in making informed decisions and provide tools for using that data effectively;
- ◆ **Information** – provide context and interpretation of data so that government, business, and citizens can make informed decisions;
- ◆ **Strategic Advice** – identify emerging issues, and develop strategic plans so that government, business, and citizens can make timely and informed decisions;
- ◆ **Coordination** – promote effective and efficient delivery of government services by providing coordination among state agencies, other levels of government, and the private sector; and
- ◆ **Mandated operations** – perform statutory functions that support state policy, such as adjust municipal boundaries, coordinate and regulate activity that affects the environment, produce population estimates and projections, coordinate the use of geographic and criminal justice information, and provide planning assistance to local governments.

Program at a Glance

- ◆ 18,000 students in 112 schools use *EPPLViewer* and the *Minnesota Environmental Atlas*, GIS tools developed at Minnesota Planning.
- ◆ 1,100 Minnesotans receive *IssueWatch*, a monthly electronic newsletter highlighting major social, business, government, and environmental trends around the world.
- ◆ 87 counties, approximately 100 townships and 100 cities are using *Under Construction*, a comprehensive guide for local planners.
- ◆ The office implemented a mediation process for disputed municipal boundary adjustments. Since then, seven contested cases originally scheduled for administrative hearing have been settled and joint agreements signed.

Population Served

| | | | |
|------------------|-------------------|---------------------------|----------------------------|
| Citizens | Local governments | Executive branch agencies | Environmental groups |
| Legislators | Governor's office | Educators and students | Public policy groups |
| Energy providers | Data centers | Human service providers | Special planning districts |
| Businesses | Developers | Non-profits | Law enforcement groups |

Services Provided

These customers use Minnesota Planning tools in a variety of ways.

The office provides assistance and advice that help **local governments** in many ways, among them developing plans for emergency response and hazard mitigation, conducting environmental review, adjusting municipal boundaries, planning for energy and telecommunications needs, and mapping population, natural resource, and development features. To help **citizens** plan the future of their communities, the office recently secured foundation grants for Todd County, Oronoco, and Pine Island. With our help, the communities are using *Building A Sense of Place*, an innovative Geographic Information Systems (GIS) and Internet public participation tool.

For **legislators**, staff at the office conduct research, perform analysis, and offer policy options on topics including development along urban rivers, the impact of feedlots in rural Minnesota, the expansion of a railroad line, criteria for locating state agencies, and a plan for reorganization of state water programs. The office also provides capital and biennial budget advice and assistance to the **governor**.

The office's online planning tools, *Minnesota Milestones*, *Children's Report Card*, *Datanet*, and the *GeoGateway* enable our customers to track trends on indicators of the state's progress and build for themselves customized reports and datasets necessary for long-range **education**, **human services**, and **business** plans.

State agencies with emergency response duties use Minnesota Planning tools. A mapping system developed by the office has significantly reduced disease emergency response time for the Board of Animal Health. Farms adjacent to an outbreak, and candidates for quarantine, can be identified in less than one minute; previous response time was more than 30 minutes.

Other agencies look to Minnesota Planning for data needed to fulfill their mandates. For example, the Office of Environmental Assistance depends on the State Demographic Center's population estimates to distribute \$14 million in recycling grants to Minnesota counties.

Minnesota Planning has permitted seven Large Wind Energy Conversion Systems, which will produce over 500 megawatts of **energy**. They represent more than \$500 million in capital investment.

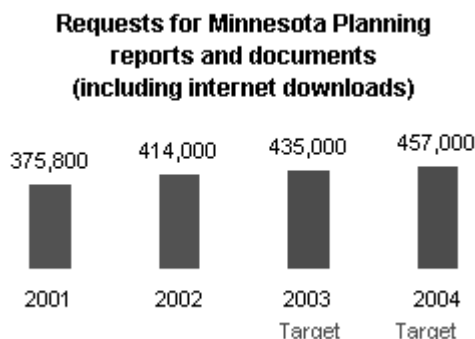
Educators and **human service providers** look to Minnesota Planning for trends in education and health, for analysis of the impacts of declining population in rural Minnesota, for information to project student enrollment, and for the numbers of immigrants and elderly likely to need service in a given community. They use the office's maps of school district and food subsidy programs to learn about the populations they serve.

So that **citizens** are served efficiently, the office coordinates federal, state, and local government functions. For example:

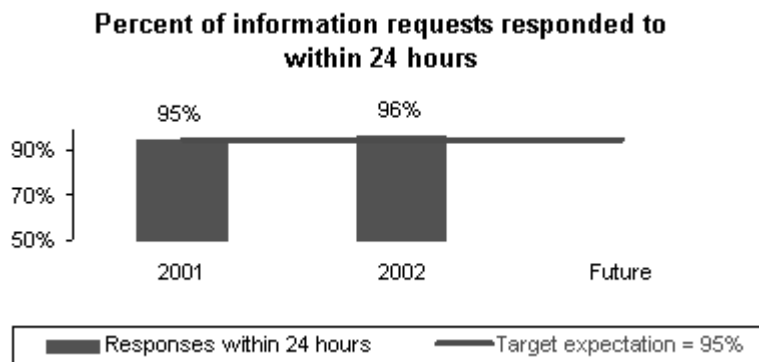
- ⇒ Minnesota Planning staff serve on the national State Data Center Program steering committee. This organization coordinates U.S. Census Bureau state government outreach, evaluation, planning, and data delivery programs. Minnesota Planning also coordinates the **Minnesota Data Center** program, which serves 60 state and local **business** and **economic development** affiliates as well as government documents libraries.
- ⇒ Serving as evaluators for the Governor's Results Management project, staff offer performance assessment and strategic planning advice to **state agencies**. Minnesota Planning membership on the Telecom, K-12 and Health Care Task Forces, the Association of Minnesota Counties (AMC) policy board, State Agencies for Effectiveness (S.A.F.E.), and the Farm Cabinet supplies these groups with policy expertise as well as the coordination necessary to avoid duplication of efforts.
- ⇒ Office membership on the National States Geographic Information Council, which advocates for data coordination among states and for the development of data standards, assures that the state has a strong voice in the development and maintenance of geographic information used by **all levels of government** and the **private sector** in Minnesota. Additionally, membership on the executive committee of the national Justice Research and Statistics Association helps the state influence the development of policies surrounding the collection and dissemination of criminal justice information used by federal, **state, and local law enforcement officials**.
- ⇒ Minnesota Planning has initiated a number of collaborative projects, such as the Local Solutions Alliance, which provides coordinated state and federal agency planning assistance to **local governments**, and the Governor's Work Force Development Task Force, which resulted in a legislative decision to reorganize several **state agencies**.

Key Measures

Minnesota Planning uses five goals and 14 indicators to measure performance. One goal is to make useful information available to policy-makers and the public. An indicator for this goal is the number of requests for Minnesota Planning publications, printed and online, since these are an important means of making conveniently available the information that enables good decision-making for the future.



The office exists to provide timely information in a timely manner. Staff has made a commitment to respond to requests within 24 hours. This indicator measures our success in meeting this standard.



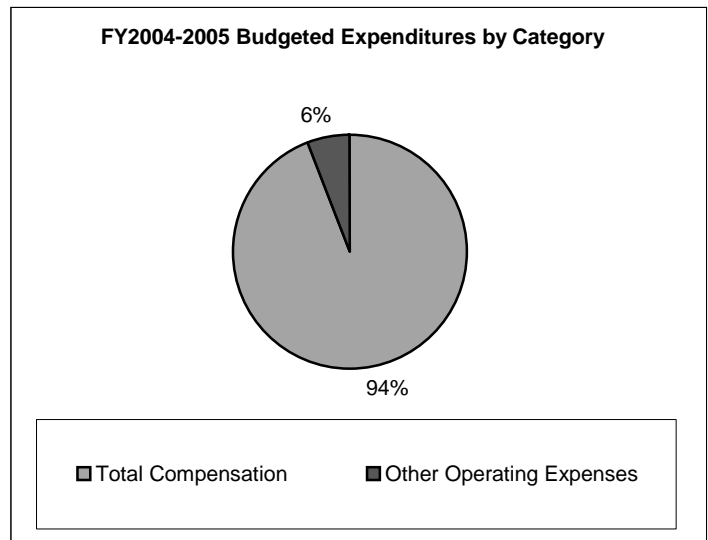
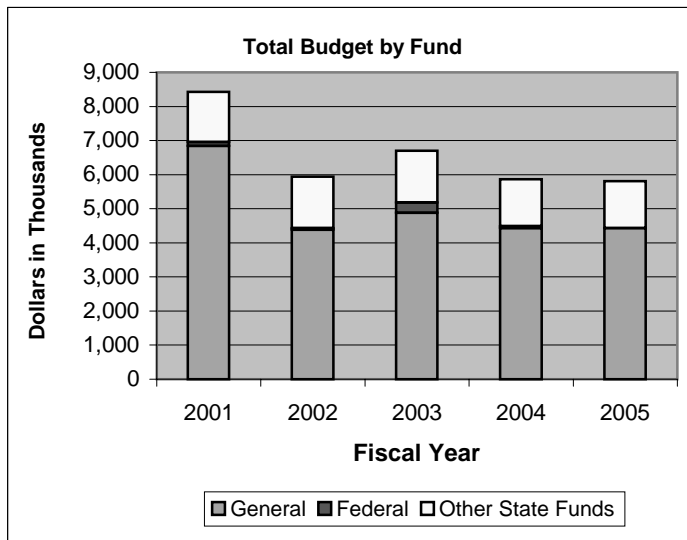
Program Funding

The office is funded primarily (76%) through General Fund appropriations. Twenty-one percent of funding comes from dedicated revenues (power plant siting assessment and project fees, Land Management Information Center [LMIC] Service Bureau fees), 2% from the Environmental Trust Fund, and 1% from the federal government.

Contact

For further information, contact Dean Barkley, Director, Minnesota Planning, 300 Centennial Office Building, 658 Cedar Street, St. Paul, Minnesota 55155, or call (651) 296-3985 or Fax (651) 296-3698.

You may also visit the department web site at <http://www.mnplan.state.mn.us/>.



| <i>Dollars in Thousands</i> | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|-----------------|-------------------|-------------------|
| | Actual | Actual | Budgeted | Base | Biennium | Biennial Change | | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | 2004-05 / 2002-03 | Dollars Percent |
| Direct Appropriations | | | | | | | | |
| Environment & Natural Resource | 108 | 240 | 0 | 0 | 0 | 0 | -240 | -100.0% |
| General | 6,846 | 4,382 | 4,877 | 4,428 | 4,428 | 8,856 | -403 | -4.4% |
| Minnesota Resources | 70 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Environmental | 0 | 75 | 0 | 0 | 0 | 0 | -75 | -100.0% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 1,298 | 1,197 | 1,517 | 1,378 | 1,381 | 2,759 | 45 | 1.7% |
| Federal | 110 | 49 | 306 | 55 | 0 | 55 | -300 | -84.5% |
| Total | 8,432 | 5,943 | 6,700 | 5,861 | 5,809 | 11,670 | -973 | -7.7% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|-------------|--------------|
| Total Compensation | 5,029 | 5,226 | 5,994 | 5,511 | 5,469 | 10,980 | -240 | -2.1% |
| Other Operating Expenses | 2,966 | 717 | 706 | 350 | 340 | 690 | -733 | -51.5% |
| Local Assistance | 437 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Total | 8,432 | 5,943 | 6,700 | 5,861 | 5,809 | 11,670 | -973 | -7.7% |

| Expenditures by Activity | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|-------------|--------------|
| Agency Operations | 2,102 | 1,133 | 1,983 | 1,723 | 1,732 | 3,455 | 339 | 10.9% |
| Critical Issues | 595 | 671 | 635 | 584 | 589 | 1,173 | -133 | -10.2% |
| Criminal Justice | 110 | 33 | 153 | 50 | 0 | 50 | -136 | -73.1% |
| Local Planning Assistance | 627 | 456 | 379 | 214 | 214 | 428 | -407 | -48.7% |
| Municipal Boundary Adjustment | 330 | 297 | 254 | 278 | 268 | 546 | -5 | -0.9% |
| Demographers Office | 555 | 566 | 495 | 469 | 468 | 937 | -124 | -11.7% |
| Environmental Quality Board | 482 | 560 | 500 | 426 | 428 | 854 | -206 | -19.4% |
| Environmental Impact Statements | 1,358 | 172 | 6 | 0 | 0 | 0 | -178 | -100.0% |
| Power Plant Siting | 526 | 585 | 839 | 879 | 879 | 1,758 | 334 | 23.5% |
| Lmic Coordination | 1,000 | 881 | 926 | 741 | 731 | 1,472 | -335 | -18.5% |
| Lmic Service Bureau | 747 | 589 | 530 | 497 | 500 | 997 | -122 | -10.9% |
| Total | 8,432 | 5,943 | 6,700 | 5,861 | 5,809 | 11,670 | -973 | -7.7% |

PLANNING, STRATEGIC & L R

Program: **AGENCY MANAGEMENT**

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------------|--------------------------|--------------------------|----------------------------|---------------|---------------|-----------------------------|--|----------------|
| | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base | | Biennium 2004-05 | Dollars | Percent |
| Revenue by Type and Fund | | | | FY2004 | FY2005 | | | |
| Non Dedicated | | | | | | | | |
| General | 0 | 54 | 60 | 60 | 60 | 120 | 6 | 5.3% |
| Cambridge Deposit Fund | 49 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 49 | 54 | 60 | 60 | 60 | 120 | 6 | 5.3% |
| Dedicated | | | | | | | | |
| Special Revenue | 1,302 | 1,147 | 930 | 1,378 | 1,381 | 2,759 | 682 | 32.8% |
| Federal | 96 | 11 | 250 | 55 | 0 | 55 | -206 | -78.9% |
| Subtotal Dedicated | 1,398 | 1,158 | 1,180 | 1,433 | 1,381 | 2,814 | 476 | 20.4% |
| Total Revenue | 1,447 | 1,212 | 1,240 | 1,493 | 1,441 | 2,934 | 482 | 19.7% |
| | | | | | | | | |
| Full-Time Equivalents (FTE) | 77.4 | 75.3 | 70.5 | 67.4 | 67.4 | | | |

Agency Purpose

The Minnesota Statutes 153.01 – 153.26 and Minnesota Rules 6900 provide the Minnesota Board of Podiatric medicine responsibility to act as the official licensure agency for podiatrists. It was originally created and currently exists to protect the public's interest through the regulation of podiatrists in the state of Minnesota. Regulation is accomplished through licensure examination and renewal, as well as by the investigation of complaints.

The mission of the board is:

- ◆ to promote the public's interest in quality podiatric health care from competent podiatric health professionals by ensuring that podiatrists' qualifications meet the specifications established by the board; and
- ◆ to protect the public by ensuring that all licensees provide quality podiatric health care.

Core Functions

The board accomplishes its mission by:

- ◆ setting and administering educational requirements and examination standards for licensure as a podiatrist;
- ◆ responding to public and agency inquiries, complaints and reports regarding licensure and conduct on applicants, permit holders, licensees and unlicensed practitioners;
- ◆ reviewing complaints of alleged violations of statutes and rules, holding disciplinary conferences with licensees, and taking legal action to suspend or revoke the licenses of podiatrists who fail to meet standards; and
- ◆ providing information and education about licensure requirements and standards of practice to the public and other interested audiences.

Operations

Services are delivered by issuing licenses to qualified individuals, renewal certificates to licensees meeting continuing education requirements, temporary permits to individuals doing residencies, and license verifications to credentialing services and hospitals. The agency protects the public by investigating complaints and holding educational and disciplinary conferences with licensees. Disciplinary actions and Agreements for Corrective Action further protect the public.

Budget

The board's FY 2002-03 budget totals \$132,000. The board staff is comprised of .50 full-time equivalent employees.

Of the total budget for the biennium, \$137,000 is collected as non-dedicated revenue which is deposited into the state government special revenue fund. The board collects fees charged to applicants, permit holders, licensees, and organizations seeking license verifications. The board is responsible for collecting enough revenue to recover all direct and indirect costs.

The board is responsible for the costs of services received from the Attorney General's Office, Health Professional Services Program, and the Administrative Services Unit. A direct appropriation is given to each of these programs from the state government special revenue fund. The board must ensure that sufficient revenue is collected through its fees to fund their portion of these program costs.

At A Glance

Biennial Budget – FY 2002-03:

Total Expenses: \$132,000

Total Revenues: \$137,000

Staff: .50 Full-time equivalent employee

Minnesota Licensed Podiatrists Statistics

(As of June 30, 2002)

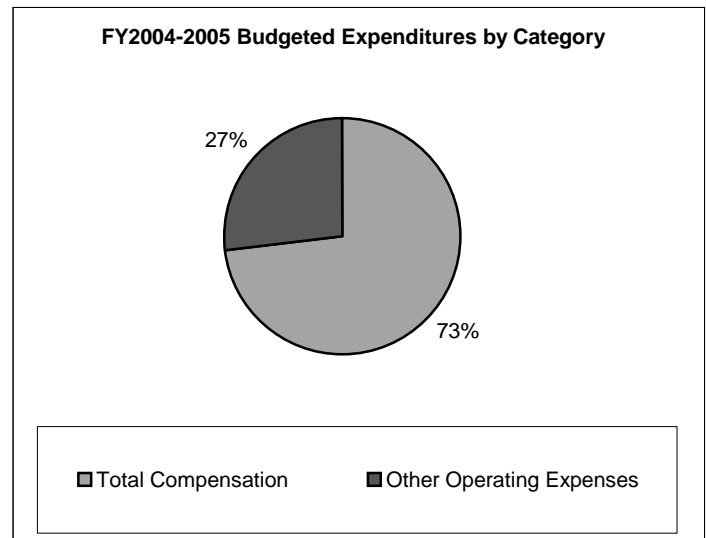
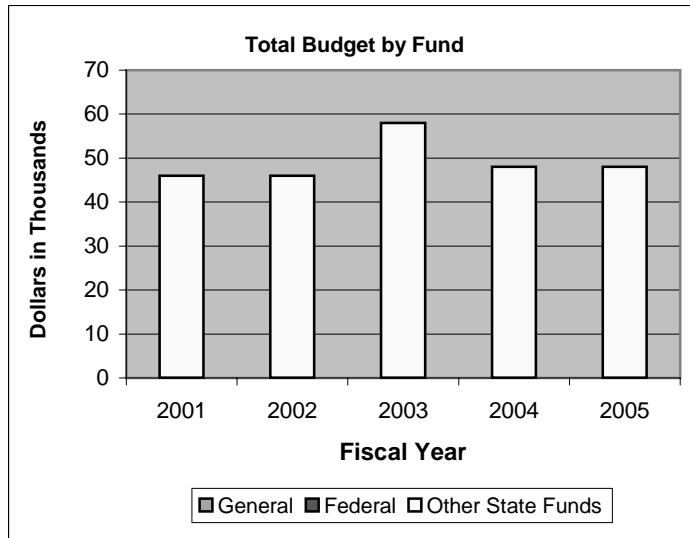
Total Licensed: 174

Contact

Minnesota Board of Podiatric Medicine
2829 University Avenue Southeast
Suite 430
Minneapolis, Minnesota 55414

The web site at: <http://www.podiatry.state.mn.us> gives visitors easy access to useful information about podiatric medicine. Types of information available through the web site include: regulatory news and updates, rules and Minnesota statutes, public notices and forms.

Keith Hovland, Executive Director
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| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|----------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| State Government Special Revenue | 42 | 43 | 55 | 45 | 45 | 90 | -8 | -8.2% |
| Open Appropriations | | | | | | | | |
| State Government Special Revenue | 4 | 3 | 3 | 3 | 3 | 6 | 0 | 0.0% |
| Total | 46 | 46 | 58 | 48 | 48 | 96 | -8 | -7.7% |

| | | | | | | | | |
|---------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 35 | 37 | 39 | 34 | 36 | 70 | -6 | -7.9% |
| Other Operating Expenses | 11 | 9 | 19 | 14 | 12 | 26 | -2 | -7.1% |
| Total | 46 | 46 | 58 | 48 | 48 | 96 | -8 | -7.7% |

| | | | | | | | | |
|--------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|--------------|
| Expenditures by Program | | | | | | | | |
| Podiatry, Board Of | 46 | 46 | 58 | 48 | 48 | 96 | -8 | -7.7% |
| Total | 46 | 46 | 58 | 48 | 48 | 96 | -8 | -7.7% |

| | | | | | | | | |
|----------------------------------|-----------|-----------|-----------|-----------|-----------|------------|----------|-------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| State Government Special Revenue | 53 | 77 | 72 | 76 | 74 | 150 | 1 | 0.7% |
| Subtotal Non Dedicated | 53 | 77 | 72 | 76 | 74 | 150 | 1 | 0.7% |
| Total Revenue | 53 | 77 | 72 | 76 | 74 | 150 | 1 | 0.7% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 |
|------------------------------------|------------|------------|------------|------------|------------|

Agency Purpose

The mission of the Pollution Control Agency (PCA) is to help Minnesotans protect the environment. Established in 1967, the agency's purpose is to protect Minnesota's environment through monitoring environmental quality, providing Minnesotan citizens and businesses with the information they need to protect and improve the environment, and by developing and enforcing environmental regulations.

The vision for the PCA is based on enabling legislation establishing the agency, and is comprised of four parts:

- ◆ fishable and swimmable lakes and rivers;
- ◆ clean and clear air;
- ◆ uncontaminated groundwater and land; and
- ◆ healthy ecosystems.

The results of PCA's efforts are obvious: the air, land, and water are cleaner now than they were 30 years ago, in spite of a growing population and substantial economic growth.

Core Functions

The PCA's mission is implemented through the following service strategies or core functions:

- ⇒ Issuing permits that require the prevention, control or cleanup of pollution; limit releases of pollutants; direct the construction or operation of a facility; and control the storage, collection, transporting and processing of waste.
- ⇒ Inspecting permitted facilities to ensure they comply with the terms of their permits, and if they are not, taking actions to return them to compliance.
- ⇒ Forming alliances with local governments, businesses, environmental partners and the public to collectively focus on behavior change, because we all share responsibility for the environment.
- ⇒ Evaluating environmental conditions in a local, state, regional, and global context; integrating data and trend analysis into PCA planning and decisions; measuring and reporting on environmental progress; and identifying new environmental problems.
- ⇒ Ensuring that all citizens have access to the best scientific information to effectively participate in managing their own human health and environmental risks.

Operations

The PCA Citizens' Board sets agency policy and takes action on certain other significant or controversial issues. The Commissioner directs the work of the agency's staff.

The PCA has slightly more than 730 staff who work at eight offices throughout Minnesota.

The Majors and Remediation Division deals with large industries and municipalities, focusing on major discharge and emission sources in the state. Air quality and land programs are based in this division. Emergency response, closed landfill cleanup, Superfund, leaking storage tank cleanup and small business assistance are also based in this division. Most of these staff are based in St. Paul.

The Regional Environmental Management Division focuses on smaller sources of pollution, such as small cities, businesses and individuals. Water quality and solid waste programs are based in this division as well as environmental review, noise monitoring, feedlots, stormwater, mobile air sources and other programs targeting non-point source pollution. This office has staff located throughout the state: Duluth, Brainerd, Rochester, Mankato, Detroit Lakes, Willmar, Marshall and St. Paul.

At A Glance

- ◆ Responsible for state financed clean-up at 265 contaminated sites and oversight for an additional 3,000 sites.
- ◆ Performing permitting, inspection, compliance determination and enforcement activities for nearly 7,400 facilities that impact air, water and land.
- ◆ Monitoring at more than 500 sites across the state to determine environmental conditions of air, surface waters, and groundwater.
- ◆ Coordinating volunteer monitoring at 800 lakes for water clarity.
- ◆ Certifying facility operators and providing training to over 4,200 regulated parties.

The Environmental Outcomes Division monitors and evaluates the physical, chemical and biological conditions of Minnesota's environment. With this information, they identify potential impacts to human health and the environment, help set environmental goals, establish environmental standards and help develop permit limits, and report results to staff, stakeholders and citizens. Core groups of these staff are located in St. Paul, with many others in regional offices.

The Policy and Planning Division assists in the development and implementation of legislation, rules and policies to address environmental problems. Staff also oversee agency-wide planning to analyze and address emerging environmental issues. These staff are located in St. Paul.

The Fiscal Services Division oversees the PCA's finances and its business operations (vehicle fleet, leases, mail and shipping, etc.). Human resources processes and issues are also handled in this division. These staff are located in St. Paul.

The PCA also has staff who assist the divisions by providing training, communications and information technology. The Customer Assistance Center responds to requests for information and assistance from citizens.

Budget

In the 1970s, the PCA was primarily funded through the General Fund and federal grants. Since then, the PCA has successfully used rules and permits to limit pollution from big facilities. In the 1980s, environmental fees and taxes were established to fund these types of programs.

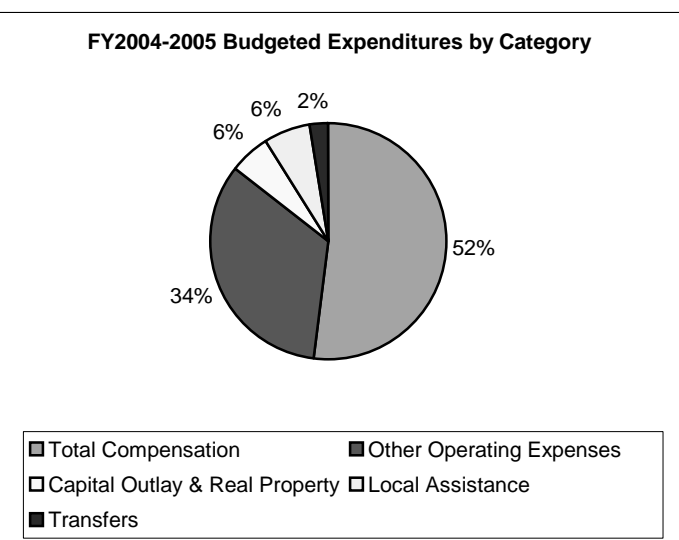
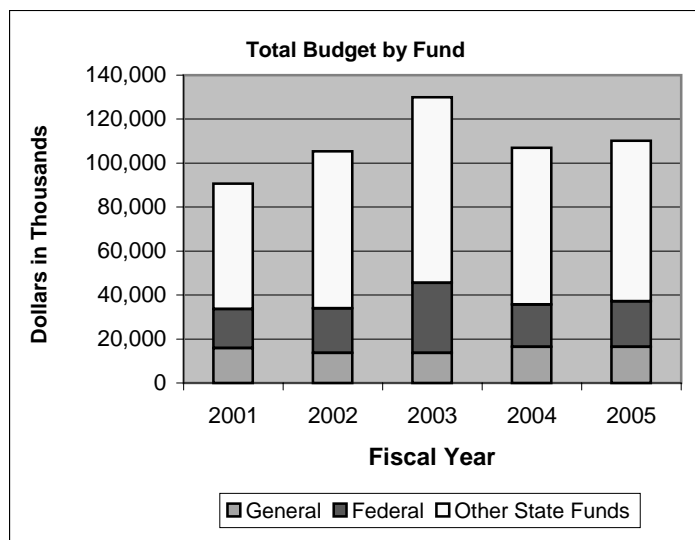
In addition, there has been a shift in the sources of pollution in Minnesota. Today, the major sources of air and water pollution are non-point sources, which do not pay environmental fees. In 2002, the Legislative Auditor recommended revisiting how the PCA is funded to better address today's environmental priorities.

Contact

For more information, contact: Ralph Heussner, Communications Director at (651) 296-6977.

The PCA web site at www.pca.state.mn.us gives visitors easy access to useful information about Minnesota's environment. Types of information available through the site include regulatory news and updates, rules, public notices, agency initiatives, details about environmental quality and current "hot topics."

For information on how this agency measures whether it is meeting its statewide goals, please refer to www.departmentresults.state.mn.us



| <i>Dollars in Thousands</i> | | | | | | | | |
|----------------------------------|---------------|----------------|----------------|----------------|----------------|----------------|-------------------|--------------|
| | Actual | Actual | Budgeted | Base | | Biennium | Biennial Change | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | 2004-05 / 2002-03 | |
| Direct Appropriations | | | | | | | | |
| Environment & Natural Resource | 649 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| General | 15,931 | 13,704 | 13,615 | 16,385 | 16,385 | 32,770 | 5,451 | 20.0% |
| Minnesota Resources | 50 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Petroleum Tank Release Cleanup | 5,775 | 3,204 | 3,923 | 3,616 | 3,616 | 7,232 | 105 | 1.5% |
| State Government Special Revenue | 45 | 41 | 54 | 48 | 48 | 96 | 1 | 1.1% |
| Special Revenue | 15 | 0 | 87 | 0 | 0 | 0 | -87 | -100.0% |
| Environmental | 24,674 | 19,733 | 25,341 | 22,994 | 22,994 | 45,988 | 914 | 2.0% |
| Metro Landfill Contingency | 0 | 1,000 | 0 | 0 | 0 | 0 | -1,000 | -100.0% |
| Solid Waste | 7,155 | 7,657 | 8,993 | 7,429 | 7,429 | 14,858 | -1,792 | -10.8% |
| Open Appropriations | | | | | | | | |
| Solid Waste | 4,294 | 6,497 | 7,000 | 4,998 | 7,000 | 11,998 | -1,499 | -11.1% |
| Statutory Appropriations | | | | | | | | |
| Public Facilities Authority | 714 | 2,785 | 1,106 | 987 | 968 | 1,955 | -1,936 | -49.8% |
| Petroleum Tank Release Cleanup | 0 | 2,969 | 3,922 | 3,897 | 3,897 | 7,794 | 903 | 13.1% |
| State Government Special Revenue | 1 | 1 | 1 | 1 | 1 | 2 | 0 | 0.0% |
| Special Revenue | 3,405 | 12,470 | 14,274 | 11,766 | 11,766 | 23,532 | -3,212 | -12.0% |
| Federal | 17,681 | 20,147 | 31,899 | 19,226 | 20,706 | 39,932 | -12,114 | -23.3% |
| Environmental | 1,029 | 3,925 | 7,578 | 2,741 | 2,047 | 4,788 | -6,715 | -58.4% |
| Metro Landfill Contingency | 0 | 627 | 250 | 5,400 | 0 | 5,400 | 4,523 | 515.7% |
| Solid Waste | 9,249 | 10,661 | 11,852 | 7,518 | 13,270 | 20,788 | -1,725 | -7.7% |
| Total | 90,667 | 105,421 | 129,895 | 107,006 | 110,127 | 217,133 | -18,183 | -7.7% |

| | | | | | | | | |
|---------------------------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 46,772 | 46,578 | 53,736 | 55,192 | 57,057 | 112,249 | 11,935 | 11.9% |
| Other Operating Expenses | 30,649 | 43,471 | 55,114 | 39,232 | 33,882 | 73,114 | -25,471 | -25.8% |
| Capital Outlay & Real Property | 3,743 | 3,740 | 6,762 | 2,780 | 9,490 | 12,270 | 1,768 | 16.8% |
| Local Assistance | 9,228 | 9,520 | 13,989 | 6,981 | 6,877 | 13,858 | -9,651 | -41.1% |
| Other Financial Transactions | 275 | 2,112 | 294 | 248 | 248 | 496 | -1,910 | -79.4% |
| Transfers | 0 | 0 | 0 | 2,573 | 2,573 | 5,146 | 5,146 | n.m |
| Total | 90,667 | 105,421 | 129,895 | 107,006 | 110,127 | 217,133 | -18,183 | -7.7% |

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|--------------------------------|---------------|----------------|-----------------|----------------|----------------|-----------------|--------------------------|----------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Expenditures by Program | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Water | 20,329 | 24,674 | 32,569 | 25,913 | 25,746 | 51,659 | -5,584 | -9.8% |
| Air | 7,650 | 8,442 | 10,743 | 9,669 | 9,664 | 19,333 | 148 | 0.8% |
| Land | 41,498 | 48,759 | 55,639 | 46,232 | 49,663 | 95,895 | -8,503 | -8.1% |
| Multimedia | 8,985 | 10,700 | 17,121 | 13,001 | 12,863 | 25,864 | -1,957 | -7.0% |
| Administrative Support | 12,205 | 12,846 | 13,823 | 12,191 | 12,191 | 24,382 | -2,287 | -8.6% |
| Total | 90,667 | 105,421 | 129,895 | 107,006 | 110,127 | 217,133 | -18,183 | -7.7% |

Revenue by Type and Fund

Non Dedicated

| | | | | | | | | |
|----------------------------------|--------|--------|--------|--------|--------|--------|-------|--------|
| General | 9 | 579 | 318 | 318 | 318 | 636 | -261 | -29.1% |
| Petroleum Tank Release Cleanup | 120 | 54 | 58 | 48 | 48 | 96 | -16 | -14.3% |
| State Government Special Revenue | 40 | 36 | 37 | 37 | 37 | 74 | 1 | 1.4% |
| Cambridge Deposit Fund | 998 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Environmental | 14,686 | 15,436 | 16,104 | 16,905 | 16,580 | 33,485 | 1,945 | 6.2% |
| Metro Landfill Contingency | 220 | 440 | 273 | 515 | 363 | 878 | 165 | 23.1% |
| Solid Waste | 4,032 | 2,742 | 1,560 | 2,148 | 1,232 | 3,380 | -922 | -21.4% |
| Subtotal Non Dedicated | 20,105 | 19,287 | 18,350 | 19,971 | 18,578 | 38,549 | 912 | 2.4% |

Dedicated

| | | | | | | | | |
|----------------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|--------------|
| Special Revenue | 4,831 | 10,879 | 13,247 | 11,766 | 11,766 | 23,532 | -594 | -2.5% |
| Federal | 18,355 | 20,254 | 30,589 | 19,226 | 20,706 | 39,932 | -10,911 | -21.5% |
| Environmental | 3,061 | 2,324 | 2,326 | 2,329 | 2,276 | 4,605 | -45 | -1.0% |
| Subtotal Dedicated | 26,247 | 33,457 | 46,162 | 33,321 | 34,748 | 68,069 | -11,550 | -14.5% |
| Total Revenue | 46,352 | 52,744 | 64,512 | 53,292 | 53,326 | 106,618 | -10,638 | -9.1% |

| | | | | | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Full-Time Equivalents (FTE) | 748.0 | 694.0 | 767.6 | 750.9 | 750.4 |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|

Program Description

This program protects and improves Minnesota's rivers, lakes, wetlands, and ground water so they support healthy aquatic life and public uses. This program receives its authority through delegation of the Federal Clean Water Act (CWA) from the U.S. Environmental Protection Agency and state statutes.

The Pollution Control Agency (PCA) establishes designated uses for each water body, such as for swimming, drinking and fishing. In order to meet each use, the PCA must set a standard for the pollutants that impact the designated use. The PCA then monitors these waters to determine whether or not they meet the standards.

Monitoring indicates which water bodies are not meeting their designated uses. About two-thirds of Minnesota's assessed water bodies meet water quality standards and their designated uses. The remaining third have been placed on an impaired waters list for which a clean-up plan must be developed and implemented.

The PCA's mission is to restore these impaired waters while preventing degradation of those not yet impaired. This is accomplished by regulating municipal and industrial discharges, controlling urban and rural sources of pollution such as runoff and failing individual sewage treatment systems, and monitoring and assessing water quality to provide information upon which to make social, financial, technical, and environmental management decisions.

Population Served

This program serves all citizens of the state by protecting Minnesota's lakes, streams, and wetlands from many kinds of pollution. The goal is to maintain the ability of Minnesotans to drink, fish, and swim in Minnesota's abundant water resources.

- ⇒ The program regulates a large and diverse array of business and municipal activities in Minnesota.
- ⇒ The program provides grants and loans to local units of government to address pollution problems such as urban and rural runoff and failing septic systems.
- ⇒ The program supports river basin management groups who receive financial and technical assistance from the PCA.

Services Provided

The water programs use a basin management approach to deliver the following services:

- ◆ issue permits under the federal CWA, including inspections and enforcement follow-up as necessary (1,400 wastewater and industrial permits);
- ◆ issue storm water permits under the federal CWA, including inspections and enforcement follow-up as necessary (over 2,900 municipalities, industries, and construction sites); under federal law, the next phase of this program will regulate another 9,200 of these activities starting in 2003;
- ◆ issue permits under the federal CWA or state law for over 500 animal feedlots, including inspections and enforcement follow-up as necessary, with 30,000 feedlots registered under state law, administered by the PCA and county governments;
- ◆ develop river basin plans to address water quality problems;
- ◆ provide grant and loan funds to clean up pollution from urban and rural runoff, individual sewage treatment upgrades, and feed lot upgrades at over 350 project sites in the past five years; and
- ◆ initiate over 105 impaired water studies (TMDLs) to determine sources of impairment.

Program at a Glance

- ◆ Water quality point source permitting, compliance determination and enforcement
- ◆ River basin and watershed planning/ studies of impaired waters
- ◆ Water quality monitoring
- ◆ Animal Feedlots permitting, compliance determination and enforcement
- ◆ Clean Water Partnership (grants to local units of government to improve water quality)
- ◆ Individual Sewage Treatment Systems (ISTS)
- ◆ Storm Water Program development, permitting, compliance determination and enforcement

Historical Perspective

In the past, efforts were focused on regulating industrial and municipal discharges, with a special emphasis on municipal wastewater treatment facilities. At the time, this focus was appropriate because these sources were the largest controllable source of water pollution. The PCA continues to work extensively with these sources. In addition, the PCA is addressing more dispersed sources of pollutants, such as urban and agricultural storm water runoff, individual sewage systems, feedlots, and forestry as examples. More emphasis and funding have been directed to these sources of pollutants reaching our waters.

Although individual sources within these land uses are often small, their cumulative impacts are significant. The emphasis placed on these new sources during the past years does not replace the work that must continue to be directed at municipal and industrial sources. One issue for municipal sources that remains to be addressed is the small un-sewered or under-sewered community.

During the past year, emphasis has been placed on increasing the percentage of up-to-date permits that currently exists in Minnesota. The PCA is addressing this problem through a recently developed "Water Quality Point-Source Permitting and Compliance/Enforcement Plan" that can be found on the PCA web site at: <http://www.pca.state.mn.us/publications/reports/water-pointsourceplan.pdf>.

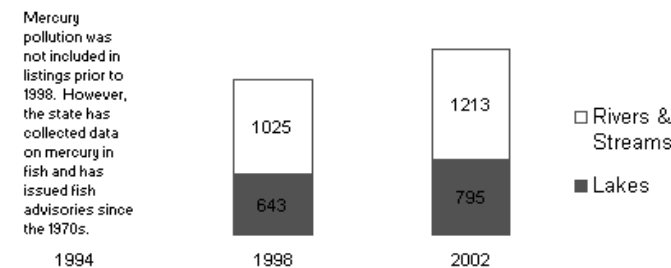
During the last biennium, the U.S. Environmental Protection Agency placed more emphasis on parts of the Clean Water Act which require a significant amount of activity, but with no new additional federal funding. Funding for these programs, as well as other water programs, is an ongoing problem. One area where new federal emphasis is being placed is the Storm Water Program.

Another area where this has occurred is in the listing of impaired waters in the state. The Clean Water Act requires states to not only list the impaired waters, but to develop clean-up plans, and eventually implement those plans. Currently the state list includes more than 500 water bodies impaired by conventional pollutants.

Key Measures

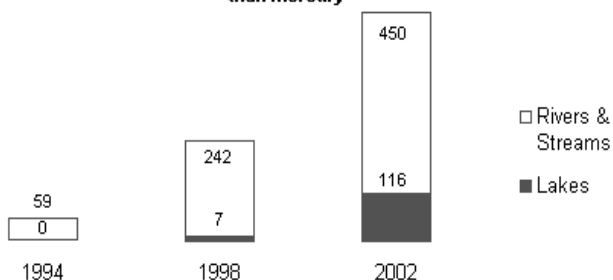
The PCA assesses waters and lists the impaired waters every two years in accordance with the CWA. Once listed, the PCA is required to identify all of the sources for the pollutant causing the poor water quality and allocate responsibility for addressing the impairment. Once the allocation study is complete, the PCA works with stakeholders to remediate the impairment, leading to the water returning to its designated use. The PCA has completed studies on 20 rivers and streams and is now implementing clean-up efforts on these. In addition, the PCA currently has 85 studies underway to determine the sources of impairment.

Cumulative number of lakes and rivers & streams in Minnesota that do not meet water quality standards due to mercury



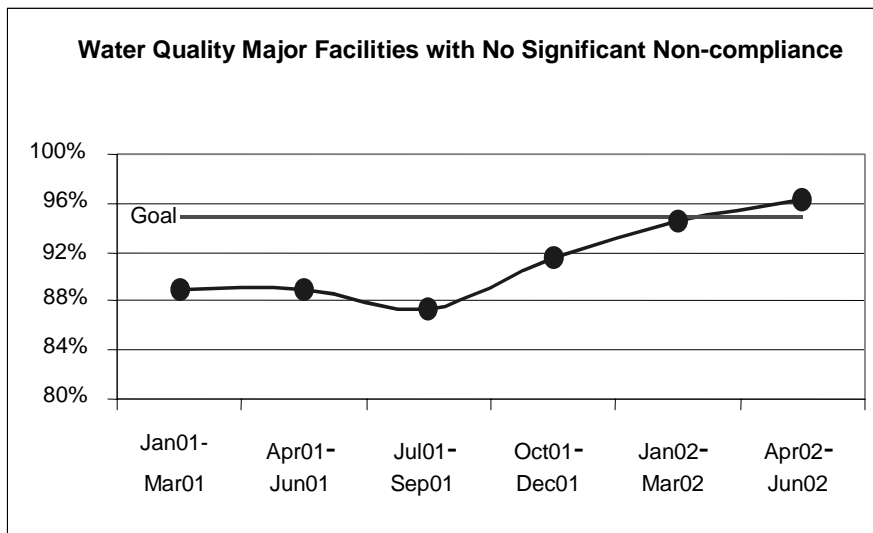
Target: PCA expects that only one of these bodies of water will be cleaned up by 2010.

Cumulative number of lakes and rivers & streams in Minnesota that do not meet water quality standards due to pollutants other than mercury



Target: PCA expects that 63 rivers & streams will be cleaned up by 2005. By 2010, PCA expects that 134 rivers & streams and 46 lakes will be cleaned up.

The PCA has set of goal of 95% compliance with effluent limits for all water quality major facilities. Since January 2002, the PCA has achieved the goal and is striving to stay above the goal.



Program Funding

This program is funded by a mix of federal (43%) and state (57%) funds.

Contact

For more information, contact Ralph Heussner, Communications Director at (651) 296-6977 or toll-free at 1 (800) 657-3864.

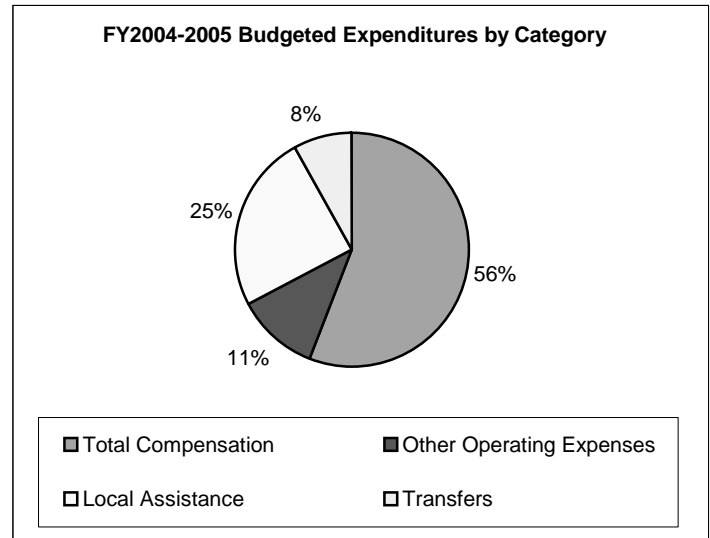
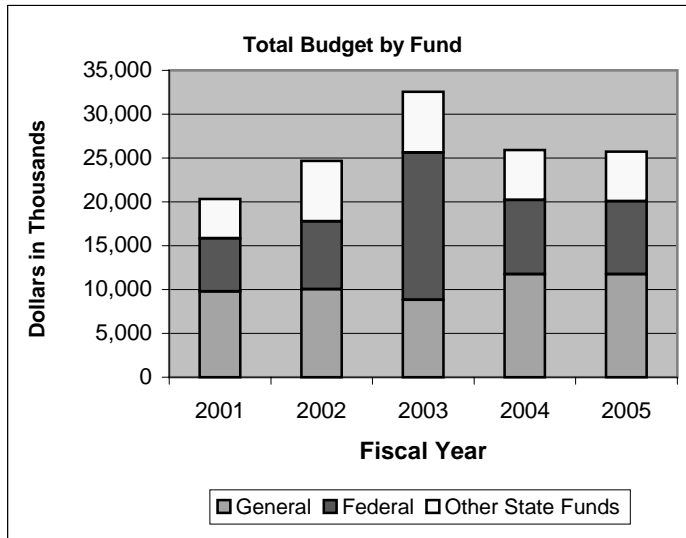
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For information on how this agency measures some of its efforts to meet statewide goals, please visit: <http://www.departmentresults.state.mn.us>

POLLUTION CONTROL AGENCY

Program: **WATER**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | | |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|--------------------------|--------------|
| | Actual | Actual | Budgeted | Base | | Biennium | Biennial Change | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | 2004-05 / 2002-03 | |
| Direct Appropriations | | | | | | | | |
| Environment & Natural Resource | 649 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| General | 9,796 | 10,049 | 8,835 | 11,747 | 11,747 | 23,494 | 4,610 | 24.4% |
| Petroleum Tank Release Cleanup | 26 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| State Government Special Revenue | 45 | 41 | 54 | 48 | 48 | 96 | 1 | 1.1% |
| Special Revenue | 15 | 0 | 87 | 0 | 0 | 0 | -87 | -100.0% |
| Environmental | 2,630 | 3,367 | 5,315 | 4,618 | 4,625 | 9,243 | 561 | 6.5% |
| Solid Waste | 104 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Statutory Appropriations | | | | | | | | |
| Public Facilities Authority | 714 | 2,785 | 1,106 | 987 | 968 | 1,955 | -1,936 | -49.8% |
| Special Revenue | 320 | 699 | 386 | 43 | 43 | 86 | -999 | -92.1% |
| Federal | 6,030 | 7,733 | 16,786 | 8,470 | 8,315 | 16,785 | -7,734 | -31.5% |
| Total | 20,329 | 24,674 | 32,569 | 25,913 | 25,746 | 51,659 | -5,584 | -9.8% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 12,116 | 12,022 | 13,422 | 14,054 | 14,842 | 28,896 | 3,452 | 13.6% |
| Other Operating Expenses | 1,874 | 3,507 | 6,639 | 3,324 | 2,473 | 5,797 | -4,349 | -42.9% |
| Local Assistance | 6,339 | 7,145 | 12,508 | 6,438 | 6,334 | 12,772 | -6,881 | -35.0% |
| Other Financial Transactions | 0 | 2,000 | 0 | 0 | 0 | 0 | -2,000 | -100.0% |
| Transfers | 0 | 0 | 0 | 2,097 | 2,097 | 4,194 | 4,194 | n.m |
| Total | 20,329 | 24,674 | 32,569 | 25,913 | 25,746 | 51,659 | -5,584 | -9.8% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Expenditures by Activity | | | | | | | | |
| Water | 20,329 | 24,674 | 32,569 | 25,913 | 25,746 | 51,659 | -5,584 | -9.8% |
| Total | 20,329 | 24,674 | 32,569 | 25,913 | 25,746 | 51,659 | -5,584 | -9.8% |

POLLUTION CONTROL AGENCY

Program: **WATER**

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------------|---------------|---------------|-----------------|---------------|---------------|-----------------|--------------------------|----------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Revenue by Type and Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Non Dedicated | | | | | | | | |
| General | 0 | 4 | 12 | 12 | 12 | 24 | 8 | 50.0% |
| State Government Special Revenue | 40 | 36 | 37 | 37 | 37 | 74 | 1 | 1.4% |
| Environmental | 3,022 | 3,240 | 3,822 | 3,782 | 3,782 | 7,564 | 502 | 7.1% |
| Subtotal Non Dedicated | 3,062 | 3,280 | 3,871 | 3,831 | 3,831 | 7,662 | 511 | 7.1% |
| Dedicated | | | | | | | | |
| Special Revenue | 689 | 646 | 43 | 43 | 43 | 86 | -603 | -87.5% |
| Federal | 5,362 | 7,841 | 16,617 | 8,491 | 8,341 | 16,832 | -7,626 | -31.2% |
| Environmental | 0 | 1 | 1 | 0 | 0 | 0 | -2 | -100.0% |
| Subtotal Dedicated | 6,051 | 8,488 | 16,661 | 8,534 | 8,384 | 16,918 | -8,231 | -32.7% |
| Total Revenue | 9,113 | 11,768 | 20,532 | 12,365 | 12,215 | 24,580 | -7,720 | -23.9% |
| | | | | | | | | |
| Full-Time Equivalents (FTE) | 196.4 | 183.3 | 192.1 | 191.9 | 196.4 | | | |

Program Description

The state's air quality is being degraded from pollution from transportation, energy production, manufacturing, and other activities. Clean and clear air, however, is essential for Minnesota's environmental, social, and economic well-being and is also required by state and federal law. The federal Clean Air Act (CAA) is the national environmental framework for these requirements, and it is the foundation of Minnesota's air quality program.

In 1990, the CAA was amended to dramatically expand the air program in Minnesota and nationwide through the assessment of air emission fees, new permit and compliance requirements, and activities to control emissions of hazardous air pollutants. In addition, the CAA amendments created programs to focus on small sources and vehicles that contribute significantly to air problems. In 1997, the U.S. Environmental Protection Agency (EPA) developed new, more restrictive standards for ozone and particulate matter. In 1998, the EPA finalized a new program to reduce regional haze and also began considering global climate change, an issue of developing environmental concern.

The primary goals of this program are to:

- ◆ assess the risk to human health and the environment from air pollution by monitoring air quality;
- ◆ minimize or abate the impacts of air pollution through the development of strategies and programs to reduce emissions of specific air pollutants; and
- ◆ regulate pollution from industrial sources through permits, inspections, and enforcement.

Population Served

This program serves all citizens of the state. Further, certain groups of citizens (e.g., the very young and very old, people who suffer from asthma, heart disease, and even athletes who participate in outdoor activities) are more vulnerable than others to the harmful effects of air pollution.

As a result of their daily activities, citizens are responsible for emitting large amounts of air pollution. Approximately 40% of air pollutants in Minnesota are emitted from mobile sources, which include automobiles, trucks, buses, and recreational equipment. More information about air quality in Minnesota is available on the Pollution Control Agency (PCA) web site at <http://www.pca.state.mn.us/air/index.html>.

The program also regulates industrial sources of air pollution. At present, there are more than 2,400 facilities that need some type of air permit. Of those, 345 are large enough to need a federal air quality permit (252 of these had been issued as of 7-1-02). These 252 permits account for about 82% of pollutant emissions from industrial sources.

Services Provided

The PCA's regulatory program for air quality is based on the CAA. It consists of issuing permits, determining compliance with those permits, taking enforcement action when necessary, and monitoring air quality. In addition, special projects are undertaken to address specific air pollutants, such as development and implementation of a mercury reduction strategy.

The PCA will continue to focus on its regulatory program functions (permitting, inspections, compliance/enforcement, etc.). The PCA will also continue to analyze information to identify and target categories of sources that are frequently out of compliance. For facilities with federal air quality permits, compliance rates are currently at approximately 95%.

Program at a Glance

- ◆ Air quality point source permitting, compliance determination and enforcement
- ◆ Small sources of air pollution – including vehicles
- ◆ Air monitoring
- ◆ Develop and implement air toxic (e.g., mercury, benzene) reduction efforts
- ◆ Monitor research on global climate change and educate Minnesotans on how to reduce greenhouse gases

The PCA's air quality monitoring program helps the agency and others identify air quality problems and evaluate ongoing programs. More information about air monitoring is available on the PCA web site at <http://data.pca.state.mn.us/pca/emissearch.html>.

When monitoring does indicate a problem, the PCA revises its State Implementation Plan for air quality, which is submitted to the EPA. This plan spells out what actions will be taken to ensure that all areas of the state fully comply with air quality standards and regulations.

Other services provided include:

- ◆ continuing to update and improve air quality rules;
- ◆ pursuing mobile source pollution prevention strategies to reduce ozone, air toxics, fine particulate, and climate change pollution;
- ◆ assisting local units of government with monitoring and resolution of noise issues;
- ◆ developing a plan for reducing regional haze and fine particulate matter (e.g., reduce fine particulate emissions from off-road construction equipment); and
- ◆ implementing mercury reduction strategies (e.g., work with industry to promote the voluntary phase-out of mercury in products).

Historical Perspective

One of the major changes in the 1990s CAA was the creation of a national permit program (Title V) for large sources that emit air pollutants. Now that air pollution is managed by this system, permits are issued by states; or when a state fails to carry out the CAA satisfactorily, by EPA. All Title V air quality permits required by the 1990 CAA were to have been issued in Minnesota by 2000.

In Minnesota, about one-third of the permits for major facilities still need to be issued. In addition, these permits are issued for five years, so that some of the first to be issued now need to be renewed. A similar situation exists in many states. When the EPA developed the rules for this program, they underestimated the amount of work involved. The effort required to respond to public concern about controversial facilities was also underestimated. The PCA intends to finish issuing the initial round of permits by the end of 2003.

Last year, for the first time since the 1970s, the PCA had to issue air quality alerts in the Twin Cities due to excessively high levels of ozone (smog) pollution. In addition, there have also been alerts in 2002 for both ozone and particulate matter. Daily air quality readings are available on the PCA web site at <http://aqi.pca.state.mn.us/hourly/>.

The air quality alerts have raised concerns that the Twin Cities area may fall out of compliance with the federal ozone air quality standard. If this were to happen, it will result in extra work for the PCA (developing new rules to control Volatile Organic Compounds (VOC) and Nitrogen Oxides (Nox) emissions) and extra regulations for industry and citizens (i.e., implementation of a new inspection/maintenance program for autos, and imposition of Reasonably Available Control Technology requirements on industry for control of VOC and NOx emissions). A Minnesota Chamber study estimated that the additional effort might cost from \$189 – \$266 million dollars annually.

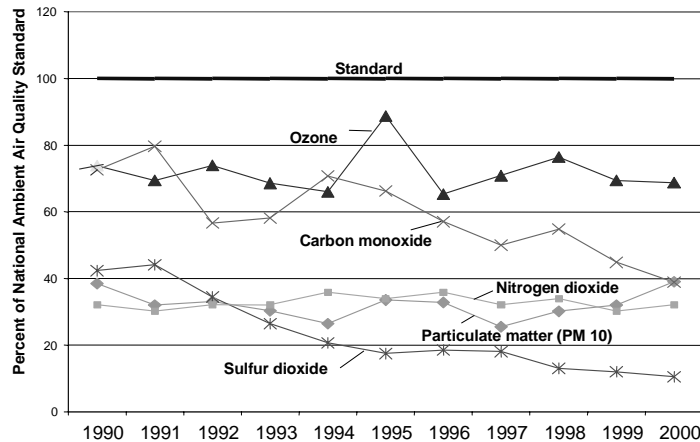
Also of increasing concern is fine particle pollution. The EPA recently issued stricter standards for particles less than 2.5 microns in diameter. Minnesota is expected to meet the new standard. However, a substantial and growing body of scientific literature shows that fine particles in the air cause premature death and increased hospital admissions from heart and respiratory disease, even at levels below the new federal standard. For both ozone and particulate matter, Minnesotans will need to decide on what policy approaches to take to address the potential human health impacts of these emerging pollution problems.

Key Measures

The following graph shows the ambient levels of key air pollutants in the Metropolitan area over the last decade.

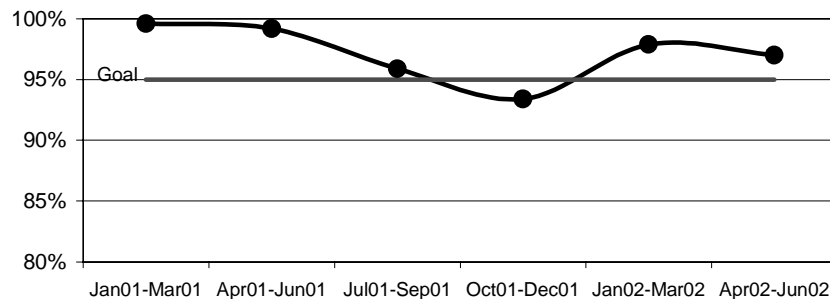
Trends in key air pollutants in the Twin Cities area

1990 – 2000



The graph below shows the compliance rates of major air sources with their air permit requirements.

Air Quality Major Facilities with No Emission Violations



Program Funding

This program is funded by a mix of federal (4%) and state (96%) funds.

Contact

For more information, contact Communications Director Ralph Heussner at (651) 296-6977 or toll-free at 1 (800) 657-3864.

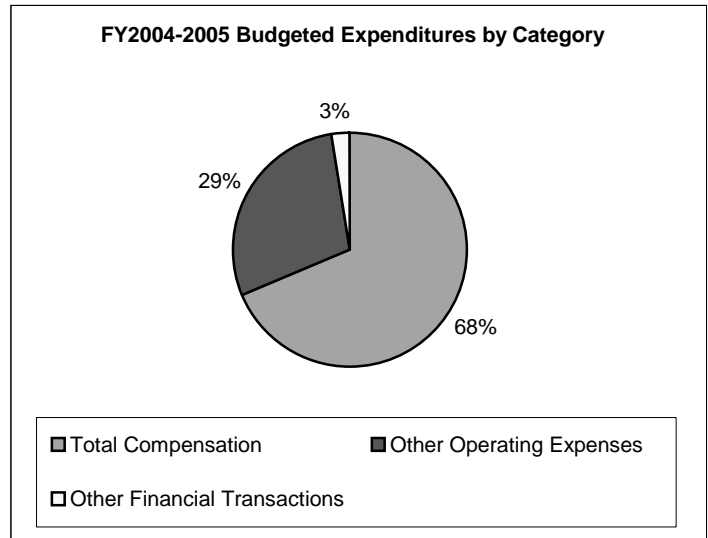
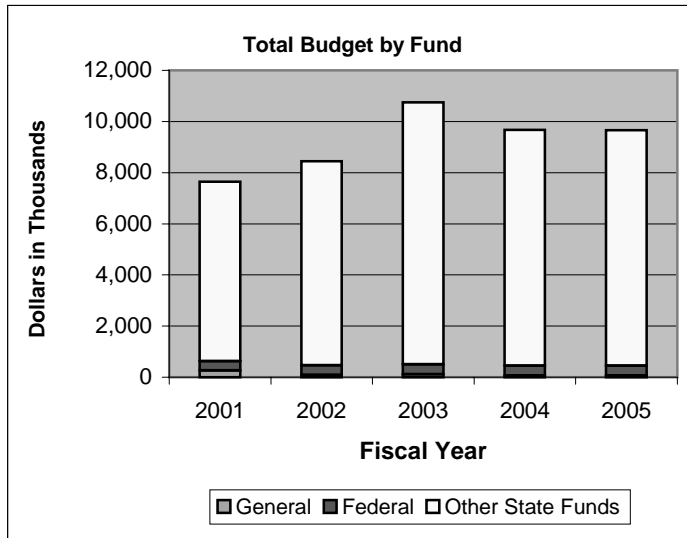
The PCA web site at <http://www.pca.state.mn.us> provides useful information about Minnesota's environment. The types of information available through the site include regulatory news and updates, rules, public notices, PCA initiatives, details about environmental quality and current "hot topics."

For information on how the PCA measures some of its efforts to meet statewide goals, please visit <http://www.departmentresults.state.mn.us>.

POLLUTION CONTROL AGENCY

Program: **AIR**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 261 | 89 | 108 | 62 | 62 | 124 | -73 | -37.1% |
| Environmental | 6,591 | 7,726 | 9,573 | 8,770 | 8,765 | 17,535 | 236 | 1.4% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 160 | 143 | 426 | 194 | 194 | 388 | -181 | -31.8% |
| Federal | 360 | 371 | 393 | 393 | 393 | 786 | 22 | 2.9% |
| Environmental | 278 | 113 | 243 | 250 | 250 | 500 | 144 | 40.4% |
| Total | 7,650 | 8,442 | 10,743 | 9,669 | 9,664 | 19,333 | 148 | 0.8% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|---------------|--------------|--------------|---------------|------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 5,689 | 5,454 | 6,455 | 6,505 | 6,780 | 13,285 | 1,376 | 11.6% |
| Other Operating Expenses | 1,686 | 2,870 | 4,047 | 2,916 | 2,636 | 5,552 | -1,365 | -19.7% |
| Local Assistance | 0 | 6 | 0 | 0 | 0 | 0 | -6 | -100.0% |
| Other Financial Transactions | 275 | 112 | 241 | 248 | 248 | 496 | 143 | 40.5% |
| Total | 7,650 | 8,442 | 10,743 | 9,669 | 9,664 | 19,333 | 148 | 0.8% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|---------------|--------------|--------------|---------------|------------|-------------|
| Expenditures by Activity | | | | | | | | |
| Air | 7,650 | 8,442 | 10,743 | 9,669 | 9,664 | 19,333 | 148 | 0.8% |
| Total | 7,650 | 8,442 | 10,743 | 9,669 | 9,664 | 19,333 | 148 | 0.8% |

| | | | | | | | | |
|---------------------------------|--------------|---------------|--------------|---------------|---------------|---------------|------------|-------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| Environmental | 8,706 | 9,631 | 9,130 | 10,361 | 10,036 | 20,397 | 1,636 | 8.7% |
| Subtotal Non Dedicated | 8,706 | 9,631 | 9,130 | 10,361 | 10,036 | 20,397 | 1,636 | 8.7% |
| Dedicated | | | | | | | | |
| Special Revenue | 135 | 246 | 75 | 75 | 75 | 150 | -171 | -53.3% |
| Federal | 86 | 486 | 0 | 0 | 0 | 0 | -486 | -100.0% |
| Environmental | 225 | 256 | 243 | 243 | 243 | 486 | -13 | -2.6% |
| Subtotal Dedicated | 446 | 988 | 318 | 318 | 318 | 636 | -670 | -51.3% |
| Total Revenue | 9,152 | 10,619 | 9,448 | 10,679 | 10,354 | 21,033 | 966 | 4.8% |

POLLUTION CONTROL AGENCY

Program: **AIR**

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------------|--------------------------|--------------------------|----------------------------|------------------------|---------------|-----------------------------|--------------------------------------|----------------|
| Full-Time Equivalents (FTE) | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 Dollars | Percent |
| | 92.2 | 79.2 | 93.4 | 88.4 | 88.3 | | | |

Program Description

Clean and useable land is important to the environmental, social, and economic welfare of Minnesota. The purpose of the Pollution Control Agency's (PCA) land program is to protect the environment, public health, and quality of life of all citizens by cleaning up contaminated land sites and preventing future contamination.

The PCA's integrated system of land program activities is designed to ensure that hazardous materials, petroleum products, and solid wastes are managed properly throughout the life-cycle of their use, transport, and disposal. Through this system, the PCA seeks to:

- ◆ develop and maintain state and local capabilities to clean up spills of hazardous materials and petroleum products, due to accidents or natural disasters;
- ◆ develop capabilities to respond to spread of hazardous materials due to epidemics or terrorist actions;
- ◆ ensure proper shipping, handling, and storage of hazardous materials and bulk petroleum products;
- ◆ ensure proper disposal of wastes; and
- ◆ clean up, or provide incentives for voluntary cleanup of hazardous waste, petroleum, and solid waste releases which occurred before preventative land program authorities had been established.

Program at a Glance

- ◆ Cleanup programs: to address hazardous waste and petroleum product releases:
 - ⇒ Superfund
 - ⇒ Voluntary Investigation and Cleanup (VIC)
 - ⇒ Voluntary Petroleum Investigation and Cleanup (VPIC)
 - ⇒ Leaking Underground Storage Tanks (LUST)
- ◆ Storage tank leak prevention through training and regulation;
- ◆ Closed landfill remediation and maintenance;
- ◆ Emergency response to pollutant spills; and
- ◆ Solid waste and hazardous waste permitting, compliance determination, and enforcement.

Population Served

Because this program serves to protect Minnesotans from harmful effects of contaminated land and ground water, it serves all citizens of the state. Furthermore, it specifically serves those people that live in the vicinity of a contaminated site, a spill incident or a facility that stores petroleum products, or hazardous materials:

The program also regulates a large and diverse array of businesses and industries in Minnesota. The list below provides a snapshot of those being served by PCA land programs:

- ◆ hazardous waste related businesses and industries; including 9,000 hazardous waste handlers, about 30 treatment, storage and disposal facilities, 80 large quantity generators, 450 small quantity generators, and 8,500 very small quantity generators;
- ◆ solid waste facilities, with 28 permitted facilities owned by business or municipalities;
- ◆ business, industry, or citizen-owned leaking underground tank sites, with 2,400 - 2,500 investigations or cleanups addressed annually and 11,500 total sites cleaned up by end of FY 2002;
- ◆ citizens and businesses, with 2,300 emergency spills reported annually;
- ◆ parties responsible for 97 active Superfund sites, with 132 sites already cleaned up; and
- ◆ industry, with about 200 voluntary investigation and cleanup applications that are reviewed and processed annually.

Services Provided

Prevention:

- ⇒ The PCA conducts regulatory and training programs to prevent the release of petroleum, solid waste, and hazardous waste to Minnesota's soil, ground water and surface water, protecting public health and the environment.
- ⇒ The PCA licenses hazardous waste handlers and monitors hazardous wastes "cradle to grave" via a computerized system and in cooperation with metropolitan counties.
- ⇒ The PCA issues permits to and inspects solid waste, hazardous waste, and large aboveground storage tank facilities, and completes follow-up with enforcement action as necessary.

Cleanup:

- ⇒ The PCA oversees investigations and corrective actions by responsible parties at release sites and provides expedited assistance when requested.
- ⇒ At release sites where a responsible person is not found or the responsible person is uncooperative, the PCA hires contractors to conduct site investigations and complete risk-based corrective actions.
- ⇒ When natural disasters strike, the PCA oversees disposal of debris and is currently preparing for debris management resulting from potential terrorist activities.
- ⇒ The PCA assists developers in returning contaminated sites to productive use through its voluntary investigation and cleanup programs.
- ⇒ The PCA hires contractors to conduct cleanups at 107 closed landfills; and when possible, the PCA recovers the cost of Closed Landfill Program cleanups from insurance policies held by the landfill owners.
- ⇒ The PCA works with the state's Petroleum Board to provide financial reimbursements to responsible parties conducting approved cleanups at petroleum leak sites.

Historical Perspective

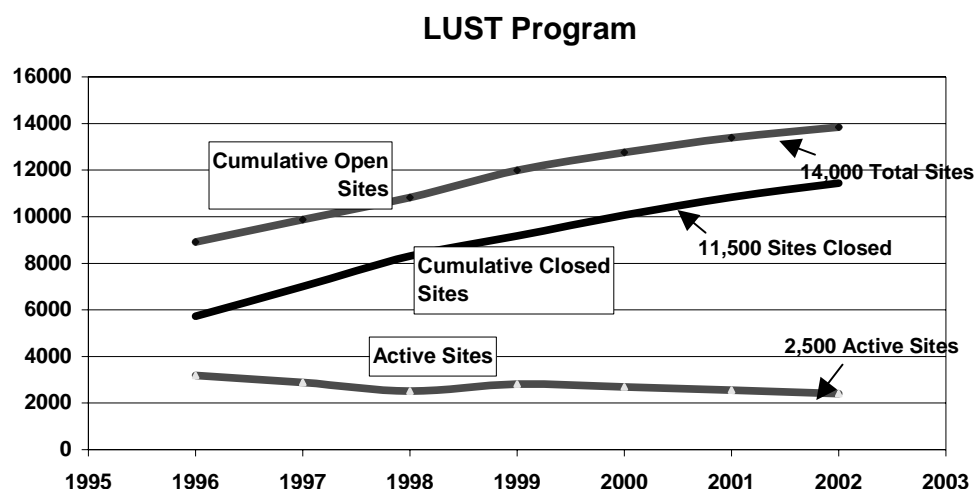
In the past, thousands of locations across the state posed acute or potential risks due to spilling, dumping, or poor management of wastes and petroleum products. From the mid-1970s through the mid-1990s, Congress and the Minnesota Legislature provided a range of legal authorities to the PCA to ensure that these risks to the environment and citizens were eliminated or controlled. Now, due to the network of land program activities within the PCA, risks from contaminant releases to the land have been largely eliminated or controlled, and an infrastructure exists to ensure that they remain so.

Reductions in federal and state funding have left the PCA with many challenges related to the operation and management of the Hazardous Waste (HW) Program. The HW Program has fulfilled its original purpose of keeping waste from large handlers out of the environment. However, mismanagement by smaller generators continues to be a problem. The challenge now is to maintain past gains with large facilities while improving hazardous waste management by small generators.

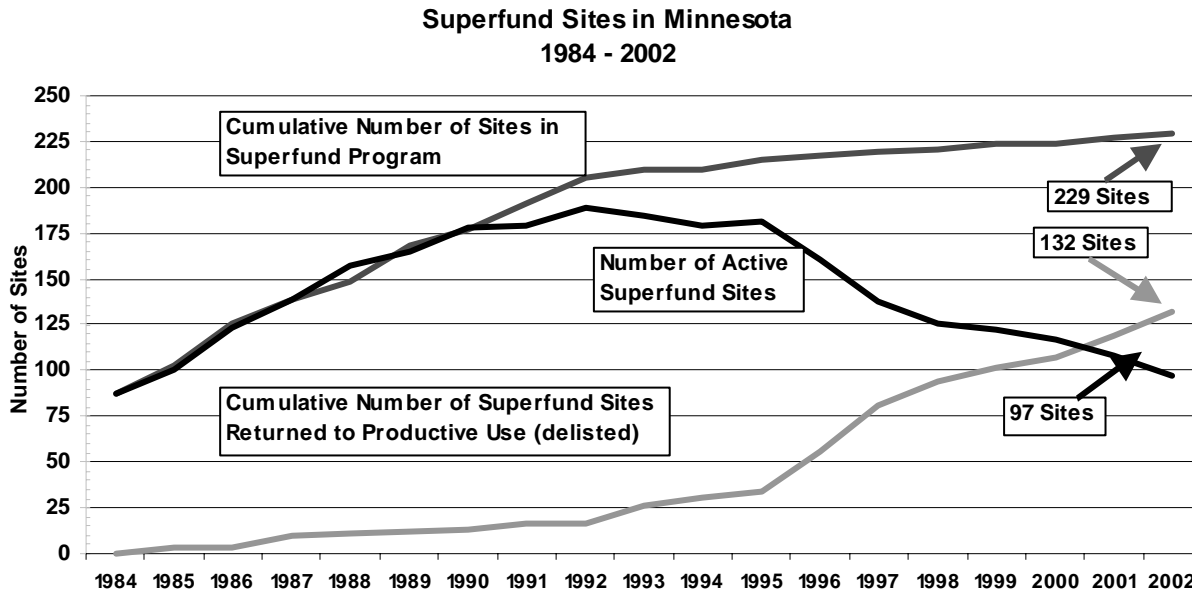
The PCA continues to make significant progress cleaning up contaminated sites through five remediation programs: Superfund Program, VIC Program, Resource Recovery and Conservation Act Corrective Action Program, Closed Landfill Program, and LUST Program. More details about these programs are available on the PCA web site at <http://www.pca.state.mn.us/cleanup/index.html>.

Key Measures

The following graph shows the PCA and regulated community progress over the last seven years in addressing LUST release sites.



The graph below shows the progress of the Superfund Program, over the last 16 years, in cleaning up hazardous waste contaminated sites in the state.



The graph below shows the compliance rate of hazardous waste handlers that have been inspected by the PCA.



Program Funding

This program is funded by a mix of federal (9%) and state (91%) funds.

Contact

For more information, contact Communications Director Ralph Heussner at (651) 296-6977 or toll-free at 1 (800) 657-3864.

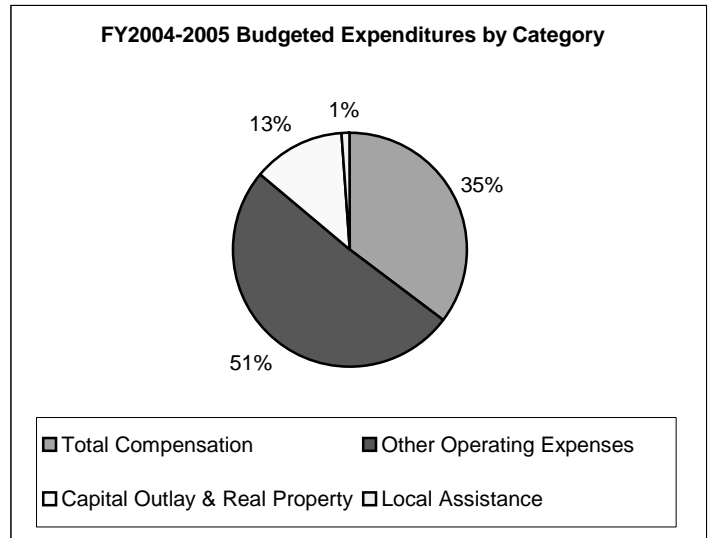
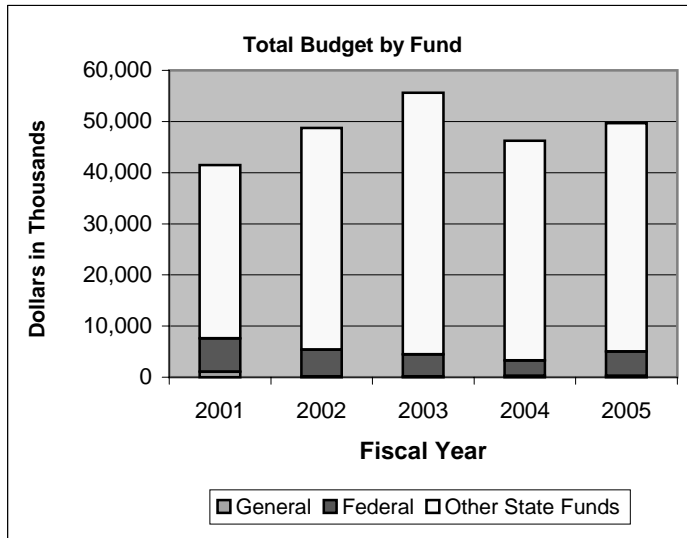
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For information on how this agency measures some of its efforts to meet statewide goals, please visit <http://www.departmentresults.state.mn.us>.

POLLUTION CONTROL AGENCY

Program: **LAND**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 1,075 | 97 | 96 | 224 | 224 | 448 | 255 | 132.1% |
| Minnesota Resources | 50 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Petroleum Tank Release Cleanup | 5,088 | 3,204 | 3,923 | 3,616 | 3,616 | 7,232 | 105 | 1.5% |
| Environmental | 9,235 | 6,917 | 7,850 | 7,570 | 7,563 | 15,133 | 366 | 2.5% |
| Metro Landfill Contingency | 0 | 1,000 | 0 | 0 | 0 | 0 | -1,000 | -100.0% |
| Solid Waste | 5,174 | 7,295 | 8,993 | 7,429 | 7,429 | 14,858 | -1,430 | -8.8% |
| Open Appropriations | | | | | | | | |
| Solid Waste | 4,294 | 6,497 | 7,000 | 4,998 | 7,000 | 11,998 | -1,499 | -11.1% |
| Statutory Appropriations | | | | | | | | |
| Petroleum Tank Release Cleanup | 0 | 2,969 | 3,922 | 3,897 | 3,897 | 7,794 | 903 | 13.1% |
| Special Revenue | 454 | 698 | 375 | 370 | 370 | 740 | -333 | -31.0% |
| Federal | 6,522 | 5,256 | 4,346 | 3,022 | 4,800 | 7,822 | -1,780 | -18.5% |
| Environmental | 521 | 3,639 | 7,144 | 2,300 | 1,606 | 3,906 | -6,877 | -63.8% |
| Metro Landfill Contingency | 0 | 627 | 250 | 5,400 | 0 | 5,400 | 4,523 | 515.7% |
| Solid Waste | 9,085 | 10,560 | 11,740 | 7,406 | 13,158 | 20,564 | -1,736 | -7.8% |
| Total | 41,498 | 48,759 | 55,639 | 46,232 | 49,663 | 95,895 | -8,503 | -8.1% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 16,126 | 14,714 | 16,076 | 16,467 | 17,015 | 33,482 | 2,692 | 8.7% |
| Other Operating Expenses | 19,360 | 28,204 | 31,548 | 26,151 | 22,324 | 48,475 | -11,277 | -18.9% |
| Capital Outlay & Real Property | 3,743 | 3,740 | 6,762 | 2,780 | 9,490 | 12,270 | 1,768 | 16.8% |
| Local Assistance | 2,269 | 2,101 | 1,200 | 500 | 500 | 1,000 | -2,301 | -69.7% |
| Other Financial Transactions | 0 | 0 | 53 | 0 | 0 | 0 | -53 | -100.0% |
| Transfers | 0 | 0 | 0 | 334 | 334 | 668 | 668 | n.m |
| Total | 41,498 | 48,759 | 55,639 | 46,232 | 49,663 | 95,895 | -8,503 | -8.1% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Expenditures by Activity | | | | | | | | |
| Land | 41,498 | 48,759 | 55,639 | 46,232 | 49,663 | 95,895 | -8,503 | -8.1% |
| Total | 41,498 | 48,759 | 55,639 | 46,232 | 49,663 | 95,895 | -8,503 | -8.1% |

POLLUTION CONTROL AGENCY

Program: **LAND**

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------------|---------------|---------------|-----------------|---------------|---------------|-----------------|--------------------------|----------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Revenue by Type and Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Non Dedicated | | | | | | | | |
| General | 0 | 16 | 6 | 6 | 6 | 12 | -10 | -45.5% |
| Petroleum Tank Release Cleanup | 120 | 54 | 58 | 48 | 48 | 96 | -16 | -14.3% |
| Cambridge Deposit Fund | 8 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Environmental | 2,958 | 2,556 | 2,942 | 2,752 | 2,752 | 5,504 | 6 | 0.1% |
| Metro Landfill Contingency | 220 | 440 | 273 | 515 | 363 | 878 | 165 | 23.1% |
| Solid Waste | 4,032 | 2,742 | 1,560 | 2,148 | 1,232 | 3,380 | -922 | -21.4% |
| Subtotal Non Dedicated | 7,338 | 5,808 | 4,839 | 5,469 | 4,401 | 9,870 | -777 | -7.3% |
| Dedicated | | | | | | | | |
| Special Revenue | 582 | 599 | 325 | 370 | 370 | 740 | -184 | -19.9% |
| Federal | 6,243 | 5,420 | 4,074 | 3,027 | 4,800 | 7,827 | -1,667 | -17.6% |
| Environmental | 1,810 | 1,927 | 1,750 | 1,850 | 1,850 | 3,700 | 23 | 0.6% |
| Subtotal Dedicated | 8,635 | 7,946 | 6,149 | 5,247 | 7,020 | 12,267 | -1,828 | -13.0% |
| Total Revenue | 15,973 | 13,754 | 10,988 | 10,716 | 11,421 | 22,137 | -2,605 | -10.5% |
| | | | | | | | | |
| Full-Time Equivalents (FTE) | 256.4 | 221.7 | 227.3 | 223.9 | 225.4 | | | |

Program Description

Multimedia activities provide scientific and technical support to staff throughout the Pollution Control Agency's (PCA's) air, land and water programs. This support allows PCA to properly regulate Minnesota citizens and businesses and effectively clean up contaminated sites. This staff assesses the impacts of pollutants on all media — air, water, land — rather than each in isolation. This program collects data on environmental conditions and presents the data in a form that is useful to PCA, policy makers, and the public.

Multimedia program staff evaluate the environmental risk of proposed projects, and identify pollution trends and emerging environmental issues. Multimedia activities include maintaining authorization to run federal programs, enacting new rules and seeking statutory changes as needed. Training in all state and federal requirements provided to regulated parties enables them to do their part in protecting and improving the environment.

Program at a Glance

- ◆ Policy evaluation and development
- ◆ Environmental review of proposed projects
- ◆ Training of the regulated community
- ◆ Assessments for impact on the environment to support regulatory and cleanup project decisions by PCA programs: monitoring oversight, discharge standards, effluent limits, air quality modeling review, risk assessment, ecological risk assessment, fish kill investigations, and others
- ◆ Mercury reduction strategies

Population Served

- ⇒ Area residents benefit from assessments for impact on the environment that have been completed (discharge standards, effluent limits, air quality modeling review, risk assessment, ecological risk assessment, fish kill investigations, and others).
- ⇒ Local citizens and decision-makers at all levels of government use the information contained in reports that analyze monitoring data collected at 500 monitoring sites operated by the PCA.
- ⇒ Parties regulated by the PCA receive training — 3,060 people received training in 2002.
- ⇒ Industry receives assistance on pollution prevention and innovation projects.
- ⇒ Members of the public are given the opportunity to express their opinions during customer research efforts, such as the survey in which 1,600 citizens and 2,400 stakeholders were asked their opinions on various funding options for environmental protection activities.

Services Provided

Multimedia environmental activities include the following services:

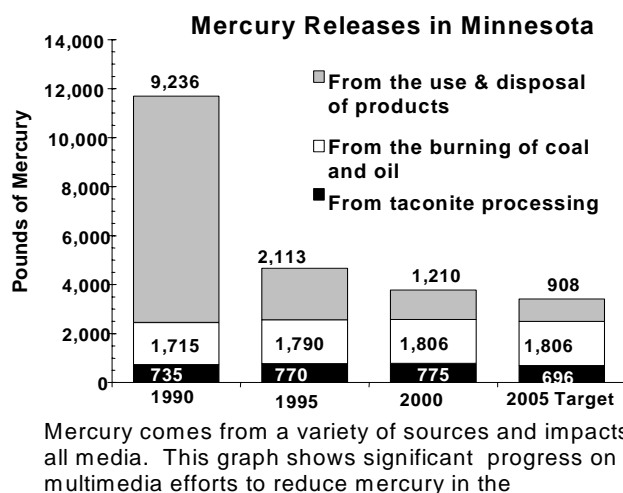
- ◆ analyzing environmental data on the condition of the environment and the stressors that impact it to describe trends, and processing the data in a way that is of value to PCA, policy makers and citizens;
- ◆ using critical data to set standards in water, air and land to protect Minnesota's resources (These standards are used to assess and identify pollution, help set priorities for treatment and cleanup actions, and set discharge and emission limits. One approach in standards development is setting Total Maximum Daily Loads [TMDLs] that can go into an impaired water body, an approach which identifies sources of pollutants and how much each source must reduce its contribution to a water body in order to meet water quality standards. A list of impaired water bodies was prepared based on monitoring data.);
- ◆ conducting risk evaluations and providing technical support to regulatory activities;
- ◆ providing data analysis and developing reduction and prevention strategies that focus on preventing pollution from occurring;
- ◆ conducting environmental assessments that help affected persons understand the potential impact of a proposed project;
- ◆ conducting public participation efforts aimed at learning the environmental values and views of citizens;
- ◆ developing intervention strategies to correct undesirable environmental conditions;
- ◆ developing administrative and technical rules to meet minimum federal program standards to maintain state authorization to run federal programs and to address environmental issues;
- ◆ protecting Minnesota's citizens and their environment (four rules were completed over the past two years, and 20 are currently in development);

- ◆ completing environmental reviews, which allowed permittees, including local government, to initiate requested projects (54 environmental reviews were completed over the past two years); and
- ◆ implementing the Mercury Reduction Initiative and other mercury control programs.

Historical Perspective

The PCA has made good progress in environmental protection since the 1960s and continues to maintain ongoing regulatory activities. Minnesotans now need to address the next generation of environmental challenges—everyday human activities, the cumulative effects of which present significant environmental problems. Addressing these issues presents the need for new approaches to solving and preventing problems. Staff is able to provide data and information to support environmental permitting and cleanup decisions as well as to develop intervention, reduction, and prevention strategies for whatever issues arise.

Key Measures



Scientific/Technical evaluations to help PCA decide on regulatory limits and cleanup plans

- ◆ 17 air toxics reviews
- ◆ 65 air dispersion model results to develop air quality permit limits
- ◆ 45 remediation project assessments for human health and ecological impacts
- ◆ 366 effluent limit reviews to develop water quality permit limits

Program Funding

This program is funded by a mix of federal (62%) and state (38%) funds.

Contact

For more information, contact Ralph Heussner, Communications Director at (651) 296-6977 or toll-free at 1 (800) 657-3864.

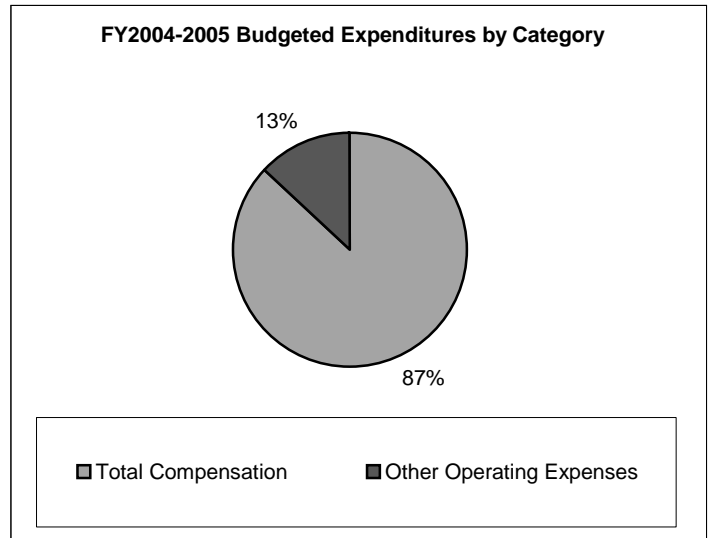
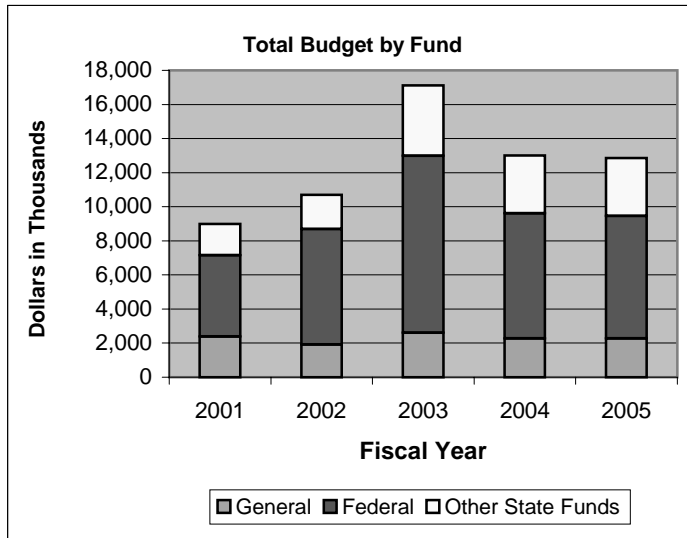
The PCA web site at <http://www.pca.state.mn.us> provides useful information about Minnesota's environment. The types of information available through the site include regulatory news and updates, rules, public notices, agency initiatives, details about environmental quality, and current "hot topics."

For information on how this agency measures some of its efforts to meet statewide goals, please visit <http://www.departmentresults.state.mn.us>.

POLLUTION CONTROL AGENCY

Program: MULTIMEDIA

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 2,379 | 1,910 | 2,611 | 2,265 | 2,265 | 4,530 | 9 | 0.2% |
| Environmental | 1,756 | 1,723 | 2,603 | 2,036 | 2,041 | 4,077 | -249 | -5.8% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 81 | 280 | 1,533 | 1,359 | 1,359 | 2,718 | 905 | 49.9% |
| Federal | 4,769 | 6,787 | 10,374 | 7,341 | 7,198 | 14,539 | -2,622 | -15.3% |
| Total | 8,985 | 10,700 | 17,121 | 13,001 | 12,863 | 25,864 | -1,957 | -7.0% |

| | | | | | | | | |
|---------------------------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 6,731 | 8,355 | 11,125 | 11,201 | 11,192 | 22,393 | 2,913 | 15.0% |
| Other Operating Expenses | 1,634 | 2,077 | 5,715 | 1,757 | 1,628 | 3,385 | -4,407 | -56.6% |
| Local Assistance | 620 | 268 | 281 | 43 | 43 | 86 | -463 | -84.3% |
| Total | 8,985 | 10,700 | 17,121 | 13,001 | 12,863 | 25,864 | -1,957 | -7.0% |

| | | | | | | | | |
|---------------------------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Expenditures by Activity | | | | | | | | |
| Multimedia | 8,985 | 10,700 | 17,121 | 13,001 | 12,863 | 25,864 | -1,957 | -7.0% |
| Total | 8,985 | 10,700 | 17,121 | 13,001 | 12,863 | 25,864 | -1,957 | -7.0% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|---------------|--------------|--------------|---------------|-------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 0 | 551 | 300 | 300 | 300 | 600 | -251 | -29.5% |
| Cambridge Deposit Fund | 988 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Environmental | 0 | 9 | 210 | 10 | 10 | 20 | -199 | -90.9% |
| Subtotal Non Dedicated | 988 | 560 | 510 | 310 | 310 | 620 | -450 | -42.1% |
| Dedicated | | | | | | | | |
| Special Revenue | 161 | 375 | 1,454 | 1,478 | 1,478 | 2,956 | 1,127 | 61.6% |
| Federal | 6,664 | 6,507 | 9,898 | 7,708 | 7,565 | 15,273 | -1,132 | -6.9% |
| Subtotal Dedicated | 6,825 | 6,882 | 11,352 | 9,186 | 9,043 | 18,229 | -5 | 0.0% |
| Total Revenue | 7,813 | 7,442 | 11,862 | 9,496 | 9,353 | 18,849 | -455 | -2.4% |

Full-Time Equivalents (FTE) **107.8** **126.7** **160.9** **152.8** **146.5**

Program Description

The activities and services included in this program include the Commissioner's Office, the Citizens' Board, fiscal management, human resources management, information systems management, organizational development and training, communications services and business systems. The Administrative Support program provides leadership and policy direction, through the Commissioner's Office, and agency-wide program coordination and support for the delivery of environmental programs in St. Paul and offices located throughout the state.

Population Served

This program serves the general public by leading the development of environmental goals and priorities for the state. The Citizens' Board serves individuals and groups of citizens, representatives of local units of government, industries, and industrial organizations as they make environmental decisions. The general public and individual citizens are also served through Information Systems and Communication Services as people search the Pollution Control Agency (PCA) web site, read publications produced, or participate in public meetings. It also provides management systems and services to support implementation of all PCA programs.

Program at a Glance

- ◆ The PCA Citizens' Board sets policy and resolves certain controversial matters in the PCA's regulatory work.
- ◆ The Commissioner's Office leads the work of the PCA.
- ◆ Fiscal Services, Business Systems, Human Resources, Organizational Development and Training, Information Systems, and Communication Services support all program operations of the PCA.

Services Provided

The PCA commissioner, along with the deputy and assistant commissioners, leads and directs the work of the PCA. The Commissioner's Office also provides leadership in implementing business and management practices in order to provide effective and efficient environmental programs. This approach relies on strategic planning, process design, and performance measurement. Minnesota ranked third in the 2001 State of the States report by the Resource Renewal Institute, which ranks states efforts in protecting the nation's environment and fostering sustainable growth.

- ⇒ The Citizens' Board sets agency policy and makes decisions on varied and complex pollution problems. The Board provides a venue for the public to participate in key environmental decisions.
- ⇒ Communications Services support agency programs by providing public information, media relations, community involvement, coordination of public hearing events, and publication management.
- ⇒ The Customer Assistance Center provides answers to the most commonly asked questions from regulated parties and the public in a timely manner.
- ⇒ Information Systems keep the PCA tied to the world electronically. Large volumes of data are stored and made available to agency staff for environmental assessment, permit writing, compliance determination and enforcement. Information is also made available to the public in report form through web access. The web is also an important link for PCA clientele to conduct business with the agency. This requires effective, well-maintained systems.
- ⇒ Cost effective and environmentally sound business solutions meet the agency's business needs and model effective environmental business practices. This is seen in the purchase of alternative technology vehicles, purchase of office supplies that have been made with recycled materials (green procurement), and implementing recycling processes to reduce waste generation. In FY 2000, 74% of waste from the PCA was recycled.
- ⇒ Funds are expended as appropriated, managed according to general government accounting practices, and paid in a timely and accurate way to vendors.
- ⇒ Human Resources and Organizational Development and Training provide support to PCA leaders in human resource issues, in the assessment of individual and group development needs, and how to fill those needs for 730 staff.

Historical Perspective

"During the past decade, PCA has experienced a variety of funding challenges. The agency's water and hazardous waste fee revenues have not kept pace with inflation, and legislators have had to transfer money into these fee accounts on many occasions to address potential deficits. Water quality fees have not increased since 1992, and several PCA proposals for fee increases have not been enacted by the legislature. Meanwhile, cost increases have strained PCA's staffing resources." (Excerpt from State of Minnesota Office of the Legislative Auditor, Program Evaluation Report, Minnesota Pollution Control Agency Funding, January 2002, Summary p. x) <http://www.auditor.leg.state.mn.us/ped/2002/pe0202.htm>.

The PCA web site was released in January 1997. Since that date the site has experienced a continuing increase in size, complexity, and use. In addition to general environmental information, the web site also provides electronic government services to a variety of PCA customers. Citizens participating in the Citizens Lake Monitoring Program can directly enter their monitoring results on the web site.

The PCA historically distributed 14 separate newsletters to regulated parties throughout the state. It was no longer possible to continue staffing or funding the 14 newsletters, so the technical assistance and trend information was consolidated into a single quarterly magazine, "Minnesota Environment."

Key Measures

- ⇒ Fee revenues are collected from approximately 6,300 fee payers at a collection rate of 99.5%.
- ⇒ The PCA provides information to Minnesota citizens.
 - ◆ The quarterly "Minnesota Environment" magazine is mailed to 26,000 subscribers.
 - ◆ In 2001, there were 14,528,574 hits on the PCA web site, up from 8,769,791 in 1999.
 - ◆ The Customer Assistance Center responded to 8,786 inquiries in 2001 with 99% of the responses made within 24 hours.
 - ◆ An estimated 80,000 citizens visited the PCA state fair booth which focused on transportation and energy impacts on air quality.
- ⇒ The PCA exceeded the federal standard that requires state agencies to acquire 75% of light duty vehicles annually as alternative fuel vehicles.

Program Funding

This program is funded by a mix of federal (36%) and state (64%) funds.

Contact

For more information, contact Ralph Heussner, Communications Director at (651) 296-6977 or toll-free at 1 (800) 657-3864.

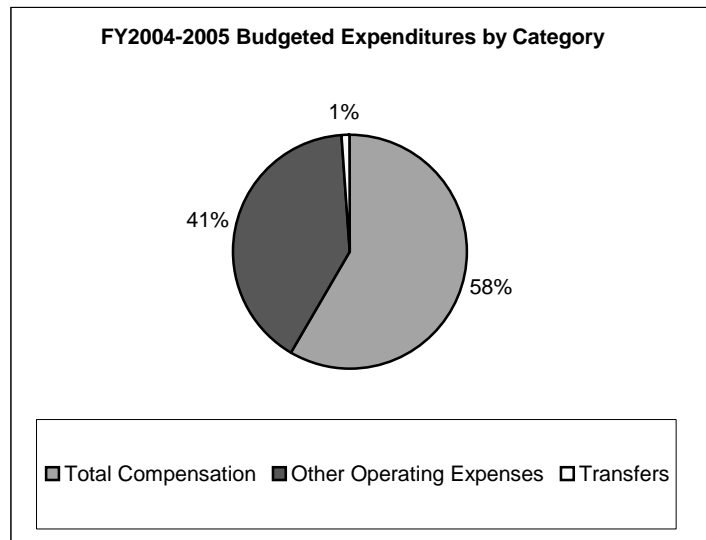
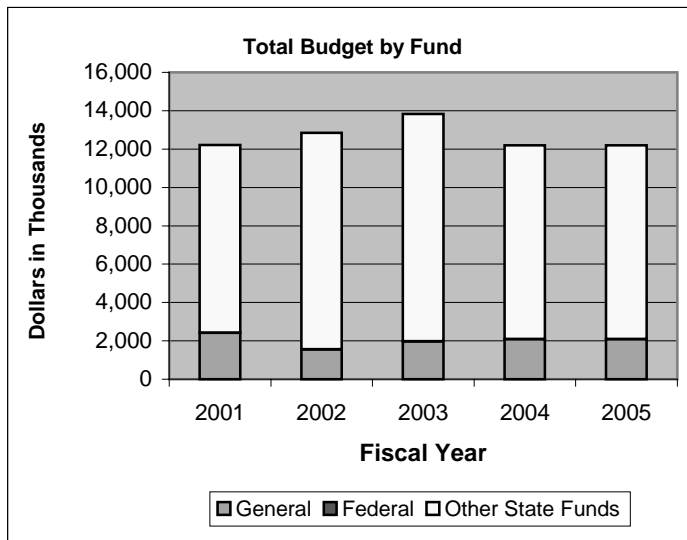
The PCA web site at <http://www.pca.state.mn.us> provides useful information about the Minnesota's environment. The types of information available through the site include

For information on how this agency measures some of its efforts to meet statewide goals, please visit <http://www.departmentresults.state.mn.us>.

POLLUTION CONTROL AGENCY

Program: **ADMINISTRATIVE SUPPORT**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | | |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|-----------------|-------------------|--------------|
| | Actual | Actual | Budgeted | Base | Biennium | Biennial Change | | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | 2004-05 / 2002-03 | |
| Direct Appropriations | | | | | | | | |
| General | 2,420 | 1,559 | 1,965 | 2,087 | 2,087 | 4,174 | 650 | 18.4% |
| Petroleum Tank Release Cleanup | 661 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Environmental | 4,462 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Solid Waste | 1,877 | 362 | 0 | 0 | 0 | 0 | -362 | -100.0% |
| Statutory Appropriations | | | | | | | | |
| State Government Special Revenue | 1 | 1 | 1 | 1 | 1 | 2 | 0 | 0.0% |
| Special Revenue | 2,390 | 10,650 | 11,554 | 9,800 | 9,800 | 19,600 | -2,604 | -11.7% |
| Environmental | 230 | 173 | 191 | 191 | 191 | 382 | 18 | 4.9% |
| Solid Waste | 164 | 101 | 112 | 112 | 112 | 224 | 11 | 5.2% |
| Total | 12,205 | 12,846 | 13,823 | 12,191 | 12,191 | 24,382 | -2,287 | -8.6% |

| Expenditures by Category | | | | | | | | |
|--------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Total Compensation | 6,110 | 6,033 | 6,658 | 6,965 | 7,228 | 14,193 | 1,502 | 11.8% |
| Other Operating Expenses | 6,095 | 6,813 | 7,165 | 5,084 | 4,821 | 9,905 | -4,073 | -29.1% |
| Transfers | 0 | 0 | 0 | 142 | 142 | 284 | 284 | n.m |
| Total | 12,205 | 12,846 | 13,823 | 12,191 | 12,191 | 24,382 | -2,287 | -8.6% |

| Expenditures by Activity | | | | | | | | |
|--------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Administrative Support | 12,205 | 12,846 | 13,823 | 12,191 | 12,191 | 24,382 | -2,287 | -8.6% |
| Total | 12,205 | 12,846 | 13,823 | 12,191 | 12,191 | 24,382 | -2,287 | -8.6% |

POLLUTION CONTROL AGENCY

Program: **ADMINISTRATIVE SUPPORT**

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------------|--------------------------|--------------------------|----------------------------|---------------|---------------|-----------------------------|--|----------------|
| | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base | | Biennium 2004-05 | Dollars | Percent |
| Revenue by Type and Fund | | | | FY2004 | FY2005 | | | |
| Non Dedicated | | | | | | | | |
| General | 9 | 8 | 0 | 0 | 0 | 0 | -8 | -100.0% |
| Cambridge Deposit Fund | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 11 | 8 | 0 | 0 | 0 | 0 | -8 | -100.0% |
| Dedicated | | | | | | | | |
| Special Revenue | 3,264 | 9,013 | 11,350 | 9,800 | 9,800 | 19,600 | -763 | -3.7% |
| Environmental | 1,026 | 140 | 332 | 236 | 183 | 419 | -53 | -11.2% |
| Subtotal Dedicated | 4,290 | 9,153 | 11,682 | 10,036 | 9,983 | 20,019 | -816 | -3.9% |
| Total Revenue | 4,301 | 9,161 | 11,682 | 10,036 | 9,983 | 20,019 | -824 | -4.0% |
| | | | | | | | | |
| Full-Time Equivalents (FTE) | 95.2 | 83.1 | 93.9 | 93.9 | 93.8 | | | |

Agency Purpose

The Private Detective and Protective Agent Services Board is the *regulatory* agency for investigative and protective (security) services in the state (M.S. 326.32-339). The board is responsible for the licensing of investigative and protective service providers. The licensing process directs the board to:

- ◆ ensure *competency* of service providers;
- ◆ manage regulatory *compliance*;
- ◆ demonstrate *vision* concerning the trends of these professional services to enhance the regulatory program and procedures.

With national tragic events that occurred, there is a call for a broader preparedness. The board continues to strive to protect the public through comprehensive licensing of these very visible, preventative and responsive services that are of assistance to government public safety services.

Core Functions

The board maintains regulatory standards in the management of licensing and training program compliance through these core functions:

- ⇒ Regulate private investigative and protective services.
- ⇒ Monitor program for stands compliance.
- ⇒ Enforce regulatory statute compliance.

Functions supporting operational goals:

- ⇒ Critical review of license candidates.
- ⇒ Issue licenses to those deemed competent.
- ⇒ Monitor statutory compliance with licensing and training.
- ⇒ Evaluate mandatory training proposal and compliance by licensees.
- ⇒ Respond to complaints.
- ⇒ Educate the public, business and law enforcement concerning licensing.

Operations

The board has a broad customer base. Primary service obligations are to the public, license holders and applicants, training providers, businesses, law enforcement agencies and employees of license holders.

The board executes decisions concerning licensing, training and discipline. Staff personnel manage and administer the regulatory, training, compliance, complaint response, and educational element of the regulatory program.

Key Measures

- ⇒ There is an increased need for investigative and security services who act in the interest of public safety. There are larger numbers of individuals seeking these fields as an employment source.
- ⇒ Increased visibility and use of licensed services raise the potential for abuse.
- ⇒ Growing demands, expectation and reliance on license holders raises the “professional bar” of investigative and security services.
- ⇒ Dependence on these services, in matters of public safety, calls for focus on mandatory training requirements.

At A Glance

Two-Year State Budget:

\$292,000 General Fund – fee supported program.

Annual Business Processes:

Over 300 licenses for investigative and security services managed and monitored.

Over 40 new investigative and protective licenses issued.

Over 130 investigative and protective licenses reissued.

Training program review and approval for 50 training providers of mandatory training of 70 initial and continuing training and over 20 armed courses.

Budget

The board's 2002-03 budget total is \$292,000. Agency staff includes two full time equivalent employees.

Of the total budget for the biennium, board funding comes from an appropriation from the General Fund. Fee and penalty revenues collected by the board are deposited into the General Fund as a non-dedicated receipt.

Contact

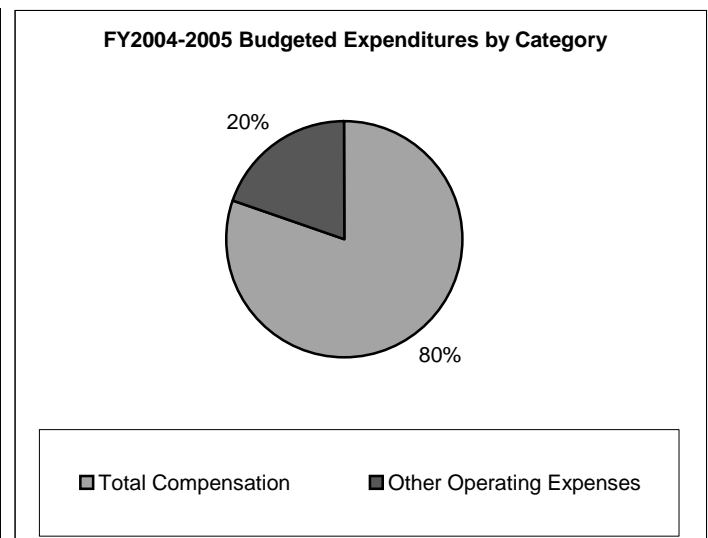
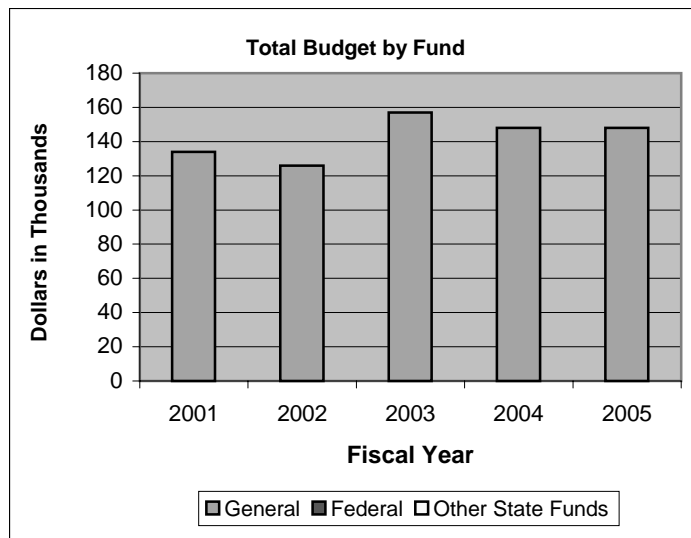
Private Detective & Protective Agent Services Board
445 Minnesota Street
St. Paul, Minnesota 55101-5530

World Wide Web Home Page: <http://www.dps.state.mn.us/pdb/>

Marie Ohman, Executive Director

Phone: (651) 215-1753

Fax: (651) 296-7096



| <i>Dollars in Thousands</i> | | | | | | | | |
|------------------------------|------------|------------|------------|------------|------------|------------|-------------------|-------------|
| | Actual | Actual | Budgeted | Base | | Biennium | Biennial Change | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | 2004-05 / 2002-03 | |
| | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 134 | 126 | 157 | 148 | 148 | 296 | 13 | 4.6% |
| Total | 134 | 126 | 157 | 148 | 148 | 296 | 13 | 4.6% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|-----------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 99 | 105 | 112 | 117 | 121 | 238 | 21 | 9.7% |
| Other Operating Expenses | 35 | 21 | 45 | 31 | 27 | 58 | -8 | -12.1% |
| Total | 134 | 126 | 157 | 148 | 148 | 296 | 13 | 4.6% |

| | | | | | | | | |
|--------------------------------|------------|------------|------------|------------|------------|------------|-----------|-------------|
| Expenditures by Program | | | | | | | | |
| Priv Detect/Protect Agents Bd | 134 | 126 | 157 | 148 | 148 | 296 | 13 | 4.6% |
| Total | 134 | 126 | 157 | 148 | 148 | 296 | 13 | 4.6% |

| | | | | | | | | |
|---------------------------------|-----------|------------|------------|------------|------------|------------|----------|-------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 0 | 129 | 130 | 130 | 130 | 260 | 1 | 0.4% |
| Cambridge Deposit Fund | 99 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 99 | 129 | 130 | 130 | 130 | 260 | 1 | 0.4% |
| Total Revenue | 99 | 129 | 130 | 130 | 130 | 260 | 1 | 0.4% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 |
|------------------------------------|------------|------------|------------|------------|------------|

Agency Purpose

The Board of Psychology is the agency of the state that licenses and regulates licensed psychologists (LP) and licensed psychological practitioners (LPP), under the authority of M.S. 148.88-148.98 and related rules.

The mission of the board is to protect the public from the practice of psychology by unqualified persons and from unethical and unprofessional conduct by persons licensed to practice psychology.

Core Functions

The board accomplishes its mission by:

- ◆ reviewing applicant's education and training for compliance with board requirements for licensure;
- ◆ requiring that applicants pass a state and a national standardized examination on the practice of psychology;
- ◆ educating the public about the requirements for licensure and the rules of conduct for applicants and licensees;
- ◆ requiring and approving continuing education for licensees; and
- ◆ accepting and investigating complaints from the public (including other licensees), which allege violations of the Psychology Practice Act.

Operations

The board serves a varied customer base. Primary customers include applicants for examinations and licensure, licensees, the general public, continuing education sponsors, and other government agencies.

The agency gathers information from applicants about their qualifications for licensure and independently verifies the information from primary sources. If the information is substantiated and meets licensure requirements, the 11 member Board of Psychology admits an applicant to examination or to licensure. Licenses are renewed biennially after licensees meet all renewal requirements, including providing documentation of the required amount of continuing education hours. Consumer complaints are investigated to establish whether a violation of the Psychology Practice Act has occurred and the board adopts any necessary disciplinary or other remedy against an applicant's ability to practice or a licensee's license to practice psychology.

Budget

Total direct and indirect expenses for FY 2002-03 biennium are \$2.186 million. The board staff includes 8.86 full-time equivalent employees.

Of the total budget for the FY 2002-03 biennium, \$2.275 million is collected as non-dedicated revenue which is deposited into the state government special revenue fund. The board collects fees charged to applicants, prospective applicants, licensees, sponsors of continuing education activities, companies seeking verifications of licensure, civil penalties imposed in disciplinary actions, and professional psychological corporations. The board is responsible to collect enough revenue to recover all direct and indirect costs.

The board is responsible for the costs of services received from the Attorney General's Office, Health Professional Services Program, and the Administrative Services Unit. A direct appropriation is given to each of these programs from the state government special revenue fund. The board must insure that sufficient revenue is collected through its fees to fund their portion of these program costs.

At A Glance

Biennial Budget – FY 2002-03:

Total Expenses: \$2.186 million

Total Revenue: \$2.275 million

Staff: 8.86 Full-time equivalent employees

Minnesota Licensed Psychologists Statistics (As of June 30, 2002)

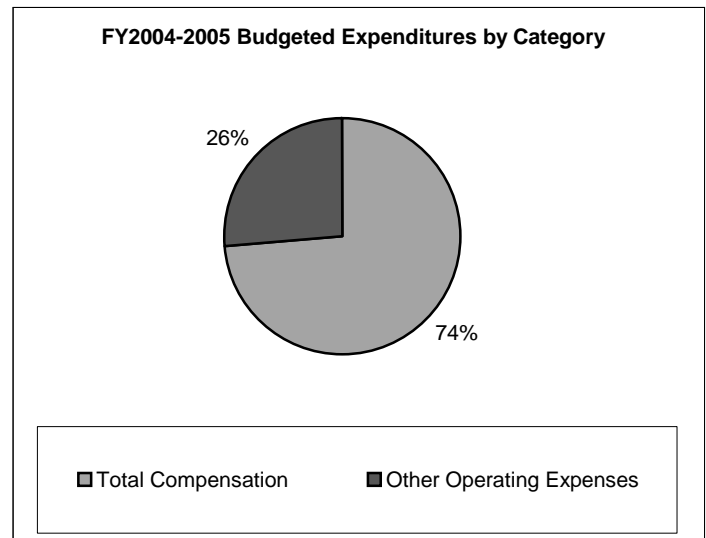
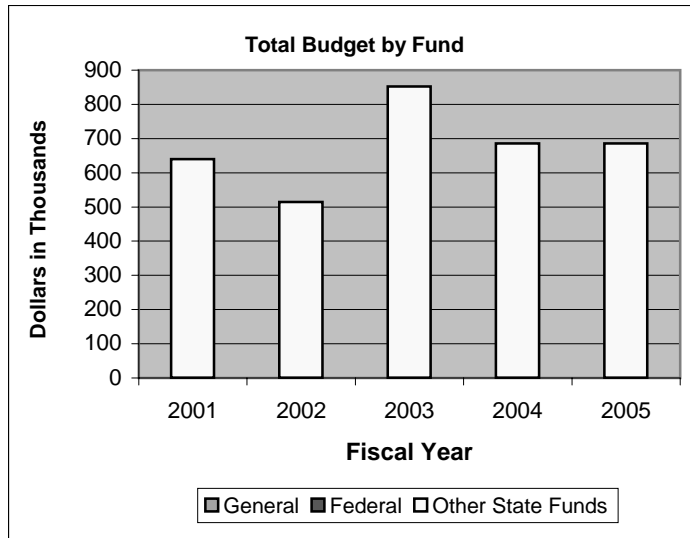
Total Licensed: 3,683

Contact

Minnesota Board of Psychology
2829 University Avenue Southeast
Suite 320
Minneapolis, Minnesota 55414-3237

E-mail: Psychology.Board@state.mn.us

Pauline Walker-Singleton, Executive Director
E-mail: Pauline.Walker-Singleton@state.mn.us
Phone: (612) 617-2230
Fax: (612) 617-2240
TDD: 1-800-627-3529



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|----------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------------------|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| State Government Special Revenue | 580 | 503 | 846 | 680 | 680 | 1,360 | 11 | 0.8% |
| Open Appropriations | | | | | | | | |
| State Government Special Revenue | 20 | 12 | 6 | 6 | 6 | 12 | -6 | -33.3% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 40 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Total | 640 | 515 | 852 | 686 | 686 | 1,372 | 5 | 0.4% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|--------------|----------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 400 | 368 | 474 | 496 | 514 | 1,010 | 168 | 20.0% |
| Other Operating Expenses | 240 | 147 | 378 | 190 | 172 | 362 | -163 | -31.0% |
| Total | 640 | 515 | 852 | 686 | 686 | 1,372 | 5 | 0.4% |

| | | | | | | | | |
|--------------------------------|------------|------------|------------|------------|------------|--------------|----------|-------------|
| Expenditures by Program | | | | | | | | |
| Psychology, Board Of | 640 | 515 | 852 | 686 | 686 | 1,372 | 5 | 0.4% |
| Total | 640 | 515 | 852 | 686 | 686 | 1,372 | 5 | 0.4% |

| | | | | | | | | |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| State Government Special Revenue | 1,066 | 1,139 | 1,136 | 1,100 | 1,027 | 2,127 | -148 | -6.5% |
| Subtotal Non Dedicated | 1,066 | 1,139 | 1,136 | 1,100 | 1,027 | 2,127 | -148 | -6.5% |
| Dedicated | | | | | | | | |
| Special Revenue | 28 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Dedicated | 28 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Total Revenue | 1,094 | 1,139 | 1,136 | 1,100 | 1,027 | 2,127 | -148 | -6.5% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 7.5 | 7.0 | 7.0 | 7.0 | 7.0 |
|------------------------------------|------------|------------|------------|------------|------------|

Agency Purpose

The Public Defense Board is a judicial branch agency whose purpose is to provide quality criminal defense services to indigent defendants in the state of Minnesota through a cost effective and efficient public defender system. The public defense system is the largest customer of the courts and public defenders provide service in every courthouse in Minnesota, handling over 173,000 cases per year.

Core Functions

The Judicial District Public Defender Offices provide quality trial court criminal defense services to indigent clients charged with crimes in felony, gross misdemeanor, misdemeanor and juvenile cases. The State Public Defender's Office (SPD) provides services to indigent prison clients who appeal their convictions; post conviction proceedings; prisoners who need assistance with legal problems; individuals who are subject to supervised release/parole revocations; and individuals who are subject to community notification hearings and prison disciplinary proceedings.

Operations

The ten Judicial District Public Defender Offices provide quality criminal defense services to indigent persons in felonies, gross misdemeanors, misdemeanors, juvenile delinquency, and Children In Need of Protective Services (CHIPS). This is accomplished through a system that relies heavily on part-time attorneys (65%), as well as support staff. During FY 2002 the districts provided service for 186,000 cases a 24% increase over FY 2001. Public defenders now carry more than double the board caseload standards. This program also includes partial funding for five non-profit public defense corporations. The corporations provide high quality, independent criminal and juvenile defense services primarily to minority indigents, who otherwise would need public defense services. The five corporations are the Neighborhood Justice Corporation (St. Paul), Legal Rights Center (Minneapolis), Duluth Indian Legal, and the Leech Lake and White Earth Criminal and Juvenile Defense Corporations.

The SPD provides services to indigent clients in state prisons who appeal their criminal cases to the Minnesota Court of Appeals and Supreme Court; or who pursue post conviction proceedings in the District Courts throughout the state; and to prisoners who need assistance with legal problems (Legal Assistance to Minnesota Prisoners-L.A.M.P.); to defendants in supervised release/parole revocation proceedings; to individuals subject to community notification and prisoners subject to prison disciplinary proceedings (Legal Advocacy Project-L.A.P.). Appellate caseloads increased 24% between FY 2001 and FY 2002.

Budget

The FY 2002-03 budget totals \$104 million. Agency staff includes 590 full-time equivalent employees. This includes 390 attorney positions, most of which are part-time.

The entire agency is funded through the General Fund.

At A Glance

Two Year State Budget:

- ◆ \$105 million - General Fund

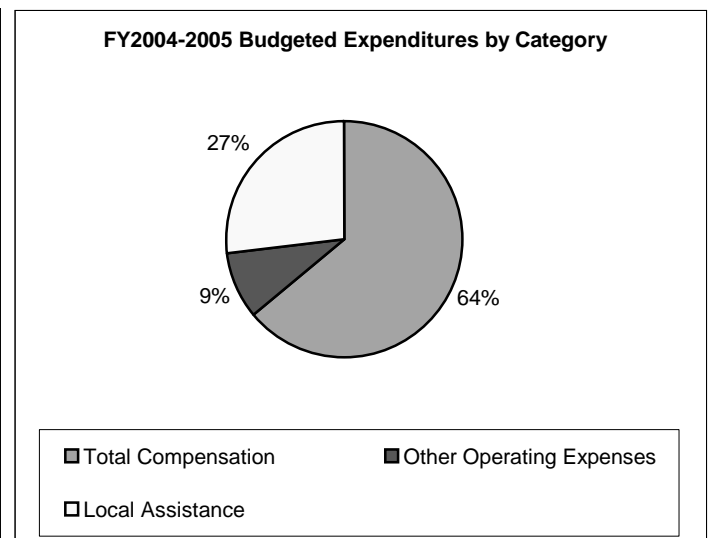
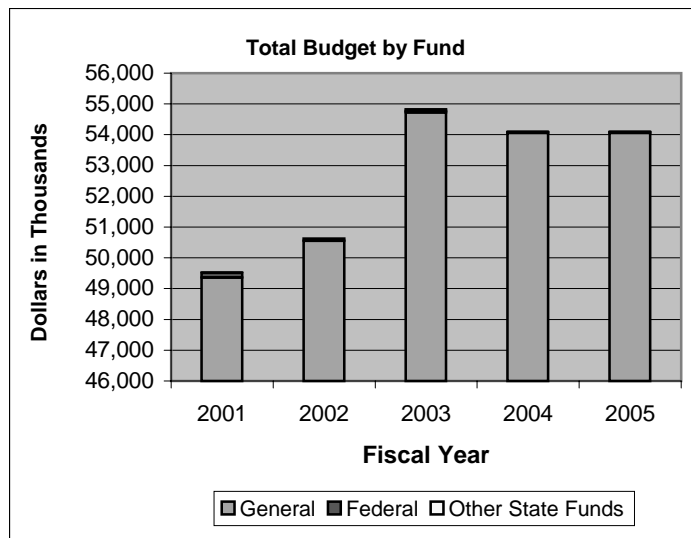
Annual Caseloads

- ◆ 186,000 District Public Defense Cases
- ◆ 2,509 Parole Revocation Hearings
- ◆ 958 Appellate Files Opened
- ◆ 409 Appellate cases with a brief filed
- ◆ 1,050 Prison Discipline Hearings
- ◆ 315 Community Notification Hearings

Contact

State of Minnesota Board of Public Defense
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| <i>Dollars in Thousands</i> | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|-------------------|-------------|
| | Actual | Actual | Budgeted | Base | | Biennium | Biennial Change | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | 2004-05 / 2002-03 | |
| | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 48,837 | 50,093 | 54,259 | 53,591 | 53,591 | 107,182 | 2,830 | 2.7% |
| Statutory Appropriations | | | | | | | | |
| General | 518 | 455 | 463 | 460 | 460 | 920 | 2 | 0.2% |
| Federal | 158 | 79 | 48 | 40 | 40 | 80 | -47 | -37.0% |
| Gift | 11 | 3 | 56 | 4 | 4 | 8 | -51 | -86.4% |
| Total | 49,524 | 50,630 | 54,826 | 54,095 | 54,095 | 108,190 | 2,734 | 2.6% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|--------------|-------------|
| Total Compensation | 28,604 | 30,879 | 35,250 | 34,540 | 34,540 | 69,080 | 2,951 | 4.5% |
| Other Operating Expenses | 6,121 | 5,056 | 4,963 | 4,942 | 4,942 | 9,884 | -135 | -1.3% |
| Local Assistance | 14,799 | 14,695 | 14,613 | 14,613 | 14,613 | 29,226 | -82 | -0.3% |
| Total | 49,524 | 50,630 | 54,826 | 54,095 | 54,095 | 108,190 | 2,734 | 2.6% |

| Expenditures by Program | | | | | | | | |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|--------------|-------------|
| State Public Defender | 3,249 | 3,733 | 4,005 | 3,590 | 3,590 | 7,180 | -558 | -7.2% |
| Public Defense Board | 2,344 | 1,733 | 2,286 | 2,502 | 2,502 | 5,004 | 985 | 24.5% |
| District Public Defense | 43,931 | 45,164 | 48,535 | 48,003 | 48,003 | 96,006 | 2,307 | 2.5% |
| Total | 49,524 | 50,630 | 54,826 | 54,095 | 54,095 | 108,190 | 2,734 | 2.6% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|------------|-----------|-----------|-----------|-----------|-----------|------------|---------------|
| Dedicated | | | | | | | | |
| Federal | 130 | 66 | 40 | 40 | 40 | 80 | -26 | -24.5% |
| Gift | 15 | 11 | 32 | 4 | 4 | 8 | -35 | -81.4% |
| Subtotal Dedicated | 145 | 77 | 72 | 44 | 44 | 88 | -61 | -40.9% |
| Total Revenue | 145 | 77 | 72 | 44 | 44 | 88 | -61 | -40.9% |

| | | | | | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Full-Time Equivalents (FTE) | 483.8 | 503.7 | 500.0 | 500.0 | 500.0 |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|

Program Description

The Appellate Office provides services to indigent clients in criminal appeals, post conviction proceedings in the District Courts. It also provides representation to defendants in supervised release/parole revocation proceedings, individuals subject to community notification, and prisoners subject to prison disciplinary proceedings (Legal Advocacy Project (L.A.P.) and prisoners with other legal problems (Legal Assistance to Minnesota Prisoners-L.A.M.P.)

Program at a Glance

- ◆ 958 appellate cases opened in FY 2002
- ◆ 409 cases with at least one brief filed in FY 2002
- ◆ 2,509 parole revocation cases opened FY 2002

Population Served

In recent years, there has been a major legislative effort to increase penalties for existing crimes. In addition, new statutory penalties have been enacted to deal with specific populations or issues. Increased penalties and stronger enforcement have resulted in a significant increase in the population of the state's prisons and jails. The Minnesota Department of Corrections (DOC) records indicate that there are 6,871 inmates in the state's correctional facilities, a 32% increase over the 1997 population. This population is the client base for the Appellate Office. Appellate cases have increased substantially in recent years. From FY 2001 to FY 2002, the number of appellate files opened increased by 24% and the number of cases involving at least one legal brief increased by 13%. Trial court related cases increased by 57%. This includes such issues as conditional release, jail credit, and plea withdrawals. From FY 2001 to FY 2002 the number of parole revocation hearings increased by 21%.

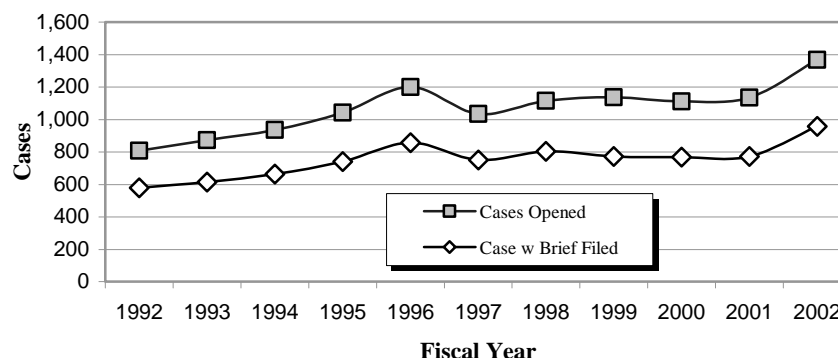
Services Provided

The Appellate Office provides services to indigent prisoners who appeal their criminal cases to the Minnesota Court of Appeals and Supreme Court; or who pursue post conviction proceedings in the District Courts throughout the state; and to prisoners who need assistance with legal problems (Legal Assistance to Minnesota Prisoners-L.A.M.P.); to defendants in supervised release/parole revocation proceedings; to individuals subject to community notification and prisoners subject to prison disciplinary proceedings (Legal Advocacy Project-L.A.P.); and to prisoners with other legal problems (L.A.M.P.)

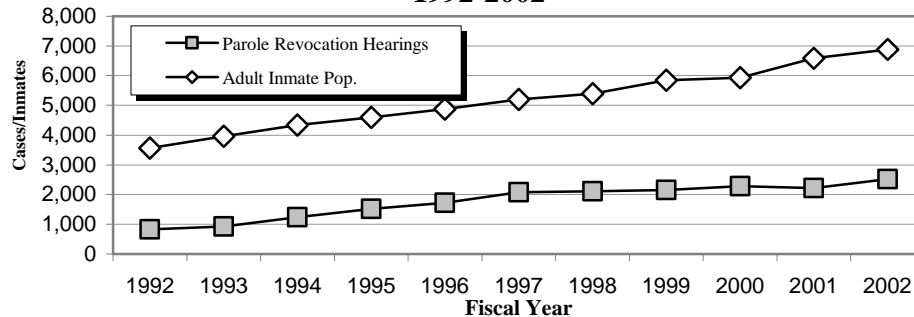
Historical Perspective

In recent years, there has been a significant emphasis on both the local and national level to increase the penalties for crimes against persons, especially in the categories involving drugs, women and children. Stiffer penalties and stricter enforcement have also resulted in a significant increase in the population of our jails and prisons. In addition, longer sentences have increased the demand for appeals. This is the client base for the public defender system at the appellate level. Since FY 1992 appeals are up 65% and parole revocation hearings are up 200%.

**Office of State Public Defender
Appellate Cases FY 1992-2002**



**Office of the State Public Defender
Parole Revocation Hearings & Adult Inmate Population
1992-2002**

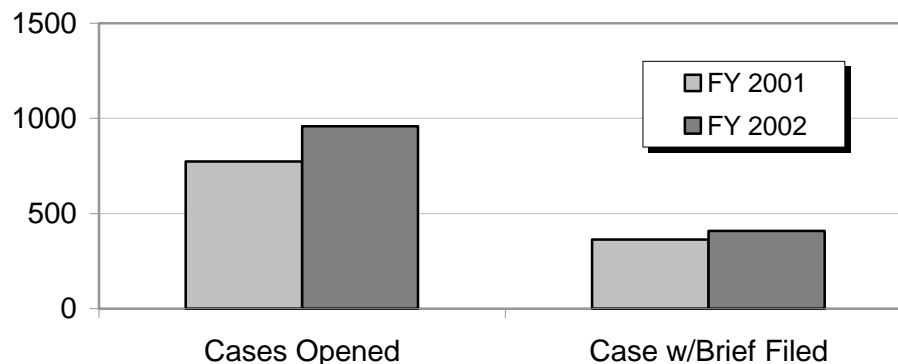


Key Measures

- ⇒ Appellate cases increased 24% from FY 2001 to FY 2002.
- ⇒ Cases with briefs filed increased 14% from FY 2001 to FY 2002.
- ⇒ Parole revocation hearings increased 14% from FY 2001 to FY 2002.

Program Funding

**Office of the State Public Defender Appellate
Files Opened and Briefs Filed FY 2001-02**



The State Public Defender has attempted to keep up with the ever-increasing caseload within its limited resources by using law clerks where possible and job sharing with district public defenders. Currently, the office staff has 28.5 FTE attorneys, (an increase of 2 FTEs over the past nine years) and a budget of approximately \$3.9 million. Approximately 7% of the budget is used to pay for the cost of trial transcripts. The increasing caseloads continue to make it difficult for the office to meet court-imposed deadlines for appellate matters.

Contact

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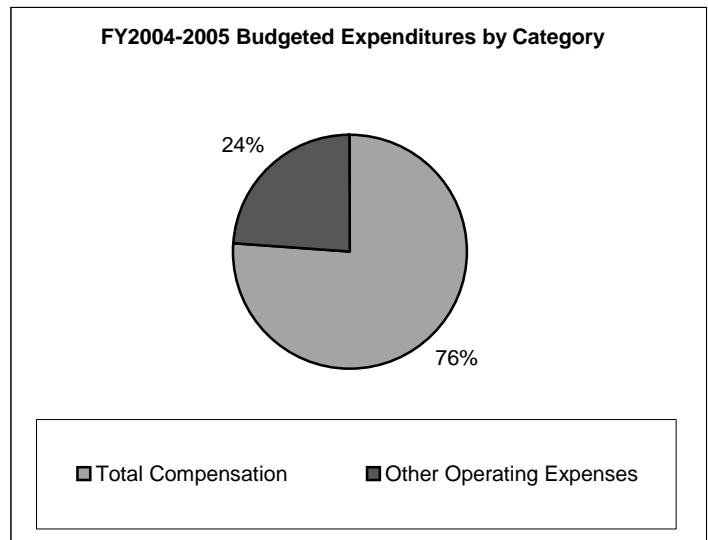
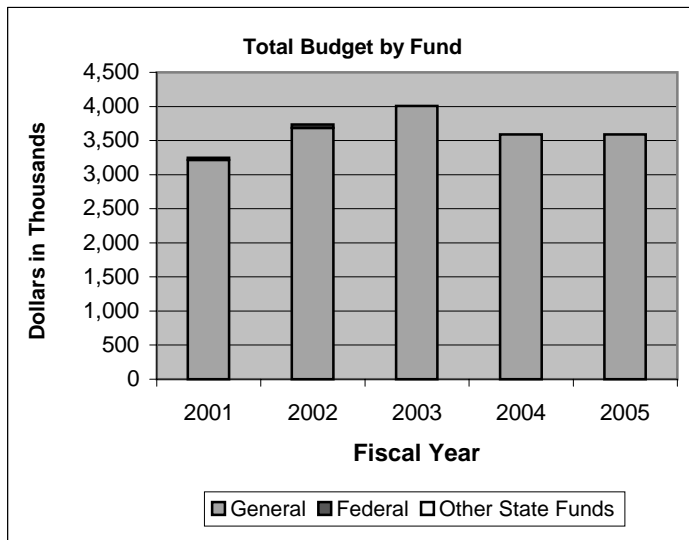
E-mail: Kevin.kajer@state.mn.us

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PUBLIC DEFENSE BOARD

Program: STATE PUBLIC DEFENDER

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 3,213 | 3,685 | 4,005 | 3,590 | 3,590 | 7,180 | -510 | -6.6% |
| Statutory Appropriations | | | | | | | | |
| Federal | 36 | 48 | 0 | 0 | 0 | 0 | -48 | -100.0% |
| Total | 3,249 | 3,733 | 4,005 | 3,590 | 3,590 | 7,180 | -558 | -7.2% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 2,654 | 2,794 | 3,152 | 2,737 | 2,737 | 5,474 | -472 | -7.9% |
| Other Operating Expenses | 595 | 939 | 853 | 853 | 853 | 1,706 | -86 | -4.8% |
| Total | 3,249 | 3,733 | 4,005 | 3,590 | 3,590 | 7,180 | -558 | -7.2% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|
| Expenditures by Activity | | | | | | | | |
| State Public Defender | 3,249 | 3,733 | 4,005 | 3,590 | 3,590 | 7,180 | -558 | -7.2% |
| Total | 3,249 | 3,733 | 4,005 | 3,590 | 3,590 | 7,180 | -558 | -7.2% |

| | | | | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|--|--|--|
| Full-Time Equivalents (FTE) | 39.9 | 40.2 | 40.2 | 40.2 | 40.2 | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|--|--|--|

Program Description

The Board's Administrative Services Office under the direction of the State Public Defender and Chief Administrator provides policy implementation for the agency's programs, and overall management of its activities.

Population Served

The Administrative Services Office provides staff support to all public defender organizations.

Services Provided

The Administrative Services Office provides staff support to all public defender organizations, as well as implements the board's policies. In addition, it is responsible for management of the agency systems related to caseloads, budget, personnel and information systems. It accomplishes this with the smallest administrative staff of any state agency of comparable size. The Administrative Services Office has five senior administrative staff and, excluding the information systems budget, it operates on less than 3% of the agency's budget.

Over the past few years the board has been working to complete state assumption of public defense services, and implement the policy changes and mandates that the legislature has passed. Specifically, the board has developed and implemented policies covering personnel, compensation, budgeting, training, client eligibility, conflict cases, and MIS systems. Caseload standards have also been adopted. During FY 2002 the board completed negotiations with two new bargaining units representing attorneys and support staff. The board has also completed work on a strategic plan, a training plan, and an information systems plan and is going about the task of implementing these plans. The board is also implementing a change in the status of personnel in the Second and Fourth Judicial District Public Defender Offices. All new hires in these two Judicial Districts as of 1-1-99, are state employees.

The Information Systems (IS) Office designs, implements and maintains systems in 12 main offices and 16 satellite offices. Over 700 public defender staff people use these systems statewide. They are currently accomplishing this with five staff people. Significant time and effort is dedicated to maintaining and enhancing existing systems such as e-mail, virus protection, web site resources, case and client statistics, asset tracking, attorney timekeeping, online legal brief, and transcript banks. Currently, most of the IS team's time is spent integrating systems with the Minnesota Supreme Court and other state agencies, and with making our case and client statistics-gathering software accessible to all full-time and part-time staff statewide.

Changes in criminal justice information systems directly impact the public defender system. Overall goals of Minnesota's criminal justice system cannot be reached if the needs of the public defender system (the largest single user of the criminal justice system) are not recognized. When resources are provided to other agencies and the courts related to information systems, they also must be provided to public defense, otherwise the efficiency goals that are put forth by these cannot be achieved.

The board is accomplishing its mission and supporting district and appellate public defender programs with a minimal staff. There are 13 staff people that support an annual budget of \$53 million, and affecting 500 state and over 200 county employees. Currently, less than 4% of the budget is expended on central administration and information systems.

Key Measures

- ⇒ 12 main offices and 16 regional offices supported by five Information Technology (IT) staff.
- ⇒ A staff of 13 and 4% of the budget supports a system of 500 state employees and 200 county employees.

Program at a Glance

- ◆ Budget and human resources work for 500+ state employees and 200 county employees.
- ◆ Sets standards and policies for provision of public defense services statewide.
- ◆ Information system support for 29 regional offices around the state.
- ◆ Budget support for 10 district offices, appellate office and five public defense

PUBLIC DEFENSE BOARD

Program: ADMINISTRATIVE SERVICES OFFICE

Narrative

Program Funding

The board is accomplishing its mission and supporting district and appellate public defender programs with a minimal staff that is smaller than any administrative staff for a similar size agency. There are 13 staff people that support an annual budget of \$47 million and affecting 500 state and over 200 county employees. Currently, less than 4% of the budget is expended on central administration and information systems.

Contact

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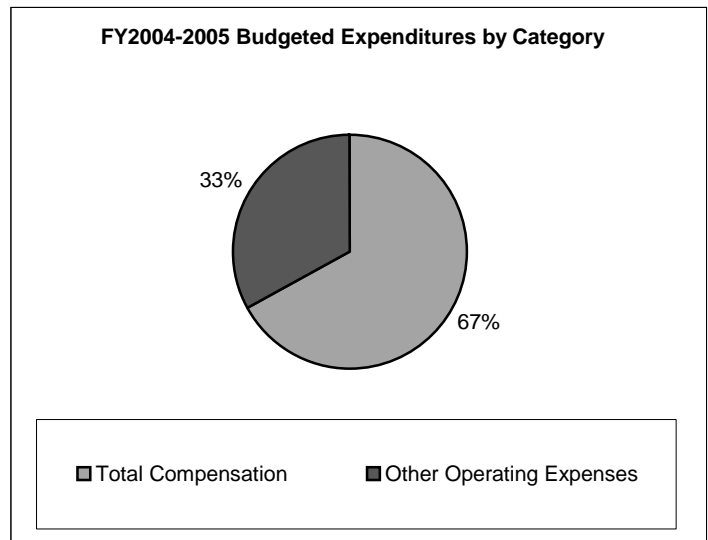
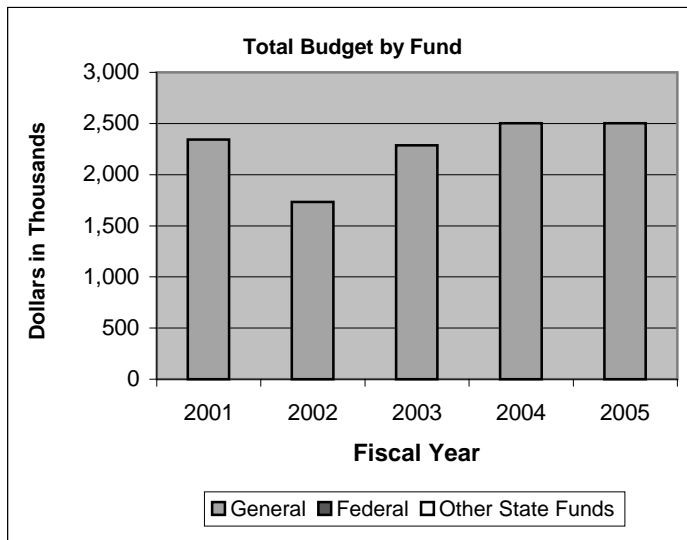
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<http://www.pubdef.state.mn.us>

PUBLIC DEFENSE BOARD

Program: PUBLIC DEFENSE BOARD

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------------|--------------------------|--------------------------|----------------------------|------------------------|---------------|-----------------------------|--|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | FY2005 | Biennium 2004-05 | | Dollars | Percent |
| Direct Appropriations | | | | | | | | | |
| General | 2,344 | 1,733 | 2,286 | 2,502 | 2,502 | 5,004 | | 985 | 24.5% |
| Total | 2,344 | 1,733 | 2,286 | 2,502 | 2,502 | 5,004 | | 985 | 24.5% |
| Expenditures by Category | | | | | | | | | |
| Total Compensation | 1,104 | 1,105 | 1,437 | 1,675 | 1,675 | 3,350 | | 808 | 31.8% |
| Other Operating Expenses | 1,240 | 628 | 849 | 827 | 827 | 1,654 | | 177 | 12.0% |
| Total | 2,344 | 1,733 | 2,286 | 2,502 | 2,502 | 5,004 | | 985 | 24.5% |
| Expenditures by Activity | | | | | | | | | |
| Public Defense Board | 2,344 | 1,733 | 2,286 | 2,502 | 2,502 | 5,004 | | 985 | 24.5% |
| Total | 2,344 | 1,733 | 2,286 | 2,502 | 2,502 | 5,004 | | 985 | 24.5% |
| Full-Time Equivalents (FTE) | | | | | | | | | |
| | 14.6 | 13.9 | 13.8 | 13.8 | 13.8 | | | | |

Program Description

The 10 Judicial District Public Defender Offices provide quality criminal defense services to indigent persons in felonies, gross misdemeanors, misdemeanors, juvenile delinquency, and Children In Need of Protective Services (CHIPS). Under Minnesota law, all individuals accused of a felony, gross misdemeanor, misdemeanor or juvenile crime are entitled to be represented by an attorney before, during, and after their trial. If an individual who is accused in one of the above proceedings cannot afford the services of a private attorney, the court will appoint a public defender to represent that individual. This is accomplished through a system that relies on a mix of full-time and part-time attorneys (65%), as well as support staff. During FY 2002 the districts provided service for 186,000 cases. This was a 24% increase over FY 2001. Currently, public defenders carry more than double the number of case units that is recommended under the board's Weighted Caseload Standards and American Bar Association Standards.

Program at a Glance

- ◆ 186,000 cases opened in FY 2002
- ◆ 24% increase in cases FY 2001 to FY 2002
- ◆ Largest user of court system
- ◆ Presence in every county in the state

Population Served

Trial level public defense serves the attorney needs of 186,000 indigent Minnesotans.

Services Provided

The public defender system provides trial level representation in criminal defense cases, including investigation, expert witnesses and support services. This program also includes a line item appropriation that funds part of the cost of five nonprofit public defense corporations. The corporations provide high quality, independent criminal and juvenile defense services primarily to minority indigent defendants, who otherwise would need public defense services. The five corporations are the Neighborhood Justice Corporation (St. Paul); Legal Rights Center (Minneapolis), Duluth Indian Legal, and the Leech Lake and White Earth Criminal and Juvenile Defense Corporations.

Historical Perspective

In the last 10 years, the state has assumed the cost of providing these services from the counties. This process was completed on 1-1-95. As of 1-1-99, all new hires in the Second (Ramsey) and Fourth (Hennepin) Judicial District public defender offices are state employees. In the Second Judicial District, the state provides full funding for the public defender office. In the Fourth Judicial District, there is a cost sharing between the state and Hennepin County. A major reason for state assumption of public defense costs was to bring about equity within the judicial system. It was (and is) believed that the quality of representation should not be determined by the property values in a particular judicial district or county. Over the last several years, statutory changes, increased caseloads, new judgeships, new calendars, changes in court proceedings, regional demographic changes, and changes in local police and prosecutorial strategies have all combined to push the public defender system to the brink of collapse. Caseloads continue to exceed more than double the board's caseload standards. There were eighteen new judgeships created in the last biennium without corresponding increases for public defender staff. Finally, the increased demands for representation and complexity of juvenile welfare cases have overburdened the public defense system. Under this stress and without additional resources the public defense system is in serious jeopardy of failing, and with it the entire criminal justice system. While caseloads continue to exceed the standards, the Chief District Public Defenders have responded with increased use of paralegals, other non-attorney professionals, and increased use of technology improvements. These alternatives have helped but they have not alleviated the primary problem, and that is not enough attorney time. These strategies have reached their limit.

The board is the largest user of the state court system, so changes in court procedures, calendaring of cases, and technology advances, directly impact the board's ability to provide quality legal services to its clients. New judgeships, proposals for special courts (I.e. Drug Court), prosecution task forces, changes in juvenile court proceedings, or technology changes in the area of scheduling need to be examined as to their financial and resource implications for the public defense system. All of these initiatives, as well as the efficiency and integrity of the judicial system are dependent on the public defender system's ability to provide quality legal services. If it

PUBLIC DEFENSE BOARD

Program: DISTRICT PUBLIC DEFENSE

Narrative

cannot provide these services, court cases are continued, jails sit filled, and appeals and complaints rise. In short, the criminal justice system stops.

The public defender system does not and cannot control its client intake or workload. These important variables are controlled by external circumstances, such as: local government decisions that increase police and prosecution, new constitutional mandates, legislative policies, Supreme Court Rules, sentencing guideline changes, statutory changes, judicial calendaring changes, and Department of Corrections policies, all of which the board has no control. Among the new challenges are issues such as race bias, gangs, and felony DWIs, and permanency hearings in child protection cases. In the past several years, there has been a significant influx of money to local prosecutors and police on a local, state and national level to combat crime. There has not been the same funding balance accorded to the public defense field. The political and economic issues that will continue to affect the public defense field are related to social values and funding sources.

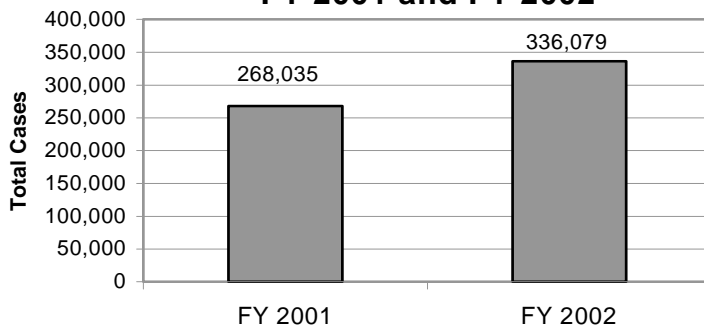
Since 1999 employees of the Board of Public Defense are organized into two separate bargaining units representing attorneys, and support staff. Teamsters Local 320 is the exclusive representative for both of these employee groups. Negotiations between the board and the unions were recently completed with the approval of a two-year contract for FY 2002 and 2003. These contracts call for regular salary increases, the same as for all other state employees, and are basically the same as the other contracts that the state has with its employees.

Key Measures

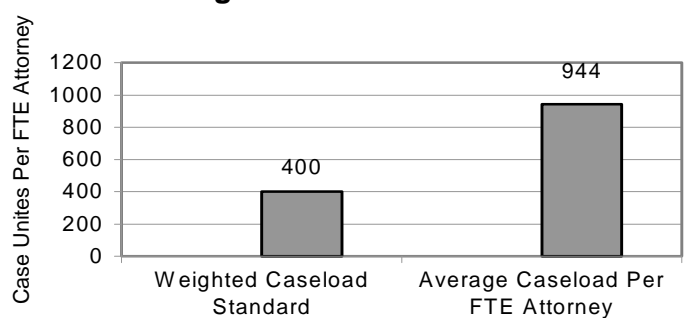
- ⇒ District public defenders now carry caseloads that average twice the recommended standards.
- ⇒ Caseloads increased 24% from FY 2001 to FY 2002.
- ⇒ Part time public defenders provided in excess of 30,000 uncompensated hours in FY 2002.

Program Funding

**Board of Public Defense Case Units
FY 2001 and FY 2002**



**FY 2002 Case Units Per FTE Attorney
vs. Weighted Caseload Standard**



The current appropriation for this program is approximately \$47 million annually. State imposed increased costs related to insurance, as well as negotiated agreements with employee groups have strained district budgets. The state's lack of past funding for compensation increases other than cost of living adjustments has also placed an enormous burden on district budgets. These past funding deficiencies along with the marked increase in caseloads make it difficult to maintain the viability of the public defense system. Caseloads and hours for part-time (as well as full-time) defenders continue to increase making it more difficult to attract and retain good defense attorneys. For part-time defenders more time is demanded from them without compensation. The result is a weakened court and criminal justice system which has begun to experience major delays in processing defendants, and has the very real potential to be shut down.

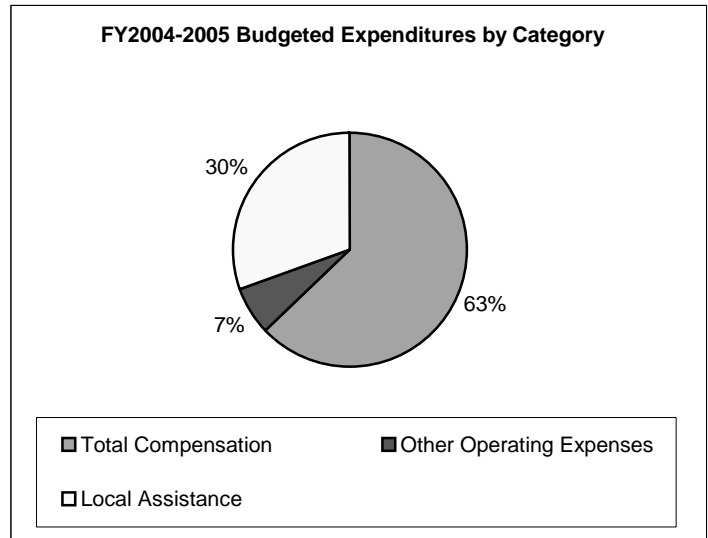
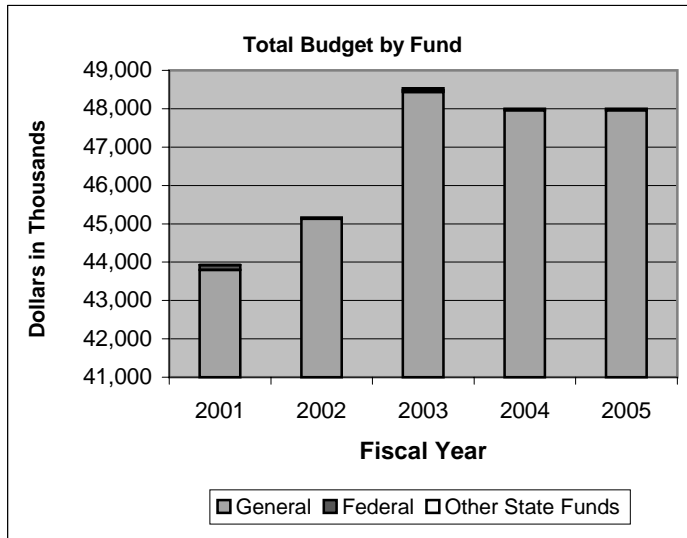
Contact

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PUBLIC DEFENSE BOARD

Program: DISTRICT PUBLIC DEFENSE

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 43,280 | 44,675 | 47,968 | 47,499 | 47,499 | 94,998 | 2,355 | 2.5% |
| Statutory Appropriations | | | | | | | | |
| General | 518 | 455 | 463 | 460 | 460 | 920 | 2 | 0.2% |
| Federal | 122 | 31 | 48 | 40 | 40 | 80 | 1 | 1.3% |
| Gift | 11 | 3 | 56 | 4 | 4 | 8 | -51 | -86.4% |
| Total | 43,931 | 45,164 | 48,535 | 48,003 | 48,003 | 96,006 | 2,307 | 2.5% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 24,846 | 26,980 | 30,661 | 30,128 | 30,128 | 60,256 | 2,615 | 4.5% |
| Other Operating Expenses | 4,286 | 3,489 | 3,261 | 3,262 | 3,262 | 6,524 | -226 | -3.3% |
| Local Assistance | 14,799 | 14,695 | 14,613 | 14,613 | 14,613 | 29,226 | -82 | -0.3% |
| Total | 43,931 | 45,164 | 48,535 | 48,003 | 48,003 | 96,006 | 2,307 | 2.5% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|-------------|
| Expenditures by Activity | | | | | | | | |
| District Public Defense | 43,931 | 45,164 | 48,535 | 48,003 | 48,003 | 96,006 | 2,307 | 2.5% |
| Total | 43,931 | 45,164 | 48,535 | 48,003 | 48,003 | 96,006 | 2,307 | 2.5% |

| | | | | | | | | |
|---------------------------------|------------|-----------|-----------|-----------|-----------|-----------|------------|---------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Federal | 130 | 66 | 40 | 40 | 40 | 80 | -26 | -24.5% |
| Gift | 15 | 11 | 32 | 4 | 4 | 8 | -35 | -81.4% |
| Subtotal Dedicated | 145 | 77 | 72 | 44 | 44 | 88 | -61 | -40.9% |
| Total Revenue | 145 | 77 | 72 | 44 | 44 | 88 | -61 | -40.9% |

| | | | | | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Full-Time Equivalents (FTE) | 429.3 | 449.6 | 446.0 | 446.0 | 446.0 |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|

Agency Purpose

Established by legislative act in 1931, the Public Employees Retirement Association (PERA) of Minnesota administers four public employee retirement plans in accordance with M.S. sections 353, 353A, 353D, 353E and 356. PERA's membership includes more than 250,000 employees of cities, counties, schools, other local governments, and retired annuitants. It also includes 2,100 separate governmental employers within the state, as defined in M.S. 353.01 subd. 6.

PERA's purpose is to create opportunities for members to achieve a successful and secure retirement by providing the highest quality benefits and services. PERA's goals are to:

- ◆ develop creative methods that enable members to make sound retirement and life planning decisions;
- ◆ display relentless efforts to protect the fund and provide the best public pension packages; and
- ◆ deliver exceptional services any time any place.

Core Functions

The agency employs 89 full-time staff and is under the direction of an executive director responsible to a policy-setting 11-member Board of Trustees. Core functions include:

- ◆ collecting and managing revenues;
- ◆ collecting and managing information;
- ◆ issuing benefit and refund payments;
- ◆ delivering information services; and
- ◆ delivering education and training.

Operations

PERA administers four separate funds. Each has specific membership, contribution, benefit, and pension provisions.

- ⇒ The Public Employees Retirement Fund (PERF) encompasses two plans. The Basic plan includes employees who are not covered by Social Security, and was closed to new members in 1968. The Coordinated plan, created in 1968, provides retirement and other benefits in addition to those supplied by Social Security.
- ⇒ The Public Employees Police and Fire Fund (PEPFF), originally established in 1959 for police officers and firefighters not covered by a local relief association, now encompasses all police officers and firefighters hired since 1980.
- ⇒ The Local Government Correctional Service Retirement Fund (PECF), created in 1999, covers correctional officers serving in county and regional adult and juvenile correctional facilities.
- ⇒ The Public Employees Defined Contribution Plan was established in 1987 to provide a retirement plan for ambulance service personnel, but has been expanded to encompass physicians and elected officials, except county sheriffs.

Contributions

Member and employer contributions, investment earnings, and income from other sources cover the liability for present and future benefits. Each membership category within the association has a specific contribution rate set by statute.

At A Glance

PERA is the administrator of three cost-sharing, multiple-employer retirement plans, and one multiple-employer deferred compensation plan.

PERA does not receive direct state appropriations. Income is derived solely from member and employer contributions plus investment earnings. Income exceeding benefits paid is reinvested in the plan to cover future benefits.

Annual Business Processes:

Benefits Paid (in thousands)

| | |
|----------|-----------|
| Benefits | \$784,629 |
| Refunds | 23,133 |

Membership Counts

| | |
|------------------|---------|
| Active members | 174,207 |
| Deferred members | 27,787 |
| Annuitants | 58,360 |

Funding Ratio

| | |
|--------------------|--------|
| PERA Coordinated | 87.0% |
| Police & Fire Fund | 121.5% |
| Correctional Fund | 98.3% |

The numbers listed are actual amounts for FY 2001

| Fund | Employee Contribution | Employer Contribution |
|-----------------------|-----------------------|-----------------------|
| PERA Basic Plan | 8.75% | 11.43% |
| PERA Coordinated Plan | 5.10% | 5.53% |
| Police & Fire Fund | 6.20% | 9.30% |
| Correctional Fund | 5.83% | 5.75% |

Pension Benefits

Each membership category has similar benefits. Retirement, survivor, and disability pensions are available to members who meet certain eligibility requirements defined by their plan. In addition, refunds of contributions are available at any time to members who leave public service and are not receiving a pension.

Key Measures

An important measure of the health of a retirement system is the level of funding. The better the level of funding, the larger the ratio of assets to accrued liabilities and a higher degree of assurance that promised pension benefits are secure. At the end of FY 2001, the ratio of assets to liabilities of the PERF was 87.0%. For the PEPFF, the ratio was 121.5%, and for the PECF, the ratio was 98.3%.

A second measure of the effectiveness of the association is the amount of time between when a member retires, and when they receive their first benefit payment. The shorter the time between when members are first eligible and issuing the first payment provides confidence that PERA is meeting the retirement needs of its members. At the end of FY 2002, 98% of all benefit applicants received their first payment within 14 days of their first eligible date.

Budget

PERA operates within a dedicated pension trust fund designed for the exclusive use of its members and beneficiaries. The PERA Board of Trustees annually approves an operating budget. The commissioner of Finance maintains an open appropriation account to fund expenditures. PERA FY 2003 expenditures are budgeted at \$756 million for the PERF, \$229 million for the PEPFF, \$500,000 for the PECF, and \$1.5 million for the PEDCP. Over 98% of the expenditure budget is for the payment of benefits and refunds. PERA revenues for FY 2003 are expected to be about \$500 million, exclusive of investment income that may be earned.

Contact

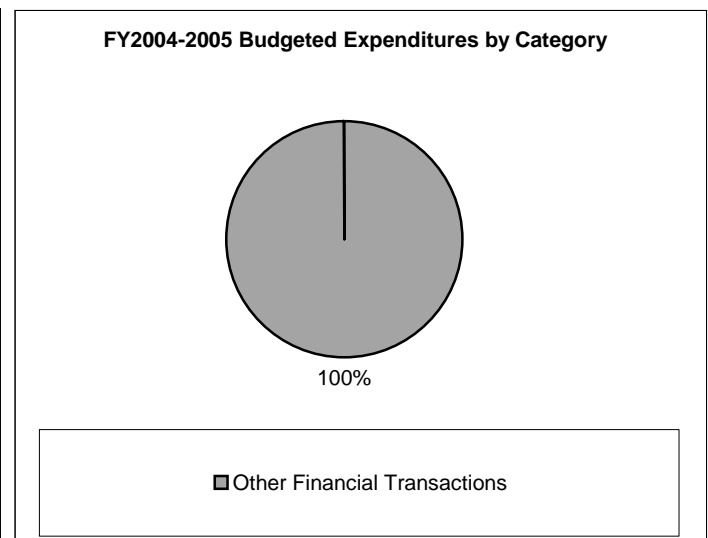
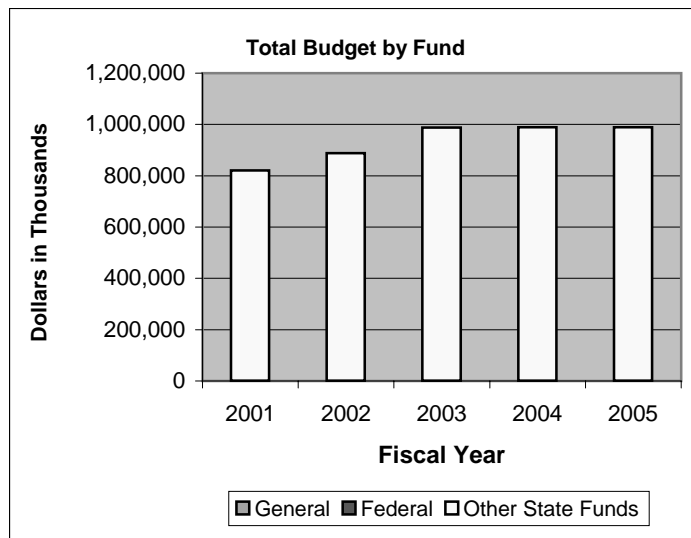
To get additional information, please write to our office at:

PERA
60 Empire Drive, Suite 200
St. Paul, Minnesota 55103

Or

call our offices at 1 (800) 652-9026 or
(651) 296-7460.

Or visit our web site at www.mnpera.org



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|----------------|----------------|-----------------|----------------|-----------------|------------------|--------------------------|----------------|
| | Actual | Actual | Budgeted | Base | Biennium | | 2004-05 / 2002-03 | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 0 | 70 | 0 | 0 | 0 | 0 | -70 | -100.0% |
| Open Appropriations | | | | | | | | |
| Public Employees Retirement | 623,689 | 671,422 | 757,208 | 757,758 | 757,758 | 1,515,516 | 86,886 | 6.1% |
| Pera Correctional Plan | 13 | 597 | 500 | 500 | 500 | 1,000 | -97 | -8.8% |
| Police And Fire | 196,738 | 214,947 | 229,000 | 229,000 | 229,000 | 458,000 | 14,053 | 3.2% |
| Statutory Appropriations | | | | | | | | |
| Pera Defined Contribution Plan | 859 | 988 | 1,500 | 1,500 | 1,500 | 3,000 | 512 | 20.6% |
| Total | 821,299 | 888,024 | 988,208 | 988,758 | 988,758 | 1,977,516 | 101,284 | 5.4% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|------------------|----------------|-------------|
| Total Compensation | 5,209 | 5,389 | 5,930 | 5,930 | 5,930 | 11,860 | 541 | 4.8% |
| Other Operating Expenses | 4,374 | 4,777 | 4,036 | 4,036 | 4,036 | 8,072 | -741 | -8.4% |
| Other Financial Transactions | 811,716 | 877,858 | 978,242 | 978,792 | 978,792 | 1,957,584 | 101,484 | 5.5% |
| Total | 821,299 | 888,024 | 988,208 | 988,758 | 988,758 | 1,977,516 | 101,284 | 5.4% |

| Expenditures by Program | | | | | | | | |
|--------------------------------|----------------|----------------|----------------|----------------|----------------|------------------|----------------|-------------|
| Public Empl Retr Asn | 821,299 | 888,024 | 988,208 | 988,758 | 988,758 | 1,977,516 | 101,284 | 5.4% |
| Total | 821,299 | 888,024 | 988,208 | 988,758 | 988,758 | 1,977,516 | 101,284 | 5.4% |

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| Pera Defined Contribution Plan | 1,886 | 2,002 | 10,000 | 10,000 | 10,000 | 20,000 | 7,998 | 66.6% |
| Public Employees Retirement | 368,473 | 401,138 | 750,000 | 750,000 | 750,000 | 1,500,000 | 348,862 | 30.3% |
| Pera Correctional Plan | 13,381 | 14,825 | 10,000 | 10,000 | 10,000 | 20,000 | -4,825 | -19.4% |
| Police And Fire | 85,439 | 89,453 | 250,000 | 250,000 | 250,000 | 500,000 | 160,547 | 47.3% |
| Subtotal Non Dedicated | 469,179 | 507,418 | 1,020,000 | 1,020,000 | 1,020,000 | 2,040,000 | 512,582 | 33.6% |
| Dedicated | | | | | | | | |
| Public Employees Retirement | 0 | 1,216 | 2,040 | 2,040 | 2,040 | 4,080 | 824 | 25.3% |
| Subtotal Dedicated | 0 | 1,216 | 2,040 | 2,040 | 2,040 | 4,080 | 824 | 25.3% |
| Total Revenue | 469,179 | 508,634 | 1,022,040 | 1,022,040 | 1,022,040 | 2,044,080 | 513,406 | 33.5% |
| Full-Time Equivalents (FTE) | 89.2 | 87.4 | 86.9 | 86.9 | 86.9 | | | |

Agency Purpose

The mission of the Department of Public Safety (DPS) is simple - to keep Minnesotans safe and provide world-class customer service. This mission is achieved through three primary functions: service, enforcement and prevention.

- ⇒ The primary *activity* of DPS is service.
- ⇒ The primary *responsibility* of the DPS is enforcement.
- ⇒ The primary *goal* of the DPS is prevention.

Core Functions

The Department of Public Safety provides a variety of core services statewide to support the goal of keeping Minnesotans safe. These core services include:

- ◆ enforcing liquor and gambling laws;
- ◆ conducting criminal investigations and forensic science analysis;
- ◆ administering driver and vehicle services;
- ◆ coordinating emergency operations for disasters;
- ◆ promoting fire safety;
- ◆ ensuring safety of natural gas and hazardous liquid pipeline systems;
- ◆ enforcing traffic laws on Minnesota highways;
- ◆ promoting safety on roadways and reducing traffic injuries and fatalities;
- ◆ providing financial advocacy and assistance to crime victims; and
- ◆ administering crime prevention grant programs.

DPS works to ensure that these core functions incorporate innovation, stewardship, collaboration, and communication.

The Department of Public Safety took on a new role after September 11th as Minnesota's Office of Homeland Security. Governor Ventura appointed Commissioner Charlie Weaver to be the Director of Homeland Security. The department oversees the coordination of preparedness and response plans and resources and serves as a link from the federal government to local public safety agencies.

Operations

Service to the citizens of Minnesota is the Department of Public Safety's number one priority. However, the department's efforts also impact federal, state, and local criminal justice agencies, fire service agencies, emergency management, licensing and inspection agencies, other government agencies, and private and non-profit organizations. Nine separate divisions within the department provide direct services to the public.

Alcohol and Gambling Enforcement enforces liquor licensing and gambling laws through compliance checks, assistance to local agencies with criminal investigations, and efforts to combat underage drinking.

Bureau of Criminal Apprehension provides complete investigative assistance to local agencies, forensic laboratory services, criminal history information, and training to peace officers.

Drug Policy and Violence Prevention is a catalyst for statewide approaches to reducing and preventing crime, violence, and drug abuse through identifying causes, recommending policies, and coordinating statewide and community strategies.

Driver and Vehicle Services provides vehicle registration, driver's license and driver evaluation services. Driving records and accident reports are also maintained.

Emergency Management coordinates emergency operations around the state, including planning and preparing for disasters and responding to and recovering from disasters.

At A Glance

Vehicle title and registration processing time fell from 33 days in 2000 to 12 days in 2001.

6,772 DWI arrests were made by the State Patrol in 2001.

Over 15,000 DNA samples are maintained in an offender database by the Bureau of Criminal Apprehension.

More than 200 locally-based crime victim programs received funding and provided services to approximately 200,000 individuals in 2001.

Seat belt usage has increased 10% in Minnesota since 1998 to 74%.

\$52 million in federal and state funding was disbursed to cities and counties for the 2001 floods.

444 fire investigations were conducted by the State Fire Marshal's Office in 2001. 152 of these were determined to be arson.

Minnesota Center for Crime Victim Services provides advocacy and funding to victims of crimes. These services include direct compensation for losses incurred as a result of crime, grants to local victim support and advocacy programs, and support of emergency shelters for victims of domestic abuse.

State Fire Marshal and Pipeline Safety protects human lives and property by promoting fire prevention and pipeline safety through inspections, investigations, and public education.

State Patrol enforces traffic laws on Minnesota's highways, responds to crashes, inspects commercial vehicles, and assists local law enforcement.

Traffic Safety administers programs and grants that reduce the number and severity of traffic crashes in Minnesota including programs such as alcohol awareness, safety belt promotion, and motorcycle training.

The Department of Public Safety also has five internal support divisions that provide services relating to communication, fiscal administration, human resource management, internal affairs, and technical support. Homeland Security efforts are coordinated through the commissioner's office but involve many of our divisions.

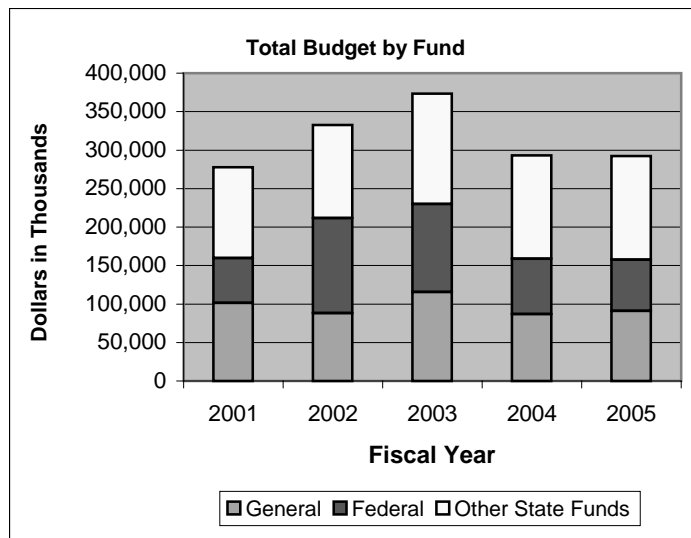
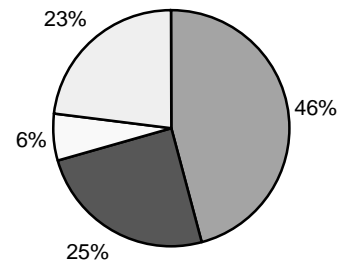
Contact

Department of Public Safety
1000 North Central Life Tower
445 Minnesota Street
Saint Paul, Minnesota 55101

World Wide Web Home Page:
<http://www.dps.state.mn.us>

Charlie Weaver, Commissioner
Phone (651) 296-6642 Fax (651) 297-5728

For information on how this agency measures whether it is meeting its statewide goals, please refer to <http://www.departmentresults.state.mn.us>

**FY2004-2005 Budgeted Expenditures by Category**

■ Total Compensation ■ Other Operating Expenses
 □ Payments To Individuals □ Local Assistance

| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 Dollars | Percent |
|----------------------------------|------------------|------------------|--------------------|----------------|--------------------|---------------------|---|---------------|
| Expenditures by Fund | | | | | | | | |
| Carry Forward | | | | | | | | |
| General | 0 | 0 | 0 | 46 | 17 | 63 | 63 | n.m |
| Direct Appropriations | | | | | | | | |
| General | 99,495 | 86,808 | 110,680 | 85,066 | 89,197 | 174,263 | -23,225 | -11.8% |
| State Government Special Revenue | 2 | 2 | 12 | 7 | 7 | 14 | 0 | 0.0% |
| Special Revenue | 3,049 | 2,070 | 3,545 | 1,551 | 1,551 | 3,102 | -2,513 | -44.8% |
| Trunk Highway | 84,069 | 84,928 | 96,493 | 94,837 | 94,837 | 189,674 | 8,253 | 4.5% |
| Highway Users Tax Distribution | 15,089 | 8,960 | 11,396 | 11,061 | 11,061 | 22,122 | 1,766 | 8.7% |
| Environmental | 46 | 43 | 53 | 49 | 49 | 98 | 2 | 2.1% |
| Open Appropriations | | | | | | | | |
| Highway Users Tax Distribution | 0 | 6,220 | 7,194 | 6,987 | 7,830 | 14,817 | 1,403 | 10.5% |
| Statutory Appropriations | | | | | | | | |
| General | 1,938 | 1,416 | 4,967 | 1,728 | 1,759 | 3,487 | -2,896 | -45.4% |
| State Government Special Revenue | 460 | 436 | 607 | 637 | 661 | 1,298 | 255 | 24.4% |
| Special Revenue | 13,874 | 18,077 | 23,944 | 19,035 | 18,832 | 37,867 | -4,154 | -9.9% |
| Trunk Highway | 1,358 | 117 | 92 | 80 | 75 | 155 | -54 | -25.8% |
| Federal | 58,027 | 123,337 | 114,138 | 71,917 | 66,495 | 138,412 | -99,063 | -41.7% |
| Reinvest In Minnesota | 5 | 6 | 8 | 8 | 8 | 16 | 2 | 14.3% |
| Gift | 343 | 55 | 175 | 54 | 54 | 108 | -122 | -53.0% |
| Total | 277,755 | 332,475 | 373,304 | 293,063 | 292,433 | 585,496 | -120,283 | -17.0% |

Expenditures by Category

| | | | | | | | | |
|------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|---------------|
| Total Compensation | 113,707 | 117,388 | 137,862 | 133,012 | 132,770 | 265,782 | 10,532 | 4.1% |
| Other Operating Expenses | 77,882 | 63,384 | 92,282 | 72,289 | 72,006 | 144,295 | -11,371 | -7.3% |
| Payments To Individuals | 19,862 | 18,483 | 21,285 | 18,583 | 18,583 | 37,166 | -2,602 | -6.5% |
| Local Assistance | 66,260 | 133,175 | 121,824 | 67,223 | 67,118 | 134,341 | -120,658 | -47.3% |
| Other Financial Transactions | 44 | 45 | 51 | 45 | 45 | 90 | -6 | -6.3% |
| Transfers | 0 | 0 | 0 | 1,911 | 1,911 | 3,822 | 3,822 | n.m |
| Total | 277,755 | 332,475 | 373,304 | 293,063 | 292,433 | 585,496 | -120,283 | -17.0% |

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|--------------------------------|----------------|----------------|-----------------|----------------|----------------|-----------------|--------------------------|----------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Expenditures by Program | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Admin & Related Services | 11,526 | 8,931 | 10,792 | 12,608 | 12,608 | 25,216 | 5,493 | 27.9% |
| Emergency Management | 37,394 | 92,514 | 53,687 | 11,380 | 8,637 | 20,017 | -126,184 | -86.3% |
| Criminal Apprehension | 47,130 | 34,787 | 56,914 | 46,681 | 50,666 | 97,347 | 5,646 | 6.2% |
| Fire Marshal | 3,985 | 3,990 | 4,264 | 3,864 | 3,874 | 7,738 | -516 | -6.3% |
| State Patrol | 71,191 | 73,845 | 86,536 | 81,332 | 81,271 | 162,603 | 2,222 | 1.4% |
| Driver & Vehicle Services | 40,690 | 41,527 | 51,214 | 47,483 | 45,660 | 93,143 | 402 | 0.4% |
| Alcohol & Gambling Enforcement | 2,462 | 2,352 | 2,775 | 2,616 | 2,616 | 5,232 | 105 | 2.0% |
| Traffic Safety | 4,815 | 7,964 | 17,830 | 23,676 | 23,527 | 47,203 | 21,409 | 83.0% |
| Pipeline Safety | 1,632 | 1,670 | 2,125 | 2,105 | 2,101 | 4,206 | 411 | 10.8% |
| Crime Victims Services | 43,188 | 44,580 | 52,312 | 39,667 | 39,966 | 79,633 | -17,259 | -17.8% |
| Law Enforc.& Community Grants | 13,742 | 20,315 | 34,855 | 21,651 | 21,507 | 43,158 | -12,012 | -21.8% |
| Total | 277,755 | 332,475 | 373,304 | 293,063 | 292,433 | 585,496 | -120,283 | -17.0% |

Revenue by Type and Fund**Non Dedicated**

| | | | | | | | | |
|--------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|----------|---------|
| General | 546,583 | 440,277 | 293,613 | 289,560 | 280,838 | 570,398 | -163,492 | -22.3% |
| Cambridge Deposit Fund | 14,477 | -4 | 0 | 0 | 0 | 0 | 4 | -100.0% |
| Trunk Highway | 30,459 | 29,406 | 30,544 | 31,500 | 32,503 | 64,003 | 4,053 | 6.8% |
| Highway Users Tax Distribution | 463,013 | 673,214 | 689,642 | 711,660 | 721,716 | 1,433,376 | 70,520 | 5.2% |
| Environmental | 4,417 | 4,728 | 4,545 | 4,590 | 4,636 | 9,226 | -47 | -0.5% |
| Greater Minnesota Transit | 0 | 0 | 7,479 | 7,701 | 7,454 | 15,155 | 7,676 | 102.6% |
| Subtotal Non Dedicated | 1,058,949 | 1,147,621 | 1,025,823 | 1,045,011 | 1,047,147 | 2,092,158 | -81,286 | -3.7% |

Dedicated

| | | | | | | | | |
|----------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|-----------------|--------------|
| General | 2,237 | 2,131 | 3,044 | 13,882 | 13,486 | 27,368 | 22,193 | 428.9% |
| State Government Special Revenue | 0 | 0 | 96 | 96 | 96 | 192 | 96 | 100.0% |
| Special Revenue | 20,098 | 22,936 | 28,620 | 32,124 | 31,891 | 64,015 | 12,459 | 24.2% |
| Trunk Highway | 1,470 | 60 | 80 | 75 | 75 | 150 | 10 | 7.1% |
| Highway Users Tax Distribution | 482 | -8 | -474 | 0 | 0 | 0 | 482 | -100.0% |
| Federal | 58,188 | 123,098 | 113,852 | 71,862 | 66,385 | 138,247 | -98,703 | -41.7% |
| Reinvest In Minnesota | 1,085 | 1,254 | 1,200 | 1,200 | 1,200 | 2,400 | -54 | -2.2% |
| Gift | 335 | 63 | 100 | 54 | 54 | 108 | -55 | -33.7% |
| Subtotal Dedicated | 83,895 | 149,534 | 146,518 | 119,293 | 113,187 | 232,480 | -63,572 | -21.5% |
| Total Revenue | 1,142,844 | 1,297,155 | 1,172,341 | 1,164,304 | 1,160,334 | 2,324,638 | -144,858 | -5.9% |

Full-Time Equivalents (FTE) **2,005.5** **1,999.0** **2,077.5** **1,987.0** **1,941.0**

PUBLIC SAFETY DEPT

Program: ADMIN & RELATED SERVICES

Narrative

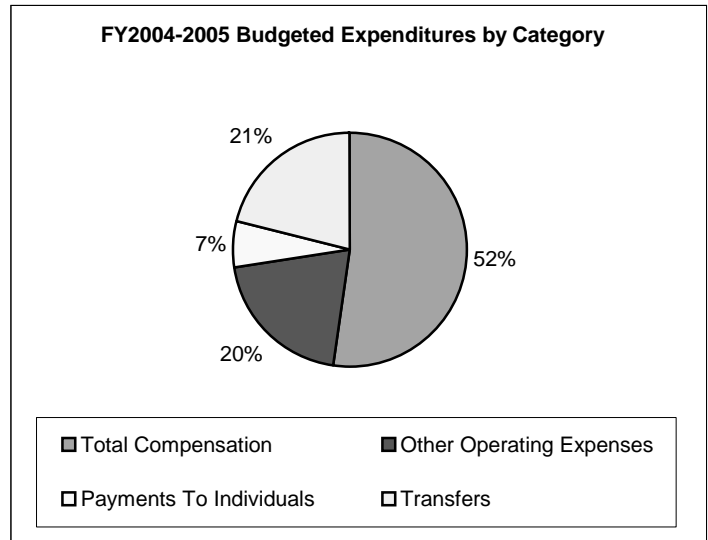
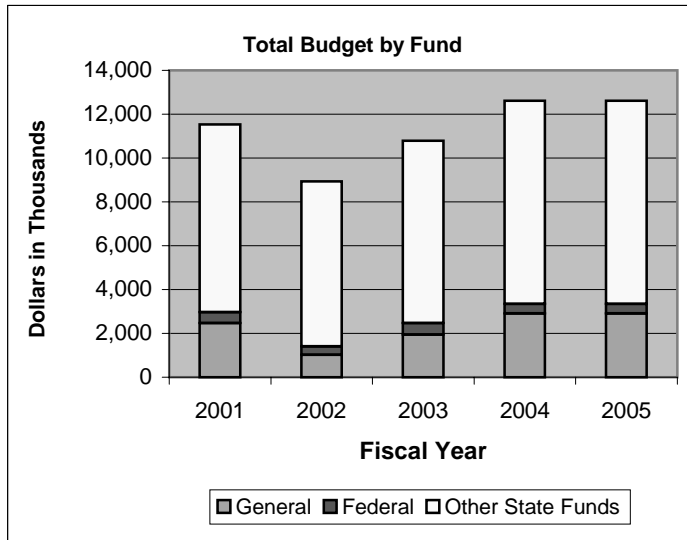
Budget Activities Included:

- ⇒ Office of Communications
- ⇒ Public Safety Support
- ⇒ Technical Support Services

PUBLIC SAFETY DEPT

Program: **ADMIN & RELATED SERVICES**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 2,337 | 863 | 1,783 | 2,903 | 2,903 | 5,806 | 3,160 | 119.4% |
| Trunk Highway | 7,146 | 6,117 | 6,824 | 6,476 | 6,476 | 12,952 | 11 | 0.1% |
| Highway Users Tax Distribution | 59 | 47 | 71 | 1,385 | 1,385 | 2,770 | 2,652 | n.m |
| Statutory Appropriations | | | | | | | | |
| General | 123 | 156 | 162 | 0 | 0 | 0 | -318 | -100.0% |
| Special Revenue | 1,341 | 1,366 | 1,431 | 1,407 | 1,407 | 2,814 | 17 | 0.6% |
| Trunk Highway | 15 | 5 | 5 | 0 | 0 | 0 | -10 | -100.0% |
| Federal | 505 | 377 | 516 | 437 | 437 | 874 | -19 | -2.1% |
| Total | 11,526 | 8,931 | 10,792 | 12,608 | 12,608 | 25,216 | 5,493 | 27.9% |

| | | | | | | | | |
|---------------------------------|---------------|--------------|---------------|---------------|---------------|---------------|--------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 6,596 | 5,789 | 6,757 | 6,551 | 6,631 | 13,182 | 636 | 5.1% |
| Other Operating Expenses | 4,271 | 2,503 | 3,030 | 2,579 | 2,499 | 5,078 | -455 | -8.2% |
| Payments To Individuals | 659 | 639 | 1,005 | 822 | 822 | 1,644 | 0 | 0.0% |
| Transfers | 0 | 0 | 0 | 2,656 | 2,656 | 5,312 | 5,312 | n.m |
| Total | 11,526 | 8,931 | 10,792 | 12,608 | 12,608 | 25,216 | 5,493 | 27.9% |

| | | | | | | | | |
|---------------------------------|---------------|--------------|---------------|---------------|---------------|---------------|--------------|--------------|
| Expenditures by Activity | | | | | | | | |
| Office Of Communications | 1,142 | 1,052 | 1,223 | 1,127 | 1,127 | 2,254 | -21 | -0.9% |
| Public Safety Support | 5,465 | 5,472 | 6,604 | 8,772 | 8,772 | 17,544 | 5,468 | 45.3% |
| Technical Support Services | 4,919 | 2,407 | 2,965 | 2,709 | 2,709 | 5,418 | 46 | 0.9% |
| Total | 11,526 | 8,931 | 10,792 | 12,608 | 12,608 | 25,216 | 5,493 | 27.9% |

PUBLIC SAFETY DEPT

Program: **ADMIN & RELATED SERVICES**

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|--|--------------------------|--------------------------|----------------------------|-----------------|-----------------|-----------------------------|--|----------------|
| | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base | | Biennium 2004-05 | Dollars | Percent |
| Revenue by Type and Fund | | | | FY2004 | FY2005 | | | |
| Dedicated | | | | | | | | |
| General | 144 | 156 | 162 | 0 | 0 | 0 | -318 | -100.0% |
| Special Revenue | 1,047 | 1,078 | 1,108 | 1,112 | 1,112 | 2,224 | 38 | 1.7% |
| Trunk Highway | 0 | 0 | 5 | 0 | 0 | 0 | -5 | -100.0% |
| Federal | 512 | 384 | 502 | 437 | 437 | 874 | -12 | -1.4% |
| Subtotal Dedicated | 1,703 | 1,618 | 1,777 | 1,549 | 1,549 | 3,098 | -297 | -8.7% |
| Total Revenue | 1,703 | 1,618 | 1,777 | 1,549 | 1,549 | 3,098 | -297 | -8.7% |
| Full-Time Equivalents (FTE) | 107.2 | 91.8 | 94.4 | 92.9 | 91.0 | | | |

PUBLIC SAFETY DEPT

Program: ADMIN & RELATED SERVICES

Activity: OFFICE OF COMMUNICATIONS

Narrative

Activity Description

The Office of Communications delivers the department's message and responds to media requests on behalf of the ten divisions within the Department of Public Safety (DPS).

Population Served

The Office of Communications serves DPS employees, the media, the public, the legislature, other state agencies, and external constituent groups such as law enforcement agencies.

Services Provided

Communications coordinates activities that establish the department as a leader and effective public policy maker on issues that affect public safety by:

- ♦ assisting the Commissioner's Office in developing a unified departmental message; and
- ♦ promoting DPS's three primary functions: service, enforcement, and prevention.

Communications also provides strategic direction, leadership, and professional communications services and support including:

- ♦ development of communication plans and processes;
- ♦ ongoing execution of media relations;
- ♦ development, coordination, and production of a range of communications vehicles and publications, including editorial and graphic content;
- ♦ planning, coordination and execution of special events and programming; and
- ♦ development and dissemination of public information and educational materials.

Key Measures

- ⇒ **Relationships with the media and the amount of media coverage.** Communications responds to media requests and proactively provides information to the media. The goal is to continue positive working relationships with media outlets and increase the amount of coverage DPS receives by 25% in FY 2004 and FY 2005.
- ⇒ **Distribution of an internal DPS news publication and electronic newsletter.** Communications provides employees with departmental news and information so employees are better informed and develop a stronger sense of team spirit. The goal is to distribute a printed publication via the mail and the intranet six times per year and electronically deliver the e-newsletter bi-monthly.

Activity Funding

This activity is a mix of General Fund appropriations (3%), Special Revenue Fund accounts (27%), Trunk Highway Fund appropriations (33%) and Federal Funds (37%). The source of the Special Revenue Funds is driver license motorcycle endorsement fees (Motorcycle Safety Account).

Contact

Kevin Smith

Director

(651) 296-8383

<http://www.dps.state.mn.us/comm/comm.html>

Activity at a Glance

In FY 2001:

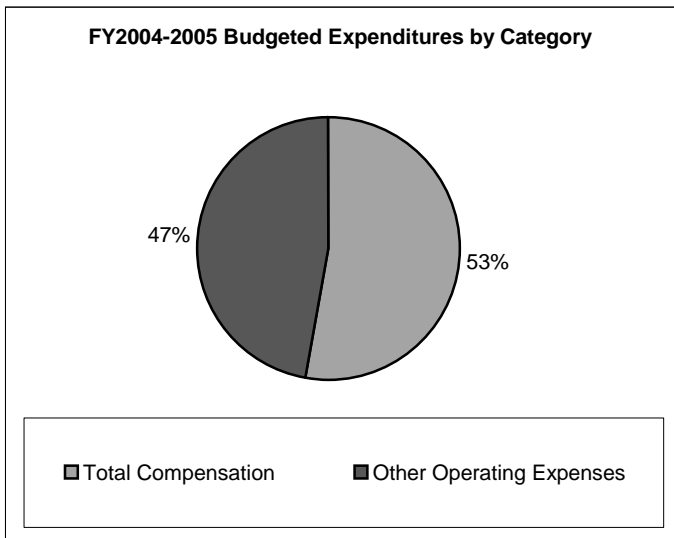
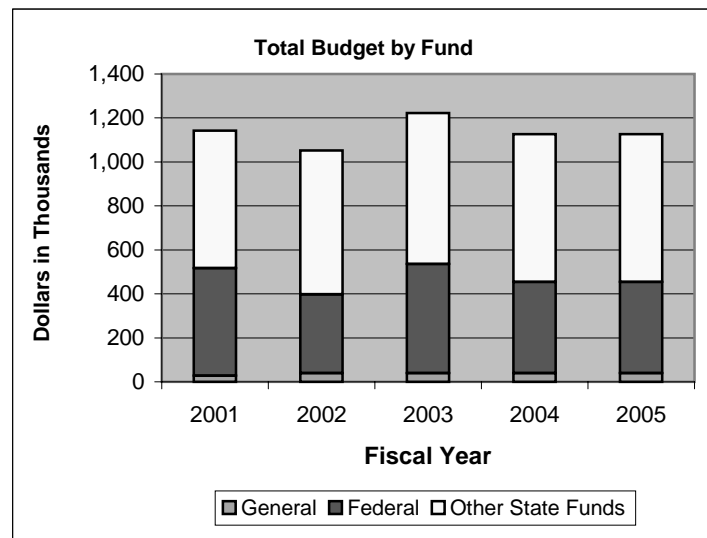
- ♦ Sent 250 news advisories and releases
- ♦ Responded to 1,850 media calls
- ♦ Initiated 500 media calls
- ♦ Coordinated 35 news conferences
- ♦ Designed and wrote 35 publications
- ♦ Wrote/edited 20 articles and reports

PUBLIC SAFETY DEPT

Program: **ADMIN & RELATED SERVICES**

Activity: OFFICE OF COMMUNICATIONS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 16 | 20 | 20 | 39 | 39 | 78 | 38 | 95.0% |
| Trunk Highway | 343 | 355 | 393 | 378 | 378 | 756 | 8 | 1.1% |
| Statutory Appropriations | | | | | | | | |
| General | 12 | 19 | 19 | 0 | 0 | 0 | -38 | -100.0% |
| Special Revenue | 283 | 299 | 295 | 295 | 295 | 590 | -4 | -0.7% |
| Federal | 488 | 359 | 496 | 415 | 415 | 830 | -25 | -2.9% |
| Total | 1,142 | 1,052 | 1,223 | 1,127 | 1,127 | 2,254 | -21 | -0.9% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 471 | 469 | 557 | 588 | 599 | 1,187 | 161 | 15.7% |
| Other Operating Expenses | 671 | 583 | 666 | 539 | 528 | 1,067 | -182 | -14.6% |
| Total | 1,142 | 1,052 | 1,223 | 1,127 | 1,127 | 2,254 | -21 | -0.9% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| General | 12 | 19 | 19 | 0 | 0 | 0 | -38 | -100.0% |
| Federal | 494 | 369 | 483 | 415 | 415 | 830 | -22 | -2.6% |
| Subtotal Dedicated | 506 | 388 | 502 | 415 | 415 | 830 | -60 | -6.7% |
| Total Revenue | 506 | 388 | 502 | 415 | 415 | 830 | -60 | -6.7% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 9.2 | 8.6 | 9.7 | 9.6 | 9.6 |
|------------------------------------|------------|------------|------------|------------|------------|

PUBLIC SAFETY DEPT

Program: ADMIN & RELATED SERVICES

Activity: PUBLIC SAFETY - SUPPORT

Narrative

Activity Description

Public Safety Support includes three separate offices: the Commissioner's Office, Fiscal & Administrative Services, and Human Resource Management & Development. The Commissioner's Office provides overall leadership for the entire Department of Public Safety (DPS) as it relates to the three main goals of DPS: service, prevention, and enforcement. Fiscal & Administrative Services provides financial and administrative support to the divisions and staff offices within DPS. Human Resource Management & Development provides professional human resource services to all employees within DPS.

Activity at a Glance

- ◆ The Commissioner's Office oversees 17 separate divisions within DPS with over 2,000 employees
- ◆ Human Resources held 117 classes with 1,369 students in FY 2002.
- ◆ Fiscal & Administrative Services processed 39,867 payments to vendors, with 98.3% paid within 30 days in FY 2002.

Population Served

Public Safety Support primarily serves all the employees and divisions within DPS but also serves other state agencies, the legislature, public safety constituent groups such as law enforcement, federal public safety agencies, and the citizens of Minnesota.

Services Provided

The Commissioner's Office provides strategic and operational planning, management of divisions, legislative services, constituent response, and overall leadership of the goals of the agency. This office also serves as the Minnesota Office of Homeland Security providing a link between the federal Office of Homeland Security and local first responders throughout the state.

Fiscal & Administrative Services provides budgeting, general accounting, financial reporting, payroll coordination, accounts payable, purchasing, grant and contract management, and administrative support services.

Human Resource Management & Development provides recruitment and staffing, exam development, classification, compensation, benefits and insurance, workforce planning, labor relations and negotiations, workers compensation and safety, and training and development classes.

Key Measures

- ⇒ **Implementation of DPS strategic plan.** Each division sets goals with targets and results; Public Safety Support works with division directors to assure that strategic plan goals are met annually.
- ⇒ **Efficiency of the grant contract process.** Fiscal & Administrative Services has a plan to improve efficiency through guidelines, checklists, training materials, on-line tools, training sessions and by updating administrative policies by March 2003.
- ⇒ **Implementation of Resumix for all vacancies filled within the department.** Resumix is a new system that will be used to hire for positions within state agencies. The goal is to provide training and have Resumix in place within FY 2003.

Activity Funding

This activity is funded by a mix of General Fund appropriations (20%), Special Revenue Funds (19%), Trunk Highway Fund appropriations (60%), and Highway User Tax Distribution Fund appropriation (1%). The source of the Special Revenue Funds is the recovery of indirect costs.

Contact

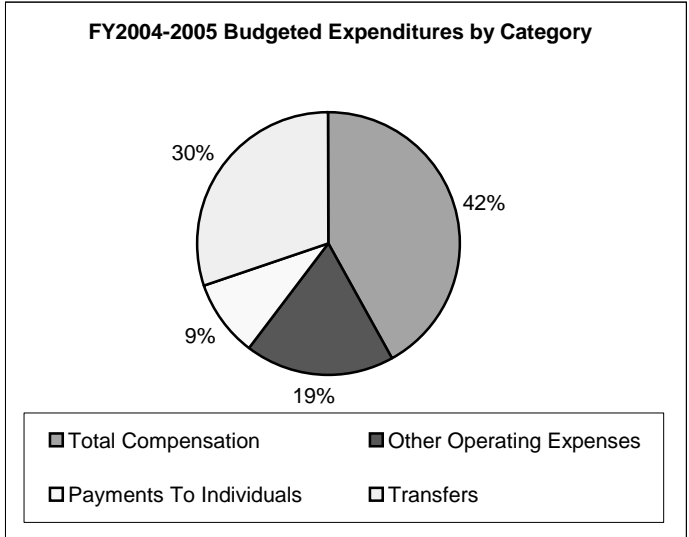
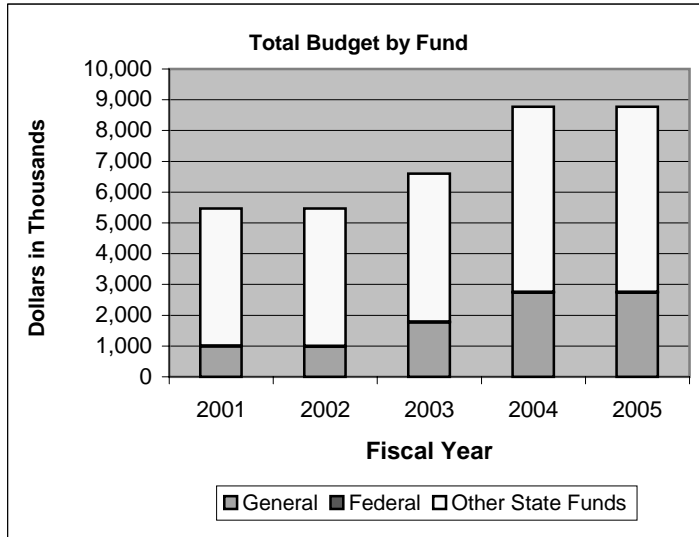
Charlie Weaver
Commissioner
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PUBLIC SAFETY DEPT

Program: **ADMIN & RELATED SERVICES**

Activity: PUBLIC SAFETY SUPPORT

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 877 | 843 | 1,629 | 2,730 | 2,730 | 5,460 | 2,988 | 120.9% |
| Trunk Highway | 3,347 | 3,362 | 3,631 | 3,542 | 3,542 | 7,084 | 91 | 1.3% |
| Highway Users Tax Distribution | 40 | 40 | 40 | 1,366 | 1,366 | 2,732 | 2,652 | n.m |
| Statutory Appropriations | | | | | | | | |
| General | 111 | 137 | 143 | 0 | 0 | 0 | -280 | -100.0% |
| Special Revenue | 1,058 | 1,067 | 1,136 | 1,112 | 1,112 | 2,224 | 21 | 1.0% |
| Trunk Highway | 15 | 5 | 5 | 0 | 0 | 0 | -10 | -100.0% |
| Federal | 17 | 18 | 20 | 22 | 22 | 44 | 6 | 15.8% |
| Total | 5,465 | 5,472 | 6,604 | 8,772 | 8,772 | 17,544 | 5,468 | 45.3% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 3,234 | 3,469 | 3,688 | 3,659 | 3,683 | 7,342 | 185 | 2.6% |
| Other Operating Expenses | 1,572 | 1,364 | 1,911 | 1,635 | 1,611 | 3,246 | -29 | -0.9% |
| Payments To Individuals | 659 | 639 | 1,005 | 822 | 822 | 1,644 | 0 | 0.0% |
| Transfers | 0 | 0 | 0 | 2,656 | 2,656 | 5,312 | 5,312 | n.m |
| Total | 5,465 | 5,472 | 6,604 | 8,772 | 8,772 | 17,544 | 5,468 | 45.3% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| General | 132 | 137 | 143 | 0 | 0 | 0 | -280 | -100.0% |
| Special Revenue | 1,047 | 1,078 | 1,108 | 1,112 | 1,112 | 2,224 | 38 | 1.7% |
| Trunk Highway | 0 | 0 | 5 | 0 | 0 | 0 | -5 | -100.0% |
| Federal | 18 | 15 | 19 | 22 | 22 | 44 | 10 | 29.4% |
| Subtotal Dedicated | 1,197 | 1,230 | 1,275 | 1,134 | 1,134 | 2,268 | -237 | -9.5% |
| Total Revenue | 1,197 | 1,230 | 1,275 | 1,134 | 1,134 | 2,268 | -237 | -9.5% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 57.1 | 57.2 | 55.7 | 54.5 | 53.2 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

Activity Description

The Office of Technical Support Services (OTSS) designs and supports a department wide set of CORE computer services including: the computer network infrastructure, e-mail communication system, web services, and information systems security services. OTSS also develops software applications for division programs and provides desktop support to Department of Public Safety (DPS) staff.

Population Served

OTSS primarily serves employees within the Department of Public Safety. All programs within the DPS including the Bureau of Criminal Apprehension, CriMNet, the Minnesota State Patrol, Driver and Vehicle Services, Emergency Management, State Fire Marshal, and Pipeline Safety are dependent on the CORE services OTSS provides.

Services Provided

OTSS designs, implements, and supports the Department of Public Safety network architecture. This is a complex infrastructure that includes e-mail and file and print services that supports staff in locations throughout the state. The department web master manages the department web server and assists division personnel in developing web pages and interactive applications for the public and business partners. Programming services are provided for all divisions of DPS to develop needed software applications to carry out their program goals. OTSS also provides department-wide information systems planning and represents the department's interests on the State Information Policy Council and the State Technical Architecture Review Board. The information security officer directs computer systems security out of the OTSS, including firewall support, network monitoring, incident response, and intrusion testing. OTSS provides system architecture design services through our network group that also manages all switches and routers and works with InterTech and other providers of our wide area network connectivity.

Additionally, OTSS provides personal computer desktop support services for ten DPS divisions with over 600 staff. This includes hardware and software installations, upgrades and removals, helpdesk support, software license compliance management, and problem resolution (in addition to telephone system support).

Key Measures

- ⇒ Implementation of computer security system recommendations.
A network security vulnerability assessment and corrective network architecture plan was developed for the department in 1999 by InterSec, a vendor who specializes in security architecture development. The department has implemented approximately 85% of the recommendations with the limited resources available. With the need to focus more directly on security due to homeland security responsibilities that the department now has, there is a need to complete implementation and maintain security into the future.
- ⇒ The amount of bandwidth needed to provide necessary network operating services.
As more and more DPS services to the public and business partners are delivered over computer networks, including the Internet, the department must keep pace with providing the necessary bandwidth to carry these services. Network efficiency monitoring must reflect an average efficiency of at least 99% each year to be sure those programs can operate adequately.
- ⇒ Desktop support problem resolution.
Trouble calls are assigned an appropriate priority when received and are completed within the agreed upon timeframe for the priority assigned (four hours for a priority one, eight hours for a priority two etc.). On-time problem resolution should be at a 90% level or better.

Activity at a Glance

- ◆ Manages department information systems security for all programs and 1,800 DPS computer users.
- ◆ Provides desktop support for over 600 DPS employees housed in five major locations, 17 small sites, and 250 individual remote locations across the state.
- ◆ Provides telephone system support for 600 phones for DPS employees and telephone service request coordination for the entire department.

PUBLIC SAFETY DEPT

Program: ADMIN & RELATED SERVICES

Activity: TECHNICAL SUPPORT SERVICES

Narrative

Activity Funding

This activity is funded by a mix of a General Fund appropriation (3%), and Trunk Highway Fund appropriations (97%).

Contact

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Chief Information Officer
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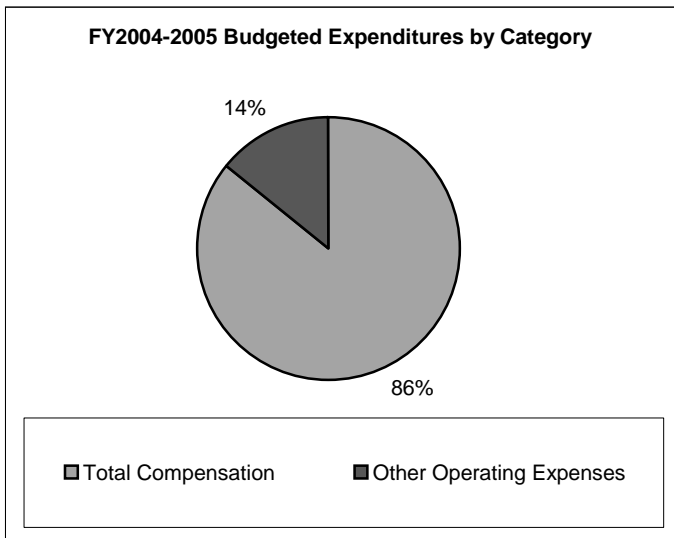
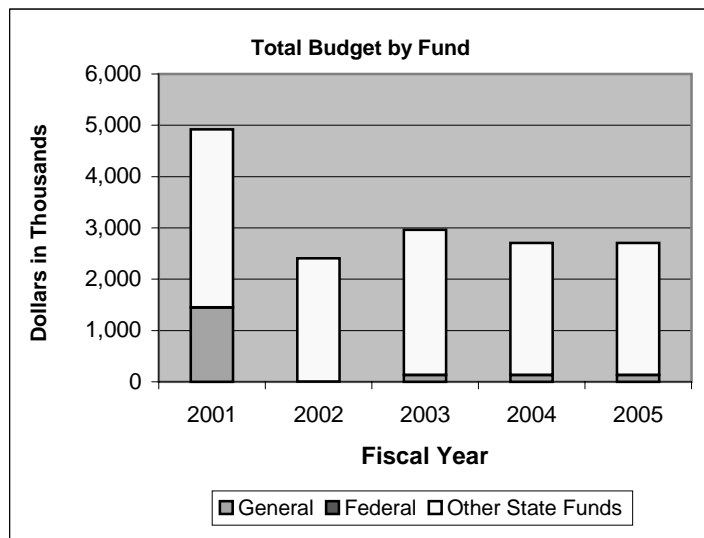
<http://www.dps.state.mn.us>

PUBLIC SAFETY DEPT

Program: **ADMIN & RELATED SERVICES**

Activity: TECHNICAL SUPPORT SERVICES

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|--------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 1,444 | 0 | 134 | 134 | 134 | 268 | 134 | 100.0% |
| Trunk Highway | 3,456 | 2,400 | 2,800 | 2,556 | 2,556 | 5,112 | -88 | -1.7% |
| Highway Users Tax Distribution | 19 | 7 | 31 | 19 | 19 | 38 | 0 | 0.0% |
| Total | 4,919 | 2,407 | 2,965 | 2,709 | 2,709 | 5,418 | 46 | 0.9% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------|-------------|
| Total Compensation | 2,891 | 1,851 | 2,512 | 2,304 | 2,349 | 4,653 | 290 | 6.6% |
| Other Operating Expenses | 2,028 | 556 | 453 | 405 | 360 | 765 | -244 | -24.2% |
| Total | 4,919 | 2,407 | 2,965 | 2,709 | 2,709 | 5,418 | 46 | 0.9% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 40.9 | 26.0 | 29.0 | 28.8 | 28.2 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

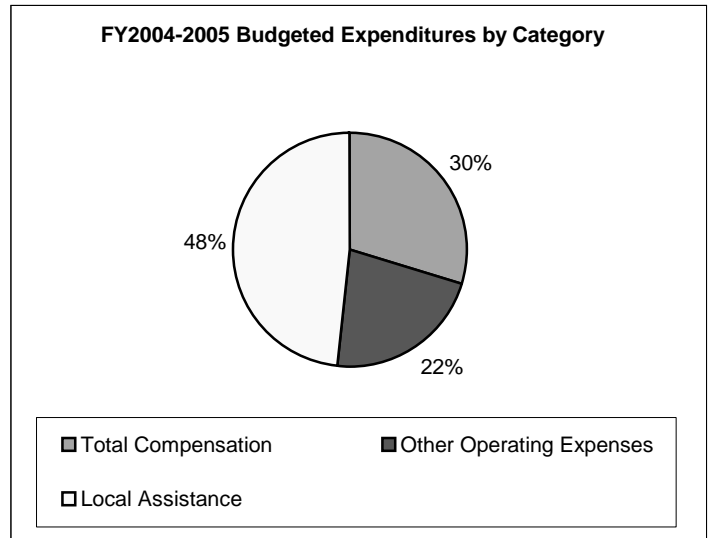
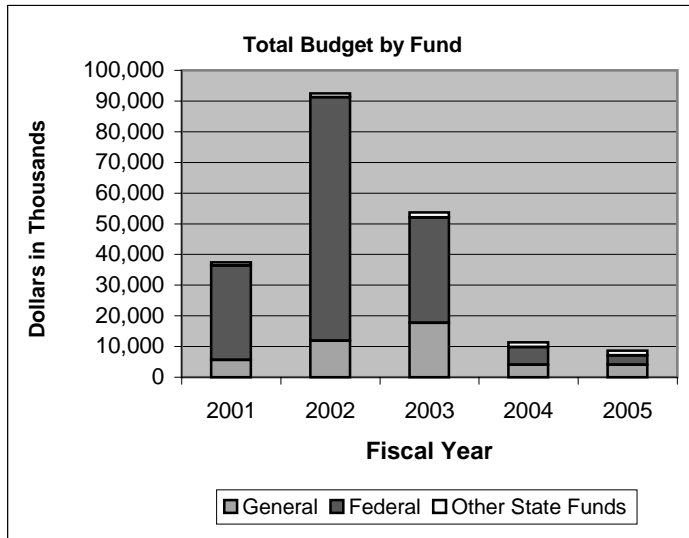
Budget Activities Included:

- ⇒ Emergency Management Performance Grants
- ⇒ Emergency Response Commission
- ⇒ Nuclear Plant Preparedness

PUBLIC SAFETY DEPT

Program: EMERGENCY MANAGEMENT

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Carry Forward | | | | | | | | |
| General | 0 | 0 | 0 | 16 | 17 | 33 | 33 | n.m |
| Direct Appropriations | | | | | | | | |
| General | 5,591 | 11,934 | 17,678 | 4,027 | 4,027 | 8,054 | -21,558 | -72.8% |
| Environmental | 46 | 43 | 53 | 49 | 49 | 98 | 2 | 2.1% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 968 | 1,186 | 1,568 | 1,544 | 1,544 | 3,088 | 334 | 12.1% |
| Federal | 30,789 | 79,351 | 34,388 | 5,744 | 3,000 | 8,744 | -104,995 | -92.3% |
| Total | 37,394 | 92,514 | 53,687 | 11,380 | 8,637 | 20,017 | -126,184 | -86.3% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|--------------|---------------|-----------------|---------------|
| Total Compensation | 2,926 | 2,716 | 4,021 | 3,024 | 2,927 | 5,951 | -786 | -11.7% |
| Other Operating Expenses | 2,677 | 2,261 | 5,447 | 2,236 | 2,166 | 4,402 | -3,306 | -42.9% |
| Payments To Individuals | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Local Assistance | 31,790 | 87,537 | 44,219 | 6,120 | 3,544 | 9,664 | -122,092 | -92.7% |
| Total | 37,394 | 92,514 | 53,687 | 11,380 | 8,637 | 20,017 | -126,184 | -86.3% |

| Expenditures by Activity | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|--------------|---------------|-----------------|---------------|
| Emerg. Mgmt. Performance Grts. | 35,913 | 90,907 | 51,647 | 9,389 | 6,660 | 16,049 | -126,505 | -88.7% |
| Nuclear Plant Preparedness | 936 | 1,160 | 1,476 | 1,452 | 1,452 | 2,904 | 268 | 10.2% |
| Emergency Response Commission | 545 | 447 | 564 | 539 | 525 | 1,064 | 53 | 5.2% |
| Total | 37,394 | 92,514 | 53,687 | 11,380 | 8,637 | 20,017 | -126,184 | -86.3% |

PUBLIC SAFETY DEPT

Program: EMERGENCY MANAGEMENT

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|-----------------------------|------------------|------------------|--------------------|----------------|--------------|---------------------|--------------------------------------|---------------|
| Revenue by Type and Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | FY2005 | Biennium 2004-05 | Dollars | Percent |
| Non Dedicated | | | | | | | | |
| General | 0 | 574 | 626 | 626 | 626 | 1,252 | 52 | 4.3% |
| Cambridge Deposit Fund | 588 | -1 | 0 | 0 | 0 | 0 | 1 | -100.0% |
| Subtotal Non Dedicated | 588 | 573 | 626 | 626 | 626 | 1,252 | 53 | 4.4% |
| Dedicated | | | | | | | | |
| Special Revenue | 921 | 1,197 | 1,544 | 1,544 | 1,544 | 3,088 | 347 | 12.7% |
| Federal | 30,872 | 79,229 | 34,295 | 5,744 | 3,000 | 8,744 | -104,780 | -92.3% |
| Subtotal Dedicated | 31,793 | 80,426 | 35,839 | 7,288 | 4,544 | 11,832 | -104,433 | -89.8% |
| Total Revenue | 32,381 | 80,999 | 36,465 | 7,914 | 5,170 | 13,084 | -104,380 | -88.9% |
| | | | | | | | | |
| Full-Time Equivalents (FTE) | 53.2 | 49.0 | 57.2 | 47.5 | 46.0 | | | |

Activity Description

The Emergency Management Performance Grant (EMPG) activity exists to develop and maintain the state's emergency management system and structure. EMPG enables the state to prepare for, respond to, and recover from major emergencies/disasters, as well as reduce/eliminate potential damage from future disasters. The federal government makes EMPG monies available to states on a 50-50-match basis.

Population Served

Primarily the EMPG activity serves local government (counties, cities and townships), certain private, nonprofit entities, other state agencies, and the private sector.

Services Provided

Principal EMPG services include:

- ◆ coordinating state agency disaster preparedness, response, recovery, and mitigation efforts;
- ◆ assisting local government with emergency plan development and providing training and on-site assistance;
- ◆ providing local financial assistance through a number of federal and state grant programs;
- ◆ coordinating with federal, state, and local governments and the private sector
- ◆ providing a 24/7 central point of contact for receipt of emergency notifications and requests for assistance;
- ◆ coordinating the damage assessment process, preparing requests for federal and state disaster assistance, and administering disaster relief programs following presidential declarations; and
- ◆ reducing the potential for future disaster damage.

Activity at a Glance

- ◆ 16 presidential declarations for Minnesota since 1992
- ◆ 1,300 individual disaster declaration applicants (local governments, state agencies, and private, non-profit entities) currently being served assistance
- ◆ 110 training classes conducted, October 1999 to present
- ◆ \$77.1 million in total federal disaster assistance disbursed in FY2002
- ◆ 5,226 individuals trained, October 1999 to present

Historical Perspective

As indicated above, the federal government makes EMPG grant monies available to states on a 50-50-match basis. The federal EMPG program has been in existence for over 40 years, with the objective of helping to ensure that states maintain at least minimal emergency management staff and capabilities. At one time, Minnesota's (federal) EMPG award was equal to the amount it requested. However, in recent years Minnesota's annual award has either remained constant or been reduced. As a result, the division has had to eliminate certain staff positions and reduce the amount of federal EMPG funding passed through to local governments.

Key Measures**1. Preparation time for federal disaster assistance requests.**

The goal is that all federal disaster assistance requests will be prepared and submitted to the Federal Emergency Management Agency (FEMA) within 30 days of the event. This performance measure serves as an indicator of the division's responsiveness and timeliness in requesting federal aid following a major emergency/disaster. Preparation of requests for federal disaster assistance is a complex process. The likelihood that a request will be approved *decreases* as more time elapses between the disaster event and the submission of the request. Also, in times of disaster, it is imperative that assistance be provided to disaster victims, whether they are individual citizens, local governments, or private, nonprofit entities, as quickly as possible.

PUBLIC SAFETY DEPT**Program: EMERGENCY MANAGEMENT****Activity: EMERGENCY MANAGEMENT PERFORMANCE GRANT****Narrative**

Recent record of performance for submission of requests for federal assistance:

| Federal Fiscal Year | Disaster Event | Original/Amended Requests Submitted Within 30 Days? | |
|---|---|---|-------------|
| | | Yes | No |
| 2000 | <i>Original</i> presidential declaration (DR-1333) on 6/27/00 for (7) counties in southeast Minnesota, for flooding caused by excessive rainfall; declaration amended three times to add counties and/or to make some previously-declared counties eligible for other disaster assistance programs. | 4 | 0 |
| 2001 | <i>Original</i> presidential declaration (DR-1370) on 5/16/01 for 31 counties, for severe winter storms, flooding and tornadoes; declaration amended seven times to add counties and/or to make some previously-declared counties eligible for other disaster assistance programs. | 8 | 0 |
| 2002 (to-date) | <i>Original</i> presidential declaration (DR-1419) on 6/14/02 for (1) County; to-date, declaration has been amended five times to add counties and/or to make some previously declared counties eligible for other disaster assistance programs. | 6 | 0 |
| Total number/percentage of original/amended requests submitted for federal assistance: | | 18/100% | 0/0% |

2. The number of emergency management classes offered.

Division of Emergency Management will offer a minimum of 20 emergency management classes by September 30th of each year. These classes are an important tool for increasing the knowledge and skills of local and state emergency management personnel. The training provides practical information that such personnel can use on a daily basis, and helps them to respond more effectively when major emergencies/disasters strike. In recent years, the annual Governor's Emergency Management Conference has been used very effectively as a venue for training large numbers of emergency management personnel in multiple subject areas.

Recent record of performance of the delivery of FEMA and state-developed emergency management training classes:

| Federal Fiscal Year | Number of Classes | Number of Students |
|---------------------|-------------------|--------------------|
| 2000 | 35 | 1,313 |
| 2001 | 37 | 1,466 |
| 2002 | 38 | 2,447 |

Activity Funding

This activity is funded by a mix of General Fund appropriations (21%) and Federal Funds (79%).

Contact

Sherrill Neudahl
Division of Emergency Management
(651) 296-0465

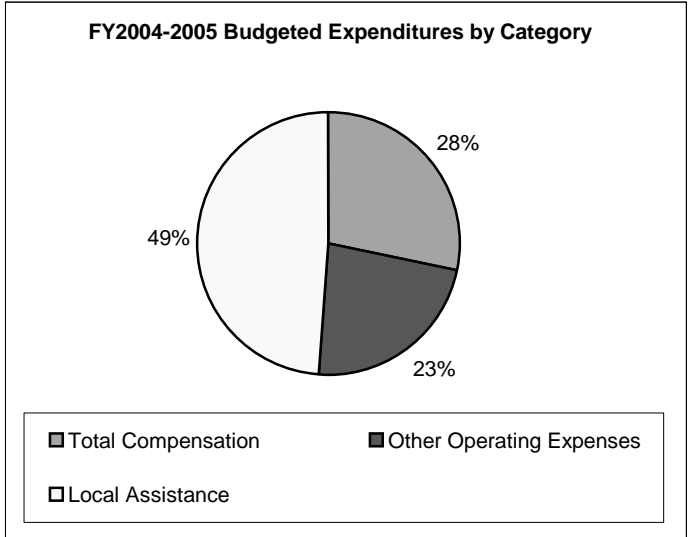
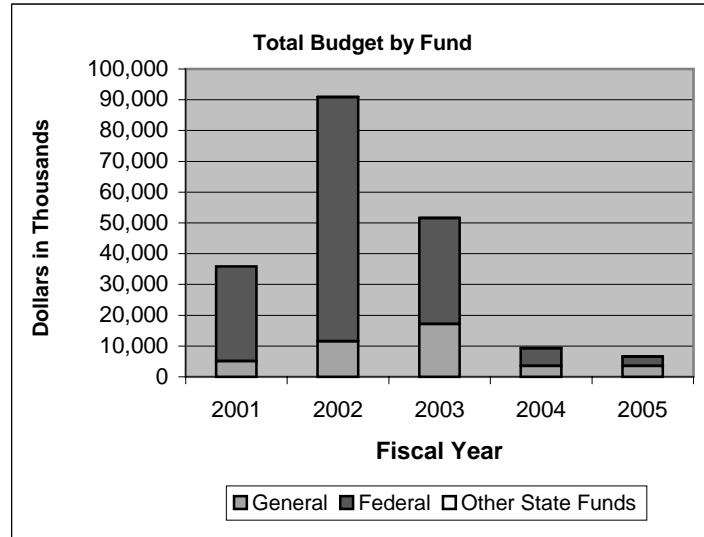
<http://www.dem.state.mn.us/>

PUBLIC SAFETY DEPT

Program: **EMERGENCY MANAGEMENT**

Activity: EMERG. MGMT. PERFORMANCE GRTS.

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Carry Forward | | | | | | | | |
| General | 0 | 0 | 0 | 16 | 17 | 33 | 33 | n.m |
| Direct Appropriations | | | | | | | | |
| General | 5,092 | 11,530 | 17,167 | 3,537 | 3,551 | 7,088 | -21,609 | -75.3% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 32 | 26 | 92 | 92 | 92 | 184 | 66 | 55.9% |
| Federal | 30,789 | 79,351 | 34,388 | 5,744 | 3,000 | 8,744 | -104,995 | -92.3% |
| Total | 35,913 | 90,907 | 51,647 | 9,389 | 6,660 | 16,049 | -126,505 | -88.7% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|--------------|--------------|---------------|-----------------|---------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 2,345 | 2,176 | 3,336 | 2,332 | 2,227 | 4,559 | -953 | -17.3% |
| Other Operating Expenses | 2,272 | 1,917 | 5,023 | 1,844 | 1,796 | 3,640 | -3,300 | -47.6% |
| Payments To Individuals | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Local Assistance | 31,295 | 86,814 | 43,288 | 5,213 | 2,637 | 7,850 | -122,252 | -94.0% |
| Total | 35,913 | 90,907 | 51,647 | 9,389 | 6,660 | 16,049 | -126,505 | -88.7% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|--------------|--------------|--------------|-----------------|---------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Special Revenue | 45 | 22 | 92 | 92 | 92 | 184 | 70 | 61.4% |
| Federal | 30,872 | 79,229 | 34,295 | 5,744 | 3,000 | 8,744 | -104,780 | -92.3% |
| Subtotal Dedicated | 30,917 | 79,251 | 34,387 | 5,836 | 3,092 | 8,928 | -104,710 | -92.1% |
| Total Revenue | 30,917 | 79,251 | 34,387 | 5,836 | 3,092 | 8,928 | -104,710 | -92.1% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 43.6 | 39.9 | 46.2 | 36.4 | 34.9 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

Activity Description

The Emergency Response Commission (ERC) exists for the purpose of implementing the provisions of the (federal) Emergency Planning and Community Right-to-Know Act (EPCRA) in Minnesota. EPCRA was enacted in response to the disastrous toxic chemical release in Bhopal, India that resulted in many fatalities. EPCRA is intended to help ensure that local communities have the information they need to respond effectively to a serious hazardous chemical accident. Lastly, the ERC generates revenue from fees that are assessed on facilities that use, store, or accidentally release hazardous materials.

Activity at a Glance

- ◆ 5,500 facilities are included in the ERC database
- ◆ \$573,000 in total fees were collected in FY2002

Population Served

The entire population of Minnesota is potentially served by the ERC, because all Minnesotans depend on state and local government first responders (fire fighters, law enforcement, and emergency medical services personnel) to have the hazardous chemical information they need to protect the public in the event of an accident. Further, the ERC enables the general public, the legislature, and regulatory and public health agencies to know where and what hazardous materials are being used in Minnesota, the quantity of those materials, and whether those quantities are increasing or decreasing. Lastly, the ERC permits local government first responders to obtain specific information about the hazardous chemicals that are on-site at each individual facility in their communities.

Services Provided

Principal ERC activity services include:

- ◆ collecting and maintaining in a database, information about hazardous materials that are used, stored at facilities, or released into the environment;
- ◆ using the Internet, annual reports, and other means to disseminate information to the public and to first responders about hazardous materials stored, used, and released into the environment;
- ◆ reviewing local emergency operations plans to ensure that they include the hazardous materials accident/incident response information required by EPCRA and M.S. 299K, to enable first responders to adequately protect the public;
- ◆ conducting annual training designed to improve compliance with state and federal hazardous materials reporting requirements; and
- ◆ collecting fees intended to cover some of the commission's cost of data management, administration, operating the state emergency management center, and maintaining the state's regional hazardous materials incident response teams.

Historical Perspective

"Community Right-to-Know" has always been a critical component of the ERC. Both federal and state law contain provisions that are intended to ensure that key information about the types of hazardous materials stored, used, and released by facilities is available to both the general public and government entities. In response, both the federal government and the ERC have worked to make the information in question more easily accessible. However, the events of September 11th have prompted both the public and the private sector to review the hazardous materials information that is currently available to the general public, and to reconsider whether such information *should* be readily available. As part of that effort, the ERC has chosen to remove some sensitive information from its web site. It is clear that there will need to be a continuing review of this issue in order to arrive at an appropriate balance between the community's right-to-know, and the need to limit access to information that might be used by those with criminal intent.

Key Measures**Accuracy and completeness of the Emergency Response Commission database.**

- ⇒ Each year the ERC database will be reviewed and adjusted to ensure that the information it contains is both accurate and complete. At the present time, over 5,500 facilities in Minnesota that store, use, and/or release specific quantities of certain hazardous materials are required annually to submit a report (or reports) to the

PUBLIC SAFETY DEPT

Program: EMERGENCY MANAGEMENT

Activity: EMERGENCY RESPONSE COMMISSION

Narrative

ERC. The information contained in those reports is entered into the database. Each year, there are facilities that no longer need to report, while new facilities become subject to the reporting requirements. The ERC database must be reviewed and updated annually in order to ensure that the information it contains is accurate and complete. Information in the ERC database is used by emergency management planners and emergency response agency commanders to further their knowledge of the potential hazards in their community. The ERC staff typically provides the information on an intermittent, as-requested basis; but also occasionally makes it available in conjunction with special training events or meetings.

- ⇒ FY2000 – The database was comprehensively reviewed and updated; 1,200 facilities were added as active reporters.
- ⇒ FY 2001 – The database was reviewed and 350 potential data errors were detected. The questionable information was sent to facilities for correction and clarification. Once the requested information was returned, it was entered into the database.

Activity Funding

This activity is funded by a mix of General Funds (91%) and Environmental Funds (9%).

Contact

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(651) 282-5396

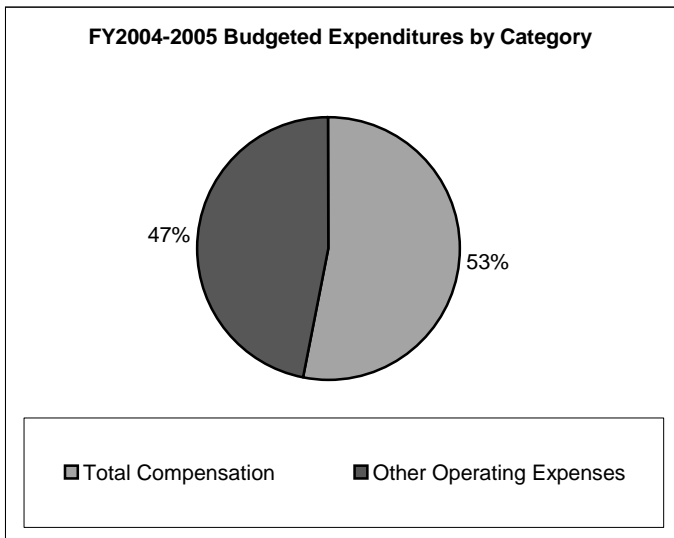
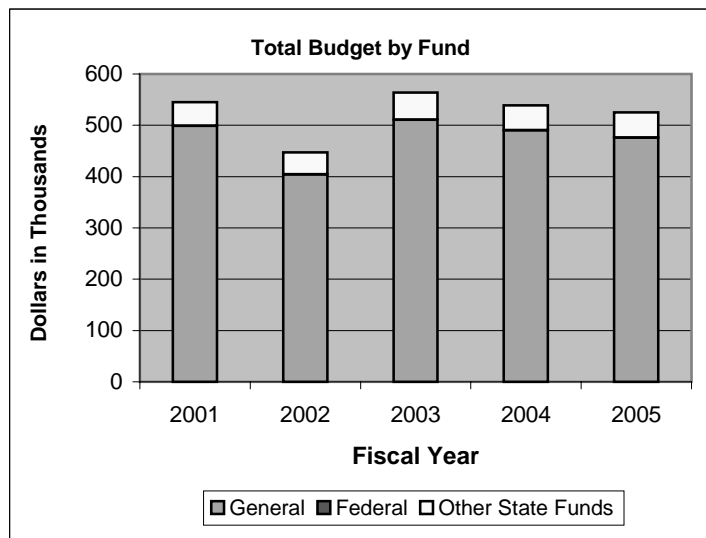
<http://www.erc.state.mn.us/>

PUBLIC SAFETY DEPT

Program: **EMERGENCY MANAGEMENT**

Activity: EMERGENCY RESPONSE COMMISSION

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 499 | 404 | 511 | 490 | 476 | 966 | 51 | 5.6% |
| Environmental | 46 | 43 | 53 | 49 | 49 | 98 | 2 | 2.1% |
| Total | 545 | 447 | 564 | 539 | 525 | 1,064 | 53 | 5.2% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|--------------|-----------|-------------|
| Total Compensation | 302 | 219 | 304 | 289 | 275 | 564 | 41 | 7.8% |
| Other Operating Expenses | 243 | 228 | 260 | 250 | 250 | 500 | 12 | 2.5% |
| Total | 545 | 447 | 564 | 539 | 525 | 1,064 | 53 | 5.2% |

| Revenue by Type and Fund | | | | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|-------|----|---------|
| Non Dedicated | | | | | | | | |
| General | 0 | 574 | 626 | 626 | 626 | 1,252 | 52 | 4.3% |
| Cambridge Deposit Fund | 588 | -1 | 0 | 0 | 0 | 0 | 1 | -100.0% |
| Subtotal Non Dedicated | 588 | 573 | 626 | 626 | 626 | 1,252 | 53 | 4.4% |
| Full-Time Equivalents (FTE) | 4.7 | 3.6 | 4.9 | 5.0 | 5.0 | | | |

Activity Description

Nuclear plant preparedness exists to coordinate a variety of preparedness activities designed to ensure that both the state and local governments are prepared to respond effectively in the event of a nuclear power plant accident/incident. This activity was established by the legislature when two nuclear power plants in Minnesota began operating and there was the potential for an accident/incident that could affect the safety of citizens living adjacent to the plants. Lastly, special revenue from fees is collected from nuclear plant utilities to cover the costs associated with nuclear power plant preparedness.

Activity at a Glance

- ◆ 36 counties could potentially be impacted by a nuclear power plant accident/incident.
- ◆ Federal regulations require each nuclear power plant to complete one full-scale emergency exercise per year.
- ◆ 10 state agencies are involved in annual nuclear power plant-related emergency planning and exercises

Population Served

Nuclear plant preparedness serves, first of all, the population within the "Emergency Planning Zone" (EPZ) for the Prairie Island and the Monticello nuclear plants. The EPZ encompasses the counties and cities located within a 10-mile radius of each power plant. The EPZ for the Prairie Island plant includes Dakota County and Goodhue County, and the EPZ for the Monticello plant includes Sherburne and Wright County. It is those who reside within an EPZ that could potentially be affected by a radioactive release from a nuclear plant as the result of an accident/incident. Secondly, nuclear plant preparedness serves the population of the 36 counties that are located in the Ingestion Pathway Zone (IPZ). The IPZ is that area in which there is the potential for contamination of foodstuffs should there be a radioactive release at the Prairie Island or Monticello plants. Lastly, this activity serves, indirectly, the entire state of Minnesota, because an accident/incident at either plant could impact many other Minnesotans.

Services Provided

Principal Nuclear Plant Preparedness services include:

- ◆ coordinating state and local emergency planning relative to a potential power plant accident/incident;
- ◆ coordinating the development and conduct of a comprehensive, federally-evaluated emergency exercise involving multiple state agencies, local governments, and one of Minnesota's nuclear plants;
- ◆ ensuring that the state Emergency Operations Center is maintained in a constant state of readiness for a potential plant accident/incident;
- ◆ administering grants to state agencies, cities and counties that support and carry out nuclear plant preparedness and response activities;
- ◆ conducting annual training for state agencies; and
- ◆ ensuring that all state and federal regulations and requirements relating to nuclear power plants are met.

Historical Perspective

In recent years, the planning and preparedness requirements placed on state and local government have increased significantly. As a consequence, such governments have gradually been incurring additional costs. In recognition of this fact, the fee assessed on the utility that owns the Prairie Island and the Monticello nuclear plants was increased last year.

Key Measures

The number of areas requiring corrective action (ARCA's) and the number of deficiencies given by federal evaluators during a full-scale nuclear power plant exercise.

One nuclear power plant drill and one full-scale exercise will be held each year, with the goal of receiving no exercise deficiencies. This performance measure serves as an indicator of the state's ability to conduct an exercise that adequately addresses all the requirements established by the federal government. More importantly, it demonstrates the state's ability to respond effectively to a nuclear plant accident/incident, and to protect the safety of the public. The federal government has established a detailed list of requirements and time deadlines that must be met by state and local governments in preparation for the annually required, full-scale exercise.

PUBLIC SAFETY DEPT

Program: EMERGENCY MANAGEMENT

Activity: NUCLEAR PLANT PREPAREDNESS

Narrative

During the exercise, the state, participating local governments, and the utility must successfully demonstrate that all exercise criteria have been met. The federal exercise observers who are on-site in the state emergency operations center (EOC) and other locations evaluate the performance of all exercise participants. Depending upon the performance of the state participants, the federal evaluators may find one or more *areas requiring corrective action* (ARCAs), or one or more *deficiencies*. A deficiency is more serious, because it indicates that the state may not be able to adequately carry out a specific emergency response function.

Recent record of performance – annual, full-scale, nuclear power plant drills, and federally evaluated exercises:

| Year | Date of Drill | Date of Exercise | No. of ARCAs | No. of Deficiencies |
|---|---------------|-------------------------|---------------|---------------------|
| 1996 | May 14 | August 30 | 1 | 0 |
| 1997 | October 8 | (Exempted due to flood) | 0 | 0 |
| 1998 | June 10 | July 22 | 0 | 0 |
| 1999 | May 17 | June 22 | 2 | 0 |
| 2000 | August 2 | September 13 | 0 | 0 |
| 2001 | April 28 | June 7 | 0 | 0 |
| 2002 | April 3 | May 15 | 1* | 0 |
| 2003 | | | 0 (projected) | 0 (projected) |
| Total number of exercise ARCAs & Deficiencies: | | | 4 | 0 |

*This ARCA is currently being appealed by the state.

Activity Funding

This activity is funded out of the Nuclear Safety Preparedness Account in the Special Revenue Fund. Assessments are to the operators of nuclear power plants or dry cask storage facilities located in Minnesota.

Contact

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(651) 296-0468

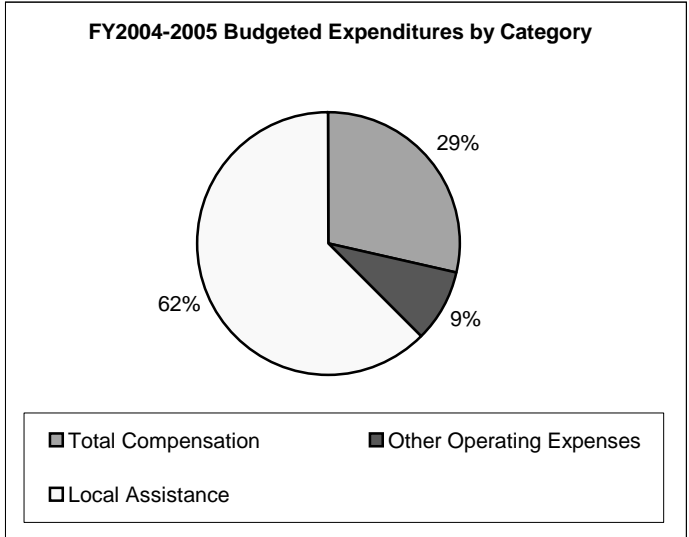
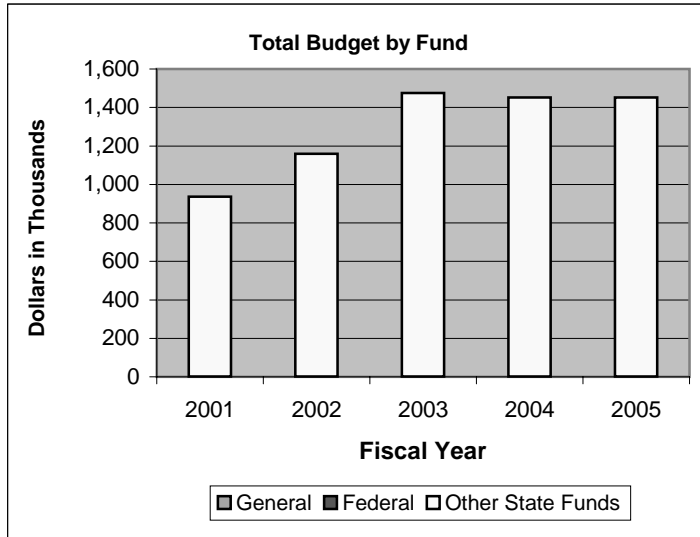
<http://www.dem.state.mn.us/>

PUBLIC SAFETY DEPT

Program: **EMERGENCY MANAGEMENT**

Activity: **NUCLEAR PLANT PREPAREDNESS**

Fiscal Report



| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
|-----------------------------|------------------|------------------|--------------------|----------------|----------------|---------------------|--------------------------------------|--------------|
| Expenditures by Fund | | | | | | | Dollars | Percent |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 936 | 1,160 | 1,476 | 1,452 | 1,452 | 2,904 | 268 | 10.2% |
| Total | 936 | 1,160 | 1,476 | 1,452 | 1,452 | 2,904 | 268 | 10.2% |

| Expenditures by Category | | | | | | | | |
|--------------------------|------------|--------------|--------------|--------------|--------------|--------------|------------|--------------|
| Total Compensation | 279 | 321 | 381 | 403 | 425 | 828 | 126 | 17.9% |
| Other Operating Expenses | 162 | 116 | 164 | 142 | 120 | 262 | -18 | -6.4% |
| Local Assistance | 495 | 723 | 931 | 907 | 907 | 1,814 | 160 | 9.7% |
| Total | 936 | 1,160 | 1,476 | 1,452 | 1,452 | 2,904 | 268 | 10.2% |

| Revenue by Type and Fund | | | | | | | | |
|--------------------------|------------|--------------|--------------|--------------|--------------|--------------|------------|--------------|
| Dedicated | | | | | | | | |
| Special Revenue | 876 | 1,175 | 1,452 | 1,452 | 1,452 | 2,904 | 277 | 10.5% |
| Subtotal Dedicated | 876 | 1,175 | 1,452 | 1,452 | 1,452 | 2,904 | 277 | 10.5% |
| Total Revenue | 876 | 1,175 | 1,452 | 1,452 | 1,452 | 2,904 | 277 | 10.5% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 4.9 | 5.5 | 6.1 | 6.1 | 6.1 |
|------------------------------------|------------|------------|------------|------------|------------|

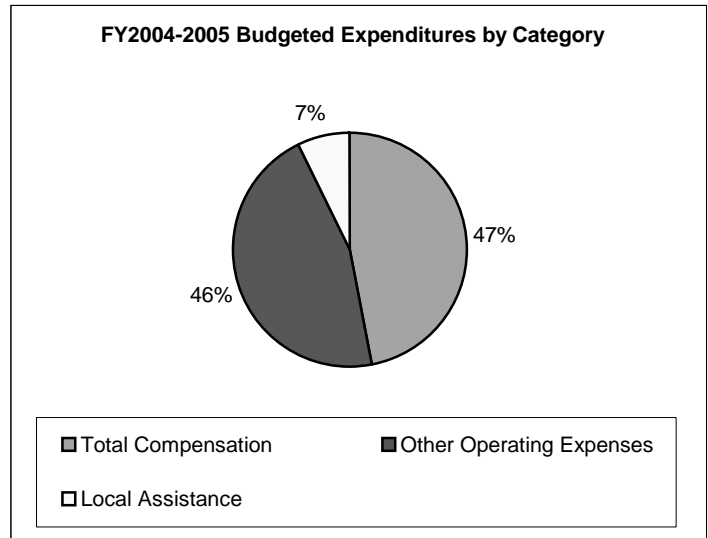
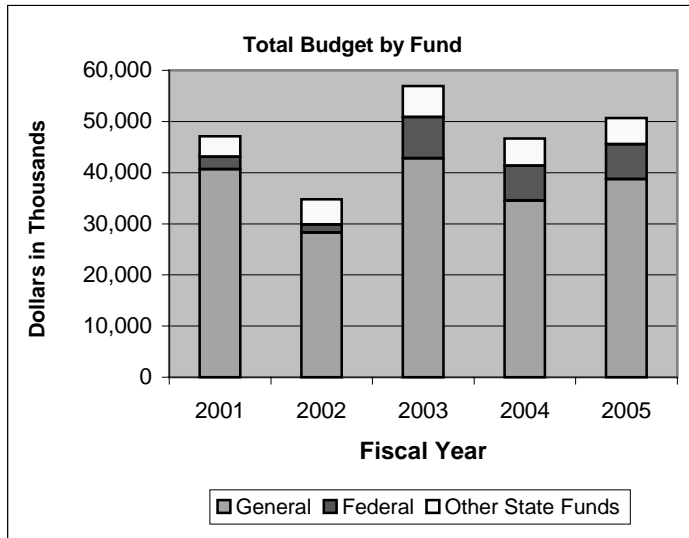
Budget Activities Included:

- ⇒ Forensic Science Laboratory
- ⇒ Criminal Justice Information System
- ⇒ Criminal Investigations
- ⇒ Police Training and Development
- ⇒ Criminal Apprehension Support

PUBLIC SAFETY DEPT

Program: CRIMINAL APPREHENSION

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|----------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 39,432 | 27,652 | 39,685 | 33,209 | 37,340 | 70,549 | 3,212 | 4.8% |
| State Government Special Revenue | 2 | 2 | 12 | 7 | 7 | 14 | 0 | 0.0% |
| Special Revenue | 558 | 475 | 627 | 557 | 557 | 1,114 | 12 | 1.1% |
| Trunk Highway | 139 | 346 | 369 | 361 | 361 | 722 | 7 | 1.0% |
| Statutory Appropriations | | | | | | | | |
| General | 1,215 | 597 | 3,100 | 1,346 | 1,377 | 2,723 | -974 | -26.3% |
| Special Revenue | 3,079 | 4,130 | 5,010 | 4,402 | 4,222 | 8,624 | -516 | -5.6% |
| Federal | 2,449 | 1,576 | 8,100 | 6,797 | 6,800 | 13,597 | 3,921 | 40.5% |
| Gift | 256 | 9 | 11 | 2 | 2 | 4 | -16 | -80.0% |
| Total | 47,130 | 34,787 | 56,914 | 46,681 | 50,666 | 97,347 | 5,646 | 6.2% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 15,810 | 18,995 | 23,799 | 22,909 | 22,826 | 45,735 | 2,941 | 6.9% |
| Other Operating Expenses | 30,010 | 15,071 | 27,920 | 21,696 | 22,964 | 44,660 | 1,669 | 3.9% |
| Payments To Individuals | 2 | 3 | 0 | 0 | 0 | 0 | -3 | -100.0% |
| Local Assistance | 1,308 | 718 | 5,195 | 2,076 | 4,876 | 6,952 | 1,039 | 17.6% |
| Total | 47,130 | 34,787 | 56,914 | 46,681 | 50,666 | 97,347 | 5,646 | 6.2% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|-------------|
| Expenditures by Activity | | | | | | | | |
| Forensic Science Laboratory | 9,850 | 7,692 | 9,838 | 8,779 | 8,779 | 17,558 | 28 | 0.2% |
| Criminal Justice Inform. Sys. | 24,562 | 16,119 | 34,692 | 26,247 | 30,396 | 56,643 | 5,832 | 11.5% |
| Criminal Investigations | 10,659 | 8,773 | 9,859 | 9,421 | 9,258 | 18,679 | 47 | 0.3% |
| Police Training & Development | 1,381 | 1,497 | 1,703 | 1,443 | 1,426 | 2,869 | -331 | -10.3% |
| Criminal Apprehension Support | 678 | 706 | 822 | 791 | 807 | 1,598 | 70 | 4.6% |
| Total | 47,130 | 34,787 | 56,914 | 46,681 | 50,666 | 97,347 | 5,646 | 6.2% |

PUBLIC SAFETY DEPT

Program: **CRIMINAL APPREHENSION**

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------------|---------------|---------------|-----------------|---------------|---------------|-----------------|--------------------------|----------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Revenue by Type and Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Non Dedicated | | | | | | | | |
| General | 62 | 278 | 252 | 252 | 252 | 504 | -26 | -4.9% |
| Cambridge Deposit Fund | 234 | -3 | 0 | 0 | 0 | 0 | 3 | -100.0% |
| Subtotal Non Dedicated | 296 | 275 | 252 | 252 | 252 | 504 | -23 | -4.4% |
| Dedicated | | | | | | | | |
| General | 1,358 | 1,312 | 1,220 | 1,220 | 1,220 | 2,440 | -92 | -3.6% |
| Special Revenue | 3,382 | 3,677 | 3,837 | 3,580 | 3,417 | 6,997 | -517 | -6.9% |
| Federal | 2,453 | 1,555 | 7,972 | 6,797 | 6,800 | 13,597 | 4,070 | 42.7% |
| Gift | 266 | 6 | 2 | 2 | 2 | 4 | -4 | -50.0% |
| Subtotal Dedicated | 7,459 | 6,550 | 13,031 | 11,599 | 11,439 | 23,038 | 3,457 | 17.7% |
| Total Revenue | 7,755 | 6,825 | 13,283 | 11,851 | 11,691 | 23,542 | 3,434 | 17.1% |
| Full-Time Equivalents (FTE) | 258.1 | 295.5 | 322.4 | 313.0 | 307.0 | | | |

PUBLIC SAFETY DEPT

Program: CRIMINAL APPREHENSION

Activity: FORENSIC SCIENCE LABORATORY

Narrative

Activity Description

The Forensic Science Service provides scientific examinations of physical evidence from Minnesota's law enforcement agencies. It provides expert witness testimony to the courts, assists law enforcement in the processing of major crime scenes to recover evidence, and instructs law enforcement in the proper collection and presentation of physical evidence.

Activity at a Glance

- ◆ Served 713 law enforcement agencies from all 87 counties in FY2002
- ◆ Examined 11,740 cases and made 184 court appearances in FY2002

Population Served

The laboratory serves the entire criminal justice community in Minnesota. The lab also collaborates with the Federal Bureau of Investigation (FBI) by submitting DNA offender profiles to the national database and with the Bureau of Alcohol Tobacco and Firearms (ATF) by submitting cartridge case samples to the National Integrated Ballistic Information Network (NIBIN) database. The citizens of the state are served by the lab's contribution towards solving crime and providing evidence for the conviction of offenders.

Services Provided

The Bureau of Criminal Apprehension (BCA) Forensic Science Service operates a full service forensic science lab in St. Paul and a partial service regional lab in Bemidji. Laboratory scientists perform scientific examinations of physical evidence recovered from crime scenes. Lab sections specialize in the areas of drug identification, trace evidence (including arson), firearms and tool marks, latent fingerprints, questioned documents, toxicology, and biology/DNA. Scientists also provide expert witness courtroom testimony at trial in each of these areas. The St. Paul lab is accredited by the American Society of Crime Laboratory Directors Laboratory Accreditation Board.

Crime scene processing service is provided by scientists who have received additional training in the identification and collection of physical evidence from potential homicides throughout the state. Teams from both St. Paul and Bemidji are on-call 24 hours a day to respond to requests for assistance.

The BCA lab operates a statewide DWI testing program. The BCA lab maintains 198 intoxilyzers (breath alcohol testing instruments) at 195 law enforcement agency locations throughout the state. The lab certifies officers to operate the instruments. Last year the lab trained 303 officers at a one-week training program and re-certified 1,518 officers through a half-day course. Trained operators performed 27,000 tests in 2001. In addition, the lab analyzes blood and urine samples for alcohol and drug levels for DWI cases in the state (5,286 cases).

The BCA lab maintains a DNA offender database referred to as CODIS (Combined DNA Index System). The database has over 17,000 offenders DNA profiles. The database is used to search DNA profiles obtained from blood and semen specimens recovered in cases where there are no suspects. The state database is connected to the national offender database maintained by the FBI called NDIS (National DNA Index System), which includes over one million offenders from all fifty states.

The BCA lab maintains a cartridge case database originally called DRUGFIRE that was operated by the FBI. Through a cooperative agreement between the FBI and the ATF, the system has been replaced by the NIBIN system operated by ATF. With over 281 submissions in FY02, the system is used to link firearms related cases.

The BCA lab maintains a database of latent fingerprints that are searched against all the fingerprints in the MAFIN system (Midwestern Automated Fingerprint Identification Network) which is operated by the BCA Criminal Justice Information System Division. Thousands of latent fingerprints are entered every year and searched against that database (all arrest fingerprints are searched against the unsolved latent fingerprint database).

The laboratory provides scientists as instructors for courses hosted by the BCA Training Unit on the collection of physical evidence from crime scenes, basic and advanced latent fingerprinting, arson investigation, and drug investigation.

PUBLIC SAFETY DEPT

Program: CRIMINAL APPREHENSION

Activity: FORENSIC SCIENCE LABORATORY

Narrative

Historical Perspective

In August of 2001, the lab opened a regional lab in Bemidji. Services provided from this regional lab include drugs, latent prints, firearms, and DNA. The scientists from the Bemidji facility also serve on the crime scene response teams, increasing the speed at which the BCA can respond to crime scenes in the northern half of the state. The American Society of Crime Laboratory Directors Laboratory Accreditation Board (ASCLD/LAB) accredits the St. Paul lab. The Bemidji lab will apply for accreditation in 2004.

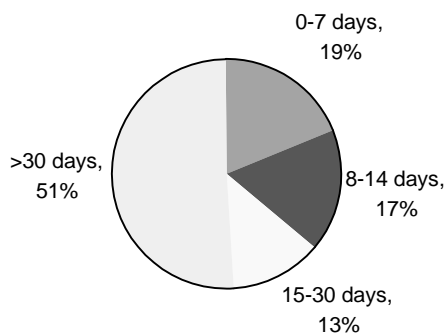
In July of 2002, the number of offenders required to provide DNA was expanded from all violent offenders (4,000 a year) to all felony-level offenders (21,000 per year). No funding was provided for the analysis of these samples; therefore, the BCA will be seeking federal grants to comply with this mandate. The felony DNA legislation expires on June 30, 2003. To reduce collection costs for local agencies, the lab has developed a technique involving the swabbing of the inside of the cheek rather than drawing blood.

With stricter, felony-level DWI provisions going into effect in August of 2002, the BCA lab is anticipating increased court testimony as a result of that change.

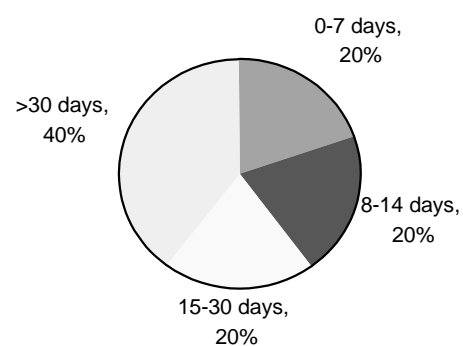
Key Measures

The amount of time it takes to complete a case. The goal is to increase the number of cases completed in less than 30 days from the actual 49% in FY2002 to 60% in FY2003.

FY02 Case Turn-around



FY03 Case Turn-around



Activity Funding

This activity is funded by a mix of General Fund appropriations (89%), Special Revenue Funds (6%), Trunk Highway (4%), and Federal Funds (1%). Two of the services provided are funded in part from Special Revenue Fund accounts: DWI alcohol lab analysis and alcohol breathe testing certification classes. DWI alcohol lab analysis is funded through driver license reinstatement fees and the alcohol certification classes through fee collections. DWI alcohol lab analysis is also funded in part from the Trunk Highway Fund as it relates to State Patrol DWI arrest activity.

Contact

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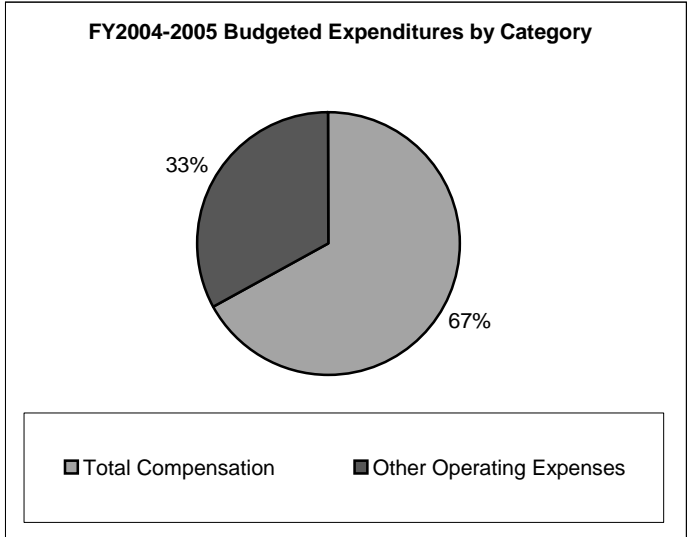
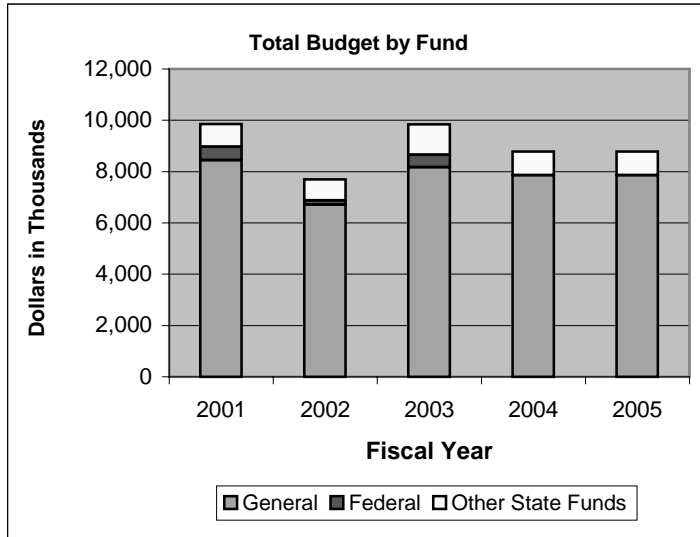
<http://www.dps.state.mn.us/bca/lab/documents/Lab-Intro.html>

PUBLIC SAFETY DEPT

Program: **CRIMINAL APPREHENSION**

Activity: **FORENSIC SCIENCE LABORATORY**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 8,437 | 6,713 | 8,149 | 7,840 | 7,840 | 15,680 | 818 | 5.5% |
| Special Revenue | 455 | 416 | 488 | 458 | 458 | 916 | 12 | 1.3% |
| Trunk Highway | 139 | 346 | 369 | 361 | 361 | 722 | 7 | 1.0% |
| Statutory Appropriations | | | | | | | | |
| General | 4 | 0 | 20 | 20 | 20 | 40 | 20 | 100.0% |
| Special Revenue | 32 | 48 | 316 | 100 | 100 | 200 | -164 | -45.1% |
| Federal | 527 | 160 | 492 | 0 | 0 | 0 | -652 | -100.0% |
| Gift | 256 | 9 | 4 | 0 | 0 | 0 | -13 | -100.0% |
| Total | 9,850 | 7,692 | 9,838 | 8,779 | 8,779 | 17,558 | 28 | 0.2% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|-----------|-------------|
| Total Compensation | 4,763 | 5,381 | 6,082 | 5,864 | 5,875 | 11,739 | 276 | 2.4% |
| Other Operating Expenses | 5,087 | 2,311 | 3,756 | 2,915 | 2,904 | 5,819 | -248 | -4.1% |
| Total | 9,850 | 7,692 | 9,838 | 8,779 | 8,779 | 17,558 | 28 | 0.2% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|-------------|---------------|
| Dedicated | | | | | | | | |
| General | 0 | 13 | 10 | 10 | 10 | 20 | -3 | -13.0% |
| Special Revenue | 105 | 100 | 100 | 100 | 100 | 200 | 0 | 0.0% |
| Federal | 527 | 160 | 492 | 0 | 0 | 0 | -652 | -100.0% |
| Gift | 265 | 4 | 0 | 0 | 0 | 0 | -4 | -100.0% |
| Subtotal Dedicated | 897 | 277 | 602 | 110 | 110 | 220 | -659 | -75.0% |
| Total Revenue | 897 | 277 | 602 | 110 | 110 | 220 | -659 | -75.0% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 78.7 | 84.9 | 89.3 | 84.5 | 82.5 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

Activity Description

The Criminal Justice Information Systems Unit (CJIS) manages a statewide dedicated network and a series of justice information systems that provide the criminal justice community instant access to critical information relating to crimes and criminals. These systems include statewide criminal history, information on wanted/missing persons, stolen guns, orders for protection, predatory offenders, gang members, vehicles, and property. CJIS also provides links to over 75,000 criminal justice agencies in the United States, Canada, and Mexico.

Population Served

The entire criminal justice community in the state and the nation is served by the availability of information systems provided by CJIS. Non-criminal justice agencies and the citizens of the state are also served through employment and licensing background checks which make the workplace safer.

Services Provided

Services provided include:

- ◆ instantaneous access to data for law enforcement officers, dispatchers, courts, corrections, public defenders, county attorneys, Department of Natural Resources, Department of Human Services, and federal agencies through the Criminal Justice Data Network (CJDN);
- ◆ Help Desk support to agencies;
- ◆ legislatively mandated background checks for teachers, school bus drivers, security guards, etc.;
- ◆ training and auditing services;
- ◆ central repository for mug shots including query/search access, photo line-ups, mug books, and facial recognition;
- ◆ collection and compilation of crime data for the following: crimes committed in Minnesota, law enforcement officers killed in action, shots fired, pursuit, bias-motivated crimes, number of concealed carry permits, and racial profiling information; and
- ◆ operational processing of all fingerprint cards (electronic and paper) to create a central repository for identification and criminal histories.

Historical Perspective

In the wake of the September 11th attacks, it became apparent that federal detainees held in Minnesota jails were not being checked against the CJIS files of Minnesota offenders, nor were the fingerprints being forwarded to the FBI in a timely manner. Given the ability of CJIS to submit fingerprints to the FBI within hours of booking, CJIS will begin accepting fingerprints on these detainees from the jail booking agencies.

CJIS is also very involved in CriMNet, the integration of state and federal criminal justice information systems, through its work to address court disposition data that is suspended from entry into the statewide criminal history system because of erroneous data or fingerprint identification.

During the last legislative session, CJIS was given the additional responsibility of collecting data on the number of permits to carry concealed weapons, and racial profiling throughout the state.

Activity at a Glance

- ◆ 102,000 fingerprint cards were received in 2001. In 2002, 66% have been received electronically from 120 booking agencies equipped with livescan devices.
- ◆ 121,000 background checks were conducted at the Bureau of Criminal Apprehension (BCA) plus 170,000 background checks were electronically conducted by the Department of Human Services in 2001.
- ◆ 625 agencies and 8,500 devices (terminals and mobile data computers) are connected to the statewide Criminal Justice Data Network.
- ◆ 115,000 records are in the Minnesota Repository of Arrest Photos (MRAP).

PUBLIC SAFETY DEPT

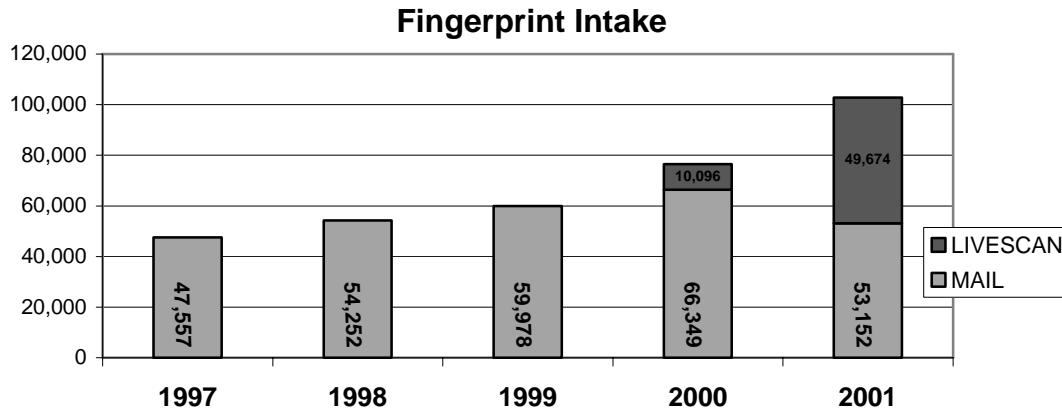
Program: CRIMINAL APPREHENSION

Activity: CRIMINAL JUSTICE INFORM. SYS.

Narrative

Key Measures

1. **The number of fingerprints processed.** Fingerprint intake has grown by over 116% since 1997 due to the BCA's efforts to promote the importance of submitting fingerprints and the deployment of electronic fingerprint capture devices (livescan). Additionally, the number of fingerprint images has increased 30% for the first six months of 2002 compared to the first six months of 2001.



2. **The number of non-criminal justice background checks completed.** Over 300,000 non-criminal background checks were completed in FY 2002.
3. **The number of transactions the CJDN network supports.** In FY 2002, CJDN had approximately 1,000,000 transactions per day and 10,000 devices.

Activity Funding

This activity is funded by a mix of General Fund appropriations (78%), Special Revenue Funds (14%), and Federal Funds (8%). Criminal background check fees are collected to cover the costs of processing background requests and a portion of the costs to maintain the criminal history record system. Monthly connection and access fees are assessed to cover a portion of the cost of maintaining the CJDN.

Contact

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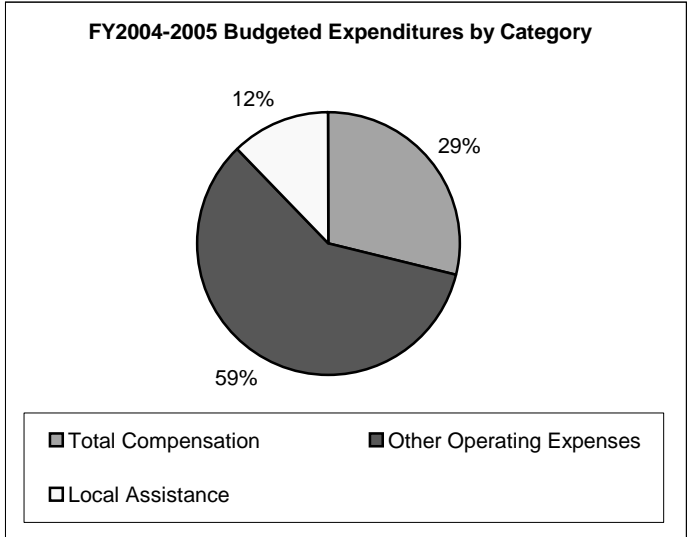
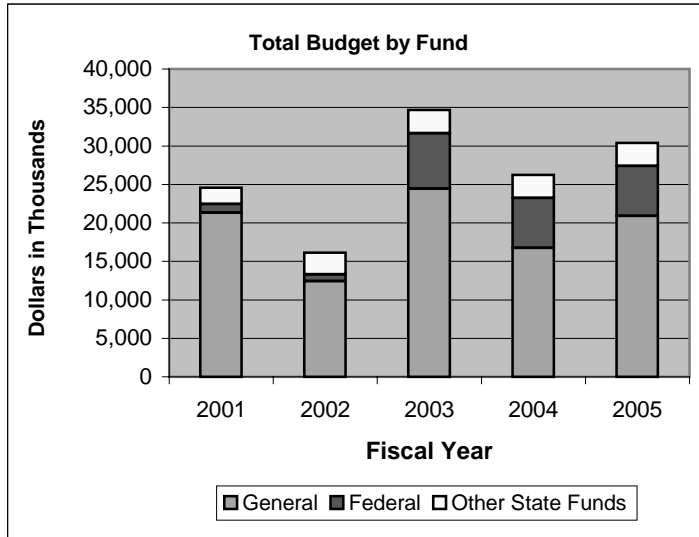
<http://www.dps.state.mn.us/bca/CJIS/Documents/CJIS-Intro.html>

PUBLIC SAFETY DEPT

Program: **CRIMINAL APPREHENSION**

Activity: CRIMINAL JUSTICE INFORM. SYS.

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------|--------------------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 | Dollars Percent |
| Direct Appropriations | | | | | | | | |
| General | 20,159 | 11,826 | 21,373 | 15,446 | 19,577 | 35,023 | 1,824 | 5.5% |
| Statutory Appropriations | | | | | | | | |
| General | 1,155 | 597 | 3,080 | 1,326 | 1,357 | 2,683 | -994 | -27.0% |
| Special Revenue | 2,091 | 2,813 | 3,059 | 3,023 | 3,010 | 6,033 | 161 | 2.7% |
| Federal | 1,157 | 883 | 7,180 | 6,452 | 6,452 | 12,904 | 4,841 | 60.0% |
| Total | 24,562 | 16,119 | 34,692 | 26,247 | 30,396 | 56,643 | 5,832 | 11.5% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 3,065 | 5,666 | 8,525 | 8,167 | 8,220 | 16,387 | 2,196 | 15.5% |
| Other Operating Expenses | 20,373 | 9,734 | 20,974 | 16,008 | 17,304 | 33,312 | 2,604 | 8.5% |
| Payments To Individuals | 2 | 3 | 0 | 0 | 0 | 0 | -3 | -100.0% |
| Local Assistance | 1,122 | 716 | 5,193 | 2,072 | 4,872 | 6,944 | 1,035 | 17.5% |
| Total | 24,562 | 16,119 | 34,692 | 26,247 | 30,396 | 56,643 | 5,832 | 11.5% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|---------------|---------------|---------------|---------------|--------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 1 | 240 | 211 | 211 | 211 | 422 | -29 | -6.4% |
| Cambridge Deposit Fund | 234 | -3 | 0 | 0 | 0 | 0 | 3 | -100.0% |
| Subtotal Non Dedicated | 235 | 237 | 211 | 211 | 211 | 422 | -26 | -5.8% |
| Dedicated | | | | | | | | |
| General | 1,346 | 1,299 | 1,200 | 1,200 | 1,200 | 2,400 | -99 | -4.0% |
| Special Revenue | 2,408 | 2,728 | 2,685 | 2,698 | 2,685 | 5,383 | -30 | -0.6% |
| Federal | 1,155 | 882 | 7,180 | 6,452 | 6,452 | 12,904 | 4,842 | 60.1% |
| Gift | 1 | 2 | 0 | 0 | 0 | 0 | -2 | -100.0% |
| Subtotal Dedicated | 4,910 | 4,911 | 11,065 | 10,350 | 10,337 | 20,687 | 4,711 | 29.5% |
| Total Revenue | 5,145 | 5,148 | 11,276 | 10,561 | 10,548 | 21,109 | 4,685 | 28.5% |

| | | | | | |
|------------------------------------|-------------|-------------|--------------|--------------|--------------|
| Full-Time Equivalents (FTE) | 58.3 | 92.4 | 113.3 | 113.3 | 113.3 |
|------------------------------------|-------------|-------------|--------------|--------------|--------------|

Activity Description

The Bureau of Criminal Apprehension (BCA) provides coordination and investigative assistance to local law enforcement agencies for complex, multi-jurisdictional, or long-term felony-level investigations. Agents and analysts provide state-of-the-art investigative techniques and sophisticated computer technology to assist in case solutions. This is expertise that the vast majority of law enforcement agencies cannot locally support.

Population Served

The investigative units serve the entire criminal justice community in the state. Field offices are located in Bemidji, Brainerd, Center City, Duluth, Hastings, Mankato, Marshall, Moorhead, Rochester, St. Cloud, Thief River Falls, and Willmar. Their services result in safer communities for the citizens of Minnesota.

Services Provided

The investigative units have extensive experience in felony investigations including violent crimes, drug trafficking, and computer crimes.

Special Operations provides highly sophisticated technical assistance to law enforcement. The graphics staff assists with videotapes and photographs of crime scenes, provides scale sketches of crime scenes, conducts facial reconstructions, enhances photographs of missing children using age progression techniques, and draws composite sketches of suspects. Agents also provide advanced surveillance, computer, and other technical assistance in support of investigations throughout the state.

Special Investigations primarily conducts investigations of upper-level, interstate, and international drug trafficking organizations operating within the state. Agents in this unit also conduct juvenile prostitution, anti-terrorism, and fugitive investigations.

The **St. Paul Regional Office** investigates murders, sexual assaults, and other violent crimes throughout the southern half of the state. This office also directs the Criminal Assessment Program (CAP) which includes criminal profiling, the Predatory Offender Registration Program, the Missing Children Program, and the Cold Homicide Case Unit. The **Bemidji Regional Office** provides the same investigative services to the northern half of the state.

Special Agents partner with multi-jurisdictional task forces such as Drug Enforcement Agency Task Force, Federal Bureau of Investigation (FBI) Violent Crime/Fugitive Task Force, and the FBI Joint Terrorism Task Force.

Historical Perspective

- ⇒ The BCA has 69 agents. Approximately half are assigned to our 12 field offices. These field offices geographically located to provide timely responses to requests for investigative assistance by local agencies.
- ⇒ In recent years, the BCA has been called upon to provide advanced technological assistance for reactive and proactive investigations. This type of investigative service includes wiretaps, specialized surveillance, and analyses of computers used in crimes against persons.
- ⇒ In 1989, the BCA Crime Scene Team was formed and responded to eight death, kidnapping, or otherwise violent crime scenes. In 2001, the team responded to 96 such requests for assistance.
- ⇒ The Predatory Offender Registration System was established at the BCA in 1991 with 300 registered offenders. Today, there are 12,500 offenders registered. In the past year, all registration records were made immediately accessible on-line to over 140 local law enforcement agencies throughout the state. The plan is to expand accessibility to other agencies.

Activity at a Glance

- ◆ Criminal investigative services provided to law enforcement agencies throughout the state including 87 sheriffs departments and over 400 police departments.
- ◆ In a 2001 client survey, Minnesota sheriffs were asked to "rate the quality of investigative assistance provided by the BCA." Results: Excellent (60) Good (6) Fair (1).

PUBLIC SAFETY DEPT

Program: CRIMINAL APPREHENSION

Activity: CRIMINAL INVESTIGATIONS

Narrative

Key Measures

The number of law enforcement and criminal justice agencies that have immediate, on-line access to the 12,500 Predatory Offender Registration records. The goal is to increase this number from 152 agencies to 383 agencies by June 30, 2003.

Activity Funding

This activity is funded by a mix of General Fund appropriations (85%), Special Revenue Funds (10%), and Federal Funds (5%). A portion of the Special Revenue funding is from deposition of drug forfeitures. BCA also receives a portion of the motor vehicle title transfer surcharge revenues. The revenues are used to purchase law enforcement vehicles for this activity.

Contact

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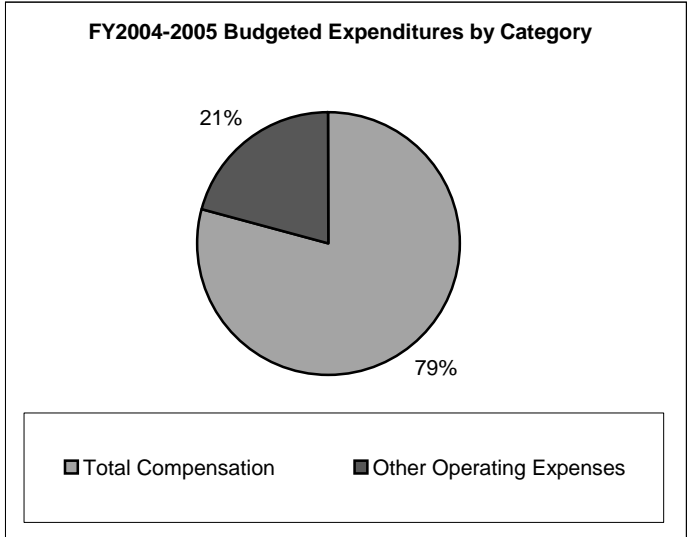
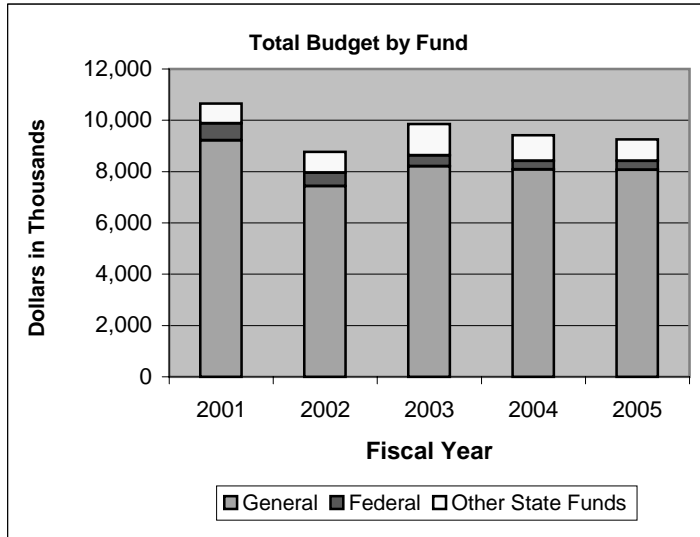
<http://www.dps.state.mn.us/bca/invest/documents/Inv-Intro.html>

PUBLIC SAFETY DEPT

Program: **CRIMINAL APPREHENSION**

Activity: CRIMINAL INVESTIGATIONS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 9,166 | 7,440 | 8,206 | 8,081 | 8,070 | 16,151 | 505 | 3.2% |
| Statutory Appropriations | | | | | | | | |
| General | 56 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Special Revenue | 782 | 817 | 1,225 | 995 | 840 | 1,835 | -207 | -10.1% |
| Federal | 655 | 516 | 428 | 345 | 348 | 693 | -251 | -26.6% |
| Total | 10,659 | 8,773 | 9,859 | 9,421 | 9,258 | 18,679 | 47 | 0.3% |

| | | | | | | | | |
|---------------------------------|---------------|--------------|--------------|--------------|--------------|---------------|-----------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 6,814 | 6,663 | 7,725 | 7,474 | 7,316 | 14,790 | 402 | 2.8% |
| Other Operating Expenses | 3,659 | 2,108 | 2,132 | 1,943 | 1,938 | 3,881 | -359 | -8.5% |
| Local Assistance | 186 | 2 | 2 | 4 | 4 | 8 | 4 | 100.0% |
| Total | 10,659 | 8,773 | 9,859 | 9,421 | 9,258 | 18,679 | 47 | 0.3% |

| | | | | | | | | |
|---------------------------------|--------------|------------|--------------|------------|------------|--------------|-------------|---------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 61 | 38 | 41 | 41 | 41 | 82 | 3 | 3.8% |
| Subtotal Non Dedicated | 61 | 38 | 41 | 41 | 41 | 82 | 3 | 3.8% |
| Dedicated | | | | | | | | |
| General | 12 | 0 | 10 | 10 | 10 | 20 | 10 | 100.0% |
| Special Revenue | 821 | 395 | 730 | 550 | 400 | 950 | -175 | -15.6% |
| Federal | 662 | 498 | 300 | 345 | 348 | 693 | -105 | -13.2% |
| Subtotal Dedicated | 1,495 | 893 | 1,040 | 905 | 758 | 1,663 | -270 | -14.0% |
| Total Revenue | 1,556 | 931 | 1,081 | 946 | 799 | 1,745 | -267 | -13.3% |

| | | | | | |
|------------------------------------|--------------|-------------|--------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 102.8 | 99.2 | 100.7 | 96.1 | 92.4 |
|------------------------------------|--------------|-------------|--------------|-------------|-------------|

Activity Description

The Bureau of Criminal Apprehension's (BCA) Police Training and Development Unit provides training to local law enforcement throughout the state. Training topics include: narcotics, clandestine lab entry certification, arson investigation, specialized investigative techniques, evidence collection, and law enforcement management. This unit's activities include several collaborations with other state agencies, federal law enforcement, investigative associations, and advocacy groups.

BCA Drug Abuse Resistance Education (D.A.R.E.) training specialists prepare officers to teach elementary and junior high school children effective strategies to build student self-esteem, avoid drug abuse, and remain non-violent.

The Minnesota Crime Watch Program works closely with local law enforcement crime prevention units to promote personal and residential security. Crime Watch also provides training to crime prevention specialists throughout the state.

This unit also oversees the Minnesota Crime Alert Network (MCAN), a statewide communications network that enables law enforcement agencies to quickly alert the public and businesses about crime or criminals that may affect them. MCAN also assists in the administration of two other important programs: 1) the Amber Alert program, which is a collaboration between law enforcement and local broadcasters to alert the public through an early warning system when a child has been abducted 2) the Missing Persons' Clearinghouse, a web site where citizens can forward tips relating to missing children.

Population Served

BCA Training and Development serves the law enforcement community and other criminal justice professionals. In addition, the citizens of Minnesota also benefit from the D.A.R.E. program, Crime Watch Program, and Crime Alert Network.

Services Provided

Specific services provided include specialized training courses and conferences, various newsletters (D.A.R.E., Crime Watch, MCAN), printed educational materials in the areas of narcotics and crime prevention, crime prevention video lending library, catalog of classes (on CD-Rom), and faxed/e-mailed crime alerts. The Training and Development Unit is also responsible for the in-service training for the Bureau's sworn personnel. This training includes all Peace Officer Standards and Training (POST) and Occupational Safety and Health Act (OSHA) mandated training. The unit makes use of emerging technologies to improve its effectiveness and offers some interactive web-based training for sworn personnel. This year, the unit has also coordinated in-service training for all Bureau supervisors on identified management and supervisory issues.

Historical Perspective

The major recent changes to the Training and Development Unit have come in the form of technology advances. A new registration system was developed that has increased staff efficiency by consolidating and computerizing major tasks. Web-based training has increased efficiency in the BCA and reduced costs for local law enforcement agencies. Other recent innovations include the unit's collaboration with federal and private entities to produce educational materials on narcotics identification.

Key Measures

- ⇒ Evaluation rating for courses offered by the Training and Development Unit (average was 8.5 in FY2002 on a scale of 1 to 10).
- ⇒ The number of Crime Watch and narcotics informational materials disseminated (220,000 in FY2002).

Activity at a Glance

- ◆ 80 courses offered to 2,808 students in FY2002
- ◆ Four major conferences held FY 2002 (150+ participants)
- ◆ 688 new businesses joined Minnesota Crime Alert Network in FY 2002
- ◆ 220,830 crime prevention and narcotics informational materials distributed

PUBLIC SAFETY DEPT

Program: CRIMINAL APPREHENSION

Activity: POLICE TRAINING & DEVELOPMENT

Narrative

⇒ The number of members on the Minnesota Crime Alert Network (7,817 members in FY2002).

Activity Funding

This activity is funded by a mix of General Fund appropriations (75%) and Special Revenue Funds (25%). A portion of the costs of providing peace officer training is recovered through fees. A fee is charged to the members of the Crime Alert Network to recover a portion of the costs for sending electronic transmissions of information regarding crime, including missing children and crime prevention information.

Contact

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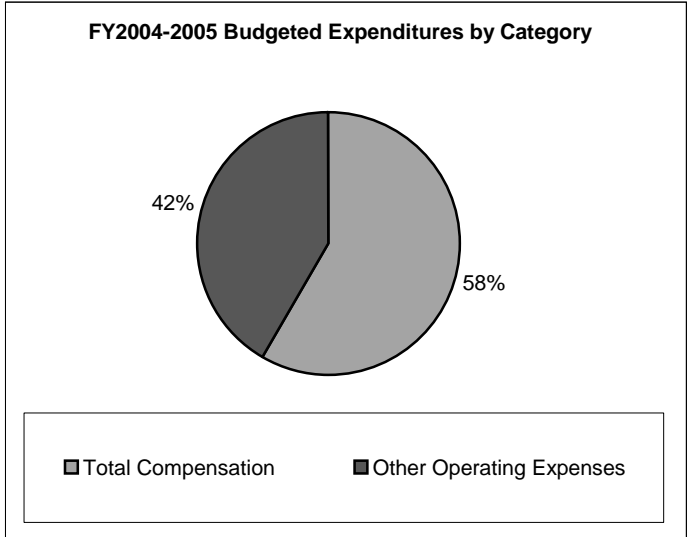
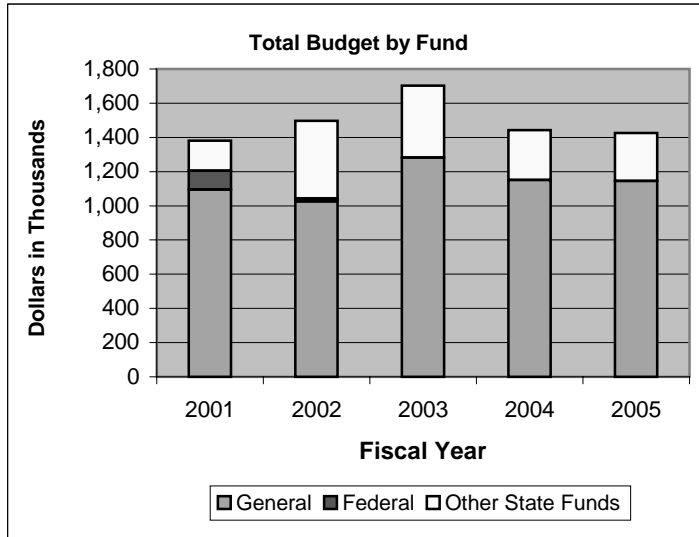
<http://www.dps.state.mn.us/bca>

PUBLIC SAFETY DEPT

Program: **CRIMINAL APPREHENSION**

Activity: **POLICE TRAINING & DEVELOPMENT**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|----------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 1,095 | 1,026 | 1,282 | 1,150 | 1,145 | 2,295 | -13 | -0.6% |
| State Government Special Revenue | 2 | 2 | 12 | 7 | 7 | 14 | 0 | 0.0% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 174 | 452 | 402 | 284 | 272 | 556 | -298 | -34.9% |
| Federal | 110 | 17 | 0 | 0 | 0 | 0 | -17 | -100.0% |
| Gift | 0 | 0 | 7 | 2 | 2 | 4 | -3 | -42.9% |
| Total | 1,381 | 1,497 | 1,703 | 1,443 | 1,426 | 2,869 | -331 | -10.3% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|---------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 724 | 747 | 924 | 839 | 834 | 1,673 | 2 | 0.1% |
| Other Operating Expenses | 657 | 750 | 779 | 604 | 592 | 1,196 | -333 | -21.8% |
| Total | 1,381 | 1,497 | 1,703 | 1,443 | 1,426 | 2,869 | -331 | -10.3% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|-------------|---------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Special Revenue | 48 | 454 | 302 | 232 | 232 | 464 | -292 | -38.6% |
| Federal | 109 | 15 | 0 | 0 | 0 | 0 | -15 | -100.0% |
| Gift | 0 | 0 | 2 | 2 | 2 | 4 | 2 | 100.0% |
| Subtotal Dedicated | 157 | 469 | 304 | 234 | 234 | 468 | -305 | -39.5% |
| Total Revenue | 157 | 469 | 304 | 234 | 234 | 468 | -305 | -39.5% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 11.5 | 11.6 | 11.6 | 11.6 | 11.3 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

PUBLIC SAFETY DEPT

Program: CRIMINAL APPREHENSION

Activity: CRIMINAL APPREHENSION SUPPORT

Narrative

Activity Description

The support division sets policy and provides leadership and managerial support to the Bureau of Criminal Apprehension (BCA). It also provides daily financial, administrative, human resources, data practices, and legislative support.

Population Served

The entire criminal justice community (1,400 autonomous agencies) is served by the various BCA activities. This division facilitates and supports the staff and operations of the BCA to ensure that the goals of the organization are being met. The citizens of the state benefit indirectly from these activities in that communities are safer.

Activity at a Glance

- ◆ A recent survey of sheriffs showed that 97% of sheriffs rated overall satisfaction with BCA services as Excellent/Good
- ◆ \$100,000 each year is used to assist agencies with unanticipated costs associated with complex investigations (299C.065)
- ◆ \$50,000 each year is used to assist local agencies with witness/victim protection costs (299C.065)

Services Provided

BCA Support develops and implements policies and procedures, innovative management methods, and long-range strategic and operational planning. In addition, BCA Support provides representation on a number of boards and committees including: the Peace Officer Standards & Training Board; Private Detective and Protective Agents' Services Board; Narcotics Enforcement Coordinating Committee; Gang Strike Force; and numerous national, state, and local criminal justice policy development and implementation organizations. This division maintains partnerships with the Minnesota State Sheriffs Association, the Minnesota Chiefs of Police Association, Minnesota County Attorneys, U.S. Attorneys Office, the Minnesota Attorney General's office, and furthers the mission of the Department of Public Safety and increases the safety of Minnesota citizens by collaborating with other federal, state, and local public safety and law enforcement entities, citizen groups such as Mothers Against Drunk Drivers (MADD) and Missing Children-Minnesota, as well as the business community.

It is the responsibility of this division to focus internal resources to ensure continuation of critical activities, to retain highly trained and competent staff, and to ensure that BCA services are accessible throughout the state. It is the varied and extensive expertise of the BCA that is critical to local agencies. BCA Support also administers the Undercover Buy Fund and the Witness/Victim Protection program (299C.065), which provide resources to local agencies to assist in the investigation of violent crimes and other complex, long-term, and multi-jurisdictional investigations.

Historical Perspective

During the past two years, BCA Support has been involved in the design, construction, and opening of the remote facility in Bemidji, which opened in August of 2001. The facility provides forensic laboratory services, information systems training/auditing, and investigative support to the northern half of Minnesota. This division is also currently involved in construction, coordination, staffing, equipping, and planning the move of staff and equipment, including highly sensitive computer and scientific equipment, to the new St. Paul facility, slated to open in August 2003.

BCA Support continually responds to changes and trends in criminal activity which changes the needs of its clientele. Overall, new challenges for the BCA include: growth in methamphetamine labs; expanded DNA collection; upgraded technology; and the increased number of background checks.

The BCA continues to explore creative means of funding critical activities through federal grants, foundations, dedicated receipts, and forfeited property. During the previous year, the BCA has worked closely with the business community to develop a reward program called Spotlight on Crime (299C.066). Spotlight on Crime funds provide cash rewards for information that helps solve violent crimes. This program is a collaboration between members of the Minnesota Business Partnership and public safety officials.

PUBLIC SAFETY DEPT

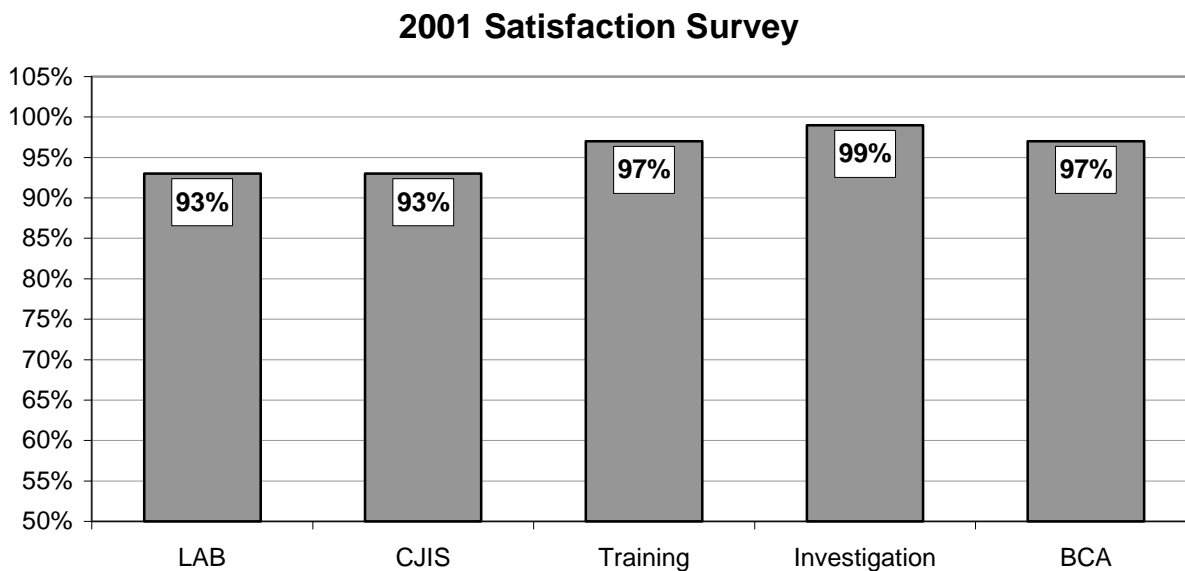
Program: CRIMINAL APPREHENSION

Activity: CRIMINAL APPREHENSION SUPPORT

Narrative

Key Measures

Satisfaction of clientele. The BCA measured satisfaction of its clientele through a survey of state sheriffs in 2001. The chart below indicates the percentage in each area that was rated excellent/good.



Activity Funding

This activity is funded by a mix of General Fund appropriations (89%) and Special Revenue Funds (11%). The Special Revenue Funds are used to assist law enforcement agencies with unanticipated costs associated with complex investigations. These reimbursements are funded through the driver license reinstatement fees.

Contact

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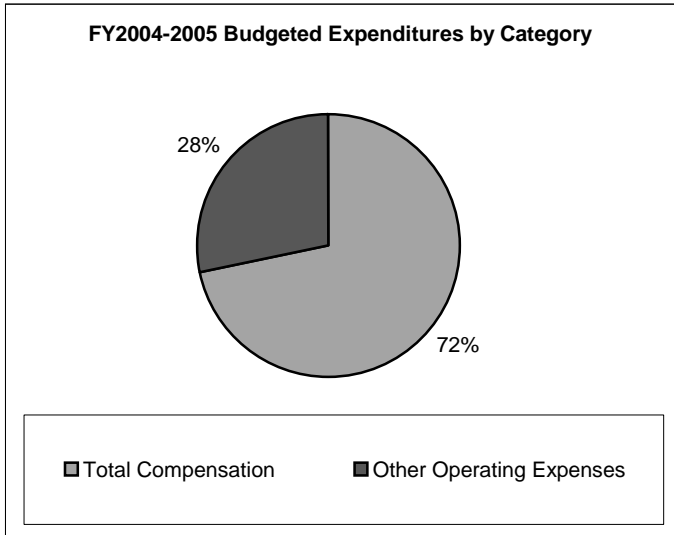
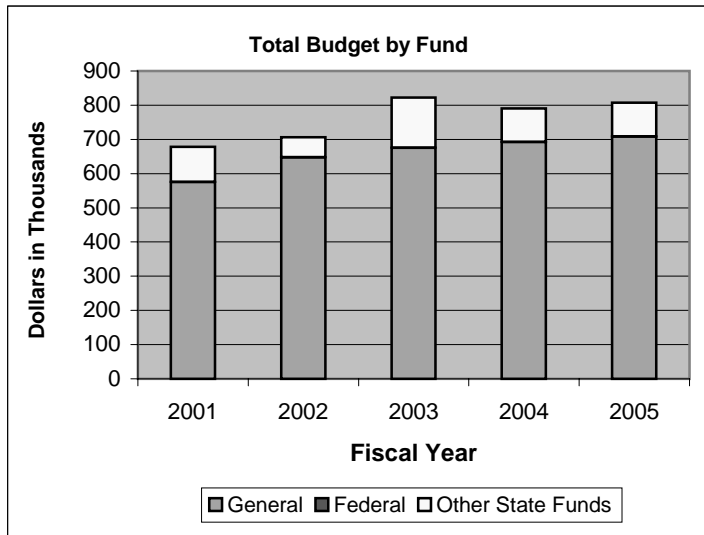
<http://www.dps.state.mn.us/bca/bca.html>

PUBLIC SAFETY DEPT

Program: **CRIMINAL APPREHENSION**

Activity: CRIMINAL APPREHENSION SUPPORT

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------------------|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 575 | 647 | 675 | 692 | 708 | 1,400 | 78 | 5.9% |
| Special Revenue | 103 | 59 | 139 | 99 | 99 | 198 | 0 | 0.0% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 0 | 0 | 8 | 0 | 0 | 0 | -8 | -100.0% |
| Total | 678 | 706 | 822 | 791 | 807 | 1,598 | 70 | 4.6% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|--------------|-----------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 444 | 538 | 543 | 565 | 581 | 1,146 | 65 | 6.0% |
| Other Operating Expenses | 234 | 168 | 279 | 226 | 226 | 452 | 5 | 1.1% |
| Total | 678 | 706 | 822 | 791 | 807 | 1,598 | 70 | 4.6% |

| | | | | | | | | |
|---------------------------------|----------|----------|-----------|----------|----------|----------|------------|----------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Special Revenue | 0 | 0 | 20 | 0 | 0 | 0 | -20 | -100.0% |
| Subtotal Dedicated | 0 | 0 | 20 | 0 | 0 | 0 | -20 | -100.0% |
| Total Revenue | 0 | 0 | 20 | 0 | 0 | 0 | -20 | -100.0% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 6.8 | 7.4 | 7.5 | 7.5 | 7.5 |
|------------------------------------|------------|------------|------------|------------|------------|

Program Description

The State Fire Marshal Division (SFM) protects lives and property by fostering a fire safe environment through investigation, enforcement, regulation, data collection and public education.

Population Served

The SFM Division serves all the citizens in the state of Minnesota, with particular emphasis on fire and law enforcement communities.

Services Provided

- ⇒ **Arson Investigation** - One chief investigator/supervisor, ten fire/arson investigators and one arson investigation trainer are located throughout the state to assist local fire departments with fatalities and/or serious injury fires, fires of suspicious nature, and large dollar loss fires.
- ⇒ **Inspections** – 21 inspectors and three supervisors, located throughout the state, are responsible for conducting inspections of hotels, motels, resorts, daycares, schools, hospitals, nursing homes, group homes, foster care facilities, correctional facilities, and other places of assembly. They also inspect flammable/combustible liquid and liquefied petroleum (LPG) installations plans for compliance with the Minnesota Uniform Fire Code. In addition, inspectors also conduct site visits and provide consultation to fire officials, architects, engineers, contractors, building inspectors, government officials, building owners/operators, and the general public regarding specific fire and life safety problems or concerns.
- ⇒ **Fire Protection Systems** – SFM is authorized to regulate the fire sprinkler protection industry through licensing and/or certification of contractors and sprinkler fitters. One supervisor and two sprinkler plan reviewers ensure that contractors and designers of automatic fire protection systems are correctly designing sprinkler systems. Plan reviews for correct design are conducted for each installation in the state. One statewide field inspector is responsible for ensuring that properly designed systems are properly installed.
- ⇒ **Juvenile Firesetter Intervention** – One deputy state fire marshal is responsible for this program. Juvenile firesetting is a significant problem in our state. In calendar year 2000, 318 fires involved children playing with fire; these fires resulted in \$2.6 million in direct dollar loss. This position works with families and children, fire and law enforcement, mental health associations, and the juvenile justice system to promote fire safety.
- ⇒ **Minnesota Fire Incident Reporting System (MFIRS)** – Data collection through this system is a major program in SFM. The SFM fire/data analysis team collects and analyzes over 160,000 incident reports annually and provides technical assistance to all Minnesota fire departments.
- ⇒ **Fireworks** – SFM is required to enforce guidelines on public fireworks display safety and to certify fireworks operators. Certification is achieved by passing a written examination administered and approved by SFM and by documenting experience. Certified operators must submit a report to SFM outlining the number of shells used, property damage, injuries, and product defects.
- ⇒ **Public Fire Safety Education** – SFM and local fire service communities combine efforts to help Minnesotans achieve safer, healthier lives and environments. Fire and life safety education is an on-going challenge. SFM is involved in many fire education events/programs throughout the state.

Program at a Glance

- ◆ Fire arson investigators were called to 443 fire scenes in 2001; 163 of these were determined to be arson and accounted for \$97.8 million in property loss.
- ◆ SFM inspection teams completed 6,727 inspections in 2001; these inspections found 13,790 violations.
- ◆ There were 47 fires deaths in 2001; 41 (87%) were in residential dwellings.
- ◆ Total fire dollar loss in 2001 was \$174 million.

Historical Perspective

The SFM Division was created through legislation in 1905; by 1913, a funding mechanism was deemed necessary and the State Fire Marshal Tax was implemented. Insurance companies pay ½ of 1% of property insurance premiums written in the state. The division's activities are funded through a General Fund appropriation.

- ⇒ **Health Care Inspections** – This program, which includes seven inspectors, one supervisor, and one support staff person, is funded by an interagency agreement between the Department of Health and SFM that has been in effect since 1986. This is a federal appropriation to the Minnesota Department of Health from the federal Center for Medicare/Medicaid Services. Health care inspections include hospitals, nursing homes, and foster care and group homes.

- ⇒ **School Inspections** – In 1990, the Department of Children, Families and Learning (CFL) and SFM entered into a contract agreement to inspect public schools and to review school plans and specifications for new construction and remodeling projects to ensure fire safety, code compliance, and appropriate use of state health and safety money. Three SFM deputies do school inspections, one deputy reviews plans, and one supervisor is partially funded. A new scenario for a funding source is being developed for the balance of FY 2003, between SFM and CFL.
- ⇒ **Fire Protection Systems** – In 1992, the legislature authorized SFM to regulate the fire sprinkler protection industry through licensing and/or certification of contractors and installers and plan review functions.
- ⇒ **Daycare Inspections** – SFM is required to ensure that all daycare facilities in the state are inspected by local fire departments or SFM; 2002 legislation allows authorized fire inspectors to collect a fee of up to \$50 for each daycare inspection to help recover the costs associated to these inspections. On average, SFM conducts 1,500 daycare inspections per year.

Key Measures

- ⇒ **The number of plan reviews necessary per permit.**
Expansion of the construction industry has dramatically increased the demands on this program. Permits issued have increased. Plan reviews conducted are approximately 1½ times the number of permits issued and approximately 45% of all plans received require more than one review. Due to the number of plans submitted, reviews have been as much as six weeks behind. Revenue collected for this program in FY 2002 and FY 2003 was in excess of \$431,000 (estimate), while the General Fund appropriation to fund this program is \$247,000. SFM's goal is to reduce the number of reviews necessary per plan submission. In addition, a dedicated revenue account would allow this program adequate staffing to address the needs of the industry, fire service, and the general public.
- ⇒ **The number of fire departments that report data to the Minnesota Fire Incident Reporting System (MFIRS).**
89% of Minnesota's 789 fire departments currently report into the MFIRS system. This division will encourage and assist local fire departments with participating in MFIRS and strive to increase our reporting percentage by 5% in the next biennium. Increased participation allows SFM to have a better awareness of the fire problem in Minnesota.
- ⇒ **The number of arson prosecutions.**
The goal is that SFM investigators will increase the number of arson cases that are suitable for prosecution. In 2001, 443 fires were investigated, 163 of these fires were determined to be arson.

Program Funding

This program is funded by a mix of General Fund appropriations (82%), Special Revenue Funds (12%), and Federal Funds (6%). The funding mix is changing in FY 2003 for the school inspection program. CFL is no longer providing direct funding from their General Fund appropriations for school inspections. As of October 2002, school districts must contract with SFM for school inspections. Receipts from school district contracts will be deposited in a Special Revenue Fund account. The SFM conducts three separate inspection programs from Special Revenue Fund accounts in FY 2003: schools; daycare; and health care facilities.

Effective August 2002, the SFM may recover the cost of Uniform Fire Code inspections of daycare facilities. Receipts from the inspection fees will be deposited in a Special Revenue fund account.

Fire safety health care inspections under contract with the Department of Health are funded from a Special Revenue Fund account in FY 2003. In prior years, health care inspections were federally funded.

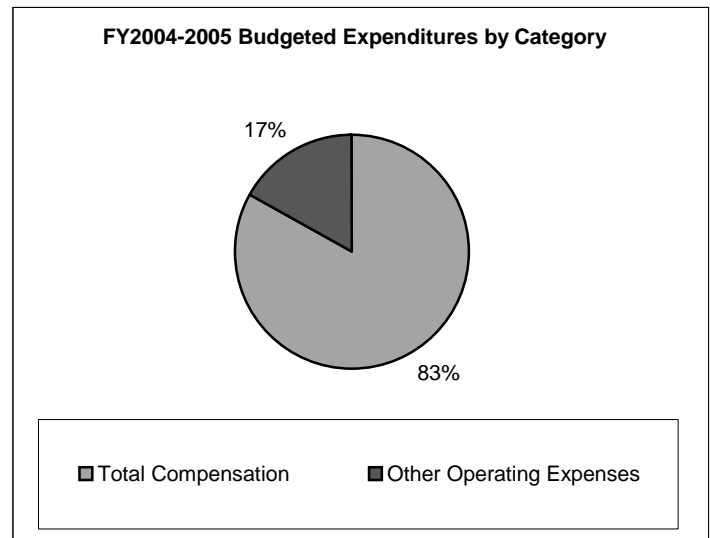
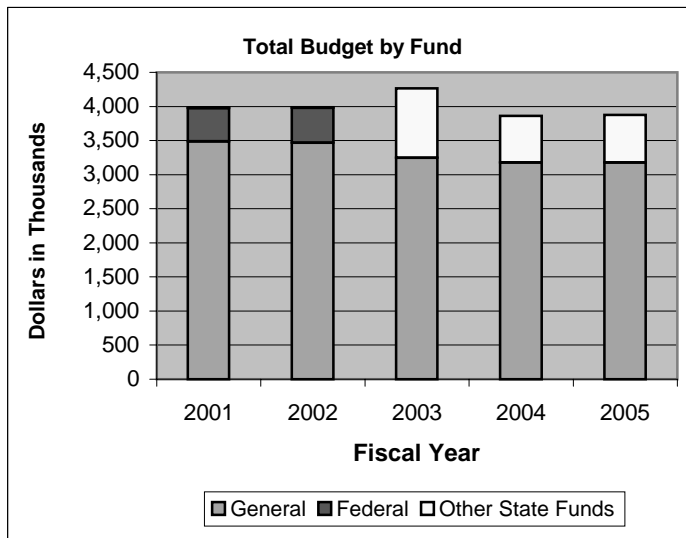
Contact

Tom Brace
State Fire Marshal
(651) 215-0503

<http://www.fire.state.mn.us>

PUBLIC SAFETY DEPT
Program: **FIRE MARSHAL**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 3,166 | 3,139 | 3,107 | 3,177 | 3,177 | 6,354 | 108 | 1.7% |
| Statutory Appropriations | | | | | | | | |
| General | 321 | 329 | 138 | 2 | 2 | 4 | -463 | -99.1% |
| Special Revenue | 0 | 10 | 1,018 | 685 | 695 | 1,380 | 352 | 34.2% |
| Federal | 489 | 512 | 0 | 0 | 0 | 0 | -512 | -100.0% |
| Gift | 9 | 0 | 1 | 0 | 0 | 0 | -1 | -100.0% |
| Total | 3,985 | 3,990 | 4,264 | 3,864 | 3,874 | 7,738 | -516 | -6.3% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 3,311 | 3,325 | 3,490 | 3,213 | 3,223 | 6,436 | -379 | -5.6% |
| Other Operating Expenses | 674 | 665 | 774 | 651 | 651 | 1,302 | -137 | -9.5% |
| Total | 3,985 | 3,990 | 4,264 | 3,864 | 3,874 | 7,738 | -516 | -6.3% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|
| Expenditures by Activity | | | | | | | | |
| Fire Prevention Protection & I | 3,985 | 3,990 | 4,264 | 3,864 | 3,874 | 7,738 | -516 | -6.3% |
| Total | 3,985 | 3,990 | 4,264 | 3,864 | 3,874 | 7,738 | -516 | -6.3% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|---------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 1 | 425 | 474 | 474 | 474 | 948 | 49 | 5.5% |
| Cambridge Deposit Fund | 414 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 415 | 425 | 474 | 474 | 474 | 948 | 49 | 5.5% |
| Dedicated | | | | | | | | |
| General | 322 | 329 | 130 | 2 | 2 | 4 | -455 | -99.1% |
| Special Revenue | 1 | 11 | 1,018 | 685 | 695 | 1,380 | 351 | 34.1% |
| Federal | 471 | 524 | 0 | 0 | 0 | 0 | -524 | -100.0% |
| Gift | 0 | 0 | 1 | 0 | 0 | 0 | -1 | -100.0% |
| Subtotal Dedicated | 794 | 864 | 1,149 | 687 | 697 | 1,384 | -629 | -31.2% |
| Total Revenue | 1,209 | 1,289 | 1,623 | 1,161 | 1,171 | 2,332 | -580 | -19.9% |

PUBLIC SAFETY DEPT

Program: FIRE MARSHAL

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|-----------------------------|------------------|------------------|--------------------|----------------|--------|---------------------|------------------------------|---------|
| Full-Time Equivalents (FTE) | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 Dollars | Percent |
| | 53.3 | 50.8 | 50.5 | 50.9 | 49.3 | | | |

PUBLIC SAFETY DEPT

Program: STATE PATROL

Narrative

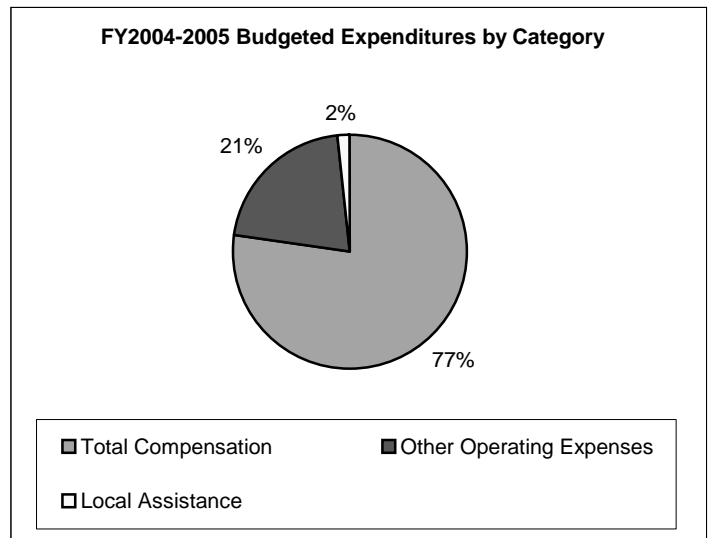
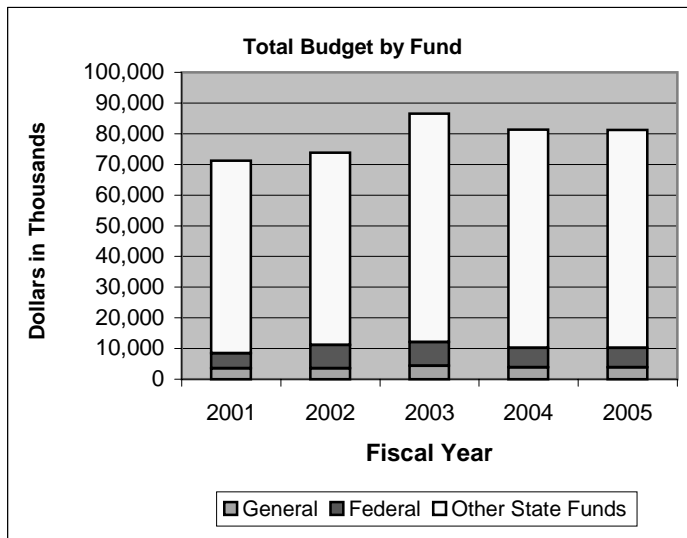
Budget Activities Included:

- ⇒ Patrolling Highways
- ⇒ Commercial Vehicle Enforcement
- ⇒ Capitol Complex Security

PUBLIC SAFETY DEPT

Program: STATE PATROL

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|----------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 3,342 | 3,286 | 4,125 | 3,647 | 3,647 | 7,294 | -117 | -1.6% |
| Trunk Highway | 54,728 | 55,581 | 63,588 | 63,369 | 63,369 | 126,738 | 7,569 | 6.4% |
| Highway Users Tax Distribution | 133 | 285 | 299 | 92 | 92 | 184 | -400 | -68.5% |
| Statutory Appropriations | | | | | | | | |
| General | 218 | 228 | 275 | 233 | 233 | 466 | -37 | -7.4% |
| State Government Special Revenue | 460 | 436 | 511 | 541 | 565 | 1,106 | 159 | 16.8% |
| Special Revenue | 6,087 | 6,264 | 9,911 | 7,021 | 6,986 | 14,007 | -2,168 | -13.4% |
| Trunk Highway | 1,343 | 112 | 87 | 80 | 75 | 155 | -44 | -22.1% |
| Federal | 4,880 | 7,653 | 7,665 | 6,344 | 6,299 | 12,643 | -2,675 | -17.5% |
| Gift | 0 | 0 | 75 | 5 | 5 | 10 | -65 | -86.7% |
| Total | 71,191 | 73,845 | 86,536 | 81,332 | 81,271 | 162,603 | 2,222 | 1.4% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|--------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 55,014 | 55,567 | 63,040 | 62,515 | 62,479 | 124,994 | 6,387 | 5.4% |
| Other Operating Expenses | 15,215 | 16,479 | 21,358 | 17,013 | 16,988 | 34,001 | -3,836 | -10.1% |
| Payments To Individuals | 21 | 364 | 396 | 382 | 382 | 764 | 4 | 0.5% |
| Local Assistance | 942 | 1,435 | 1,742 | 1,422 | 1,422 | 2,844 | -333 | -10.5% |
| Other Financial Transactions | -1 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Total | 71,191 | 73,845 | 86,536 | 81,332 | 81,271 | 162,603 | 2,222 | 1.4% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|--------------|-------------|
| Expenditures by Activity | | | | | | | | |
| Patrolling Highways | 58,711 | 60,580 | 70,732 | 66,857 | 66,741 | 133,598 | 2,286 | 1.7% |
| Commercial Vehicle Enforcement | 8,959 | 9,625 | 11,240 | 10,632 | 10,687 | 21,319 | 454 | 2.2% |
| Capitol Complex Security | 3,521 | 3,640 | 4,564 | 3,843 | 3,843 | 7,686 | -518 | -6.3% |
| Total | 71,191 | 73,845 | 86,536 | 81,332 | 81,271 | 162,603 | 2,222 | 1.4% |

PUBLIC SAFETY DEPT

Program: STATE PATROL

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|-------------------|---------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Revenue by Type and Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Non Dedicated | | | | | | | | |
| General | 0 | 3 | 4 | 4 | 4 | 8 | 1 | 14.3% |
| Trunk Highway | 6,597 | 6,356 | 6,500 | 6,500 | 6,500 | 13,000 | 144 | 1.1% |
| Highway Users Tax Distribution | 676 | 1,029 | 930 | 930 | 930 | 1,860 | -99 | -5.1% |
| Subtotal Non Dedicated | 7,273 | 7,388 | 7,434 | 7,434 | 7,434 | 14,868 | 46 | 0.3% |
| Dedicated | | | | | | | | |
| General | 205 | 246 | 282 | 233 | 233 | 466 | -62 | -11.7% |
| Special Revenue | 5,879 | 7,681 | 9,856 | 7,156 | 7,071 | 14,227 | -3,310 | -18.9% |
| Trunk Highway | 1,470 | 60 | 75 | 75 | 75 | 150 | 15 | 11.1% |
| Federal | 4,962 | 7,651 | 7,616 | 6,306 | 6,204 | 12,510 | -2,757 | -18.1% |
| Gift | 4 | 6 | 5 | 5 | 5 | 10 | -1 | -9.1% |
| Subtotal Dedicated | 12,520 | 15,644 | 17,834 | 13,775 | 13,588 | 27,363 | -6,115 | -18.3% |
| Total Revenue | 19,793 | 23,032 | 25,268 | 21,209 | 21,022 | 42,231 | -6,069 | -12.6% |
| Full-Time Equivalents (FTE) | 880.8 | 867.1 | 869.5 | 836.4 | 822.9 | | | |

Activity Description

It is the responsibility of the State Patrol to enforce traffic and criminal laws on Minnesota's public highways and on state property. These law enforcement services provide for the safe and efficient movement of traffic and the protection of Minnesota's citizens through enforcement, education, and assistance.

Population Served

The State Patrol serves the 4.9 million Minnesota citizens, and 3.7 million licensed drivers operating 4.4 million registered motor vehicles regularly using the roadways in Minnesota.

Services Provided

This division's primary role is the enforcement of laws regulating the use of the state's highways with special emphasis on removing impaired drivers, encouraging seat belt use, and reducing the incidence of speed and aggressive driving violations.

In addition to enforcement, the State Patrol provides a variety of services. Troopers respond to motor vehicle crashes and provide assistance to stranded motorists. As first responders, troopers regularly render life-saving assistance to the victims of serious crashes. After tending to the injured, troopers investigate and reconstruct motor vehicle collisions to determine the causal factors. Determining the cause of collisions establishes accountability and helps prevent future crashes. Disabled vehicles can be a serious hazard for the driver as well as for other vehicles on the roadway. Helping motorists with vehicle problems to either move their vehicles to safety off the road, or to repair a minor problem, makes travel safer for everyone and reduces congestion causing obstructions. Over the course of the year, troopers make arrangements for numerous tow trucks, change countless tires, put out small car fires, and assist with medical emergencies.

The State Patrol also promotes a safer highway environment by encouraging voluntary compliance with motor vehicle traffic laws through public education activities. State Patrol troopers regularly visit schools, conduct child safety seat inspections, participate in safe driving seminars, and produce public service announcements. Traffic safety programs designed specifically for school age audiences, such as pedestrian, bicycle, school bus, and teen driving, have allowed troopers to reach nearly every Minnesota child between the ages of 5-18. The State Patrol has successfully blended community and corporate partnerships with innovative traffic safety initiatives at the local level.

Historical Perspective

Since 1980, the effects of removing impaired drivers, encouraging seat belt use, and reducing the incidence of speed and aggressive driving violations have caused some positive changes to occur. With sustained emphasis on arresting and removing impaired drivers from the highways, the incidence of impaired or intoxicated driving has decreased. Prior to 1980, over 50% of all fatal car crashes involved an impaired driver. For the calendar year 2001, only 37% of fatal crashes were attributed to an impaired driver.

Special emphasis on seat belt enforcement has contributed to the increasing percentage of motorists using seat belts. Coincidental to the increased seat belt enforcement, the number of severe injuries resulting from motor vehicle crashes has steadily decreased. Prior to 1980, the percentage of persons wearing seat belts was 30% and the number of persons severely injured in crashes was over 5,000 annually. In 2001, seat belt use was at 74% and the number severely injured was under 3,000. This decrease has occurred even as the number of licensed drivers, registered vehicles, and miles traveled has increased, and the average number of total crashes has stayed the same.

Activity at a Glance

During calendar year 2001:

- ◆ 697,570 enforcement contacts
- ◆ 25,026 crashes investigated
- ◆ 3,772 DWI arrests
- ◆ 13,273,869 total miles traveled by troopers

PUBLIC SAFETY DEPT

Program: STATE PATROL

Activity: PATROLLING HIGHWAYS

Narrative

Last year, the State Patrol patrolled 12,000 miles of highway, issued 697,561 citations and warnings, arrested 6,772 impaired drivers, investigated 25,026 troopers, and assisted 180,561 motorists. The Minnesota State Patrol ranks 47th in the nation on a per capita basis and has not had a significant increase in strength in over 30 years, despite significant increases in the number of motorists, vehicles, and highways patrolled.

Key Measures

♦ The number of motor vehicle occupants using seat belts.

The use of seat belts has proven to be directly related to a reduced incidence of injuries and deaths resulting from motor vehicle crashes. Active education and enforcement of seat belt laws has a direct impact on the percentage of vehicle occupants wearing seat belts. The goal is to reduce the number of serious injury and fatal motor vehicle crashes.

Performance indicator: The percentage of motor vehicle occupants that used seat belts from 1994 – 2002.

| | | | | | | | | |
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------------|
| <u>1994</u> | <u>1995</u> | <u>1996</u> | <u>1997</u> | <u>1998</u> | <u>1999</u> | <u>2000</u> | <u>2001</u> | <u>2002(PROJ)</u> |
| 57% | 65% | 64% | 65% | 64% | 72% | 73% | 74% | 76% |

Activity Funding

This activity is funded by a mix of Emergency 911 Funds (1%), Special Revenue Funds (11%), Trunk Highway Fund appropriations (84%), and Federal Funds (4%). The sources of the Special Revenue Funds are the motor vehicle title transfer surcharge revenues (funds State Patrol vehicle purchases), deposition of drug forfeitures, portion of the seat belt violation fine money (funds traffic safety educational programs), service fees charged for air patrol services, State Patrol escort service fees and Enhanced 911 service fees.

Contact

Colonel Anne Beers
Chief of Minnesota State Patrol
(651) 296-5936

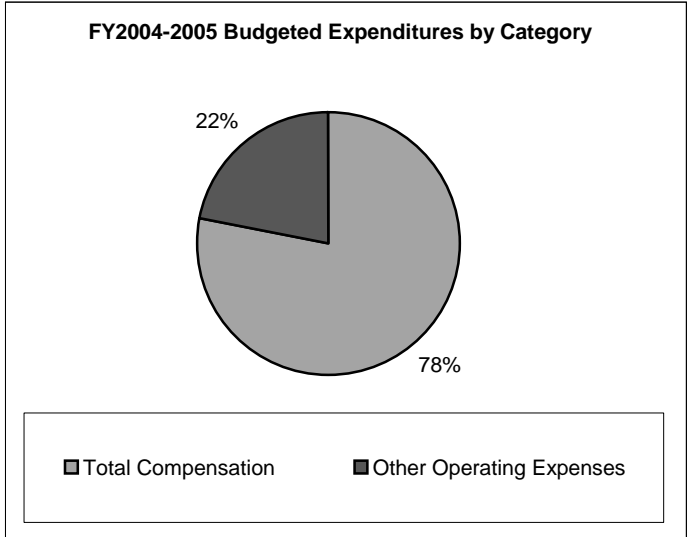
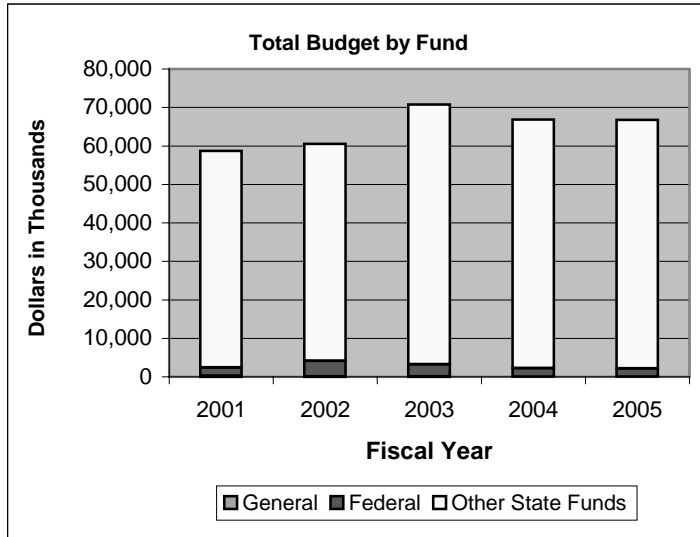
<http://www.dps.state.mn.us/patrol/>

PUBLIC SAFETY DEPT

Program: **STATE PATROL**

Activity: **PATROLLING HIGHWAYS**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|----------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 238 | 68 | 42 | 37 | 37 | 74 | -36 | -32.7% |
| Trunk Highway | 48,378 | 49,548 | 56,852 | 56,895 | 56,895 | 113,790 | 7,390 | 6.9% |
| Highway Users Tax Distribution | 133 | 91 | 93 | 92 | 92 | 184 | 0 | 0.0% |
| Statutory Appropriations | | | | | | | | |
| State Government Special Revenue | 460 | 436 | 511 | 541 | 565 | 1,106 | 159 | 16.8% |
| Special Revenue | 6,087 | 6,264 | 9,911 | 7,021 | 6,986 | 14,007 | -2,168 | -13.4% |
| Trunk Highway | 1,218 | 112 | 87 | 80 | 75 | 155 | -44 | -22.1% |
| Federal | 2,197 | 4,061 | 3,161 | 2,186 | 2,086 | 4,272 | -2,950 | -40.8% |
| Gift | 0 | 0 | 75 | 5 | 5 | 10 | -65 | -86.7% |
| Total | 58,711 | 60,580 | 70,732 | 66,857 | 66,741 | 133,598 | 2,286 | 1.7% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|--------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 44,982 | 45,670 | 51,262 | 51,713 | 51,619 | 103,332 | 6,400 | 6.6% |
| Other Operating Expenses | 13,628 | 14,339 | 18,815 | 14,584 | 14,562 | 29,146 | -4,008 | -12.1% |
| Payments To Individuals | 21 | 364 | 396 | 382 | 382 | 764 | 4 | 0.5% |
| Local Assistance | 80 | 207 | 259 | 178 | 178 | 356 | -110 | -23.6% |
| Total | 58,711 | 60,580 | 70,732 | 66,857 | 66,741 | 133,598 | 2,286 | 1.7% |

PUBLIC SAFETY DEPT

Program: STATE PATROL

Activity: PATROLLING HIGHWAYS

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 0 | 3 | 4 | 4 | 4 | 8 | 1 | 14.3% |
| Trunk Highway | 6,568 | 6,324 | 6,470 | 6,470 | 6,470 | 12,940 | 146 | 1.1% |
| Highway Users Tax Distribution | 110 | 115 | 130 | 130 | 130 | 260 | 15 | 6.1% |
| Subtotal Non Dedicated | 6,678 | 6,442 | 6,604 | 6,604 | 6,604 | 13,208 | 162 | 1.2% |
| Dedicated | | | | | | | | |
| Special Revenue | 5,879 | 7,681 | 9,856 | 7,156 | 7,071 | 14,227 | -3,310 | -18.9% |
| Trunk Highway | 1,345 | 60 | 75 | 75 | 75 | 150 | 15 | 11.1% |
| Federal | 2,240 | 4,063 | 3,147 | 2,186 | 2,086 | 4,272 | -2,938 | -40.7% |
| Gift | 4 | 6 | 5 | 5 | 5 | 10 | -1 | -9.1% |
| Subtotal Dedicated | 9,468 | 11,810 | 13,083 | 9,422 | 9,237 | 18,659 | -6,234 | -25.0% |
| Total Revenue | 16,146 | 18,252 | 19,687 | 16,026 | 15,841 | 31,867 | -6,072 | -16.0% |
| Full-Time Equivalents (FTE) | 692.1 | 690.9 | 683.3 | 664.5 | 655.8 | | | |

PUBLIC SAFETY DEPT

Program: STATE PATROL

Activity: COMMERCIAL VEHICLE ENFORCEMENT

Narrative

Activity Description

Commercial Vehicle Enforcement exists to enforce laws specifically regulating the operation and movement of commercial motor vehicles, with the expressed goal of reducing the number of collisions involving commercial vehicles and reducing the damage to roadways caused by overweight vehicles.

Population Served

The Commercial Vehicle Enforcement division serves the 4.9 million Minnesota citizens, and 3.7 million licensed drivers operating 4.4 million registered motor vehicles regularly using the roadways in Minnesota. More specifically, daily activities center on the commercial vehicle operators and companies involved in transporting goods and providing transportation services within Minnesota.

Services Provided

The Commercial Vehicle Enforcement division enforces state and federal laws regulating the size, weight, load and operation of commercial motor vehicles on all Minnesota roadways, and primarily, on the state and federal trunk highway systems.

This includes 11 fixed weigh scale locations and 22 mobile enforcement teams. Fixed scales are located in Erskine, Saginaw, Moorhead, St. Croix, and Worthington. These facilities are operated on a regular basis with permanent staff. The remaining scale locations are operated on an irregular basis with no permanent staff assigned. Mobile enforcement teams weigh vehicles at roadside and perform random roadside inspections of commercial vehicles. Specialized school bus inspectors perform annual and random inspections of school buses for compliance with safety equipment, vehicle mechanical condition and driver documentation. In 2001, 43,382 commercial vehicle inspections were completed, which represents a 22% increase over 2000.

While weather is a contributing factor, the major cause of roadway deterioration is the effect of overweight trucks. Deterioration of roadways comes at a tremendous cost in dollars and lost safety for taxpayers and users of the roadways. The Minnesota relevant evidence law provides for the civil enforcement of vehicle weight by requiring law enforcement access to certain shipping documents and bills of lading at elevators and shipping locations. State Patrol civil weight inspectors review hundreds of thousands of shipping documents annually identifying overweight violations that would otherwise go undiscovered.

Commercial Vehicle Enforcement provides annual and requested training to local law enforcement agencies on commercial vehicle regulation, inspection, and crash investigation. Training is also provided in compliance with the requirements of the state mandatory commercial vehicle inspection program.

The State Patrol is also designated as the lead agency for the state of Minnesota's participation in the federal Motor Carrier Safety Assistance Program (MCSAP). The purpose of MCSAP is to improve the performance of commercial vehicle drivers and mechanical condition of commercial vehicles. The State Patrol Commercial Vehicle Enforcement activity, as part of the MCSAP, devotes a significant portion of resources toward CMV-driver safety education. This generally takes the form of formal classes conducted by the Commercial Vehicle Enforcement staff, question & answer sessions between staff and CMV industry representatives and drivers, and roadside enforcement activities focusing on unsafe driver practices.

Key Measures

- ◆ The number of commercial motor vehicle inspections.

The effect of fatigue on the driver of a motor vehicle has been shown to be similar to the impairment caused by alcohol and/or drugs. The effect of fatigue on a commercial vehicle driver can have devastating implications due to the size and weight differential of a CMV. Of those fatal crashes that are found to be the fault of the CMV, only

Activity at a Glance

Commercial motor vehicle (CMV) enforcement activity for calendar year 2001:

- ◆ 43,382 driver/CMV safety inspections
- ◆ 5,296 CMV collisions
- ◆ 2,777 CMV drivers placed out of service
- ◆ 11,323 CMVs placed out of service

PUBLIC SAFETY DEPT

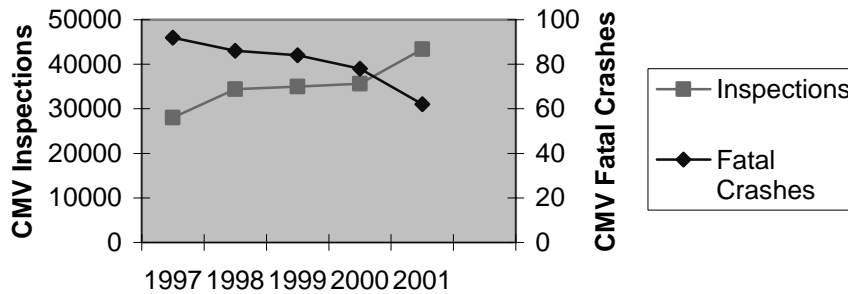
Program: STATE PATROL

Activity: COMMERCIAL VEHICLE ENFORCEMENT

Narrative

about 5% can be blamed on faulty vehicular equipment and about 95% are the responsibility of the CMV driver. Statistics seem to indicate that there is a direct relationship between an increased emphasis on CMV driver inspections and a decrease in fatal crashes involving CMVs. 94% of all inspections involve the inspection of the driver. As the number of CMV inspections increases, the number of fatal crashes has declined.

Inspections vs. Fatal Crashes



Activity Funding

This activity is funded by a mix of Trunk Highway Fund appropriations (73%) and Federal Funds (27%).

Contact

Colonel Anne Beers
Chief of Minnesota State Patrol
(651) 296-5936

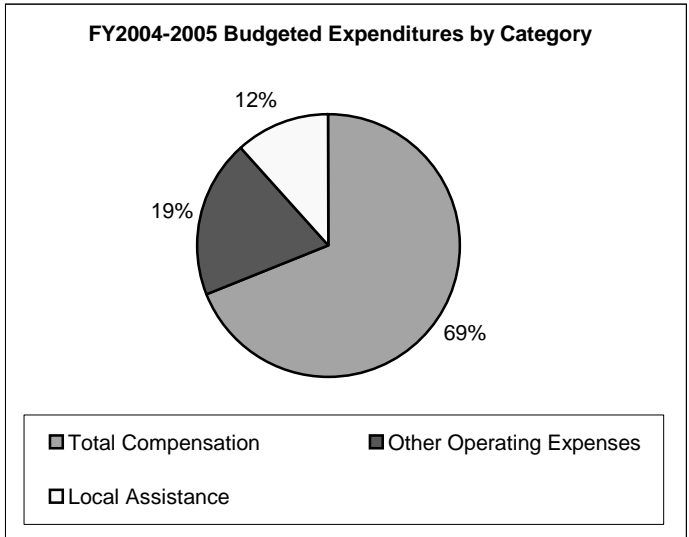
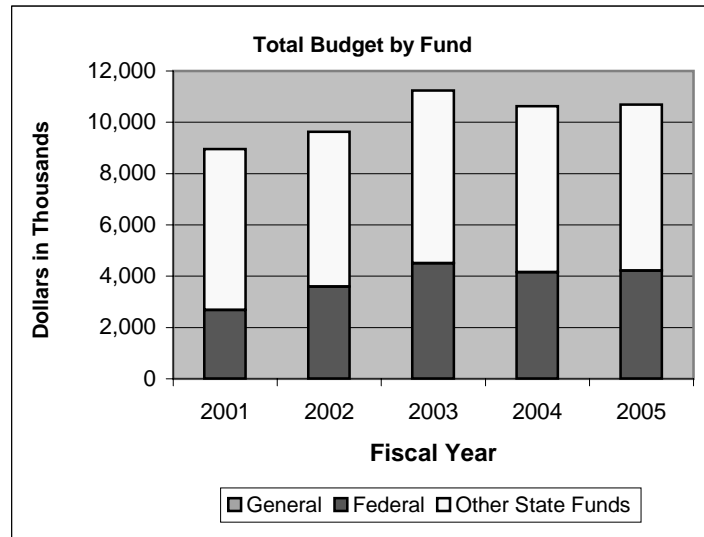
<http://www.dps.state.mn.us/patrol/>

PUBLIC SAFETY DEPT

Program: **STATE PATROL**

Activity: **COMMERCIAL VEHICLE ENFORCEMENT**

Fiscal Report



| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 Dollars | Percent |
|---------------------------------|------------------|------------------|--------------------|----------------|--------------------|---------------------|---|-------------|
| Expenditures by Fund | | | | | | | | |
| Direct Appropriations | | | | | | | | |
| Trunk Highway | 6,151 | 6,033 | 6,736 | 6,474 | 6,474 | 12,948 | 179 | 1.4% |
| Statutory Appropriations | | | | | | | | |
| Trunk Highway | 125 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Federal | 2,683 | 3,592 | 4,504 | 4,158 | 4,213 | 8,371 | 275 | 3.4% |
| Total | 8,959 | 9,625 | 11,240 | 10,632 | 10,687 | 21,319 | 454 | 2.2% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|---------------|---------------|---------------|---------------|------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 6,677 | 6,742 | 7,597 | 7,317 | 7,374 | 14,691 | 352 | 2.5% |
| Other Operating Expenses | 1,421 | 1,655 | 2,160 | 2,071 | 2,069 | 4,140 | 325 | 8.5% |
| Local Assistance | 862 | 1,228 | 1,483 | 1,244 | 1,244 | 2,488 | -223 | -8.2% |
| Other Financial Transactions | -1 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Total | 8,959 | 9,625 | 11,240 | 10,632 | 10,687 | 21,319 | 454 | 2.2% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------|-------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| Trunk Highway | 29 | 32 | 30 | 30 | 30 | 60 | -2 | -3.2% |
| Highway Users Tax Distribution | 566 | 914 | 800 | 800 | 800 | 1,600 | -114 | -6.7% |
| Subtotal Non Dedicated | 595 | 946 | 830 | 830 | 830 | 1,660 | -116 | -6.5% |
| Dedicated | | | | | | | | |
| Trunk Highway | 125 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Federal | 2,722 | 3,588 | 4,469 | 4,120 | 4,118 | 8,238 | 181 | 2.2% |
| Subtotal Dedicated | 2,847 | 3,588 | 4,469 | 4,120 | 4,118 | 8,238 | 181 | 2.2% |
| Total Revenue | 3,442 | 4,534 | 5,299 | 4,950 | 4,948 | 9,898 | 65 | 0.7% |

| | | | | | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Full-Time Equivalents (FTE) | 120.9 | 115.9 | 114.0 | 109.8 | 106.1 |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|

Activity Description

Capitol Complex Security/Executive Protection is a division of the Minnesota State Patrol, whose primary function is to provide for the safety and security of judicial and legislative officials, state employees and members of the public working at or visiting the Capitol Complex. The executive protection unit is comprised of state troopers, who are responsible for providing personal protection and security for the governor, Lt. governor, the governor's immediate family and the state's executive residence in St. Paul.

Activity at a Glance

- ◆ Capitol Security monitors over 20,000 environmental, fire, and security points including fire alarms, panic alarms, hold-up alarms and security alarms.
- ◆ 6,500 employees work within the Capitol Complex and nearly one million citizens visit the Capitol Complex on an annual basis.

Population Served

Capitol Complex security officers are responsible for safety and security of more than 6,500 State employees working within 34 individual state buildings located throughout the entire Capitol Complex. Capitol Security officers also provide security, employee safety escorts, and parking enforcement within the 31 Capitol Complex parking facilities. There are also over one million visitors to the Capitol annually.

Services Provided

The Capitol Security Operations Center is the central hub for the operation of the state buildings and responds to all emergencies that occur within its jurisdiction. Currently there are over 20,000 environmental and security points regulated by the Operations Center staff. These include: security alarms, panic alarms, fire alarms, hold-up alarms, environmental heating, air conditioning and ventilation controls and lighting.

The Operations Center monitors more than 200 cameras. These cameras are located throughout the Capitol Complex in high-security and public areas. The parking lots, parks, tunnels, and main entrances also have intercoms, which can be used in an emergency or to request assistance from a security officer. There are over 100 intercom sites located throughout the Capitol Complex.

During the legislative session, the State Patrol assigns troopers to the legislature to protect members of the house of representatives and senate. These troopers follow up on threats, which members may receive verbally, in writing or via the telephone. When the legislature is not in session, threats are followed up by a security supervisor and then turned over to Capitol Security's investigator, who is a state trooper.

There are over 240 rallies, protests and events held on the Capitol Complex each year. A permit is required for each event and additional security is often needed at these events.

Capitol Security officers are the primary responders to all emergencies occurring on the Capitol Complex and at buildings within Capitol Security's jurisdiction. These emergencies include: suspicious activities, disruptive individuals, fires, and medical emergencies. Officers are trained in first aid, CPR, and the use of automatic external defibrillators. Capitol Security works closely with Minneapolis and St. Paul paramedics, fire departments and police to make sure that all emergencies are safely and efficiently managed.

Key Measures

- ◆ **The response time of Capitol Security officers to requests for assistance.**

Calls for Service (CFS) are defined as a request for security services, which require an immediate response or follow-up by security personnel. CFS received at the Capitol Complex Security Communications Center are categorized as emergency and non-emergency. Data indicate that quick response to emergency situations (medicals, fire/police assists, alarms) saves lives, minimizes damage, and solves crimes. Emergency CFS are given priority for response. CFS response time is the elapsed time from the time a CFS is received by the Communications Center and the time that security personnel arrive at the CFS location. Prompt handling, proper prioritization and staffing levels have an impact on response time.

PUBLIC SAFETY DEPT

Program: STATE PATROL

Activity: CAPITOL COMPLEX SECURITY

Narrative

The goal of Capitol Security is to ensure the safety of employees and visitors within the Capitol Complex by responding to CFS in a timely manner by reducing the average response time to CFS by 25%.

Average CFS Response Time (minutes):

| | <u>2001-2001</u> | <u>2002-2003 (goal)</u> |
|---------------|------------------|-------------------------|
| Emergency | 3.91 | 3.41 |
| Non-emergency | 4.75 | 4.25 |

Activity Funding

This activity is funded from General Fund appropriations (95%) and Highway User Tax Distribution Funds (5%). This activity will be funded 100% from the General Fund in the future. Revenues are generated from security contracts with agencies located in buildings outside of the Capitol Complex and for additional security needed by some state agencies.

Contact

Colonel Anne Beers
Chief of Minnesota State Patrol
(651) 296-5936

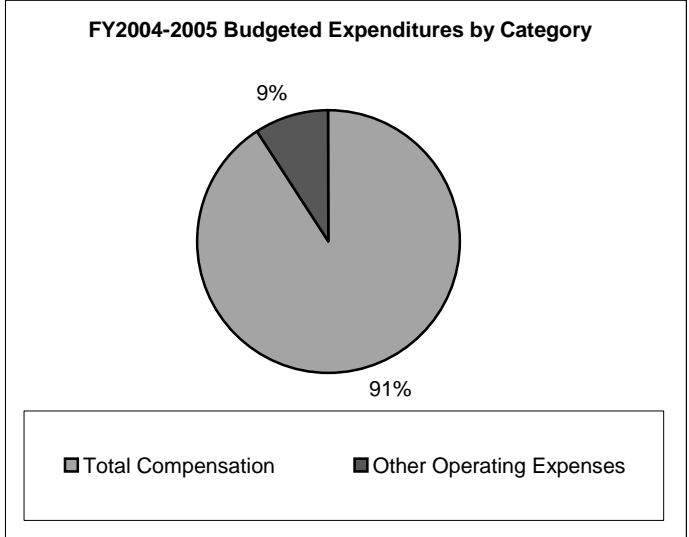
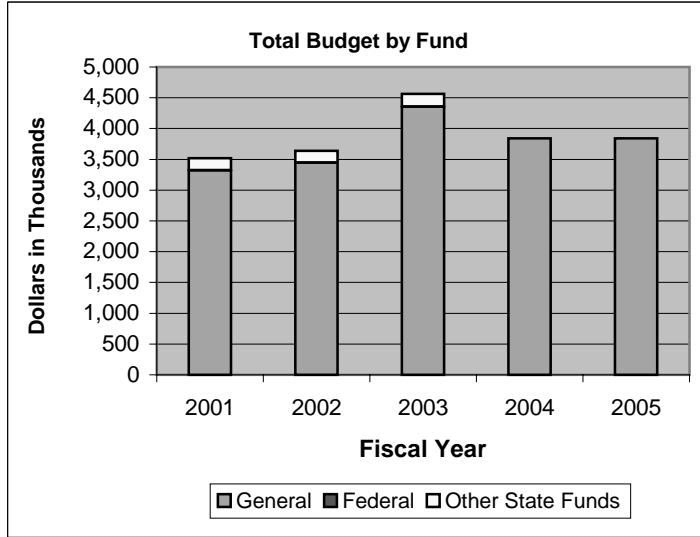
<http://www.dps.state.mn.us/patrol/>

PUBLIC SAFETY DEPT

Program: **STATE PATROL**

Activity: **CAPITOL COMPLEX SECURITY**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------------------|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 3,104 | 3,218 | 4,083 | 3,610 | 3,610 | 7,220 | -81 | -1.1% |
| Trunk Highway | 199 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Highway Users Tax Distribution | 0 | 194 | 206 | 0 | 0 | 0 | -400 | -100.0% |
| Statutory Appropriations | | | | | | | | |
| General | 218 | 228 | 275 | 233 | 233 | 466 | -37 | -7.4% |
| Total | 3,521 | 3,640 | 4,564 | 3,843 | 3,843 | 7,686 | -518 | -6.3% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 3,355 | 3,155 | 4,181 | 3,485 | 3,486 | 6,971 | -365 | -5.0% |
| Other Operating Expenses | 166 | 485 | 383 | 358 | 357 | 715 | -153 | -17.6% |
| Total | 3,521 | 3,640 | 4,564 | 3,843 | 3,843 | 7,686 | -518 | -6.3% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|------------|---------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| General | 205 | 246 | 282 | 233 | 233 | 466 | -62 | -11.7% |
| Subtotal Dedicated | 205 | 246 | 282 | 233 | 233 | 466 | -62 | -11.7% |
| Total Revenue | 205 | 246 | 282 | 233 | 233 | 466 | -62 | -11.7% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 67.8 | 60.3 | 72.2 | 62.1 | 61.0 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

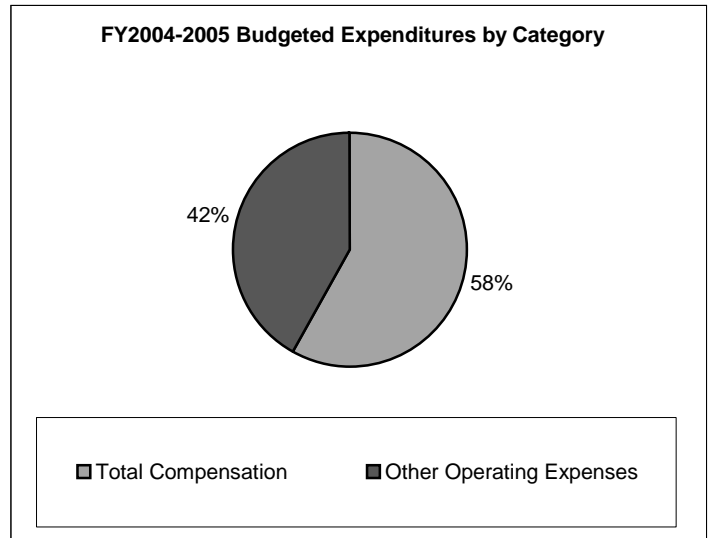
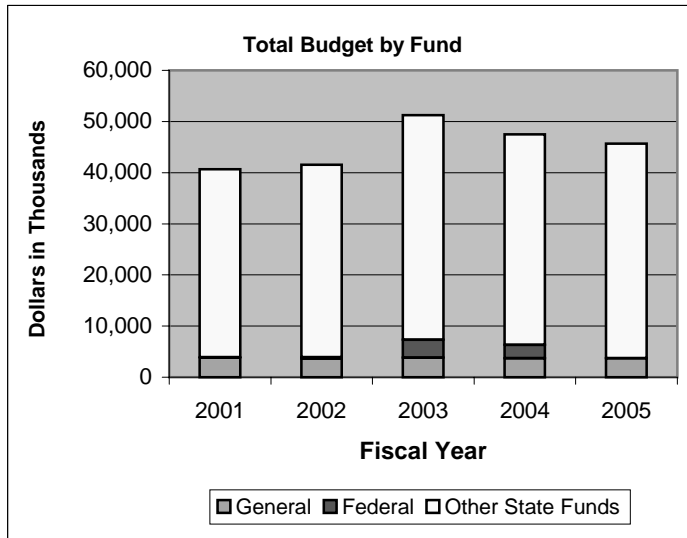
Budget Activities Included:

- ⇒ Vehicle Services
- ⇒ Administration
- ⇒ Driver Services

PUBLIC SAFETY DEPT

Program: DRIVER & VEHICLE SERVICES

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Carry Forward | | | | | | | | |
| General | 0 | 0 | 0 | 30 | 0 | 30 | 30 | n.m |
| Direct Appropriations | | | | | | | | |
| General | 3,832 | 3,649 | 3,838 | 3,662 | 3,662 | 7,324 | -163 | -2.2% |
| Trunk Highway | 21,718 | 22,573 | 25,382 | 24,307 | 24,307 | 48,614 | 659 | 1.4% |
| Highway Users Tax Distribution | 14,897 | 8,628 | 11,026 | 9,584 | 9,584 | 19,168 | -486 | -2.5% |
| Open Appropriations | | | | | | | | |
| Highway Users Tax Distribution | 0 | 6,220 | 7,194 | 6,987 | 7,830 | 14,817 | 1,403 | 10.5% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 162 | 174 | 209 | 218 | 224 | 442 | 59 | 15.4% |
| Federal | 31 | 232 | 3,501 | 2,642 | 0 | 2,642 | -1,091 | -29.2% |
| Reinvest In Minnesota | 5 | 6 | 8 | 8 | 8 | 16 | 2 | 14.3% |
| Gift | 45 | 45 | 56 | 45 | 45 | 90 | -11 | -10.9% |
| Total | 40,690 | 41,527 | 51,214 | 47,483 | 45,660 | 93,143 | 402 | 0.4% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 23,939 | 24,321 | 28,050 | 26,833 | 26,674 | 53,507 | 1,136 | 2.2% |
| Other Operating Expenses | 16,664 | 17,134 | 23,085 | 20,175 | 18,541 | 38,716 | -1,503 | -3.7% |
| Payments To Individuals | 0 | 3 | 0 | 0 | 0 | 0 | -3 | -100.0% |
| Local Assistance | 42 | 24 | 28 | 30 | 0 | 30 | -22 | -42.3% |
| Other Financial Transactions | 45 | 45 | 51 | 45 | 45 | 90 | -6 | -6.3% |
| Transfers | 0 | 0 | 0 | 400 | 400 | 800 | 800 | n.m |
| Total | 40,690 | 41,527 | 51,214 | 47,483 | 45,660 | 93,143 | 402 | 0.4% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|------------|-------------|
| Expenditures by Activity | | | | | | | | |
| Vehicle Services | 18,454 | 18,550 | 22,274 | 20,606 | 21,139 | 41,745 | 921 | 2.3% |
| Driver Services | 22,236 | 22,977 | 28,940 | 26,877 | 24,521 | 51,398 | -519 | -1.0% |
| Total | 40,690 | 41,527 | 51,214 | 47,483 | 45,660 | 93,143 | 402 | 0.4% |

PUBLIC SAFETY DEPT

Program: DRIVER & VEHICLE SERVICES

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|--------------------------|----------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Revenue by Type and Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Non Dedicated | | | | | | | | |
| General | 546,454 | 437,742 | 290,883 | 286,832 | 278,110 | 564,942 | -163,683 | -22.5% |
| Cambridge Deposit Fund | 12,187 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Trunk Highway | 23,862 | 23,050 | 24,044 | 25,000 | 26,003 | 51,003 | 3,909 | 8.3% |
| Highway Users Tax Distribution | 462,337 | 672,185 | 688,712 | 710,730 | 720,786 | 1,431,516 | 70,619 | 5.2% |
| Environmental | 4,417 | 4,728 | 4,545 | 4,590 | 4,636 | 9,226 | -47 | -0.5% |
| Greater Minnesota Transit | 0 | 0 | 7,479 | 7,701 | 7,454 | 15,155 | 7,676 | 102.6% |
| Subtotal Non Dedicated | 1,049,257 | 1,137,705 | 1,015,663 | 1,034,853 | 1,036,989 | 2,071,842 | -81,526 | -3.8% |
| Dedicated | | | | | | | | |
| General | 0 | 0 | 0 | 12,322 | 11,926 | 24,248 | 24,248 | n.m |
| Special Revenue | 2,982 | 3,091 | 5,307 | 12,104 | 12,109 | 24,213 | 15,815 | 188.3% |
| Highway Users Tax Distribution | 482 | -8 | -474 | 0 | 0 | 0 | 482 | -100.0% |
| Federal | 31 | 263 | 3,470 | 2,642 | 0 | 2,642 | -1,091 | -29.2% |
| Reinvest In Minnesota | 1,085 | 1,254 | 1,200 | 1,200 | 1,200 | 2,400 | -54 | -2.2% |
| Gift | 47 | 47 | 90 | 45 | 45 | 90 | -47 | -34.3% |
| Subtotal Dedicated | 4,627 | 4,647 | 9,593 | 28,313 | 25,280 | 53,593 | 39,353 | 276.4% |
| Total Revenue | 1,053,884 | 1,142,352 | 1,025,256 | 1,063,166 | 1,062,269 | 2,125,435 | -42,173 | -1.9% |
| Full-Time Equivalents (FTE) | | | | | | | | |
| | 550.6 | 534.5 | 566.8 | 530.5 | 510.7 | | | |

Activity Description

Vehicle Services is responsible for issues relating to motor vehicles in Minnesota including: issuance of vehicle registration and titles, maintenance of records, collection of revenue, regulation of motor vehicle dealers, issuance of disability permits and plates, and inspection of salvaged and reconstructed vehicles.

Population Served

This division serves the general population of Minnesota, vehicle owners and lessees, deputy registrars, auto dealers, motor carriers, law enforcement agencies, lending institutions, insurance companies, and the court system.

Services Provided

- ⇒ Maintains over five million motor vehicle ownership and registration records.
- ⇒ Verifies ownership documents and issues certificates of title to owners and lien notification cards to lenders.
- ⇒ Issues license plates and registration stickers.
- ⇒ Issues temporary and permanent disability license plates and parking certificates to qualified applicants.
- ⇒ Collects registration and fuel taxes from interstate motor carriers through the administration of two international registration and fuel tax agreements.
- ⇒ Partners with appointed public, private, and government deputy registrars to provide motor vehicle services to citizens at over 170 locations throughout the state.
- ⇒ Provides training and support to appointed deputy registrars and licensed motor vehicle dealers.
- ⇒ Prepares and distributes procedural manuals and bulletin updates related to motor vehicle title and registration issues.
- ⇒ Provides information services related to vehicle registration and titling to citizens, deputy registrars, auto dealers, courts, and law enforcement agencies, by phone, letter, Internet, and e-mail. Deputy registrars and auto dealers also have access to the eSupport web site designed to bring information and on-line services to Vehicle Services business partners.
- ⇒ Provides Internet services for vehicle registration renewal, report of vehicle sale, and purchase of critical habitat license plates. Registration stickers and license plates are delivered to customers in 10 days or less.
- ⇒ Offers mail-in option for registration renewals. Registration stickers are mailed to customer in four days or less.
- ⇒ Staffs a full service office in St. Paul, where citizens may renew vehicle registration, transfer vehicle ownership, apply for driver's license, register a bicycle, file a traffic crash report, apply for Department of Natural Resources licenses, and access division records.
- ⇒ Issues a variety of special license plates, including personalized, critical habitat, veteran, collector, and special use plates.

Activity at a Glance

During FY2002 the division has:

- ◆ Reduced processing time for vehicle ownership titles from 40 days to 14 days
- ◆ Increased the number of self-service transactions from 1% to 8.75%

In 2001 the division:

- ◆ Processed over 5 million vehicle transactions
- ◆ Issued 1.5 million vehicle ownership certificates of title
- ◆ Licensed 4,000 motor vehicle dealers
- ◆ Collected over \$1.5 billion in revenue
- ◆ Processed over 270,000 vehicle registration renewals and payments by Internet

Historical Perspective

A complete overhaul of the way we think about our business and the roles of our business partners (deputy registrars and dealers) resulted in tremendous steps forward for Vehicle Services. Vehicle Services expanded the capabilities of the Internet-based system allowing deputy registrars and dealers to access data and the ability to make changes to motor vehicle records. Use of this eSupport system eliminates duplicative data entry by Vehicle Services staff. In the past year, the time it takes to produce a vehicle certificate of title decreased from 40 days to 14 days, with a target goal of 10 days or less within FY 2003. These changes are part of an ongoing technical improvement plan to provide citizens and business partners with more options to receive fast, fair and accurate service from Driver and Vehicle Services.

PUBLIC SAFETY DEPT**Program: DRIVER & VEHICLE SERVICES****Activity: VEHICLE SERVICES**

Narrative

Key Measures

1. Wait times for delivery of service.
2. Access to service and information.

Vehicle Services Performance Targets:

| Performance Targets FY 2002: | Processing Time* for Issuance of Vehicle Title | Processing Time* for Vehicle Registrations | Self Service Transactions |
|---|---|---|--------------------------------------|
| Quarter 1 - Actual | 30 days | 12 Days | <1% |
| Quarter 2 - Target - Actual | 21 Days 40 Days** | 5 Days 6 Days | 1% 3.6% |
| Quarter 3 - Target - Actual | 12 Days 6 Days | 4 Days 3 Days | 1% 10.8% |
| Quarter 4 - Target - Actual | 16 Days 14 Days | 4 Days 3 Days | 3% 8.75% |
| FY2003 Targets | 10 Days | 3 Days | 10% |

* Processing time is when request is received until the title or registration is sent out in the mail.

** State of Minnesota was affected by work stoppage in this quarter.

Activity Funding

This activity is funded by a mix of General Fund appropriations (19%) and Highway User Tax Distribution Fund appropriations (80%). One percent of this activity funding is made up of a Special Revenue Fund account (Bicycle Registration), Reinvest in Minnesota (Critical Habitat Matching Account), and the Gift Fund (Collegiate Scholarship Account).

Contact

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Director
(651) 296-4544

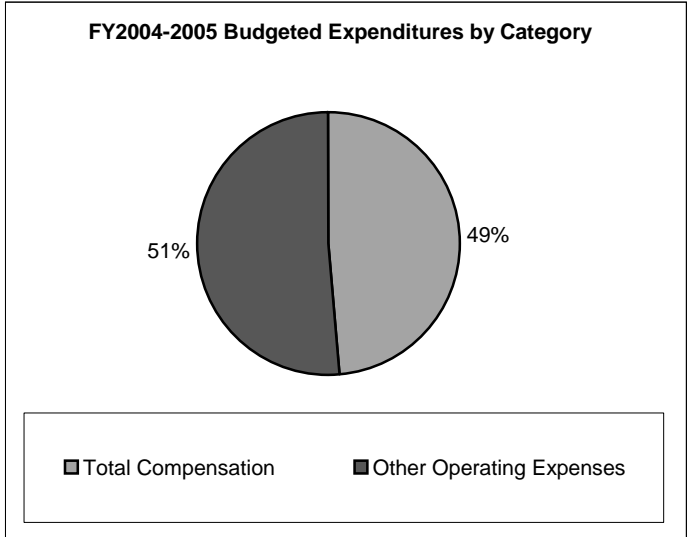
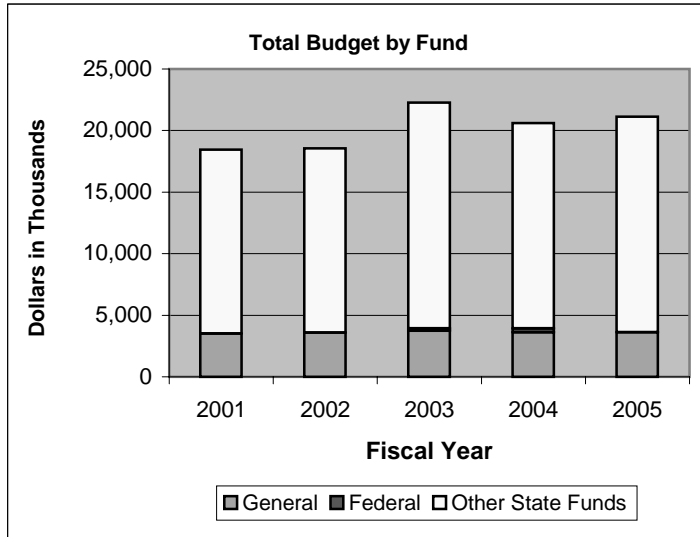
<http://www.mndriveinfo.org>

PUBLIC SAFETY DEPT

Program: **DRIVER & VEHICLE SERVICES**

Activity: VEHICLE SERVICES

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 3,519 | 3,590 | 3,734 | 3,606 | 3,606 | 7,212 | -112 | -1.5% |
| Highway Users Tax Distribution | 14,830 | 8,628 | 11,026 | 9,584 | 9,584 | 19,168 | -486 | -2.5% |
| Open Appropriations | | | | | | | | |
| Highway Users Tax Distribution | 0 | 6,220 | 7,194 | 6,987 | 7,830 | 14,817 | 1,403 | 10.5% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 55 | 61 | 66 | 66 | 66 | 132 | 5 | 3.9% |
| Federal | 0 | 0 | 190 | 310 | 0 | 310 | 120 | 63.2% |
| Reinvest In Minnesota | 5 | 6 | 8 | 8 | 8 | 16 | 2 | 14.3% |
| Gift | 45 | 45 | 56 | 45 | 45 | 90 | -11 | -10.9% |
| Total | 18,454 | 18,550 | 22,274 | 20,606 | 21,139 | 41,745 | 921 | 2.3% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|------------|-------------|
| Total Compensation | 8,725 | 8,902 | 10,893 | 10,171 | 10,095 | 20,266 | 471 | 2.4% |
| Other Operating Expenses | 9,684 | 9,603 | 11,330 | 10,390 | 10,999 | 21,389 | 456 | 2.2% |
| Other Financial Transactions | 45 | 45 | 51 | 45 | 45 | 90 | -6 | -6.3% |
| Total | 18,454 | 18,550 | 22,274 | 20,606 | 21,139 | 41,745 | 921 | 2.3% |

PUBLIC SAFETY DEPT

Program: DRIVER & VEHICLE SERVICES

Activity: VEHICLE SERVICES

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------------|--------------------------|--------------------------|----------------------------|------------------|------------------|-----------------------------|--|----------------|
| | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base | | Biennium 2004-05 | Dollars | Percent |
| Revenue by Type and Fund | | | | FY2004 | FY2005 | | | |
| Non Dedicated | | | | | | | | |
| General | 546,451 | 432,326 | 284,622 | 280,571 | 271,849 | 552,420 | -164,528 | -22.9% |
| Cambridge Deposit Fund | 6,761 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Highway Users Tax Distribution | 462,337 | 672,185 | 688,712 | 710,730 | 720,786 | 1,431,516 | 70,619 | 5.2% |
| Environmental | 4,417 | 4,728 | 4,545 | 4,590 | 4,636 | 9,226 | -47 | -0.5% |
| Greater Minnesota Transit | 0 | 0 | 7,479 | 7,701 | 7,454 | 15,155 | 7,676 | 102.6% |
| Subtotal Non Dedicated | 1,019,966 | 1,109,239 | 985,358 | 1,003,592 | 1,004,725 | 2,008,317 | -86,280 | -4.1% |
| Dedicated | | | | | | | | |
| General | 0 | 0 | 0 | 12,322 | 11,926 | 24,248 | 24,248 | n.m |
| Special Revenue | 68 | 68 | 80 | 80 | 80 | 160 | 12 | 8.1% |
| Highway Users Tax Distribution | 482 | -8 | -474 | 0 | 0 | 0 | 482 | -100.0% |
| Federal | 0 | 0 | 190 | 310 | 0 | 310 | 120 | 63.2% |
| Reinvest In Minnesota | 1,085 | 1,254 | 1,200 | 1,200 | 1,200 | 2,400 | -54 | -2.2% |
| Gift | 47 | 47 | 90 | 45 | 45 | 90 | -47 | -34.3% |
| Subtotal Dedicated | 1,682 | 1,361 | 1,086 | 13,957 | 13,251 | 27,208 | 24,761 | n.m |
| Total Revenue | 1,021,648 | 1,110,600 | 986,444 | 1,017,549 | 1,017,976 | 2,035,525 | -61,519 | -2.9% |
| Full-Time Equivalents (FTE) | | | | | | | | |
| | 198.9 | 191.2 | 216.2 | 197.4 | 190.5 | | | |

Activity Description

Driver Services is responsible for any issue relating to licensed drivers in Minnesota including: identification, examination, licensing, and evaluation of drivers, issuance of driver's licenses and identification cards, maintenance of driver history and traffic crash data, licensing of driver training instructors and schools, and collection of revenue.

Population Served

The division serves the general population of Minnesota, licensed drivers, driver education instructors and schools, driver license agents, the court system, and law enforcement agencies.

Services Provided

- ⇒ Maintains 3.6 million driver history records.
- ⇒ Administers driver's license examinations. Driver Services staff administer knowledge (written) and skill (road) exams at 94 locations throughout the state. In 2002, 666,808 total tests were conducted, including general (Class D), commercial vehicle licensing, motorcycle, and school bus. Of those, 502,780 were knowledge tests and 159,020 were skill tests. The knowledge test is made available in seven languages at 24 testing facilities.
- ⇒ Offers 137 sites throughout the state to renew or apply for a Minnesota driver's license, identification card, or permit (in partnership with 122 appointed driver's license agents).
- ⇒ Develops and publishes driver manuals to assist individuals in preparing for the driver's license tests. Manuals are also available electronically on the division's web site. The general manual (Class D) is available electronically in Spanish.
- ⇒ Issues driver's licenses, identification cards, and permits. A new electronic application process being phased-in delivers the license, permit, or ID card to the customer in seven days as opposed to 21 days with the existing manual process.
- ⇒ Provides driver compliance evaluations for problem drivers throughout the state. Evaluators meet with over 31,000 drivers annually.
- ⇒ Provides information services to citizens by phone, letter, and e-mail.
- ⇒ Licenses over 100 commercial driver education schools and over 600 driver education instructors.
- ⇒ Approves public school driver education programs, motorized bicycle courses, accident prevention courses for drivers 55 or older, and DWI clinics.
- ⇒ Maintains all traffic crash records that occur in Minnesota.

Historical Perspective

In the past year, Driver Services expanded its mission of providing fast, fair and accurate service to the public and its business partners (law enforcement, court systems, driver's license agents, third party examiners) to include Internet services. The creation of eSupport, a web site designed for the division's business partners, gives these partners access to simple-to-read driving records, regional on-line scheduling of driver's tests, and an on-line driver's license application process. eSupport has simplified the process for the end user and streamlined the process for the division, enabling the division to meet many of its target goals.

Activity at a Glance

During FY2002 the division has:

- ◆ Reduced processing time for driver's licenses from 26 days to 10 days
- ◆ Reduced customer wait time for driver's license road test appointments from 25 days to 17 days

In 2001 the division:

- ◆ Issued 1.4 million cards – including driver's licenses, ID cards, and permits
- ◆ Conducted over 400,000 general (Class D) knowledge and skill examinations
- ◆ Reinstated the driving privileges of 170,000 drivers
- ◆ Suspended, canceled, revoked, or disqualified the driving privileges of 200,000 drivers

PUBLIC SAFETY DEPT

Program: DRIVER & VEHICLE SERVICES

Activity: DRIVER SERVICES

Narrative

Key Measures

1. Wait times for delivery of service.
2. Access to service and information.

Driver Services Performance Targets:

| Performance Targets FY 2002: | Wait for Skill (Road) Test Appointments* | Processing Time** for Issuance of Driver's License | Connectivity of Exam Stations Throughout Minnesota |
|-----------------------------------|---|--|--|
| Quarter 1 - Actual | 25 Days | 26 Days | 15 Sites |
| Quarter 2 - Target - Actual | 15 Days 15 Days | 22 Days 20 Days | 35 Sites 12 Sites |
| Quarter 3 - Target - Actual | 15 Days 14 Days | 17 Days 10 Days | 45 Sites 16 Sites |
| Quarter 4 - Target - Actual | 20 Days 17 Days | 9 Days 10 Days | 65 Sites 45 Sites |
| FY2003 Targets | 12 Days | 5 Days | 68 Sites |

* Number of days per quarter is based on the average number of days for that quarter.

** Processing time is when request is received until the license is sent out in the mail.

Activity Funding

This activity is funded by a mix of Special Revenue Fund accounts (1%), Trunk Highway Fund appropriations (89%), and Federal Funds (10%). The one percent funding of this activity from Special Revenue Funds are in the Motorcycle Safety Account (driver license motorcycle endorsement fee), DWI Reinstatement Account (driver license reinstatement fee) and Driver License Advertising Account (driver license manual advertising revenues).

Contact

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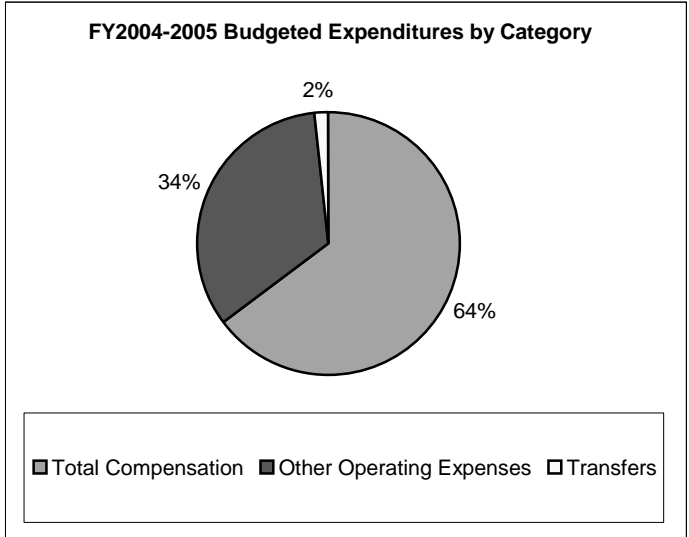
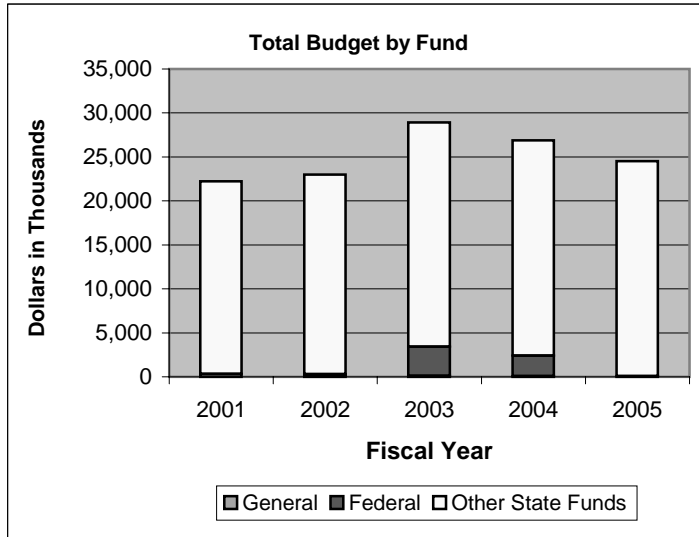
<http://www.Mndriveinfo.org>

PUBLIC SAFETY DEPT

Program: **DRIVER & VEHICLE SERVICES**

Activity: DRIVER SERVICES

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------------------|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 Dollars | Percent |
| Carry Forward | | | | | | | | |
| General | 0 | 0 | 0 | 30 | 0 | 30 | 30 | n.m |
| Direct Appropriations | | | | | | | | |
| General | 313 | 59 | 104 | 56 | 56 | 112 | -51 | -31.3% |
| Trunk Highway | 21,718 | 22,573 | 25,382 | 24,307 | 24,307 | 48,614 | 659 | 1.4% |
| Highway Users Tax Distribution | 67 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 107 | 113 | 143 | 152 | 158 | 310 | 54 | 21.1% |
| Federal | 31 | 232 | 3,311 | 2,332 | 0 | 2,332 | -1,211 | -34.2% |
| Total | 22,236 | 22,977 | 28,940 | 26,877 | 24,521 | 51,398 | -519 | -1.0% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|-------------|--------------|
| Total Compensation | 15,214 | 15,419 | 17,157 | 16,662 | 16,579 | 33,241 | 665 | 2.0% |
| Other Operating Expenses | 6,980 | 7,531 | 11,755 | 9,785 | 7,542 | 17,327 | -1,959 | -10.2% |
| Payments To Individuals | 0 | 3 | 0 | 0 | 0 | 0 | -3 | -100.0% |
| Local Assistance | 42 | 24 | 28 | 30 | 0 | 30 | -22 | -42.3% |
| Transfers | 0 | 0 | 0 | 400 | 400 | 800 | 800 | n.m |
| Total | 22,236 | 22,977 | 28,940 | 26,877 | 24,521 | 51,398 | -519 | -1.0% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Non Dedicated | | | | | | | | |
| General | 3 | 5,416 | 6,261 | 6,261 | 6,261 | 12,522 | 845 | 7.2% |
| Cambridge Deposit Fund | 5,426 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Trunk Highway | 23,862 | 23,050 | 24,044 | 25,000 | 26,003 | 51,003 | 3,909 | 8.3% |
| Subtotal Non Dedicated | 29,291 | 28,466 | 30,305 | 31,261 | 32,264 | 63,525 | 4,754 | 8.1% |
| Dedicated | | | | | | | | |
| Special Revenue | 2,914 | 3,023 | 5,227 | 12,024 | 12,029 | 24,053 | 15,803 | 191.6% |
| Federal | 31 | 263 | 3,280 | 2,332 | 0 | 2,332 | -1,211 | -34.2% |
| Subtotal Dedicated | 2,945 | 3,286 | 8,507 | 14,356 | 12,029 | 26,385 | 14,592 | 123.7% |
| Total Revenue | 32,236 | 31,752 | 38,812 | 45,617 | 44,293 | 89,910 | 19,346 | 27.4% |

PUBLIC SAFETY DEPT

Program: DRIVER & VEHICLE SERVICES

Activity: DRIVER SERVICES

Fiscal Report

| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base | | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
|-----------------------------|------------------|------------------|--------------------|--------|--------|---------------------|--------------------------------------|---------|
| | | | | FY2004 | FY2005 | | Dollars | Percent |
| Full-Time Equivalents (FTE) | 351.7 | 343.3 | 350.6 | 333.1 | 320.2 | | | |

PUBLIC SAFETY DEPT

Program: ALCOHOL & GAMBLING ENFORCEMENT

Narrative

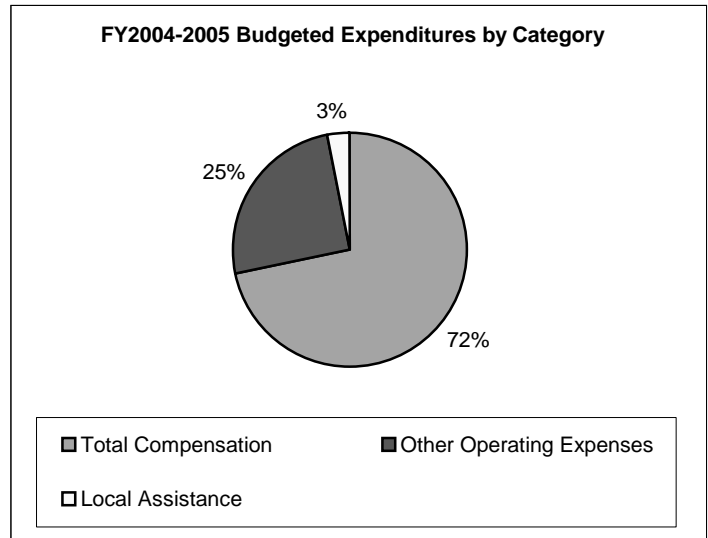
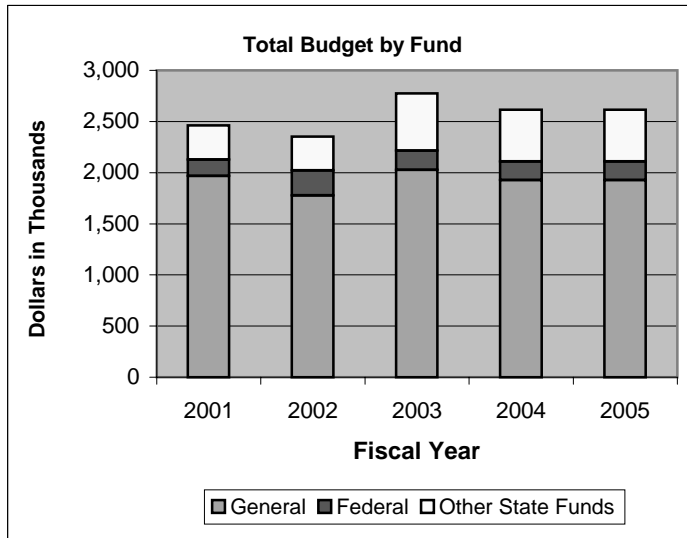
Budget Activities Included:

- ⇒ Gambling Enforcement
- ⇒ Alcohol Enforcement

PUBLIC SAFETY DEPT

Program: ALCOHOL & GAMBLING ENFORCEMENT

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|---------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 1,908 | 1,672 | 1,879 | 1,780 | 1,780 | 3,560 | 9 | 0.3% |
| Statutory Appropriations | | | | | | | | |
| General | 61 | 106 | 147 | 147 | 147 | 294 | 41 | 16.2% |
| Special Revenue | 334 | 330 | 559 | 507 | 507 | 1,014 | 125 | 14.1% |
| Federal | 159 | 244 | 190 | 182 | 182 | 364 | -70 | -16.1% |
| Total | 2,462 | 2,352 | 2,775 | 2,616 | 2,616 | 5,232 | 105 | 2.0% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 1,655 | 1,727 | 1,916 | 1,874 | 1,870 | 3,744 | 101 | 2.8% |
| Other Operating Expenses | 735 | 625 | 779 | 662 | 666 | 1,328 | -76 | -5.4% |
| Local Assistance | 72 | 0 | 80 | 80 | 80 | 160 | 80 | 100.0% |
| Total | 2,462 | 2,352 | 2,775 | 2,616 | 2,616 | 5,232 | 105 | 2.0% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|-------------|
| Expenditures by Activity | | | | | | | | |
| Gambling Enforcement | 1,833 | 1,684 | 2,117 | 1,988 | 1,988 | 3,976 | 175 | 4.6% |
| Alcohol Enforcement | 629 | 668 | 658 | 628 | 628 | 1,256 | -70 | -5.3% |
| Total | 2,462 | 2,352 | 2,775 | 2,616 | 2,616 | 5,232 | 105 | 2.0% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------|-------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 66 | 1,213 | 1,348 | 1,346 | 1,346 | 2,692 | 131 | 5.1% |
| Cambridge Deposit Fund | 1,054 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 1,120 | 1,213 | 1,348 | 1,346 | 1,346 | 2,692 | 131 | 5.1% |
| Dedicated | | | | | | | | |
| General | 205 | 88 | 105 | 105 | 105 | 210 | 17 | 8.8% |
| Special Revenue | 309 | 338 | 367 | 361 | 361 | 722 | 17 | 2.4% |
| Federal | 159 | 244 | 190 | 182 | 182 | 364 | -70 | -16.1% |
| Subtotal Dedicated | 673 | 670 | 662 | 648 | 648 | 1,296 | -36 | -2.7% |
| Total Revenue | 1,793 | 1,883 | 2,010 | 1,994 | 1,994 | 3,988 | 95 | 2.4% |

PUBLIC SAFETY DEPT

Program: **ALCOHOL & GAMBLING ENFORCEMENT**

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------------|--------------------------|--------------------------|----------------------------|------------------------|---------------|-----------------------------|--------------------------------------|----------------|
| Full-Time Equivalents (FTE) | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 Dollars | Percent |
| | 26.2 | 27.3 | 27.8 | 26.0 | 24.8 | | | |

PUBLIC SAFETY DEPT

Program: GAMBLING ENFORCEMENT

Activity: GAMBLING ENFORCEMENT

Narrative

Activity Description

Gambling Enforcement conducts background investigations and criminal investigations relating to lawful gambling, the Minnesota Lottery, parimutuel horse racing, and tribal reservation gambling. Additionally, Gambling Enforcement enforces laws relating to illegal gambling such as sports bookmaking and other illegal gambling activities.

Population Served

Clientele includes the entire gambling industry and their associations, Minnesota citizens, tribal governments, the Minnesota Racing Commission, Minnesota State Lottery, Gambling Control Board, and local and federal law enforcement agencies.

Activity at a Glance

- ◆ 26,000 background check requests processed in FY2002
- ◆ 10,500 background check fingerprint submissions processed in FY2002
- ◆ 229 criminal gambling incidents were reported in FY2002
- ◆ 121 civil gambling incidents were reported in FY2002

Services Provided

The Gambling Enforcement Division provides the following services:

- ◆ civil and criminal investigative services for lawful, regulated gambling in Minnesota and investigates illegal gambling activities and complaints;
- ◆ regulation of the state's legal form of gambling and tribal gaming and investigation other gambling-related crimes;
- ◆ background investigations and checks on licensees and contractors;
- ◆ approval and issuance of gambling distributor and manufacturing licenses;
- ◆ testimony in civil and criminal matters;
- ◆ collaboration with local law enforcement and prosecutors relating to gambling issues;
- ◆ response to public inquiry;
- ◆ collaboration with worldwide regulators;
- ◆ employee and industry training related to timely and relevant gaming issues; and
- ◆ management of proceeds from forfeitures involving illegal gambling devices and prizes.

Historical Perspective

The Minnesota Legislature, in establishing a gambling enforcement division in 1989, realized that a specific agency needed to be created for the regulation and enforcement of gambling statutes. Other enforcement agencies, for a variety of reasons, were unable to perform those functions. The legislature was concerned that the sizeable gambling industry would not be policed given competing priorities. The Gambling Enforcement Division was created so that would not happen. A part of that policing effort occurs in the licensing process, and it has proven to be an excellent front-end control mechanism.

Key Measures

1. **The number of background checks conducted.** Annually, the Gambling Enforcement Division conducts approximately 17,000 background history checks on individuals involved in the gaming industry in Minnesota.
2. **The number of civil and criminal incidents reported.** Of the 350 incidents reported to the Gambling Enforcement Division in FY2002, 229 were criminal and 121 were civil.

Activity Funding

This activity is funded by a mix of General Fund appropriations (78%) and Special Revenue Funds (22%). The source of revenues in Special Revenue Fund accounts are from Indian Nation Compacts, criminal background check fees and gambling forfeitures.

PUBLIC SAFETY DEPT

Program: GAMBLING ENFORCEMENT

Activity: GAMBLING ENFORCEMENT

Narrative

Contact

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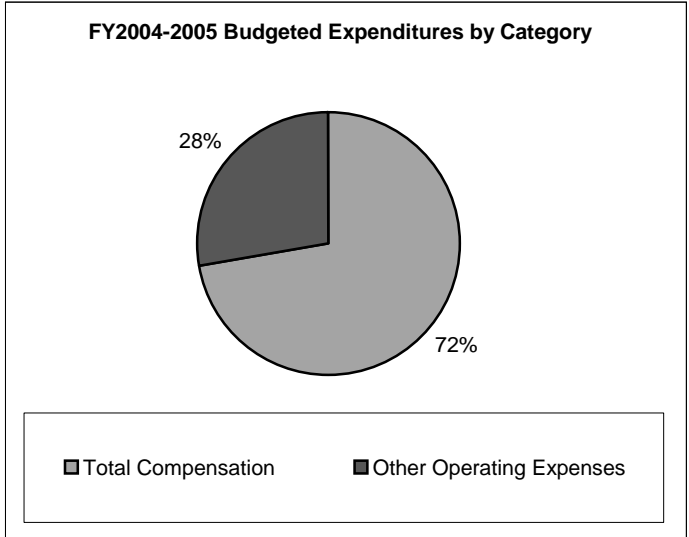
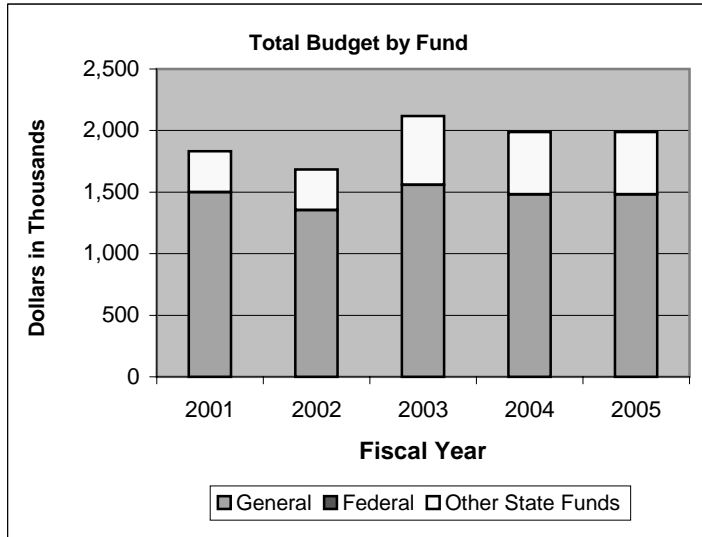
<http://www.dps.state.mn.us>

PUBLIC SAFETY DEPT

Program: **ALCOHOL & GAMBLING ENFORCEMENT**

Activity: GAMBLING ENFORCEMENT

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 1,438 | 1,248 | 1,411 | 1,334 | 1,334 | 2,668 | 9 | 0.3% |
| Statutory Appropriations | | | | | | | | |
| General | 61 | 106 | 147 | 147 | 147 | 294 | 41 | 16.2% |
| Special Revenue | 334 | 330 | 559 | 507 | 507 | 1,014 | 125 | 14.1% |
| Total | 1,833 | 1,684 | 2,117 | 1,988 | 1,988 | 3,976 | 175 | 4.6% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 1,280 | 1,299 | 1,457 | 1,437 | 1,437 | 2,874 | 118 | 4.3% |
| Other Operating Expenses | 553 | 385 | 660 | 551 | 551 | 1,102 | 57 | 5.5% |
| Total | 1,833 | 1,684 | 2,117 | 1,988 | 1,988 | 3,976 | 175 | 4.6% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|--------------|------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 66 | 219 | 386 | 386 | 386 | 772 | 167 | 27.6% |
| Cambridge Deposit Fund | 163 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 229 | 219 | 386 | 386 | 386 | 772 | 167 | 27.6% |
| Dedicated | | | | | | | | |
| General | 205 | 88 | 95 | 95 | 95 | 190 | 7 | 3.8% |
| Special Revenue | 309 | 338 | 367 | 361 | 361 | 722 | 17 | 2.4% |
| Subtotal Dedicated | 514 | 426 | 462 | 456 | 456 | 912 | 24 | 2.7% |
| Total Revenue | 743 | 645 | 848 | 842 | 842 | 1,684 | 191 | 12.8% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 18.1 | 18.4 | 18.8 | 17.7 | 16.9 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

Activity Description

The Alcohol Enforcement Division maintains the integrity of the liquor industry, which consists of Minnesota's three tier structure: 1) Manufacturers and Importers, 2) Wholesalers, and 3) Retailers through licensing, enforcement, and regulation.

Population Served

Clientele includes the entire liquor industry and their associations, Minnesota citizens, alcohol consumers, local units of government, law enforcement agencies, the insurance industry, and the legal community.

Activity at a Glance

- ◆ Provides consistent, prompt world-class customer service to approximately 12,000 liquor licensees, 853 cities, and 87 county officials
- ◆ Conducted approximately 2,698 underage compliance checks in 2001 in municipalities with a 91% compliance rate

Services Provided

Alcohol Enforcement provides uniform direction and response to local units of government to encourage local alcohol issues to remain localized when appropriate.

Alcohol Enforcement is a collaboration of efforts, which results in criminal prosecution as well as, civil penalty impositions for violations of M.S. 340A. Staff members conduct criminal investigations of alcohol-related complaints regarding unlicensed sale, importation, and manufacture of alcoholic beverages, unregistered product introduction into the state, and illegal gambling on liquor- licensed premises. Alcohol Inspectors conduct civil investigations into trade practice violations, illegal alcohol promotion and advertising, and delinquent licensees buying alcohol from illegal sources, thereby violating Minnesota's three-tier structure.

Alcohol Enforcement in coordination with the Office of Traffic Safety, participates in an ongoing grant program through the Office of Federal Juvenile Justice and Delinquency Prevention Program to reduce the incidence of underage sale of alcohol at licensed liquor establishments. Local law enforcement agency resources are utilized and compensated for enforcing Minnesota's underage drinking laws, by conducting compliance checks at licensed liquor establishments.

Alcohol Enforcement is constantly being challenged to be proactive and to address ongoing issues relating to alcohol distribution and sale (such as adult providers of alcohol to underage persons) and e-commerce alcohol issues.

The division also provides education to Minnesota's law enforcement community with Peace Officer Standards & Training certified alcohol courses. Educational seminars are conducted for Minnesota's liquor licensing authorities regarding alcohol licensing procedures and requirements and alcohol beverage laws and regulations. Educational sessions are offered for community members regarding underage compliance checks. Demands for alcohol awareness training, server training, and training reference materials have increased as communities, licensees, and law enforcement departments have become more aware of their responsibilities to comply with Minnesota alcohol beverage laws and regulations.

This division collects, records, verifies accuracy and validity, and acts as the sole state repository for 7,000 intoxicating liquor licenses and permits, liquor liability insurance, and 16,000 brand labels. It also verifies and collects workers compensation insurance requirements and tax delinquency information as part of the licensing process. Alcohol Enforcement serves as the final regulatory approval authority in determining if licensees and establishments meet minimum legal requirements necessary to obtain licenses and permits to sell, import, and distribute alcoholic beverages in Minnesota.

PUBLIC SAFETY DEPT

Program: GAMBLING ENFORCEMENT

Activity: ALCOHOL ENFORCEMENT

Narrative

Historical Perspective

To provide a safe environment for Minnesota alcohol consumers and citizens in general, the liquor industry requires consistent interpretation, regulation, and equitable enforcement. In the pre-prohibition era, irresponsible business practices led to the creation of Minnesota's alcohol beverage laws. The three-tier system, which limits interaction between the groups, continues to be appropriate in today's alcohol beverage industry and exists in all 50 states as a means of promoting responsible alcohol beverage consumption, distribution, and sale.

Key Measures

◆ The number of compliance checks conducted.

The collaboration with the Office of Federal Juvenile Justice and Delinquency Prevention Program, as well as other various community coalition organizations, and a consistent plan to enforce violators through civil and criminal penalties, has reduced the incidence of licensed liquor establishments selling alcohol to underage individuals. In 2000, 2,757 compliance checks were conducted under the continuing federal grant program with a 12% failure rate. In 2001, 2,698 underage compliance checks were conducted with a 9% failure rate. Approximately 50 municipalities participate in the compliance check grant program. Communities participating are awarded a specific dollar amount for conducting compliance checks, providing the statistics regarding the compliance checks, and any civil or criminal action taken by the local licensing authority. If no civil action is taken against a licensee that fails an underage compliance check, then Alcohol Enforcement has the authority to do so.

Activity Funding

This activity is funded by a mix of General Fund appropriations (67%) and Federal Funds (33%).

Contact

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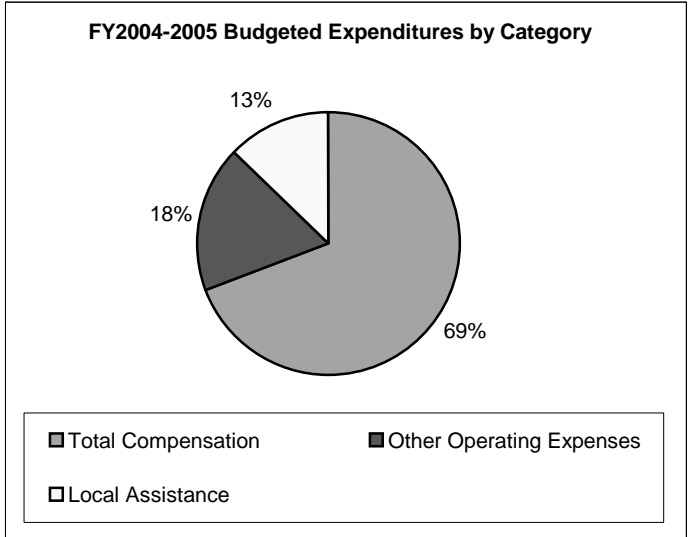
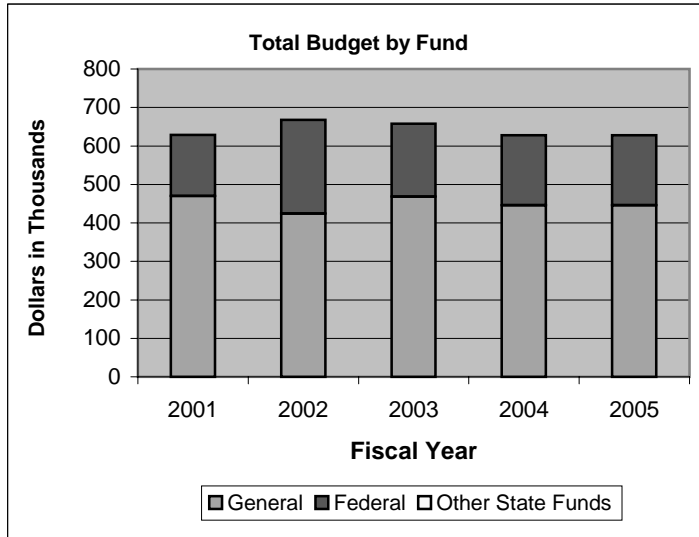
<http://www.dps.state.mn.us>

PUBLIC SAFETY DEPT

Program: **ALCOHOL & GAMBLING ENFORCEMENT**

Activity: **ALCOHOL ENFORCEMENT**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 470 | 424 | 468 | 446 | 446 | 892 | 0 | 0.0% |
| Statutory Appropriations | | | | | | | | |
| Federal | 159 | 244 | 190 | 182 | 182 | 364 | -70 | -16.1% |
| Total | 629 | 668 | 658 | 628 | 628 | 1,256 | -70 | -5.3% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|--------------|------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 375 | 428 | 459 | 437 | 433 | 870 | -17 | -1.9% |
| Other Operating Expenses | 182 | 240 | 119 | 111 | 115 | 226 | -133 | -37.0% |
| Local Assistance | 72 | 0 | 80 | 80 | 80 | 160 | 80 | 100.0% |
| Total | 629 | 668 | 658 | 628 | 628 | 1,256 | -70 | -5.3% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 0 | 994 | 962 | 960 | 960 | 1,920 | -36 | -1.8% |
| Cambridge Deposit Fund | 891 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 891 | 994 | 962 | 960 | 960 | 1,920 | -36 | -1.8% |
| Dedicated | | | | | | | | |
| General | 0 | 0 | 10 | 10 | 10 | 20 | 10 | 100.0% |
| Federal | 159 | 244 | 190 | 182 | 182 | 364 | -70 | -16.1% |
| Subtotal Dedicated | 159 | 244 | 200 | 192 | 192 | 384 | -60 | -13.5% |
| Total Revenue | 1,050 | 1,238 | 1,162 | 1,152 | 1,152 | 2,304 | -96 | -4.0% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 8.1 | 8.9 | 9.0 | 8.3 | 7.9 |
|------------------------------------|------------|------------|------------|------------|------------|

Program Description

The Office of Traffic Safety (OTS) was created to reduce traffic accidents through enforcement efforts and public awareness events. Traffic accidents are the leading cause of death and serious injury for Minnesotans aged one through thirty-three.

Population Served

OTS works with the public health, enforcement, research, and media communities to improve the behavior of drivers, passengers, pedestrians, and motorcyclists on Minnesota roadways.

Services Provided

OTS collaborates with other divisions in the Department of Public Safety, other state agencies, county and city governments, private organizations, and individuals to conduct traffic safety programs throughout Minnesota. The federal funds support enforcement programs and innovative technological solutions for a variety of traffic safety problems – from overtime patrols for law enforcement, to lab equipment for the Bureau of Criminal Apprehension, to computer solutions for Driver and Vehicle Services, and beyond. Finally, OTS invests in programs that will reduce not only the economic cost of crashes in Minnesota but also the emotional toll on families of crash victims.

OTS serves as the staff office for the Governor's Representative for Highway Safety and coordinates Minnesota's participation in the National Highway Traffic Safety Administration's (NHTSA) State and Community Highway Safety grant program. In addition to the NHTSA federal grant programs, OTS coordinates and manages several state-funded programs (including the motorcycle safety program and the child seats for needy families program) and other federal grant programs (the block grant and discretionary grants made available through the Office of Juvenile Justice and Delinquency Prevention to combat underage drinking). In addition, OTS also produces the popular Minnesota Motor Vehicle Crash Facts to satisfy the requirements of M.S. 169.10.

The OTS staff consists of state program administrators (roughly half of the OTS staff of 20) who serve as grant coordinators that interact with grant recipients and funding agencies. Coordinators also act as program experts who testify before the legislature, answer questions from the media and the general public, and advise policy makers and legislative staff on issues related to the program areas they coordinate. OTS has three research analysts who analyze traffic crash data from Minnesota, produce the legislatively-mandated Minnesota Motor Vehicle Crash Facts booklet, identify traffic safety problem areas for the coordinators, answer questions from the general public, and evaluate the effectiveness of various traffic safety programs. Other office activities include participation in the Fatal Analysis Reporting System, a national database on fatal motor vehicle crashes which is internationally known and respected.

OTS employs a variety of methods to gather input from other people involved in traffic safety issues. The key advisory boards and networks used during the past year include the Traffic Safety Partners group, Traffic Records Coordinating Committee, Network of Employers for Traffic Safety Advisory Board, *Safe & Sober* Law Enforcement Liaisons, Motorcycle Safety Advisory Board, and Child Passenger Safety Advisory Board.

Historical Perspective

While a great deal of progress has been made since OTS began compiling and publishing crash statistics, traffic crashes are still a critical public health problem of epidemic proportions. If we compare 1971 Minnesota data with 2001 data we find:

⇒ Licensed drivers have increased 73%, registered vehicles have increased 88%, and vehicle miles traveled have increased over 123%. During the same time, the state's population increased 28%. More people drive, and drive more often than they used to. Exposure to the risk of a traffic crash has increased with all these factors.

Program at a Glance

- ◆ 153 grants distributed to local units of government in 63 counties. 22 statewide grants distributed to other state agencies, other divisions of Public Safety, and nonprofit organizations.
- ◆ More than \$6 million in grants programmed, requiring OTS applications for 16 different federal programs.
- ◆ 77% of all enforcement agencies in Minnesota participated in the May mobilization to increase seat belt and child seat use.

- ⇒ The number of traffic-related deaths fell 44% and severe injuries fell over 80%, while the number of vehicles in crashes fell only 7%. Today's vehicles are better designed to protect the people inside when a crash happens and more travel is done on four-lane divided highways with limited access – the safest type of roadway. The change most responsible for the declining severity of crashes is the increase in seat belt and car seat use seen over the past 30 years - from less than 5% in 1971 (when many cars on the road weren't even equipped with belts) to 74% today.
- ⇒ The number of DWI arrests increased 177%, so it's not surprising that the percentage of traffic deaths that are alcohol-related declined 38% - from nearly 60% to 37% of the total traffic deaths. Males continue to have a high rate of involvement in alcohol-related traffic deaths - while they were 91% of those drivers in 1971, they're now 84%. Drinking drivers in fatal crashes have aged in the past 30 years – 16 through 24 year olds used to be involved in 48% of those crashes and they're now involved in 33%. In 1971, as well as 2001, the legal drinking age was 21, so that does not factor into the nearly 32% decrease.
- ⇒ Much has changed in the past thirty years and only seat belt use has changed more than cost of crashes to society. Crash costs include emergency medical services, hospitalization, hospital staff, rehabilitation, administrative, and liability. In Minnesota alone, taxpayers and insurance policy holders incurred costs in excess of \$1.6 billion dollars from motor vehicle crashes in 2001.

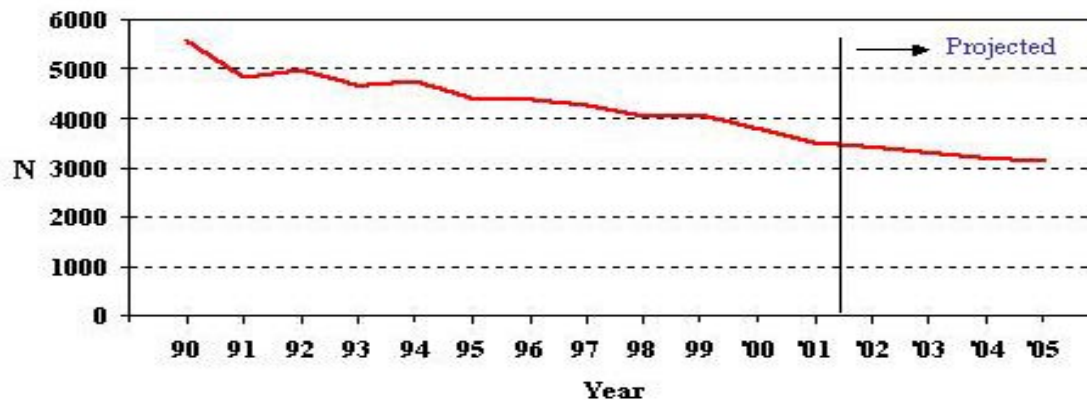
Key Measures

- ◆ The number of traffic deaths and serious injuries in Minnesota
- ◆ Seat belt use in Minnesota
- ◆ Impaired driving in Minnesota

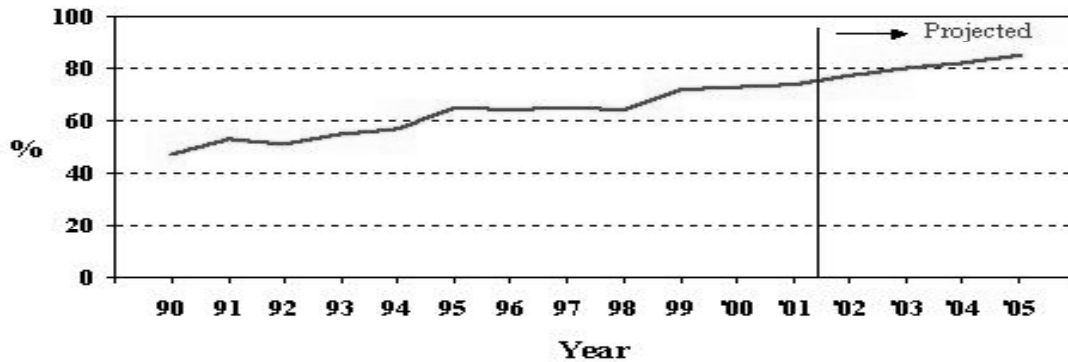
Minnesota Traffic Fatalities and Serious Injuries

Actual, 1990 - 2001

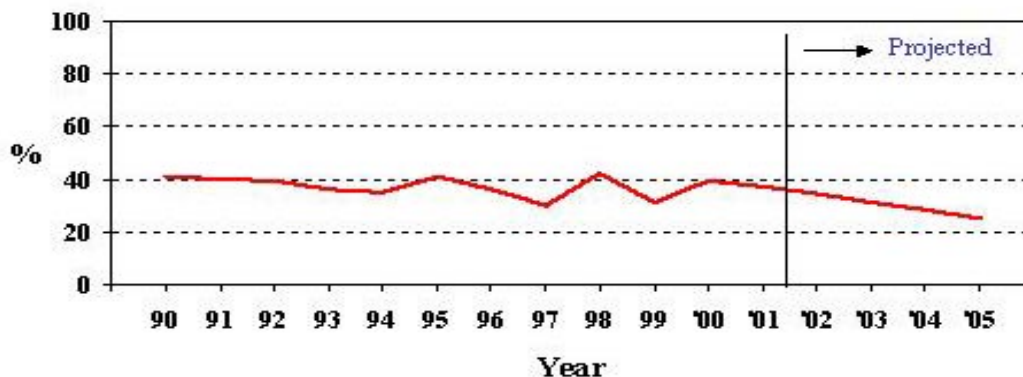
Projected, 2002 - 2005



Minnesota Observed Seat Belt Use
Actual, 1990 - 2001
Projected 2002 - 2005



Percentage of Minnesota Traffic Fatalities
that were Alcohol-Related
Actual, 1990 - 2001
Projected 2002 - 2005



Program Funding

This activity is funded by a mix of Special Revenue Fund accounts (7%), Trunk Highway Fund appropriations (3%), and Federal Funds (90%). The source of the Special Revenue Funds is driver license motorcycle endorsement fees (Motorcycle Safety Account), child restraint seat belt violations (Minnesota Child Passenger Restraint and Education Account) and driver license reinstatement fees (Alcohol & Highway Safety Education Grants Account). Driver license reinstatement fees are no longer deposited in this account but are directed to the General Fund as non-dedicated receipts.

Contact

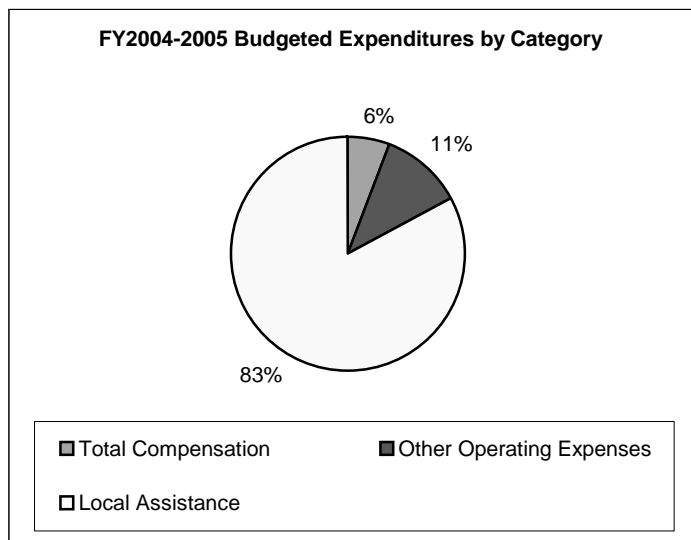
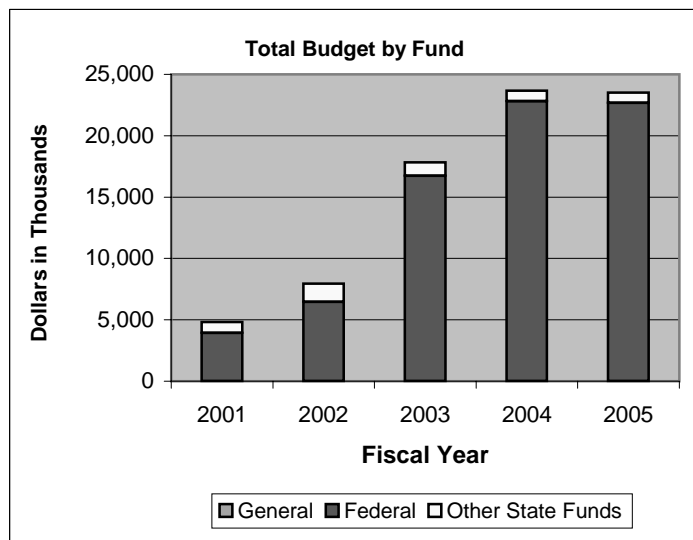
Kathy Swanson
 Executive Director
 (651) 296-9507

<http://www.dps.state.mn.us/trafsafe/trafsafe.asp>

PUBLIC SAFETY DEPT

Program: TRAFFIC SAFETY

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| Trunk Highway | 338 | 311 | 330 | 324 | 324 | 648 | 7 | 1.1% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 525 | 1,182 | 764 | 529 | 529 | 1,058 | -888 | -45.6% |
| Federal | 3,924 | 6,471 | 16,736 | 22,823 | 22,674 | 45,497 | 22,290 | 96.0% |
| Gift | 28 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Total | 4,815 | 7,964 | 17,830 | 23,676 | 23,527 | 47,203 | 21,409 | 83.0% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 1,042 | 1,165 | 1,413 | 1,390 | 1,415 | 2,805 | 227 | 8.8% |
| Other Operating Expenses | 1,940 | 3,101 | 4,132 | 2,696 | 2,679 | 5,375 | -1,858 | -25.7% |
| Local Assistance | 1,833 | 3,698 | 12,285 | 19,590 | 19,433 | 39,023 | 23,040 | 144.2% |
| Total | 4,815 | 7,964 | 17,830 | 23,676 | 23,527 | 47,203 | 21,409 | 83.0% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Expenditures by Activity | | | | | | | | |
| Traffic Safety & Research | 4,815 | 7,964 | 17,830 | 23,676 | 23,527 | 47,203 | 21,409 | 83.0% |
| Total | 4,815 | 7,964 | 17,830 | 23,676 | 23,527 | 47,203 | 21,409 | 83.0% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Special Revenue | 757 | 755 | 761 | 760 | 760 | 1,520 | 4 | 0.3% |
| Federal | 3,932 | 6,474 | 16,736 | 22,822 | 22,673 | 45,495 | 22,285 | 96.0% |
| Gift | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Dedicated | 4,690 | 7,229 | 17,497 | 23,582 | 23,433 | 47,015 | 22,289 | 90.1% |
| Total Revenue | 4,690 | 7,229 | 17,497 | 23,582 | 23,433 | 47,015 | 22,289 | 90.1% |

| | | | | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|--|--|--|
| Full-Time Equivalents (FTE) | 17.7 | 18.5 | 19.1 | 19.8 | 19.3 | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|--|--|--|

Program Description

The Office of Pipeline Safety (MNOPS) protects Minnesota's lives, property, and environment through the implementation of a program of gas and hazardous liquid pipeline inspections, enforcement, accident/incident investigations and education. MNOPS conducts safety inspections of all pipeline facilities as authorized by state law and the United States Department of Transportation (U.S. DOT).

Population Served

The Office of Pipeline Safety protects the public safety of all Minnesotans by inspecting over 30 municipal gas systems, over 50 other pipeline facility operators (which operate over 61,000 miles of pipelines in the state), and over 1.4 million customer meter settings.

Services Provided

Pipeline Inspections:

- ⇒ 12 pipeline inspectors are responsible for statewide inspection of the natural gas and hazardous liquid industry. As agents for the U.S. DOT, Minnesota staff inspects over 8,000 miles of interstate pipelines in addition to over 53,000 miles of intrastate pipelines.
- ⇒ Staff responds to pipeline accidents and incidents, working cooperatively with the National Transportation Safety Board, U.S. DOT, and the Minnesota Pollution Control Agency.
- ⇒ The Office has field personnel located in Mankato, Grand Rapids, and Detroit Lakes as well as St. Paul.

Damage Prevention:

The Office promotes damage prevention, enforces the Gopher State One-Call law (requires excavators to call before they dig and utility operators to mark their facilities), supports an emergency notification center, and maintains data and maps on pipelines. MNOPS conducts "dig safely" education seminars at several utility coordinating committees, Gopher State One Call, public speaking opportunities, the Minnesota State Fair exhibit, pipeline operator training, and damage prevention seminars. Three staff actively participate in the national industry/government education effort of the Common Ground Alliance, to promote utility best practices.

Historical Perspective

The Office of Pipeline Safety was created in 1987 following a major pipeline release that ignited in Mounds View. In 1991, the office became fully qualified to inspect all interstate pipelines under authority of U. S. Departments of Transportation, Research and Special Programs Administration. As a condition of its federal pipeline grant funding, the office must continue to train its inspectors and pass an annual program audit.

Federal program changes have placed increased federal inspection requirements in risk and integrity management, new operator qualifications, and expanded community liaison between emergency officials and pipeline operators. In addition, since September 11, 2001, additional emphasis has been placed on security planning and emergency response.

Minnesota has initiated new efforts with industry to inform local communities and emergency responders about pipeline incidents. The Minnesota Pipeline Community Awareness and Emergency Response program (C.A.E.R.) has conducted over 50 local meetings throughout the state in the last two years; this activity will continue in 2002-2003.

The inspection program has issued over 5,000 violations of state and federal safety codes since 1994. In 2001, staff responded to 214 accidents/incidents. Pipeline inspectors issued 79 compliance actions with 12 proposed civil penalties amounting to \$161,250 in 2001.

Program at a Glance

- ◆ Minnesota's 12 inspectors have over 61,000 miles of pipelines of territory to inspect; over 8,000 miles are interstate pipelines.
- ◆ There are 30 municipal gas systems and 50 other pipeline facility operators in Minnesota's program.
- ◆ Minnesota's Damage Prevention Program conducted 80 presentations to 6,800 people in 2002.
- ◆ The Office of Pipeline Safety is funded up to 50% by a U.S. Department of Transportation grant and 50% from a special revenue account.

In 2001, damage prevention education and enforcement increased substantially with staff conducting over 90 presentations to over 6,000 excavators, operators, and homeowners. In addition, the office issued over 400 violations totaling over \$92,000 in penalties for Gopher State One Call violations. Approximately 190 of the 400 were warnings of violations that did not include a penalty.

Nationally, the Minnesota Office of Pipeline Safety is a leader in its inspection program and its damage prevention education and enforcement efforts.

Key Measures

1. **The number of pipeline leak repairs.** The goal is to reduce pipeline leak repairs through inspection and enforcement 5% by June 2003.
2. **The number of calls to the Gopher State One-Call Center.** The goal is to increase the number of calls 5% by June 2003.
3. The number of educational presentations to excavators, emergency responders, local officials, operators, and homeowners. **The goal is to conduct 70 educational presentations by June 2003.**

Program Funding

This program is funded by a mix of Special Revenue funds (57%) and Federal Funds (43%). The source of the Special Revenue Funds is pipeline safety inspection fees (Pipeline Safety Account).

Contact

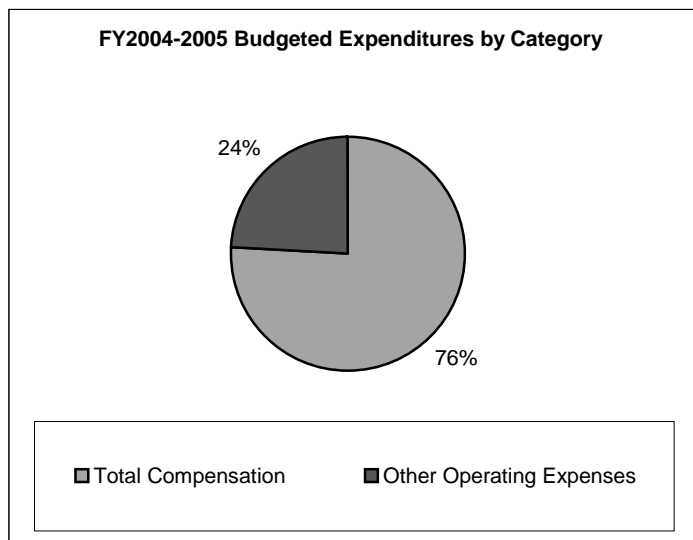
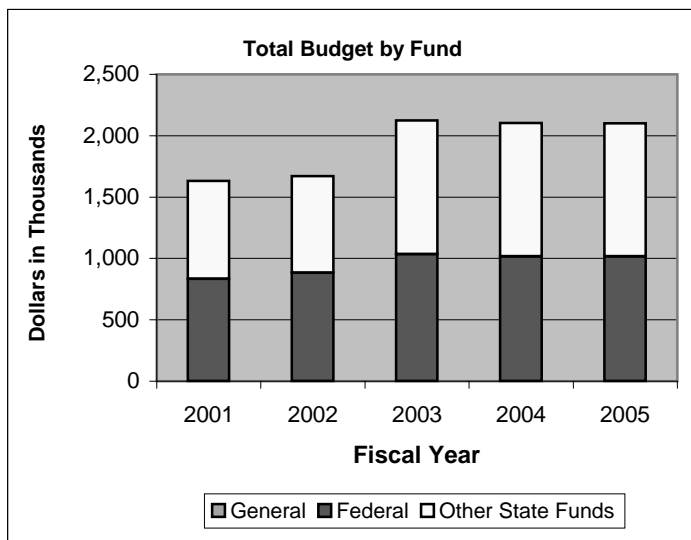
Charles Kenow
Administrator
(651) 296-9638

<http://www.dps.state.mn.us/pipeline>

PUBLIC SAFETY DEPT

Program: PIPELINE SAFETY

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| Special Revenue | 791 | 738 | 994 | 994 | 994 | 1,988 | 256 | 14.8% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 8 | 47 | 95 | 94 | 90 | 184 | 42 | 29.6% |
| Federal | 833 | 885 | 1,036 | 1,017 | 1,017 | 2,034 | 113 | 5.9% |
| Total | 1,632 | 1,670 | 2,125 | 2,105 | 2,101 | 4,206 | 411 | 10.8% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 1,180 | 1,225 | 1,591 | 1,592 | 1,592 | 3,184 | 368 | 13.1% |
| Other Operating Expenses | 452 | 445 | 534 | 513 | 509 | 1,022 | 43 | 4.4% |
| Total | 1,632 | 1,670 | 2,125 | 2,105 | 2,101 | 4,206 | 411 | 10.8% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|--------------|
| Expenditures by Activity | | | | | | | | |
| Pipeline Safety | 1,632 | 1,670 | 2,125 | 2,105 | 2,101 | 4,206 | 411 | 10.8% |
| Total | 1,632 | 1,670 | 2,125 | 2,105 | 2,101 | 4,206 | 411 | 10.8% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Special Revenue | 754 | 856 | 1,151 | 1,151 | 1,151 | 2,302 | 295 | 14.7% |
| Federal | 755 | 814 | 1,035 | 1,017 | 1,017 | 2,034 | 185 | 10.0% |
| Subtotal Dedicated | 1,509 | 1,670 | 2,186 | 2,168 | 2,168 | 4,336 | 480 | 12.4% |
| Total Revenue | 1,509 | 1,670 | 2,186 | 2,168 | 2,168 | 4,336 | 480 | 12.4% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 18.0 | 17.8 | 19.1 | 19.1 | 19.1 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

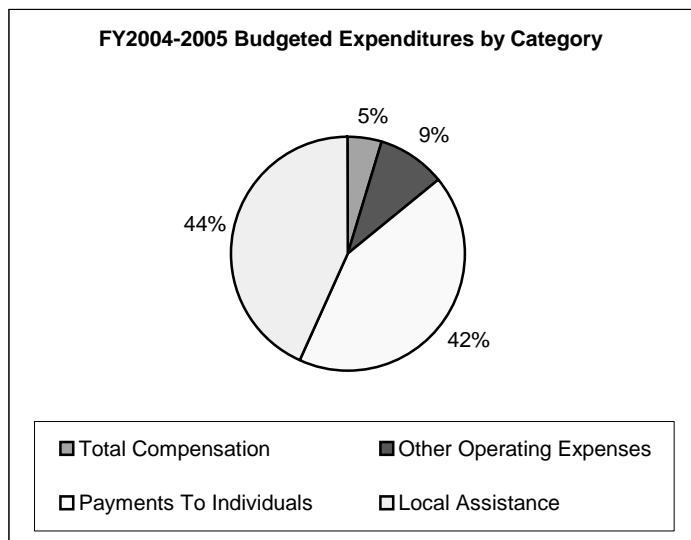
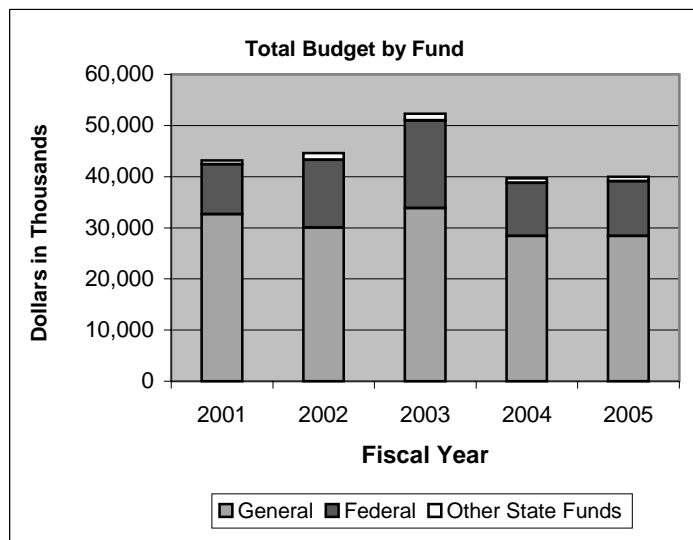
Budget Activities Included:

- ⇒ Crime Victims Services
- ⇒ Crime Victims Assistance
- ⇒ Battered Women

PUBLIC SAFETY DEPT

Program: CRIME VICTIMS SERVICES

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|----------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 32,635 | 30,020 | 32,719 | 28,424 | 28,424 | 56,848 | -5,891 | -9.4% |
| Statutory Appropriations | | | | | | | | |
| General | 0 | 0 | 1,145 | 0 | 0 | 0 | -1,145 | -100.0% |
| State Government Special Revenue | 0 | 0 | 96 | 96 | 96 | 192 | 96 | 100.0% |
| Special Revenue | 760 | 1,257 | 1,207 | 768 | 768 | 1,536 | -928 | -37.7% |
| Federal | 9,788 | 13,302 | 17,113 | 10,377 | 10,676 | 21,053 | -9,362 | -30.8% |
| Gift | 5 | 1 | 32 | 2 | 2 | 4 | -29 | -87.9% |
| Total | 43,188 | 44,580 | 52,312 | 39,667 | 39,966 | 79,633 | -17,259 | -17.8% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|
| Total Compensation | 1,511 | 1,631 | 2,514 | 1,980 | 1,997 | 3,977 | -168 | -4.1% |
| Other Operating Expenses | 4,009 | 4,557 | 4,406 | 3,652 | 3,934 | 7,586 | -1,377 | -15.4% |
| Payments To Individuals | 19,179 | 17,474 | 19,884 | 17,379 | 17,379 | 34,758 | -2,600 | -7.0% |
| Local Assistance | 18,489 | 20,918 | 25,508 | 17,801 | 17,801 | 35,602 | -10,824 | -23.3% |
| Transfers | 0 | 0 | 0 | -1,145 | -1,145 | -2,290 | -2,290 | n.m |
| Total | 43,188 | 44,580 | 52,312 | 39,667 | 39,966 | 79,633 | -17,259 | -17.8% |

| Expenditures by Activity | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|
| Crime Victims Services | 4,040 | 4,264 | 4,579 | 4,263 | 4,560 | 8,823 | -20 | -0.2% |
| Crime Victims Assistance | 11,018 | 14,862 | 18,528 | 10,384 | 10,385 | 20,769 | -12,621 | -37.8% |
| Battered Women | 28,130 | 25,454 | 29,205 | 25,020 | 25,021 | 50,041 | -4,618 | -8.4% |
| Total | 43,188 | 44,580 | 52,312 | 39,667 | 39,966 | 79,633 | -17,259 | -17.8% |

PUBLIC SAFETY DEPT

Program: CRIME VICTIMS SERVICES

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------------|--------------------------|--------------------------|----------------------------|---------------|---------------|-----------------------------|--|----------------|
| | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base | | Biennium 2004-05 | Dollars | Percent |
| Revenue by Type and Fund | | | | FY2004 | FY2005 | | | |
| Non Dedicated | | | | | | | | |
| General | 0 | 27 | 19 | 19 | 19 | 38 | -8 | -17.4% |
| Subtotal Non Dedicated | 0 | 27 | 19 | 19 | 19 | 38 | -8 | -17.4% |
| Dedicated | | | | | | | | |
| General | 3 | 0 | 1,145 | 0 | 0 | 0 | -1,145 | -100.0% |
| State Government Special Revenue | 0 | 0 | 96 | 96 | 96 | 192 | 96 | 100.0% |
| Special Revenue | 511 | 509 | 511 | 511 | 511 | 1,022 | 2 | 0.2% |
| Federal | 9,795 | 13,292 | 17,135 | 10,366 | 10,665 | 21,031 | -9,396 | -30.9% |
| Gift | 17 | 4 | 2 | 2 | 2 | 4 | -2 | -33.3% |
| Subtotal Dedicated | 10,326 | 13,805 | 18,889 | 10,975 | 11,274 | 22,249 | -10,445 | -31.9% |
| Total Revenue | 10,326 | 13,832 | 18,908 | 10,994 | 11,293 | 22,287 | -10,453 | -31.9% |
| | | | | | | | | |
| Full-Time Equivalents (FTE) | 28.6 | 30.3 | 33.6 | 33.8 | 33.8 | | | |

Activity Description

The Crime Victims Reparations Program provides financial assistance to victims of violent crime. These victims suffer temporary economic hardships for a variety of reasons. This program helps to eliminate some of those added burdens resulting from their victimization. M.S. 611A.51-611A.67 governs this program.

Activity at a Glance

- ◆ 1,800 individuals file claims for reimbursement each year
- ◆ \$2.9 million in claims was paid out in FY 2002

Population Served

Victims, and families of victims, who have experienced a financial loss as a result of a violent crime are eligible to apply for reparations. Service providers may also seek reimbursement if victims do not have alternative source of payment.

Services Provided

The Reparations Board makes reimbursement payments directly to victims, their families and service providers. Reimbursement is provided for crime-related expenses such as medical and dental care, mental health counseling, lost wages, funeral expenses, loss of support for dependents, and childcare. A five-member board, whose membership is defined in statute, oversees the operation of the program and meets monthly to review claims. The program has a fund recovery staff that focuses their efforts on the collection of restitution and civil awards. Revenue is received from offenders ordered to pay restitution to the Crime Victims Reparations Program as part of their criminal sentence. Other funds are collected by asserting the state's subrogation rights to a portion of the proceeds of lawsuits filed by victims against offenders or other negligent parties.

Historical Perspective

The reparations program was created by the legislature in 1974. Since that time, over 25,000 victims of violent crime have applied for assistance. An automated reparation claims system was installed in FY 2001 for the purpose of reducing the time required for processing claims. The program conducts outreach activities throughout the state to make sure that crime victims in every region obtain information about the reparations program.

Key Measures

⇒ **The number of days it takes to process claims.** The reparations program would like to reduce the processing time from the current average of 175 days to the national standard of 90 days.

Activity Funding

This activity is funded by a mix of General Fund appropriations (62%), Special Revenue Funds (21%) and Federal Funds (17%). The source of the Special Revenue Funds is unclaimed restitution payments held by the courts (Crime Victim Account), court-ordered restitution and contributions from an inmate's wages (Crime Victim Account), and subrogation payments (Crime Victim Account).

Contact

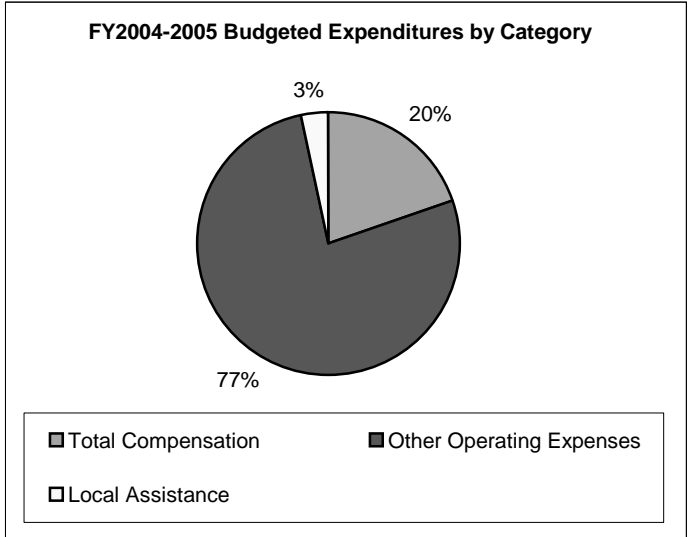
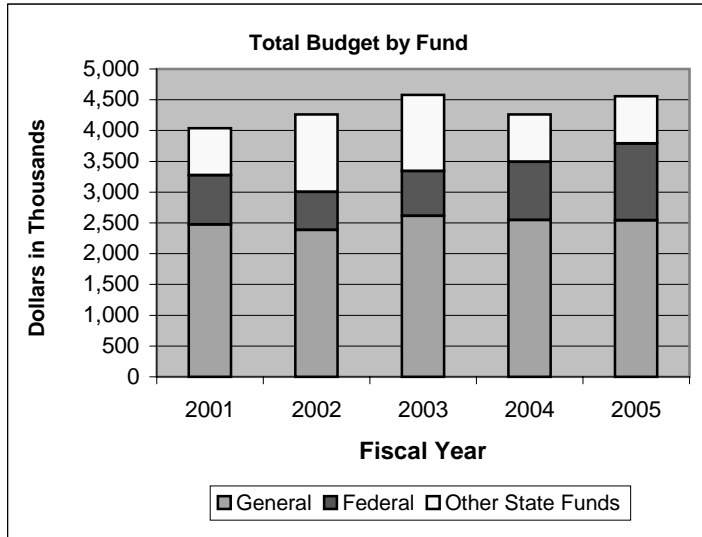
Mary Ellison
Executive Director
(651) 297-7883
<http://www.dps.state.mn.us/mccvs>

PUBLIC SAFETY DEPT

Program: **CRIME VICTIMS SERVICES**

Activity: CRIME VICTIMS SERVICES

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------------|-------------------|
| | Actual | Actual | Budgeted | Base | | Biennium | Biennial Change | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | 2004-05 / 2002-03 | Dollars Percent |
| Direct Appropriations | | | | | | | | |
| General | 2,474 | 2,386 | 2,614 | 2,545 | 2,543 | 5,088 | 88 | 1.8% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 760 | 1,257 | 1,207 | 768 | 768 | 1,536 | -928 | -37.7% |
| Federal | 801 | 620 | 726 | 948 | 1,247 | 2,195 | 849 | 63.1% |
| Gift | 5 | 1 | 32 | 2 | 2 | 4 | -29 | -87.9% |
| Total | 4,040 | 4,264 | 4,579 | 4,263 | 4,560 | 8,823 | -20 | -0.2% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 541 | 642 | 870 | 867 | 879 | 1,746 | 234 | 15.5% |
| Other Operating Expenses | 3,354 | 3,483 | 3,548 | 3,246 | 3,531 | 6,777 | -254 | -3.6% |
| Local Assistance | 145 | 139 | 161 | 150 | 150 | 300 | 0 | 0.0% |
| Total | 4,040 | 4,264 | 4,579 | 4,263 | 4,560 | 8,823 | -20 | -0.2% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 0 | 11 | 14 | 14 | 14 | 28 | 3 | 12.0% |
| Subtotal Non Dedicated | 0 | 11 | 14 | 14 | 14 | 28 | 3 | 12.0% |
| Dedicated | | | | | | | | |
| General | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Special Revenue | 511 | 509 | 511 | 511 | 511 | 1,022 | 2 | 0.2% |
| Federal | 801 | 620 | 726 | 948 | 1,247 | 2,195 | 849 | 63.1% |
| Gift | 17 | 4 | 2 | 2 | 2 | 4 | -2 | -33.3% |
| Subtotal Dedicated | 1,332 | 1,133 | 1,239 | 1,461 | 1,760 | 3,221 | 849 | 35.8% |
| Total Revenue | 1,332 | 1,144 | 1,253 | 1,475 | 1,774 | 3,249 | 852 | 35.5% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 11.0 | 13.2 | 15.3 | 15.3 | 15.3 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

PUBLIC SAFETY DEPT

Program: CRIME VICTIMS SERVICES

Activity: CRIME VICTIMS ASSISTANCE

Narrative

Activity Description

State and federal grants for crime victim assistance are administered by the Minnesota Center for Crime Victim Services (MCCVS) and support the efforts of local programs to serve crime victims.

Population Served

The Center funds over 400 programs that serve sexual assault, general crime, battering, and child abuse victims. Each year, approximately 197,000 victims receive services through these various programs.

Activity at a Glance

- ◆ Over 400 crime victim programs received funding in FY 2002.
- ◆ Approximately 197,000 individual crime victims received services in FY 2002.
- ◆ Approximately \$18 million in state and federal funds was distributed in FY 2002 to crime victim assistance programs.

Services Provided

Programs funded for crime victim assistance provide a variety of services including: crisis intervention, counseling, support groups, advocacy for victims during the criminal justice process, information, referrals, transportation, and child care assistance. The role of MCCVS is to administer funding but also to provide monitoring, evaluation, training, and technical assistance to grantees.

Historical Perspective

Minnesota has a rich history of providing services to crime victims beginning in the 1970s. Community-based services for sexual assault victims and battered women began in 1970 and 1971, respectively, and services for general crime and child abuse victims followed in the late 1970s and into the 1980s. Currently, the Minnesota Center for Crime Victim Services administers approximately \$18,000,000 in state and federal grant funds each year. Forty-eight percent of the funds go to programs serving victims of battering, 23% to programs serving victims of sexual assault, 15% to programs serving victims of general crime such as homicide and drunk driving and 14% to programs serving abused children and providing supervised visitation services. Funding from the Minnesota Legislature has been relatively consistent with the exception of this past session when state grant funding was reduced by \$384,000 for FY 2002 and \$768,000 for FY 2003.

Key Measures

- ◆ Completion of 160 site visits per year
- ◆ Provision of ten training and technical assistance sessions for grantees
- ◆ Completion and implementation of fully-automated grants management system

Activity Funding

This activity is funded by a mix of General Fund appropriations (31%) and Federal Funds (69%).

Contact

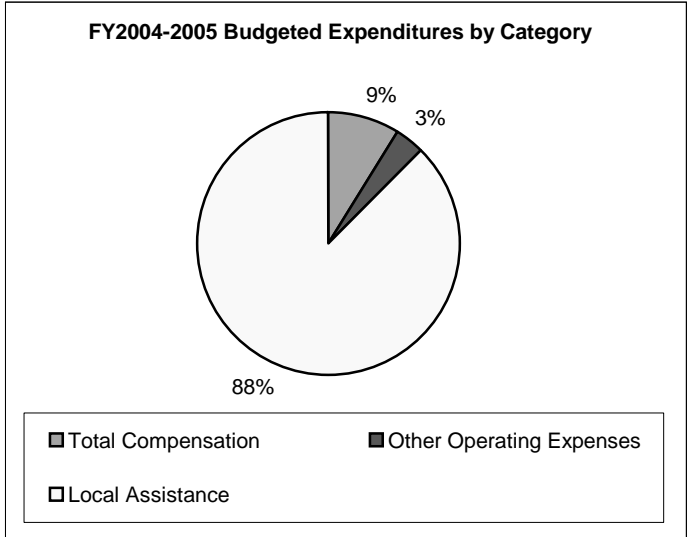
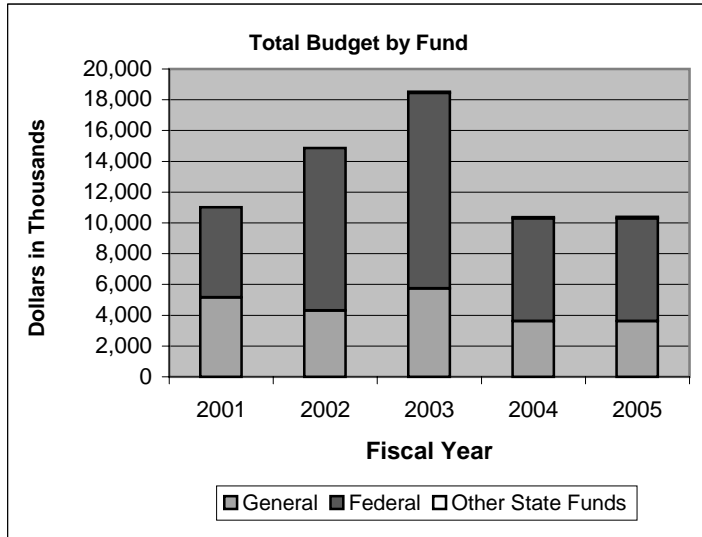
Mary Ellison
Executive Director
(651) 296-7883
<http://dps.state.mn.us/mccvs>

PUBLIC SAFETY DEPT

Program: **CRIME VICTIMS SERVICES**

Activity: CRIME VICTIMS ASSISTANCE

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|----------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------------------|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 5,146 | 4,297 | 4,592 | 3,614 | 3,615 | 7,229 | -1,660 | -18.7% |
| Statutory Appropriations | | | | | | | | |
| General | 0 | 0 | 1,145 | 0 | 0 | 0 | -1,145 | -100.0% |
| State Government Special Revenue | 0 | 0 | 96 | 96 | 96 | 192 | 96 | 100.0% |
| Federal | 5,872 | 10,565 | 12,695 | 6,674 | 6,674 | 13,348 | -9,912 | -42.6% |
| Total | 11,018 | 14,862 | 18,528 | 10,384 | 10,385 | 20,769 | -12,621 | -37.8% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 907 | 926 | 1,558 | 1,037 | 1,039 | 2,076 | -408 | -16.4% |
| Other Operating Expenses | 652 | 1,061 | 849 | 397 | 396 | 793 | -1,117 | -58.5% |
| Local Assistance | 9,459 | 12,875 | 16,121 | 10,095 | 10,095 | 20,190 | -8,806 | -30.4% |
| Transfers | 0 | 0 | 0 | -1,145 | -1,145 | -2,290 | -2,290 | n.m |
| Total | 11,018 | 14,862 | 18,528 | 10,384 | 10,385 | 20,769 | -12,621 | -37.8% |

| | | | | | | | | |
|----------------------------------|--------------|---------------|---------------|--------------|--------------|---------------|----------------|---------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 0 | 3 | 3 | 3 | 3 | 6 | 0 | 0.0% |
| Subtotal Non Dedicated | 0 | 3 | 3 | 3 | 3 | 6 | 0 | 0.0% |
| Dedicated | | | | | | | | |
| General | 0 | 0 | 1,145 | 0 | 0 | 0 | -1,145 | -100.0% |
| State Government Special Revenue | 0 | 0 | 96 | 96 | 96 | 192 | 96 | 100.0% |
| Federal | 5,879 | 10,555 | 12,717 | 6,663 | 6,663 | 13,326 | -9,946 | -42.7% |
| Subtotal Dedicated | 5,879 | 10,555 | 13,958 | 6,759 | 6,759 | 13,518 | -10,995 | -44.9% |
| Total Revenue | 5,879 | 10,558 | 13,961 | 6,762 | 6,762 | 13,524 | -10,995 | -44.8% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 16.6 | 16.1 | 17.3 | 17.5 | 17.5 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

PUBLIC SAFETY DEPT

Program: CRIME VICTIMS SERVICES

Activity: BATTERED WOMEN

Narrative

Activity Description

The battered women's shelter per diem program is administered by the Minnesota Center for Crime Victim Services (MCCVS). Per diem payments are made to programs that provide 24-hour emergency housing and support services to victims of domestic abuse and their children. Per diem payments reimburse providers for the costs of food, lodging, and security.

Population Served

Shelter programs are located throughout the state and serve victims of domestic abuse and their children. Of the 27 emergency shelters, 12 are located in the metropolitan area and 15 are located in greater Minnesota.

Services Provided

The MCCVS designates shelters and safe homes. Each shelter and safe home must meet and maintain standards set by the Center. MCCVS monitors the services provided through site visits and regular contact with the programs. The per diem rates are established by MCCVS based on the overall funds allocated by the legislature and the costs to operate the shelters. Payments are made directly to shelter/safe home providers.

Historical Perspective

The 1997 Minnesota Welfare Reform Law transferred the powers, duties and functions relating to the operation of shelters for victims of battering from the commissioner of Human Services to the commissioner of Corrections effective 7-1-99. Authority for the program has since transferred via Governor's Reorganization Orders No. 180 and No. 182 to the Department of Public Safety. Upon transfer of responsibility for per diem administration, funding for this service was changed from an entitlement program to a capped appropriation. With this change, programs are eligible for a maximum per diem rate and a cap on total revenue received.

In addition to per diem payments, 25 of Minnesota's 27 free standing shelters receive an annual grant to offset expenses not covered by per diem. This activity is described under the Crime Victims Assistance portion of the budget and is not included in this description. In 2002, the Minnesota Legislature passed legislation that changes the per diem program to a grant program effective 7-1-03. This means that beginning in July of 2003, funding provided through the per diem program will be combined with the shelter grant program described previously and shelters will receive both sources of funding through a grant contract.

Key Measures

⇒ **The number of bed days of shelter provided.** The total number of bed days provided for the past three Years is as follows: FY 2000 = 205,084; FY 2001 = 216,385; FY 2002 = 215,544. The estimated number of bed days of shelter provided for FY 2004 and FY 2005 is 220,000 per year.

Activity Funding

This activity is funded by a mix of General Fund appropriations (89%) and Federal Funds (11%).

Contact

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Executive Director
(651) 297-7883
<http://www.dps.state.mn.us/mccvs>

Activity at a Glance

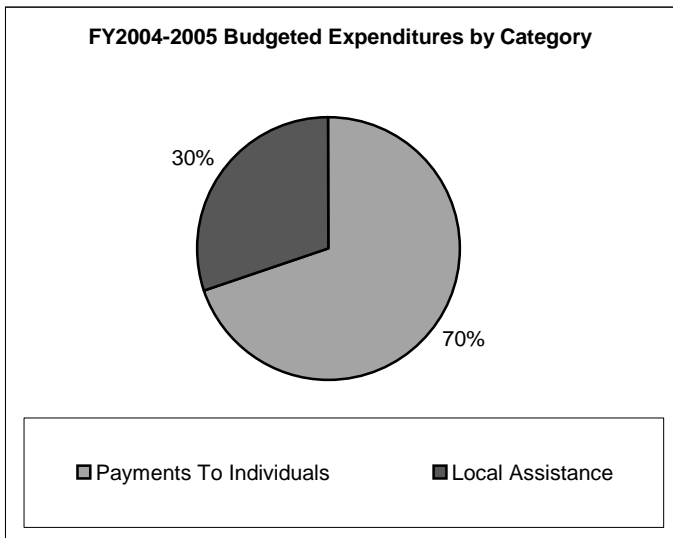
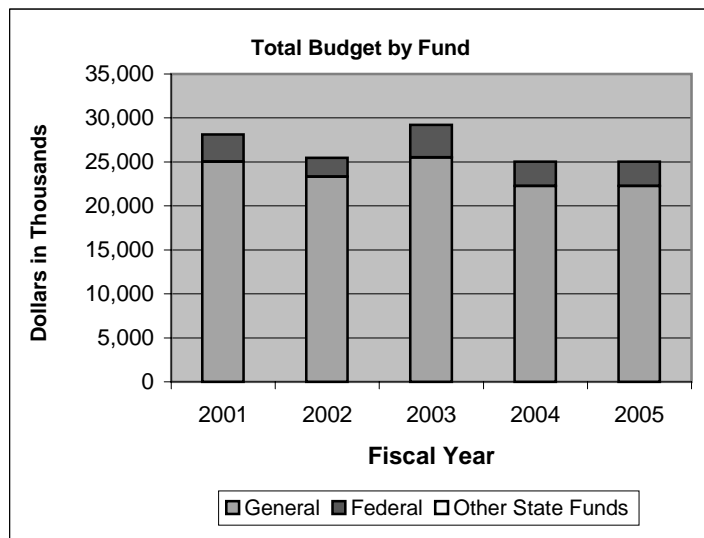
- ◆ Programs receiving per diem in FY 2002 include: 27 emergency shelters, 32 hotel/motel programs, and 13 private safe homes
- ◆ Approximately 5500 women and 6,400 children received shelter services in FY 2002
- ◆ Bed days of shelter in FY 2002 were 215,544

PUBLIC SAFETY DEPT

Program: **CRIME VICTIMS SERVICES**

Activity: **BATTERED WOMEN**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 25,015 | 23,337 | 25,513 | 22,265 | 22,266 | 44,531 | -4,319 | -8.8% |
| Statutory Appropriations | | | | | | | | |
| Federal | 3,115 | 2,117 | 3,692 | 2,755 | 2,755 | 5,510 | -299 | -5.1% |
| Total | 28,130 | 25,454 | 29,205 | 25,020 | 25,021 | 50,041 | -4,618 | -8.4% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Total Compensation | 63 | 63 | 86 | 76 | 79 | 155 | 6 | 4.0% |
| Other Operating Expenses | 3 | 13 | 9 | 9 | 7 | 16 | -6 | -27.3% |
| Payments To Individuals | 19,179 | 17,474 | 19,884 | 17,379 | 17,379 | 34,758 | -2,600 | -7.0% |
| Local Assistance | 8,885 | 7,904 | 9,226 | 7,556 | 7,556 | 15,112 | -2,018 | -11.8% |
| Total | 28,130 | 25,454 | 29,205 | 25,020 | 25,021 | 50,041 | -4,618 | -8.4% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|
| Non Dedicated | | | | | | | | |
| General | 0 | 13 | 2 | 2 | 2 | 4 | -11 | -73.3% |
| Subtotal Non Dedicated | 0 | 13 | 2 | 2 | 2 | 4 | -11 | -73.3% |
| Dedicated | | | | | | | | |
| Federal | 3,115 | 2,117 | 3,692 | 2,755 | 2,755 | 5,510 | -299 | -5.1% |
| Subtotal Dedicated | 3,115 | 2,117 | 3,692 | 2,755 | 2,755 | 5,510 | -299 | -5.1% |
| Total Revenue | 3,115 | 2,130 | 3,694 | 2,757 | 2,757 | 5,514 | -310 | -5.3% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
|------------------------------------|------------|------------|------------|------------|------------|

Program Description

The Office of Drug Policy and Violence Prevention (ODPVP) administers the law enforcement and community grants and serves as a catalyst for statewide approaches to reducing and preventing crime, violence and drug abuse through identifying causes, recommending policies and providing funding to test promising initiatives.

Program at a Glance

- ◆ Administered over 300 grants in FY 2002
- ◆ Administered over \$9.6 million in FY 2002 in state funds
- ◆ Administered over \$15 million in FY 2002 in federal funds

Population Served

The ODPVP works with state and local units of government, as well as public and nonprofit agencies and community organizations throughout the state of Minnesota.

Services Provided

Grants are distributed to over 300 state and local units of government and public and private nonprofit agencies for a broad array of programming designed to prevent and/or reduce crime, increase community livability and improve the criminal justice system. ODPVP provides grant administration services to these entities including: fiscal, administrative and program performance monitoring, training and technical assistance.

Key Measures

Given the broad array of programming these grants are used for, ODPVP staff and grantees work together to develop performance indicators specific to each program. The indicators include output measures such as the number of persons served, number of services provided, amount of drugs seized etc. They also include outcome measures such as reduced truancy, improved sense of safety, reduced police contacts, reduced time from arrest to case disposition etc. ODPVP has the following key measures specifically related to the administration of the grants:

- ⇒ **The amount of contact with grantees.** Each year staff conducts at least one site visit with 80% of the grantees and quarterly desk audits and regular e-mail and phone contact with 100% of the grantees. The purpose of these activities is to ensure compliance and provide technical assistance.
- ⇒ **The amount of training and technical assistance provided to grantees.** Each year staff provides six training and technical assistance workshops for grantees.
- ⇒ **Implementation of grants management system.** ODPVP continues to develop and implement a fully-automated grants management system.

Program Funding

This program is funded by a mix of General Fund appropriations (19%), Special Revenue Fund accounts (13%) and Federal Funds (68%). The source of the Special Revenue Funds is surcharges on automobile comprehensive insurance policies (Automobile Theft Prevention Account) and surcharges on criminal and traffic offenses (Criminal Justice Special Projects Account).

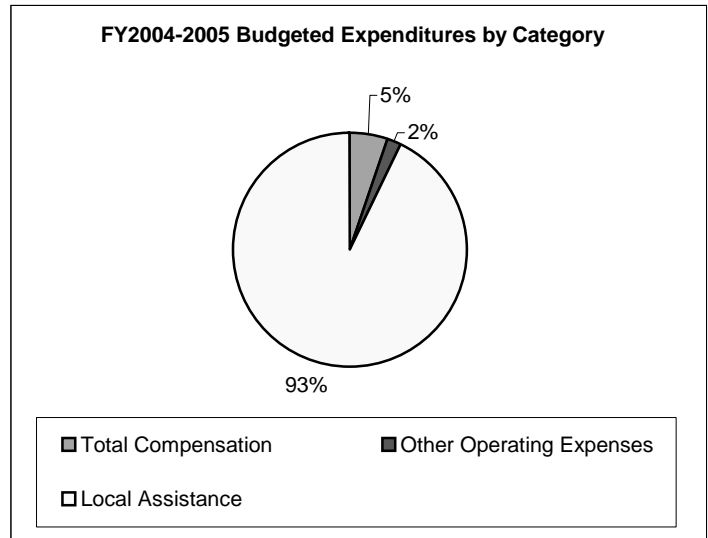
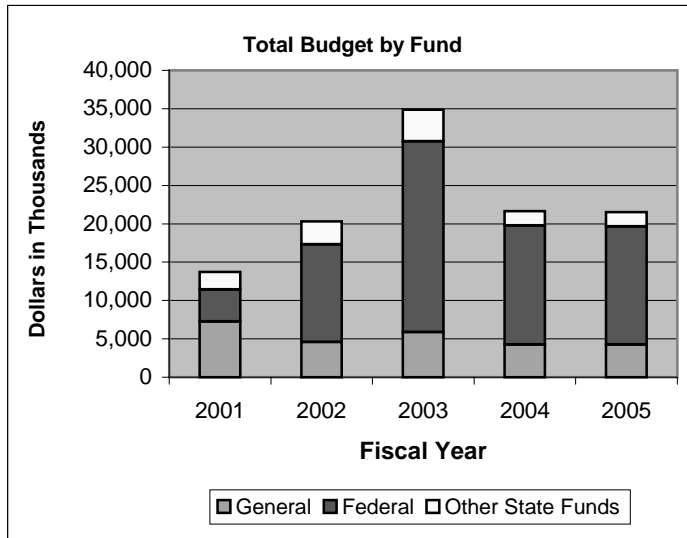
Contact

Mary Ellison
Executive Director
(651) 297-7883
<http://www.dps.state.mn.us/drugpol/>

PUBLIC SAFETY DEPT

Program: LAW ENFORC.& COMMUNITY GRANTS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 7,252 | 4,593 | 5,866 | 4,237 | 4,237 | 8,474 | -1,985 | -19.0% |
| Special Revenue | 1,700 | 857 | 1,924 | 0 | 0 | 0 | -2,781 | -100.0% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 610 | 2,131 | 2,172 | 1,860 | 1,860 | 3,720 | -583 | -13.5% |
| Federal | 4,180 | 12,734 | 24,893 | 15,554 | 15,410 | 30,964 | -6,663 | -17.7% |
| Total | 13,742 | 20,315 | 34,855 | 21,651 | 21,507 | 43,158 | -12,012 | -21.8% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 723 | 927 | 1,271 | 1,131 | 1,136 | 2,267 | 69 | 3.1% |
| Other Operating Expenses | 1,235 | 543 | 817 | 416 | 409 | 825 | -535 | -39.3% |
| Local Assistance | 11,784 | 18,845 | 32,767 | 20,104 | 19,962 | 40,066 | -11,546 | -22.4% |
| Total | 13,742 | 20,315 | 34,855 | 21,651 | 21,507 | 43,158 | -12,012 | -21.8% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|
| Expenditures by Activity | | | | | | | | |
| Law Enforc. & Community Grants | 13,742 | 20,315 | 34,855 | 21,651 | 21,507 | 43,158 | -12,012 | -21.8% |
| Total | 13,742 | 20,315 | 34,855 | 21,651 | 21,507 | 43,158 | -12,012 | -21.8% |

| | | | | | | | | |
|---------------------------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 0 | 15 | 7 | 7 | 7 | 14 | -8 | -36.4% |
| Subtotal Non Dedicated | 0 | 15 | 7 | 7 | 7 | 14 | -8 | -36.4% |
| Dedicated | | | | | | | | |
| Special Revenue | 3,555 | 3,743 | 3,160 | 3,160 | 3,160 | 6,320 | -583 | -8.4% |
| Federal | 4,246 | 12,668 | 24,901 | 15,549 | 15,407 | 30,956 | -6,613 | -17.6% |
| Subtotal Dedicated | 7,801 | 16,411 | 28,061 | 18,709 | 18,567 | 37,276 | -7,196 | -16.2% |
| Total Revenue | 7,801 | 16,426 | 28,068 | 18,716 | 18,574 | 37,290 | -7,204 | -16.2% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 11.8 | 16.4 | 17.1 | 17.1 | 17.1 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

Agency Purpose

Minnesota statutes direct the Minnesota Public Utilities Commission (PUC) to ensure that Minnesota vendors of electric, natural gas and telephone services provide safe, adequate, and reliable service at fair and reasonable rates (M.S. Chapters 216A, 216B and 237)

The commission's broad policy objectives are as follows

- ◆ guiding the transition to effective competition in Minnesota's telecommunications markets; and
- ◆ assuring safe and reliable gas and electric services at reasonable rates.

Core Functions

- ◆ The commission's key services are
- ◆ disciplined decision-making for resolving party-to-party disputes and establishing broad utility and telephone industry policies;
- ◆ a public forum for examination of policies pertaining to the utility and telephone industries;
- ◆ investigations, hearings, prescription of rules and issuance of orders regarding the provision of utility and telephone services; and
- ◆ mediation of consumer complaints concerning services of telephone or energy utility providers.

Operations

The commission is a quasi-judicial and legislative body.

- ⇒ The commission is in its quasi-judicial mode when it sets rates and terms of service or otherwise resolves issues related to an individual company or certain group of companies.
- ⇒ The commission is in its legislative mode when it sets broad policies that affect all companies in an industry, as when it establishes rules.

In all cases, the commission must make its decisions on record evidence and in accordance with due process, including adherence to a strict code of conduct.

Stakeholders include ratepayers and the companies who provide electric, natural gas and telephone services. In addition, commission stakeholders include a wide variety of interest groups representing the interests of low-income households, seniors, regional rate payer groups, environmentalists, large users, alternative service providers, to name a few.

Budget

The commission consistently assesses about 97% of its expenditures from the companies it regulates. The commission's biennial operating budget is approximately \$8 million annually. Approximately, 93% of the commission's budget goes to salary and rent expenses. The commission has a total of 45.8 full-time equivalent employees, that includes five commissioners.

At A Glance

- ◆ **Focus is on cornerstone industries:** The commission's primary jurisdiction is over the largest providers of utility and telephone services (e.g., Qwest, Xcel Energy, Reliant-Minnegasco).
- ◆ **Workload continues to grow:** Filings have increased by 22% from five years ago, totaling approximately 2,000 cases during the year 2001.
- ◆ **Agency costs are below average and stable:** The size of the commission's budget and staff is well below the average for states of comparable size and has grown moderately over the last several years.
- ◆ **Consumer involvement continues to grow:** During 2001 there were over 5,000 new consumer complaints initiated.
- ◆ **Strategic use of technology:** The commission is in the process of streamlining operations and expanding access to information through greater use of information technology.

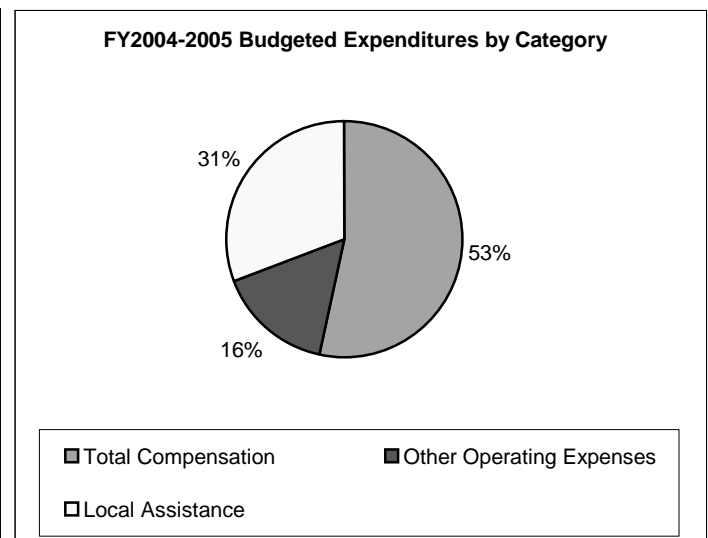
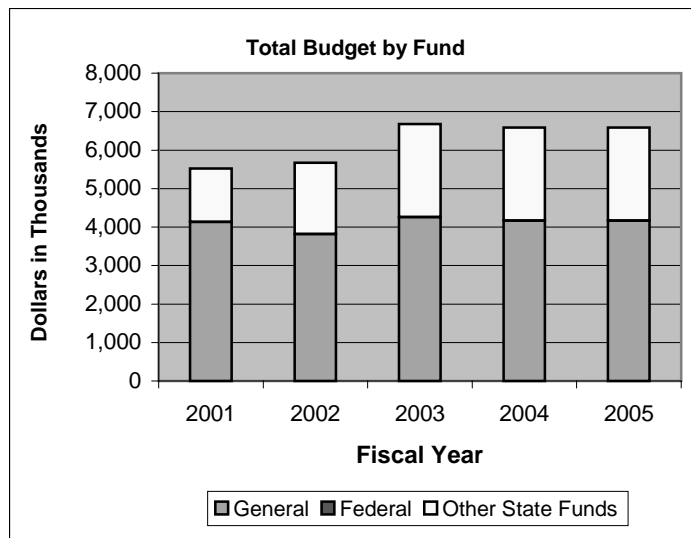
Contact

For more information about the commission and its operations please visit the commission's web site at the following address: www.puc.state.mn.us The web site includes access to PUC orders dating back to 1987, the commission's monthly calendar (which includes information about recent filings, orders, notices, etc.), agendas for up-coming meetings, staff briefing papers, document reports, links to regulated companies and other related agencies, as well as incorporating a refined site navigation system and enhanced ADA features.

Agency contact person: Burl Haar

Phone: (651) 296-7526

Fax: (651) 297-7073



| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 Dollars | Percent |
|-----------------------------|------------------|------------------|--------------------|----------------|--------------------|---------------------|---|-------------|
| Expenditures by Fund | | | | | | | | |
| Direct Appropriations | | | | | | | | |
| General | 4,136 | 3,819 | 4,254 | 4,163 | 4,163 | 8,326 | 253 | 3.1% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 1,385 | 1,852 | 2,427 | 2,427 | 2,427 | 4,854 | 575 | 13.4% |
| Total | 5,521 | 5,671 | 6,681 | 6,590 | 6,590 | 13,180 | 828 | 6.7% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 3,238 | 3,278 | 3,504 | 3,512 | 3,500 | 7,012 | 230 | 3.4% |
| Other Operating Expenses | 947 | 938 | 1,147 | 1,048 | 1,060 | 2,108 | 23 | 1.1% |
| Local Assistance | 1,336 | 1,455 | 2,030 | 2,030 | 2,030 | 4,060 | 575 | 16.5% |
| Total | 5,521 | 5,671 | 6,681 | 6,590 | 6,590 | 13,180 | 828 | 6.7% |

| | | | | | | | | |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|------------|-------------|
| Expenditures by Program | | | | | | | | |
| Public Utilities Comm | 5,521 | 5,671 | 6,681 | 6,590 | 6,590 | 13,180 | 828 | 6.7% |
| Total | 5,521 | 5,671 | 6,681 | 6,590 | 6,590 | 13,180 | 828 | 6.7% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|-------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 0 | 5,212 | 4,134 | 4,464 | 4,476 | 8,940 | -406 | -4.3% |
| Cambridge Deposit Fund | 3,063 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 3,063 | 5,212 | 4,134 | 4,464 | 4,476 | 8,940 | -406 | -4.3% |
| Dedicated | | | | | | | | |
| Special Revenue | 2,712 | 2,271 | 2,087 | 2,074 | 2,060 | 4,134 | -224 | -5.1% |
| Subtotal Dedicated | 2,712 | 2,271 | 2,087 | 2,074 | 2,060 | 4,134 | -224 | -5.1% |
| Total Revenue | 5,775 | 7,483 | 6,221 | 6,538 | 6,536 | 13,074 | -630 | -4.6% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 44.8 | 43.8 | 43.8 | 40.6 | 40.6 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

Agency Purpose

The Minnesota Racing Commission (MRC) is a regulatory agency created in 1983 to supervise and regulate the pari-mutuel horse racing industry in Minnesota. The Commission's mission is to assure the integrity of pari-mutuel wagering and card playing and the safety and welfare of the humans and animals that participate in these activities.

Core Functions and Operations

The Racing Commission:

- ⇒ Establishes criteria and standards for licensing of pari-mutuel racetracks and the personnel employed or operating at such facilities.
- ⇒ Establishes criteria and standards for security, surveillance, veterinary services, and law enforcement at licensed racetracks and provides oversight of these functions.
- ⇒ Establishes standards and rules in order to protect the health and welfare of the equine athlete.
- ⇒ Collects and distributes all taxes and fees related to pari-mutuel horse racing and card playing to the General and Breeder's funds.

At A Glance

The Minnesota Racing Commission annually:

- ◆ Oversees: 62 days of live horseracing; 364 days of out-of-state simulcasting; and 24/7 operation of Canterbury Park Card Club
- ◆ Licenses 3,600+ individuals to work at the racetrack
- ◆ Audits a total wagering handle of \$77 million
- ◆ Collects General Fund taxes and fees of \$388,000

The Racing Commission serves a varied customer base. Administering the Minnesota Breeders' Fund requires interaction with horse owners, breeders, and state-bred programs in other racing jurisdictions. As part of the regulatory and licensing process, Racing Commission staff work with: applicants for occupational licenses, Class A, B, C, and D license holders, other racing jurisdictions, various horse racing industry associations, local and state police and the Alcohol and Gambling Enforcement Division of the Department of Public Safety. In the process of doing business as an agency of the state, Minnesota Racing Commission staff interacts with other state agencies and entities within state government, including the Governor's Office, the University of Minnesota, Finance, Employee Relations, Administration and the legislature.

Key Measures

The MRC performs the following general duties:

- ⇒ Licenses and conducts background investigations each year of individuals applying to work at the racetrack and card club to assure the integrity of the individuals participating in pari-mutuel wagering and card playing in Minnesota and nationally.
- ⇒ Registers horses each year to allow owners to participate in the Minnesota Breeders' Fund awards program so that economic stability and growth in related agri-business continues.
- ⇒ Conducts pre-race exams of all horses racing each day, which protects equine participants and the betting public.
- ⇒ Conducts investigations of any suspected violations of Minnesota's racing laws and card club laws and rules in order to enforce rules and laws that were established to protect the integrity of the racing industry in Minnesota and nationally.
- ⇒ Supervises all activities affecting the conduct of a racing day to protect all human and equine participants and assure the integrity of pari-mutuel wagering for the betting public.

Budget

Of the Racing Commission's FY 2002-03 biennial budget, 24% comes from General Fund appropriations, 21% is collected from the racetrack as reimbursements for the cost of the stewards, veterinarians, and the laboratory services, and 55% comes from the breeders' fund tax collections (miscellaneous agency fund) which is distributed back to the industry. Commission staff is comprised of seven full-time equivalent employees and seven professional/technical service contracts (three stewards, three veterinarians and one equine drug testing laboratory).

Contact

Minnesota Racing Commission
P.O. Box 630
Shakopee, Minnesota 55379

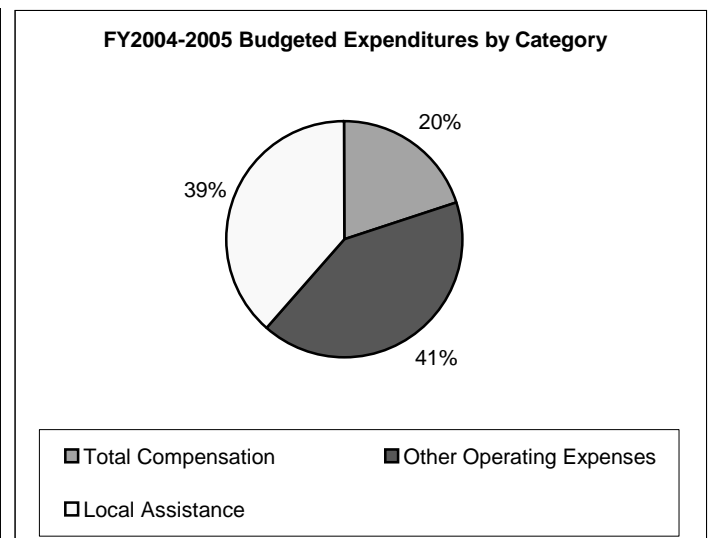
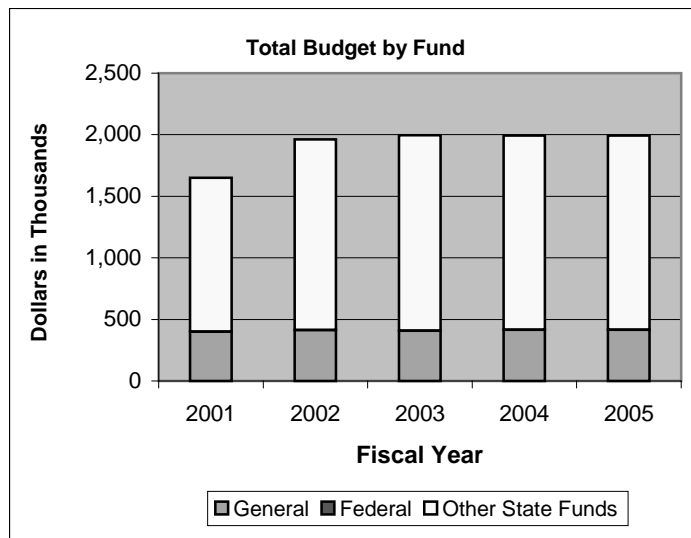
World Wide Web Home Page:

<http://www.mnrace.commission.state.mn.us>

Richard Krueger, Executive Director

Phone: (952) 496-7950

Fax: (952) 496-7954



| <i>Dollars in Thousands</i> | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|-----------------|-------------------|----------------|
| | Actual | Actual | Budgeted | Base | Biennium | Biennial Change | | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | 2004-05 / 2002-03 | |
| Direct Appropriations | | | | | | | Dollars | Percent |
| General | 401 | 414 | 407 | 417 | 417 | 834 | 13 | 1.6% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 382 | 444 | 487 | 475 | 475 | 950 | 19 | 2.0% |
| Miscellaneous Agency | 866 | 1,103 | 1,101 | 1,101 | 1,101 | 2,202 | -2 | -0.1% |
| Total | 1,649 | 1,961 | 1,995 | 1,993 | 1,993 | 3,986 | 30 | 0.8% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------|-------------|
| Total Compensation | 372 | 404 | 400 | 400 | 400 | 800 | -4 | -0.5% |
| Other Operating Expenses | 706 | 767 | 823 | 821 | 821 | 1,642 | 52 | 3.3% |
| Local Assistance | 571 | 790 | 772 | 772 | 772 | 1,544 | -18 | -1.2% |
| Total | 1,649 | 1,961 | 1,995 | 1,993 | 1,993 | 3,986 | 30 | 0.8% |

| Expenditures by Program | | | | | | | | |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------|-------------|
| Racing Commission | 1,649 | 1,961 | 1,995 | 1,993 | 1,993 | 3,986 | 30 | 0.8% |
| Total | 1,649 | 1,961 | 1,995 | 1,993 | 1,993 | 3,986 | 30 | 0.8% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------|-------------|
| Non Dedicated | | | | | | | | |
| General | 177 | 392 | 388 | 388 | 388 | 776 | -4 | -0.5% |
| Cambridge Deposit Fund | 144 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 321 | 392 | 388 | 388 | 388 | 776 | -4 | -0.5% |
| Dedicated | | | | | | | | |
| Special Revenue | 403 | 429 | 469 | 469 | 469 | 938 | 40 | 4.5% |
| Miscellaneous Agency | 906 | 1,048 | 1,105 | 1,105 | 1,105 | 2,210 | 57 | 2.6% |
| Subtotal Dedicated | 1,309 | 1,477 | 1,574 | 1,574 | 1,574 | 3,148 | 97 | 3.2% |
| Total Revenue | 1,630 | 1,869 | 1,962 | 1,962 | 1,962 | 3,924 | 93 | 2.4% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 6.6 | 6.6 | 6.6 | 6.6 | 6.6 |
|------------------------------------|------------|------------|------------|------------|------------|

Agency Purpose

The Department of Revenue's mission "is to make the state's revenue system work well for Minnesotans." It provides tax information, filing and paying services, and enforcement activities that are designed to ensure that citizens have the information and means to fulfill their tax obligations.

Core Functions

The Department of Revenue oversees Minnesota's revenue system, which is made up of 28 state taxes and local property taxes collected by county governments. State taxes include individual income, sales, corporate franchise, petroleum, environmental, gambling, cigarette and tobacco, beer, wine, liquor, and insurance.

The department collects approximately \$13.3 billion per year from state taxes, and oversees the uniform application of the property tax laws. Property taxes, which are administered by local governments, raise \$4.5 billion annually for Minnesota's communities. The department also pays out over \$1 billion in state aid through 32 different state programs to counties, cities, towns and special taxing districts.

The department's four goals are:

Achieving taxpayer compliance: everyone is paying the right amount of taxes, no more, no less.

Customer satisfaction: tax transactions and tax information are accurate and are available to taxpayers in a timely and convenient manner.

Employee excellence: citizens can rely on the department's employees to have the knowledge, skill, and tools to perform their work.

Operational excellence: the revenue system works well, in policy and operation.

In support of these goals, we carry out the following core functions:

- ◆ interpreting the law and informing taxpayers of their obligations and rights;
- ◆ providing taxpayers with the forms and instructions needed to meet their filing and paying obligations;
- ◆ responding to taxpayer questions;
- ◆ processing returns and payments, issuing refunds, and managing taxpayer accounts;
- ◆ auditing to identify and resolve discrepancies, discourage tax evasion, and measure levels of compliance;
- ◆ enforcing the tax laws for those who do not comply voluntarily; and
- ◆ identifying and recommending changes to improve the revenue system's laws and operations.

Operations

Compliance and Enforcement includes Individual Taxes, Business Taxes, the Minnesota Collection Enterprise, and Criminal Investigation.

⇒ **Individual Taxes** serves 2.4 million individual income tax payers, 160,000 businesses that withhold income tax, and 500,000 property tax refund claimants.

⇒ **Business Taxes** serves 232,000 sales tax permit holders and 46,000 corporate franchise taxpayers. This program also administers the S corporation, partnership, fiduciary and estate taxes; the petroleum tax; special taxes, including the alcohol, tobacco and environmental taxes; the insurance tax, the MinnesotaCare tax, the gambling tax, and the mining taxes.

At A Glance

We Serve:

- ◆ 3.5 million individual taxpayers
- ◆ 160,000 withholding taxpayers
- ◆ 450,000 taxpayers that remit corporate, sales and use, fiduciary, and other taxes
- ◆ 3,400 local units of government
- ◆ 1.8 million web visitors
- ◆ 1 million callers

We Process:

- ◆ 2.4 million income tax returns
- ◆ 1.2 million business tax returns
- ◆ 4.3 million tax payments
- ◆ 2.4 million tax refunds

We Collect:

- ◆ \$13.3 billion in tax revenues and other revenue sources
- ◆ \$536 million from audits and delinquent taxpayers
- ◆ \$44 million from 209,000 offsets against state refunds.

- ⇒ The **Minnesota Collection Enterprise** manages tax and non-tax debt collection on behalf of the department and other clients, including state agencies and other public entities. Services include locating and contacting the debtor, billing, monitoring payment plans, locating and evaluating assets, issuing liens and levies, and seizing assets.
- ⇒ **Criminal Investigation** investigates possible tax crimes and refers cases to prosecutors.

Information Technology includes strategic planning for developing and integrating technologies and systems into business operations; computer systems development; software management; and day-to-day maintenance of the agency's computer network, systems, and equipment.

Tax Filing and Payment processes 7.9 million tax returns and payments, and issues 2.4 million refunds annually; it also manages taxpayer records, and ensures the security of taxpayer records.

Tax Policy and Property Taxes includes Research, Legal Services and Property Tax Administration.

- ⇒ **Tax Research's** functions include forecasting state revenue sources and state aid expenditures for the state budget and developing revenue estimates for proposed tax legislation.
- ⇒ **Legal and Tax Policy** includes Legal Services and Appeals. It provides legal support and resolves tax disputes.
- ⇒ **Property Tax Administration** ensures the uniform application of Minnesota's property tax laws, monitors the performance of local assessors, and makes state aid payments to local governments. It serves 3,400 local units of government and 2.4 million property tax payers each year.

Administrative Support provides mail distribution and receiving services; forms design, public information, web site management and printing services; financial management; human resource management; and other administrative functions on behalf of the department.

Budget

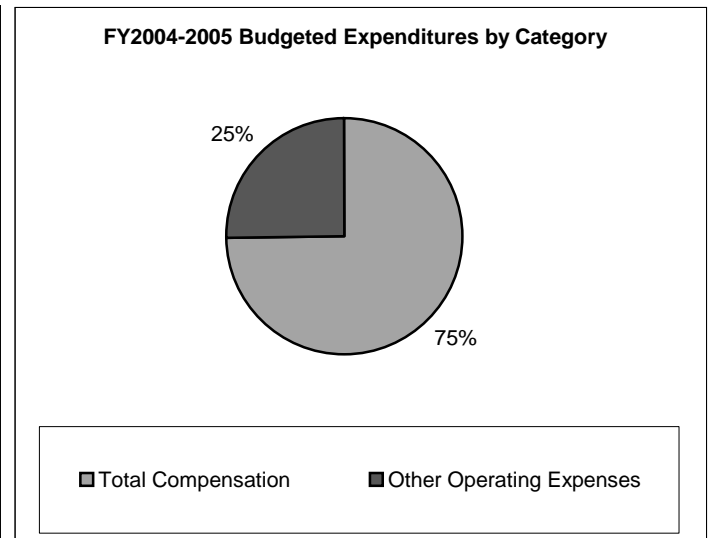
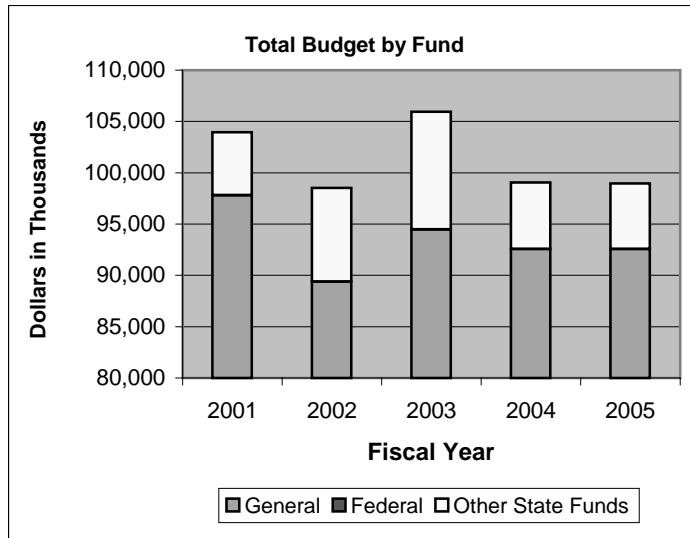
The department's budget in FY 2002-03 totals \$199.8 million. Department staff includes 1,139 full-time equivalent employees.

Of the total budget for the biennium, \$179.9 million (90%) comes from General Fund tax dollars, \$8.8 million (4%) comes from dedicated funds and \$11.1 million (6%) comes from special revenue funds for administering the Local Option Sales Tax and Revenue Recapture program.

Contact

Department of Revenue
Web site: <http://www.taxes.state.mn.us/> (for tax information, updates and
downloadable forms and instructions)
Department of Revenue
600 North Robert Street
Saint Paul, Minnesota 55146
Phone: (651) 296-3403

For information on how this agency measures its performance or success, please refer to
<http://www.departmentresults.state.mn.us/>.



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------------------|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 96,349 | 87,439 | 92,415 | 90,683 | 90,683 | 181,366 | 1,512 | 0.8% |
| Health Care Access | 1,912 | 1,343 | 2,152 | 1,764 | 1,764 | 3,528 | 33 | 0.9% |
| Special Revenue | 19 | 3,138 | 3,466 | 0 | 0 | 0 | -6,604 | -100.0% |
| Highway Users Tax Distribution | 2,219 | 1,998 | 2,570 | 2,237 | 2,237 | 4,474 | -94 | -2.1% |
| Environmental | 193 | 133 | 260 | 200 | 110 | 310 | -83 | -21.1% |
| Solid Waste | 258 | 172 | 228 | 200 | 200 | 400 | 0 | 0.0% |
| Open Appropriations | | | | | | | | |
| General | 1,470 | 1,941 | 2,050 | 1,900 | 1,900 | 3,800 | -191 | -4.8% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 1,531 | 2,357 | 2,802 | 2,061 | 2,061 | 4,122 | -1,037 | -20.1% |
| Total | 103,951 | 98,521 | 105,943 | 99,045 | 98,955 | 198,000 | -6,464 | -3.2% |

| | | | | | | | | |
|---------------------------------|----------------|---------------|----------------|---------------|---------------|----------------|---------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 64,290 | 65,616 | 75,271 | 73,418 | 73,355 | 146,773 | 5,886 | 4.2% |
| Other Operating Expenses | 38,964 | 31,911 | 29,909 | 24,966 | 24,939 | 49,905 | -11,915 | -19.3% |
| Capital Outlay & Real Property | 647 | 896 | 661 | 661 | 661 | 1,322 | -235 | -15.1% |
| Local Assistance | 50 | 98 | 102 | 0 | 0 | 0 | -200 | -100.0% |
| Total | 103,951 | 98,521 | 105,943 | 99,045 | 98,955 | 198,000 | -6,464 | -3.2% |

| | | | | | | | | |
|--------------------------------|----------------|---------------|----------------|---------------|---------------|----------------|---------------|--------------|
| Expenditures by Program | | | | | | | | |
| Tax System Management | 91,338 | 85,095 | 89,935 | 84,029 | 83,939 | 167,968 | -7,062 | -4.0% |
| Accounts Receivable Mgmt | 12,613 | 13,426 | 16,008 | 15,016 | 15,016 | 30,032 | 598 | 2.0% |
| Total | 103,951 | 98,521 | 105,943 | 99,045 | 98,955 | 198,000 | -6,464 | -3.2% |

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------------|--------------------------|--------------------------|----------------------------|---------------|---------------|-----------------------------|--|----------------|
| | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base | | Biennium 2004-05 | Dollars | Percent |
| Revenue by Type and Fund | | | | FY2004 | FY2005 | | | |
| Non Dedicated | | | | | | | | |
| General | 2,141 | 4,617 | 2,410 | 2,410 | 2,410 | 4,820 | -2,207 | -31.4% |
| Subtotal Non Dedicated | 2,141 | 4,617 | 2,410 | 2,410 | 2,410 | 4,820 | -2,207 | -31.4% |
| Dedicated | | | | | | | | |
| Special Revenue | 1,690 | 2,330 | 2,067 | 2,061 | 2,061 | 4,122 | -275 | -6.3% |
| Subtotal Dedicated | 1,690 | 2,330 | 2,067 | 2,061 | 2,061 | 4,122 | -275 | -6.3% |
| Total Revenue | 3,831 | 6,947 | 4,477 | 4,471 | 4,471 | 8,942 | -2,482 | -21.7% |
| | | | | | | | | |
| Full-Time Equivalents (FTE) | 1,142.3 | 1,108.4 | 1,054.8 | 999.2 | 951.0 | | | |

Program Description

The tax system management program provides the infrastructure that enables the state's revenue system to work well for its citizens. This infrastructure supports the following activities:

- ◆ Interpreting the laws and informing taxpayers of their tax obligations and rights.
- ◆ Providing the state's taxpayers with the forms and instructions needed to meet their filing and paying obligations.
- ◆ Responding to taxpayers' questions.
- ◆ Processing tax returns and tax payments, issuing refunds, and managing taxpayer accounts.
- ◆ Auditing to identify and resolve tax filing and payment discrepancies, discourage tax evasion, and measure levels of compliance.
- ◆ Identifying and recommending changes to improve the revenue system's laws and operations.

Budget Activities Included:

- ⇒ Administrative Support
- ⇒ Legal and Research
- ⇒ Property Administration & Aids
- ⇒ Tax Filing and Payments
- ⇒ Technology Development, Operations and Support
- ⇒ Tax Compliance (Individual & Business Taxes)

Operating Environmental Issues

In this biennium, the department will continue to face challenges presented by continued growth of electronic commerce, fluctuations in the economy and globalization, demographic changes, and increasingly complex tax laws.

Growth of electronic commerce Internet commerce—by businesses and individuals alike—has grown dramatically over the last four years, and citizens expect that government agencies will provide similar services. As a result, we have had to develop new information systems to meet this demand. This, in turn, requires us to maintain two infrastructures: one that supports the growth of e-commerce, and another that supports traditional, paper-based filing and paying. Our major financial challenge is to continue to develop the information systems to support new technology while maintaining legacy systems for traditional filers.

This program now maintains more than 170 computer applications on 15 different platforms for the 28 state taxes it collects – most of which need to be rewritten and redesigned to enable taxpayer interaction via the Internet.

Fluctuations in the economy and globalization

Two developments – the downturn in the state's economy and globalization – are making it more difficult and expensive to enforce the tax laws. The recent economic downturn is resulting in growing tax delinquencies that are tougher to collect, and more aggressive challenges to the tax laws by cash-strapped businesses.

In addition, globalization has dramatically increased both the *number* of business transactions that cross state and national borders and – with the growth of internet and phone sales – the *kinds* of transactions. Globalization has also spurred corporate mergers, and the resulting merging of data from their computer systems. These developments make it difficult and more expensive to identify and track transactions and determine who is responsible for paying the tax.

Demographic changes

The department continues to face the challenge of developing specialized outreach programs to meet the needs of non-English speakers to ensure that they become full participants in Minnesota's revenue system. By 2025, Minnesota's Asian population will increase by 104%, and its Hispanic population will increase by 248 %.

In addition, the program's workforce is aging. In the next five years, about 400 employees—about 30%—will reach retirement age. With the average age of retirement of state employees at 59, the critical task of replacing their collective experience and knowledge will be extremely difficult. Although the program has hired younger employees to carry out special projects and support new tax enforcement initiatives, retaining these new employees in a competitive market pace will be especially challenging.

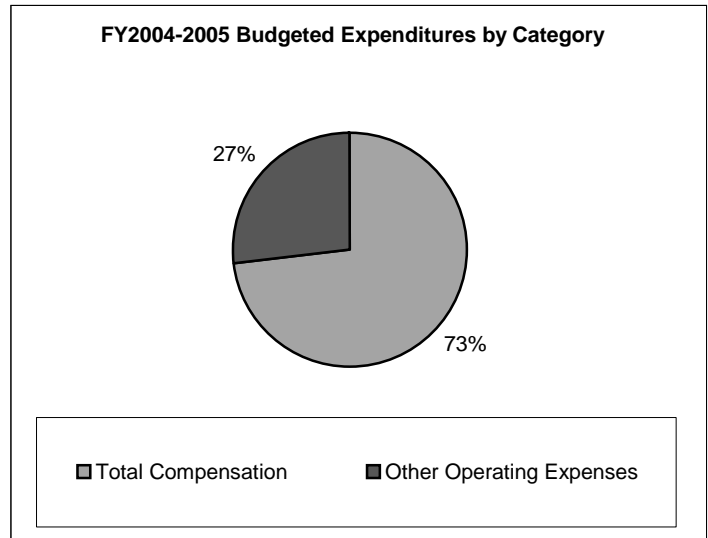
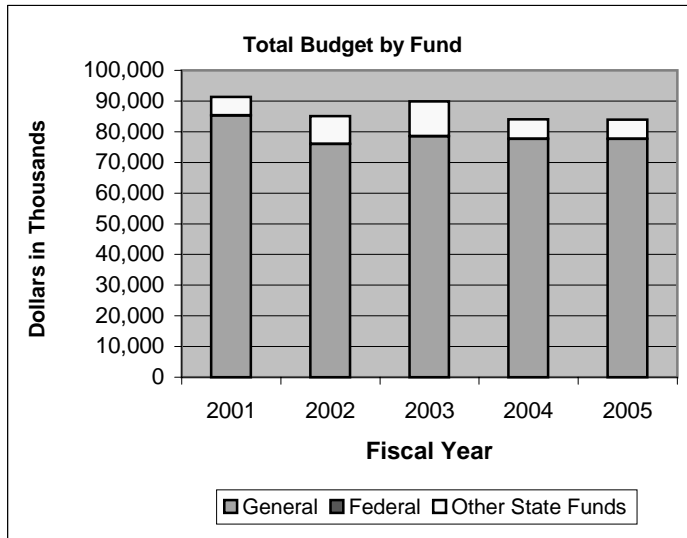
Increasingly complex tax laws

Minnesota's state taxes have grown increasingly complex in the last decade. Due to the addition of a multitude of credits and deductions plus legislative decisions not to fully conform to federal changes, Minnesota has gone from a simple one-page form to a complex two-page form which includes a host of schedules and worksheets. Similarly, the number of exemptions from the sales tax has grown from the 53 in 1985 to 112 in 2002. This growing complexity increases demand for taxpayer information and support and results in more difficult and time-consuming audits. This issue takes on greater importance in times of dwindling resources.

REVENUE DEPT

Program: TAX SYSTEM MANAGEMENT

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 85,341 | 76,023 | 78,533 | 77,641 | 77,641 | 155,282 | 726 | 0.5% |
| Health Care Access | 1,847 | 1,343 | 2,152 | 1,764 | 1,764 | 3,528 | 33 | 0.9% |
| Special Revenue | 19 | 3,138 | 3,466 | 0 | 0 | 0 | -6,604 | -100.0% |
| Highway Users Tax Distribution | 2,219 | 1,998 | 2,570 | 2,237 | 2,237 | 4,474 | -94 | -2.1% |
| Environmental | 193 | 133 | 260 | 200 | 110 | 310 | -83 | -21.1% |
| Solid Waste | 258 | 172 | 228 | 200 | 200 | 400 | 0 | 0.0% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 1,461 | 2,288 | 2,726 | 1,987 | 1,987 | 3,974 | -1,040 | -20.7% |
| Total | 91,338 | 85,095 | 89,935 | 84,029 | 83,939 | 167,968 | -7,062 | -4.0% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 54,121 | 55,206 | 62,688 | 61,466 | 61,403 | 122,869 | 4,975 | 4.2% |
| Other Operating Expenses | 37,157 | 29,790 | 27,145 | 22,563 | 22,536 | 45,099 | -11,836 | -20.8% |
| Capital Outlay & Real Property | 10 | 1 | 0 | 0 | 0 | 0 | -1 | -100.0% |
| Local Assistance | 50 | 98 | 102 | 0 | 0 | 0 | -200 | -100.0% |
| Total | 91,338 | 85,095 | 89,935 | 84,029 | 83,939 | 167,968 | -7,062 | -4.0% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|--------------|
| Expenditures by Activity | | | | | | | | |
| Administrative Support | 19,730 | 17,528 | 15,347 | 15,719 | 15,719 | 31,438 | -1,437 | -4.4% |
| Legal & Research | 3,496 | 3,276 | 3,928 | 3,838 | 3,838 | 7,676 | 472 | 6.6% |
| Property Administration & Aids | 2,409 | 2,506 | 3,033 | 2,736 | 2,736 | 5,472 | -67 | -1.2% |
| Tax Filing & Payments | 11,690 | 10,770 | 12,126 | 10,748 | 10,748 | 21,496 | -1,400 | -6.1% |
| Tax Compliance | 38,296 | 37,160 | 39,995 | 36,831 | 36,741 | 73,572 | -3,583 | -4.6% |
| Technology Dev & Support | 15,717 | 13,855 | 15,506 | 14,157 | 14,157 | 28,314 | -1,047 | -3.6% |
| Total | 91,338 | 85,095 | 89,935 | 84,029 | 83,939 | 167,968 | -7,062 | -4.0% |

REVENUE DEPT

Program: TAX SYSTEM MANAGEMENT

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------------|---------------|---------------|-----------------|---------------|---------------|-----------------|--------------------------|----------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Revenue by Type and Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Non Dedicated | | | | | | | | |
| General | 2,141 | 4,617 | 2,410 | 2,410 | 2,410 | 4,820 | -2,207 | -31.4% |
| Subtotal Non Dedicated | 2,141 | 4,617 | 2,410 | 2,410 | 2,410 | 4,820 | -2,207 | -31.4% |
| Dedicated | | | | | | | | |
| Special Revenue | 1,690 | 2,330 | 2,067 | 2,061 | 2,061 | 4,122 | -275 | -6.3% |
| Subtotal Dedicated | 1,690 | 2,330 | 2,067 | 2,061 | 2,061 | 4,122 | -275 | -6.3% |
| Total Revenue | 3,831 | 6,947 | 4,477 | 4,471 | 4,471 | 8,942 | -2,482 | -21.7% |
| | | | | | | | | |
| Full-Time Equivalents (FTE) | 958.1 | 928.6 | 884.3 | 837.6 | 797.8 | | | |

Activity Description

This activity provides overall direction to the agency. Its services include human resource management, facilities and contracts management, budget planning and financial and performance reporting, tax policies development, and publication and informational services for taxpayers and employees.

Population Served

This activity serves the state's 3.5 million individual income tax filers and 907,000 registered businesses, the department's 1,150 employees and state policymakers, including the governor and legislature.

Services Provided

The Administrative Support Activity includes six major categories of services:

Human Resource Management. Services include job applicant recruitment and testing; job classification; personnel and payroll transactions; employee benefit administration; labor agreement negotiation; labor contract dispute resolution; Affirmative Action (AA), Equal Employment Opportunity (EEOC) laws and the Americans with Disabilities Act (ADA) enforcement; diversity awareness programs; and employee development and training.

Facilities and Contract Management. Services include building security; negotiation of leases for department facilities in 15 Minnesota and out of state locations; equipment, supply, and professional and technical services procurement; office space planning; and contract negotiation and management.

Financial Management. Services include coordinating the department's biennial budget and annual spending plans; monitoring annual budgets; preparing financial reports; overseeing all budget accounting functions for the department's operating budget; preparing fiscal notes; ensuring that adequate financial controls are in place; and conducting internal audits to ensure the integrity of internal financial and operating systems. Services also include development of performance measures of the agency's activities; financial reports preparation; and transferring of funds to other agencies.

Taxpayer and Employee Communications. Services include forms and instruction design for individual and business taxes; web site design, maintenance and oversight; publications and report design and editing; printing coordination for all the department's publications, including forms and instructions; media relations; and internal communications, including the employee newsletter.

Management Leadership. Services include providing direction to the agency's work units through a business planning process which includes the development of a strategic plan, a strategic information systems management plan, a biennial budget, division business plans, and annual spending plans. This area ensures that the agency's resources, support systems and training systems are aligned with the direction set through the business planning process; and monitors agency performance through the development and use of performance measurements.

Tax policy support. Services include developing policies for all types of taxes; identifying obstacles to taxpayer compliance with the tax laws; and identifying unclear, ambiguous or conflicting provisions of tax laws. This area also develops proposals to improve tax law understandability, fairness, ease of compliance and ease of administration.

Activity at a Glance

- ◆ Designs 275 forms and instructions
- ◆ Oversees the printing and mailing of over 25 million pieces of printed material
- ◆ 4.9 million forms and instructions downloaded from our web site
- ◆ Manages over 5,000 pages of information on our web site
- ◆ 2.4 million web user sessions per year
- ◆ 700 cases resolved by the Taxpayer's Advocate Office.
- ◆ Produce agency's measures and management reports
- ◆ Manages facilities for 1,150 employees in 15 Minnesota and out of state locations.
- ◆ Managed 69 contracts amounting to over \$18 million.

REVENUE DEPT

Program: TAX SYSTEM MANAGEMENT

Activity: ADMINISTRATIVE SUPPORT

Narrative

Historical Perspective

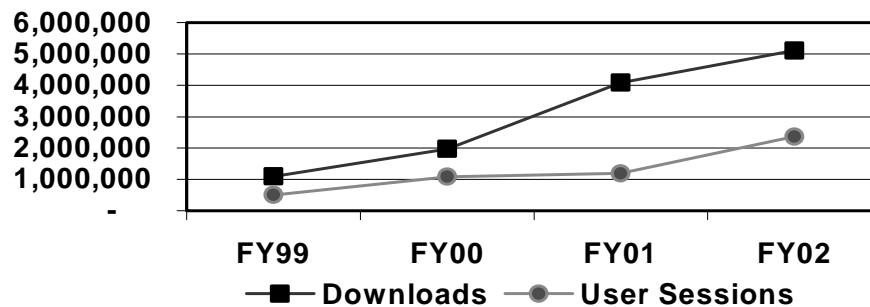
The budget for these support activities was cut by nearly 20% in the 2002-03 biennium. These reductions occurred during a period in which the agency trying to address several systemic issues including:

- ◆ A loss of knowledge and skills as the workforce reaches retirement age — one-third of employees will be eligible to retire in the next four years.
- ◆ An outdated, patchwork telephone system that does not permit the effective handling and routing of calls or the integration of telephones with computer systems.
- ◆ The growing need to tighten the security of its facilities, mail opening operations and computer systems.
- ◆ The urgent necessity to redesign and expand its web site to accommodate the department's growing reliance on e-commerce as opposed to more expensive and slower paper-based means of paying and filing.

Key Measures

As the department transitions from paper to electronic means, more taxpayers are taking advantage of the department's web site for getting tax forms and instructions.

DOR Web Stats



Activity Funding

The total budget for the biennium for the administrative support budget activity is approximately \$30.6 million, or roughly 15% of the total Department of Revenue biennial budget. The administrative support budget is roughly 60.4% compensation and 39.6% rents and repairs. Of the administrative support total budget, \$29.2 million (95.5%) comes from the General Fund, \$193,000 (.6%) comes from dedicated funds, and \$ 1.2 million (3.9%) comes from special revenue funds for administering the Local Option Sales Tax and the Revenue Recapture program.

Contact

Dennis Erno,
Deputy Commissioner
Phone: (651) 296-0432
e - m ail: dennis.erno@state.mn.us

Link to Agency Web site:

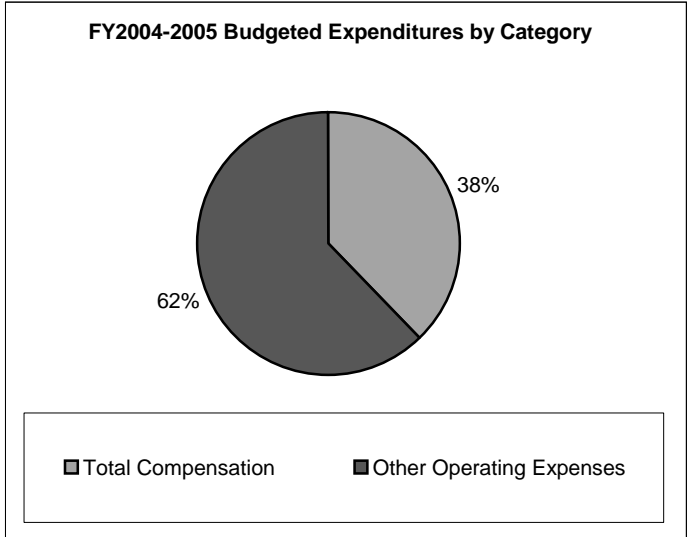
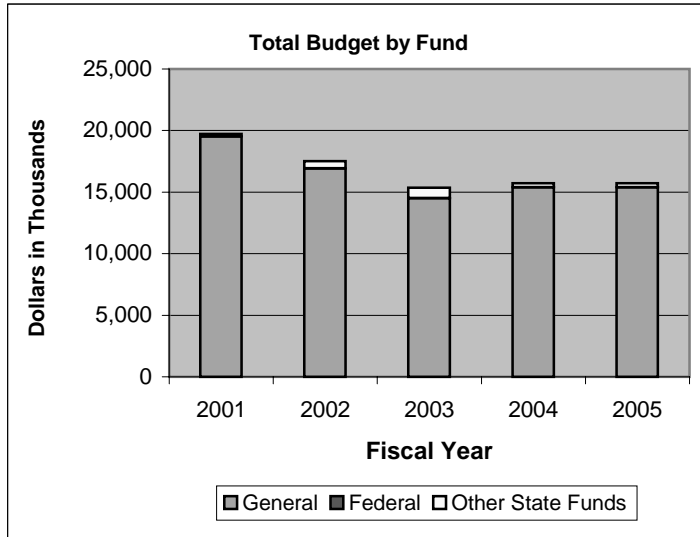
<http://www.taxes.state.mn.us>

REVENUE DEPT

Program: **TAX SYSTEM MANAGEMENT**

Activity: ADMINISTRATIVE SUPPORT

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 19,504 | 16,914 | 14,509 | 15,397 | 15,397 | 30,794 | -629 | -2.0% |
| Health Care Access | 33 | 55 | 110 | 83 | 83 | 166 | 1 | 0.6% |
| Special Revenue | 19 | 4 | 0 | 0 | 0 | 0 | -4 | -100.0% |
| Solid Waste | 14 | 14 | 14 | 14 | 14 | 28 | 0 | 0.0% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 160 | 541 | 714 | 225 | 225 | 450 | -805 | -64.1% |
| Total | 19,730 | 17,528 | 15,347 | 15,719 | 15,719 | 31,438 | -1,437 | -4.4% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 7,894 | 7,656 | 5,973 | 5,933 | 5,933 | 11,866 | -1,763 | -12.9% |
| Other Operating Expenses | 11,786 | 9,774 | 9,272 | 9,786 | 9,786 | 19,572 | 526 | 2.8% |
| Local Assistance | 50 | 98 | 102 | 0 | 0 | 0 | -200 | -100.0% |
| Total | 19,730 | 17,528 | 15,347 | 15,719 | 15,719 | 31,438 | -1,437 | -4.4% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 919 | 3,201 | 1,000 | 1,000 | 1,000 | 2,000 | -2,201 | -52.4% |
| Subtotal Non Dedicated | 919 | 3,201 | 1,000 | 1,000 | 1,000 | 2,000 | -2,201 | -52.4% |
| Dedicated | | | | | | | | |
| Special Revenue | 1,547 | 2,168 | 1,863 | 1,857 | 1,857 | 3,714 | -317 | -7.9% |
| Subtotal Dedicated | 1,547 | 2,168 | 1,863 | 1,857 | 1,857 | 3,714 | -317 | -7.9% |
| Total Revenue | 2,466 | 5,369 | 2,863 | 2,857 | 2,857 | 5,714 | -2,518 | -30.6% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 94.2 | 89.4 | 77.3 | 72.9 | 69.2 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

REVENUE DEPT

Program: TAX SYSTEM MANAGEMENT

Activity: LEGAL & RESEARCH

Narrative

Activity Description

This activity includes legal and legislative services, tax appeal services, and tax research services.

Population Served

Taxpayers, tax administrators, legislators and staff, tax professionals, public policymakers, local elected officials, state agencies, local government, and businesses.

Services Provided

Legal Services. This activity:

- ◆ provides in-house legal counsel and conducts legal analysis and research of tax laws and policies.
- ◆ provides up-to-date information on law changes and court decisions to taxpayers, business trade organizations, and tax practitioner groups.
- ◆ works with legislators, legislative staff, taxpayers and practitioner groups in drafting legislation, interpreting tax laws and providing expert testimony at hearings.
- ◆ drafts rules and revenue notices that announce the department's interpretation of tax laws.
- ◆ provides support to the Attorney General's staff in tax litigation.
- ◆ monitors federal tax changes that affect Minnesota's tax system.
- ◆ negotiates and oversees state tax agreements with tribal governments.

Appeal Services. This activity resolves taxpayer disputes over assessments and denials of tax refunds. It is an independent, impartial work unit that offers taxpayers an informal and inexpensive alternative to litigation in resolving disputes.

Tax Research Services. This activity:

- ◆ forecasts revenues from various taxes for the state's November and February forecasts.
- ◆ develops the state's official revenue estimates and analyses for all proposed tax legislation.
- ◆ prepares legislatively mandated studies and reports, including the *Minnesota Tax Incidence Report* and the *Minnesota Tax Expenditure Budget*.
- ◆ develops databases for use by the legislature and the executive branch for revenue forecasting and for evaluating the effect of tax proposals.
- ◆ assists in measuring tax compliance and identifying data sources for detecting non-compliance.
- ◆ disseminates economic and tax information for legislative staff, administration officials, executive branch officials, all of the agency's divisions and the public.
- ◆ maintains an in-house library for tax research and study of tax laws.

Historical Perspective

This activity faced increasing workloads while its budget was reduced by 7 % in 2002-03 biennium. The demand for this activity's services rapidly expanded due to the growing complexity of tax laws, increased challenges to the tax laws, and a growing number of proposed tax laws that require revenue estimates, drafts of legislation and legal analysis. This situation will likely not abate due to the state's current budget shortfalls, which are expected to generate a host of tax proposals by state policymakers and increases in legal challenges by cash-strapped businesses.

Key Measures

Legal : In FY 1999, the department published 20 Revenue Notices, which advise taxpayers on how tax laws will be administered. In FY 2000, the department issued 18, in FY 2001 revenue notices dropped to three, because resources were diverted to the 2001 tax reform. In FY 2002, revenue notices have jumped up to 20. Revenue notices are one measure of the legal counsel provided by legal staff.

Activity at a Glance

In FY 2002, this activity achieved the following result:

- ◆ Legal produced about 20 revenue notices and spent over 3,100 hours on legislative work and over 5,300 hours providing legal advice to the agency.
- ◆ Appeals completed about 220 administrative penalty appeals.
- ◆ Tax Research provided nearly 200 formal revenue estimates.

REVENUE DEPT

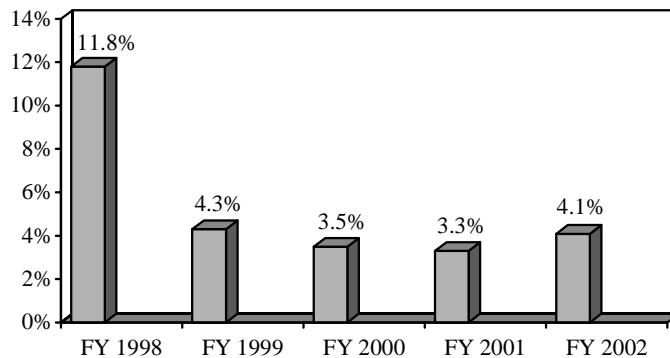
Program: TAX SYSTEM MANAGEMENT

Activity: LEGAL & RESEARCH

Narrative

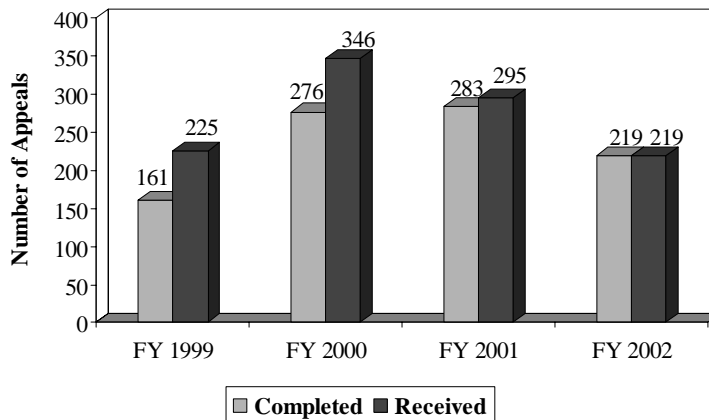
Appeals: Taxpayers are becoming more aggressive in challenging state's tax laws. The sales and corporate area have seen the largest growth in appeals. The appeals unit counts cases that are subsequently appealed to tax court to measure taxpayer resolution of issues as part of the dispute resolution process.

Percent of Administrative Appeals Subsequently Appealed to Tax Court



Taxpayers are increasingly making appeals solely in connection with the fairness of penalties, rather than on the interpretations of the penalty statute. The following chart measures the number of appeals just on penalties and the number of penalty appeals resolved.

Appeals of Penalty Assessments



REVENUE DEPT

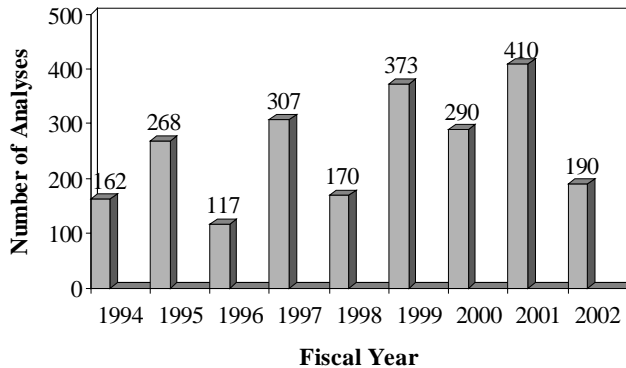
Program: TAX SYSTEM MANAGEMENT

Activity: LEGAL & RESEARCH

Narrative

Research: Since 1994, the number of bill analyses prepared by the Research division in connection with tax legislation has increased significantly. This activity is the largest resource management issue for the division.

Bill Analyses Provided to Tax Committees By Legislative Session



Activity Funding

The total budget for the biennium for the Legal and Research budget activity is \$7.2 million, or approximately 4% of the department's total budget. Of this total, \$6.8 million (94%) comes from the General Fund, \$335,000 (5%) comes from dedicated funds and \$ 93,000 (1%) comes from special revenue funds for administering the Local Option Sales Tax program.

Contact

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Dick Gebhart

Director, Tax Research:

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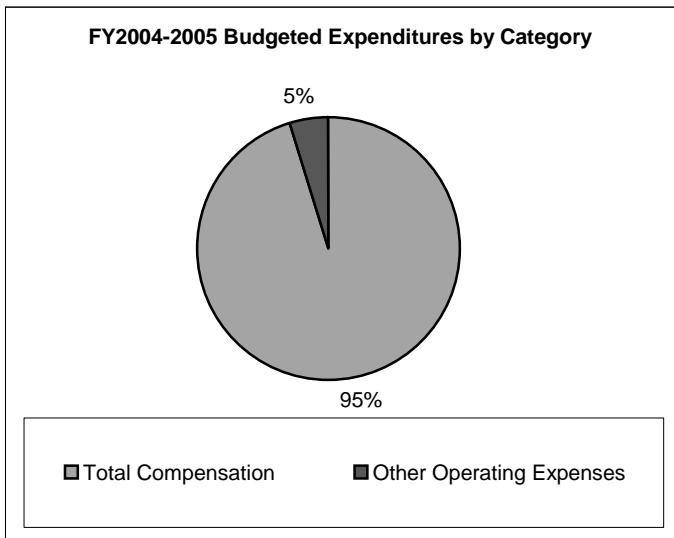
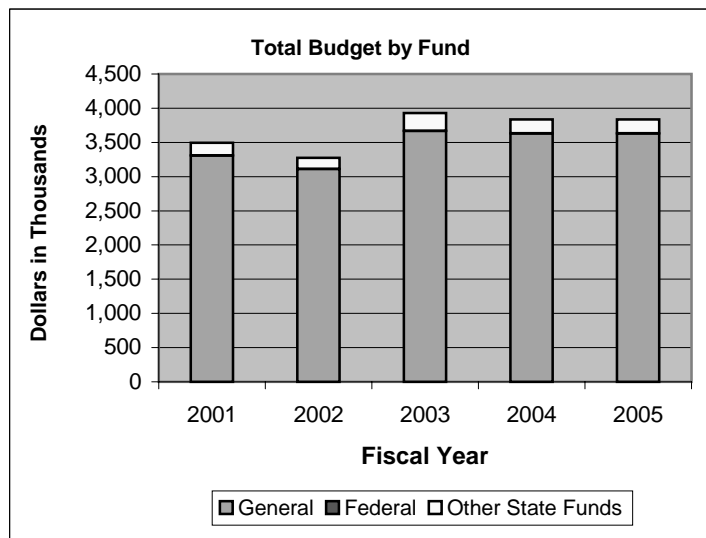
dick.gebhart@state.mn.us,

REVENUE DEPT

Program: **TAX SYSTEM MANAGEMENT**

Activity: **LEGAL & RESEARCH**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------------------|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 3,309 | 3,112 | 3,666 | 3,628 | 3,628 | 7,256 | 478 | 7.1% |
| Health Care Access | 151 | 129 | 204 | 172 | 172 | 344 | 11 | 3.3% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 36 | 35 | 58 | 38 | 38 | 76 | -17 | -18.3% |
| Total | 3,496 | 3,276 | 3,928 | 3,838 | 3,838 | 7,676 | 472 | 6.6% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 3,219 | 3,135 | 3,721 | 3,654 | 3,654 | 7,308 | 452 | 6.6% |
| Other Operating Expenses | 277 | 141 | 207 | 184 | 184 | 368 | 20 | 5.7% |
| Total | 3,496 | 3,276 | 3,928 | 3,838 | 3,838 | 7,676 | 472 | 6.6% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 48.7 | 46.0 | 43.6 | 41.4 | 39.2 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

Activity Description

This activity processes all state electronic and paper filed tax returns and payments; issues tax refunds; and manages taxpayer records. It also establishes tax accounts for new businesses, updates taxpayer records for changes, including address changes, and offsets income tax refunds for tax debts and non-tax debts owed to state agencies and local units of government.

Population Served

- ◆ 3.5 million individual income tax payers, who file 2.4 million individual income tax returns
- ◆ 177,000 employers and 189 third-party bulk filers, who remit 235,000 income tax withholding payments
- ◆ Renters and homeowners, who file for 489,200 property tax refunds
- ◆ 245,000 businesses that collect and remit sales and use tax
- ◆ 55,000 corporations, 74,000 S corporations, and 40,000 partnerships that pay and submit corporate franchise and income taxes
- ◆ 50,000 fiduciary income tax payers
- ◆ 1,900 estate tax payers, who pay and submit approximately \$54 million in estate taxes
- ◆ 800 petroleum product distributors, who pay \$620 million in gasoline and aviation fuel taxes
- ◆ 70 cigarette and 150 tobacco distributor, who remit approximately \$185 million in cigarette and tobacco taxes
- ◆ 50 wine and 6 liquor distributors; 93 brewers and beer importers, and 15 alcohol commercial carriers; who pay approximately \$60 million in liquor, wine and beer taxes
- ◆ 1,800 insurance companies, who pay \$190 million in gross earnings taxes
- ◆ 8,000 hospitals, health care providers and prescription drug wholesalers, who collect approximately \$176 million in health care taxes
- ◆ 1,500 organizations that conduct lawful gambling, and 20 gambling equipment distributors, who collect approximately \$70 million in lawful gambling taxes
- ◆ 8,000 hazardous waste generators and 900 solid waste management services, who collect approximately \$59 million in hazardous and solid waste taxes
- ◆ six mining companies that pay approximately \$2 million in taconite and iron ore occupation taxes
- ◆ 250 dry cleaning facilities that pay dry cleaner taxes
- ◆ 15 furriers that pay fur clothing taxes
- ◆ 711 state and county agencies whose debts are collected through Revenue Recapture.

Activity at a Glance

- ◆ Processes 2.4 million income tax returns annually
- ◆ Processes over 1.2 million business tax returns
- ◆ Processes 4.3 million payments
- ◆ Issues 2.4 million refunds
- ◆ Registered 36,000 new businesses in FY 2002
- ◆ Receives and sorts over six million pieces of incoming mail annually.

Services Provided

This activity processes all electronic and paper filed state tax returns and payments. Its services include:

- ◆ receiving and sorting over six million pieces of incoming mail annually.
- ◆ scanning and imaging paper filed individual income tax returns and correspondence.
- ◆ recording, depositing and reporting tax payments made electronically or by check.
- ◆ verifying information and amounts listed on tax returns.
- ◆ issuing refunds to individuals and businesses.
- ◆ providing electronic filing specifications to software vendors and transmitters.
- ◆ receiving and acknowledging electronically filed tax returns and payments.
- ◆ offsetting refunds for tax and non-tax debt owed government entities.
- ◆ issuing tax identification numbers to new businesses.
- ◆ recording address and name changes to individual and business tax accounts.

REVENUE DEPT

Program: TAX SYSTEM MANAGEMENT

Activity: TAX FILING & PAYMENTS

Narrative

Historical Perspective

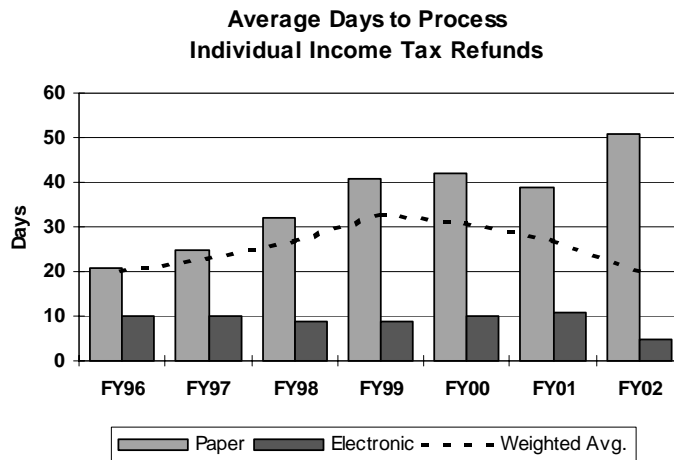
This activity is in the process of transforming individual income tax and business tax filing and payment transactions from paper to electronic means. It has:

- ◆ created an electronic system for the payment of all types of taxes and for filing returns for sales tax, income tax withholding, unemployment compensation tax, MinnesotaCare tax, and estimated individual income taxes;
- ◆ re-engineered the outdated individual income tax computer system;
- ◆ introduced new scannable individual income tax and property tax forms, which will ultimately lead to the elimination of storage of paper returns.

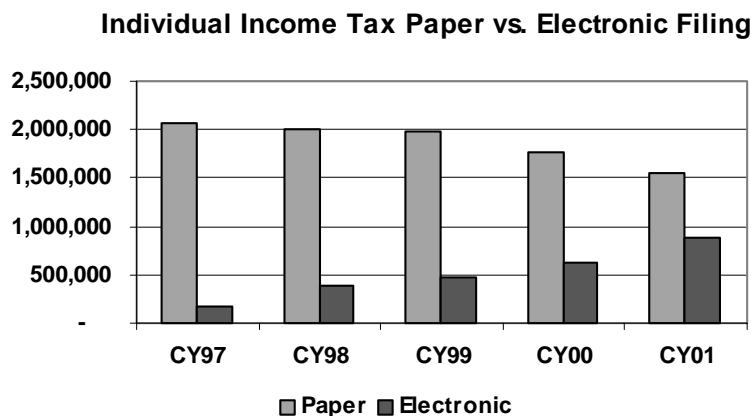
In FY 2002, over one million individual income tax returns were filed electronically; and over 800,000 tax refunds were issued in five days or less. Over two million business tax filing and payment transactions were electronically processed since July 1, 2001.

Key Measures

Average days to process individual income tax refund returns calculated from the day the return is received to the date the refund is issued.



Total number of returns for individual income tax depicted by filing method.



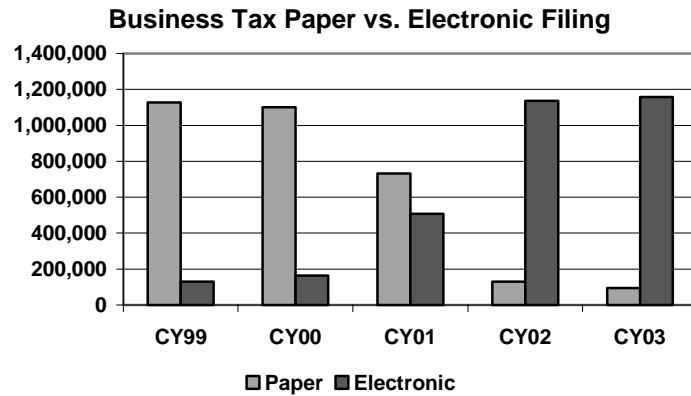
REVENUE DEPT

Program: TAX SYSTEM MANAGEMENT

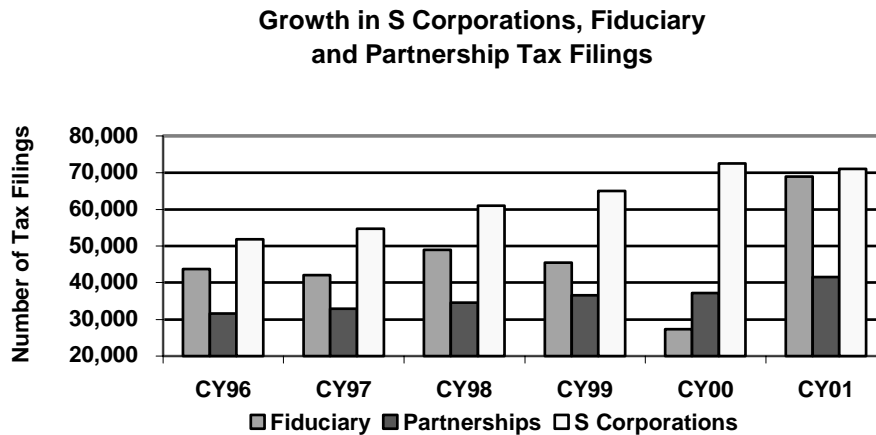
Activity: TAX FILING & PAYMENTS

Narrative

Total number of returns for MinnesotaCare, Fiduciary, Withholding, and Sales and Use Taxes depicted by filing method. Business taxes that do not have an electronic filing option (e.g., Corporate Franchise Tax) are not included. CY 2002 is a year-end estimate and CY 2003 is a projection.

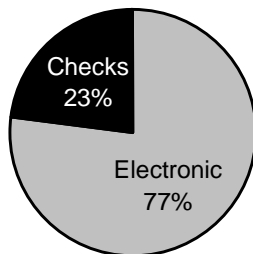


Total returns filed for business income taxes: S-Corporation, Partnerships, and Fiduciary.

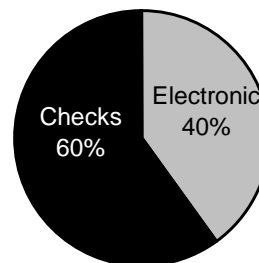


Of the total 13.3 billion dollars collected annually, about 77% of the money is received electronically; 40% of the

**Taxpayer Payments
by Dollars - FY 2002**



**Taxpayer Payments
by Type - FY 2002**



payment transactions are electronic, a 25% increase from FY 2000.

REVENUE DEPT

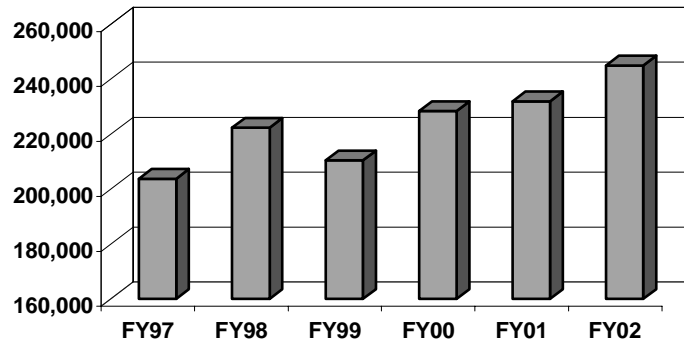
Program: TAX SYSTEM MANAGEMENT

Activity: TAX FILING & PAYMENTS

Narrative

Total number of businesses paying sales and use tax.

Sales and Use Tax Registered Businesses



Activity Funding

The total budget for the biennium for the Tax Filing & Payments budget activity is \$23.3 million, or approximately 12% of the department's total budget. Of this total, \$21.2 million (91.1%) comes from the General Fund, \$120,000 (.5%) comes from dedicated funding, and \$1.94 million (8.4%) comes from special revenue funds for administering local option sales taxes and revenue recapture programs.

Contact

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Link to Agency

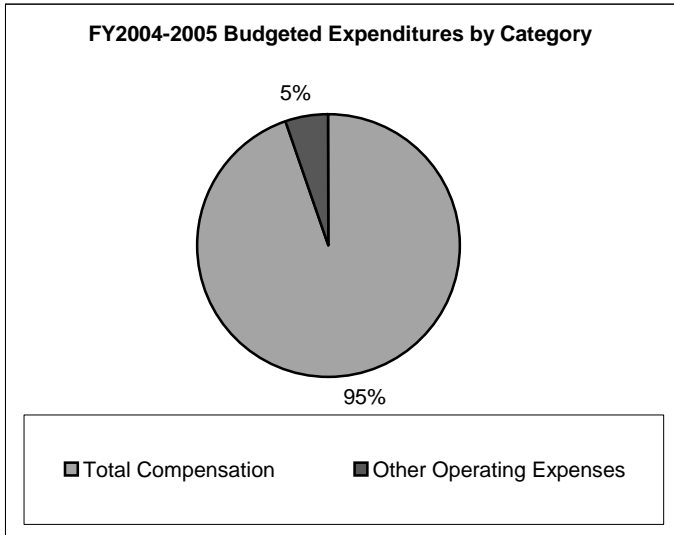
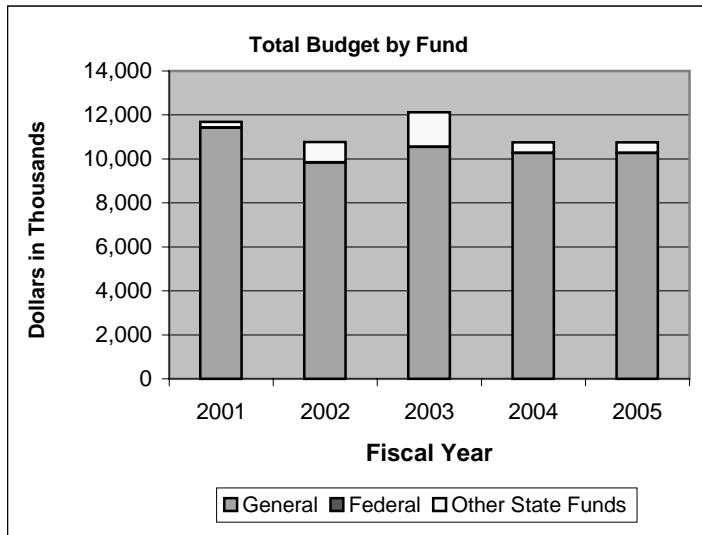
Web site: <http://www.taxes.state.mn.us>

REVENUE DEPT

Program: **TAX SYSTEM MANAGEMENT**

Activity: TAX FILING & PAYMENTS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------|--------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 | |
| Direct Appropriations | | | | | | | | |
| General | 11,417 | 9,843 | 10,544 | 10,269 | 10,269 | 20,538 | 151 | 0.7% |
| Health Care Access | 60 | 52 | 68 | 63 | 63 | 126 | 6 | 5.0% |
| Special Revenue | 0 | 517 | 1,083 | 0 | 0 | 0 | -1,600 | -100.0% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 213 | 358 | 431 | 416 | 416 | 832 | 43 | 5.4% |
| Total | 11,690 | 10,770 | 12,126 | 10,748 | 10,748 | 21,496 | -1,400 | -6.1% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 10,081 | 9,701 | 11,547 | 10,169 | 10,169 | 20,338 | -910 | -4.3% |
| Other Operating Expenses | 1,609 | 1,069 | 579 | 579 | 579 | 1,158 | -490 | -29.7% |
| Total | 11,690 | 10,770 | 12,126 | 10,748 | 10,748 | 21,496 | -1,400 | -6.1% |

| | | | | | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Full-Time Equivalents (FTE) | 279.0 | 250.0 | 244.6 | 232.3 | 220.1 |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|

Activity Description

This activity ensures the uniform application of Minnesota's property tax laws, oversees the performance of local assessors, provides information to taxpayers and policymakers about the property tax system, and computes and pays state aids to local governments.

Population Served

This activity serves 3,400 local units of government and over 2.2 million property tax payers each year. It also serves state policymakers and state agencies such as Children, Families and Learning, Human Services and Corrections.

Services Provided

This activity provides services in two major program areas: local property tax administration and state aids to local governments.

Activity at a Glance

The Property Aids & Administration activity:

- ◆ Administers over \$1.54 billion in local aids and credits.
- ◆ Oversees the statewide General Fund levy which raises \$592 million each fiscal year
- ◆ Provides services to local government officials who value and calculate property taxes for 2.2 million parcels of property.
- ◆ Responds to over 16,000 telephone and 17,000 e-mail inquiries from taxpayers and administrators.

Local Property Tax Administration. The services provided by this activity include:

- ◆ assisting and overseeing county and city assessors in the complete and accurate identification of taxable property, its proper classification and valuation, and equalization of assessments among taxing districts.
- ◆ providing information to individual taxpayers, legislators and local government officials about the property tax process.
- ◆ conducting annual assessment-to-sales ratio studies to measure assessment levels, ensure their uniformity, and determine the basis for state aid payments to school districts and cities.
- ◆ providing support to the State Board of Assessors, which is responsible for assessor education and licensing.
- ◆ staffing the State Board of Equalization, which is responsible for monitoring assessment levels for accuracy and uniformity and for issuing corrective orders where necessary.
- ◆ directly assessing railroads, public utilities, and air-flight property on a statewide basis as required by law.
- ◆ assisting and monitoring local governments in implementing the annual Truth in Taxation process.
- ◆ educating county auditors and treasurers on requirements and procedures for tax computation and collection, and provides consultation when requested.

State Aids to Local Governments. The services provided by the activity include:

- ◆ collecting and maintaining assessment and levy information from all local taxing authorities each year.
- ◆ determining state aid and credit reimbursement payments for each county, city, town, and special taxing district under a variety of statutory formulas, including Homestead and Agricultural Credit Aid (HACA), Local Government Aid (LGA), Market Value Credit Reimbursement Aid, and many other smaller programs.
- ◆ setting of the statewide general fund property tax rate for business and cabin properties.
- ◆ making aid payments by statutory deadlines each year.
- ◆ verifying and issuing state deeds for tax-forfeited property.
- ◆ determining levy limitations for cities, townships and counties.

Historical Perspective

Over the last decade, the Department has had to direct an ever greater portion of roughly flat budgets to technology and other priorities. This has diminished our ability to oversee the performance of county and city assessors. Recognizing this trend, the 2001 Legislature appropriated additional funds to strengthen this oversight as part of property tax reform. However, the added funds were quickly eroded by budget cuts enacted in the 2002 legislative session. These cuts came at a time when the proper classification and valuation of properties had become more important because of adoption of a statewide property tax levy. This levy is imposed on properties that are classified and valued by a host of county and city assessors. It contributes \$592 million annually to the state's General Fund, and has become an important component in the overall state revenue system.

REVENUE DEPT

Program: TAX SYSTEM MANAGEMENT

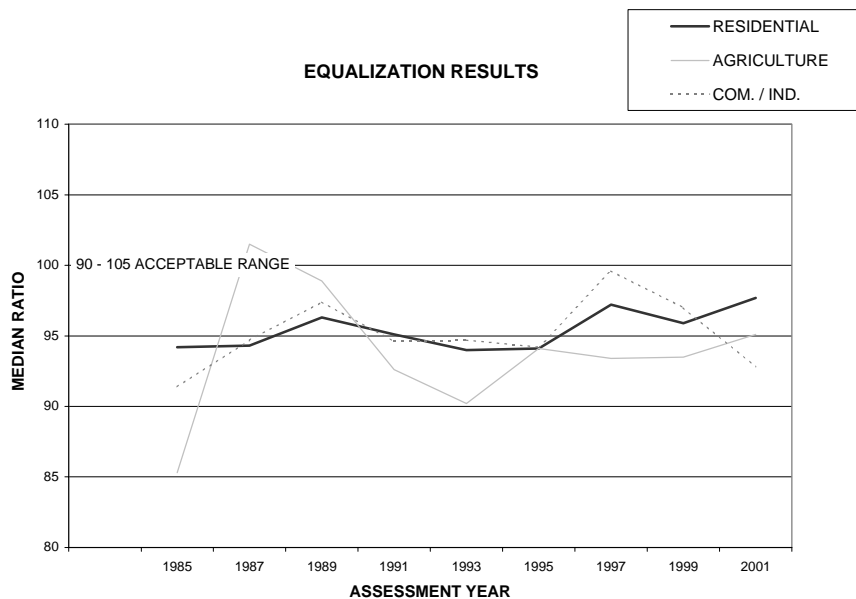
Activity: PROPERTY TAX & STATE AID SYS

Narrative

This activity's ability to gather property tax information quickly and efficiently is hindered by the reluctance of local governments and the division to aggressively invest in new technology and computer systems. However, the division is in the process of making internal system design improvements that should result in more timely gathering of property data and will facilitate the making of improvements in the administration of the property tax system.

Key Measures

The key measure for this activity is the assessment-to-sales ratio study. In valuing a property, assessors seek to estimate a value that is as close as possible to what the property would sell for in today's market. The division conducts an annual study for each of the state's 87 counties. The studies compare the selling price of all properties sold with the assessor's estimated market value of the property. The following table shows that Minnesota assessors have been estimating the value of residential, farm and commercial property at about 95.2% of its selling prices.

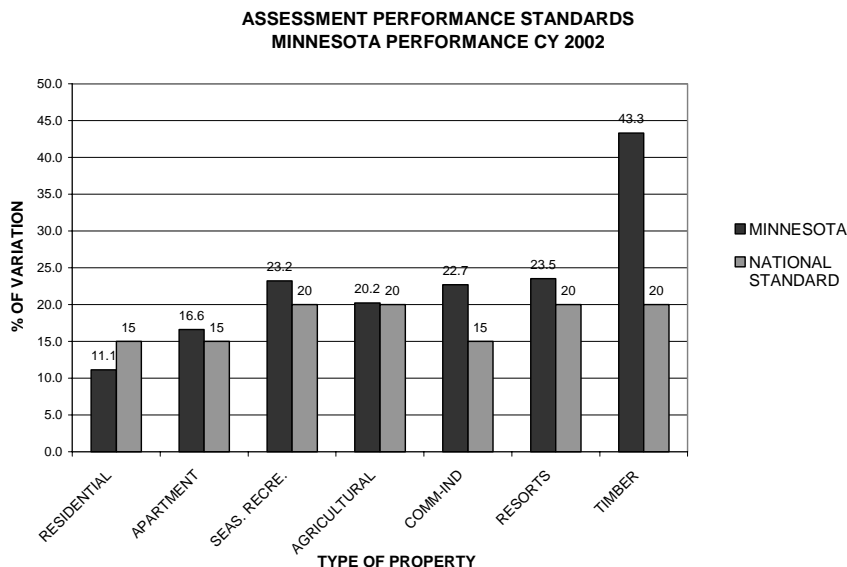


Using the sales ratio data, the following measure shows the degree of variation in individual assessments from the average for the various classes of property in Minnesota. It also compares that figure to the national standard established by the International Association of Assessing Officers. Overall, Minnesota assessors are fairly close to the national standard on farm property and actually beat the standard on residential property. Commercial-industrial and timber sales are difficult to estimate because the value tends to be different, depending on the type and use of the property. Since there are few resort properties (defined as nonhomesteaded commercial seasonal properties) in the state, the small sample size makes it difficult to accurately measure assessed value against actual sales.

REVENUE DEPT

Program: TAX SYSTEM MANAGEMENT
Activity: PROPERTY TAX & STATE AID SYS

Narrative



Administration of Local Government Aids:

The table on the following page details the payments made to local governments for a variety of property tax related aid and credit programs. In addition to the aid and credit payments to cities, counties, towns, and special jurisdiction, we have included other payments to individuals, schools, and local pension plans to give a more complete picture of how the state use its general fund to reduce local property tax burdens.

Please note: The amounts listed in table are not reflected in the Department of Revenue program budgets documents presented previously.

Activity Funding

The total budget for the biennium for the Property Aids & Administration budget activity is \$5.5 million, or approximately 3% of the department's total budget. Of this total, \$5.46 million (99.3%) comes from the General Fund, and \$41,000 (.7%) comes from special revenue funds for administering certificate of real estate value mailings.

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REVENUE DEPT**Program: TAX SYSTEM MANAGEMENT****Activity: PROPERTY TAX & STATE AID SYS**

Narrative

History of Property Tax Relief Payments

(dollars in 1000s)

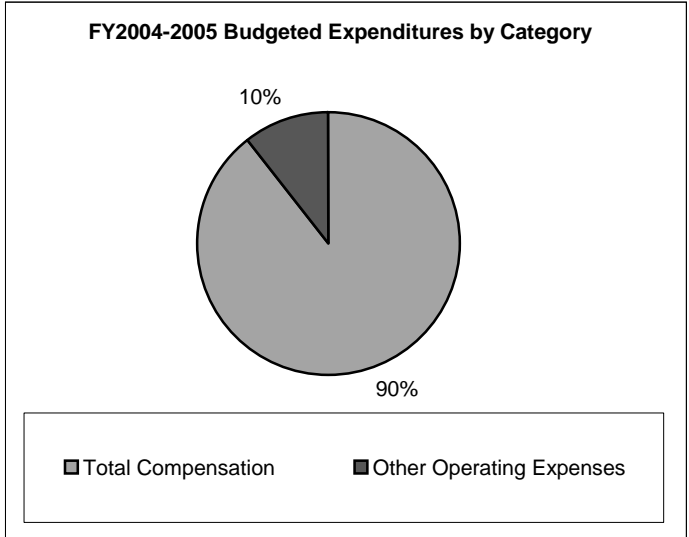
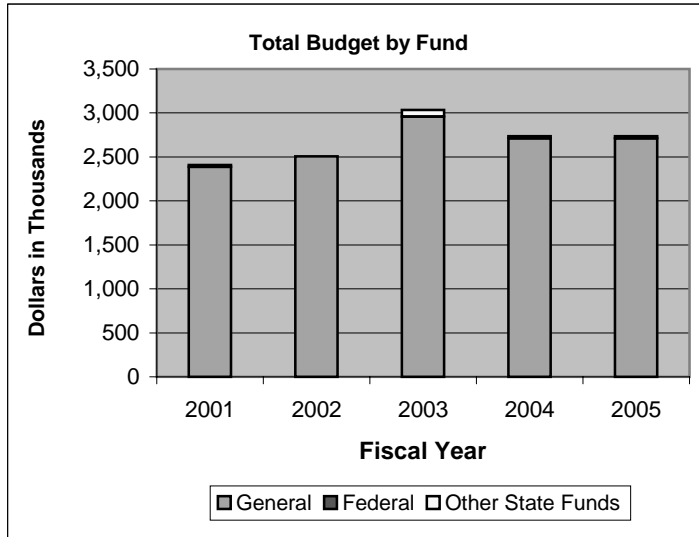
| Aid or Credit Name | 2001 Actual | 2002 Actual | 2003 Budgeted |
|---|--------------------|--------------------|----------------------|
| Payments to Cities, Counties, Towns and Special Jurisdictions | | | |
| AID TO LOCAL GOVERNMENT | 395,085 | 412,082 | 566,836 |
| RESIDENTIAL HMSTD MV CREDIT | - | - | 250,747 |
| HOMESTEAD AGR CREDIT AID-HACA | 471,634 | 470,327 | 207,358 |
| CRIMINAL JUSTICE AID | 29,411 | 30,575 | 31,490 |
| FAMILY PRESERVATION AID | 21,721 | 22,644 | 23,406 |
| AGRIC HMSTD MV CREDIT | - | - | 14,231 |
| DNR-PILT | - | 11,779 | 12,046 |
| DISPARITY REDUCTION AID | 13,022 | 13,015 | 9,516 |
| TACONITE AID REIMB | 1,120 | 1,131 | 2,649 |
| WASHBURN-CROSBY PROJECT | - | - | 2,600 |
| BORDER CITY CREDIT | 3,419 | 3,970 | 2,538 |
| ATTACHED MACHINERY AID | 2,382 | 2,382 | 2,382 |
| EXISTING LOW INC HOUSING AID | 614 | 1,697 | 1,711 |
| TIF DEFICIT AID | 1,020 | 1,988 | 1,631 |
| INDIAN CASINO COUNTY AID | 734 | 693 | 762 |
| PUBLIC DEFENDER COSTS | - | 285 | 480 |
| USED OIL & FILTER REFUND | 49 | 49 | 50 |
| DISASTER CREDIT/REV | - | 26 | 10 |
| ENTERPRISE ZONE CREDIT | 3 | 3 | 3 |
| REGIONAL TRANSIT BRD AID | 1,864 | 2,154 | - |
| FARM AID | 9 | 1 | - |
| CHARITY CARE AID | 10,000 | - | - |
| Subtotal | 952,087 | 974,801 | 1,130,446 |
| Payments to Schools | | | |
| RESIDTL HMSTD MV CREDIT-SCHOOL | - | - | 57,155 |
| EDUCATION HOMESTEAD CREDIT | 387,811 | 404,992 | 41,317 |
| DISPARITY REDUCTION AID-SCHOOL | 10,365 | 10,393 | 7,806 |
| EDUCATION AGRICULTURAL CREDIT | 41,381 | 54,199 | 5,512 |
| AGRIC HMSTD MV CREDIT-SCHOOL | - | - | 3,198 |
| HMSTD AGR CR AID-HACA-SCHOOL | 29,655 | 18,333 | 1,736 |
| ATTACHED MACHINERY AID-SCHOOL | 836 | 836 | 778 |
| BORDER CITY CREDIT-SCHOOL | 1,199 | 1,423 | 766 |
| AG PRESERVATION-SCHOOL | 305 | 143 | 163 |
| ENTERPRISE ZONE CREDIT-SCHOOL | 1 | 1 | 2 |
| DISASTER CREDIT/REV (SCHOOL) | - | 8 | 1 |
| Subtotal | 471,553 | 490,328 | 118,434 |
| Payments to Individuals | | | |
| RENTERS CREDIT | 115,389 | 118,961 | 127,411 |
| PROPERTY TAX REFUND | 68,189 | 72,851 | 85,300 |
| PROPERTY TAX REFUND - TARGETED | 1,163 | 3,293 | 622 |
| Subtotal | 184,741 | 195,105 | 213,333 |
| Pension Related Payments (payments made to jurisdiction or pension plan) | | | |
| AID TO POLICE & FIRE | 59,391 | 56,228 | 60,762 |
| 1ST CLASS CITY TEACHERS ST AID | 16,267 | 16,267 | 15,781 |
| PERA RATE INCREASE LOCAL AID | 14,774 | 14,586 | 14,586 |
| LOCAL POLICE & FIRE AMORT AID | 9,461 | 11,062 | 14,385 |
| MPLS PENSIONS/RETIREMENT | 3,774 | 3,232 | 4,510 |
| MPLS TEACHERS STATE AID | 2,472 | 2,440 | 2,500 |
| Subtotal | 106,139 | 103,815 | 112,524 |
| Total | 1,714,520 | 1,764,049 | 1,574,737 |

REVENUE DEPT

Program: **TAX SYSTEM MANAGEMENT**

Activity: **PROPERTY ADMINISTRATION & AIDS**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------------------|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 2,387 | 2,506 | 2,957 | 2,711 | 2,711 | 5,422 | -41 | -0.8% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 22 | 0 | 76 | 25 | 25 | 50 | -26 | -34.2% |
| Total | 2,409 | 2,506 | 3,033 | 2,736 | 2,736 | 5,472 | -67 | -1.2% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 2,106 | 2,215 | 2,664 | 2,449 | 2,449 | 4,898 | 19 | 0.4% |
| Other Operating Expenses | 303 | 291 | 369 | 287 | 287 | 574 | -86 | -13.0% |
| Total | 2,409 | 2,506 | 3,033 | 2,736 | 2,736 | 5,472 | -67 | -1.2% |

| | | | | | | | | |
|---------------------------------|----------|----------|-----------|-----------|-----------|-----------|-----------|---------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Special Revenue | 0 | 0 | 24 | 24 | 24 | 48 | 24 | 100.0% |
| Subtotal Dedicated | 0 | 0 | 24 | 24 | 24 | 48 | 24 | 100.0% |
| Total Revenue | 0 | 0 | 24 | 24 | 24 | 48 | 24 | 100.0% |

| | | | | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|--|--|-------------|
| Full-Time Equivalents (FTE) | 35.7 | 35.9 | 34.0 | 32.3 | 30.6 | | | 0.0% |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|--|--|-------------|

Activity Description

The compliance activity administers and enforces Minnesota's 28 individual and business taxes. These taxes raise \$13.3 billion annually, which amounts to 60% of the state's total revenue.

Population Served

- ⇒ 3.5 million individual income tax payers
- ⇒ 177,000 employers that withhold tax and 189 third-party bulk withholding filers
- ⇒ 489,200 property tax refund claimants
- ⇒ 8,000 tax preparers
- ⇒ 245,000 businesses that collect and remit sales and use tax
- ⇒ 55,000 corporations, 74,000 S corporations, and 40,000 partnerships
- ⇒ 50,000 fiduciary and 1,900 estate taxpayers
- ⇒ 800 petroleum product distributors
- ⇒ 70 cigarette and 150 tobacco distributors
- ⇒ 50 wine and 6 liquor distributors; 93 brewers and beer importers, and 15 alcohol commercial carriers
- ⇒ 1,800 insurance companies
- ⇒ 8,000 hospitals, health care providers and prescription drug wholesalers
- ⇒ 1,500 organizations that conduct lawful gambling, and 20 gambling equipment distributors
- ⇒ 8,000 hazardous waste generators and 900 solid waste management services
- ⇒ Six mining companies
- ⇒ 250 dry cleaning facilities
- ⇒ 15 furriers
- ⇒ County attorneys and other law enforcement agencies

This activity also administers local option sales and use tax on behalf of 10 cities and one county.

Services Provided

This activity ensures that individuals and businesses pay the proper amount of tax by:

- ◆ informing taxpayers of their obligations and rights;
- ◆ providing paper and web-based forms and instructions;
- ◆ responding to e-mail, written and telephone inquiries;
- ◆ conducting audits to identify and resolve tax filing and payment discrepancies, detect tax evasion, and measure levels of compliance; and
- ◆ interpreting laws and making recommendations for law changes.

Historical Perspective

A study commissioned by the agency in 2002 reveals that the gap between the amount of sales and use tax Minnesota businesses pay and the amount they should be paying is about \$400 million. Similar data available from the Internal Revenue Service (IRS) suggests that the gap between the income taxes Minnesotans pay and the amount they should pay may be approaching \$1 billion per year. In an effort to close these tax gaps and those of other taxes, the legislature in its 2001 and 2002 sessions appropriated funds for three initiatives to detect non-filers and identify underreported income. Although these initiatives will not be concluded until the end of the current biennium, they are already yielding much more in proceeds than year-to-date expectations, a further indication that there is a substantial gap between the amount of tax paid and the amount that should be paid.

In recent years, due to relatively flat funding and the need to replace outdated computer systems, the agency's resources have been shifted from tax audit and other compliance activities. In 2001 and 2002, the legislature

Activity at a Glance

- ◆ Answers over one million phone calls
- ◆ Conducts over 35,000 audits
- ◆ Provides tax forms, instructions, and other tax information to more than 4 million taxpayers
- ◆ Responds to about 27,000 e-mail inquiries from taxpayers

REVENUE DEPT

Program: TAX SYSTEM MANAGEMENT

Activity: TAX COMPLIANCE

Narrative

provided funds for three new tax enforcement initiatives – the first focused on the identifying of both individual and business non-filers and the next two initiatives expanded existing tax audit programs aimed at detecting tax avoidance. By funding these initiatives, the legislature has realigned the agency resources to focus more on direct compliance activities.

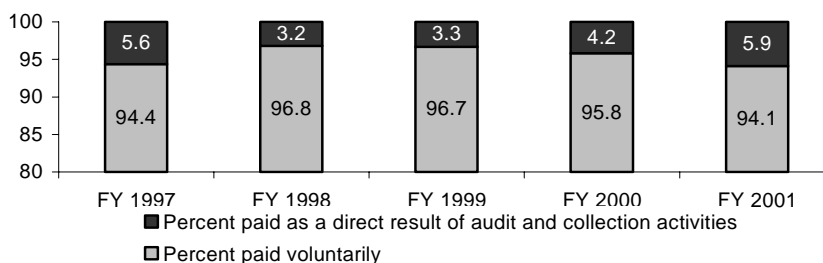
While tax compliance activities are generating substantial revenue, uncovering tax evasion remains a difficult task due to the growing complexity of business transactions and tax laws. In turn, tax audits are increasingly complex – and therefore more time-consuming and expensive. Several factor account for the growing complexity, cost and time of compliance audits including:

- ⇒ More and more, taxpayers are seeking to reduce the tax they must pay by challenging state tax laws. Simultaneously, tax law and accounting firms have become aggressive in soliciting clients by offering to challenge state tax laws and the department's interpretations of the laws.
- ⇒ Business and individual tax laws are growing more complex. As the number of tax credits, deductions and special provisions grows, more records must be requested and sorted through during the course of an audit—which increases the complexity, the length of time, and expense of conducting the audit.
- ⇒ Businesses are converting their records from paper to electronic format, which necessitates more training for our employees to enable them to understand and access various computer systems to ensure the accuracy of the systems, as well as the transactions.
- ⇒ As businesses convert from paper to electronic records, they are reducing the types of information included in the records. With less data per transaction for employees to review, it is becoming more difficult to determine the accuracy of transactions.
- ⇒ An increasing number of consolidations and mergers among businesses have resulted in the merging of computer systems, making it more difficult to identify transactions and determine who is responsible for paying the tax.
- ⇒ More and more businesses have become national and international, increasing the number of interstate and trans-national transactions. As more of these transactions are made through mail-order catalogues, telephones and the internet, it is more difficult and expensive for the activity to identify them and determine who is responsible for paying the taxes.
- ⇒ Significant growth in the state's economy has increased the number of retail businesses from 178,000 in 1995 to 245,000 in 2002 – an increase of 38% in seven years. This growth has required us to redirect resources from audit activities to telephone and other informational services to accommodate the new businesses. Also, this growth has increased the number of applications for refunds of sales tax on purchases of capital equipment that we must process and audit.

Key Measures

During FY 2001, 94% of total receipts were paid voluntarily by taxpayers without further audit or compliance activities.

Voluntary Compliance



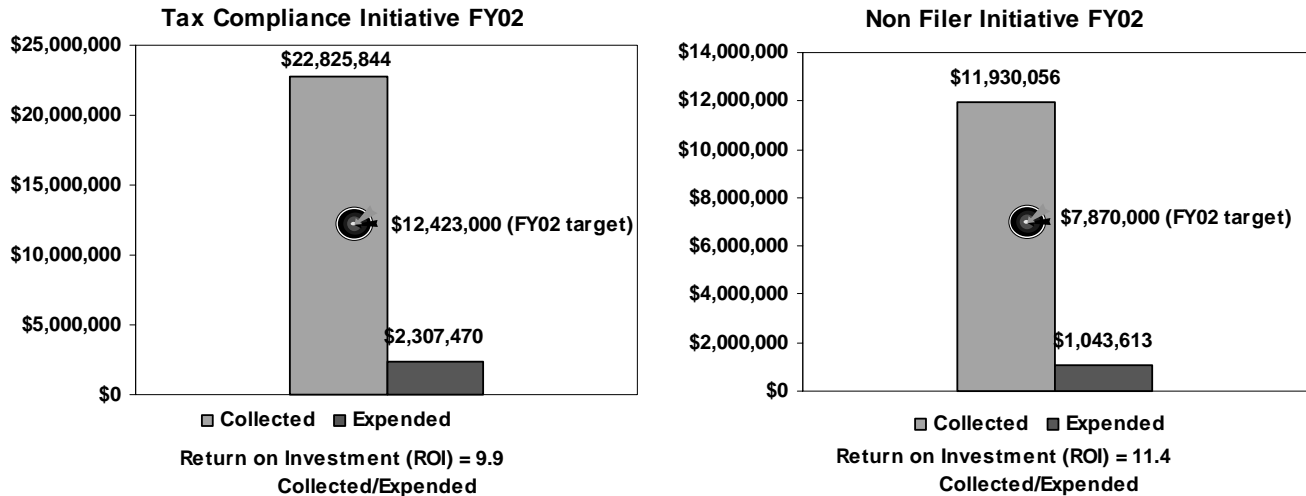
REVENUE DEPT

Program: TAX SYSTEM MANAGEMENT

Activity: TAX COMPLIANCE

Narrative

The special compliance initiatives funded in 2001 have exceeded our targeted revenue goals. They illustrate the very favorable return on investment (revenues/expenditures) of compliance related activities.



Activity Funding

The total budget of the tax compliance activities of the department is approximately \$77.3 million. This represents approximately 39% of the department's total budget. The biennial budget for the tax compliance budget activity includes \$63.2 million (81.8%) from General Fund, \$7.9 million (10.2%) from dedicated funds and \$ 6.2 million (8%) from special revenue funds for administering the Local Option Sales Tax and Cigarette Stamp account activities.

Contact

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Link to Agency

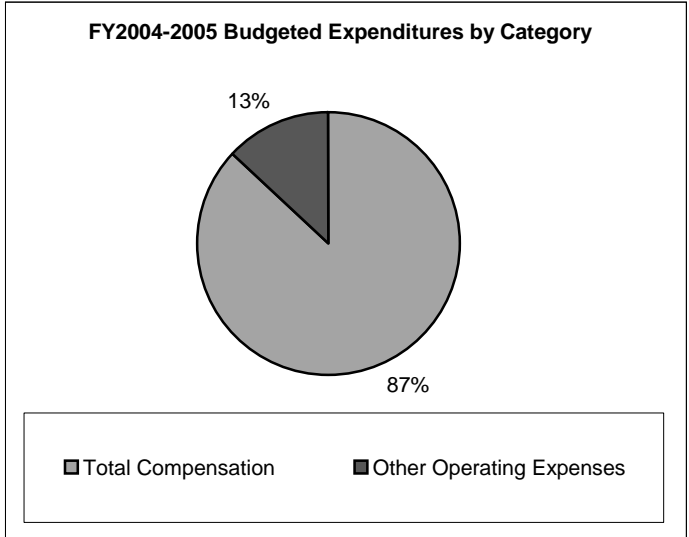
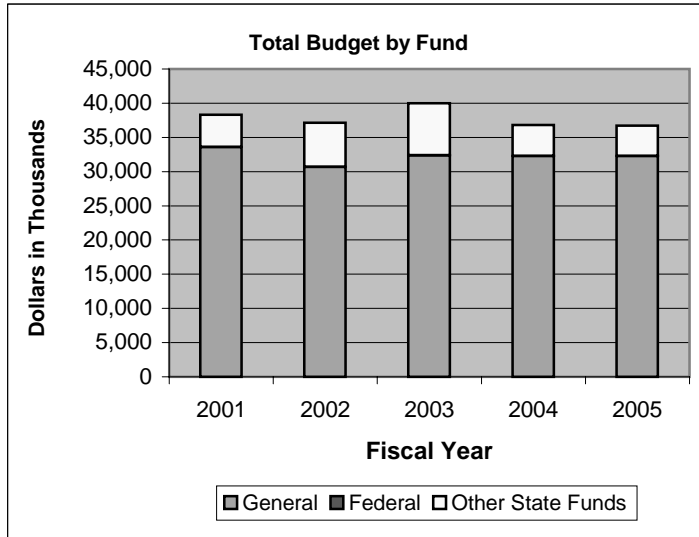
Web site: <http://www.taxes.state.mn.us>

REVENUE DEPT

Program: TAX SYSTEM MANAGEMENT

Activity: TAX COMPLIANCE

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 33,602 | 30,686 | 32,348 | 32,262 | 32,262 | 64,524 | 1,490 | 2.4% |
| Health Care Access | 1,553 | 1,057 | 1,720 | 1,396 | 1,396 | 2,792 | 15 | 0.5% |
| Special Revenue | 0 | 2,617 | 2,283 | 0 | 0 | 0 | -4,900 | -100.0% |
| Highway Users Tax Distribution | 2,165 | 1,944 | 2,516 | 2,183 | 2,183 | 4,366 | -94 | -2.1% |
| Environmental | 193 | 133 | 260 | 200 | 110 | 310 | -83 | -21.1% |
| Solid Waste | 226 | 140 | 196 | 168 | 168 | 336 | 0 | 0.0% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 557 | 583 | 672 | 622 | 622 | 1,244 | -11 | -0.9% |
| Total | 38,296 | 37,160 | 39,995 | 36,831 | 36,741 | 73,572 | -3,583 | -4.6% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 25,539 | 26,402 | 31,387 | 32,053 | 31,990 | 64,043 | 6,254 | 10.8% |
| Other Operating Expenses | 12,747 | 10,757 | 8,608 | 4,778 | 4,751 | 9,529 | -9,836 | -50.8% |
| Capital Outlay & Real Property | 10 | 1 | 0 | 0 | 0 | 0 | -1 | -100.0% |
| Total | 38,296 | 37,160 | 39,995 | 36,831 | 36,741 | 73,572 | -3,583 | -4.6% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------|-------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 1,222 | 1,416 | 1,410 | 1,410 | 1,410 | 2,820 | -6 | -0.2% |
| Subtotal Non Dedicated | 1,222 | 1,416 | 1,410 | 1,410 | 1,410 | 2,820 | -6 | -0.2% |
| Dedicated | | | | | | | | |
| Special Revenue | 143 | 162 | 180 | 180 | 180 | 360 | 18 | 5.3% |
| Subtotal Dedicated | 143 | 162 | 180 | 180 | 180 | 360 | 18 | 5.3% |
| Total Revenue | 1,365 | 1,578 | 1,590 | 1,590 | 1,590 | 3,180 | 12 | 0.4% |

| | | | | | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Full-Time Equivalents (FTE) | 434.9 | 436.4 | 420.9 | 398.0 | 381.2 |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|

REVENUE DEPT

Program: TAX SYSTEM MANAGEMENT

Activity: TECHNOLOGY DEV & SUPPORT

Narrative

Activity Description

This activity oversees the development and maintenance of the department's computer systems for all of the 28 tax types for which the department is responsible, and maintains more than 170 computer applications on 15 different platforms serving more than 1,150 employees. It is responsible for strategic planning for developing and integrating technologies and systems into business operations; for computer systems development; for information security and data privacy; and for the day-to-day maintenance of the agency's computer network, systems, and equipment.

Activity at a Glance

- ◆ 1,150 employees served in 15 different office locations
- ◆ Approximately \$15 million annual operating budget
- ◆ 170 computer applications on 15 different platforms
- ◆ 2.4 million web visitors
- ◆ over two million electronic filing and payment transactions annually

Population Served

This activity serves policymakers, all citizens and businesses that interact with or are served by our tax systems, local units of government, other state agencies, and about 1,150 department employees.

Services Provided

The information technology activity is responsible for:

- ◆ Strategic planning for aligning technologies and systems with the business needs of the agency.
- ◆ Systems development, implementation and maintenance.
- ◆ Ensuring that department information systems and networks are efficient, reliable, accessible and responsive to the needs of users and customers.
- ◆ Ensuring the security of all computer applications and privacy of data.
- ◆ Providing leadership to the agency business systems planning team, which is the department's process for aligning and integrating business needs with computer operations and systems.
- ◆ Monitoring investments in computer applications, projects and systems.

Historical Perspective

In the last decade, the department has been in the process of transforming its tax processing from mainframe systems that supported internal, paper-based, procedures to integrated, web-based electronic filing and paying systems. For taxpayers, these new systems mean faster, easier and more convenient and accurate filing and paying. However, these systems are complex and more expensive to develop, maintain and support, in part because they must be available 24 hours a day, seven days per week. To achieve this transformation, the department shifted funds from other activities. Since 1996, our annual information technology (IT) investment has increased 60%, from \$9.3 million to \$14.9 million. However, recent budget cuts have reduced our budget by 10%, or \$3.1 million, for the biennium. This cut restricts our ability to complete the planned migration of information and processing systems from outdated mainframe applications, and impairs our ability to maintain and support our current web-based systems.

Key Measures

To measure our success in implementing information technology solutions, we conducted a self-assessment using *Governing* magazine's information technology evaluation criteria for state-level assessment. We made some minor modifications to the criteria to make the measure more appropriate to our situation:

1. Do program and agency-level information technology systems provide information that adequately supports managers' needs and strategic goals? **Grade: B-**
2. Do department information technology systems form a coherent architecture and are strategies in place to support present and future coherence in architecture? **Grade: C+**
3. Does the agency conduct meaningful multi-year technology planning, including: an information technology planning process that is sufficiently centralized; providing managers appropriate input into the planning process; creating government-wide and agency IT plans? **Grade: A-**
4. Is information technology training adequate for end-users and technology specialists? **Grade: B**

REVENUE DEPT

Program: TAX SYSTEM MANAGEMENT

Activity: TECHNOLOGY DEV & SUPPORT

Narrative

5. Can we evaluate and validate the extent to which information technology system benefits justify investment? **Grade: B-**
6. Can needed IT systems be procured in a timely manner with appropriate controls to prevent going over budget? **Grade: C+**
7. Do IT systems support the agency's ability to communicate with and provide services to its citizens? **Grade: B-**

Activity Funding

The total biennial budget for this activity is \$30.5 million, or approximately 15% of the department's total biennial budget. Of the total biennial budget for our technology development, operation and support activities, \$28.7 million (94%) comes from General Fund tax dollars, \$244,000 (.8%) comes from dedicated funds and \$ 1.6 million (5.2%) comes from special revenue funds for administering the Local Option Sales Tax and the Revenue Recapture program.

Contact

Steve Stedman,

Chief Information Officer

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Link to Agency

Web site: <http://www.taxes.state.mn.us>

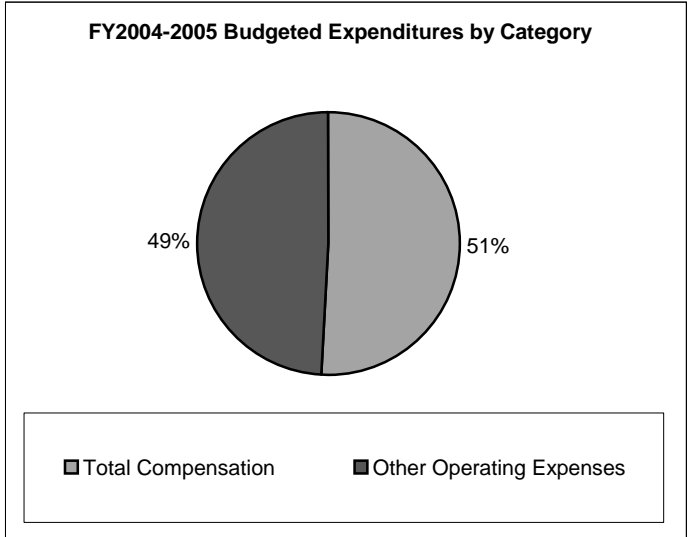
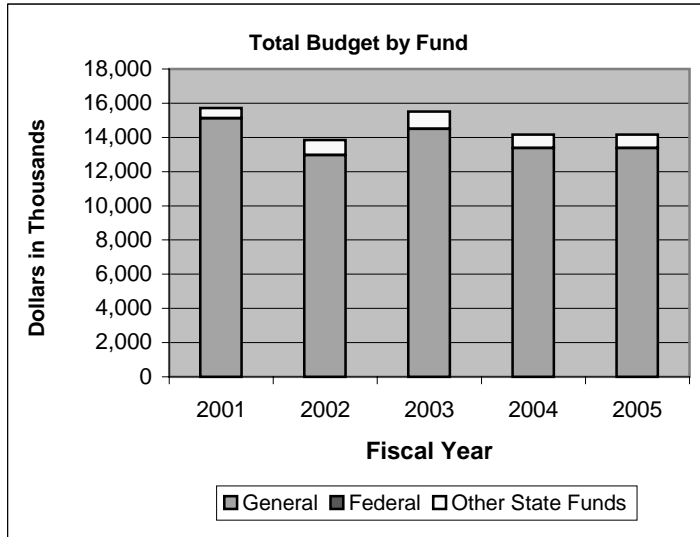
For information on DOR's Strategic Information Resource Management Plan for 2004-05, please refer to <http://www.advstr.com/sirmp/sirmp.cfm>.

REVENUE DEPT

Program: **TAX SYSTEM MANAGEMENT**

Activity: **TECHNOLOGY DEV & SUPPORT**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------|--------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 | |
| Direct Appropriations | | | | | | | | |
| General | 15,122 | 12,962 | 14,509 | 13,374 | 13,374 | 26,748 | -723 | -2.6% |
| Health Care Access | 50 | 50 | 50 | 50 | 50 | 100 | 0 | 0.0% |
| Special Revenue | 0 | 0 | 100 | 0 | 0 | 0 | -100 | -100.0% |
| Highway Users Tax Distribution | 54 | 54 | 54 | 54 | 54 | 108 | 0 | 0.0% |
| Solid Waste | 18 | 18 | 18 | 18 | 18 | 36 | 0 | 0.0% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 473 | 771 | 775 | 661 | 661 | 1,322 | -224 | -14.5% |
| Total | 15,717 | 13,855 | 15,506 | 14,157 | 14,157 | 28,314 | -1,047 | -3.6% |
| Expenditures by Category | | | | | | | | |
| Total Compensation | 5,282 | 6,097 | 7,396 | 7,208 | 7,208 | 14,416 | 923 | 6.8% |
| Other Operating Expenses | 10,435 | 7,758 | 8,110 | 6,949 | 6,949 | 13,898 | -1,970 | -12.4% |
| Total | 15,717 | 13,855 | 15,506 | 14,157 | 14,157 | 28,314 | -1,047 | -3.6% |
| Full-Time Equivalents (FTE) | | | | | | | | |
| | 65.6 | 70.9 | 63.9 | 60.7 | 57.5 | | | |

Program Description

The functions of the Accounts Receivables Management activity are carried out by the Department of Revenue's Minnesota Collection Enterprise (MCE). The Minnesota Collection Enterprise (MCE) collects debt – both tax and non-tax – owed to various state agencies and boards by individuals and corporations. The collection of debt owed to state agencies was consolidated into this single unit in the Department of Revenue beginning in 1995.

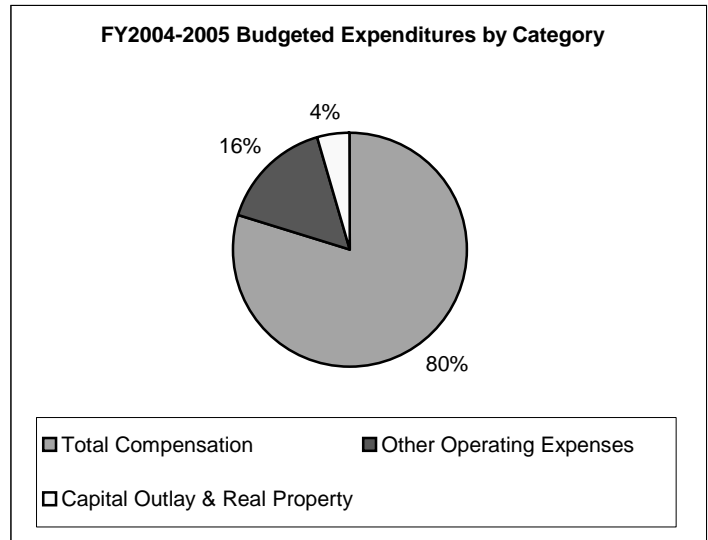
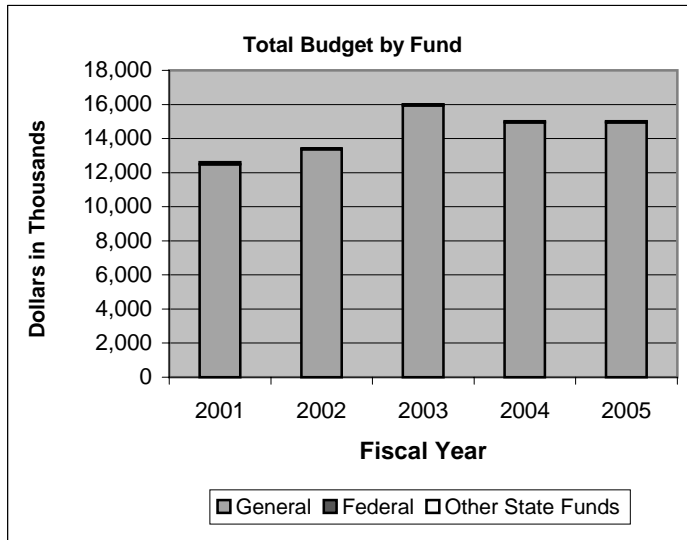
Budget Activities Included:

⇒ Minnesota Collection Enterprise

REVENUE DEPT

Program: **ACCOUNTS RECEIVABLE MGMT**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|-----------------|-------------------|-------------------|
| | Actual | Actual | Budgeted | Base | Biennium | Biennial Change | | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | 2004-05 / 2002-03 | Dollars Percent |
| Direct Appropriations | | | | | | | | |
| General | 11,008 | 11,416 | 13,882 | 13,042 | 13,042 | 26,084 | 786 | 3.1% |
| Health Care Access | 65 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Open Appropriations | | | | | | | | |
| General | 1,470 | 1,941 | 2,050 | 1,900 | 1,900 | 3,800 | -191 | -4.8% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 70 | 69 | 76 | 74 | 74 | 148 | 3 | 2.1% |
| Total | 12,613 | 13,426 | 16,008 | 15,016 | 15,016 | 30,032 | 598 | 2.0% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 10,169 | 10,410 | 12,583 | 11,952 | 11,952 | 23,904 | 911 | 4.0% |
| Other Operating Expenses | 1,807 | 2,121 | 2,764 | 2,403 | 2,403 | 4,806 | -79 | -1.6% |
| Capital Outlay & Real Property | 637 | 895 | 661 | 661 | 661 | 1,322 | -234 | -15.0% |
| Total | 12,613 | 13,426 | 16,008 | 15,016 | 15,016 | 30,032 | 598 | 2.0% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|------------|-------------|
| Expenditures by Activity | | | | | | | | |
| Minn Collections Enterprise | 12,613 | 13,426 | 16,008 | 15,016 | 15,016 | 30,032 | 598 | 2.0% |
| Total | 12,613 | 13,426 | 16,008 | 15,016 | 15,016 | 30,032 | 598 | 2.0% |

| | | | | | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Full-Time Equivalents (FTE) | 184.2 | 179.8 | 170.5 | 161.6 | 153.2 |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|

REVENUE DEPT

Program: ACCOUNTS RECEIVABLE MGMT

Activity: MINN COLLECTIONS ENTERPRISE

Narrative

Activity Description

The Minnesota Collection Enterprise (MCE) activity manages the collection of delinquent tax and non-tax debts on behalf of state agencies and other public entities.

Population Served

Taxpayers, tax administrators, legislators and staff, tax professionals, public policymakers, local elected officials, state agencies, local government, trade associations and businesses.

Activity at a Glance

- ◆ Manages 100,000 active accounts receivable cases totaling \$300 million
- ◆ Manages 40,000 active non-tax accounts receivable cases totaling \$95 million
- ◆ Collected \$174 million in accounts receivable in FY 2002

Services Provided

MCE collects 171 types of fees, fines, taxes, and payments for:

- ⇒ **Fifteen State Agencies.** These include the department's of Administration, Agriculture, Corrections, Commerce, Economic Security, Health, Human Rights, Human Services, Labor and Industry, Military Affairs, Natural Resources, Public Safety, Revenue, Transportation, Veterans Affairs, and the Pollution Control Agency.
- ⇒ **Three District Courts.** These include the District Courts Ramsey, St. Louis and Stearns Counties.
- ⇒ **Four State Boards.** These include the State Campaign Finance Disclosure Board, State Board of Client Security, Iron Range Resource Rehabilitation Board, and the State Veterans Home Board.
- ⇒ **Two Public Employee Retirement Associations.** These are the Minnesota State Retirement System, and the Public Employees Retirement Association.
- ⇒ **Six Independent State Government Entities.** These include the Attorney General's Office, the Secretary of State's Office, the Minnesota Indian Affairs Council, the Higher Education Service Organization, the Minnesota State Lottery, and the Minnesota State Colleges and Universities system.

MCE's collection services include locating the debtor, billing, contacting the debtor by telephone, arranging and receiving payment immediately or through payment plans, monitoring payment plans, locating and evaluating assets, issuing liens and levies, and seizing assets. Other services to agencies include consulting on effective debt management and productive collection practices, and evaluation of the collection potential of the debt.

Historical Perspective

MCE has always been responsible for the collection of delinquent taxes owed to the Department of Revenue. Starting in 1993, MCE's responsibilities were expanded to include debt collection of other state delinquencies owed to other state agencies and boards. Today, of the total \$174.4 million collected annually, approximately \$10.1 million is collected on behalf of non-tax debt clients. The cost of collecting non-tax debt is recovered through fees assessed against the debtors. Currently, the fee is 15% of the collected monies, with an additional 10% charged if legal action is required to collect the debt.

The amount of tax debt owed Minnesota has climbed from \$270 million in FY 2000 to nearly \$400 million in FY 2002. This dramatic increase is partly the result of discontinuing the bad debt write-off program; however, pressures on individuals and businesses related to the recent economic downturns have also taken their toll. While the activity is working hard to close the gap between what is owed and what is collected, the growth in delinquent taxes continues to outpace our resources.

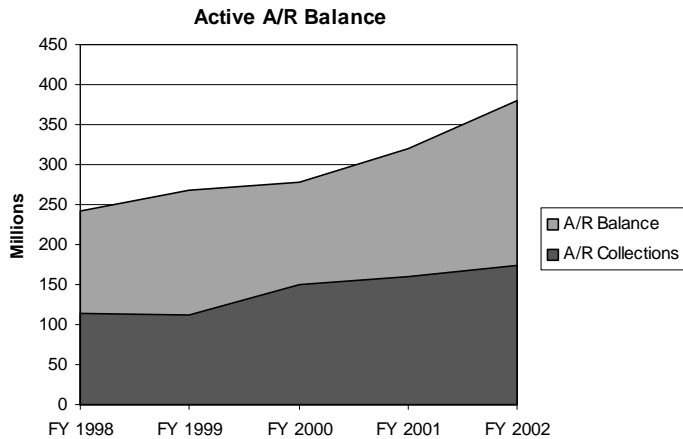
In 2001 and 2002, the legislature funded new compliance related initiatives at the department. Part of this new initiatives funding supplements the work of MCE.

REVENUE DEPT

Program: ACCOUNTS RECEIVABLE MGMT

Activity: MINN COLLECTIONS ENTERPRISE

Narrative



Key Measures

- ◆ **FY 2002 Overall Return on Investment:** **\$14.7:1**
 - Tax collections \$17.8:1
 - Non-tax collections \$ 4.2:1
 - 2001/2002 Initiatives \$18.9:1
- ◆ **Total Dollars Collected:** **\$174.4 million**
 - Tax collections 137.5 million
 - Non-tax collections 10.1 million
 - 2001/2002 Initiatives 26.7 million
- ◆ **Total Cases Closed:** **121,224**
 - Tax cases 91,385
 - Non-tax cases 29,839

Activity Funding

The total biennial budget for Minnesota Collection Enterprise is \$25.4 million, or roughly 13% of the Department of Revenue's budget. Of the total biennial budget for the MCE budget activity, \$25.3 million (99.5%) comes from General Fund tax dollars, \$145,000 (.5%) comes from special revenue funds for administering the Local Option Sales Tax program.

Contact

For additional information regarding MCE contact:

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Minnesota Collection Enterprise
(651) 296-1905

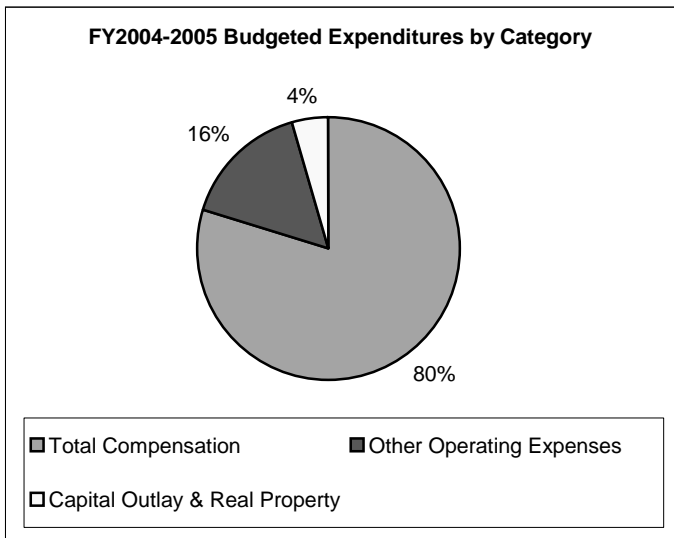
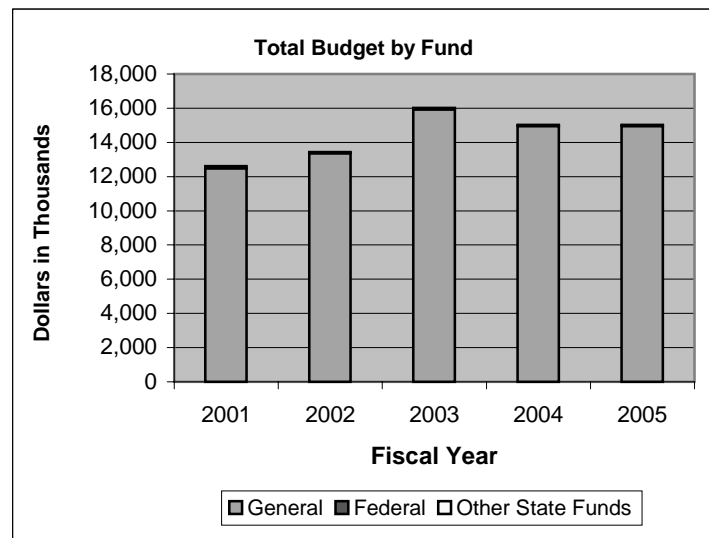
lynn.willenbring@state.mn.us

REVENUE DEPT

Program: **ACCOUNTS RECEIVABLE MGMT**

Activity: MINN COLLECTIONS ENTERPRISE

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 | |
| Direct Appropriations | | | | | | | Dollars | Percent |
| General | 11,008 | 11,416 | 13,882 | 13,042 | 13,042 | 26,084 | 786 | 3.1% |
| Health Care Access | 65 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Open Appropriations | | | | | | | | |
| General | 1,470 | 1,941 | 2,050 | 1,900 | 1,900 | 3,800 | -191 | -4.8% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 70 | 69 | 76 | 74 | 74 | 148 | 3 | 2.1% |
| Total | 12,613 | 13,426 | 16,008 | 15,016 | 15,016 | 30,032 | 598 | 2.0% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 10,169 | 10,410 | 12,583 | 11,952 | 11,952 | 23,904 | 911 | 4.0% |
| Other Operating Expenses | 1,807 | 2,121 | 2,764 | 2,403 | 2,403 | 4,806 | -79 | -1.6% |
| Capital Outlay & Real Property | 637 | 895 | 661 | 661 | 661 | 1,322 | -234 | -15.0% |
| Total | 12,613 | 13,426 | 16,008 | 15,016 | 15,016 | 30,032 | 598 | 2.0% |

| | | | | | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Full-Time Equivalents (FTE) | 184.2 | 179.8 | 170.5 | 161.6 | 153.2 |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|

Agency Purpose

The Science Museum of Minnesota (SMM) is a statewide educational resource, operating the state's largest public museum and school outreach program serving all corners of Minnesota. Nearly one million people attend annually including 200,000 out-of-state visitors. SMM's mission is *to invite learners of all ages to experience their changing world through science.*

Core Functions

- ⇒ Stimulate public interest and lifelong learning in science and technology.
- ⇒ Create compelling and distinctive exhibits and educational learning experiences.
- ⇒ Build SMM as a major regional tourist destination.
- ⇒ Support the public school science curriculum.
- ⇒ Provide stewardship of the 1.75 million objects and artifacts in the collections.
- ⇒ Conduct research in environmental sciences and paleoecology.

Operations

- ⇒ SMM operates a still new 400,000 square foot public museum that offers programs in environmental science, physical science, paleontology, human biology and anthropology.
- ⇒ SMM serves 300,000 people in classes, and programs at the museum, around the Twin Cities and around the state.
- ⇒ SMM operates the Warner Nature Center and the St. Croix Watershed Research Station in Washington County.

Budget

FY 2003 Revenue Summary
 \$25.4 million unrestricted funds
 \$ 8.2 million restricted funds

Unrestricted revenues derive from the following sources:

Earned income 77 % State and county 7 %
 Private funding 9 % Interest income 7 %

At A Glance

Projected 2002-03 Expenses: \$33.6 million

76% for programs and operations
 13% for support services
 11% for marketing and development

Projected 2002-03 Service Impact:

920,000 visitors (30% increase over 99-00)
 369 FTE's

Geographic distribution of our visitors:

Within 13-county metro area 64%
 Greater Minnesota and out-of-state 36%

Visitor profile:

Families with children 60%
 School groups 20%
 Adults without children 20%

Contact

Science Museum of Minnesota
 120 West Kellogg Boulevard
 Saint Paul, Minnesota 55102

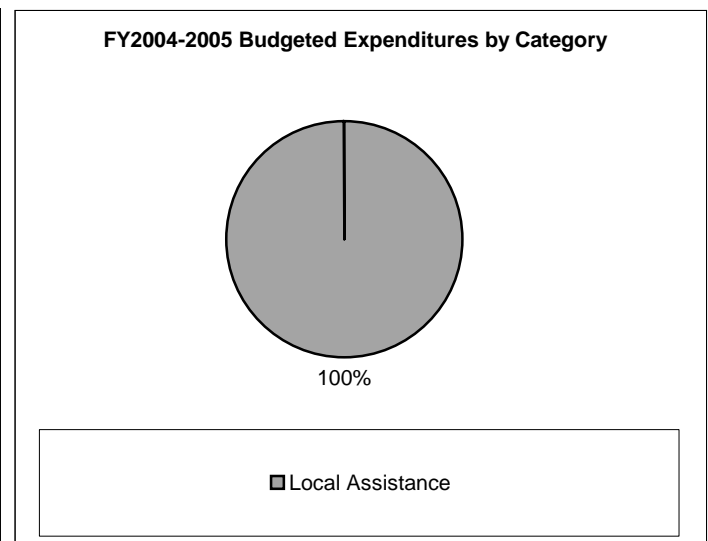
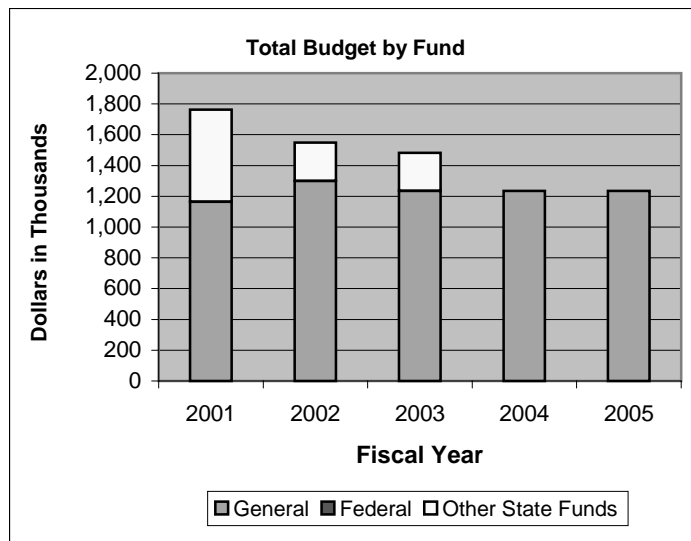
World Wide Web Home Page:

<http://www.smm.org>

Kathleen Wilson, Vice President, Planning and External Relations

Phone (651) 221-9499 Fax (651) 221-4525

kwilson@smm.org



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|--------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| Environment & Natural Resource | 600 | 248 | 247 | 0 | 0 | 0 | -495 | -100.0% |
| General | 1,164 | 1,300 | 1,235 | 1,235 | 1,235 | 2,470 | -65 | -2.6% |
| Total | 1,764 | 1,548 | 1,482 | 1,235 | 1,235 | 2,470 | -560 | -18.5% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|---------------|
| Expenditures by Category | | | | | | | | |
| Local Assistance | 1,764 | 1,548 | 1,482 | 1,235 | 1,235 | 2,470 | -560 | -18.5% |
| Total | 1,764 | 1,548 | 1,482 | 1,235 | 1,235 | 2,470 | -560 | -18.5% |

| | | | | | | | | |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|---------------|
| Expenditures by Program | | | | | | | | |
| Science Museum Of Minn | 1,764 | 1,548 | 1,482 | 1,235 | 1,235 | 2,470 | -560 | -18.5% |
| Total | 1,764 | 1,548 | 1,482 | 1,235 | 1,235 | 2,470 | -560 | -18.5% |

Agency Purpose

The Office of the Secretary of State serves the people of Minnesota by administering fair and honest elections; promoting citizen participation in government; facilitating commerce; and preserving for history the records entrusted to the office.

Core Functions

The core functions of the office are:

- ◆ the administration of elections;
- ◆ the recording of business documents regarding entities and financing statements for business loans;
- ◆ and the filing and preservation of the official documents of the state.

Operations

The Secretary of State, is the keeper of the great seal of the state of Minnesota and files and certifies the authenticity of a wide variety of official documents. These include gubernatorial proclamations, appointments and executive orders, the enrolled acts of the Minnesota Legislature, rules, and some municipal documents. The secretary also maintains a computerized version of the original land survey notes from the 1800s and township plat maps.

At A Glance

Total business filings in databases: 1,666,000

Registered voters in databases: 2,856,810

Customer transactions each year: 575,665 (2001)

Telephone calls answered at general lines each year: 182,000

Official documents filed: 4,916 (2001)

Open appointments administered: 2,132 members of 226 state agencies

General elections support:

1,800 township elections every year

856 city elections on a two-year cycle

343 school district elections on a two-year cycle

87 state and county elections on a two-year cycle

200 other elections on a two-year cycle

The **Business Services Division** registers a variety of business organizations including corporations, assumed business names, banks, insurance companies, limited liability companies, limited liability partnerships, and limited partnerships. Other business-related filings include trade and service marks, auctioneer's licenses, legal newspaper registrations, among others. The secretary also accepts service of process on businesses under certain specific circumstances.

The **Uniform Commercial Code Division** maintains a statewide-computerized network with county recorders so that the public may search Uniform Commercial Code records throughout the state from any filing office.

The **Elections Division** is responsible for administration of the Minnesota election law. In this capacity, the Secretary of State operates the statewide voter registration system and prepares the official roster of voters for every election conducted in Minnesota. Other election activities include certifying voting systems, conducting administrative recounts, accepting filings by candidates for multi-county offices, and training local election officials. The Secretary of State chairs the state canvassing board, which certifies the results of state elections.

Finally, the Secretary of State administers the **Open Appointments** process and publishes the *Minnesota Legislative Manual*, a compendium of federal, state and county government information.

Budget

During the FY 2002-03 budgeting biennium, the Secretary of State projects (as of May 31, 2002) collecting approximately \$21.7 million in fees and charges. The office has a revolving fund of approximately \$400,000 each fiscal year. The remainder of fees generated is deposited into the state General Fund. The legislature has appropriated \$14.7 million from this fund back to the Secretary of State to cover the office's biennial operating budget. Currently, there are 90 staff persons in the office.

Contact

Secretary of State
180 State Office Building
100 Constitution Avenue
St. Paul, Minnesota 55155

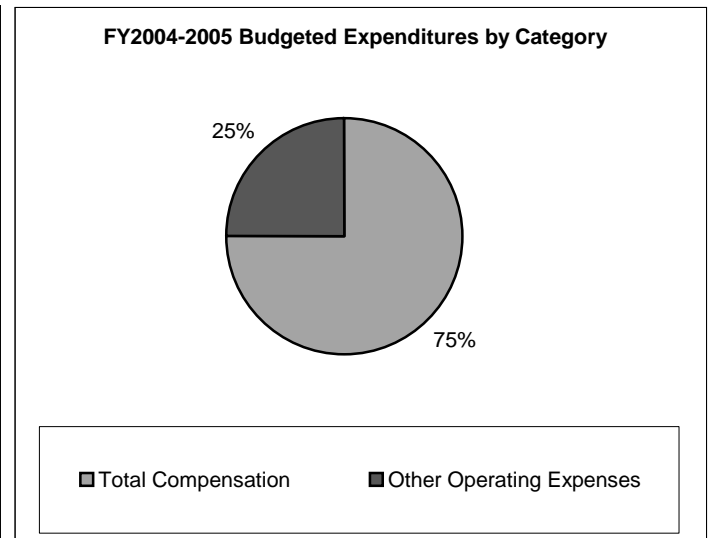
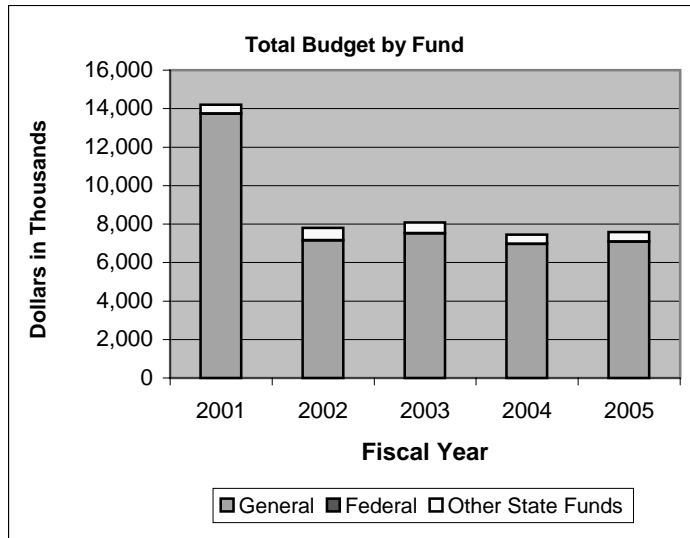
Web site: www.sos.state.mn.us

MN Relay Service; TTY: (800) 627-3529

Mary Kiffmeyer, Secretary of State

Phone: (651) 296-2803

Fax: (651) 297-7067



| <i>Dollars in Thousands</i> | | | | | | | | |
|---------------------------------|---------------|--------------|--------------|--------------|--------------|-----------------|-------------------|--------------|
| | Actual | Actual | Budgeted | Base | Biennium | Biennial Change | | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | 2004-05 / 2002-03 | |
| | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 13,742 | 7,158 | 7,518 | 6,966 | 7,086 | 14,052 | -624 | -4.3% |
| Statutory Appropriations | | | | | | | | |
| General | 3 | 1 | 4 | 4 | 5 | 9 | 4 | 80.0% |
| Special Revenue | 457 | 649 | 549 | 475 | 495 | 970 | -228 | -19.0% |
| Miscellaneous Agency | 0 | 0 | 4 | 3 | 3 | 6 | 2 | 50.0% |
| Total | 14,202 | 7,808 | 8,075 | 7,448 | 7,589 | 15,037 | -846 | -5.3% |

| | | | | | | | | |
|---------------------------------|---------------|--------------|--------------|--------------|--------------|---------------|-------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 4,293 | 4,971 | 5,293 | 5,591 | 5,667 | 11,258 | 994 | 9.7% |
| Other Operating Expenses | 9,771 | 2,835 | 2,782 | 1,857 | 1,922 | 3,779 | -1,838 | -32.7% |
| Capital Outlay & Real Property | 138 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Other Financial Transactions | 0 | 2 | 0 | 0 | 0 | 0 | -2 | -100.0% |
| Total | 14,202 | 7,808 | 8,075 | 7,448 | 7,589 | 15,037 | -846 | -5.3% |

| | | | | | | | | |
|--------------------------------|---------------|--------------|--------------|--------------|--------------|---------------|-------------|--------------|
| Expenditures by Program | | | | | | | | |
| Secretary Of State | 14,202 | 7,808 | 8,075 | 7,448 | 7,589 | 15,037 | -846 | -5.3% |
| Total | 14,202 | 7,808 | 8,075 | 7,448 | 7,589 | 15,037 | -846 | -5.3% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 3 | 10,528 | 11,197 | 12,232 | 13,325 | 25,557 | 3,832 | 17.6% |
| Cambridge Deposit Fund | 11,149 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 11,152 | 10,528 | 11,197 | 12,232 | 13,325 | 25,557 | 3,832 | 17.6% |
| Dedicated | | | | | | | | |
| General | 2 | 1 | 4 | 4 | 5 | 9 | 4 | 80.0% |
| Special Revenue | 399 | 474 | 455 | 475 | 495 | 970 | 41 | 4.4% |
| Miscellaneous Agency | 0 | 0 | 3 | 3 | 3 | 6 | 3 | 100.0% |
| Subtotal Dedicated | 401 | 475 | 462 | 482 | 503 | 985 | 48 | 5.1% |
| Total Revenue | 11,553 | 11,003 | 11,659 | 12,714 | 13,828 | 26,542 | 3,880 | 17.1% |

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|-----------------------------|------|------------------|------------------|--------------------|----------------|--------|---------------------|---|
| | 89.5 | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 Dollars Percent |
| | | 85.9 | 94.4 | 89.5 | 89.5 | | | |

Program Description

The Office of the Secretary of State serves the people of Minnesota by administering fair and honest elections; promoting citizen participation in government; facilitating commerce; and preserving for history the records entrusted to the office.

Population Served

The Office of the Secretary of State serves the people of Minnesota including the general public, businesses, lenders, law firms, 87 county auditors, and 87 county recorders.

Services Provided

The Secretary of State has several primary activities including administering Minnesota election laws. In this capacity, the secretary of state operates the statewide voter registration system and prepares the official roster of voters for every election conducted in Minnesota

Program at a Glance

Total business filings in database: 1,666,000

Registered voters in database: 2,856,810

Customer transactions each year: 575,665 (2001)

Telephone calls answered at general lines each year: 182,000

General elections support:

- ◆ 1,800 township elections every year
- ◆ 856 city elections on a two-year cycle
- ◆ 87 state and county elections on a two-year cycle
- ◆ 200 other elections on a two-year cycle

Other primary activities of the Secretary of State are to register a variety of business organizations including limited liability companies, limited liability partnerships, corporations, and assumed names; and to file financing statements and maintain a statewide-computerized network with county recorders so that the public may search Uniform Commercial Code records throughout the state from any filing office.

The Secretary of State's office responds to 182,000 telephone calls each year pertaining to business-related questions and to election-related questions such as eligibility, where to vote, and election results. The Secretary of State's office offers for sale to the general public lists of businesses and other information from its databases, and access via the web to its databases for businesses and Uniform Commercial Code filing information.

Key Measures

1. Voter Registration

Goal: Increase in number of registered voters

Measurement: Number of citizens registered to vote as entered in VEMS (voter and election management system)

| June 1999 | June 2000 | June 2001 | June 2002 | June 2003 | June 2004 |
|-----------|-----------|-----------|-----------|-----------|-----------|
| 2,740,026 | 2,747,459 | 2,859,906 | 2,861,489 | 2,911,000 | 2,916,000 |

2. Facilitate Commerce

Goal: Consistent, timely transaction processing (of filings received by mail)

Measurement: Average number of business days from receipt of business filing to entry into database.

| | FY 1999 | FY 2000 | FY 2001 | FY 2002 | FY 2003 | FY 2004 |
|-------------|---------|---------|---------|---------|----------|----------|
| Bus filings | 3 days | 3 days | 5 days | 3 days | 2 days | 1 day |
| | | | | | | |
| UCC filings | 2 days | 2 days | 2 days | 2 days | 1.5 days | 1.5 days |
| | | | | | | |

SECRETARY OF STATE

Program: SECRETARY OF STATE

Narrative

3. Access to Information and Services

Goal: Increase in the availability of information and services via the web

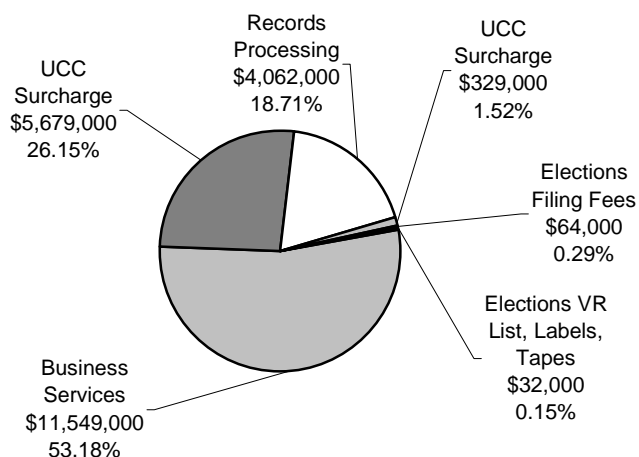
Measurement: web site activity –

Number of Direct Access client accounts, served via online filing

| | FY 1999 | FY 2000 | FY 2001 | FY 2002 | FY 2003 | FY 2004 |
|---|------------------------------|------------------------------|------------------------------|------------|------------|------------|
| Number of web site hits | N/A info not available | N/A info not available | 19,000,533 (est.) | 23,606,878 | 28,000,000 | 33,000,000 |
| No. of Direct Access Accounts | 453 old system via telephone | 450 old system via telephone | 482 old system via telephone | 956 | 1,200 | 1,350 |
| No. of Business Services web searches by name | N/A | N/A | N/A | 9,830 | 14,000 | 19,000 |
| No. of UCC searches by name | N/A | N/A | N/A | 75,512 | 90,000 | 105,000 |
| No. of database look-ups by filing number | N/A | N/A | N/A | 39,175 | 50,000 | 60,000 |
| No. of UCC web filings | 0 | 0 | 0 | 0 | 10,000 | 30,000 |

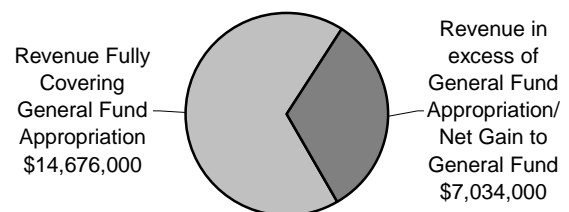
FY 2002-03 General Fund Fee Revenue Sources

Estimated Total Revenue: \$21.7



FY 2002-03 General Fund Fee Revenue Destination

Estimated Total Revenue: \$21.7



Program Funding

This agency is funded primarily through direct General Fund appropriations.

SECRETARY OF STATE

Program: SECRETARY OF STATE

Narrative

Contact

Secretary of State of Minnesota
180 State Office Building
100 Constitution Avenue
St. Paul, Minnesota 55155

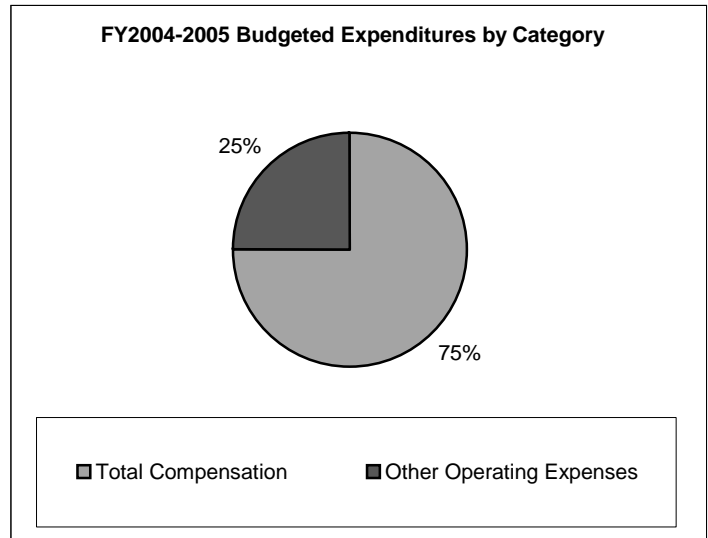
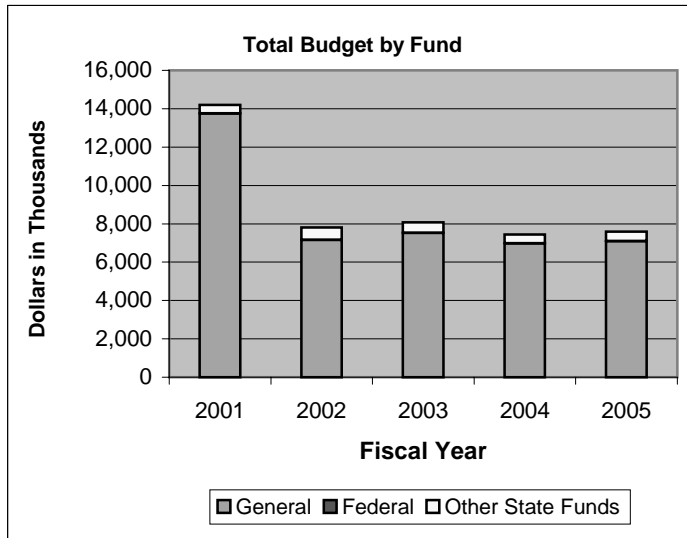
Web site: <http://www.sos.state.mn.us>
Minnesota Relay Services; TTY: (800) 627-3529

Mary Kiffmeyer, Secretary of State of Minnesota
Phone: (651) 296-2803
Fax: (651) 297-7067

SECRETARY OF STATE

Program: SECRETARY OF STATE

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 13,742 | 7,158 | 7,518 | 6,966 | 7,086 | 14,052 | -624 | -4.3% |
| Statutory Appropriations | | | | | | | | |
| General | 3 | 1 | 4 | 4 | 5 | 9 | 4 | 80.0% |
| Special Revenue | 457 | 649 | 549 | 475 | 495 | 970 | -228 | -19.0% |
| Miscellaneous Agency | 0 | 0 | 4 | 3 | 3 | 6 | 2 | 50.0% |
| Total | 14,202 | 7,808 | 8,075 | 7,448 | 7,589 | 15,037 | -846 | -5.3% |

| | | | | | | | | |
|---------------------------------|---------------|--------------|--------------|--------------|--------------|---------------|-------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 4,293 | 4,971 | 5,293 | 5,591 | 5,667 | 11,258 | 994 | 9.7% |
| Other Operating Expenses | 9,771 | 2,835 | 2,782 | 1,857 | 1,922 | 3,779 | -1,838 | -32.7% |
| Capital Outlay & Real Property | 138 | 0 | 0 | 0 | 0 | 0 | 0 | n.m. |
| Other Financial Transactions | 0 | 2 | 0 | 0 | 0 | 0 | -2 | -100.0% |
| Total | 14,202 | 7,808 | 8,075 | 7,448 | 7,589 | 15,037 | -846 | -5.3% |

| | | | | | | | | |
|---------------------------------|---------------|--------------|--------------|--------------|--------------|---------------|-------------|--------------|
| Expenditures by Activity | | | | | | | | |
| Administration | 5,989 | 2,880 | 2,851 | 2,633 | 2,682 | 5,315 | -416 | -7.3% |
| Operations | 7,464 | 4,175 | 4,277 | 3,929 | 3,934 | 7,863 | -589 | -7.0% |
| Elections | 749 | 753 | 947 | 886 | 973 | 1,859 | 159 | 9.4% |
| Total | 14,202 | 7,808 | 8,075 | 7,448 | 7,589 | 15,037 | -846 | -5.3% |

SECRETARY OF STATE

Program: SECRETARY OF STATE

Fiscal Report

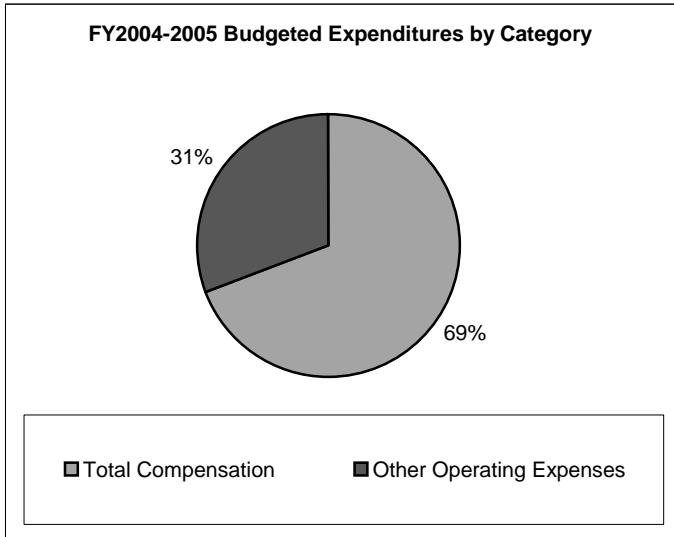
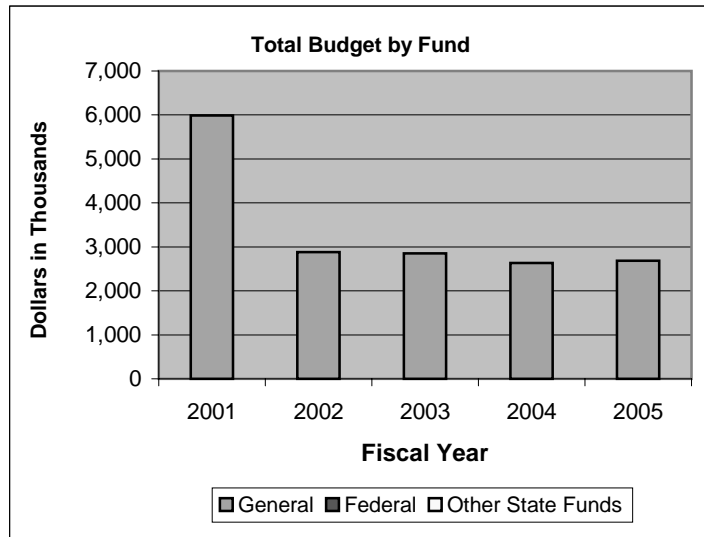
| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|-------------------|--------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Revenue by Type and Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Non Dedicated | | | | | | | | |
| General | 3 | 10,528 | 11,197 | 12,232 | 13,325 | 25,557 | 3,832 | 17.6% |
| Cambridge Deposit Fund | 11,149 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 11,152 | 10,528 | 11,197 | 12,232 | 13,325 | 25,557 | 3,832 | 17.6% |
| Dedicated | | | | | | | | |
| General | 2 | 1 | 4 | 4 | 5 | 9 | 4 | 80.0% |
| Special Revenue | 399 | 474 | 455 | 475 | 495 | 970 | 41 | 4.4% |
| Miscellaneous Agency | 0 | 0 | 3 | 3 | 3 | 6 | 3 | 100.0% |
| Subtotal Dedicated | 401 | 475 | 462 | 482 | 503 | 985 | 48 | 5.1% |
| Total Revenue | 11,553 | 11,003 | 11,659 | 12,714 | 13,828 | 26,542 | 3,880 | 17.1% |
| | | | | | | | | |
| Full-Time Equivalents (FTE) | 85.9 | 94.4 | 89.5 | 89.5 | 89.5 | | | |

SECRETARY OF STATE

Program: SECRETARY OF STATE

Activity: ADMINISTRATION

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 5,989 | 2,880 | 2,851 | 2,633 | 2,682 | 5,315 | -416 | -7.3% |
| Total | 5,989 | 2,880 | 2,851 | 2,633 | 2,682 | 5,315 | -416 | -7.3% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|
| Total Compensation | 1,185 | 1,690 | 1,679 | 1,826 | 1,843 | 3,669 | 300 | 8.9% |
| Other Operating Expenses | 4,666 | 1,188 | 1,172 | 807 | 839 | 1,646 | -714 | -30.3% |
| Capital Outlay & Real Property | 138 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Other Financial Transactions | 0 | 2 | 0 | 0 | 0 | 0 | -2 | -100.0% |
| Total | 5,989 | 2,880 | 2,851 | 2,633 | 2,682 | 5,315 | -416 | -7.3% |

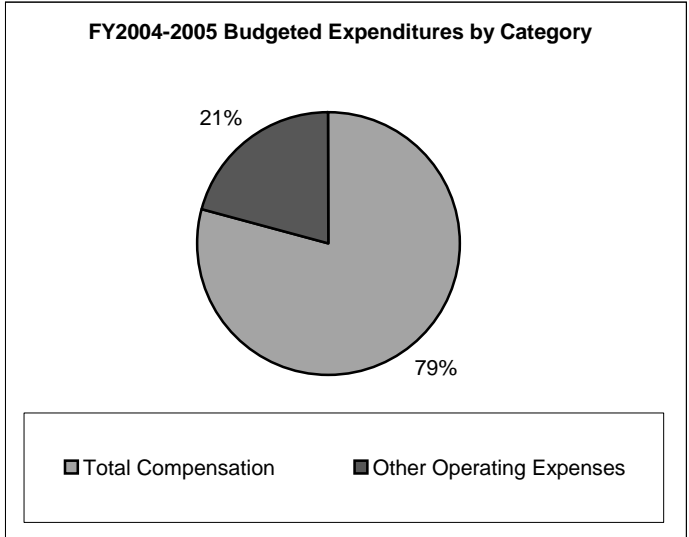
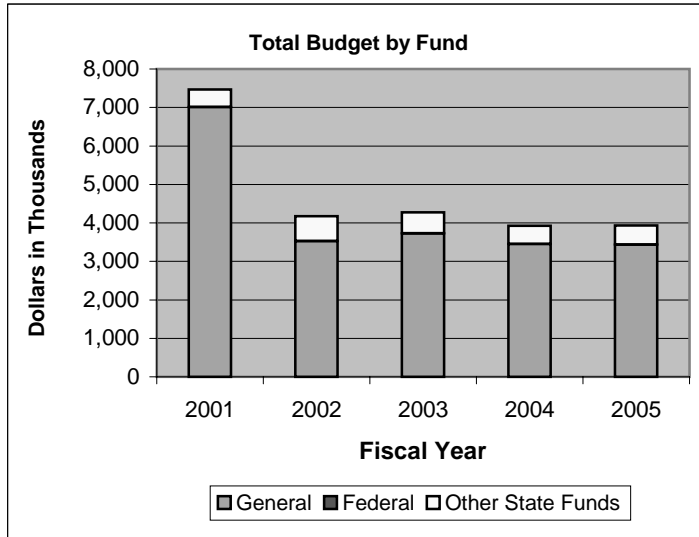
| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 22.7 | 33.4 | 30.5 | 30.5 | 30.5 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

SECRETARY OF STATE

Program: SECRETARY OF STATE

Activity: OPERATIONS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------------|--------------|
| | Actual | Actual | Budgeted | Base | | Biennium | Biennial Change | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | 2004-05 / 2002-03 | Percent |
| Direct Appropriations | | | | | | | | |
| General | 7,004 | 3,525 | 3,723 | 3,449 | 3,433 | 6,882 | -366 | -5.0% |
| Statutory Appropriations | | | | | | | | |
| General | 3 | 1 | 4 | 4 | 5 | 9 | 4 | 80.0% |
| Special Revenue | 457 | 649 | 549 | 475 | 495 | 970 | -228 | -19.0% |
| Miscellaneous Agency | 0 | 0 | 1 | 1 | 1 | 2 | 1 | 100.0% |
| Total | 7,464 | 4,175 | 4,277 | 3,929 | 3,934 | 7,863 | -589 | -7.0% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 2,734 | 2,739 | 2,966 | 3,082 | 3,133 | 6,215 | 510 | 8.9% |
| Other Operating Expenses | 4,730 | 1,436 | 1,311 | 847 | 801 | 1,648 | -1,099 | -40.0% |
| Total | 7,464 | 4,175 | 4,277 | 3,929 | 3,934 | 7,863 | -589 | -7.0% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 3 | 10,525 | 11,130 | 12,228 | 13,253 | 25,481 | 3,826 | 17.7% |
| Cambridge Deposit Fund | 11,095 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 11,098 | 10,525 | 11,130 | 12,228 | 13,253 | 25,481 | 3,826 | 17.7% |
| Dedicated | | | | | | | | |
| General | 2 | 1 | 4 | 4 | 5 | 9 | 4 | 80.0% |
| Special Revenue | 399 | 474 | 455 | 475 | 495 | 970 | 41 | 4.4% |
| Miscellaneous Agency | 0 | 0 | 1 | 1 | 1 | 2 | 1 | 100.0% |
| Subtotal Dedicated | 401 | 475 | 460 | 480 | 501 | 981 | 46 | 4.9% |
| Total Revenue | 11,499 | 11,000 | 11,590 | 12,708 | 13,754 | 26,462 | 3,872 | 17.1% |

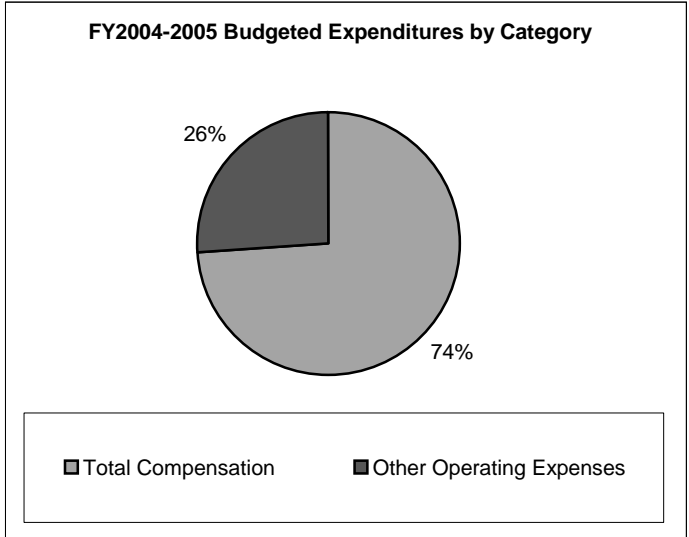
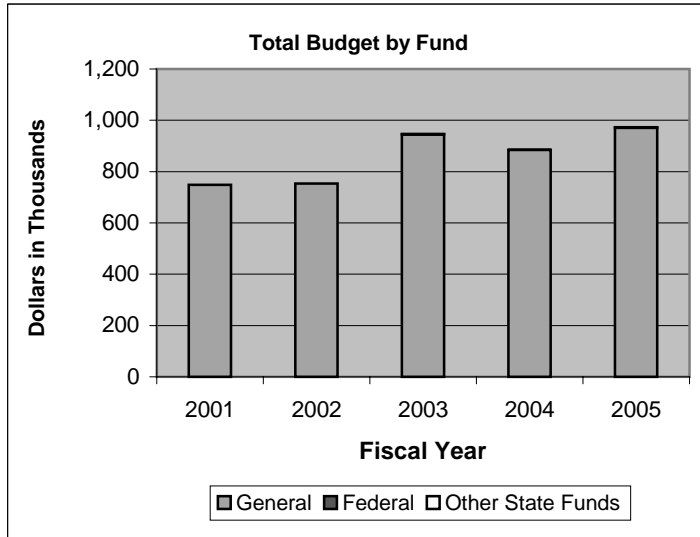
| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 55.9 | 51.6 | 50.1 | 50.1 | 50.1 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

SECRETARY OF STATE

Program: SECRETARY OF STATE

Activity: ELECTIONS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|--------------|-------------------|-------------|
| | Actual | Actual | Budgeted | Base | | Biennium | Biennial Change | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | 2004-05 / 2002-03 | |
| | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 749 | 753 | 944 | 884 | 971 | 1,855 | 158 | 9.3% |
| Statutory Appropriations | | | | | | | | |
| Miscellaneous Agency | 0 | 0 | 3 | 2 | 2 | 4 | 1 | 33.3% |
| Total | 749 | 753 | 947 | 886 | 973 | 1,859 | 159 | 9.4% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|--------------|------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 374 | 542 | 648 | 683 | 691 | 1,374 | 184 | 15.5% |
| Other Operating Expenses | 375 | 211 | 299 | 203 | 282 | 485 | -25 | -4.9% |
| Total | 749 | 753 | 947 | 886 | 973 | 1,859 | 159 | 9.4% |

| | | | | | | | | |
|---------------------------------|-----------|----------|-----------|----------|-----------|-----------|----------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 0 | 0 | 64 | 1 | 69 | 70 | 6 | 9.4% |
| Cambridge Deposit Fund | 54 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 54 | 0 | 64 | 1 | 69 | 70 | 6 | 9.4% |
| Dedicated | | | | | | | | |
| Miscellaneous Agency | 0 | 0 | 2 | 2 | 2 | 4 | 2 | 100.0% |
| Subtotal Dedicated | 0 | 0 | 2 | 2 | 2 | 4 | 2 | 100.0% |
| Total Revenue | 54 | 0 | 66 | 3 | 71 | 74 | 8 | 12.1% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 7.3 | 9.4 | 8.9 | 8.9 | 8.9 |
|------------------------------------|------------|------------|------------|------------|------------|

Agency Purpose

The Minnesota Sentencing Guidelines Commission's Mission is to promote the rational, proportionate, consistent application of sentencing law to people convicted of felony offenses. With public safety as its first priority, the Commission develops, monitors, evaluates, and implements a variety of felony sentencing policies and practices.

The ongoing process of developing a consistent system for felony sentencing is very complex, and involves input from a variety of sources:

- ⇒ The Governor and Minnesota Legislature, who, through legislative changes, set both very broad and very specific sentencing policies.
- ⇒ Citizens, including crime victims, who serve on the commission and provide input from those who do not work within the criminal justice system.
- ⇒ The Judiciary, who must implement the guidelines, and who are most directly involved in day-to-day sentencing decisions.
- ⇒ Law Enforcement, who are aware of recent and future trends in both enforcement strategies and criminal conduct.
- ⇒ Corrections, which works with offenders and can provide assistance with measuring outcomes of the sentencing process.
- ⇒ Prosecutors and Defense Attorneys, who must navigate the system to provide just outcomes for their respective clients.

At A Glance

The Sentencing Guidelines Commission, a legislatively created body, is composed of a mix of criminal justice professionals, judges, and citizens interested in sentencing policy. The Commission created the Minnesota Sentencing Guidelines, a set of rules which the courts must use in deciding sentences for felony offenders.

Since 1981, when the Guidelines went into effect, the number of felons sentenced each year in Minnesota has increased from 5,500 to 10,400. Sentence lengths have increased dramatically during that time period, and the Sentencing Guidelines have become far more complex. The Commission strives to maintain a sentencing system which serves the public safety while remaining consistent and proportional.

Core Functions

The Sentencing Guidelines Commission is responsible for setting sentencing guidelines for the district court. Those guidelines must be followed unless substantial and compelling circumstances exist.

The key strategies for carrying out these core functions

- ◆ annual Revision of published Sentencing Guidelines
- ◆ collection of Data on all felony sentences
- ◆ support development of integrated statewide criminal justice information
- ◆ advise practitioners on sentencing law
- ◆ educate and inform public regarding sentencing policy
- ◆ provide impact analysis to sentencing policy decision makers
- ◆ evaluate sentencing policy outcomes

Operations

The Commission employs seven full-time employees who assemble the felony sentencing data and provide support for the Commission's decision-making process, along with providing assistance to people involved or interested in specific sentencing practices. The primary ways in which these services are delivered:

- ◆ collect, integrate, and maintain sentencing data for over 10,000 felony sentences per year;
- ◆ prepare a variety of annual reports, including a report to the legislature on sentencing practices;
- ◆ provide analysis to the Commission and to the legislature on the fiscal impact of a wide variety of proposed sentencing alternatives;
- ◆ answer thousands of questions regarding specific application of the Sentencing Guidelines;
- ◆ review and analyze specific sentencing practices and outcomes of those practices; and
- ◆ train criminal justice practitioners on application of the Guidelines.

Key Measures

- ⇒ The commission prepares and presents an Annual Report on Sentenced Offenders for the legislature at the beginning of each session.
- ⇒ Fiscal notes are delivered to legislative decision makers within time periods specified.
- ⇒ Specific legal and data questions from practitioners are answered prior to date requested.

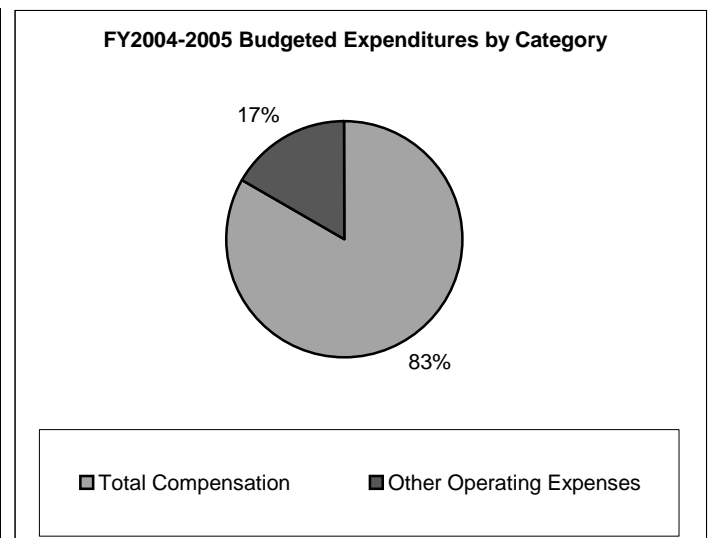
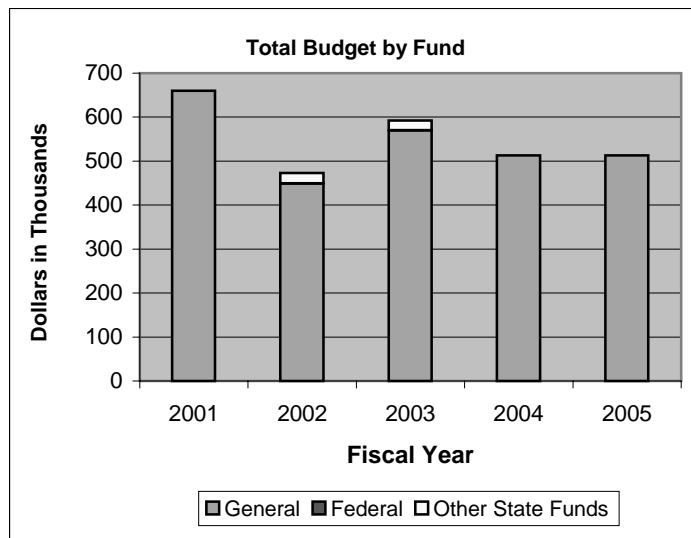
Budget

The commission is funded through a \$1,018,000 General Fund appropriation for the biennium and a small agency infrastructure grant of \$46,000 through the Office of Technology. There are 7 FTEs.

Contact

Minnesota Sentencing Guidelines Commission
Suite 205
200 University Ave W
St. Paul, MN 55103
(651) 296-0144

Further information, including meeting dates and times, information on public hearings, email address, and previously issued reports, may be found on the World-Wide Web at:
<http://www.msgc.state.mn.us/>



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 660 | 449 | 570 | 513 | 513 | 1,026 | 7 | 0.7% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 0 | 24 | 22 | 0 | 0 | 0 | -46 | -100.0% |
| Total | 660 | 473 | 592 | 513 | 513 | 1,026 | -39 | -3.7% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|--------------|------------|--------------|
| Total Compensation | 412 | 384 | 423 | 428 | 428 | 856 | 49 | 6.1% |
| Other Operating Expenses | 148 | 89 | 169 | 85 | 85 | 170 | -88 | -34.1% |
| Local Assistance | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Total | 660 | 473 | 592 | 513 | 513 | 1,026 | -39 | -3.7% |

| Expenditures by Program | | | | | | | | |
|--------------------------------|------------|------------|------------|------------|------------|--------------|------------|--------------|
| Mn Sentencing Guideline Com | 660 | 473 | 592 | 513 | 513 | 1,026 | -39 | -3.7% |
| Total | 660 | 473 | 592 | 513 | 513 | 1,026 | -39 | -3.7% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|----------|----------|----------|----------|----------|----------|-----------|----------------|
| Dedicated | | | | | | | | |
| Gift | 0 | 1 | 0 | 0 | 0 | 0 | -1 | -100.0% |
| Subtotal Dedicated | 0 | 1 | 0 | 0 | 0 | 0 | -1 | -100.0% |
| Total Revenue | 0 | 1 | 0 | 0 | 0 | 0 | -1 | -100.0% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 7.5 | 6.9 | 7.0 | 7.0 | 7.0 |
|------------------------------------|------------|------------|------------|------------|------------|

Agency Purpose

Minnesota Statutes 148B.01-148B.28 require the Minnesota Board of Social Work to license social workers and regulate social work practice in the state of Minnesota. The board is authorized to promulgate rules, which are found in Minnesota Rules chapter 8740.

The board's mission is to *ensure citizens of Minnesota quality social work services by establishing and enforcing profession standards.*

The board's vision is to *protect the public through licensure of qualified social workers and to provide timely and impartial resolution of complaints against social workers.*

Core Functions

The board accomplishes its mission by:

- ◆ setting and administering minimum educational, supervision, and examination requirements for initial licensure as a social worker;
- ◆ setting and administering requirements for renewal of licensure;
- ◆ setting standards of ethical practice;
- ◆ responding to inquiries, complaints and reports regarding applicants, licensees, permit holders, and unlicensed practitioners;
- ◆ investigating complaints of alleged violations of statutes and rules, holding educational and disciplinary conferences with licensees, and taking legal action when appropriate against licensees who fail to meet minimum standards of practice;
- ◆ approving continuing education programs; and
- ◆ providing information about licensure requirements and standards of practice to the public and other interested parties.

Operations

- ⇒ The board consists of 10 licensed social workers and five public members appointed by the governor.
- ⇒ The board normally meets six times per year, although additional subcommittees meet as needed.
- ⇒ The board benefits and affects the public by ensuring that licensed social workers meet and maintain minimum standards of competence and ethical practice.
- ⇒ Current issues affecting the board are posted on the board's web site.

Budget

Total direct and indirect expenses for FY 2002-03 biennium are \$2.189 million. The board staff includes 11.5 full-time equivalent employees.

Of the total budget for the FY 2002-03 biennium, \$2.360 million is collected as non-dedicated revenue and \$28,000 is collected as dedicated – special revenue, which is deposited, into the state government special revenue fund. The board collects fees charged to applicants, licensees and professional corporations. The board is responsible to collect enough revenue to recover all direct and indirect costs.

The board is responsible for the costs of services received from the Attorney General's Office, Health Professional Services Program, and the Administrative Services Unit. A direct appropriation is given to each of these programs from the state government special revenue fund. The board must ensure that sufficient revenue is collected through its fees to fund their portion of these programs costs.

At A Glance

Biennial Budget – FY 2002-03:

Total Expenses: \$2.189 million

Total Revenues: \$2.360 million

Staff: 11.5 Full-time equivalent employees

MN Licensed Social Worker Statistics
(As of June 30, 2002):

Total Licensed: **9,645**

Contact

Minnesota Board of Social Work
2829 University Avenue Southeast
Suite 340
Minneapolis, Minnesota 55414-3239

The web site at: www.socialwork.state.mn.us gives visitors easy access to useful information about social work. Types of information available through the web site include: regulatory news and updates, rules and Minnesota Statutes, and public notices.

E-mail: social.work@state.mn.us

Frank Merriman, Executive Director

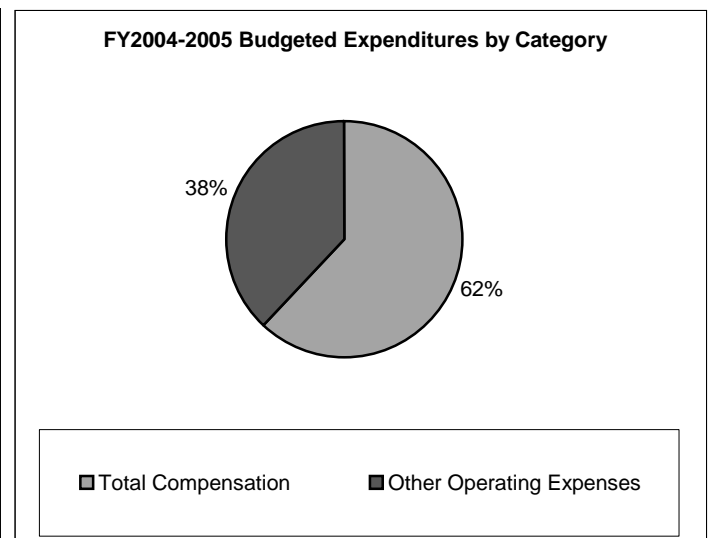
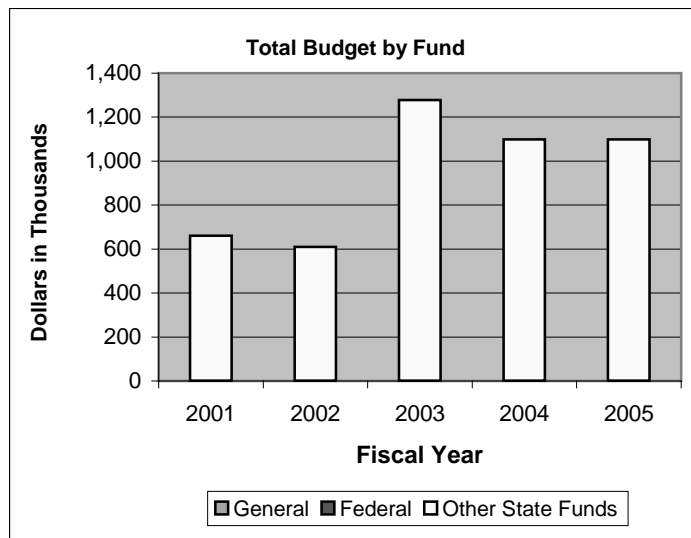
E-mail: Frank.Merriman@state.mn.us

Phone: (612) 617-2100

Fax: (612) 617-2103

Toll-Free: (800) 234-1320

TTY: (651) 297-5353 or (800) 627-3529



| <i>Dollars in Thousands</i> | | | | | | | | |
|----------------------------------|------------|------------|--------------|--------------|--------------|--------------|-------------------|--------------|
| | Actual | Actual | Budgeted | Base | | Biennium | Biennial Change | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | 2004-05 / 2002-03 | |
| | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| State Government Special Revenue | 623 | 591 | 1,249 | 1,073 | 1,073 | 2,146 | 306 | 16.6% |
| Open Appropriations | | | | | | | | |
| State Government Special Revenue | 27 | 10 | 12 | 12 | 12 | 24 | 2 | 9.1% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 11 | 9 | 17 | 14 | 14 | 28 | 2 | 7.7% |
| Total | 661 | 610 | 1,278 | 1,099 | 1,099 | 2,198 | 310 | 16.4% |

| | | | | | | | | |
|---------------------------------|------------|------------|--------------|--------------|--------------|--------------|------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 459 | 449 | 645 | 672 | 689 | 1,361 | 267 | 24.4% |
| Other Operating Expenses | 202 | 161 | 633 | 427 | 410 | 837 | 43 | 5.4% |
| Total | 661 | 610 | 1,278 | 1,099 | 1,099 | 2,198 | 310 | 16.4% |

| | | | | | | | | |
|--------------------------------|------------|------------|--------------|--------------|--------------|--------------|------------|--------------|
| Expenditures by Program | | | | | | | | |
| Social Work, Board Of | 661 | 610 | 1,278 | 1,099 | 1,099 | 2,198 | 310 | 16.4% |
| Total | 661 | 610 | 1,278 | 1,099 | 1,099 | 2,198 | 310 | 16.4% |

| | | | | | | | | |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------|-------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| State Government Special Revenue | 1,167 | 1,159 | 1,177 | 1,179 | 1,181 | 2,360 | 24 | 1.0% |
| Subtotal Non Dedicated | 1,167 | 1,159 | 1,177 | 1,179 | 1,181 | 2,360 | 24 | 1.0% |
| Dedicated | | | | | | | | |
| Special Revenue | 11 | 10 | 14 | 14 | 14 | 28 | 4 | 16.7% |
| Subtotal Dedicated | 11 | 10 | 14 | 14 | 14 | 28 | 4 | 16.7% |
| Total Revenue | 1,178 | 1,169 | 1,191 | 1,193 | 1,195 | 2,388 | 28 | 1.2% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 9.3 | 9.0 | 8.9 | 8.9 | 8.9 |
|------------------------------------|------------|------------|------------|------------|------------|

Agency Purpose

The state auditor is a constitutional officer elected to a four-year term in the statewide general election. The mission of the Office of the State Auditor (OSA) is to serve as a watchdog for Minnesota taxpayers by helping to ensure financial integrity, accountability, and cost-effectiveness in local governmental financial activities.

Core Functions

The core functions of all OSA divisions are to oversee and ensure that local government funds are used for the purposes intended by law and include the following:

- ◆ examining whether local government resources are spent in an appropriate manner;
- ◆ developing innovative methods to provide quality audit, data collection, and investigative services; and
- ◆ promoting compliance with Minnesota law.

Operations

The state auditor's staff of 145 reviews financial documents of local government entities, including counties, cities, school districts, townships, public pension funds, and tax increment financing districts. Services are primarily delivered by direct interaction with these entities. The OSA is organized into six divisions: Audit Practice; Special Investigations; Government Information; Pension; Tax Increment Financing; and the Constitutional Office.

Budget

The OSA is funded by the General Fund but generates significant non-dedicated receipts. The FY 2002-03 biennial budget for the office is approximately \$21 million in direct and statutory general funds. During the same period, the OSA anticipates returning more than half of this amount in revenues and offsets to the General Fund.

M.S. 6.58 requires that audit costs of the OSA be recovered. This non-dedicated revenue is received through audit fees charged for the audits of local governments conducted by audit staff. In addition to audit fees, other sources of revenue, which offset the appropriations of the OSA, are listed as follows:

- ⇒ The review of single audit reports by the Audit Practice Division is financed by reimbursements to the General Fund through the statewide indirect cost process.
- ⇒ The Government Information Division and Pension Division are supported in part through reductions to aid distributions made by the Minnesota Department of Revenue for: 1) local government aids; and 2) peace officers and fire state aids pursuant to M.S. 477A.014, subd. 4, and M.S. 69.021, subd. 5, respectively.
- ⇒ The Tax Increment Financing (TIF) Division is funded by 0.36% of tax increment distributed to authorities that administer TIF districts.
- ⇒ The OSA also generates miscellaneous revenue through an interagency agreement with the Minnesota Department of Transportation, the sale of documents and accounting software, and by conducting training seminars.

At A Glance

Annual Business Functions:

- ◆ Oversees finances of 4,300 local governmental units.
- ◆ Completes 275 financial and compliance audits and reviews 485 single audit reports.
- ◆ Handles 300 special investigative matters.
- ◆ Monitors investment and regular reporting of 720 public pension funds.
- ◆ Maintains financial reporting databases on 2,700 local governments.
- ◆ Reviews expenditures of 2,100 TIF districts.

Contact

For more information, please contact:
Jennifer Mohlenhoff, Deputy State Auditor at (651) 297-8342 or Deno Howard, General Counsel, at (651) 297-3673, or visit our web site at <http://www.osa.state.mn.us/>

To write us, please submit your inquiries to:

Office of the State Auditor

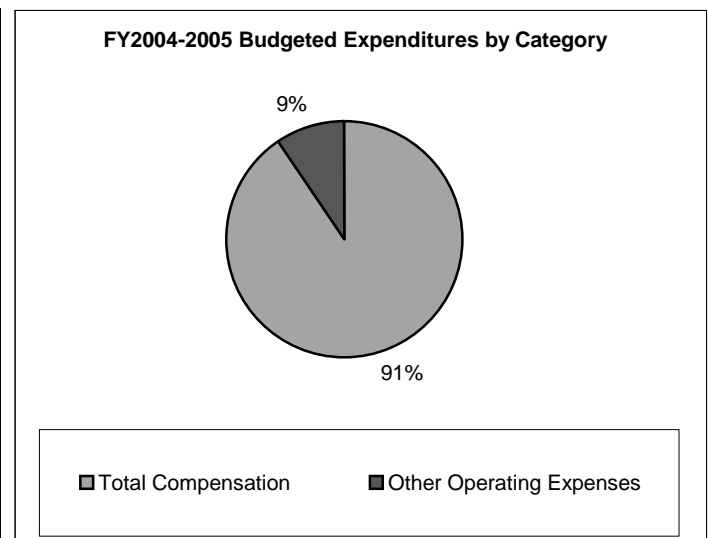
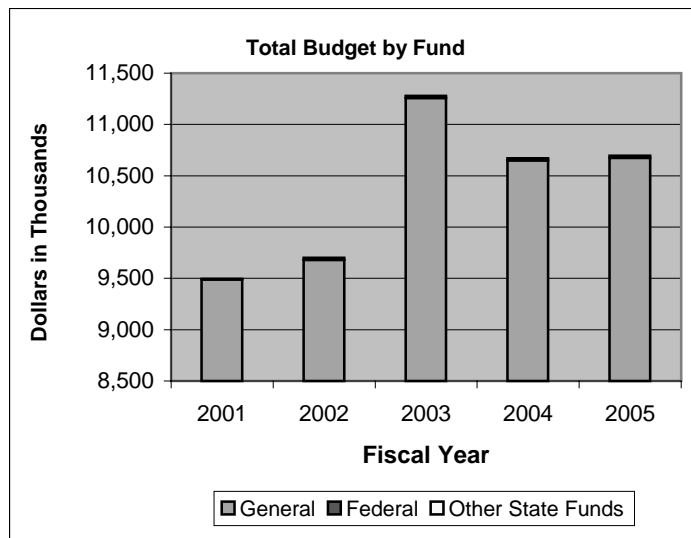
525 Park Street, Suite 400

St. Paul, Minnesota 55103

Phone: (651) 296-2551

Fax: (651) 296-4755

The State Auditor is Judith H. Dutcher.



| <i>Dollars in Thousands</i> | | | | | | | | |
|---------------------------------|--------------|--------------|---------------|---------------|---------------|-----------------|-------------------|----------------|
| | Actual | Actual | Budgeted | Base | Biennium | Biennial Change | | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | 2004-05 / 2002-03 | |
| Direct Appropriations | | | | | | | Dollars | Percent |
| General | 8,750 | 8,893 | 10,410 | 9,772 | 9,772 | 19,544 | 241 | 1.2% |
| Statutory Appropriations | | | | | | | | |
| General | 739 | 787 | 847 | 876 | 902 | 1,778 | 144 | 8.8% |
| Special Revenue | 6 | 22 | 22 | 23 | 21 | 44 | 0 | 0.0% |
| Total | 9,495 | 9,702 | 11,279 | 10,671 | 10,695 | 21,366 | 385 | 1.8% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|--------------|--------------|---------------|---------------|---------------|---------------|------------|-------------|
| Total Compensation | 8,226 | 8,781 | 9,731 | 9,627 | 9,722 | 19,349 | 837 | 4.5% |
| Other Operating Expenses | 1,269 | 921 | 1,548 | 1,044 | 973 | 2,017 | -452 | -18.3% |
| Total | 9,495 | 9,702 | 11,279 | 10,671 | 10,695 | 21,366 | 385 | 1.8% |

| Expenditures by Program | | | | | | | | |
|--------------------------------|--------------|--------------|---------------|---------------|---------------|---------------|------------|-------------|
| State Auditor | 9,495 | 9,702 | 11,279 | 10,671 | 10,695 | 21,366 | 385 | 1.8% |
| Total | 9,495 | 9,702 | 11,279 | 10,671 | 10,695 | 21,366 | 385 | 1.8% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|------------|-------------|
| Non Dedicated | | | | | | | | |
| General | 4 | 6,328 | 6,513 | 6,513 | 6,513 | 13,026 | 185 | 1.4% |
| Cambridge Deposit Fund | 6,469 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 6,473 | 6,328 | 6,513 | 6,513 | 6,513 | 13,026 | 185 | 1.4% |
| Dedicated | | | | | | | | |
| Special Revenue | 5 | 24 | 20 | 23 | 21 | 44 | 0 | 0.0% |
| Subtotal Dedicated | 5 | 24 | 20 | 23 | 21 | 44 | 0 | 0.0% |
| Total Revenue | 6,478 | 6,352 | 6,533 | 6,536 | 6,534 | 13,070 | 185 | 1.4% |

| | | | | | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Full-Time Equivalents (FTE) | 136.0 | 135.1 | 146.4 | 146.2 | 146.0 |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|

Program Description

The purpose of the Office of the State Auditor (OSA) is to oversee local government finances by performing professional level audits and reviews of local government financial statements, documents, data, reports, and complaints submitted to or gathered by the Office; to endeavor to provide consistent review and comments on the accuracy of financial data and the legal compliance of entities reviewed; and to strive to adhere to the highest governmental accounting principles and auditing standards in the work performed.

Budget Activities Included:

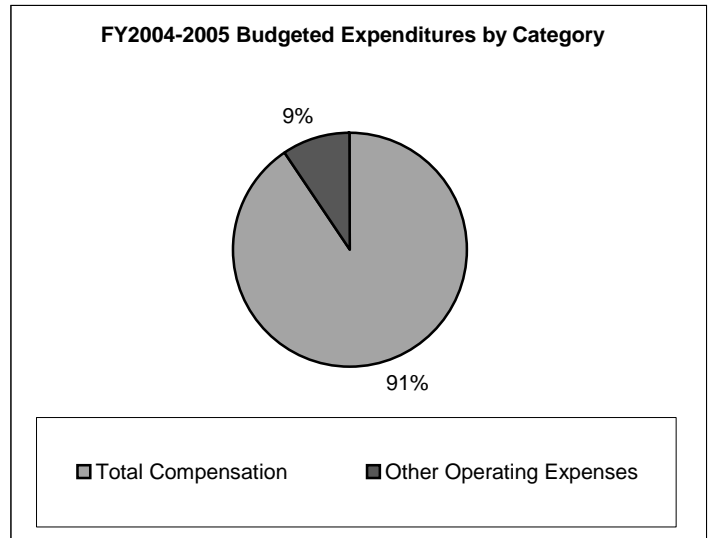
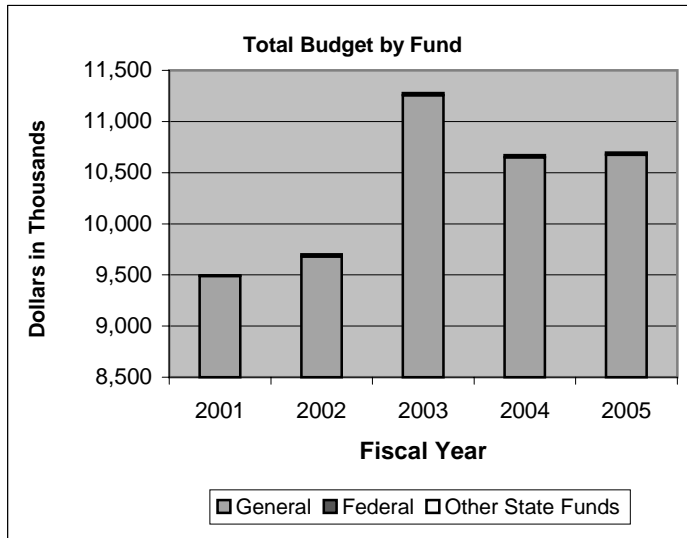
This program's budget activities correspond to the Office of the State Auditor's 6 operational divisions:

- ⇒ **Audit Practice** conducts annual financial and legal compliance audits of 86 Minnesota counties, the cities of Duluth, Minneapolis, and St. Paul, component units affiliated with these counties and cities, and other entities as required by statute. The division performs approximately 275 audits per year. This division establishes uniform reporting standards and provides technical assistance and education to local units of government, which strengthens local accounting practices and promotes cost-effectiveness and efficiency in local government. This division also conducts audits of federal funds in accordance with the Federal Single Audit Act.
- ⇒ **Special Investigations** works to ensure integrity and accountability in local governments by investigating allegations of malfeasance, misfeasance, or nonfeasance on behalf of taxpayers in the State of Minnesota. This division supports field staff auditors when evidence of suspected wrongdoing is discovered during financial and compliance audits of local governments. Public employees and elected officials are required by law to report evidence of theft, embezzlement, and unlawful use of public funds or property to the OSA. The division evaluates allegations brought to its attention and, when appropriate, provides specialized auditing services, initiates independent investigations, or refers the matter to the appropriate oversight authority.
- ⇒ **Government Information** collects, examines, and disseminates information on the financial condition of local governments and the financial trends affecting government at the local level. This division issues 12 annual reports containing information on local government expenditures. This division also manages the information technology and network administration needs of the OSA.
- ⇒ **The Pension Division** is responsible for monitoring investment, financial, and actuarial reporting for 730 public pension funds in Minnesota. This division tracks local tax dollars that are contributed to these funds and promotes fiscally sound management and compliance with state law. The division issues annual compilation and investment performance reports.
- ⇒ **The Constitutional Office** oversees the management of all OSA divisions and official functions, provides senior level planning and administration, and coordinates the training of staff in audit and investigative methods, technology, and other required professional skills. The office oversees and supports the OSA's contribution to 6 state boards on which the State Auditor serves.
- ⇒ **Tax Increment Financing** promotes legal compliance and accountability through examination and audit of political subdivisions' use of tax increment financing (TIF). To achieve this end, the division reviews annual reports containing financial information from over 2,200 TIF districts and performs legal compliance audits on TIF districts throughout the state. In addition, this division answers citizens' and government officials' questions regarding tax increment financing and provides training on compliance with state TIF laws.

STATE AUDITOR

Program: STATE AUDITOR

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 8,750 | 8,893 | 10,410 | 9,772 | 9,772 | 19,544 | 241 | 1.2% |
| Statutory Appropriations | | | | | | | | |
| General | 739 | 787 | 847 | 876 | 902 | 1,778 | 144 | 8.8% |
| Special Revenue | 6 | 22 | 22 | 23 | 21 | 44 | 0 | 0.0% |
| Total | 9,495 | 9,702 | 11,279 | 10,671 | 10,695 | 21,366 | 385 | 1.8% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|---------------|---------------|---------------|---------------|------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 8,226 | 8,781 | 9,731 | 9,627 | 9,722 | 19,349 | 837 | 4.5% |
| Other Operating Expenses | 1,269 | 921 | 1,548 | 1,044 | 973 | 2,017 | -452 | -18.3% |
| Total | 9,495 | 9,702 | 11,279 | 10,671 | 10,695 | 21,366 | 385 | 1.8% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|---------------|---------------|---------------|---------------|------------|-------------|
| Expenditures by Activity | | | | | | | | |
| Audit Practice | 6,613 | 6,896 | 8,111 | 7,598 | 7,595 | 15,193 | 186 | 1.2% |
| Special Investigations | 580 | 562 | 597 | 587 | 587 | 1,174 | 15 | 1.3% |
| Government Information | 684 | 576 | 701 | 645 | 645 | 1,290 | 13 | 1.0% |
| Pension | 556 | 505 | 653 | 586 | 586 | 1,172 | 14 | 1.2% |
| Constitutional Office | 323 | 363 | 356 | 366 | 366 | 732 | 13 | 1.8% |
| Tax Increment Financing | 739 | 800 | 861 | 889 | 916 | 1,805 | 144 | 8.7% |
| Total | 9,495 | 9,702 | 11,279 | 10,671 | 10,695 | 21,366 | 385 | 1.8% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|------------|-------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 4 | 6,328 | 6,513 | 6,513 | 6,513 | 13,026 | 185 | 1.4% |
| Cambridge Deposit Fund | 6,469 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 6,473 | 6,328 | 6,513 | 6,513 | 6,513 | 13,026 | 185 | 1.4% |
| Dedicated | | | | | | | | |
| Special Revenue | 5 | 24 | 20 | 23 | 21 | 44 | 0 | 0.0% |
| Subtotal Dedicated | 5 | 24 | 20 | 23 | 21 | 44 | 0 | 0.0% |
| Total Revenue | 6,478 | 6,352 | 6,533 | 6,536 | 6,534 | 13,070 | 185 | 1.4% |

STATE AUDITOR

Program: STATE AUDITOR

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|-----------------------------|------------------|------------------|--------------------|--------|--------|---------------------|-------------------|---------|
| Full-Time Equivalents (FTE) | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base | | Biennium 2004-05 | 2004-05 / 2002-03 | |
| | | | | FY2004 | FY2005 | | Dollars | Percent |
| | 136.0 | 135.1 | 146.4 | 146.2 | 146.0 | | | |

STATE AUDITOR

Program: STATE AUDITOR

Activity: AUDIT PRACTICE

Narrative

Activity Description

Audit Practice plays a primary role in the OSA's ability to perform its oversight functions by examining the accounting systems of local governments. This division performs financial and legal compliance audits of local governments and provides them with an independent analysis of the financial effectiveness of their organization. In addition, Audit Practice audits for evidence of inappropriate expenditures and determines whether local government activities are being administered in accordance with certain Minnesota laws.

Activity at a Glance

- ◆ Conducts 275 financial and legal compliance audits per year
- ◆ Reviews 400 single audits per year
- ◆ Conducts annual training for OSA staff and clients on new accounting procedures

Population Served

Audit Practice helps ensure integrity, accountability and cost-effectiveness at the local level by annually conducting approximately 275 financial and legal compliance audits for 86 counties; the cities of Duluth, Minneapolis, and St. Paul; organizations affiliated with counties and cities; and other local entities. In addition, this division annually reviews approximately 400 single audit reports submitted by cities, counties, school districts, nonprofit agencies, regional development commissions, housing redevelopment authorities, and other agencies for compliance with federal reporting requirements and generally accepted government auditing standards. The OSA then issues a single audit report to the U.S. Department of Agriculture (federal agency responsible for single audit), Department of Finance, the Legislative Auditor, and state agencies receiving federal funding.

Services Provided

Audit Practice provides the following services:

- ⇒ Audit Practice plans to issue over 275 audit reports of counties, cities, organizations affiliated with counties and cities, and other local governments during each of the 2003, 2004, and 2005 FYs.
- ⇒ Audit Practice reports on the condition of local governments' revenues and expenditures, comments on irregularities and deficiencies in local government financial statements, notes issues of legal noncompliance, and recommends changes in local government accounting practices and procedures.
- ⇒ The division utilizes the experience of its auditors to make the audit process the most efficient possible, works to enable clients to assist in the audit process, and employs new technology such as downloading data for analysis at field offices and other computer methods to streamline audits.
- ⇒ The division conducts joint OSA staff and client education programs on local government accounting principles and procedures to help improve efficiency of local governments. Client education is of vital importance as new accounting principles adopted by the Governmental Accounting Standards Board are implemented, fundamentally changing the overall accounting practices of local governments.

Key Measures

- ◆ 275 audit examinations conducted per year;
- ◆ 400 single audit reports reviewed;
- ◆ Petition audits completed as requested (averaging 2-5 per year); and
- ◆ Training held for OSA staff and clients on new accounting principles.

Activity Funding

Under M.S. 6.58, all costs of the audit examination must be recovered through fees, generating a significant source of reimbursement for the state. These fees are non-dedicated revenues deposited in the General Fund.

STATE AUDITOR

Program: STATE AUDITOR

Activity: AUDIT PRACTICE

Narrative

Audit fees generate a significant source of revenue for the state. Audit work is billed on an hourly basis, plus reimbursable travel expenses, for each client. Besides audit fees, the review of single audit reports is financed by reimbursements to the General Fund by the Department of Finance indirect cost process.

Contact

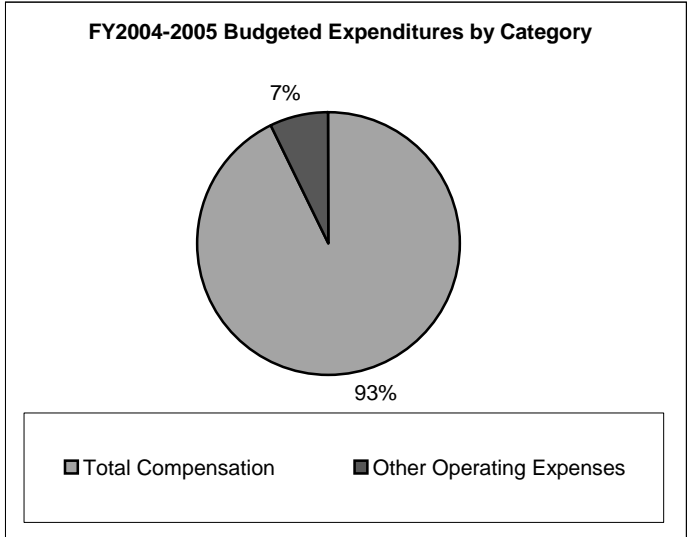
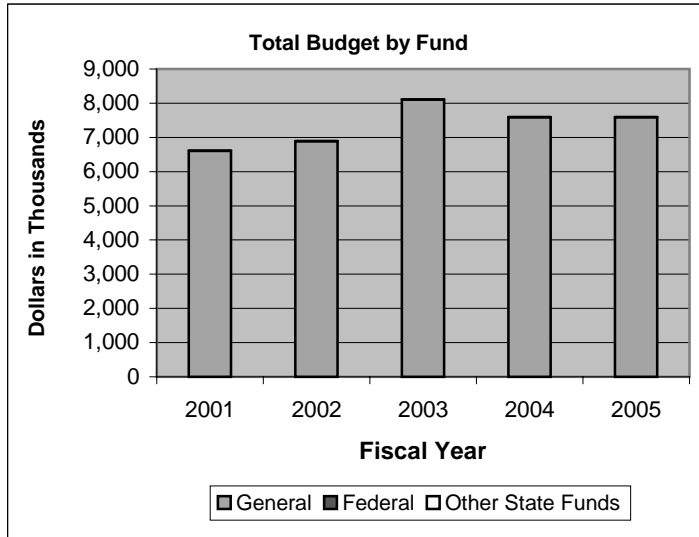
Greg Hierlinger, Deputy State Auditor, 651-296-7003

STATE AUDITOR

Program: STATE AUDITOR

Activity: AUDIT PRACTICE

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 6,607 | 6,887 | 8,103 | 7,588 | 7,588 | 15,176 | 186 | 1.2% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 6 | 9 | 8 | 10 | 7 | 17 | 0 | 0.0% |
| Total | 6,613 | 6,896 | 8,111 | 7,598 | 7,595 | 15,193 | 186 | 1.2% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 5,954 | 6,340 | 7,217 | 7,041 | 7,070 | 14,111 | 554 | 4.1% |
| Other Operating Expenses | 659 | 556 | 894 | 557 | 525 | 1,082 | -368 | -25.4% |
| Total | 6,613 | 6,896 | 8,111 | 7,598 | 7,595 | 15,193 | 186 | 1.2% |

Revenue by Type and Fund

| | | | | | | | | |
|------------------------|--------------|--------------|--------------|--------------|--------------|---------------|------------|-------------|
| Non Dedicated | | | | | | | | |
| General | 3 | 6,327 | 6,511 | 6,511 | 6,511 | 13,022 | 184 | 1.4% |
| Cambridge Deposit Fund | 6,469 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 6,472 | 6,327 | 6,511 | 6,511 | 6,511 | 13,022 | 184 | 1.4% |
| Dedicated | | | | | | | | |
| Special Revenue | 5 | 11 | 6 | 10 | 7 | 17 | 0 | 0.0% |
| Subtotal Dedicated | 5 | 11 | 6 | 10 | 7 | 17 | 0 | 0.0% |
| Total Revenue | 6,477 | 6,338 | 6,517 | 6,521 | 6,518 | 13,039 | 184 | 1.4% |

| | | | | | |
|------------------------------------|-------------|-------------|--------------|--------------|--------------|
| Full-Time Equivalents (FTE) | 96.1 | 95.4 | 105.9 | 104.3 | 104.1 |
|------------------------------------|-------------|-------------|--------------|--------------|--------------|

STATE AUDITOR

Program: STATE AUDITOR

Activity: SPECIAL INVESTIGATIONS

Narrative

Activity Description

The goal of the Special Investigations Division is to ensure integrity and accountability in local government by investigating allegations of wrongdoing on behalf of local government officials, law enforcement agencies, certified public accountants, and the citizens of Minnesota. M.S. 609.456 requires local government officials and employees to report evidence of theft, embezzlement, or unlawful use of public funds or property to the State Auditor.

Activity at a Glance

- ◆ Handles 300 investigative matters per year
- ◆ Investigates 5-10 major fraud cases per year

Population Served

The Special Investigations Division investigates allegations of malfeasance, misfeasance, and nonfeasance for Minnesota's 4,300 local units of government in a thorough and timely manner, communicating its findings of wrongdoing to the appropriate agencies and to the public. As its work becomes more recognized, the number of requests for special investigative services continues to increase. The division responds to concerns and requests made by private citizens, public officials or employees, state representatives and legislators, and audit staff.

Services Provided

Special Investigations evaluates allegations brought to its attention and, when appropriate, provides specialized auditing techniques, initiates independent investigations, or refers matters to external oversight authorities. Results of investigations are public and intended to serve as a deterrent to additional misappropriation of public funds. Since this division has no prosecutorial powers, investigations that disclose evidence of malfeasance, misfeasance, or nonfeasance are referred to the proper authorities. Evidence of criminal wrongdoing is directed to the appropriate city or county attorney for potential prosecution. Evidence of other local ordinance or policy violations are referred to local officials to pursue civil litigation, recover losses, or initiate disciplinary or other appropriate action. Improper financial management practices are referred to local officials for corrective action.

Personnel in this division have specialized backgrounds in law and accounting, which enables the OSA to investigate possible violations of law and address internal control and management issues. Staff is increasingly called upon to help train and educate local government officials and employees in detecting and preventing fraud, waste, and abuse in their programs. This division has assisted the OSA's staff auditors, local law enforcement agencies, the Bureau of Criminal Apprehension, the Department of Trade and Economic Development, the Department of Administration, the Department of Children, Families and Learning, and the Office of the Attorney General where suspected fraud involving local funds required expertise in complex financial investigations.

Special Investigations also addresses and comments on major policy issues of statewide impact that relate to assessing the integrity, stewardship, and performance of local government finance, such as competitive bidding requirements, potential conflicts of interest, and other violations of Minnesota law.

Key Measures

- ⇒ Special Investigations will handle in a thorough and timely manner approximately 300 cases each year, generated by requests for assistance from citizens and law enforcement agencies, formal notification by local government officials and employees pursuant to M.S. 609.456, and by public accountants, pursuant to M.S. 6.67.
- ⇒ The division will continue to train and educate local government officials, employees, and OSA auditors in the detection and the prevention of fraud and abuse, as well as violations of law and policy, with the objective of helping local governments evaluate and improve their control systems.

Activity Funding

This division receives funding from the General Fund. Local entities are not charged for services relating to the detection and investigation of suspected fraud because: 1) government officials may hesitate to utilize the services or may discontinue reporting as required by M.S. 609.456; 2) there would be great resistance to allowing this division to conduct the comprehensive and exploratory procedures that are an inherent part of the

STATE AUDITOR

Program: STATE AUDITOR

Activity: SPECIAL INVESTIGATIONS

Narrative

investigative process; and 3) assessing fees against a government entity may not be appropriate in certain cases due to the source of the complaint, nature of the case, or target of the investigation.

Contact

Lea DeSouza, Director, Special Investigations Division, 651-297-7107

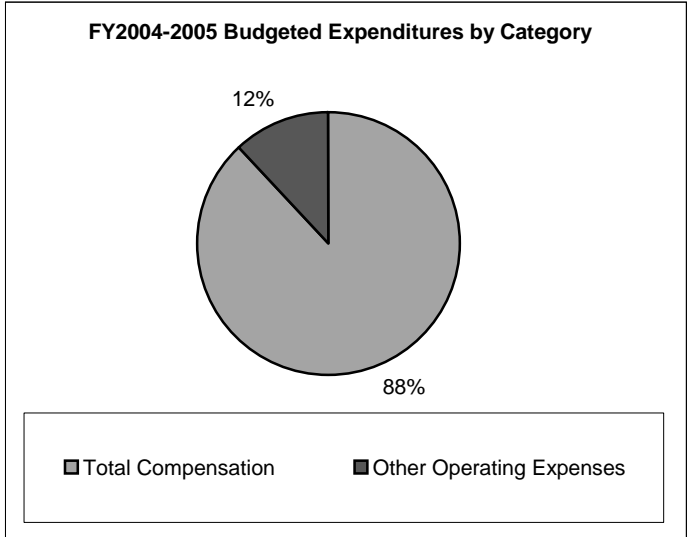
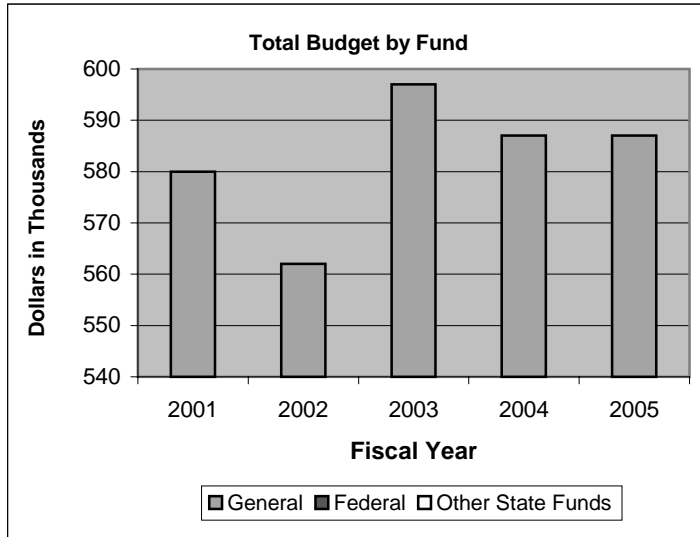
Deno Howard, OSA General Counsel, 651-297-3673

STATE AUDITOR

Program: **STATE AUDITOR**

Activity: SPECIAL INVESTIGATIONS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 580 | 562 | 597 | 587 | 587 | 1,174 | 15 | 1.3% |
| Total | 580 | 562 | 597 | 587 | 587 | 1,174 | 15 | 1.3% |
| Expenditures by Category | | | | | | | | |
| Total Compensation | 467 | 495 | 499 | 515 | 519 | 1,034 | 40 | 4.0% |
| Other Operating Expenses | 113 | 67 | 98 | 72 | 68 | 140 | -25 | -15.2% |
| Total | 580 | 562 | 597 | 587 | 587 | 1,174 | 15 | 1.3% |
| Full-Time Equivalents (FTE) | 8.3 | 7.9 | 7.6 | 8.1 | 8.1 | | | |

STATE AUDITOR

Program: STATE AUDITOR

Activity: GOVERNMENT INFORMATION

Narrative

Activity Description

The Government Information Division promotes financial accountability and cost-effective public services for over 2,700 Minnesota local governments. This division prescribes the chart of accounts and reporting requirements for the 854 cities and 1,791 towns, and collects, verifies, and analyzes financial information for cities, towns, and counties. This local government financial data is compiled into databases and 12 annual reports.

Activity at a Glance

- ◆ Issues 12 reports on local government finances per year
- ◆ Maintains financial information on over 2,700 local governments

Population Served

The information collected by the Government Information Division provides state and local policy makers with significant data useful in making sound public policy decisions. It also provides local officials and citizens with a better understanding of their financial condition relative to other local governments. The users of the information include local government officials, citizens, the Minnesota Legislature, U.S. Bureau of the Census, and most state agencies, including the Department of Revenue, Pollution Control Agency, Department of Transportation, Minnesota Planning, and Department of Finance.

Services Provided

The Government Information Division collects data and works to effectively disseminate local government financial information to assist with public discussions and policy decisions. This division continually works to improve the usefulness of the information and enhance the data with meaningful analysis, while improving the overall access to that data. The Government Information Division:

- ◆ offers interactive databases and electronic reporting forms on the OSA's website;
- ◆ revises reporting forms and instructions used to collect routine financial information from local governments;
- ◆ reviews and resolves inconsistencies, discrepancies, and reporting errors in financial statements, audits, and reporting forms filed by 87 counties, 854 cities, and 1,791 townships;
- ◆ maintains extensive databases of local government financial data within the state, including total revenues, expenditures, and outstanding debt;
- ◆ assists with special projects requested by the legislature, including coordinating the collection of data into databases, preparing charts and tables, analyzing data, and publishing reports;
- ◆ reviews annual reporting forms filed by local governments on the bonded debt for streets and highways and shares the data with the Department of Transportation;
- ◆ maintains the Small Cities and Towns Accounting System (CTAS) software purchased by 900 small cities and towns throughout the state;
- ◆ manages all information technology needs and makes recommendations directly to the State Auditor on technology requirements of the OSA;
- ◆ provides research and strategic planning support on technology issues to other OSA divisions;
- ◆ makes recommendations on equipment and software purchases;
- ◆ provides network and personal computer installation, support, and maintenance;
- ◆ procures common network equipment; and
- ◆ supervises the LAN administrator and web site technical staff.

Key Measures

- ⇒ Local government financial data is summarized consistently in 12 reports with discrepancies and reporting errors corrected.
- ⇒ Local government financial data is readily available to users in various formats.
- ⇒ Manage technology needs, including hardware, software, support and maintenance of the OSA network.
- ⇒ Maintain and support the CTAS software.

STATE AUDITOR

Program: STATE AUDITOR

Activity: GOVERNMENT INFORMATION

Narrative

Activity Funding

This division is funded by the General Fund with supplemental funding and revenues received from various sources, thereby reducing the use of General Fund appropriations. Pursuant to M.S. 477A.014, subd. 4, the Commissioner of Revenue deducts \$217,000 each year from local government aids for the costs related to the government information function, which reduces this activity's use of the General Fund by a like amount.

The costs of collecting highway expenditure data from local governments and reporting the statewide data to state and federal transportation officials is repaid to the OSA by the Department of Transportation through an interagency agreement. The OSA was reimbursed \$16,734 in FY 2001 and \$16,325 in FY 2002 for this work.

Fees charged for sales of CTAS software are transferred to the Department of Administration under M.S. 16B.405 and totaled \$15,671 in FY 2001 and \$16,280 in FY 2002.

Contact

Matthew Lindemann, Director, Government Information Division, 651-297-7110

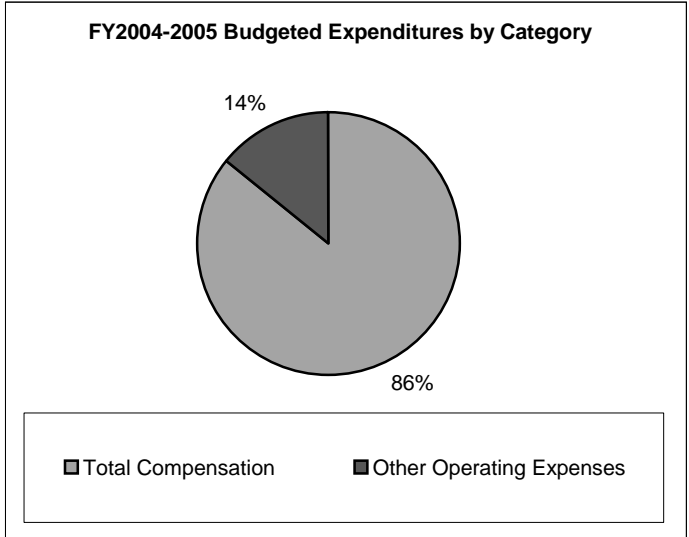
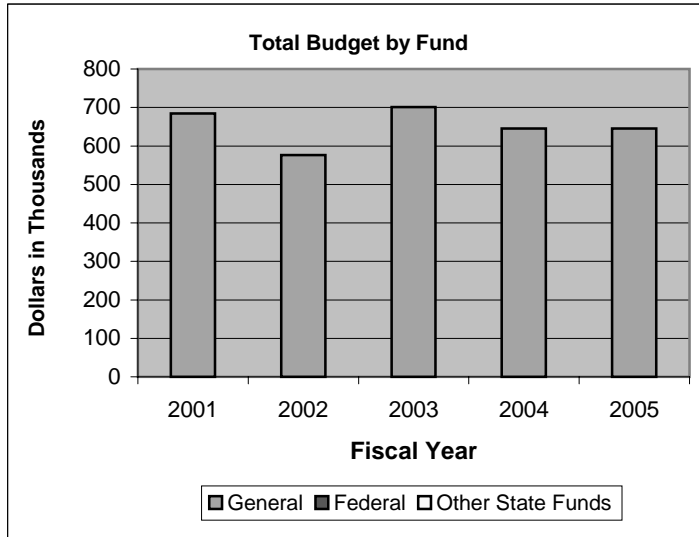
Dave Kazeck, Supervisor, Government Information Division, 651-297-3682

STATE AUDITOR

Program: **STATE AUDITOR**

Activity: GOVERNMENT INFORMATION

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------|---------------|---------------|-----------------|---------------|-----------------|----------------|--------------------------|----------------|
| Expenditures by Fund | Actual | Actual | Budgeted | Base | Biennium | | 2004-05 / 2002-03 | |
| | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 684 | 576 | 701 | 645 | 645 | 1,290 | 13 | 1.0% |
| Total | 684 | 576 | 701 | 645 | 645 | 1,290 | 13 | 1.0% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|--------------|-----------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 469 | 491 | 550 | 549 | 558 | 1,107 | 66 | 6.3% |
| Other Operating Expenses | 215 | 85 | 151 | 96 | 87 | 183 | -53 | -22.5% |
| Total | 684 | 576 | 701 | 645 | 645 | 1,290 | 13 | 1.0% |

| | | | | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|---|---|-------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 1 | 1 | 2 | 2 | 2 | 4 | 1 | 33.3% |
| Subtotal Non Dedicated | 1 | 1 | 2 | 2 | 2 | 4 | 1 | 33.3% |
| Full-Time Equivalents (FTE) | 8.9 | 8.7 | 9.0 | 9.0 | 9.0 | | | |

STATE AUDITOR

Program: STATE AUDITOR

Activity: PENSION

Narrative

Activity Description

The Pension Division monitors investment, financial and actuarial reporting for nearly 730 public pension funds. Its objective is to ensure a financially stable retirement system for the participants throughout the state, accountability for the fiscally prudent management of local tax dollars contributed to the retirement funds, and compliance with state statutes governing the administration of plans covering approximately 20,000 members.

Activity at a Glance

- ◆ Monitors 730 public pension funds
- ◆ Produces annual compilation and investment performance reports

Population Served

The Pension Division mainly serves small volunteer fire relief associations administered by part-time boards and officers, who work with state laws affecting benefit levels, financing, actuarial methods, investment practices, and pension fund administration. The division plays an important role in the plan review process by attempting to deliver the highest quality service to pension plan members, policymakers, and taxpayers through: 1) promoting consistent interpretation and application of statutes and bylaws in all phases of operation; 2) providing a uniform basis for calculating and reporting investment returns for all public plans; and 3) monitoring plan operations and administration of benefits to effectively measure compliance with state laws.

Services Provided

The division's activities fall under the following four categories:

Financial Review -- Because financial review is this division's core function, the division must:

- ◆ manage reporting processes that give pension members, pension boards, local jurisdictions and state policymakers reliable information on the status and funding requirements of local pension plans;
- ◆ review all financial reporting forms, actuarial reports, defined contribution allocation tables, and audits for accuracy and completeness; and
- ◆ annually distribute forms and reference tools, such as treasurer and auditor packets and tax and investment guidebooks, along with automated files on diskette for data entry, form submission, and scenario testing.

Investment Performance Reporting -- Responsibilities in this area require the division to:

- ◆ manage reporting processes for time-weighted rate-of-return data collected from nearly 730 pension funds; and
- ◆ collect and review investment report submissions, compile and analyze rate-of-return data, and report investment performance information to policymakers, pension fund members and the public.

Research and Communications -- Due to complex pension laws, significant technical resources are required to:

- ◆ provide assistance to pension funds on issues relating to tax laws, state statutes, form submissions, investment policies and valuation of benefits;
- ◆ prepare regular reports to policymakers on pension plan status and investment performance; and
- ◆ conduct approximately 5-6 training sessions per year and respond to requests for information from state elected officials and their staff, local officials, and taxpayers.

Compliance Monitoring and Investigation -- When monitoring for legal compliance, the division must:

- ◆ evaluate submitted reporting forms and contact pension fund officers, municipal officials, auditors or investment advisors regarding any technical irregularities or administrative or investment policy concerns; and
- ◆ assist the OSA's Legal, Audit Practice, and Special Investigations staff when pension issues arise; and prepare reports to the Commissioner of Revenue certifying individual relief associations are eligible to receive various state aid distributions.

STATE AUDITOR

Program: STATE AUDITOR

Activity: PENSION

Narrative

Key Measures

- ⇒ Annually review financial documents of nearly 710 public pension funds and produce a compilation report setting forth the financial condition of the funds.
- ⇒ Annually review investment reports of nearly 730 pension funds and compile investment performance information into a report for review by policy makers, pension fund members, and the public.
- ⇒ Annually prepare reports to the Department of Revenue certifying individual relief associations as eligible to receive various state aid distributions.
- ⇒ Provide client services, technical resources, and training to public pension funds.

Activity Funding

Under M.S. 356.219, the costs for investment performance reporting (\$225,512 in FY 2002) must be funded from the General Fund. Under M.S. 69.021, subd. 5, the remaining General Fund costs of the division for this same fiscal year (\$283,314) will be offset through dollar-for-dollar reductions against state pension-related aids distributed by the Department of Revenue. These costs vary annually based upon the allocation of payroll and other costs between investment and other financial monitoring activities.

Contact

Judith Strobel, Director, Pension Division, 651-296-5985

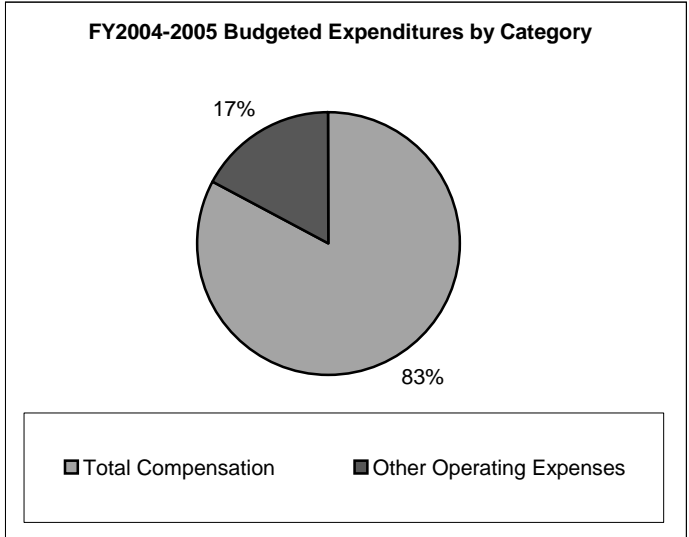
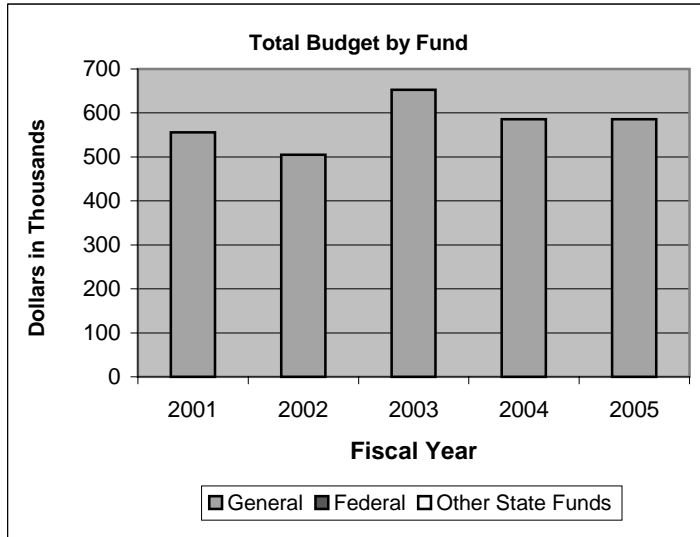
Deno Howard, OSA General Counsel, 651-297-3673

STATE AUDITOR

Program: STATE AUDITOR

Activity: PENSION

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------------|--------------------------|--------------------------|----------------------------|------------------------|---------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 556 | 505 | 653 | 586 | 586 | 1,172 | 14 | 1.2% |
| Total | 556 | 505 | 653 | 586 | 586 | 1,172 | 14 | 1.2% |
| Expenditures by Category | | | | | | | | |
| Total Compensation | 415 | 435 | 462 | 475 | 495 | 970 | 73 | 8.1% |
| Other Operating Expenses | 141 | 70 | 191 | 111 | 91 | 202 | -59 | -22.6% |
| Total | 556 | 505 | 653 | 586 | 586 | 1,172 | 14 | 1.2% |
| Full-Time Equivalents (FTE) | 7.8 | 8.3 | 8.9 | 9.2 | 9.2 | | | |

STATE AUDITOR

Program: STATE AUDITOR

Activity: CONSTITUTIONAL OFFICE

Narrative

Activity Description

The Constitutional Office provides senior level management for the Office of the State Auditor (OSA), overseeing all OSA divisions, their supervisors and staff. This budget includes the costs of the State Auditor's administrative and official operations.

Activity at a Glance

- ◆ Monitors activities of 6 state boards
- ◆ Supervises 6 OSA divisions
- ◆ Provides official and administrative functions

Population Served

The Constitutional Office provides management review and support for the regular and special audits of the Audit Practice Division, Special Investigations Division, and TIF Division. The Office directs the planning for educational programs held for staff and hosted by the OSA for clients. In addition, the Constitutional Office supports the State Auditor's contribution to, and the OSA's role on, the State Board of Investment, Executive Council, Land Exchange Board, Minnesota Housing Finance Agency, Rural Finance Authority Board, and the Public Employees Retirement Board.

This activity coordinates the dissemination of information regarding the financial condition of local governments, working with local officials to improve the quality of their financial operations to make services more efficient and cost-effective. The Constitutional Office also assists the Government Information Division, Pension Division, and TIF Division to bring information to local governments and citizens through advances in technology. Citizens are also assisted in other ways, including the investigation of consumer fraud issues.

Services Provided

The Constitutional Office furnishes the following services:

- ⇒ Provides supervisory oversight and direction for all OSA staff.
- ⇒ Assists with the development, distribution, and drafting of special reports requested by the legislature.
- ⇒ Offers training programs and conferences for supervisors, staff, clients, and other interested parties, including internal staff training in the areas of audit practice, technical issues, customer service, and human resources.
- ⇒ Reviews projects to improve the efficiency and effectiveness of the electronic collection and dissemination of local government financial information.
- ⇒ Supervises the distribution of information collected by the Government Information Division on the financial condition of local governments and the financial trends affecting government at state and local levels.
- ⇒ Monitors local entities' reporting requirements on a regular basis.
- ⇒ Oversees policies and practices of the six state boards on which the State Auditor serves.
- ⇒ Establishes policies and procedures for the OSA regarding proper financial controls and administrative procedures.
- ⇒ Provides assistance and information to citizens, local government officials, and state agencies concerning the operation of the OSA.
- ⇒ Serves as the OSA's primary contact with the legislature, citizens, and the media.
- ⇒ Assists in reviewing regulatory and legal compliance guidance offered by the Office of the State Auditor.

STATE AUDITOR

Program: STATE AUDITOR

Activity: CONSTITUTIONAL OFFICE

Narrative

Key Measures

- ⇒ Communicate with local government officials and citizens at board meetings, speaking engagements, and through the release of regular and special audit reports and press advisories.
- ⇒ Provide continuing education of OSA staff to ensure a professional and trained audit staff.
- ⇒ Provide oversight of local government finances through the management of OSA staff responsible for auditing, reviewing, investigating, and collecting data on local entities.
- ⇒ Monitor the 6 state boards on which the State Auditor serves.
- ⇒ Monitor legislation relating to local governments and work to preserve and enhance laws relating to financial accountability.

Activity Funding

The Constitutional Office activity is funded by the General Fund.

Contact

Jennifer Mohlenhoff, Deputy State Auditor, 651-297-8342

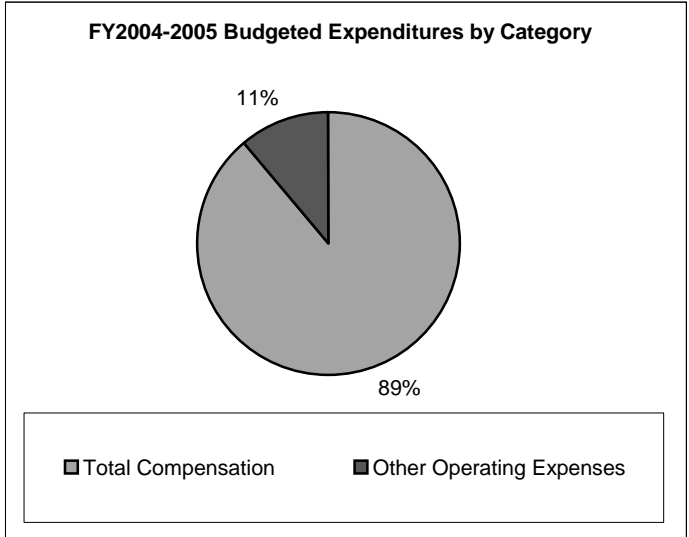
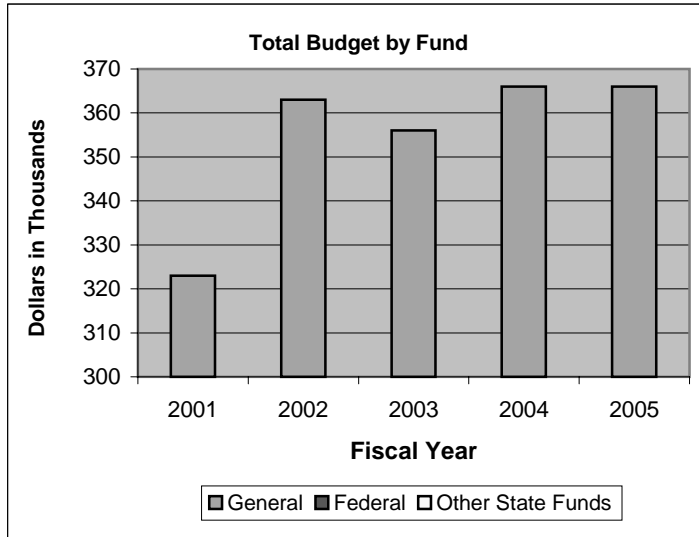
Deno Howard, Deputy State Auditor, 651-297-3763

STATE AUDITOR

Program: **STATE AUDITOR**

Activity: CONSTITUTIONAL OFFICE

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 323 | 363 | 356 | 366 | 366 | 732 | 13 | 1.8% |
| Total | 323 | 363 | 356 | 366 | 366 | 732 | 13 | 1.8% |
| Expenditures by Category | | | | | | | | |
| Total Compensation | 288 | 327 | 316 | 322 | 329 | 651 | 8 | 1.2% |
| Other Operating Expenses | 35 | 36 | 40 | 44 | 37 | 81 | 5 | 6.6% |
| Total | 323 | 363 | 356 | 366 | 366 | 732 | 13 | 1.8% |
| Full-Time Equivalents (FTE) | 3.8 | 4.2 | 4.0 | 4.0 | 4.0 | | | |

STATE AUDITOR

Program: STATE AUDITOR

Activity: TAX INCREMENT FINANCING

Narrative

Activity Description

In 1996, the legislature transferred all oversight and audit responsibilities for tax increment financing (TIF) districts to the Office of the State Auditor. Tax increment financing is a statutory tool used by local governments to encourage economic development, redevelopment, and housing projects, and its use by local governments is subject to complex statutory requirements and limitations.

Activity at a Glance

- ◆ Oversees 2,200 TIF districts administered by 440 TIF authorities
- ◆ Conducts in-depth reviews of annual TIF reports on a rotational basis
- ◆ Produces annual TIF compliance report

New development on parcels in a TIF district increases the property tax revenue from the parcels. This revenue is used to pay associated costs of the new development. In 2001, the estimated 2,200 TIF districts throughout the state generated about \$240 million of tax increment revenue to be used for development assistance.

The TIF Division's oversight results in greater statutory compliance with TIF laws by local governments by working to promote consistent and uniform TIF usage. In addition, gathering TIF financial information allows local government personnel, legislators, and citizens access to uniform TIF financial data.

Population Served

The TIF Division promotes legal compliance and accountability of local governments' uses of TIF through financial reviews and audits. It collects and analyzes financial information that local governments are required to report annually regarding their uses of tax increment. The division also performs legal compliance audits on TIF districts throughout the state, answers questions from citizens and local government officials regarding TIF, and conducts and participates in numerous TIF educational programs around the state.

Services Provided

The division provides the following services:

- ⇒ Reviews all annual financial reports for TIF districts for substantial completeness; conducts an in-depth review of all TIF annual reports on a 4-year rotation (approximately 25% of filed reports reviewed each year); identifies and advises TIF authorities of problems or issues relating to their annual reports; and obtains the necessary corrected information.
- ⇒ Provides information and responds to local government officials and citizens who request information regarding the lawful uses of TIF.
- ⇒ Investigates citizen information regarding unlawful uses of TIF and conducts on-site TIF legal compliance audits, as warranted.
- ⇒ Identifies TIF non-compliance issues, notifies municipalities of such issues, and forwards information regarding violations of TIF law to county attorneys for possible enforcement action.
- ⇒ Provides chairs of the legislative committees with jurisdiction over TIF with an annual report describing TIF legal compliance issues.
- ⇒ Works in cooperation with state agencies, local government associations, and local government officials to provide training and education to individuals administering TIF districts in the state.

Key Measures

- ⇒ Review annual TIF reports from 2,200 TIF districts to determine substantial completeness.
- ⇒ Conduct in-depth reviews of TIF reports on a 4-year rotational basis.
- ⇒ Issue initial and final notices of noncompliance resulting from audits of TIF authorities.

STATE AUDITOR

Program: STATE AUDITOR

Activity: TAX INCREMENT FINANCING

Narrative

- ⇒ Annually prepare report on TIF compliance issues for the legislative committees with jurisdiction over TIF.
- ⇒ Prepare and present educational materials on TIF compliance issues.

Activity Funding

The TIF Division is funded exclusively by a statutory appropriation of revenue generated by deducting 0.36% of tax increment distributed to authorities that administer TIF districts. Counties pay the deducted revenue to the Office of the State Treasurer, which transfers the funds to the Office of the State Auditor. The annual revenue from the enforcement deduction will vary depending on the number of active TIF districts and the amount of tax increment generated by those districts.

The tax increment that funds the TIF Division is dedicated revenue that covers the costs of all operations. This activity does not receive a direct General Fund appropriation.

Contact

Bill Connors, Director, TIF Division, 651-642-0837

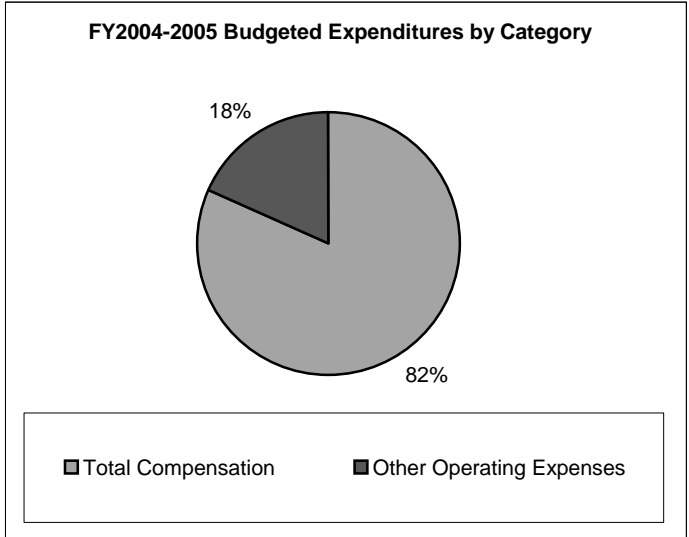
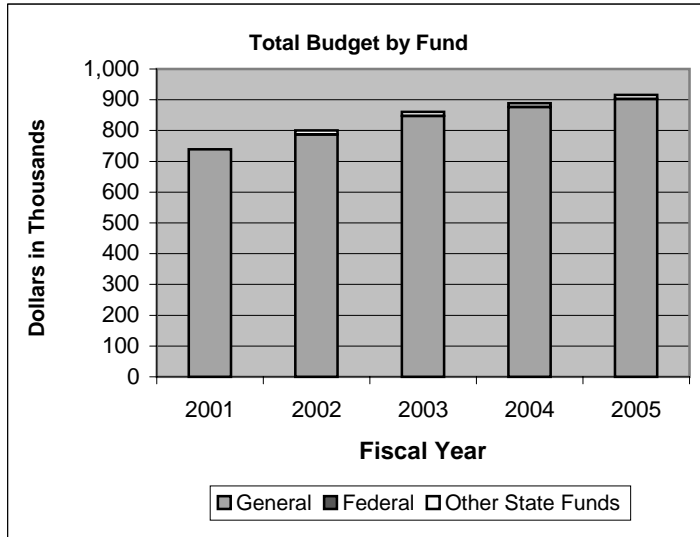
Jennifer Mohlenhoff, Deputy State Auditor, 651-297-8342

STATE AUDITOR

Program: **STATE AUDITOR**

Activity: TAX INCREMENT FINANCING

Fiscal Report



| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|------------------|------------------|--------------------|----------------|--------------------|---------------------|--------------------------------------|-------------|
| Expenditures by Fund | | | | | | | Dollars | Percent |
| Statutory Appropriations | | | | | | | | |
| General | 739 | 787 | 847 | 876 | 902 | 1,778 | 144 | 8.8% |
| Special Revenue | 0 | 13 | 14 | 13 | 14 | 27 | 0 | 0.0% |
| Total | 739 | 800 | 861 | 889 | 916 | 1,805 | 144 | 8.7% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|--------------|------------|-------------|
| Total Compensation | 633 | 693 | 687 | 725 | 751 | 1,476 | 96 | 7.0% |
| Other Operating Expenses | 106 | 107 | 174 | 164 | 165 | 329 | 48 | 17.1% |
| Total | 739 | 800 | 861 | 889 | 916 | 1,805 | 144 | 8.7% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|----------|-----------|-----------|-----------|-----------|-----------|----------|-------------|
| Dedicated | | | | | | | | |
| Special Revenue | 0 | 13 | 14 | 13 | 14 | 27 | 0 | 0.0% |
| Subtotal Dedicated | 0 | 13 | 14 | 13 | 14 | 27 | 0 | 0.0% |
| Total Revenue | 0 | 13 | 14 | 13 | 14 | 27 | 0 | 0.0% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 11.1 | 10.6 | 11.0 | 11.6 | 11.6 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

The mission of Minnesota State Colleges and Universities is to provide the diverse citizens of Minnesota the benefits of high-quality, accessible, future-oriented higher education; relevant research; and community service.

The Minnesota State Colleges and Universities offer a breadth and variety of high-quality educational opportunities across the state. Collectively, and in partnership, the colleges and universities offer learning opportunities for a technologically sophisticated world that result in:

- ◆ contributing and empowered citizens;
- ◆ active participants in a democratic society;
- ◆ educated, skilled, and adaptable workers;
- ◆ innovative lifelong learners;
- ◆ practical research and development; and
- ◆ successful communities.

Vision – Minnesota State Colleges and Universities will be the preferred pathway to higher educational opportunities and a valued partner in statewide economic development and community building.

The uniqueness and diversity of the Minnesota State Colleges and Universities and the power of a unified system will enable the system to excel as the most accessible, highest-quality, and innovative education provider in the region.

Core Functions

Teaching and learning are the core functions of the Minnesota State Colleges and Universities.

Operations

The colleges and universities serve students in for-credit courses, non-credit continuing education programs and customized training. The colleges and universities offer an extremely wide array of for-credit courses leading to master's, bachelor's and associate degrees, as well as occupational certificates and diplomas. They also offer non-credit continuing education courses and direct training services to businesses, nonprofit organizations and government agencies seeking to improve their employees' skills. Each one of the 34 Minnesota state colleges and universities contribute to the civic, economic, and cultural life in the 46 communities they serve.

Budget

Revenue

State appropriations comprise 49% of the system's total revenue. Other major sources include tuition and fees, and federal and state grants.

Ninety percent of the state appropriation is allocated directly to the colleges and universities.

All tuition and fee revenue generated by the colleges and universities remain with the institution that generated them.

Expenditures

Compensation accounts for 66% of the Minnesota State College and University total expenditures. A portion of the purchased services category includes category includes contracts for adjunct faculty.

Instruction and academic support make up the largest portions of MnSCU expenditures.

At A Glance

- ◆ Serve over 125,000 FYE (165,000 headcount) students in credit courses annually.
- ◆ Serve over 240,000 students in non-credit instruction and continuing education courses.
- ◆ Provide services to over 6,900 Minnesota employers through contract training.
- ◆ Graduate 27,000 students annually.
- ◆ Offer 3,500 degree programs at 27 colleges and 7 universities located on 53 campuses in 46 communities.
- ◆ Produce the largest share of the state's new teachers, accountants, police officers, nurses, computer professionals, firefighters, technicians, tradespeople and others from a broad range of disciplines.

Employees

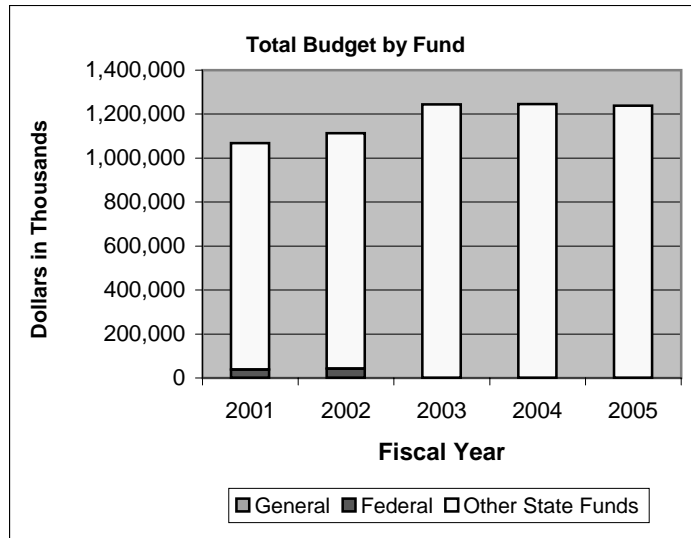
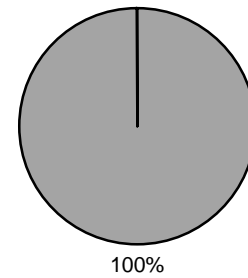
Faculty comprise slightly less than half of the 10,377 MnSCU FTE employees. Forty-two percent are staff and professional employees and 11% are administrative.

Contact

Linda Kohl, Public Affairs, (651) 296-9505
Minnesota State Colleges and Universities
500 World Trade Center
30 East 7th Street
St. Paul, Minnesota 55101

MnSCU home:
<http://www.mnscu.edu>

MnSCU Budget Unit web site:
<http://www.Budget.mnscu.edu/>

**FY2004-2005 Budgeted Expenditures by Category**

Local Assistance

| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 Dollars | Percent |
|---------------------------------|------------------|------------------|--------------------|------------------|--------------------|---------------------|---|-------------|
| Expenditures by Fund | | | | | | | | |
| Carry Forward | | | | | | | | |
| Mnscu Colleges/Universities | 19 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Direct Appropriations | | | | | | | | |
| Mnscu Colleges/Universities | 579,674 | 601,583 | 617,292 | 655,381 | 642,194 | 1,297,575 | 78,700 | 6.5% |
| Statutory Appropriations | | | | | | | | |
| Mnscu Colleges/Universities | 410,859 | 420,950 | 544,241 | 509,061 | 515,936 | 1,024,997 | 59,806 | 6.2% |
| Special Revenue | 4,709 | 11,442 | 0 | 0 | 0 | 0 | -11,442 | -100.0% |
| Mnscu Special Revenue | 0 | 1,152 | 12,822 | 11,090 | 11,090 | 22,180 | 8,206 | 58.7% |
| Federal | 38,152 | 41,990 | 0 | 0 | 0 | 0 | -41,990 | -100.0% |
| Mnscu Federal Fund | 0 | 6,083 | 46,145 | 45,700 | 45,700 | 91,400 | 39,172 | 75.0% |
| Miscellaneous Agency | 20,330 | 19,189 | 0 | 0 | 0 | 0 | -19,189 | -100.0% |
| Mnscu Agency Fund | 0 | 834 | 18,144 | 18,050 | 18,050 | 36,100 | 17,122 | 90.2% |
| Gift | 11,908 | 5,519 | 0 | 0 | 0 | 0 | -5,519 | -100.0% |
| Mnscu Gift Fund | 0 | 834 | 2,211 | 1,672 | 1,672 | 3,344 | 299 | 9.8% |
| Sub Supplemental & Ira Retire | 963 | 987 | 880 | 875 | 875 | 1,750 | -117 | -6.3% |
| Mnscu Enterprise Activities | 1,983 | 2,725 | 3,196 | 3,194 | 3,194 | 6,388 | 467 | 7.9% |
| Endowment | 2 | 5 | 0 | 0 | 0 | 0 | -5 | -100.0% |
| Mnscu Endowment Fund | 0 | 0 | 6 | 6 | 6 | 12 | 6 | 100.0% |
| Total | 1,068,599 | 1,113,293 | 1,244,937 | 1,245,029 | 1,238,717 | 2,483,746 | 125,516 | 5.3% |

Expenditures by Category

| | | | | | | | | |
|------------------|------------------|------------------|------------------|------------------|------------------|------------------|----------------|-------------|
| Local Assistance | 1,068,599 | 1,113,293 | 1,244,937 | 1,245,029 | 1,238,717 | 2,483,746 | 125,516 | 5.3% |
| Total | 1,068,599 | 1,113,293 | 1,244,937 | 1,245,029 | 1,238,717 | 2,483,746 | 125,516 | 5.3% |

Expenditures by Program

| | | | | | | | | |
|----------------------------|------------------|------------------|------------------|------------------|------------------|------------------|----------------|-------------|
| Mn State Colleges & Univer | 1,068,599 | 1,113,293 | 1,244,937 | 1,245,029 | 1,238,717 | 2,483,746 | 125,516 | 5.3% |
| Total | 1,068,599 | 1,113,293 | 1,244,937 | 1,245,029 | 1,238,717 | 2,483,746 | 125,516 | 5.3% |

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|---------------|---------------|-----------------------------|--|----------------|
| | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base | | Biennium 2004-05 | Dollars | Percent |
| Revenue by Type and Fund | | | | FY2004 | FY2005 | | | |
| Dedicated | | | | | | | | |
| Mnscu Colleges/Universities | 402,345 | 463,068 | 498,625 | 509,061 | 515,936 | 1,024,997 | 63,304 | 6.6% |
| Special Revenue | 6,851 | 9,226 | 0 | 0 | 0 | 0 | -9,226 | -100.0% |
| Mnscu Special Revenue | 0 | 958 | 11,090 | 11,090 | 11,090 | 22,180 | 10,132 | 84.1% |
| Federal | 37,818 | 40,859 | 0 | 0 | 0 | 0 | -40,859 | -100.0% |
| Mnscu Federal Fund | 0 | 7,577 | 45,700 | 45,700 | 45,700 | 91,400 | 38,123 | 71.6% |
| Miscellaneous Agency | 18,066 | 19,387 | 0 | 0 | 0 | 0 | -19,387 | -100.0% |
| Mnscu Agency Fund | 0 | 771 | 18,050 | 18,050 | 18,050 | 36,100 | 17,279 | 91.8% |
| Gift | 12,847 | 7,540 | 0 | 0 | 0 | 0 | -7,540 | -100.0% |
| Mnscu Gift Fund | 0 | 325 | 1,672 | 1,672 | 1,672 | 3,344 | 1,347 | 67.5% |
| Sub Supplemental & Ira Retire | 930 | 909 | 875 | 875 | 875 | 1,750 | -34 | -1.9% |
| Mnscu Enterprise Activities | 1,802 | 2,362 | 3,194 | 3,194 | 3,194 | 6,388 | 832 | 15.0% |
| Endowment | 7 | 4 | 0 | 0 | 0 | 0 | -4 | -100.0% |
| Mnscu Endowment Fund | 0 | 1 | 6 | 6 | 6 | 12 | 5 | 71.4% |
| Subtotal Dedicated | 480,666 | 552,987 | 579,212 | 589,648 | 596,523 | 1,186,171 | 53,972 | 4.8% |
| Total Revenue | 480,666 | 552,987 | 579,212 | 589,648 | 596,523 | 1,186,171 | 53,972 | 4.8% |

Program Description

Minnesota's 27 state colleges and seven universities provide an array of high quality and low cost educational programs to residents in all parts of the state.

Technical colleges offer education for employment - courses and programs that teach specific knowledge and skills leading to particular jobs. The programs range in length from three months to two years.

Community colleges provide the first two years of a four-year college education. Graduates of community colleges can transfer to Minnesota state universities and other colleges to complete four-year degrees. Community colleges offer general education courses and occupational career programs that directly prepare students for jobs.

Combined technical and community colleges are two-year colleges that offer a mix of technical college and community college courses and programs. These colleges offer the opportunity to start a bachelor's degree or pursue a two-year career program leading immediately to employment.

Minnesota's four-year state universities offer courses and programs leading to bachelor's, master's and advanced degrees. Programs are offered in liberal arts and sciences and in professional fields.

Population Served

Minnesota State Colleges and Universities (MnSCU) is the largest provider of higher education in the state of Minnesota with 34 institutions serving more than 225,000 students annually in for-credit programs. The state colleges and universities also serve 100,000 students and 5,000 businesses through customized training, along with 100,000 students in non-credit continuing education courses. The institutions provide applied research and public service to Minnesota communities in all regions of the state. More than 90% of state college and university students are from Minnesota and more than 80% remain in Minnesota after graduation. Enrollment is 96% undergraduate. Over 10% are students of color. Nearly 31% are 35 or older. Forty percent are 25 or older. The average age of our students is 28. About 47% attend part-time.

Services Provided

The state colleges and universities offer more than 3,500 degree programs, including 171 graduate degree programs. They award approximately 26,000 degrees and diplomas each year.

Historical Perspective

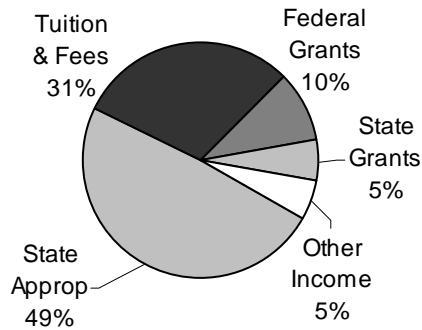
In July 1995, the former community college, technical college and state university systems merged to become the Minnesota State Colleges and Universities.

Program at a Glance

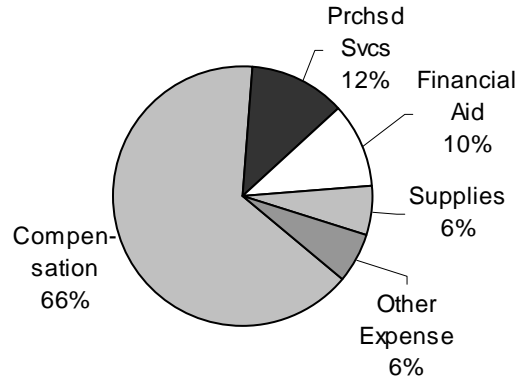
- ◆ Largest provider of higher education in Minnesota, educating over 225,000 students each year – over 50% of all Minnesota postsecondary enrollments.
- ◆ Graduate approximately 26,000 students each year.
- ◆ The system has seven universities and 27 colleges on 53 campuses in 46 Minnesota communities.
- ◆ Produce the largest share of the state's new teachers, accountants, police officers, nurses, computer professionals, firefighters, technicians, tradespeople and others from a broad range of disciplines.

Program Funding

Source of Funding
FY01 Gen & Spec Rev (Total: \$1.2B)

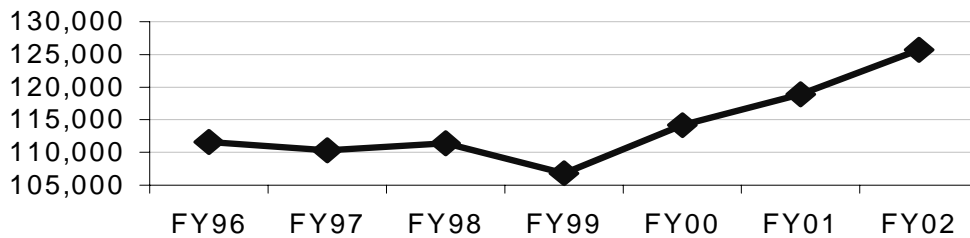


Expenditures by Category
FY01 Gen & Spec Rev. (Total: \$1.2B)



Key Measures

MnSCU Full-Year Equivalent Enrollment



MnSCU full year equivalent enrollment (FYE) is calculated by dividing the total number of undergraduate credits in a given year by 30 (considered to be a full academic load for an undergraduate student). For graduate FYE, the total number of graduate credits is divided by 20 (considered to be a full academic load for a graduate student).

Contact

Linda Kohl, Public Affairs, (651) 296-9505

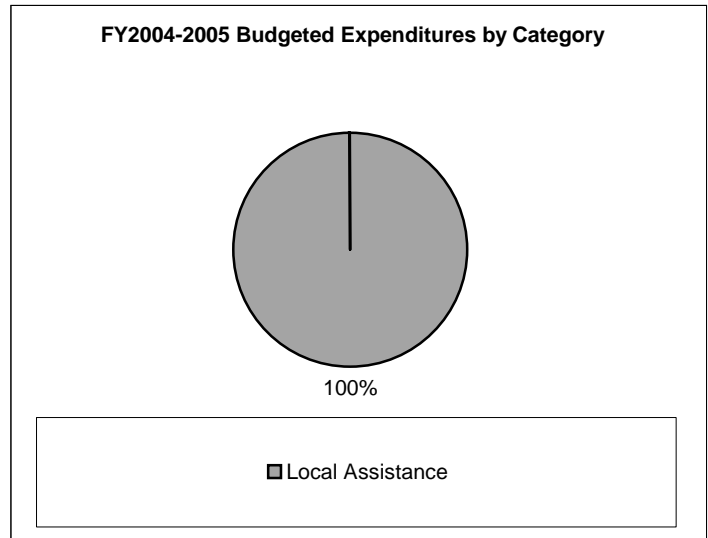
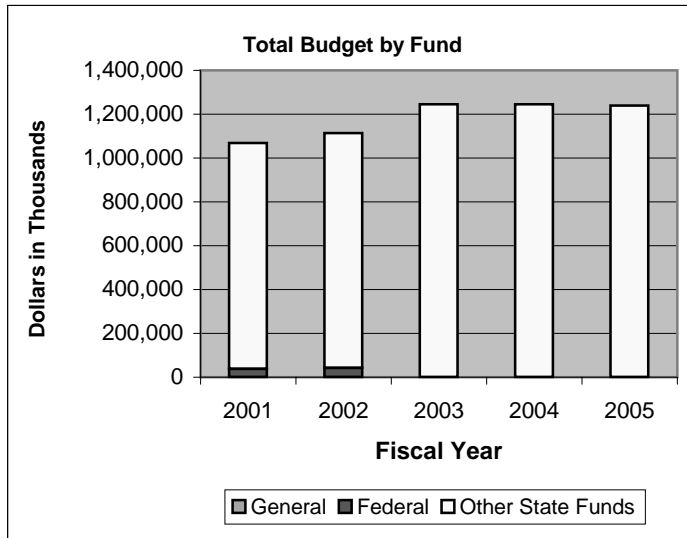
MnSCU home:
<http://www.mnscu.edu>

MnSCU Budget Unit web site:
<http://www.budget.mnscu.edu>

STATE COLLEGES & UNIVERSITIES

Program: MN STATE COLLEGES & UNIVER

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | | |
|---------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|
| | Actual | Actual | Budgeted | Base | Biennium | Biennial Change | | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | 2004-05 / 2002-03 | Dollars / Percent |
| Carry Forward | | | | | | | | |
| Mnscu Colleges/Universities | 19 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Direct Appropriations | | | | | | | | |
| Mnscu Colleges/Universities | 579,674 | 601,583 | 617,292 | 655,381 | 642,194 | 1,297,575 | 78,700 | 6.5% |
| Statutory Appropriations | | | | | | | | |
| Mnscu Colleges/Universities | 410,859 | 420,950 | 544,241 | 509,061 | 515,936 | 1,024,997 | 59,806 | 6.2% |
| Special Revenue | 4,709 | 11,442 | 0 | 0 | 0 | 0 | -11,442 | -100.0% |
| Mnscu Special Revenue | 0 | 1,152 | 12,822 | 11,090 | 11,090 | 22,180 | 8,206 | 58.7% |
| Federal | 38,152 | 41,990 | 0 | 0 | 0 | 0 | -41,990 | -100.0% |
| Mnscu Federal Fund | 0 | 6,083 | 46,145 | 45,700 | 45,700 | 91,400 | 39,172 | 75.0% |
| Miscellaneous Agency | 20,330 | 19,189 | 0 | 0 | 0 | 0 | -19,189 | -100.0% |
| Mnscu Agency Fund | 0 | 834 | 18,144 | 18,050 | 18,050 | 36,100 | 17,122 | 90.2% |
| Gift | 11,908 | 5,519 | 0 | 0 | 0 | 0 | -5,519 | -100.0% |
| Mnscu Gift Fund | 0 | 834 | 2,211 | 1,672 | 1,672 | 3,344 | 299 | 9.8% |
| Sub Supplemental & Ira Retire | 963 | 987 | 880 | 875 | 875 | 1,750 | -117 | -6.3% |
| Mnscu Enterprise Activities | 1,983 | 2,725 | 3,196 | 3,194 | 3,194 | 6,388 | 467 | 7.9% |
| Endowment | 2 | 5 | 0 | 0 | 0 | 0 | -5 | -100.0% |
| Mnscu Endowment Fund | 0 | 0 | 6 | 6 | 6 | 12 | 6 | 100.0% |
| Total | 1,068,599 | 1,113,293 | 1,244,937 | 1,245,029 | 1,238,717 | 2,483,746 | 125,516 | 5.3% |

| | | | | | | | | |
|---------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|----------------|-------------|
| Expenditures by Category | | | | | | | | |
| Local Assistance | 1,068,599 | 1,113,293 | 1,244,937 | 1,245,029 | 1,238,717 | 2,483,746 | 125,516 | 5.3% |
| Total | 1,068,599 | 1,113,293 | 1,244,937 | 1,245,029 | 1,238,717 | 2,483,746 | 125,516 | 5.3% |

| | | | | | | | | |
|---------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|----------------|-------------|
| Expenditures by Activity | | | | | | | | |
| Mn State Colleges And Univ | 1,068,599 | 1,113,293 | 1,244,937 | 1,245,029 | 1,238,717 | 2,483,746 | 125,516 | 5.3% |
| Total | 1,068,599 | 1,113,293 | 1,244,937 | 1,245,029 | 1,238,717 | 2,483,746 | 125,516 | 5.3% |

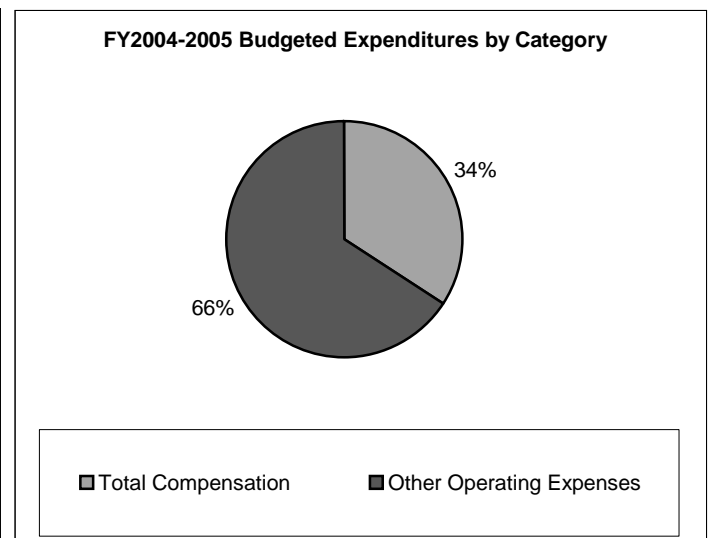
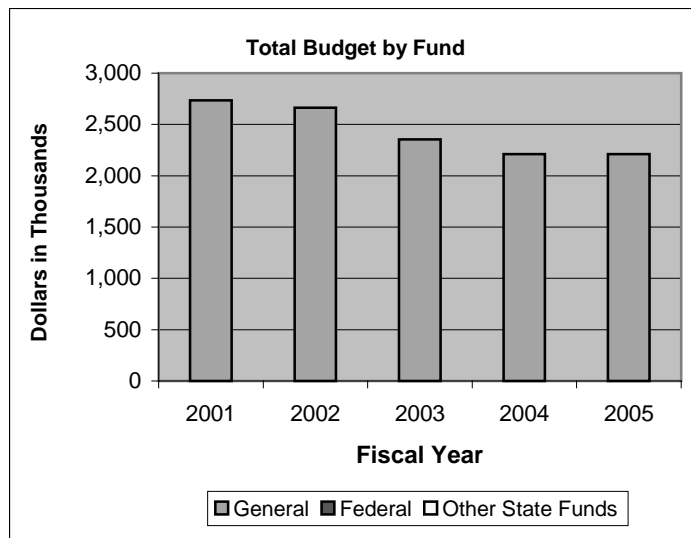
STATE COLLEGES & UNIVERSITIES

Program: MN STATE COLLEGES & UNIVER

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|----------------|----------------|-----------------|----------------|----------------|------------------|--------------------------|----------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Revenue by Type and Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Dedicated | | | | | | | | |
| Mnscu Colleges/Universities | 402,345 | 463,068 | 498,625 | 509,061 | 515,936 | 1,024,997 | 63,304 | 6.6% |
| Special Revenue | 6,851 | 9,226 | 0 | 0 | 0 | 0 | -9,226 | -100.0% |
| Mnscu Special Revenue | 0 | 958 | 11,090 | 11,090 | 11,090 | 22,180 | 10,132 | 84.1% |
| Federal | 37,818 | 40,859 | 0 | 0 | 0 | 0 | -40,859 | -100.0% |
| Mnscu Federal Fund | 0 | 7,577 | 45,700 | 45,700 | 45,700 | 91,400 | 38,123 | 71.6% |
| Miscellaneous Agency | 18,066 | 19,387 | 0 | 0 | 0 | 0 | -19,387 | -100.0% |
| Mnscu Agency Fund | 0 | 771 | 18,050 | 18,050 | 18,050 | 36,100 | 17,279 | 91.8% |
| Gift | 12,847 | 7,540 | 0 | 0 | 0 | 0 | -7,540 | -100.0% |
| Mnscu Gift Fund | 0 | 325 | 1,672 | 1,672 | 1,672 | 3,344 | 1,347 | 67.5% |
| Sub Supplemental & Ira Retire | 930 | 909 | 875 | 875 | 875 | 1,750 | -34 | -1.9% |
| Mnscu Enterprise Activities | 1,802 | 2,362 | 3,194 | 3,194 | 3,194 | 6,388 | 832 | 15.0% |
| Endowment | 7 | 4 | 0 | 0 | 0 | 0 | -4 | -100.0% |
| Mnscu Endowment Fund | 0 | 1 | 6 | 6 | 6 | 12 | 5 | 71.4% |
| Subtotal Dedicated | 480,666 | 552,987 | 579,212 | 589,648 | 596,523 | 1,186,171 | 53,972 | 4.8% |
| Total Revenue | 480,666 | 552,987 | 579,212 | 589,648 | 596,523 | 1,186,171 | 53,972 | 4.8% |

A constitutional amendment to abolish the office of the State Treasurer, effective January 6, 2003, was passed in November 1998.



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------|---------------|---------------|-----------------|---------------|-----------------|----------------|--------------------------|----------------|
| Expenditures by Fund | Actual | Actual | Budgeted | Base | Biennium | | 2004-05 / 2002-03 | |
| | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 2,734 | 2,663 | 2,353 | 2,211 | 2,211 | 4,422 | -594 | -11.8% |
| Total | 2,734 | 2,663 | 2,353 | 2,211 | 2,211 | 4,422 | -594 | -11.8% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|---------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 794 | 846 | 848 | 758 | 758 | 1,516 | -178 | -10.5% |
| Other Operating Expenses | 1,940 | 1,817 | 1,505 | 1,453 | 1,453 | 2,906 | -416 | -12.5% |
| Total | 2,734 | 2,663 | 2,353 | 2,211 | 2,211 | 4,422 | -594 | -11.8% |

| | | | | | | | | |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|---------------|
| Expenditures by Program | | | | | | | | |
| State Treasurer | 2,734 | 2,663 | 2,353 | 2,211 | 2,211 | 4,422 | -594 | -11.8% |
| Total | 2,734 | 2,663 | 2,353 | 2,211 | 2,211 | 4,422 | -594 | -11.8% |

| | | | | | | | | |
|----------------------------------|--------|---------|---------|---------|---------|---------|---------|--------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 28,516 | 342,949 | 332,431 | 332,431 | 332,431 | 664,862 | -10,518 | -1.6% |
| State Government Special Revenue | 147 | 133 | 130 | 130 | 130 | 260 | -3 | -1.1% |
| Cambridge Deposit Fund | 16,677 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Miscellaneous Agency | 0 | 0 | 42 | 42 | 42 | 84 | 42 | 100.0% |
| Subtotal Non Dedicated | 45,340 | 343,082 | 332,603 | 332,603 | 332,603 | 665,206 | -10,479 | -1.6% |

| | | | | | | | | |
|----------------------------------|---------------|----------------|----------------|----------------|----------------|----------------|---------------|--------------|
| Dedicated | | | | | | | | |
| General | 7,896 | 15,334 | 16,969 | 17,247 | 17,274 | 34,521 | 2,218 | 6.9% |
| State Government Special Revenue | 1,305 | 1,051 | 1,070 | 1,070 | 1,070 | 2,140 | 19 | 0.9% |
| Special Revenue | 1,601 | 10,033 | 11,278 | 11,316 | 10,586 | 21,902 | 591 | 2.8% |
| Game And Fish (Operations) | 0 | 175 | 181 | 181 | 181 | 362 | 6 | 1.7% |
| Miscellaneous Agency | 632 | 668 | 639 | 639 | 639 | 1,278 | -29 | -2.2% |
| Housing Finance Agency | 422 | 364 | 425 | 425 | 425 | 850 | 61 | 7.7% |
| Subtotal Dedicated | 11,856 | 27,625 | 30,562 | 30,878 | 30,175 | 61,053 | 2,866 | 4.9% |
| Total Revenue | 57,196 | 370,707 | 363,165 | 363,481 | 362,778 | 726,259 | -7,613 | -1.0% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 13.0 | 14.0 | 13.8 | 13.8 | 13.8 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

Agency Purpose

Minnesota's Supreme Court is the state's court of last resort, serving as the final guardian of the state constitution and interpreting/applying the United States Constitution. The court is responsible for overseeing the machinery of justice in the state, for regulating the practice of law, and making recommendations for improvement of the judicial system.

- ⇒ The mission of the judicial branch is to provide justice through a system that assures equal access for the fair, competent, and timely resolution of cases and controversies.
- ⇒ The judicial branch vision is that the general public and those who use the court system will refer to it as accessible, fair, consistent, responsive, free of discrimination, independent, and well managed.

Core Functions

The Supreme Court has original jurisdiction in remedial cases as prescribed by law, appellate jurisdiction over all cases and supervisory jurisdiction over all courts in the state. The Supreme Court's supervisory jurisdiction includes the authority to prescribe, amend, and modify the rules of practice in all courts; the rules governing the examination and admission of attorneys to the state bar; and the rules governing judicial and attorney professional conduct.

The Chief Justice is responsible for supervising the administrative operations of the state court system, including the financial affairs of the court system and the assignment of judges to serve in courts needing assistance.

The Supreme Court conducts its administrative functions in support of the following four strategic priority areas:

- ⇒ **Access to Justice** – Ensuring the justice system is open, affordable, effective, and accountable to the people it serves.
- ⇒ **Children's Justice** – Working across branches of government and with other stakeholders to improve outcomes for and the delivery of services to Minnesota's children.
- ⇒ **Technology** – Updating and integrating technology to improve and expedite the work of the courts, making justice more consumer-oriented and accountable.
- ⇒ **Public Trust and Confidence** – Through education, outreach to diverse communities, and a commitment to system-wide customer service, improving citizens' understanding of and confidence in the Third Branch of government.

Operations

The adjudicative and supervisory functions of the Supreme Court have an impact on all Minnesota citizens.

ADJUDICATIVE OPERATIONS

In reviewing more than 800 cases each year, justices are assisted in their work by law clerks and the Supreme Court Commissioner's Office.

At A Glance

- ⇒ Supreme Court reviews more than 800 cases a year.
- ⇒ Supreme Court oversees judicial system of 292 judges, 3,000 employees, and 22,000 attorneys.
- ⇒ The judicial branch operates in a constantly changing environment.
 - ◆ Laws, case types and legal sanctions change annually.
 - ◆ Caseload volume is determined by other branches and levels of government, and by private citizens and business entities who bring disputes for resolution.
- ⇒ The courts are mid-way through a major financial transition from county-based funding to state funding.
 - ◆ 3,000 county employees will be transferred to state payrolls by FY 2006.
 - ◆ Collective bargaining is now conducted for state funded judicial districts
- ⇒ Redesign of core court technology is underway.
 - ◆ Implementation of MNCIS, the central hub of CriMNet, has begun.
- ⇒ The Minnesota Courts regularly review their effectiveness by monitoring
 - ◆ Case filing trends.
 - ◆ Case clearance rates.
 - ◆ Elapsed case time from filing to disposition.

SUPERVISORY OPERATIONS

In the Chief Justice's general supervisory role over the courts, she is assisted by the State Court Administrator's Office, which provides the administrative infrastructure for the judicial branch.

Working at the direction of the Chief Justice and with the Conference of Chief Judges, the State Court Administrator is responsible for providing judicial branch finance, human resources, technology, training, communications, research/evaluation, caseload management, and cross-district judicial assignment services.

Budget

Of the funding for the Supreme Court, 85.8% is from General Fund direct appropriations. Federal grants represent 9.4% of the funding for the Court. The balance of the funding is from Special Revenue Funds and other grants and gifts, representing 4.8% of the Courts funding.

Of the Supreme Court expenditures, 45% is used for technology (including the MNCIS project, which supports judicial branch operations for all three levels of court and in each county in the state.) Court operations represents 29%, which includes the cost of the Justices and their staff as well as the staff of the State Court Administrator's Office. Civil Legal Services funds are 20%, and the remaining 6% supports the State Law Library.

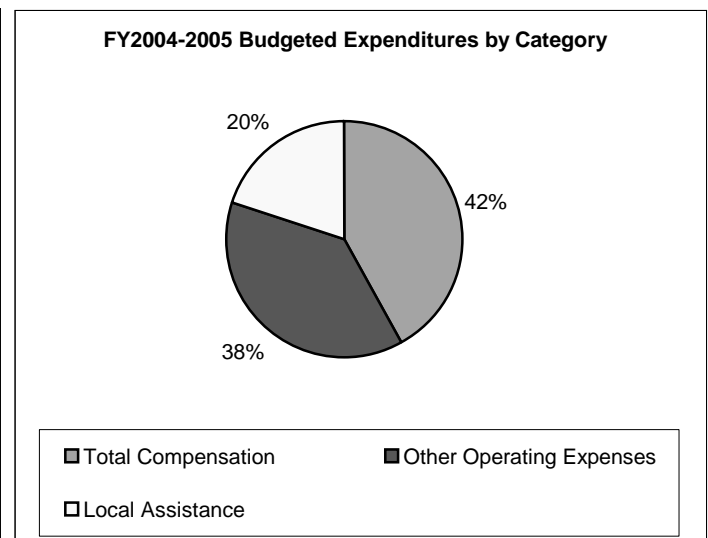
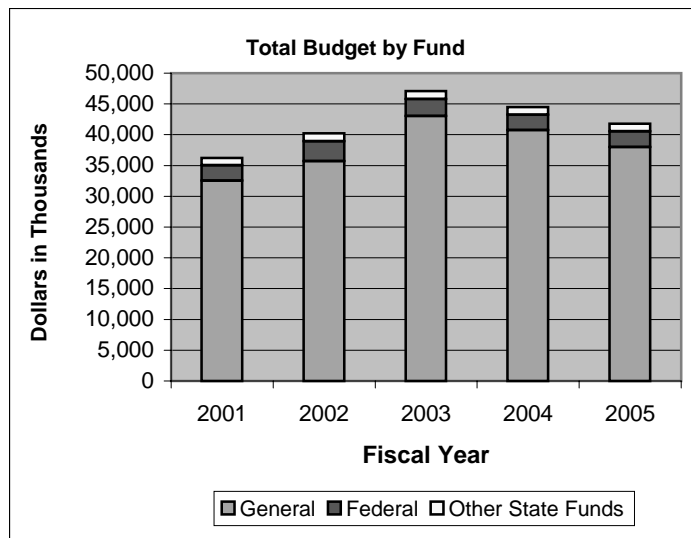
The Supreme Court has 222.43 FTEs. This excludes the Legal Profession Boards.

Contact

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Sue Dosal
State Court Administrator
Phone: (651) 296-2474
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Home page: <http://www.courts.state.mn.us>



| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|------------------|------------------|--------------------|----------------|--------------------|---------------------|--------------------------------------|--------------|
| Expenditures by Fund | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 32,159 | 34,810 | 42,188 | 39,985 | 37,263 | 77,248 | 250 | 0.3% |
| Statutory Appropriations | | | | | | | | |
| General | 379 | 872 | 835 | 743 | 747 | 1,490 | -217 | -12.7% |
| Special Revenue | 1,146 | 1,235 | 1,242 | 1,196 | 1,200 | 2,396 | -81 | -3.3% |
| Federal | 2,488 | 3,261 | 2,754 | 2,524 | 2,524 | 5,048 | -967 | -16.1% |
| Miscellaneous Agency | 1 | 1 | 1 | 1 | 1 | 2 | 0 | 0.0% |
| Gift | 64 | 40 | 44 | 39 | 41 | 80 | -4 | -4.8% |
| Total | 36,237 | 40,219 | 47,064 | 44,488 | 41,776 | 86,264 | -1,019 | -1.2% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Total Compensation | 12,614 | 14,942 | 18,032 | 17,952 | 18,221 | 36,173 | 3,199 | 9.7% |
| Other Operating Expenses | 14,814 | 16,343 | 20,201 | 17,857 | 14,876 | 32,733 | -3,811 | -10.4% |
| Capital Outlay & Real Property | 6 | 68 | 112 | 0 | 0 | 0 | -180 | -100.0% |
| Local Assistance | 7,792 | 8,866 | 8,719 | 8,679 | 8,679 | 17,358 | -227 | -1.3% |
| Other Financial Transactions | 1,011 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Total | 36,237 | 40,219 | 47,064 | 44,488 | 41,776 | 86,264 | -1,019 | -1.2% |

| Expenditures by Program | | | | | | | | |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Supreme Court Operations | 4,681 | 4,917 | 5,486 | 5,387 | 5,408 | 10,795 | 392 | 3.8% |
| Civil Legal Services | 7,473 | 8,758 | 8,609 | 8,569 | 8,569 | 17,138 | -229 | -1.3% |
| State Court Administrators | 22,226 | 24,598 | 30,724 | 28,377 | 25,643 | 54,020 | -1,302 | -2.4% |
| Law Library Operations | 1,857 | 1,946 | 2,245 | 2,155 | 2,156 | 4,311 | 120 | 2.9% |
| Total | 36,237 | 40,219 | 47,064 | 44,488 | 41,776 | 86,264 | -1,019 | -1.2% |

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------------|--------------------------|--------------------------|----------------------------|---------------|---------------|-----------------------------|--|----------------|
| | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base | | Biennium 2004-05 | Dollars | Percent |
| Revenue by Type and Fund | | | | FY2004 | FY2005 | | | |
| Non Dedicated | | | | | | | | |
| General | 0 | 412 | 417 | 417 | 417 | 834 | 5 | 0.6% |
| Cambridge Deposit Fund | 385 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 385 | 412 | 417 | 417 | 417 | 834 | 5 | 0.6% |
| Dedicated | | | | | | | | |
| General | 1,500 | 878 | 835 | 743 | 747 | 1,490 | -223 | -13.0% |
| Special Revenue | 1,174 | 1,227 | 1,214 | 1,196 | 1,199 | 2,395 | -46 | -1.9% |
| Federal | 2,735 | 3,218 | 2,394 | 2,524 | 2,524 | 5,048 | -564 | -10.0% |
| Miscellaneous Agency | 1 | 1 | 1 | 1 | 1 | 2 | 0 | 0.0% |
| Gift | 58 | 38 | 39 | 39 | 39 | 78 | 1 | 1.3% |
| Subtotal Dedicated | 5,468 | 5,362 | 4,483 | 4,503 | 4,510 | 9,013 | -832 | -8.5% |
| Total Revenue | 5,853 | 5,774 | 4,900 | 4,920 | 4,927 | 9,847 | -827 | -7.7% |
| | | | | | | | | |
| Full-Time Equivalents (FTE) | 198.8 | 220.8 | 249.9 | 245.5 | 245.5 | | | |

SUPREME COURT

Program: SUPREME COURT OPERATIONS

Narrative

Program Description

Minnesota's Supreme Court is the state's court of last resort, serving as the final guardian of the state constitution and interpreting/applying the United States Constitution. The court is responsible for overseeing the machinery of justice in the state, for regulating the practice of law, and making recommendations for improvement of the judicial system.

Program at a Glance

- ◆ Supreme Court decides about 800 cases a year
- ◆ Supreme Court oversees judicial system of 292 judges, 3,200 employees, and 22,000 attorneys

Population Served

The adjudicative and supervisory functions of the Supreme Court have an impact on all Minnesota citizens.

Services Provided

The Minnesota Supreme Court considers appeals from judgments of the Court of Appeals, the Workers Compensation Court of Appeals and the Tax Court. It hears special term matters, motions and petitions for extraordinary relief. The volume of petitions for review was 691 cases in 2001. The volume of filings is expected to remain at this level through the next biennium. The Supreme Court also hears mandatory cases. This includes first-degree murder, tax court and workers' compensation court of appeals, as well as attorney discipline. In 2001 113 mandatory cases were heard.

In addition to this appellate function, the Supreme Court supervises admission to the practice of law in the state and regulates legal practice. The court also promulgates rules governing practice and procedure in the courts throughout the state, a function which involves special advisory committees and requires numerous public hearings.

The Chief Justice has general supervisory responsibility for all courts in the state. She exercises this authority through standing and ad hoc conferences, committees and commissions, and through the Office of the State Court Administrator, which provides central administrative and technology support for all appellate and trial courts in the state and for the legal regulatory boards.

Key Measures

The Supreme Court seeks to maintain or improve the dispositional time while maintaining the high quality of legal analysis and clarity of its decisions.

The Supreme Court seeks to use its personnel:

- ⇒ To manage its workload so that each case receives adequate attention as its importance demands.
- ⇒ To decide petitions for review within 60 days.
- ⇒ To maintain an orderly and uniform legal process and procedure throughout the state through the promulgation of uniform rules.
- ⇒ To regulate the admission to and practice of law in Minnesota so that each citizen seeking legal counsel is assured of competent representation.
- ⇒ To ensure the financial integrity of the court system in accordance with generally accepted accounting principles and to ensure correct payment of invoices within the statutorily required 30 days.
- ⇒ To ensure the effective operation of the state court system in a way that provides access to all citizens.

Program Funding

The Supreme Court Operations budget is totally funded by the General Fund except for approximately \$85,000 annually in dedicated funds allocated for collection of attorney registration fees and approximately \$40,000 annually in gift funds for small projects.

SUPREME COURT

Program: SUPREME COURT OPERATIONS

Narrative

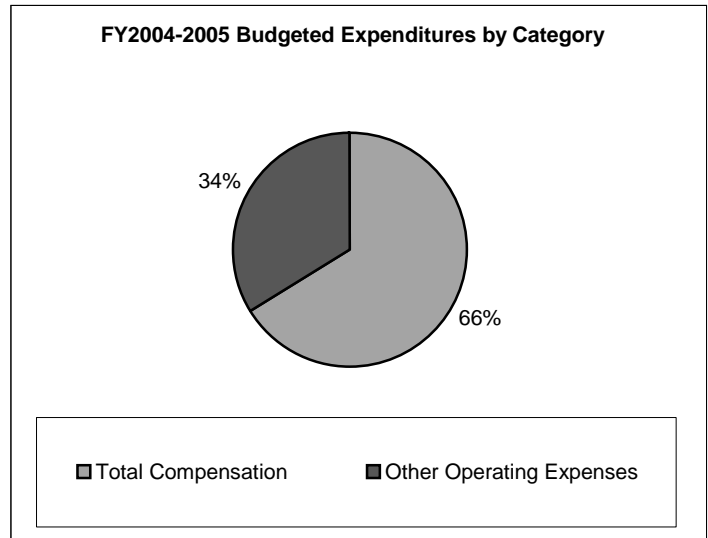
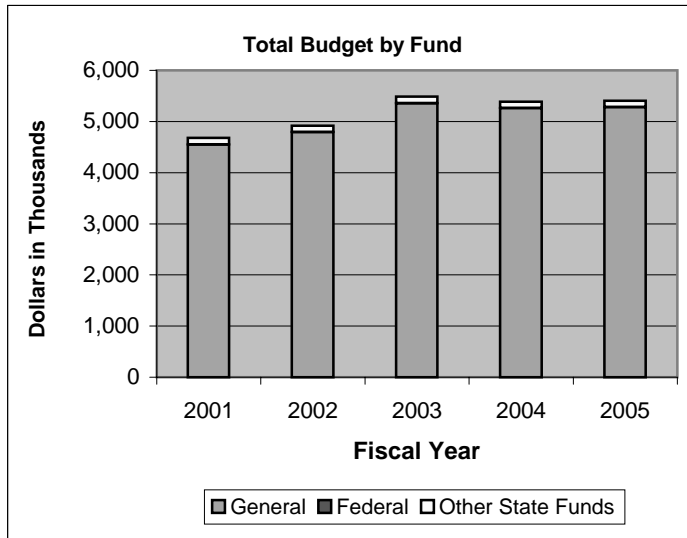
Contact

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SUPREME COURT

Program: SUPREME COURT OPERATIONS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|-------------------|-------------|
| | Actual | Actual | Budgeted | Base | | Biennium | Biennial Change | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | 2004-05 / 2002-03 | |
| | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 4,547 | 4,793 | 5,357 | 5,263 | 5,282 | 10,545 | 395 | 3.9% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 72 | 84 | 85 | 85 | 85 | 170 | 1 | 0.6% |
| Gift | 62 | 40 | 44 | 39 | 41 | 80 | -4 | -4.8% |
| Total | 4,681 | 4,917 | 5,486 | 5,387 | 5,408 | 10,795 | 392 | 3.8% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|------------|-------------|
| Total Compensation | 3,541 | 3,105 | 3,571 | 3,562 | 3,581 | 7,143 | 467 | 7.0% |
| Other Operating Expenses | 1,140 | 1,812 | 1,915 | 1,825 | 1,827 | 3,652 | -75 | -2.0% |
| Total | 4,681 | 4,917 | 5,486 | 5,387 | 5,408 | 10,795 | 392 | 3.8% |

| Expenditures by Activity | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|------------|-------------|
| Supreme Court Operations | 4,681 | 4,917 | 5,486 | 5,387 | 5,408 | 10,795 | 392 | 3.8% |
| Total | 4,681 | 4,917 | 5,486 | 5,387 | 5,408 | 10,795 | 392 | 3.8% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|--------------|----------|-------------|
| Non Dedicated | | | | | | | | |
| General | 0 | 396 | 400 | 400 | 400 | 800 | 4 | 0.5% |
| Cambridge Deposit Fund | 385 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 385 | 396 | 400 | 400 | 400 | 800 | 4 | 0.5% |
| Dedicated | | | | | | | | |
| Special Revenue | 85 | 85 | 85 | 85 | 85 | 170 | 0 | 0.0% |
| Gift | 55 | 38 | 39 | 39 | 39 | 78 | 1 | 1.3% |
| Subtotal Dedicated | 140 | 123 | 124 | 124 | 124 | 248 | 1 | 0.4% |
| Total Revenue | 525 | 519 | 524 | 524 | 524 | 1,048 | 5 | 0.5% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 52.9 | 42.0 | 45.9 | 45.9 | 45.9 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

Program Description

Appointed by the Supreme Court, the Legal Services Advisory Committee distributes funds to civil legal services programs to provide legal assistance to low-income persons meeting statutory income eligibility guidelines. By statute 85% of the funding is granted to six regional legal services programs (Coalition Programs) with 38 offices or projects throughout the state, which had demonstrated an ability as of 7-1-82 to provide legal services with funds provided by the federal Legal Services Corporation.

The remaining 15% of the funding is awarded annually on a competitive basis to nonprofit organizations providing legal or alternative dispute resolution services. In FY 2003, 22 programs received grants to provide or support legal services to the poor.

Population Served

An estimated 432,000 or approximately 9% of Minnesota's population, with incomes below the federal poverty level could qualify for civil legal services under the statutory guidelines of this program. (M.S. 480.24-480.244). A 1994 American Bar Association (ABA) Study, "Legal Needs and Civil Justice, A Survey of Americans," estimated that 47% of low-income households or 120,000 Minnesota households experience at least one legal problem a year. Legal services programs turn away more than 20,000 requests for service each year.

Seventy percent of persons served by the Legal Services Coalition are women and their children. Fifteen percent are age 60 or over and over; 33% are persons of color. A significant number of persons with physical or mental disabilities are also served by this program.

Services Provided

Through representation, negotiation, conciliation and enforcement of legal rights, lawyers in these programs constructively resolve the legal problems of low income applicants for program services. Most of the legal problems handled by these programs directly and significantly affect the day-to-day lives of needy people: their homes, family, health and support for their children and personal safety.

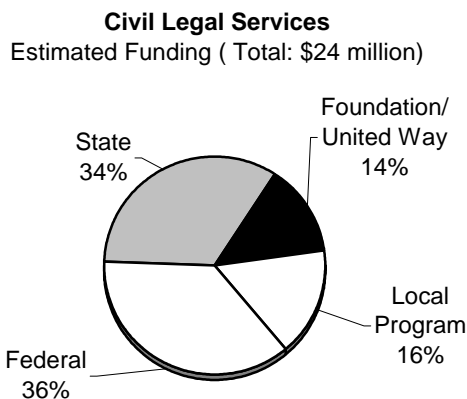
Historical Perspective

Since the early 1980's Legal Services Coalition programs have experienced a 60% increase in requests for services while program income in real dollars has increased only 36%.

Funding for civil legal services in Minnesota is a combination of state, federal, foundation and private funding. In 1995 the Supreme Court Task Force on Legal Services Funding proposed a state/private bar partnership urging an increase of \$2 million state dollars by 2000. Half that goal was realized by 2002.

The Supreme Court has assessed attorneys an annual fee to support legal services which raises \$1 million annually. Additionally attorneys statewide contribute volunteer hours annually. Among the 6 Legal Services Coalition programs, volunteer attorneys have contributed time valued in excess of \$1.6 million annually.

In 2003 the estimated funding for the Legal Services Coalition programs will be \$24,210,732 from the following sources:



SUPREME COURT

Program: CIVIL LEGAL SERVICES

Narrative

Key Measures

Due to reduced revenue in 2001, the Coalition programs were able to serve only 36,000 clients in 2001, down from over 40,000 in 1998. Further reductions in client services are expected into the next biennium with the loss of \$175,000 in state appropriations, \$675,000 lost from the IOLTA (Interest on Lawyers Trust Account) program in FY 2003 because of low interest rates with an additional cut of \$300,000 anticipated in FY 2004, and a decrease of federal funds.

Program Funding

Program grants are funded by a General Fund appropriation and dedicated revenue from a licensed attorney assessment.

Contact

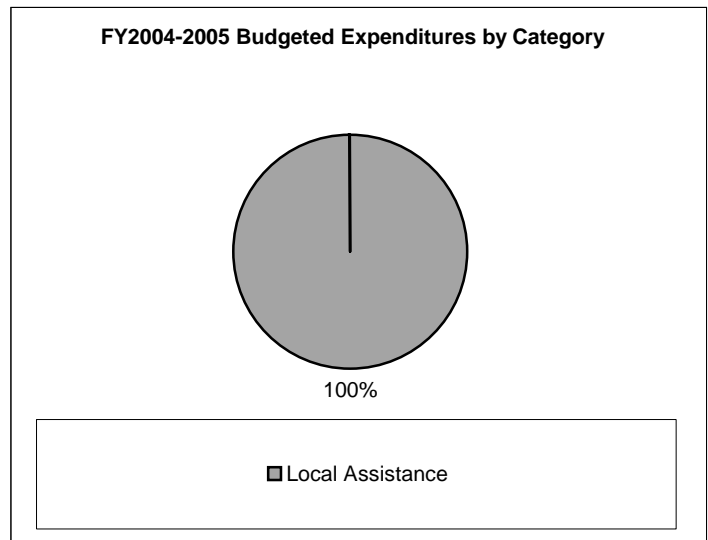
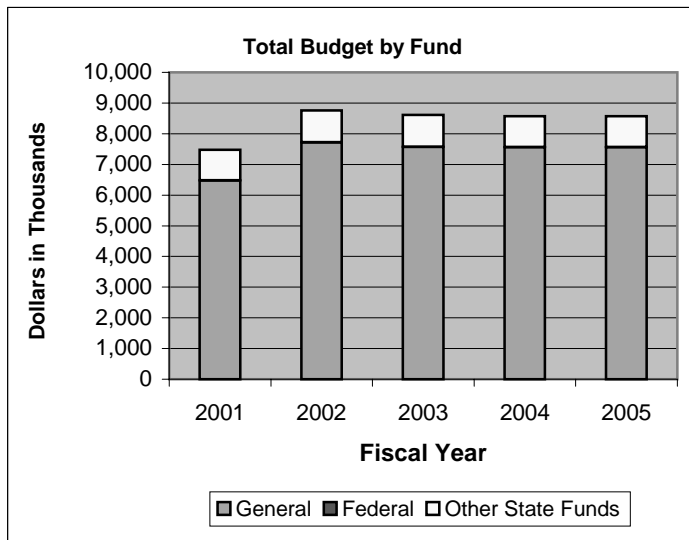
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SUPREME COURT

Program: CIVIL LEGAL SERVICES

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 6,471 | 7,720 | 7,573 | 7,559 | 7,559 | 15,118 | -175 | -1.1% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 1,002 | 1,038 | 1,036 | 1,010 | 1,010 | 2,020 | -54 | -2.6% |
| Total | 7,473 | 8,758 | 8,609 | 8,569 | 8,569 | 17,138 | -229 | -1.3% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|-------------|--------------|
| Expenditures by Category | | | | | | | | |
| Other Operating Expenses | 2 | 2 | 0 | 0 | 0 | 0 | -2 | -100.0% |
| Local Assistance | 7,471 | 8,756 | 8,609 | 8,569 | 8,569 | 17,138 | -227 | -1.3% |
| Total | 7,473 | 8,758 | 8,609 | 8,569 | 8,569 | 17,138 | -229 | -1.3% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|-------------|--------------|
| Expenditures by Activity | | | | | | | | |
| Civil Legal Serv Dedicated | 1,002 | 1,038 | 1,036 | 1,010 | 1,010 | 2,020 | -54 | -2.6% |
| Family Law Legal Services | 877 | 877 | 877 | 877 | 877 | 1,754 | 0 | 0.0% |
| Civil Legal Services | 5,594 | 6,843 | 6,696 | 6,682 | 6,682 | 13,364 | -175 | -1.3% |
| Total | 7,473 | 8,758 | 8,609 | 8,569 | 8,569 | 17,138 | -229 | -1.3% |

Program Description

The Office of the State Court Administrator was established to plan for and administer the courts of the state.

Population Served

In addition to judges, court personnel, lawyers and litigants at all three levels of court, the services provided by the State Court Administrator's office touch many diverse groups in Minnesota. One key group served is the children of Minnesota, who benefit from the Guardian ad Litem program, the Children's Justice Initiative (CJI) and the Child Support Enforcement program. Both children and Minnesotans of all ages have attended public education events developed and sponsored by the State Court Administration staff. Jurors benefit from statewide jury process innovations. All citizens of Minnesota will soon benefit from the new, user-friendly statewide CrimNET project, of which the Court's MNCIS (Court Information System) project is an integral part.

Services Provided

The State Court Administrator assists the chief justice in supervising and supporting the court operations of the state. Staff assist the judiciary in providing central administrative support services, establishing standards, policies and priorities; in recommending the allocation of resources to meet workload demands, and in developing a long-range strategic plan for the improvement of the courts. The State Court Administrator is the coordinating link between the court administrative structure and the judiciary.

The courts are mid-way through a major transformation of the judicial branch, led by the State Court Administrator's office, involving the transfer of all trial courts from county to state funding. Four judicial districts and 55 counties, covering the western half of Minnesota, are now state funded. The remaining six districts and 32 counties will transfer to state funding as follows: Districts 2 and 4 on 7-1-03; Districts 1 and 3 on 7-1-04 and Districts 6 and 10 on 7-1-05. Dramatically increased financial, human resources and systemwide administrative support responsibilities and workload have fallen upon this office to support the transfer. This includes the addition of approximately \$77 million in base budgets, the transfer of 1,500 county employees into the state system, new collective bargaining responsibility for four statewide court employee units, and development of the associated infrastructure of policies and procedures, training, technology, and legal and managerial technical assistance.

State Court Administration operates in the following major program areas:

Information Technology Division. This division helps the judicial branch of the state government as well as its state, county and local justice business partners meet their business objectives. The division develops, operates and maintains mission critical enterprise operational information systems, networks and web servers for the trial and appellate courts. It has implemented a new statewide Web Services system giving courts and criminal justice partners single query access to all state criminal data from web browser. It is beginning to implement a new court case management system as a major component of an integrated justice system called "CrimNet". It continues to play a leadership role in statewide criminal justice information integration. The division electronically supplies driving conviction data to the Department of Public Safety as well as adult and juvenile criminal conviction data to the Bureau of Criminal Apprehension. It provides criminal data to the district public defenders computer system, and child support data to the Department of Human Services. It operates and maintains a data warehouse to support policy analysis in juvenile and adult criminal matters.

Program at a Glance

Provides human resource, financial, technology, training, legal research, management analysis, research and development, court interpreter, guardian ad litem, expedited child support, and public information services for the judicial branch.

- ◆ Supports 3,200 state funded employees and 300 judges, located in 100 locations throughout the state
- ◆ Impacts 22,000 lawyers
- ◆ Serves litigants in 2 million cases per year

Directs the major transformation of the judicial branch currently under way involving the transfer from county-based funding to state funding of six judicial districts, 32 counties and 1,500 employees.

Develops and is implementing a major new statewide automated case management system which is the hub of CrimNet.

SUPREME COURT

Program: STATE COURT ADMINISTRATORS

Narrative

Finance. This division helps to ensure that the funding provided to the courts is spent efficiently and effectively to promote equal access to justice for all Minnesotans. Finance staff develop and monitor appellate and trial court budgets, provide financial management for grant programs, and develop branchwide financial policies and procedures. Finance staff provide accurate and timely processing of transactions, including bill payment, payroll, and cash receipts. Finance staff process transactions for some judicial districts and advise district management on sound financial practices.

Human Resources. The Human Resources Division provides for development, support and administration of statewide functions in the areas of recruitment, selection, classification, compensation, labor relations, employee relations, performance management, benefits, and workers' compensation and safety.

Functions include development of statewide human resources policies and procedures, as well as consultation and guidance to district and local offices. Human Resources also partners with the Education and Organization Development Division in the development and delivery of Human Resource related training and development.

Court Information Office. The Court Information Office provides communications support for the Minnesota Supreme Court, Court of Appeals and District Court Judges. The office oversees media relations, Judicial Branch employee communications, community outreach, public education, and answers public inquiries.

Education, Training, and Organization Development. This functional area provides programs to insure that judges and court personnel stay abreast of new developments and meet mandatory education course work requirements established by the Supreme Court and the Conference of Chief Judges. Court administrators, judicial district administrators and judges must complete 45 hours of continuing education every three years. Leadership, management, and team building training is provided for administrative and judicial personnel. Regional, multi-disciplinary training including all justice system partners has been a key component in implementing system improvement initiatives. The ADR registration program is managed by this division.

Court Services. This division examines the structure and operation of the judicial system, conducts research and makes recommendations for improvements in the area of judicial resources, court management, and court processes; conducts legal and management research required to draft statewide administrative policies and to respond to requests for legal and policy guidance on administrative procedures in appellate and trial courts; advises the Supreme Court in the exercise of its sunset and transfer authority over trial court judgeships, presents statistical information on the work of the courts to the legislature, other governmental agencies and the public. The Court Services Division also is responsible for the Children's Justice Initiative, Expedited Child Support, Court Interpreter programming and Guardian ad Litem programming statewide.

Key Measures

- ⇒ As of 7-1-05, will have transferred 87 county court operations to state funding including \$77 million in additional budgets and 1,500 new state employees.
- ⇒ Support 3,500 court and criminal justice users of statewide computerized court management applications and statewide network to track 2 million cases filed annually. Over the next two years we expect the number of users to increase by 7,500 with the implementation of MNCIS/CriMNet.
- ⇒ Maintain 99% uptime of statewide computer system.
- ⇒ In 1999, the court guardian ad litem program only provided about 50% coverage for mandated child abuse and neglect cases. In 2002, coverage increased to 80% of mandated cases.
- ⇒ In 2000, child support magistrates heard 16,000 cases. In FY 2001, this increased to 19,000 cases, an increase of 18%.

Program Funding

Forty-three percent of the State Court Administrator's office budget is for the Judicial Branch/Statewide Technology Office serving courts statewide and other state and local criminal justice agencies. Eight-three percent of the funding for FY 2002-03 for the State Court Administrator's office is from the General Fund, 15% from federal funds, and 2% from dedicated revenue.

SUPREME COURT

Program: STATE COURT ADMINISTRATORS

Narrative

Revenue Summary: The State Court Administrator's Office receives cost reimbursements from non-court users of the Total Court Information System, Alternative Dispute Resolution (ADR) registration fees, interpreter training fees and seminar fees. The total biennial revenue from these sources is estimated to be \$743,000.

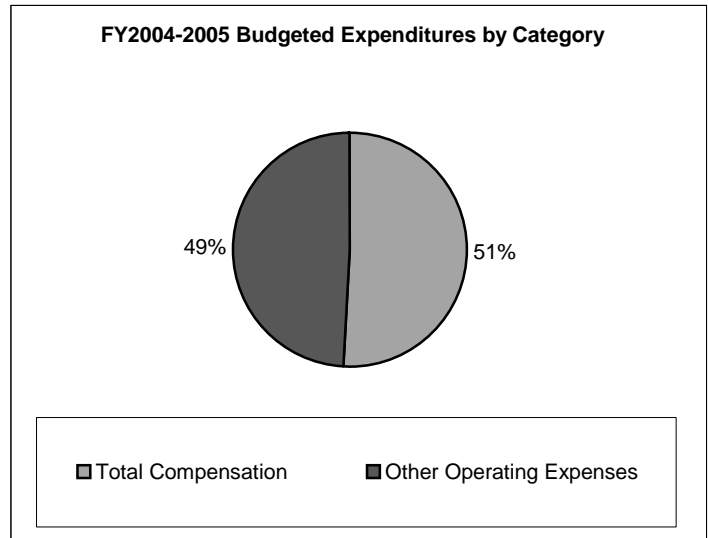
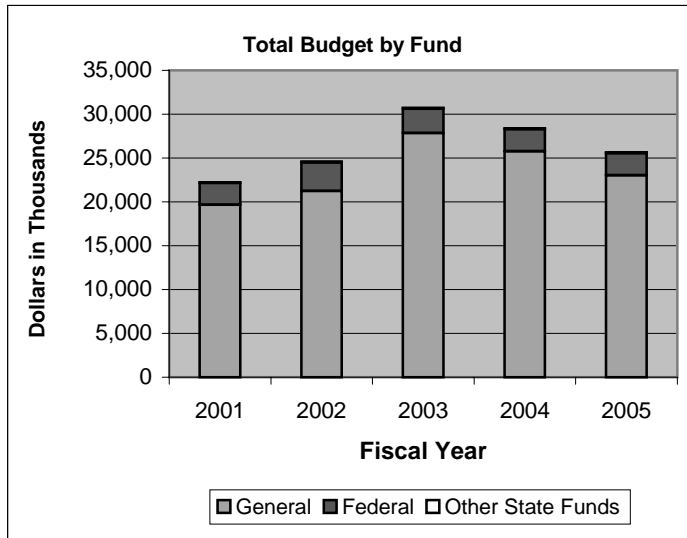
Contact

Sue Dosal, State Court Administrator
135 Minnesota Judicial Center
25 Constitution Avenue
St. Paul, Minnesota 55155
Phone: (651)-296-2474
Fax: (651)-297-5636
Home page: <http://www.courts.state.mn.us>

SUPREME COURT

Program: STATE COURT ADMINISTRATORS

Fiscal Report



| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|------------------|------------------|--------------------|----------------|--------------------|---------------------|--------------------------------------|--------------|
| Expenditures by Fund | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 19,295 | 20,360 | 27,025 | 25,020 | 22,279 | 47,299 | -86 | -0.2% |
| Statutory Appropriations | | | | | | | | |
| General | 379 | 872 | 835 | 743 | 747 | 1,490 | -217 | -12.7% |
| Special Revenue | 63 | 104 | 109 | 89 | 92 | 181 | -32 | -15.0% |
| Federal | 2,488 | 3,261 | 2,754 | 2,524 | 2,524 | 5,048 | -967 | -16.1% |
| Miscellaneous Agency | 1 | 1 | 1 | 1 | 1 | 2 | 0 | 0.0% |
| Total | 22,226 | 24,598 | 30,724 | 28,377 | 25,643 | 54,020 | -1,302 | -2.4% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Total Compensation | 8,397 | 11,173 | 13,568 | 13,538 | 13,788 | 27,326 | 2,585 | 10.4% |
| Other Operating Expenses | 12,491 | 13,247 | 16,934 | 14,729 | 11,745 | 26,474 | -3,707 | -12.3% |
| Capital Outlay & Real Property | 6 | 68 | 112 | 0 | 0 | 0 | -180 | -100.0% |
| Local Assistance | 321 | 110 | 110 | 110 | 110 | 220 | 0 | 0.0% |
| Other Financial Transactions | 1,011 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Total | 22,226 | 24,598 | 30,724 | 28,377 | 25,643 | 54,020 | -1,302 | -2.4% |

| Expenditures by Activity | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| State Court Administrators | 21,403 | 24,488 | 30,614 | 28,267 | 25,533 | 53,800 | -1,302 | -2.4% |
| Community Dispute Resolution | 823 | 110 | 110 | 110 | 110 | 220 | 0 | 0.0% |
| Total | 22,226 | 24,598 | 30,724 | 28,377 | 25,643 | 54,020 | -1,302 | -2.4% |

SUPREME COURT

Program: STATE COURT ADMINISTRATORS

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------------|---------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Revenue by Type and Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Non Dedicated | | | | | | | | |
| General | 0 | 16 | 17 | 17 | 17 | 34 | 1 | 3.0% |
| Subtotal Non Dedicated | 0 | 16 | 17 | 17 | 17 | 34 | 1 | 3.0% |
| Dedicated | | | | | | | | |
| General | 1,500 | 878 | 835 | 743 | 747 | 1,490 | -223 | -13.0% |
| Special Revenue | 70 | 95 | 107 | 89 | 92 | 181 | -21 | -10.4% |
| Federal | 2,735 | 3,218 | 2,394 | 2,524 | 2,524 | 5,048 | -564 | -10.0% |
| Miscellaneous Agency | 1 | 1 | 1 | 1 | 1 | 2 | 0 | 0.0% |
| Subtotal Dedicated | 4,306 | 4,192 | 3,337 | 3,357 | 3,364 | 6,721 | -808 | -10.7% |
| Total Revenue | 4,306 | 4,208 | 3,354 | 3,374 | 3,381 | 6,755 | -807 | -10.7% |
| | | | | | | | | |
| Full-Time Equivalents (FTE) | 131.5 | 164.0 | 188.3 | 183.9 | 183.9 | | | |

Program Description

This program provides research and information services on a statewide basis to users of legal data. A complete range of traditional and automated professional library functions is offered at the Minnesota Judicial Center. The program offers advisory services to all 87 county law libraries, manages computerized legal data services, and participates in an interlibrary consortium and projects on a local, state, and national level.

Population Served

Besides the courts, user groups include the general public, members of the legislature, executive officers and other government employees, private attorneys (especially solo and small firms across the state), libraries (public, academic and special), students, and prisoners.

Services Provided

The Library provides research support to the appellate courts and their staff. In addition, under the supervision of the Supreme Court, the Law Library's resources and services are dedicated to ensuring that all Minnesota citizens have access to legal information. Targeted populations include district court personnel, public library patrons, pro se litigants, prisoners, and solo and small-firm attorneys.

The staff provides legal reference assistance in-house and by mail, phone, fax, or e-mail. The library's web site helps users locate Minnesota legal resources available on the web as well as providing access to unique resources such as the opinion archive, an index to Minnesota legal periodicals, and links to ordinances online.

As required by statute, the Law Library provides advice and assistance to Minnesota county law libraries through on-site visits, a newsletter, an annual training conference and manual for county law library managers, and telephone and e-mail consultations. Under an interagency agreement with the Department of Corrections, Law Library Service to Prisoners provides law library service to inmates incarcerated in Minnesota through circuit-riding prison law librarians and legal collections in individual prisons.

The Library supports many educational objectives through tours, lectures, and publications. In the last few years, library staff played key roles in the development and distribution of Inside Straight: The Third Branch, a video that introduces judicial concepts to junior and senior high school students.

The Library preserves such historical collections as briefs of the appellate courts, the most extensive historical collection of Minnesota agency rules and regulations and the Minnesota Justice Series, which compiles articles, photos, newspaper accounts, letters, commendations, judicial opinions, and essays by and about retired Supreme Court Justices.

As a selective government depository the Library has developed a unique program in which we share documents with 22 state agency libraries. The Library is also a state document depository and the official depository for the State Justice Institute, Council of Appellate Staff Attorneys, and Minnesota Sentencing Guidelines Commission. The Library also participates in various materials exchange programs with other libraries in Minnesota and in other states as well as receives donations from individuals and institutions.

The library is a participant in the MnLINK (Minnesota Library Information Network) and is a beta site for the new integrated online system mandated by statute for government-funded libraries. As a beta site, the Library will assist in the system conversion of other state government libraries.

By statute, the Law Library is the only library authorized to certify copies for introduction into evidence at court.

Program at a Glance

Provides research and information services on a statewide basis to users of legal data.

- ◆ Advice and assistance to all 87 county law libraries
- ◆ Law library service to over 1,700 inmates in eight prisons
- ◆ Over 57,000 reference requests processed
- ◆ Over 1,679,000 web site hits
- ◆ Over 40,000 resources added in a collection of over 500,000

Historical Perspective

The Minnesota State Law Library is the oldest continuing library in the state of Minnesota and also one of the state's oldest institutions. A focus of the last 20 years has been to adapt to change and technology and keep the Library's organizational structure fluid enough to accommodate the challenges that these changes create. Technology has profoundly affected how people do legal research and how the Library operates. On the other hand, the library has a strong sense of history and the importance of preserving historical collections.

Key Measures

- ⇒ The public services staff provides reference and circulation assistance, suggesting research strategies to locate cases, statutes, regulations and books on point for the 57,350 reference requests in 2001.
- ⇒ The technical services staff handles the acquisitions, processing, cataloging and conservation of the library's resources using the latest in automated technology. State, county and academic law libraries benefit from three technical service programs: shared government documents, county law library cataloging, and briefs on microfiche. In 2001 the library staff processed approximately 22,500 government documents and cataloged 18,600 titles.
- ⇒ The library, in cooperation with several other libraries, participates in the production and distribution of the records and briefs of cases argued before the Minnesota Supreme Court and the Court of Appeals. The microfiche format saves shelf space, binding costs, and state time needed to process documents.
- ⇒ Under contract with the Department of Corrections, the library provided over 1,700 inmates in Minnesota's eight adult correctional institutions with access to legal materials and information. Librarians assigned to the program make regular visits to the prisons, supplementing the institutional core collections with materials and research results from the library collection.
- ⇒ The library is required by law to advise and assist development of county law libraries throughout the state. The librarian is assigned to coordinate the project on-site visits to the libraries and submit recommendations for solving issues confronting the boards of trustees. The coordinator also provides training in law library management and develops cooperative programs.
- ⇒ The library operates the first computer-assisted legal research program available throughout the state. In addition, in 2001, the library's web site averaged over 4,600 hits per day. Thirty-two percent of the library's reference assistance is provided with or via computers and/or electronic resources.

Program Funding

State Law Library operations are financed 93% by direct general appropriation and 7% by contract with the Department of Corrections to provide reference materials for prisoners at eight institutions.

Approximately \$18,000 in copying costs are reimbursed each biennium.

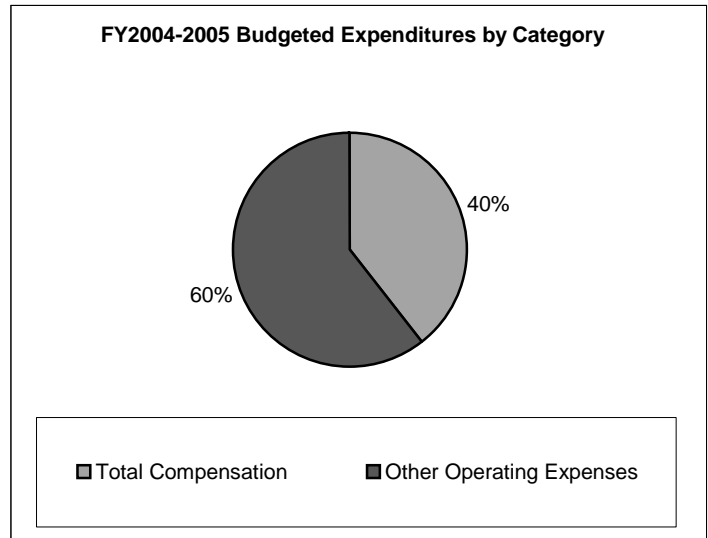
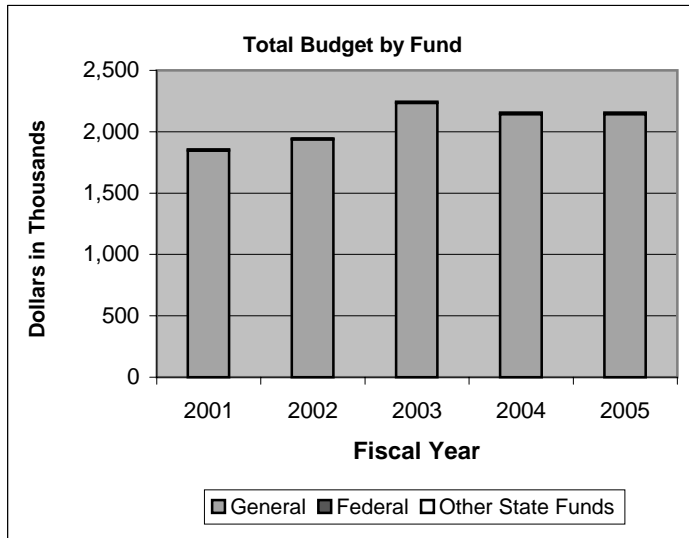
Contact

Barbara Golden
Minnesota State Law Library
Room G25, Minnesota Judicial Center
25 Constitution Avenue
St. Paul, Minnesota 55155-6102
Phone: (651)-296-0031
Fax: (651)-296-6740
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<http://www.lawlibrary.state.mn.us/>

SUPREME COURT

Program: LAW LIBRARY OPERATIONS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 1,846 | 1,937 | 2,233 | 2,143 | 2,143 | 4,286 | 116 | 2.8% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 9 | 9 | 12 | 12 | 13 | 25 | 4 | 19.0% |
| Gift | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Total | 1,857 | 1,946 | 2,245 | 2,155 | 2,156 | 4,311 | 120 | 2.9% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 676 | 664 | 893 | 852 | 852 | 1,704 | 147 | 9.4% |
| Other Operating Expenses | 1,181 | 1,282 | 1,352 | 1,303 | 1,304 | 2,607 | -27 | -1.0% |
| Total | 1,857 | 1,946 | 2,245 | 2,155 | 2,156 | 4,311 | 120 | 2.9% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|-------------|
| Expenditures by Activity | | | | | | | | |
| Law Library Operations | 1,857 | 1,946 | 2,245 | 2,155 | 2,156 | 4,311 | 120 | 2.9% |
| Total | 1,857 | 1,946 | 2,245 | 2,155 | 2,156 | 4,311 | 120 | 2.9% |

| | | | | | | | | |
|---------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|----------|-------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Special Revenue | 9 | 10 | 12 | 12 | 12 | 24 | 2 | 9.1% |
| Gift | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Dedicated | 12 | 10 | 12 | 12 | 12 | 24 | 2 | 9.1% |
| Total Revenue | 12 | 10 | 12 | 12 | 12 | 24 | 2 | 9.1% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 14.4 | 14.8 | 15.7 | 15.7 | 15.7 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

Agency Purpose

Minnesota Tax Court is a specialized trial court in the executive branch, with statewide jurisdiction. It was specifically established by the Minnesota Legislature to hear and determine all matters arising out of Minnesota's tax laws (M.S. Ch 271).

The court's mission is to provide timely and equitable disposition of appeals from orders issued by the Commissioner of Revenue, and petitions from local property tax valuation, classification, equalization, and/or exemption issues. The judges have expertise in the tax laws and apply that expertise in a manner to ensure taxpayers are assessed only what they owe, and no more. Although the Tax Court is located in the Minnesota Judicial Center, the judges travel throughout Minnesota to conduct trials.

Core Functions

The Tax Court docket, schedules, and resolves all tax cases filed.

The court provides the following services during the process of resolving and adjudicating tax disputes:

- ⇒ Provides information on decisions, about judges, and other general information about the court, including information for taxpayers to represent themselves (pro se) in court.
- ⇒ Accepts filings, schedules hearings, and notifies parties.
- ⇒ Tracks status of case movement; providing information as needed.
- ⇒ Schedules and conducts hearings (including trials, motions, continuances, and other pre-trial and post-trial hearings).
- ⇒ Development of a consistent and uniform body of tax case law.

Other services the Tax Court provides include:

- ◆ maintaining correct and current records, as statutorily required;
- ◆ acting as a model for other states and other tax courts through presentations, speeches, and networking; and
- ◆ coordinating with and educating district courts on managing tax petitions.

The court resolves complex procedural and substantive issues. One case may involve multi-year filings for multi-county property owners, which may encompass substantive issues regarding classification, class action status, and jurisdictional matters.

The court also resolves statutory, legal, and factual issues regarding Commissioner of Revenue cases (including business/non-business, unitary business, capital equipment, and non-domiciliary resident issues).

Operations

The Tax Court continues to take proactive steps to improve the appeals and litigation process by educating and informing taxpayers and surveying Court constituents. The court now provides two resources for pro se (self-represented) litigants: *"Presenting Property Tax Appeals to the Minnesota Tax Court"* and *"Presenting Commissioner of Revenue Appeals to the Minnesota Tax Court."* These handbooks were designed to help taxpayers understand the process of property tax appeals and Commissioner of Revenue appeals, along with their rights and responsibilities. Both of these resources are available on the Tax Court web site, as well as at the Tax Court and District Court offices. Courts from other states use these handbooks as a model.

At A Glance

Six full-time staff:

- ◆ three judges;
- ◆ three administrative staff.

Annual budget of approximately \$735,000

Most appeals are scheduled for trial and many are resolved within a year of filing.

Affecting court operations, are:

- ◆ changes in state property, sales and use, income, and other tax laws;
- ◆ local real estate market changes;
- ◆ national and state economic changes; and
- ◆ changes in data practice laws.

A written decision is issued, distributed and published on all regular division cases.

Key Measures

- ⇒ Minnesota Tax Court is a leader in producing and distributing procedural handbooks for self-represented (pro se) litigants.
- ⇒ Minnesota Tax Court does not rely upon an automated phone answering system.
- ⇒ Minnesota Tax Court is one of the few state Tax Courts that offer information via a web site.
- ⇒ Minnesota Tax Court is one of the few state Tax Courts that provides searchable text decisions on its web site.
- ⇒ Minnesota Tax Court issues decisions in all cases within three months of final submission to the court.

Budget

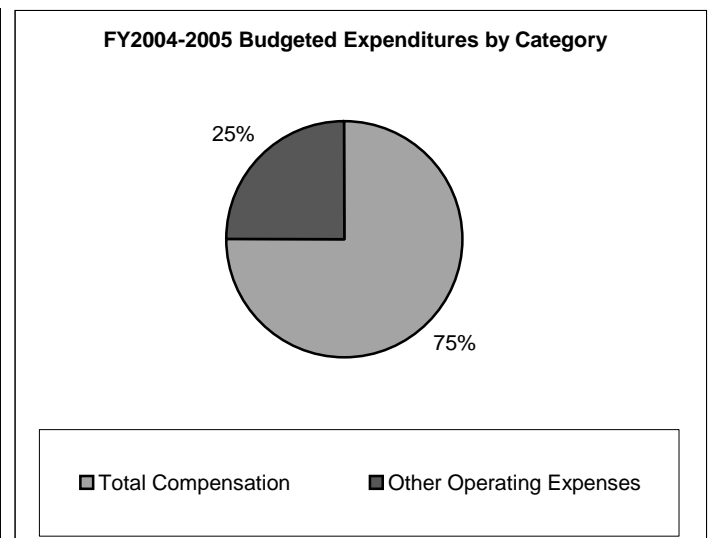
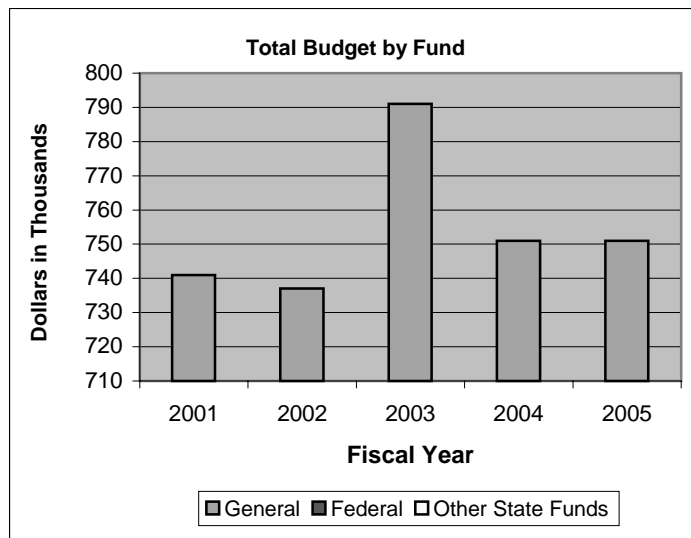
All funding for Tax Court operations comes from a General Fund appropriation. In the FY 2002-03 biennium, the appropriation was approximately \$1.4 million.

Minnesota Tax Court generates approximately \$10,000 annually in non-dedicated revenue from filing fees on appeals to an order from the Commissioner of Revenue. Property tax petitions are filed in District Court, which collects all filing fees on those matters. Current fees are \$135 for a regular division matter and \$25 for a small claims matter.

Contact

Contact Tax Court by mail:
Minnesota Tax Court
245 Minnesota Judicial Center
25 Constitution Avenue
St. Paul, Minnesota 55155

Visit the Tax Court web site:
<http://www.taxcourt.state.mn.us>
Call the Court: (651) 296-2806
(M-F 8:00 a.m. to 4:30 p.m.)



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 741 | 737 | 791 | 751 | 751 | 1,502 | -26 | -1.7% |
| Total | 741 | 737 | 791 | 751 | 751 | 1,502 | -26 | -1.7% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|--------------|------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 501 | 531 | 604 | 564 | 564 | 1,128 | -7 | -0.6% |
| Other Operating Expenses | 240 | 206 | 187 | 187 | 187 | 374 | -19 | -4.8% |
| Total | 741 | 737 | 791 | 751 | 751 | 1,502 | -26 | -1.7% |

| | | | | | | | | |
|--------------------------------|------------|------------|------------|------------|------------|--------------|------------|--------------|
| Expenditures by Program | | | | | | | | |
| Tax Court | 741 | 737 | 791 | 751 | 751 | 1,502 | -26 | -1.7% |
| Total | 741 | 737 | 791 | 751 | 751 | 1,502 | -26 | -1.7% |

| | | | | | | | | |
|---------------------------------|----------|-----------|-----------|-----------|-----------|-----------|-----------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 6 | 11 | 10 | 10 | 10 | 20 | -1 | -4.8% |
| Subtotal Non Dedicated | 6 | 11 | 10 | 10 | 10 | 20 | -1 | -4.8% |
| Total Revenue | 6 | 11 | 10 | 10 | 10 | 20 | -1 | -4.8% |

| | | | | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|--|--|--|
| Full-Time Equivalents (FTE) | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | | | |
|------------------------------------|------------|------------|------------|------------|------------|--|--|--|

Agency Purpose

The mission of the Teachers Retirement Association (TRA) is to administer retirement benefits for Minnesota educators. Educators and their employers contribute to TRA during their working years and obtain TRA benefits only upon retirement, disability, or termination of employment. Benefits can take the form of monthly payments to retired members or refunds of employee contributions plus interest to members who leave the teaching profession prior to retirement.

Core Functions

TRA serves over 132,000 active, inactive, and retired members using retirement provisions governed under Minnesota Statutes. Core functions include:

- ◆ payment of retirement, survivor, and disability benefits to eligible members;
- ◆ payment of member contributions, plus interest, for members leaving the teaching profession and requesting this benefit option;
- ◆ benefit counseling and information services to members regarding their benefit rights and options; and
- ◆ receipt, verification, and posting of salary, service credit, and other demographic information from the member's employer.

Operations

Management of the association is vested in a board of trustees, which consists of eight members, five of whom are elected from either the active or retired membership. The Board of Trustees appoints an Executive Director to administer the daily operations of the association. TRA is divided into five main areas of service to its members:

- ⇒ *Processing Services Division* pays over \$80 million monthly of retirement benefits and provides other post-retirement services to nearly 35,000 recipients.
- ⇒ *Customer Services Division* provides pre-retirement planning and other benefit counseling services to over 71,000 active teachers.
- ⇒ *Data Services Division* receives and records member payroll and human resource information from TRA employers and verifies for accuracy.
- ⇒ *Systems Services Division* maintains computerized processing and data management services for agency operations, including the TRA home page on the world wide web.
- ⇒ *Accounting and Records Services Division* supports other operating divisions with document imaging and file maintenance activity in addition to accounts payable, procurement, and financial reporting functions.

TRA is in the midst of a four-year business reengineering project (called FROST), designed to replace its antiquated processes and computer programs with a state-of-the-art, fully-integrated information system that will enable TRA to provide prompt, precise, and efficient service to our members. Upon full implementation in 2004, TRA will have automated most of its manually-intensive administrative processes. In addition, TRA members and customers will have on-line access to their account information and future benefit estimates.

At A Glance

(data as of June 30, 2001)

| | |
|----------------|--|
| 71,097 | Active Members |
| 27,801 | Inactive Members |
| 33,757 | Retired/Disabled Members |
| 463 | Employers |
| \$2.8 billion | Covered Payroll of Active Members |
| 5% | Member Contribution Rate of Covered Salary |
| 5% | Employer Contribution Rate of Covered Salary |
| \$16.8 billion | Actuarial Value of Assets |
| \$15.9 billion | Actuarial Liabilities |
| 105.9% | Funding Ratio |
| \$862 million | Annual Benefits and Refunds Paid |
| \$13 million | Annual Administrative Expenses |
| 94 | Employees |

Key Measures

TRA's operating values in providing payments and services to its members are guided by the following principles:

- ⇒ **Accuracy:** Ensuring that all information received, maintained and provided is clear and accurate.
- ⇒ **Quality:** Making high-quality services accessible to our customers.
- ⇒ **Timeliness:** Providing timely receipt and dissemination of information.
- ⇒ **Efficiency:** Making efficient use of technological and human resources in a team environment.
- ⇒ **Employee excellence:** Providing ongoing employee development that encourages cooperation and mutual respect, focuses on common goals, and recognizes superior performance.

Specific definitions of performance measurements and reporting are in development as part of the FROST Project.

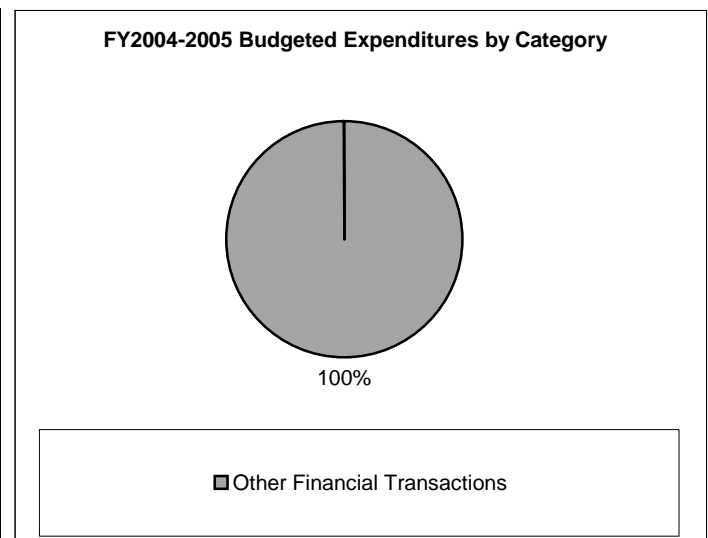
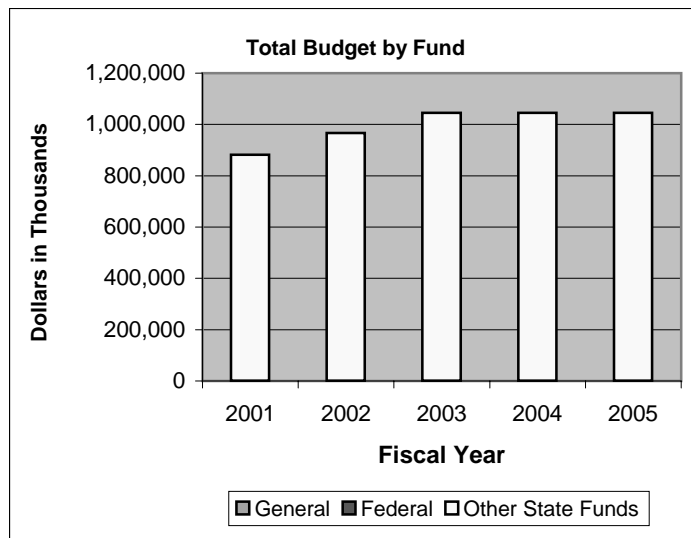
Budget

TRA operates within a dedicated pension trust fund designed for the exclusive use of its members and beneficiaries. The TRA Board of Trustees annually approves an operating budget. The commissioner of Finance maintains an open appropriation account to fund expenditures. TRA FY 2003 expenditures are budgeted at \$1.045 billion. Over 98% of the expenditure budget is for the payment of benefits and refunds. The main sources of fund revenues are employee contributions, employer contributions, and net income from investments held in trust. FY 2001 produced negative investment income due to the decline in the stock market.

Contact

Teachers Retirement Association
60 Empire Drive, Suite 400
Saint Paul, Minnesota 55103-4000

World Wide Web Home Page:
<http://www.tra.state.mn.us>
Gary Austin, Executive Director
Phone: (651) 296-2409
Fax: (651) 297-5999



| <i>Dollars in Thousands</i> | | | | | | | | |
|-----------------------------|----------------|----------------|------------------|------------------|------------------|------------------|-------------------|-------------|
| | Actual | Actual | Budgeted | Base | | Biennium | Biennial Change | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | 2004-05 / 2002-03 | |
| Open Appropriations | | | | | | | Dollars | Percent |
| Teachers Retirement | 881,958 | 966,905 | 1,045,737 | 1,045,737 | 1,045,737 | 2,091,474 | 78,832 | 3.9% |
| Total | 881,958 | 966,905 | 1,045,737 | 1,045,737 | 1,045,737 | 2,091,474 | 78,832 | 3.9% |

Expenditures by Category

| | | | | | | | | |
|------------------------------|----------------|----------------|------------------|------------------|------------------|------------------|---------------|-------------|
| Total Compensation | 4,643 | 5,259 | 5,000 | 5,000 | 5,000 | 10,000 | -259 | -2.5% |
| Other Operating Expenses | 7,921 | 7,416 | 7,895 | 7,895 | 7,895 | 15,790 | 479 | 3.1% |
| Local Assistance | 3 | 2 | 2 | 2 | 2 | 4 | 0 | 0.0% |
| Other Financial Transactions | 869,391 | 954,228 | 1,032,840 | 1,032,840 | 1,032,840 | 2,065,680 | 78,612 | 4.0% |
| Total | 881,958 | 966,905 | 1,045,737 | 1,045,737 | 1,045,737 | 2,091,474 | 78,832 | 3.9% |

Expenditures by Program

| | | | | | | | | |
|---------------------|----------------|----------------|------------------|------------------|------------------|------------------|---------------|-------------|
| Teachers Retire Asn | 881,958 | 966,905 | 1,045,737 | 1,045,737 | 1,045,737 | 2,091,474 | 78,832 | 3.9% |
| Total | 881,958 | 966,905 | 1,045,737 | 1,045,737 | 1,045,737 | 2,091,474 | 78,832 | 3.9% |

Revenue by Type and Fund

| | | | | | | | | |
|------------------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|-------------|
| Non Dedicated | | | | | | | | |
| Teachers Retirement | 290,406 | 286,303 | 301,605 | 301,605 | 301,605 | 603,210 | 15,302 | 2.6% |
| Subtotal Non Dedicated | 290,406 | 286,303 | 301,605 | 301,605 | 301,605 | 603,210 | 15,302 | 2.6% |
| Total Revenue | 290,406 | 286,303 | 301,605 | 301,605 | 301,605 | 603,210 | 15,302 | 2.6% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 85.2 | 86.8 | 86.0 | 86.0 | 86.0 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

Agency Purpose

The purpose of the Department of Trade and Economic Development (DTED) is *to advance the economic vitality of Minnesota*. The department's mission statement cites four activities to guide its core functions:

- ◆ generate high quality jobs;
- ◆ expand Minnesota exports;
- ◆ stimulate workforce development; and
- ◆ encourage domestic and international travel within Minnesota.

Core Functions

As the state's economic development agency, DTED strives to achieve its goals through:

- ◆ business and community technical and financial support;
- ◆ export education and assistance;
- ◆ worker training and employment services; and
- ◆ tourism promotion.

Marketing activities, economic development/business research, and partnerships with a variety of federal, state and local organizations are central to all of these functions.

Operations

The department's diverse program and service activities serve the state's businesses, communities and workers. The department is organized into four operating divisions.

The *Business and Community Development Division* facilitates quality job creation and retention through technical, financial and training services to communities, businesses and economic development professionals.

The *Minnesota Trade Office* offers a variety of export education and technical assistance services to help Minnesota businesses expand foreign sales and to encourage investment in Minnesota by foreign firms.

The *Workforce Development Division* provides loans and grants to assist Minnesota businesses with their education and training needs, and provides employment and training services to Minnesota's dislocated workers.

The *Minnesota Office of Tourism* markets Minnesota as a travel destination; promotes coverage of Minnesota in travel trade media; and initiates, develops and coordinates activity with travel industry buyers and sellers.

The department also has two support divisions. *Communications and Analysis* provides centralized communications, public relations, analysis and program evaluation services. *Administration* provides centralized administrative, fiscal, human resources and computer and data services.

At A Glance

Operating Environment

Although DTED's operating environment is fundamentally strong, it does include important challenges that impact department programs and services.

- ◆ Minnesota received straight A's from the Corporation for Enterprise Development reflecting great conditions for business investment.
- ◆ Since 1995, Minnesota companies participated in more than 1,500 major mergers/acquisitions.
- ◆ After relatively slow growth through the 1990s, manufactured exports have outpaced the nation since 2000.
- ◆ Weak economic conditions dampened business expansion and increased demand for training and employment services.
- ◆ Preliminary estimates show that business travel to Minnesota actually increased in 2001 compared to a sharp decline nationally.

DTED 2001 Performance

The department made important progress in 2001 on efforts to strengthen Minnesota's position as a global competitor.

- ◆ assisted 118 business expansion projects that will add more than 5,000 jobs and millions of dollars to the local property tax base;
- ◆ invested nearly \$200 million in community infrastructure;
- ◆ facilitated millions of dollars in new Minnesota exports including meat and dairy products, and scientific instruments;
- ◆ secured \$8 million federal emergency workforce grant following events of September 11; and
- ◆ influenced an estimated \$115 million in travel expenditures in 2001 via targeted advertising.

Budget

DTED's total budget for FY 2002 is \$301.2 million with the majority of these funds being federal, special revenue and other non-general funds. General Funds are \$43.3 million or 14% of the budget.

- ◆ DTED spends nearly \$273.6 million annually, almost 91% of the budget, for grants to cities, counties and nonprofit organizations.
- ◆ The remaining 9% of state operation funding pays for the core functions of the agency including support for non-general fund activities.

Contact

Commissioner Rebecca Yanisch

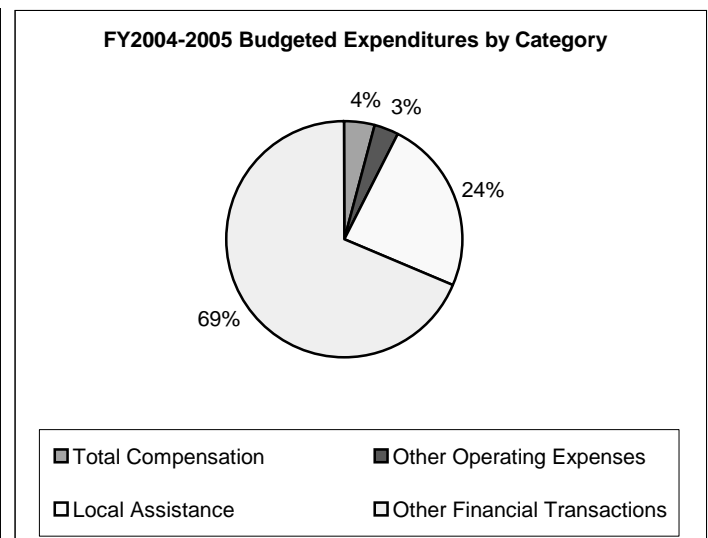
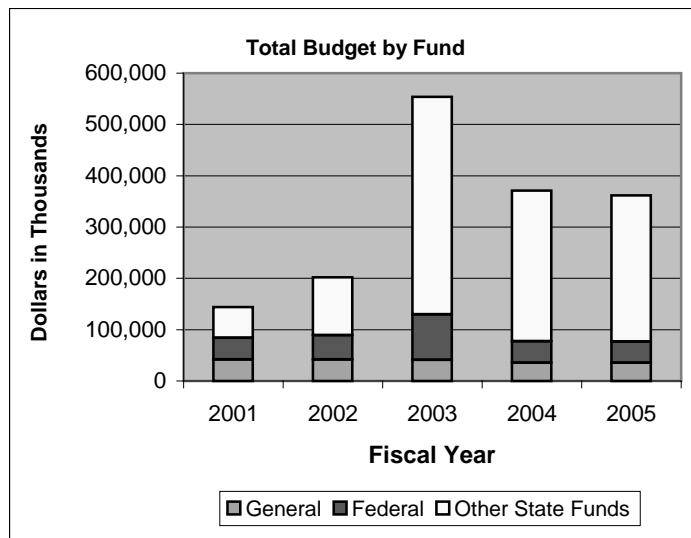
Phone: (651) 296-6424

Fax: (651) 296-4772

DTED Web site: www.dted.state.mn.us

Offers detailed information about why Minnesota is a great place to live, visit and locate or expand your business.

Information on the department's performance can be found at
<http://www.dted.state.mn.us/PDFs/Big-Plan-ProgRpt.pdf> (Progress Report) and
<http://departmentresults.state.mn.us/dted/index.html> (Department Results).



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 | |
| | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| Environment & Natural Resource | 62 | 0 | 15 | 0 | 0 | 0 | -15 | -100.0% |
| General | 41,250 | 37,877 | 40,730 | 35,071 | 35,071 | 70,142 | -8,465 | -10.8% |
| Petroleum Tank Release Cleanup | 6,194 | 6,188 | 7,218 | 6,200 | 6,200 | 12,400 | -1,006 | -7.5% |
| Special Revenue | 190 | 39 | 100 | 117 | 0 | 117 | -22 | -15.8% |
| Trunk Highway | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Federal Tanf | 0 | 774 | 6,476 | 750 | 750 | 1,500 | -5,750 | -79.3% |
| Environmental | 700 | 700 | 700 | 700 | 700 | 1,400 | 0 | 0.0% |
| Open Appropriations | | | | | | | | |
| General | 246 | 248 | 250 | 250 | 250 | 500 | 2 | 0.4% |
| Statutory Appropriations | | | | | | | | |
| Public Facilities Authority | 532 | 620 | 230,228 | 180,411 | 181,251 | 361,662 | 130,814 | 56.7% |
| Drinking Water Revolving Fund | 0 | 958 | 78,171 | 39,576 | 39,576 | 79,152 | 23 | 0.0% |
| General | 0 | 3,401 | 3 | 0 | 0 | 0 | -3,404 | -100.0% |
| Special Revenue | 6,606 | 16,187 | 21,153 | 19,608 | 19,665 | 39,273 | 1,933 | 5.2% |
| Workforce Development | 44,940 | 46,078 | 42,455 | 28,755 | 22,372 | 51,127 | -37,406 | -42.3% |
| Transportation Revolving Fund | 813 | 41,956 | 44,361 | 18,351 | 14,907 | 33,258 | -53,059 | -61.5% |
| Federal | 42,635 | 46,784 | 82,176 | 41,094 | 40,955 | 82,049 | -46,911 | -36.4% |
| Gift | 0 | 5 | 11 | 0 | 0 | 0 | -16 | -100.0% |
| Total | 144,171 | 201,815 | 554,047 | 370,883 | 361,697 | 732,580 | -23,282 | -3.1% |

| | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 13,794 | 13,684 | 14,657 | 15,011 | 15,144 | 30,155 | 1,814 | 6.4% |
| Other Operating Expenses | 12,256 | 10,195 | 15,234 | 12,425 | 12,888 | 25,313 | -116 | -0.5% |
| Capital Outlay & Real Property | 8 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Local Assistance | 113,319 | 126,120 | 158,358 | 90,711 | 84,172 | 174,883 | -109,595 | -38.5% |
| Other Financial Transactions | 4,794 | 51,816 | 365,798 | 252,736 | 249,493 | 502,229 | 84,615 | 20.3% |
| Total | 144,171 | 201,815 | 554,047 | 370,883 | 361,697 | 732,580 | -23,282 | -3.1% |

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|--------------------------------|----------------|----------------|-----------------|----------------|----------------|-----------------|--------------------------|----------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Expenditures by Program | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Business & Community Developme | 67,441 | 115,581 | 456,145 | 301,752 | 298,954 | 600,706 | 28,980 | 5.1% |
| Mn Trade Office | 3,248 | 2,962 | 2,571 | 2,472 | 2,472 | 4,944 | -589 | -10.6% |
| Workforce Development | 55,972 | 67,209 | 77,466 | 50,385 | 44,002 | 94,387 | -50,288 | -34.8% |
| Tourism | 11,929 | 11,171 | 12,436 | 10,817 | 10,812 | 21,629 | -1,978 | -8.4% |
| Communication & Analysis | 1,722 | 1,565 | 1,719 | 1,625 | 1,625 | 3,250 | -34 | -1.0% |
| Administration | 3,859 | 3,327 | 3,710 | 3,832 | 3,832 | 7,664 | 627 | 8.9% |
| Total | 144,171 | 201,815 | 554,047 | 370,883 | 361,697 | 732,580 | -23,282 | -3.1% |

Revenue by Type and Fund**Non Dedicated**

| | | | | | | | | |
|--------------------------------|-------|-------|-------|-------|-------|-------|--------|--------|
| General | 2,472 | 2,048 | 1,551 | 1,051 | 1,051 | 2,102 | -1,497 | -41.6% |
| Petroleum Tank Release Cleanup | 108 | 100 | 75 | 75 | 75 | 150 | -25 | -14.3% |
| Subtotal Non Dedicated | 2,580 | 2,148 | 1,626 | 1,126 | 1,126 | 2,252 | -1,522 | -40.3% |

Dedicated

| | | | | | | | | |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--------------|
| Public Facilities Authority | 1,096 | 1,185 | 207,403 | 181,044 | 181,044 | 362,088 | 153,500 | 73.6% |
| Drinking Water Revolving Fund | 72 | 1,086 | 69,734 | 39,734 | 39,734 | 79,468 | 8,648 | 12.2% |
| General | 45 | 3,431 | 2 | 0 | 0 | 0 | -3,433 | -100.0% |
| Special Revenue | 8,538 | 6,535 | 5,170 | 4,980 | 4,959 | 9,939 | -1,766 | -15.1% |
| Workforce Development | 35,913 | 28,345 | 27,750 | 28,700 | 30,000 | 58,700 | 2,605 | 4.6% |
| Transportation Revolving Fund | 15,288 | 24,374 | 7,690 | 15,937 | 15,049 | 30,986 | -1,078 | -3.4% |
| Federal | 42,624 | 47,282 | 81,678 | 41,094 | 40,955 | 82,049 | -46,911 | -36.4% |
| Subtotal Dedicated | 103,576 | 112,238 | 399,427 | 311,489 | 311,741 | 623,230 | 111,565 | 21.8% |
| Total Revenue | 106,156 | 114,386 | 401,053 | 312,615 | 312,867 | 625,482 | 110,043 | 21.3% |

| | | | | | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Full-Time Equivalents (FTE) | 231.1 | 215.8 | 210.6 | 210.2 | 210.2 |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|

Program Description

The Business and Community Development Division (BCD) provides technical and financial assistance to Minnesota businesses and communities, often in partnership with local, regional, state or federal agencies, for the purpose of facilitating economic prosperity through quality job creation and retention.

Budget Activities Included:

- ⇒ Small Business Assistance
- ⇒ Marketing and Business Development
- ⇒ Business Finance
- ⇒ Community Finance
- ⇒ Business and Community Development Support

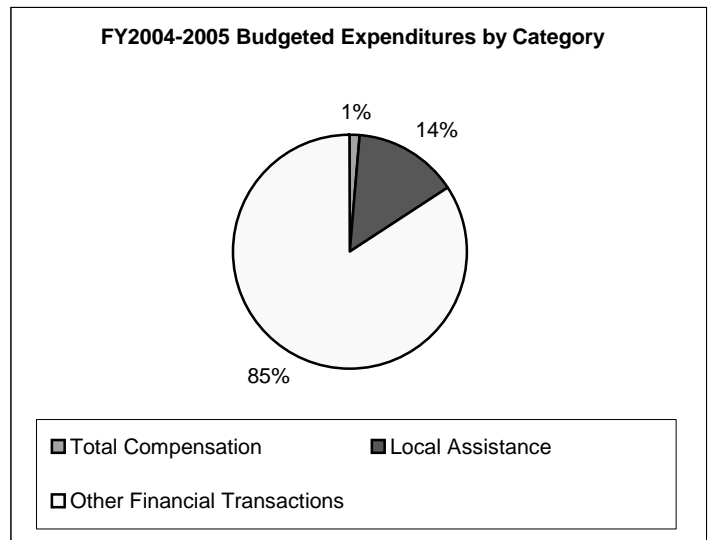
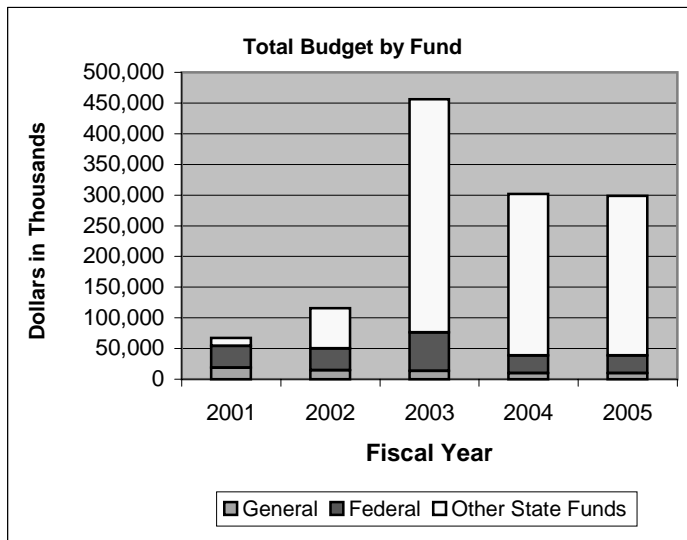
Program Funding

This program is funded by a mix of funds: petro tank release cleanup (3.5%), public facilities authority (26.7%), transportation revolving fund (23.3%), drinking water revolving fund (1.2%), environmental (0.4%), federal (27.7%), general (7.0%), and special revenue (10.2%).

TRADE & ECON DEVELOPMENT DEPT

Program: BUSINESS & COMMUNITY DEVELOPMENT

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 18,531 | 10,986 | 13,329 | 9,772 | 9,772 | 19,544 | -4,771 | -19.6% |
| Petroleum Tank Release Cleanup | 6,194 | 6,188 | 7,218 | 6,200 | 6,200 | 12,400 | -1,006 | -7.5% |
| Special Revenue | 87 | 39 | 100 | 117 | 0 | 117 | -22 | -15.8% |
| Environmental | 700 | 700 | 700 | 700 | 700 | 1,400 | 0 | 0.0% |
| Open Appropriations | | | | | | | | |
| General | 246 | 248 | 250 | 250 | 250 | 500 | 2 | 0.4% |
| Statutory Appropriations | | | | | | | | |
| Public Facilities Authority | 532 | 620 | 230,228 | 180,411 | 181,251 | 361,662 | 130,814 | 56.7% |
| Drinking Water Revolving Fund | 0 | 958 | 78,171 | 39,576 | 39,576 | 79,152 | 23 | 0.0% |
| General | 0 | 3,401 | 3 | 0 | 0 | 0 | -3,404 | -100.0% |
| Special Revenue | 4,925 | 14,065 | 19,147 | 17,726 | 17,783 | 35,509 | 2,297 | 6.9% |
| Workforce Development | 0 | 862 | 265 | 0 | 0 | 0 | -1,127 | -100.0% |
| Transportation Revolving Fund | 813 | 41,956 | 44,361 | 18,351 | 14,907 | 33,258 | -53,059 | -61.5% |
| Federal | 35,413 | 35,558 | 62,362 | 28,649 | 28,515 | 57,164 | -40,756 | -41.6% |
| Gift | 0 | 0 | 11 | 0 | 0 | 0 | -11 | -100.0% |
| Total | 67,441 | 115,581 | 456,145 | 301,752 | 298,954 | 600,706 | 28,980 | 5.1% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|---------------|----------------|----------------|----------------|----------------|----------------|---------------|-------------|
| Total Compensation | 3,976 | 3,832 | 3,963 | 4,367 | 4,374 | 8,741 | 946 | 12.1% |
| Other Operating Expenses | 1,520 | 1,266 | 3,313 | 1,824 | 2,370 | 4,194 | -385 | -8.4% |
| Local Assistance | 57,298 | 58,884 | 83,071 | 42,825 | 42,717 | 85,542 | -56,413 | -39.7% |
| Other Financial Transactions | 4,647 | 51,599 | 365,798 | 252,736 | 249,493 | 502,229 | 84,832 | 20.3% |
| Total | 67,441 | 115,581 | 456,145 | 301,752 | 298,954 | 600,706 | 28,980 | 5.1% |

TRADE & ECON DEVELOPMENT DEPT

Program: BUSINESS & COMMUNITY DEVELOPME

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--------------------------------------|----------------|
| Expenditures by Activity | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 Dollars | Percent |
| Business Finance | 10,078 | 19,801 | 26,479 | 21,801 | 21,741 | 43,542 | -2,738 | -5.9% |
| Marketing & Business Dev | 4,665 | 1,884 | 1,857 | 1,492 | 1,492 | 2,984 | -757 | -20.2% |
| Community Finance | 50,678 | 91,284 | 425,566 | 275,814 | 273,076 | 548,890 | 32,040 | 6.2% |
| Small Business Assist Off | 1,676 | 2,406 | 1,888 | 2,354 | 2,353 | 4,707 | 413 | 9.6% |
| Bcd Support Services | 344 | 206 | 355 | 291 | 292 | 583 | 22 | 3.9% |
| Total | 67,441 | 115,581 | 456,145 | 301,752 | 298,954 | 600,706 | 28,980 | 5.1% |

Revenue by Type and Fund

Non Dedicated

| | | | | | | | | |
|--------------------------------|-------|-------|-------|-------|-------|-------|--------|--------|
| General | 2,465 | 2,009 | 1,551 | 1,051 | 1,051 | 2,102 | -1,458 | -41.0% |
| Petroleum Tank Release Cleanup | 108 | 100 | 75 | 75 | 75 | 150 | -25 | -14.3% |
| Subtotal Non Dedicated | 2,573 | 2,109 | 1,626 | 1,126 | 1,126 | 2,252 | -1,483 | -39.7% |

Dedicated

| | | | | | | | | |
|-------------------------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|--------------|
| Public Facilities Authority | 1,096 | 1,185 | 207,403 | 181,044 | 181,044 | 362,088 | 153,500 | 73.6% |
| Drinking Water Revolving Fund | 72 | 1,086 | 69,734 | 39,734 | 39,734 | 79,468 | 8,648 | 12.2% |
| General | 40 | 3,402 | 2 | 0 | 0 | 0 | -3,404 | -100.0% |
| Special Revenue | 6,724 | 4,534 | 3,229 | 3,207 | 3,186 | 6,393 | -1,370 | -17.6% |
| Transportation Revolving Fund | 15,288 | 24,374 | 7,690 | 15,937 | 15,049 | 30,986 | -1,078 | -3.4% |
| Federal | 35,402 | 35,573 | 62,347 | 28,649 | 28,515 | 57,164 | -40,756 | -41.6% |
| Subtotal Dedicated | 58,622 | 70,154 | 350,405 | 268,571 | 267,528 | 536,099 | 115,540 | 27.5% |
| Total Revenue | 61,195 | 72,263 | 352,031 | 269,697 | 268,654 | 538,351 | 114,057 | 26.9% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 60.7 | 56.6 | 57.0 | 56.6 | 56.6 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

TRADE & ECON DEVELOPMENT DEPT

Program: BUSINESS & COMMUNITY DEVELOPMENT

Activity: BUSINESS FINANCE

Narrative

Activity Description

Business Finance supports business development and expansion through a variety of finance programs. Financing activities are aimed at assisting in the creation of high-quality jobs, through statewide programs as well as through targeted programs aimed at serving a specific business financing need. In addition to the job creation goals, these programs are created to leverage private investment, increase the tax base, and enhance business development projects.

Population Served

The financing programs of this division are delivered directly to businesses and communities, or in partnership with economic development service providers, utilities, banks, local governments, and others with a focus on facilitating high-quality job creation and retention.

Services Provided

Minnesota Investment Fund (M.S. 116J.8731)

The purpose of this program is to help local units of government improve and strengthen their business and economic base by providing financing for business expansions and relocations.

Agricultural and Economic Development Program (M.S. 41A.022)

The Agricultural and Economic Development Board makes direct loans through guarantees and issues tax-exempt revenue bonds for business expansion.

Rural Challenge Grant Program (M.S. 116N)

The Rural Challenge Grant Program helps provide job opportunities for low-income individuals, encourages private investment, and promotes development in rural areas of the state in partnership with the six Minnesota Initiative Funds.

Urban Initiative Program (M.S. 116M)

The Urban Initiative Fund assists minority-owned and -operated businesses and others that will create jobs in low-income areas of the Twin Cities.

Capital Access Program (M.S. 116J.876)

The Capital Access Program targets assistance to small and medium sized businesses obtaining financing for start-up or expansion costs. The program enables bankers and investors to address situations where a fundamentally good loan does not meet all of an investor's underwriting standards.

Tourism Loan Program (M.S. 116J.617)

The Tourism Loan Program provides low-interest financing that would otherwise be unavailable to existing tourism-related businesses that provide overnight lodging and are expanding or renovating their facilities.

Minnesota Minerals 21st Century Fund (M.S. 116J.423)

This fund is used to make strategic investments in mineral and taconite processing to assist the state's mining industry in the global economy.

Activity at a Glance

Business Finance promotes business investment through a variety of financial assistance. The largest program, in terms of both activity and funding (state and federal), is the Minnesota Investment Fund (MIF).

During FY 2001 and FY 2002, MIF

- ◆ funded 60 business expansion projects;
- ◆ facilitated the expected creation of nearly 3,000 jobs paying an average wage of \$13.40 per hour; and
- ◆ leveraged more than \$200 million in private investment.

TRADE & ECON DEVELOPMENT DEPT

Program: BUSINESS & COMMUNITY DEVELOPMENT

Activity: BUSINESS FINANCE

Narrative

Key Measures

As noted above, each of Business Finance's assistance programs are unique and designed to meet a specific market need or public policy purpose. The department's biennial performance report details the individual performance of each program. The table below highlights the performance of the department's largest state-funded financing tool – the Minnesota Investment Fund.

Indicators

- ⇒ Dollars awarded – total amount of awards to local units of government during each fiscal year for specific business projects.
- ⇒ Job creation – number of jobs that have been created since receiving assistance. This number does represent retained jobs or jobs that are expected to be created as a result of the assistance.
- ⇒ Percent of new jobs paying more than \$12 per hour – represents the share of the new jobs that actually pay a wage in excess of \$12 per hour.
- ⇒ Private investment leveraged – value of additional financial investment that was made in the business expansion project by private sector interests.

Key Measures, FY 1999 – FY 2003 Minnesota Investment Fund – State Funds

| | <u>FY 1999</u> | <u>FY 2000</u> | <u>FY 2001</u> | <u>FY 2002</u> | <u>Projected FY 2003</u> |
|--|----------------|----------------|----------------|----------------|------------------------------|
| Dollars awarded (millions) | \$5.7 | \$5.0 | \$4.8 | \$4.0 | \$3.8 |
| Job Creation | 1,786 | 1,093 | 912 | 917 | 850 |
| Percent of New Jobs Paying > \$12 per hour | 57% | 57% | 71% | 63% | 70% |
| Private Investment Leveraged (millions) | \$120 | \$59 | \$115 | \$57 | \$75 |

Note: Because applicants generally have two years to create the proposed jobs and secure additional project financing, data is preliminary or not available for projects awarded assistance in FY 2001 and FY 2002.

Activity Funding

This activity is funded by a mix of funds: public facilities authority (0.2%), general (21.4%), and special revenue (78.4%).

Contact

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Business Finance

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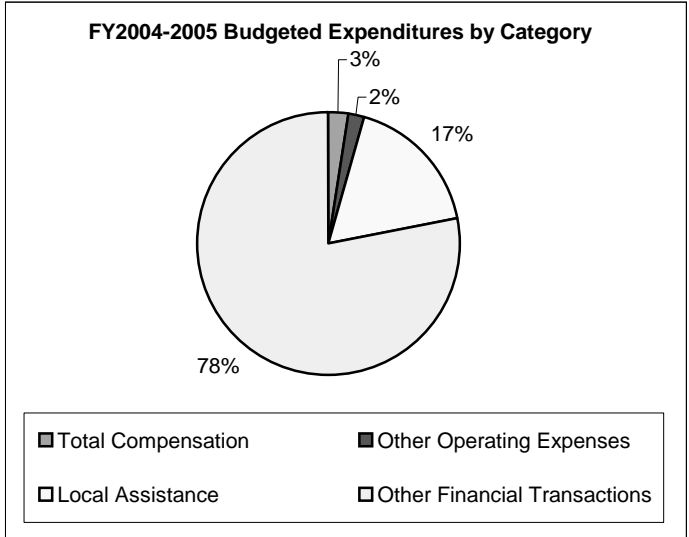
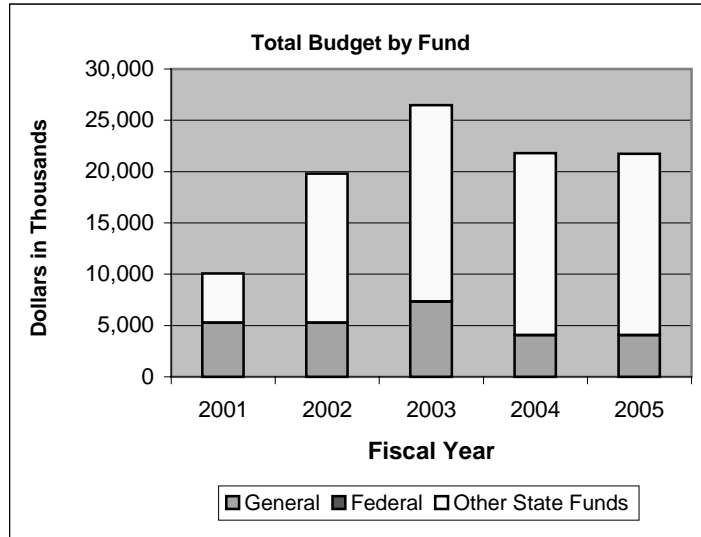
Information regarding BCD's Business Finance programs is available at www.dted.state.mn.us

TRADE & ECON DEVELOPMENT DEPT

Program: BUSINESS & COMMUNITY DEVELOPME

Activity: BUSINESS FINANCE

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------|--------------------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 | Dollars Percent |
| Direct Appropriations | | | | | | | | |
| General | 5,277 | 5,279 | 7,341 | 4,046 | 4,046 | 8,092 | -4,528 | -35.9% |
| Special Revenue | 87 | 39 | 100 | 117 | 0 | 117 | -22 | -15.8% |
| Statutory Appropriations | | | | | | | | |
| Public Facilities Authority | 0 | 0 | 125 | 125 | 125 | 250 | 125 | 100.0% |
| Special Revenue | 4,714 | 13,886 | 18,913 | 17,513 | 17,570 | 35,083 | 2,284 | 7.0% |
| Workforce Development | 0 | 597 | 0 | 0 | 0 | 0 | -597 | -100.0% |
| Total | 10,078 | 19,801 | 26,479 | 21,801 | 21,741 | 43,542 | -2,738 | -5.9% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 424 | 492 | 528 | 572 | 570 | 1,142 | 122 | 12.0% |
| Other Operating Expenses | 243 | 151 | 403 | 420 | 429 | 849 | 295 | 53.2% |
| Local Assistance | 5,565 | 9,317 | 8,473 | 3,767 | 3,767 | 7,534 | -10,256 | -57.7% |
| Other Financial Transactions | 3,846 | 9,841 | 17,075 | 17,042 | 16,975 | 34,017 | 7,101 | 26.4% |
| Total | 10,078 | 19,801 | 26,479 | 21,801 | 21,741 | 43,542 | -2,738 | -5.9% |

| | | | | | | | | |
|---------------------------------|------------|--------------|--------------|--------------|--------------|--------------|------------|-------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 409 | 1,910 | 1,551 | 1,051 | 1,051 | 2,102 | -1,359 | -39.3% |
| Petroleum Tank Release Cleanup | 108 | 100 | 75 | 75 | 75 | 150 | -25 | -14.3% |
| Subtotal Non Dedicated | 517 | 2,010 | 1,626 | 1,126 | 1,126 | 2,252 | -1,384 | -38.1% |
| Dedicated | | | | | | | | |
| Public Facilities Authority | 0 | 0 | 59 | 59 | 59 | 118 | 59 | 100.0% |
| General | 40 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Special Revenue | 1 | 1,051 | 3,142 | 3,110 | 3,099 | 6,209 | 2,016 | 48.1% |
| Subtotal Dedicated | 41 | 1,051 | 3,201 | 3,169 | 3,158 | 6,327 | 2,075 | 48.8% |
| Total Revenue | 558 | 3,061 | 4,827 | 4,295 | 4,284 | 8,579 | 691 | 8.8% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 6.3 | 6.6 | 7.3 | 6.9 | 6.9 |
|------------------------------------|------------|------------|------------|------------|------------|

Activity Description

Marketing and Business Development ensures that prospective and growing businesses in Minnesota are aware of resources that could assist in creating and retaining high-quality jobs, and works with those businesses to ensure that resources provided by the Department of Trade & Economic Development (DTED) or other agencies are delivered. Regional representatives market the state in direct outreach to businesses and collaborate with local and regional development partners to coordinate funding proposals. The office also administers special programs and grants aimed at improving the climate in which business expansion can occur.

Population Served

Target populations include businesses served by state marketing staff, and communities and economic development organizations that partner with DTED to market Minnesota and ensure that the state's business climate is favorable to expansion.

Services Provided

Marketing and Business Development, through its nine regional representatives (including three Greater Minnesota field offices), markets and coordinates delivery of financial resources, technical assistance, and training programs administered by DTED and other agencies. Representatives meet with more than 1,000 businesses each year – companies identified by staff as expansion prospects or those seeking information from the department on available resources. The office places a particular emphasis on helping metro companies expand outside the Twin Cities, where the need for business development is more pronounced.

The office includes a marketing support unit, which assists the Communications and Analysis Division in compiling information and preparing proposals, doing background research on companies, and managing the MNPRO database of Minnesota community profiles and available real estate. In 2001, capacity was added to MNPRO for Indian Reservations to maintain a profile. The office coordinates the annual Development Conference and DTED's presence at targeted trade shows and events, and maintains a family of publications and fact sheets to support its marketing and outreach efforts. Marketing and Business Development also maintains a database of Minnesota business expansions.

Additional projects strengthen the climate for business development. In 2003, the office will complete its first round of analysis on the impact of technology catalyst grants – which have brought high speed wireless telecommunications to rural areas, enabling businesses and residents full access to the information highway. The office continues working with DTED's Communications and Analysis Division and other state and local agencies in the development of statewide labor force assessment tools that will help identify skills of underemployed workers, so that expanding businesses can connect with available workforce. The office will continue its implementation of the E-Commerce Certification program, which encourages cities to examine their local telecommunications infrastructure. The office also administers several special appropriations, including WomenVenture and MEDA, for organizations providing business development services to specific clientele.

Historical Perspective

Throughout the 1990s, Minnesota's dramatic economic growth outpaced the national average and was accompanied by rapid improvements in the state's business climate due to legislative changes. During this time, DTED's resources focused on marketing Minnesota's strengths as a global competitor and assisting the needs of rapidly expanding companies. As the recent economic downturn continues, the focus has shifted toward retention strategies and investments to improve productivity. There also was a heightened interest from economic development groups statewide to partner with DTED in marketing the state nationally and internationally to high-

Activity at a Glance

Each year, Marketing and Business Development

- ◆ completes more than 1,000 targeted marketing visits to Minnesota companies;
- ◆ assists more than 100 business development expansions facilitating the creation of at least 4,000 jobs;
- ◆ maintains 400 complete community profiles; and
- ◆ promotes Minnesota as a place for business expansions at strategic state and national trade shows.

TRADE & ECON DEVELOPMENT DEPT**Program: BUSINESS & COMMUNITY DEVELOPMENT****Activity: MARKETING & BUSINESS DEV**

Narrative

quality industries capable of maintaining the state's vibrant economy. These trends are likely to continue, given the likelihood of a subdued economic recovery.

Key Measures

Marketing and Business Development has two distinct groups of output and outcome measures related to its business and community activities. The business-related measures focus on business expansion activities, including targeted marketing visits. The community-related measures reflect the office's assistance provided to local governments through electronic resources and E-commerce certification.

Key Business Measures, FY 1999 – FY 2003

| | <u>FY 1999</u> | <u>FY 2000</u> | <u>FY 2001</u> | <u>FY 2002</u> | Projected FY03 |
|---|----------------|----------------|----------------|----------------|---------------------------|
| Number of marketing visits | 650 | 1,230 | 1,060 | 1,050 | 1,120 |
| Number of business expansion projects assisted | 119 | 214 | 118 | 115 | 130 |
| Number of jobs created in those projects | 6,636 | 8,619 | 5,059 | 4,500 | 5,000 |
| Percentage of expansions assisted in Greater Minnesota | Not available | 80% | 80% | 68% | 75% |

Key Community Measures, FY 1999 – FY 2003

| | <u>FY 1999</u> | <u>FY 2000</u> | <u>FY 2001</u> | <u>FY 2002</u> | Projected FY 2003 |
|--|----------------|----------------|----------------|----------------|------------------------------|
| Number of completed Community Profiles on MNPRO | 360 | 375 | 380 | 395 | 410 |
| Number of MNPRO building and property listings | 875 | 1,150 | 1,400 | 1,800 | 2,100 |
| Number of E-commerce certified cities | Not applicable | Not applicable | 5 | 21 | 40 |

Activity Funding

This activity is funded by a mix of funds: general (69.2%), special revenue (25.1%), and federal (5.7%).

Contact

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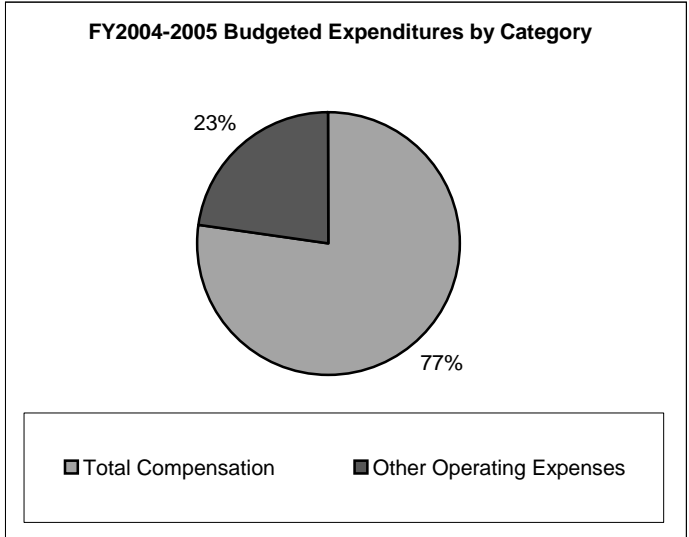
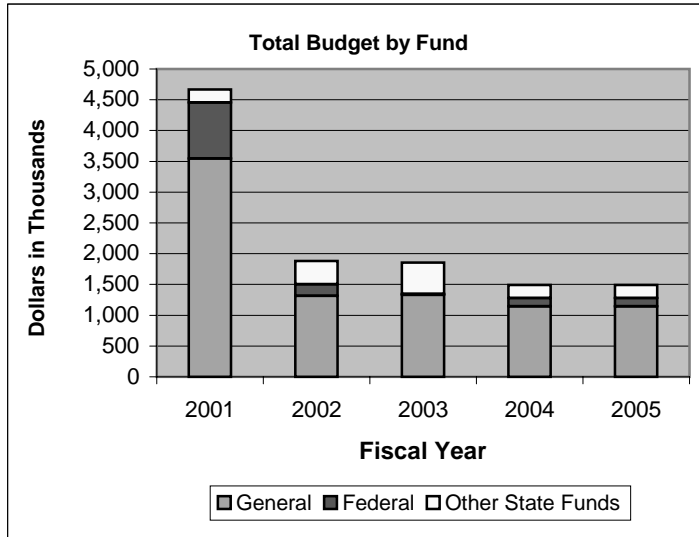
Additional information regarding Business and Community Development (BCD) programs and services is available at www.dted.state.mn.us or at www.mnpro.com.

TRADE & ECON DEVELOPMENT DEPT

Program: BUSINESS & COMMUNITY DEVELOPMENT

Activity: MARKETING & BUSINESS DEV

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|-----------------------------|--------|--------|----------|--------|--------|----------|-------------------|---------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 3,543 | 1,316 | 1,332 | 1,144 | 1,144 | 2,288 | -360 | -13.6% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 211 | 119 | 234 | 213 | 213 | 426 | 73 | 20.7% |
| Workforce Development | 0 | 265 | 265 | 0 | 0 | 0 | -530 | -100.0% |
| Federal | 911 | 184 | 15 | 135 | 135 | 270 | 71 | 35.7% |
| Gift | 0 | 0 | 11 | 0 | 0 | 0 | -11 | -100.0% |
| Total | 4,665 | 1,884 | 1,857 | 1,492 | 1,492 | 2,984 | -757 | -20.2% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|---------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 1,115 | 1,042 | 917 | 1,147 | 1,154 | 2,301 | 342 | 17.5% |
| Other Operating Expenses | 525 | 372 | 295 | 345 | 338 | 683 | 16 | 2.4% |
| Local Assistance | 3,025 | 470 | 645 | 0 | 0 | 0 | -1,115 | -100.0% |
| Total | 4,665 | 1,884 | 1,857 | 1,492 | 1,492 | 2,984 | -757 | -20.2% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|-----------|------------|------------|------------|---------------|---------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 2,056 | 99 | 0 | 0 | 0 | 0 | -99 | -100.0% |
| Subtotal Non Dedicated | 2,056 | 99 | 0 | 0 | 0 | 0 | -99 | -100.0% |
| Dedicated | | | | | | | | |
| Public Facilities Authority | 0 | 0 | 0 | 41 | 41 | 82 | 82 | n.m |
| Special Revenue | 6,586 | 3,339 | 87 | 97 | 87 | 184 | -3,242 | -94.6% |
| Federal | 900 | 199 | 0 | 135 | 135 | 270 | 71 | 35.7% |
| Subtotal Dedicated | 7,486 | 3,538 | 87 | 273 | 263 | 536 | -3,089 | -85.2% |
| Total Revenue | 9,542 | 3,637 | 87 | 273 | 263 | 536 | -3,188 | -85.6% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 16.9 | 15.3 | 14.8 | 14.8 | 14.8 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

Activity Description

Because business development can be stymied by community deterioration, the division's Community Finance office offers financial assistance to communities for critical infrastructure, downtown revitalization, new and rehabilitated housing, and contamination cleanup projects – all for the purpose of assuring that Minnesota's communities continue to attract sustainable business development. Financing is in the form of both grants and loans and is regularly coordinated with similar financial assistance from other state and federal agencies.

Population Served

Community Finance provides services to communities throughout Minnesota. Residents of these communities are served through the construction/renovation of affordable infrastructure, creating additional tax base through business or housing development, or the removal of public health threats through contamination cleanup. Businesses are also served because of their need for adequate infrastructure to support the business, adequate housing to support their workforce, and a viable commercial area to provide necessary goods and services to their businesses and workers.

Services Provided

Community Finance programs assist communities with critical expensive development needs, which help support urban and rural economic growth. Program funds are designed to fill gaps between the cost of individual projects and the amount local residents and businesses can afford to pay for the project. Funds for this activity are received from the federal government through the Environmental Protection Agency and the Department of Housing and Urban Development, the state General Fund, state petro funds, and state bond proceeds. The following are specific Community Finance programs:

Small Cities Development Program (SCDP) (M.S. 116.401)

This program assists Minnesota communities by providing federal Community Development Block Grant funds for the rehabilitation or construction of housing or municipal infrastructure. Small Cities Development Program funds are also used for downtown revitalization projects.

Contaminated Site Cleanup Program (M.S. 116J.551)

The Contaminated Site Cleanup Program provides grants to local governments and local development agencies to clean up soil and groundwater contamination for the purpose of subsequent reuse as a housing or business location.

Public Facilities Authority (PFA) (M.S. 466A)

The PFA is composed of commissioners from six state agencies and departments including Department of Trade and Economic Development (DTED), Department of Health, Department of Finance, Department of Transportation, Department of Administration, and Pollution Control Agency. DTED is the administering agency for the PFA. The PFA manages financing programs, primarily loans that provide financial assistance to state agencies, local units of government, and special districts to improve drinking water, wastewater, and transportation infrastructure.

The following summarizes the programs of the PFA:

Water Pollution Control Revolving Fund (M.S. 466A.07)

This is the state's primary municipal wastewater treatment funding program. The program provides below market rate loans to municipal borrowers. In addition to traditional wastewater treatment, the fund is also used to

Activity at a Glance

Community Finance programs provide grant and loan assistance for community development projects designed to stimulate or support economic growth.

During FY 2002

- ◆ the Public Facilities Authority awarded 45 infrastructure loans;
- ◆ the Brownfields Unit awarded 21 contamination cleanup grants; and
- ◆ the Small Cities Development Program awarded 31 community development/revitalization grants.

TRADE & ECON DEVELOPMENT DEPT

Program: BUSINESS & COMMUNITY DEVELOPMENT

Activity: COMMUNITY FINANCE

Narrative

address a variety of non-point source pollution problems. Equity for the fund is provided by Federal Capitalization Grant and state matching funds (\$1 state for every \$5 federal). Bonds are sold to supplement the fund. The PFA's bond rating is AAA/AAA/Aaa.

Drinking Water Revolving Fund (M.S. 446.81)

This is the state's primary municipal drinking water funding program. The program is financed through federal capitalization grants, state matching funds, and revenue bond proceeds.

The Wastewater Infrastructure Fund (M.S. 446A.071)

This program provides state grants and zero-interest loans to municipalities to construct affordable municipal wastewater treatment systems.

Transportation Revolving Loan Fund (M.S. 466A.085)

The program provides loans for the construction of local transportation related projects. The program is financed through federal funds, state matching funds, and revenue bond proceeds.

County Credit Enhancement Program (M.S. 373.45)

This program provides a limited state guarantee of county general obligation bonds for the construction of jails, correctional facilities, law enforcement facilities, social service facilities, and solid waste facilities.

Special Appropriations

Special appropriations provide for administrative support to ensure proper management, contractual processing, and monitoring of all special appropriations assigned to BCD by the legislature. Special appropriations also include Border City Enterprise tax credits and Mortgage Certificate Aid Grants.

The PFA also provides administrative funds to other state agencies that provide professional and technical services to communities for public infrastructure projects. PFA uses fees to finance program administration.

Key Measures

This budget activity's key measures relate to three principal areas of activity:

- ⇒ The Public Facilities Authority provides affordable drinking water, wastewater treatment, and transportation infrastructure financing.
- ⇒ The Small Cities Development Program provides a variety of community improvement financing, including downtown revitalization, new and rehabilitated housing, and critical infrastructure.
- ⇒ The Contamination Cleanup Grant Program provides contamination remediation financing in order to return unusable, contaminated property to productive industrial, commercial, or residential uses.

Key Measures, FY 1999 – FY 2003

| | <u>FY 1999</u> | <u>FY 2000</u> | <u>FY 2001</u> | <u>FY 2002</u> | <u>Projected FY 2003</u> |
|---|----------------|----------------|----------------|----------------|------------------------------|
| Public Facilities Authority Projects | | | | | |
| Wastewater | 21 | 22 | 19 | 21 | 20 |
| Drinking Water | 34 | 16 | 21 | 16 | 16 |
| Transportation | 2 | 1 | 13 | 8 | 1 |
| Small Cities Development Program Projects | | | | | |
| Downtown Revitalization | 7 | 6 | 9 | 11 | 10 |
| New/Rehab Housing | 27 | 31 | 27 | 26 | 26 |
| Infrastructure | 16 | 16 | 15 | 11 | 15 |
| Contamination Cleanup Projects | 23 | 19 | 18 | 21 | 20 |

TRADE & ECON DEVELOPMENT DEPT

Program: BUSINESS & COMMUNITY DEVELOPMENT

Activity: COMMUNITY FINANCE

Narrative

Activity Funding

This activity is funded by a mix of funds: drinking water revolving fund (1.4%), federal (31.8%), petro tank release cleanup (4.1%), public facilities authority (31.4%), environmental (0.5%), transportation revolving fund (27.4%), and general (3.4%).

Contact

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Community Finance

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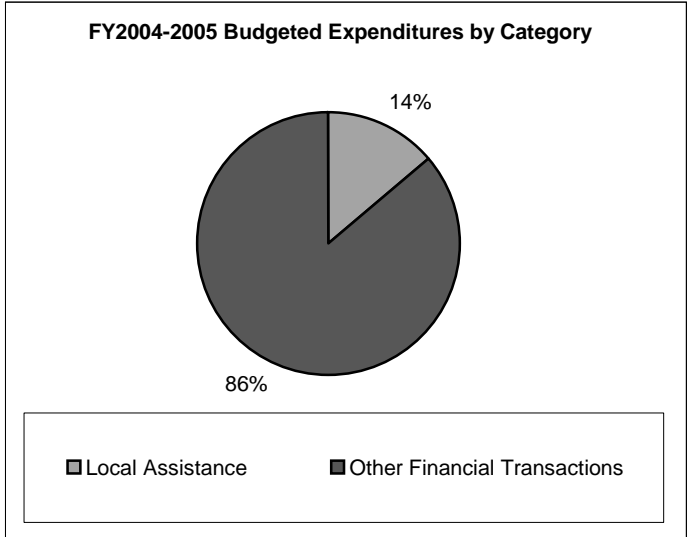
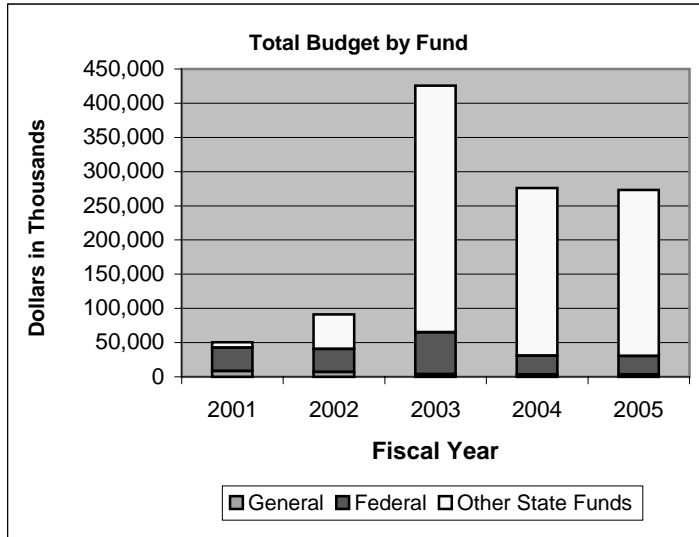
Information on Community Finance programs is available at www.dted.state.mn.us by clicking on "Communities."
For information on the PFA, contact Terry Kuhlman at (651) 296-4704 or terry.kuhlman@state.mn.us.

TRADE & ECON DEVELOPMENT DEPT

Program: BUSINESS & COMMUNITY DEVELOPME

Activity: COMMUNITY FINANCE

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------|--------------------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 | Dollars Percent |
| Direct Appropriations | | | | | | | | |
| General | 8,231 | 3,170 | 3,294 | 3,237 | 3,237 | 6,474 | 10 | 0.2% |
| Petroleum Tank Release Cleanup | 6,194 | 6,188 | 7,218 | 6,200 | 6,200 | 12,400 | -1,006 | -7.5% |
| Environmental | 700 | 700 | 700 | 700 | 700 | 1,400 | 0 | 0.0% |
| Open Appropriations | | | | | | | | |
| General | 246 | 248 | 250 | 250 | 250 | 500 | 2 | 0.4% |
| Statutory Appropriations | | | | | | | | |
| Public Facilities Authority | 532 | 620 | 230,103 | 180,286 | 181,126 | 361,412 | 130,689 | 56.6% |
| Drinking Water Revolving Fund | 0 | 958 | 78,171 | 39,576 | 39,576 | 79,152 | 23 | 0.0% |
| General | 0 | 3,401 | 3 | 0 | 0 | 0 | -3,404 | -100.0% |
| Transportation Revolving Fund | 813 | 41,956 | 44,361 | 18,351 | 14,907 | 33,258 | -53,059 | -61.5% |
| Federal | 33,962 | 34,043 | 61,466 | 27,214 | 27,080 | 54,294 | -41,215 | -43.2% |
| Total | 50,678 | 91,284 | 425,566 | 275,814 | 273,076 | 548,890 | 32,040 | 6.2% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|---------------|---------------|----------------|----------------|----------------|----------------|---------------|-------------|
| Total Compensation | 1,643 | 1,557 | 1,803 | 1,904 | 1,904 | 3,808 | 448 | 13.3% |
| Other Operating Expenses | 427 | 521 | 2,299 | 753 | 1,299 | 2,052 | -768 | -27.2% |
| Local Assistance | 47,807 | 47,448 | 72,741 | 37,463 | 37,355 | 74,818 | -45,371 | -37.7% |
| Other Financial Transactions | 801 | 41,758 | 348,723 | 235,694 | 232,518 | 468,212 | 77,731 | 19.9% |
| Total | 50,678 | 91,284 | 425,566 | 275,814 | 273,076 | 548,890 | 32,040 | 6.2% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|--------------|
| Dedicated | | | | | | | | |
| Public Facilities Authority | 1,096 | 1,185 | 207,344 | 180,944 | 180,944 | 361,888 | 153,359 | 73.5% |
| Drinking Water Revolving Fund | 72 | 1,086 | 69,734 | 39,734 | 39,734 | 79,468 | 8,648 | 12.2% |
| General | 0 | 3,402 | 2 | 0 | 0 | 0 | -3,404 | -100.0% |
| Special Revenue | 137 | 84 | 0 | 0 | 0 | 0 | -84 | -100.0% |
| Transportation Revolving Fund | 15,288 | 24,374 | 7,690 | 15,937 | 15,049 | 30,986 | -1,078 | -3.4% |
| Federal | 33,962 | 34,043 | 61,466 | 27,214 | 27,080 | 54,294 | -41,215 | -43.2% |
| Subtotal Dedicated | 50,555 | 64,174 | 346,236 | 263,829 | 262,807 | 526,636 | 116,226 | 28.3% |
| Total Revenue | 50,555 | 64,174 | 346,236 | 263,829 | 262,807 | 526,636 | 116,226 | 28.3% |

TRADE & ECON DEVELOPMENT DEPT

Program: BUSINESS & COMMUNITY DEVELOPME

Activity: COMMUNITY FINANCE

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|-----------------------------|--------|--------|----------|--------|--------|----------|-------------------|---------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Full-Time Equivalents (FTE) | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| | 24.9 | 22.8 | 25.4 | 25.4 | 25.4 | | | |

TRADE & ECON DEVELOPMENT DEPT

Program: BUSINESS & COMMUNITY DEVELOPMENT

Activity: SMALL BUSINESS ASSIST OFF

Narrative

Activity Description

Small Business Assistance (SBA) facilitates the start-up, operation, and expansion of small businesses in Minnesota by reducing the cost of timely, accurate, and comprehensive business-related information and assistance. The office develops and publishes business-related publications, responds to inquiries on business structure, regulations, and taxes, and provides – through a network of 20 Small Business Development Centers (SBDC) – direct, firm specific counseling on business planning, financing, marketing, management, and other topics. The office operates pursuant to M.S.16J.68, 116J.69 *et seq.*, and M.S.116C.22 to 34. The SBDC operates with partial federal funding pursuant to 15 U.S.C. 648.

Activity at a Glance

Services provided to Minnesota businesses by Small Business Assistance in 2001 include

- ◆ 63,216 hard copies of office authored publications distributed;
- ◆ 91,469 digital copies of office-authored publications downloaded;
- ◆ 48,000 transactional inquiries answered; and
- ◆ 46,530 counseling hours delivered to 3,541 clients.

Population Served

The office serves existing and prospective for-profit Minnesota firms meeting the definition of “small business” given by either M.S. 645.445 or 13 CFR Part 121.

Services Provided

The office develops and publishes, usually in collaboration with local law firms, a number of publications (currently 14) dealing with subjects like business start-up, the employer-employee relationship, intellectual property protection, electronic commerce, franchising, and raising capital. The office responds to inquiries on these and other topics on a transactional basis and provides more in-depth, multi-hour counseling through the network of SBDC located mostly at institutions in the Minnesota State Colleges & Universities (MnSCU) system. All such assistance services are provided at no charge to the user. No-cost or very low-cost seminars on business management topics are also provided. The SBDC services are funded in part with federal funds received under a cooperative agreement with the U.S. Small Business Administration and sub-granted to institutions of higher education and others.

Key Measures

The performance measures used by SBA focus on information distribution and outcomes for business clients. Publications distributed reflect both the number of titles available along with consumer demand while transaction questions answered indicate the volume of business inquiries responded to by staff. The counseling measures are measures used by the SBDC network and reflect consultation via this network. The outcome measures indicate the percent of clients who reported that they experienced the indicated improvement in business operations and that the office had at least “some” contribution to this improvement. These key output and outcome measures reveal the office’s increased volume of assistance and impact.

Key Output Measures, FY 1999 – FY 2003

| | <u>FY 1999</u> | <u>FY 2000</u> | <u>FY 2001</u> | <u>Projected 2002</u> | <u>Projected 2003</u> |
|----------------------------|----------------|----------------|----------------|---------------------------|---------------------------|
| Publications Distributed | | | | | |
| Hard Copy | 52,363 | 52,925 | 63,216 | 69,000 | 70,000 |
| Digital Copy | Not counted | 20,482 | 91,469 | 100,000 | 115,000 |
| Transaction Questions | | | | | |
| Answered | 42,806 | 41,600 | 48,011 | 48,000 | 50,000 |
| Counseling Hours Delivered | 41,407 | 43,772 | 46,530 | 47,000 | 47,500 |
| Counseling Clients | 3,298 | 3,580 | 3,541 | 3,600 | 3,700 |

TRADE & ECON DEVELOPMENT DEPT**Program: BUSINESS & COMMUNITY DEVELOPMENT****Activity: SMALL BUSINESS ASSIST OFF**

Narrative

Key Outcome Measures, FY 1999 – FY 2003**Percent of clients****confirming contribution****to affirmative outcomes:**

| | <u>FY 1999</u> | <u>FY 2000</u> | <u>FY 2001</u> | Projected <u>2002</u> | Projected <u>2003</u> |
|-----------------------------|----------------|----------------|----------------|---------------------------------|---------------------------------|
| Obtained Needed Information | Not Counted | 95% | 94% | 99% | 99% |
| Started a Business | 85% | 79% | 77% | 85% | 88% |
| Changed a Business Strategy | 75% | 85% | 86% | 86% | 87% |
| Improved Productivity | 55% | 79% | 77% | 80% | 82% |
| Obtained Financing | 59% | 76% | 75% | 75% | 78% |
| Developed a Business Plan | 85% | 87% | 88% | 90% | 91% |

Activity Funding

This activity is funded by a mix of funds: federal (51.9%), general (46.7%), and special revenue (1.4%).

The office receives direct, unrestricted general funds for operation of its publications, regulatory, and basic, transactional assistance programs. It receives an additional biennial \$1,094,000 appropriation to be used as a match to federal dollars received from the U.S. SBA for operation of the SBDC network. Those federal funds are required to be matched on a dollar-for-dollar basis. The state DTED funds account for approximately 40% of that match with the balance being provided by cash and in-kind match from the participating centers.

Contact

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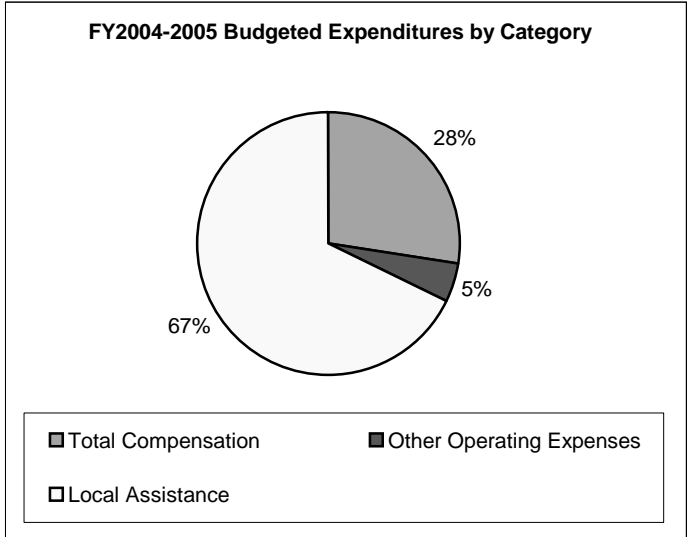
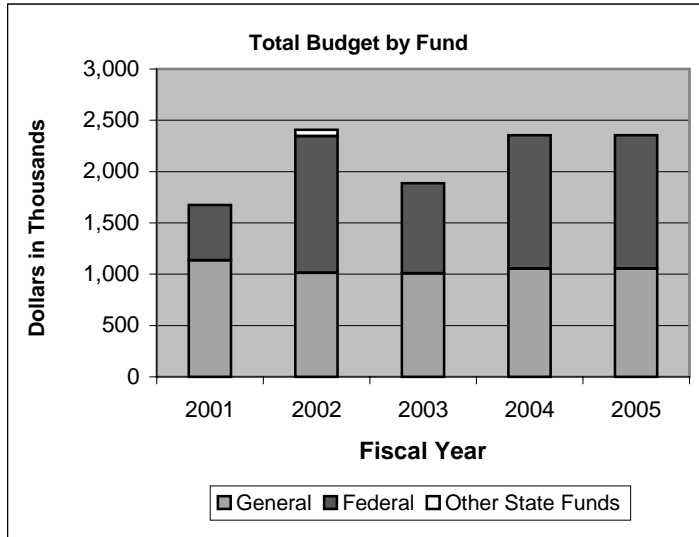
Many of the SBA publications are available at www.dted.state.mn.us by clicking on "Business," and then "Publications."

TRADE & ECON DEVELOPMENT DEPT

Program: BUSINESS & COMMUNITY DEVELOPME

Activity: SMALL BUSINESS ASSIST OFF

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------------------|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 1,136 | 1,015 | 1,007 | 1,054 | 1,053 | 2,107 | 85 | 4.2% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 0 | 60 | 0 | 0 | 0 | 0 | -60 | -100.0% |
| Federal | 540 | 1,331 | 881 | 1,300 | 1,300 | 2,600 | 388 | 17.5% |
| Total | 1,676 | 2,406 | 1,888 | 2,354 | 2,353 | 4,707 | 413 | 9.6% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 565 | 583 | 584 | 648 | 649 | 1,297 | 130 | 11.1% |
| Other Operating Expenses | 210 | 174 | 92 | 111 | 109 | 220 | -46 | -17.3% |
| Local Assistance | 901 | 1,649 | 1,212 | 1,595 | 1,595 | 3,190 | 329 | 11.5% |
| Total | 1,676 | 2,406 | 1,888 | 2,354 | 2,353 | 4,707 | 413 | 9.6% |

| | | | | | | | | |
|---------------------------------|------------|--------------|------------|--------------|--------------|--------------|------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Special Revenue | 0 | 60 | 0 | 0 | 0 | 0 | -60 | -100.0% |
| Federal | 540 | 1,331 | 881 | 1,300 | 1,300 | 2,600 | 388 | 17.5% |
| Subtotal Dedicated | 540 | 1,391 | 881 | 1,300 | 1,300 | 2,600 | 328 | 14.4% |
| Total Revenue | 540 | 1,391 | 881 | 1,300 | 1,300 | 2,600 | 328 | 14.4% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 9.0 | 9.0 | 7.5 | 7.5 | 7.5 |
|------------------------------------|------------|------------|------------|------------|------------|

TRADE & ECON DEVELOPMENT DEPT

Program: BUSINESS & COMMUNITY DEVELOPMENT

Activity: BCD SUPPORT SERVICES

Narrative

Activity Description

Business and Community Development (BCD) administration includes the deputy commissioner, an executive secretary, and administrative support services staff.

Population Served

This unit serves the commissioner, the governor's office, the legislature, DTED's customers, and BCD staff.

Activity at a Glance

During FY 2002, BCD administration processed more than

- ◆ 300 contracts; and
- ◆ 200 purchases/payments.

Services Provided

The office provides policy development and implementation services, as well as general management and oversight of the activities of BCD. Support staff provides purchasing, bill paying, grant and loan contract processing, data entry, equipment maintenance and management, and other services in support of the division.

Key Measures

BCD administration measures focus on processing information and facilitating projects:

Key Measures, FY 1999 – FY 2003

| | <u>FY 1999</u> | <u>FY 2000</u> | <u>FY 2001</u> | <u>FY 2002</u> | <u>Projected FY 2003</u> |
|------------------------------------|----------------|----------------|----------------|----------------|------------------------------|
| Grant and Loan Contract Agreements | 343 | 345 | 283 | 305 | 320 |
| Purchases/Payments | 25 | 75 | 318 | 205 | 215 |

Activity Funding

This activity is funded solely through the General Fund.

Contact

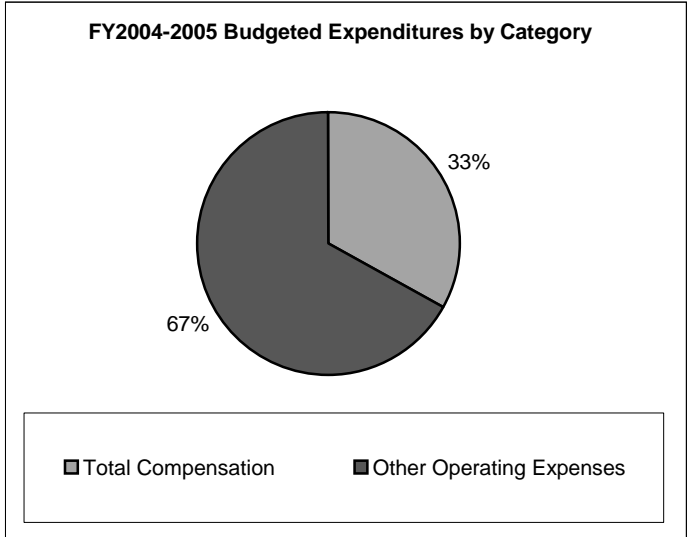
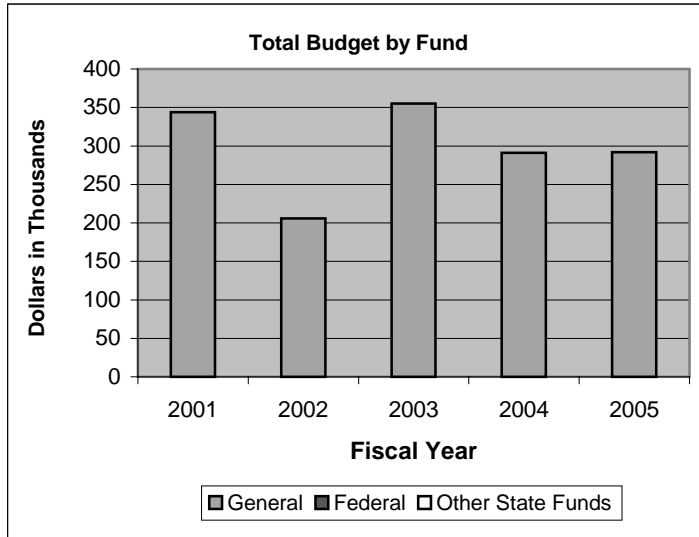
For additional information on BCD Support, contact Louis Jambois at (651) 297-3172 or louis.jambois@state.mn.us.

TRADE & ECON DEVELOPMENT DEPT

Program: **BUSINESS & COMMUNITY DEVELOPME**

Activity: BCD SUPPORT SERVICES

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------------|--------------------------|--------------------------|----------------------------|------------------------|---------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 344 | 206 | 355 | 291 | 292 | 583 | 22 | 3.9% |
| Total | 344 | 206 | 355 | 291 | 292 | 583 | 22 | 3.9% |
| Expenditures by Category | | | | | | | | |
| Total Compensation | 229 | 158 | 131 | 96 | 97 | 193 | -96 | -33.2% |
| Other Operating Expenses | 115 | 48 | 224 | 195 | 195 | 390 | 118 | 43.4% |
| Total | 344 | 206 | 355 | 291 | 292 | 583 | 22 | 3.9% |
| Full-Time Equivalents (FTE) | 3.6 | 2.9 | 2.0 | 2.0 | 2.0 | | | |

Program Description

The Minnesota Trade Office was created in 1983 (M.S. 1161.966) to serve as an advocate for Minnesota businesses pursuing international markets and to promote, assist, and enhance exports and foreign direct investment.

The objective of this program is to strengthen the state's economy by diversifying the markets for Minnesota companies, thus making them more innovative and competitive in today's global economy. The Trade Office's vision to be "the first place Minnesota companies call when they want to export" is accomplished through effective delivery of programs and services; identifying and promoting emerging export opportunities; increasing awareness of the benefits of exporting and of the Minnesota Trade Office; providing comprehensive and responsive export education; and creating strong alliances with agencies and associations involved in exporting.

Program at a Glance

Between January 2000 and June 2002 the Minnesota Trade Office

- ◆ provided export services to more than 1,000 companies, answered nearly 2,700 market research telephone inquiries, and received more than 3,100 patrons in the Resource Center;
- ◆ conducted nine trade missions involving 141 companies and participated in 31 trade shows; and
- ◆ conducted 66 export training classes and trained more than 1,400 people.

Population Served

While the Trade Office serves all Minnesota companies irrespective of size, it especially focuses on small- and medium-sized companies because they are the most likely to need export assistance, are less likely to have in-house expertise or experience, and are the fastest-growing segment of exporters in the nation.

Over the past three years, the number of manufacturers that export has grown slowly but gradually. Harris Info's Minnesota Directory of Manufacturers puts the number of manufacturing companies in the state at about 10,200. Of those, 1,708 identified themselves as exporting companies in 2002, compared to 1,681 in 2000.

Services Provided

The office provides a variety of services for businesses new to exporting or new to specific markets. It also offers ongoing support for businesses that have built an export base in other countries but require further assistance to strengthen their position or expand their global reach.

Export professionals with broad international business experience provide service in two primary areas: export promotion and export education.

Export Promotion

Programs and services focus on the countries and industries with the greatest potential for developing and improving Minnesota's export opportunities:

- ◆ arrange international trade shows and missions to promote Minnesota's products and services;
- ◆ provide market intelligence and personalized export consultation;
- ◆ provide referrals regarding export services;
- ◆ assist Minnesota agricultural companies and associations in developing agricultural markets;
- ◆ help foreign companies locate facilities in Minnesota by finding appropriate government, legal, and real estate business services; and
- ◆ maintain an international information network.

Export Education/Information

By providing export training programs that meet the defined needs of businesses, the state delivers a vital service to its businesses and communities, enhancing their prospects for significant economic growth and contributing substantially to the economic vitality of Minnesota:

- ◆ conduct intensive export-training seminars and workshops statewide;
- ◆ maintain the International Business Resource Center, an exhaustive repository of information on foreign markets, current trends, and general export information and statistics; and
- ◆ provide professional researchers and online products to assist clients in gathering information on foreign markets and learning the basic mechanics of exporting.

Historical Perspective

Since the office was created in 1983, the role of international trade to our state's economy has grown significantly. Just since 1999, Minnesota's total exports for manufactured goods, agricultural products, and services are estimated to have grown from \$15 billion to \$17 billion. According to the U.S. Department of Commerce, one in six Minnesota manufacturing jobs is export related. Moreover, companies that export are generally more productive, enjoy faster employment growth, pay higher salaries and benefits, and are less likely to go out of business than companies that are strictly domestic.

From purely a market standpoint, exports hold the greatest potential for economic growth. With more than 95% of the world's population and two-thirds of its purchasing power located outside the United States, the international market for goods and services is growing significantly faster than the domestic market.

Key Measures

The Minnesota Trade Office is increasingly relying on performance measures to guide program operation. In addition to continued use of overall export growth statistics, the office has developed (or is in the process of developing) three new measures to better understand program performance.

1. Because Minnesota companies need to be aware of global opportunities, awareness of Trade Office services is a key element of potential success. Business awareness is derived through a random survey of all Minnesota companies in those industries likely to export. The indicator reflects the percent of businesses that are aware of the Minnesota Trade Office.
2. Client satisfaction is universally considered a reliable measure of an organization's services/product quality. Although the office currently measures client satisfaction with education courses, an indicator that will measure client satisfaction with all Trade Office services is currently under development. The table data shows the percent of respondents who rated educational seminars "good" or "excellent."
3. Because exporting companies are generally better performers, Minnesota needs more companies to begin exporting for our economic growth to reach its highest potential. As a result, the office is developing an indicator that will measure the number of new-to-export companies served by the Minnesota Trade Office.

Key Measures, FY 2000 – FY 2003

| | <u>FY 2000</u> | <u>FY 2001</u> | <u>FY 2002</u> | <u>FY 2003 Projected</u> |
|-----------------------------------|----------------|----------------|-------------------|------------------------------|
| Manufacturing Export Growth Rates | | | | |
| Minnesota | 12.5% | 2.4% | -3.2%* | 2% |
| United States | 12.8% | -7.2% | -15.5%* | - |
| Business Awareness of Minnesota | | | | |
| Trade Office Services | Not available | Not available | 34% | 50% |
| Overall Client Satisfaction | Not available | Not available | Under development | 95% |
| Client Satisfaction with | | | | |
| Education Seminars | 94% | 97% | 97% | 98% |
| Number of New-to-Export | | | | |
| Companies Served by Trade Office | Not available | Not available | Under development | - |

Program Funding

This program is funded by a mix of General Fund (84%) and the special revenue fund (16%).

| | |
|-------------------------------|-----------|
| TRADE & ECON DEVELOPMENT DEPT | |
| Program: MN TRADE OFFICE | Narrative |

Contact

Elaine Bliss, Deputy Commissioner

Minnesota Trade Office

Phone: (651) 297-4222

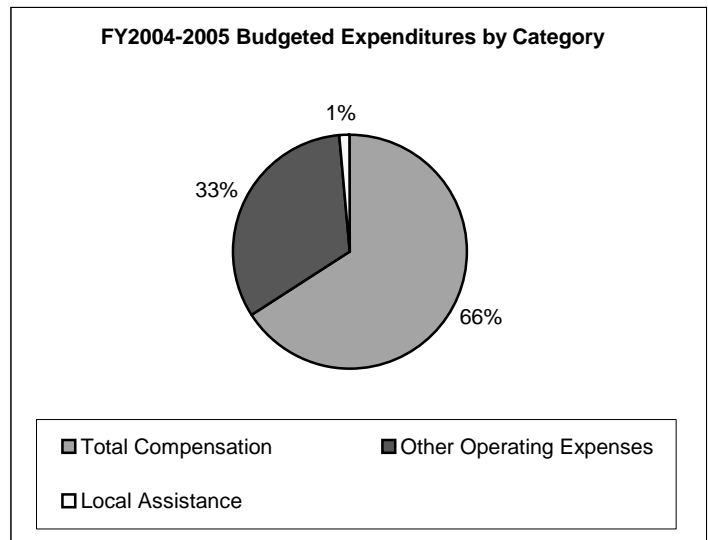
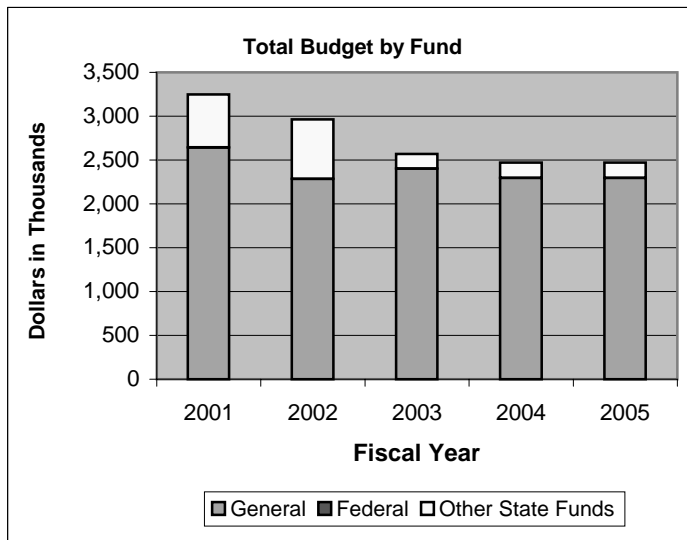
E-mail: elaine.bliss@state.mn.us

Information regarding Minnesota Trade Office programs and services is available at www.dted.state.mn.us by clicking on "Trade," or at www.exportminnesota.com

TRADE & ECON DEVELOPMENT DEPT

Program: MN TRADE OFFICE

Fiscal Report



| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|------------------|------------------|--------------------|----------------|--------------------|---------------------|--------------------------------------|---------------|
| Expenditures by Fund | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 2,641 | 2,283 | 2,402 | 2,294 | 2,294 | 4,588 | -97 | -2.1% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 607 | 679 | 169 | 178 | 178 | 356 | -492 | -58.0% |
| Total | 3,248 | 2,962 | 2,571 | 2,472 | 2,472 | 4,944 | -589 | -10.6% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|---------------|
| Total Compensation | 1,630 | 1,593 | 1,634 | 1,585 | 1,664 | 3,249 | 22 | 0.7% |
| Other Operating Expenses | 1,561 | 1,312 | 871 | 835 | 786 | 1,621 | -562 | -25.7% |
| Local Assistance | 57 | 59 | 66 | 52 | 22 | 74 | -51 | -40.8% |
| Other Financial Transactions | 0 | -2 | 0 | 0 | 0 | 0 | 2 | -100.0% |
| Total | 3,248 | 2,962 | 2,571 | 2,472 | 2,472 | 4,944 | -589 | -10.6% |

| Expenditures by Activity | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|---------------|
| Mn Trade Office | 3,248 | 2,962 | 2,571 | 2,472 | 2,472 | 4,944 | -589 | -10.6% |
| Total | 3,248 | 2,962 | 2,571 | 2,472 | 2,472 | 4,944 | -589 | -10.6% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|-------------|---------------|
| Non Dedicated | | | | | | | | |
| General | 0 | 5 | 0 | 0 | 0 | 0 | -5 | -100.0% |
| Subtotal Non Dedicated | 0 | 5 | 0 | 0 | 0 | 0 | -5 | -100.0% |
| Dedicated | | | | | | | | |
| Special Revenue | 641 | 718 | 142 | 134 | 134 | 268 | -592 | -68.8% |
| Subtotal Dedicated | 641 | 718 | 142 | 134 | 134 | 268 | -592 | -68.8% |
| Total Revenue | 641 | 723 | 142 | 134 | 134 | 268 | -597 | -69.0% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 27.3 | 23.5 | 21.8 | 21.8 | 21.8 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

Program Description

The Workforce Development Division (WDD) is the newest division of the department. Its purpose is to focus on the workforce needs of Minnesota's businesses, workers, and communities. It also provides staff for carrying out the activities of the Minnesota Job Skills Partnership Board.

Budget Activities Included:

- ◆ Job Skills Partnership
- ◆ Dislocated Worker Program

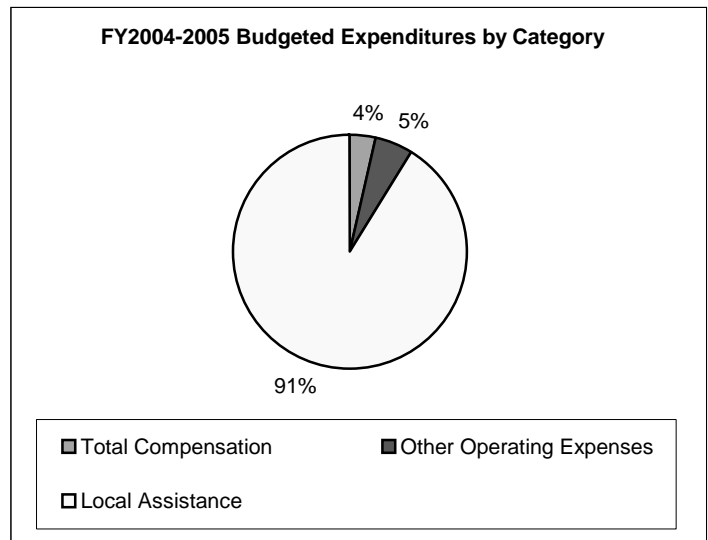
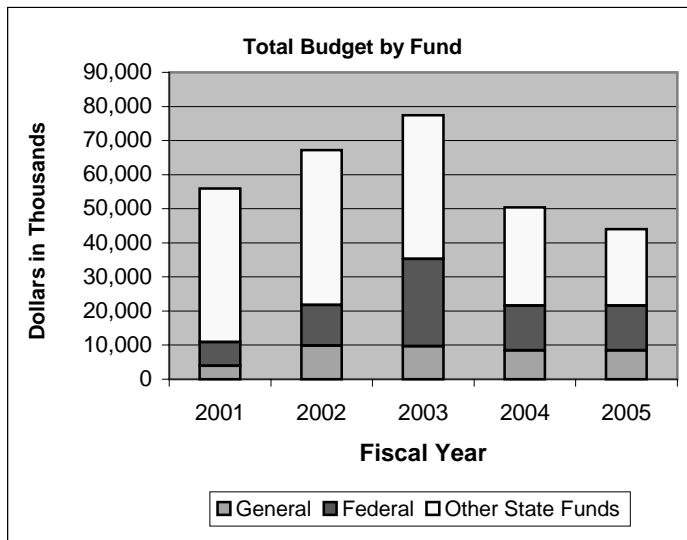
Program Funding

This program is funded by a mix of funds: special revenue (58.0%), federal (22.7%), general (13.9%), and federal Temporary Assistance for Needy Families (TANF) (5.4%).

TRADE & ECON DEVELOPMENT DEPT

Program: **WORKFORCE DEVELOPMENT**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 3,951 | 9,817 | 9,689 | 8,440 | 8,440 | 16,880 | -2,626 | -13.5% |
| Special Revenue | 103 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Federal Tanf | 0 | 774 | 6,476 | 750 | 750 | 1,500 | -5,750 | -79.3% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 22 | 218 | 1 | 0 | 0 | 0 | -219 | -100.0% |
| Workforce Development | 44,940 | 45,216 | 42,190 | 28,755 | 22,372 | 51,127 | -36,279 | -41.5% |
| Federal | 6,956 | 11,184 | 19,110 | 12,440 | 12,440 | 24,880 | -5,414 | -17.9% |
| Total | 55,972 | 67,209 | 77,466 | 50,385 | 44,002 | 94,387 | -50,288 | -34.8% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|
| Total Compensation | 1,084 | 1,138 | 1,848 | 1,721 | 1,732 | 3,453 | 467 | 15.6% |
| Other Operating Expenses | 769 | 520 | 2,297 | 2,404 | 2,405 | 4,809 | 1,992 | 70.7% |
| Local Assistance | 54,097 | 65,333 | 73,321 | 46,260 | 39,865 | 86,125 | -52,529 | -37.9% |
| Other Financial Transactions | 22 | 218 | 0 | 0 | 0 | 0 | -218 | -100.0% |
| Total | 55,972 | 67,209 | 77,466 | 50,385 | 44,002 | 94,387 | -50,288 | -34.8% |

| Expenditures by Activity | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|
| Job Skills Partnership | 13,162 | 11,757 | 17,554 | 9,190 | 9,190 | 18,380 | -10,931 | -37.3% |
| Dislocated Worker | 42,810 | 55,452 | 59,912 | 41,195 | 34,812 | 76,007 | -39,357 | -34.1% |
| Total | 55,972 | 67,209 | 77,466 | 50,385 | 44,002 | 94,387 | -50,288 | -34.8% |

TRADE & ECON DEVELOPMENT DEPT

Program: **WORKFORCE DEVELOPMENT**

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------------|---------------|---------------|-----------------|---------------|---------------|-----------------|--------------------------|----------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Revenue by Type and Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Non Dedicated | | | | | | | | |
| General | 1 | 27 | 0 | 0 | 0 | 0 | -27 | -100.0% |
| Subtotal Non Dedicated | 1 | 27 | 0 | 0 | 0 | 0 | -27 | -100.0% |
| Dedicated | | | | | | | | |
| General | 0 | 13 | 0 | 0 | 0 | 0 | -13 | -100.0% |
| Special Revenue | 4 | 57 | 53 | 53 | 53 | 106 | -4 | -3.6% |
| Workforce Development | 35,913 | 28,345 | 27,750 | 28,700 | 30,000 | 58,700 | 2,605 | 4.6% |
| Federal | 6,956 | 11,667 | 18,627 | 12,440 | 12,440 | 24,880 | -5,414 | -17.9% |
| Subtotal Dedicated | 42,873 | 40,082 | 46,430 | 41,193 | 42,493 | 83,686 | -2,826 | -3.3% |
| Total Revenue | 42,874 | 40,109 | 46,430 | 41,193 | 42,493 | 83,686 | -2,853 | -3.3% |
| | | | | | | | | |
| Full-Time Equivalents (FTE) | 18.2 | 18.0 | 22.4 | 22.4 | 22.4 | | | |

TRADE & ECON DEVELOPMENT DEPT

Program: WORKFORCE DEVELOPMENT

Activity: MINNESOTA JOB SKILLS PARTNERSHIP

Narrative

Activity Description

The Minnesota Job Skills Partnership (MJSP) offers several grant programs and a loan program that allow businesses to partner with education and training providers and create training projects that address the critical needs of our state's businesses. The programs administered by MJSP include the Minnesota Job Skills Partnership Program, the Pathways Program, the Health Care and Human Services Training Program, the Distance Work Program, a Pilot Project to Train Low-Income Workers, the Critical Careers Grant Program, and the HIRE Education Loan Program.

Population Served

Job Skills Partnership programs have the threefold purpose of ensuring the economic viability of Minnesota's businesses, enabling Minnesota's workers to become economically self-sufficient, and establishing partnerships between businesses and Minnesota's educational institutions so that the institutions are more responsive to business needs. Minnesota's businesses must have well-trained and highly skilled workers in order to be competitive and prosper in the global economy. The training projects funded by Job Skills Partnership grants are focused on meeting the needs of business for the most current and cutting-edge skills. This, in turn, raises the skill level of our workforce and builds new capacity in our educational system. These programs play a leading role in the state's effort to train incumbent workers.

Activity at a Glance

- ◆ From 1999 through 2002, MJSP invested nearly \$40 million in new and incumbent worker training projects, and leveraged an additional \$82 million in private dollars from partnering businesses and trained more than 58,000 Minnesota workers.
- ◆ The Job Skills Partnership currently administers eight separate grant programs and a loan program, and manages a portfolio of over 200 active training grants.

Services Provided

Minnesota Job Skills Partnership Program (M.S. 116L.01 – M.S. 116L.05)

MJSP program grants can be for up to \$400,000 and the training projects can last up to three years. The grants are awarded to educational institutions who partner with at least one business and then design, develop, and deliver training that meets the specific needs of the business(es). The partnering business(es) must match the grant amount dollar-for-dollar.

Pathways (M.S. 116L.04)

Pathways grants are similar but assist businesses in employing and training people making the transition from public assistance to work, and the training projects require demonstrated career ladders and educational pathways.

Health Care and Human Services (M.S. 116L.10 – 116L.15)

These grants are similar in concept to the Pathways grants, but focus specifically on training projects for the healthcare and human services industries. The program was funded in the past by the state's allotment of federal Temporary Assistance for Needy Families (TANF) dollars.

Distance Work Program (M.S. 116L.16)

The Distance Work Program was created to promote distance-work training projects that involve implementing technology in rural areas.

Pilot Project to Train Low-Income Workers (2001 SS Ch.4 Art. 2, Sec. 30)

This program provides training vouchers for low-income workers, who may be marginally attached to the workforce, to upgrade their skills.

Critical Careers Grant Program

The Critical Careers Grant Program allows educational providers to award scholarships to individuals who wish to train for careers and in industries that are critical to the state's economy.

Hire Education Loan Program (HIRE) (M.S. 116L.06)

HIRE provides a zero interest loan directly to businesses to assist them in training or retraining their workforce.

TRADE & ECON DEVELOPMENT DEPT

Program: WORKFORCE DEVELOPMENT

Activity: MINNESOTA JOB SKILLS PARTNERSHIP

Narrative

Extension of Services (M.S. 116L.146)

In keeping with DTED's commitment to meeting the needs of Minnesota's businesses and workers, small grants of \$50,000 or less are now available to target smaller employers for MJSP and Health Care and Human Services Grants. Another new program provides grants of up to \$50,000 for the planning and pre-development of large training projects.

Grant proposals are submitted during publicized open grant rounds and the grant awards are made by the MJSP Board at a public meeting. Job Skills Partnership staff provides assistance to the board as well as administration and oversight of all training projects for the duration of the projects. All grant funds are paid on a reimbursement basis based on meeting the outcomes specified in each grant agreement.

Historical Perspective

The Job Skills Partnership has been in existence since 1983, when it received \$1 million appropriation to operate a single grant program. Since that time, the Partnership has expanded to approximately eight grant and loan programs and has awarded over 200 grants. The Partnership currently operates a portfolio of over \$160 million.

Because the Partnership is responsive to changing market conditions, grants reflect the most current business needs and industry trends. Beginning in the 1990s, Minnesota businesses have identified worker retention and training, and improved productivity as two of the most critical factors in remaining competitive in the global economy. These priorities are reflected in the dramatic increase in the number of requests for training grants from the MJSP program. In 2000, there were 22 requests for training grants, and by 2002, that number had increased to 50. This trend will almost certainly continue as "baby-boomers" begin to retire and Minnesota businesses are faced with a structural worker shortage.

Key Measures

From 1999 through 2002, MJSP awarded nearly \$40 million to new and incumbent worker training projects, and leveraged another \$82 million from partnering businesses to train more than 58,000 workers. Nearly 96% of those trainees will be placed with the participating businesses.

Key Measures, FY 1999 – FY 2003

| | <u>FY 1999</u> | <u>FY 2000</u> | <u>FY 2001</u> | <u>FY 2002</u> | <u>Projected FY 2003</u> |
|------------------------------------|----------------|----------------|----------------|----------------|------------------------------|
| Training Project Awards (millions) | \$4.4 | \$14.1 | \$11.4 | \$10.0 | \$7.8 |
| Private Leverage (millions) | | | | | |
| (Business Contributions) | \$10.9 | \$30.0 | \$21.5 | \$19.8 | \$15.1 |
| Number of Workers to be Trained | 10,548 | 16,871 | 16,017 | 15,459 | 11,470 |
| Placement Rate of Trained Workers | 92% | *99% | *99% | *99% | 96% |

*Planned placement rates for ongoing training projects

Activity Funding

This activity is funded by a mix of funds: general (66.8%), federal TANF (26.0%), special revenue (5.5%), and federal (1.7%).

Contact

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Minnesota Job Skills Partnership Program
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E-mail: rick.caligiuri@state.mn.us

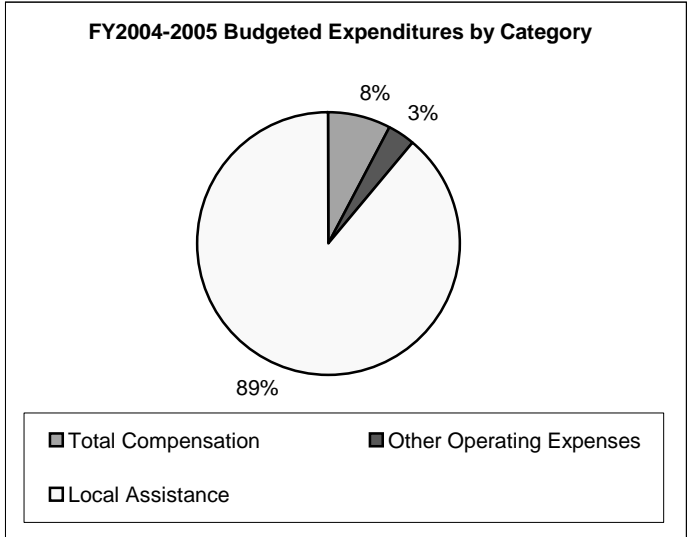
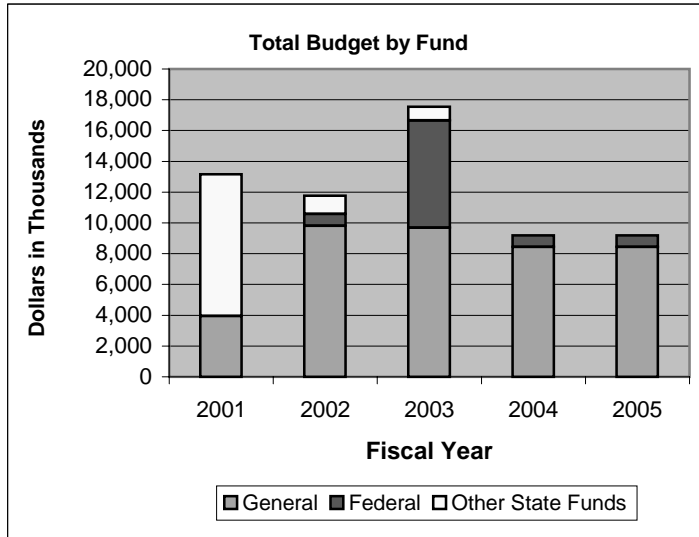
Information on the Minnesota Job Skills Partnership programs is available at www.dted.state.mn.us by clicking on "Workforce".

TRADE & ECON DEVELOPMENT DEPT

Program: **WORKFORCE DEVELOPMENT**

Activity: **JOB SKILLS PARTNERSHIP**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 3,951 | 9,817 | 9,689 | 8,440 | 8,440 | 16,880 | -2,626 | -13.5% |
| Special Revenue | 103 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Federal Tanf | 0 | 774 | 6,476 | 750 | 750 | 1,500 | -5,750 | -79.3% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 22 | 218 | 0 | 0 | 0 | 0 | -218 | -100.0% |
| Workforce Development | 9,086 | 948 | 906 | 0 | 0 | 0 | -1,854 | -100.0% |
| Federal | 0 | 0 | 483 | 0 | 0 | 0 | -483 | -100.0% |
| Total | 13,162 | 11,757 | 17,554 | 9,190 | 9,190 | 18,380 | -10,931 | -37.3% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|--------------|--------------|---------------|----------------|---------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 427 | 387 | 569 | 712 | 717 | 1,429 | 473 | 49.5% |
| Other Operating Expenses | 67 | 151 | 125 | 315 | 316 | 631 | 355 | 128.6% |
| Local Assistance | 12,646 | 11,001 | 16,860 | 8,163 | 8,157 | 16,320 | -11,541 | -41.4% |
| Other Financial Transactions | 22 | 218 | 0 | 0 | 0 | 0 | -218 | -100.0% |
| Total | 13,162 | 11,757 | 17,554 | 9,190 | 9,190 | 18,380 | -10,931 | -37.3% |

| | | | | | | | | |
|---------------------------------|----------|---------------|-----------|-----------|-----------|-----------|----------------|---------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 1 | 27 | 0 | 0 | 0 | 0 | -27 | -100.0% |
| Subtotal Non Dedicated | 1 | 27 | 0 | 0 | 0 | 0 | -27 | -100.0% |
| Dedicated | | | | | | | | |
| General | 0 | 13 | 0 | 0 | 0 | 0 | -13 | -100.0% |
| Special Revenue | 0 | 49 | 48 | 48 | 48 | 96 | -1 | -1.0% |
| Workforce Development | 0 | 24,819 | 0 | 0 | 0 | 0 | -24,819 | -100.0% |
| Federal | 0 | 483 | 0 | 0 | 0 | 0 | -483 | -100.0% |
| Subtotal Dedicated | 0 | 25,364 | 48 | 48 | 48 | 96 | -25,316 | -99.6% |
| Total Revenue | 1 | 25,391 | 48 | 48 | 48 | 96 | -25,343 | -99.6% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 8.4 | 6.4 | 8.5 | 8.5 | 8.5 |
|------------------------------------|------------|------------|------------|------------|------------|

Activity Description

The Minnesota Dislocated Worker Program is funded by the Minnesota Workforce Development Fund, the General Fund, and the Federal Workforce Investment Act. It is governed by Minnesota Job Skills Partnership Board. The goal of the program is to assist workers by offering services and training that will enable them to become quickly re-employed at a wage that is similar to pre-layoff earnings. The program offers both state and federally funded "formula" funds, which serve small groups and individual workers who have been laid off. The program also offers "project" funds for programs specifically designed to serve workers affected by mass layoffs of over 50 workers from a single company who have similar backgrounds and needs.

Population Served

Although the Minnesota Dislocated Worker Program serves all Minnesotans who become unemployed through no fault of their own, priority for service focuses on those workers who have outdated skills, need basic skill training, older workers, single parents, workers with disabilities, and those facing other barriers to re-employment.

Services Provided

All program participant's skills and interests are assessed and an individual service strategy plan is created to prepare the worker for re-employment in careers with growth potential. Counselors work with participants to identify services that will help the participant to meet his or her employment goals. Examples of services provided include assessment, job placement, job search, relocation, career counseling, short term prevocational services, internships, academic skills training, occupational skills training, entrepreneurial skills training, English as a Second Language training, GED training, literacy training, on-the-job training, and customized training. Support services offered to participants as needed include family care, transportation, health care, emergency financial assistance, and financial, legal, and personal counseling.

Historical Perspective

The Dislocated Worker Program was established in 1982 and received its first full year of federal funding in 1984, when mining and manufacturing were the two major industries most affected by dislocation. In 1989, Congress enacted the Economic Dislocation and Worker Retraining Act (EDWAA), which replaced Title 3 of the Job Partnership Act and established the requirement that a Rapid Response team be available to respond within 48 hours of receiving notice of lay-offs and/or impending plant closings.

The same year, the Minnesota state legislature provided supplemental funding for the program out of the General Fund. State law established that companies required to provide a federal WARN (Worker Adjustment Retraining Notification) notice at least 60 days in advance of a layoff or plant closing would provide this notice in all cases where 50 or more people were affected.

In 1998, Congress replaced EDWAA with the Workforce Investment Act (WIA), which instituted a number of administrative changes and refocused the funding strategy. The state-funded program continues to provide strong support for dislocated workers needing assistance to return to the workplace. Annual federal funding is about \$10 million, while the state-funded program receives about \$27 million a year.

Key Measures

Federally mandated performance standards are the program's key measures of success with "Entered Employment Rate" and "Average Wage at Placement Rate" being among the most important. The program has generally exceeded federal performance requirements for these measures.

Activity at a Glance

- ◆ The Dislocated Worker Program provides services through a network of service providers, including 16 Workforce Service Areas, two independent grantees, and eight certified service providers.
- ◆ At the end of FY 2002, the program was administering approximately 150 active grants.
- ◆ In FY 2001, the number of clients served by the program jumped 32% to total 19,000. The number served increased another 47% to total 28,000 in FY 2002.

Key Measures, FY 1999 – FY 2003

TRADE & ECON DEVELOPMENT DEPT**Program: WORKFORCE DEVELOPMENT****Activity: DISLOCATED WORKER**

Narrative

| | <u>FY 1999</u> | <u>FY 2000</u> | <u>FY 2001</u> | <u>FY 2002</u> | <u>Projected FY 2003</u> |
|---|----------------|----------------|----------------|----------------|------------------------------|
| Entered Employment Rate (Placement Rate) | 83% | 84% | 79% | 82% | 83% |
| Average Wage at Placement Rate (Percent of Previous Wage at Placement) | 93% | 93% | 96% | 87% | 92% |

Activity Funding

This activity is funded by special revenue funds (71.8%) and federal funds (28.2%).

Contact

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Dislocated Worker Program

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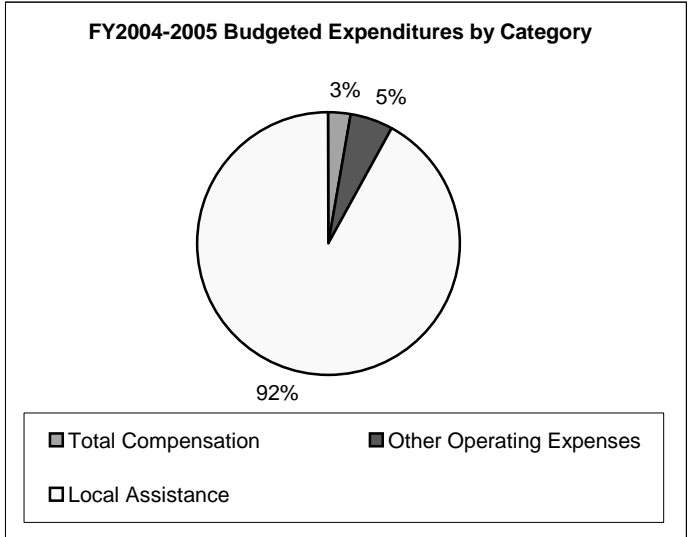
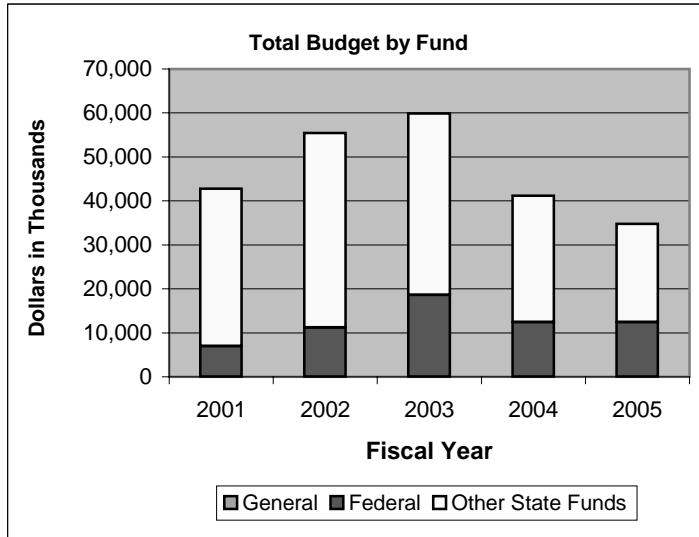
Information on the Dislocated Worker Program is available at www.dted.state.mn.us by clicking on the "Workforce" button.

TRADE & ECON DEVELOPMENT DEPT

Program: **WORKFORCE DEVELOPMENT**

Activity: **DISLOCATED WORKER**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------|--------------------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 | Dollars Percent |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 0 | 0 | 1 | 0 | 0 | 0 | -1 | -100.0% |
| Workforce Development | 35,854 | 44,268 | 41,284 | 28,755 | 22,372 | 51,127 | -34,425 | -40.2% |
| Federal | 6,956 | 11,184 | 18,627 | 12,440 | 12,440 | 24,880 | -4,931 | -16.5% |
| Total | 42,810 | 55,452 | 59,912 | 41,195 | 34,812 | 76,007 | -39,357 | -34.1% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|
| Total Compensation | 657 | 751 | 1,279 | 1,009 | 1,015 | 2,024 | -6 | -0.3% |
| Other Operating Expenses | 702 | 369 | 2,172 | 2,089 | 2,089 | 4,178 | 1,637 | 64.4% |
| Local Assistance | 41,451 | 54,332 | 56,461 | 38,097 | 31,708 | 69,805 | -40,988 | -37.0% |
| Total | 42,810 | 55,452 | 59,912 | 41,195 | 34,812 | 76,007 | -39,357 | -34.1% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Dedicated | | | | | | | | |
| Special Revenue | 4 | 8 | 5 | 5 | 5 | 10 | -3 | -23.1% |
| Workforce Development | 35,913 | 3,526 | 27,750 | 28,700 | 30,000 | 58,700 | 27,424 | 87.7% |
| Federal | 6,956 | 11,184 | 18,627 | 12,440 | 12,440 | 24,880 | -4,931 | -16.5% |
| Subtotal Dedicated | 42,873 | 14,718 | 46,382 | 41,145 | 42,445 | 83,590 | 22,490 | 36.8% |
| Total Revenue | 42,873 | 14,718 | 46,382 | 41,145 | 42,445 | 83,590 | 22,490 | 36.8% |

| | | | | | |
|------------------------------------|------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 9.8 | 11.6 | 13.9 | 13.9 | 13.9 |
|------------------------------------|------------|-------------|-------------|-------------|-------------|

Program Description

The mission of the Minnesota Office of Tourism is to promote and facilitate increased travel to and within the state of Minnesota by increasing nonresident travel, stimulating travel in-state by Minnesota residents and sustaining and growing travel-related sales. The office markets Minnesota in North America and internationally as a travel destination to consumers, tour operators, group tours, and travel agents, promotes coverage of Minnesota by domestic and international travel media, and initiates, develops, and coordinates activity with travel industry buyers and sellers. The Office of Tourism leverages its resources by generating over \$3.5 million in cash and in-kind partnerships.

Population Served

The Minnesota tourism industry includes over 2,600 lodging businesses, over 1,700 attractions, and hundreds of tourism promotion organizations, such as convention and visitors bureaus and chambers of commerce. In addition, hundreds of other businesses – restaurants, shops, and service stations – derive a significant part of their revenue from travelers. The Office of Tourism promotes state facilities and services such as state parks and historic sites. The economic health of these businesses, their employees, and their communities depends on tourism expenditures.

The Minnesota tourism industry generates nearly \$9.8 billion in gross sales, more than \$1 billion in state and local tax receipts, and 135,000 jobs. More than 24 million people travel in Minnesota each year, including nearly 12 million non-residents.

Services Provided

To fulfill its mission and achieve its strategic objectives, the Office of Tourism is organized into four areas: Advertising and Marketing, Operations and Fulfillment, Traveler Services, and Industry Relations.

Advertising and Marketing

This area includes advertising and promotions directed to potential travelers. The Office of Tourism uses a variety of advertising tactics involving print media, television and radio, direct mail and electronic marketing. The primary market is the 12-state North Central Region, which generates about 83% of Minnesota's U.S. visitors. Public relations and media relations efforts are conducted to generate positive media coverage of Minnesota travel opportunities. The office also engages in consumer shows, and publishing partnerships.

This area also markets Minnesota as a travel destination to international markets, group tour operators, and travel agents. Marketing targets are North American tour operators and international markets including Canada, Japan, the United Kingdom, Germany, and Scandinavia. Tactics include trade shows, trade missions and sales calls, promotions, consumer advertising, foreign language publications, and hosting domestic and international tour operators, travel agents, and travel media.

Operations and Fulfillment

Operations and Fulfillment handles customer inquiries and provides travel information to prospective travelers. Consumer inquiries are handled via phone, fax, and Internet and in response to consumer advertising programs. The unit is responsible for an extensive database of approximately 2,600 accommodations, 1,700 attractions, and 2,500 arts and events. The database is available to consumers on the Internet and through travel counselors using the Journey customized travel planning service. In addition, this unit is responsible for office-wide operations, measurement, and evaluation of office programs.

Traveler Services

Program at a Glance

- ◆ In 2001, Minnesota hosted more than 24 million travelers, including nearly 12 million visitors from other countries and U.S. states.
- ◆ In 2001, travel and tourism generated gross sales of nearly \$10 billion, 135,000 Minnesota jobs, and \$3.5 billion in wages.
- ◆ St. Paul Contact Center serves nearly 500,000 customers, Travel Information Centers assist over 2.6 million travelers, and the Office of Tourism web site annually has nine million web site page views.
- ◆ The office leverages more than \$5.8 million in public/private partnerships.
- ◆ For every \$1 spent on Minnesota Office of Tourism advertising, nearly \$5 is generated in state and local tax revenue.

Traveler Services delivers person-to-person tourism information services to visitors at six highway Travel Information Centers (TICs) located on interstates around the state and the Explore Store at Mall of America. In addition, this unit manages partnerships with local tourism organizations to distribute statewide tourism information at six non-interstate locations. This unit facilitates training for the industry at the annual Travel Counselor Institute.

Industry Relations

Industry Relations is responsible for facilitating two-way communication between the Minnesota Office of Tourism and the state's tourism industry, and providing education, product development, planning assistance, and regional and community based marketing, including organizational partnerships and partnerships with regional tourism associations. It also monitors public policy issues that may affect tourism in Minnesota. To provide these services, regional staff is located in Brainerd, Duluth, Mankato, and Thief River Falls, as well as St. Paul.

In accordance with M.S. 116J.58, Subd. 3, the Minnesota Office of Tourism awards grants and enters into tourism-related marketing partnerships with nonprofit organizations to maximize both state and local resources to generate non-resident travel expenditures within Minnesota and to retain travel dollars from Minnesotans within the state. All grants and marketing partnerships must meet established criteria and strategic objectives are based on performance outcomes.

Historical Perspective

Travel throughout the U.S. was significantly affected by the events of 9-11-01 and the economic slowdown that followed. Business travel and leisure travelers are being more cautious in spending patterns. Economic concerns, changes in weather, and some reluctance to fly have more travelers planning vacations by car closer to home. Since Minnesota draws most of its travelers from its own residents and the Midwest, it will be both an opportunity and a challenge to promote Minnesota at a time when travel patterns have changed and competition for travelers has increased.

Key Measures

The office uses a variety of performance measures to allocate resources and direct program activities. Three key measures are: Number of travelers in Minnesota, Minnesota sales generated by travel/tourism activity, and Minnesota expenditures influenced by Office of Tourism printed materials. As shown below, even with the travel decline due to the 9/11 tragedy, travel and tourism continues to generate a significant level of economic activity. The table also reveals marked improvement in the office's influence on spring/summer sales.

Key Measures, 1999 – 2003

| | <u>1999</u> | <u>2000</u> | <u>2001</u> | <u>Projected 2002</u> | <u>Projected 2003</u> |
|--|-------------|-------------|-------------|---------------------------|---------------------------|
| Residents Traveling in Minnesota (million person trips)* | 10.5 | 12.1 | 11.6 | 11.8 | 12.0 |
| Domestic Non-Residents Traveling in Minnesota (million person trips)* | 11.7 | 13.0 | 11.7 | 11.9 | 12.1 |
| Minnesota Sales Generated by Travelers (billions)** | \$8.3 | \$9.0 | \$9.8 | \$10.0 | \$10.2 |
| Minnesota Spring/Summer Traveler Expenditures Influenced by Office of Tourism (millions)*** | \$104 | \$87 | \$118 | \$123 | \$128 |

* General traveler data is derived through Travelscope surveys administered by the U.S. Travel Industry Association.

** Traveler-generated sales is derived through an economic impact analysis of Minnesota traveler/tourist spending. It includes direct (travel/tourism), indirect (industry suppliers) and induced (employee spending) impacts.

*** Influenced expenditures are derived through surveys administered by the department's Analysis and Evaluation Office in partnership with the Minnesota Office of Tourism. This data represents travel expenditures by office inquirers who reported that the printed information they received influenced their decision to take a pleasure trip to Minnesota.

Program Funding

This program is funded by a mix of funds: general (85.7%), special revenue (11.1%), and federal (3.2%).

Contact

John Edman, Director

Office of Tourism

Phone: (651) 296-2755

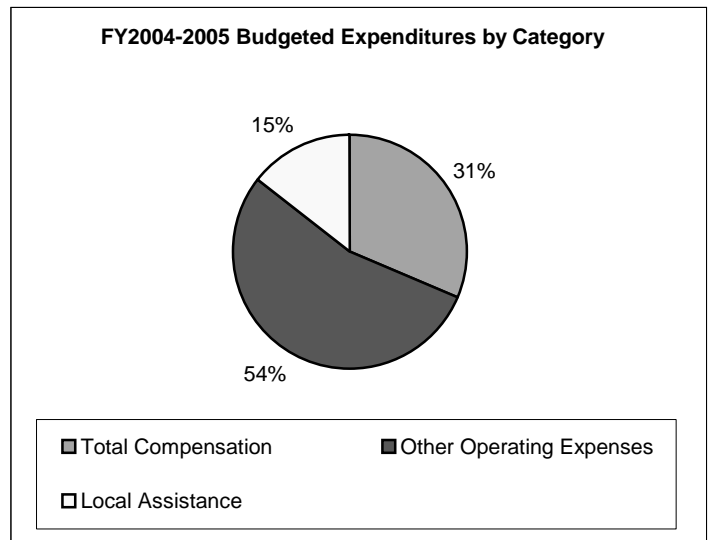
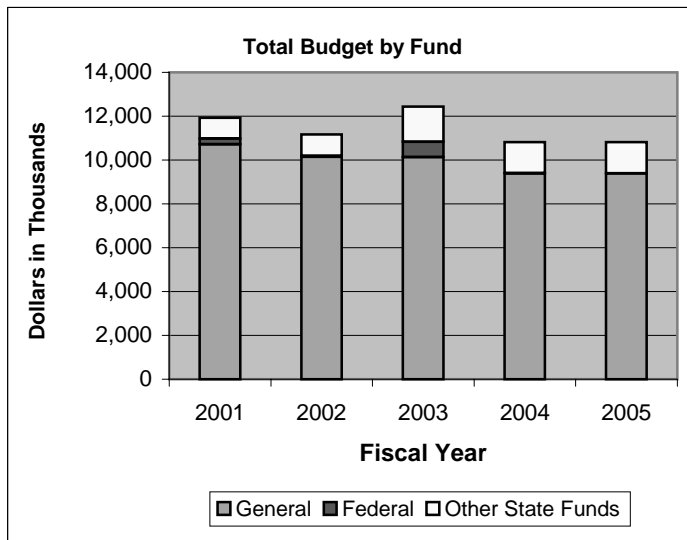
E-mail: john.edman@state.mn.us

Minnesota tourism web site: www.exploreminnesota.com

TRADE & ECON DEVELOPMENT DEPT

Program: TOURISM

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| Environment & Natural Resource | 62 | 0 | 15 | 0 | 0 | 0 | -15 | -100.0% |
| General | 10,713 | 10,143 | 10,127 | 9,391 | 9,391 | 18,782 | -1,488 | -7.3% |
| Trunk Highway | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 885 | 986 | 1,590 | 1,421 | 1,421 | 2,842 | 266 | 10.3% |
| Federal | 266 | 42 | 704 | 5 | 0 | 5 | -741 | -99.3% |
| Total | 11,929 | 11,171 | 12,436 | 10,817 | 10,812 | 21,629 | -1,978 | -8.4% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 3,643 | 3,489 | 3,336 | 3,400 | 3,410 | 6,810 | -15 | -0.2% |
| Other Operating Expenses | 6,293 | 5,837 | 7,200 | 5,843 | 5,834 | 11,677 | -1,360 | -10.4% |
| Capital Outlay & Real Property | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Local Assistance | 1,867 | 1,844 | 1,900 | 1,574 | 1,568 | 3,142 | -602 | -16.1% |
| Other Financial Transactions | 125 | 1 | 0 | 0 | 0 | 0 | -1 | -100.0% |
| Total | 11,929 | 11,171 | 12,436 | 10,817 | 10,812 | 21,629 | -1,978 | -8.4% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Expenditures by Activity | | | | | | | | |
| Tourism Marketing | 11,929 | 11,171 | 12,436 | 10,817 | 10,812 | 21,629 | -1,978 | -8.4% |
| Total | 11,929 | 11,171 | 12,436 | 10,817 | 10,812 | 21,629 | -1,978 | -8.4% |

TRADE & ECON DEVELOPMENT DEPT

Program: TOURISM

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------------|---------------|---------------|-----------------|---------------|---------------|-----------------|--------------------------|----------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Revenue by Type and Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Non Dedicated | | | | | | | | |
| General | 6 | 5 | 0 | 0 | 0 | 0 | -5 | -100.0% |
| Subtotal Non Dedicated | 6 | 5 | 0 | 0 | 0 | 0 | -5 | -100.0% |
| Dedicated | | | | | | | | |
| General | 5 | 16 | 0 | 0 | 0 | 0 | -16 | -100.0% |
| Special Revenue | 980 | 990 | 1,581 | 1,421 | 1,421 | 2,842 | 271 | 10.5% |
| Federal | 266 | 42 | 704 | 5 | 0 | 5 | -741 | -99.3% |
| Subtotal Dedicated | 1,251 | 1,048 | 2,285 | 1,426 | 1,421 | 2,847 | -486 | -14.6% |
| Total Revenue | 1,257 | 1,053 | 2,285 | 1,426 | 1,421 | 2,847 | -491 | -14.7% |
| Full-Time Equivalents (FTE) | 70.2 | 62.0 | 55.4 | 55.4 | 55.4 | | | |

Program Description

The Communications and Analysis Division was formed in 1996 to provide centralized communication, public relations, marketing, research, analysis, program evaluation, and government liaison services.

The group was created to improve the department's ability to meet the analysis and communication requirements of M.S. 116J. Today, the group adds efficiency through centralized Department of Trade and Economic Development (DTED) information/analysis services, maintains the independence of the evaluation and analysis functions, and develops and implements a single department-wide communications plan integrating the activities of the operating divisions.

Program at a Glance

Each year, the Communications and Analysis Division provides DTED staff and clients with

- ◆ more than 300 analysis and evaluation projects;
- ◆ more than 250 communication and graphic design projects;
- ◆ coordinated marketing, public relations and research/analysis within the agency and with other state and local agencies; and
- ◆ products that are downloaded more than 100,000 times from the web.

Population Served

The division's services directly support the department's operating divisions, the legislature, the governor's office, and economic development partners as these clients operate programs, develop policies, and provide technical business and community assistance.

Services Provided

Analysis and evaluation services promote job creation and a positive environment for business formation and expansion in Minnesota by providing unique and cost-effective strategic economic development information, analysis and research to clients:

- ◆ facilitate business location/expansion by providing strategic business/market research and impact analysis;
- ◆ support state and local programs through relevant research/analysis of business and development trends;
- ◆ assist in economic development and business climate policy development by providing legislative reports (e.g., business subsidy report) as well as information, policy analysis, and economic research that cuts across nearly all state agencies;
- ◆ improve quality of department services through program evaluation, impact measurement, and client assessment services; and
- ◆ compile and analyze business subsidies awarded by state and local government agencies.

Communications services coordinate the department's external relations efforts and provide professional marketing products and public relations services to agency clients and economic development partners:

- ◆ coordinate the department's communications efforts so that programs and marketing materials have an integrated message;
- ◆ increase public awareness of departmental programs/activities through the production of print and web-based information;
- ◆ market Minnesota as a place to live, visit and do business through partnerships, branding programs, media campaigns, publications and the Internet; and
- ◆ maintain the department's external web site with current information and attractive promotional material.

Governmental support services offer simplified liaison services for governmental officials.

Historical Perspective

The Communications and Analysis Division's centralized approach has been key to strong relationships with DTED offices and many other state agencies to ensure that economic development services and products are timely and that current issues are coordinated. Most important is the division's support of the department's business specialists. The division's work is key to business client's decisions to annually invest in excess of

\$200 million in Minnesota, create 4,000 high-quality jobs, export millions of dollars in manufactured products and assist in the facilitation of tourism spending in the state. Recent multi-agency issues where the division has played a key role include telecommunications, freight transportation, business taxes, mergers and acquisitions, and dislocated workers turned entrepreneurs, among others. Key information provided by Communications and Analysis also supports economic development and business policies in other state and local governments (e.g., state agencies, the legislature, the governor's office). The centralized division also ensures a design standard for all informational materials and consistency in key messages across agency divisions.

Budget constraints and reduced staff levels have redirected the division to further improve operations to ensure cost effective, timely and quality communication and analytic services. Recent initiatives include replacing print publications in favor of Internet-based publications (e.g., Export Newsletter, Compare Minnesota), developing multi-agency web sites to reduce government obstacles (see Minnstats.org, Bizlinks.org), enhancing Internet client applications to improve productivity, and increasing leveraging of resources via partnerships with state and federal agencies (e.g., Federal Reserve), businesses and economic development organizations.

Key Measures

The Communications and Analysis Division annually completes more than 550 projects for DTED staff, with the most important success measure being the impact of products and services on client decision-making. Client demand for brochures, signage, and other marketing material increased by 50 projects between FY 2001 and FY 2002. Satisfaction surveys administered to DTED clients reflect how external clients judged the usefulness, relevance and impact of the division's products/services.

Internal Client Overall Satisfaction, FY 1996 – FY 2003 (1= low, 4=high)

| <u>Service Area</u> | <u>FY 1999</u> | <u>FY 2000</u> | <u>FY 2001</u> | <u>FY 2002</u> | <u>Target FY 2003</u> |
|--------------------------------|----------------|----------------|----------------|----------------|---------------------------|
| Business Location and Analysis | 3.8 | 3.9 | 3.9 | 3.9 | 3.9 |
| Information Services and Other | 3.8 | 3.9 | 3.7 | 3.9 | 4.0 |
| Economic Development Analysis | | | | | |
| Program Evaluation and | 3.7 | 3.6 | 3.9 | 4.0 | 4.0 |
| Economic Impact Analysis | | | | | |
| Library Services | 3.9 | 3.8 | 4.0 | 4.0 | 4.0 |

Note: Satisfaction scores represent an average of process and product satisfaction scores.

The chart reflects DTED staff's high (and growing) satisfaction with the division's ability to deliver the products and services needed to their business/community clients. The growing satisfaction levels also indicate the division's ability to continually innovate and improve operations.

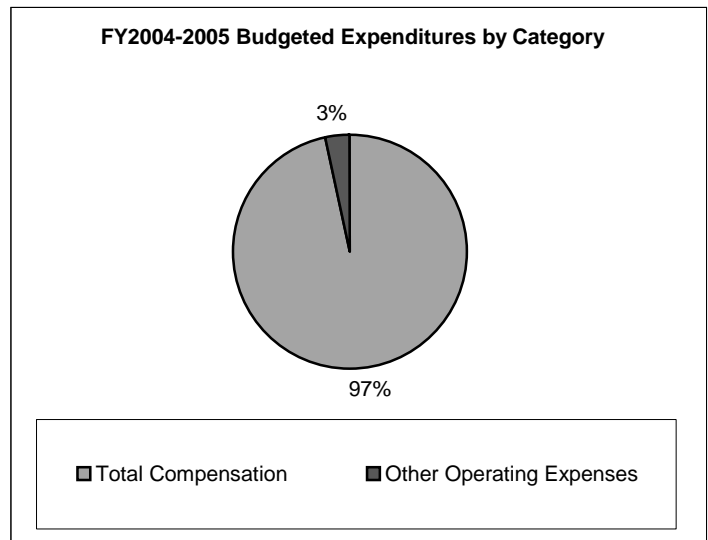
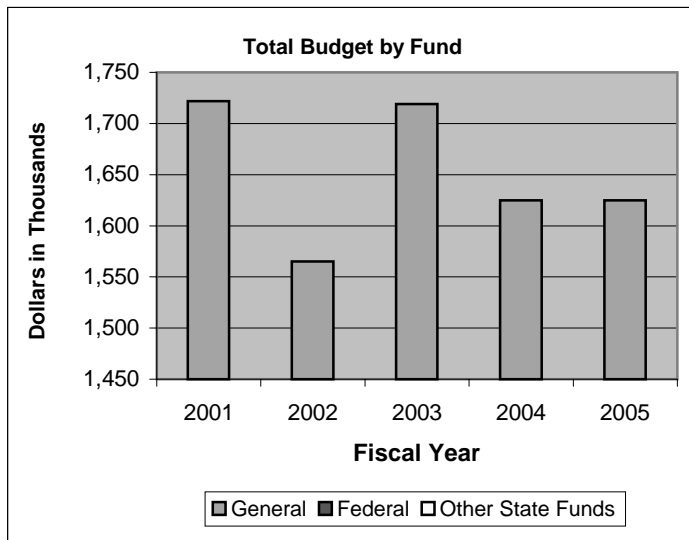
Program Funding

This program is funded solely through General Funds.

Contact

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Products provided by the Communications and Analysis Division are featured throughout the department's web site at www.dted.state.mn.us



| <i>Dollars in Thousands</i> | | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------------|--------------------------|--------------------------|----------------------------|------------------------|---------------|-----------------------------|--|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | FY2005 | Biennium 2004-05 | | Dollars | Percent |
| Direct Appropriations | | | | | | | | | |
| General | 1,722 | 1,565 | 1,719 | 1,625 | 1,625 | 3,250 | | -34 | -1.0% |
| Total | 1,722 | 1,565 | 1,719 | 1,625 | 1,625 | 3,250 | | -34 | -1.0% |
| Expenditures by Category | | | | | | | | | |
| Total Compensation | 1,490 | 1,487 | 1,623 | 1,569 | 1,574 | 3,143 | | 33 | 1.1% |
| Other Operating Expenses | 232 | 78 | 96 | 56 | 51 | 107 | | -67 | -38.5% |
| Total | 1,722 | 1,565 | 1,719 | 1,625 | 1,625 | 3,250 | | -34 | -1.0% |
| Expenditures by Activity | | | | | | | | | |
| Communication & Analysis | 1,722 | 1,565 | 1,719 | 1,625 | 1,625 | 3,250 | | -34 | -1.0% |
| Total | 1,722 | 1,565 | 1,719 | 1,625 | 1,625 | 3,250 | | -34 | -1.0% |
| Full-Time Equivalents (FTE) | | | | | | | | | |
| | 24.4 | 22.8 | 23.0 | 23.0 | 23.0 | | | | |

Program Description

Administrative Support provides general support for the entire agency. This includes administrative, fiscal, human resources, and information services. The commissioner's office is included in this program.

Budget Activities Included:

- ◆ Administration
- ◆ Computer and Data Services

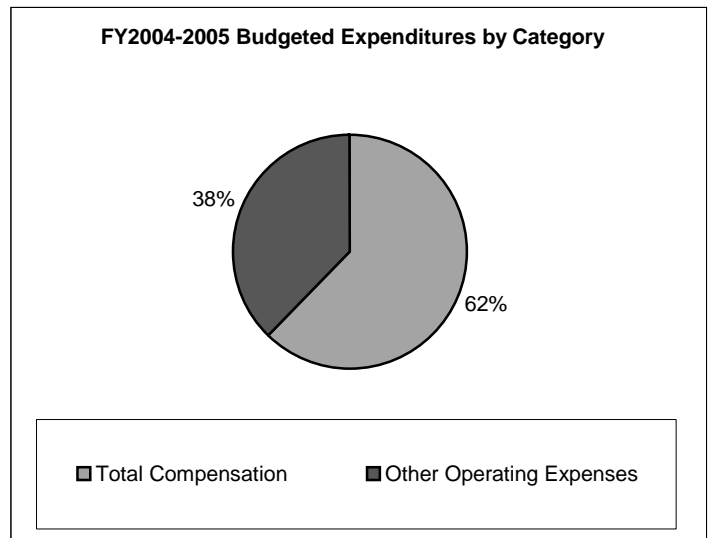
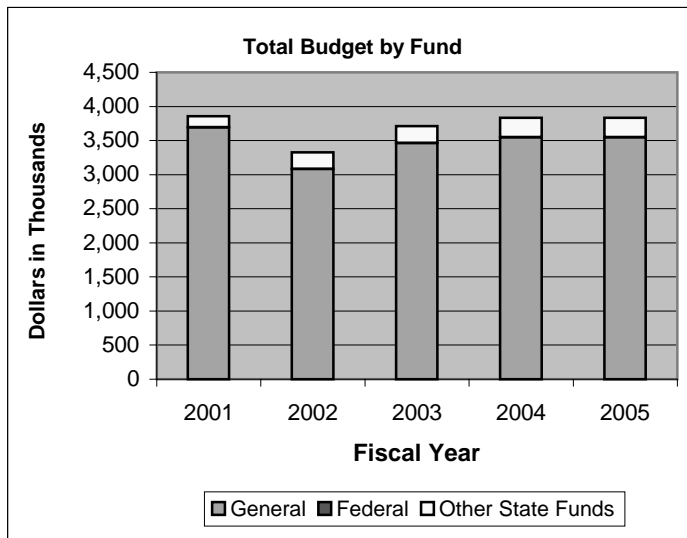
Program Funding

This program is funded by a mix of funds: general (91.2%), special revenue (8.7%), and gift (0.1%).

TRADE & ECON DEVELOPMENT DEPT

Program: **ADMINISTRATION**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 3,692 | 3,083 | 3,464 | 3,549 | 3,549 | 7,098 | 551 | 8.4% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 167 | 239 | 246 | 283 | 283 | 566 | 81 | 16.7% |
| Gift | 0 | 5 | 0 | 0 | 0 | 0 | -5 | -100.0% |
| Total | 3,859 | 3,327 | 3,710 | 3,832 | 3,832 | 7,664 | 627 | 8.9% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 1,971 | 2,145 | 2,253 | 2,369 | 2,390 | 4,759 | 361 | 8.2% |
| Other Operating Expenses | 1,881 | 1,182 | 1,457 | 1,463 | 1,442 | 2,905 | 266 | 10.1% |
| Capital Outlay & Real Property | 7 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Total | 3,859 | 3,327 | 3,710 | 3,832 | 3,832 | 7,664 | 627 | 8.9% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|-------------|
| Expenditures by Activity | | | | | | | | |
| Administration | 2,313 | 2,222 | 2,631 | 2,717 | 2,699 | 5,416 | 563 | 11.6% |
| Computer & Data Services | 1,546 | 1,105 | 1,079 | 1,115 | 1,133 | 2,248 | 64 | 2.9% |
| Total | 3,859 | 3,327 | 3,710 | 3,832 | 3,832 | 7,664 | 627 | 8.9% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|------------|---------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 0 | 2 | 0 | 0 | 0 | 0 | -2 | -100.0% |
| Subtotal Non Dedicated | 0 | 2 | 0 | 0 | 0 | 0 | -2 | -100.0% |
| Dedicated | | | | | | | | |
| Special Revenue | 189 | 236 | 165 | 165 | 165 | 330 | -71 | -17.7% |
| Subtotal Dedicated | 189 | 236 | 165 | 165 | 165 | 330 | -71 | -17.7% |
| Total Revenue | 189 | 238 | 165 | 165 | 165 | 330 | -73 | -18.1% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 30.3 | 32.9 | 31.0 | 31.0 | 31.0 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

TRADE & ECON DEVELOPMENT DEPT

Program: ADMINISTRATION

Activity: ADMINISTRATION

Narrative

Activity Description

Administration provides administrative, fiscal, and human services support for the entire agency. This activity ensures the proper allocation and expenditure of funds as well compliance with all appropriate rules and policies. The commissioner's office is also included in this activity.

Population Served

The populations served by this activity are directly the staff of the agency and indirectly their clients. The activity also serves the governor's office and the departments of Finance and Administration.

Activity at a Glance

Each year, Administration

- ◆ provides fiscal and budgetary support for a \$298 million budget with 11 funding types;
- ◆ provides payroll and human resource support to approximately 230 employees; and
- ◆ processes approximately 5,300 vendor payments.

Services Provided

The Fiscal Services unit performs accounting, budgeting, financial reporting, and purchasing functions. This unit also provides general oversight to ensure compliance with state and federal laws, rules, policies, and guidelines for sound fiscal management.

The Human Resources office administers the department's personnel and labor relations programs, including recruitment, selection, classification and affirmative action, and other related HR activities. The office is also responsible for payroll functions, assisting managers in the legal administration of the state's personnel system, and agency employees in all aspects of their employment.

The Administrative Services unit provides broad agency support including reception services, mail processing, property management, fixed asset inventory, telecommunications support, and other types of administrative services.

Historical Perspective

Administration has been reorganized to increase operational efficiencies and to provide the maximum level of support within budget constraints.

Key Measures

Administration is developing measures to better evaluate performance. One key fiscal measure currently in use is the percent of vendor payments completed within 30 days of invoice.

Key Measures, FY 2000 – FY 2003

| | <u>FY 2000</u> | <u>FY 2001</u> | <u>FY 2002</u> | <u>Target FY 2003</u> |
|---|----------------|----------------|----------------|---------------------------|
| Percent of Vendor Payments Completed within 30 Days of Invoice | 95.8% | 95.1% | 93.7% | 97.0% |

Activity Funding

This activity is funded by a mix of funds: general (91.6%), special revenue (8.3%), and gift (0.1%).

Contact

Judy Kislenger, Accounting Manager

Administration

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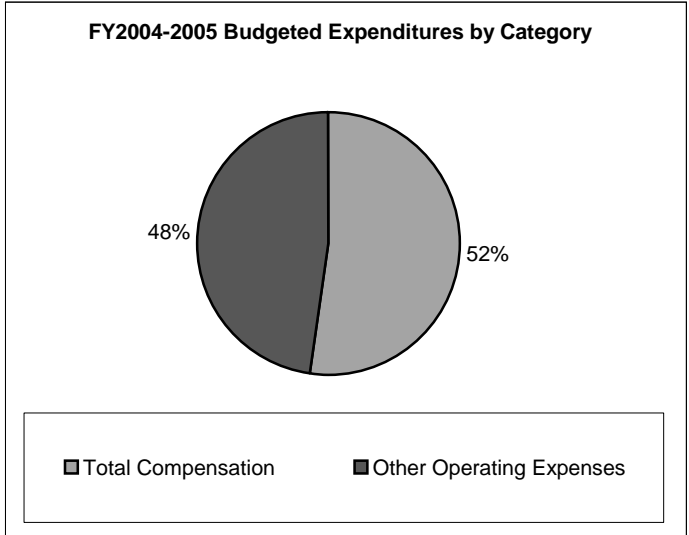
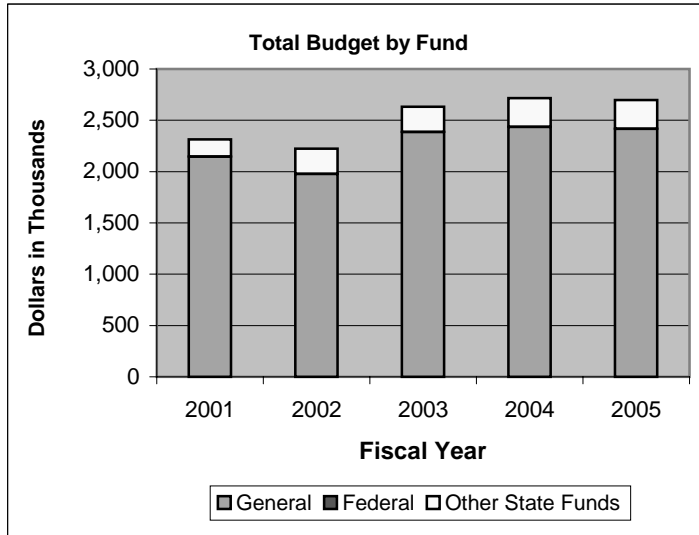
Department web site: www.dted.state.mn.us

TRADE & ECON DEVELOPMENT DEPT

Program: **ADMINISTRATION**

Activity: ADMINISTRATION

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------------|-------------------|
| | Actual | Actual | Budgeted | Base | | Biennium | Biennial Change | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | 2004-05 / 2002-03 | Dollars Percent |
| Direct Appropriations | | | | | | | | |
| General | 2,146 | 1,978 | 2,385 | 2,434 | 2,416 | 4,850 | 487 | 11.2% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 167 | 239 | 246 | 283 | 283 | 566 | 81 | 16.7% |
| Gift | 0 | 5 | 0 | 0 | 0 | 0 | -5 | -100.0% |
| Total | 2,313 | 2,222 | 2,631 | 2,717 | 2,699 | 5,416 | 563 | 11.6% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 1,117 | 1,250 | 1,358 | 1,413 | 1,416 | 2,829 | 221 | 8.5% |
| Other Operating Expenses | 1,189 | 972 | 1,273 | 1,304 | 1,283 | 2,587 | 342 | 15.2% |
| Capital Outlay & Real Property | 7 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Total | 2,313 | 2,222 | 2,631 | 2,717 | 2,699 | 5,416 | 563 | 11.6% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|------------|---------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 0 | 2 | 0 | 0 | 0 | 0 | -2 | -100.0% |
| Subtotal Non Dedicated | 0 | 2 | 0 | 0 | 0 | 0 | -2 | -100.0% |
| Dedicated | | | | | | | | |
| Special Revenue | 189 | 236 | 165 | 165 | 165 | 330 | -71 | -17.7% |
| Subtotal Dedicated | 189 | 236 | 165 | 165 | 165 | 330 | -71 | -17.7% |
| Total Revenue | 189 | 238 | 165 | 165 | 165 | 330 | -73 | -18.1% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 16.7 | 19.8 | 19.0 | 19.0 | 19.0 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

Activity Description

Computer and Data Services activity provides information services support for the entire agency. The services which are offered ensure the effective development and integration of information systems that are consistent with statewide goals and objectives while meeting the needs of the agency.

Population Served

The populations served by this activity are directly the staff of the agency and indirectly agency clients.

Activity at a Glance

Computer and Data Services activity includes

- ◆ technical and desktop support to more than 250 users; and
- ◆ support and maintenance of eight custom business software applications.

Services Provided

Computer and Data Services provides centralized computer and information services (IS) support agency wide. The group manages three types of information and computer resources:

1. Data resources – electronic information needed to operate the agency
2. Application resources – software used to collect, store, and disseminate information
3. Technology resources – computers, networking equipment, and system software

Centralized support also includes planning, analysis, and management functions (e.g., strategic information planning; technology project planning, data management, and other activities such as disaster recovery, etc.). They are guided by Information Resource Management principles and are consistent with state policies, goals, and guidelines.

Historical Perspective

Computer and Data Services (formerly the Information Management Office) was created in 1995 to improve management of the department's information and technology resources. During the subsequent years, Information Resources Management principles were integrated into the agency's computer and information resources. Specific accomplishments include standardized operating systems and applications, creation of a single point of contact for assistance ("helpdesk"), centralized hardware and software purchasing, enhanced database applications, and improved user staff training. This activity continues to meet operational challenges within target spending levels through organization efficiencies and other initiatives.

Key Measures

The effectiveness of information resources and technology applications in meeting agency business needs is critically important. The department is currently developing customer service plans and the measures necessary to evaluate performance. The measures may include the following aspects:

- ◆ customer satisfaction (e.g., responsiveness to user request for assistance);
- ◆ network and hardware failures (up-time);
- ◆ maintenance of existing systems; and
- ◆ training effectiveness.

Once the measures have been established, benchmarks will be identified and performance will be evaluated relative to these benchmarks.

Activity Funding

This activity is funded solely through General Funds.

TRADE & ECON DEVELOPMENT DEPT

Program: ADMINISTRATION

Activity: COMPUTER & DATA SERVICES

Narrative

Contact

Debbie Dorner, Technology Operations Manager
Computer and Data Services

Phone: (651) 297-1676

E-mail: debbie.dorner@state.mn.us

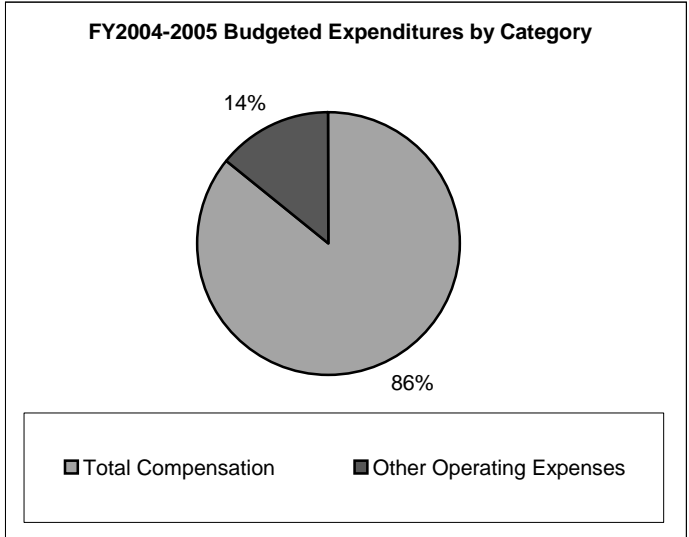
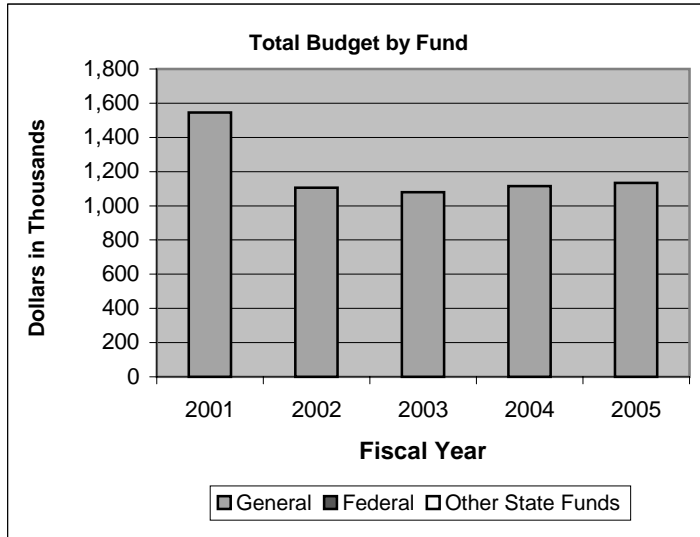
Agency web site: www.dted.state.mn.us

TRADE & ECON DEVELOPMENT DEPT

Program: **ADMINISTRATION**

Activity: COMPUTER & DATA SERVICES

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------------|--------------------------|--------------------------|----------------------------|------------------------|---------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 1,546 | 1,105 | 1,079 | 1,115 | 1,133 | 2,248 | 64 | 2.9% |
| Total | 1,546 | 1,105 | 1,079 | 1,115 | 1,133 | 2,248 | 64 | 2.9% |
| Expenditures by Category | | | | | | | | |
| Total Compensation | 854 | 895 | 895 | 956 | 974 | 1,930 | 140 | 7.8% |
| Other Operating Expenses | 692 | 210 | 184 | 159 | 159 | 318 | -76 | -19.3% |
| Total | 1,546 | 1,105 | 1,079 | 1,115 | 1,133 | 2,248 | 64 | 2.9% |
| Full-Time Equivalents (FTE) | 13.6 | 13.1 | 12.0 | 12.0 | 12.0 | | | |

Agency Purpose

The Minnesota Department of Transportation (Mn/DOT) was created by the state legislature in 1976. Its role is to develop and implement transportation policies, plans, and programs that enhance the quality of life for Minnesota citizens.

Mn/DOT's vision is to develop a coordinated transportation network that meets customer expectations for a safe, time-predictable, smooth, uninterrupted trip on a variety of transportation modes. Mn/DOT customers include commuters, personal travelers, farmers, emergency vehicle operators, carriers, shippers, intermodal shippers, and neighborhoods/communities – anyone who relies on the transportation system for work, school or personal travel.

Mn/DOT's strategic objectives are multi-modal travel options, interregional corridor connections, program delivery streamlining, and accurate, timely information. Mn/DOT's strategic direction is to:

- ⇒ **Safeguard existing transportation systems** by operating, maintaining, and preserving the state's highways, supporting transit, rail, water, and air services, and providing transportation choices.
- ⇒ **Make the network operate better** with a balanced, statewide, multimodal, and long-term transportation strategy known as Moving Minnesota. To increase Minnesota's economic competitiveness and respond to future congestion and urban growth, Mn/DOT will focus on the ABC's of transportation:
 - ◆ Advantages for transit that provide transportation alternatives;
 - ◆ Bottleneck removal to improve mobility and safety in urban areas; and
 - ◆ Corridor connections that provide important links between the state's regional trade centers.
- ⇒ **Make Mn/DOT work better** by continuously improving management of its resources by emphasizing strategic management, developing financial management tools, emphasizing human resource management, and simplifying and improving access to information.

Major Functions

Multimodal Systems - Includes advocating the use and development of transportation modes - transit, air, railroads, and waterways - owned and operated by local governments and private operators. This includes financial investments, technical assistance, and operational reviews.

State Roads - Includes the construction, operation, and maintenance of the state's 12,000-mile trunk highway system.

Local Roads - Includes the local financial resources for county and municipal roads generated by the constitutional funding sources.

General Support - Includes general department-wide administrative functions (accounting, personnel, information resources), the commissioner's office, and the policy functions of the department. It also includes the construction and centrally directed maintenance of all the department's buildings.

Operations

Highways

Mn/DOT constructs, operates, and maintains the state trunk highway system that includes approximately 12,000 miles of roads and 5,700 bridges. This system carries about 61% of all the miles of travel for the entire 130,000-mile system of state and local roads.

At A Glance

FY 2002-03 Budget

| | |
|----------------------|--------------|
| Operating budget: | \$1,109 |
| Capital expenditure: | 2,103 |
| Grants: | <u>1,422</u> |
| Total: | \$4,634 |

Mn/DOT's primary source of financing is the Trunk Highway fund, which is supported by motor fuel taxes, motor vehicle registration fees, and motor vehicle sales taxes. Other sources include federal funds and state airport funds. Less than 1% of the operating budget is from the General Fund.

Rail

Mn/DOT represents the state's interests in the movement of freight by railroads, administers highway/railroad construction projects, and manages investments in rail service improvements.

Freight

Mn/DOT facilitates the improvement of freight transportation services to the state on all transportation systems by studies, policies, and investments that increase freight productivity and safety.

Commercial Waterways

Mn/DOT represents the state's interests in the Federal Systems of Commercial Navigation on the Great Lakes/St. Lawrence Seaway and the Mississippi River Commercial Navigation system. Mn/DOT also manages investments in the public ports on the Minnesota portions of these systems.

Aeronautics

Mn/DOT promotes general and commercial aviation throughout the state and provides services including aircraft registration, airport development, aviation system planning, aviation education, and government aircraft services.

Transit

Mn/DOT provides statewide leadership in the development and implementation of transit systems, including management of state and federal funds for greater Minnesota public transit, commuter bus, passenger rail, and the construction of the Hiawatha LRT line.

Motor Carrier Services

Mn/DOT administers and enforces the state's for-hire and private motor carrier industry and safety regulations.

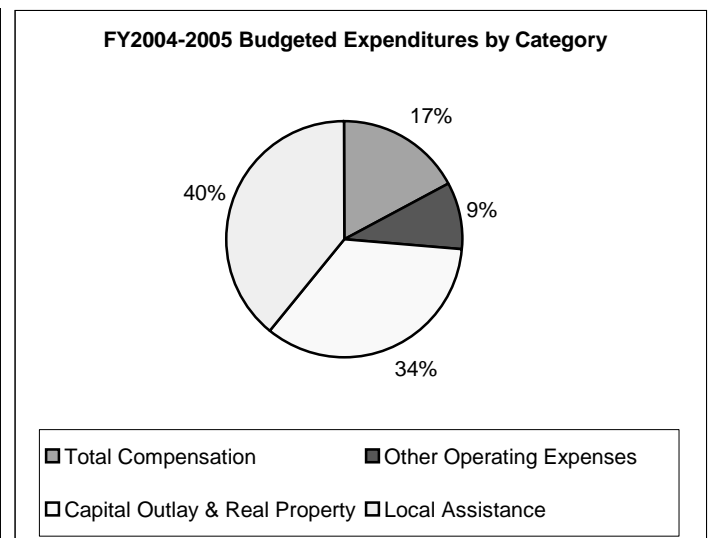
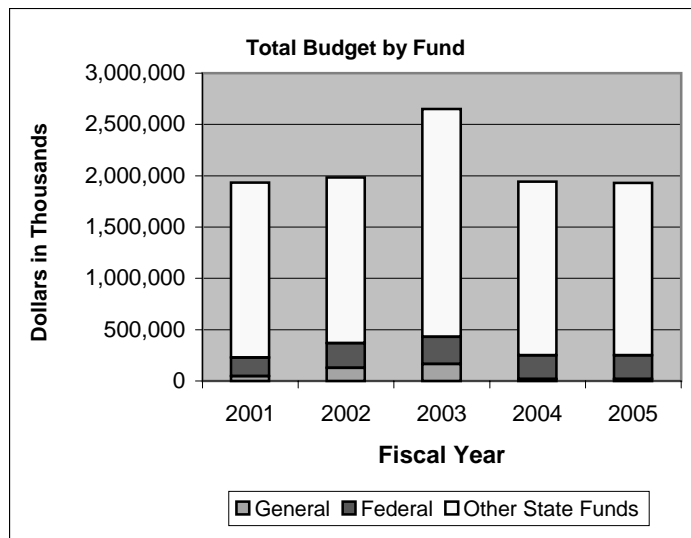
Budget

The key to meeting Minnesota's transportation needs is a long-term, statewide, and multi-modal strategy. Moving Minnesota is a 10-year investment strategy that focuses on advantages for transit, bottleneck removal, and interregional corridor connections. The 2000 Moving Minnesota funding package included a one-time allocation of \$459 million for transportation projects that addresses these initiatives. Mn/DOT is committed to deliver on this funding package by the 6-30-03, statutory deadline. Mn/DOT will prepare an activity-based budget for FY 2004-05 that will reflect the actual products and services they deliver to customers and incorporate a comprehensive business planning process to support investment decisions and performance measurement.

Contact

For more information about Mn/DOT, contact: Shannon Beaudin Klein, Public Relations Director, at (651) 296-0369. The Mn/DOT web site at <http://www.dot.state.mn.us> provides transportation information to visitors including hot topics, news and views, road construction and maintenance information, tips for travelers, district information, doing business with Mn/DOT, career information, and more.

For information on how this agency measures whether it is meeting its statewide goals, please refer to <http://www.departmentresults.state.mn.us>.



| <i>Dollars in Thousands</i> | | | | | | | | |
|----------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|---------------|
| | Actual | Actual | Budgeted | Base | Biennium | Biennial Change | | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | 2004-05 / 2002-03 | |
| | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| Environment & Natural Resource | 75 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| General | 46,121 | 126,747 | 164,840 | 18,023 | 18,023 | 36,046 | -255,541 | -87.6% |
| State Government Special Revenue | 24 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| State Airports | 20,675 | 15,125 | 26,130 | 20,148 | 20,148 | 40,296 | -959 | -2.3% |
| Municipal State Aid Street | 87,482 | 109,115 | 112,227 | 112,290 | 114,661 | 226,951 | 5,609 | 2.5% |
| County State Aid Highway | 375,485 | 362,942 | 415,713 | 426,020 | 433,631 | 859,651 | 80,996 | 10.4% |
| Trunk Highway | 1,151,960 | 1,019,409 | 1,491,364 | 1,058,199 | 1,058,484 | 2,116,683 | -394,090 | -15.7% |
| Greater Minnesota Transit | 0 | 0 | 6,875 | 7,264 | 7,264 | 14,528 | 7,653 | 111.3% |
| Open Appropriations | | | | | | | | |
| State Airports | 80 | 57 | 71 | 71 | 71 | 142 | 14 | 10.9% |
| Municipal State Aid Street | 2,066 | 1,932 | 2,242 | 2,292 | 2,340 | 4,632 | 458 | 11.0% |
| County State Aid Highway | 6,291 | 5,808 | 8,536 | 10,194 | 11,792 | 21,986 | 7,642 | 53.3% |
| Trunk Highway | 8,448 | 6,455 | 7,879 | 7,879 | 7,879 | 15,758 | 1,424 | 9.9% |
| Highway Users Tax Distribution | 590 | 410 | 504 | 504 | 504 | 1,008 | 94 | 10.3% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 44,981 | 89,884 | 137,233 | 37,477 | 14,389 | 51,866 | -175,251 | -77.2% |
| State Airports | 1,426 | 1,970 | 2,297 | 1,604 | 1,604 | 3,208 | -1,059 | -24.8% |
| Trunk Highway | 735 | 1,217 | 6,875 | 5,428 | 5,428 | 10,856 | 2,764 | 34.2% |
| Federal | 182,554 | 241,558 | 265,986 | 232,343 | 231,264 | 463,607 | -43,937 | -8.7% |
| Miscellaneous Agency | 4,194 | 405 | 2,567 | 2,413 | 2,413 | 4,826 | 1,854 | 62.4% |
| Total | 1,933,187 | 1,983,034 | 2,651,339 | 1,942,149 | 1,929,895 | 3,872,044 | -762,329 | -16.4% |

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|--------------------------|----------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Expenditures by Category | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Total Compensation | 299,534 | 313,918 | 334,596 | 328,163 | 328,195 | 656,358 | 7,844 | 1.2% |
| Other Operating Expenses | 271,299 | 205,241 | 255,864 | 177,923 | 177,081 | 355,004 | -106,101 | -23.0% |
| Capital Outlay & Real Property | 738,062 | 796,178 | 1,271,222 | 673,151 | 650,091 | 1,323,242 | -744,158 | -36.0% |
| Payments To Individuals | 120 | 68 | 85 | 85 | 85 | 170 | 17 | 11.1% |
| Local Assistance | 613,121 | 663,018 | 758,808 | 745,204 | 756,535 | 1,501,739 | 79,913 | 5.6% |
| Other Financial Transactions | 10,774 | 4,611 | 30,764 | 17,623 | 17,908 | 35,531 | 156 | 0.4% |
| Non-Cash Transactions | 277 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Total | 1,933,187 | 1,983,034 | 2,651,339 | 1,942,149 | 1,929,895 | 3,872,044 | -762,329 | -16.4% |

Expenditures by Program

| | | | | | | | | |
|--------------------------|------------------|------------------|------------------|------------------|------------------|------------------|-----------------|---------------|
| Multimodal System | 160,615 | 230,504 | 320,896 | 194,091 | 171,003 | 365,094 | -186,306 | -33.8% |
| State Roads | 1,095,851 | 1,072,953 | 1,578,407 | 996,804 | 996,010 | 1,992,814 | -658,546 | -24.8% |
| Local Roads | 580,782 | 615,316 | 663,718 | 675,796 | 687,424 | 1,363,220 | 84,186 | 6.6% |
| General Support And Svcs | 95,939 | 64,261 | 88,318 | 75,458 | 75,458 | 150,916 | -1,663 | -1.1% |
| Total | 1,933,187 | 1,983,034 | 2,651,339 | 1,942,149 | 1,929,895 | 3,872,044 | -762,329 | -16.4% |

Revenue by Type and Fund**Non Dedicated**

| | | | | | | | | |
|--------------------------------|---------|---------|---------|---------|---------|---------|----------|--------|
| General | 135 | 483 | 281 | 281 | 281 | 562 | -202 | -26.4% |
| Special Revenue | 0 | 0 | 29 | 30 | 30 | 60 | 31 | 106.9% |
| Cambridge Deposit Fund | 169 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| State Airports | 17,544 | 16,396 | 16,153 | 18,005 | 16,974 | 34,979 | 2,430 | 7.5% |
| Municipal State Aid Street | 7,583 | 5,131 | 6,000 | 6,000 | 6,500 | 12,500 | 1,369 | 12.3% |
| County State Aid Highway | 17,672 | 11,391 | 12,000 | 13,000 | 14,000 | 27,000 | 3,609 | 15.4% |
| Trunk Highway | 351,302 | 318,051 | 660,283 | 338,338 | 337,363 | 675,701 | -302,633 | -30.9% |
| Highway Users Tax Distribution | 2,160 | 1,670 | 1,380 | 1,450 | 1,521 | 2,971 | -79 | -2.6% |
| Subtotal Non Dedicated | 396,565 | 353,122 | 696,126 | 377,104 | 376,669 | 753,773 | -295,475 | -28.2% |

Dedicated

| | | | | | | | | |
|----------------------|----------------|----------------|------------------|----------------|----------------|------------------|-----------------|---------------|
| Special Revenue | 46,337 | 91,214 | 128,773 | 37,437 | 14,349 | 51,786 | -168,201 | -76.5% |
| State Airports | 1,303 | 1,003 | 1,593 | 1,593 | 1,593 | 3,186 | 590 | 22.7% |
| Trunk Highway | 18,755 | 17,921 | 51,349 | 22,504 | 22,504 | 45,008 | -24,262 | -35.0% |
| Federal | 182,242 | 242,069 | 263,322 | 232,343 | 231,264 | 463,607 | -41,784 | -8.3% |
| Miscellaneous Agency | 4,195 | 448 | 2,413 | 2,413 | 2,413 | 4,826 | 1,965 | 68.7% |
| Subtotal Dedicated | 252,832 | 352,655 | 447,450 | 296,290 | 272,123 | 568,413 | -231,692 | -29.0% |
| Total Revenue | 649,397 | 705,777 | 1,143,576 | 673,394 | 648,792 | 1,322,186 | -527,167 | -28.5% |

| | | | | | |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Full-Time Equivalents (FTE) | 5,435.0 | 5,198.0 | 5,170.5 | 5,170.5 | 5,170.5 |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|

Program Description

This program provides support for transit, rail, and air services/infrastructure owned and operated by local government and the private sector. Transit includes the provision of transit service in Greater Minnesota, the construction of Light Rail Transit (LRT), and the planning, design and construction of commuter rail. Rail includes statutory responsibilities for rail/water system improvements primarily through loans or grants to public port authorities, regional railroad authorities and shippers. Air includes aircraft registration, aviation system planning, airport development, aviation education and government aircraft services.

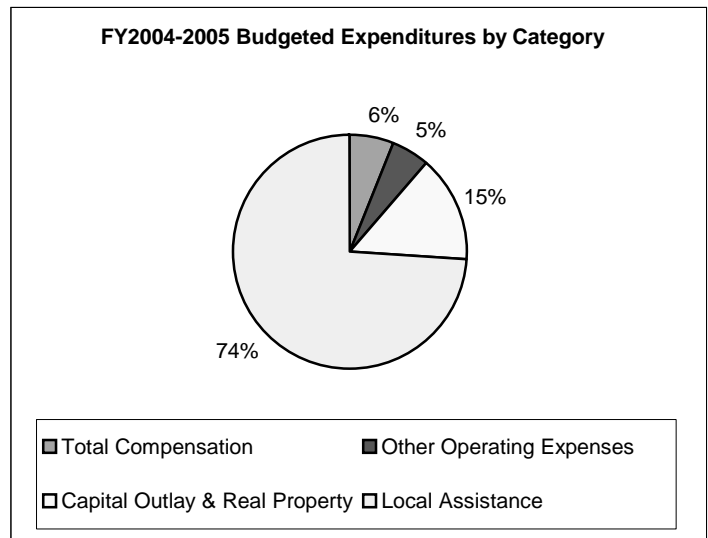
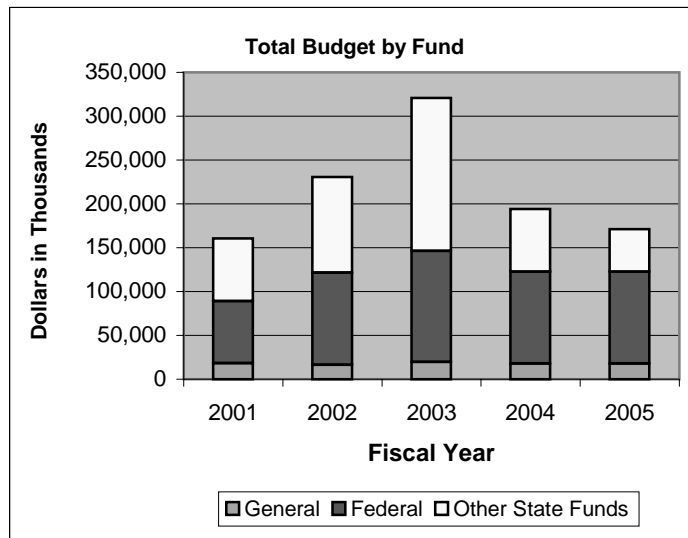
Budget Activities Included:

- ⇒ Aeronautics
- ⇒ Transit
- ⇒ Freight
- ⇒ Commercial Vehicles

TRANSPORTATION DEPT

Program: MULTIMODAL SYSTEM

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|----------------------|----------------------|------------------------|--------------------|--------------------|-------------------------|----------------------------------|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 18,298 | 16,573 | 19,779 | 17,958 | 17,958 | 35,916 | -436 | -1.2% |
| State Airports | 20,625 | 15,100 | 26,105 | 20,123 | 20,123 | 40,246 | -959 | -2.3% |
| Trunk Highway | 6,160 | 6,355 | 7,374 | 6,760 | 6,760 | 13,520 | -209 | -1.5% |
| Greater Minnesota Transit | 0 | 0 | 6,875 | 7,264 | 7,264 | 14,528 | 7,653 | 111.3% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 43,086 | 85,111 | 131,487 | 35,402 | 12,314 | 47,716 | -168,882 | -78.0% |
| State Airports | 1,426 | 1,970 | 2,297 | 1,604 | 1,604 | 3,208 | -1,059 | -24.8% |
| Federal | 70,711 | 105,070 | 126,524 | 104,620 | 104,620 | 209,240 | -22,354 | -9.7% |
| Miscellaneous Agency | 309 | 325 | 455 | 360 | 360 | 720 | -60 | -7.7% |
| Total | 160,615 | 230,504 | 320,896 | 194,091 | 171,003 | 365,094 | -186,306 | -33.8% |

| | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|---------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 9,490 | 13,740 | 14,637 | 10,953 | 10,953 | 21,906 | -6,471 | -22.8% |
| Other Operating Expenses | 32,852 | 12,300 | 15,351 | 9,779 | 9,751 | 19,530 | -8,121 | -29.4% |
| Capital Outlay & Real Property | 23,412 | 83,870 | 124,449 | 38,080 | 15,020 | 53,100 | -155,219 | -74.5% |
| Payments To Individuals | 120 | 68 | 85 | 85 | 85 | 170 | 17 | 11.1% |
| Local Assistance | 91,115 | 117,466 | 159,938 | 134,494 | 134,494 | 268,988 | -8,416 | -3.0% |
| Other Financial Transactions | 3,626 | 3,060 | 6,436 | 700 | 700 | 1,400 | -8,096 | -85.3% |
| Total | 160,615 | 230,504 | 320,896 | 194,091 | 171,003 | 365,094 | -186,306 | -33.8% |

| | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|---------------|
| Expenditures by Activity | | | | | | | | |
| Aeronautics | 64,018 | 93,518 | 112,210 | 105,534 | 105,534 | 211,068 | 5,340 | 2.6% |
| Transit | 82,041 | 124,245 | 186,764 | 74,156 | 51,068 | 125,224 | -185,785 | -59.7% |
| Freight | 10,218 | 8,056 | 15,883 | 9,519 | 9,519 | 19,038 | -4,901 | -20.5% |
| Commercial Vehicles | 4,338 | 4,685 | 6,039 | 4,882 | 4,882 | 9,764 | -960 | -9.0% |
| Total | 160,615 | 230,504 | 320,896 | 194,091 | 171,003 | 365,094 | -186,306 | -33.8% |

TRANSPORTATION DEPT

Program: MULTIMODAL SYSTEM

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------------|----------------|----------------|-----------------|----------------|----------------|-----------------|--------------------------|----------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Revenue by Type and Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Non Dedicated | | | | | | | | |
| General | 103 | 433 | 230 | 230 | 230 | 460 | -203 | -30.6% |
| Cambridge Deposit Fund | 169 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| State Airports | 17,544 | 16,396 | 16,153 | 18,005 | 16,974 | 34,979 | 2,430 | 7.5% |
| Trunk Highway | 3,870 | 4,191 | 4,051 | 4,051 | 4,051 | 8,102 | -140 | -1.7% |
| Subtotal Non Dedicated | 21,686 | 21,020 | 20,434 | 22,286 | 21,255 | 43,541 | 2,087 | 5.0% |
| Dedicated | | | | | | | | |
| Special Revenue | 43,342 | 87,103 | 126,003 | 35,412 | 12,324 | 47,736 | -165,370 | -77.6% |
| State Airports | 1,303 | 1,003 | 1,593 | 1,593 | 1,593 | 3,186 | 590 | 22.7% |
| Federal | 70,523 | 105,446 | 124,142 | 104,540 | 104,540 | 209,080 | -20,508 | -8.9% |
| Miscellaneous Agency | 309 | 325 | 360 | 360 | 360 | 720 | 35 | 5.1% |
| Subtotal Dedicated | 115,477 | 193,877 | 252,098 | 141,905 | 118,817 | 260,722 | -185,253 | -41.5% |
| Total Revenue | 137,163 | 214,897 | 272,532 | 164,191 | 140,072 | 304,263 | -183,166 | -37.6% |
| | | | | | | | | |
| Full-Time Equivalents (FTE) | 153.2 | 150.2 | 156.5 | 156.5 | 156.5 | | | |

TRANSPORTATION DEPT

Program: MULTIMODAL SYSTEM

Activity: AERONAUTICS

Narrative

Activity Description

The Aeronautics activity exists to accomplish the following statutory goals:

- ⇒ To enhance aviation safety and promote aviation by assuming a leadership role in providing educational, technical and financial assistance for developing and maintaining an excellent air transportation system for the social and economic benefit to all.
- ⇒ Support development and maintenance of a system of airports.
- ⇒ Establish and operate a system of navigation aids.

Population Served

Business Travelers: Trades people, sales people, government employees, business and corporate airline travelers, etc.

Personal Travelers: People traveling for non-work purposes including trips for recreation, medical purposes, vacations, etc.

Carriers: Those carrying goods and people – Delivery services such as US Mail, UPS, FEDEX, etc.; Airlines such as Minnesota based Northwest Airlines, Mesaba Airlines, Champion Air and Sun Country Air Lines.

Shippers: Those businesses making decisions about which mode to use for the shipment of their company's goods within or through our state to local or international destinations.

Emergency Services Operators: Emergency personnel using our transportation system in an emergency capacity such as state patrol, air ambulance, aerial fire fighting, and local police.

Communities and Neighborhoods: These are individuals that gather for "issue-specific" purposes, such as zoning, aircraft overflight and helicopter and ultra light aircraft usage.

Industry employees, teachers and students: Individuals who receive education, training and development assistance. Includes promotional efforts to future industry employees.

Infrastructure Providers: Airport owners, planning organizations, consultants, and vendors.

Activity at a Glance

- ◆ 15,900 pilots
- ◆ 6,369 active registered aircraft
- ◆ 138 publicly-owned airports
- ◆ 27 key system airports
- ◆ 80 intermediate system airports
- ◆ 31 turf landing strips
- ◆ 6 privately-owned, public use airports
- ◆ 18 public-use seaplane bases
- ◆ 1,413 users of Mn/DOT air transportation services (2002 data)

Services Provided

Airport System Investment and Planning

This service provides technical, financial and administrative assistance to publicly owned airports in airport planning; site selection; airport zoning; airspace issues; airport layout plans; project development and programming; land acquisition; project design; construction management; maintenance activities; and equipment purchases.

Financial aid can be requested by municipalities for eligible airport projects in the form of state airport improvement grants and Federal Aviation Administration Airport Improvement Program grants. In the application for financial aid the municipality must show the project scope and justification, the estimated cost, the time schedule, and the availability of local matching funds. Minnesota Department of Transportation (Mn/DOT) applies for federal aid on behalf of municipalities; receives and disburses all federal funds as required by state law; reviews and approves project plans, specifications, and contract documents; prepares and administers state-aid agreements; conducts periodic on-site inspections to ensure compliance with contract documents and grant agreements; approves change orders and partial and final payments; and prepares and processes the state-aid payments.

In much the same manner, the office administers two additional funding programs. The Airport Maintenance Grant Program provides a state reimbursement for a portion of documented eligible maintenance expenses up to a certain amount that is dependent on airport size. The hangar loan program provides loan monies to municipalities for the construction of storage hangars.

TRANSPORTATION DEPT

Program: MULTIMODAL SYSTEM

Activity: AERONAUTICS

Narrative

Enroute and terminal navigational aids are installed at no cost to the local government and in partnership with the Federal Aviation Administration.

Aviation System Management

This service provides aviation users with the continued reliability of infrastructure investments such as airport pavement, maintenance, and navigational aids repair and maintenance. Safety and regulatory compliance including safety seminars, training programs the registration of aircraft and licensing of commercial operators on the airports. Aviation educational opportunities for secondary and post secondary students, teachers and the general public are provided.

Traveler Information

This service provides critical weather information to pilots by gathering statewide weather information and transmitting information to the National Weather Service who processes and makes the information available through national weather networks. Computers are strategically placed at airports throughout the state so the current weather data is available. Weather information is also distributed via public television channel 17 in the Twin Cities area and via cable and dish networks in out-state Minnesota. This information is used by many user groups other than aviation such as school systems, farmers, contractors and individuals who wish to make informed decisions on their activities.

Air Transportation Operations

Air transportation services are provided to state employees, the legislature, University personnel and constitutional officers when conducting official business using state owned aircraft. Services are provided in one eight passenger 1993 Beechcraft King Air B200, one six passenger 1981 Beechcraft King Air C90 and one five passenger 1975 Cessna Citation 500 jet. Aircraft are scheduled on receipt of a telephone request, followed by a written air travel request signed by an approving authority.

This section also offers "air shuttle" service to cities with Mn/DOT offices on a rotating basis on Thursdays. Service is provided to Duluth/Eveleth and Bemidji/Detroit Lakes. The schedule is designed to conform closely to normal work hours and allows users about six hours at each destination. Shuttle flights depart from the St. Paul Downtown Airport. Service on the shuttle is available to other state agencies on a space available basis. Mn/DOT charges a single rate per mile for all aircraft.

Administrative Support

This service oversees the function of personnel and payroll transactions; accounting, purchasing and inventory control; secretarial support; budget preparation; monitors the spending plan; training coordination; and facilitates management of the Aeronautics office building.

Historical Perspective

Grants Authority:

State Construction Grants, M.S. 360.011, 360.015, 360.305. Municipalities that own airports receive grants to finance capital improvements. Airports must be zoned or in the process of being zoned to be eligible for a construction grant. The agency maintains a 5-year Capital Improvement Plan (CIP) that lists potential projects with estimated costs and time schedules.

State Maintenance Grants M.S. 360.011, 360.015, 360.305. The agency issues maintenance grants to municipalities that own airports for part of their operating and maintenance costs. To be eligible for the grant, the municipality must zone the airport. The agency establishes a maximum reimbursement for each airport based on the area of runway and taxiway and the size of lighting system(s). Each category has a state/local cost share and a maximum allowable reimbursement.

Airport Improvement Program (A.I.P.) Grants – Federal, M.S. 360.011, 360.015, 360.016. The Federal Aviation Administration (FAA) issues grants to municipalities for capital improvements to their airports. The airport must be a part of the National Plan of Integrated Airport Systems to be eligible for a grant. The FAA uses a rating system to evaluate and rank projects for programming purposes. Under state law, Mn/DOT serves as agent for communities when they apply for a federal grant, as well as receiver and disbursing officer of the funds to the municipality.

TRANSPORTATION DEPT

Program: MULTIMODAL SYSTEM

Activity: AERONAUTICS

Narrative

Key Measures

- ⇒ More than 86% of the 40 Regional Trade Center Airports will have a pavement condition of good or better and less than 4% will have pavement condition of poor by 2023. In 2002, 85% of pavements were rated good or better and 6% were poor or worse. Based on local CIPs estimated levels will be 79% good and 6% poor in 2004, and 77% good and 5% poor in 2005.
- ⇒ Mn/DOT operated navigational aids will have an operating reliability of 98% or greater under current funding. The 2001 level was 98.03%.
- ⇒ The Office of Aeronautics, the FAA and customer groups will work to reduce general aviation crashes to 30 per year by 2023, down from 37 in 2001. Fatalities will be reduced to 6 per year by 2023, down from 8 in 2001 (3-year averages).
- ⇒ Weather dissemination services will be increased by 20% in the biennium. A measure for pilot and traveler access to weather information is being developed.
- ⇒ 90% of the population of Minnesota will be within one hour driving time of an airport providing regularly scheduled air service. The current level is 91%, meeting the target (1999).
- ⇒ 90% of the population of Minnesota is within thirty miles of a paved and lighted airport. The current level is 99.6% (1999).
- ⇒ All airports should meet current FAA design standards for safety and other issues.

Activity Funding

The state airports fund, a statutory dedicated fund, supports this program. Income to this fund comes from the aviation fuel tax, the aircraft registration tax, the airline flight property tax, and investment income. Federal Airport Improvement Program grants to municipalities also help to support the program.

Contact

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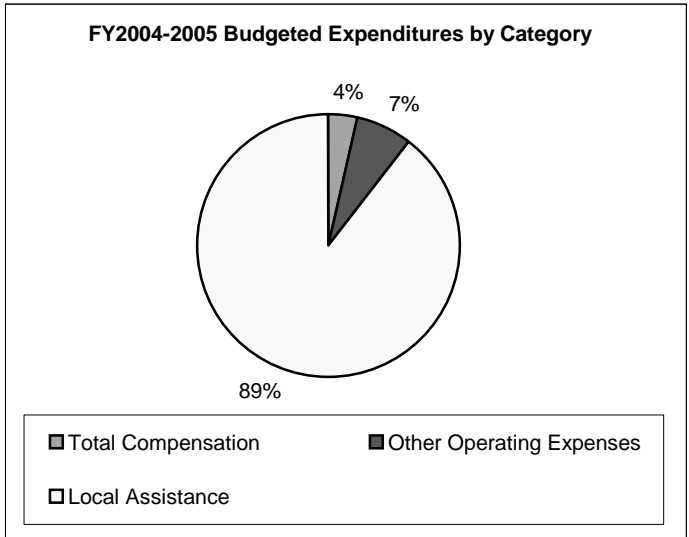
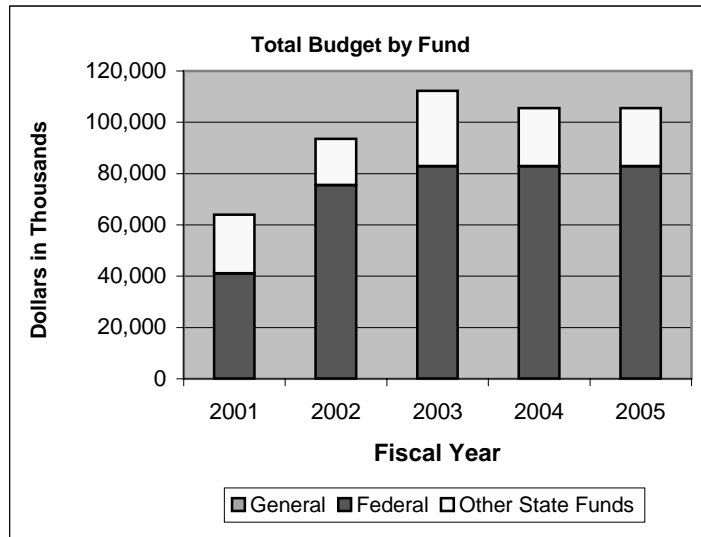
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TRANSPORTATION DEPT

Program: MULTIMODAL SYSTEM

Activity: AERONAUTICS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 | |
| Direct Appropriations | | | | | | | Dollars | Percent |
| State Airports | 20,625 | 15,100 | 26,105 | 20,123 | 20,123 | 40,246 | -959 | -2.3% |
| Trunk Highway | 942 | 948 | 1,012 | 1,012 | 1,012 | 2,024 | 64 | 3.3% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 47 | 39 | 10 | 10 | 10 | 20 | -29 | -59.2% |
| State Airports | 1,426 | 1,970 | 2,297 | 1,604 | 1,604 | 3,208 | -1,059 | -24.8% |
| Federal | 40,978 | 75,461 | 82,786 | 82,785 | 82,785 | 165,570 | 7,323 | 4.6% |
| Total | 64,018 | 93,518 | 112,210 | 105,534 | 105,534 | 211,068 | 5,340 | 2.6% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|---------------|---------------|----------------|----------------|----------------|----------------|--------------|-------------|
| Total Compensation | 3,384 | 3,437 | 3,775 | 3,775 | 3,775 | 7,550 | 338 | 4.7% |
| Other Operating Expenses | 7,069 | 4,549 | 8,851 | 7,295 | 7,295 | 14,590 | 1,190 | 8.9% |
| Capital Outlay & Real Property | 157 | 123 | 155 | 155 | 155 | 310 | 32 | 11.5% |
| Payments To Individuals | 36 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Local Assistance | 52,590 | 84,042 | 98,454 | 93,609 | 93,609 | 187,218 | 4,722 | 2.6% |
| Other Financial Transactions | 782 | 1,367 | 975 | 700 | 700 | 1,400 | -942 | -40.2% |
| Total | 64,018 | 93,518 | 112,210 | 105,534 | 105,534 | 211,068 | 5,340 | 2.6% |

Revenue by Type and Fund

| | | | | | | | | |
|------------------------|---------------|---------------|----------------|----------------|----------------|----------------|---------------|-------------|
| Non Dedicated | | | | | | | | |
| General | 0 | 12 | 30 | 30 | 30 | 60 | 18 | 42.9% |
| Cambridge Deposit Fund | 13 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| State Airports | 17,544 | 16,396 | 16,153 | 18,005 | 16,974 | 34,979 | 2,430 | 7.5% |
| Subtotal Non Dedicated | 17,557 | 16,408 | 16,183 | 18,035 | 17,004 | 35,039 | 2,448 | 7.5% |
| Dedicated | | | | | | | | |
| Special Revenue | 49 | 69 | 60 | 60 | 60 | 120 | -9 | -7.0% |
| State Airports | 1,303 | 1,003 | 1,593 | 1,593 | 1,593 | 3,186 | 590 | 22.7% |
| Federal | 40,978 | 75,490 | 82,785 | 82,785 | 82,785 | 165,570 | 7,295 | 4.6% |
| Subtotal Dedicated | 42,330 | 76,562 | 84,438 | 84,438 | 84,438 | 168,876 | 7,876 | 4.9% |
| Total Revenue | 59,887 | 92,970 | 100,621 | 102,473 | 101,442 | 203,915 | 10,324 | 5.3% |

TRANSPORTATION DEPT
 Program: MULTIMODAL SYSTEM
 Activity: AERONAUTICS

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|-----------------------------|------------------|------------------|--------------------|----------------|--------|---------------------|--------------------------------------|---------|
| Full-Time Equivalents (FTE) | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | FY2005 | Biennium 2004-05 | Dollars | Percent |
| | 50.2 | 49.3 | 49.2 | 49.2 | 49.2 | | | |

Activity Description

The Transit activity provides multimodal transportation alternatives to driving alone and allows people to live independently and to participate fully in Minnesota's communities and economy. The goals of the state transportation system include providing transit services throughout the state to meet the needs of transit users (M.S. 174.01). In Greater Minnesota the public transit participation program (M.S. 174.24) and the new Greater Minnesota Transit Assistance Fund (M.S. 174.242 – property tax replacement aid) provide grants for operating and capital assistance to fund public transit service outside the metropolitan area in 66 of 80 counties. This activity also maintains a statewide system plan for bicycle transportation, supports bicycle and pedestrian systems, and promotes non-travel alternatives such as teleworking.

The Twin Cities regional transportation plan encourages development of transit ways centered on the downtowns of Minneapolis and St. Paul. Minnesota Department of Transportation (Mn/DOT) is responsible for planning, design, construction, and operation of commuter rail (M.S. 174.82) and for design and construction of Light Rail Transit (LRT) (M.S. 174.35). Work is underway on two commuter rail corridors—the Northstar has completed Preliminary Engineering and awaits funding to proceed to final design and construction, while Red Rock is about to begin Alternatives Analysis and preparation of its Draft Environmental Impact Statement. The Hiawatha LRT project is under construction—the segments from downtown Minneapolis to Fort Snelling and the remainder through the airport to the Mall of America will open in 2004. The Central Corridor is nearing the end of its Alternatives Analysis/Draft Environmental Impact Statement—a locally preferred alternative of LRT or Bus Rapid Transit will be selected upon completion. Mn/DOT also takes a leadership role in inter-city rail planning for the state and is an active participant in the ongoing development of the Midwest Regional Rail Initiative, a nine state effort to develop a high-speed rail network centered on Chicago.

Activity at a Glance

- ◆ Countywide public transit provided in 66 of 80 Greater Minnesota counties
- ◆ Northstar Commuter Coach pilot project in operation
- ◆ Ongoing planning activities for bicycles and pedestrians
- ◆ Hiawatha LRT line begins full operation in 2004
- ◆ Northstar Corridor Rail Project preliminary engineering complete
- ◆ Red Rock Corridor Rail Project Alternatives Analysis and Draft Environmental Impact Statement begins in FY 2003
- ◆ Rochester Rail Link Study completed in 2002
- ◆ Development of the Midwest Regional Rail Initiative underway

Population Served

Customers served by this activity include commuters (those traveling for the purpose of work) and personal travelers (those traveling to non-work destinations, including educational institutions, medical appointments, shopping centers, recreational facilities, and congregate dining). This activity benefits thousands of Minnesotans in areas where public transit is often the only means of access to life-sustaining goods, services, and work opportunities. The proportion of people who are dependent upon public transportation (the elderly, persons with disabilities, and people with low income) is expected to increase more rapidly than the population as a whole.

Transit use helps to extend investments on parallel roadways—people using transit occupy less roadway space, thereby benefiting those shippers, commuters, and travelers who must use the roadways.

Services Provided

The transit activity helps people and communities meet their mobility needs by supporting safe, responsive, efficient and environmentally sound transit services. It provides access to transit for persons who have no alternative mode of transportation available, increases the efficiency and productivity of public transit systems, maintains a state commitment to public transportation and meets other needs of individual transit systems consistent with the objectives stated in M.S. 174.21.

As economic activity, health care services, government services, and educational facilities become more concentrated in regional centers, the need to travel to and within these centers continues to increase. One of the strategies to maintain a desirable level of regional accessibility is an improved transit system—this also provides a

TRANSPORTATION DEPT

Program: MULTIMODAL SYSTEM

Activity: TRANSIT

Narrative

modal choice option. A network of bus, light rail and commuter rail services combined with bike trails and highways provides for such a multimodal, integrated transportation system. Corridor projects are expected to improve air quality, travel time, security, and the quality of service for Twin Cities transit customers. Projects will also enhance economic development in the corridors. Transit products and services fall into three areas:

Transit System Investment and Planning provides grants to eligible recipients to operate public transit services in Greater Minnesota as well as planning, technical assistance and evaluation activities related to transit. It also develops comprehensive passenger rail transit plans that guide public investment and provides necessary information about commuter rail, light rail, and inter-city rail transportation in Minnesota. In the Twin Cities Metropolitan Area it supports transit corridor projects as well as Rideshare projects and certain Congestion Mitigation Air Quality (CMAQ) transit projects.

Transit Operations and Maintenance includes activities that support commuter bus projects such as service operation, equipment, station areas, and park and ride lots. The Northstar Commuter Coach pilot project gives commuters an additional travel option for those traveling on Highway 10 between Elk River and Minneapolis.

Transit Administration provides support services and management of transit grants and capital projects.

Historical Perspective

Minnesota established a public transit participation program to meet objectives stated in M.S. 174.21 by providing financial assistance to eligible recipients outside of the metropolitan area. Since 1/1/84, public transit systems in Greater Minnesota have received state assistance through a fixed local share funding formula. These public transit systems also receive federal assistance through the Federal Transit Administration's Section 5311, Non-urbanized Area Formula Program. Currently grants are provided for operating and capital assistance to fund 67 public transit systems outside the metropolitan area. Countywide service is provided in 66 of 80 counties (seven counties are without public transit service and seven have service only in certain municipalities).

M.S. 174.84 instructed the Commissioner of Transportation to develop a Commuter Rail System Plan by January 15, 2000. That plan identified three Tier One corridors to be completed by 2020 and three Tier Two corridors for completion after 2020. Mn/DOT has completed Preliminary Engineering on the first Tier One line, Northstar Corridor Rail Project, and is seeking funding to complete the project. The second Tier One line, Red Rock, is beginning its Alternatives Analysis and Draft Environmental Impact Statement. The 2002 Minnesota legislature prohibited further study of the third Tier One line, Dan Patch.

Key Measures

⇒ *Preserve existing public transit systems in Greater Minnesota*

Maintain current level of public transit service levels in Greater Minnesota – provide resources and technical assistance to maintain the current level of public transit service (service hours, trips and number of people with access to services). The service level was constant at 950,000 hours from 2001 through 2003, and ridership in Greater Minnesota was 9.37 million in 2001.

⇒ *Increase the availability of public transit service in Greater Minnesota*

Meet 80% of transit service need by 2010 – increase bus service hours 7% annually.

Number of counties in Greater Minnesota with countywide public transit service:

| 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 |
|------|------|------|------|------|------|------|------|------|
| 51 | 53 | 58 | 59 | 63 | 64 | 64 | 66 | 67 |

⇒ Number of commuter bus routes. One demonstration route is operating in 2002-2003 from Elk River to Minneapolis.

⇒ Route miles and annual revenue service hours will be measured for commuter rail and inter-city rail when those services open.

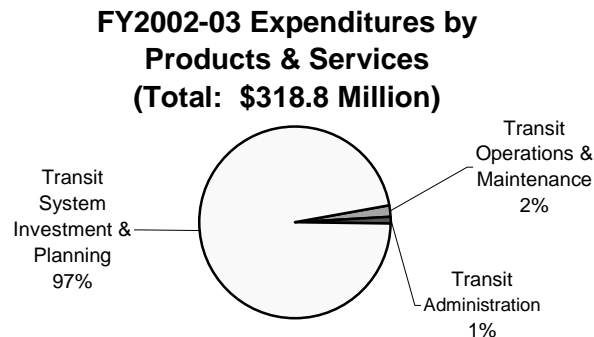
TRANSPORTATION DEPT

Program: MULTIMODAL SYSTEM

Activity: TRANSIT

Narrative

Activity Funding



Greater Minnesota transit systems are funded through a financial partnership that includes local, state and federal participation. In support of this public transit service, Mn/DOT's first priority is preserving existing transit systems. Mn/DOT's Business Plan and Budget Targets also include the expansion of transit into unserved areas. Mn/DOT is the designated recipient of all FTA funds for rural transit operations in Greater Minnesota, and also for funds used for activities such as rideshare, transit ways, corridor studies, buses and bus facilities in the Twin Cities Metro Area.

Mn/DOT is currently constructing LRT in the Hiawatha Corridor. Construction is scheduled for completion in 2004. The Metropolitan Council will operate Hiawatha LRT.

Contact

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Related documents and information:

<http://www.dot.state.mn.us/transit>

Greater Minnesota Public Transit Plan; 2001 Annual Transit Report; Northstar Commuter Coach Demonstration Program; and Transit Programs - Federal
<http://www.dot.state.mn.us/bike.html>

Information on bike, pedestrians and telework

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<http://www.dot.state.mn.us/passengerrail>

Commuter Rail Twin Cities Commuter Rail System Plan; and Corridor Updates

Inter-City Rail Midwest Regional Rail Initiative; Tri-State High Speed Rail Feasibility Study; and Rochester Rail Link Study

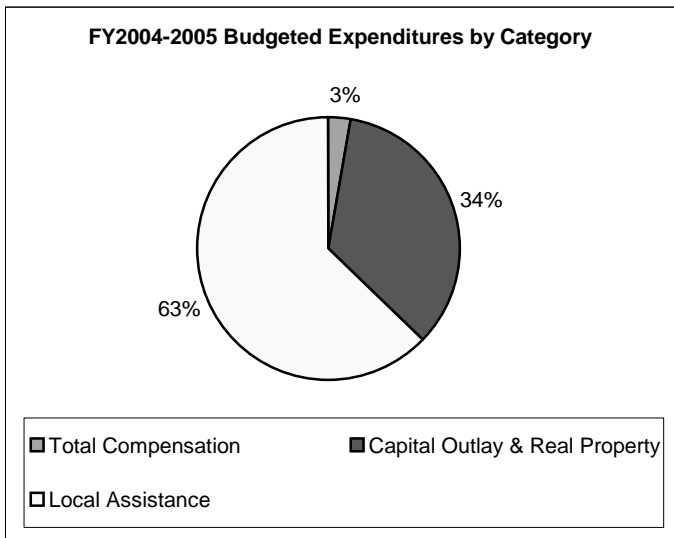
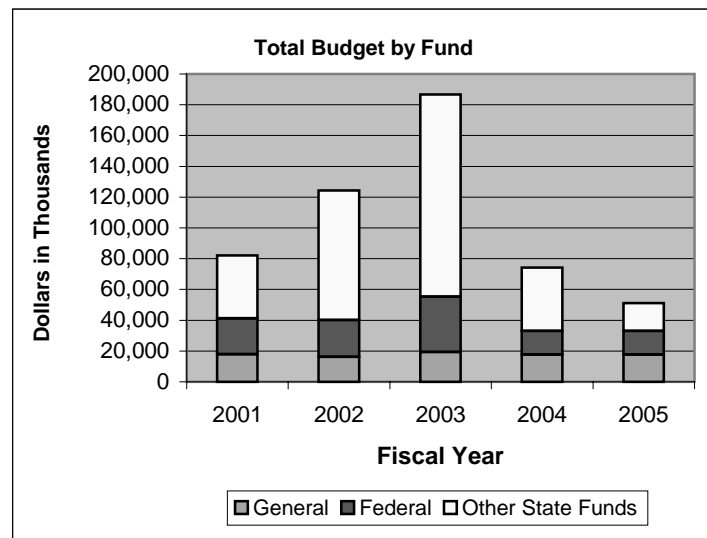
Jack Caroon, Director
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TRANSPORTATION DEPT

Program: MULTIMODAL SYSTEM

Activity: TRANSIT

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------|--------------------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 | Dollars Percent |
| Direct Appropriations | | | | | | | | |
| General | 17,826 | 16,275 | 19,336 | 17,612 | 17,612 | 35,224 | -387 | -1.1% |
| Trunk Highway | 358 | 333 | 355 | 348 | 348 | 696 | 8 | 1.2% |
| Greater Minnesota Transit | 0 | 0 | 6,875 | 7,264 | 7,264 | 14,528 | 7,653 | 111.3% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 40,117 | 83,363 | 123,709 | 33,117 | 10,029 | 43,146 | -163,926 | -79.2% |
| Federal | 23,431 | 23,949 | 36,034 | 15,455 | 15,455 | 30,910 | -29,073 | -48.5% |
| Miscellaneous Agency | 309 | 325 | 455 | 360 | 360 | 720 | -60 | -7.7% |
| Total | 82,041 | 124,245 | 186,764 | 74,156 | 51,068 | 125,224 | -185,785 | -59.7% |

| | | | | | | | | |
|---------------------------------|---------------|----------------|----------------|---------------|---------------|----------------|-----------------|---------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 1,512 | 5,405 | 5,443 | 1,770 | 1,770 | 3,540 | -7,308 | -67.4% |
| Other Operating Expenses | 23,383 | 5,365 | 2,458 | 491 | 463 | 954 | -6,869 | -87.8% |
| Capital Outlay & Real Property | 18,537 | 80,014 | 119,294 | 32,925 | 9,865 | 42,790 | -156,518 | -78.5% |
| Payments To Individuals | 84 | 68 | 85 | 85 | 85 | 170 | 17 | 11.1% |
| Local Assistance | 38,525 | 33,393 | 59,484 | 38,885 | 38,885 | 77,770 | -15,107 | -16.3% |
| Total | 82,041 | 124,245 | 186,764 | 74,156 | 51,068 | 125,224 | -185,785 | -59.7% |

| | | | | | | | | |
|---------------------------------|---------------|----------------|----------------|---------------|---------------|---------------|-----------------|---------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 103 | 216 | 50 | 50 | 50 | 100 | -166 | -62.4% |
| Subtotal Non Dedicated | 103 | 216 | 50 | 50 | 50 | 100 | -166 | -62.4% |
| Dedicated | | | | | | | | |
| Special Revenue | 40,028 | 83,363 | 123,668 | 33,077 | 9,989 | 43,066 | -163,965 | -79.2% |
| Federal | 23,008 | 24,135 | 34,447 | 15,375 | 15,375 | 30,750 | -27,832 | -47.5% |
| Miscellaneous Agency | 309 | 325 | 360 | 360 | 360 | 720 | 35 | 5.1% |
| Subtotal Dedicated | 63,345 | 107,823 | 158,475 | 48,812 | 25,724 | 74,536 | -191,762 | -72.0% |
| Total Revenue | 63,448 | 108,039 | 158,525 | 48,862 | 25,774 | 74,636 | -191,928 | -72.0% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 24.8 | 23.7 | 32.7 | 32.7 | 32.7 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

Activity Description

This activity is designed to enhance Minnesota's economic vitality by improving access to regional, national and global markets through investments and policies that increase the safety and efficiency of goods movement. The Office of Freight, Railroads and Waterways delivers freight, railroad and waterway expertise, projects and studies that save lives and keep Minnesota competitive in a global economy.

There are four key components to Freight activity. Each component provides a primary linkage between the state, the railroad and waterway industries and users of the systems.

Identify and develop safety improvements at railroad grade crossings.

Develop statewide railroad and waterway plans that guide future investment of state and federal funds and establish a framework for policy development.

Develop agreements and provide loans or grants to public port authorities, regional railroad authorities, railroads, and shippers to improve rail and water facilities through the Port Development Assistance program (M.S. 457A) and the Minnesota Rail Service Improvement (MRSI) program (M.S. 222.46 – 222.63).

Develop strategies to improve freight productivity.

Activity at a Glance

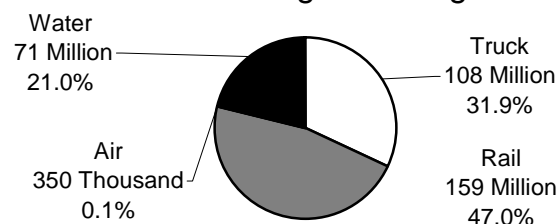
- ◆ MRSI loans distributed: \$7,155,048
- ◆ MRSI repayments: \$3,657,401
- ◆ Port Assistance grants: \$3,500,000
- ◆ Grade Crossing Safety Improvement projects: 50
- ◆ Construction Projects: 36
- ◆ IRC Bottleneck Projects: 9
- ◆ Corridor Safety Studies (completed): 3
- ◆ Corridor Safety Studies (in process): 5
- ◆ Mergers, Acquisitions, etc.: 2
- ◆ Rail Abandonments (under 10 miles total abandoned rail line): 3
- ◆ Rail Banking: 2

Population Served

In 1997, Minnesota's extensive transportation network carried in excess of 338 million tons of freight. The pie chart to the right describes the breakdown of freight movement by mode.

Minnesota's rail system consists of four major carriers (Class I), which operate on 2,857 miles of rail line in Minnesota. There are also six Class II carriers that total 856 miles and thirteen Class III carriers operating over 764 miles of line in Minnesota. Minnesota's rail network carries the largest share of freight, by weight, representing the state's major export commodities. Low-cost rail transport makes Minnesota competitive in the marketplace.

Total Freight by Mode 1997 Freight Tonnage



In addition to Minnesota's vital rail network, two waterway systems, an inland river waterway and the Great Lakes/St. Lawrence Seaway serve Minnesota.

Minnesota's railroad and waterway systems provide important commercial links for Minnesota farmers, the taconite industry, manufacturers, and other businesses. More specifically, the population sectors this program serves include:

- ◆ Shippers
- ◆ Farmers
- ◆ Railroads
- ◆ Ship and barge operators
- ◆ Trucking companies
- ◆ Transportation associations
- ◆ Modal integrators
- ◆ Traveling public
- ◆ Carriers
- ◆ Brokers/forwarders
- ◆ Chambers of commerce
- ◆ Government agencies

Services Provided

This activity includes the following products and services.

- ◆ Rail and Waterways System Investment and Planning preserves and improves rail lines that might be lost to abandonments and improves the public port facilities in Minnesota. State investment in rail lines, shipper facilities, and public ports ensures that Minnesota shippers and receivers have competitive mode choices to meet their current and future transportation needs, preserves abandoned rail corridors for future transportation purposes, and provides economic alternatives to truck transportation that prevent additional wear and tear on our highway infrastructure.
- ◆ Railroads and Waterways (program) administration provides funding necessary to support the following:
 - Promote** the safe interaction of rail transportation with highway and pedestrian movements through administration of Federal Grade Safety Improvement program agreements between the state, railroads, and local units of government.
 - Identify**, negotiate, and manage all approved grade crossing safety projects including installation of signs and signals, roadway improvements, crossing closures and consolidations.
 - Develop** and maintain comprehensive rail and water transportation plans that identify the major needs and issues of shippers, receivers, rail and water transportation providers and provides the basis for prioritizing those needs.
 - Partner** with Minnesota's shipping community to identify public/private ventures for freight infrastructure investments.
 - Manage** research projects that offer the potential to enhance goods movement for Minnesota shippers.
 - Expedite** the relocation and restoration of railroad facilities and acquisition of railroad rights-of-way where affected by trunk highway construction projects.
 - Provide** railroad expertise to trunk highway construction projects where they affect railroad operations.
 - Provide** information and technical assistance to rail users who face the potential loss of rail service through rail abandonment.
 - Administer** the Minnesota Rail Service Improvement program and the Port Development Assistance program.
 - Guide** investments for the Minnesota Rail Service Improvement program and the Port Development program.
 - Build** freight partnerships that promote the exchange of information, ideas and opportunities between the shipping community and Mn/DOT.
 - Seek** research opportunities that enhance safety and improve productivity for the shipping community.

Historical Perspective

Minnesota Department of Transportation's (Mn/DOT) Office of Freight, Railroads & Waterways (OFRW) is responsible for managing activities that impact multimodal freight movements, and the use of private rail systems in Minnesota. OFRW programs include activities that impact freight rail service and safety, commercial navigation and environmental impacts, truck size and weight policy, as well as, data and analysis to support multimodal freight planning.

The Office administers a variety of programs and activities to support the safe, efficient movement of goods in Minnesota including the Minnesota Rail Service Improvement Program, the Port Development Program, the Railroad – Highway Grade Crossing Safety Improvement Program, and the Minnesota Freight Advisory Committee. The OFRW is also responsible for a variety of planning activities such as the development of rail and waterway plans and freight movement studies.

Key Measures

OFRW's mission is to deliver freight, railroad and waterway expertise, projects and studies that save lives and keep Minnesota competitive in a global economy. Therefore, key measures that provide performance indicators on how well OFRW is achieving its mission are:

- ⇒ Number of railroad crossing crashes. There were 83 crashes in 2001 (3-year average). The 20-year target is to reduce crashes to 15 per year.
- ⇒ Number of railroad crossing fatalities. There were seven fatalities in 2001 (3-year average). The 20-year target is to reduce fatalities to two per year.

TRANSPORTATION DEPT

Program: MULTIMODAL SYSTEM

Activity: FREIGHT

Narrative

⇒ Number of railroad crossings programmed for safety improvement each year. Fifty-seven were programmed for improvement in FY 2002. The annual target with current funding is to improve 40 or more.

Another key measure, currently under development is:

⇒ Percentage of commercial ports/terminals with appropriately designed water and/or rail access. Current levels are 84% on the Mississippi River system and 100% on the Lake Superior system.

Activity Funding

Base level funding continues to fund MRSI, Port Development, Grade Crossing Safety Improvement program administration. A combination of federal, state (trunk highway and General Fund), local road authority, and railroad company funds finance grade crossing safety improvements. General Fund obligation bonding has previously funded the MRSI program. Revenue from the repayment of MRSI loans is placed in the Minnesota Rail Service Improvement account in the special revenue fund for future project investments. General Fund obligation bonds also finance the Port Development Assistance program.

Contact

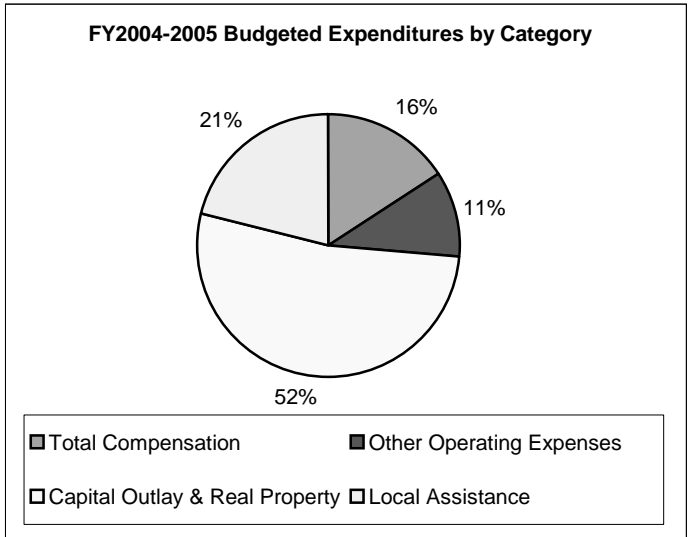
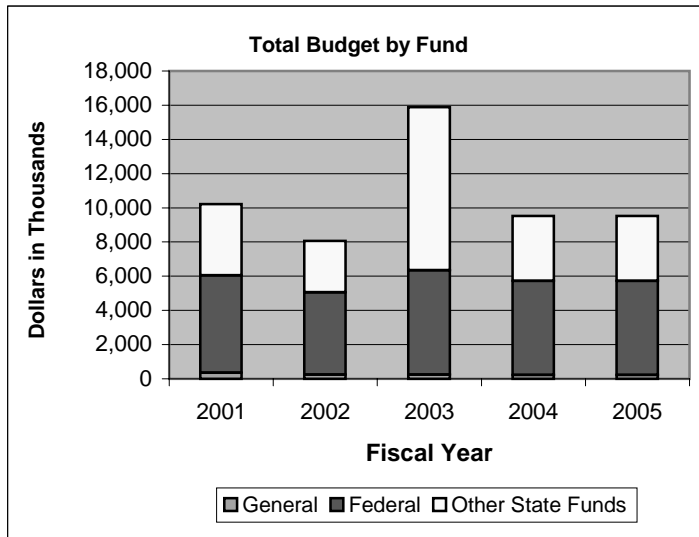
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Office of Freight, Railroads & Waterways
Shelly Meyer, Rail Planning Manager
Phone: (651) 296-0355
E-mail: shelly.meyer@dot.state.mn.us

TRANSPORTATION DEPT

Program: MULTIMODAL SYSTEM

Activity: FREIGHT

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 348 | 250 | 243 | 220 | 220 | 440 | -53 | -10.8% |
| Trunk Highway | 1,243 | 1,297 | 1,778 | 1,524 | 1,524 | 3,048 | -27 | -0.9% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 2,922 | 1,709 | 7,768 | 2,275 | 2,275 | 4,550 | -4,927 | -52.0% |
| Federal | 5,705 | 4,800 | 6,094 | 5,500 | 5,500 | 11,000 | 106 | 1.0% |
| Total | 10,218 | 8,056 | 15,883 | 9,519 | 9,519 | 19,038 | -4,901 | -20.5% |

| | | | | | | | | |
|---------------------------------|---------------|--------------|---------------|--------------|--------------|---------------|---------------|---------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 1,405 | 1,445 | 1,505 | 1,505 | 1,505 | 3,010 | 60 | 2.0% |
| Other Operating Expenses | 1,251 | 1,156 | 1,917 | 1,014 | 1,014 | 2,028 | -1,045 | -34.0% |
| Capital Outlay & Real Property | 4,718 | 3,731 | 5,000 | 5,000 | 5,000 | 10,000 | 1,269 | 14.5% |
| Local Assistance | 0 | 31 | 2,000 | 2,000 | 2,000 | 4,000 | 1,969 | 96.9% |
| Other Financial Transactions | 2,844 | 1,693 | 5,461 | 0 | 0 | 0 | -7,154 | -100.0% |
| Total | 10,218 | 8,056 | 15,883 | 9,519 | 9,519 | 19,038 | -4,901 | -20.5% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Special Revenue | 3,265 | 3,671 | 2,275 | 2,275 | 2,275 | 4,550 | -1,396 | -23.5% |
| Federal | 5,797 | 4,841 | 6,030 | 5,500 | 5,500 | 11,000 | 129 | 1.2% |
| Subtotal Dedicated | 9,062 | 8,512 | 8,305 | 7,775 | 7,775 | 15,550 | -1,267 | -7.5% |
| Total Revenue | 9,062 | 8,512 | 8,305 | 7,775 | 7,775 | 15,550 | -1,267 | -7.5% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 21.5 | 19.8 | 19.2 | 19.2 | 19.2 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

TRANSPORTATION DEPT

Program: MULTIMODAL SYSTEM

Activity: COMMERCIAL VEHICLES

Narrative

Activity Description

The purpose of the commercial vehicle activity is to advance highway safety by working with providers of commercial transportation to improve and enhance the safety and security of their operations.

Population Served

Main customers include:

Carriers: Those carrying goods and people – delivery services, trucking and bus companies.

Industry employees: Those carrier employees, trainers, government agencies, industry associations, and individuals who receive education, training, and technical assistance.

Shippers: Those who use modal transportation systems to ship their company's goods within or through the state. Shippers include those who offer general freight or hazardous materials for shipment by truck.

Personal Travelers: Those traveling for non-work purposes including users of special transportation services, limousines, and motor carriers of passengers who charter trips to various functions.

Activity at a Glance

- ◆ 36,000 interstate motor carriers
- ◆ 4,400 intrastate property and passenger carriers
- ◆ 140,000 trip and annual overweight/over dimension permits
- ◆ 1,000 hazardous material transporters
- ◆ 1,100 safety performance evaluations
- ◆ 200 safety classes

Services Provided

Motor Carrier Management meets customer needs by providing the following services:

Credentials: The activity administers credentialing programs for intrastate and interstate motor carrier operations and shippers. A primary goal of credentialing programs is to make sure that the authority to operate on Minnesota's roads is given only to insured carriers who meet the state's safety requirements. These programs include: a) registering interstate carriers that operate in and through Minnesota as well as intrastate for hire carriers of property and passengers; b) certifying the safety of providers of special transportation services to the elderly and disabled; and c) granting conditional waivers to drivers who would otherwise not meet physical requirements for operating commercial vehicles.

Oversize/Overweight Permits: The activity issues single trip and annual permits authorizing the movement of oversize/overweight loads on the state highways and interstate transportation systems within Minnesota. The goals of the permit program are to protect Minnesota's roads and bridges and to protect the general public from the unsafe movement of such loads.

Carrier Safety Evaluation: The activity conducts reviews of regulated commercial transportation providers and shippers to ensure that they comply with safety and hazardous materials regulations. The goal is to improve and enhance the safety of commercial transportation providers and shippers and provide expertise in limiting the damage caused by hazardous materials incidents.

Communications and Training: The activity produces educational outreach materials, provides technical assistance through a call center, and develops and delivers technical training to commercial vehicle operators, shippers and other industry groups on motor carrier safety regulations. The primary goal is to provide easy access to accurate information about commercial vehicle safety regulations in a timely and consistent manner.

Motor Carrier (Program) Administration services provide technical assistance, information technology, office management and administration for commercial vehicle activities. It also provides Commercial Vehicle Operation (CVO) Planning and Systems Integration which partners with other Minnesota Department of Transportation (Mn/DOT) offices and with other agencies to develop the commercial vehicle information systems and networks (CVISN) project; lead and coordinate interagency efforts to reengineer and/or streamline the way products and services are delivered to the state's CVO customers.

Historical Perspective

Regulation of motor carriers in Minnesota began in 1925 with the passage of the Auto Transportation Act. The Railroad and Warehouse Commission (RRWH) administered and enforced its provisions. During the 1930s, the

TRANSPORTATION DEPT

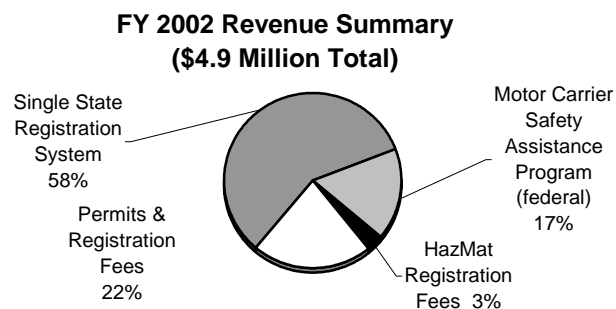
Program: MULTIMODAL SYSTEM
Activity: COMMERCIAL VEHICLES

Narrative

Minnesota Legislature gave the commission the authority to enforce motor carrier laws. The commission first adopted the Federal Motor Carrier Safety Regulations in Minnesota in 1940. In 1976, the legislature created the Minnesota Department of Transportation "to provide a balanced transportation system, including aeronautics, highways, motor carriers, ports, public transit, railroads and pipelines." With the creation of the new agency, the legislature also transferred motor carrier safety and insurance regulation from the Public Service Commission to Mn/DOT.

This activity has changed significantly over the years. Today the Office of Motor Carrier Services is responsible for implementing, administering and enforcing Minnesota laws and federal regulations governing the for-hire and private motor carrier industry in Minnesota. It regulates for-hire carriers of property and passengers, private carriers who transport their own goods, building movers, hazardous material and hazardous waste transporters, for-hire luxury limousine operators, and special transportation services for the elderly and disabled. It administers comprehensive programs that address: commercial driver qualifications; driver hours of service requirements; safe operation of commercial vehicles; vehicle inspection, repair and maintenance; insurance requirements; hazardous materials packaging and transportation standards; and hazardous materials accident/incident reporting requirements. The Office works closely with the Federal Motor Carrier Safety Administration (FMCSA) and the Minnesota State Patrol to achieve a comprehensive commercial transportation safety program in Minnesota.

Activity Funding



Key Measures

- ⇒ The percentage of Minnesota-based interstate carriers (freight and passenger) with an acceptable level of safety performance.
 - ◆ 83.5% had a satisfactory federal safety rating in FY 2002
 - ◆ 84% are projected to have a satisfactory federal safety rating in FY 2003
 - ◆ 85% satisfactory is the target for FY 2004.
 - ◆ 85.5% is the target for FY 2005.
- ⇒ The percentage of Minnesota-based intrastate passenger carriers (charter, special transportation, limousine) with an acceptable level of safety performance. Recent legislative mandate – no data available at this time; targets are for 65% of passenger carriers to have an acceptable safety rating in 2004 and 70% in 2005.
- ⇒ The percent of commercial vehicle customer transactions (licenses, permits, and other credentials) conducted electronically.
 - ◆ FY 2002 – 5%
 - ◆ FY 2003 – 10%
 - ◆ The target is to achieve 40% electronic transactions in FY 2004 and 60% in FY 2005.

Contact

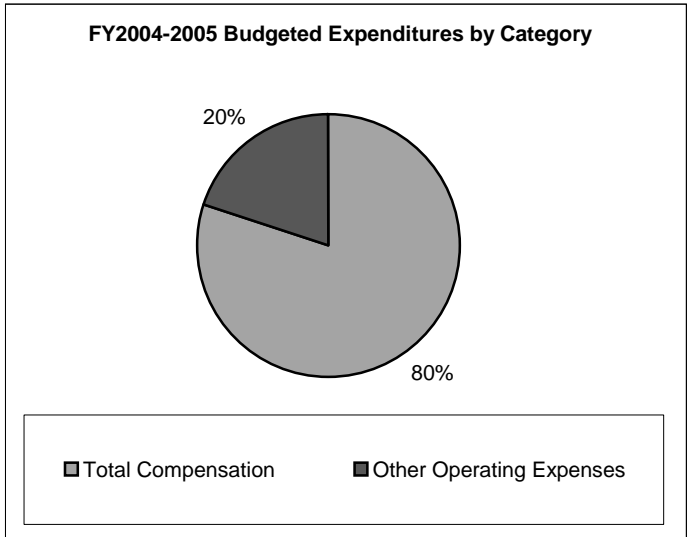
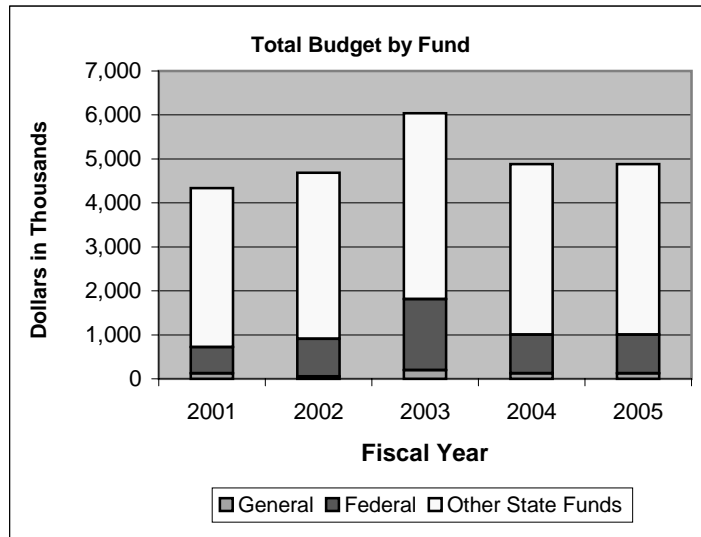
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TRANSPORTATION DEPT

Program: **MULTIMODAL SYSTEM**

Activity: **COMMERCIAL VEHICLES**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 124 | 48 | 200 | 126 | 126 | 252 | 4 | 1.6% |
| Trunk Highway | 3,617 | 3,777 | 4,229 | 3,876 | 3,876 | 7,752 | -254 | -3.2% |
| Statutory Appropriations | | | | | | | | |
| Federal | 597 | 860 | 1,610 | 880 | 880 | 1,760 | -710 | -28.7% |
| Total | 4,338 | 4,685 | 6,039 | 4,882 | 4,882 | 9,764 | -960 | -9.0% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 3,189 | 3,453 | 3,914 | 3,903 | 3,903 | 7,806 | 439 | 6.0% |
| Other Operating Expenses | 1,149 | 1,230 | 2,125 | 979 | 979 | 1,958 | -1,397 | -41.6% |
| Capital Outlay & Real Property | 0 | 2 | 0 | 0 | 0 | 0 | -2 | -100.0% |
| Total | 4,338 | 4,685 | 6,039 | 4,882 | 4,882 | 9,764 | -960 | -9.0% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|-------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 0 | 205 | 150 | 150 | 150 | 300 | -55 | -15.5% |
| Cambridge Deposit Fund | 156 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Trunk Highway | 3,870 | 4,191 | 4,051 | 4,051 | 4,051 | 8,102 | -140 | -1.7% |
| Subtotal Non Dedicated | 4,026 | 4,396 | 4,201 | 4,201 | 4,201 | 8,402 | -195 | -2.3% |
| Dedicated | | | | | | | | |
| Federal | 740 | 980 | 880 | 880 | 880 | 1,760 | -100 | -5.4% |
| Subtotal Dedicated | 740 | 980 | 880 | 880 | 880 | 1,760 | -100 | -5.4% |
| Total Revenue | 4,766 | 5,376 | 5,081 | 5,081 | 5,081 | 10,162 | -295 | -2.8% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 56.7 | 57.4 | 55.4 | 55.4 | 55.4 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

Program Description

This program involves all aspects of the Road Systems owned and operated by the Minnesota Department of Transportation (Mn/DOT). It covers the Trunk Highway System, as well as related assets, such as rest areas, trails, and park and ride facilities. The responsibilities include planning, design, purchasing right-of-way, construction, maintenance and operations of the road system and all associated appurtenances such as, shoulders, drainage structures, bridges, signals, signs, lighting, striping, etc. Not only does it include the entire Trunk Highway System, it also includes managing the entire trunk highway right-of-way associated with the system. These responsibilities include managing leases, reconveying right-of-way, identifying encroachments, etc. Equipment and materials are necessary to support many of these activities. Other supporting activities include materials testing, technical training and managing inventory centers across the state. Accommodation of bikes, pedestrians and other modes are integrated into the highway planning process when appropriate.

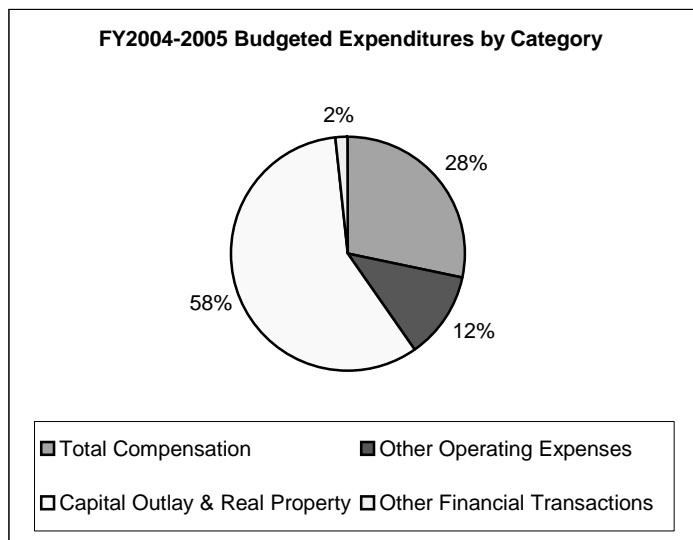
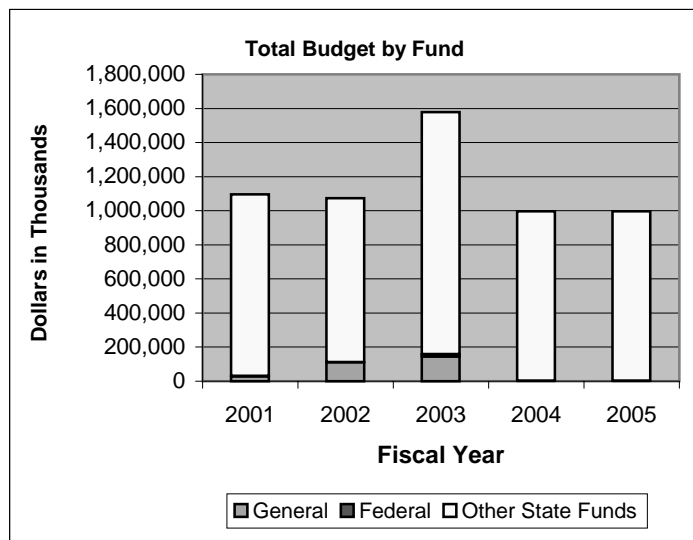
Budget Activities Included:

- ⇒ Infrastructure Investment & Planning
- ⇒ Infrastructure Operations & Maintenance
- ⇒ Electronic Communications

TRANSPORTATION DEPT

Program: STATE ROADS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 27,774 | 110,120 | 145,005 | 9 | 9 | 18 | -255,107 | -100.0% |
| Trunk Highway | 1,061,027 | 956,480 | 1,405,638 | 985,040 | 985,325 | 1,970,365 | -391,753 | -16.6% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 1,653 | 4,487 | 5,571 | 1,900 | 1,900 | 3,800 | -6,258 | -62.2% |
| Trunk Highway | 153 | 850 | 6,649 | 5,204 | 5,204 | 10,408 | 2,909 | 38.8% |
| Federal | 2,266 | 936 | 13,437 | 2,598 | 1,519 | 4,117 | -10,256 | -71.4% |
| Miscellaneous Agency | 2,978 | 80 | 2,107 | 2,053 | 2,053 | 4,106 | 1,919 | 87.7% |
| Total | 1,095,851 | 1,072,953 | 1,578,407 | 996,804 | 996,010 | 1,992,814 | -658,546 | -24.8% |

| | | | | | | | | |
|---------------------------------|------------------|------------------|------------------|----------------|----------------|------------------|-----------------|---------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 258,945 | 269,423 | 284,375 | 282,593 | 282,577 | 565,170 | 11,372 | 2.1% |
| Other Operating Expenses | 194,729 | 153,936 | 182,801 | 119,085 | 118,087 | 237,172 | -99,565 | -29.6% |
| Capital Outlay & Real Property | 630,872 | 645,832 | 1,085,973 | 577,273 | 577,273 | 1,154,546 | -577,259 | -33.3% |
| Local Assistance | 3,888 | 2,211 | 930 | 930 | 865 | 1,795 | -1,346 | -42.9% |
| Other Financial Transactions | 7,148 | 1,551 | 24,328 | 16,923 | 17,208 | 34,131 | 8,252 | 31.9% |
| Non-Cash Transactions | 269 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Total | 1,095,851 | 1,072,953 | 1,578,407 | 996,804 | 996,010 | 1,992,814 | -658,546 | -24.8% |

| | | | | | | | | |
|---------------------------------|------------------|------------------|------------------|----------------|----------------|------------------|-----------------|---------------|
| Expenditures by Activity | | | | | | | | |
| Infrastructure Invest & Plng | 848,536 | 859,773 | 1,320,687 | 764,983 | 765,203 | 1,530,186 | -650,274 | -29.8% |
| Infrastructure Oper & Maint | 238,283 | 207,131 | 241,856 | 224,547 | 224,547 | 449,094 | 107 | 0.0% |
| Electronic Communications | 9,032 | 6,049 | 15,864 | 7,274 | 6,260 | 13,534 | -8,379 | -38.2% |
| Total | 1,095,851 | 1,072,953 | 1,578,407 | 996,804 | 996,010 | 1,992,814 | -658,546 | -24.8% |

TRANSPORTATION DEPT

Program: STATE ROADS

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|-------------------|---------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Revenue by Type and Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Non Dedicated | | | | | | | | |
| Special Revenue | 0 | 0 | 29 | 30 | 30 | 60 | 31 | 106.9% |
| Trunk Highway | 347,432 | 313,862 | 656,232 | 334,287 | 333,312 | 667,599 | -302,495 | -31.2% |
| Highway Users Tax Distribution | 2,160 | 1,670 | 1,380 | 1,450 | 1,521 | 2,971 | -79 | -2.6% |
| Subtotal Non Dedicated | 349,592 | 315,532 | 657,641 | 335,767 | 334,863 | 670,630 | -302,543 | -31.1% |
| Dedicated | | | | | | | | |
| Special Revenue | 2,711 | 3,817 | 2,455 | 1,710 | 1,710 | 3,420 | -2,852 | -45.5% |
| Trunk Highway | 18,755 | 17,921 | 51,349 | 22,504 | 22,504 | 45,008 | -24,262 | -35.0% |
| Federal | 2,441 | 1,143 | 14,180 | 2,803 | 1,724 | 4,527 | -10,796 | -70.5% |
| Miscellaneous Agency | 2,980 | 123 | 2,053 | 2,053 | 2,053 | 4,106 | 1,930 | 88.7% |
| Subtotal Dedicated | 26,887 | 23,004 | 70,037 | 29,070 | 27,991 | 57,061 | -35,980 | -38.7% |
| Total Revenue | 376,479 | 338,536 | 727,678 | 364,837 | 362,854 | 727,691 | -338,523 | -31.8% |
| | | | | | | | | |
| Full-Time Equivalents (FTE) | 4,806.1 | 4,587.9 | 4,530.2 | 4,530.2 | 4,530.2 | | | |

TRANSPORTATION DEPT

Program: STATE ROADS

Activity: Infrastructure Invest & Plng

Narrative

Activity Description

The Infrastructure Investment and Planning Budget Activity sets goals and policy, gathers and evaluates data, and recommends alternatives for future action. It also commits available transportation funds over a period of several years to specific projects. This activity provides transportation system investment decisions that meet the needs and promote the transportation goals of the people of Minnesota. In addition, it provides expert analytical support, information, and direction for determining and implementing improvements to the state road and bridge system.

Activity at a Glance

- ◆ 12,703 centerline miles
- ◆ 29,698 lane miles of interstate and regular trunk highways
- ◆ 263,510 acres of right-of-way (including wetland and ponds)
- ◆ 77 rest areas
- ◆ 4,458 miles of on-road bikeways
- ◆ 4,600 T.H. Bridges

Population Served

The Infrastructure Investment and Planning Budget Activity serves the Federal and state governments, the legislature, local governments and entities, and the general public.

Services Provided

The Infrastructure Investment and Planning Budget Activity provides the following services:

Statewide System Planning & Integration

Performs short and long-range planning and policymaking activities for transportation programs and investments, including the Statewide Transportation Plan, State Transportation Improvement Program (STIP), Area Transportation Program, corridor plans, district plans, bike and pathways planning, and other multi-modal planning. Also, administers Mn/DOT's research program.

State Roads Investment

Manages the implementation of the state road construction program and the federal funding programs. This service includes fiscal management of payments to consultants and contractors for road and bridge construction, property owners for right-of-way acquisition, and consultants for research contracts. This service also includes financial tracking, regulation, and transportation program guidance and analysis.

Construction Project Development

Performs all of the activities that must be done before a construction project begins, including the six milestones of scoping, construction limits, environmental documentation, right-of-way acquisition, plan delivery, and letting.

Construction Project Management

Performs testing and inspection of materials used in construction projects, conducts field inspections to monitor construction projects, completes project documentation, and approves contractor payment requests.

Highway Debt Service

Provides for the repayment of trunk highway bond debt.

Key Measures

- ⇒ IRC Travel Speed – Percent of miles meeting speed targets of 60 mph for High Priority Interregional Corridors (HPIRC) and 55 mph for Medium Priority Interregional Corridors (MPIRC). IRC Travel Speed performance was measured at 84.5% in 1999 and 85% in 2000.
- ⇒ Duration and Extent of Congestion – Average percent of Twin City urban freeway system congested (i.e. percent of miles that operate at average speeds below 45 mph for any length of time in AM or PM peak periods). In 2002, 21% of urban freeway system miles were congested, up from 16.9% in 2000 before the ramp meter shutdown.
- ⇒ Crash Locations and Fatalities – Number of High-Crash-Cost Trunk Highway (TH) Locations improved per year, and number of fatalities on all roads per year. According to the 2002-04 State Transportation

TRANSPORTATION DEPT

Program: STATE ROADS

Activity: Infrastructure Invest & Plng

Narrative

Improvement Program (STIP), the number of High-Crash-Cost TH Locations improved per year will be 46 in 2002. The target is to improve 40 or more High-Crash-Cost locations each year. There were 625 fatalities in 1999, 634 in 2000, and 606 in 2001 (three-year average).

- ⇒ Customer Ride Quality/Pavement Serviceability Rating (PSR) – Percent of pavement (Principal Arterial) miles rated “Good”, “Fair”, and “Poor”. “Good” ratings were measured at 74.2% in 1999, 76.1% in 2000, and 75.8% in 2001. “Poor” ratings were measured at 1.4% in 1999, 1.1% in 2000, and 1.6% in 2001. Ongoing targets are over 70% “Good” and less than 2% “Poor”.
- ⇒ Structural Condition of Bridges (Principal Arterials) – Percent of Principal Arterial Bridges that are rated “Good”, “Fair”, and “Poor” (by square foot area) on the National Bridge Inventory (NBI) scale. Bridge “Good” ratings were measured at 57.7% in 1999, 57.2% in 2000, and 56.8% in 2001. Bridge “Poor” ratings measured 3.7% in 1999, 3.9% in 2000 and 4.1% in 2001.
- ⇒ Construction Project Schedule – Percent of all Mn/DOT projects in the first year of the STIP let for construction in the fiscal year they are scheduled. In 2000, 83% of the projects were let. In 2001, 81% of the projects were let. The ongoing target is 90%.

Activity Funding

This area is generally funded by trunk highway fund appropriations, but it has received some general fund appropriations in the past as well as some trunk highway bonding authority.

Contact

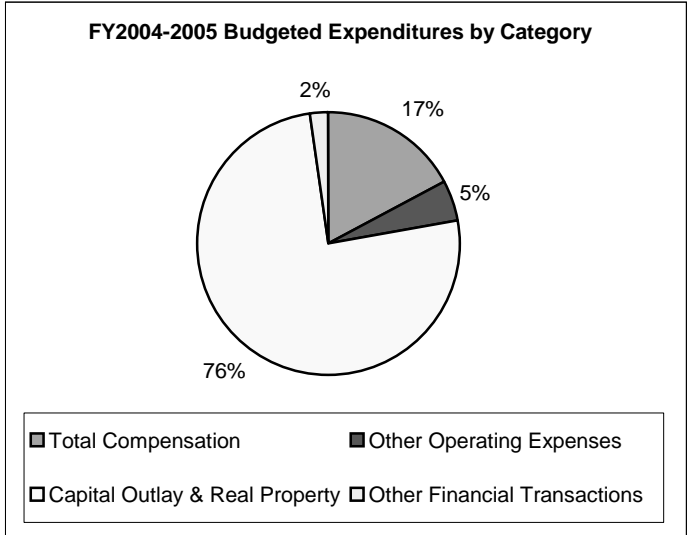
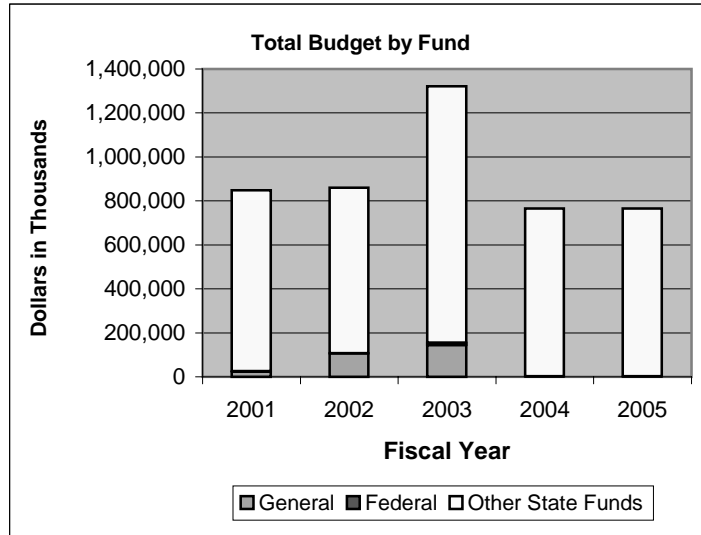
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TRANSPORTATION DEPT

Program: **STATE ROADS**

Activity: **INFRASTRUCTURE INVEST & PLNG**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|----------------|----------------|------------------|----------------|-----------------|------------------|--------------------------|----------------|
| Expenditures by Fund | Actual | Actual | Budgeted | Base | Biennium | | 2004-05 / 2002-03 | |
| | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 22,770 | 106,265 | 144,472 | 0 | 0 | 0 | -250,737 | -100.0% |
| Trunk Highway | 823,137 | 750,064 | 1,163,623 | 763,218 | 763,503 | 1,526,721 | -386,966 | -20.2% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 1,342 | 2,663 | 2,428 | 148 | 148 | 296 | -4,795 | -94.2% |
| Trunk Highway | 0 | 2 | 77 | 0 | 0 | 0 | -79 | -100.0% |
| Federal | 1,251 | 699 | 9,980 | 1,564 | 1,499 | 3,063 | -7,616 | -71.3% |
| Miscellaneous Agency | 36 | 80 | 107 | 53 | 53 | 106 | -81 | -43.3% |
| Total | 848,536 | 859,773 | 1,320,687 | 764,983 | 765,203 | 1,530,186 | -650,274 | -29.8% |

| | | | | | | | | |
|---------------------------------|----------------|----------------|------------------|----------------|----------------|------------------|-----------------|---------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 120,378 | 137,587 | 133,906 | 131,897 | 131,897 | 263,794 | -7,699 | -2.8% |
| Other Operating Expenses | 87,351 | 74,245 | 75,784 | 38,094 | 38,094 | 76,188 | -73,841 | -49.2% |
| Capital Outlay & Real Property | 629,502 | 644,848 | 1,085,739 | 577,139 | 577,139 | 1,154,278 | -576,309 | -33.3% |
| Local Assistance | 3,888 | 2,211 | 930 | 930 | 865 | 1,795 | -1,346 | -42.9% |
| Other Financial Transactions | 7,148 | 882 | 24,328 | 16,923 | 17,208 | 34,131 | 8,921 | 35.4% |
| Non-Cash Transactions | 269 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Total | 848,536 | 859,773 | 1,320,687 | 764,983 | 765,203 | 1,530,186 | -650,274 | -29.8% |

| | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|---------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| Trunk Highway | 347,260 | 313,847 | 656,232 | 334,287 | 333,312 | 667,599 | -302,480 | -31.2% |
| Highway Users Tax Distribution | 2,160 | 1,670 | 1,380 | 1,450 | 1,521 | 2,971 | -79 | -2.6% |
| Subtotal Non Dedicated | 349,420 | 315,517 | 657,612 | 335,737 | 334,833 | 670,570 | -302,559 | -31.1% |
| Dedicated | | | | | | | | |
| Special Revenue | 1,973 | 1,238 | 1,418 | 673 | 673 | 1,346 | -1,310 | -49.3% |
| Trunk Highway | 17,836 | 14,070 | 45,055 | 16,200 | 16,200 | 32,400 | -26,725 | -45.2% |
| Federal | 1,428 | 1,104 | 10,723 | 1,769 | 1,704 | 3,473 | -8,354 | -70.6% |
| Miscellaneous Agency | 38 | 123 | 53 | 53 | 53 | 106 | -70 | -39.8% |
| Subtotal Dedicated | 21,275 | 16,535 | 57,249 | 18,695 | 18,630 | 37,325 | -36,459 | -49.4% |
| Total Revenue | 370,695 | 332,052 | 714,861 | 354,432 | 353,463 | 707,895 | -339,018 | -32.4% |

TRANSPORTATION DEPT

Program: **STATE ROADS**

Activity: INFRASTRUCTURE INVEST & PLNG

Fiscal Report

| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base | | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
|-----------------------------|------------------|------------------|--------------------|---------|---------|---------------------|--------------------------------------|---------|
| | | | | FY2004 | FY2005 | | Dollars | Percent |
| Full-Time Equivalents (FTE) | 2,162.1 | 2,149.1 | 2,064.9 | 2,064.9 | 2,064.9 | | | |

TRANSPORTATION DEPT

Program: STATE ROADS

Activity: Infrastructure Oper & Maint

Narrative

Activity Description

The Infrastructure Operations and Maintenance budget activity provides the personnel, equipment and materials necessary to maintain, operate, and preserve the state's Trunk Highway and Interstate Highway System on a daily basis including roadways, bridges, roadsides, safety appurtenances, traffic control and management devices and the equipment and buildings associated with those tasks.

Population Served

Any customer that travels on the state Trunk Highway or Interstate System or relies upon the highway system to deliver goods and services is the population served in this budget activity. Minnesota Department of Transportation (Mn/DOT) has identified the following primary customer groups/segments. These segments are:

- ⇒ Commuters: Bus riders, carpoolers, Single-Occupancy Vehicles (SOV) etc. – those traveling for the purpose of work.
- ⇒ Personal Travelers: Bus riders, pedestrians, SOVs, etc. – those traveling for non-work purposes including trips for shopping, entertainment, medical appointments, vacations, etc.
- ⇒ Carriers: Those carrying goods throughout – truckers, pilots, barge operators, etc.
- ⇒ Shippers: Those making decisions about which mode to use for the shipment of their company's goods within or through our state. Examples of these decisions include: shipments via barge/air/rail/truck and combinations thereof.
- ⇒ Farmers: Those with farming as their primary occupation. They often interface with Mn/DOT as adjacent landowners, shippers and as carriers.
- ⇒ Emergency Vehicle Operators: Emergency personnel using our transportation system in an emergency capacity such as: state patrol, ambulance, fire, police, tow trucks, etc.
- ⇒ Communities and Neighborhoods: These are individuals that gather for "issue-specific" purposes, such as transportation-related issues in their neighborhood, or environmental groups such as the Sierra Club.

Services Provided

The Infrastructure Operations and Maintenance activity includes a broad group of services necessary to operate and maintain the Trunk Highway and Interstate System to provide a safe, smooth trip with a reliable travel time. The service categories and product descriptions are:

- ⇒ **Smooth Roads:** This product and/or service provides paving, drainage repair, shoulder repair, and surface repair to ensure a smooth ride. Roads are measured for surface rideability annually so that customers receive the best ride possible.
- ⇒ **Clear Roads:** This product and/or service provides for clearing roadways of snow and ice and removal of debris. Targets have been established based on customer expectations for removal of snow and ice for all roadway types based on volumes (i.e. the supercommuter system target is to have the highway lanes bare one to three hours after a snow event has ceased).
- ⇒ **Traffic Management:** This product and/or service provides signing and lighting of roadways, striping and message painting, installing and repairing guardrails, operating the Traffic Management Centers, operating and repairing traffic signals and devices and providing traveler information via updates on radio, changeable message signs, internet and telephones.
- ⇒ **Roadsides:** This product and/or service provides the planting, spraying, mowing, noxious weed control (legally mandated), litter pickup (adopt a highway), brush and tree removal, rest area maintenance, and property management.

Activity at a Glance

- ◆ 12,703 centerline miles
- ◆ 29,698 lane miles of interstate and regular trunk highways
- ◆ 263,510 acres of right-of-way (including wetland and ponds)
- ◆ 1,042 buildings (including truck stations, traffic management centers and rest areas)
- ◆ 4,763 adopt a highway groups
- ◆ 4,458 miles of on-road bikeways
- ◆ 1,329 Traffic Maintenance Systems (signals, etc.)
- ◆ 4,600 Trunk Highway bridges
- ◆ 3,100 Trunk Highway bridges receive safety inspections annually
- ◆ 90 Trunk Highway bridges annually require in depth fracture critical safety inspections

TRANSPORTATION DEPT

Program: STATE ROADS

Activity: Infrastructure Oper & Maint

Narrative

- ⇒ **Bridges:** This product and/or service provides annual bridge inspections, necessary and emergency bridge repairs, and normal maintenance required to keep structures safe and in service.
- ⇒ **Traveler Information:** This product and/or service provides the traveler with information via updates on radio, message signs, Internet and telephones. It also coordinates dispatch activities of Transportation with State Patrol for better service.
- ⇒ **Regulation:** This product and/or service issues permits, controls work by contractors on the right-of-way and identifies safe routes for trucking with wide or overweight loads.
- ⇒ **Fleet Management:** This product and/or service provides vehicles and pieces of equipment that are suitable to the needs of users for getting the job done. This includes acquisition, disposal, lease/buy, maintenance, training, operation, safety, inventory and service.
- ⇒ **Facilities Management:** Provides building operation and maintenance contract services for state-owned buildings and facilities under Mn/DOT's jurisdiction. This also includes rest area facilities.
- ⇒ **Inventory Control:** Materials Management includes purchasing, warehousing materials, receiving, handling and issuing materials, record keeping and hazardous waste coordination. It also includes monitoring inventory levels and turn rates.

Historical Perspective

The state's Trunk Highway and Interstate Highway System represents an investment of billions of dollars by the people of Minnesota and has taken decades to develop. The extensive work performed in the tasks included in Infrastructure Operations and Maintenance reflects Mn/DOT's commitment to maintain and preserve the system for the benefit of the state. Minnesota's economic growth has resulted in increased travel and good shipments. Concentrations of employment and economic activity in the Twin Cities metropolitan area have increased vehicle mile driven and congestion on metro area roadways. Rising incomes have increased disposable income and the number of vehicles, thereby increasing vehicle miles of travel. Traffic fatality rates have declined, but the number of fatalities has increased. The percentage of Minnesota households with three or more vehicles has increased. The percentage of Minnesotans who drive a long distance to work has increased. Truck travel is increasing, with the rate of growth greatest for small shipments.

The number of Trunk Highway bridges rated in "Good" structural condition has declined slightly in recent years from 61%, to 57% due to deterioration and the available funds to replace and repair. Numerous bridges built in the 1950's and after reach replacement age in the next 20 years.

Key Measures

There are key measures that provide overall performance indicators for the Infrastructure Operations and Maintenance budget activity. Each of these measures is based on a certain program level.

- ⇒ **Snow and Ice Removal: Hours to Bare Lane:** This measure provides guidance to operations on customer expectation regarding snow and ice removal. It is measured in hours to bare lanes by highway classification based on volumes. Targets are: supercommuter one to three hours, urban commuter two to five hours, rural commuter four to nine hours, primary collector six to 12 hours, and secondary collector nine to 36 hours. The hours of overtime, tons of chemical and pieces of equipment utilized are all based on the need to satisfy these targets. In the winter of 2001-2002 targets were met statewide except for the high-volume supercommuter roads, which averaged 3.8 hours to bare lanes. The overall combined statewide target for all highway classifications is 4.4 to 10.9 hours. Overall, results were an average of 10.5 hours in 2001-02 and 7.3 in 2002-03.
- ⇒ **Customer Ride Quality:** This measure is a percentage pavement (Principal Arterial/IRC) miles meeting Good and Poor performance. Mn/DOT aims to achieve a greater than 70% pavement mile rating of Good and less than 2% pavement miles of Poor. The 2001 level was 75.8% Good and 1.6% Poor. This measure is supported by the Smooth and Reliable Pavement product and service within Infrastructure Operations and Maintenance.
- ⇒ **Physical Condition of Pavement:** This measures average years of remaining service life (RSL) of the road pavement (Principal Arterials/IRC's). Mn/DOT aims to achieve 12 to 13 years on average of remaining service life. The current level is near 12 years. The target is for less than 10% of the system to have less than three

TRANSPORTATION DEPT

Program: STATE ROADS

Activity: Infrastructure Oper & Maint

Narrative

years of remaining life and more than 50% to have greater than 12 years remaining life. The current level is 12% less than three years life and 56% more than 12 years life (2001).

- ⇒ **Structural Condition of Bridges (PA):** This measures the percent of all bridges meeting a Good and Poor target (Principal Arterials & IRCs by square foot areas). Mn/DOT's 20-year goal is to improve the structural condition of bridges so that 65% or greater are in Good Condition and 2% or less are in Poor Condition. In 2001 56.8% were Good and 4.1% were Poor. Operations and Maintenance supports this measure by providing inspection procedures that determines the structural condition of bridges, performs routing and emergency maintenance on bridge structures when necessary and makes suggestions for improvement to designs to increase the longevity and safety of bridges.
- ⇒ **Safety Features:** This measure provides for managing the retroreflectivity of signs and pavement markings on and along Trunk Highways and Interstate Highways. The goal for pavement markings is to have a 365 day/night visible stripe/markings on the roadway to guide motorists and other highway users. The goal for sign replacement is 10 to 15 years, depending on the type of sheeting used and the sign purpose (i.e. regulatory, informational, or directional). In 2001, 82% of scheduled sign replacement was achieved. The target is 100% replacement on schedule to meet 365-day reflectivity.
- ⇒ **Crash Rate:** This measure looks at the Trunk Highway crashes per million Vehicle Miles Traveled (VMT) (three year average) Mn/DOT strives for a 1.5% annual reduction in crash rate. In 2000, the Trunk Highway crash rate was 1.27 crashes per million VMT (three-year average).
- ⇒ **Fatalities – all state and local roads:** Mn/DOT strives to improve 40 or more High-Crash Cost Trunk Highway locations each year. Work is toward long-range State Plan fatality-reduction targets and Zero Death goals. There were 625 fatalities in 1999, 634 in 2000, and 606 in 2001.

Activity Funding

This activity is funded by direct appropriation from the Trunk Highway Fund.

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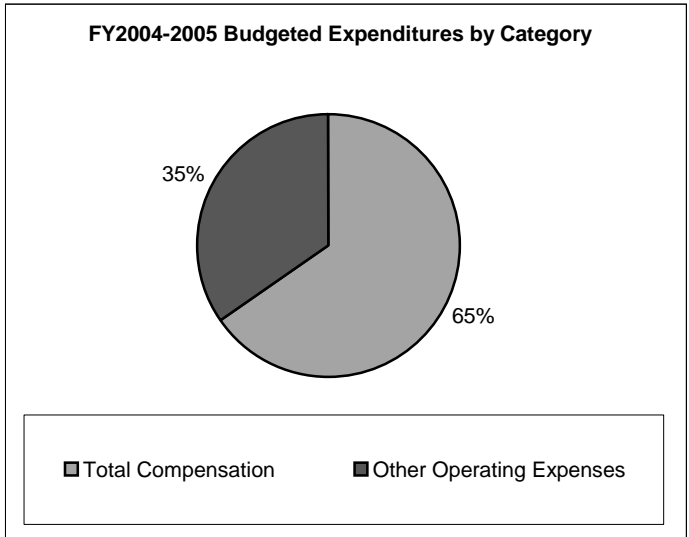
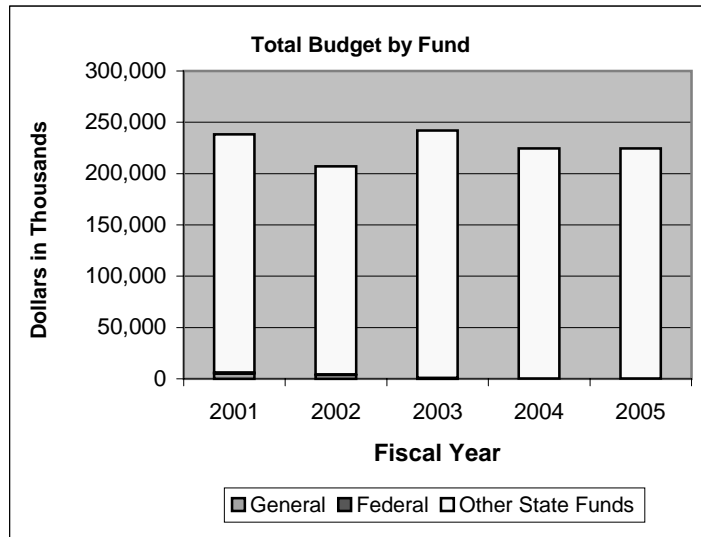
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TRANSPORTATION DEPT

Program: **STATE ROADS**

Activity: **INFRASTRUCTURE OPER & MAINT**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|----------------|----------------|-----------------|----------------|-----------------|----------------|--------------------------|----------------|
| Expenditures by Fund | Actual | Actual | Budgeted | Base | Biennium | | 2004-05 / 2002-03 | |
| | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 4,952 | 3,852 | 518 | 0 | 0 | 0 | -4,370 | -100.0% |
| Trunk Highway | 228,928 | 200,676 | 229,977 | 215,941 | 215,941 | 431,882 | 1,229 | 0.3% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 307 | 1,555 | 2,838 | 1,452 | 1,452 | 2,904 | -1,489 | -33.9% |
| Trunk Highway | 139 | 811 | 6,523 | 5,154 | 5,154 | 10,308 | 2,974 | 40.6% |
| Federal | 1,015 | 237 | 0 | 0 | 0 | 0 | -237 | -100.0% |
| Miscellaneous Agency | 2,942 | 0 | 2,000 | 2,000 | 2,000 | 4,000 | 2,000 | 100.0% |
| Total | 238,283 | 207,131 | 241,856 | 224,547 | 224,547 | 449,094 | 107 | 0.0% |

| | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 134,339 | 127,514 | 146,271 | 146,499 | 146,499 | 292,998 | 19,213 | 7.0% |
| Other Operating Expenses | 102,836 | 78,351 | 95,551 | 78,014 | 78,014 | 156,028 | -17,874 | -10.3% |
| Capital Outlay & Real Property | 1,108 | 597 | 34 | 34 | 34 | 68 | -563 | -89.2% |
| Other Financial Transactions | 0 | 669 | 0 | 0 | 0 | 0 | -669 | -100.0% |
| Total | 238,283 | 207,131 | 241,856 | 224,547 | 224,547 | 449,094 | 107 | 0.0% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| Special Revenue | 0 | 0 | 29 | 30 | 30 | 60 | 31 | 106.9% |
| Trunk Highway | 172 | 15 | 0 | 0 | 0 | 0 | -15 | -100.0% |
| Subtotal Non Dedicated | 172 | 15 | 29 | 30 | 30 | 60 | 16 | 36.4% |
| Dedicated | | | | | | | | |
| Special Revenue | 733 | 2,310 | 737 | 737 | 737 | 1,474 | -1,573 | -51.6% |
| Trunk Highway | 790 | 3,395 | 5,854 | 5,854 | 5,854 | 11,708 | 2,459 | 26.6% |
| Federal | 1,013 | 39 | 0 | 0 | 0 | 0 | -39 | -100.0% |
| Miscellaneous Agency | 2,942 | 0 | 2,000 | 2,000 | 2,000 | 4,000 | 2,000 | 100.0% |
| Subtotal Dedicated | 5,478 | 5,744 | 8,591 | 8,591 | 8,591 | 17,182 | 2,847 | 19.9% |
| Total Revenue | 5,650 | 5,759 | 8,620 | 8,621 | 8,621 | 17,242 | 2,863 | 19.9% |

Full-Time Equivalents (FTE) **2,576.0** **2,372.0** **2,399.4** **2,399.4** **2,399.4**

State of Minnesota

Activity Description

The electronic communications activity provides expertise in electronic communication technologies by addressing the wireless communications needs of state agencies:

- ⇒ Provide policy development, planning, engineering, budget preparation, project management, equipment installation, and system maintenance.
- ⇒ Supply telecommunications services and electronic systems to customers by designing and maintaining local, regional, and statewide communications networks, mobile fleet radios, base station equipment and other voice and data systems.
- ⇒ Oversee the development, procurement, installation, acceptance and ongoing operation and maintenance of the Twin Cities metropolitan area region-wide 800MHz public safety radio system.
- ⇒ Support agencies through service contracts, which reimburse the Trunk Highway Fund.

Population Served

Many agencies of state government have large mobile work forces that rely on mobile communications in the performance of their daily operations. The Minnesota Department of Transportation (Mn/DOT) has the largest single fleet within state government. Currently Mn/DOT has over 5,000 employees, many with technical backgrounds in a variety of fields. Of those 5,000 employees, nearly 3,000 use mobile radio communications. Mn/DOT employees have high expectations of technology to meet their ongoing business needs. Since Mn/DOT operations can extend around the clock, communications systems must provide reliable service 24 hours per day, 7 days a week. In addition to Mn/DOT, the Office of Electronic Communications (OEC) serves the Department of Public Safety (DPS), the Department of Natural Resources (DNR), and other state agencies upon request. OEC is reimbursed for cost of services provided to other agencies. Approximately 36% of this activity is billed for reimbursement.

In addition to state agencies, OEC indirectly serves 25,000 Public Safety professionals within the nine county metropolitan area through its maintenance of the regional public safety radio system backbone.

Services Provided

Electronic Communications Investment and Planning:

This service provides specialized technical, engineering, and maintenance expertise in wireless communications systems, electronic technologies, Intelligent Transportation Systems (ITS), and local and wide area data networks. Manages the wireless communications and electronic systems used by state government in their delivery of public safety services, management of resources, and performance of daily operations. Provides overall electrical engineering technical direction for the strategic, and tactical planning of state government's voice and data telecommunications systems involving public safety radio. Provides electronic and communications system engineering expertise for various Mn/DOT office and district projects including ITS. Acts as public safety frequency advisor for the state of Minnesota, which is responsible for radio spectrum allocation for virtually all city and county governments in the state. Provides customer training and guidance in development and implementation of user operational procedures.

Activity at a Glance (FY 2002 Date)

Communications Infrastructure Maintenance:

- ◆ 4,649 mobile repairs
- ◆ 1,678 base repairs
- ◆ 337 preventative maintenance inspections
- ◆ 418 tower/building sites maintained

Electric Equipment Repair:

- ◆ Serve DOT, Patrol, DNR electronic equipment repairs – RWIS system, Cameras, VMS, ITS devices, Weight Scales, Gate controls, Smart truck, and Mayday.

Communications System Upgrades:

- ◆ 754 mobile installations
- ◆ 52 base installs
- ◆ 23 system installs

System Planning/Integration:

- ◆ 23 mobile and related projects
- ◆ 30 network related projects

Inventory Control:

- ◆ Supplies to 16 repair facilities statewide.

TRANSPORTATION DEPT

Program: STATE ROADS

Activity: Electronic Communications

Narrative

Electronic Communications Management:

This service provides for the ongoing maintenance and repair of the communications and electronic equipment used in the daily operations and emergency response activities of state agencies. The activities associated with this service include installation, repair, replacement, minor system upgrades, and ongoing maintenance. Provides for the maintenance of the facilities needed to support the states wireless telecommunications infrastructure, and the maintenance for electronic equipment, systems and technology such as road weather systems, traffic weight scale electronics, variable message signs, etc. The service includes ownership and P&E inventory responsibilities of Mn/DOT's two-way radio fleet. This service also provides emergency technical on call response for public safety electronic communications systems.

Electronic Communications Administration:

This service provides for the administrative support needed to deliver the products and services of the OEC. The administrative support services include fiscal operations, human resources management, accounts receivable, and clerical support. Provides leasing coordination, processing, and tracking for Mn/DOT and other OEC customers to obtain and manage communications tower sites. Inventory control center operations are also provided to assure that parts and equipment are supplied when needed to effectively execute the maintenance, repair and installation activities of the office. This centralized inventory control center serves the field radio repair shops located throughout the state.

Historical Perspective

Many of the services that OEC customer agencies provide directly to the public rely on communications or electronic technologies. Because of the specialized public-safety/public-service nature of these operations, and due to the need for fleet dispatching over wide geographic areas, these agencies operate in the private band mobile radio service. The Federal Communications Commission (FCC) has designated separate frequency assignments to meet the needs of public safety and government service operations. Mn/DOT currently operates its own radio communication system. Other state agencies such as the DPS and the DNR also operate their own independent radio systems. The current radio systems were designed and implemented in the 1970s. While mobile and base equipment is upgraded on a scheduled replacement cycle, the overall technology (wideband analog) is not compatible with proposed Federal Communications Commission changes. The state may have to consider replacing existing systems with independent digital narrowband systems, or implementing a single shared digital radio system. At the county and municipal levels this redundancy in radio systems and the need to replace aging equipment also exists.

Activity Funding

This activity is funded by direct appropriation from the Trunk Highway Fund, as well as reimbursements for cost of services provided to other agencies.

Key Measures

There are two measures that provide overall performance indicators for the electronic communications activity. Each of these global measures have several contributing factors, which are considered sub-measures. The two indicators are statewide system coverage and system wide reliability and maintenance.

- ⇒ **Statewide Electronics Communications System Coverage:** System coverage is the most visible measurement of system performance. All other measurements contribute in some way to maintain, or enhance this measurement. Standards for modern public safety systems recommend a coverage standard of 95% for radio systems. All five systems maintained by Mn/DOT have a coverage target of 95%. The Patrol and DNR Very High Frequency (VHF) systems measure *portable* radio coverage and are currently providing 76% and 61% coverage respectively. The Mn/DOT radio system measures *mobile* coverage and it is currently at 82%. The Mobile Data Computer (MDC) system covers 53% of the major corridors. The 800 MHZ Trunked system provides 95% portable coverage throughout the seven county metro area.
- ⇒ **Systemwide Electronics Communications Reliability/Maintenance:** The percent of time that any given system is fully operational along with the lead time needed to bring failed systems back into operation make up the system reliability. This measurement is comprised of four factors: equipment installation, equipment

TRANSPORTATION DEPT

Program: STATE ROADS

Activity: Electronic Communications

Narrative

repair, equipment replacement, and preventative maintenance. A target rating of 10 for Reliability/Maintenance is the goal; the actual rating for FY 2002 was 6.8.

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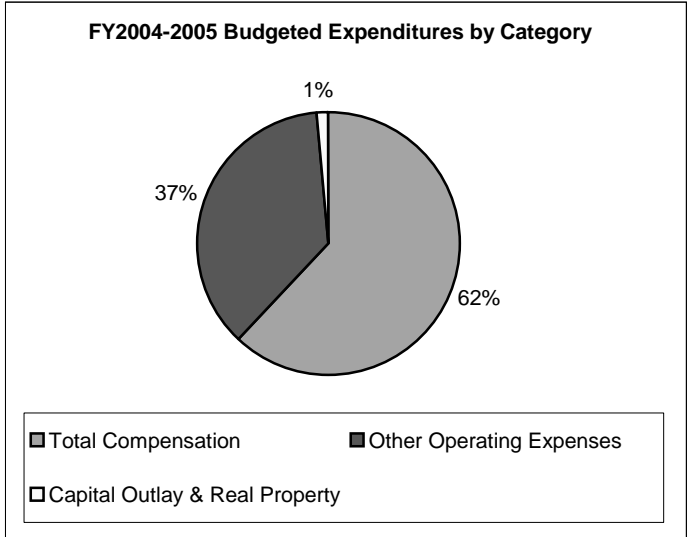
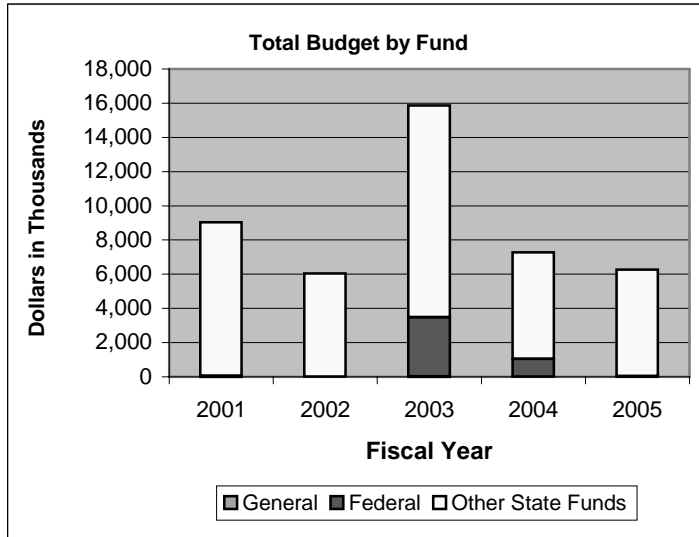
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TRANSPORTATION DEPT

Program: **STATE ROADS**

Activity: ELECTRONIC COMMUNICATIONS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------|---------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 | |
| Direct Appropriations | | | | | | | | |
| General | 52 | 3 | 15 | 9 | 9 | 18 | 0 | 0.0% |
| Trunk Highway | 8,962 | 5,740 | 12,038 | 5,881 | 5,881 | 11,762 | -6,016 | -33.8% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 4 | 269 | 305 | 300 | 300 | 600 | 26 | 4.5% |
| Trunk Highway | 14 | 37 | 49 | 50 | 50 | 100 | 14 | 16.3% |
| Federal | 0 | 0 | 3,457 | 1,034 | 20 | 1,054 | -2,403 | -69.5% |
| Total | 9,032 | 6,049 | 15,864 | 7,274 | 6,260 | 13,534 | -8,379 | -38.2% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|--------------|--------------|---------------|--------------|--------------|---------------|---------------|---------------|
| Total Compensation | 4,228 | 4,322 | 4,198 | 4,197 | 4,181 | 8,378 | -142 | -1.7% |
| Other Operating Expenses | 4,542 | 1,340 | 11,466 | 2,977 | 1,979 | 4,956 | -7,850 | -61.3% |
| Capital Outlay & Real Property | 262 | 387 | 200 | 100 | 100 | 200 | -387 | -65.9% |
| Total | 9,032 | 6,049 | 15,864 | 7,274 | 6,260 | 13,534 | -8,379 | -38.2% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|------------|------------|--------------|--------------|------------|--------------|---------------|---------------|
| Dedicated | | | | | | | | |
| Special Revenue | 5 | 269 | 300 | 300 | 300 | 600 | 31 | 5.4% |
| Trunk Highway | 129 | 456 | 440 | 450 | 450 | 900 | 4 | 0.4% |
| Federal | 0 | 0 | 3,457 | 1,034 | 20 | 1,054 | -2,403 | -69.5% |
| Subtotal Dedicated | 134 | 725 | 4,197 | 1,784 | 770 | 2,554 | -2,368 | -48.1% |
| Total Revenue | 134 | 725 | 4,197 | 1,784 | 770 | 2,554 | -2,368 | -48.1% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 68.0 | 66.8 | 65.9 | 65.9 | 65.9 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

Program Description

The purpose of the Local Roads Program is to supervise the distribution of county and municipal state aid highway funds and federal aid funds to counties and cities, and to provide direction and assistance to the counties and cities in the use of these monies for the construction and maintenance of local roads and bridges on their transportation network. The Local Roads Program also includes minor funding for other transportation systems, including townships, and support and oversight activities for the local bridge replacement program.

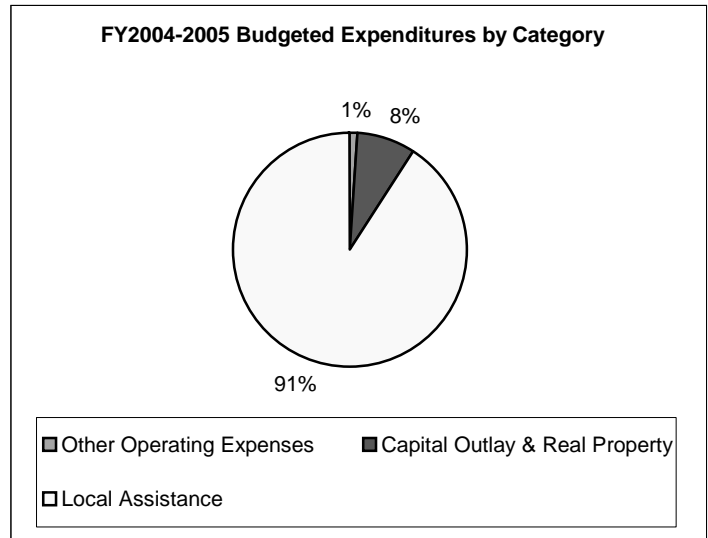
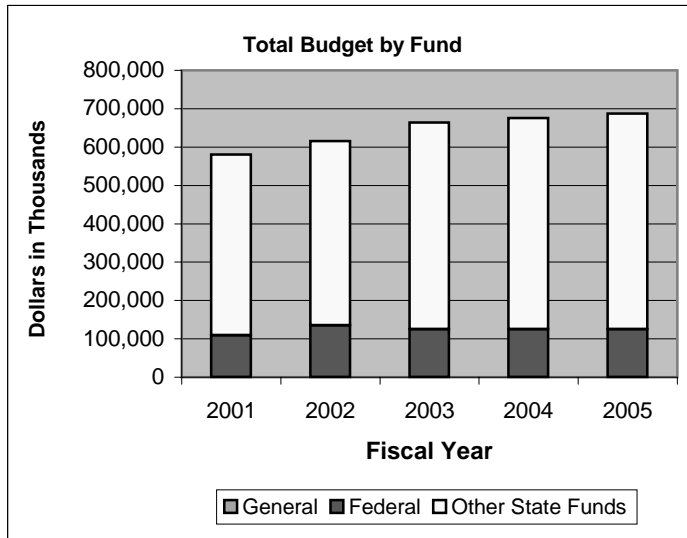
Budget Activities Included:

- ⇒ County State Aid Roads
- ⇒ Municipal State Aid Roads

TRANSPORTATION DEPT

Program: LOCAL ROADS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | | |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|------------------|-------------------|-------------------|
| | Actual | Actual | Budgeted | Base | Biennium | Biennial Change | | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | 2004-05 / 2002-03 | Dollars Percent |
| Direct Appropriations | | | | | | | | |
| Environment & Natural Resource | 75 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| State Government Special Revenue | 24 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Municipal State Aid Street | 87,482 | 109,115 | 112,227 | 112,290 | 114,661 | 226,951 | 5,609 | 2.5% |
| County State Aid Highway | 375,485 | 362,942 | 415,713 | 426,020 | 433,631 | 859,651 | 80,996 | 10.4% |
| Open Appropriations | | | | | | | | |
| Municipal State Aid Street | 2,066 | 1,932 | 2,242 | 2,292 | 2,340 | 4,632 | 458 | 11.0% |
| County State Aid Highway | 6,291 | 5,808 | 8,536 | 10,194 | 11,792 | 21,986 | 7,642 | 53.3% |
| Statutory Appropriations | | | | | | | | |
| Federal | 109,359 | 135,519 | 125,000 | 125,000 | 125,000 | 250,000 | -10,519 | -4.0% |
| Total | 580,782 | 615,316 | 663,718 | 675,796 | 687,424 | 1,363,220 | 84,186 | 6.6% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|------------------|---------------|-------------|
| Total Compensation | 3,434 | 3,308 | 3,558 | 3,608 | 3,656 | 7,264 | 398 | 5.8% |
| Other Operating Expenses | 5,764 | 4,486 | 7,220 | 7,408 | 7,592 | 15,000 | 3,294 | 28.1% |
| Capital Outlay & Real Property | 53,523 | 64,186 | 55,000 | 55,000 | 55,000 | 110,000 | -9,186 | -7.7% |
| Local Assistance | 518,053 | 543,336 | 597,940 | 609,780 | 621,176 | 1,230,956 | 89,680 | 7.9% |
| Non-Cash Transactions | 8 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Total | 580,782 | 615,316 | 663,718 | 675,796 | 687,424 | 1,363,220 | 84,186 | 6.6% |

| Expenditures by Activity | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|------------------|---------------|-------------|
| County State Aid Roads | 491,234 | 504,269 | 549,249 | 561,214 | 570,423 | 1,131,637 | 78,119 | 7.4% |
| Municipal State Aid Roads | 89,548 | 111,047 | 114,469 | 114,582 | 117,001 | 231,583 | 6,067 | 2.7% |
| Total | 580,782 | 615,316 | 663,718 | 675,796 | 687,424 | 1,363,220 | 84,186 | 6.6% |

TRANSPORTATION DEPT
Program: LOCAL ROADS

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------------|----------------|----------------|-----------------|----------------|----------------|-----------------|--------------------------|----------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Revenue by Type and Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Non Dedicated | | | | | | | | |
| Municipal State Aid Street | 7,583 | 5,131 | 6,000 | 6,000 | 6,500 | 12,500 | 1,369 | 12.3% |
| County State Aid Highway | 17,672 | 11,391 | 12,000 | 13,000 | 14,000 | 27,000 | 3,609 | 15.4% |
| Subtotal Non Dedicated | 25,255 | 16,522 | 18,000 | 19,000 | 20,500 | 39,500 | 4,978 | 14.4% |
| Dedicated | | | | | | | | |
| Federal | 109,278 | 135,480 | 125,000 | 125,000 | 125,000 | 250,000 | -10,480 | -4.0% |
| Subtotal Dedicated | 109,278 | 135,480 | 125,000 | 125,000 | 125,000 | 250,000 | -10,480 | -4.0% |
| Total Revenue | 134,533 | 152,002 | 143,000 | 144,000 | 145,500 | 289,500 | -5,502 | -1.9% |
| | | | | | | | | |
| Full-Time Equivalents (FTE) | 46.0 | 43.2 | 43.6 | 43.6 | 43.6 | | | |

TRANSPORTATION DEPT

Program: LOCAL ROADS

Activity: County State Aid Roads

Narrative

Activity Description

The County State Aid activity primarily deals with the 29% of the Highway User Tax Distribution Fund (HUTDF) that is allocated to counties. These funds are apportioned to the individual counties according to a formula prescribed in law, and by the commissioner of Transportation with the advice of a screening board consisting of county engineers. These dollars are apportioned to the counties for both maintenance and construction activities on the 30,366 miles of county state aid highways. Dollars spent in rural areas generally improve safety and the structural capacity of the roads to move goods, while the dollars spent in the metro area are often for safety and capacity improvements.

Counties select construction projects and perform maintenance activities within their jurisdictions. The State Aid for Local Transportation (SALT) Group reviews and approves individual construction plans for compliance with standards and rules.

Activity at a Glance

- ◆ Supervise the distribution of funds to the 87 counties for their use in building and maintaining the CSAH system.
- ◆ Authorize grants for bridge construction.
- ◆ Provide technical assistance in areas of design, construction, and maintenance.
- ◆ Promulgate rules and procedures for management of the State Aid system.

Population Served

The SALT Group provides program support and project delivery services to 87 counties, and also to townships and other governmental agencies with state-aid or federal-aid projects.

Services Provided

County State Aid Administration Services (CSAH) support the county state-aid program, including the needs study; information resources; payment services; technical and financial advice, oversight, coordination and representation. It provides counties with guidance in establishing or modifying a state aid system that moves people and goods. Support and oversight activities for the local bridge replacement program are included in this activity. The bridge replacement program itself is usually funded during the capital bonding session and therefore is not addressed in this program narrative.

County State Aid Investment Services pertain to the county's construction, maintenance and project delivery costs. It also includes the SALT Group's project specific activities and the research program. The SALT Group is responsible to fulfill the state's statutory roles in the areas of design, construction and maintenance of the CSAH system. The SALT Group approves construction plans and project funding requests to ensure consistency with the Rules for State Aid Operation.

Federal Local Aid Services are activities resulting from the Transportation Equity Act (TEA-21) funds that are available to cities, counties and other agencies for road and bridge construction and transportation enhancement projects. In addition to doing all the project specific activities as they do for state aid projects, the SALT Group acts as agent for the local authorities in the administration of their federal construction contracts and also fulfills the state's obligations for federal oversight of all local federal aid projects. SALT Group assists agencies in fulfilling the requirements for federal aid requirement such as public involvement, and in developing documentation to comply with environmental and historical requirements.

The Local Roads program also receives funding for some other accounts that have been included in the county state aid activity. The state park road account funds projects selected by the Department of Natural Resources (DNR) to provide access to state parks and recreational areas. The town road account is distributed to township governments for the maintenance of township roads, and the town bridge account is allotted to the counties for their use in replacing deficient township bridges.

TRANSPORTATION DEPT

Program: LOCAL ROADS

Activity: County State Aid Roads

Narrative

Historical Perspective

The SALT group assists the counties in using their dollars on the priority projects in their areas, but there is increasing pressure to use the available dollars on preservation-type projects rather than long-term system improvements because of the compelling need to preserve what is in place.

Key Measures

The products and services provided by the SALT group are monitored through performance measures based upon customer satisfaction and also through direct measures of level of service provided in key areas.

Age of System

- ⇒ Currently about 25% of the system mileage is considered to be in good condition (less than 25 years since the roadway was last graded).
- ⇒ Currently about 53% of the system mileage is considered to be in fair condition (more than 25 years, but less than 50 years since the roadway was last graded).
- ⇒ Currently about 22% of the system mileage is considered to be in poor condition (more than 50 years since the roadway was last graded).

The need of our customers includes a desire for a smooth, uninterrupted trip, with no delays from road surface conditions. This expectation implies that the system age should not deteriorate from the present condition and that investments will be made at a rate at or above the aging rate, which is not the case. To keep the system from deteriorating, 596 miles of road need to be rebuilt each year; currently 390 miles are being rebuilt.

Activity Funding

Funds in the HUTDF are distributed to state roads, county state-aid highways, and municipal state-aid streets by a constitutionally defined formula of 62% state, 29% county, and 9% municipal. Of the funds designated for counties and cities, 1.5% is set aside by statute for the operating expenses of SALT Group and for system-wide expenditures.

Federal funds are distributed by the Area Transportation Partnerships (ATP) in each of the Minnesota Department of Transportation (Mn/DOT) Districts. Local Roads receive a portion of the total federal funding available based upon a competitive system, which varies by ATP. The federal funding product activity involves not only roadway projects, but also other Federal Highway Administration aid directed to local agencies, including such program categories as transportation enhancements and scenic byways.

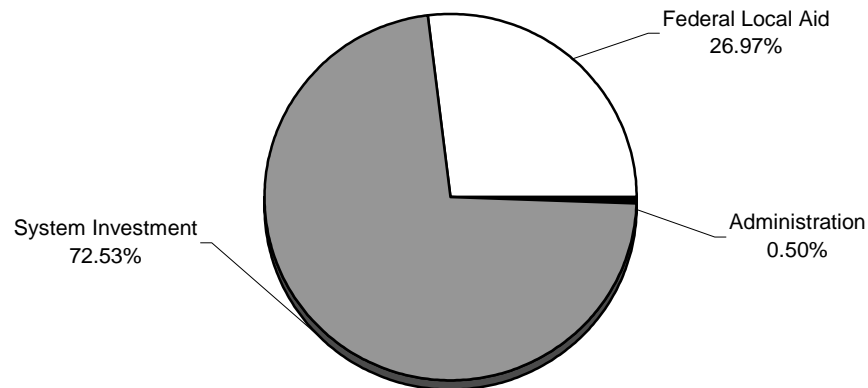
Counties remain interested in taking over jurisdiction of lower priority trunk highways. The 1998 legislature created a flexible account to be used for trunk highway and turn back program needs. The commissioner of Transportation is to consult with committees representing statewide county and municipal associations before determining how to propose the budget for flexible account dollars. For FY 2004-05 the entire flexible account is needed to fund the turn back program and the proposal is to use the flexible account as follows:

| | FY 2004 | FY 2005 |
|-----------------------------|----------------|----------------|
| County Turn Back Account | \$21.6 million | \$28.7 million |
| Municipal Turn Back Account | \$14.4 million | \$ 8.3 million |
| Trunk Highway Fund | \$ 0 | \$ 0 |

Expenditures by Product/Service

FY 2002 Total = \$503.2 Million)

Data as of 7/31/02

**Contact**

For additional information about this program contact:

Julie Skallman, Director

State Aid for Local Transportation

Mail Stop 500

395 John Ireland Boulevard

St. Paul, Minnesota 55155-1899

Phone: (651) 296-9872

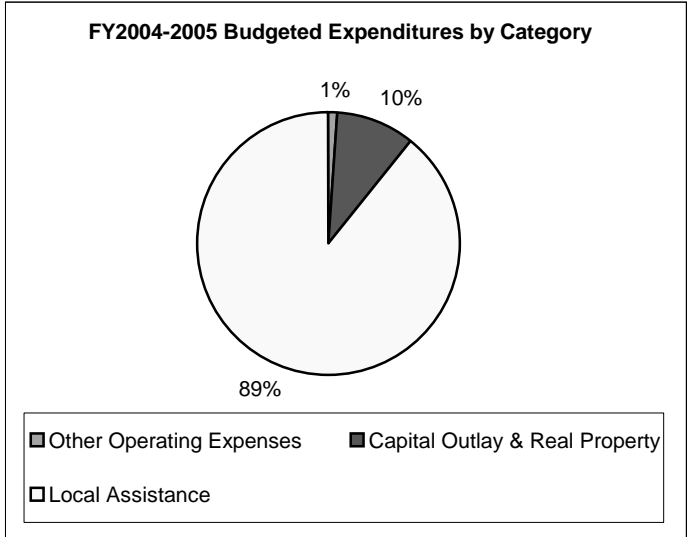
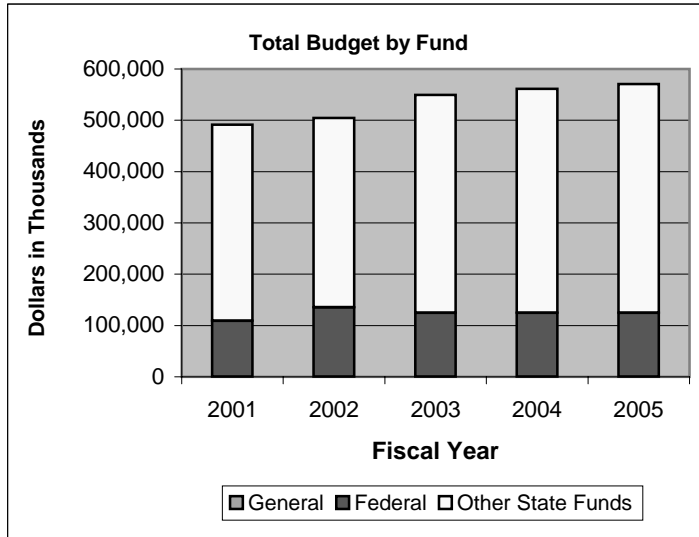
E-mail: Julie.Skallman@dot.state.mn.us

TRANSPORTATION DEPT

Program: **LOCAL ROADS**

Activity: COUNTY STATE AID ROADS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|----------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| Environment & Natural Resource | 75 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| State Government Special Revenue | 24 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| County State Aid Highway | 375,485 | 362,942 | 415,713 | 426,020 | 433,631 | 859,651 | 80,996 | 10.4% |
| Open Appropriations | | | | | | | | |
| County State Aid Highway | 6,291 | 5,808 | 8,536 | 10,194 | 11,792 | 21,986 | 7,642 | 53.3% |
| Statutory Appropriations | | | | | | | | |
| Federal | 109,359 | 135,519 | 125,000 | 125,000 | 125,000 | 250,000 | -10,519 | -4.0% |
| Total | 491,234 | 504,269 | 549,249 | 561,214 | 570,423 | 1,131,637 | 78,119 | 7.4% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|------------------|---------------|-------------|
| Total Compensation | 2,561 | 2,441 | 2,528 | 2,528 | 2,528 | 5,056 | 87 | 1.8% |
| Other Operating Expenses | 4,571 | 3,421 | 6,008 | 6,196 | 6,380 | 12,576 | 3,147 | 33.4% |
| Capital Outlay & Real Property | 53,523 | 64,186 | 55,000 | 55,000 | 55,000 | 110,000 | -9,186 | -7.7% |
| Local Assistance | 430,571 | 434,221 | 485,713 | 497,490 | 506,515 | 1,004,005 | 84,071 | 9.1% |
| Non-Cash Transactions | 8 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Total | 491,234 | 504,269 | 549,249 | 561,214 | 570,423 | 1,131,637 | 78,119 | 7.4% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|--------------|
| Non Dedicated | | | | | | | | |
| County State Aid Highway | 17,672 | 11,391 | 12,000 | 13,000 | 14,000 | 27,000 | 3,609 | 15.4% |
| Subtotal Non Dedicated | 17,672 | 11,391 | 12,000 | 13,000 | 14,000 | 27,000 | 3,609 | 15.4% |
| Dedicated | | | | | | | | |
| Federal | 109,278 | 135,480 | 125,000 | 125,000 | 125,000 | 250,000 | -10,480 | -4.0% |
| Subtotal Dedicated | 109,278 | 135,480 | 125,000 | 125,000 | 125,000 | 250,000 | -10,480 | -4.0% |
| Total Revenue | 126,950 | 146,871 | 137,000 | 138,000 | 139,000 | 277,000 | -6,871 | -2.4% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 33.9 | 31.6 | 31.9 | 31.9 | 31.9 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

TRANSPORTATION DEPT

Program: LOCAL ROADS

Activity: Municipal State Aid Roads

Narrative

Activity Description

The Municipal State Aid activity primarily deals with the 9% of the Highway User Tax Distribution Fund (HUTDF) that is allocated to cities over 5,000 populations. These funds are apportioned to the individual cities according to a formula prescribed in law, and by the commissioner of Transportation with the advice of a screening board consisting of city engineers. These dollars are apportioned to cities for both maintenance and construction on the 3,014 state aid streets. Construction projects improve safety. Many projects are designed to relieve congestion and improve structural capacity to improve the movement of goods. The cities select the construction projects and perform maintenance activities within their jurisdictions. The State Aid for Local Transportation (SALT) Group reviews and approves individual construction plans for compliance with standards and rules.

Activity at a Glance

- ◆ Supervise the distribution of funds to 132 Cities for their use in building and maintaining the MSAS system.
- ◆ Authorize grants for bridge construction.
- ◆ Provide technical assistance in areas of design, construction, and maintenance.
- ◆ Promulgate rules and procedures for management of the State Aid system.

Population Served

The SALT Group provides program support and project delivery services to approximately 132 cities.

Services Provided

Municipal State Aid Administration Services support the municipal state-aid program, including the needs study; information resources; payment services; technical and financial advice, oversight, coordination and representation. It provides cities with guidance in establishing or modifying a state aid system that moves people and goods.

Municipal State Aid System (MSAS) Investment Services pertain to the city's construction, maintenance and project delivery costs. It also includes the SALT Group's project specific activities and the research program. The SALT Group is responsible to fulfill the state's statutory roles in the areas of design, construction and maintenance of the MSAS system. The SALT Group approves construction plans and project funding requests to ensure consistency with the Rules for State Aid Operation.

Historical Perspective

The number of cities sharing in the 9% Municipal State Aid Fund has increased from 112 in 1990 to 132 in 2002 which means that there are more cities sharing in the allotments. SALT assists the cities in using their dollars on the priority projects in their areas, but there is increasing pressure to use the available dollars on preservation-type projects rather than long-term system improvements because of the compelling need to preserve what is in place.

Key Measures

The products and services provided by the SALT group are monitored through performance measures based upon customer satisfaction and also through direct measures of level of service provided in key areas.

Age of System

- ⇒ Currently about 37% of the system mileage is considered to be in good condition (less than 20 years since the roadway was last graded).
- ⇒ Currently about 30% of the system mileage is considered to be in fair condition (more than 20 years, but less than 40 years since the roadway was last graded).
- ⇒ Currently about 33% of the system mileage is considered to be in poor condition (more than 40 years since the roadway was last graded).

The need of our customers includes a desire for a smooth, uninterrupted trip, with no delays from road surface conditions. This expectation implies that the system age should not deteriorate from the present condition and

TRANSPORTATION DEPT

Program: LOCAL ROADS

Activity: Municipal State Aid Roads

Narrative

that investments will be made at a rate at or above the aging rate, which is not the case. To keep the system from deteriorating, 53 miles of road need to be rebuilt each year; currently 38 miles are being rebuilt.

Activity Funding

Funds in the HUTDF are distributed to state roads, county state-aid highways, and municipal state-aid streets by a constitutionally defined formula of 62% state, 29% county, and 9% municipal. Of the funds designated for counties and cities, 1.5% is set aside by statute for the operating expenses of SALT Group and for system-wide expenditures.

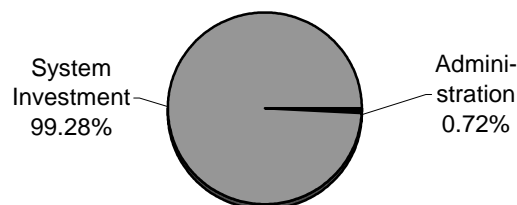
Federal funds are distributed by the Area Transportation Partnerships (ATP) in each of the Minnesota Department of Transportation (Mn/DOT) Districts. Local Roads receive a portion of the total federal funding available based upon a competitive system, which varies by ATP. The federal funding product activity involves not only roadway projects, but also other Federal Highway Administration aid directed to local agencies, including such program categories as transportation enhancements and scenic byways. The dollars flow through the county state aid road program since they are the primary local agency receiving these funds.

Cities remain interested in taking over jurisdiction of lower priority trunk highways. The 1998 legislature created a flexible account to be used for trunk highway and turn back program needs. The commissioner of Transportation is to consult with committees representing statewide county and municipal associations before determining how to propose the budget the flexible account dollars. For FY 2004-05 the entire flexible account is needed to fund the turn back program and the proposal is to use the flexible account as follows:

| | <u>FY 2004</u> | <u>FY 2005</u> |
|-----------------------------|----------------|----------------|
| County Turn Back Account | \$21.6 million | \$28.7 million |
| Municipal Turn Back Account | \$14.4 million | \$ 8.3 million |
| Trunk Highway Fund | \$ 0 | \$ 0 |

FY2002 Expenditures by Product/Service

(Total = 110.5 Million)



Contact

For additional information about this program contact:

Julie Skallman, Director

State Aid for Local Transportation

Mail Stop 500

395 John Ireland Boulevard

St. Paul, Minnesota 55155-1899

Phone: (651) 296-9872

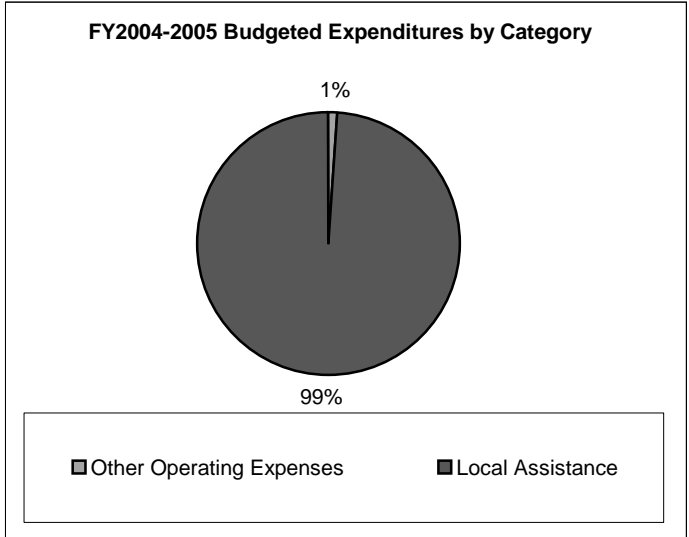
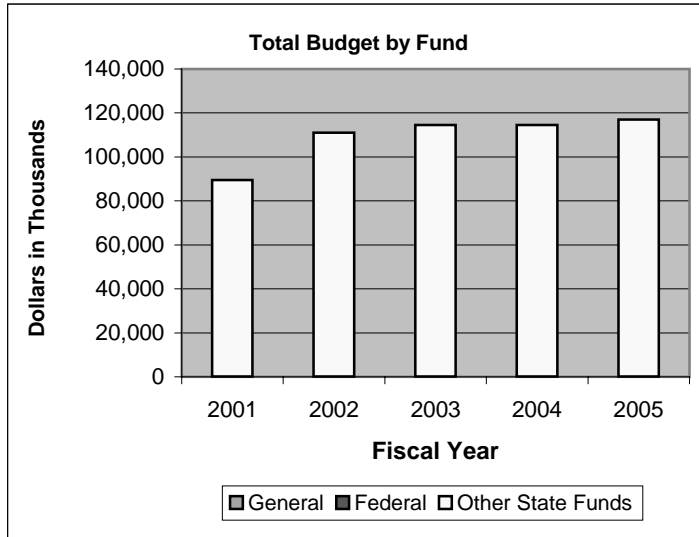
E-mail: Julie.Skallman@dot.state.mn.us

TRANSPORTATION DEPT

Program: **LOCAL ROADS**

Activity: MUNICIPAL STATE AID ROADS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | | |
|------------------------------|------------------|------------------|--------------------|----------------|----------------|---------------------|--------------------------------------|-------------|
| | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
| Expenditures by Fund | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| Municipal State Aid Street | 87,482 | 109,115 | 112,227 | 112,290 | 114,661 | 226,951 | 5,609 | 2.5% |
| Open Appropriations | | | | | | | | |
| Municipal State Aid Street | 2,066 | 1,932 | 2,242 | 2,292 | 2,340 | 4,632 | 458 | 11.0% |
| Total | 89,548 | 111,047 | 114,469 | 114,582 | 117,001 | 231,583 | 6,067 | 2.7% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|---------------|----------------|----------------|----------------|----------------|----------------|--------------|-------------|
| Total Compensation | 873 | 867 | 1,030 | 1,080 | 1,128 | 2,208 | 311 | 16.4% |
| Other Operating Expenses | 1,193 | 1,065 | 1,212 | 1,212 | 1,212 | 2,424 | 147 | 6.5% |
| Local Assistance | 87,482 | 109,115 | 112,227 | 112,290 | 114,661 | 226,951 | 5,609 | 2.5% |
| Total | 89,548 | 111,047 | 114,469 | 114,582 | 117,001 | 231,583 | 6,067 | 2.7% |

| Revenue by Type and Fund | | | | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|--------|-------|-------|
| Non Dedicated | | | | | | | | |
| Municipal State Aid Street | 7,583 | 5,131 | 6,000 | 6,000 | 6,500 | 12,500 | 1,369 | 12.3% |
| Subtotal Non Dedicated | 7,583 | 5,131 | 6,000 | 6,000 | 6,500 | 12,500 | 1,369 | 12.3% |
| Full-Time Equivalents (FTE) | 12.1 | 11.6 | 11.7 | 11.7 | 11.7 | | | |

Program Description

The General Support and Services program provides strategic policy, direction and processes that lead to new and/or improved ways of working. The goal of this program is to effectively and efficiently guide and support the Minnesota Department of Transportation's (Mn/DOT) business of providing transportation system leadership, management and information. This program provides services that continuously improve management of Mn/DOT's resources:

- ◆ *Products/services* to clear the way for managers to concentrate maximum effort on meeting customers needs, services delivered in a timely and cost effective manner, and
- ◆ *Products/services* that continuously deliver performance improvement at all levels in the organization.

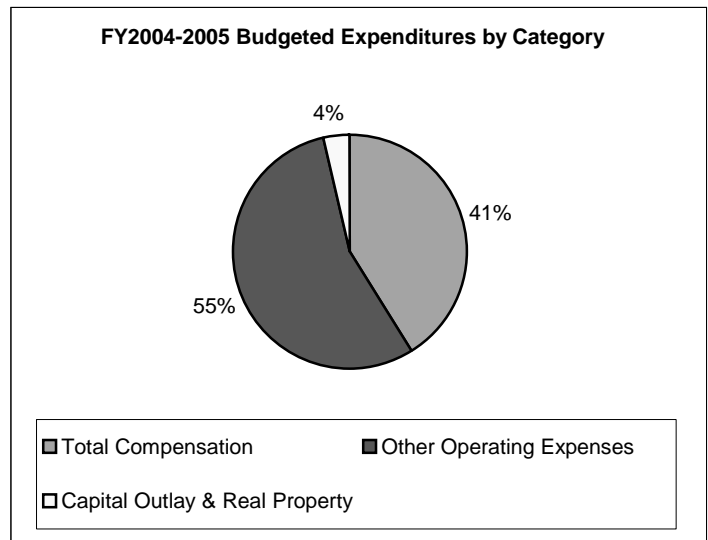
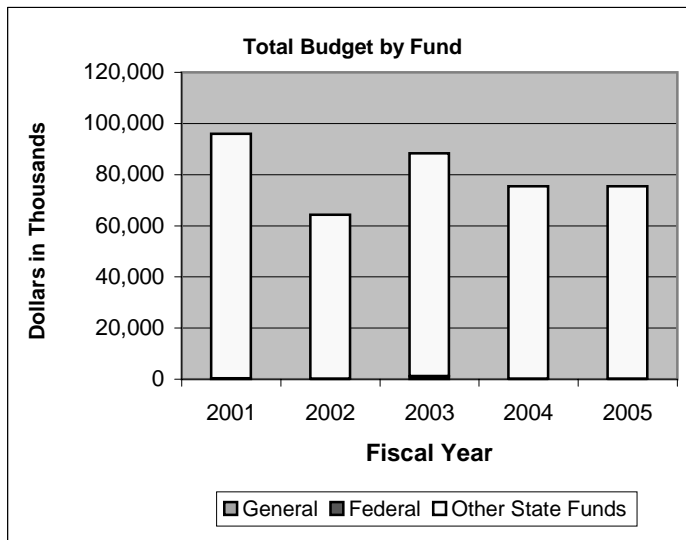
Budget Activities Included:

- ⇒ Department Support
- ⇒ Buildings

TRANSPORTATION DEPT

Program: GENERAL SUPPORT AND SVCS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|--------------------------------|--------|--------|----------|--------|--------|----------|-------------------|---------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 49 | 54 | 56 | 56 | 56 | 112 | 2 | 1.8% |
| State Airports | 50 | 25 | 25 | 25 | 25 | 50 | 0 | 0.0% |
| Trunk Highway | 84,773 | 56,574 | 78,352 | 66,399 | 66,399 | 132,798 | -2,128 | -1.6% |
| Open Appropriations | | | | | | | | |
| State Airports | 80 | 57 | 71 | 71 | 71 | 142 | 14 | 10.9% |
| Trunk Highway | 8,448 | 6,455 | 7,879 | 7,879 | 7,879 | 15,758 | 1,424 | 9.9% |
| Highway Users Tax Distribution | 590 | 410 | 504 | 504 | 504 | 1,008 | 94 | 10.3% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 242 | 286 | 175 | 175 | 175 | 350 | -111 | -24.1% |
| Trunk Highway | 582 | 367 | 226 | 224 | 224 | 448 | -145 | -24.5% |
| Federal | 218 | 33 | 1,025 | 125 | 125 | 250 | -808 | -76.4% |
| Miscellaneous Agency | 907 | 0 | 5 | 0 | 0 | 0 | -5 | -100.0% |
| Total | 95,939 | 64,261 | 88,318 | 75,458 | 75,458 | 150,916 | -1,663 | -1.1% |

| Expenditures by Category | | | | | | | | |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|--------------|
| Total Compensation | 27,665 | 27,447 | 32,026 | 31,009 | 31,009 | 62,018 | 2,545 | 4.3% |
| Other Operating Expenses | 37,954 | 34,519 | 50,492 | 41,651 | 41,651 | 83,302 | -1,709 | -2.0% |
| Capital Outlay & Real Property | 30,255 | 2,290 | 5,800 | 2,798 | 2,798 | 5,596 | -2,494 | -30.8% |
| Local Assistance | 65 | 5 | 0 | 0 | 0 | 0 | -5 | -100.0% |
| Total | 95,939 | 64,261 | 88,318 | 75,458 | 75,458 | 150,916 | -1,663 | -1.1% |

| Expenditures by Activity | | | | | | | | |
|--------------------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|--------------|
| Department Support | 56,066 | 50,955 | 70,260 | 61,381 | 61,381 | 122,762 | 1,547 | 1.3% |
| Buildings | 39,873 | 13,306 | 18,058 | 14,077 | 14,077 | 28,154 | -3,210 | -10.2% |
| Total | 95,939 | 64,261 | 88,318 | 75,458 | 75,458 | 150,916 | -1,663 | -1.1% |

TRANSPORTATION DEPT

Program: GENERAL SUPPORT AND SVCS

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------------|---------------|---------------|-----------------|---------------|---------------|-----------------|--------------------------|----------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Revenue by Type and Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Non Dedicated | | | | | | | | |
| General | 32 | 50 | 51 | 51 | 51 | 102 | 1 | 1.0% |
| Trunk Highway | 0 | -2 | 0 | 0 | 0 | 0 | 2 | -100.0% |
| Subtotal Non Dedicated | 32 | 48 | 51 | 51 | 51 | 102 | 3 | 3.0% |
| Dedicated | | | | | | | | |
| Special Revenue | 284 | 294 | 315 | 315 | 315 | 630 | 21 | 3.4% |
| Miscellaneous Agency | 906 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Dedicated | 1,190 | 294 | 315 | 315 | 315 | 630 | 21 | 3.4% |
| Total Revenue | 1,222 | 342 | 366 | 366 | 366 | 732 | 24 | 3.4% |
| | | | | | | | | |
| Full-Time Equivalents (FTE) | 429.7 | 416.7 | 440.2 | 440.2 | 440.2 | | | |

Activity Description

The Department Support budget activity exists to provide executive leadership, set policy and strategic direction to ensure the Minnesota Department of Transportation (Mn/DOT) provides a coordinated transportation network that is safe, user-friendly and responds to the values of Minnesota's citizens. Department Support also provides general management and specialized support services that efficiently and effectively directs the management and administration of the department's financial, human and capital resources. For additional information on Mn/DOT's strategic plan go to: <http://www.dot.state.mn.us/information/statplan00/index.html>

Activity at a Glance

- ◆ Department Support consists of approximately 417 Employees
- ◆ Department Support serves all of Mn/DOT, approximately 5,500 employees
- ◆ Department Support accounts for approximately 3% of the department budget

Population Served

The Department Support budget activity serves the entire Mn/DOT, which has identified the following (external) customer segments: commuters, personal travelers, emergency vehicle operators, farmers, carriers, shippers using trucks, and shippers using multimodal transport modes. Internal department customer segments include: executives and senior managers, managers and supervisors, general support and services employees in the operational business units, and all employees.

Services Provided

Department Leadership and Management services include all general leadership, system planning and integration efforts including activities such as government relations and management of partnerships that make the transportation system work.

Financial Services include statewide financial planning, forecasting, analysis, budgeting and management of federal and state funds.

Communications Services includes strategic communications planning and consultation that help Mn/DOT gather customer input for improved decision making, improve media relations to enhance public understanding of transportation objectives, provide information to the public upon which they can rely, update travelers on travel options and traffic conditions and communicate with employees so they can perform their jobs more effectively.

General Administrative Support incorporates a wide range of services including materials management, contracting and purchasing activities, office management, contingency planning, security, mail and document services and tracking performance measures.

Workforce Management Services/Human Resources provides the full range of human resource management services including workforce planning, recruitment, development and retention; labor relations investigations and policy development; occupational safety and health services including workers compensation; and benefits administration.

Technology Services includes leadership and management of enterprise-wide and specialized information technology plans and investments, operation and support of information technology services and systems, and development of information resource systems and applications.

TRANSPORTATION DEPT

Program: GENERAL SUPPORT AND SVCS

Activity: Department Support

Narrative

Key Measures

⇒ **Skilled and Productive Workforce**, a key performance measure of Workforce Management Services, is a composite score of the difference of program delivery production hours required versus production hours available, and diversity. The current score is 7.7 on a 10-point scale.

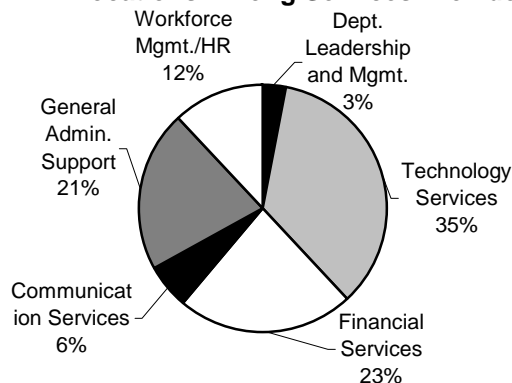
Availability of a skilled, productive and diverse workforce is critical for Mn/DOT to deliver the program. Success of two indicators is scored on a 10-point scale and tallied in a composite to track progress:

- Availability of production hours needed to production hours available
- Workforce representation of women, minorities and disabled people

| A | B | C | D | E | Current |
|--------------|----------|-------|----------|--------|-----------|
| Availability | Minority | Women | Disabled | AA Avg | Composite |
| 7.3 | 6.7 | 9.3 | 8.3 | 8.1 | 7.7 |

⇒ **Reliable Information**, a key performance measure of Communications Services, is a score based on the percentage of Minnesotans who view Mn/DOT as a reliable source of information. The score in 1999 was 56%, and 49% in 2001. The long-term target is 60%.

Allocations Among Services Provided



Activity Funding

Contact

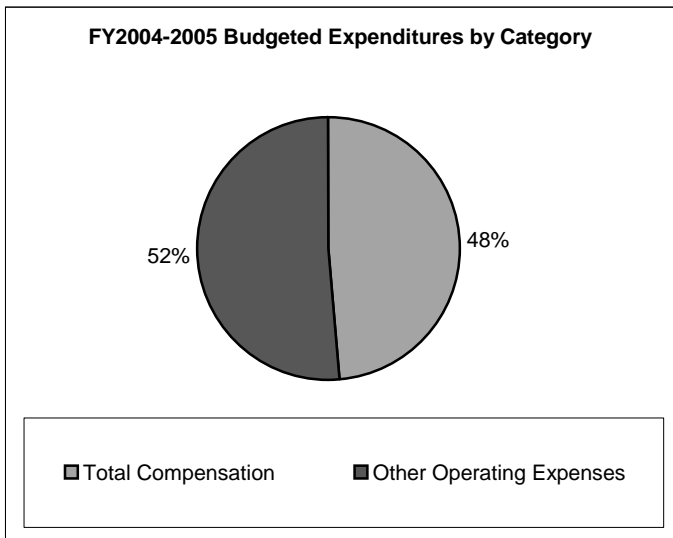
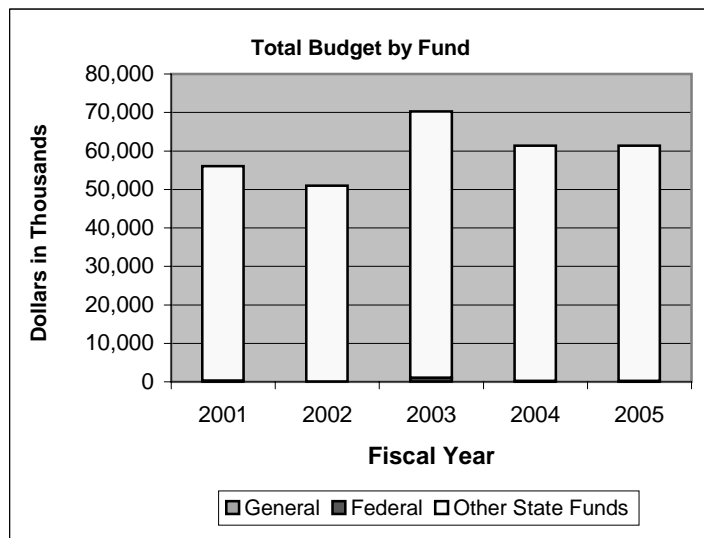
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TRANSPORTATION DEPT

Program: **GENERAL SUPPORT AND SVCS**

Activity: DEPARTMENT SUPPORT

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
| | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| State Airports | 50 | 25 | 25 | 25 | 25 | 50 | 0 | 0.0% |
| Trunk Highway | 44,949 | 43,322 | 60,350 | 52,378 | 52,378 | 104,756 | 1,084 | 1.0% |
| Open Appropriations | | | | | | | | |
| State Airports | 80 | 57 | 71 | 71 | 71 | 142 | 14 | 10.9% |
| Trunk Highway | 8,448 | 6,455 | 7,879 | 7,879 | 7,879 | 15,758 | 1,424 | 9.9% |
| Highway Users Tax Distribution | 590 | 410 | 504 | 504 | 504 | 1,008 | 94 | 10.3% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 242 | 286 | 175 | 175 | 175 | 350 | -111 | -24.1% |
| Trunk Highway | 582 | 367 | 226 | 224 | 224 | 448 | -145 | -24.5% |
| Federal | 218 | 33 | 1,025 | 125 | 125 | 250 | -808 | -76.4% |
| Miscellaneous Agency | 907 | 0 | 5 | 0 | 0 | 0 | -5 | -100.0% |
| Total | 56,066 | 50,955 | 70,260 | 61,381 | 61,381 | 122,762 | 1,547 | 1.3% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|--------------|-------------|
| | | | | | | | | |
| Total Compensation | 26,585 | 26,056 | 30,737 | 29,720 | 29,720 | 59,440 | 2,647 | 4.7% |
| Other Operating Expenses | 28,709 | 25,083 | 39,446 | 31,586 | 31,586 | 63,172 | -1,357 | -2.1% |
| Capital Outlay & Real Property | 707 | -189 | 77 | 75 | 75 | 150 | 262 | -233.9% |
| Local Assistance | 65 | 5 | 0 | 0 | 0 | 0 | -5 | -100.0% |
| Total | 56,066 | 50,955 | 70,260 | 61,381 | 61,381 | 122,762 | 1,547 | 1.3% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|--------------|------------|------------|------------|------------|------------|-----------|-------------|
| Non Dedicated | | | | | | | | |
| General | 32 | 50 | 51 | 51 | 51 | 102 | 1 | 1.0% |
| Trunk Highway | 0 | -2 | 0 | 0 | 0 | 0 | 2 | -100.0% |
| Subtotal Non Dedicated | 32 | 48 | 51 | 51 | 51 | 102 | 3 | 3.0% |
| Dedicated | | | | | | | | |
| Special Revenue | 284 | 294 | 315 | 315 | 315 | 630 | 21 | 3.4% |
| Miscellaneous Agency | 906 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Dedicated | 1,190 | 294 | 315 | 315 | 315 | 630 | 21 | 3.4% |
| Total Revenue | 1,222 | 342 | 366 | 366 | 366 | 732 | 24 | 3.4% |

TRANSPORTATION DEPTProgram: **GENERAL SUPPORT AND SVCS**

Activity: DEPARTMENT SUPPORT

Fiscal Report

| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base | | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
|-----------------------------|------------------|------------------|--------------------|--------|--------|---------------------|--------------------------------------|---------|
| | | | | FY2004 | FY2005 | | Dollars | Percent |
| Full-Time Equivalents (FTE) | 429.4 | 416.7 | 440.2 | 440.2 | 440.2 | | | |

Activity Description

This building activity covers the facilities investment and planning (planning, programming, construction) and facilities operations and maintenance (maintenance, repair, operation and administration) of buildings owned or occupied by the Minnesota Department of Transportation (Mn/DOT). This includes leased space and facilities in partnership with other political subdivisions.

This activity is governed by M.S. 2000, Ch. 174.03 Duties of the Commissioner, Subd. 4 (1), construct and maintain transportation facilities as authorized by law.

Population Served

Facilities need to be routinely operated, maintained, repaired, constructed and/or upgraded to provide for our mission of providing support facilities for the Mn/DOT. Space is required for vehicle storage and repairs, ancillary equipment, and installed facility-supporting equipment. Facilities are provided at correct locations for operations so Mn/DOT employees can efficiently and promptly respond to the highway users needs. These facilities are constructed to accommodate program requirements, new equipment demands or are regulatory or building code driven. Further, Mn/DOT facilities are built and maintained to support and meet transportation systems user needs, and to respond to environmental and safety concerns.

Mn/DOT also provides space for other state agencies to perform their missions. The Minnesota State Patrol is located in the majority of our headquarters facilities, numerous truck stations and provides a presence in major highway Rest Areas. Driver & Vehicle Services currently operates in a number of our headquarters facilities, providing customer services to the citizens of Minnesota.

Services Provided

This activity provides support facilities to the Minnesota Department of Transportation through two product and service lines:

⇒ **Facilities Investment and Planning**

Planning, programming, budget development, design, and construction of department facilities. Further includes the supervision of consultants hired to perform these functions.

⇒ **Facilities Operations and Maintenance**

Performing the necessary, maintenance and repairs to keep facilities operating for intended purpose. Development and enforcement of facility standards, building codes compliance and other regulatory requirements, and partnership agreements with other political subdivisions. Includes the administrative functions associated with custodial work, supplies and services, and telecommunications support.

Historical Perspective

Every year, Mn/DOT uses the building budget process to review and plan with building users and division staff, the deficiencies and needs for immediate and future building space and renewals. The process generally results in an 8 to 10 year plan for projects. This process also develops annual required maintenance and repair projects. Presently, the plan lists over 350 maintenance and repair projects scheduled for completion this year, and over 200 smaller ongoing projects for future years.

Wherever and whenever possible, Mn/DOT partners with local government subdivisions to construct facilities that will provide savings in effort, methods of operation, efficiencies of manpower and taxpayer monies.

Activity at a Glance

Mn/DOT owns and operates 1,042 buildings with a total of 5,754,851 square feet, including:

- ◆ 131 Truck Station Sites
- ◆ 17 Regional/HQ maintenance sites
- ◆ 5 Special Service Sites
- ◆ 55 Class I Rest Area Sites
- ◆ 22 Class II Rest Area Sites
- ◆ 8 Truck Weigh Stations
- ◆ 88 Radio Communication Sites
- ◆ 64 Salt/Sand Loading Sites
- ◆ Facilities estimated replacement cost of \$454,380,335
- ◆ Funded by direct appropriation from the trunk highway fund

TRANSPORTATION DEPT

Program: GENERAL SUPPORT AND SVCS

Activity: Buildings

Narrative

Mn/DOT has a limited in-house architectural design and construction staff, capable of producing project documentation, bidding, construction supervision and inspection. When in-house service capabilities are reached, projects are reviewed and grouped for efficiencies and location, then contracted with consultants for design and limited construction services. Mn/DOT staff continues to provide facility standards, equipment requirements, and specification details. Further, this staff supervises and coordinates consultant services as project managers.

Key Measures

Mn/DOT has established a number of key measures to provide status of this program as well as performance measurement.

⇒ ***Building Adequacy - percent of buildings meeting functional needs.***

Based on the Facilities Assessment Report developed by Mn/DOT Facilities Management Services and performed by the District Physical Plant Supervisors. The number of facilities scoring a certain number of points determines the percent. These assessments provide Mn/DOT facility planners with information concerning building primary and secondary systems, site conditions, safety concerns, functional standards, energy conservation, barrier free access and environmental conditions. In 2002, 80% of buildings met functional needs. The target is 80%.

⇒ ***Building Improvement and Replacement - percent of current biennium Six-year Capital Budget design and construction program on schedule.***

Using the six-year construction plan, design and construction project schedules were developed and are tracked monthly to ensure remedial action can be taken to produce plans, specifications and construction of a facility on time and on budget. The same process is used to schedule and track maintenance projects.

Contact

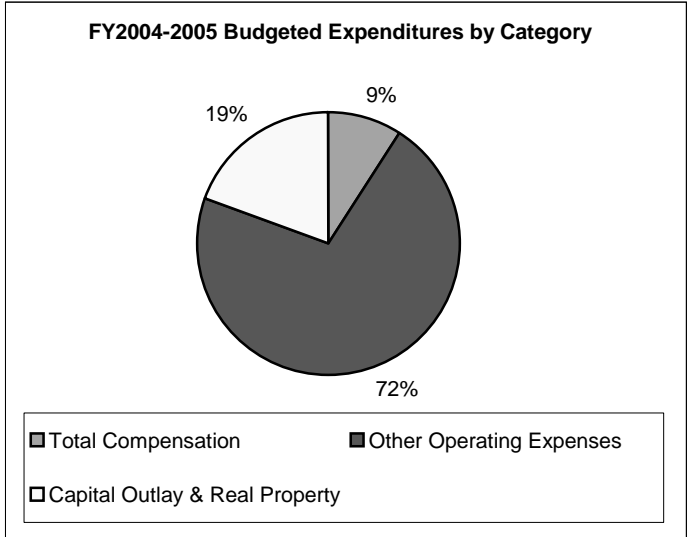
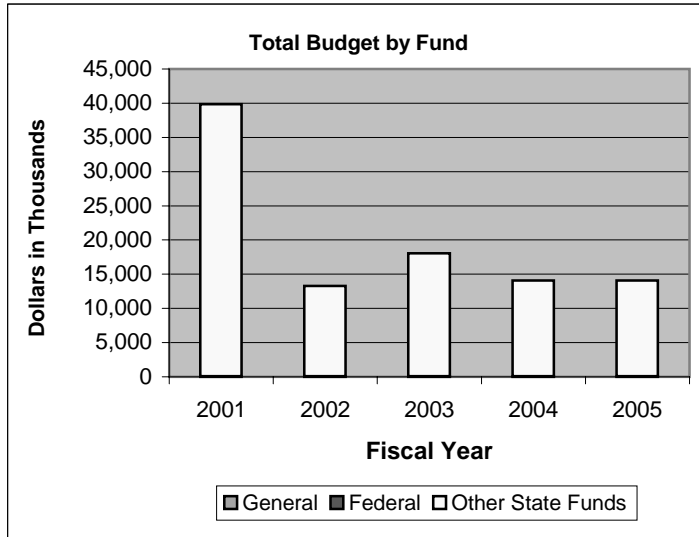
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Phone: (651) 297-3591
E-mail: richard.post@dot.state.mn.us

TRANSPORTATION DEPT

Program: **GENERAL SUPPORT AND SVCS**

Activity: BUILDINGS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 49 | 54 | 56 | 56 | 56 | 112 | 2 | 1.8% |
| Trunk Highway | 39,824 | 13,252 | 18,002 | 14,021 | 14,021 | 28,042 | -3,212 | -10.3% |
| Total | 39,873 | 13,306 | 18,058 | 14,077 | 14,077 | 28,154 | -3,210 | -10.2% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Total Compensation | 1,080 | 1,391 | 1,289 | 1,289 | 1,289 | 2,578 | -102 | -3.8% |
| Other Operating Expenses | 9,245 | 9,436 | 11,046 | 10,065 | 10,065 | 20,130 | -352 | -1.7% |
| Capital Outlay & Real Property | 29,548 | 2,479 | 5,723 | 2,723 | 2,723 | 5,446 | -2,756 | -33.6% |
| Total | 39,873 | 13,306 | 18,058 | 14,077 | 14,077 | 28,154 | -3,210 | -10.2% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 0.3 | 0.0 | 0.0 | 0.0 | 0.0 |
|------------------------------------|------------|------------|------------|------------|------------|

Agency Purpose

The eight Minnesota commissioners on Uniform State Laws participate, as Minnesota's members, in the activities of the National Conference of Commissioners on Uniform State Laws. The NCCUSL is a 110-year-old organization dedicated to the drafting of complicated state legislation in the area of private law. The NCCUSL focuses primarily on areas where uniformity of law among the states is particularly important.

The commissioners serve without compensation.

Operations

The conference work is done initially by committees of commissioners that meet in three-day weekend meetings over at least two years. These committees are staffed by law professors and advised by interested groups, consumer groups, industry groups, and American Bar Association members. Committee drafts are presented for consideration by the full commission in at least two week long annual meetings before they are promulgated as uniform acts and submitted to the 50 state legislatures for enactment.

A significant part of the energy of conference leadership is expended evaluating subjects suggested as appropriate for drafting projects. Suggestions are received and are always welcomed from many sources.

Key Measures

Conference success is measured by adoption of its acts by state legislatures and the extent to which the conference can relieve legislatures of work by creating a community consensus on its draft acts.

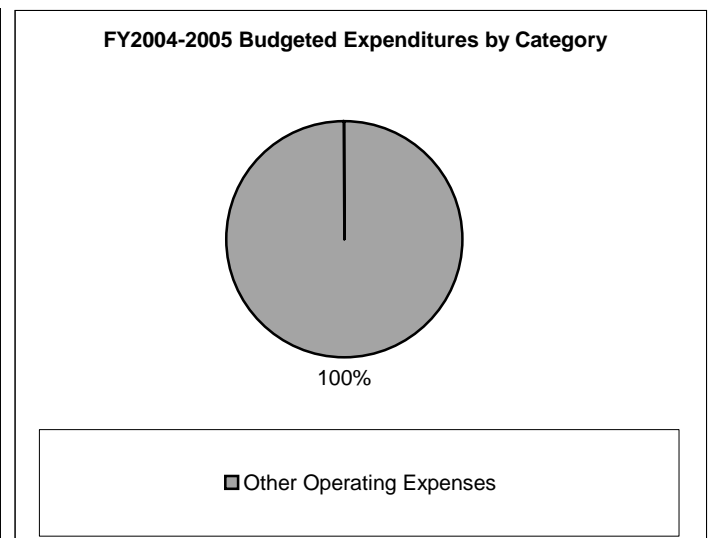
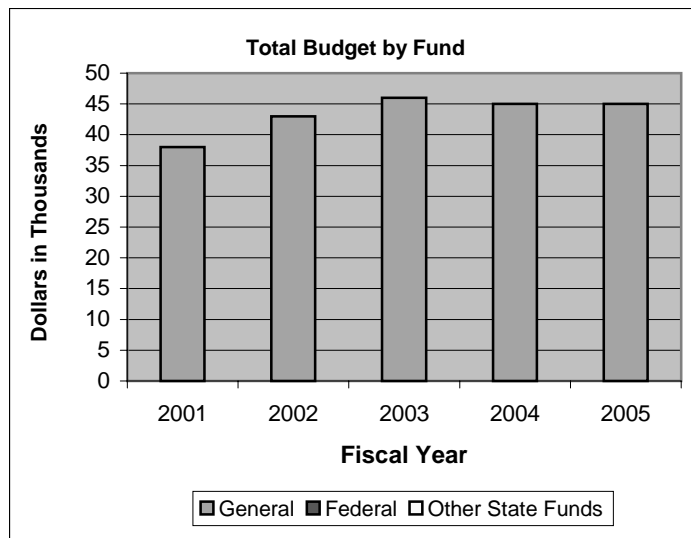
Legislators are the conference's constituency. Minnesota has enacted more than 50 uniform acts and codes that remain in its statutes today. These include such important acts as the Uniform Commercial Code, the Uniform Probate Code, and the Anatomical Gifts Act. During the FY 2003-04 Minnesota legislative session, the Minnesota commissioners will bring to the legislature for consideration the following acts: Uniform Arbitration Act, Revised Uniform Parentage Act, and Uniform Principal and Income Act, among others.

Budget

The NCCUSL is supported by dues paid by each state based on populations. These dues are from legislative appropriation. The Minnesota appropriation covers its dues and reimbursement of the food, lodging and travel expenses of the Minnesota commissioners for attendance at the weeklong annual meeting. Total funding for FY 2002-03 is \$89,000.

Contact

Harry Haynesworth
Phone: (651) 290-6310
Dean, William Mitchell College of Law



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 38 | 43 | 46 | 45 | 45 | 90 | 1 | 1.1% |
| Total | 38 | 43 | 46 | 45 | 45 | 90 | 1 | 1.1% |
| Expenditures by Category | | | | | | | | |
| Other Operating Expenses | 38 | 43 | 46 | 45 | 45 | 90 | 1 | 1.1% |
| Total | 38 | 43 | 46 | 45 | 45 | 90 | 1 | 1.1% |
| Expenditures by Program | | | | | | | | |
| Uniform Laws Cmsn | 38 | 43 | 46 | 45 | 45 | 90 | 1 | 1.1% |
| Total | 38 | 43 | 46 | 45 | 45 | 90 | 1 | 1.1% |

Agency Purpose

The University of Minnesota is both the state's land-grant university, with a strong tradition of education and public service, and a major research institution, with faculty of national and international reputation. Its statutory mission is to "offer undergraduate, graduate, and professional instruction through the doctoral degree, and . . . be the primary state supported academic agency for research and extension services." (M.S. 135A.052)

The University of Minnesota, founded in 1851, has four campuses (Twin Cities, Duluth, Morris, Crookston), a collaborative center at Rochester, and research and outreach centers and extension service offices throughout the state.

The University is a multi-campus university and not a system with a separate system office. The chief operating officers for the Twin Cities campus also serve as the senior officers for the entire University.

The Twin Cities campus is one of the three largest campuses in the country in terms of enrollment (46,000 students) and also one of the most comprehensive. It is the state's major research campus and with \$400 million annually in research, it accounts for more than 93% of all research expenditures at Minnesota's higher education institutions, both public and private.

The Duluth campus (9,000 students) is a comprehensive regional university that offers instruction through the master's degree and has unique research strengths in natural and fresh water resources.

The Morris campus (2,000 students) provides an innovative and high quality residential undergraduate liberal arts education to a very select and intellectually-gifted student body.

The Crookston campus (1,200 students) provides career-oriented education at the baccalaureate level, primarily in poly-technical disciplines.

The Rochester collaborative center is focused on meeting the educational needs of the Rochester area at the upper division and post-baccalaureate levels.

Core Functions

The University of Minnesota's three mission activities are 1) instruction, 2) research, and 3) public service.

Instruction: The University of Minnesota provides instruction through a broad range of educational programs that prepare undergraduate, graduate, and professional students for productive roles in society.

Research: The University of Minnesota generates and preserves knowledge, understanding, and creativity by conducting research, scholarship, and artistic activity.

Public Service: The University of Minnesota exchanges its knowledge and resources with society by making them accessible to the citizens of the state.

At A Glance

Governance:

The University of Minnesota is governed by a 12-member, legislatively appointed Board of Regents.

Statewide Presence:

- ◆ 4 campuses (Crookston, Duluth, Morris, Twin Cities)
- ◆ 1 collaborative center in Rochester
- ◆ 7 research & outreach centers (Crookston, Grand Rapids, Lamberton, Morris, Rosemount, Waseca, Cloquet)
- ◆ 87 University of Minnesota Extension offices (one in each county)

Annual Budget:

\$1.94 billion (FY 2001 actual revenues)

Student Enrollment (Fall 2001):

| | |
|--------------|----------------------|
| 38,847 | Undergraduate |
| 10,761 | Graduate |
| 2,739 | Professional |
| <u>8,086</u> | Non-Degree |
| 60,433 | TOTAL / all campuses |

Faculty and Staff (2002):

| | |
|--------|-------------------|
| 17,881 | Faculty and Staff |
| 13,019 | Student Workers |

Operations

The University of Minnesota conducts its mission activities from its campuses and other facilities throughout the state. Each year, the University of Minnesota:

- ◆ provides instruction for more than 60,000 students;
- ◆ graduates 10,500 students, 35% with graduate or first professional degrees;
- ◆ conducts approximately \$400 million in research sponsored by the National Institutes of Health, the National Science Foundation, many other federal agencies, and numerous private companies and foundations; and
- ◆ reaches out to more than one million Minnesotans through various outreach and public service activities.

Budget

The University of Minnesota's FY 2001 revenues of \$1.94 billion are a combination of five main sources of revenue:

| | |
|---------------------------------|---------------------|
| ◆ Gifts, Grants, and Contracts* | \$647 million / 33% |
| ◆ State Appropriations: | \$616 million / 32% |
| ◆ Sales Revenue: | \$309 million / 16% |
| ◆ Tuition and Fees: | \$306 million / 16% |
| ◆ Endowment/Other: | \$ 65 million / 3% |

*NOTE: Includes approximately \$400 million of sponsored research grants and contracts.

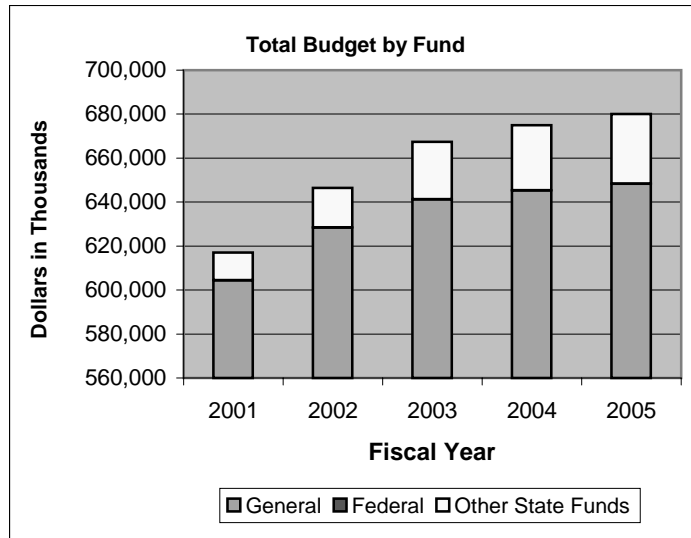
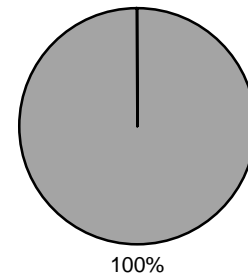
The University of Minnesota's total state appropriation includes both a general unrestricted appropriation that supports the University's core operations and appropriations that are restricted to special purposes (e.g., University of Minnesota Extension Service).

Contact

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Office of University Relations
6 Morrill Hall
100 Church Street South East
Minneapolis, Minnesota 55455

World Wide Web Home Page: www.umn.edu/govrel

Sandra Gardebring, VP University Relations
Phone: (612) 624-6868
Fax: (612) 624-6369

**FY2004-2005 Budgeted Expenditures by Category**

Local Assistance

| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|------------------|------------------|--------------------|----------------|--------------------|---------------------|--------------------------------------|-------------|
| Expenditures by Fund | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| Environment & Natural Resource | 1,836 | 480 | 734 | 0 | 0 | 0 | -1,214 | -100.0% |
| General | 604,382 | 628,470 | 641,210 | 645,224 | 648,387 | 1,293,611 | 23,931 | 1.9% |
| Minnesota Resources | 0 | 475 | 0 | 0 | 0 | 0 | -475 | -100.0% |
| Health Care Access | 2,837 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Medical Education & Research | 6,969 | 12,327 | 20,562 | 23,348 | 23,706 | 47,054 | 14,165 | 43.1% |
| Statutory Appropriations | | | | | | | | |
| Health Care Access | 0 | 2,537 | 2,537 | 2,537 | 2,537 | 5,074 | 0 | 0.0% |
| Special Revenue | 0 | 0 | 500 | 0 | 0 | 0 | -500 | -100.0% |
| Miscellaneous Agency | 990 | 2,102 | 1,914 | 3,848 | 5,371 | 9,219 | 5,203 | 129.6% |
| Total | 617,014 | 646,391 | 667,457 | 674,957 | 680,001 | 1,354,958 | 41,110 | 3.1% |

| | | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|------------------|---------------|-------------|
| Expenditures by Category | | | | | | | | |
| Local Assistance | 617,014 | 646,391 | 667,457 | 674,957 | 680,001 | 1,354,958 | 41,110 | 3.1% |
| Total | 617,014 | 646,391 | 667,457 | 674,957 | 680,001 | 1,354,958 | 41,110 | 3.1% |

| | | | | | | | | |
|--------------------------------|----------------|----------------|----------------|----------------|----------------|------------------|---------------|-------------|
| Expenditures by Program | | | | | | | | |
| Permanent University Fund | 990 | 2,102 | 1,914 | 3,848 | 5,371 | 9,219 | 5,203 | 129.6% |
| Maintenance & Operations | 531,053 | 554,561 | 567,563 | 571,577 | 574,740 | 1,146,317 | 24,193 | 2.2% |
| Agriculture Special | 57,588 | 58,838 | 58,838 | 58,838 | 58,838 | 117,676 | 0 | 0.0% |
| Health Science Special | 15,652 | 20,710 | 28,828 | 31,614 | 31,972 | 63,586 | 14,048 | 28.4% |
| Technology Special | 1,645 | 1,645 | 1,612 | 1,612 | 1,612 | 3,224 | -33 | -1.0% |
| System Specials | 7,430 | 7,580 | 7,468 | 7,468 | 7,468 | 14,936 | -112 | -0.7% |
| Lcmr/Mn Resources | 2,656 | 955 | 734 | 0 | 0 | 0 | -1,689 | -100.0% |
| Special Projects | 0 | 0 | 500 | 0 | 0 | 0 | -500 | -100.0% |
| Total | 617,014 | 646,391 | 667,457 | 674,957 | 680,001 | 1,354,958 | 41,110 | 3.1% |

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|---------------|---------------|-----------------------------|--|----------------|
| | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base | | Biennium 2004-05 | Dollars | Percent |
| Revenue by Type and Fund | | | | FY2004 | FY2005 | | | |
| Dedicated | | | | | | | | |
| General | 0 | 0 | 12,700 | 17,400 | 22,100 | 39,500 | 26,800 | 211.0% |
| Health Care Access | 0 | 2,537 | 2,537 | 2,537 | 2,537 | 5,074 | 0 | 0.0% |
| Special Revenue | 0 | 0 | 500 | 0 | 0 | 0 | -500 | -100.0% |
| Medical Education & Research | 0 | 4,891 | 4,900 | 4,900 | 4,900 | 9,800 | 9 | 0.1% |
| Subtotal Dedicated | 0 | 7,428 | 20,637 | 24,837 | 29,537 | 54,374 | 26,309 | 93.7% |
| Total Revenue | 0 | 7,428 | 20,637 | 24,837 | 29,537 | 54,374 | 26,309 | 93.7% |

0.0%

Program Description

The University of Minnesota is both the state's land-grant university, with a strong tradition of education and public service, and a major research institution, with faculty of national and international reputation. Its statutory mission is to "offer undergraduate, graduate, and professional instruction through the doctoral degree, and . . . be the primary state supported academic agency for research and extension services." (MS 135A.052)

The University of Minnesota, founded in 1851, has four campuses (Twin Cities, Duluth, Morris, Crookston), a collaborative center at Rochester, and research and outreach centers and extension service offices throughout the state.

The University is a multi-campus university and not a system with a separate system office. The chief operating officers for the Twin Cities campus also serve as the senior officers for the entire University.

Population Served

The University of Minnesota provides services to students and citizens of the state. Some of the University's services are so far-reaching that citizens of the nation and the world are beneficiaries. The University's missions of instruction, research, and public service are mutually reinforcing activities and often intersect in the delivery of services.

The instructional mission serves students throughout their lifetimes and is delivered in different modalities—from classroom instruction, to the Internet, to outreach activities in local communities. Over 60,000 students enroll in undergraduate, graduate, and professional degree programs at the University. Programs at the University can be viewed at

<http://www1.umn.edu/systemwide/syscoll.html>. Talented secondary students receive instruction through the Post-Secondary Education Option Act, the Talented Youth Mathematics program, the Minority Health High School Superstar Program, and many other programs. Adult learners have opportunities through online courses, professional development courses, and certificate programs, as well as educational outreach programs in communities throughout the state.

Research conducted at the University of Minnesota benefits the state and all of society. Research fuels job creation—for every \$1 million spent on university-based research, 38.1 jobs are created in Minnesota. Research expands the sum of human knowledge and research labs provide the training ground for future scientists. Research at the University has resulted in discoveries and inventions in agriculture, medicine, engineering, and other fields. Many start-up companies have been formed and technologies licensed as a result of University research. Discoveries from seed stock to plant varieties, from animal vaccines to drugs for humans, from medical devices to engineering applications all contribute to the high quality of life in Minnesota. Current University of Minnesota research programs are sponsored by hundreds of federal agencies, private foundations, and private companies. These sponsors are among the many who are served by the University. Highlights of FY 2002 research activity can be found at <http://www.rtportal.umn.edu/images/pdfs/2002statefair.pdf>.

Program at a Glance

Governance

The University of Minnesota is governed by a 12-member, legislatively-appointed Board of Regents.

Instruction

| | |
|---------------------------------|--------------------|
| Student Enrollment (Fall 2001): | |
| 38,847 | undergraduate |
| 10,761 | graduate |
| 2,739 | professional |
| <u>8,086</u> | non-degree |
| 60,433 | TOTAL all campuses |

- ◆ More than 15 academic programs rank in the top 10 nationally
- ◆ More than 10,000 degrees awarded in 2001
- ◆ 70% of all freshman live on campus

Research

- ◆ \$526.6 million in research grant awards in FY 2002; \$370.1 million from federal agencies and the balance from private sources, industry, and state and local governments
- ◆ 98% of research and development conducted by higher education institutions in Minnesota is conducted at the University of Minnesota
- ◆ 38 patents issued to U researchers in 2002 and 65 new technologies licensed

Public Service

- ◆ More than 1 million people served annually
- ◆ An Extension presence in every Minnesota county
- ◆ 6 research and outreach centers in state

The public service and outreach mission of the University serves communities throughout the state. Outreach programs serve as a way to transfer and exchange knowledge between the University and society. A full range of University expertise is offered to respond to the diverse needs of the citizens of the state. More than one million people are served annually by University public service activities. The largest program is the University of Minnesota Extension Service, which has a presence in every county in the state. Examples of the wide range of other programs available are: mini-medical school, a swine disease eradication program, telemedicine, economic development for northeastern Minnesota, a health care purchasing alliance, cooperative programs with school districts, and technology training. The Minnesota Geological Survey, the Veterinary Diagnostics Laboratory, and the Center for Urban and Regional Affairs are just a few of the centers at the University offering outreach services. University of Minnesota faculty who are veterinarians, dentists, pharmacists, and physicians also provide a special kind of public service through their clinical work at the University and affiliated hospitals and clinics.

Services Provided

The University of Minnesota's three mission activities are 1) instruction, 2) research, and 3) public service.

1. **Instruction:** The University of Minnesota provides instruction through a broad range of educational programs that prepare undergraduate, graduate, and professional students for productive roles in society.
2. **Research:** The University of Minnesota generates and preserves knowledge, understanding, and creativity by conducting research, scholarship, and artistic activity.
3. **Public Service:** The University of Minnesota exchanges its knowledge and resources with society by making them accessible to the citizens of the state.

Historical Perspective

Over the past decade, the University has given high priority to continuing the improvement of its undergraduate, graduate, and professional programs as can be measured by the success of its students (e.g., the graduation and retention rates of undergraduates). The University has added faculty to institute freshman seminars, which offer challenging, in-depth study with a distinguished faculty member in a small-group setting. The University has also expanded residential learning—an educational model in which students with shared academic interests choose to reside together. And in cooperation with the state of Minnesota, the University has invested more than \$1 billion in capital improvements on all of its campuses to enhance the physical environment for students.

The University continues to grow its highly-ranked research endeavor to meet the needs of the state and nation. In FY 2002, the University was awarded a record \$526.6 million in grants to pursue research activities. Included in this figure is approximately \$370 million from federal agencies; additional grants were received from business and industry as well as state and local governments. The University was issued 38 patents in FY 2002, currently has more than 500 active licenses with industry, and is ranked number 4 nationally in the number of start-up companies formed as a result of university research.

Throughout the decades, the University has fulfilled its mission as the state's land-grant university through numerous public service and outreach activities. Though achieving greater efficiencies, the University of Minnesota Extension Service still has a presence in all 87 counties in the state. And in the last few years, with the aim of "renewing the civic mission of research universities," the Office of the President has supported a University-wide Civic Engagement Initiative in collaboration with the Center for Democracy and Citizenship. Through this and other endeavors, the University has made an institutional commitment to its responsibility to strengthen the democratic way of life in a rapidly changing society.

Key Measures

In 1994, the Board of Regents established 12 benchmarks for measuring institutional performance. By 1996, they had expanded to 14 institutional measurement areas. These 14 measurement areas fall into 4 subject matter groups: core resources, students, faculty accomplishments, and external relationships. Each group has multiple specific measures. A full description of all 14 measures can be found at <http://www.evpp.umn.edu/evpp/critmeas/>.

In 2000, the Board of Regents requested that three institutional reports — Institutional Measures, Compact Planning, and an annual academic plan and report — be consolidated into one comprehensive report. The first consolidated report, the University Plan, Performance, and Accountability Report, was released in 2001. It is available at <http://www.evpp.umn.edu/uplan/2001>. This report articulates the alignment of collegiate and unit academic priorities to the overall goals of the University.

Program Funding

The general state appropriation for the University of Minnesota totaled \$554 million in FY 2002. In addition to this general appropriation, the University receives restricted state funding for specific purposes at the University. Among these restricted appropriations are the four separate appropriations called State Specials (\$74 million in FY02); statutorily appropriated income from the two medical education endowments established with tobacco settlement revenue (\$12.3 million in FY02); MinnCare funds for primary care resident educational programs (\$2.5 million in FY02); and various Legislative Commission on Minnesota Resource funded projects.

Combined, these general and restricted sources of state funding supported approximately 31% of the University's FY 2002 total budget.

Contact

University of Minnesota Office of University Relations
3 Morrill Hall
100 Church Street South East
Minneapolis, Minnesota 55455

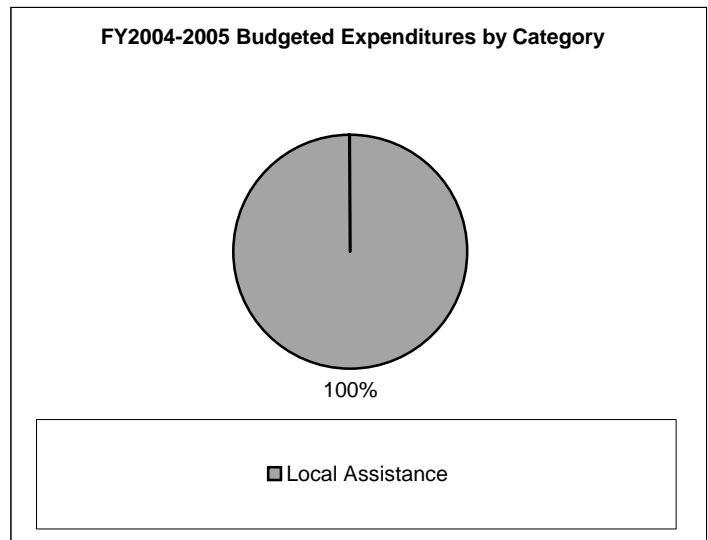
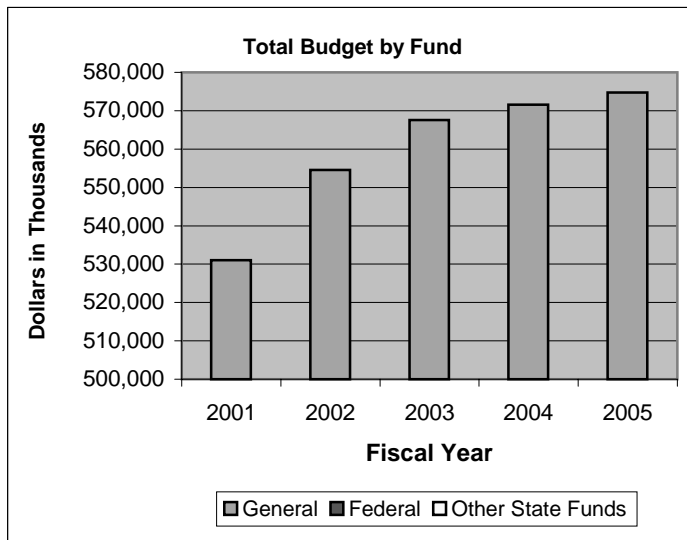
Sandra Gardebring, Vice President of University Relations
Phone: (612) 624-6868
Fax: (612) 624-6369

World Wide Web home page:
www.umn.edu/govrel

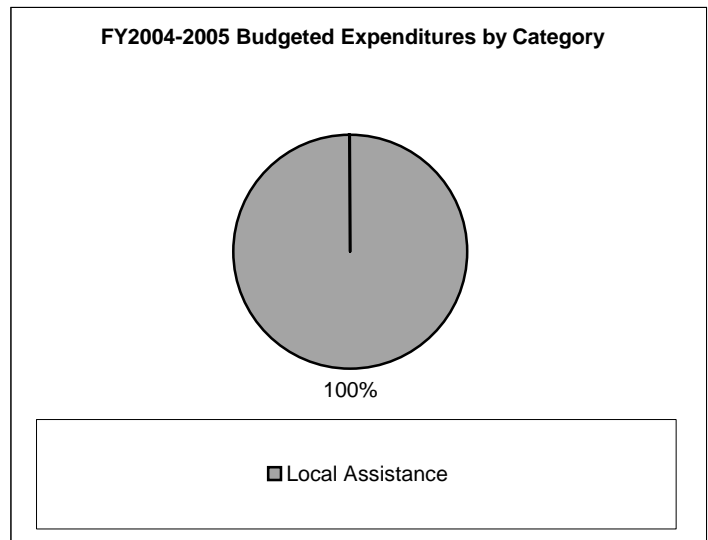
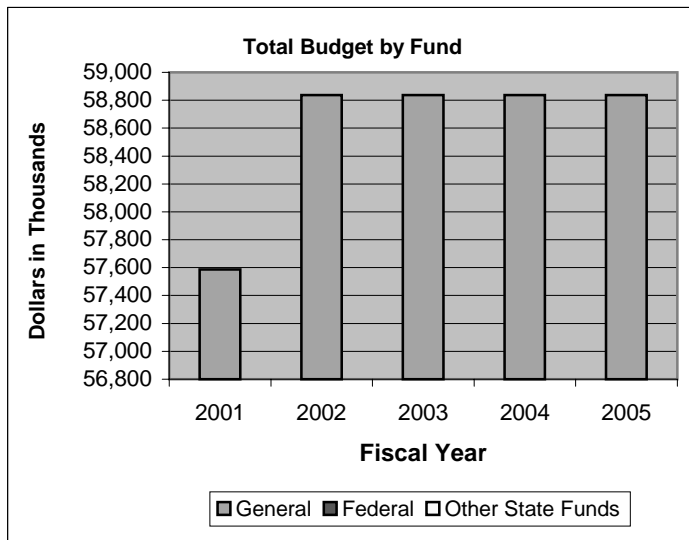
UNIVERSITY OF MINNESOTA

Program: MAINTENANCE & OPERATIONS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 531,053 | 554,561 | 567,563 | 571,577 | 574,740 | 1,146,317 | 24,193 | 2.2% |
| Total | 531,053 | 554,561 | 567,563 | 571,577 | 574,740 | 1,146,317 | 24,193 | 2.2% |
| Expenditures by Category | | | | | | | | |
| Local Assistance | 531,053 | 554,561 | 567,563 | 571,577 | 574,740 | 1,146,317 | 24,193 | 2.2% |
| Total | 531,053 | 554,561 | 567,563 | 571,577 | 574,740 | 1,146,317 | 24,193 | 2.2% |
| Expenditures by Activity | | | | | | | | |
| Maintenance & Operations | 531,053 | 554,561 | 567,563 | 571,577 | 574,740 | 1,146,317 | 24,193 | 2.2% |
| Total | 531,053 | 554,561 | 567,563 | 571,577 | 574,740 | 1,146,317 | 24,193 | 2.2% |

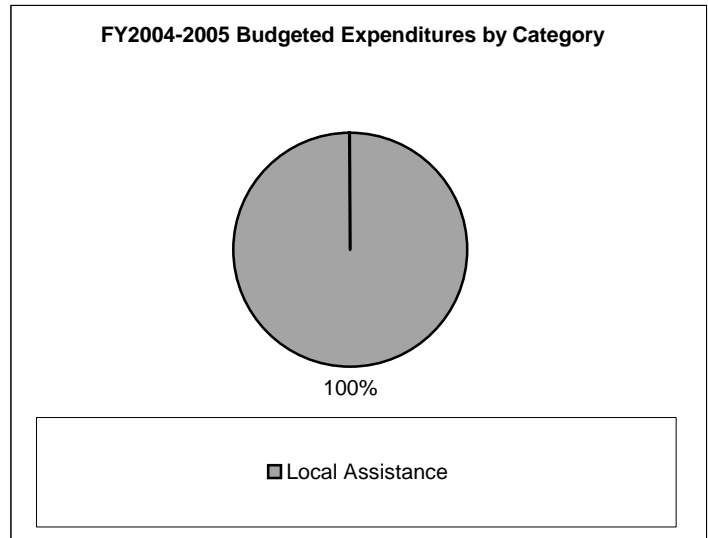
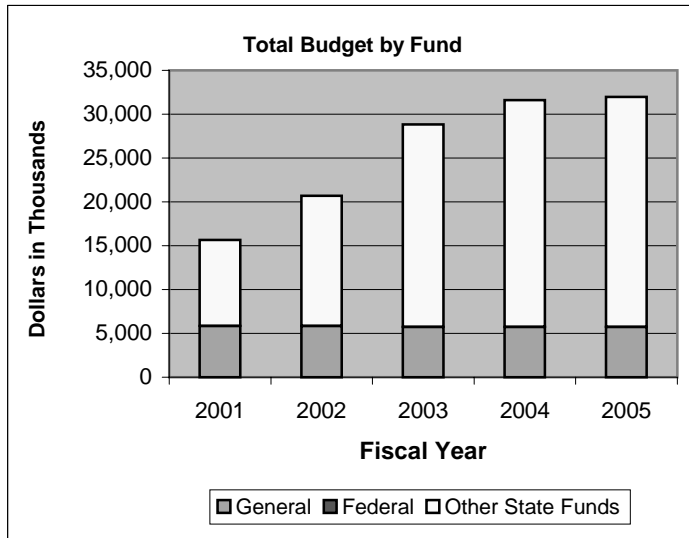


| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 57,588 | 58,838 | 58,838 | 58,838 | 58,838 | 117,676 | 0 | 0.0% |
| Total | 57,588 | 58,838 | 58,838 | 58,838 | 58,838 | 117,676 | 0 | 0.0% |
| Expenditures by Category | | | | | | | | |
| Local Assistance | 57,588 | 58,838 | 58,838 | 58,838 | 58,838 | 117,676 | 0 | 0.0% |
| Total | 57,588 | 58,838 | 58,838 | 58,838 | 58,838 | 117,676 | 0 | 0.0% |
| Expenditures by Activity | | | | | | | | |
| Agriculture Special | 57,588 | 58,838 | 58,838 | 58,838 | 58,838 | 117,676 | 0 | 0.0% |
| Total | 57,588 | 58,838 | 58,838 | 58,838 | 58,838 | 117,676 | 0 | 0.0% |

UNIVERSITY OF MINNESOTA

Program: HEALTH SCIENCE SPECIAL

Fiscal Report



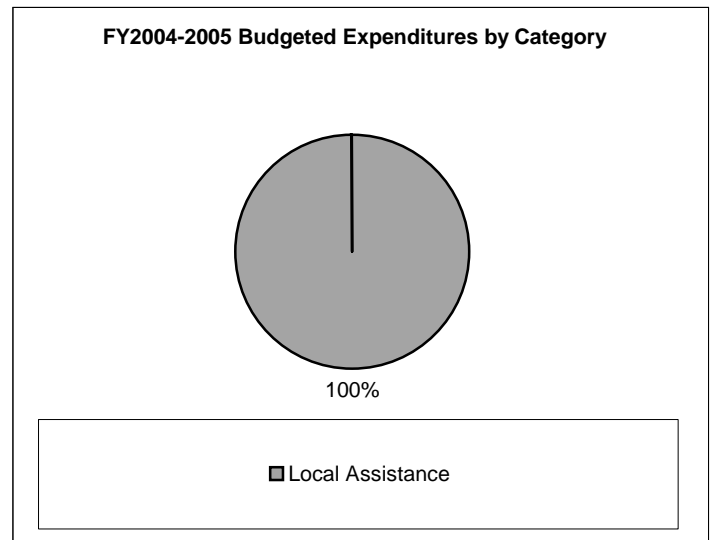
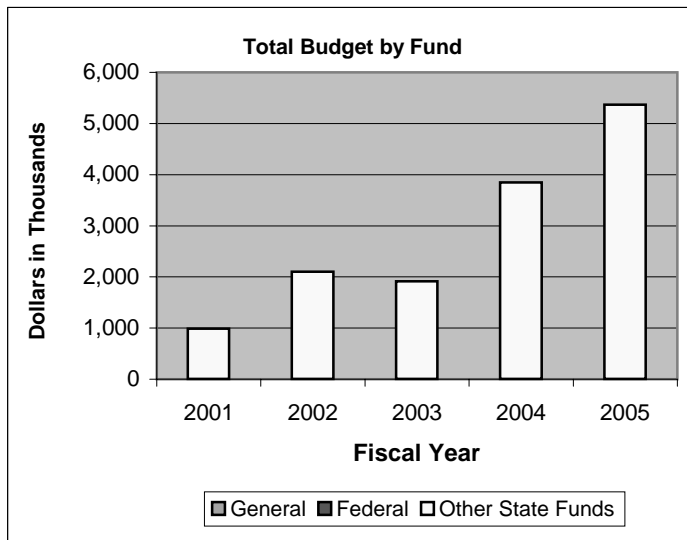
| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 5,846 | 5,846 | 5,729 | 5,729 | 5,729 | 11,458 | -117 | -1.0% |
| Health Care Access | 2,837 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Medical Education & Research | 6,969 | 12,327 | 20,562 | 23,348 | 23,706 | 47,054 | 14,165 | 43.1% |
| Statutory Appropriations | | | | | | | | |
| Health Care Access | 0 | 2,537 | 2,537 | 2,537 | 2,537 | 5,074 | 0 | 0.0% |
| Total | 15,652 | 20,710 | 28,828 | 31,614 | 31,972 | 63,586 | 14,048 | 28.4% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Expenditures by Category | | | | | | | | |
| Local Assistance | 15,652 | 20,710 | 28,828 | 31,614 | 31,972 | 63,586 | 14,048 | 28.4% |
| Total | 15,652 | 20,710 | 28,828 | 31,614 | 31,972 | 63,586 | 14,048 | 28.4% |

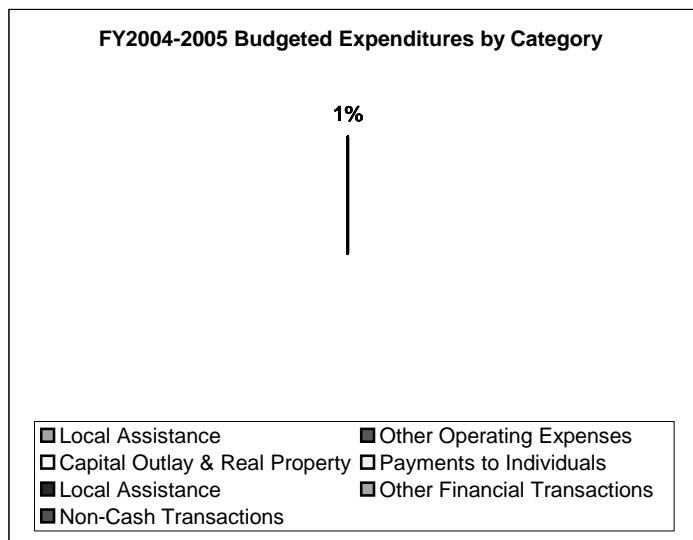
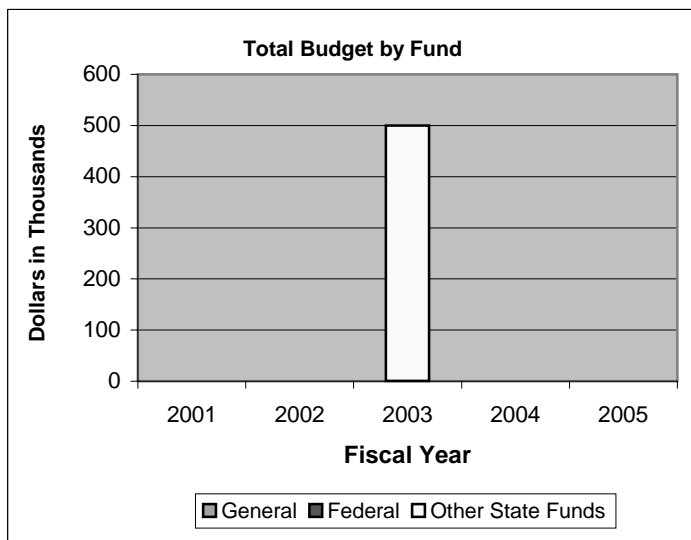
| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Expenditures by Activity | | | | | | | | |
| Health Science Special | 5,846 | 5,846 | 5,729 | 5,729 | 5,729 | 11,458 | -117 | -1.0% |
| Academic Health Center | 0 | 623 | 8,840 | 11,642 | 11,914 | 23,556 | 14,093 | 148.9% |
| Minnicare | 2,837 | 2,537 | 2,537 | 2,537 | 2,537 | 5,074 | 0 | 0.0% |
| Tobacco Medical Education | 6,969 | 11,704 | 11,722 | 11,706 | 11,792 | 23,498 | 72 | 0.3% |
| Total | 15,652 | 20,710 | 28,828 | 31,614 | 31,972 | 63,586 | 14,048 | 28.4% |

| | | | | | | | | |
|---------------------------------|----------|--------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| General | 0 | 0 | 12,700 | 17,400 | 22,100 | 39,500 | 26,800 | 211.0% |
| Health Care Access | 0 | 2,537 | 2,537 | 2,537 | 2,537 | 5,074 | 0 | 0.0% |
| Medical Education & Research | 0 | 4,891 | 4,900 | 4,900 | 4,900 | 9,800 | 9 | 0.1% |
| Subtotal Dedicated | 0 | 7,428 | 20,137 | 24,837 | 29,537 | 54,374 | 26,809 | 97.3% |
| Total Revenue | 0 | 7,428 | 20,137 | 24,837 | 29,537 | 54,374 | 26,809 | 97.3% |

0.0%



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|---------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | FY2005 | Biennium 2004-05 | Dollars | Percent |
| Statutory Appropriations | | | | | | | | |
| Miscellaneous Agency | 990 | 2,102 | 1,914 | 3,848 | 5,371 | 9,219 | 5,203 | 129.6% |
| Total | 990 | 2,102 | 1,914 | 3,848 | 5,371 | 9,219 | 5,203 | 129.6% |
| Expenditures by Category | | | | | | | | |
| Local Assistance | 990 | 2,102 | 1,914 | 3,848 | 5,371 | 9,219 | 5,203 | 129.6% |
| Total | 990 | 2,102 | 1,914 | 3,848 | 5,371 | 9,219 | 5,203 | 129.6% |
| Expenditures by Activity | | | | | | | | |
| Permanent University Fund | 990 | 2,102 | 1,914 | 3,848 | 5,371 | 9,219 | 5,203 | 129.6% |
| Total | 990 | 2,102 | 1,914 | 3,848 | 5,371 | 9,219 | 5,203 | 129.6% |



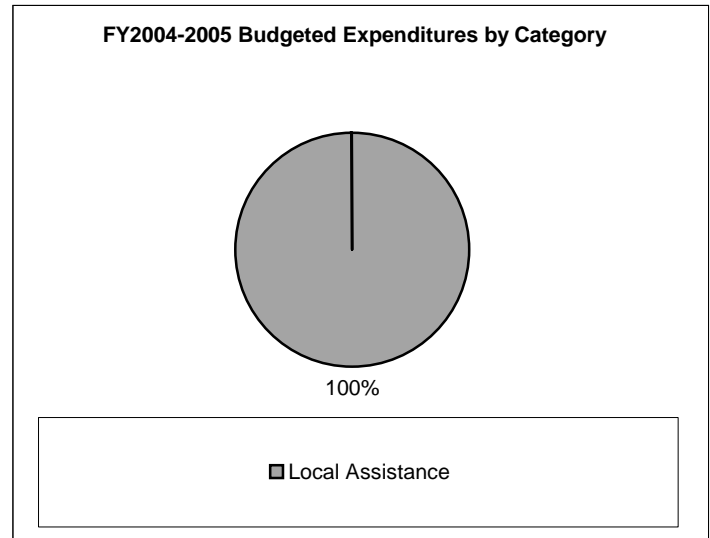
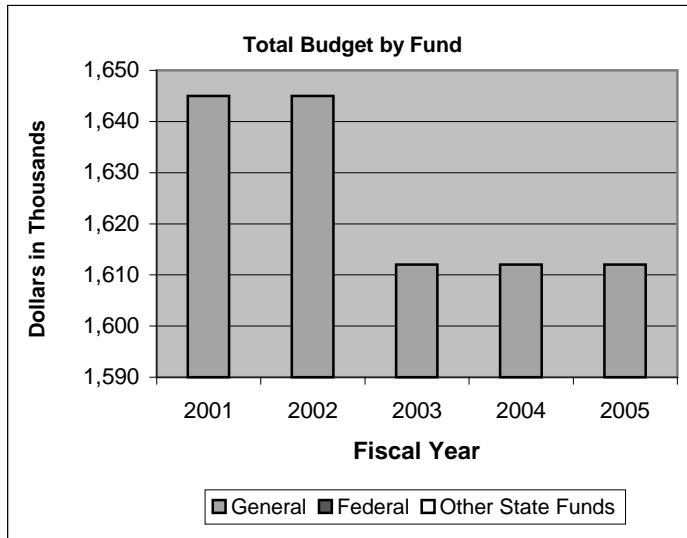
| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|---------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | FY2005 | Biennium 2004-05 | Dollars | Percent |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 0 | 0 | 500 | 0 | 0 | 0 | -500 | -100.0% |
| Total | 0 | 0 | 500 | 0 | 0 | 0 | -500 | -100.0% |

| | | | | | | | | |
|---------------------------------|----------|----------|------------|----------|----------|----------|-------------|----------------|
| Expenditures by Category | | | | | | | | |
| Local Assistance | 0 | 0 | 500 | 0 | 0 | 0 | -500 | -100.0% |
| Total | 0 | 0 | 500 | 0 | 0 | 0 | -500 | -100.0% |

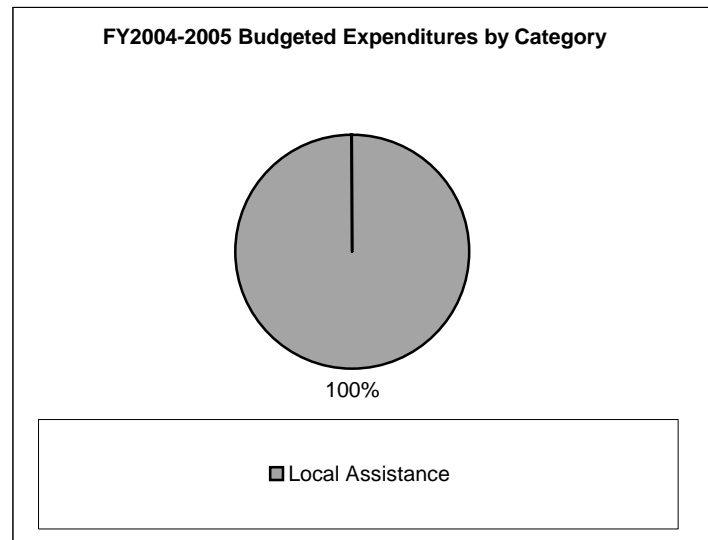
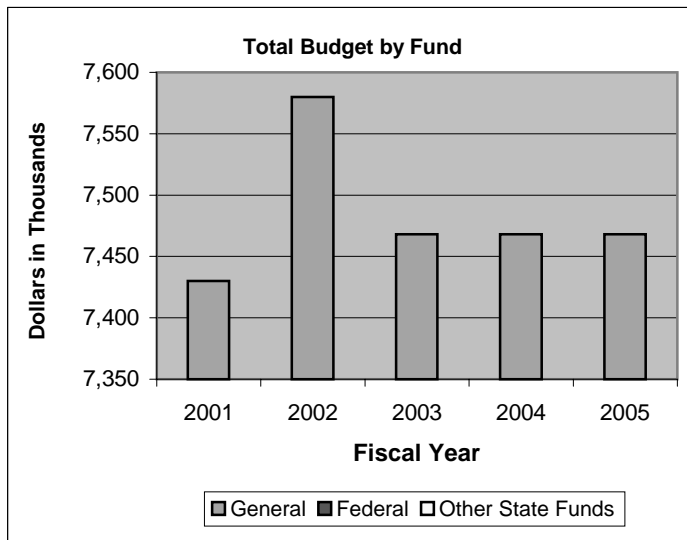
| | | | | | | | | |
|---------------------------------|----------|----------|------------|----------|----------|----------|-------------|----------------|
| Expenditures by Activity | | | | | | | | |
| Special Projects | 0 | 0 | 500 | 0 | 0 | 0 | -500 | -100.0% |
| Total | 0 | 0 | 500 | 0 | 0 | 0 | -500 | -100.0% |

| | | | | | | | | |
|---------------------------------|----------|----------|------------|----------|----------|----------|-------------|----------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Special Revenue | 0 | 0 | 500 | 0 | 0 | 0 | -500 | -100.0% |
| Subtotal Dedicated | 0 | 0 | 500 | 0 | 0 | 0 | -500 | -100.0% |
| Total Revenue | 0 | 0 | 500 | 0 | 0 | 0 | -500 | -100.0% |

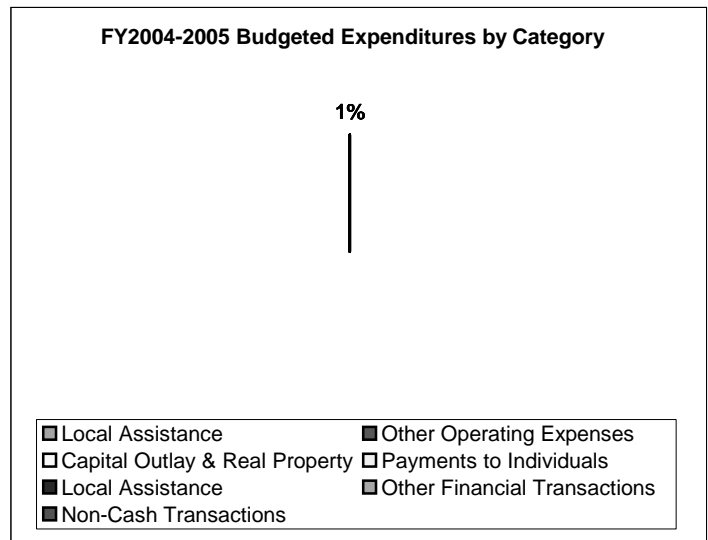
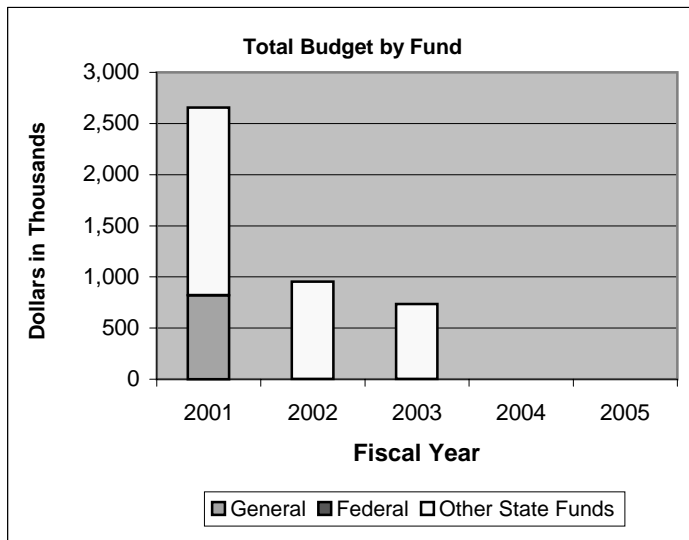
0.0%



| <i>Dollars in Thousands</i> | | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|------------------|------------------|--------------------|----------------|--------------|---------------------|--|--------------------------------------|--------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | FY2005 | Biennium 2004-05 | | Dollars | Percent |
| Direct Appropriations | | | | | | | | | |
| General | 1,645 | 1,645 | 1,612 | 1,612 | 1,612 | 3,224 | | -33 | -1.0% |
| Total | 1,645 | 1,645 | 1,612 | 1,612 | 1,612 | 3,224 | | -33 | -1.0% |
| Expenditures by Category | | | | | | | | | |
| Local Assistance | 1,645 | 1,645 | 1,612 | 1,612 | 1,612 | 3,224 | | -33 | -1.0% |
| Total | 1,645 | 1,645 | 1,612 | 1,612 | 1,612 | 3,224 | | -33 | -1.0% |
| Expenditures by Activity | | | | | | | | | |
| Technology Special | 1,645 | 1,645 | 1,612 | 1,612 | 1,612 | 3,224 | | -33 | -1.0% |
| Total | 1,645 | 1,645 | 1,612 | 1,612 | 1,612 | 3,224 | | -33 | -1.0% |



| <i>Dollars in Thousands</i> | | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|---------------|-----------------------------|--|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | FY2005 | Biennium 2004-05 | | Dollars | Percent |
| Direct Appropriations | | | | | | | | | |
| General | 7,430 | 7,580 | 7,468 | 7,468 | 7,468 | 14,936 | | -112 | -0.7% |
| Total | 7,430 | 7,580 | 7,468 | 7,468 | 7,468 | 14,936 | | -112 | -0.7% |
| Expenditures by Category | | | | | | | | | |
| Local Assistance | 7,430 | 7,580 | 7,468 | 7,468 | 7,468 | 14,936 | | -112 | -0.7% |
| Total | 7,430 | 7,580 | 7,468 | 7,468 | 7,468 | 14,936 | | -112 | -0.7% |
| Expenditures by Activity | | | | | | | | | |
| System Specials | 7,430 | 7,580 | 7,468 | 7,468 | 7,468 | 14,936 | | -112 | -0.7% |
| Total | 7,430 | 7,580 | 7,468 | 7,468 | 7,468 | 14,936 | | -112 | -0.7% |



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|---------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| Environment & Natural Resource | 1,836 | 480 | 734 | 0 | 0 | 0 | -1,214 | -100.0% |
| General | 820 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Minnesota Resources | 0 | 475 | 0 | 0 | 0 | 0 | -475 | -100.0% |
| Total | 2,656 | 955 | 734 | 0 | 0 | 0 | -1,689 | -100.0% |
| Expenditures by Category | | | | | | | | |
| Local Assistance | 2,656 | 955 | 734 | 0 | 0 | 0 | -1,689 | -100.0% |
| Total | 2,656 | 955 | 734 | 0 | 0 | 0 | -1,689 | -100.0% |
| Expenditures by Activity | | | | | | | | |
| Lcmr/Mn Resources | 2,656 | 955 | 734 | 0 | 0 | 0 | -1,689 | -100.0% |
| Total | 2,656 | 955 | 734 | 0 | 0 | 0 | -1,689 | -100.0% |

Agency Purpose

The mission and purpose of the Department of Veterans Affairs is to serve the veterans of Minnesota, their dependents and survivors, in securing all benefits and services provided by federal and state law. The department fulfills this mission by providing leadership and direction to the veteran community, while exercising responsible management of available resources.

Key service strategies of the department are to:

- ◆ provide assistance to all eligible veterans, their dependents, and survivors;
- ◆ collaborate with service providers whose efforts are coordinated by the department; and
- ◆ continually review, revise, and build upon proven business practices to ensure the most timely, cost effective delivery of benefits and services.

Core Functions

The Department of Veterans Affairs provides overall leadership and direction, as well as benefits and services to Minnesota's veteran community, its dependents and survivors. The core functions provided by the Department of Veterans Affairs are to:

- ◆ promote self-sufficiency and personal responsibility by providing a temporary safety net of benefits and services to Minnesota's veterans, their dependents and survivors;
- ◆ provide representation to clients pursuing claims for federal veterans benefits;
- ◆ provide professional, compassionate financial management of resources of persons under guardianship to the department;
- ◆ prudently manage all budgets, accounts, financial transactions, information technology, and human resources programs to meet department needs; and
- ◆ provide dignified and compassionate committal services at the Minnesota State Veterans Cemetery.

Operations

The department serves over 427,000 veterans of Minnesota, their dependents and survivors, with the assistance of the 116 men and women who comprise the corps of County Veterans Service Officers and representatives of Minnesota's congressionally chartered veterans organizations.

The **State Soldier's Assistance Programs** homeless initiative assists veterans and their families in their attempt to regain self-sufficiency and self-respect by providing incentives for desirable behavior and by assisting them in taking personal responsibility for their lives. In addition, this program provides assistance with rent/mortgage payments, utilities, dental and optical benefits, education, clothing needs, and cash grants.

The **Guardianship program** provides financial case management services to incompetent veterans, their dependents, and survivors who may be vulnerable to exploitation by others or by their own inability to manage their funds. The goal is to assist the agency's guardianship clientele in maintaining a life style as independent as possible.

At A Glance

Minnesota Veteran Population: 427,155*

- ◆ In FY 2001, 8,509 claims were represented before the U.S. Department of Veterans Affairs.
- ◆ In FY 2001, Minnesotans received in excess of \$121.8 million in federal veterans benefits as a direct result of the efforts of department's claims offices.
- ◆ 2,032 Minnesotans received assistance through the agency's State Soldiers Assistance Program in FY 2001, with a total dollar value of \$1.5 million.
- ◆ 141 Veterans' and their dependents' finances are overseen under the auspice of the state's guardianship program with \$2.4 million in cash assets and \$2.2 million in annual income managed.
- ◆ Department certifies and partners with 116 Minnesota County Veterans Service Officers and Assistants.
- ◆ As a result of the department's collaborative efforts with the corps of county veterans service officers as well as the various veterans service organizations, Minnesota veterans, their dependents, and survivors received a total of over \$1 billion in federal benefits in FY 2001.

*Source: United States Department of Veterans Affairs, Veteran Population as of 9-30-01

The department's **Claims Offices** assist and represent veterans, their dependent and survivors with applications for federal veterans benefits, such as compensation and pension benefits, home loans, educational benefits and medical treatment.

The **Minnesota State Veterans Cemetery** provides dignified burial services to Minnesota Veterans and their eligible dependents and survivors. Currently, the cemetery is undergoing a \$3.6 million renovation, including the construction of a new chapel/ administrative building. A grant for the work was awarded by the U.S. Department of Veterans Affairs, Memorial Affairs.

The **Commissioner's Office** and support staff provide leadership and direction in all matters affecting Minnesota's veteran community, as well as overall management of agency financial matters, purchasing, human resources, and receipt of donated funds and processing of financial transactions.

Budget

The department's total operating budget is directly appropriated from the General Fund. Expenditures for direct payments to eligible veterans, their dependents and survivors represent 59% of those funds.

Contact

Department of Veterans Affairs

Veterans Service Building
20 West 12th Street
Saint Paul, Minnesota 55155

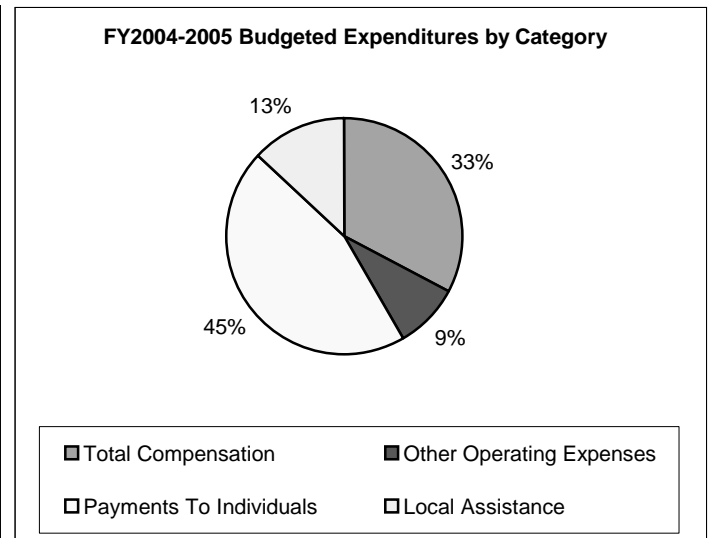
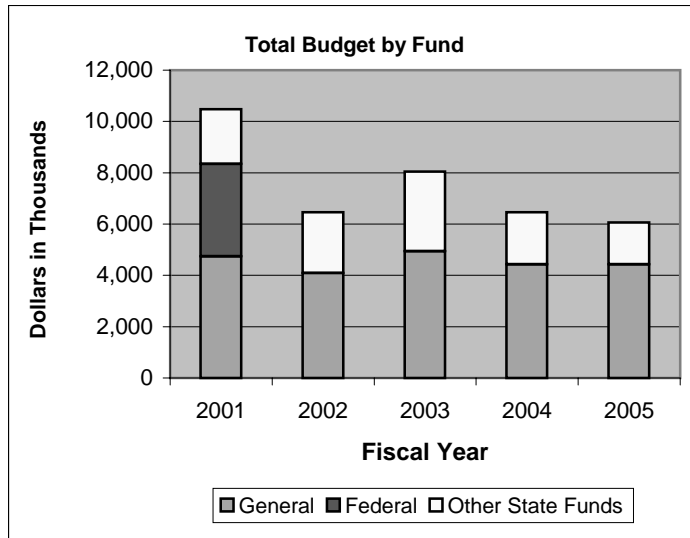
World Wide Web Home Page:

<http://www.state.mn.us/ebranch/mdva/>

Jeffrey Olson, Commissioner

Phone: (651) 296-2345

Fax: (651) 296-3954



| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|------------------|------------------|--------------------|----------------|----------------|---------------------|--------------------------------------|---------------|
| Expenditures by Fund | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 4,740 | 4,093 | 4,942 | 4,424 | 4,424 | 8,848 | -187 | -2.1% |
| Special Revenue | 0 | 10 | 230 | 0 | 0 | 0 | -240 | -100.0% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 0 | 16 | 70 | 85 | 85 | 170 | 84 | 97.7% |
| Federal | 3,600 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Miscellaneous Agency | 2,135 | 2,331 | 2,800 | 1,950 | 1,550 | 3,500 | -1,631 | -31.8% |
| Gift | 0 | 11 | 9 | 6 | 6 | 12 | -8 | -40.0% |
| Total | 10,475 | 6,461 | 8,051 | 6,465 | 6,065 | 12,530 | -1,982 | -13.7% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|---------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|
| Total Compensation | 1,881 | 1,867 | 2,079 | 2,060 | 2,062 | 4,122 | 176 | 4.5% |
| Other Operating Expenses | 1,261 | 366 | 1,059 | 554 | 552 | 1,106 | -319 | -22.4% |
| Capital Outlay & Real Property | 3,411 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Payments To Individuals | 3,105 | 3,317 | 4,089 | 3,031 | 2,631 | 5,662 | -1,744 | -23.5% |
| Local Assistance | 817 | 911 | 824 | 820 | 820 | 1,640 | -95 | -5.5% |
| Total | 10,475 | 6,461 | 8,051 | 6,465 | 6,065 | 12,530 | -1,982 | -13.7% |

| Expenditures by Program | | | | | | | | |
|--------------------------------|---------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|
| Benefits | 2,417 | 2,126 | 2,509 | 2,235 | 2,225 | 4,460 | -175 | -3.8% |
| Services | 2,982 | 3,130 | 3,681 | 2,817 | 2,428 | 5,245 | -1,566 | -23.0% |
| Departmental Operations | 4,943 | 1,107 | 1,587 | 1,413 | 1,412 | 2,825 | 131 | 4.9% |
| Persian Gulf Bonus-Admin | 16 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Vets Gulf Bonus | 117 | 98 | 274 | 0 | 0 | 0 | -372 | -100.0% |
| Total | 10,475 | 6,461 | 8,051 | 6,465 | 6,065 | 12,530 | -1,982 | -13.7% |

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------------|------------------|------------------|--------------------|--------------|--------------|---------------------|--------------------------------------|---------------|
| | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base | | Biennium 2004-05 | Dollars | Percent |
| Revenue by Type and Fund | | | | FY2004 | FY2005 | | | |
| Non Dedicated | | | | | | | | |
| General | 1 | 36 | 51 | 36 | 36 | 72 | -15 | -17.2% |
| Cambridge Deposit Fund | 32 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 33 | 36 | 51 | 36 | 36 | 72 | -15 | -17.2% |
| Dedicated | | | | | | | | |
| Special Revenue | 55 | 47 | 85 | 85 | 85 | 170 | 38 | 28.8% |
| Federal | 3,600 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Miscellaneous Agency | 2,216 | 2,438 | 2,000 | 1,900 | 1,800 | 3,700 | -738 | -16.6% |
| Gift | 81 | 129 | 67 | 67 | 65 | 132 | -64 | -32.7% |
| Subtotal Dedicated | 5,952 | 2,614 | 2,152 | 2,052 | 1,950 | 4,002 | -764 | -16.0% |
| Total Revenue | 5,985 | 2,650 | 2,203 | 2,088 | 1,986 | 4,074 | -779 | -16.1% |
| | | | | | | | | |
| Full-Time Equivalents (FTE) | 32.7 | 32.2 | 31.9 | 31.9 | 31.9 | | | |

Program Description

The Veterans Benefits Program provides financial assistance through the State Soldiers Assistance Program, County Veterans Service Officer (CVSO) Operational Improvement Grants and Certification, Veteran's Preference Enforcement, and rehabilitation services to all Minnesota veterans in need. Also included within these main program areas are the veterans' and war orphans' educational benefits, and our homeless veterans' initiative.

Program at a Glance

- ◆ Minnesota Veterans population 427,155
- ◆ 2,000 Veteran families receiving State Soldiers Assistance Benefits annually
- ◆ 116 Certified CVSO's and assistants
- ◆ Expansion of Homeless Initiative
- ◆ Rehabilitation Services provided through Vinland Center and the Minnesota Assistance Council for Veterans

Population Served

State Soldiers Assistance Program provides benefits to more than 2,000 veterans and family members. 116 County Veterans Service Officers and their assistants receive certification annually. All counties are eligible to apply annually for a CVSO Operational Improvement Grant. Our homeless initiative has now expanded outside the metro area to provide services to the out state communities.

Services Provided

The **State Soldiers Assistance Program (SSAP)** provides direct, emergency financial assistance to veterans, their dependents and survivors. Provisions are for shelter and utilities, optical and dental benefits, and cash grants for food and personal needs. From within this activity our homeless veterans' initiative and our rehabilitation services assist veterans and their families in their attempts to regain self-sufficiency by providing incentives for desirable behavior and by assisting them in taking personal responsibility for their lives. Educational benefits are provided in the form of a one-time grant to veterans who have exhausted their federal benefits, and to war orphans of veterans who died as a result of a service connected injury or disease.

This area is responsible for the coordination of the **certification program for County Veterans Service Officers**. The department annually certifies each CVSO, which the Service Officer achieves through attending training and educational classes and by passing an annual certification test. Certification of the officers is required before a county is allowed to apply to the department for a CVSO Operational Improvement Grant.

The department also provides direct **enforcement of the Veterans Preference Act**. We represent veterans in pursuing relief when their veterans' preference rights have been violated. In addition, we provide educational direction to political subdivisions to prevent future veterans' preference claims.

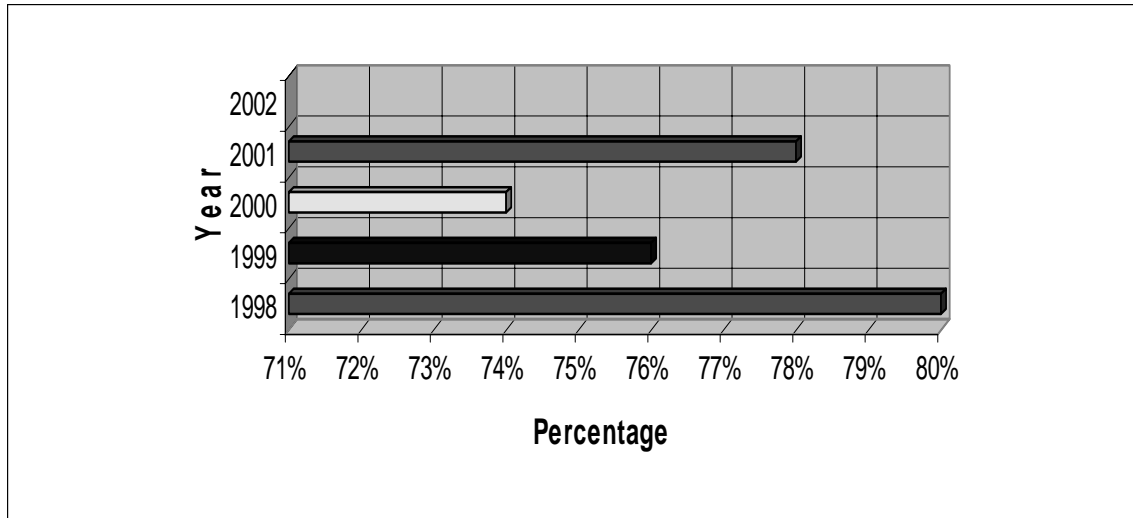
This agency has entered into a **partnership with the Vinland Center** in an attempt to prepare veterans with disabilities/work injuries and other vocational obstacles to secure and maintain competitive employment.

Key Measures

GOAL: To prepare veterans with disabilities/work injuries and other vocational obstacles to secure and maintain employment, training, or volunteer positions.

INDICATORS OF RESULTS: Of the Employment Program graduates who are released to work by their physician and are able to be contacted, 75% will be employed, in training or school, or in a volunteer positions six months after successful completion of the program.

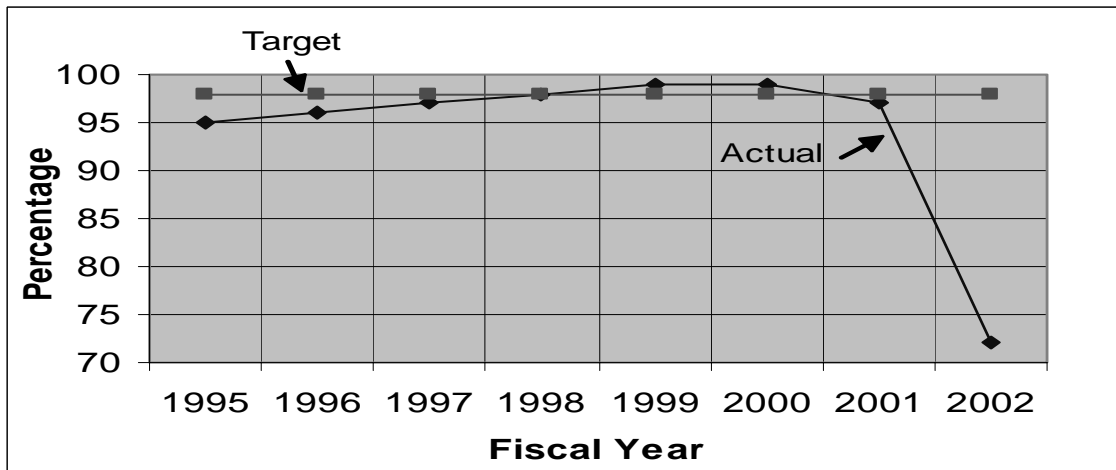
Percentage of Employment Program Graduates Actively Placed



GOAL: To process payments for subsistence benefits within the State Soldiers Assistance Program in a timely manner.

INDICATORS OF RESULTS: 98% of completed applications for subsistence benefits will be processed for payment within two working days of receipt.

Percentage of Payments Processed Within 2 Days



Over the course of FY 2002, the department's subsistence payment turnaround time declined. This is attributed to a reduction in staff, which was precipitated by budget reductions, a hiring freeze, and a medical leave of absence. The Benefits Division, which in the past was staffed by three professional level benefits specialists, had one staff person at that level in FY 2002.

In addition to the above measures, the department is gauging the impact of the expanded Homeless Initiative. Future indicators will include a measure of the percentage of participants who are able to be contacted that are placed in appropriate housing six months following the end of the grant period in which they received services from the program.

Program Funding

The program is funded by a direct appropriation from the General Fund.

Contact

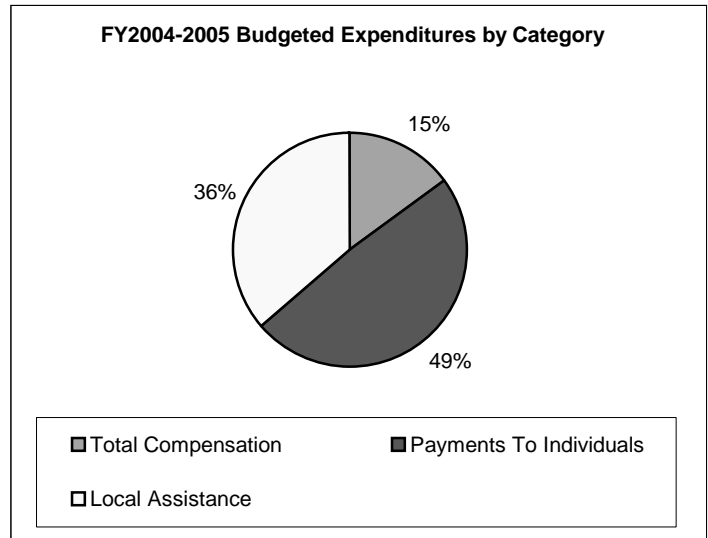
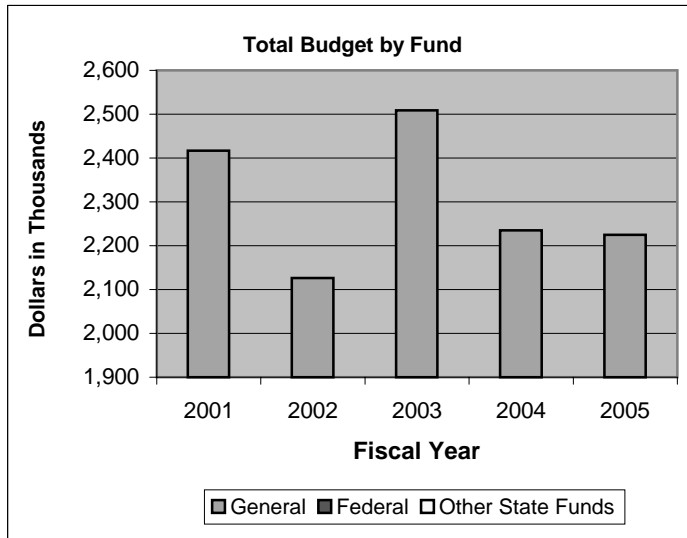
For further information, contact Jeffrey Olson, Commissioner, Department of Veterans Affairs, Veterans Service Building, 20 West 12th Street, Saint Paul, Minnesota 55155 or call (651) 296-2345 or Fax (651) 296-3954.

You may also visit the department's web site at <http://www.state.mn.us/ebranch/mdva/>.

VETERANS AFFAIRS DEPT

Program: **BENEFITS**

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | | |
|------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------------|-------------------|
| | Actual | Actual | Budgeted | Base | | Biennium | Biennial Change | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | 2004-05 / 2002-03 | Dollars Percent |
| Direct Appropriations | | | | | | | | |
| General | 2,417 | 2,126 | 2,509 | 2,235 | 2,225 | 4,460 | -175 | -3.8% |
| Total | 2,417 | 2,126 | 2,509 | 2,235 | 2,225 | 4,460 | -175 | -3.8% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 285 | 239 | 362 | 337 | 328 | 665 | 64 | 10.6% |
| Other Operating Expenses | 360 | 5 | 49 | 12 | 11 | 23 | -31 | -57.4% |
| Payments To Individuals | 970 | 986 | 1,289 | 1,081 | 1,081 | 2,162 | -113 | -5.0% |
| Local Assistance | 802 | 896 | 809 | 805 | 805 | 1,610 | -95 | -5.6% |
| Total | 2,417 | 2,126 | 2,509 | 2,235 | 2,225 | 4,460 | -175 | -3.8% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|
| Expenditures by Activity | | | | | | | | |
| Veterans Benefits | 249 | 239 | 301 | 293 | 283 | 576 | 36 | 6.7% |
| Veterans Services | 215 | 176 | 295 | 236 | 236 | 472 | 1 | 0.2% |
| Dedicated Accounts | 1,670 | 1,436 | 1,649 | 1,431 | 1,431 | 2,862 | -223 | -7.2% |
| Vinland Grants | 283 | 275 | 264 | 275 | 275 | 550 | 11 | 2.0% |
| Total | 2,417 | 2,126 | 2,509 | 2,235 | 2,225 | 4,460 | -175 | -3.8% |

| | | | | | | | | |
|---------------------------------|----------|----------|------------|------------|------------|------------|------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 1 | 1 | 51 | 36 | 36 | 72 | 20 | 38.5% |
| Subtotal Non Dedicated | 1 | 1 | 51 | 36 | 36 | 72 | 20 | 38.5% |
| Dedicated | | | | | | | | |
| Miscellaneous Agency | 0 | 0 | 150 | 150 | 150 | 300 | 150 | 100.0% |
| Gift | 0 | 0 | 2 | 2 | 2 | 4 | 2 | 100.0% |
| Subtotal Dedicated | 0 | 0 | 152 | 152 | 152 | 304 | 152 | 100.0% |
| Total Revenue | 1 | 1 | 203 | 188 | 188 | 376 | 172 | 84.3% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 6.3 | 5.1 | 5.1 | 5.1 | 5.1 |
|------------------------------------|------------|------------|------------|------------|------------|

Program Description

The Services Program provides claims representation and fiduciary guardianship services.

Population Served

The staff within the guardianship program currently serves 141 clients and our claims offices serves all Minnesota veterans, their dependents and survivors. In addition, the claims officers work in a collaborative effort with all 87 County Veterans Service Offices.

Services Provided

The **claims offices**, located at Fort Snelling and Fargo/Moorhead, provide direct claims representation before the U.S. Department of Veterans Affairs and the Board of Veterans Appeals to maximize the amount of benefits and services received by Minnesota veterans, their dependents and survivors. The claims office at Fort Snelling also provides environmental hazards information and assistance.

Our **Guardianship Program** provides financial case management services to incompetent veterans, their dependents, and survivors who may be vulnerable to exploitation by others or by their own inability to manage their funds. The goal is to assist the guardianship clientele in maintaining a life style as independent as possible. The guardianship clients' annual income of \$2.2 million and cash assets of \$2.4 million are overseen under the auspice of this department's guardianship program.

Program Funding

Twenty-five percent of the funding for this program is financed by a direct appropriation from the General Fund. The remainder consists of fund received and paid out in trust for guardianship clients.

Key Measures

Goal: To increase the amount of federal veterans compensation and pension dollars received by Minnesota veterans and their dependents from the U.S. Department of Veterans Affairs.

Indicators of Results: Provide quality representation to veterans, their dependents and survivors by maximizing the federal dollars received by eligible Minnesotans.

Percent of federal veterans compensation and pension dollars from department claims offices

| | 1998 | 1999 | 2000 | 2001 | 2002 |
|--------|------|------|------|------|------|
| Target | 41% | 41% | 41% | 41% | 42% |
| Actual | 44% | na | 41% | 40% | |

Note: Based on the federal fiscal year of October 1 to September 30.

The Department of Veterans Affairs has provided free claims representation for Minnesota veterans and their dependents since WWII. Minnesota veterans and their dependents received more than \$1 billion in federal veterans benefits during federal FY 2001, including over \$338 million in compensation and pension benefits. The department's claims offices currently represent veterans who receive \$136 million in compensation and pension benefits or 40% percent of the \$338 million. The percentage of federal veterans compensation and pension dollars that can be attributed to department claims offices has remained constant. The intent is to increase this percentage over time.

Program at a Glance

- ◆ 141 Guardianship Clients.
- ◆ Manage \$4.6 million combined income and assets for Guardianship Clients.
- ◆ In federal FY 2002, Minnesotans received in excess of \$136 million in federal veterans benefits as a direct result of the efforts of our department's claims offices.
- ◆ In FY 2002, department claims representatives were successful in additionally obtaining over \$50 million retroactive monetary awards.
- ◆ In FY 2002, our claims offices represented 8,856 claims before the U.S. Department of Veterans Affairs.

VETERANS AFFAIRS DEPT

Program: SERVICES

Narrative

Contact

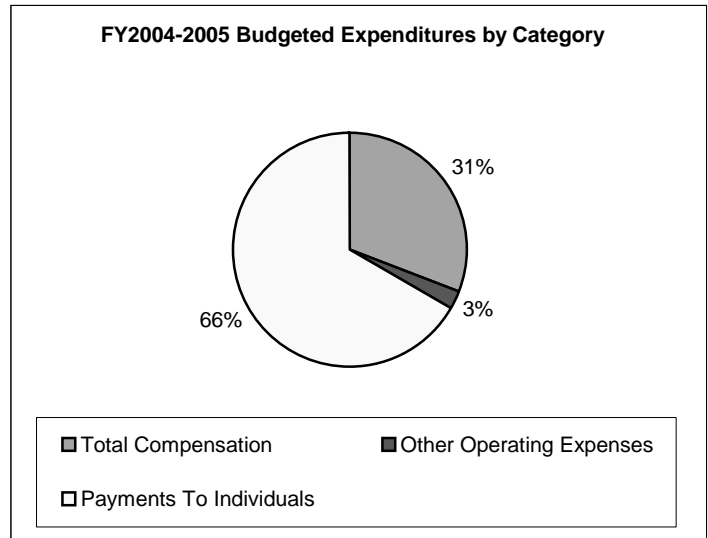
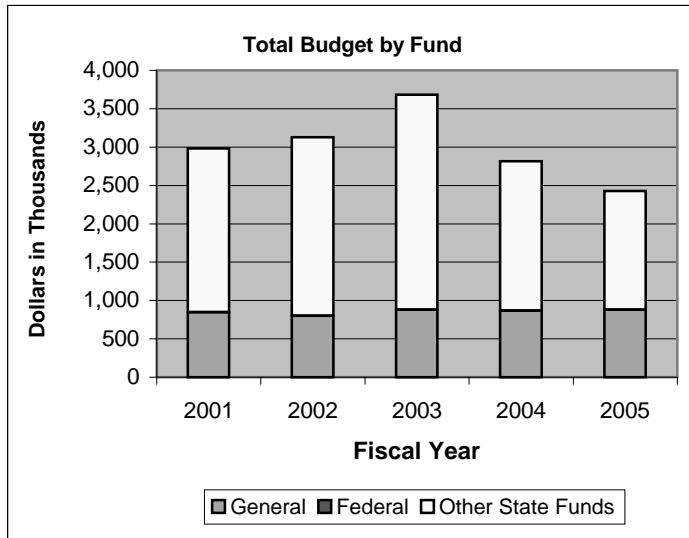
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You may also visit the department's web site at <http://www.state.mn.us/ebranch/mdva/>.

VETERANS AFFAIRS DEPT

Program: SERVICES

Fiscal Report



| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|------------------|------------------|--------------------|----------------|----------------|---------------------|--------------------------------------|---------------|
| Expenditures by Fund | | | | | | | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 847 | 799 | 881 | 867 | 878 | 1,745 | 65 | 3.9% |
| Statutory Appropriations | | | | | | | | |
| Miscellaneous Agency | 2,135 | 2,331 | 2,800 | 1,950 | 1,550 | 3,500 | -1,631 | -31.8% |
| Total | 2,982 | 3,130 | 3,681 | 2,817 | 2,428 | 5,245 | -1,566 | -23.0% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
| Total Compensation | 764 | 775 | 811 | 800 | 811 | 1,611 | 25 | 1.6% |
| Other Operating Expenses | 83 | 24 | 70 | 67 | 67 | 134 | 40 | 42.6% |
| Payments To Individuals | 2,135 | 2,331 | 2,800 | 1,950 | 1,550 | 3,500 | -1,631 | -31.8% |
| Total | 2,982 | 3,130 | 3,681 | 2,817 | 2,428 | 5,245 | -1,566 | -23.0% |

| Expenditures by Activity | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
| Guardianship Administration | 183 | 173 | 190 | 192 | 195 | 387 | 24 | 6.6% |
| Claims-Fargo Administration | 256 | 234 | 246 | 251 | 252 | 503 | 23 | 4.8% |
| Claims-Fort Snelling Admin | 408 | 392 | 445 | 424 | 431 | 855 | 18 | 2.2% |
| Guardianship Client Accts | 2,135 | 2,331 | 2,800 | 1,950 | 1,550 | 3,500 | -1,631 | -31.8% |
| Total | 2,982 | 3,130 | 3,681 | 2,817 | 2,428 | 5,245 | -1,566 | -23.0% |

| Revenue by Type and Fund | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|---------------|
| Non Dedicated | | | | | | | | |
| General | 0 | 35 | 0 | 0 | 0 | 0 | -35 | -100.0% |
| Cambridge Deposit Fund | 32 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Non Dedicated | 32 | 35 | 0 | 0 | 0 | 0 | -35 | -100.0% |
| Dedicated | | | | | | | | |
| Miscellaneous Agency | 2,216 | 2,438 | 1,850 | 1,750 | 1,650 | 3,400 | -888 | -20.7% |
| Subtotal Dedicated | 2,216 | 2,438 | 1,850 | 1,750 | 1,650 | 3,400 | -888 | -20.7% |
| Total Revenue | 2,248 | 2,473 | 1,850 | 1,750 | 1,650 | 3,400 | -923 | -21.4% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 14.5 | 14.0 | 13.7 | 13.7 | 13.7 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

Program Description

The core functions within the Operations Program include the commissioner's office which is responsible for the overall management of the agency. These functions include the oversight of the Minnesota State Veterans Cemetery, our Veterans' Outreach Services, and the Information Technology unit.

Population Served

Through the commissioner's office the Operations program offers services to all 427,155 Minnesota veterans. Our Veterans State Cemetery in Little Falls, Minnesota, serves veterans, eligible dependents, and veterans' survivors. Our Information Technology unit serves an undetermined number of veterans throughout the world by providing web access to benefits and services provided to Minnesota veterans and their families.

Services Provided

The commissioner's office provides **overall leadership and direction** to all Minnesota veterans, their dependents and survivors, and congressionally chartered veterans organizations through the Commanders Task Force. This year the commissioner's office sent letters to approximately 100,000 Vietnam Era veterans letting them know that federal laws had changed, allowing additional financial and medical benefits for those suffering from diabetes and hepatitis C.

We have just entered into a collaborative effort with the Department of Economic Security called the **Recently Separated Veterans Program (RSVP)**. When veterans separate from active duty, if they identify Minnesota as their home of record, the Minnesota Department of Veterans Affairs will receive their discharge papers (DD214). Information including a "Welcome Home" letter and relevant transitional information will be mailed within seven working days. Besides thanking these young men and woman for their dedicated service to our nation, and welcoming them home to Minnesota, we will be providing them with helpful information on veteran's benefits and services, and Department of Economic Security programs and services. This letter also directs them to their local County Veteran's Service Officer (CVSO), where they can receive additional services.

The **Minnesota State Veterans Cemetery** in Little Falls, Minnesota, provides dignified burial services to Minnesota veterans and their eligible dependents and survivors. Currently, the cemetery is undergoing a \$3.6 million dollar renovation, including construction of a new chapel/administrative building, roadways, and landscaping. The money for the renovation came in the form of a 100%, non-state matching grant from the U.S. Department of Veterans Affairs, Memorial Affairs.

Information technology, including internal and external web applications, is provided by staff in this area. Funding for information technology for this agency is received through Strategic Information Resource Management Plan (SIRMP) planning and through the Small Agency Infrastructure budget.

All budgeting, financial transactions, human resource management, affirmative action, and MAPS and SEMA4 transactions are processes within this program. WWII memorial donations are collected, deposited, and recorded according to generally accepted accounting principles.

Program at a Glance

- ◆ The Minnesota State Veterans Cemetery in Little Falls received a \$3.6 million dollar federal grant from the U.S. Department of Veterans Affairs – Memorial Services.
- ◆ 1,300 individuals at rest in the Minnesota State Veterans Cemetery.
- ◆ WWII Veterans Memorial private donations received to date - \$215,000.
- ◆ Over 100,000 letters were sent to Vietnam Veterans, updating them on health concerns and new benefits related to Hep C and Type 2 Diabetes.
- ◆ Initiated a Recently Separated Veterans Program (RSVP) letter to all honorably separated Minnesota veterans.

Key Measures

Goal: To maintain highly trained and competent CVSO.

Indicator of Results: Ensure that 100% of all CVSOs receive department certification annually.

Percent of County Veteran Service Officers certified each year

| | 1998 | 1999 | 2000 | 2001 | 2002 |
|--------|------|------|------|------|------|
| Target | 100% | 100% | 100% | 100% | 100% |
| Actual | 100% | 100% | 98% | 99% | 98% |

The certification process and continuing education courses ensure that CVSO are trained and proficient in their duties. Officers must complete a minimum of seven credits of approved continuing education courses each year. New officers must complete a probationary period, attend a 'basic training' course and serve as a CVSO for one year. Additionally, the department requires each officer to complete and pass an annual certification test. The objective of the certification process is better service to Minnesota veterans and their dependents.

Additionally, the department has instituted a customer satisfaction survey. Results of the completed survey will measure the satisfaction of recently separated veterans who received information from the department through the RSVP program as well as the satisfaction of family members that choose the State Veterans Cemetery as the final resting place for their relatives.

Program Funding

Except for a federal grant awarded in FY 2001, the program is primarily funded by a direct appropriation from the General Fund.

Contact

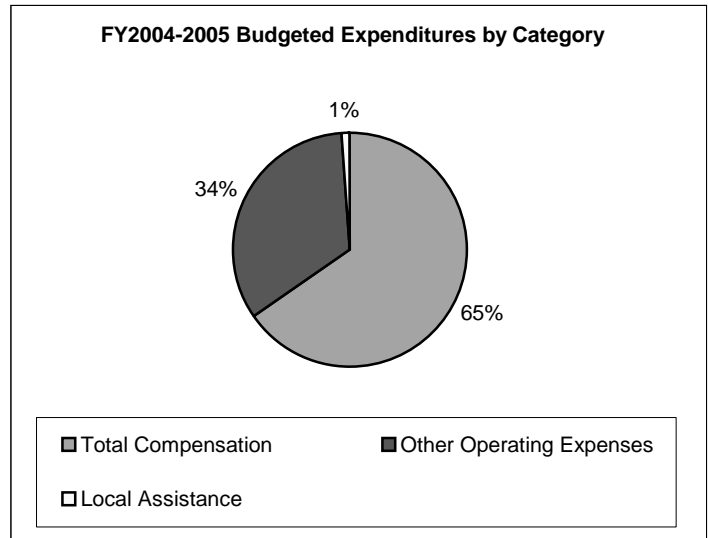
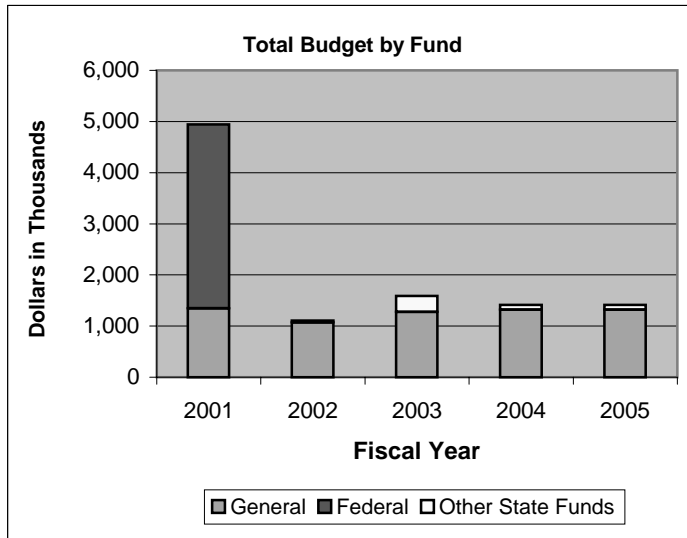
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VETERANS AFFAIRS DEPT

Program: DEPARTMENTAL OPERATIONS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|---------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 1,343 | 1,070 | 1,278 | 1,322 | 1,321 | 2,643 | 295 | 12.6% |
| Special Revenue | 0 | 10 | 230 | 0 | 0 | 0 | -240 | -100.0% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 0 | 16 | 70 | 85 | 85 | 170 | 84 | 97.7% |
| Federal | 3,600 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Gift | 0 | 11 | 9 | 6 | 6 | 12 | -8 | -40.0% |
| Total | 4,943 | 1,107 | 1,587 | 1,413 | 1,412 | 2,825 | 131 | 4.9% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 832 | 853 | 906 | 923 | 923 | 1,846 | 87 | 4.9% |
| Other Operating Expenses | 685 | 239 | 666 | 475 | 474 | 949 | 44 | 4.9% |
| Capital Outlay & Real Property | 3,411 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Local Assistance | 15 | 15 | 15 | 15 | 15 | 30 | 0 | 0.0% |
| Total | 4,943 | 1,107 | 1,587 | 1,413 | 1,412 | 2,825 | 131 | 4.9% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|-------------|
| Expenditures by Activity | | | | | | | | |
| Operations | 0 | 11 | 9 | 6 | 6 | 12 | -8 | -40.0% |
| Administrative Services | 1,036 | 901 | 1,054 | 1,122 | 1,121 | 2,243 | 288 | 14.7% |
| Cemetery Dev & Maint Acct | 3,600 | 16 | 70 | 85 | 85 | 170 | 84 | 97.7% |
| Cemetery Operations State | 242 | 167 | 223 | 200 | 200 | 400 | 10 | 2.6% |
| Small Agency Infrastructure | 65 | 12 | 231 | 0 | 0 | 0 | -243 | -100.0% |
| Total | 4,943 | 1,107 | 1,587 | 1,413 | 1,412 | 2,825 | 131 | 4.9% |

| | | | | | | | | |
|---------------------------------|--------------|------------|------------|------------|------------|------------|------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Special Revenue | 55 | 47 | 85 | 85 | 85 | 170 | 38 | 28.8% |
| Federal | 3,600 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Gift | 81 | 129 | 65 | 65 | 63 | 128 | -66 | -34.0% |
| Subtotal Dedicated | 3,736 | 176 | 150 | 150 | 148 | 298 | -28 | -8.6% |
| Total Revenue | 3,736 | 176 | 150 | 150 | 148 | 298 | -28 | -8.6% |

VETERANS AFFAIRS DEPT

Program: DEPARTMENTAL OPERATIONS

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|-----------------------------|------------------|------------------|--------------------|----------------|--------|---------------------|------------------------------|---------|
| Full-Time Equivalents (FTE) | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 Dollars | Percent |
| | 11.9 | 13.1 | 13.1 | 13.1 | 13.1 | | | |

0.0%

Agency Purpose

The mission of the Veterans Homes Board is to assure the commitment of government to provide the highest possible quality programs for health care, supportive service, and housing to our Minnesota Veterans and their spouses while developing new and innovative solutions to meet the challenges of changing times.

M.S. 198.01 charges the Veterans Homes to "provide nursing care and related health and social services to veterans and their spouses who meet eligibility and admission requirements." Veterans eligible for admission to our homes must have either "served in a Minnesota regiment or have been credited to the state of Minnesota, or have been a resident of the state preceding the date of application for admission." There are approximately 442,000 veterans in the state so one of every nine Minnesotans meets this criterion. Spouses of eligible veterans are also eligible for admission if they are "at least 55 years of age, and have been residents of the state of Minnesota preceding the date of application for their admission." Veterans or spouses must be unable by reason of wounds, disease, old age, or infirmity to properly care for themselves.

At A Glance

- ◆ FY 2002-03 Operating Budget - \$124.9 million with revenues from
 - ⇒ 49% State Appropriation
 - ⇒ 28% USDVA Per Diems
 - ⇒ 23% Patient Pay
- ◆ 1,180 Employees
- ◆ 954 Operating Beds
- ◆ 98% Occupancy Statewide

Core Functions

There are now five Veterans Homes operating in Minnesota. These include skilled nursing beds at Minneapolis, Silver Bay, Luverne and Fergus Falls with domiciliary beds at Minneapolis and Hastings. The Minneapolis facility also has initiated a 16-bed inpatient dual-diagnosis program for homeless veterans. Hastings has begun a transitional housing program for veterans who have been previously homeless. Both of these programs are funded jointly by the U.S. Department of Housing and Urban Development (HUD) and the State Veterans Home. Services provided are listed below:

- | | |
|--|------------------------------|
| ◆ skilled nursing | ◆ domiciliary (board & care) |
| ◆ special care units – Dementia & Alzheimer's | ◆ hospice |
| ◆ physical therapy | ◆ social services |
| ◆ occupational therapy | ◆ work therapy |
| ◆ speech therapy | ◆ drug & alcohol treatment |
| ◆ recreational therapy | ◆ transitional care |
| ◆ chiropractic (with doctor's order) | ◆ spiritual care |
| ◆ dental | ◆ volunteer programs |
| ◆ podiatry | ◆ mental incentive |
| ◆ optometry exams | |
| ◆ outpatient services (Fergus Falls – USDVA community based outpatient clinic) | |

The agency's core values are:

- ◆ quality performance;
- ◆ customer satisfaction;
- ◆ public acceptance; and
- ◆ pursuit of excellence.

Operations

A nine-member board is appointed by the governor whose responsibility is to oversee the management of the agency. An executive director is hired by the board and is responsible for all operational aspects of the agency. Board staff provide leadership and oversight of functional areas which include human resources, financial management, audit, quality assurance, legislative and public affairs, project management, safety, veterans benefits, legal, and computer systems management. Administrators provide day-to-day leadership to the five

facilities located throughout the state. Each facility is organized into functional units based upon size and type of patient care delivered. Typical skilled care facilities encompass nursing, dietary, housekeeping, social services, therapeutic recreation, facility maintenance, administration, admissions, business office, mental health, speech, physical and occupational therapy, chaplain, and other services provided through contractual arrangements. Board and care facilities focus on substance abuse counseling and transitional services.

Budget

The agency's operating funds generally come from three sources - state appropriations (49%), patient pay amounts (28%), and Department of Veterans Affairs (USDVA) per diems (23%). The agency's two primary sources of revenue include Federal per diem payments and resident maintenance charges, which, when combined with the general fund appropriation, fund the operations of the homes. Fluctuations in federal per diems and patients' ability to pay the full cost of care put pressure on the state appropriation. Federal law sets USDVA per diem payments annually.

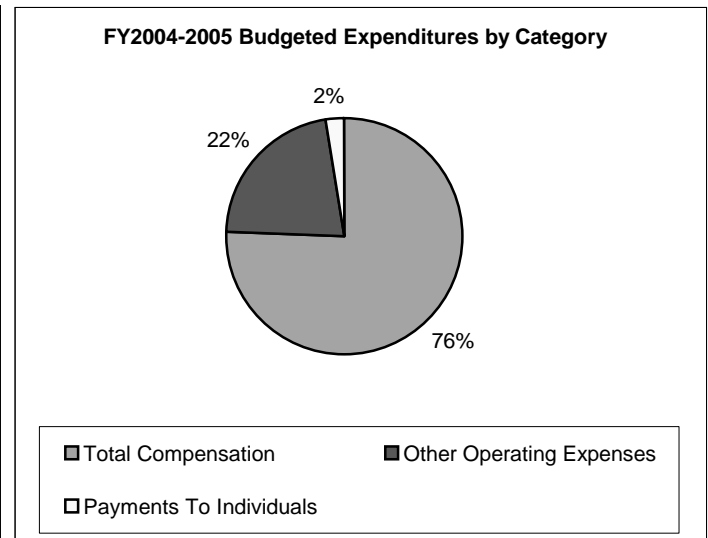
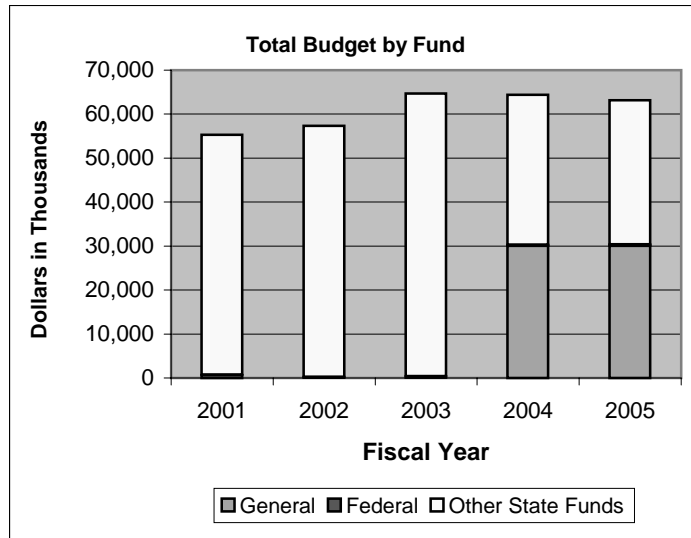
Resident maintenance charges are established as set forth in Minnesota Rules Chapter 9050. A monthly cost of care is first determined for each facility and each level of care. Residents are then billed the monthly charge, subject to income limitations, among other things.

Contact

Minnesota Veterans Homes

For more information, contact: Sandy Larson at (651) 296-2073.

The Minnesota Veterans Homes web site at www.mvh.state.mn.us gives visitors important information about the Veterans Homes. Types of information available through the site include history, bed availability, rules, agency initiatives, board meeting minutes, newsletters, vacancy data, and board member information. Applications can also be downloaded.



| <i>Dollars in Thousands</i> | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|-------------------|-------------------|
| | Actual | Actual | Budgeted | Base | | Biennium | Biennial Change | |
| Expenditures by Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | 2004-05 / 2002-03 | Dollars / Percent |
| Direct Appropriations | | | | | | | | |
| General | 680 | 0 | 0 | 30,030 | 30,030 | 60,060 | 60,060 | n.m |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 52,443 | 55,084 | 61,909 | 31,906 | 30,649 | 62,555 | -54,438 | -46.5% |
| Federal | 80 | 245 | 340 | 275 | 308 | 583 | -2 | -0.3% |
| Miscellaneous Agency | 1,394 | 1,415 | 1,604 | 1,604 | 1,604 | 3,208 | 189 | 6.3% |
| Gift | 678 | 621 | 808 | 600 | 600 | 1,200 | -229 | -16.0% |
| Total | 55,275 | 57,365 | 64,661 | 64,415 | 63,191 | 127,606 | 5,580 | 4.6% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|--------------|-------------|
| Total Compensation | 41,925 | 42,460 | 47,390 | 48,780 | 47,546 | 96,326 | 6,476 | 7.2% |
| Other Operating Expenses | 11,531 | 13,143 | 15,413 | 14,077 | 14,087 | 28,164 | -392 | -1.4% |
| Capital Outlay & Real Property | 489 | 427 | 316 | 16 | 16 | 32 | -711 | -95.7% |
| Payments To Individuals | 1,327 | 1,332 | 1,538 | 1,538 | 1,538 | 3,076 | 206 | 7.2% |
| Local Assistance | 3 | 3 | 4 | 4 | 4 | 8 | 1 | 14.3% |
| Total | 55,275 | 57,365 | 64,661 | 64,415 | 63,191 | 127,606 | 5,580 | 4.6% |

| Expenditures by Program | | | | | | | | |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|--------------|-------------|
| Veterans Homes | 55,275 | 57,365 | 64,661 | 64,415 | 63,191 | 127,606 | 5,580 | 4.6% |
| Total | 55,275 | 57,365 | 64,661 | 64,415 | 63,191 | 127,606 | 5,580 | 4.6% |

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------------|--------------------------|--------------------------|----------------------------|---------------|---------------|-----------------------------|--|----------------|
| | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base | | Biennium 2004-05 | Dollars | Percent |
| Revenue by Type and Fund | | | | FY2004 | FY2005 | | | |
| Non Dedicated | | | | | | | | |
| General | 12 | 230 | 0 | 0 | 0 | 0 | -230 | -100.0% |
| Subtotal Non Dedicated | 12 | 230 | 0 | 0 | 0 | 0 | -230 | -100.0% |
| Dedicated | | | | | | | | |
| Special Revenue | 25,941 | 27,326 | 27,962 | 29,777 | 30,648 | 60,425 | 5,137 | 9.3% |
| Federal | 80 | 274 | 311 | 275 | 308 | 583 | -2 | -0.3% |
| Miscellaneous Agency | 1,381 | 1,458 | 1,610 | 1,610 | 1,610 | 3,220 | 152 | 5.0% |
| Gift | 589 | 575 | 616 | 616 | 616 | 1,232 | 41 | 3.4% |
| Subtotal Dedicated | 27,991 | 29,633 | 30,499 | 32,278 | 33,182 | 65,460 | 5,328 | 8.9% |
| Total Revenue | 28,003 | 29,863 | 30,499 | 32,278 | 33,182 | 65,460 | 5,098 | 8.4% |
| | | | | | | | | |
| Full-Time Equivalents (FTE) | 908.5 | 863.2 | 855.8 | 855.8 | 855.8 | | | |

Program Description

The veteran's homes provide skilled nursing care and domiciliary (boarding care) services to residents. These services are provided in veterans homes located in Minneapolis, Hastings, Silver Bay, Luverne, and Fergus Falls. The board office, located in St. Paul, houses a centralized management team that supports the homes and the board of directors.

Nursing home care includes a range of diagnostic, therapeutic, rehabilitative and compassionate end-of-life care in an institutional setting staffed by nursing personnel who are delivering services specified by interdisciplinary plans of care developed for the purpose of resorting, optimizing and/or maintaining patients' level of function, personal autonomy, and dignity. This care encompasses a range of intensities of service provision, reflecting the range of patients' needs as determined by multidisciplinary clinical assessments undertaken in a manner consistent with prevailing community practices and standards.

Domiciliary Care is a residential rehabilitation program that provides short-term bio-psychosocial rehabilitative and long-term bio-psychosocial health maintenance care for veterans (including homeless veterans) who require minimal medical care.

The **Minneapolis Veterans Home** was established as the Minnesota Soldiers Home in 1887 to house union soldiers of the Civil War and has continued in operation since that date. The home is located in south Minneapolis bordered by Wabun Park, the Mississippi River and Minnehaha Creek near the Falls. This scenic setting provides a wonderful backdrop for 17 buildings that are located on the grounds. In 1989, many of the buildings and the campus grounds were placed on the National Register of Historic Places.

The **Hastings Veterans Home** became a veteran's home in 1978 after originally being a state hospital. The 140-acre site contains 16 buildings that date to the early 1900's. The home provides basic board and care with expanded clinical and programmatic services in the areas of chemical dependency, dual diagnosis aftercare, mental health care, and general assistance to an aged population. In addition, the home provides a transitional living program with emphasis on rehabilitation and reintegration into the community.

The **Silver Bay Veterans Home** is located on Minnesota's north shore just north of Two Harbors in Lake County. This nursing facility was originally built as an elementary school in 1953. Upon receipt of a federal grant, legislation in 1989 authorized the retrofit of the facility. The home provides a full range of skilled nursing care and related support services including rehabilitation services, mental health services, and special needs transportation. In addition, the facility has a special care unit for our Alzheimer/dementia population. The home's recently expanded dementia unit wander area and tactile gardens are complemented by the Comfort Care model of caring for persons with dementia related disorders.

The **Luverne Veterans Home** was a newly constructed facility that opened in 1994. It was funded through a combination of federal and local funds. The home is a skilled care facility that has established a dementia program, a strong restorative care program, and is looking at incorporating an Eden Alternative philosophy into the programming. This philosophy emphasizes a more home-like atmosphere as opposed to the traditional institutional setting. The facility is being increasingly used as a clinical site for nursing and other health care occupational training and education. For primary health care services the home is affiliated with the Veterans Affairs Medical Center in Sioux Falls and the Luverne Medical Center.

Program At A Glance

- ◆ 888 FTEs
 - ⇒ Minneapolis – 461
 - ⇒ Hastings – 94
 - ⇒ Silver Bay – 109
 - ⇒ Luverne – 102
 - ⇒ Fergus Falls – 107
 - ⇒ Board - 15
- ◆ 954 Operating Beds
 - ⇒ Minneapolis – 346 skilled nursing beds, 61 domiciliary beds
 - ⇒ Hastings – 200 domiciliary beds
 - ⇒ Silver Bay – 89 skilled nursing beds
 - ⇒ Luverne – 85 skilled nursing beds
 - ⇒ Fergus Falls – 85 skilled nursing beds

The **Fergus Falls Veterans Home** is a skilled nursing care facility and is Minnesota's newest home. It was also funded through a combination of federal and local funds. They received their first resident in March of 1998 and are currently maintaining a lengthy waiting list. A highlight is the Main Street, a hallway designed like an old town Main Street, with many of the rooms finished to the period 1930 to 1940. Along the Main Street is a barber shop, general store, library, family inn, and clinical exam rooms. The clinic is established under a shared use agreement with the Department of Veterans Affairs and is the first VA Nurse Practitioner Nursing Home based clinic in the nation. New concepts of nursing care have also been introduced with their innovative Nursing Universal Worker position. This increases the accountability of nursing personnel and expands their sphere of influence over the care of the residents. The outcome is that the resident has better and more consistent care.

The Board of Directors continues to work with federal, state, local, and private agencies to develop institutional and non-institutional care programs for veterans and to develop a geriatric research and teaching mission in collaboration with the U.S. Department of Veteran Affairs (USDVA) and other medical education facilities.

Population Served

There are 442,000 veterans in Minnesota and it is anticipated that this population will decrease by approximately 35% over the next 20 years. While the veteran population is expected to decrease over the next 20 years, the number of veterans 75 and older will grow 9% from today's rates. A report by the Department of Administration's Management Analysis Division in 1990, entitled "The Need for Additional Veterans Nursing Homes in Minnesota," reinforced these aging and demand trends, concluding that there will be a growing population of veterans in need of services.

At least 50% of the patients cared for in veteran's homes are between the ages of 75-84 and 21% over the age of 85. This is compared to private sector long-term care where approximately 31% are between the ages of 75-84 and 52% over 85. In addition, the veteran population is 86% male as compared to 27% in the private sector. Case mix (a standard measure of level of care requirements) in the state averages 2.51 while the veteran's homes ranges from 2.5 to 2.8. The top five primary diagnosis for skilled care in the veterans homes system is dementia, alzheimer's, coronary vascular disease, diabetes, chronic obstructive pulmonary disease. For domiciliary care the top five primary diagnosis are alcohol dependence/abuse, chronic obstructive pulmonary disease, hypertension, and diabetes. As a result of factors such as age, gender, case mix, diagnosis, and demographic changes, this agency has developed programs to meet the needs of the aging veteran population and has developed a strategic plan for future health care demands. It has also considered existing services for veterans provided by the USDVA and others to limit duplication of services, conducted gap analysis to identify unmet needs, and considered the strategic direction of the state's long term care task force recommendations to develop future planning initiatives.

Services Provided

The mission of the Veterans Homes Board is to provide high quality care through a variety of programs in both skilled nursing and domiciliary levels of care.

Nursing home care provides physician, nursing, rehabilitative, dietetic, pharmaceutical, psychosocial, and spiritual service to residents in facilities that are VA-operated or state-licensed. Residents of nursing homes are dependent in instrumental and basic activities of daily living and require frequent, and often intense, skilled nursing and/or medical interventions.

Domiciliary Care provides care in a semi-structured, homelike residential environment for patients with a medical, mental health, and/or substance abuse diagnosis where a positive therapeutic milieu stresses mutual patient support, development of psychosocial and vocational skills, progressive independence and community integration. Each patient's needs are addressed through a comprehensive interdisciplinary assessment and treatment plan and care is coordinated and integrated by an interdisciplinary team. Programs are also provided for homeless veterans who possess both a mental health and substance abuse diagnosis.

In addition, outpatient clinic services are coordinated with the USDVA at nearby medical centers and transportation to and from these centers is provided daily.

Historical Perspective

The history of Minnesota's Veterans Homes begins shortly after the Civil War. The Minnesota Legislature authorized the establishment of the Minnesota Soldiers' Home in 1887, as a "reward to the brave and deserving," and a Board of Trustees was established to manage the facility. This facility was not designed to be a medical facility; rather, it was seen as a monument to the contributions of veterans.

By the late 1960s, however, the Soldiers' Home Board of Trustees, along with others, recognized a growing need for making the health care needs of veterans a primary concern of the home. In 1972, a new nursing care facility was constructed on the Minneapolis campus; another one was built in 1980. Additionally, in 1978, the old state hospital in Hastings was converted into a domiciliary residence for veterans. As a result of the new construction in Minneapolis and the conversion of the Hastings facility, the homes had 250 nursing care beds at Minneapolis, 250 domiciliary beds at Minneapolis and 200 domiciliary beds at Hastings.

In 1988, the legislature established the Veterans Homes Board of Directors consisting of nine members appointed by the governor. The board was charged with restructuring the homes along the lines of the medical model of operations and turning them into high quality health care facilities while also taking into consideration the special needs of the veteran population. To accomplish this dual focus, the board's membership consists of representatives from the health care field and veterans organizations. The board has assured that the homes are operated according to stated goals and standardized practices, policies and procedures, that residents' rights are recognized and respected, and that a high quality of life is maintained for the veterans who are residents of the homes.

The veterans organizations serve as a bridge between the concepts of the veterans homes as medical facilities and the veterans homes as special places of recognition for the service the veteran residents have provided for their country. The veteran community plays four essential roles relative to veteran residents of the homes: those of promoters, advocates, watchdogs/protectors, and donors. The veteran community has always been very supportive of the veterans homes, and keeps the veteran population at large aware of the availability of services at the homes.

Key Measures

One key performance measure is bed occupancy. At the current time, all of our facilities are full and all are maintaining waiting lists for admission.

A second performance measure is budget management. Facilities are measured not only on how they generate revenues, but on how they manage expenses.

A third measure is reviewing quality indicators. Twenty-four quality indicators have been identified by the Center for Medicare & Medicaid Services. Examples include: new fractures, falls, weight loss, and pressure ulcers. Data on these measures are compared to peer group averages. The measures that compare negatively to peer group averages are reviewed with the goal of eliminating negative and achieving positive variances.

Contact

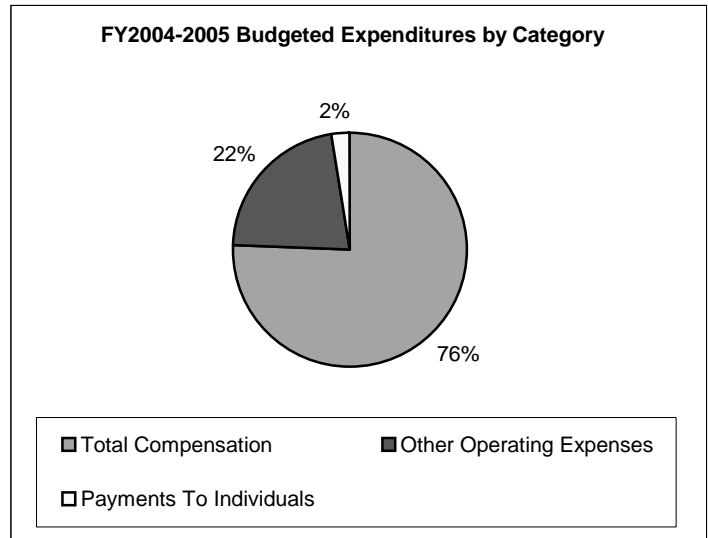
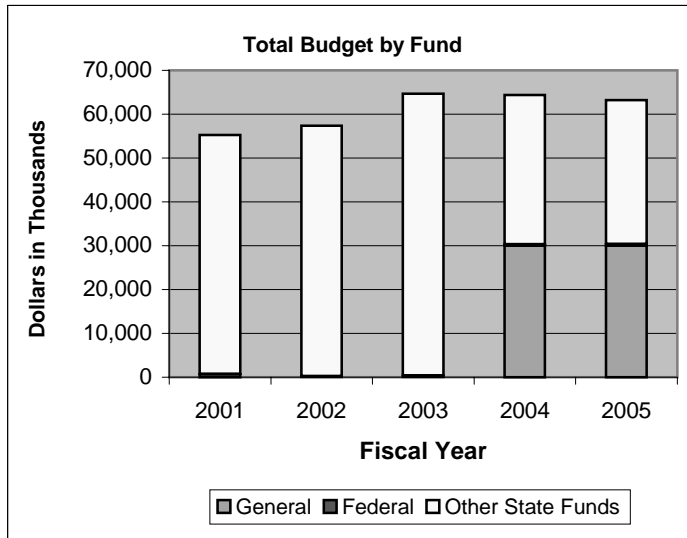
For more information, contact: Sandy Larson at (651) 296-2073.

The MN Veterans Homes web site at www.mvh.state.mn.us gives visitors important information about the Veterans Homes. Types of information available through the site includes history, bed availability, rules, agency initiatives, board meeting minutes, newsletters, vacancy data, board member information. Applications can also be downloaded.

VETERANS HOME BOARD

Program: VETERANS HOMES

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 680 | 0 | 0 | 30,030 | 30,030 | 60,060 | 60,060 | n.m |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 52,443 | 55,084 | 61,909 | 31,906 | 30,649 | 62,555 | -54,438 | -46.5% |
| Federal | 80 | 245 | 340 | 275 | 308 | 583 | -2 | -0.3% |
| Miscellaneous Agency | 1,394 | 1,415 | 1,604 | 1,604 | 1,604 | 3,208 | 189 | 6.3% |
| Gift | 678 | 621 | 808 | 600 | 600 | 1,200 | -229 | -16.0% |
| Total | 55,275 | 57,365 | 64,661 | 64,415 | 63,191 | 127,606 | 5,580 | 4.6% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|--------------|-------------|
| Total Compensation | 41,925 | 42,460 | 47,390 | 48,780 | 47,546 | 96,326 | 6,476 | 7.2% |
| Other Operating Expenses | 11,531 | 13,143 | 15,413 | 14,077 | 14,087 | 28,164 | -392 | -1.4% |
| Capital Outlay & Real Property | 489 | 427 | 316 | 16 | 16 | 32 | -711 | -95.7% |
| Payments To Individuals | 1,327 | 1,332 | 1,538 | 1,538 | 1,538 | 3,076 | 206 | 7.2% |
| Local Assistance | 3 | 3 | 4 | 4 | 4 | 8 | 1 | 14.3% |
| Total | 55,275 | 57,365 | 64,661 | 64,415 | 63,191 | 127,606 | 5,580 | 4.6% |

| Expenditures by Activity | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|--------------|-------------|
| Board Of Directors | 1,469 | 1,490 | 1,531 | 30,067 | 30,034 | 60,101 | 57,080 | 1889.4% |
| Mpls Veterans Homes | 28,973 | 30,274 | 34,355 | 18,006 | 17,342 | 35,348 | -29,281 | -45.3% |
| Hastings Veterans Home | 6,641 | 6,924 | 8,171 | 5,292 | 5,192 | 10,484 | -4,611 | -30.5% |
| Silver Bay Veterans Homes | 6,164 | 6,403 | 7,136 | 3,488 | 3,343 | 6,831 | -6,708 | -49.5% |
| Luverne Veterans Home | 6,068 | 6,199 | 6,748 | 3,678 | 3,537 | 7,215 | -5,732 | -44.3% |
| Fergus Falls Veterans Home | 5,960 | 6,075 | 6,720 | 3,884 | 3,743 | 7,627 | -5,168 | -40.4% |
| Total | 55,275 | 57,365 | 64,661 | 64,415 | 63,191 | 127,606 | 5,580 | 4.6% |

VETERANS HOME BOARD

Program: VETERANS HOMES

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------------|---------------|---------------|-----------------|---------------|---------------|-----------------|--------------------------|----------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Revenue by Type and Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Non Dedicated | | | | | | | | |
| General | 12 | 230 | 0 | 0 | 0 | 0 | -230 | -100.0% |
| Subtotal Non Dedicated | 12 | 230 | 0 | 0 | 0 | 0 | -230 | -100.0% |
| Dedicated | | | | | | | | |
| Special Revenue | 25,941 | 27,326 | 27,962 | 29,777 | 30,648 | 60,425 | 5,137 | 9.3% |
| Federal | 80 | 274 | 311 | 275 | 308 | 583 | -2 | -0.3% |
| Miscellaneous Agency | 1,381 | 1,458 | 1,610 | 1,610 | 1,610 | 3,220 | 152 | 5.0% |
| Gift | 496 | 508 | 546 | 546 | 546 | 1,092 | 38 | 3.6% |
| Subtotal Dedicated | 27,898 | 29,566 | 30,429 | 32,208 | 33,112 | 65,320 | 5,325 | 8.9% |
| Total Revenue | 27,910 | 29,796 | 30,429 | 32,208 | 33,112 | 65,320 | 5,095 | 8.5% |
| | | | | | | | | |
| Full-Time Equivalents (FTE) | 908.5 | 863.2 | 855.8 | 855.8 | 855.8 | | | |

Agency Purpose

The Board of Veterinary Medicine was established under the authority of Minnesota Statutes, chapter 156. The board is the licensing agency for practitioners of veterinary medicine in the state of Minnesota. The board was created in 1893 to protect human and animal health and welfare through the regulation of veterinarians in Minnesota. Regulation is accomplished through licensure examination and renewal, as well as the investigation of complaints.

The mission of the board is:

- ◆ to promote the public's interest in receiving quality veterinary care from competent veterinarians by ensuring that veterinarians' qualifications meet the specifications established by the board; and
- ◆ to protect the public by ensuring that all licensees provide competent veterinary care.

Core Functions

The board accomplishes its mission by:

- ◆ setting and administering educational requirements and examination standards for licensure as a veterinarian;
- ◆ setting standards of practice and conduct for licensees and pursuing educational or disciplinary action with licensees to ensure standards are met;
- ◆ responding to public and agency inquiries, complaints and reports regarding licensure and conduct on applicants, licensees and unlicensed practitioners; and
- ◆ providing information and education about licensure requirements and standards of practice to the public and other interested parties.

Operations

The board serves the consumers of veterinary services by licensing as veterinarians only those individuals the board has determined meet the educational, character and examination requirements they have established. The board also serves the public by investigation of complaints regarding veterinary care and, when necessary, initiating corrective or disciplinary action against licensees who fail to maintain professional standards. The board serves the veterinary community by verifying and approving applicant credentials for entrance into the North American Veterinary Licensing Examination and for licensure in Minnesota and verifies licensure status to other state and federal agencies and the public.

Budget

Total direct and indirect expenses for FY 2002-03 biennium are \$576,000. The board staff includes 1.75 full-time equivalent employees.

Of the total budget for the FY 2002-03 biennium, \$539,000 is collected as non-dedicated revenue, which is deposited, into the state government special revenue fund. The board collects fees charged to applicants, licensees and professional corporations. The board is responsible to collect enough revenue to recover all direct and indirect costs.

The board is responsible for the costs of services received from the Attorney General's Office, Health Professional Services Program, and the Administrative Services Unit. A direct appropriation is given to each of these programs from the state government special revenue fund. The board must ensure that sufficient revenue is collected through its fees to fund their portion of these programs costs.

At A Glance

Biennial Budget - FY 2002-03

Total Expenses: \$576,000

Total Revenues: \$539,000

Staff: 1.75 Full-time equivalent employees

MN Licensed Veterinarians Statistics

(As of June 30, 2002)

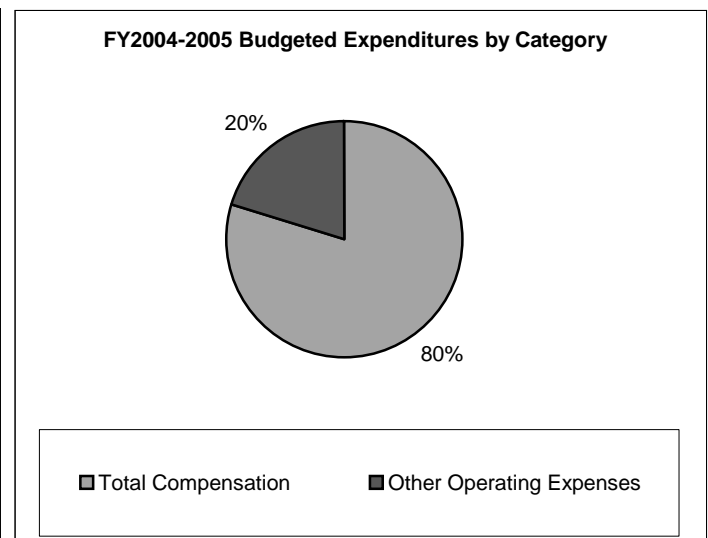
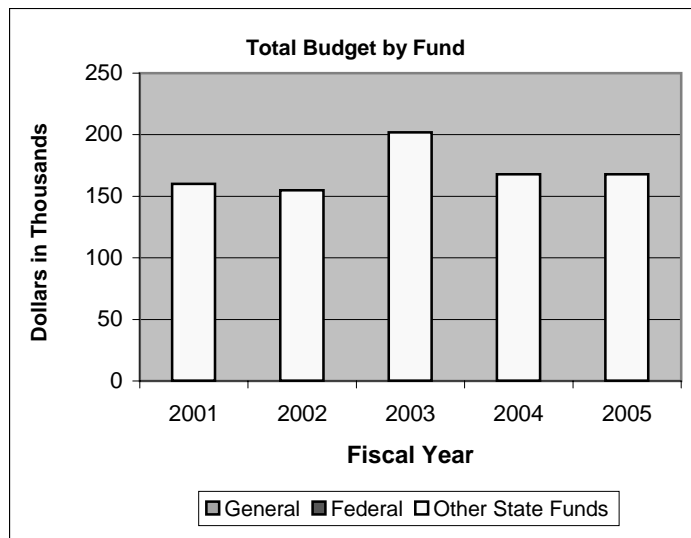
Total Licensed: 2,750

Contact

Minnesota Board of Veterinary Medicine
2829 University Avenue Southeast
Suite 540
Minneapolis, Minnesota 55414

The web site at: <http://www.vetmed.state.mn.us/> gives visitors easy access to useful information about veterinary medicine. Types of information available through the web site include: regulatory news and updates, rules and Minnesota statutes, public notices, and forms.

John King, Executive Director
E-mail: John.King@state.mn.us
Phone: (612) 617-2170
Fax: (612) 617-2172
TDD: 1-800-627-3529



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|----------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| State Government Special Revenue | 152 | 150 | 197 | 163 | 163 | 326 | -21 | -6.1% |
| Open Appropriations | | | | | | | | |
| State Government Special Revenue | 7 | 5 | 5 | 5 | 5 | 10 | 0 | 0.0% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Total | 160 | 155 | 202 | 168 | 168 | 336 | -21 | -5.9% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 118 | 121 | 155 | 131 | 137 | 268 | -8 | -2.9% |
| Other Operating Expenses | 42 | 34 | 47 | 37 | 31 | 68 | -13 | -16.0% |
| Total | 160 | 155 | 202 | 168 | 168 | 336 | -21 | -5.9% |

| | | | | | | | | |
|--------------------------------|------------|------------|------------|------------|------------|------------|------------|--------------|
| Expenditures by Program | | | | | | | | |
| Veterinary Medicine, Board Of | 160 | 155 | 202 | 168 | 168 | 336 | -21 | -5.9% |
| Total | 160 | 155 | 202 | 168 | 168 | 336 | -21 | -5.9% |

| | | | | | | | | |
|----------------------------------|------------|------------|------------|------------|------------|------------|-----------|-------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| State Government Special Revenue | 293 | 269 | 270 | 276 | 276 | 552 | 13 | 2.4% |
| Subtotal Non Dedicated | 293 | 269 | 270 | 276 | 276 | 552 | 13 | 2.4% |
| Total Revenue | 293 | 269 | 270 | 276 | 276 | 552 | 13 | 2.4% |

| | | | | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|--|--|--|
| Full-Time Equivalents (FTE) | 1.8 | 1.7 | 1.7 | 1.7 | 1.7 | | | |
|------------------------------------|------------|------------|------------|------------|------------|--|--|--|

Agency Purpose

The purpose of the Veterans of Foreign Wars (VFW) is fraternal, patriotic, historical, and educational; to preserve and strengthen comradeship among its members; to assist worthy comrades; to perpetuate the memory and history of our dead and to assist their widows and orphans; to maintain true allegiance to the government of the United States of America and fidelity to the Constitution and laws; to foster true patriotism; to maintain and extend the institutions of American freedom; and to preserve and defend the United States from all her enemies, whomsoever.

Core Functions

The VFW's services are available to all veterans. Membership in the organization or VFW Ladies Auxiliary is not required in order to be represented by all VFW offices.

Operations

Claims and Services Offices

- ♦ serve as attorneys-in-fact for veterans, their dependants, widows, and orphans in securing funds and services to which they are entitled;
- ♦ seek to increase awareness among veterans in Minnesota of the available services;
- ♦ employ two accredited claims representatives and two secretaries at Fort Snelling U.S. Department of Veterans Affairs (VA) Regional Office; and
- ♦ provide representation in appeal procedures when claims are initially denied by federal agencies.

VA Medical Center in Minneapolis

- ♦ provides hospital representatives; and
- ♦ assists veterans and dependants in preparation of the required documentation and information necessary for securing health care benefits.

Washington, DC

- ♦ provides personnel for appeals for all veterans; and
- ♦ provides representation in front of the U.S. Court of Veterans Appeals.

Budget

The VFW receives a grant from the General Fund and uses it to supplement approximately 32% of its budget for salaries. In the FY 2002-03 biennium, base funding for this grant was \$55,000 per year, which represents approximately 8% of the organization's total budget.

At A Glance

- ♦ The Department of Minnesota VFW has a governing board of 20 members called the Council of Administration.
- ♦ In 2001, the VFW represented 86,000 Minnesota veterans and their dependants. This number is expected to rise to 95,000 annually in 2002-03 and 100,000 in 2004-05.
- ♦ In 2001, the VFW recovered \$33.2 million in total cash benefits from the federal government for veterans in Minnesota. This amount is expected to rise to over \$35 million a year in the future.
- ♦ 75% of veterans in Minnesota will soon be over 65 years of age, which impacts the demand of VA-related services and health benefits. The average age of veterans:

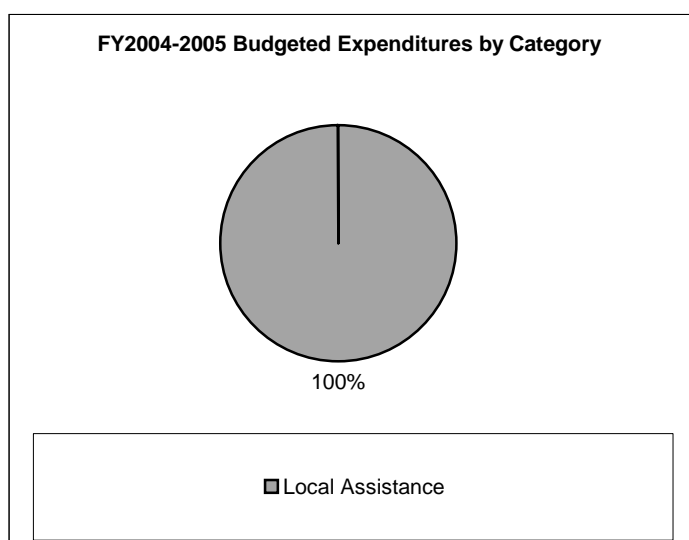
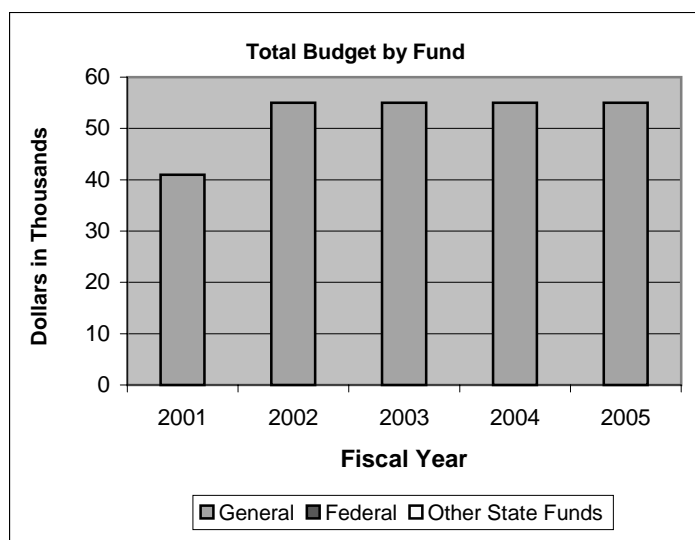
| | |
|------------------|----------|
| World War II | 79 years |
| Korean War | 70 years |
| Vietnam War | 55 years |
| Persian Gulf War | 36 years |

Contact

Department of Minnesota, VFW
Rice Street Station, P.O. Box 17146 St. Paul, MN 55117

Thomas Hanson, VFW Claims Service Director
Quartermaster
Phone: (612) 726-1777
Fax: (612) 970-5404
Web Page: www.vfw.state.mn.us

James Hesselgrave, State
Phone: (651) 291-1757
Fax: (651) 291-2753



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 41 | 55 | 55 | 55 | 55 | 110 | 0 | 0.0% |
| Total | 41 | 55 | 55 | 55 | 55 | 110 | 0 | 0.0% |

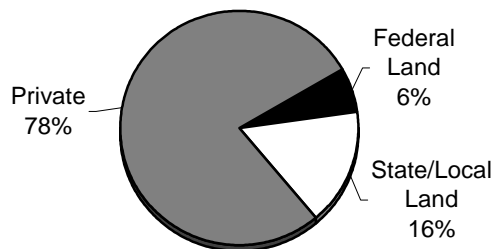
| | | | | | | | | |
|---------------------------------|-----------|-----------|-----------|-----------|-----------|------------|----------|-------------|
| Expenditures by Category | | | | | | | | |
| Local Assistance | 41 | 55 | 55 | 55 | 55 | 110 | 0 | 0.0% |
| Total | 41 | 55 | 55 | 55 | 55 | 110 | 0 | 0.0% |

| | | | | | | | | |
|--------------------------------|-----------|-----------|-----------|-----------|-----------|------------|----------|-------------|
| Expenditures by Program | | | | | | | | |
| Veterans Of Foreign Wars | 41 | 55 | 55 | 55 | 55 | 110 | 0 | 0.0% |
| Total | 41 | 55 | 55 | 55 | 55 | 110 | 0 | 0.0% |

Agency Purpose

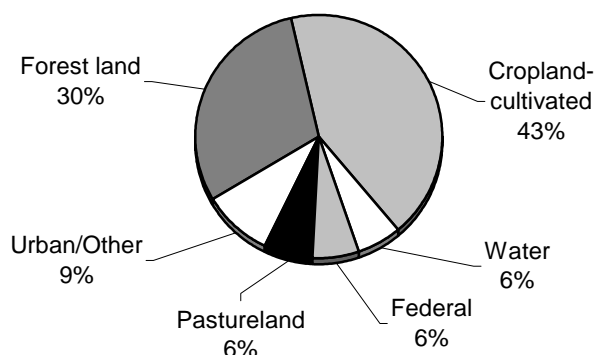
The Board of Water and Soil Resources purpose is to protect and enhance the state's irreplaceable soil and water resources by implementing (through local government) the state's soil and water conservation policy, comprehensive local water management and the wetland conservation act as it relates to the 41.7 million acres of private land in Minnesota. The agency is the state's administrative agency for 91 soil and water conservation districts, 43 watershed districts, 27 metropolitan watersheds and 80 county water management organizations.

Land Ownership



Because 78% of the state is held in private ownership, the agency's focus on private lands is critical to the state attaining its goals for clean water, clean air and abundant fish and wildlife. Managed wisely, these working lands – Minnesota's farms, forests and urban areas – contribute greatly to the production of environmental goods and benefits including cleaner air and water, fish and wildlife habitat and preservation of open spaces.

Variety of Land Uses



Agency programs to assist landowners and local government have resulted in less sediment and nutrients entering our lakes, rivers and streams, more fish and wildlife habitat and the drastic slowing of wetland losses. These outcomes are achieved, in spite of intensification of agriculture, greater demands for forest products and rapid urbanization in many parts of the state.

At A Glance

Two-year State Budget:

- ◆ \$ 8.8 million in operating funds
- ◆ \$28 million in pass-through grants
- ◆ \$32.5 million in local government match funds for project implementation

Local Government Delivery System:

Agency responsibilities are delivered with or implemented by local government to assure local priorities and participation in private lands management. These include:

- ◆ Soil and Water Conservation Districts–91 SWCD's; 450 Elected Supervisors; 359 District Employees
- ◆ Watershed Districts-43 Watershed Districts; 213 Managers; 65 Employees
- ◆ Watershed Management Organizations-27 WMO's; 162 Members
- ◆ 87 Counties
- ◆ 230 Cities
- ◆ 304 WCA LGU's

Accomplishments:

- ◆ 178,181 acres of private land wildlife habitat and restored wetland through RIM Reserve
- ◆ 29,588 acres of wetland loss avoided
- ◆ 208 feedlot fixes through state cost share
- ◆ 1.9 million tons per year of prevented soil erosion
- ◆ 522,000 tons of sediment kept out of lakes, rivers and streams
- ◆ 1,105,000 pounds of phosphorus kept out of lakes, rivers and streams.

Core Functions

BWSR's mission is implemented through the following core functions:

- ⇒ The state soil conservation agency. (M.S. 103B.101)
- ⇒ Direct private land soil and water conservation programs through the action of SWCD's, counties, cities, townships, Watershed Districts, and Water Management Organizations. (M.S. 103C, 103D)
- ⇒ To link water resource planning with comprehensive land use planning. (M.S. 103B)
- ⇒ To provide resolution of water policy conflicts and issues (M.S. 103A.211, 103A.305, 103A.315, 103A.311).
- ⇒ To implement the comprehensive local water management acts. (M.S. 103B.201, 103B.255, 103B.301)
- ⇒ To provide the forum (through the board) for local issues, priorities and opportunities to be incorporated into state public policy. (M.S. 103B.101)
- ⇒ The state agency responsible for the wetland conservation act. (M.S. 103G)
- ⇒ To coordinate state and federal resources to realize local priorities.

Operations

The board consists of 17 members representing local government entities delivering BWSR services, state agencies and citizens. The board sets a policy agenda designed to enhance service delivery through the use of local government. Agency staff is located in eight locations throughout Minnesota. The focus of agency staff is to provide technical and financial assistance to local government to plan and implement agency policy on private lands. The agency has a unique service delivery system using the staff and resources of local government, along with the state staff and resources, to work with private landowners to implement conservation on the ground. This provides an opportunity to partner state, federal, local and private resources to projects that help maintain water quality, prevent soil loss and erosion, plan for land use, and protect wetlands, located on private lands. These partnerships in service delivery ensure that the interest of state policy is implemented with local issues and problems in mind.

Budget

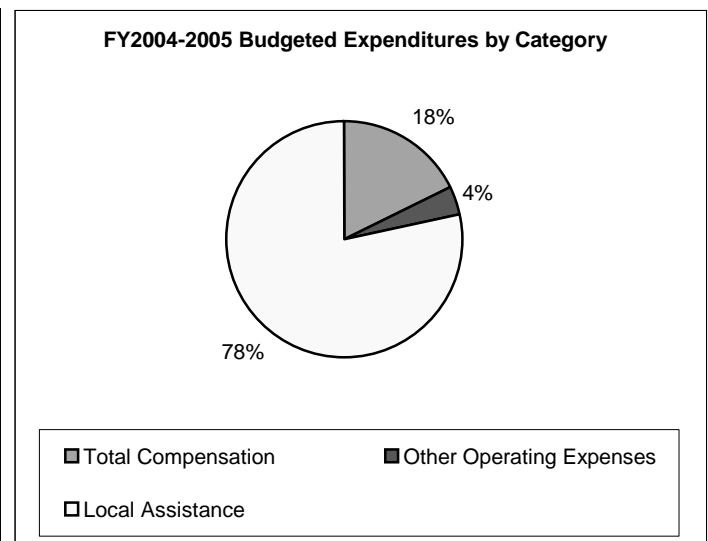
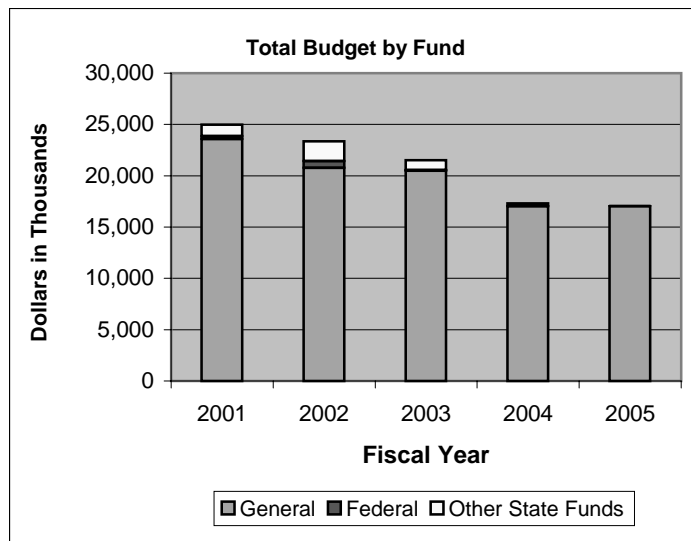
BWSR funding is primarily from the General Fund. The majority of the funds are passed through to local government to administer state policies and programs the agency is responsible for. Outcomes are evaluated to assure conservation policy objectives are attained and that resources are expended to assure program success.

Contact

Minnesota Board of Water and Soil Resources
One West Water Street, Suite 200
St. Paul, Minnesota 55107

BWSR Home page: <http://www.bwsr.state.mn.us>

Tammy McGlone, Administrative Services Director
Phone: (651) 282-2929
Fax: (651) 297-5615



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------------------|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| Environment & Natural Resource | 463 | 261 | 280 | 0 | 0 | 0 | -541 | -100.0% |
| General | 23,577 | 20,757 | 20,476 | 17,042 | 17,042 | 34,084 | -7,149 | -17.3% |
| Minnesota Resources | 0 | 1,365 | 0 | 0 | 0 | 0 | -1,365 | -100.0% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 684 | 331 | 684 | 265 | 2 | 267 | -748 | -73.7% |
| Federal | 265 | 653 | 84 | 0 | 0 | 0 | -737 | -100.0% |
| Total | 24,989 | 23,367 | 21,524 | 17,307 | 17,044 | 34,351 | -10,540 | -23.5% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 3,733 | 3,530 | 3,729 | 3,535 | 3,414 | 6,949 | -310 | -4.3% |
| Other Operating Expenses | 1,451 | 1,424 | 1,323 | 789 | 772 | 1,561 | -1,186 | -43.2% |
| Capital Outlay & Real Property | 96 | 101 | 0 | 125 | 0 | 125 | 24 | 23.8% |
| Local Assistance | 19,709 | 18,312 | 16,472 | 15,285 | 15,285 | 30,570 | -4,214 | -12.1% |
| Transfers | 0 | 0 | 0 | -2,427 | -2,427 | -4,854 | -4,854 | n.m |
| Total | 24,989 | 23,367 | 21,524 | 17,307 | 17,044 | 34,351 | -10,540 | -23.5% |

| | | | | | | | | |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|
| Expenditures by Program | | | | | | | | |
| Water & Soil Resrcs Bd | 24,989 | 23,367 | 21,524 | 17,307 | 17,044 | 34,351 | -10,540 | -23.5% |
| Total | 24,989 | 23,367 | 21,524 | 17,307 | 17,044 | 34,351 | -10,540 | -23.5% |

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------------|--------------------------|--------------------------|----------------------------|---------------|---------------|-----------------------------|--|----------------|
| | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base | | Biennium 2004-05 | Dollars | Percent |
| Revenue by Type and Fund | | | | FY2004 | FY2005 | | | |
| Non Dedicated | | | | | | | | |
| Environment & Natural Resource | 0 | 0 | 12 | 0 | 0 | 0 | -12 | -100.0% |
| General | 45 | 99 | 51 | 0 | 0 | 0 | -150 | -100.0% |
| Minnesota Resources | 0 | 4 | 0 | 0 | 0 | 0 | -4 | -100.0% |
| Subtotal Non Dedicated | 45 | 103 | 63 | 0 | 0 | 0 | -166 | -100.0% |
| Dedicated | | | | | | | | |
| Special Revenue | 546 | 551 | 500 | 182 | 2 | 184 | -867 | -82.5% |
| Federal | 438 | 395 | 68 | 0 | 0 | 0 | -463 | -100.0% |
| Subtotal Dedicated | 984 | 946 | 568 | 182 | 2 | 184 | -1,330 | -87.8% |
| Total Revenue | 1,029 | 1,049 | 631 | 182 | 2 | 184 | -1,496 | -89.0% |
| | | | | | | | | |
| Full-Time Equivalents (FTE) | 58.4 | 52.2 | 50.8 | 50.8 | 50.8 | | | |

Program Description

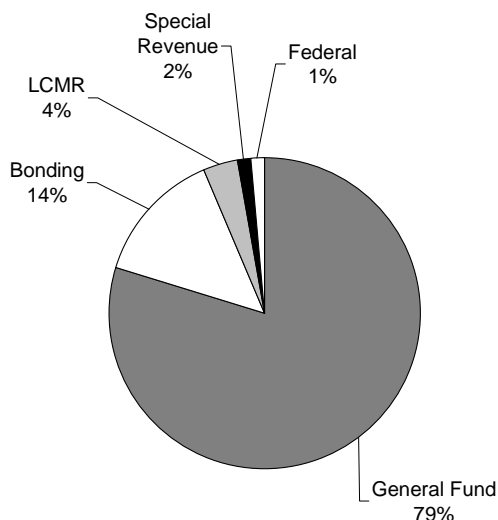
The purpose of this program is to provide the necessary resources for implementation of the state's soil and water conservation policy, comprehensive local water management and the wetland conservation act. Program resources support agency staff and local government staff implementing conservation and resource protection programs on the ground. The financial and technical support provided through grants and staffing assist local government to deliver on state mandated resource protection objectives.

Budget Activities Included:

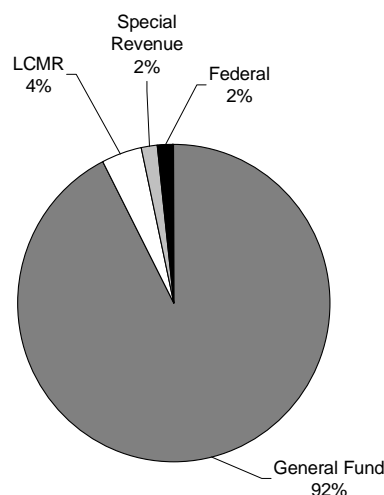
- ⇒ BWSR Operations
- ⇒ Grants to Local Governments
- ⇒ Easements

Financing

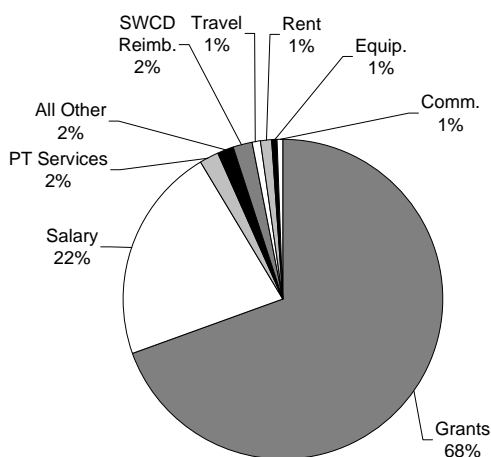
**FY 02-03 Operating Funds
(includes Bonding) \$51.7 Million**



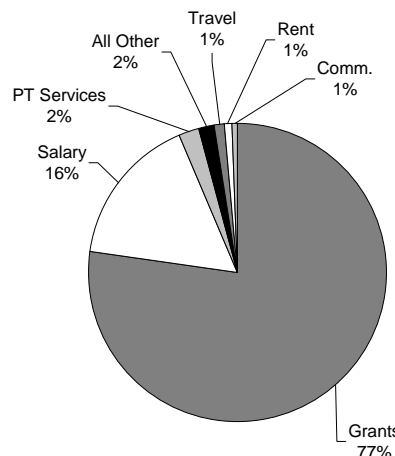
**FY 02-03 Operating Funds
(excludes bonding) \$44.6 Million**



**FY 02-03 Spending Categories
(includes Bonding) \$51.7 Million**



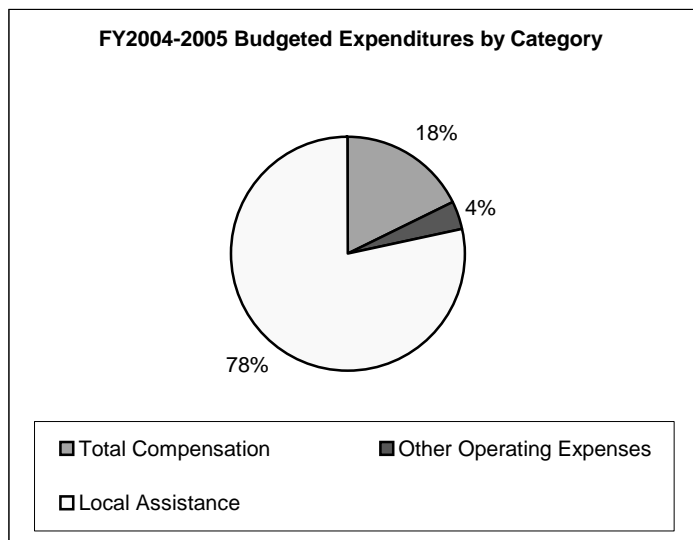
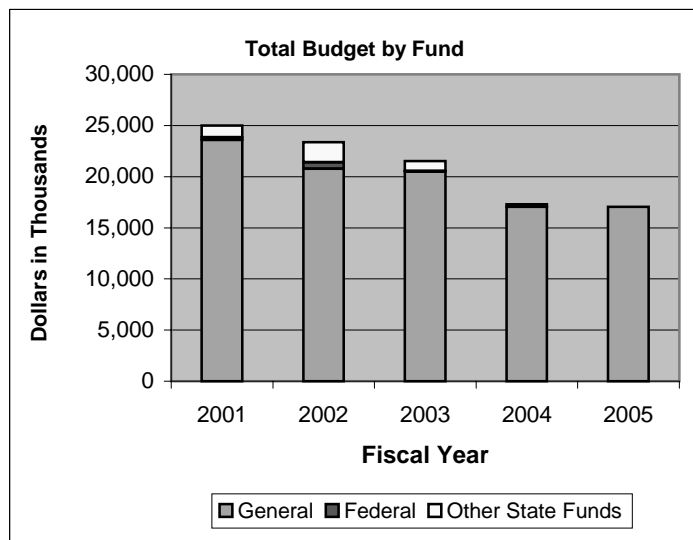
**FY02-03 Spending Categories
(excludes bonding) \$44.6 Million**



WATER & SOIL RESOURCES BOARD

Program: WATER & SOIL RESRCS BD

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| Environment & Natural Resource | 463 | 261 | 280 | 0 | 0 | 0 | -541 | -100.0% |
| General | 23,577 | 20,757 | 20,476 | 17,042 | 17,042 | 34,084 | -7,149 | -17.3% |
| Minnesota Resources | 0 | 1,365 | 0 | 0 | 0 | 0 | -1,365 | -100.0% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 684 | 331 | 684 | 265 | 2 | 267 | -748 | -73.7% |
| Federal | 265 | 653 | 84 | 0 | 0 | 0 | -737 | -100.0% |
| Total | 24,989 | 23,367 | 21,524 | 17,307 | 17,044 | 34,351 | -10,540 | -23.5% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 3,733 | 3,530 | 3,729 | 3,535 | 3,414 | 6,949 | -310 | -4.3% |
| Other Operating Expenses | 1,451 | 1,424 | 1,323 | 789 | 772 | 1,561 | -1,186 | -43.2% |
| Capital Outlay & Real Property | 96 | 101 | 0 | 125 | 0 | 125 | 24 | 23.8% |
| Local Assistance | 19,709 | 18,312 | 16,472 | 15,285 | 15,285 | 30,570 | -4,214 | -12.1% |
| Transfers | 0 | 0 | 0 | -2,427 | -2,427 | -4,854 | -4,854 | n.m |
| Total | 24,989 | 23,367 | 21,524 | 17,307 | 17,044 | 34,351 | -10,540 | -23.5% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|
| Expenditures by Activity | | | | | | | | |
| Bwsr Operations | 5,748 | 4,954 | 5,052 | 4,324 | 4,186 | 8,510 | -1,496 | -15.0% |
| Grants To Local Government | 19,145 | 18,312 | 16,472 | 12,858 | 12,858 | 25,716 | -9,068 | -26.1% |
| Easements | 96 | 101 | 0 | 125 | 0 | 125 | 24 | 23.8% |
| Total | 24,989 | 23,367 | 21,524 | 17,307 | 17,044 | 34,351 | -10,540 | -23.5% |

WATER & SOIL RESOURCES BOARD

Program: WATER & SOIL RESRCS BD

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|------------------------------------|--------------|--------------|-------------|-------------|-------------|------------|-------------------|---------------|
| | Actual | Actual | Budgeted | Base | | Biennium | 2004-05 / 2002-03 | |
| Revenue by Type and Fund | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | 2004-05 | Dollars | Percent |
| Non Dedicated | | | | | | | | |
| Environment & Natural Resource | 0 | 0 | 12 | 0 | 0 | 0 | -12 | -100.0% |
| General | 45 | 99 | 51 | 0 | 0 | 0 | -150 | -100.0% |
| Minnesota Resources | 0 | 4 | 0 | 0 | 0 | 0 | -4 | -100.0% |
| Subtotal Non Dedicated | 45 | 103 | 63 | 0 | 0 | 0 | -166 | -100.0% |
| Dedicated | | | | | | | | |
| Special Revenue | 546 | 551 | 500 | 182 | 2 | 184 | -867 | -82.5% |
| Federal | 438 | 395 | 68 | 0 | 0 | 0 | -463 | -100.0% |
| Subtotal Dedicated | 984 | 946 | 568 | 182 | 2 | 184 | -1,330 | -87.8% |
| Total Revenue | 1,029 | 1,049 | 631 | 182 | 2 | 184 | -1,496 | -89.0% |
| | | | | | | | | |
| Full-Time Equivalents (FTE) | 58.4 | 52.2 | 50.8 | 50.8 | 50.8 | | | |

WATER & SOIL RESOURCES BOARD

Program: WATER & SOIL RESRCS BD

Activity: BWSR OPERATIONS

Narrative

Activity Description

This activity exists to provide technical and administrative resources necessary to assure state soil and water resource management goals and objectives are attained. The activity provides agency staff support to local governments for implementation of the state's soil and water conservation policy, resource protection required by the Wetland Conservation Act (WCA), staff support for local water planning, and technical assistance for conservation projects implemented on private land.

Population Served

This activity provides services to local governments for the implementation of soil conservation and water management practices with an emphasis on private lands. Meeting state environmental goals requires working with a broad network of local governments who each possess some of the tools to address particular aspects of solving problems. There are almost 800 local units of government empowered with the responsibility to deliver services on behalf of the agency to achieve the state soil and water conservation and protection goals. These entities are clients, as well as agents in that they receive technical and administrative support from the activity but they are also the activity's major service provider.

Activity at a Glance

Activity Clientele

- ◆ Local Units of Government
 - ⇒ 91 SWCD's
 - ⇒ 43 Watershed Districts
 - ⇒ 27 WMO's
 - ⇒ 87 Counties
 - ⇒ 304 WCA Authorities
- ◆ Private landowners throughout the state
- ◆ Other state and federal conservation partners
- ◆ Private conservation organizations

Available Statewide Land Resources

- ◆ 41.7 million acres of private lands including
 - ⇒ 23 million acres of cropland
 - ⇒ 5.3 million acres of private forested land
 - ⇒ 7.4 million acres of wetlands

Services Provided

Lists address some of the responsibilities of the Board of Water and Soil Resources (BWSR) in the following areas:

Soil and Water Conservation Districts (SWCD) M.S. 103C

- ⇒ Hear petitions and order formation of, consolidation of and/or division of districts, approve change of location, conduct referendum and order discontinuance of districts.
- ⇒ Approve changes to nominating districts for elections and hear petitions/order removal of elected supervisors.
- ⇒ Establish and enforce penalties for violation of grant programs and/or misconduct of supervisors or employees.
- ⇒ Approve and administer state grants, coordinate programs and activities with state and federal agencies.
- ⇒ Develop structural land use management practices and other programs designed to achieve soil and water conservation goals.
- ⇒ Review and approve works of improvement.

Watershed Districts and Watershed Management Organizations (WMOs) M.S. 103B & D

- ⇒ Establish, define boundaries, enlarge or consolidate districts. Appoint first board of managers of new districts.
- ⇒ Receive and hear appeals of district project orders.
- ⇒ Review annual audits and reports. Enforce member eligibility requirements. Assign non-implementing areas to associated counties.
- ⇒ Approve management plans and revisions, review rules and regulations, review and approve engineering reports on proposed projects, and approve plans for establishment of stormwater utility fees.
- ⇒ Authority to investigate misconduct of managers.

WATER & SOIL RESOURCES BOARD

Program: WATER & SOIL RESRCS BD

Activity: BWSR OPERATIONS

Narrative

Counties and Cities M.S. 103B, F & G

- ⇒ Approve land management plans.
- ⇒ Hear and decide appeals of wetland replacement, wetland exemption determinations and municipal contracts with water plans.
- ⇒ Rescind WCA authority, impose building moratoriums.
- ⇒ Certify employees' completion of wetland delineation training and certify wetland banking transactions.
- ⇒ Approve comprehensive local water management plans and revisions.
- ⇒ Approve and allocate grant funding to counties. Conduct audits and investigate potential grant violations.

Wetland Conservation Act M.S. 103A, B & G

- ⇒ Project review, dispute resolution, and appeals.
- ⇒ Participate on technical evaluation panel.
- ⇒ Interagency coordination and enforcement.
- ⇒ Evaluate local government unit (LGU) performance.
- ⇒ Administer program rules, banking, forms, manuals, training, and delineator certification.
- ⇒ Delineator certification.
- ⇒ Develop, review, and approve local wetland plans and ordinances.
- ⇒ Acquisition and development for local government wetland road replacement program.

Comprehensive Local Water Management Program M.S. 103

- ⇒ Establish content expectation for local water management plan including citizen involvement.
- ⇒ Review and approve plans submitted.
- ⇒ Resolve disputes arising from planning process.
- ⇒ Support local implementation of local water management plan.
- ⇒ Support development and adoption of local ordinances to protect and improve water quality or quantity.
- ⇒ Support and provide technical assistance for the installation of practices to protect, conserve or improve water quality or quantity.

Historical Perspective

The agency was created in 1987 as a result of the merger of the Water Planning Board, the Southern Minnesota Rivers Basin Council and the Minnesota Soil and Water Conservation Board. The history of the agency dates back to the 1930's in some form. BWSR is different from other agencies because of its board of local officials, citizens, and state agencies. This forum is unique in its ability to bring diverse interests to the table to achieve mutual goals and coordinate activities. The board also provides a means for local government to have input into the administrative branch of government.

The Reinvest in Minnesota (RIM) program enacted in 1986 added the ability to use conservation easements as another tool in the protection of water quality. Soil loss, sediment control, phosphorus reduction, and creation of fish and wildlife habitat are some of the demonstrated benefits of conservation easements.

In 1991 the activity added a major regulatory function with the passage of the Wetland Conservation Act. The goal of the act is no net loss of wetlands in this state. The protection is intended for both quality and quantity of wetlands. Activity efforts focus on wetlands located on private lands, restoration of wetlands that have been drained for filled for agriculture and wetlands that are disturbed for urban development and transportation projects.

WATER & SOIL RESOURCES BOARD

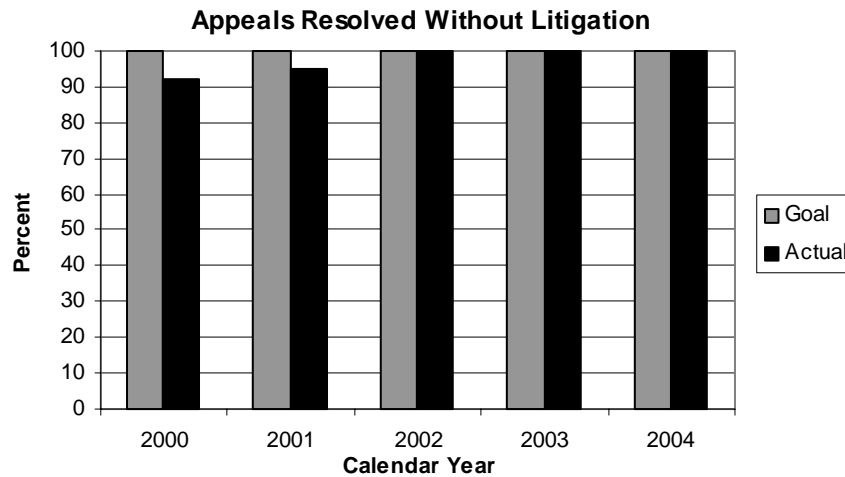
Program: WATER & SOIL RESRCS BD

Activity: BWSR OPERATIONS

Narrative

Key Measures

No net loss of wetlands will be a key measure for this activity. The method for tracking and calculating this measure is currently being developed. The measurement should demonstrate progress toward the state goal for wetland protection of no net loss. An additional measure that will be developed is to track training activities for local government. Activity performance can be measured by the effectiveness of local delivery systems as they are the key to local program implementation.



Contact

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BWSR Home page: <http://www.bwsr.state.mn.us>

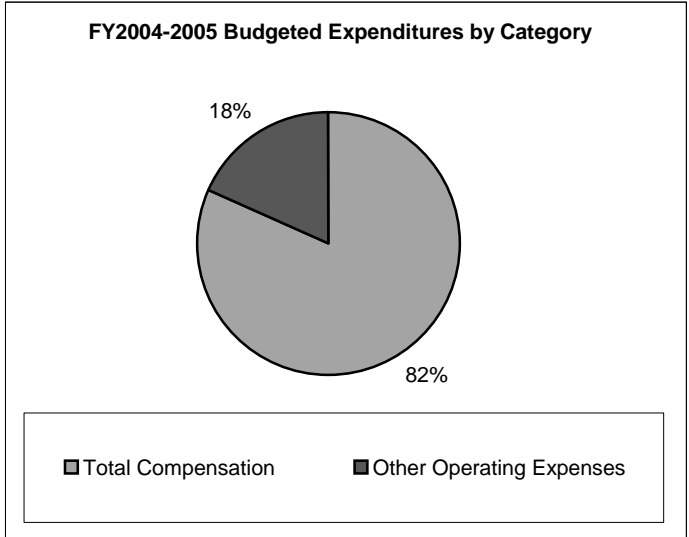
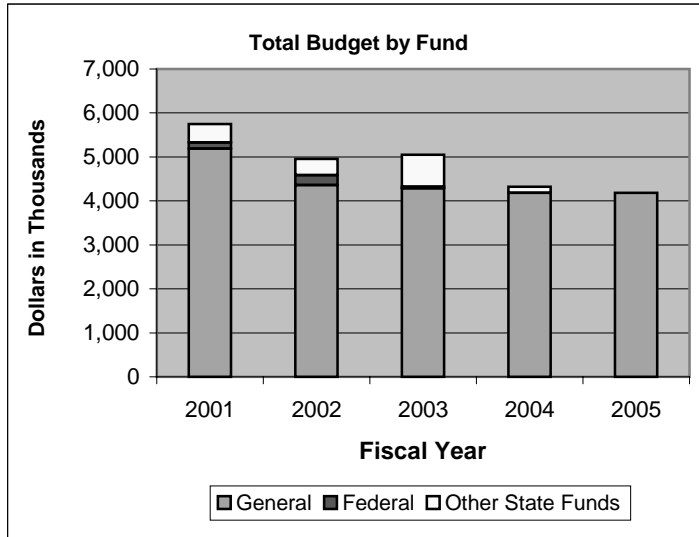
Tammy McGlone, Administrative Services Director
Phone: (651) 282-2929
Fax: (651) 297-5615

WATER & SOIL RESOURCES BOARD

Program: WATER & SOIL RESRCS BD

Activity: BWSR OPERATIONS

Fiscal Report



| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 Dollars | Percent |
|---------------------------------|------------------|------------------|--------------------|----------------|--------------------|---------------------|---|---------------|
| Expenditures by Fund | | | | | | | | |
| Direct Appropriations | | | | | | | | |
| Environment & Natural Resource | 151 | 224 | 280 | 0 | 0 | 0 | -504 | -100.0% |
| General | 5,185 | 4,355 | 4,288 | 4,184 | 4,184 | 8,368 | -275 | -3.2% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 270 | 144 | 452 | 140 | 2 | 142 | -454 | -76.2% |
| Federal | 142 | 231 | 32 | 0 | 0 | 0 | -263 | -100.0% |
| Total | 5,748 | 4,954 | 5,052 | 4,324 | 4,186 | 8,510 | -1,496 | -15.0% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 3,733 | 3,530 | 3,729 | 3,535 | 3,414 | 6,949 | -310 | -4.3% |
| Other Operating Expenses | 1,451 | 1,424 | 1,323 | 789 | 772 | 1,561 | -1,186 | -43.2% |
| Local Assistance | 564 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Total | 5,748 | 4,954 | 5,052 | 4,324 | 4,186 | 8,510 | -1,496 | -15.0% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|-----------|----------|-----------|-------------|---------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 0 | 3 | 0 | 0 | 0 | 0 | -3 | -100.0% |
| Subtotal Non Dedicated | 0 | 3 | 0 | 0 | 0 | 0 | -3 | -100.0% |
| Dedicated | | | | | | | | |
| Special Revenue | 546 | 349 | 115 | 57 | 2 | 59 | -405 | -87.3% |
| Federal | 384 | 340 | 56 | 0 | 0 | 0 | -396 | -100.0% |
| Subtotal Dedicated | 930 | 689 | 171 | 57 | 2 | 59 | -801 | -93.1% |
| Total Revenue | 930 | 692 | 171 | 57 | 2 | 59 | -804 | -93.2% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 57.4 | 52.2 | 50.8 | 50.8 | 50.8 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

WATER & SOIL RESOURCES BOARD

Program: WATER & SOIL RESRCS BD

Activity: GRANTS TO LOCAL GOVERNMENT

Narrative

Activity Description

Grant programs provide funding to local units of government responsible for delivering agency services in their local communities. The funding provided is for local program administration and conservation projects put on the ground. The goal is to maximize the financial and human resources (state, local, and federal) available to deliver the goals and objectives for clean water, clean air and abundant fish and wildlife habitat.

Population Served

The activity issues grants to a core delivery network of 200 organizations. Those grant funds are used to implement local water management programs and to provide cost-share to private landowners who use these funds and their own financial resources to install conservation practices on their land to benefit state water and soil resources.

Services Provided

The activity primarily provides financial incentives for local units of government and landowners to construct conservation practices. The majority of these funds leverage federal and landowner dollars as part of a required local match. Funding is also provided for limited planning and regulatory activities. These dollars help local government manage the quantity and quality of their water and to construct projects that will improve water resources.

Funding for wetland regulatory activities allows local government to protect the wetland resources in their community. The funding and state regulatory authority they receive through the agency programs allow them to identify and protect wetlands from construction and development in order to achieve the state resource conservation and protection goals.

Finally, funding is provided to support the administrative operations of soil and water conservation districts. Counties provide the majority of funding for these operations. The state contribution assists in providing resources for staff and operating expenses associated with Soil and Water Conservation Districts (SWCD) delivery of state programs.

Historical Perspective

The state has provided funding to SWCD's to assist with the expenses of their operations, to perform maintenance inspections on state Reinvest in Minnesota (RIM) easements and to provide local engineering services for state and federal cost share projects.

Cost share funding is provided to construct water quality and erosion control treatment practices. There are a wide variety of practices that can be implemented depending upon the specific nature or condition of the resource or the objective to be achieved by implementing the practice. The activity funds are always matched with landowner contributions and frequently matched with local and federal contributions. There has been an increase in funding for feedlot cost share as the state has identified a 10-year plan to solve the problem of polluting feedlots in the state. Cost share funding is a major component of that plan and is provided to producers to assist them in their compliance with rules and regulations for feedlots.

Activity at a Glance

Reporting for Calendar Year 2001

Land and Water Treatment Projects

- ◆ Number of projects 3,763
- ◆ Total Cost \$19,020,000
 - ⇒ BWSR Cost \$3,430,000
 - ⇒ Minnesota Pollution Control Agency (MPCA) \$1,383,000
 - ⇒ Other State Agency \$1,955,000
 - ⇒ MPCA State Loans \$867,000
 - ⇒ Minnesota Department of Agriculture (MDA) State Loans \$2,442,000
 - ⇒ Occupier Cost \$4,900,000
 - ⇒ Local Government Unit Cost \$1,527,000
 - ⇒ Federal Cost \$2,165,000
 - ⇒ Other Cost \$351,000
- ◆ Soil loss reduction 349,000 tons per year
- ◆ Sediment reduction 59,400 tons per year
- ◆ Phosphorus reduction 131,000 pounds per year

Local Water Planning Projects

- ◆ Number of education projects 606
- ◆ Number of planning projects 43
- ◆ Number of inventories 81
- ◆ Number of monitoring projects 293

Feedlot Water Quality Mgmt Cost Share Projects

- ◆ Number of projects 28
- ◆ Phosphorus reduction 2,574 pounds per year

WATER & SOIL RESOURCES BOARD

Program: WATER & SOIL RESRCS BD

Activity: GRANTS TO LOCAL GOVERNMENT

Narrative

The natural resources block grant provides funding for program administration at the local level for water planning, shoreland management, and the wetland conservation act. Competitive funding for high priority local water planning projects was provided in the past through a challenge grant program that was eliminated in 2003 budget reductions.

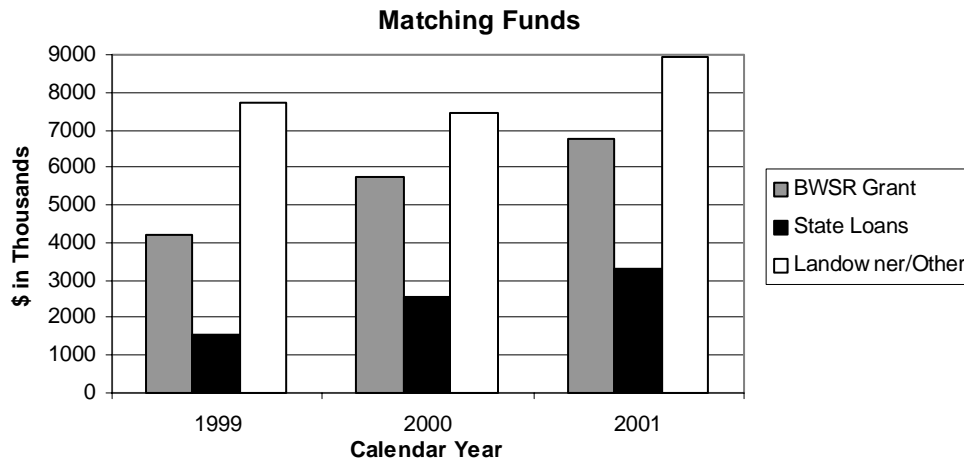
Key Measures

As a key measure, the percent of land eroding at less than sustainable soil erosion limits from water and wind will demonstrate the effectiveness of grant funds practice implementation on maintaining soil on the land where it belongs rather than in the water. The Natural Resources Inventory, done every five years will provide source data to determine performance.

Tons of sediment/pounds of phosphorous prevented from degrading state surface waters.

| | Calendar Year Reporting | | | | | |
|---|-------------------------|----------------|----------------|-------------------|-------------------|-------------------|
| | 1999 Actual | 2000 Actual | 2001 Actual | 2002 Estimated | 2003 Estimated | 2004 Estimated |
| Phosphorus Reduction (pounds per year) | 172 | 226 | 131 | 140 | 140 | 140 |
| Soil Loss Reduction (tons per year) | 488 | 283 | 349 | 300 | 300 | 280 |
| Sediment Reduction (tons per year) | 108 | 81 | 59 | 75 | 75 | 70 |

Conservation partnerships developed to provide 1 to 1 match for state project dollars.



Contact

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St. Paul, Minnesota 55107
Ronald D. Harnack, Executive Director

BWSR Home page: <http://www.bwsr.state.mn.us>

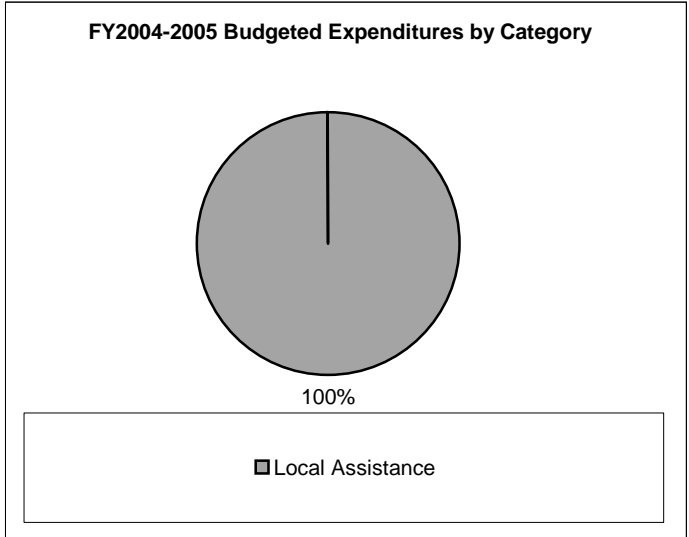
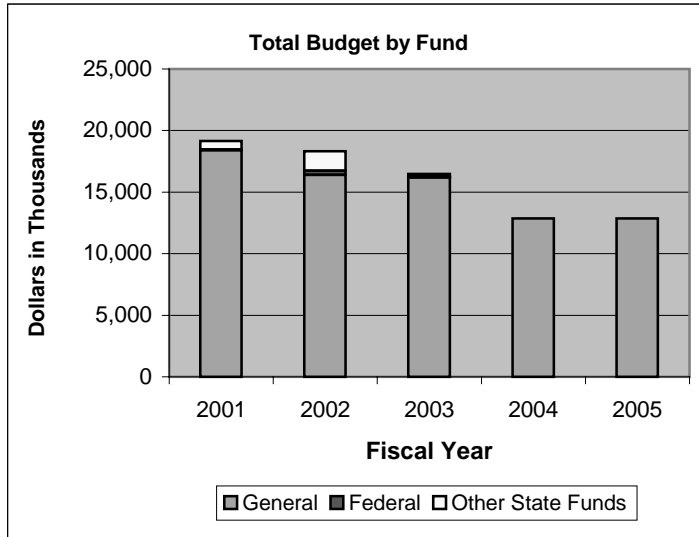
Tammy McGlone, Administrative Services Director
Phone: (651) 282-2929
Fax: (651) 297-5615

WATER & SOIL RESOURCES BOARD

Program: **WATER & SOIL RESRCS BD**

Activity: GRANTS TO LOCAL GOVERNMENT

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| Environment & Natural Resource | 312 | 37 | 0 | 0 | 0 | 0 | -37 | -100.0% |
| General | 18,392 | 16,402 | 16,188 | 12,858 | 12,858 | 25,716 | -6,874 | -21.1% |
| Minnesota Resources | 0 | 1,365 | 0 | 0 | 0 | 0 | -1,365 | -100.0% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 393 | 187 | 232 | 0 | 0 | 0 | -419 | -100.0% |
| Federal | 48 | 321 | 52 | 0 | 0 | 0 | -373 | -100.0% |
| Total | 19,145 | 18,312 | 16,472 | 12,858 | 12,858 | 25,716 | -9,068 | -26.1% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Expenditures by Category | | | | | | | | |
| Local Assistance | 19,145 | 18,312 | 16,472 | 15,285 | 15,285 | 30,570 | -4,214 | -12.1% |
| Transfers | 0 | 0 | 0 | -2,427 | -2,427 | -4,854 | -4,854 | n.m |
| Total | 19,145 | 18,312 | 16,472 | 12,858 | 12,858 | 25,716 | -9,068 | -26.1% |

| | | | | | | | | |
|---------------------------------|-----------|------------|------------|----------|----------|----------|-------------|----------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| Environment & Natural Resource | 0 | 0 | 12 | 0 | 0 | 0 | -12 | -100.0% |
| General | 45 | 96 | 51 | 0 | 0 | 0 | -147 | -100.0% |
| Minnesota Resources | 0 | 4 | 0 | 0 | 0 | 0 | -4 | -100.0% |
| Subtotal Non Dedicated | 45 | 100 | 63 | 0 | 0 | 0 | -163 | -100.0% |
| Dedicated | | | | | | | | |
| Special Revenue | 0 | 202 | 385 | 0 | 0 | 0 | -587 | -100.0% |
| Federal | 54 | 55 | 12 | 0 | 0 | 0 | -67 | -100.0% |
| Subtotal Dedicated | 54 | 257 | 397 | 0 | 0 | 0 | -654 | -100.0% |
| Total Revenue | 99 | 357 | 460 | 0 | 0 | 0 | -817 | -100.0% |

| | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|
| Full-Time Equivalents (FTE) | 1.0 | 0.0 | 0.0 | 0.0 | 0.0 |
|------------------------------------|------------|------------|------------|------------|------------|

WATER & SOIL RESOURCES BOARD

Program: WATER & SOIL RESRCS BD

Activity: EASEMENTS

Narrative

Activity Description

The Reinvest in Minnesota Reserve (RIM Reserve) program establishes the activities ability to take conservation easements on private lands. Keeping marginal agricultural land out of production protects soil and water quality and fish and wildlife habitat. The conservation easement is one of the many resource management tools provided to local government to work with landowners for managing and protecting out states working lands. Easements provide public benefits without removing lands from local tax rolls or having the state incur the costs and liabilities of ownership.

Population Served

Services of the activity are provided to local governments who serve as a sales force for the state. Their effectiveness is manifested in landowner demand that is historically double the supply of easement money.

Services Provided

The activity provides financial incentives to landowners in exchange for a conservation easement that defines future land use options. In exchange for compensation for the easement, the landowner agrees to take the land permanently out of crop production or pasture. The land is then restored to a natural state, using native grasses or restoring a wetland. The benefits derived are improvements to water quality, reduction in soil loss and sediment and habitat creation. Resources of this activity are often matched up with federal U.S. Department of Agriculture (USDA) programs like, Conservation Reserve Program (CRP), Wetland Replacement Program (WRP) to maximize benefits and leverage federal resources.

Activity at a Glance

- ◆ 4,798 easements (1986-2001)
- ◆ Number of acres enrolled in easement programs
 - ⇒ RIM 59,587
 - ⇒ RIM/CREP 101,194
 - ⇒ RIM/WRP 7,017
 - ⇒ PWP 11,803
- ◆ Acres by land type enrolled
 - ⇒ Marginal Cropland 14,319
 - ⇒ Riparian 68,866
 - ⇒ Sensitive Groundwater 1,175
 - ⇒ Wetlands Restored 81,113
 - ⇒ Other 14,128
- ◆ 9.6 tons per acre per year soil loss reduction
- ◆ 4.7 tons per acre per year sediment reduction
- ◆ 5.8 pounds per acre per year phosphorus reduction
- ◆ State dollars invested in easements \$147,386,000
- ◆ Federal dollars matched for easements \$173,403,000
- ◆ 2002 implementation cost per acre enrolled \$152

Historical Perspective

In 1986 The Reinvest in Minnesota act was passed and a RIM reserve program was created to keep certain marginal agricultural land out of crop production or from being pastured to protect water quality and increase fish and wildlife habitat. In the 1996 Federal Farm Bill, a conservation reserve enhancement program (CREP) was authorized. The Minnesota River CREP was one of the first state efforts to be approved in the nation and has resulted in over 100,000 acres of easements being acquired over the last four years and added to the agencies easement inventory.

WATER & SOIL RESOURCES BOARD

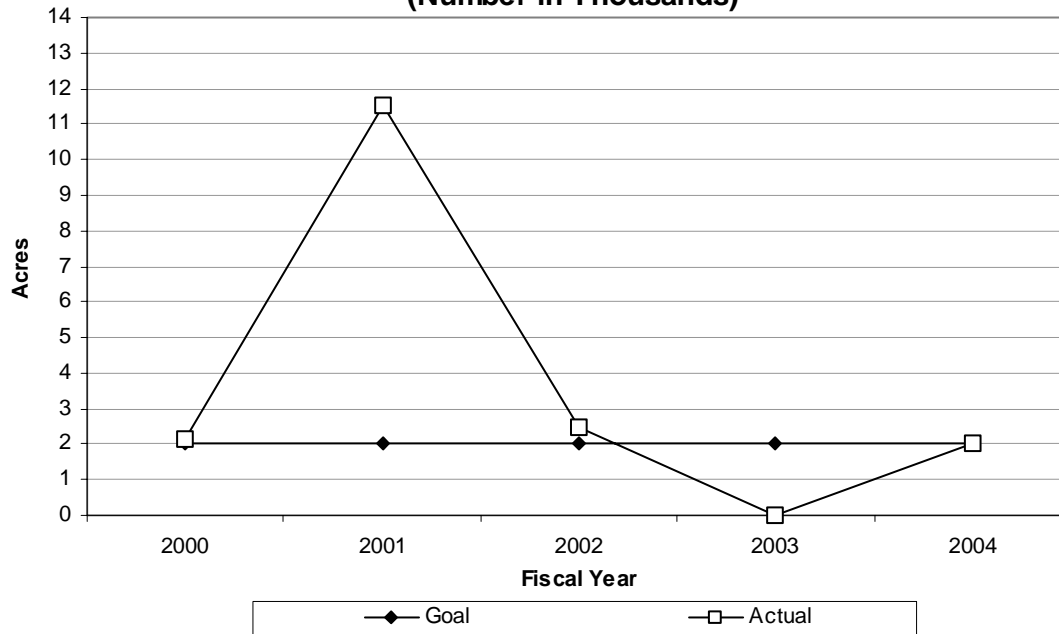
Program: WATER & SOIL RESRCS BD

Activity: EASEMENTS

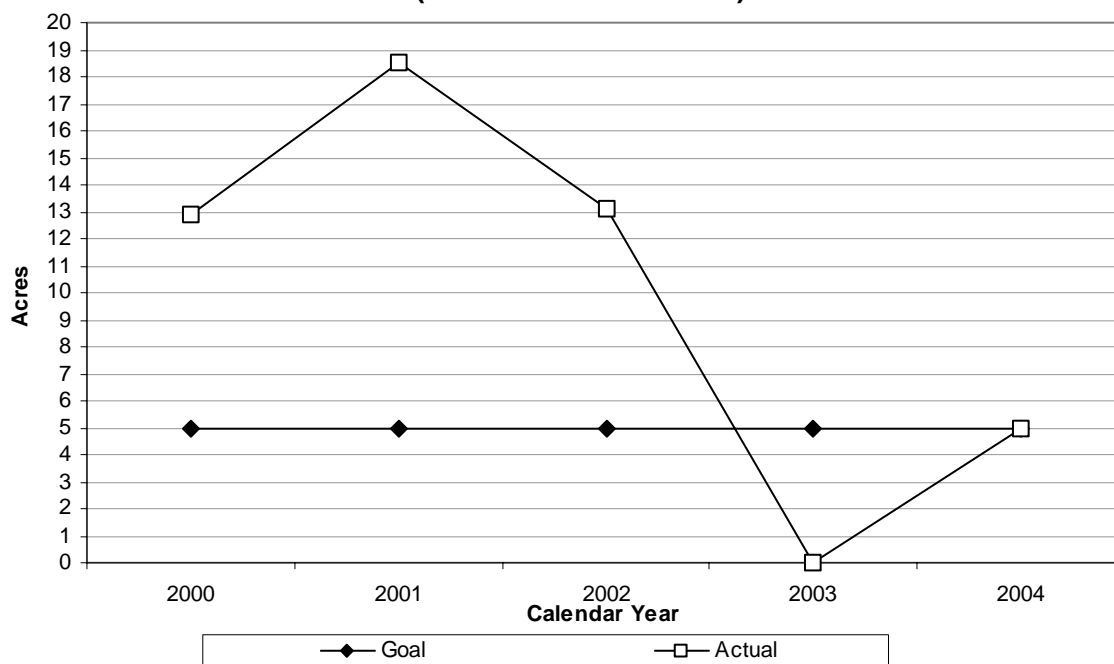
Narrative

Key Measures

**Number of Wetland Acres Restored
(Number in Thousands)**



**Marginal Agriculture Land Enrolled
(Number in Thousands)**

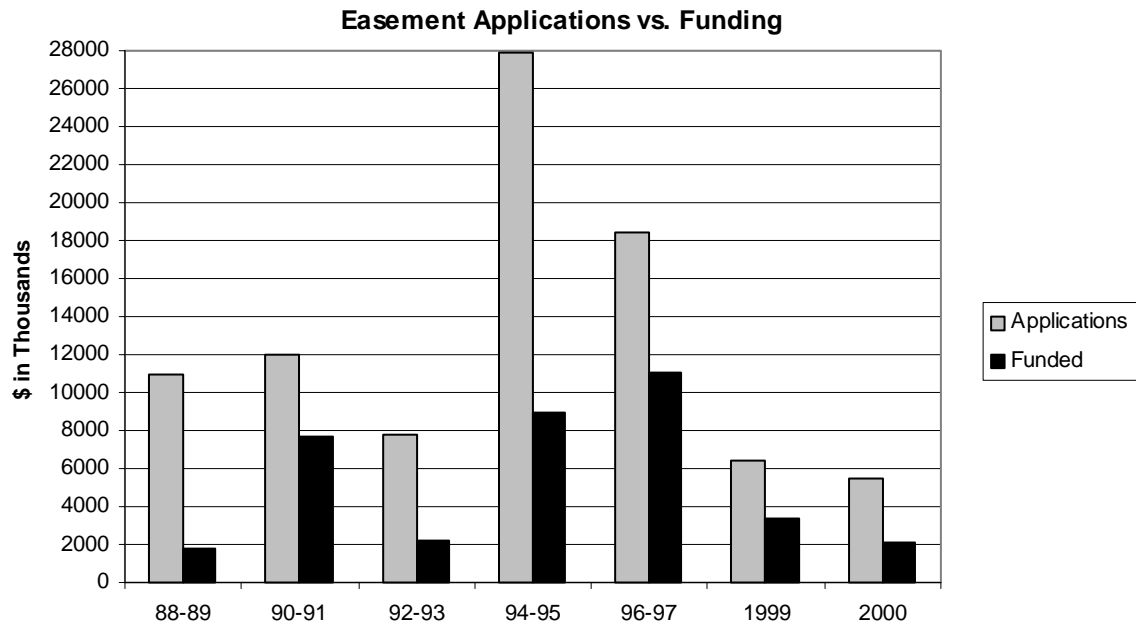


WATER & SOIL RESOURCES BOARD

Program: WATER & SOIL RESRCS BD

Activity: EASEMENTS

Narrative



Contact

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BWSR Home page: <http://www.bwsr.state.mn.us>

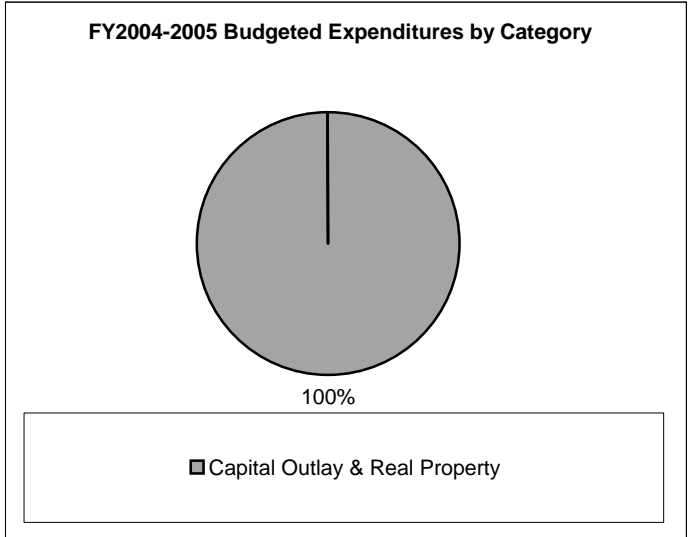
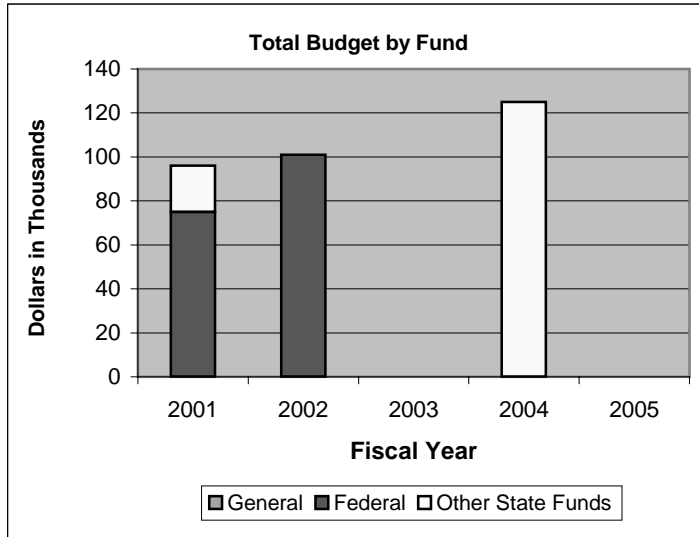
Tammy McGlone, Administrative Services Director
Phone: (651) 282-2929
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WATER & SOIL RESOURCES BOARD

Program: WATER & SOIL RESRCS BD

Activity: EASEMENTS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--------------------------|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | 2004-05 / 2002-03 | |
| Statutory Appropriations | | | | | | | Dollars | Percent |
| Special Revenue | 21 | 0 | 0 | 125 | 0 | 125 | 125 | n.m |
| Federal | 75 | 101 | 0 | 0 | 0 | 0 | -101 | -100.0% |
| Total | 96 | 101 | 0 | 125 | 0 | 125 | 24 | 23.8% |

| | | | | | | | | |
|---------------------------------|-----------|------------|----------|------------|----------|------------|-----------|--------------|
| Expenditures by Category | | | | | | | | |
| Capital Outlay & Real Property | 96 | 101 | 0 | 125 | 0 | 125 | 24 | 23.8% |
| Total | 96 | 101 | 0 | 125 | 0 | 125 | 24 | 23.8% |

| | | | | | | | | |
|---------------------------------|----------|----------|----------|------------|----------|------------|------------|------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Special Revenue | 0 | 0 | 0 | 125 | 0 | 125 | 125 | n.m |
| Subtotal Dedicated | 0 | 0 | 0 | 125 | 0 | 125 | 125 | n.m |
| Total Revenue | 0 | 0 | 0 | 125 | 0 | 125 | 125 | n.m |

Agency Purpose

The Workers' Compensation Court of Appeals (WCCA) was established by the legislature as the exclusive statewide authority to decide all questions of law and fact in workers' compensation disputes within the court's appellate jurisdiction as provided by M.S. 175A and 176.

Core Functions

The court consists of five judges appointed by the governor and confirmed by the state senate. The governor designates one of the five as chief judge, who has responsibility for the administration of the court. The court performs an appellate function, reviewing decisions of the Workers' Compensation Division of the Department of Labor and Industry, and the Office of Administrative Hearings. This includes:

- ◆ reviewing the evidentiary record created by the initial decision-making body;
- ◆ presiding over oral arguments;
- ◆ conducting necessary legal research;
- ◆ deciding the issues; and
- ◆ issuing appropriate written orders, decisions and memoranda. Decisions are written to inform the court's clientele of the basis of the decisions and to create a body of law pertaining to workers' compensation issues. Decisions of this court are applicable directly to the Minnesota Supreme Court.

At A Glance

The court has attempted to produce decisions which are consistent and which bring predictability to the resolution of workers' compensation disputes. We believe that this goal has been achieved to a large extent and has been a factor in reducing the amount of litigation in the workers' compensation system.

The primary factors influencing operations of the court continue to be the number of work-related injuries sustained and the extent of litigation over benefit entitlement. Other factors include workplace safety, new legislation, insurance costs, medical costs, and economic conditions.

Operations

- ◆ To deliver services as expeditiously as possible while maintaining the integrity of the decision-making function.
- ◆ To produce high quality and consistent decisions on a timely basis in order to provide the quick and efficient delivery of indemnity and medical benefits to qualified injured workers at a reasonable cost to employers.
- ◆ To provide economic stability for injured workers and their families in financial crises due to work-related illnesses and injuries.
- ◆ To provide for timely cure and treatment of work-related illnesses and injuries.
- ◆ To help provide a competitive business climate for Minnesota employers.
- ◆ To provide direction and motivation for employers to create safe and healthy work environments for employees.

Budget

The budget for FY 2002-03 totals \$3.187 million. The WCCA is funded by a direct appropriation from the workers' compensation special fund.

The court currently has the equivalent of 13.5 full-time equivalent employees. The WCCA reduced its base funding for the 2002-03 biennium due to savings resulting from a reduction in personnel.

Contact

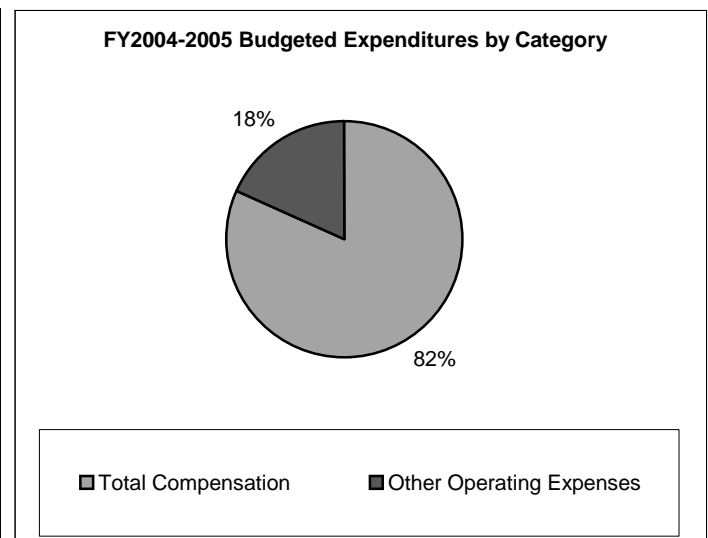
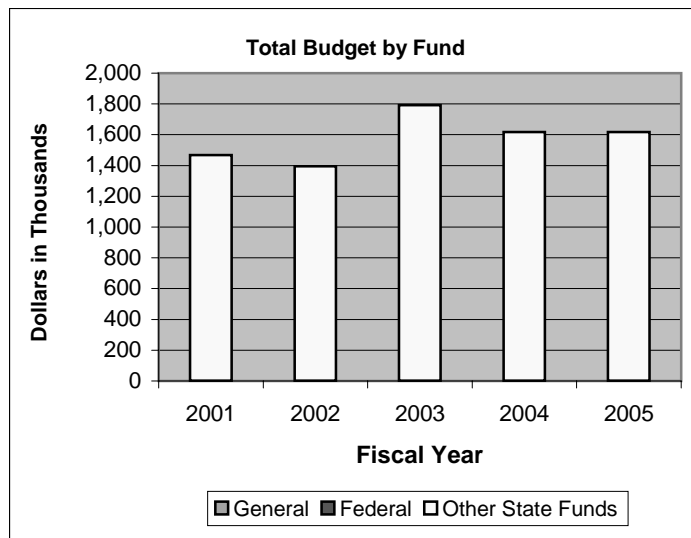
Workers' Compensation Court of Appeals
Minnesota Judicial Center
25 Constitution Avenue
St. Paul, Minnesota 55155-1500

World Wide Web Home Page: <http://www.workerscomp.state.mn.us>. Information available includes: WCCA Decisions 1999 to the Present and Rules of Practice

General Information:

Phone: (651) 296-6526

Fax: (651) 297-2520



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| Workers Compensation | 1,468 | 1,394 | 1,793 | 1,618 | 1,618 | 3,236 | 49 | 1.5% |
| Total | 1,468 | 1,394 | 1,793 | 1,618 | 1,618 | 3,236 | 49 | 1.5% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 1,146 | 1,154 | 1,408 | 1,320 | 1,320 | 2,640 | 78 | 3.0% |
| Other Operating Expenses | 322 | 240 | 385 | 298 | 298 | 596 | -29 | -4.6% |
| Total | 1,468 | 1,394 | 1,793 | 1,618 | 1,618 | 3,236 | 49 | 1.5% |

| | | | | | | | | |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------|-------------|
| Expenditures by Program | | | | | | | | |
| Workers Comp Ct Of Appeals | 1,468 | 1,394 | 1,793 | 1,618 | 1,618 | 3,236 | 49 | 1.5% |
| Total | 1,468 | 1,394 | 1,793 | 1,618 | 1,618 | 3,236 | 49 | 1.5% |

| | | | | | | | | |
|---------------------------------|----------|----------|----------|----------|----------|----------|-----------|----------------|
| Revenue by Type and Fund | | | | | | | | |
| Non Dedicated | | | | | | | | |
| General | 3 | 3 | 2 | 0 | 0 | 0 | -5 | -100.0% |
| Subtotal Non Dedicated | 3 | 3 | 2 | 0 | 0 | 0 | -5 | -100.0% |
| Total Revenue | 3 | 3 | 2 | 0 | 0 | 0 | -5 | -100.0% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 14.5 | 13.9 | 13.9 | 13.9 | 13.9 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

Agency Purpose

The Minnesota Zoological Board (MZB) is established by M.S. Chapter 85A and is charged with operating the Minnesota Zoological Garden (Zoo) as an education, conservation and recreation organization for the collection, habitation, preservation, care, exhibition, examination or study of wild and domestic animals.

The **mission** of the Zoo is to strengthen the bond between people and the living earth by inspiring visitors to act on behalf of the environment. To accomplish this the Zoo provides award winning educational, recreational, and conservation programs.

The Zoo is a public-private partnership intended to actively solicit the support of and financial donations from non-state sources. The Zoo belongs to the people of Minnesota and its facilities and programs are accessible to all Minnesotans.

Core Functions

The Zoo provides opportunities for Minnesotans and out of state visitors to experience wildlife in meaningful ways. These experiences encourage stewardship for animals and nature and foster a greater appreciation for the rich diversity of the earth.

The Zoo is currently embarking on a reaffirmation of its purpose. A clear course of action has been established in order to continue the Zoo's active engagement in conservation activities and, through those efforts, to expand support for the development of environmentally knowledgeable citizens. In order to meet the increasingly urgent conservation and natural-science education imperatives facing our state and the world, the Zoo is moving forward in the following ways.

- ⇒ **Visitor services and experiences** are being upgraded to match the Minnesota public's evolving sophistication and desire to experience wildlife in more meaningful ways.
- ⇒ **Deferred maintenance** of the facility is being addressed to protect the public's investment and health of the collection.
- ⇒ **Our animals** will be provided with optimal spaces for enriched lives and reproduction as part of critical conservation programs as exhibits are built or renovated.
- ⇒ Programs are being delivered to provide for **lifelong learning** and engagement with conservation activities in a dedicated effort to fulfill the Zoo's mission.

Operations

The MZB is comprised of 30 citizens who have been appointed to supervise and control the operations of the Zoo. Fifteen members of the board are appointed by the governor and fifteen members are appointed by the MZB. An important function of the MZB is to foster private sector support for the Zoo. The MZB appoints an executive director who carries out the directives of the board in the operation of the Zoo.

The **Education Programs** at the Zoo provide visitors with educational interactions with the Zoo's plant and animal collection, designed to foster the development of values supportive of species survival, biodiversity, habitat protection and environmental stewardship.

- ⇒ The Minnesota Zoo is the only zoo in the country with an education department that is accredited by the North Central Association of Schools and Colleges.

At A Glance

Zoo Information:

- ◆ More than 1,000,000 visitors annually
- ◆ Over 200,000 school children visit annually
- ◆ The Zoomobile brings the Zoo to over 75,000 Minnesotans each year
- ◆ Over 2300 animals in the diverse collection
- ◆ Collection includes 15 species on the U.S. Endangered Species Act list

Master Plan Goals:

- ◆ Increase the Zoo's ability to deliver environmental education
- ◆ Increase the capacity to effect conservation, in the Zoo and beyond
- ◆ Elevate the Zoo to a premier cultural institution and tourist destination

FY 2002-03 Operating Budget:

- ◆ General Fund: \$14.2 million
- ◆ Gifts: \$2.4 million
- ◆ Earned Income: \$17.7 million

⇒ The education department assists in delivery of the innovative curriculum at the School of Environmental Studies in partnership with independent School District No. 196. This award winning high school is located on the grounds of the Zoo, and utilizes the Zoo collection and the Zoo staff in delivering its environmental education program.

The Zoo and specifically the **Conservation Department** is dedicated to delivering conservation programs both locally and beyond the Zoo. Conservation efforts strive to preserve biodiversity and promote an understanding of animals and nature. The Zoo partners with organizations to promote the survival of threatened and endangered species and ecosystems.

- ⇒ The Zoo participates in fifteen AZA Species Survival Plans.
- ⇒ Zoo staff persons serve as AZA studbook keepers for seven species found in our collection.
- ⇒ The conservation department staff continues to coordinate global tiger conservation programs through the Tiger Global Conservation Strategy.

The Zoo provides family oriented **recreational experiences** that are educational as well are entertaining. Visitors to the Zoo have fun and leave with a greater understanding, appreciation, and respect for animals and nature.

- ⇒ Over one million visitors come to the Zoo annually, a figure few zoo in the country match.
- ⇒ New and exciting exhibits are being developed as funding is available. The Zoo has recently renewed the Siberian tiger exhibit to increase both the educational and recreation value of the experience.
- ⇒ Recent studies conducted as part of the Master Plan process indicate that visitors have a largely positive view of the Zoo and the emphasis on animal viewing experiences in a naturalistic, park-like setting.

Budget

Funding of the operating budget of the Zoo is a combination of the state appropriation of General Fund and Natural Resources Fund dollars, the earned income from charges to visitors at the Zoo, and contributions from the private sector. In the last decade the trend has been for the percentage of funding from the state to decline, while the funding coming from charges to visitors and contributions has increased. In the early 1990's the state appropriation was approximately 60% of the total operating budget. In the FY 2002-03 biennium the state General Fund is approximately 40% of the total operating budget.

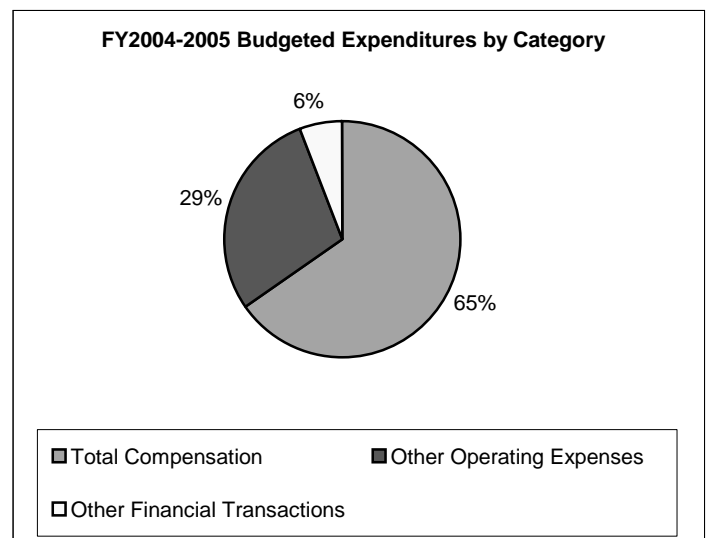
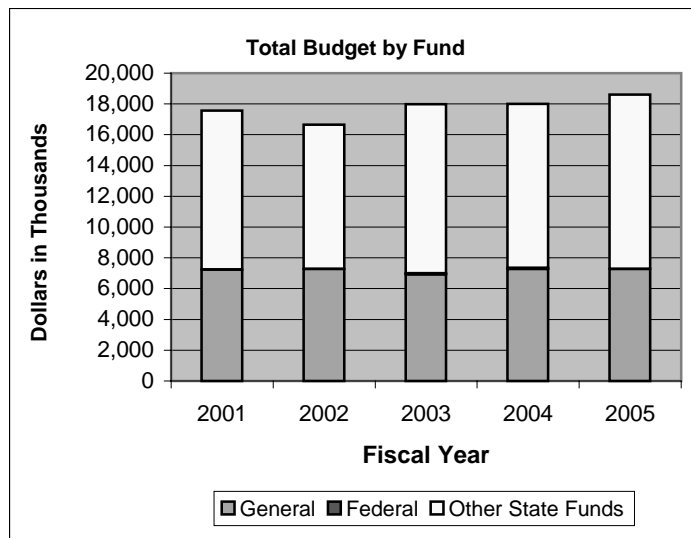
The Zoo's FY 2002-03 operating budget totals \$34.6 million dollars. Of that total, \$17.7 million is earned income collected from Zoo visitors through admission fees, gift store sales, food service sales, monorail sales, and the fees collected from additional special programs and miscellaneous sources.

The Zoo currently operates with approximately 216 full-time equivalent employees (FTE). Approximately 160 of the total FTE are full-time permanent employees. During the peak summer months the Zoo adds a large number of part-time and temporary employees to handle the increased operating needs.

Contact

For more information, contact: Jim Reinholdz, Chief Financial Officer, Minnesota Zoo, at (952) 431-9309, or by e-mail at; jim.reinholdz@state.mn.us.

The Minnesota Zoo web site at www.mnzoo.com gives visitors easy access to useful information about the Minnesota Zoo, its collection of animals, and the Zoo's involvement in conservation activities.



| <i>Dollars in Thousands</i> | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 Dollars | Percent |
|---------------------------------|------------------|------------------|--------------------|----------------|--------------------|---------------------|---|-------------|
| Expenditures by Fund | | | | | | | | |
| Direct Appropriations | | | | | | | | |
| General | 7,238 | 7,277 | 6,926 | 7,285 | 7,285 | 14,570 | 367 | 2.6% |
| Minnesota Resources | 0 | 213 | 17 | 0 | 0 | 0 | -230 | -100.0% |
| Natural Resources | 154 | 142 | 152 | 0 | 0 | 0 | -294 | -100.0% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 8,609 | 8,028 | 9,121 | 9,335 | 9,991 | 19,326 | 2,177 | 12.7% |
| Federal | 0 | 0 | 56 | 56 | 0 | 56 | 0 | 0.0% |
| Miscellaneous Agency | 0 | 0 | 373 | 0 | 0 | 0 | -373 | -100.0% |
| Gift | 1,557 | 985 | 1,333 | 1,331 | 1,331 | 2,662 | 344 | 14.8% |
| Total | 17,558 | 16,645 | 17,978 | 18,007 | 18,607 | 36,614 | 1,991 | 5.8% |

| | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 10,081 | 10,229 | 10,931 | 11,547 | 12,182 | 23,729 | 2,569 | 12.1% |
| Other Operating Expenses | 6,040 | 4,639 | 5,812 | 5,263 | 5,267 | 10,530 | 79 | 0.8% |
| Capital Outlay & Real Property | 39 | 511 | 95 | 95 | 95 | 190 | -416 | -68.6% |
| Other Financial Transactions | 1,398 | 1,266 | 1,140 | 1,102 | 1,063 | 2,165 | -241 | -10.0% |
| Total | 17,558 | 16,645 | 17,978 | 18,007 | 18,607 | 36,614 | 1,991 | 5.8% |

| | | | | | | | | |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|-------------|
| Expenditures by Program | | | | | | | | |
| Minnesota Zoo | 17,558 | 16,645 | 17,978 | 18,007 | 18,607 | 36,614 | 1,991 | 5.8% |
| Total | 17,558 | 16,645 | 17,978 | 18,007 | 18,607 | 36,614 | 1,991 | 5.8% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|---------------|---------------|---------------|---------------|--------------|-------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Special Revenue | 8,383 | 8,285 | 9,271 | 9,271 | 9,271 | 18,542 | 986 | 5.6% |
| Federal | 0 | 0 | 56 | 56 | 0 | 56 | 0 | 0.0% |
| Miscellaneous Agency | 0 | 0 | 373 | 0 | 0 | 0 | -373 | -100.0% |
| Gift | 1,584 | 826 | 1,325 | 1,325 | 1,325 | 2,650 | 499 | 23.2% |
| Subtotal Dedicated | 9,967 | 9,111 | 11,025 | 10,652 | 10,596 | 21,248 | 1,112 | 5.5% |
| Total Revenue | 9,967 | 9,111 | 11,025 | 10,652 | 10,596 | 21,248 | 1,112 | 5.5% |

| | | | | | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Full-Time Equivalents (FTE) | 204.3 | 199.1 | 205.1 | 205.1 | 205.1 |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|

ZOOLOGICAL BOARD

Program: MINNESOTA ZOO

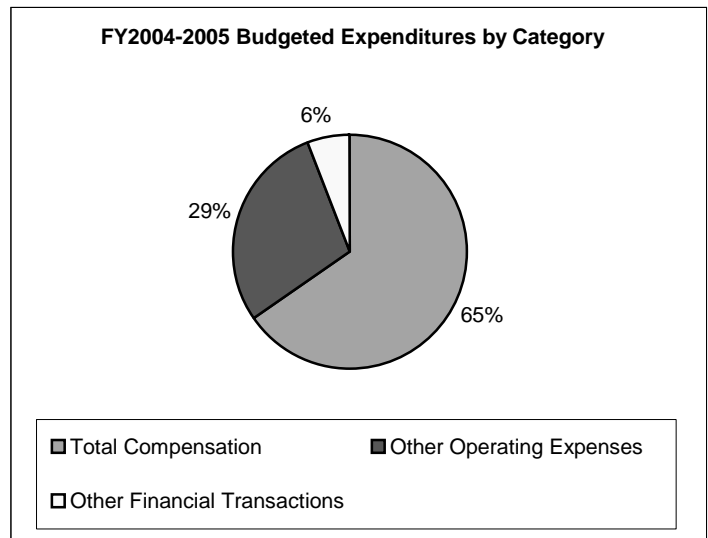
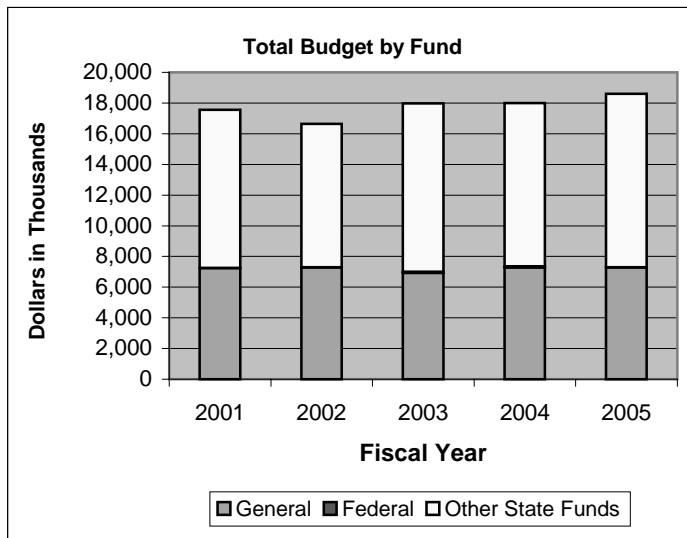
Narrative

Program Description

The purpose of the Minnesota Zoo program is to operate the Minnesota Zoological Garden located in Apple Valley.

Budget Activities Included:

- ⇒ Biological and Conservation
- ⇒ Education
- ⇒ Facility Operations
- ⇒ Guest Services and External Relations
- ⇒ Administrative Support



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 7,238 | 7,277 | 6,926 | 7,285 | 7,285 | 14,570 | 367 | 2.6% |
| Minnesota Resources | 0 | 213 | 17 | 0 | 0 | 0 | -230 | -100.0% |
| Natural Resources | 154 | 142 | 152 | 0 | 0 | 0 | -294 | -100.0% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 8,609 | 8,028 | 9,121 | 9,335 | 9,991 | 19,326 | 2,177 | 12.7% |
| Federal | 0 | 0 | 56 | 56 | 0 | 56 | 0 | 0.0% |
| Miscellaneous Agency | 0 | 0 | 373 | 0 | 0 | 0 | -373 | -100.0% |
| Gift | 1,557 | 985 | 1,333 | 1,331 | 1,331 | 2,662 | 344 | 14.8% |
| Total | 17,558 | 16,645 | 17,978 | 18,007 | 18,607 | 36,614 | 1,991 | 5.8% |

| Expenditures by Category | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|-------------|
| Total Compensation | 10,081 | 10,229 | 10,931 | 11,547 | 12,182 | 23,729 | 2,569 | 12.1% |
| Other Operating Expenses | 6,040 | 4,639 | 5,812 | 5,263 | 5,267 | 10,530 | 79 | 0.8% |
| Capital Outlay & Real Property | 39 | 511 | 95 | 95 | 95 | 190 | -416 | -68.6% |
| Other Financial Transactions | 1,398 | 1,266 | 1,140 | 1,102 | 1,063 | 2,165 | -241 | -10.0% |
| Total | 17,558 | 16,645 | 17,978 | 18,007 | 18,607 | 36,614 | 1,991 | 5.8% |

| Expenditures by Activity | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|-------------|
| Biological / Conservation | 3,927 | 3,890 | 4,318 | 4,524 | 4,729 | 9,253 | 1,045 | 12.7% |
| Education | 1,157 | 1,321 | 1,416 | 1,455 | 1,520 | 2,975 | 238 | 8.7% |
| Facility Operations | 5,632 | 5,366 | 5,700 | 5,279 | 5,379 | 10,658 | -408 | -3.7% |
| Guest Serv./External Relations | 4,014 | 4,057 | 4,332 | 4,459 | 4,606 | 9,065 | 676 | 8.1% |
| Administrative Support | 2,828 | 2,011 | 2,212 | 2,290 | 2,373 | 4,663 | 440 | 10.4% |
| Total | 17,558 | 16,645 | 17,978 | 18,007 | 18,607 | 36,614 | 1,991 | 5.8% |

ZOOLOGICAL BOARD

Program: MINNESOTA ZOO

Fiscal Report

| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|--|--------------------------|--------------------------|----------------------------|------------------|------------------|-----------------------------|--|----------------|
| | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base | | Biennium 2004-05 | Dollars | Percent |
| Revenue by Type and Fund | | | | FY2004 | FY2005 | | | |
| Dedicated | | | | | | | | |
| Special Revenue | 8,383 | 8,285 | 9,271 | 9,271 | 9,271 | 18,542 | 986 | 5.6% |
| Federal | 0 | 0 | 56 | 56 | 0 | 56 | 0 | 0.0% |
| Miscellaneous Agency | 0 | 0 | 373 | 0 | 0 | 0 | -373 | -100.0% |
| Gift | 1,584 | 826 | 1,325 | 1,325 | 1,325 | 2,650 | 499 | 23.2% |
| Subtotal Dedicated | 9,967 | 9,111 | 11,025 | 10,652 | 10,596 | 21,248 | 1,112 | 5.5% |
| Total Revenue | 9,967 | 9,111 | 11,025 | 10,652 | 10,596 | 21,248 | 1,112 | 5.5% |
| Full-Time Equivalents (FTE) | 204.3 | 199.1 | 205.1 | 205.1 | 205.1 | | | |
| | | | | | | | | 0.0% |

ZOOLOGICAL BOARD

Program: MINNESOTA ZOO

Activity: BIOLOGICAL CONSERVATION PROG.

Narrative

Activity Description

Biological/Conservation Programs activities at the Zoo fulfill the Zoo's mission by managing the collection, habitation, preservation, care, exhibition, and the examination and study of wild and domestic animals. The Conservation Office at the Zoo develops and implements conservation activities at the Zoo and as part of global efforts to protect threatened and endangered animal species and ecosystems. The activity provides the Zoo visitor with interpretive programs and activities related to the Zoo's plant and animal collection.

Activity at a Glance

- ◆ The Minnesota Zoo is a pioneer in both local and national conservation activities.
- ◆ The Zoo collection includes 15 species on the United States Endangered Species Act list.
- ◆ Over 1 million visitors a year come to the Zoo.

Population Served

The Biological/Conservation Programs activity serves all the visitors to the Zoo. In FY 2002 attendance at the Zoo was in excess of 1 million visitors.

Services Provided

The Biological/Conservation Programs at the Zoo provide for services both to the Zoo visiting public and to larger conservation efforts in the following ways.

- ⇒ Zoo research promotes the survival of threatened and endangered species. The Zoo is a partner in both national and global networks to manage animal reproduction and population.
- ⇒ The activity provides for the acquisition, breeding and health of the Zoo's diverse collection of animal species.
- ⇒ Animal interpretive programs provide entertaining and educational program utilizing the Zoo's animal collection. These programs include the World of Birds Show, Dolphin Show, and animal demonstrations designed to inform and motivate the Zoo visitors.
- ⇒ The Zoo works closely with and houses the international headquarter of both the Conservation Breeding Specialist Group (CBSG) and the International Species Information System (ISIS). CBSG manages captive and wild populations of over 3,000 endangered species around the world. ISIS maintains a database of more than 6,000 threatened or endangered species throughout the world. These are independent, self-supporting organizations that greatly enhance the Zoo's conservation programs.
- ⇒ The animal collection currently stands at about 2,300 animals, with 105 animals representing 15 species on the United States Endangered Species Act list. The Zoo is involved with national and international programs to breed and preserve these species.

Key Measures

- ⇒ The Animal Collection Plan is maintained to guide the Zoo's long-range planning and the cooperative efforts of the conservation and the education programs to create rich and thought-provoking experiences.
- ⇒ The Conservation Plan is utilized to define, prioritize and guide the Zoo's local and international conservation goals.
- ⇒ An exhibit master plan has been completed to evaluate and define each trail's mission, organization, and species selection.
- ⇒ The Zoo measures visitor understanding and enjoyment of the exhibits and programs through surveys.

Activity Funding

Funding of the Conservation activity is from a combination of the revenue earned at the Zoo through admissions and other charges, and from the General Fund appropriation.

ZOOLOGICAL BOARD

Program: MINNESOTA ZOO

Activity: BIOLOGICAL CONSERVATION PROG.

Narrative

Contact

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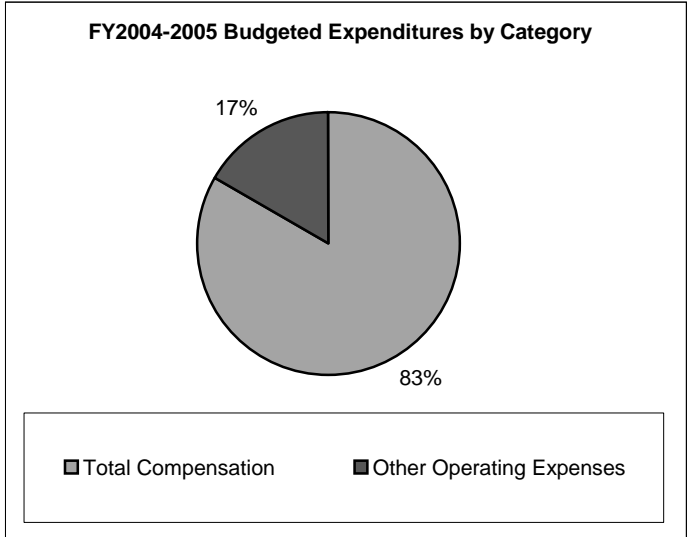
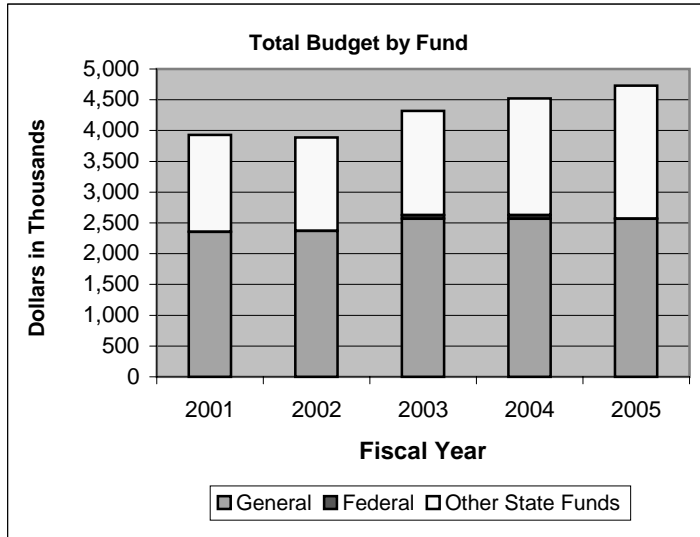
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ZOOLOGICAL BOARD

Program: MINNESOTA ZOO

Activity: BIOLOGICAL / CONSERVATION

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | | |
|---------------------------------|------------------|------------------|--------------------|----------------|--------------------|---------------------|---|--------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Biennial Change 2004-05 / 2002-03 Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 2,353 | 2,372 | 2,568 | 2,568 | 2,568 | 5,136 | 196 | 4.0% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 1,005 | 980 | 1,037 | 1,243 | 1,504 | 2,747 | 730 | 36.2% |
| Federal | 0 | 0 | 56 | 56 | 0 | 56 | 0 | 0.0% |
| Gift | 569 | 538 | 657 | 657 | 657 | 1,314 | 119 | 10.0% |
| Total | 3,927 | 3,890 | 4,318 | 4,524 | 4,729 | 9,253 | 1,045 | 12.7% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 3,230 | 3,309 | 3,541 | 3,747 | 3,952 | 7,699 | 849 | 12.4% |
| Other Operating Expenses | 697 | 581 | 777 | 777 | 777 | 1,554 | 196 | 14.4% |
| Total | 3,927 | 3,890 | 4,318 | 4,524 | 4,729 | 9,253 | 1,045 | 12.7% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|------------|--------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Special Revenue | 148 | 185 | 186 | 186 | 186 | 372 | 1 | 0.3% |
| Federal | 0 | 0 | 56 | 56 | 0 | 56 | 0 | 0.0% |
| Gift | 556 | 12 | 119 | 119 | 119 | 238 | 107 | 81.7% |
| Subtotal Dedicated | 704 | 197 | 361 | 361 | 305 | 666 | 108 | 19.4% |
| Total Revenue | 704 | 197 | 361 | 361 | 305 | 666 | 108 | 19.4% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 67.0 | 65.8 | 67.2 | 67.2 | 67.2 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

ZOOLOGICAL BOARD

Program: MINNESOTA ZOO

Activity: EDUCATION PROGRAMS

Narrative

Activity Description

The Education Programs activity fulfills the Zoo's Mission to strengthen the bond between people and the living earth by providing educational interactions with the Zoo's plant and animal collection designed to foster the development of values supportive of species survival, biodiversity, habitat preservation and environmental stewardship.

A healthy natural environment is vital to maintain Minnesota's communities as desirable places to work and live. Education, particularly of Minnesota's youth, on the importance of conservation of the environment is the focus of this activity.

Activity at a Glance

- ◆ Over 125,000 K-12 students and chaperones from 1,700 schools visited the Zoo in FY 2002.
- ◆ The Zoomobile program brought the Zoo experience outside the Zoo to over 90,000 persons in FY 2002.

Population Served

The Education Program emphasis is on providing educational services to school age children. Currently, approximately 250,000 participants are served annually by Education Programs at the Zoo. The activities also serve the daily Zoo visitors through development of interpretive graphics and programs such as Monorail tours, Shark Reef feeding sessions and special education events. In addition the Zoomobile program takes the education programs off the Zoo and into local communities.

Services Provided

The Education Programs provide services in a variety of ways as described below.

- ⇒ *Public and Community Programs* provide fun and informative programs for families, preschool age children, college and university students, community organization, and the general public. Programs include Family Zoo Adventures, Zoo Camp, Scout Overnights, Minority Mentor Program, Zoo Career Nights, Family Farm Overnights, and Internships.
- ⇒ *School Programs* design and distribute curriculum materials and provide specialized education programs at the Zoo. Programs include Guided Tours, Aquatic Overnights, Special Events, Monorail Programs, and Teacher Training and Development.
- ⇒ *Monorail Programs* provided interpretive tours of the Northern Trail exhibits for 175,584 visitors in FY 2002. Staff naturalists developed and delivered a variety of educational programs for the K-12 visitors.
- ⇒ The *Zoomobile* program brings animals from the Zoo collection to programs outside the Zoo. In FY 2002 over 90,000 persons participated in the program.

Key Measures

The Education Programs at the Zoo accomplish the goal of educating Minnesota citizens on the importance of environmental stewardship in the following way.

- ⇒ Over 250,000 program participants are served through the Zoo education programs annually, making the Zoo the largest environmental learning center in the state.
- ⇒ More than 125,000 K-12 students from approximately 1,700 schools visit the Zoo annually.
- ⇒ Participant review is utilized to evaluate the overall effectiveness and efficiency of the Education Programs in fulfilling its mission of conservation education.

Activity Funding

The education programs at the Zoo are funded through a combination of General Fund dollars, special revenue funds earned from the fees charged for some of the education programs, and grant funds from private contributions.

ZOOLOGICAL BOARD

Program: MINNESOTA ZOO

Activity: EDUCATION PROGRAMS

Narrative

Contact

For more information, contact: Jim Reinholdz, Chief Financial Officer, Minnesota Zoo, at (952) 431-9309, or by e-mail at; jim.reinholdz@state.mn.us.

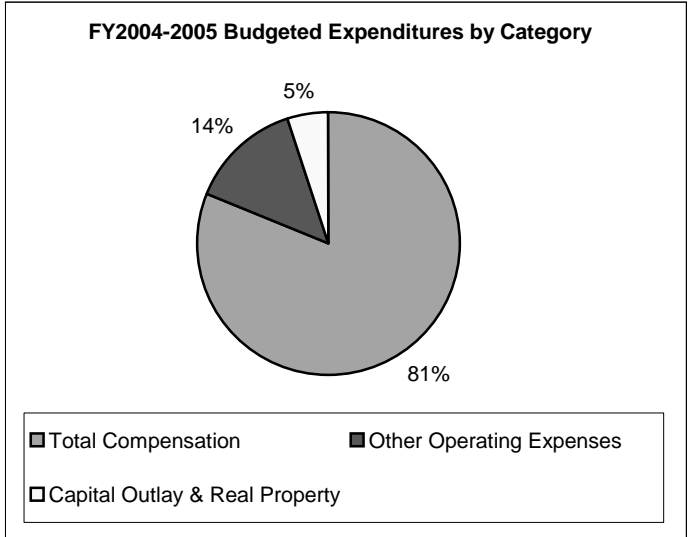
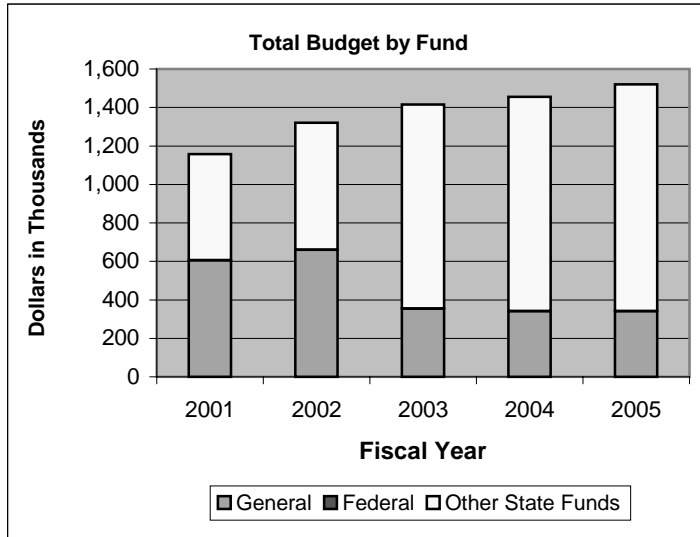
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ZOOLOGICAL BOARD

Program: MINNESOTA ZOO

Activity: EDUCATION

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 606 | 661 | 354 | 341 | 341 | 682 | -333 | -32.8% |
| Minnesota Resources | 0 | 63 | 17 | 0 | 0 | 0 | -80 | -100.0% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 453 | 468 | 840 | 911 | 976 | 1,887 | 579 | 44.3% |
| Gift | 98 | 129 | 205 | 203 | 203 | 406 | 72 | 21.6% |
| Total | 1,157 | 1,321 | 1,416 | 1,455 | 1,520 | 2,975 | 238 | 8.7% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 970 | 1,074 | 1,116 | 1,174 | 1,239 | 2,413 | 223 | 10.2% |
| Other Operating Expenses | 187 | 247 | 225 | 206 | 206 | 412 | -60 | -12.7% |
| Capital Outlay & Real Property | 0 | 0 | 75 | 75 | 75 | 150 | 75 | 100.0% |
| Total | 1,157 | 1,321 | 1,416 | 1,455 | 1,520 | 2,975 | 238 | 8.7% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|--------------|-------------|---------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Special Revenue | 349 | 353 | 392 | 392 | 392 | 784 | 39 | 5.2% |
| Miscellaneous Agency | 0 | 0 | 373 | 0 | 0 | 0 | -373 | -100.0% |
| Gift | 62 | 118 | 128 | 128 | 128 | 256 | 10 | 4.1% |
| Subtotal Dedicated | 411 | 471 | 893 | 520 | 520 | 1,040 | -324 | -23.8% |
| Total Revenue | 411 | 471 | 893 | 520 | 520 | 1,040 | -324 | -23.8% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 22.7 | 24.2 | 24.8 | 24.8 | 24.8 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

ZOOLOGICAL BOARD

Program: MINNESOTA ZOO

Activity: FACILITY OPERATIONS

Narrative

Activity Description

Facility Operations ensures that the Zoo facilities are adequately provided for, so that education, conservation, and recreation programs are delivered efficiently, effectively and safely.

Population Served

The activity serves all the visitors to the Zoo, the animal collection at the Zoo and the employees of the Zoo. In FY 2002 over 1 million persons visited the Zoo.

Services Provided

Facility Operations provides services in the following operations.

- ⇒ *Grounds Maintenance* assures the cleanliness of all exterior Zoo facilities and provides support for guest services, education, conservation, special events, and facility rentals. The Zoo facility is approximately 500 acres, one of the largest Zoo's in the country.
- ⇒ *Horticulture* maintains the large interior and exterior collection of plants.
- ⇒ *Supporting Trades* provide support to all Zoo programs and activities and includes carpentry, electrical, exhibit design and fabrication, painting, plumbing, vehicle maintenance and welding.
- ⇒ *Project Management* provides leadership for construction and maintenance projects.
- ⇒ *Engineering* maintains climate control for the comfort of visitors and for the management of the collection of plants and animals.

Activity at a Glance

- ◆ The Zoo is located on approximately 500 acres and is one of the largest Zoo's in the country.
- ◆ A backlog of asset preservation and infrastructure needs in excess of \$20 million has been identified at the Zoo.
- ◆ The Zoo received \$3 million in funding from the FY 2002 session for asset preservation activities.

Historical Perspective

The aging infrastructure of the Zoo requires increased attention to asset preservation to allow for the professional care of the Zoo's plant and animal collection and for the safety and enjoyment of the Zoo visitors. The Zoo received a \$3 million capital appropriation in 2002 for asset preservation activities. Additional funds will be needed in future years to address the backlog of facility needs at the Zoo.

Key Measures

The Facility Operations activity at the Zoo works to provide for adequate building and grounds in the following ways.

- ⇒ Maintain cleanliness and aesthetic appearance for all Zoo facilities in order to enhance the visitor experience.
- ⇒ The activity has implemented a preventative maintenance program to correct and standardize various facility operations.
- ⇒ The Facility operations activity works with the conservation programs at the Zoo to ensure that the collection is provided with safe and environmentally adequate surroundings.

Activity Funding

The Facility operations activity is funded through a combination a General Fund appropriations and Zoo earned revenue funds.

Contact

For more information, contact: Jim Reinholdz, Chief Financial Officer, Minnesota Zoo, at (952) 431-9309, or by e-mail at; jim.reinholdz@state.mn.us.

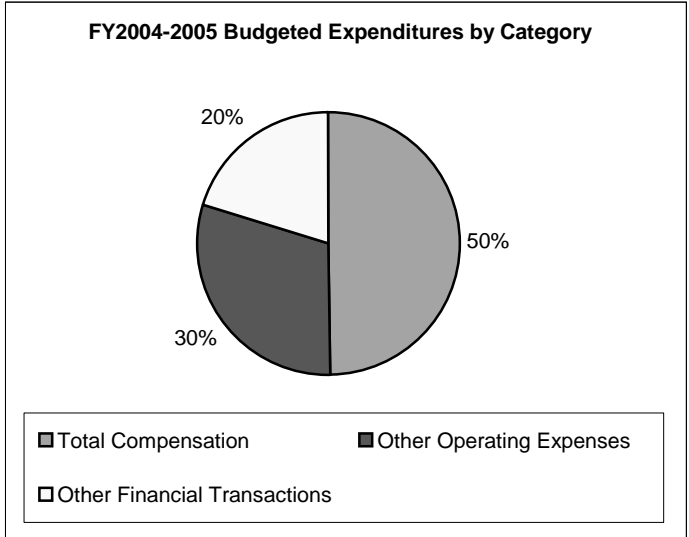
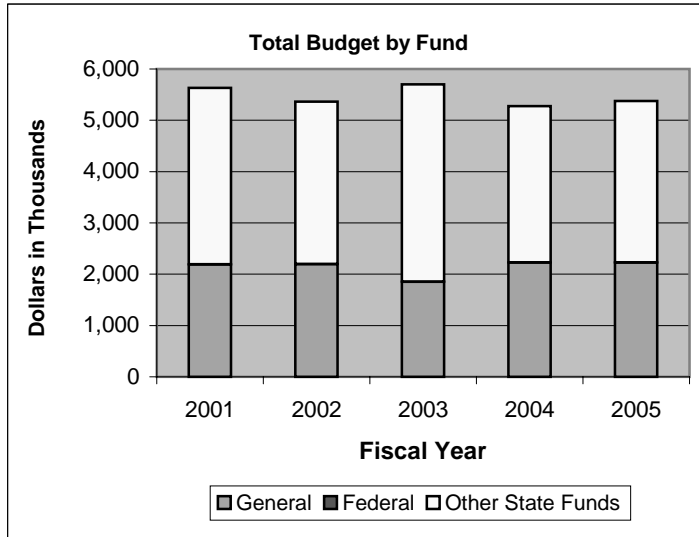
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ZOOLOGICAL BOARD

Program: MINNESOTA ZOO

Activity: FACILITY OPERATIONS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 2,188 | 2,198 | 1,855 | 2,227 | 2,227 | 4,454 | 401 | 9.9% |
| Minnesota Resources | 0 | 150 | 0 | 0 | 0 | 0 | -150 | -100.0% |
| Natural Resources | 154 | 142 | 152 | 0 | 0 | 0 | -294 | -100.0% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 3,290 | 2,836 | 3,320 | 3,052 | 3,152 | 6,204 | 48 | 0.8% |
| Miscellaneous Agency | 0 | 0 | 373 | 0 | 0 | 0 | -373 | -100.0% |
| Gift | 0 | 40 | 0 | 0 | 0 | 0 | -40 | -100.0% |
| Total | 5,632 | 5,366 | 5,700 | 5,279 | 5,379 | 10,658 | -408 | -3.7% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|-------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 2,362 | 2,307 | 2,438 | 2,581 | 2,720 | 5,301 | 556 | 11.7% |
| Other Operating Expenses | 1,842 | 1,290 | 2,122 | 1,596 | 1,596 | 3,192 | -220 | -6.4% |
| Capital Outlay & Real Property | 30 | 503 | 0 | 0 | 0 | 0 | -503 | -100.0% |
| Other Financial Transactions | 1,398 | 1,266 | 1,140 | 1,102 | 1,063 | 2,165 | -241 | -10.0% |
| Total | 5,632 | 5,366 | 5,700 | 5,279 | 5,379 | 10,658 | -408 | -3.7% |

| | | | | | | | | |
|---------------------------------|------------|----------|----------|----------|----------|----------|----------|-------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Gift | 314 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Subtotal Dedicated | 314 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Total Revenue | 314 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 46.4 | 42.8 | 45.7 | 45.7 | 45.7 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

ZOOLOGICAL BOARD

Program: MINNESOTA ZOO

Activity: GUEST & EXTERNAL SERVICES

Narrative

Activity Description

Guest Services is responsible for managing the visitor experience at the Zoo. External relation promotes the Zoo to the public to encourage participation and to highlight the Zoo's education, conservation, and recreation activities and programs and to promote the public private partnership through contributions supporting the Zoo.

Population Served

This activity directly and indirectly serves the visitors to the Zoo. In FY 2002 over 1 million persons visited the Zoo.

Activity at a Glance

- ◆ The Zoo development office and the Minnesota Zoo Foundation have begun the largest capital support campaign in the history of the Zoo.
- ◆ The number of Zoo memberships sold in FY 2002 was 27,837.

Services Provided

Operations within guest services and external relations provide the following services.

- ⇒ *Sales* promotes the use of the Zoo for picnics, by groups, tours, and after hours rental events.
- ⇒ *Guest Services* provides customer service to Zoo visitors including admissions and crowd management.
- ⇒ *Public Relations and Marketing* defines and implements the media relations plan, advertising and promotion of the Zoo.
- ⇒ *Special Events* develops and implements special activities for the public to utilize the Zoo facility.
- ⇒ *Gift Store*, a retail operation, offers a variety of souvenirs, gift items and education materials for the public to purchase. Total gift store sales in FY 2002 were \$1.2 million dollars.
- ⇒ *Membership* promotes and administers the Zoo member program.
- ⇒ *Development* works with the Zoo Foundation to promote private support for the Zoo programs, facilities and activities.

Historical Perspective

The Zoo is supported by a separate independent foundation, the Minnesota Zoo Foundation. The foundation solicits support from the private sector. The foundation board has recently reaffirmed their commitment to raising matching funds for the renewal of the Zoo as envisioned in the *Master Plan* for the Zoo. The Master Plan calls for significant expansion and renewal of the exhibits at the Zoo.

Key Measures

The guest services and external relations activities accomplish the goals of the activity and the Zoo in the following ways.

- ⇒ Surveys are utilized to determine the effectiveness of marketing efforts and visitor satisfaction with the collection, programs and facilities.
- ⇒ The marketing plan developed will focus on education, and conservation efforts of the Zoo, at the same time generating interest in and attendance necessary to make budgetary goals.
- ⇒ Income from earned revenue sources and contributions from the private sector exists to subsidize the mission of the Zoo, and goals are established to assure growth in revenue.

Activity Funding

Guest services and external relations activities are funded by a combination of General Fund appropriations, special revenue funds, and contributions from the private sector. This activity is credited with a significant amount of earned and gift revenues. These earned revenues and contributions are used to pay for a majority of the Zoo operations.

ZOOLOGICAL BOARD

Program: MINNESOTA ZOO

Activity: GUEST & EXTERNAL SERVICES

Narrative

Contact

For more information, contact: Jim Reinholdz, Chief Financial Officer, Minnesota Zoo, at (952) 431-9309, or by e-mail at; jim.reinholdz@state.mn.us.

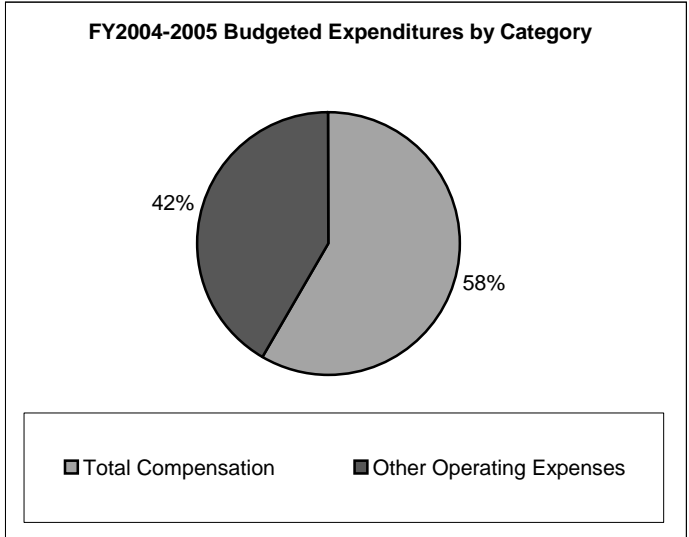
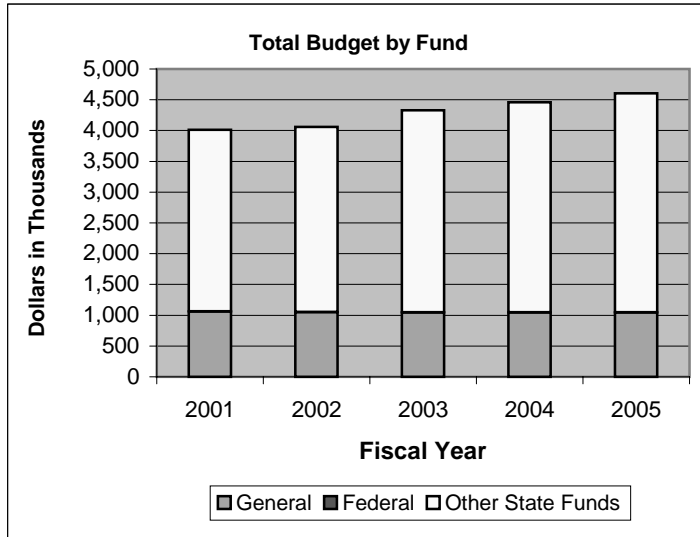
The Minnesota Zoo web site at www.mnzoo.com gives visitors easy access to useful information about the Minnesota Zoo, its collection of animals, and the Zoo's involvement in conservation activities.

ZOOLOGICAL BOARD

Program: MINNESOTA ZOO

Activity: GUEST SERV./EXTERNAL RELATIONS

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|----------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Biennium FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 1,060 | 1,049 | 1,044 | 1,044 | 1,044 | 2,088 | -5 | -0.2% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 2,715 | 2,795 | 2,967 | 3,094 | 3,241 | 6,335 | 573 | 9.9% |
| Gift | 239 | 213 | 321 | 321 | 321 | 642 | 108 | 20.2% |
| Total | 4,014 | 4,057 | 4,332 | 4,459 | 4,606 | 9,065 | 676 | 8.1% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|-------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 2,175 | 2,194 | 2,447 | 2,574 | 2,717 | 5,291 | 650 | 14.0% |
| Other Operating Expenses | 1,839 | 1,855 | 1,885 | 1,885 | 1,889 | 3,774 | 34 | 0.9% |
| Capital Outlay & Real Property | 0 | 8 | 0 | 0 | 0 | 0 | -8 | -100.0% |
| Total | 4,014 | 4,057 | 4,332 | 4,459 | 4,606 | 9,065 | 676 | 8.1% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|-------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Special Revenue | 7,886 | 7,578 | 8,612 | 8,612 | 8,612 | 17,224 | 1,034 | 6.4% |
| Gift | 487 | 617 | 1,025 | 1,025 | 1,025 | 2,050 | 408 | 24.8% |
| Subtotal Dedicated | 8,373 | 8,195 | 9,637 | 9,637 | 9,637 | 19,274 | 1,442 | 8.1% |
| Total Revenue | 8,373 | 8,195 | 9,637 | 9,637 | 9,637 | 19,274 | 1,442 | 8.1% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 51.6 | 50.1 | 51.6 | 51.6 | 51.6 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|

ZOOLOGICAL BOARD

Program: MINNESOTA ZOO

Activity: ADMINISTRATIVE SUPPORT

Narrative

Activity Description

Administrative Support provides management and support services for the operation of the Zoo. Administrative Support manages the Zoo staff and financial and capital resources, and ensures that the policies and initiatives of the Board of Directors are effectively and efficiently implemented.

Population Served

This activity directly and indirectly serves the visitors to the Zoo. In FY 2002 over 1 million persons visited the Zoo.

Activity at a Glance

- ◆ The Zoo was recently reviewed by and reaccredited by the American Zoological Association.
- ◆ The Zoo Board has adopted the recommendations for improvements at the Zoo contained in the Master Plan, completed in October 2001.

Services Provided

Administrative Support includes the following activities.

- ⇒ *Human Resources* provides for the staffing of the Zoo and manages the labor relations and compensation activity of the Zoo.
- ⇒ *Finance and Purchasing* maintains financial and accounting functions according to state of Minnesota accounting guidelines and manages the Zoo's procurement of goods and services.
- ⇒ *Information Systems* manages the effective use of technology to improve customer service and maximize business operation efficiency.
- ⇒ The *Director's Office* provides for leadership and management of the Zoo's operation and oversight of all the Zoo human and capital resources.

Key Measures

Administrative Support works to manage the Zoo's operations and its plant and animal collection in the following ways.

- ⇒ Managing the Zoo to meet the Board established goals for attendance and revenue income.
- ⇒ Maintain high level of visitor satisfaction. Visitor Survey will be conducted in order to evaluate the satisfaction of visitors and operations will be managed to maintain the current high level of satisfaction.
- ⇒ The Zoo will be managed in according to the requirements of the American Zoological Association in order to maintain accreditation.

Activity Funding

Zoo Administrative Support activity is funded through a combination of General Fund appropriations, special revenue funds from earned revenues, and the private contributions to the Zoo.

Contact

For more information, contact: Jim Reinholdz, Chief Financial Officer, Minnesota Zoo, at (952) 431-9309, or by e-mail at; jim.reinholdz@state.mn.us.

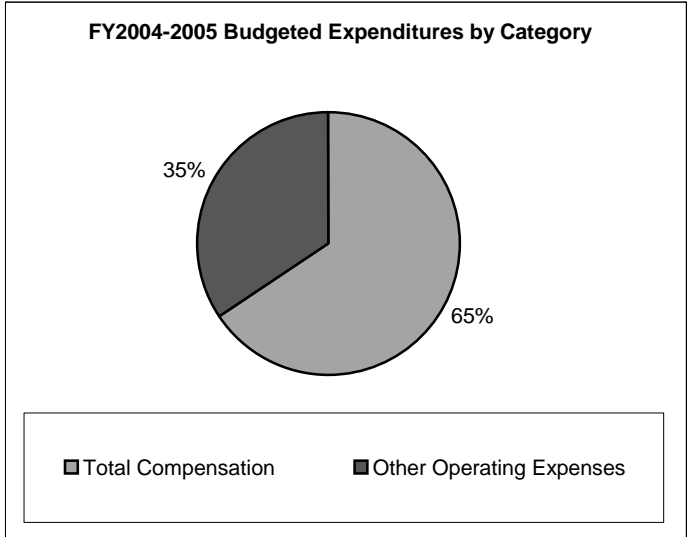
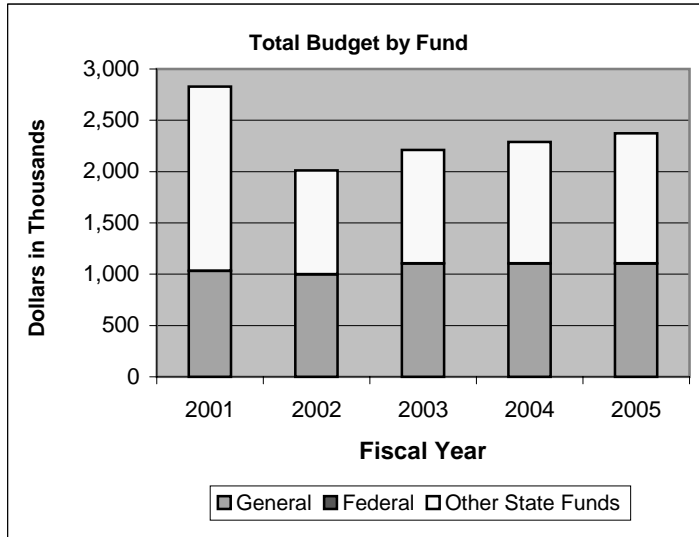
The Minnesota Zoo web site at www.mnzoo.com gives visitors easy access to useful information about the Minnesota Zoo, its collection of animals, and the Zoo's involvement in conservation activities.

ZOOLOGICAL BOARD

Program: MINNESOTA ZOO

Activity: ADMINISTRATIVE SUPPORT

Fiscal Report



| <i>Dollars in Thousands</i> | | | | | | | Biennial Change 2004-05 / 2002-03 | |
|---------------------------------|--------------------------|--------------------------|----------------------------|------------------------|------------------------|-----------------------------|--|----------------|
| Expenditures by Fund | Actual FY2001 | Actual FY2002 | Budgeted FY2003 | Base FY2004 | Base FY2005 | Biennium 2004-05 | Dollars | Percent |
| Direct Appropriations | | | | | | | | |
| General | 1,031 | 997 | 1,105 | 1,105 | 1,105 | 2,210 | 108 | 5.1% |
| Statutory Appropriations | | | | | | | | |
| Special Revenue | 1,146 | 949 | 957 | 1,035 | 1,118 | 2,153 | 247 | 13.0% |
| Gift | 651 | 65 | 150 | 150 | 150 | 300 | 85 | 39.5% |
| Total | 2,828 | 2,011 | 2,212 | 2,290 | 2,373 | 4,663 | 440 | 10.4% |

| | | | | | | | | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|--------------|
| Expenditures by Category | | | | | | | | |
| Total Compensation | 1,344 | 1,345 | 1,389 | 1,471 | 1,554 | 3,025 | 291 | 10.6% |
| Other Operating Expenses | 1,475 | 666 | 803 | 799 | 799 | 1,598 | 129 | 8.8% |
| Capital Outlay & Real Property | 9 | 0 | 20 | 20 | 20 | 40 | 20 | 100.0% |
| Total | 2,828 | 2,011 | 2,212 | 2,290 | 2,373 | 4,663 | 440 | 10.4% |

| | | | | | | | | |
|---------------------------------|------------|------------|------------|------------|------------|------------|-------------|---------------|
| Revenue by Type and Fund | | | | | | | | |
| Dedicated | | | | | | | | |
| Special Revenue | 0 | 169 | 81 | 81 | 81 | 162 | -88 | -35.2% |
| Gift | 165 | 79 | 53 | 53 | 53 | 106 | -26 | -19.7% |
| Subtotal Dedicated | 165 | 248 | 134 | 134 | 134 | 268 | -114 | -29.8% |
| Total Revenue | 165 | 248 | 134 | 134 | 134 | 268 | -114 | -29.8% |

| | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Full-Time Equivalents (FTE) | 16.6 | 16.2 | 15.8 | 15.8 | 15.8 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|