



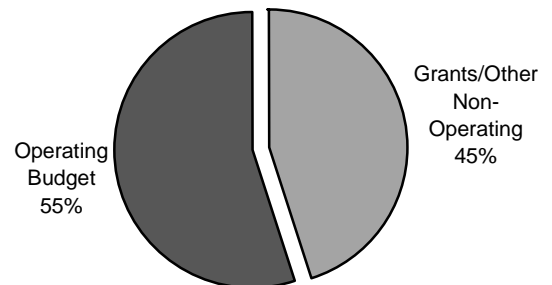
January 25, 2005

To the 2005 Legislature:

On behalf of Governor Pawlenty, I am pleased to submit the Administration Department's budget recommendation for the FY 2006-07 budget. The recommended budget for this agency is \$405 million with the general fund portion amounting to 11% of this total. As this graphic indicates, our general fund budget is split between operating funds and grants/other non-operating funds.

The Department of Administration, with nearly 850 employees working in 22 divisions, is responsible for providing services and goods to other state agencies, constitutional offices, K-12 and higher education and other units of government. These responsibilities include statewide leadership in developing electronic government services, purchasing and procurement of state goods and services, computer and telecommunications services, maintenance and operation of state buildings and infrastructure, state construction project management, building codes administration and recycling and resource management. The department is also the home of the State Archaeologist, State Demographic Center and North Star, the state's official address on the World Wide Web.

**Department of Administration
\$43.9 Million FY 2006-07 General Fund**



During the budgeting process, each division evaluated its service and product offerings as they relate to customer needs and the projected budget deficit. This evaluation occurred in the context of the goals and principles of the Pawlenty Administration and the mission of the department to lead Minnesota state government in delivering quality products and services faster, better and more cost-effectively.

The resulting budget reflects the Department of Administration as:

- A pivotal, positive and value-adding organization for its customers
- Minimizing unnecessary bureaucracy and breaking down barriers through responsible, innovative and collaborative actions.
- A trustworthy organization operating ethically and with integrity, honesty and compassion toward our clients and co-workers, and ensuring statutory and regulatory compliance.
- Tenacious, assertive and courageous in meeting department and division goals, rewarding positive performance and celebrating achievements.

The department's ongoing priority is to take the initiative to develop and implement solutions that result in better, faster and more cost-effective government. The following help illustrate the department's continuing initiatives.

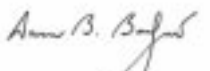
Measuring performance – The 22 divisions of the department are further aligning their business operational plans to the department's mission. All divisions are required to provide goals and measurements that track opportunities for improvement. More than 90 measures that align with the department's strategic plan are currently in place: 26 measure achievement toward the goal of delivering quality products and services better, 31 measure faster and 36 measure more cost-effective.

Leveraging information technology – Divisions throughout the department are leveraging Minnesotans' technological knowledge by providing more services and information over the Internet and through electronic business processes, which reduces costs for printing and mailing, provides instant access to information and allows the redeployment of resources for more critical work. Solicitations for goods and services, the State Register, newsletters, guidebooks and other publications are now available online. As an example, the Governor's Council on Developmental Disabilities has compiled and placed online a comprehensive 50-year history of Minnesota's efforts to move people with developmental disabilities from state institutions to community settings. This history includes a slide show, video clips from key figures and 7,000 pages of policy papers. Also, InterTechnologies Group is implementing a business process re-engineering project that utilizes the Internet for handling telephone service orders, which will cut in half the cost of processing an order, from \$30 to \$15.

Delivering cost efficiencies – As the primary support agency for state government, the department strives to deliver products and services that will assist its customers in meeting the needs of their constituents more cost-effectively. Through reverse auction procurement, Materials Management Division has delivered \$1.9 million in savings on items ranging from copier paper to high-visibility garments, with potential savings of \$4.6 million if all reverse auction contract options are exercised. Real Estate Management Division is delivering cost savings for agencies through lease negotiations with property owners and managers, identifying efficiencies in the utilization of office space and realizing significant results in the sale of state real estate that has been identified by the "owning" agency as surplus to its business needs. In FY2004, the division surpassed its goals of a 20 percent reduction in the amount of space used by state agencies and a 15 percent savings in lease costs through negotiated transactions. The division has also sold \$7.06 million in surplus real estate, exceeding a legislative mandate of \$5.05 million.

We look forward to working with the Legislature in the coming months.

Sincerely,



Dana B. Badgerow
Commissioner

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2006-07
	FY2004	FY2005	FY2006	FY2007	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	24,916	24,236	24,236	24,236	48,472
Recommended	24,916	24,236	21,941	21,941	43,882
Change		0	(2,295)	(2,295)	(4,590)
% Biennial Change from 2004-05					-10.7%
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	23,615	24,743	21,941	21,941	43,882
Statutory Appropriations					
State Government Spec Revenue	5,978	6,417	6,859	7,038	13,897
Special Revenue	8,566	11,798	12,511	12,733	25,244
Federal	1,374	4,204	1,766	1,741	3,507
Risk Management	9,794	10,951	10,347	10,523	20,870
Miscellaneous Agency	9,007	58	87	117	204
Gift	3	104	6	6	12
Plant Management	22,416	24,640	25,208	25,929	51,137
Documents And Publications	1,895	1,839	1,912	1,989	3,901
Micrographics	694	75	82	0	82
Management Analysis	1,183	1,413	1,556	1,592	3,148
Central Motor Pool	13,508	13,545	14,618	14,774	29,392
State Printer	289	40	0	0	0
Central Stores	6,370	6,682	6,879	7,073	13,952
Materials Distribution	5,647	6,968	6,858	7,089	13,947
Intertechnologies	74,112	81,809	79,162	79,162	158,324
Central Mailing	833	11,796	11,821	11,849	23,670
Total	185,284	207,082	201,613	203,556	405,169
<u>Expenditures by Category</u>					
Total Compensation	60,136	62,734	64,772	67,407	132,179
Other Operating Expenses	119,537	135,865	130,552	129,428	259,980
Capital Outlay & Real Property	394	424	0	0	0
Payments To Individuals	2	4	4	4	8
Local Assistance	2,410	4,855	2,362	2,362	4,724
Other Financial Transactions	2,805	3,200	3,923	4,355	8,278
Total	185,284	207,082	201,613	203,556	405,169
<u>Expenditures by Program</u>					
Technology Services	76,491	84,494	80,965	80,965	161,930
State Facilities Services	35,658	41,638	43,128	44,145	87,273
State And Community Services	41,818	44,437	43,568	43,980	87,548
Administrative Mgmt Services	21,379	24,611	24,160	24,674	48,834
Fiscal Agent	9,938	11,902	9,792	9,792	19,584
Total	185,284	207,082	201,613	203,556	405,169
Full-Time Equivalents (FTE)	837.8	877.7	862.9	861.4	

ADMINISTRATION DEPT

Change Summary

	<i>Dollars in Thousands</i>			
	FY2005	Governor's Recomm. FY2006	FY2007	Biennium 2006-07
Fund: GENERAL				
FY 2005 Appropriations	24,236	24,236	24,236	48,472
Technical Adjustments				
One-time Appropriations		(50)	(50)	(100)
Subtotal - Forecast Base	24,236	24,186	24,186	48,372
Change Items				
Admin Operational Reductions	0	(507)	(507)	(1,014)
Land Mgmt Information Center Reduction	0	(837)	(837)	(1,674)
Local Planning Assistance Elimination	0	(299)	(299)	(598)
Office of Technology Restructuring	0	(602)	(602)	(1,204)
Total Governor's Recommendations	24,236	21,941	21,941	43,882
Fund: STATE GOVERNMENT SPEC REVENUE				
Planned Statutory Spending	6,417	6,859	7,038	13,897
Total Governor's Recommendations	6,417	6,859	7,038	13,897
Fund: SPECIAL REVENUE				
Planned Statutory Spending	11,798	12,511	12,733	25,244
Total Governor's Recommendations	11,798	12,511	12,733	25,244
Fund: FEDERAL				
Planned Statutory Spending	4,204	1,766	1,741	3,507
Total Governor's Recommendations	4,204	1,766	1,741	3,507
Fund: RISK MANAGEMENT				
Planned Statutory Spending	10,951	10,347	10,523	20,870
Total Governor's Recommendations	10,951	10,347	10,523	20,870
Fund: MISCELLANEOUS AGENCY				
Planned Statutory Spending	58	87	117	204
Total Governor's Recommendations	58	87	117	204
Fund: GIFT				
Planned Statutory Spending	104	6	6	12
Total Governor's Recommendations	104	6	6	12
Fund: PLANT MANAGEMENT				
Planned Statutory Spending	24,640	25,208	25,929	51,137
Total Governor's Recommendations	24,640	25,208	25,929	51,137
Fund: DOCUMENTS AND PUBLICATIONS				
Planned Statutory Spending	1,839	1,912	1,989	3,901
Total Governor's Recommendations	1,839	1,912	1,989	3,901
Fund: MICROGRAPHICS				
Planned Statutory Spending	75	82	0	82
Total Governor's Recommendations	75	82	0	82
Fund: MANAGEMENT ANALYSIS				
Planned Statutory Spending	1,413	1,556	1,592	3,148
Total Governor's Recommendations	1,413	1,556	1,592	3,148
Fund: CENTRAL MOTOR POOL				
Planned Statutory Spending	13,545	14,618	14,774	29,392
Total Governor's Recommendations	13,545	14,618	14,774	29,392
Fund: STATE PRINTER				

ADMINISTRATION DEPT

Change Summary

<i>Dollars in Thousands</i>				
	FY2005	Governor's Recomm.		Biennium
		FY2006	FY2007	2006-07
Planned Statutory Spending	40	0	0	0
Total Governor's Recommendations	40	0	0	0
<i>Fund: CENTRAL STORES</i>				
Planned Statutory Spending	6,682	6,879	7,073	13,952
Total Governor's Recommendations	6,682	6,879	7,073	13,952
<i>Fund: MATERIALS DISTRIBUTION</i>				
Planned Statutory Spending	6,968	6,858	7,089	13,947
Total Governor's Recommendations	6,968	6,858	7,089	13,947
<i>Fund: INTERTECHNOLOGIES</i>				
Planned Statutory Spending	81,809	79,162	79,162	158,324
Total Governor's Recommendations	81,809	79,162	79,162	158,324
<i>Fund: CENTRAL MAILING</i>				
Planned Statutory Spending	11,796	11,821	11,849	23,670
Total Governor's Recommendations	11,796	11,821	11,849	23,670

ADMINISTRATION DEPT

Change Item: Admin Operational Reductions

Fiscal Impact (\$000s)	FY 2006	FY 2007	FY 2008	FY 2009
General Fund				
Expenditures	(\$507)	(\$507)	(\$507)	(\$507)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	(\$507)	(\$507)	(\$507)	(\$507)

Recommendation

The Governor recommends an annual General Fund operating budget reduction for Admin of \$507,000. Admin will maintain core functions and manage change through productivity increases, while achieving or improving service levels.

Background

Admin's divisions operate within four service bureaus, many receiving General Fund operating appropriations, representing less than 7% of the overall agency budget. These divisions provide a wide range of services to state agencies, and internal administrative services for Admin.

Technology Services

- ◆ Office of Technology (OT) is charged with providing statewide leadership and direction for information and communication technology policy. OT's mission is to ensure that policy development surrounding information and communication technology improves how the state uses technology as well as how it can enhance the capabilities of Minnesota's citizens. OT is also the home of North Star, the state's official Internet portal.

State Facilities Services

- ◆ State Architect's Office is the central resource for Minnesota's predesign program, the design, construction and remodeling needs for most state agencies. It is also responsible for the administration of the Statewide Facilities Management Program.
- ◆ Plant Management-Energy Management conducts energy efficiency improvements and retrofit projects in millions of square footage of state-owned property.
- ◆ Plant Management-Resource Recovery operates the State Recycling center to prepare recyclables for market and administers the State Government Resource Recovery Program providing waste reduction and recycling assistance and education.
- ◆ Real Estate Management Division is responsible for the inventory, allocation, planning and leasing of office and storage space in nonstate-owned buildings, and in state-owned buildings under the custodial control of the Department of Administration. The division provides short-term leasing of state-owned property which is not needed for state use. The division also acquires and disposes of real property.

State & Community Services

- ◆ Information Policy Analysis Division promotes understanding of and compliance with laws regulating information. IPA helps define and interpret decisions about the classification of information as public or not public and answers questions about federal and state freedom of information and data practices.
- ◆ Central Mail 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.
- ◆ 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.
- ◆ Land Management Information Center (LMIC) offers data, software, project consultation and coordination services that promote the effective use of geographic information and technology.
- ◆ Environmental Quality Board develops policy and reviews proposed projects that could significantly affect the environment. Admin provides support services for the board.

- ◆ Local Planning Assistance Center offers a variety of technical services and information and coordinates state assistance to communities regarding comprehensive planning and comprehensive plan implementation issues.

Admin Management Services

- ◆ Admin Management has overall management responsibility of the agency.
- ◆ Financial Management and Reporting Division provides a centralized and integrated accounting system for Admin and strives to provide timely and accurate financial services while conforming to the Generally Accepted Accounting Principles.
- ◆ Human Resources Division provides personnel services to all department employees, provides advice and consultation to management on human resource issues and administers labor agreements and plans. The HR staff is responsible for payroll and employee benefit services and maintains personnel records.
- ◆ Materials Management Division is responsible for purchasing, contracts, professional or technical services, surplus property acquisition, warehousing and disposal, and all other aspects of buying goods and services for state agencies. The mission of the Materials Management Division is to provide responsible material and service acquisition and property disposition through professional, timely and worthwhile services meeting customer expectations.
- ◆ Management Analysis Division is government's in-house, fee-for-service management consulting group. The Division's professional management consultants provide management consultation services to local, regional, state and federal government agencies and higher education using accepted tools and techniques.
- ◆ Office of Strategic Planning/Performance Management identifies and provides information to government officials on emerging trends, policies and innovations, and works with state cabinet departments in the creation and dissemination of performance measures for citizens.

Relationship to Base Budget

This proposal represents a 3% base level reduction to Admin's General Fund operating budget.

Key Measures

All divisions within Admin prepare operational plans that include performance measures tied to delivering quality products and services faster, better and more cost effectively. These measures are tracked and reported quarterly. Budget reduction proposals were developed to ensure that established measures and quality levels are maintained or improved.

Alternatives Considered

The agency reviewed all General Fund operations affected by this budget measure. In the process, we tried to determine whether they can still be most cost-effectively provided within Admin as a service to its agency customers, concluding that efficiencies, economies of scale and process uniformity are achieved by retaining the service within a centralized function.

ADMINISTRATION DEPT**Change Item: Land Mgmt Information Center Reduction**

Fiscal Impact (\$000s)	FY 2006	FY 2007	FY 2008	FY 2009
General Fund				
Expenditures	(\$837)	(\$837)	(\$837)	(\$837)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	(\$837)	(\$837)	(\$837)	(\$837)

Recommendation

The Governor recommends a direct General Fund appropriation of \$258,000 annually for the Land Management Information Center (LMIC), a reduction of \$837,000 annually. The remaining funding will be used to continue offering GIS Data Clearinghouse functions at a reduced level, however the GIS Decision Support Systems Unit will no longer be funded. LMIC will continue to offer GIS consulting services, customized data compilations, and GIS software and map products on a cost-recovery basis.

Background

The GIS Decision Support Systems unit of the Land Management Information Center develops and maintains Datanet, a centralized electronic information delivery system for demographic and economic data and EPPL, a software product used for map based data management and analysis.

These systems were originally created in the early stages of geographic information system development when early users did not have other tools or resources available to them. GIS professionals are now located in many areas of government and learning institutions and commercial GIS software has become available in the marketplace.

The clearinghouse is a web-based data portal that provides 'one stop shopping' for GIS data from state, regional, local and federal organizations.

Relationship to Base Budget

This proposal represents a 75% General Fund reduction to the Land Management Information Center.

Key Measures

GIS Clearinghouse activities will remain because of their statewide importance. New measures will be identified for these activities.

Alternatives Considered

Elimination of the entire General Fund budget for the Land Management Information Center was considered.

Statutory Change: M.S. 4A.01

ADMINISTRATION DEPT**Change Item: Local Planning Assistance Elimination**

Fiscal Impact (\$000s)	FY 2006	FY 2007	FY 2008	FY 2009
General Fund				
Expenditures	(\$299)	(\$299)	(\$299)	(\$299)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	(\$299)	(\$299)	(\$299)	(\$299)

Recommendation

The Governor recommends the elimination of the General Fund appropriation for Local Planning Assistance. Other entities exist which have resources to assist with local planning issues (e.g. Regional Development Commissions and private sector consultants). Consideration is being given to continue portions of these services under a fee for service agreement should demand be present.

Background

The Local Planning Assistance Center (LPAC) was created in 1997 and was largely responsible for administering federal and state grant money for local planning. Grant money was appropriated in FY 1997-98 and FY 1999-01. No grant money was appropriated in FY 2001-02 or FY 2003-04.

LPAC offers technical assistance, data and strategic planning advice to local governments and citizens. These services are in line with those provided by the Regional Development Commissions that exist across the state.

Relationship to Base Budget

This proposal eliminates the General Fund appropriation for Local Planning Assistance.

Alternatives Considered

Fee for Service funding is under consideration.

ADMINISTRATION DEPT**Change Item: Office of Technology Restructuring**

Fiscal Impact (\$000s)	FY 2006	FY 2007	FY 2008	FY 2009
General Fund				
Expenditures	(\$602)	(\$602)	(\$602)	(\$602)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	(\$602)	(\$602)	(\$602)	(\$602)

Recommendation

The Governor recommends a direct General Fund appropriation of \$1.8 million annually for the Office of Technology (OT), a reduction of \$602,000 each year. This represents a 25% reduction and would equate to a staffing reduction of approximately eight full-time equivalents or 40% of the current staff. This recommendation represents an initial phase of the dissolution of the Office of Technology. It is anticipated that a new governance structure for the enterprise management of information technology will be proposed under Drive to Excellence, which will in effect replace the Office of Technology.

Background

The Office of Technology is statutorily chartered to provide leadership for state information and communications technology policy. The OT is charged to coordinate strategic investments in information and communications technology to encourage the development of a technically literate society, and to ensure sufficient access to and efficient delivery of government services. The OT was chartered to ensure that state technology investments are aligned with an overall enterprise management approach, to accelerate the delivery of electronic government services, and to streamline service delivery through business process change. The OT has been somewhat ineffective at realizing its mission and legislative mandate, as a result of a number of factors including staff skill sets, staff composition, agency compliance and organizational positioning. This budget reduction will begin the process of realignment of personnel to a new enterprise governance structure.

Relationship to Base Budget

This proposal represents a 25% reduction to the Office of Technology General Fund budget.

Key Measures

The purpose of the Office of Technology is to enable state agencies to maximize services and minimize resources by aligning to defined technology standards, products, and procedures. The state would then benefit from an environment of interoperability, collaboration, and leveraging of shared services; and the state's citizens and business partners would find government services closer, more accountable, and more convenient.

Alternatives Considered

Expansion of staff to address deficiencies in performance to charter objectives was considered. It was felt that the issues were more fundamental and that expansion of staff without new governance would not suffice. Elimination of the entire function was also considered but the objectives of the office as well as some skill sets were considered as valuable in the anticipated new governance model.

Statutory Change: The action taken by this change will make the current statutory obligations of the Office of Technology more difficult to fulfill. However, we are hopeful that proposed new statutory authorization will emanate from Drive to Excellence recommendations establishing a new governance structure. If a new governance structure is not approved then current statute would need to be changed either to narrow the charter of the office or eliminate it entirely.

Agency Purpose

The mission of the Department of Administration (Admin) is to lead Minnesota government in delivering services faster, better and more cost-effectively. As the primary operations support agency for state government, Admin assists agencies in achieving their organizational and strategic goals by offering high quality services, facilities and infrastructure. Admin strives to provide confident, energetic leadership in policy direction, simplified procedures and effective service delivery. Among its fundamental strategic objectives is to develop and foster an "enterprise" vision for technology adoption and use throughout state government. This objective focuses on reducing state government operating costs by emphasizing greater sharing across agencies and improving services through redesigning business processes and accentuating electronic government services.

Core Functions

Admin provides a diverse range of business management, administrative and professional services and a variety of resources to government agencies and the public. The department strives to assure that its customers have the facilities, tools, resources and information necessary for achieving their objectives.

Operations

Admin serves state agencies and constitutional officers, political subdivisions, the legislature, government employees, and citizens. The department's operations are categorized into four general areas:

- ⇒ **Technology Services** include strategic planning, policies and coordination of information technology and telecommunications across Minnesota state government. InterTechnologies Group is the state's electronic nerve center and provider of information technology services, voice, data, and video telecommunications network services. The Office of Technology provides statewide leadership and direction on technology policy and the development, integration and implementation of technology services, including electronic government services, and manages *North Star*, the state's official internet portal.
- ⇒ **State Facilities Services** include management of the state's real property, comprising land, buildings and physical plant; provides services related to the construction, maintenance and repair of about 30 million square feet of state-owned building space; leases buildings; manages parking; coordinates recycling and energy conservation efforts; administers the State Building Code; and serves as the State Architect.
- ⇒ **State and Community Services** include a variety of services and information resources for state and local governments, educators, the business community, and the public. These include vehicle leasing and fleet management; risk management; information policy analysis; demographic and census information; geographic information systems; municipal boundary adjustments; local planning assistance; mail and document management services; the State Archaeologist; Minnesota's Bookstore and the State Register; and administrative support for the Environmental Quality Board.
- ⇒ **Admin Management Services** include Materials Management, responsible for goods and services purchasing, professional and technical contracting oversight, surplus property acquisition and disposal, and the state's office supply operation; Management Analysis Division, state government's in-house business consultant; the Governor's Council on Developmental Disabilities; the System of Technology to Achieve

At A Glance

- ◆ Operates North Star, the state of Minnesota internet portal.
- ◆ Oversees more than \$1 billion annually in state government purchasing.
- ◆ Coordinates strategic investments in information and communications technology.
- ◆ Manages over 525 construction projects with a total value of \$260 million.
- ◆ Manages 1,000 state leases and four million usable square feet of leased space.
- ◆ Administers the state building codes.
- ◆ Provides population statistics, pyramids, and maps through the Datanet online information service.
- ◆ Provides around-the-clock information technology services to Minnesota's public sector.
- ◆ Processes 31 million pieces of mail and five million warrants and checks annually.

Results (STAR) program, which coordinates awareness of assistive technology for persons with physical disabilities; Financial Management and Reporting and fiscal agent functions; and Human Resources.

Budget

The Department of Administration is funded through a variety of sources including general, special revenue, federal, agency, gift, and internal services/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, coordination and documentation of geographic data, and pass through grants. The Minnesota Legislature appropriates these funds.
- ⇒ Special Revenue Funds are fee based and include building codes permits and surcharges for plan reviews, inspections and licenses, land management information services, and assessments on utilities that support the power plant siting program.
- ⇒ 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 employees for bus cards.
- ⇒ Internal service/enterprise funds are the largest source of funds for the agency. Internal service funds come through fees charged primarily to state agencies for internal support services including insurance, fleet management, 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 business through the Bookstore, surplus property, and cooperative purchasing products and services.

Admin faces many challenges 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 2004, the agency had 850 employees.

Contact

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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.

Dollars in Thousands

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Local Assistance	2,410	4,855	2,362	2,362	4,724
Other Financial Transactions	2,805	3,200	3,923	4,355	8,278
Total	185,284	207,082	201,613	203,556	405,169
 <u>Expenditures by Program</u>					
Technology Services	76,491	84,494	80,965	80,965	161,930
State Facilities Services	35,658	41,638	43,128	44,145	87,273
State And Community Services	41,818	44,437	43,568	43,980	87,548
Administrative Mgmt Services	21,379	24,611	24,160	24,674	48,834
Fiscal Agent	9,938	11,902	9,792	9,792	19,584
Total	185,284	207,082	201,613	203,556	405,169
 Full-Time Equivalent (FTE)	 837.8	 877.7	 862.9	 861.4	

Program Description

The purpose of Technology Services (TS) is to provide enterprise-wide information technology and telecommunications policy direction, consulting and coordination as well as to provide data processing and telecommunications services to state agencies and other public sector entities. The mission is to ensure that state technology investments are aligned with an overall enterprise management approach, to accelerate the coordinated and directed delivery of electronic government services, and to streamline service delivery through business process change and enabling technology. Technical Services serves Minnesota's public sector by strategically planning and coordinating the implementation of the most cost-effective and appropriate technology solutions while delivering value-added information technology services through a service-oriented architectural approach to shared infrastructure and best practice deployment.

InterTech actively promotes an enterprise approach that builds on the state's potential capability for shared IT management and the leveraging of opportunities for partnerships and vendor relationships for efficient, cost effective service delivery.

Budget Activities Included:

- ⇒ Computing Services
- ⇒ Telecommunication Services
- ⇒ Risk Mitigation Information Technology (IT) Services
- ⇒ Office of Technology

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

ADMINISTRATION DEPT
 Program: TECHNOLOGY SERVICES

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium 2006-07
	FY2004	FY2005	FY2006	FY2007	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	2,479	2,479	2,479	2,479	4,958
Subtotal - Forecast Base	2,479	2,479	2,479	2,479	4,958
Governor's Recommendations					
Admin Operational Reductions		0	(74)	(74)	(148)
Office of Technology Restructuring		0	(602)	(602)	(1,204)
Total	2,479	2,479	1,803	1,803	3,606
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	2,357	2,685	1,803	1,803	3,606
Statutory Appropriations					
Special Revenue	22	0	0	0	0
Intertechnologies	74,112	81,809	79,162	79,162	158,324
Total	76,491	84,494	80,965	80,965	161,930
<u>Expenditures by Category</u>					
Total Compensation	24,308	25,904	27,437	28,856	56,293
Other Operating Expenses	52,146	58,590	53,528	52,109	105,637
Capital Outlay & Real Property	37	0	0	0	0
Total	76,491	84,494	80,965	80,965	161,930
<u>Expenditures by Activity</u>					
Itg Computing Services	36,373	37,644	36,347	36,755	73,102
Itg Telecommunications Service	36,422	41,807	40,548	40,157	80,705
Itg Risk Mitigation It Service	1,317	2,402	2,267	2,250	4,517
Office Of Technology	2,379	2,641	1,803	1,803	3,606
Total	76,491	84,494	80,965	80,965	161,930
Full-Time Equivalent (FTE)	304.8	316.6	310.1	310.1	

Activity Description

InterTech's Computing Services serve public sector central and distributed computing infrastructure and service needs. 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

In accordance with M.S. 16B.465 (subd.1a), any public sector entity within Minnesota may participate in InterTech's shared services. Current participants represent state agencies, the legislature, courts, institutions of higher education, cities, and counties. In FY 2004, InterTech's largest Computing Services participants and their applications were:

- ⇒ *Department of Human Services (DHS)*: PRISM (the Child Support System), MAXIS (the eligibility determination system for AFDC (Aid for Dependent Children), food stamps, Medicaid, and other social service programs), Medicaid Management Information System (MMIS) (Medicaid and other medical insurance programs' claims processing).
- ⇒ *Departments of Finance (DOF) and Employee Relations (DOER)*: Statewide procurement/accounting system (MAPS), Information Access (IA) Warehouse and human resources/payroll system (SEMA4).
- ⇒ *Department of Employment and Economic Development (DEED)*: Unemployment insurance data.
- ⇒ *Department of Public Safety (DPS)*: Criminal Justice Information System (CJIS), which is used by state, local government, municipal police departments and sheriffs, correctional institutions, Department of Natural Resources (DNR), and others, with ties to the Federal Bureau of Investigation and other national law enforcement systems.
- ⇒ *Department of Revenue (DOR)*: Income tax returns and refund checks, state sales tax, and property tax records and processing.

Activity at a Glance

InterTech Computing Services provides data processing and storage:

- ◆ five million online transactions processed per day
- ◆ 20 million web pages served per year
- ◆ one million feet of printed output per month

Services Provided

The objective of InterTech's Computing Services is to support public sector needs for central and distributed computing infrastructure and services. Underlying drivers for Computing Services are aggregation of demand and integration of systems to minimize redundancy of procurement, hardware, software, maintenance agreements, professional/technical services and staffing requirements. The scalability of shared resources (storage, processing and network capacity) meets the varying peak demands for computing resources.

Application Hosting Services include zSeries-based Central Processing Unit (CPU) and Customer Information Control System (CICS) transactions and web transaction processing services with the full range of support for 24/7 operations, production control, networking, security, databases and technical support. In FY 2005, InterTech is introducing Linux-based virtual servers using the InterTech zSeries infrastructure.

Storage Services include controlled storage and 24/7 monitoring of disk, tape and virtual tape media.

Input/Output (I/O) Services include high-speed laser printing, storage and transfer of print and delivery of data to participant printer/systems and InfoPak report processing. These services offer a one-stop print and mailing service through a partnership with Admin's Central Mail. New in FY 2005 are InfoPak tape which stores InfoPak reports on tape media and CD-ROM (CD) production and microfiche scanning.

Server Management Services utilizes InterTech's secure, mixed-platform data center's to host agency servers, as well as shared enterprise applications for collaborative team space and web-based e-learning and provides managed application options that run on distributed servers. These services meet public sector requirements for secured space, dependable power, adequate cooling and secure access management.

North Star Portal Services include the state's online presence, agency web content management, static web hosting and enterprise search engine function which assists in locating state resources and integrating with online payment transaction applications.

Payment Engine is a vital electronic government building block service that gives users lower rates than if purchased on their own. It consists of vendor software from a master contract with EzGov and enables online e-commerce applications in conjunction with Payment Tech, the payment-processing vendor.

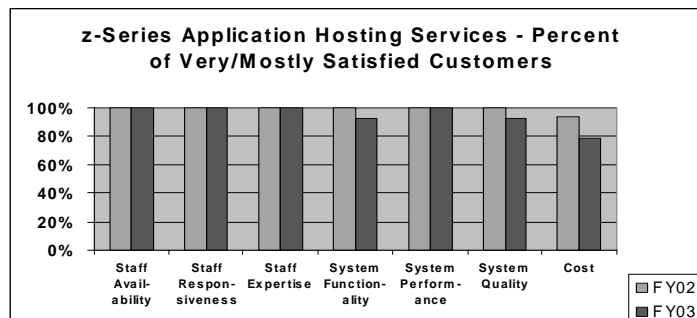
Data Entry Services translate hard copy public, sensitive or nonpublic data or content into a variety of electronic media outputs, including FTP data transfer, diskette, CD, and online.

Key Measures

High availability of Computing Services is critical and is assured through 24/7 operational support in a secure Operations Center that protects assets and data, utilizing continuous equipment power and environmental controls. In FY 2004, InterTechs' computing availability was 99.9%.

An annual survey is sent to customers measuring *staff availability* (accessibility, coverage, ease in contacting, dependability, reliability), *staff responsiveness* (communication skills, attitude, timeliness, professionalism), *staff expertise* (business knowledge, competence, problem-solving skills), *system functionality* (compatibility, ease of use, integration, security, user interface), *system performance* (speed, responsiveness, turnaround time), *system quality* (reliability, dependability, availability and quality) and *cost* (rates, cost value benefit relationship). In Computing Services, zSeries Application Hosting Services, Report Distribution, Database Administration and Data Entry were surveyed. Below is a chart that represents the survey results for the largest product line within Computing Services.

**z-Series Application Hosting Services
(Transaction Processing)
FY02/03 Survey Results
Responders FY02 =17; FY03 =14**



Accomplishments for Computing Services include:

- ⇒ Co-location partnership with the Office of the Secretary of State for servers and storage area network equipment to create a high availability mirrored production environment that ensures availability for crucial processing tasks before, during, and after elections.
- ⇒ E-campus partnership with DHS, Health Care Eligibility and Access Division (HCEA), for hosting infrastructure to meet its financial worker's eligibility determination training needs.
- ⇒ NorthStar partnership with Office of Technology for hosting *Streamline*, a site designed to share ideas for streamlining government functions.
- ⇒ Payment engine partnership with Department of Commerce Licensing Services transactions and a variety of e-government services from its website.
- ⇒ Data entry partnership with DHS for conversion of hard copy dental provider claim forms into DHS' business system for payment.

Activity Funding

InterTech is organized as an internal service fund. Participating government partners finance shared services delivered by InterTech on a cost-recovery/charge back basis. InterTech establishes rates for services and charges for services delivered. InterTech's accounting objective is to break even.

ADMINISTRATION DEPT

Program: TECHNOLOGY SERVICES

Activity: ITG COMPUTING SERVICES

Narrative

Capital and start-up costs for emerging or transitional services such as enterprise strategic initiatives cannot reasonably be recovered in the early lifecycle of the emerging service. Emerging services typically require three to five years to break even on an annual basis.

InterTech has a total authorized FTE count of 295, including three FTE's for overtime expenses. InterTech's Computing Services has 189 FTE's as of 7-1-04.

General Fund Loans: Computing Services does not have a loan from the General Fund nor does it 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. Generally, master lease funding is utilized for the capitalized asset purchases. Computing Services equipment such as mainframe, disk, and tape equipment is depreciated over three years. The depreciated portion of the total cost is incorporated into usage cost recovery rates. In order to continue to meet its participant needs and requirements, central processing or distributed replacements or upgrades are planned, as well as uninterrupted power service (UPS) battery replacement systems. The following are those anticipated investments in equipment of \$100,000 or more in FY 2005:

◆ zSeries Mainframe Upgrade	\$1,025,000
◆ Linkage and Memory Upgrade	500,000
◆ Mainframe Engine for zLinux	125,000
◆ UPS Replacement	300,000
◆ Disk Storage	<u>240,000</u>
	\$2,190,000

It is anticipated that there will be similar purchases during the FY 2006-07 biennium.

Operating Losses/Increases in Retained Earnings: During FY 1993, Computing Services and Telecommunication Services internal service funds were merged into a single fund. InterTech manages retained earnings according to federal requirements that 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 2005, Computing Services' depreciation expense is projected to be \$3 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. Historically, Computing Services' product usage has exceeded budget forecasts, causing increases in retained earnings. The earnings above guidelines have been rebated to InterTech's Computing Services participants. Computing Services retained earnings increased by \$1.9 million from FY 2003 to FY 2004 due to increased participant usage.

History of Computing Services Rates:

Fiscal Year	2000	2001	2002	2003	2004	2005
Change	(28%)	(18%)	(18%)	(12%)	(16%)	(4%)

Impact of Rate Changes:

Historically, major Computing Services rates, except for print, have continued to decrease. This is primarily due to increases in participant usage and decreases in equipment costs. Although the rates have continued to decrease, most participants have not realized overall reduced costs, due to their increased usage of the service. Customers whose usage has decreased or remained stable have received the most benefit from the lower rates.

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ADMINISTRATION DEPT
 Program: TECHNOLOGY SERVICES
 Activity: ITG COMPUTING SERVICES

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2004	FY2005	FY2006	FY2007	2006-07
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Intertechnologies	36,373	37,644	36,347	36,755	73,102
Total	36,373	37,644	36,347	36,755	73,102
<u>Expenditures by Category</u>					
Total Compensation	13,929	14,495	15,856	16,624	32,480
Other Operating Expenses	22,444	23,149	20,491	20,131	40,622
Total	36,373	37,644	36,347	36,755	73,102
Full-Time Equivalents (FTE)	178.1	189.7	190.4	190.4	

Activity Description

InterTech's Telecommunications Services connect public entities throughout Minnesota by transporting voice, data, video and high-speed Internet 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

In FY 2004, InterTech's largest Telecommunications Services users were: Minnesota State Colleges and Universities (MnSCU), the University of Minnesota (U of M), the departments of Human Services (DHS), Public Safety (DPS), Transportation (DOT), Employment and Economic Development (DEED), Corrections (DOC), and Natural Resources (DNR), and hundreds of Minnesota school districts and public libraries.

Activity at a Glance

- ◆ InterTech provides Classic Voice and Wide Area Network services including network transport, network management and network applications 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.
- ◆ Over 1,000 locations use MNET's access and transport services, some for mission-critical support or online processing.

Services Provided

The objective of InterTech's Telecommunications Services is to provide services that are secure, reliable and at reasonable rates (achieved by aggregating public sector demand and negotiating favorable contracts). Collaborative, wide area partnership among local governments, education, and state agencies enable seamless network aggregation, procurement, and integration within Minnesota's branches and levels of government. Consolidated billing is provided for statewide services regardless of the number of Telecommunication carriers involved (roughly 500 different Telecommunication carriers, both local and national) and a 24x7 single point of contact for orders, problem management and repair.

Classic Voice Services include local voice and long distance telephone services. The primary *Local Services* include Centrex, business lines, foreign interpretation service, voice mail, and call processing applications. At the end of September 2004, the Central Office-Based Automated Call Distribution (CO-ACD) is being semi-retired by the providers, Qwest and Lucent Technologies. Existing users may retain the service with limited support being offered through June 2006; however, most users are migrating to different solutions. The primary *Long Distance Services* include direct dial, calling cards, toll-free and pay-per-call numbers, and audio conferencing.

Wide Area Network (WAN) Services delivers Minnesota's Network for Enterprise Telecommunication (MNET). MNET is the state's primary network for the state's safety/security, education and government operations. The product line is divided into two components: network transport/management and network applications. **Network Transport/Management** provides secure access and transport to meet the connectivity, reliability, and security needs of MNET users. *Network Access* includes Internet service, facilities for private line, frame relay, automated (synchronized) transfer mode (ATM), Gigabit Ethernet, digital subscriber/serial line (DSL), Virtual Private Network (VPN), and dial-up services. *Backbone transport* (Community Router Service (CRS) and Megabit Transport Services) provides wide area network bandwidth between agencies, county offices and campus locations. **Network Applications** delivers hosted, converged Internet Protocol (IP) voice and video applications. These include Contact Center Minnesota (CCM) for agency call center needs, IP telephony subscription services (both InterTech and carrier provided), and H.323 videoconferencing and streaming media services. The shared applications infrastructure, delivery and expertise allow users to implement both standard and custom network applications, and advanced services, such as Contact Center Minnesota, more cost-effectively than on their own. InterTech and carrier provided services allow the participants to choose the vendor that best meets its business requirements. Rates for these two options are expected to fall within a close range, but will vary based upon features and/or location. InterTech, the Office of Technology and the Office of the State Chief Information Officer

(CIO) are working on a Request for Proposal (RFP) for carrier-provided IP telephony subscription service, with release planned for early FY 2005.

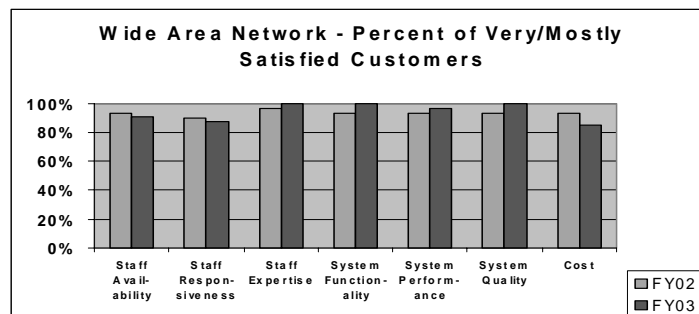
Key Measures

High availability of Telecommunications Services is critical and is ensured through 24x7 operational support in a secure Operations Center that protects assets, data, and operational staff, with continuous equipment power and environmental controls. In FY 2004, the backbone network availability was 100% and video sessions exceeded the 97% on-time start goal.

An annual survey is also sent to customers measuring *staff availability* (accessibility, coverage, ease in contacting, dependability, reliability), *staff responsiveness* (communication skills, attitude, timeliness, professionalism), *staff expertise* (business knowledge, competence, problem-solving skills), *system functionality* (compatibility, ease of use, integration, security, user interface), *system performance* (speed, responsiveness, turnaround time), *system quality* (reliability, dependability, availability, quality) and *cost* (rates, cost value benefit relationship). In Telecommunications Services, Voice, Wide Area Network, and Video Conference services were surveyed. Below is a chart, which represents the survey results for one of the product lines within Telecommunications Services.

WAN FY02/03 Survey Results

Responders FY02 =29; FY03 = 33



Accomplishments for Telecommunications Services include:

- ⇒ Partnership with DPS for use of MNET to provide mission-critical support for CriMNet and the online processing of Driver and Vehicle licensing and registration.
- ⇒ MnSCU partnership to provide more than 60 campus locations with secure and reliable WAN services and high-speed access to the Internet and Internet2, a project among universities, government and industry to create a network reserved for emerging academic requirements in research, teaching and learning.
- ⇒ The State and County Collaboration partnership with eight agencies and 84 counties achieving more than a \$1 million cost-savings each year through aggregation and sharing of network resources for seamless delivery of state and local government data and video network services to 84 counties.
- ⇒ The Department of Revenue (DOR) operation of six taxpayer call centers, located both in St. Paul and in Ely, using CCM services with a full range of multimedia contact center capabilities through a shared, carrier-class infrastructure.
- ⇒ Videoconferencing services supporting over 1,000 events per month. These videoconferences deliver distance education, court hearings, training, and meetings to hundreds of sites across the state.
- ⇒ Video streaming services providing the Minnesota senate and the governor’s office with live distribution of streaming media television distribution over the Internet.
- ⇒ Video streaming media providing educational networks and state agencies with training, information and programming.

ADMINISTRATION DEPT

Program: TECHNOLOGY SERVICES

Activity: ITG TELECOMMUNICATIONS SERVICE

Narrative

- ⇒ Joint powers agreement between the University of Minnesota, MnSCU and the Department of Administration (Admin), InterTech, leveraging technical and operational resources to advance a collaborative statewide network for education, local government, and state agencies.
- ⇒ Leveraging interstate rights-of-way between DOT, Admin and vendor providers for high capacity, reliable, fiber-based network facilities between MNET hubs along I-94 routes from Moorhead to the St Croix River. There will also be a fiber connection to the Wisconsin state fiber network.

Activity Funding

InterTech is organized as an internal service fund.

Of InterTech's 295 FTE's, Telecommunications Services has 100 FTE's as of 7-01-04.

General Fund Loans: Telecommunications Services does not have a loan from the General Fund nor does it 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 voice and wide area network equipment to support participant applications and then depreciates the equipment over four years with the depreciation expense incorporated into the cost recovery rates. During FY 2006-07, InterTech does not plan any capital purchases for Classic Voice Services over \$100,000.

InterTech anticipates continued growth in the WAN Transport Services and is planning capital purchases in this area to respond to business needs and the deployment of voice traffic on MNET, which will require an increase in the bandwidth capacity and network hubs. Most of the network equipment to be purchased has a unit cost of less than \$100,000 and will include routers, switches, bridges, optical fiber repeaters, servers, telecommunication, and hub hardening equipment. Anticipated investments in equipment of \$100,000 or more in FY 2005 include:

- ◆ Sun Servers and Checkpoints (2) \$222,590

Operating Losses/Increases in Retained Earnings: During FY 1993, Computer Services and Telecommunications Services internal service funds were merged into a single fund. InterTech manages retained earnings according to federal requirements, which 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 2005, Telecommunications Services' depreciation expense is projected to be \$2.2 million. Telecommunications Services has not contributed positively to InterTech's overall retained earnings balance due to changes in customer usage and new emerging shared services.

History of Telecommunications Services Rate Changes:

Fiscal Year	2000	2001	2002	2003	2004	2005
Change	(3%)	2%	0%	(5%)	(4%)	(3%)

Impact of Rate Changes: Cost recovery rates for some classic voice services are increasing due to a decreasing participant base as participants migrate to other products or solutions. These increases should be offset by decreases in the WAN services cost recovery rates. Customers using both Classic Voice Services and WAN Services, whose usage remains stable between FY 2004 and FY 2005, will be paying approximately the same in FY 2005.

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ADMINISTRATION DEPT

Program: TECHNOLOGY SERVICES

Activity: ITG TELECOMMUNICATIONS SERVICE

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2004	FY2005	FY2006	FY2007	2006-07
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	0	44	0	0	0
Statutory Appropriations					
Intertechnologies	36,422	41,763	40,548	40,157	80,705
Total	36,422	41,807	40,548	40,157	80,705
<u>Expenditures by Category</u>					
Total Compensation	7,611	8,840	9,402	9,924	19,326
Other Operating Expenses	28,774	32,967	31,146	30,233	61,379
Capital Outlay & Real Property	37	0	0	0	0
Total	36,422	41,807	40,548	40,157	80,705
Full-Time Equivalents (FTE)	94.7	98.0	98.8	98.8	

Activity Description

InterTech's Risk Mitigation Information Technology (IT) Services include a variety of shared services directed toward safeguarding and protecting sensitive and private information and ensuring the continuity of the state's extended critical IT infrastructure and operations. In accordance with M.S. 16B.465, subd. 1a, any public sector entity within Minnesota may participate in InterTech's shared services.

Population Served

In FY 2004, InterTech's largest Risk Mitigation IT Services users were: the departments of Human Services (DHS), Education, Labor and Industry, Commerce, Corrections, Natural Resources (DNR), Employment and Economic Development (DEED), and Public Safety (DPS), as well as counties and local government. In Risk Mitigation IT Services, counties and local governments will likely work more closely with the state's shared risk mitigation services.

Services Provided

The objective of InterTech's Risk Mitigation IT Services is leverage enterprise-wide business processes and information technology to improve overall efficiencies in the management and protection of the state's critical information infrastructure and operations. These are accomplished through collaboration with the public sector community. Also provided are guardianship and support focused on implementing the use of state data as a valued resource, virus infiltration prevention, and the filtering out of unwanted/unsolicited emails. Aggregating public sector demand and negotiating favorable contracts achieve reasonable rates.

Enterprise Web Authentication Service provides an easy-to-use, statewide administrative tool for managing identity, user-security, access control and authentication to protect applications and other resources in support of electronic government services initiatives across a variety of web-based platforms and databases. This service enables electronic government services (EGS) by controlling exchange of and use of data between state agencies and their private or public business partners and users. It also reduces costs to manage user authentication and access to protected government resources.

Continuity Services involves three areas. **Continuity of Operations Planning** which is the process of developing advance arrangements and procedures which enable an organization to respond to an event in such a manner that the time sensitive services of the organization continue with minimal interruption or essential change. Continuity of Operations Planning is completed in four steps: business impact analysis; risk assessment; recovery strategy development; and plan development. **Hot and Warm Site Backup Services** assists a subscriber in the event of a disaster or major business disruption by providing a standby facility, equipment, and environmental for the subscriber to recover critical information systems and core business processes during the event. **Back-up/Recovery Services (Harbor)** is a cost-effective solution for backing up and restoring computerized data from a distributed environment.

Enterprise Messaging Services is responsible for managing the state's messaging infrastructure, commonly referred to as the Mail Hub. The Mail Hub acts as an email funnel for all executive branch agencies. Email addresses not containing the state standard email format are re-written to provide a common email format, resulting in improved communications. This service includes directory synchronization subscribers (those subscribers with directory synchronization to White Pages and SEMA4) and mail relay subscribers (without these synchronization needs) such as local government. In addition, email passing through the Mail Hub is scanned by a robust anti-virus and Spam filtering application prior to entering the state's critical communication infrastructure. Spam filtering services are new for FY 2005.

Activity at a Glance

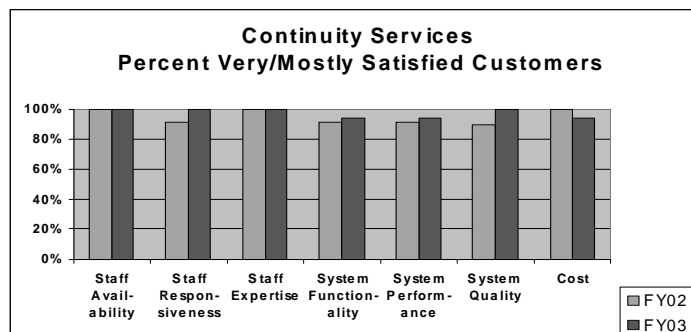
- ◆ User authentication and control of access to government IT applications
- ◆ Availability of "hot" and "warm" facilities for disaster recovery and semi-annual testing
- ◆ Quick, reliable and secure back-up restoration using the Harbor product
- ◆ Delivery of email messages within 10 minutes or less, when no major events or viruses reported (over 9.7 million per month)
- ◆ Inoculation of emails containing malicious content (up to 850 thousand per month)
- ◆ Elimination of 98% of unwanted/unsolicited email

Key Measures

An annual survey is sent to customers measuring *staff availability* (accessibility, coverage, ease in contacting, dependability, reliability), *staff responsiveness* (communication skills, attitude, timeliness, professionalism), *staff expertise* (business knowledge, competence, problem-solving skills), *system functionality* (compatibility, ease of use, integration, security, user interface), *system performance* (speed, responsiveness, turnaround time), *system quality* (reliability, dependability, availability, quality) and *cost* (rates, cost value benefit relationship). In Risk Mitigation IT Services, Continuity Services were surveyed. Below is a chart that represents the survey results for this product line.

**Continuity Services
FY02/03 Survey Results**

Responders FY02 =11; FY03 = 19



Accomplishments for Risk Mitigation IT Services include:

- ⇒ Partnership with DHS (Healthcare Operations) allowing health care providers, payers and transaction clearinghouses to submit medical claims electronically. These claims utilize Web Authentication services and are sent via private or public networks in a secure manner that meets the requirements imposed by the Health Insurance Portability and Accountability Act (HIPAA) of 1996. This process drastically reduces the claims processing and payment turn-around time.
- ⇒ Partnership with Department of Commerce for online renewal of certain licenses or to change profile information securely. This is done by utilizing web authentication services with lower operating costs than the previous process and has also shown a reduction in license renewal turn-around time.
- ⇒ Partnership with Hennepin County for a business impact analysis to better understand their current capacity to respond to a disaster with recommended strategies to reduce or mitigate weaknesses.
- ⇒ Partnership with Minnesota Housing Finance Agency (MHFA), as a warm site subscriber, to ensure access to a pre-established computing facility complete with all of the necessary environmental to restore their information systems and core business processes during a disaster or other major business disruption.
- ⇒ Partnership with Department of Transportation (DOT) to leverage their investment and experience with Spam Filtering and CipherTrust's Ironmail product to deliver an enterprise spam filtering solution.
- ⇒ Partnership with DPS, Division of Homeland Security and Emergency Management to complete a continuity of operations plan prototype to assist any government entity in completing a continuity of operations plan.

Activity Funding

InterTech is organized as an internal service fund.

In FY 2005, DPS, Division of Homeland Security and Emergency Management (HSEM), is entering into an Inter-Agency Agreement with InterTech, providing \$450,000 of Federal funds for Cyber-Security assessments. Two hundred thousand dollars has been earmarked to conduct a cyber-security assessment for state agencies (mini-cabinet) and \$250,000 for the urban area (cities of Minneapolis and St. Paul, as well as the counties of Hennepin,

ADMINISTRATION DEPT

Program: TECHNOLOGY SERVICES

Activity: ITG RISK MITIGATION IT SERVICE

Narrative

Ramsey and Dakota). In FY 2005, DPS, HSEM, will also be entering into an Inter-Agency Agreement with InterTech, providing \$1,000,000 for Phase II Cyber-Security assessments.

Of InterTech's overall FTE count of 295, Risk Mitigation IT Services has 7 FTE's as of 7-01-04.

General Fund Loans: Risk Mitigation IT Services does not have a loan from the General Fund nor does it 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 participant applications and then depreciates the equipment over four years with the depreciation expense incorporated into the cost recovery rates. Anticipated investments in equipment of \$100,000 or more in FY 2005 include:

- ◆ Storage Area Network (SAN) Equipment \$750,000

Operating Losses/Increases in Retained Earnings: During FY 1993, Computer Services and Telecom Services internal service funds were merged into a single fund. InterTech manages retained earnings for the fund according to federal requirements that 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 2005, Risk Mitigation IT Services' depreciation expense is projected to be \$294,000. Risk Mitigation IT Services has not contributed positively to InterTech's overall retained earnings balance due to the startup of new emerging shared services.

History of Risk Mitigation IT Services Rate Changes:

Fiscal Year	2000	2001	2002	2003	2004	2005
Change	n/a	n/a	n/a	new	1%	8%

Impact of Rate Changes:

Cost recovery rates for some Risk Mitigation IT Services are increasing due to new services being provided and increased cost to provide services. These increases should be offset by decreases in other Risk Mitigation IT Services. Participants whose usage remains stable between FY 2004 and FY 2005, will be paying slightly more in FY 2005.

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ADMINISTRATION DEPT
 Program: TECHNOLOGY SERVICES
 Activity: ITG RISK MITIGATION IT SERVICE

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2004	FY2005	FY2006	FY2007	2006-07
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Intertechnologies	1,317	2,402	2,267	2,250	4,517
Total	1,317	2,402	2,267	2,250	4,517
<u>Expenditures by Category</u>					
Total Compensation	941	638	718	755	1,473
Other Operating Expenses	376	1,764	1,549	1,495	3,044
Total	1,317	2,402	2,267	2,250	4,517
Full-Time Equivalents (FTE)	11.2	7.0	7.0	7.0	

Activity Description

M. S. 16E requires the Office of Technology (OT) to provide leadership and direction for state information and communications technology policy. The office is charged to coordinate strategic investments in information and communications technology to encourage the development of a technically literate society and to ensure sufficient access to and efficient delivery of government services.

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 core services designed to ensure that state technology investments are aligned with an overall enterprise management approach, to accelerate the delivery of electronic government services, and to streamline service delivery through business process change. 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 a blueprint for state technology infrastructure; outlining 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. The architecture is designed to ensure that individual agency information systems complement and do not needlessly duplicate or conflict with the systems of other agencies. Standards and guidelines emphasize uniformity that encourages information interchange, open systems environments and portability of information whenever practicable and consistent with agency authority and information policy laws.
- ⇒ 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." The North Star portal is a common access point to over 250 state entities and is accessed by over one million visitors per month. North Star is the state's comprehensive government online information service, the state's governmental framework for coordinating and collaborating in providing online government information and services. An accelerated development of secure electronic government services, customer focused and easy to use, improves and strengthens relationships between citizens and their government.

Information Technology Project Approval and Oversight

OT provides IT project approval, oversight, and project management practices to set state technology investment priorities, to increase the accountability of individual projects and to ensure that the state derives optimal benefits from technology deployment.

- ⇒ OT assists state agencies in the planning and management of information systems so that an individual information system reflects and supports the state agency's mission and the state's requirements and functions. OT ensures that Strategic Information Resource Management Planning is an integral component in the development of the state's budget for IT-related projects.

Activity at a Glance

- ◆ Researches emerging and potential technologies, sets standards and makes strategic technology recommendations to Minnesota government for strategic procurement choices.
- ◆ Manages North Star state web portal and electronic services.
- ◆ Reviews and aids in priority setting for agency and enterprise-wide information technology (IT) project proposals in biennial state budget process.
- ◆ Provides risk management and project management consulting services and training for state and local government.
- ◆ Serves as the creator and steward for the statewide "enterprise Architecture" – the technology blueprint for the state – and as strategic and implementation leader of the state CIO Agenda (the Pawlenty-Molnau Drive to Excellence Plan).
- ◆ Creates public/private partnerships to help set priorities, screen vendors, identify new technologies, and aggregate technology purchases for state agencies and educational institutions.

- ⇒ Request For Proposal (RFP) approval: OT reviews all agency IT RFP's over \$100,000 to ensure that projects are compatible with the state's information architecture and other policies and standards.
- ⇒ The Enterprise Project Management Office (PMO): Industry-standard project management practices, including a phased approach are required for all funded state IT projects. OT provides project management planning tools, templates, oversight, and consulting services to agency projects, and provides training in best practices for project success.
- ⇒ Procurement management programs such as a Master Roster of vendors pre-approved to provide project-related service, a Master Contract to augment agency internal skill sets resources, and an Aggregated Purchasing initiative, build cost-effective operational alternatives into the procurement process.

Collaborative Leadership

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

- ⇒ Interagency Boards: OT promotes collaboration and seeks input through enterprise-wide advisory groups including the Information Policy Council (IPC), the Architectural Review Board, the PMO Stakeholders Group, and the North Star Steering Committee. OT represents the state enterprise view as a member of multiple external committees and councils.
- ⇒ 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 2004, OT led a statewide effort to create the first Minnesota Digital Learning Plan, outlining future direction and collaborative action steps for digital education.

Historical Perspective

OT provides a strategic focus for state information technology policy and investments and is a champion for leveraging shared services and streamlined service delivery to serve the state enterprise as a whole. A results oriented agency that provides leadership and direction for government agencies, OT's efforts increase accountability for stakeholders, and enable 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. By emphasizing an enterprise approach to technology planning and deployment, vendor management and portfolio management of state IT assets and projects, OT is introducing state of the art business practice and standards to government.

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 shared services; and the state's citizens and business partners find government services closer, more accountable, and more convenient than ever before. Key performance measures include:

- ◆ Quarterly average number of hits on North Star portal (18.33 million in 2004);
- ◆ Number of agencies hosted by North Star (11 including Governor's RXConnect website);
- ◆ Online secure end-to-end electronic financial transaction services (seven in 2004);
- ◆ Non-financial end-to-end online services (nine in 2004);
- ◆ Agency compliance with Enterprise Architecture (75% in 2004);
- ◆ Agency projects registered in project management repository (191 in 2004); and
- ◆ Dollars saved in aggregated purchasing, including enterprise licensing (\$.75 million in FY 2004).

Activity Funding

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

ADMINISTRATION DEPT

Program: TECHNOLOGY SERVICES

Activity: OFFICE OF TECHNOLOGY

Narrative

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

ADMINISTRATION DEPT
 Program: TECHNOLOGY SERVICES
 Activity: OFFICE OF TECHNOLOGY

Budget Activity Summary

Dollars in Thousands

	Current		Governor's Recomm.		Biennium 2006-07
	FY2004	FY2005	FY2006	FY2007	
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	2,357	2,641	1,803	1,803	3,606
Statutory Appropriations					
Special Revenue	22	0	0	0	0
Total	2,379	2,641	1,803	1,803	3,606
<u>Expenditures by Category</u>					
Total Compensation	1,827	1,931	1,461	1,553	3,014
Other Operating Expenses	552	710	342	250	592
Total	2,379	2,641	1,803	1,803	3,606
Full-Time Equivalents (FTE)	20.8	21.9	13.9	13.9	

Program Description

The purpose of State Facilities Services (SFS) is to manage the land and buildings under the custodial control of the Department of Administration, and provide building code, leasing and land acquisition/disposition, professional design/project management, energy and recycling services and leadership to other state agencies and public entities. Through a variety of participatory planning processes, 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:

- ⇒ Building Codes and Standards
- ⇒ State Architect's Office
- ⇒ Plant Management
- ⇒ Real Estate Management

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

ADMINISTRATION DEPT
 Program: STATE FACILITIES SERVICES

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2004	FY2005	FY2006	FY2007	2006-07
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	3,153	3,153	3,153	3,153	6,306
Subtotal - Forecast Base	3,153	3,153	3,153	3,153	6,306
Governor's Recommendations					
Admin Operational Reductions		0	(95)	(95)	(190)
Total	3,153	3,153	3,058	3,058	6,116
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	3,044	3,118	3,058	3,058	6,116
Statutory Appropriations					
State Government Spec Revenue	5,978	6,417	6,859	7,038	13,897
Special Revenue	4,176	7,327	7,916	8,003	15,919
Miscellaneous Agency	44	58	87	117	204
Gift	0	78	0	0	0
Plant Management	22,416	24,640	25,208	25,929	51,137
Total	35,658	41,638	43,128	44,145	87,273
<u>Expenditures by Category</u>					
Total Compensation	18,427	19,130	20,043	20,715	40,758
Other Operating Expenses	16,632	22,256	22,392	22,423	44,815
Capital Outlay & Real Property	304	0	0	0	0
Payments To Individuals	2	4	4	4	8
Local Assistance	293	248	248	248	496
Other Financial Transactions	0	0	441	755	1,196
Total	35,658	41,638	43,128	44,145	87,273
<u>Expenditures by Activity</u>					
Building Codes	5,978	6,417	6,859	7,038	13,897
State Architect'S Office	2,403	2,516	2,345	1,844	4,189
Plant Management	26,902	32,317	33,549	34,888	68,437
Real Estate Management	375	388	375	375	750
Total	35,658	41,638	43,128	44,145	87,273
Full-Time Equivalentents (FTE)	302.4	317.3	322.7	321.6	

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.59-75 and M.S. 327B.01-12. The division administers the entire code in state-owned, state-funded, and state-licensed buildings, 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 491 jurisdictions administer the State Building Code.

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 Administration 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 Administration 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.

Activity at a Glance

- ◆ Investigative Section received 203 written complaints requiring formal investigations.
- ◆ Plan Review Section reviewed 278 plans for state-owned and state-licensed buildings with construction value of \$436 million.
- ◆ Education/Certification Section provided 60 seminars for municipal building officials, architects, engineers, and builders.
- ◆ Elevator Safety Section received 1,250 requests for permits and conducted 1,380 elevator inspections across the state.
- ◆ Manufactured Structures Section received 50 written complaints requiring formal investigation.

Disaster Assistance - The division provides assistance to local jurisdictions in times of natural disasters. After consultation with the local officials division staff responds 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 geographic and climatic conditions in Minnesota.

Key Measures

Education Seminars

The division provides training and educational seminars to municipal officials, design professionals, state agencies and contractors. Our education program conducted 60 seminars 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 95% with actual averages of 97% for the last year.

Plan Review

The division is required by statute to review submitted construction plans within 30 days. The Building Codes and 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 75% of the time with the remaining 25% 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 203 files received by the section this past year, 98% were responded to within one week, and 98% site visits were scheduled.

Activity Funding

The 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 user fees, paid by contractors, manufacturers, building owners, design professionals and homeowners who benefit from the division's services, provide the following: adoption of a State Building code providing uniform minimum construction standards for building projects across the state; training and assistance to the construction

ADMINISTRATION DEPT

Program: STATE FACILITIES SERVICES

Activity: BUILDING CODES

Narrative

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.

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ADMINISTRATION DEPT
 Program: STATE FACILITIES SERVICES
 Activity: BUILDING CODES

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2004	FY2005	FY2006	FY2007	2006-07
<u>Expenditures by Fund</u>					
Statutory Appropriations					
State Government Spec Revenue	5,978	6,417	6,859	7,038	13,897
Total	5,978	6,417	6,859	7,038	13,897
<u>Expenditures by Category</u>					
Total Compensation	4,254	4,512	4,858	5,050	9,908
Other Operating Expenses	1,429	1,653	1,749	1,736	3,485
Payments To Individuals	2	4	4	4	8
Local Assistance	293	248	248	248	496
Total	5,978	6,417	6,859	7,038	13,897
Full-Time Equivalents (FTE)	53.6	56.6	58.4	58.4	

Activity Description

The State Architect's Office (SAO) delivers professional architectural, engineering, and construction resources designed to improve the physical facilities of Minnesota government in accordance with: M.S. 16A.69, 16A.632, 16B.05, 16B.24, 16B.30, 16B.305, 16B.31, 16B.32, 16B.325, 16B.33, 16B.335, 16B.35, 16C.08, 16C.095, 16C.10, and 16C.14.

Population Served

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

Services Provided

Services provided by SAO 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 providing Administration's review comments;
- ◆ managing predesign process and maintaining the Predesign Manual;
- ◆ providing oversight of the statewide Facility Condition Audit;
- ◆ providing staff support for the State Designer Selection Board;
- ◆ developing and maintaining Building Design Guidelines, with a checklist for consultant use; and
- ◆ assisting the State Facility Management Group.

Historical Perspective

SAO provides a centralized resource where state agencies can obtain comprehensive and consistent architectural, engineering, 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. SAO 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, SAO has developed a consultant procedure manual, standardized forms, project initiation procedures, design criteria, and related information, all of which is posted on the SAO website (see address below).

Key Measures

FY 2004 service delivery accomplishments include:

- ◆ Project delivery for new, \$140 million lab and office facilities for the co-location of the departments of Health and Agriculture (scheduled completion is December of 2005);
- ◆ Project delivery for new \$100 million office facility for the Department of Human Services (scheduled completion is November of 2005);
- ◆ minimizing construction change orders (supplemental agreements) to 5% maximum over bid was achieved (on work scope within our control);
- ◆ minimizing design time on projects (to allow earlier start date for construction notice to proceed) was achieved on over 50% of our projects;

Activity at a Glance

SAO provides planning, design and construction services:

- ◆ for over 20 state agencies;
- ◆ for almost 5,000 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 100 hazardous materials surveys and over 100 abatement projects annually.

ADMINISTRATION DEPT

Program: STATE FACILITIES SERVICES

Activity: STATE ARCHITECT'S OFFICE

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
- ◆ updating Design Guidelines to ensure quality and consistent standards for state facilities.

Activity Funding

The Division of State Architect's Office receives operating funds from a General Fund appropriation. Funding for projects that SAO manages is from general obligation bonds, General Funds, federal funds, matching grants, and gift funds. SAO also assists agencies with Repair and Restoration projects that are funded in agency operating budgets.

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ADMINISTRATION DEPT
 Program: STATE FACILITIES SERVICES
 Activity: STATE ARCHITECT'S OFFICE

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2004	FY2005	FY2006	FY2007	2006-07
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	1,893	1,938	1,844	1,844	3,688
Statutory Appropriations					
Special Revenue	510	500	501	0	501
Gift	0	78	0	0	0
Total	2,403	2,516	2,345	1,844	4,189
<u>Expenditures by Category</u>					
Total Compensation	1,642	1,675	1,678	1,654	3,332
Other Operating Expenses	761	841	667	190	857
Total	2,403	2,516	2,345	1,844	4,189
Full-Time Equivalents (FTE)	20.5	20.7	20.2	19.5	

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 requesting resource recovery services.

Activity at a Glance

Plant Management maintains:

- ◆ 3.5 million gross square feet;
- ◆ 20 buildings;
- ◆ 21 monuments/memorials;
- ◆ 32 parking facilities;
- ◆ 1,975 estimated tons of material recycled in FY 2004; and
- ◆ 50 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 and M.S. 216C.052 Subd. 3;
- ◆ moving, equipment rental, and delivery services; and
- ◆ maintaining and managing parking facilities and contracts and providing alternative transportation services.

Historical Perspective

One of PMD's goals is to ensure all facilities are operated, repaired, and maintained in a cost-effective manner to preserve the integrity of the state's assets and provide a safe and comfortable environment for building tenants. As part of this goal, PMD maintains an Asset Preservation Program outlining necessary repairs for facilities under PMD's custodial control. Failure to address deferred maintenance, due to limited funding, will cause serious structural damage, deterioration, and reduction in the life expectancy of the buildings.

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 2003 and FY 2004 as required by M.S. 115A.15;
- ◆ Energy Management saved state agencies \$355,964 in FY 2003 and \$323,458 in FY 2004 through negotiated pricing for natural gas and fuel oil, and \$213,159 in FY 2003 and \$234,563 in FY 2004 for Rush City Correctional facility by load curtailment agreement;
- ◆ Energy Management completed state agency energy retrofit projects in FY 2003 of 644,873 square feet resulting in annual savings of \$241,693 before loan payments under M.S. 16C.14; Energy Management is developing a new energy retrofit program under M.S. 16C.144 enacted by the 2003 Legislature.

ADMINISTRATION DEPT**Program: STATE FACILITIES SERVICES****Activity: PLANT MANAGEMENT**

Narrative

Activity Funding

PMD's internal service fund (ISF) is made up of three activities: Leases, Repair and Other Jobs (ROJ), 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.

FTE's as of 7-1-04 were 208 for Leases, 11 for Materials Transfer, and two 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 2003 and FY 2004 due to greater than anticipated savings in utilities and salary and benefit savings due to staff vacancies. These savings will be reflected in Lease rates for FY 2006 and FY 2007.

Retained earnings for the Repair and Other Jobs activity decreased in FY 2003 and FY 2004 due to a reduction in billable hours.

Retained earnings for the Materials Transfer activity increased in FY 2003 and FY 2004 due to a few large moves that resulted in higher than anticipated billable hours.

History of Rate Changes:

Fiscal Year	2000	2001	2002	2003	2004	2005
Leases	9.34%	0.66%	4.54%	2.96%	(8.16%)	0.00%
Repair and Other Jobs	10.10%	0.00%	1.90%	2.26%	30.00%	5.00%
Materials Transfer	0.49%	0.27%	0.31%	4.70%	0.59%	0.00%

Factors contributing to the change in lease rates include decreases in staff and utility expenses as a result of planned budget reductions in FY 2004.

The change in ROJ rates is due to the planned return of positive retained earnings in previous years. Because rates were considerably lower than breakeven, a large rate increase was needed in FY 2004 to prevent the continued reduction of retained earnings.

The change in Materials Transfer rates is due to the shutdown of one large customer's business.

Impact of Rate Changes:

Assuming the same volume and mix of goods/services as used in FY 2004, the five largest Lease customers will pay the same amount. The five largest customers are the Minnesota Historical Society, the departments of Revenue, Transportation, and Public Safety and the Minnesota Supreme Court.

Assuming the same volume and mix of goods/services as used in FY 2004, the five largest Repair and Other Jobs customers will pay approximately 3.2% more in FY 2005. The five largest customers are the departments of Administration, Health, Public Safety, the Revisor of Statutes, and the St. Paul Port Authority.

Assuming the same volume and mix of goods/services as used in FY 2004, the five largest Materials Transfer customers will pay the same amount in FY 2005. The five largest customers are the departments of Administration, Pollution Control, Attorney General, Employment and Economic Development and the Secretary of State.

In addition to the ISF, this activity is funded by a General Fund appropriation and revenue from several fees.

ADMINISTRATION DEPT

Program: STATE FACILITIES SERVICES

Activity: PLANT MANAGEMENT

Narrative

Changes in the financing of parking facilities has had a significant impact on parking rates.

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ADMINISTRATION DEPT
 Program: STATE FACILITIES SERVICES
 Activity: PLANT MANAGEMENT

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2004	FY2005	FY2006	FY2007	2006-07
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	776	792	839	839	1,678
Statutory Appropriations					
Special Revenue	3,666	6,827	7,415	8,003	15,418
Miscellaneous Agency	44	58	87	117	204
Plant Management	22,416	24,640	25,208	25,929	51,137
Total	26,902	32,317	33,549	34,888	68,437
<u>Expenditures by Category</u>					
Total Compensation	12,210	12,646	13,209	13,713	26,922
Other Operating Expenses	14,388	19,671	19,899	20,420	40,319
Capital Outlay & Real Property	304	0	0	0	0
Other Financial Transactions	0	0	441	755	1,196
Total	26,902	32,317	33,549	34,888	68,437
Full-Time Equivalentents (FTE)	226.2	237.7	241.6	241.2	

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. 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 895 leases of nonstate-owned and state-owned real property;
- ◆ currently leases 3.9 million useable square feet on nonstate-state owned space and other real property at an annual cost of \$63.4 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, environmental assessments, master plans, 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: STATE FACILITIES SERVICES****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.

Key Measures

Measure: Attain at least 10% savings on negotiated transactions through reduced rental cost.

Performance	FY 2003	FY 2004 (3rd Qtr)
Percentage	7.5%	17%
Dollar Savings	\$1,260,429	\$3,224,188

Measure: Maintain a 90% or better customer satisfaction rating

Performance	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
Percentage	88%	86%	94%	98%	96%	100%

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.

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ADMINISTRATION DEPT
 Program: STATE FACILITIES SERVICES
 Activity: REAL ESTATE MANAGEMENT

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2004	FY2005	FY2006	FY2007	2006-07
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	375	388	375	375	750
Total	375	388	375	375	750
<u>Expenditures by Category</u>					
Total Compensation	321	297	298	298	596
Other Operating Expenses	54	91	77	77	154
Total	375	388	375	375	750
Full-Time Equivalents (FTE)	2.1	2.3	2.5	2.5	

Program Description

State and Community Services (SCS) offers a variety of services and information to state and local units of government as well as the general public. The services and information provided are reflective of the mission of the Department of Administration to lead Minnesota government in delivering services faster, better, and more cost-effectively.

Budget Activities Included:

- ⇒ Information Policy Analysis
- ⇒ Risk Management
- ⇒ Communications Media
- ⇒ Travel Management
- ⇒ State Demographer
- ⇒ Land Management Information Center
- ⇒ Environmental Quality Board
- ⇒ Municipal Boundaries
- ⇒ Local Planning Assistance
- ⇒ Office of the State Archaeologist

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

ADMINISTRATION DEPT

Program: STATE AND COMMUNITY SERVICES

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2004	FY2005	FY2006	FY2007	2006-07
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	4,048	3,983	3,983	3,983	7,966
Subtotal - Forecast Base	4,048	3,983	3,983	3,983	7,966
Governor's Recommendations					
Admin Operational Reductions		0	(120)	(120)	(240)
Land Mgmt Information Center Reduction		0	(837)	(837)	(1,674)
Local Planning Assistance Elimination		0	(299)	(299)	(598)
Total	4,048	3,983	2,727	2,727	5,454
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	3,876	4,106	2,727	2,727	5,454
Statutory Appropriations					
Special Revenue	1,926	2,002	2,046	2,113	4,159
Federal	40	66	10	0	10
Risk Management	9,794	10,951	10,347	10,523	20,870
Miscellaneous Agency	8,963	0	0	0	0
Gift	0	17	5	5	10
Documents And Publications	1,895	1,839	1,912	1,989	3,901
Micrographics	694	75	82	0	82
Central Motor Pool	13,508	13,545	14,618	14,774	29,392
State Printer	289	40	0	0	0
Central Mailing	833	11,796	11,821	11,849	23,670
Total	41,818	44,437	43,568	43,980	87,548
<u>Expenditures by Category</u>					
Total Compensation	7,546	7,436	6,671	6,891	13,562
Other Operating Expenses	34,272	37,001	36,815	37,089	73,904
Other Financial Transactions	0	0	82	0	82
Total	41,818	44,437	43,568	43,980	87,548
<u>Expenditures by Activity</u>					
Information Policy Analysis	423	430	425	425	850
Risk Management	9,794	10,951	10,347	10,523	20,870
Communications Media	13,090	14,219	14,258	14,281	28,539
Travel Management	13,589	13,704	14,783	14,945	29,728
State Demographer	493	475	454	454	908
Land Management Information	2,053	1,814	924	938	1,862
Environmental Quality Board	1,595	1,966	1,909	1,946	3,855
Municipal Boundaries	301	298	262	262	524
Local Planning Assistance	284	362	0	0	0
Office Of State Archaeologist	196	218	206	206	412
Total	41,818	44,437	43,568	43,980	87,548
Full-Time Equivalent (FTE)	95.0	99.2	89.1	89.1	

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 they relate to data practices appeals; and assistance in exercising rights regarding access to information, protecting privacy, and challenging inaccurate or incomplete data.

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 Medical Records Act), the federal Health Insurance Portability and Accountability Act of 1996 and related rules, the federal Freedom of Information and Privacy Acts, the Minnesota Official Records Act 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.

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 data practices and open meeting law 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; preparing and distributing training, model compliance, and informational materials; developing, updating, and operating a publicly accessible website 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 was first enacted 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, the unauthorized destruction of the records of accounting and other organizations, and the need for government computer based systems to comply with the law 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.

Activity at a Glance

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

- ◆ Issued 65 advisory opinions;
- ◆ Answered 3,714 inquiries from government entities;
- ◆ Dealt with questions or requests for assistance from 2,780 citizens; and
- ◆ Provided 1,725 consultations to private and public attorneys.

IPAD receives inquiries by U.S. mail, email, phone and personal contact.

For the period 1-1-03 through 5-31-04, IPAD's website had 85,353 visits.

Key Measures

IPAD focuses on the speed with which a customer receives a response, as timeliness is critical to effective service.

There are two key measures.

The first measure is the response time for an informal inquiry by phone or email. From 1998 to 2003, IPAD's goal was that 85% of all inquiries received would have a response by the end of the next business day. That goal was consistently met and exceeded. In 2003, the goal was changed to 90% of all inquiries will receive a response by the end of the next business day. During FY 2004, the new goal has been consistently exceeded.

The second measure quantifies when draft advisory opinions are available to the commissioner for review and approval. The ultimate goal is to issue opinions in the shortest amount of time possible. The measure is to have draft opinions to the commissioner no later than 12 working days after all necessary information has been received. IPAD has consistently met this goal in FY 2004.

Activity Funding

This activity is funded through a General Fund appropriation.

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ADMINISTRATION DEPT
 Program: STATE AND COMMUNITY SERVICES
 Activity: INFORMATION POLICY ANALYSIS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2004	FY2005	FY2006	FY2007	2006-07
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	423	430	425	425	850
Total	423	430	425	425	850
<u>Expenditures by Category</u>					
Total Compensation	387	361	368	382	750
Other Operating Expenses	36	69	57	43	100
Total	423	430	425	425	850
Full-Time Equivalents (FTE)	4.8	5.3	4.5	4.5	

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, boards, bureaus, commissions, and component units:

- ◆ 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 totaling \$8 billion.
- ◆ Insure 13,551 state vehicles.
- ◆ Currently managing an open caseload of approximately 400 claims.

Population Served

State of Minnesota agencies, departments, boards, bureaus, commissions, and component units, as well as political subdivisions.

Services Provided

The RMD, through the RMF, offers five major lines of insurance that include auto liability, auto comprehensive and collision, general liability, property, and boiler and machinery. The RMD also offers 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 coverage 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 continued retention of its customers during a very tight budget period and outside competition for the business lines other than auto liability. It is important that RMD do everything it can to retain its business by continuing to provide excellent customer service, delivering a superior product, and being price competitive with the marketplace.

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: STATE AND COMMUNITY SERVICES****Activity: RISK MANAGEMENT**

Narrative

Fiscal Year	2000	2001	2002	2003	2004 (Est)
Industry Average Operating Expense Ratio	30.6	28.6	30.5	30.2	30.0
RMD Operating Expense Ratio	16.8	16.8	17.0	17.4	16.3

The RMD operating expense ratio to the industry has remained very steady over the last five years at an average of 1.8:1. That is, for every \$1.80 the industry spends on operating expenses, the RMD spends \$1.00.

Activity Funding

RMD operates as an Internal Service Fund, charging fees based on insurance options requested by customers. RMD had nine FTE's on 7-01-04.

There are no anticipated 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 \$175,305 in FY 2003, primarily due to the increase in Incurred But Not Reported claim activity that was necessitated by the fivefold increase in the property self-insured retention from \$500,000 to \$2.5 million.

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 FY 2004, the Advisory Committee approved a dividend payment of \$1,668,215. In FY 2003, dividend payments were not made because of the instability of property reinsurance costs and unsatisfactory loss experience.

History of Rate Changes:

Fiscal Year	2000	2001	2002	2003	2004	2005
Rate Change (by line)						
Auto Liability	(9.23%)	(6.78%)	.00%	(11.64%)	.00%	.01%
Auto Physical Damage	(4.95%)	17.65%	3.86%	.00%	.00%	.00%
General Liability	14.45%	.00%	.00%	(6.12%)	.00%	.00%
Property	.00%	.00%	.00%	191.31%	.00%	.00%
Other	.00%	.00%	.00%	00%	.00%	.00%
Rate Change Average	2.77%	12.21%	1.46%	27.10%	.00%	.00%

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 almost the same as in FY 2004. The five largest customers in FY 2004 were MnSCU and the departments of Administration, Natural Resources, Transportation, and Corrections.

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ADMINISTRATION DEPT
 Program: STATE AND COMMUNITY SERVICES
 Activity: RISK MANAGEMENT

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2004	FY2005	FY2006	FY2007	2006-07
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Risk Management	9,794	10,951	10,347	10,523	20,870
Total	9,794	10,951	10,347	10,523	20,870
<u>Expenditures by Category</u>					
Total Compensation	744	749	812	848	1,660
Other Operating Expenses	9,050	10,202	9,535	9,675	19,210
Total	9,794	10,951	10,347	10,523	20,870
Full-Time Equivalents (FTE)	9.0	9.7	10.0	10.0	

Activity Description

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

Activity at a Glance

- ◆ Minnesota's Bookstore will serve more than 70,000 customers during FY 2005.
- ◆ Central Mail will generate more than \$1 million in postage savings during FY 2005 through its automation services.

Population Served

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

Services Provided

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

- ⇒ The Minnesota's Bookstore – a centralized publishing house for state agency-produced products located in the Williams Hill Business Center at 660 Olive Street in St. Paul (the bookstore handles online, phone, mail, and fax orders; and operates a walk-in location open to the public);
- ⇒ 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
- ⇒ The *State Register*.

Central Mail 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. Central Mail also provides addressing and inserting services (internal service fund – predominant customers are state agencies) resulting in reduced postage costs to state agencies. During FY 2004, Central Mail helped generate more than \$1 million in postage savings through in-house bar coding and ink-jet addressing. Central Mail and InterTech have entered into a partnership to provide one-stop printing and mailing services to state agencies.

Historical Perspective

State agencies are generally not required to use state operations for addressing, inserting, or publishing services. 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 Central Mail for handling and processing of outgoing mail. This centralized operation allows small and large agencies to collectively achieve postage savings through the use of Central Mail's bar-coding and ink-jet addressing equipment and also helps to realize operational efficiencies such as staffing, equipment, and space.

As of FY 2004, the state no longer provides a centralized printing service, and as of 9-1-04, the state will no longer provide records storage services.

Key Measures

The division's measurable objectives include:

- ⇒ Increasing the number of Minnesota's Bookstore online orders by 10% during FY 2004. The actual percentage increase for FY 2004 was 178%.
- ⇒ Processing 95% of First Class mail within 24 hours. For FY 2004, the actual figure was 94%.
- ⇒ Increasing the amount of metered letter mail qualifying for automated rates to 85.5% by the end of FY 2004. The actual figure for FY 2004 was 84.9%.

ADMINISTRATION DEPT**Program: STATE AND COMMUNITY SERVICES****Activity: COMMUNICATIONS MEDIA**

Narrative

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 2005 is to operate the mail delivery portion of Central Mail. Total FTE's in the division are 28 as of 7-01-04.

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

Minnesota's Bookstore is projected to generate annual revenue of approximately \$194,000 for the *State Register* during FY 2005. The revenue is generated from state agencies publishing material as well as a small number of 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 12.4.

Operating Losses/Increases in Retained Earnings: FY 2004 retained earnings for the *State Register* were projected to decrease by \$28,000 due to a *State Register* operating loss sustained during the fiscal year. Minnesota's Bookstore is projected to improve its retained earnings position by \$47,000 during FY 2004.

History of Rate Changes (State Register):

Fiscal Year	2000	2001	2002	2003	2004	2005
Change	0.00%	0.00%	4.92%	5.97%	8.90%	0.00%

Impact of Rate Changes:

Assuming the same volume and mix of goods/services as used in FY 2004, the *State Register's* largest customers (Administration, Human Services, Education, Transportation, and Natural Resources) will pay virtually no more in FY 2005 since rates did not change.

Central Mail is projected to generate annual revenue of approximately \$794,000 during FY 2005 from state agencies and local units of government. The number of FTEs within Central Mail is 15.72.

Operating Losses/Increases in Retained Earnings: FY 2004 retained earnings for Central Mail were projected to increase by \$200 during FY 2004.

History of Rate Changes:

Fiscal Year	2000	2001	2002	2003	2004	2005
Change	2.30%	0.90%	7.70%	5.90%	0.00%	0.00%

Impact of Rate Changes:

Assuming the same volume and mix of goods/services as used in FY 2004, Central Mail's five largest customers (Public Safety, Revenue, Administration, Public Employee Retirement Association, and Human Services) will pay virtually no more in FY 2005 since rates did not change.

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ADMINISTRATION DEPT
 Program: STATE AND COMMUNITY SERVICES
 Activity: COMMUNICATIONS MEDIA

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2004	FY2005	FY2006	FY2007	2006-07
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	416	469	443	443	886
Statutory Appropriations					
Miscellaneous Agency	8,963	0	0	0	0
Documents And Publications	1,895	1,839	1,912	1,989	3,901
Micrographics	694	75	82	0	82
State Printer	289	40	0	0	0
Central Mailing	833	11,796	11,821	11,849	23,670
Total	13,090	14,219	14,258	14,281	28,539
<u>Expenditures by Category</u>					
Total Compensation	1,762	1,642	1,689	1,765	3,454
Other Operating Expenses	11,328	12,577	12,487	12,516	25,003
Other Financial Transactions	0	0	82	0	82
Total	13,090	14,219	14,258	14,281	28,539
Full-Time Equivalent (FTE)	30.1	30.0	30.2	30.2	

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.

Activity at a Glance

- ◆ Provides long-term rental vehicles and vehicle support services to state program and political subdivisions.

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.

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 strives to keep state fleet equipment in good operating condition and available for state employees to use in their job functions. TMD has tracked vehicle out-of-service time over the last year. TMD vehicles have been available for use over 98% of the time, and out-of-service less than 2%.

Activity Funding

Travel Management operates as an internal service fund. No money is appropriated to TMD from the state's General Fund. TMD energy is focused on the core long-term vehicle rental program.

As of 7-1-04, TMD had a total of 13 FTE's.

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 6-30-04 is \$4,700,000 with payments scheduled through May 2005.

TMD is planning to invest in a fleet management information system that will be shared among state agencies. It is anticipated that the system software and hardware will cost approximately \$250,000. This expense will be depreciated over five years.

Operating Losses/Increases in Retained Earnings:

FY 2004 retained earnings increased by approximately \$819,000. Increased retained earnings are used to improve cash flow and reduce General Fund debt.

History of Rate Changes:

Fiscal Year	2000	2001	2002	2003	2004	2005
Change	(1.5%)	4.9%	6.0%	3.5%	5.7%	5.4%

ADMINISTRATION DEPT

Program: STATE AND COMMUNITY SERVICES

Activity: TRAVEL MANAGEMENT

Narrative

TMD has implemented a new rate structure for all new long-term rental vehicles. Vehicle rates are 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 an average of 5.4% beginning in July 2004.

More information concerning TMD long-term rates can be found on the TMD website, and in the FY 2005 TMD Business Plan.

Impact of Rate Changes:

Assuming the same volume and mix of services as used in FY 2004, TMD's customers will pay approximately 5.4% more in FY 2005. TMD's five largest customers are the departments of Human Services, Agriculture, Corrections, Health, and Minnesota State Colleges and Universities (MnSCU). These entities account for over 60% of TMD business.

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ADMINISTRATION DEPT
 Program: STATE AND COMMUNITY SERVICES
 Activity: TRAVEL MANAGEMENT

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2004	FY2005	FY2006	FY2007	2006-07
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Special Revenue	81	159	165	171	336
Central Motor Pool	13,508	13,545	14,618	14,774	29,392
Total	13,589	13,704	14,783	14,945	29,728
<u>Expenditures by Category</u>					
Total Compensation	745	753	818	848	1,666
Other Operating Expenses	12,844	12,951	13,965	14,097	28,062
Total	13,589	13,704	14,783	14,945	29,728
Full-Time Equivalent (FTE)	12.2	12.6	13.1	13.1	

Activity Description

The Office of State Demographer provides demographic services as outline in M.S. 4A.02. The State Demographer collects demographic data, makes estimates and projections of population and population characteristics, identifies and monitors trends, liaison with the U.S. Census Bureau on the decennial census as well as several ongoing programs, identifies demographic issues of potential policy implication, reviews and comments on estimates and projections made by other governmental organizations, aids the legislature in preparing the census data plan for redistricting and related purposes, and provides for demographic information for those who need it.

Activity at a Glance

- ◆ Annual population and household estimates for counties, cities and towns outside the Metropolitan Council region made and delivered on time.
- ◆ Nine Population Notes published in 2004.
- ◆ 2,000 requests for demographic information filled per year.
- ◆ 300 special estimates made per year.
- ◆ Over 100 presentations made each year.

Population Served

The Office of State Demographer serves state elected officials, state government departments and agencies, legislators, local governments and local government officials, private citizens, and private sector organizations.

Services Provided

Major Service categories include:

- ⇒ Prepare annual population and household estimates of counties and cities and townships outside the seven county Metropolitan Council region.
- ⇒ Prepare or review other estimates, as needed, including estimates of school districts for community education purposes, estimates for municipal boundary changes and other special estimates.
- ⇒ Periodically prepare population and related projections for the state and areas of the state.
- ⇒ Review and comment on estimates and projections made by others.
- ⇒ Liaison with the U.S. Bureau of the Census, including Federal/State Cooperative Program on Population Estimates, Federal/State Cooperative Program on Population Projections, State Data Center Program, and Governor's Liaison Program.
- ⇒ Continuously monitor demographic data and trends and prepare reports on the trends.
- ⇒ Work with the Census Bureau and legislature on the data return plan for the next decennial census.
- ⇒ Provide demographic and related information on request.

Historical Perspective

The Minnesota State Demographer was created in 1973 by statute.

Key Measures

- ⇒ Number of special estimates (not including mandated annual estimates of county, city and town populations), including estimates of population of annexed or detached areas for municipal boundary changes, population estimate of school districts plus other special requested estimates. Based on historical experience, special estimates average 135 to 140 per year. However, in the past year the number increased dramatically, more than doubling, largely as a result of increased number of municipal boundary changes.
- ⇒ Number of requests for information filled. The number of requests for demographic information has ranged from 1,800 to 2,000 in the past two years. Preliminary results indicate FY 2004 will match that number.
- ⇒ Number of external presentations made. Over the past several years, external presentations have averaged around 100 per year. Preliminary results for FY 2004 show 116 for the year.

Activity Funding

The program operates through a General Fund appropriation.

ADMINISTRATION DEPT

Program: STATE AND COMMUNITY SERVICES

Activity: STATE DEMOGRAPHER

Narrative

Contact

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ADMINISTRATION DEPT
 Program: STATE AND COMMUNITY SERVICES
 Activity: STATE DEMOGRAPHER

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2004	FY2005	FY2006	FY2007	2006-07
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	493	475	454	454	908
Total	493	475	454	454	908
<u>Expenditures by Category</u>					
Total Compensation	425	402	386	386	772
Other Operating Expenses	68	73	68	68	136
Total	493	475	454	454	908
Full-Time Equivalents (FTE)	4.0	4.0	4.0	4.0	

Activity Description

The Land Management Information Center's (LMIC) mission is to benefit the citizens of the state by providing services and products that promote the effective use of geographic data and geographic information technology. LMIC serves as a focal point for Geographical Information Systems (GIS) within Minnesota, coordinating many of the state's GIS activities and providing geospatial data services, geography-oriented decision support tools, and project consulting services that help organizations benefit from GIS and other geospatial technologies to improve their effectiveness. LMIC is authorized by M.S. 4A.05, subd. 2 and supports and receives advice from the Minnesota Governor's Council on Geographic Information, authorized through Executive Orders since 1991.

Activity at a Glance

During FY 2004, LMIC supported the state with:

- ◆ 200,000 user sessions that provided maps, reports, information about GIS, and data about the state
- ◆ 19,000 downloaded GIS data sets
- ◆ 78,000 web request for GIS metadata
- ◆ 3,400 software and data CDs customized for nontechnical GIS users and educators
- ◆ 33 contracts for GIS project services

Population Served

LMIC serves the state's population primarily by serving state agencies and local units of government. LMIC also provides services to federal agencies, non-government organizations, educators, private citizens, and the state's elected officials.

Services Provided

LMIC offers GIS services and products in four key areas. These areas include:

Coordination: LMIC functions as the state's coordinating organization for geographic information technology. In this role, LMIC promotes coordinated solutions to applying geospatial technology within Minnesota by developing, promoting, and implementing technology standards; representing the state on the National States Geographic Information Council; serving as the state's liaison with the U.S. Geological Survey and other federal agencies; supporting coordination among local units of government; and staffing the Minnesota Governor's Council on Geographic Information. Although LMIC does not have explicit legislative authority for its coordination role, it has served in this capacity for more than 25 years.

Geographic Data Clearinghouse Services: LMIC functions as the state's steward of publicly funded spatial data. In this role, LMIC is responsible for organizing, safeguarding, and improving the value of these public investments by ensuring their availability and supporting their effective use. The Clearinghouse emphasizes services that promote widespread access to data maintained by state agencies through web portals that serve as One-Stop Shops. By offering efficient solutions to data acquisition, the Clearinghouse supports organizations throughout Minnesota, reducing their costs of operation while supporting their effectiveness.

Decision Support Systems. LMIC develops web services and software that integrate geospatial data and mapping, visualization, and analysis to support policy makers, professionals, educators, students, and the general public. Datanet offers flexible retrieval and visualization of complex detailed data on a wide variety of topics, including data extracted from U.S. Census sources. Desktop software such as the Environmental Planning Programming Language (EPPL) and the Minnesota Atlas extends the benefits of geospatial data and technology to an audience ranging from policy-makers to educators. The Minnesota Atlas will help Minnesota schools meet the new geography requirements of the K-12 social studies standard.

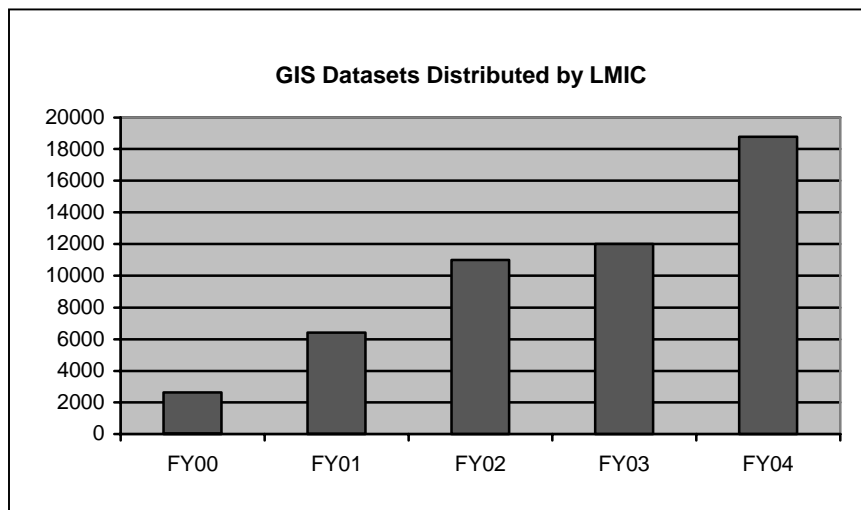
Project Services. The Project Services Bureau was established to assist state agencies and other government clients with the design and implementation of projects that use GIS to meet their analysis, planning, and decision-making needs. The work of the Service Bureau is entirely funded by project revenues. During FY 2004, LMIC conducted projects with a total contract value of \$500,000.

Historical Perspective

LMIC was created in 1978 to promote the development and introduction of technology for mapping and analyzing the use of land and natural resources within the state. As the first state organization devoted to using geographic information systems, LMIC has served all of the state's GIS needs for some time. Today, as the technology has matured and is widely used by many state agencies and local units of government, LMIC's role has changed. Rather than serving as a centralized GIS program, LMIC focuses on coordination, data clearinghouse services, developing GIS-based decision support tools that help organizations improve their effectiveness, and providing projects support for agencies without GIS expertise or that need assistance beyond the capabilities of their staff. LMIC is widely recognized within the state and around the nation for its leadership and creativity in the GIS field.

Key Measures

The Minnesota Geographic Data Clearinghouse serves as the state's principal source for geographically referenced data, which is used by organizations that use mapping and GIS technology to support their activities. LMIC and the departments of Natural Resources, Transportation, and Pollution Control Agency along with the Metropolitan Council are the major providers of data through the Clearinghouse. In FY 2004, 66,653 data files were distributed through the Clearinghouse, including 18,782 directly from LMIC. The value of this data in saved staff time is estimated at more than \$3 million.



Datanet is an integrated online warehouse of socioeconomic data, complemented by mapping and visualization functions, designed to inform policy makers, professionals, and the public about state issues. During FY 2004, Datanet use exceeded 91,000 user sessions.

LMIC's Project Service Bureau must produce revenues adequate to meet its budget obligations, but suffered from low demand in FY 2004 that jeopardized its financial health. FY 2004 revenue was approximately \$518,000, down from the \$672,500 revenue reported in FY 2003. Adjustments have been made to address this issue.

Activity Funding

LMIC is funded by a General Fund appropriation for GIS coordination, geographic data clearinghouse services, and support for decision support tools. In addition, Special Revenue Funds are received from contracts for services, product sales, and grants. This hybrid funding structure provides a base level of support to sustain core functions while also encouraging entrepreneurial behavior that has characterized LMIC since its creation.

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ADMINISTRATION DEPT
 Program: STATE AND COMMUNITY SERVICES
 Activity: LAND MANAGEMENT INFORMATION

Budget Activity Summary

Dollars in Thousands

	Current		Governor's Recomm.		Biennium 2006-07
	FY2004	FY2005	FY2006	FY2007	
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	1,135	1,091	258	258	516
Statutory Appropriations					
Special Revenue	878	657	656	680	1,336
Federal	40	66	10	0	10
Total	2,053	1,814	924	938	1,862
<u>Expenditures by Category</u>					
Total Compensation	1,522	1,458	822	846	1,668
Other Operating Expenses	531	356	102	92	194
Total	2,053	1,814	924	938	1,862
Full-Time Equivalents (FTE)	15.7	14.9	8.4	8.4	

Activity Description

The Environmental Quality Board (EQB) draws together the Governor's Office, five citizens and the heads of 10 state agencies in order to develop policy, create long-range plans and review proposed projects that would significantly influence Minnesota's environment. The Minnesota Legislature established the EQB in 1973 M.S. 116C to:

- ◆ ensure compliance with state environmental policy;
- ◆ oversee the environmental review process;
- ◆ regulate the siting of large energy facilities;
- ◆ coordinate environmental agencies and programs;
- ◆ study environmental issues;
- ◆ convene environmental congresses; and
- ◆ advise the governor and the legislature.

The board was also given water planning and coordination duties in 1983.

Population Served

The EQB represents the long-term environmental and economic interests of all Minnesota citizens, including those involved with or affected by development requiring environmental review or energy facility siting, and those interested in the coordination and development of plans and policies for the protection and management of the state's water resources.

Services Provided

The EQB provides the public with an accessible forum for raising and discussing state environmental policies and decisions. The EQB oversees the statewide environmental review program (M.S. 116D.04-.06), including the preparation of environmental impact statements, environmental assessment worksheets, alternative urban areawide reviews and generic environmental impact statements. The board coordinates state water planning activities and develops the state water plan and biennial policy reports to the governor and legislature (M.S. 103A.204 and .43 and 103B.151). The board issues permits for siting large electric power generating plants and routing high voltage transmission lines (M.S. 116C.51-.69), siting wind power projects (M.S.116C.691-.697), and locating intrastate pipelines (M.S. 116I). The board also has authority concerning the release of genetically modified organisms (M.S. 116C.91-.98), the designation of state critical areas (M.S. 116G), the study of significant interagency environmental issues (M.S. 116C.04), and the convening of environmental congresses to exchange information and ideas about environmental improvement (M.S. 116C.04).

Historical Perspective

The EQB was established in 1973 as the state's environmental coordinating body. It has, over the last thirty years, undertaken a broad range of environmental studies, from barge fleeting to animal agriculture, forestry, urban development, copper-nickel mining, genetically modified organisms, land use management and sustainable development. Major changes came to board programs in 1980 (decentralization of environmental review), 1983 (addition of water planning duties), 1987 (environmental review and siting requirements for large natural gas and petroleum product pipelines), and 1995 (siting of large wind energy conversion systems).

Today, the Department of Administration provides the board with the staff needed to carry out its statutory responsibilities.

Activity at a Glance

In FY 2004, EQB:

- ◆ Completed rulemaking on energy facilities siting and initiated it on environmental review.
- ◆ Published 26 issues of the EQB Monitor.
- ◆ Addressed 1,500 calls for technical assistance and processed 60 citizen petitions, 140 Environmental Assessment Worksheets and 20 Alternative Urban Areawide Reviews or Environmental Impact Statements.
- ◆ Sited a 250 MW power plant (and short transmission line and pipeline), a 320 MW peaking plant (and short transmission line and pipeline), a 14 mile 115 kV transmission line, a 90 mile natural gas pipeline, and a 100 MW wind energy project.
- ◆ Completed electronic mapping of the state's electric power transmission lines.
- ◆ Adopted *Water Priorities for the FY 2003-05 Biennium* and submitted it to the governor and legislature.

Key Measures

- ⇒ Timely and informed management of state environmental review functions.
- ⇒ Timely and orderly siting of energy facilities consistent with environmental protection goals and efficient resource use.
- ⇒ Improved coordination, policy development and priority setting for water and other strategic environmental issues.
- ⇒ Strategic involvement of citizens and other stakeholders in the development and exercise of public policy.

Activity Funding

EQB programs are supported by a General Fund appropriation (covering nearly 40% of the EQB budget) and fees (about 60%) from applicants seeking the siting or routing of large energy facilities, including high voltage transmission lines, petroleum and natural gas pipelines, and wind power generation projects. The board also assesses the costs of its non-project related activities in the Energy Facilities Siting activity area. As a rule, the Energy Facilities Siting activity is fully funded by fees, while the environmental review, water planning and other environmental planning activities are supported by the General Fund. The cost of board administration is split between fee and General Fund sources.

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ADMINISTRATION DEPT
 Program: STATE AND COMMUNITY SERVICES
 Activity: ENVIRONMENTAL QUALITY BOARD

Budget Activity Summary

Dollars in Thousands

	Current		Governor's Recomm.		Biennium 2006-07
	FY2004	FY2005	FY2006	FY2007	
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	630	814	689	689	1,378
Statutory Appropriations					
Special Revenue	965	1,152	1,220	1,257	2,477
Total	1,595	1,966	1,909	1,946	3,855
<u>Expenditures by Category</u>					
Total Compensation	1,256	1,351	1,399	1,433	2,832
Other Operating Expenses	339	615	510	513	1,023
Total	1,595	1,966	1,909	1,946	3,855
Full-Time Equivalents (FTE)	11.4	13.9	13.9	13.9	

Activity Description

Municipal Boundary Adjustments (MBA) administers and adjudicates the uniform system of municipal boundary adjustments required by M.S. 414, in order to facilitate the efficient and economical delivery of municipal services throughout the state. MBA acts through its decision-making authority at monthly review meetings, contested case hearings, and rule-making procedures. Legal orders are issued for the creation or dissolution of municipalities, or the alteration of municipal boundaries through consolidation, annexation or detachment of land.

Activity at a Glance

FY 2004 activity statistics include:

- ◆ 431 municipal boundary adjustments; a 20% increase over FY 2003
- ◆ 46,831 total acres
- ◆ 61 counties
- ◆ 325 cities and townships affected

Population Served

At the local level, individual property owners, townships, and cities have the right to initiate boundary adjustments pursuant to M.S. 414 and are directly affected by MBA decisions. At the state level, the Departments of Revenue and Transportation, as well as the Offices of the Secretary of State and the State Demographer, depend on MBA decisions to inform and assist in the performance of some of their various functions.

Services Provided

Adjudication: Implementation of decisions and orders of the director and other delegated decision-makers regarding the four major categories of municipal boundary adjustments; annexation, detachment, consolidation, and incorporation.

Review/Facilitate: Staff reviews and facilitates approximately 400 petitions for municipal boundary adjustments annually. The majority of petitions are from property owners; the remainder are from cities and townships. All adjustments affect local governments and have the potential for conflict or agreement.

Assistance: Staff provides consultation and technical assistance to local governments, property owners, planning authorities, the legislature, government agencies, professional associations and private attorneys on issues relating to municipal boundary adjustments.

Historical Perspective

In 1959 Minnesota became the first state to create a quasi-judicial commission to hear and decide local incorporation and boundary adjustment questions. The legislative Commission on Municipal Annexation and Consolidation recommended the enactment of M.S. 414 and the creation of an independent public board to review and decide municipal boundary adjustments. Recognizing the legitimate state interest in having a uniform system of municipal boundary adjustments and an impartial entity of the public interest to administer it, the Minnesota Municipal Commissioner (later Minnesota Municipal Board) was created.

The board operated as a small independent agency until its sunset in 1999 when all of its duties and responsibilities, staff and budget were transferred to the Office of Strategic and Long Range Planning, the state planning agency. The function then became known as Municipal Boundary Adjustments (MBA).

In 2003, the planning agency was abolished and by a Governor's Reorganization Order, dated 3-13-03, certain statutory functions, including MBA, were transferred to the Department of Administration. The Reorganization Order provided that the governor continue to appoint a "Director of Strategic and Long Range Planning". In 2004, the commissioner of the Department of Administration was appointed the director of Strategic and Long Range Planning.

For purposes of M.S. 414, the commissioner is the decision-making authority. Currently, this function is performed at the assistant commissioner level through a delegation by the commissioner pursuant to M.S. 15.06.

Key Measures

Performance measures for this activity bear little relationship to productivity due to the unpredictable workload. MBA has no control over the number of petitions that are filed or the number that may be contested. In FY 2004, 431 boundary adjustments were decided, representing a 20% increase over FY 2003. Performance measures include:

- ⇒ Requests for information are responded to within a 24 hour period.
- ⇒ Efforts continue to shift aspects of pre and post determination papers to an electronic process.
- ⇒ Implementation of electronic notification procedures continues.

Activity Funding

This activity is funded through a General Fund appropriation.

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ADMINISTRATION DEPT
 Program: STATE AND COMMUNITY SERVICES
 Activity: MUNICIPAL BOUNDARIES

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2004	FY2005	FY2006	FY2007	2006-07
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	301	298	262	262	524
Total	301	298	262	262	524
<u>Expenditures by Category</u>					
Total Compensation	261	255	219	219	438
Other Operating Expenses	40	43	43	43	86
Total	301	298	262	262	524
Full-Time Equivalents (FTE)	3.0	3.0	3.0	3.0	

Activity Description

The Local Planning Assistance Center offers technical assistance, data and strategic planning advice to local governments and citizens to help them prepare comprehensive plans, address land use, planning, zoning and development issues, and use geographic information system tools and data in decision-making.

Population Served

The center serves townships, counties, cities, special districts, regional development commissions and citizens statewide. Clients are primarily smaller communities outside the metropolitan area.

Services Provided

The center's services include:

- ⇒ The Local Planning Assistance Library: A specialized one-stop shop library containing an extensive collection of planning documents and materials.
- ⇒ Technical assistance and data to help counties with hazard mitigation plans through a partnership with the Division of Homeland Security and Emergency Management.
- ⇒ Guides and topic-specific information packets, sent to local governments in response to their questions on various subjects, from public participation techniques to advice on zoning requirements.
- ⇒ Individualized assistance, workshops and onsite consultation with planning officials and citizens.
- ⇒ Development and promotion of easy-to-use GIS tools and data sets, and hands-on training in their use.
- ⇒ Coordination of state agency activities so that local governments have a single point of contact for planning needs.

Activity at a Glance

- ◆ 1,150 copies of *Under Construction: Tools and Techniques for Local Planning* requested and distributed.
- ◆ 61 counties using Careful County and other Local Planning Assistance Center materials for all-hazard mitigation planning.

Historical Perspective

The local planning assistance function dates from 1965 when the State Planning Agency was established to provide state assistance to local communities and develop a state comprehensive plan. Specific comprehensive planning and zoning assistance efforts were housed in the Office of Local and Urban Affairs created in 1967 to provide direct aid and advice to local governments, followed by the Community Services section of the Office of Local Government in 1981 and the State-Local Relations Program created in 1983 to provide technical assistance and conduct research studies designed to help local governments operate more efficiently.

The current function, the Local Planning Assistance Center, was created in 1997 following passage of the Community-Based Planning Act to provide technical services, data and tools to help local governments with comprehensive planning.

Key Measures

Percent of clients accessing information via the Web. The center will get information to clients faster and more efficiently by updating and expanding the number of standard information packets and revamping the center's website to be a one-stop shop for local planning information and resources. Currently, many client requests are received by phone or e-mail and are addressed individually.

Number of counties that have received tools and data and have approvable plans. Minnesota counties will have the hazard mitigation planning tools, data and assistance they need to meet the Federal Emergency Management Act requirements, diminish effects of disasters and remain eligible for full funding following disasters.

Number of local governments using of center's products. Minnesota local governments will request and use *Under Construction*, the center's comprehensive planning guide, and other materials as they update their plans.

ADMINISTRATION DEPT

Program: STATE AND COMMUNITY SERVICES

Activity: LOCAL PLANNING ASSISTANCE

Narrative

Activity Funding

This activity is funded through a General Fund appropriation.

Contact

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Planning Assistance: local.planning@mnplan.state.mn.us .

ADMINISTRATION DEPT
 Program: STATE AND COMMUNITY SERVICES
 Activity: LOCAL PLANNING ASSISTANCE

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2004	FY2005	FY2006	FY2007	2006-07
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	282	333	0	0	0
Statutory Appropriations					
Special Revenue	2	29	0	0	0
Total	284	362	0	0	0
<u>Expenditures by Category</u>					
Total Compensation	298	315	0	0	0
Other Operating Expenses	(14)	47	0	0	0
Total	284	362	0	0	0
Full-Time Equivalents (FTE)	2.8	3.8	0.0	0.0	

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:

- ◆ 233 reviewed/licensed archaeological projects
- ◆ 264 evaluated/accepted site data forms
- ◆ 37 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 2003, 3,945 individuals attended Minnesota Archaeology Week activities.

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). In FY 2003 the turnaround goal was met 100% of the time.

ADMINISTRATION DEPT

Program: STATE AND COMMUNITY SERVICES

Activity: OFFICE OF THE STATE ARCHAEOLOGIST

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 met the goal 100% of the time in FY 2003.

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

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ADMINISTRATION DEPT
 Program: STATE AND COMMUNITY SERVICES
 Activity: OFFICE OF STATE ARCHAEOLOGIST

Budget Activity Summary

Dollars in Thousands

	Current		Governor's Recomm.		Biennium 2006-07
	FY2004	FY2005	FY2006	FY2007	
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	196	196	196	196	392
Statutory Appropriations					
Special Revenue	0	5	5	5	10
Gift	0	17	5	5	10
Total	196	218	206	206	412
<u>Expenditures by Category</u>					
Total Compensation	146	150	158	164	322
Other Operating Expenses	50	68	48	42	90
Total	196	218	206	206	412
Full-Time Equivalents (FTE)	2.0	2.0	2.0	2.0	

Program Description

The purpose of the Department of Administration Management Services 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 and Reporting
- ⇒ System of Technology to Achieve Results (STAR)
- ⇒ Developmental Disabilities Council
- ⇒ Human Resources
- ⇒ Materials Management
 - ◆ Surplus Operations
 - ◆ Cooperative Purchasing
- ⇒ Office Supplies Connection
- ⇒ Management Analysis
- ⇒ Strategic Planning and Performance Management

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

ADMINISTRATION DEPT

Program: ADMINISTRATIVE MGMT SERVICES

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2004	FY2005	FY2006	FY2007	2006-07
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	4,715	4,780	4,780	4,780	9,560
Subtotal - Forecast Base	4,715	4,780	4,780	4,780	9,560
Governor's Recommendations					
Admin Operational Reductions		0	(218)	(218)	(436)
Total	4,715	4,780	4,562	4,562	9,124
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	4,403	5,087	4,562	4,562	9,124
Statutory Appropriations					
Special Revenue	2,442	2,469	2,549	2,617	5,166
Federal	1,334	1,992	1,756	1,741	3,497
Management Analysis	1,183	1,413	1,556	1,592	3,148
Central Stores	6,370	6,682	6,879	7,073	13,952
Materials Distribution	5,647	6,968	6,858	7,089	13,947
Total	21,379	24,611	24,160	24,674	48,834
<u>Expenditures by Category</u>					
Total Compensation	9,842	10,277	10,621	10,945	21,566
Other Operating Expenses	8,568	10,149	9,928	9,918	19,846
Capital Outlay & Real Property	0	477	0	0	0
Local Assistance	164	508	211	211	422
Other Financial Transactions	2,805	3,200	3,400	3,600	7,000
Total	21,379	24,611	24,160	24,674	48,834
<u>Expenditures by Activity</u>					
Executive Support	377	510	446	446	892
Financial Mgmt And Reporting	3,175	3,275	3,355	3,423	6,778
Star	402	570	450	450	900
Developmental Disability Council	1,007	1,498	1,380	1,365	2,745
Human Resources	477	479	461	461	922
Materials Management	7,773	9,462	8,942	9,173	18,115
Office Supply Connection	6,370	6,682	6,879	7,073	13,952
Management Analysis	1,550	1,769	1,912	1,948	3,860
Office Of Strat Plan/Perf Mgmt	248	366	335	335	670
Total	21,379	24,611	24,160	24,674	48,834
Full-Time Equivalents (FTE)	135.4	144.6	141.0	140.6	

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

Administrative 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 identified three major goals that give direction to the operating activities of the agency:

- ⇒ Reduce the cost of government services provided by the Department of Administration;
- ⇒ Reduce the amount of time necessary for citizens and client agencies to access and successfully utilize the department's services; and
- ⇒ Increase the quality of services delivered by the Department of Administration to citizens and to client agencies.

Over 100 measures relating to these goals are tracked.

For a sample of these measures, please refer to www.departmentresults.state.mn.us.

Activity Funding

This activity is funded through a General Fund appropriation.

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ADMINISTRATION DEPT
 Program: ADMINISTRATIVE MGMT SERVICES
 Activity: EXECUTIVE SUPPORT

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium 2006-07
	FY2004	FY2005	FY2006	FY2007	
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	377	510	446	446	892
Total	377	510	446	446	892
<u>Expenditures by Category</u>					
Total Compensation	302	310	316	330	646
Other Operating Expenses	75	200	130	116	246
Total	377	510	446	446	892
Full-Time Equivalents (FTE)	4.1	4.0	4.2	4.2	

ADMINISTRATION DEPT

Program: ADMINISTRATIVE MGMT SERVICES

Activity: FINANCIAL MGMT AND 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	2002	2003	2004 (est.)	2005 (est.)
Prompt Payment goal: 97%	97.16%	97.14%	97.79%	98.00%
Number of payment transactions:	41,848	43,050	38,000	38,000

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.

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Activity at a Glance

- ◆ FMR administers overall FY 2004-05 biennial agency budget in excess of \$413 million.
- ◆ FMR aids nearly 40 bureaus, divisions, agencies, boards, and offices in all types of financial matters.
- ◆ Ninety monthly, quarterly, and annual financial statements reporting the financial condition of the enterprise, internal service, and special revenue funds are produced per year.

ADMINISTRATION DEPT

Program: ADMINISTRATIVE MGMT SERVICES

Activity: FINANCIAL MGMT AND REPORTING

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2004	FY2005	FY2006	FY2007	2006-07
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	734	808	806	806	1,612
Statutory Appropriations					
Special Revenue	2,441	2,467	2,549	2,617	5,166
Total	3,175	3,275	3,355	3,423	6,778
<u>Expenditures by Category</u>					
Total Compensation	2,925	2,934	3,061	3,144	6,205
Other Operating Expenses	250	341	294	279	573
Total	3,175	3,275	3,355	3,423	6,778
Full-Time Equivalents (FTE)	35.8	35.8	35.2	35.0	

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 federally funded Tech Act Project. The STAR Program works closely with consumers to develop a statewide network of resources related to assistive technology.

STAR's accomplishments over the past 15 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 website accessibility, as required by federal law (to date STAR has trained over 300 state web masters);
- ◆ 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: ADMINISTRATIVE MGMT SERVICES

Activity: STAR

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;
- ◆ provided funding for start-up programs, demonstration sites, laboratories, and projects working to serve the AT needs of Minnesotan's with disabilities;
- ◆ developed a comprehensive accessible website with links to AT resources;
- ◆ developed and implemented the monthly Access for All training series; and
- ◆ developed live streaming web casts, called *Where It's AT*, that bring assistive technology to listeners (with streaming text for greater access). These programs are archived on the STAR website for on-demand access.

Key Measures

- ⇒ Advocate for federal and state AT policy and legislation:
 - ◆ Work for continuation of the Tech Act;
- ⇒ 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 per year 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.

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ADMINISTRATION DEPT
 Program: ADMINISTRATIVE MGMT SERVICES
 Activity: STAR

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2004	FY2005	FY2006	FY2007	2006-07
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Federal	402	570	450	450	900
Total	402	570	450	450	900
<u>Expenditures by Category</u>					
Total Compensation	317	318	379	361	740
Other Operating Expenses	85	102	71	89	160
Local Assistance	0	150	0	0	0
Total	402	570	450	450	900
Full-Time Equivalent (FTE)	4.8	4.8	5.0	5.0	

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 grantwriting and data practices.
- ⇒ Longitudinal studies: Surveys conducted to track long-term results of Minnesota Partners graduates.
- ⇒ Cultural outreach programs: Outreach, basic leadership skills training, and introduction to the concepts of the Partners program in the African American, Asian, and Hispanic communities.
- ⇒ Partners for Employers: E-learning course on employment with tracks for people with disabilities and family members.
- ⇒ Self-Advocacy: Direct funding of Minnesota self-advocacy organizations 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 website; 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 self determination, health care, and electronic government services.
- ⇒ Application of Baldrige Framework: Increase knowledge, understanding, application of Baldrige to GCDD's business.

Activity at a Glance

- ◆ More than 13,000 Partners in Policymaking® program graduates nationally/internationally since 1987; includes more than 630 graduates of Minnesota's program.
- ◆ In the past funding year:
 - ⇒ A total of 100 Partners graduates participated in four advanced leadership training workshops.
 - ⇒ A total of 3,316 participants in nine leadership training conferences.
- ◆ A total of 119,044 publications disseminated (print and downloads); evaluation scores average 9.2 out of 10.0.

⇒ 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 dozens of performance measures for the Department of Administration and the Administration on Developmental Disabilities. A few examples:

- ⇒ 30/60/90 day action plans: The targeted goal is 95% on time or early completion of work activities. FY 2003 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 2003 actual was 94%.
- ⇒ Quality of publications: The targeted goal is 8.5 (scale of 1 to 10; 10 = highest). FY 2003 actual was 9.2.

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 2004 allocation totaled \$1,041,526. We anticipate level funding for FFY 2005. 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.

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ADMINISTRATION DEPT

Program: ADMINISTRATIVE MGMT SERVICES

Activity: DEVELOPMENTAL DISABILITY COUNC

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2004	FY2005	FY2006	FY2007	2006-07
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	74	74	74	74	148
Statutory Appropriations					
Special Revenue	1	2	0	0	0
Federal	932	1,422	1,306	1,291	2,597
Total	1,007	1,498	1,380	1,365	2,745
<u>Expenditures by Category</u>					
Total Compensation	217	165	165	165	330
Other Operating Expenses	626	975	1,004	989	1,993
Local Assistance	164	358	211	211	422
Total	1,007	1,498	1,380	1,365	2,745
Full-Time Equivalents (FTE)	2.9	2.0	2.0	2.0	

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 860 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 12-31-04.

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

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ADMINISTRATION DEPT
 Program: ADMINISTRATIVE MGMT SERVICES
 Activity: HUMAN RESOURCES

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2004	FY2005	FY2006	FY2007	2006-07
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	477	479	461	461	922
Total	477	479	461	461	922
<u>Expenditures by Category</u>					
Total Compensation	410	335	359	376	735
Other Operating Expenses	67	144	102	85	187
Total	477	479	461	461	922
Full-Time Equivalents (FTE)	5.9	6.9	7.0	7.0	

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 highest ethical standards of public procurement. The division facilitates and oversees more than \$1.7 billion annually in state government purchases each year. The statutory framework for the division's activities is M.S. Ch. 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 49 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, utilities, and construction;
- ◆ 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, including training and auditing of state agencies;
- ◆ 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 43 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, rehabilitation facilities, 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 major statutory changes regarding professional/technical contracts, increased use of reverse auctions as a purchasing tool, and implementation of an executive order regarding the use of foreign workers for state contracts.

Activity at a Glance

- ◆ Oversees \$1.7 billion annually in state government purchasing.
- ◆ Negotiates and manages over 1,500 contracts offering volume discounts to state agencies. Most are also available for more than 500 government entities, including Minnesota's political subdivisions. Purchases from these contracts exceed \$700 million annually.
- ◆ Reviews over 4,500 professional/technical contracts and amendments per year in an average of 1.82 days.
- ◆ Returned \$5.6 million to agencies through auction sales and distributed federal surplus property valued at \$4.2 million in FY 2004.

ADMINISTRATION DEPT

Program: ADMINISTRATIVE MGMT SERVICES

Activity: MATERIALS MANAGEMENT

Narrative

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 2003, agencies indicated that they needed the order issued in an average of 40.44 days. MMD issued these orders in an average 15.53 days. In July-April of FY 2004, the agency need was an average of 37.94 days and the order was issued in an average of 16.55 days.

Efficiency in reviewing and approving contracts: MMD attempts to review professional/technical contracts, certifications and amendments within three days of receipt. Through the first three quarters of FY 2004, the average processing time was 1.82 working days.

Use of innovative procurement tools: To test the effective use of reverse auctions, MMD committed to conducting a minimum of 50 reverse auctions in FY 2004. The division exceeded that goal by initiating 60 reverse auctions of which 53% yielded savings to state agencies – estimated at nearly \$800,000 for the fiscal year.

Effectiveness in reuse of government property: Recycling surplus property meets both environmental and fiscal objectives. One goal for the biennium was to meet or beat the past record for dollars returned to state agencies through surplus' auction program. The goal was attained each year with \$4.7 million reimbursed to agencies in FY 2003 and \$5.6 million in FY 2004.

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.

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ADMINISTRATION DEPT
 Program: ADMINISTRATIVE MGMT SERVICES
 Activity: MATERIALS MANAGEMENT

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2004	FY2005	FY2006	FY2007	2006-07
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	2,126	2,494	2,084	2,084	4,168
Statutory Appropriations					
Materials Distribution	5,647	6,968	6,858	7,089	13,947
Total	7,773	9,462	8,942	9,173	18,115
<u>Expenditures by Category</u>					
Total Compensation	3,491	3,826	3,730	3,874	7,604
Other Operating Expenses	1,477	1,959	1,812	1,699	3,511
Capital Outlay & Real Property	0	477	0	0	0
Other Financial Transactions	2,805	3,200	3,400	3,600	7,000
Total	7,773	9,462	8,942	9,173	18,115
Full-Time Equivalent (FTE)	50.2	56.8	51.8	51.8	

Activity Description

Materials Management Division (MMD) Office Supply Connection (OSC), formerly Central Stores, is the state's distribution center for office supplies. Central Stores changed its name to OSC effective 7-1-03. Government entities benefit from one-stop shopping with pricing well below the competition, plus free, prompt delivery.

Population Served

OSC provides products to the three branches of state government plus other governmental entities. Its largest customers are executive branch state agencies, accounting for 85.6% of sales. OSC also serves Minnesota cities, counties, and school districts. Its customers are not required to purchase through OSC.

Activity at a Glance

- ◆ Price comparison shows 50.98% savings to government on office products.
- ◆ Electronic orders via OSC's website now account for 46.6% of eligible purchases.
- ◆ OSC 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 nearly 1,000 stocked inventory 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

OSC has been in business since 1939. It has not increased its net markup rates since FY 1999.

Key Measures

Savings to state and local government: OSC conducts an annual price comparison with a major private sector competitor. The goal is to compare at least 45% of OSC's sales and demonstrate savings of 30% or more. In FY 2003, a market-basket comparison of 53.6% of the prior year's sales showed a cost savings to government of 69.4%. In FY 2004, the savings were calculated at 50.98% and compared 53.9% of the prior year's sales. Additionally, OSC has no add-on charges for shipping or minimum orders and offers an additional 1% discount on stock items to all customers who place their orders through the website.

Efficiency in order processing: OSC implemented an Internet shopping cart service in May 2000. Staff members at both OSC 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 45% of OSC's eligible orders via the Internet in FY 2004 was exceeded by 1.5%.

Leadership in environmental stewardship: OSC attempts to grow the share of its sales for products containing recycled content. In FY 2004, 35.31% of stock and non-stock sales was for recycled content products. In FY 2003, that amount was 37.06%.

Activity Funding

OSC 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 2003, OSC sold \$7.3 million in products to government entities. In FY 2004, that number was \$6.4 million.

OSC operated with a staff of 12 FTE's as of 7-01-04.

ADMINISTRATION DEPT**Program: ADMINISTRATIVE MGMT SERVICES****Activity: OFFICE SUPPLY CONNECTION**

Narrative

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

Operating Losses/Increases in Retained Earnings:

OSC's retained earnings decreased by \$12,436 in FY 2003 and are expected to decrease by approximately \$162,242 in FY 2004. This reduction in retained earnings can be attributed to declining sales as agencies adjust to budget reductions.

History of Rate Changes:

Fiscal Year	2000	2001	2002	2003	2004	2005
Change	(3.39%)	0%	0%	0%	(.82)%	.82%

Impact of Rate Changes:

OSC's rates have remained quite stable. Assuming the same volume and mix of goods/services as used in FY 2004, OSC's customers will pay approximately \$55,000 more in FY 2005 as discounts offered from list price are reverting back to FY 2003 rates for the miscellaneous office supply contract. The five largest customers in FY 2004 were the Department of Transportation – Central Office; Department of Health; Department of Commerce; Department of Education; and the DEED - Appeals.

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ADMINISTRATION DEPT

Program: ADMINISTRATIVE MGMT SERVICES

Activity: OFFICE SUPPLY CONNECTION

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2004	FY2005	FY2006	FY2007	2006-07
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Central Stores	6,370	6,682	6,879	7,073	13,952
Total	6,370	6,682	6,879	7,073	13,952
<u>Expenditures by Category</u>					
Total Compensation	629	649	689	721	1,410
Other Operating Expenses	5,741	6,033	6,190	6,352	12,542
Total	6,370	6,682	6,879	7,073	13,952
Full-Time Equivalents (FTE)	11.1	11.5	11.5	11.5	

Activity Description

The Management Analysis Division (MAD) is the state of Minnesota's management consulting and internal training 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 and training 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, training 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 92 engagements in FY 2004. Over the seven fiscal years from FY 1998 through FY 2004, the number of projects per year averaged 120. The division worked on one major legislative project in FY 2004. The average for the past five fiscal years is two. MAD reported 2,372 hours on legislative engagements in FY 2004, equivalent to 25% of all hours reported on internal service fund projects in the year.

Key Measures

MAD's key measure is customer satisfaction. MAD staff provide analysis, facilitation, consultation, training and technical assistance to address client needs. The degree to which those needs are satisfied is a key measure. Some work is quantifiable, but other efforts – such as getting diverse and competing stakeholders to come to consensus – are immeasurably important to the clients. MAD's goal is to achieve at least a 95% satisfaction rate annually; actual result for FY 2004 will be 95% or higher.

Activity Funding

Funding is three-fourths from Internal Service Fund revenues from consulting, analytical projects, and training, and one-fourth from a General Fund appropriation. The General Fund covers activities such as: legislative mandates (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 managers); and work on behalf of the state as a whole (conducting contingency planning for state operations; establishing a gubernatorial transition office).

Activity at a Glance

The Management Analysis Division:

- ◆ provides consulting and training services 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: ADMINISTRATIVE MGMT SERVICES****Activity: MANAGEMENT ANALYSIS**

Narrative

MAD has 17 FTE's as of 7-1-04.

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 have decreased from FY 2003 to FY 2004 because MAD did not increase its hourly rate in FY 2004 in order to keep costs lower for clients during a time of budget shortfalls. The division's FY 2005 approved hourly rate and business plan should return the division to the recommended minimum retained earnings level.

History of Rate Changes:

Fiscal Year	2000	2001	2002	2003	2004	2005
Hourly Rate	\$85	\$95	\$98	\$98	\$98	\$103
Change	0%	11.8%	3.2%	0%	0%	5%

Impact of Rate Changes:

The hourly rate in FY 2005 will be \$103, a 5% increase over FY 2004. The rate increase, after three fiscal years with no change in rates, is less than the cumulative 9% projected over that term and should have minimal impact on client agencies. The five largest customers in FY 2004 were the departments of Public Safety, MnSCU, Pollution Control Agency, Education, and Health.

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ADMINISTRATION DEPT

Program: ADMINISTRATIVE MGMT SERVICES

Activity: MANAGEMENT ANALYSIS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2004	FY2005	FY2006	FY2007	2006-07
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	367	356	356	356	712
Statutory Appropriations					
Management Analysis	1,183	1,413	1,556	1,592	3,148
Total	1,550	1,769	1,912	1,948	3,860
<u>Expenditures by Category</u>					
Total Compensation	1,337	1,457	1,616	1,668	3,284
Other Operating Expenses	213	312	296	280	576
Total	1,550	1,769	1,912	1,948	3,860
Full-Time Equivalents (FTE)	17.2	18.8	20.3	20.3	

Activity Description

The Office of Strategic Planning and Results Management has two primary purposes: 1) identify and provide information to government officials on emerging trends, policies and innovations in local, state and federal government; and 2) work with state cabinet departments in the creation and dissemination of performance measures for citizens.

Population Served

These activities serve the citizens of Minnesota, the governor, legislators, commissioners and staff.

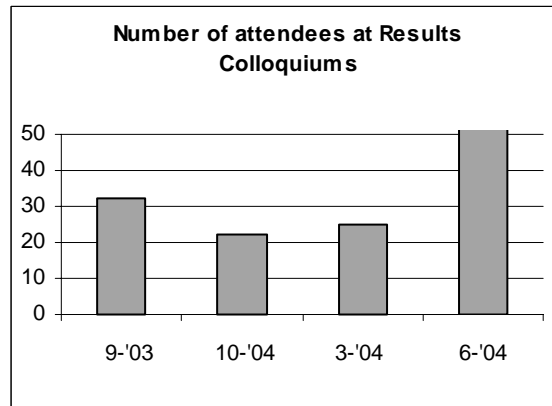
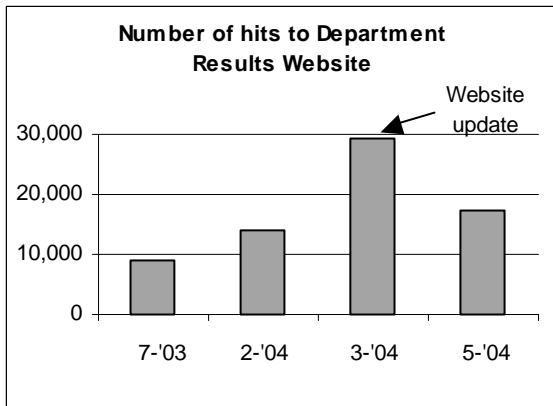
Services Provided

- ⇒ Issue Scanning - The office highlights recent trends and innovative practices in state, federal, and local government and distributes that information to the appropriate executive branch officials.
- ⇒ Department Results - A Web-based publication highlighting the core goals and performance measures of the twenty-three cabinet departments. The Department Results pages are continuously updated as new data becomes available. This website (<http://www.departmentresults.state.mn.us/>) provides citizens an opportunity to hold state government accountable for achieving desired results.
- ⇒ Results Colloquiums - Monthly presentations to executive branch staff and leadership on a wide selection of performance management topics.

Activity at a Glance

- ◆ Approximately 250 people served annually at the Results Colloquiums
- ◆ The Office of Strategic Planning and Results Management is overseeing the Government Performance Project Survey response, otherwise known as the *Governing* magazine grading the states project.
- ◆ Citizen feedback is regularly sent to departments from a feedback link on the Department Results pages.

Key Measures



Activity Funding

This activity is funded through a General Fund appropriation.

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ADMINISTRATION DEPT

Program: ADMINISTRATIVE MGMT SERVICES

Activity: OFFICE OF STRAT PLAN/PERF MGMT

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2004	FY2005	FY2006	FY2007	2006-07
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	248	366	335	335	670
Total	248	366	335	335	670
<u>Expenditures by Category</u>					
Total Compensation	214	283	306	306	612
Other Operating Expenses	34	83	29	29	58
Total	248	366	335	335	670
Full-Time Equivalents (FTE)	3.4	4.0	4.0	3.8	

Program Description

The purpose of the Fiscal Agent Program is to meet the administrative needs of the grant and other monies the Department of 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:

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

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

ADMINISTRATION DEPT
 Program: FISCAL AGENT

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2004	FY2005	FY2006	FY2007	2006-07
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	10,021	9,841	9,841	9,841	19,682
Technical Adjustments					
One-time Appropriations			(50)	(50)	(100)
Subtotal - Forecast Base	10,021	9,841	9,791	9,791	19,582
Total	10,021	9,841	9,791	9,791	19,582
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	9,935	9,747	9,791	9,791	19,582
Statutory Appropriations					
Federal	0	2,146	0	0	0
Gift	3	9	1	1	2
Total	9,938	11,902	9,792	9,792	19,584
<u>Expenditures by Category</u>					
Total Compensation	13	(13)	0	0	0
Other Operating Expenses	7,919	7,869	7,889	7,889	15,778
Capital Outlay & Real Property	53	(53)	0	0	0
Local Assistance	1,953	4,099	1,903	1,903	3,806
Total	9,938	11,902	9,792	9,792	19,584
<u>Expenditures by Activity</u>					
Public Broadcasting	1,903	1,903	1,903	1,903	3,806
In Lieu Of Rent	7,888	7,888	7,888	7,888	15,776
Misc Grants/Studies/Other	147	2,111	1	1	2
Total	9,938	11,902	9,792	9,792	19,584
Full-Time Equivalent (FTE)	0.2	0.0	0.0	0.0	

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.

Public Radio

State funds are used to support 12 public radio (AMPERS) stations that serve Minnesota residents through radio programming that is local, unique in their communities, broadly educational, and serves underserved audiences. They provide programming designed to appeal to audiences not generally served by commercial broadcasters.

Community Service (operational) grants are made pursuant to criteria listed in M.S. 129D.11-16. The AMPERS stations cover approximately 95% of the population, and 90% of the geography of the state. State grants provide between two and 60% of the individual stations' total annual budget.

State funds are also used to support a portion of the capital needs of Minnesota Public Radio (MPR). MPR provides fulltime statewide dual-channel public radio on 30 stations and 15 booster transmitters, serving (with some exceptions) the entire state. Each location has a News and Information Service and an Arts and Performance Service, which together provide public affairs and cultural programming meeting the needs of state communities. MPR stations are listened to by 700,000 Minnesotans each week. MPR serves as the backbone to the statewide emergency broadcast system for radio, and provides subcarrier service to Minnesota State Services for the Blind for the Radio Talking Book. Capital support from the state provided approximately 9% of MPR's annual capital needs during the FY 2003-04 biennium, and represented about 0.4% of its total capital and operating revenue. MPR has used the state's capital support principally to complete its statewide service and to meet the capital needs of its greater Minnesota stations.

In addition to its regular capital and operating needs, public radio faces the immediate technical and financial challenge of converting to digital broadcasting.

Twin Cities Regional Cable Channel

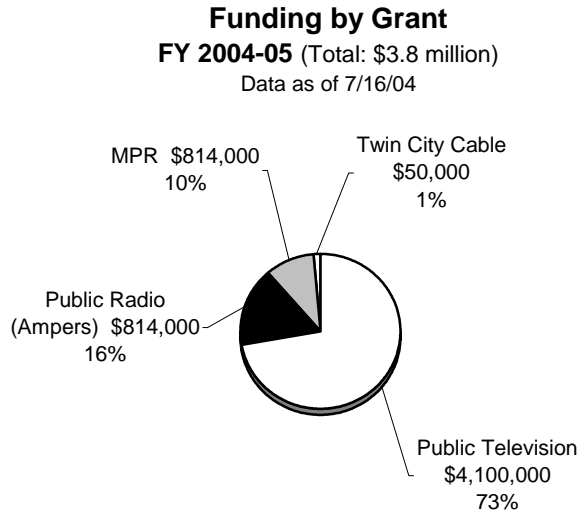
State funds are used to provide grant-in-aid to Twin Cities Regional Cable Channel, Inc., a nonprofit organization operating the Metro Cable Network. These state funds provide for approximately 5% of the Metro Cable Network operating budget. The network appears on Channel 6 on all metropolitan area cable 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.

Activity at a Glance

- ◆ 1,032,000 people per week view programming of the Minnesota Public Television Association.
- ◆ Approximately 400,000 people listen one or more times per week to AMPERS public radio stations.
- ◆ 700,000 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.

Activity Funding

This activity is funded through a General Fund appropriation.



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ADMINISTRATION DEPT
 Program: FISCAL AGENT
 Activity: PUBLIC BROADCASTING

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium 2006-07
	FY2004	FY2005	FY2006	FY2007	
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	1,903	1,903	1,903	1,903	3,806
Total	1,903	1,903	1,903	1,903	3,806
<u>Expenditures by Category</u>					
Local Assistance	1,903	1,903	1,903	1,903	3,806
Total	1,903	1,903	1,903	1,903	3,806

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 the Department of Administration (Admin):

- ◆ 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 Service 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

- ◆ 360,635 square feet of space maintained.
- ◆ 18 monuments and memorials maintained.
- ◆ 28.30 acres of ceremonial grounds 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 (360,365 total square feet) serviced under this activity:

- ◆ Ceremonial Space – 37,120 square feet
- ◆ Services for the Blind – 2,821 square feet
- ◆ Rent Waived – 320,694 square feet

Activity Funding

This activity is funded through a General Fund appropriation.

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ADMINISTRATION DEPT
 Program: FISCAL AGENT
 Activity: IN LIEU OF RENT

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium 2006-07
	FY2004	FY2005	FY2006	FY2007	
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	7,888	7,888	7,888	7,888	15,776
Total	7,888	7,888	7,888	7,888	15,776
<u>Expenditures by Category</u>					
Other Operating Expenses	7,888	7,888	7,888	7,888	15,776
Total	7,888	7,888	7,888	7,888	15,776

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.

Activity at a Glance

- ◆ Six construction grants to Political Sub-Divisions currently in process.

Population Served

Various grant recipients are served based on specific legislative intent.

Services Provided

Each of the activities within this program 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.

Legislative Commission on Minnesota Resources (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 LCMR, and appropriated by the legislature. Admin has been administering grants through this program since 1988. Currently there are no projects in process.

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. Current construction grants include: Itasca County Infrastructure Project (\$1 million); Root River Center for the Arts (\$11 million); Bayport Storm Sewer/City of Bayport (\$2 million); Guthrie Theater (\$25 million); Children's Theatre (\$5 million); and Bald Eagle Center (\$500,000).

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 several years, \$14,000 has been donated to the council, and expenditures have included repairs, furniture, interior furnishings, and artwork.

Activity Funding

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

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ADMINISTRATION DEPT

Program: FISCAL AGENT

Activity: MISC GRANTS/STUDIES/OTHER

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2004	FY2005	FY2006	FY2007	2006-07
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	144	-44	0	0	0
Statutory Appropriations					
Federal	0	2,146	0	0	0
Gift	3	9	1	1	2
Total	147	2,111	1	1	2
<u>Expenditures by Category</u>					
Total Compensation	13	(13)	0	0	0
Other Operating Expenses	31	(19)	1	1	2
Capital Outlay & Real Property	53	(53)	0	0	0
Local Assistance	50	2,196	0	0	0
Total	147	2,111	1	1	2
Full-Time Equivalent (FTE)	0.2	0.0	0.0	0.0	

ADMINISTRATION DEPT

Program: OPERATIONS MANAGEMENT

Internal Service Fund

Activity: COMMUNICATIONS MEDIA – MN BOOKSTORE

Financial Statement

(DOLLARS IN THOUSANDS)

OPERATIONS DATA

Budget Activity Summary	ACTUAL FY 2004	PROJECTED FY 2005	PROJECTED FY 2006	PROJECTED FY 2007
OPERATING REVENUES:				
NET SALES	1,686.3	1,949.4	1,968.9	1,988.6
LESS: COST OF SALES	418.9	482.2	496.7	511.6
GROSS PROFIT ON SALES	1,267.4	1,467.2	1,472.2	1,477.0
OTHER REVENUE	0.0	0.0	0.0	0.0
NET REVENUES	1,267.4	1,467.2	1,472.2	1,477.0
LESS: OPERATING EXPENSES:				
SALARIES	819.5	769.2	810.0	850.5
SUPPLIES & EXPENSES	388.8	508.8	524.1	535.8
INDIRECT COSTS	62.6	60.7	62.5	68.4
AMORTIZATION & DEPRECIATION	20.4	18.0	18.5	19.1
TOTAL OPERATING EXPENSES	1,291.3	1,356.7	1,415.1	1,473.8
OPERATING INCOME (LOSS)	(23.9)	110.5	57.1	3.2
NON-OPERATING REVENUES (EXPENSES) (Unust	0.0	0.0	0.0	0.0
NET INCOME (LOSS)	(23.9)	110.5	57.1	3.2
BEGINNING RETAINED EARNINGS	1,372.0	1,348.1	1,458.6	1,515.7
PRIOR PERIOD ADJUSTMENT	0.0	0.0	0.0	0.0
ENDING RETAINED EARNINGS	1,348.1	1,458.6	1,515.7	1,518.9

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%	0.00%	0.00%	0.00%
FTE	13.2	13.4	13.4	13.4

Expenditure Reconciliation to BBS

Operating Expenses			1,415.1	1,473.8
Less amortization & depreciation (non cash)			(18.5)	(19.1)
Plus purchase of items for resale (cost of goods sold)			496.7	511.6
Plus purchase of additional inventory			18.7	22.8
Total cash payments			1,912.0	1,989.0

BBS Amounts - Financing by Fund

Documents and Publications			1,912	1,989
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Receipt Reconciliation to BBS

Net Sales			1,968.9	1,988.6
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BBS Amounts - Revenue Collected

Documents and Publications			1,969	1,989
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ADMINISTRATION DEPT

Program: OPERATIONS MANAGEMENT

Activity: COMMUNICATIONS MEDIA – MN BOOKSTORE

Internal Service Fund

Financial Statement

	FINANCIAL DATA	
	ACTUAL FY 2004	ESTIMATED FY 2005
ASSETS:		
CURRENT ASSETS:		
CASH	498.6	681.1
OTHER CURRENT ASSETS	1,293.8	1,226.4
TOTAL CURRENT ASSETS	1,792.4	1,907.5
NON-CURRENT ASSETS:	73.0	75.2
TOTAL ASSETS	1,865.4	1,982.7
LIABILITIES & FUND EQUITY:		
LIABILITIES:		
CURRENT LIABILITIES:		
DUE GENERAL FUND - CURRENT	0.0	0.0
MASTER LEASE - CURRENT	0.0	0.0
OTHER CURRENT LIABILITIES	107.1	106.5
TOTAL CURRENT LIABILITIES	107.1	106.5
NON-CURRENT LIABILITIES:		
DUE GENERAL FUND - NON-CURRENT	0.0	0.0
MASTER LEASE - NON-CURRENT	0.0	0.0
OTHER NON-CURRENT LIABILITIES	117.2	124.6
TOTAL NON-CURRENT LIABILITIES	117.2	124.6
TOTAL LIABILITIES	224.3	231.1
FUND EQUITY:		
CONTRIBUTED CAPITAL	293.0	293.0
RETAINED EARNINGS	1,348.1	1,458.6
TOTAL FUND EQUITY	1,641.1	1,751.6
TOTAL LIABILITIES & FUND EQUITY	1,865.4	1,982.7

ADMINISTRATION DEPT

Program: OPERATIONS MANAGEMENT

Activity: COOPERATIVE PURCHASING

Internal Service Fund

Financial Statement

(DOLLARS IN THOUSANDS)

OPERATIONS DATA

Budget Activity Summary	ACTUAL FY 2004	ESTIMATED FY 2005	PROJECTED FY 2006	PROJECTED FY 2007
OPERATING REVENUES:				
NET SALES	5,524.2	5,730.0	5,890.0	6,042.0
LESS: COST OF SALES	0.0	0.0	0.0	0.0
GROSS PROFIT ON SALES	5,524.2	5,730.0	5,890.0	6,042.0
OTHER REVENUE	0.0	0.0	0.0	0.0
NET REVENUES	5,524.2	5,730.0	5,890.0	6,042.0
LESS: OPERATING EXPENSES:				
SALARIES	1,385.6	1,505.0	1,605.0	1,689.0
SUPPLIES & EXPENSES	592.8	592.0	591.0	591.0
INDIRECT COSTS	23.7	33.0	33.0	33.0
AMORTIZATION & DEPRECIATION	3.0	3.0	3.0	3.0
TOTAL OPERATING EXPENSES	2,005.1	2,133.0	2,232.0	2,316.0
OPERATING INCOME (LOSS)	3,519.1	3,597.0	3,658.0	3,726.0
NON-OPERATING REVENUES (EXPENSES)	(2,804.6)	(3,200.0)	(3,400.0)	(3,600.0)
NET INCOME (LOSS)	714.5	397.0	258.0	126.0
BEGINNING RETAINED EARNINGS	736.4	1,511.7	1,908.7	2,166.7
PRIOR PERIOD ADJUSTMENT	60.8	0.0	0.0	0.0
ENDING RETAINED EARNINGS	1,511.7	1,908.7	2,166.7	2,292.7
RATE INCREASE/(DECREASE):	0.00%	0.00%	0.00%	0.00%
FTE	18.8	22.2	22.2	22.2
Expenditure Reconciliation to BBS				
Operating Expenses			2,232.0	2,316.0
Less amortization & depreciation (non cash)			(3.0)	(3.0)
Plus cash payment of rebate in Non-operating revenues/expense			3,400.0	3,600.0
Total cash payments			<u>5,629.0</u>	<u>5,913.0</u>
BBS Amounts - Financing by Fund				
Materials Distribution (Portion of amount of fiscal page is for Surplus)			<u>5,629</u>	<u>5,913</u>
Receipt Reconciliation to BBS				
Net Sales			5,890.0	6,042.0
Total cash receipts			<u>5,890.0</u>	<u>6,042.0</u>
BBS Amounts - Revenue Collected				
Materials Distribution (Portion of amount on fiscal page is for Surplus)			<u>5,890</u>	<u>6,042</u>

ADMINISTRATION DEPT

Program: OPERATIONS MANAGEMENT

Activity: COOPERATIVE PURCHASING

Internal Service Fund

Financial Statement

	FINANCIAL DATA	
	ACTUAL FY2004	ESTIMATED FY 2005
ASSETS:		
CURRENT ASSETS:		
CASH	3,560.3	3,868.0
OTHER CURRENT ASSETS	1,015.8	1,463.7
TOTAL CURRENT ASSETS	4,576.1	5,331.7
NON-CURRENT ASSETS:	1.6	2.0
TOTAL ASSETS	4,577.7	5,333.7
LIABILITIES & FUND EQUITY:		
LIABILITIES:		
CURRENT LIABILITIES:		
DUE GENERAL FUND - CURRENT	0.0	0.0
MASTER LEASE - CURRENT	0.0	0.0
OTHER CURRENT LIABILITIES	2,964.2	3,320.0
TOTAL CURRENT LIABILITIES	2,964.2	3,320.0
NON-CURRENT LIABILITIES:		
DUE GENERAL FUND - NON-CURRENT	0.0	0.0
MASTER LEASE - NON-CURRENT	0.0	0.0
OTHER NON-CURRENT LIABILITIES	101.8	105.0
TOTAL NON-CURRENT LIABILITIES	101.8	105.0
TOTAL LIABILITIES	3,066.0	3,425.0
FUND EQUITY:		
CONTRIBUTED CAPITAL-GENERAL FUND	0.0	0.0
RETAINED EARNINGS	1,511.7	1,908.7
TOTAL FUND EQUITY	1,511.7	1,908.7
TOTAL LIABILITIES & FUND EQUITY	4,577.7	5,333.7

ADMINISTRATION DEPT

Program: OPERATIONS MANAGEMENT

Activity: COMMUNICATIONS MEDIA - DOCUCOMM

Internal Service Fund

Financial Statement

(DOLLARS IN THOUSANDS)

	OPERATIONS DATA			
	ACTUAL FY 2004	ESTIMATED FY 2005	PROJECTED FY 2006	PROJECTED FY 2007
OPERATING REVENUES:				
NET SALES	694.8	34.6	0.0	0.0
LESS: COST OF SALES	494.7	55.0	0.0	0.0
GROSS PROFIT ON SALES	200.1	(20.4)	0.0	0.0
OTHER REVENUE				
NET REVENUES	200.1	(20.4)	0.0	0.0
LESS: OPERATING EXPENSES:				
SALARIES	85.5	5.0	0.0	0.0
SUPPLIES & EXPENSES	52.7	6.5	0.0	0.0
INDIRECT COSTS	2.3	0.0	0.0	0.0
AMORTIZATION & DEPRECIATION	1.5	0.0	0.0	0.0
TOTAL OPERATING EXPENSES	142.0	11.5	0.0	0.0
OPERATING INCOME (LOSS)	58.1	(31.9)	0.0	0.0
NON-OPERATING REVENUES (EXPENSES)	1.1	(0.6)	0.0	0.0
NET INCOME (LOSS)	59.2	(32.5)	0.0	0.0
BEGINNING RETAINED EARNINGS	(212.6)	(153.4)	(185.9)	(185.9)
PRIOR PERIOD ADJUSTMENT	0.0	0.0		
ENDING RETAINED EARNINGS	(153.4)	(185.9)	(185.9)	(185.9)
RATE INCREASE/(DECREASE):	0.00%	0.00%	0.00%	0.00%
FTE	1.8	0.04	0	0
Expenditure Reconciliation to BBS				
Operating Expenses			0.0	0.0
Less amortization & depreciation (non cash)			0.0	0.0
Plus Interest and other expenses from Non-operating revenue/expenses			0.0	0.0
Plus purchase of items for resale			0.0	0.0
Plus expenditure to reimburse contributions			82.0	0.0
Total cash payments			<u>82.0</u>	<u>0.0</u>
BBS Amounts - Financing by Fund				
Micrographics			<u>82</u>	<u>0</u>
Receipt Reconciliation to BBS				
Net Sales			0.0	0.0
Plus reimbursement for expenditure reduction			0.0	0.0
			<u>0.0</u>	<u>0.0</u>
BBS Amounts - Revenue Collected				
Micrographics			<u>0</u>	<u>0</u>

ADMINISTRATION DEPT

Program: OPERATIONS MANAGEMENT

Activity: COMMUNICATIONS MEDIA - DOCUCOMM

Internal Service Fund

Financial Statement

	FINANCIAL DATA	
	ACTUAL FY 2004	ESTIMATED FY 2005
ASSETS:		
CURRENT ASSETS:		
CASH	46.3	59.1
OTHER CURRENT ASSETS	59.0	0.0
TOTAL CURRENT ASSETS	105.3	59.1
NON-CURRENT ASSETS:	0.0	0.0
TOTAL ASSETS	105.3	59.1
LIABILITIES & FUND EQUITY:		
LIABILITIES:		
CURRENT LIABILITIES:		
DUE GENERAL FUND - CURRENT	0.0	0.0
MASTER LEASE - CURRENT	0.0	0.0
OTHER CURRENT LIABILITIES	13.7	0.0
TOTAL CURRENT LIABILITIES	13.7	0.0
NON-CURRENT LIABILITIES:		
DUE GENERAL FUND - NON-CURRENT	0.0	0.0
MASTER LEASE - NON-CURRENT	0.0	0.0
OTHER NON-CURRENT LIABILITIES	0.0	0.0
TOTAL NON-CURRENT LIABILITIES	0.0	0.0
TOTAL LIABILITIES	13.7	0.0
FUND EQUITY:		
CONTRIBUTED CAPITAL	245.0	245.0
RETAINED EARNINGS	(153.4)	(185.9)
TOTAL FUND EQUITY	91.6	59.1
TOTAL LIABILITIES & FUND EQUITY	105.3	59.1

ADMINISTRATION DEPT

Program: INTERTECHNOLOGIES GROUP

Activity: INTERTECHNOLOGIES GROUP

Internal Service Fund

Financial Statement

(DOLLARS IN THOUSANDS)

Budget Activity Summary	OPERATIONS DATA			
	ACTUAL FY 2004	PROJECTED FY 2005	PROJECTED FY 2006	PROJECTED FY 2007
OPERATING REVENUES:				
NET SALES	76,190.8	76,273.9	79,162.0	79,162.0
LESS: COST OF SALES				
GROSS PROFIT ON SALES	76,190.8	76,273.9	79,162.0	79,162.0
OTHER REVENUE	22.6	470.0	20.0	20.0
NET REVENUES	76,213.4	76,743.9	79,182.0	79,182.0
LESS: OPERATING EXPENSES:				
SALARIES	22,514.0	23,972.7	25,977.0	27,302.9
SUPPLIES & EXPENSES	43,416.1	49,231.3	45,080.2	43,754.3
INDIRECT COSTS	1,043.6	1,178.2	1,178.2	1,178.2
AMORTIZATION & DEPRECIATION	4,878.1	5,509.7	5,359.7	5,359.7
TOTAL OPERATING EXPENSES	71,851.8	79,891.9	77,595.1	77,595.1
OPERATING INCOME (LOSS)	4,361.6	(3,148.0)	1,586.9	1,586.9
NON-OPERATING REVENUES (EXPENSES)				
UNUSUAL ITEM	0.0	0.0	0.0	0.0
NET INCOME (LOSS) BEFORE CONTRIBUTIONS	2,165.4	(3,330.8)	1,404.1	1,404.1
CAPITAL CONTRIBUTION	23.0		0.0	0.0
CHANGE IN NET ASSETS	2,188.4	(3,330.8)	1,404.1	1,404.1
BEGINNING RETAINED EARNINGS	9,147.2	10,733.1	7,402.3	8,806.4
ADJUSTMENT TO NET ASSETS	(78.8)	0.0	0.0	0.0
CHANGE IN ACCOUNTING PRINCIPLE	(500.7)	0.0	0.0	0.0
ENDING RETAINED EARNINGS	10,733.1	7,402.3	8,806.4	10,210.5
RATE INCREASE/(DECREASE):				
ITG OVERALL (EXCLUDING CENTREX VOICE)	-10.00%	-5.00%	0.00%	0.00%
ITG CENTREX VOICE	2.00%	9.00%	25.00%	0.00%
FTE	285.5	294.4	296.0	296.0
Expenditure Reconciliation to BBS				
Operating Expenses			77,595.1	77,595.1
Less amortization & depreciation (non cash)			(5,359.7)	(5,359.7)
Plus interest expenses from Non-operating revenue/expenses			332.8	332.8
Plus capital asset purchases, prepaids and master lease payments			6,593.8	6,593.8
Total cash payments			79,162.0	79,162.0
BBS Amounts - Financing by Fund				
Computing Services			36,347	36,755
Telecomm Services			40,548	40,157
Risk Mitigation IT Services			2,267	2,250
Total BBS payments			79,162	79,162
Receipt Reconciliation to BBS				
Net Revenues			79,162.0	79,162.0
Plus Interest revenue from Non-operating revenue/expenses			150.0	150.0
Other Revenue			20.0	20.0
Total cash receipts			79,332.0	79,332.0
BBS Amounts - Revenue Collected				
Computing Services			37,799	38,250
Telecomm Services			39,266	38,832
Risk Mitigation IT Services			2,267	2,250
Total BBS receipts			79,332	79,332

ADMINISTRATION DEPT

Program: INTERTECHNOLOGIES GROUP

Activity: INTERTECHNOLOGIES GROUP

Internal Service Fund

Financial Statement

	FINANCIAL DATA	
	ACTUAL FY 2004	PROJECTED FY 2005
ASSETS:		
CURRENT ASSETS:		
CASH	7,055.9	7,650.0
OTHER CURRENT ASSETS	13,563.6	12,512.6
TOTAL CURRENT ASSETS	20,619.5	20,162.6
NON-CURRENT ASSETS:	9,348.4	9,961.0
TOTAL ASSETS	29,967.9	30,123.6
LIABILITIES & FUND EQUITY:		
LIABILITIES:		
CURRENT LIABILITIES:		
DUE GENERAL FUND - CURRENT	0.0	0.0
MASTER LEASE - CURRENT	4,563.0	5,510.1
OTHER CURRENT LIABILITIES	5,157.7	6,446.7
TOTAL CURRENT LIABILITIES	9,720.7	11,956.8
NON-CURRENT LIABILITIES:		
DUE GENERAL FUND - NON-CURRENT	0.0	0.0
MASTER LEASE - NON-CURRENT	4,798.3	5,547.3
OTHER NON-CURRENT LIABILITIES	2,125.6	2,627.0
TOTAL NON-CURRENT LIABILITIES	6,923.9	8,174.3
TOTAL LIABILITIES	16,644.6	20,131.1
FUND EQUITY:		
CONTRIBUTED CAPITAL-GENERAL FUND	2,590.2	2,590.2
RETAINED EARNINGS	10,733.1	7,402.3
TOTAL FUND EQUITY	13,323.3	9,992.5
TOTAL LIABILITIES & FUND EQUITY	29,967.9	30,123.6

ADMINISTRATION DEPT

Program: OPERATIONS MANAGEMENT

Activity: COMMUNICATIONS MEDIA - MAILCOMM

Internal Service Fund

Financial Statement

(DOLLARS IN THOUSANDS)

Budget Activity Summary	OPERATIONS DATA			
	ACTUAL FY 2004	ESTIMATED FY 2005	PROJECTED FY 2006	PROJECTED FY 2007
OPERATING REVENUES:				
NET SALES	815.6	11,794.1	11,817.9	11,842.5
LESS: COST OF SALES	0.0	0.0	0.0	0.0
GROSS PROFIT ON SALES	815.6	11,794.1	11,817.9	11,842.5
OTHER REVENUE				
NET REVENUES	815.6	11,794.1	11,817.9	11,842.5
LESS: OPERATING EXPENSES:				
SALARIES	409.7	474.6	528.6	563.9
SUPPLIES & EXPENSES	353.2	11,274.2	11,242.8	11,236.9
INDIRECT COSTS	19.8	24.0	24.7	25.5
AMORTIZATION & DEPRECIATION	64.3	23.2	24.9	25.6
TOTAL OPERATING EXPENSES	847.0	11,796.0	11,821.0	11,851.9
OPERATING INCOME (LOSS)	(31.4)	(1.9)	(3.1)	(9.4)
NON-OPERATING REVENUES (EXPENSES)	(1.2)	0.0	0.0	0.0
NET INCOME (LOSS)	(32.6)	(1.9)	(3.1)	(9.4)
BEGINNING RETAINED EARNINGS	181.6	149.0	147.1	144.0
PRIOR PERIOD ADJUSTMENT	0.0	0.0	0.0	0.0
ENDING RETAINED EARNINGS	149.0	147.1	144.0	134.6
RATE INCREASE/(DECREASE):	0.00%	0.00%	0.00%	0.00%
FTE	7.8	8.3	8.3	8.3
Expenditure Reconciliation to BBS				
Operating Expenses			11,821.0	11,851.9
Less amortization & depreciation (non cash)			(24.9)	(25.6)
Plus inventory			23.9	23.0
Total cash payments			<u>11,820.0</u>	<u>11,849.3</u>
BBS Amounts - Financing by Fund				
Central Mailing			<u>11,821</u>	<u>11,849</u>
Receipt Reconciliation to BBS				
Net Sales			11,817.9	11,842.5
Plus interest revenue from Non-operating revenue/expenses			0.0	0.0
Total cash receipts			<u>11,817.9</u>	<u>11,842.5</u>
BBS Amounts - Revenue Collected				
Central Mailing			<u>11,818</u>	<u>11,842</u>

ADMINISTRATION DEPT

Program: OPERATIONS MANAGEMENT

Activity: COMMUNICATIONS MEDIA - MAILCOMM

Internal Service Fund

Financial Statement

	FINANCIAL DATA	
	ACTUAL FY 2004	ESTIMATED FY 2005
ASSETS:		
CURRENT ASSETS:		
CASH	156.1	152.5
OTHER CURRENT ASSETS	112.4	115.7
TOTAL CURRENT ASSETS	268.5	268.2
NON-CURRENT ASSETS:	40.4	41.6
TOTAL ASSETS	308.9	309.8
LIABILITIES & FUND EQUITY:		
LIABILITIES:		
CURRENT LIABILITIES:		
DUE GENERAL FUND - CURRENT	0.0	0.0
MASTER LEASE - CURRENT	0.0	0.0
OTHER CURRENT LIABILITIES	48.5	48.6
TOTAL CURRENT LIABILITIES	48.5	48.6
NON-CURRENT LIABILITIES:		
DUE GENERAL FUND - NON-CURRENT	0.0	0.0
MASTER LEASE - NON-CURRENT	0.0	0.0
OTHER NON-CURRENT LIABILITIES	45.4	48.1
TOTAL NON-CURRENT LIABILITIES	45.4	48.1
TOTAL LIABILITIES	93.9	96.7
FUND EQUITY:		
CONTRIBUTED CAPITAL	66.0	66.0
RETAINED EARNINGS	149.0	147.1
TOTAL FUND EQUITY	215.0	213.1
TOTAL LIABILITIES & FUND EQUITY	308.9	309.8

ADMINISTRATION DEPT

Program: MANAGEMENT SERVICES

Activity: MANAGEMENT ANALYSIS

Internal Service Fund

Financial Statement

(DOLLARS IN THOUSANDS)

OPERATIONS DATA

Budget Activity Summary	ACTUAL FY 2004	ESTIMATED FY 2005	PROJECTED FY 2006	PROJECTED FY 2007
OPERATING REVENUES:				
NET SALES	1,103.8	1,457.6	1,556.3	1,592.3
LESS: COST OF SALES	0.0	0.0	0.0	0.0
GROSS PROFIT ON SALES	1,103.8	1,457.6	1,556.3	1,592.3
OTHER REVENUE	0.0	0.0	0.0	0.0
NET REVENUES	1,103.8	1,457.6	1,556.3	1,592.3
LESS: OPERATING EXPENSES:				
SALARIES	1,006.5	1,145.0	1,293.0	1,332.0
SUPPLIES & EXPENSES	166.7	254.3	249.0	246.0
INDIRECT COSTS	13.6	13.3	14.3	14.3
AMORTIZATION & DEPRECIATION	0.0	0.0	0.0	0.0
TOTAL OPERATING EXPENSES	1,186.8	1,412.6	1,556.3	1,592.3
OPERATING INCOME (LOSS)	(83.0)	45.0	0.0	0.0
NON-OPERATING REVENUES (EXPENSES)	0.0	0.0	0.0	0.0
NET INCOME (LOSS)	(83.0)	45.0	0.0	0.0
BEGINNING RETAINED EARNINGS	190.8	108.5	153.5	153.5
PRIOR PERIOD ADJUSTMENT	0.7	0.0	0.0	0.0
ENDING RETAINED EARNINGS	108.5	153.5	153.5	153.5
RATE INCREASE/(DECREASE):	0.00%	5.00%	3.00%	3.00%
FTE	12.8	14.7	16.1	16.1
Expenditure Reconciliation to BBS				
Operating Expenses			1,556.3	1,592.3
Less amortization & depreciation (non cash)			0.0	0.0
Total cash payments			<u>1,556.3</u>	<u>1,592.3</u>
BBS Amounts - Financing by Fund				
Management Analysis			<u>1,556</u>	<u>1,592</u>
Receipt Reconciliation to BBS				
Net Revenues			1,556.3	1,592.3
Interest Income from Non operating revenue/expenses			0.0	0.0
Total cash receipts			<u>1,556.3</u>	<u>1,592.3</u>
BBS Amounts - Revenue Collected				
Management Analysis			<u>1,556</u>	<u>1,592</u>

ADMINISTRATION DEPT

Program: **MANAGEMENT SERVICES**

Activity: **MANAGEMENT ANALYSIS**

Internal Service Fund
Financial Statement

	FINANCIAL DATA	
	ACTUAL 2004	ESTIMATED FY 2005
ASSETS:		
CURRENT ASSETS:		
CASH	143.0	175.0
OTHER CURRENT ASSETS	137.6	150.6
TOTAL CURRENT ASSETS	280.6	325.6
NON-CURRENT ASSETS:		
TOTAL ASSETS	280.6	325.6
LIABILITIES & FUND EQUITY:		
LIABILITIES:		
CURRENT LIABILITIES:		
DUE GENERAL FUND - CURRENT	0.0	0.0
MASTER LEASE - CURRENT	0.0	0.0
OTHER CURRENT LIABILITIES	83.7	81.2
TOTAL CURRENT LIABILITIES	83.7	81.2
NON-CURRENT LIABILITIES:		
DUE GENERAL FUND - NON-CURRENT	0.0	0.0
MASTER LEASE - NON-CURRENT	0.0	0.0
OTHER NON-CURRENT LIABILITIES	88.4	90.9
TOTAL NON-CURRENT LIABILITIES	88.4	90.9
TOTAL LIABILITIES	172.1	172.1
FUND EQUITY:		
CONTRIBUTED CAPITAL-GENERAL FUNI	0.0	0.0
RETAINED EARNINGS	108.5	153.5
TOTAL FUND EQUITY	108.5	153.5
TOTAL LIABILITIES & FUND EQUITY	280.6	325.6

ADMINISTRATION DEPT

Program: OPERATIONS MANAGEMENT

Activity: OFFICE SUPPLY CONNECTION

Internal Service Fund

Financial Statement

(DOLLARS IN THOUSANDS)

Budget Activity Summary	OPERATIONS DATA			
	ACTUAL FY 2004	ESTIMATED FY 2005	PROJECTED FY 2006	PROJECTED FY 2007
OPERATING REVENUES:				
NET SALES	6,339.1	6,628.9	6,827.8	7,032.6
LESS: COST OF SALES	5,075.7	5,230.1	5,387.1	5,548.6
GROSS PROFIT ON SALES	1,263.4	1,398.8	1,440.7	1,484.0
OTHER REVENUE	0.0	0.0		
NET REVENUES	1,263.4	1,398.8	1,440.7	1,484.0
LESS: OPERATING EXPENSES:				
SALARIES	623.2	648.6	688.9	721.4
SUPPLIES & EXPENSES	541.2	555.7	555.7	555.7
INDIRECT COSTS	199.9	248.2	248.2	248.2
AMORTIZATION & DEPRECIATION	2.3	2.0	0.0	0.0
TOTAL OPERATING EXPENSES	1,366.6	1,454.5	1,492.8	1,525.3
OPERATING INCOME (LOSS)	(103.2)	(55.7)	(52.1)	(41.3)
NON-OPERATING REVENUES (EXPENSES)	0.0	0.0	0.0	0.0
NET INCOME (LOSS)	(103.2)	(55.7)	(52.1)	(41.3)
BEGINNING RETAINED EARNINGS	932.4	829.2	773.5	721.4
PRIOR PERIOD ADJUSTMENT	0.0	0.0	0.0	0.0
ENDING RETAINED EARNINGS	829.2	773.5	721.4	680.1
RATE INCREASE/(DECREASE):	-0.82%	0.82%	0.00%	0.00%
FTE	11.1	11.5	11.5	11.5
Expenditure Reconciliation to BBS				
Operating Expenses			1,492.8	1,525.3
Less amortization & depreciation (non cash)			0.0	0.0
Plus Interest expenses from Non-operating revenue/expenses			0.0	0.0
Plus purchase of items for resale (cost of goods sold)			5,387.1	5,548.6
Total cash payments			<u>6,879.9</u>	<u>7,073.9</u>
BBS Amounts - Financing by Fund				
MMD Office Supply Connection			<u>6,879.0</u>	<u>7,073.0</u>
Receipt Reconciliation to BBS				
Net Sales			<u>6,827.8</u>	<u>7,032.6</u>
BBS Amounts - Revenue Collected				
MMD Office Supply Connection			<u>6,828.0</u>	<u>7,033.0</u>

ADMINISTRATION DEPT

Program: OPERATIONS MANAGEMENT

Activity: OFFICE SUPPLY CONNECTION

Internal Service Fund

Financial Statement

	FINANCIAL DATA	
	ACTUAL 2004	ESTIMATED FY 2005
ASSETS:		
CURRENT ASSETS:		
CASH	757.0	678.0
OTHER CURRENT ASSETS	1,096.0	1,129.0
TOTAL CURRENT ASSETS	1,853.0	1,807.0
NON-CURRENT ASSETS:	2.0	0.0
TOTAL ASSETS	1,855.0	1,807.0
LIABILITIES & FUND EQUITY:		
LIABILITIES:		
CURRENT LIABILITIES:		
DUE GENERAL FUND - CURRENT	0.0	0.0
MASTER LEASE - CURRENT	0.0	0.0
OTHER CURRENT LIABILITIES	288.8	289.0
TOTAL CURRENT LIABILITIES	288.8	289.0
NON-CURRENT LIABILITIES:		
DUE GENERAL FUND - NON-CURRENT	0.0	0.0
MASTER LEASE - NON-CURRENT	0.0	0.0
OTHER NON-CURRENT LIABILITIES	101.0	108.5
TOTAL NON-CURRENT LIABILITIES	101.0	108.5
TOTAL LIABILITIES	389.8	397.5
FUND EQUITY:		
CONTRIBUTED CAPITAL-GENERAL FUND	636.0	636.0
RETAINED EARNINGS	829.2	773.5
TOTAL FUND EQUITY	1,465.2	1,409.5
TOTAL LIABILITIES & FUND EQUITY	1,855.0	1,807.0

ADMINISTRATION DEPT

Program: FACILITIES MANAGEMENT BUREAU

Activity: PLANT MANAGEMENT

Internal Service Fund

Financial Statement

(DOLLARS IN THOUSANDS)

Budget Activity Summary	OPERATIONS DATA			
	ACTUAL FY 2004	ESTIMATED FY 2005	PROJECTED FY 2006	PROJECTED FY 2007
OPERATING REVENUES:				
NET SALES	38,148.1	39,683.5	40,014.0	41,871.0
LESS: COST OF SALES				
GROSS PROFIT ON SALES	38,148.1	39,683.5	40,014.0	41,871.0
OTHER REVENUE	322.6	349.3	530.9	542.2
NET REVENUES	38,470.7	40,032.8	40,544.9	42,413.2
LESS: OPERATING EXPENSES:				
SALARIES	11,242.7	11,613.6	12,130.1	12,579.4
SUPPLIES & EXPENSES	10,620.5	12,436.1	12,291.6	12,568.1
INDIRECT COSTS	599.3	503.7	671.0	698.4
AMORTIZATION & DEPRECIATION	174.5	143.4	122.3	123.7
TOTAL OPERATING EXPENSES	22,637.0	24,696.8	25,215.0	25,969.6
OPERATING INCOME (LOSS)	15,833.8	15,336.0	15,329.9	16,443.6
NON-OPERATING REVENUES (EXPENSES)	(14,409.0)	(15,151.6)	(17,676.1)	(17,636.9)
NET INCOME (LOSS)	1,424.7	184.4	(2,346.2)	(1,193.2)
BEGINNING RETAINED EARNINGS	9,918.9	11,170.8	11,355.2	9,009.0
PRIOR PERIOD ADJUSTMENT	(172.8)	0.0	0.0	0.0
ENDING RETAINED EARNINGS	11,170.8	11,355.2	9,009.0	7,815.8
RATE INCREASE/(DECREASE):				
Leases	-8.16%	0.00%	-4.80%	4.60%
Materials Transfer	0.60%	0.00%	8.50%	5.70%
ROJ	30.00%	5.00%	10.40%	4.80%
FTE	209.2	219.7	223.4	222.4
Expenditure Reconciliation to BBS				
Operating Expenses			25,215.0	25,969.6
Less amortization & depreciation (non cash)			(122.3)	(123.7)
Plus capital assets			115	83
Total cash payments			<u>25,207.7</u>	<u>25,928.9</u>
BBS Amounts - Financing by Fund				
Plant Management			<u>25,208</u>	<u>25,929</u>
Receipt Reconciliation to BBS				
Net Sales			40,014.0	41,871.0
Plus Other Revenue			530.9	542.2
Total cash receipts			<u>40,544.9</u>	<u>42,413.2</u>
BBS Amounts - Revenue Collected				
Plant Management			<u>40,545</u>	<u>42,413</u>

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

ADMINISTRATION DEPT

Program: FACILITIES MANAGEMENT BUREAU

Activity: PLANT MANAGEMENT

Internal Service Fund

Financial Statement

	FINANCIAL DATA	
	ACTUAL FY 2004	ESTIMATED FY 2005
ASSETS:		
CURRENT ASSETS:		
CASH	11,743.0	11,969.3
OTHER CURRENT ASSETS	2,119.6	2,119.6
TOTAL CURRENT ASSETS	13,862.6	14,088.9
NON-CURRENT ASSETS:	624.7	535.8
TOTAL ASSETS	14,487.3	14,624.7
LIABILITIES & FUND EQUITY:		
LIABILITIES:		
CURRENT LIABILITIES:		
DUE GENERAL FUND - CURRENT		
MASTER LEASE - CURRENT	0.0	0.0
OTHER CURRENT LIABILITIES	1,842.2	1,807.2
TOTAL CURRENT LIABILITIES	1,842.2	1,807.2
NON-CURRENT LIABILITIES:		
DUE GENERAL FUND - NONCURRENT		
MASTER LEASE - NON-CURRENT	0.0	0.0
OTHER NON-CURRENT LIABILITIES	963.4	951.4
TOTAL NON-CURRENT LIABILITIES	963.4	951.4
TOTAL LIABILITIES	2,805.6	2,758.6
FUND EQUITY:		
CONTRIBUTED CAPITAL	510.9	510.9
RETAINED EARNINGS	11,170.8	11,355.2
TOTAL FUND EQUITY	11,681.7	11,866.1
TOTAL LIABILITIES & FUND EQUITY	14,487.3	14,624.7

ADMINISTRATION DEPT

Program: OPERATIONS MANAGEMENT

Activity: COMMUNICATIONS MEDIA - PRINTCOMM

Internal Service Fund

Financial Statement

(DOLLARS IN THOUSANDS)

OPERATIONS DATA

Budget Activity Summary	ACTUAL FY 2004	ESTIMATED FY 2005	PROJECTED FY 2006	PROJECTED FY 2007
OPERATING REVENUES:				
NET SALES	(18.7)	0.0	0.0	0.0
LESS: COST OF SALES	(30.2)	0.0	0.0	0.0
GROSS PROFIT ON SALES	11.5	0.0	0.0	0.0
OTHER REVENUE				
NET REVENUES	11.5	0.0	0.0	0.0
LESS: OPERATING EXPENSES:				
SALARIES	(62.8)	40.7	0.0	0.0
SUPPLIES & EXPENSES	(63.1)	0.0	0.0	0.0
INDIRECT COSTS	0.0	0.0	0.0	0.0
AMORTIZATION & DEPRECIATION	0.0	0.0	0.0	0.0
TOTAL OPERATING EXPENSES	(125.9)	40.7	0.0	0.0
OPERATING INCOME (LOSS)	137.4	(40.7)	0.0	0.0
NON-OPERATING REVENUES (EXPENSES)	(393.1)		0.0	0.0
NET INCOME (LOSS)	(255.7)	(40.7)	0.0	0.0
BEGINNING RETAINED EARNINGS	(1,521.0)	(1,776.7)	(1,817.4)	(1,817.4)
CAPITAL CONTRIBUTIONS	0.0	0.0	0.0	0.0
PRIOR PERIOD ADJUSTMENT	0.0	0.0	0.0	0.0
ENDING RETAINED EARNINGS	(1,776.7)	(1,817.4)	(1,817.4)	(1,817.4)

RATE INCREASE/(DECREASE):

FTE 0.2

Expenditure Reconciliation to BBS

Operating Expenses	0.0	0.0
Less amortization & depreciation (non cash)	0.0	0.0
Plus items purchased for resale (cost of goods sold)	0.0	0.0
Total cash payments	0.0	0.0

BBS Amounts - Financing by Fund

State Printer	0	0
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Receipt Reconciliation to BBS

Net Sales	0.0	0.0
Total cash receipts	0.0	0.0

BBS Amounts - Revenue Collected

State Printer	0	0
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ADMINISTRATION DEPT

Program: OPERATIONS MANAGEMENT

Activity: COMMUNICATIONS MEDIA - PRINTCOMM

Internal Service Fund

Financial Statement

	FINANCIAL DATA	
	ACTUAL FY 2004	ESTIMATED FY 2005
ASSETS:		
CURRENT ASSETS:		
CASH	40.7	0.0
OTHER CURRENT ASSETS	26.8	0.0
TOTAL CURRENT ASSETS	67.5	0.0
NON-CURRENT ASSETS:		
TOTAL ASSETS	67.5	0.0
LIABILITIES & FUND EQUITY:		
LIABILITIES:		
CURRENT LIABILITIES:		
DUE GENERAL FUND - CURRENT	479.2	452.4
MASTER LEASE - CURRENT	0.0	0.0
OTHER CURRENT LIABILITIES	0.0	0.0
TOTAL CURRENT LIABILITIES	479.2	452.4
NON-CURRENT LIABILITIES:		
DUE GENERAL FUND - NON-CURRENT	0.0	0.0
MASTER LEASE - NON-CURRENT	0.0	0.0
OTHER NON-CURRENT LIABILITIES	0.0	0.0
TOTAL NON-CURRENT LIABILITIES	0.0	0.0
TOTAL LIABILITIES	479.2	452.4
FUND EQUITY:		
CONTRIBUTED CAPITAL	1,365.0	1,365.0
RETAINED EARNINGS	(1,776.7)	(1,817.4)
TOTAL FUND EQUITY	(411.7)	(452.4)
TOTAL LIABILITIES & FUND EQUITY	67.5	0.0

ADMINISTRATION DEPT
Program: OPERATIONS MANAGEMENT
Activity: RISK MANAGEMENT

Internal Service Fund
 Financial Statement

(DOLLARS IN THOUSANDS)

Budget Activity Summary	OPERATIONS DATA			
	ACTUAL FY 2004	PROJECTED FY 2005	PROJECTED FY 2006	PROJECTED FY 2007
OPERATING REVENUES:				
NET SALES	9,991.1	10,633.7	10,250.0	10,550.0
LESS: COST OF SALES				
GROSS PROFIT ON SALES	9,991.1	10,633.7	10,250.0	10,550.0
OTHER REVENUE				
NET REVENUES	9,991.1	10,633.7	10,250.0	10,550.0
LESS: OPERATING EXPENSES:				
CLAIMS	3,048.1	5,913.0	4,265.0	4,500.0
SALARIES	718.9	748.5	812.2	848.1
SUPPLIES & EXPENSES	3,884.4	4,245.5	4,200.0	4,300.0
INDIRECT COSTS	55.2	43.9	70.0	75.0
AMORTIZATION & DEPRECIATION	3.5	4.7	4.7	1.2
TOTAL OPERATING EXPENSES	7,710.1	10,955.6	9,351.9	9,724.3
OPERATING INCOME (LOSS)	2,281.1	(321.9)	898.1	825.7
NON-OPERATING REVENUES (EXPENSES)	(1,513.6)	(1,411.6)	(800.0)	(600.0)
NET INCOME (LOSS)	767.5	(1,733.5)	98.1	225.7
BEGINNING RETAINED EARNINGS	5,491.2	6,258.7	4,525.2	4,623.3
PRIOR PERIOD ADJUSTMENT	0.0	0.0	0.0	0.0
ENDING RETAINED EARNINGS	6,258.7	4,525.2	4,623.3	4,849.0
RATE INCREASE/(DECREASE):	0.00%	0.40%	-10.00%	3.00%
FTE	9.0	9.7	10.0	10.0
Expenditure Reconciliation to BBS				
Operating Expenses			9,351.9	9,724.3
Less amortization & depreciation (non-cash)			4.7	1.2
Plus dividend expense paid in same FY as declared			1,000.0	800.0
Total cash payments			<u>10,347.2</u>	<u>10,523.1</u>
BBS Amounts - Financing by Fund				
Risk Management			<u>10,347.0</u>	<u>10,523.0</u>
Receipt Reconciliation to BBS				
Net Revenues			10,250.0	10,550.0
Interest Income from Non-operating revenue/expenses			200.0	200.0
Total cash receipts			<u>10,450.0</u>	<u>10,750.0</u>
BBS Amounts - Revenue Collected				
Risk Management			<u>10,450.0</u>	<u>10,750.0</u>

ADMINISTRATION DEPT

Program: OPERATIONS MANAGEMENT

Activity: RISK MANAGEMENT

Internal Service Fund

Financial Statement

	FINANCIAL DATA	
	ACTUAL FY 2004	ESTIMATED FY 2005
ASSETS:		
CURRENT ASSETS:		
CASH	14,460.0	15,079.8
OTHER CURRENT ASSETS	403.8	285.0
TOTAL CURRENT ASSETS	14,863.9	15,364.8
NON-CURRENT ASSETS:	10.6	5.9
TOTAL ASSETS	14,874.5	15,370.7
LIABILITIES & FUND EQUITY:		
LIABILITIES:		
CURRENT LIABILITIES:		
DUE GENERAL FUND - CURRENT	0.0	0.0
MASTER LEASE - CURRENT	0.0	0.0
OTHER CURRENT LIABILITIES	8,573.4	10,810.0
TOTAL CURRENT LIABILITIES	8,573.4	10,810.0
NON-CURRENT LIABILITIES:		
DUE GENERAL FUND - NON-CURRENT	0.0	0.0
MASTER LEASE - NON-CURRENT	0.0	0.0
OTHER NON-CURRENT LIABILITIES	42.4	35.5
TOTAL NON-CURRENT LIABILITIES	42.4	35.5
TOTAL LIABILITIES	8,615.8	10,845.5
FUND EQUITY:		
CONTRIBUTED CAPITAL-GENERAL FUND	0.0	0.0
RETAINED EARNINGS	6,258.7	4,525.2
TOTAL FUND EQUITY	6,258.7	4,525.2
TOTAL LIABILITIES & FUND EQUITY	14,874.5	15,370.7

ADMINISTRATION DEPT

Program: OPERATIONS MANAGEMENT

Activity: MATERIALS MANAGEMENT

Internal Service Fund

Financial Statement

(DOLLARS IN THOUSANDS)

OPERATIONS DATA

Budget Activity Summary	ACTUAL FY 2004	ESTIMATED FY 2005	PROJECTED FY 2006	PROJECTED FY 2007
OPERATING REVENUES:				
NET SALES	1,078.3	1,308.0	1,308.0	1,308.0
LESS: COST OF SALES	130.5	307.0	300.0	300.0
GROSS PROFIT ON SALES	947.8	1,001.0	1,008.0	1,008.0
OTHER REVENUE	0.0	0.0	0.0	0.0
NET REVENUES	947.8	1,001.0	1,008.0	1,008.0
LESS: OPERATING EXPENSES:				
SALARIES	384.7	398.0	460.0	476.0
SUPPLIES & EXPENSES	293.7	379.5	386.0	386.0
INDIRECT COSTS	15.6	13.2	13.2	13.2
AMORTIZATION & DEPRECIATION	18.9	24.9	53.4	53.4
TOTAL OPERATING EXPENSES	712.9	815.6	912.6	928.6
OPERATING INCOME (LOSS)	234.9	185.4	95.4	79.4
NON-OPERATING REVENUES (EXPENSES)	5.2	0.0	0.0	0.0
NET INCOME (LOSS)	240.1	185.4	95.4	79.4
BEGINNING RETAINED EARNINGS	562.8	797.5	982.8	1,078.2
PRIOR PERIOD ADJUSTMENT	(5.4)	0.0	0.0	0.0
ENDING RETAINED EARNINGS	797.5	982.8	1,078.2	1,157.6
RATE INCREASE/(DECREASE):	0.00%	0.00%	0.00%	0.00%
FTE	6.8	6.8	7.8	7.8
Expenditure Reconciliation to BBS				
Operating Expenses			912.6	928.6
Less amortization & depreciation (non cash)			(53.4)	(53.4)
Plus equipment purchases			70.0	0.0
Plus purchase of items for resale (cost of goods sold)			300.0	300.0
Total cash payments			<u>1,229.2</u>	<u>1,175.2</u>
BBS Amounts - Financing by Fund				
Materials Distribution (Portion of amount on fiscal page is for Coop)			<u>1,229.0</u>	<u>1,176.0</u>
Receipt Reconciliation to BBS				
Net Sales			<u>1,308.0</u>	<u>1,308.0</u>
BBS Amounts - Revenue Collected				
Materials Distribution (Portion of amount on fiscal page is for Coop)			<u>1,308.0</u>	<u>1,308.0</u>

NOTE: Rates are charged on warehousing of other agencies materials which represent only 2.6% of total Sales.

ADMINISTRATION DEPT

Program: OPERATIONS MANAGEMENT

Activity: MATERIALS MANAGEMENT

Internal Service Fund

Financial Statement

	FINANCIAL DATA	
	ACTUAL FY 2004	ESTIMATED FY 2005
ASSETS:		
CURRENT ASSETS:		
CASH	948.0	625.5
OTHER CURRENT ASSETS	148.2	150.0
TOTAL CURRENT ASSETS	1,096.2	775.5
NON-CURRENT ASSETS:	77.7	583.7
TOTAL ASSETS	1,173.9	1,359.2
LIABILITIES & FUND EQUITY:		
LIABILITIES:		
CURRENT LIABILITIES:		
DUE GENERAL FUND - CURRENT	0.0	0.0
MASTER LEASE - CURRENT	0.0	0.0
OTHER CURRENT LIABILITIES	41.7	39.6
TOTAL CURRENT LIABILITIES	41.7	39.6
NON-CURRENT LIABILITIES:		
DUE GENERAL FUND - NON-CURRENT	0.0	0.0
MASTER LEASE - NON-CURRENT	0.0	0.0
OTHER NON-CURRENT LIABILITIES	60.5	62.6
TOTAL NON-CURRENT LIABILITIES	60.5	62.6
TOTAL LIABILITIES	102.2	102.2
FUND EQUITY:		
CONTRIBUTED CAPITAL-GENERAL FUND	274.2	274.2
RETAINED EARNINGS	797.5	982.8
TOTAL FUND EQUITY	1,071.7	1,257.0
TOTAL LIABILITIES & FUND EQUITY	1,173.9	1,359.2

ADMINISTRATION DEPT

Program: OPERATIONS MANAGEMENT

Activity: TRAVEL MANAGEMENT

Internal Service Fund

Financial Statement

(DOLLARS IN THOUSANDS)

OPERATIONS DATA

Budget Activity Summary	ACTUAL FY 2004	ESTIMATED FY 2005	PROJECTED FY 2006	PROJECTED FY 2007
OPERATING REVENUES:				
NET SALES	12,638.5	13,360.3	14,081.8	13,244.4
LESS: COST OF SALES				
GROSS PROFIT ON SALES	12,638.5	13,360.3	13,962.0	14,449.0
OTHER REVENUE				
NET REVENUES	12,638.5	13,360.3	13,962.0	14,449.0
LESS: OPERATING EXPENSES:				
SALARIES	745.7	746.0	811.3	840.9
SUPPLIES & EXPENSES	4,933.2	5,532.0	5,725.6	5,926.0
INDIRECT COSTS	441.3	459.0	474.0	490.0
AMORTIZATION & DEPRECIATION	4,965.3	4,750.0	4,750.0	4,750.0
TOTAL OPERATING EXPENSES	11,085.5	11,487.0	11,760.9	12,006.9
OPERATING INCOME (LOSS)	1,553.0	1,873.3	2,201.1	2,442.1
NON-OPERATING REVENUES (EXPENSES)	(356.9)	(250.0)	(250.0)	(250.0)
NET INCOME (LOSS)	1,196.1	1,623.3	1,951.1	2,192.1
BEGINNING RETAINED EARNINGS	175.0	1,368.6	2,991.9	4,943.0
PRIOR PERIOD ADJUSTMENT	(2.5)	0.0	0.0	0.0
ENDING RETAINED EARNINGS	1,368.6	2,991.9	4,943.0	7,135.1
RATE INCREASE/(DECREASE):	6.00%	5.70%	5.40%	4.80%
FTE	12.2	12.5	13.0	13.0
Expenditure Reconciliation to BBS				
Operating Expenses			11,760.9	12,006.9
Less amortization & depreciation (non cash)			(4,750.0)	(4,750.0)
Plus interest expense from non-operating, purchase of vehicles			7,607.0	7,517.0
Total cash payments			<u>14,617.9</u>	<u>14,773.9</u>
BBS Amounts - Financing by Fund				
Travel Management			<u>14,618</u>	<u>14,774</u>
Receipt Reconciliation to BBS				
Net Revenues			13,962.0	14,449.0
Interest Income from Non operating revenue/expenses			122.0	122.0
Sale of used vehicles, motor pool fuel -expenditure reduction			1,345.0	1,392.0
			<u>15,429.0</u>	<u>15,963.0</u>
BBS Amounts - Revenue Collected				
Travel Management			<u>15,429.0</u>	<u>15,963.0</u>

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

ADMINISTRATION DEPT

Program: OPERATIONS MANAGEMENT

Activity: TRAVEL MANAGEMENT

Internal Service Fund

Financial Statement

	FINANCIAL DATA	
	ACTUAL FY 2004	ESTIMATED FY 2005
ASSETS:		
CURRENT ASSETS:		
CASH	390.8	650.0
OTHER CURRENT ASSETS	1,427.0	1,400.0
TOTAL CURRENT ASSETS	1,817.8	1,800.0
NON-CURRENT ASSETS:		
TOTAL ASSETS	17,546.8	18,538.9
LIABILITIES & FUND EQUITY:		
LIABILITIES:		
CURRENT LIABILITIES:		
DUE GENERAL FUND - CURRENT	4,700.0	4,500.0
MASTER LEASE - CURRENT	5,242.9	5,000.0
OTHER CURRENT LIABILITIES	672.8	675.0
TOTAL CURRENT LIABILITIES	10,615.7	10,175.0
NON-CURRENT LIABILITIES:		
DUE GENERAL FUND - NON-CURRENT	0.0	0.0
MASTER LEASE - NON-CURRENT	4,987.0	4,800.0
OTHER NON-CURRENT LIABILITIES	73.5	70.0
TOTAL NON-CURRENT LIABILITIES	5,060.5	4,870.0
TOTAL LIABILITIES	15,676.2	15,045.0
FUND EQUITY:		
CONTRIBUTED CAPITAL-GENERAL FUND	502.0	502.0
RETAINED EARNINGS	1,368.6	2,991.9
TOTAL FUND EQUITY	1,870.6	3,493.9
TOTAL LIABILITIES & FUND EQUITY	17,546.8	18,538.9

ADMINISTRATION DEPT

Agency Revenue Summary

Dollars in Thousands

	Actual FY2004	Budgeted FY2005	Governor's Recomm.		Biennium 2006-07
			FY2006	FY2007	
<u>Non Dedicated Revenue:</u>					
Departmental Earnings (Inter-Agency):					
General	109	123	126	128	254
Departmental Earnings:					
General	64	70	70	70	140
Other Revenues:					
General	3,566	1,950	0	0	0
Other Sources:					
General	1	0	0	0	0
Taxes:					
General	95	14	14	14	28
Total Non-Dedicated Receipts	3,835	2,157	210	212	422
<u>Dedicated Receipts:</u>					
Departmental Earnings (Inter-Agency):					
Special Revenue	2,341	2,581	3,200	3,998	7,198
Risk Management	10,946	10,634	10,250	10,550	20,800
Miscellaneous Agency	51	58	87	117	204
Plant Management	39,029	40,094	40,518	42,385	82,903
Documents And Publications	1,807	1,949	1,969	1,989	3,958
Micrographics	666	95	0	0	0
Management Analysis	955	1,144	1,298	1,320	2,618
Central Motor Pool	12,741	13,440	13,910	14,397	28,307
State Printer	-24	0	0	0	0
Central Stores	6,272	6,629	6,828	7,033	13,861
Materials Distribution	6,238	6,945	7,102	7,251	14,353
Intertechnologies	73,301	76,744	79,182	79,182	158,364
Central Mailing	812	794	818	842	1,660
Departmental Earnings:					
State Government Spec Revenue	6,782	6,758	6,758	6,758	13,516
Special Revenue	1,574	1,713	1,858	1,895	3,753
Grants:					
Special Revenue	10	0	0	0	0
Federal	3,448	2,024	1,751	1,741	3,492
Other Revenues:					
State Government Spec Revenue	67	42	42	42	84
Special Revenue	3,115	3,001	3,112	2,734	5,846
Federal	63	10	0	0	0
Risk Management	155	204	200	200	400
Miscellaneous Agency	8,506	0	0	0	0
Gift	8	6	6	6	12
Plant Management	27	26	27	28	55
Micrographics	4	0	0	0	0
Management Analysis	114	269	258	272	530
Central Motor Pool	1,666	1,472	1,519	1,566	3,085
State Printer	385	0	0	0	0
Materials Distribution	17	93	96	99	195
Intertechnologies	124	150	150	150	300
Central Mailing	0	11,000	11,000	11,000	22,000
Other Sources:					
Special Revenue	31	500	750	750	1,500
Total Dedicated Receipts	181,231	188,375	192,689	196,305	388,994
Agency Total Revenue	185,066	190,532	192,899	196,517	389,416