

PROPOSED BIENNIAL BUDGET

STATE DEPARTMENTS
VOLUME 1

PRESENTED BY
GOVERNOR ROY PERDUE TO THE 76TH LEGISLATURE
OF THE STATE OF MINNESOTA

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1989-91 BIENNIAL BUDGET

PROGRAM STRUCTURE

AGENCY: LEGISLATURE

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DESCRIPTION:

The Legislature is 1 of 3 branches (the others are the executive and judicial branches), created by the Constitution of the State of Minnesota. The Legislature consists of the HOUSE OF THE REPRESENTATIVES and the SENATE. In addition, the House and Senate have jointly created various commissions and joint agencies that serve specific purposes described more fully below:

LEGISLATIVE REFERENCE LIBRARY

The Legislative Reference Library (LRL) collects, indexes and makes available information relative to governmental and legislative subjects, which aid members of the Legislature in the performance of their duties in an efficient and economical manner. The library serves executive agencies, staff and citizens directly in the library or indirectly through interlibrary loan. State law requires deposit of 10 copies of all publications of state agencies, boards, commissions, etc. and 1 copy of all consultants reports in the LRL and that the library publish at least monthly a listing of items received. Rules of both houses assign the director a custodial role with respect to the floor and committee recordings and accompanying minutes and logs. These materials are required by rule to be available to citizens during regular business hours. The library also is directed by state law to maintain a directory of manual and computerized information systems located within the state government.

LEGISLATIVE COMMISSION ON THE ECONOMIC STATUS OF WOMEN

Established in 1976, the purpose is the study of all matters relating to the economic status of women in Minnesota. This includes such matters as credit, family support and inheritance laws relating to the economic security of the homemaker, educational opportunities, career counseling, contribution of women to Minnesota's per capita and family income and state revenues, job and promotion opportunities and laws, and business practices constituting barriers to the full participation by women in the economy.

LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT

The commission was established in 1955 to continually study and investigate public retirement systems applicable to nonfederal government employees in the state and to make recommendations to establish and maintain sound public employee pension legislation.

MISSISSIPPI RIVER PARKWAY COMMISSION

The commission was established in 1963 and exists to maintain and improve a parkway system known as the Great River Road, which follows the path of the Mississippi River from Minnesota to Louisiana. The commission also promotes tourism and economic development opportunities in the River corridor. This commission's appropriation has been from the Trunk Highway Fund.

LEGISLATIVE COMMISSION TO REVIEW ADMINISTRATIVE RULES (LCRAR)

The commission promotes adequate and proper rules by agencies and an understanding up on the part of the public respecting them. It may hold public hearings to investigate complaints with respect to rules if it considers the

complaints meritorious and worthy of attention and may, on the basis of testimony received at the public hearings, suspend any rule complained of by the affirmative vote of at least 6 of its members subject to an advisory opinion of the appropriate standing committee.

The LCRAR also is required pursuant to M.S. 14.15, subd. 4, to provide advice and comment to an agency when the agency elects not to follow the recommendations of the Chief Administrative Law Judge to correct the defects in a rule found not to be needed or reasonable.

LEGISLATIVE COMMISSION ON EMPLOYEE RELATIONS

The commission was established in 1979 and assists the legislature by monitoring the collective bargaining process between the state and its employees, and ratifying negotiated agreements and arbitrated awards pursuant to statutory law. The commission also reviews the Commissioner's and Management Pay Plans for unrepresented employees of the state who are not covered by statutory law or collective bargaining units. In addition, the Governor's salary proposal for agency heads is reviewed for ratification in the same manner as the Commissioner's and Management Plan. Other duties include the recommendation to the legislature of a list of state classifications eligible for comparable worth adjustments and a specific amount to be appropriated for those adjustments; the continual monitoring of the State Civil Service System; and performing such other related functions as are delegated by the legislature.

LEGISLATIVE TAX STUDY COMMISSION

The membership consists of seven members each of the house and senate. The Commission is charged with examining and making recommendations to the legislature on various subjects relating to the property tax such as the burden of income maintenance and social services on the property tax levies of the counties, alternative methods of income adjusted property tax relief for homeowners and renters, alternative property tax classification systems, and property tax burdens on agricultural, commercial, industrial and employment property by county, type, use and market value. The Commission is to examine the tax structures and revenue needs and revenue resources of state and local governments, make recommendations about long-range tax policy, analyze proposed tax legislation and file a report at least biennially with the legislature.

GREAT LAKES COMMISSION

The commission promotes the orderly, integrated and comprehensive development, use and conservation of the water resources of the Great Lakes Basin, which consists of the 8 Great Lakes states, Canada, and all water interconnections between them.

LEGISLATIVE COMMISSION ON WASTE MANAGEMENT

The commission, established in 1980, makes recommendations to the Legislature in formulating waste management legislation; oversees the waste management activities of the Waste Management Board, the Pollution Control Agency and the Metropolitan Council; does research and prepares mandated reports; makes legislative recommendations to the Legislature; makes recommendations on the use of several landfill abatement and cleanup funds.

LEGISLATIVE COORDINATING COMMISSION - GENERAL SUPPORT

The commission is designated to coordinate certain activities of the Senate and House of Representatives. It determines the benefits for all employees and health and hospital benefits for legislators. The commission reviews the budgets of legislative commissions and joint agencies and establishes the compensation for all employees under its jurisdiction. The president of the Senate and the speaker of the House alternate annually as chairperson of the commission. The LCC budget carries an appropriation for the Reapportionment activity of the state. It also includes funds for the Regent Candidate Advisory Council, The Compensation Council, and membership dues for the National Conference of State Legislatures and the Council of State Governments.

LEGISLATIVE COMMISSION ON PUBLIC EDUCATION

Established in 1983 to study issues relating to elementary education, the commission has undertaken specific studies including the study of education accountability measures and a study of special education. Legislation in 1988 established the education organization study that includes findings about learning opportunities, financial considerations, and alternative patterns of educational organization. A task force on education organization was established composed of 24 members which is advisory to the commission.

LEGISLATIVE COMMISSION OF LONG TERM HEALTH CARE

The commission was established in 1983 to study the following long term health issues:

- 1) to monitor the inspection and regulation activities, including rule developments, of the departments of health and public welfare with the goal of improving quality of care;
- 2) to study and report on alternative long-term care services, including respite care services, day care services, and hospice services; and
- 3) to study and report on alternatives to medical assistance funding for providing long term health care services to the citizens of Minnesota.

The study commission shall consider the use of such alternatives as private insurance, private annuities, health maintenance organizations, preferred provider organizations, medicare and such other alternatives as the commission may deem worthy of study.

TRANSPORTATION STUDY BOARD

Created in 1988, this 21 member board consists of 13 members representing the following: business, commerce and industry, labor, agriculture, tourism, natural resources industries and local government plus 4 members of the house and four members of the senate. The board is to conduct a study of Minnesota's surface transportation needs into the 21st century and recommend a program for making transportation improvements to meet those needs.

LEGISLATIVE COMMISSION ON MINNESOTA RESOURCES (LCMR)

The LCMR budget is located in the LCMR section of the budget document.

LEGISLATIVE COMMISSION ON PLANNING AND FISCAL POLICY

The commission is to study and evaluate the actual and projected expenditures by state government, the actual and projected sources of revenue that support these expenditures, and the various options available to meet the state's future fiscal needs. In 1988, the duties were expanded requiring study and review of particular items and requiring recommendations to the Legislature. In addition to projected state revenue, expenditures and tax expenditures, other subjects include economic and fiscal policy, mix of revenue sources for programs, investigation of state building needs and other related matters.

LEGISLATIVE AUDIT COMMISSION AND LEGISLATIVE AUDITOR

The Legislative Audit Commission is made up of 16 legislative leaders, 8 from the Senate and 8 from the House of Representatives. The commission appoints a legislative auditor, who serves as executive secretary of the commission and who supervises a staff that includes divisions of financial audits, program evaluation and investigations. The Office of Legislative Auditor is responsible for auditing all financial matters of state government, for reviewing and evaluating state government programs and for determining compliance with state laws in the use of public funds.

Legislation in 1988 added the University of Minnesota to the list of state agencies subject to regular financial audits by the office, including an audit/evaluation of the University of Minnesota physical plant operations.

REVISOR OF STATUTES

A nonpartisan professional joint legislative agency providing drafting, publication, and miscellaneous other services to the Legislature, executive departments, and to the Governor. Drafting services consist primarily of bills and administrative rules. Publications consist of Laws of Minnesota, Minnesota Statutes, Minnesota Rules, and miscellaneous minor publications. Other services include computer and administrative support for the Legislature.

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Legislature to present its budgetary needs directly to the Legislature for consideration.

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : LEGISLATURE

| PROGRAM EXPENDITURES: | F.Y. 1990 | | | | | | F.Y. 1991 | | | |
|---------------------------|-----------|---------|----------------|--------|--------|--------------------|----------------|--------|--------|--------------------|
| | FY 1988 | FY 1989 | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| HOUSE OF REPRESENTATIVES | 16,079 | 18,685 | 18,685 | 0 | 18,685 | 18,685 | 18,685 | 0 | 18,685 | 18,685 |
| SENATE | 12,292 | 14,563 | 14,563 | 0 | 14,563 | 14,563 | 14,563 | 0 | 14,563 | 14,563 |
| LEGISLATIVE COORD CMSN | 8,270 | 9,940 | 10,208 | 710 | 10,918 | 19,208 | 10,454 | 0 | 10,454 | 10,454 |
| TOTAL EXPENDITURES | 36,641 | 43,188 | 43,456 | 710 | 44,166 | 52,456 | 43,702 | 0 | 43,702 | 43,702 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 33,550 | 41,603 | 43,133 | 710 | 43,843 | 52,133 | 43,379 | 0 | 43,379 | 43,379 |
| TRUNK HIGHWAY | 28 | 23 | 23 | 0 | 23 | 23 | 23 | 0 | 23 | 23 |
| HGHNY USER TAX DISTR | 0 | 300 | 300 | 0 | 300 | 300 | 300 | 0 | 300 | 300 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| SPECIAL REVENUE | 3,053 | 1,262 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL | 10 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL FINANCING | 36,641 | 43,188 | 43,456 | 710 | 44,166 | 52,456 | 43,702 | 0 | 43,702 | 43,702 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 71.5 | 71.5 | 71.5 | 0.0 | 71.5 | 71.5 | 71.5 | 0.0 | 71.5 | 71.5 |
| TOTAL POSITIONS | 71.5 | 71.5 | 71.5 | 0.0 | 71.5 | 71.5 | 71.5 | 0.0 | 71.5 | 71.5 |

CHANGE REQUEST 1990-91 Biennial Budget
X Agency _____ Program _____ Activity

ACTIVITY: LEGISLATURE, COURTS & CONSTITUTIONAL OFFICERS
PROGRAM: LEGISLATURE, COURTS & CONSTITUTIONAL OFFICERS
AGENCY: LEGISLATURE, COURTS & CONSTITUTIONAL OFFICERS

REQUEST TITLE: CHANGE LEVELS - LEGISLATURE, COURTS & CONSTITUTIONAL OFFICERS

| | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|---------------|------------------|---------------|------------------|
| | (000's) | | (000's) | |
| | <u>Amount</u> | <u>Positions</u> | <u>Amount</u> | <u>Positions</u> |
| Governor's Recommendation | | | | |
| General Fund | \$9,000 | | \$ | |

Request requires statutory change: _____ Yes X No
Statutes Affected:

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of these agency's to present their budgetary needs directly to the legislature for consideration. The Governor does, however, suggest an alternative funding level of \$9,000,000 for consideration.

Accordingly, the Governor has reserved \$9,000,000 for the CHANGE levels submitted by the Legislature, Courts and Constitutional Officers.

The details for funding of these CHANGE requests are found in the individual agency's budgets. The Governor has made no specific recommendations on those CHANGE request forms.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : LEGISLATURE
PROGRAM : HOUSE OF REPRESENTATIVES

| ACTIVITY EXPENDITURES: | F.Y. 1990 | | | | | | F.Y. 1991 | | | |
|--------------------------|-----------|---------|----------------|--------|--------|-----------------------|----------------|--------|--------|-----------------------|
| | FY 1988 | FY 1989 | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| HOUSE OF REPRESENTATIVES | 16,079 | 18,685 | 18,685 | 0 | 18,685 | 18,685 | 18,685 | 0 | 18,685 | 18,685 |
| TOTAL EXPENDITURES | 16,079 | 18,685 | 18,685 | 0 | 18,685 | 18,685 | 18,685 | 0 | 18,685 | 18,685 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 16,079 | 18,685 | 18,685 | 0 | 18,685 | 18,685 | 18,685 | 0 | 18,685 | 18,685 |
| TOTAL FINANCING | 16,079 | 18,685 | 18,685 | 0 | 18,685 | 18,685 | 18,685 | 0 | 18,685 | 18,685 |
| POSITIONS BY FUND: | | | | | | | | | | |
| TOTAL POSITIONS | | | | | | | | | | |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : LEGISLATURE
PROGRAM : SENATE

| ACTIVITY EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|------------------------|---------|---------|----------------|--------|--------|-----------------------|----------------|--------|--------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| SENATE | 12,292 | 14,563 | 14,563 | 0 | 14,563 | 14,563 | 14,563 | 0 | 14,563 | 14,563 |
| TOTAL EXPENDITURES | 12,292 | 14,563 | 14,563 | 0 | 14,563 | 14,563 | 14,563 | 0 | 14,563 | 14,563 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 12,292 | 14,563 | 14,563 | 0 | 14,563 | 14,563 | 14,563 | 0 | 14,563 | 14,563 |
| TOTAL FINANCING | 12,292 | 14,563 | 14,563 | 0 | 14,563 | 14,563 | 14,563 | 0 | 14,563 | 14,563 |
| POSITIONS BY FUND: | | | | | | | | | | |
| TOTAL POSITIONS | | | | | | | | | | |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : LEGISLATURE
PROGRAM : LEGISLATIVE COORD CMSN

| ACTIVITY EXPENDITURES: | F.Y. 1990 | | | | | | F.Y. 1991 | | | |
|---|--------------|--------------|----------------|------------|---------------|--------------------|----------------|------------|---------------|--------------------|
| | FY 1988 | FY 1989 | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| LEG REFERENCE LIBRARY | 684 | 757 | 794 | 0 | 794 | 794 | 806 | 0 | 806 | 806 |
| REVISOR OF STATUTES | 3,053 | 3,334 | 3,557 | 0 | 3,557 | 3,557 | 3,730 | 0 | 3,730 | 3,730 |
| LEG COORD COMM CONTNGNT | 7 | 50 | 50 | 0 | 50 | 50 | 50 | 0 | 50 | 50 |
| COUNCIL ECON STATUS WOMEN | 134 | 130 | 142 | 0 | 142 | 142 | 152 | 0 | 152 | 152 |
| LEG COMM ON PENSION/RETIRE | 556 | 564 | 585 | 0 | 585 | 585 | 601 | 0 | 601 | 601 |
| MISS RIVER PARKWAY COMM | 30 | 23 | 23 | 0 | 23 | 23 | 23 | 0 | 23 | 23 |
| LEG COMM REVIEW ADM RULES | 110 | 123 | 134 | 0 | 134 | 134 | 143 | 0 | 143 | 143 |
| LC EMPLOYEE RELATIONS | 79 | 96 | 101 | 0 | 101 | 101 | 105 | 0 | 105 | 105 |
| GREAT LAKES CMSN | 37 | 42 | 42 | 0 | 42 | 42 | 42 | 0 | 42 | 42 |
| LEG CMSN WASTE MGMT | 109 | 119 | 128 | 0 | 128 | 128 | 135 | 0 | 135 | 135 |
| LCC GENERAL SUPPORT | 287 | 800 | 850 | 710 | 1,560 | 9,850 | 865 | 0 | 865 | 865 |
| A CHANGE REQUESTS-LEGLTR,COURT,CONST.OFFR GEN | | | | 0 | | 9,000 | | 0 | | 0 |
| B REAPPORT/REGENTS COUNCIL GEN | | | | 710 | | 0 | | 0 | | 0 |
| LEG CMSN PUBLIC EDUC | 22 | 228 | 228 | 0 | 228 | 228 | 228 | 0 | 228 | 228 |
| LEG CMSN FISCAL POLICY | 10 | 197 | 197 | 0 | 197 | 197 | 197 | 0 | 197 | 197 |
| LEG CMSN PROP TAX STUDY | 168 | 274 | 274 | 0 | 274 | 274 | 274 | 0 | 274 | 274 |
| LEG AUDIT COMM | 10 | 18 | 18 | 0 | 18 | 18 | 18 | 0 | 18 | 18 |
| LEG AUDITOR | 2,974 | 3,185 | 3,085 | 0 | 3,085 | 3,085 | 3,085 | 0 | 3,085 | 3,085 |
| TOTAL EXPENDITURES | 8,270 | 9,940 | 10,208 | 710 | 10,918 | 19,208 | 10,454 | 0 | 10,454 | 10,454 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 5,179 | 8,355 | 9,885 | 710 | 10,595 | 18,885 | 10,131 | 0 | 10,131 | 10,131 |
| TRUNK HIGHWAY | 28 | 23 | 23 | 0 | 23 | 23 | 23 | 0 | 23 | 23 |
| HGHMY USER TAX DISTR | 0 | 300 | 300 | 0 | 300 | 300 | 300 | 0 | 300 | 300 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| SPECIAL REVENUE | 3,053 | 1,262 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL | 10 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL FINANCING | 8,270 | 9,940 | 10,208 | 710 | 10,918 | 19,208 | 10,454 | 0 | 10,454 | 10,454 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 71.5 | 71.5 | 71.5 | 0.0 | 71.5 | 71.5 | 71.5 | 0.0 | 71.5 | 71.5 |
| TOTAL POSITIONS | 71.5 | 71.5 | 71.5 | 0.0 | 71.5 | 71.5 | 71.5 | 0.0 | 71.5 | 71.5 |

CHANGE REQUEST 1990-91 Biennial Budget
☒ Agency _____ Program _____ Activity _____

ACTIVITY: LEGISLATIVE COORDINATION, ADMINISTRATION
 PROGRAM: LEGISLATIVE COORDINATING COMMISSION
 AGENCY: LEGISLATURE

REQUEST TITLE: RE-APPORTIONMENT/REGENTS COUNCIL

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|----------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 710 | -0- | \$ -0- | -0- |

Governor's Recommendation

General Fund \$ \$

Request requires statutory change: _____ Yes ☒ No
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

1. \$700,000 is requested to fund the 1990 reapportionment program.
2. \$10,000 is requested in 1990 to fund the costs of the Regents Council.

DESCRIPTION/BACKGROUND:

1. Minnesota Law (Article IV of the State Constitution) requires that the states Senate and House districts be reapportioned every 10 years. 1990 is the year for a census to be taken upon which the reapportionment is based.
2. The Regents Council is established (M.S. 137.0245) to ensure proper liaison and communication between the legislature and the regents.

RATIONALE:

1. \$700,000 is necessary to properly carry out the mandated reapportionment project. By utilizing new computer technologies, a more accurate reapportionment program can be accomplished.
2. \$10,000 is needed to cover meeting, travel and general administrative costs of the Regents Council.

| LONG RANGE IMPLICATIONS: | (Dollars in Thousands) | | |
|---------------------------|------------------------|-----------|-------|
| | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund Expenditures | \$ 10 | \$ -0- | \$ 10 |

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Legislature to present its budgetary needs directly for consideration.

AGENCY: LEGISLATIVE COMMISSION ON MINNESOTA
RESOURCES (LCMR)

1990-91 Biennial Budget

establishment of the Environmental Trust Fund. Only when adopted by the legislature will the recommendations become law.

AGENCY PURPOSE:

The Legislative Commission on Minnesota Resources (LCMR) advises the legislature on programs relating to state natural resources pursuant to M.S. Ch. 86. The LCMR recommends appropriations to the Senate Finance and House Appropriations Committees for inclusion in the State Departments Bill as appropriations from the Minnesota Resources Fund. The LCMR requires detailed work programs from agencies receiving the appropriations prior to expenditure and monitors the progress through semiannual status reports. The LCMR periodically recommends changes in state programs based on its findings and its review of various natural resources issue areas.

The Minnesota Resources Fund is supported by: 1) One mill per cigarette pursuant to M.S. Ch. 297.13; 2) anticipated federal reimbursements earned through expenditure of state money on eligible activities; and 3) anticipated cancellations from past appropriations.

The LCMR maintains liaison with various legislative committees, with state and federal agencies and various others who may have in interest or involvement in natural resources issues. The commission reviews the comments, suggestions, problem statements and concerns of all the above and develops its recommendations for natural resources accelerations programs after consideration of priorities in all resource areas. The appropriations support short-term programs which employ only unclassified staff. In some cases, the commission recommends that a program become part of an agency's regular budget, and therefore removes the program from LCMR consideration. If the legislature agrees and determines that a program should become permanent, the legislature includes the pertinent appropriation in the regular budget of the respective agencies.

OPERATION AND CLIENTELE:

LCMR advises the legislature by recommending funding of natural resource programs and reporting on conclusions which result from the program experience.

REVENUE/RECEIPTS:

The current revenue estimate of Minnesota Resources Fund monies available for the F.Y. 1990-91 biennium is \$17.3 million. The LCMR will review its recommendations based on the current revenue estimates and provide supplemental materials to the appropriate legislative committees.

EXPLANATION OF BUDGET REQUEST:

Expenditure history shown reflects past funding by LCMR of appropriations made to individual agencies for specific projects. Agency requests are presented directly to the LCMR according to the policy and procedures of the commission. The agency requests for F.Y. 1990 and F.Y. 1991 were selected by the LCMR from 230 proposals which totaled over \$64 million. The commission appropriation recommendations for the biennium total \$17.3 million. One million dollars of this is a contingency. The administrative budget increase reflects the expanded responsibilities of the commission as a result of the

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of LCMR to present its budgetary needs directly to the Legislature for consideration.

The Governor further recommends a \$10,800 General Fund appropriation to the Minnesota Future Resources Commission to accelerate the building of the Minnesota Environment and Natural Resources Trust Fund and provide for expenditure for activities which the Trust Fund is designed to support.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : NAT RES ACCEL-OTHR DP
PROGRAM : LEGIS MINN RESOURCES COMMISSN

| | F.Y. 1990 | | | | | | F.Y. 1991 | | | |
|-------------------------------|-----------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| ACTIVITY EXPENDITURES: | FY 1988 | FY 1989 | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| LEGIS MINN RESOURCES COMMISSN | 244 | 264 | 840 | 0 | 840 | 840 | 840 | 0 | 840 | 840 |
| TRUST FUND ACCELERATION | 0 | 0 | 0 | 0 | 0 | 10,800 | 0 | 0 | 0 | 0 |
| B TRUST FUND ACCELERATION | GEN | | | 0 | | 10,800 | | 0 | | 0 |
| TOTAL EXPENDITURES | 244 | 264 | 840 | 0 | 840 | 11,640 | 840 | 0 | 840 | 840 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 0 | 0 | 0 | 0 | 0 | 10,800 | 0 | 0 | 0 | 0 |
| MN RESOURCES | 244 | 264 | 840 | 0 | 840 | 840 | 840 | 0 | 840 | 840 |
| TOTAL FINANCING | 244 | 264 | 840 | 0 | 840 | 11,640 | 840 | 0 | 840 | 840 |
| POSITIONS BY FUND: | | | | | | | | | | |
| TOTAL POSITIONS | | | | | | | | | | |

CHANGE REQUEST
☒ Agency ☐ Program ☐ Activity 1990-91 Biennial Budget

ACTIVITY:
 PROGRAM:
 AGENCY: MINNESOTA FUTURE RESOURCES COMMISSION

REQUEST TITLE: REINVEST IN MINNESOTA (RIM) AND THE MINNESOTA ENVIRONMENT AND NATURAL RESOURCES TRUST FUND EXPENDITURE ACCELERATION

| | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| Governor's Recommendation | | | | |
| General Fund | \$10,800 | -0- | \$ -0- | -0- |

Request requires statutory change: ☐ Yes ☒ No
 Statutes Affected:

GOVERNOR'S RECOMMENDATION:

In November 1988, Minnesota voters approved the creation of an Environment and Natural Resources Trust Fund by a 4-to-1 margin. Laws 1988, Chapter 690 provides that one-half of the lottery proceeds will be credited to the Trust Fund through the first 5 full fiscal years during which proceeds of the lottery are received. The corpus of the Fund, which controls the amounts available for expenditure, is expected to grow slowly in the first several years.

The Governor's objective is to accelerate the building of the Trust Fund and provide for expenditures for activities which the Trust Fund is designed to support.

The Governor recommends that a total of \$21.5 million be appropriated for RIM and Trust Fund initiatives, as follows:

| | (Dollars in Thousands) | |
|---|------------------------|-----------|
| | F.Y. 1990 | F.Y. 1991 |
| 1. RIM Debt Service* | \$ 1,600 | \$ 2,800 |
| Positions | -0- | -0- |
| 2. RIM Support, Department of Natural Resources | 3,000 | 3,000 |
| Positions | 42.0 | 42.0 |
| 3. RIM Support, Board of Water & Soil Resources | 150 | 150 |
| Positions | -0- | -0- |
| 4. Minnesota Future Resources Commission | 10,800 | -0- |
| Positions | -0- | -0- |

Items 1, 2, and 3 will appear as part of the agency budget requests for the Department of Finance, Department of Natural Resources and the Board of Soil and Water Resources respectively.

*Estimated to provide \$21 million in biennial bonding authority. The total support to RIM will then be \$29.1 million for the biennium, which includes \$1.8 million in the Board of Water & Soil Resources BASE budget, if this CHANGE request is passed as recommended.

DESCRIPTION/BACKGROUND:

The Environment and Natural Resources Trust Fund was established to support long-term activities, including the Re-Invest in Minnesota (RIM) program, that allow the state to preserve its high-quality environment and to provide for the wise use of its natural resources. While the Trust Fund will provide a consistent and stable source of funding when its corpus has been allowed to develop, immediate support is needed for Trust Fund activities, including continued support of RIM.

The RIM program was established in response to severe losses of fish and wildlife habitat as a result of land-use conversions. Despite the implementation of resource protection programs and regulations, these losses have continued. For example, over 75% of the state's wetlands and over 99% of its native prairie have been destroyed. The need for long-term support for the RIM program was recognized in including it as an eligible purpose for which Trust Fund proceeds may be used.

Continuation of the support of the state Conservation Reserve Program, Critical Habitat Matching Program, Prairie Bank Program, and other innovative programs are essential to responding to the loss of fish and wildlife habitat and providing water quality protection. Acceleration of more traditional activities, such as habitat acquisition and development, will continue as a basic core for meeting environmental and natural resource protection demands.

The Department of Natural Resources and the Board of Water and Soil Resources require assistance to provide the support services necessary to fully enjoy the potential of the RIM program. During the 1990-91 biennium, RIM is expected to protect nearly 10,000 acres of land by fee acquisition, easement or donation and to improve habitat on more than 25,000 acres as the result of the efforts supported through the Department of Natural Resources and the Board of Water and Soil Resources.

Further, there is a need to accelerate attention to long-term problems which the Trust Fund is intended to support. The Minnesota Future Resources Commission is responsible for decisions in respect to how such an objective should be achieved. An appropriation to the Minnesota Future Resources Commission will accelerate efforts to build the Trust Fund and meet its objectives.

RATIONALE:

In establishing the Environment and Natural Resources Trust Fund, Minnesota voters affirmed the commitment of the state of Minnesota to providing proper management of its environment and natural resources. The recommendation to provide \$21.5 million to accelerate the building of the Trust Fund and to allocate funds for expenditures for activities which the Trust Fund is designed to support, particularly the RIM program, is consistent with this commitment.

1990-91 BIENNIAL BUDGET
PROGRAM STRUCTURE

AGENCY: MINNESOTA SUPREME COURT

| <u>PROGRAMS</u> | <u>ACTIVITIES</u> | <u>SECTION</u> | <u>PAGE</u> |
|-------------------------------------|-------------------------------|----------------|-------------|
| SUPREME COURT OPERATIONS ----- | Supreme Court Operations | 2 | 6 |
| SUPREME COURT CIVIL SURCHARGE ----- | Supreme Court Civil Surcharge | | 9 |
| FAMILY FARM LEGAL ASSISTANCE ----- | Family Farm Legal Assistance | | 12 |
| STATE COURT ADMINISTRATOR ----- | State Court Administrator | | 15 |
| MINNESOTA LAW LIBRARY ----- | Law Library Operations | | 23 |
| | Computerized Legal Research | | 28 |
| | Other Library Services | | 30 |

POSITION RECONCILIATION

| AUTHORITY: | CURRENT FY89 | REQUESTED FOR 6-30-91 |
|--|--------------|--------------------------|
| LEGISLATIVE AUTHORIZED GENERAL FUND | 113.80 | 147.3 |
| BUDGETARY AUTHORIZED | 11.00 | 11.0 |
| TOTAL AUTHORIZED POSITIONS | 124.80 | 158.3 |
| EMPLOYEES ON 6-30-88 | 122.00 | |

MINNESOTA SUPREME COURT

ORGANIZATION CHART
CURRENT AS OF 11/1/88

| | |
|------------------------------------|-----|
| SUPREME COURT CURRENT POSITIONS | 7.0 |
| DISABLED JUDGE | 1.0 |

| |
|---|
| BOARD OF PROFESSIONAL RESPONSIBILITY |
|---|

| |
|---------------------------|
| BOARD OF LAW EXAMINERS |
|---------------------------|

| |
|--|
| BOARD OF CONTINUING LEGAL EDUCATION |
|--|

| |
|----------------------------------|
| BOARD OF LEGAL SPECIALIZATION |
|----------------------------------|

| | |
|---------------------------|-----|
| STATE COURT ADMINISTRATOR | |
| CURRENT POSITIONS | 2.0 |
| NEW POSITIONS REQUESTED | 3.0 |
| | 5.0 |

| | |
|-------------------------|------|
| STATE LAW LIBRARY | |
| CURRENT POSITIONS | 11.0 |
| NEW POSITIONS REQUESTED | 1.0 |
| | 12.0 |

LOCAL COURT INFORMATION

| | |
|-------------------------|------|
| CURRENT POSITIONS | 12.0 |
| NEW POSITIONS REQUESTED | 15.0 |
| | 27.0 |

INFORMATION SYSTEMS

| | |
|-------------------------|------|
| CURRENT POSITIONS | 30.0 |
| NEW POSITIONS REQUESTED | 8.0 |
| | 38.0 |

CONTINUING EDUCATION FOR STATE COURT PERSONNEL

| | |
|-------------------------|-----|
| CURRENT POSITIONS | 3.0 |
| NEW POSITIONS REQUESTED | .5 |
| | 3.5 |

JUDICIAL PLANNING

| | |
|-------------------|-----|
| CURRENT POSITIONS | 5.0 |
|-------------------|-----|

JUDICIAL ADVISORY SERVICE

| | |
|-------------------|-----|
| CURRENT POSITIONS | 1.8 |
|-------------------|-----|

SUPREME COURT ADMINISTRATIVE STAFF

| | |
|-------------------------|------|
| CURRENT POSITIONS | 9.0 |
| NEW POSITIONS REQUESTED | 5.0 |
| | 14.0 |

COMMISSIONER'S OFFICE

| | |
|-------------------------|-----|
| CURRENT POSITIONS | 6.0 |
| NEW POSITIONS REQUESTED | 2.0 |
| | 8.0 |

JUDGES' STAFF

| | |
|-------------------|------|
| CURRENT POSITIONS | 19.0 |
|-------------------|------|

OFFICE OF THE CLERK OF APPELLATE COURTS

| | |
|-------------------|-----|
| CURRENT POSITIONS | 7.0 |
|-------------------|-----|

AGENCY: MINNESOTA SUPREME COURT

1990-91 Biennial Budget

AGENCY PURPOSE:

The Supreme Court, the highest court of the state, exercises supervisory and adjudicatory authority. It is responsible for adjudicating appeals brought throughout the state. The Supreme Court has original jurisdiction over cases appealed from the Workers Compensation Court of Appeals and the Tax Court and in first degree murder cases. It exercises discretionary review of cases heard by the Court of Appeals. The court also supervises the maintenance of the state law library which provides resources necessary for a clear understanding of the law to government personnel and citizens. (M.S. 480.09)

With the assistance of the State Court Administrator, the Chief Justice exercises general supervisory powers over the courts of the state and specific supervisory powers over the courts' financial affairs, programs of continuing legal education, and planning and research. (M.S. 2.724)

The primary aim of the court is to provide prompt access for litigants to well trained judges who are supported by a knowledgeable, efficient staff and modern management technology. This goal is based on the premises: that each citizen is entitled to have his dispute considered and resolved in a court of law; that litigants and society are best served by speedy, just resolution of disputes while the facts are still clear and evidence and witnesses are still available; that modern management techniques can make the court process more efficient and assist in achieving a speedy, just resolution of a case; and that planning for change in the courts, based on adequate, accurate information, will help achieve uniformity of procedure and an efficient, effective process.

OPERATIONS AND CLIENTELE:

The Supreme Court establishes the rules and procedures which govern the courts in the 87 counties, the 251 judges, the approximately 1,500 judicial system personnel, and the 16,000 lawyers who appear in them. In 1988, an estimated 920 cases will be filed in the Supreme Court. Over 2,000,000 cases were filed in local courts in 1987.

The Supreme Court seeks to insure the efficiency and integrity of the judicial system through programs in three areas:

1. Supreme Court Operations: The Supreme Court has concentrated on refining the discretionary review process, on screening and deciding petitions for accelerated and further review, on accepting and deciding the precedent setting cases which will shape Minnesota caselaw, and on disposing of the 285 original jurisdiction cases filed annually. It has continued to exercise extensive supervision of the legal process through promulgation of court rules and of the legal system through the regulatory boards monitoring the practice of law.
2. State Court Administration: Provides administrative support for the Supreme Court, the Court of Appeals and the trial courts. Conducts operations research to identify management and caseload problems in trial and appellate courts and to recommend solutions. Provides data through a computerized management information system to support research and the operations of all courts. Plans and executes training programs for court personnel, plans for the development and use of judicial resources, for

the collection, storage and use of court records. Develops uniform policies and procedures for trial court management. Reports to the legislature about the operations of the judicial system. Conducts legal research for judges through the Judicial Advisory Service. Administers distribution of the legal services surcharge funds and the Family Farm Legal Assistance Program.

3. State Law Library: Provides the court, other state agencies and the general public with research resources without which legal research would be impossible. Provides technical assistance to county law libraries. Provides computer assisted research capabilities for the public and state agencies on a cost reimbursement basis.

| INDEX | (Dollars in Thousands) | | Page |
|-------------------------------|-------------------------------|-------------------------------|------|
| | Agency Request | Governor's Recommendation | |
| | 1990-91 Biennium All Funds | 1990-91 Biennium All Funds | |
| BASE Level Request | \$ 20,380 | \$ 20,380 | |
| Agency-wide CHANGE Requests | | | |
| Judicial Building Move | 950 | -0- | 5 |
| Program/Budget Activity | | | |
| CHANGE Requests | | | |
| Legal Staff | 176 | -0- | 8 |
| Technical Assistance Unit | 337 | -0- | 18 |
| Information Systems | 5,275 | -0- | 19 |
| Permanent Families Task Force | 97 | -0- | 20 |
| Collection Resources | 67 | -0- | 25 |
| Library Specialist in Info. | 72 | -0- | 26 |
| Online Catalogue Maint. | 18 | -0- | 27 |
| Subtotal | 6,042 | -0- | |
| CHANGE Requests Subtotal | \$ 6,992 | \$ -0- | |
| AGENCY Total | \$ 27,372 | \$ 20,380 | |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : MINN SUPREME COURT

| PROGRAM EXPENDITURES: | F.Y. 1990 | | | | | | F.Y. 1991 | | | |
|-------------------------------|--------------|---------------|----------------|--------------|---------------|--------------------|----------------|--------------|---------------|--------------------|
| | FY 1988 | FY 1989 | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| SUPREME COURT | 2,463 | 3,086 | 2,723 | 888 | 3,611 | 2,723 | 2,727 | 238 | 2,965 | 2,727 |
| SUPREME COURT CIVIL SURCHARGE | 1,437 | 1,348 | 1,348 | 0 | 1,348 | 1,348 | 1,348 | 0 | 1,348 | 1,348 |
| FAMILY FARM LEGAL ASSISTANCE | 850 | 850 | 850 | 0 | 850 | 850 | 850 | 0 | 850 | 850 |
| STATE COURT ADMINISTRATORS | 3,169 | 4,385 | 4,131 | 2,831 | 6,962 | 4,131 | 4,225 | 2,878 | 7,103 | 4,225 |
| LAW LIB OPS | 833 | 987 | 973 | 77 | 1,050 | 973 | 1,205 | 80 | 1,285 | 1,205 |
| TOTAL EXPENDITURES | 8,752 | 10,656 | 10,025 | 3,796 | 13,821 | 10,025 | 10,355 | 3,196 | 13,551 | 10,355 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 6,140 | 7,485 | 9,835 | 3,796 | 13,631 | 9,835 | 10,165 | 3,196 | 13,361 | 10,165 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| SPECIAL REVENUE | 2,513 | 3,057 | 162 | 0 | 162 | 162 | 162 | 0 | 162 | 162 |
| FEDERAL | 17 | 11 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| GIFTS AND DEPOSITS | 82 | 103 | 28 | 0 | 28 | 28 | 28 | 0 | 28 | 28 |
| TOTAL FINANCING | 8,752 | 10,656 | 10,025 | 3,796 | 13,821 | 10,025 | 10,355 | 3,196 | 13,551 | 10,355 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 108.3 | 107.8 | 113.8 | 29.5 | 143.3 | 113.8 | 112.8 | 34.5 | 147.3 | 112.8 |
| SPECIAL REVENUE | 6.0 | 6.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| GIFTS AND DEPOSITS | 0.0 | 0.5 | 0.5 | 0.0 | 0.5 | 0.5 | 0.5 | 0.0 | 0.5 | 0.5 |
| TOTAL POSITIONS | 114.3 | 114.3 | 114.3 | 29.5 | 143.8 | 114.3 | 113.3 | 34.5 | 147.8 | 113.3 |

CHANGE REQUEST
☒ Agency _____ Program _____ Activity 1990-91 Biennial Budget

ACTIVITY:

PROGRAM:

AGENCY: SUPREME COURT

REQUEST TITLE: JUDICIAL BUILDING MOVE

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|----------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 800 | 5.0 | \$ 150 | 5.0 |

Governor's Recommendation

| | | | | |
|--------------|--------|-----|--------|-----|
| General Fund | \$ -0- | -0- | \$ -0- | -0- |
|--------------|--------|-----|--------|-----|

Request requires statutory change: _____ Yes ☒ No

Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests \$800,000 and 5.0 positions in F.Y. 1990 and \$150,000 and 5.0 positions in F.Y. 1991 to provide central staff support for the new judicial building, and to fund costs for moving, communications network, and equipment.

DESCRIPTION/BACKGROUND:

Judicial branch agencies will be consolidated from 4 locations in the judicial building beginning April, 1990. The building has been designed to incorporate security recommendations of state and national experts and positions 2 receptionists to direct access to private office space. In addition, the consolidation of judicial agencies in 1 location will necessitate the judiciary being responsible for internal mail distribution. Positions are requested for this function. Each court office currently uses word processing or computer technology. Internal communication will be greatly facilitated by linking work stations in a network. A manager is required to support the network. The cost of installing the network and the data and telecommunications cable and equipment for the judicial building are included in this request. Finally, the cost of moving furniture and equipment from current locations to the judicial building is included.

RATIONALE:

The move to the new judicial building will necessitate some one time costs to:

1. equip the building with a data and telecommunications network backbone and telephone equipment;
2. move 4 agencies into the building;
3. procure equipment needed for effective operation in the building for printing and mail and supply distribution.

Additional personnel will be required by building logistics. Two receptionists will direct access to private office space. Two clerical employees will be needed to distribute mail throughout the building twice a day. When not engaged in the mail distribution function, these employees will assist court offices prepare bulk mailing and perform other routine clerical functions. A data network manager will operate and maintain the building communications network.

BASE: None.

| LONG RANGE IMPLICATIONS: | (Dollars in Thousands) | | |
|---------------------------|------------------------|-----------|--------|
| | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund Expenditures | \$ 150 | \$ 150 | \$ 250 |
| General Fund Positions | 5.0 | 5.0 | 5.0 |

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Supreme Court to present its budgetary needs directly to the Legislature for consideration.

PROGRAM: SUPREME COURT OPERATIONS
Agency: MINNESOTA SUPREME COURT

1990-91 Biennial Budget

PROGRAM PURPOSE:

The Minnesota Supreme Court is the final appellate court. Established by the constitution and operating pursuant to the statutory authority of M.S. Chapter 480, the court hears and resolves appellate questions of law and corrects trial court error. In addition, the Supreme Court exercises general supervisory authority over the operation of the courts of the state and the operation of the legal system.

OPERATION:

The Minnesota Supreme Court considers appeals from judgments of the Workers Compensation Court of Appeals and the Tax Court as well as the Court of Appeals. It continues to hear special term matters, motions and petitions for extraordinary relief. The volume of original case filings at the Supreme Court has increased significantly, approximately 27% each year since 1986. The volume of applications for writ of certiorari has increased to approximately 660 cases in 1987 and 1988. The volume of filings has now grown to half the Supreme Court's caseload prior to the establishment of the Court of Appeals. Yet, the Court is deciding petitions for writs of certiorari within the statutory 60 day period and has reduced the median disposition time to less than one year from date of filing.

In order to process the caseload the court employs a legal research staff. For each case the research staff screens the case to determine the nature, complexity and scope of the legal issues, performs legal research to resolve correctly the issues, and assists in opinion preparation to express succinctly the decisions of the court. In addition, research staff review opinions authored by other justices, perform further research and assist in preparing concurring and dissenting opinions at the justices' direction.

Special term matters directed to the Supreme Court by motion or petition for immediate or extraordinary relief are first reviewed and researched by the Commissioner. The Commissioner then meets with a 3 judge panel composed of the Chief Justice and 2 Associate Justices. Each motion or petition is discussed, and a dispositional order is issued by the panel. The special term procedure allows the court to give prompt attention to those matters for which the normal appellate procedure is either inappropriate or unavailable.

An administrative staff monitors the progress of each case to insure timely disposition, schedules the case for hearing, oral argument or non oral consideration by the court, and maintains permanent, accurate records for all court actions. This staff also serves the same function for the Court of Appeals.

In addition to this appellate function, the Supreme Court supervises admission to the practice of law in the state and regulates legal practice. The court also promulgates rules governing practice and procedure in the courts throughout the state, a function which requires numerous hearings.

The court supervises the financial affairs of the courts as required by statute through an accounting staff which provides accounting services for the state trial court, appeals court, state law library, state court administration and legal regulatory boards.

The court has general supervisory responsibility for all other courts in the state. It exercises this authority through numerous standing and ad hoc conferences, committees and commissions. All justices participate by serving on, and guiding, the work of these various administrative organizations.

PERFORMANCE INDICATORS:

The Supreme Court seeks to use its personnel:

1. To dispose of each appellate case in less than 12 months from date of filing.
2. To decide petitions for writs of certiorari within 60 days.
3. To manage its workload so that each case receives adequate attention as its importance demands.
4. To maintain an orderly and uniform legal process and procedure throughout the state through the promulgation of uniform rules.
5. To regulate the admission to and practice of law in Minnesota so that each citizen seeking legal counsel is assured of competent representation.
6. To insure the financial integrity of the court system in accordance with generally accepted accounting principals and to insure correct payment of invoices within the statutorily required 30 days.
7. To ensure the effective operation of the State Court System.

| EFFECTIVENESS MEASURES: | F.Y. 1987 | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|------------------------------|-----------|-----------|-----------|-----------|-----------|
| CASE FILINGS | 884 | 919 | 956 | 994 | 1,034 |
| MEDIAN DAYS TO DISPOSITION | 240 | 240 | 240 | 240 | 240 |
| NUMBER OF ATTORNEYS ADMITTED | 850 | 850 | 850 | 850 | 850 |
| RATIO LEGAL STAFF TO FILINGS | 1:63 | 1:65 | 1:68 | 1:71 | 1:74 |

REVENUE:

This activity generates non-dedicated revenue.

| | (Dollars in Thousands) | | | |
|---------------|------------------------|----------------------|-----------------------|-----------------------|
| | Actual F.Y. 1988 | Act/Est F.Y. 1989 | Estimate F.Y. 1990 | Estimate F.Y. 1991 |
| Non-Dedicated | \$ 121 | \$ 125 | \$ 135 | \$ 140 |

This revenue is filing fees collected by the Clerk of the Appellate Court for the Supreme Court and the Court of Appeals.

Authority for this activity is found in M.S. Chapter 480.

EXPLANATION OF BUDGET REQUEST:

Increased funding of \$88,000 is requested for 2.0 additional legal support positions in F.Y. 1990 and 1991. \$800,000 is requested for moving costs, equipment, communications network and 5.0 shared support position for the new judicial building in F.Y. 1990. Five positions and \$150,000 are requested for F.Y. 1991.

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Supreme Court to present its budgetary needs directly to the Legislature for consideration.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : MINN SUPREME COURT
PROGRAM : SUPREME COURT

| | | | F.Y. 1990 | | | | F.Y. 1991 | | | | | |
|---------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|-------|-------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | | |
| ACTIVITY EXPENDITURES: | FY 1988 | FY 1989 | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | | | |
| SUPREME COURT | 2,463 | 3,086 | 2,723 | 888 | 3,611 | 2,723 | 2,727 | 238 | 2,965 | 2,727 | | |
| A JUDICIAL BUILDING MOVE | GEN | | | 800 | | 0 | | 150 | | 0 | | |
| B LEGAL STAFF | GEN | | | 88 | | 0 | | 88 | | 0 | | |
| TOTAL EXPENDITURES | | | 2,463 | 3,086 | 2,723 | 888 | 3,611 | 2,723 | 2,727 | 238 | 2,965 | 2,727 |
| SOURCES OF FINANCING: | | | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | | | |
| GENERAL | 2,364 | 2,978 | 2,701 | 888 | 3,589 | 2,701 | 2,705 | 238 | 2,943 | 2,705 | | |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | | | |
| FEDERAL | 17 | 11 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| GIFTS AND DEPOSITS | 82 | 97 | 22 | 0 | 22 | 22 | 22 | 0 | 22 | 22 | | |
| TOTAL FINANCING | | | 2,463 | 3,086 | 2,723 | 888 | 3,611 | 2,723 | 2,727 | 238 | 2,965 | 2,727 |
| POSITIONS BY FUND: | | | | | | | | | | | | |
| GENERAL | 49.5 | 49.0 | 49.0 | 7.0 | 56.0 | 49.0 | 48.0 | 7.0 | 55.0 | 48.0 | | |
| GIFTS AND DEPOSITS | 0.0 | 0.5 | 0.5 | 0.0 | 0.5 | 0.5 | 0.5 | 0.0 | 0.5 | 0.5 | | |
| TOTAL POSITIONS | | | 49.5 | 49.5 | 49.5 | 7.0 | 56.5 | 49.5 | 48.5 | 7.0 | 55.5 | 48.5 |

CHANGE REQUEST
 _____ Agency X Program _____ Activity 1990-91 Biennial Budget

ACTIVITY: SUPREME COURT OPERATIONS
 PROGRAM: SUPREME COURT OPERATIONS
 AGENCY: SUPREME COURT

REQUEST TITLE: LEGAL STAFF

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-----------|-----------|-----------|-----------|
| | (000's) | | (000's) | |
| | Amount | Positions | Amount | Positions |
| General Fund | \$ 88 | 2.0 | \$ 88 | 2.0 |
| Governor's Recommendation | | | | |
| General Fund | \$ -0- | -0- | \$ -0- | -0- |

Request requires statutory change: _____ Yes X No
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests \$88,000 and 2.0 legal staff positions to support the timely disposition of cases in F.Y. 1890 and F.Y. 1991. The Supreme Court continues to adhere to the statutory goal of deciding whether to grant petitions for discretionary review within 60 days of filing and continues to reduce the median time to final disposition to less than 1 year.

DESCRIPTION/BACKGROUND:

The Supreme Court has original jurisdiction in Tax Court, Worker's Compensation Court of Appeals, first degree murder and lawyers discipline cases. The Courts hears arguments, decides cases, writes opinions and enters judgments. In addition to the cases orally argued, the court considers procedural motions and enters dispositive orders. In these activities the Court is assisted by the legal staff of the Commissioner's Office.

In addition to specialized cases of original jurisdiction, the court considers petitions for discretionary review. The court has experienced an 81% increase in total case filings since 1984, the first full year of operation after the creation of the Court of Appeals. In 1988 the number of petitions for discretionary review has increased by 115% over the 1984 volume. These petitions are initially researched by the Court Commissioner's Office and a recommendation to grant or deny certiorari is prepared for consideration by the court.

| EFFECTIVENESS MEASURES: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|-------------------------------|-----------|-----------|-----------|-----------|
| Number of Supreme Court Cases | 919 | 956 | 994 | 1,034 |
| Number of Legal Staff | 14 | 14 | 16 | 16 |
| Legal Staff to Case Ratio | 1:65 | 1:68 | 1:62 | 1:65 |

RATIONALE:

While the volume of original and discretionary appeals has increased significantly, the number of staff in the Commissioner's office has not increased at all. The court is therefore requesting a law clerk and a staff attorney position to assist in the Commissioner's office. Original jurisdiction cases present specialized legal areas in which consistency of the applied remedy is important to a perception of fairness. A career position would allow the court to attract and retain a lawyer who would develop expertise in 1 or more of the specialized areas as well as assist with the recommendations to grant or deny certiorari. The law clerk position would provide additional legal research assistance to the Commissioner and the court in reviewing petitions for certiorari.

| BASE: | (Dollars in Thousands) | | | |
|---------------------------|------------------------|-----------|-----------|-----------|
| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| General Fund Expenditures | \$ 200 | \$ 200 | \$ 200 | \$ 200 |
| General Fund Positions | 3.0 | 3.0 | 3.0 | 3.0 |

| LONG RANGE IMPLICATIONS: | (Dollars in Thousands) | | |
|---------------------------|------------------------|-----------|--------|
| | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund Expenditures | \$ 88 | \$ 88 | \$ 196 |

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Supreme Court to present its budgetary needs directly to the Legislature for consideration.

PROGRAM: SUPREME COURT CIVIL SURCHARGE
Agency: SUPREME COURT

1990-91 Biennial Budget

PROGRAM PURPOSE:

M.S. 480.24-480.244 was enacted in 1982 to counteract the substantial reduction in Legal Services Corporation (LSC) and other federal funding. Funds under this statute are to be used to provide legal assistance in civil cases to persons who are unable to afford private counsel and also to provide alternative dispute resolution services for low-income persons. As part of a generalized legislative effort to reduce the use of dedicated funds, effective 7-1-89 the \$20.00 surcharge per litigant in civil actions cover under M.S. 480.241 to fund legal services (and other Supreme Court services) will be paid to the State Treasury and credited to the General Fund instead of to the Legal Services account and other Court accounts. The Supreme Court, in turn, would use General Fund revenues starting 7-1-89 to fund programs under M.S. 480.24-244.

OPERATION:

The Legal Services Surcharge provides funding for legal services or alternative dispute resolution programs in 2 areas - mandatory and discretionary grants.

1. MANDATORY GRANTS: M.S. 480.24-480.244 provides that the Supreme Court shall make grants to qualified non-profit corporations to enable them to provide legal services (attorney's advice, counsel and representation) to low income people with civil legal problems. Funding for many such programs through the federal Legal Services Corporation (LSC) was cut substantially, effective 1-1-82, leaving many Minnesotans without access to legal assistance. The statute has provided funding for the grants through a surcharge on the filing fee paid in most civil court cases. The surcharge collected by the local courts was transmitted to the Supreme Court for distribution by the Court (with the assistance of an Advisory Committee) to qualified recipient programs. Effective 7-1-89, these filing fee surcharge funds are to be deposited to the General Fund and grants to the programs under M. S. 480.24-480.244 are to be made from the General Fund.

RECIPIENT IDENTIFICATION AND ELIGIBILITY CRITERIA: The grants are available to non-profit corporations which provide legal services to eligible clients in civil matters. (An eligible client is defined, M.S. 480.24, Subd. 2., as an individual who is financially unable to afford legal assistance from private counsel, as determined by income guidelines promulgated for recipients by the Supreme Court.) To be eligible, non-profit corporations must also have boards of directors composed of attorneys at law and consumers of legal services. M.S. 480.242, Subd. 3., provides that 85% of the funds available for grants shall be distributed to those eligible legal services programs which have demonstrated an ability as of 7-1-82, to provide legal services to eligible clients with funds provided by the federal LSC. There are six such programs (Legal Services Coalition Programs) which together provide services to low-income residents of every county in Minnesota, as well as to migrant workers and native Americans. These programs provide services using full-time paid staff working in 27 legal aid offices throughout the state. Also, these programs have organized or contribute to volunteer programs of local private attorneys who donate some of their time in all 87 counties. Most

programs also use a "judicare" or "contract" system for delivery, in which cases are handled by local lawyers on a substantially reduced fee basis. The average attorney experience of program staff is about 6 years and the average annual salary of a 6 year attorney is approximately \$27,000.

EFFECTIVENESS MEASURES: Number of clients served by Legal Services Coalition Programs.

The 1985 study, "Legal Needs of the Poor in Minnesota: An Assessment of the Unmet Need" estimated 701,687 Minnesotans have incomes low enough to be eligible for legal services. The needs assessment also estimated that poor Minnesotans annually have at least 161,388 civil legal problems. At current levels there are nearly 14 times as many poor persons per legal services attorney as there are persons per lawyer in the general population.

Most of the legal problems handled by these programs involve enforcement of legal rights, necessary to gain or continue access to basic necessities such as food, clothing, shelter, medical care, citizenship, income, family law, and protection from abuse and other important individual rights. The vast majority of legal services clients are single parent families, the aged, minority race individuals, disabled persons, refugees, immigrants, the homeless and other disadvantaged persons.

CRITERIA AND FORMULAS DETERMINING AMOUNT OF PAYMENT TO RECIPIENT: By statute (M.S. 480.242, Subd. 3), the 85% of the total funds distributed to the 6 LSC funded programs is allocated among those programs on the basis of the number of persons with incomes below the poverty level, established by the United State Census Bureau, who reside in the geographical areas served by each program, as determined by the Supreme Court on the basis of the census. Thus, for each LSC funded program in Minnesota, the formula for determining the program's funding would be: (number of below-poverty level residents in Minnesota) - (number of below-poverty level residents of the areas served by the program). The resulting ratio would be applied to the funds available to be divided among the programs.

2. DISCRETIONARY GRANTS. RECIPIENT IDENTIFICATION AND ELIGIBILITY CRITERIA: The Legal Services Advisory Committee solicits proposals from non-profit corporations seeking funding for legal services or alternative dispute resolution programs, screens applications for soundness of proposal, reasonableness of the budget and fulfillment of unmet needs in the legal services areas and makes recommendations to the Court.

CRITERIA AND FORMULA DETERMINING AMOUNT OF PAYMENT TO RECIPIENT: M.S. 480.242 provides that 15% of the funds shall be distributed to non-profit corporations seeking to provide legal services or alternative dispute resolution projects. In the event that applications do not use the total amount available, the balance may be distributed among the 6 LSC funded programs.

| <u>ACTIVITY STATISTICS:</u> | <u>F.Y. 1987</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|-----------------------------|------------------|------------------|------------------|------------------|------------------|
| No. of Programs Supported | 11 | 11 | 11 | 11 | 11 |

PROGRAM: SUPREME COURT CIVIL SURCHARGE
(Continuation)
Agency: SUPREME COURT

1990-91 Biennial Budget

REVENUE:

This program was previously supported by dedicated revenue from a filing fee surcharge which was redirected to the General Fund.

| <u>TYPE OF REVENUE</u> | <u>(Dollars in Thousands)</u> | | | |
|------------------------|-------------------------------|------------------|------------------|------------------|
| | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
| Non-dedicated | \$ 1,166 | \$ 1,166 | \$ 1,200 | \$ 1,200 |

EXPLANATION OF BUDGET REQUEST:

Federal LSC funding has been frozen for legal services the past 3 years. Because of the stagnation in public funds, most of the LSC funded programs are facing staff lay-offs or position cutbacks in 1989. Because of this staff size remains below pre-1982 levels. A BASE level appropriation is requested for each year of the biennium.

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Supreme Court to present its budgetary needs directly to the Legislature for consideration.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : MINN SUPREME COURT
PROGRAM : SUPREME COURT CIVIL SURCHARGE

| | | | F.Y. 1990 | | | | F.Y. 1991 | | | |
|-------------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| ACTIVITY EXPENDITURES: | FY 1988 | FY 1989 | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| SUPREME COURT CIVIL SURCHARGE | 1,437 | 1,348 | 1,348 | 0 | 1,348 | 1,348 | 1,348 | 0 | 1,348 | 1,348 |
| TOTAL EXPENDITURES | 1,437 | 1,348 | 1,348 | 0 | 1,348 | 1,348 | 1,348 | 0 | 1,348 | 1,348 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 0 | 0 | 1,348 | 0 | 1,348 | 1,348 | 1,348 | 0 | 1,348 | 1,348 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| SPECIAL REVENUE | 1,437 | 1,348 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL FINANCING | 1,437 | 1,348 | 1,348 | 0 | 1,348 | 1,348 | 1,348 | 0 | 1,348 | 1,348 |
| POSITIONS BY FUND: | | | | | | | | | | |
| TOTAL POSITIONS | | | | | | | | | | |

PROGRAM: FAMILY FARM LEGAL ASSISTANCE PROGRAM
Agency: SUPREME COURT

1990-91 Biennial Budget

PROGRAM PURPOSE:

The Minnesota Family Farm Legal Assistance Program (M.S. 480.250-480.256) was enacted in 1986 in response to the need of Minnesota farmers for representation and advice in matters relating to the worsening agricultural crisis. M.S. 480.250 et al, directs the Supreme Court to contract with 1 or more non-profit corporations to assist financially distressed farmers by providing direct representation and legal advice to farmers, training and research support, information and referral, and education and expert advice on farm law matters to farmers, private attorneys and others.

To be eligible for the program, a farmer must have a debt to asset ratio greater than 50% and a reportable federal adjusted gross income of \$15,000 or less in the previous tax year. In addition, a farmer must be financially unable to retain legal representation from attorneys who charge fees for their services.

RECIPIENT IDENTIFICATION:

The Supreme Court may contract with established non-profit corporations who have a proven record of delivering quality legal services and who have demonstrated expertise in representing financially distressed family farmers. During the F.Y. 1987-89 biennium, the court awarded contracts to the following non-profit corporations: Southern Minnesota Regional Legal Services, Inc.; Mid-Minnesota Legal Assistance, Inc.; Northwest Minnesota Legal Services, Inc.; and Farmers Legal Action Group, Inc.

OBJECTIVES AND SERVICES PROVIDED:

The primary purpose of the program is to help family farmers remain on their farm by assisting farmers with legal problems such as foreclosure, repossession of farm and other matters. These objectives are met by providing the services in each of the areas prioritized by the legislature in M.S. 480.252, Subd. 2: (1) direct representation of individual farmers; (2) legal services to eligible persons whose loans are held by the FDIC; (3) basic legal information to farmers, state and local officials and state supported farm management advisors; and (4) the provision of legal backup and research support to private attorneys who are representing farmers.

Approximately 2,000 farmers were served in each year of the last biennium. During F.Y. 1986, 1,001 farmers received information and referral. In F.Y. 1987 in addition to work on ongoing cases opened in 1986, an additional 990 farmers received representation or advice and 978 received information and referral.

From 1-1-88 through 6-30-88, 954 farmers received either representation or advice. Farmers and other seeking legal assistance came from 85 of Minnesota's 87 counties. Farm Project staff handle advice and information calls for 1,008 legal problems of farmers during this same period. The "average" advice call takes 1-2 hours.

The most frequent legal problems requiring representation are debt restructuring, farm foreclosures and bankruptcies. Also, during each reporting period, the Farm Project handled many complex legal problems which will have

a beneficial effect on the rights of large numbers of farmers. The 4 recipients submit a semi-annual joint report to the Supreme Court describing these services in more detail.

During the first 6 months of 1988 the Farm Project also provided over 40 training sessions attended by 971 farmers and 112 other persons. The Farm Project published and distributed "The Farmer's Guide to the FDIC", "Mediation from the Farmer's Perspective" in addition to numerous other fact sheets, booklets and information. It also publishes a bi-monthly newsletter for farm advocates and attorneys entitled "The Minnesota Family Farm Law Update."

Farm Project staff are located in Mankato, Worthington, Winona, Marshall, St. Cloud and Moorhead. Six part-time farm paralegals (most of whom are farmers), and FTE of 6 attorneys are located in local offices. The programs also contract with approximately 70 local private attorneys to provide services on a substantially reduced fee basis. The Farm Project has a state-wide component that staffs the state-wide toll-free telephone line and prepares community education materials. The Farmer's Legal Action Group in St. Paul provides support, backup, and training for attorneys, paralegals and farm advocates and provides direct representation of farmers in cases involving litigation which affects many farmers.

BUDGET ISSUES:

Two developments in 1988 have laid the groundwork for an increase in the demand for legal assistance to Minnesota farmers, the drought, and the federal regulations issued on 9-14-88 to implement those portions of the Agricultural Credit Act of 1987 that affect FmHA borrowers. FmHA liquidations have been at a near standstill for the past several years. With the issuance of these new regulations, FmHA will again commence liquidations of approximately 4,120 distressed Minnesota FmHA loans. Most of these farmers will need advice and many will need ongoing representation in administrative hearings and in court to obtain restructuring of their debt. The 1988 drought also had extremely serious effects for Minnesota farmers in parts of the state. The cycle of financial distress triggered by the cost/price squeeze of the early 1980s may be repeated by the drought and may give rise to a wide variety of additional legal problems, including defaults in negotiated restructuring agreements and disputes concerning eligibility for federal drought relief.

Continued funding at the BASE level will enable current staff and private attorneys to continue their work on hundreds of cases opened during the first 3 years of the program as well as to meet the additional need created by FmHA policies and the drought.

REVENUE:

This program was previously supported by dedicated revenue from a filing fee surcharge on civil cases which was redirected to the general fund.

| TYPE OF REVENUE: | (Dollars in Thousands) | | | |
|------------------|------------------------|-----------|-----------|-----------|
| | Actual | Act/Est | Estimate | Estimate |
| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| Non-dedicated | \$ 850 | \$ 850 | \$ 850 | \$ 850 |

PROGRAM: FAMILY FARM LEGAL ASSISTANCE PROGRAM **1990-91 Biennial Budget**
(Continuation)
Agency: SUPREME COURT

EXPLANATION OF BUDGET REQUEST:

Funds are requested in the same amount as last biennium or \$850,000 annually during the F.Y 1990-91 biennium. This amount reflects the minimum needed to provide a state-wide Farm Law Program that provides services in each of the areas prioritized by M.S. 480.252, Subd. 2.

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Supreme Court to present its budgetary needs directly to the Legislature for consideration.

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : MINN SUPREME COURT
PROGRAM : FAMILY FARM LEGAL ASSISTANCE

| ACTIVITY EXPENDITURES: | | | F.Y. 1990 | | | | F.Y. 1991 | | | |
|------------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | FY 1988 | FY 1989 | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| FAMILY FARM LEGAL ASSISTANCE | 850 | 850 | 850 | 0 | 850 | 850 | 850 | 0 | 850 | 850 |
| TOTAL EXPENDITURES | 850 | 850 | 850 | 0 | 850 | 850 | 850 | 0 | 850 | 850 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 0 | 0 | 850 | 0 | 850 | 850 | 850 | 0 | 850 | 850 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| SPECIAL REVENUE | 850 | 850 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL FINANCING | 850 | 850 | 850 | 0 | 850 | 850 | 850 | 0 | 850 | 850 |
| POSITIONS BY FUND: | | | | | | | | | | |
| TOTAL POSITIONS | | | | | | | | | | |

PROGRAM: STATE COURT ADMINISTRATOR
Agency: MINNESOTA SUPREME COURT

1990-91 Biennial Budget

PROGRAM PURPOSE:

The office of the State Court Administrator was established to plan for and administer the courts of the state. Pursuant to M.S. 480.15, the State Court Administrator examines administrative methods and dockets of the local courts; collects and compiles statistical data relating to the business of the courts for submission to the legislature and the Supreme Court; prepares uniform personnel standards and procedures for the recruitment, evaluation, promotion, in-service training and discipline of all court personnel and promulgates uniform standards for court budgets, information systems and the collection, storage and use of court records. It develops uniform policies and procedures for trial court management. The office also provides direct administrative support to the Supreme Court and Court of Appeals.

OPERATION:

State Court Administration operates in the following major program areas:

The State Court Administrator supervises the state court administrative staff and functions detailed below. She assists the chief justice in supervising the court operations of the state. For example, the office recommends the reassignment of judges to meet workload demands. Staff assist the judiciary in establishing policies and priorities and in developing a long-range plan for the improvement of the courts. It is responsible for promulgating budget and personnel standards and for informing the legislature and the public about the operations and needs of the state courts. The office provides technical assistance to trial courts in a broad range of administrative areas including personnel, financial, and caseload management and facilities design. The State Court Administrator is the coordinating link between the court administrative structure and the judiciary.

EDUCATION AND TRAINING:

Develops programs to insure that court personnel stay abreast of new developments and meet mandatory education coursework requirements established by the Supreme Court. Judges must complete 45 hours of judicial education every three years. Court administrators and judicial district administrators must complete 45 hours of mandatory training every 3 years. Each new trial court employee must also complete 45 hours of mandatory training every 3 years. Each new trial court employee must also complete an orientation seminar.

Provides basic and advanced training on a wide variety of legal and management subjects for court personnel including judges, district administrators, court administrators and their deputies, and court specialty groups such as probate registrars, court reporters, guardians ad litem, and bailiffs. Limited programming is also provided for prosecutors and public defenders. New legislation, caselaw and changes in court procedures and technological developments necessitate continuous update of the information and skills being used by members of the judicial branch. Publishes and updates benchbooks to provide operational reference materials for court personnel.

EFFICIENCY MATTERS:

| | F.Y. 1987 | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| EDUCATION COURSE CO-SPONSORED | 24 | 21 | 22 | 24 | 25 |
| HOURS OF COURSE WORK PROVIDED | 216 | 268 | 240 | 260 | 270 |
| ATTENDANCE OF COURT PERSONNEL | 1,320 | 1,183 | 1,250 | 1,420 | 1,525 |
| AVERAGE HOURS PER COURSE | 55 | 56 | 56 | 59 | 61 |
| AVERAGE HOURS PER COURSE | 9.0 | 12.75 | 10.9 | 10.8 | 10.8 |
| AVERAGE COST PER COURSE | \$6,829 | \$9,697 | \$9,406 | \$8,833 | \$8,600 |
| AVERAGE COST PER PERSON PER COURSE | \$ 125 | \$ 172 | \$ 165 | \$ 149 | \$ 141 |
| AVERAGE COST PER PERSON PER HOUR | \$13.88 | \$13.49 | \$15.13 | \$13.79 | \$13.05 |

RESEARCH AND PLANNING:

Examines the structure and operation of the judicial system to identify court related problems and recommends organizational changes. Conducts research and makes recommendations for improvements in the areas of judicial resources, court management, redistricting, alternative dispute resolution processes, court processes, and restitution services. Conducts legal and management research required to draft statewide administrative policies and to respond to requests for legal and policy guidance on administrative procedures in appellate and trial courts. Publishes and updates benchbooks to provide operational reference material for court personnel. Conducts weighted caseload analysis, advises Supreme Court in the exercise of its sunset and transfer authority over trial court judgeships, presents statistical information on the work of the courts to the legislature, other governmental agencies and the public.

| | F.Y. 1987 | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|------------------------------|--------------|--------------|--------------|--------------|--------------|
| No. of Reserach Requests | 340 | 348 | 350 | 360 | 360 |
| No. of Major Projects | 5 | 5 | 5 | 6 | 6 |
| No. of Benchbooks Maintained | 1 | 2 | 2 | 2 | 2 |

INFORMATION SYSTEMS:

Designs, implements and operates automated trial and appellate court information systems, both for individual courts and judicial districts, to improve time payments revenue collection, efficiency of judicial and nonjudicial personnel, and accuracy of and access to court records. Collects and compiles milestone case information from all courts to monitor case flow, produces caseload statistics, supports evaluation of judicial resources and policy analysis. Analyzes and improves manual court administrative processes and procedures including office organization, financial management and records retention.

| | F.Y. 1987 | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|--|--------------|--------------|--------------|--------------|--------------|
| Cumulative No. Automated TCIS Courts | 28 | 40 | 56 | 76 | 86 |
| Cumulative No. Automated TCIS Judicial Districts | 2 | 3 | 4 | 6 | 9 |

PROGRAM: STATE COURT ADMINISTRATOR
(Continuation)
Agency: MINNESOTA SUPREME COURT

1990-91 Biennial Budget

JUDICIAL ADVISORY SERVICE:

Provides legal research for judges through the state of Minnesota.

| | F.Y. 1987 | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|------------------------------|--------------|--------------|--------------|--------------|--------------|
| Memos | 215 | 182 | 180 | 170 | 170 |
| Quick Memos | 150 | 174 | 190 | 190 | 190 |
| Materials Mailed | 37 | 42 | 50 | 50 | 50 |
| Association Mailings | 8 | 8 | 8 | | |
| Major Projects | 3 | 12 | 12 | 15 | 15 |
| District Administrator Memos | 10 | 12 | 10 | 10 | 10 |
| Law Clerk Assistance | 32 | 30 | 30 | 30 | 30 |

CLIENTELE: State Court Administration deals directly with 251 judges and over 1,500 court support personnel in the state. The effects of the efforts have an impact on the citizens involved in the more than 2,000,000 cases filed in the courts of the state in a year.

REVENUE:

This activity generates non-dedicated revenue.

| TYPE OF REVENUE | (Dollars in Thousands) | | | |
|-----------------|------------------------|-----------|-----------|-----------|
| | Actual | Act/Est | Estimate | Estimate |
| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| Non-dedicated | \$ -0- | \$ 441 | \$ 766 | \$ 766 |

This revenue is generated by the filing fee surcharge for TCIS and the sale of proprietary TCIS software.

EXPLANATION OF BUDGET REQUEST:

This budget request will fund the operation of the State Court Administrator's office in each of the areas described. Two CHANGE items are requested for this program. \$2,609 and 18.0 positions in F.Y. 1990 and \$2,666 and 23.0 positions in F.Y. 1991 are requested for programming support and to complete implementation of TCIS in 5.0 additional judicial districts. A half time position and \$43,000 in F.Y. 1990 and \$54,000 in F.Y. 1991 are requested for training in the area of Permanency Planning for Children.

Increased funding of \$179,000 in F.Y. 1990 and \$158,000 in F.Y. 1991 and 3.0 positions are requested for a technical assistance unit.

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Supreme Court to present its budgetary needs directly to the Legislature for consideration.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : MINN SUPREME COURT
PROGRAM : STATE COURT ADMINISTRATORS

| | | | F.Y. 1990 | | | | F.Y. 1991 | | | | | |
|-----------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|-------|-------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | | |
| ACTIVITY EXPENDITURES: | FY 1988 | FY 1989 | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | | | |
| STATE COURT ADMINISTRATORS | 3,169 | 4,385 | 4,131 | 2,831 | 6,962 | 4,131 | 4,225 | 2,878 | 7,103 | 4,225 | | |
| P TECHNICAL ASSIST UNIT | GEN | | | 179 | | 0 | | 158 | | 0 | | |
| P INFORMATION SYSTEMS | GEN | | | 2,609 | | 0 | | 2,666 | | 0 | | |
| P PERM. FAMILIES TASK FORCE | GEN | | | 43 | | 0 | | 54 | | 0 | | |
| TOTAL EXPENDITURES | | | 3,169 | 4,385 | 4,131 | 2,831 | 6,962 | 4,131 | 4,225 | 2,878 | 7,103 | 4,225 |
| SOURCES OF FINANCING: | | | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | | | |
| GENERAL | 3,048 | 3,686 | 4,129 | 2,831 | 6,960 | 4,129 | 4,223 | 2,878 | 7,101 | 4,223 | | |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | | | |
| SPECIAL REVENUE | 121 | 697 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| GIFTS AND DEPOSITS | 0 | 2 | 2 | 0 | 2 | 2 | 2 | 0 | 2 | 2 | | |
| TOTAL FINANCING | | | 3,169 | 4,385 | 4,131 | 2,831 | 6,962 | 4,131 | 4,225 | 2,878 | 7,103 | 4,225 |
| POSITIONS BY FUND: | | | | | | | | | | | | |
| GENERAL | 47.8 | 47.8 | 53.8 | 21.5 | 75.3 | 53.8 | 53.8 | 26.5 | 80.3 | 53.8 | | |
| SPECIAL REVENUE | 6.0 | 6.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | |
| TOTAL POSITIONS | | | 53.8 | 53.8 | 53.8 | 21.5 | 75.3 | 53.8 | 53.8 | 26.5 | 80.3 | 53.8 |

CHANGE REQUEST _____ Agency X Program _____ Activity 1990-91 Biennial Budget

ACTIVITY:

PROGRAM: STATE COURT ADMINISTRATOR

AGENCY: SUPREME COURT

REQUEST TITLE: TRIAL COURT TECHNICAL ASSISTANCE UNIT

| | F.Y. 1990 | | F.Y. 1991 | |
|----------------|-----------|-----------|-----------|-----------|
| | (000's) | | (000's) | |
| Agency Request | Amount | Positions | Amount | Positions |
| General Fund | \$ 180 | 3.0 | \$ 158 | 3.0 |

Governor's Recommendation

| | | | | |
|--------------|--------|-----|--------|-----|
| General Fund | \$ -0- | -0- | \$ -0- | -0- |
|--------------|--------|-----|--------|-----|

Request requires statutory change: _____ Yes X No

Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

This request will provide funding to the State Court Administrator for a technical assistance unit for the trial courts consisting of 2.0 professional and 1.0 secretarial positions.

DESCRIPTION/BACKGROUND:

The State Court Administrator regularly receives requests for technical assistance from the trial courts in widely divergent areas such as jury management, caseflow or calendar management, fiscal management, court facilities evaluation, and general management audits. Each of these areas involves specialized expertise. The rendering of technical assistance in these areas usually involves an on-site study of the problem, specialized data collection methods, interviews with affected individuals, which may include law enforcement, prosecution, defense, and trial lawyers in addition to judges, court personnel and county board members and staff, extensive analysis of the data and development of recommendations for action.

RATIONALE:

The current staffing level allows examination of issues on a project or special focus basis resulting in statewide policy guidelines; it does not permit examination of individual court problems to assist with the implementation of developed policies in a cost effective manner nor allow for the exploration and resolution of trial court problems except in rare instances.

Funding of this request would allow for the examination of the following types of issues: how to schedule the use of jurors more cost effectively; how to improve case scheduling to reduce backlog; how to remodel court facilities to provide adequate security, to better utilize limited space, to take advantage of new technologies; how to store court records so they can be accessed quickly with minimal storage space, how to reorganize office functions to improve operations, and how to streamline procedures to increase

productivity. The technical assistance unit would be available to provide the theoretical framework and implementation assistance necessary to convert the ideal to the real.

BASE: None.

| | (Dollars in Thousands) | | |
|---------------------------|------------------------|-----------|--------|
| LONG RANGE IMPLICATIONS: | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund Expenditures | \$ 158 | \$ 158 | \$ 316 |
| General Fund Positions | 3.0 | 3.0 | 3.0 |

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Supreme Court to present its budgetary needs directly to the Legislature for consideration.

CHANGE REQUEST _____ Agency X Program _____ Activity 1990-91 Biennial Budget

ACTIVITY:

PROGRAM: STATE COURT ADMINISTRATOR

AGENCY: SUPREME COURT

REQUEST TITLE: INFORMATION SYSTEMS

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-----------|-----------|-----------|-----------|
| | (000's) | | (000's) | |
| | Amount | Positions | Amount | Positions |
| General Fund | \$2,609 | 18.0 | \$2,666 | 23.0 |
| Governor's Recommendation | | | | |
| General Fund | \$ -0- | -0- | \$ -0- | -0- |

Request requires statutory change: _____ Yes X No

Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE: This request will provide funding to complete the implementation of the trial court information system in all of the judicial districts except the Fourth. The request includes 18.0 positions in F.Y. 1990 and 23.0 positions in F.Y. 1991, 3.0 operations personnel in each district and 8.0 programmers to maintain the system and customize programs to meet the particular needs of the districts.

DESCRIPTION/BACKGROUND: In 1980, the Information System Office presented to the Legislature a plan to implement on a phase-in basis automated court recordkeeping in each judicial district throughout the state. The computerized program (TCIS) provides for on line automation of court records. This program expedites access to court information, automatically produces court notices and calendars, updates all necessary subsidiary records, improves employee productivity, eliminates the need for costly record books and storage space, avoids personnel increases and facilitates improved case and fiscal management. Funding was authorized for implementation of one judicial district in the F.Y. 1981-83 biennium, but was later reallocated during the fiscal crisis. Nevertheless, several counties were implemented on a pilot basis during F.Y. 1981-83. During the 1984-85 biennium, \$400,000 was appropriated to automate the Tenth Judicial District north of the Twin Cities. In F.Y. 1986-87, \$563,000 was appropriated to install the TCIS system in the Seventh Judicial District which bisects the state from Moorhead to St. Cloud. In F.Y. 1988-89, \$890,000 was appropriated to implement TCIS in the Fifth and Eighth Judicial Districts. At the same time, additional individual counties have been brought onto TCIS on a "pilot basis" including Dakota County and parts of Ramsey and Olmsted Counties. By the end of F.Y. 89, TCIS will be implemented in 56 counties. In addition to the many operational benefits of TCIS to the local courts its automated records allow for extraction of comparable statistical data for state and local planning purposes and for the projection of judicial resource needs of the county, district and state through a weighted caseload analysis. The first weighted caseload study analyzing the need for judgeships was presented to the Legislature in 1981 and has provided the objective justification for the creation of 33 new judgeships and the transfer of 3 existing judgeships from districts having excess capacity to districts having a scarcity of judicial resources.

RATIONALE: The implementation of the TCIS automated recordkeeping program in

a variety of pilot counties and in the Third, Fifth, Seventh, Eighth, and Tenth Judicial Districts has proven that more efficient calendaring procedures result because TCIS tracks cases through their active phases and generates a variety of critical monitoring reports. In addition, its tracking capability has resulted in significantly increased revenues for local courts since compliance with time payment schedules can be more carefully monitored without additional personnel. Stearns County, for example, has been able to increase its revenues by \$10,000 per month as a result of implementing the TCIS program. Because of these tangible benefits to the court system in terms of efficiency and effectiveness, the Supreme Court seeks to complete its plan for implementation of TCIS in all remaining districts except the Fourth (Hennepin County).

During the F.Y. 1988-89 biennium, the information system office focused its attention on implementing the automated recordkeeping system in the Third, Fifth, Eighth Judicial Districts, improving operational efficiency to meet the system demands of an increased number of users, and enhanced the appellate courts recordkeeping and statistical system to improve its responsiveness to the management and recordkeeping needs of the Supreme and Appeals Courts. As a result trial court enhancement projects, notice generation, docket indexing, automatic calculation of fines and fees which will save manual effort, improve employee productivity and avoid personnel increases have been significantly delayed. In addition, program maintenance and report generation require the technical expertise of programmers to serve the specialized user needs. Additional programming staff are critically required for three reasons. First, as additional districts are brought online, adaptations to meet individual needs are imperative to make TCIS work effectively in the new environment (e.g. satellite locations in Ramsey and Dakota, not present in other TCIS counties.) Second, with 1,500 judicial branch personnel in 86 counties dependent on the TCIS program to conduct their daily court activities and to provide the information for the day to day management of the courts, the production of reports also tailored to meet particularized managements needs is critical to the continued support of the system. Third, a pending list of system enhancements which would have substantial pay offs in terms of increased productivity of court staff and system effectiveness cannot be undertaken without new resources. Finally, the move to the new judicial center which will occur in the spring of 1990 will require substantial staff resources to plan and execute to prevent our appellate and trial courts from being shut down during any significant transition period. Funding for 8 programmer positions in the 1990-91 biennium would also allow for these necessary enhancements and would cushion the impact of the disruption of moving and reinstalling the computer center in the new judicial building, a task which will absorb significant staff resources.

BASE: None.

| LONG RANGE IMPLICATIONS: | (Dollars in Thousands) | | |
|---------------------------|------------------------|-----------|----------|
| | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund Expenditures | \$ 2,666 | \$ 2,666 | \$ 5,332 |
| General Fund Positions | 23.0 | 23.0 | 46.0 |

GOVERNOR'S RECOMMENDATION: Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Supreme Court to present its budgetary needs directly to the Legislature for consideration.

CHANGE REQUEST _____ Agency X Program _____ Activity 1990-91 Biennial Budget

ACTIVITY:

PROGRAM: STATE COURT ADMINISTRATOR

AGENCY: SUPREME COURT

REQUEST TITLE: PERMANENT FAMILIES TASK FORCE

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|----------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 43 | .5 | \$ 54 | .5 |

Governor's Recommendation

| | | | | |
|--------------|--------|-----|--------|-----|
| General Fund | \$ -0- | -0- | \$ -0- | -0- |
|--------------|--------|-----|--------|-----|

Request requires statutory change: _____ Yes X No

Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

This request will fund .5 FTE in F.Y. 1990 and F.Y. 1991 to design and implement training programs for judges, attorneys, social service workers and guardians ad litem in the area of permanency planning for children residing outside their home by court order. In addition, funding is requested for the costs of the program and to reimburse travel expenses of the attendees.

DESCRIPTION/BACKGROUND:

In 1985 the Supreme Court appointed a Permanent Families Task Force to provide education and technical assistance to multi-disciplinary audiences (judges, attorneys, guardians ad litem, volunteers and social services personnel) in order to expedite the legal procedures through which abused or neglected dependent children are removed from temporary foster care, either by returning the child to the biological parent or freeing the child for adoption. Approximately 11,000 children a year are in temporary care. This program was funded by a grant from the National Council of Juvenile and Family Court Judges.

RATIONALE:

Caretakers who investigate the situations in which neglected, dependent, and abused children find themselves need to be aware of the legal constraints governing their actions. The welfare of the child depends on the knowledgeable interaction of legal system participants so that the courts obtain the best possible information upon which to make decisions which affect the child's future. Ther inter-disciplinary training approach allows sharing of procedural information from diverse perspectives and the development of a problem solving approach in a developing area of the law. The Court anticipates providing at least 1 multi day and several single day training sessions each year of the biennium.

BASE: None.

| LONG RANGE IMPLICATIONS: | (Dollars in Thousands) | | |
|---------------------------|------------------------|-----------|-------|
| | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund Expenditures | \$ 40 | \$ 40 | \$ 80 |

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Supreme Court to present its budgetary needs directly to the Legislature for consideration.

PROGRAM: MINNESOTA STATE LAW LIBRARY
Agency: MINNESOTA SUPREME COURT

1990-91 Biennial Budget

PROGRAM PURPOSE:

This program provides research and information services on a statewide basis to users of legal data. A complete range of traditional and automated professional library functions are offered at two locations in the capitol complex; limited services are offered in a downtown location and at a crosstown storage facility. The program offers advisory services to all 87 county law libraries, manages a computerized legal data service and participates in interlibrary consortium and mutual projects on a local, state and national level. The objectives of this program are to promote the administration of justice through the selection and organization of, and assured access to, the collection of authority (laws, statutes, government documents and regulations) and explanations of the authority (journals, law reviews and treatises) that controls the relationship between the citizen and society.

OPERATION:

The following are the agency's principal activities and services.

1. The public services staff provides reference and circulation assistance so that users may fully utilize library resources. Their expertise is especially useful in suggesting research strategies to locate cases, statutes, regulations, and books on point.
2. The technical services staff handles the acquisitions, processing, cataloging, and conservation of the library's resources using the latest in automated technology. In addition, state government libraries, county and academic law libraries, benefit from 3 technical services programs; shared government documents, county law library cataloging, and briefs on microfiche.
3. The library, in cooperation with several other libraries, participates in the production and distribution of the records and briefs of cases argued before the Minnesota Supreme Court and the Court of Appeals. The microfiche format saves shelf space, binding costs, and staff time needed to process documents.
4. Under contract with the Department of Corrections, the library provides inmates in Minnesota's five adult correctional institutions with access to legal materials and information. Librarians assigned to the program make regular visits to the prisons supplementing the institutional core collections with materials and research results from the library's collection.
5. The library is required by law to advise and assist development of county law libraries throughout the state. The librarian assigned to coordinate the project makes on-site visits to the libraries and submits recommendations for solving problems or issues confronting the boards of trustees. The coordinator also provides training in law library management and develops cooperative programs.
6. The library operates the first computer-assisted legal research program available throughout the state. This service provides users with an economical way to utilize the most advanced legal research techniques.

MAJOR POLICY ISSUES:

Recent technological advances have disrupted time-honored patterns and altered the way legal research is done. These sweeping changes have also had a tremendous effect on the way we conceptualize and think about the law. The fundamental and pivotal role law plays in society demands that the impact of technology be understood and that careful plans are made to harness this awesome power for the use of the Judiciary, other state agencies and the general public. For over 135 years, the law library has performed this vital function. Appropriate action spread over the next biennium would continue work started 2 years ago and enable the staff to look at, evaluate, recommend and implement the systems and programs that most effectively meet the needs of our clientele.

EXPLANATION OF BUDGET REQUEST:

The law library has 3 CHANGE level requests. It seeks \$32,000 in F.Y. 1990 and \$35,000 in F.Y. 1991 to maintain current collections; \$40,000 in F.Y. 1990 and \$32,000 in F.Y. 1991 for a library specialist in information; and \$5,000 in F.Y. 1990 and \$13,000 in F.Y. 1991 for maintaining the on-line library catalogue.

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Supreme Court to present its budgetary needs directly to the Legislature for consideration.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : MINN SUPREME COURT
PROGRAM : LAW LIB OPS

| ACTIVITY EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|------------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| LAW LIBRARY OPERAT'S | 728 | 821 | 807 | 77 | 884 | 807 | 1,039 | 80 | 1,119 | 1,039 |
| B COLLECTION RESOURCES | GEN | | | 32 | | 0 | | 35 | | 0 |
| B LIBRARY SPECIALIST IN INFO | GEN | | | 40 | | 0 | | 32 | | 0 |
| B ONLINE CATALOGUE MAINT. | GEN | | | 5 | | 0 | | 13 | | 0 |
| COMP-LEGAL RESEARCH | 8 | 14 | 14 | 0 | 14 | 14 | 14 | 0 | 14 | 14 |
| OTHER LIBRARY SERV | 97 | 152 | 152 | 0 | 152 | 152 | 152 | 0 | 152 | 152 |
| TOTAL EXPENDITURES | 833 | 987 | 973 | 77 | 1,050 | 973 | 1,205 | 80 | 1,285 | 1,205 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 728 | 821 | 807 | 77 | 884 | 807 | 1,039 | 80 | 1,119 | 1,039 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| SPECIAL REVENUE | 105 | 162 | 162 | 0 | 162 | 162 | 162 | 0 | 162 | 162 |
| GIFTS AND DEPOSITS | 0 | 4 | 4 | 0 | 4 | 4 | 4 | 0 | 4 | 4 |
| TOTAL FINANCING | 833 | 987 | 973 | 77 | 1,050 | 973 | 1,205 | 80 | 1,285 | 1,205 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 11.0 | 11.0 | 11.0 | 1.0 | 12.0 | 11.0 | 11.0 | 1.0 | 12.0 | 11.0 |
| TOTAL POSITIONS | 11.0 | 11.0 | 11.0 | 1.0 | 12.0 | 11.0 | 11.0 | 1.0 | 12.0 | 11.0 |

ACTIVITY: LAW LIBRARY OPERATIONS
Program: MINNESOTA STATE LAW LIBRARY
Agency: MINNESOTA SUPREME COURT

1990-91 Biennial Budget

PURPOSE:

To provide a reasonable, complete, up-to-date and accessible collection of well-selected, traditional and on-line legal materials for the use by all patrons; to advise and assist county law libraries; to promote the establishment of a retrievable body of Minnesota legal literature.

DESCRIPTION:

The State Law Library is a legal resource center that enables its users to perform competent legal research and legal writing and obtain legal information in general American law and law-related subjects. The library serves the needs of:

1. various units of the Judicial, Executive and Legislative branches;
2. the legal profession;
3. various units of local and metropolitan government;
4. other law, public and academic libraries; and
5. the general public.

At 2 separate locations in the Capitol complex, the downtown location of the Court of Appeals and at a crosstown storage site, the library offers a full range of professional library activities, including indepth research and reference help to users in the library as well as those who have telephoned for assistance. The library also operates an automated legal research service. In addition, the library circulates its material to and borrows material from libraries throughout the state and nation for its clientele.

ACTIVITY STATISTICS:

| | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|-----------------------------|------------------|------------------|------------------|------------------|
| No. of Reference Requests | 15,673 | 16,848 | 18,533 | 20,757 |
| Circulation of Resources | 4,472 | 4,847 | 5,332 | 5,572 |
| Photocopy Requests | 734 | 789 | 868 | 972 |
| No. of Titles Cataloged | 1,700 | 2,200 | 2,000 | 2,000 |
| No. of Govt. Doc. Processed | 13,000 | 14,000 | 15,000 | 16,000 |

REVENUE:

This activity generates dedicated revenue from copy machine fees

| | <u>(Dollars in Thousands)</u> | | | |
|-----------|-------------------------------|------------------|------------------|------------------|
| | <u>Actual</u> | <u>Act/Est</u> | <u>Estimate</u> | <u>Estimate</u> |
| | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
| Dedicated | \$ 15 | \$ 15 | \$ 16 | \$ 17 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : MINN SUPREME COURT
PROGRAM : LAW LIB OPS
BUDGET ACTIVITY : LAW LIBRARY OPERAT'S

| EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|------------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 352 | 382 | 396 | 32 | 428 | 396 | 396 | 32 | 428 | 396 |
| EXPENSES/CONTRACTUAL SRVCS | 153 | 161 | 161 | 0 | 161 | 161 | 393 | 0 | 393 | 393 |
| MISC OPERATING EXPENSES | 10 | 13 | 13 | 0 | 13 | 13 | 13 | 0 | 13 | 13 |
| SUPPLIES/MATERIALS/PARTS | 213 | 230 | 230 | 37 | 267 | 230 | 230 | 40 | 270 | 230 |
| CAPITAL EQUIPMENT | 0 | 35 | 7 | 8 | 15 | 7 | 7 | 8 | 15 | 7 |
| TOTAL EXPENDITURES | 728 | 821 | 807 | 77 | 884 | 807 | 1,039 | 80 | 1,119 | 1,039 |
| CHANGE REQUESTS: | | FUND | | | | | | | | |
| B COLLECTION RESOURCES | | GEN | | 32 | | 0 | | 35 | | 0 |
| B LIBRARY SPECIALIST IN INFO | | GEN | | 40 | | 0 | | 32 | | 0 |
| B ONLINE CATALOGUE MAINT. | | GEN | | 5 | | 0 | | 13 | | 0 |
| TOTAL CHANGE REQUESTS | | | | 77 | | 0 | | 80 | | 0 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 728 | 821 | 807 | 77 | 884 | 807 | 1,039 | 80 | 1,119 | 1,039 |
| TOTAL FINANCING | 728 | 821 | 807 | 77 | 884 | 807 | 1,039 | 80 | 1,119 | 1,039 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 11.0 | 11.0 | 11.0 | 1.0 | 12.0 | 11.0 | 11.0 | 1.0 | 12.0 | 11.0 |
| TOTAL POSITIONS | 11.0 | 11.0 | 11.0 | 1.0 | 12.0 | 11.0 | 11.0 | 1.0 | 12.0 | 11.0 |

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: LAW LIBRARY OPERATIONS
PROGRAM: MINNESOTA STATE LAW LIBRARY
AGENCY: SUPREME COURT

REQUEST TITLE: COLLECTION RESOURCES

| | F.Y. 1990 (000's) | | F.Y. 1991 (000's) | |
|----------------|----------------------|-----------|----------------------|-----------|
| Agency Request | Amount | Positions | Amount | Positions |
| General Fund | \$ 32 | -0- | \$ 35 | -0- |

Governor's Recommendation

| | | | | |
|--------------|--------|-----|--------|-----|
| General Fund | \$ -0- | -0- | \$ -0- | -0- |
|--------------|--------|-----|--------|-----|

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests the above dollar amounts to maintain its collection of specialized resources and to gain access to legal information available in electronic formats.

DESCRIPTION/BACKGROUND:

PRINT. In the last biennium, the law library embarked on a program to eliminate duplicate and outdated material so that the cost of maintaining an up-to-date collection of material could be brought under control. For the most part, our efforts have been successful. There remains, however, the practice of legal publishers to recodify and republish the largest and most essential of multi-volume works. These sets are fundamental and the law library is the only statewide agency that has them.

ELECTRONIC. A parallel development to the republication of multi-volume print sets has been the publication of information in an electronic format. This development is based on the belief that certain information changes so rapidly that is outdated by the time the printing press begins to roll. When this occurs, the emphasis in libraries shifts from collection to access. The Judiciary and our users should not be limited by what the law library has. Rather for this type of resource, we should be judged by what we can provide.

RATIONALE:

This CHANGE request allows the law library to keep pace with publishing practices and emerging ways of organizing information. To do less than offer the most complete information would not only be a disservice to the Judiciary and its other clientele, it would seriously affect the law library's role as the legal resource center for those who cannot be helped by other law libraries.

BASE: (Dollars in Thousands)

| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|---------------------------|-----------|-----------|-----------|-----------|
| General Fund Expenditures | \$ 106 | \$ 106 | \$ 106 | \$ 106 |

LONG RANGE IMPLICATIONS: (Dollars in Thousands)

| | F.Y. 1992 | F.Y. 1993 | Total |
|---------------------------|-----------|-----------|-------|
| General Fund Expenditures | \$ 32 | \$ 35 | \$ 77 |

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Supreme Court to present its budgetary needs directly to the Legislature for consideration.

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: LAW LIBRARY OPERATIONS
PROGRAM: MINNESOTA STATE LAW LIBRARY
AGENCY: SUPREME COURT

REQUEST TITLE: LIBRARY SPECIALIST IN INFORMATION

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|----------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 40 | 1.0 | \$ 32 | 1.0 |

Governor's Recommendation

| | | | | |
|--------------|--------|-----|--------|-----|
| General Fund | \$ -0- | -0- | \$ -0- | -0- |
|--------------|--------|-----|--------|-----|

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests the above position to facilitate planning, decision-making and implementation of library automation and the use of new information technology. The goal is to amend and shape the Law Library's policies so that they reflect the perspective, flexibility and directional stability required of a state-of-the-art legal resource center.

DESCRIPTION/BACKGROUND:

Technology offers opportunities of enhanced access, delivering information faster, to more locations, with more effective retrieval capabilities, and in formats that provide users greater flexibility for individual manipulation of the data. The Library has laid the foundation and taken a number of important and successful steps toward automating various library administrative and service functions. These have included the use of microcomputer applications to handle routine procedures, an on-line catalog, and installation of a computer-assisted research service. The emphasis in libraries has begun to shift from collections to access. Users should not be limited to what the Library has, but to what it can provide. If the Library fails to keep pace with new information technology, its past investment in collections and services and its role as a legal information resource for the state will be seriously undermined.

RATIONALE:

The Law Library has been fortunate to have knowledgeable people involved in automation decision-making. However, this is just 1 of many secondary responsibilities. The Library needs a position devoted to the systematic development of an information policy which will cost-effectively utilize new technology such as optical digital disc, computer networks, cable communications and telefacsimile. The position also will direct education of staff, court personnel and library users regarding existing and future library automation and information technology. The request in F.Y. 1990 includes the computer workstation necessary to carry out these tasks.

BASE: None.

| LONG RANGE IMPLICATIONS: | (Dollars in Thousands) | | |
|---------------------------|------------------------|-----------|-------|
| | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund Expenditures | \$ 32 | \$ 32 | \$ 64 |

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Supreme Court to present its budgetary needs directly to the Legislature for consideration.

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: LAW LIBRARY OPERATIONS
PROGRAM: MINNESOTA STATE LAW LIBRARY
AGENCY: SUPREME COURT

REQUEST TITLE: ONLINE CATALOGUE MAINTENANCE AND CATALOGING WORKSTATION

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|----------------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 5 | -0- | \$ 13 | -0- |
| Governor's Recommendation | | | | |
| General Fund | \$ -0- | -0- | \$ -0- | -0- |

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

1. The agency requests \$5,000 per annum to maintain the PALS online catalogue if funding is not continued through the Department of Education.
2. An additional \$8,000 is requested in F.Y. 1991 to purchase the cataloging workstation needed to maintain national cataloging standards. The goal is to maintain the ability to share resources both locally and nationally.

DESCRIPTION/BACKGROUND:

1. The Pals online catalog is the system of choice for state government libraries. Installation was funded by the Legislature through the Department of Education. A request for the cost of maintaining the catalog for participating state government libraries is currently in the Department of Education budget. If this is denied, the Law Library's operating budget must be increased to cover this service.
2. The OCLC cataloging workstation is used to create the machine readable records which become the online catalogue.

RATIONALE:

1. The PALS online catalogue replaces the card catalogue and greatly improves access to the collection through full-text searching and manipulation of the bibliographic records. PALS also allows State Law Library users to search the holdings of the University of Minnesota, other state agencies, the Legislative Reference Library, the Historical Society, and 28 state universities, private colleges, and community colleges throughout the state.

2. A new workstation is necessary to replace outmoded, depreciated equipment. The workstation is a basic tool of cataloging which provides our users with necessary information about the library's collections. The cataloging process disseminates this information throughout the state and nation.

BASE: None.

| LONG RANGE IMPLICATIONS: | (Dollars in Thousands) | | |
|---------------------------|------------------------|-----------|-------|
| | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund Expenditures | \$ 5 | \$ 5 | \$ 10 |

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Supreme Court to present its budgetary needs directly to the Legislature for consideration.

ACTIVITY: COMPUTER ASSISTED LEGAL RESEARCH **1990-91 Biennial Budget**
Program: MINNESOTA STATE LAW LIBRARY
Agency: MINNESOTA SUPREME COURT

PURPOSE:

To provide cost-effective computerized legal research and legal information searches to those patrons who do not have access to automated legal data.

DESCRIPTION:

Under contract terms with a commercial publisher of legal information, the program provides access to electronically retrievable legal data through the Computer Assisted Legal Research Program (CALR). A specially trained operator formulates queries with the patron and inputs the search into the computer. The patron is billed for the time the agency is charged by the commercial publisher plus a small fee to cover administrative costs.

REVENUE:

This activity generates and is supported by dedicated revenue.

| | (Dollars in Thousands) | | | |
|-----------|------------------------|-----------|-----------|-----------|
| | Actual | Act/Est | Estimate | Estimate |
| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| Dedicated | \$ 7 | \$ 9 | \$ 10 | \$ 12 |

BUDGET REQUEST:

This activity is funded by dedicated revenue generated by the service.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : MINN SUPREME COURT
PROGRAM : LAW LIB OPS
BUDGET ACTIVITY : COMP-LEGAL RESEARCH

| | F.Y. 1990 | | | | | | F.Y. 1991 | | | |
|----------------------------|-----------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| EXPENDITURES: | FY 1988 | FY 1989 | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| EXPENSES/CONTRACTUAL SRVCS | 8 | 13 | 13 | 0 | 13 | 13 | 13 | 0 | 13 | 13 |
| MISC OPERATING EXPENSES | 0 | 1 | 1 | 0 | 1 | 1 | 1 | 0 | 1 | 1 |
| TOTAL EXPENDITURES | 8 | 14 | 14 | 0 | 14 | 14 | 14 | 0 | 14 | 14 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| SPECIAL REVENUE | 8 | 14 | 14 | 0 | 14 | 14 | 14 | 0 | 14 | 14 |
| TOTAL FINANCING | 8 | 14 | 14 | 0 | 14 | 14 | 14 | 0 | 14 | 14 |
| POSITIONS BY FUND: | | | | | | | | | | |
| TOTAL POSITIONS | | | | | | | | | | |

ACTIVITY: OTHER LIBRARY SERVICES
Program: MINNESOTA STATE LAW LIBRARY
Agency: MINNESOTA SUPREME COURT

1990-91 Biennial Budget

PURPOSE:

The State Law Library performs specialized library services for diverse clientele. Among those services are:

A. Special Library Services

Centralizes the special processing of law library materials among state agency and county law libraries in a cost-effective labor-saving manner.

| | Actual F.Y. 1988 | Act/Est F.Y. 1989 | Estimate F.Y. 1990 | Estimate F.Y. 1991 |
|------------------------------|---------------------|----------------------|-----------------------|-----------------------|
| Title cataloged for counties | 700 | 800 | 900 | 950 |
| Briefs (sets) processed | 1,700 | 1,750 | 1,800 | 1,825 |
| Govt. Doc. (inc. microfiche) | 13,000 | 14,000 | 15,000 | 16,000 |

EFFECTIVENESS MEASURES:

| Participants: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|---------------------|-----------|-----------|-----------|-----------|
| County Cataloging | 10 | 10 | 11 | 12 |
| Briefs Subscription | 11 | 10 | 10 | 11 |
| Shared Documents | 11 | 12 | 13 | 14 |

DESCRIPTION:

COUNTY CATALOGING - County law libraries and other state agencies without the staff or expertise to catalog legal materials may contract with the State Law Library to provide the cataloging.

BRIEFS ON MICROFICHE - The library, in cooperation with several other libraries, participates in the preparation and distribution of the records and briefs of the Minnesota appellate courts. The microfiche format saves shelf space, binding costs, and staff time necessary to process documents.

SHARE GOVT. DOCUMENTS - Under this program, the library as a Federal government depository library, selects items on behalf of other Capitol area libraries unable to qualify as depository libraries. As documents are received free of charge, this program has resulted in considerable savings to participating libraries.

B. Provides Minnesota prisoners with access to legal materials. Under contract with the Department of Corrections, circuit-riding librarians provide legal information services to inmates in the five adult correctional institutions eliminating costly duplication of library materials.

C. County Law Library Project

Ensures equal access to legal resources for all Minnesota citizens through the development of the county law library system. The law library provides advice and assistance in all aspects of county law library operation and maintenance pursuant to M.S. 140.47. Funding for

such services as on-site consultation, training, and publication of a bulletin is provided by county contribution.

REVENUE:

These services are supported by dedicated user fees.

| | (Dollars in Thousands) | | | |
|----------------------|------------------------|----------------------|-----------------------|-----------------------|
| | Actual F.Y. 1988 | Act/Est F.Y. 1989 | Estimate F.Y. 1990 | Estimate F.Y. 1991 |
| County Law Library | \$ 6 | \$ 7 | \$ 8 | \$ 8 |
| Microfilming | 26 | 33 | 33 | 33 |
| Cataloging | 1 | 1 | 1 | 1 |
| Book Sales | 3 | 3 | 3 | 3 |
| TOTAL Revenue | \$ 36 | \$ 44 | \$ 45 | \$ 45 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : MINN SUPREME COURT
PROGRAM : LAW LIB OPS
BUDGET ACTIVITY : OTHER LIBRARY SERV

| EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|----------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 61 | 72 | 72 | 0 | 72 | 72 | 72 | 0 | 72 | 72 |
| EXPENSES/CONTRACTUAL SRVCS | 22 | 38 | 38 | 0 | 38 | 38 | 38 | 0 | 38 | 38 |
| MISC OPERATING EXPENSES | 6 | 10 | 10 | 0 | 10 | 10 | 10 | 0 | 10 | 10 |
| SUPPLIES/MATERIALS/PARTS | 6 | 30 | 30 | 0 | 30 | 30 | 30 | 0 | 30 | 30 |
| CAPITAL EQUIPMENT | 2 | 2 | 2 | 0 | 2 | 2 | 2 | 0 | 2 | 2 |
| TOTAL EXPENDITURES | 97 | 152 | 152 | 0 | 152 | 152 | 152 | 0 | 152 | 152 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| SPECIAL REVENUE | 97 | 148 | 148 | 0 | 148 | 148 | 148 | 0 | 148 | 148 |
| GIFTS AND DEPOSITS | 0 | 4 | 4 | 0 | 4 | 4 | 4 | 0 | 4 | 4 |
| TOTAL FINANCING | 97 | 152 | 152 | 0 | 152 | 152 | 152 | 0 | 152 | 152 |
| POSITIONS BY FUND: | | | | | | | | | | |
| TOTAL POSITIONS | | | | | | | | | | |

1989-91 BIENNIAL BUDGET

PROGRAM STRUCTURE

AGENCY: COURT OF APPEALS

PROGRAM

ACTIVITIES

SECTION

PAGE

COURT OF APPEALS -----| Court of Appeals

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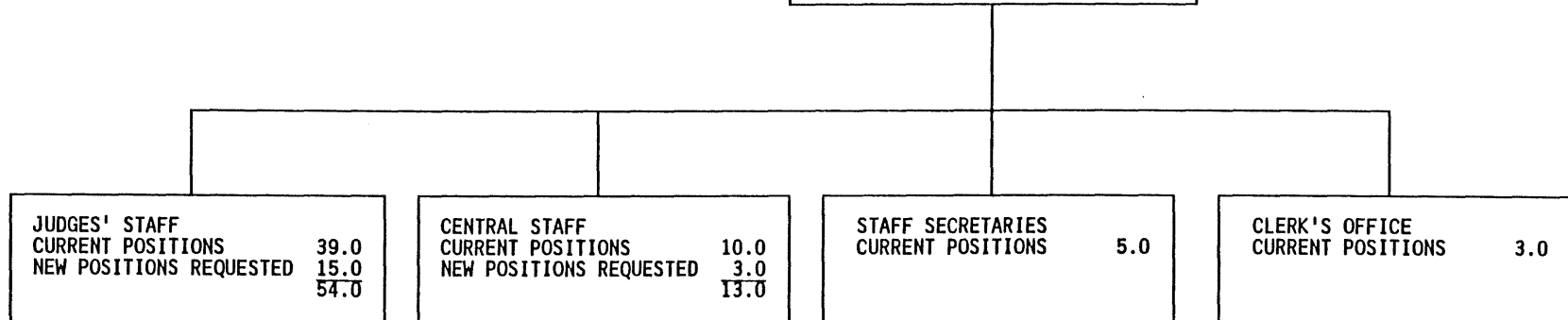
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| <u>POSITION RECONCILIATION</u> | | |
|--|---------------------|------------------------------|
| AUTHORITY: | <u>CURRENT FY89</u> | <u>REQUESTED FOR 6-30-91</u> |
| LEGISLATIVE AUTHORIZED GENERAL FUND | 70.0 | 93.0 |
| BUDGETARY AUTHORIZED | 3.0 | 3.0 |
| TOTAL AUTHORIZED POSITIONS | 73.0 | 96.0 |
| EMPLOYEES ON 6-30-88 | 75.0 | |

COURT OF APPEALS

ORGANIZATION CHART
CURRENT AS OF 11/1/88

| | |
|-------------------------|-------------|
| COURT OF APPEALS JUDGES | |
| CURRENT POSITIONS | 13.0 |
| NEW POSITIONS REQUESTED | 5.0 |
| | <u>18.0</u> |



AGENCY: COURT OF APPEALS

1990-91 Biennial Budget

AGENCY PURPOSE:

The Court of Appeals reviews all appeals from the trial courts, except first degree murder cases and legislative election contests, and from most administrative agency appeals. The court is charged with correcting error in those appealed decisions. The court hears cases at its chambers in the Amhoist Tower Building, downtown St. Paul and in each of the 9 other judicial districts to provide convenient access to litigants. The court complies with the statutory mandate to dispose of cases within 90 days of hearing or submission on briefs. The court has achieved a median case processing time of 182 days from filing to dispositional order or opinion. The records of the Court of Appeals are maintained by the office of the Clerk of Appellate Courts in the State Capitol.

MAJOR POLICY ISSUES:

1. To obtain resources necessary to continue to dispose of cases within the statutorily mandated 90 days from hearing limit.
2. To develop a mechanism for identifying important cases to be expedited directly to the Supreme Court.
3. To provide an administrative structure which supports the efficient processing of cases.

EFFICIENCY MEASURES:

| | <u>F.Y. 1987</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|----------------------------|------------------|------------------|------------------|------------------|------------------|
| Cases Filed | 2,280 | 2,462 | 2,659 | 2,872 | 3,101 |
| Median Days to Disposition | 186 | 182 | 180 | 180 | 180 |

REVENUE:

This activity generates non-dedicated revenue from filing fees and penalty assessments against delinquent attorneys.

TYPE OF REVENUE:

Non-dedicated (Collected by the Clerk of Appellate Courts and shown with Supreme Court revenues.)

EXPLANATION OF BUDGET REQUEST:

New funding is requested for 5 new judgeships including support staff and services. Three judges are requested in F.Y. 1990 and 2 in F.Y. 1991. Three law clerk positions to support retired judges serving with the Court of Appeals are requested.

| <u>INDEX</u> | (Dollars in Thousands) | | <u>Page</u> |
|-----------------------------|-------------------------|----------------------------------|-------------|
| | <u>Agency Request</u> | <u>Governor's Recommendation</u> | |
| | <u>1990-91 Biennium</u> | <u>1990-91 Biennium</u> | |
| | <u>All Funds</u> | <u>All Funds</u> | |
| BASE Level Request | \$ 8,066 | \$ 8,066 | |
| Agency-wide CHANGE Requests | | | |
| Judgeships/Support Staff | 1,723 | -0- | 36 |
| Subtotal | \$ 1,723 | \$ -0- | |
| CHANGE Requests Subtotal | \$ 1,723 | \$ -0- | |
| AGENCY Total | \$ 9,789 | \$ 8,066 | |

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Court of Appeals to present its budgetary needs directly to the Legislature for consideration.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : COURT OF APPEALS
PROGRAM : COURT OF APPEALS
BUDGET ACTIVITY : COURT OF APPEALS

| EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|----------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 2,826 | 3,083 | 3,178 | 630 | 3,808 | 3,178 | 3,178 | 982 | 4,160 | 3,178 |
| EXPENSES/CONTRACTUAL SRVCS | 472 | 560 | 755 | 50 | 805 | 755 | 635 | 5 | 640 | 635 |
| MISC OPERATING EXPENSES | 101 | 138 | 107 | 10 | 117 | 107 | 107 | 15 | 122 | 107 |
| SUPPLIES/MATERIALS/PARTS | 46 | 50 | 50 | 5 | 55 | 50 | 50 | 8 | 58 | 50 |
| CAPITAL EQUIPMENT | 36 | 3 | 3 | 10 | 13 | 3 | 3 | 8 | 11 | 3 |
| TOTAL EXPENDITURES | 3,481 | 3,834 | 4,093 | 705 | 4,798 | 4,093 | 3,973 | 1,018 | 4,991 | 3,973 |
| CHANGE REQUESTS: | | | | | | | | | | |
| | | | | | | | | | | |
| A JUDGESHIP/SUPPORT STAFF | | | | 705 | | 0 | | 1,018 | | 0 |
| TOTAL CHANGE REQUESTS | | | | 705 | | 0 | | 1,018 | | 0 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 3,481 | 3,832 | 4,091 | 705 | 4,796 | 4,091 | 3,971 | 1,018 | 4,989 | 3,971 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| GIFTS AND DEPOSITS | 0 | 2 | 2 | 0 | 2 | 2 | 2 | 0 | 2 | 2 |
| TOTAL FINANCING | 3,481 | 3,834 | 4,093 | 705 | 4,798 | 4,093 | 3,973 | 1,018 | 4,991 | 3,973 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 70.0 | 70.0 | 70.0 | 15.0 | 85.0 | 70.0 | 70.0 | 23.0 | 93.0 | 70.0 |
| TOTAL POSITIONS | 70.0 | 70.0 | 70.0 | 15.0 | 85.0 | 70.0 | 70.0 | 23.0 | 93.0 | 70.0 |

CHANGE REQUEST 1990-91 Biennial Budget
☒ Agency _____ Program _____ Activity _____

ACTIVITY:
 PROGRAM: COURT OF APPEALS
 AGENCY: COURT OF APPEALS

REQUEST TITLE: JUDGESHIPS/SUPPORT STAFF

| | F.Y. 1990 | | F.Y. 1991 | |
|----------------------------------|-------------------|-----------|-------------------|-----------|
| Agency Request | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 705 | 15.0 | \$1,018 | 23.0 |
| Governor's Recommendation | | | | |
| General Fund | \$ -0- | -0- | \$ -0- | -0- |

Request requires statutory change: _____ Yes ☒ No
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The Court of Appeals requests 3 judge units (a judge, secretary and 2 law clerks) in F.Y. 1990 and 2 judge units in F.Y. 1991. The court also requests 3 law clerks to assist the retired judge complement at the court.

DESCRIPTION/BACKGROUND:

The Court of Appeals was established in 1983. In 1984, the first full year of operation, the court had 12 judges and filings of 2,036, a judge to filing ratio of 1:169. In 1991 the court is expected to have filings of 3,101. With the addition of 5 requested judges, the judge to filing ratio in 1991 will be 1:172. M.S. 480A.01 provides for 1 judge for every 100 filings or a total of 31 judges instead of the present 13. The Court of Appeals hears cases in panels of 3 judges. It is requesting 1 additional panel in F.Y. 1990 and 2 judges to complete a panel in F.Y. 1991. The court will continue to rely on retired judges to allow for vacations, to provide emergency relief in event of illness, and to provide supplemental assistance to enable the court to meet the statutory disposition guidelines. The court used the equivalent of 3 FTE retired judges in 1988 and in spite of that assistance, the court has not been able to maintain or reduce its number of pending cases.

RATIONALE:

The Court of Appeals has implemented a case management system using the automated appellate court information system which tracks cases at various critical events. To move the cases through the appellate process requires the active intervention of judges and staff attorneys. The administrative work of monitoring and expediting the cases is required to keep the cases flowing smoothly and swiftly through the system and is in addition to the research and review necessary to decide the cases.

The Court of Appeals is committed to maintaining the dispositional time standards indicated by the Legislature. In order to accomplish that goal in light of the 45% increase in filings in a 5 year period, with the concomitant increase in administrative workload, the court must have additional judicial resources. This request would barely allow the court to maintain the 1984 judge/filing ratio and continue to deliver opinions in an effective and efficient manner.

BASE: None.

| LONG RANGE IMPLICATIONS: | (Dollars in Thousands) | | |
|--------------------------|------------------------|-----------|----------|
| | F.Y. 1992 | F.Y. 1993 | Total |
| | \$ 1,018 | \$ 1,018 | \$ 2,036 |

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Court of Appeals to present its budgetary needs directly to the Legislature for consideration.

1990-91 BIENNIAL BUDGET
PROGRAM STRUCTURE

AGENCY: TRIAL COURTS

PROGRAMS

ACTIVITIES

SECTION

PAGE

TRIAL COURTS -----| Trial Courts

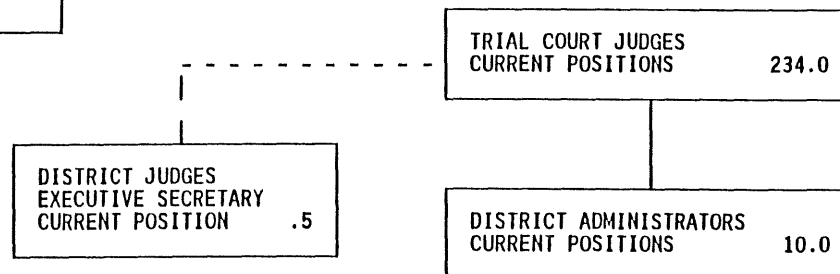
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| <u>POSITION RECONCILIATION</u> | | |
|--|---------------------|----------------------------------|
| AUTHORITY: | <u>CURRENT FY89</u> | <u>REQUESTED FOR 6-30-91</u> |
| LEGISLATIVE AUTHORIZED GENERAL FUND | 244.5 | 254.5 |
| AUTHORIZED FY90-91 | 10.0 | |
| TOTAL AUTHORIZED POSITIONS | 254.5 | 254.5 |
| EMPLOYEES ON 6-30-88 | 243.5 | |

TRIAL COURTS

ORGANIZATION CHART
CURRENT AS OF 11/1/88



AGENCY: TRIAL COURTS

1990-91 Biennial Budget

AGENCY PURPOSE:

In order to assure a more uniform delivery of judicial services, the state has assumed the responsibility for the salaries and expenses of all trial court judges. To improve the administrative procedures of the courts and coordinate court business within a judicial district, the state funds the salaries of ten judicial administrators and the expense of providing an executive secretary for the district judges association.

OPERATIONS AND CLIENTELE:

Judges are elected within a judicial district to hear and decide cases. They are subject to the assignment power of the Chief Judge or Chief Justice and may be assigned to hear cases in a county other than the site of their chambers as workload demands. Judges generally travel among the several counties in their judicial district to dispose of cases, or they may travel to another district to assist with the caseload. Travel costs and certain office expenses specified by statute are reimbursed by the state.

Judicial District Administrators are assigned to each of the judicial districts and work with the judges, lawyers and local court administrators to expedite the caseload and to improve court management and administrative procedures.

The Executive Secretary for the District Judges Association assists the district judges in fulfilling the statutory mandate of M.S. 484.33 to meet and revise the rules of practice in the district courts. The Executive Secretary plans for and coordinates the activities of the meetings of the district judges, keeps associational minutes, and informs judges of organizational concerns.

Trends which affect the State Court Judges and Administrators include:

1. Increasing caseload statewide and increased flexibility in using judges between courts and among districts.
2. Supreme Court Order mandating 45 hours of continuing judicial education.
3. Call of the Chief Justice of a statewide judicial conference each year pursuant to M.S. 480.18.
4. Efforts to reduce trial courts backlog and delay.
5. Caselaw and statutes which require state payment of worker's compensation claims and indemnification costs for local court personnel.

REVENUE:

None.

EXPLANATION OF BUDGET REQUEST:

Funds are requested for salaries of trial court judges and district administrators, the services of retired judges, for the annual judicial conference called by the Chief Justice pursuant to M.S. 480.18 E, educational expenses and for expenses authorized by statute. Reimbursement of \$100 professional association dues for each judge is included in this request. Continued funding for the Executive Secretary of the District Judges Associa-

tion is requested. \$380 in F.Y. 1990 and \$330 in F.Y. 1991 are requested for the payment of worker's compensation claims and indemnification costs, for seed money to encourage the trial courts to invest in modern technology, for travel expenses and statutory costs for judgeships created in 1987.

| (Dollars in Thousands) | | | |
|---|------------------|----------------|-------------|
| <u>INDEX</u> | Agency Request | Governor's | <u>Page</u> |
| | 1990-91 Biennium | Recommendation | |
| | All Funds | All Funds | |
| BASE Level Request | \$ 40,630 | \$ 40,630 | |
| Agency-wide CHANGE Requests | | | |
| Claims/Travel/Equipment | 710 | -0- | 41 |
| State Financing of the Courts and Public Defender System | -0- | 30,428 | 42 |
| CHANGE Requests Subtotal | \$ 710 | \$ 30,428 | |
| AGENCY Total | \$ 41,340 | \$ 71,058 | |

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Trial Courts to present its budgetary needs directly to the Legislature for consideration.

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : DISTRICT COURTS
PROGRAM : TRIAL COURTS
BUDGET ACTIVITY : TRIAL COURTS

| EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|--|---------|---------|----------------|--------|--------|-----------------------|----------------|--------|--------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 17,020 | 19,218 | 19,753 | 300 | 20,053 | 19,753 | 19,675 | 300 | 19,975 | 19,675 |
| EXPENSES/CONTRACTUAL SRVCS | 41 | 6 | 6 | 0 | 6 | 6 | 6 | 0 | 6 | 6 |
| MISC OPERATING EXPENSES | 523 | 584 | 584 | 30 | 614 | 584 | 584 | 30 | 614 | 584 |
| SUPPLIES/MATERIALS/PARTS | 23 | 11 | 11 | 0 | 11 | 11 | 11 | 0 | 11 | 11 |
| CAPITAL EQUIPMENT | 0 | 0 | 0 | 50 | 50 | 0 | 0 | 0 | 0 | 0 |
| STATE OPERATIONS | 17,607 | 19,819 | 20,354 | 380 | 20,734 | 20,354 | 20,276 | 330 | 20,606 | 20,276 |
| LOCAL ASSISTANCE | 36 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 30,428 |
| TOTAL EXPENDITURES | 17,643 | 19,819 | 20,354 | 380 | 20,734 | 20,354 | 20,276 | 330 | 20,606 | 50,704 |
| CHANGE REQUESTS: | | | | | | | | | | |
| | | | | | | | | | | |
| A CLAIMS/TRAVEL/EQUIPMENT | | | | 380 | | 0 | | 330 | | 0 |
| A STATE FINANCING OF COURTS, PUB. DEF. | | | | 0 | | 0 | | 0 | | 30,428 |
| TOTAL CHANGE REQUESTS | | | | 380 | | 0 | | 330 | | 30,428 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 17,643 | 19,819 | 20,354 | 380 | 20,734 | 20,354 | 20,276 | 330 | 20,606 | 50,704 |
| TOTAL FINANCING | 17,643 | 19,819 | 20,354 | 380 | 20,734 | 20,354 | 20,276 | 330 | 20,606 | 50,704 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 239.5 | 244.5 | 250.5 | 0.0 | 250.5 | 250.5 | 254.5 | 0.0 | 254.5 | 254.5 |
| TOTAL POSITIONS | 239.5 | 244.5 | 250.5 | 0.0 | 250.5 | 250.5 | 254.5 | 0.0 | 254.5 | 254.5 |

CHANGE REQUEST 1990-91 Biennial Budget
☒ Agency _____ Program _____ Activity _____

ACTIVITY:
 PROGRAM: TRIAL COURTS
 AGENCY: TRIAL COURTS

REQUEST TITLE: CLAIMS/TRAVEL/EQUIPMENT

| | F.Y. 1990 | | F.Y. 1991 | |
|----------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| Agency Request | | | | |
| General Fund | \$ 380 | -0- | \$ 330 | -0- |

Governor's Recommendation

General Fund

Request requires statutory change: _____ Yes ☒ No
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The trial courts request \$30,000 in each year of the biennium for additional travel and expense funds for judges authorized in 1987, \$50,000 as seed money to encourage the trial courts to invest in modern technology, and \$300,000 each year to pay workers compensation and indemnification claims of trial court personnel.

DESCRIPTION/RATIONALE:

The Legislature in 1987 authorized new judgeships but failed to increase the appropriation to include funding for travel and expenses authorized by M.S. 484.54. Funds are needed to reimburse judges for the cost of court related travel, postage, toll charges, stationery, etc.

The Legislature appropriated \$50,000 in F.Y. 1988 to encourage use of modern technology in the courts. Many courts used their share of the funds to obtain additional funds from the counties for personal computers which give judges access to word processing including pattern jury instructions. During the 1990-91 biennium technology seed money would be used to encourage courts to obtain fax equipment to facilitate transmission of court documents between remote locations.

By caselaw the Supreme Court has established that court reporters are state employees for purposes of workers compensation claims. In each of the past

2 biennia court reporters have presented workers compensation claims for carpal tunnel syndrome to the state. These claims often result in a ruling of permanent total disability and high medical expense because of surgery and vocational retraining. These claims are likely to continue. In addition, the criteria for establishing the state's legal liability for court reporters arguably applies to court administrators and guardians ad litem in other types of claims such as sexual harassment and tort liability. The state is asked to tender defense in these actions and if necessary to indemnify the employee. Settlement of the claim is often financially beneficial to the state. Based on historical costs the courts are seeking \$300,000 each year of the biennium.

| | (Dollars in Thousands) | | | |
|---------------------------|------------------------|-----------|-----------|-----------|
| BASE: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| General Fund Expenditures | \$ 350 | \$ 300 | \$ -0- | \$ -0- |

| | (Dollars in Thousands) | | |
|---------------------------|------------------------|-----------|--------|
| LONG RANGE IMPLICATIONS: | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund Expenditures | \$ 380 | \$ 330 | \$ 710 |

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Trial Courts to present its budgetary needs directly to the Legislature for consideration.

CHANGE REQUEST
 X Agency Program Activity 1990-91 Biennial Budget

ACTIVITY:
PROGRAM:
AGENCY: TRIAL COURTS

REQUEST TITLE: STATE FINANCING OF THE COURTS AND PUBLIC DEFENDER SYSTEMS

| | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| Governor's Recommendation | | | | |
| General Fund | \$ -0- | -0- | \$30,428 | |

Request requires statutory change: X Yes No
Statutes Affected: Various

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation of \$30,428,000 in the second year of the biennium to fund components of the District Courts and Public Defender system. Details regarding the allocation between these 2 systems are not being made by the Governor at the time of the budget submission. The Governor recommends that effective 7-1-90, all filing fees paid to the District Courts; with the exception of fees used to support county law libraries, be deposited in the state's General Fund to help offset the costs of the District Court expenditures that are to be assumed by the state.

The Governor further recommends that effective 7-1-90, a portion of the court-generated fine revenues that are currently retained by counties be deposited in the state's General Fund to help offset the costs of the District Court expenditures that are to be assumed by the state.

DESCRIPTION/BACKGROUND:

In July, 1988 the Governor's Advisory Council on State-Local Relations (ACSLR) began a study of the responsibilities of the state and Minnesota counties for financing Minnesota's District Courts and public defense services. The study was conducted by a committee of state and local government officials, including representatives of the executive and legislative branches of state government, representatives of county and city government, a representative of the State Court Administrator's Office, a representative of the conference of Chief Judges and a representative of the State Board of Public Defense.

The committee determined the state should assume a greater responsibility for financing the District Courts and public defense system. The committee also worked with the Supreme Court Task Force on the Financing of the Trial Courts to develop a proposal for transferring financial responsibility for these services to the state.

RATIONALE:

The Governor shares the concerns of Minnesota county officials, the ACSLR and the Supreme Court Task Force regarding the process Minnesota uses to finance its District Courts and public defense system. While Minnesota shifted the decision making authority for the District Courts and the public defense system away from the counties to more centralized, unified systems, the counties continued to be responsible for paying the bills. Separating the decision-making responsibility for the systems from the financial responsibility for the systems is the source of many of the intergovernmental problems associated with the District Courts and public defense system.

The Governor agrees that the following are some of the major concerns identified relating to the administration and financing of our District Courts.

- o The judiciary is one of the 3 branches of state government. There is a legitimate basis for questioning the appropriateness of county governments financing the majority of the costs associated with 1 of the 3 branches of state government.
- o While Minnesota's efforts to unify its judicial system to help ensure equality of justice are laudatory, no system that is financed by 87 separate county boards and a state legislature can guarantee an equal level of service throughout the state. Counties that have a healthy property tax base may be able to provide a higher level of District Court services than counties that are struggling with declining property values and troubled local economies.
- o While major decisions regarding the level of service that is to be provided by the District Courts are being made by the state legislature and the judiciary, counties are forced to pay the majority of the costs of these services. County officials are legitimately concerned about their inability to control these expenditures--expenditures for which they must remain accountable to the county taxpayers.

The Governor, therefore, recommends this funding as the first step toward addressing these concerns.

AGENCY: CLIENT SECURITY BOARD

1990-91 Biennial Budget

AGENCY PURPOSE:

Under the supervision and direction of the Supreme Court, the Client Security Board awards restitution to clients who have been financially defrauded by attorneys where no other remedy exists.

OPERATIONS AND CLIENTELE:

The Court assessed each registered practicing attorney a \$50 or \$100 fee to create a client security fund. A client who has suffered a financial loss through the malfeasance of an attorney may present a claim for restitution to the Board. Where no other means of recoupment is available the Board may grant restitution to the client up to \$50,000. In F.Y. 1988, the first year of Client Security Board operation, more than 28 claims were paid for a total of \$449,000. Staff of the Lawyers Professional Responsibility Board investigate claims and recommend disposition.

REVENUE:

This agency is supported by lawyer assessments and interest from the fund, which are dedicated to the Client Security Board by M.S. 481.20.

| | (Dollars in Thousands) | | | |
|-----------|------------------------|-----------|-----------|-----------|
| | Actual | Act/Est | Estimate | Estimate |
| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| Dedicated | \$ 1,124 | \$ 133 | \$ 125 | \$ 120 |

BUDGET REQUEST:

No General Fund monies are requested as this agency is funded by dedicated revenue.

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Client Security Board to present its budgetary needs directly to the Legislature for consideration.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

FUND : 01 - 99
AGENCY : CLIENT SECURITY BRD
PROGRAM : CLIENT SECURITY BOARD
BUDGET ACTIVITY : CLIENT SECURITY BOARD

| EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|----------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 6 | 6 | 6 | 0 | 6 | 6 | 6 | 0 | 6 | 6 |
| EXPENSES/CONTRACTUAL SRVCS | 40 | 48 | 48 | 0 | 48 | 48 | 48 | 0 | 48 | 48 |
| MISC OPERATING EXPENSES | 267 | 377 | 377 | 0 | 377 | 377 | 377 | 0 | 377 | 377 |
| SUPPLIES/MATERIALS/PARTS | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| STATE OPERATIONS | 314 | 431 | 431 | 0 | 431 | 431 | 431 | 0 | 431 | 431 |
| AIDS TO INDIVIDUALS | 224 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL EXPENDITURES | 538 | 431 | 431 | 0 | 431 | 431 | 431 | 0 | 431 | 431 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| SPECIAL REVENUE | 389 | 431 | 431 | 0 | 431 | 431 | 431 | 0 | 431 | 431 |
| GIFTS AND DEPOSITS | 149 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL FINANCING | 538 | 431 | 431 | 0 | 431 | 431 | 431 | 0 | 431 | 431 |
| POSITIONS BY FUND: | | | | | | | | | | |
| SPECIAL REVENUE | 0.2 | 0.2 | 0.2 | 0.0 | 0.2 | 0.2 | 0.2 | 0.0 | 0.2 | 0.2 |
| TOTAL POSITIONS | 0.2 | 0.2 | 0.2 | 0.0 | 0.2 | 0.2 | 0.2 | 0.0 | 0.2 | 0.2 |

AGENCY: CONTINUING LEGAL EDUCATION, BOARD OF 1990-91 Biennial Budget

AGENCY PURPOSE:

Under the supervision and direction of the Supreme Court, the State Board of Continuing Legal Education accredits courses and programs which will satisfy continuing legal education requirements, discovers and encourages the offering of such courses and programs, and ensures compliance by lawyers licensed by the court.

OPERATIONS AND CLIENTELE:

The board monitors compliance of the 16,000+ state attorneys with the continuing legal education program requirements.

OBJECTIVES:

The objective of this agency is to ensure that attorneys continue their legal education throughout the period of their active practice of law.

| <u>ACTIVITY STATISTICS:</u> | <u>F.Y. 1987</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|-----------------------------|------------------|------------------|------------------|------------------|------------------|
| Number of attorneys | 5,000 | 5,400 | 5,500 | 5,500 | 5,500 |

REVENUE:

Dedicated funds from attorney registration fees support this agency.

| | <u>(Dollars in Thousands)</u> | | | |
|-----------|-------------------------------|------------------|------------------|------------------|
| | <u>Actual</u> | <u>Act/Est</u> | <u>Estimate</u> | <u>Estimate</u> |
| | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
| Dedicated | \$ 97 | \$ 130 | \$ 132 | \$ 134 |

EXPLANATION OF BUDGET REQUEST:

Funds are derived from attorney registrations; no monies are from the General Fund.

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Board of Continuing Legal Education to present its budgetary needs directly to the Legislature for consideration.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : CONTINUING LEGAL ED
PROGRAM : CONT LEGAL ED OPS
BUDGET ACTIVITY : CONT LEGAL ED OPS

| EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|----------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 72 | 81 | 81 | 0 | 81 | 81 | 81 | 0 | 81 | 81 |
| EXPENSES/CONTRACTUAL SRVCS | 21 | 24 | 24 | 0 | 24 | 24 | 24 | 0 | 24 | 24 |
| MISC OPERATING EXPENSES | 9 | 9 | 9 | 0 | 9 | 9 | 9 | 0 | 9 | 9 |
| SUPPLIES/MATERIALS/PARTS | 4 | 5 | 5 | 0 | 5 | 5 | 5 | 0 | 5 | 5 |
| CAPITAL EQUIPMENT | 4 | 12 | 12 | 0 | 12 | 12 | 12 | 0 | 12 | 12 |
| TOTAL EXPENDITURES | 110 | 131 | 131 | 0 | 131 | 131 | 131 | 0 | 131 | 131 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| SPECIAL REVENUE | 110 | 131 | 131 | 0 | 131 | 131 | 131 | 0 | 131 | 131 |
| TOTAL FINANCING | 110 | 131 | 131 | 0 | 131 | 131 | 131 | 0 | 131 | 131 |
| POSITIONS BY FUND: | | | | | | | | | | |
| SPECIAL REVENUE | 1.8 | 4.1 | 4.1 | 0.0 | 4.1 | 4.1 | 4.1 | 0.0 | 4.1 | 4.1 |
| TOTAL POSITIONS | 1.8 | 4.1 | 4.1 | 0.0 | 4.1 | 4.1 | 4.1 | 0.0 | 4.1 | 4.1 |

AGENCY: JUDICIAL STANDARDS, BOARD OF

1990-91 Biennial Budget

AGENCY PURPOSE:

As provided by M.S. 490.16 and the rules issued by the Minnesota Supreme Court, the Board on Judicial Standards receives complaints against judges. It then investigates, holds hearings, and may make recommendations to the Supreme Court. It may recommend the retirement of a judge for disability or the censure or removal of a judge for:

1. action or inaction that may constitute persistent failure to perform duties;
2. habitual intemperance; or
3. conduct prejudicial to the administration of justice that brings the judicial office into disrepute.

OPERATION AND CLIENTELE:

The Board on Judicial Standards consists of 10 members including 4 judges, 2 attorneys and 4 citizens who ordinarily meet monthly and consider complaints received from the public concerning judges. The Executive Secretary performs director duties and also screens, investigates and summarizes the complaints. The board may dispose of, investigate or otherwise act upon complaints in accordance with its rules. In addition to the operation of the board as mandated by statute, the board is the recipient of inquiries regarding the operation of the judicial system and the inter-relationship of the courts. The board feels an obligation to discuss with the public questions that relate to court operation without dispensing legal advice or interpretive matters with respect to statutes or court rules. The board will frequently refer questions to other appropriate state agencies or to private counsel for direction.

| <u>ACTIVITY STATISTICS:</u> | <u>Actual F.Y. 1988</u> | <u>Estimate F.Y. 1989</u> | <u>Estimate F.Y. 1990</u> | <u>Estimate F.Y. 1991</u> |
|-----------------------------------|-----------------------------|-------------------------------|-------------------------------|-------------------------------|
| Complaints Received | 154 | 170 | 180 | 190 |
| Complaints Closed | 146 | 160 | 170 | 180 |
| Investigation-full scale | 17 | 20 | 21 | 22 |
| Reprimands & Admonishments | 4 | 6 | 8 | 10 |
| Formal Complaints Filed | 2 | 4 | 2 | 2 |
| Hearings | 1 | 1 | 2 | 2 |
| Settlement by Stipulation | 2 | 1 | 1 | 1 |
| Public Reprimand | 2 | 2 | 2 | 2 |
| Lost Jurisdiction-no longer judge | 1 | 1 | | |
| Removal | 0 | | | |

In addition to the complaints actually processed by the board, there are approximately 3 times as many inquiries or potential complaints that are handled by telephone communication or correspondence with prospective complaints. Many times the board can give direction which will prevent the filing of a completely spurious complaint or one involving only decisions or rulings. As much of the boards' time is spent in the response to potential complaints, as in the processing of the actual complaints as shown by the above activity statistics.

AGENCY PRIORITIES:

The boards' objectives are:

1. to improve the administration of justice and make it more effective;
2. to investigate, consider, dispose of, and otherwise act promptly upon complaints against judges;
3. to maintain the credibility with the public and the judges;
4. to secure more useful and effective administration of the board on Judicial Standards within the scope of its present jurisdiction.

It is believed that the work of the board is fostering improvements in judicial conduct and performance. It is also believed that the public is more aware of the purpose of the board on Judicial Standards and of its right to lodge complaints against judges. The board further feels that it is an essential part of its function to disseminate information to judges from time to time, concerning the nature of the complaints that are received and the boards' disposition of these complaints. The board further responds to inquiries by judges concerning potential problems and questions that are raised with respect to the appropriateness of past or pending judicial activity. In this respect, the board has recently adopted a procedure for the dissemination of advisory opinions to judges in furtherance of the general purposes of the improvement of the administration of justice. In addition, the board has participated in judges meetings, and Bar Association Committee meetings, as a part of the continuing judicial education of judges and referees of the state.

BUDGET ISSUE:

The board has annually experienced, over the past several years, the emergence of a major disciplinary case, requiring the retention of outside counsel and the requirement of a full hearing. Each of these cases has required the request for additional funds. Based upon the experience of the past several years, it can reasonably be anticipated that an additional \$100,000 will be required for a case that proceeds to a public hearing and trial. This anticipation suggests that the legislature may want to consider establishing a contingency fund of \$100,000 to \$150,000 for each year of the next biennium to be drawn upon as required in a matter of serious discipline.

EXPLANATION OF BUDGET REQUEST:

This request has been developed on the basis of maintaining the operation and requested funding comparable to the previous biennium.

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Board of Judicial Standards to present its budgetary needs directly to the Legislature for consideration.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : JUDICIAL STDS, BD OF
PROGRAM : JUD STAN OPS
BUDGET ACTIVITY : JUD STAN OPS

| EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|----------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 94 | 101 | 103 | 0 | 103 | 103 | 103 | 0 | 103 | 103 |
| EXPENSES/CONTRACTUAL SRVCS | 98 | 107 | 51 | 0 | 51 | 51 | 51 | 0 | 51 | 51 |
| MISC OPERATING EXPENSES | 6 | 10 | 10 | 0 | 10 | 10 | 10 | 0 | 10 | 10 |
| SUPPLIES/MATERIALS/PARTS | 1 | 2 | 2 | 0 | 2 | 2 | 2 | 0 | 2 | 2 |
| CAPITAL EQUIPMENT | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL EXPENDITURES | 200 | 220 | 166 | 0 | 166 | 166 | 166 | 0 | 166 | 166 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 200 | 220 | 166 | 0 | 166 | 166 | 166 | 0 | 166 | 166 |
| TOTAL FINANCING | 200 | 220 | 166 | 0 | 166 | 166 | 166 | 0 | 166 | 166 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 2.0 | 2.0 | 2.0 | 0.0 | 2.0 | 2.0 | 2.0 | 0.0 | 2.0 | 2.0 |
| TOTAL POSITIONS | 2.0 | 2.0 | 2.0 | 0.0 | 2.0 | 2.0 | 2.0 | 0.0 | 2.0 | 2.0 |

AGENCY: LAW EXAMINERS, BOARD OF

1990-91 Biennial Budget

AGENCY PURPOSE:

Under the supervision and direction of the Supreme Court, the State Board of Law Examiners screens and tests candidates for admission to the practice of law and advises the Court of developments in the field of bar admissions.

OPERATIONS AND CLIENTELE:

The Board of Law Examiners screens an average of 1,000 applicants for admission to the practice of law each year, administers standardized national and locally developed tests and recommends to the Supreme Court the admission of successful applicants.

OBJECTIVES:

The objective of the agency is to administer procedures and develop standards which reasonably guard against the admission to the practice of law of unqualified persons.

| <u>ACTIVITY STATISTIC:</u> | <u>F.Y. 1987</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|---------------------------------|------------------|------------------|------------------|------------------|------------------|
| Number of Attorneys Examined | 960 | 1,000 | 1,000 | 1,000 | 1,000 |

REVENUE:

The agency is supported by dedicated revenue from attorney registration fees and bar examination fees.

| | <u>(Dollars in Thousands)</u> | | | |
|-----------|-------------------------------|------------------|------------------|------------------|
| | <u>Actual</u> | <u>Act/Est</u> | <u>Estimate</u> | <u>Estimate</u> |
| | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
| Dedicated | \$ 437 | \$ 609 | \$ 608 | \$ 611 |

EXPLANATION OF BUDGET REQUEST:

Funds are derived from attorney registration fees and admission fees; no monies are from the general fund.

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Board of Law Examiners to present its budgetary needs directly to the Legislature for consideration.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : LAW EXAMINERS, BD OF
PROGRAM : LAW EXAM OPS
BUDGET ACTIVITY : LAW EXAM OPS

| | | | F.Y. 1990 | | | | F.Y. 1991 | | | |
|----------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| EXPENDITURES: | FY 1988 | FY 1989 | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 164 | 195 | 195 | 0 | 195 | 195 | 195 | 0 | 195 | 195 |
| EXPENSES/CONTRACTUAL SRVCS | 191 | 217 | 217 | 0 | 217 | 217 | 217 | 0 | 217 | 217 |
| MISC OPERATING EXPENSES | 28 | 26 | 26 | 0 | 26 | 26 | 26 | 0 | 26 | 26 |
| SUPPLIES/MATERIALS/PARTS | 11 | 11 | 11 | 0 | 11 | 11 | 11 | 0 | 11 | 11 |
| CAPITAL EQUIPMENT | 9 | 4 | 4 | 0 | 4 | 4 | 4 | 0 | 4 | 4 |
| TOTAL EXPENDITURES | 403 | 453 | 453 | 0 | 453 | 453 | 453 | 0 | 453 | 453 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| SPECIAL REVENUE | 403 | 453 | 453 | 0 | 453 | 453 | 453 | 0 | 453 | 453 |
| TOTAL FINANCING | 403 | 453 | 453 | 0 | 453 | 453 | 453 | 0 | 453 | 453 |
| POSITIONS BY FUND: | | | | | | | | | | |
| SPECIAL REVENUE | 5.3 | 8.3 | 8.3 | 0.0 | 8.3 | 8.3 | 8.3 | 0.0 | 8.3 | 8.3 |
| TOTAL POSITIONS | 5.3 | 8.3 | 8.3 | 0.0 | 8.3 | 8.3 | 8.3 | 0.0 | 8.3 | 8.3 |

AGENCY: LAWYERS PROFESSIONAL RESPONSIBILITY, BOARD OF 1990-91 Biennial Budget

AGENCY PURPOSE:

Under the supervision and direction of the Supreme Court, the Lawyers Professional Responsibility Board advises lawyers about ethical questions arising from the practice of law and responds to citizen complaints about the actions of lawyers.

OPERATIONS AND CLIENTELE:

The board receives, investigates and assists in the disposition of complaints about the 16,000 lawyers licensed to practice law in Minnesota.

OBJECTIVES:

The objective of the Lawyers Professional Responsibility Board is to insure that the public is served by lawyers whose legal practices conform to the Code of Professional Responsibility adopted by the Supreme Court.

ACTIVITY STATISTICS: F.Y. 1987 F.Y. 1988 F.Y. 1989 F.Y. 1990 F.Y. 1991

| | | | | | |
|-------------------|-------|-------|-------|-------|-------|
| Complaints Filed | 1,091 | 1,219 | 1,200 | 1,200 | 1,200 |
| Complaints Closed | 1,122 | 1,154 | 1,150 | 1,150 | 1,150 |

REVENUE:

Dedicated funds support this agency.

| | (Dollars in Thousands) | | | |
|-----------|------------------------|------------------|------------------|------------------|
| | Actual | Act/Est | Estimate | Estimate |
| | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
| Dedicated | \$ 915 | \$ 1,093 | \$ 1,123 | \$ 1,153 |

Attorney registration and legal corporation registration fees support this agency. Revenue also is obtained from collection of judgments against disciplined attorneys and a contract with the Client Security Board for staff services.

EXPLANATION OF BUDGET REQUEST:

No General Fund monies are requested as this agency is funded from attorney registrations.

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Board of Lawyers' Professional Responsibility to present its budgetary needs directly to the Legislature for consideration.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : PROFSNL RESP, BD OF
PROGRAM : PROF RESPON OPS
BUDGET ACTIVITY : PROF RESPON OPS

| EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|----------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 753 | 907 | 907 | 0 | 907 | 907 | 907 | 0 | 907 | 907 |
| EXPENSES/CONTRACTUAL SRVCS | 124 | 135 | 135 | 0 | 135 | 135 | 135 | 0 | 135 | 135 |
| MISC OPERATING EXPENSES | 32 | 42 | 42 | 0 | 42 | 42 | 42 | 0 | 42 | 42 |
| SUPPLIES/MATERIALS/PARTS | 25 | 22 | 22 | 0 | 22 | 22 | 22 | 0 | 22 | 22 |
| CAPITAL EQUIPMENT | 39 | 4 | 4 | 0 | 4 | 4 | 4 | 0 | 4 | 4 |
| TOTAL EXPENDITURES | 973 | 1,110 | 1,110 | 0 | 1,110 | 1,110 | 1,110 | 0 | 1,110 | 1,110 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| SPECIAL REVENUE | 973 | 1,110 | 1,110 | 0 | 1,110 | 1,110 | 1,110 | 0 | 1,110 | 1,110 |
| TOTAL FINANCING | 973 | 1,110 | 1,110 | 0 | 1,110 | 1,110 | 1,110 | 0 | 1,110 | 1,110 |
| POSITIONS BY FUND: | | | | | | | | | | |
| SPECIAL REVENUE | 21.6 | 22.9 | 22.9 | 0.0 | 22.9 | 22.9 | 22.9 | 0.0 | 22.9 | 22.9 |
| TOTAL POSITIONS | 21.6 | 22.9 | 22.9 | 0.0 | 22.9 | 22.9 | 22.9 | 0.0 | 22.9 | 22.9 |

AGENCY: LEGAL CERTIFICATION, BOARD OF

1990-91 Biennial Budget

AGENCY PURPOSE:

Under the supervision and direction of the Supreme Court, the Board of Legal Certification approves the designation of areas of legal specialization, specifies the certification requirements and accredits the certifying agency.

OPERATIONS AND CLIENTELE:

The board receives petitions from 2 or 3 certifying agents annually. These petitions specify areas of legal specialty and identify qualifications to be certified as a specialist. The designation of a legal specialization assists the public in identifying lawyers with experience and expertise in handling particular types of legal claims.

The board reviews the experience and education proposed for certification of a specialty and the ability of the certifying agency to assess compliance with the criteria. The Board approves the certifying agency which in turn examines applicants seeking to qualify as specialists.

REVENUE:

Dedicated funds support this agency.

| | (Dollars in Thousands) | | | |
|-----------|------------------------|-----------|-----------|-----------|
| | Actual | Act/Est | Estimate | Estimate |
| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| Dedicated | \$ 4 | \$ 6 | \$ 6 | \$ 6 |

EXPLANATION OF BUDGET REQUEST:

No General Fund monies are requested as this agency is funded by fees generated in the process of certifying legal specialists.

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Board of Legal Certification to present its budgetary needs directly to the Legislature for consideration.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : SUPR CRT-LEG SVCS
PROGRAM : LEGAL CERTIFICATION BOARD
BUDGET ACTIVITY : LEGAL CERTIFICATION BOARD

| | F.Y. 1990 | | | | | | F.Y. 1991 | | | | |
|----------------------------|-----------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|--|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | | |
| EXPENDITURES: | FY 1988 | FY 1989 | | | | | | | | | |
| DETAIL BY CATEGORY: | | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | | |
| PERSONAL SERVICES | 0 | 3 | 3 | 0 | 3 | 3 | 3 | 0 | 3 | 3 | |
| EXPENSES/CONTRACTUAL SRVCS | 2 | 3 | 3 | 0 | 3 | 3 | 3 | 0 | 3 | 3 | |
| MISC OPERATING EXPENSES | 1 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| SUPPLIES/MATERIALS/PARTS | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| TOTAL EXPENDITURES | 3 | 9 | 6 | 0 | 6 | 6 | 6 | 0 | 6 | 6 | |
| SOURCES OF FINANCING: | | | | | | | | | | | |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | | |
| SPECIAL REVENUE | 3 | 9 | 6 | 0 | 6 | 6 | 6 | 0 | 6 | 6 | |
| TOTAL FINANCING | 3 | 9 | 6 | 0 | 6 | 6 | 6 | 0 | 6 | 6 | |
| POSITIONS BY FUND: | | | | | | | | | | | |
| TOTAL POSITIONS | | | | | | | | | | | |

1990-91 BIENNIAL BUDGET

PROGRAM STRUCTURE

AGENCY: PUBLIC DEFENSE, BOARD OF

PROGRAMS

ACTIVITIES

SECTION

PAGE

PUBLIC DEFENSE ADMINISTRATION, BOARD OF-----

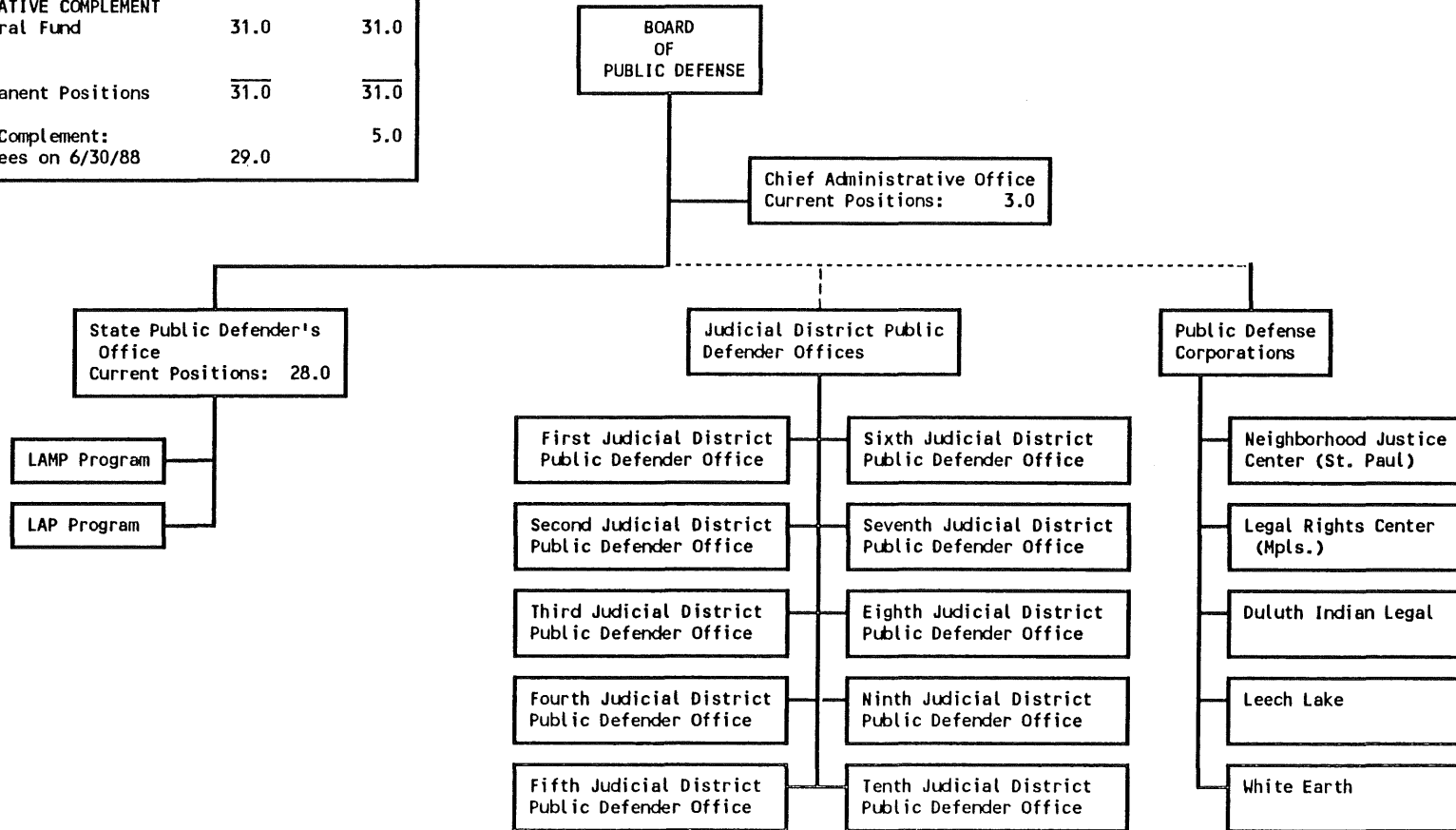
Administrative Services Office
State Public Defender's Office
Judicial District Public Defenders
Public Defense Corporations

2

62
65
69
72

BOARD OF PUBLIC DEFENSE

| POSITIONS RECONCILIATION | | |
|--------------------------|----------------------|--------------------------|
| Authority: | Current F.Y. 1989 | Requested For 6/30/91 |
| LEGISLATIVE COMPLEMENT | | |
| General Fund | 31.0 | 31.0 |
| TOTAL | | |
| Permanent Positions | 31.0 | 31.0 |
| Other Complement: | | 5.0 |
| Employees on 6/30/88 | 29.0 | |



AGENCY PURPOSE:

The primary purpose of the board, as part of the judicial branch of government, is to provide quality legal defense services to the indigent of the state of Minnesota, through its operating programs. The board's statutory duties and responsibilities are contained in M.S. 611.215 -611.217. They include, but are not limited to, appointment of and administration thereof, the state Public Defender, and all judicial district public defenders, except for the 2nd and 4th Judicial Districts.

In addition, the board provides policy and implements standards for all public defender organizations throughout the state. Those organizations would include the state Public Defender's office, 10 Judicial District Public Defender organizations, 5 public defense corporations, and 87 local appointed counsel systems.

The board receives state funding for allocation and disbursement of its administrative services, the state Public Defender's office, public defense corporations, and distressed counties in support of Judicial District Public Defender systems. In addition, it has statutory authority to direct local jurisdictional (county) payments for all judicial district public defender offices, except for the 2nd and 4th Districts.

CLIENTELE AND OPERATIONS:

Under Minnesota law, all individuals accused of a felony, gross misdemeanor, misdemeanor, and juvenile offenses, or involved in a civil commitment proceeding, are entitled to be represented by an attorney. If an individual is involved in one of the before-mentioned proceedings, and cannot afford the services of a private attorney, the court in Minnesota will appoint a public defender to represent that individual.

In 1987, the legislature expanded the board's statutory authority. Its membership was modified, an administrative office was created, greater oversight was instituted in regard to the state Public Defender's office, 2 new judicial district public defender positions and offices were created (3rd and 8th), new standards regulating the offices and conduct of all public defender organizations were mandated, and finally, new reporting, budgeting and funding processes were established. These legislative changes created greater administrative controls over public defender operations, mandated new standards affecting public defender activities, and significantly expanded the role of the board in governing public defender organizations.

Although all of the above offices and corporations have one primary goal, that is, to provide legal services to indigent people, the makeup of their staff and administrative services is extremely diversified. For example, the state Public Defender's office employs full time and contracted personnel, handling all appellate appeals and parole violations, with services primarily oriented towards indigent prison inmates. Eight of 10 judicial district public defender offices employ part-time attorneys, handling all indigent felony, gross misdemeanor, extradition, and probation violation proceedings. Two judicial district Public Defender offices (2nd and 4th) employ full-time attorneys which service the same types of cases that the other 8 judicial district offices provide, but in addition, defend misdemeanor and juvenile cases, as well. There are also 5 public defense corporations representing

primarily minority indigents in Minneapolis and St. Paul, as well as Indian reservations in northern Minnesota. Finally, there are appointed counsel systems that may be contracted with by 85 local county jurisdictions for misdemeanor, juvenile and civil commitments.

Each of the above systems have a unique historical development, with associated traditions and methods of implementing their services. Some offices have been instituted for decades, with stable and experienced staff, while other have just begun their services (i.e., 3rd and 8th judicial districts). Total staff serving these offices exceeds 250 employees. In 1987, non-metro judicial district public defender systems processed over 11,000 felonies and gross misdemeanors. Added to that would be the caseloads of the state Public Defender's office, public defense corporations, 2nd and 4th judicial district Public Defender offices (Ramsey and Hennepin), and local court-appointed defense cases; the total cases then exceed 25,000.

The board operations are governed by its administration program which contain 4 activities: Administrative Services, state Public Defender's office, Judicial District Public Defender offices, and Public Defense Corporations.

MAJOR POLICY ISSUE:

The board, in 1986, began recommending state financing of judicial district public defender budgets because it felt strongly that the quality of defending an indigent in Minnesota should not be predicated upon the financial ability of a particular judicial district to pay for those services. Although the board has statutory authority to set appropriate standards and certify yearly budgets in the delivery of legal defense services in each judicial district in the state, local county governments must raise the necessary revenue through property tax levies, to pay for such. The 1987 legislature appropriated approximately \$718,000 for the 1988-89 biennium to partially reimburse distressed counties for their cost in supporting their respective judicial district public defender systems.

The issue of requiring county units of government to pay for state mandated public defender programs relates directly to a major policy examination of "State versus Local Funding of Legislative Mandated Programs" currently being conducted by several governmental committees. Concerning that policy examination, the Governor's Council on State and Local Relations, in a recent document, stated that the responsibilities of the state and local governments for the provision and delivery of specific services continue to be based on the historical roles of each level of government for the provision of the specific services. Decisions regarding the structure, standards, and operations of public defender systems used to be the responsibility of local county governments, but now are made by the state Board of Public Defense and the legislature. Although the evolution of public defender services has resulted in a more centralized system, the responsibility for financing those services continues to rest with counties, based primarily on the historical role of county governments in the provision of those services.

The question of whether the state should fund the judicial district public defender system instead of counties, is currently being examined by 2 state committees that were created by the 1988 legislature. The first committee is the State and Local Services/Fiscal Responsibility Study Committee, which was instituted by the Governor's Council on State and Local Relations. The second committee, created by Chapter 582, Sec. 2, is the Supreme Court Task

AGENCY: PUBLIC DEFENSE, BOARD OF
(Continuation)

1990-91 Biennial Budget

part of their charge, the responsibility to examine the existing funding of public defender systems state-wide and make recommended changes, if any.

The future funding structure of not only the judicial district public defender systems, but all funding of indigent defense systems in Minnesota, is an important policy issue needing resolution. Equally important, if funding by the state is to eventually occur, is the question of future service delivery and administration of those indigent defense organizations. In order that these questions are addressed, the board, in July, 1988, unanimously passed a resolution directing its administrative office to explore the feasibility of requesting the American Bar Association to examine the current service delivery and administration of indigent defense systems in Minnesota, and make recommended changes, if appropriate. Specifically, the board directed that there should be:

- 1) identification of all public defender or criminal legal defense organizations in the state of Minnesota, as well as their administrative, personnel, budgeting and management information systems; and
- 2) make recommendations as to future consolidation, coordination, and administration of Minnesota's Public Defender services.

It is the intent of the board to coordinate its American Bar Association study findings with those of the 2 state committees currently examining the future funding of Minnesota Public Defense organizations, for eventual presentation to the 1989 Minnesota legislature.

| (Dollars in Thousands) | | | |
|---|------------------|---------------------------|------|
| INDEX | Agency Request | Governor's Recommendation | Page |
| | 1990-91 Biennium | 1990-91 Biennium | |
| | All Funds | All Funds | |
| BASE Level Request | \$ 5,496 | \$ 5,496 | |
| Agency-wide CHANGE Requests | -0- | -0- | |
| Subtotal: | \$ 5,496 | \$ 5,496 | |
| Program/Budget Activity CHANGE Requests | | | |
| Board of Public Defense Administration | | | |
| Admin. Serv. Office | \$ 60 | -0- | 64 |
| State Public Defender Office | 388 | -0- | 68 |
| Public Defense Corporations | 25,040 | -0- | 71 |
| Public Defenders - Judicial Districts | 383 | -0- | 74 |
| CHANGE Requests Subtotal: | \$ 25,871 | \$ -0- | |
| AGENCY Total: | \$ 31,367 | \$ 5,496 | |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : BD OF PUBLIC DEFENSE

| PROGRAM EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|-------------------------------|---------|---------|----------------|--------|--------|-----------------------|----------------|--------|--------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| BOARD OF PUBLIC DEFENSE ADMIN | 2,275 | 2,771 | 2,748 | 8,535 | 11,283 | 2,748 | 2,748 | 17,336 | 20,084 | 2,748 |
| TOTAL EXPENDITURES | 2,275 | 2,771 | 2,748 | 8,535 | 11,283 | 2,748 | 2,748 | 17,336 | 20,084 | 2,748 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 2,275 | 2,771 | 2,748 | 8,535 | 11,283 | 2,748 | 2,748 | 17,336 | 20,084 | 2,748 |
| TOTAL FINANCING | 2,275 | 2,771 | 2,748 | 8,535 | 11,283 | 2,748 | 2,748 | 17,336 | 20,084 | 2,748 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 33.0 | 31.0 | 31.0 | 0.0 | 31.0 | 31.0 | 31.0 | 0.0 | 31.0 | 31.0 |
| TOTAL POSITIONS | 33.0 | 31.0 | 31.0 | 0.0 | 31.0 | 31.0 | 31.0 | 0.0 | 31.0 | 31.0 |

PROGRAM: PUBLIC DEFENSE ADMINISTRATION, BOARD OF
Agency: PUBLIC DEFENSE, BOARD OF

1990-91 Biennial Budget

PROGRAM PURPOSE:

This program provides agency policy implementation, direction and coordination; establishes standards for the offices of the state and district public defender systems, and for the conduct of all appointed counsel systems; and, establishes procedures for distribution of state funding to the state and district public defender offices, as well as the public defense corporations.

OPERATION:

The agency's administration program is segmented into 4 primary activities, which are:

1. The Administrative Services Office provides policy direction and guidance for the agency's programs and overall management of its activities. It provides general staff support to all public defender organizations in the Minnesota, as well as implements the agency's policies, rules and regulations. In addition, it is responsible for implementation and monitoring of management information systems relating to the agency's budget, data, and personnel. This office also directs and coordinates all agency relationships with the legislature, other state agencies, and local governments.
2. The state Public Defender's office provides service to indigents appealing their criminal and civil cases to the Minnesota Court of Appeals and Supreme Court; post-conviction proceedings in the District courts throughout the state; parole revocation proceedings; civil/legal problems; and, prison disciplinary proceedings. In addition, assistance, educational training, and information regarding changes in the law are provided to state and judicial district public defenders.
3. There are 10 judicial district public defender offices in Minnesota. The primary purpose of these offices is to provide legal defense services to indigents charged with felonies and gross misdemeanors. (Second and 4th Judicial District Public Defender offices also provide service to indigents charged with misdemeanor and juvenile offenses).
4. The public defense corporations are community based, legal service entities serving predominantly indigent American Indians, Hispanics, Southeast Asians, and Blacks. The primary purpose of these corporations is to provide criminal and juvenile defense services to indigents so that a high quality, independent defense system may be maintained for those who are unable to obtain private representation.

MAJOR BUDGET ISSUES:

Two major budget issues that warrant attention relate to the Major Policy Issue referenced in the prior narrative: Agency: Board of Public Defense.

The first budget issue involves legislative appropriations to distressed counties. Currently, the state is funding judicial district public defender systems through appropriations to distressed counties in the amount of approximately \$479,000 for F.Y. 1989. If the legislative and executive committees recommend state funding of the judicial district public defender system related to felony and gross misdemeanor cases, the board would recommend elimination of the current appropriation which partially reimburses distressed counties for their payments to their respective judicial district public defender systems.

The second budget issue, funding of judicial district public defender systems may be problematic, but warrants attention now, in order that decision makers are aware of its ramifications. If the state should decide to fund the judicial district public defender systems relating to felony and gross misdemeanor cases, the projected cost for calendar years 1990 and 1991 would be approximately \$16,260,000 and \$17,561,000, respectively. The board has, since 1986, been recommending to the Legislature that the state pay for judicial district public defender services. The board is recommending that for the F.Y. 1990-91 biennium, the state fund all judicial district public defender systems serving felonies and gross misdemeanors, and in addition in the case of the Second and Fourth Judicial Districts, fund the costs associated with serving misdemeanor and juvenile cases. It would be the intent of the board to identify the costs associated with misdemeanor, juvenile, paternity, non-support, contempt and civil commitment public defense services in the other 8 judicial districts and make recommendations to the 1991 Legislature for funding.

EXPLANATION OF BUDGET REQUEST:

This budget request will fund the agency's Administrative Services Office, state Public Defender's office, 10 judicial district public defender offices, and 5 public defense corporations. The purpose of this program is to provide quality, legal defense services and the administration thereof, to the indigent of Minnesota, through its operating activities.

There are 4 CHANGE requests identified for this program. The first is Administrative Services. This activity requests an increase of \$30,000 in F.Y. 1990 and \$30,000 in F.Y. 1991 to initiate and complete administrative tasks, mandated by the 1987 legislature. The second activity, State Public Defender's Office, requests an increase of \$194,000 in F.Y. 1990 and \$194,000 in F.Y. 1991. The purpose of this request is to continue the BASE level of funding that has occurred in previous biennia for overload attorney work and conflict cases, as well as pay for increased numbers of trial transcripts which that office is required to pay for. The third activity, Judicial District Public Defender, requests state funding for all 10 judicial district public defender offices serving felony and gross misdemeanor cases, and in addition, in the case of the Second and Fourth Judicial District Public Defender offices, fund the costs associated with serving misdemeanor and juvenile cases, for the second half of F.Y. 1990 (\$8,130,000) and F.Y. 1991 (\$16,910,000). If funding for this activity were approved, the agency would recommend elimination of the distressed county funding of judicial district public defender services currently being appropriated by the state. The fourth activity, Public Defense Corporations, requests an increase of \$181,000 for F.Y. 1990 and \$202,000 for F.Y. 1991. This increase would be for cost of living adjustments not allocated for the last several years, as well as allow for appropriations to implement 3 new attorney positions for their organizations.

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the board of Public Defense to present its budgetary needs directly to the Legislature for consideration.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : BD OF PUBLIC DEFENSE
PROGRAM : BOARD OF PUBLIC DEFENSE ADMIN

| | | | F.Y. 1990 | | | | F.Y. 1991 | | | | | |
|---|--|--|----------------|---------|-------|-----------------------|----------------|--------|-------|-----------------------|--------|-------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | | |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | | | |
| ACTIVITY EXPENDITURES: | | | FY 1988 | FY 1989 | | | | | | | | |
| ADMINISTRATIVE SERVICES OFFICE | | | 68 | 190 | 193 | 30 | 223 | 193 | 193 | 30 | 223 | 193 |
| B MANDATED MANAGEMENT COSTS | | | GEN | | | 30 | | 0 | | 30 | | 0 |
| STATE PUBLIC DEFENDER'S OFFICE | | | 1,450 | 1,583 | 1,557 | 194 | 1,751 | 1,557 | 1,557 | 194 | 1,751 | 1,557 |
| B TRANSCRIPTS INCREASES AND PERSONNEL | | | GEN | | | 194 | | 0 | | 194 | | 0 |
| JUDICIAL DISTRICT PUBLIC DEF. | | | 239 | 479 | 479 | 8,130 | 8,609 | 479 | 479 | 16,910 | 17,389 | 479 |
| B STATE FUNDING - JUD. PUB. DEF. GEN OFFICES | | | | | | 8,130 | | 0 | | 16,910 | | 0 |
| PUBLIC DEFENSE CORPORATIONS | | | 518 | 519 | 519 | 181 | 700 | 519 | 519 | 202 | 721 | 519 |
| B 3% C.O.L. INCREASES AND ATTORNEYS | | | GEN | | | 181 | | 0 | | 202 | | 0 |
| TOTAL EXPENDITURES | | | 2,275 | 2,771 | 2,748 | 8,535 | 11,283 | 2,748 | 2,748 | 17,336 | 20,084 | 2,748 |
| SOURCES OF FINANCING: | | | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | | | |
| GENERAL | | | 2,275 | 2,771 | 2,748 | 8,535 | 11,283 | 2,748 | 2,748 | 17,336 | 20,084 | 2,748 |
| TOTAL FINANCING | | | 2,275 | 2,771 | 2,748 | 8,535 | 11,283 | 2,748 | 2,748 | 17,336 | 20,084 | 2,748 |
| POSITIONS BY FUND: | | | | | | | | | | | | |
| GENERAL | | | 33.0 | 31.0 | 31.0 | 0.0 | 31.0 | 31.0 | 31.0 | 0.0 | 31.0 | 31.0 |
| TOTAL POSITIONS | | | 33.0 | 31.0 | 31.0 | 0.0 | 31.0 | 31.0 | 31.0 | 0.0 | 31.0 | 31.0 |

ACTIVITY: ADMINISTRATIVE SERVICES
Program: BOARD OF PUBLIC DEFENSE ADMINISTRATION
Agency: BOARD OF PUBLIC DEFENSE

1990-91 Biennial Budget

EXPLANATION OF BUDGET REQUEST:

The Board of Public Defense presents a CHANGE request for \$30,000 in F.Y. 1990, and \$30,000 in F.Y. 1991. This appropriation increase would fund the Agency's Administrative Services activity, and allow for it to continue to implement the 1987 Legislative mandates affecting public defense organizations in Minnesota.

PURPOSE:

The Administrative Services Office provides policy direction and guidance for the agency's programs, as well as overall management of its activities. It provides general administrative staff support to all public defender organizations in the State of Minnesota, as well as implements the agency's policies, rules and regulations. In addition, it is responsible for implementation and monitoring of management information systems relating to the agency's budget, data, and personnel. This office also directs and coordinates all agency relationships with the legislature, other state agencies, and local governments.

RECENT HISTORY & ACTIVITIES:

In 1987, the legislature expanded the agency's statutory and administrative authority for the purpose of providing greater oversight in regard to the State Public Defender's Office, judicial district public defender offices (10), public defense corporations (5), and local court appointed counsel systems (87). Administrative Services was created by the agency, incorporating the management responsibilities stated in the Purpose narrative, above. In addition, it is also responsible for implementation of legislative mandated standards affecting all public defender offices and appointed counsel systems state wide, as well as establishing procedures for the disbursement of state monies to the State Public Defender's Office, all judicial district public defender offices, and public defense corporations.

In January, 1988, the office of Administrative Services was implemented and a Chief Administrator for the agency was employed, as authorized by the 1987 Legislature. In 1988 the legislature authorized 1.0 additional position for the agency. Currently, there are 3.0 full time staff positions serving the agency, which include a Chief Administrator, an Assistant, and an Administrative Secretary.

BUDGET ISSUE:

An important budget issue that warrants the Biennium's attention relates to the ability of the Administrative Service's activity to carry out the mandates of the legislature, as well as implement the directives of the agency. As mentioned previously, the administrative role of the agency was increased significantly by the 1987 Legislature. During F.Y.'s 1988-89, the agency effectuated internal cost saving measures which allowed for the initiation of its Administrative Services activity, the employment of 2 staff members and an administrative secretary, as well as begin initial implementation of the mandates of the 1987 Legislature. Further administrative tasks were limited, as no additional cost savings could be attained without limiting the service delivery responsibilities of the agency's other activities, and no additional staff could be reassigned, as all other agency F.T.E. positions perform legal defense work.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : BD OF PUBLIC DEFENSE
PROGRAM : BOARD OF PUBLIC DEFENSE ADMIN
BUDGET ACTIVITY : ADMINISTRATIVE SERVICES OFFICE

| EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|-----------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 64 | 163 | 166 | 0 | 166 | 166 | 166 | 0 | 166 | 166 |
| EXPENSES/CONTRACTUAL SRVCS | 1 | 16 | 16 | 15 | 31 | 16 | 16 | 15 | 31 | 16 |
| MISC OPERATING EXPENSES | 3 | 7 | 7 | 15 | 22 | 7 | 7 | 15 | 22 | 7 |
| SUPPLIES/MATERIALS/PARTS | 0 | 4 | 4 | 0 | 4 | 4 | 4 | 0 | 4 | 4 |
| TOTAL EXPENDITURES | 68 | 190 | 193 | 30 | 223 | 193 | 193 | 30 | 223 | 193 |
| CHANGE REQUESTS: | | | | | | | | | | |
| | | | | | | | | | | |
| B MANDATED MANAGEMENT COSTS | | | | 30 | | 0 | | 30 | | 0 |
| TOTAL CHANGE REQUESTS | | | | 30 | | 0 | | 30 | | 0 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 68 | 190 | 193 | 30 | 223 | 193 | 193 | 30 | 223 | 193 |
| TOTAL FINANCING | 68 | 190 | 193 | 30 | 223 | 193 | 193 | 30 | 223 | 193 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 2.0 | 3.0 | 3.0 | 0.0 | 3.0 | 3.0 | 3.0 | 0.0 | 3.0 | 3.0 |
| TOTAL POSITIONS | 2.0 | 3.0 | 3.0 | 0.0 | 3.0 | 3.0 | 3.0 | 0.0 | 3.0 | 3.0 |

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: ADMINISTRATIVE SERVICES
PROGRAM: PUBLIC DEFENSE ADMINISTRATION, BOARD OF
AGENCY: PUBLIC DEFENSE, BOARD OF

REQUEST TITLE: MANDATED MANAGEMENT COSTS

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 30 | -0- | \$ 30 | -0- |
| Governor's Recommendation | | | | |
| General Fund | \$ -0- | -0- | \$ -0- | -0- |

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency would recommend that this CHANGE request be approved to provide funding in implementing personal service contracts in the areas of budget analysis for judicial district public defender offices and public defense corporations, as well as reviewing their required quarterly and year end financial reports, a review and study of the data collection/management information systems currently in place for public defense organizations in the state, identification of existing training programs for public defenders, determination of their value and creation of a training package state wide which would be presented to the agency for approval and eventual implementation; and, miscellaneous increases in the areas of printing, communications, and travel which are necessary to meet the increased responsibilities that are expected of the agency as a result of legislative change in overseeing public defense organizations throughout the state.

DESCRIPTION/BACKGROUND:

In 1987, the legislature expanded the agency's statutory and administrative authority for the purpose of providing greater oversight in regard to the state Public Defender's office, judicial district public defender offices (10), public defense corporations (5), and local court appointed counsel systems (87). Administrative Services was created by the agency, incorporating the management responsibilities stated in the purpose narrative of the Activity: Administrative Services.

The agency, in carrying out the mandates of the 1987 legislature, was authorized to create an Administrative Services Office. In 1988, there were 3.0 full-time staff positions employed: a chief administrator, an assistant, and an administrative secretary.

Because of the changing and evolving role of providing public defense services in the state, as well as the present examination of their current funding and service delivery methods by several state committees and the

American Bar Association, the agency does not feel it appropriate to request additional full-time staff until those major policy issues are resolved. The agency does feel, however, that for it to implement many of the present legislative mandates such as standards affecting all public defender organizations and personnel in the state, training programs, management information systems relating to budgets and data, etc., it is necessary to request that interim funding be allocated.

| BASE: | (Dollars in Thousands) | | | |
|---------------------------|------------------------|-----------|-----------|-----------|
| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| General Fund Expenditures | \$ 4 | \$ 7 | \$ 7 | \$ 7 |

| LONG RANGE IMPLICATIONS: | (Dollars in Thousands) | | |
|---------------------------|------------------------|-----------|-------|
| | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund Expenditures | \$ 40 | \$ 40 | \$ 80 |

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Board of Public Defense to present its budgetary needs directly to the Legislature for consideration.

ACTIVITY: STATE PUBLIC DEFENDER
Program: PUBLIC DEFENSE ADMINISTRATION, BOARD OF
Agency: PUBLIC DEFENSE, BOARD OF

1990-91 Biennial Budget

PURPOSE:

The state Public Defender's Office, as required by the United States and Minnesota constitutions, statutes and law, is responsible for the provision of legal services to indigents appealing their criminal and civil convictions or sentences, to the Court of Appeals and Supreme Court of Minnesota. That office also responds to requests for review of an indigent's conviction, including sentences, by post-conviction proceedings in the district courts throughout the state when the time to appeal has expired or when the facts not in the trial court record must be obtained by testimony. In addition, it represents convicted indigents in parole violations, revocations, and restructuring proceedings before personnel of the Department of Corrections, when requested.

A second major section of the state Public Defender's office is the Legal Assistance to Minnesota Prisoners (LAMP) program that, with the assistance of supervised law students in a clinical educational setting, screens requests for civil legal assistance and represents persons in custody with a wide variety of civil legal problems, which in the judgment of the attorneys, have legal merit. Every effort is made by the attorneys to resolve the identified legal problems by mutual agreement of the parties without court action when it is in the interest of the client.

A third major section of the state Public Defender's office is the Legal Advocacy Project (LAP) which, with the assistance of supervised law students, provides representation for inmates in prison disciplinary hearings, who are charged with violating institutional regulations.

ACTIVITY OPERATIONS:

The state Public Defender's range of services include preparation of appellate briefs and oral arguments to the Minnesota Appellate Courts, preparation of post-conviction petitions and representation at hearings in the district courts throughout the state, preparation for and representation of indigents at probable cause and dispositional hearings before the Department of Corrections relative to potential parole revocations, preparation for and representation of inmates at prison disciplinary hearings, and screening requests for legal assistance and representing persons in custody with a variety of civil legal problems. Assisting the state Public Defender's office, under supervision of staff attorneys in a clinical educational setting, are approximately 100 students assigned to that office each year.

The state Public Defender's office, in conjunction with the Minnesota County Attorneys Association and the Attorney General's office sponsors and administers an Annual Joint Trial Advocacy College for prosecutorial and defense attorneys throughout the state. In addition, the state Public Defender's office, in conjunction with the County Attorneys Association, Attorney General's office, Office of Continuing Education for state court personnel of the Minnesota Supreme Court, and the Bureau of Criminal Apprehension, is a sponsor of a major criminal justice course for approximately 700 defense counsel, prosecutors, police, judges, and law students. Finally, joint training in parole revocation hearing proceedings and prison disciplinary hearings are sponsored and administered by the Minnesota Department of Corrections and the state Public Defender's office.

STATISTICS:

Criminal Appeal Section:

| | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|---|------------------|------------------|------------------|
| Interviews in prison by attorneys, after obtaining and reviewing court records and doing research, followed by attorney written case evaluations regarding possible criminal appeals or other judicial review | 391 | 419 | 475 |
| Criminal Appeals or other judicial review not pursued by clients after interviews and written legal advice by attorneys | 196 | 221 | 233 |
| Criminal Appeals filed to protect client right to appeal | 212 | 213 | 233 |
| Criminal Appeals Dismissed (including in total cases not pursued with client approval) | 58 | 55 | 49 |
| Appellate Briefs prepared and filed | 158 | 152 | 187 |
| Reply Briefs prepared and filed | 8 | 28 | 41 |
| Petitions for review by the Supreme Court prepared and filed | 84 | 64 | 100 |
| Post Conviction Petitions prepared and filed in District Court | 37 | 42 | 24 |
| Responses in writing to written miscellaneous inquiries in criminal matters | 194 | 143 | 378 |
| Parole revocation and restructuring hearings | 378 | 468 | 646 |

LAMP:

| | | | |
|--|-----|-----|-----|
| No. of clients interviewed and files opened | 286 | 279 | 295 |
| No. of legal problems from clients interviewed | 338 | 340 | 374 |
| Clients whose matters were closed during the year | 385 | 312 | 245 |
| Open files being worked on at beginning of fiscal year | 451 | 352 | 319 |
| Misc. inquiries responded to in writing | 83 | 112 | 107 |

LAP:

| | | | |
|---|-------|-------------|-------|
| Disciplinary Cases completed | 1,749 | 1,617 | 1,559 |
| Not Guilty or Charge dismissed | 180 | 187 | 168 |
| Guilty, Accused received suspended or concurrent sentence | 471 | 502 | 393 |
| Guilty, Accused received loss of privileges | N/A | (1/2 Yr) 93 | 197 |
| Guilty, Accused received minimum established | 788 | 622 | 533 |
| Guilty, Accused received greater than minimum established | 310 | 306 | 268 |

MAJOR POLICY ISSUE:

The state Public Defender's office is responsible for representing indigent defendants appealing from a conviction or pursuing a post-conviction proceeding after the time for appeal has expired. The Minnesota Rules of Criminal Procedure (Rule 28.02, Subd.5(5)) requires that the state Public Defender's office must represent an appeal or post-conviction case involving a felony and may represent a gross misdemeanor or misdemeanor case. Because of limited staffing allocations and budget appropriations, the state Public Defender's office has, historically, only represented indigent felony and gross misdemeanor appeal cases.

ACTIVITY: STATE PUBLIC DEFENDER
(Continuation)

1990-91 Biennial Budget

Program: PUBLIC DEFENSE ADMINISTRATION, BOARD OF
Agency: PUBLIC DEFENSE, BOARD OF

In recent years, representation of indigent misdemeanor appeal cases by the state Public Defender's office has been discussed by governmental officials. The agency has not held public hearings in regard to this issue, nor does it have any preliminary policy recommendations as to the future service delivery methods for misdemeanor appellate cases. The purpose of raising this area as a possible major policy issue, is to inform the legislature of current discussions. It is also important to note that if the state Public Defender's office should become responsible for representing indigent misdemeanor appellate cases by either legislative change or court direction, that said change in current policy would require significant increases in staffing patterns and appropriations to that office.

MAJOR BUDGET ISSUES:

The first budget issue relates to an increase in Parole Revocation and Restructuring hearings. Hearings have increased from 378 in F.Y. 1986 to 468 in F.Y. 1987 (24%), to 646 in F.Y. 1988 (38%); a 72% increase in 2 years. At present, there is a parole advocate position assigned to represent clients in those hearings. Because of present staffing limitations in the state Public Defender's office, it is becoming increasingly difficult to provide assistance when there is an overload in these hearings. If this increase should continue during the 1990-91 biennium, it may be necessary to request an additional staff position.

A second budget issue relates to a significant increase in the number of trial transcripts that the state Public Defender's office must review. The Rules of Criminal Procedure (Rule 28.02) provide that the state Public Defender's office shall be appointed to represent all eligible indigent defendants in all appeal or post-conviction cases and that the cost of transcripts and other expenses necessary to review those cases, shall be borne by the state from funds available to the state Public Defender's office. Because of a significant increase in commitments to Minnesota state prisons (50% between years 1982-1988) and a corresponding rise in indigent inmate appeals (41%), the state Public Defender's office has begun experiencing a deficit in its budget appropriations for trial transcripts. In F.Y. 1989, the office was forced to initiate an emergency request through the Legislative Advisory Commission in an amount of \$160,000. The purpose for that request and the proposed increase in the appropriation for this biennium, is to provide sufficient funds to obtain the required transcripts.

EXPLANATION OF BUDGET REQUEST:

The Board of Public Defense presents a CHANGE request for \$194,000 for F.Y. 1990, and \$194,000 for F.Y. 1991. This appropriation request would allow the state Public Defender's office to continue the same level of funding in the base fiscal year for part-time personnel (attorneys) for overload and conflict cases, and in addition, would cover the costs necessary to pay for an increase in trial transcripts.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : BD OF PUBLIC DEFENSE
PROGRAM : BOARD OF PUBLIC DEFENSE ADMIN
BUDGET ACTIVITY : STATE PUBLIC DEFENDER'S OFFICE

| | | | F.Y. 1990 | | | | F.Y. 1991 | | | |
|---------------------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| EXPENDITURES: | FY 1988 | FY 1989 | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 1,106 | 1,243 | 1,217 | 68 | 1,285 | 1,217 | 1,217 | 68 | 1,285 | 1,217 |
| EXPENSES/CONTRACTUAL SRVCS | 82 | 86 | 86 | 0 | 86 | 86 | 86 | 0 | 86 | 86 |
| MISC OPERATING EXPENSES | 56 | 93 | 93 | 0 | 93 | 93 | 93 | 0 | 93 | 93 |
| SUPPLIES/MATERIALS/PARTS | 206 | 161 | 161 | 126 | 287 | 161 | 161 | 126 | 287 | 161 |
| TOTAL EXPENDITURES | 1,450 | 1,583 | 1,557 | 194 | 1,751 | 1,557 | 1,557 | 194 | 1,751 | 1,557 |
| CHANGE REQUESTS: | FUND | | | | | | | | | |
| B TRANSCRIPTS INCREASES AND PERSONNEL | GEN | | | 194 | | 0 | | 194 | | 0 |
| TOTAL CHANGE REQUESTS | | | | 194 | | 0 | | 194 | | 0 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 1,450 | 1,583 | 1,557 | 194 | 1,751 | 1,557 | 1,557 | 194 | 1,751 | 1,557 |
| TOTAL FINANCING | 1,450 | 1,583 | 1,557 | 194 | 1,751 | 1,557 | 1,557 | 194 | 1,751 | 1,557 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 31.0 | 28.0 | 28.0 | 0.0 | 28.0 | 28.0 | 28.0 | 0.0 | 28.0 | 28.0 |
| TOTAL POSITIONS | 31.0 | 28.0 | 28.0 | 0.0 | 28.0 | 28.0 | 28.0 | 0.0 | 28.0 | 28.0 |

CHANGE REQUEST 1990-91 Biennial Budget
 _____ Agency _____ Program X Activity

ACTIVITY: STATE PUBLIC DEFENDER
 PROGRAM: PUBLIC DEFENSE ADMINISTRATION, BOARD OF
 AGENCY: PUBLIC DEFENSE, BOARD OF

REQUEST TITLE: TRANSCRIPTS INCREASE AND PERSONNEL

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|----------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 194 | -0- | \$ 194 | -0- |

Governor's Recommendation

| | | | | |
|--------------|--------|-----|--------|-----|
| General Fund | \$ -0- | -0- | \$ -0- | -0- |
|--------------|--------|-----|--------|-----|

Request requires statutory change: _____ Yes X No
 Statutes Affected: None

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests this CHANGE request for the state Public Defender's office to provide the BASE level of funding for F.Y. 1990 of \$1,557,000 and for F.Y. 1991 of \$1,557,000 with an additional sum of \$194,000 for each F.Y. The agency would recommend that this CHANGE request be approved to continue the BASE level of funding as the base fiscal year for part-time personnel (attorneys) that are needed for overload and conflict cases. Each year of the biennium that a request is made for this category of expenses, there must be a CHANGE request and justification prepared. In reality, this amount has been approved and expended in previous biennium budgets for the state Public Defender's office. This category of expenses (part-time personnel (attorneys) for overload and conflict cases) is a legal and necessary staffing pattern required of public defender offices. Of the \$194,000 CHANGE request made by the agency for the state Public Defender, \$68,000 would be allocated for part-time personnel (attorneys) to continue the BASE level of funding as in the base fiscal years. These attorneys are paid \$20-\$30 per hour, when needed for overload and conflict cases.

The agency also recommends that this CHANGE request be approved to allow for an increase in appropriations to pay for increased trial transcripts. Of the \$194,000 CHANGE request that the agency is requesting for the state Public Defender's office, \$126,000 would be for an increase in the numbers of trial transcripts that are required to be reviewed by that office.

DESCRIPTION/BACKGROUND:

The board, through a review of its existing appropriation, does not have sufficient monies to cover the state Public Defender's deficit attributable to increased trial transcripts and their associated cost. The number of new court commitments to Minnesota state prisons have increased from 1,200 per year in 1982 to 1,800 per year in 1988 (50%). Of that increase, there has

been a corresponding rise in indigent inmate appeals (41%) between the years 1986-1988 (135-191). In addition, in 1987, the Minnesota legislature created the 3rd and 8th Judicial District Public Defender offices, which also had an effect on the increased cost of trial transcripts for the state Public Defender's office. Although the state Public Defender's office represented indigent inmates in those judicial districts prior to 1987, the cost for ordering and review of trial transcripts was paid by the counties of those judicial districts. With the change in legislation, the state Public Defender's office is now responsible for those costs.

The ordering and review of trial transcripts for indigent inmates is a required procedure of the Appeal process that the state Public Defender's office must follow, before the appellate and supreme courts of Minnesota. If these trial transcripts were not ordered, paid for, and reviewed prior to appealing to the appellate and supreme courts of Minnesota, it is felt that those courts would order such.

In regard to overload and conflict cases, temporary additional attorneys continue to be necessary when 3 or more co-defendants are involved and when case load volume requires additional attorney personnel to properly represent the additional clients and to meet required time limits for judicial review.

| BASE: | (Dollars in Thousands) | | | |
|---------------------------|------------------------|-----------|-----------|-----------|
| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| General Fund Expenditures | \$ 194 | \$ 188 | \$ 120 | \$ 120 |

| LONG RANGE IMPLICATIONS: | (Dollars in Thousands) | | |
|---------------------------|------------------------|-----------|--------|
| | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund Expenditures | \$ 345 | \$ 380 | \$ 725 |

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Board of Public Defense to present its budgetary needs directly to the Legislature for consideration.

ACTIVITY: JUDICIAL DISTRICT PUBLIC DEFENDERS **1990-91 Biennial Budget**
Program: PUBLIC DEFENSE ADMINISTRATION, BOARD OF
Agency: PUBLIC DEFENSE, BOARD OF

PURPOSE:

Judicial district public defender offices are statutorily responsible for providing legal services to indigents charged with felony and gross misdemeanor offenses, as well as assisting them in extradition hearings and probation violations. The 2nd (Ramsey) and 4th (Hennepin) judicial district Public Defender offices also provide indigent legal services to misdemeanor and juvenile offenders, as well. There are 10 judicial district Public Defender offices in the state of Minnesota.

RECENT OPERATIONS HISTORY:

In 1981, the Minnesota legislature created the Board of Public Defense. One of its primary responsibilities was to institute and administer judicial district public defender offices in 6 out of 10 judicial districts in the state. In 1987, the legislature statutorily expanded the role of the agency in many administrative areas. Two new judicial district public defender offices were created (3rd and 8th). All judicial district Public Defender offices, except for the 2nd and the 4th, are now under the jurisdiction and administration of the agency. Although the 2nd and 4th judicial district Public Defender offices are not directly responsible to the administration of the agency, they are subject to all of the agency's standards and rule making authority, and they are eligible for distribution of state funds, when appropriated.

The agency also sets professional standards for the conduct of all judicial district public defender employees, as well as their offices. In addition, except for the 2nd and 4th judicial district Public Defender offices, the agency appoints chief public defenders for each judicial district, approves all employment of assistant public defenders, holds public hearings to certify yearly budgets to counties for payment of their respective judicial district public defender offices, and implements management information systems relating to financial and data records.

STATISTICS:

Judicial district public defender offices terminated 8,796 cases in C.Y. 1987, involving felonies, gross misdemeanors, extraditions, and parole violations. The following are totals for felony and gross misdemeanor cases closed by the judicial district public defender offices in C.Y. 1987:

| | 1st | 5th | 6th | 7th | 9th | 10th |
|-------------|-------|-----|-----|-------|-------|-------|
| Felonies | 882 | 49 | 602 | 474 | 791 | 929 |
| Gross Misd. | 633 | 404 | 22 | 617 | 476 | 786 |
| Total: | 1,515 | 900 | 524 | 1,364 | 1,267 | 1,715 |

The above data does not include 4 judicial district Public Defender offices. Those are the 2nd, 3rd, 4th, and 8th. These 4 for data purposes were placed under the jurisdiction of the agency, beginning 1-1-88.

MAJOR POLICY & BUDGET ISSUES:

Major policy and budget issues that relate to the judicial district public defenders' activity is detailed in the narrative AGENCY: BOARD OF PUBLIC DEFENSE - MAJOR POLICY ISSUES and PROGRAM: BOARD OF PUBLIC DEFENSE ADMINISTRATION - MAJOR BUDGET ISSUES. Rather than reiterating the Major Policy and Budget Issues referred to above, those important areas should be referenced.

EXPLANATION OF BUDGET REQUEST:

The board requests that a CHANGE request in the amount of \$8,130,000 for F.Y. 1990 and \$16,910,000 for F.Y. 1991 be approved for allocation to all of the Judicial District public Defender offices throughout the state. The amount of \$8,130,000 would fund the state's 10 Judicial District Public Defender offices serving felonies and gross misdemeanors, and in addition, in the case of the Second and Fourth Judicial District Public Defender offices, fund the cost associated with serving misdemeanor and juvenile cases, as well. In order to bring into alignment current county calendar year funding to state fiscal year funding, the amount of \$8,130,000 would fund the final 6 months of F.Y. 1990 and the amount of \$16,910,000 would fund the full F.Y. 1991.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : BD OF PUBLIC DEFENSE
PROGRAM : BOARD OF PUBLIC DEFENSE ADMIN
BUDGET ACTIVITY : JUDICIAL DISTRICT PUBLIC DEF.

| F.Y. 1990 | | | | | | | F.Y. 1991 | | | |
|--|---------|---------|------|--------|-------|--------------------|----------------|--------|--------|--------------------|
| ----- | | | | | | | ----- | | | |
| AGENCY REQUEST | | | | | | | AGENCY REQUEST | | | |
| ----- | | | | | | | ----- | | | |
| EXPENDITURES: | FY 1988 | FY 1989 | BASE | CHANGE | TOTAL | GOVERNOR'S RECOMM. | BASE | CHANGE | TOTAL | GOVERNOR'S RECOMM. |
| ----- | | | | | | | | | | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| EXPENSES/CONTRACTUAL SRVCS | 7 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ----- | | | | | | | | | | |
| STATE OPERATIONS | 7 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| LOCAL ASSISTANCE | 232 | 479 | 479 | 8,130 | 8,609 | 479 | 479 | 16,910 | 17,389 | 479 |
| ----- | | | | | | | | | | |
| TOTAL EXPENDITURES | 239 | 479 | 479 | 8,130 | 8,609 | 479 | 479 | 16,910 | 17,389 | 479 |
| ----- | | | | | | | | | | |
| CHANGE REQUESTS: FUND | | | | | | | | | | |
| ----- | | | | | | | | | | |
| B STATE FUNDING - JUD. PUB. DEF. GEN OFFICES | | | | 8,130 | | 0 | | 16,910 | | 0 |
| ----- | | | | | | | | | | |
| TOTAL CHANGE REQUESTS | | | | 8,130 | | 0 | | 16,910 | | 0 |
| ----- | | | | | | | | | | |
| SOURCES OF FINANCING: | | | | | | | | | | |
| ----- | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 239 | 479 | 479 | 8,130 | 8,609 | 479 | 479 | 16,910 | 17,389 | 479 |
| ----- | | | | | | | | | | |
| TOTAL FINANCING | 239 | 479 | 479 | 8,130 | 8,609 | 479 | 479 | 16,910 | 17,389 | 479 |
| ----- | | | | | | | | | | |
| POSITIONS BY FUND: | | | | | | | | | | |
| ----- | | | | | | | | | | |
| ----- | | | | | | | | | | |
| TOTAL POSITIONS | | | | | | | | | | |

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: JUDICIAL DISTRICT PUBLIC DEFENDERS
PROGRAM: PUBLIC DEFENSE ADMINISTRATION, BOARD OF
AGENCY: PUBLIC DEFENSE, BOARD OF

REQUEST TITLE: STATE FUNDING - JUDICIAL DISTRICT PUBLIC DEFENDER OFFICES

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|----------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$8,130 | -0- | \$16,910 | -0- |

Governor's Recommendation

| | | | | |
|--------------|--------|-----|--------|-----|
| General Fund | \$ -0- | -0- | \$ -0- | -0- |
|--------------|--------|-----|--------|-----|

Request requires statutory change: X Yes _____ No
Statutes Affected: M.S. 611.214

STATEMENT OF REQUEST/OBJECTIVE:

The agency is recommending that the state fund the 10 judicial district public defender offices serving felonies and gross misdemeanors, and in addition, in the case of the Second and Fourth Judicial District Public Defender offices, fund the costs associated with serving misdemeanor and juvenile cases, for the second half of F.Y. 1990 and the full F.Y. 1991.

If funding for this activity were approved, the agency would recommend elimination of the current biennium's BASE level funding of distressed counties currently being appropriated by the state.

DESCRIPTION/BACKGROUND:

The agency, in 1986, began recommending state financing of judicial district Public Defender budgets because it felt strongly that the quality of defending an indigent in Minnesota should not be predicated upon the financial ability of a particular judicial district to pay for those services. Although the agency has statutory authority to set appropriate standards and certify yearly budgets in the delivery of legal defense services in each judicial district in the state, local county governments must raise the necessary revenue through property tax levies to pay for such. The 1987 legislature appropriated \$718,000 for the 1988-89 biennium to partially reimburse distressed counties for their costs in supporting their respective judicial district public defender systems.

As stated previously, the question of whether the state should fund judicial district Public Defender systems instead of counties is currently being examined by 2 state committees that were created by the 1988 legislature. Both of these committees have, as part of their charge, the responsibility to examine existing funding of Public Defender systems state-wide and make recommended changes, if any.

The projected cost to fund the state's 10 judicial district public defender offices serving felony and gross misdemeanor cases, and in addition serve misdemeanor and juvenile cases in the Second and Fourth Judicial Districts, would be approximately \$8,130,000 for the last 6 months of F.Y. 1990. For F.Y. 1991, the full cost would be approximately \$16,910,000.

Currently, the state is funding judicial district Public Defender systems through appropriations to distressed counties in the amount of approximately \$479,000 for F.Y. 1989. If the legislative and executive committees, mentioned previously in this narrative, recommend state funding of judicial district Public Defender systems related to felony and gross misdemeanor cases, and if the legislature should implement those recommendations, the agency would recommend elimination of the current appropriation which partially reimburses distressed counties for their payments to their respective judicial district Public Defender systems.

| BASE: | (Dollars in Thousands) | | | |
|--------------|------------------------|-----------|-----------|-----------|
| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| General Fund | \$ 239 | \$ 479 | \$ 479 | \$ 479 |

| LONG RANGE IMPLICATIONS: | (Dollars in Thousands) | | |
|--------------------------|------------------------|-----------|-----------|
| | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund | \$ 14,728 | \$ 15,906 | \$ 30,634 |

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Board of Public Defense to present its budgetary needs directly to the Legislature for consideration. However, the Governor does support increased State funding for the public defense system, and recommends that some portion of the \$30,478,000 recommended in the area of Trial Courts be used to fund public defender services.

ACTIVITY: PUBLIC DEFENSE CORPORATIONS **1990-91 Biennial Budget**
Program: PUBLIC DEFENSE ADMINISTRATION, BOARD OF
Agency: PUBLIC DEFENSE, BOARD OF

PURPOSE:

The primary purpose of public defense corporations is to provide criminal and juvenile legal defense services to predominantly indigent American Indians, Hispanics, Southeast Asians, and Blacks, through community based legal service entities.

OPERATIONS & CLIENTELE:

There are 5 public defense corporations currently receiving state funds for the defense of indigents charged with criminal offenses. They are, with the counties, Indian reservations, and judicial districts they represent, as follows:

| <u>Public Defense Corporations</u> | <u>Counties/(Indian Reservations</u> | <u>Judicial Districts</u> |
|---|--|---------------------------|
| Neighborhood Justice Center | Dakota, Ramsey, Washington | 1st & 2nd |
| Legal Rights Center | Hennepin | 4th |
| Indian Legal Assistance Program | St. Louis, Carlton, Cook, Lake, Itasca, Aitkin, Crow Wing, Kanabec, Pine (Boise Forte, Fond du Lac, and Portage, Mille Lacs) | 6th 7th 9th |
| White Earth Criminal and Juvenile Defense Corporation | Becker, Mahnomen, Clearwater Hubbard (Red Lake, Leech, White Earth) | 7th 9th |
| Leech Lake Criminal and Juvenile Defense Corporation | Cass, Beltrami, Itasca, Hubbard (Red Lake, Leech and White Earth) | 9th |

If the public defense corporations were not in existence, their clients would be eligible for public defender services within the judicial districts listed above. Current judicial district public defender budgets would need to be increased to incorporate those clients, which in turn, would mean that local governments (counties) would have to levy additional property taxes to pay for such.

STATISTICS:

Public defense corporation cases terminated in F.Y. 1988 totaled 2,432. The following are categories of criminal offenses that were closed by the public defense corporations in F.Y. 1988.

| | <u>L.R.</u> | <u>N.J.C.</u> | <u>DULUTH</u> | <u>LEECH</u> | <u>W.E.</u> |
|-------------------|-------------|---------------|---------------|--------------|-------------|
| Felony | 67 | 156 | 59 | 19 | 70 |
| Gross Misdemeanor | 39 | 36 | 58 | 54 | 22 |
| Misdemeanor | 359 | 289 | 460 | 215 | 84 |
| Misc. | 30 | 56 | 239 | 91 | 29 |
| Totals: | 495 | 537 | 816 | 379 | 205 |

RECENT BUDGET HISTORY:

State funding for public defense corporations was originated and authorized by the 1978 Minnesota legislature. Funds appropriated for these corporations are allocated by the agency under M.S. 611.216. Each corporation funded by the state, in order to insure broad support, must provide matching money received from non-state sources, which may include money or in-kind contributions from federal agencies, local governments, private agencies, and community groups equal to 10% of its state appropriation.

Since 1978, state funding of the public defender corporations has been somewhat sporadic. From F.Y. 1978 through F.Y. 1984, state funding of the public defense corporations remained constant at \$340,000 per year. In F.Y. 1985, funding increased to \$484,500, an approximate 43% increase. In F.Y. 1986, the state increased its appropriations to \$502,300, but it later was unallocated to \$477,900, (5% decrease) due to unanticipated state budget constraints. State funding to the public defense corporations for F.Y. 1987-1989 increased only 1%.

OTHER SOURCES OF FUNDING:

All of the public defense corporations receive monies from sources other than the state for the delivery of their services. The 2 largest corporations, Legal Rights Center (Minneapolis) and Neighborhood Justice Center (St. Paul), combined F.Y. 1988 budgets were approximately \$940,000. Funding sources, other than the state, contributed approximately \$705,000, or 75% of their total budgets. The 3 public defense corporations serving predominantly American Indian Reservations in northern Minnesota are primarily funded by state funds. Duluth Indian Legal Assistance Program, White Earth, and Leech Lake Legal Corporations combined F.Y. 1988 budgets were approximately \$370,000. Outside funding sources totaled \$71,000, or 19% of their budgets.

EXPLANATION OF BUDGET:

The board presents a CHANGE request for \$181,000 in F.Y. 1990, and \$202,000 in F.Y. 1991, for the public defense corporations. These increases incorporate approximate 3% cost of living adjustments, not allocated since F.Y. 1986, as well as allow for additional attorneys for the public defense corporations to meet their unmet needs.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : BD OF PUBLIC DEFENSE
PROGRAM : BOARD OF PUBLIC DEFENSE ADMIN
BUDGET ACTIVITY : PUBLIC DEFENSE CORPORATIONS

| | | F.Y. 1990 | | | | | F.Y. 1991 | | | | | |
|-------------------------------------|--|-----------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|---|
| | | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | |
| EXPENDITURES: | | FY 1988 | FY 1989 | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | | |
| LOCAL ASSISTANCE | | 518 | 519 | 519 | 181 | 700 | 519 | 519 | 202 | 721 | 519 | |
| TOTAL EXPENDITURES | | 518 | 519 | 519 | 181 | 700 | 519 | 519 | 202 | 721 | 519 | |
| CHANGE REQUESTS: | | FUND | | | | | | | | | | |
| B 3% C.O.L. INCREASES AND ATTORNEYS | | GEN | | 181 | | | 0 | 202 | | | 0 | |
| TOTAL CHANGE REQUESTS | | | | | 181 | | | 0 | 202 | | | 0 |
| SOURCES OF FINANCING: | | | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | | | |
| GENERAL | | 518 | 519 | 519 | 181 | 700 | 519 | 519 | 202 | 721 | 519 | |
| TOTAL FINANCING | | 518 | 519 | 519 | 181 | 700 | 519 | 519 | 202 | 721 | 519 | |
| POSITIONS BY FUND: | | | | | | | | | | | | |
| TOTAL POSITIONS | | | | | | | | | | | | |

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: PUBLIC DEFENSE CORPORATIONS
PROGRAM: PUBLIC DEFENSE ADMINISTRATION, BOARD OF
AGENCY: PUBLIC DEFENSE, BOARD OF

REQUEST TITLE: 3% C.O.L. INCREASES & ADDITIONAL ATTORNEYS

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|----------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 181 | -0- | \$ 202 | -0- |

Governor's Recommendation

| | | | | |
|--------------|--------|-----|--------|-----|
| General Fund | \$ -0- | -0- | \$ -0- | -0- |
|--------------|--------|-----|--------|-----|

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests these funds to provide a stable cost of living source which will enable public defense corporations to maintain their current operations and employment of staff. In addition, because of limited staff attorneys available to perform legal defense work for indigent minority populations, the agency is recommending additional appropriations for employment of 3 new attorney positions. These positions would not be new state employees, but employees of the public defense corporations.

DESCRIPTION/BACKGROUND:

State funding of the public defense corporations is an important part of their overall budget, as those monies can be used as "match" for private contributions. Limited funding by the state has a negative effect on raising private monies from private corporations. In addition, when the public defense corporations are unable to receive cost of living increases, that funding deficit affects staffing patterns and the morale of employees.

The agency's CHANGE request for the public defense corporations would allow for them to receive approximate 3% cost of living increases retroactive to 1986. (This requested increase would take into account the 1% cost of living allocation by the state since 1986. A precedent for this type of appropriation was established in 1984 when the legislature increased the public defense corporations appropriation 43%). In addition to the cost of living increase, the agency is recommending that an appropriation be allocated for the employment of 3 additional attorneys. There have been no staffing increases of attorneys since 1984 for the public defense corporations, which severely impacts their ability to meet their intake and needs of their clients.

BASE: (Dollars in Thousands)

| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|---------------------------|-----------|-----------|-----------|-----------|
| General Fund Expenditures | \$ 518 | \$ 519 | \$ 519 | \$ 519 |

LONG RANGE IMPLICATIONS: (Dollars in Thousands)

| | F.Y. 1992 | F.Y. 1993 | Total |
|---------------------------|-----------|-----------|----------|
| General Fund Expenditures | \$ 743 | \$ 765 | \$ 1,508 |

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Board of Public Defense to present its budgetary needs directly to the Legislature for consideration.

1990-91 BIENNIAL BUDGET
PROGRAM STRUCTURE

AGENCY: ATTORNEY GENERAL'S OFFICE

PROGRAM

ACTIVITIES

SECTION

PAGE

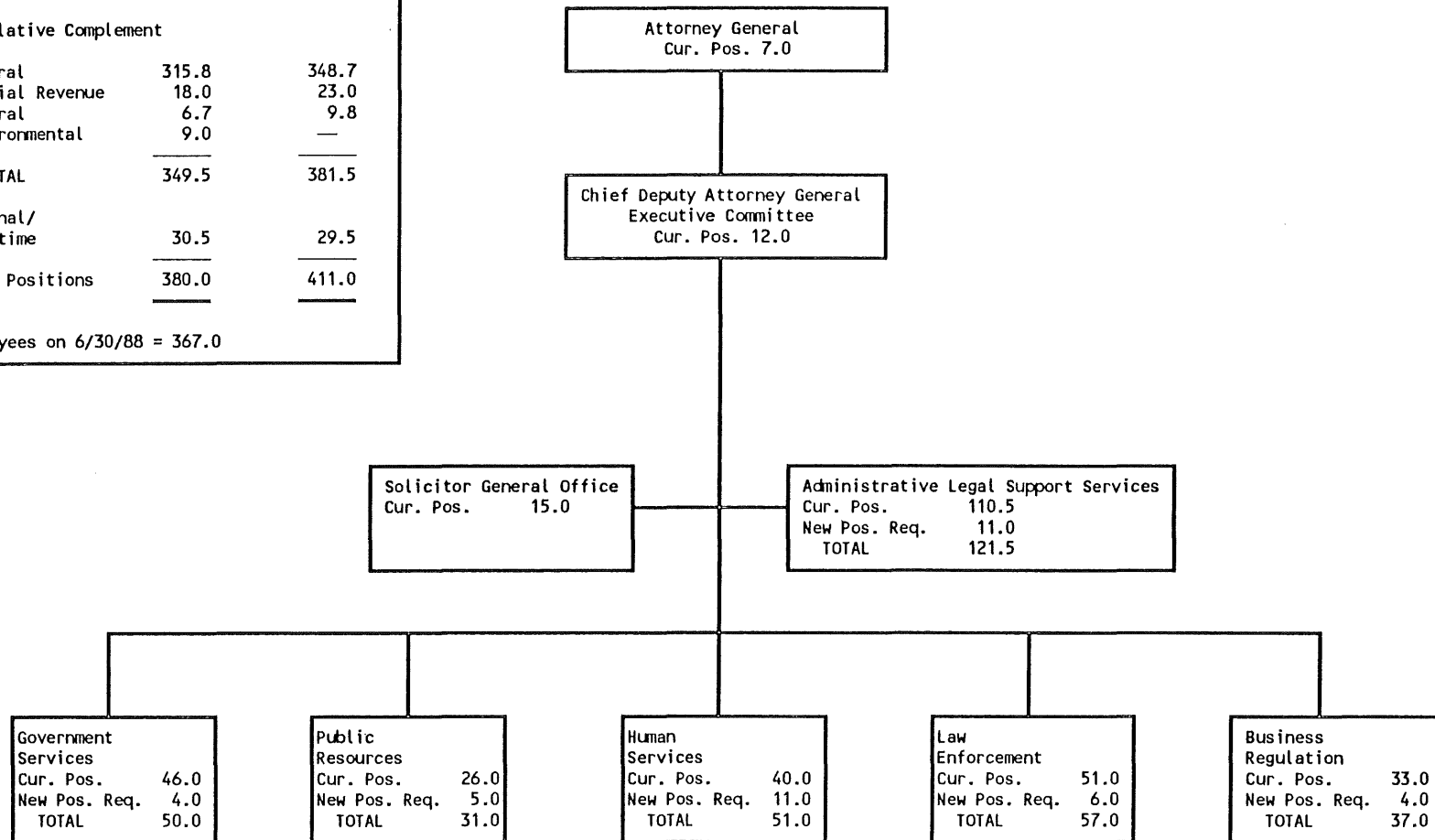
State Legal Services-----

Government Services
Public Resources
Human Resources
Law Enforcement
Business Regulation
Legal Policy and Administration

3 7
12
16
22
28
32

OFFICE OF ATTORNEY GENERAL
ORGANIZATION CHART 7-1-88

| Position Reconciliation | | |
|------------------------------|----------------------|--------------------------|
| Authority | Current F.Y. 1989 | Requested For 6/30/91 |
| Legislative Complement | | |
| General | 315.8 | 348.7 |
| Special Revenue | 18.0 | 23.0 |
| Federal | 6.7 | 9.8 |
| Environmental | 9.0 | — |
| TOTAL | 349.5 | 381.5 |
| Seasonal/ Part-time | 30.5 | 29.5 |
| TOTAL Positions | 380.0 | 411.0 |
| Employees on 6/30/88 = 367.0 | | |



PURPOSE:

The Attorney General represents the legal interests of the state of Minnesota, enforces state laws to protect the public, develops special programs to meet particular needs, provides information and assistance to all Minnesotans and proposes new laws to make Minnesota a better place to live and work.

OPERATIONS AND CLIENTELE:

The Attorney General is the chief legal officer of the state with duties that spring from the Minnesota Constitution, state statutes and common law. As attorney for all state officers, departments, boards and commissions, he represents these agencies and officials in all legal matters pertaining to their public duties. He interprets state statutes and provides opinions to local units of government. He enforces statutes, provides legal information, and acts to protect the legal interests of all Minnesotans.

As the chief legal officer for the State of Minnesota, the Attorney General and his assistants represent the citizens of Minnesota by litigating constitutional challenges, criminal, medicaid fraud, consumer protection and anti-trust cases, and by providing legal services to all state agencies including the general areas of government services, public resources, human resources, business regulation, and many other areas of state concern.

The office serves its more than 100 state agency clients in the following major respects:

1. Represents them in all adversarial proceedings including lawsuits, rule-making hearings, contested case hearings, rate hearings, disciplinary conferences, state and federal appellate litigation, and collection activities.
2. Renders day-to-day legal advice and opinions involving statutory interpretation, potential liabilities, legal authority for proposed agency actions and advisability of available alternative courses of action.

The office serves the public directly through citizen assistance, public education and litigation initiated in the name of the Attorney General. The Attorney General also provides substantial legal assistance to local officials such as county attorneys and sheriffs in their efforts to enforce the laws of this state.

BUDGET ISSUES:

Although historical experience is somewhat helpful in anticipating future legal needs, what legal services will be needed is influenced by several unpredictable variables: financial resources available to client agencies, changes in agency enforcement patterns, pressures on the legal system, and the sometimes sudden onset of federal and state litigation or court decisions which initiate new litigation or appellate challenges.

The output of comprehensive legal services is rarely a tangible product measurable by objective techniques. Public law practice is highly specialized and indispensable for the effective operation of "good government." An indispensable requirement of the Attorney General's Office is flexibility. The appropriations process must permit the existence of sufficient management

discretion to assign and reassign resources in response to rapidly changing needs. We do not produce products. Budget methodologies which may be appropriate for product output are not useful for a client-driven legal service organization. In most areas, our workload is:

1. What those who have claims against the state require us to do to defend the state;
2. What those who break our laws force upon us to uphold the law; and
3. What is necessary to perform those tasks the legislature has assigned to the Office of the Attorney General.

Thus, while recent experience has demonstrated an increased demand for legal services, it is impossible to predict with great accuracy precisely which divisions of the office will experience particular peaks or valleys in that demand throughout the course of a biennium. We have encouraged the greatest possible "fungibility" of legal staff. We hire attorneys and legal assistants who we feel can perform well within any division of the office. Attorney and legal assistant resources, as a consequence, can be transferred more quickly to meet areas of rising demand.

The legal profession has been slower than other professions to take advantage of office automation technology. During the past 5 years, however, law firms have recognized the benefits of automation. Legal research, document production, case management, litigation support and many other law firm activities have been automated. The Attorney General recognizes the need to automate in order remain competitive with the private law firms his staff faces daily in a variety of legal forums. More needs to be done. Our budget request will include requests for more automated resources.

EXPLANATION OF BUDGET REQUEST:

In spite of efforts to balance the demands and to set priorities, the Attorney General's Office cannot keep up with the growth of litigation by internal reassignment and the use of outside counsel. The Attorney General must ask for more staff, and for the computer technology with which the Office's opponents are armed. Positions will be sought at the appropriate budget activity level. The justification for the computer technology request will be made under the Legal Policy and Administration budget activity.

AGENCY: ATTORNEY GENERAL, OFFICE OF
(Continuation)

1990-91 Biennial Budget

| INDEX | (Dollars in Thousands) | | Page |
|---|------------------------|---------------------------|------|
| | Agency Request | Governor's Recommendation | |
| | 1990-91 Biennium | 1990-91 Biennium | |
| | All Funds | All Funds | |
| BASE Level Request | \$ 37,677.0 | \$37,677.0 | |
| Budget Activity CHANGE Requests | | | |
| Civil Litigation | 359.0 | -0- | 10 |
| Resource Litigation | 515.0 | -0- | 15 |
| Long Term Care Rate Appeal Litigation | 558.0 | -0- | 19 |
| Complaints Against Health Professionals | 582.0 | -0- | 21 |
| Criminal Prosecutions and Appeals | 322.0 | -0- | 25 |
| Consumer Education | 118.0 | -0- | 27 |
| Human Rights Enforcement | 381.0 | -0- | 31 |
| Litigation Support | 535.0 | -0- | 35 |
| Ford Library | 102.0 | -0- | 37 |
| Subtotal | 3,472.0 | -0- | |
| CHANGE Requests Subtotal | \$ 3,472.0 | \$ -0- | |
| AGENCY Total | \$ 41,149.0 | \$ 37,677.0 | |

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Office of the Attorney General to present its budgetary needs directly to the legislature for consideration.

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : ATTORNEY GENERAL
PROGRAM : LEGAL SERVICES

| | | F.Y. 1990 | | | | | | F.Y. 1991 | | | |
|---|-----|-----------|---------|----------------|--------|--------|-----------------------|----------------|--------|--------|-----------------------|
| | | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| ACTIVITY EXPENDITURES: | | FY 1988 | FY 1989 | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| GOVT SERVICES | | 3,099 | 3,514 | 3,428 | 191 | 3,619 | 3,428 | 3,430 | 168 | 3,598 | 3,430 |
| B CIVIL LITIGATION | GEN | | | | 191 | | 0 | | 168 | | 0 |
| PUBLIC RESOURCES | | 2,185 | 2,518 | 2,309 | 271 | 2,580 | 2,309 | 2,309 | 244 | 2,553 | 2,309 |
| B RESOURCE LITIGATION | GEN | | | | 271 | | 0 | | 244 | | 0 |
| HUMAN RESOURCES | | 2,685 | 2,483 | 2,699 | 606 | 3,305 | 2,699 | 2,699 | 534 | 3,233 | 2,699 |
| B LONG TERM CARE RATE APPEAL LIT. | GEN | | | | 296 | | 0 | | 262 | | 0 |
| B COMPLAINTS AGAINST HEALTH PROFESSIONALS | DAS | | | | 191 | | 0 | | 168 | | 0 |
| B COMPLAINTS AGAINST HEALTH PROFESSIONALS | GEN | | | | 119 | | 0 | | 104 | | 0 |
| LAW ENFORCEMENT | | 3,387 | 3,372 | 3,580 | 232 | 3,812 | 3,580 | 3,568 | 208 | 3,776 | 3,568 |
| B CRIMINAL PROSECUTIONS AND APPEALS | GEN | | | | 171 | | 0 | | 151 | | 0 |
| B CONSUMER EDUCATION | GEN | | | | 61 | | 0 | | 57 | | 0 |
| LEGAL POL, LITIGATION & ADMIN | | 3,608 | 3,842 | 4,027 | 360 | 4,387 | 4,027 | 4,030 | 277 | 4,307 | 4,030 |
| B FORD LIBRARY | GEN | | | | 91 | | 0 | | 11 | | 0 |
| B LITIGATION SUPPORT | GEN | | | | 269 | | 0 | | 266 | | 0 |
| BUS REGULATION | | 2,951 | 2,956 | 2,799 | 202 | 3,001 | 2,799 | 2,799 | 179 | 2,978 | 2,799 |
| B HUMAN RIGHTS ENFORCEMENT | GEN | | | | 202 | | 0 | | 179 | | 0 |
| TOTAL EXPENDITURES | | 17,915 | 18,685 | 18,842 | 1,862 | 20,704 | 18,842 | 18,835 | 1,610 | 20,445 | 18,835 |
| SOURCES OF FINANCING: | | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | | |
| GENERAL | | 16,365 | 16,958 | 17,255 | 1,671 | 18,926 | 17,255 | 17,260 | 1,442 | 18,702 | 17,260 |
| SP REV DIRECT APPROP | | 813 | 896 | 896 | 191 | 1,087 | 896 | 896 | 168 | 1,064 | 896 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : ATTORNEY GENERAL
PROGRAM : LEGAL SERVICES

| SOURCES OF FINANCING: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|---------------------------|---------|---------|----------------|--------|--------|-----------------------|----------------|--------|--------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 14 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SPECIAL REVENUE | 0 | 20 | 10 | 0 | 10 | 10 | 10 | 0 | 10 | 10 |
| FEDERAL | 497 | 712 | 681 | 0 | 681 | 681 | 669 | 0 | 669 | 669 |
| AGENCY | 215 | 92 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| GIFTS AND DEPOSITS | 11 | 7 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL FINANCING | 17,915 | 18,685 | 18,842 | 1,862 | 20,704 | 18,842 | 18,835 | 1,610 | 20,445 | 18,835 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 315.8 | 315.8 | 315.8 | 32.9 | 348.7 | 315.8 | 315.8 | 32.9 | 348.7 | 315.8 |
| SP REV DIRECT APPROP | 18.0 | 18.0 | 18.0 | 5.0 | 23.0 | 18.0 | 18.0 | 5.0 | 23.0 | 18.0 |
| FEDERAL | 6.7 | 6.7 | 9.8 | 0.0 | 9.8 | 9.8 | 9.8 | 0.0 | 9.8 | 9.8 |
| ENVIRONMENTAL | 9.0 | 9.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| TOTAL POSITIONS | 349.5 | 349.5 | 343.6 | 37.9 | 381.5 | 343.6 | 343.6 | 37.9 | 381.5 | 343.6 |

ACTIVITY: GOVERNMENT SERVICES
Program: LEGAL SERVICES
Agency: ATTORNEY GENERAL, OFFICE OF

1990-91 Biennial Budget

PURPOSE:

The Attorney General's Government Services Activity represents a wide variety of state agencies, boards and commissions in protecting the public's interests. Staff assigned to this activity answer thousands of legal inquiries each year from citizens and elected officials relating to data practices, purchasing, public finance, tax collections, personal injury, property damage and the state building code. They enforce the state's drunk-driving laws and keep overweight vehicles off state roadways. A key responsibility is assisting the Department of Transportation as it completes construction of the federal interstate system.

The major areas for which the activity's clients are responsible are:

1. Public Finance. Legal representation to the Departments of Finance, Administration, Trade and Economic Development and the Housing Finance Agency. Attorneys also represent a variety of state boards, including the State Board of Investment, the Client Security Board, the Ethical Practices Board and the Amateur Sports Commission.
2. Public Safety. Representation of the Department of Public Safety, particularly the Office of Pipeline Safety and Emergency Services, the State Fire Marshal and the Bureau of Criminal Apprehension, the State Patrol and the division of Driver and Vehicle Services. Assistance to the Crime Victims and Witness Advisory Council, the Crime Victims Ombudsman and the Crime Victims Reparations Board.
3. Utility Regulation. Representation of electric, gas and telephone rate-payers, both residential and small business, in utility rate-increase cases.
4. Tax Litigation. Legal counsel to the Department of Revenue in the interpretation of statutes and assistance in the administration and collection of state taxes, including income, corporate franchise, sales, occupation, taconite production, gross earnings, estate, petroleum and tobacco taxes.
5. Transportation. Legal advice on a wide range of transportation issues and representation in real estate and construction litigation. The office provides opinions and land title examinations and representation in lawsuits over property acquisition.
6. Tort Claims. Defense of the State against claims of personal injury or property damage. The most common cases concern highway accidents, claims arising from state hospitals, prisons and parks and actions involving the Highway Patrol and Department of Natural Resources conservation officers. Tort claim limits are \$200 per person and \$600 per occurrence.

The activity serves its clients in the following major respects:

1. Conducts all client-related tax, tort, construction, bond default, procurement, rate-making and other litigation.
2. Reviews and approves proposals of the Commissioner of Revenue to abate

taxes, penalties and interest.

3. Represents residential consumers and the general public interest in utility rate cases; participates in all contested cases and court appeals of commission orders.
4. Reviews and approves all contracts; investigates, negotiates and seeks to resolve all contract disputes for the Department of Transportation.
5. Litigates eminent domain actions and real estate lawsuits and collects property damage claims involving the state and its agencies.
6. Reviews administrative rules as to form and legality.

OBJECTIVE:

To defend the state against all tort claims, to enforce its tax and drunk driving laws, to represent the state in real estate and transportation litigation, and to advise the state's investment, financial and physical and real property managers in all legal matters.

ACCOMPLISHMENTS:

Successful representation of the state's interests or the significance and impact of a case is not necessarily reflected in the won-lost record or immediately measurable in dollar terms. However, the following are some accomplishments in F.Y 1987-88:

1. The office has been instrumental in complicated and lengthy real estate acquisitions for such projects as the Minnesota History Center, the Red Lake Nursing Home and the Isanti County/Cambridge Regional Treatment Center.
2. The Attorney General's Office assists the Ethical Practices Board in enforcing the ethics in government act. In 1 case, the National Rifle Association (NRA) has for years been trying to vacate a federal court order that it file disclosure reports with the board relating to its lobbying and political activities. The NRA has filed motions in federal district court, the Eighth Circuit Court of Appeals and the U.S. Supreme Court attempting to vacate the 4 year-old decision and has lost each round. The U.S. Supreme Court recently denied the NRA's petition to rehear the case.
3. In Lund v. Hennepin County the Attorney General participated in the Minnesota Supreme Court case as amicus curiae (friend of the court) to successfully defend the legislature's establishment of lower tax rates on homestead residential property as compared with non-homestead residential property.
4. In the Iarutis case, the office established in the Minnesota Supreme Court the principle that a taxpayer who has tried and lost a tax case in U.S. Tax Court may not put Minnesota taxpayers to the expense of another trial on the same issue in the Minnesota Tax Court.
5. The Attorney General currently is defending in state District Court the claims by a number of banks doing business in Minnesota for tax refunds estimated at \$150 million. The banks claim that the state may not tax

ACTIVITY: GOVERNMENT SERVICES
(Continuation)

1990-91 Biennial Budget

Program: LEGAL SERVICES
Agency: ATTORNEY GENERAL, OFFICE OF

them on interest on their U.S. bonds.

6. The Attorney General continues to play an integral role in the enforcement of the state's drunk driving laws. Aggressive enforcement of the drunk driving laws by the Attorney General helped make 1987 the year with the lowest highway death rate in decades.
7. The office helps protect the state's enormous investment in its roadways and helps reduce the safety hazard posed by dangerously over loaded vehicles by assisting in enforcement of the overweight vehicle law. Some \$1.5 million in civil penalties has been recovered since 1982 from operators of overweight vehicles in Minnesota.
8. The Attorney General's Office was actively involved in the development and enactment of legislation governing pipeline safety and played an important role in developing the Office of Pipeline Safety within the Department of Public Safety. The Attorney General played a key role in the creation of the One-Call Notification System, a central clearinghouse for information on the location of potentially dangerous utility lines.
9. One of the more important actions taken by the Attorney General during the last 2 years resulted in the Public Utilities Commission reopening the 1983 Northwestern Bell rate case. To support the request to reopen the case, the Attorney General demonstrated that Northwestern Bell had improperly influenced the outcome by entertaining and buying meals for 2 commissioners while lobbying the commission for a large rate increase. The reopening of the case has resulted in annual savings of \$10 million for ratepayers.
10. The office filed a complaint against all utilities to require them to pass on to ratepayers the savings the utilities received under the Federal Tax Reform Act of 1986, resulting in savings to state ratepayers of \$27.5 million.
11. During F.Y. 1987 and F.Y. 1988 the Attorney General's Tort Claims Division handled cases with an estimated value of \$6.3 million. The total amount paid on these cases as a result of verdicts and settlements was \$1.3 million.
12. The Attorney General's Office successfully defended the constitutionality of the legislative cap on damages available to a claimant under the Tort Claims Act.

ACTIVITY STATISTICS:

The work performed by the activity is dependent upon many factors. Consequently, specific, quantitative figures on future workload cannot be predicted. Nevertheless, certain observations about future workload can be made based upon the experience of the last 2 fiscal years (F.Y. 1987 and F.Y. 1988) as discussed below.

During the past biennium we advised our clients of the probable outcome of lawsuits, counseled them on the advisability of appealing adverse lower court decisions, and counseled them on methods to resolve the disputes. The number of suits handled for F.Y. 1987 and F.Y. 1988 cannot alone indicate the rate of success or the degree of effort involved in carrying out this activity. They do, however, convey a rough picture of the enormity of this activity's business. There is every reason to believe that these same kinds of suits in similar volumes will continue to occupy this activity's time for the next biennium. Activity attorneys were involved in over 1200 lawsuits, more than 25 rules, 30 contested cases, and 19 other administrative court proceedings.

This activity's legal actions resulted in millions in collections, civil penalties, reimbursements and construction and tort claim reductions. It is not possible to quantify the amount of daily assistance rendered. We do know, however, that over 200 sets of administrative rules were reviewed as to form and legality; the Commissioner of Public Safety was represented in more than 4,000 implied consent proceedings; and thousands of contracts, leases, and permits were reviewed.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : ATTORNEY GENERAL
PROGRAM : LEGAL SERVICES
BUDGET ACTIVITY : GOVT SERVICES

| EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|----------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 2,870 | 3,276 | 3,165 | 152 | 3,317 | 3,165 | 3,165 | 152 | 3,317 | 3,165 |
| EXPENSES/CONTRACTUAL SRVCS | 160 | 159 | 173 | 15 | 188 | 173 | 175 | 6 | 181 | 175 |
| MISC OPERATING EXPENSES | 53 | 50 | 61 | 0 | 61 | 61 | 61 | 0 | 61 | 61 |
| SUPPLIES/MATERIALS/PARTS | 16 | 17 | 17 | 24 | 41 | 17 | 17 | 10 | 27 | 17 |
| CAPITAL EQUIPMENT | 0 | 12 | 12 | 0 | 12 | 12 | 12 | 0 | 12 | 12 |
| TOTAL EXPENDITURES | 3,099 | 3,514 | 3,428 | 191 | 3,619 | 3,428 | 3,430 | 168 | 3,598 | 3,430 |
| CHANGE REQUESTS: | | | | | | | | | | |
| FUND | | | | | | | | | | |
| B CIVIL LITIGATION | | | | 191 | | 0 | | 168 | | 0 |
| TOTAL CHANGE REQUESTS | | | | 191 | | 0 | | 168 | | 0 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 3,099 | 3,514 | 3,428 | 191 | 3,619 | 3,428 | 3,430 | 168 | 3,598 | 3,430 |
| TOTAL FINANCING | 3,099 | 3,514 | 3,428 | 191 | 3,619 | 3,428 | 3,430 | 168 | 3,598 | 3,430 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 63.0 | 66.0 | 66.0 | 5.0 | 71.0 | 66.0 | 66.0 | 5.0 | 71.0 | 66.0 |
| TOTAL POSITIONS | 63.0 | 66.0 | 66.0 | 5.0 | 71.0 | 66.0 | 66.0 | 5.0 | 71.0 | 66.0 |

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: GOVERNMENT SERVICES
PROGRAM: LEGAL SERVICES
AGENCY: ATTORNEY GENERAL, OFFICE OF

REQUEST TITLE: CIVIL LITIGATION

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 191 | 5.0 | \$ 168 | 5.0 |
| Governor's Recommendation | | | | |
| General Fund | \$ -0- | -0- | \$ -0- | -0- |

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The Attorney General requests 5.0 positions to keep pace with an expanding volume of tax cases and to devote more resources to large corporate cases where the forces opposing us are substantial; to assist with construction contract review and approval; to assist with transportation and tort litigation; to draft appellate Implied Consent briefs, maintain Implied Consent research files, prepare papers for impoundment orders, and answer discovery requests; and, to review miscellaneous tariff filings with the Department of Public Service.

DESCRIPTION/BACKGROUND:

The number of tax cases has increased in recent years. This is the result of Department of Revenue complement increases (100 in 1987) devoted to tax collection and enforcement. It is also the result of new legislation principally the Drug Stamp Tax, whose constitutionality has recently been upheld and which has resulted in numerous tax assessments. An additional tax litigator is necessary to keep pace with the influx of new cases.

In addition, the state is often confronted by enormous litigation resources committed by corporations in large dollar cases. We currently have resources to assign a single attorney to major cases. Teams of attorneys, however, appear representing the corporate taxpayer. We need this attorney position to enable us to assign a team of 2 litigators to major cases so that they may work together doing the extensive discovery and trial preparation necessary in cases of this complexity.

Document control and analysis services are needed, particularly in preparation of pending construction litigation and other transportation-related litigation such as constitutional and environmental challenges to transportation projects. A legal assistant would be responsible for document control, would assist in preparing exhibits and witnesses for trial, and render other trial assistance.

Increasingly, defense attorneys are conducting discovery in Implied Consent cases. Attorney General staff must spend time attending depositions and responding to discovery requests. The passage of Laws of 1988, Ch. 681, which requires the impoundment of license plates for certain repeat D.W.I. offenders, is another increase in work. As a result of the increased workload, law clerk help is needed to draft appellate briefs, maintain research files, prepare papers for requests for impoundment orders, and respond to discovery requests.

In 1987 telephone legislation was enacted which dramatically changed telephone regulation. One effect was to greatly increase the number of miscellaneous tariff filings with the Department of Public Service. Since each response must be reviewed by an attorney, the new legislation has added a considerable workload to our office. In addition, several issues in the electric industry including the emergence of independent power producers and cogenerators have led to an increased number of electric utility related capsules to be processed by the Department of Public Service and new filings by the Energy Issues Intervention Office of the Department before the FERC. These electric matters involve new and unique legal issues requiring extensive legal research by a law clerk.

| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|----------------------|-----------|-----------|-----------|-----------|
| Total Court | | | | |
| Cases Filed | | | | |
| On Tax Matters | 380 | 400 | 425 | 450 |
| Drug Stamp | | | | |
| Cases Filed | 80 | 100 | 110 | 120 |
| Implied Consent | | | | |
| Discovery Requests | 27 | 60 | 100 | 100 |
| Impoundment Requests | 0 | 500 | 1,000 | 1,000 |
| Transportation Cases | 409 | 450 | 500 | 500 |
| Tort Cases | 233 | 260 | 285 | 315 |
| Tariff Filings | 400 | 600 | 700 | 800 |

RATIONALE:

The number of total court cases filed on tax matters increased from 298 in F.Y. 1986 to 362 in F.Y. 1987. Eventually more effective enforcement may have a deterrent effect on the behavior of tax cheats. We do not expect the growth in the number of cases to level off in the next biennium.

Inadequate resources for tax litigation will become known to tax lawyers and accountants who will resist assessments in the hope of getting a favorable settlement. This would have consequent adverse effects on tax enforcement revenue collection.

Transportation and tort litigation are document intensive. For example, a recent construction case which went to arbitration involved more than 300,000 documents. Similarly, it is not uncommon for a tort case to involve thousands of documents. The efficient administration of such cases therefore is particularly suited to the expertise of a legal assistant in organizing and maintaining documents.

The Attorney General reviews for the Transportation Department approximately 4,400 contracts, supplemental agreements, grant agreements and deeds each year. This contract review work is also particularly suited to the skills of a legal assistant.

CHANGE REQUEST

1990-91 Biennial Budget

____ Agency ____ Program X Activity
 (Continuation)

ACTIVITY: GOVERNMENT SERVICES

PROGRAM: LEGAL SERVICES

AGENCY: ATTORNEY GENERAL, OFFICE OF

The Implied Consent caseload generates a large amount of work that is well-suited to the skills of a law clerk. With a law clerk to maintain research files, draft appellate briefs, prepare for impoundment requests, and respond to simple discovery requests, attorneys will be able to spend more time on activities related to court appearances and client advice.

For the most part, the review of the tariffs and capsules involves legal research and analysis that should be assigned to a law clerk.

| | (Dollars in Thousands) | | | |
|--------------|------------------------|------------------|------------------|------------------|
| <u>BASE:</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
| | \$ 500 | \$ 542 | \$ 522 | \$ 522 |

| | (Dollars in Thousands) | | |
|---------------------------------|------------------------|------------------|--------------|
| <u>LONG RANGE IMPLICATIONS:</u> | <u>F.Y. 1992</u> | <u>F.Y. 1993</u> | <u>Total</u> |
| | \$ 168 | \$ 168 | \$ 336 |

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Office of the Attorney General to present its budgetary needs directly to the legislature for consideration.

ACTIVITY: PUBLIC RESOURCES
Program: LEGAL SERVICES
Agency: ATTORNEY GENERAL, OFFICE OF

1990-91 Biennial Budget

PURPOSE:

The Attorney General's Public Resources Activity represents numerous state agencies, boards and commissions all of which are charged in some manner with protecting and enhancing the environment and with properly allocating the state's natural resources and lands.

The major areas for which the activity's clients are responsible are:

1. Environmental Protection. Regulation of discharges of pollutants, recovery of resources, enforcement of rules regarding proper handling and disposal of hazardous waste.
2. Agriculture Regulation and Protection. Regulation of food, dairy products, animal health, pesticides, and fertilizers; promotion of international trades; and assistance to farmers.
3. Natural Resources. Preservation and management of the state's physical resources, including water, fish and wildlife, minerals, forests, parks, lands and general physical environment.
4. Utility Regulation. Telecommunications, utilities, railroads and motor carriers.

The activity serves its clients in the following major respects:

1. Provides legal representation in lawsuits and administrative proceedings, for the Minnesota Pollution Control Agency, Department of Natural Resources, and Department of Agriculture.
2. Advises and represents agencies in environmental enforcement actions; hazardous waste cleanups; construction grant programs; and waste management planning, siting and facility development.
3. Advises and represents agencies in agricultural matters including administrative proceedings to recover claims against surety bonds of wholesale produce dealers, grain buyers and grain warehouses; investigation of rural fraud; implementation of state farm legislation; and litigation involving federal farm policies.
4. Prepares all the legal work and documentation necessary for the acquisition, transfer, exchange or leasing of state-owned land; and for the permitting or licensing of the use of the state's lands and resources.
5. Advises the Public Utilities Commission (PUC) in all its deliberations and represents the Commission before the Minnesota Court of Appeals and Minnesota Supreme Court.

OBJECTIVE:

To enforce the laws and defend the interests of the state, its citizens and agencies in all legal proceedings to protect, preserve and enhance the state's public resources.

ACCOMPLISHMENTS:

Successful representation of the state's interests, or the significance and impact of a case, is not necessarily reflected in the won-lost record nor is it immediately measurable in dollar terms. However, the following are some measures of effectiveness in F.Y. 1987 and F.Y. 1988.

1. Settled or obtained judgments in environmental enforcement actions for the benefit of the state which totaled \$205,900 in civil penalties for F.Y. 1987 and \$730,200 for F.Y. 1988.
2. Negotiated 20 hazardous waste cleanups totalling approximately \$30 million in estimated remedial costs and obtained reimbursements for Minnesota Pollution Control Agency (MPCA) costs totalling \$3 million through consent orders or stipulation agreements. An anticipated step-up of enforcement efforts should produce similar or greater results in F.Y. 1989, F.Y. 1990, and F.Y. 1991. We estimate that action may be taken on 18 more hazardous waste sites in addition to the 104 sites currently listed on MPCA's hazardous waste site log, and being addressed by the MPCA or by the responsible parties.
3. Provided legal counsel to the MPCA for implementing the Environmental Response and Liability Act. One hundred four response actions have been taken since initiation of the Superfund program, involving many of the state's worst hazardous waste sites. MPCA staff anticipate that F.Y. 1989-91 activity levels will lead to response actions at 42 more sites, approximately doubling the F.Y. 1987-88 total.
4. Following 2 years of negotiations, an agreement was entered into in July, 1987 by the state, U.S. Environmental Protection Agency (EPA) and the U.S. Army for clean-up of groundwater contamination at the Twin Cities Army Ammunition Plant. The agreement was achieved only after the Attorney General filed a notice of intent to sue the Army and obtained a special \$3 million appropriation to support the litigation. Praised by the EPA as a national model for clean-up of federal government hazardous waste, the agreement is the first of its kind under the 1986 amendments to the federal Superfund law. The result will be clean-up of 2 contaminated areas that have degraded private and municipal water wells in a 25 square mile area southwest of the Army facility in Arden Hills.
5. Took necessary actions to protect Minnesota's environment from disposal of nuclear wastes. The Attorney General closely monitored the activities of the federal government during the time period that Minnesota's granite formations were under consideration for a national high-level waste repository. The Attorney General successfully challenged U.S. EPA groundwater protection regulations pertaining to the siting of a nuclear waste repository because those standards were not protective enough. Minnesota was subsequently eliminated as a candidate for a repository when Congress enacted amendments to the Nuclear Waste Policy Act.
6. Collected over \$215 in F.Y. 1987-88 by collecting delinquent timber lease accounts, obtaining reimbursement for fire-fighting costs, collecting damages for fish and wildlife kills, and recovering money in other DNR related disputes. We expect F.Y. 1989-91 to yield similar amounts to the state. Further, over \$5,200 was saved by defeating or reducing damage claims arising from DNR activities, or by saving the state costs that would have been incurred in the absence of our involvement.
7. Provided all legal work necessary to acquire thousands of acres worth over \$16.5 million for natural resources purposes for the state, and to complete land exchanges involving over \$1,200 worth of land.
8. Major Indian-related issues have occurred during the past two fiscal years and will continue during the next biennium. Important federal and state legislation was passed in 1986 to settle a massive land ownership controversy involving over 100,000 acres of land on the White Earth Indian Reservation. Litigation over these claims would have involved damage claims in the range of \$50 to \$100 million. The state was dismissed from a federal court land claim lawsuit alleging more than \$100 million of damages. A judgment issued in U.S. District Court upheld the legislation settling this controversy.

ACTIVITY: PUBLIC RESOURCES
(Continuation)
Program: LEGAL SERVICES
Agency: ATTORNEY GENERAL, OFFICE OF

1990-91 Biennial Budget

9. A lawsuit against the state seeking hunting and fishing rights for Indians in the state's Arrowhead Region has been resolved through a settlement agreement which was ratified by the state legislature and incorporated into a federal court judgment. Further litigation involving such rights in other parts of the state is possible in upcoming years. Other conflicts involving state jurisdiction over reservations generally are likely. Litigation of any of these issues will be complex and costly.
10. The Reinvestment in Minnesota program, established by the Legislature in 1986, has been hailed as one of the most significant natural resource/agricultural programs in the country in recent years. The Attorney General's Office has provided legal assistance to both the Department of Natural Resources and the Department of Agriculture in implementing the program, including providing assistance in the areas of training, statutory interpretation, rules drafting, real estate law advice and land title examination.
11. In State v. Lynq, the Office challenged the U.S. Department of Agriculture's decision to terminate the farmer-owned reserve program and refusal to extend farmer-owned reserve and special producer storage loans. The lawsuit seeks to preserve more than \$100 million in storage income for Minnesota's farmers and save U.S. taxpayers more than \$200 million in additional storage costs.
12. The office continues to maintain the toll-free Farm and Home Preservation Hot Line which, since its establishment in 1984, has handled more than 20,000 calls from farmers and borrowers facing foreclosure or needing information or referral to other service providers.
13. To provide relief for drought-stricken farmers, the Attorney General used the Farm and Home Preservation Hot Line for special hay exchange project to match buyers and sellers of hay. The office worked with Congress and the U.S. Department of Agriculture to facilitate hay and feed donations and to develop drought relief legislation to help Minnesota farmers.
14. To help ensure the availability of farm credit, the Attorney General worked to enact legislation, drafted comments on rules, conducted seminars and workshops, prepared amicus curiae (friend of the court) briefs and advocated Minnesota's credit interests before Congress, all actions designed to protect and strengthen the rights of the state's farmer-borrowers.
15. Advised the Utilities Commission regarding its authority to reduce a rate increase for Northern States Power below the \$92 million sought by the utility and the \$37 million recommended by the Administrative Law Judge. The Attorney General subsequently defended the commission's action before the Minnesota Supreme Court. The court's decision clearly established the commission's authority to reach its own judgment on utility rates and not merely rely on expert witnesses' opinions of what are just and reasonable rates.
16. Responded to the Public Utility Commission's concern that Northwestern Bell Telephone's profits were excessive. Staff attorneys advised the commission on possible procedures for reducing the utility's rates. By adopting the recommended procedure that placed the burden of developing cost data on the telephone company, the commission created an environment conducive to a settlement which reduced rates by \$24 million.
17. Assisted the Utilities Commission in directing benefits of the 1986

Federal Tax Reform Act to ratepayers and advised that the most effective means would be through the rulemaking process, by ordering adjustments in utility rates. As a result, rates for 17 utilities and telephone companies were reduced by more than \$30 million in aggregate.

ACTIVITY STATISTICS:

The work performed by the activity is dependent upon many factors. Consequently, specific quantitative figures on future workload cannot be predicted. Nevertheless, certain observations about future workload can be made based upon the facts of the last 2 fiscal years (F.Y. 1987 and F.Y. 1988) as discussed below.

During the past biennium we advised our clients of the probable outcome of lawsuits, counseled them on the advisability of appealing adverse lower court decisions, and counseled them on methods to resolve the disputes. The number of suits handled for F.Y. 1987 and F.Y. 1988 cannot alone indicate the rate of success or the degree of effort involved in carrying out this activity. They do, however, convey a rough picture of the enormity of this activity's business. There is every reason to believe that these same kinds of suits in similar volumes will continue to occupy this activity's time for the next biennium. Activity attorneys were involved in over 200 lawsuits, more than 70 rules, 18 contested cases, and 179 other administrative court proceedings.

The 2 year period ending 6-30-88, saw a 10% increase in lawsuits and a 20% increase in all types of administrative court matters.

This activity's legal actions resulted in over \$9,000 in collections, civil penalties, reimbursements and claim reductions. It is not possible to quantify the amount of daily assistance rendered. We do know, however, that many title opinions were processed; thousands of acres of land were acquired or transferred; and thousands of contracts, leases, and permits were reviewed. In past years this activity has been involved in the collection or savings of money amounting to the hundreds of thousands of dollars or in some instances millions of dollars.

REVENUE:

This activity generates dedicated revenue.

| Type of Revenue | (Dollars in Thousands) | | | |
|-------------------|------------------------|-----------------------|-----------------------|-----------------------|
| | Actual F.Y. 1988 | Estimate F.Y. 1989 | Estimate F.Y. 1990 | Estimate F.Y. 1991 |
| Dedicated-federal | \$ 96 | \$ 165 | \$ 55 | \$ 55 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : ATTORNEY GENERAL
PROGRAM : LEGAL SERVICES
BUDGET ACTIVITY : PUBLIC RESOURCES

| EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|----------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 1,909 | 2,090 | 1,891 | 221 | 2,112 | 1,891 | 1,891 | 221 | 2,112 | 1,891 |
| EXPENSES/CONTRACTUAL SRVCS | 211 | 233 | 208 | 18 | 226 | 208 | 208 | 11 | 219 | 208 |
| MISC OPERATING EXPENSES | 45 | 54 | 43 | 0 | 43 | 43 | 43 | 0 | 43 | 43 |
| SUPPLIES/MATERIALS/PARTS | 18 | 19 | 19 | 32 | 51 | 19 | 19 | 12 | 31 | 19 |
| CAPITAL EQUIPMENT | 2 | 122 | 148 | 0 | 148 | 148 | 148 | 0 | 148 | 148 |
| TOTAL EXPENDITURES | 2,185 | 2,518 | 2,309 | 271 | 2,580 | 2,309 | 2,309 | 244 | 2,553 | 2,309 |
| CHANGE REQUESTS: | FUND | | | | | | | | | |
| B RESOURCE LITIGATION | GEN | | | 271 | | 0 | | 244 | | 0 |
| TOTAL CHANGE REQUESTS | | | | 271 | | 0 | | 244 | | 0 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 2,102 | 2,329 | 2,254 | 271 | 2,525 | 2,254 | 2,254 | 244 | 2,498 | 2,254 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| FEDERAL | 83 | 189 | 55 | 0 | 55 | 55 | 55 | 0 | 55 | 55 |
| TOTAL FINANCING | 2,185 | 2,518 | 2,309 | 271 | 2,580 | 2,309 | 2,309 | 244 | 2,553 | 2,309 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 39.0 | 39.0 | 39.0 | 6.0 | 45.0 | 39.0 | 39.0 | 6.0 | 45.0 | 39.0 |
| ENVIRONMENTAL | 9.0 | 9.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| TOTAL POSITIONS | 48.0 | 48.0 | 39.0 | 6.0 | 45.0 | 39.0 | 39.0 | 6.0 | 45.0 | 39.0 |

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: PUBLIC RESOURCES
PROGRAM: LEGAL SERVICES
AGENCY: ATTORNEY GENERAL, OFFICE OF

REQUEST TITLE: RESOURCE LITIGATION

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|----------------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 271 | 6.0 | \$ 244 | 6.0 |
| Governor's Recommendation | | | | |
| General Fund | \$ -0- | -0- | \$ -0- | -0- |

Request requires statutory change: _____ Yes X No

Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The Attorney General requests funding for 6.0 positions to meet the additional legal needs of the Pollution Control Agency, the Public Utilities Commission and to replace agency and federal funds which will not be available in F.Y. 1990 or F.Y. 1991.

DESCRIPTION/BACKGROUND:

Some examples of the matters assigned to these positions would be:

1. The regulation of storage tanks and the tank release cleanup enforcement program. It is now handling over 700 sites statewide. The first cost recovery cases will approach(?) litigation within the next year.
2. The administrative penalty authority of the MPCA will be expanded to strengthen enforcement of state hazardous waste regulations.
3. Enforcement and rulemaking activities related to solid waste incinerators, motor vehicle inspection and maintenance, chlorofluorocarbon, air toxics, testing, and asbestos. The federal Clean Air Act is subject to reauthorization and changes are expected to involve acid rain, air toxics and ozone which will trigger revision of the State's Implementation Plans.
4. Be active in litigation having the objective of forcing the federal government to carry out its responsibility to control acid rain.
5. Support the cleanup of additional "superfund" sites and recover state-funded cleanup expenses. A memorandum of understanding between the MPCA and USEPA is expected to add 7 new sites to cleanup and enforcement workload of the MPCA. In addition, the MPCA intends to add 20 new sites to the state priority cleanup list in December, 1988, and to undertake formal legal discovery proceedings needed to identify responsible parties for the Arrowhead Refining Site in Duluth, where cleanup expenses are estimated at over \$20 million.

6. Legal research, negotiation and drafting support for contracts between the state and eligible counties for location and development of a state-owned hazardous waste stabilization and containment facility.

7. Support expanded implementation of the state waste tire management program, including issuance of permits for approximately 50 waste tire facilities under new state rules, enforcement of waste tire facility operating requirements, and an increasing number of tire dump abatement actions.

8. Implementation and enforcement of major amendments to the MPCA's Solid Waste Rules.

| STATISTICS | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|----------------------------|-----------|-----------|-----------|-----------|
| Litigation | | | | |
| PCA | 81 | 100 | 125 | 125 |
| PUC | 25 | 30 | 35 | 35 |
| Administrative Proceedings | | | | |
| PCA | 156 | 175 | 200 | 200 |
| PUC | 57 | 70 | 80 | 80 |

RATIONALE

During the F.Y. 1988-1989 biennium, in order to meet the increasing legal workload at the Minnesota Pollution Control Agency (MPCA) and the Public Utilities Commission, federal and agency funds were secured for an additional attorney position to represent the Utilities Commission and 2.0 attorney positions to represent the MPCA. Although the action taken by both agencies provided stopgap legal assistance, the workload remains and is, in fact, expanding. Permanent funds are needed for all 3.0 positions. In addition, the work-load at the MPCA in the air quality, solid waste and hazardous waste divisions adds 3.0 more positions to our request.

| BASE: | (Dollars in Thousands) | | | |
|-------|------------------------|-----------|-----------|-----------|
| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| | \$ 694 | \$ 687 | \$ 703 | \$ 703 |

| LONG RANGE IMPLICATIONS: | (Dollars in Thousands) | | |
|--------------------------|------------------------|-----------|--------|
| | F.Y. 1992 | F.Y. 1993 | Total |
| | \$ 244 | \$ 244 | \$ 488 |

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Office of the Attorney General to present its budgetary needs directly to the legislature for consideration.

ACTIVITY: HUMAN RESOURCES
Program: LEGAL SERVICES
Agency: ATTORNEY GENERAL, OFFICE OF

1990-91 Biennial Budget

PURPOSE:

The Attorney General's Human Resources Activity represents all agencies and boards responsible for state-provided health, education, and human services. Departments and boards are provided with a broad range of legal services which include:

1. Investigation of complaints against licensed health professionals, human services occupational registrants, teachers, and facilities for children and the handicapped.
2. Litigation concerning transfers and discharges of persons committed as mentally ill and dangerous to the Minnesota Security Hospital.
3. Recovery of funds, including student loans, medical assistance payments, and costs of care for state hospital patients.
4. Recovery of public assistance funds from third parties through intervention in worker's compensation and tort actions.
5. Petitioning for authority to administer neuroleptic medications to persons committed as mentally ill to regional treatment centers.

OBJECTIVE:

To defend the state's human resource agencies against actions for monetary damages or adverse legal or policy decisions and to take appropriate plaintiff-oriented actions.

ACCOMPLISHMENTS:

Successful representation of the state's interests or the significance and impact of a case is not necessarily reflected in a won-lost record or immediately measurable in dollar terms. In F.Y. 1987 and F.Y. 1988, we successfully:

1. Prevailed in several lawsuits and rate appeals by long-term care providers which, if successful, would have resulted in additional payments by the state of an estimated \$5 million. 1,824 long-term care rate appeal matters are backlogged and must be acted on in F.Y. 1989-91.
2. Reclaimed \$1.2 million from United States Department of Health and Human Services disallowances; other potential federal disallowances of over \$10 million are in the preliminary negotiation stages.
3. Assisted the Department of Human Services in collecting \$6,640 (in \$000's) in state hospital collections; over \$5,000 in recovery of Medical Assistance and General Assistance Medical Care and \$1,200 in recovery of AFDC and GA benefits from employers and insurers; and approximately \$385 from the federal government as reimbursement for time spent by legal staff on federally funded welfare programs. We estimate that F.Y. 1989-91 collections will be into the same range.

4. Successfully negotiated an end to a class action suit initiated in 1972 on behalf of children with mental retardation in state hospitals. The settlement allows for an orderly, individual-specific transition from institutions to community-based care.
5. Successfully litigated an Aid to Families with Dependent Children class action lawsuit before the U.S. Supreme Court. The recipients claimed they were entitled to advance notice of a change in federal law, which would have delayed the effective date of the change. The case had national significance and Minnesota was joined by 28 other states and the federal government in the lawsuit.
6. Successfully litigated or negotiated the closing of several facilities where children or vulnerable adults were mistreated. A child care center was shut down because of illegal use of physical punishment and poor staffing and physical plant conditions. A facility for persons with mental retardation was closed for similar reasons as well as for neglecting its residents. In a third case, the owner/operator of a facility for persons with mental retardation was permanently deprived of holding a license because he sexually abused a resident.
7. Took legal actions for health licensing boards during F.Y. 1987 and F.Y. 1988 that led to 6 appeals to the Court of Appeals with the Supreme Court reviewing 2 of those cases and refusing to review 2 others. In each instance, the appellate court issuing the final decision not only concluded that there was substantial evidence to support the licensing board's action but also established helpful precedence in the administrative law area. In addition to litigation, there were several lengthy contested cases regarding allegations of sexual contact with patients by licensees.
8. Petitioned to state district courts for authority to administer neuroleptic medications to persons committed to regional treatment centers as mentally ill. Petitions were successful in over 90% of the 250 hearings held in the 6 month period between March and September, 1988.
9. Negotiated 288 stipulations and consent orders for the health boards which have resulted in revocations or suspensions on many grounds, including incompetency, sexual involvement with patients, fraudulent billing, and chemical dependency.
10. Advised the Department of Health regarding the numerous legal issues arising out of the Acquired Immune Deficiency Syndrome (AIDS). In one instance, staff attorneys represented the Board of Medical Examiners and the Department of Health in determining the obligation of a physician to report to the Board his patient, a physician with AIDS who continued to engage in invasive medical procedures. The physician with AIDS no longer is engaging in procedures which might endanger patients. The department's need for assistance in this matter promises to continue through the next biennium.
11. Represented teacher licensing boards in sustaining license denials and in obtaining revocations and suspensions on many grounds including lack of qualifications, failure to teach for the term of the contract and sexual involvement with students.

ACTIVITY: HUMAN RESOURCES
(Continuation)

1990-91 Biennial Budget

Program: LEGAL SERVICES

Agency: ATTORNEY GENERAL, OFFICE OF

12. Defended actions brought by students against post-secondary educational institutions which, if successful, would have resulted in payments by the state of at least \$600.
13. Defended state legislation which permits junior and senior public high school students to attend public and private college classes against a challenge that it violates the U.S. Constitution.
14. Pursued claims in court for over \$450 for the Department of Education to recover child care food program funds which were either misappropriated or for which there was no accounting.

ACTIVITY STATISTICS:

The work performed by the activity is dependent upon the needs and requirements of the agencies and boards represented. In turn, the agencies and boards are affected by changes in law, shifts in responsibility, and the extent to which their activities are challenged. Predictions about future workload are partly speculative but can be based upon past demands and the likely effect of anticipated changes. For example, the requests for investigation of complaints by the health licensing boards jumped from 647 in F.Y. 1986 to 1218 in F.Y. 1988. In spite of a tripling of our staff time in F.Y. 1988, the number of pending long-term care rate appeals awaiting hearings with the Department of Human Services rose from 1100 at the end of F.Y. 1984 to over 1800 at the end of F.Y. 1988. In addition, the attorneys handled 600 lawsuits, 137 administrative rules, 168 contested cases, 56 teacher investigations, 1250 complaints against health professionals and teachers, 419 health board disciplinary conferences, and 20 appeals of discharge or transfer petitions filed by mentally ill and dangerous patients at state hospitals. The attorneys also reviewed thousands of contracts for their clients.

The litigation was equally far-ranging and included suits concerning treatment at state hospitals, defense of discrimination complaints, defense of claims by employees and ex-employees, challenges to the certificate of need process for health facilities and rate reimbursement systems affecting long-term care facilities, and a variety of other cases touching many aspects of state agency responsibilities. There have been 288 disciplinary actions concerning licensed health professionals, actions which directly affect the quality of health care available to the public.

REVENUE:

This activity generates dedicated revenue.

| Type of Revenue | (Dollars in Thousands) | | | |
|-------------------|------------------------|-----------------------|-----------------------|-----------------------|
| | Actual F.Y. 1988 | Estimate F.Y. 1989 | Estimate F.Y. 1990 | Estimate F.Y. 1991 |
| Dedicated-special | \$ 800 | \$ 900 | \$ 1200 | \$ 1200 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : ATTORNEY GENERAL
PROGRAM : LEGAL SERVICES
BUDGET ACTIVITY : HUMAN RESOURCES

| F.Y. 1990 | | | | | | | F.Y. 1991 | | | |
|---|---------|----------------|-------|--------|-----------------------|----------------|-----------|--------|-----------------------|-------|
| | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | |
| EXPENDITURES: | FY 1988 | FY 1989 | BASE | CHANGE | | TOTAL | BASE | CHANGE | | TOTAL |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 2,594 | 2,388 | 2,592 | 483 | 3,075 | 2,592 | 2,592 | 484 | 3,076 | 2,592 |
| EXPENSES/CONTRACTUAL SRVCS | 71 | 72 | 84 | 45 | 129 | 84 | 84 | 21 | 105 | 84 |
| MISC OPERATING EXPENSES | 15 | 18 | 18 | 0 | 18 | 18 | 18 | 0 | 18 | 18 |
| SUPPLIES/MATERIALS/PARTS | 5 | 5 | 5 | 78 | 83 | 5 | 5 | 29 | 34 | 5 |
| TOTAL EXPENDITURES | 2,685 | 2,483 | 2,699 | 606 | 3,305 | 2,699 | 2,699 | 534 | 3,233 | 2,699 |
| CHANGE REQUESTS: | FUND | | | | | | | | | |
| B LONG TERM CARE RATE APPEAL LIT. | GEN | | | 296 | | 0 | | 262 | | 0 |
| B COMPLAINTS AGAINST HEALTH PROFESSIONALS | DAS | | | 191 | | 0 | | 168 | | 0 |
| B COMPLAINTS AGAINST HEALTH PROFESSIONALS | GEN | | | 119 | | 0 | | 104 | | 0 |
| TOTAL CHANGE REQUESTS | | | | 606 | | 0 | | 534 | | 0 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 1,872 | 1,587 | 1,803 | 415 | 2,218 | 1,803 | 1,803 | 366 | 2,169 | 1,803 |
| SP REV DIRECT APPROP | 813 | 896 | 896 | 191 | 1,087 | 896 | 896 | 168 | 1,064 | 896 |
| TOTAL FINANCING | 2,685 | 2,483 | 2,699 | 606 | 3,305 | 2,699 | 2,699 | 534 | 3,233 | 2,699 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 42.5 | 39.5 | 39.5 | 10.0 | 49.5 | 39.5 | 39.5 | 10.0 | 49.5 | 39.5 |
| SP REV DIRECT APPROP | 18.0 | 18.0 | 18.0 | 5.0 | 23.0 | 18.0 | 18.0 | 5.0 | 23.0 | 18.0 |
| TOTAL POSITIONS | 60.5 | 57.5 | 57.5 | 15.0 | 72.5 | 57.5 | 57.5 | 15.0 | 72.5 | 57.5 |

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: HUMAN RESOURCES
PROGRAM: LEGAL SERVICES
AGENCY: ATTORNEY GENERAL, OFFICE OF

REQUEST TITLE: LONG TERM CARE RATE APPEAL LITIGATION STAFF

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 296 | 7.0 | \$ 262 | 7.0 |
| Governor's Recommendation | | | | |
| General Fund | \$ -0- | -0- | \$ -0- | -0- |

Request requires statutory change: _____ Yes X No
Statutes Affected: 1987 Minn. Laws ch. 403, art. 4, sec. 14

STATEMENT OF REQUEST/OBJECTIVE: The Attorney General requests 7.0 positions to maintain the current level of litigation on the large number of rate appeals made by long term care providers against the Department of Human Services. The objective is initially, to reduce the major backlog of rate appeals and subsequently, to keep litigation of new appeals more timely. Federal administrative reimbursements at the rate of 50% of expenditures are deposited in the state General Fund.

DESCRIPTION/BACKGROUND: Pursuant to statute and rule, long term care providers (445 nursing homes, 310 ICFS/MR, and 160 acute care hospitals) are entitled to appeal the medical assistance reimbursement rate set for them annually by the Department of Human Services ("DHS"). Over the past 15 years, providers made a large number of appeals. Neither DHS nor the Attorney General's Office were staffed to handle the proliferation of appeals and a huge backlog of appeals developed. The existence of the backlog has been a serious concern for DHS, the providers, the Attorney General's Office, and the legislature. Concern reached a critical point in 1987, when the providers commenced an action in state court to compel DHS to resolve rate appeals more quickly.

Several steps have been taken to resolve rate appeals more quickly and reduce the backlog. As a result, the action in state court was dropped. One of the final steps taken was to increase staff positions in both DHS' Appeals Division and the Attorney General's Office. Following the 1987 legislative session the Attorney General's Office temporarily created the Long Term Care Rate Appeals Unit consisting of 4 attorneys, 1 legal assistant, and 2 secretaries. Its purpose is to litigate rate appeals referred by DHS for contested case hearings. These 7.0 positions and additional positions within DHS are funded by a special project account authorized through 6-30-89 by 1987 Minn. Laws ch. 403, art. 4, sec. 14. Without legislative approval of the funding and complement positions, the unit will have to be disbanded in June, 1989.

The effect of adding to the number of DHS and Attorney General staff assigned to the resolution of rate appeals has been significant. As shown in the fol-

lowing chart, the additional staff has produced a substantial increase in the number of cases referred, set-on for contested case hearing, and resolved.

| Categories of Cases | Before Rate Unit | | After Rate Appeals Unit Formation |
|---------------------|---------------------|---------|--------------------------------------|
| | 6/30/86 | 6/30/87 | 6/30/88 |
| Referred by DHS | 9 | 8 | 46 |
| Contested Cases | | | |
| Commenced | 8 | 9 | 22 |
| Cases Resolved | 3 | 8 | 27 |

Additional Attorney General staff has allowed this office to handle as many cases as the Department of Human Services is able to refer. The cases are procedurally and substantively complex and, on the average, take hundreds of attorney hours each. Most contested cases either involve multiple facilities or will have a significant effect on appeals of multiple facilities. No new cases have been referred to outside counsel in F.Y. 1988 and some of the outside counsel cases have returned to the Human Services Division for handling of judicial appeals or related state and federal district court actions. Finally, the number of completed appeals is expected to increase during F.Y. 1989 as the staff becomes more experienced.

RATIONALE:

Legislative authority for the special project account which funds the Rate Appeals Unit will end at the close of the current biennium. However, the need for the unit will not end at that time. The backlog is so large that it must be expected to persist for several years. In fact, positions in excess of the current 7.0 would be needed to reduce the backlog at a more desirable pace. Moreover, when the backlog has been reduced to a more acceptable level, staff positions will be needed to handle current appeals so that a new backlog does not recur. Seven positions for the rate appeals unit should be regarded as the minimum allocation for the purpose of adequately processing rate appeals for at least the next several years.

The Rate Appeals Unit has been very effective. In F.Y. 1988 alone, cases referred by DHS for formal hearing would have paid out \$5 million more if the appealed issues had been conceded.

The 7.0 positions should be added to the Attorney General Office's permanent complement. For at least 2 reasons, it is not desirable to extend the special project account. First, it is not appropriate for staff to be paid from funds which it earns through case resolution since this arrangement could lead to a conflict of interest between appropriate and expedient resolution of cases. Second, it should be recognized that these positions will be needed for a long time. Thus, provision for these seven permanent positions should be reflected in the Attorney General's budget. Finally, DHS has made a similar request to the legislature to make its project account staff permanent.

| (Dollars in Thousands) | | | |
|------------------------|-----------|-----------|-----------|
| BASE: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 |
| | \$ 240 | \$ 260 | \$ 296 |
| | | | \$ 261 |

CHANGE REQUEST
(Continuation) _____ Agency _____ Program X Activity

1990-91 Biennial Budget

ACTIVITY: HUMAN RESOURCES
PROGRAM: LEGAL SERVICES

These expenditures from the special project revolving account are shown in the DHS budget.

| | (Dollars in Thousands) | | |
|---------------------------------|------------------------|------------------|--------------|
| <u>LONG RANGE IMPLICATIONS:</u> | <u>F.Y. 1992</u> | <u>F.Y. 1993</u> | <u>Total</u> |
| | \$ 261 | \$ 261 | \$ 522 |

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Office of the Attorney General to present its budgetary needs directly to the legislature for consideration.

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: HUMAN RESOURCES
PROGRAM: LEGAL SERVICES
AGENCY: ATTORNEY GENERAL, OFFICE OF

REQUEST TITLE: COMPLAINTS AGAINST HEALTH PROFESSIONALS

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|----------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 119 | 3.0 | \$ 104 | 3.0 |
| Special Fund | 191 | 5.0 | 168 | 5.0 |

Governor's Recommendation

| | | | | |
|--------------|--------|-----|--------|-----|
| General Fund | \$ -0- | -0- | \$ -0- | -0- |
| Special Fund | -0- | -0- | -0- | -0- |

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The Attorney General requests 8.0 new positions to represent the Department of Health and investigate and litigate complaints on behalf of the Health-Related Licensing Boards. The objective is to ensure that citizens' complaints against health care providers are investigated and appropriate action is taken to protect the public from harmful behavior and practices of some providers. The money for 5.0 of these positions will come from fees charged by the boards.

DESCRIPTION/BACKGROUND:

Since the mid-70's, the Attorney General has been responsible for investigating complaints against health care providers licensed by the health-related boards. The office also advises and represents the licensing boards in disciplinary and contested case proceedings. The number of complaints has increased steadily over the years; however, between F.Y. 1986 and F.Y. 1988, the number of complaints doubled (647 to 1218) and the number of investigations required increased by 20% (306 to 366).

In addition, in 1987 and 1988, legislation was enacted that significantly impacts on the health area. Among the most significant new health-related work for the Attorney General are the following. Three new licensing boards (Social Work, Marriage and Family Therapy, and Unlicensed Mental Health Service Providers) were created; home health care agencies were required to be licensed; the commissioner's authority to deal with non-complaint carriers of disease was extended and updated; the mandate to study AIDS and AIDS issues was heightened; hearing aid sellers were required to be licensed; increased enforcement of hotel and restaurant regulations was mandated; and registration of nurses aides and non-resident pharmacists was authorized.

| STATISTICS: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|-------------------------|-----------|-----------|-----------|-----------|
| Licensing Boards: | | | | |
| Complaints Received | 1,218 | 1,400 | 1,800 | 2,000 |
| Investigations Required | 366 | 475 | 800 | 1,000 |

RATIONALE:

In the next decade health care issues will be among the most important facing citizens, legislators and government as a whole. The legislative framework for ensuring that health care is provided by competent licensees exists; however, that framework depends upon vigorous steps to investigate and prosecute cases against incompetent providers. The increase in the number of complaints against health care providers since 1986 is dramatic and real. The health and welfare of the citizenry depends on government's commitment to quality health care and adequate resources to ensure that the incompetent are prevented from practicing.

In addition, it is essential that the Department of Health receive necessary legal representation as it deals with such issues as those presented by the growth of health maintenance organizations, epidemiological concerns, home and nursing home health care, asbestos removal and other environmental developments and a multitude of other problems.

| BASE: | (Dollars in Thousands) | | | |
|--------------|------------------------|-----------|-----------|-----------|
| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| General Fund | \$ 277 | \$ 350 | \$ 350 | \$ 350 |
| Special Fund | 807 | 896 | 896 | 896 |

| LONG RANGE IMPLICATIONS: | (Dollars in Thousands) | | |
|--------------------------|------------------------|-----------|--------|
| | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund | \$ 114 | \$ 114 | \$ 228 |
| Special Fund | 172 | 172 | 344 |

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Office of Attorney General to present its budgetary needs directly to the legislature for consideration.

ACTIVITY: LAW ENFORCEMENT
Program: LEGAL SERVICES
Agency: ATTORNEY GENERAL, OFFICE OF

1990-91 Biennial Budget

PURPOSE:

The Attorney General's Law Enforcement Activity embraces enforcement of a wide range of fundamental laws on behalf of the citizens of Minnesota. Those laws can be grouped generally into 2 areas of responsibility: (1) protection of market place integrity; and (2) protection of persons and property.

1. PROTECTION OF MARKET PLACE INTEGRITY

The Attorney General enforces a wide variety of laws which, collectively, work to protect the integrity of the marketplace and to maintain a fair, honest and healthy economic environment in Minnesota.

- a. The Attorney General is responsible for protecting consumers against false advertising, "bait-and-switch" sales practices, pyramid schemes, odometer tampering, home repair fraud, product safety hazards, fraudulent investment schemes, door-to-door sales frauds, auto repair scams, and a litany of other consumer frauds. The Attorney General maintains consumer protection offices in St. Paul and Duluth and "circuit riders" to visit 17 cities around the state to help consumers in their home towns.
- b. The Attorney General promotes free and open competition in the state. His primary role is to investigate and prosecute antitrust violators under state law, seeking civil and criminal penalties, damages and injunctive relief. He also represents the state and local governmental subdivisions in efforts to recover damages under federal antitrust law. As the advocate for competition, the Attorney General also responds to an increasing number of inquiries from governmental agencies concerning the antitrust implications of their actions and the possible exposure of governmental entities to liability under the federal antitrust laws.
- c. The Attorney General registers, monitors, supervises and enforces the laws applicable to approximately 2300 publicly supported charitable organizations, 800 charitable trusts and foundations and 75 professional (paid) fund-raisers. The Attorney General also seeks to prevent the misuse of charitable funds through educational and legal efforts. He protects the interests of the state in probate matters in which the deceased leaves no heirs.

2. PROTECTION OF PERSONS AND PROPERTY

The Attorney General is the chief law enforcement officer in the state, and in that role enforces a variety of statutes and provides assistance to law enforcement efforts throughout the state.

- a. The Attorney General provides prosecutorial assistance on both the trial and appellate levels to the state's 87 county attorneys. The assistance is concentrated especially on handling criminal appeals before the Minnesota Court of Appeals and the Minnesota Supreme Court. However, upon request of a county attorney, the Attorney General also handles prosecution of many types of complex crime, ranging from brutal murders to sophisticated white collar schemes and from child sexual abuse to Medicaid Fraud. During the past biennium, increasing emphasis has been placed by the Attorney General on prosecution of hazardous waste law

violators and state tax law violators, as well as investigation and prosecution of farm frauds that prey on economically distressed rural Minnesotans. The Attorney General handles the great majority of criminal appeals for Minnesota's 87 counties except the 5 largest; assists in police and correctional counsellor training through lectures and classes; and funds training for prosecutors statewide. His office also provides a full spectrum of legal services to the Bureau of Criminal Apprehension, the Governor's Extradition Staff, the Minnesota Sentencing Guidelines Commission, and the Minnesota Department of Corrections (DOC). Representation of DOC includes appearing in state and federal court when personnel of the Corrections Department are sued in their capacity as supervisors of the state's prison system.

- b. The Attorney General's Medicaid Fraud Division prosecutes vendors of health care services, such as doctors, dentists, pharmacists, and nursing home owners, who defraud the State of Minnesota. This unit has statutory authority to recover treble civil damages from these offenders. Additionally this unit investigates allegations of patient abuse or neglect of any patient in a facility that receives Medicaid funds.

OBJECTIVE:

To enforce state laws that protect broad segments of the public through civil and criminal prosecution.

ACCOMPLISHMENTS:

Successful representation of the state's interests or the significance and impact of a case is not necessarily reflected in the won-lost record or immediately measurable in dollar terms. However, the following are some measures of effectiveness in F.Y. 1987-88:

1. Activity attorneys initiated nearly 50 formal consumer protection legal actions which resulted in more than \$1,000,000 in court-awarded fines and legal costs against defendants and several million dollars in restitution to consumers. While F.Y. 1989-91 activity may uncover different schemes or fraudulent actions, the levels of restitution are expected to be at a similar level.
2. By mediating voluntary solutions to consumer complaints, the office is recovering approximately \$1,000,000 annually in direct monetary refunds. An analysis of the quarterly data suggests that F.Y. 1989-91 refunds will be greater than F.Y. 1987-88.
3. In F.Y. 1988 approximately 100,000 telephone calls and 9,000 written complaints were directed to the Attorney General by the public looking for assistance.
4. Minnesota was 1 of 5 states to initiate action against Chrysler Corporation for long-term, systematic odometer tampering. Under a settlement agreement negotiated by Attorney General Humphrey and attorneys general in nine other states (since joined by most states), Chrysler will refund more than \$20 million to U.S. consumers, including \$375,000 to Minnesota victims so far identified.
5. A consumer fraud suit against Rebel Industries, et al. halted a nationwide scheme to defraud mail-order purchasers of farm machinery. The office's action resulted in a judgment of \$500,000 against Rebel and led to successful criminal prosecution by the U.S. Postal Inspection Service,

ACTIVITY: LAW ENFORCEMENT
(Continuation)
Program: LEGAL SERVICES
Agency: ATTORNEY GENERAL, OFFICE OF

1990-91 Biennial Budget

which described it as 1 of the largest agricultural frauds ever prosecuted in Minnesota.

6. Legal action halted operation of companies selling memberships in a fraudulent "AIDS-free" club and "do-it-yourself" AIDS tests that preyed on people's fear of contracting the disease. One of Attorney General Humphrey's priorities is to stop any scheme that spreads misinformation about AIDS. The office also halted operation of a fraudulent radon testing service through legal action as well as deceptive claims for a diet pill which promoters claimed removed fat "while you sleep."
7. The Attorney General developed and worked for passage of a wide range of consumer protection legislation, including laws to protect buyers of new and used cars, homes, cemetery lots, hearing aids, and health club memberships.
8. Following a 2 year investigation, Attorney General Humphrey and attorneys general from 4 other states filed suit in March 1988 against 31 defendants, including American insurance companies and Lloyds of London. The suit challenges concerted action by property/casualty insurers and their trade association, with a goal of reforming the industry, which has operated under a blanket of anticompetitive protection for four decades. Eighteen states are now party to the lawsuit.
9. Attorney General Humphrey, continuing his emphasis on prosecuting bid-rigging on public road construction projects, began in August 1986 to distribute \$950 to local units of government. The funds represent the civil damage settlement obtained from 12 road construction companies for rigging bids on local government road construction projects. Eleven of the companies also were convicted of criminal antitrust violations, as were 22 company officials.
10. Activity attorneys successfully prosecuted 15 criminal, civil and administrative cases against providers of health care who had defrauded the Medicaid program (Minnesota Medical Assistance). These providers were ordered to repay \$324,800 in fines, restitution and settlement.
11. Activity attorneys have prosecuted numerous criminal trials; white collar crime cases; and cases for local prosecutors who have conflicts of interest. Sixty-five criminal cases were worked on during F.Y. 1988.
12. The Attorney General is participating in a joint effort to prosecute tax cheaters, those who fail to file tax returns or commit other tax crimes. Begun in 1986, the coordinated criminal tax law enforcement project also includes the Hennepin County Attorney, other county attorneys and the Department of Revenue. The Attorney General assists the department in investigating cases and has prosecuted a number of them. For example, the office successfully prosecuted a case against an attorney whose income was \$55,000 in 1983 and \$50,000 in 1984 but filed no state income tax returns for either of those years.

13. Activity attorneys have also written and filed 220 criminal appellate briefs between 7-1-86, and 6-30-88, and orally argued the cases when necessary.

14. Activity staff have consulted with representatives of dozens of charities and written countless letters alerting charitable organizations to problems involving unscrupulous professional fund-raisers. These activities are ongoing and can be expected to be repeated in F.Y. 1989-91. The activity also expects to recover approximately \$180,000 in escheat proceedings associated with regulation of charitable organizations in F.Y. 1987-88. In addition, trustee and attorney fee challenges netted approximately \$140,000 more for charitable purposes.

15. In its 6 years of operation the Medicaid Fraud Division has recovered more than \$1.2 million in fines, restitution and settlement awards and has caused many violators to spend time in jail, on probation or in community service work.

STATISTICS:

The work performed by the activity is dependent upon many factors. Consequently, specific, quantitative figures on future workload cannot be predicted. Nevertheless, certain observations about future workload can be made based upon the experience of the last 2 fiscal years (F.Y. 1987 and F.Y. 1988) as discussed below.

More than 100,000 consumers each year are assisted by activity staff. 154 criminal trials and 175 criminal appeals were handled by staff attorneys during F.Y. 1987 and F.Y. 1988. The number of criminal appeals in F.Y. 1989 is expected to be over 150. Between 7-1-86 and 6-30-88 over 280 investigations were begun by activity staff and more than 50 lawsuits were brought against persons charged with violations of consumer, antitrust, charity or medicaid law.

REVENUE:

This activity generates dedicated revenue.

| Type of Revenue | (Dollars in Thousands) | | | |
|-------------------|------------------------|-----------------------|-----------------------|-----------------------|
| | Actual F.Y. 1988 | Estimate F.Y. 1989 | Estimate F.Y. 1990 | Estimate F.Y. 1991 |
| Dedicated-federal | \$ 342 | \$451 | \$532 | \$532 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : ATTORNEY GENERAL
PROGRAM : LEGAL SERVICES
BUDGET ACTIVITY : LAW ENFORCEMENT

| EXPENDITURES: | F.Y. 1990 | | | | | | F.Y. 1991 | | | |
|-------------------------------------|-----------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | FY 1988 | FY 1989 | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 2,485 | 2,767 | 2,961 | 166 | 3,127 | 2,961 | 2,961 | 166 | 3,127 | 2,961 |
| EXPENSES/CONTRACTUAL SRVCS | 288 | 374 | 391 | 40 | 431 | 391 | 388 | 32 | 420 | 388 |
| MISC OPERATING EXPENSES | 332 | 119 | 103 | 0 | 103 | 103 | 103 | 0 | 103 | 103 |
| SUPPLIES/MATERIALS/PARTS | 61 | 43 | 56 | 26 | 82 | 56 | 47 | 10 | 57 | 47 |
| CAPITAL EQUIPMENT | 185 | 26 | 26 | 0 | 26 | 26 | 26 | 0 | 26 | 26 |
| REAL PROPERTY | 0 | 3 | 3 | 0 | 3 | 3 | 3 | 0 | 3 | 3 |
| REDISTRIBUTIONS | 36 | 40 | 40 | 0 | 40 | 40 | 40 | 0 | 40 | 40 |
| TOTAL EXPENDITURES | 3,387 | 3,372 | 3,580 | 232 | 3,812 | 3,580 | 3,568 | 208 | 3,776 | 3,568 |
| CHANGE REQUESTS: | | | | | | | | | | |
| | | | | | | | | | | |
| B CRIMINAL PROSECUTIONS AND APPEALS | | | | 171 | | 0 | | 151 | | 0 |
| B CONSUMER EDUCATION | | | | 61 | | 0 | | 57 | | 0 |
| TOTAL CHANGE REQUESTS | | | | 232 | | 0 | | 208 | | 0 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 2,850 | 2,883 | 2,944 | 232 | 3,176 | 2,944 | 2,944 | 208 | 3,152 | 2,944 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| SPECIAL REVENUE | 0 | 20 | 10 | 0 | 10 | 10 | 10 | 0 | 10 | 10 |
| FEDERAL | 330 | 453 | 626 | 0 | 626 | 626 | 614 | 0 | 614 | 614 |
| AGENCY | 207 | 16 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL FINANCING | 3,387 | 3,372 | 3,580 | 232 | 3,812 | 3,580 | 3,568 | 208 | 3,776 | 3,568 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 58.3 | 58.3 | 58.3 | 4.9 | 63.2 | 58.3 | 58.3 | 4.9 | 63.2 | 58.3 |
| FEDERAL | 6.7 | 6.7 | 9.8 | 0.0 | 9.8 | 9.8 | 9.8 | 0.0 | 9.8 | 9.8 |
| TOTAL POSITIONS | 65.0 | 65.0 | 68.1 | 4.9 | 73.0 | 68.1 | 68.1 | 4.9 | 73.0 | 68.1 |

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: LAW ENFORCEMENT
PROGRAM: LEGAL SERVICES
AGENCY: ATTORNEY GENERAL, OFFICE OF

REQUEST TITLE: CRIMINAL PROSECUTIONS AND APPEALS

| Agency Request | F.Y. 1990 (000's) | | F.Y. 1991 (000's) | |
|----------------------------------|----------------------|-----------|----------------------|-----------|
| | Amount | Positions | Amount | Positions |
| General Fund | \$ 171 | 3.9 | \$ 151 | 3.9 |
| Governor's Recommendation | | | | |
| General Fund | \$ -0- | -0- | \$ -0- | -0- |

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The Attorney General requests additional staff to discharge his law enforcement responsibilities which include responding to an increased call for prosecutorial assistance from county attorneys, an expanding number of criminal appeals and post-conviction and habeas corpus notices, the growth of Minnesota's gambling and gaming industry (pari-mutuel betting, charitable gambling, video games of chance and Indian gaming), new demands for narcotics prosecution assistance, and more complex medicaid provider fraud cases. To meet his law enforcement responsibilities the Attorney General needs a minimum of 4 attorneys, 1 investigator, and 2 secretarial staff positions. The objective of this request is to meet current workload demands and statutory requirements. Costs associated with these positions are supported by federal funds which require a 25% state match.

DESCRIPTION/BACKGROUND:

The Attorney General has a statutory responsibility under M.S. Sec. 8.01 to "appear for the state in all causes in the supreme and federal courts wherein the state is directly interested" and "upon request of the county attorney . . . [to] appear in court in such criminal cases as the attorney general deems proper." Also, Minn. R. Crim. P. 28.02, subd. 4(1); 28.03; 28.04, subd. 2(2); and 28.05, subd. 1(1), specifically require parties in criminal cases to serve copies of all Notices of Appeal, Certified Questions, Prosecutor's Appeals and Sentencing Appeals on the Attorney General. Accordingly, the Attorney General is named as attorney for the state on all criminal appeals whether or not he is actively participating. He receives documents and court orders and must monitor all criminal appellate matters in the state. The office directly handles brief writing responsibility for all but the largest 6 of Minnesota's 87 counties. Between F.Y. 1987 and F.Y. 1989, criminal appeals handled by the Attorney General will almost double from 79 to 144. From F.Y. 1984 to F.Y. 1987 the number of appeals handled by the Attorney General grew by only 10%.

The Attorney General appears in district court on behalf of county attorneys

in conflict cases and cases involving particularly complex crimes such as murder, arson, criminal sexual conduct, narcotic prosecution and white collar crime. Narcotic prosecutions have become an increasingly important part of effective law enforcement activities at the local and state level. The Bureau of Criminal Apprehension, County Attorneys and the Attorney General are seeking to direct sufficient resources at this problem in an attempt to limit the growth of drug-related crimes. Although county attorneys will continue to prosecute a majority of these cases, the Attorney General will handle particularly complex and multi-county cases on behalf of counties, especially in greater Minnesota.

Criminal enforcement of the gambling laws is virtually non-existent. This is due in large part to the lack of knowledge among local prosecutors of the comprehensive regulatory scheme governing lawful gambling. Litigation support and training to local prosecutors will ensure adequate and aggressive enforcement of the criminal gambling laws. Further the Charitable Gambling Control Board increased its complement of investigators by 6 in F.Y. 1989. The Department of Revenue is seeking an additional 25.0 new positions for F.Y. 1990 and 15.0 positions for F.Y. 1991 to deal with gambling regulation and enforcement. Finally, 3 racetracks are expected to be in full operation by F.Y. 1990. In F.Y. 1988 the Minnesota Racing Commission took 230 disciplinary actions. With the opening of 2 additional racetracks, the number of licensees is projected to increase by nearly 3-fold, as is the number of disciplinary actions.

| STATISTICS: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|-------------------------|-----------|-----------|-----------|-----------|
| Criminal | | | | |
| Appeals Handled | 96 | 144 | 180 | 225 |
| Criminal | | | | |
| District Court Trials | 84 | 100 | 115 | 130 |
| Minnesota Racing | | | | |
| Commission Disciplinary | | | | |
| Actions | 250 | 300 | 750 | 750 |
| Medicaid Fraud Fines, | | | | |
| Restitution and | | | | |
| Settlements | \$ 161 | \$ 368 | \$ 400 | \$ 400 |

RATIONALE:

During the current biennium the impact of a number of recent legislative decisions have been felt by the Attorney General's Office through significant increases in workload that are expected to continue into the next biennium and beyond. The creation of the Minnesota Court of Appeals has resulted in more appellate work throughout the Attorney General's Office with the Law Enforcement Activity experiencing the greatest increase. The establishment of the Minnesota Racing Commission and the Charitable Gambling Control Board have added to pressure on this activity for the full range of civil and criminal legal services.

Although the office's efforts in the areas of narcotics prosecutions and medicaid fraud prosecutions are not due to legislative or judicial actions, the public interest and demand for action, particularly with respect to drugs, is directly related to the growth of our workload.

Failure to procure adequate funding for law enforcement activities will result in reduced responsiveness to many problems facing the criminal justice system. The office has already internally shifted 1-1/2 additional

CHANGE REQUEST 1990-91 Biennial Budget
 _____ Agency _____ Program X Activity
 (Continuation)

ACTIVITY: LAW ENFORCEMENT
 PROGRAM: LEGAL SERVICES
 AGENCY: ATTORNEY GENERAL, OFFICE OF

positions to criminal enforcement, but cannot continue to meet the need with existing complement.

| | (Dollars in Thousands) | | | |
|--------------|------------------------|------------------|------------------|------------------|
| BASE: | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
| General Fund | \$ 592 | \$ 727 | \$ 714 | \$ 714 |
| Federal Fund | \$ 177 | \$ 308 | \$ 291 | \$ 291 |

| | (Dollars in Thousands) | | |
|--------------------------|------------------------|------------------|--------------|
| LONG RANGE IMPLICATIONS: | <u>F.Y. 1992</u> | <u>F.Y. 1993</u> | <u>Total</u> |
| General Fund | \$ 151 | \$ 151 | \$ 302 |
| Federal Fund | \$ 111 | \$ 111 | \$ 222 |

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Office of Attorney General to present its budgetary needs directly to the legislature for consideration.

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: LAW ENFORCEMENT
PROGRAM: LEGAL SERVICES
AGENCY: ATTORNEY GENERAL, OFFICE OF

REQUEST TITLE: CONSUMER EDUCATION

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 61 | 1.0 | \$ 57 | 1.0 |
| Governor's Recommendation | | | | |
| General Fund | \$ -0- | -0- | \$ -0- | -0- |

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE: The Attorney General requests an appropriation to fund the preparation and distribution of consumer educational materials for a statewide consumer education and public information program. This appropriation is needed to fulfill the statutory obligations of the Attorney General and to assist consumers and businesses in obtaining the benefit of their legal rights. The objective of this request is to permit broader distribution of materials presently printed only in small quantities for lack of funding and to permit preparation of additional materials.

DESCRIPTION/BACKGROUND:

As the principal enforcer of Minnesota's consumer protection laws, the Attorney General is looked to by the public and sometimes required by statute to be the source of information on a wide variety of consumer topics. In 1987, for example, the Attorney General's consumer division responded to over 6,500 written complaints and over 70,000 telephone inquiries.

A new position is needed for a consumer education specialist to develop a coordinated program for consumer education. The person would research, write and edit brochures, newsletters, reports and resource materials; develop and plan information programs, conferences, workshops and training sessions; develop audio visual materials and curricula for schools and community groups; develop and produce media programming; identify program objectives and establish priorities for the consumer education program; and give lectures, speeches and group presentations.

The current education program is limited to about 20 brochures, a weekly newspaper column, occasional Consumer Alerts, and informational packets on specific problems, such as a series of General Motors engine defects. In 1 instance, the Attorney General is specifically required by law (M.S. Sec.-504.22) to prepare and distribute materials on the rights of landlords and tenants. Some \$10,000 has been budgeted annually for the production of these informational materials. This sum is sufficient to print only 45,000 brochures annually, on all topics combined.

STATISTICS:

| | % of Total F.Y. 1989 Education Budget | Printing Cost, F.Y. 1989 | Number To Be Printed F.Y. 1988 | Number Needed |
|---|--|--------------------------------|--------------------------------------|------------------|
| Landlord-Tenant Booklet | 45% | \$ 4,500 | 12,000 | 100,000 |
| Used Car Warranty | | | | |
| Law Brochure | 25% | 2,500 | 8,000 | 50,000 |
| New Car Lemon | | | | |
| Law Brochure | 18% | 1,800 | 14,000 | 50,000 |
| Consumer's Guide to Conciliation Court | 9% | 900 | 8,000 | 50,000 |

RATIONALE: Approval of this request would allow the Attorney General to enhance consumer protection in Minnesota through a coordinated statewide education program. The CHANGE would permit a more efficient and comprehensive response to the most common consumer complaints which represent a large part of the consumer inquiries now being responded to through individual written and telephone contacts.

For example, Minnesota has over 800,000 renters, and the Attorney General is required by law to prepare a readable booklet summarizing the landlord-tenant laws. Current funding allows the printing of only 12,000 copies of the 33-page booklet. This small press run consumes nearly half of the current consumer education budget, yet is insufficient to meet requests from landlords, legislators and tenants' groups for large quantities of the booklets. We believe 100,000 of these brochures could be distributed annually.

Similarly, requests from auto dealers and consumers for wider distribution of brochures on the recently-enacted Used Car Warranty Law cannot be filled for lack of printing funds.

Although more than 100,000 cases are filed in Minnesota's Conciliation Courts each year, we are able to print only 8,000 copies of our Conciliation Court brochure (the only free, general guide to Conciliation Court procedures). Additional funding would allow us to make this brochure available to consumers at the courthouse counter in every county.

The proposed CHANGE request would also allow preparation of new materials to address such widespread concerns as "Choosing a Child Care Provider" and "Choosing a Nursing Home."

BASE:

| (Dollars in Thousands) | | | |
|------------------------|-----------|-----------|-----------|
| F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| \$ 10 | \$ 10 | \$ 10 | \$ 10 |

LONG RANGE IMPLICATIONS:

| (Dollars in Thousands) | | |
|------------------------|-----------|--------|
| F.Y. 1992 | F.Y. 1993 | Total |
| \$ 61 | \$ 57 | \$ 118 |

GOVERNOR'S RECOMMENDATION: Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Office of Attorney General to present its budgetary needs directly to the Legislature for consideration.

ACTIVITY: BUSINESS REGULATION
Program: LEGAL SERVICES
Agency: ATTORNEY GENERAL, OFFICE OF

1990-91 Biennial Budget

PURPOSE:

The Attorney General's Business Regulation Activity provides legal representation to all state agencies responsible for business regulation. Those regulatory responsibilities can be grouped into 3 areas: (1) protection of financial institutions and utility price integrity; (2) protection of employees' rights and responsibilities; and (3) protection of personal rights against discrimination.

1. PROTECTION OF FINANCIAL INSTITUTIONS AND UTILITY PRICE INTEGRITY.

- a. The Attorney General aggressively enforces regulation of the rapidly-evolving financial services industry, including banks and other financial institutions, insurance companies and agents, real estate companies and brokers, the securities industry, franchisors and other commercial activities to protect the public against deception and exploitation, and to insure the soundness of our financial institutions.
- b. The Attorney General represents the Department of Public Service in litigation involving the regulation of telephone, gas and electric utility rates in the state.

2. PROTECTION OF EMPLOYEES RIGHTS AND RESPONSIBILITIES.

The Attorney General enforces laws to protect the rights of Minnesotans in the workplace, defends the worker's compensation fund for workers injured on the job against unwarranted claims, enforces safety and health laws to insure the safety of the workplace, and wage and hour standards to protect workers against economic exploitation.

3. PROTECTION OF PERSONAL RIGHTS AGAINST DISCRIMINATION.

The Attorney General protects the rights of individuals against discrimination in employment, housing and public accommodations, public services, education, and public assistance on the basis of race, sex, age, religion, or handicapped status.

OBJECTIVE:

To enforce state laws that protect broad segments of the public through commercial and business regulations and the protection of employee and personal rights.

ACCOMPLISHMENTS:

Successful representation of the state's interests or the significance and impact of a case is not necessarily reflected in the won-lost record or immediately measurable in dollar terms. However, the following are some measures of effectiveness in F.Y. 1987-88:

1. The activities on behalf of the Commerce Department included a total 556 administrative actions against persons licensed or otherwise regulated by the Minnesota Department of Commerce--insurance companies and agents,

real estate brokers and salespersons, securities issues, etc. Enforcement actions handled in the name of the Department of Commerce resulted in fines and other penalties of \$62,000. Fiscal Year 1989-91 estimates are that these enforcement efforts will be greater than they were in F.Y. 1988.

2. Staff attorneys provide substantial legal services regarding securities matters, which often require expedited action, as in State v. Connors. In that case, on a few hours notice, attorneys prepared the necessary legal documents to freeze the assets of a bank executive and of his affiliated companies. The documents alleged that the bank executive had engaged in securities fraud by soliciting millions of dollars from various persons but failing to deposit them in the bank. Quick action by the office froze \$3 million in funds intended for deposit and other assets, which could not be withdrawn or otherwise taken by the executive. The funds then were available for payment to those persons who thought they had deposited money in the executive's bank.
3. During the biennium, the office monitored and worked to assure that final payments were made to the approximately 2,700 Minnesotans who had purchased insurance from 2 subsidiaries of the bankrupt Baldwin-United Corporation. Action by the office led to an agreement by the Minnesota Life and Health Guaranty Association to guarantee the return of the Minnesotans' principal plus a favorable rate of interest. The payments were made to Minnesota Baldwin-United policyholders in early 1988 and totalled approximately \$1.5 million.
4. The office has provided legal representation for the OSHA division of the Department of Labor and Industry in more than 400 contested cases during the last biennium, resulting in the collection of numerous civil fines and the elimination of hundreds of workplace hazards.
5. Bohn, Commissioner of Labor and Industry v. Cedarbrook Engineering Company -- The office assisted the OSHA division in protecting a worker from retaliatory discharge for filing a safety complaint. The Minnesota Supreme Court upheld a Minnesota Court of Appeals determination awarding approximately \$15 in back pay to a former employee fired by Cedarbrook Engineering Company for demonstrating the existence of a particular hazard to a safety investigator. The appeals court determined that the activity engaged in by the employee was protected by OSHA provisions as long as it did not present an immediate hazard to co-workers or the inspector. The case is the first of its kind nationwide to determine that the filing of a safety and health complaint may include the actual demonstration of a safety hazard.
6. In providing legal assistance to the Special Compensation Fund, which pays out over \$90 million a year in workers' compensation benefits, the Attorney General successfully defended the Fund in Wesly McBride v. Leon Joyce Blacktop, et al. This case resolved a difficult question of statutory interpretation of legislative intent when the Minnesota Supreme Court determined once and for all that the Special Compensation Fund need not pay supplementary workers' compensation benefits to employees whose entitlement to total temporary disability benefits had ceased. The fund ultimately may save an estimated \$30 million because of this determination.

ACTIVITY: BUSINESS REGULATION
(Continuation)
Program: LEGAL SERVICES
Agency: ATTORNEY GENERAL, OFFICE OF

1990-91 Biennial Budget

7. The office intervened in a \$99 million rate increase sought by Northern States Power Company. The majority of issues in the case were resolved through a settlement and stipulation which resulted in lowering the utility's requested rate increase by about \$25 million. At the recommendation of the Administrative Law Judge assigned to the case, the commission accepted the settlement and most of the stipulations.
8. Northwestern Bell Telephone Company Investigation -- Staff attorneys represented the department in a major investigation of the earnings of Northwestern Bell Telephone Company. The result after a contested case hearing, was a settlement which reduced the utility's telephone rates by \$24.5 million. The office was instrumental both in negotiating the settlement and obtaining its approval from the commission.
9. Activity attorneys have obtained over \$45 million for the state of Minnesota as a result of the settlement of oil overcharge cases between F.Y. 1986 and F.Y. 1988.
10. In F.Y. 1987 and 1988, activity attorneys have recovered through award and settlement \$413 in backpay or other damages for victims of discrimination. When appropriate, injunctive relief prohibiting discrimination practices and requiring actions to eliminate the effect of those practices was also obtained.

STATISTICS

The work performed by the activity is dependent upon the needs and requirements of the agencies and boards represented. In turn, the agencies and boards are affected by changes in law, shifts in responsibility, and the extent to which their activities are challenged. Predictions about future workload are partly speculative but can be based upon past demands and the likely effect of anticipated changes. The attorneys handled 504 lawsuits, 68 administrative rules, 371 contested cases, 242 other administrative proceedings. The attorneys also reviewed hundreds of contracts for their clients.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : ATTORNEY GENERAL
PROGRAM : LEGAL SERVICES
BUDGET ACTIVITY : BUS REGULATION

| EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|----------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 2,332 | 2,553 | 2,460 | 162 | 2,622 | 2,460 | 2,460 | 162 | 2,622 | 2,460 |
| EXPENSES/CONTRACTUAL SRVCS | 390 | 339 | 279 | 15 | 294 | 279 | 279 | 7 | 286 | 279 |
| MISC OPERATING EXPENSES | 38 | 29 | 29 | 0 | 29 | 29 | 29 | 0 | 29 | 29 |
| SUPPLIES/MATERIALS/PARTS | 55 | 25 | 25 | 25 | 50 | 25 | 25 | 10 | 35 | 25 |
| CAPITAL EQUIPMENT | 136 | 10 | 6 | 0 | 6 | 6 | 6 | 0 | 6 | 6 |
| TOTAL EXPENDITURES | 2,951 | 2,956 | 2,799 | 202 | 3,001 | 2,799 | 2,799 | 179 | 2,978 | 2,799 |
| CHANGE REQUESTS: | | | | | | | | | | |
| | | | | | | | | | | |
| B HUMAN RIGHTS ENFORCEMENT | | | | 202 | | 0 | | 179 | | 0 |
| TOTAL CHANGE REQUESTS | | | | 202 | | 0 | | 179 | | 0 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 2,951 | 2,956 | 2,799 | 202 | 3,001 | 2,799 | 2,799 | 179 | 2,978 | 2,799 |
| TOTAL FINANCING | 2,951 | 2,956 | 2,799 | 202 | 3,001 | 2,799 | 2,799 | 179 | 2,978 | 2,799 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 60.0 | 60.0 | 60.0 | 5.0 | 65.0 | 60.0 | 60.0 | 5.0 | 65.0 | 60.0 |
| TOTAL POSITIONS | 60.0 | 60.0 | 60.0 | 5.0 | 65.0 | 60.0 | 60.0 | 5.0 | 65.0 | 60.0 |

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: BUSINESS REGULATION
PROGRAM: LEGAL SERVICES
AGENCY: ATTORNEY GENERAL, OFFICE OF

REQUEST TITLE: HUMAN RIGHTS ENFORCEMENT

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 202 | 5.0 | \$ 179 | 5.0 |
| Governor's Recommendation | | | | |
| General Fund | \$ -0- | -0- | \$ -0- | -0- |

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The Attorney General requests the addition of 4.0 positions. These positions are needed to ensure that the Attorney General's office continues to litigate, in a timely fashion, discrimination complaints in cases where the Department of Human Rights has determined that there is probable cause to believe a violation of the Human Rights Act has occurred but is unable to secure voluntary compliance and settlement by the respondent.

DESCRIPTION/BACKGROUND:

The Attorney General represents the Department of Human Rights. The department is responsible for the administration and enforcement of the Minnesota Human Rights Act, M.S.ch.363. The Department's Enforcement Division investigates complaints alleging illegal discriminatory practices in employment, housing, public accommodations, public services, education and credit. The Enforcement Division attempts to resolve charges through a variety of techniques including conciliation. If conciliation efforts fail, the department refers the matter to the Attorney General's office for litigation.

In the past a large backlog of cases developed within the department because the department did not process and close cases as fast as charges were filed. To eliminate the backlog problems the legislature increased the department's investigative complement; the most recent increase included 2.0 new investigative positions approved by the 1988 legislature, and filled during F.Y. 1989. As a consequence of these increased investigative resources and a growing demand for the department's services resulting from several trends, such as an aging work force and a substantial increase in AIDS cases, the department has forwarded more cases to the Attorney General's office. These cases require representation of the department in litigation before the Office of Administrative Hearings and in appeals from decisions of the OAH as well as representation of the Department in cases in which the Department sues or is sued in state or federal district court.

STATISTICS:

| | F.Y. 1986 | F.Y. 1987 | F.Y. 1988 |
|------------------|-----------|-----------|-----------|
| Charges Referred | 100 | 121 | 106 |
| Charges Closed | 79 | 69 | 94 |
| Charges Pending | 120 | 172 | 184 |

RATIONALE:

The Department of Human Rights has been directed to close cases faster and to expand the scope of its services. In order to achieve this objective, the department has been provided with additional resources. An increased complement of investigators should prevent the redevelopment of a large backlog. With its new resources the department generates additional cases for litigation. If new resources are not made available to the Attorney General's Office, then the backlog within the department will simply be transferred from the department to the Attorney General's Office. To prevent a backlog from developing, the Attorney General's Office needs 2 attorneys, 2 legal assistants, and a legal secretary.

Furthermore, the department is seeking an increase of 15.0 positions in its investigative/enforcement complement for F.Y.s 1990 and 1991. If approved, this would amount to a 25% increase over existing complement and could generate an even greater amount of litigation for the Attorney General's Office. If the department's request is granted, the Attorney General must add to this request or the purpose of this request will be undermined.

| (Dollars in Thousands) | | | | |
|------------------------|-----------|-----------|-----------|-----------|
| BASE: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| | \$ 374 | \$ 503 | \$ 471 | \$ 471 |

| | (Dollars in Thousands) | | |
|---------------------------------|------------------------|------------------|--------------|
| <u>LONG RANGE IMPLICATIONS:</u> | <u>F.Y. 1992</u> | <u>F.Y. 1993</u> | <u>Total</u> |
| | \$ 179 | \$ 179 | \$ 358 |

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Office of Attorney General to present its budgetary needs directly to the legislature for consideration.

ACTIVITY: LEGAL POLICY AND ADMINISTRATION
Program: LEGAL SERVICES
Agency: ATTORNEY GENERAL, OFFICE OF

1990-91 Biennial Budget

PURPOSE:

ACTIVITY DESCRIPTION:

The Legal Policy and Administration Activity provides the Attorney General's Office with legal leadership and resources. The Attorney General and his chief deputy lead and coordinate the legal activity of the office's attorneys. They establish the policies and priorities for the office's 10 separate offices and 23 divisions.

The effective consolidation of state legal services continues to be essential to the maintenance, quality and consistency of the state's public policy itself. The state's legal policy must be articulated with a single voice.

As courts and legislatures better define the responsibilities of state government to its citizens, the role of preventive legal advice becomes even more critical. Court decisions can and do decide how public funds are spent. Without quality legal representation, legislative policy choices cannot be achieved or maintained. The office educates client agencies to recognize early those issues which will require the attention of legal counsel and works with them to establish priorities when staff and financial resources are limited.

The Attorney General's office is ideally placed to function as a transmission belt between the public, the courts, and the legislature. Litigated cases, legal issues confronting public agencies, and problems addressed in the opinions function of office all help to identify areas of legal confusion or statutory inadequacy. By attending to law reform responsibilities, the Attorney General's Office protects the legal rights and opportunities of Minnesota citizens. It also helps Minnesota state government function with greater simplicity and efficiency.

Activity attorneys provide counsel to the Attorney General about the progress of lawsuits. They work with all other office attorneys on a variety of matters which include pleadings review, strategy development, courtroom assistance, multi-agency lawsuit coordination and office-wide quality control for litigation efforts. Activity attorneys also handle cases for attorneys assigned to other activities when there are potential conflicts of interest or other staffing needs. In addition, they provide legal services to constitutional officers, the Legislature, and the Judiciary. They provide advice and formal opinions in response to legal questions posed by officials of local governmental units, state agencies, constitutional officers and the Legislature. Paralegal assistance is provided to members of the public requesting information on laws pertaining to marriage, divorce, name change and adoption. Finally, activity staff direct personnel, accounting, budgeting, purchasing, library, office automation, records management and space utilization services for all the divisions of the office.

OBJECTIVE:

To articulate state legal policy and to assign the human and physical resources to ensure effective enforcement of state laws and defense of state interest in all legal matters.

ACCOMPLISHMENTS:

Successful representation of the state's interests, or the significance and impact of a case, is not necessarily reflected in the won-lost record nor is it immediately measurable in dollar terms. However, the following are some measures of effectiveness in F.Y. 1987 and F.Y. 1988.

1. The Attorney General's Office has obtained more than \$45 million from several oil overcharge cases, with the money being used for a wide variety of energy conservation-related projects to benefit all Minnesotans.
2. The office was successful in a lawsuit to force the Conwed Corp. to turn over medical and industrial hygiene records for workers who may have been exposed to asbestos at the firm's Cloquet plant between 1958 and 1974. The records were needed to set up a program in which the Minnesota Department of Health could notify workers and provide medical screening and an education program for workers and their families.
3. The Attorney General defended the constitutionality of the state's parental notification statute, which requires that minors notify their parents or obtain a court order before proceeding with an abortion.
4. Staff attorneys successfully defended the state against a court reporter's suit claiming sexual harassment by his judge-employer and the reporter's claim that the state should pay the judgment he won against the judge for battery.
5. The Attorney General sued the U.S. Department of Defense to defend the authority of the nation's governors to withhold their consent for National Guard training missions outside the country.
6. As a result of its experience in reaching a settlement with the Twin Cities Army Arsenal Plant in which the Army agreed to clean up its hazardous waste, the Attorney General's Office has been involved in several federal facility compliance efforts. The Attorney General has prepared testimony for the U.S. House of Representatives and participated in a Federal Facilities Workgroup with the U.S. Environmental Protection Agency.
7. The Attorney General appointed a Task Force on Child Abuse Within the Family, with representatives from religious, civic and community groups. Following its study, the task force issued a set of 87 recommendations to help prevent child abuse, provide better and increased training for professionals and stronger leadership from providers of human services.
8. When Reserve Mining and LTV Steel filed for bankruptcy in July 1986, thousands of retired workers faced losing their medical insurance. Leading interagency task force, the Attorney General negotiated an innovative settlement with Reserve Mining's trustee, the steelworkers union and secured creditors to establish a new medical insurance plan for employees and retirees. More than \$5 million in benefits had been provided by the plan by early 1988. The office also helped facilitate development of a plan to address questions about dam safety and air and water quality at Reserve's Milepost 7 tailings basin. The Attorney General is also helping to facilitate a decision on Reserve's future and is working to recover unpaid taxes, workers' compensation benefits and royalty lease payments.

ACTIVITY: LEGAL POLICY AND ADMINISTRATION
(Continuation)

1990-91 Biennial Budget

Program: LEGAL SERVICES

Agency: ATTORNEY GENERAL, OFFICE OF

9. The Attorney General appointed and the office coordinates a 22 member Task Force on Prevention of Sexual Violence Against Women to develop recommendations for more stringent control of sex offenders and the prevention of rape through education.

| STATISTICS: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|--|-----------|-----------|-----------|-----------|
| Amicus Curiae Briefs to the U.S. Supreme Court | 3 | 2 | 2 | 2 |
| Cases sought or opposed U.S. Supreme Court review | 5 | 3 | 4 | 4 |
| Trial Cases Opened | | | | |
| Civil | 1,114 | 1,200 | 1,320 | 1,450 |
| Criminal | 84 | 100 | 115 | 130 |
| Appellate Cases Opened | | | | |
| Civil | 145 | 160 | 175 | 190 |
| Criminal | 96 | 150 | 175 | 200 |
| Administrative Proceedings Opened | 822 | 850 | 900 | 900 |
| Opinions | | | | |
| Formal | 22 | 18 | 20 | 20 |
| Informal | 74 | 93 | 90 | 90 |
| Citizen Mail | 3,943 | 4,200 | 4,400 | 4,400 |

Because legal resources must be devoted to cases already begun, while many of our clients have cases waiting development, a realistic caseload for the next biennium is dependent upon many factors outside the office's control. The number projected is based on a historical pattern that could be upset by a small number of major time-consuming matters.

REVENUE:

This activity generates non-dedicated revenue.

| Type of Revenue | (Dollars in Thousands) | | | |
|-----------------|------------------------|-----------------------|-----------------------|-----------------------|
| | Actual F.Y. 1988 | Estimate F.Y. 1989 | Estimate F.Y. 1990 | Estimate F.Y. 1991 |
| Non-dedicated | \$ 4,522 | \$ 4,420 | \$ 4,620 | \$ 4,820 |

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : ATTORNEY GENERAL
PROGRAM : LEGAL SERVICES
BUDGET ACTIVITY : LEGAL POL, LITIGATION & ADMIN

| EXPENDITURES: | F.Y. 1990 | | | | | | F.Y. 1991 | | | |
|----------------------------|-----------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | FY 1988 | FY 1989 | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 2,323 | 2,384 | 2,636 | 110 | 2,746 | 2,636 | 2,636 | 80 | 2,716 | 2,636 |
| EXPENSES/CONTRACTUAL SRVCS | 564 | 603 | 532 | 18 | 550 | 532 | 535 | 25 | 560 | 535 |
| MISC OPERATING EXPENSES | 330 | 474 | 433 | 16 | 449 | 433 | 433 | 13 | 446 | 433 |
| SUPPLIES/MATERIALS/PARTS | 193 | 200 | 199 | 107 | 306 | 199 | 199 | 42 | 241 | 199 |
| CAPITAL EQUIPMENT | 198 | 181 | 227 | 109 | 336 | 227 | 227 | 117 | 344 | 227 |
| TOTAL EXPENDITURES | 3,608 | 3,842 | 4,027 | 360 | 4,387 | 4,027 | 4,030 | 277 | 4,307 | 4,030 |
| CHANGE REQUESTS: | | | | | | | | | | |
| | | | | | | | | | | |
| B FORD LIBRARY | | | | 91 | | 0 | | 11 | | 0 |
| B LITIGATION SUPPORT | | | | 269 | | 0 | | 266 | | 0 |
| TOTAL CHANGE REQUESTS | | | | 360 | | 0 | | 277 | | 0 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 3,491 | 3,689 | 4,027 | 360 | 4,387 | 4,027 | 4,030 | 277 | 4,307 | 4,030 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 14 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL | 84 | 70 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| AGENCY | 8 | 76 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| GIFTS AND DEPOSITS | 11 | 7 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL FINANCING | 3,608 | 3,842 | 4,027 | 360 | 4,387 | 4,027 | 4,030 | 277 | 4,307 | 4,030 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 53.0 | 53.0 | 53.0 | 2.0 | 55.0 | 53.0 | 53.0 | 2.0 | 55.0 | 53.0 |
| TOTAL POSITIONS | 53.0 | 53.0 | 53.0 | 2.0 | 55.0 | 53.0 | 53.0 | 2.0 | 55.0 | 53.0 |

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: LEGAL POLICY AND ADMINISTRATION
PROGRAM: LEGAL SERVICES
AGENCY: ATTORNEY, GENERAL, OFFICE OF

REQUEST TITLE: LITIGATION SUPPORT

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 269 | 2.0 | \$ 266 | 2.0 |
| Governor's Recommendation | | | | |
| General Fund | \$ -0- | -0- | \$ -0- | -0- |

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The Attorney General requests an appropriation to purchase computer hardware, software and associated services to build a network of human and electronic legal resources to serve state government and the public interest. During the next biennium the office will complete the standardization of software and hardware used by legal support staff, principally legal secretaries. This request adds to the overall automated architecture a centralized data base resource for managing large volumes of documents produced for litigation and for establishing an office-wide legal forms and brief bank. The request would also make it possible for the Attorney General's Office to begin a 4 year program to make desktop computing resources available to selected attorneys and legal assistants. Finally, the request would provide for the staffing needed to prepare the office's strategic information plan.

DESCRIPTION/BACKGROUND:

The Attorney General's Office is standardizing its hardware and software for legal document production by legal secretaries. By the end of the F.Y. 1990-91 biennium the office will have a single system in place of the 3 it is currently using. Secretaries will be able to back one another up, attorneys in the same building or in other buildings will be able to share and exchange documents and staff will be able to transfer from 1 division to another without having to learn a new word processing system.

The office has also, on a limited scale, automated its legal research by making Westlaw's automated legal research services available in each building housing a significant number of Attorney General staff.

The office has had an automated docket and timekeeping system for 10 years.

RATIONALE

In spite of the steps already made to take advantage of the benefits of automation the Attorney General's Office is lacking in 2 important areas.

First, it does not have the human or electronic resources to take advantage of computer power to organize documents for litigation, or to collect and centralize its own electronic library of legal forms and briefs. Second, the office has not been able to put computer tools at the desks of its attorney and legal assistant staff.

The office used automated support to manage documents in the Reilly Tar and Chemical case with significant results. If the Twin City Army Arsenal case had not settled, the office would have had to use a similar approach in that case. On a national multistate lawsuit against certain insurance companies, an automated data base system is being used to manage the thousands of documents produced by both sides and all parties to the case. There have been other cases where a resource of this kind would have assisted our side. The opposition in these cases is commonly able to tap such a resource.

This request will enhance our ability to legally represent those state agency clients with medium to large law suits. But it will assist all state agency clients, no matter how large their law suits, by enriching the research resources available to the attorneys who represent them. Although we believe that the office will be made more productive and effective as a result of favorable action on this request, it would be irresponsible to suggest that we can measure the cost savings that will result from jury or judicial decisions reached in cases where these resources have been used. However, the favorable agreement on the Twin City Army Arsenal Plant cleanup of groundwater contamination may have been unreachable had the Army doubted the state's willingness to provide sufficient resources, including appropriate computer technology.

The legal literature on attorney use of computers reports the benefits to the legal profession as software is developed and improved for legal purposes. Law school graduates in the past 5 years have become familiar with and used to the benefits of computers to make them more productive. Some attorneys on our staff have bought their own PCs for use at home or in the office. A committee of our staff is researching the law offices that have put terminals on attorney desks to learn when it is beneficial and how to introduce computers to the law office. Over the next 4 years where it is appropriate to do so we want to add attorney work stations to our network.

A recent study by the Minnesota Legal Administrator's Association reported on the percentage of non-timekeeper personnel to timekeeper personnel. A comparison between the Attorney General's Office and other Twin City Law Offices illustrates how important terminals may be to increased effectiveness of Attorney General's staff. The ratio of total support staff to attorneys is almost 100% higher in private law offices than it is in the Attorney General's Office. The ratio of attorneys to legal secretaries and word processors is 50% higher. Attorneys and legal secretaries in the Attorney General's Office must perform many tasks performed by other support staff in a private law firm.

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget
(Continuation)

ACTIVITY: LEGAL POLICY AND ADMINISTRATION
PROGRAM: LEGAL SERVICES
AGENCY: ATTORNEY, GENERAL, OFFICE OF

TIMEKEEPER RATIOS

| | Minnesota Legal Administrator Association Survey | Attorney General's Office |
|---|---|---------------------------------|
| Legal Secretaries and Word Processors Attorneys | 66% | 45% |
| Legal Secretaries and Word Processors and Others Attorneys | 110% | 60% |

The Attorney General's Office has many fewer legal support staff than the average law firm. To the extent that terminals can add non-personnel support to the attorneys in the office, the attorneys can be expected to be more effective and productive.

| | (Dollars in Thousands) | | | |
|-------|------------------------|-----------|-----------|-----------|
| BASE: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| | \$ 45 | \$ 72 | \$ 85 | \$ 85 |

| | (Dollars in Thousands) | | |
|--------------------------|------------------------|-----------|--------|
| LONG RANGE IMPLICATIONS: | F.Y. 1992 | F.Y. 1993 | Total |
| | \$ 266 | \$ 266 | \$ 532 |

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Office of Attorney General to present its budgetary needs directly to the legislature for consideration.

CHANGE REQUEST _____ 1990-91 Biennial Budget
 _____ Agency _____ Program X Activity

ACTIVITY: LEGAL POLICY AND ADMINISTRATION
 PROGRAM: LEGAL SERVICES
 AGENCY: ATTORNEY GENERAL

REQUEST TITLE: FORD BUILDING LIBRARY

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 91 | -0- | \$ 11 | -0- |
| Governor's Recommendation | | | | |
| General Fund | \$ -0- | -0- | \$ -0- | -0- |

Request requires statutory change: _____ Yes X No
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The Attorney General requests an appropriation to build a legal reference library for staff who are located in the Ford Building. The State Law Library will leave the building during F.Y. 1990, leaving the Attorney General staff without legal resources.

DESCRIPTION/BACKGROUND:

The staff of the Attorney General requires a basic working law library collection in the Ford Building for quick reference and daily research. This collection will include basic Minnesota and Federal materials which are needed on a daily basis. The State Law Library's comprehensive library collection which will be in the Justice Building is and will be used for research projects.

| STATISTICS: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|----------------------------|-----------|-----------|-----------|-----------|
| Number of attorneys | 21 | 23 | 25 | 49 |
| Number of legal assistants | 28 | 28 | 28 | 35 |

RATIONALE:

Attorneys are dependent on the legal literature because it is the essential source of the law. The 49 attorneys who will be housed in the Ford Building will be a part of 1 of the largest offices of the Attorney General. For the past 10 years they have had the use of the State Law Library on the 3rd floor of the Ford Building. Consequently until now it would have been duplicative to maintain a separate law library on the second floor. When the State Law Library moves in 1990, they will need a working law library in their building to perform their day-to-day functions.

BASE: None.

| LONG RANGE IMPLICATIONS: | (Dollars in Thousands) | | |
|--------------------------|------------------------|-----------|-------|
| | F.Y. 1992 | F.Y. 1993 | Total |
| | \$ 11 | \$ 11 | \$ 22 |

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Office of Attorney General to present its budgetary needs directly to the Legislature for consideration.

AGENCY PURPOSE:

As Chief Executive, the Governor is responsible for the general direction and supervision of the affairs of the state. The Governor appoints the majority of state department heads and the members of most boards and commissions. The Governor fills vacancies which occur in municipal, district, and supreme court judgeships; commissions public notaries; issues extradition papers and restores civil rights to felons; fills the position of commander in chief of the military forces of Minnesota, prepares comprehensive long-range plans for the orderly coordinated growth of the state; and establishes advisory committees to aid in developing his legislative proposals and plans for executive action. The Governor has the responsibility of informing the legislature of the general condition of the state; of reviewing all laws passed by the legislature and of calling special sessions of the legislature when needed. The Governor is responsible for the biennial budget and its presentation to the legislature.

OPERATION AND CLIENTELE:

The Governor's Office provides general direction and supervision to all other state departments and agencies. It serves to unify and coordinate operations so that overall affairs of state government are handled in an effective and efficient manner.

The primary clientele of this office are all departments and agencies of the executive branch, interstate commission and offices, and citizens with special needs. All citizens are indirect clientele of this office.

OBJECTIVES:

1. Initiate programs that respond to the needs of the people of Minnesota.
2. Develop programs approved by the legislature.
3. Supervise the general operations of state departments and agencies of the executive branch.
4. Represent the citizens of the state at various official and non-official functions at the state and local level.
5. To promote business development with the assistance and advice provided by the Council on Economic Development and with funding provided by private sources.
6. To administer activities that utilize the Governor's Residence for visiting guests and dignitaries and to provide a comfortable and efficient living quarters for the Governor and his family.
7. To provide a Washington Office to serve as the state government's liaison to the federal government and to work with the delegation and key committee staffs to promote legislation that benefits Minnesota.
8. To participate with other states in the National Governor's Association, sharing information and developing new ideas for policy initiatives and legislation.
9. Perform all duties of the office as authorized under the constitution, statutes and laws of the state.

EXPLANATION OF BUDGET REQUEST:

The Governor is requesting continuation of BASE level funding.

The Governor recommends continuation of BASE level funding for this budget.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : GOVERNOR'S OFFICE
PROGRAM : EXECUTIVE OPERATIONS
BUDGET ACTIVITY : EXECUTIVE ACTIVITIES

| EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|----------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 1,524 | 1,824 | 1,824 | 0 | 1,824 | 1,824 | 1,824 | 0 | 1,824 | 1,824 |
| EXPENSES/CONTRACTUAL SRVCS | 348 | 221 | 209 | 0 | 209 | 209 | 209 | 0 | 209 | 209 |
| MISC OPERATING EXPENSES | 383 | 366 | 353 | 0 | 353 | 353 | 353 | 0 | 353 | 353 |
| SUPPLIES/MATERIALS/PARTS | 103 | 87 | 87 | 0 | 87 | 87 | 87 | 0 | 87 | 87 |
| CAPITAL EQUIPMENT | 82 | 37 | 37 | 0 | 37 | 37 | 37 | 0 | 37 | 37 |
| STATE OPERATIONS | 2,440 | 2,535 | 2,510 | 0 | 2,510 | 2,510 | 2,510 | 0 | 2,510 | 2,510 |
| LOCAL ASSISTANCE | 6 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL EXPENDITURES | 2,446 | 2,535 | 2,510 | 0 | 2,510 | 2,510 | 2,510 | 0 | 2,510 | 2,510 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 2,432 | 2,510 | 2,510 | 0 | 2,510 | 2,510 | 2,510 | 0 | 2,510 | 2,510 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| GIFTS AND DEPOSITS | 9 | 25 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL FINANCING | 2,446 | 2,535 | 2,510 | 0 | 2,510 | 2,510 | 2,510 | 0 | 2,510 | 2,510 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 44.4 | 44.3 | 44.3 | 0.0 | 44.3 | 44.3 | 44.3 | 0.0 | 44.3 | 44.3 |
| TOTAL POSITIONS | 44.4 | 44.3 | 44.3 | 0.0 | 44.3 | 44.3 | 44.3 | 0.0 | 44.3 | 44.3 |

AGENCY PURPOSE:

The Office of Jobs Policy, formerly called the Office of Full Productivity and Opportunity, was created to streamline, redirect, and coordinate the state's array of employment, training, support and income maintenance programs. Its creation was in recognition that improvement in these areas requires an interdisciplinary, interagency, and intergovernmental approach.

The primary goal of the office is to coordinate a broad array of several state agencies' programs and resources to help the state's citizens to achieve the dignity of self-sufficiency and economic independence.

OPERATION AND CLIENTELE:

The office provides the primary coordination effort to achieve the above stated purpose. This is achieved through an interagency management team and individual contacts with many state and local agencies. The office, in cooperation with the Departments of Human Services and Jobs and Training, approves, monitors, and evaluates annual plans of local service units. The office provides training for county agencies, employment and training service providers, community organizations, and other local units of government to enable them to effectively carry out state plans and programs.

Primary clients are the state's unemployed population and those Minnesotans dependent on a wide variety of public assistance and support service programs. Secondary clients are state agencies, counties, municipalities, school districts, local service units, service delivery areas, private industry councils, community action agencies, job service, job training council, and private employers.

The Office of Jobs Policy managed the interagency design of Minnesota's 1987 welfare reform and jobs legislation which is now operational and called PATHS. The current role of the office is to coordinate the implementation and evaluation of PATHS. PATHS is an interagency effort with much of the state administration occurring within the Departments of Jobs and Training and Human Services. Other state agencies (education, technical institutes, community colleges) and county and non-profit agencies are also involved. PATHS became fully operational in August, 1988, when the final local service unit (county) plan was approved.

Over the past year and one-half, the Office of Jobs Policy has led an interagency team composed of representatives from the Departments of Education, Jobs and Training, Finance, Human Services, and Health, State Planning Agency, Community college System, and Technical Institutes System, whose task was to review the federal AFDC program in Minnesota. This review resulted in a recommendation to the Governor for a major reshaping of AFDC and the development of a national demonstration proposal. This recommendation was adopted by the Governor and is known as the Minnesota Family Investment Plan (MFIP). The MFIP proposes to replace AFDC with a comprehensive social services, training and employment program.

The Office of Jobs Policy has been the state entity responsible for a federal Youth 2000 grant, awarded to coordinate the development of a state plan for services to youth at risk and to promote development of local and regional action plans. The Office of Jobs Policy has awarded 9 local planning

grants to communities to begin development of local youth plans. The emphasis at the federal, state, and local levels is on interagency coordination public/private collaboration. The Youth 2000 initiative will also sponsor 1 statewide and 2 regional conferences and will produce a resource directory for youth services.

ACTIVITIES:

1. Developed Minnesota Family Investment Plan proposal.
2. Conducted, in cooperation with Departments of Education, Finance, Human Services, Jobs and Training, State Planning Agency, Community College System, Technical Institutes System and 6 regional PATHS implementation workshops.
3. Participated in the PATHS plan approval process.
4. Coordinated a series of PATHS site visits to gather information on the effectiveness of the program.
5. Administered the 1st year implementation phase of the Self Employment Investment Demonstration (SEID) project and currently administering year 2 of the project in cooperation with the Women's Economic Development Corporation (WEDCO) in the metro area and with the Tri-County community Action Agency in central Minnesota.
6. Secured a federal Youth 2000 grant and currently carrying out the activities outlined in the state's plan.
7. Coordinated the statewide process for selecting "Special Projects to Reduce Dependency on AFDC" to receive state grants.
8. Organized and co-sponsored with the U.S. Department of Health and Human Services 4 day Job Search Program Development training seminars for state, county, and local agency personnel involved with employment and training activities.
9. Held a conference of state and local practitioners from a number of disciplines to develop a policy and networking format for information and referral. Produced an information and referral services resource directory.
10. Represented Minnesota on the National Governors' Association-sponsored vocational education working group.
11. Served on various intergovernmental groups dealing with youth, public assistance, employment, education, and training.

FUNDING HISTORY:

The Office is funded in statute as part of the Governor's Office. Department of Jobs and Training statute-designated funds for the coordinating function performed by the Office of Jobs Policy partially fund the office. The office also has state and federal funding for the Youth 2000 project and state funding for the Self Employment Investment Demonstration.

EXPLANATION OF BUDGET REQUEST:

Continuation of BASE level funding is requested.

GOVERNOR'S RECOMMENDATION:

After review of organizational and program requirements, the Governor recommends transferring responsibility, funding and positions for the Office of Jobs Policy to the State Planning Agency.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : JOBS POLICY, OFF OF
PROGRAM : JOBS POLICY OFFICE
BUDGET ACTIVITY : JOBS POLICY OFFICE

| EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|----------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 0 | 82 | 182 | 0 | 182 | 0 | 182 | 0 | 182 | 0 |
| EXPENSES/CONTRACTUAL SRVCS | 0 | 31 | 31 | 0 | 31 | 0 | 31 | 0 | 31 | 0 |
| SUPPLIES/MATERIALS/PARTS | 0 | 2 | 2 | 0 | 2 | 0 | 2 | 0 | 2 | 0 |
| TOTAL EXPENDITURES | 0 | 115 | 215 | 0 | 215 | 0 | 215 | 0 | 215 | 0 |
| CHANGE REQUESTS: | | | | | | | | | | |
| | | | | | | | | | | |
| A TRSF JOB POL OFF TO SPA | | | | 0 | | <215> | | 0 | | <215> |
| TOTAL CHANGE REQUESTS | | | | 0 | | <215> | | 0 | | <215> |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 0 | 115 | 215 | 0 | 215 | 0 | 215 | 0 | 215 | 0 |
| TOTAL FINANCING | 0 | 115 | 215 | 0 | 215 | 0 | 215 | 0 | 215 | 0 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 0.0 | 5.0 | 5.0 | 0.0 | 5.0 | 0.0 | 5.0 | 0.0 | 5.0 | 0.0 |
| TOTAL POSITIONS | 0.0 | 5.0 | 5.0 | 0.0 | 5.0 | 0.0 | 5.0 | 0.0 | 5.0 | 0.0 |

CHANGE REQUEST _____ 1990-91 Biennial Budget
 X Agency _____ Program _____ Activity

ACTIVITY: JOBS POLICY, OFFICE OF
PROGRAM: JOBS POLICY, OFFICE OF
AGENCY: GOVERNOR'S OFFICE

REQUEST TITLE: TRANSFER OF OFFICE OF JOBS POLICY TO STATE PLANNING AGENCY

| | <u>F.Y. 1990</u> | | <u>F.Y. 1991</u> | |
|------------------------------|--------------------------|------------------|--------------------------|------------------|
| | (000's) <u>Amount</u> | <u>Positions</u> | (000's) <u>Amount</u> | <u>Positions</u> |
| Governor's Recommendation | | | | |
| General Fund | | | | |
| <u>OFFICE OF JOBS POLICY</u> | | | | |
| TRANSFER OUT | \$(215) | (5.0) | \$(215) | (5.0) |
| <u>STATE PLANNING AGENCY</u> | | | | |
| TRANSFER IN | \$ 215 | 5.0 | \$ 215 | 5.0 |

Request requires statutory change: _____ Yes X No
Statutes Affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends transfer of the "Office of Jobs Policy" from the Governor's Office to the State Planning Agency.

DESCRIPTION/BACKGROUND:

The Office of Jobs Policy, formerly called the Office of Full Productivity and Opportunity, was created to streamline, redirect and coordinate the state's array of employment, training, support and income maintenance programs.

RATIONALE:

State Planning Agency is a service agency which coordinates the policy analysis and policy development process for the executive branch of state government. The transfer of the Office of Jobs Policy would result in a more effective and efficient operation in carrying out the responsibilities assigned to them.

AGENCY PURPOSE:

The Lieutenant Governor's chief duty is to assist the Governor in carrying out the functions of the executive (and to be prepared to act in the Governor's place when required). The duties of the Lieutenant Governor, as delegated by the Governor, are to coordinate the state's tourism program; to initiate and coordinate programs to aid small business development; to develop and promote policies supporting Minnesota's children and families; to assist in the development of policies and programs relating to the status of women, minorities and individuals with disabilities; to chair the Governor's Appointments Advisory Commission; to coordinate the state budget process; and to carry out all other gubernatorial assignments. In addition, the Lieutenant Governor chairs the Capitol Area Architectural Planning Board (CAAPB) and supervises its staff, and serves as a member of the Executive Council.

OPERATIONS AND CLIENTELE:

The Lieutenant Governor and Staff act chiefly as liaisons between the federal government, state agencies, local governments, educational institutions, nonprofit organizations and the private sector in initiating, developing and promoting key goals of the executive. Specifically, the office deals with the tourism industry, small businesses and the organizations that serve them, groups representing the interests of the state's minority communities and women. The office also serves the public, institutional and private users of the Capitol Area.

The office focuses on the initiation and coordination of projects rather than the management of programs. An example would be the creation of the public/private initiative known as Minnesota Project Innovation, which helps entrepreneurs gain access to federal research and development grants. While this program was created through the initiative of this office, the state funding which is part of this project is part of the Department of Energy and Economic Development's budget and the project is integrated into that department's economic development programs. Another example is the Enterprise Development Partnership Program, which provides management assistance to new and small businesses in communities throughout the state. That program, initiated through the Lieutenant Governor's Office, is funded by the Higher Education Coordinating Board.

Over the past biennium the work of the CAAPB has expanded considerably with substantial new initiatives including the History Center, Judicial Building, Mall landscaping, I-94 bridge construction, and Capitol Building restoration. All of these projects have had a significant effect on the Lieutenant Governor's Office and CAAPB staff.

Examples of other gubernatorial assignments over the 1987-89 biennium included conducting a series of state-wide community meetings on child care and convening the state's first child care conference.

OBJECTIVES:

To develop and promote policies supporting the well-being of Minnesota's children and their families.

To broaden the participation of women, minorities, and individuals with disabilities in state government through the State's Open Appointment Process.

To develop and promote a coordinated program of Capitol Area development to enhance the area as a historical district, tourist attraction, and a place to work.

To continue to improve the state's tourism marketing program and develop innovative public/private partnerships promoting the tourism industry.

To expand and coordinate financial and management services to new and emerging businesses.

To assist the Governor in supervising the general operations of state departments and agencies of the executive branch.

To represent the Governor and the citizens of the state at functions and events throughout Minnesota.

EXPLANATION OF BUDGET REQUEST:

The Lieutenant Governor is requesting continuation of BASE level funding.

GOVERNORS RECOMMENDATION

After review of this activity, the Governor recommends increased funding of \$50,000 per year for child care issues and staff support.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : LIEUTENANT GOVERNOR
PROGRAM : EXECUTIVE OPERATIONS
BUDGET ACTIVITY : EXEC OPERATIONS-LT GOV

| EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|------------------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 229 | 245 | 245 | 0 | 245 | 287 | 245 | 0 | 245 | 287 |
| EXPENSES/CONTRACTUAL SRVCS | 58 | 22 | 26 | 0 | 26 | 29 | 26 | 0 | 26 | 29 |
| MISC OPERATING EXPENSES | 26 | 17 | 22 | 0 | 22 | 26 | 22 | 0 | 22 | 26 |
| SUPPLIES/MATERIALS/PARTS | 7 | 4 | 4 | 0 | 4 | 5 | 4 | 0 | 4 | 5 |
| CAPITAL EQUIPMENT | 1 | 1 | 1 | 0 | 1 | 1 | 1 | 0 | 1 | 1 |
| TOTAL EXPENDITURES | 321 | 289 | 298 | 0 | 298 | 348 | 298 | 0 | 298 | 348 |
| CHANGE REQUESTS: | | | | | | | | | | |
| | FUND | | | | | | | | | |
| B CHILD CARE ISSUES /STAFF SUPPORT | GEN | | | 0 | | 50 | | 0 | | 50 |
| TOTAL CHANGE REQUESTS | | | | 0 | | 50 | | 0 | | 50 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 292 | 288 | 298 | 0 | 298 | 298 | 298 | 0 | 298 | 298 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 0 | 0 | 0 | 0 | 0 | 50 | 0 | 0 | 0 | 50 |
| GIFTS AND DEPOSITS | 29 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL FINANCING | 321 | 289 | 298 | 0 | 298 | 348 | 298 | 0 | 298 | 348 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 7.0 | 7.0 | 7.0 | 0.0 | 7.0 | 8.0 | 7.0 | 0.0 | 7.0 | 8.0 |
| TOTAL POSITIONS | 7.0 | 7.0 | 7.0 | 0.0 | 7.0 | 8.0 | 7.0 | 0.0 | 7.0 | 8.0 |

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: EXECUTIVE OPERATIONS
PROGRAM: EXECUTIVE OPERATIONS
AGENCY: LIEUTENANT GOVERNOR, OFFICE OF

REQUEST TITLE: CHILD CARE ISSUES AND STAFF SUPPORT

| | <u>F.Y. 1990</u> | | <u>F.Y. 1991</u> | |
|---------------------------|--------------------------|------------------|--------------------------|------------------|
| | (000's) <u>Amount</u> | <u>Positions</u> | (000's) <u>Amount</u> | <u>Positions</u> |
| Governor's Recommendation | | | | |
| General Fund | \$ 50 | 1.0 | \$ 50 | 1.0 |

Request requires statutory change: _____ Yes X No
Statutes Affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding and 1.0 position to provide staff support for increased responsibilities of the Lt. Governor.

DESCRIPTION/BACKGROUND:

The increased responsibilities that have been assumed necessitate adding personnel to execute them.

In 1988, the Lt. Governor conducted the Children's Policy Academy, which resulted in a broad children's agenda to be implemented in mid-1989.

The initiatives need adequate staff to ensure the success of and provide the continuing follow through to complete the agenda.

An ever increasing portion of time is being devoted to constituent services, which has proved quite demanding with a very small staff.

The part-time position will provide support both for the children's agenda and complement the work being performed by other staff in the office.

1990-91 BIENNIAL BUDGET

PROGRAM STRUCTURE

AGENCY: SECRETARY OF STATE

PROGRAM

| | <u>ACTIVITIES</u> | <u>SECTION</u> | <u>PAGE</u> |
|-------------------------------------|---|----------------|-------------|
| | Elections/Publications | 3 | 52 |
| | Uniform Commercial Code | | 57 |
| | Business Services | | 59 |
| | Administration | | 62 |
| SECRETARY OF STATE, OFFICE OF ----- | Fiscal Operations | | 64 |
| | Data Services | | 67 |
| | Network Operations--Voter Registration (VR) | | 69 |
| | Network Operations--Uniform Commercial Code (UCC) | | 74 |
| | Reports/Renewals/Registrations | | 76 |

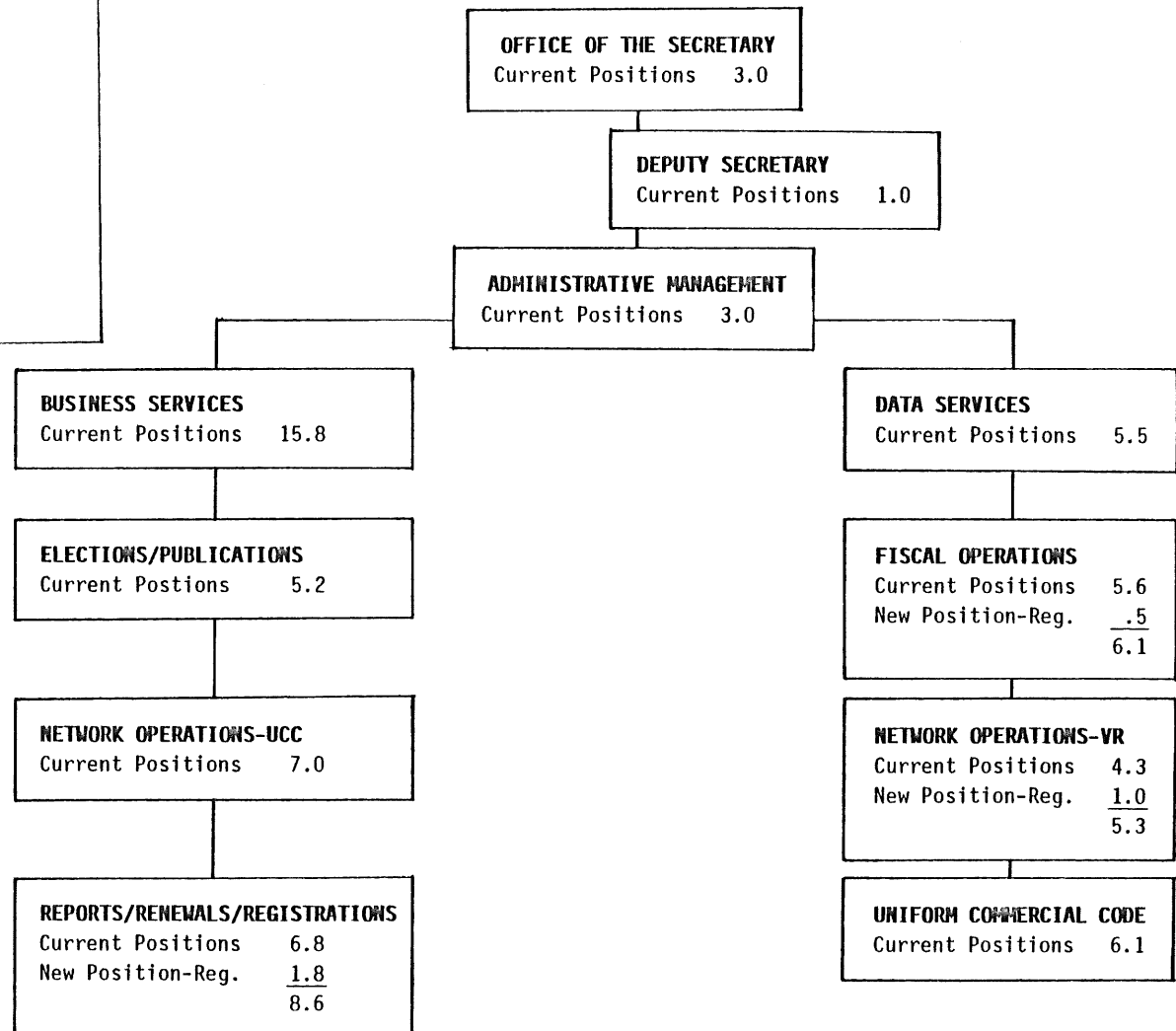
SECRETARY OF STATE

ORGANIZATION CHART 11-28-88

Position Reconciliation

| | | |
|--------------------------------|--------------------|--------------------------|
| Authority: | Current F.Y. 89 | Requested For 6/30/91 |
| Legislative Complement: | | |
| Special Fund | 60.5 | 62.0 |
| General Fund | | |
| Budgetary Authorized | 2.8 | 4.6 |
| LAC Approved: | | |
| TOTAL POSITIONS | 63.3 | 66.6 |
| Employees on 6/30/88* | 68.0 | |

*Employees counted as one regardless of the amount of time they are employed.



AGENCY PURPOSE: The office is a filing, publication, training and public information agency as well as being involved with state policy development and implementation in the areas of the State Board of Investment, the Executive Council and as the Chief Election Officer. As the depository for numerous official records, the Secretary certifies the authenticity of these official documents, financing statements, proclamations, executive orders, acts of the legislature, appointments, and election returns. Through training sessions and publications, the office instructs 33,000 election officials in election procedures. The agency serves as the central clearing house for Voter Registration (VR) cards from various agencies to the counties. Through publications and public information bulletins, the office seeks to make the public aware of the open appointments process and election procedures and requirements. In addition, the agency operates a statewide computer network to the 87 county auditors for Voter Registration records and to the 87 county recorders for Uniform Commercial Code (UCC) records. The goal of the agency is to make information on a wide range of subjects readily available for both public inspection and consumption/utilization.

OPERATIONS AND CLIENTELE: The office has the following areas of major responsibility:

Business Services: The division reviews and approves for filing Articles of Incorporation, and amendments thereto, for all businesses; non-profit, foreign, professional, cooperative, banking and insurance corporations, doing business in the state. The division also reviews and approves for filing Assumed Business Names and Trademarks for all single proprietorships, partnerships, and corporations in the state. In addition, the division maintains the original U.S. Government Survey, Township Plats for the state, Auctioneer Licenses, Rules and Regulations of all state departments, laws passed the legislature, Plumber's and Steamfitter's Bonds, International Wills, Foreign Consulates, Oaths of Office, approvals of Special Laws, Extraditions, and Delegations of Authority for all department heads in state government. The division is the agent for Service of Process for all foreign corporations and certain domestic corporations.

Uniform Commercial Code: The division is the filing office for Financing Statements, Amendments of Debts, and Federal and State Tax Liens recorded against particular businesses and individuals. In F.Y. 1988 the division processed in excess of 120,000 filings and search requests and maintained records of 480,000 financial transactions.

Elections/Publications: The division, through training sessions, publications, pamphlets and posters, provides election officials and the public with information on election procedures. As the chief election official, the Secretary issues directives on election procedures and promulgates rules for various election forms and methods of voting. In addition, the division is responsible for the development, printing and distribution of the Legislative Manual and administration of the state's Open Appointments process as well as federal candidates' and Political Action Committees' (PACs) financial reports, Indian Inter-tribal elections, and Public Employees Retirement Act elections.

Administration: The division, in addition to general management and personnel duties, is responsible for assisting the Secretary in fulfilling her duties and responsibilities associated with the Executive Council and State

Board of Investment.

Fiscal Operations: The division receipts and accounts for all monies received by the agency and is responsible for purchasing, payroll documentation and processing. In F.Y. 1988, the division handled 129,704 separate money transactions amounting to \$4,066,000 in receipts, plus \$648,000 in surcharge money.

Data Services: The division provides computer operations and data entry services for the department and is responsible for the sale of computerized information to the public.

Reports/Renewals/Registrations: The division acts as the central clearing house for VR cards received from various state agencies, driver's license bureaus, and the income tax pamphlets. They are also responsible for reviewing and filing domestic and foreign corporation Annual Reports, Assumed Names, Trademark renewals and a number of other periodic filings in the office such as legal newspapers.

Network Operations (VR & UCC): The division is responsible for the operation of the statewide computer data base for UCC transactions, VR records, and voter tally processing. In addition, they maintain other record series operated by the Secretary. They also maintain the computer and telecommunication equipment necessary to tie these record series together and are involved in the training and administrative duties associated with the operation of the network. Eight seven (87) county auditors and 87 county recorders and their staffs are the network users; and during the coming biennium network access will extend to private users such as banks, lending institutions and attorneys.

BUDGET ISSUES: The office undertook a major computerization effort during the F.Y. 1988-89 biennium as well as the implementation of the Domestic Corporation Annual Report Project and the Agency/Tax Booklet/Driver's License Voter Registration effort. The F.Y. 1990-91 budget CHANGE levels are primarily related to the completion of or as a byproduct of these F.Y. 1988-89 undertakings. The other area of budgetary initiative relates to providing better information to clients of the Secretary through newsletters and improved training materials. The issue of the viability of the UCC Network, given the drought related problems associated with the \$2 surcharge income, will need to be addressed.

ATTORNEY GENERAL COSTS: None.

EXPLANATION OF BUDGET REQUEST: The CHANGE level requests are to:

1. Implement current statutory requirements in the areas of Domestic Corporation Annual Reports and Assumed Name renewals (\$108,000).
2. Computerization of Fiscal Operations accounting function (\$33,000).
3. County Services for VR and relocation of the computer facility (\$280,000).
4. Study of interfacing computerized post office records with computerized VR records (\$20,000).
5. Newsletter to clients and election administrators and improved training medium (\$44,000).

No major new initiatives are being undertaken by the department during the F.Y. 1990-91 biennium.

AGENCY: SECRETARY OF STATE, OFFICE OF
(Continuation)

1990-91 Biennial Budget

| INDEX | (Dollars in Thousands) | | Page |
|-------------------------------------|------------------------|---------------------------|------|
| | Agency Request | Governor's Recommendation | |
| | 1990-91 Biennium | 1990-91 Biennium | |
| | All Funds | All Funds | |
| BASE Level Request | \$ 6,850 | \$ 6,850 | |
| Program/Budget Activity | | | |
| CHANGE Requests | | | |
| Elections/Publications | | | |
| Election Judge Training Video | 5 | -0- | 55 |
| Elections Administration Newsletter | 9 | -0- | 56 |
| Business Services | | | |
| Corporation/UCC Newsletter | 30 | -0- | 61 |
| Fiscal Operations | | | |
| Accounting Computerization | 33 | -0- | 66 |
| Network Operations (VR) | | | |
| County Services | 223 | -0- | 71 |
| Post Office Interface Study | 20 | -0- | 72 |
| Relocation | 57 | -0- | 73 |
| Reports/Renewals/Registrations | | | |
| Assumed Name Renewals | 30 | -0- | 78 |
| Domestic Corporations Dissolution | 78 | -0- | 79 |
| CHANGE Requests Subtotal | \$ 485 | \$ -0- | |
| AGENCY Total | \$ 7,335 | \$ 6,850 | |

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Secretary of State to present its budgetary needs directly to the Legislature for consideration.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : SECRETARY OF STATE
PROGRAM : SECRETARY OF STATE

| F.Y. 1990 | | | | | | | F.Y. 1991 | | | | |
|---------------------------------------|-----|----------------|---------|-------|------------|----------------|----------------|-------|------------|-------|---------|
| | | AGENCY REQUEST | | | | | AGENCY REQUEST | | | | |
| | | AGENCY REQUEST | | | GOVERNOR'S | AGENCY REQUEST | | | GOVERNOR'S | | |
| ACTIVITY EXPENDITURES: | | FY 1988 | FY 1989 | BASE | CHANGE | TOTAL | RECOMM. | BASE | CHANGE | TOTAL | RECOMM. |
| ELECTIONS-PUBLICATIONS | | 273 | 574 | 323 | 9 | 332 | 323 | 568 | 5 | 573 | 568 |
| B ELECTION JUDGE TRAINING VIDEO | GEN | | | | 5 | | 0 | | 0 | | 0 |
| B ELECTIONS ADMINISTRATION NEWSLETTER | GEN | | | | 4 | | 0 | | 5 | | 0 |
| UNIFORM COMMERCIAL CODE | | 162 | 189 | 187 | 0 | 187 | 187 | 187 | 0 | 187 | 187 |
| BUSINESS SERVICES | | 553 | 636 | 632 | 15 | 647 | 632 | 632 | 15 | 647 | 632 |
| B CORPORATION UCC NEWSLETTER | GEN | | | | 15 | | 0 | | 15 | | 0 |
| ADMINISTRATION | | 398 | 442 | 399 | 0 | 399 | 399 | 399 | 0 | 399 | 399 |
| FISCAL OPERATIONS | | 199 | 158 | 162 | 33 | 195 | 162 | 162 | 0 | 162 | 162 |
| B ACCOUNTING COMPUTERIZATION | GEN | | | | 33 | | 0 | | 0 | | 0 |
| DATA SERVICES | | 265 | 211 | 214 | 0 | 214 | 214 | 214 | 0 | 214 | 214 |
| NETWORK OPERATIONS -V R | | 473 | 1,700 | 608 | 191 | 799 | 608 | 608 | 109 | 717 | 608 |
| B COUNTY SERVICES | GEN | | | | 136 | | 0 | | 87 | | 0 |
| B POST OFFICE INTERFACE STUDY | GEN | | | | 10 | | 0 | | 10 | | 0 |
| B RELOCATION | GEN | | | | 45 | | 0 | | 12 | | 0 |
| NETWORK OPERATIONS -U C C | | 487 | 911 | 590 | 0 | 590 | 590 | 675 | 0 | 675 | 675 |
| REPORTS/RENEWALS REG | | 100 | 143 | 145 | 15 | 160 | 145 | 145 | 93 | 238 | 145 |
| B ASSUMED NAME RENEWALS | GEN | | | | 15 | | 0 | | 15 | | 0 |
| B DOMESTIC CORPORATIONS DISSOLUTIONS | GEN | | | | 0 | | 0 | | 78 | | 0 |
| TOTAL EXPENDITURES | | 2,910 | 4,964 | 3,260 | 263 | 3,523 | 3,260 | 3,590 | 222 | 3,812 | 3,590 |
| SOURCES OF FINANCING: | | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | | |
| GENERAL | | 0 | 0 | 2,660 | 263 | 2,923 | 2,660 | 2,905 | 222 | 3,127 | 2,905 |
| SP REV DIRECT APPROP | | 2,378 | 2,901 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : SECRETARY OF STATE
PROGRAM : SECRETARY OF STATE

| | | | F.Y. 1990 | | | | F.Y. 1991 | | | |
|---------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| SOURCES OF FINANCING: | FY 1988 | FY 1989 | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| ----- | | | | | | | | | | |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| SP REV DIRECT APPROP | 45 | 47 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SPECIAL REVENUE | 487 | 921 | 600 | 0 | 600 | 600 | 685 | 0 | 685 | 685 |
| AGENCY | 0 | 1,095 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ----- | | | | | | | | | | |
| TOTAL FINANCING | 2,910 | 4,964 | 3,260 | 263 | 3,523 | 3,260 | 3,590 | 222 | 3,812 | 3,590 |
| ----- | | | | | | | | | | |
| POSITIONS BY FUND: | | | | | | | | | | |
| ----- | | | | | | | | | | |
| GENERAL | 0.0 | 0.0 | 53.5 | 1.5 | 55.0 | 53.5 | 53.5 | 1.5 | 55.0 | 53.5 |
| SP REV DIRECT APPROP | 58.5 | 53.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| SPECIAL REVENUE | 7.0 | 7.0 | 7.0 | 0.0 | 7.0 | 7.0 | 7.0 | 0.0 | 7.0 | 7.0 |
| ----- | | | | | | | | | | |
| TOTAL POSITIONS | 65.5 | 60.5 | 60.5 | 1.5 | 62.0 | 60.5 | 60.5 | 1.5 | 62.0 | 60.5 |

ACTIVITY: ELECTIONS/PUBLICATIONS
Program: SECRETARY OF STATE
Agency: SECRETARY OF STATE, OFFICE OF

1990-91 Biennial Budget

PURPOSE:

The division performs the constitutional and statutory duties assigned to the Secretary in the area of election administration. The division deals with 87 county auditors, 855 city clerks, 1,795 town clerks, 430 school district clerks, 30,000 election judges, 3,161,000 eligible voters, 100,000 Public Employee Retirement Association members, 350 candidates for public office, and 1,500 candidates and committees filing Federal Election Committee Reports with the office. In addition, the division is responsible for administering the Open Appointments Act which oversees the membership of 197 boards and commissions composed of approximately 2,000 members. It is also responsible for developing, printing and distributing 15,000 Legislative Manuals and an abridged edition of the manual for use in schools. The objectives of the division: to provide overall direction for the election process in Minnesota including rules and regulations, directives, training, publications, and public information efforts; to print and distribute the Legislative Manual; to provide centralized and standardized procedures for notifying the public about vacancies on various boards and commissions which advise state government.

Statutory References: M.S. Ch. 200-211B; 5.09; 3.21; 15.0597; 3.922, subd. 2; 353.03, subd.1.

REVENUE:

This activity generates non-dedicated revenue.

| Types of Revenue | (Dollars in Thousands) | | | |
|------------------|------------------------|----------------------|-----------------------|-----------------------|
| | Actual F.Y. 1988 | Act/Est F.Y. 1989 | Estimate F.Y. 1990 | Estimate F.Y. 1991 |
| Non-dedicated | \$ 1 | \$ 26 | \$ 1 | \$ 42 |
| Total Revenue | \$ 1 | \$ 26 | \$ 1 | \$ 42 |

TITLE OF GRANT OR AID CATEGORY OR PROGRAM:
AID TO COUNTIES--WHITE BALLOT REIMBURSEMENT
Agency: SECRETARY OF STATE, OFFICE OF

1990-91 Biennial Budget

REFERENCE TO STATUTORY AUTHORITY:

M.S. 204D.11, Rules 8250.1500

PURPOSE:

The state is statutorily required to contribute to the cost of preparing the white ballot and the envelopes required for the returns of that ballot for all state general and special elections. The funds are distributed to the Minnesota county auditors. Funds are disbursed after the auditors certify that the ballots were printed as prescribed by M.S. and Rules 8250.0100 to 8250.1400 and that summary statements and abstracts were prepared by the county in the manner prescribed by the office. The amount of aid received by the county is based on a calculation by the office. Proportionate shares are calculated by the number of voters at the election as certified on the county abstract and the total number of congressional, state senate and state house districts in the county.

GRANTS BY FUND:

| | (Dollars in Thousands) | | | |
|--------------------------|------------------------|------------------|------------------|------------------|
| | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
| Special Fund | \$ 2 | \$ 112 | \$ -0- | \$ -0- |
| General Fund Expenditure | -0- | -0- | 2 | 112 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : SECRETARY OF STATE
PROGRAM : SECRETARY OF STATE
BUDGET ACTIVITY : ELECTIONS-PUBLICATIONS

| EXPENDITURES: | F.Y. 1990 | | | | | | F.Y. 1991 | | | |
|---------------------------------------|-----------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | FY 1988 | FY 1989 | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 146 | 163 | 163 | 0 | 163 | 163 | 163 | 0 | 163 | 163 |
| EXPENSES/CONTRACTUAL SRVCS | 98 | 242 | 101 | 6 | 107 | 101 | 242 | 1 | 243 | 242 |
| MISC OPERATING EXPENSES | 13 | 39 | 39 | 2 | 41 | 39 | 33 | 3 | 36 | 33 |
| SUPPLIES/MATERIALS/PARTS | 5 | 7 | 7 | 1 | 8 | 7 | 7 | 1 | 8 | 7 |
| CAPITAL EQUIPMENT | 9 | 11 | 11 | 0 | 11 | 11 | 11 | 0 | 11 | 11 |
| STATE OPERATIONS | 271 | 462 | 321 | 9 | 330 | 321 | 456 | 5 | 461 | 456 |
| LOCAL ASSISTANCE | 2 | 112 | 2 | 0 | 2 | 2 | 112 | 0 | 112 | 112 |
| TOTAL EXPENDITURES | 273 | 574 | 323 | 9 | 332 | 323 | 568 | 5 | 573 | 568 |
| CHANGE REQUESTS: | FUND | | | | | | | | | |
| B ELECTION JUDGE TRAINING VIDEO | | | | 5 | | 0 | | 0 | | 0 |
| B ELECTIONS ADMINISTRATION NEWSLETTER | | | | 4 | | 0 | | 5 | | 0 |
| TOTAL CHANGE REQUESTS | | | | 9 | | 0 | | 5 | | 0 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 0 | 0 | 323 | 9 | 332 | 323 | 568 | 5 | 573 | 568 |
| SP REV DIRECT APPROP | 273 | 574 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL FINANCING | 273 | 574 | 323 | 9 | 332 | 323 | 568 | 5 | 573 | 568 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 0.0 | 0.0 | 5.0 | 0.0 | 5.0 | 5.0 | 5.0 | 0.0 | 5.0 | 5.0 |
| SP REV DIRECT APPROP | 5.0 | 5.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| TOTAL POSITIONS | 5.0 | 5.0 | 5.0 | 0.0 | 5.0 | 5.0 | 5.0 | 0.0 | 5.0 | 5.0 |

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: ELECTIONS/PUBLICATIONS
PROGRAM: SECRETARY OF STATE
AGENCY: SECRETARY OF STATE, OFFICE OF

REQUEST TITLE: ELECTION JUDGE TRAINING VIDEO

| | F.Y. 1990 | | F.Y. 1991 | |
|----------------|-----------|-----------|-----------|-----------|
| | (000's) | | (000's) | |
| Agency Request | Amount | Positions | Amount | Positions |
| General Fund | \$ 5 | -0- | \$ -0- | -0- |

Governor's Recommendation

| | | | | |
|--------------|--------|-----|--------|-----|
| General Fund | \$ -0- | -0- | \$ -0- | -0- |
|--------------|--------|-----|--------|-----|

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The department requests these funds to produce a training video for election judges. The objective of the video would be to give elections officials another tool for training election judges in their duties.

DESCRIPTION/BACKGROUND:

Training of the 33,000 election judges in Minnesota is the responsibility of the municipal election officials, and it is the responsibility of the Secretary to provide the training of the municipal election officials in their election judge training responsibility. In addition, the Secretary is required to provide training guides to each of the 4,086 precincts in the state. The local election officials have requested that additional training materials be made available to assist them in their duties.

RATIONALE:

Many duties of elections judges can be depicted in the video format and by using this standing format for training across the state, more uniform administration of the election laws can be achieved. In addition, by anticipating election judges' problems and depicting the answer/solution in this format, the division can reduce the number of redundant calls they receive from elections officials, as well as from citizens who find that they are receiving improper treatment from election judges. With the more frequent availability of video players than has been the case in the past, the use of this medium should prove to be beneficial to instruction/training issues which do not lend themselves to written explanation.

BASE: None.

| | (Dollars in Thousands) | | |
|---------------------------|------------------------|-----------|-------|
| LONG RANGE IMPLICATIONS: | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund Expenditures | \$ 5 | \$ -0- | \$ 5 |

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Secretary of State to present its budgetary needs directly to the legislature for consideration.

CHANGE REQUEST 1990-91 Biennial Budget
 _____ Agency _____ Program X Activity

ACTIVITY: ELECTIONS/PUBLICATIONS
 PROGRAM: SECRETARY OF STATE
 AGENCY: SECRETARY OF STATE, OFFICE OF

REQUEST TITLE: ELECTIONS ADMINISTRATION NEWSLETTER

| | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-------------------|-----------|-------------------|-----------|
| Agency Request | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 4 | -0- | \$ 5 | -0- |
| Governor's Recommendation | | | | |
| General Fund | \$ -0- | -0- | \$ -0- | -0- |

Request requires statutory change: _____ Yes X No
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The department requests the funds to publish a quarterly newsletter to be sent to election officials. The objective is to provide direct periodic information on elections administration to counties, municipalities and school districts.

DESCRIPTION/BACKGROUND:

The need to communicate up-to-date information to elections officials has become increasingly apparent as the overall complexity of the election laws, as well as voting equipment, has increased. The quarterly newsletter would provide elections officials with a vehicle for getting answers to questions that they have related to their duties.

RATIONALE:

The newsletter would eliminate many redundant questions received by the division. The newsletter would provide the answers directly to officials rather than having them individually contact the division by phone or mail.

BASE: None.

| | (Dollars in Thousands) | | |
|--------------------------|------------------------|-----------|-------|
| LONG RANGE IMPLICATIONS: | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund Expenditure | \$ 5 | \$ 5 | \$ 10 |

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Secretary of State to present its budgetary needs directly to the legislature for consideration.

ACTIVITY: UNIFORM COMMERCIAL CODE (UCC)
 Program: SECRETARY OF STATE
 Agency: SECRETARY OF STATE, OFFICE OF

1990-91 Biennial Budget

PURPOSE:

The UCC division handles in excess of 120,000 separate transactions each year. They file financing statements, amendments of debts, and federal and state tax liens. These filings are updated daily for inspection by the public and for in-person or mailed requests for lien searches. The division provides lending institutions, through the search certificates, specific details on outstanding liens against particular companies and individuals. Each of the financing statements are maintained for a minimum period of 5 years unless terminated by the parties at an earlier date. The division maintains 480,000 records on financing agreements made by businesses in the state. This information is updated within 1 working day of receipt of any new filing or amendments and lien search information is provided within 2 working days to anyone requesting it. The importance/value of maintaining UCC Financing Statements is to provide lending institutions information about outstanding liens against a particular business for the purpose of determining whether or not to lend them additional funds. It is of great importance to business activity in the state that this information be provided in an accurate and timely manner. The state incurs some liability for providing inaccurate information and, therefore, every effort is made to ensure accuracy.

Statutory references: M.S. 1982, Ch. 336.9-401.

| <u>STATISTICS:</u> | <u>Actual</u> <u>F.Y. 1987</u> | <u>Actual</u> <u>F.Y. 1988</u> | <u>Estimate</u> <u>F.Y. 1989</u> | <u>Estimate</u> <u>F.Y. 1990</u> | <u>Estimate</u> <u>F.Y. 1991</u> |
|--------------------------|-----------------------------------|-----------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| UCC Financing Statements | 74,781 | 75,466 | 76,000 | 77,000 | 77,000 |
| Terminations | 18,893 | 19,653 | 19,800 | 20,000 | 20,000 |
| Tax Liens | 3,949 | 3,672 | 4,100 | 4,300 | 4,300 |
| Searches | 18,802 | 21,843 | 22,000 | 23,000 | 23,000 |

REVENUE:

This activity generates non-dedicated revenue.

| <u>Types of Revenue</u> | <u>Actual</u> <u>F.Y. 1988</u> | <u>Estimate</u> <u>F.Y. 1989</u> | <u>Estimate</u> <u>F.Y. 1990</u> | <u>Estimate</u> <u>F.Y. 1991</u> |
|-------------------------|-----------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Non-dedicated | \$ 710 | \$ 710 | \$ 710 | \$ 710 |
| Total Revenue | \$ 710 | \$ 710 | \$ 710 | \$ 710 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : SECRETARY OF STATE
PROGRAM : SECRETARY OF STATE
BUDGET ACTIVITY : UNIFORM COMMERCIAL CODE

| | | | F.Y. 1990 | | | | F.Y. 1991 | | | |
|----------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| EXPENDITURES: | FY 1988 | FY 1989 | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 112 | 154 | 155 | 0 | 155 | 155 | 155 | 0 | 155 | 155 |
| EXPENSES/CONTRACTUAL SRVCS | 15 | 16 | 13 | 0 | 13 | 13 | 13 | 0 | 13 | 13 |
| MISC OPERATING EXPENSES | 10 | 11 | 11 | 0 | 11 | 11 | 11 | 0 | 11 | 11 |
| SUPPLIES/MATERIALS/PARTS | 16 | 2 | 2 | 0 | 2 | 2 | 2 | 0 | 2 | 2 |
| CAPITAL EQUIPMENT | 9 | 6 | 6 | 0 | 6 | 6 | 6 | 0 | 6 | 6 |
| TOTAL EXPENDITURES | 162 | 189 | 187 | 0 | 187 | 187 | 187 | 0 | 187 | 187 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 0 | 0 | 187 | 0 | 187 | 187 | 187 | 0 | 187 | 187 |
| SP REV DIRECT APPROP | 162 | 189 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL FINANCING | 162 | 189 | 187 | 0 | 187 | 187 | 187 | 0 | 187 | 187 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 0.0 | 0.0 | 6.0 | 0.0 | 6.0 | 6.0 | 6.0 | 0.0 | 6.0 | 6.0 |
| SP REV DIRECT APPROP | 6.0 | 6.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| TOTAL POSITIONS | 6.0 | 6.0 | 6.0 | 0.0 | 6.0 | 6.0 | 6.0 | 0.0 | 6.0 | 6.0 |

ACTIVITY: BUSINESS SERVICES
 Program: SECRETARY OF STATE
 Agency: SECRETARY OF STATE, OFFICE OF

1990-91 Biennial Budget

PURPOSE:

The division reviews and approves for filing articles of incorporation and amendments thereto for all business, non-profit, foreign, professional, cooperative, banking, and insurance corporations doing business in the state. They record trademarks, assumed business names, limited partnerships, legal newspapers, agency rules, laws of the state, oaths of office, governmental appointments, and a variety of other official documents. In addition, the division maintains the records of the original land survey of the state. The objective of the division is to review and accept for filing a wide range of diverse documents relating to business and government and to make them readily available for public review and for certification as official legal documents. A further objective is to provide prompt answers to written and phone requests from the public about various documents on file as well as filing procedures and requirements.

Statutory Reference: M.S. 1982, Ch. 5.03; 5.07; 5.12; 14.33; 15.06, subd.5; 15.06, subd.6(1); 300; 301; 301A; 302A; 303; 308; 317; 318; 319A; 322A; 326; 330; 331; 33; 358.11(1); 509; 540.152; 599.12; 543.08; 600.13.

| STATISTICS: | Actual F.Y. 1988 | Estimated F.Y. 1989 | Estimated F.Y. 1990 | Estimated F.Y. 1991 |
|--------------------------------|---------------------|------------------------|------------------------|------------------------|
| New Business Corporations | 9,355 | 9,350 | 9,350 | 9,350 |
| Corporate Amendments | 11,751 | 16,500 | 12,500 | 16,500 |
| Non-Profit | 1,211 | 1,200 | 1,200 | 1,200 |
| Foreign Corporations | 1,359 | 1,350 | 1,350 | 1,350 |
| Foreign Corporation Amendments | 1,909 | 1,900 | 1,900 | 1,900 |
| Limited Partnerships | 473 | 475 | 475 | 475 |
| Assumed Names | 9,355 | 9,350 | 9,350 | 9,350 |
| Trademarks | 1,143 | 1,100 | 1,100 | 1,100 |
| Service of Process | 2,006 | 1,800 | 1,800 | 1,800 |
| Information Letters | 8,029 | 8,000 | 8,000 | 8,000 |
| Information Phones | 143,382 | 143,500 | 143,500 | 143,500 |
| Certified Copies | 13,317 | 14,200 | 14,200 | 14,200 |

REVENUE:

This activity generates non-dedicated revenue.

| Types of Revenue | (Dollars in Thousands) | | | |
|------------------|------------------------|----------------------|-----------------------|-----------------------|
| | Actual F.Y. 1988 | Act/Est F.Y. 1989 | Estimate F.Y. 1990 | Estimate F.Y. 1991 |
| Non-dedicated | \$ 2,787 | \$ 2,863 | \$ 2,763 | \$ 2,863 |
| Total Revenue | \$ 2,787 | \$ 2,863 | \$ 2,763 | \$ 2,863 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : SECRETARY OF STATE
PROGRAM : SECRETARY OF STATE
BUDGET ACTIVITY : BUSINESS SERVICES

| EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|------------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 410 | 459 | 461 | 0 | 461 | 461 | 461 | 0 | 461 | 461 |
| EXPENSES/CONTRACTUAL SRVCS | 79 | 92 | 92 | 3 | 95 | 92 | 92 | 3 | 95 | 92 |
| MISC OPERATING EXPENSES | 40 | 45 | 45 | 8 | 53 | 45 | 45 | 8 | 53 | 45 |
| SUPPLIES/MATERIALS/PARTS | 22 | 24 | 24 | 4 | 28 | 24 | 24 | 4 | 28 | 24 |
| CAPITAL EQUIPMENT | 2 | 16 | 10 | 0 | 10 | 10 | 10 | 0 | 10 | 10 |
| TOTAL EXPENDITURES | 553 | 636 | 632 | 15 | 647 | 632 | 632 | 15 | 647 | 632 |
| CHANGE REQUESTS: | | | | | | | | | | |
| | | | | | | | | | | |
| B CORPORATION UCC NEWSLETTER | | | | 15 | | 0 | | 15 | | 0 |
| TOTAL CHANGE REQUESTS | | | | 15 | | 0 | | 15 | | 0 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 0 | 0 | 632 | 15 | 647 | 632 | 632 | 15 | 647 | 632 |
| SP REV DIRECT APPROP | 553 | 636 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL FINANCING | 553 | 636 | 632 | 15 | 647 | 632 | 632 | 15 | 647 | 632 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 0.0 | 0.0 | 15.0 | 0.0 | 15.0 | 15.0 | 15.0 | 0.0 | 15.0 | 15.0 |
| SP REV DIRECT APPROP | 15.0 | 15.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| TOTAL POSITIONS | 15.0 | 15.0 | 15.0 | 0.0 | 15.0 | 15.0 | 15.0 | 0.0 | 15.0 | 15.0 |

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: BUSINESS SERVICES
 PROGRAM: SECRETARY OF STATE
 AGENCY: SECRETARY OF STATE, OFFICE OF

REQUEST TITLE: CORPORATION/UCC NEWSLETTER

| | <u>F.Y. 1990</u> | | <u>F.Y. 1991</u> | |
|----------------|--------------------------|------------------|--------------------------|------------------|
| Agency Request | (000's) <u>Amount</u> | <u>Positions</u> | (000's) <u>Amount</u> | <u>Positions</u> |
| General Fund | \$ 15 | -0- | \$ 15 | -0- |

Governor's Recommendation

| | | | | |
|--------------|--------|-----|--------|-----|
| General Fund | \$ -0- | -0- | \$ -0- | -0- |
|--------------|--------|-----|--------|-----|

Request requires statutory change: _____ Yes X No
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The department requests these funds for the purpose of sending a semi-annual newsletter to consumers and customers of the division. The objective is to provide direct periodic information on Business Services and UCC issues to attorneys, bankers, accountants, and other interested clients.

DESCRIPTION/BACKGROUND:

The number of rejection notices sent by the department each year due to incorrectly filed documents is in excess of 10,000. A high percentage of rejections are for documents submitted by attorneys, bankers, and accountants and it is anticipated that providing them with detailed information would allow them to do a better job in completing the documents.

RATIONALE:

The communication of information on law changes and various filing procedures would help minimize the number of documents which are rejected.

BASE: None.

| | <u>(Dollars in Thousands)</u> | | |
|---------------------------------|-------------------------------|------------------|--------------|
| <u>LONG RANGE IMPLICATIONS:</u> | <u>F.Y. 1992</u> | <u>F.Y. 1993</u> | <u>Total</u> |
| General Fund Expenditure | \$ 15 | \$ 15 | \$ 30 |

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Secretary of State to present its budgetary needs directly to the legislature for consideration.

ACTIVITY: ADMINISTRATION
Program: SECRETARY OF STATE
Agency: SECRETARY OF STATE, OFFICE OF

1990-91 Biennial Budget

PURPOSE:

The division provides the centralized personnel and budgeting for the department. It also provides management guidance and supervision of the department's various and diverse functions and coordinates legal activity with the Attorney General's Office. Executive management strives to effectively operate the department using available resources and to assess alternatives for the future. This division also provides staff support for the Secretary in fulfilling her obligations as a constitutional officer in the area of the Executive Council, state Board of Investment and as the state's Chief Election Official. In addition, the division handles liaison with the legislative branch and other governmental bodies and is responsible for all public information programs. The division's primary function is to provide for the efficient utilization of available resources in order to provide prompt and accurate service to the public. This is combined with an active program of simplification and clarification of statutes and a modernization and streamlining of office methods and procedures in order to provide the best service at the lowest cost.

ACCOMPLISHMENTS:

During the current biennium, the division has overseen a major increase in the size of the department, particularly in the area of the statewide UCC and VR Network; as well as the Vote Tally System, the Domestic Corporation Annual Report Project and the Agency/Taxbooklet/Driver's License VR effort.

REVENUE: None.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : SECRETARY OF STATE
PROGRAM : SECRETARY OF STATE
BUDGET ACTIVITY : ADMINISTRATION

| EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|----------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 252 | 272 | 273 | 0 | 273 | 273 | 273 | 0 | 273 | 273 |
| EXPENSES/CONTRACTUAL SRVCS | 74 | 84 | 87 | 0 | 87 | 87 | 87 | 0 | 87 | 87 |
| MISC OPERATING EXPENSES | 18 | 28 | 28 | 0 | 28 | 28 | 28 | 0 | 28 | 28 |
| SUPPLIES/MATERIALS/PARTS | 2 | 4 | 4 | 0 | 4 | 4 | 4 | 0 | 4 | 4 |
| CAPITAL EQUIPMENT | 7 | 7 | 7 | 0 | 7 | 7 | 7 | 0 | 7 | 7 |
| REDISTRIBUTIONS | 45 | 47 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL EXPENDITURES | 398 | 442 | 399 | 0 | 399 | 399 | 399 | 0 | 399 | 399 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 0 | 0 | 399 | 0 | 399 | 399 | 399 | 0 | 399 | 399 |
| SP REV DIRECT APPROP | 353 | 395 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| SP REV DIRECT APPROP | 45 | 47 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL FINANCING | 398 | 442 | 399 | 0 | 399 | 399 | 399 | 0 | 399 | 399 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 0.0 | 0.0 | 6.5 | 0.0 | 6.5 | 6.5 | 6.5 | 0.0 | 6.5 | 6.5 |
| SP REV DIRECT APPROP | 6.5 | 6.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| TOTAL POSITIONS | 6.5 | 6.5 | 6.5 | 0.0 | 6.5 | 6.5 | 6.5 | 0.0 | 6.5 | 6.5 |

ACTIVITY: FISCAL OPERATIONS
Program: SECRETARY OF STATE
Agency: SECRETARY OF STATE, OFFICE OF

1990-91 Biennial Budget

PURPOSE:

The division provides centralized receipting and accounting for all monies received by the department. They account annually for \$4.7 million in annual receipts from over 130,000 separate payment transactions as well as opening and routing an additional 60,000 filings and requests where no fee is required. In addition, the division handles leave and payroll records for 68 employees and maintains inventory controls and supply purchasing for the entire department.

| <u>STATISTICS:</u> | <u>Actual</u> <u>F.Y. 1988</u> | <u>Estimated</u> <u>F.Y. 1989</u> | <u>Estimated</u> <u>F.Y. 1990</u> | <u>Estimated</u> <u>F.Y. 1991</u> |
|------------------------|-----------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| Transactions Processed | 129,704 | 131,000 | 132,000 | 139,000 |

REVENUE: None.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : SECRETARY OF STATE
PROGRAM : SECRETARY OF STATE
BUDGET ACTIVITY : FISCAL OPERATIONS

| EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|------------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 191 | 150 | 154 | 11 | 165 | 154 | 154 | 0 | 154 | 154 |
| EXPENSES/CONTRACTUAL SRVCS | 6 | 4 | 4 | 10 | 14 | 4 | 4 | 0 | 4 | 4 |
| SUPPLIES/MATERIALS/PARTS | 2 | 2 | 2 | 2 | 4 | 2 | 2 | 0 | 2 | 2 |
| CAPITAL EQUIPMENT | 0 | 2 | 2 | 10 | 12 | 2 | 2 | 0 | 2 | 2 |
| TOTAL EXPENDITURES | 199 | 158 | 162 | 33 | 195 | 162 | 162 | 0 | 162 | 162 |
| CHANGE REQUESTS: | | | | | | | | | | |
| | | | | | | | | | | |
| B ACCOUNTING COMPUTERIZATION | | | | 33 | | 0 | | 0 | | 0 |
| TOTAL CHANGE REQUESTS | | | | 33 | | 0 | | 0 | | 0 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 0 | 0 | 162 | 33 | 195 | 162 | 162 | 0 | 162 | 162 |
| SP REV DIRECT APPROP | 199 | 158 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL FINANCING | 199 | 158 | 162 | 33 | 195 | 162 | 162 | 0 | 162 | 162 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 0.0 | 0.0 | 5.5 | 0.0 | 5.5 | 5.5 | 5.5 | 0.0 | 5.5 | 5.5 |
| SP REV DIRECT APPROP | 5.5 | 5.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| TOTAL POSITIONS | 5.5 | 5.5 | 5.5 | 0.0 | 5.5 | 5.5 | 5.5 | 0.0 | 5.5 | 5.5 |

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: FISCAL OPERATIONS
PROGRAM: SECRETARY OF STATE
AGENCY: SECRETARY OF STATE, OFFICE OF

REQUEST TITLE: ACCOUNTING COMPUTERIZATION

| | <u>F.Y. 1990</u> | | <u>F.Y. 1991</u> | |
|----------------|--------------------------|------------------|--------------------------|------------------|
| | (000's) <u>Amount</u> | <u>Positions</u> | (000's) <u>Amount</u> | <u>Positions</u> |
| Agency Request | | | | |
| General Fund | \$ 33 | -0- | \$ -0- | -0- |

Governor's Recommendation

| | | | | |
|--------------|--------|-----|--------|-----|
| General Fund | \$ -0- | -0- | \$ -0- | -0- |
|--------------|--------|-----|--------|-----|

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The department requests these funds to computerize the accounting functions of the division. The objective of the division is to accurately account for the monies received by the department.

DESCRIPTION/BACKGROUND:

The division is responsible for processing receipts in excess of \$9,443,000 in the F.Y. 1988-89 biennium for the various transactions completed by the department. The monies received must be attributed to a particular transaction and vice versa. The division accounts for over 650,000 transactions during the biennium and the monies received are credited to both the general fund and several dedicated funds.

| <u>STATISTICS:</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|----------------------------------|------------------|------------------|------------------|------------------|
| Accounting Function Transactions | 324,260 | 327,500 | 340,000 | 337,500 |

RATIONALE:

With the increasing volume and complexity of the accounting functions of the division, it will, if computerization is not undertaken, be necessary to increase staffing in order to adequately account for the incoming monies.

BASE: None.

LONG RANGE IMPLICATIONS: None.

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Secretary of State to present its budgetary needs directly to the legislature for consideration.

ACTIVITY: DATA SERVICES
 Program: SECRETARY OF STATE
 Agency: SECRETARY OF STATE, OFFICE OF

1990-91 Biennial Budget

PURPOSE:

The division provides for the entry of data into the department's computer system on domestic and foreign corporations, non-profit corporations, limited partnerships, trademarks, assumed business names, state and federal tax liens, and uniform commercial code documents. In addition, the division is responsible for the sale of the department's computerized information to the public.

| STATISTICS: | Actual F.Y. 1987 | Actual F.Y. 1988 | Estimated F.Y. 1989 | Estimated F.Y. 1990 | Estimated F.Y. 1991 |
|---------------------|---------------------|---------------------|------------------------|------------------------|------------------------|
| Records Converted | 153,000 | 266,881 | 22,500 | -0- | -0- |
| On-Going Data Entry | 50,480 | 124,935 | 152,230 | 159,841 | 169,833 |
| Information Sales | 48 | 54 | 95 | 100 | 100 |
| Direct Access Users | -0- | -0- | 20 | 140 | 320 |

REVENUE:

This activity generates dedicated revenue.

| | (Dollars in Thousands) | | | |
|------------------|------------------------|----------------------|-----------------------|-----------------------|
| Type of Revenue: | Actual F.Y. 1988 | Act/Est F.Y. 1989 | Estimate F.Y. 1990 | Estimate F.Y. 1991 |
| Dedicated | \$ -0- | \$ 16 | \$ 120 | \$ 338 |
| Total Revenue | \$ -0- | \$ 16 | \$ 120 | \$ 338 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : SECRETARY OF STATE
PROGRAM : SECRETARY OF STATE
BUDGET ACTIVITY : DATA SERVICES

| | | | F.Y. 1990 | | | | F.Y. 1991 | | | |
|----------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| EXPENDITURES: | FY 1988 | FY 1989 | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 211 | 146 | 147 | 0 | 147 | 147 | 147 | 0 | 147 | 147 |
| EXPENSES/CONTRACTUAL SRVCS | 51 | 45 | 47 | 0 | 47 | 47 | 47 | 0 | 47 | 47 |
| MISC OPERATING EXPENSES | 2 | 5 | 5 | 0 | 5 | 5 | 5 | 0 | 5 | 5 |
| SUPPLIES/MATERIALS/PARTS | 1 | 9 | 9 | 0 | 9 | 9 | 9 | 0 | 9 | 9 |
| CAPITAL EQUIPMENT | 0 | 6 | 6 | 0 | 6 | 6 | 6 | 0 | 6 | 6 |
| TOTAL EXPENDITURES | 265 | 211 | 214 | 0 | 214 | 214 | 214 | 0 | 214 | 214 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 0 | 0 | 214 | 0 | 214 | 214 | 214 | 0 | 214 | 214 |
| SP REV DIRECT APPROP | 265 | 211 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL FINANCING | 265 | 211 | 214 | 0 | 214 | 214 | 214 | 0 | 214 | 214 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 0.0 | 0.0 | 5.5 | 0.0 | 5.5 | 5.5 | 5.5 | 0.0 | 5.5 | 5.5 |
| SP REV DIRECT APPROP | 10.5 | 5.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| TOTAL POSITIONS | 10.5 | 5.5 | 5.5 | 0.0 | 5.5 | 5.5 | 5.5 | 0.0 | 5.5 | 5.5 |

ACTIVITY: NETWORK OPERATIONS (VR)
Program: SECRETARY OF STATE
Agency: SECRETARY OF STATE, OFFICE OF

1990-91 Biennial Budget

PURPOSE:

The division is responsible for the operation of the statewide Network which ties those record series in each of the 87 county auditors offices together via a telecommunications network into a single computer data base. In addition, the division is in charge of operation of the statewide Voter Tally system. When complete, there will be in excess of 2.5 million records maintained by the division.

The main functions of the division are the management of the central computer hardware and programming, which operate the network. They provide training, operation manuals, and help desk services for the system users as well as writing Administrative Rules and working with various service contract providers to maintain equipment and telecommunication devices at the state and county locations.

ACCOMPLISHMENTS:

Funding for the project began 7-1-87 and the following accomplishments were achieved by November, 1988:

- Equipment was installed in the office and in each of the county auditors offices.
- Systems were designed and programming completed for the VR and Voter Tally systems.
- Twenty (20) county auditors were trained and operating on the VR Network.
- Conversion programs were written to reformat and transfer the computerized voter registration records of 67 counties to the state system and 64 counties' records were actually loaded on the state system.
- A statewide Voter Tally system was implemented for the 1988 primary and general elections and 83 county auditors participated in that system.
- Lists of registered voters were sold to the public in the form of computer tape, mailing labels, and paper.

The systems that have been developed are, because of the time constraints, not yet fully developed. During the remainder of this fiscal year and the 1st part of the coming biennium, substantial enhancement will take place. In addition, the division will make the system available to private users who, for a fee, will hook directly into the various computer systems.

REVENUE: None.

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : SECRETARY OF STATE
PROGRAM : SECRETARY OF STATE
BUDGET ACTIVITY : NETWORK OPERATIONS -V R

| | | | F.Y. 1990 | | | | F.Y. 1991 | | | |
|-------------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| EXPENDITURES: | FY 1988 | FY 1989 | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 115 | 223 | 223 | 28 | 251 | 223 | 223 | 28 | 251 | 223 |
| EXPENSES/CONTRACTUAL SRVCS | 322 | 97 | 100 | 103 | 203 | 100 | 100 | 73 | 173 | 100 |
| MISC OPERATING EXPENSES | 15 | 76 | 76 | 9 | 85 | 76 | 76 | 8 | 84 | 76 |
| SUPPLIES/MATERIALS/PARTS | 10 | 13 | 13 | 0 | 13 | 13 | 13 | 0 | 13 | 13 |
| CAPITAL EQUIPMENT | 11 | 1,291 | 196 | 51 | 247 | 196 | 196 | 0 | 196 | 196 |
| TOTAL EXPENDITURES | 473 | 1,700 | 608 | 191 | 799 | 608 | 608 | 109 | 717 | 608 |
| CHANGE REQUESTS: | FUND | | | | | | | | | |
| B COUNTY SERVICES | GEN | | | 136 | | 0 | | 87 | | 0 |
| B POST OFFICE INTERFACE STUDY | GEN | | | 10 | | 0 | | 10 | | 0 |
| B RELOCATION | GEN | | | 45 | | 0 | | 12 | | 0 |
| TOTAL CHANGE REQUESTS | | | | 191 | | 0 | | 109 | | 0 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 0 | 0 | 598 | 191 | 789 | 598 | 598 | 109 | 707 | 598 |
| SP REV DIRECT APPROP | 473 | 595 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| SPECIAL REVENUE | 0 | 10 | 10 | 0 | 10 | 10 | 10 | 0 | 10 | 10 |
| AGENCY | 0 | 1,095 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL FINANCING | 473 | 1,700 | 608 | 191 | 799 | 608 | 608 | 109 | 717 | 608 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 0.0 | 0.0 | 6.5 | 1.0 | 7.5 | 6.5 | 6.5 | 1.0 | 7.5 | 6.5 |
| SP REV DIRECT APPROP | 6.5 | 6.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| TOTAL POSITIONS | 6.5 | 6.5 | 6.5 | 1.0 | 7.5 | 6.5 | 6.5 | 1.0 | 7.5 | 6.5 |

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: NETWORK OPERATIONS/VR
PROGRAM: SECRETARY OF STATE
AGENCY: SECRETARY OF STATE, OFFICE OF

REQUEST TITLE: COUNTY SERVICES

| | F.Y. 1990 | | F.Y. 1991 | |
|----------------|-------------------|-----------|-------------------|-----------|
| Agency Request | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 136 | 1.0 | \$ 87 | 1.0 |

Governor's Recommendation

| | | | | |
|--------------|--------|-----|--------|-----|
| General Fund | \$ -0- | -0- | \$ -0- | -0- |
|--------------|--------|-----|--------|-----|

Request requires statutory change: _____ Yes X No

Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The department requests these funds to provide for staffing of a help line for county auditors using the statewide VR Network and for providing polling place rosters to the counties. The objective of the request is to better meet the needs of the counties using the system.

DESCRIPTION/BACKGROUND:

Laws of 1987, Ch. 361 directed the Secretary to develop a statewide data base for registered voter information. That data base is essentially complete and is functioning on-line to 20 counties. During F.Y. 1989-90 the remaining 67 counties will be trained and brought onto the system. The counties using the system will give up the use of their own voter registration computer systems and will be dependent upon the state for the production of polling place rosters for elections (municipal, township, school district, special, state primary, and state general) conducted in precincts in their county. In order to more efficiently and quickly produce the polling place rosters, additional disk storage is necessary.

RATIONALE:

The interaction between the county and the division will increase dramatically as the number of counties on-line to the system increases and it will be critical that their problems are dealt with efficiently and that precinct polling place rosters are produced and mailed in a timely manner. Because of the need to post the voting history to the registered voter's record, it is necessary to temporarily store an electronic duplicate of polling place rosters, which the county can access when they add the voting history.

| | (Dollars in Thousands) | | | |
|--------------------------|------------------------|-----------|-----------|-----------|
| BASE: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| General Fund Expenditure | \$ -0- | \$ 5 | \$ -0- | \$ -0- |

| | (Dollars in Thousands) | | |
|--------------------------|------------------------|-----------|--------|
| LONG RANGE IMPLICATIONS: | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund Expenditure | \$ 87 | \$ 87 | \$ 174 |

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Secretary of State to present its budgetary needs directly to the legislature for consideration.

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: NETWORK OPERATIONS (VR)
PROGRAM: SECRETARY OF STATE
AGENCY: SECRETARY OF STATE, OFFICE OF

REQUEST TITLE: POST OFFICE INTERFACE STUDY

| | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-----------|-----------|-----------|-----------|
| | (000's) | | (000's) | |
| Agency Request | Amount | Positions | Amount | Positions |
| General Fund | \$ 10 | -0- | \$ 10 | -0- |
| Governor's Recommendation | | | | |
| General Fund | \$ -0- | -0- | \$ -0- | -0- |

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The department requests the funds to study an interface between the VR file and various post office files such as Zip Plus 4, national change of address, and carrier routes. The objective is to determine if such an interface would provide for cheaper mailing costs and a mechanism for purging persons who have moved from the voter lists.

DESCRIPTION/BACKGROUND:

The statewide database for registered voters is designed to accommodate Zip + 4, assuming the proper programming is done to interface with the post office program of that information. With that capability in place it is feasible to develop interfaces to the national change address files and to carrier route coding.

RATIONALE:

Taking advantage of the computerized address technology can have a tremendous impact on the cost of mailing voter verification materials. In addition, change of address interfaces can help eliminate voters who have moved from the precinct rosters. This mechanism will help minimize voters voting in the wrong precinct and will save on mailings to households that have moved from the precinct. By studying the feasibility of these potential interfaces, we can provide the legislature with a cost/benefit analysis.

BASE: None.

LONG RANGE IMPLICATIONS: None.

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Secretary of State to present its budgetary needs directly to the legislature for consideration.

CHANGE REQUEST _____ 1990-91 Biennial Budget
 _____ Agency _____ Program _____ Activity

ACTIVITY: NETWORK OPERATIONS (VR)
 PROGRAM: SECRETARY OF STATE
 AGENCY: SECRETARY OF STATE, OFFICE OF

REQUEST TITLE: RELOCATION

| | F.Y. 1990 | | F.Y. 1991 | |
|----------------|-----------|-----------|-----------|-----------|
| | (000's) | | (000's) | |
| Agency Request | Amount | Positions | Amount | Positions |
| General Fund | \$ 45 | -0- | \$ 12 | -0- |

Governor's Recommendation

| | | | | |
|--------------|--------|-----|--------|-----|
| General Fund | \$ -0- | -0- | \$ -0- | -0- |
|--------------|--------|-----|--------|-----|

Request requires statutory change: _____ Yes X No
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The department requests these funds to pay for the costs of relocating the division and to pay for the anticipated higher lease rate at the new location.

DESCRIPTION/BACKGROUND:

At the time that the division was formed to develop the statewide VR system, the Summit Bank location was the only available site. The lease for that space expires in October, 1989 and, barring an extension, the computer facility will need to be moved to a new location.

RATIONALE:

It is likely that during the course of the biennium it will be necessary to vacate the Summit Bank location due to demolition of the building. It is also highly likely that alternative space will not be available for the current \$11 a square foot annual cost of the current space.

| | (Dollars in Thousands) | | | |
|---------------------------|------------------------|-----------|-----------|-----------|
| BASE: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| General Fund Expenditures | \$ 19 | \$ 19 | \$ 19 | \$ 19 |

| | (Dollars in Thousands) | | |
|---------------------------|------------------------|-----------|-------|
| LONG RANGE IMPLICATIONS: | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund Expenditures | \$ 12 | \$ 12 | \$ 24 |

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Secretary of State to present its budgetary needs directly to the legislature for consideration.

ACTIVITY: NETWORK OPERATIONS (UCC)
Program: SECRETARY OF STATE
Agency: SECRETARY OF STATE, OFFICE OF

1990-91 Biennial Budget

PURPOSE:

The division is responsible for the operation of the statewide Uniform Commercial Code (UCC) Network which ties those record series in each of the 87 county recorders together via a telecommunications network into a single computer data base. In addition, the division is in charge of operation of various record series maintained within the office. When complete, there will be in excess of 3.0 million records maintained by the division.

The main functions of the division are the management of the central computer hardware and programming, which operate the network. They provide training, operation manuals, and help desk services for the system users as well as writing Administrative Rules and working with various service contract providers to maintain equipment and telecommunication devices at the state and county locations.

ACCOMPLISHMENTS:

Funding for the project began 7-1-87 and the following accomplishments were achieved by November, 1988:

- Equipment was installed in the office and in each of the county recorders offices.
- Systems were designed and programming completed.
- Eighty six (86) county recorders were trained and those counties are fully operational on the UCC Network.

The systems that have been developed are, because of the time constraints, not yet fully developed. During the remainder of this fiscal year and the 1st part of the coming biennium, substantial enhancement will take place. In addition, the division will make the system available to private users who, for a fee, will hook directly into the various computer systems.

REVENUE:

| Type of Revenue | (Dollars in Thousands) | | | |
|-----------------|------------------------|----------------------|-----------------------|-----------------------|
| | Actual F.Y. 1988 | Act/Est F.Y. 1989 | Estimate F.Y. 1990 | Estimate F.Y. 1991 |
| Dedicated | \$ 648 | \$ 531 | \$ 590 | \$ 675 |
| Total Revenue | \$ 648 | \$ 531 | \$ 590 | \$ 675 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : SECRETARY OF STATE
PROGRAM : SECRETARY OF STATE
BUDGET ACTIVITY : NETWORK OPERATIONS -U C C

| EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|----------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 117 | 215 | 213 | 0 | 213 | 213 | 213 | 0 | 213 | 213 |
| EXPENSES/CONTRACTUAL SRVCS | 120 | 187 | 175 | 0 | 175 | 175 | 131 | 0 | 131 | 131 |
| MISC OPERATING EXPENSES | 58 | 230 | 71 | 0 | 71 | 71 | 110 | 0 | 110 | 110 |
| SUPPLIES/MATERIALS/PARTS | 47 | 32 | 25 | 0 | 25 | 25 | 25 | 0 | 25 | 25 |
| CAPITAL EQUIPMENT | 145 | 241 | 100 | 0 | 100 | 100 | 190 | 0 | 190 | 190 |
| REDISTRIBUTIONS | 0 | 6 | 6 | 0 | 6 | 6 | 6 | 0 | 6 | 6 |
| TOTAL EXPENDITURES | 487 | 911 | 590 | 0 | 590 | 590 | 675 | 0 | 675 | 675 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| SPECIAL REVENUE | 487 | 911 | 590 | 0 | 590 | 590 | 675 | 0 | 675 | 675 |
| TOTAL FINANCING | 487 | 911 | 590 | 0 | 590 | 590 | 675 | 0 | 675 | 675 |
| POSITIONS BY FUND: | | | | | | | | | | |
| SPECIAL REVENUE | 7.0 | 7.0 | 7.0 | 0.0 | 7.0 | 7.0 | 7.0 | 0.0 | 7.0 | 7.0 |
| TOTAL POSITIONS | 7.0 | 7.0 | 7.0 | 0.0 | 7.0 | 7.0 | 7.0 | 0.0 | 7.0 | 7.0 |

ACTIVITY: REPORTS/RENEWALS/REGISTRATIONS
 Program: SECRETARY OF STATE
 Agency: SECRETARY OF STATE, OFFICE OF

1990-91 Biennial Budget

PURPOSE:

The Reports/Renewals/Registrations division is responsible for processing Voter Registration cards received by various state agencies, driver's license stations, and through the income tax booklets program for registering voters. They also process Domestic and Foreign Corporation Annual Reports; Assumed Name and Trademark renewals; and other periodic filings such as legal newspapers. They have completed the 1st half of the process of identifying non-functioning corporations so that they can be dissolved and the completion of this project will take place during F.Y. 1991-92.

Statutory References: M.S. 201,subd.121; 302A,subd.821; 303,subd.14;
 331A,subd.2; 333,subd.55; 333,subd.22

| STATISTICS: | Actual F.Y. 1988 | Estimated F.Y. 1989 | Estimated F.Y. 1990 | Estimated F.Y. 1991 |
|-------------------------------------|---------------------|------------------------|------------------------|------------------------|
| Voter Registration Cards | 141,817 | 240,000 | 275,000 | 225,000 |
| Domestic Corporation Annual Reports | 49,000 | 49,500 | 56,000 | 56,000 |
| Foreign Corporation Annual Reports | 7,506 | 8,000 | 8,000 | 8,000 |
| Assumed Name Renewals | -0- | 1,756 | 1,890 | 1,960 |
| Trademark Renewals | 120 | 120 | 120 | 120 |
| Legal Newspapers | 357 | 360 | 360 | 360 |

REVENUE:

This activity generates non-dedicated revenue.

| | (Dollars in Thousands) | | | |
|-----------------|------------------------|----------------------|-----------------------|-----------------------|
| Type of Revenue | Actual F.Y. 1988 | Act/Est F.Y. 1989 | Estimate F.Y. 1990 | Estimate F.Y. 1991 |
| Non-dedicated | \$ 568 | \$ 584 | \$ 622 | \$ 648 |
| Total Revenue | \$ 568 | \$ 584 | \$ 622 | \$ 648 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : SECRETARY OF STATE
PROGRAM : SECRETARY OF STATE
BUDGET ACTIVITY : REPORTS/RENEWALS REG

| EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|--|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 66 | 104 | 104 | 11 | 115 | 104 | 104 | 40 | 144 | 104 |
| EXPENSES/CONTRACTUAL SRVCS | 8 | 15 | 17 | 1 | 18 | 17 | 17 | 20 | 37 | 17 |
| MISC OPERATING EXPENSES | 6 | 13 | 13 | 2 | 15 | 13 | 13 | 18 | 31 | 13 |
| SUPPLIES/MATERIALS/PARTS | 13 | 9 | 9 | 1 | 10 | 9 | 9 | 13 | 22 | 9 |
| CAPITAL EQUIPMENT | 7 | 2 | 2 | 0 | 2 | 2 | 2 | 2 | 4 | 2 |
| TOTAL EXPENDITURES | 100 | 143 | 145 | 15 | 160 | 145 | 145 | 93 | 238 | 145 |
| CHANGE REQUESTS: | | | | | | | | | | |
| FUND | | | | | | | | | | |
| B ASSUMED NAME RENEWALS GEN | | | | 15 | | 0 | | 15 | | 0 |
| B DOMESTIC CORPORATIONS DISSOLUTIONS GEN | | | | 0 | | 0 | | 78 | | 0 |
| TOTAL CHANGE REQUESTS | | | | 15 | | 0 | | 93 | | 0 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 0 | 0 | 145 | 15 | 160 | 145 | 145 | 93 | 238 | 145 |
| SP REV DIRECT APPROP | 100 | 143 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL FINANCING | 100 | 143 | 145 | 15 | 160 | 145 | 145 | 93 | 238 | 145 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 0.0 | 0.0 | 3.5 | 0.5 | 4.0 | 3.5 | 3.5 | 0.5 | 4.0 | 3.5 |
| SP REV DIRECT APPROP | 3.5 | 3.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| TOTAL POSITIONS | 3.5 | 3.5 | 3.5 | 0.5 | 4.0 | 3.5 | 3.5 | 0.5 | 4.0 | 3.5 |

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: REPORTS/RENEWALS/REGISTRATIONS
PROGRAM: SECRETARY OF STATE
AGENCY: SECRETARY OF STATE, OFFICE OF

REQUEST TITLE: ASSUMED NAME RENEWALS

| | F.Y. 1990 | | F.Y. 1991 | |
|----------------|-------------------|-----------|-------------------|-----------|
| Agency Request | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 15 | .5 | \$ 15 | .5 |

Governor's Recommendation

| | | | | |
|--------------|--------|-----|--------|-----|
| General Fund | \$ -0- | -0- | \$ -0- | -0- |
|--------------|--------|-----|--------|-----|

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The department requests these funds to provide for the printing and mailing of renewal notices to assumed name holders whose assumed name is about to expire. The objective is to fulfill the statutory requirement that the notice be sent.

DESCRIPTION/BACKGROUND:

Assumed Name certificates are filed by natural persons and corporations who are doing business under a name other than their true legal name. These certificates are valid for 10 years and at that time must be renewed in order for the name to continue to be used. The Secretary began filing these certificates in 1978 and the renewal process has begun in 1988.

| STATISTICS: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|------------------------------|-----------|-----------|-----------|-----------|
| Assumed Name Renewal Notices | -0- | 5,000 | 5,400 | 5,600 |
| Assumed Name Renewals | -0- | 1,756 | 1,890 | 1,960 |

RATIONALE:

M.S. 333.055, subd. 1, requires that a renewal notice be sent. The notice is a reminder that the refiling must take place. It is estimated that 35% of the notices will be received by persons and corporations whom wish to renew the certificate. Staffing is necessary to send the notices and process the renewals. The renewal fees cover the costs of sending the notices.

| | (Dollars in Thousands) | | | |
|---------------------------|------------------------|-----------|-----------|-----------|
| BASE: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| General Fund Expenditures | \$ -0- | \$ 2,600 | \$ -0- | \$ -0- |

| | (Dollars in Thousands) | | |
|--------------------------|------------------------|-----------|-------|
| LONG RANGE IMPLICATIONS: | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund Expenditure | \$ 15 | \$ 15 | \$ 30 |

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Secretary of State to present its budgetary needs directly to the legislature for consideration.

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: REPORTS/RENEWALS/REGISTRATIONS
 PROGRAM: SECRETARY OF STATE
 AGENCY: SECRETARY OF STATE, OFFICE OF

REQUEST TITLE: DOMESTIC CORPORATION DISSOLUTIONS

| | F.Y. 1990 | | F.Y. 1991 | |
|----------------------------------|-------------------|-----------|-------------------|-----------|
| Agency Request | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ -0- | -0- | \$ 78 | -0- |
| Governor's Recommendation | | | | |
| General Fund | \$ -0- | -0- | \$ -0- | -0- |

Request requires statutory change: X Yes _____ No
 Statutes Affected: M.S. 302A.821, subd.4&5

STATEMENT OF REQUEST/OBJECTIVE:

The department requests these funds for the purpose of implementing the Domestic Corporation Dissolution process. The objective is to notify domestic corporations, who have not filed an Annual Report for 2 consecutive years, that the corporation will be dissolved if the report is not filed within 60 days.

DESCRIPTION/BACKGROUND:

Laws of 1981, Ch. 270, Sec. 122 require that the Secretary notify, by registered mail, all domestic corporations who have not complied with the requirements of the section. The purpose of the section is to ensure that accurate information on registered offices is maintained by Minnesota corporations and that non-functioning corporate entities are eliminated from the files. The 1st application of the notice of failure to file will occur in 1991 and it is estimated that notices will need to be sent to approximately 125,000 corporation--most of whom are non-functioning. The notice will require that the corporation file an Annual Report, apply for reinstatement of good standing (\$25) and amendment (\$25) of their registered office if, as will likely be the case, it is not accurate. These filings associated with the sending of the notice will generate estimated revenues in excess of \$150,000 during the biennium. Current law requires the 60 day notice be sent by registered mail and the requested budget anticipates a statutory change reducing this to regular mail, since registered mail would raise the cost by over \$600,000.

| STATISTICS: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|---|-----------|-----------|-----------|-----------|
| 60 Day Notice | -0- | -0- | -0- | 62,500 |
| Corporate Amendments from Annual Report | 2,500 | 7,000 | 3,000 | 8,000 |
| Good Standing Reinstatements | -0- | -0- | 1,000 | 2,000 |

RATIONALE:

The sending of the 60 day notice and the subsequent actual dissolution are required for the purpose of due process. The overall rationale for the Annual Report and dissolution process is to eliminate non-functioning corporations and help streamline the delivery of services in the division.

BASE: None.

| | (Dollars in Thousands) | | |
|---------------------------|------------------------|-----------|-------|
| LONG RANGE IMPLICATIONS: | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund Expenditures | \$ 58 | \$ 6 | \$ 64 |

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the Secretary of State to present its budgetary needs directly to the legislature for consideration.

1990-91 BIENNIAL BUDGET

PROGRAM STRUCTURE

AGENCY: OFFICE OF THE STATE AUDITOR

PROGRAM

ACTIVITIES

SECTION

PAGE

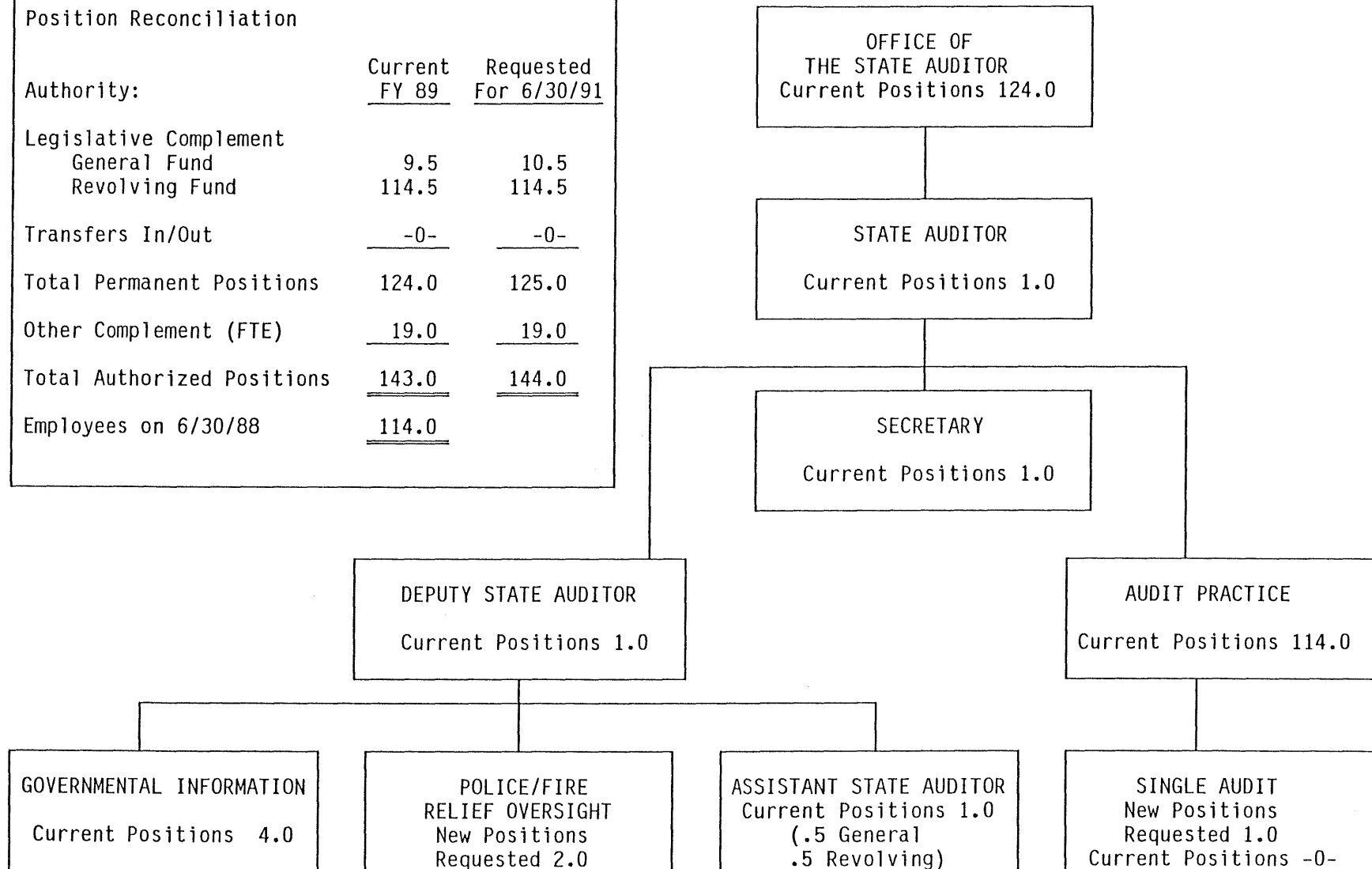
STATE AUDITOR-----

Constitutional Office
Government Information Division
Single Audit
Police and Fire Relief Association Oversight
Audit Practice

3
84
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OFFICE OF THE STATE AUDITOR
ORGANIZATION CHART 07-01-88

| | | |
|----------------------------|------------------|--------------------------|
| Position Reconciliation | | |
| Authority: | Current FY 89 | Requested For 6/30/91 |
| Legislative Complement | | |
| General Fund | 9.5 | 10.5 |
| Revolving Fund | 114.5 | 114.5 |
| Transfers In/Out | -0- | -0- |
| Total Permanent Positions | 124.0 | 125.0 |
| Other Complement (FTE) | 19.0 | 19.0 |
| Total Authorized Positions | <u>143.0</u> | <u>144.0</u> |
| Employees on 6/30/88 | <u>114.0</u> | |



AGENCY PURPOSE:

The central goal of the Office of the State Auditor is to ensure that local governments throughout the state manage their funds wisely and efficiently. The agency achieves this goal through performing audits of approximately ?? local governments--cities, counties, school districts, and others--and monitoring the audits of other local governments that are performed by independent accounting firms through the statewide single audit. The audits attest to the fairness of the governments' financial statements and to their compliance with the laws and regulations that direct their activities. Accounting for the finances and legal compliance of approximately 4,300 local governments is essential to the state's solvency, as these governments receive the majority of the state's resources in addition to their local resources.

Currently, citizens, the state, and the federal government are demanding more accountability for public dollars. The Office of the State Auditor is in a unique position to assure that accountability, not only through the examination of financial reports, but also through educating governments and other concerned parties about financial management practices, reporting standards, and current fiscal trends. The office uses the data from the audits and financial reports to compile a data base which supplies the information to meet these education needs.

The resulting information enables local governments to improve fiscal practices, to plan for future contingencies, and to prevent fraud, waste, and abuse. The information is also used by the legislature, the federal government, and the public.

The planning and oversight activities of the Office of the State Auditor are increasing in importance. The economic climate of the future will require budget reductions at all levels of government. Resistance to increased taxes, continued demands for public services, and scarce federal aid force governments to perform more with fewer dollars. Because of these pressures, a comprehensive perspective is needed which includes effective long-range fiscal planning. The need is particularly urgent for local governments because they often do not have the resources--such as training facilities, sophisticated data processing, library and reference materials, and support networks--that the larger entities do.

Over the past several years much progress has been made in fiscal accountability. Through this office's efforts, uniform accounting and reporting standards have been implemented virtually statewide. Several major local governments (50 in 1987) received the Certificate of Achievement, the highest form of recognition in governmental financial reporting. In cooperation with the Legislative Auditor, the U.S. Department of Agriculture, and the Minnesota Department of Finance, the Office participated in the first statewide single audit, which included the federal grant funds received by the state and passed through to local units of government. The office has received national recognition for these audit efforts.

In spite of the accomplishments, much remains to be done. Audit and reporting requirements have changed drastically since 1980. New reporting standards are forthcoming from the recently formed Governmental Accounting Standards Board. The annual single audit still requires adaptations, adjust-

ments, and the incorporation of additional local units of government receiving federal funds through the state legal compliance. Through the efforts of the legal compliance task force auditing was mandated by the legislature. This office has issued a legal compliance audit guide for use in all audits of local governmental units. And, communication of fiscal needs and trends are increasingly important in enabling governments to anticipate and thus prevent financial problems and misuse of resources.

Laws of 1986, Ch. 359, assigned the oversight of the financial reports and accounting systems of the Police and Fire Relief Associations to this office.

Governmental finance within the state can and must be improved. The Office of the State Auditor proposes to effect such improvement through the full disclosure of wasteful management practices and the continuing economic education of public officials and the taxpayers.

To achieve its purposes efficiently, the Office of the State Auditor is divided into 5 budgetary units, each of which is described in detail following this section: the Constitutional Office, Audit Practice, the Governmental Information, Single Audit, and Police and Fire Relief Associations Oversight.

OPERATIONS AND CLIENTELE:

The Office of the State Auditor cannot audit every unit of local government, because it simply does not have the staff to do so, but it can and should monitor the financial viability of all local governments in the state, for 3 reasons:

1. To give the governments an independent assessment of their overall financial condition and likely future trends;
2. To allow comparisons among similar units throughout the state and predict the larger trends, which have widespread effects; and
3. To furnish decision-makers such as the legislature and interested parties, such as taxpayers with relevant and timely information about finances throughout the state.

BUDGET ISSUES:

The Office of the State Auditor is requesting an increase in the Single Audit Activity funding to continue to supply a review of single audit reports so that subrecipients comply with federal grant information. There has been a 65% increase in the number of single audits since 1984.

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the office of the State Auditor to present its budgetary needs directly to the Legislature for consideration.

ACTIVITY: CONSTITUTIONAL OFFICE
Program: OFFICE OF THE STATE AUDITOR
Agency: OFFICE OF THE STATE AUDITOR

1990-91 Biennial Budget

PURPOSE:

This functional area provides the top management of the agency for the audit practice and governmental information division, and support for the Executive Council, Land Exchange Board, State Investment Board, State Housing Finance Agency, and Public Employees Retirement Association, on which the State Auditor serves as a constitutional officer of the state.

EFFECTIVENESS MEASURES:

1. Use data base from Financial reports to educate local governments on their financial condition.
2. Monitor investment funds and agency policies for the Minnesota State Board of Investment.
3. Monitor on a regular basis, local government reporting and reporting requirements.
4. Update and amend, as needed, manuals for Reporting Standards for Local Governments regarding generally accepted accounting principles (GAAP).
5. Serve as Treasurer on the Public Employee Retirement Association (PERA) board and educate general membership regarding agency policies and objectives.
6. Continue to maintain affirmative action goals through hiring and promotional procedures within the Office of the State Auditor.
7. Provide supervisory oversight and direction to the audit staff concerning all aspects of legal and compliance auditing.
8. Provide information to citizens, local government officials and state agencies, on request, concerning the operation of the Office of the State Auditor.

REVENUE:

Direct appropriation.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : STATE AUDITOR
PROGRAM : STATE AUDITOR

| ACTIVITY EXPENDITURES: | F.Y. 1990 | | | | | | F.Y. 1991 | | | |
|-----------------------------|-----------|---------|----------------|--------|-------|--------------------|----------------|--------|-------|--------------------|
| | FY 1988 | FY 1989 | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| CONSTITUTIONAL OFFICE | 198 | 237 | 237 | 0 | 237 | 237 | 237 | 0 | 237 | 237 |
| GOVERNMENTAL INFO DIV | 182 | 206 | 206 | 0 | 206 | 206 | 206 | 0 | 206 | 206 |
| AUDIT PRACTICE-REVOLVING | 3,992 | 4,545 | 4,545 | 0 | 4,545 | 4,545 | 4,545 | 0 | 4,545 | 4,545 |
| SINGLE AUDIT | 78 | 78 | 78 | 39 | 117 | 78 | 78 | 39 | 117 | 78 |
| B SINGLE AUDIT POSITION | GEN | | | 39 | | 0 | | 39 | | 0 |
| POLICE/FIRE RELIEF OVERSITE | 71 | 84 | 84 | 0 | 84 | 84 | 84 | 0 | 84 | 84 |
| TOTAL EXPENDITURES | 4,521 | 5,150 | 5,150 | 39 | 5,189 | 5,150 | 5,150 | 39 | 5,189 | 5,150 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 506 | 582 | 582 | 39 | 621 | 582 | 582 | 39 | 621 | 582 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| ENTERPRISE | 4,015 | 4,568 | 4,568 | 0 | 4,568 | 4,568 | 4,568 | 0 | 4,568 | 4,568 |
| TOTAL FINANCING | 4,521 | 5,150 | 5,150 | 39 | 5,189 | 5,150 | 5,150 | 39 | 5,189 | 5,150 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 9.5 | 9.5 | 9.5 | 1.0 | 10.5 | 9.5 | 9.5 | 1.0 | 10.5 | 9.5 |
| ENTERPRISE | 114.5 | 114.5 | 114.5 | 0.0 | 114.5 | 114.5 | 114.5 | 0.0 | 114.5 | 114.5 |
| TOTAL POSITIONS | 124.0 | 124.0 | 124.0 | 1.0 | 125.0 | 124.0 | 124.0 | 1.0 | 125.0 | 124.0 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : STATE AUDITOR
PROGRAM : STATE AUDITOR
BUDGET ACTIVITY : CONSTITUTIONAL OFFICE

| | | | F.Y. 1990 | | | | F.Y. 1991 | | | |
|----------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| EXPENDITURES: | FY 1988 | FY 1989 | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 177 | 186 | 186 | 0 | 186 | 186 | 186 | 0 | 186 | 186 |
| EXPENSES/CONTRACTUAL SRVCS | 13 | 16 | 16 | 0 | 16 | 16 | 16 | 0 | 16 | 16 |
| MISC OPERATING EXPENSES | 5 | 8 | 8 | 0 | 8 | 8 | 8 | 0 | 8 | 8 |
| SUPPLIES/MATERIALS/PARTS | 1 | 2 | 2 | 0 | 2 | 2 | 2 | 0 | 2 | 2 |
| CAPITAL EQUIPMENT | 2 | 2 | 2 | 0 | 2 | 2 | 2 | 0 | 2 | 2 |
| REDISTRIBUTIONS | 0 | 23 | 23 | 0 | 23 | 23 | 23 | 0 | 23 | 23 |
| TOTAL EXPENDITURES | 198 | 237 | 237 | 0 | 237 | 237 | 237 | 0 | 237 | 237 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 175 | 214 | 214 | 0 | 214 | 214 | 214 | 0 | 214 | 214 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| ENTERPRISE | 23 | 23 | 23 | 0 | 23 | 23 | 23 | 0 | 23 | 23 |
| TOTAL FINANCING | 198 | 237 | 237 | 0 | 237 | 237 | 237 | 0 | 237 | 237 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 3.5 | 3.5 | 3.5 | 0.0 | 3.5 | 3.5 | 3.5 | 0.0 | 3.5 | 3.5 |
| TOTAL POSITIONS | 3.5 | 3.5 | 3.5 | 0.0 | 3.5 | 3.5 | 3.5 | 0.0 | 3.5 | 3.5 |

ACTIVITY: GOVERNMENTAL INFORMATION DIVISION 1990-91 Biennial Budget
 Program: OFFICE OF THE STATE AUDITOR
 Agency: OFFICE OF THE STATE AUDITOR

PURPOSE:

The Governmental Information Division is charged with the following:

1. To set accounting and financial reporting standards for cities and towns in Minnesota. This activity includes the collection, verification, and publication of uniform fiscal data on governmental subdivisions; the data are provided to the legislature, the governmental subdivisions and the public.
2. The most significant measure of performance is the collection and review of financial information for Minnesota's 87 counties, 855 cities, 1,800 towns, and 400 other local units of government. This information is entered in GID's personal computer data base on local governments covering indebtedness (bonds and other debt), revenues and expenditures, and the overall financial condition indicators.
3. The division publishes reports on revenues, expenditures, and debt of cities, counties, towns and other local units of government in Minnesota.
4. The division prescribes accounting, financial reporting, and publishing procedures for cities and townships in Minnesota.
5. Information is regularly supplied to bond rating agencies regarding the bonded debt of local governments in Minnesota.
6. Financial information is supplied annually to the U.S. Bureau of the Census on cities and towns.
7. An important part of GID's work has been the implementation of consolidated reporting of the 2,742 towns, cities, and counties of local government highway expenditures through a cooperative agreement with the Minnesota Department of Transportation (MnDOT). Through elimination of certain duplications of effort, MnDOT has saved an estimated \$20,000 annually.

EFFECTIVENESS MEASURES: F.Y. 1988 F.Y. 1989 F.Y. 1990 F.Y. 1991

| | | | | |
|--|-------|-------|-------|-------|
| Recorded information in personal computer databases on the following local units of government | 3,140 | 3,140 | 3,140 | 3,140 |
| Published documents covering the following number of local governments in accordance with Minnesota Statutes | 2,742 | 2,742 | 2,742 | 2,742 |
| Mailed and received reporting forms to/from the following number of local governments | 3,140 | 3,140 | 3,140 | 3,140 |

EFFECTIVENESS MEASURES: (Cont'd.) F.Y. 1988 F.Y. 1989 F.Y. 1990 F.Y. 1991

| | | | | |
|--|-------|-------|-------|-------|
| Reported to the U.S. Bureau of Census on the following local units of government | 2,655 | 2,655 | 2,655 | 2,655 |
|--|-------|-------|-------|-------|

STATISTICS:

| | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|---|------------------|------------------|------------------|------------------|
| Computer programs written and maintained | 75 | 75 | 75 | 75 |
| Financial Statements and Audits received from local units | 3,450 | 3,450 | 3,450 | 3,450 |
| Reporting forms mailed to and returned by local units | 3,140 | 3,140 | 3,140 | 3,140 |
| Highway Bonded debt forms mailed and returned | 300 | 300 | 300 | 300 |
| Financial report verification forms generated and mailed to cities and counties | 940 | 940 | 940 | 940 |

REVENUE:

Direct appropriation from local governmental aids.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : STATE AUDITOR
PROGRAM : STATE AUDITOR
BUDGET ACTIVITY : GOVERNMENTAL INFO DIV

| | | | F.Y. 1990 | | | | F.Y. 1991 | | | |
|----------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| EXPENDITURES: | FY 1988 | FY 1989 | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 151 | 165 | 165 | 0 | 165 | 165 | 165 | 0 | 165 | 165 |
| EXPENSES/CONTRACTUAL SRVCS | 16 | 21 | 21 | 0 | 21 | 21 | 21 | 0 | 21 | 21 |
| MISC OPERATING EXPENSES | 5 | 10 | 10 | 0 | 10 | 10 | 10 | 0 | 10 | 10 |
| SUPPLIES/MATERIALS/PARTS | 5 | 4 | 4 | 0 | 4 | 4 | 4 | 0 | 4 | 4 |
| CAPITAL EQUIPMENT | 5 | 6 | 6 | 0 | 6 | 6 | 6 | 0 | 6 | 6 |
| TOTAL EXPENDITURES | 182 | 206 | 206 | 0 | 206 | 206 | 206 | 0 | 206 | 206 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 182 | 206 | 206 | 0 | 206 | 206 | 206 | 0 | 206 | 206 |
| TOTAL FINANCING | 182 | 206 | 206 | 0 | 206 | 206 | 206 | 0 | 206 | 206 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 4.0 | 4.0 | 4.0 | 0.0 | 4.0 | 4.0 | 4.0 | 0.0 | 4.0 | 4.0 |
| TOTAL POSITIONS | 4.0 | 4.0 | 4.0 | 0.0 | 4.0 | 4.0 | 4.0 | 0.0 | 4.0 | 4.0 |

ACTIVITY: SINGLE AUDIT
 Program: OFFICE OF THE STATE AUDITOR
 Agency: OFFICE OF THE STATE AUDITOR

1990-91 Biennial Budget

PURPOSE:

To determine if single audit reports submitted by cities, counties, school districts, nonprofit agencies, regional development commissions (RDCs) and other agencies have complied with the reporting requirements of the Single Audit Act of 1984 and the Office of Management and Budget Circular A-128. Adequate compliance indicates that the state of Minnesota has complied with the requirement where recipients of federal funds are responsible for assuring that their subrecipients also have audits in accordance with the Act and Circular.

EFFECTIVENESS MEASURES:

Review annually single audit reports of various agencies to determine reporting compliance with the requirements of the Single Audit Act of 1984, Office of Management and budget Circular A-128 and the American Institute of Certified Public Accountants, Audit and Accounting Guide, "Audits of State and Local Governmental Units." Provide a report to the U.S. Department of Agriculture, Minnesota Legislative Auditor, Minnesota Department of Finance and others on the findings of these reviews. These findings include internal control, noncompliance and crosscutting issues, questioned costs, the amount of federal grants audited, and if the report complies with the requirements of the Act, Circular and Guide. This information is used by state agencies as a control device for resolution of these audit findings.

STATISTICS:

F.Y. 1988 F.Y. 1989 F.Y. 1990 F.Y. 1991

Single audit reports reviewed are:

| | | | | |
|--------------------|-----|-----|-----|-----|
| Cities | 67 | 98 | 110 | 120 |
| Counties | 87 | 87 | 87 | 87 |
| HRA's | 3 | 6 | 10 | 15 |
| Indian tribes | 11 | 9 | 10 | 12 |
| Libraries | 16 | 19 | 19 | 19 |
| Nonprofit agencies | 63 | 105 | 115 | 125 |
| Other | 14 | 19 | 25 | 30 |
| RDC's | 10 | 10 | 10 | 10 |
| School Districts | 497 | 504 | 500 | 500 |
| Total | 768 | 857 | 876 | 918 |

REVENUE:

These program costs are recovered through the federal indirect cost plan of the state of Minnesota.

SUMMARY OF EXPENDITURES AND REQUEST:

| | <u>F.Y. 1987</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>Request</u> <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|---------------------------------|------------------|------------------|------------------|------------------------------------|------------------|
| Expenditure by category: | | | | | |
| State Operations | \$ 78 | \$ 78 | \$ 78 | \$ 117 | \$ 117 |
| Local Asst. Aids to Individuals | 0 | 0 | 0 | 0 | 0 |
| Total Expenditures | \$ 78 | \$ 78 | \$ 78 | \$ 117 | \$ 117 |
| State Operations-Detail | | | | | |
| Personal Services | \$ 0 | \$ 0 | \$ 0 | \$ 60 | \$ 63 |
| Expense & Contracted Services | 78 | 78 | 78 | 55 | 61 |
| Supplies & Materials | 0 | 0 | 0 | 2 | 2 |
| Equipment | 0 | 0 | 0 | 0 | 0 |
| Other Expense Items | 0 | 0 | 0 | 6 | 6 |
| Total State Operations | \$ 78 | \$ 78 | \$ 78 | \$ 117 | \$ 126 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : STATE AUDITOR
PROGRAM : STATE AUDITOR
BUDGET ACTIVITY : SINGLE AUDIT

| | | | F.Y. 1990 | | | | F.Y. 1991 | | | |
|----------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| EXPENDITURES: | FY 1988 | FY 1989 | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 0 | 0 | 0 | 39 | 39 | 0 | 0 | 39 | 39 | 0 |
| EXPENSES/CONTRACTUAL SRVCS | 73 | 76 | 76 | 0 | 76 | 76 | 76 | 0 | 76 | 76 |
| MISC OPERATING EXPENSES | 0 | 1 | 1 | 0 | 1 | 1 | 1 | 0 | 1 | 1 |
| SUPPLIES/MATERIALS/PARTS | 0 | 1 | 1 | 0 | 1 | 1 | 1 | 0 | 1 | 1 |
| CAPITAL EQUIPMENT | 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL EXPENDITURES | 78 | 78 | 78 | 39 | 117 | 78 | 78 | 39 | 117 | 78 |
| CHANGE REQUESTS: | FUND | | | | | | | | | |
| B SINGLE AUDIT POSITION | GEN | | | 39 | | 0 | | 39 | | 0 |
| TOTAL CHANGE REQUESTS | | | | 39 | | 0 | | 39 | | 0 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 78 | 78 | 78 | 39 | 117 | 78 | 78 | 39 | 117 | 78 |
| TOTAL FINANCING | 78 | 78 | 78 | 39 | 117 | 78 | 78 | 39 | 117 | 78 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 0.0 | 0.0 | 0.0 | 1.0 | 1.0 | 0.0 | 0.0 | 1.0 | 1.0 | 0.0 |
| TOTAL POSITIONS | 0.0 | 0.0 | 0.0 | 1.0 | 1.0 | 0.0 | 0.0 | 1.0 | 1.0 | 0.0 |

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: SINGLE AUDIT
PROGRAM: OFFICE OF THE STATE AUDITOR
AGENCY: OFFICE OF THE STATE AUDITOR

REQUEST TITLE: SINGLE AUDIT POSITION

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|----------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 39 | 1.0 | \$ 39 | 1.0 |

Governor's Recommendation

| | | | | |
|--------------|--------|-----|--------|-----|
| General Fund | \$ -0- | -0- | \$ -0- | -0- |
|--------------|--------|-----|--------|-----|

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

To request funding for 1.0 full-time position assigned to Single Audit reviews.

DESCRIPTION/BACKGROUND:

In 1983, the state of Minnesota (state) agreed to audit federal funds under the single audit concept. A responsibility of the state was to ensure that its subrecipients of federal funds also comply with the single audit. For the first year of the single audit (F.Y. ending 6-30-83) 500 entities audit reports were reviewed to determine compliance with the single audit requirements. Since that time, the number of audit reports reviewed have increased in number as follows:

F.Y. ended 6-30-84 - 520
F.Y. ended 6-30-85 - 609
F.Y. ended 6-30-86 - 676
F.Y. ended 6-30-87 - 768
F.Y. ended 6-30-88 - 857 estimated

| STATISTICS: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|-------------|-----------|-----------|-----------|-----------|
| | 768 | 857 | 876 | 918 |

RATIONALE:

In addition, in 1983, the federal auditing and reporting requirements were relatively reasonable to understand. With the passage of the Single Audit

Act of 1984, and the issuance of the Office of Management and Budget Circular A-128 and the AICPA's Guide, "Audits of State and Local Governmental Units" the audit and reporting requirements have become very complex in nature.

| BASE: | (Dollars in Thousands) | | | |
|--------------|------------------------|-----------|-----------|-----------|
| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| General Fund | \$ 78 | \$ 78 | \$ 78 | \$ 78 |

| LONG RANGE IMPLICATIONS: | (Dollars in Thousands) | | |
|--------------------------|------------------------|-----------|-------|
| | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund | \$ 39 | \$ 39 | \$ 78 |

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the office of the State Auditor to present its budgetary needs directly to the Legislature for consideration.

ACTIVITY: POLICE/FIRE RELIEF ASSOCIATIONS OVERSIGHT 1990-91 Biennial Budget
Program: OFFICE OF THE STATE AUDITOR
Agency: OFFICE OF THE STATE AUDITOR

PURPOSE:

To determine that Police and Fire Relief Associations have met Minnesota compliance regulations. Proper compliance indicates to the Minnesota legislature that the officers of the associations are taking appropriate measures to safeguard the assets of the relief associations and qualify for state aid.

EFFECTIVENESS MEASURES: F.Y. 1988 F.Y. 1989 F.Y. 1990 F.Y. 1991

Review the reporting forms for 709 Police and Fire Relief Associations. Assist the relief associations in making needed corrections and adjustments in order to meet Generally Accepted Accounting Principles and Minnesota compliance standards. Provide a report to the Minnesota legislature on the general condition of the 650 firefighters' relief associations in the state.

STATISTICS: F.Y. 1988 F.Y. 1989 F.Y. 1990 F.Y. 1991

| | | | | |
|---|-----|-----|-----|-----|
| Review Police and Fire Relief Associations financial statements | 709 | 712 | 715 | 718 |
|---|-----|-----|-----|-----|

REVENUE:

This program is funded by a legislature appropriation bill which provides that a small percentage amount of the total Police and Fire State Aid payment to the relief associations supports this activity.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : STATE AUDITOR
PROGRAM : STATE AUDITOR
BUDGET ACTIVITY : POLICE/FIRE RELIEF OVERSITE

| F.Y. 1990 | | | | | | | F.Y. 1991 | | | |
|----------------------------|---------|---------|------|--------|-------|--------------------|----------------|--------|-------|--------------------|
| ----- | | | | | | | ----- | | | |
| AGENCY REQUEST | | | | | | | AGENCY REQUEST | | | |
| ----- | | | | | | | ----- | | | |
| EXPENDITURES: | FY 1988 | FY 1989 | BASE | CHANGE | TOTAL | GOVERNOR'S RECOMM. | BASE | CHANGE | TOTAL | GOVERNOR'S RECOMM. |
| ----- | | | | | | | | | | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 45 | 74 | 74 | 0 | 74 | 74 | 74 | 0 | 74 | 74 |
| EXPENSES/CONTRACTUAL SRVCS | 22 | 4 | 4 | 0 | 4 | 4 | 4 | 0 | 4 | 4 |
| MISC OPERATING EXPENSES | 2 | 4 | 4 | 0 | 4 | 4 | 4 | 0 | 4 | 4 |
| SUPPLIES/MATERIALS/PARTS | 2 | 2 | 2 | 0 | 2 | 2 | 2 | 0 | 2 | 2 |
| ----- | | | | | | | | | | |
| TOTAL EXPENDITURES | 71 | 84 | 84 | 0 | 84 | 84 | 84 | 0 | 84 | 84 |
| | | | | | | | | | | |
| SOURCES OF FINANCING: | | | | | | | | | | |
| ----- | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 71 | 84 | 84 | 0 | 84 | 84 | 84 | 0 | 84 | 84 |
| ----- | | | | | | | | | | |
| TOTAL FINANCING | 71 | 84 | 84 | 0 | 84 | 84 | 84 | 0 | 84 | 84 |
| | | | | | | | | | | |
| POSITIONS BY FUND: | | | | | | | | | | |
| ----- | | | | | | | | | | |
| GENERAL | 2.0 | 2.0 | 2.0 | 0.0 | 2.0 | 2.0 | 2.0 | 0.0 | 2.0 | 2.0 |
| ----- | | | | | | | | | | |
| TOTAL POSITIONS | 2.0 | 2.0 | 2.0 | 0.0 | 2.0 | 2.0 | 2.0 | 0.0 | 2.0 | 2.0 |

ACTIVITY: AUDIT PRACTICE
Program: OFFICE OF THE STATE AUDITOR
Agency: OFFICE OF THE STATE AUDITOR

1990-91 Biennial Budget

PURPOSE:

Audit Practice conducts post-audits of governmental subdivisions within the state, attesting to the fairness of their financial statements and their compliance with applicable laws and regulations. These subdivisions include towns, cities, counties, school districts, and other governmental agencies. Audit Practice also performs petition audits in accordance with statutory provisions.

The major objective of Audit Practice is to ensure the financial viability of local governments throughout the state. This is accomplished by performing audits and by setting uniform standards for all financial reporting and audit requirements for local units of government in Minnesota. This objective is furthered by making recommendations for improvement in local accounting practices.

This division assists local units of government in Minnesota in upgrading their accounting system to bring them into conformance with the standards required by bond rating agencies, and into compliance with legislative requirements and generally accepted governmental accounting principles.

EFFECTIVENESS MEASURES:

1. Audit approximately 300 local governments each year;
2. Update uniform reporting and accounting systems for local governments;
3. Assist local governments in complying with the requirements associated with the Single Audit of the state of Minnesota;
4. Maintain legal compliance manual;
5. Provide individual assistance to local governments requiring help in implementing or updating their accounting system.

STATISTICS:

| <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|------------------|------------------|------------------|------------------|
| 258 | 300 | 300 | 300 |

REVENUE:

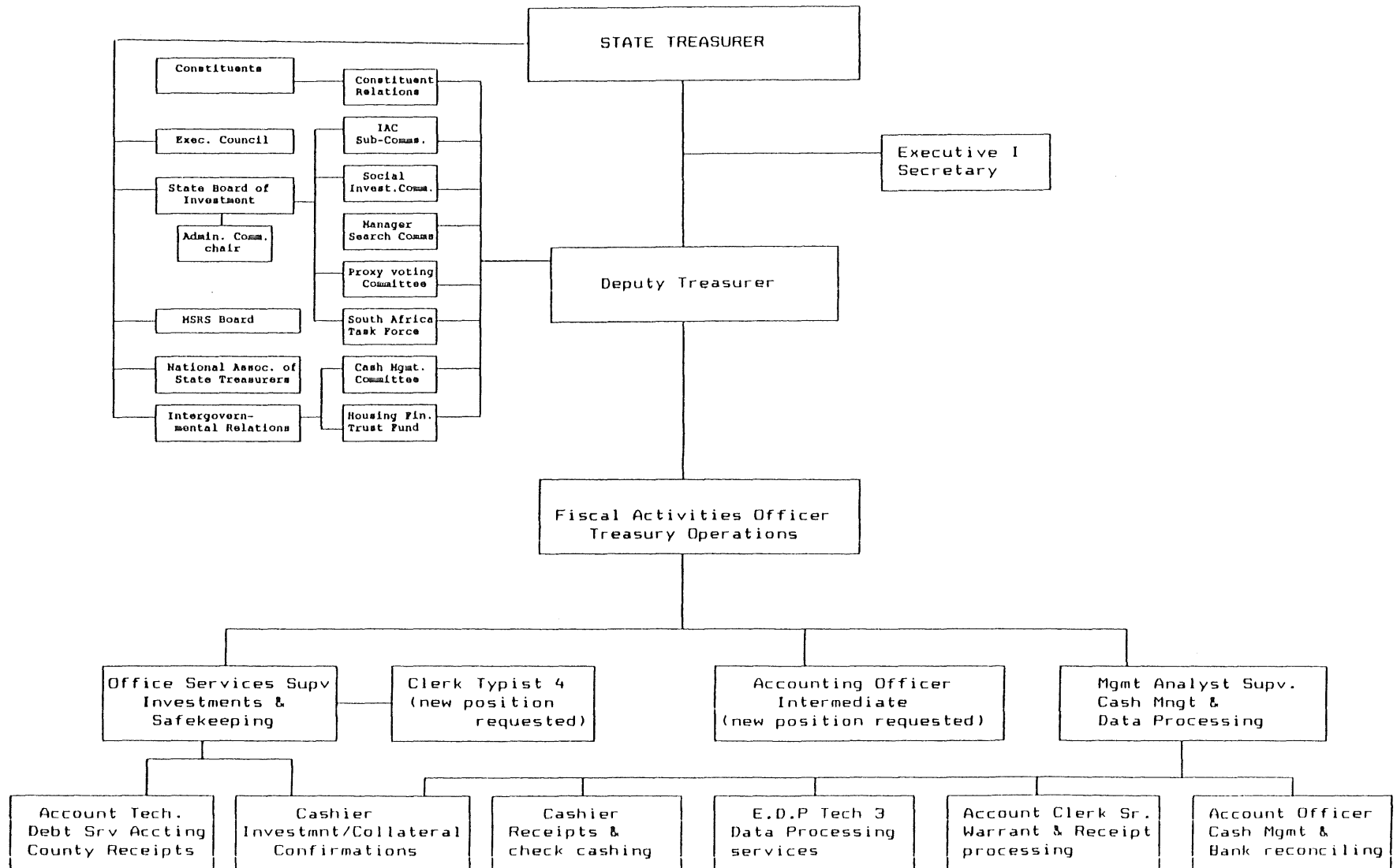
This activity recovers costs from fees billed to audit clients.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : STATE AUDITOR
PROGRAM : STATE AUDITOR
BUDGET ACTIVITY : AUDIT PRACTICE-REVOLVING

| EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|----------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 3,489 | 3,985 | 3,985 | 0 | 3,985 | 3,985 | 3,985 | 0 | 3,985 | 3,985 |
| EXPENSES/CONTRACTUAL SRVCS | 136 | 173 | 173 | 0 | 173 | 173 | 173 | 0 | 173 | 173 |
| MISC OPERATING EXPENSES | 271 | 279 | 279 | 0 | 279 | 279 | 279 | 0 | 279 | 279 |
| SUPPLIES/MATERIALS/PARTS | 46 | 35 | 35 | 0 | 35 | 35 | 35 | 0 | 35 | 35 |
| CAPITAL EQUIPMENT | 31 | 40 | 40 | 0 | 40 | 40 | 40 | 0 | 40 | 40 |
| REAL PROPERTY | 19 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| REDISTRIBUTIONS | 0 | 33 | 33 | 0 | 33 | 33 | 33 | 0 | 33 | 33 |
| TOTAL EXPENDITURES | 3,992 | 4,545 | 4,545 | 0 | 4,545 | 4,545 | 4,545 | 0 | 4,545 | 4,545 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| ENTERPRISE | 3,992 | 4,545 | 4,545 | 0 | 4,545 | 4,545 | 4,545 | 0 | 4,545 | 4,545 |
| TOTAL FINANCING | 3,992 | 4,545 | 4,545 | 0 | 4,545 | 4,545 | 4,545 | 0 | 4,545 | 4,545 |
| POSITIONS BY FUND: | | | | | | | | | | |
| ENTERPRISE | 114.5 | 114.5 | 114.5 | 0.0 | 114.5 | 114.5 | 114.5 | 0.0 | 114.5 | 114.5 |
| TOTAL POSITIONS | 114.5 | 114.5 | 114.5 | 0.0 | 114.5 | 114.5 | 114.5 | 0.0 | 114.5 | 114.5 |

OFFICE OF THE STATE TREASURER
ORGANIZATIONAL CHART
NOVEMBER 1, 1988



AGENCY: STATE TREASURER, OFFICE OF

1990-91 Biennial Budget

AGENCY PURPOSE:

The State Treasurer, an independently elected constitutional officer, is the state's cash receipts and disbursement control center. Additional duties include debt service administration, execution of banking transactions for the State Board of Investment (SBI), safekeeping of certain assets, various payroll accounting, reporting and distribution activities, disposition of escheated personal property and redemption of state warrants. The State Treasurer also serves as a member of the Executive Council, State Board of Investment and, by the Governor's appointment, the State Retirement System Board of Directors.

OPERATIONS AND CLIENTELE:

The State Treasurer's data processing center collates and reports all monetary transactions for the state's General Fund, federal funds and special funds. Activities of cash depositories, disbursement centers, investment transactions and funds transfers are captured daily to determine a cash balance available for investment. Redemption of maturing bonds as well as semi-annual interest payments are determined for payment by the state's paying agent. Investment transactions initiated by the SBI are executed between brokers and banks by treasury staff. A vault facility is maintained to safekeep securities entrusted to the custodial care of the State Treasurer by various state agencies, as well as escheated personal property owned by the state until directed by the SBI to be liquidated. The Treasurer accounts for and reports bi-weekly and quarterly all the medicare, social security and payroll taxes for state employees to the Internal Revenue Service. Warrants (checks) presented by depository institutions for payment by the state are verified in the data processing center before redemption is allowed. A cash teller operation is maintained to redeem debt instruments as provided by state constitution and to honor warrants presented for redemption as required by state law.

The clientele of the State Treasurer's Office include:

- 225 financial institutions that act as depositories for the state;
- all state financial institutions that receive deposits to the Housing Trust Fund accounts from real estate brokers;
- 10 brokers who transact investments with the SBI;
- Internal Revenue Service;
- all state agencies that handle cash or electronic fund payments or require collateral securities in their normal course of activity;
- all state employees through the payroll system;
- 2 paying agents for state's bonded debt;
- county and municipal treasurers and auditors in Minnesota;
- individual citizens who present state bonds and warrants for redemption.

| (In millions) | | | | |
|------------------------------|-----------|-----------|-----------|--------|
| Actual | Estimated | Estimated | Estimated | |
| F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 | |
| <u>ACTIVITY STATISTICS:</u> | | | | |
| Total debt service payments | \$ 163 | \$ 164 | \$ 176 | \$ 181 |
| Fees, fines and surcharges | 6 | 7 | 7 | 7 |
| collected and deposited from | | | | |
| counties and municipalities | | | | |

| (In millions) | | | | |
|--|-----------|-----------|-----------|----|
| Actual | Estimated | Estimated | Estimated | |
| F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 | |
| <u>ACTIVITY STATISTICS: (Contd.)</u> | | | | |
| Interest payments collected and deposited for Housing Trust Fund account | -0- | .5 | .8 | .8 |
| State warrants redeemed | 5 | 5 | 5 | 5 |

BUDGET ISSUES:

Restoring the State Treasurer's Office to its constitutional role in the financial affairs of the state has added responsibilities and activities to the office since the last biennium. The array of duties is still unclear as this budget request is submitted since Chapter 7 has not yet been restored to comply with the 1986 supreme court ruling overturning the transfer of duties and funding in 1985. Meanwhile, new activities have further increased the need for additional staff support first requested in 1987. The armed robbery of the Treasurer's courier punctuates the need for greater security for state employees and funds. A review of the upgrading needs for the data processing center is prudent in light of the critical importance of this equipment, now 8 years old, in the state's financial system. These issues are developed in greater detail in the accompanying "CHANGE Level Requests." Separate legislation proposing creation of the Treasurer's Consumer Credit Clearinghouse provides for additional funding to cover the operation of that program (if it is established by the legislature). Other aspects of the office can continue at their high performance level without increase in appropriated funding.

| (Dollars in Thousands) | | | |
|--------------------------|----------|---------------------------|------|
| Agency Request | | Governor's Recommendation | |
| 1990-91 Biennium | | 1990-91 Biennium | |
| All Funds | | All Funds | |
| INDEX | | | Page |
| BASE Level Request | \$ 1,202 | \$ 1,202 | |
| Armored Car Service | 10 | -0- | 98 |
| Restoration of Positions | 144 | -0- | 99 |
| Information System | 115 | -0- | 100 |
| CHANGE Requests Subtotal | \$ 269 | \$ -0- | |
| AGENCY Total | \$ 1,471 | \$ 1,202 | |

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the office of the State Treasurer to present its budgetary needs directly to the Legislature for consideration.

DATE: 01/05/89 - 01:36 PM

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : STATE TREASURER
PROGRAM : STATE TREASURY
BUDGET ACTIVITY : TREASURY MANAGEMENT

| EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|----------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 436 | 445 | 472 | 65 | 537 | 472 | 472 | 65 | 537 | 472 |
| EXPENSES/CONTRACTUAL SRVCS | 55 | 82 | 82 | 59 | 141 | 82 | 82 | 9 | 91 | 82 |
| MISC OPERATING EXPENSES | 20 | 25 | 25 | 0 | 25 | 25 | 25 | 0 | 25 | 25 |
| SUPPLIES/MATERIALS/PARTS | 11 | 16 | 16 | 0 | 16 | 16 | 16 | 0 | 16 | 16 |
| CAPITAL EQUIPMENT | 9 | 6 | 6 | 70 | 76 | 6 | 6 | 1 | 7 | 6 |
| TOTAL EXPENDITURES | 531 | 574 | 601 | 194 | 795 | 601 | 601 | 75 | 676 | 601 |
| CHANGE REQUESTS: | | FUND | | | | | | | | |
| B ARMORED CAR SERVICES | | GEN | | 5 | | 0 | | 5 | | 0 |
| B RESTORATION OF POSITIONS | | GEN | | 74 | | 0 | | 70 | | 0 |
| B INFORMATION SYSTEM | | GEN | | 115 | | 0 | | 0 | | 0 |
| TOTAL CHANGE REQUESTS | | | | 194 | | 0 | | 75 | | 0 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 531 | 545 | 572 | 194 | 766 | 572 | 572 | 75 | 647 | 572 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 0 | 29 | 29 | 0 | 29 | 29 | 29 | 0 | 29 | 29 |
| TOTAL FINANCING | 531 | 574 | 601 | 194 | 795 | 601 | 601 | 75 | 676 | 601 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 12.0 | 12.0 | 12.0 | 2.0 | 14.0 | 12.0 | 12.0 | 2.0 | 14.0 | 12.0 |
| TOTAL POSITIONS | 12.0 | 12.0 | 12.0 | 2.0 | 14.0 | 12.0 | 12.0 | 2.0 | 14.0 | 12.0 |

CHANGE REQUEST X Agency _____ Program _____ Activity _____ 1990-91 Biennial Budget

ACTIVITY: STATE TREASURER, OFFICE OF
PROGRAM: STATE TREASURER, OFFICE OF
AGENCY: STATE TREASURER, OFFICE OF

REQUEST TITLE: ARMORED CAR SERVICES

| | F.Y. 1990 | | F.Y. 1991 | |
|----------------|-----------|-----------|-----------|-----------|
| | (000's) | | (000's) | |
| Agency Request | Amount | Positions | Amount | Positions |
| General Fund | \$ 5 | -0- | \$ 5 | -0- |

Governor's Recommendation

| | | | | |
|--------------|--------|-----|--------|-----|
| General Fund | \$ -0- | -0- | \$ -0- | -0- |
|--------------|--------|-----|--------|-----|

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

Request is for funding of armored car services to securely and safely transport state deposits from the Treasurer's office to local banks and return cash from the banks to the Treasurer's office.

DESCRIPTION/BACKGROUND:

Cash and deposits from approximately 35 capitol complex agencies had been transported by a Treasurer's office employee, escorted by a Capitol Security guard. On 9-30-87, they were maced and robbed at gunpoint of \$10,000 cash in the parking ramp of the State Administration Building.

The Treasurer's office received \$2,344 for F.Y. 1988 and \$4,618 for F.Y. 1989 from the Legislative Advisory Commission. These funds were granted to contract for armored car services.

RATIONALE:

The safety of the Treasurer's office employees is the primary concern, and the safety of state funds justify additional security. Transported deposits and cash range from \$300,000 to \$1.5 million per day. These deposits cannot be reconstructed in all cases. The requested amount does include \$1,500,000 of insurance provided by the armored car service to cover losses while under their security.

| | (Dollars in Thousands) | | |
|----------------------------------|------------------------|-----------|-------|
| Long Range Funding Implications: | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund Expenditures | \$ 5 | \$ 5 | \$ 5 |

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the office of the State Treasurer to present its budgetary needs directly to the Legislature for consideration.

CHANGE REQUEST
☒ Agency _____ Program _____ Activity 1990-91 Biennial Budget

ACTIVITY: STATE TREASURER, OFFICE OF
 PROGRAM: STATE TREASURER, OFFICE OF
 AGENCY: STATE TREASURER, OFFICE OF

REQUEST TITLE: RESTORATION OF POSITIONS

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 74 | 2.0 | \$ 70 | 2.0 |
| Governor's Recommendation | | | | |
| General Fund | \$ -0- | -0- | \$ -0- | -0- |

Request requires statutory change: _____ Yes ☒ No
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

This request partially restores reductions in staff totaling 40% (from 20.0 positions to 12.0) since 1985. The request was approved by the senate in 1987 but not adopted by the joint conference committee. One position will support the Treasurer's executive secretary, who now performs duties beyond the usual secretarial responsibilities because of a shortage in current staffing levels. The accounting position is necessary to provide technical accounting services now handled by administrative and clerical personnel.

DESCRIPTION/BACKGROUND:

New activities undertaken by the Treasurer require these 2.0 positions. The new activities are the result of: (1) appointment to the MSRS Board, (2) initiation of the intra-governmental cash management committee, (3) election to the chair of the State Board of Investment (SBI) administrative committee, (4) election to the office of midwest vice president of the National Association of State Treasurers, (5) appointment to the editorial board of Pension Fund News, and (6) leadership in the state in opposition to removal of tax-exemption from municipal bonds.

In addition, new duties are being performed by staff: (1) new collections of local fines and fees have been initiated by the legislature; (2) new collections of interest for the Housing Trust Fund pooled trust account have been initiated by the legislature; and (3) additional IRS requirements and withholding of medicare and social security taxes have increased accounting and reporting.

RATIONALE:

The 40% reduction in complement, which occurred when the duties of the office were transferred to the Department of Finance and back again, has created serious administrative problems for present staff, especially with the additional duties the Treasurer and his office have undertaken.

The current complement of 12 is clearly not sufficient to fulfill the responsibilities of the office. Improved risk control for losses of revenue and security justify these additional expenditures. Adequate staffing is required for timely and efficient operation of key financial affairs of the state to be accomplished.

BASE:

| | (Dollars in Thousands) | | | |
|---------------------------|------------------------|-----------|-----------|-----------|
| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| General Fund Expenditures | \$ 531 | \$ 574 | \$ 601 | \$ 601 |

LONG RANGE IMPLICATIONS:

| | (Dollars in Thousands) | | |
|---------------------------|------------------------|-----------|--------|
| | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund Expenditures | \$ 70 | \$ 70 | \$ 140 |

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the office of the State Treasurer to present its budgetary needs directly to the Legislature for consideration.

CHANGE REQUEST 1990-91 Biennial Budget
☒ Agency ☐ Program ☐ Activity

ACTIVITY: STATE TREASURER, OFFICE OF
 PROGRAM: STATE TREASURER, OFFICE OF
 AGENCY: STATE TREASURER, OFFICE OF

REQUEST TITLE: INFORMATION SYSTEM EQUIPMENT & PLANNING STUDY

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|----------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 115 | -0- | \$ -0- | -0- |

Governor's Recommendation

| | | | | |
|--------------|--------|-----|--------|-----|
| General Fund | \$ -0- | -0- | \$ -0- | -0- |
|--------------|--------|-----|--------|-----|

Request requires statutory change: ☐ Yes ☒ No
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

Fifty thousand dollars is requested to provide a study by an outside vendor to assess: (1) the short term dependability of the present system, (2) the availability and cost of a new system, and (3) future interface requirements with other systems used in state agencies. This request also includes \$65,000 for contingency plans in the event the current system fails.

DESCRIPTION/BACKGROUND:

On a daily basis, the Treasurer's information system serves many purposes essential to the financial affairs of state government such as the accounting and verifying of all monies received and the expenditures made by all state agencies.

On a daily basis, the Treasurer's cash accounting system is balanced to the Statewide Accounting system (SWA), creating a daily verification of each system. The system also provides a variety of financial reports used in the day-to-day activities of the Treasurer's office and Department of Finance.

The Treasurer's information system is used to determine: (1) the cash balance available for investment and (2) the balances to be drawn down from over 300 bank accounts statewide into the central clearing account.

Treasury information system equipment must be replaced and/or upgraded within the next few years to fulfill the needs of (1) the Department of Finance's SWA system and (2) modern cash management procedures. Checks and balances provided by this equipment are essential to the state's cash control system. The Treasurer's information system equipment is approximately 8 years old.

This system also provides the Department of Commerce with inventory and reports of unclaimed property activities and assets.

The contingency plans include costs of replacing a portion of the system most susceptible and monies for off-premise processing if needed.

RATIONALE:

Since the Treasurer's system is such an integral part of the overall financial accounting of the state, it is recommended by the Information Policy Office, in cooperation with the State Treasurer, that an indepth study be done. The cost of this study could cost \$50,000.

The office has been advised that the greatest potential for failure involves the 2 tape drives and the controller. The tape drives and controller currently in use are no longer manufactured; repairing them would depend upon Unisys locating drives and controllers from which needed parts can be used. New tape drives and controllers compatible with our system can be purchased for approximately \$65,000.

If the system is inoperable for longer than 2 days, it would be necessary for processing to be done "off premise" at 1 of the large local banks with compatible equipment. The processing would have to be done at night during the bank's off hours. The Treasurer's current staff would be required to work overtime and/or the office would have to contract with an off-premise facility to provide trained personnel. Processing time on the loaned equipment would be an additional expense. The Treasurer would have to request appropriate funding from the Legislative Advisory Commission to cover these expenses as well as repair or replacement costs for the defective components of the present system.

| Long Range Funding Implications | (Dollars in Thousands) | | |
|---------------------------------|------------------------|-----------|--------|
| | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund Expenditures | \$ 65 | \$ 65 | \$ 130 |

GOVERNOR'S RECOMMENDATION:

Recognizing the distinction between separate branches of government, the Governor respectfully acknowledges the right of the office of the State Treasurer to present its budgetary needs directly to the Legislature for consideration.

1990-91 BIENNIAL BUDGET

PROGRAM STRUCTURE

AGENCY: ADMINISTRATION, DEPARTMENT OF

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DEPARTMENT OF ADMINISTRATION

ORGANIZATION CHART
AT 09/30/88

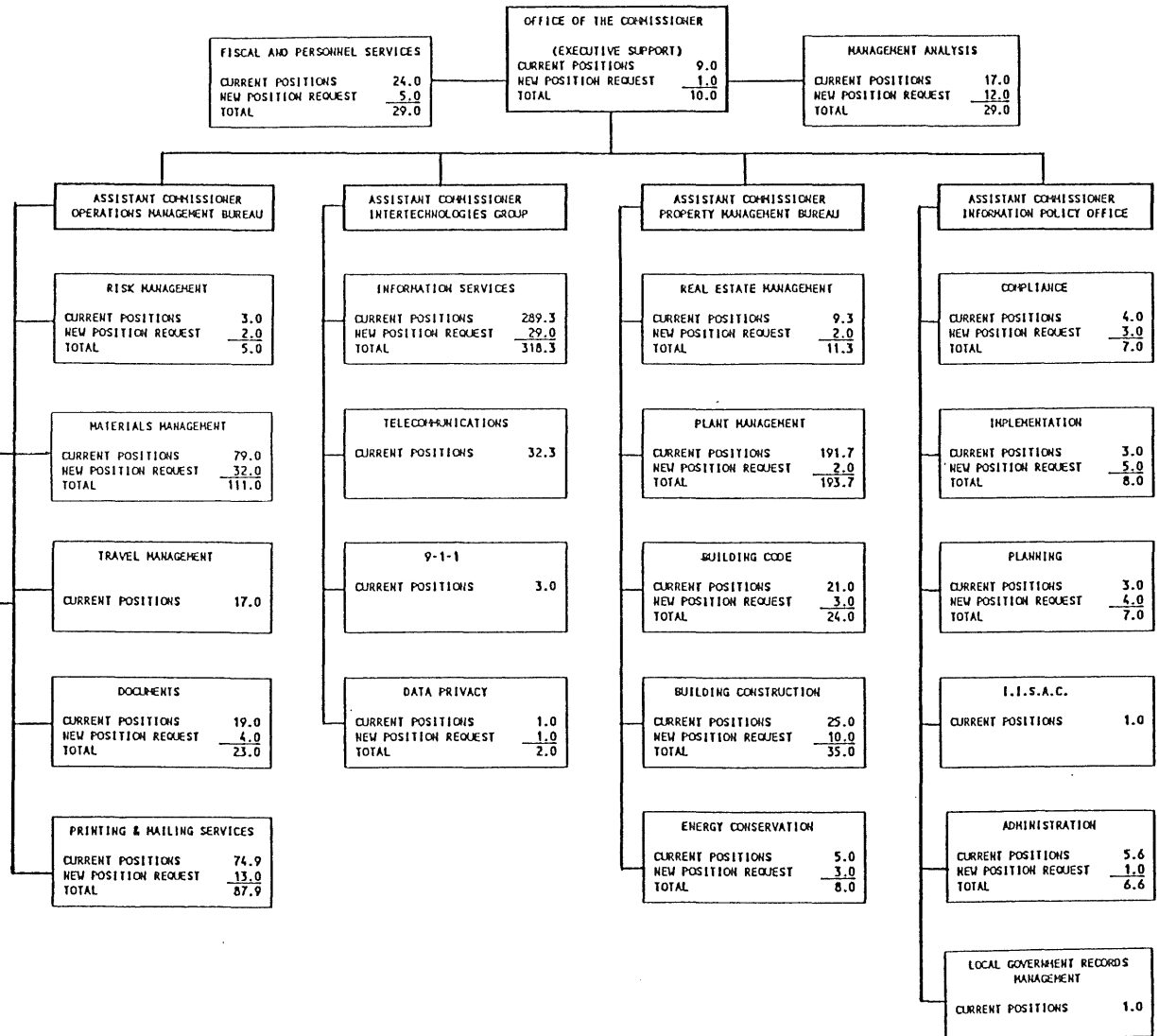
| POSITION RECONCILIATION | | |
|----------------------------|---------------|-----------------------|
| AUTHORITY: | CURRENT FY 89 | REQUESTED FOR 6/30/91 |
| LEGISLATIVE COMPLEMENT | | |
| GENERAL FUND | 196.6 | 272.6 |
| SPECIAL REVENUE | 45.6 | 62.6 |
| REVOLVING | 601.9 | 651.9 |
| BUILDING FUND | 7.0 | 7.0 |
| GIFTS | 1.0 | 1.0 |
| TOTAL PERMANENT POSITIONS | 852.1 | 995.1 |
| OTHER COMPLEMENT (FTE) | 128.0 | 128.0 |
| TOTAL AUTHORIZED POSITIONS | 980.1 | 1,123.1 |
| EMPLOYEES ON 6/30/88 | 820.0 | |

INTERAGENCY PROJECTS

STATEWIDE BACKBONE NETWORK
NEW POSITIONS REQUEST 9.0

STATE EMPLOYEE ASSISTANCE PROGRAM
CURRENT POSITIONS 7.0

MINNESOTA OFFICE ON VOLUNTEER SERVICES
CURRENT POSITIONS 7.0
NEW POSITION REQUEST 2.0
TOTAL 9.0



AGENCY PURPOSE: The Department of Administration (Admin) is a staff agency with the mission of providing professional centralized services and leadership to other agencies on effective, efficient and innovative ways to manage and operate their own programs.

OPERATIONS AND CLIENTELE: Admin provides 3 kinds of services to state government. The method of funding, accountability and management in each case is different to allow Admin to best serve various clientele.

1. Statewide Services: Admin provides services which require the exercise of control and oversight over certain aspects of state government. Additionally, some services are offered statewide for which agencies are billed since the costs would discourage agency use of the service or make the service available only on an ability-to-pay basis. These activities are funded with direct appropriations because the Governor and the legislature are Admin's clients for these services.
2. Utilities: Admin provides services which, due to economies of scale, are most efficiently provided from a central source. These services are funded through revolving funds with costs fairly allocated to the state agencies who use the services. Local governments also may choose to use some of these services.
3. Competitive Marketplace: Admin provides services in which it has some sort of competitive advantage over alternative sources of the same service. In these areas, agencies have choice over whether to obtain the service from Admin or from an alternative source. Competition in the marketplace works to assure quality and cost-effectiveness of these revolving fund services. Local governments may also choose to use some of these services.

These services are provided in 6 program areas:

1. Operations Management provides efficient general services to state agencies. These services are in 7 activities: Risk Management, Materials Management, Travel Management, Documents, Printing and Mailing, State Employee Assistance Program, and Minnesota Office on Volunteer Services.
2. InterTechnologies Group, as a shared resource, provides information services which create results that customers value. These services are in 4 activities: Information Services, Telecommunications, 9-1-1, and Data Privacy.
3. Property Management provides for the management of the state's real property, including land and physical plant. There are 5 activities in this program: Real Estate Management, Plant Management, Building Code, Building Construction and Energy Conservation.
4. Administrative Management provides centralized leadership and management, basic support services and management and program analysis to the department. There are 7 budget activities in this program: Fiscal and Personnel Services, Management Analysis, Executive Support, Public Broadcasting, Minnesota Public Radio, Twin Cities Regional Cable Channel, and Oil Overcharge.
5. Information Policy Office provides leadership in information management for state government through a statewide information architecture and budget review. There are 6 budget activities in this program: Compliance, Implementation, Planning, Administration, Intergovernmental Information Systems Advisory Council (IISAC) and Local Government Records Management.
6. Interagency Projects provides a program for information systems activity that cuts across agency jurisdictions (statewide backbone network).

BUDGET ISSUES: Increased use and number of services within Admin's internal service revolving funds has caused cash flow problems in some of the funds because the current level of contributed capital was based on much smaller sized revolving funds. Since contributed capital amounts were established, some of the funds have doubled in size. This has happened despite the rates for the services being held down to 1.77% annual average increase over the last 5 years (less than the private sector inflation rate of 3.08%). An option to keep the amount of contributed capital to a minimum would be to allow more flexibility for the department in the management of contributed capital across funds.

The need for a disaster recovery program for the state's major computer systems has been identified by many different sources over the last 10 years. The Legislative Auditor and a Governor's Blue Ribbon Committee have both said this should be a priority. Twice the legislature has rejected fully funding a disaster recovery program. Currently, a solid proposal has been developed and a second central computer site is planned thus making it extremely timely to implement disaster recovery.

The Information Policy Office (Office) was created in the 1987 session, when it was recognized that the leadership/control role in information management should be separated from the delivery of information services. A minimum start-up for 6.0 positions was appropriated that session. Now, the Office has been established and is proving its worth through the development of a state information architecture and promotion of good systems planning and coordination. The delivery of computer services has also improved due to their ability to concentrate on customer needs since the control functions were removed. It is now important to fully fund the Office so that the information architecture can be implemented.

Child care is now one of the leading issues facing our country because of the increase in working parents. Lack of enough affordable child care has caused many employers to either provide or facilitate it for their workers. Legislation passed in 1988 placed responsibility on Admin to survey the need for child care facilities in state office buildings and to provide space for child care under certain circumstances. There is a budget request for 1.0 position in the Real Estate Management Division to deal with this portion of the child care issue. An issue facing state government is whether or not to subsidize employees' child care.

The creation of a state telecommunications backbone network will increase the access of Minnesota's citizens to education, economic development, government services and participation in policy-making. At the same time, it will reduce costs for current levels of voice and data communication by state agencies. It is expected that the costs of the backbone network will be paid by the users; however, a mechanism (revolving fund) must be established to manage the network and start-up costs need to be appropriated.

Federal surplus property has been available to political subdivisions and selected nonprofit agencies through a state program for many years. During the last 10 years, the state has lost money on this program without having an official policy of subsidy. The financial performance of this operation makes it necessary for the state to make a decision on whether to subsidize it, as is done in many other states including Delaware, New Jersey, Oregon, etc., or to drastically alter its structure.

AGENCY: ADMINISTRATION, DEPARTMENT OF
(Continuation)

1990-91 Biennial Budget

EXPLANATION OF BUDGET REQUEST: The Department of Administration budget is complex due to its size and the varied sources of funding. It is \$140 million dollars annually, but only about 10% (\$15 million) of this is General Fund appropriation for operations of Admin. Revolving funds, which include internal service funds and enterprise funds, are about 68% of the budget. The rest of the budget is made up of special revenue funds (some directly appropriated), agency funds and gift and deposit funds. Other significant sources are grants for Public Broadcasting and Oil Stripper Well money.

A major portion of our total CHANGE requests is for contributed capital increases to the revolving funds. As these funds have grown in size, the need for cash flow has grown. Since 1981, the revolving funds have grown 172% in size, so it is time to adjust contributed capital. A rule of thumb is 2 months of budget for working capital, but this varies according to type of operation.

Another issue within our CHANGE requests is to fully fund operations that have in the past been underfunded. These would include the Information Policy Office, Socially and Economically Disadvantaged Business Program, Federal Surplus Property, and Recycling. The Information Policy Office is moving from a start-up to an operational mode, while the other programs have not received funding over the years at a level to make them function properly.

| INDEX | (Dollars in Thousands) | | Page |
|---|------------------------|---------------------------|------|
| | Agency Request | Governor's Recommendation | |
| | 1990-91 Biennium | 1990-91 Biennium | |
| | All Funds | All Funds | |
| BASE Level Request | \$ 67,500 | \$ 67,500 | |
| Program/Budget Activity | | | |
| CHANGE Requests: | | | |
| Operations Management | | | |
| Adjusting Insurance Claims | -0- | -0- | 16 |
| Recycling | 510 | -0- | 24 |
| Recruiting Disadvantaged Businesses | 279 | -0- | 26 |
| Improving Purchasing and Inventory Management Statewide | 1,685 | -0- | 28 |
| Continuing the Federal Surplus Property Program | 150 | -0- | 30 |
| Response to Increased Customer Demand | -0- | -0- | 38 |
| Increased Printing and Mailing Volume | 50 | -0- | 45 |
| Strengthening Employee Assistance Statewide | 100 | -0- | 48 |
| Youth Community Service | 185 | 185 | 51 |
| Increase MOVS base budget | -0- | 200 | 52 |
| Subtotal | 2,959 | 385 | |
| InterTechnologies Group | | | |
| Second Site | 1,000 | -0- | 63 |
| Disaster Recovery | 1,064 | 500 | 64 |
| Systems Support for Small Agencies | 600 | -0- | 65 |
| Communication Center Consoles | 72 | 72 | 69 |

| INDEX | (Dollars in Thousands) | | Page |
|---|------------------------|---------------------------|------|
| | Agency Request | Governor's Recommendation | |
| | 1990-91 Biennium | 1990-91 Biennium | |
| | All Funds | All Funds | |
| Telecommunications Contributed Capital | 1,000 | -0- | 70 |
| Data Privacy Backup | 83 | 83 | 75 |
| Subtotal | 3,819 | 655 | |
| Property Management | | | |
| Real Estate Management Positions | 153 | -0- | 83 |
| Parking Ramp Maintenance | -0- | -0- | 90 |
| Public Building Review and Inspection (SR) | 1,000 | 1,000 | 94 |
| Building Construction Complement (SR) | 246 | 246 | 99 |
| Converting Building Fund Positions | 624 | 624 | 100 |
| Energy Conservation Expansion | 181 | -0- | 103 |
| Subtotal | 2,204 | 1,870 | |
| Administrative Management | | | |
| Internal Auditor | 104 | 104 | 109 |
| Departmental Systems Coordinator | 103 | -0- | 110 |
| Improved Personnel Services | 132 | -0- | 111 |
| Health and Safety Program | 106 | -0- | 112 |
| Employee Development Program | 108 | -0- | 113 |
| Improved Management Consulting Services | 710 | -0- | 116 |
| Redesign of Gov. Services | -0- | 650 | 117 |
| Special Revenue Complement Increase | -0- | -0- | 118 |
| Executive Administration Clerical Support | 65 | -0- | 122 |
| Support Increase for State Band | 28 | 5 | 123 |
| World Trade Center Base Reduction | -0- | (424) | 124 |
| Public Broadcasting Grant Increases | 4,328 | 600 | 127 |
| MPR Equipment Grants | 1,098 | 300 | 131 |
| Regional Cable Channel Automation Equipment | 26 | -0- | 134 |
| Subtotal | 6,808 | 1,235 | |
| Information Policy Office | | | |
| Acceptance Testing Laboratory | 176 | 176 | 142 |
| Education and Training | 253 | -0- | 145 |
| Strategic Information Planning | 366 | 325 | 146 |
| Architecture and Telecommunications Development | 705 | 500 | 149 |
| Venture Funding | 370 | 124 | 150 |
| Office Administration | 96 | -0- | 153 |
| Additional Grants-In-Aid to Local Units of Government | 50 | 50 | 156 |
| Subtotal | 2,016 | 1,175 | |
| Interagency Projects | | | |
| Establishing the Statewide Backbone Network | 1,500 | 1,000 | 161 |
| Subtotal | 1,500 | 1,000 | |
| CHANGE Requests Subtotal | \$ 19,306 | \$ 6,320 | |
| AGENCY Total | \$ 86,806 | \$ 73,820 | |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : ADMINISTRATION,DPT OF

| PROGRAM EXPENDITURES: | F.Y. 1990 | | | | | | F.Y. 1991 | | | |
|---------------------------|---------------|---------------|----------------|---------------|---------------|--------------------|----------------|--------------|---------------|--------------------|
| | FY 1988 | FY 1989 | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| OPERATIONS MANAGEMENT | 11,560 | 13,086 | 13,256 | 1,605 | 14,861 | 13,446 | 13,257 | 1,354 | 14,611 | 13,452 |
| INTERTECHNOLOGIES GROUP | 5,523 | 5,674 | 5,720 | 3,335 | 9,055 | 6,191 | 5,720 | 484 | 6,204 | 5,904 |
| PROPERTY MANAGEMENT | 7,181 | 8,963 | 8,879 | 1,099 | 9,978 | 9,814 | 8,879 | 1,105 | 9,984 | 9,814 |
| ADMINISTRATIVE MANAGEMENT | 5,109 | 15,669 | 4,719 | 3,504 | 8,223 | 5,380 | 4,776 | 3,304 | 8,080 | 5,350 |
| INFORMATION POLICY OFFICE | 837 | 1,098 | 1,147 | 968 | 2,115 | 1,696 | 1,147 | 1,048 | 2,195 | 1,773 |
| INTERAGENCY PROJECTS | 0 | 0 | 0 | 1,500 | 1,500 | 1,000 | 0 | 0 | 0 | 0 |
| TOTAL EXPENDITURES | 30,210 | 44,490 | 33,721 | 12,011 | 45,732 | 37,527 | 33,779 | 7,295 | 41,074 | 36,293 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 15,761 | 16,049 | 16,211 | 11,388 | 27,599 | 19,394 | 16,269 | 6,672 | 22,941 | 18,160 |
| SP REV DIRECT APPROP | 1,439 | 1,621 | 1,639 | 623 | 2,262 | 2,262 | 1,639 | 623 | 2,262 | 2,262 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| SPECIAL REVENUE | 4,828 | 16,268 | 5,319 | 0 | 5,319 | 5,319 | 5,319 | 0 | 5,319 | 5,319 |
| HIGHWAY USER TAX DISTR | 0 | 536 | 536 | 0 | 536 | 536 | 536 | 0 | 536 | 536 |
| FEDERAL | 61 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| WORKERS COMP SPECIAL | 0 | 433 | 433 | 0 | 433 | 433 | 433 | 0 | 433 | 433 |
| BUILDING | 312 | 312 | 312 | 0 | 312 | 312 | 312 | 0 | 312 | 312 |
| AGENCY | 7,651 | 9,226 | 9,226 | 0 | 9,226 | 9,226 | 9,226 | 0 | 9,226 | 9,226 |
| GIFTS AND DEPOSITS | 158 | 45 | 45 | 0 | 45 | 45 | 45 | 0 | 45 | 45 |
| TOTAL FINANCING | 30,210 | 44,490 | 33,721 | 12,011 | 45,732 | 37,527 | 33,779 | 7,295 | 41,074 | 36,293 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 196.5 | 196.6 | 196.6 | 76.0 | 272.6 | 222.1 | 196.6 | 76.0 | 272.6 | 222.1 |
| SP REV DIRECT APPROP | 24.0 | 24.0 | 24.0 | 6.0 | 30.0 | 30.0 | 24.0 | 6.0 | 30.0 | 30.0 |
| SPECIAL REVENUE | 19.7 | 21.6 | 21.6 | 11.0 | 32.6 | 32.6 | 21.6 | 11.0 | 32.6 | 32.6 |
| RISK MANAGEMENT FUND | 0.0 | 0.0 | 0.0 | 2.0 | 2.0 | 2.0 | 0.0 | 2.0 | 2.0 | 2.0 |
| BUILDING | 7.0 | 7.0 | 7.0 | 0.0 | 7.0 | 7.0 | 7.0 | 0.0 | 7.0 | 7.0 |
| GIFTS AND DEPOSITS | 1.0 | 1.0 | 1.0 | 0.0 | 1.0 | 1.0 | 1.0 | 0.0 | 1.0 | 1.0 |
| PLANT MANAGEMENT | 166.6 | 183.1 | 183.1 | 0.0 | 183.1 | 183.1 | 183.1 | 0.0 | 183.1 | 183.1 |
| DOCUMENTS & PUB(ENT) | 19.5 | 19.0 | 19.0 | 4.0 | 23.0 | 23.0 | 19.0 | 4.0 | 23.0 | 23.0 |
| MICROGRAPHICS (ISF) | 17.5 | 16.0 | 16.0 | 0.0 | 16.0 | 16.0 | 16.0 | 0.0 | 16.0 | 16.0 |
| OFFICE EQUIPMENT (ISF) | 2.6 | 2.1 | 2.1 | 0.0 | 2.1 | 2.1 | 2.1 | 0.0 | 2.1 | 2.1 |
| TELECOMM (ISF) | 10.3 | 8.3 | 8.3 | 0.0 | 8.3 | 8.3 | 8.3 | 0.0 | 8.3 | 8.3 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : ADMINISTRATION,DPT OF

| POSITIONS BY FUND: | F.Y. 1990 | | | | | | F.Y. 1991 | | | |
|-----------------------|-----------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | FY 1988 | FY 1989 | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| MOTOR POOL (ISF) | 17.4 | 16.4 | 16.4 | 0.0 | 16.4 | 16.4 | 16.4 | 0.0 | 16.4 | 16.4 |
| PRINTING (ISF) | 50.4 | 54.3 | 54.3 | 12.0 | 66.3 | 66.3 | 54.3 | 12.0 | 66.3 | 66.3 |
| CENTRAL STORES (ISF) | 14.0 | 14.0 | 14.0 | 0.0 | 14.0 | 14.0 | 14.0 | 0.0 | 14.0 | 14.0 |
| FEDERAL SURPLUS (ENT) | 7.0 | 9.8 | 9.8 | 0.0 | 9.8 | 9.8 | 9.8 | 0.0 | 9.8 | 9.8 |
| GENERAL ENTERPRISE | 3.6 | 0.6 | 0.6 | 0.0 | 0.6 | 0.6 | 0.6 | 0.0 | 0.6 | 0.6 |
| COMPUTER SVS (ISF) | 268.3 | 271.3 | 271.3 | 30.0 | 301.3 | 301.3 | 271.3 | 32.0 | 303.3 | 303.3 |
| GENERAL INT SERVICE | 24.7 | 7.0 | 7.0 | 0.0 | 7.0 | 7.0 | 7.0 | 0.0 | 7.0 | 7.0 |
| TOTAL POSITIONS | 850.1 | 852.1 | 852.1 | 141.0 | 993.1 | 942.6 | 852.1 | 143.0 | 995.1 | 944.6 |

----- OPERATIONS DATA -----

| | ACTUAL FY 1987 | ESTIMATED FY 1988 | PROJECTED | | |
|-----------------------------|-------------------|----------------------|-----------|----------|----------|
| | | | FY 1989 | FY 1990 | FY 1991 |
| OPERATING REVENUES: | | | | | |
| NET SALES | 51,537.6 | 60,846.8 | 70,308.8 | 82,170.1 | 84,558.4 |
| LESS: COST OF SALES | 11,723.0 | 13,768.7 | 14,122.5 | 14,666.9 | 15,574.8 |
| GROSS PROFIT ON SALES | 39,814.6 | 47,078.0 | 56,178.3 | 67,503.2 | 68,983.6 |
| OTHER REVENUE | 586.8 | (191.1) | 357.8 | 278.1 | 279.1 |
| NET REVENUES | 40,401.4 | 46,886.9 | 56,536.1 | 67,781.3 | 69,262.7 |
| LESS: OPERATING EXPENSES: | | | | | |
| SALARIES | 15,376.1 | 16,220.8 | 19,224.5 | 20,042.7 | 20,066.7 |
| SUPPLIES & EXPENSES | 14,411.1 | 15,478.8 | 26,997.8 | 29,181.4 | 30,233.2 |
| INTEREST EXPENSE | 1,501.7 | 1,308.3 | 1,468.7 | 6,291.7 | 6,531.5 |
| INDIRECT COSTS | 1,590.9 | 1,587.7 | 1,672.7 | 1,858.7 | 1,945.0 |
| AMORTIZATION & DEPRECIATION | 7,065.1 | 8,303.7 | 9,059.4 | 10,815.5 | 10,831.0 |
| TOTAL OPERATING EXPENSES | 39,944.9 | 42,899.2 | 58,423.1 | 68,189.9 | 69,607.4 |

* Difference is due to rounding.

FOOTNOTES TO STATEMENTS:

PROGRAM: OPERATIONS MANAGEMENT
Agency: ADMINISTRATION, DEPARTMENT OF

1990-91 Biennial Budget

PROGRAM PURPOSE:

The Operations Management Bureau (OMB) exists to provide efficient and effective general services to state agencies. The bureau is efficient when quality services are provided at costs which are less than the private sector. It is effective when agencies are satisfied with our services and standards. The mission of OMB is to provide support to the operating agencies of state government by helping them get more from their budget dollars.

OPERATION:

Risk Management: To review the state's exposures to various types of losses, evaluate existing insurance policies, coordinate the purchase of new insurance, initiate programs of self-insurance, develop loss-control programs and investigate options for eliminating duplicate efforts in management of state losses.

Materials Management: To forecast, purchase, control, maintain status and recycle all assets and services required by state agencies to perform their mission.

Travel Management: To provide safe transportation and travel services for state employees conducting official business at the lowest possible cost to the state.

Documents: To serve as a central source of published information and material about Minnesota.

Printing and Mailing Services: To provide state agencies quality printing, copying, mailing and equipment rental services to meet their graphic communication needs at less cost to the state than any other option.

State Employee Assistance Program: To provide leadership and professional services to state agencies on effective, efficient and innovative ways to promote and maintain a healthy work force.

Minnesota Office on Volunteer Services: To encourage and sustain volunteer programs, citizen participation efforts and public/private partnerships that contribute to the quality of life for Minnesota citizens.

RECENT BUDGET HISTORY:

1. Automobile liability insurance has been provided for all state vehicles through the Risk Management Fund since the last half of F.Y. 1987.
2. Laws of 1988, Chapter 613, Section 11, created the Materials Distribution Fund. This fund is the consolidation of a number of previously separate dedicated and revolving accounts. It became effective on 7-1-88 and should provide a more efficient management of these previously separate financial accounts.
3. The 1987 session of the legislature reduced the budget of the Minnesota Office on Volunteer Services (M.O.V.S.) by over 40%. The reduction was made with the expectation that M.O.V.S. could sustain its operations with

financing to be received from outside of state government.

4. Internal service fund activities have been able to either reduce their rates or to hold them to very modest increases. Out of 7 internal service fund rate packages in F.Y. 1989, 3 reduced their rates, 1 did not change its rates, and 1 increased its rates by less than 2%. The only rate changes that exceeded inflationary and negotiated salary increases were in addressing and inserting, where years of rate decreases have meant that the rates are just now returning to the levels existing in the early 1980s, and for auto liability insurance, where rates are driven by recent claims history. Such effective rate control means that cost effective services are being provided to state agencies and that state taxpayers are receiving a good return for their money.

MAJOR POLICY ISSUE:

Currently, most state property is uninsured. As a result, it may be desirable to develop a catastrophic property insurance program for the state. Such a program is currently prohibited by statute. Implementation would require removal of the statutory prohibition and financing either with a state appropriation and/or premium payments by state agencies out of their current budgets.

BUDGET ISSUES:

1. The Federal Surplus Property program makes surplus federal property available to political subdivisions and certain eligible nonprofit organizations. This program has lost money in 3 of the last 4 years and may not be able to continue operating without a subsidy.
2. Recycling initiatives have been limited by the level of resources available in the Resource Recovery account. These resources have been barely able to support the existing paper recycling program. Resources have been inadequate to allow for promotional activities, for planning of new recycling initiatives, or for investment in equipment to expand or start up new recycling initiatives.
3. Centralized purchasing, contract administration, business outreach, and inventory management activities provide critical support services and dollar savings to state agencies. However, service levels, turnaround time, information to customers and businesses, and total savings are below desirable levels due to limited resources. A CHANGE request addresses this issue. An alternative to using General Fund resources for these activities would be to fund the Materials Management Division with a material burden service fee that would be included in all state agency supply and equipment purchases.
4. Increasing the level of state purchases with Minnesota small businesses, especially those that are owned and operated by socially and economically disadvantaged persons, is a statutory requirement and an objective that is limited by what the efforts of one staff person can accomplish.
5. The cash flow requirements of the State Printer Revolving Fund have increased since the first appropriation of contributed capital was made in 1979.

PROGRAM: OPERATIONS MANAGEMENT
(Continuation)

1990-91 Biennial Budget

Agency: ADMINISTRATION, DEPARTMENT OF

6. Usage of 16 employee assistance contracts throughout the state has increased. Without additional funding, state employees in greater Minnesota will have less opportunity to seek assistance regarding the personal, family, and on-the-job problems that may be reducing their effectiveness at work.
7. The Minnesota Office on Volunteer Services (MOVS) has embarked on a major initiative to seek outside financial resources. The success of this effort is uncertain at this time. If the fund-raising efforts fall short of their targets, MOVS ability to meet the needs of community organizations and individual citizens throughout the state will be significantly curtailed.

EXPLANATION OF BUDGET REQUEST:

This program has 9 CHANGE requests:

- 1) 2.0 revolving fund complement for the Risk Management activity;
- 2) \$330,000 in F.Y. 1990 and \$180,000 in F.Y. 1991 and 4.0 positions for recycling;
- 3) \$75,000 per year to continue the Federal Surplus Property program;
- 4) \$145,700 in F.Y. 1990 and \$132,600 in F.Y. 1991 and 4.0 positions to recruit and certify socially and economically disadvantaged businesses;
- 5) \$889,500 in F.Y. 1990 and \$795,800 in F.Y. 1991 and 24.0 positions to improve purchasing product quality, and inventory management statewide;
- 6) 4.0 revolving fund complement for the state bookstore;
- 7) \$25,300 per year and 1.0 General Fund complement, 12.0 revolving fund complement, and transfer language for Printing and Mailing Services;
- 8) \$50,000 per year to provide employee assistance statewide; and
- 9) \$90,000 in F.Y. 1990 and \$95,000 in F.Y. 1991 and 2.0 positions for youth community service.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the following CHANGE requests:

- o 2.0 revolving fund complement for the Risk Management activity;
- o 12.0 revolving fund complement and language for transferring \$475,000 of contributed capital from Plant Management to Printing Services;
- o \$185,000 and 2.0 positions for the biennium for Youth Community Services, Minnesota Office of Volunteer Services.

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : ADMINISTRATION,DPT OF
PROGRAM : OPERATIONS MANAGEMENT

| ACTIVITY EXPENDITURES: | F.Y. 1990 | | | | | | F.Y. 1991 | | | |
|---|-----------|---------|----------------|--------|--------|--------------------|----------------|--------|--------|--------------------|
| | FY 1988 | FY 1989 | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| RISK MANAGEMENT | 143 | 145 | 147 | 0 | 147 | 147 | 147 | 0 | 147 | 147 |
| MATERIALS MANAGEMENT | 2,712 | 2,623 | 2,761 | 1,440 | 4,201 | 2,761 | 2,761 | 1,184 | 3,945 | 2,761 |
| B RECYCLING GEN | | | | 330 | | 0 | | 180 | | 0 |
| B RECRUITING DISADVANTAGED BUSINESSES GEN | | | | 146 | | 0 | | 133 | | 0 |
| B IMPROVING PURCHASING & INVENTORY MNGMNT GEN | | | | 889 | | 0 | | 796 | | 0 |
| STATEWIDE | | | | | | | | | | |
| B CONTINUING THE FEDERAL SURPLUS PROPERTY GEN PROGRAM | | | | 75 | | 0 | | 75 | | 0 |
| TRAVEL MANAGEMENT | 203 | 259 | 259 | 0 | 259 | 259 | 259 | 0 | 259 | 259 |
| PRINTING AND MAILING SERVICES | 7,917 | 9,464 | 9,485 | 25 | 9,510 | 9,485 | 9,486 | 25 | 9,511 | 9,486 |
| B INCREASED PRINTING AND MAILING VOLUME GEN | | | | 25 | | 0 | | 25 | | 0 |
| STATE EMPLOYEE ASSISTANCE PROGRAM | 337 | 345 | 351 | 50 | 401 | 351 | 351 | 50 | 401 | 351 |
| B STRENGTHENING EMPLOYEE ASSISTANCE GEN | | | | 50 | | 0 | | 50 | | 0 |
| STATEWIDE | | | | | | | | | | |
| MINNESOTA OFFICE ON VOLUNTEER SERVICES | 248 | 250 | 253 | 90 | 343 | 443 | 253 | 95 | 348 | 448 |
| B YOUTH COMMUNITY SERVICE GEN | | | | 90 | | 90 | | 95 | | 95 |
| B INCREASE IN FUNDING FOR MOVS GEN | | | | 0 | | 100 | | 0 | | 100 |
| TOTAL EXPENDITURES | 11,560 | 13,086 | 13,256 | 1,605 | 14,861 | 13,446 | 13,257 | 1,354 | 14,611 | 13,452 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 3,745 | 3,687 | 3,857 | 1,605 | 5,462 | 4,047 | 3,858 | 1,354 | 5,212 | 4,053 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| SPECIAL REVENUE | 165 | 173 | 173 | 0 | 173 | 173 | 173 | 0 | 173 | 173 |
| AGENCY | 7,650 | 9,226 | 9,226 | 0 | 9,226 | 9,226 | 9,226 | 0 | 9,226 | 9,226 |
| TOTAL FINANCING | 11,560 | 13,086 | 13,256 | 1,605 | 14,861 | 13,446 | 13,257 | 1,354 | 14,611 | 13,452 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : ADMINISTRATION,DPT OF
PROGRAM : OPERATIONS MANAGEMENT

| | | | F.Y. 1990 | | | | F.Y. 1991 | | | |
|------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| SOURCES OF FINANCING: | FY 1988 | FY 1989 | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 76.9 | 78.7 | 78.7 | 35.0 | 113.7 | 80.7 | 78.7 | 35.0 | 113.7 | 80.7 |
| SPECIAL REVENUE | 4.1 | 5.0 | 5.0 | 0.0 | 5.0 | 5.0 | 5.0 | 0.0 | 5.0 | 5.0 |
| RISK MANAGEMENT FUND | 0.0 | 0.0 | 0.0 | 2.0 | 2.0 | 2.0 | 0.0 | 2.0 | 2.0 | 2.0 |
| DOCUMENTS & PUB(ENT) | 19.5 | 19.0 | 19.0 | 4.0 | 23.0 | 23.0 | 19.0 | 4.0 | 23.0 | 23.0 |
| OFFICE EQUIPMENT (ISF) | 2.6 | 2.1 | 2.1 | 0.0 | 2.1 | 2.1 | 2.1 | 0.0 | 2.1 | 2.1 |
| MOTOR POOL (ISF) | 17.4 | 16.4 | 16.4 | 0.0 | 16.4 | 16.4 | 16.4 | 0.0 | 16.4 | 16.4 |
| PRINTING (ISF) | 50.4 | 54.3 | 54.3 | 12.0 | 66.3 | 66.3 | 54.3 | 12.0 | 66.3 | 66.3 |
| CENTRAL STORES (ISF) | 14.0 | 14.0 | 14.0 | 0.0 | 14.0 | 14.0 | 14.0 | 0.0 | 14.0 | 14.0 |
| FEDERAL SURPLUS (ENT) | 7.0 | 9.8 | 9.8 | 0.0 | 9.8 | 9.8 | 9.8 | 0.0 | 9.8 | 9.8 |
| GENERAL ENTERPRISE | 3.6 | 0.6 | 0.6 | 0.0 | 0.6 | 0.6 | 0.6 | 0.0 | 0.6 | 0.6 |
| GENERAL INT SERVICE | 6.8 | 7.0 | 7.0 | 0.0 | 7.0 | 7.0 | 7.0 | 0.0 | 7.0 | 7.0 |
| TOTAL POSITIONS | 202.3 | 206.9 | 206.9 | 53.0 | 259.9 | 226.9 | 206.9 | 53.0 | 259.9 | 226.9 |

----- OPERATIONS DATA -----

| | ----- PROJECTED ----- | | | | |
|-----------------------------|-----------------------|----------------------|----------|----------|----------|
| | ACTUAL FY 1987 | ESTIMATED FY 1988 | FY 1989 | FY 1990 | FY 1991 |
| OPERATING REVENUES: | | | | | |
| NET SALES | 12,084.2 | 15,355.9 | 16,751.7 | 17,617.2 | 18,661.0 |
| LESS: COST OF SALES | 5,967.4 | 7,397.7 | 8,320.6 | 8,632.0 | 9,295.4 |
| GROSS PROFIT ON SALES | 6,836.8 | 7,958.2 | 8,431.1 | 8,985.2 | 9,365.6 |
| OTHER REVENUE | 141.2 | 174.5 | 20.0 | 20.0 | 20.0 |
| NET REVENUES | 6,978.0 | 8,132.7 | 8,451.1 | 9,005.2 | 9,385.6 |
| LESS: OPERATING EXPENSES: | | | | | |
| SALARIES | 2,093.4 | 2,211.8 | 2,466.9 | 2,566.2 | 2,590.2 |
| SUPPLIES & EXPENSES | 2,067.6 | 2,770.4 | 4,280.3 | 3,726.9 | 4,013.6 |
| INTEREST EXPENSE | 270.0 | 290.0 | 330.0 | 380.0 | 390.0 |
| INDIRECT COSTS | 663.5 | 594.3 | 537.4 | 649.3 | 654.3 |
| AMORTIZATION & DEPRECIATION | 1,419.5 | 1,679.5 | 1,734.2 | 1,785.2 | 1,797.2 |
| TOTAL OPERATING EXPENSES | 6,522.0 | 7,546.0 | 9,356.8 | 9,107.6 | 9,453.3 |

FOOTNOTES TO STATEMENTS:

Activities included are: Materials Management, Travel Management, Documents, and Printing and Mailing, and Risk Management.

ACTIVITY: RISK MANAGEMENT
Program: OPERATIONS MANAGEMENT
Agency: ADMINISTRATION, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

To minimize the adverse effects of loss through preplanning and prefunding of all risk exposures. The risk manager is responsible for:

1. Reviewing the state's exposure to various types of losses in consultation with affected agencies.
2. Reviewing existing insurance policies to evaluate the adequacy of protection, alternatives to the existing coverage, and the financial condition of the insurers writing state business.
3. Coordinating the purchase of new insurance to include negotiations with insurers and developing policy specifications in consultation with affected agencies.
4. Managing a program of self-insurance for vehicle liability. This includes managing claims adjusting services, legal services and claims payments.
5. Advising agencies on methods of reducing various types of losses and on the fiscal management of losses.
6. Eliminating duplicate risk management efforts among agencies and developing a coordinated effort.
7. Implementing a risk and insurance management information system designed to coordinate all risk and premium information on a statewide basis.
8. Serve as a risk management consultant for state agencies, the legislature and the judicial branch.
9. Expand the risk management options available to state agencies by developing a consistent philosophy in the area of risk and purchases of insurance on a statewide basis.

The statutory authority for the risk management activity is M.S. 16B.85.

BENEFITS:

- Long-term reduction of insurance costs through the implementation of sound risk management principles and risk conservation programs.
- Implementation of a risk information system to identify loss exposures and loss control systems to reduce losses.
- A coordinated approach to managing risks that are shared by different agencies.
- Utilization of the risk management fund as an alternative tool for managing risk.
- Expansion of the risk management options available to state agencies.

- Proactive rather than reactive response to risk management related issues.

ACCOMPLISHMENTS:

- Saved an estimated \$700,000 through auto liability self insurance since the inception of the program on 1-1-87.
- Created a financially sound risk management fund.
- Consulted on risk management issues with over 40 state agencies.
- Developed a Risk Management Information System that begins to identify the total cost of risk for the state.
- Established a "preferred" agent to place insurance and provide risk management services to the state.

| EFFECTIVENESS MEASURES: | (Dollars in Thousands) | | | |
|-------------------------------------|------------------------|-----------|-----------|-----------|
| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| Cost of vehicle liability insurance | \$ 800 | \$ 800 | \$ 900 | \$ 950 |

ISSUES:

1. Minnesota has been a noninsured state for most items. In this way we have retained risk in a number of areas such as on property like the State Capitol Building. What is the appropriate level of risk to retain and how much should we transfer? Should the state develop a catastrophic property insurance program to protect against the multi-million dollar loss from fire or other catastrophic events?
2. Study the state's Unemployment Compensation system of cost allocation and claims management to determine if cost savings can be achieved.
3. The State Supreme Court is expected to rule shortly on a case involving the state's tort immunity on the limit of liability issue. The state must be prepared to maintain financial stability in the event of an unfavorable decision to the state. Financial alternatives to respond to the conditions created by the decision must be prepared.
4. State agencies need to develop disaster plans in order to be prepared to keep essential programs operating in case of a disaster.

| STATISTICS: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|--|-----------|-----------|-----------|-----------|
| Number of insurance policies negotiated | 25 | 30 | 35 | 40 |
| Number of agencies with exposures reviewed and plans developed | 10 | 20 | 30 | 40 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : ADMINISTRATION,DPT OF
PROGRAM : OPERATIONS MANAGEMENT
BUDGET ACTIVITY : RISK MANAGEMENT

| EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|----------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 118 | 121 | 123 | 0 | 123 | 123 | 123 | 0 | 123 | 123 |
| EXPENSES/CONTRACTUAL SRVCS | 14 | 14 | 14 | 0 | 14 | 14 | 14 | 0 | 14 | 14 |
| MISC OPERATING EXPENSES | 7 | 7 | 7 | 0 | 7 | 7 | 7 | 0 | 7 | 7 |
| SUPPLIES/MATERIALS/PARTS | 4 | 3 | 3 | 0 | 3 | 3 | 3 | 0 | 3 | 3 |
| TOTAL EXPENDITURES | 143 | 145 | 147 | 0 | 147 | 147 | 147 | 0 | 147 | 147 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 143 | 145 | 147 | 0 | 147 | 147 | 147 | 0 | 147 | 147 |
| TOTAL FINANCING | 143 | 145 | 147 | 0 | 147 | 147 | 147 | 0 | 147 | 147 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 3.0 | 3.0 | 3.0 | 0.0 | 3.0 | 3.0 | 3.0 | 0.0 | 3.0 | 3.0 |
| RISK MANAGEMENT FUND | 0.0 | 0.0 | 0.0 | 2.0 | 2.0 | 2.0 | 0.0 | 2.0 | 2.0 | 2.0 |
| TOTAL POSITIONS | 3.0 | 3.0 | 3.0 | 2.0 | 5.0 | 5.0 | 3.0 | 2.0 | 5.0 | 5.0 |

BUDGET ACTIVITY: RISK MANAGEMENT
TYPE OF FUND: INTERNAL SERVICE FUND

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET 90 - 91
PROGRAM: OPERATIONS MANAGEMENT

----- OPERATIONS DATA -----

----- FINANCIAL DATA -----

| | ----- PROJECTED ----- | | | | | | | |
|--|-----------------------|--------------------------------|---------|---------|---------|---------------------------------|----------------------|---------|
| | ACTUAL FY 1987 | ESTIMATED FY 1988 (NOTE) | FY 1989 | FY 1990 | FY 1991 | ACTUAL FY 1987 | ESTIMATED FY 1988 | FY 1989 |
| OPERATING REVENUES: | | | | | | ASSETS: | | |
| NET SALES | 474.7 | 1,037.6 | 1,289.4 | 1,528.9 | 1,648.6 | CURRENT ASSETS: | | |
| LESS: COST OF SALES | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | CASH | 406.7 | 1,109.2 |
| GROSS PROFIT ON SALES | 474.7 | 1,037.6 | 1,289.4 | 1,528.9 | 1,648.6 | OTHER CURRENT ASSETS | 4.3 | 5.6 |
| OTHER REVENUE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | TOTAL CURRENT ASSETS | 411.0 | 1,114.8 |
| NET REVENUES | 474.7 | 1,037.6 | 1,289.4 | 1,528.9 | 1,648.6 | NON-CURRENT ASSETS: | 0.0 | 4.6 |
| LESS: OPERATING EXPENSES: | | | | | | TOTAL ASSETS | 411.0 | 1,119.4 |
| SALARIES | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | LIABILITIES & FUND EQUITY | | |
| SUPPLIES & EXPENSES | 94.1 | 596.2 | 2,001.1 | 1,287.3 | 1,407.0 | LIABILITIES: | | |
| INTEREST EXPENSE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | CURRENT LIABILITIES: | | |
| INDIRECT COSTS | 0.0 | 0.0 | 2.4 | 2.4 | 2.4 | DUE GENERAL FUND - CURRENT | 0.0 | 0.0 |
| AMORTIZATION & DEPRECIATION | 0.0 | 0.1 | 0.9 | 0.9 | 0.9 | MASTER LEASE - CURRENT | 0.0 | 0.0 |
| TOTAL OPERATING EXPENSES | 94.1 | 596.3 | 2,004.4 | 1,290.6 | 1,410.3 | OTHER CURRENT LIABILITIES | 30.4 | 297.5 |
| OPERATING INCOME (LOSS) | 380.6 | 441.3 | (715.0) | 238.3 | 238.3 | TOTAL CURRENT LIABILITIES | 30.4 | 297.5 |
| NON-OPERATING REVENUES (EXPENSE) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | NON-CURRENT LIABILITIES: | | |
| NET INCOME (LOSS) | 380.6 | 441.3 | (715.0) | 238.3 | 238.3 | DUE GENERAL FUND - NON-CURRENT | 0.0 | 0.0 |
| BEGINNING RETAINED EARNINGS | 0.0 | 380.6 | 821.9 | 106.9 | 345.2 | MASTER LEASE NON-CURRENT | 0.0 | 0.0 |
| PRIOR PERIOD ADJUSTMENT | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | OTHER NON-CURRENT LIABILITIES | 0.0 | 0.0 |
| ENDING RETAINED EARNINGS | 380.6 | 821.9 | 106.9 | 345.2 | 583.5 | TOTAL NON-CURRENT LIABILITIES | 0.0 | 0.0 |
| FOOTNOTES TO STATEMENTS: | | | | | | TOTAL LIABILITIES | 30.4 | 297.5 |
| Rate Increase/(Decrease): | NA | 0.00% | 8.11% | 25.00% | 10.00% | FUND EQUITY: | | |
| Four year average Increase/(Decrease): | 10.78% | | | | | CONTRIBUTED CAPITAL | 0.0 | 0.0 |
| Fund began providing insurance coverage on January 1, 1987. | | | | | | RETAINED EARNINGS | 380.6 | 821.9 |
| Retained earnings are reserved for claims incurred but not reported. | | | | | | TOTAL FUND EQUITY | 380.6 | 106.9 |
| Insurance rates are estimates because we do not know frequency and severity of future claims which could drastically change these figures. | | | | | | TOTAL LIABILITIES & FUND EQUITY | 411.0 | 1,119.4 |

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: RISK MANAGEMENT
PROGRAM: OPERATIONS MANAGEMENT
AGENCY: ADMINISTRATION, DEPARTMENT OF

REQUEST TITLE: ADJUSTING INSURANCE CLAIMS

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|--------------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| Risk Management Revolving Fund | \$ -0- | 2.0 | \$ -0- | 2.0 |

Governor's Recommendation

| | | | | |
|--------------------------------|--------|-----|--------|-----|
| Risk Management Revolving Fund | \$ -0- | 2.0 | \$ -0- | 2.0 |
|--------------------------------|--------|-----|--------|-----|

Request requires statutory change: _____ Yes X No

Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

This request is for 2.0 complement in the Risk Management Fund to provide 2.0 automobile liability insurance claims examiners to adjust auto liability and physical damage claims and other claims resulting from losses arising out of programs insured in the Risk Management Fund.

DESCRIPTION/BACKGROUND:

In order to expedite the implementation of the auto liability program when the self-insurance fund was originally set up in January, 1987, an outside claims adjusting firm was contracted with to handle the claims. The nature and mix of the state's claims was not clear from prior records. From the 1st year and a half of claims occurrences, it appears that the frequency of smaller claims is greater than expected. This has resulted in a higher expense ratio than had been expected. A money-saving alternative to contracting out for these adjusting services is to provide these services with in-house staff.

| STATISTICS: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|------------------------|-----------|-----------|-----------|-----------|
| No. of claims adjusted | 700 | 725 | 725 | 725 |

RATIONALE:

The purpose of this request is to be able to select the most cost-effective option for claims adjusting services. Compared to our current contract for claims adjusting service, an estimated \$25,000 per year can be saved by providing the same service with state employees.

BASE:

| | (Dollars in Thousands) | | | |
|---------------------------|------------------------|-----------|-----------|-----------|
| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| General Fund Expenditures | \$ 120 | \$ 120 | \$ 120 | \$ 120 |
| General Fund Positions | 3.0 | 3.0 | 3.0 | 3.0 |

| LONG RANGE IMPLICATIONS: | (Dollars in Thousands) | | |
|---|------------------------|-----------|--------|
| | F.Y. 1992 | F.Y. 1993 | Total |
| Risk Management Revolving Fund Expenditures | \$ 50 | \$ 50 | \$ 100 |

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

ACTIVITY: MATERIALS MANAGEMENT
Program: OPERATIONS MANAGEMENT
Agency: ADMINISTRATION, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

The purpose of the Materials Management Division is to manage the acquisition, inventory management and disposal of the state's fixed and consumable assets as well as the contracting for construction, and professional and technical services. The division is organized into 5 major activities: Purchasing, Contracts and Technical Services, Customer and Vendor Services, Materials Services and Distribution and Operations Services. As part of these major responsibilities, the division oversees the small business and socially and economically disadvantaged set-aside program, the cooperative purchasing program, resources recovery, state and federal surplus property distribution, and sales through central stores.

BENEFITS:

- Reduced cost of goods for state government through economies of scale created by central purchasing. Provides a source of professional purchasing expertise that can maximize the benefits of competitive bidding.
- Higher quality of products and service through vendor management at a single location. Vendor management at a single location provides higher quality products and service to agencies statewide.
- Greater return for state government at less administrative expense by disposal of property through a specialized, central function.
- Lower cost of inventory held through coordinated planning of material flow.
- Stimulates economy in Greater Minnesota through Small Business and Set-Aside Program and regionalized bidding.
- Cost savings to local jurisdictions through the Cooperative Purchasing Venture Program.

ACCOMPLISHMENTS:

Completed reorganization of the division by finalizing staff assignments and reallocation of resources.

Reduced the time it takes to issue a purchase order during the last budget cycle from a high of 54.3 working days to a low of 20 working days while continuing to maintain the high standards of ethics and economy that have marked the state purchasing activities.

Provided training to our clients on the ethics and techniques required to properly purchase in the government setting.

Developed more than 60 new commodity contracts which provided significant savings over single item purchase costs.

Established a Help Line to provide better information to vendors and state agency customers.

Conducted Vendor Input Project, which has resulted in improved communications with vendors as well as changes in our processes.

Conducted Customer Input Project which has brought us closer to our customers

and provided insight into our customers' needs.

Increased the number and size of auctions. Returned 95% of state auction proceeds to state agencies to use to replace sold equipment.

Combined 4 separate funds into a single Materials Distribution Fund.

Increased the number of potential set-aside vendors with statutory language making businesses in 39 lower income counties eligible for the program.

Extended \$1,500 local purchase authority to 6 additional departments bringing to 26 the total on the program.

The 2 person resource recovery staff responded to 2,500 requests per year from agencies asking for advice and assistance on recycling.

EFFECTIVENESS MEASURES:

| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|---|-----------|-----------|-----------|-----------|
| <u>Purchasing</u> | | | | |
| Average processing days per MR | 35.7 | 36.6 | 38.2 | 40.6 |
| Average material requests (MR's) processed in less than 25 days | 37.8% | 39% | 55% | 58% |
| Annual percentage Socially & Economically Disadvantaged (SED) Dollars | 3.1% | 3.5% | 6% | 7% |

Contracts and Technical Services

| | | | | |
|--|----------|----------|-----------|-----------|
| Increase in number of commodity contracts | 14% | 2% | 5% | 5% |
| Savings to agencies from commodity contracts | \$ 7,120 | \$ 7,200 | \$ 11,952 | \$ 18,390 |
| Number of cooperative purchasing members | 260 | 300 | 325 | 340 |

Customer and Vendor Services

| | | | | |
|---|-----|-----|-----|-----|
| Number of new SED vendors | 160 | 200 | 150 | 150 |
| Increase % of responsive and responsible bidders by | -- | 5% | 15% | 25% |
| Number of division newsletters published | 4 | 6 | 6 | 6 |

Materials Services and Distribution (Central Stores)

| | | | | |
|---------------------------------|----|-----|-----|-----|
| Market share of office supplies | -- | 45% | 47% | 49% |
|---------------------------------|----|-----|-----|-----|

Surplus Operations

| | | | | |
|---|-------|-------|-------|-------|
| % of vehicle trade-in value recovered at auction | 90% | 92% | 95% | 97% |
| Tons of paper recycled | 1,215 | 1,315 | 1,415 | 1,515 |
| Sales Price as % of original federal acquisition cost | 12.4% | 12% | 11.5% | 11% |

Inventory Management

| | | | | |
|--|-----|-----|-----|-----|
| On-hand inventory as % of total annual inventory expenditure | 30% | 29% | 27% | 27% |
| Training sessions offered | 8 | 12 | 12 | 12 |
| Audits conducted | 8 | 11 | 11 | 11 |

ACTIVITY: MATERIALS MANAGEMENT
(Continuation)
Program: OPERATIONS MANAGEMENT
Agency: ADMINISTRATION, DEPARTMENT OF

1990-91 Biennial Budget

ISSUES

1. There is an estimated \$27 million in on-hand inventory controlled by 88 inventory centers in the state. The cost of carrying this inventory is an area of concern. These inventory centers, which process between \$57 and \$65 million in inventory, have between 215 and 245 people assigned to control this inventory. Actual inventory storage is contained at approximately 300 geographically separated storage locations. Significant cost benefits could accrue to the agencies and to state government through the use of just-in-time inventory management techniques by a centralized materials management concept.
2. An issue that Materials Management faces is the movement of human resources within the division. There are a number of different funding sources for the division. The different funding sources create a barrier to integrating resources. A simpler funding mechanism would facilitate the integration of staff within the division.
3. Funding PALS and the Fixed Asset Records Management System (FARMS) through the Department of Administration rather than through the user agencies, is a problem because these systems are user driven. The agency with the funding does not have control over use and, thus, cost. Cost overruns are possible when management cannot control the costs created by those using the system.
4. Need to continue to provide our client agencies with a speedier means of purchasing while continuing to take advantage of the benefits of economies created by the centralized purchasing activities. This will allow those agencies to reduce their consumable inventories by \$20-30 million. In addition, there is a need to continue to expand the use of life cycle purchasing techniques so that the state gets the best values for the dollars spent.
5. There is a need to continue the change of the division by moving from a control orientation to a service orientation. Through better information, education and enhanced communications, we will be able to get closer to our customers and, thereby, improve our service orientation.
6. The Procurement Logistics System (PALS) must be upgraded to adequately meet the needs of contract management, vendor management and the set-aside program.
7. Service levels for agencies located in the Twin Cities metropolitan area are very high. In order to provide the same level of service in Greater Minnesota, Materials Services Centers could be established in key locations throughout the state to provide for inventory concentration, central stores access, warehousing and disposal of surplus property, and concentration centers for recycling efforts. These centers, perhaps shared with local units of government, would reduce the need for individual facilities or institutions to operate major stockrooms and warehouses of their own.
8. There continues to exist a need to finance recycling projects by providing the barrels, containers, labels, and other items that make a recycling program work. There is no readily available source for this financing especially as we expand by working with and trying to assist other units of government.
9. The Federal Surplus Property Program, now part of the Materials Distribution Fund, has operated in the "red" for a number of years. Data avail-

able suggests that a significant cash flow problem exists because of the long time frames (90 - 120 days) involved in closing a sale. In dealing with, and trying to serve, customers in Greater Minnesota the balance of the "delay" is taken up by the process of deciding to make the purchase and arranging to get back down to pick the property up. Our practice has been to view these delays as providing a service to our customers.

| | (Dollars in Thousands) | | | |
|---|------------------------|-----------|-----------|-----------|
| STATISTICS: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| <u>Purchasing</u> | | | | |
| Annual number MR's | 11,196 | 11,300 | 12,000 | 12,730 |
| Annual dollar volume | \$76,236 | \$81,573 | \$87,283 | \$93,393 |
| Average value MR | \$ 6,809 | \$ 7,151 | \$ 7,273 | \$ 7,336 |
| <u>Contracts & Technical Services</u> | | | | |
| Number of contracts managed | 437 | 445 | 470 | 495 |
| Dollars managed by commodity contracts | \$71,200 | \$72,600 | \$97,600 | \$122,600 |
| Number of consultant contracts and grants | 10,663 | 10,130 | 11,729 | 11,196 |
| <u>Central Stores</u> | | | | |
| Gross sales | \$ 3,536 | \$ 3,600 | \$ 3,939 | \$ 4,214 |
| Number of orders received | 17,017 | 18,000 | 18,500 | 19,000 |
| Inventory turnover | 6.0 | 6.6 | 7.2 | 7.8 |
| <u>Federal Surplus Property</u> | | | | |
| Total sales (service charge) | \$ 312 | \$ 310 | \$ 340 | \$ 370 |
| Value of property donated (federal acquisition cost) | \$ 2,900 | \$ 2,500 | \$ 2,750 | \$ 3,000 |
| <u>Resource Recovery</u> | | | | |
| Revenue - waste paper | \$60,000 | \$65,000 | \$70,000 | \$75,000 |
| Tons of paper recycled | 1,230 | 1,215 | 1,400 | 1,500 |
| Hauling and landfill cost saving | \$34,473 | \$37,037 | \$39,886 | \$42,435 |
| <u>State Surplus Property</u> | | | | |
| Auction proceeds | \$ 1,800 | \$ 2,000 | \$ 2,200 | \$ 2,400 |
| Number of auctions | 18 | 17 | 17 | 17 |
| <u>Customer & Vendor Services</u> | | | | |
| Set-Aside/vendor workshops conducted | 9 | 10 | 12 | 12 |
| Help Line calls | 9,400 | 10,000 | 11,000 | 12,000 |
| Number vendors in PALS | 14,500 | 13,775 | 12,400 | 10,500 |
| <u>Inventory Management</u> | | | | |
| Dollar value of consumable inventory reported on hand | \$33,000 | \$32,670 | \$32,017 | \$ 31,377 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : ADMINISTRATION,DPT OF
PROGRAM : OPERATIONS MANAGEMENT
BUDGET ACTIVITY : MATERIALS MANAGEMENT

| EXPENDITURES: | F.Y. 1990 | | | | | | F.Y. 1991 | | | |
|---|-----------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | FY 1988 | FY 1989 | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 1,721 | 1,690 | 1,828 | 953 | 2,781 | 1,828 | 1,828 | 949 | 2,777 | 1,828 |
| EXPENSES/CONTRACTUAL SRVCS | 820 | 820 | 820 | 148 | 968 | 820 | 820 | 65 | 885 | 820 |
| MISC OPERATING EXPENSES | 97 | 86 | 86 | 48 | 134 | 86 | 86 | 43 | 129 | 86 |
| SUPPLIES/MATERIALS/PARTS | 50 | 20 | 20 | 47 | 67 | 20 | 20 | 25 | 45 | 20 |
| CAPITAL EQUIPMENT | 16 | 1 | 1 | 169 | 170 | 1 | 1 | 27 | 28 | 1 |
| REDISTRIBUTIONS | 8 | 6 | 6 | 75 | 81 | 6 | 6 | 75 | 81 | 6 |
| TOTAL EXPENDITURES | 2,712 | 2,623 | 2,761 | 1,440 | 4,201 | 2,761 | 2,761 | 1,184 | 3,945 | 2,761 |
| CHANGE REQUESTS: | | | | | | | | | | |
| FUND | | | | | | | | | | |
| B RECYCLING GEN | | | | 330 | | 0 | | 180 | | 0 |
| B RECRUITING DISADVANTAGED BUSINESSES GEN | | | | 146 | | 0 | | 133 | | 0 |
| B IMPROVING PURCHASING & INVENTORY MNGMNT GEN | | | | 889 | | 0 | | 796 | | 0 |
| STATEHIDE | | | | | | | | | | |
| B CONTINUING THE FEDERAL SURPLUS PROPERTY GEN | | | | 75 | | 0 | | 75 | | 0 |
| PROGRAM | | | | | | | | | | |
| TOTAL CHANGE REQUESTS | | | | 1,440 | | 0 | | 1,184 | | 0 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 2,563 | 2,583 | 2,721 | 1,440 | 4,161 | 2,721 | 2,721 | 1,184 | 3,905 | 2,721 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| SPECIAL REVENUE | 149 | 40 | 40 | 0 | 40 | 40 | 40 | 0 | 40 | 40 |
| TOTAL FINANCING | 2,712 | 2,623 | 2,761 | 1,440 | 4,201 | 2,761 | 2,761 | 1,184 | 3,945 | 2,761 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 49.9 | 52.2 | 52.2 | 32.0 | 84.2 | 52.2 | 52.2 | 32.0 | 84.2 | 52.2 |
| SPECIAL REVENUE | 4.1 | 3.0 | 3.0 | 0.0 | 3.0 | 3.0 | 3.0 | 0.0 | 3.0 | 3.0 |
| CENTRAL STORES (ISF) | 14.0 | 14.0 | 14.0 | 0.0 | 14.0 | 14.0 | 14.0 | 0.0 | 14.0 | 14.0 |

DATE: 01/06/89 - 11:40 AM

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : ADMINISTRATION,DPT OF
PROGRAM : OPERATIONS MANAGEMENT
BUDGET ACTIVITY : MATERIALS MANAGEMENT

| POSITIONS BY FUND: | F.Y. 1990 | | | | | | F.Y. 1991 | | | |
|-----------------------|-----------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | FY 1988 | FY 1989 | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| FEDERAL SURPLUS (ENT) | 7.0 | 9.8 | 9.8 | 0.0 | 9.8 | 9.8 | 9.8 | 0.0 | 9.8 | 9.8 |
| GENERAL ENTERPRISE | 3.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| TOTAL POSITIONS | 78.0 | 79.0 | 79.0 | 32.0 | 111.0 | 79.0 | 79.0 | 32.0 | 111.0 | 79.0 |

Department of Administration
Materials Management Division

REVOLVING FUND ACTIVITY - CENTRAL STORES
BUDGET ACTIVITY: MATERIALS MANAGEMENT
TYPE OF FUND: INTERNAL SERVICE FUND

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET 90 - 91
PROGRAM: OPERATIONS MANAGEMENT

AGENCY: ADMINISTRATION

----- OPERATIONS DATA -----

----- FINANCIAL DATA -----

| | ----- OPERATIONS DATA ----- | | | | | ----- FINANCIAL DATA ----- | | | |
|--|-----------------------------|--------------------------------|---------|----------------------|---------|----------------------------|----------------------|---------|--|
| | ACTUAL FY 1987 | ESTIMATED FY 1988 (NOTE) | FY 1989 | PROJECTED FY 1990 | FY 1991 | ACTUAL FY 1987 | ESTIMATED FY 1988 | FY 1989 | |
| OPERATING REVENUES: | | | | | | | | | |
| NET SALES | 2,977.6 | 3,619.4 | 3,752.3 | 3,985.3 | 4,284.2 | | | | |
| LESS: COST OF SALES | 2,321.2 | 2,865.8 | 3,009.1 | 3,234.8 | 3,477.4 | | | | |
| GROSS PROFIT ON SALES | 656.4 | 753.6 | 743.2 | 750.5 | 806.8 | | | | |
| OTHER REVENUE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | | | |
| NET REVENUES | 656.4 | 753.6 | 743.2 | 750.5 | 806.8 | | | | |
| LESS: OPERATING EXPENSES: | | | | | | | | | |
| SALARIES | 342.8 | 353.7 | 436.8 | 436.8 | 436.8 | | | | |
| SUPPLIES & EXPENSES | 210.4 | 212.9 | 215.0 | 231.1 | 248.4 | | | | |
| INTEREST EXPENSE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | | | |
| INDIRECT COSTS | 140.8 | 121.7 | 112.3 | 112.3 | 112.3 | | | | |
| AMORTIZATION & DEPRECIATION | 8.3 | 7.8 | 13.0 | 15.0 | 18.0 | | | | |
| TOTAL OPERATING EXPENSES | 702.3 | 696.1 | 777.1 | 795.2 | 815.5 | | | | |
| OPERATING INCOME (LOSS) | (45.9) | 57.5 | (33.9) | (44.7) | (8.7) | | | | |
| NON-OPERATING REVENUES (EXPENSE) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | | | |
| NET INCOME (LOSS) | (45.9) | 57.5 | (33.9) | (44.7) | (8.7) | | | | |
| BEGINNING RETAINED EARNINGS | 86.2 | 40.3 | 97.8 | 63.9 | 19.2 | | | | |
| PRIOR PERIOD ADJUSTMENT | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | | | |
| ENDING RETAINED EARNINGS | 40.3 | 97.8 | 63.9 | 19.2 | 10.5 | | | | |
| FOOTNOTES TO STATEMENTS: | | | | | | | | | |
| FY8 numbers are based on three quarters of actual plus one quarter estimate. | | | | | | | | | |
| Rate changes: % Inc (-Dec) | (7.40x) | 0.00x | (9.30x) | (8.70x) | 0.00x | | | | |
| Five year average: % Inc (-Dec) | (5.08x) | | | | | | | | |
| ASSETS: | | | | | | | | | |
| CURRENT ASSETS: | | | | | | | | | |
| CASH | 389.1 | 304.8 | 294.8 | | | | | | |
| OTHER CURRENT ASSETS | 549.5 | 622.0 | 602.0 | | | | | | |
| TOTAL CURRENT ASSETS | 938.6 | 926.8 | 896.8 | | | | | | |
| NON-CURRENT ASSETS: | 60.2 | 59.7 | 66.0 | | | | | | |
| TOTAL ASSETS | 1,006.8 | 986.5 | 962.8 | | | | | | |
| LIABILITIES & FUND EQUITY | | | | | | | | | |
| LIABILITIES: | | | | | | | | | |
| CURRENT LIABILITIES: | | | | | | | | | |
| DUE GENERAL FUND - CURRENT | 3.2 | 2.9 | 2.9 | | | | | | |
| MASTER LEASE - CURRENT | 0.0 | 0.0 | 0.0 | | | | | | |
| OTHER CURRENT LIABILITIES | 263.4 | 185.1 | 196.3 | | | | | | |
| TOTAL CURRENT LIABILITIES | 266.6 | 189.0 | 199.2 | | | | | | |
| NON-CURRENT LIABILITIES: | | | | | | | | | |
| DUE GENERAL FUND - NON-CURRENT | 0.0 | 0.0 | 0.0 | | | | | | |
| MASTER LEASE NON-CURRENT | 0.0 | 0.0 | 0.0 | | | | | | |
| OTHER NON-CURRENT LIABILITIES | 8.9 | 8.7 | 8.7 | | | | | | |
| TOTAL NON-CURRENT LIABILITIES | 8.9 | 8.7 | 8.7 | | | | | | |
| TOTAL LIABILITIES | 275.5 | 197.7 | 207.9 | | | | | | |
| FUND EQUITY: | | | | | | | | | |
| CONTRIBUTED CAPITAL | 691.0 | 691.0 | 691.0 | | | | | | |
| RETAINED EARNINGS | 40.3 | 97.8 | 63.9 | | | | | | |
| TOTAL FUND EQUITY | 731.3 | 788.8 | 754.9 | | | | | | |
| TOTAL LIABILITIES & FUND EQUITY | 1,006.8 | 986.5 | 962.8 | | | | | | |

Department of Administration
Materials Management Division

REVOLVING FUND ACTIVITY - RESOURCE RECOVERY
BUDGET ACTIVITY: MATERIALS MANAGEMENT
TYPE OF FUND: ENTERPRISE FUND

AGENCY: ADMINISTRATION

BUDGET ACTIVITY FISCAL SUMMARY 90 - 91
PROGRAM: OPERATIONS MANAGEMENT

FINANCIAL DATA

OPERATIONS DATA

| | PROJECTED | | | | | | FINANCIAL DATA | | |
|----------------------------------|-------------------|--------------------------------|---------|---------|---------|---------------------------------|-------------------|----------------------|---------|
| | ACTUAL FY 1987 | ESTIMATED FY 1988 (NOTE) | FY 1989 | FY 1990 | FY 1991 | | ACTUAL FY 1987 | ESTIMATED FY 1988 | FY 1989 |
| OPERATING REVENUES: | | | | | | ASSETS: | | | |
| NET SALES | 77.6 | 90.3 | 96.0 | 102.0 | 108.0 | CURRENT ASSETS: | | | |
| LESS: COST OF SALES | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | CASH | 9.8 | 12.4 | 15.4 |
| GROSS PROFIT ON SALES | 77.6 | 90.3 | 96.0 | 102.0 | 108.0 | OTHER CURRENT ASSETS | 8.1 | 9.4 | 12.0 |
| OTHER REVENUE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | TOTAL CURRENT ASSETS | 17.9 | 21.8 | 27.4 |
| NET REVENUES | 77.6 | 90.3 | 96.0 | 102.0 | 108.0 | NON-CURRENT ASSETS: | 0.9 | 2.0 | 7.9 |
| LESS: OPERATING EXPENSES: | | | | | | TOTAL ASSETS | 18.8 | 23.8 | 35.3 |
| SALARIES | 57.9 | 60.3 | 60.3 | 60.3 | 60.3 | LIABILITIES & FUND EQUITY | | | |
| SUPPLIES & EXPENSES | 10.1 | 15.5 | 16.7 | 17.9 | 19.3 | LIABILITIES: | | | |
| INTEREST EXPENSE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | CURRENT LIABILITIES: | | | |
| INDIRECT COSTS | 0.0 | 0.0 | 6.3 | 6.3 | 6.3 | DUE GENERAL FUND - CURRENT | 6.2 | 1.4 | 0.3 |
| AMORTIZATION & DEPRECIATION | 0.2 | 0.1 | 0.1 | 0.1 | 0.1 | MASTER LEASE - CURRENT | 0.0 | 0.0 | 0.0 |
| TOTAL OPERATING EXPENSES | 68.2 | 75.9 | 83.4 | 84.6 | 86.0 | OTHER CURRENT LIABILITIES | 6.0 | 2.0 | 2.0 |
| OPERATING INCOME (LOSS) | 9.4 | 14.4 | 12.6 | 17.4 | 22.0 | TOTAL CURRENT LIABILITIES | 12.2 | 3.4 | 2.3 |
| NON-OPERATING REVENUES (EXPENSE) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | NON-CURRENT LIABILITIES: | | | |
| NET INCOME (LOSS) | 9.4 | 14.4 | 12.6 | 17.4 | 22.0 | DUE GENERAL FUND - NON-CURRENT | 0.6 | 0.0 | 0.0 |
| BEGINNING RETAINED EARNINGS | (83.4) | (74.0) | (59.6) | (47.0) | (29.6) | MASTER LEASE NON-CURRENT | 0.0 | 0.0 | 0.0 |
| PRIOR PERIOD ADJUSTMENT | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | OTHER NON-CURRENT LIABILITIES | 0.0 | 0.0 | 0.0 |
| ENDING RETAINED EARNINGS | (74.0) | (59.6) | (47.0) | (29.6) | (7.6) | TOTAL NON-CURRENT LIABILITIES | 0.6 | 0.0 | 0.0 |
| FOOTNOTES TO STATEMENTS: | | | | | | TOTAL LIABILITIES | 12.8 | 3.4 | 2.3 |
| | | | | | | FUND EQUITY: | | | |
| | | | | | | CONTRIBUTED CAPITAL | 80.0 | 80.0 | 80.0 |
| | | | | | | RETAINED EARNINGS | (74.0) | (59.6) | (47.0) |
| | | | | | | TOTAL FUND EQUITY | 6.0 | 20.4 | 33.0 |
| | | | | | | TOTAL LIABILITIES & FUND EQUITY | 18.8 | 23.8 | 35.3 |

Department of Administration
Materials Management Division

REVOLVING FUND ACTIVITY - FEDERAL SURPLUS PROPERTY
BUDGET ACTIVITY: MATERIALS MANAGEMENT
TYPE OF FUND: ENTERPRISE FUND

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET 90 - 91
PROGRAM: OPERATIONS MANAGEMENT

AGENCY: ADMINISTRATION

FINANCIAL DATA

----- OPERATIONS DATA -----

| | ACTUAL FY 1987 | ESTIMATED FY 1988 (NOTE) | PROJECTED FY 1989 | PROJECTED FY 1990 | PROJECTED FY 1991 |
|--|-------------------|--------------------------------|----------------------|----------------------|----------------------|
| OPERATING REVENUES: | | | | | |
| NET SALES | 251.0 | 312.4 | 350.0 | 370.0 | 400.2 |
| LESS: COST OF SALES | 0.0 | 0.0 | 100.0 | 100.0 | 100.0 |
| GROSS PROFIT ON SALES | 251.0 | 312.4 | 250.0 | 270.0 | 300.2 |
| OTHER REVENUE | 135.2 | 132.5 | 0.0 | 0.0 | 0.0 |
| NET REVENUES | 387.0 | 444.9 | 250.0 | 270.0 | 300.2 |
| LESS: OPERATING EXPENSES: | | | | | |
| SALARIES | 203.1 | 201.6 | 136.1 | 146.3 | 157.3 |
| SUPPLIES & EXPENSES | 229.0 | 201.5 | 90.0 | 97.6 | 104.9 |
| INTEREST EXPENSE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| INDIRECT COSTS | 17.6 | 19.7 | 6.3 | 6.3 | 6.3 |
| AMORTIZATION & DEPRECIATION | 11.1 | 9.1 | 3.2 | 3.2 | 3.2 |
| TOTAL OPERATING EXPENSES | 461.6 | 511.9 | 236.4 | 253.4 | 271.7 |
| OPERATING INCOME (LOSS) | (74.6) | (67.0) | 13.6 | 24.6 | 36.5 |
| NON-OPERATING REVENUES (EXPENSE) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| NET INCOME (LOSS) | (74.6) | (67.0) | 13.6 | 24.6 | 36.5 |
| BEGINNING RETAINED EARNINGS | 36.6 | (38.0) | (105.0) | (91.4) | (66.0) |
| PRIOR PERIOD ADJUSTMENT | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| ENDING RETAINED EARNINGS | (38.0) | (105.0) | (91.4) | (66.0) | (30.3) |
| FOOTNOTES TO STATEMENTS: | | | | | |
| Beginning in FY 89, the cost of acquiring surplus federal property (the cost of transporting it from where it is to Minnesota) will be treated as inventory on hand rather than as a direct expense. This will create a more accurate balance sheet. | | | | | |

| | ACTUAL FY 1987 | ESTIMATED FY 1988 | ESTIMATED FY 1989 |
|---------------------------------|-------------------|----------------------|----------------------|
| ASSETS: | | | |
| CURRENT ASSETS: | | | |
| CASH | 1.1 | (0.6) | 1.0 |
| OTHER CURRENT ASSETS | 40.8 | 53.2 | 153.6 |
| TOTAL CURRENT ASSETS | 41.9 | 52.6 | 154.6 |
| NON-CURRENT ASSETS: | 218.2 | 209.1 | 200.1 |
| TOTAL ASSETS | 260.1 | 261.7 | 354.7 |
| LIABILITIES & FUND EQUITY | | | |
| LIABILITIES: | | | |
| CURRENT LIABILITIES: | | | |
| DUE GENERAL FUND - CURRENT | 0.0 | 0.0 | 0.0 |
| MASTER LEASE - CURRENT | 0.0 | 0.0 | 0.0 |
| OTHER CURRENT LIABILITIES | 71.2 | 46.0 | 144.7 |
| TOTAL CURRENT LIABILITIES | 71.2 | 46.0 | 144.7 |
| NON-CURRENT LIABILITIES: | | | |
| DUE GENERAL FUND - NON-CURRENT | 27.0 | 120.1 | 100.1 |
| MASTER LEASE NON-CURRENT | 5.7 | 6.4 | 7.1 |
| OTHER NON-CURRENT LIABILITIES | 0.0 | 0.0 | 0.0 |
| TOTAL NON-CURRENT LIABILITIES | 32.7 | 126.5 | 107.2 |
| TOTAL LIABILITIES | 103.9 | 172.5 | 251.9 |
| FUND EQUITY: | | | |
| CONTRIBUTED CAPITAL | 194.2 | 194.2 | 194.2 |
| RETAINED EARNINGS | (38.0) | (105.0) | (91.4) |
| TOTAL FUND EQUITY | 156.2 | 89.2 | 102.8 |
| TOTAL LIABILITIES & FUND EQUITY | 260.1 | 261.7 | 354.7 |

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: MATERIALS MANAGEMENT
PROGRAM: OPERATIONS MANAGEMENT
AGENCY: ADMINISTRATION, DEPARTMENT OF

REQUEST TITLE: RECYCLING

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 330 | 4.0 | \$ 180 | 4.0 |
| Governor's Recommendation | | | | |
| General Fund | \$ -0- | -0- | \$ -0- | -0- |

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

This request is for 4.0 positions and \$330,000 in F.Y. 1990 and 4.0 positions and \$180,000 in F.Y. 1991 to keep state materials out of the waste stream, provide leadership and assistance to state agencies for the establishment of recycling programs, to develop and guide efforts to purchase items containing recycled materials, as well as develop programs which will stimulate recycling markets. The request to support an aggressive, integrated resource recovery program is 3-fold:

1. To assure implementation of current statutory requirements in M.S. 115A.15;
2. To implement the Governor's Executive Order on Recycling; and
3. To implement recommendations of the Governor's Select Committee on Recycling (SCORE).

DESCRIPTION/BACKGROUND:

The Materials Management Division has responsibility for:

1. The actual operation (collection and handling) of the state's recycling program (M.S. 115A.15);
2. Promoting the program;
3. Providing leadership to state agencies and other in establishing the program; and
4. Coordination and oversight of the implementation of the Governor's Executive Order on Recycling (No. 88-11).

Currently, the Resource Recovery Program must be self-sufficient and support all recycling activities out of revenues earned from its recycling efforts.

General Fund support is needed if new recycling initiatives to be implemented and if adequate promotion and assistance for employees and agencies participating is to be provided to the greatest extent possible in these recycling efforts.

When the Resource Recovery Program was established in 1980, it was projected that the income generated by recycling and recovery would cover the cost of the recycling and recovery process plus the provision of advice and support to agencies and local units of government. Our experience with the prices received for recyclable and recoverable materials over the last 8 years is that those projections were overly optimistic. The current income flow dictates that the staff paid by the recyclable and recoverable materials contracts have to concentrate their efforts on maintaining those contracts to keep sufficient funds in the account to pay their costs. As a result, requests from agencies and opportunities to expand recycling have been delayed and the requirements of M.S. 115A.15 have not been fully met.

GOVERNOR'S EXECUTIVE ORDER ON RECYCLING:

The Governor's Executive Order on Recycling (No. 88-11) providing for the establishment of state agency recycling programs directs the purchase of environmentally safe recyclable and/or recycled products and a leadership role of state agencies in recycling through the implementation of recycling programs. The coordination, facilitation and technical assistance needs of the program are the responsibility of the Department of Administration.

So that agencies can fulfill a statewide leadership role for the implementation of recycling programs, and to ensure effective implementation of the Governor's Executive Order on Recycling, funding of \$100,000 to support acquisition of needed supplies and materials must be made available.

RECOMMENDATIONS OF GOVERNOR'S SELECT COMMITTEE ON RECYCLING:

The recommendations of the Governor's SCORE included broadened responsibility and program implementation in the areas of waste reduction and markets for recycled and recyclable materials at the Department of Administration.

First, waste reduction should be encouraged through procurement activities which enhance recycling and waste reduction in all public agencies.

Second, the state should be a model for public and private purchases/generators through innovative programs to stimulate recycling markets through procurement.

\$50,000 of this request is as recommended by SCORE to contract for the services of an outside firm to evaluate and recommend:

1. How state contractual and purchasing practices related to the purchase and use of recycled materials can best be approached;
2. How this department can best succeed at its long-term Resource Recovery and state waste reduction efforts; and
3. When and how to establish life-cycle costing as part of purchasing practices in order to further maximize the Resource Recovery program benefits.

CHANGE REQUEST 1990-91 Biennial Budget
 _____ Agency _____ Program X Activity
 (Continuation)

ACTIVITY: MATERIALS MANAGEMENT
 PROGRAM: OPERATIONS MANAGEMENT
 AGENCY: ADMINISTRATION, DEPARTMENT OF

2.0 of the positions requested would be responsible for providing information and coordination of contract and transportation services, equipment, specifications, regulatory requirements as well as intergovernmental recovery systems and program promotion for all of the program components and initiatives listed above. The other 2.0 positions would provide the expertise and skills to use procurement activities to enhance the purchase of recycled, recyclable, and environmentally safe materials.

RATIONALE:

This request will provide legislatively mandated leadership to government agencies and the increased recycling of reusable products in an efficient and effective manner. Funding this request will allow this department to coordinate the program efforts of state agencies and to establish partnerships with other units of government, nonprofit organizations, and private industry. Failure to fund the request will severely restrict our ability to provide the services foreseen in M.S. 115A.15 and delay implementation of statewide recycling programs and execution of SCORE recommendations.

| | (Dollars in Thousands) | | | |
|-----------------------------|------------------------|------------------|------------------|------------------|
| <u>BASE:</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
| Revolving Fund Expenditures | \$ 90 | \$ 90 | \$ 90 | \$ 90 |
| Revolving Fund Positions | 2.0 | 2.0 | 2.0 | 2.0 |
| General Fund Expenditures | -0- | -0- | 330 | 180 |
| General Fund Positions | -0- | -0- | 4.0 | 4.0 |

| | (Dollars in Thousands) | | |
|---------------------------------|------------------------|------------------|--------------|
| <u>LONG RANGE IMPLICATIONS:</u> | <u>F.Y. 1992</u> | <u>F.Y. 1993</u> | <u>Total</u> |
| General Fund Expenditures | \$ 180 | \$ 180 | \$ 360 |

GOVERNOR'S RECOMMENDATION:

This is an item recommended by the SCORE committee; however, the Governor's budget does not have sufficient revenues to fund this CHANGE level.

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: MATERIALS MANAGEMENT
PROGRAM: OPERATIONS MANAGEMENT
AGENCY: ADMINISTRATION, DEPARTMENT OF

REQUEST TITLE: RECRUITING DISADVANTAGED BUSINESSES

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 146 | 4.0 | \$ 133 | 4.0 |
| Governor's Recommendation | | | | |
| General Fund | \$ -0- | -0- | \$ -0- | -0- |

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The Materials Management Division is mandated by statute to provide the Small Business Procurement Program for socially and/or economically disadvantaged small businesses. The program was established by the legislature in 1975 in order to ensure that small disadvantaged businesses have the opportunity to compete for state purchasing dollars.

The Materials Management Division is responsible for conducting outreach to identify potentially eligible small businesses as well as certifying them as socially and/or economically disadvantaged (SED). Materials Management must also coordinate the division's annual reports to the legislature as required by statute. Approval of this request will provide adequate staff to meet the mandates imposed by statute.

DESCRIPTION/BACKGROUND:

When the Small Business Procurement Program was established in 1975, 1.0 full-time position was provided to administer the program. Although the workload has increased substantially over the years, there has never been any increase in staff.

In 1977, the program included 156 vendors eligible for SED status. Through the years, the guidelines for eligibility have expanded to include several additional disadvantaged groups. Currently, there are nearly 700 vendors certified in the program.

Certification of SED vendors should include an on-site visit by CVS to ensure that the vendor is genuinely eligible for SED status as well as to assess the vendor's ability to perform under state contract. Current staffing limitations do not allow for on-site visits except in extremely questionable cases.

During the vendor input meetings, vendors stated their belief that the Materials Management Division (MMD) should do more thorough investigation of all businesses applying for SED status.

The 1988 Legislature added a new category of businesses eligible for SED status. Pursuant to the new legislation, all small businesses in 22 counties may now apply to the program. The addition of these counties may be compared to the addition of 20 counties eligible for SED status in 1983 because of the federally designated labor surplus areas. The labor surplus area designation resulted in over 300 new businesses applying to the program in a very short period of time.

In order to ensure that vendors in the program have continuing eligibility, all SED vendors should be recertified each year. Because of staffing limitations, this has not been done. In fact, the division has only been able to conduct 2 recertifications of SED vendors in the history of the program.

Also in 1983, new language was added to the statutes that required prime contractors to subcontract 10% of the dollar value of their contracts to certified SED vendors. Although the prime contractors are required to address this provision in their bids, there has been no monitoring done to ensure that prime contractors actually do comply with this provision. At vendor input meetings, contractors themselves stated that MMD should do more compliance monitoring on subcontracts.

State agencies with expanded local purchase authority are required to award 10% of their purchases to SED vendors. Recent customer input meetings surfaced the need for more local SED vendors in nonmetro areas. This requires more outreach and workshops to inform vendors in greater Minnesota of the opportunities available through the set-aside program. Vendors also indicated the need for additional SED vendors, stating that in some areas there are only a few SED vendors making a lot of money, resulting in increased costs to the state because of limited competition.

Over the past few years, the legislature has also required several additional reports to be submitted each quarter to the Small Business Procurement Advisory Council, and annually to the legislature.

RATIONALE:

Approval of this request will enable CVS to:

- Conduct complete and thorough certification of all vendors applying to the program.
- Conduct outreach to identify potential SED vendors, particularly in those disadvantaged groups which are underrepresented as well as identifying potential SED vendors selling commodities where there is currently little or no participation by SED vendors.
- Conduct annual recertification of all vendors.
- Provide adequate direction and support to the Small Business Advisory Council.
- Monitor subcontracting by non-SED prime contractors; assess SED subcontractor performance.
- Work with buyers and contract administrators to maximize opportunities for SED vendors.
- Monitor division annual purchasing goals and report progress.

CHANGE REQUEST

1990-91 Biennial Budget

____ Agency ____ Program X Activity
(Continuation)

ACTIVITY: MATERIALS MANAGEMENT
PROGRAM: OPERATIONS MANAGEMENT
AGENCY: ADMINISTRATION, DEPARTMENT OF

| | (Dollars in Thousands) | | | |
|---------------------------|------------------------|-----------|-----------|-----------|
| BASE: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| General Fund Expenditures | \$ 86 | \$ 86 | \$ 86 | \$ 86 |
| General Fund Positions | 1.75 | 1.75 | 1.75 | 1.75 |

| | (Dollars in Thousands) | | |
|---------------------------|------------------------|-----------|--------|
| LONG RANGE IMPLICATIONS: | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund Expenditures | \$ 133 | \$ 133 | \$ 266 |

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Although the request has merit, other spending priorities preclude additional funding.

CHANGE REQUEST _____ 1990-91 Biennial Budget
 _____ Agency _____ Program X Activity

ACTIVITY: MATERIALS MANAGEMENT
 PROGRAM: OPERATIONS MANAGEMENT
 AGENCY: ADMINISTRATION, DEPARTMENT OF

REQUEST TITLE: IMPROVING PURCHASING AND INVENTORY MANAGEMENT STATEWIDE

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 889 | 24.0 | \$ 796 | 24.0 |
| Governor's Recommendation | | | | |
| General Fund | \$ -0- | -0- | \$ -0- | -0- |

Request requires statutory change: _____ Yes X No
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The purpose of this request is to improve, upgrade and expand services being provided by the Materials Management Division, specifically for:

- Improving Purchasing and Contracts Services: This request will provide faster turnaround time on purchase requisitions and adding additional products to contracts.
- Ensuring Product Quality: This request will provide professional engineering expertise for product evaluation and specification writing, and for outside laboratory testing of products.
- Improving Customer and Vendor Relations: This request will expand HELP LINE services, increase the number and improve the quality of written materials provided to customers, and establish a vendor outreach program.
- Improving Purchasing Management and Information: This request will make modifications to the automated purchasing system (PALS) which will allow access to information needed to make more effective purchasing decisions and make the system more user friendly.
- Managing Inventory Statewide: This request will establish a consumable inventory management program and resume field audits and provide training to agencies on inventory management.

DESCRIPTION/BACKGROUND/RATIONALE:

Improving Purchasing and Contracts Services

The purchasing activity receives approximately 13,000 requisitions per year for goods and services totaling \$70 million. During the past year, buyers have been able to process those requisitions in an average of 36.7 working days per requisition. The addition of four buyers and 4.0 clerical posi-

tions would allow us to reduce that time to 21 working days. It would also allow us to spend additional time researching and developing specifications which better define the agency needs which will result in decreased costs and reduce the need for rebids.

It would also provide the ability to monitor more closely the \$70 million of purchasing being done under Authority for Local Purchase (ALP). For 2 consecutive years, the Legislative Auditor has commented on our inability to effectively monitor this sector of the state's purchasing activity. In conjunction with the monitoring, we want to provide education to agency personnel so that they can do more complete and effective local purchasing.

An additional \$70 million of purchases are made from contracts annually. These contracts which are used by state agencies and political subdivisions not only provide cost savings, but are a convenient and expeditious way to order. Additional contract administrators would allow us to create and administer contracts covering an additional \$40 million of products and services. This would result in a \$4 million cost savings over the single item purchase method.

Ensuring Product Quality

Until approximately 7 years ago, there was a testing and specifications section which was intended to help develop specifications and standards. This section was eliminated in 1981 as part of a general cut back in staff. The function has been carried on in a very limited way by the staff of buyers and contract administrators. There is, however, a great need for professional engineering expertise to, for example, develop performance standards and specifications, develop the cycle costing formulas, and resolve technical issues regarding specifications which arise during the bidding process, and for laboratory testing of products before and after purchase.

Improving Customer and Vendor Relations

Our HELP LINE receives up to 1,100 calls per month. With only 1.0 staff person assigned to the line, some of these calls do not receive an immediate response. Many others cannot be researched adequately. Our customers have reported that they use and appreciate the HELP LINE and would use it even more if additional and more timely information were available.

Another aspect of the customer and vendor relations area is the need to inform our customers. We currently publish a limited number of newsletters and brochures. Because of time constraints and lack of professional expertise, we are unable to keep our customers as informed as we would like. We need to develop promotional materials (e.g., materials on recycling, the Small Business Procurement Program, Cooperative Purchasing), educational materials (for agency training, policy/procedure statements, Small Business Program workshops, systems training), and sales materials (for auctions, sealed bids, surplus property sales and transfers, Central Stores promotion), as well as a monthly division newsletter and a complete guidebook to Materials Management services. Additionally, there are many items of interest which should be the subject of announcements to inform the general public, such as announcements of labor surplus areas, counties affected by regional bidding, and ties affected by median income statistics.

A 3rd area is that of vendor management. Because we must award to low bid meeting specifications, it is imperative that we identify vendors who are

CHANGE REQUEST

1990-91 Biennial Budget

____ Agency ____ Program X Activity
(Continuation)

ACTIVITY: MATERIALS MANAGEMENT
PROGRAM: OPERATIONS MANAGEMENT
AGENCY: ADMINISTRATION, DEPARTMENT OF

responsible, not just responsive. We need to actively monitor vendor performance, not just react when there are complaints; for example, to identify vendors which are consistently late on deliveries and remove them from the bidding process. We will need to identify quality vendors and cultivate good working relationships with them.

Improving Purchasing Management and Information

To maintain and continue the development of the major purchasing (PALS) and inventory (FARMS) systems that all state agencies use for materials management, a Programmer Analyst position is needed.

We also need to make major modifications of the PALS item numbering system. The current system is difficult for customers to understand and use. It also does not provide for accumulation of historical data on purchases of specific commodities. In order for buyers and contract administrators to be able to prepare and evaluate bids, establish cost-effective contracts, and award effective purchases, it is imperative they have meaningful information about the state's past purchases on specific commodities. It is not uncommon for vendors or past contract holders to know more about the quantities of items we buy than we do.

The 3rd area of need is a revamping of the PALS system to add the capability to accumulate data on purchases made from contracts. These purchases constitute 80% of the purchase transactions made by users, but are not now recorded on PALS. Adding these purchases to PALS will allow us to capture data which will be used in contract planning and negotiations. It is conservatively estimated that with this information, the contracts activity will likely be able to reduce contract purchase costs by 5 to 10% which will result in a savings of \$6.5 million to the state agencies and \$1.1 million to political subdivisions annually when fully implemented.

Managing Inventory Statewide

The fixed asset and consumable inventories of the state represent an investment of \$412,486,056. To provide direction for its effective management and to periodically assess the effectiveness of its management is an objective that is inadequately met now. Effective management of assets and inventories will save state agencies money in the long run.

Agencies are not now receiving assistance on how to manage their consumables. Although agencies are reporting inventories to us on a quarterly basis, the credibility of this information has not been determined in over 2 years, and, historically, there has been tendencies to stock pile. This same inventory record credibility is also very important to the state's fixed asset record. Our current staff (0.5 position), available for both fixed asset and consumable audits, would allow only 6 fixed asset and 5 consumable audits to be completed each year or would put agencies on a once-every-21-years fixed

asset and a once-every-16-years consumable audit cycle.

In order to address this situation, we are requesting 3.0 positions: 1.0 consumable inventory specialist and 2.0 field support specialists who would serve multiple purposes of performing audits, providing training and conducting on-site utilization inspections.

Failure to fund this request will mean that the department's statutory responsibilities will not be met, that the consumable inventories held by state agencies will likely increase as they cover their lack of inventory management knowledge by stockpiling, and that the division will be prevented from achieving its objective of cradle-to-grave materials management direction and support.

| BASE: | (Dollars in Millions) | | | |
|---------------------------|-----------------------|-----------|-----------|-----------|
| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| General Fund Expenditures | \$ 2.5 | \$ 2.5 | \$ 2.5 | \$ 2.5 |
| General Fund Positions | 45.75 | 45.75 | 45.75 | 45.75 |

| LONG RANGE IMPLICATIONS: | (Dollars in Thousands) | | |
|---------------------------|------------------------|-----------|---------|
| | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund Expenditures | \$ 796 | \$ 796 | \$1,592 |

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Although the request has merit, other spending priorities preclude additional funding.

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: MATERIALS MANAGEMENT
 PROGRAM: OPERATIONS MANAGEMENT
 AGENCY: ADMINISTRATION, DEPARTMENT OF

REQUEST TITLE: CONTINUING THE FEDERAL SURPLUS PROPERTY PROGRAM

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 75 | -0- | \$ 75 | -0- |
| Governor's Recommendation | | | | |
| General Fund | \$ -0- | -0- | \$ -0- | -0- |

Request requires statutory change: _____ Yes X No
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

This request is for \$75,000 per year for an operating subsidy to continue the operation of the Federal Surplus Property program.

DESCRIPTION/BACKGROUND:

This program makes surplus federal property available to eligible participants (units of government and private non-profit agencies which provide health care services, educational services and those that serve the needy and homeless). The program has provided the following level of service to its customers, state agencies, cities, counties, school districts, schools, colleges, universities and shelters during F.Y. 1987 and F.Y. 1988:

| | (Dollars in Thousands) | |
|---|------------------------|-----------|
| | F.Y. 1987 | F.Y. 1988 |
| Value of property donated (federal acquisition cost) | \$ 1,700 | \$ 2,900 |
| Amount paid by customers for federal property (federal sales) | \$ 252 | \$ 312 |
| Overall percent of acquisition cost saved by customers | 85.2% | 89.2% |

Federal rules permit the state to recover the costs of the program, which include staff, building and building maintenance, travel to locate the property, transportation of the property from where it is to Minnesota, and reasonable overhead charges. Historically, all expenses related to the operation of the program have been expensed, without valuing the unsold inventory. Based on this practice, and on paying for a \$54,000 clean-up of some potentially hazardous waste that had accumulated over many years, and on an

\$88,000 increase in freight costs as we restocked the warehouse, the program's financial performance has been poor over the last several years. In F.Y. 1985, the program lost \$49,000 and in F.Y. 1986 it earned \$900. In F.Y. 1987, the program lost \$74,593. In F.Y. 1988, the program lost \$67,379. However, the Department of Finance has permitted us to report the unsold inventory as an asset, the normal procedure for retail inventories, at the end of F.Y. 1988. This changed the program's losses from \$67,379 without the inventory to a gain of \$10,785 with the inventory.

Access to "good quality" surplus has become very expensive. Minnesota and the entire upper midwest lack generating facilities, predominately military installations. All 6 states in the General Services Administration's Region 5 have operated in the red for the past several years. Wisconsin's program was closed for a period of time, and the last information available indicated that Michigan's program was over \$800,000 in the red. In addition to its other difficulties, in F.Y. 1987 the program lost its authority to collect an administrative fee from federal participants. A ruling by the Office of the General Counsel, General Services Administration held that the fee violated federal law.

RATIONALE:

The net effect of these financial difficulties has caused us to question whether or not the state can continue to operate the federal surplus property program without a subsidy. The department believes that the creation of the materials distribution fund, which is permitting sharing of resources and improving allocation of expenses, will have a positive impact on the performance of the federal surplus program. However, there is the possibility that the positive impact will be delayed or will not occur. We are requesting that funds be available to subsidize any potential loss. This request basically asks that the program's continued operation be supported. Our customers value the program, whether it is a county sheriff buying prisoner clothing, a city buying a back-up generator for its municipal power supply, or a private school buying undersized, but perfectly good paper. The program permits them to stretch their budget dollars and to provide services they might not be able to otherwise provide.

| BASE: | (Dollars in Thousands) | | | |
|-----------------------------|------------------------|-----------|-----------|-----------|
| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| Revolving Fund Expenditures | \$ 512 | \$ 336 | \$ 353 | \$ 371 |

| LONG RANGE IMPLICATIONS: | (Dollars in Thousands) | | |
|---------------------------|------------------------|-----------|--------|
| | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund Expenditures | \$ 75 | \$ 75 | \$ 150 |

GOVERNOR'S RECOMMENDATION:

The Governor does not support the agency's request for this item. Costs should be reduced so that the program can recover costs within the current fee.

ACTIVITY: TRAVEL MANAGEMENT
Program: OPERATIONS MANAGEMENT
Agency: ADMINISTRATION, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

To provide safe transportation and travel services for state employees conducting official business at the lowest possible cost to the state.

Travel Management offers 3 major services to state agencies:

- 1) daily, weekly and monthly vehicle rental from a fleet of 1,000 vehicles (subcompacts to trucks);
- 2) a fleet of 21 passenger vans available to state employees who commute to work in a van pool; and
- 3) travel management services to take advantage of economies of scale and simplify the making of travel arrangements.

Departments pay a basic rate for the time the vehicle is used (includes depreciation, insurance, license plates and overhead) plus a mileage charge (gasoline, repairs, preventive maintenance). Fifty percent of the fleet is in the metro area and is serviced by shop personnel at Travel Management when possible. The statutory authority for this activity is M.S. 16B.54.

BENEFITS:

Cost Savings: Cost of obtaining vehicle from state fleet is less than either private rental rates or the cost of buying and maintaining agency-owned vehicles;

Economies of scale make all travel services cheaper when provided and/or contracted for centrally.

Centralized expertise: Agencies work with only one entity, the Travel Management Division, for information on all state travel needs.

Efficiency: Selection and use of a "preferred" travel agency allows travel arrangers to confirm air, hotel and rental or reservations with one phone call, saving employee time.

Revenue generation: Volume purchasing through one travel agency produces revenue for the state in the form of airline commission rebates.

Travel Information System: New travel service provides monthly reports to state departments allowing them to better manage and control their travel expenses.

Reduction in personal vehicle reimbursement (PVR): The division maintains a list of state employees receiving annual reimbursement for personal car use in excess of \$2,700. As cars are added to the fleet, they are offered to individuals on the list, thereby saving state money.

ACCOMPLISHMENTS:

1. Achieved increased productivity and better customer service through the automation of reservation, billing and parts inventory control systems allowing for:

- a) increased fleet size with no increase in staff, and
- b) addition of new travel management function with no increase in staff.

2. New travel management system
 - a) saves state travel dollars,
 - b) provides improved information so departments can manage travel more effectively,
 - c) generates revenue from travel agencies and
 - d) simplifies the making of travel arrangements.

| <u>EFFECTIVENESS MEASURES:</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|---|------------------|------------------|------------------|------------------|
| Targeted preventable accident ratio/ million miles | 4% | 4% | 4% | 4% |
| Daily rental pool vehicle utilization | 92% | 92% | 95% | 95% |
| Fleet operation costs/mile | .23 | .23 | .23 | .23 |
| Savings on airline fares (percent off full coach) | 25% | 30% | 30% | 30% |

ISSUES:

1. Unpredictability of gasoline prices makes rate setting and budgeting difficult.
2. Loss of sales tax exemption has had an impact on fleet rate structure and therefore, customer costs.
3. Changes in tax exempt license plate status has increased costs.

| <u>STATISTICS:</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|--|------------------|------------------|------------------|------------------|
| Average no. of reservations filled monthly (from daily pool of vehicles) | 580 | 600 | 600 | 600 |
| Fleet miles per year (thousands) | 16,250 | 17,000 | 15,000 | 15,000 |
| Number of vehicles in fleet | 1,000 | 1,000 | 1,050 | 1,050 |
| Number of Commuter Van routes | 21 | 21 | 21 | 21 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : ADMINISTRATION,DPT OF
PROGRAM : OPERATIONS MANAGEMENT
BUDGET ACTIVITY : TRAVEL MANAGEMENT

| EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|----------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| EXPENSES/CONTRACTUAL SRVCS | 0 | 6 | 6 | 0 | 6 | 6 | 6 | 0 | 6 | 6 |
| MISC OPERATING EXPENSES | 203 | 252 | 252 | 0 | 252 | 252 | 252 | 0 | 252 | 252 |
| SUPPLIES/MATERIALS/PARTS | 0 | 1 | 1 | 0 | 1 | 1 | 1 | 0 | 1 | 1 |
| TOTAL EXPENDITURES | 203 | 259 | 259 | 0 | 259 | 259 | 259 | 0 | 259 | 259 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| SPECIAL REVENUE | 16 | 33 | 33 | 0 | 33 | 33 | 33 | 0 | 33 | 33 |
| AGENCY | 187 | 226 | 226 | 0 | 226 | 226 | 226 | 0 | 226 | 226 |
| TOTAL FINANCING | 203 | 259 | 259 | 0 | 259 | 259 | 259 | 0 | 259 | 259 |
| POSITIONS BY FUND: | | | | | | | | | | |
| MOTOR POOL (ISF) | 17.4 | 16.4 | 16.4 | 0.0 | 16.4 | 16.4 | 16.4 | 0.0 | 16.4 | 16.4 |
| GENERAL ENTERPRISE | 0.6 | 0.6 | 0.6 | 0.0 | 0.6 | 0.6 | 0.6 | 0.0 | 0.6 | 0.6 |
| TOTAL POSITIONS | 18.0 | 17.0 | 17.0 | 0.0 | 17.0 | 17.0 | 17.0 | 0.0 | 17.0 | 17.0 |

----- OPERATIONS DATA -----

| | ACTUAL FY 1987 | ESTIMATED FY 1988 | PROJECTED FY 1989 | PROJECTED FY 1990 | PROJECTED FY 1991 |
|--|-------------------|----------------------|----------------------|----------------------|----------------------|
| OPERATING REVENUES: | | | | | |
| NET SALES | 3,304.0 | 3,531.0 | 3,505.0 | 3,625.0 | 3,818.0 |
| LESS: COST OF SALES | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| GROSS PROFIT ON SALES | 3,304.0 | 3,531.0 | 3,505.0 | 3,625.0 | 3,818.0 |
| OTHER REVENUE | 6.0 | 42.0 | 20.0 | 20.0 | 20.0 |
| NET REVENUES | 3,310.0 | 3,573.0 | 3,525.0 | 3,645.0 | 3,838.0 |
| LESS: OPERATING EXPENSES: | | | | | |
| SALARIES | 477.0 | 466.0 | 521.0 | 521.0 | 521.0 |
| SUPPLIES & EXPENSES | 1,101.0 | 1,122.0 | 1,317.0 | 1,424.0 | 1,534.0 |
| INTEREST EXPENSE | 252.0 | 262.0 | 302.0 | 320.0 | 320.0 |
| INDIRECT COSTS | 183.0 | 166.0 | 155.0 | 168.0 | 168.0 |
| AMORTIZATION & DEPRECIATION | 1,264.0 | 1,516.0 | 1,528.0 | 1,589.0 | 1,589.0 |
| TOTAL OPERATING EXPENSES | 3,277.0 | 3,532.0 | 3,823.0 | 4,022.0 | 4,132.0 |
| OPERATING INCOME (LOSS) | 33.0 | 41.0 | (298.0) | (377.0) | (294.0) |
| NON-OPERATING REVENUES (EXPENSE) | 157.0 | 303.0 | 302.0 | 300.0 | 300.0 |
| NET INCOME (LOSS) | 190.0 | 344.0 | 4.0 | (77.0) | 6.0 |
| BEGINNING RETAINED EARNINGS | (461.0) | (271.0) | 73.0 | 77.0 | 0.0 |
| PRIOR PERIOD ADJUSTMENT | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| ENDING RETAINED EARNINGS | (271.0) | 73.0 | 77.0 | 0.0 | 6.0 |
| FOOTNOTES TO STATEMENTS: | | | | | |
| Rate changes: * Inc (Dec): | 12.28% | 2.28% | (1.14%) | 2.00% | 2.00% |
| Five year average increase/(decrease): | 3.49% | | | | |

----- FINANCIAL DATA -----

| | ACTUAL FY 1987 | ESTIMATED FY 1988 | ESTIMATED FY 1989 |
|---------------------------------|-------------------|----------------------|----------------------|
| ASSETS: | | | |
| CURRENT ASSETS: | | | |
| CASH | 142.0 | 424.0 | 131.0 |
| OTHER CURRENT ASSETS | 561.0 | 673.0 | 604.0 |
| TOTAL CURRENT ASSETS | 703.0 | 1,097.0 | 735.0 |
| NON-CURRENT ASSETS: | 3,657.0 | 5,175.0 | 5,309.0 |
| TOTAL ASSETS | 4,360.0 | 6,272.0 | 6,044.0 |
| LIABILITIES & FUND EQUITY | | | |
| LIABILITIES: | | | |
| CURRENT LIABILITIES | | | |
| DUE GENERAL FUND - CURRENT | 670.0 | 892.0 | 807.0 |
| MASTER LEASE - CURRENT | 0.0 | 0.0 | 0.0 |
| OTHER CURRENT LIABILITIES | 1,748.0 | 2,793.0 | 2,793.0 |
| TOTAL CURRENT LIABILITIES | 2,418.0 | 3,685.0 | 3,600.0 |
| NON-CURRENT LIABILITIES | | | |
| DUE GENERAL FUND - NON-CURRENT | 209.0 | 147.0 | 0.0 |
| MASTER LEASE NON-CURRENT | 0.0 | 0.0 | 0.0 |
| OTHER NON-CURRENT LIABILITIES | 1,502.0 | 1,864.0 | 1,865.0 |
| TOTAL NON-CURRENT LIABILITIES | 1,711.0 | 2,011.0 | 1,865.0 |
| TOTAL LIABILITIES | 4,129.0 | 5,696.0 | 5,465.0 |
| FUND EQUITY: | | | |
| CONTRIBUTED CAPITAL | 502.0 | 502.0 | 502.0 |
| RETAINED EARNINGS | (271.0) | 73.0 | 77.0 |
| TOTAL FUND EQUITY | 231.0 | 575.0 | 579.0 |
| TOTAL LIABILITIES & FUND EQUITY | 4,360.0 | 6,271.0 | 6,044.0 |
| * Difference due to rounding. | | | |

BUDGET ACTIVITY: TRAVEL MANAGEMENT-COMMUTER VAN FUND
TYPE OF FUNDS: INTERNAL SERVICE AND ENTERPRISE FUNDS

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET 90 - 91
PROGRAM: OPERATIONS MANAGEMENT

AGENCY: ADMINISTRATION

| ----- OPERATIONS DATA ----- | | | | | | ----- FINANCIAL DATA ----- | | | |
|--|-------------------|----------------------|-----------|---------|---------|---------------------------------|----------------------|----------------------|-------|
| | ACTUAL FY 1987 | ESTIMATED FY 1988 | PROJECTED | | | ACTUAL FY 1987 | ESTIMATED FY 1988 | ESTIMATED FY 1989 | |
| | | | FY 1989 | FY 1990 | FY 1991 | | | | |
| OPERATING REVENUES: | | | | | | ASSETS: | | | |
| NET SALES | 120.0 | 112.0 | 124.0 | 126.0 | 129.0 | CURRENT ASSETS: | | | |
| LESS: COST OF SALES | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | CASH | 185.0 | 150.0 | 144.0 |
| GROSS PROFIT ON SALES | 120.0 | 112.0 | 124.0 | 126.0 | 129.0 | OTHER CURRENT ASSETS | 3.0 | 8.0 | 4.0 |
| OTHER REVENUE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | TOTAL CURRENT ASSETS | 189.0 | 158.0 | 148.0 |
| NET REVENUES | 120.0 | 112.0 | 124.0 | 126.0 | 129.0 | NON-CURRENT ASSETS: | 124.0 | 150.0 | 124.0 |
| LESS: OPERATING EXPENSES: | | | | | | TOTAL ASSETS | 313.0 | 316.0 | 272.0 |
| SALARIES | 18.0 | 20.0 | 21.0 | 20.0 | 20.0 | LIABILITIES & FUND EQUITY | | | |
| SUPPLIES & EXPENSES | 62.0 | 59.0 | 69.0 | 73.0 | 77.0 | LIABILITIES: | | | |
| INTEREST EXPENSE | 3.0 | 2.0 | 1.0 | 3.0 | 3.0 | CURRENT LIABILITIES | | | |
| INDIRECT COSTS | 5.0 | 6.0 | 5.0 | 6.0 | 6.0 | DUE GENERAL FUND - CURRENT | 0.0 | 0.0 | 0.0 |
| AMORTIZATION & DEPRECIATION | 26.0 | 40.0 | 63.0 | 50.0 | 54.0 | MASTER LEASE - CURRENT | 0.0 | 0.0 | 0.0 |
| TOTAL OPERATING EXPENSES | 114.0 | 127.0 | 159.0 | 152.0 | 160.0 | OTHER CURRENT LIABILITIES | 21.0 | 23.0 | 9.0 |
| OPERATING INCOME (LOSS) | 6.0 | (15.0) | (35.0) | (26.0) | (31.0) | TOTAL CURRENT LIABILITIES | 21.0 | 23.0 | 9.0 |
| NON-OPERATING REVENUES (EXPENSE) | 4.0 | (2.0) | 4.0 | 17.0 | 17.0 | NON-CURRENT LIABILITIES | | | |
| NET INCOME (LOSS) | 10.0 | (17.0) | (31.0) | (9.0) | (14.0) | DUE GENERAL FUND - NON-CURRENT | 0.0 | 0.0 | 0.0 |
| BEGINNING RETAINED EARNINGS | 26.0 | 49.0 | 48.0 | 31.0 | 22.0 | MASTER LEASE NON-CURRENT | 0.0 | 0.0 | 0.0 |
| PRIOR PERIOD ADJUSTMENT | 13.0 | 16.0 | 14.0 | 0.0 | 0.0 | OTHER NON-CURRENT LIABILITIES | 16.0 | 4.0 | 8.0 |
| ENDING RETAINED EARNINGS | 49.0 | 48.0 | 31.0 | 22.0 | 8.0 | TOTAL NON-CURRENT LIABILITIES | 16.0 | 4.0 | 8.0 |
| FOOTNOTES TO STATEMENTS: | | | | | | TOTAL LIABILITIES | 37.0 | 27.0 | 17.0 |
| Rate changes: % Inc (Dec): | 0.00% | 0.00% | 0.00% | 2.00% | 2.00% | FUND EQUITY: | | | |
| Five year average increase/(decrease): | 0.00% | | | | | CONTRIBUTED CAPITAL | 226.0 | 238.0 | 223.0 |
| | | | | | | RETAINED EARNINGS | 49.0 | 48.0 | 31.0 |
| | | | | | | TOTAL FUND EQUITY | 275.0 | 286.0 | 254.0 |
| | | | | | | TOTAL LIABILITIES & FUND EQUITY | 312.0 | 313.0 | 271.0 |
| | | | | | | | | | |

* Difference due to rounding.

ACTIVITY: DOCUMENTS
 Program: OPERATIONS MANAGEMENT
 Agency: ADMINISTRATION, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

To publish the State Register, Guidebook to Agency Services and other publications and to profitably serve as a distribution point/sales outlet to the public. The Documents Division serves as a central source of published materials and information about Minnesota. It produces and purchases for sale useful publications about many topics of interest about the state. This material is marketed, sold and distributed through its bookstore at 117 University Avenue in St. Paul and by mail throughout the United States and internationally.

Documents Division, its products and services are authorized by M.S. 16B.51, subd. 3; 14.04 and 14.46. It is a business enterprise fund selling its products and services primarily to nonstate government customers. Only about 3% of its sales are made to state governmental agencies. No funds are appropriated by the Legislature for this division. In fact, during the biennium, \$75,000 was contributed from the division to the general fund. The division hopes to be able to make such contributions in the future as a result of sustained profitable operations.

Documents Division has maintained its significant growth in sales during the biennium. The trend is for continued growth supported by product development and acquisition, aggressive marketing and efficient order fulfillment efforts.

BENEFITS:

- Provides customers with a central source of printed information about Minnesota.
- Saves tax revenues by having a user of a publication, rather than the taxpayer at large, pay for it.
- Saves agencies time and money that would otherwise be spent on printing, distribution, and mailing of publications given away.
- Provides a source of revenue for the state in both sales tax and publication revenue dollars.

ACCOMPLISHMENTS:

1. Operated profitably, contributing \$75,000 to the General Fund.
2. Published the 1988-1992 Guidebook to Agency Services.
3. Automated our subscription services and accounts receivable operations.
4. Developed a series of program options, including the return of sales revenues, to agencies to facilitate agencies placing more publications in the sales program.
5. Crossed the 100,000 customer threshold in F.Y. 1988 for the first time in history with more than 109,000 served in the store, through the mail, and over the telephone.

EFFECTIVENESS MEASURES:

| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|--|-----------|-----------|-----------|-----------|
| Dollar Sales Per Customer | \$ 29.81 | \$ 32.00 | \$ 34.00 | \$ 36.50 |
| Net Income (000's) | 136 | 115 | 125 | 160 |
| Sales Volume (000's) | 1,616 | 1,706 | 1,850 | 2,000 |
| Mail Order Sales of \$4 | 6.8% | 6% | 5.5% | 5% |
| Mail Order Sales of \$10-\$24 | 47% | 48% | 49% | 50% |
| % of Sales Targets reached | 71% | 75% | 80% | 80% |
| Paid <u>State Register</u> Subscribers | 725 | 850 | 1,000 | 1,000 |

STATISTICS:

| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|---|-----------|-----------|-----------|-----------|
| Customer Transactions | 46,713 | 48,000 | 50,000 | 51,500 |
| Telephone Inquiries | 62,701 | 63,950 | 65,225 | 65,900 |
| Mail Orders Processed | 32,000 | 33,500 | 34,000 | 35,000 |
| Inventory Turns | 2.5 | 3 | 3 | 3 |
| Billable Pages in <u>State Register</u> | 1,927 | 1,750 | 1,900 | 1,900 |

REVENUE BY CUSTOMER:

| | (Dollars in Thousands) | |
|--------------------------------------|------------------------|-----------|
| | F.Y. 1988 | F.Y. 1989 |
| <u>State Register</u> Only | | |
| Human Services | \$ 27 | \$ 27 |
| Pollution Control | 26 | 26 |
| Labor and Industry | 11 | 11 |
| Commerce | 10 | 10 |
| Miscellaneous Boards and Commissions | 9 | 10 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : ADMINISTRATION,DPT OF
PROGRAM : OPERATIONS MANAGEMENT
BUDGET ACTIVITY : DOCUMENTS

| EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|-----------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| TOTAL EXPENDITURES | | | | | | | | | | |
| SOURCES OF FINANCING: | | | | | | | | | | |
| TOTAL FINANCING | | | | | | | | | | |
| POSITIONS BY FUND: | | | | | | | | | | |
| DOCUMENTS & PUB(ENT) | 19.5 | 19.0 | 19.0 | 4.0 | 23.0 | 23.0 | 19.0 | 4.0 | 23.0 | 23.0 |
| TOTAL POSITIONS | 19.5 | 19.0 | 19.0 | 4.0 | 23.0 | 23.0 | 19.0 | 4.0 | 23.0 | 23.0 |

| ----- OPERATIONS DATA ----- | | | | | | ----- FINANCIAL DATA ----- | | |
|---|-------------------|----------------------|-----------|---------|---------|---------------------------------|----------------------|---------|
| | ACTUAL FY 1987 | ESTIMATED FY 1988 | PROJECTED | | | ACTUAL FY 1987 | ESTIMATED FY 1988 | FY 1989 |
| | | | FY 1989 | FY 1990 | FY 1991 | | | |
| OPERATING REVENUES: | | | | | | ASSETS: | | |
| NET SALES | 1,604.5 | 1,516.2 | 1,785.0 | 1,850.0 | 2,000.0 | CURRENT ASSETS: | | |
| LESS: COST OF SALES | 644.2 | 568.9 | 600.5 | 651.2 | 735.0 | CASH | 552.2 | 628.5 |
| GROSS PROFIT ON SALES | 960.3 | 1,047.3 | 1,185.5 | 1,198.8 | 1,265.0 | OTHER CURRENT ASSETS | 248.0 | 322.9 |
| OTHER REVENUE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | TOTAL CURRENT ASSETS | 800.2 | 951.4 |
| NET REVENUES | 960.3 | 1,047.3 | 1,185.5 | 1,198.8 | 1,265.0 | NON-CURRENT ASSETS: | 89.3 | 75.3 |
| LESS: OPERATING EXPENSES: | | | | | | TOTAL ASSETS | 889.5 | 1,026.7 |
| SALARIES | 480.6 | 542.2 | 613.7 | 673.8 | 673.8 | LIABILITIES & FUND EQUITY | | |
| SUPPLIES & EXPENSES | 280.2 | 281.3 | 299.7 | 318.0 | 339.0 | LIABILITIES: | | |
| INTEREST EXPENSE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | CURRENT LIABILITIES | | |
| INDIRECT COSTS | 70.1 | 62.9 | 51.1 | 55.0 | 60.0 | DUE GENERAL FUND - CURRENT | 0.0 | 0.0 |
| AMORTIZATION & DEPRECIATION | 24.9 | 24.4 | 26.0 | 27.0 | 32.0 | MASTER LEASE - CURRENT | 0.0 | 0.0 |
| TOTAL OPERATING EXPENSES | 783.8 | 910.8 | 990.5 | 1,073.8 | 1,104.8 | OTHER CURRENT LIABILITIES | 198.8 | 249.5 |
| OPERATING INCOME (LOSS) | 176.5 | 136.5 | 115.0 | 125.0 | 160.2 | TOTAL CURRENT LIABILITIES | 198.8 | 249.5 |
| NON-OPERATING REVENUES (EXPENSE) | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | NON-CURRENT LIABILITIES | | |
| NET INCOME (LOSS) | 176.6 | 136.5 | 115.0 | 125.0 | 160.2 | DUE GENERAL FUND - NON-CURRENT | 0.0 | 0.0 |
| BEGINNING RETAINED EARNINGS | 44.1 | 195.7 | 282.2 | 397.2 | 522.2 | MASTER LEASE NON-CURRENT | 0.0 | 0.0 |
| PRIOR PERIOD ADJUSTMENT | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | OTHER NON-CURRENT LIABILITIES | 0.0 | 0.0 |
| RESIDUAL EQUITY TRANSFER TO GENERAL FUND | (25.0) | (50.0) | 0.0 | 0.0 | 0.0 | TOTAL NON-CURRENT LIABILITIES | 0.0 | 0.0 |
| ENDING RETAINED EARNINGS | 195.7 | 282.2 | 397.2 | 522.2 | 682.4 | TOTAL LIABILITIES | 198.8 | 249.5 |
| FOOTNOTES TO STATEMENTS: | | | | | | FUND EQUITY: | | |
| Rate changes: increase/(decrease): | 0.00% | 0.00% | (0.68%) | 2.0% | 2.0% | CONTRIBUTED CAPITAL | 495.0 | 495.0 |
| Five year average increase/(decrease): | 0.67% | | | | | RETAINED EARNINGS | 195.7 | 282.2 |
| Rate figures apply only to the State Register portion of Documents. | | | | | | TOTAL FUND EQUITY | 690.7 | 777.2 |
| | | | | | | TOTAL LIABILITIES & FUND EQUITY | 889.5 | 1,026.7 |

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: DOCUMENTS
PROGRAM: OPERATIONS MANAGEMENT
AGENCY: ADMINISTRATION, DEPARTMENT OF

REQUEST TITLE: RESPONSE TO INCREASED CUSTOMER DEMAND

| | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-----------|-----------|-----------|-----------|
| | (000's) | | (000's) | |
| Agency Request | Amount | Positions | Amount | Positions |
| Enterprise Fund | \$ -0- | 4.0 | \$ -0- | 4.0 |
| Governor's Recommendation | | | | |
| Enterprise Fund | \$ -0- | 4.0 | \$ -0- | 4.0 |

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The Documents Division requests a 4.0 person increase in its full-time complement beginning 7-1-89. The division presently has a full-time complement of 20.0 employees. This request, if granted, will increase the division's full-time complement to 24.0 employees.

DESCRIPTION/BACKGROUND:

The Documents Division is completely self-supporting. The vast majority of its operating budget comes from sales to the general public in the form of business, nonprofit, or individual customers. During the past 2 years, Documents has contributed \$175,000 to the state's General Fund while receiving no General Fund dollars itself. During the past 3 years, Documents has realized a 26% growth in customer volume (from 87,698 in F.Y. 1986 to 110,412 in F.Y. 1989), a 31% growth in sales (from \$1,251,833 to \$1,642,082), and a 203% growth in income (from \$53,510 to \$162,000). Since 1982, the division has posted customer growth of 115%, sales growth of 113%, and has seen an increase in income of some 338%.

RATIONALE:

Documents has enjoyed the successes reflected above because it has expanded its product line, aggressively marketed itself and its services, and completely automated its operations. All mail order and many walk-in customers have been captured on a computer database complete with demographic and purchase history information. This customer database serves as the corner-stone of the Documents promotional efforts and is a major reason for sales growth. Documents expects to continue its growth during the next biennium but has reached a limit as to what existing staff can do. The addition of the requested employees will enable the division to adequately serve the needs of expanded customer and sales traffic.

Over the past 3 years, Documents has automated its order processing, inven-

tory and office management practices. It has upgraded its telephone system with newer technology, and has introduced automation in its warehouse. Automation and modernization have allowed the division to grow rapidly with only modest staff increases. While automation has allowed us to build a solid infrastructure, it will become necessary to add people. In addition to the expanded staff which approval of this request will bring, Documents will also be working with telemarketing firms to provide off-site telephone answering and limited order fulfillment operations. This will reduce pressure for staff growth but will not eliminate the need for additional staff.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the positions as requested except that funding for the additional positions will come from increased sales over the net sales listed in the Documents Financial Report for F. Y. 1988.

ACTIVITY: PRINTING AND MAILING SERVICES
Program: OPERATIONS MANAGEMENT
Agency: ADMINISTRATION, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

To provide state agencies quality printing, copying, mailing and rental services to meet their graphic communication needs.

Printing: The Printing activity provides graphic services to all 3 branches of state government. These services include preparation of specifications, estimates, technical consultation, design, typesetting, disk transfer/conversion, printing and finishing. Additionally, convenience copying is available at 4 satellite copy centers located in the Capitol complex area. This activity also solicits competitive bids for printing orders whenever the specifications exceed in-house capabilities. The Printing activity operates from a revolving account and charges for its services on a unit cost basis. The unit costs, after adjustments for statewide indirect costs, charged to agencies have remained nearly the same as during the past biennium due to improvements in equipment technology and employee productivity. (M.S. 16B.50)

Equipment Rental: The Equipment Rental activity rents and sells electronic typewriters, personal computers, printers, and scanners to all state departments and agencies. (M.S. 16B.04)

Central Mail: This activity sorts interoffice mail, meters outgoing federal mail and provides addressing in inserting services for all state agencies. Other services include advising agencies on postal savings and distributing information on postal regulations. (M.S. 16B.49)

BENEFITS:

- Centralization of printing and mailing services reduces taxpayer expenses by providing better utilization of equipment, space, staff and emerging technologies. Furthermore, it allows orders being bid out to be grouped, thus providing a lower per unit cost.
- The division's staff of mailing and printing professionals assist line agencies on any and all jobs, providing expert consultation on costs, cost effectiveness, technical questions, expediting questions, aesthetics and alternatives in graphic communications. Additionally, they provide formal training at least twice a year to enhance the knowledge of other state employees.
- Provides cost-effective alternatives to equipment purchasing, through "state-of-the-art" office equipment rental, to meet short-term agency needs.
- Postage savings are realized by combining mail of various agencies and using bulk and presort rates.
- Better performance from printing vendors is achieved through the division's categorization of vendors by equipment, technology, staff and specializations to ensure that bidders on printing purchases are appropriate and capable.
- The division establishes "overload" contracts to ensure that services are available as needed.

ACCOMPLISHMENTS:

- Addressing and Inserting volume has increased over 45% without adding to staff.
- Conducted a study on ZIP + 4 that will result in future postage savings for state agencies. Public Safety will initiate the program.

- Of all F.Y. 1988 orders produced in-house, 97% were delivered within the division's published turnaround guidelines or as negotiated.
- Creation of 3 commodity contracts reducing orders to be bid by 25%, improving turnaround time by 2 weeks, and reducing overall costs.
- Increased productivity through economies of scale.

EFFECTIVENESS MEASURES:

| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|--------------------------|-----------|-----------|-----------|-----------|
| <u>Printing Activity</u> | | | | |
| % of on-time deliveries | 97.6 | 98 | 99 | 99 |
| Cost per printed sheet* | \$ 0.054 | \$ 0.063 | \$ 0.060 | \$ 0.060 |

* Includes customized jobs, multicolored printing and finishing costs.

Central Mail Activity

| | | | | |
|-------------------------|--------|--------|--------|--------|
| Postage savings (000's) | \$ 386 | \$ 400 | \$ 420 | \$ 441 |
|-------------------------|--------|--------|--------|--------|

ISSUES:

1. Turnover of operators and technicians, and the resulting vacancies, leads to a corresponding reduction in billable units and thus higher unit costs. The problem is exacerbated by systemic delays in filling vacancies and the decreasing labor market.
2. A lack of adequate space has lead to a more decentralized operation. This hampers communication and results in inefficient operation and use of personnel.
3. Uncertainty of emerging technologies (desktop publishing, etc.) and impact on the division.

STATISTICS:

| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|---|-----------|-----------|-----------|-----------|
| <u>Printing Activity</u> | | | | |
| Number of requisitions: Makes | 5,695 | 6,940 | 6,950 | 7,634 |
| Buys | 1,260 | 1,270 | 1,270 | 1,270 |
| Copy Center | 11,290 | 11,290 | 11,290 | 11,290 |
| Average number of requisitions processed daily: Makes | 22.6 | 22.4 | 26.5 | 29 |
| Buys | 5 | 5 | 4.5 | 4 |
| Copy Center | 44.8 | 44 | 40 | 39 |
| Number of sheets printed (000's) | 60,366 | 73,042 | 73,100 | 80,400 |

Rental Activity

| | | | | |
|--------------------|-----|-----|-----|-----|
| Units rented | | | | |
| Typewriters | 176 | 150 | 150 | 150 |
| Personal Computers | 3 | 45 | 50 | 50 |
| Laser Printers | 0 | 7 | 10 | 10 |

Central Mail Activity

| | (In Thousands) | | | |
|---------------------|----------------|--------|--------|--------|
| Mail volume | 30,000 | 31,000 | 32,000 | 33,200 |
| Address impressions | 3,620 | 3,100 | 3,200 | 3,360 |
| Inserts | 22,500 | 21,500 | 22,250 | 22,900 |
| Interoffice mail | 1,346 | 1,413 | 1,484 | 1,558 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : ADMINISTRATION,DPT OF
PROGRAM : OPERATIONS MANAGEMENT
BUDGET ACTIVITY : PRINTING AND MAILING SERVICES

| EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|---|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 304 | 311 | 320 | 25 | 345 | 320 | 320 | 25 | 345 | 320 |
| EXPENSES/CONTRACTUAL SRVCS | 46 | 40 | 43 | 0 | 43 | 43 | 44 | 0 | 44 | 44 |
| MISC OPERATING EXPENSES | 7,554 | 9,105 | 9,114 | 0 | 9,114 | 9,114 | 9,114 | 0 | 9,114 | 9,114 |
| SUPPLIES/MATERIALS/PARTS | 4 | 3 | 3 | 0 | 3 | 3 | 3 | 0 | 3 | 3 |
| CAPITAL EQUIPMENT | 9 | 5 | 5 | 0 | 5 | 5 | 5 | 0 | 5 | 5 |
| TOTAL EXPENDITURES | 7,917 | 9,464 | 9,485 | 25 | 9,510 | 9,485 | 9,486 | 25 | 9,511 | 9,486 |
| CHANGE REQUESTS: | | | | | | | | | | |
| B INCREASED PRINTING AND MAILING VOLUME | | | | 25 | | 0 | | 25 | | 0 |
| TOTAL CHANGE REQUESTS | | | | 25 | | 0 | | 25 | | 0 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 454 | 464 | 485 | 25 | 510 | 485 | 486 | 25 | 511 | 486 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| AGENCY | 7,463 | 9,000 | 9,000 | 0 | 9,000 | 9,000 | 9,000 | 0 | 9,000 | 9,000 |
| TOTAL FINANCING | 7,917 | 9,464 | 9,485 | 25 | 9,510 | 9,485 | 9,486 | 25 | 9,511 | 9,486 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 12.0 | 11.5 | 11.5 | 1.0 | 12.5 | 11.5 | 11.5 | 1.0 | 12.5 | 11.5 |
| OFFICE EQUIPMENT (ISF) | 2.6 | 2.1 | 2.1 | 0.0 | 2.1 | 2.1 | 2.1 | 0.0 | 2.1 | 2.1 |
| PRINTING (ISF) | 50.4 | 54.3 | 54.3 | 12.0 | 66.3 | 66.3 | 54.3 | 12.0 | 66.3 | 66.3 |
| GENERAL INT SERVICE | 6.8 | 7.0 | 7.0 | 0.0 | 7.0 | 7.0 | 7.0 | 0.0 | 7.0 | 7.0 |
| TOTAL POSITIONS | 71.8 | 74.9 | 74.9 | 13.0 | 87.9 | 86.9 | 74.9 | 13.0 | 87.9 | 86.9 |

| ----- OPERATIONS DATA ----- | | | | | | ----- FINANCIAL DATA ----- | | | |
|--|-------------------|----------------------|---------|----------------------|---------|---------------------------------|-------------------|---------|----------------------|
| | ACTUAL FY 1987 | ESTIMATED FY 1988 | FY 1989 | PROJECTED FY 1990 | FY 1991 | | ACTUAL FY 1987 | FY 1988 | ESTIMATED FY 1989 |
| OPERATING REVENUES: | | | | | | ASSETS: | | | |
| NET SALES | 3,994.0 | 5,037.0 | 5,929.0 | 6,022.0 | 6,265.0 | CURRENT ASSETS: | | | |
| LESS: COST OF SALES | 3,002.0 | 3,963.0 | 4,611.0 | 4,646.0 | 4,983.0 | CASH | 451.0 | 538.0 | 368.0 |
| GROSS PROFIT ON SALES | 992.0 | 1,074.0 | 1,318.0 | 1,376.0 | 1,282.0 | OTHER CURRENT ASSETS | 689.0 | 1,330.0 | 1,122.0 |
| OTHER REVENUE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | TOTAL CURRENT ASSETS | 1,140.0 | 1,868.0 | 1,490.0 |
| NET REVENUES | 992.0 | 1,074.0 | 1,318.0 | 1,376.0 | 1,282.0 | NON-CURRENT ASSETS: | 681.0 | 717.0 | 876.0 |
| LESS: OPERATING EXPENSES: | | | | | | TOTAL ASSETS | 1,821.0 | 2,585.0 | 2,366.0 |
| SALARIES | 514.0 | 560.0 | 678.0 | 700.0 | 721.0 | LIABILITIES & FUND EQUITY | | | |
| SUPPLIES & EXPENSES | 152.0 | 202.0 | 271.0 | 278.0 | 284.0 | LIABILITIES: | | | |
| INTEREST EXPENSE | 23.0 | 26.0 | 35.0 | 57.0 | 75.0 | CURRENT LIABILITIES | | | |
| INDIRECT COSTS | 247.0 | 218.0 | 199.0 | 293.0 | 293.0 | DUE GENERAL FUND - CURRENT | 224.0 | 80.0 | 33.0 |
| AMORTIZATION & DEPRECIATION | 85.0 | 82.0 | 100.0 | 100.0 | 100.0 | MASTER LEASE - CURRENT | 34.0 | 51.0 | 106.0 |
| TOTAL OPERATING EXPENSES | 1,021.0 | 1,096.0 | 1,283.0 | 1,436.0 | 1,473.0 | OTHER CURRENT LIABILITIES | 570.0 | 898.0 | 580.0 |
| OPERATING INCOME (LOSS) | (29.0) | (22.0) | 35.0 | (60.0) | (191.0) | TOTAL CURRENT LIABILITIES | 828.0 | 1,029.0 | 719.0 |
| NON-OPERATING REVENUES (EXPENSE) | 81.0 | 76.0 | 33.0 | 113.0 | 133.0 | NON-CURRENT LIABILITIES | | | |
| NET INCOME (LOSS) | 52.0 | 54.0 | 68.0 | 53.0 | (58.0) | DUE GENERAL FUND - NON-CURRENT | 123.0 | 77.0 | 44.0 |
| BEGINNING RETAINED EARNINGS | (162.0) | (110.0) | (56.0) | 12.0 | 65.0 | MASTER LEASE NON-CURRENT | 103.0 | 107.0 | 235.0 |
| PRIOR PERIOD ADJUSTMENT | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | OTHER NON-CURRENT LIABILITIES | 102.0 | 654.0 | 178.0 |
| ENDING RETAINED EARNINGS | (110.0) | (56.0) | 12.0 | 65.0 | 7.0 | TOTAL NON-CURRENT LIABILITIES | 328.0 | 838.0 | 457.0 |
| FOOTNOTES TO STATEMENTS: | | | | | | TOTAL LIABILITIES | 1,156.0 | 1,867.0 | 1,176.0 |
| This page is composite of following activities: State Printer, Equipment Rental, and Inserting and Addressing. The details of those activities are on the following pages, please find. | | | | | | FUND EQUITY: | | | |
| | | | | | | CONTRIBUTED CAPITAL | 774.0 | 774.0 | 1,178.0 |
| | | | | | | RETAINED EARNINGS | (110.0) | (56.0) | 12.0 |
| | | | | | | TOTAL FUND EQUITY | 664.0 | 718.0 | 1,190.0 |
| | | | | | | TOTAL LIABILITIES & FUND EQUITY | 1,820.0 | 2,585.0 | 2,366.0 |
| | | | | | | * Difference due to rounding. | | | |

AGENCY: ADMINISTRATION

OPERATIONS DATA

-- FINANCIAL DATA

SEC 4 PAGE 42

| OPERATIONS DATA | | | | | | FINANCIAL DATA | | |
|--|-------------------|----------------------|---------|----------------------|---------|-------------------|----------------------|---------|
| | ACTUAL FY 1987 | ESTIMATED FY 1988 | FY 1989 | PROJECTED FY 1990 | FY 1991 | ACTUAL FY 1987 | ESTIMATED FY 1988 | FY 1989 |
| OPERATING REVENUES: | | | | | | | | |
| NET SALES | 215.0 | 265.0 | 242.0 | 285.0 | 297.0 | | | |
| LESS: COST OF SALES | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | | |
| GROSS PROFIT ON SALES | 215.0 | 265.0 | 242.0 | 285.0 | 297.0 | | | |
| OTHER REVENUE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | | |
| NET REVENUES | 215.0 | 265.0 | 242.0 | 285.0 | 297.0 | | | |
| LESS: OPERATING EXPENSES: | | | | | | | | |
| SALARIES | 195.0 | 285.0 | 193.0 | 220.0 | 220.0 | | | |
| SUPPLIES & EXPENSES | 26.0 | 26.0 | 33.0 | 34.0 | 34.0 | | | |
| INTEREST EXPENSE | 4.0 | 3.0 | 3.0 | 3.0 | 3.0 | | | |
| INDIRECT COSTS | 14.0 | 15.0 | 19.0 | 19.0 | 19.0 | | | |
| AMORTIZATION & DEPRECIATION | 11.0 | 13.0 | 16.0 | 16.0 | 16.0 | | | |
| TOTAL OPERATING EXPENSES | 250.0 | 262.0 | 264.0 | 292.0 | 302.0 | | | |
| OPERATING INCOME (LOSS) | (35.0) | 3.0 | (22.0) | (7.0) | (3.0) | | | |
| NON-OPERATING REVENUES (EXPENSE) | 4.0 | 3.0 | 4.0 | 4.0 | 4.0 | | | |
| NET INCOME (LOSS) | (31.0) | 6.0 | (18.0) | (3.0) | 1.0 | | | |
| BEGINNING RETAINED EARNINGS | 45.0 | 14.0 | 20.0 | 2.0 | (1.0) | | | |
| PRIOR PERIOD ADJUSTMENT | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | | |
| ENDING RETAINED EARNINGS | 14.0 | 20.0 | 2.0 | (1.0) | 0.0 | | | |
| FOOTNOTES TO STATEMENTS: | | | | | | | | |
| Rate changes: * Inc (Dec): | (12.00%) | 14.30% | 7.10% | 9.00% | 4.00% | | | |
| Five year average increase/(decrease): | 4.48% | | | | | | | |
| Increase for new biennium: Salary - 18.3% for reclassification of 5 technicians. Residual increased 2%, except Depreciation & Interest which were calculated. | | | | | | | | |
| ASSETS: | | | | | | | | |
| CURRENT ASSETS: | | | | | | | | |
| CASH | 75.0 | 11.0 | 15.0 | | | | | |
| OTHER CURRENT ASSETS | 26.0 | 49.0 | 36.0 | | | | | |
| TOTAL CURRENT ASSETS | 101.0 | 60.0 | 51.0 | | | | | |
| NON-CURRENT ASSETS: | 67.0 | 91.0 | 76.0 | | | | | |
| TOTAL ASSETS | 168.0 | 151.0 | 127.0 | | | | | |
| LIABILITIES & FUND EQUITY | | | | | | | | |
| LIABILITIES: | | | | | | | | |
| CURRENT LIABILITIES | | | | | | | | |
| DUE GENERAL FUND - CURRENT | 0.0 | 0.0 | 0.0 | | | | | |
| MASTER LEASE - CURRENT | 11.0 | 12.0 | 13.0 | | | | | |
| OTHER CURRENT LIABILITIES | 36.0 | 24.0 | 30.0 | | | | | |
| TOTAL CURRENT LIABILITIES | 47.0 | 36.0 | 43.0 | | | | | |
| NON-CURRENT LIABILITIES | | | | | | | | |
| DUE GENERAL FUND - NON-CURRENT | 0.0 | 0.0 | 0.0 | | | | | |
| MASTER LEASE NON-CURRENT | 38.0 | 2.0 | 2.0 | | | | | |
| OTHER NON-CURRENT LIABILITIES | 2.0 | 26.0 | 13.0 | | | | | |
| TOTAL NON-CURRENT LIABILITIES | 40.0 | 28.0 | 15.0 | | | | | |
| TOTAL LIABILITIES | 87.0 | 64.0 | 58.0 | | | | | |
| FUND EQUITY: | | | | | | | | |
| CONTRIBUTED CAPITAL | 67.0 | 67.0 | 67.0 | | | | | |
| RETAINED EARNINGS | 14.0 | 20.0 | 2.0 | | | | | |
| TOTAL FUND EQUITY | 81.0 | 87.0 | 69.0 | | | | | |
| TOTAL LIABILITIES & FUND EQUITY | 168.0 | 151.0 | 127.0 | | | | | |

----- OPERATIONS DATA -----

----- FINANCIAL DATA -----

| | PROJECTED | | | | | | | |
|--|-------------------|----------------------|---------|---------|---------|-------------------|----------------------|---------|
| | ACTUAL FY 1987 | ESTIMATED FY 1988 | FY 1989 | FY 1990 | FY 1991 | ACTUAL FY 1987 | ESTIMATED FY 1988 | FY 1989 |
| OPERATING REVENUES: | | | | | | | | |
| NET SALES | 143.0 | 235.0 | 241.0 | 241.0 | 249.0 | | | |
| LESS: COST OF SALES | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | | |
| GROSS PROFIT ON SALES | 143.0 | 235.0 | 241.0 | 241.0 | 249.0 | | | |
| OTHER REVENUE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | | |
| NET REVENUES | 143.0 | 235.0 | 241.0 | 241.0 | 249.0 | | | |
| LESS: OPERATING EXPENSES: | | | | | | | | |
| SALARIES | 76.0 | 81.0 | 97.0 | 101.0 | 105.0 | | | |
| SUPPLIES & EXPENSES | 65.0 | 113.0 | 117.0 | 122.0 | 124.0 | | | |
| INTEREST EXPENSE | 9.0 | 14.0 | 19.0 | 19.0 | 19.0 | | | |
| INDIRECT COSTS | 9.0 | 14.0 | 50.0 | 50.0 | 50.0 | | | |
| AMORTIZATION & DEPRECIATION | 53.0 | 54.0 | 75.0 | 75.0 | 75.0 | | | |
| TOTAL OPERATING EXPENSES | 212.0 | 276.0 | 358.0 | 367.0 | 373.0 | | | |
| OPERATING INCOME (LOSS) | (69.0) | (41.0) | (117.0) | (126.0) | (124.0) | | | |
| NON-OPERATING REVENUES (EXPENSE) | 70.0 | 67.0 | 24.0 | 104.0 | 124.0 | | | |
| NET INCOME (LOSS) | 1.0 | 26.0 | (93.0) | (22.0) | 0.0 | | | |
| BEGINNING RETAINED EARNINGS | 92.0 | 93.0 | 119.0 | 26.0 | 4.0 | | | |
| PRIOR PERIOD ADJUSTMENT | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | | |
| ENDING RETAINED EARNINGS | 93.0 | 119.0 | 26.0 | 4.0 | 4.0 | | | |
| FOOTNOTES TO STATEMENTS: | | | | | | | | |
| Rate changes: % Inc (Dec): | (45.00%) | 0.00% | 0.00% | 1.00% | 3.00% | | | |
| Five year average increase/(decrease): | (0.20%) | | | | | | | |
| Increase for new biennium: FY90 includes gain on sale of fixed assets at \$80.0. FY91 includes gain on sale of fixed assets at \$100.0. | | | | | | | | |
| ASSETS: | | | | | | | | |
| CURRENT ASSETS: | | | | | | | | |
| CASH | 149.0 | 291.0 | 50.0 | | | | | |
| OTHER CURRENT ASSETS | 133.0 | 118.0 | 86.0 | | | | | |
| TOTAL CURRENT ASSETS | 282.0 | 409.0 | 136.0 | | | | | |
| NON-CURRENT ASSETS: | | | | | | | | |
| TOTAL ASSETS | 420.0 | 623.0 | 436.0 | | | | | |
| LIABILITIES & FUND EQUITY | | | | | | | | |
| LIABILITIES: | | | | | | | | |
| CURRENT LIABILITIES | | | | | | | | |
| DUE GENERAL FUND - CURRENT | 0.0 | 0.0 | 0.0 | | | | | |
| MASTER LEASE - CURRENT | 0.0 | 0.0 | 0.0 | | | | | |
| OTHER CURRENT LIABILITIES | 137.0 | 174.0 | 150.0 | | | | | |
| TOTAL CURRENT LIABILITIES | 137.0 | 174.0 | 150.0 | | | | | |
| NON-CURRENT LIABILITIES | | | | | | | | |
| DUE GENERAL FUND - NON-CURRENT | 0.0 | 0.0 | 0.0 | | | | | |
| MASTER LEASE NON-CURRENT | 0.0 | 0.0 | 0.0 | | | | | |
| OTHER NON-CURRENT LIABILITIES | 62.0 | 195.0 | 125.0 | | | | | |
| TOTAL NON-CURRENT LIABILITIES | 62.0 | 195.0 | 125.0 | | | | | |
| TOTAL LIABILITIES | 199.0 | 369.0 | 275.0 | | | | | |
| FUND EQUITY: | | | | | | | | |
| CONTRIBUTED CAPITAL | 134.0 | 134.0 | 134.0 | | | | | |
| RETAINED EARNINGS | 93.0 | 119.0 | 26.0 | | | | | |
| TOTAL FUND EQUITY | 227.0 | 253.0 | 160.0 | | | | | |
| TOTAL LIABILITIES & FUND EQUITY | 426.0 | 622.0 | 435.0 | | | | | |
| * Difference due to rounding. | | | | | | | | |

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: PRINTING AND MAILING SERVICES
PROGRAM: OPERATIONS MANAGEMENT
AGENCY: ADMINISTRATION, DEPARTMENT OF

REQUEST TITLE: INCREASED PRINTING AND MAILING VOLUME

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|--------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 25 | 1.0 | \$ 25 | 1.0 |
| Revolving Fund Positions | \$ -0- | 12.0 | \$ -0- | 12.0 |

Governor's Recommendation

| | | | | |
|--------------------------|--------|------|--------|------|
| General Fund | \$ -0- | -0- | \$ -0- | -0- |
| Revolving Fund Positions | \$ -0- | 12.0 | \$ -0- | 12.0 |

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

This request has 3 parts.

1. \$25,300 per year and 1.0 complement from the General Fund for a mail-handler to handle the increase in mail volume in the state's central mailroom,
2. 12.0 revolving fund complement positions to allow a 3rd shift and other workload solutions in the State Print Shop, and
3. language to make permanent a \$475,000 transfer of contributed capital made pursuant to Laws of 1988, Ch. 613, Sec. 3.

DESCRIPTION/BACKGROUND:

1. Since F.Y. 1981 U.S. mail volume has increased 25%, from 24 million pieces to 30 million pieces. During the same period of time, interoffice mail has increased 28%, from 3,500 pieces per day to 4,500 pieces per day. In addition, Post Office regulations have increased the work required to perform bag sacking and logging of hours. Furthermore, special assistance provided in the past from the MEED program and the McKnight Foundation has been significantly reduced or eliminated.
2. From 1939 until 1981 the State Print Shop operated as a single shift operation. In 1981 a 2nd shift was added in order to meet rising demand for printing services and in order to more productively use equipment in which the state has made significant capital investments.
3. In 1979, the legislature provided a contribution from the General Fund of \$573,000 to the Printer Revolving Fund in order to provide working capital. Inflation and a growth in the volume of business have meant that the

original contribution falls far short of normal working capital. Cash flow problems have developed in the fund as a result. Federal regulations prevent revolving fund activities from building reserves on their own for any purpose; therefore, contributed capital must be specifically provided by the legislature.

RATIONALE:

1. This request will ensure that the public and state agencies receive their mail in a timely fashion and that all mail will be sent out with accurate postage.
2. Adding a 3rd shift in the State Print Shop will help to control costs by improving the utilization of space and equipment and will allow for improved responsiveness to state agency printing needs.
3. Increasing the level of contributed capital to the equivalent of 2 months of operating costs, the division will be able to make timely payments of financial obligations and will be able to make essential business related purchases.

| BASE: | (Dollars in Thousands) | | | |
|---------------------------|------------------------|-----------|-----------|-----------|
| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| General Fund Expenditures | \$ 379 | \$ 395 | \$ 395 | \$ 395 |
| General Fund Positions | 10.0 | 10.0 | 10.0 | 10.0 |

| LONG RANGE IMPLICATIONS: | (Dollars in Thousands) | | |
|---------------------------|------------------------|-----------|-------|
| | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund Expenditures | \$ 26 | \$ 26 | \$ 52 |

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request for the revolving fund positions and the transfer of \$475,000 of contributed capital from Plant Management. The recommendation does not provide funding for the General Fund request. Although the request has merit, other spending priorities preclude additional funding.

ACTIVITY: STATE EMPLOYEE ASSISTANCE PROGRAM
Program: OPERATIONS MANAGEMENT
Agency: ADMINISTRATION, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

To provide leadership and professional services for individuals and agencies on effective and innovative means to restore, maintain and strengthen the health and productivity of state employees. Services include cost-free and confidential assistance to help individual employees and their families resolve personal problems that may be affecting their job performance. The State Employee Assistance Program (EAP) is an assessment, short-term counseling and referral agency. The EAP is also identified as an integral component of the state's performance management system. By means of its consultation and training component, the EAP has become an essential resource for managers, supervisors and union leaders to rely on when addressing an employee's pattern of deteriorating performance, attendance or behavior. The EAP emphasizes reaching people before personal stress interferes with the job. Expanded services and new initiatives geared toward health education and lifestyle risk assessment are being integrated with existing programs. The statutory authority for this activity is found in M.S. 16B.39.

BENEFITS:

Strengthening the occupational health services component of the EAP and increasing funding for services in rural Minnesota will produce important benefits. Costs-benefit findings by various EAP's include:

- Reduced sick leave by as much as 80%. The figures in this study represented the absenteeism one year prior to entering the EAP and one year after participation in the program.
- Savings apply to hiring, training, and discipline and grievance costs as well as savings from reduced health insurance benefits and increased productivity.
- A major commercial airline came up with a 17 to 1 net benefit cost ratio which is spread out over the expected career span of EAP participants.
- Employee turnover rates are 50% lower for people utilizing the EAP as compared with the general employee population.

It is for certain that the EAP works. Not only can it save money, it saves lives, tax dollars and families, and ultimately benefits society. It just makes good business sense to intervene when the troubled employee first begins to show problems.

ACCOMPLISHMENTS:

1. There has been a 62% increase in counseling activity since F.Y. 1984. The volume grew from less than 800 cases in F.Y. 1984 to almost 1,300 cases in F.Y. 1988.
2. A 17% increase in counseling services was shown between F.Y. 1987 and F.Y. 1988.
3. This increased utilization is the result of a systematic program to extend

EAP services throughout state government. This program includes the assignment of each counselor to a number of state agencies and resulted in 256 additional hours of outreach activity with 54 different state agencies.

4. In the last 3 years, 8 new providers (out of a total of 16) were recruited to strengthen the quality of EAP services delivered in rural Minnesota; the most recent changes were made in the Hibbing and Crookston areas.

ISSUES:

1. Minnesota state government must continue to devote resources and opportunities designed to enhance its employees work environment, as do other large employers in both the private and public sector, as a means to attract, support and retain a highly skilled and creative work force.
2. The consequences to not developing a network of Employee Health Units would be negative. Employees with health problems would use greater amounts of sick leave and perform less productively. Healthy employees would not have a resource to learn new information to maintain and strengthen their health; managers and supervisors would lose an important tool in addressing occupational health issues.
3. All indications are that the number of troubled employees will increase in the future and that troubled employees come from a segment of the employee population characterized as high risk because of their health, habits and general lifestyle.
4. Employees in rural Minnesota seem to have more difficulty asking for help to address personal problems than do those in large metropolitan areas. Concerns about confidentiality are greater. EAP needs to address this by presenting a positive image to this employee population and make the process of utilizing the services a more inviting one.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : ADMINISTRATION,DPT OF
PROGRAM : OPERATIONS MANAGEMENT
BUDGET ACTIVITY : STATE EMPLOYEE ASSISTANCE PROGRAM

| | | | F.Y. 1990 | | | | F.Y. 1991 | | | |
|------------------------------|----------|----------------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| EXPENDITURES: | FY 1988 | FY 1989 | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 207 | 230 | 236 | 0 | 236 | 236 | 236 | 0 | 236 | 236 |
| EXPENSES/CONTRACTUAL SRVCS | 97 | 98 | 98 | 50 | 148 | 98 | 98 | 50 | 148 | 98 |
| MISC OPERATING EXPENSES | 6 | 10 | 10 | 0 | 10 | 10 | 10 | 0 | 10 | 10 |
| SUPPLIES/MATERIALS/PARTS | 16 | 7 | 7 | 0 | 7 | 7 | 7 | 0 | 7 | 7 |
| CAPITAL EQUIPMENT | 11 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL EXPENDITURES | 337 | 345 | 351 | 50 | 401 | 351 | 351 | 50 | 401 | 351 |
| CHANGE REQUESTS: | FUND | | | | | | | | | |
| B STRENGTHENING STATEWIDE | EMPLOYEE | ASSISTANCE GEN | | 50 | | 0 | | 50 | | 0 |
| TOTAL CHANGE REQUESTS | | | | 50 | | 0 | | 50 | | 0 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 337 | 345 | 351 | 50 | 401 | 351 | 351 | 50 | 401 | 351 |
| TOTAL FINANCING | 337 | 345 | 351 | 50 | 401 | 351 | 351 | 50 | 401 | 351 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 7.0 | 7.0 | 7.0 | 0.0 | 7.0 | 7.0 | 7.0 | 0.0 | 7.0 | 7.0 |
| TOTAL POSITIONS | 7.0 | 7.0 | 7.0 | 0.0 | 7.0 | 7.0 | 7.0 | 0.0 | 7.0 | 7.0 |

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: STATE EMPLOYEE ASSISTANCE PROGRAM
PROGRAM: OPERATIONS MANAGEMENT
AGENCY: ADMINISTRATION, DEPARTMENT OF

REQUEST TITLE: STRENGTHENING EMPLOYEE ASSISTANCE STATEWIDE

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-----------|-----------|-----------|-----------|
| | (000's) | | (000's) | |
| | Amount | Positions | Amount | Positions |
| General Fund | \$ 50 | -0- | \$ 50 | -0- |
| Governor's Recommendation | | | | |
| General Fund | \$ -0- | -0- | \$ -0- | -0- |

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The Department of Administration requests the above funds in order to strengthen the ability of the State Employee Assistance Program (EAP) to meet the needs of state government agencies and state employees. With this increase, the EAP will be able to cover increased costs due to greater utilization of EAP services outside the Twin City metropolitan area. Current funding in this area is insufficient due to usage doubling in the past four years.

DESCRIPTION/BACKGROUND:

Approximately half of the state's work force, 18,000 employees, live and work outside the seven county metropolitan area. Through strategic promotional planning, the EAP's visibility has been increasing the past three years and, consequently, the utilization will continue to increase for the next three years, or until an overall penetration rate of 6% is reached. The following activity statistics reinforce the need for expanded funding in the professional/technical services area.

| STATISTICS: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|--|-----------|-----------|-----------|-----------|
| Employees in rural Minnesota accessing EAP | 281 | 374 | 450 | 510 |
| Growth Rate ** | -- | 34% | 20% | 13% |

** Total Growth Rate over the past four years is 81.5%.

RATIONALE:

State employees throughout all regions of Minnesota need equal access and information regarding EAP services. The mission, values, and objectives identified in our central office need consistent application not only in St. Paul, but from Winona to Crookston, as well. This funding will be directly targeted for strengthening EAP services through our network of 16 providers outside the metro area.

| BASE: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|-----------------------------------|-----------|-----------|-----------|-----------|
| General Fund Expenditures (000's) | \$ 98 | \$ 98 | \$ 98 | \$ 98 |

| LONG RANGE IMPLICATIONS: | F.Y. 1992 | F.Y. 1993 | Total |
|-----------------------------------|-----------|-----------|--------|
| General Fund Expenditures (000's) | \$ 50 | \$ 50 | \$ 100 |

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Although the request has merit, other spending priorities preclude additional funding.

ACTIVITY: MINNESOTA OFFICE ON VOLUNTEER SERVICES 1990-91 Biennial Budget
Program: OPERATIONS MANAGEMENT
Agency: ADMINISTRATION, DEPARTMENT OF

PURPOSE:

The Minnesota Office on Volunteer Services (MOVS) provides statewide leadership and service to the volunteer community. Its mission is to encourage and sustain volunteer programs, citizen participation efforts and public/private partnerships that contribute to the quality of life for Minnesota citizens. This is done by:

- 1) advocating for volunteer issues;
- 2) communicating with volunteer and community leaders;
- 3) increasing the visibility and status of volunteers;
- 4) responding to requests for technical assistance;
- 5) training in volunteer-related issues, trends, and techniques; and
- 6) promoting the values of volunteerism. MOVS was created under M.S. 16B.

Volunteerism is a vital force, touching the lives of thousands of Minnesotans. MOVS works to ensure that volunteerism will continue to flourish and bring its rich rewards to our people and our communities.

BENEFITS:

- Increases the level of volunteerism through visibility and advocacy efforts.
- Improves the quality of volunteer services through training and technical assistance to volunteer leaders and policymakers.
- Serves as a catalyst to develop local public/private partnerships by linking community leaders and providing training and resource materials.
- Develops benefits and protections for volunteers and works to resolve such issues as liability protection for volunteers and staff/volunteer conflicts.
- Provides a statewide network on volunteerism and corresponding development of community leadership through MOVS training, consulting, convening, information and advocacy efforts.
- Assists community agencies to effectively involve youth volunteers.
- Introduces innovative ideas and resources to the volunteer community.

ACCOMPLISHMENTS:

1. Released a series of influential White Papers, containing the results of statewide public hearings with over 100 policymakers and community, corporate, and volunteer leaders who voiced their perceptions on critical issues and trends in volunteerism.
2. Passage of legislation in 1987 and 1988 that provides liability protection to nonprofit and public agency volunteers.
3. Published the first and only comprehensive report on the state of volunteerism in Minnesota. It reported that 1.6 million Minnesotans volunteer annually, contributing services valued at \$2.8 billion.
4. Set the standard for training in the volunteer community, serving almost 20,000 people in 13 years and developing nationally known training curricula.
5. Impacted 231 communities across the state through the Volunteer for Minnesota project promoting public/private partnerships with results impressive enough to earn a 1984 President's Volunteer Action Award.

6. Increased the willingness of employers to consider volunteer experience in their hiring practices. Increased the willingness of colleges to grant credit for the learning which occurred through volunteer work.
7. Key player in the establishment of the Metropolitan State University academic program for volunteers and administrators of volunteers.
8. Established the best library system on volunteerism in the country.
9. Developed a statewide media campaign on volunteerism which resulted in quadrupling the number of media contacts (219) in F.Y. 1988 over F.Y. 1987 (53).

EFFECTIVENESS MEASURES:

| | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|---|------------------|------------------|------------------|------------------|
| Number of volunteer leaders trained | 1,740 | 1,000 | 1,000 | 1,000 |
| Number of in-depth consultations | 215 | 100 | 100 | 100 |
| Responses to requests for materials and information | 2,011 | 2,000 | 2,000 | 2,000 |
| Number of leaders receiving regular communications | 4,700 | 3,000 | 3,000 | 3,000 |
| Number of agencies trained to use youth volunteers | 0 | 80 | 80 | 80 |

ISSUES:

1. A major response to budget cuts has been attempts to increase volunteer involvement in public and private agencies. MOVS is the only organization today that has the expertise, network, experience and community credibility to serve as a catalyst to mobilize the volunteer community and address unmet needs.
2. Changing community needs, heavy emphasis on volunteerism, and struggles to find alternative service delivery systems have led to increased demands for MOVS services. Without MOVS, many organizations will be without assistance in developing and expanding volunteer resources.
3. Additional training and support services are needed so that community agencies can adapt their programs to meet the unique needs of youth community service volunteers. This will result in increasing the pool of available volunteers and ensuring life-long habits of volunteering in our youth. The CHANGE request for this activity addresses this need.

STATISTICS:

| | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|---|------------------|------------------|------------------|------------------|
| Pieces of resource materials distributed | 26,776 | 10,000 | 10,000 | 10,000 |
| Number of library publications circulated | 630 | 500 | 500 | 500 |
| Number of training plans developed | 7 | 8 | 8 | 9 |
| Research issues | 1 | 4 | 1 | 1 |
| Newsletter editions | 4 | 4 | 4 | 4 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : ADMINISTRATION,DPT OF
PROGRAM : OPERATIONS MANAGEMENT
BUDGET ACTIVITY : MINNESOTA OFFICE ON VOLUNTEER SERVICES

| EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|------------------------------------|---------|---------|----------------|--------|-----------------------|-----|----------------|--------|-----------------------|-----|
| | | | AGENCY REQUEST | | GOVERNOR'S RECOMM. | | AGENCY REQUEST | | GOVERNOR'S RECOMM. | |
| | | | BASE | CHANGE | | | BASE | CHANGE | | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 159 | 180 | 183 | 50 | 233 | 285 | 183 | 55 | 238 | 290 |
| EXPENSES/CONTRACTUAL SRVCS | 67 | 51 | 51 | 25 | 76 | 106 | 51 | 25 | 76 | 108 |
| MISC OPERATING EXPENSES | 16 | 17 | 17 | 11 | 28 | 41 | 17 | 12 | 29 | 42 |
| SUPPLIES/MATERIALS/PARTS | 6 | 2 | 2 | 2 | 4 | 7 | 2 | 3 | 5 | 8 |
| CAPITAL EQUIPMENT | 0 | 0 | 0 | 2 | 2 | 4 | 0 | 0 | 0 | 0 |
| TOTAL EXPENDITURES | 248 | 250 | 253 | 90 | 343 | 443 | 253 | 95 | 348 | 448 |
| CHANGE REQUESTS: | | | | | | | | | | |
| FUND | | | | | | | | | | |
| B YOUTH COMMUNITY SERVICE GEN | | | | 90 | | 90 | | 95 | | 95 |
| B INCREASE IN FUNDING FOR MOVS GEN | | | | 0 | | 100 | | 0 | | 100 |
| TOTAL CHANGE REQUESTS | | | | 90 | | 190 | | 95 | | 195 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 248 | 150 | 153 | 90 | 243 | 343 | 153 | 95 | 248 | 348 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| SPECIAL REVENUE | 0 | 100 | 100 | 0 | 100 | 100 | 100 | 0 | 100 | 100 |
| TOTAL FINANCING | 248 | 250 | 253 | 90 | 343 | 443 | 253 | 95 | 348 | 448 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 5.0 | 5.0 | 5.0 | 2.0 | 7.0 | 7.0 | 5.0 | 2.0 | 7.0 | 7.0 |
| SPECIAL REVENUE | 0.0 | 2.0 | 2.0 | 0.0 | 2.0 | 2.0 | 2.0 | 0.0 | 2.0 | 2.0 |
| TOTAL POSITIONS | 5.0 | 7.0 | 7.0 | 2.0 | 9.0 | 9.0 | 7.0 | 2.0 | 9.0 | 9.0 |

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: MINNESOTA OFFICE ON VOLUNTEER SERVICES
 PROGRAM: OPERATIONS MANAGEMENT
 AGENCY: ADMINISTRATION, DEPARTMENT OF

REQUEST TITLE: YOUTH COMMUNITY SERVICE

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 90 | 2.0 | \$ 95 | 2.0 |
| Governor's Recommendation | | | | |
| General Fund | \$ 90 | 2.0 | \$ 95 | 2.0 |

Request requires statutory change: _____ Yes X No
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The Minnesota Office on Volunteer Services (MOVS) requests funds to expand its efforts to train and support community organizations to effectively involve youth in community service volunteer activities.

DESCRIPTION/BACKGROUND:

Youth Community Service is currently being promoted by involved youth, educators, nonprofit leaders and social scientists. Youth Community Service, and its resultant benefits, is a high priority for state attention. Among the benefits of effective Youth Community Service programs are:

- Opportunities for youth to learn new skills and strengthen classroom learning through experience;
- Increased self-esteem of students (especially at-risk youth), which will encourage them to remain in school and complete their education;
- Develop life-long habits of giving and volunteering in our youth, which will ensure the growth and vitality of volunteerism for future generations; and
- Expanded volunteer services available to nonprofit organizations and government agencies, thus allowing them to better meet community needs.

STATISTICS:

| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|---|-----------|-----------|-----------|-----------|
| Organizations trained to work with youth volunteers | 0 | 80 | 200 | 200 |
| School districts affected | 0 | 20 | 50 | 50 |

RATIONALE:

Youth Community Service programs are being initiated and implemented by school districts across the state (i.e., K-12, colleges, and technical schools). Little attention has been given to the special needs of community service organizations in which the student volunteers will be involved. These organizations will need assistance in adapting their programs to meet the unique needs of student/youth volunteers (i.e., shorter commitments, more extensive supervision, and relationships with educators). In order to ensure that youth have productive and rewarding volunteer experiences, organizations will need assistance in:

- Assessing organizational capacity to involve youth volunteers;
- How to work with youth volunteers;
- Making program adaptation to accommodate youth volunteers; and
- Follow-up and evaluative services.

MOVS is able to provide training and technical assistance to these community service organizations and agencies and to provide the needed networking between community organizations and educational institutions.

BASE:

| | (Dollars in Thousands) | | | |
|---------------------------|------------------------|-----------|-----------|-----------|
| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| General Fund Expenditures | \$ -0- | \$ 50 | \$ 50 | \$ 50 |

LONG RANGE IMPLICATIONS:

| | (Dollars in Thousands) | | |
|---------------------------|------------------------|-----------|--------|
| | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund Expenditures | \$ 95 | \$ 95 | \$ 190 |

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

CHANGE REQUEST 1990-91 Biennial Budget
 _____ Agency _____ Program X Activity

ACTIVITY: MINNESOTA OFFICE ON VOLUNTEER SERVICES
 PROGRAM: OPERATIONS MANAGEMENT
 AGENCY: ADMINISTRATION, DEPARTMENT OF

REQUEST TITLE: INCREASE IN FUNDING FOR MOVs

| | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| Governor's Recommendation | | | | |
| General Fund | \$ 100 | -0- | \$ 100 | -0- |

Request requires statutory change: _____ Yes X No
 Statutes Affected:

GOVERNOR'S RECOMMENDATION:

The Governor requests an increase in the annual General Fund base budget of the Minnesota Office on Volunteer Services (MOVs) in order to meet the increasing needs of volunteer programs for supportive services.

DESCRIPTION/BACKGROUND:

The number of agencies and organizations involving volunteers is increasing each year. For many of these organizations, MOVs is the only organization available to assist them in developing and expanding their programs, promoting increased volunteerism, resolving liability issues and addressing other concerns which inhibit volunteer activities.

Considerable effort has gone into attempts to diversify the MOVs funding base. The Office has worked with consultants to develop a membership campaign, determine fees for some services and investigate the feasibility of obtaining private sector grants. The memberships and fees are now expected to result in less than \$30,000 income per year, with substantial expenditures coming out of these funds. The fund-raising study showed that grants are not available for MOVs operating funds although they may be obtainable for future special projects.

MOVs would still need additional funding for special projects (i.e., youth community service, special studies). Those funds might come from legislative and/or private sources but would not be included in the MOVs base budget. If MOVs staff continues to spend so much time soliciting funds for the base budget through membership fees, fees for services and grants, they will be unable to meet the demand for services. The MOVs base budget needs to be increased by \$100,000 per year (\$200,000 for the biennium).

RATIONALE:

Without additional funding, the Minnesota Office on Volunteer Services will be unable to

- respond to requests for assistance in a timely manner;
- adequately communicate with volunteer leadership;
- recognize outstanding volunteer accomplishments through a statewide, year-round recognition program;
- work to increase volunteerism among retirees.
- maintain our computerized listing of volunteer programs;
- establish and maintain an ongoing campaign recruiting volunteers, or
- issue reports, convene leaders to address issues and conduct special events which keep the public informed of and interested in volunteerism.

| BASE: | (Dollars in Thousands) | | | |
|---------------------------|------------------------|-----------|-----------|-----------|
| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| General Fund Expenditures | \$ 248 | \$ 100 | \$ 103 | \$ 103 |

| LONG RANGE IMPLICATIONS: | (Dollars in Thousands) | | |
|---------------------------|------------------------|-----------|--------|
| | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund Expenditures | \$ 100 | \$ 100 | \$ 200 |

PROGRAM: INTERTECHNOLOGIES GROUP
Agency: ADMINISTRATION, DEPARTMENT OF

1990-91 Biennial Budget

PROGRAM PURPOSE:

State and local government agencies are customers of the InterTechnologies Group (InterTech). These customers invest in shared information assets that InterTech manages. InterTech's goal is to deliver results from these assets that the customers value.

In the last year, InterTech has undergone a major transformation. Its new role is to form partnerships with customer agencies and to champion their missions for the purpose of satisfying their information needs. InterTech serves as an advocate for their plans for information delivery systems and shares their risks in obtaining approval, funding and implementation.

This new customer orientation was aided when the legislature created the Information Policy Office in 1987. This new office in the Department of Administration was formed to provide oversight to all executive branch information management activities. It is separate from InterTech. This has allowed InterTech to free itself of the control function and concentrate on providing quality services.

OPERATIONS:

1. Information Services operates the state's shared data processing center(s); guarantees access and availability to agencies' data; preserves the integrity and security of agencies' data; evaluates and implements services that enhance public sector work through the application of technology; and provides micrographics, records storage and data entry services. Implementing a disaster recovery capability, a second computer site and service level agreements with InterTech customers are current priority activities.
2. Telecommunications designs, coordinates, plans and provides telecommunications systems and services; integrates inventory, billing, directory and service order software; provides operator and other referral services to the public and to government agencies; provides teleconferencing of state agency and public meetings; and represents the entire state government customer community in regulatory matters.
3. 9-1-1 emergency telephone service coordinates implementation of 9-1-1 emergency telephone service, certifies and approves telephone company costs, accepts user fee collections submitted by telephone companies, and disburses payments to telephone companies.
4. Data Privacy promotes compliance with the Minnesota Government Data Practices Act by providing information, education and advice to state and local government agencies, the legislature, the public and the media.

BUDGET ISSUES:

1. Due to changes in technology and in agency expectations and needs, InterTech sees a need to continually reevaluate and modify the services offered to its revolving-fund clients.
2. InterTech receives some General Fund monies for services that are for the

general good of state government or where costs are hard to attribute. The legislature also provides funds to make services free or less costly as an incentive for increased use by state agencies. General funding for InterTech services are appropriate when the service is integrally related to InterTech's other services.

3. InterTech is categorizing its services as either those of a utility, where agencies can only turn to InterTech for service, or those of the marketplace, where agencies can turn elsewhere for similar services. This evaluation will affect how InterTech approaches its customers and offers each of its services.

| <u>STATISTICS:</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|---|------------------|------------------|------------------|------------------|
| Number of WATS calls | 6,206,000 | 6,300,000 | 6,340,000 | 6,380,000 |
| Data Privacy phone inquiries | 2,031 | 2,150 | 2,250 | 2,320 |
| Processing transactions per month (millions) | 8 | 9 | 12 | 15 |
| Timesharing sessions per month | 24,800 | 26,300 | 28,000 | 29,200 |
| Paper documents microfilmed | 12,900 | 13,800 | 14,300 | 14,300 |
| Counties with 9-1-1 costs certified and paid | 83 | 87 | 87 | 87 |
| Number of workstations supported teleprocessing network | 4,100 | 4,600 | 5,200 | 6,000 |

EXPLANATION OF BUDGET REQUEST:

Most activities at InterTech are funded by customer payments to its revolving fund. There are 6 CHANGE items requested for this program:

| | <u>(Dollars in Thousands)</u> | | <u>Complement</u> | |
|---|-------------------------------|------------------|-------------------|------------------|
| | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
| <u>General Fund</u> | | | | |
| Disaster Recovery | \$ 919 | \$ 145 | -0- | -0- |
| Data Privacy | 44 | 39 | 1.0 | 1.0 |
| Communication Center Consoles (6) | 72 | -0- | -0- | -0- |
| Support for Small Agencies | 300 | 300 | 6.0 | 6.0 |
| <u>General Fund Contributed Capital</u> | | | | |
| Second Site | 1,000 | -0- | -0- | -0- |
| Telecommunications | 1,000 | -0- | -0- | -0- |
| <u>Revolving Fund</u> | | | | |
| <u>Revolving Fund Positions</u> | | | | |
| Second Site | | | 20.0 | 20.0 |
| Disaster Recovery | | | 3.0 | 3.0 |

PROGRAM: INTERTECHNOLOGIES GROUP
(Continuation)
Agency: ADMINISTRATION, DEPARTMENT OF

1990-91 Biennial Budget

GOVERNOR'S RECOMMENDATION:

The Governor recommends the following:

- o 20.0 positions for the Internal Services Fund for establishing a second site for another data processing center;
- o \$500,000 to finish implementation of a disaster recovery plan;
- o \$72,000 for 6 new consoles for the communications center;
- o \$83,000 and 1.0 position for data privacy backup.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : ADMINISTRATION,DPT OF
PROGRAM : INTERTECHNOLOGIES GROUP

| | | | F.Y. 1990 | | | | F.Y. 1991 | | | | | |
|--|-----|--|----------------|---------|-------|-----------------------|----------------|--------|-------|-----------------------|-------|-------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | | |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | | | |
| ACTIVITY EXPENDITURES: | | | FY 1988 | FY 1989 | | | | | | | | |
| INFORMATION SERVICES | | | 293 | 224 | 225 | 2,219 | 2,444 | 580 | 225 | 445 | 670 | 370 |
| B SECOND SITE | GEN | | | | | 1,000 | 0 | | 0 | | 0 | |
| B DISASTER RECOVERY | GEN | | | | | 919 | 355 | | 145 | | 145 | |
| B SYSTEMS SUPPORT FOR SMALL AGENCIES | GEN | | | | | 300 | 0 | | 300 | | 0 | |
| TELECOMMUNICATIONS | | | 1,270 | 1,239 | 1,283 | 1,072 | 2,355 | 1,355 | 1,283 | 0 | 1,283 | 1,283 |
| B COMMUNICATION CENTER CONSOLES | GEN | | | | | 72 | 72 | | 0 | | 0 | |
| B TELECOMMUNICATIONS CONTRIBUTED CAPITAL | GEN | | | | | 1,000 | 0 | | 0 | | 0 | |
| 9-1-1 | | | 3,914 | 4,158 | 4,158 | 0 | 4,158 | 4,158 | 4,158 | 0 | 4,158 | 4,158 |
| DATA PRIVACY | | | 46 | 53 | 54 | 44 | 98 | 98 | 54 | 39 | 93 | 93 |
| B DATA PRIVACY BACKUP | GEN | | | | | 44 | 44 | | 39 | | 39 | |
| TOTAL EXPENDITURES | | | 5,523 | 5,674 | 5,720 | 3,335 | 9,055 | 6,191 | 5,720 | 484 | 6,204 | 5,904 |
| SOURCES OF FINANCING: | | | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | | | |
| GENERAL | | | 1,609 | 1,516 | 1,562 | 3,335 | 4,897 | 2,033 | 1,562 | 484 | 2,046 | 1,746 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | | | |
| SPECIAL REVENUE | | | 3,882 | 4,158 | 4,158 | 0 | 4,158 | 4,158 | 4,158 | 0 | 4,158 | 4,158 |
| FEDERAL | | | 32 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL FINANCING | | | 5,523 | 5,674 | 5,720 | 3,335 | 9,055 | 6,191 | 5,720 | 484 | 6,204 | 5,904 |
| POSITIONS BY FUND: | | | | | | | | | | | | |
| GENERAL | | | 27.0 | 27.0 | 27.0 | 7.0 | 34.0 | 28.0 | 27.0 | 7.0 | 34.0 | 28.0 |
| SPECIAL REVENUE | | | 3.0 | 3.0 | 3.0 | 0.0 | 3.0 | 3.0 | 3.0 | 0.0 | 3.0 | 3.0 |
| MICROGRAPHICS (ISF) | | | 17.5 | 16.0 | 16.0 | 0.0 | 16.0 | 16.0 | 16.0 | 0.0 | 16.0 | 16.0 |
| TELECOMM (ISF) | | | 10.3 | 8.3 | 8.3 | 0.0 | 8.3 | 8.3 | 8.3 | 0.0 | 8.3 | 8.3 |
| COMPUTER SVS (ISF) | | | 268.3 | 271.3 | 271.3 | 23.0 | 294.3 | 294.3 | 271.3 | 23.0 | 294.3 | 294.3 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : ADMINISTRATION,DPT OF
PROGRAM : INTERTECHNOLOGIES GROUP

| POSITIONS BY FUND: | FY 1988 | FY 1989 | F.Y. 1990 | | | | GOVERNOR'S RECOMM. | F.Y. 1991 | | | | | | | |
|--------------------|---------|---------|----------------|--------|-------|-------|-----------------------|----------------|--------|-------|-----------------------|--|--|--|--|
| | | | AGENCY REQUEST | | | TOTAL | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | | | | |
| | | | BASE | CHANGE | TOTAL | | | BASE | CHANGE | TOTAL | | | | | |
| | | | | | | | | | | | | | | | |
| TOTAL POSITIONS | 326.1 | 325.6 | 325.6 | 30.0 | 355.6 | 349.6 | 325.6 | 30.0 | 355.6 | 349.6 | | | | | |

----- OPERATIONS DATA -----

| | PROJECTED | | | | |
|-----------------------------|-------------------|----------------------|----------|----------|----------|
| | ACTUAL FY 1987 | ESTIMATED FY 1988 | FY 1989 | FY 1990 | FY 1991 |
| OPERATING REVENUES: | | | | | |
| NET SALES | 25,404.0 | 31,657.3 | 39,805.4 | 50,222.3 | 51,551.5 |
| LESS: COST OF SALES | 5,755.6 | 6,371.0 | 5,001.9 | 6,034.9 | 6,279.4 |
| GROSS PROFIT ON SALES | 19,648.4 | 25,286.2 | 34,803.5 | 44,187.4 | 45,272.1 |
| OTHER REVENUE | 0.0 | (634.2) | 0.0 | 0.0 | 0.0 |
| NET REVENUES | 19,648.4 | 24,652.0 | 34,803.5 | 44,187.4 | 45,272.1 |
| LESS: OPERATING EXPENSES: | | | | | |
| SALARIES | 8,547.0 | 8,991.2 | 11,570.8 | 12,170.8 | 12,170.8 |
| SUPPLIES & EXPENSES | 6,542.8 | 6,538.2 | 15,806.1 | 18,744.2 | 19,503.9 |
| INTEREST EXPENSE | 905.8 | 701.6 | 814.8 | 5,597.6 | 5,821.4 |
| INDIRECT COSTS | 593.8 | 596.3 | 730.3 | 796.0 | 867.8 |
| AMORTIZATION & DEPRECIATION | 3,958.0 | 4,607.4 | 5,299.4 | 7,000.0 | 7,001.0 |
| TOTAL OPERATING EXPENSES | 20,547.4 | 21,434.6 | 34,221.4 | 44,308.6 | 45,365.0 |

* Difference is due to rounding.

FOOTNOTES TO STATEMENTS:

Activities included are Information Services, Micrographics, and Telecommunications.

ACTIVITY: INFORMATION SERVICES
Program: INTERTECHNOLOGIES GROUP
Agency: ADMINISTRATION, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

To manage the shared information assets of state government. The activity enables the 110 state agencies and 4,000 political subdivisions which are InterTech's customers to operate their programs more effectively and economically. InterTech does this by:

- Operating the state's shared data processing center;
- Guaranteeing that state agencies' data is available and its integrity is preserved;
- Evaluating and implementing services which allow agencies to make better use of their information assets;
- Providing improved information storage through micrographics and records storage;
- Providing data entry services which make more information accessible;
- Actively seeking out potential clients and assisting them in problem-solving and identifying opportunities for automation;
- Providing education and training on the use and management of information resources; and
- Offering small agencies systems development and consulting services to maintain their operations.

InterTech plans to improve information services by:

1. Developing a second shared data processing center to create a distributed processing environment with disaster recovery capabilities that will eliminate the risk of losing customers' information assets; and
2. Developing processing service level agreements with its customers which will allow both customers and InterTech to manage information assets better.

This activity is operated by the computer revolving fund. The Micrographics and Records Center is supported by the General Fund (with the exception of the state's Micrographics Laboratory which is operated by revolving fund). Benefits of the general funded activities are statewide in scope and not billable to specific InterTech clients. The statutory authority for this activity is found in M.S. 138.17, Subdivisions 7 & 8, and M.S. 168.47.

In addition, this activity also includes the computer revolving fund's internal requirements for clerical, accounting, billing, inventory and other administrative support activities. The statutory authority for this activity is found in M.S. 168.40.

BENEFITS:

1. The InterTechnologies Group offers worthwhile yet viable services based on business plans. InterTech uses its knowledge as a part of state government and its technical expertise to anticipate the services customers will value. InterTech will be flexible and emphasize services customers need, even if it means moving away from services it currently delivers.
2. InterTech takes advantage of economies of scale when purchasing and operating large-scale computer equipment and network facilities. InterTech also provides customers with services that work well together, which results in cheaper and more efficient services than those separately purchased elsewhere.
3. As technology advances to make work easier for users, much more sophisticated support will be required "behind the scene" for the technology to be applied successfully. InterTech is keeping pace by becoming smarter about technology and by increasing its bilingual skills so that it can be fluent with both end users and providers of technology.
4. InterTech can promote advances in technology by learning from its customers and passing along innovations.
5. InterTech ensures the security of data from both physical harm and unauthorized access.
6. InterTech establishes "overload" contracts with companies in the private sector to ensure that programmer and analyst services are available as needed by state agencies.
7. Of the computer jobs run at the central site, 99% of batch production jobs are processed on an automated schedule, ensuring reliability of service.

ACCOMPLISHMENTS:

1. The installation of new computers provided faster response times, expanded processing capabilities, and reduced prices.
2. InterTech no longer is in the business of contract programming, general information systems consulting or major systems development. These are businesses in which InterTech cannot currently provide effective service to its customers.
3. Data readiness services were initiated to guarantee availability and preserve the integrity of customer data, and relational data base technology was introduced which provides much greater access to data.
4. In the last 2 years, InterTech has helped agencies connect systems acquired from various vendors to the administrative network it manages. This allows agencies access to data and applications without investing in other equipment besides what they already operate. By not buying additional hardware, agencies save space, eliminate the time learning another system, and have the convenience of working with only one vendor for upgrades and maintenance. InterTech sees this as a growing trend in state government.
5. Electronic mail service was expanded and connectivity established to other

ACTIVITY: INFORMATION SERVICES

1990-91 Biennial Budget

(Continuation)

Program: INTERTECHNOLOGIES GROUP

Agency: ADMINISTRATION, DEPARTMENT OF

electronic mail systems.

6. Service level management was initiated to provide tools to help InterTech and its customers predict and control service levels and costs.

7. Initial group decision support services were developed and are being introduced to support customers in more effective group decision making.

** Keystrokes have dropped because our data entry operators now travel to the customer's site for the customer's convenience. This is one example of how we are responding to our customer's needs.

| <u>EFFECTIVENESS MEASURES:</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|--|------------------|------------------|------------------|------------------|
| <u>Processing Operations:</u> | | | | |
| Availability rate prime time (January, 1988 sample) | 99% | 99% | 99% | 99% |
| <u>Data Entry Tax Return Accuracy:</u> | | | | |
| Errors per hundred keystrokes | | | | |
| Short forms (target: 3 errors) | 1.1 | 1.1 | 1.1 | 1.1 |
| Long forms (target: 5 errors) | 2.2 | 2.2 | 2.2 | 2.2 |
| <u>Help Desk Phone Inquiries:</u> | | | | |
| Resolved during initial call | 86% | 86% | 86% | 86% |
| Resolved with assistance from second-level support | 93% | 93% | 93% | 93% |
| <u>Microfilm space and file equipment savings (000s)</u> | \$ 479 | \$ 504 | \$ 529 | \$ 554 |
| <u>Records Center documents disposal (cubic feet)</u> | 5,265 | 5,265 | 5,265 | 5,265 |

| <u>ACTIVITY STATISTICS:</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|--|------------------|------------------|------------------|------------------|
| No. of batch jobs completed /month | 38,800 | 41,500 | 50,000 | 52,000 |
| No. of timesharing sessions /month | 24,800 | 26,300 | 28,000 | 29,200 |
| No. of transactions /month (millions) | 8 | 9 | 12 | 15 |
| Revenue-producing processor hours | 4,950 | 5,555 | 7,115 | 7,724 |
| Millions of lines printed | 1,644 | 1,743 | 1,848 | 1,959 |
| Billable storage on disk devices (megabyte-days) (millions) | 11 | 14 | 27 | 30 |
| Data entry keystrokes (millions)** | 396 | 252 | 252 | 252 |
| No. of phone inquiries to Help Desk phone calls/month | 3,800 | 4,100 | 4,600 | 5,000 |
| No. of training classes/year | 240 | 250 | 250 | 250 |
| No. of workstations supported by teleprocessing network | 4,100 | 4,600 | 5,200 | 6,000 |
| Paper documents filmed (millions) | 13 | 14 | 15 | 15 |
| Cost per microfilm image (cents) | .042 | .043 | .042 | .042 |

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : ADMINISTRATION,DPT OF
PROGRAM : INTERTECHNOLOGIES GROUP
BUDGET ACTIVITY : INFORMATION SERVICES

| EXPENDITURES: | | | F.Y. 1990 | | | | F.Y. 1991 | | | |
|--------------------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | FY 1988 | FY 1989 | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 126 | 73 | 74 | 273 | 347 | 74 | 74 | 289 | 363 | 74 |
| EXPENSES/CONTRACTUAL SRVCS | 155 | 151 | 151 | 33 | 184 | 175 | 151 | 106 | 257 | 249 |
| MISC OPERATING EXPENSES | 6 | 0 | 0 | 7 | 7 | 5 | 0 | 7 | 7 | 5 |
| SUPPLIES/MATERIALS/PARTS | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CAPITAL EQUIPMENT | 3 | 0 | 0 | 906 | 906 | 326 | 0 | 43 | 43 | 42 |
| REDISTRIBUTIONS | 0 | 0 | 0 | 1,000 | 1,000 | 0 | 0 | 0 | 0 | 0 |
| TOTAL EXPENDITURES | 293 | 224 | 225 | 2,219 | 2,444 | 580 | 225 | 445 | 670 | 370 |
| CHANGE REQUESTS: | | | | | | | | | | |
| | | | | | | | | | | |
| B SECOND SITE | | | | 1,000 | | 0 | | 0 | | 0 |
| B DISASTER RECOVERY | | | | 919 | | 355 | | 145 | | 145 |
| B SYSTEMS SUPPORT FOR SMALL AGENCIES | | | | 300 | | 0 | | 300 | | 0 |
| TOTAL CHANGE REQUESTS | | | | 2,219 | | 355 | | 445 | | 145 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 293 | 224 | 225 | 2,219 | 2,444 | 580 | 225 | 445 | 670 | 370 |
| TOTAL FINANCING | 293 | 224 | 225 | 2,219 | 2,444 | 580 | 225 | 445 | 670 | 370 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 2.0 | 2.0 | 2.0 | 6.0 | 8.0 | 2.0 | 2.0 | 6.0 | 8.0 | 2.0 |
| MICROGRAPHICS (ISF) | 17.5 | 16.0 | 16.0 | 0.0 | 16.0 | 16.0 | 16.0 | 0.0 | 16.0 | 16.0 |
| COMPUTER SVS (ISF) | 268.3 | 271.3 | 271.3 | 23.0 | 294.3 | 294.3 | 271.3 | 23.0 | 294.3 | 294.3 |
| TOTAL POSITIONS | 287.8 | 289.3 | 289.3 | 29.0 | 318.3 | 312.3 | 289.3 | 29.0 | 318.3 | 312.3 |

AGENCY: ADMINISTRATION

OPERATIONS DATA

-- FINANCIAL DATA

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| OPERATIONS DATA | | | | | | FINANCIAL DATA | | | |
|--|-------------------|----------------------|---------|----------------------|---------|---------------------------------|-------------------|---------|----------------------|
| | ACTUAL FY 1987 | ESTIMATED FY 1988 | FY 1989 | PROJECTED FY 1990 | FY 1991 | | ACTUAL FY 1987 | FY 1988 | ESTIMATED FY 1989 |
| OPERATING REVENUES: | | | | | | ASSETS: | | | |
| NET SALES | 510.2 | 558.1 | 599.2 | 622.0 | 669.6 | CURRENT ASSETS: | | | |
| LESS: COST OF SALES | 51.9 | 49.1 | 61.9 | 65.3 | 71.0 | CASH | 57.7 | 9.8 | 30.0 |
| GROSS PROFIT ON SALES | 458.3 | 508.9 | 537.3 | 556.7 | 598.6 | OTHER CURRENT ASSETS | 78.2 | 95.2 | 79.7 |
| OTHER REVENUE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | TOTAL CURRENT ASSETS | 135.9 | 105.0 | 109.7 |
| NET REVENUES | 458.3 | 508.9 | 537.3 | 556.7 | 598.6 | NON-CURRENT ASSETS: | 47.2 | 30.7 | 33.3 |
| LESS: OPERATING EXPENSES: | | | | | | TOTAL ASSETS | 183.1 | 135.6 | 143.0 |
| SALARIES | 380.9 | 376.6 | 365.1 | 365.1 | 365.1 | LIABILITIES & FUND EQUITY | | | |
| SUPPLIES & EXPENSES | 105.8 | 95.8 | 101.8 | 125.0 | 140.0 | LIABILITIES: | | | |
| INTEREST EXPENSE | 1.1 | 1.0 | 0.8 | 1.0 | 1.0 | CURRENT LIABILITIES | | | |
| INDIRECT COSTS | 38.4 | 35.4 | 36.4 | 37.4 | 38.4 | DUE GENERAL FUND - CURRENT | 13.3 | 6.4 | 0.2 |
| AMORTIZATION & DEPRECIATION | 19.1 | 16.6 | 17.4 | 18.2 | 19.0 | MASTER LEASE - CURRENT | 3.3 | 3.3 | 3.3 |
| TOTAL OPERATING EXPENSES | 545.2 | 525.3 | 521.5 | 546.5 | 563.6 | OTHER CURRENT LIABILITIES | 51.7 | 39.1 | 40.0 |
| OPERATING INCOME (LOSS) | (86.9) | (16.4) | 15.7 | 10.2 | 35.0 | TOTAL CURRENT LIABILITIES | 68.3 | 48.8 | 43.6 |
| NON-OPERATING REVENUES (EXPENSE) | 1.4 | 1.0 | 0.8 | 1.0 | 1.0 | NON-CURRENT LIABILITIES | | | |
| NET INCOME (LOSS) | (85.5) | (15.4) | 16.5 | 11.2 | 36.0 | DUE GENERAL FUND - NON-CURRENT | 9.4 | 0.2 | 0.0 |
| BEGINNING RETAINED EARNINGS | 67.4 | (18.1) | (33.5) | (17.0) | (5.8) | MASTER LEASE NON-CURRENT | 12.1 | 8.6 | 4.9 |
| PRIOR PERIOD ADJUSTMENT | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | OTHER NON-CURRENT LIABILITIES | 0.4 | 0.4 | 0.5 |
| ENDING RETAINED EARNINGS | (18.1) | (33.5) | (17.0) | (5.8) | 30.2 | TOTAL NON-CURRENT LIABILITIES | 21.9 | 9.3 | 5.4 |
| FOOTNOTES TO STATEMENTS: | | | | | | TOTAL LIABILITIES | 90.2 | 58.1 | 49.0 |
| Rate changes: % Inc (Dec): | 1.00x | 4.50x | 4.03x | 4.00x | 4.00x | FUND EQUITY: | | | |
| Five year average increase/(decrease): | 3.51x | | | | | CONTRIBUTED CAPITAL | 111.0 | 111.0 | 111.0 |
| | | | | | | RETAINED EARNINGS | (18.1) | (33.5) | (17.0) |
| | | | | | | TOTAL FUND EQUITY | 92.9 | 77.5 | 94.0 |
| | | | | | | TOTAL LIABILITIES & FUND EQUITY | 183.1 | 135.6 | 143.0 |

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: INFORMATION SERVICES
PROGRAM: INTERTECHNOLOGIES GROUP
AGENCY: ADMINISTRATION, DEPARTMENT OF

REQUEST TITLE: SECOND SITE

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|----------------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$1,000 | -0- | \$ -0- | -0- |
| Revolving Fund Positions | -0- | 20.0 | -0- | 20.0 |
| Governor's Recommendation | | | | |
| General Fund | \$ -0- | -0- | \$ -0- | -0- |
| Revolving Fund Positions | -0- | 20.0 | -0- | 20.0 |

Request requires statutory change: _____ Yes X No

Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

By customer demand and approval of the InterTechnologies Board and Information Policy Office, another state of Minnesota data processing center, separate from the existing state of Minnesota computer center located at InterTechnologies Group, will be operational in F.Y. 1989. This second computer site will provide a distributed processing environment for critical Minnesota computerized applications and provide a disaster recovery capability for each state of Minnesota computer processing center.

This second computer center will be installed in F.Y. 1989 at an estimated cost of \$5,928,882 including the costs for the central processors, computer attachments, and operating software.

This request is for 20 new computer center positions (revolving fund) to be added for the F.Y. 1990-91 biennium beginning with F.Y. 1990 and continued through F.Y. 1991; and for \$1,000,000 of contributed capital to support the additional cash flow needs in the computer revolving fund. The costs for these positions are estimated at \$600,000 for F.Y. 1990 and \$636,000 for F.Y. 1991 and will be recovered by a computer usage charge-back system. Additional computer center costs of \$9,336,688 and \$10,168,871, respectively, for each year of the F.Y. 1990-91 biennium beginning in F.Y. 1990, also will be recovered by the computer usage chargeback system.

DESCRIPTION/BACKGROUND:

The second site is driven by a doubling of current processing capacity needed primarily because of additional Department of Human Services data processing work. This additional work makes it possible to split the risk of catastrophe between 2 sites, but also means a larger revolving fund as users pay more fees for the increased services. This requires an increase of contributed capital to solve the potential cash flow problems of the fund.

STATISTICS:

| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|--------------------------------------|-----------|-----------|-----------|-----------|
| No. of batch jobs completed/month | 38,800 | 41,500 | 50,000 | 52,000 |
| No. of timesharing sessions/month | 24,800 | 26,300 | 28,000 | 29,200 |
| Np. of transactions/month (millions) | 8 | 9 | 12 | 15 |
| Revenue-producing processor hours | 4,950 | 5,555 | 7,115 | 7,724 |

RATIONALE:

Building a second computer site will not only ensure continuity of computer processing of critical law enforcement, financial, and human services applications in case of a disaster, but it will provide necessary computer processing backup in times of equipment and software failures.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request for the positions and does not provide funding for the General Fund request for contributed capital. Funds are available in the existing computer services internal service fund.

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: INFORMATION SERVICES
 PROGRAM: INTERTECHNOLOGIES GROUP
 AGENCY: ADMINISTRATION, DEPARTMENT OF

REQUEST TITLE: DISASTER RECOVERY

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|--------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 919 | -0- | \$ 145 | -0- |
| Revolving Fund Positions | \$ -0- | 3.0 | \$ -0- | 3.0 |

Governor's Recommendation

| | | | | |
|--------------------------|--------|-----|--------|-----|
| General Fund | \$ 355 | -0- | \$ 145 | -0- |
| Revolving Fund Positions | \$ -0- | 3.0 | \$ -0- | 3.0 |

Request requires statutory change: _____ Yes X No
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

This request is to increase the general fund by \$918,600 in F.Y. 1990 and \$145,324 in F.Y. 1991 to finish implementation of a disaster recovery capability for the state of Minnesota computer centers at InterTechnologies Group. The alternative action of continuing computer operations without disaster recovery capability has been thoroughly examined and rejected. This request would cover the 1 time costs of stalling the capability to switch the networks that connect users to the computer, if 1 of the computer centers at InterTech become inoperable. Other ongoing costs would be recovered from the revolving fund fees.

DESCRIPTION/BACKGROUND:

In F.Y. 1988 and 1989, considerable work was done with the help of a consultant to plan and implement disaster recovery for the computer systems which run at InterTechnologies Group.

RATIONALE:

Discontinuation of the operation of InterTech computers would seriously disrupt the essential services provided by many agencies to the public. Several state agencies depend on InterTech to safeguard their computer systems and applications that improve and maintain the quality of life in Minnesota. This includes law enforcement information, driver's license and vehicle registration information, health insurance claims, statewide accounting. Providing this funding will enable us to continue state of Minnesota computer operations in case of a fire or other emergency by switching the work to the backup site. General fund monies are requested because this 1 time cost is inappropriate to be added to the rates.

All reasonable means to protect the current site have been implemented. The availability of existing computer centers to provide computer services to the state of Minnesota in case of disaster have been found to be inadequate.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the funding as requested except for a biennial reduction of \$564,000 for disaster recovery.

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: INFORMATION SERVICES
PROGRAM: INTERTECHNOLOGIES GROUP
AGENCY: ADMINISTRATION, DEPARTMENT OF

REQUEST TITLE: SYSTEMS SUPPORT FOR SMALL AGENCIES

| | <u>F.Y. 1990</u> | | <u>F.Y. 1991</u> | |
|----------------------------------|------------------|------------------|------------------|------------------|
| | (000's) | | (000's) | |
| Agency Request | <u>Amount</u> | <u>Positions</u> | <u>Amount</u> | <u>Positions</u> |
| General Fund | \$ 300 | 6.0 | \$ 300 | 6.0 |
| Governor's Recommendation | | | | |
| General Fund | \$ -0- | -0- | \$ -0- | -0- |

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

Six general funded positions with associated budget dollars of \$300,000 in F.Y. 1990 and 6.0 positions and \$300,000 in F.Y. 1991.

DESCRIPTION/BACKGROUND:

InterTech has maintained an Information Systems Development Division since the beginning of the computer fund. In consultation with the InterTech Board, InterTech has abolished this service because major agencies have acquired their own systems development staff and contract with outside consultants for these services. Small agencies have never had on-staff expertise nor the money to contract for these services from the outside. InterTech has minimally provided the services in the past and can effectively enhance and strengthen this service in the future.

RATIONALE:

Individually, it is difficult for small agencies to justify having their own systems development staff. InterTech would provide development services and the agencies would pay computer costs for both development and continued operations. These monies from the general fund allow the small agencies to have professional experts, readily available, to help them identify and meet their needs.

| | <u>(Dollars in Thousands)</u> | | |
|---------------------------------|-------------------------------|------------------|--------------|
| <u>LONG RANGE IMPLICATIONS:</u> | <u>F.Y. 1992</u> | <u>F.Y. 1993</u> | <u>Total</u> |
| General Fund Expenditures | \$ 300 | \$ 300 | \$ 600 |

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Although the request has merit, other spending priorities preclude additional funding.

ACTIVITY: TELECOMMUNICATIONS
Program: INTERTECHNOLOGIES GROUP
Agency: ADMINISTRATION, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

Telecommunications manages telecommunications systems and services for all state agencies. These activities include:

- Leasing and managing telephone circuits to provide telephone services at the lowest possible cost to state government;
- Providing a voice mail service and training to improve employee productivity;
- Managing data networks that reach 400 remote sites throughout Minnesota and over 4,000 terminals;
- Billing agencies for use of these voice and data networks;
- Planning, designing and coordinating installation of telecommunications systems and services;
- Providing operator and other referral services to the public and government agencies; and
- Representing the state in regulatory matters.

These activities support agencies so they can conduct their present and future public business economically and reliably. Since divestiture, Telecommunications has increased responsibility for activities which were previously provided by the telephone companies.

Recent developments in technology allow Telecommunications to provide customers with teleconferencing and a higher level of local network support for greater interconnectivity from customer to customer. Internally, Telecommunications' general fund is supporting telecommunications management software and operations for more efficient systems of local telephone equipment inventory, billing and directory.

BENEFITS:

1. Telecommunications plays a key role in representing the needs of state agencies when negotiating contracts and services for state government. This bargaining power allows state agencies to get the quality telecommunications services for their agencies at the lowest possible cost.
2. In the unsettled regulatory environment, Telecommunications collectively represents state agencies' needs. This representation is backed by the full expertise and experience of Telecommunications staff in regulatory affairs.

ACCOMPLISHMENTS:

1. Integrated the North Star Network and WATS into a cost-effective routing system better able to allocate costs, improve services and better manage the telecommunications network.

2. Minnesota is one of only a few states that still uses private line TELPAK tariffs. By preserving these tariffs, Telecommunications has saved state agencies in excess of \$3 million during the past 2 years and has offset increased costs of \$2 million or more a year so alternatives can be properly studied if these tariffs were lost.

3. Successfully tested a facility which allows the state to order Centrex changes from the local telephone company through an on-line terminal. The facility will result in direct savings in state agencies' budgets of over \$100,000 per year and will reduce the time required to make telephone changes from 10 days or more to one day or less.

4. Successfully expanded the voice mail service. The service area for this facility has been expanded from the Capitol complex to agencies in the St. Paul Midway and selected Minneapolis areas. Sixty percent of the subscribers reported they eliminated at least one hour of nonproductive telephone time per day. Further expansion will increase these savings as more state employees communicate efficiently using this tool.

5. Converted the microfiche-based state telephone directory to a fully automated on-line system. This will reduce the preparation time of the state telephone directory so state agencies get the most accurate telephone numbers possible.

6. Recommended that agencies purchase, rather than continue to lease, approximately 15,000 telephones, resulting in estimated annual savings of \$750,000.

EFFECTIVENESS MEASURES:

| | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|---|------------------|------------------|------------------|------------------|
| Probability of receiving a busy signal on the network | 10% | 10% | 10% | 10% |
| Number of teleconferences | 1,941 | 2,141 | 2,341 | 2,541 |
| Speed of answer (92% of operator-handled calls are answered within this time) (seconds) | 3.8 | 3.8 | 3.8 | 3.8 |

STATISTICS:

| | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|--|------------------|------------------|------------------|------------------|
| No. of North Star network participants | 28,000 | 28,500 | 29,000 | 29,500 |
| No. of network calls-interstate | 923,991 | 950,000 | 960,000 | 970,000 |
| No. of network calls-intrastate | 3,586,304 | 3,650,000 | 3,675,000 | 3,700,000 |
| Number of In-WATS Pool Calls | 436,072 | 440,000 | 445,000 | 450,000 |
| Number of calls handled by operators | 1,260,000 | 1,260,000 | 1,260,000 | 1,260,000 |
| Number of service requests processed | 3,165 | 3,300 | 3,400 | 3,500 |
| Number of Voice Mail subscribers/month | 560 | 900 | 1,600 | 1,800 |
| Facsimile messages | 17,640 | 17,800 | 17,900 | 18,000 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : ADMINISTRATION,DPT OF
PROGRAM : INTERTECHNOLOGIES GROUP
BUDGET ACTIVITY : TELECOMMUNICATIONS

| EXPENDITURES: | | | F.Y. 1990 | | | | F.Y. 1991 | | | |
|--|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | FY 1988 | FY 1989 | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 763 | 820 | 864 | 0 | 864 | 864 | 864 | 0 | 864 | 864 |
| EXPENSES/CONTRACTUAL SRVCS | 219 | 194 | 194 | 0 | 194 | 194 | 194 | 0 | 194 | 194 |
| MISC OPERATING EXPENSES | 178 | 205 | 205 | 0 | 205 | 205 | 205 | 0 | 205 | 205 |
| SUPPLIES/MATERIALS/PARTS | 17 | 13 | 13 | 0 | 13 | 13 | 13 | 0 | 13 | 13 |
| CAPITAL EQUIPMENT | 93 | 7 | 7 | 72 | 79 | 79 | 7 | 0 | 7 | 7 |
| REDISTRIBUTIONS | 0 | 0 | 0 | 1,000 | 1,000 | 0 | 0 | 0 | 0 | 0 |
| TOTAL EXPENDITURES | 1,270 | 1,239 | 1,283 | 1,072 | 2,355 | 1,355 | 1,283 | 0 | 1,283 | 1,283 |
| CHANGE REQUESTS: | | | | | | | | | | |
| | | | | | | | | | | |
| B COMMUNICATION CENTER CONSOLES | | | | 72 | | 72 | | 0 | | 0 |
| B TELECOMMUNICATIONS CONTRIBUTED CAPITAL | | | | 1,000 | | 0 | | 0 | | 0 |
| TOTAL CHANGE REQUESTS | | | | 1,072 | | 72 | | 0 | | 0 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 1,270 | 1,239 | 1,283 | 1,072 | 2,355 | 1,355 | 1,283 | 0 | 1,283 | 1,283 |
| TOTAL FINANCING | 1,270 | 1,239 | 1,283 | 1,072 | 2,355 | 1,355 | 1,283 | 0 | 1,283 | 1,283 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 24.0 | 24.0 | 24.0 | 0.0 | 24.0 | 24.0 | 24.0 | 0.0 | 24.0 | 24.0 |
| TELECOMM (ISF) | 10.3 | 8.3 | 8.3 | 0.0 | 8.3 | 8.3 | 8.3 | 0.0 | 8.3 | 8.3 |
| TOTAL POSITIONS | 34.3 | 32.3 | 32.3 | 0.0 | 32.3 | 32.3 | 32.3 | 0.0 | 32.3 | 32.3 |

OPERATIONS DATA

FINANCIAL DATA

| | PROJECTED | | | | | | ESTIMATED | | |
|--|-------------------|----------------------|-----------|-----------|---------|---------------------------------|-------------------|-----------|-----------|
| | ACTUAL FY 1987 | ESTIMATED FY 1988 | FY 1989 | FY 1990 | FY 1991 | | ACTUAL FY 1987 | FY 1988 | FY 1989 |
| OPERATING REVENUES: | | | | | | ASSETS: | | | |
| NET SALES | 4,663.0 | 6,278.3 | 6,030.9 | 7,242.0 | 7,675.2 | CURRENT ASSETS: | | | |
| LESS: COST OF SALES | 5,783.7 | 6,321.9 | 5,740.0 | 5,989.6 | 6,288.4 | CASH | 821.2 | 858.0 | 1,100.0 |
| GROSS PROFIT ON SALES | (1,040.7) | (43.6) | 1,090.9 | 1,271.2 | 1,466.8 | OTHER CURRENT ASSETS | 893.0 | 866.7 | 890.6 |
| OTHER REVENUE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | TOTAL CURRENT ASSETS | 1,714.2 | 1,716.7 | 1,990.6 |
| NET REVENUES | (1,040.7) | (43.6) | 1,090.9 | 1,271.2 | 1,466.8 | NON-CURRENT ASSETS: | 348.0 | 350.0 | 350.0 |
| LESS: OPERATING EXPENSES: | | | | | | TOTAL ASSETS | 2,062.2 | 2,066.7 | 2,340.6 |
| SALARIES | 227.7 | 208.4 | 236.0 | 236.0 | 236.0 | LIABILITIES & FUND EQUITY | | | |
| SUPPLIES & EXPENSES | 128.0 | 239.3 | 92.0 | 95.7 | 99.5 | LIABILITIES: | | | |
| INTEREST EXPENSE | 0.0 | 46.4 | 10.0 | 10.4 | 10.8 | CURRENT LIABILITIES | | | |
| INDIRECT COSTS | 68.3 | 77.3 | 139.8 | 152.8 | 167.1 | DUE GENERAL FUND - CURRENT | 292.0 | 494.0 | 494.0 |
| AMORTIZATION & DEPRECIATION | 2.6 | 205.5 | 139.2 | 139.2 | 139.2 | MASTER LEASE - CURRENT | 45.0 | 45.0 | 45.0 |
| TOTAL OPERATING EXPENSES | 426.6 | 776.9 | 617.0 | 634.1 | 652.6 | OTHER CURRENT LIABILITIES | 1,089.2 | 1,900.0 | 1,900.0 |
| OPERATING INCOME (LOSS) | (1,467.3) | (820.5) | 473.9 | 637.1 | 814.2 | TOTAL CURRENT LIABILITIES | 2,226.2 | 2,439.0 | 2,439.0 |
| NON-OPERATING REVENUES (EXPENSE) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | NON-CURRENT LIABILITIES | | | |
| NET INCOME (LOSS) | (1,467.3) | (820.5) | 473.9 | 637.1 | 814.2 | DUE GENERAL FUND - NON-CURRENT | 100.0 | 800.0 | 600.0 |
| BEGINNING RETAINED EARNINGS | 302.5 | (1,084.8) | (1,905.3) | (1,431.4) | (794.3) | MASTER LEASE NON-CURRENT | 0.0 | 0.0 | 0.0 |
| PRIOR PERIOD ADJUSTMENT | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | OTHER NON-CURRENT LIABILITIES | 141.0 | 141.0 | 141.0 |
| ENDING RETAINED EARNINGS | (1,084.8) | (1,905.3) | (1,431.4) | (794.3) | 19.9 | TOTAL NON-CURRENT LIABILITIES | 321.0 | 941.0 | 741.0 |
| FOOTNOTES TO STATEMENTS: | | | | | | TOTAL LIABILITIES | 2,547.0 | 3,380.0 | 3,180.0 |
| Rate changes: % Inc (Dec): | (12.80%) | * 48.06% | 9.23% | 6.00% | 6.00% | FUND EQUITY: | | | |
| Five year average increase/(decrease): | 11.30% | | | | | CONTRIBUTED CAPITAL | 592.0 | 592.0 | 592.0 |
| * North Star Network changed from being general funded to part of the revolving fund. Usage dropped 35% which resulted in decreased revenues of \$1,090,591. | | | | | | RETAINED EARNINGS | (1,084.8) | (1,905.3) | (1,431.4) |
| | | | | | | TOTAL FUND EQUITY | (492.8) | (1,313.3) | (839.4) |
| | | | | | | TOTAL LIABILITIES & FUND EQUITY | 2,054.2 | 2,066.7 | 2,340.6 |

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: TELECOMMUNICATIONS
PROGRAM: INTERTECHNOLOGIES GROUP
AGENCY: ADMINISTRATION, DEPARTMENT OF

REQUEST TITLE: COMMUNICATION CENTER CONSOLES

| | <u>F.Y. 1990</u> | | <u>F.Y. 1991</u> | |
|---------------------------|--------------------------|------------------|--------------------------|------------------|
| Agency Request | (000's) <u>Amount</u> | <u>Positions</u> | (000's) <u>Amount</u> | <u>Positions</u> |
| General Fund | \$ 72 | -0- | \$ -0- | -0- |
| Governor's Recommendation | | | | |
| General Fund | \$ 72 | -0- | \$ -0- | -0 |

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

Six new consoles for our communications center. One-time cost of \$72,000.

DESCRIPTION/BACKGROUND:

These consoles have been in place for over 10 years. They have not been manufactured for several years and spare parts are only available when other companies remove them from their operation because of poor performance. Approximately 5,000 calls per day are answered on these consoles.

RATIONALE:

It becomes increasingly difficult to provide a reasonable level of service to the calling public and to our state agencies. We have had as many as 3 consoles not working at a time and we cannot meet our objectives of answering calls within 4.3 seconds. The public judges how efficient state government is by how our incoming calls are answered. We cannot tolerate someone hearing 10 rings before their call is answered.

| <u>LONG RANGE IMPLICATIONS:</u> | <u>F.Y. 1992</u> | <u>F.Y. 1993</u> | <u>Total</u> |
|---------------------------------|------------------|------------------|--------------|
|---------------------------------|------------------|------------------|--------------|

Long Range: For the future, consoles will be put on a more predictable replacement schedule.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

CHANGE REQUEST 1990-91 Biennial Budget
____ Agency ____ Program X Activity

ACTIVITY: TELECOMMUNICATIONS
PROGRAM: INTERTECHNOLOGIES GROUP
AGENCY: ADMINISTRATION, DEPARTMENT OF

GOVERNOR'S RECOMMENDATION:

The Governor does not support the agency's request for this item. Funds are available in the existing computer services internal service fund.

REQUEST TITLE: TELECOMMUNICATIONS CONTRIBUTED CAPITAL

| | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-----------|-----------|-----------|-----------|
| | (000's) | | (000's) | |
| Agency Request | Amount | Positions | Amount | Positions |
| General Fund | \$1,000 | -0- | \$ -0- | -0- |
| Governor's Recommendation | | | | |
| General Fund | \$ -0- | -0- | \$ -0- | -0- |

Request requires statutory change: ____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The telecommunications revolving fund has grown from about \$2,000,000 in 1973 to \$6,831,000 in expenses for F.Y. 1989. Currently, the contributed capital is \$592,000. This request is to increase the contributed capital by \$1,000,000 to \$1,592,000.

DESCRIPTION/BACKGROUND:

The legislature established the telecommunications revolving fund in January, 1973. In July, 1979, \$342,000 of working capital was provided, and this was increased by \$250,000 in September, 1986 when the fund size increased from about \$2,000,000 to over \$6,000,000.

Currently the fund is over \$6,800,000 with cash on hand at the end of July, 1988 of \$332,000 and a deficit fund status.

A loan of \$1,000,000 for the telecommunications revolving fund was obtained from the Department of Finance in June, 1988 to temporarily resolve a cash flow problem. Rates have been increased to recover a fund deficit and repay this loan. The increase of contributed capital is a long-term solution to supporting the cash-flow needs of the fund.

RATIONALE:

Increasing the contributed capital to \$1,592,000 will enable Telecommunications to pay invoices promptly and meet the Department of Administration's prompt payment objective of paying 98% of all invoices within 30 days of receipt.

ACTIVITY: 9-1-1
Program: INTERTECHNOLOGIES GROUP
Agency: ADMINISTRATION, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

To continue state support of 9-1-1 emergency telephone service, to coordinate implementation and to assist counties in delivering effective 9-1-1 service. Statutory authority for this activity is found in M.S. 403.01 to 403.12 and M.S. 237.49. This activity:

- Establishes and administers 9-1-1 design standards;
- Coordinates the implementation of systems;
- Aids counties in developing methods and procedures to improve the operation of 9-1-1 systems; and
- Collects and deposits 9-1-1, TACIP, and TAP telephone user fees from each telephone company.

The activity also has the responsibility for certifying and approving telephone company costs, disbursing payments to telephone companies and reimbursing counties. Since January, 1987, the recurring costs of 9-1-1 have been paid from a uniform user fee instead of the general revenue fund. The activity has assumed the added responsibility of accepting and verifying user fee collections submitted by the telephone companies.

By the end of F.Y. 1987, all 87 counties had committed to 9-1-1, and all counties had complete or partial systems in place.

BENEFITS:

1. County planning committees are helped to ensure that systems meet standards, effective Public Safety Answering Point (PSAP) operating procedures are developed, and public-awareness and dispatcher-training programs are established.
2. Technological developments and activities in other states are monitored and evaluated, and this information is shared with counties to ensure cost-effective use of new options.
3. As counties exercise the option to purchase rather than lease equipment, they are assisted in awarding contracts, if requested.

ACCOMPLISHMENTS:

1. 9-1-1 coverage was increased to 98% of the state population by the end of F.Y. 1988.
2. During F.Y. 1988, 3 additional counties achieved countywide status, and the few remaining counties had ordered 9-1-1 systems. The only large area not covered by 9-1-1 was St. Louis County, outside of the city of Duluth.
3. The annual Public Safety Answering Point (PSAP) survey was conducted to update PSAP statistical information, assess the PSAP managers' degree of

satisfaction with their 9-1-1 systems, and gather traffic safety-related information for the National Highway Traffic Safety Administration in compliance with federal grant agreements. Survey results show wide acceptance, growing interest and high levels of activity in completing 9-1-1 systems.

| <u>EFFECTIVENESS MEASURES:</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|---|------------------|------------------|------------------|------------------|
| Counties with most or all 9-1-1 costs certified and paid (cumulative) | 83 | 87 | 87 | 87 |
| Counties with enhanced 9-1-1 systems (Automatic Number Identification) (cumulative) | 34 | 40 | 50 | 60 |

| <u>ACTIVITY STATISTICS</u> (Cumulative Figures) | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|--|------------------|------------------|------------------|------------------|
| Final plans approved | 87 | 87 | 87 | 87 |
| Counties entered into contracts | 87 | 87 | 87 | 87 |
| Countywide systems installed ** | 86 | 87 | 87 | 87 |

** M.S.403 mandates completion by 12-15-86. St. Louis County qualified for waiver to the mandate due to equipment delays.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : ADMINISTRATION,DPT OF
PROGRAM : INTERTECHNOLOGIES GROUP
BUDGET ACTIVITY : 9-1-1

| EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|----------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 98 | 103 | 103 | 0 | 103 | 103 | 103 | 0 | 103 | 103 |
| EXPENSES/CONTRACTUAL SRVCS | 0 | 1 | 1 | 0 | 1 | 1 | 1 | 0 | 1 | 1 |
| MISC OPERATING EXPENSES | 3,779 | 4,032 | 4,032 | 0 | 4,032 | 4,032 | 4,032 | 0 | 4,032 | 4,032 |
| SUPPLIES/MATERIALS/PARTS | 1 | 1 | 1 | 0 | 1 | 1 | 1 | 0 | 1 | 1 |
| REDISTRIBUTIONS | 4 | 21 | 21 | 0 | 21 | 21 | 21 | 0 | 21 | 21 |
| STATE OPERATIONS | 3,882 | 4,158 | 4,158 | 0 | 4,158 | 4,158 | 4,158 | 0 | 4,158 | 4,158 |
| AIDS TO INDIVIDUALS | 27 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| LOCAL ASSISTANCE | 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL EXPENDITURES | 3,914 | 4,158 | 4,158 | 0 | 4,158 | 4,158 | 4,158 | 0 | 4,158 | 4,158 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| SPECIAL REVENUE | 3,882 | 4,158 | 4,158 | 0 | 4,158 | 4,158 | 4,158 | 0 | 4,158 | 4,158 |
| FEDERAL | 32 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL FINANCING | 3,914 | 4,158 | 4,158 | 0 | 4,158 | 4,158 | 4,158 | 0 | 4,158 | 4,158 |
| POSITIONS BY FUND: | | | | | | | | | | |
| SPECIAL REVENUE | 3.0 | 3.0 | 3.0 | 0.0 | 3.0 | 3.0 | 3.0 | 0.0 | 3.0 | 3.0 |
| TOTAL POSITIONS | 3.0 | 3.0 | 3.0 | 0.0 | 3.0 | 3.0 | 3.0 | 0.0 | 3.0 | 3.0 |

ACTIVITY: DATA PRIVACY 1990-91 Biennial Budget
Program: INTERTECHNOLOGIES GROUP
Agency: ADMINISTRATION, DEPARTMENT OF

PURPOSE:

To promote compliance with the "Minnesota Government Data Practices Act" (MGDPA) by all state agencies and political subdivisions and to assist the commissioner of the Department of Administration in performing her duties under the MGDPA in a timely and effective fashion.

This activity promotes compliance with the MGDPA by providing information, consultations, education, advice, drafting services, evaluations, publications, and sometimes mediation services to the following clientele: agencies of state and local government; the Minnesota media community; citizen groups and individual citizens; members of the legislature and legislative staff; and both public and private attorneys.

This activity also provides staff assistance to the commissioner of administration in her performance of the following duties required by the MGDPA:

- Preparation of annual legislation.
- Decisions about temporary classifications of data.
- Decisions about new uses of data.
- Decisions concerning appeals by citizens of the accuracy and completeness of data maintained about them by government agencies.

Statutory authority for this activity is found in M.S. 13.05, 13.06 and 13.07.

BENEFITS:

By providing education, assistance and expertise on the requirements of the MGDPA, the following benefits are realized:

1. Critical objectives of the statute are met, including maximizing public access to government data, maintaining limits on the dissemination of data that is not public, and ensuring effective exercise of citizen rights.
2. Citizens and agency questions are answered quickly helping to reduce the possibility of needless lawsuits over the act's requirements.
3. Citizens receive assistance regarding access to government data, thereby improving their access to the government process.
4. Agencies understand the complex requirements of the statute, making compliance with its requirements more palatable.

ACCOMPLISHMENTS:

1. Necessary changes to the MGDPA, identified, drafted and promoted by the division were resolved in the 1987 and 1988 legislative sessions. Work was initiated in the 1988 session for a reexamination of the fundamental approach to access and privacy issues taken by the current language of Chapter 13.

2. The division is participating in the development of rules governing access to data maintained by the judicial system through membership on the Supreme Court Advisory Committee on Access to Court Data.

3. Participated in the legislative process on a number of related controversial issues such as the handling of data on alleged child abusers during and after investigation. Assisted in resolving problems presented by the chemical abuse by minors reporting system which was mandated by the Legislature in 1987.

4. Functioned as an expert resource to the Department of Health's Task Force on AIDS and the same department's Emergency Medical Services Team.

| <u>EFFECTIVENESS MEASURES:</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|--|------------------|------------------|------------------|------------------|
| Number of agencies in substantial compliance | 225 | 300 | 325 | 350 |

ISSUES:

1. In recent legislative sessions, there has been an increased trend for individual subject matter legislative committees to address a variety of specific data practices issues. This is beginning to result in legislation which does not provide a consistent public policy direction.
2. The potential clientele of the Data Privacy Division involves over 100,000 public employees and several hundred thousand citizens. Understanding of requirements and rights under the MGDPA continues to be at an unsatisfactory level. Given the low level of resources allocated to the function, this lack of understanding will persist.
3. A 1985 Court of Appeals decision, which initially seemed to resolve the issue of the conflict between the MGDPA and the "open meetings law," has not answered a number of issues involving the conduct of public meetings and the resulting dissemination of nonpublic data.
4. Enforcement of the MGDPA, which relies almost entirely on the mechanism of citizen law suits, continues to be a problem. Discussions are underway with legislators to explore other possible enforcement mechanisms.

| <u>STATISTICS:</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|---------------------------------|------------------|------------------|------------------|------------------|
| Phone inquiries from agencies | ** 900 | ** 950 | 1,200 | 1,250 |
| Phone inquiries from the public | 400 | 450 | 600 | 625 |
| Phone inquiries from the media | 50 | 75 | 75 | 100 |
| Consultations provided | 20 | 30 | 40 | 40 |
| Educational presentations | 30 | 30 | 35 | 40 |

** Staff of the division was on special assignment leave in part of Fiscal Years 1988 and 1989 so these numbers are pure estimates.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : ADMINISTRATION,DPT OF
PROGRAM : INTERTECHNOLOGIES GROUP
BUDGET ACTIVITY : DATA PRIVACY

| EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|----------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 41 | 50 | 51 | 30 | 81 | 81 | 51 | 31 | 82 | 82 |
| EXPENSES/CONTRACTUAL SRVCS | 2 | 3 | 3 | 8 | 11 | 11 | 3 | 4 | 7 | 7 |
| MISC OPERATING EXPENSES | 1 | 0 | 0 | 4 | 4 | 4 | 0 | 3 | 3 | 3 |
| SUPPLIES/MATERIALS/PARTS | 2 | 0 | 0 | 1 | 1 | 1 | 0 | 1 | 1 | 1 |
| CAPITAL EQUIPMENT | 0 | 0 | 0 | 1 | 1 | 1 | 0 | 0 | 0 | 0 |
| TOTAL EXPENDITURES | 46 | 53 | 54 | 44 | 98 | 98 | 54 | 39 | 93 | 93 |
| CHANGE REQUESTS: | | | | | | | | | | |
| | | | | | | | | | | |
| B DATA PRIVACY BACKUP | | | | 44 | | 44 | | 39 | | 39 |
| TOTAL CHANGE REQUESTS | | | | 44 | | 44 | | 39 | | 39 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 46 | 53 | 54 | 44 | 98 | 98 | 54 | 39 | 93 | 93 |
| TOTAL FINANCING | 46 | 53 | 54 | 44 | 98 | 98 | 54 | 39 | 93 | 93 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 1.0 | 1.0 | 1.0 | 1.0 | 2.0 | 2.0 | 1.0 | 1.0 | 2.0 | 2.0 |
| TOTAL POSITIONS | 1.0 | 1.0 | 1.0 | 1.0 | 2.0 | 2.0 | 1.0 | 1.0 | 2.0 | 2.0 |

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: DATA PRIVACY
PROGRAM: INTERTECHNOLOGIES GROUP
AGENCY: ADMINISTRATION, DEPARTMENT OF

REQUEST TITLE: DATA PRIVACY BACKUP

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|----------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 44 | 1.0 | \$ 39 | 1.0 |

Governor's Recommendation

| | | | | |
|--------------|-------|-----|-------|-----|
| General Fund | \$ 44 | 1.0 | \$ 39 | 1.0 |
|--------------|-------|-----|-------|-----|

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The objective of this request is to acquire 1.0 additional staff person for the Data Privacy Division so that the current director of the division will have backup. Since 1980, the state has operated with almost all of its data practices/data privacy expertise invested in 1 person. If that person should leave his current position, all that expertise would be lost and would not be available to assist public agencies in their duties or citizens in the exercise of their rights. The Legislature would lose a source of valued assistance in formulating public policy in the data practices.

DESCRIPTION/BACKGROUND:

At one time, the Data Practices Division functioned with a staff of 3, a director and 2 professional staff. Funding reductions in the late 1970s lead to the current situation where the division is a 1 person operation. This person is viewed as the state expert and principal resource to everyone on issues associated with the complex areas of privacy, public access to government data, and data practices. Without additional staff, this person is unable to train a successor and is unable to function in a more effective and productive fashion.

RATIONALE:

Acquisition of 1.0 additional staff person would allow the director to train a potential replacement. The division would be able to greatly expand its educational, consultative, and publications services so that the legislative objectives in enacting the data practices act could be more effectively facilitated. More research could be done on data practices issues so that services provided to the Legislature could help avert some "mini" disasters in legislative enactments which have occurred in recent years.

BASE: (Dollars in Thousands)

| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|---------------------------|-----------|-----------|-----------|-----------|
| General Fund Expenditures | \$ 54 | \$ 54 | \$ 54 | \$ 54 |
| General Fund Positions | 1.0 | 1.0 | 1.0 | 1.0 |

LONG RANGE IMPLICATIONS: (Dollars in Thousands)

| | F.Y. 1992 | F.Y. 1993 | Total |
|---------------------------|-----------|-----------|-------|
| General Fund Expenditures | \$ 40 | \$ 40 | \$ 80 |

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

PROGRAM: PROPERTY MANAGEMENT
Agency: ADMINISTRATION, DEPARTMENT OF

1990-91 Biennial Budget

PROGRAM PURPOSE:

The Property Management Bureau (PMB) manages the state's real property including land and physical plant. It provides services related to construction, maintenance, and repair of approximately 30,000,000 square feet of state-owned building space. The bureau also coordinates statewide energy conservation efforts, administers the State Building Code, provides space for state agencies in private property, and administers the acquisition and disposition of land and physical facilities.

OPERATION:

Building Codes and Standards Division: The division, in cooperation with local officials, administers the State Building Code which sets construction standards for buildings, manufactured housing, and structures to ensure the health, safety, comfort, and security of building occupants.

Building Construction Division: This division coordinates, oversees, and manages capital improvement projects, including contract administration, construction, remodeling, and rehabilitation of all state-owned buildings. It provides assistance and direction from conceptual idea to project completion.

Energy Conservation Division: This division determines the most cost-effective means of conserving energy in state-owned buildings. It makes detailed analyses of energy conservation projects with a pay back of less than 5 years and promotes the use of alternative fuels, especially those which reduce the state's use of non-Minnesota energy supplies.

Plant Management Division: The Plant Management Division maintains all state buildings, including their grounds and parking facilities in the Capitol complex, the Health building at the university campus, the Jobs and Training buildings in Minneapolis and St. Paul, the BCA Building at 1246 University Avenue, the Duluth Service Center, and the Governor's residence. Other key duties include special use permits for use of the grounds/facilities, inter-office mail delivery, central delivery and moving, repair and maintenance services, central shop services, contract parking, and monitoring of Capitol complex food service contracts.

Real Estate Management Division: This division is responsible for the inventory, planning, allocation, and leasing of office and storage space in state-owned and privately owned buildings for all state agencies. The division also acquires and disposes of real property.

BUDGET ISSUES:

1. Providing child care services is a paramount concern in both state-owned and nonstate-owned facilities. The development of policies and procedures, planning, and the implementation of a program needs to be addressed during this biennium.
2. The ongoing issue of building state-owned space or leasing privately owned space continues to be a concern requiring further analysis. Additionally, alternatives for providing office space for state agencies such as lease purchase and third party financing should be researched.
3. Capital improvement budgets have increased in the last several years

- creating additional demands for services. Despite staff increases in 1987, there still is inadequate staff time available to provide minimally adequate coordination and supervision of the authorized building projects.
4. The Administration Department plays a lead role in the policy of consolidating locations for departments or agencies which are geographically fragmented. Colocating these activities or functions is beneficial by providing geographical proximity and/or shared facilities.
5. The aging of the state's physical plant and continually rising costs to maintain the facilities calls for a comprehensive inventory of the condition of all state buildings and studies of present and future programmatic needs.
6. The construction of a parking ramp in the Judicial Building and west of the State Office Building partially addresses employee and public parking. To meet present and future parking needs, additional parking needs consideration, especially if additional buildings are built in the area.
7. The out-of-date 1950s designed food service preparation, serving, and dining facilities in most of the cafeterias in the Capitol complex require extensive renovation and updating of the equipment and facilities in order to meet today's standards and to meet customer demands for quality food that is provided efficiently and economically.
8. The state's policy of decreasing reliance on non-Minnesota energy sources by converting state buildings to use fuels such as wood, peat, agricultural waste, refuse and other alternative energy sources is economically less attractive now that fossil fuel prices have declined. However, the long-term economic and environmental benefits argue for continuing policies to make Minnesota less energy dependent on other parts of the country.
9. The most effective building code enforcement tools and procedures, as well as the location and focus for such enforcement, raises questions of state versus local official responsibility. Such questions deserve study and resolution.

BUDGET HISTORY:

1. Since 7-1-85, the Plant Management Division has operated on an Internal Service Fund financed by rental lease payments paid by state agencies located in state-owned buildings. Prior to legislative action in 1985, general funds were provided and rental payments deposited to the General Fund. Rental rates are now designed to provide funds for ongoing maintenance and upkeep such as scheduled painting and carpet replacement.
2. Pursuant to 1987 legislative action, a portion of the operating costs of the Division of State Building Construction comes from a Capital Budget building appropriation.
3. Pursuant to 1985 legislative action, appropriations for the State Building Code Division were converted from the General Fund to the Special Revenue-Direct Appropriations Fund.
4. A portion of the costs of the Real Estate Management Division are paid from the Plant Management Fund.

EXPLANATION OF BUDGET REQUEST:

This budget request will fund the Property Management Bureau programs which provide a wide range of services. It is necessary to bring funding and staff to necessary levels to meet the increased workload and client demands in the areas of construction, design, leasing, energy management, and code enforcement.

PROGRAM: PROPERTY MANAGEMENT
(Continuation)
Agency: ADMINISTRATION, DEPARTMENT OF

1990-91 Biennial Budget

Six CHANGE request items are requested for this program.

1. \$312,000 and 7.0 positions each year converted from the Capital Budget building appropriation to the General Fund to provide architectural, design, and support services.
2. \$75,000 in F.Y. 1990 and \$78,000 in F.Y. 1991 with 2.0 positions each year for analytical and leasing activities.
3. \$123,000 and 3.0 positions each year from the Special Revenue - Direct Appropriations Fund to meet the architectural and design requests of the Community College System.
4. \$89,000 in F.Y. 1990 and \$92,000 in F.Y. 1991 with 3.0 positions each year to expand and provide energy services/assistance to all client institutions.
5. \$500,000 and 3.0 positions each year are requested from the Special Revenue Fund for the Building Code and Standards Division to review construction plans and provide inspection services for public buildings.
6. 2.0 positions each year from the Special Revenue Fund to provide maintenance for 2 new parking ramps.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the following:

- o \$624,000 and 7.0 positions converted from the Capital Budget building appropriations to the General Fund to provide architectural design and support services;
- o that the agency examine alternative funding for real estate positions from the Plant Management Internal Service Fund;
- o \$246,000 and 3.0 positions from the Special Revenue Fund to support architectural and design requests from the Community College System;
- o \$1,000,000 and 3.0 positions for the biennium from the Special Revenue Fund to review construction plans and provide inspection services for public buildings.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : ADMINISTRATION,DPT OF
PROGRAM : PROPERTY MANAGEMENT

| | | F.Y. 1990 | | | | | F.Y. 1991 | | | | |
|---|-----|-----------|---------|----------------|--------|-------|--------------------|-------|----------------|-------|--------------------|
| | | | | AGENCY REQUEST | | | | | AGENCY REQUEST | | |
| ACTIVITY EXPENDITURES: | | FY 1988 | FY 1989 | BASE | CHANGE | TOTAL | GOVERNOR'S RECOMM. | BASE | CHANGE | TOTAL | GOVERNOR'S RECOMM. |
| REAL ESTATE MANAGEMENT | | 354 | 387 | 394 | 75 | 469 | 394 | 394 | 78 | 472 | 394 |
| B REAL ESTATE MANAGEMENT POSITIONS | GEN | | | | 75 | | 0 | | 78 | | 0 |
| PLANT MANAGEMENT | | 3,945 | 4,261 | 4,261 | 0 | 4,261 | 4,261 | 4,261 | 0 | 4,261 | 4,261 |
| BUILDING CODE | | 950 | 1,181 | 1,196 | 500 | 1,696 | 1,696 | 1,196 | 500 | 1,696 | 1,696 |
| B PUBLIC BUILDING REVIEW AND INSPECTION | DAS | | | | 500 | | 500 | | 500 | | 500 |
| BUILDING CONSTRUCTION | | 1,607 | 2,811 | 2,700 | 435 | 3,135 | 3,135 | 2,700 | 435 | 3,135 | 3,135 |
| B BUILDING CONSTRUCTION COMPLEMENT | DAS | | | | 123 | | 123 | | 123 | | 123 |
| B CONVERTING BUILDING FUND POSITIONS | GEN | | | | 312 | | 312 | | 312 | | 312 |
| ENERGY CONSERVATION | | 325 | 323 | 328 | 89 | 417 | 328 | 328 | 92 | 420 | 328 |
| B ENERGY CONSERVATION EXPANSION | GEN | | | | 89 | | 0 | | 92 | | 0 |
| TOTAL EXPENDITURES | | 7,181 | 8,963 | 8,879 | 1,099 | 9,978 | 9,814 | 8,879 | 1,105 | 9,984 | 9,814 |
| SOURCES OF FINANCING: | | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | | |
| GENERAL | | 4,859 | 5,382 | 5,280 | 476 | 5,756 | 5,592 | 5,280 | 482 | 5,762 | 5,592 |
| SP REV DIRECT APPROP | | 1,439 | 1,621 | 1,639 | 623 | 2,262 | 2,262 | 1,639 | 623 | 2,262 | 2,262 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | | |
| SPECIAL REVENUE | | 561 | 679 | 679 | 0 | 679 | 679 | 679 | 0 | 679 | 679 |
| HIGHWAY USER TAX DISTR | | 0 | 536 | 536 | 0 | 536 | 536 | 536 | 0 | 536 | 536 |
| FEDERAL | | 10 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| WORKERS COMP SPECIAL | | 0 | 433 | 433 | 0 | 433 | 433 | 433 | 0 | 433 | 433 |
| BUILDING | | 312 | 312 | 312 | 0 | 312 | 312 | 312 | 0 | 312 | 312 |
| TOTAL FINANCING | | 7,181 | 8,963 | 8,879 | 1,099 | 9,978 | 9,814 | 8,879 | 1,105 | 9,984 | 9,814 |

POSITIONS BY FUND:

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : ADMINISTRATION,DPT OF
PROGRAM : PROPERTY MANAGEMENT

| POSITIONS BY FUND: | F.Y. 1990 | | | | | | F.Y. 1991 | | | |
|----------------------|-----------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | FY 1988 | FY 1989 | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| GENERAL | 31.0 | 29.3 | 29.3 | 12.0 | 41.3 | 36.3 | 29.3 | 12.0 | 41.3 | 36.3 |
| SP REV DIRECT APPROP | 24.0 | 24.0 | 24.0 | 6.0 | 30.0 | 30.0 | 24.0 | 6.0 | 30.0 | 30.0 |
| SPECIAL REVENUE | 8.6 | 8.6 | 8.6 | 2.0 | 10.6 | 10.6 | 8.6 | 2.0 | 10.6 | 10.6 |
| BUILDING | 7.0 | 7.0 | 7.0 | 0.0 | 7.0 | 7.0 | 7.0 | 0.0 | 7.0 | 7.0 |
| PLANT MANAGEMENT | 166.6 | 183.1 | 183.1 | 0.0 | 183.1 | 183.1 | 183.1 | 0.0 | 183.1 | 183.1 |
| GENERAL INT SERVICE | 17.9 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| TOTAL POSITIONS | 255.1 | 252.0 | 252.0 | 20.0 | 272.0 | 267.0 | 252.0 | 20.0 | 272.0 | 267.0 |

----- OPERATIONS DATA -----

| | ACTUAL FY 1987 | ESTIMATED FY 1988 | PROJECTED | | |
|-----------------------------|-------------------|----------------------|-----------|----------|----------|
| | | | FY 1989 | FY 1990 | FY 1991 |
| OPERATING REVENUES: | | | | | |
| NET SALES | 13,329.4 | 13,833.6 | 13,743.7 | 14,330.6 | 14,345.9 |
| LESS: COST OF SALES | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| GROSS PROFIT ON SALES | 13,329.4 | 13,833.6 | 13,743.7 | 14,330.6 | 14,345.9 |
| OTHER REVENUE | 445.6 | 268.6 | 337.8 | 258.1 | 259.1 |
| NET REVENUES | 13,775.0 | 14,102.2 | 14,081.5 | 14,588.7 | 14,605.0 |
| LESS: OPERATING EXPENSES: | | | | | |
| SALARIES | 4,735.8 | 5,017.8 | 5,186.8 | 5,385.7 | 5,385.7 |
| SUPPLIES & EXPENSES | 5,880.7 | 6,170.2 | 6,911.4 | 6,710.3 | 6,715.7 |
| INTEREST EXPENSE | 317.9 | 316.7 | 315.9 | 314.1 | 312.1 |
| INDIRECT COSTS | 333.6 | 397.0 | 405.0 | 413.4 | 422.9 |
| AMORTIZATION & DEPRECIATION | 1,687.6 | 2,016.8 | 2,025.8 | 2,030.3 | 2,032.8 |
| TOTAL OPERATING EXPENSES | 12,875.6 | 13,918.6 | 14,844.9 | 14,773.7 | 14,789.1 |

FOOTNOTES TO STATEMENTS:

- 1) Activities included are Materials Transfer, Central Operations & Maintenance, Alpha Sensory Systems, and beginning in FY86, Plant Management ISF (Leases).
- 2) Depreciation included Depreciation on buildings @ 1,581,226; subject to change.
- 3) Interest includes bond interest on Duluth Service Center @ 276,900 per year.
- 4) Capitol Security was funded by Plant Management in FY86 & FY87 but is not included in FY88 & FY89 expenses.

ACTIVITY: REAL ESTATE MANAGEMENT
Program: PROPERTY MANAGEMENT
Agency: ADMINISTRATION, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

It is the objective of the Real Estate Management Division to provide effective and efficient planning, coordination and control of space management and land activities for state agencies. The activities performed by Real Estate Management are:

1. Plan, allocate and lease space in state-owned and nonstate-owned real property.
2. To facilitate agency consolidations;
3. To lease out state-owned real property not needed for state use thereby generating revenue to the state;
4. To acquire and dispose of real property for designated state agencies; and
5. To grant or deny easements and permits on state-owned real property and to transfer custodial control of real property from one agency to another.

Statutory authority for these activities is set forth in M.S. 1986, Ch. 16B.24, Subd. 1, 5, 6, and 8; Ch. 16B.25, Subd. 1; Ch. 16B.26; Ch. 16B.58, Subd. 8; Ch. 16B.61, Subd. 5; Ch. 15.16; Ch. 94.09-16; and Minnesota Rules Ch. 1245.

BENEFITS:

- Providing market analyses of available space assures alternative solutions to meet state agency space needs at cost effective rents.
- Monitoring of space allocations provides control in the application of space guidelines and standards.
- Control of leasing authority assures the leasing of space that is handicapped accessible and located in public and preference buildings where available.
- Skilled negotiations assure beneficial lease terms and conditions.
- Centralized effort is provided for coordinating agency consolidations.
- Assurance that the state's interests are protected when leasing out surplus state property.
- Coordinating the acquisition and disposition of real property provides centralization and procedural consistency.

ACCOMPLISHMENTS:

1. Planned and coordinated the consolidation of the Department of Revenue from numerous locations to one location.
2. Relocated the Minnesota Historical Society from Mechanic Arts High School and the north and south terraces of the Historical Society Building to facilitate the construction of the new Judicial Building.
3. Planned and coordinated the consolidation of the Department of Labor and Industry from the 444 Lafayette Road Building to the 443 Lafayette Road Building to facilitate the final stage of consolidation for the Department of Human Services.
4. Relocated the State Planning Agency from the Capitol Square Building and the Metro Square Building to the Centennial Office Building and relocated the Department of Finance from the Administration Building to the Centennial Office Building to facilitate the consolidation of staff agencies.
5. Completed all preliminary acquisition work and purchase offers to acquire

the site for the Arts School.

6. Processed disposition of the Correctional Facility in Shakopee to Scott County.
7. Processed disposition of the St. Croix Camp land in Pine County to the Wilder Foundation.

EFFECTIVENESS MEASURES:

| | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|------------------------------------|------------------|------------------|------------------|------------------|
| Departmental Leases (state-owned) | | | | |
| Total number in effect | 90 | 90 | 90 | 90 |
| Total square feet | 1,042,000 | 1,042,000 | 1,042,000 | 1,042,000 |
| Total transactions | 118 | 120 | 120 | 120 |
| Commercial Leases (nonstate-owned) | | | | |
| Total number of leases in effect | 739 | 740 | 740 | 740 |
| Total square feet | 2,606,194 | 2,606,000 | 2,606,000 | 2,606,000 |
| Total transactions | 617 | 620 | 620 | 620 |
| Agency Consolidations | | | | |
| Total number of leases | 1 | 1 | 2 | 4 |
| Total square feet | 229,000 | 300,000 | 200,000 | 200,000 |
| State-owned property leased out | | | | |
| Total number in effect | 119 | 120 | 125 | 130 |
| Revenue generated (000's) | \$ 1,166 | \$ 1,216 | \$ 1,266 | \$ 1,316 |
| Total transactions | 99 | 100 | 105 | 110 |
| Acquisitions | | | | |
| Coordinated | 3 | 2 | 2 | 2 |
| Completed | 2 | 1 | 1 | 1 |
| Dispositions | | | | |
| Coordinated | 10 | 10 | 10 | 10 |
| Completed | 14 | 7 | 7 | 7 |
| Revenue Generated (000's) | \$ 1,095 | \$ 500 | \$ 300 | \$ 300 |
| Easements/Permits | | | | |
| Coordinated | 9 | 8 | 8 | 8 |
| Completed | 7 | 5 | 5 | 5 |
| Transfers | | | | |
| Completed | 3 | 4 | 4 | 4 |

ISSUES:

1. The ongoing issue of building state-owned space or leasing privately owned space continues to be a concern requiring further analysis. Additionally, alternatives for providing office space for state agencies such as lease purchase and third party financing should be researched.
2. Providing child care services is a paramount concern in both state-owned and nonstate-owned facilities. The development of policies and procedures, planning and the implementation of a program need to be addressed during this biennium.
3. Space consolidations of state agencies also remain a goal during this biennium.
4. Participating in state, city, and private sector planning and development in the Capitol complex neighborhood is taking on added impetus and importance.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : ADMINISTRATION,DPT OF
PROGRAM : PROPERTY MANAGEMENT
BUDGET ACTIVITY : REAL ESTATE MANAGEMENT

| | | F.Y. 1990 | | | | | F.Y. 1991 | | | |
|------------------------------------|------|----------------|---------|------|-----------------------|----------------|-----------|--------|-----------------------|------|
| | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | |
| EXPENDITURES: | | FY 1988 | FY 1989 | BASE | CHANGE | TOTAL | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | | 312 | 351 | 358 | 70 | 428 | 358 | 358 | 73 | 431 |
| EXPENSES/CONTRACTUAL SRVCS | | 25 | 25 | 25 | 3 | 28 | 25 | 25 | 3 | 28 |
| MISC OPERATING EXPENSES | | 7 | 8 | 8 | 1 | 9 | 8 | 8 | 1 | 9 |
| SUPPLIES/MATERIALS/PARTS | | 6 | 3 | 3 | 0 | 3 | 3 | 3 | 0 | 3 |
| CAPITAL EQUIPMENT | | 4 | 0 | 0 | 1 | 1 | 0 | 0 | 1 | 0 |
| TOTAL EXPENDITURES | | 354 | 387 | 394 | 75 | 469 | 394 | 394 | 78 | 472 |
| CHANGE REQUESTS: | FUND | | | | | | | | | |
| B REAL ESTATE MANAGEMENT POSITIONS | GEN | | | | 75 | | 0 | 78 | | 0 |
| TOTAL CHANGE REQUESTS | | | | | 75 | | 0 | 78 | | 0 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | | 354 | 387 | 394 | 75 | 469 | 394 | 394 | 78 | 472 |
| TOTAL FINANCING | | 354 | 387 | 394 | 75 | 469 | 394 | 394 | 78 | 472 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | | 11.0 | 9.3 | 9.3 | 2.0 | 11.3 | 9.3 | 9.3 | 2.0 | 11.3 |
| TOTAL POSITIONS | | 11.0 | 9.3 | 9.3 | 2.0 | 11.3 | 9.3 | 9.3 | 2.0 | 11.3 |

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: REAL ESTATE MANAGEMENT
PROGRAM: PROPERTY MANAGEMENT
AGENCY: ADMINISTRATION, DEPARTMENT OF

REQUEST TITLE: REAL ESTATE MANAGEMENT POSITIONS

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 75 | 2.0 | \$ 78 | 2.0 |
| Governor's Recommendation | | | | |
| General Fund | \$ -0- | -0- | \$ -0- | -0- |

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

This is to request 2.0 additional positions for the Real Estate Management Division. One position would be for a lease specialist and 1.0 position would be for a management analyst. This request includes salaries, fringe benefits and support items for the additional staff.

DESCRIPTION/BACKGROUND:

Lease Specialist position: The quantity of space leased by the Real Estate Management Division for state agencies has increased substantially. In the city of St. Paul alone the leased space increased from 660,000 square feet to 1,220,200 since 1979, representing almost a 100% increase. The state leases approximately 3,000,000 square feet of office space statewide, representing a rental amount of \$26,145,000. These increase the division's workload, as well as demands by clients for service. While the state has increased the square footage of the space it leases, added new programs to existing agencies, consolidated agencies and created new agencies, the number of staff needed to provide services and assistance to agencies and protect the interests of the state, has not increased since 1979. Due to these increases, expansions, consolidations, additional demands for service and the required time due to the changing complexities of leasing, the current leasing staff has become overextended, time frames are not being met and various services rendered are at a minimum.

Management Analyst position: The division's management analyst position took over all land activities and responsibilities when the position that performed those tasks took a mobility assignment with another department. It was anticipated that the person on mobility would be returning to perform land activities, so that the management analyst could return to his assigned responsibilities. However, the person on mobility retired and it is impossible for the management analyst to perform the management analyst responsibilities as well as the land activities and responsibilities.

RATIONALE:

Hiring a lease specialist would enable the division to more adequately and efficiently serve its clients and the public. Physical inspection of real property, as the real estate industry would attest, is the only way of really determining value and compliance with rules, regulations, codes and terms of a lease agreement. An additional lease specialist would enable the division to accomplish these inspections. Hiring a lease specialist would also enable proper and timely management of the division's operations.

Hiring a management analyst would enable the division to coordinate and direct real estate studies and other special projects and develop work plans, collect data, perform analyses and make recommendations. This would include developing and implementing policies and procedures for establishing child care. In addition, the management analyst would coordinate all efforts of the division for compliance with statutes relating to handicapped accessibility, public building availability, inspection and appraisal of the state's real property, buildings of historical, architectural, or cultural significance, and service center projects. The management analyst would also respond to the many legislative requests for information that the Real Estate Management Division receives. The management analyst would also be involved with collection of data in the area of agency and building populations, square feet per person and growth patterns. These activities currently are not being done.

The alternative is to stay at our current staffing level as workloads continue to increase. This will continue to impact our ability to provide the efficient and timely services that this division has worked diligently to establish over the past 10 years. Our services have saved state agencies money as well as time in managing their leases. Decentralizing these activities to agencies would be less efficient.

| BASE: | (Dollars in Thousands) | | | |
|---------------------------|------------------------|-----------|-----------|-----------|
| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| General Fund Expenditures | \$ 385 | \$ 385 | \$ 385 | \$ 385 |
| General Fund Positions | 11.0 | 11.0 | 11.0 | 11.0 |

| LONG RANGE IMPLICATIONS: | (Dollars in Thousands) | | |
|---------------------------|------------------------|-----------|--------|
| | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund Expenditures | \$ 80 | \$ 80 | \$ 160 |

GOVERNOR'S RECOMMENDATION:

The Governor does not support the agency's request for this item. The Governor suggests that the agency examine the alternative of funding all or part of these positions from the Plant Management fund.

ACTIVITY: PLANT MANAGEMENT
Program: PROPERTY MANAGEMENT
Agency: ADMINISTRATION, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

The Division of Plant Management strives to maintain the structural integrity of the buildings and grounds under its jurisdiction, while serving the needs of the building tenants, elected officials and the public. Plant Management is responsible for janitorial, trades, and ground services for 22 buildings and 88 acres of area. This includes the entire Capitol complex, 1246 University Avenue, Ceremonial House, Health Building at the university campus, the Jobs and Training Buildings in Minneapolis and St. Paul, and the Duluth Service Center. The division provides the following services:

Building Services is responsible for providing a clean, safe, and sanitary environment and for the painting, carpet, and window blind replacement.

The Central Operations and Maintenance activity provides the maintenance and operation of the electrical and mechanical systems in the buildings, including air-conditioning, heating, ventilation, electrical distribution, plumbing, painting, minor remodeling, etc.

The Grounds activity provides care and maintenance of all turf, trees, shrubs, flowers, hedges and roses, and snow removal from all entrances, steps, sidewalks and parking lots, and year-around trash removal.

The Material Transfer activity provides interoffice mail delivery in the metropolitan area, the delivery of Central Stores and Printing/Duplicating orders in the metropolitan area and moving services to clientele throughout the Capitol complex and surrounding area.

The division is responsible for the issuance of all parking contracts, the establishment of waiting lists for parking facilities and the issuing of hooded and unhooded meter parking permits.

The Division of Plant Management maintains a Honeywell Level 5600 Automation System for energy management and conservation.

The division is responsible for administering the cafeteria contract in the Capitol complex buildings.

Finally, this activity is responsible for the operation, maintenance, and preservation of vacated property.

The statutory authority is M.S. 16B.24, Subdivision 1 and 2.

BENEFITS:

- A clean, safe, and sanitary environment by utilizing efficient cleaning techniques, including high-production equipment.
- A healthy and safe environment within the buildings by monitoring and regulating air temperatures and moisture content.
- Care of turf, plant life, and snow removal ensuring a pleasant and safe setting for all users of the grounds and parking facilities.
- Moving, casual delivery services, and interoffice mail delivery for clients within the complex at comparable cost to outside vendors but with

greater timeliness and convenience.

- Parking at reasonable rates for employees, elected officials, and the public.
- Management of the cafeteria contract within the complex provides healthy and tasty food.
- By providing centralized services for janitorial, grounds, trades, and material, the division is able to coordinate all services so that stable and consistent levels of services are provided by professional, well-trained personnel. Centralized services also provide quicker response time with flexibility for follow-up.
- Other services include lost and found, meeting room scheduling, and event and rally reservations.

ACCOMPLISHMENTS:

1. Periods of increased building usage were managed at minimal cost by appropriate use of emergency and temporary employees.
2. Continued updating high-production janitorial equipment so that more time can be spent on specialized cleaning tasks.
3. A continued program for the janitorial staff in the technical skills and clientele relationships areas has allowed the staff to better meet the needs of the clients. Fiscal Year 1988 saw 24% of all staff attending seminars outside of state government. The performance of the janitorial staff during the 1987-88 legislative session was nearly complaint free.
4. Computerized quarterly billings for parking contract holders who are not part of the Central Payroll System.
5. Staff was effectively utilized across the various work units in Plant Management; for example: utilized grounds crew to perform demolition work during nonpeak times; utilized movers to perform janitorial and grounds work during nonpeak times.
6. Continued the successful management of the internal service fund, ending Fiscal Year 1988, with positive retained earnings; lease rates for F.Y. 1989 were maintained at the same level as F.Y. 1988.
7. Improved working environment by making internal changes in central cooling operations.
8. Adopted a program called "Service Excellence" to improve relationships between employees and building tenants.

EFFECTIVENESS MEASURES:

| | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|--|------------------|------------------|------------------|------------------|
| Parking contracts/stalls available | 116% | 119% | 119% | 120% |
| Number of square feet cleaned/janitor/hour | 2,500 | 2,600 | 2,700 | 2,800 |
| Percent parking lots plowed first/second day | 75/95% | 75/95% | 75/95% | 75/95% |

ACTIVITY: PLANT MANAGEMENT
(Continuation)
Program: PROPERTY MANAGEMENT
Agency: ADMINISTRATION, DEPARTMENT OF

1990-91 Biennial Budget

ISSUES:

1. The construction of a parking ramp in the Judicial Building and west of the State Office Building partially addresses parking demands as there continues to be a shortage of parking available for use by employees and the public.
2. Due to population fluctuations and the obsolescence of kitchen, serving, and dining facilities on the Capitol complex, the food service program has not been a financially viable operation. A food service consultant has been retained to analyze the operation and provide recommendations for the future direction for the Capitol complex food service.
3. The State Office Building ramp design will require new snow removal equipment and changes in our present snow removal process. In addition, the Judicial ramp will require the purchase of a scrubber which can also be used in all ramps during the summer months.
4. The 1988 summer drought conditions have caused loss of plant materials and put stress on most others. It will take a considerable amount of time and material to get the complex back to predrought conditions. This condition puts us at risk for large public events like the Taste of Minnesota.
5. The proposed Capitol mall changes will likely require added maintenance funding.
6. The Judicial Building construction completion will require additional staff and equipment to maintain the new space. Some specialized equipment will be needed.

STATISTICS:

| | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|--|------------------|------------------|------------------|------------------|
| Percent of trees pruned | 70% | 75% | 75% | 75% |
| Percent of shrubs/hedges rejuvenated | 10% | 10% | 10% | 10% |
| Fertilize main lawn areas | 3 | 3 | 3 | 3 |
| Number of times main lawn areas are sprayed | 2.25 | 2.25 | 2.25 | 2.25 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : ADMINISTRATION,DPT OF
PROGRAM : PROPERTY MANAGEMENT
BUDGET ACTIVITY : PLANT MANAGEMENT

| EXPENDITURES: | F.Y. 1990 | | | | | | F.Y. 1991 | | | |
|----------------------------|-----------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | FY 1988 | FY 1989 | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 198 | 193 | 193 | 0 | 193 | 193 | 193 | 0 | 193 | 193 |
| EXPENSES/CONTRACTUAL SRVCS | 3,649 | 3,940 | 3,940 | 0 | 3,940 | 3,940 | 3,940 | 0 | 3,940 | 3,940 |
| MISC OPERATING EXPENSES | 20 | 34 | 34 | 0 | 34 | 34 | 34 | 0 | 34 | 34 |
| SUPPLIES/MATERIALS/PARTS | 62 | 70 | 70 | 0 | 70 | 70 | 70 | 0 | 70 | 70 |
| CAPITAL EQUIPMENT | 2 | 10 | 10 | 0 | 10 | 10 | 10 | 0 | 10 | 10 |
| REDISTRIBUTIONS | 14 | 14 | 14 | 0 | 14 | 14 | 14 | 0 | 14 | 14 |
| TOTAL EXPENDITURES | 3,945 | 4,261 | 4,261 | 0 | 4,261 | 4,261 | 4,261 | 0 | 4,261 | 4,261 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 3,388 | 3,582 | 3,582 | 0 | 3,582 | 3,582 | 3,582 | 0 | 3,582 | 3,582 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| SPECIAL REVENUE | 557 | 679 | 679 | 0 | 679 | 679 | 679 | 0 | 679 | 679 |
| TOTAL FINANCING | 3,945 | 4,261 | 4,261 | 0 | 4,261 | 4,261 | 4,261 | 0 | 4,261 | 4,261 |
| POSITIONS BY FUND: | | | | | | | | | | |
| SPECIAL REVENUE | 8.6 | 8.6 | 8.6 | 2.0 | 10.6 | 10.6 | 8.6 | 2.0 | 10.6 | 10.6 |
| PLANT MANAGEMENT | 166.6 | 183.1 | 183.1 | 0.0 | 183.1 | 183.1 | 183.1 | 0.0 | 183.1 | 183.1 |
| GENERAL INT SERVICE | 17.9 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| TOTAL POSITIONS | 193.1 | 191.7 | 191.7 | 2.0 | 193.7 | 193.7 | 191.7 | 2.0 | 193.7 | 193.7 |

REVOLVING FUND ACTIVITY - MATERIALS TRANSFER SERVICES
BUDGET ACTIVITY: PLANT MANAGEMENT
TYPE OF FUND: INTERNAL SERVICE FUND

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET 90 - 91
PROGRAM: PROPERTY MANAGEMENT

----- OPERATIONS DATA -----

----- FINANCIAL DATA -----

| | PROJECTED | | | | | | | |
|--|-------------------|--------------------------------|---------|---------|---------|-------------------|----------------------|---------|
| | ACTUAL FY 1987 | ESTIMATED FY 1988 (NOTE) | FY 1989 | FY 1990 | FY 1991 | ACTUAL FY 1987 | ESTIMATED FY 1988 | FY 1989 |
| OPERATING REVENUES: | | | | | | | | |
| NET SALES | 383.6 | 426.7 | 388.1 | 409.5 | 418.7 | | | |
| LESS: COST OF SALES | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | | |
| GROSS PROFIT ON SALES | 383.6 | 426.7 | 388.1 | 409.5 | 418.7 | | | |
| OTHER REVENUE | 0.2 | 1.3 | 0.8 | 0.9 | 0.9 | | | |
| NET REVENUES | 383.8 | 428.0 | 388.9 | 410.4 | 419.5 | | | |
| LESS: OPERATING EXPENSES: | | | | | | | | |
| SALARIES | 240.2 | 281.9 | 290.5 | 298.5 | 298.5 | | | |
| SUPPLIES & EXPENSES | 47.9 | 73.0 | 54.3 | 55.4 | 57.0 | | | |
| INTEREST EXPENSE | 0.2 | 0.9 | 1.2 | 1.2 | 1.2 | | | |
| INDIRECT COSTS | 19.5 | 18.0 | 22.1 | 26.1 | 30.8 | | | |
| AMORTIZATION & DEPRECIATION | 14.9 | 20.1 | 27.0 | 29.5 | 32.0 | | | |
| TOTAL OPERATING EXPENSES | 322.7 | 395.5 | 403.1 | 410.7 | 419.5 | | | |
| OPERATING INCOME (LOSS) | (18.8) | 32.4 | (14.2) | (0.3) | 0.0 | | | |
| NON-OPERATING REVENUES (EXPENSE) | 0.0 | (0.7) | 0.0 | 0.0 | 0.0 | | | |
| NET INCOME (LOSS) | (18.8) | 31.8 | (14.2) | (0.3) | 0.0 | | | |
| BEGINNING RETAINED EARNINGS | 28.9 | 10.1 | 41.9 | 27.7 | 27.4 | | | |
| PRIOR PERIOD ADJUSTMENT | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | | |
| ENDING RETAINED EARNINGS | 10.1 | 41.9 | 27.7 | 27.4 | 27.4 | | | |
| FOOTNOTES TO STATEMENTS: | | | | | | | | |
| Rate Increase/(Decrease): | (3.60%) | 5.76% | 0.53% | 5.50% | 2.50% | | | |
| Five year average Increase/(Decrease): | 2.14% | | | | | | | |
| ASSETS: | | | | | | | | |
| CURRENT ASSETS: | | | | | | | | |
| CASH | 55.7 | 29.4 | | | 33.0 | | | |
| OTHER CURRENT ASSETS | 36.5 | 82.9 | | | 35.0 | | | |
| TOTAL CURRENT ASSETS | 92.1 | 112.3 | | | 68.0 | | | |
| NON-CURRENT ASSETS: | 81.8 | 79.3 | | | 97.2 | | | |
| TOTAL ASSETS | 173.9 | 191.6 | | | 165.3 | | | |
| LIABILITIES & FUND EQUITY | | | | | | | | |
| LIABILITIES: | | | | | | | | |
| CURRENT LIABILITIES: | | | | | | | | |
| DUE GENERAL FUND - CURRENT | 4.9 | 6.3 | | | 6.3 | | | |
| MASTER LEASE - CURRENT | 5.9 | 3.8 | | | 4.2 | | | |
| OTHER CURRENT LIABILITIES | 60.3 | 57.0 | | | 55.0 | | | |
| TOTAL CURRENT LIABILITIES | 71.1 | 67.2 | | | 65.5 | | | |
| NON-CURRENT LIABILITIES: | | | | | | | | |
| DUE GENERAL FUND - NON-CURRENT | 18.0 | 11.7 | | | 5.3 | | | |
| MASTER LEASE NON-CURRENT | 14.4 | 10.6 | | | 6.4 | | | |
| OTHER NON-CURRENT LIABILITIES | 0.0 | 0.0 | | | 0.0 | | | |
| TOTAL NON-CURRENT LIABILITIES | 32.4 | 22.3 | | | 11.7 | | | |
| TOTAL LIABILITIES | 103.5 | 89.4 | | | 77.3 | | | |
| FUND EQUITY: | | | | | | | | |
| CONTRIBUTED CAPITAL | 60.3 | 60.3 | | | 60.3 | | | |
| RETAINED EARNINGS | 10.1 | 41.9 | | | 27.7 | | | |
| TOTAL FUND EQUITY | 70.4 | 102.2 | | | 88.0 | | | |
| TOTAL LIABILITIES & FUND EQUITY | 173.9 | 191.6 | | | 165.3 | | | |

Department of Administration
Plant Management Division

AGENCY: ADMINISTRATION

REVOLVING FUND ACTIVITY - CENTRAL MAINTENANCE & OPERATIONS
BUDGET ACTIVITY: PLANT MANAGEMENT
TYPE OF FUND: INTERNAL SERVICE FUND

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET 90 - 91
PROGRAM: PROPERTY MANAGEMENT

----- OPERATIONS DATA -----

----- FINANCIAL DATA -----

| | PROJECTED | | | | | | | | |
|--|-------------------|--------------------------------|---------|---------|---------|---------------------------------|-------------------|----------------------|----------------------|
| | ACTUAL FY 1987 | ESTIMATED FY 1988 (NOTE) | FY 1989 | FY 1990 | FY 1991 | | ACTUAL FY 1987 | ESTIMATED FY 1988 | ESTIMATED FY 1989 |
| OPERATING REVENUES: | | | | | | ASSETS: | | | |
| NET SALES | 253.0 | 263.5 | 252.9 | 258.9 | 265.0 | CURRENT ASSETS: | | | |
| LESS: COST OF SALES | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | CASH | 252.6 | 22.5 | 43.0 |
| GROSS PROFIT ON SALES | 253.0 | 263.5 | 252.9 | 258.9 | 265.0 | OTHER CURRENT ASSETS | 75.8 | 73.3 | 53.3 |
| OTHER REVENUE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | TOTAL CURRENT ASSETS | 328.4 | 95.8 | 96.3 |
| NET REVENUES | 253.0 | 263.5 | 252.9 | 258.9 | 265.0 | NON-CURRENT ASSETS: | 13.5 | 11.6 | 9.7 |
| LESS: OPERATING EXPENSES: | | | | | | TOTAL ASSETS | 341.9 | 107.4 | 106.0 |
| SALARIES | 178.0 | 176.8 | 168.0 | 168.0 | 168.0 | LIABILITIES & FUND EQUITY | | | |
| SUPPLIES & EXPENSES | 90.1 | 87.6 | 59.4 | 60.0 | 61.8 | LIABILITIES: | | | |
| INTEREST EXPENSE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | CURRENT LIABILITIES: | | | |
| INDIRECT COSTS | 15.8 | 18.1 | 22.0 | 26.4 | 31.1 | DUE GENERAL FUND - CURRENT | 3.9 | 0.0 | 0.0 |
| AMORTIZATION & DEPRECIATION | 0.0 | 1.9 | 1.9 | 3.9 | 3.9 | MASTER LEASE - CURRENT | 0.0 | 0.0 | 0.0 |
| TOTAL OPERATING EXPENSES | 283.8 | 284.4 | 251.3 | 258.3 | 264.8 | OTHER CURRENT LIABILITIES | 250.6 | 41.0 | 38.0 |
| OPERATING INCOME (LOSS) | (30.8) | (20.9) | 1.6 | 0.7 | 0.2 | TOTAL CURRENT LIABILITIES | 254.6 | 41.0 | 38.0 |
| NON-OPERATING REVENUES (EXPENSE) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | NON-CURRENT LIABILITIES: | | | |
| NET INCOME (LOSS) | (30.8) | (20.9) | 1.6 | 0.7 | 0.2 | DUE GENERAL FUND - NON-CURRENT | 0.0 | 0.0 | 0.0 |
| BEGINNING RETAINED EARNINGS | 81.1 | 50.3 | 29.4 | 31.0 | 31.7 | MASTER LEASE NON-CURRENT | 0.0 | 0.0 | 0.0 |
| PRIOR PERIOD ADJUSTMENT | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | OTHER NON-CURRENT LIABILITIES | 0.0 | 0.0 | 0.0 |
| ENDING RETAINED EARNINGS | 50.3 | 29.4 | 31.0 | 31.7 | 31.9 | TOTAL NON-CURRENT LIABILITIES | 0.0 | 0.0 | 0.0 |
| FOOTNOTES TO STATEMENTS: | | | | | | TOTAL LIABILITIES | 254.6 | 41.0 | 38.0 |
| Rate Increase/(Decrease): | 0.09% | 1.63% | 3.87% | 2.50% | 2.50% | FUND EQUITY: | | | |
| Five year average Increase/(Decrease): | 2.12% | | | | | CONTRIBUTED CAPITAL | 37.0 | 37.0 | 37.0 |
| | | | | | | RETAINED EARNINGS | 50.3 | 29.4 | 31.0 |
| | | | | | | TOTAL FUND EQUITY | 87.3 | 66.4 | 68.0 |
| | | | | | | TOTAL LIABILITIES & FUND EQUITY | 341.9 | 107.4 | 106.0 |

Department of Administration
Plant Management Division

REVOLVING FUND ACTIVITY - PLANT MANAGEMENT LEASES
BUDGET ACTIVITY: PLANT MANAGEMENT
TYPE OF FUND: INTERNAL SERVICE FUND

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET 90 - 91
PROGRAM: PROPERTY MANAGEMENT

AGENCY: ADMINISTRATION

| ----- OPERATIONS DATA ----- | | | | | | ----- FINANCIAL DATA ----- | | |
|---|-------------------|--------------------------------|----------|----------------------|----------------------|----------------------------|----------------------|----------------------|
| | ACTUAL FY 1987 | ESTIMATED FY 1988 (NOTE) | FY 1989 | PROJECTED FY 1990 | PROJECTED FY 1991 | ACTUAL FY 1987 | ESTIMATED FY 1988 | ESTIMATED FY 1989 |
| OPERATING REVENUES: | | | | | | | | |
| NET SALES | 12,772.8 | 13,143.4 | 13,102.7 | 13,662.2 | 13,662.2 | | | |
| LESS: COST OF SALES | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | | |
| GROSS PROFIT ON SALES | 12,772.8 | 13,143.4 | 13,102.7 | 13,662.2 | 13,662.2 | | | |
| OTHER REVENUE | 445.3 | 267.3 | 337.0 | 257.2 | 258.2 | | | |
| NET REVENUES | 13,218.1 | 13,410.7 | 13,439.7 | 13,919.4 | 13,920.4 | | | |
| LESS: OPERATING EXPENSES: | | | | | | | | |
| SALARIES | 4,317.6 | 4,559.0 | 4,720.3 | 4,839.2 | 4,839.2 | | | |
| SUPPLIES & EXPENSES | 5,662.7 | 6,008.8 | 6,797.7 | 6,594.9 | 6,596.9 | | | |
| INTEREST EXPENSE | 317.7 | 315.8 | 314.7 | 312.9 | 310.9 | | | |
| INDIRECT COSTS | 298.4 | 368.2 | 360.9 | 360.9 | 360.9 | | | |
| AMORTIZATION & DEPRECIATION | 1,672.7 | 1,994.8 | 1,996.9 | 1,996.9 | 1,996.9 | | | |
| TOTAL OPERATING EXPENSES | 12,269.1 | 13,236.6 | 14,190.5 | 14,104.8 | 14,104.8 | | | |
| OPERATING INCOME (LOSS) | 949.1 | 172.1 | (750.8) | (185.4) | (184.4) | | | |
| NON-OPERATING REVENUES (EXPENSE) | 2.0 | 1.6 | 7.0 | 6.0 | 5.0 | | | |
| NET INCOME (LOSS) | 951.0 | 173.7 | (743.8) | (179.4) | (179.4) | | | |
| BEGINNING RETAINED EARNINGS | 429.0 | 1,377.9 | 1,599.8 | 857.8 | 680.2 | | | |
| PRIOR PERIOD ADJUSTMENT | (2.1) | 48.2 | 1.8 | 1.8 | 1.8 | | | |
| ENDING RETAINED EARNINGS | 1,377.9 | 1,599.8 | 857.8 | 680.2 | 502.6 | | | |
| FOOTNOTES TO STATEMENTS: | | | | | | | | |
| Rate Increase/(Decrease): | 5.20% | (1.00) | 0.00% | 1.6% | 0.00% | | | |
| Five year average Increase/(Decrease): | 1.16% | | | | | | | |
| Capitol Security was funded by Plant Management in FY87 but is not included in later years. Interest included bond interest on Duluth Service Center at \$309,569 per year. Depreciation includes building depreciation at \$1,581,226 in FY7, and \$1,904,906 in FY8 and later years. Overall rate increase in FY90 IS 1.6%. However individual building rates and agency costs may vary significantly. | | | | | | | | |
| ASSETS: | | | | | | | | |
| CURRENT ASSETS: | | | | | | | | |
| CASH | 2,615.6 | 2,749.6 | | | | | | |
| OTHER CURRENT ASSETS | 981.0 | 1,045.5 | | | | | | |
| TOTAL CURRENT ASSETS | 3,596.6 | 3,795.1 | | | | | | |
| NON-CURRENT ASSETS: | 587.2 | 650.0 | | | | | | |
| TOTAL ASSETS | 4,183.8 | 4,445.1 | | | | | | |
| LIABILITIES & FUND EQUITY | | | | | | | | |
| LIABILITIES: | | | | | | | | |
| CURRENT LIABILITIES: | | | | | | | | |
| DUE GENERAL FUND - CURRENT | 0.0 | 0.0 | | | | | | |
| MASTER LEASE - CURRENT | 22.5 | 23.7 | | | | | | |
| OTHER CURRENT LIABILITIES | 1,382.5 | 1,298.2 | | | | | | |
| TOTAL CURRENT LIABILITIES | 1,325.0 | 1,321.9 | | | | | | |
| NON-CURRENT LIABILITIES: | | | | | | | | |
| DUE GENERAL FUND - NON-CURRENT | 0.0 | 0.0 | | | | | | |
| MASTER LEASE NON-CURRENT | 82.5 | 58.8 | | | | | | |
| OTHER NON-CURRENT LIABILITIES | 108.8 | 110.0 | | | | | | |
| TOTAL NON-CURRENT LIABILITIES | 191.3 | 168.8 | | | | | | |
| TOTAL LIABILITIES | 1,516.3 | 1,490.7 | | | | | | |
| FUND EQUITY: | | | | | | | | |
| CONTRIBUTED CAPITAL | 1,209.6 | 1,354.6 | | | | | | |
| RETAINED EARNINGS | 1,377.9 | 1,599.8 | | | | | | |
| TOTAL FUND EQUITY | 2,587.5 | 2,954.4 | | | | | | |
| TOTAL LIABILITIES & FUND EQUITY | 4,103.8 | 4,445.1 | | | | | | |

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: PLANT MANAGEMENT
PROGRAM: PROPERTY MANAGEMENT
AGENCY: ADMINISTRATION, DEPARTMENT OF

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

REQUEST TITLE: PARKING RAMP MAINTENANCE

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|----------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| Special Revenue Fund | \$ -0- | 2.0 | \$ -0- | 2.0 |

Governor's Recommendation

| | | | | |
|----------------------|--------|-----|--------|-----|
| Special Revenue Fund | \$ -0- | 2.0 | \$ -0- | 2.0 |
|----------------------|--------|-----|--------|-----|

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests 2.0 positions, 1.0 General Maintenance Worker III and 1.0 General Maintenance Worker IV, to provide a maintenance (general cleaning) service for our 2 new parking ramps (Judicial and State Office Building). This is to ensure the maximum level of preventive maintenance is performed to avoid structural damage to these facilities. It will also allow us to upgrade our present programs in the Centennial and Administration ramps.

DESCRIPTION/BACKGROUND:

In recent years, the preventive maintenance of parking ramps has become a major concern in our geographic area. Some of the reasons for this are as follows:

1. Technology used in the ramp construction in the past often failed to address climatic realities.
2. Salt used on roads is brought into the ramps damaging the ramps' structural integrity.
3. This region experienced a major ramp failure in Minneapolis.

RATIONALE:

This would enable the agency to perform work during off hours and to perform preventive maintenance to extend the ramps' life. It will also increase our hours of coverage for emergencies as well as improve security.

ACTIVITY: BUILDING CODE
Program: PROPERTY MANAGEMENT
Agency: ADMINISTRATION, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

The purpose of the Building Codes and Standards Division is to:

1. Provides for the administration and promulgation of the State Building Code and amendments thereto.
2. Provide for training and technical/administrative consultation to the users of the State Building Code.
3. Provide for inspection and certification of manufactured structures.
4. Act as a State Administrative Agency (SAA) for the Department of Housing and Urban Development (HUD) manufactured homes program in resolution of consumer complaints.
5. Review construction documents for safety code requirements in state buildings, public school buildings and building required to be submitted to a state agency.
6. Provide for inspection for safety code requirements in state buildings, state financed buildings and public school buildings.
7. Collect surcharges on permits issued in jurisdictions.
8. Issue licenses and seals for manufactured buildings and homes.
9. Hold rules and appeal hearings, and
10. Test and certify building officials (M.S. 16B.59 to 16B.73; 327.31 to 327.36; and 327B).

The objectives are to:

1. Ensure uniformity in administration and application of the State Building Code.
2. To ensure that plans for buildings owned, financed, or licensed by the state, and for public school buildings have been reviewed and inspected for requirements of the State Building Code.
3. To ensure that manufactured buildings and manufactured homes produced for use in Minnesota meet requirements of the State Building Code, and
4. To collect surcharges, other licenses and fees and to determine rebates of surcharge income to municipalities.

BENEFITS:

1. Uniform state construction standards:
 - a. provide basic and uniform performance standards for construction;
 - b. establish reasonable safeguards for health, safety, welfare, comfort and security of the residents of the state;
 - c. provide for the use of modern methods, materials and techniques which, in part, tend to lower construction costs; and
 - d. permit construction of buildings at the lowest possible cost consistent with nationally recognized standards of health and safety.
2. Construction standards provide cost effectiveness by:
 - a. providing a central focus of standards at the state level which when delegated to local government reduces local regulatory costs;
 - b. reducing casualty and liability losses which, in turn, reduce insurance costs;
 - c. providing a competitive basis for the construction industry;
 - d. coordinating and being responsive to all state agencies' rules concerning construction standards; and
 - e. funding administrative costs out of construction industry service fees rather than public funds.

3. Inspection and certification of prefabricated structures and mobile homes:
 - a. assures that prefabricated structures and mobile homes meet quality standards for consumers;
 - b. facilitates interstate commerce of units and provides for acceptance and approval at the local level; and
 - c. assures ethical and responsible business practices by licensed dealers and manufacturers.

ACCOMPLISHMENTS:

The Building Codes and Standards Division has:

1. Improved competency and knowledge of local officials in code administration.
2. Established an informational/operational management system to be shared with local governments.
3. Improved quality assurance programs for manufactured products.
4. Improved personnel efficiency and competency (internal).
5. Improved clientele satisfaction level with division services.
6. Aggressively pursued violations in mobile home dealer practices.
7. Coordinated with other states on matters of regulation, standardization and promotion of interstate commerce.

EFFECTIVENESS MEASURES:

Results of accomplishments are:

1. Safer buildings which reduce loss of life, loss of property and personal injury.
2. Improved enforcement at the local level.
3. Fewer user complaints.
4. Fewer appeals to the state regarding local government actions.
5. Coordination of code compliance for all facets of the construction industry.
6. Improved client satisfaction with state services.

ISSUES:

1. Demands on the division are continually increasing due to user demand and continuing long-term increase in the construction activity statewide. Direct assistance activity is increasing due to demand by clientele (owners, design professionals, municipal officials, product suppliers and contractors).
2. In 1985, FHA minimum standards for housing were eliminated and supplanted with the State Building Code, thus expanding state code standards for housing into rural noncode administered areas. Handicapped provisions apply in rural noncode administered areas with no means of administering standards.
3. Means to provide for inspectional services for all state-owned, state financed and public school district buildings, statewide, both directly and by contract means with cities, counties, townships and other qualified individuals (Laws of Minnesota 1987, Chapter 387). See CHANGE request for this activity.
4. Improved coordination for state projects with the Division of State Building Construction will assure conformity to the State Building Code but will also increase staff time demands on both divisions.

ACTIVITY: BUILDING CODE
 (Continuation)
Program: PROPERTY MANAGEMENT
Agency: ADMINISTRATION, DEPARTMENT OF

1990-91 Biennial Budget

| <u>STATISTICS:</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|---------------------------------|------------------|------------------|------------------|------------------|
| Code Consultant Services | | | | |
| Training (days/persons) | 22/1,449 | 30/1,400 | 30/1,400 | 30/1,400 |
| Inquiries answered | 29,493 | 25,000 | 25,000 | 25,000 |
| Certification | | | | |
| Tested | 132 | 150 | 150 | 150 |
| Certified | 88 | 75 | 75 | 75 |
| Recertification | 0 | 0 | 850 | 50 |
| Clientele mailings | 30,693 | 20,000 | 20,000 | 20,000 |
| Plan Review Services | | | | |
| Value of projects (millions) | \$ 450,000 | \$ 400,000 | \$ 400,000 | \$ 400,000 |
| Number reviewed | 572 | 550 | 550 | 550 |
| Meetings (clientele) | 370 | 350 | 350 | 350 |
| Preliminary review | 308 | 350 | 350 | 350 |
| Manufactured Buildings Services | | | | |
| Plant inspection | 52 | 75 | 75 | 75 |
| Plan submittals | 109 | 100 | 100 | 100 |
| Unit inspections | 42 | 40 | 40 | 40 |
| Manufactured seals | 346 | 500 | 500 | 500 |
| Manufactured Home Services | | | | |
| Dealer lot inspections | 7 | 100 | 100 | 110 |
| Consumer complaints | 54 | 70 | 70 | 70 |
| Resolved | 99 | 40 | 40 | 40 |
| Pending | 25 | 30 | 30 | 30 |
| Units distributed | 1,662 | 2,000 | 2,500 | 2,500 |
| Licenses issued | 131 | 150 | 150 | 150 |

(Dollars in Thousands)

| <u>Income and Rebate</u> <u>to Municipalities</u> | <u>F.Y. 1987</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|--|------------------|------------------|------------------|------------------|------------------|
| Surcharge income | \$ 2,006 | \$ 1,955 | \$ 1,650 | \$ 1,500 | \$ 1,500 |
| Miscellaneous income | \$ 140 | \$ 228 | \$ 385 | \$ 800 | \$ 800 |
| Rebates to municipalities | \$ 1,554 | \$ -- | \$ 1,200 | \$ -- | \$ 1,200 |

REVENUE:

This activity generates non-dedicated revenue.

| | <u>Actual</u> <u>F.Y. 1988</u> | <u>Estimate</u> <u>F.Y. 1989</u> | <u>Estimate</u> <u>F.Y. 1990</u> | <u>Estimate</u> <u>F.Y. 1991</u> |
|----------------------|-----------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Special Revenue Fund | \$ 2,183 | \$ 2,035 | \$ 2,300 | \$ 2,300 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : ADMINISTRATION,DPT OF
PROGRAM : PROPERTY MANAGEMENT
BUDGET ACTIVITY : BUILDING CODE

| EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|---|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 642 | 847 | 862 | 90 | 952 | 952 | 862 | 90 | 952 | 952 |
| EXPENSES/CONTRACTUAL SRVCS | 89 | 132 | 132 | 405 | 537 | 537 | 132 | 405 | 537 | 537 |
| MISC OPERATING EXPENSES | 139 | 143 | 143 | 4 | 147 | 147 | 143 | 4 | 147 | 147 |
| SUPPLIES/MATERIALS/PARTS | 22 | 10 | 10 | 1 | 11 | 11 | 10 | 1 | 11 | 11 |
| CAPITAL EQUIPMENT | 13 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| REDISTRIBUTIONS | 45 | 49 | 49 | 0 | 49 | 49 | 49 | 0 | 49 | 49 |
| TOTAL EXPENDITURES | 950 | 1,181 | 1,196 | 500 | 1,696 | 1,696 | 1,196 | 500 | 1,696 | 1,696 |
| CHANGE REQUESTS: | | | | | | | | | | |
| | | | | | | | | | | |
| B PUBLIC BUILDING REVIEW AND INSPECTION | | | | 500 | | 500 | | 500 | | 500 |
| TOTAL CHANGE REQUESTS | | | | 500 | | 500 | | 500 | | 500 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| SP REV DIRECT APPROP | 950 | 1,181 | 1,196 | 500 | 1,696 | 1,696 | 1,196 | 500 | 1,696 | 1,696 |
| TOTAL FINANCING | 950 | 1,181 | 1,196 | 500 | 1,696 | 1,696 | 1,196 | 500 | 1,696 | 1,696 |
| POSITIONS BY FUND: | | | | | | | | | | |
| SP REV DIRECT APPROP | 21.0 | 21.0 | 21.0 | 3.0 | 24.0 | 24.0 | 21.0 | 3.0 | 24.0 | 24.0 |
| TOTAL POSITIONS | 21.0 | 21.0 | 21.0 | 3.0 | 24.0 | 24.0 | 21.0 | 3.0 | 24.0 | 24.0 |

CHANGE REQUEST _____ 1990-91 Biennial Budget
 _____ Agency _____ Program X Activity

ACTIVITY: BUILDING CODE
 PROGRAM: PROPERTY MANAGEMENT
 AGENCY: ADMINISTRATION, DEPARTMENT OF

REQUEST TITLE: PUBLIC BUILDING REVIEW AND INSPECTION

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|----------------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| Special Revenue Fund | \$ 500 | 3.0 | \$ 500 | 3.0 |
| Governor's Recommendation | | | | |
| Special Revenue Fund | \$ 500 | 3.0 | \$ 500 | 3.0 |

Request requires statutory change: _____ Yes X No
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The Building Codes and Standards Division requests \$500,000 annually for F.Y. 1990 and 1991 from the Special Revenue Fund to pay for the cost of plan review and inspectional services for public buildings as defined in M.S. 16B.60 Subd. 6, 1987 Supplement. Most of the funds will be used to contract with local officials. The increase was necessitated by actions of the 1987 session of the legislature which mandated that the commissioner administer and enforce the state building code as a municipality with respect to public buildings and establish appropriate permit, plan review and inspection fees. The activity necessitates one position to administer contracts and 2.0 positions to provide support services to the contract administrator.

DESCRIPTION/BACKGROUND:

This activity provides for the statewide administration and enforcement of the building code for public buildings. The commissioner with the powers of a municipality for public buildings has the authority to contract for services with other municipalities, with qualified individuals or train and designate individuals to provide services on a fee basis. Provides for methods of payment for services rendered (M.S. 16B.62 Subd. 1, fourth paragraph). When the commissioner determines a municipality has qualified, sufficient personnel and the municipality wishes to provide services, the commissioner shall contract with the municipality to provide partial or total services with all service fees to be paid directly to the municipality by the applicant to construct a public building within its jurisdiction. It is estimated that approximately 1/3 of all activity will be passed through without direct state involvement.

RATIONALE:

The revenue to pay all cost of the activity is to be derived from fees established by the commissioner. The activity involves approximately \$400,000,000 of construction activity annually. It is projected that \$1,300,000 in plan review and inspection service fees will be derived from the activity. Direct

pass through contracts with qualified municipalities will reduce the estimated revenues to approximately \$800,000 for payment of contractual services by the commissioner and to offset code administration costs for projects administered by the state. With F.Y. 1990-91 experience, more accurate figures for the subsequent budget cycle can be established. Excess revenues will remain in the General Fund. It is essential to assure that revenues exceed expenditures until a reasonable balance based on experience can be established for F.Y. 1992 and F.Y. 1993 budget cycle. Service fees proposed are per 1988 UBC Section 304, Table 3A, example \$3,200,000 school building, permit \$7,539, plan review fee \$4,900 for a total fee of \$12,439. The 1988 fee schedules are now in rule making process.

| BASE: | (Dollars in Thousands) | | | |
|-----------------------------------|------------------------|-----------|-----------|-----------|
| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| Special Revenue Fund Expenditures | \$ -0- | \$ -0- | \$ -0- | \$ -0- |
| Special Revenue Fund Positions | -0- | -0- | -0- | -0- |

| LONG RANGE IMPLICATIONS: | (Dollars in Thousands) | | |
|-----------------------------------|------------------------|-----------|----------|
| | F.Y. 1992 | F.Y. 1993 | Total |
| Special Revenue Fund Expenditures | \$ 500 | \$ 500 | \$ 1,000 |

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

ACTIVITY: BUILDING CONSTRUCTION
Program: PROPERTY MANAGEMENT
Agency: ADMINISTRATION, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

To provide professional and technical services for construction, remodeling and physical plant improvement projects in an efficient and effective manner so that savings can be realized in these capital improvement programs. Forty-three state institution campuses and numerous individually located state-owned buildings are served in 4 ways.

1. Administrative Management of Consultant Designed Projects: This activity provides supervision of the preparation of plans and specifications and oversight of the construction, alteration, and improvement of state buildings, structures and grounds.
2. In-House Design and Management of Construction Projects: This activity designs, prepares plans and specifications for bid, and supervises construction projects. Projects include remodeling, maintenance, repairs and improvements on state buildings. It also responds to emergency breakdowns and physical plant operations statewide, and it provides professional and technical services to remove asbestos and other hazardous materials from state-owned buildings.
3. Professional and Technical Consulting Service: This activity provides a wide range of services to regular user agencies, to the Department of Military Affairs, the University of Minnesota, the State University System and other governmental units. Such services include physical facilities surveys, accessibility surveys, advice regarding construction contract administrative procedures, feasibility studies, construction budget analysis, on-site visitations, preparation of quarterly statewide projects status report, capital improvement budget preparation for the Capitol complex buildings, capital improvement budget assistance, advice to the Capitol Area Architectural and Planning Board (CAAPB), care and improvements to the Governor's residence and liaison and coordination of the asbestos lawsuit.
4. Designer Selection Board: This activity provides staff support to the Designer Selection Board so that it can meet its statutory responsibility to select designers in a timely manner.

The division also manages the repair and replacement (R & R) funds for the Capitol complex buildings. The objective is to extend the life of these buildings by maintaining these buildings in a condition that will reduce premature deterioration and confine long-range repair and replacement costs to a minimum. These funds are used for routine, facility maintenance activities such as elevator repair, roof flashing repair, cleaning of existing decorative doors and frames and enhance existing life-safety systems. The R&R program is for projects that cannot be funded with existing maintenance dollars as the projects are too great or the projects are too small to be considered for capital improvements.

BENEFITS:

- Assures that project costs remain within available funds.
- Problems encountered on one project are avoided on subsequent projects.
- Agencies realize cost savings because outside designers require higher fees for projects typically handled in-house.
- Agencies benefit from the continuity and established expertise in the Division of State Building Construction (D.S.B.C.) since agencies typically do not possess expertise on their staffs.

- Agencies are provided with advice regarding solutions that will fit into their budgets.
- Capital expenditures are controlled and coordinated.
- Selection of architects is made on the basis of qualifications and pre-established criteria, creating an apolitical selection process.

ACCOMPLISHMENTS:

1. Through negotiations with construction industry organizations, D.S.B.C. has initiated a single prime construction contract policy designed to address the concerns 23 of mechanical and electrical associations. Single prime contracts afford the state a more manageable project environment.
2. In order to minimize bid peddling and shopping, a proposal posting policy has been initiated which requires the mechanical and electrical subcontract proposals to be posted at least 48 hours prior to the prime contract bid date.
3. To reduce the potential of owner/consultant disputes, a letter of advice and counsel on avoiding pitfalls has been issued to all design consultants on our new state projects.
4. Procedural bulletins were issued to all design consultants and in-house staff concerning prompt payment of contractors in order to facilitate a 98% performance achievement level.
5. In the spirit of fairness to subcontractors, D.S.B.C. extended the prompt pay philosophy to include subcontractors.
6. D.S.B.C. continues to advise other units of government and state agencies concerning our practice of asbestos abatement; e.g., Morrison County, Dakota County schools, Vocational Education Board, Military Affairs, the numerous agencies we serve and continues to coordinate the state's case in its litigation against the manufacturers and suppliers of asbestos.
7. Two members of D.S.B.C. have become certified in asbestos abatement and inspection by attending week-long seminars and examinations.
8. Restructured the Divisional hierarchy into Planning and Design, Construction Operations and Administrative Services functional activities including a new Records Management activity.
9. Hired 2 mechanical engineers, a management analyst in records management, an assistant director for construction operations and an assistant director/planning and design position.
10. Contracted with 8 individuals for professional and clerical services under the provisions authorized in 1987.
11. Provided meaningful summer employment for 3 individuals through the St. Paul Public School System.
12. Accelerated our records management activity.
 - a. Microfilmed 5,417 sheets of construction plan images which if laid end to end would exceed 3 miles in length.
 - b. Microfilmed approximately 300,000 specification and correspondence images which if stacked would be 200 feet high.
 - c. Current index includes over 2,500 projects which represents approximately 60% of the total projects to be microfilmed.
 - d. Began a program of microfilming Designer Selection Board material.
 - e. Created a single system of microfilm, a new catalog system and a regularly updated computerized document inventory.
13. Teamed with the Department of Finance to develop an "in-house" method of developing a post-secondary education facilities assessment program. D.S.B.C. funded the development of survey forms and two seminars to instruct institution staff on their use.
14. Initiated numerous emergency asbestos removal projects on discovery to avoid construction delay claims.
15. Initiated semiannual Capitol area professional roof inspection program.

ACTIVITY: BUILDING CONSTRUCTION
(Continuation)

1990-91 Biennial Budget

Program: PROPERTY MANAGEMENT

Agency: ADMINISTRATION, DEPARTMENT OF

16. Began videorecording of projects to document construction-related issues and conditions.
17. Maintained link with the construction industry through the director's membership in the Construction Industry Cooperative Committee of Minnesota.
18. D.S.B.C. members attended numerous seminars on construction-related issues, including National Council of State Facilities Conference, Regional Council of State Architects and Engineers, Building Code Conference of Minnesota.
19. Two architectural drafting technicians took architectural registration examinations.
20. D.S.B.C. has fostered many major projects through the planning phases into construction on a timely basis: a) the Judicial Building, b) the Centennial Office Building remodeling, c) the State Office Building parking ramp and d) numerous Community College projects.
21. Designer Selection Board Activities:
 - a. Out of 50 projects selected by the D.S.B.C. during F.Y. 1987 and 1988, 13 were awarded to firms not having had previous state work.
 - b. Executive Secretary (D.S.B.C. administrative supervisor) received an M.S.A.I.A. award of excellence for his service to the design profession.
22. Office Administrative Activities:
 - a. Acquired new coordinated word processing system to replace old noncompletion units.
 - b. Installed compatible office automation system to improve our reporting and project management capabilities.
 - c. Extended the number of M-Contracts from 109 to 123.
 - d. Extended the use of M-Contracts from \$325,674 to \$401,412 with an increase in Socially and Economically Disadvantaged participation from \$38,271 to \$68,589.
 - e. Legislative audit of contracts and payments recently completed in D.S.B.C. found that D.S.B.C. had contract and payment documents to support all payments.

| <u>EFFECTIVENESS MEASURES:</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|---|------------------|------------------|------------------|------------------|
| <u>Consultant Designed Projects</u> | | | | |
| Number of projects | 234 | 240 | 265 | 275 |
| Dollar volume (millions) | \$ 193.5 | \$ 180 | \$ 200 | \$ 225 |
| Design contracts awarded to small businesses: No. | 81 | 90 | 120 | 135 |
| Percent | 61% | 60% | 60% | 60% |
| Design contracts awarded to SED businesses: No. | 27 | 30 | 40 | 45 |
| Percent | 21% | 21% | 20% | 20% |
| D.S.B.C. hours per project (consultant projects) | 62 | 100 | 115 | 125 |
| D.S.B.C. administrative cost | .5% | .5% | .5% | .5% |
| Invoices paid within 30 days | 95% | 98% | 98% | 98% |
| <u>In-House Projects</u> | | | | |
| Number of projects | 171 | 115 | 150 | 150 |
| Dollar volume (millions) | \$ 19.5 | \$ 7.5 | \$ 16.5 | \$ 16.5 |

| | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|---|------------------|------------------|------------------|------------------|
| In-house design cost | 6% | 6% | 6% | 6% |
| D.S.B.C. hours per in-house projects | 75 | 100 | 95 | 95 |
| <u>Professional & Technical Consulting Services</u> | | | | |
| Staff hours available | 2,942 | 3,000 | 3,500 | 3,700 |
| <u>Designer Selection Board</u> | | | | |
| Number of designers selected | 44 | 22 | 30 | 25 |
| Proposals reviewed | 613 | 240 | 450 | 375 |
| D.S.B.C. staff hours required | 575 | 400 | 420 | 350 |
| Time needed for selection (days) | 41 | 41 | 41 | 41 |

ISSUES:

1. D.S.B.C. staff resources were increased through 1987 legislative authorization. However, it is apparent that an additional demand for services still exists and will continue to exist as the state's building needs are addressed by the Legislature. In F.Y. 1988, D.S.B.C. staff spent 14,536 hours on all consultant managed projects. A total of 234 such projects were managed. Each project should have averaged 174 hours of staff time or 40,716 hours. Thus, projects are staffed at 36% of the desirable level. This also represents a 16% improvement over the previous year. The adoption of a single prime contract procedure will also improve operational efficiency. However, there is still inadequate oversight in certain steps of project management which can lead to vulnerability.
2. The office automation program authorized by the 1987 Legislature when fully operational will improve efficiency through better project tracking techniques and quick retrieval of data for operational use.
3. The increased division workload of small projects requiring strict seasonal completion schedules have forced the use of outside consultants on work which is normally done in-house. The plan to increase staff (CHANGE request) addresses this issue.
4. The need for professional and technical services to state agencies continues to increase as they adjust or change programs.
5. Asbestos abatement is increasingly complex and demanding of D.S.B.C. action, including the statewide asbestos litigation activity. Other governmental organizations solicit and receive guidance in this area.

STATISTICS:

| | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|----------------------------------|------------------|------------------|------------------|------------------|
| No. of invoices processed | 1,920 | 2,000 | 2,100 | 2,100 |
| No. of supplements processed | 462 | 475 | 500 | 500 |
| No. of design contracts prepared | 70 | 80 | 120 | 140 |
| Number of M-Contracts | 109 | 123 | 125 | 130 |

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : ADMINISTRATION,DPT OF
PROGRAM : PROPERTY MANAGEMENT
BUDGET ACTIVITY : BUILDING CONSTRUCTION

| EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|--------------------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 1,037 | 1,162 | 1,208 | 435 | 1,643 | 1,643 | 1,208 | 435 | 1,643 | 1,643 |
| EXPENSES/CONTRACTUAL SRVCS | 353 | 1,504 | 1,347 | 0 | 1,347 | 1,347 | 1,347 | 0 | 1,347 | 1,347 |
| MISC OPERATING EXPENSES | 36 | 39 | 39 | 0 | 39 | 39 | 39 | 0 | 39 | 39 |
| SUPPLIES/MATERIALS/PARTS | 29 | 9 | 9 | 0 | 9 | 9 | 9 | 0 | 9 | 9 |
| CAPITAL EQUIPMENT | 148 | 97 | 97 | 0 | 97 | 97 | 97 | 0 | 97 | 97 |
| REAL PROPERTY | 4 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL EXPENDITURES | 1,607 | 2,811 | 2,700 | 435 | 3,135 | 3,135 | 2,700 | 435 | 3,135 | 3,135 |
| CHANGE REQUESTS: | | | | | | | | | | |
| | | | | | | | | | | |
| B BUILDING CONSTRUCTION COMPLEMENT | | | | 123 | | 123 | | 123 | | 123 |
| B CONVERTING BUILDING FUND POSITIONS | | | | 312 | | 312 | | 312 | | 312 |
| TOTAL CHANGE REQUESTS | | | | 435 | | 435 | | 435 | | 435 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 792 | 1,090 | 976 | 312 | 1,288 | 1,288 | 976 | 312 | 1,288 | 1,288 |
| SP REV DIRECT APPROP | 489 | 440 | 443 | 123 | 566 | 566 | 443 | 123 | 566 | 566 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| SPECIAL REVENUE | 4 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| HIGHWAY USER TAX DISTR | 0 | 536 | 536 | 0 | 536 | 536 | 536 | 0 | 536 | 536 |
| FEDERAL | 10 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| WORKERS COMP SPECIAL | 0 | 433 | 433 | 0 | 433 | 433 | 433 | 0 | 433 | 433 |
| BUILDING | 312 | 312 | 312 | 0 | 312 | 312 | 312 | 0 | 312 | 312 |
| TOTAL FINANCING | 1,607 | 2,811 | 2,700 | 435 | 3,135 | 3,135 | 2,700 | 435 | 3,135 | 3,135 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 15.0 | 15.0 | 15.0 | 7.0 | 22.0 | 22.0 | 15.0 | 7.0 | 22.0 | 22.0 |
| SP REV DIRECT APPROP | 3.0 | 3.0 | 3.0 | 3.0 | 6.0 | 6.0 | 3.0 | 3.0 | 6.0 | 6.0 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : ADMINISTRATION,DPT OF
PROGRAM : PROPERTY MANAGEMENT
BUDGET ACTIVITY : BUILDING CONSTRUCTION

| POSITIONS BY FUND: | | | F.Y. 1990 | | | | F.Y. 1991 | | | |
|--------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | FY 1988 | FY 1989 | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| BUILDING | 7.0 | 7.0 | 7.0 | 0.0 | 7.0 | 7.0 | 7.0 | 0.0 | 7.0 | 7.0 |
| TOTAL POSITIONS | 25.0 | 25.0 | 25.0 | 10.0 | 35.0 | 35.0 | 25.0 | 10.0 | 35.0 | 35.0 |

CHANGE REQUEST _____ 1990-91 Biennial Budget
 _____ Agency _____ Program X Activity

ACTIVITY: BUILDING CONSTRUCTION
 PROGRAM: PROPERTY MANAGEMENT
 AGENCY: ADMINISTRATION, DEPARTMENT OF

REQUEST TITLE: BUILDING CONSTRUCTION COMPLEMENT

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|--------------------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| Special Revenue Direct Appropriation | \$ 123 | 3.0 | \$ 123 | 3.0 |
| Governor's Recommendation | | | | |
| Special Revenue Direct Appropriation | \$ 123 | 3.0 | \$ 123 | 3.0 |

Request requires statutory change: _____ Yes X No
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

This request is for \$123,000 in F.Y. 1990 and \$123,000 in F.Y. 1991 for 3.0 positions from the special revenue fund. The request will provide additional architectural and technical support to the Minnesota Community College System (MCCS) to meet its request for additional professional services in managing the new building, remodeling and improvement program.

DESCRIPTION/BACKGROUND:

The Community College System has chosen not to replace a registered architect on its staff who has resigned. Rather, it is looking to the Division of State Building Construction (DSBC) to provide managerial expertise in directing our Consultant Design Architect/Engineers. It has also requested increased service from our engineering and technical staff to:

1. Effect better design solutions by having more early input into the design process.
2. Provide more DSBC design services in areas of physical plant repairs and replacements (general, mechanical and electrical).
3. Provide centralized administration of hazardous waste including asbestos and other known materials.

Since F.Y. 1988, DSBC has provided in-house design services up to the limits of its staff availability. MCCS is pleased with that service and is requesting more. From F.Y. 1985 to 1988, it had relied on more costly/less responsive service provided through consultant designers for its repair and replacement projects.

Three classified and 3 contract equivalent positions were authorized by the 1987 Legislature and have been used to meet the demand for DSBC services statewide. However, with the anticipated increase in capital improvement and facilities repair and replacement programs, it will be necessary to increase

the base of its service potential to meet the demands of the immediate future.

RATIONALE:

The 18 community colleges which were constructed mainly in the late 1960s and early 1970s have experienced continued growth and represent a tremendous capital investment which must be planned and maintained through prompt and efficient professional service management. The MCCS found that working with a second consultant in achieving its physical plant needs had some real drawbacks in responsiveness, continuity and cost. They have determined that the most cost-effective method of obtaining this necessary increased support is through the Division of State Building Construction. The goal of DSBC is to collectively provide responsive, cost-effective service and to be the valuable repository of in-house knowledge which will serve the needs of MCCS without reducing services to other state agency clientele. Failure to fund this request would have the opposite effect.

| BASE: | (Dollars in Thousands) | | | |
|--------------------------------------|------------------------|-----------|-----------|-----------|
| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| Special Revenue Direct Appropriation | \$ 328 | \$ 353 | \$ 353 | \$ 353 |

| LONG RANGE IMPLICATIONS: | (Dollars in Thousands) | | |
|--------------------------------------|------------------------|-----------|--------|
| | F.Y. 1992 | F.Y. 1993 | Total |
| Special Revenue Direct Appropriation | \$ 123 | \$ 123 | \$ 246 |

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: BUILDING CONSTRUCTION
PROGRAM: PROPERTY MANAGEMENT
AGENCY: ADMINISTRATION, DEPARTMENT OF

REQUEST TITLE: CONVERTING BUILDING FUND POSITIONS

| | F.Y. 1990 | | F.Y. 1991 | |
|----------------|-------------------|-----------|-------------------|-----------|
| Agency Request | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 312 | 7.0 | \$ 312 | 7.0 |

Governor's Recommendation

| | | | | |
|--------------|--------|-----|--------|-----|
| General Fund | \$ 312 | 7.0 | \$ 312 | 7.0 |
|--------------|--------|-----|--------|-----|

Request requires statutory change: _____ Yes X No

Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

This request is to convert 7.0 positions to the General Fund from the Building Fund.

DESCRIPTION/BACKGROUND:

In 1987, the legislature elected to fund these 7.0 positions for the Division of State Building Construction by means for a Capital Budget appropriation. See 1987 Laws of Minnesota, Chapter 400, Section 3, Subdivision 1 (n). Up to this point, these positions were funded from the General Fund. The 1988 Legislature also provided that a Capital Budget be submitted for the 1989 session, with action on the requests to occur in the 1990 session. This means there technically is a one-year gap where these positions would be unfunded. It may be preferable to fund these positions from the general fund.

RATIONALE:

This will enable the division to continue to carry out its responsibilities without interruption. These positions and their funding are needed in order to avoid jeopardizing the division's capability of providing timely architectural, design, and support services to client agencies.

Without general funding for these positions, reducing services or not providing services would be necessary as the remaining staff would be unable to pick up this volume of work. Another alternative is to obtain authorization to use existing unused building funds to fund these positions.

| | (Dollars in Thousands) | | |
|---------------------------|------------------------|-----------|--------|
| LONG RANGE IMPLICATIONS: | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund Expenditures | \$ 312 | \$ 312 | \$ 624 |

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

ACTIVITY: ENERGY CONSERVATION
Program: PROPERTY MANAGEMENT
Agency: ADMINISTRATION, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

The purpose of the Energy Conservation activity is to:

1. Conduct energy surveys to improve building operation;
2. Monitor energy use and establish an energy cost and consumption history;
3. Print energy reports for each state-owned facility;
4. Establish preventative maintenance programs for state facilities;
5. Provide replacement of steam traps in state facilities;
6. Provide continuing education programs for physical plant and maintenance personnel; and
7. Convert state-owned facilities to burn Minnesota fuel.

The division's objectives are to promote the usage of alternative Minnesota energy sources in state programs and to utilize the lowest available fuel costs; annually convert state facilities to burn wood, peat, or other Minnesota-purchased fuel by using financing from the private sector; continue to reduce consumption of fuels through effective conservation measures; establish preventive maintenance programs in agencies that operate heating plants; reduce steam energy losses due to defective and poorly maintained steam traps that are now on full service maintenance contracts; and assist and train physical plant and maintenance personnel to operate and service state heating plants. Statutory authority for this activity is found in M.S. 16B.16 and M.S. 116J.21.

BENEFITS:

- By establishing preventive maintenance programs, agencies can reduce major repairs on equipment and eliminate major downtime of equipment, minimizing discomfort levels for patients, inmates and other building occupants.
- Over \$57 million in energy savings has been realized in state buildings due largely to the activities of this division since 1979.
- Expertise and information regarding energy usage and savings are available to all state agencies throughout the state.
- By replacing or repairing malfunctioning steam traps, agencies can reduce steam generating costs by 2-12% with potential savings from \$162,000 to \$1,135,000.

ACCOMPLISHMENTS:

1. Surveyed two complexes for preventive maintenance scheduling.
2. Implemented preventive maintenance programs for eight agencies.
3. Entered 15 complexes into the SHELTER (Saving Heat, Electricity, Light,

- Time and Energy Report) program.
4. Added 69 armories to the energy monitoring program.
5. Prepared a report on fuel and dollar savings by burning wood at all wood burning institutions.
6. Developed a contract for an energy management system for Fergus Falls Regional Treatment Center.
7. Prepared a report on the social and economic costs of wood burning in the state.
8. Sent steam trap survey forms to those complexes producing steam.
9. Completed lighting surveys for Brainerd and Lakewood Community Colleges.
10. Negotiated between gas companies and oil suppliers on a month-to-month basis to get the best fuel prices for state institutions.
11. Prepared application for refunds from crude oil overcharges for all state facilities.
12. Conducted training classes statewide for operating engineers working in various state institutions.

EFFECTIVENESS MEASURES:

| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|---|-------------|-------------|-------------|-------------|
| Implement steam trap programs at the 20 complexes | 0 | 8 | 10 | 2 |
| Survey complexes for Preventive Maintenance Programs | 2 | 4 | 4 | 4 |
| Implement Preventive Maintenance Programs | 2 | 4 | 4 | 4 |
| Conduct training classes for chief engineers, operating engineers, and all maintenance personnel working in state institutions | 12 sessions | 15 sessions | 15 sessions | 15 sessions |
| Survey, redesign, and retrofit existing lighting systems for improved lighting levels and reduced electrical consumption | 2 | 4 | 4 | 4 |
| Evaluate the economics and install variable speed drives to fans and pumps in state institutions where there is an electrical savings of 40% or greater | 2 | 2 | 2 | 2 |

ISSUES:

The state's policy of decreasing reliance on non-Minnesota energy sources by converting state buildings to use fuels such as wood, peat, agricultural waste, refuse and other alternative energy sources is economically less attractive now that fossil fuel prices have declined. However, the long-term economic and environmental benefits argue for continuing policies to make Minnesota less energy dependent on other parts of the country.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : ADMINISTRATION,DPT OF
PROGRAM : PROPERTY MANAGEMENT
BUDGET ACTIVITY : ENERGY CONSERVATION

| EXPENDITURES: | | | F.Y. 1990 | | | | F.Y. 1991 | | | |
|---------------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | FY 1988 | FY 1989 | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 221 | 225 | 230 | 70 | 300 | 230 | 230 | 70 | 300 | 230 |
| EXPENSES/CONTRACTUAL SRVCS | 54 | 56 | 56 | 5 | 61 | 56 | 56 | 5 | 61 | 56 |
| MISC OPERATING EXPENSES | 10 | 16 | 16 | 4 | 20 | 16 | 16 | 4 | 20 | 16 |
| SUPPLIES/MATERIALS/PARTS | 23 | 26 | 26 | 5 | 31 | 26 | 26 | 5 | 31 | 26 |
| CAPITAL EQUIPMENT | 17 | 0 | 0 | 5 | 5 | 0 | 0 | 8 | 8 | 0 |
| TOTAL EXPENDITURES | 325 | 323 | 328 | 89 | 417 | 328 | 328 | 92 | 420 | 328 |
| CHANGE REQUESTS: | | | | | | | | | | |
| FUND | | | | | | | | | | |
| B ENERGY CONSERVATION EXPANSION | | | | 89 | | 0 | | 92 | | 0 |
| TOTAL CHANGE REQUESTS | | | | 89 | | 0 | | 92 | | 0 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 325 | 323 | 328 | 89 | 417 | 328 | 328 | 92 | 420 | 328 |
| TOTAL FINANCING | 325 | 323 | 328 | 89 | 417 | 328 | 328 | 92 | 420 | 328 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 5.0 | 5.0 | 5.0 | 3.0 | 8.0 | 5.0 | 5.0 | 3.0 | 8.0 | 5.0 |
| TOTAL POSITIONS | 5.0 | 5.0 | 5.0 | 3.0 | 8.0 | 5.0 | 5.0 | 3.0 | 8.0 | 5.0 |

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: ENERGY CONSERVATION
PROGRAM: PROPERTY MANAGEMENT
AGENCY: ADMINISTRATION, DEPARTMENT OF

REQUEST TITLE: ENERGY CONSERVATION EXPANSION

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 89 | 3.0 | \$ 92 | 3.0 |
| Governor's Recommendation | | | | |
| General Fund | \$ -0- | -0- | \$ -0- | -0- |

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests these funds and positions to expand the preventive maintenance program, enhance the energy monitoring program, and continue SHELTER (Saving Heat, Electricity, Lights, Time, and Energy Report), steam trap and training programs. The objective of these programs is help determine the most cost-effective means of conserving energy in state-owned buildings; increase the awareness for the need to conserve energy in all phases of operations; continue to monitor steam traps and replace/repair when needed; and develop an inventory of all state buildings.

DESCRIPTION/BACKGROUND:

Energy Conservation has had to absorb increases and additional charges without additional funding. We are unable to comply with requests for service/assistance from client institutions.

In years past, student workers filled the positions for energy monitoring, computer programming, and assisted in preventive maintenance. There have been numerous personnel turnovers due to the temporary nature of student workers. Due to the high turnover and the technicality of the work, the need to retrain new student workers has been continuous and takes from 3 to 9 months. This has caused delays in getting projects started or continued.

As a result, the preventative maintenance program is in various stages of development for institutions due to insufficient staff to help survey and input data to meet the numerous requests from institutions to get on this program. Also, the volume of computer data that needs inputting from monthly power plant reports is increasing as the number of institutions requesting to be included in the energy monitoring program is increasing. The energy monitoring program is needed to measure performance with regard to the savings resulting from the energy audits funded by the Legislature. In addition, student workers have been used as computer programmers for developing and improving these programs since 1981.

RATIONALE:

The goal of the division is to establish a stable funding source with sufficient staff to:

- 1) expand the preventive maintenance program to meet requests from institutions;
- 2) expand energy monitoring to include armories, truck stations, etc.;
- 3) stabilize the division computer system from student worker personnel turnovers;
- 4) assist institutions to better utilize information/reports received from the division to prepare budgets and predict cost savings realized from recommended energy saving measures.

The client institutions currently receive specific funding for repair and betterment. Any cost savings realized can help institutions to meet other needs.

| BASE: | (Dollars in Thousands) | | | |
|---------------------------|------------------------|-----------|-----------|-----------|
| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| General Fund Expenditures | \$ 230 | \$ 230 | \$ 230 | \$ 230 |
| Positions | 5.0 | 6.0 | 6.0 | 6.0 |

| LONG RANGE IMPLICATIONS: | (Dollars in Thousands) | | |
|---------------------------|------------------------|-----------|--------|
| | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund Expenditures | \$ 90 | \$ 90 | \$ 180 |

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Although the request has merit, other spending priorities preclude additional funding.

PROGRAM: ADMINISTRATIVE MANAGEMENT
Agency: ADMINISTRATION, DEPARTMENT OF

1990-91 Biennial Budget

PROGRAM PURPOSE:

The purpose of the Administrative Management Program is to provide centralized leadership and management to the department, to conduct management and program analysis projects statewide, to provide basic support services to the department's operating divisions, to provide financial assistance to public television and public radio stations throughout the state, to administer Stripper Well oil overcharge funds, and to fund basic costs of the Minnesota State Band.

OPERATION:

Fiscal and Personnel Services provide basic support services in budgeting, accounting, union contract administration, employee benefits, safety in the workplace and many other areas to all managers and employees in the department.

Management Analysis conducts management studies and organizational development for the Legislature, for state agencies and for the Governor. The purpose of these projects is to provide analysis and proposals for improving the efficiency and effectiveness of state government. This activity also administers the Strive Toward Excellence in Performance (STEP) program.

Executive Support provides commissioner-level management and leadership to the department. It also funds costs of the Minnesota State Band, World Trade Center operating costs, and funding for the next administration's transition efforts.

Public Broadcasting provides financial assistance to public television stations and public radio stations throughout the state. The financial assistance supports station operations by providing block grants and matching grants. In addition to operational support, equipment grants finance equipment needs for both television and radio stations.

Public Broadcasting: Minnesota Public Radio provides equipment grants to noncommercial radio stations throughout Minnesota.

Twin Cities Regional Cable Channel provides noncommercial public programming services to cable subscribers in the Twin Cities area including legislative programming.

Oil Overcharge provides funds to a variety of individuals and/or groups from Stripper Well Settlement in accordance with Minnesota Laws 1988, Chapter 686, Article I, Section 37.

BUDGET ISSUE:

1. The STEP program has become increasingly successful over the past biennium. While mobilities from other departments are still used as staff, and private sector partners offer their services willingly to STEP projects, the continuance of the program is now dependent on receipt of a general fund appropriation.
2. Major reorganization of the InterTechnologies Group, coupled with the addition of the Information Policy Office to the department has generated

a sharply increased workload for the department's Personnel Services. This need has been temporarily filled with an interdepartmental mobility, but a change request has been submitted to solve this problem on a more stable basis.

3. The 1988 legislative session directly appropriated \$16.6 million in grants from Stripper Well Oil Overcharge funds for the department to administer. Any additional Stripper Well funds will also be administered by the department in conjunction with the Legislative Commission on Minnesota Resources. Addition of the activity to the department is reflected in this program.

EXPLANATION OF BUDGET REQUEST:

Twelve CHANGE items are requested for this program:

1. \$56,000 and 1.0 position in F.Y. 1990 and \$48,000 and 1.0 position in F.Y. 1991 are requested to establish an internal auditing function in the department.
2. \$52,100 and 1.0 position in F.Y. 1990 and \$51,100 and 1.0 position in F.Y. 1991 are requested for a departmental information systems coordinator.
3. \$54,000 and 1.0 position in both years of the biennium are requested to fully fund the employee development program for Admin's 850 employees.
4. \$53,122 and 1.0 position in each year of the biennium for a safety director and related program expenses.
5. \$428,000 and 3.0 positions in F.Y. 1990 and \$282,000 and 3.0 positions in F.Y. 1991 for improved management consulting services.
6. Nine revolving fund positions in each year of the biennium for increased management consulting services.
7. \$66,000 and 1.0 position each year of the biennium to fund a generalist to handle increased workload in Personnel Services.
8. \$32,900 in F.Y. 1990 and \$32,300 in F.Y. 1991 and 1.0 position each year to handle increased workload on support staff.
9. \$548,750 in each year of the biennium to Minnesota Public Radio for grants.
10. \$2,164,000 in each year of the biennium for public broadcasting grants (11 AMPERS radio stations and 6 TV stations).
11. \$26,000 in F.Y. 1990 for the Twin Cities Regional Cable Channel for automation equipment.
12. \$23,000 in F.Y. 1990 and \$5,000 in F.Y. 1991 for the Minnesota State Band.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the following:

- o \$104,000 and 1.0 position for the biennium to establish an internal auditing function;
- o 9.0 revolving fund positions for improved management consulting services;
- o \$5,000 for the biennium for the Minnesota State Band;
- o \$650,000 and 6.5 positions for the biennium for the redesign of government services;
- o a biennial BASE reduction of \$424,000 for the World Trade Center.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : ADMINISTRATION,DPT OF
PROGRAM : ADMINISTRATIVE MANAGEMENT

| | | | | F.Y. 1990 | | | F.Y. 1991 | | | | | | |
|---|--|--|--|----------------|---------|-------|----------------|-------|--------------------|-------|--------|-------|--------------------|
| | | | | AGENCY REQUEST | | | AGENCY REQUEST | | | | | | |
| ACTIVITY EXPENDITURES: | | | | FY 1988 | FY 1989 | BASE | CHANGE | TOTAL | GOVERNOR'S RECOMM. | BASE | CHANGE | TOTAL | GOVERNOR'S RECOMM. |
| FISCAL & PERSONNEL SERVICES | | | | 961 | 940 | 959 | 281 | 1,240 | 1,015 | 959 | 272 | 1,231 | 1,007 |
| B GV7-INTERNAL AUDITOR GEN | | | | | | | 56 | | 56 | | 48 | | 48 |
| B DEPARTMENTAL SYSTEMS COORDINATOR GEN | | | | | | | 52 | | 0 | | 51 | | 0 |
| B IMPROVED PERSONNEL SERVICES GEN | | | | | | | 66 | | 0 | | 66 | | 0 |
| B HEALTH AND SAFETY PROGRAM GEN | | | | | | | 53 | | 0 | | 53 | | 0 |
| B EMPLOYEE DEVELOPMENT PROGRAM GEN | | | | | | | 54 | | 0 | | 54 | | 0 |
| MANAGEMENT ANALYSIS | | | | 918 | 854 | 864 | 428 | 1,292 | 1,223 | 864 | 282 | 1,146 | 1,155 |
| B IMPROVED MANAGEMENT CONSULTING SERVICES GEN | | | | | | | 428 | | 0 | | 282 | | 0 |
| B SERVICE REDESIGN PILOT PROJECTS GEN | | | | | | | 0 | | 359 | | 0 | | 291 |
| EXECUTIVE SUPPORT | | | | 703 | 900 | 800 | 56 | 856 | 596 | 857 | 37 | 894 | 642 |
| B EXECUTIVE ADMINISTRATIVE CLERICAL GEN | | | | | | | 33 | | 0 | | 32 | | 0 |
| B SUPPORT INCREASE FOR STATE BAND GEN | | | | | | | 23 | | 3 | | 5 | | 2 |
| B WORLD TRADE CENTER BASE REDUCTION GEN | | | | | | | 0 | | <207> | | 0 | | <217> |
| PUBLIC BROADCASTING | | | | 2,227 | 1,986 | 2,096 | 2,164 | 4,260 | 2,396 | 2,096 | 2,164 | 4,260 | 2,396 |
| B PUBLIC BROADCASTING GRANT INCREASES GEN | | | | | | | 2,164 | | 300 | | 2,164 | | 300 |
| PUBLIC BROADCASTING: MINNESOTA PUBLIC RADIO | | | | 300 | 0 | 0 | 549 | 549 | 150 | 0 | 549 | 549 | 150 |
| B MPR EQUIPMENT GRANTS GEN | | | | | | | 549 | | 150 | | 549 | | 150 |
| TWIN CITIES REGIONAL CABLE CHANNEL | | | | 0 | 40 | 0 | 26 | 26 | 0 | 0 | 0 | 0 | 0 |
| B REGIONAL CABLE CHANNEL AUTOMATION GEN | | | | | | | 26 | | 0 | | 0 | | 0 |
| EQUIPMENT | | | | | | | | | | | | | |
| OIL OVERCHARGE | | | | 0 | 10,949 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : ADMINISTRATION,DPT OF
PROGRAM : ADMINISTRATIVE MANAGEMENT

| | | | F.Y. 1990 | | | | F.Y. 1991 | | | |
|---------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| ACTIVITY EXPENDITURES: | FY 1988 | FY 1989 | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| TOTAL EXPENDITURES | 5,109 | 15,669 | 4,719 | 3,504 | 8,223 | 5,380 | 4,776 | 3,304 | 8,080 | 5,350 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 4,742 | 4,366 | 4,365 | 3,504 | 7,869 | 5,026 | 4,422 | 3,304 | 7,726 | 4,996 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| SPECIAL REVENUE | 208 | 11,258 | 309 | 0 | 309 | 309 | 309 | 0 | 309 | 309 |
| AGENCY | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| GIFTS AND DEPOSITS | 158 | 45 | 45 | 0 | 45 | 45 | 45 | 0 | 45 | 45 |
| TOTAL FINANCING | 5,109 | 15,669 | 4,719 | 3,504 | 8,223 | 5,380 | 4,776 | 3,304 | 8,080 | 5,350 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 44.0 | 44.0 | 44.0 | 9.0 | 53.0 | 51.5 | 44.0 | 9.0 | 53.0 | 51.5 |
| SPECIAL REVENUE | 4.0 | 5.0 | 5.0 | 9.0 | 14.0 | 14.0 | 5.0 | 9.0 | 14.0 | 14.0 |
| GIFTS AND DEPOSITS | 1.0 | 1.0 | 1.0 | 0.0 | 1.0 | 1.0 | 1.0 | 0.0 | 1.0 | 1.0 |
| TOTAL POSITIONS | 49.0 | 50.0 | 50.0 | 18.0 | 68.0 | 66.5 | 50.0 | 18.0 | 68.0 | 66.5 |

ACTIVITY: FISCAL AND PERSONNEL SERVICES 1990-91 Biennial Budget
Program: ADMINISTRATIVE MANAGEMENT
Agency: ADMINISTRATION, DEPARTMENT OF

PURPOSE:

The purpose of this activity is to provide timely and accurate financial services while conforming to Generally Accepted Principles (GAAP); to administer the personnel, safety and employee development program for the entire department.

Fiscal Services provides a centralized and integrated accounting system for Department of Administration revolving funds and general fund activities. It also provides fiscal support to the Governor's Office, the Council of Black Minnesotans, the Citizens' Committee on Voyageurs National Park, Council on Spanish Speaking People, Council on Asian/Pacific Minnesotans, Board of Public Defense and the Capitol Area Architectural and Planning Board. Transactions are processed in the areas of purchasing, disbursements, billings, collections and other basic fiscal services.

Personnel Services provides, maintains and services the human resources of the Department of Administration. Services include staffing, affirmative action, employee development, negotiation and administration of labor contracts, interpretation and consultation on human resource management issues, wage and benefit administration, and health and safety program administration. It represents the department in all transactions with the Department of Employee Relations and with Central Payroll in the Department of Finance.

| <u>EFFECTIVENESS MEASURES:</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|---|------------------|------------------|------------------|------------------|
| Worker's Comp. Costs (000's) | \$ 257 | \$ 192 | \$ 179 | \$ 167 |
| Percent missed opportunities | 10% | 9% | 8% | 7% |
| Percent reclassification requests sustained by DOER | 92% | 94% | 95% | 95% |
| Average hours training/employee | 9.75 | 12 | 16 | 18 |
| Percent of financial statements conforming to GAAP | 100% | 100% | 100% | 100% |
| Quarterly financial statements | 17 | 17 | 17 | 17 |

| <u>STATISTICS:</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|-------------------------------------|------------------|------------------|------------------|------------------|
| Classification requests | 125 | 150 | 160 | 160 |
| Decentralized exams completed | 13 | 25 | 38 | 35 |
| Job applications processed | 628 | 750 | 800 | 800 |
| Appointments completed | 405 | 450 | 500 | 500 |
| Labor/Management meetings | 6 | 12 | 15 | 15 |
| Health and safety surveys conducted | 16 | 25 | 25 | 25 |

ACCOMPLISHMENTS

- Consolidated Plant Management's internal service funds.
- Conducted payment training classes for departmental staff.
- Began a strategic planning process which will clarify the roles of personnel and fiscal and their relationship to other departmental divisions.
- Improved customer outreach and communication efforts through creation and distribution of newsletter, use of customer surveys, on-site visits with

- department managers and internal reorganization designed to provide clearer access to personnel staff.
- Improved labor relations through the establishment and staff of joint labor/management committees on Health and Safety; and on departmentwide human resource management issues.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : ADMINISTRATION,DPT OF
PROGRAM : ADMINISTRATIVE MANAGEMENT
BUDGET ACTIVITY : FISCAL & PERSONNEL SERVICES

| EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|------------------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 735 | 839 | 858 | 194 | 1,052 | 890 | 858 | 194 | 1,052 | 890 |
| EXPENSES/CONTRACTUAL SRVCS | 108 | 78 | 78 | 42 | 120 | 81 | 78 | 44 | 122 | 81 |
| MISC OPERATING EXPENSES | 16 | 16 | 16 | 14 | 30 | 25 | 16 | 14 | 30 | 25 |
| SUPPLIES/MATERIALS/PARTS | 78 | 7 | 7 | 13 | 20 | 9 | 7 | 12 | 19 | 9 |
| CAPITAL EQUIPMENT | 24 | 0 | 0 | 18 | 18 | 10 | 0 | 8 | 8 | 2 |
| TOTAL EXPENDITURES | 961 | 940 | 959 | 281 | 1,240 | 1,015 | 959 | 272 | 1,231 | 1,007 |
| CHANGE REQUESTS: | | | | | | | | | | |
| FUND | | | | | | | | | | |
| B GV7-INTERNAL AUDITOR | | | | 56 | | 56 | | 48 | | 48 |
| B DEPARTMENTAL SYSTEMS COORDINATOR | | | | 52 | | 0 | | 51 | | 0 |
| B IMPROVED PERSONNEL SERVICES | | | | 66 | | 0 | | 66 | | 0 |
| B HEALTH AND SAFETY PROGRAM | | | | 53 | | 0 | | 53 | | 0 |
| B EMPLOYEE DEVELOPMENT PROGRAM | | | | 54 | | 0 | | 54 | | 0 |
| TOTAL CHANGE REQUESTS | | | | 281 | | 56 | | 272 | | 48 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 847 | 895 | 914 | 281 | 1,195 | 970 | 914 | 272 | 1,186 | 962 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| GIFTS AND DEPOSITS | 114 | 45 | 45 | 0 | 45 | 45 | 45 | 0 | 45 | 45 |
| TOTAL FINANCING | 961 | 940 | 959 | 281 | 1,240 | 1,015 | 959 | 272 | 1,231 | 1,007 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 23.0 | 23.0 | 23.0 | 5.0 | 28.0 | 24.0 | 23.0 | 5.0 | 28.0 | 24.0 |
| GIFTS AND DEPOSITS | 1.0 | 1.0 | 1.0 | 0.0 | 1.0 | 1.0 | 1.0 | 0.0 | 1.0 | 1.0 |
| TOTAL POSITIONS | 24.0 | 24.0 | 24.0 | 5.0 | 29.0 | 25.0 | 24.0 | 5.0 | 29.0 | 25.0 |

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: FISCAL AND PERSONNEL SERVICES
PROGRAM: ADMINISTRATIVE MANAGEMENT
AGENCY: ADMINISTRATION, DEPARTMENT OF

REQUEST TITLE: INTERNAL AUDITOR

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 56 | 1.0 | \$ 48 | 1.0 |
| Governor's Recommendation | | | | |
| General Fund | \$ 56 | 1.0 | \$ 48 | 1.0 |

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

This request is for 1.0 general fund complement position and \$56,000 in F.Y. 1990 and \$48,000 in F.Y. 1991 so that the Department of Administration can begin the development of an independent internal auditing function. The objective of an internal auditor is to furnish upper management with analyses, appraisals, and recommendations on internal compliance with a variety of policies, procedures, and laws so that corrective action can be taken at the earliest opportunity.

DESCRIPTION/BACKGROUND:

While independent auditors have served the private sector for many years, only recently has this trend become visible in government. Since 1978, 9 states have begun implementing independent internal auditing in many of their departments. The internal auditor conducts independent, unbiased, and constructive audits on a current and continuous basis, and to a finer level than those audits performed by the legislative auditor. The Department of Administration has an annual budget of \$21 million, 800 plus employees, and 23 divisions with diverse functions in numerous geographic locations. These circumstances combine to make high levels of centralized control difficult at best, and inefficient at times.

The department's Fiscal Services Division is not large enough to perform on-site review and control of the many financial functions performed by staff in the divisions. An independent auditor provides improved control over receipts, disbursements, and accounting practices particularly important in a decentralized operation. Internal auditors solve small problems of inefficiency before they become major issues of financial waste, fraud, and/or abuse. The auditor reports to a member of the executive team and receives assignments from staff at that level. The auditor would work closely with the department's fiscal staff but would remain independent. Likewise, the individual would be supportive of the legislative auditor's annual reviews but would play no part in the audit itself. Human nature being what it is, few managers can objectively evaluate that for which they are responsible.

The internal auditor takes on that objective review role. The auditor reviews the recording of transactions, inspects accounting systems, reviews records pertaining to material assets, and obtains data so that deficiencies in controls, duplication of effort, extravagance or lack of compliance is discovered before any 1 area of noncompliance is allowed to get out of control. Recommendations for improvement are provided to management. Auditors conduct special studies at the request of management also, in order to put controls in place as new needs develop. While some internal auditors perform both programmatic and financial audits, Admin's auditor would focus on financial audits for the first few years.

RATIONALE:

While the Department of Administration has numerous methods of control in place currently, such as our performance management system, monthly operations reports, quarterly financial statements, and quarterly general fund reviews, the internal auditor goes a step further and measures and evaluates controls already in place to ensure that they are effective controls. Internal auditors do for management what management would do if they had the skills (many internal auditors are certified as such) and the time. The day-to-day support of Admin's 23 divisions takes all the time of the fiscal services staff as they make vendor payments, process travel documents, produce financial statements, counsel division staff, provide fiscal services to numerous small boards and commissions, process grants, and produce rate packages. The job of the internal auditor is to make sure that all of those efforts are performed in compliance with relevant rules, regulations, laws and policies. The amount of money managed by the department creates a certain environment of risk--the internal auditor manages that risk.

| LONG RANGE IMPLICATIONS: | (Dollars in Thousands) | | |
|---------------------------|------------------------|-----------|--------|
| | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund Expenditures | \$ 50 | \$ 50 | \$ 100 |

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: FISCAL AND PERSONNEL SERVICES
PROGRAM: ADMINISTRATIVE MANAGEMENT
AGENCY: ADMINISTRATION, DEPARTMENT OF

REQUEST TITLE: DEPARTMENTAL SYSTEMS COORDINATOR

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|----------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 52 | 1.0 | \$ 51 | 1.0 |

Governor's Recommendation

| | | | | |
|--------------|--------|-----|--------|-----|
| General Fund | \$ -0- | -0- | \$ -0- | -0- |
|--------------|--------|-----|--------|-----|

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

This request is for \$52,100 and 1.0 position in F.Y. 1990 and \$51,100 and 1.0 position in F.Y. 1991 for a departmentwide information systems coordinator. The purpose of the position will be to ensure that plans are developed and implemented within the Department of Administration for a future-orientated, cost-effective, integrated information system.

DESCRIPTION/BACKGROUND:

Information systems in the Department of Administration have developed over time as the various division needs for automation developed, budgets permitted, and technology presented itself. Examples of division systems include the automated fleet management system in the Travel Management Division and the preventive maintenance system for state buildings in the Energy Conservation Division. With the creation of the Information Policy Office, the department has decided to step back and review further development of these systems through a strategic information systems plan. The first phase of this plan is now complete and includes a review of the mission, goals and objectives of all of Admin's divisions, a partial inventory of information systems in place (manual and automated), and a work plan for the next phase of plan development. A systems coordinator is necessary to complete this planning phase and to ensure future development and implementation of information systems according to plan.

RATIONALE:

The diversity of operations within the department makes it difficult to implement a cohesive plan, as division needs often vary so greatly. There is commonality, however, in the values each division espouses (service orientation) and in some shared information needs. Development of a strategic information systems plan will enable us to find these commonalities and insure that future equipment and software purchases will allow all users of common information to access that information. If strategic information is

that which supports our mission, the attainment and assessment of our goals, and measures achievement of our operational objectives, the department must commit resources to guarantee coordination and accessibility to that information. For example, customer (state agency) profile information would be valuable data for such divisions as Printing and Mailing, Real Estate Management, Travel Management, and the Management Analysis Division. This information would assist the department in marketing its services to potential users and provide services tailored to customer needs. Without this request for a position to develop an information systems plan, the danger exists for each division to develop its own systems independently. This creates a potential for duplication of effort, needless expenditures, and purchase of inappropriate hardware/software to support information needs. This position will be proactive in developing a systematic approach to fulfilling the department information needs in a cost-effective manner. Access to relevant data in a timely fashion will enable departmental managers to better carry out their objectives, thereby providing better customer service.

| LONG RANGE IMPLICATIONS: | (Dollars in Thousands) | | |
|---------------------------|------------------------|-----------|--------|
| | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund Expenditures | \$ 53 | \$ 53 | \$ 106 |

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Although the request has merit, other spending priorities preclude additional funding.

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: FISCAL AND PERSONNEL SERVICES
PROGRAM: ADMINISTRATIVE MANAGEMENT
AGENCY: ADMINISTRATION, DEPARTMENT OF

REQUEST TITLE: IMPROVED PERSONNEL SERVICES

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 66 | 1.0 | \$ 66 | 1.0 |
| Governor's Recommendation | | | | |
| General Fund | \$ -0- | -0- | \$ -0- | -0- |

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE: One complement professional level position, salary, fringe benefits and supporting funds for the position totalling \$97,420 for the biennium. This position would be allocated as a Personnel Officer, Senior, and would function as a generalist in all areas of professional personnel services including job classification, examination and recruitment, placement services, labor relations, and affirmative action. This request also includes additional rent for increased space.

DESCRIPTION/BACKGROUND: Over the past 2 years, there has been an increase in the demand for professional personnel services due to increased awareness of human resource management issues by managers and supervisors, several reorganizations of divisions (e.g., Materials Management, InterTechnologies Group, Information Policy Office, Printing and Mailing), decentralization of activities from DOER, and increased labor contractual obligation quarterly meetings. In addition, societal changes have surfaced new issues which increase the demand for personnel services such as the quality of worklife for employees, drugs and alcohol in the workplace, daycare and flexible schedules, AIDS.

| STATISTICS: | Actual F.Y. 1986 | Actual F.Y. 1987 | Actual F.Y. 1988 | Estimated F.Y. 1989 |
|---------------------------------|---------------------|---------------------|---------------------|------------------------|
| | | | | |
| Classification Requests | 66 | 78 | 125 | 150 |
| Decentralized Exams Completed | 5 | 1 | 13 | 25 |
| Job Applications Processed | 534 | 360 | 628 | 800 |
| Appointments Completed | 451 | 280 | 405 | 450 |
| Joint Labor/Management Meetings | 0 | 1 | 6 | 12 |
| % Female Professionals * | 27% | 30% | 36% | 43% |
| % Female Managers * | 17% | 21% | 27% | 35% |

* Statistics indicate progress made in achieving department goals.

RATIONALE: This additional professional will allow the department to:

- Provide more active recruitment of underrepresented groups so that Admin may meet and maintain its Affirmative Action goals.

- Develop and maintain a mentoring/support program for protected group employees in the department so that they are best able to succeed and develop in their jobs.
- Initiate and staff further joint labor/management committees so that cooperation and communication between labor and management is enhanced.
- Establish and support a department Affirmative Action Committee so that issues of concern are addressed.
- Decrease turnaround time on requests for services.
- Assume decentralized classification authority from DOER for classifications used in Admin so that reclassification requests are handled more expeditiously.
- Effectively anticipate workforce changes through analysis of turnover, age of workforce, etc., so that the length of time needed to fill positions is minimized.
- Improve services to managers involved in reorganizations regarding their personnel and labor relations issues.
- Develop and maintain a supervisor's guidebook on personnel policies to better assist them in making decisions and managing their human resources.
- Develop, maintain and conduct an employee orientation program so that new employees are received and well informed about working in the department within a month of their start date.
- Develop and maintain an exit interview program whereby the department obtains feedback from employees upon their separation so that trends may be noted and needed improvements made.
- Expand outreach programs to managers and supervisors such as the division newsletter and "division relations visits" begun this fiscal year.

The division director for Personnel Services currently spends 80% time performing professional personnel services. An additional position will allow for more appropriate use of the director's time managing the division and advising/supporting department management on human resource issues.

| BASE: | (Dollars in Thousands) | | | |
|---------------------------|------------------------|-----------|-----------|-----------|
| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| General Fund Expenditures | \$ 131 | \$ 131 | \$ 131 | \$ 131 |
| General Fund Positions | 3.3 | 3.3 | -0- | -0- |

| LONG RANGE IMPLICATIONS: | (Dollars in Thousands) | | |
|---------------------------|------------------------|-----------|--------|
| | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund Expenditures | \$ 66 | \$ 66 | \$ 132 |

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Although the request has merit, other spending priorities preclude additional funding.

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: FISCAL AND PERSONNEL SERVICES
PROGRAM: ADMINISTRATIVE MANAGEMENT
AGENCY: ADMINISTRATION, DEPARTMENT OF

REQUEST TITLE: HEALTH AND SAFETY PROGRAM

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 53 | 1.0 | \$ 53 | 1.0 |
| Governor's Recommendation | | | | |
| General Fund | \$ -0- | -0- | \$ -0- | -0- |

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE: One complement professional level position, salary, fringe benefits and funds to support the position. This position would be allocated as a Safety and Health Officer 2 and would function as Safety Director for the Department of Administration. Also included in this request is funding for the Administration Health and Safety Committee, which is co-chaired by the Safety Director. Total for the request for the biennium is \$106,244.

DESCRIPTION/BACKGROUND: Up to 1985, Admin had a Safety Director, but upon the incumbent's resignation, and in the face of severe budget cuts, the department forfeited the general funding for the position for F.Y. 1986-1987. In January, 1988, Personnel Services Division hired a Safety Director, using Plant Management funding for the position since a substantial portion of safety issues and workers' compensation claims management is in the Plant Management Division. Now that the program has proven its value, we wish to fund it from the General Fund so that special interests in one area do not override the program for the department. General funding will also avoid any potential conflict of interest presented by the current funding arrangement. The following activity statistics from the first 6 months of the Safety Director's tenure have reinforced the need for the position.

| STATISTICS: | Actual Jan.- June F.Y. 1988 |
|--|--------------------------------|
| Health and Safety Surveys Conducted: | 16 |
| Identification of hazards, noise levels, light duty assignments, ventilation, etc. | |
| Health and Safety Training Sessions Held: | 10 |
| Topics include back injury prevention, infectious agents, VDT ergonomics, Safety for Supervisors, etc. | |
| Health and Safety Committee and Subcommittee Established and Meetings Chaired: | 25 |
| Workers' Compensation Claims Managed: | 6 |
| Includes coordination and facilitation of early return to work. | |
| Illness and Injury Investigations: | 13 |
| Responses to OSHA and PCA: | 4 |
| Tort Claims Investigations: | 6 |

| (Dollars in Thousands) | | | |
|------------------------|---------------------|---------------------|------------------------|
| Actual F.Y. 1986 | Actual F.Y. 1987 | Actual F.Y. 1988 | Estimated F.Y. 1989 |

Workers' Compensation Costs* \$ 231 \$ 239 \$ 257 \$ 192

* F.Y. 1989 represents a 25% reduction.

RATIONALE: As the above figures indicate, Admin has spent an increasing amount on Workers' Compensation in recent years. It is our goal to reduce these costs by 25%, saving approximately \$64,000 in F.Y. 1989. These savings will be realized through expanded services to the department including the early identification and elimination of safety hazards and risks, facilitation of the early return to work of injured employees, and the promotion of, and training in health and safety issues.

A major program initiative for the next fiscal year is to develop and administer a pre-employment physical program for all jobs with physical requirements such as general maintenance worker, electrician, plumber and other trades. This type of program has been instrumental in minimizing liability on worker injuries in other major state agencies.

Another objective for the coming year is to develop and administer a Sick Leave Incentive Pilot Project. The Safety Director and Personnel staff will jointly pilot a project in one of the department's divisions to recognize and reward good attendance. It is hoped that this project will be a joint labor/management effort.

This request will also enable the Health and Safety Committee to conduct CPR and first aid training, cholesterol testing, health risk assessments, and related safety and health activities.

| BASE: | (Dollars in Thousands) | | | |
|--|------------------------|-----------|-----------|-----------|
| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| Plant Mgt. Revolving Fund Expenditures | \$ 18 | \$ 37 | \$ 37 | \$ 37 |
| Plant Mgt. Revolving Fund Positions | 1.0 | 1.0 | 1.0 | 1.0 |

| LONG RANGE IMPLICATIONS: | (Dollars in Thousands) | | |
|---------------------------|------------------------|-----------|--------|
| | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund Expenditures | \$ 55 | \$ 55 | \$ 110 |

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Although the request has merit, other spending priorities preclude additional funding.

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: FISCAL AND PERSONNEL SERVICES
PROGRAM: ADMINISTRATIVE MANAGEMENT
AGENCY: ADMINISTRATION, DEPARTMENT OF

REQUEST TITLE: EMPLOYEE DEVELOPMENT PROGRAM

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|----------------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 54 | 1.0 | \$ 54 | 1.0 |
| Governor's Recommendation | | | | |
| General Fund | \$ -0- | -0- | \$ -0- | -0- |

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

One complement professional level position, salary, fringe benefits and supporting funds for the position totalling \$107,204 for the biennium. This position would be allocated as a Management Development and Training Coordinator and would function as a specialist in all areas of employee development including management, supervisory and line-employee training.

DESCRIPTION/BACKGROUND:

Over the past 2 years, there has been an increase in the need for employee training and development due to the increased complexity of work and supervisory issues that continue to surface. As budgets and complement have shrunk over the past decade, managers and supervisors are constantly being asked to do more with less, thus increasing the need for a higher skill level. Employees are increasingly in need of job-related training to stay current and productive. In addition, societal changes have surfaced new issues which increase the demand for training and coaching in customer service, stress management, conflict resolution, performance management, career counseling, balancing work and home, sexual harassment, employee rights and numerous other content areas related to employee work and development.

The following F.Y. 1988 statistics of internal training classes coordinated for Department of Administration employees demonstrate this:

| STATISTICS: | Number of Participants | Number of Hours | Number of Sessions |
|---------------------------|---------------------------|--------------------|-----------------------|
| Customer Service Training | 250 | 3 | 21 |
| Leadership Training | 96 | 16 | 3 |
| Communication Training | 100 | 8 | 2 |
| Self-Esteem Training | 160 | 4 | 4 |
| Personnel Issues | 100 | 8 | 2 |
| Contract Training | 95 | 2 | 2 |
| Balancing Work and Home | 200 | 4 | 4 |
| One Minute Management | 30 | 3 | 1 |
| Career Development | 50 | 16 | 9 |
| TOTALS: | 1,081 | 64 | 48 |

RATIONALE:

Funding of this CHANGE request will allow the department to achieve the following:

- Institute a departmentwide customer service training program in collaboration with the Department of Employee Relations.
- Develop and implement a feedback instrument so that managers and supervisors regularly receive constructive information from their subordinates and peers to improve their skills.
- Design and implement a Core Training Program for the Department of Administration's supervisory team.
- Orient and coach employees new to supervision in basic employee management issues.
- Develop a comprehensive and uniform employee orientation program.
- Create job development training for some 700 line employees on career planning and other employee development skills (Goodwork!).
- Continue to coordinate the division newsletter to use as a communication and teaching tool for supervisors and managers.
- Design and implement an exit interview program whereby the department obtains feedback from employees upon their separation to that trends may be noted and needed improvements made.
- Provide greater consultation to department managers on management practices, organizational development, and training and development so that managers can identify appropriate solutions to their problems.
- Direct overall management and coordination of the department's management meetings, employee development sessions and departmentwide workshops.
- Introduce needs assessment activities within the department and divisions to continuously monitor departmental training and development needs.
- Develop ongoing training programs for managers and supervisors on organization communication, leadership, employee supervision, personnel issues of developing position descriptions and standards, team building, and other job-related issues.
- Continue to design and implement ongoing internal training programs in Admin so that there is central coordinated management of training in the department.

| BASE: | (Dollars in Thousands) | | | |
|---------------------------|------------------------|-----------|-----------|-----------|
| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| General Fund Expenditures | \$ 12 | \$ 12 | \$ 12 | \$ 12 |

| LONG RANGE IMPLICATIONS: | (Dollars in Thousands) | | |
|---------------------------|------------------------|-----------|--------|
| | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund Expenditures | \$ 55 | \$ 55 | \$ 110 |

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Although the request has merit, other spending priorities preclude additional funding.

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: MANAGEMENT ANALYSIS
PROGRAM: ADMINISTRATIVE MANAGEMENT
AGENCY: ADMINISTRATION, DEPARTMENT OF

REQUEST TITLE: SPECIAL REVENUE COMPLEMENT INCREASE

| | <u>F.Y. 1990</u> | | <u>F.Y. 1991</u> | |
|---------------------------|--------------------------|------------------|--------------------------|------------------|
| Agency Request | (000's) <u>Amount</u> | <u>Positions</u> | (000's) <u>Amount</u> | <u>Positions</u> |
| Special Revenue Fund | \$ -0- | 9.0 | \$ -0- | 9.0 |
| Governor's Recommendation | | | | |
| Special Revenue Fund | \$ -0- | 9.0 | \$ -0- | 9.0 |

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The division requests 9.0 additional complement positions in its special revenue fund to meet the increasing demand from state agencies for management consulting services.

DESCRIPTION/BACKGROUND:

The 1985 Legislature directed the division to charge for services provided to state agencies. As a result, a special revenue account was established in July, 1985 with a complement of 3.0 positions. The division's current complement is five. The consulting practice continues to grow in response to requests from state agencies for services. Further increases in consulting staff over the next 2 years will be necessary to handle the anticipated demand.

RATIONALE:

The addition of 9.0 complement positions will enable the division to hire up to 8.0 analysts and 1.0 support staff person as the demand for work warrants. Without hiring additional staff, requests from state agencies for consulting services will have to be delayed or referred elsewhere.

The only alternative available is to turn down requests for assistance and refer state agencies to outside consulting firms. The drawbacks of this alternative are

- a) the higher cost (generally twice the division's rate or more) of contracting with outside firms or
- b) agencies not resolving serious management and operational problems.

BASE:

| | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|---------------------------|------------------|------------------|------------------|------------------|
| Special Revenue Positions | 5.0 | 5.0 | 5.0 | 5.0 |

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

CHANGE REQUEST 1990-91 Biennial Budget
____ Agency ____ Program X Activity

ACTIVITY: MANAGEMENT ANALYSIS
PROGRAM: ADMINISTRATIVE MANAGEMENT
AGENCY: ADMINISTRATION, DEPARTMENT OF

REQUEST TITLE: SERVICE REDESIGN PILOT PROJECTS

| | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| Governor's Recommendation | | | | |
| General Fund | \$ 359 | 6.5 | \$ 291 | 6.5 |

Request requires statutory change: ____ Yes X No
Statutes Affected:

GOVERNOR'S RECOMMENDATION:

The Governor requests funds to conduct 4 major pilot projects to experiment with redesigning public services. The projects will be in the areas of human services, education, transportation and natural resources. Projects, wherever appropriate, will involve local government. Projects will experiment with identifying and assessing citizen needs, employee involvement, job redesign, performance management, policies, procedures, administrative systems, technology and alternative mechanisms for delivering services.

DESCRIPTION/BACKGROUND:

Minnesota government has a national reputation for excellence in management and delivery of a wide range of services to its citizens. It has developed this reputation by continually striving to improve the quality and efficiency of its operations.

Minnesota government faces new management challenges today. Major federal budget cuts and policy changes have shifted more responsibility to Minnesota state and local governments. Our citizens, although generally satisfied with the public services they receive, are demanding even more and higher quality services. There is intense competition for resources among programs. Minnesota state and local governments are becoming more interdependent as they share increasing responsibility for managing, delivering and funding services.

Current delivery systems for many government programs are complex and cumbersome. Federal, state and local delivery systems are often highly fragmented and impose multiple, and at times conflicting, requirements on service providers and citizens. Managers and line workers are often held accountable for meeting federal, state and local program requirements rather than meeting the service needs of citizens.

We need to manage our limited resources wisely by redesigning services to better meet the needs of our citizens and by continuing to adopt modern management practices and utilize current technology to enhance quality and efficiency.

The purpose of this effort is to conduct 4 comprehensive pilot projects to experiment with redesigning services to improve efficiency and quality.

The guiding body for this effort will be a Steering Committee such as the current steering committee for the STEP Program. The committee will have representatives from government, labor, academia, business and the not-for-profit sector.

The Steering Committee will choose pilot projects on these criteria: direct services to citizens, significant budget impact, support and commitment of affected agencies and good base line data for evaluation. Preference will be given to interagency and intergovernmental projects.

Pilots will be comprehensive in scope. The projects will redesign services from scratch, taking the perspective of the citizen and the front-line worker. Projects will experiment with identifying and assessing citizens' needs, employee involvement, job redesign, performance management, policies, procedures, user-friendly administrative systems, technology and alternative mechanisms for delivering services.

Each project will have its own design/operations working group comprised of key stakeholders to advise on the conduct of the project. Projects will run from 1 to 2 years and will have 4 phases: design, pilot, monitoring and evaluation. Quality, cost and efficiency measures will be set in the design phase so that the impact of the service redesign can be evaluated objectively. Projects will be well documented. Along the way laws, rules, policies and procedures which need to be changed for delivery systems to work more effectively will be identified. Results will be shared with legislators and other key decision-makers.

Consultation, technical assistance and evaluation will be provided by the Department of Administration's Management Analysis Division. The initiative will build on current efforts and incorporate them whenever possible into the pilot projects.

BASE: None.

LONG RANGE IMPLICATIONS: None.

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: MANAGEMENT ANALYSIS
PROGRAM: ADMINISTRATIVE MANAGEMENT
AGENCY: ADMINISTRATION, DEPARTMENT OF

REQUEST TITLE: IMPROVED MANAGEMENT CONSULTING SERVICES

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|----------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 428 | 3.0 | \$ 282 | 3.0 |

Governor's Recommendation

| | | | | |
|--------------|--------|-----|--------|-----|
| General Fund | \$ -0- | -0- | \$ -0- | -0- |
|--------------|--------|-----|--------|-----|

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The division requests: 1) funds for office equipment, automation and staff training and development; and 2) stable funding and adequate resources to operate the STEP program. The F.Y. 1990 request covers deferred equipment and automation purchases and the cost of its increased statewide responsibilities. The F.Y. 1991 request covers ongoing expenses for these items.

DESCRIPTION/BACKGROUND:

The division lacks basic resources to operate effectively and efficiently. Since major budget cuts in the early 1980s, the division has not had sufficient funds for major equipment purchases, automation and staff training and development. The division has also been assigned new major statewide responsibilities, such as the STEP program, without additional resources.

STEP (Strive Toward Excellence in Performance) is a program designed to improve the productivity and quality of state government services. The program began in 1985. Its steering committee, comprised of executives from state government, labor, business, academia and the not-for-profit sector, is co-chaired by the Governor and a business executive. Since 1985, the steering committee has selected over 50 projects submitted by state managers and employees.

STEP's goal is to produce measurable improvements in the quantity, quality and cost effectiveness of state government services. Its projects are utilizing various strategies for improving productivity and service quality: that is, redesigning services to better meet client needs, improving work measurement, providing greater discretion to managers, creating new productivity techniques and establishing use of private and public sector partners.

Each project is headed by a state employee who pulls together a project team comprised of other employees and partners from business, academia and other state agencies. The partners provide advice, technical assistance, consultation and, in some instances, in-kind contributions. A central staff of con-

sultants from the Management Analysis Division (MAD) and staff on loan from other agencies provide consultation, planning assistance, training and help in finding partners.

Examples include projects to improve the marketing of state parks, to sentence nonviolent offenders to alternative service, to recruit people of color to work in regional treatment centers, to improve the dissemination of weather information, to increase the export of wood products and to improve the state's economic analysis and forecasting.

STEP has received an award from the Ford Foundation and Harvard University for innovation in state and local government.

RATIONALE:

New funds will allow the division to:

1. Automate the division fully;
2. Provide adequate working facilities for staff; and
3. Train staff in state-of-the-art productivity and quality improvement techniques which will be used in the division's consulting practice.

The division has examined how much to appropriately charge its special revenue fund and has deducted those costs from this request.

New funds will also provide stable funding and adequate resources to operate the STEP program.

The STEP program began as an experimental program to improve the productivity of state government. Some funds for start-up costs were donated by the private sector. However, since 1985, operational costs have been supported by using salary savings (through holding positions vacant) in the Management Analysis Division's general fund and by borrowing staff from other agencies.

Ongoing activities such as assistance and training to projects, publishing the newsletter and recognizing program participants have been severely limited by the lack of funds to pay for staff and operating costs.

The private sector has donated \$140,000 since 1985. The division has asked for additional financial assistance. While private sector partners are willing to sponsor particular efforts or events, none are willing to give money for STEP's ongoing operating costs. The partners feel that, after 3 years as an experimental program, STEP has proven itself and the state should support the program through the general fund.

| LONG RANGE IMPLICATIONS: | (Dollars in Thousands) | | |
|---------------------------|------------------------|-----------|--------|
| | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund Expenditures | \$ 282 | \$ 282 | \$ 564 |

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Although the request has merit, other spending priorities preclude additional funding.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : ADMINISTRATION,DPT OF
PROGRAM : ADMINISTRATIVE MANAGEMENT
BUDGET ACTIVITY : MANAGEMENT ANALYSIS

| F.Y. 1990 | | | | | | | F.Y. 1991 | | | |
|---|---------|----------------|------|--------|-----------------------|----------------|-----------|--------|-----------------------|-------|
| | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | |
| EXPENDITURES: | FY 1988 | FY 1989 | BASE | CHANGE | | TOTAL | BASE | CHANGE | | TOTAL |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 666 | 741 | 751 | 191 | 942 | 957 | 751 | 186 | 937 | 957 |
| EXPENSES/CONTRACTUAL SRVCS | 217 | 68 | 68 | 105 | 173 | 135 | 68 | 82 | 150 | 139 |
| MISC OPERATING EXPENSES | 23 | 23 | 23 | 12 | 35 | 35 | 23 | 4 | 27 | 27 |
| SUPPLIES/MATERIALS/PARTS | 12 | 8 | 8 | 20 | 28 | 28 | 8 | 10 | 18 | 18 |
| CAPITAL EQUIPMENT | 0 | 0 | 0 | 100 | 100 | 54 | 0 | 0 | 0 | 0 |
| REDISTRIBUTIONS | 0 | 14 | 14 | 0 | 14 | 14 | 14 | 0 | 14 | 14 |
| TOTAL EXPENDITURES | 918 | 854 | 864 | 428 | 1,292 | 1,223 | 864 | 282 | 1,146 | 1,155 |
| CHANGE REQUESTS: | FUND | | | | | | | | | |
| B IMPROVED MANAGEMENT CONSULTING SERVICES | GEN | | | 428 | | 0 | | 282 | | 0 |
| B SERVICE REDESIGN PILOT PROJECTS | GEN | | | 0 | | 359 | | 0 | | 291 |
| TOTAL CHANGE REQUESTS | | | | 428 | | 359 | | 282 | | 291 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 666 | 545 | 555 | 428 | 983 | 914 | 555 | 282 | 837 | 846 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| SPECIAL REVENUE | 208 | 309 | 309 | 0 | 309 | 309 | 309 | 0 | 309 | 309 |
| GIFTS AND DEPOSITS | 44 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL FINANCING | 918 | 854 | 864 | 428 | 1,292 | 1,223 | 864 | 282 | 1,146 | 1,155 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 12.0 | 12.0 | 12.0 | 3.0 | 15.0 | 18.5 | 12.0 | 3.0 | 15.0 | 18.5 |
| SPECIAL REVENUE | 4.0 | 5.0 | 5.0 | 9.0 | 14.0 | 14.0 | 5.0 | 9.0 | 14.0 | 14.0 |
| TOTAL POSITIONS | 16.0 | 17.0 | 17.0 | 12.0 | 29.0 | 32.5 | 17.0 | 12.0 | 29.0 | 32.5 |

ACTIVITY: MANAGEMENT ANALYSIS
Program: ADMINISTRATIVE MANAGEMENT
Agency: ADMINISTRATION, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

To improve the productivity and quality of state government services. The Management Analysis Division (MAD) provides state-of-the-art management consultation and technical assistance to the Governor, legislature and state agencies. Work requested by the Governor, legislature, Commissioner of Administration and statewide productivity improvement efforts are funded by the General Fund. The division charges fees for work requested by state agencies. The statutory authority for this activity is found in M.S. 1986, 16B.04, Subd. 2; 16B.36; 16B.37; 16B.38; 16B.39, Subd. 1a; and 16B.48.

BENEFITS:

- Developing and piloting innovative productivity techniques enable the Governor, legislature and state agencies to more cost-effectively provide quality services.
- Legislative studies provide the legislature with objective information to enable it to make effective public policy and management decisions.
- Affordable consultation and technical assistance to state agencies provide agencies with courses of action to improve their operations, better target their program efforts and maximize their resources.
- The division provides management support to newly created agencies and agencies experiencing management problems.

ACCOMPLISHMENTS:

1. Developed an innovative productivity improvement program--Strive Toward Excellence in Performance (STEP)--with over 50 pilot projects in 24 state agencies. Recruited over 200 public and private sector partners to assist pilot projects. Held conference on improving government productivity for over 300 state and local officials. Received national award for innovation in state and local government from Harvard University and the Ford Foundation.

2. Conducted 8 legislative studies including:

Minnesota Veterans Homes: proposed restructuring the homes' management structure and improving the management, patient care, operations and financial systems.

Day Care Study: proposed establishing a day care center for state employees in the Capitol complex.

Build/Lease Study: analyzed cost/benefits of building versus leasing office space for state agencies.

3. Responded to 17 requests for management consultation and technical assistance from state agencies in F.Y. 1988. Clients have included Corrections, Health, Trade and Economic Development, Jobs and Training, Human Services, Natural Resources, Administration, Charitable Gambling Control

Board, Military Affairs, Public Utilities Commission, Public Service and PERA.

4. Provided management support and direction to the newly created Veterans Home Board of Directors, the Commission on the Financial Management of the University of Minnesota, and the state Humane Society.

EFFECTIVENESS MEASURES:

| | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|--|------------------|------------------|------------------|------------------|
| % of satisfactory ratings from clients | 85% | 90% | 90% | 90% |
| % of STEP projects with measurable results | 75% | 75% | 75% | 75% |

ISSUES:

1. Because the division's nonpersonnel budget has remained constant since 1980, MAD lacks basic items to operate effectively and efficiently. The division needs funds to pay for such costs as office equipment, automation and phones.
2. The STEP program will require additional state resources and a stable funding base to provide adequate support to state managers and employees undertaking innovative productivity improvement projects.
3. To meet the demand of state agencies for management consultation and assistance, the division needs to increase its special revenue staff.

STATISTICS:

| | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|------------------------------|------------------|------------------|------------------|------------------|
| <u>Work by client groups</u> | | | | |
| Governor and Statewide: | | | | |
| Programs (STEP) | 55% | 45% | 35% | 35% |
| Legislature | 19% | 10% | 15% | 10% |
| Department of Administration | 8% | 10% | 10% | 10% |
| State agencies | 18% | 35% | 40% | 45% |

ACTIVITY: EXECUTIVE SUPPORT
Program: ADMINISTRATIVE MANAGEMENT
Agency: ADMINISTRATION, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

To provide department and statewide executive leadership and management. This activity provides direction, priority setting, policy setting, short- and long-range planning and problem solving services to the department. It responds to gubernatorial and legislative directives.

BENEFITS:

- Centralized and coordinated departmental leadership.
- Statewide leadership in management and innovation.
- Improved efficiency and effectiveness of department operations by emphasizing cost control and quality service to state agencies.

ACCOMPLISHMENTS:

1. Managed revolving fund rates to an average increase of 1.77% over last 5 years in comparison to private sector inflation of 3.08%.
2. Implemented Travel Management program for the state without additional resources.
3. Encouraged and facilitated innovative projects to improve quality, quantity and cost-effectiveness of state services through leadership of the Strive Toward Excellence in Performance (STEP) program. The STEP program received national recognition, including the highly competitive Ford Foundation/Harvard University award for innovations in government.
4. Provided leadership in information management through adoption of principles and creation of the Information Policy Office.
5. Managed capital improvement projects statewide.
6. Provided departmentwide communication, coordination and direction in order to improve operational effectiveness and efficiency.
7. Maintained improved staff performance and morale and customer service through a departmentwide performance appraisal system, including systematic review and recognition and a financial management system of review.

ISSUE:

Should executive managers have their salary costs paid proportionally by the revolving funds they manage?

GRANT:

This activity contains a grant of \$2,000 per year for the Minnesota State Band. Members of the band are volunteers who serve without remuneration. The band was organized in 1898 and serves as the state's official band. The band performs about 20 concerts per year and has represented Minnesota by touring outside of the state. In August 1986, a concert tour of Europe was completed by the band.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : ADMINISTRATION,DPT OF
PROGRAM : ADMINISTRATIVE MANAGEMENT
BUDGET ACTIVITY : EXECUTIVE SUPPORT

| | | | F.Y. 1990 | | | | F.Y. 1991 | | | |
|---|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| EXPENDITURES: | FY 1988 | FY 1989 | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 408 | 448 | 456 | 25 | 481 | 456 | 456 | 25 | 481 | 456 |
| EXPENSES/CONTRACTUAL SRVCS | 173 | 427 | 319 | 2 | 321 | 112 | 376 | 2 | 378 | 159 |
| MISC OPERATING EXPENSES | 46 | 18 | 18 | 3 | 21 | 18 | 18 | 5 | 23 | 18 |
| SUPPLIES/MATERIALS/PARTS | 32 | 5 | 5 | 4 | 9 | 8 | 5 | 3 | 8 | 5 |
| CAPITAL EQUIPMENT | 42 | 0 | 0 | 2 | 2 | 0 | 0 | 2 | 2 | 2 |
| ----- | | | | | | | | | | |
| STATE OPERATIONS | 701 | 898 | 798 | 36 | 834 | 594 | 855 | 37 | 892 | 640 |
| AIDS TO INDIVIDUALS | 0 | 0 | 0 | 20 | 20 | 0 | 0 | 0 | 0 | 0 |
| LOCAL ASSISTANCE | 2 | 2 | 2 | 0 | 2 | 2 | 2 | 0 | 2 | 2 |
| ----- | | | | | | | | | | |
| TOTAL EXPENDITURES | 703 | 900 | 800 | 56 | 856 | 596 | 857 | 37 | 894 | 642 |
| CHANGE REQUESTS: FUND | | | | | | | | | | |
| ----- | | | | | | | | | | |
| B EXECUTIVE ADMINISTRATIVE CLERICAL GEN | | | | 33 | | 0 | | 32 | | 0 |
| SUPPORT | | | | | | | | | | |
| B SUPPORT INCREASE FOR STATE BAND GEN | | | | 23 | | 3 | | 5 | | 2 |
| B WORLD TRADE CENTER BASE REDUCTION GEN | | | | 0 | | <207> | | 0 | | <217> |
| ----- | | | | | | | | | | |
| TOTAL CHANGE REQUESTS | | | | 56 | | <204> | | 37 | | <215> |
| SOURCES OF FINANCING: | | | | | | | | | | |
| ----- | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 702 | 900 | 800 | 56 | 856 | 596 | 857 | 37 | 894 | 642 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| AGENCY | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ----- | | | | | | | | | | |
| TOTAL FINANCING | 703 | 900 | 800 | 56 | 856 | 596 | 857 | 37 | 894 | 642 |
| POSITIONS BY FUND: | | | | | | | | | | |
| ----- | | | | | | | | | | |
| GENERAL | 9.0 | 9.0 | 9.0 | 1.0 | 10.0 | 9.0 | 9.0 | 1.0 | 10.0 | 9.0 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : ADMINISTRATION,DPT OF
PROGRAM : ADMINISTRATIVE MANAGEMENT
BUDGET ACTIVITY : EXECUTIVE SUPPORT

| POSITIONS BY FUND: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|--------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| TOTAL POSITIONS | 9.0 | 9.0 | 9.0 | 1.0 | 10.0 | 9.0 | 9.0 | 1.0 | 10.0 | 9.0 |

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: EXECUTIVE SUPPORT
PROGRAM: ADMINISTRATIVE MANAGEMENT
AGENCY: ADMINISTRATION, DEPARTMENT OF

REQUEST TITLE: EXECUTIVE ADMINISTRATION CLERICAL SUPPORT

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|----------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 33 | 1.0 | \$ 32 | 1.0 |

Governor's Recommendation

| | | | | |
|--------------|--------|-----|--------|-----|
| General Fund | \$ -0- | -0- | \$ -0- | -0- |
|--------------|--------|-----|--------|-----|

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests this position to provide additional executive staff support to respond to increased requests for service from the Governor's Office, the Legislature and the public. Much of the increased activity is the result of additional responsibilities in the department due to executive branch directives and legislative mandates.

DESCRIPTION/BACKGROUND:

In 1980, prior to the series of budget cuts earlier in the decade, 7.0 support staff served 8.0 executive team members in the Department of Administration. Today, the number of support staff has decreased to 5.0, while the number of executive team members has increased to 10.0.

At the same time, the responsibilities of the department have increased. An entire new bureau, the Information Policy Office, now plans and oversees the entire information architecture in state government. The statewide STEP (Strive Toward Excellence in Performance) program, initiated in 1984, is staffed by the Department of Administration. The Data Practices Act, not adopted until 1980, increasingly involves members of the executive team in Data Practices' decisions. Landlord responsibilities of the department have also increased. Since 1979, the amount of state office space leased by the department in the city of St. Paul alone has increased by almost 100%. And in 1988, the Legislature directed the department to administer grants from the Stripper Well Oil Overcharge money. In summary, the department oversees 22 extremely diverse divisions which range from management analysis to state property operations to information systems to custodial support.

More executive decisions regarding state operations are now being made, which has increased accountability to the Governor's Office, the Legislature and the public. The number of phone calls to the executive team over the past 9 years has increased 38%.

RATIONALE:

Requests for service from the executive team by the Governor's Office, the Legislature and the public has increased throughout the 1980s, while the executive staff support has decreased. The requests include phone inquiries, documentation, and attendance at meetings and hearings. In order to continue to adequately respond and provide the best customer service to our varied clients, the department requests this additional position.

With this position, the department could:

1. More quickly respond to telephone requests and inquiries;
2. Improve the executive records system; and
3. Prepare files, documentation and reports requested by the Governor's Office, the Legislature, business groups and other members of the public.

| BASE: | (Dollars in Thousands) | | | |
|---------------------------|------------------------|-----------|-----------|-----------|
| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| General Fund Expenditures | \$ 118 | \$ 143 | \$ 143 | \$ 143 |
| General Fund Positions | 4.0 | 5.0 | 5.0 | 5.0 |

| LONG RANGE IMPLICATIONS: | (Dollars in Thousands) | | |
|---------------------------|------------------------|-----------|-------|
| | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund Expenditures | \$ 34 | \$ 34 | \$ 68 |

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Although the request has merit, other spending priorities preclude additional funding.

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: EXECUTIVE SUPPORT
PROGRAM: ADMINISTRATIVE MANAGEMENT
AGENCY: ADMINISTRATION, DEPARTMENT OF

REQUEST TITLE: SUPPORT INCREASE FOR STATE BAND

| | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| Agency Request | | | | |
| General Fund | \$ 23 | -0- | \$ 5 | -0- |
| Governor's Recommendation | | | | |
| General Fund | \$ 3 | -0- | \$ 2 | -0- |

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE: The agency requests these funds to provide a continued stable funding source for the band to enable it to perform. Numerous performances are done in conjunction with state activities and funds are needed for supply and expense items, and a matching fund is requested for concerts to promote Minnesota through the usage of the Minnesota State Band.

DESCRIPTION/BACKGROUND: Current funding does not provide an adequate appropriation for the basic costs of the band for the musical support that it provides the state. The band is composed of volunteers, both men and women representative of our state, with 75% of the expenditures being for costs such as rehearsal set up in the state Transportation Building, the transportation and set up of equipment for performances, with the remainder for music purchases, postage and office supplies. The band has found it extremely difficult to raise funds from the private sector when a major portion of the band performances are for supporting state activities. Most community bands in Minnesota receive greater funding for their city bands than the state provides to the Minnesota State Band. City bands usually have paid conductors and paid staff, and city bands are usually provided free uniforms. With the State Band all such positions are volunteers, and band members must currently provide their own uniforms, which in many instances means that members are not in a compatible uniform. This is especially true for the many women members of the band and blue collar workers who do not normally have blue blazers, etc. as part of their work uniform and frankly cannot afford such additions because of their income levels.

Many inquiries are received each year from people visiting this state regarding band events which are advertised in various tourism publications, newspapers, radio, and TV. The band, during 1988, performed a Greater Minnesota Concert Series with performances in Lindstrom, Edina, Minneapolis, St. Paul, Burnsville, Stillwater, Montrose, and LeCenter, MN. It has already received requests from LeCenter and Bloomington for the Celebrate Minnesota 1990 Program. No funding currently exists within the band's budget to support such requests.

RATIONALE: An increase is requested in the amount of \$3,000 for F.Y. 1990 for band operations. This will provide a funding level of \$5,000 which is the same funding level the band received several years ago before the budget

cuts, and is consistent with the support many other city bands receive from the city's budget. It will allow for the basic costs of the band to perform including set up for rehearsals and state performances, music purchases to update the band library, and to allow the band to purchase blazers for the women and men who presently cannot afford these items. This will also provide for the basic seed money to enable the band to maintain fund-raising to support the band at non-state functions. An additional \$20,000 is requested as a matching fund to match contributions for the band's next tour projected for 6-15-90. It has received invitations from Czechoslovakia, West Germany and Austria to perform in these countries, as well as an invitation by South German Radio to record the band for the presentation of a concert representative of Minnesota when the band is next in Europe. For this matching fund \$1 of private contributions would be matched by \$1 of state money up to the \$20,000 requested. For the 1986 concert tour approximately \$100,000 was expended.

For F.Y. 1991, an increase of \$5,000 is requested as stated above, and to allow for the replacement of the state flags on the band's herald trumpets and for worn out band instruments.

The performance ability and dedication of the band members has been recognized throughout the United States and in Europe. The band was asked to perform at the 1987 national convention of the Association of Concert Bands which it did to great fanfare and acceptance by delegates from community bands from almost every state in the union. For each of the last 2 years, guest conductors from West Germany have been hosted by the band. Mr. Hubert Motay of Ulm, West Germany, premiered his original composition, "Rhapsody for Trumpet" which he wrote for the band, at our 90th Anniversary Concert in 1988 at Orchestra Hall in Minneapolis. This composition is now published in Europe and bears this dedication. In January of 1988, the band was featured on South German Radio, and is again being featured for the radio premiere of this composition this fall.

It is still the goal of the band to continue its fund-raising efforts. However, it is extremely difficult to raise funds through the private sector for basic operating costs since they are of the opinion that these costs should be provided by the state since the state receives the major benefit from these performances. The band has been continually utilized by the state and has performed at the state capitol for almost every type of major event since 1898. The band also requests specific rider language allowing it to utilize state facilities and time off from work for state related performances so state employees are not penalized for performing with the band for state functions. It is extremely important that a proper level of support be maintained for the state band which has been in Minnesota's musical tradition since first established in 1898.

| BASE: | (Dollars in Thousands) | | | |
|---------------------------|------------------------|-----------|-----------|-----------|
| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| General Fund Expenditures | \$ 2 | \$ 2 | \$ 2 | \$ 2 |

| LONG RANGE IMPLICATIONS: | (Dollars in Thousands) | | |
|---------------------------|------------------------|-----------|-------|
| | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund Expenditures | \$ 8 | \$ 8 | \$ 16 |

GOVERNOR'S RECOMMENDATION: The Governor recommends funding of \$5,000 for the biennium for the state band.

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: EXECUTIVE SUPPORT
PROGRAM: ADMINISTRATIVE MANAGEMENT
AGENCY: ADMINISTRATION, DEPARTMENT OF

REQUEST TITLE: WORLD TRADE CENTER BASE REDUCTION

| | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-----------|-----------|-----------|-----------|
| | (000's) | | (000's) | |
| Governor's Recommendation | Amount | Positions | Amount | Positions |
| General Fund | \$ (207) | -0- | \$ (217) | -0- |

Request requires statutory change: _____ Yes X No
Statutes Affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends the above reduction which represents the BASE level operating costs for the conference facility in the Trade Center.

DESCRIPTION/BACKGROUND:

World Trade Center Corporation is charged with management of the 3rd and 4th floor of the World Trade Center. This space is rented to interested parties for seminars, with priority for those with an international trade purpose.

The department of Administration received a direct appropriation to pay for the operating costs (janitorial, security, electricity, etc.) of the conference facility.

RATIONALE:

The appropriation was made to the department of Administration as a 1 time appropriation and that by the end of this biennium the World Trade Center should absorb this cost.

BASE:

| | (Dollars in Thousands) | | | |
|---------------------------|------------------------|-----------|-----------|-----------|
| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| General Fund Expenditures | \$ 135 | \$ 180 | \$ 207 | \$ 217 |

LONG RANGE IMPLICATIONS:

| | (Dollars in Thousands) | | |
|---------------------------|------------------------|-----------|---------|
| | F.Y. 1992 | F.Y. 1993 | TOTAL |
| General Fund Expenditures | \$ (217) | \$ (217) | \$(434) |

ACTIVITY: PUBLIC BROADCASTING
 Program: ADMINISTRATIVE MANAGEMENT
 Agency: ADMINISTRATION, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

To facilitate and enhance the ability of Public Television and Radio to serve as a major community resource which provides educational, cultural, economic development, public affairs and children's programming to the citizens of Minnesota.

DESCRIPTION: This funding program provides direct matching, operational and equipment grants to those noncommercial television and radio stations which meet the criteria set forth in M.S. 139.16 - 139.19. Historically, these grants have provided the recipient stations with an ongoing stable base of financial support which has ensured the continuation of public interest programming despite fluctuations in revenues from all other sources.

Operational grants are used to help offset the ongoing costs associated with providing Public Broadcast services. These funds are also used to originate local productions, acquire educational, cultural and public affairs programs and to match federal funds available through the Community Service Grant Program.

Equipment grants are used to replace worn out and obsolete equipment and to acquire new equipment which will enhance the entire network's ability to produce and share quality programs.

BENEFITS:

- A statewide sharing and airing of programs produced by state funded stations.
- Increased public awareness of major issues affecting the citizens of Minnesota through educational and public affairs programs.
- Improving and enhancing Minnesota's national reputation as a result of nationwide distribution of locally originated programs.

ACCOMPLISHMENTS:

1. Technological improvements have enabled the total Public Television system to achieve and maintain a quality signal consistent with commercial broadcast standards.
2. New equipment acquisitions and equipment upgrades have greatly increased the number of households and citizens served. Over 75,000 more people can now enjoy the benefits afforded by public television as a result of the recent expansion of the Bemidji station into the Brainerd area. Although some signal voids still remain, the number of Minnesotans unable to directly benefit from the public television experience is rapidly getting smaller.
3. Programming and technical enhancements have increased the number of locally originated programs that are aired throughout the state and the nation.
4. New equipment, transmitters and towers have enabled public radio stations to improve signal quality and coverage which brings a higher quality radio signal to more Minnesotans.

| EFFECTIVENESS MEASURES: | (Dollars in Thousands) | | | |
|---------------------------------|------------------------|-----------|-----------|-----------|
| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| Member Contributions (TV) | \$ 5,365 | \$ 5,583 | \$ 5,700 | \$ 5,800 |
| Total Broadcast Hours (TV) | 35,775 | 37,339 | 38,000 | 38,750 |
| Local Production Hours (TV) | 1,037 | 1,075 | 1,115 | 1,165 |
| Member Contributions (Radio) | \$ 958 | \$ 1,025 | \$ 1,099 | \$ 1,178 |
| Volunteer Hours (Radio) | 47,735 | 55,368 | 64,170 | 74,370 |
| Local Programming Hours (Radio) | 51,000 | 53,500 | 56,000 | 56,000 |

Participants

| | | | | |
|-----------------------|----|----|----|----|
| Public TV Stations | 6 | 6 | 6 | 6 |
| Public Radio Stations | 11 | 11 | 11 | 11 |

Grants

| | | | | |
|--------------------|----------|----------|----------|----------|
| Public Television | | | | |
| Block | \$ 229 | \$ 229 | \$ 229 | \$ 229 |
| Matching | \$ 404 | \$ 404 | \$ 404 | \$ 404 |
| Equipment | \$ 1,136 | \$ 1,135 | \$ 1,135 | \$ 1,135 |
| Total TV Grants | \$ 1,769 | \$ 1,769 | \$ 1,769 | \$ 1,769 |
| Public Radio | | | | |
| Matching | \$ 211 | \$ 211 | \$ 211 | \$ 211 |
| Equipment | \$ 116 | \$ 116 | \$ 116 | \$ 116 |
| Listener Study | 21,400 | | 21,400 | |
| Total Radio Grants | \$ 348 | \$ 327 | \$ 348 | \$ 327 |
| Total Grants | \$ 2,118 | \$ 2,096 | \$ 2,118 | \$ 2,096 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : ADMINISTRATION,DPT OF
PROGRAM : ADMINISTRATIVE MANAGEMENT
BUDGET ACTIVITY : PUBLIC BROADCASTING

| F.Y. 1990 | | | | | | | F.Y. 1991 | | | |
|---------------------------------------|---------|---------|-------|--------|-------|-------|--------------------|--------|-------|-------|
| AGENCY REQUEST | | | | | | | AGENCY REQUEST | | | |
| GOVERNOR'S RECOMM. | | | | | | | GOVERNOR'S RECOMM. | | | |
| EXPENDITURES: | FY 1988 | FY 1989 | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| LOCAL ASSISTANCE | 2,227 | 1,986 | 2,096 | 2,164 | 4,260 | 2,396 | 2,096 | 2,164 | 4,260 | 2,396 |
| TOTAL EXPENDITURES | 2,227 | 1,986 | 2,096 | 2,164 | 4,260 | 2,396 | 2,096 | 2,164 | 4,260 | 2,396 |
| CHANGE REQUESTS: | FUND | | | | | | | | | |
| B PUBLIC BROADCASTING GRANT INCREASES | GEN | | | 2,164 | | 300 | | 2,164 | | 300 |
| TOTAL CHANGE REQUESTS | | | | 2,164 | | 300 | | 2,164 | | 300 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 2,227 | 1,986 | 2,096 | 2,164 | 4,260 | 2,396 | 2,096 | 2,164 | 4,260 | 2,396 |
| TOTAL FINANCING | 2,227 | 1,986 | 2,096 | 2,164 | 4,260 | 2,396 | 2,096 | 2,164 | 4,260 | 2,396 |
| POSITIONS BY FUND: | | | | | | | | | | |
| TOTAL POSITIONS | | | | | | | | | | |

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: PUBLIC BROADCASTING
PROGRAM: ADMINISTRATIVE MANAGEMENT
AGENCY: ADMINISTRATION, DEPARTMENT OF

REQUEST TITLE: PUBLIC BROADCASTING GRANT INCREASES

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$2,164 | -0- | \$2,164 | -0- |
| Governor's Recommendation | | | | |
| General Fund | \$ 300 | -0- | \$ 300 | -0- |

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

1. To further enable the members of the Minnesota Public Television Association and the Association of Minnesota Public Educational Radio Stations to serve as a major community and educational resource within their respective signal areas.
2. To support the continued development of more locally originated public and cultural affairs and educational programs which are of interest to the viewers and listeners in the various broadcast signal areas.
3. To support the export of locally originated programs to other areas of the state and national audiences.
4. To support and continue a multi-year (6 year) plan of equipment enhancements which are necessary to maintain a high level of programming activity and quality signal throughout Minnesota.
5. To further expand the capabilities of the recipient stations to secure additional and necessary matching grants from non-state sources.

DESCRIPTION/BACKGROUND:

These increases in the grant program are being requested to help offset the rapidly escalating costs associated with providing quality educational, cultural, public affairs and children's programs to the citizens of Minnesota and to provide a stable base of financial support which will lead to an increase in non-state funds for recipient stations. As an example, program acquisition costs for public television stations have increased by 20% in F.Y. 1989.

The total current equipment needs of the 6 public TV stations serving virtually all Minnesotans is in excess of \$14,000,000. Thus, a plan has been developed to phase in these TV equipment purchases over a 6 year period.

The total equipment needs of the 11 public radio stations that currently receive matching and equipment grants have total documented equipment needs in excess of \$2,170,000. A 6 year equipment acquisition and replacement plan

has been developed to bring about orderly upgrading of the existing public radio infrastructure that currently provides public radio service to the majority of Minnesotans.

Public acceptance of non-commercial broadcasting continues to increase. This growth and high level of public trust is directly related to the availability of quality programs offered by these stations. This high-tech growth and the continued consumer demand for more locally produced quality programs have resulted in the financial needs greatly exceeding the current financial resources. In addition, our reliance on volunteers has most likely reached a plateau.

While programming and operational costs continue to escalate, financial support from the federal government has been inconsistent, making planning more difficult. In addition, the overall state and national increase in participation in various grant programs by new recipients has resulted in a net decrease in historic funding bases. The net impact has been a reduction in the amount of financial support for some stations and a leveling off for others. Both of these situations, unfortunately, are occurring at a time where the need for increased capital is quite dramatic.

Within Minnesota, an increasing number of public radio stations have applied for and received operational and equipment grants. The requested increase in funds is proportional to the increase in the number of stations receiving grants and to bring grants to previous levels.

Some public broadcasting stations in Minnesota have met this financial challenge by reducing staff and eliminating local programming. While this short term approach has worked, significant changes must now be made to preserve the overall progress that has been achieved and to prepare the system for the increased public educational needs of the 1990s.

It has become important to increase the amount of funding available in the public radio matching category to increase the amount of operating funds available to participating public radio stations. The current funding level has actually decreased because more stations have been participating without a corresponding increase in available funds.

The funding of the radio listener study has proved to be both very beneficial and somewhat under-funded. An annual, ongoing study would enable public radio stations to continually evaluate their effectiveness.

It should be emphasized that all state funds for public broadcast stations are leveraged for additional capital from a variety of sources including the federal government. Federal funds not leveraged by Minnesota public stations are in essence made available to stations in other states. An increase in state appropriations, therefore, literally means an increase in funding from some of these other sources of revenue. Also, this leveraging opportunity is a valuable tool and clearly serves as an incentive for station managers to seek additional funds from the non-government sources.

| BASE: | (Dollars in Thousands) | | | |
|---------------------------|------------------------|-----------|-----------|-----------|
| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| General Fund Expenditures | \$ 2,200 | \$ 2,000 | \$ 2,000 | \$ 2,000 |

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget
(Continuation)

ACTIVITY: PUBLIC BROADCASTING
PROGRAM: ADMINISTRATIVE MANAGEMENT
AGENCY: ADMINISTRATION, DEPARTMENT OF

| | (Dollars in Thousands) | | |
|---------------------------------|------------------------|------------------|--------------|
| <u>LONG RANGE IMPLICATIONS:</u> | <u>F.Y. 1992</u> | <u>F.Y. 1993</u> | <u>Total</u> |
| TV Matching Grants | \$ 600 | \$ 600 | \$ 1,200 |
| TV Block Grants | 150 | 150 | 300 |
| TV Equipment Grants | <u>1,000</u> | <u>1,000</u> | <u>2,000</u> |
| TV Total | 1,750 | 1,750 | 3,500 |
| Radio Matching Grants | 119 | 119 | 238 |
| Radio Equipment Grants | 246 | 246 | 492 |
| Radio Listener Study | <u>49</u> | <u>49</u> | <u>98</u> |
| Radio Total | 414 | 414 | 828 |
| Public Broadcasting Total | 2,164 | 2,164 | 4,328 |

GOVERNOR'S RECOMMENDATION:

The Governor recommends a biennial increase of \$300,000 for T.V. grants and \$300,000 for radio grants.

ACTIVITY: PUBLIC BROADCASTING: MINNESOTA PUBLIC RADIO 1990-91 Biennial Budget
Program: ADMINISTRATIVE MANAGEMENT
Agency: ADMINISTRATION, DEPARTMENT OF

PURPOSE:

To provide new and enhanced public radio services to Greater Minnesota in order to provide high quality cultural and information services for all Minnesota citizens.

The requested funds are for equipment grants to non-commercial radio stations which meet the criteria set forth in M.S. 139.16 to 139.19.

Funds will be used to construct radio stations in virtually every geographical region of the state outside the Twin Cities. Equipment replacement is not the goal of this request, rather we are seeking funds to create new services where none exist and to enhance service across the state. Some funding will also be used to provide redundancy for existing services.

Once capitalized, the stations will be supported by their communities. MPR requests no operating dollars to support the proposed or existing stations.

In 1987, \$300,000 was appropriated to MPR - \$100,000 for equipment grants and \$200,000 for renovation of the World Theater. The total request for F.Y. 1990 and 1991 for Minnesota Public Radio equipment grants is \$1,397,500 thus reflecting a CHANGE Request of \$1,097,500 or \$548,750 per fiscal year.

BENEFITS:

- Delivery of MPR's unique, high quality public radio service to unserved areas of the state of Minnesota.
- Enhancement of existing services in non-Twin Cities metro regions through the construction of full-time news and information services to supplement existing cultural services.
- Provide new services to over 800,000 Minnesotans.
- Increase awareness of Minnesota issues, ideas and culture through public radio.

ACCOMPLISHMENTS:

- All MPR stations once capitalized have been fully supported by the communities they serve.
- MPR has a 21 year history of successful operation and service in the state.
- MPR is committed to providing high quality public radio to all citizens of Minnesota.
- Over 60,000 MPR listeners already contribute to the maintenance of the service.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : ADMINISTRATION,DPT OF
PROGRAM : ADMINISTRATIVE MANAGEMENT
BUDGET ACTIVITY : PUBLIC BROADCASTING: MINNESOTA PUBLIC RADIO

| | | F.Y. 1990 | | | | | F.Y. 1991 | | | | |
|------------------------|------|-----------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| EXPENDITURES: | | FY 1988 | FY 1989 | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| LOCAL ASSISTANCE | | 300 | 0 | 0 | 549 | 549 | 150 | 0 | 549 | 549 | 150 |
| TOTAL EXPENDITURES | | 300 | 0 | 0 | 549 | 549 | 150 | 0 | 549 | 549 | 150 |
| CHANGE REQUESTS: | FUND | | | | | | | | | | |
| B MPR EQUIPMENT GRANTS | GEN | | | | 549 | | 150 | | 549 | | 150 |
| TOTAL CHANGE REQUESTS | | | | | 549 | | 150 | | 549 | | 150 |
| SOURCES OF FINANCING: | | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | | |
| GENERAL | | 300 | 0 | 0 | 549 | 549 | 150 | 0 | 549 | 549 | 150 |
| TOTAL FINANCING | | 300 | 0 | 0 | 549 | 549 | 150 | 0 | 549 | 549 | 150 |
| POSITIONS BY FUND: | | | | | | | | | | | |
| | | | | | | | | | | | |
| TOTAL POSITIONS | | | | | | | | | | | |

CHANGE REQUEST 1990-91 Biennial Budget
 _____ Agency _____ Program X Activity

ACTIVITY: PUBLIC BROADCASTING: MINNESOTA PUBLIC RADIO (MPR)
 PROGRAM: ADMINISTRATIVE MANAGEMENT
 AGENCY: ADMINISTRATION, DEPARTMENT OF

REQUEST TITLE: MPR EQUIPMENT GRANTS

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-----------|-----------|-----------|-----------|
| | (000's) | | (000's) | |
| | Amount | Positions | Amount | Positions |
| General Fund | \$ 549 | -0- | \$ 549 | -0- |
| Governor's Recommendation | | | | |
| General Fund | \$ 150 | -0- | \$ 150 | -0- |

Request requires statutory change: _____ Yes X No
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

This request is for Minnesota Public Radio equipment grants. The increased capital funding is being requested to provide a capital infusion necessary to bring MPR to all citizens of the state. The dollars will not be used for equipment replacement, but will rather provide additional and enhanced service and redundancy for existing service.

DESCRIPTION/BACKGROUND:

MPR's mission to provide service throughout the state is clear and the track record to date is impressive. State capital dollars are requested at this time in order to hasten completion of the statewide services and to take advantage of federal matching funds and regulatory opportunities. Some of the requested funds will be used to leverage dollars from the National Telecommunications Information Administration.

Frequencies for non-commercial radio stations are becoming more and more scarce and MPR wishes to construct stations while frequencies are still available in order to ensure service to all Minnesotans.

| <u>STATISTICS:</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|------------------------------------|------------------|------------------|------------------|------------------|
| Weekly audience served (000's) | 350 | 350 | 415 | 415 |
| MPR contributing listeners (000's) | 61 | 62 | 63 | 64 |

RATIONALE:

An informed citizenry relies on quality information and MPR proposes the proliferation of its quality news and information service throughout the state (presently only available in the Twin Cities and central Minnesota).

Minnesota's quality of life is enhanced by MPR's dedication to the delivery

of consistent, high quality information and cultural programming. MPR has become a respected institution in Minnesota and the nation. Its mission to serve is recognized and supported wherever MPR has stations. This request represents MPR's commitment to delivering the best public radio service in the nation to all citizens of Minnesota. The capitalization of the additional stations necessary to reach all Minnesota citizens is beyond MPR's resources. MPR is proposing a partnership effort with the state to ensure public radio delivery to all non-Twin Cities residents. Finally, once capitalized, the stations will support themselves through contributions from the people, businesses, foundations and corporations in the regions served. We believe the State of Minnesota can assist in franchising the remaining Minnesotans not yet able to receive MPR programs and help to strengthen existing stations. In doing so, the state will contribute to the information needs and cultural well being of its citizens.

| <u>BASE:</u> | (Dollars in Thousands) | | | |
|--------------------------|------------------------|------------------|------------------|------------------|
| | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
| MPR equipment grants | \$ 100 | \$ -0- | \$ 549 | \$ 549 |
| World Theater renovation | 200 | -0- | -0- | -0- |
| Total | 300 | -0- | 549 | 549 |

| <u>LONG RANGE IMPLICATIONS:</u> | (Dollars in Thousands) | | |
|---------------------------------|------------------------|------------------|--------------|
| | <u>F.Y. 1992</u> | <u>F.Y. 1993</u> | <u>Total</u> |

The F.Y. 1990 and F.Y. 1991 funding request for equipment grants to Minnesota Public Radio represents a very significant infusion of capital dollars into the Minnesota Public Radio system which will benefit Minnesota citizens for years to come. It is anticipated that future funding requests will be significantly lower, with the F.Y. 1992-93 request in the area of \$500,000.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase of \$300,000 for the biennium for MPR grants.

ACTIVITY: TWIN CITIES REGIONAL CABLE CHANNEL 1990-91 Biennial Budget
 Program: ADMINISTRATIVE MANAGEMENT
 Agency: ADMINISTRATION, DEPARTMENT OF

PURPOSE:

To facilitate expansion and improvement of non-commercial public programming services on the interconnected regional cable channel which is available to cable subscribers in the Twin Cities metropolitan area; to encourage, through a matching grant provision, increased financial support of the channel by municipalities served by the region's cable systems, and to underwrite the additional expenses of legislative coverage and its availability to all cable systems.

In Laws 1988, Chapter 686, Article I, Section 6(e), the Legislature appropriated to the Commissioner of Administration \$40,000 for a grant to Twin Cities Regional Cable Channel, Inc. for F.Y. 1989 programming. Of the total, \$20,000 is to be matched dollar for dollar from nonstate sources. The remaining \$20,000 is for legislative programming, with the proviso that such programming must be made accessible to local cable stations at costs of videotape for distribution. Efforts to secure the required matching contributions are being successfully pursued and arrangements have been initiated to produce legislative programming under terms of the grant commencing with the 1989 session.

| <u>EFFECTIVENESS MEASURES:</u> | <u>(Dollars in Thousands)</u> | | | |
|---|-------------------------------|------------------|------------------|------------------|
| | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
| Cable subscribers with access to regional channel | 300,000 | 330,000 | 360,000 | 390,000 |
| Add'l funds leveraged by state matching program | \$ -0- | \$ 20 | \$ 20 | \$ 20 |
| Institutional membership support for program transmission | \$ -0- | \$ 102 | \$ 105 | \$ 110 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : ADMINISTRATION,DPT OF
PROGRAM : ADMINISTRATIVE MANAGEMENT
BUDGET ACTIVITY : TWIN CITIES REGIONAL CABLE CHANNEL

| EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|---|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| LOCAL ASSISTANCE | 0 | 40 | 0 | 26 | 26 | 0 | 0 | 0 | 0 | 0 |
| TOTAL EXPENDITURES | 0 | 40 | 0 | 26 | 26 | 0 | 0 | 0 | 0 | 0 |
| CHANGE REQUESTS: | FUND | | | | | | | | | |
| B REGIONAL CABLE CHANNEL AUTOMATION GEN EQUIPMENT | | | | 26 | | 0 | | 0 | | 0 |
| TOTAL CHANGE REQUESTS | | | | 26 | | 0 | | 0 | | 0 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 0 | 40 | 0 | 26 | 26 | 0 | 0 | 0 | 0 | 0 |
| TOTAL FINANCING | 0 | 40 | 0 | 26 | 26 | 0 | 0 | 0 | 0 | 0 |
| POSITIONS BY FUND: | | | | | | | | | | |
| TOTAL POSITIONS | | | | | | | | | | |

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: TWIN CITIES CABLE CHANNEL
PROGRAM: ADMINISTRATIVE MANAGEMENT
AGENCY: ADMINISTRATION, DEPARTMENT OF

REQUEST TITLE: REGIONAL CABLE CHANNEL AUTOMATION EQUIPMENT

| | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-----------|-----------|-----------|-----------|
| | (000's) | | (000's) | |
| Agency Request | Amount | Positions | Amount | Positions |
| General Fund | \$ 26 | -0- | \$ -0- | -0- |
| Governor's Recommendation | | | | |
| General Fund | \$ -0- | -0- | \$ -0- | -0- |

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The Twin Cities Regional Cable Channel began operation late in 1987 and is now carried on most cable systems in the metro region. For those systems still not interconnected for real-time carriage, arrangements have been made for temporary shipment of tapes. To assist it in continuing to expand and improve its service, it seeks to continue the \$40,000 annual appropriation, half of which is for matching donation purposes and half for support of legislative programming to be made available at videotape cost only to all cable systems beyond the interconnected metro region. In addition, the channel requests a one-time equipment grant of \$26,000 to automate the operation. This will allow operation 24 hours per day, 7 days per week. This equipment will also substantially improve the appearance of the channel by providing better transitions between programs and public service announcements and will give it a parity and consistency of quality comparable to surrounding channels.

DESCRIPTION/BACKGROUND:

Twin City Regional Channel, Inc. was formed in 1985 pursuant to provisions of M.S. Chapter 238.43. This section directed that a non-profit regional channel entity be established to operate the channel and provide regional program services to be carried on all cable systems in the 7 county metropolitan area.

RATIONALE:

The Regional Channel receives the bulk of its financial support from educational institutions, public agencies and community organizations that furnish many of its programs. It recognizes the need to broaden its support base to include municipalities, as well as members of the general public, and to improve and expand the services it provides it it is to be successful. Continuation of the state matching grant program, and assistance in improving its technical capability, are vital factors in achieving these objectives.

BASE:

| | (Dollars in Thousands) | | | |
|-------------------------------|------------------------|-----------|-----------|-----------|
| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| Matching Grant | \$ -0- | \$ 20 | \$ 20 | \$ 20 |
| Legislative Programming Grant | -0- | 20 | 20 | 20 |
| Total Present Base | \$ -0- | \$ 40 | \$ 40 | \$ 40 |

LONG RANGE IMPLICATIONS:

| | (Dollars in Thousands) | | |
|---------------------------|------------------------|-----------|-------|
| | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund Expenditures | \$ 40 | \$ 40 | \$ 80 |

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Although the request has merit, other spending priorities preclude additional funding.

ACTIVITY: OIL OVERCHARGE
Program: ADMINISTRATIVE MANAGEMENT
Agency: ADMINISTRATION, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

The purpose of the Stripper Well Oil Overcharge Program Administration is to implement legislative grants to recipient organizations of funds derived by the state from the final settlement agreement of the U.S. Department of Energy Stripper Well Exemption Litigation in U.S. District Court. Appropriated to the commissioner of administration are funds for current grants plus funds remaining and to be received from additional payments under the settlement. Funds now in the state have grown to approximately \$19.3 million, and another \$7 million is expected over 5 years. Further grants will be approved by the Legislative Commission on Minnesota Resources.

Activity includes:

1. Preparation and processing of grant agreements in accordance with state and federal requirements and procedures;
2. Securing state and federal approval for further projects;
3. Counselling present and prospective grantees on procedural requirements; and
4. Administering funds and overseeing project administration and reports.

Authority for this activity is found in Minnesota Laws 1988, Chapter 686, Article I, Section 37.

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : ADMINISTRATION,DPT OF
PROGRAM : ADMINISTRATIVE MANAGEMENT
BUDGET ACTIVITY : OIL OVERCHARGE

| | | F.Y. 1990 | | | | | F.Y. 1991 | | | | |
|---------------------------|---------|----------------|------|--------|-----------------------|----------------|-----------|--------|-----------------------|-------|--|
| | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | | |
| EXPENDITURES: | FY 1988 | FY 1989 | BASE | CHANGE | | TOTAL | BASE | CHANGE | | TOTAL | |
| LOCAL ASSISTANCE | 0 | 10,949 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| TOTAL EXPENDITURES | 0 | 10,949 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| SOURCES OF FINANCING: | | | | | | | | | | | |
| ----- | | | | | | | | | | | |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | | |
| SPECIAL REVENUE | 0 | 10,949 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| TOTAL FINANCING | 0 | 10,949 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| POSITIONS BY FUND: | | | | | | | | | | | |
| ----- | | | | | | | | | | | |
| TOTAL POSITIONS | | | | | | | | | | | |

PROGRAM: INFORMATION POLICY OFFICE
Agency: ADMINISTRATION, DEPARTMENT OF

1990-91 Biennial Budget

PROGRAM PURPOSE:

The purpose of the program is to develop, promote, and coordinate:

- 1) a state technology architecture;
- 2) policies, standards and guidelines for state agencies to follow for the development, purchase, and training for information systems;
- 3) information needs analysis techniques;
- 4) contracts for the purchase of equipment and services; and
- 5) training of state agency personnel on these issues.

OPERATION:

Administration To provide overall management for the office and coordinate the activities of the office with the management of Department of Administration's Executive Team and services management strategy.

Planning To provide leadership for the development of a statewide technology architecture, policies for its implementation, and standards for the management of information systems.

Implementation To promote the implementation of the technology architecture, policies, standards and guidelines throughout the state through education, training, and support activities for agency personnel in the areas of strategic information planning and integrated records management.

Compliance To ensure compliance with the policies, standards, and guidelines for information management through contracting, and review of budgets and purchase requests.

Intergovernmental Information Systems (IISAC) To promote the orderly growth of automation within local government and ensure that a forum exists for the discussion of issues related to the interchange of information among public sector agencies.

Local Government Records Management To implement the responsibility of the Department of Administration to establish and maintain a continuing program for economical and efficient records management in local government.

BUDGET ISSUE:

Continuing support for the increasingly complex set of issues that relate to the effective administration of information management policy. We continue to make progress in resolving the issues originally mandated to this office by the 1987 legislation and by the responsibility for the commissioner of administration to provide policy guidance for the use of computer and telecommunications resources. These issues were, for example:

- a) unnecessary duplication of data,
- b) unchecked growth of line item 17 expenditures,
- c) conflicting management information,
- d) incompatible systems,
- e) failure of major system development projects, and
- f) the inability or unwillingness of agencies to adopt technical innova-

tions, among others.

As we have progressed, we have uncovered more fundamental issues of information management and have been asked by agencies and legislators to become involved a range of issues from instructional technology to personnel management. Agencies are beginning to understand the importance of managing the information resource, and they require guidance both in the form of wise counsel and leadership and to be held accountable for effective information management. Also at issue is the continued improvement of the InterTechnologies Group as a service facility for agencies, separate from the policy management of the Information Policy Office.

EXPLANATION OF BUDGET REQUEST:

This budget request will fund continued policy management for the state's computer, telecommunications, data, and software resources which represent an approximately \$200 million annual investment in the executive branch alone.

Seven CHANGE request items are requested for this program:

- 1) \$52,000 and 3.0 positions in F.Y. 1990 and \$124,000 and 3.0 positions in F.Y. 1991 is requested to establish a standards development and acceptance laboratory.
- 2) \$184,000 and 2.0 positions in F.Y. 1990 and \$186,000 and 2.0 positions in F.Y. 1991 are requested to initiate and administer a venture development program to foster technological innovations in state agencies.
- 3) \$121,000 and 3.0 positions in F.Y. 1990 and \$132,000 and 3.0 positions in F.Y. 1991 are requested to develop education and training programs for technology management in agencies.
- 4) \$182,000 and 2.0 positions in F.Y. 1990 and \$184,000 and 2.0 positions in F.Y. 1991 is requested to develop and provide continuing training and consulting in agency strategic information planning.
- 5) \$351,000 and 2.0 positions in F.Y. 1990 and \$354,000 and 2.0 positions in F.Y. 1991 is requested to provide technical expertise in the areas of telecommunications technology and network design.
- 6) \$25,000 in each year is requested to improve our ability to coordinate systems development between state agencies and local units of government.
- 7) \$53,000 and 1.0 position in F.Y. 1990 and \$43,000 and 1.0 position in F.Y. 1991 is requested to provide administrative support for the office.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the following:

- o \$176,000 and 3.0 positions for the biennium to establish a standards development and acceptance laboratory;
- o \$124,000 AND 1.0 position for the biennium to develop and administer a venture project grants-in-aid program for state agencies;
- o \$325,000 and 2.0 positions for the biennium for agency strategic information planning;
- o \$500,000 and 2.0 positions for the biennium to provide technical expertise in the areas of telecommunications and network design;
- o \$50,000 for the biennium to improve the agency's ability to coordinate systems between the state and local units of government.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : ADMINISTRATION,DPT OF
PROGRAM : INFORMATION POLICY OFFICE

| | | F.Y. 1990 | | | | | F.Y. 1991 | | | |
|---|-----|----------------|---------|-------|-----------------------|----------------|-----------|-------|-----------------------|-------|
| | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | |
| ACTIVITY EXPENDITURES: | | FY 1988 | FY 1989 | BASE | | CHANGE | TOTAL | BASE | CHANGE | TOTAL |
| COMPLIANCE | | 79 | 301 | 301 | | 52 | 353 | 301 | 124 | 425 |
| B ACCEPTANCE TESTING LABORATORY | GEN | | | | | 52 | 52 | | 124 | 124 |
| IMPLEMENTATION | | 50 | 121 | 121 | | 303 | 424 | 121 | 316 | 437 |
| B EDUCATION AND TRAINING | GEN | | | | | 121 | 0 | | 132 | 0 |
| B STRATEGIC INFORMATION PLANNING | GEN | | | | | 182 | 160 | | 184 | 165 |
| PLANNING | | 116 | 145 | 145 | | 535 | 680 | 145 | 540 | 685 |
| B ARCHITECTURE AND TELECOMMUNICATIONS DEV | GEN | | | | | 351 | 250 | | 354 | 250 |
| B VENTURE FUNDING | GEN | | | | | 184 | 62 | | 186 | 62 |
| ADMINISTRATION | | 395 | 372 | 386 | | 53 | 439 | 386 | 43 | 429 |
| B OFFICE ADMINISTRATION | GEN | | | | | 53 | 0 | | 43 | 0 |
| INTERGOVERNMENTAL INFORMATION SYSTEMS (I.I.S.A.C.) | | 178 | 159 | 160 | | 25 | 185 | 160 | 25 | 185 |
| B GRANTS-IN-AID TO LOCAL UNITS OF GOVT | GEN | | | | | 25 | 25 | | 25 | 25 |
| LOCAL GOVERNMENT RECORDS MANAGEMENT | | 19 | 0 | 34 | | 0 | 34 | 34 | 0 | 34 |
| TOTAL EXPENDITURES | | 837 | 1,098 | 1,147 | | 968 | 2,115 | 1,147 | 1,048 | 2,195 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | | 806 | 1,098 | 1,147 | | 968 | 2,115 | 1,147 | 1,048 | 2,195 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| SPECIAL REVENUE | | 12 | 0 | 0 | | 0 | 0 | 0 | 0 | 0 |
| FEDERAL | | 19 | 0 | 0 | | 0 | 0 | 0 | 0 | 0 |
| TOTAL FINANCING | | 837 | 1,098 | 1,147 | | 968 | 2,115 | 1,147 | 1,048 | 2,195 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : ADMINISTRATION,DPT OF
PROGRAM : INFORMATION POLICY OFFICE

| SOURCES OF FINANCING: | FY 1988 | FY 1989 | F.Y. 1990 | | | | GOVERNOR'S RECOMM. | F.Y. 1991 | | | | |
|-----------------------|---------|---------|----------------|--------|-------|------|-----------------------|----------------|-------|-----------------------|--|--|
| | | | AGENCY REQUEST | | | | | AGENCY REQUEST | | | | |
| | | | BASE | CHANGE | TOTAL | BASE | | CHANGE | TOTAL | GOVERNOR'S RECOMM. | | |
| POSITIONS BY FUND: | | | | | | | | | | | | |
| GENERAL | 17.6 | 17.6 | 17.6 | 13.0 | 30.6 | 25.6 | 17.6 | 13.0 | 30.6 | 25.6 | | |
| TOTAL POSITIONS | 17.6 | 17.6 | 17.6 | 13.0 | 30.6 | 25.6 | 17.6 | 13.0 | 30.6 | 25.6 | | |

ACTIVITY: COMPLIANCE
Program: INFORMATION POLICY OFFICE
Agency: ADMINISTRATION, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

To create and ensure compliance with all policies, standards, and guidelines that support a statewide information architecture. This activity provides staff support for the commissioner in her responsibility to review and approve all requests for information systems equipment expenditures and all budget submissions for information systems equipment or software.

This activity provides reports to the Legislature concerning the compliance of agency information systems equipment or software purchases with the office's standards and guidelines. It also reports to the Legislature priorities for agency requests for appropriations for development or purchase of information systems equipment or software.

This activity exists

- 1) to ensure information systems equipment is in compliance with appropriate standards and guidelines;
- 2) to ensure that the equipment is consistent with the state's information management principles;
- 3) to evaluate the cost-effectiveness of such agency purchases; and
- 4) to ensure that equipment is compatible with systems in other agencies.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : ADMINISTRATION,DPT OF
PROGRAM : INFORMATION POLICY OFFICE
BUDGET ACTIVITY : COMPLIANCE

| | | | F.Y. 1990 | | | | F.Y. 1991 | | | |
|---------------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| EXPENDITURES: | FY 1988 | FY 1989 | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 79 | 151 | 151 | 9 | 160 | 160 | 151 | 110 | 261 | 261 |
| EXPENSES/CONTRACTUAL SRVCS | 0 | 150 | 150 | 6 | 156 | 156 | 150 | 6 | 156 | 156 |
| SUPPLIES/MATERIALS/PARTS | 0 | 0 | 0 | 1 | 1 | 1 | 0 | 8 | 8 | 8 |
| CAPITAL EQUIPMENT | 0 | 0 | 0 | 36 | 36 | 36 | 0 | 0 | 0 | 0 |
| TOTAL EXPENDITURES | 79 | 301 | 301 | 52 | 353 | 353 | 301 | 124 | 425 | 425 |
| CHANGE REQUESTS: | FUND | | | | | | | | | |
| B ACCEPTANCE TESTING LABORATORY | GEN | | | 52 | | 52 | | 124 | | 124 |
| TOTAL CHANGE REQUESTS | | | | 52 | | 52 | | 124 | | 124 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 79 | 301 | 301 | 52 | 353 | 353 | 301 | 124 | 425 | 425 |
| TOTAL FINANCING | 79 | 301 | 301 | 52 | 353 | 353 | 301 | 124 | 425 | 425 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 4.0 | 4.0 | 4.0 | 3.0 | 7.0 | 7.0 | 4.0 | 3.0 | 7.0 | 7.0 |
| TOTAL POSITIONS | 4.0 | 4.0 | 4.0 | 3.0 | 7.0 | 7.0 | 4.0 | 3.0 | 7.0 | 7.0 |

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: COMPLIANCE
PROGRAM: INFORMATION POLICY OFFICE
AGENCY: ADMINISTRATION, DEPARTMENT OF

REQUEST TITLE: ACCEPTANCE TESTING LABORATORY

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 52 | 3.0 | \$ 124 | 3.0 |
| Governor's Recommendation | | | | |
| General Fund | \$ 52 | 3.0 | \$ 124 | 3.0 |

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The funds requested would support a systems analyst manager and 2 systems analysts whose function would be to set up and operate a laboratory in which information systems applications and hardware could be tested for compliance with Information Policy Office standards, administer all contracted testing operations, and oversee the updating of all technical standards.

DESCRIPTION/BACKGROUND:

It is generally believed that the adoption and publication of information system standards is the end of the standards problem. Technology, which is claimed to adhere to the standard, must be tested for quality, actual adherence to the standard, and whether the specific solution will, in fact, be compatible with the existing physical architecture. Quality is an obvious issue. Also, the current state of standards development in information technology is very limited, and the technology, and therefore the standards, will develop over time. It is also intended that the setup of the lab and its operating expenses will be funded through a materials burden fee assessed on all standard contract purchases.

RATIONALE:

Ensure that information technology standards are effective guides for managers' information technology decisions and improve the state's ability to take advantage of changes in information technology. Hold vendors accountable for the information technology products they provide to state and local governments.

| LONG RANGE IMPLICATIONS: | (Dollars in Thousands) | | |
|---------------------------|------------------------|-----------|--------|
| | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund Expenditures | \$ 125 | \$ 125 | \$ 250 |

ACTIVITY: IMPLEMENTATION
Program: INFORMATION POLICY OFFICE
Agency: ADMINISTRATION, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

To educate and train agency management and staff in the skills required to implement a statewide information architecture and to manage information as a valuable state resource. In order to have successful management of information resources statewide, it is necessary that all managers in all agencies understand the methods of strategic information planning, accept the vision for managing the information resource, and have the skills required for information management. This activity will develop the training and consulting programs that will allow agencies to use information resources effectively in accomplishing their agency's mission.

This activity also provides training to state agencies in the effective uses and applications of technology. This part of the training is oriented toward security, adherence to standards, data management, and proper resource use.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : ADMINISTRATION,DPT OF
PROGRAM : INFORMATION POLICY OFFICE
BUDGET ACTIVITY : IMPLEMENTATION

| F.Y. 1990 | | | | | | | F.Y. 1991 | | | |
|----------------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| EXPENDITURES: | FY 1988 | FY 1989 | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 47 | 101 | 101 | 123 | 224 | 153 | 101 | 192 | 293 | 178 |
| EXPENSES/CONTRACTUAL SRVCS | 3 | 20 | 20 | 21 | 41 | 32 | 20 | 21 | 41 | 32 |
| SUPPLIES/MATERIALS/PARTS | 0 | 0 | 0 | 99 | 99 | 72 | 0 | 103 | 103 | 76 |
| CAPITAL EQUIPMENT | 0 | 0 | 0 | 60 | 60 | 24 | 0 | 0 | 0 | 0 |
| TOTAL EXPENDITURES | 50 | 121 | 121 | 303 | 424 | 281 | 121 | 316 | 437 | 286 |
| CHANGE REQUESTS: | FUND | | | | | | | | | |
| B EDUCATION AND TRAINING | GEN | | | 121 | | 0 | | 132 | | 0 |
| B STRATEGIC INFORMATION PLANNING | GEN | | | 182 | | 160 | | 184 | | 165 |
| TOTAL CHANGE REQUESTS | | | | 303 | | 160 | | 316 | | 165 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 50 | 121 | 121 | 303 | 424 | 281 | 121 | 316 | 437 | 286 |
| TOTAL FINANCING | 50 | 121 | 121 | 303 | 424 | 281 | 121 | 316 | 437 | 286 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 3.0 | 3.0 | 3.0 | 5.0 | 8.0 | 5.0 | 3.0 | 5.0 | 8.0 | 5.0 |
| TOTAL POSITIONS | 3.0 | 3.0 | 3.0 | 5.0 | 8.0 | 5.0 | 3.0 | 5.0 | 8.0 | 5.0 |

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: IMPLEMENTATION
PROGRAM: INFORMATION POLICY OFFICE
AGENCY: ADMINISTRATION, DEPARTMENT OF

REQUEST TITLE: EDUCATION AND TRAINING

| | F.Y. 1990 | | F.Y. 1991 | |
|----------------|-----------|-----------|-----------|-----------|
| | (000's) | | (000's) | |
| Agency Request | Amount | Positions | Amount | Positions |
| General Fund | \$ 121 | 3.0 | \$ 132 | 3.0 |

Governor's Recommendation

| | | | | |
|--------------|--------|-----|--------|-----|
| General Fund | \$ -0- | -0- | \$ -0- | -0- |
|--------------|--------|-----|--------|-----|

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The funds would support a program administration director, a program development analyst, and a Clerk Typist IV. The positions would provide the education and training in information systems management and standards mandated by law, provide clerical support for the entire Implementation Division, and support the Information Policy Advisory Task Force, the Information Policy Council, and the Systems Advisory Council.

DESCRIPTION/BACKGROUND:

The legislation creating the Information Policy Office mandates that the office will be responsible for the education and training of state agency employees in the management of information systems according to standards created by the office. Further, one of the key problems we have identified as contributing to the existing poor management of information and information systems in the state is lack of understanding and willingness to manage our information resources. This program will be directed toward eliminating this deficiency.

RATIONALE:

This program will allow us to provide, on a continuing basis, high quality training programs for state managers in the art and science of managing information resources. Such programs, supported with our own staff, can focus management resources on the specific and unique problems of Minnesota government.

| | (Dollars in Thousands) | | |
|---------------------------|------------------------|-----------|--------|
| LONG RANGE IMPLICATIONS: | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund Expenditures | \$ 135 | \$ 135 | \$ 270 |

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Although the request has merit, other spending priorities preclude additional funding.

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: IMPLEMENTATION
PROGRAM: INFORMATION POLICY OFFICE
AGENCY: ADMINISTRATION, DEPARTMENT OF

REQUEST TITLE: STRATEGIC INFORMATION PLANNING

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|----------------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 182 | 2.0 | \$ 184 | 2.0 |
| Governor's Recommendation | | | | |
| General Fund | \$ 160 | 2.0 | \$ 165 | 2.0 |

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The funds would support positions, salary, benefits, support, and direct grants to train agency managers and support the expenses of agencies in their development of strategic information plans. The positions would be management analysts whose function would be to develop strategic information planning standards and methods, train agency personnel in their application, and administer a small grant-in-aid program for agencies to cover the expenses incurred in the process of strategic information planning. It also provides funds for the continued testing and evaluation of CASE tools for strategic information planning and management. The funds would be used to purchase CASE software to be used by architecture development staff and evaluated for usefulness to other agencies.

DESCRIPTION/BACKGROUND:

Agency strategic information plans will form the basis for a statewide and agency information architecture, support the budget development process, and inform the Information Policy Office concerning the quality of information management in state agencies. Strategic information planning is a tactical process that allows an agency to effectively implement its overall strategic plan by the efficient management of its information resources. It is a management discipline, like financial and human resource planning, that allows top executives to hold resource and line managers accountable for their activities in implementing an agency's strategic plan.

RATIONALE:

Provide a straightforward budget review process without creating a huge, reactive bureaucratic agency to control information resources.

| LONG RANGE IMPLICATIONS: | (Dollars in Thousands) | | |
|---------------------------|------------------------|-----------|--------|
| | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund Expenditures | \$ 185 | \$ 185 | \$ 370 |

GOVERNOR'S RECOMMENDATION:

The Governor recommends the funding as requested except for a biennial reduction of \$41,000.

ACTIVITY: PLANNING
Program: INFORMATION POLICY OFFICE
Agency: ADMINISTRATION, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

To develop, implement, and maintain a statewide information architecture. The architecture is a framework for agencies to follow in planning for and managing information resources, and is the foundation for standards and guidelines to be used in the decision-making process.

Effective management of the state's information resources is essential to the success of any agency in achieving its missions and goals. This activity provides the vision, the statewide plan, and the agency planning methodology that will support improved management of the state's information resources.

This activity will mobilize state, local government, and private resources to cooperatively develop and begin to implement the statewide architecture under the leadership of the Information Policy Office.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : ADMINISTRATION,DPT OF
PROGRAM : INFORMATION POLICY OFFICE
BUDGET ACTIVITY : PLANNING

| EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|---|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 16 | 123 | 123 | 101 | 224 | 210 | 123 | 149 | 272 | 234 |
| EXPENSES/CONTRACTUAL SRVCS | 100 | 22 | 22 | 179 | 201 | 141 | 22 | 180 | 202 | 142 |
| SUPPLIES/MATERIALS/PARTS | 0 | 0 | 0 | 207 | 207 | 70 | 0 | 211 | 211 | 81 |
| CAPITAL EQUIPMENT | 0 | 0 | 0 | 48 | 48 | 36 | 0 | 0 | 0 | 0 |
| TOTAL EXPENDITURES | 116 | 145 | 145 | 535 | 680 | 457 | 145 | 540 | 685 | 457 |
| CHANGE REQUESTS: | | | | | | | | | | |
| | | | | | | | | | | |
| B ARCHITECTURE AND TELECOMMUNICATIONS DEV | | | | 351 | | 250 | | 354 | | 250 |
| B VENTURE FUNDING | | | | 184 | | 62 | | 186 | | 62 |
| TOTAL CHANGE REQUESTS | | | | 535 | | 312 | | 540 | | 312 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 116 | 145 | 145 | 535 | 680 | 457 | 145 | 540 | 685 | 457 |
| TOTAL FINANCING | 116 | 145 | 145 | 535 | 680 | 457 | 145 | 540 | 685 | 457 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 3.0 | 3.0 | 3.0 | 4.0 | 7.0 | 6.0 | 3.0 | 4.0 | 7.0 | 6.0 |
| TOTAL POSITIONS | 3.0 | 3.0 | 3.0 | 4.0 | 7.0 | 6.0 | 3.0 | 4.0 | 7.0 | 6.0 |

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: PLANNING
PROGRAM: INFORMATION POLICY OFFICE
AGENCY: ADMINISTRATION, DEPARTMENT OF

REQUEST TITLE: ARCHITECTURE AND TELECOMMUNICATIONS DEVELOPMENT

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|----------------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 324 | 2.0 | \$ 327 | 2.0 |
| Governor's Recommendation | | | | |
| General Fund | \$ 250 | 2.0 | \$ 250 | 2.0 |

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The funds will provide positions and matching funds to support individual agency architecture development. The positions would be allocated as senior systems analysts who would function to develop architectures for wide area (e.g., local and regional government) and local area networks, to design, create, and implement policies to support a statewide telecommunications network, and to consult with agencies in the development of their own information architectures. The pass-through funds would be used to support state agency needs in developing information architectures based on models developed by the Information Policy Office. Also included are funds to purchase 120 days each year of external consulting in the planning of a statewide telecommunications network.

DESCRIPTION/BACKGROUND:

The design and implementation of a statewide information architecture will require expertise in the design, development, and implementation of wide area and local area networks in F.Y. 1991. The model agency architecture currently being developed will be essentially complete by the beginning of F.Y. 1990. Funds will need to be available such that the model can be propagated to major state agencies over the next 2 biennia. Also we are undergoing a revolution in telecommunications technology and economics. Telecommunications is also being viewed as a fundamental instrument of education and social and economic development in Minnesota. Recent legislative hearings have emphasized the need of state agencies and the state's educational systems for a modern, high-capacity telecommunications capability to support voice, data, image, and video.

RATIONALE:

This program will provide:

- 1) designs and standards for the development of regional and local networks which are the key to ensuring adequate communication between citizens and

state government;

- 2) expertise in the implementation of such designs which regional and local governments, as well as state agencies may use;
- 3) funds to support the development of agency information architectures;
- 4) coherent statewide telecommunications policy; and, most important,
- 5) an integrated approach to the development of agency information systems.

| LONG RANGE IMPLICATIONS: | (Dollars in Thousands) | | |
|---------------------------|------------------------|-----------|--------|
| | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund Expenditures | \$ 325 | \$ 325 | \$ 650 |

GOVERNOR'S RECOMMENDATION:

The Governor recommends the funding as requested except for a biennial reduction of \$151,000.

CHANGE REQUEST 1990-91 Biennial Budget
 _____ Agency _____ Program X Activity

ACTIVITY: PLANNING
 PROGRAM: INFORMATION POLICY OFFICE
 AGENCY: ADMINISTRATION, DEPARTMENT OF

REQUEST TITLE: VENTURE FUNDING

| | F.Y. 1990 | | F.Y. 1991 | |
|----------------|-------------------|-----------|-------------------|-----------|
| Agency Request | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 184 | 2.0 | \$ 186 | 2.0 |

Governor's Recommendation

| | | | | |
|--------------|-------|-----|-------|-----|
| General Fund | \$ 62 | 1.0 | \$ 62 | 1.0 |
|--------------|-------|-----|-------|-----|

Request requires statutory change: _____ Yes X No
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The funds will provide positions, salary, benefits, support funds, and funding for a grants-in-aid program to support innovative information system development projects within the state. The positions would be allocated as management analyst and clerk typist whose function would be to develop and administer a venture projects grant-in-aid program for state agencies.

DESCRIPTION/BACKGROUND:

A primary function of the Information Policy Office is to provide and implement standards for the management of the state's information resources. A continual concern of legislators, state agency executives, educational administrators, and line managers is that these standards will stifle the innovation necessary to adapting to technical change. A parallel concern is that unmanaged experimentation will lead the organization down blind alleys and will absorb financial and human resources in ineffective projects that cannot be phased out.

RATIONALE:

This program will allow the Information Policy Office to provide strict standards and ensure that responsible innovative projects will continue to be supported when promising, and stopped if their objectives are not met. This will also allow continuous creative use of information systems technology under broad legislative guidelines, and without requiring legislative committees to be involved in the details of complex issues. Finally, it will allow policy makers to support and test such innovations under closely managed conditions, providing raw data for broader policy decisions on substantial systems developments.

| | (Dollars in Thousands) | | |
|---------------------------|------------------------|-----------|--------|
| LONG RANGE IMPLICATIONS: | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund Expenditures | \$ 185 | \$ 185 | \$ 370 |

GOVERNOR'S RECOMMENDATION:

The Governor recommends the funding as requested except for a biennial reduction of \$246,000 and 1.0 position.

ACTIVITY: ADMINISTRATION
Program: INFORMATION POLICY OFFICE
Agency: ADMINISTRATION, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

To provide competent office administration for the Information Policy Office and ensure that the office is fully participating in the Department of Administration's executive team. This activity will provide executive and general management for all office programs, and set up and maintain all office procedures and policies to ensure compliance with all state fiscal and personnel regulations and guidelines. It will also provide overall supervision and coordination for office support staff.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : ADMINISTRATION,DPT OF
PROGRAM : INFORMATION POLICY OFFICE
BUDGET ACTIVITY : ADMINISTRATION

| EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|----------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 225 | 289 | 303 | 37 | 340 | 303 | 303 | 38 | 341 | 303 |
| EXPENSES/CONTRACTUAL SRVCS | 54 | 49 | 49 | 2 | 51 | 49 | 49 | 2 | 51 | 49 |
| MISC OPERATING EXPENSES | 15 | 24 | 24 | 0 | 24 | 24 | 24 | 0 | 24 | 24 |
| SUPPLIES/MATERIALS/PARTS | 24 | 10 | 10 | 2 | 12 | 10 | 10 | 3 | 13 | 10 |
| CAPITAL EQUIPMENT | 77 | 0 | 0 | 12 | 12 | 0 | 0 | 0 | 0 | 0 |
| TOTAL EXPENDITURES | 395 | 372 | 386 | 53 | 439 | 386 | 386 | 43 | 429 | 386 |
| CHANGE REQUESTS: | FUND | | | | | | | | | |
| B OFFICE ADMINISTRATION | GEN | | | 53 | | 0 | | 43 | | 0 |
| TOTAL CHANGE REQUESTS | | | | 53 | | 0 | | 43 | | 0 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 395 | 372 | 386 | 53 | 439 | 386 | 386 | 43 | 429 | 386 |
| TOTAL FINANCING | 395 | 372 | 386 | 53 | 439 | 386 | 386 | 43 | 429 | 386 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 5.6 | 5.6 | 5.6 | 1.0 | 6.6 | 5.6 | 5.6 | 1.0 | 6.6 | 5.6 |
| TOTAL POSITIONS | 5.6 | 5.6 | 5.6 | 1.0 | 6.6 | 5.6 | 5.6 | 1.0 | 6.6 | 5.6 |

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: ADMINISTRATION
PROGRAM: INFORMATION POLICY OFFICE
AGENCY: ADMINISTRATION, DEPARTMENT OF

REQUEST TITLE: OFFICE ADMINISTRATION

| | F.Y. 1990 | | F.Y. 1991 | |
|----------------|-------------------|-----------|-------------------|-----------|
| Agency Request | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 53 | 1.0 | \$ 43 | 1.0 |

Governor's Recommendation

| | | | | |
|--------------|--------|-----|--------|-----|
| General Fund | \$ -0- | -0- | \$ -0- | -0- |
|--------------|--------|-----|--------|-----|

Request requires statutory change: _____ Yes X No

Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

Funds to support an office manager for the Information Policy Office. The function of this position will be to set up and administer the policies and procedures for the Information Policy Office, as well as ensure that the office is well managed and complies with state agency regulations.

DESCRIPTION/BACKGROUND:

The Information Policy Office is a new office in state government formed as a bureau of the Department of Administration.

RATIONALE:

Funding of this position will ensure effective management of all material, personnel, and financial resources by setting up and managing the office activities according to the policies and procedures for agencies of Minnesota government.

| | (Dollars in Thousands) | | |
|---------------------------|------------------------|-----------|-------|
| LONG RANGE IMPLICATIONS: | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund Expenditures | \$ 45 | \$ 45 | \$ 90 |

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Although the request has merit, other spending priorities preclude additional funding.

ACTIVITY: INTERGOVERNMENTAL INFORMATION SYSTEMS 1990-91 Biennial Budget
Program: INFORMATION POLICY OFFICE
Agency: ADMINISTRATION, DEPARTMENT OF

PURPOSE:

The Intergovernmental Information Systems Advisory Council (IISAC) was charged to promote the orderly growth of automation within local government entities and the encouragement of information and knowledge interchange among local agencies, educational entities, and state governmental units. This activity also serves as the liaison between local and state agencies in the area of interrelated information systems and related standards. The statutory authority of IISAC is found in M.S. 16B.42.

IISAC consists of 25 members representing state and local government, educational organizations and the state community at large. IISAC actively promotes the development of standards, information interchange, computer consortiums, and automated systems which achieve its charter missions. IISAC awards grants to:

1. Study, improve and implement the interchange of information among government and education entities.
2. Develop transferable and universal software packages for local entities.
3. Facilitate and encourage the distribution and exchange of systems, concepts, and software.
4. Provide education and training to personnel of local entities in automation concepts, standards, techniques, and systems.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : ADMINISTRATION,DPT OF
PROGRAM : INFORMATION POLICY OFFICE
BUDGET ACTIVITY : INTERGOVERNMENTAL INFORMATION SYSTEMS (I.I.S.A.C.)

| EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|--|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 58 | 59 | 60 | 0 | 60 | 60 | 60 | 0 | 60 | 60 |
| EXPENSES/CONTRACTUAL SRVCS | 23 | 13 | 13 | 0 | 13 | 13 | 13 | 0 | 13 | 13 |
| MISC OPERATING EXPENSES | 5 | 6 | 6 | 0 | 6 | 6 | 6 | 0 | 6 | 6 |
| SUPPLIES/MATERIALS/PARTS | 5 | 1 | 1 | 0 | 1 | 1 | 1 | 0 | 1 | 1 |
| CAPITAL EQUIPMENT | 4 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| STATE OPERATIONS | 95 | 79 | 80 | 0 | 80 | 80 | 80 | 0 | 80 | 80 |
| LOCAL ASSISTANCE | 83 | 80 | 80 | 25 | 105 | 105 | 80 | 25 | 105 | 105 |
| TOTAL EXPENDITURES | 178 | 159 | 160 | 25 | 185 | 185 | 160 | 25 | 185 | 185 |
| CHANGE REQUESTS: | | | | | | | | | | |
| FUND | | | | | | | | | | |
| B GRANTS-IN-AID TO LOCAL UNITS OF GOVT | | | | 25 | | 25 | | 25 | | 25 |
| TOTAL CHANGE REQUESTS | | | | 25 | | 25 | | 25 | | 25 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 166 | 159 | 160 | 25 | 185 | 185 | 160 | 25 | 185 | 185 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| SPECIAL REVENUE | 12 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL FINANCING | 178 | 159 | 160 | 25 | 185 | 185 | 160 | 25 | 185 | 185 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 1.0 | 1.0 | 1.0 | 0.0 | 1.0 | 1.0 | 1.0 | 0.0 | 1.0 | 1.0 |
| TOTAL POSITIONS | 1.0 | 1.0 | 1.0 | 0.0 | 1.0 | 1.0 | 1.0 | 0.0 | 1.0 | 1.0 |

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: INTERGOVERNMENTAL INFORMATION SYSTEMS
PROGRAM: INFORMATION POLICY OFFICE
AGENCY: ADMINISTRATION, DEPARTMENT OF

REQUEST TITLE: ADDITIONAL GRANTS-IN-AID TO LOCAL UNITS OF GOVERNMENT

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|----------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 25 | -0- | \$ 25 | -0- |

Governor's Recommendation

| | | | | |
|--------------|-------|-----|-------|----|
| General Fund | \$ 25 | -0- | \$ 25 | -0 |
|--------------|-------|-----|-------|----|

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The funds would provide additional funding to be administered by the IISAC grants program. The funds would be used to facilitate:

1. Increased use of meaningful automated data interchange between state agencies and local governments.
2. Development, documentation, publication, dissemination and training relating to a common county information architecture.

DESCRIPTION/BACKGROUND:

The IISAC incurred significant funding reductions in the 1980-81 biennium which negatively impacts the opportunities to improve automated exchange.

RATIONALE:

The IISAC completed a study in 1987, IISAC Intergovernmental Systems Evaluation, which made 6 recommendations for improving the linkages between state agency and local government systems. The funds will be used to implement these recommendations moving the state and local governments to the point where both adopt standard data definitions and common processing procedures, thus enhancing the ability for the state to acquire uniform data and personnel information from both for improved executive and legislative decisions.

| BASE: | (Dollars in Thousands) | | | |
|---------------------------|------------------------|-----------|-----------|-----------|
| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| General Fund Expenditures | \$ 80 | \$ 80 | \$ 80 | \$ 80 |

| LONG RANGE IMPLICATIONS: | (Dollars in Thousands) | | |
|---------------------------|------------------------|-----------|-------|
| | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund Expenditures | \$ 25 | \$ 25 | \$ 50 |

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

ACTIVITY: LOCAL GOVERNMENT RECORDS MANAGEMENT 1990-91 Biennial Budget
Program: INFORMATION POLICY OFFICE
Agency: ADMINISTRATION, DEPARTMENT OF

PURPOSE:

The Local Government Records Management activity funds a continuing program for economical and efficient records management for local government. The activity identifies historically significant records to ensure their proper care and preservation and results in reduced paperwork burden for the public and governmental units, space reductions and more efficient use of equipment, supplies, and personnel. The activity provides services to 3,000 units of local government statewide: primarily cities, counties, townships, and school districts.

OBJECTIVES:

To encourage the adoption and implementation of the general records retention schedules or assist in the development of specific records retention schedules that meet unique local needs.

To offer the resource of on-site and telephone consulting services to educate local government personnel and enable jurisdictions to comply with their statutory obligation regarding the proper preservation and disposition of government records in their care.

To make available publications that provide jurisdictions with useful information and techniques for effective management of local government records.

Statutory Reference: M.S. 138.17.

EFFECTS AND TRENDS OF ACTIVITY:

This activity was supported from January 1985-December 1986 by a grant from the National Historical Publications and Records Commission contingent on the department's seeking permanent funding. The activity identified in 4 general records retention schedules (county, city, school district, and township) over 1,700 types of records maintained by local government and stipulated how long each should be kept. The activity trained local government staff and officials in use of schedules. The activity is expected to expand during the biennium to integrate principles of records management with statewide information architecture.

STATISTICS:

| Government System | General Schedule Adoptions | Special Schedule Adoptions |
|----------------------|-------------------------------|-------------------------------|
| City | 155 | 56 |
| County | 76 | 38 |
| School District | 133 | 26 |
| Township | 73 | 3 |

REVENUE:

This activity generates dedicated revenue through the sale of records management publications to local government jurisdictions. Revenue defrays the costs of printing and mailing.

| <u>Type of Revenue</u> | <u>(Dollars in Thousands)</u> | | | |
|------------------------|-----------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | <u>Actual</u> <u>F.Y. 1988</u> | <u>Estimate</u> <u>F.Y. 1989</u> | <u>Estimate</u> <u>F.Y. 1990</u> | <u>Estimate</u> <u>F.Y. 1991</u> |
| Dedicated - special | \$ 2 | \$ 2 | \$ 2 | \$ 2 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : ADMINISTRATION,DPT OF
PROGRAM : INFORMATION POLICY OFFICE
BUDGET ACTIVITY : LOCAL GOVERNMENT RECORDS MANAGEMENT

| EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|----------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 14 | 0 | 34 | 0 | 34 | 34 | 34 | 0 | 34 | 34 |
| EXPENSES/CONTRACTUAL SRVCS | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| MISC OPERATING EXPENSES | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| REDISTRIBUTIONS | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL EXPENDITURES | 19 | 0 | 34 | 0 | 34 | 34 | 34 | 0 | 34 | 34 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 0 | 0 | 34 | 0 | 34 | 34 | 34 | 0 | 34 | 34 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| FEDERAL | 19 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL FINANCING | 19 | 0 | 34 | 0 | 34 | 34 | 34 | 0 | 34 | 34 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 1.0 | 1.0 | 1.0 | 0.0 | 1.0 | 1.0 | 1.0 | 0.0 | 1.0 | 1.0 |
| TOTAL POSITIONS | 1.0 | 1.0 | 1.0 | 0.0 | 1.0 | 1.0 | 1.0 | 0.0 | 1.0 | 1.0 |

PROGRAM: INTERAGENCY PROJECTS
Agency: ADMINISTRATION, DEPARTMENT OF

1990-91 Biennial Budget

PROGRAM PURPOSE:

To provide a program area in which budget requests for information systems activity that, by their very nature, must cut across agency missions and jurisdictions. The natural development of information systems will be to increasingly blur the boundaries among the various existing state agencies. We will also be working to integrate systems to serve multiple missions in order to achieve effective economies of scale. Currently, progress along these lines can be impeded because the sponsors of interagency projects frequently have no "natural" constituency around which to develop resources. The Department of Administration believes strongly that there are now, and will continue to be, highly meritorious interagency systems projects which deserve a hearing. Also, because the department is responsible for creating and implementing a statewide information architecture, the commissioner believes that the department should be a primary sponsor of interagency projects which support that architecture.

EXPLANATION OF BUDGET REQUEST:

As this is a new program, there are no BASE level funding requests. There is a CHANGE request for \$1,500,000 in F.Y. 1990 from the General Fund to support the development of a state, public sector, "back-bone" telecommunications network. The request also includes 7.0 revolving fund positions in F.Y. 1990 and 9.0 revolving fund positions in F.Y. 1991. This includes the working capital to set up a revolving fund which will:

- a) lease sufficient capacity; and
- b) support the development of an organizational structure to implement and provide long-term management of this facility.

This is a fundamental portion of a statewide telecommunications network.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the funding as requested except for a biennial reduction of \$500,000 in the General Fund for contributed capital.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : ADMINISTRATION,DPT OF
PROGRAM : INTERAGENCY PROJECTS
BUDGET ACTIVITY : STATEWIDE BACKBONE NETWORK

| | | | F.Y. 1990 | | | | F.Y. 1991 | | | | |
|---|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|--|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | |
| EXPENDITURES: | FY 1988 | FY 1989 | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | | |
| DETAIL BY CATEGORY: | | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | | |
| REDISTRIBUTIONS | 0 | 0 | 0 | 1,500 | 1,500 | 1,000 | 0 | 0 | 0 | 0 | |
| TOTAL EXPENDITURES | 0 | 0 | 0 | 1,500 | 1,500 | 1,000 | 0 | 0 | 0 | 0 | |
| CHANGE REQUESTS: | FUND | | | | | | | | | | |
| B ESTABLISHING THE STATEWIDE BACKBONE GEN NETWORK | | | | 1,500 | | 1,000 | | 0 | | 0 | |
| TOTAL CHANGE REQUESTS | | | | 1,500 | | 1,000 | | 0 | | 0 | |
| SOURCES OF FINANCING: | | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | | |
| GENERAL | 0 | 0 | 0 | 1,500 | 1,500 | 1,000 | 0 | 0 | 0 | 0 | |
| TOTAL FINANCING | 0 | 0 | 0 | 1,500 | 1,500 | 1,000 | 0 | 0 | 0 | 0 | |
| POSITIONS BY FUND: | | | | | | | | | | | |
| COMPUTER SVS (ISF) | 0.0 | 0.0 | 0.0 | 7.0 | 7.0 | 7.0 | 0.0 | 9.0 | 9.0 | 9.0 | |
| TOTAL POSITIONS | 0.0 | 0.0 | 0.0 | 7.0 | 7.0 | 7.0 | 0.0 | 9.0 | 9.0 | 9.0 | |

CHANGE REQUEST 1990-91 Biennial Budget
 _____ Agency _____ Program X Activity

ACTIVITY: STATE BACKBONE NETWORK
 PROGRAM: INTERAGENCY PROJECTS
 AGENCY: ADMINISTRATION, DEPARTMENT OF

REQUEST TITLE: ESTABLISHING THE STATEWIDE BACKBONE NETWORK

| | F.Y. 1990 | | F.Y. 1991 | |
|--------------------------|-----------|-----------|-----------|-----------|
| | (000's) | | (000's) | |
| Agency Request | Amount | Positions | Amount | Positions |
| General Fund | \$1,500 | -0- | \$ -0- | -0- |
| Revolving Fund Positions | -0- | 7.0 | -0- | 9.0 |

Governor's Recommendation

| | | | | |
|--------------------------|---------|-----|--------|-----|
| General Fund | \$1,000 | -0- | \$ -0- | -0- |
| Revolving Fund Positions | -0- | 7.0 | -0- | 9.0 |

Request requires statutory change: X Yes _____ No
 Statutes Affected: M.S. 1988, Sec. 16B.46

STATEMENT OF REQUEST/OBJECTIVE:

Seven revolving fund positions in the first year of the biennium and 2.0 additional in the 2nd year and contributed capital of \$1,500,000 in F.Y. 1990.

DESCRIPTION/BACKGROUND:

The Department of Administration is coordinating a statewide effort to assess and jointly meet the communication network needs of all state agencies, county government, municipalities, education, libraries, and various boards and commissions. The anticipated results are the implementation of a state backbone network to transport voice, data, and video applications. This network will require administrative, operational, and management support. The working capital will be needed for a \$3 1/2 million to \$4 million revolving fund.

RATIONALE:

Individually, agencies would not need to provide and cost-justify redundant staffing and tools to manage telecommunications facilities for service applications. Coordinated needs will permit the sharing of facilities for more cost-effectiveness. Information and network usage expertise would be available to assist customers with strategic planning and resource allocation.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the funding as requested except for a biennial reduction of \$500,000 in the General Fund request for contributed capital.

1990-91 BIENNIAL BUDGET

PROGRAM STRUCTURE

AGENCY: ADMINISTRATIVE HEARINGS, OFFICE OF

PROGRAM

ACTIVITIES

SECTION

PAGE

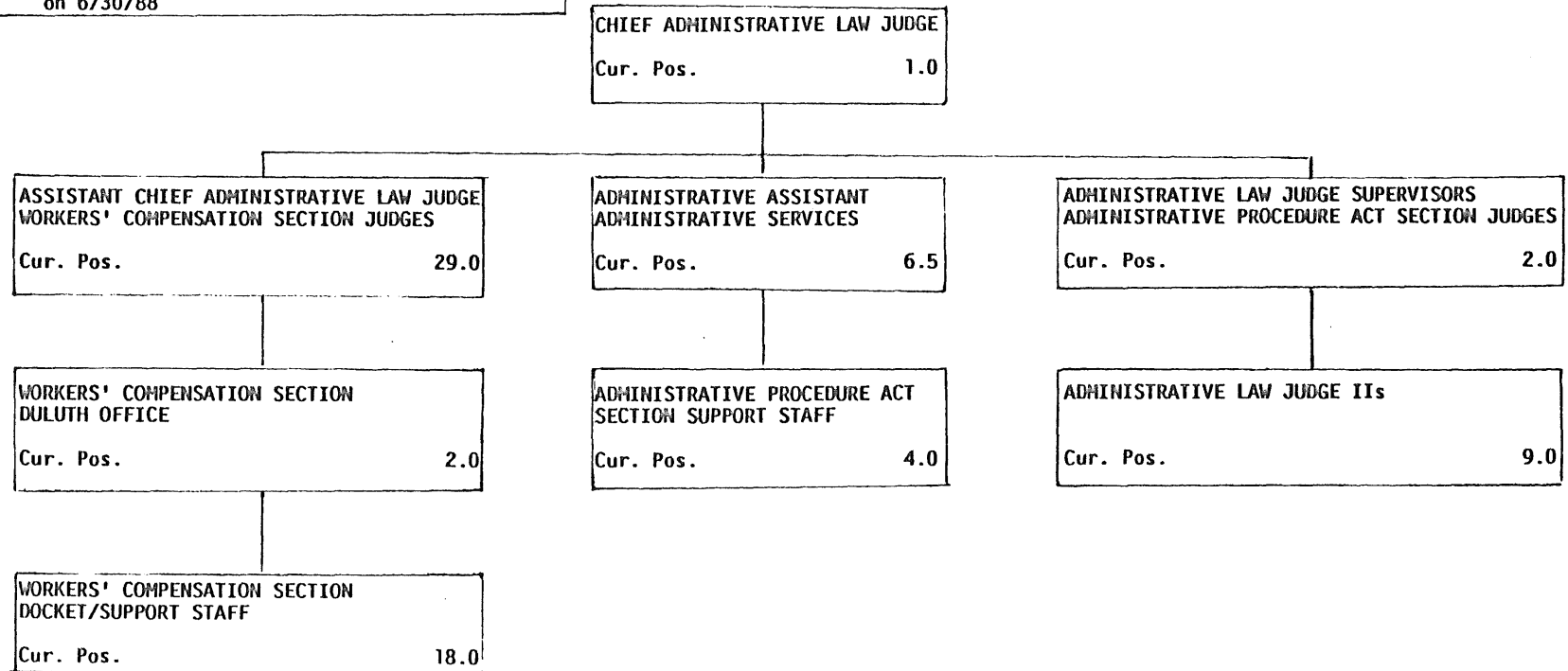
ADMINISTRATIVE HEARINGS-----| Administrative Procedure Act
Workers' Compensation

4

166
169

OFFICE OF ADMINISTRATIVE HEARINGS
ORGANIZATION CHART 7-1-88

| Position Reconciliation | | |
|---------------------------|------------------|--------------------------|
| Authority: | Current FY 89 | Requested For 6/30/91 |
| Legislative Complement: | | |
| Special Revenue Fund | 52.0 | 52.0 |
| Revolving Fund | 19.5 | 19.5 |
| TOTAL Permanent Positions | 71.5 | 71.5 |
| Student Worker | 1.0 | 1.0 |
| TOTAL Positions | <u>72.5</u> | <u>72.5</u> |
| Employees on 6/30/88 | 72.5 | |



AGENCY: ADMINISTRATIVE HEARINGS, OFFICE OF

1990-91 Biennial Budget

AGENCY PURPOSE:

The office is a non-regulatory, service agency which conducts contested case and rulemaking hearings pursuant to the Administrative Procedure Act and adjudicates the rights of injured employees pursuant to the Workers' Compensation Law. The office conducts hearings, compiles the official record of the hearing, and issues recommendations for action or final orders, depending on the law under which the hearing is conducted.

The primary aim of the office is to provide fair and expeditious administrative hearings at the lowest possible cost to all participants.

OPERATION AND CLIENTELE:

The office operates out of a main location in Minneapolis where 18 hearing rooms and 68.5 of the 71.5 authorized complement positions are headquartered. We have 3 hearing rooms in St. Paul and an office and 2 hearing rooms in Duluth where 2 employees are located. One employee is located in West St. Paul and is involved in a pilot project for the conduct of child support hearings for Dakota County. Additionally, the office conducts hearings in every county of the state, the specific locations being selected on the basis of convenience to the parties involved in the hearings. Most of the non-metropolitan area hearings are conducted in county courthouses or city halls at no cost to this office or the participants.

Primary clients of the office are state agencies, injured workers and/or their dependents, employers and their worker's compensation carriers, attorneys, local units of government including cities, counties and school districts, and other citizens of the state whose rights may be affected by state agency actions.

The office has 1 program, the conduct of administrative hearings. The program is divided into 2 activity areas, workers' compensation, M.S. 1988, Ch. 176, and those hearings conducted pursuant to the Minnesota Administrative Procedure Act (APA), M.S. 1988, Ch. 14. The workers' compensation activity is funded by a direct legislative appropriation from the Special Workers' Compensation Fund, while the APA activity is funded entirely by a revolving account.

In general, the goals of both activities are to increase the efficiency of the hearing process while ensuring that all parties are provided due process in accordance with the laws governing the conduct of these administrative hearings. A reduction in the time required to conclude the hearing process has been a primary goal. An increase in the number of cases decided by the office with an overall reduction in the time required to process workers' compensation cases has been experienced.

Details of the office's operation are provided in the activity pages which follow.

ATTORNEY GENERAL COSTS:

| | (Dollars in Thousands) | | | |
|----------------------------------|------------------------|----------------------|---------------------------------------|--------|
| | Actual F.Y. 1988 | Act/Est F.Y. 1989 | Agency Request F.Y. 1990 F.Y. 1991 | |
| Fees for Legal Services Rendered | | | | |
| Fees Assessed | \$ -0- | \$ -0- | \$ -0- | \$ -0- |
| Fees Paid | -0-* | -0-* | -0- | -0- |
| Requested Budget | -0- | -0- | -0- | -0- |

* Paid only \$300.00 from Administrative Law Judge (ALJ) Revolving Fund F.Y. 1988.

BUDGET ISSUES:

The office requests that the 6 position reduction in Laws, 1987, Chap. 404, Sec. 15, to be imposed on the workers' compensation activity when the office can hold a hearing within 6 months of the date a claim petition is filed be accomplished through attrition. This would avoid the disruption in work flow, loss of valuable expertise, and obvious hardship to the employees, which would occur if the reduction were implemented through layoffs.

EXPLANATION OF BUDGET REQUEST:

The office receives a direct appropriation for the workers' compensation activity from the Special Workers' Compensation Fund and operates on a revolving fund for the Administrative Procedure Act activity. No new positions are being requested. It is anticipated that improvements in the time required to process cases can be accomplished with the existing complement.

| <u>INDEX</u> | (Dollars in Thousands) | | <u>Page</u> |
|--------------------|------------------------------------|--|-------------|
| | Agency Request 1990-91 Biennium | Governor's Recommendation 1990-91 Biennium | |
| | All Funds | All Funds | |
| BASE Level Request | \$ 8,580 | \$ 8,580 | |
| AGENCY Total | \$ 8,580 | \$ 8,580 | |

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

AADH.AGY
1-12-89

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : ADMINISTRATIVE HRNGS

| PROGRAM EXPENDITURES: | F.Y. 1990 | | | | | | F.Y. 1991 | | | |
|---------------------------|-----------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | FY 1988 | FY 1989 | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| ADMINISTRTRV HEARINGS | 4,219 | 4,180 | 4,290 | 0 | 4,290 | 4,290 | 4,290 | 0 | 4,290 | 4,290 |
| TOTAL EXPENDITURES | 4,219 | 4,180 | 4,290 | 0 | 4,290 | 4,290 | 4,290 | 0 | 4,290 | 4,290 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| WORKERS COMP SPECIAL | 2,977 | 2,889 | 2,999 | 0 | 2,999 | 2,999 | 2,999 | 0 | 2,999 | 2,999 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| ENTERPRISE | 1,242 | 1,291 | 1,291 | 0 | 1,291 | 1,291 | 1,291 | 0 | 1,291 | 1,291 |
| TOTAL FINANCING | 4,219 | 4,180 | 4,290 | 0 | 4,290 | 4,290 | 4,290 | 0 | 4,290 | 4,290 |
| POSITIONS BY FUND: | | | | | | | | | | |
| WORKERS COMP SPECIAL | 52.0 | 52.0 | 52.0 | 0.0 | 52.0 | 52.0 | 52.0 | 0.0 | 52.0 | 52.0 |
| ENTERPRISE | 18.5 | 19.5 | 19.5 | 6.0 | 25.5 | 25.5 | 19.5 | 6.0 | 25.5 | 25.5 |
| TOTAL POSITIONS | 70.5 | 71.5 | 71.5 | 6.0 | 77.5 | 77.5 | 71.5 | 6.0 | 77.5 | 77.5 |

ACTIVITY: ADMINISTRATIVE PROCEDURE ACT 1990-91 Biennial Budget
Program: ADMINISTRATIVE HEARINGS
Agency: ADMINISTRATIVE HEARINGS, OFFICE OF

PURPOSE:

To conduct fair and expeditious contested case and rulemaking administrative hearings at the lowest possible cost to all participants, as required by the Minnesota Administrative Procedure Act (APA) and related statutes.

DESCRIPTION:

This activity conducts hearings for approximately 120 state agencies and political subdivisions of the state pursuant to authority in M.S. 1988, Ch. 14. The administrative law judges conduct all prehearing conferences and hearings, complete all necessary legal research and issue recommendations for final agency action, except for cases involving OSHA, the Human Rights Act, special education, personnel disciplinary actions and certain other cases. In those cases, the report is a final decision and appealable directly to the courts. During this biennium, the office has also engaged in a pilot project relating to child support cases in Dakota County which is designed to evaluate the efficiency of the administrative process in hearing and deciding such cases. The pilot has proven successful in reducing the backlog of child support cases and increasing the amount of child support payments collected in Dakota County.

Hearings conducted involve the rights, duties or privileges of the state's people and business entities and those outside of the state who do business within the state. The hearings include all administrative hearings conducted by the state with the major exceptions being corrections, unemployment compensation, those cases within the jurisdiction of the Bureau of Mediation Services and appeals from public assistance eligibility determinations. Workers' compensation hearings are conducted by the other activity within this office.

This activity operates on a total revolving fund, billing the user agency for services provided. Fee charged are approved on an annual basis by the Department of Finance.

| <u>EFFECTIVENESS MEASURES:</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|--|------------------|------------------|------------------|------------------|
| Hearings Completed and Reports/Orders Issued | 417 | 450 | 450 | 450 |
| Average Days to Issue Reports/Orders | 16 | 16 | 16 | 16 |
| Total Hours of Hearing | 2,718 | 2,935 | 2,935 | 2,935 |
| Agency Expenditures | 1,173,020 | | | |

| <u>STATISTICS:</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|---------------------|------------------|------------------|------------------|------------------|
| Files Opened/Closed | 667/702 | 900/935 | 935/935 | 935/935 |
| Hearing Hours | 2,718 | 2,935 | 2,935 | 2,935 |
| Hours Billed | 14,677 | 16,850 | 16,850 | 16,850 |

REVENUE:

This activity generates dedicated revenue.

| <u>Type of Revenue</u> | <u>(Dollars in Thousands)</u> | | | |
|------------------------|-----------------------------------|---------------------------------|--------------------------------|--------------------------------|
| | <u>Actual</u> <u>F.Y. 1988</u> | <u>Est</u> <u>F. Y. 1989</u> | <u>Est</u> <u>F.Y. 1990</u> | <u>Est</u> <u>F.Y. 1991</u> |
| Dedicated | \$ 1,103 | \$ 1,234 | \$ 1,247 | \$ 1,247 |
| Total Revenue | \$ 1,103 | \$ 1,234 | \$ 1,247 | \$ 1,247 |

BUDGET ISSUES:

No new positions are being requested. The anticipated increase in hours of hearing will be offset by efficiencies in producing the resulting reports with existing complement and through the use of technical/professional contracts, as the need may arise. The anticipated increase in filings is due primarily to an expedited appeals system established by Minn. Laws 1988, Ch. 689, M.S. 164, to deal with long term care rate appeals from the Department of Human Services. These cases will only require a review of written submissions; therefore, this can be accomplished with existing complement and the use of technical/professional contracts.

EXPLANATION OF BUDGET REQUEST:

The office is not requesting a direct appropriation for this activity as it operates entirely on a revolving fund.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : ADMINISTRATIVE HRNGS
PROGRAM : ADMINISTRTV HEARINGS
BUDGET ACTIVITY : ADMINISTRTV HEARINGS

| EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|----------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 790 | 925 | 925 | 0 | 925 | 925 | 925 | 0 | 925 | 925 |
| EXPENSES/CONTRACTUAL SRVCS | 281 | 219 | 219 | 0 | 219 | 219 | 219 | 0 | 219 | 219 |
| MISC OPERATING EXPENSES | 37 | 39 | 39 | 0 | 39 | 39 | 39 | 0 | 39 | 39 |
| SUPPLIES/MATERIALS/PARTS | 34 | 14 | 14 | 0 | 14 | 14 | 14 | 0 | 14 | 14 |
| CAPITAL EQUIPMENT | 64 | 20 | 20 | 0 | 20 | 20 | 20 | 0 | 20 | 20 |
| REDISTRIBUTIONS | 24 | 30 | 30 | 0 | 30 | 30 | 30 | 0 | 30 | 30 |
| TOTAL EXPENDITURES | 1,230 | 1,247 | 1,247 | 0 | 1,247 | 1,247 | 1,247 | 0 | 1,247 | 1,247 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| ENTERPRISE | 1,230 | 1,247 | 1,247 | 0 | 1,247 | 1,247 | 1,247 | 0 | 1,247 | 1,247 |
| TOTAL FINANCING | 1,230 | 1,247 | 1,247 | 0 | 1,247 | 1,247 | 1,247 | 0 | 1,247 | 1,247 |
| POSITIONS BY FUND: | | | | | | | | | | |
| ENTERPRISE | 18.5 | 19.5 | 19.5 | 6.0 | 25.5 | 25.5 | 19.5 | 6.0 | 25.5 | 25.5 |
| TOTAL POSITIONS | 18.5 | 19.5 | 19.5 | 6.0 | 25.5 | 25.5 | 19.5 | 6.0 | 25.5 | 25.5 |

CHANGE REQUEST 1990-91 Biennial Budget
 _____ Agency _____ Program X Activity

ACTIVITY: ADMINISTRATIVE PROCEDURE ACT
 PROGRAM: ADMINISTRATIVE HEARINGS
 AGENCY: ADMINISTRATIVE HEARINGS, OFFICE OF

REQUEST TITLE: OFFICE OF ADMINISTRATIVE HEARINGS
 CHILD SUPPORT HEARING PROGRAM

| | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-------------------|-----------|-------------------|-----------|
| Agency Request | (000's) Amount | Positions | (000's) Amount | Positions |
| Revolving Fund | \$ -0- | 6.0 | \$ -0- | 6.0 |
| Governor's Recommendation | | | | |
| Revolving Fund | \$ -0- | 6.0 | \$ -0- | 6.0 |

Request requires statutory change: X Yes _____ No
 Statutes Affected: M.S. 518.551, Subd. 10

STATEMENT OF REQUEST/OBJECTIVE:

The above positions are requested to allow the office to conduct child support enforcement hearings in 16 counties. By letter dated November 17, 1988, the federal government advised the Minnesota Department of Human Services that 16 counties must implement an expedited administrative process because required time frames for processing child support cases had not been met. Failure to implement the process would result in sanctions involving loss of some federal matching funds.

DESCRIPTION/BACKGROUND:

During the last biennium, the Office of Administrative Hearings engaged in a pilot project relating to child support enforcement in Dakota County which was designed to evaluate the efficiency of the administrative process in hearing and deciding such cases. The process has proven successful in reducing delays, increasing collections, and allowing county attorneys to dedicate their time to other matters, such as paternity actions. Child support officers are allowed to appear before administrative law judges in these matters and county attorney representation is not required.

Currently, the Dakota County pilot project involves two days of hearings per week with approximately 16 cases assigned per day. In calendar year 1987, prior to the commencement of the project, 358 court orders were issued establishing child support. Since the project's commencement in January of 1988, approximately 900 orders have been issued under the administrative

process calendar year 1988. In the 16 counties listed by the federal government to which the project is to be expanded, 1736 court orders establishing child support were issued during state fiscal year 1988. If the same increase in orders issued is experienced in these counties as was in Dakota County, approximately 5 times the work or 10 hearing days per week will be involved. Additionally, since those counties are scattered throughout the state, significant travel time could be involved.

| STATISTICS: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|---------------|-----------|-----------|-----------|-----------|
| Hearing Hours | | | 2,500 | 2,500 |
| Hours Billed | | | 4,500 | 4,500 |

RATIONALE:

In order to accomplish the extension of the administrative process for Child Support Enforcement, 3.0 additional Administrative Law Judge positions would be required, 1.0 position to coordinate with District Court Personnel and provide technical assistance to the Administrative Law Judges, 1.0 Legal Secretary and 1.0 Data Entry Operator. The program would be operated through the revolving fund.

| | (Dollars in Thousands) | | | |
|--------------------------|------------------------|-----------|-----------|-----------|
| BASE: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| Revolving Fund Expend. | \$ 33 | \$ 66 | \$ 66 | \$ 66 |
| Revolving Fund Positions | 1.0 | 1.0 | 1.0 | 1.0 |

| | (Dollars in Thousands) | | |
|--------------------------|------------------------|-----------|--------|
| LONG RANGE IMPLICATIONS: | F.Y. 1992 | F.Y. 1993 | Total |
| Revolving Fund Expend. | \$ 399 | \$ 399 | \$ 798 |
| Revolving Fund Positions | 6.0 | 6.0 | 6.0 |

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

ACTIVITY: WORKERS' COMPENSATION
Program: ADMINISTRATIVE HEARINGS
Agency: ADMINISTRATIVE HEARINGS, OFFICE OF (OAH)

1990-91 Biennial Budget

PURPOSE:

To conduct fair and expeditious workers' compensation hearings within the jurisdiction conferred on Workers' Compensation Judges. This objective is shared, in part, with the Department of Labor and Industry. The effectiveness measures produced below are now shared with other activities.

DESCRIPTION:

This activity requires the office to handle to a conclusion all contested workers' compensation cases, within our jurisdiction, which are not settled prior to certification to our office from the Department of Labor and Industry. Included are the review of settlements and issuance of awards on these settlements; deciding motions and issuing orders granting and denying the motions; issuance of pretrial orders; regular hearings; scheduling of court reporters or arranging for the tape recording of all hearings; issuance of final decisions; awarding of attorney's fees; taxation of costs to prevailing parties; processing all appeals; and handling cases remanded from the Court of Appeals. The end result of these services is the awarding of compensation to injured workers when they are entitled to the benefits pursuant to M.S. 1986, Ch. 176. The activity impacts all injured workers and their families, all employers and their insurers, and the State Special Compensation Fund.

Approximately 75% of the hearings are conducted in the metropolitan area with the remainder being heard all around the state. During F.Y. 1988, this office issued approximately 11,180 orders and 8,200 hearing and pretrial notices including 1,230 Findings of Fact and Conclusions of Law and Orders and 3,304 awards following receipt of stipulated settlements.

During F.Y. 1988, this office received from the Department of Labor and Industry 4,016 cases for hearing, broken down as follows: a) Claim Petitions-2,648 (approximately 20% on which hardship affidavits were filed); b) medical/rehabilitation cases-482; c) Objections to Discontinuance-503; d) Petitions to Discontinue-119; e) miscellaneous-264. 1,104 of the total cases received in F.Y. 1988 involved medical/rehabilitation, Objections to Discontinuance and Petitions to Discontinue and were scheduled to be heard within 30-60 days of the receipt of the file by OAH. Claim Petitions granted hardship status were expedited on the calendar to be heard within 4-6 months of the filing of the affidavit of hardship.

With the employment of an additional 10 Compensation Judges effective 7-1-87 we have been able to lower the time from filing of Claim Petition to hearing date in outstate Minnesota excluding the Duluth area to 6 months. As of 8-10-88 the time between filing a Claim Petition and hearing date in the metro area of Minnesota was 13 months. As we have already heard the 20% of Claim Petitions filed in the last 6 months which were hardship cases, we anticipate a continuing lowering of the lag time on Claim Petitions between filing and the hearing date. We project that lag time to be reduced on Claim Petitions by 12-31-89 to 6 months for the metro area.

EFFECTIVENESS MEASURES:

| | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|--|------------------|------------------|------------------|------------------|
| (Claim Petitions Only) | | | | |
| Average No. of Days to Issue Decisions | 25 | 24 | 23 | 22 |
| No. of Days to Issue Awards on Settlements | 4.0 | 3.5 | 3.0 | 3.0 |
| No. of Awards Issued on Settlements | 3,304 | 3,500 | 3,600 | 3,700 |
| No. of Decisions Issued | 1,230 | 1,300 | 1,325 | 1,350 |
| No. of Months Between Filing Claim Petition and Hearing Date | 15 | 9 | 6 | 6 |

STATISTICS:

| | <u>F.Y. 1985</u> | <u>F.Y. 1986</u> | <u>F.Y. 1987</u> | <u>F.Y. 1988</u> |
|---|------------------|------------------|------------------|------------------|
| Files Received for Hearing at OAH/Disposed of by OAH | 3387/3422 | 3988/3396 | 4765/3855 | 4016/4920 |
| Average Time from Close of Record to Issuance of Decision | 31 days | 28 days | 30 days | 26 days |
| Average Time from Receipt of Stipulation to Issuance of Award | 4 days | 4 days | 4 days | 4 days |

REVENUE:

This activity generates dedicated revenue.

| <u>Type of Revenue</u> | <u>(Dollars in Thousands)</u> | | | |
|------------------------|-------------------------------|---------------------------|---------------------------|---------------------------|
| | <u>Actual F.Y. 1988</u> | <u>Estimate F.Y. 1989</u> | <u>Estimate F.Y. 1990</u> | <u>Estimate F.Y. 1991</u> |
| Dedicated | \$ 20 | \$ 21 | \$ 21 | \$ 21 |
| Total Revenue | \$ 20 | \$ 21 | \$ 21 | \$ 21 |

EXPLANATION OF BUDGET REQUEST:

The office receives a direct appropriation for the workers' compensation activity from the Special Workers' Compensation Fund. No new positions are being requested. Effectiveness measures can be accomplished with existing complement.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : ADMINISTRATIVE HRNGS
PROGRAM : ADMINISTRTY HEARINGS
BUDGET ACTIVITY : WORKERS COMPENSATION JUDGES

| | | | F.Y. 1990 | | | | F.Y. 1991 | | | |
|----------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| EXPENDITURES: | FY 1988 | FY 1989 | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 2,278 | 2,390 | 2,500 | 0 | 2,500 | 2,500 | 2,500 | 0 | 2,500 | 2,500 |
| EXPENSES/CONTRACTUAL SRVCS | 299 | 348 | 348 | 0 | 348 | 348 | 348 | 0 | 348 | 348 |
| MISC OPERATING EXPENSES | 106 | 122 | 122 | 0 | 122 | 122 | 122 | 0 | 122 | 122 |
| SUPPLIES/MATERIALS/PARTS | 101 | 32 | 32 | 0 | 32 | 32 | 32 | 0 | 32 | 32 |
| CAPITAL EQUIPMENT | 204 | 41 | 41 | 0 | 41 | 41 | 41 | 0 | 41 | 41 |
| REDISTRIBUTIONS | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL EXPENDITURES | 2,989 | 2,933 | 3,043 | 0 | 3,043 | 3,043 | 3,043 | 0 | 3,043 | 3,043 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| WORKERS COMP SPECIAL | 2,977 | 2,889 | 2,999 | 0 | 2,999 | 2,999 | 2,999 | 0 | 2,999 | 2,999 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| ENTERPRISE | 12 | 44 | 44 | 0 | 44 | 44 | 44 | 0 | 44 | 44 |
| TOTAL FINANCING | 2,989 | 2,933 | 3,043 | 0 | 3,043 | 3,043 | 3,043 | 0 | 3,043 | 3,043 |
| POSITIONS BY FUND: | | | | | | | | | | |
| WORKERS COMP SPECIAL | 52.0 | 52.0 | 52.0 | 0.0 | 52.0 | 52.0 | 52.0 | 0.0 | 52.0 | 52.0 |
| TOTAL POSITIONS | 52.0 | 52.0 | 52.0 | 0.0 | 52.0 | 52.0 | 52.0 | 0.0 | 52.0 | 52.0 |

AGENCY: CAPITOL AREA ARCHITECTURAL AND
PLANNING BOARD

1990-91 Biennial Budget

AGENCY PURPOSE: The Capitol Area Architectural and Planning Board (CAAPB) is the planning and regulatory agency responsible for architectural design and comprehensive planning for the Capitol Area. Within this area of St. Paul, the CAAPB has exclusive zoning jurisdiction and design review over both the state government complex and the surrounding commercial and residential areas.

The CAAPB's role is to preserve and enhance the Capitol Area's unique aesthetic and historic character, and to plan and guide its future development

Objectives of the CAAPB are:

- Prevent inappropriate development, and encourage appropriate residential, commercial, and state development as outlined in the Comprehensive Plan.
- Maintain existing open space and improve and increase such space, and the public's enjoyment thereof, through park development.
- Provide for efficient traffic movement and adequate parking, and participate in mass transit planning so that the Capitol Area achieves its maximum importance and accessibility.
- Protect and enhance the architectural integrity of the Capitol Building, grounds, and immediately-adjacent buildings by providing standards for their maintenance, restoration, and future development.
- Organize and administer design competitions in a fair and effective manner such that the best design solutions are selected for state building programs, and monitor construction such that the designs are actually realized.

OPERATION AND CLIENTELE: The CAAPB is governed by a 10 member board chaired by the Lieutenant Governor. The other 9 members are appointed as follows: 4 by the Governor, 3 by the Mayor of St. Paul, and 1 each by the Senate and House of Representatives.

The CAAPB has a 3 person staff composed of the Executive Secretary, a planner, and a secretary. There is also a professional advisory committee of 3 architects who by law are required to advise the board on all architectural and planning matters. This technical advisory committee is appointed as follows: 1 by the State Arts Board, 1 by the Minnesota Society of American Institute of Architects, and 1 by the board itself.

The agency's importance is reflected in the magnitude of its responsibilities. The CAAPB is responsible for maintaining and updating a comprehensive plan for the entire area; recommending capital improvements to the Legislature and the Governor; providing development information and guidelines to private developers and state and city agencies; developing and supervising standards for the repair, restoration, furnishing, and maintenance of the Capitol Building; and conducting specific studies and implementing various programs which will result in the preservation and enhancement of the Capitol Area.

| REVENUE/RECEIPTS: | | (Dollars in Thousands) | | | | |
|-----------------------|-----------|------------------------|-----------|-----------|-----------|--|
| ACTIVITY | F.Y. 1987 | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 | |
| Non-Dedicated Revenue | \$ 2.1 | \$ 1.2 | \$ 1.5 | \$ 1.5 | \$ 2.5 | |

ACCOMPLISHMENTS:

1. The CAAPB has completed the following studies and reports: Capitol Area

Parking and Traffic Circulation Studies; A History of the Minnesota State Capitol Area; Rice/University Development Area Study; A Preservation and Planning Study for the Capitol's Public and Ceremonial Areas; Capitol Mall Animation Study; Capitol Mall Construction Techniques Assessment, and several reports resulting from the 4 architectural competitions, including 4 jury reports, 4 design framework studies, and 4 sets of competition regulations. The CAAPB is producing a Cyclical Maintenance Manual for the Capitol building.

2. CAAPB members and staff have actively served on and organized various metro and local planning bodies, including the Taste of Minnesota Committee, Capitol Area Housing Committee, the Governor's Office Renovation Committee, the Capitol Building Working Group, the History Center Site Development Task Force, the North Capitol Area Development Working Group, the Landscape Advisory Committee, St. Paul Downtown Community Development Council, District 7 Community Council, Public Art St. Paul, Wonderful Wabasha Planning Committee, Downtown Council, Downtown Entrance Enhancement Committee, Lower Cathedral Hill Task Force, University United-East University, and the Metro Council's Light-Rail Transit Study.
3. Four major architectural competitions have been conducted, resulting in the selection of designs for the new Judicial Building, History Center, Capitol Mall, and the State Office Building parking ramp.
4. Restoration of the Capitol Building has continued, the Capitol Area's parking and traffic circulation needs have been addressed, and design guidelines for the I-94 freeway bridges are being developed.
5. The area's public improvements are being programmed in a comprehensive and coordinated manner thus ensuring efficient expenditure of public funds; for example; a) parking needs are being evaluated concurrently with Landscaping improvements and building expansion; b) landscaping elements for all major projects-Judicial Building, History Center, I-94 Freeway Bridges, and the Capitol Mall are being coordinated and integrated into a cohesive whole.
6. The Capitol Building and its grounds are achieving a more appropriate prominence as a place for Minnesota's civic celebrations and public events, while sufficient safeguards are protecting the state's investment in this area.

BUDGET ISSUES: Development activity in the Capitol Area has increased dramatically in the past biennium. Public construction in the Capitol complex has demanded much of the CAAPB's time reviewing architectural and engineering plans, developing capital improvement budgets, monitoring implementation, and coordinating various capital improvements, both state and city.

Private development has also increased within the area. CAAPB planners work to ensure compatibility with the Comprehensive Plan and compliance with the Zoning Ordinance.

Although the board's workload has increased fourfold, funding for additional positions has not. The agency's CHANGE request addresses this problems.

EXPLANATION OF BUDGET REQUEST: The CHANGE request in the budget document does not reflect the development of any new programs or projects. The funds requested are needed to support the existing workload.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the funding as requested, except for a biennial reduction of \$80,000 and 1.0 position in the request for additional staff.

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : CAPTL AREA ARCH/PLNG
PROGRAM : CAPTL ARCH/PLAN COMM
BUDGET ACTIVITY : CAPTL ARCH/PLAN COMM

| F.Y. 1990 | | | | | | | F.Y. 1991 | | | |
|----------------------------|---------|----------------|------|--------|-----------------------|----------------|-----------|--------|-----------------------|-------|
| | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | |
| EXPENDITURES: | FY 1988 | FY 1989 | BASE | CHANGE | | TOTAL | BASE | CHANGE | | TOTAL |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 111 | 117 | 118 | 80 | 198 | 168 | 118 | 80 | 198 | 148 |
| EXPENSES/CONTRACTUAL SRVCS | 81 | 87 | 43 | 0 | 43 | 43 | 43 | 0 | 43 | 43 |
| MISC OPERATING EXPENSES | 13 | 11 | 11 | 0 | 11 | 11 | 11 | 0 | 11 | 11 |
| SUPPLIES/MATERIALS/PARTS | 11 | 4 | 4 | 0 | 4 | 4 | 4 | 0 | 4 | 4 |
| CAPITAL EQUIPMENT | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| REAL PROPERTY | 188 | 400 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL EXPENDITURES | 406 | 619 | 176 | 80 | 256 | 226 | 176 | 80 | 256 | 206 |
| CHANGE REQUESTS: | FUND | | | | | | | | | |
| B ADDITIONAL STAFFING | GEN | | | 80 | | 50 | | 80 | | 30 |
| TOTAL CHANGE REQUESTS | | | | 80 | | 50 | | 80 | | 30 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 406 | 619 | 176 | 80 | 256 | 226 | 176 | 80 | 256 | 206 |
| TOTAL FINANCING | 406 | 619 | 176 | 80 | 256 | 226 | 176 | 80 | 256 | 206 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 3.0 | 3.0 | 3.0 | 3.0 | 6.0 | 5.0 | 3.0 | 3.0 | 6.0 | 5.0 |
| TOTAL POSITIONS | 3.0 | 3.0 | 3.0 | 3.0 | 6.0 | 5.0 | 3.0 | 3.0 | 6.0 | 5.0 |

CHANGE REQUEST X Agency _____ Program _____ Activity _____ 1990-91 Biennial Budget

ACTIVITY:

PROGRAM:

AGENCY: CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD (CAAPB)

REQUEST TITLE: ADDITIONAL STAFF

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|----------------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 80 | 3.0 | \$ 80 | 3.0 |
| Governor's Recommendation | | | | |
| General Fund | \$ 50 | 2.0 | \$ 30 | 2.0 |

Request requires statutory change: _____ Yes X No

Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The requested positions will enable the CAAPB to efficiently solve the current staff shortage and more effectively meet existing statutory responsibilities.

DESCRIPTION/BACKGROUND:

This request will provide for 3 additional complement staff positions. Currently the CAAPB is staffed by 3 complement positions (an Administrative Secretary, a Planner, and the Executive Secretary) and 4 temporary positions. Three of these 4 positions are necessary to successfully complete current projects in the Capitol Area, including: the Minnesota History Center, Judicial Building, Capitol Building Restoration, I-94 Freeway Bridges Construction, and parking improvements. The 3 positions needed are: a Financial Officer (\$27,000), a Planner (\$31,000), and Clerk Typist (\$22,000). A total ADD amount of \$80,000 for F.Y. 1990 and \$80,000 for F.Y. 1991.

Financial Officer: The Legislative Auditor's Office recently completed a CAAPB audit for F.Y.s 1984-87. This report indicated a need for improved financial management and control. Although the CAAPB is jointly responsible with the Department of Administration for the fiscal management of numerous significant planning and project budgets, the CAAPB currently oversees budgets totalling more than \$2.5 million. This position is requested to fulfill this continuing responsibility.

Clerk Typist: Increased development and coordination efforts of the CAAPB have created a dire need for additional clerical assistance. This workload and limited staff has forced us to rely on temporary clerical personnel which is time-consuming, costly, and ineffective.

Planner: An additional planner is requested to replace a current temporary planner position. Because of the temporary nature of this position, we have been unable to keep experienced planners for more than 1 year. This results in a costly and time-consuming search for new personnel, considerable train-

ing, and a lengthy transitional period following a turnover. This planner position is needed to coordinate the development of the Judicial Building, Capitol Mall Restoration, parking improvements, potential development in the North Capitol Area, and transit issues.

Both the recent Legislative Auditor's Report and an internal personnel assessment have indicated that these 3 positions are crucial to achieve efficient fiscal management and effective implementation of previously authorized state building programs.

RATIONALE:

Increased private and public development in the Capitol Area has strained the CAAPB's resources to such a point that we will no longer be able to fulfill our responsibilities unless we are able to have staff continuity and expertise.

Critical development decisions are now being made which will impact Minnesota's Capitol Area for decades to come.

The increased appropriation will enable us to ensure that development will occur in a manner compatible with the Capitol Area's Comprehensive Plan, the Capitol Building, and the state's previous investment.

| BASE: | (Dollars in Thousands) | | | |
|---------------------------|------------------------|-----------|-----------|-----------|
| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| General Fund Expenditures | \$ 172 | \$ 167 | \$ 167 | \$ 167 |
| General Fund Positions | 3.0 | 3.0 | 3.0 | 3.0 |

| LONG RANGE IMPLICATIONS: | (Dollars in Thousands) | | |
|---------------------------|------------------------|-----------|--------|
| | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund Expenditures | \$ 80 | \$ 80 | \$ 160 |
| General Fund Positions | 3.0 | 3.0 | 3.0 |

GOVERNOR'S RECOMMENDATION:

The Governor recommends the funding as requested, except for a biennial reduction of \$80,000 and 1.0 position.

1990-91 BIENNIAL BUDGET

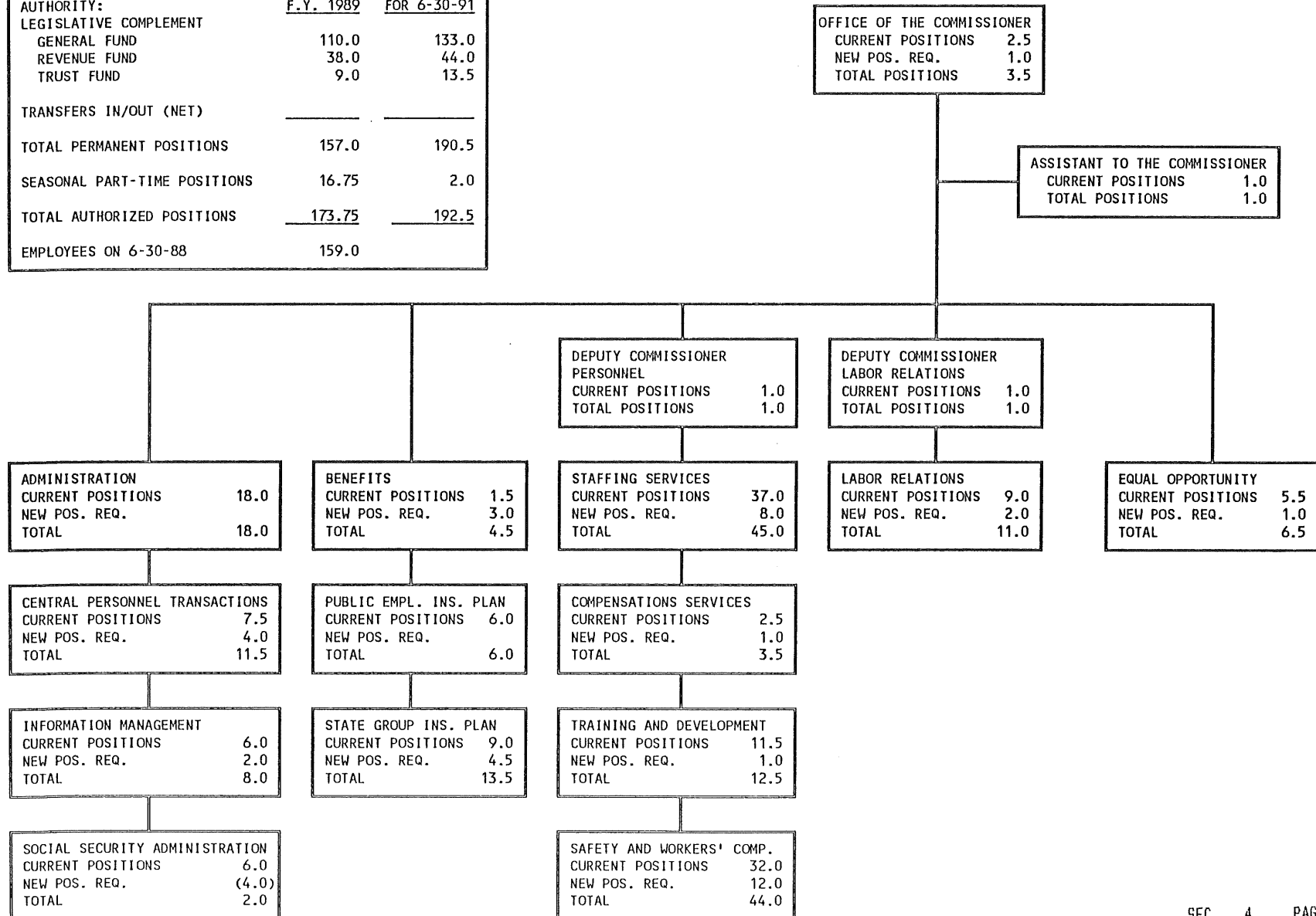
PROGRAM STRUCTURE

AGENCY: EMPLOYEE RELATIONS, DEPARTMENT OF

| <u>PROGRAMS</u> | <u>ACTIVITIES</u> | <u>SECTION</u> | <u>PAGE</u> |
|-----------------------|------------------------------------|----------------|-------------|
| ADMINISTRATION ----- | Administration | 4 | 181 |
| | Central Personnel Transactions | | 184 |
| | Information Management | | 188 |
| | Social Security Administration | | 192 |
| BENEFITS ----- | State Group Insurance Plan | | 196 |
| | Public Employees Insurance Plan | | 199 |
| LABOR RELATIONS ----- | Labor Relations | | 201 |
| PERSONNEL ----- | Compensation and Staffing Services | | 208 |
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| | | | 220 |

DEPARTMENT OF EMPLOYEE RELATIONS
ORGANIZATION CHART 7-1-88

| POSITION RECONCILIATION | | |
|------------------------------|----------------------|--------------------------|
| AUTHORITY: | CURRENT F.Y. 1989 | REQUESTED FOR 6-30-91 |
| LEGISLATIVE COMPLEMENT | | |
| GENERAL FUND | 110.0 | 133.0 |
| REVENUE FUND | 38.0 | 44.0 |
| TRUST FUND | 9.0 | 13.5 |
| TRANSFERS IN/OUT (NET) | _____ | _____ |
| TOTAL PERMANENT POSITIONS | 157.0 | 190.5 |
| SEASONAL PART-TIME POSITIONS | 16.75 | 2.0 |
| TOTAL AUTHORIZED POSITIONS | <u>173.75</u> | <u>192.5</u> |
| EMPLOYEES ON 6-30-88 | 159.0 | |



1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : EMPLOYEE RELTNS,DPT

| PROGRAM EXPENDITURES: | F.Y. 1990 | | | | | | F.Y. 1991 | | | |
|---------------------------|-----------|---------|----------------|--------|---------|--------------------|----------------|--------|---------|--------------------|
| | FY 1988 | FY 1989 | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| ADMINISTRATION | 1,988 | 2,099 | 2,001 | 1,388 | 3,389 | 2,511 | 1,874 | 431 | 2,305 | 2,142 |
| BENEFITS | 111,398 | 136,538 | 146,506 | 121 | 146,627 | 146,506 | 146,506 | 121 | 146,627 | 146,506 |
| LABOR RELATIONS | 453 | 469 | 484 | 141 | 625 | 484 | 484 | 83 | 567 | 484 |
| PERSONNEL | 19,963 | 21,854 | 22,851 | 3,104 | 25,955 | 25,633 | 23,223 | 2,737 | 25,960 | 25,557 |
| TOTAL EXPENDITURES | 133,802 | 160,960 | 171,842 | 4,754 | 176,596 | 175,134 | 172,087 | 3,372 | 175,459 | 174,689 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 6,615 | 7,969 | 7,665 | 4,754 | 12,419 | 10,957 | 7,665 | 3,372 | 11,037 | 10,267 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| SPECIAL REVENUE | 16,002 | 16,948 | 18,317 | 0 | 18,317 | 18,317 | 18,592 | 0 | 18,592 | 18,592 |
| EMPLOYEE INS TRUST | 110,986 | 135,813 | 145,830 | 0 | 145,830 | 145,830 | 145,830 | 0 | 145,830 | 145,830 |
| AGENCY | 199 | 230 | 30 | 0 | 30 | 30 | 0 | 0 | 0 | 0 |
| TOTAL FINANCING | 133,802 | 160,960 | 171,842 | 4,754 | 176,596 | 175,134 | 172,087 | 3,372 | 175,459 | 174,689 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 107.0 | 110.0 | 110.0 | 22.0 | 132.0 | 121.0 | 110.0 | 23.0 | 133.0 | 122.0 |
| SPECIAL REVENUE | 38.0 | 38.0 | 46.0 | 0.0 | 46.0 | 46.0 | 44.0 | 0.0 | 44.0 | 44.0 |
| EMPLOYEE INS TRUST | 9.0 | 9.0 | 13.5 | 0.0 | 13.5 | 13.5 | 13.5 | 0.0 | 13.5 | 13.5 |
| TOTAL POSITIONS | 154.0 | 157.0 | 169.5 | 22.0 | 191.5 | 180.5 | 167.5 | 23.0 | 190.5 | 179.5 |

PROGRAM : ADMINISTRATION
Agency : EMPLOYEE RELATIONS, DEPARTMENT OF

1990-91 Biennial Budget

PROGRAM PURPOSE:

The Administration program provides direction to the state's personnel and labor relations systems by establishing policies for the executive branch of state government, by managing the department's functions, by preparing and evaluating legislative proposals, by providing liaison with the Legislative Commission on Employee Relations, by promulgating rules, by implementing Administrative Procedures, and by interpreting department activities to state agencies and the public. It also provides budgeting and administrative support for the Department of Employee Relations, administers statewide payroll certification, operates social security administration, administers the Local Government Pay Equity Act, and delivers information management services.

OPERATION:

This program consists of 4 activities:

1. Administration consists of the commissioner's office and executive support staff who administer all activities within the department and provide overall personnel/labor relations direction for the executive branch of state government. It also contains an Administrative Services unit which provides support services to the department.
2. Central Personnel Transactions is responsible for processing all personnel transactions on a statewide basis and entering them into the Personnel/Payroll System which provides paychecks to approximately 35,000 full-time and part-time employees. The activity certifies to the Finance Department that all employees whose name appear on the bi-weekly payroll have been legally appointed and are being paid at the correct salary rate.
3. Information Management provides staff support to the department's information system activities, analyzes data for use in developing personnel/labor relations policy, and produces information for state managers, the Governor's Office, the legislature, and the general public.
4. Social Security Administration was responsible for the reporting of social security wages of employees of the state and political subdivisions and the collection of social security contributions on these wages under the terms of the state social security agreement with the Secretary of Health and Human Services and as set forth in M.S. Ch. 355. Due to a change in federal law effective 1-1-87, this activity no longer collects social security contributions and the activity is being phased out over the next 3 years. The activity now has interim responsibility for verification of previous reporting and reconciliation of records.

Approximately 60% of the Administration programs personnel time and costs are committed to statewide operations.

EXPLANATION OF BUDGET REQUEST:

This budget request will fund the department's internal administrative activities, the statewide payroll certification activity, information management services and social security administration. The purpose of the program is to effectively manage department resources, coordinate office automation, integrate information resources, and manage the personnel portion of the Personnel/Payroll System.

Three CHANGE request items are requested for this program. \$55,000 and 1.0 position each year is requested to ensure that all local units of government comply with the Local Government Pay Equity legislation passed in 1988; \$510,000 and 4.0 permanent (plus 9.0 temporary) positions in F.Y. 1990 and \$268,000 and 4.0 positions in F.Y. 1991 are requested to fund operation and maintenance of the employee and position data bases of the Personnel/Payroll System; \$823,000 and 2.0 positions in F.Y. 1990 and \$108,000 and 2.0 positions in F.Y. 1991 are requested to fund development and management of the Information Management activity, and upgrade office computer systems.

GOVERNOR'S RECOMMENDATION:

The Governor recommends biennial funding of \$778,000 for the operations and maintenance of the employee and position data bases of the Personnel/Payroll System.

1990-91 Biennial Budget

SEC 4 PAGE 177

AGENCY PURPOSE: The Department of Employee Relations is the primary personnel and labor relations manager of the executive branch. It exists to carry out the legislative policy that the state "maintain an efficient and effective merit based personnel management system to meet the management needs of the state and the social, economic and program needs of the people of the state" and to act as the employer for all state employees for the purposes of collective bargaining. The department provides leadership to the various state agencies by fostering and developing a strong, single employer perspective to personnel and labor relations decision-making and administration for the state of Minnesota.

The department is responsible for administering human resource management functions including: recruitment, examination and selection, classification, compensation, employee training, safety and workers' compensation, the state-wide affirmative action program, employee benefits, management information services, and payroll certification. The labor relations function includes negotiation of biennial collective bargaining agreements, contract administration and grievance management, and representation on behalf of the state concerning collective bargaining unit determination.

The department also provides policy level advice to the governor, the legislature, and their staffs on personnel and labor relations issues by:

- 1) proposing legislation and actively working for legislative and executive policy initiatives designed to improve the state's personnel and labor relations systems and
- 2) proposing and encouraging equitable and responsive personnel/labor relations management practices for the state as a whole.

OPERATIONS AND CLIENTELE: The department serves 132 operating agencies in state government and their approximately 35,000 employees; personnel, labor relations and affirmative action directors/designees; the legislature and staff; exclusive representatives of the 15 currently represented collective bargaining units; the general public seeking employment in state service; representatives of protected group organizations and organizations involved in affirmative action programs; local units of government which request technical personnel assistance; and for purposes of employee benefits and workers' compensation, University of Minnesota employees.

The department's operations fall into 4 major program areas:

1. Administration establishes policies for the state's personnel and labor relations systems, prepares and evaluates legislative proposals, provides liaison with the legislative Commission on Employee Relations, promulgates rules, and implements Administrative Procedures. It also provides budgeting and administrative support for the Department of Employee Relations, administers statewide payroll certification, operates social security administration, administers the Local Government Pay Equity Act, and delivers information management services.
2. Benefits administers the state's group insurance plan providing hospital, medical, dental, life, disability, and accidental death and dismemberment insurance for approximately 60,000 employees and former employees of state government. It proposes the benefit design, secures coverage, and coordinates a health promotion program for all state employees. It also develops and manages the Public Employees Insurance Plan which will

provide public employees of school districts, cities, counties, and towns with medical, dental, and life insurance benefits.

3. Labor Relations provides direction for the state's labor relations function, negotiates collective bargaining agreements between the state and exclusive representatives of state employees, provides uniform and coordinated contract administration including grievance management and arbitration activities, represents the state in unit determination issues, advises the commissioner on needed statutory and policy changes, and is responsible for setting unfair labor practice allegations prior to litigation.
4. Personnel recruits applicants for state jobs, designs and administers exams, establishes and refers lists of eligible candidates to agencies, and classifies and sets compensation ranges for positions. It coordinates safety programs for state agencies and manages workers' compensation claims for the state and the University of Minnesota. It designs and delivers training programs for all state employees. It also reviews and approves affirmative action plans and monitors the performance of state agencies as well as the activities of seven metropolitan agencies.

ATTORNEY GENERAL COSTS: None.

EXPLANATION OF BUDGET REQUEST: The department's CHANGE level requests in the amount of \$8,126,000 for the biennium fall into 5 categories: 71% will fund implementation of new information systems or the upgrade of existing systems to replace outdated manual systems; 15% will provide resources to meet rapidly increasing workload; 9% will fund the increase in premium of the Workers' Compensation Reinsurance Association; 2% will allow us to carry out new legislative mandates; and 3% will fund the department's single new initiative, the Career Development Grant Program.

The upgrade, implementation, coordination and integration of information systems is the department's number one priority. A comprehensive planning process has identified the information needs for which funding is sought. A \$3,905,000 biennial appropriation will fund a redesigned applicant processing system to replace a 15 year old, inefficient, and costly system which is 80% manual. \$778,000 will fund the final phase of the transfer and automation of the on-line employee and position history portions of the Personnel/Payroll System. \$144,000 will fund an automated grievance tracking system to replace the current manual system which has proven too cumbersome to operate. \$931,000 will complete office automation so that staff and operating agencies have access to the information systems and will further provide for overall management and integration of the new and existing systems.

The workload of the department and expectations of the public, employees and agencies have increased significantly. \$200,000 is requested to fund expanded training activities; \$608,000 will allow us to meet the increased demands on the applicant processing system; \$184,000 will give us the capability to meet new federal guidelines in the area of compensation; and \$242,000 will provide services to retired and COBRA eligible members of the state Group Insurance Plan.

Premiums have increased for state's mandatory participation in the Workers' Compensation Reinsurance Association, \$708,000 will fund the increase

The legislature has assigned responsibilities to the department in the area of pay equity and affirmative action for metropolitan agencies. \$186,000 will provide staff to carry out those new responsibilities.

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : EMPLOYEE RELTNS,DPT
PROGRAM : ADMINISTRATION

| | | F.Y. 1990 | | | | | F.Y. 1991 | | | | |
|--|-----|-----------|---------|----------------|--------|-------|--------------------|-------|----------------|-------|--------------------|
| | | | | AGENCY REQUEST | | | | | AGENCY REQUEST | | |
| ACTIVITY EXPENDITURES: | | FY 1988 | FY 1989 | BASE | CHANGE | TOTAL | GOVERNOR'S RECOMM. | BASE | CHANGE | TOTAL | GOVERNOR'S RECOMM. |
| ADMINISTRATION | | 1,197 | 1,215 | 1,301 | 55 | 1,356 | 1,301 | 1,301 | 55 | 1,356 | 1,301 |
| B LOCAL GOVERNMENT PAY EQUITY | GEN | | | | 55 | | 0 | | 55 | | 0 |
| CENTRAL PERSONNEL TRANSACTIONS | | 245 | 239 | 254 | 510 | 764 | 764 | 254 | 268 | 522 | 522 |
| B PERSONNEL/PAYROLL SYSTEM | GEN | | | | 510 | | 510 | | 268 | | 268 |
| INFORMATION MANAGEMENT | | 254 | 309 | 319 | 823 | 1,142 | 319 | 319 | 108 | 427 | 319 |
| B MANAGEMENT AND DEV OF INFORMATION RESOURCE | GEN | | | | 823 | | 0 | | 108 | | 0 |
| SOCIAL SECURITY ADMINISTRATION | | 292 | 336 | 127 | 0 | 127 | 127 | 0 | 0 | 0 | 0 |
| TOTAL EXPENDITURES | | 1,988 | 2,099 | 2,001 | 1,388 | 3,389 | 2,511 | 1,874 | 431 | 2,305 | 2,142 |
| SOURCES OF FINANCING: | | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | | |
| GENERAL | | 1,696 | 1,763 | 1,874 | 1,388 | 3,262 | 2,384 | 1,874 | 431 | 2,305 | 2,142 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | | |
| SPECIAL REVENUE | | 93 | 106 | 97 | 0 | 97 | 97 | 0 | 0 | 0 | 0 |
| AGENCY | | 199 | 230 | 30 | 0 | 30 | 30 | 0 | 0 | 0 | 0 |
| TOTAL FINANCING | | 1,988 | 2,099 | 2,001 | 1,388 | 3,389 | 2,511 | 1,874 | 431 | 2,305 | 2,142 |
| POSITIONS BY FUND: | | | | | | | | | | | |
| GENERAL | | 33.5 | 37.0 | 37.0 | 7.0 | 44.0 | 41.0 | 37.0 | 7.0 | 44.0 | 41.0 |
| SPECIAL REVENUE | | 6.0 | 6.0 | 2.0 | 0.0 | 2.0 | 2.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| TOTAL POSITIONS | | 39.5 | 43.0 | 39.0 | 7.0 | 46.0 | 43.0 | 37.0 | 7.0 | 44.0 | 41.0 |

ACTIVITY: ADMINISTRATION
Program: ADMINISTRATION
Agency: EMPLOYEE RELATIONS, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE :

The Administration activity provides services in several broad categories.

The Office of the Commissioner is responsible for providing leadership and overall policy direction to the state's personnel management and labor relations systems for the executive branch of government. This activity:

1. Manages the Department of Employee Relations;
2. Conducts the department's legislative activities;
3. Communicates with the public and other clientele of the department;
4. Promulgates rules and establishes Administrative Procedures which are needed for statewide consistency;
5. Administers political activity and code of ethics provisions;
6. Hears appeals in accordance with personnel rules and grievances in accordance with the plans for non-represented employees; and
7. Administers The Local Government Pay Equity Act.

In addition, the activity provides liaison and communication with the Governor's Office, members and staff of the Legislature, and other state and federal agencies.

Administrative Services is responsible for providing support services to the entire department. This includes budgeting and accounting, personnel management, office management, maintenance of statewide personnel files, mail services, word processing, data entry, and other related services necessary for day-to-day operations.

Statutory Reference: M.S. Ch. 43A.

| <u>STATISTICS:</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|---|------------------|------------------|------------------|------------------|
| No. of legislative bills reviewed. | 210 | 420 | 225 | 450 |
| No. of legislative inquiries annually. | 240 | 290 | 280 | 320 |
| No. of accounting transactions processed. | 13,967 | 20,000 | 21,000 | 22,000 |
| No. of authors served by word processing. | 80 | 100 | 117 | 125 |
| No. of forms keyed by data entry. | 287,836 | 317,562 | 525,500 | 400,000 |

REVENUE:

None

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : EMPLOYEE RELTNS,DPT
PROGRAM : ADMINISTRATION
BUDGET ACTIVITY : ADMINISTRATION

| F.Y. 1990 | | | | | | | F.Y. 1991 | | | |
|-------------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| EXPENDITURES: | FY 1988 | FY 1989 | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 810 | 814 | 900 | 47 | 947 | 900 | 900 | 47 | 947 | 900 |
| EXPENSES/CONTRACTUAL SRVCS | 221 | 255 | 255 | 2 | 257 | 255 | 255 | 2 | 257 | 255 |
| MISC OPERATING EXPENSES | 26 | 27 | 27 | 6 | 33 | 27 | 27 | 6 | 33 | 27 |
| SUPPLIES/MATERIALS/PARTS | 62 | 49 | 49 | 0 | 49 | 49 | 49 | 0 | 49 | 49 |
| CAPITAL EQUIPMENT | 78 | 70 | 70 | 0 | 70 | 70 | 70 | 0 | 70 | 70 |
| TOTAL EXPENDITURES | 1,197 | 1,215 | 1,301 | 55 | 1,356 | 1,301 | 1,301 | 55 | 1,356 | 1,301 |
| CHANGE REQUESTS: | FUND | | | | | | | | | |
| B LOCAL GOVERNMENT PAY EQUITY | GEN | | | | 55 | 0 | | | | 0 |
| TOTAL CHANGE REQUESTS | | | | 55 | | 0 | | 0 | | |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 1,197 | 1,215 | 1,301 | 55 | 1,356 | 1,301 | 1,301 | 55 | 1,356 | 1,301 |
| TOTAL FINANCING | 1,197 | 1,215 | 1,301 | 55 | 1,356 | 1,301 | 1,301 | 55 | 1,356 | 1,301 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 21.5 | 23.5 | 23.5 | 1.0 | 24.5 | 23.5 | 23.5 | 1.0 | 24.5 | 23.5 |
| TOTAL POSITIONS | 21.5 | 23.5 | 23.5 | 1.0 | 24.5 | 23.5 | 23.5 | 1.0 | 24.5 | 23.5 |

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: ADMINISTRATION
PROGRAM: ADMINISTRATION
AGENCY: EMPLOYEE RELATIONS, DEPARTMENT OF

REQUEST TITLE: LOCAL GOVERNMENT PAY EQUITY

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 55 | 1.0 | \$ 55 | 1.0 |
| Governor's Recommendation | | | | |
| General Fund | \$ -0- | -0- | \$ -0- | -0- |

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests funds and a 2-year position to ensure that all local units of government comply with the Local Government Pay Equity Act. Legislation passed in 1988 requires the Commissioner of Employee Relations to make determinations on "equitable compensation relationships" for all cities, counties, and school districts of the state having ten or more employees after notice and consultation with local officials. The position will determine standards of compliance with pay equity, consult with local officials, review information provided by the local governments, make determinations about implementation of pay equity, and waive requirements as necessary.

DESCRIPTION/BACKGROUND:

In 1984, the legislature passed the Local Government Pay Equity Act which affects 1,377 local jurisdictions and an estimated 163,000 workers. Each local government was required to conduct a job evaluation study, identify any inequities, develop a plan for correcting the inequities, and report to the Department of Employee Relations. The department was directed to provide technical assistance to local officials and to report the results of these studies to the legislature.

In 1987, the legislature passed a law which established a financial penalty for schools which did not submit a pay equity report by 10-1-87, and which did not achieve full pay equity implementation by 12-31-91. In 1988, the legislature passed a similar provision which imposed penalties on cities and counties which did not report by 10-1-88, and which did not achieve full implementation by 12-31-91. Jurisdictions who are found to be out of compliance with pay equity standards by 12-31-91, receive a 5% reduction in state aids.

LOCAL GOVERNMENTS:

October, 1986

| | |
|-------------------------------------|---------|
| No. of local jurisdictions: | 1,377 |
| Counties | 87 |
| Cities | 855 |
| School districts | 435 |
| No. of local government employees:* | 158,879 |
| Cities | 40,440 |
| Counties | 35,876 |
| School districts | 82,563 |

* Based on Public Employment in 1986, U.S. Dept. of Commerce, Bureau of the Census

RATIONALE:

The department has been providing technical assistance and receiving and reviewing reports from local officials since 1985 without any funds or staff. The department, however, has not had to make determinations about the accuracy of the pay equity reports, but has simply checked to make sure that information required by statute has been included in the reports. The 1987 legislation for school districts and the 1988 legislation for cities and counties requires the department to make determinations on whether or not each jurisdiction has achieved "equitable compensation relationships." This requires reviewing each report, checking that the job evaluation system is reasonable, and determining whether or not wages have been equalized between male and female employees. With 1,377 jurisdictions required to report, and with substantial financial penalties at stake, the department can no longer carry out this responsibility on an ad hoc basis.

BASE: None.

LONG RANGE FUNDING IMPLICATIONS: None.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Although the request has merit, other spending priorities preclude additional funding.

ACTIVITY: CENTRAL PERSONNEL TRANSACTIONS 1990-91 Biennial Budget
Program: ADMINISTRATION
Agency: EMPLOYEE RELATIONS, DEPARTMENT OF

PURPOSE:

The Central Personnel Transactions activity is responsible for:

1. Reviewing and processing approximately 8,000 personnel and position transactions bi-weekly which affects approximately 35,000 state employees in 42,300 positions;
2. Ensuring the legality of these transactions in accordance with statute, Administrative Procedures, rules, policies, and collective bargaining agreements and the Commissioner's and Managers Plans;
3. Certifying to the Department of Finance that all employees whose names appear on a bi-weekly payroll have been legally appointed and are being paid at the correct rate of pay;
4. Providing 134 operating agencies a centralized source for the coordination, approval and interpretation of policy or procedures as they relate to the processing of personnel transactions.

Statutory Reference: M.S. Ch. 43A.37.

EFFECTIVENESS MEASURES: F.Y. 1988 F.Y. 1989 F.Y. 1990 F.Y. 1991

| | | | | |
|--|----------|----------|------------|------------|
| No. of legislative audit recommendations as a result of annual audits. | 1 | -0- | -0- | -0- |
| No./% of transactions corrected and/or returned bi-weekly. | 1,280/16 | 1,280/16 | 1,408/17.6 | 1,408/17.6 |
| % of employees paid at correct hourly rate. | 100 | 100 | 100 | 100 |

STATISTICS: F.Y. 1988 F.Y. 1989 F.Y. 1990 F.Y. 1991

| | | | | |
|---|---------|---------|---------|---------|
| No. of personnel and position transactions processed. | 208,000 | 208,000 | 228,800 | 228,800 |
| Average no. of inquiries per day from operating agencies. | 160 | 160 | 200 | 200 |

REVENUE:

None.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : EMPLOYEE RELTNS,DPT
PROGRAM : ADMINISTRATION
BUDGET ACTIVITY : CENTRAL PERSONNEL TRANSACTIONS

| EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|----------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 214 | 214 | 229 | 230 | 459 | 459 | 229 | 136 | 365 | 365 |
| EXPENSES/CONTRACTUAL SRVCS | 29 | 21 | 21 | 279 | 300 | 300 | 21 | 132 | 153 | 153 |
| MISC OPERATING EXPENSES | 2 | 3 | 3 | 1 | 4 | 4 | 3 | 0 | 3 | 3 |
| SUPPLIES/MATERIALS/PARTS | 0 | 1 | 1 | 0 | 1 | 1 | 1 | 0 | 1 | 1 |
| TOTAL EXPENDITURES | 245 | 239 | 254 | 510 | 764 | 764 | 254 | 268 | 522 | 522 |
| CHANGE REQUESTS: | FUND | | | | | | | | | |
| B PERSONNEL/PAYROLL SYSTEM | GEN | | | 510 | | 510 | | 268 | | 268 |
| TOTAL CHANGE REQUESTS | | | | 510 | | 510 | | 268 | | 268 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 245 | 239 | 254 | 510 | 764 | 764 | 254 | 268 | 522 | 522 |
| TOTAL FINANCING | 245 | 239 | 254 | 510 | 764 | 764 | 254 | 268 | 522 | 522 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 7.0 | 7.5 | 7.5 | 4.0 | 11.5 | 11.5 | 7.5 | 4.0 | 11.5 | 11.5 |
| TOTAL POSITIONS | 7.0 | 7.5 | 7.5 | 4.0 | 11.5 | 11.5 | 7.5 | 4.0 | 11.5 | 11.5 |

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: CENTRAL PERSONNEL TRANSACTIONS
PROGRAM: ADMINISTRATION
AGENCY: EMPLOYEE RELATIONS, DEPARTMENT OF

REQUEST TITLE: PERSONNEL/PAYROLL SYSTEM

| | F.Y. 1990 | | F.Y. 1991 | |
|----------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| Agency Request | | | | |
| General Fund | \$ 510 | 4.0 | \$ 268 | 4.0 |

Governor's Recommendation

| | | | | |
|--------------|--------|-----|--------|-----|
| General Fund | \$ 510 | 4.0 | \$ 268 | 4.0 |
|--------------|--------|-----|--------|-----|

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests funds and 4 positions for the operations and maintenance of the employee and position data bases of the Personnel/Payroll System. The objective is to assume responsibility, from the Department of Finance, for the employee and position portions of the Personnel/Payroll System, along with employee history information during F.Y. 1990.

DESCRIPTION/BACKGROUND:

The present Personnel/Payroll System was developed and implemented in 1979 and is currently administered by the Department of Finance. This system contains personal, appointment, payroll, and employee history information on approximately 35,000 state employees. In addition, this system contains information on approximately 42,300 positions. The Department of Finance is responsible for the payroll portion of the system which includes hours reporting, withholding, deductions, and leave reporting. The Department of Employee Relations is responsible for the maintenance of data for state employees covering personal, appointment, history and position information. As required by M.S. Chapter 43A, the Department of Employee Relations must ensure accurate processing of all transactions for employees and positions in the executive branch and certify to the Department of Finance that all employees whose names appear on the bi-weekly payroll have been legally appointed and are being paid at the correct salary rate.

During 1985, a study was conducted to determine the feasibility of on-line processing of employee and position transactions and on-line maintenance of employee and position history data. Upon completion of the feasibility study, the decision was made to implement these changes in 2 phases. It was determined to be cost effective to implement the on-line employee and position history portions of the project as the first phase. Anticipated cost savings were estimated at \$432,742 annually.

In 1986, the Department of Finance requested and received funds from the

legislature to implement this phase of the project. Along with this phase the file structure of the employee and position data base will be changed to 'SUPRA' to facilitate the sharing of this data among systems while improving security of unshared data. The anticipated completion date for this phase is 6-30-89.

| STATISTICS: | (Dollars in Thousands) | | | |
|--|------------------------|-----------|-----------|-----------|
| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| No. of inquiries annually into the Personnel/Payroll System. | 20,800 | 20,800 | 500,000 | 250,000 |
| No. of personnel and position transactions processed. | 208,000 | 208,000 | 228,800 | 228,800 |
| No. of employee and positions history records maintained. | 35,000 | 35,000 | 147,300 | 147,300 |

RATIONALE:

The Department of Employee Relations will assume sole responsibility for the employee and position portions of the Personnel/Payroll System along with the history data bases currently being developed under a new file structure in F.Y. 1990. The current level of funding is not sufficient to cover the additional costs associated with the maintenance and operation of this system. In addition, Intertech has indicated they will be reducing support to agencies for the type of systems design and programming services necessary to maintain this system.

Two positions will be needed in the Information Management Services area which would be responsible for maintenance, security, modifications and documentation of this system on an on-going basis. In addition, 2.0 support positions will be needed; one in data entry and the other in the Central Personnel Transactions unit to assist with the increased volume of transactions and on-line inquiries and maintenance of the employee and position history data bases. Funding is also requested for 9.0 temporary positions for 6 months during F.Y. 1990. These positions will be used during the history conversion project for verifying data and entering corrections into the system.

The benefits anticipated to agencies providing employee and position data stored and maintained centrally are:

1. The need for agencies to duplicate the entry and storage of employee and position data in their own systems will be reduced or eliminated.
2. The need for manual record keeping by agencies will be reduced.
3. Routine personnel reports will be more timely since agencies will be able to produce them on their own schedules.
4. The need for manual compilation of data to satisfy ad hoc requests for information will be reduced.
5. Employment and position history will be available on-line, making this information readily accessible without manual record keeping.
6. The new file structure will allow the Human Resource Information System project (HRIS) currently being developed as a STEP project to proceed.

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget
(Continuation)

ACTIVITY: CENTRAL PERSONNEL TRANSACTIONS
PROGRAM: ADMINISTRATION
AGENCY: EMPLOYEE RELATIONS, DEPARTMENT OF

7. The framework is set for the second phase of the project which is on-line employee and position transaction processing.

Consequences of not funding this request are substantial. When the current funding level is depleted, the Personnel/Payroll System can no longer be updated with changes affecting employee and position data resulting in incorrect payments to employees; no modifications can be made that may be needed as a result of new legislation or collective bargaining; agencies will proceed to develop 'in house' personnel systems which is more costly and does not provide uniform information; personnel reporting for agencies, governor and legislature will be reduced or eliminated and the HRIS project being developed by STEP will be unable to be implemented.

BASE: None.

| <u>LONG RANGE FUNDING IMPLICATIONS:</u> | <u>(Dollars in Thousands)</u> | | |
|---|-------------------------------|------------------|--------------|
| | <u>F.Y. 1992</u> | <u>F.Y. 1993</u> | <u>Total</u> |
| General Fund Expenditures | \$ 268 | \$ 268 | \$ 536 |

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

ACTIVITY: INFORMATION MANAGEMENT
 Program: ADMINISTRATION
 Agency: EMPLOYEE RELATIONS, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

The Information Management activity supports the management of state human resource information so that:

- 1) information is available for statewide personnel and labor relations management,
- 2) statewide systems operate efficiently and effectively,
- 3) technology to facilitate the delivery of services to agencies is available to department staff.

EFFECTIVENESS MEASURES: F.Y. 1988 F.Y. 1989 F.Y. 1990 F.Y. 1991

| | | | | |
|--|----|----|----|----|
| % of salary conversion modifications to the employee database that were generated automatically. | 75 | 98 | 90 | 98 |
|--|----|----|----|----|

DESCRIPTION:

The Information Management activity supports personnel/labor relations management and operations by providing:

1. Support for the development and maintenance of a departmental information plan;
2. Support for statewide human resource information systems development, maintenance and operation;
3. Information for use in developing and evaluating personnel and labor relations policies;
4. Support for the acquisition, maintenance and operation of departmental technological resources.

This activity primarily serves other activities of the Department of Employee Relations, but also provides information directly to other managers of personnel and labor relations, affirmative action directors/designees, the legislature and staff, exclusive representatives of state employees, the news media, and the general public.

This activity is providing increasing support for 4 major statewide systems: the personnel/payroll system (shared with the Department of Finance), the job application processing system (currently under redevelopment), the insurance system (recently implemented), and state workers' compensation claims administration system (currently running on the Department of Labor and Industry's hardware). Several smaller departmental systems are also maintained and operated by this activity.

STATISTICS: F.Y. 1988 F.Y. 1989 F.Y. 1990 F.Y. 1991

| | | | | |
|------------------------------------|-----|-----|-----|-----|
| No. of information requests filled | 500 | 600 | 650 | 700 |
| No. of major systems supported | 1 | 2 | 4 | 4 |
| No. of PCs or terminals in use | 50 | 90 | 140 | 140 |

REVENUE: None.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : EMPLOYEE RELTNS,DPT
PROGRAM : ADMINISTRATION
BUDGET ACTIVITY : INFORMATION MANAGEMENT

| EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|---|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 163 | 268 | 278 | 102 | 380 | 278 | 278 | 102 | 380 | 278 |
| EXPENSES/CONTRACTUAL SRVCS | 89 | 36 | 36 | 95 | 131 | 36 | 36 | 5 | 41 | 36 |
| MISC OPERATING EXPENSES | 1 | 3 | 3 | 41 | 44 | 3 | 3 | 1 | 4 | 3 |
| SUPPLIES/MATERIALS/PARTS | 1 | 2 | 2 | 100 | 102 | 2 | 2 | 0 | 2 | 2 |
| CAPITAL EQUIPMENT | 0 | 0 | 0 | 485 | 485 | 0 | 0 | 0 | 0 | 0 |
| TOTAL EXPENDITURES | 254 | 309 | 319 | 823 | 1,142 | 319 | 319 | 108 | 427 | 319 |
| CHANGE REQUESTS: | | | | | | | | | | |
| FUND | | | | | | | | | | |
| B MANAGEMENT AND DEV OF INFORMATION GEN RESOURCE | | | | 823 | | 0 | | 108 | | 0 |
| TOTAL CHANGE REQUESTS | | | | 823 | | 0 | | 108 | | 0 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 254 | 309 | 319 | 823 | 1,142 | 319 | 319 | 108 | 427 | 319 |
| TOTAL FINANCING | 254 | 309 | 319 | 823 | 1,142 | 319 | 319 | 108 | 427 | 319 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 5.0 | 6.0 | 6.0 | 2.0 | 8.0 | 6.0 | 6.0 | 2.0 | 8.0 | 6.0 |
| TOTAL POSITIONS | 5.0 | 6.0 | 6.0 | 2.0 | 8.0 | 6.0 | 6.0 | 2.0 | 8.0 | 6.0 |

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: INFORMATION MANAGEMENT
PROGRAM: ADMINISTRATION
AGENCY: EMPLOYEE RELATIONS, DEPARTMENT OF

REQUEST TITLE: MANAGEMENT AND DEVELOPMENT OF INFORMATION RESOURCES

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|----------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 823 | 2.0 | \$ 108 | 2.0 |

Governor's Recommendation

| | | | | |
|--------------|--------|-----|--------|-----|
| General Fund | \$ -0- | -0- | \$ -0- | -0- |
|--------------|--------|-----|--------|-----|

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests funds and 2.0 positions to provide in-house computer services for the department. The funds will be used to buy out the existing leased computer equipment, add more work stations, increase system capacity, and provide interconnection to the systems and users at InterTech. The 2.0 positions will provide the agency with systems development, maintenance, and coordination.

DESCRIPTION/BACKGROUND:

The department is the central personnel agency of state government and serves a diverse and growing number of clients including the governor, the legislature, other state agencies, state employees, the public, as well as local county and city governments. In 1986, a study of the department indicated that automation of the department's extensive manual procedures, files and records was necessary to meet the needs of its clients. Further, 2 major systems have been recently added to the department: Workers' Compensation and Insurance Administration.

The department uses a mini-computer for departmental word processing, calendaring, scheduling, data entry, spreadsheet, fiscal analysis, payroll transmission, and records management. That system is now leased. By purchasing this system and the new components of the applicant processing system, the department will realize significant cost savings over a lease arrangement. Currently, the system processor and assorted drives and printers support 33 work stations. This request will add 35 additional work stations and the equipment components necessary to support the department's users. In addition, the agency is intending to provide interconnection to the InterTech mainframe computer so that agency users can access the data on that system. The department also intends to provide the ability for users on the InterTech Administrative network to have access to the data and systems on the department computer.

| STATISTICS: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|--|-----------|-----------|-----------|-----------|
| No. of mini-computer users | 19 | 37 | 70 | 70 |
| No. of transactions on state employees and positions | 208,000 | 208,000 | 228,800 | 228,800 |
| Job applications processed | 83,212 | 84,000 | 85,000 | 95,000 |
| Changes to individual insurance records | 105,600 | 75,000 | 106,000 | 80,000 |
| Claims processed for workers' compensation | 32,889 | 34,200 | 36,250 | 36,975 |
| No. of information requests | 500 | 600 | 650 | 700 |
| No. of state agencies accessing mini-computer data base | -0- | -0- | 50 | 100 |
| Average response time (hours) on routine inquiries for information | 48 | 48 | 24 | 24 |

RATIONALE:

The department currently maintains and supports an applicant processing system, an insurance data system, an office automation system, a workers' compensation data system, an affirmative action monitoring system, and various in-house systems used for Human Resource Information reporting. In addition, the department is requesting funding for the second phase of the design, development, and implementation of an improved applicant processing system; assumption of the personnel portion of the Personnel/Payroll System from the Department of Finance; and development of a grievance tracking system. All of these systems must be coordinated and integrated. Department staff must have the necessary hardware and software to access information so that the paper intense manual procedures can be automated, thus improving productivity.

This request will fund hardware, software and staff to begin integrating the departmental systems which will result in improved management decision making, the elimination of many slow and time consuming processes, the conversion of paper records into organized and accessible information data bases, and the reduction of redundant data entry. The majority of funding is for the computer system capacity and work stations necessary to provide office automation, access to application systems/data such as Statewide Accounting, Payroll, Personnel, Insurance, Eligible Lists, and Training Records and most important automation of labor intense manual functions.

The agency needs to establish a centralized position to administer all of the department's management information resources. This new management position would provide a coordination of systems and services to departmental users, facilitate agency business, provide systems planning, and manage in-house MIS resources. The new manager would coordinate systems design, development, modification, maintenance, and utilization. This position would also provide internal management consulting, assistance with the administration of contracts for automation services, as well as ensure system/data backup, recovery, security and privacy. Centralized agency management is also needed to direct the use of current and emerging technology such as telecommunications, optical record storage, facsimile, and personal computers.

A 2nd position is needed to assist agency personnel in the development and use of their systems and data. The additional staff position would support applications on the InterTech mainframe, the mini- and micro-computers such as word processing, records management, and spreadsheets. The position would

CHANGE REQUEST 1990-91 Biennial Budget
 _____ Agency _____ Program X Activity
 (Continuation)

ACTIVITY: INFORMATION MANAGEMENT
 PROGRAM: ADMINISTRATION
 AGENCY: EMPLOYEE RELATIONS, DEPARTMENT OF

perform systems development and provide ongoing processing support. Support and assistance is also needed for other agency users of the modules being developed by the STEP Human Resource Information System Project. Telecommunications and interconnection to other systems for extracting and sharing of data would also be provided.

This request is critical to the information management capability of the department. If this request is not funded, the opportunity to increase productivity is lost, the ability to share and exchange data with other agencies would be limited, overall service to agency clients would suffer, fragmentation and duplication of efforts could occur, and operating costs would increase.

| | (Dollars in Thousands) | | | |
|---------------------------|------------------------|-----------|-----------|-----------|
| BASE: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| General Fund Expenditures | \$ 121 | \$ 121 | \$ 121 | \$ 121 |

| | (Dollars in Thousands) | | |
|----------------------------------|------------------------|-----------|--------|
| LONG RANGE FUNDING IMPLICATIONS: | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund Expenditures | \$ 108 | \$ 108 | \$ 216 |

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Although the request has merit, other spending priorities preclude additional funding.

ACTIVITY: SOCIAL SECURITY ADMINISTRATION 1990-91 Biennial Budget
 Program: ADMINISTRATION
 Agency: EMPLOYEE RELATIONS, DEPARTMENT OF

PURPOSE:

The Social Security Administration activity is in the process of being phased out due to passage of P.L. 99-509 which transferred responsibility for the collection of FICA taxes from the Social Security activity to the Internal Revenue Service.

The purpose of the Social Security activity was to fulfill the state's obligation to provide federal social security or medicare coverage for those state and local government employees authorized by state law, thus assuring each covered individual a correct social security earnings record.

The Social Security activity supervised the reporting of social security wages of state and local government employees and collected the social security contributions on such wages under the terms of the state social security agreement.

However, since passage of P.L. 99-509, all state and local government units are required to submit their social security and medicare taxes directly to the Internal Revenue Service (IRS) beginning with wages paid after 12-31-86. As a result, the Social Security activity will be phased out over the next 3 years.

The Social Security activity will remain responsible for all payments, refunds, collections to previously reported wages, and verification of the accuracy of reporting by state and local government for all years through 1986. Reconciliation of the state's records with the Federal Social Security Administration should be completed by April, 1990. Staff in the Social Security activity has been reduced from 6 full-time employees to 2 full-time employees. Sufficient funds remain in the special revenue fund to carry the activity to its conclusion.

Statutory Reference: M.S. Ch. 355.

REVENUE:

This activity no longer generates dedicated revenue. The activity operates from a special revenue fund of approximately \$200,000 which was annually replenished by charging each government unit a prorata share of the activity's previous fiscal year's expenditures. Since the activity no longer collects social security contributions from state and local government and remits them to the federal government, the last prorata billing was for F.Y. 1987. Sufficient funds remain in this special fund to operate the activity until 1990. The receipts shown for the agency funds are adjustments of social security contributions for calendar year 1986 and prior years.

| | (Dollars in Thousands) | | | |
|---------------------|------------------------|-----------|-----------|-----------|
| | Actual | Act/Est | Estimate | Estimate |
| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| Dedicated - special | \$ 56 | \$ 1 | \$ -0- | \$ -0- |
| Dedicated - agency | 609 | 25 | -0- | -0- |
| Total Revenue | \$ 665 | \$ 26 | \$ -0- | \$ -0- |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : EMPLOYEE RELTNS,DPT
PROGRAM : ADMINISTRATION
BUDGET ACTIVITY : SOCIAL SECURITY ADMINISTRATION

| EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|----------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 61 | 64 | 64 | 0 | 64 | 64 | 0 | 0 | 0 | 0 |
| EXPENSES/CONTRACTUAL SRVCS | 12 | 13 | 12 | 0 | 12 | 12 | 0 | 0 | 0 | 0 |
| MISC OPERATING EXPENSES | 3 | 11 | 3 | 0 | 3 | 3 | 0 | 0 | 0 | 0 |
| SUPPLIES/MATERIALS/PARTS | 0 | 1 | 1 | 0 | 1 | 1 | 0 | 0 | 0 | 0 |
| NON-EXPENSE DISBURSEMENTS | 199 | 230 | 30 | 0 | 30 | 30 | 0 | 0 | 0 | 0 |
| REDISTRIBUTIONS | 17 | 17 | 17 | 0 | 17 | 17 | 0 | 0 | 0 | 0 |
| TOTAL EXPENDITURES | 292 | 336 | 127 | 0 | 127 | 127 | 0 | 0 | 0 | 0 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| SPECIAL REVENUE | 93 | 106 | 97 | 0 | 97 | 97 | 0 | 0 | 0 | 0 |
| AGENCY | 199 | 230 | 30 | 0 | 30 | 30 | 0 | 0 | 0 | 0 |
| TOTAL FINANCING | 292 | 336 | 127 | 0 | 127 | 127 | 0 | 0 | 0 | 0 |
| POSITIONS BY FUND: | | | | | | | | | | |
| SPECIAL REVENUE | 6.0 | 6.0 | 2.0 | 0.0 | 2.0 | 2.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| TOTAL POSITIONS | 6.0 | 6.0 | 2.0 | 0.0 | 2.0 | 2.0 | 0.0 | 0.0 | 0.0 | 0.0 |

PROGRAM: BENEFITS
Agency: EMPLOYEE RELATIONS, DEPARTMENT OF

1990-91 Biennial Budget

PROGRAM PURPOSE:

The Benefits Program develops, coordinates, and implements the State Group Insurance Plan and the Public Employees Insurance Plan. The Division provides policy guidance and technical expertise in the areas of employee insurance and benefits to the Commissioner of Employee Relations, labor relations and the collective bargaining process, and state agencies. In addition, the Division negotiates insurance and third-party-payer contracts to provide for appropriate coverage levels and efficient claims administration.

OPERATION:

The Benefits Program contains 2 activities:

1. The State Group Insurance Plan activity administers the state's group insurance plan providing hospital, medical, dental, life, disability, and accidental death and dismemberment insurance. The activity proposes the benefit design as part of the state's total compensation program; secures coverage specified from a number of vendors at the best prices obtainable; assures a cost effective administrative and financial framework for managing the resources allocated to this purpose; coordinates a health promotion program for all state employees; and provides guidance and advice to the collective bargaining process.

This activity serves approximately 60,000 employees and former employees of the state government including the Executive Branch, the University of Minnesota, retired employees, and other groups participating in the State Group Insurance Program under the provisions of M.S. Ch. 43A.

2. The Public Employees Insurance Plan activity develops and manages a statewide insurance plan which will provide public employees of school districts, cities, counties, and towns with quality medical, dental, and life insurance benefits on a cost effective basis, regardless of the employer's size or geographic location.

EXPLANATION OF BUDGET REQUEST:

This budget will fund the State Group Insurance Plan and the Public Employees Insurance Plan so that state and public employees have access to a quality, cost effective benefit plan.

One CHANGE request item is requested for this program. \$121,000 and 3.0 positions each year are requested to provide service to former legislators and retired members of the state benefit plan and to comply with federal COBRA requirements.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Although the request has merit, other spending priorities preclude additional funding.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : EMPLOYEE RELTNS,DPT
PROGRAM : BENEFITS

| ACTIVITY EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|--|---------|---------|----------------|--------|---------|-----------------------|----------------|--------|---------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| STATE GROUP INSURANCE PLAN | 111,261 | 136,009 | 146,029 | 121 | 146,150 | 146,029 | 146,029 | 121 | 146,150 | 146,029 |
| B RETIREE AND TERMINATED EMPLOYEE GEN INSURANCE | | | | 121 | | 0 | | 121 | | 0 |
| PUBLIC EMPLOYEES INSURANCE PLAN | 137 | 529 | 477 | 0 | 477 | 477 | 477 | 0 | 477 | 477 |
| TOTAL EXPENDITURES | 111,398 | 136,538 | 146,506 | 121 | 146,627 | 146,506 | 146,506 | 121 | 146,627 | 146,506 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 412 | 725 | 676 | 121 | 797 | 676 | 676 | 121 | 797 | 676 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| EMPLOYEE INS TRUST | 110,986 | 135,813 | 145,830 | 0 | 145,830 | 145,830 | 145,830 | 0 | 145,830 | 145,830 |
| TOTAL FINANCING | 111,398 | 136,538 | 146,506 | 121 | 146,627 | 146,506 | 146,506 | 121 | 146,627 | 146,506 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 7.0 | 7.5 | 7.5 | 3.0 | 10.5 | 7.5 | 7.5 | 3.0 | 10.5 | 7.5 |
| EMPLOYEE INS TRUST | 9.0 | 9.0 | 13.5 | 0.0 | 13.5 | 13.5 | 13.5 | 0.0 | 13.5 | 13.5 |
| TOTAL POSITIONS | 16.0 | 16.5 | 21.0 | 3.0 | 24.0 | 21.0 | 21.0 | 3.0 | 24.0 | 21.0 |

ACTIVITY: STATE GROUP INSURANCE PLAN
Program: BENEFITS
Agency: EMPLOYEE RELATIONS, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

The State Group Insurance Plan activity assures that the Employee Benefits Plan Offering meets both employer and employee needs; that this is done in a cost effective manner; that quality care is an essential criteria in all plan offerings; that all offerings are in conformance with state and federal laws and regulations; and that the offerings conform to the provisions of the state's collective bargaining labor agreements and other plans which define terms and conditions of employment.

DESCRIPTION:

The State Group Insurance Plan activity administers the state's plan which serves over 52,000 state, university, and legislatively authorized employees, 7,500 retired employees, an estimated 120,000 dependents, and 1,500 former employees as authorized through the Federal COBRA provisions and the Minnesota continuation law. The activity contains the following functions:

1. Research and Development determines relevant trends and patterns in health care cost and usage; makes recommendations for changes in the state's benefit offering; monitors quality assurance activities of participating health plans; and coordinates the implementation of the Health Plan Premium Expense Account and the Dependent Care Expense Account.
2. Enrollment and Billing processes all applications for insurance; collects premiums through payroll deduction; pays premiums to vendors; provides for record retention and management; and trains and provides ongoing support to Designated Departmental Insurance Representatives located in all agencies and participating entities.
3. Active and Retired Employee Service interprets insurance contracts and benefit coverage provisions for employees; coordinates open enrollment; and participates in pre-retirement training activities.
4. Health Promotion and Employee Education develops programs designed to promote employee lifestyle changes which result in a healthier workforce and a lessened rate of increase in the cost of health care premiums.

STATISTICS:

| | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|---------------------------------------|------------------|------------------|------------------|------------------|
| Employees covered | 52,000 | 52,000 | 52,000 | 52,000 |
| Pre-retirement sessions | 14 | 14 | 14 | 14 |
| Application/change requests processed | 105,600 | 75,000 | 106,000 | 80,000 |
| Telephone calls | 32,000 | 25,000 | 35,000 | 25,000 |

ACCOMPLISHMENTS:

1. Completed computer system conversion from Minnesota Mutual Life System to the Department of Employee Relations for enrollment and billing of employees paid through Central Payroll.

2. Renegotiated financial agreement with Blue Cross/Blue Shield of Minnesota which capped the state's liability at 125% of premium, established financial penalties for inadequate cost control performance, established guidelines for setting rates and stop loss coverage for 1989, and prevented the cancellation of coverage for over 30,000 employees.
3. Restored health plan trust account to appropriate cash position through billings to agency and participating units, and 1988 legislative appropriation.
4. Eliminated health plan deficit of \$27 million.
5. Worked with the Joint Labor Management Committee on Health Care consisting of representatives of all unions negotiating labor contracts with the state, and representatives of the Labor Relations Bureau of the Department of Employee Relations to design specifications to be included in an RFP for a new preferred provider health plan.
6. Negotiated rate renewal for insurance program which held the increase in employer expenditures to 17.5%.
7. Negotiated health plan rating increases which guarantees employees in all counties the ability to choose family coverage for \$6 to \$7 per payroll period.
8. Implemented self-care pilot project in association with Group Health, Inc. and the Minnesota Department of Transportation - Oakdale, designed to reduce health plan utilization through education and employer-provided reference materials.

REVENUE:

This activity generates dedicated revenue from insurance premiums.

| | <u>(Dollars in Thousands)</u> | | | |
|-------------------|-------------------------------|------------------|------------------|------------------|
| | <u>Actual</u> | <u>Act/Est</u> | <u>Estimate</u> | <u>Estimate</u> |
| | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
| Dedicated - Trust | \$ 118,293 | \$ 116,732 | \$ 149,518 | \$ 158,104 |
| Total Revenue | \$ 118,293 | \$ 116,732 | \$ 149,518 | \$ 158,104 |

BASELEVEL REVIEW:

A baselevel review has been completed on the assumptions used to finance the state's employee insurance program. This review is a separate submission to the legislature.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : EMPLOYEE RELTNS,DPT
PROGRAM : BENEFITS
BUDGET ACTIVITY : STATE GROUP INSURANCE PLAN

| | | F.Y. 1990 | | | | | F.Y. 1991 | | | |
|---|------|----------------|---------|---------|-----------------------|----------------|-----------|--------|-----------------------|---------|
| | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | |
| EXPENDITURES: | | FY 1988 | FY 1989 | BASE | CHANGE | TOTAL | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | | 460 | 563 | 583 | 97 | 680 | 583 | 97 | 680 | 583 |
| EXPENSES/CONTRACTUAL SRVCS | | 4,951 | 2,444 | 2,444 | 12 | 2,456 | 2,444 | 12 | 2,456 | 2,444 |
| MISC OPERATING EXPENSES | | 105,048 | 132,849 | 142,849 | 4 | 142,853 | 142,849 | 4 | 142,853 | 142,849 |
| SUPPLIES/MATERIALS/PARTS | | 9 | 13 | 13 | 3 | 16 | 13 | 3 | 16 | 13 |
| CAPITAL EQUIPMENT | | 8 | 23 | 23 | 5 | 28 | 23 | 5 | 28 | 23 |
| DEBT REDEMPTION & PENSIONS | | 755 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| REDISTRIBUTIONS | | 30 | 117 | 117 | 0 | 117 | 117 | 0 | 117 | 117 |
| TOTAL EXPENDITURES | | 111,261 | 136,009 | 146,029 | 121 | 146,150 | 146,029 | 121 | 146,150 | 146,029 |
| CHANGE REQUESTS: | FUND | | | | | | | | | |
| B RETIREE AND TERMINATED EMPLOYEE GEN INSURANCE | | | | | 121 | 0 | | 121 | | 0 |
| TOTAL CHANGE REQUESTS | | | | | 121 | 0 | | 121 | | 0 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | | 275 | 196 | 199 | 121 | 320 | 199 | 121 | 320 | 199 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| EMPLOYEE INS TRUST | | 110,986 | 135,813 | 145,830 | 0 | 145,830 | 145,830 | 0 | 145,830 | 145,830 |
| TOTAL FINANCING | | 111,261 | 136,009 | 146,029 | 121 | 146,150 | 146,029 | 121 | 146,150 | 146,029 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | | 4.0 | 1.5 | 1.5 | 3.0 | 4.5 | 1.5 | 3.0 | 4.5 | 1.5 |
| EMPLOYEE INS TRUST | | 9.0 | 9.0 | 13.5 | 0.0 | 13.5 | 13.5 | 0.0 | 13.5 | 13.5 |
| TOTAL POSITIONS | | 13.0 | 10.5 | 15.0 | 3.0 | 18.0 | 15.0 | 3.0 | 18.0 | 15.0 |

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: STATE GROUP INSURANCE PLAN
PROGRAM: BENEFITS
AGENCY: EMPLOYEE RELATIONS, DEPARTMENT OF

REQUEST TITLE: RETIREE AND TERMINATED EMPLOYEE INSURANCE

| | F.Y. 1990 | | F.Y. 1991 | |
|----------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| Agency Request | | | | |
| General Fund | \$ 121 | 3.0 | \$ 121 | 3.0 |

Governor's Recommendation

| | | | | |
|--------------|--------|-----|--------|-----|
| General Fund | \$ -0- | -0- | \$ -0- | -0- |
|--------------|--------|-----|--------|-----|

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests funds and 3.0 positions to provide comparative cost information and assistance to retired and terminated employees regarding eligibility status and continuation of insurance coverage. The positions will ensure compliance with federal COBRA requirements for continuation of health and dental care for terminated employees by tracking eligibility and maintaining records. It will also ensure compliance with state requirements for life insurance, and will establish and administer the billing and payment process for coverage continuation. It will collect and analyze data, review utilization plans, and implement and monitor cost containment measures for these groups.

DESCRIPTION/BACKGROUND:

The Benefits Division is required to handle all enrollment responsibilities for over 8,000 state and University retirees. Retirees pay premiums directly to insurance carriers; therefore, no administrative fee is generated into the revolving fund on their behalf. Specific services provided to retirees will include resolution of coverage interpretation problems, insurance counseling, benefit fairs throughout the state, production and distribution of brochures, and other related information including a benefit summary booklet exclusively designed for retirees, and complaint resolution with carriers.

In addition, there is a need to closely monitor costs associated with the retiree groups, to collect and analyze utilization data, to keep abreast with changes in Medicare, and to work with carriers to identify and implement cost containment efforts.

There are approximately 1,500 terminated employees continuing coverage under federal COBRA law and recent state law. Information must be provided to all terminated employees and their dependents regarding their rights to continue coverage. For the current year, carriers have maintained responsibility for tracking eligibility of terminated employees. However, severe penalties for

non-compliance exist and it is fiscally imprudent to rely solely upon carriers for tracking of employee eligibility. In addition, procedures need to be established to modify existing computerized systems so that premiums for terminated employees can be billed and collected and so that eligibility can be monitored.

| EFFECTIVENESS MEASURES: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|--|-----------|-----------|-----------|-----------|
| Formal contacts with retiree organizations | -0- | -0- | 5 | 10 |
| Retiree benefits summary booklet | -0- | -0- | 1 | 2 |
| Retiree information fairs | -0- | -0- | 3 | 6 |

RATIONALE:

Retirees need assistance, not only on plan choice, but also on claims issues. They need to know the rules of the game in order to avoid costly mistakes regarding their coverage. Utilization review and cost containment measures will serve retirees by slowing the rate of premium increases. An analysis of medicare provisions and utilization patterns will allow the department to negotiate from a strong, knowledgeable position for the retiree program.

Tracking of eligibility status for employees covered by COBRA is done by insurance carriers. The state will be assessed for non-compliance penalties if any employee does not receive benefits through the COBRA provisions. Neither employees covered by COBRA nor retired employees pay an administrative fee and, therefore, services to these groups cannot be paid for out of the revolving fund. There is not sufficient general fund dollars to provide adequate service to retirees or COBRA employees.

BASE: None.

| LONG RANGE FUNDING IMPLICATIONS: | (Dollars in Thousands) | | |
|----------------------------------|------------------------|-----------|--------|
| | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund Expenditures | \$ 121 | \$ 121 | \$ 242 |

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Although the request has merit, other spending priorities preclude additional funding.

ACTIVITY: PUBLIC EMPLOYEES INSURANCE PLAN
Program: BENEFITS
Agency: EMPLOYEE RELATIONS, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

The Public Employees Insurance Plan activity provides employees of school districts, cities, counties, and towns with access to quality medical, dental, and life insurance benefits on a cost-effective basis, regardless of the employer's size or geographic location; provides pooling arrangements advantageous to public employers; and provides opportunities for retired employees to participate in a group insurance program as long as the group from which they retired continues to participate.

DESCRIPTION:

The Public Employees Insurance Plan activity is responsible for the benefit plan design, vendor selection, contract negotiation, plan implementation, employee communication, enrollment support and ongoing plan administration.

The 1st groups eligible to join the Public Employees Insurance Plan are employees of school districts. The districts or exclusive representatives must declare their intention to join the Plan by 4-1-89. The effective date of coverage will be 9-1-89. The effective date of coverage for all other jurisdictions will be 1-1-91. Employers or exclusive representatives of these jurisdictions must declare their intention to join the Plan by 10-1-90.

ACCOMPLISHMENTS:

1. Established a Labor-Management Committee, consisting of 5 individuals who represent employers and 5 who represent employees to advise the commissioner on the plan design and implementation as well as development and support of communications networks.
2. Prepared a needs assessment survey of 1,300 public employers, 475 exclusive representatives, 1,000 active employees and 1,000 retirees in order to: (1) compare cost and type of benefits, (2) identify groups which would benefit most from the Public Employees Insurance Plan, and (3) test the acceptability of a Public Employees Insurance Plan.
3. Published and distributed a request for proposal to insurance, administration, marketing/communications, and sales organizations.

REVENUE:

None.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : EMPLOYEE RELTNS,DPT
PROGRAM : BENEFITS
BUDGET ACTIVITY : PUBLIC EMPLOYEES INSURANCE PLAN

| EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|----------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 48 | 229 | 256 | 0 | 256 | 256 | 256 | 0 | 256 | 256 |
| EXPENSES/CONTRACTUAL SRVCS | 84 | 211 | 157 | 0 | 157 | 157 | 150 | 0 | 150 | 150 |
| MISC OPERATING EXPENSES | 2 | 72 | 58 | 0 | 58 | 58 | 65 | 0 | 65 | 65 |
| SUPPLIES/MATERIALS/PARTS | 1 | 17 | 5 | 0 | 5 | 5 | 5 | 0 | 5 | 5 |
| CAPITAL EQUIPMENT | 2 | 0 | 1 | 0 | 1 | 1 | 1 | 0 | 1 | 1 |
| TOTAL EXPENDITURES | 137 | 529 | 477 | 0 | 477 | 477 | 477 | 0 | 477 | 477 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 137 | 529 | 477 | 0 | 477 | 477 | 477 | 0 | 477 | 477 |
| TOTAL FINANCING | 137 | 529 | 477 | 0 | 477 | 477 | 477 | 0 | 477 | 477 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 3.0 | 6.0 | 6.0 | 0.0 | 6.0 | 6.0 | 6.0 | 0.0 | 6.0 | 6.0 |
| TOTAL POSITIONS | 3.0 | 6.0 | 6.0 | 0.0 | 6.0 | 6.0 | 6.0 | 0.0 | 6.0 | 6.0 |

PROGRAM: LABOR RELATIONS
Agency: EMPLOYEE RELATIONS, DEPARTMENT OF

1990-91 Biennial Budget

PROGRAM PURPOSE: The Labor Relations program seeks to ensure a constructive and effective set of labor-management relationships within the executive branch of the state consistent with the objectives of the Public Employment Labor Relations Act.

The objectives of the program are: 1) to successfully complete the negotiation of 10 collective bargaining agreements for the 1990-91 biennium such that they conform with pay equity requirements, contribute to a constructive labor-management relationship, maintain equitable relationships among bargaining units, preserve management rights, and are within the budgetary resources of state government; 2) to represent the state as the employer in labor relations policy issues; and 3) to administer collective bargaining agreements as a single, unified employer in a manner consistent with their negotiated intent.

| EFFECTIVENESS MEASURES: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|--|-----------|-----------|-----------|-----------|
| Collective bargaining agreements negotiated | 9 | 1 | 10 | -0- |
| No. of grievances settled prior to arbitration | 225 | 260 | 225 | 260 |
| No. of grievances appealed to arbitration | 681 | 700 | 650 | 600 |
| No. of grievances arbitrated | 25 | 25 | 40 | 45 |

DESCRIPTION: The Labor Relations program has seven major functions:

1. Negotiates 10 collective bargaining agreements covering approximately 31,000 state employees in 15 bargaining units;
2. Administers contracts by managing and responding to grievances, presenting the state's case in arbitration when disputes are not settled voluntarily, and communicating policy to line agencies on the appropriate interpretation and application of the contracts;
3. Represents the state in settling alleged unfair labor practices, prior to litigation;
4. Represents the state in the assignment of positions to bargaining units and presents arguments in disputed cases in administrative hearings conducted by the Bureau of Mediation Services and the Public Employment Relations Board;
5. Provides policy recommendations to the Governor and Commissioner regarding labor relations matters applicable to the executive branch;
6. Provides liaison to the Legislative Commission on Employee Relations on labor relations matters;
7. Trains agency managers and supervisors in the interpretation and application of contract provisions, labor relations principles and practices, and related areas.

| STATISTICS: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|--|-----------|-----------|-----------|-----------|
| 1. Contract Negotiations: | | | | |
| A. No. of bargaining sessions | 65 | 160 | 65 | 160 |
| B. No. of separate management caucuses and briefing sessions | 35 | 40 | 35 | 40 |
| 2. Contract Administration | | | | |
| A. Training. | | | | |
| 1. No. of training sessions offered | 44 | 33 | 44 | 33 |

| STATISTICS: (Cont.) | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|--|-----------|-----------|-----------|-----------|
| 2. No. of participants trained | 1,300 | 700 | 2,300 | 700 |
| 3. No. of new courses developed | 3 | 1 | 3 | 1 |
| 4. Briefing sessions on new collective bargaining agreements | 20 | 1 | 25 | -0- |
| B. No. of consultations with agencies on grievances | 7,000 | 3,350 | 7,000 | 3,350 |
| C. No. of departmental consultations on contract administration | 8,000 | 5,000 | 8,000 | 5,000 |
| D. Labor/Management Committees | | | | |
| 1. No. of committees | 13 | 13 | 15 | 15 |
| 2. No. of meetings held | 45 | 45 | 50 | 50 |
| E. Bargaining Unit Clarification (new positions, new classes, reclassification) | | | | |
| 1. No. of unit clarifications filed with Bureau of Mediation Services | 300 | 300 | 300 | 300 |
| 2. No. of settlements reached with no objections | 242 | 242 | 242 | 242 |
| 3. No. of stipulations between state and exclusive representatives | 57 | 57 | 57 | 57 |
| 4. No. of administrative hearings | 12 | 12 | 12 | 12 |
| F. No. of consultations with Department of Administration Management Analysis Division or other agencies regarding management studies or inter-agency projects having an impact on labor relations | 25 | 25 | 25 | 25 |

EXPLANATION OF BUDGET REQUEST: This budget will fund the Department of Employee Relations' labor relations program so that collective bargaining agreements are successfully negotiated and effectively administered, and that for purposes of labor relations, the state functions as a single, unified employer.

Two CHANGE request items are requested for this program. \$40,000 and 1.0 position each year is requested to fund a labor contract administration training effort. \$101,000 and 1.0 position in F.Y. 1990 and \$43,000 and 1.0 position in F.Y. 1991 is requested to fund an automated grievance tracking management information system.

GOVERNOR'S RECOMMENDATION: The Governor's recommendation does not provide funding for this request. Although the request has merit, other spending priorities preclude additional funding.

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : EMPLOYEE RELTNS,DPT
PROGRAM : LABOR RELATIONS
BUDGET ACTIVITY : LABOR RELATIONS

| F.Y. 1990 | | | | | | | F.Y. 1991 | | | |
|--|---------|----------------|------|--------|-----------------------|----------------|-----------|--------|-----------------------|-------|
| | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | |
| EXPENDITURES: | FY 1988 | FY 1989 | BASE | CHANGE | | TOTAL | BASE | CHANGE | | TOTAL |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 373 | 397 | 412 | 77 | 489 | 412 | 412 | 77 | 489 | 412 |
| EXPENSES/CONTRACTUAL SRVCS | 32 | 51 | 51 | 47 | 98 | 51 | 51 | 4 | 55 | 51 |
| MISC OPERATING EXPENSES | 18 | 16 | 16 | 7 | 23 | 16 | 16 | 2 | 18 | 16 |
| SUPPLIES/MATERIALS/PARTS | 24 | 5 | 5 | 0 | 5 | 5 | 5 | 0 | 5 | 5 |
| CAPITAL EQUIPMENT | 6 | 0 | 0 | 10 | 10 | 0 | 0 | 0 | 0 | 0 |
| TOTAL EXPENDITURES | 453 | 469 | 484 | 141 | 625 | 484 | 484 | 83 | 567 | 484 |
| CHANGE REQUESTS: | FUND | | | | | | | | | |
| P LABOR CONTRACT ADMINISTRATION TRAINING GEN | | | | 40 | | 0 | | 40 | | 0 |
| P AUTOMATED GRIEVANCE TRACKING MGMT SYSTEM GEN | | | | 101 | | 0 | | 43 | | 0 |
| TOTAL CHANGE REQUESTS | | | | 141 | | 0 | | 83 | | 0 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 453 | 469 | 484 | 141 | 625 | 484 | 484 | 83 | 567 | 484 |
| TOTAL FINANCING | 453 | 469 | 484 | 141 | 625 | 484 | 484 | 83 | 567 | 484 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 9.0 | 9.0 | 9.0 | 2.0 | 11.0 | 9.0 | 9.0 | 2.0 | 11.0 | 9.0 |
| TOTAL POSITIONS | 9.0 | 9.0 | 9.0 | 2.0 | 11.0 | 9.0 | 9.0 | 2.0 | 11.0 | 9.0 |

CHANGE REQUEST _____ Agency ☒ Program _____ Activity _____ 1990-91 Biennial Budget

ACTIVITY: LABOR RELATIONS
PROGRAM: LABOR RELATIONS
AGENCY: EMPLOYEE RELATIONS, DEPARTMENT OF

REQUEST TITLE: LABOR CONTRACT ADMINISTRATION TRAINING

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 40 | 1.0 | \$ 40 | 1.0 |
| Governor's Recommendation | | | | |
| General Fund | \$ -0- | -0- | \$ -0- | -0- |

Request requires statutory change: _____ Yes ☒ No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE: The agency requests funds and 1.0 position to provide line agency supervisors and managers with the necessary information and skills to effectively administer collective bargaining agreements covering state employees. The objective is to ensure that negotiated labor contracts are applied to the state's workforce in a manner which is consistent with the intent of the settlements reached at the bargaining table.

DESCRIPTION/BACKGROUND: In 1980, collective bargaining for state employees was reorganized from department-based units to statewide, occupationally-defined units. The principle underlying that change was that for purposes of collective bargaining, the state would operate as a single employer in order to ensure consistent and equitable treatment of represented state employees. Thus, responsibility for negotiations and contract administration on behalf of state management were vested by statute in the department.

The responsibility to negotiate statewide labor contracts carries with it the obligation to inform and train line agency managers and supervisors on the proper interpretation and application of contract provisions.

Up to this time, the technical staff of the Labor Relations Bureau has attempted to meet this demand for contract administration training. However, as the complexity and sophistication of labor agreements increases, the need for more extensive contract administration training also increases.

In 1980, when the Labor Relations bureau was established, it had a complement of 12.0 positions. Budget reductions in the past several years have reduced the bureau's complement to 9.0.

STATISTICS:

| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|--------------------------|-----------|-----------|-----------|-----------|
| Training sessions held * | 44 | 33 | 80 | 41 |
| No. of participants | 1,300 | 700 | 2,500 | 850 |

* Courses include:

1. Selecting Employees In a Union Environment
2. Investigating Employee Misconduct

3. Handling Discipline and Grievances
4. Labor Management Committee
5. Whistle Blower Laws
6. Investigating Affirmative Action Complaints
7. Department of Corrections Special Meet and Confer Training
8. Drug Testing
9. MAPE/MMA Contract Training
10. AFSCME Contract Training
11. Legislation in Employment Law
12. Controlling Attendance Problems

RATIONALE: The Labor Relations Bureau cannot keep up with the need for training with present staff levels. During even-numbered years of the biennium, virtually the entire staff of the bureau devotes the majority of their time to contract negotiations and grievance management. However, labor relations training must be presented to managers and supervisors on a timely and continuous basis.

The position will enable the bureau to continue its existing classes in contract administration, and to develop and offer additional labor relations training programs necessary for effective management of collective bargaining, such as, Understanding Collective Bargaining Agreements, Controlling Absenteeism, and Principles and Practices of Labor Relations.

Adequate training of supervisors and managers will have specific, positive outcomes including reduction in the number of grievances filed on contract application items such as overtime distribution, sick leave, vacation distribution, and scheduling; and more grievances resolved at the line agency level, thereby reducing costs and expediting settlements. Lack of training on contract provisions results in a greater number of grievances, additional lawsuits and human rights charges. It also results in supervisors and managers acting without full knowledge of contract terms, which increases the opportunities for surrender of management operating authorities and may adversely affect the state's ability to deliver services. Under-informed supervisors and managers charged with administering the 10 state labor contracts leads to employee and union frustration with the state's executive management and precipitates contract proposals in negotiations aimed at restricting management's authority to act.

Finally, the overall attempt by the state to move labor/management relations toward joint cooperation is severely hindered by the errors, uninformed decisions, and mistaken actions which inevitably occur from lack of knowledge of contract provisions.

BASE: None

| <u>LONG RANGE IMPLICATIONS:</u> | (Dollars in Thousands) | | |
|---------------------------------|------------------------|-----------|-------|
| | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund Expenditures | \$ 40 | \$ 40 | \$ 80 |

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Although the request has merit, other spending priorities preclude additional funding.

CHANGE REQUEST _____ Agency X Program _____ Activity 1990-91 Biennial Budget

ACTIVITY: LABOR RELATIONS
PROGRAM: LABOR RELATIONS
AGENCY: EMPLOYEE RELATIONS, DEPARTMENT OF

REQUEST TITLE: AUTOMATED GRIEVANCE TRACKING MANAGEMENT INFORMATION SYSTEM

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|----------------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 101 | 1.0 | \$ 43 | 1.0 |
| Governor's Recommendation | | | | |
| General Fund | \$ -0- | -0- | \$ -0- | -0- |

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests funds and 1.0 position to develop, equip, staff, and maintain a grievance tracking and related information management system. The system will track grievances and provide an ongoing process for development of management negotiation proposals for all bargaining units for which the state must negotiate labor contracts. The objectives are to: track grievances; assist dispute resolution research by line department and Labor Relations Bureau staff; provide research support for assessing changes in contract language; and provide a method to categorize bargaining proposals for research and preparation. The installation of such a system should result in more effective and expeditious handling of grievances; improved analysis regarding bargaining history, contract changes, and negotiation proposals; and more effective negotiations planning.

DESCRIPTION/BACKGROUND:

The current grievance tracking system is manual and does not provide adequate management capabilities for handling grievances. With a base of over 5,000 grievances and with 600-700 moving past the 3rd step each year, the manual system is becoming too cumbersome. Reports to agencies are generated too infrequently. Cataloging of grievances is done only on a broad basis, and retrieval is not immediate and is only accessed by the department, not by agencies. A system is needed which tracks and catalogs all grievances, allows quick retrieval of information, and allows generation of reports on demand to all agencies.

The system will also enhance negotiations by managing information from agencies that will improve the state's ability to make proposals to unions and to respond to their proposals. The position would be able to provide an on-going bargaining history of contract changes, and documentation and analysis of particular bargaining proposals. In addition, the position could provide statistical analysis of grievances, demographic categorization of grievances, arbitrations, and negotiation proposals and on-going system

update as new uses are developed. Currently, no system or personnel is available to perform these activities.

STATISTICS: F.Y. 1988 F.Y. 1989 F.Y. 1990 F.Y. 1991

| | | | | |
|---|-------|-----|-----|--------|
| No. of grievances on file at the beginning of F.Y. 1988 | 5,035 | | | |
| No. of new grievances 1st, 2nd and 3rd Step | 800 | 750 | 700 | 700 |
| No. of new grievances past 3rd Step | 681 | 700 | 650 | 600 |
| Total on file end of F.Y. 1991 | | | | 10,616 |

RATIONALE:

Grievance management is the cornerstone of effective administration of labor contracts. Resolution of individual grievance disputes can set a precedent for interpretation of contract provisions. The ability to retrieve accurate and timely information on past grievance settlements will enable the department to ensure consistent contract administration practice across all state agencies, provide better training information for labor relations officers, and facilitate the state's documentation of past practices and precedents for use in the arbitration process. The information system will also facilitate negotiations planning and provide research capability for on-going bargaining history and proposal analysis.

BASE: None.

| LONG RANGE IMPLICATIONS: | (Dollars in Thousands) | | |
|---------------------------|------------------------|-----------|-------|
| | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund Expenditures | \$ 43 | \$ 43 | 86 |

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Although the request has merit, other spending priorities preclude additional funding.

PROGRAM: PERSONNEL
Agency: EMPLOYEE RELATIONS, DEPARTMENT OF

1990-91 Biennial Budget

PROGRAM PURPOSE: The Personnel program designs and administers a system for the state as an employer which:

- 1) provides agencies with workers;
- 2) ensures that workers are paid equitably, treated fairly, are representative of the workforce, and work in a safe and healthy environment; and
- 3) meets changing workforce needs through training and development activities.

The program plays an important role in providing assistance to the state negotiator during collective bargaining and acts as a central liaison with the Governor and LCER on behalf of state management with regard to personnel matters. It also develops and administers the Manager's and Commissioner's Plans.

OPERATION: The Personnel program contains the following activities:

1. The Compensation and Staffing Services activity provides state agencies with qualified employees and ensures that they are paid equitably according to the value of work performed. The process is based on merit principles and includes the provisions of the collective bargaining agreements and the state's affirmative action policies. The process includes recruiting applicants, designing and administering exams, establishing and referring lists of eligible candidates to agencies, classifying and setting compensation ranges for positions, and providing guidance to personnel officers who implement the system. Plans covering the terms and conditions of employment for unrepresented managerial and confidential employees are designed and administered by this activity.
2. The Safety and Workers' Compensation activity coordinates the development of safety programs in all agencies, provides technical and programmatic advice to agency safety staff, and trains supervisors and workers to meet safety standards. The division also manages workers' compensation claims for state and University of Minnesota employees injured on the job and operates a program designed to contain costs in this arena. It also administers the Peace Officer Death Benefit program for state government and governmental subdivisions.
3. The Training and Development activity designs and delivers training programs for all state employees. It provides coordination and technical assistance to agencies in the design and delivery of courses specific to their needs and assists in diagnosing and recommending training solutions for organizational development. It designs and implements mandatory management training activities such as the Career Executive Service, the CORE program, Managers Conference, the Governor's Awards program, and the Quad seminar series. It develops courses for mandated supervisor training requirements.
4. The Equal Opportunity activity provides consultation, technical support, and training to operating and agency staff in developing their affirmative action plans, including the establishment of goals and objectives. It also reviews and approves affirmative action plans, investigates complaints of discrimination, and monitors the performance of state agencies as well as the activities of 7 metropolitan agencies.

BUDGET ISSUE: Speed in the hiring process and quality in staffing of state jobs are key factors in the effective delivery of state services. During the 1987 legislature, money and staff were appropriated to study ways to improve the hiring process as well as make the personnel system more responsive to

the needs of state agencies and job applicants. This program is now in phase 2 which will focus on the implementation of a redesigned computerized applicant processing system and more effective decentralized service to agencies and applicants. This will result in more exams being open for application on a continuous basis, automated scoring and consolidation of multiple exams, and improved access to applicant data by agencies. The department will also be able to provide training and guidance to personnel offices in agencies so that those closest to the customer will have more authority and expertise.

The Equal Opportunity activity has historically operated without enough staff to meet its responsibilities. At the same time, its responsibilities have increased. Beginning in 1985, the legislature began mandating additional provisions to the affirmative action laws which resulted in increased workload. Most recently in 1988 the legislature included the monitoring of affirmative action plans for 7 metropolitan agencies as part of the division's work. The Equal Opportunity Division must also meet the requirements of implementing the supported work program which is designed to assist persons with severe disabilities.

The Training and Development activity's current level of .03% of the state budget is inadequate to develop comprehensive curriculum design to help employees handle the increasing complexities and additional responsibilities associated with their jobs. At the current level of funding, the division's limited staff is capable of providing only introductory coursework. Without increasing the budgetary allocations to develop and deliver advanced coursework, the state may be losing millions of dollars in efficiency and effectiveness yielded from such training.

EXPLANATION OF BUDGET REQUEST: This budget will fund the personnel system, training and development activities, safety and workers' compensation program, and affirmative action effort. The purpose of this program is to provide a quality state workforce that is paid equitably, is treated fairly, and is representative of the population, and to assure that state workers have a safe and healthy work environment and are well trained.

Seven CHANGE request items are requested for this program. \$329,000 and 5.0 positions in F.Y. 1990 and \$279,000 and 5.0 positions in F.Y. 1991 are requested to provide additional personnel staff necessary to support the applicant processing system. \$2,012,000 and 2.0 positions in F.Y. 1990 and \$1,893,000 and 3.0 positions in F.Y. 1991 are requested for computer hardware and staff to implement a redesigned applicant processing system. \$92,000 and 1.0 position each year is requested to manage emerging compensation and benefits issues. \$453,000 in F.Y. 1990 and \$255,000 in F.Y. 1991 is requested to fund the increase in the Workers' Compensation Reinsurance Association premium. \$60,000 and 1.0 position each year is requested to increase training opportunities for state employees in Greater Minnesota. \$120,000 each year is requested for a Career Development Grant Pilot Project. \$38,000 and 1.0 position each year is requested to develop and monitor affirmative action programs of metropolitan agencies.

GOVERNOR'S RECOMMENDATION: The Governor recommends biennial funding of \$3,800,000 for developing software and purchasing the computer hardware necessary to implement a redesigned staffing support system; \$708,000 for funding an increase in the Workers Compensation Reinsurance Association premium, and \$608,000 for staffing services for state agencies and job applicants.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : EMPLOYEE RELTNS,DPT
PROGRAM : PERSONNEL

| ACTIVITY EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|---|---------|---------|----------------|--------|--------|-----------------------|----------------|--------|--------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| COMPENSATION AND STAFFING SERVICES | 1,798 | 2,095 | 1,985 | 2,433 | 4,418 | 4,314 | 1,985 | 2,264 | 4,249 | 4,064 |
| B STAFFING SERVICES FOR AGENCIES AND JOB GEN APPLICANTS | | | | 329 | | 329 | | 279 | | 279 |
| B STAFFING INFORMATION SYSTEM GEN IMPLEMENTATION | | | | 2,012 | | 2,000 | | 1,893 | | 1,800 |
| B COMPENSATION ISSUES MANAGEMENT GEN | | | | 92 | | 0 | | 92 | | 0 |
| SAFETY AND WORKERS' COMPENSATION | 17,205 | 18,659 | 19,770 | 453 | 20,223 | 20,223 | 20,142 | 255 | 20,397 | 20,397 |
| B WORKER'S COMPENSATION INSURANCE PREMIUM GEN | | | | 453 | | 453 | | 255 | | 255 |
| TRAINING & DEVELOPMENT | 769 | 881 | 859 | 180 | 1,039 | 859 | 859 | 180 | 1,039 | 859 |
| B TRAINING AND DEVELOPMENT VIDEO BASED GEN TRAINING | | | | 60 | | 0 | | 60 | | 0 |
| B CAREER DEVELOPMENT GRANTS GEN | | | | 120 | | 0 | | 120 | | 0 |
| EQUAL OPPORTUNITY | 191 | 219 | 237 | 38 | 275 | 237 | 237 | 38 | 275 | 237 |
| B AFFIRMATIVE ACTION OFFICER / RESEARCH GEN ANALYST | | | | 38 | | 0 | | 38 | | 0 |
| TOTAL EXPENDITURES | 19,963 | 21,854 | 22,851 | 3,104 | 25,955 | 25,633 | 23,223 | 2,737 | 25,960 | 25,557 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 4,054 | 5,012 | 4,631 | 3,104 | 7,735 | 7,413 | 4,631 | 2,737 | 7,368 | 6,965 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| SPECIAL REVENUE | 15,909 | 16,842 | 18,220 | 0 | 18,220 | 18,220 | 18,592 | 0 | 18,592 | 18,592 |
| TOTAL FINANCING | 19,963 | 21,854 | 22,851 | 3,104 | 25,955 | 25,633 | 23,223 | 2,737 | 25,960 | 25,557 |
| POSITIONS BY FUND: | | | | | | | | | | |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : EMPLOYEE RELTNS,DPT
PROGRAM : PERSONNEL

| POSITIONS BY FUND: | F.Y. 1990 | | | | | | F.Y. 1991 | | | |
|--------------------|-----------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | FY 1988 | FY 1989 | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| GENERAL | 57.5 | 56.5 | 56.5 | 10.0 | 66.5 | 63.5 | 56.5 | 11.0 | 67.5 | 64.5 |
| SPECIAL REVENUE | 32.0 | 32.0 | 44.0 | 0.0 | 44.0 | 44.0 | 44.0 | 0.0 | 44.0 | 44.0 |
| TOTAL POSITIONS | 89.5 | 88.5 | 100.5 | 10.0 | 110.5 | 107.5 | 100.5 | 11.0 | 111.5 | 108.5 |

ACTIVITY: COMPENSATION AND STAFFING SERVICES **1990-91 Biennial Budget**
Program: PERSONNEL
Agency: EMPLOYEE RELATIONS, DEPARTMENT OF

PURPOSE:

The Compensation and Staffing Services activity recruits, tests and refers qualified applicants to state vacancies, classifies positions within a state-wide framework based on job content, and establishes equitable compensation for job classes based on the value of the work performed. The objective of this activity is to maintain the quality and continuity of the state's workforce so that state agencies can accomplish their legislatively defined missions.

EFFECTIVENESS MEASURES: F.Y. 1988 F.Y. 1989 F.Y. 1990 F.Y. 1991

| | | | | |
|--|----|----|----|----|
| % of agency requests for which: qualified candidates are available and referred within 24 hours to agencies. | 75 | 75 | 75 | 75 |
| new or vacant positions are reclassified within 10 days. | 95 | 95 | 95 | 95 |
| # of female-dominated classes needing adjustment to achieve pay equity provisions of statute. | 2 | 2 | 2 | 2 |

DESCRIPTION:

The Compensation and Staffing Services activity has initiated a reorganization focusing on improved customer service. The first phase has been completed. Responsibilities of the activity include:

1. Provides the public with information on state jobs (approximately 80,000 people apply for jobs and approximately 145,000 people call for information each year);
2. Develops and administers exams (approximately 750 exams are offered each year);
3. Maintains an equitable classification system and assign positions to the appropriate classes (approximately 3,500 positions are reviewed for appropriate class);
4. Reviews and authorizes appointments to jobs (approximately 10,000 appointments are made each year);
5. Develops state negotiation policy for the staffing and compensation aspects of collective bargaining agreements and cost proposals (9 contracts negotiated with multiple proposals costed each biennium);
6. Develops plans for non-represented employees (Commissioner and Managers plans developed each biennium);
7. Reviews and approves all compensation plans authorized under M.S. 43A.18, Subd. 4 (11 plans reviewed each biennium).

This activity serves all appointing authorities, managers, personnel, labor relations and affirmative action directors in 132 operating agencies, all state employees and the general public seeking jobs in state service.

Statutory References: M.S. Ch. 43A.04, 43A.05, Subd. 1, and 43A.07 to 43A.18.

| <u>STATISTICS:</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|---|------------------|------------------|------------------|------------------|
| Job applications processed. | 83,212 | 84,000 | 82,000 | 80,000 |
| Examinations given. | 769 | 800 | 775 | 775 |
| Examinations kept open to continuous application and testing. | 229 | 250 | 225 | 210 |
| Lists of qualified candidates referred to agencies. | 4,709 | 4,900 | 5,000 | 5,000 |
| Appointments reviewed and authorized. | 9,992 | 10,000 | 10,000 | 10,000 |
| Positions reviewed for classification. | 3,153 | 3,500 | 3,500 | 3,500 |
| Positions/classifications May evaluated for equitable compensation. | 181 | 200 | 200 | 200 |

REVENUE:

None.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : EMPLOYEE RELTNS,DPT
PROGRAM : PERSONNEL
BUDGET ACTIVITY : COMPENSATION AND STAFFING SERVICES

| F.Y. 1990 | | | | | | | F.Y. 1991 | | | |
|---|---------|---------|-------|--------|-------|--------------------|----------------|--------|-------|--------------------|
| ----- | | | | | | | ----- | | | |
| AGENCY REQUEST | | | | | | | AGENCY REQUEST | | | |
| ----- | | | | | | | ----- | | | |
| EXPENDITURES: | FY 1988 | FY 1989 | BASE | CHANGE | TOTAL | GOVERNOR'S RECOMM. | BASE | CHANGE | TOTAL | GOVERNOR'S RECOMM. |
| ----- | | | | | | | | | | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 1,440 | 1,531 | 1,591 | 344 | 1,935 | 1,895 | 1,591 | 395 | 1,986 | 1,946 |
| EXPENSES/CONTRACTUAL SRVCS | 278 | 329 | 289 | 1,112 | 1,401 | 1,340 | 289 | 1,437 | 1,726 | 1,584 |
| MISC OPERATING EXPENSES | 68 | 80 | 90 | 60 | 150 | 148 | 90 | 70 | 160 | 158 |
| SUPPLIES/MATERIALS/PARTS | 12 | 105 | 15 | 31 | 46 | 45 | 15 | 31 | 46 | 45 |
| CAPITAL EQUIPMENT | 0 | 50 | 0 | 886 | 886 | 886 | 0 | 331 | 331 | 331 |
| ----- | | | | | | | | | | |
| TOTAL EXPENDITURES | 1,798 | 2,095 | 1,985 | 2,433 | 4,418 | 4,314 | 1,985 | 2,264 | 4,249 | 4,064 |
| ----- | | | | | | | | | | |
| CHANGE REQUESTS: | FUND | | | | | | | | | |
| ----- | | | | | | | | | | |
| B STAFFING SERVICES FOR AGENCIES AND JOB GEN APPLICANTS | | | | 329 | | 329 | | 279 | | 279 |
| B STAFFING INFORMATION SYSTEM GEN IMPLEMENTATION | | | | 2,012 | | 2,000 | | 1,893 | | 1,800 |
| B COMPENSATION ISSUES MANAGEMENT | | | | 92 | | 0 | | 92 | | 0 |
| ----- | | | | | | | | | | |
| TOTAL CHANGE REQUESTS | | | | 2,433 | | 2,329 | | 2,264 | | 2,079 |
| ----- | | | | | | | | | | |
| SOURCES OF FINANCING: | | | | | | | | | | |
| ----- | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 1,798 | 2,095 | 1,985 | 2,433 | 4,418 | 4,314 | 1,985 | 2,264 | 4,249 | 4,064 |
| ----- | | | | | | | | | | |
| TOTAL FINANCING | 1,798 | 2,095 | 1,985 | 2,433 | 4,418 | 4,314 | 1,985 | 2,264 | 4,249 | 4,064 |
| ----- | | | | | | | | | | |
| POSITIONS BY FUND: | | | | | | | | | | |
| ----- | | | | | | | | | | |
| GENERAL | 39.5 | 39.5 | 39.5 | 8.0 | 47.5 | 46.5 | 39.5 | 9.0 | 48.5 | 47.5 |
| ----- | | | | | | | | | | |
| TOTAL POSITIONS | 39.5 | 39.5 | 39.5 | 8.0 | 47.5 | 46.5 | 39.5 | 9.0 | 48.5 | 47.5 |

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: COMPENSATION AND STAFFING SERVICES
PROGRAM: PERSONNEL
AGENCY: EMPLOYEE RELATIONS, DEPARTMENT OF

REQUEST TITLE: STAFFING SERVICES FOR STATE AGENCIES AND JOB APPLICANTS

| Agency Request | F.Y. 1990 (000's) | | F.Y. 1991 (000's) | |
|---------------------------|----------------------|-----------|----------------------|-----------|
| | Amount | Positions | Amount | Positions |
| General Fund | \$ 329 | 5.0 | \$ 279 | 5.0 |
| Governor's Recommendation | | | | |
| General Fund | \$ 329 | 5.0 | \$ 279 | 5.0 |

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE: The agency requests funds and positions to complete the recommended changes to speed up and improve state hiring practices. These recommendations are the result of a legislatively mandated study conducted by the Department of Administration and, in the initial phase, are proving effective in making the personnel system more responsive to the state's agencies and the applicant public. The objectives of the changes are to:

1. Expedite hiring requests by providing lists of qualified candidates in shorter time periods;
2. Increase the public's accessibility to state jobs by offering exams on a more frequent or continuous basis;
3. Improve the state personnel system by making it more responsive to the needs of agency managers and the public.

DESCRIPTION/BACKGROUND: The Staffing Division is responsible for classification and selection for all state positions. This requires an ongoing review and categorization of 36,000 positions and the annual recruitment and examination of over 80,000 applicants. In 1986, the legislature mandated a study of the state's hiring function in an effort to improve its overall effectiveness. The 1987 Legislature partially funded a department change request to begin implementation of study findings. This 1989 request is made to complete those recommended changes.

| STATISTICS: | F.Y. 1986 | F.Y. 1988 | F.Y. 1990 | F.Y. 1991 |
|--|-----------|-----------|-----------|-----------|
| Job applications processed. | 64,520 | 83,212 | 85,000 | 95,000 |
| Examinations given. | 511 | 769 | 800 | 800 |
| Examinations kept open for continuous application and testing. | 94 | 229 | 350 | 485 |
| No. of lists referred to vacancies. | 4,025 | 4,709 | 5,000 | 5,000 |
| Positions reviewed for classification. | 2,963 | 3,153 | 3,500 | 3,500 |
| Calls on applicant information lines. | | 145,000 | 150,000 | 150,000 |

RATIONALE: Citizens applying for state positions, as well as supervisors and employees already within the state system, have long complained about the inefficiency and lack of responsiveness in the state personnel system. The 1986 legislatively mandated study called for a restructuring of the hiring process with an emphasis on service and improved standards for both time and

quality. Suggested improvements included more open continuous testing, more frequent updates of candidate pools, annual planning for vacancies, experiments to improve the hiring process, more aggressive recruitment, technical training for personnel staff and managers, and better understanding of customer needs. Each of these changes focused on better service to the public and to hiring authorities. With some additional funding from the 1987 Legislature and a reorganization of agency resources, partial implementation of study recommendations has already begun. The results of this initial effort include:

- o More classes have been opened to continuous testing to allow the public easier access to state jobs. (Currently 229 exams are open to continuous testing including nearly all clerical jobs.)
- o Hiring experiments have been conducted to improve candidate quality and to simplify and speed up the process for applicants and hiring authorities. Experiments have allowed the use of local Job Service offices throughout the state in hiring Clerk Typists and Stenos and expanded the number of candidates referred for Highway Maintenance Worker vacancies.
- o Agency service teams have begun annual planning for vacancies and have developed improved exams to more effectively match candidates with vacancies. Annual planning and improved exam processes have been developed for DNR and the Human Services direct care facilities in Greater Minnesota.
- o As a result of surveys to get customer feedback, steps have been taken to improve the quality of service to state agencies including reinstatement of bi-weekly job announcements, development and distribution of turn-around standards and publication of a new information series "Smart Staffing" for managers and supervisors.

The requested positions and dollars would be used to:

1. reopen previously closed applicant test sites serving Greater Minnesota;
2. review and develop additional tests for immediate use as vacancies occur;
3. provide improved personnel services to small agencies and boards;
4. focus on job opportunities for employees facing layoff;
5. permit recruitment advertising as shortages occur in some occupational areas;
6. provide special testing arrangements for disabled applicants;
7. provide more education for personnel offices, managers and supervisors in how to work more efficiently with the personnel system.

The 5.0 requested positions would allow the department to add 1.0 position to each of the teams delivering staffing services to state agencies and applicants.

| BASE: | (Dollars in Thousands) | | | |
|---------------------------|------------------------|-----------|-----------|-----------|
| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| General Fund Expenditures | \$ 976 | \$ 1,159 | \$ 1,159 | \$ 1,159 |

| LONG RANGE FUNDING IMPLICATIONS: | (Dollars in Thousands) | | |
|----------------------------------|------------------------|-----------|--------|
| | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund Expenditures | \$ 279 | \$ 279 | \$ 558 |

GOVERNOR'S RECOMMENDATION: The Governor concurs with the agency's request. This is one of the Governor's management initiatives to strengthen the department's compensation and staffing service with improved accessibility to state jobs and expediting the hiring process.

CHANGE REQUEST 1990-91 Biennial Budget
 _____ Agency _____ Program X Activity

ACTIVITY: COMPENSATION AND STAFFING SERVICES
 PROGRAM: PERSONNEL
 AGENCY: EMPLOYEE RELATIONS, DEPARTMENT OF

REQUEST TITLE: STAFFING INFORMATION SYSTEM IMPLEMENTATION

| | F.Y. 1990 | | F.Y. 1991 | |
|----------------|-----------|-----------|-----------|-----------|
| | (000's) | | (000's) | |
| Agency Request | Amount | Positions | Amount | Positions |
| General Fund | \$2,012 | 2.0 | \$1,893 | 3.0 |

Governor's Recommendation

| | | | | |
|--------------|---------|-----|---------|-----|
| General Fund | \$2,000 | 2.0 | \$1,800 | 3.0 |
|--------------|---------|-----|---------|-----|

Request requires statutory change: _____ Yes X No
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE: The agency requests funds and positions to develop the software and purchase the computer hardware necessary to implement a redesigned staffing support system. The system redesign, recommended by the Department of Administration in a legislatively mandated study, is the culmination of 18 months of intensive information analysis using the Enterprise Analysis Methodology. The objectives of the staffing support system are to provide the computer capabilities needed to:

1. Accelerate applicant testing, scoring, and referral;
2. Expedite availability of test results for applicants and for state agencies needing to hire;
3. Increase the capability of the personnel system in all staffing areas.

DESCRIPTION/BACKGROUND: The state's current applicant processing system operated for state agencies by the department was 1st automated in 1974 and revised to an on-line system in 1977. In 1985, the legislature appropriated funds to study system needs. In 1986, the Department of Administration recommended that the department replace the system beginning with a feasibility study. The legislature then appropriated funds for the systems analysis and design phase. The analysis has been completed and the systems redesign is nearly completed. The agency requests these funds for the final phase-- implementation of the redesigned system.

| STATISTICS: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|---|-----------|-----------|-----------|-----------|
| Job applications processed | 83,212 | 84,000 | 85,000 | 95,000 |
| Examinations given | 769 | 800 | 800 | 800 |
| Exams kept open to continuous application and testing | 229 | 250 | 350 | 485 |
| Lists of qualified candidates referred to agencies for vacancies: | | | | |
| No. of lists referred | 4,709 | 4,900 | 5,000 | 5,000 |
| % of requests for candidates answered in 24 hours | 75 | 77 | 80 | 85 |
| Positions reviewed for classification | 3,153 | 3,500 | 3,500 | 3,500 |

RATIONALE: A 1986 legislatively-mandated study of state hiring identified 1 notable cause of delay in DOER's processing of applications and test results - its continued use of an antiquated support system. The system, first automated in 1974, was determined to be old and patched, inflexible, costly to operate, and unable to be fixed or improved. The system is incapable of keeping up with new testing procedures, especially for producing multiple scores for candidates taking 1 exam that consolidates tests for several classes. It is also incapable of handling the increasing volume of job applications efficiently (20,000 in F.Y. 1982 to over 80,000 in 1988) and is impeding efforts to delegate greater selection authority to state agencies because of their lack of access to the database. If action is not taken to implement system redesign, the system will be unable to continue to handle the increased applicant volume, and longer time delays will occur in the scheduling of applicants, the scoring of tests, and the referral of qualified candidates.

Implementation of the proposed new system which has been redesigned with input from user agency staff will benefit state agencies and job applicants by:

1. Allowing increased use of new approaches to consolidate exams, thereby permitting applicants to test for more jobs with less time and effort;
2. Permitting more open continuous and annual testing thereby keeping candidates available for ready referral for more classes (this capability means a difference of managers having candidates available in 24 hours versus 6-12 weeks);
3. providing ready access to and retrieval from central databases thus streamlining system procedures and eliminating unnecessary duplication of information in agencies.

Ultimately, the whole of state government and all taxpayers will see benefits from implementation of this system redesign in improved quality of the workforce with fewer gaps in service due to shortened hiring time frames.

| | (Dollars in Thousands) | | | |
|---------------------------|------------------------|-----------|-----------|-----------|
| <u>BASE:</u> | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| General Fund Expenditures | \$ 672 | \$ 799 | \$ 629 | \$ 629 |

| | (Dollars in Thousands) | | |
|---|------------------------|-----------|---------|
| <u>LONG RANGE FUNDING IMPLICATIONS:</u> | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund Expenditures | \$ 681 | \$ 681 | \$1,362 |

GOVERNOR'S RECOMMENDATION: The Governor recommends the funding as requested except for a biennial reduction of \$105,000.

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: COMPENSATION AND STAFFING SERVICES
PROGRAM: PERSONNEL
AGENCY: EMPLOYEE RELATIONS, DEPARTMENT OF

REQUEST TITLE: COMPENSATION ISSUES MANAGEMENT

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|----------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 92 | 1.0 | \$ 92 | 1.0 |

Governor's Recommendation

| | | | | |
|--------------|--------|-----|--------|-----|
| General Fund | \$ -0- | -0- | \$ -0- | -0- |
|--------------|--------|-----|--------|-----|

Request requires statutory change: _____ Yes X No

Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests funds and 1.0 position to enable the state to manage emerging compensation and benefits issues. The new position would ensure that the state is in compliance with the Federal Fair Labor Standards Act, particularly the overtime provisions. It would review and evaluate benefit programs for compliance with Internal Revenue Service regulations and analyze retirement issues for the state as an employer. The analysis will ensure that the state's total compensation program makes maximum use of available salary and benefit dollars, and supports the state's goal of attracting and retaining qualified employees, while avoiding the potential for costly penalties associated with non-compliance with federal and state regulations.

DESCRIPTION/BACKGROUND:

The U.S. Supreme Court has ruled that the Federal Fair Labor Standards Act applies to state and local government and administrative rulings by the Department of Labor continue to change the interpretation of the Federal Fair Labor Standards Act. As new rulings are issued, additional analysis of the state's policies regarding overtime administration is required to avoid non-compliance and costly penalties which could easily exceed a million dollars.

The Internal Revenue Service now requires analysis of health insurance plans for discrimination against lower paid employees. Failure to pass the discrimination test means that premiums for the benefits may be taxable income for the higher paid employees. This trend requires closer scrutiny of existing benefits and more intense planning of new benefits in order to avoid undesirable tax consequences for employees. In addition, new and existing early retirement incentives must be reviewed for compliance with the Age Discrimination in Employment Act and other laws, and management must determine whether such incentives are in the best interests of the state as an employer.

RATIONALE:

Changing state and federal laws, court decisions, and compensation trends require in depth analysis. Failure to understand how new laws and court decisions apply to state government can result in costly non-compliance penalties. Alternative and flexible compensation strategies need to be developed in order to leverage scarce fiscal resources in order to have a competitive total compensation program.

Current activity staff address a wide variety of compensation issues and support the negotiation and administration of wage and benefit provisions in contract and compensation plans covering all executive branch employees. They are unable to absorb the critical new responsibilities. A new position is needed along with consultant support in order to address these emerging and potentially costly compensation issues.

BASE: None.

| LONG RANGE FUNDING IMPLICATIONS: | (Dollars in Thousands) | | |
|----------------------------------|------------------------|-----------|--------|
| | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund Expenditures | \$ 92 | \$ 92 | \$ 184 |

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Although the request has merit, other spending priorities preclude additional funding.

ACTIVITY: SAFETY AND WORKERS' COMPENSATION **1990-91 Biennial Budget**
Program: PERSONNEL
Agency: EMPLOYEE RELATIONS, DEPARTMENT OF

PURPOSE: The Safety and Workers' Compensation activity ensures that all state agencies establish and maintain effective occupational health and safety programs for state workers which meet minimum employer standards and maintain compliance with federal, state, and local regulations. The activity coordinates a consistent approach to safety and the management of workers' compensation throughout state service, by setting statewide goals and policies, by assisting in the development and delivery of departmental programs, by administering workers' compensation claims for the executive branch and the University of Minnesota, by identifying safety resources, and by designing effective training programs.

The Safety and Workers' Compensation activity was created 7-1-87 by the transfer of the State's Workers' Compensation Self-Insurance program from the Department of Labor & Industry.

| EFFECTIVENESS MEASURES: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|---|------------------|------------------|------------------|------------------|
| Claims Management: | | | | |
| Total no. of claims | 5,449 | 5,670 | 6,150 | 6,275 |
| Medical | 4,185 | 4,253 | 4,613 | 4,705 |
| Loss Time | 1,264 | 1,417 | 1,537 | 1,570 |
| Workers' compensation benefits paid | \$12,450,955 | \$13,152,321 | \$13,941,460 | \$14,220,289 |
| Department of Labor and Industry special fund assessment payments | \$ 2,039,583 | \$ 2,120,000 | \$ 2,247,200 | \$ 2,340,000 |
| Administration account costs | \$ 1,159,299 | \$ 1,578,278 | \$ 1,672,975 | \$ 1,706,434 |
| Total state workers' compensation costs | \$15,649,837 | \$16,850,599 | \$17,861,635 | \$18,266,723 |
| No. of employees covered | 68,000 | 68,000 | 68,000 | 67,000 |
| No. of payments made (compensation and medical) | 32,889 | 34,200 | 36,250 | 36,975 |
| No. of claims per specialist | 390 | 260 | 275 | 280 |
| Total no. of employees away from work (U/M and Executive Branch). | 336 | 330 | 330 | 330 |
| Legal Representation | | | | |
| Total no. of cases handled | 259 | 270 | 290 | 295 |
| Peace Officers Death Benefits | | | | |
| No. of claims submitted | 5 | 10 | 20 | 40 |
| No. of claims certified | -0- | 4 | 8 | 16 |
| Benefits paid | -0- | \$ 400,000 | \$ 800,000 | \$1,600,000 |
| Statewide Right-to-Know Contract | | | | |
| No. of phone calls to service | 200 | 220 | 265 | 290 |
| No. of data sheets available | 13,000 | 18,000 | 19,000 | 20,000 |
| No. of on-site consultation visits | 2 | 12 | 24 | 30 |
| Cost of contract | \$ 104,000 | \$ 104,000 | \$ 104,000 | \$ 104,000 |
| Workers' Compensation Reinsurance: | | | | |
| No. of claims submitted | 11 | 15 | 20 | 25 |
| Payroll exposure | \$23,793,497 | \$23,000,000 | \$23,000,000 | |
| Premium assessed | \$ 1,404,100 | \$ 1,707,876 | \$ 1,901,300 | \$1,703,426 |
| Retention level | \$ 380,000 | \$ 390,000 | \$ 400,000 | \$ 410,000 |

DESCRIPTION: The Safety and Workers' Compensation activity provides the following services:

1. Workers' Compensation Claims Management provides management of individual workers' compensation claims for the executive branch and the University of Minnesota.
2. Legal Representation determines the liability to claims made by employees for workers' compensation benefits and defend those claims which appear not to be compensable for the executive branch and the University of Minnesota.
3. Rehabilitation and Placement Services provides rehabilitation and consultation services to state employees with job-related injuries; and provides training and workshops which assist agencies in managing a workers' compensation program.
4. Loss Control provides guidance and direction to state agencies in establishing and evaluating their occupational health and safety programs by insuring that the following elements are in place:

occupational health and safety training
safe work conditions
accident investigation
accident record system
workers' compensation
compliance with government regulations
medical and first aid systems.

5. Peace Officers Death Benefits administers the Peace Officers Fund and upon certification to the governor by the Safety and Workers' Compensation activity that a Peace Officer was killed in the line of duty, a \$100,000 death benefit is paid.
6. Statewide Right-to-Know Contract administers the statewide contract insuring contract obligations are met by both state agencies and the Ramsey Poison Control Center.
7. Workers' Compensation Reinsurance Association (WCRA) represents the state of Minnesota as a self-insured employer to the WCRA as required by M.S. 79.34. The activity submits selected workers' compensation claims to the WCRA for reinsurance should the claim exceed a retention level of \$380,000. It determines the state's total payroll for selected occupations for WCRA premium determination; reviews occupational classifications for proper risk classification; and determines the retention level and the resulting premium assessment.

REVENUE: This activity is funded by dedicated revenue and in part by direct appropriations.

| | (Dollars in Thousands) | | | |
|---------------------|------------------------|-----------------------|-----------------------|-----------------------|
| | Actual F.Y. 1988 | Estimate F.Y. 1989 | Estimate F.Y. 1990 | Estimate F.Y. 1991 |
| Dedicated - special | \$ 16,756 | \$ 16,851 | \$ 17,861 | \$ 18,267 |
| Total Revenue | \$ 16,756 | \$ 16,851 | \$ 17,861 | \$ 18,267 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : EMPLOYEE RELTNS,DPT
PROGRAM : PERSONNEL
BUDGET ACTIVITY : SAFETY AND WORKERS' COMPENSATION

| EXPENDITURES: | F.Y. 1990 | | | | | | F.Y. 1991 | | | |
|---|-----------|---------|----------------|--------|--------|--------------------|----------------|--------|--------|--------------------|
| | FY 1988 | FY 1989 | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 974 | 1,382 | 1,405 | 0 | 1,405 | 1,405 | 1,405 | 0 | 1,405 | 1,405 |
| EXPENSES/CONTRACTUAL SRVCS | 154 | 215 | 194 | 0 | 194 | 194 | 194 | 0 | 194 | 194 |
| MISC OPERATING EXPENSES | 15,901 | 16,752 | 17,987 | 453 | 18,440 | 18,440 | 18,359 | 255 | 18,614 | 18,614 |
| SUPPLIES/MATERIALS/PARTS | 45 | 41 | 20 | 0 | 20 | 20 | 20 | 0 | 20 | 20 |
| CAPITAL EQUIPMENT | 18 | 156 | 51 | 0 | 51 | 51 | 51 | 0 | 51 | 51 |
| REDISTRIBUTIONS | 113 | 113 | 113 | 0 | 113 | 113 | 113 | 0 | 113 | 113 |
| TOTAL EXPENDITURES | 17,205 | 18,659 | 19,770 | 453 | 20,223 | 20,223 | 20,142 | 255 | 20,397 | 20,397 |
| CHANGE REQUESTS: | | | | | | | | | | |
| FUND | | | | | | | | | | |
| B WORKER'S COMPENSATION INSURANCE PREMIUM GEN | | | | 453 | | 453 | | 255 | | 255 |
| TOTAL CHANGE REQUESTS | | | | 453 | | 453 | | 255 | | 255 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 1,588 | 2,184 | 1,876 | 453 | 2,329 | 2,329 | 1,876 | 255 | 2,131 | 2,131 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| SPECIAL REVENUE | 15,617 | 16,475 | 17,894 | 0 | 17,894 | 17,894 | 18,266 | 0 | 18,266 | 18,266 |
| TOTAL FINANCING | 17,205 | 18,659 | 19,770 | 453 | 20,223 | 20,223 | 20,142 | 255 | 20,397 | 20,397 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 2.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| SPECIAL REVENUE | 32.0 | 32.0 | 44.0 | 0.0 | 44.0 | 44.0 | 44.0 | 0.0 | 44.0 | 44.0 |
| TOTAL POSITIONS | 34.0 | 32.0 | 44.0 | 0.0 | 44.0 | 44.0 | 44.0 | 0.0 | 44.0 | 44.0 |

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: SAFETY AND WORKERS' COMPENSATION
PROGRAM: PERSONNEL
AGENCY: EMPLOYEE RELATIONS, DEPARTMENT OF

REQUEST TITLE: REINSURANCE PREMIUM

| | F.Y. 1990 | | F.Y. 1991 | |
|----------------|-------------------|-----------|-------------------|-----------|
| Agency Request | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 453 | -0- | \$ 255 | -0- |

Governor's Recommendation

| | | | | |
|--------------|--------|-----|--------|-----|
| General Fund | \$ 453 | -0- | \$ 255 | -0- |
|--------------|--------|-----|--------|-----|

Request requires statutory change: _____ Yes X No

Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests funds to meet the full cost of the premiums charged to the state of Minnesota for participation in the Workers' Compensation Reinsurance Association (WCRA).

DESCRIPTION/BACKGROUND:

The Workers' Compensation Reform Law of 1983 included a provision which required the state of Minnesota, effective January, 1984, to participate in the WCRA. This reinsurance program charges a premium on a calendar year basis, determined according to such factors as payroll and the occupations of the reinsured organization. The WCRA then shares certain liability and risk for large workers' compensation claims, with the state Workers' Compensation Self-Insurance program. The WCRA becomes involved in such claims exceeding \$380,000.

RATIONALE:

The initial budget which appropriated funds for the WCRA premiums in 1984 were estimates, based on best information available at that time. Actual premiums since January, 1984 have been more expensive than the original projected. The additional expense is a result of the increase in the state's payroll exposure base; as the payroll increases, the exposure increases, resulting in an upward adjustment of the premiums.

The 1987-89 biennial appropriation is approximately \$299,300 less than required to meet actual premium after each year's adjustment. Current forecasts indicate that the same level budget for F.Y. 1990 and F.Y. 1991 will also be inadequate. Department projections project a shortfall of \$453,000 in F.Y. 1990 and \$255,000 in F.Y. 1991. The additional funds necessary to meet the increased reinsurance obligation are requested in this CHANGE request.

BASE:

| (Dollars in Thousands) | | | |
|------------------------|-----------|-----------|-----------|
| F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| \$ 1,404 | \$ 1,448 | \$ 1,448 | \$ 1,448 |

LONG RANGE IMPLICATIONS:

| (Dollars in Thousands) | | |
|------------------------|-----------|--------|
| F.Y. 1992 | F.Y. 1993 | Total |
| \$ 255 | \$ 255 | \$ 510 |

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

ACTIVITY: TRAINING AND DEVELOPMENT
 Program: PERSONNEL
 Agency: EMPLOYEE RELATIONS, DEPARTMENT OF

1990-91 Biennial Budget

REVENUE:

This activity generates dedicated revenue from training classes and seminars.

PURPOSE:

The Training and Development activity provides employees in agencies of all sizes and in all geographic locations of the state with the knowledge and skills necessary for the cost-effective delivery of state services. It delivers an integrated training program to 35,000 employees in 132 agencies in the areas of management, supervision, health and safety, individual development, customer service, and communications. It provides coordination and technical assistance to agencies in the design and delivery of training programs tailored to fit their specific needs, and it has responsibility for training the state's 1,285 managers and 2,573 supervisors.

EFFECTIVENESS MEASURES:

| | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|--|------------------|------------------|------------------|------------------|
| Total no. of participants trained | 7,299 | 7,664 | 8,048 | 8,450 |
| No. of new courses developed | 3 | 4 | 5 | 6 |
| No. of current courses updated | 2 | 3 | 4 | 4 |
| No. of Training and Development related activities (conferences, technical assistance, etc.) | 30 | 35 | 40 | 45 |

DESCRIPTION:

The Training and Development Division has seven major activities:

1. Provides direct training to meet mandatory training requirements for managers and supervisors;
2. Designs and implements management development activities, such as the Career Executive Service (CES), the Managers' CORE Program, and the annual Manager's/CES Conference;
3. Coordinates the activities for the annual Governor's Awards Program, the new Quad series of continuing education seminars for managers, the new Minnesota Continuing Education Fair, and the Management Advisory Council;
4. Offers training to all employees in health and safety, customer service, effective communications, pre-retirement planning, and career renewal;
5. Conducts meetings designed for state training coordinators to give them up-to-date information on new training opportunities and techniques;
6. Provides technical assistance to agencies to assess training needs and to provide information on available resources;
7. Trains managers and supervisors in the effective use of the statewide employee performance appraisal program.

Statutory Reference: M.S. Ch. 43A.21.

STATISTICS:

| | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|--------------------------------------|------------------|------------------|------------------|------------------|
| 1. Management/Supervisor Classes | | | | |
| Number of participant | 2,376 | 2,495 | 2,620 | 2,751 |
| Number of hours of training | 24,860 | 26,103 | 27,408 | 28,779 |
| 2. Non-Management/Supervisor Classes | | | | |
| Number of participants | 4,923 | 5,169 | 5,428 | 5,699 |
| Number of hours of training | 48,910 | 51,355 | 53,923 | 56,619 |

| | <u>(Dollars in Thousands)</u> | | | |
|------------------------|-------------------------------|------------------|------------------|-----------------|
| <u>Type of Revenue</u> | <u>Actual</u> | <u>Estimate</u> | <u>Estimate</u> | <u>Estimate</u> |
| <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> | |
| Dedicated - special | \$ 294 | \$ 343 | \$ 325 | \$ 325 |
| Total Revenue | \$ 294 | \$ 343 | \$ 325 | \$ 325 |

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : EMPLOYEE RELTNS,DPT
PROGRAM : PERSONNEL
BUDGET ACTIVITY : TRAINING & DEVELOPMENT

| F.Y. 1990 | | | | | | | F.Y. 1991 | | | |
|---|---------|---------|------|--------|-------|--------------------|----------------|--------|-------|--------------------|
| ----- | | | | | | | ----- | | | |
| AGENCY REQUEST | | | | | | | AGENCY REQUEST | | | |
| ----- | | | | | | | ----- | | | |
| EXPENDITURES: | FY 1988 | FY 1989 | BASE | CHANGE | TOTAL | GOVERNOR'S RECOMM. | BASE | CHANGE | TOTAL | GOVERNOR'S RECOMM. |
| ----- | | | | | | | | | | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 365 | 476 | 485 | 36 | 521 | 485 | 485 | 36 | 521 | 485 |
| EXPENSES/CONTRACTUAL SRVCS | 261 | 332 | 301 | 12 | 313 | 301 | 301 | 12 | 313 | 301 |
| MISC OPERATING EXPENSES | 34 | 32 | 32 | 122 | 154 | 32 | 32 | 122 | 154 | 32 |
| SUPPLIES/MATERIALS/PARTS | 86 | 27 | 27 | 1 | 28 | 27 | 27 | 1 | 28 | 27 |
| CAPITAL EQUIPMENT | 16 | 0 | 0 | 9 | 9 | 0 | 0 | 9 | 9 | 0 |
| REDISTRIBUTIONS | 7 | 14 | 14 | 0 | 14 | 14 | 14 | 0 | 14 | 14 |
| ----- | | | | | | | | | | |
| TOTAL EXPENDITURES | 769 | 881 | 859 | 180 | 1,039 | 859 | 859 | 180 | 1,039 | 859 |
| ----- | | | | | | | | | | |
| CHANGE REQUESTS: | FUND | | | | | | | | | |
| ----- | | | | | | | | | | |
| B TRAINING AND DEVELOPMENT VIDEO BASED GEN TRAINING | | | | 60 | | 0 | | 60 | | 0 |
| B CAREER DEVELOPMENT GRANTS | | | | 120 | | 0 | | 120 | | 0 |
| ----- | | | | | | | | | | |
| TOTAL CHANGE REQUESTS | | | | 180 | | 0 | | 180 | | 0 |
| ----- | | | | | | | | | | |
| SOURCES OF FINANCING: | | | | | | | | | | |
| ----- | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 477 | 514 | 533 | 180 | 713 | 533 | 533 | 180 | 713 | 533 |
| ----- | | | | | | | | | | |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| SPECIAL REVENUE | 292 | 367 | 326 | 0 | 326 | 326 | 326 | 0 | 326 | 326 |
| ----- | | | | | | | | | | |
| TOTAL FINANCING | 769 | 881 | 859 | 180 | 1,039 | 859 | 859 | 180 | 1,039 | 859 |
| ----- | | | | | | | | | | |
| POSITIONS BY FUND: | | | | | | | | | | |
| ----- | | | | | | | | | | |
| GENERAL | 10.5 | 11.5 | 11.5 | 1.0 | 12.5 | 11.5 | 11.5 | 1.0 | 12.5 | 11.5 |
| ----- | | | | | | | | | | |
| TOTAL POSITIONS | 10.5 | 11.5 | 11.5 | 1.0 | 12.5 | 11.5 | 11.5 | 1.0 | 12.5 | 11.5 |
| ----- | | | | | | | | | | |

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: TRAINING AND DEVELOPMENT
PROGRAM: PERSONNEL
AGENCY: EMPLOYEE RELATIONS, DEPARTMENT OF

REQUEST TITLE: TRAINING AND DEVELOPMENT VIDEO BASED TRAINING

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 60 | 1.0 | \$ 60 | 1.0 |
| Governor's Recommendation | | | | |
| General Fund | \$ -0- | -0- | \$ -0- | -0- |

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests funds and 1.0 position to produce and deliver video-based training in order to simultaneously increase training opportunities and reduce training costs, particularly for employees in Greater Minnesota.

DESCRIPTION/BACKGROUND:

The DOER Training Division is responsible for providing direct training to 34,000 geographically scattered employees. Under present arrangements, 80% of this training takes place in the Twin Cities with 1 trainer delivering 1 course for 1 day to 20 students on average. The cost of delivering training in this way is becoming prohibitive, especially for agencies with major installations outside the Twin Cities. Although the fees for DOER training are minimal, including no fee for mandatory training, the additional cost of travel, lodging, meals, pro-rated salary, plus time away from a work station for 2 to 3 days, is making it increasingly difficult for agencies to send employees for training. Also, there are times when employees trained in other locations receive information that is different from that which metro employees receive. For example, DOER's very popular Pre-Retirement Planning training (which enrolls on average 45 people) relies on unpaid experts from the federal government. These guest lecturers are often unable or unwilling to travel to non-metro locations.

Large corporations are making extensive use of video-based instruction as a cost-effective alternative to classroom training. DOER's own experience with video-based training illustrates its cost-effectiveness. For example, DOER can deliver its one-day training course, Listening, in a traditional classroom setting in the metro area for \$21 a participant. The cost for an agency to send a non-metro staff member to DOER for this course jumps to \$147 a participant--a 600% increase. The same course delivered as a video film, with accompanying workbooks, costs an agency a one-time fee of \$15 a person, plus postage.

EFFECTIVENESS MEASURES:

| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|--|-----------|-----------|-----------|-----------|
| No. of video-based courses produced | 1 | 1 | 4 | 4 |
| No. of video-based course sessions offered: | | | | |
| Metro area | 75 | 150 | 250 | 350 |
| Greater Minnesota | 15 | 50 | 150 | 200 |
| No. of employees served by video-based courses: | | | | |
| Metro area | 1,125 | 1,275 | 2,750 | 5,250 |
| Greater Minnesota | 90 | 300 | 2,250 | 3,000 |
| Average cost per participant per course in Greater Minnesota | \$ 147 | \$ 154 | \$ 24 | \$ 28 |

RATIONALE:

There is currently no person in the Department of Employee Relations Training Division with expertise to quickly produce video-training films. Presently, employee development specialists who are essentially classroom teachers can only work on video training a small proportion of their time; hence only 1 training film has been produced by the Division. Training films available through the private sector are very expensive, have limited applicability to the public sector, and have a very short shelf life. An in-house expert working with the appropriate equipment will enable the Division to achieve its twin goals of expanding its offerings to Greater Minnesota and customized training packages for agencies. The availability of video-based instruction would give agencies greater flexibility and more opportunities to schedule training for employees with fewer disruptions.

Legislative appropriations are being requested to support one audio-visual technician position and equipment necessary to produce 3-4 training films a biennium. This funding will enable the department to expand training for non-metro employees and to customize training for agencies at reduced costs.

BASE: None.

| LONG RANGE FUNDING IMPLICATIONS: | (Dollars in Thousands) | | |
|----------------------------------|------------------------|-----------|--------|
| | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund Expenditures | \$ 60 | \$ 60 | \$ 120 |

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Although the request has merit, other spending priorities preclude additional funding.

CHANGE REQUEST _____ 1990-91 Biennial Budget
_____ Agency _____ Program X Activity

ACTIVITY: TRAINING AND DEVELOPMENT

PROGRAM: PERSONNEL

AGENCY: EMPLOYEE RELATIONS, DEPARTMENT OF

REQUEST TITLE: CAREER DEVELOPMENT GRANTS

| | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-------------------|-----------|-------------------|-----------|
| Agency Request | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 120 | -0- | \$ 120 | -0- |
| Governor's Recommendation | | | | |
| General Fund | \$ -0- | -0- | \$ -0- | -0- |

Request requires statutory change: X Yes _____ No

Statutes Affected: Chapter 43A.

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests funds to establish a pilot career development grant program for state employees. The grants would be used to support short-term projects designed to investigate or explore new methods for delivering state services.

DESCRIPTION/BACKGROUND:

The Career Development Grants will be awarded on a competitive basis to employees of the executive, legislative or judicial branches of state government who have at least 3 years of state service. The grants will support projects that demonstrate how new methods of delivering state services can strengthen and improve state government programs. Grant projects will examine governmental practices both in Minnesota and other states or countries. Projects will blend theoretical knowledge with practical applications, and will develop recommendations for organizational innovation.

The maximum grant awarded to any individual will be \$3,000. Award recipients will be expected to obtain other financial support, including agency funds, to demonstrate commitment to and the utility of a proposed project. Up to 40 grants will be awarded in any biennium.

RATIONALE:

The Career Development Grants program will provide an administrative mechanism through which state employees acquire new knowledge and skills germane to their work while advancing their own careers. This program will allow the state to recognize and reward highly motivated and productive employees. It will simultaneously improve the quality of the workforce and institutionalize program improvement in state government. By making money available for special learning opportunities similar to university sabbaticals, this program is expected to help the state retain highly qualified state employees who are committed to public service.

A statewide program is needed to insure fairness and equal access to grants for employees in all state agencies because most agencies are not in a financial position to target monies for individual training projects.

BASE: None.

LONG RANGE FUNDING IMPLICATIONS: None.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Although the request has merit, other spending priorities preclude additional funding.

ACTIVITY: EQUAL OPPORTUNITY
 Program: PERSONNEL
 Agency: EMPLOYEE RELATIONS, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

The Equal Opportunity activity ensures compliance with state Affirmative Action and Equal Opportunity Laws, so that protected group persons have equal access to the executive branch workforce. It does this by assisting agencies with the recruitment, selection, retention, and promotion of protected group members.

EFFECTIVENESS MEASURES:

| | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|---|------------------|------------------|------------------|------------------|
| % representation of protected groups in executive branch workforce: | | | | |
| A. Women | 46.4 | 47.0 | 48.0 | 50.0 |
| B. Minority | 4.8 | 5.0 | 5.0 | 5.0 |
| C. Disabled | 6.8 | 7.0 | 8.0 | 8.0 |
| D. Vietnam Era Veterans* | 9.4 | - | - | - |
| % representation of protected groups in managerial, professional and supervisory positions in the executive branch: | | | | |
| A. Women | 33.7 | 34.5 | 35.0 | 35.0 |
| B. Minority | 4.3 | 4.8 | 5.0 | 5.5 |
| C. Disabled | 7.3 | 7.8 | 8.0 | 8.0 |
| D. Vietnam Era Veterans* | 12.0 | - | - | - |

* Vietnam Era Veterans have sunset clause for 1989.

DESCRIPTION:

The Equal Opportunity division has 5 basic responsibilities:

1. Provides consultation, technical support, and training for operating agency staff in developing their affirmative action plans;
2. Establishes goals and annual hiring objectives for agencies and reviews, approves and monitors their progress;
3. Reviews state policies and procedures for compliance with equal opportunity requirements or evidence of discrimination and initiates joint programs with department divisions to eliminate the effects of discrimination;
4. Advises the commissioner on legislative or policy initiatives and reports to the legislature on affirmative action progress;
5. Sets affirmative action goals for the seven metropolitan agencies and monitors their progress.

STATISTICS:

| | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|--|------------------|------------------|------------------|------------------|
| Affirmative action audits conducted | 78 | 85 | 85 | 85 |
| Job fairs attended | 7 | 10 | 15 | 20 |
| Community informational sessions and job fairs sponsored and conducted | 19 | 30 | 35 | 39 |

STATISTICS (Continued):

| | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|--|------------------|------------------|------------------|------------------|
| No. of training programs developed | 10 | 10 | 12 | 12 |
| No. of training programs delivered | 29 | 35 | 40 | 45 |
| No. of applicant information sessions | 250 | 291 | 308 | 325 |
| No. of women applying to managerial positions | 1,254 | 1,300 | 1,500 | 1,600 |
| No. of minorities applying to managerial positions | 254 | 350 | 450 | 550 |
| Monthly information newsletter | 6 | 6 | 6 | 6 |
| Complaint investigation fact finding | 6 | 10 | 15 | 20 |

Statutory Reference: M.S. Ch. 43A.19, 43A.191, and 473.193.

REVENUE:

None.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : EMPLOYEE RELTNS,DPT
PROGRAM : PERSONNEL
BUDGET ACTIVITY : EQUAL OPPORTUNITY

| F.Y. 1990 | | | | | | | F.Y. 1991 | | | |
|---|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| EXPENDITURES: | FY 1988 | FY 1989 | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 160 | 184 | 202 | 35 | 237 | 202 | 202 | 35 | 237 | 202 |
| EXPENSES/CONTRACTUAL SRVCS | 20 | 25 | 25 | 2 | 27 | 25 | 25 | 2 | 27 | 25 |
| MISC OPERATING EXPENSES | 6 | 8 | 8 | 1 | 9 | 8 | 8 | 1 | 9 | 8 |
| SUPPLIES/MATERIALS/PARTS | 5 | 2 | 2 | 0 | 2 | 2 | 2 | 0 | 2 | 2 |
| TOTAL EXPENDITURES | 191 | 219 | 237 | 38 | 275 | 237 | 237 | 38 | 275 | 237 |
| CHANGE REQUESTS: FUND | | | | | | | | | | |
| B AFFIRMATIVE ACTION OFFICER / RESEARCH GEN ANALYST | | | | 38 | | 0 | | 38 | | 0 |
| TOTAL CHANGE REQUESTS | | | | 38 | | 0 | | 38 | | 0 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 191 | 219 | 237 | 38 | 275 | 237 | 237 | 38 | 275 | 237 |
| TOTAL FINANCING | 191 | 219 | 237 | 38 | 275 | 237 | 237 | 38 | 275 | 237 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 5.5 | 5.5 | 5.5 | 1.0 | 6.5 | 5.5 | 5.5 | 1.0 | 6.5 | 5.5 |
| TOTAL POSITIONS | 5.5 | 5.5 | 5.5 | 1.0 | 6.5 | 5.5 | 5.5 | 1.0 | 6.5 | 5.5 |

CHANGE REQUEST 1990-91 Biennial Budget
 _____ Agency _____ Program X Activity

ACTIVITY: EQUAL OPPORTUNITY
 PROGRAM: PERSONNEL
 AGENCY: EMPLOYEE RELATIONS, DEPARTMENT OF

REQUEST TITLE: AFFIRMATIVE ACTION OFFICER/RESEARCH ANALYST

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|--|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 38 | 1.0 | \$ 38 | 1.0 |
| Governor's Recommendation | | | | |
| General Fund | \$ -0- | -0- | \$ -0- | -0- |
| Request requires statutory change: _____ Yes <u>X</u> No | | | | |
| Statutes Affected: | | | | |

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests funds and 1.0 position to assist the Metropolitan agencies in developing an affirmative action program with goals and objectives and to monitor their progress so that the hiring of protected group citizens will be assured. It will also improve the state's system which assists state agencies with goal achievement and will centralize employee information by integrating affirmative action with existing personnel data.

DESCRIPTION/BACKGROUND:

In 1988, the legislature assigned to the department the responsibility for setting affirmative action goals for the 7 metropolitan agencies and for monitoring their affirmative action progress. As part of those responsibilities, the Equal Opportunity Division must develop an extension of its current program which will be different due to the specific information requirements described in the new law. This will involve:

1. development of an affirmative action review process;
2. development of reporting instruments that will be used by the metropolitan agencies to report on personnel transactions (i.e., applicant processing, employee grievances filed, disciplinary actions taken);
3. training of metropolitan agencies on current policies and reporting instruments;
4. monitoring progress of these agencies on a quarterly basis;
5. reporting to the legislature.

During the past 2 legislative sessions, the state's affirmative action law has also been amended with mandates for goal setting and specialized monitoring of state agencies. These additional responsibilities require that the division update current policies and develop information systems that can assist agencies with goal achievement and centralize affirmative action data with existing personnel data.

(Dollars in Thousands)

| STATISTICS: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|---|-----------|-----------|-----------|-----------|
| Training sessions for metropolitan agencies. | -0- | 2 | 4 | 4 |
| Consultation sessions with metropolitan agencies. | -0- | 7 | 28 | 28 |

RATIONALE:

Since many of the metropolitan agencies are just beginning their affirmative action program, the Equal Opportunity Division must assist them in coordinating the activities required by law. The Equal Opportunity Division must complete an agency assessment for each agency to outline agency needs and then coordinate a program that can be used by all of the 7 metropolitan agencies. A new program design will be required because the metropolitan agencies are not part of the state system and there are no existing reporting mechanisms on applicant processing and testing, employee selection criteria, applicant flow, or agency hiring decisions, as there are in state government. The work of installing the new system, training the metropolitan agencies and monitoring affirmative action progress are substantial new responsibilities which will require a new staff position.

BASE: None.

(Dollars in Thousands)

| LONG RANGE FUNDING IMPLICATIONS: | F.Y. 1992 | F.Y. 1993 | Total |
|----------------------------------|-----------|-----------|-------|
| General Fund Expenditures | \$ 38 | \$ 38 | \$ 76 |

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Although the request has merit, other spending priorities preclude additional funding.

1989-91 BIENNIAL BUDGET

PROGRAM STRUCTURE

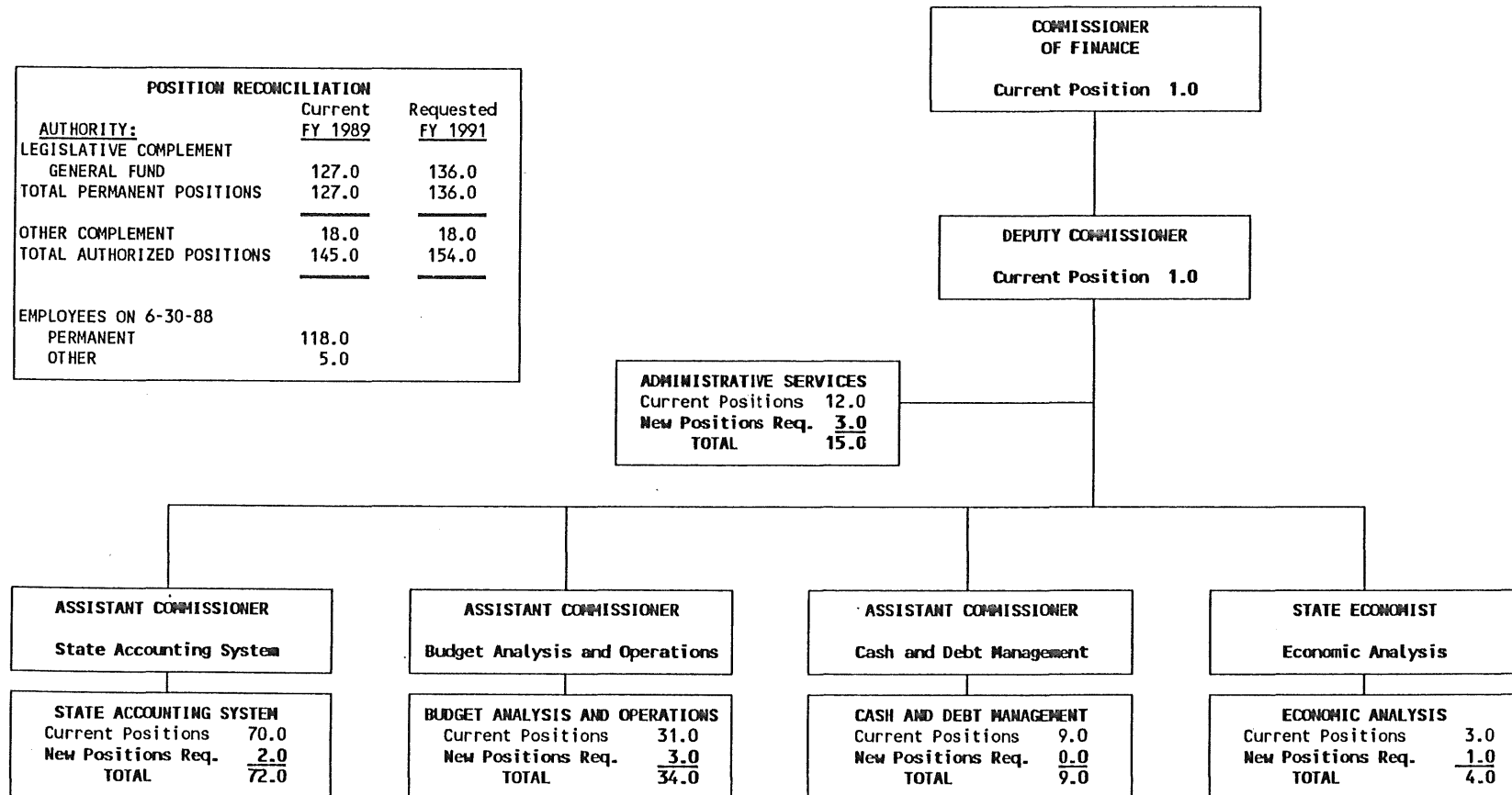
AGENCY: FINANCE, DEPARTMENT OF

| <u>PROGRAM</u> | <u>ACTIVITIES</u> | <u>SECTION</u> | <u>PAGE</u> |
|--------------------------------------|--------------------------------------|----------------|-------------|
| FINANCIAL AND BUDGET OPERATIONS----- | Fiscal Management and Administration | 4 | 230 |
| | State Accounting System | | 236 |
| | Budget Analysis and Operations | | 241 |
| | Cash and Debt Management | | 246 |

DEPARTMENT OF FINANCE
Organization Chart 11-1-88

| POSITION RECONCILIATION | | |
|----------------------------|--------------------|----------------------|
| AUTHORITY: | Current FY 1989 | Requested FY 1991 |
| LEGISLATIVE COMPLEMENT | | |
| GENERAL FUND | 127.0 | 136.0 |
| TOTAL PERMANENT POSITIONS | 127.0 | 136.0 |
| OTHER COMPLEMENT | 18.0 | 18.0 |
| TOTAL AUTHORIZED POSITIONS | 145.0 | 154.0 |
| EMPLOYEES ON 6-30-88 | | |
| PERMANENT | 118.0 | |
| OTHER | 5.0 | |

| ADMINISTRATIVE SERVICES | |
|-------------------------|------|
| Current Positions | 12.0 |
| New Positions Req. | 3.0 |
| TOTAL | 15.0 |



AGENCY: FINANCE, DEPARTMENT OF

1990-91 Biennial Budget

AGENCY PURPOSE:

The Department of Finance plans, analyzes and manages the budget, financial operations, certain agricultural loan participations and debt of the state. The department prepares the Governor's executive budget recommendations that are presented to the legislature, including the development of policy options to ensure that state services are effective and efficient. The department forecasts revenues, controls expenditures per law and reports financial information for the Governor, legislature and the public on the operation, financial condition and economic future of the state. Finance serves state agencies in their missions by providing financial services, consultation and information.

OPERATION AND CLIENTELE:

The Department of Finance is organized into 4 divisions: State Accounting System, Budget Analysis and Operations, Cash and Debt Management, and Fiscal Management and Administration. All 4 divisions work together to meet the following 1990-1991 departmental objectives:

- o to report the financial condition and results of operations of the state completely and accurately;
- o to assist the Governor and legislature in increasing the effectiveness of state expenditures within established budget limits;
- o to achieve sound finance and management in the state;
- o to improve the effectiveness and efficiency of the services provided for state agencies;
- o to improve the overall internal management of the department with special emphasis on staff education;
- o to provide information on future revenues and expenditures under current law and develop creative options for changing them to assist the Governor and the legislature in financial planning;
- o to manage long-term debt within policy guidelines at the least possible cost;
- o to continue to review the cash management practices of the state and recommend alternative policies and procedures to maximize the use of cash in the state treasury;
- o to manage the Rural Finance Debt Restructuring and Beginning Farmer Loan Participation Programs; and
- o to increase the department's efforts in understanding future developments in other states, at the federal level, as well as through literature review.

Areas of emphasis within the department are: 1) to improve analytical capabilities so that better information and options are provided to decision makers; 2) to improve the services and responsiveness of financial services

to other state agencies; 3) to advocate the use of performance measurement for results oriented management; and 4) to address the information planning and systems development needs of the department.

As a staff agency, primary clients are the Governor, the legislature, their staffs and all state agencies. The department also works with financial institutions, and interested individuals and groups.

Details of the department's operation are provided on the program and activity pages which follow.

| INDEX | (Dollars in Thousands) | | Page |
|---|---|---|------|
| | Agency Request 1990-91 Biennium All Funds | Governor's Recommendation 1990-91 Biennium All Funds | |
| BASE Level Request | \$ 16,930 | \$ 16,930 | |
| Budget Activity CHANGE Requests: | | | |
| Fiscal Management and Administration: | | | |
| Administrative Support | 208 | -0- | 232 |
| Staff Development | 20 | -0- | 234 |
| Economic Analysis Support | 100 | -0- | 235 |
| Strategic Long-Range Information | 90 | -0- | 233 |
| Systems Planning Assistance | | | |
| Subtotal | \$ 418 | -0- | |
| State Accounting System: | | | |
| Internal Auditing | 176 | 176 | 238 |
| Statewide Accounting System Improvements | 150 | -0- | 240 |
| Payroll System Improvements | 175 | -0- | 239 |
| Subtotal | \$ 501 | 176 | |
| Budget Analysis and Operations: | | | |
| Small Agency Support | 186 | -0- | 243 |
| BBS Technical Support and Enhancements | 470 | 470 | 244 |
| Local Government Reporting | -0- | 208 | 245 |
| Subtotal | \$ 656 | 678 | |
| CHANGE Requests Subtotal | \$ 1,575 | 854 | |
| AGENCY Total | \$ 18,505 | \$ 17,784 | |

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : FINANCE, DEPT OF

| PROGRAM EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|-----------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| FINANCIAL & BUDGET OPERATNS | 8,056 | 8,516 | 8,465 | 854 | 9,319 | 8,896 | 8,465 | 721 | 9,186 | 8,888 |
| TOTAL EXPENDITURES | 8,056 | 8,516 | 8,465 | 854 | 9,319 | 8,896 | 8,465 | 721 | 9,186 | 8,888 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 8,056 | 8,176 | 8,465 | 854 | 9,319 | 8,896 | 8,465 | 721 | 9,186 | 8,888 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| AGENCY | 0 | 340 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL FINANCING | 8,056 | 8,516 | 8,465 | 854 | 9,319 | 8,896 | 8,465 | 721 | 9,186 | 8,888 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 127.0 | 127.0 | 127.0 | 9.0 | 136.0 | 132.0 | 127.0 | 9.0 | 136.0 | 132.0 |
| TOTAL POSITIONS | 127.0 | 127.0 | 127.0 | 9.0 | 136.0 | 132.0 | 127.0 | 9.0 | 136.0 | 132.0 |

PROGRAM: FINANCIAL AND BUDGET OPERATIONS
Agency: FINANCE, DEPARTMENT OF

1990-91 Biennial Budget

PROGRAM PURPOSE:

The Financial and Budget Operations program incorporates all of the activities of the department. The Department of Finance plans, analyzes and manages the state's operating and capital budgets, financial operations and debt. The department forecasts revenues, controls expenditures and reports financial information for the Governor, legislature and the public on the operation, financial condition and economic future of the state. It also provides support for the Rural Finance Authority.

OPERATION:

This program consists of 4 activities: Fiscal Management and Administration, State Accounting System, Budget Analysis and Operations, and Cash and Debt Management.

The Fiscal Management and Administration activity provides all internal administrative services to the department to support the agency's objectives. It also includes the Economic Analysis unit which is responsible for forecasting state economic activity and tax revenues.

The State Accounting System activity provides centralized financial systems, assistance and reporting for all state agencies. This activity operates and maintains the Statewide Accounting System and the Personnel/Payroll System. It also prepares financial reports and forecasts and monitors the state's cash flow.

The Budget Analysis and Operations activity provides analytical policy development and evaluation, budgetary review and financial monitoring of state agencies. This activity prepares the biennial budget and capital budget and executes the annual spending plans.

The Cash and Debt Management activity manages the state's long term general obligation debt, which includes the planning and timing of the sale of bonds, preparing the legal documentation and conducting the actual sale. It also administers the Rural Finance Authority. The RFA, in cooperation with participating lenders, provides capital through the sale of general obligation and revenue bonds for restructuring existing farm real estate debt, and the startup of new initial purchase of real estate for farm enterprises.

EXPLANATION OF BUDGET REQUEST:

The Department of Finance is responsible for the maintenance and operation of 3 statewide computer systems. These systems provide the financial, payroll and budget information necessary for the day to day operation of state agencies and for both long- and short-range planning and decision-making. Accordingly, state agency management, executive branch leadership and the legislature directly benefit from these systems. Many of the CHANGE requests relate to updating and refining these systems to ensure that information is available in a timely and efficient manner. A new initiative reflects our commitment to ensuring that the state has appropriate controls on its internal operations. Accordingly, we are requesting the establishment of an internal auditing capability to be coordinated within the Department of Finance.

Other CHANGE requests enhance and assure our ability to provide additional financial and administrative services, to develop better and more informative public information, and to specifically assist smaller state agencies in many of their administrative functions. All of these CHANGE requests are strategically aimed at ensuring that the state has the best possible administrative, financial and budgetary information for effective and enlightened decisions.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the following CHANGE requests:

- o \$176,000 to provide for an internal audit function.
- o \$470,000 for Biennial Budget System technical support and enhancements.
- o \$208,000 for a local government reporting function to regularly report to the state on program expenditures and outputs.
- o The Governor also recommends that the Rural Finance Authority be sunsetted in the next biennium, thereby allowing for an orderly phase-out of RFA programs that will take into consideration the continuation of the administrative costs of maintaining outstanding loans.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : FINANCE, DEPT OF
PROGRAM : FINANCIAL & BUDGET OPERATNS

| ACTIVITY EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|--|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| FISCAL MGMT & ADMIN | 1,326 | 1,601 | 1,450 | 257 | 1,707 | 1,450 | 1,450 | 161 | 1,611 | 1,450 |
| B ADMINISTRATIVE SUPPORT GEN | | | | 105 | | 0 | | 103 | | 0 |
| B STRATEGIC LONG-RANGE INFORMATION GEN | | | | 90 | | 0 | | 0 | | 0 |
| PLANNING | | | | | | | | | | |
| B STAFF DEVELOPMENT GEN | | | | 10 | | 0 | | 10 | | 0 |
| B ECONOMIC ANALYSIS SUPPORT GEN | | | | 52 | | 0 | | 48 | | 0 |
| STATE ACCT SYSTEM | 4,569 | 4,886 | 4,652 | 267 | 4,919 | 4,744 | 4,652 | 234 | 4,886 | 4,736 |
| B INTERNAL AUDITING GEN | | | | 92 | | 92 | | 84 | | 84 |
| B PAYROLL SYSTEM IMPROVEMENTS GEN | | | | 175 | | 0 | | 0 | | 0 |
| B STATEWIDE ACCOUNTING SYSTEM IMPROVEMENTS GEN | | | | 0 | | 0 | | 150 | | 0 |
| BUDGET ANALYSIS & OPERATNS | 1,906 | 1,667 | 1,919 | 330 | 2,249 | 2,258 | 1,919 | 326 | 2,245 | 2,258 |
| B SMALL AGENCY SUPPORT GEN | | | | 95 | | 0 | | 91 | | 0 |
| B BBS TECHNICAL SUPPORT AND ENHANCEMENT GEN | | | | 235 | | 235 | | 235 | | 235 |
| B LOCAL GOVERNMENT PROGRAM REPORTING GEN | | | | 0 | | 104 | | 0 | | 104 |
| DEBT MGMT | 255 | 362 | 444 | 0 | 444 | 444 | 444 | 0 | 444 | 444 |
| TOTAL EXPENDITURES | 8,056 | 8,516 | 8,465 | 854 | 9,319 | 8,896 | 8,465 | 721 | 9,186 | 8,888 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 8,056 | 8,176 | 8,465 | 854 | 9,319 | 8,896 | 8,465 | 721 | 9,186 | 8,888 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| AGENCY | 0 | 340 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL FINANCING | 8,056 | 8,516 | 8,465 | 854 | 9,319 | 8,896 | 8,465 | 721 | 9,186 | 8,888 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 127.0 | 127.0 | 127.0 | 9.0 | 136.0 | 132.0 | 127.0 | 9.0 | 136.0 | 132.0 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : FINANCE, DEPT OF
PROGRAM : FINANCIAL & BUDGET OPERATNS

| POSITIONS BY FUND: | | | F.Y. 1990 | | | | F.Y. 1991 | | | |
|--------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | FY 1988 | FY 1989 | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| TOTAL POSITIONS | 127.0 | 127.0 | 127.0 | 9.0 | 136.0 | 132.0 | 127.0 | 9.0 | 136.0 | 132.0 |

ACTIVITY: FISCAL MANAGEMENT AND ADMINISTRATION 1990-91 Biennial Budget
Program: FINANCIAL AND BUDGET OPERATIONS
Agency: FINANCE, DEPARTMENT OF

PURPOSE:

The Fiscal Management and Administration activity provides the leadership, economic forecasting and internal administrative services for the Department of Finance.

OPERATION:

This activity consists of 3 functions: Administrative Management, Administrative Services and Economic Analysis. Administrative Management includes the Commissioner's Office. Administrative Services includes the department's internal Accounting Section, Personnel, Training and General Support Section. The Economic Analysis Unit works with other state agencies in developing information for the revenue forecast. Information is also provided by this activity to the public, legislature, financial community, special interest groups and other state agencies on various aspects of the state's financial affairs. Alternative scenarios are provided in the revenue forecast and options are provided by this activity for simplifying and reforming the Minnesota tax structure.

OBJECTIVE:

To achieve sound public finance and management within the department and the state.

| <u>EFFECTIVENESS MEASURES:</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|--|--------------------------------------|------------------|------------------|------------------|
| Objectives of 3-Year Plan met | Yes | Yes | Yes | Yes |
| Timely and accurate information provided | subjective - determined by reviewer. | | | |

OBJECTIVE:

To assure quality, cost-effective administrative services on a timely basis to employees in the department.

| <u>EFFECTIVENESS MEASURES:</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|--|------------------|------------------|------------------|------------------|
| % bills paid within 30 days after receipt of invoice by division | 98.2 | 98.5 | 99.0 | 99.0 |

OBJECTIVE:

To provide information on current and future economic activity and its impact on revenues to assist decision-makers in financial planning.

| <u>EFFECTIVENESS MEASURE:</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|--|-------------------------------------|------------------|------------------|------------------|
| Information presented which adequately outlines risk | subjective - determined by reviewer | | | |

EXPLANATION OF BUDGET REQUEST:

This budget request will fund the Department of Finance's internal administrative functions and will ensure the continuation of the economic forecasting capability that is used in establishing strategic budgetary planning for both the executive and the legislative branch. There are 4 CHANGE requests for this activity. We need to develop long range strategic plans for our information systems for the state. This planning will take over from the work done by our internal needs assessment study being done during this biennium. Working with department and agency staff, this activity will build the models that will serve our information needs into the next decade. A second CHANGE request will enhance our ability to ensure the availability of economic forecasting used as a basis for legislative and executive branch decision making. A third request will augment our internal support staff in both the Commissioner's Office and our Administrative Services Section. The final request will provide needed funds to enhance staff development and training for the department as a whole.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : FINANCE, DEPT OF
PROGRAM : FINANCIAL & BUDGET OPERATNS
BUDGET ACTIVITY : FISCAL MGMT & ADMIN

| F.Y. 1990 | | | | | | | F.Y. 1991 | | | |
|--|---------|---------|-------|--------|-------|-------|--------------------|--------|-------|-------|
| AGENCY REQUEST | | | | | | | AGENCY REQUEST | | | |
| GOVERNOR'S RECOMM. | | | | | | | GOVERNOR'S RECOMM. | | | |
| EXPENDITURES: | FY 1988 | FY 1989 | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 681 | 756 | 771 | 149 | 920 | 771 | 771 | 149 | 920 | 771 |
| EXPENSES/CONTRACTUAL SRVCS | 369 | 347 | 439 | 90 | 529 | 439 | 439 | 0 | 439 | 439 |
| MISC OPERATING EXPENSES | 75 | 89 | 89 | 12 | 101 | 89 | 89 | 12 | 101 | 89 |
| SUPPLIES/MATERIALS/PARTS | 105 | 398 | 140 | 2 | 142 | 140 | 140 | 0 | 140 | 140 |
| CAPITAL EQUIPMENT | 96 | 11 | 11 | 4 | 15 | 11 | 11 | 0 | 11 | 11 |
| TOTAL EXPENDITURES | 1,326 | 1,601 | 1,450 | 257 | 1,707 | 1,450 | 1,450 | 161 | 1,611 | 1,450 |
| CHANGE REQUESTS: | FUND | | | | | | | | | |
| B ADMINISTRATIVE SUPPORT | GEN | | | 105 | | 0 | | 103 | | 0 |
| B STRATEGIC LONG-RANGE INFORMATION GEN | | | | 90 | | 0 | | 0 | | 0 |
| PLANNING | | | | | | | | | | |
| B STAFF DEVELOPMENT | GEN | | | 10 | | 0 | | 10 | | 0 |
| B ECONOMIC ANALYSIS SUPPORT | GEN | | | 52 | | 0 | | 48 | | 0 |
| TOTAL CHANGE REQUESTS | | | | 257 | | 0 | | 161 | | 0 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 1,326 | 1,261 | 1,450 | 257 | 1,707 | 1,450 | 1,450 | 161 | 1,611 | 1,450 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| AGENCY | 0 | 340 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL FINANCING | 1,326 | 1,601 | 1,450 | 257 | 1,707 | 1,450 | 1,450 | 161 | 1,611 | 1,450 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 17.0 | 17.0 | 17.0 | 4.0 | 21.0 | 17.0 | 17.0 | 4.0 | 21.0 | 17.0 |
| TOTAL POSITIONS | 17.0 | 17.0 | 17.0 | 4.0 | 21.0 | 17.0 | 17.0 | 4.0 | 21.0 | 17.0 |

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: FISCAL MANAGEMENT AND ADMINISTRATION
PROGRAM: FINANCIAL AND BUDGET OPERATIONS
AGENCY: FINANCE, DEPARTMENT OF

REQUEST TITLE: ADMINISTRATIVE SUPPORT

| | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| Agency Request | | | | |
| General Fund | \$ 105 | 3.0 | \$ 103 | 3.0 |
| Governor's Recommendation | | | | |
| General Fund | \$ -0- | -0- | \$ -0- | -0- |

Request requires statutory change: _____ Yes X No
Statutes Affected: None

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests the above funds and positions to augment its administrative management activity. This request is urgently needed to improve the effectiveness and appearance of its publications, to ensure adequate clerical support for its managerial, professional and supervisory staff and improve the effectiveness of its other internal administrative functions.

DESCRIPTION/BACKGROUND:

The Finance Department administrative services division has always been minimally staffed. Department executives have one executive secretary and an executive aide funded by the Department of Revenue. All other clerical support comes from the department's General Support Section. The balance of our administrative support includes one Senior Accounting Officer, an Executive 1 (personnel) and one Clerk 4, all long time employees, and an Administrative Director. However, several significant changes have occurred. We are being asked to provide greater numbers of professional looking documents. Our word processing capability is unable to respond to these requests. In addition, we have consolidated all of our executive budget officers in the department, thereby increasing our general support staff's workload. Finally, we are being asked to provide an ever-increasing number of administrative tasks and provide accounting services for a number of non-operating accounts. Due to the limitation of staff, professional and mana-

gerial staff perform many tasks that should be done by support staff. This is a highly inefficient use of high level staff. As the number of these responsibilities increase, the strain on our ability to provide these services also increases. This situation would become critical if we were to lose any one of these essential staff.

RATIONALE:

There is a need for easier-to-understand reports communicating state financial data to the public. The request for an additional general support staff will give the department the capability for improved technical publications and to provide department staff with adequate clerical support. The request for an executive aide will provide needed clerical support to executive staff. The request for a staff member to assume purchasing, inventory, office maintenance, security issues and other administrative tasks will strengthen our overall internal administrative management.

| BASE: | (Dollars in Thousands) | | | |
|---------------------------------|------------------------|-----------|-----------|-----------|
| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| General Fund Expenditures | \$ 34 | \$ 35 | \$ 35 | \$ 35 |
| (Commissioner's Office Support) | | | | |
| General Fund Positions | 1.0 | 1.0 | 1.0 | 1.0 |
| General Fund Expenditures | \$ 101 | \$ 101 | \$ 101 | \$ 101 |
| (Administrative Services) | | | | |
| General Fund Positions | 3.0 | 3.0 | 3.0 | 3.0 |
| General Fund Expenditures | \$ 174 | \$ 201 | \$ 201 | \$ 201 |
| (General Support) | | | | |
| General Fund Positions | 7.0 | 7.0 | 7.0 | 7.0 |

| LONG RANGE IMPLICATIONS: | (Dollars in Thousands) | | |
|---------------------------|------------------------|-----------|-------|
| | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund Expenditures | 103 | 103 | 206 |
| General Fund Positions | 3.0 | 3.0 | 3.0 |

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Although the request has merit, other spending priorities preclude additional funding.

CHANGE REQUEST 1990-91 Biennial Budget
____ Agency ____ Program X Activity

ACTIVITY: FISCAL MANAGEMENT AND ADMINISTRATION
PROGRAM: FINANCIAL AND BUDGET OPERATIONS
AGENCY: FINANCE, DEPARTMENT OF

REQUEST TITLE: STRATEGIC LONG-RANGE INFORMATION SYSTEMS PLANNING ASSISTANCE

| | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-------------------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| Agency Request | | | | |
| General Fund | \$ 90 | -0- | \$ -0- | -0- |
| | (With carryover to F.Y. 1991) | | | |
| Governor's Recommendation | | | | |
| General Fund | \$ -0- | -0- | \$ -0- | -0- |

Request requires statutory change: X Yes _____ No
Statutes Affected: Carryover rider in budget bill

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests these funds to obtain assistance in developing the agency's strategic long-range information systems plan. Although agency top management and staff will have key roles in development and content of the plan, outside assistance will be needed in the methodology and more technical aspects of developing the plan.

DESCRIPTION/BACKGROUND:

The agency currently operates 3 major, critical statewide financial information systems: the Statewide Accounting, Personnel/Payroll and Biennial Budget Systems. These systems are used by all executive branch state agencies, and to some extent, by the legislative and judicial branches. In addition, the agency has internal computerized systems that impact all state agencies, including the financial forecasting, cash flow and financial reporting systems. Agency staff also make extensive use of personal computers for various applications.

The agency is currently working on a project to determine the information needs of the agency's staff. This includes the information staff members need to do their jobs, as well as the information they must supply to others. In a later phase of the project, the agency will determine what information other agencies need from the statewide financial systems operated by the agency. The information needs will then be analyzed along with the agency's

objectives and priorities, as well as statewide priorities. Opportunities will be identified for providing more useful, usable information, and for providing information more efficiently. The agency anticipates the need for outside help to analyze the data gathered in the information needs study, and to use that data, along with agency and statewide priorities, to develop a long-range strategic information plan.

RATIONALE:

A long-range plan is essential to providing the framework for the agency's future systems development. The systems operated by the agency include essential statewide systems that must meet needs of many agencies, as well as the needs of the Governor and legislature. These systems must efficiently relate to each other, as well as to certain systems operated by other agencies. Therefore, the development of a well prepared long-range plan is essential to the future efficiency and effectiveness of both the requesting agency and other state agencies.

Although the agency is currently working on the information needs study without additional resources, the agency anticipates the need for outside help in developing the strategic long-range information plan. Agency staff will be analyzing the information needed, the information currently available, and the departmental and statewide priorities. Outside assistance is expected to be needed in identifying and using the appropriate methodology to actually develop the long-range plan.

GOVERNOR'S RECOMMENDATION:

The Governor does not support the agency's request for this item. This project will be included in a master staff agency strategic information plan, funded through the Strategic Information Planning request from the Information Policy Office.

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: FISCAL MANAGEMENT AND ADMINISTRATION
PROGRAM: FINANCIAL AND BUDGET OPERATIONS
AGENCY: FINANCE, DEPARTMENT OF

REQUEST TITLE: STAFF DEVELOPMENT

| | F.Y. 1990 | | F.Y. 1991 | |
|----------------|-------------------|-----------|-------------------|-----------|
| Agency Request | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 10 | -0- | \$ 10 | -0- |

Governor's Recommendation

| | | | | |
|--------------|--------|-----|--------|-----|
| General Fund | \$ -0- | -0- | \$ -0- | -0- |
|--------------|--------|-----|--------|-----|

Request requires statutory change: _____ Yes X No
Statutes Affected: None

STATEMENT OF REQUEST/OBJECTIVE:

The Department of Finance request these funds to enhance the staff training of all of its staff.

DESCRIPTION/BACKGROUND:

The Department of Finance traditionally has had very little staff training monies, redirecting funds from other areas of its budget. While we have been able to provide basic kinds of training with these limited funds, there have not been the funds available to implement comprehensive training efforts. Further, new technologies have been added to the department often without proper staff training. These funds are urgently needed to begin to provide adequate training for our staff, both short and long term.

RATIONALE:

Staff development is an integral part of managing an agency or business. With technologies changing rapidly, employees must be knowledgeable of new methodologies, particularly in the areas of economic forecasting, computer systems and state budget development. Although Finance is a small agency, we have major statewide responsibilities that impact the operations of all other state agencies and the legislature. Staff training is essential if our employees are expected to provide quality assistance to individuals who rely

on our help.

| LONG RANGE IMPLICATIONS: | (Dollars in Thousands) | | |
|---------------------------|------------------------|-----------|-------|
| | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund Expenditures | \$ 10 | \$ 10 | \$ 10 |

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Although the request has merit, other spending priorities preclude additional funding.

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: FISCAL MANAGEMENT AND ADMINISTRATION
PROGRAM: FINANCIAL AND BUDGET OPERATIONS
AGENCY: FINANCE, DEPARTMENT OF

REQUEST TITLE: ECONOMIC ANALYSIS SUPPORT

| | <u>F.Y. 1990</u> | | <u>F.Y. 1991</u> | |
|---------------------------|--------------------------|------------------|--------------------------|------------------|
| | (000's) <u>Amount</u> | <u>Positions</u> | (000's) <u>Amount</u> | <u>Positions</u> |
| Agency Request | | | | |
| General Fund | \$ 52 | 1.0 | \$ 48 | 1.0 |
| Governor's Recommendation | | | | |
| General Fund | \$ -0- | -0- | \$ -0- | -0- |

Request requires statutory change: _____ Yes X No
Statutes Affected: None

STATEMENT OF REQUEST/OBJECTIVE:

Funds are requested to hire an additional economist to meet increased demands by the public and state agencies for economic data and related analyses of the Minnesota economy. Additional funding will allow Department of Finance economists to continue to meet the growing needs for specialized economic forecasts for state agencies and to service public information requests on a timely basis without sacrificing the quality of the revenue forecasts.

DESCRIPTION/BACKGROUND:

In addition to conducting periodic revenue forecasts, the Economic Analysis Section provides back-up, economic staff support on request to other state agencies. Local governments, public employee groups and private citizens also request economic data from the section's economists. Increased recognition of the need to incorporate the economic outlook into program planning has greatly increased demands for staff support from the section during the past 4 years. Demands have now reached the point where they compete for time with the increasingly complicated analysis necessary for the periodic revenue forecasts. State agency and public requests for assistance can no longer be assured a timely response.

RATIONALE:

Improved planning and program analysis requires better use of economic data and analysis. An additional position will allow the Department of Finance to continue to be available as a resource for those needing specialized economic advice or data on Minnesota's economy while continuing to improve revenue forecasting techniques.

| | <u>(Dollars in Thousands)</u> | | | |
|---------------------------|-------------------------------|------------------|------------------|------------------|
| <u>BASE:</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
| General Fund Expenditures | \$ 141 | \$ 146 | \$ 146 | \$ 146 |
| General Fund Positions | 3 | 3 | 3 | 3 |

| | <u>(Dollars in Thousands)</u> | | |
|---------------------------------|-------------------------------|------------------|--------------|
| <u>LONG RANGE IMPLICATIONS:</u> | <u>F.Y. 1992</u> | <u>F.Y. 1993</u> | <u>Total</u> |
| General Fund Expenditures | \$ 48 | \$ 48 | \$ 48 |
| General Fund Positions | 1 | 1 | 1 |

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Although the request has merit, other spending priorities preclude additional funding.

ACTIVITY: STATE ACCOUNTING SYSTEM
Program: FINANCIAL AND BUDGET OPERATIONS
Agency: FINANCE, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

The State Accounting System activity manages the Statewide Accounting System and the Personnel/Payroll System, and prepares the Annual Financial Report for the State of Minnesota as required by law.

DESCRIPTION:

The State Accounting System activity provides centralized financial systems, technical assistance and financial reporting for all state agencies. The activity operates and maintains the Statewide Accounting System and the Personnel/Payroll System. It also prepares financial reports, and forecasts and monitors the state's cash flow. Authority for this activity is found in M.S. Sec. 16A.055, 16A.13 to 16A.134, 16A.15, 16A.17 and 16A.50.

MAJOR OBJECTIVES:

The major objectives of the activity are to assure that state agencies are provided with the accounting system, procedures and training needed to account for their financial transactions; meet their information needs and pay vendors promptly; state employees in the executive and judicial branches (approximately 35,000) are paid accurately and on time and their related payroll deductions and contributions are properly accounted for; the state's financial resources and transactions are adequately controlled; needed financial reports are provided to the Governor, legislature, financial community, federal government and public; and cash flow forecasts and other cash flow information are provided to decision-makers.

EFFECTIVENESS MEASURES: F.Y. 1988 F.Y. 1989 F.Y. 1990 F.Y. 1991

Average rating by state agencies of how well systems meet their needs (10 = highest, 1 = lowest):

| | | | | |
|---|------|------|------|------|
| Statewide Accounting System | 8.07 | 8.10 | 8.10 | 8.10 |
| Personnel/Payroll System | 8.12 | 8.10 | 8.15 | 8.20 |
| % of time systems are available excluding downtime not related to application failure | 99.9 | 99.0 | 99.0 | 99.0 |
| % of state agency bills paid within 30 days | 96.5 | 97.5 | 98 | 98 |
| % of payrolls paid on scheduled pay day | 100 | 100 | 100 | 100 |
| Number of major control deficiencies in accounting system written up by auditors | -0- | -0- | -0- | -0- |

ACTIVITY STATISTICS: F.Y. 1988 F.Y. 1989 F.Y. 1990 F.Y. 1991

Computer Terminal Transmissions
(in millions):

| | | | | |
|-----------------------------|-----|-----|-----|-----|
| Statewide Accounting System | 6.3 | 6.5 | 6.7 | 6.9 |
| Personnel/Payroll System | 1.0 | 1.2 | 1.4 | 1.6 |

Warrants Issued (in millions):

| | | | | |
|---------|------|------|------|------|
| Payroll | .92 | .92 | .92 | .92 |
| Other | 4.14 | 3.50 | 3.55 | 3.60 |

Average cost per payroll warrant issued (Central Payroll costs) \$.89 \$.92 \$.95 \$.98

New vendor additions 62,782 64,000 66,000 68,000

Requests for payment information 14,278 14,000 14,000 14,000

REVENUE:

This activity generates dedicated revenue estimated to be less than one thousand dollars.

ACCOMPLISHMENTS:

The state's annual financial reports for F.Y. 1986 and 1987 earned unqualified audit opinions and also received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers' Association. Minnesota is one of the 7 states ever to have received this award.

Modifications were made to the Statewide Accounting System to facilitate compliance with anticipated federal cash management requirements, and to enable agencies to inquire on-line to find out any errors in the previous day's payment batches.

Personnel/Payroll System modifications to comply with new laws and collective bargaining agreements included provision for tax sheltering of employee insurance premiums, for payment of employee relocation expense through the payroll system, and for withholding FICA taxes on certain employer-paid life insurance premiums.

The department began a project to determine its information needs, primarily for use in long-range information systems planning. However, some short-range improvements were also identified and implemented.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : FINANCE, DEPT OF
PROGRAM : FINANCIAL & BUDGET OPERATNS
BUDGET ACTIVITY : STATE ACCT SYSTEM

| F.Y. 1990 | | | | | | | F.Y. 1991 | | | |
|--|---------|----------------|-------|--------|-----------------------|----------------|-----------|--------|-----------------------|-------|
| | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | |
| EXPENDITURES: | FY 1988 | FY 1989 | BASE | CHANGE | | TOTAL | BASE | CHANGE | | TOTAL |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 2,365 | 2,556 | 2,613 | 80 | 2,693 | 2,693 | 2,613 | 80 | 2,693 | 2,693 |
| EXPENSES/CONTRACTUAL SRVCS | 1,886 | 2,063 | 1,772 | 175 | 1,947 | 1,772 | 1,772 | 150 | 1,922 | 1,772 |
| MISC OPERATING EXPENSES | 248 | 237 | 237 | 4 | 241 | 241 | 237 | 4 | 241 | 241 |
| SUPPLIES/MATERIALS/PARTS | 27 | 15 | 15 | 0 | 15 | 15 | 15 | 0 | 15 | 15 |
| CAPITAL EQUIPMENT | 43 | 15 | 15 | 8 | 23 | 23 | 15 | 0 | 15 | 15 |
| TOTAL EXPENDITURES | 4,569 | 4,886 | 4,652 | 267 | 4,919 | 4,744 | 4,652 | 234 | 4,886 | 4,736 |
| CHANGE REQUESTS: | FUND | | | | | | | | | |
| B INTERNAL AUDITING | GEN | | | 92 | | 92 | | 84 | | 84 |
| B PAYROLL SYSTEM IMPROVEMENTS | GEN | | | 175 | | 0 | | 0 | | 0 |
| B STATEWIDE ACCOUNTING SYSTEM IMPROVEMENTS | GEN | | | 0 | | 0 | | 150 | | 0 |
| TOTAL CHANGE REQUESTS | | | | 267 | | 92 | | 234 | | 84 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 4,569 | 4,886 | 4,652 | 267 | 4,919 | 4,744 | 4,652 | 234 | 4,886 | 4,736 |
| TOTAL FINANCING | 4,569 | 4,886 | 4,652 | 267 | 4,919 | 4,744 | 4,652 | 234 | 4,886 | 4,736 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 71.0 | 70.0 | 70.0 | 2.0 | 72.0 | 72.0 | 70.0 | 2.0 | 72.0 | 72.0 |
| TOTAL POSITIONS | 71.0 | 70.0 | 70.0 | 2.0 | 72.0 | 72.0 | 70.0 | 2.0 | 72.0 | 72.0 |

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: STATE ACCOUNTING SYSTEM
PROGRAM: FINANCIAL AND BUDGET OPERATIONS
AGENCY: FINANCE, DEPARTMENT OF

REQUEST TITLE: INTERNAL AUDITING

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|---------------|------------------|---------------|------------------|
| | (000's) | | (000's) | |
| | <u>Amount</u> | <u>Positions</u> | <u>Amount</u> | <u>Positions</u> |
| General Fund | \$ 92 | 2.0 | \$ 84 | 2.0 |
| Governor's Recommendation | | | | |
| General Fund | \$ 92 | 2.0 | \$ 84 | 2.0 |

Request requires statutory change: _____ Yes X No
Statutes Affected: None

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests these funds to begin to provide an internal audit function to review fiscal controls, procedures and practices to be sure that resources are handled legally and efficiently. Internal auditing would be provided both for the Department of Finance and for small agencies that cannot justify having their own internal audit staffs.

DESCRIPTION/BACKGROUND:

This agency provides and operates major centralized financial systems used by all state agencies. It provides the central accounting control for all state executive branch receipts, investments, payroll and other payments. It controls the issuance of approximately 5 million payroll and other warrants each year. The agency currently does not have an established function with the responsibility to determine if the agency's expenditures, as well as the agency's central accounting functions, are subject to adequate controls and if controls are effectively operating.

In addition, there are many state agencies that are not large enough to establish their own internal auditing functions but could benefit from periodic reviews of the adequacy and efficiency of their accounting controls and procedures. This is especially important where limited numbers of staff do not allow adequate separation of duties, and where there is recent staff turnover and an audit is wanted to assure that the new staff understand and

are following established policies and adequate control procedures.

The agency plans to implement an internal auditing function for the agency and for small agencies over the next 3 biennia. This request is to provide funds to hire, equip and provide continuing education for 2.0 internal auditors. These auditors will primarily audit fiscal controls and practices, but will also study the need for, and benefits to be gained from, adding additional audit staff in future biennia.

RATIONALE:

The establishment of an internal audit function in this agency helps to fulfill the administration's longstanding commitment to sound financial management. It helps to fulfill this goal because internal auditors review an agency's financial and administrative controls to assure they are adequate and are operating as intended. The establishment of an internal audit function in this agency is particularly important because this agency is responsible for the centralized controls for all agencies. The establishment of an internal audit function to audit small agencies is important because small agencies often have less expertise in accounting procedures and controls, and often not enough staff members to provide adequate separation of duties.

| LONG RANGE IMPLICATIONS: | (Dollars in Thousands) | | |
|---------------------------|------------------------|------------------|--------------|
| | <u>F.Y. 1992</u> | <u>F.Y. 1993</u> | <u>Total</u> |
| General Fund Expenditures | \$ 84 | \$ 84 | \$ 168 |
| General Fund Positions | 2.0 | 2.0 | 2.0 |

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: STATE ACCOUNTING SYSTEM
PROGRAM: FINANCIAL AND BUDGET OPERATIONS
AGENCY: FINANCE, DEPARTMENT OF

REQUEST TITLE: PAYROLL SYSTEM IMPROVEMENTS

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-----------|-----------|-----------|-----------|
| | (000's) | | (000's) | |
| | Amount | Positions | Amount | Positions |
| General Fund | \$ 175 | -0- | \$ -0- | -0- |
| Governor's Recommendation | | | | |
| General Fund | \$ -0- | -0- | \$ -0- | -0- |

Request requires statutory change: _____ Yes X No
Statutes Affected: None

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests these funds to (1) integrate several supplemental payroll processes into the mainline payroll system, and (2) make the payroll deductions process available for on-line input by state agencies, as well as to separate deduction processing from employee processing.

DESCRIPTION/BACKGROUND:

Processes for calculating and entering several types of legally required payroll payments and deductions have been developed over time as stand alone processes due to a lack of resources and/or time available for implementation as part of the regular payroll system. The processes are garnishments, taxes payable in other states, employee relocation expenses and managers' life insurance premium taxation. These processes are written in a user programming language in which only a few persons in state government are proficient. These supplemental processes cannot be executed until after all employee payroll has been entered, but must be executed before the payroll calculation is started.

Most payroll deduction changes are submitted on paper documents, keypunched, and entered in batch. This project would provide agencies with the ability to enter, on-line, tax withholding allowances, savings bond deductions, and warrant distribution codes. The Personnel/Payroll System is jointly operated by the Departments of Finance and Employee Relations. The 2 departments

agree that it is desirable, for both efficiency and control reasons, to clearly separate the control over the parts of the joint system that are the responsibility of each of the 2 agencies. However, the deduction process, a responsibility of the Department of Finance, is currently imbedded in the employee processing part of the system, which is the responsibility of the Department of Employee Relations. This project would also remove deduction processing from employee processing.

RATIONALE:

Payroll processing takes place under strict time constraints. The actual calculation of the payroll and printing of the payroll warrants must be completed in time to allow distribution of payroll warrants by the established pay day. However, the calculation cannot begin until after all payroll transactions have been entered by the agencies, and after the supplemental payroll process has been completed. Problems with the supplemental process could delay the timely payment of payroll. This is especially risky because only a few persons in state government are proficient in the user programming language in which the supplemental processes are written. Integration of these processes into the main payroll system would eliminate this risk.

Giving the agencies the ability to enter tax withholding, savings bond and warrant distribution code changes on-line would reduce the paperwork and time lag that is inherent in the current process. Many agencies have asked for this change so that they can be more efficient and make the changes more timely. The separation of payroll deduction processing from the employee processing part of the Personnel/Payroll System would facilitate the alignment of control with responsibility between Employee Relations and Finance and improve controls and efficiency.

GOVERNOR'S RECOMMENDATION:

The Governor does not support the agency's request for this item. Planning for this system will be included in a master staff agency strategic information plan, funded through the Strategic Information Planning request from the Information Policy Office.

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: STATE ACCOUNTING SYSTEM
PROGRAM: FINANCIAL AND BUDGET OPERATIONS
AGENCY: FINANCE, DEPARTMENT OF

REQUEST TITLE: STATEWIDE ACCOUNTING SYSTEM IMPROVEMENTS

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-----------|-----------|-----------|-----------|
| | (000's) | | (000's) | |
| | Amount | Positions | Amount | Positions |
| General Fund | \$ -0- | -0- | \$ 150 | -0- |
| Governor's Recommendation | | | | |
| General Fund | \$ -0- | -0- | \$ -0- | -0- |

Request requires statutory change: _____ Yes X No
Statutes Affected: None

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests these funds to begin to plan for and develop a new, or modify the old, Statewide Accounting System (SWAS). The specific modifications will depend on the results of the project, currently underway in the Department of Finance, to identify the information needed from the SWAS by Finance staff as well as the staff of other agencies.

DESCRIPTION/BACKGROUND:

The SWAS is the state's central accounting system, used by all state agencies. The current system is over 15 years old. It has, however, been modified almost continuously over the years to make it more efficient and to continue to meet the needs of the users.

This agency is currently working on a project to determine the information needs of the agency's staff. The purpose of the current project is to determine what information our staff members need to do their jobs, as well as to determine what information they currently provide to others. The next phase of this project will be to determine what information staff of other agencies need to obtain from the statewide financial systems operated by this agency.

Following the determination of information needed and provided, the agency plans to compare the agency's current systems to the needs in order to determine unmet needs. The agency will also evaluate the available technology at

that time to see if major technological changes should be made in the system in order to make it more efficient and/or flexible to better meet the current and anticipated future needs. Proposed changes will be prioritized and a plan developed. The agency requests these funds to develop the plan. The plan will include costs, benefits and a projected timetable for the implementation of a revised or new system.

RATIONALE:

Although the system has been modified over the years, we expect that additional modifications will continue to be needed. Due to the age of the system, it is likely that substantial changes will be needed. Therefore, before determining specific changes to be made to the system, the agency believes that the current information needs study should be completed, and the identified needs should be analyzed, compared to existing capabilities and prioritized.

At the current time, the agency anticipates that changes probably will include additional real time transactions, improvements in system logic to eliminate manual adjustments, simplified/improved interfaces with other systems and easier accessibility by users to the information contained in the system.

The agency intends to use the funds requested to determine the costs, benefits and timetable for the specific modifications to be made to the system in the F.Y. 1992-93 biennium. The agency anticipates beginning the actual design and development of the new system beginning in July, 1991 if funding is provided by the legislature in the 1991 session.

GOVERNOR'S RECOMMENDATION:

The Governor does not support the agency's request for this item. Planning for this system will be included in a master staff agency strategic information plan, funded through the Strategic Information Planning request from the Information Policy Office.

ACTIVITY: BUDGET ANALYSIS AND OPERATIONS
Program: FINANCIAL AND BUDGET OPERATIONS
Agency: FINANCE, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

The purpose of this activity is to monitor, report and evaluate agency operations so that sound public finance and management in state government is achieved. This activity manages the state's annual, biennial and capital budget processes so that information is presented to decision-makers in a uniform and understandable manner.

DESCRIPTION:

This activity has 2 major sections: the Budget Analysis Unit, which also includes Financial Planning, and the Budget Support and Operations Unit.

The Budget Analysis Section provides issue development and evaluation, budgetary review and financial oversight of state agencies. It is responsible for

- 1) evaluation of the effectiveness and efficiency of agency programs and activities related to cost;
- 2) development of the Governor's budget recommendations and provision of budget information for legislators and legislative staff;
- 3) technical direction and assistance to all state agencies in the development and preparation of the state's biennial, operating and capital budgets so that resources requested clearly reflect agency objectives and operating requirements;
- 4) compilation and presentation of revenue and expenditure estimates for the state's General Fund;
- 5) review of proposed agency legislative initiatives and fiscal notes for fiscal and programmatic exactness and impact;
- 6) development, communication, implementation and monitoring of compliance with statewide budgetary and financial policies; and
- 7) review and monitoring of internal financial policies and procedures and accounting operations so that total state fiscal operations provide the proper allocation of costs and comply with state law.

The Budget Support and Operations Section is responsible for management of the state's annual and biennial budget processes. It provides

- 1) basic support to major budgetary and financial functions of state government including preparation of biennial and supplemental budget proposals;
- 2) coordination of fiscal impact of all substantive legislation;
- 3) review and processing of agencies' annual spending plans;

- 4) monitoring and control of complement;
- 5) review and approval of fees and rate structures;
- 6) coordination of federal fund applications; and
- 7) development and negotiation of the Statewide Indirect Cost Plan.

The total activity provides staff response to inquiries from the Governor, legislature, other units of government, the financial community and the public on all matters relating to state budget and budget process.

ACCOMPLISHMENTS:

The Financial Planning and Budget Support units of this activity have developed and implemented an on-line computer system for the preparation of the 1990-91 biennial budget.

| <u>ACTIVITY STATISTICS:</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|---|------------------|------------------|------------------|------------------|
| 1. Annual Spending Plans Approved | 2,600 | 2,700 | 2,800 | 2,800 |
| 2. Budget Allotment Transactions Processed | 95,200 | 96,000 | 97,000 | 98,000 |
| 3. Agency Indirect Cost Plans Reviewed/Approved | 19/19 | 19/19 | 19/19 | 19/19 |
| 4. Indirect Costs Recovered | \$ 8,492 | \$ 8,500 | \$ 8,800 | \$ 9,000 |
| 6. Fiscal Notes Requested/Processed | 351/323 | 1,300/950 | 1,300/950 | 1,300/950 |

REVENUE: None

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : FINANCE, DEPT OF
PROGRAM : FINANCIAL & BUDGET OPERATNS
BUDGET ACTIVITY : BUDGET ANALYSIS & OPERATNS

| EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|---|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 1,419 | 1,538 | 1,573 | 135 | 1,708 | 1,712 | 1,573 | 135 | 1,708 | 1,712 |
| EXPENSES/CONTRACTUAL SRVCS | 436 | 116 | 333 | 185 | 518 | 518 | 333 | 185 | 518 | 518 |
| MISC OPERATING EXPENSES | 12 | 7 | 7 | 6 | 13 | 13 | 7 | 6 | 13 | 17 |
| SUPPLIES/MATERIALS/PARTS | 6 | 0 | 0 | 4 | 4 | 4 | 0 | 0 | 0 | 5 |
| CAPITAL EQUIPMENT | 33 | 6 | 6 | 0 | 6 | 11 | 6 | 0 | 6 | 6 |
| TOTAL EXPENDITURES | 1,906 | 1,667 | 1,919 | 330 | 2,249 | 2,258 | 1,919 | 326 | 2,245 | 2,258 |
| CHANGE REQUESTS: | | | | | | | | | | |
| FUND | | | | | | | | | | |
| B SMALL AGENCY SUPPORT GEN | | | | 95 | | 0 | | 91 | | 0 |
| B BBS TECHNICAL SUPPORT AND ENHANCEMENT GEN | | | | 235 | | 235 | | 235 | | 235 |
| B LOCAL GOVERNMENT PROGRAM REPORTING GEN | | | | 0 | | 104 | | 0 | | 104 |
| TOTAL CHANGE REQUESTS | | | | 330 | | 339 | | 326 | | 339 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 1,906 | 1,667 | 1,919 | 330 | 2,249 | 2,258 | 1,919 | 326 | 2,245 | 2,258 |
| TOTAL FINANCING | 1,906 | 1,667 | 1,919 | 330 | 2,249 | 2,258 | 1,919 | 326 | 2,245 | 2,258 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 30.0 | 31.0 | 31.0 | 3.0 | 34.0 | 34.0 | 31.0 | 3.0 | 34.0 | 34.0 |
| TOTAL POSITIONS | 30.0 | 31.0 | 31.0 | 3.0 | 34.0 | 34.0 | 31.0 | 3.0 | 34.0 | 34.0 |

CHANGE REQUEST _____ 1990-91 Biennial Budget
_____ Agency _____ Program ☒ Activity

ACTIVITY: BUDGET ANALYSIS AND OPERATIONS
PROGRAM: FINANCIAL AND BUDGET OPERATIONS
AGENCY: FINANCE, DEPARTMENT OF

REQUEST TITLE: SMALL AGENCY SUPPORT

| | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-------------------|-----------|-------------------|-----------|
| Agency Request | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 95 | 2.0 | \$ 91 | 2.0 |
| Governor's Recommendation | | | | |
| General Fund | \$ -0- | -0- | \$ -0- | -0- |

Request requires statutory change: _____ Yes ☒ No
Statutes Affected: None

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests the above funds to improve the effectiveness and efficiency of the services provided for small agencies.

DESCRIPTION/BACKGROUND:

Current state organization has many small agencies reporting to the Governor, the legislature and the supreme court. Their size limits their ability to hire the necessary administrative support staff, which in turn hampers their general missions and causes an inordinate amount of work for other agencies. This results in higher administrative costs and inefficient state operations.

In addition, the increased sophistication and complexity of the budget process and budget and accounting systems has led to an ongoing need to train agency staff on the structure and systems that comprise the budget process. In many cases with small agencies, the input of data and typing of budget requests is done in the Department of Finance due to the lack of knowledge and resources of small agencies.

The addition of these resources will also improve budget coordination and day to day accounting operations by the Department of Finance related to the federal budget, statewide computer operations, legislative bill coordination, as well as fiscal note preparation. These are budget and accounting functions where small agencies simply cannot keep pace with statutory requirements

without a central resource that provides both service and continuity of financial/administrative requirements.

RATIONALE:

The growth of necessary budget support personnel in the Department of Finance has not kept pace with the growth in the size and complexity of the state budget. In fact, there has been a substantial reduction in budget support staffing during the past 8 years. These reductions have produced an ineffective and confusing environment for small agencies.

Although there are alternative ways to solve these problems, such as adding staff to small agencies or consolidating small agencies, the legislature has repeatedly rejected these options. Further, the legislature and the Governor have determined that savings aren't really likely under consolidation except over the long run. Therefore, as a result, the only realistic option that is also cost effective is to provide a limited central resource staff in the Finance Department as requested to assure the financial program and funding outcomes the Governor and legislature are seeking.

The requested staff will provide primary assistance to small agencies for administrative, personnel, budget and accounting and general support functions. With these resources, the Department of Finance will be able to better address the emerging and critical needs of the state and to better organize its administrative resources and effort. This will ultimately lead to long-run program efficiencies and savings.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Although the request has merit, other spending priorities preclude additional funding.

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: BUDGET ANALYSIS AND OPERATIONS
PROGRAM: FINANCIAL AND BUDGET OPERATIONS
AGENCY: FINANCE, DEPARTMENT OF

REQUEST TITLE: BBS TECHNICAL SUPPORT AND ENHANCEMENTS

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|----------------|-------------------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 235 | 1.0 | \$ 235 | 1.0 |
| | (With carryover to F.Y. 1991) | | | |

Governor's Recommendation

| | | | | |
|--------------|--------|-----|--------|-----|
| General Fund | \$ 235 | 1.0 | \$ 235 | 1.0 |
|--------------|--------|-----|--------|-----|

Request requires statutory change: X Yes _____ No
Statutes Affected: Carryover rider in budget bill

STATEMENT OF REQUEST/OBJECTIVE:

CHANGE level funding is requested to provide a database administrator technical support position, to complete planned portions of the new Biennial Budget System (BBS) and to develop enhancements which will significantly expand budget information management capabilities in several key areas.

DESCRIPTION/BACKGROUND:

During F.Y. 1988-89, a new budget system was developed by the Department of Finance (DOF) to replace the prior system, which was 14 years old. Development of the new system occurred due to the failure of old systems to meet the complex and changing budget information needs of both the executive branch and legislature.

The 1987 legislature authorized \$270,000 for a new budget system. Additional funds were reallocated from within the DOF's F.Y. 1988-89 appropriations. The project was accomplished in less than one year from initial design, to development, to operation. The initial version of BBS is limited to providing only required basic budgeting functions.

BBS was designed using fourth generation relational database technology running on the state's mainframe computer. The BBS design emphasizes a flexible on-line database environment, which readily supports expansion to include additional budget data to encourage common, shared data resources for access by executive and legislative branches.

RATIONALE:

Of the CHANGE amount, \$50,000 per year and 1.0 positions are requested to provide a permanent database administrator for BBS and other budget division applications. (The development funds provided a temporary-one year-position only.) This technical "systems" position will manage the database environment for BBS and support design and implementation of future modifications and application development activities.

The remainder, \$370,000 is requested to complete BBS development and expand available budget information. Desirable enhancements have been identified by both executive and legislative branches. These enhancements would be implemented by August, 1990 for F.Y. 1992-93 budget preparation. Estimated development costs include:

After Session Items (Completing the Basics), \$80,000:
Legislative access security, agency allotment worksheets, direct SWA loading, integrated fund balance reporting, Lotus 1-2-3 spreadsheet links.

Distributed Processing Architecture, \$80,000:
Design more cost-effective processing supporting agency budget preparation on personal computers, relying on mainframe computer for central storage access only to reduce mainframe processing costs.

Expanded Information Access, \$125,000:
Elementary and Post-secondary Ed budget information; Taxes, Local Levy, and Local Spending Data; Economic (DRI) and Demographic Statistical data.

Design On-line Capital Budget System, \$25,000.

Decision Support Enhancements, \$60,000:
On-line Fiscal Note System; DOF/SPA Legislative Initiative Tracking System.

DOF staff will work with executive branch and legislative fiscal policy staffs to define information needs, approach, schedule and module implementations. Development activity will be prioritized based on joint legislative and executive branch determination of needs and capabilities. DOF requests the appropriation be made available for either year of the biennium to accommodate a flexible development schedule.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request and also recommends a carry-over provision that if the appropriation for either year is insufficient the appropriation for the other year is available for it.

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: BUDGET OPERATIONS
PROGRAM: FINANCIAL AND BUDGET OPERATIONS
AGENCY: FINANCE, DEPARTMENT OF

REQUEST TITLE: LOCAL GOVERNMENT PROGRAM REPORTING

| | F.Y. 1990 (000's) | | F.Y. 1991 (000's) | |
|---------------------------|----------------------|-----------|----------------------|-----------|
| | Amount | Positions | Amount | Positions |
| Governor's Recommendation | | | | |
| General Fund | \$ 104 | 2.0 | \$ 104 | 2.0 |

Request requires statutory change: _____ Yes X No
Statutes Affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends CHANGE level funding of \$104,000 per year to develop an adequate capability with the Department of Finance to analyze state/local finance and spending issues to enhance government accountability. The primary emphasis of this new management initiative will be development of regular reporting of analytical information on local government program expenditures and outputs.

Accompanying legislation being submitted by the Governor will seek to structure a method whereby accountability for local governments to report regularly to the state on program expenditures and outputs. The state/local finance analysis team will examine alternatives for implementing mechanisms to base local aids funding on performance.

DESCRIPTION/BACKGROUND:

Sixty-five percent of all Minnesota state revenues are returned to local government. The current system of state/local finances continues to place the state in a difficult situation. In recent years, local government units have been responsible for about 70-75% of all public expenditures in the state. At the same time, local taxes have raised only 20-25% of the public tax revenue. There remains a large gap in who spends money and who raises it.

A continuing problem with our property tax and local aids system is the complexity and instability of the various formulas used to distribute aids to local governments. The current system employs complex and separate formulas for distributing state aids for schools, roads, income maintenance, social services, public employee pensions, general aid to cities, townships and counties, and other purposes.

Federal budget cuts and policy changes have shifted more program and financial responsibility to the state and local government level. Given these trends, the fiscal and programmatic relationships between state and local

governments have become increasingly entangled and costly.

The Governor's strategy for reforming state/local finances include 3 general objectives:

- o Clarifying Financial Responsibilities
- o Simplifying the Property Tax/Local Aids System
- o Increasing Local Revenue Options

Current limited information which analyzes state aid to local governments provides only a very narrow perspective. The requirements of public policy decisions are poorly met in areas of local spending analysis, the relationship of state aid programs, and the state assumption of local services.

The recommended funding will provide for creation of a unit within the Department of Finance which will spearhead the effort to identify the value of state aid programs to local government in terms that are meaningful and capture the full range of state aid actually provided.

Department of Finance staff will work with the Governor's Advisory Commission on State-Local Relations, executive branch and legislative tax and fiscal policy staffs, State Auditor's Office and local units of government to define information needs and strategy. Development of an information base on local tax and spending and state aid programs will be prioritized based on joint legislative and executive branch determination of needs and capabilities.

It is expected that the analysis and recommendations of these joint efforts will assist in multi-year implementation of extensive changes in the property tax and local aids system.

BASE: None.

LONG RANGE IMPLICATIONS: None.

ACTIVITY: CASH AND DEBT MANAGEMENT
 Program: FINANCIAL AND BUDGET OPERATIONS
 Agency: FINANCE, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

To provide debt management policy development and implementation, to review the cash management policies and procedures and recommend changes, to establish the state's bank accounts and to provide the administration for the Rural Finance Authority.

DESCRIPTION:

The management of the state's long-term general obligation debt includes planning and timing of the sale of bonds based upon cash flow needs, preparing the legal documentation, providing information on sale, and conducting sales. Management of any short-term debt and sales of Master Lease Certificates of Participation and other lease purchase financing require similar activities. Management of the College Savings Bond program include the completion of the program feasibility study, a market study and actually marketing the bonds to the general public. This activity also provides support in capital budgeting.

The cash management policies and procedures of the state are reviewed and changes are made as needed. The state has over 300 bank accounts. Bank accounts are established for the collection of revenues deposited by state agencies located throughout the state. Every 3 years the activity rebids the state bank accounts to assure the lowest cost to the state for maintaining the accounts. New bank accounts are established as needed. This activity also works on issues that are before the State Board of Investment.

The Rural Finance Authority Loan Participation program is also administered within this activity. Established by the 1986 legislature in response to the agricultural credit crisis, the RFA was granted broad authority to participate in certain restructured farm real estate loans originated by eligible commercial lenders in order to help keep existing farm families on their farms. The RFA's statutory charge was subsequently broadened in 1987 to include participation in new real estate loans to eligible beginning farmers. This Beginning Farmer program is currently being implemented.

RFA responsibilities include program development, establishment of eligibility criteria, financial criteria and program rules, the promotion of lender and borrower participation, processing and approval of loan participation applications, the structuring and marketing of bonds necessary to finance the purchase of participation interests and the management of approved loan participations.

OBJECTIVE:

To manage state's long-term general obligation debt and lease-purchase financing so that least cost financing is utilized when providing money for the state's capital program and equipment needs.

| <u>EFFECTIVENESS MEASURES:</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|------------------------------------|------------------|------------------|------------------|------------------|
| State interest rate above AAA rate | .15% | .10% | .10% | .10% |

OBJECTIVE:

To maintain the state's bank accounts at least cost to the state.

| <u>EFFECTIVENESS MEASURES:</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|--------------------------------|------------------|------------------|------------------|------------------|
| Bank accounts earning interest | 125 | 125 | 125 | 125 |

OBJECTIVE:

To implement and manage the Rural Finance Authorities loan participation programs so that the states rural development objectives are met in a financially prudent manner.

EFFECTIVENESS MEASURE:

The number and dollar value of loan participations entered into.

| <u>STATISTICS:</u> | <u>(Dollars in Thousands)</u> | | | |
|---|-------------------------------|------------------|------------------|------------------|
| | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
| 1) Bond Sales: | | | | |
| Dollar Amount Sold | \$ 210,500 | \$ 285,000 | \$ 250,000 | \$ 300,000 |
| Master Lease: | | | | |
| Dollar Amount Sold | 10,710 | 0 | 20,000 | 0 |
| Lease Purchase | | | | |
| Dollar Amount Sold | 5,310 | 4,000 | 4,000 | 4,000 |
| 2) Banking: | | | | |
| % of Bank Accounts Rebid | 20 | 5 | 75 | 20 |
| % of Bank Accounts Earning Interest | 40 | 40 | 40 | 40 |
| Number of Bank Accounts | 315 | 315 | 315 | 315 |
| Paying Agent Dollars Saved | \$ 28.5 | \$ 15 | \$ 15 | \$ 15 |
| 3) Capital Budget | | | | |
| Number of Bond Cash Flow Simulations | 100 | 100 | 25 | 100 |
| 4) Rural Finance Authority | | | | |
| Number of Loan Participations Approved (New participations, not cumulative) | 62 | 76 | 115 | 135 |
| Dollar Amount of Loan Participations | \$ 1,969 | \$ 1,946 | \$ 2,910 | \$ 3,415 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : FINANCE, DEPT OF
PROGRAM : FINANCIAL & BUDGET OPERATNS
BUDGET ACTIVITY : DEBT MGMT

| EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|----------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 220 | 277 | 396 | 0 | 396 | 396 | 396 | 0 | 396 | 396 |
| EXPENSES/CONTRACTUAL SRVCS | 16 | 60 | 22 | 0 | 22 | 22 | 22 | 0 | 22 | 22 |
| MISC OPERATING EXPENSES | 5 | 18 | 19 | 0 | 19 | 19 | 19 | 0 | 19 | 19 |
| SUPPLIES/MATERIALS/PARTS | 14 | 4 | 5 | 0 | 5 | 5 | 5 | 0 | 5 | 5 |
| CAPITAL EQUIPMENT | 0 | 3 | 2 | 0 | 2 | 2 | 2 | 0 | 2 | 2 |
| TOTAL EXPENDITURES | 255 | 362 | 444 | 0 | 444 | 444 | 444 | 0 | 444 | 444 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 255 | 362 | 444 | 0 | 444 | 444 | 444 | 0 | 444 | 444 |
| TOTAL FINANCING | 255 | 362 | 444 | 0 | 444 | 444 | 444 | 0 | 444 | 444 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 9.0 | 9.0 | 9.0 | 0.0 | 9.0 | 9.0 | 9.0 | 0.0 | 9.0 | 9.0 |
| TOTAL POSITIONS | 9.0 | 9.0 | 9.0 | 0.0 | 9.0 | 9.0 | 9.0 | 0.0 | 9.0 | 9.0 |

AGENCY: TORT CLAIMS

1990-91 Biennial Budget

AGENCY PURPOSE:

To pay tort claim judgments against a state agency which cannot be paid from that agency's appropriate accounts.

EFFECTIVENESS MEASURE:

| | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|--|------------------|------------------|------------------|------------------|
| Average time to pay claim after final approval | 5 days | 5 days | 5 days | 5 days |

OPERATION AND CLIENTELE:

As specified in M.S. 3.736, Subdivision 7, a state agency, including an entity defined as part of the state in Section 3.732, Subdivision 1, incurring a tort claim judgment or settlement obligation shall seek approval to make payment by submitting a written request to the Commissioner of Finance. If the Commissioner of Finance determines that the agency has sufficient money in its appropriation accounts, the claim will be paid from these accounts. Otherwise, the payment will be made from the appropriation made to the Commissioner of Finance for tort claim payments.

EXPLANATION OF BUDGET REQUEST:

The budget request is based on the historical trend of tort claim payments.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : TORT CLAIMS

| PROGRAM EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| FIN MISC NON OPERATING | 603 | 1,235 | 919 | 0 | 919 | 919 | 919 | 0 | 919 | 919 |
| TOTAL EXPENDITURES | 603 | 1,235 | 919 | 0 | 919 | 919 | 919 | 0 | 919 | 919 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 42 | 564 | 303 | 0 | 303 | 303 | 303 | 0 | 303 | 303 |
| GAME AND FISH | 0 | 32 | 16 | 0 | 16 | 16 | 16 | 0 | 16 | 16 |
| TRUNK HIGHWAY | 561 | 639 | 600 | 0 | 600 | 600 | 600 | 0 | 600 | 600 |
| TOTAL FINANCING | 603 | 1,235 | 919 | 0 | 919 | 919 | 919 | 0 | 919 | 919 |
| POSITIONS BY FUND: | | | | | | | | | | |
| TOTAL POSITIONS | | | | | | | | | | |

AGENCY: CONTINGENT ACCOUNTS

1990-91 Biennial Budget

AGENCY PURPOSE:

Contingent accounts are appropriations made from several state funds to provide supplemental funding for emergencies or other stipulated purposes.

The release and subsequent expenditure of this funding requires the approval of the Governor after consultation with the Legislative Advisory Commission (LAC). The LAC provides legislative review of the use of these funds during interim periods when the legislature is not in session.

With the approval of the Governor, supplemental funding for specific purposes is transferred to individual agency budgets, thus expenditure history appears in each agency's budget.

EXPLANATION OF BUDGET REQUEST:

These appropriations shall be expended with the approval of the Governor after consultation with the Legislative Advisory Commission (LAC) pursuant to M.S. 3.30.

If an appropriation in this request for either year is insufficient, the appropriation for the other year is available for it.

| <u>General Purpose Contingent Accounts:</u> | <u>(Dollars in Thousands)</u> | |
|---|-------------------------------|------------------|
| | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
| General Fund | \$ 1,500 | \$ -0- |
| Workers Compensation Special Fund | 200 | -0- |
| Direct Appropriated Special Revenue Fund | 500 | -0- |
| Trunk and Highway Fund | 400 | -0- |
| Highway User Tax Distribution Fund | 250 | -0- |

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : CONTINGENT ACCOUNTS

| PROGRAM EXPENDITURES: | F.Y. 1990 | | | | | | F.Y. 1991 | | | |
|------------------------|-----------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | FY 1988 | FY 1989 | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| FIN MISC NON OPERATING | 0 | 1,746 | 2,850 | 0 | 2,850 | 2,850 | 0 | 0 | 0 | 0 |
| TOTAL EXPENDITURES | 0 | 1,746 | 2,850 | 0 | 2,850 | 2,850 | 0 | 0 | 0 | 0 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 0 | 475 | 1,500 | 0 | 1,500 | 1,500 | 0 | 0 | 0 | 0 |
| SP REV DIRECT APPROP | 0 | 500 | 500 | 0 | 500 | 500 | 0 | 0 | 0 | 0 |
| TRUNK HIGHWAY | 0 | 400 | 400 | 0 | 400 | 400 | 0 | 0 | 0 | 0 |
| HIGHWAY USER TAX DISTR | 0 | 250 | 250 | 0 | 250 | 250 | 0 | 0 | 0 | 0 |
| WORKERS COMP SPECIAL | 0 | 121 | 200 | 0 | 200 | 200 | 0 | 0 | 0 | 0 |
| TOTAL FINANCING | 0 | 1,746 | 2,850 | 0 | 2,850 | 2,850 | 0 | 0 | 0 | 0 |
| POSITIONS BY FUND: | | | | | | | | | | |
| TOTAL POSITIONS | | | | | | | | | | |

AGENCY: DEBT SERVICE

1990-91 Biennial Budget

AGENCY PURPOSE:

To pay the principal and interest on General Obligation Long-term debt.

OPERATIONS AND CLIENTELE:

On November 1 (December 1 for bonds issued after 1-1-85) of each year the Commissioner of Finance must transfer an amount sufficient with the balance then on hand in the fund, and all income from the investment of such money, to pay all principal and interest on bonds due and to become due within the ensuing year and to include July 1 in the 2nd ensuing year (20 months).

The Minnesota Constitution requires the state auditor to levy a statewide property tax annually in an amount sufficient with the balance then on hand in the fund to pay all debt service through this 20 month period. The legislature may make appropriations from any source to the debt service fund to reduce the amount of the statewide property tax levy. The debt service appropriation is made for the purpose of reducing and eliminating the need for a statewide property tax. On November 1 (December 1) of each year, the Commissioner of Finance shall transfer to the debt service fund from appropriations made for such purposes the amounts to reduce the statewide property tax.

Debt service is broken down into 2 categories: existing debt and new issues. Existing debt service is used for payment of principal and interest of previously issued bonds. Debt service for new issues is to cover bonds that are authorized and anticipated to be authorized but have not yet been issued.

PROGRAM STATISTICS:

| | (Dollars in Thousands) | | | |
|---------------------------------|------------------------|----------------------|-----------------------|-----------------------|
| | Actual F.Y. 1988 | Act/Est F.Y. 1989 | Estimate F.Y. 1990 | Estimate F.Y. 1991 |
| Total Bonds Outstanding: | | | | |
| Bearer form | \$ 434,935 | \$ 378,060 | \$ 327,095 | \$ 274,970 |
| Registered form | 855,190 | 1,037,830 | 964,265 | 889,100 |
| \$ amount of principal payments | 87,800 | 84,500 | 124,500 | 127,300 |
| \$ amount of interest payments | 75,100 | 79,800 | 99,600 | 81,700 |

EXPLANATION OF BUDGET REQUEST:

Existing Debt:

The amount required in the debt service account is calculated by the total amount of principal and interest payments due November 1 (December 1) through the 2nd ensuing July 1 (20 months) for all outstanding bonds. The appropriation requirements are calculated by adjusting the total transfer requirements for investment income and transfers from dedicated funds.

New Issues:

It is assumed that \$80 million in General Fund debt will be issued in February, 1989 and an additional \$230 million to be sold during the biennium.

The transfer requirement is determined by the payments of principal and interest that will come due within the 20 month period.

(Dollars in Thousands)

| | Actual F.Y. 1987 | Actual F.Y. 1988 | Act/Est F.Y. 1989 | Estimate F.Y. 1990 | Estimate F.Y. 1991 |
|---------------|---------------------|---------------------|----------------------|-----------------------|-----------------------|
| Existing Debt | \$ 86,249 | \$ 115,739 | \$ 82,630 | \$ 144,072 | \$ 130,475 |
| New Issue | \$ 21,892 | \$ 17,628 | \$ 40,368 | \$ 36,318 | \$ 37,560 |

GOVERNOR'S RECOMMENDATION:

In addition to the base figures shown above, the Governor recommends the following changes;

- 14.3 Million Transfer of debt obligation for Pollution Control Bonds from the Water Pollution Control Fund to the General Fund.
- 4.4 Million Debt Service to finance recommended bond authorizations for Reinvest in Minnesota Program.
- 12.5 Million Debt service for capital improvement projects recommended by the Governor for action in the 1989 Legislative Session.

AGENCY PURPOSE:

The Governor recommends salary supplement dollar amounts in the budget to pay compensation and benefit increases for the biennium. Increased health plan contributions have been included in the salary supplement amount to cover the costs of escalating health insurance premiums. Items covered by the supplement, depending on negotiated salary benefit packages, are salary increases, premium and overtime pay, severance, retirement incentives, health insurance and other costs that increase for employers, such as, F.I.C.A. costs that are tied to higher salaries.

ISSUES:

The salary supplement is intended to cover the increased costs of salary negotiations. Increases occurring in the health insurance area are of exceptional importance in approaching the next biennium.

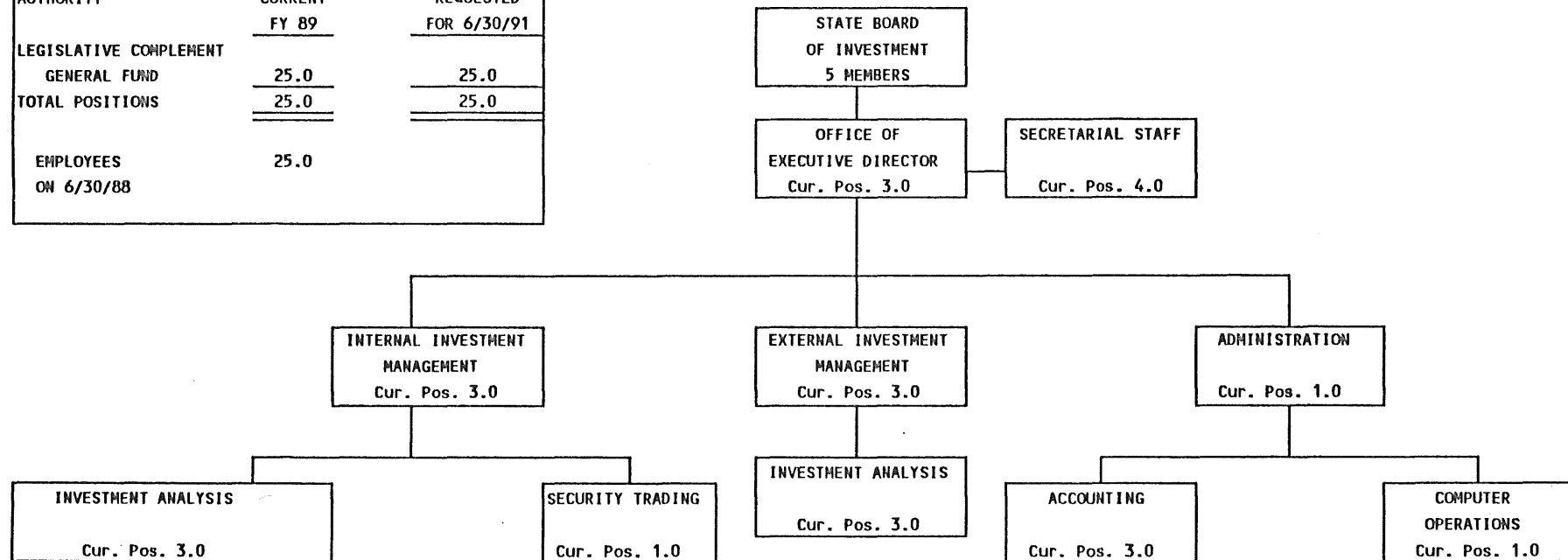
Monthly health plan premium comparisons between 1988 and 1989 for single coverage for the 9 health plans providing coverage to the state varied from a 10.8% to 67.3% increase. The low increase was Central Minnesota Group Health increased in a similar range. The smallest increase came from Group Health, Inc. at 15% and the largest was Aware Gold Limited at 62.7%.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation will be provided subject to collective bargaining.

**STATE BOARD OF INVESTMENT
ORGANIZATION CHART 7 - 1 - 88**

| POSITION RECONCILIATION | | |
|-------------------------|---------|-------------|
| AUTHORITY | CURRENT | REQUESTED |
| | FY 89 | FOR 6/30/91 |
| LEGISLATIVE COMPLEMENT | | |
| GENERAL FUND | 25.0 | 25.0 |
| TOTAL POSITIONS | 25.0 | 25.0 |
| EMPLOYEES ON 6/30/88 | 25.0 | |



AGENCY PURPOSE:

The State Board of Investment (SBI) develops and implements investment policies and strategies for the state's retirement funds, trust funds and cash accounts. The statutory goal of the SBI is "to establish standards which will insure that state and pension assets...will be responsibly invested to maximize the total rate of return without incurring undue risk." (Minnesota Statutes Section 11A.01).

OPERATIONS AND CLIENTELE:

The SBI, composed of 5 constitutional officers, provides investment management for the Basic Retirement Fund, the Post Retirement Fund, the Permanent School Fund, the Supplemental Investment Fund, and the Variable Annuity Fund. In addition, the SBI manages Invested Treasurer's Cash and approximately 100 other state cash accounts. On June 30, 1988, assets managed by the board totaled \$13.0 billion. All activities of the board are governed by M.S. Chapter 11A.

In order to meet its statutory goal the SBI must:

Establish, and periodically update, the investment objectives, asset allocation and investment management structure for each of the funds under its control.

Monitor and evaluate investment performance to insure investment objectives are met.

Assess developments in the broad financial markets and evaluate their potential impact on SBI operations and investment policies.

Communicate the investment policies of the SBI to its clients and constituents.

The board retains an Executive Director, an internal investment management staff, and external investment managers to execute its policies. In performing these duties, the board works in conjunction with the Investment Advisory Council which is composed of 17 persons with investment and retirement fund expertise.

The SBI staff recommends strategic planning alternatives to the board and council and executes the board's policy decisions. The staff also provides internal management for a portion of the board's assets, closely monitors the performance of all external managers retained by the board, and reviews prospective investment vehicles for legislative consideration.

Approximately 50% of the funds invested by the SBI are under internal management. This includes all the assets of the Post Retirement Fund and all money in state cash accounts.

Approximately 50% of the funds are managed by external money managers: 8 active common stock managers; 1 passive common stock manager, 5 active fixed income managers, 2 passive fixed income managers; and 7 real estate, 3 resource, and 11 venture capital commingled fund managers. The board also retains a Master Custodian to assist the SBI in a variety of accounting and

management functions. Assets of the Basic Retirement Funds, Supplemental Investment Fund and Variable Annuity Fund are under external management.

Since the majority of the board's activity relates to investment of retirement funds, its primary clients are the current and retired members of the three statewide retirement systems (PERA, TRA, MSRS). For activities involving cash accounts, the board's largest clients are the State Treasurer and the Department of Finance.

MAJOR POLICY ISSUES:

Several refinements of the board's investment management program were completed during the 1987-89 biennium, including:

Review and update of the investment policies for the Basic Retirement Funds.

Implementation of performance based fees for external managers.

Creation of a passive fixed income portfolio for the Basic Retirement Funds.

Restructuring the investment options for the participants of the Supplemental Investment Fund.

Creation of pooled funds for state cash accounts.

In addition, several new initiatives are currently underway, including:

Implementation of new statutory authority to invest in international securities.

The use of derivative financial instruments in the investment portfolios.

Comprehensive review of the board's real estate portfolio.

ACTIVITY STATISTICS:

| | Actual 6-30-87 | Actual 6-30-87 | Long-Term Policy Target |
|----------------------------|-------------------|-------------------|----------------------------|
| Basic Retirement Funds: | | | |
| 1) Asset Allocation | | | |
| Common Stocks | 59.8% | 57.5% | 60.0% |
| Bonds/Fixed Income | 19.8% | 19.5% | 22.0% |
| Alternative Investments | 10.6% | 12.7% | 15.0% |
| | | | 5 Years Annualized |
| 2) Performance Comparisons | F.Y. 1987 | F.Y. 1988 | Ending 6-30-88 |
| a) Total Fund | | | |
| Basic Funds | 14.5% | -0.3% | 11.6% |
| Median Balanced Fund | 13.1% | 1.1% | 13.1% |
| TUCS Universe | | | |

AGENCY: INVESTMENT, STATE BOARD OF
(Continuation)

1990-91 Biennial Budget

| | F.Y. 1987 | F.Y. 1988 | 5 Years Annualized Ending 6-30-88 |
|--------------------------------------|-------------------|-------------------|---|
| 2) Performance Comparisons (Cont'd.) | | | |
| b) Common Stock Segment | | | |
| Basic Funds | 19.4% | -5.2% | 12.0% |
| Wilshire 5000 Stock Index | 20.1% | -5.9% | 12.9% |
| c) Bond Segment | | | |
| Basic Funds | 7.9% | 7.9% | 12.1% |
| Salomon Broad Bond Index | 5.6% | 8.1% | 12.6% |
| Post Retirement Funds: | Actual 6-30-87 | Actual 6-30-88 | |
| 1) Asset Allocation | | | |
| Common Stocks | 16.8% | 10.5% | |
| Bonds/Fixed Income | 74.2% | 82.5% | |
| Cash Equivalents | 9.0% | 7.0% | |

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

| | F.Y. 1987 | F.Y. 1988 | 5 Years Annualized Ending 6-30-88 |
|--|-----------|-----------|---|
| 2) Retiree Benefit Increases Generated | | | |
| Benefit Increases | 9.8% | 8.1% | 8.0% |
| One-half inflation (CPI) | 0.9% | 1.9% | 1.6% |

REVENUE:

This activity generates non-dedicated revenue.

| Type of Revenue | (Dollars in Thousands) | | | |
|-----------------|------------------------|-----------------------|-----------------------|-----------------------|
| | Actual F.Y. 1988 | Estimate F.Y. 1989 | Estimate F.Y. 1990 | Estimate F.Y. 1991 |
| Non-dedicated | \$ 1,326 | \$ 1,300 | \$ 1,300 | \$ 1,300 |

ATTORNEY GENERAL COSTS:

| Fees for legal Services Rendered | (Dollars in Thousands) | | | |
|-------------------------------------|------------------------|----------------------|---------------------------------------|-------|
| | Actual F.Y. 1988 | Act/Est F.Y. 1989 | Agency Request F.Y. 1990 F.Y. 1991 | |
| Fees Assessed | \$ 9 | \$ 10 | \$ 13 | \$ 13 |
| Fee Paid | 5 | 5 | 6 | 6 |
| Requested Budget | 5 | 5 | 6 | 6 |

EXPLANATION OF BUDGET REQUEST:

The SBI is requesting their BASE level of funding for the upcoming biennium. Although the SBI will be implementing new initiatives during this period, they can be completed within the current budget and complement limits.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : BOARD OF INVESTMENT

| PROGRAM EXPENDITURES: | F.Y. 1990 | | | | | | F.Y. 1991 | | | |
|---------------------------|-----------|---------|----------------|--------|--------|--------------------|----------------|--------|--------|--------------------|
| | FY 1988 | FY 1989 | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| INVESTMENT OF FUNDS | 1,643 | 1,708 | 1,727 | 0 | 1,727 | 1,727 | 1,727 | 0 | 1,727 | 1,727 |
| REFUNDS/RETIRE FUNDS | 11,019 | 9,375 | 9,375 | 0 | 9,375 | 9,375 | 9,375 | 0 | 9,375 | 9,375 |
| TOTAL EXPENDITURES | 12,662 | 11,083 | 11,102 | 0 | 11,102 | 11,102 | 11,102 | 0 | 11,102 | 11,102 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 1,643 | 1,708 | 1,727 | 0 | 1,727 | 1,727 | 1,727 | 0 | 1,727 | 1,727 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| SUPP INVEST INDEX | 100 | 1 | 1 | 0 | 1 | 1 | 1 | 0 | 1 | 1 |
| SUPP BOND MARKET | 100 | 1 | 1 | 0 | 1 | 1 | 1 | 0 | 1 | 1 |
| SUPP INVEST G I C | 100 | 3 | 3 | 0 | 3 | 3 | 3 | 0 | 3 | 3 |
| MN SUPPL RETR FXD RE | 100 | 50 | 50 | 0 | 50 | 50 | 50 | 0 | 50 | 50 |
| MN SUPPL RETIR INCOM | 100 | 50 | 50 | 0 | 50 | 50 | 50 | 0 | 50 | 50 |
| MN SUPPL RETIR GRNTH | 100 | 50 | 50 | 0 | 50 | 50 | 50 | 0 | 50 | 50 |
| POST RETIREMENT | 985 | 1,000 | 1,000 | 0 | 1,000 | 1,000 | 1,000 | 0 | 1,000 | 1,000 |
| MN VARIABLE ANNUITY | 200 | 100 | 100 | 0 | 100 | 100 | 100 | 0 | 100 | 100 |
| MONEY MGR FIXED INC | 3,261 | 2,800 | 2,800 | 0 | 2,800 | 2,800 | 2,800 | 0 | 2,800 | 2,800 |
| MONEY MGR EQUITY | 5,972 | 5,320 | 5,320 | 0 | 5,320 | 5,320 | 5,320 | 0 | 5,320 | 5,320 |
| SUPPLEMENT BOND | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL FINANCING | 12,662 | 11,083 | 11,102 | 0 | 11,102 | 11,102 | 11,102 | 0 | 11,102 | 11,102 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 25.0 | 25.0 | 25.0 | 0.0 | 25.0 | 25.0 | 25.0 | 0.0 | 25.0 | 25.0 |
| TOTAL POSITIONS | 25.0 | 25.0 | 25.0 | 0.0 | 25.0 | 25.0 | 25.0 | 0.0 | 25.0 | 25.0 |

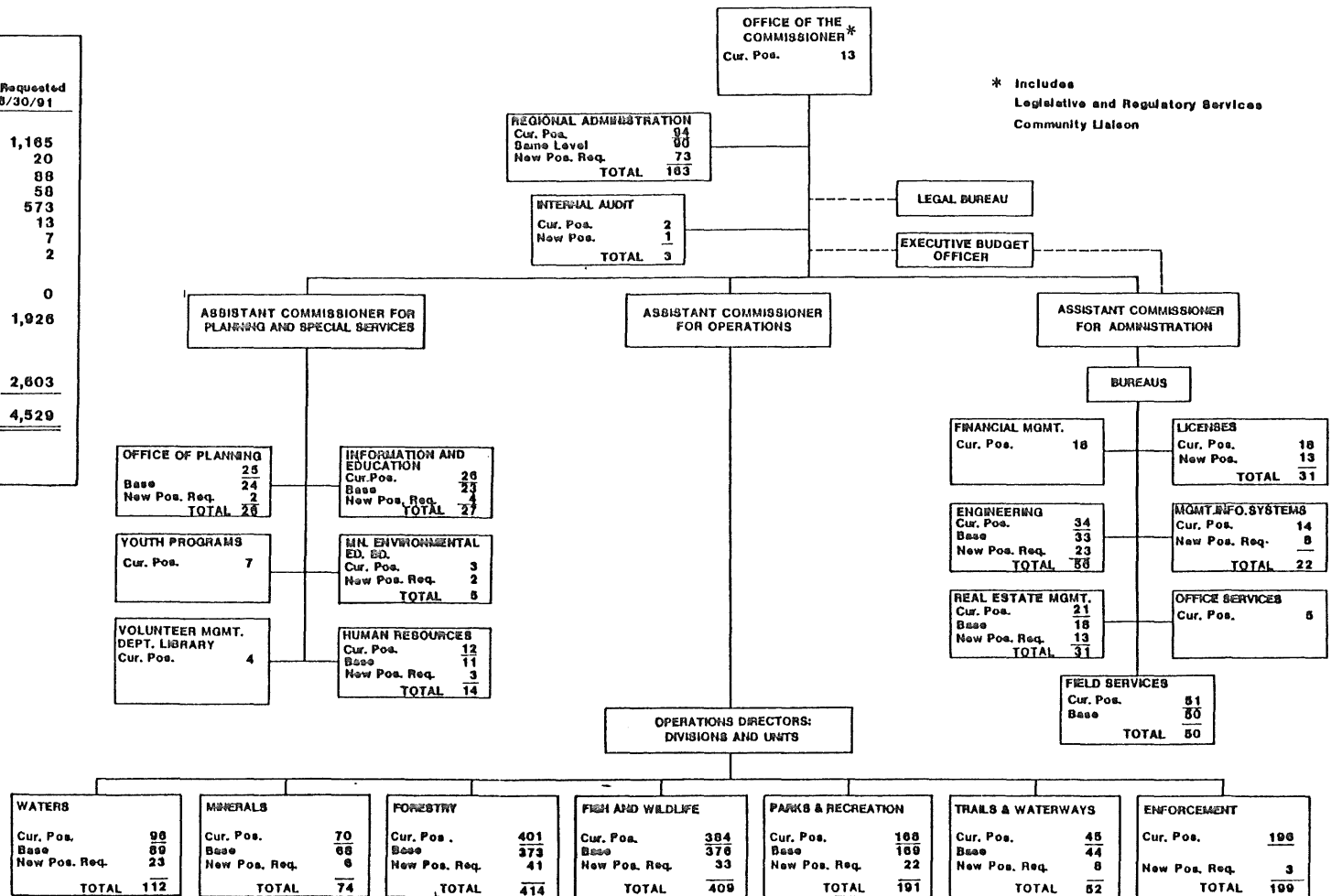
1990-91 BIENNIAL BUDGET

PROGRAM STRUCTUREAGENCY: NATURAL RESOURCES, DEPARTMENT OF

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Department of Natural Resources Organization Chart 7-1-88

| Position Reconciliation | | |
|--------------------------------|------------------|--------------------------|
| Authority: | Current FY 89 | Requested for 8/30/91 |
| Legislative Complement: | | |
| General Fund | 970 | 1,165 |
| LCMR | 29 | 20 |
| Water Recreation Fund | 62 | 88 |
| Special Revenue Fund | 51 | 50 |
| Game & Fish Fund | 540 | 573 |
| Federal | 43 | 13 |
| Water Pollution Control | 7 | 7 |
| Iron Range R. & R. | 0 | 2 |
| LAC Approved | | |
| Special Revenue Fund | 5 | 0 |
| TOTAL | 1,707 | 1,926 |
| Permanent Positions | | |
| Seasonal/ Part-time | 2,603 | 2,603 |
| TOTAL Positions | 4,310 | 4,529 |
| Employees on 8/30/88 | 2,964 | |



AGENCY PURPOSE:

The mission of the Department of Natural Resources (DNR) is to perpetuate and enhance Minnesota's rich heritage of lands, waters, timber, minerals, fish, wildlife and other natural resources for the benefit and enjoyment of present and future generations. To this end, the agency is charged with the management of public waters, lands, parks, forests and minerals, as well as with the regulation of a broad range of activities that affect natural resources.

Activities regulated include hunting; trapping; fishing; boating; snowmobiling; gathering wild rice; mineral exploration, mining and reclamation; dredging, filling and draining protected waters and wetlands; constructing and maintaining dams; appropriating and using surface and groundwaters; establishing lake levels; developing shorelands, floodplains and the shores of wild, scenic and recreational rivers; permitting and licensing private game farms, fish hatcheries, roadside zoo operations and open burning.

In addition, the agency provides forest fire protection to billions of dollars' worth of private and public timber, as well as private property, in forested areas encompassing 45 million acres. It develops and disseminates information on recreational travel and educational materials on natural resource subjects. It provides assistance to local governments, organizations and individuals on natural resource matters, such as forest management, wildlife habitat improvement and trail development.

OPERATIONS AND CLIENTELE:

To fulfill its mandate, the DNR is organized on a line-staff basis. Line units consist of the 6 major resource disciplines and 1 specialized unit.

The 6 major disciplines are the divisions of Forestry, Waters, Parks and Recreation, Fish and Wildlife, Minerals, and Enforcement. The specialized unit of Trails and Waterways was established in 1979 to more effectively respond to public needs for recreational trails, waterways and public water accesses. In addition, the Minnesota Environmental Education Board is attached to the department for purposes of administration and coordination.

Each major DNR division is responsible for the management and regulation of those resources reflected in its title. Enforcement is vital to ensure compliance with the statutes, rules and orders that govern not only hunting and fishing but many other resource management subjects, such as water, outdoor recreation and forestry. Directors of each division report to the Assistant Commissioner for Operations.

To prevent unnecessary duplication and to generate efficiencies, the department's line divisions are supported by a number of staff units. These include the bureaus of Financial Management, Management Systems, Engineering, Real Estate Management, Licenses, Field Services, and Offices Services, all of which report to the Assistant Commissioner for Administration.

Also providing staff support are the units that report to the Assistant Commissioner for Planning and Special Services. These include the Office of Planning, the Bureau of Human Resources, the Bureau of Information and Education, Volunteer Services, Youth Programs, and Training. In addition, the Executive Director of the Minnesota Environmental Education Board reports to the Assistant Commissioner for Planning and Special Services.

Operations are conducted in the field through an organizational structure consisting of 6 regions. Each region has regional supervisors representing 5 line divisions (the Minerals Division is excepted) and a regional administrator who provides overall coordination and support. The regional support staff provides specialized services for field operations including facility and equipment maintenance, inventory management, land sale and leasing administration, engineering, personnel management, financial management, information and education services, and office management functions. The Minerals Division has 3 offices (St. Paul, Hibbing and Ironton) that are managed as a single entity.

The impacts of the DNR are complex and widespread. They affect all Minnesota citizens, present and future, as well as large numbers of travelers from other states and nations. Department operations interact directly and indirectly with local and regional governments, the federal government, other state agencies, members of the state's business community and millions of private citizens.

The department's direct economic impact is especially important. For example, a recent study using a survey prepared by the U.S. Forest Service found that state park visitors generated nearly \$100 million in business for the state in 1985. Department-administered lands and facilities form the primary public investment in outdoor recreation and tourism. They help to keep travel expenditures by residents in Minnesota and attract nonresident dollars to the state. Hunting and fishing resources conserved and developed by the state are a major attraction in Minnesota. Department-administered trails provide a major attraction in the winter months, providing balance to seasonal swings in cash flow to privately managed tourism and outdoor recreation enterprises. Year-round, outdoor recreation travelers provide a considerable portion of the state's travel income.

At the same time, forest products grown on state land contribute heavily to income and employment of small- and large-scale forestry concerns. Much of Minnesota's mineral wealth is administered or regulated by the department. Proper, progressive management is vital to forest and mineral industries in Minnesota and influences manufacturing nationwide.

Of equal importance is the indirect economic impact of good stewardship on the state's natural resources. For example, the department's management and conservation of water resources serve to enhance the whole of agriculture, outdoor recreation, mining and other industry in Minnesota in addition to assuring adequate water supplies for domestic uses. Well-planned and implemented development and preservation of water and other natural resources stand on an equal footing with a vital economy and strong cultural amenities in guaranteeing Minnesota's high quality of life.

The impact and clientele of the department are further revealed in the magnitude of its responsibilities. It manages 21,800 lakes and wetlands (including 6,000 fishing lakes and 3.8 million acres of fishing water); 94,000 miles of waterways (including 2,000 miles of trout streams and 13,000 miles of warm water fishing streams); as well as extensive groundwater supplies. It manages approximately 5.3 million acres of state lands.

This land includes 81 parks, recreation areas and waysides; 55 scientific and natural areas; 56 state forests (over 3,000,000 acres with 2,063 miles of road used by sportsmen, recreationists and the forest industry); 1,025 wildlife management areas (550,000 acres); as well as 1,540,000 acres of land outside of designated management units managed for timber and mineral produc-

OPERATIONS AND CLIENTELE: (Contd.)
tion as well as many other uses.

The department is also responsible for over 1,200 water access sites; 19 designated canoe and boating routes; more than 12,000 miles of snowmobile trails (including nearly 10,000 miles of grant-in-aid trails coordinated with local units of government); 2,150 miles of biking, hiking and horseback trails and 1,580 miles of cross-country ski trails (including 800 miles of grant-in-aid trails).

Of the state-owned lands described, approximately 2,800,000 acres are forested. These lands produce timber sale revenues of about \$3.0 million annually. In addition, the department administers over 12 million acres of state-owned mineral rights and over 3 million acres of potentially valuable peat deposits. Currently, annual royalty revenues from state-administered minerals are approximately \$3 million.

As data on timber sale and mineral lease receipts indicate, the department generates substantial revenues. In fact, the total revenue generated from all sources is approximately \$57 million per year, an amount equal to approximately one-half of its total annual budget.

The department receives thousands of water-use reports and permit applications annually from organizations, businesses, local government and private citizens, and continues to emphasize working with local governments to assure wise management of Minnesota's lakes, rivers and wetlands.

BUDGET ISSUES:

Several major natural resource issues and trends deserve special mention. One of the most significant is the increasing role natural resources is playing in the development and diversification of the Minnesota economy. Significant developments have occurred in the past 2 years and many more opportunities exist. However, operating budgets have not grown proportionately. On the contrary, in several key areas, they have been reduced.

For example, according to recent estimates, outdoor recreation contributes \$2 billion to the Minnesota economy. The state outdoor recreation system provides an essential part of the infrastructure that supports this industry. The State Comprehensive Outdoor Recreation Plan and supporting surveys document clear needs to maintain and enhance existing parks, trails, public accesses and other units of the system and to expand it in several ways, such as by providing more trail, water recreation, camping and interpretive facilities.

In addition, during this period the department has strongly emphasized initiatives that significantly improve the quality, efficiency and effectiveness of the services delivered by the outdoor recreation system. These have included a major marketing, planning and implementation effort; expansion of the former Outdoor Recreation Information Center into a department-wide effort; visitor use and satisfaction research; development of special events designed to stimulate local community participation and support of area parks; generation of alternative funding sources and revenue generation projects; and computerization of administrative functions.

Increased use and continued development of trails, accesses, parks and other units of the outdoor recreation system during the past 2 years have put pressure on already inadequate operating budgets. Funding has grown more slowly than management costs, and budget reductions have forced significant cutbacks in management activities. For example, the Province of Ontario Canada has operated its provincial park system for several years on a "minimum operations standards" system through which minimum standards are developed for various operation and maintenance functions. Funding is then applied to each standard allowing the park system to carry out its responsibilities. The state of Minnesota worked closely with staff from Ontario in adapting their system to the Minnesota State Park System. It was found that the current level of Minnesota's operational and maintenance funding is 30% below minimum operating standards. Several CHANGE requests address this problem and must be granted if premature deterioration of facilities, reduction in services and damage to natural resources are to be avoided.

Significant development continues in the forest products industry. Work has begun on a \$550 million Boise Cascade Corporation mill in International Falls, a \$350 million expansion of Blandin Paper Companies in Grand Rapids, and a \$100 million modernization of Potlatch Corporation operations in Cloquet. These fall on the heels of the successful start-up of Lake Superior Paper Industries (\$404 million) in Duluth in late 1987. An additional expansion of the industry, totaling \$1 billion, is expected in the period 1991-1996. The Department of Natural Resources will continue to cooperate with interested forest products companies and sister state agencies to better utilize Minnesota's forest resources.

These developments have been and must continue to be supported by forest management intensification on both public and private lands. For example, reforestation on state lands has increased fourfold since 1979 and timber stand improvement has doubled. Yet significant budget reductions have seriously jeopardized the department's ability to achieve the objectives established by the Minnesota Forest Resources Plan for timber management, fire protection, forest inventory and forest road maintenance. Several CHANGE requests address this issue.

The past 2 years have seen an increasingly high level of interest in leasing state mineral land for exploration, especially for gold, platinum, copper, zinc, and titanium. The mineral ownership identification program has added 600,000 acres to the land base available for leasing. The 1988 lease sale should result in the issuance of 350 new state mineral leases, bringing the total to about 800 leases by 42 companies on approximately 300,000 acres of state land.

Making land available for exploration through an aggressive leasing program is only one element of a comprehensive strategy to support and diversify Minnesota's mineral economy. The Mineral Diversification Program is a 10-year plan designed to improve the geologic data base, develop new technologies to assist the taconite industry, and encourage environmentally sound exploration and development of new mineral resources. Mineral diversification is a cooperative effort between the Department of Natural Resources (DNR), the Minnesota Geological Survey, the Natural Resources Research Institute, the Mineral Resources Research Institute, and industry advisory

BUDGET ISSUES: (Contd.)

groups. The CHANGE request in the Mineral Resources Management Program will accelerate these efforts.

Water resources must be a priority concern. The major impact of water resources on all facets of Minnesota life is being increasingly recognized by local, state and regional decision-makers. Water-borne transportation, mining, power generation, irrigation, shoreland development, most outdoor recreation, industrial processing and adequate domestic supply systems depend on Minnesota's unique water supplies. If properly managed, water resources will bring new opportunities to Minnesota without the agonizing trade-offs experienced in other states.

The drought of 1988 emphasized the importance of Minnesota being equipped to effectively and efficiently provide for the allocation of surface and ground waters among competing uses. Basic policies and procedures proved to be sufficient to address major issues. However, significant deficiencies exist in stream flow data, lake level data and groundwater level data to provide for equitable and reasonable decisions on allocation of water between competing users and protect the natural and environmental values of the resources. Three of the CHANGE requests in the Water Resources Management Program address this need.

Water resources can be a key element in an aggressive state economic development strategy including high-growth industries dependent upon quality of life factors to attract a highly skilled work force. This budget contains proposals to optimize state and local water resources management in the face of declining federal assistance and extreme climate variability that produces alternating floods and droughts. Paramount issues include funding for hydrologic data processing and dissemination, local water planning assistance, groundwater evaluations emphasizing areas that are drought prone or subject to contamination and flood damage reduction primarily intended to reduce the \$68 million of annual losses experienced in Minnesota communities. These proposals are consistent with priority recommendations made by the Environmental Quality Board.

Intensified management and protection of fish and wildlife resources is another key budget issue. The passage of the Reinvest in Minnesota (RIM) Act in 1986 was a major step in this direction. However, the program initially was funded through the sale of state general obligation bonds, only an interim solution. The Environmental Trust Fund will provide a long-term, more flexible source of funds, but interim funding is required until such time as the Environmental Trust Fund is able to maintain an adequate balance. The RIM program will be addressed in separate legislation.

While RIM is extremely important, the Game and Fish Fund, which has historically supported nearly all fish and wildlife management activities and the majority of the agency's law enforcement effort, will continue to provide the foundation upon which the expanded program contemplated by RIM must be built. Unfortunately, the resources of the Game and Fish Fund continue to dwindle. Several factors contribute to the problem. Costs have increased at a rate greater than receipts. Larger portions of programs are being funded by the Game and Fish Fund (Enforcement increased from 58% Game and Fish Fund and 42% General Fund in 1981 to 82% Game and Fish Fund and 18% General Fund in 1984 and 75% Game and Fish Fund, 13% General Fund, and 12% other in F.Y. 1989). Since F.Y. 1981 a percentage of the license receipts has been paid to the

Leech Lake Indian Reservation. Receipts from specific stamps, licenses or surcharges are being "earmarked" with no provision for funding the management required to administer them. A systematic method of increasing fees to keep pace with inflation must replace the present practice of large increases every 4 to 6 years.

A significant change was implemented this biennium for the way department equipment is replaced and managed. The change requires payment by the various units of the department based on usage and equipment acquired by lease purchase over a 5-year period. This change has resulted in a better utilized and maintained fleet. An agency CHANGE request is included that will fully implement the funding for fleet management.

Several requests are included to convert Resource 2000 and Legislative Commission on Minnesota Resources-funded programs to the General Fund. Included are the conversion of professional services for real estate management and engineering services, and geophysics and groundwater data processing. In addition to the need to provide an adequately funded base for the services, bonding for these services has been questioned.

Not all DNR issues fit neatly into the categories provided by the major operating divisions. Other compelling concerns need to be acknowledged and addressed during the 1990-91 biennium. The agency's ability to communicate with the public it serves is crucial to attaining needed understanding and providing education to Minnesota citizens. The department recognizes the need to improve its ability to respond more efficiently and effectively to public requests. For too many years DNR financial and staff resources have gone almost entirely to resource management. Unfortunately, the human component has not received the attention it deserves. Managing the human resource that manages the natural resource must be paid serious attention. The department is fortunate in having a skilled and dedicated staff to carry out its mission; but that staff needs recognition, training and career development opportunities if it is to remain a vital force in the important work that needs to be done. More than half of the agency's employees are between 30 and 39 years old; only 10% are 50 or older. Promotions and salary increases will simply not be available to many of these individuals. New ways must be found to recognize their contribution and generate ongoing career interest. Finally, administrative support services have not begun to keep pace with programmatic increases in recent years. As operations grow, there must be recognition of the need to expand support services proportionately. Several CHANGE requests address the DNR's need to enhance public responsiveness, support its human resource and provide adequate administrative services. Most significant of these CHANGE requests is Regional Operations Support Services (F.Y. 1990, \$904,000; F.Y. 1991, \$1,070,000) that is supported by a Department of Administration study.

BASE LEVEL REVIEW:

Three base level reviews have been completed and have been submitted to the legislature as individual documents. The 3 base level reviews are 1) a review of complement policy in the Department of Natural Resources (DNR), 2) a review of the financial assumptions governing the state's in lieu of tax policies paid by the DNR, and 3) an analysis of the Game and Fish Fund activities.

ATTORNEY GENERAL COSTS:

For the Department of Natural Resources, the payment process of Attorney General costs is very time-consuming. Costs of processing are not included in any of the following figures.

| Attorney General Costs Fees for Legal Services Rendered | (Dollars in Thousands) | | | |
|---|------------------------|----------------------|----------------|-----------|
| | Actual F.Y. 1988 | Act/Est F.Y. 1989 | Agency Request | |
| | | | F.Y. 1990 | F.Y. 1991 |
| Fees Assessed | \$ 634 | \$ 650 | N/A | N/A |
| Fee Paid | 342 | 350 | N/A | N/A |
| Requested Budget | 225 | 225 | 225 | 225 |

EXPLANATION OF BUDGET REQUEST:

Because of the large number of programs and funding sources, the budget of the Department of Natural Resources is extremely complex. Generalizing at the department level can often be misleading. For example, the CHANGE requests include a requested increase in funding of \$44.7 million for the biennium; yet only 34% of this amount represents new initiatives or expanded programs in the General Fund. The remaining CHANGE items either represent conversions in funding sources, implementation of new legislation, increases necessary to continue current operations or indicate increases due to the way the budget is developed.

The Legislative Commission on Minnesota Resources (LCMR) is recommending an appropriation of \$4.2 million from the Minnesota Resources Fund to the DNR for various projects and programs. This CHANGE level in funding is approximately \$1.9 million less than the appropriations authorized for the current biennium.

Of the indicated CHANGE in the budget document, approximately \$29.4 million is General Fund, with the remainder from various dedicated funds in the agency. The General Fund CHANGE items can be categorized into 4 primary areas. First, more than \$5.8 million is requested for items that will maintain the same level of services and the increases are attributable to changes in funding sources (i.e., conversion of existing LCMR-funded programs, professional services funding change, partial funding for the conversion of Boundary Waters Canoe Area Program-related positions, replacement of federal funds targeted for state wildfire protection assistance) and lakeshore lease sale costs resulting from 1988 legislation. Second is about \$6.5 million requested for items that fund the maintenance of existing facilities and programs (i.e., recreation facility maintenance, equipment replacement and fleet management, building maintenance, repair and remodeling, timber supply and economic development, and enforcement services primarily in recreational-use areas, etc.). Third consists of budget items which result in pass-through funding of \$4.9 million to other agencies and local units of government; i.e., mineral diversification, shoreland management, county forest management programs, and the Mississippi Headwaters Board. Fourth includes the budget items that will allow for critically needed program expansions and other initiatives totaling \$12.1 million. These latter items focus primarily on water resources concerns, forest management needs, state park operations, enforcement needs in the Metro Region, control of purple loosestrife, and important funding needs in administration and other support areas including the continuation of the

department's comprehensive Management Information System, the delivery of regional operations support services (business offices and clerical services), increased responsiveness to public inquiries, and improved information systems for personnel administration.

No major new initiatives are being requested for funding from the various dedicated funds for the coming biennium because of the limited resources available. However, there are a number of important CHANGE requests in the areas of river clean-up, water access/safe harbors, state park operations, all-terrain vehicle program grants, fish and wildlife management, county boat and water safety grants, license bureau operations, and internal auditing.

GOVERNOR'S RECOMMENDATION:

The Governor recommends a biennial increase of \$37,227,000 from various funds. This includes \$4,198,000 from the Minnesota Resources Fund, which is included as recommended by the Minnesota Future Resources Commission (formerly LCMR) and \$6,000,000 for Reinvest in Minnesota (RIM) to provide "bridge" funding until the Minnesota Environmental and Natural Resource Trust Fund is capable of supporting it.

Five agency-wide CHANGE levels are recommended, which total \$11,806,000. Information about each is provided on the following CHANGE level pages.

AGENCY: NATURAL RESOURCES, DEPARTMENT OF
(Continuation)

1990-91 Biennial Budget

| INDEX | (Dollars in Thousands) | | Page |
|--|---|---|------|
| | Agency Request 1990-91 Biennium All Funds | Governor's Recommendation 1990-91 Biennium All Funds | |
| BASE Level Request | \$ 282,620 | \$ 282,620 | |
| Agency-wide CHANGE Requests | | | |
| Equipment Replacement and Fleet Management | 3,810 | 3,810 | 268 |
| Information System Planning and Development | 1,800 | 1,100 | 272 |
| Safe Harbors - Lake Superior | 1,100 | 1,100 | 270 |
| Rim | 6,000 | 6,000 | 274 |
| Cross Country Ski Reduction | -0- | (204) | 275 |
| Subtotal | \$ 12,710 | \$ 11,806 | |
| Program/Budget Activity | | | |
| CHANGE Requests | | | |
| Mineral Resources Management | | | |
| Mineral Diversification | 1,000 | -0- | 283 |
| Tract Index, St. Louis County | 80 | 80 | 285 |
| LCMR | | | |
| Acquisition of Private | 150 | 150 | 286 |
| Exploration Data - LCMR | | | |
| Subtotal | \$ 1,230 | \$ 230 | |
| Water Resources Management | | | |
| Statewide Ground Water Management | 1,500 | 1,200 | 295 |
| Shoreland Management Grants | 1,700 | 212 | 297 |
| Improved Surface Water Data | 650 | 430 | 299 |
| Capability | | | |
| In-stream Flow Analysis - Conversion | 450 | 200 | 300 |
| Ground Water Sensitivity - LCMR | 724 | 724 | 301 |
| River Bank and Meander | 200 | 200 | 302 |
| Management - LCMR | | | |
| Water Pollution Control Fund | -0- | -0- | 303 |
| Transfer to The General Fund | | | |
| Regional Groundwater Assessment | 790 | 790 | 304 |
| Subtotal | \$ 6,014 | \$ 3,756 | |
| Forest Management | | | |
| Wildfire Protection | 2,100 | -0- | 310 |
| Environmental Mediation Research | 500 | 375 | 315 |
| and Operations | | | |
| Forest Recreation Maintenance | 136 | -0- | 316 |
| and Operations | | | |
| Boundary Waters Canoe Area - | 125 | 125 | 317 |
| Federal Funds End 9/30/90 | | | |
| Timber Supply | 1,664 | 1,066 | 318 |
| Development of Forest Soil | 50 | 50 | 320 |
| Interpretations - LCMR | | | |
| Urban Forestry - LCMR | 100 | 100 | 321 |
| Impacts of Forest Road | 170 | 170 | 322 |
| Systems - LCMR | | | |
| County Forest Management | 1,434 | 1,434 | 328 |

| INDEX | (Dollars in Thousands) | | Page |
|---|---|---|------|
| | Agency Request 1990-91 Biennium All Funds | Governor's Recommendation 1990-91 Biennium All Funds | |
| Pulp and Paper Science and Related Forestry Grants | \$ 1,300 | \$ 1,300 | 329 |
| Subtotal | 7,579 | 4,620 | |
| Parks and Recreation Management | | | |
| Interpretive - Conversion of Part-time | \$ 110 | \$ 110 | 334 |
| Planning, Maintenance & Operations | 4,170 | 4,006 | 335 |
| Camper Survey - LCMR | 30 | 30 | 336 |
| American Youth Hostel Pilot Program | 260 | 260 | 337 |
| Subtotal | \$ 4,570 | \$ 4,406 | |
| Trails and Waterways Management | | | |
| Non-motorized Trail Maintenance and Operations | 500 | -0- | 346 |
| Trails Planning and Manage- ment - LCMR | 128 | 128 | 347 |
| Water Access and Recreation Maintenance | 600 | 600 | 351 |
| North Shore Harbors Study - LCMR | 100 | 100 | 352 |
| River Clean-up | 400 | 400 | 353 |
| All-terrain Vehicle Program | 200 | 200 | 358 |
| Ridgeline Hiking Trail - LCMR | 156 | 156 | 359 |
| Trail Right-of-Way Protection- LCMR | 150 | 150 | 360 |
| Subtotal | \$ 2,234 | \$ 1,734 | |
| Fish and Wildlife Management | | | |
| Lake and Stream/Wallop-Breaux Expansion | 1,000 | 50 | 365 |
| Trout and Salmon Improvement | 150 | 150 | 369 |
| Urban Fishing Program - LCMR | 350 | 350 | 370 |
| Endangered Species Protection | 84 | -0- | 374 |
| Scientific and Natural Areas Program Support | 50 | -0- | 375 |
| Wildlife Special Hunt and Regulations | 300 | 300 | 376 |
| Nongame Wildlife Research | 10 | 10 | 377 |
| Contract Coordination | | | |
| Pheasant Habitat Improvement | 150 | 150 | 378 |
| County Biological Survey - LCMR | 150 | 150 | 379 |
| North American Waterfowl | 200 | 200 | 380 |
| Plan Coordination - LCMR | | | |
| Swan Lake Area Wildlife Project | -0- | -0- | 381 |
| Planning/Policy Position Conversions | 300 | 260 | 385 |
| Purple Loosestrife Control | 550 | -0- | 386 |
| Purple Loosestrife Research-LCMR | 200 | 200 | 387 |
| Position Authority Conversion | -0- | -0- | 388 |
| Subtotal | \$ 3,494 | \$ 1,820 | |

AGENCY: NATURAL RESOURCES, DEPARTMENT OF
(Continuation)

1990-91 Biennial Budget

| INDEX | (Dollars in Thousands) | | Page |
|--|---|---|------|
| | Agency Request 1990-91 Biennium All Funds | Governor's Recommendation 1990-91 Biennium All Funds | |
| Enforcement of Natural Resource Laws and Rules | | | |
| Enforcement Intensification | \$ 620 | \$ 620 | 393 |
| Enhanced Recreational Enforcement | 450 | -0- | 394 |
| Uniform Conversion to Forest Green | 150 | 150 | 395 |
| Safety Training | 50 | -0- | 396 |
| County Boat & Water Safety Grants | 1,000 | 750 | 397 |
| Subtotal | \$ 2,270 | \$ 1,520 | |
| Field Operations Support | | | |
| Professional Services Conversion | 2,480 | 2,480 | 402 |
| Lakeshore Leasing and Sales | 1,213 | 1,213 | 403 |
| Facility Maintenance/Facility Repair, Remodeling & Rehabilitation | 1,500 | 1,500 | 407 |
| Statewide Public Recreation | 570 | 570 | 413 |
| Map - LCMR | | | |
| Improved Field Support | -0- | -0- | 414 |
| Land Exchange Conversion - LCMR | 300 | -0- | 418 |
| Accelerated Land Exchange - LCMR | 200 | 200 | 419 |
| Subtotal | \$ 6,263 | \$ 5,963 | |
| Regional Operations Support | | | |
| Funding for Mississippi River Team | 440 | 440 | 424 |
| Regional Operations Support Services | 1,974 | -0- | 425 |
| Conversion of Region 5 Information Officer | -0- | -0- | 426 |
| Subtotal | \$ 2,414 | \$ 440 | |
| Special Services and Programs | | | |
| Increased Response, Coordination and Information | 140 | -0- | 433 |
| Marketing Department Services | 200 | -0- | 434 |
| Federal Land and Water Conservation Fund Administration | 80 | -0- | 439 |
| Alternative Dispute Resolution-LCMR | 120 | 120 | 440 |
| Mississippi River Interpretive Center Planning - LCMR | 60 | 60 | 441 |
| Mississippi Headwaters Board Grant | 55 | -0- | 442 |
| Improved Citizen Satisfaction and Enhanced Employee Productivity | 100 | -0- | 448 |
| Personnel Information System to Reduce Costs and Improve Position Management | 220 | -0- | 450 |
| Local Volunteer Coordination - LCMR | 50 | 50 | 451 |
| Minnesota Environmental Education Board Curriculum and Regional Coordination | 220 | -0- | 456 |
| Water Education | 550 | 550 | 457 |
| Subtotal | \$ 1,795 | \$ 780 | |

| INDEX | (Dollars in Thousands) | | Page |
|--------------------------------|---|---|------|
| | Agency Request 1990-91 Biennium All Funds | Governor's Recommendation 1990-91 Biennium All Funds | |
| Administrative Management | | | |
| Internal Audit | \$ 66 | \$ 66 | 464 |
| Convert Part-time to Full-time | 86 | 86 | 468 |
| Subtotal | \$ 152 | \$ 152 | |
| CHANGE Requests Subtotal | \$ 44,725 | \$ 37,227 | |
| AGENCY Total | \$ 327,345 | \$ 319,847 | |

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF

| PROGRAM EXPENDITURES: | F.Y. 1990 | | | | | | F.Y. 1991 | | | |
|----------------------------------|----------------|----------------|----------------|---------------|----------------|--------------------|----------------|---------------|----------------|--------------------|
| | FY 1988 | FY 1989 | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| MINERAL RESOURCES MANAGEMENT | 5,285 | 6,026 | 5,904 | 629 | 6,533 | 6,033 | 6,472 | 652 | 7,124 | 6,624 |
| WATER RESOURCES MANAGEMENT | 5,359 | 5,867 | 5,335 | 3,023 | 8,358 | 7,229 | 5,347 | 3,049 | 8,396 | 7,267 |
| FOREST MANAGEMENT | 33,094 | 31,091 | 27,805 | 3,902 | 31,707 | 30,204 | 26,133 | 5,304 | 31,437 | 29,909 |
| PARKS AND RECREATION MANAGEMENT | 14,872 | 15,648 | 15,870 | 2,444 | 18,314 | 18,221 | 15,875 | 2,712 | 18,587 | 18,516 |
| TRAILS AND WATERWAYS MANAGEMENT | 8,024 | 9,747 | 9,263 | 1,723 | 10,986 | 10,664 | 9,268 | 1,818 | 11,086 | 10,764 |
| FISH & WILDLIFE MANAGEMENT | 27,354 | 35,306 | 33,336 | 2,013 | 35,349 | 37,177 | 33,355 | 2,455 | 35,810 | 37,638 |
| ENFORCEMENT OF NR LAWS & RULES | 11,161 | 11,759 | 12,149 | 1,474 | 13,623 | 13,433 | 12,154 | 1,490 | 13,644 | 13,604 |
| FIELD OPERATIONS SUPPORT | 15,768 | 16,891 | 16,500 | 3,364 | 19,864 | 19,714 | 16,499 | 3,073 | 19,572 | 19,422 |
| REGIONAL OPERATIONS SUPPORT | 4,051 | 4,241 | 4,251 | 1,140 | 5,391 | 4,487 | 4,251 | 1,336 | 5,587 | 4,517 |
| SPECIAL SERVICES AND PROGRAMS | 5,954 | 6,610 | 6,073 | 758 | 6,831 | 6,363 | 6,091 | 1,115 | 7,206 | 6,659 |
| ADMINISTRATIVE MANAGEMENT | 4,960 | 5,185 | 5,335 | 486 | 5,821 | 5,617 | 5,354 | 765 | 6,119 | 5,785 |
| TOTAL EXPENDITURES | 135,882 | 148,371 | 141,821 | 20,956 | 162,777 | 159,142 | 140,799 | 23,769 | 164,568 | 160,705 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 57,434 | 61,843 | 59,158 | 13,612 | 72,770 | 68,218 | 59,124 | 15,780 | 74,904 | 70,074 |
| MN RESOURCES | 1,771 | 4,343 | 0 | 2,149 | 2,149 | 2,149 | 0 | 2,049 | 2,049 | 2,049 |
| WATER RECREATION | 7,235 | 7,639 | 7,653 | 1,846 | 9,499 | 9,567 | 7,663 | 1,906 | 9,569 | 9,637 |
| SPECIAL REVENUE | 14,240 | 16,156 | 15,701 | 1,253 | 16,954 | 16,991 | 15,705 | 1,513 | 17,218 | 17,255 |
| GAME AND FISH | 37,632 | 39,241 | 40,542 | 1,771 | 42,313 | 42,526 | 40,579 | 2,321 | 42,900 | 43,163 |
| WATER POLLUTION CNTRL | 536 | 805 | 641 | 0 | 641 | 0 | 641 | 0 | 641 | 0 |
| PERMANENT SCHOOL | 34 | 389 | 0 | 325 | 325 | 325 | 0 | 200 | 200 | 200 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 786 | 672 | 672 | 0 | 672 | 672 | 672 | 0 | 672 | 672 |
| SPECIAL REVENUE | 9,731 | 10,984 | 11,081 | 0 | 11,081 | 12,321 | 11,642 | 0 | 11,642 | 12,882 |
| GAME AND FISH | 8 | 2 | 2 | 0 | 2 | 2 | 2 | 0 | 2 | 2 |
| IRON RANGE R & R | 0 | 172 | 200 | 0 | 200 | 200 | 200 | 0 | 200 | 200 |
| FEDERAL | 6,063 | 5,720 | 5,766 | 0 | 5,766 | 5,766 | 4,166 | 0 | 4,166 | 4,166 |
| GIFTS AND DEPOSITS | 412 | 405 | 405 | 0 | 405 | 405 | 405 | 0 | 405 | 405 |
| TOTAL FINANCING | 135,882 | 148,371 | 141,821 | 20,956 | 162,777 | 159,142 | 140,799 | 23,769 | 164,568 | 160,705 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 968.0 | 970.0 | 969.0 | 175.0 | 1,144.0 | 1,052.0 | 968.0 | 205.0 | 1,173.0 | 1,077.0 |
| MN RESOURCES | 29.0 | 29.0 | 0.0 | 20.0 | 20.0 | 20.0 | 0.0 | 20.0 | 20.0 | 20.0 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF

| | | | F.Y. 1990 | | | | F.Y. 1991 | | | |
|-----------------------|---------|---------|----------------|--------|---------|-----------------------|----------------|--------|---------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| POSITIONS BY FUND: | FY 1988 | FY 1989 | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| WATER RECREATION | 62.0 | 62.0 | 62.0 | 26.0 | 88.0 | 87.0 | 62.0 | 26.0 | 88.0 | 87.0 |
| SPECIAL REVENUE | 56.0 | 56.0 | 56.0 | 2.0 | 58.0 | 82.0 | 56.0 | 2.0 | 58.0 | 82.0 |
| GAME AND FISH | 540.0 | 540.0 | 540.0 | 27.0 | 567.0 | 561.0 | 540.0 | 27.0 | 567.0 | 561.0 |
| IRON RANGE R & R | 0.0 | 0.0 | 2.0 | 0.0 | 2.0 | 2.0 | 2.0 | 0.0 | 2.0 | 2.0 |
| FEDERAL | 43.0 | 43.0 | 39.0 | 0.0 | 39.0 | 39.0 | 13.0 | 0.0 | 13.0 | 13.0 |
| WATER POLLUTION CNTRL | 7.0 | 7.0 | 7.0 | 0.0 | 7.0 | 0.0 | 7.0 | 0.0 | 7.0 | 0.0 |
| TOTAL POSITIONS | 1,705.0 | 1,707.0 | 1,675.0 | 250.0 | 1,925.0 | 1,843.0 | 1,648.0 | 280.0 | 1,928.0 | 1,842.0 |

CHANGE REQUEST X Agency _____ Program _____ Activity _____ 1990-91 Biennial Budget

ACTIVITY:

PROGRAM:

AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: EQUIPMENT REPLACEMENT AND FLEET MANAGEMENT

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|----------------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 430 | -0- | \$1,160 | -0- |
| Game and Fish Fund | 450 | -0- | 1,200 | -0- |
| Water Recreation | 30 | -0- | 90 | -0- |
| Snowmobile | 50 | -0- | 136 | -0- |
| Nongame | 4 | -0- | 10 | -0- |
| Park Maintenance & Operations | 52 | -0- | 141 | -0- |
| Forest Management | 14 | -0- | 43 | -0- |
| Governor's Recommendation | | | | |
| General Fund | \$ 430 | -0- | \$1,160 | -0- |
| Game and Fish Fund | 450 | -0- | 1,200 | -0- |
| Water Recreation | 30 | -0- | 90 | -0- |
| Snowmobile | 50 | -0- | 136 | -0- |
| Nongame | 4 | -0- | 10 | -0- |
| Park Maintenance & Operations | 52 | -0- | 141 | -0- |
| Forest Management | 14 | -0- | 43 | -0- |

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE: The agency requests funding to continue the Fleet Management Program that was initiated during the previous biennium. This request includes funding for the outright purchase of equipment (\$925.0 in F.Y. 1991) and payments for the lease purchase equipment (\$2,698.5 in F.Y. 1990 and \$3,823.5 in F.Y. 1991). The amount of outright purchases will provide the base for the 1991 lease purchase payments required in subsequent years. With this request, the Fleet Management Program will be fully implemented and no further CHANGE requests will be required.

The objective of the Fleet Management Program is to provide department resource managers with adequate equipment in proper operating condition, so that repair costs, equipment downtime and unnecessary labor are reduced. The expected outcomes of the Fleet Management Program, which are currently being realized, are better utilization of equipment, generation of funds for fleet replacement, and routine replacement of equipment through the use of a replacement schedule.

DESCRIPTION/BACKGROUND: Due to the diversity, nature, and remote job sites of its programs, the Department of Natural Resources is a mobile-dependent organization. Thus, the availability and condition of its fleet equipment resources affect the department's ability to achieve its goals and objectives. Until the most recent biennium, there wasn't sufficient budget to replace aged, high-mileage and worn-out fleet equipment. Meanwhile, new and expanded programs and inflation increased the equipment replacement liability.

During the F.Y. 1987-89 biennium a new approach--a Fleet Management Program--was introduced. It ties equipment operation, maintenance and replacements to the resource program for which it was used. Rental rates, which include maintenance, liability insurance, license plate fees and installment purchase costs, are established. New equipment is obtained by installment purchase. Although this approach was supported by the legislature last session, the biennial budget CHANGE level request did not include funds for payment of lease purchase obligations incurred during F.Y. 1989. This is due to the one-year delay in the payment schedule. The chart on the following page displays the history and estimated future costs of fleet equipment for the periods F.Y. 1988 through F.Y. 1995.

1988-89 and 1990-91 Bienniums

| Item (000's) | Value | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|--|----------|-----------|-----------|-----------|-----------|
| F.Y. 1987 Replacements | \$ 1,873 | \$ 449 | \$ 449 | \$ 449 | \$ 449 |
| F.Y. 1988 Replacements | 4,924 | | 1,129 | 1,125 | 1,125 |
| F.Y. 1989 Replacements | 5,000 | | | 1,125 | 1,125 |
| F.Y. 1990 Replacements | 5,000 | | | | 1,125 |
| Equipment Repair | | 800 | 800 | 750 | 725 |
| Insurance | | 165 | 185 | 190 | 195 |
| License Plates & Tabs | | 15 | 50 | 50 | 50 |
| Indirect Costs | | 9 | 10 | 10 | 10 |
| Appropriation F.Y. 1991 for F.Y. 1991 Purchases | | | | | 925 |
| Totals | | \$ 1,438 | \$ 2,622 | \$ 3,699 | \$ 5,729 |

Less Direct Purchases (207)
from Account Balance
Less BASE Level (2,622) (2,622)

CHANGE Level Request \$ 1,077 \$ 2,900

1992-93 and 1994-95 Bienniums

| Item (000's) | Value | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|-----------------------------|----------|-----------|-----------|-----------|-----------|
| F.Y. 1987 Replacements | \$ 1,873 | \$ 488 | \$ | \$ | \$ |
| F.Y. 1988 Replacements | 4,924 | 1,125 | 1,128 | | |
| F.Y. 1989 Replacements | 5,000 | 1,125 | 1,125 | 1,125 | |
| F.Y. 1990 Replacements | 5,000 | 1,125 | 1,125 | 1,125 | 1,125 |
| F.Y. 1991 Replacements | 5,000 | 915 | 915 | 915 | 915 |
| F.Y. 1992 Replacements | 5,000 | | 1,125 | 1,125 | 1,125 |
| F.Y. 1993 Replacements | 5,000 | | | 1,125 | 1,125 |
| F.Y. 1994 Replacements | 5,000 | | | | 1,125 |
| Equipment Repair | | 700 | 700 | 700 | 700 |
| Insurance | | 200 | 205 | 210 | 215 |
| License Plates & Tabs | | 50 | 50 | 50 | 50 |
| Indirect Costs | | 11 | 11 | 12 | 12 |
| Totals | | \$ 5,699 | \$ 6,384 | \$ 6,362 | \$ 6,367 |
| Less BASE Level | | (5,729) | (5,729) | (5,729) | (5,729) |
| Adjustments - Rate Schedule | | \$ (30) | \$ 655 | \$ 633 | \$ 638 |

CHANGE REQUEST
X Agency _____ Program _____ Activity
 (Continuation)

1990-91 Biennial Budget

ACTIVITY:

PROGRAM:

AGENCY: NATURAL RESOURCES, DEPARTMENT OF

STATISTICS:

FLEET EQUIPMENT INVENTORY

Before 1988 Purchases

| Category | Number of Units | Average Age/Years | Average Miles/Hours |
|---------------------|--------------------|----------------------|------------------------|
| Commuter Vehicles | 260 | 6.10 | 70,200 miles |
| Light Trucks | 1,000 | 7.70 | 58,800 miles |
| Medium Trucks | 154 | 11.20 | 49,600 miles |
| Heavy Trucks | 199 | 17.30 | 60,400 miles |
| General Maintenance | 413 | 16.00 | 3,538 hours |
| Heavy Construction | 80 | 19.40 | 3,109 hours |

Category Equipment Traded

| | | | |
|---------------------|-----|-------|--------------|
| Commuter Vehicles | 72 | 6.00 | 92,945 miles |
| Light Trucks | 165 | 8.90 | 93,676 miles |
| Medium Trucks | 18 | 14.80 | 89,082 miles |
| Heavy Trucks | 20 | 11.00 | 84,005 miles |
| General Maintenance | 18 | 26.00 | 3,488 hours |
| Heavy Construction | -0- | -0- | -0- |

After Purchase and Trade

| Category | Number of Units | Average Age/Years | Average Miles/Hours |
|---------------------|--------------------|----------------------|------------------------|
| Commuter Vehicles | 211 | 4.20 | 40,148 miles |
| Light Trucks | 924 | 6.08 | 41,818 miles |
| Medium Trucks | 152 | 9.23 | 38,072 miles |
| Heavy Trucks | 188 | 16.68 | 53,391 miles |
| General Maintenance | 401 | 14.87 | 3,390 hours |
| Heavy Construction | 59 | 18.08 | 2,898 hours |

RATIONALE: The requested CHANGE will bring the agency's Fleet Management Program up to full implementation and provide a BASE level of funding which will be adequate so that funds generated through use of the equipment will keep this program operational. This is the last CHANGE request for this program. Any future increase or decrease will be accomplished as part of new programs or individual department unit requests.

SUMMARY OF CHANGE REQUEST: Program (000's)

| | F.Y. 1990 | F.Y. 1991 |
|---|-----------|-----------|
| Mineral Resources Management | \$ 14 | \$ 37 |
| Water Resources Management | 16 | 42 |
| Forest Management | 249 | 676 |
| Parks and Recreation Management | 159 | 427 |
| Trails and Waterways Management | 81 | 226 |
| Fish and Wildlife Management | 266 | 708 |
| Enforcement of Natural Resources Laws/Regulations | 187 | 501 |
| Field Operations Support | 20 | 54 |
| Regional Administration | 16 | 46 |
| Special Services and Programs | 22 | 62 |
| Administrative Management | -0- | 1 |
| Totals | \$ 1,030 | \$ 2,780 |

BASE: (000's)

| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|--------------------------------|-----------|-----------|-----------|-----------|
| General Fund | \$ 793 | \$ 1,134 | \$ 1,134 | \$ 1,134 |
| Water Recreation | 51 | 73 | 73 | 73 |
| Snowmobile Account | 83 | 118 | 118 | 118 |
| Parks Maintenance & Operations | -0- | -0- | -0- | -0- |
| Weighmasters Account | 1 | 2 | 2 | 2 |
| Forestry Special Revenue | 24 | 35 | 35 | 35 |
| Nongame | 7 | 10 | 10 | 10 |
| Game and Fish Fund | 736 | 1,052 | 1,052 | 1,052 |
| Federal | 63 | 90 | 90 | 90 |
| Other | 9 | 12 | 12 | 12 |

LONG RANGE IMPLICATIONS:

| | F.Y. 1992 | F.Y. 1993 | Total |
|-------------------|-----------|-----------|----------|
| All Funds (000's) | \$ 2,900 | \$ 2,900 | \$ 5,800 |

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

CHANGE REQUEST
☒ Agency _____ Program _____ Activity 1990-91 Biennial Budget

ACTIVITY:

PROGRAM:

AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: SAFE HARBORS - LAKE SUPERIOR

| Agency Request | F.Y. 1990 (000's) | | F.Y. 1991 (000's) | |
|-----------------------|----------------------|-----------|----------------------|-----------|
| | Amount | Positions | Amount | Positions |
| Water Recreation Fund | \$ 550 | 2.0 | \$ 550 | 2.0 |

Governor's Recommendation

| | | | | |
|-----------------------|--------|-----|--------|-----|
| Water Recreation Fund | \$ 550 | 2.0 | \$ 550 | 2.0 |
|-----------------------|--------|-----|--------|-----|

Request requires statutory change: _____ Yes ☒ No

Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests funds to begin development of safe harbors with public access on Lake Superior to meet increased recreation demand and to provide safer fishing and boating opportunities.

Safe harbors include launching facilities, boat dockage and breakwaters for protection of the boaters.

DESCRIPTION/BACKGROUND:

Public access to Lake Superior's 140 plus miles of shore is severely limited to access sites at only Two Harbors, Silver Bay and Grand Marais. In addition, there are no safe harbors for the recreational boater. There are almost no facilities for boaters; i.e., there is no place for a boater to buy gas between Two Harbors and Grand Marais.

Fishing and boating are increasing on Lake Superior as is the demand for facilities. Because of safety concerns, any public access developed should have protection from wind and wave action. It is common for storms to develop on Lake Superior with little warning. Safe harbors will provide a refuge for boaters during storms and will allow launching and retrieving of boats in a calm water area.

For protection of boaters, the U.S. Army Corps of Engineers has recommended that safe harbors be provided every 30 miles on the Great Lakes. Both Michigan and Wisconsin have nearly completed their safe harbors.

Safe harbors provide benefits to the local economy. Boating-related businesses, such as gas, bait, boat repairs and restaurants, are established in the harbor area. Transient dockage is made available in the harbor for boats to stay on a temporary basis.

Additionally, harbors provide for shore fishing opportunities on the breakwater. In adjoining states they have become a tourist attraction and a place to view the lake.

The Department of Natural Resources (DNR) will work cooperatively with local units of government through the North Shore Management Board in determining priorities and suitable sites, both from natural resource and economic interests. One professional position is needed to coordinate activities with local units of government and the board to evaluate and recommend harbor proposals and serve as the department's spokesperson on harbor promotion on the North Shore. Since harbor projects are expensive, local, state and federal sources of funding will be necessary for each project.

One Principal engineer position is needed to provide ongoing engineering services.

This CHANGE request from the Water Recreation Fund will allow boaters to provide partial funding to begin developing safe harbors on Lake Superior.

| STATISTICS: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|-----------------------------|-----------|-----------|-----------|-----------|
| Number of harbors developed | -0- | -0- | 1 | -0- |

RATIONALE:

Boating and fishing have been increasing on Lake Superior. A study in 1988 of registered boaters (sample 3,200 with 2,500 responding) identified that 44% of boaters would like to boat more often on Lake Superior. These same boaters identified that one of their major barriers to increased boating on Lake Superior was the lack of safe harbors.

Lake Superior has been a priority for public access for 7 years, but only a few accesses have been built due to lack of protected harbors. This CHANGE request will allow the DNR to begin construction of safe harbors which will provide a refuge for boaters during storms, protection of the launching facility, and safe launching and retrieving of boats.

| SUMMARY OF CHANGE REQUEST: | F.Y. 1990 | F.Y. 1991 |
|--|-----------|-----------|
| Trails and Waterways Program | | |
| Water Access and Recreation--Budget Activity (000's) | \$ 500 | \$ 500 |
| Field Operations Support Program | | |
| Engineering Services--Budget Activity (000's) | 50 | 50 |
| Totals | \$ 550 | \$ 550 |

CHANGE REQUEST 1990-91 Biennial Budget
X Agency _____ Program _____ Activity
(Continuation)

ACTIVITY: WATER ACCESS AND RECREATION
PROGRAM: TRAILS AND WATERWAYS MANAGEMENT
AGENCY: NATURAL RESOURCES, DEPARTMENT OF

BASE: F.Y. 1988 F.Y. 1989 F.Y. 1990 F.Y. 1991

None.

| <u>LONG RANGE IMPLICATIONS:</u> | <u>F.Y. 1992</u> | <u>F.Y. 1993</u> | <u>Total</u> |
|---------------------------------|------------------|------------------|--------------|
| Water Recreation Fund (000's) | \$ 550 | \$ 550 | \$ 1,100 |
| Water Recreation Fund Positions | 2.0 | 2.0 | 2.0 |

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

CHANGE REQUEST _____ 1990-91 Biennial Budget
☒ Agency _____ Program _____ Activity _____

ACTIVITY:

PROGRAM:

AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: INFORMATION SYSTEM PLANNING AND DEVELOPMENT

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|----------------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 585 | 9.0 | \$1,215 | 11.0 |
| Governor's Recommendation | | | | |
| General Fund | \$ 300 | 3.0 | \$ 800 | 3.0 |

Request requires statutory change: _____ Yes ☒ No
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

This request is to provide the additional staff, hardware and budget necessary to continue building a comprehensive Department of Natural Resources (DNR) Management Information System (MIS). It will 1) provide for the completion, upgrading and operating of the agency's regional MIS network; 2) provide systems development and planning staff; and 3) provide the hardware and staff necessary for the development of an integrated Geographical Information System (GIS).

These objectives will be accomplished by 1) providing for the acquisition and installation of computer upgrades for 3 regional headquarters, the central office headquarters, and the units developing GIS; 2) providing a planner position and GIS specialist to ensure continuity and consistency in MIS planning for the entire DNR; 3) providing a data base manager to ensure that DNR's primary data bases remain accurate, consistent, and are nonduplicative; 4) providing communications network and topical data base specialist positions to support operational units; 5) providing GIS technical staff for supporting DNR GIS efforts and implementing these efforts with other state, local and federal units of government.

DESCRIPTION/BACKGROUND:

The DNR has recognized the importance of computer-based information systems as a major tool for effectively managing the state's natural resources since the mid-1970's. The agency's initial formal MIS planning effort began in 1982 with the development of its first information system plan. This plan has been updated every 2 years, with the most recent update occurring in August, 1988. These plans have directed the agency in building its statewide administrative information system network. The latest effort identified key recommendations of past plans that have not been implemented and surfaced the need to coordinate the development of a statewide GIS. The DNR has used GIS as a tool within its operating units since 1974. In 1984, the Division of Forestry began placing the forest cover maps and related forest inventories into a GIS. For the first time, forest resource managers could display and

analyze data related to ground location and stand condition together in an automated fashion. The utility and value of this tool is now recognized within the DNR and its clientele.

Current DNR GIS activities cannot meet the demands of departmental clientele and other county and federal resource managers for resource information, map products and data analysis. The requested staff, hardware and training will support divisional (e.g., Forestry, Fish and Wildlife) efforts to meet these requests and add selected department-wide files to the existing files (forest inventory, natural heritage, etc.), while remaining compatible with county, state and federal GIS developments by staying with the vector-based system. This will assist field staff with GIS and land-based applications, provide training expertise and develop future activities. It will also allow the accelerated development, linkage and maintenance of land-based resource information layers covering 1) the natural heritage, scientific and natural areas and park files; 2) road and trail networks; 3) private lands/cost-share programs and public land ownership files; 4) fish and wildlife files; and 5) forest inventory, timber sales and forest development records.

The need to develop and manage a department-wide administrative computer network for communicating, accessing and storing data, as well as office automation, were identified in the first agency information system planning efforts. Since that time, a central system has been developed (System 38); major data files and applications have been developed (boat licenses, land records, lake files, etc.); and a regional computer network has recently become operational. This request will continue those efforts by providing the equipment needed to complete the regional networks and providing additional staff to manage and operate the statewide system and continued MIS planning. It will also direct the development of integrated resource systems, hardware configurations, communications networks and system administration standards.

STATISTICS:

| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|---|-----------|-----------|-----------|-----------|
| Applications/systems on S/38 | 48 | 62 | 75 | 100 |
| Applications/systems available to regional offices | -0- | 8 | 14 | 30 |
| Regional computers in network | 2 | 5 | 6 | 6 |
| Terminals in Network: | | | | |
| Region 1 | 28 | 42 | 60 | 72 |
| Region 2 | -0- | -0- | 50 | 75 |
| Region 3 | -0- | 35 | 58 | 70 |
| Region 4 | -0- | 18 | 24 | 35 |
| Region 5 | 24 | 28 | 52 | 62 |
| Region 6 | -0- | 6 | 30 | 52 |
| Central Office | 191 | 256 | 300 | 340 |
| Geographical Information System (GIS) work stations | 1 | 1 | 1 | 1 |
| Automated DNR GIS files | * 5 | 5 | 8 | 10 |
| Linked DNR GIS files | ** 3 | 3 | 5 | 10 |

* Forest inventory, river files, land records, water appropriations, natural heritage, public land ownerships

** Forest inventory, natural heritage and rivers

CHANGE REQUEST 1990-91 Biennial Budget
X Agency _____ Program _____ Activity
 (Continuation)

ACTIVITY:
 PROGRAM:
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

RATIONALE:

Computer technology has been, and will continue to be, a major tool for resource managers in accessing and manipulating the information and data utilized in managing and protecting the state's resources. The equipment in this request not only meets current state mandates regarding compatibility and integration guidelines, but further enhances the integration capabilities of existing hardware which would not otherwise be compatible. Immediate access to information encourages more responsiveness to persons served by the central office and field offices. Data base access and an efficient communication network will create a faster, more dependable, and less costly intra/interdepartmental information exchange system; increase efficiency in handling and assimilating information in meeting critical deadlines; and reduce paper transactions. Immediate data processing, linkage and access needs can be met for DNR's divisions while systems planning continues. By building on the forest inventory, in a manner compatible with systems planning direction, the 5 major data bases identified can be made operational to improve resource stewardship and conservation in Minnesota. Expanded hardware resources, joint data base acquisition and development, shared staff and accelerated GIS training will benefit the entire department and its clientele, while reducing duplication of effort and cost.

| | | |
|--|------------------|------------------|
| <u>SUMMARY OF CHANGE REQUEST:</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
| Forest Management Program | | |
| Forest Management - Budget Activity (000's) | \$ 175 | \$ 527 |
| Administrative Management Program | | |
| Information Data Systems - Budget Activity (000's) | 410 | 688 |
| Totals | \$ 585 | \$ 1,215 |

| | | | | |
|-----------------------------------|------------------|------------------|------------------|------------------|
| <u>BASE:</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
| General Fund Expenditures (000's) | \$ 530 | \$ 530 | \$ 530 | \$ 530 |
| General Fund Positions (FTE) | 14.5 | 14.5 | 14.5 | 14.5 |

| | | | |
|-----------------------------------|------------------|------------------|--------------|
| <u>LONG RANGE IMPLICATIONS:</u> | <u>F.Y. 1992</u> | <u>F.Y. 1993</u> | <u>Total</u> |
| General Fund Expenditures (000's) | \$ 950 | \$ 950 | \$ 1,900 |
| General Fund Positions | 11.0 | 11.0 | 11.0 |

GOVERNOR'S RECOMMENDATION:

The Governor recommends a reduced amount for the request. Although the request has merit, other spending priorities preclude additional funding.

CHANGE REQUEST
☒ Agency _____ Program _____ Activity _____ 1990-91 Biennial Budget

ACTIVITY:

PROGRAM:

AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: RIM AND THE MINNESOTA ENVIRONMENT AND NATURAL RESOURCES TRUST FUND ACCELERATION EXPENDITURES

| | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| Governor's Recommendation | | | | |
| General Fund | \$ 3,000 | 42.0 | \$ 3,000 | 42.0 |

Request requires statutory change: _____ Yes ☒ No

Statutes Affected:

GOVERNOR'S RECOMMENDATION:

In November, 1988, Minnesota voters approved the creation of an Environment and Natural Resources Trust Fund by a 4-to-1 margin. Laws 1988, Ch. 690 provides that 1/2 of the lottery proceeds will be credited to the Trust Fund through the first 5 full fiscal years during which proceeds of the lottery are received. The corpus of the Fund, which controls the amounts available for expenditure, is expected to grow slowly in the first several years.

The Governor's objective is to accelerate the building of the Trust Fund and provide for expenditures for activities which the Trust Fund is designed to support.

The Governor recommends that a total of \$21.5 million be appropriated for RIM and Trust Fund initiatives, as follows:

| | (Dollars in Thousands) | |
|---|------------------------|-----------|
| | F.Y. 1990 | F.Y. 1991 |
| 1. RIM Debt Service* | \$ 1,600 | \$ 2,800 |
| Positions | -0- | -0- |
| 2. RIM Support, Department of Natural Resources | 3,000 | 3,000 |
| Positions | 42.0 | 42.0 |
| 3. RIM Support, Board of Water & Soil Resources | 150 | 150 |
| Positions | -0- | -0- |
| 4. Minnesota Future Resources Commission | 10,800 | -0- |
| Positions | -0- | -0- |

Items 1, 2, and 3 will appear as part of the agency budget requests for the Department of Finance, Department of Natural Resources and the Board of Soil and Water Resources respectively.

*Estimated to provide \$21 million in biennial bonding authority. The total support to RIM will then be \$29.1 million for the biennium, which includes \$1.8 million in the Board of Water & Soil Resources BASE budget, if this CHANGE request is passed as recommended.

DESCRIPTION/BACKGROUND:

The Environment and Natural Resources Trust Fund was established to support long-term activities, including the Re-Invest in Minnesota (RIM) program, that allow the state to preserve its high-quality environment and to provide for the wise use of its natural resources. While the Trust Fund will provide a consistent and stable source of funding when its corpus has been allowed to develop, immediate support is needed for Trust Fund activities, including continued support of RIM.

The RIM program was established in response to severe losses of fish and wildlife habitat as a result of land-use conversions. Despite the implementation of resource protection programs and regulations, these losses have continued. For example, over 75% of the state's wetlands and over 99% of its native prairie have been destroyed. The need for long-term support for the RIM program was recognized in including it as an eligible purpose for which Trust Fund proceeds may be used.

Continuation of the support of the state Conservation Reserve Program, Critical Habitat Matching Program, Prairie Bank Program, and other innovative programs are essential to responding to the loss of fish and wildlife habitat and providing water quality protection. Acceleration of more traditional activities, such as habitat acquisition and development, will continue as a basic core for meeting environmental and natural resource protection demands.

The Department of Natural Resources and the Board of Water and Soil Resources require assistance to provide the support services necessary to fully enjoy the potential of the RIM program. During the 1990-91 biennium, RIM is expected to protect nearly 10,000 acres of land by fee acquisition, easement or donation and to improve habitat on more than 25,000 acres as the result of the efforts supported through the Department of Natural Resources and the Board of Water and Soil Resources.

Further, there is a need to accelerate attention to long-term problems which the Trust Fund is intended to support. The Minnesota Future Resources Commission is responsible for decisions in respect to how such an objective should be achieved. An appropriation to the Minnesota Future Resources Commission will accelerate efforts to build the Trust Fund and meet its objectives.

RATIONALE:

In establishing the Environment and Natural Resources Trust Fund, Minnesota voters affirmed the commitment of the state of Minnesota to providing proper management of its environment and natural resources. The recommendation to provide \$21.5 million to accelerate the building of the Trust Fund and to allocate funds for expenditures for activities which the Trust Fund is designed to support, particularly the RIM program, is consistent with this commitment.

CHANGE REQUEST 1990-91 Biennial Budget
☒ Agency ☐ Program ☐ Activity

ACTIVITY:

PROGRAM:

AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: ELIMINATION OF GENERAL FUND APPROPRIATION FOR CROSS COUNTRY
SKIING

| | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-----------|-----------|-----------|-----------|
| | (000's) | | (000's) | |
| Governor's Recommendation | Amount | Positions | Amount | Positions |
| General Fund | \$ (102) | -0- | \$ (102) | -0- |

Request requires statutory change: ☐ Yes ☒ No

Statutes Affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends that the cross country ski activity again become self-supporting and recommends the elimination of the General Fund appropriation.

DESCRIPTION/BACKGROUND:

During the past few years, the cross country ski activity has been operating within the amount of receipts collected from cross country ski passes. For the 1988-89 biennium, the legislature appropriated \$100 each year from the General Fund because the cross country ski revenue was down due to poor snow conditions. This recommendation reduces the Trails Recreation activity by \$72,000 and the licensing activity by \$30,000 each year.

PROGRAM: MINERAL RESOURCES MANAGEMENT
Agency: NATURAL RESOURCES, DEPARTMENT OF

1990-91 Biennial Budget

PROGRAM PURPOSE:

The Mineral Resources Management Program includes 2 activities: Mineral Management and Mineland Reclamation. The program manages over 12 million acres of state-owned school trust and tax-forfeited mineral rights (including 18% of the Mesabi Iron Range mineral rights); 3 million state- and county-owned acres of peatlands; and surface rights for industrial and construction materials on 3 million acres of additional state-owned land. In addition to known deposits of iron ore and taconite, titanium, manganese, copper-nickel, peat, and other industrial minerals, the geology of Minnesota shows significant potential for gold, platinum, other precious metals, copper, zinc and other base metals, industrial minerals such as clay, silica sand, dimension stone, olivine, and construction commodities such as sand and gravel, crushed stone and mine waste rock.

The program's overall goals are to help sustain existing mining industries and encourage new mineral development in order to provide equitable rental and royalty income for the Permanent School Fund and local taxing districts, and greater employment for Minnesotans. The state can assist existing industries by developing cost reduction and added value technologies. Expanded or new mineral development is encouraged through a coordinated set of activities including resource inventory and mapping, mineral potential evaluation, implementing new technology, environmental mitigation studies, and lease sales and administration.

The program has statewide authority to regulate exploration and mining activities under the Exploratory Boring Law and Mineland Reclamation Statute. In addition, the department is the Responsible Governmental Unit for environmental review (environmental assessments and impact statements) of mining projects under the Minnesota Environmental Policy Act. Under these authorities, the program conducts and administers environmental review, reclamation, and permitting which are designed to limit impacts during operations and to yield stable, hazard-free lands suitable for other uses when mining is terminated. The program also has statewide responsibility for sand and gravel inventory, unregistered severed minerals identification, and registration of metallic mineral explorers.

In addition, the program has a statewide coordinative role as chair of the legislatively established Minnesota Minerals Coordinating Committee, which provides leadership in mineral resources management, mineral research priorities (such as geological studies and mineral occurrence surveys), and the development of long-range plans for minerals management.

Finally, the program represents mineral management concerns in department land-use decisions, reports to the Land Exchange Board, coordinates with the department's overall natural resource management responsibilities, and is a designated member of the U.S. Environmental Protection Agency's External Communications Committee for development of mine waste regulations.

OPERATION:

Mineral resource management has many facets; the program balances all aspects to achieve the best results for the state. It uses and coordinates the capabilities of specialized organizations, such as university and industry

laboratories and geologic and engineering firms, to accomplish the state's broader purposes of providing trust income, tax and royalty revenues, and statewide employment.

The St. Paul office and 2 field offices (Hibbing and Ironton) are managed as a single entity. The St. Paul office employs about 40% of the staff and is responsible for:

- making land available for exploration and mining through mineral leasing;
- implementing the Exploratory Boring Law;
- conducting environmental studies to ensure that mining impacts can be controlled;
- identifying state and county mineral ownership;
- environmental review for proposed leases and mining operations;
- planning and coordination for mineral diversification;
- departmental and external agency coordination; and
- encouraging mineral development through support of cooperative industrial research, added value processing and market development.

The field offices employ about 60% of the staff and are principally responsible for:

- mining accounting and royalty determinations;
- field inspection of all exploration and mining activities;
- surveys, studies, and drilling to increase knowledge of mineral potential and encourage mineral leasing;
- industrial minerals inventories to support development activity;
- developing and maintaining the state's drill core library and repository of exploration data;
- mineland reclamation permits and associated field studies;
- permit and lease compliance;
- chemical testing/assaying; and
- administration of the Exploratory Boring Law.

BUDGET ISSUES:

1) Mineral Diversification

Traditional dependence on iron ore and taconite make the state's mineral economy vulnerable to fluctuations in steel demand. While we can plan for continued benefits from the iron ore industry, economic stability in much of rural Minnesota must be tied to the state's excellent potential for diversification into other minerals. The legislature recognized this need, formalized the Minnesota Minerals Coordinating Committee, which includes the heads of the DNR Division of Minerals and 3 University of Minnesota agencies (the Minnesota Geological Survey, the Mineral Resources Research Center, and the Natural Resources Research Institute), and charged it with developing a long-range diversification program. The committee has completed a 10-year plan, which identifies diversification issues and outlines objectives, strategies, and priorities designed to expand mineral development into new resources and technologies. The plan focuses on 3 major resource areas:

- a) Iron Ore and Taconite: In recent times, demand for iron ore has declined globally; current Minnesota taconite pellet production is about two-thirds of previous peak levels. Industry's response has been to reduce costs and improve quality. Iron ore production is of

BUDGET ISSUES: (Contd.)

critical importance to the state. Diversification funding support is necessary to ensure continued production of taconite pellets at competitive costs; to identify additional markets for iron ore-derived specialty materials; and to explore the development of added value products.

- b) Non-ferrous Metallic Minerals: Minnesota is in world competition to attract exploration expenditures and mineral development. Pursuit of new mineral resources usually occurs in areas with, among other things, the highest probability for discovery. Geologists have known for many years that Minnesota has high potential for developing non-ferrous metals (e.g., gold, platinum group minerals, titanium, copper, etc.). However, mineral exploration in most of Minnesota has been hindered by lack of detailed knowledge of the bedrock geology, particularly in areas with few outcrops and a thick cover of glacially deposited sand, silt, and gravel. To attract exploration and development, Minnesota must develop geologic and mineral potential data and provide the administrative and economic climate that makes development predictable and attractive, while assuring environmental protection. This translates directly to a program that encompasses geologic mapping and mineral potential evaluation, as well as leasing and technical information programs.
- c) Industrial Minerals: Many areas of the state contain deposits of peat, industrial sands, dimension stone, sand and gravel, clays, and other industrial minerals. Because their prices are generally not tied to fluctuations in world markets, these resources make long-term, stable contributions to local economies. Some are already developed, but in general, their potential for employment and revenue generation is under-utilized.
- d) Reclamation-related Activities: Accelerating exploration interest in Minnesota increases the probability of mineral deposit discoveries and subsequent development. For some minerals (e.g., gold), the environmental effects of mining and processing in Minnesota (with its climate and geology) are insufficiently understood. Advance evaluation of these effects will help avoid development delays due to unanswered environmental issues and concerns. This requires a program to anticipate environmental effects, conduct field studies, gather information from areas that have experienced development and develop suitable mitigation techniques. Also, the Minerals Division must maintain a leadership role in the U.S. Environmental Protection Agency (EPA)'s regulatory program for disposal of mining wastes because EPA's national regulation will greatly impact the state's existing ferrous as well as anticipated non-ferrous mining industry. Additional staff effort is necessary to work with industry, environmental groups, and other agencies to efficiently implement the permitting process and eliminate duplication.
- e) Leasing-related Activities: Because land availability and the inten-

sity of private sector exploration activity are closely linked, an acceleration of state mineral leasing is proposed. Since 1980, lease sales have occurred at 1- to 2-year intervals. Exploration companies have indicated that more frequent lease sales and more flexible leasing systems benefit their work. The program will evaluate, and implement where feasible, these and other leasing options. Other activities in this project area include accelerated identification of tax-forfeited mineral rights and industrial minerals leasing.

2) Reserve Mining Company

Reserve Mining Company and LTV Corporation remain in bankruptcy. The state permits on the tailings basin require drainage, stabilization, and revegetation. If the company reopens and operates for approximately 7 years, basin closure and reclamation can likely occur without the need for further project appropriations. However, if lengthy litigation ensues and the facility remains closed, the department will require additional funding and staff. In addition, company payments to the revolving fund established to oversee permit implementation could cease, resulting in a zero balance at a time when the department would incur its highest costs.

3) Iron Ore Cooperative Research

In 1985, the department initiated an iron ore cooperative research program, involving mining companies, the University of Minnesota, and the U.S. Bureau of Mines. The program emphasizes short-term projects selected by industry to meet cost reduction or quality improvement objectives. A major element of the program is sharing of expertise and data to maximize the benefits of research and eliminate duplication. To date the department has been able to secure matching funds that exceed the minimal required in past appropriations. The iron mining industry would like to see the program continued and has made iron ore cooperative research one of its highest priorities.

EXPLANATION OF BUDGET REQUEST:

The Mineral Resources Management budget represents the BASE level of effort with the exception of CHANGE level requests for Mineral Diversification, fleet management, and 2 projects proposed for Legislative Commission on Minnesota Resources funding. The Mineral Resources Management Program budget is divided into 2 activities: Mineral Management and Mineland Reclamation. The structure incorporates Industrial Mineral Management and Mineral Diversification into the Mineral Management Activity. Funds do not remain wholly within the department, but are coordinated with other programs to support, for example, geologic mapping by the Minnesota Geological Survey, and mineral research projects conducted by the research organization with the greatest expertise in the selected area.

The Mineral Management Activity will continue the state's emphasis on diversification of the mineral economy. Diversification will be a coordinated

EXPLANATION OF BUDGET REQUEST: (Contd.)

joint effort of the Minnesota Minerals Coordinating Committee drawing on the advice of its 3 established industry advisory groups to identify research activities and establish planning and research priorities. The annual BASE level request for Mineral Diversification includes approximately \$500,000 from the General Fund and an estimated \$245,000 from the Mineral Lease Account in the Special Revenue Fund. The Mineral Lease Account was established by the legislature in 1987 to receive the 20% of mineral royalties that formerly transferred to the General Fund. These amounts are dedicated to mineral diversification. Diversification projects such as geologic drilling and mapping, glacial till geochemistry, and fluxed pellet improvement will be continued at the requested BASE level funding of \$800,000 annually.

The Mineral Diversification CHANGE level request (4.0 positions and \$500,000 annually) will generate additional non-ferrous exploration interest by expanding the projects listed above and implementing new initiatives such as accelerated mineral leasing, severed mineral ownership identification, and reclamation research. In addition, diversification CHANGE projects will bolster the existing iron ore and industrial minerals industries through added value product research, marketing, resource inventories, and applied technological research.

There are 2 requests for Legislative Commission on Minnesota Resources (LCMR) funding. Acquisition of Private Exploration Data (2.0 positions and \$75,000 annually) will enable the state to acquire valuable private exploration data and materials at nominal cost and make them available for public use. Tract Index, St. Louis County (\$40,000 annually) is the second LCMR request. Funding will be used by St. Louis County to design and develop software to complete a tract index.

Also, a CHANGE level of \$14,000 in F.Y. 1990 and \$37,000 in F.Y. 1991 is requested for fleet management.

The BASE level in the Mineland Reclamation Activity will continue to emphasize mitigative techniques for mineland reclamation, as well as permitting and compliance monitoring. Efforts at designing cost-effective reclamation techniques will be continued to assist in reducing overall costs. This activity will also initiate research and on-site evaluation to address potential impacts of industrial mineral development.

During the last biennium, significant progress has been made in the following areas: mineral diversification planning and projects, non-ferrous mineral potential evaluations, industrial minerals resource assessment and marketing, iron ore cooperative research, and reclamation research. Continued funding will accelerate diversification of the state's mineral economy through exploration and discovery of new resources, expanded development of industrial mineral resources, and promoting the long-term viability of the iron ore/taconite industry.

BUDGETARY FUND STATEMENTS:

1) Minerals Lease Account: M.S.93.221 - Tax Forfeit Lands

Twenty percent of the receipts deposited to the Mining Rents and Royalty Account in a fiscal year are transferred to the Minerals Lease Account the following year. This account earns interest on cash balances and is subject to statewide indirect cost payments. There is open appropriation authority to expend receipts for mineral diversification.

| Minerals Lease Account APID 31000: 75-20 (000's) | Actual F.Y. 1988 | Estimated F.Y. 1989 | Estimated F.Y. 1990 | Estimated F.Y. 1991 |
|---|------------------------|------------------------|------------------------|------------------------|
| Balance Forward - In | \$ -0- | \$ 190 | \$ 201 | \$ 211 |
| Resources * | 230 | 197 | 253 | 258 |
| Uses | (40) | (186) | (243) | (248) |
| Balance Forward - Out | \$ 190 | \$ 201 | \$ 211 | \$ 221 |
| | Estimated F.Y. 1992 | Estimated F.Y. 1993 | Estimated F.Y. 1994 | Estimated F.Y. 1995 |
| Balance Forward - In | \$ 221 | \$ 221 | \$ 221 | \$ 221 |
| Resources * | 397 | 397 | 397 | 397 |
| Uses | (397) | (397) | (397) | (397) |
| Balance Forward - Out | \$ 221 | \$ 221 | \$ 221 | \$ 221 |

* 20% of previous year's receipts from Mineral Leases on Tax Forfeited Lands. Also includes interest earnings.

GOVERNOR'S RECOMMENDATION:

The Governor recommends a biennial increase of \$281,000 and 2.0 positions. The Governor did not recommend the agency's CHANGE level for mineral diversification. Details of both agency requests and Governor's recommendation are found on the individual CHANGE level pages.

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF
PROGRAM : MINERAL RESOURCES MANAGEMENT

| ACTIVITY EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|--|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| MINERAL MANAGEMENT | 4,891 | 5,627 | 5,489 | 629 | 6,118 | 5,618 | 6,057 | 652 | 6,709 | 6,209 |
| A FLEET MANAGEMENT GEN | | | | 14 | | 14 | | 37 | | 37 |
| B MINERAL DIVERSIFICATION GEN | | | | 500 | | 0 | | 500 | | 0 |
| B ST. LOUIS COUNTY TRACT INDEX MNRS | | | | 40 | | 40 | | 40 | | 40 |
| B ACQUISITION OF PRIVATE EXPLORATION DATA MNRS | | | | 75 | | 75 | | 75 | | 75 |
| MINELAND RECLAMATION | 394 | 399 | 415 | 0 | 415 | 415 | 415 | 0 | 415 | 415 |
| TOTAL EXPENDITURES | 5,285 | 6,026 | 5,904 | 629 | 6,533 | 6,033 | 6,472 | 652 | 7,124 | 6,624 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 4,249 | 4,407 | 4,515 | 514 | 5,029 | 4,529 | 4,522 | 537 | 5,059 | 4,559 |
| MN RESOURCES | 92 | 324 | 0 | 115 | 115 | 115 | 0 | 115 | 115 | 115 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| SPECIAL REVENUE | 916 | 1,268 | 1,362 | 0 | 1,362 | 1,362 | 1,923 | 0 | 1,923 | 1,923 |
| FEDERAL | 10 | 20 | 20 | 0 | 20 | 20 | 20 | 0 | 20 | 20 |
| GIFTS AND DEPOSITS | 18 | 7 | 7 | 0 | 7 | 7 | 7 | 0 | 7 | 7 |
| TOTAL FINANCING | 5,285 | 6,026 | 5,904 | 629 | 6,533 | 6,033 | 6,472 | 652 | 7,124 | 6,624 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 66.0 | 66.0 | 66.0 | 4.0 | 70.0 | 66.0 | 66.0 | 4.0 | 70.0 | 66.0 |
| MN RESOURCES | 2.0 | 2.0 | 0.0 | 2.0 | 2.0 | 2.0 | 0.0 | 2.0 | 2.0 | 2.0 |
| SPECIAL REVENUE | 2.0 | 2.0 | 2.0 | 0.0 | 2.0 | 2.0 | 2.0 | 0.0 | 2.0 | 2.0 |
| TOTAL POSITIONS | 70.0 | 70.0 | 68.0 | 6.0 | 74.0 | 70.0 | 68.0 | 6.0 | 74.0 | 70.0 |

ACTIVITY: MINERAL MANAGEMENT
 Program: MINERAL RESOURCES MANAGEMENT
 Agency: NATURAL RESOURCES, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

The efforts of this activity are directed toward creating a long-lasting, stable, diverse, and environmentally acceptable mineral economy for the state. The program manages over 12 million acres of state-owned school trust and tax-forfeited mineral rights (including 18% of the Mesabi Iron Range mineral rights); 3 million state- and county-owned acres of peatlands; and surface rights for the industrial and construction materials on 3 million additional acres of state-owned land. The division is the trust agent for managing mineral resources on state-owned lands and is responsible for regulating the exploration and environmentally sound development of these mineral rights to provide equitable rental and royalty income for the state's trust funds, general revenue fund, and local taxing districts. The program also has statewide authority to regulate exploration and mineral evaluation activities through the Exploratory Boring Law.

The objective of a stable mineral economy for the state is further served by this activity's Mineral Diversification Program, designed to improve the geologic data base, to encourage exploration and development in Minnesota, to assist in retaining jobs for the iron mining industry through implementation of new technology, to develop new employment opportunities, and to encourage added value mineral processing and environmental research to assure acceptable development in Minnesota.

The activity provides personnel and funding for:

- leasing of state-managed mineral rights, including unregistered severed mineral rights;
- land exchange proposal review and assessment of the impacts of severance of mineral rights;
- ore production and royalty accounting for state lands;
- economic and environmental review;
- coordination of the state's Mineral Diversification Program (as chair of the Minnesota Minerals Coordinating Committee and through a network of industry advisory committees);
- evaluation of mineral potential;
- assessment of industrial mineral resources;
- acquisition and maintenance of exploration and geologic data;
- mineral land-use planning;
- mineral ownership identification;
- registration of metallic mineral explorers;
- lease compliance;
- cartography and chemistry laboratory support; and
- responding to public inquiries on mineral resources.

In addition, the activity provides technical support to other state agencies, its federal counterparts, the counties, and citizens. The current biennium saw expanded programs for metallic mineral potential evaluation, including glacial till geochemistry and drill core analysis. The mineral ownership identification program has added 600,000 acres to the land base available for leasing. The activity also has major responsibility for evaluating new cost reduction and quality improvement technologies for taconite, evaluating new iron-making technologies, and processing of other minerals where known deposits exist.

Authority for this activity is found in M.S. Ch. 93, Ch. 84.94, and Ch. 156A; M.S., Sec. 116D.04; Laws of 1983, Ch. 301; Laws of 1984, Ch. 605; Laws of 1987, Ch. 404, Sec. 22, Subd. 2(a), and Ch. 386, Art. 7, Sec. 2, and Laws of 1988, Chs. 508 and 628.

EFFECTIVENESS MEASURES:

| | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|---|------------------|------------------|------------------|------------------|
| Royalty income (000's) (iron ore, taconite, non-ferrous metallic minerals, peat) | \$2,872 | \$3,110 | \$3,166 | \$3,612 |
| Private exploration drilling, in feet (a measure of increased mineral potential data) | 35,254 | 36,000 | 38,000 | 40,000 |
| Cooperative research matching funds (000's) provided by government/industry | \$385 | \$410 | \$500 | \$500 |
| Number of metallic mineral lease sales | -0- | 1 | 2 | 2 |

STATISTICS:

| | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|--|------------------|------------------|------------------|------------------|
| Ferrous mining leases | 119 | 118 | 117 | 115 |
| Non-ferrous mining leases | 544 | 650 | 700 | 700 |
| Chemical analytical determinations | 14,685 | 15,000 | 15,500 | 16,000 |
| 40-acre parcels reviewed for land sale, lease, condemnation, and exchange recommendations | 412 | 425 | 450 | 450 |
| Mineral-related inquiries handled | 14,000 | 14,000 | 14,500 | 15,000 |
| Metallic mineral explorers registered | 21 | 22 | 22 | 24 |
| Company exploration drill holes | 115 | 120 | 130 | 140 |
| Company and government person days using Hibbing drill core library mineral potential data | 252 | 270 | 275 | 275 |
| Acres of title search on tax-forfeited mineral ownership | 34,500 | 40,000 | 50,000 | 50,000 |
| Activity Forum attendance | 201 | 250 | 275 | 300 |
| Number of geophysical grids completed by industry | 39 | 40 | 45 | 50 |
| Number of townships inventoried for sand and gravel | 15 | 20 | 25 | 25 |

REVENUE:

| | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|---------------------------------|------------------|------------------|------------------|------------------|
| Royalty Income Total (000's): | \$ 2,872 | \$ 3,110 | \$ 3,166 | \$ 3,612 |
| Acquired State Forest | 17 | 23 | 25 | 24 |
| Consolidated Conservation Areas | 46 | 92 | 126 | 101 |
| Permanent School Trust | 1,437 | 1,412 | 1,344 | 1,178 |
| Permanent University Trust | 174 | 128 | 221 | 221 |
| Mineral Lease Account | 217 | 187 | 243 | 248 |
| Taxing District | 748 | 972 | 991 | 1,547 |
| Special Advance Royalty | 263 | 240 | 211 | 155 |

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF
PROGRAM : MINERAL RESOURCES MANAGEMENT
BUDGET ACTIVITY : MINERAL MANAGEMENT

| | | | F.Y. 1990 | | | | F.Y. 1991 | | | |
|---|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| EXPENDITURES: | FY 1988 | FY 1989 | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 2,560 | 2,763 | 2,799 | 218 | 3,017 | 2,849 | 2,799 | 218 | 3,017 | 2,849 |
| EXPENSES/CONTRACTUAL SRVCS | 1,244 | 1,630 | 1,461 | 328 | 1,789 | 1,484 | 1,473 | 350 | 1,823 | 1,518 |
| MISC OPERATING EXPENSES | 958 | 1,160 | 1,165 | 15 | 1,180 | 1,168 | 1,721 | 15 | 1,736 | 1,724 |
| SUPPLIES/MATERIALS/PARTS | 88 | 67 | 57 | 11 | 68 | 58 | 57 | 11 | 68 | 58 |
| CAPITAL EQUIPMENT | 40 | 6 | 6 | 17 | 23 | 18 | 6 | 18 | 24 | 19 |
| REDISTRIBUTIONS | 1 | 1 | 1 | 0 | 1 | 1 | 1 | 0 | 1 | 1 |
| STATE OPERATIONS | 4,891 | 5,627 | 5,489 | 589 | 6,078 | 5,578 | 6,057 | 612 | 6,669 | 6,169 |
| LOCAL ASSISTANCE | 0 | 0 | 0 | 40 | 40 | 40 | 0 | 40 | 40 | 40 |
| TOTAL EXPENDITURES | 4,891 | 5,627 | 5,489 | 629 | 6,118 | 5,618 | 6,057 | 652 | 6,709 | 6,209 |
| CHANGE REQUESTS: | FUND | | | | | | | | | |
| A FLEET MANAGEMENT | GEN | | | 14 | | 14 | | 37 | | 37 |
| B MINERAL DIVERSIFICATION | GEN | | | 500 | | 0 | | 500 | | 0 |
| B ST. LOUIS COUNTY TRACT INDEX | MNRS | | | 40 | | 40 | | 40 | | 40 |
| B ACQUISITION OF PRIVATE EXPLORATION DATA | MNRS | | | 75 | | 75 | | 75 | | 75 |
| TOTAL CHANGE REQUESTS | | | | 629 | | 129 | | 652 | | 152 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 3,873 | 4,015 | 4,107 | 514 | 4,621 | 4,121 | 4,114 | 537 | 4,651 | 4,151 |
| MN RESOURCES | 92 | 324 | 0 | 115 | 115 | 115 | 0 | 115 | 115 | 115 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| SPECIAL REVENUE | 916 | 1,268 | 1,362 | 0 | 1,362 | 1,362 | 1,923 | 0 | 1,923 | 1,923 |
| FEDERAL | 10 | 20 | 20 | 0 | 20 | 20 | 20 | 0 | 20 | 20 |
| TOTAL FINANCING | 4,891 | 5,627 | 5,489 | 629 | 6,118 | 5,618 | 6,057 | 652 | 6,709 | 6,209 |
| POSITIONS BY FUND: | | | | | | | | | | |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF
PROGRAM : MINERAL RESOURCES MANAGEMENT
BUDGET ACTIVITY : MINERAL MANAGEMENT

| POSITIONS BY FUND: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|--------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| GENERAL | 58.0 | 58.0 | 58.0 | 4.0 | 62.0 | 58.0 | 58.0 | 4.0 | 62.0 | 58.0 |
| MN RESOURCES | 2.0 | 2.0 | 0.0 | 2.0 | 2.0 | 2.0 | 0.0 | 2.0 | 2.0 | 2.0 |
| SPECIAL REVENUE | 2.0 | 2.0 | 2.0 | 0.0 | 2.0 | 2.0 | 2.0 | 0.0 | 2.0 | 2.0 |
| TOTAL POSITIONS | 62.0 | 62.0 | 60.0 | 6.0 | 66.0 | 62.0 | 60.0 | 6.0 | 66.0 | 62.0 |

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: MINERAL MANAGEMENT
PROGRAM: MINERAL RESOURCES MANAGEMENT
AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: MINERAL DIVERSIFICATION

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|----------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 500 | * 4.0 | \$ 500 | * 4.0 |

* Unclassified positions are requested due to the changing nature of projects.

Governor's Recommendation

| | | | | |
|--------------|--------|-----|--------|-----|
| General Fund | \$ -0- | -0- | \$ -0- | -0- |
|--------------|--------|-----|--------|-----|

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The state can encourage private mineral exploration activity in Minnesota and improve the conditions for existing mineral industries by expanding its mineral diversification efforts. This request will provide for expansion of the diversification efforts begun in F.Y. 1988. State funding will be used to accelerate the definition of Minnesota's mineral potential to attract and retain exploration. These efforts will be coordinated with evaluation of new leasing techniques, such as establishing a schedule of more frequent lease sales, or implementing a lease application system, research into technologies to turn resources into commercial products, and environmental research to assure acceptable development.

The Mineral Diversification Program was established by the 1987 legislature through 2 pieces of legislation. A \$1.0 million appropriation for mineral diversification was passed as part of the rural development bill (Laws of 1987, Ch. 386, Art. 7). This same law also formally established the Minnesota Minerals Coordinating Committee and gave it the responsibility to allocate the funds appropriated and write a 10-year diversification plan. The 1987 legislature also established a Mineral Lease and Exploration Account in the Special Revenue Fund by dedicating the General Fund portion of mineral royalty receipts. This fund provided \$403,900 in the current biennium and is expected to provide about \$490,000 in the next biennium. Projects using the Lease and Exploration Account were also prioritized by the Minerals Coordinating Committee and are part of the total program.

This CHANGE level request presents the priorities and justification for an additional \$1.0 million, bringing the total Mineral Diversification Program to about \$2.5 million for the 1989-91 biennium.

DESCRIPTION/BACKGROUND:

The Minerals Coordinating Committee established 4 project areas for minerals diversification:

- 1) Iron Ore and Taconite: To ensure continued production of taconite pellets at competitive costs and to explore the development of added value products.
- 2) Non-ferrous Metallic Minerals: To encourage exploration and development of these resources in an environmentally acceptable manner.
- 3) Industrial Minerals: To enhance Minnesota's existing industry through resource assessment and product and market development.
- 4) Minerals Basic Research: To provide the knowledge base for product development, process improvements, and resource assessments.

The specific projects conducted in the current biennium consist of regional geologic surveys and geochemistry, geologic drilling and mapping, minerals processing research, data base development and adoption of added value technologies.

Three advisory committees, consisting of industry representatives and researchers, were formed to help the Minnesota Minerals Coordinating Committee prioritize mineral diversification project areas for the next biennium. The project area list was developed by the committee in cooperation with the ferrous metals, non-ferrous metals and industrial minerals advisory committees. The list is divided into 2 sequences: BASE level project areas, and CHANGE level project areas. This method of presentation shows that funding for selected project areas has been coordinated between the BASE and CHANGE level requests.

The mix of projects for the 1989-91 biennium reflects acceleration in those areas that generated successful projects in the current biennium and more emphasis on industrial minerals and iron ore and taconite.

| Recommended Project Areas | Biennial Funding (000's) | |
|---|--------------------------|--------------|
| | BASE Level | CHANGE Level |
| 1) Accelerated Mineral Leasing | \$ -0- | \$ 90 |
| 2) Iron Ore and Taconite | | |
| Fluxed pellet improvement | 100 | 100 |
| Improving pellets through control of process temperatures | 100 | -0- |
| Improving primary fragmentation | -0- | 100 |
| 3) Non-ferrous Metallic Minerals | | |
| Geologic drilling and mapping | 350 | 130 |
| Regional geochemistry (glacial till & bedrock) | 250 | 80 |
| Drill core examination and assay | 100 | -0- |
| Minerals data base | 50 | 50 |
| Mineral deposits workshop | 40 | -0- |
| Non-ferrous reclamation research | 50 | 100 |
| Accelerated severed mineral identification | 50 | 50 |
| 4) Industrial Minerals | | |
| Regional surveys and product development | 180 | 120 |
| Accelerated sand and gravel inventory | 40 | 80 |
| 5) Minerals Basic Research | <u>180</u> | <u>100</u> |
| Total | \$ 1,490 | \$ 1,000 |

CHANGE REQUEST 1990-91 Biennial Budget
 _____ Agency _____ Program X Activity
 (Continuation)

ACTIVITY: MINERAL MANAGEMENT
 PROGRAM: MINERAL RESOURCES MANAGEMENT
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

| STATISTICS: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|--|-----------|-----------|-----------|-----------|
| No. of counties where exploration drilling is proposed by industry | 16 | 17 | 19 | 20 |
| Private exploration expenditures (000's) | \$13,900 | \$14,000 | \$14,500 | \$15,000 |
| State tax revenue generated from exploration expenditures (000's) | \$1,500 | \$1,500 | \$1,600 | \$1,700 |
| Feet of exploration drill core catalogued, filed and/or classified | 40,000 | 45,000 | 50,000 | 60,000 |
| Expansions in industrial minerals production | -0- | 4 | 2 | 3 |
| Industrial minerals companies conducting exploration work | -0- | 6 | 5 | 5 |
| Percent of taconite pellet production as fluxed pellets | 15 | 35 | 50 | 60 |

RATIONALE:

Mineral industries contribute significantly to the state's economy. During the last 10 years, Minnesota has ranked between 1st and 6th, nationally, in total non-fuel mineral production and has been consistently first in iron ore and taconite production. In 1985, Minnesota's industrial mineral rankings were 7th in peat, 10th in sand and gravel, 11th in industrial sand and dimension stone, 18th in lime, 29th in crushed stone, and 40th in clay. While we can plan for continued benefits from the iron ore industry, economic stability in much of rural Minnesota must be tied to Minnesota's excellent potential for diversification into other minerals. These include gold, silver, platinum, titanium, manganese, copper, nickel, and cobalt. There is also potential for further statewide development of industrial minerals such as clay, stone, and carbonates.

Therefore, the purpose of mineral diversification is to stimulate development of the state's mineral resources so that the state's mineral economy will be maintained and enhanced. The benefits include:

- 1) increased private expenditures in Minnesota by exploration companies;
- 2) increased potential for discovering economically viable mineral resources;
- 3) greater regional stability through developing a range of mineral resource industries;
- 4) increased employment in rural areas through job creation in exploration, mining and processing industries;
- 5) increased indirect employment in service and support industries; and
- 6) greater returns to local and state governments through taxes and royalties.

| BASE: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|-----------------------------------|------------|------------|------------|------------|
| General Fund Expenditures (000's) | \$ 500 | \$ 500 | \$ 500 | \$ 500 |
| Mineral Lease Account (000's) | <u>217</u> | <u>187</u> | <u>243</u> | <u>248</u> |
| Total | \$ 717 | \$ 687 | \$ 743 | \$ 748 |

| LONG RANGE IMPLICATIONS: | F.Y. 1992 | F.Y. 1993 | Total |
|-----------------------------------|-----------|-----------|----------|
| General Fund Expenditures (000's) | \$ 1,350 | \$ 1,350 | \$ 2,700 |
| General Fund Positions | 8.0 | 8.0 | 8.0 |
| Mineral Lease Account (000's) | 397 | 397 | 794 |

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Although the request has merit, other spending priorities preclude additional funding.

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: MINERAL MANAGEMENT
PROGRAM: MINERAL RESOURCES MANAGEMENT
AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: TRACT INDEX, ST. LOUIS COUNTY - LCMR

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|--------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| Minnesota Resources Fund | \$ 40 | -0- | \$ 40 | -0- |

Governor's Recommendation

| | | | | |
|--------------------------|-------|-----|-------|-----|
| Minnesota Resources Fund | \$ 40 | -0- | \$ 40 | -0- |
|--------------------------|-------|-----|-------|-----|

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

This project will design and develop computer software for completing a tract index system for the St. Louis County land records. A tract index lists all recorded documents against each parcel, starting with the first conveyance from the federal government. The current tract index in St. Louis County covers only the years 1942 through 1986; appropriate software development is the first step toward its completion.

DESCRIPTION/BACKGROUND:

Ownership of land and mineral rights is critical information for public and private parties when purchasing or leasing land. A complete chain of title, from the original transfer of land from the federal government to the state or private landowner, is needed to determine ownership. However, in St. Louis County, it is very difficult, if not impossible, to determine such ownership using the public records.

A tract index in the St. Louis County Recorder's office would provide better organization of the public records and better access to them. A complete chain of title could be developed with a tract index. It would be a cost-savings to the general public and to state agencies, such as the Department of Natural Resources and the Department of Transportation.

RATIONALE:

The state, through the Department of Natural Resources, has an active and extensive mineral leasing program. In St. Louis County, there are currently 16 parties holding state mineral leases covering over 82,000 acres. The state relies on the county records to determine tax-forfeited lands and severed mineral interests. The early records of the county need to be searched to identify those lands and mineral rights. A tract index would allow the state to identify these interests using public records.

A tract index would give public and private parties the ability to identify ownership of land and mineral rights using public records. This will be at a savings of cost to the public and private parties.

Improved knowledge of mineral rights ownership should also stimulate mineral exploration and leasing in St. Louis County. Additional funding for this project will be provided by St. Louis County.

BASE: None.

LONG RANGE IMPLICATIONS: None.

GOVERNOR'S RECOMMENDATION:

The Governor recognizes the authority of the Minnesota Future Resources Commission (MFRC, formerly the LCMR) to make budget recommendations directly to the legislature. While the Governor's budget reflects these recommendations in various agency proposals, the MFRC will present an entire package to the State Departments Division for legislative action.

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: MINERAL MANAGEMENT
PROGRAM: MINERAL RESOURCES MANAGEMENT
AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: ACQUISITION OF PRIVATE EXPLORATION DATA - LCMR

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| Minnesota Resources Fund | \$ 75 | 2.0 | \$ 75 | 2.0 |
| Governor's Recommendation | | | | |
| Minnesota Resources Fund | \$ 75 | 2.0 | \$ 75 | 2.0 |

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The goal of this project is to acquire and make permanently available for public use valuable collections of private exploration materials and data and to preserve an important part of the state's geological record.

DESCRIPTION/BACKGROUND:

This program will allow the state to acquire the results of millions of dollars' worth of private exploration work at very little cost. The project will be a cooperative effort between the Department of Natural Resources (Minerals Division) and several mining and exploration companies.

The following objectives will be addressed:

- 1) identify and reach agreement with companies willing to donate exploration data;
- 2) collect and transfer drill core and data to the Drill Core Library in Hibbing;
- 3) work with company geologists to organize and catalog drill core and data into the existing Drill Core Library system;
- 4) assist the exploration and academic communities in using the Library's drill core and records; and
- 5) provide for easy public access to the data.

The benefits of this project will include:

- 1) acquisition of vast amounts of exploration data at nominal cost;
- 2) assembling scattered drill core and related data in one location;
- 3) public accessibility to previously confidential materials; and
- 4) enhancement of the state's geologic data base.

| STATISTICS: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|-----------------------------|-----------|-----------|-----------|-----------|
| Companies contributing core | -0- | -0- | 4 | 5 |

RATIONALE:

Mining companies have operated in Minnesota for more than 80 years, during which they have explored many areas of the state and have accumulated vast amounts of drill core and related geologic data. Because much of the work was done on private land, the companies are not required to make the results public. Several historic exploration firms are now divesting themselves of their drill core and confidential data holdings and are willing to donate their core and transfer associated data (such as geophysics, geochemistry, geology and exploration maps and reports) at little or no charge for public use. These data are currently non-public--owned by private companies that are under no obligation to submit them to the state. Combined with today's evolving geologic knowledge and exploration goals, these historic data would be of great value to current exploration work in Minnesota. If not collected, the results of 80 years of exploration will be lost or destroyed.

BASE: None.

LONG RANGE IMPLICATIONS: None.

GOVERNOR'S RECOMMENDATION:

The Governor recognizes the authority of the Minnesota Future Resources Commission (MFRC, formerly the LCMR) to make budget recommendations directly to the legislature. While the Governor's budget reflects these recommendations in various agency proposals, the MFRC will present an entire package to the State Departments Division for legislative action.

ACTIVITY: MINELAND RECLAMATION
Program: MINERAL RESOURCES MANAGEMENT
Agency: NATURAL RESOURCES, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

The purpose of the Mineland Reclamation Activity is to reduce the environmental impacts of metallic mineral and peat mining and to ensure reclamation following the completion of mining so that lands are left in a stable, hazard-free condition with future land-use potential. This activity has state-wide authority to regulate mining on both public and private lands.

The Mineland Reclamation Act, M.S. Ch. 93.41-51, requires all metallic and peat mining operations to have a Permit to Mine. Currently, 14 existing metallic operations (8 taconite, 6 natural iron ore) and 6 peat mining operations must comply with this law. Each permit application must include a mineland reclamation plan.

After permits are approved, the company must submit periodic operating plans for succeeding years of mining and annual reports describing progressive reclamation results. Before termination, a deactivation plan is also required. Other responsibilities of this activity include compliance monitoring; the mineland clean-up program for removing abandoned and dangerous foundations, structures, and equipment left by mining companies prior to mineland reclamation rules; conducting cooperative research programs with the mining companies aimed at identifying cost-effective reclamation techniques; and preparation and updating of rules as needed. During the current biennium, mineland reclamation rules for gold and other non-ferrous minerals are being prepared. Promulgation is expected during F.Y. 1989. These rules will assure strong environmental protection and assist the mining industry in evaluating non-ferrous mineral properties for possible development.

This activity is also responsible for administering the permits for the Reserve Mining Company Mile Post 7 tailings basin. A revolving permit account was established and is funded by Reserve. The bankruptcy filing by LTV Steel, Inc., First Taconite Company, and Reserve Mining Company has created a situation where permit responsibilities continue but eventual reimbursement by the companies is not certain. This is of particular concern because the large dams located 600 feet above Lake Superior were constructed assuming long-term operation of the plant. Permanent closure would create a large reclamation problem, with a significant chance for litigation. On the other hand, continued operation (through plant reopening) at reduced capacity provides an opportunity for staged reclamation.

It may become necessary to increase the revolving account to assure the safety of the facility. Currently, the effectiveness statistics are estimated assuming that Reserve Mining Company will remain in active status while the bankruptcy court determines the reorganization plan.

The U.S. Environmental Protection Agency (EPA) is in the process of developing a national regulatory program that will regulate the disposal of all mining wastes. The EPA has invited reclamation staff to work closely with them in their rule development process. It is important that this working relationship be established and maintained to ensure that federal regulation does not duplicate or otherwise interfere with the state's regulatory programs affecting mining.

During the current biennium, the Commissioner was directed to complete a study on the restoration of sand and gravel operations in the state. This report will be completed by the Commissioner with assistance from the Iron Range Resources and Rehabilitation Board, industry, and county governments.

Authority for this activity is found in M.S. Secs. 93.44-93.51.

| <u>EFFECTIVENESS MEASURES:</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|--------------------------------------|------------------|------------------|------------------|------------------|
| Total Acres Under Permit: | 132,000 | 132,600 | 133,500 | 138,900 |
| Active mining operations | 115,700 | 116,300 | 116,500 | 119,900 |
| Deactivation phase of mining* | 16,300 | 16,300 | 17,000 | 19,000 |
| Total Acres Being Reclaimed: | | | | |
| (Active Mining & Deactivation Phase) | | | | |
| Permanent | 450 | 500 | 500 | 600 |
| Maintenance | 175 | 200 | 200 | 200 |
| Temporary | 750 | 800 | 800 | 1,000 |
| Trees planted | 15,000 | 20,000 | 20,000 | 25,000 |

*Reserve Mining Company is not included in this estimate.

| <u>STATISTICS:</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|-------------------------------------|------------------|------------------|------------------|------------------|
| Permit compliance investigations | 45 | 50 | 50 | 55 |
| Site visits to new operations | 10 | 10 | 12 | 15 |
| Cooperative reclamation study sites | 42 | 44 | 46 | 48 |
| Growth chamber studies | 3 | 2 | 2 | 2 |
| Mine clean-up projects completed | 3 | 4 | 4 | 4 |

REVENUE:

None.

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF
PROGRAM : MINERAL RESOURCES MANAGEMENT
BUDGET ACTIVITY : MINELAND RECLAMATION

| EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|----------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 345 | 334 | 350 | 0 | 350 | 350 | 350 | 0 | 350 | 350 |
| EXPENSES/CONTRACTUAL SRVCS | 21 | 38 | 38 | 0 | 38 | 38 | 38 | 0 | 38 | 38 |
| MISC OPERATING EXPENSES | 20 | 17 | 17 | 0 | 17 | 17 | 17 | 0 | 17 | 17 |
| SUPPLIES/MATERIALS/PARTS | 7 | 6 | 6 | 0 | 6 | 6 | 6 | 0 | 6 | 6 |
| CAPITAL EQUIPMENT | 1 | 4 | 4 | 0 | 4 | 4 | 4 | 0 | 4 | 4 |
| TOTAL EXPENDITURES | 394 | 399 | 415 | 0 | 415 | 415 | 415 | 0 | 415 | 415 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 376 | 392 | 408 | 0 | 408 | 408 | 408 | 0 | 408 | 408 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| GIFTS AND DEPOSITS | 18 | 7 | 7 | 0 | 7 | 7 | 7 | 0 | 7 | 7 |
| TOTAL FINANCING | 394 | 399 | 415 | 0 | 415 | 415 | 415 | 0 | 415 | 415 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 8.0 | 8.0 | 8.0 | 0.0 | 8.0 | 8.0 | 8.0 | 0.0 | 8.0 | 8.0 |
| TOTAL POSITIONS | 8.0 | 8.0 | 8.0 | 0.0 | 8.0 | 8.0 | 8.0 | 0.0 | 8.0 | 8.0 |

PROGRAM: WATER RESOURCES MANAGEMENT
Agency: NATURAL RESOURCES, DEPARTMENT OF

1990-91 Biennial Budget

PROGRAM PURPOSE:

Minnesota Statutes provide for a Water Resources Management Program, in the interest of public health, safety, and welfare, for the wise use and development of the waters of the state including more than 21,800 protected lakes and wetlands, 6,564 streams, and extensive underground water supplies. The Department of Natural Resources, Division of Waters, is the principal water resources management agency of state government involved primarily with water quantity and regulatory issues including water appropriation, dam safety, construction in protected waters and water-related land-use issues. The purpose of the program is to allow wise reasonable use and development of water resources and preserve the economic and environmental values of the water and related land resources. The division conducts programs having the following functional objectives:

- 1) Conducting investigation and studies for the collection, analysis, and interpretation of technical facts on climate, ground water, lakes, streams and wetlands for use in management decisions made by the department, by other governmental agencies and the public.
- 2) Developing data systems for efficient storage, retrieval, and dissemination of hydrologic data, water-use compilations, permit information, and management policy.
- 3) Providing advice and assistance to local water resources management efforts including watershed and lake improvement districts, water management organizations and cities and counties, evaluation of public drainage projects, and administration of available funds for stream channel maintenance and flood damage reduction projects.
- 4) Planning for the long-term allocation of available water supplies including monitoring of diversion proposals, determination of in-stream flow needs and full consideration of the social, environmental and economic implications of water resource development activities.
- 5) Guiding the development of shoreland and floodplain areas, including wild and scenic rivers, through statewide rules and ordinances administered by local governments.
- 6) Controlling the construction, maintenance and operation of dams and administering appropriated funds for upgrading publicly owned dams.
- 7) Applying state-of-the-art water resources technology and innovative management concepts to complex Minnesota water problems in order to enhance the efficiency and effectiveness of local, state and federal water resources management efforts.
- 8) Maintaining liaison and coordination with local, regional, state, interstate and national water program or project planning efforts, including drafting of legislative proposals and state rules.
- 9) Maintaining an inventory of the protected waters and wetlands throughout the state and compensating qualifying landowners through administration of state water bank funds for preserving wetlands.

- 10) Managing by a permit system those activities which would alter streams, lakes, or protected wetlands or withdraw significant amounts of water from surface or underground sources.

OPERATION:

The program is administered by the division director who delegates authority and responsibility to section administrators. The assistant director is the field operations manager who delegates authority and responsibility to the regional hydrologists. This chain of command accomplishes the overall Water Resources Management Program.

The regional hydrologists and their staff serve many programmatic areas based on priorities and demands somewhat unique to their assigned territories. Statewide program priorities are established by the central office in consultation with regional hydrologists. Regional hydrologists have been delegated protected waters permit authority for the majority of actions/decisions. Issues of statewide policy significance are referred to the central office staff with regional recommendations for action.

The Water Resources Management field staff is comprised of 39 complement positions. This includes 6 regional hydrologists, 21 area hydrologists and 12 staff hydrologists (including 5 flood damage reduction positions and 1 water recreation position). Area offices are located in Thief River Falls, Detroit Lakes, Fergus Falls, Duluth, Cambridge, St. Cloud, Mankato, Marshall, Spicer and Lake City. There is also a non-complement Red River coordinator operating out of the Bemidji regional office.

EFFECTIVENESS MEASURES AND PROGRAM STATISTICS:

Effectiveness measures and program statistics for the Water Resources Management Program are difficult to evaluate on their own because the workload in a given portion of the program varies considerably depending on climatic conditions and the state of the economy. The following statistics describe the recent history of the program and provide an estimate as to future activity levels. Permits acted upon are greater than received for a given year reflecting applications that are carried between years.

| | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|---|------------------|------------------|------------------|------------------|
| Protected Waters Permit Applications: | | | | |
| No. received | 1,050 | 1,300 | 1,300 | 1,100 |
| No. acted upon | 1,267 | 1,400 | 1,400 | 1,150 |
| Appropriation Permit Applications: | | | | |
| No. received | 350 | 550 | 550 | 350 |
| No. acted upon | 375 | 575 | 575 | 375 |
| Interference complaints | 10 | 70 | 80 | 25 |
| Land-Use Management: | | | | |
| No. of ordinances in effect | 595 | 620 | 650 | 650 |
| No. of actions to assist local units and citizens | 5,200 | 5,200 | 7,000 | 7,000 |
| No. of flooding related meetings | 150 | 200 | 200 | 200 |
| No. of local ordinance amendments | 30 | 30 | 60 | 90 |

PROGRAM: WATER RESOURCES MANAGEMENT
(Continuation)
Agency: NATURAL RESOURCES, DEPARTMENT OF

1990-91 Biennial Budget

EFFECTIVENESS MEASURES AND PROGRAM STATISTICS: (Contd.)

| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|--|-----------|-----------|-----------|-----------|
| Dam Safety: | | | | |
| No. of dam safety inspections | 60 | 65 | 70 | 70 |
| No. of dam repairs receiving state assistance since 1978 | 170 | 175 | 180 | 185 |
| No. of state-owned dams inspected and maintained | 170 | 170 | 170 | 170 |
| Local Water Management: | | | | |
| No. of boundary changes, plans and projects reviewed | 80 | 105 | 105 | 100 |
| Water Bank: | | | | |
| No. of applications received | 40 | 40 | 40 | 40 |
| No. of acres enrolled | 6,400 | 8,800 | 10,000 | 11,300 |
| Project and Program Planning and Review: | | | | |
| No. of federal projects reviewed | 30 | 25 | 25 | 25 |
| No. of environmental projects reviewed | 250 | 250 | 250 | 250 |
| No. of state and national policies and programs reviewed | 25 | 25 | 25 | 25 |
| Data Base Development: | | | | |
| No. of major data bases maintained | 18 | 18 | 19 | 20 |
| No. of division staff using computers | 55 | 60 | 70 | 75 |
| Hydrologic Data Collection and Analysis: | | | | |
| No. of lakes with water level gauges | 280 | 340 | 440 | 590 |
| Ordinary High Water (OHW) determinations | 60 | 70 | 70 | 70 |
| No. of formal hearings to establish OHW | 5 | 7 | 6 | 6 |
| No. of lake and stream studies | 30 | 30 | 30 | 30 |
| No. of hydrographic surveys conducted | 127 | 157 | 160 | 160 |
| No. of major climatic studies | 25 | 25 | 25 | 25 |
| No. of maps of climatic events produced | 120 | 120 | 120 | 120 |
| Ground water studies regarding lake level/stream flow | 2 | 3 | 3 | 3 |
| DNR/U.S. Geological Survey Cooperative Program: | | | | |
| Regional ground water studies started | -0- | 1 | -0- | -0- |
| Regional ground water studies underway | 4 | 3 | 1 | 1 |

| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|--|-----------|-----------|-----------|-----------|
| Regional ground water studies completed | -0- | 1 | -0- | -0- |
| No. of continuous stream gauges | 22 | 17 | 16 | 15 |
| No. of temporary stream gauges | 3 | 15 | 15 | 15 |
| Staff Hydrologic Studies of Local Problems | 5 | 4 | 4 | 4 |
| Ground Water Monitoring: | | | | |
| No. of Soil & Water Conservation Districts participating | 49 | 52 | 52 | 52 |
| No. of wells measured in DNR managed network | 587 | 643 | 643 | 643 |
| Aquifer Tests, Field & Office Evaluations | 6 | 20 | 15 | 15 |
| Ground Water Contamination Hydrologic Evaluations | 140 | 150 | 150 | 150 |
| No. of Geophysical Investigations: | | | | |
| Water quality related | 20 | 25 | 30 | 30 |
| Water quantity related | 2 | 3 | 4 | 4 |
| Geological reconnaissance | 2 | 3 | 4 | 5 |
| Mineral exploration related | 5 | 6 | 7 | 7 |
| No. of Wells Monitored for Underground Gas Storage Project | 75 | 75 | 75 | 75 |

BUDGET ISSUES:

- 1) Water Allocation and Management: During the past 15 years, the state has experienced 3 drought periods of varying degree: 1976, 1984 and 1988. However, only the current drought period approaches that of the 1930s. In 1988, river and stream flows reached record lows. Thirteen major river watersheds required suspension of appropriations to protect minimal flow for in-stream needs. Domestic and public water supplies were threatened. One-third of the power production in the state was threatened. All things considered, the response to the drought was still reactionary. Most policies and procedures proved to be reasonably adequate to address the majority of issues; however, significant deficiencies exist in stream and lake gaging data to effectively protect the in-stream flow needs of the river environment and allocate water to similar and competing appropriators. A significant effort is necessary to establish a minimal gaging network on major rivers and lakes and to form a coordinated private, local, state and federal government monitoring and maintenance program to ensure acquisition of data for water allocation decision-making. Many of the rivers suffered significant losses to in-stream habitats that may take years to recover because information was not available to establish and manage the stream within its

BUDGET ISSUES: (Contd.)

minimal in-stream flow needs. Allocation plans were non-existent on all the rivers suspended. There was no ability to allocate among the priorities as called for in the law. Only recently have in-stream flow techniques been developed. The Legislative Commission on Minnesota Resources (LCMR) funded a pilot project during the last biennium to establish protected stream flows that actually will provide protection for the river environment. The technical capability terminates with the LCMR project in June, 1989.

Development of river watershed allocation plans which acknowledge the needs of the river environment, domestic and public water supply needs, and which provide reasonable use of the surplus water are critical. The allocation plans would provide the needed protection for the river as well as maximize the use of remaining water among riparian appropriators.

Water conservation education and training for the public, irrigators, public utilities, commercial and industrial appropriators is a critical need. For individuals to respond effectively to water conservation, an understanding of the impacts of various water demands on surface and ground water systems is necessary.

There needs to be discussion of the current allocation priorities in the statute. Power production is the fourth priority, yet priorities one, two and three would have a difficult time existing without power to sustain them. These priorities are 1) domestic water supply, 2) consumptive uses of less than 10,000 gallons per day and 3) agricultural irrigation. Priorities may not warrant change, only greater understanding of relationships between them.

The interaction between surface and ground water is important to the allocation of water. It may serve little purpose to suspend surface water use only to see an increase in the use of ground water which, in turn, reduces base flows to the river system.

- 2) Lake and River Management Assistance to Local Government: The state, at large, derives a significant benefit from the lake and river resources. It is estimated that seasonal residents alone contribute \$200 million directly to local economies. Economists suggest that for every dollar of direct benefit, there are indirect benefits from \$2 to \$4. This liberally approximates \$750 million. Although recent evaluations suggest that the state's shoreland management program is reasonably effective in managing these resources, there are significant shortcomings that need to be addressed if we are going to sustain the economic and environmental values of lake and river shorelands in the future. These shortcomings are being addressed through amendments to the statewide standards for shorelands as developed in a consensus building process involving 19 diverse interest groups and organizations in the state. These amendments will provide the framework to guide shoreland management for the next 10 to 15 years.

The amendments will require local governments to amend local ordinances within 2 years of promulgation. During the past 15 years of the program, local administrators have taken on the additional burden of state mandates in such areas as hazardous and solid waste, feedlot, floodplains, and wild and scenic rivers, etc. This, coupled with reductions in federal and state revenue sharing, has left many local governments with substantially reduced capabilities in shoreland management. Although most interests sincerely believe that more effective shoreland management is needed, it is also evident that achieving this objective requires shared participation. The local governments acknowledge the importance of enhanced shoreland management to sustain the economic and environmental values of the shorelands and are willing to accept the challenge this presents. However, the state also has a significant interest in this objective and should be providing needed financial and technical assistance to make it a reality.

- 3) Flood Damage Reduction: Although drought is in the forefront of most peoples' minds, it was only 1 year ago that the 7-county metro area experienced the greatest intensity rainfall on record -- 17 inches in 3 days. This resulted in record flooding. We must be careful in balancing various needs and acknowledge that the old adage "an ounce of prevention is worth a pound of cure" is very relevant for both drought and flood. Local initiatives are moving forward with the anticipation that state and federal interests will continue to share in the cooperative efforts in reducing the burden of recurring flood damages. The continued reduction in federal dollars means that in order to sustain an effective program in reducing flood damages, a greater effort from both local and state resources will be required. The state will have to decide whether or not to pick up the slack left by the federal reductions and increase capital investments in flood damage reduction. Considering the alternative of continued loss of life and \$60 million in average annual damages, the state can ill afford not to actively participate in assisting local governments and maximize federal participation in flood damage reduction.
- 4) Ground Water: Although ground water is used by 70% of Minnesotans and is necessary to support major economic development, much still needs to be learned about the dynamics of the state's subterranean flow systems. In some areas, little is known about the extent of aquifers buried in debris left by the glaciers as they crossed the state. Even when a great deal is known about the shape and size of the aquifers, we lack the ability to predict the impact of ground water use and land use on future supplies. There is also a popular misconception that ground water and surface water are entirely separate systems. The use of ground water from surficial sand plains can potentially alter the flow characteristics of the streams that cross them and degrade these waters for certain uses.

The state's goal should be towards accelerated ground water data collection and hydrologic investigations as documented by the Water Planning Board's report, "Toward Efficient Allocation and Management," in biennial updates of that document, and by recommendations of the Governor's Ground Water Strategy Issue Team.

BUDGET ISSUES: (Contd.)

To address this need, staff and funding are being requested to accelerate the investigation of buried drift aquifers (particularly in high ground water-use areas), to examine ground water/surface water relationships, to maintain and expand our ground water level monitoring systems, to inventory and properly seal unused wells on state land, to safeguard ground water quality, and to initiate specific studies in high-use areas for the development of aquifer management plans. Funding for the ground water program has steadily eroded since the late 1970s to the point where no new regional ground water investigations can be started with the same level of funding. The deeper drilling requirements and more staff-intensive surface geophysics methods make future projects more complicated and more expensive than those undertaken in the past. These studies have a minimum of 3 years duration. If the level of effort is not increased, insufficient hydrogeologic information will be generated to support local and state management efforts for the assurance of long-term ground water supplies for all users.

The cost per station of stream gauges rises each year such that without additional funds, the total number that can be funded drops. Some technological developments will show that operation and maintenance cost increase into the future, but these will be large equipment purchase and installation costs to convert sites to new equipment.

REVENUE:

This program generates dedicated and non-dedicated revenue.

| Type of Revenue | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|-----------------------------|-----------|-----------|-----------|-----------|
| Non-dedicated (000's) | \$ 327 | \$ 383 | \$ 443 | \$ 443 |
| Dedicated - special (000's) | 83 | 61 | 63 | 65 |
| Dedicated - federal (000's) | 68 | 118 | 75 | 75 |
| Total Revenue | \$ 478 | \$ 562 | \$ 581 | \$ 583 |

EXPLANATION OF BUDGET REQUEST:

BASE Request:

The Water Resources Management Program cannot continue to provide the same level of service with the same level of funding. It is currently necessary to carry vacancies in order to make ends meet. The same level of funding will cause further erosion of activities such as stream gauging, ground water level analysis, data computerization, data systems development and other services necessary to support the overall Water Resources Management Program.

CHANGE Request:

Eight CHANGE request items are requested for this program. \$16,000 in F.Y. 1990 and \$42,000 in F.Y. 1991 are requested to fund fleet management.

\$750,000 and 10.0 positions each year are requested to accelerate basic data collection and hydrologic studies for ground water management. \$850,000 and 3.0 positions each year are requested to establish a grants program for local government to cost-share the administration, monitoring and enforcement of shoreland management ordinances. \$325,000 and 3.0 positions each year are requested to upgrade lake and stream gauging and mapping. \$225,000 and 6.0 positions each year are requested for conversion of the Water Allocation Conservation Program. \$395,000 each year is requested for regional groundwater assessments that will directly serve the information needs of local water planners. \$362,000 and 1.0 position each year are recommended by the Legislative Commission on Minnesota Resources (LCMR) for ground water sensitivity. \$100,000 each year is recommended by the LCMR for river bank and meander management.

GOVERNOR'S RECOMMENDATION:

The Governor recommends a biennial increase of \$3,814,000 and 13.0 positions. In addition, the Governor has recommended \$744,000 for Shoreland Management Grants, but has recommended this funding in the Board of Soils and Waters budget. The Governor has also recommended consolidating the Water Pollution Control Fund (cigarette tax receipts) with the General Fund and has recommended a fund source CHANGE in DNR's BASE from the Water Pollution Control Fund to General Fund.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF
PROGRAM : WATER RESOURCES MANAGEMENT
BUDGET ACTIVITY : WATER RESOURCES MANAGEMENT

| | | | F.Y. 1990 | | | | F.Y. 1991 | | | |
|--|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| EXPENDITURES: | FY 1988 | FY 1989 | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 3,766 | 4,064 | 4,013 | 1,012 | 5,025 | 4,714 | 4,013 | 1,012 | 5,025 | 4,714 |
| EXPENSES/CONTRACTUAL SRVCS | 846 | 927 | 641 | 919 | 1,560 | 1,540 | 653 | 975 | 1,628 | 1,578 |
| MISC OPERATING EXPENSES | 213 | 244 | 223 | 48 | 271 | 252 | 223 | 48 | 271 | 252 |
| SUPPLIES/MATERIALS/PARTS | 122 | 91 | 81 | 10 | 91 | 92 | 81 | 10 | 91 | 92 |
| CAPITAL EQUIPMENT | 67 | 24 | 24 | 80 | 104 | 68 | 24 | 50 | 74 | 68 |
| REAL PROPERTY | 34 | 0 | 0 | 210 | 210 | 210 | 0 | 210 | 210 | 210 |
| REDISTRIBUTIONS | 47 | 50 | 50 | 0 | 50 | 50 | 50 | 0 | 50 | 50 |
| | | | | | | | | | | |
| STATE OPERATIONS | 5,095 | 5,400 | 5,032 | 2,279 | 7,311 | 6,926 | 5,044 | 2,305 | 7,349 | 6,964 |
| LOCAL ASSISTANCE | 264 | 467 | 303 | 744 | 1,047 | 303 | 303 | 744 | 1,047 | 303 |
| | | | | | | | | | | |
| TOTAL EXPENDITURES | 5,359 | 5,867 | 5,335 | 3,023 | 8,358 | 7,229 | 5,347 | 3,049 | 8,396 | 7,267 |
| | | | | | | | | | | |
| CHANGE REQUESTS: | FUND | | | | | | | | | |
| | | | | | | | | | | |
| A FLEET MANAGEMENT | GEN | | | 16 | | 16 | | 42 | | 42 |
| P STATEWIDE GROUND WATER MANAGEMENT | GEN | | | 750 | | 600 | | 750 | | 600 |
| P W-SHORELAND MANAGEMENT GRANTS | GEN | | | 850 | | 106 | | 850 | | 106 |
| P W-IMPROVED SURFACE WATER DATA CAPABILITY | GEN | | | 325 | | 215 | | 325 | | 215 |
| P IN-STREAM FLOW ANALYSIS - CONVERSION | GEN | | | 225 | | 100 | | 225 | | 100 |
| P GROUND WATER SENSITIVITY | MNRS | | | 362 | | 362 | | 362 | | 362 |
| P RIVER BANK AND MEANDER MANAGEMENT | MNRS | | | 100 | | 100 | | 100 | | 100 |
| P WATER POLLUTION CONTROL FUND TRFR TO GEN. FUND | | | | 0 | | 641 | | 0 | | 641 |
| P WATER POLLUTION CONTROL FUND TRFR TO WPC GEN. FUND | | | | 0 | | <641> | | 0 | | <641> |
| P REGIONAL GROUND WATER ASSESSEMENT | GEN | | | 395 | | 395 | | 395 | | 395 |
| | | | | | | | | | | |
| TOTAL CHANGE REQUESTS | | | | 3,023 | | 1,894 | | 3,049 | | 1,920 |

SOURCES OF FINANCING:

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF
PROGRAM : WATER RESOURCES MANAGEMENT
BUDGET ACTIVITY : WATER RESOURCES MANAGEMENT

| SOURCES OF FINANCING: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|---------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 4,144 | 4,240 | 4,428 | 2,561 | 6,989 | 6,501 | 4,440 | 2,587 | 7,027 | 6,539 |
| MN RESOURCES | 421 | 559 | 0 | 462 | 462 | 462 | 0 | 462 | 462 | 462 |
| WATER RECREATION | 77 | 80 | 82 | 0 | 82 | 82 | 82 | 0 | 82 | 82 |
| WATER POLLUTION CNTRL | 536 | 805 | 641 | 0 | 641 | 0 | 641 | 0 | 641 | 0 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| SPECIAL REVENUE | 80 | 61 | 62 | 0 | 62 | 62 | 62 | 0 | 62 | 62 |
| FEDERAL | 101 | 122 | 122 | 0 | 122 | 122 | 122 | 0 | 122 | 122 |
| TOTAL FINANCING | 5,359 | 5,867 | 5,335 | 3,023 | 8,358 | 7,229 | 5,347 | 3,049 | 8,396 | 7,267 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 78.0 | 78.0 | 78.0 | 22.0 | 100.0 | 97.0 | 78.0 | 22.0 | 100.0 | 97.0 |
| MN RESOURCES | 7.0 | 7.0 | 0.0 | 1.0 | 1.0 | 1.0 | 0.0 | 1.0 | 1.0 | 1.0 |
| WATER RECREATION | 2.0 | 2.0 | 2.0 | 0.0 | 2.0 | 2.0 | 2.0 | 0.0 | 2.0 | 2.0 |
| SPECIAL REVENUE | 1.0 | 1.0 | 1.0 | 0.0 | 1.0 | 1.0 | 1.0 | 0.0 | 1.0 | 1.0 |
| FEDERAL | 1.0 | 1.0 | 1.0 | 0.0 | 1.0 | 1.0 | 1.0 | 0.0 | 1.0 | 1.0 |
| WATER POLLUTION CNTRL | 7.0 | 7.0 | 7.0 | 0.0 | 7.0 | 0.0 | 7.0 | 0.0 | 7.0 | 0.0 |
| TOTAL POSITIONS | 96.0 | 96.0 | 89.0 | 23.0 | 112.0 | 102.0 | 89.0 | 23.0 | 112.0 | 102.0 |

CHANGE REQUEST _____ Agency X Program _____ Activity 1990-91 Biennial Budget

ACTIVITY:

PROGRAM: WATER RESOURCES MANAGEMENT

AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: STATEWIDE GROUND WATER MANAGEMENT

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|----------------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 750 | 10.0 | \$ 750 | 10.0 |
| Governor's Recommendation | | | | |
| General Fund | \$ 600 | 6.0 | \$ 600 | 6.0 |

Request requires statutory change: _____ Yes X No

Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The objective of the department's water-use management program is to assure long-term water supplies for all users. Management of ground water requires basic data, understanding of the physical system and its dynamics, tools for predicting impacts and forecasting supplies, and follow-up monitoring to verify forecasts and adjust management as appropriate. Staff and funding are requested to accelerate the investigation of buried drift aquifers, particularly in high-use areas; to examine ground water/surface water relationships; to maintain and expand our ground water level monitoring systems; and to initiate specific studies in high-use areas for the development of aquifer management plans.

DESCRIPTION/BACKGROUND:

The need for accelerated ground water data collection and hydrologic investigations has been documented by the Water Planning Board's report, "Toward Efficient Allocation and Management," in biennial updates of that document, and by recommendations of the Governor's Ground Water Strategy Issue Team. Accelerated basic data collection and hydrologic studies are needed in the following areas:

- 1) Buried drift aquifers have been developed for water supplies by irrigators and communities in western Minnesota. The long-term potential of these systems under varying climatic conditions must be examined. Priority areas needing study are the buried drift aquifers in the Crookston area in Polk County, the Breckenridge area in Wilkin-Grant and Traverse counties and the Canby area in Lac Qui Parle and Yellow Medicine counties.
- 2) Ground water pumping will reduce natural discharge to lakes and streams; lowered levels or changes in quality may result. Ground water inflow sustains lake and stream levels during drought. Relationships between surface water and ground water have begun to be evaluated in the Twin Cities and Straight River basins with Legislative Commission on Minnesota

Resources (LCMR) support. Continued data collection and modeling are needed to develop management strategies for the future.

- 3) In the Twin Cities metro area, the intensity of ground water development has resulted in lowered water levels in major aquifers. Concerns that pumpage will cause spread of contamination, that communities will want to drill deeper to avoid contamination or that recharge will be diverted from the Mississippi River into the aquifers to sustain the increased level of pumpage require that careful study of this hydrologic system be continued and that a management framework be developed to assure continued water supply for this rapidly developing region of the state. Work begun in 1988-89 with LCMR funding will be continued if this CHANGE level is approved.
- 4) Adequate water level observations must be maintained in all developed areas of the state since these data predict the need for intervention and enable evaluation of new proposals. These measurements are the foundation descriptors that make hydrologic analyses possible. Both the U.S. Geological Survey (USGS) and the Soil and Water Conservation Districts (SWCD's) contribute to these networks.
- 5) The inventory of unused wells on department land has been completed for southeastern Minnesota. This inventory needs to be expanded statewide so that proper action can be taken to safeguard ground water quality.

The one state/federal cooperative study initiated in F.Y. 1989 will address a priority buried drift aquifer system where conflicts have been frequent over access to, and use of, ground water within the Crookston area or the Breckenridge area. The other study will be planned for start-up in F.Y. 1990 or F.Y. 1991. Work will be continued in the Karst region of southeastern Minnesota and in the Straight River basin, some of which may continue to be carried out through the cooperative program. Additional cooperative work will be undertaken in the Twin Cities metropolitan area with emphasis on the Mt. Simon-Hinckley aquifer. This work requires installation of a number of deep observation wells at considerable cost. An estimated \$150,000 is planned for the drilling program alone each year of the biennium. Because of the high cost of that effort, even with the large increase in overall program funding, the number of projects underway will not increase dramatically.

As for the number of SWCD's participating in the observation well monitoring network, the division needs to do a considerable amount of preparatory work before adding new districts. Two of the requested staff positions will be specifically allocated to this network. They will locate and document suitable existing wells or recommend drilling sites and depths, oversee contract drilling after obtaining landowner permission for access, train SWCD staff in methods and record-keeping, write contracts with the SWCD's added, and otherwise bring the respective districts up to speed. At the same time, they will be compiling network data and reporting back to districts already in the network as well as trouble-shooting, checking problem wells, etc. Because of the staff time needed, it seems realistic to add only 2 districts per year. Wells are added to the network in districts that already are part of the network at the same time.

CHANGE REQUEST
 _____ Agency X Program _____ Activity
 (Continuation)

1990-91 Biennial Budget

ACTIVITY:
 PROGRAM: WATER RESOURCES MANAGEMENT
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

| STATISTICS: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|------------------------------------|-----------|-----------|-----------|-----------|
| U.S. Geological Survey | | | | |
| Cooperative Program: | | | | |
| Ground water studies initiated | 0 | 1 | 1 | 1 |
| Ground water studies underway | 4 | 3 | 2 | 3 |
| Ground water studies completed | 0 | 1 | 0 | 0 |
| Staff Hydrologic Studies of | 5 | 4 | 10 | 12 |
| Local Problems | | | | |
| Ground Water Monitoring: | | | | |
| No. of Soil & Water Conservation | 49 | 52 | 54 | 56 |
| Districts participating | | | | |
| No. of wells measured in DNR | 587 | 643 | 660 | 680 |
| managed network | | | | |
| Aquifer Tests, Field and | 6 | 20 | 15 | 15 |
| Office Evaluations | | | | |
| Ground Water Contamination | 140 | 150 | 200 | 200 |
| Hydrologic Evaluations Coordi- | | | | |
| nated with Pollution Control | | | | |
| Agency | | | | |
| No. of Geophysical Investigations: | | | | |
| Water quality related | 20 | 25 | 30 | 30 |
| Water quantity related | 2 | 3 | 4 | 4 |
| Geological reconnaissance | 2 | 3 | 4 | 5 |
| Mineral exploration related | 5 | 6 | 7 | 7 |
| No. of Wells Monitored for | 75 | 75 | 75 | 75 |
| Underground Gas Storage Project | | | | |

RATIONALE:

In most areas where significant development has taken place, there is now a need to develop or refine computer models using current monitoring and withdrawal data. Prediction of estimated impacts on water supply of drought or future development can be made using refined models.

The buried drift aquifers present a difficult problem since their presence cannot be detected at the surface and the dynamics of recharge and withdrawal cannot be satisfactorily evaluated without hydrologic mapping. Systematic hydrologic mapping of these aquifers is needed. Areas have been selected for study because of past or present water supply conflicts, a lack of information needed for decision-making, and a concern that these systems will not sustain large ground water withdrawals over time.

Controversies over water supply for communities and rural water districts, irrigation and agribusiness exist in each of these regions. The economic well being of our rural communities depends on assured water supply first for people and secondly for agribusiness and other uses.

The impact of pumping in buried drift aquifers is often dramatic and can cause local well interference problems. In southwestern Minnesota, a high-capacity well was installed and caused a well interference 5 miles away. The aquifer was a narrow, linear feature, a fact not predicted because of sparse drilling data, and the pumping impact was quickly translated along its length.

Ground water inflow to lakes and streams sustains lake levels. Remedial measures to address either excess or deficiency must take ground water contributions into consideration. In addition, pumpage of ground water significantly affects lake levels/stream flow.

The only way to evaluate successful ground water management to assure future supplies is by monitoring. Monitoring networks have been improved, but there is not adequate coverage of all types of aquifers yet. Staff are no longer available to manage the data. Water level measurements before development of the water supply document natural conditions; post-development measurements document results and impacts of use on quantity and quality and climatic stress. Monitoring of stream flow is a measure of the discharge of ground water; changes in discharge can affect the environment and economic values of surface water bodies.

| BASE: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|--------------------------------------|-----------|-----------|-----------|-----------|
| General Fund Expenditures (000's) \$ | 481 | \$ 511 | \$ 511 | \$ 511 |
| General Fund Positions | 7.0 | 7.0 | 7.0 | 7.0 |
| Minnesota Resources Fund (000's) \$ | 294 | \$ 294 | \$ -0- | \$ -0- |
| Minnesota Resources Fund Positions | 1.0 | 1.0 | -0- | -0- |

| LONG RANGE IMPLICATIONS: | F.Y. 1992 | F.Y. 1993 | Total |
|--------------------------------------|-----------|-----------|----------|
| General Fund Expenditures (000's) \$ | 750 | \$ 750 | \$ 1,500 |
| General Fund Positions | 10.0 | 10.0 | 10.0 |

GOVERNOR'S RECOMMENDATION:

The Governor recommends that this request be approved, as modified, as a component of the "Comprehensive Water Resources Protection Act of 1989."

CHANGE REQUEST 1990-91 Biennial Budget
 _____ Agency X Program _____ Activity

ACTIVITY:

PROGRAM: WATER RESOURCES MANAGEMENT

AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: SHORELAND MANAGEMENT GRANTS

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 850 | 3.0 | \$ 850 | 3.0 |
| Governor's Recommendation | | | | |
| General Fund | \$ 106 | 2.0 | \$ 106 | 2.0 |

Request requires statutory change: X Yes _____ No

Statutes Affected: M.S. 105.485

STATEMENT OF REQUEST/OBJECTIVE:

The objective of this proposal is to establish a grants program for local government to cost-share the administration, monitoring, and enforcement of shoreland management ordinances; and to provide staffing at the state level for enhanced training and educational opportunities for the public and local units of government relating to management of the state's lake and river resources.

DESCRIPTION/BACKGROUND:

The state's shoreland management program was established in 1969 with 85 counties and 120 cities adopting ordinances that met statewide standards. In the late 1970's, the Water Planning Board recommended that the program be evaluated for effectiveness and the program be updated to reflect current trends and issues. This evaluation was funded by the legislature and completed in 1984, the outgrowth of which was the recommendation that several changes be pursued to address shortcomings of the program. Although the evaluation concluded that the shoreland program was accomplishing most of its legislative objectives, several refinements and changes were recommended by 6 regional subcommittees. Rule amendments were drafted and submitted for public review at 24 meetings in 12 locations in the state. Based on the public input, modifications were made and the proposed rules were submitted to a committee of 22 local, private and public interest groups to review the proposal and come up with a consensus document that the state could take to public hearing.

The committee completed its effort in February, 1988, and submitted the draft to the Commissioner for hearing. The committee included with the document a position that the state provide financial assistance to local governments to implement and administer the revised rules. The committee and the state acknowledge that in the past several years, federal and state revenues to local government have decreased, yet the mandates on local governments have continued to increase. This is reflected in the fact that the one-time shoreland planning and zoning official now wears several hats including the responsi-

bilities for solid waste, hazardous waste, feedlot rules, well abandonment, floodplain management and wild and scenic rivers management. The local governments certainly acknowledge the importance of the lake and river resource to the economy of their area and are willing to accept the challenge associated with more effectively managing the lake and rivers. However, it is evident that the state also significantly benefits from the proper management of the rivers and lakes and therefore should play a greater role accomplishing that objective.

STATISTICS:

| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|---------------------------------------|-----------|-----------|-----------|-----------|
| Grant allocations | -0- | -0- | \$744 | \$744 |
| Units of government requesting grants | -0- | -0- | 45 | 50 |
| Positions for training and assistance | -0- | -0- | 3.0 | 3.0 |

RATIONALE:

The proposal supports the concept of cooperative management with the local units of government managing the resources consistent with statewide standards tailored to local governments' needs, desires, issues and problems, and supported with technical and administrative assistance from the state. It is estimated that during the first 2 years, existing efforts of both local and state government will be maintained and that an additional effort will be needed to efficiently implement the program. The effort is estimated at \$4 million. This figure represents the contributions of existing staff to the effort as well as \$1.7 million in additional financial and technical support to accomplish implementation in the 85 counties and 120 cities around the state. The proposal provides \$1,488,000 in cost-share grants to local government and \$212,000 for 3 positions to assist local government and to develop and maintain effective training and educational opportunities for the public and local officials. This initiative is necessary if the state is to adequately manage the valuable lake and river resources for future generations to enjoy and maintain and enhance the significant economic value associated with these resources. Seasonal residents' expenditures in 1982 alone approximated \$175 million.

The effectiveness of the initiative will be reflected in several ways including:

- 1) The public will have a greater awareness of impacts of development on the lake and river resources.
- 2) Local governments will be better equipped to address the day-to-day issues that lake and river interests believe are problems and concerns.
- 3) There will be established training programs and educational materials that will provide for exchange of information and strategies relating to addressing lake and river development and impacts on the resource.
- 4) There will be an enhanced monitoring effort to evaluate effectiveness of program elements and to evaluate development trends so that efforts can be focused to assist local interests in alternative management strategies.
- 5) Increased acceptance of the program changes and willingness to implement those changes.

CHANGE REQUEST 1990-91 Biennial Budget
____ Agency X Program ____ Activity
(Continuation)

ACTIVITY:
PROGRAM: WATER RESOURCES MANAGEMENT
AGENCY: NATURAL RESOURCES, DEPARTMENT OF

- 6) The capability to focus on lake-by-lake management strategies that provide a unique plan to guide activities on and around the lake.
- 7) A reduction in the existence of nonconforming sewer systems.
- 8) A reduction in the conflicts evolving from shoreland development.
- 9) Lakes and rivers will be managed consistent with the capabilities of the resource to accommodate and assimilate future development.

BASE: None.

| <u>LONG RANGE IMPLICATIONS:</u> | <u>F.Y. 1992</u> | <u>F.Y. 1993</u> | <u>Total</u> |
|-----------------------------------|------------------|------------------|--------------|
| General Fund Expenditures (000's) | \$ 1,000 | \$ 1,000 | \$ 2,000 |
| General Fund Positions | 3.0 | 3.0 | 3.0 |

GOVERNOR'S RECOMMENDATION:

The Governor recommends that this CHANGE level be approved as modified, as a component of the "Comprehensive Water Resources Act of 1989." This recommendation includes salary and support for 2.0 positions for training and education activities. The Governor also recommends \$744,000 in grants to local units of government for shoreland management ordinances, which is included in the Board of Soils and Waters budget.

CHANGE REQUEST 1990-91 Biennial Budget
 _____ Agency X Program _____ Activity

ACTIVITY:

PROGRAM: WATER RESOURCES MANAGEMENT

AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: IMPROVED SURFACE WATER DATA CAPABILITY

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 325 | 3.0 | \$ 325 | 3.0 |
| Governor's Recommendation | | | | |
| General Fund | \$ 215 | 2.0 | \$ 215 | 2.0 |

Request requires statutory change: _____ Yes X No

Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

This CHANGE level will provide the initial funding needed to upgrade the lake and stream gaging programs conducted by the Division of Waters in cooperation with the U.S. Geological Survey (USGS), the U.S. Corps of Engineers, the National Weather Service and local governmental entities. Program objectives include acquisition of reliable data on the levels and flows of our lakes and streams for both short- and long-term planning and management.

DESCRIPTION/BACKGROUND:

Minnesota's surface water monitoring system is in a serious state of decline. The total number of continuous recording stream gages in the state has dropped from 140 in the 1970's down to 80 today (increased costs for federal F.Y. 1989 may force a further reduction). Of this number, the USGS's state/federal cooperative program has dropped from 40 gages down to 19 due to funding problems. Twenty of the state's 39 watersheds have no stream-flow gages.

Intermixed floods, droughts, and lake levels rapidly varying from high extremes to low have also increased the demand for timely and accurate water data for floodplain/shoreland development planning and zoning review, flood insurance studies, detention/flood damage reduction planning and operation, reservoir planning/control/operation including hydroelectric projects, emergency operations (pollution as well as floods/droughts), drainage/navigation-al highway crossing structures, water supply planning/operations, lake/stream control structures, natural ordinary high water level studies, dam safety and structural integrity analyses, water quality/fisheries studies, water allocation analyses including protected levels and flows, hydrologic modeling calibration/correlation, and general environmental impact analyses.

By rearranging priorities in F.Y. 1988, the division has been able to increase the number of lake and stream staff gauges including surveys to tie to sea level datum. We have also made significant progress in computerizing the more readily accessible portion of our historical water level data.

Additional data in detailed survey notes, as well as records maintained by other organizations, remains to be incorporated into the statewide data base.

STATISTICS:

| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|--------------------------|-----------|-----------|-----------|-----------|
| Recording Stream Gages: | | | | |
| Continuous | 85 | 80 | 92 | 96 |
| Seasonal | 7 | 9 | 17 | 30 |
| Temporary | 3 | 15 | 7 | -0- |
| Lake Staff Gages | 280 | 340 | 440 | 590 |
| Volunteer Gage Readers | 60 | 93 | 120 | 150 |
| Computerized Lake Stages | 90,000 | 120,000 | 150,000 | 180,000 |

RATIONALE:

Relying on economical seasonal recording stream gages, this proposal allows us to improve our stream gaging status. Specific sites will be determined in consultation with federal agencies and local units.

Experience gathered during the drought of 1988 showed the advantages of having "instant access" to stream gage data. Reducing the implementation strategy by 1 new continuous stream gage station per year would allow equipping and maintaining 4 sites with satellite transmission technology with instant access capability. The stations upgraded or equipped with this technology would be based on discussions with federal agencies.

We have been advised by the USGS that they will not be able to fully match increased state gaging dollars with federal funds, at least initially. One hundred thousand dollars federal support the first year and \$175,000 the second year are anticipated. Federal support for this program may increase over time, however.

The number of state installed and maintained staff gages on lakes is limited by field survey capabilities. The proposal includes 2 Engineering Aides and 1 Engineer. It is anticipated that a Systems Analyst and a Word Processing Operator will need to be added in the future. Operations and maintenance costs of stream/lake gaging can be expected to increase each year with the increasing number of gages installed.

BASE:

| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|--------------------------------------|-----------|-----------|-----------|-----------|
| General Fund Expenditures (000's) \$ | 88 | \$ 88 | \$ 88 | \$ 88 |
| General Fund Positions | -0- | -0- | -0- | -0- |

LONG RANGE IMPLICATIONS:

| | F.Y. 1992 | F.Y. 1993 | Total |
|--------------------------------------|-----------|-----------|--------|
| General Fund Expenditures (000's) \$ | 450 | \$ 540 | \$ 990 |
| General Fund Positions | 5.0 | 5.0 | 5.0 |

GOVERNOR'S RECOMMENDATION:

The Governor recommends that this request be approved, as modified, as a component of the "Comprehensive Water Resources Protection Act of 1989."

CHANGE REQUEST _____ Agency X Program _____ Activity _____ 1990-91 Biennial Budget

ACTIVITY:

PROGRAM: WATER RESOURCES MANAGMENT

AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: IN-STREAM FLOW ANALYSIS - CONVERSION

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 225 | 6.0 | \$ 225 | 6.0 |
| Governor's Recommendation | | | | |
| General Fund | \$ 100 | 2.0 | \$ 100 | 2.0 |

Request requires statutory change: _____ Yes X No

Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The purpose of this proposal is to convert the Water Allocation and Conservation Program from Legislative Commission on Minnesota Resources (LCMR) funding to the General Fund. The objective of the program is to continue the development and implementation of protected stream-flow methodologies with emphasis on drought-prone watercourses in order that the authorized withdrawals do not exceed resource capabilities.

DESCRIPTION/BACKGROUND:

The Water Allocation and Conservation Program has been supported by the LCMR for 2 biennia. During the initial biennium, the Natural Resources Research Institute and the University of Minnesota were also involved with the department on a major project including economic modeling and geographic data system design elements.

The portion of the original concept proposed for continued General Fund support is the evaluation of techniques for determining protected low stream flows and the implementation of these protected flows in our water appropriations regulatory program. For example, if 50 cubic feet per second (cfs) are needed on a stream reach for in-stream uses including fish and wildlife resources and waterbased recreation, and 30 cfs are needed for higher priority uses such as domestic water supply, then the withdrawals of lower priority appropriators would be restricted to pass the full 80 cfs. When the inflow dropped below 80 cfs, low priority appropriations would be terminated.

This concept was first implemented by the department in the 1976 drought, and protected flows were established on 36 watercourses based primarily on rudimentary analysis of hydrologic records with little biological/fisheries input. The latter component requires the development of habitat suitability indices (or fish curves) relating the physical habitat (water depth, velocity, temperature, and substrate type) to flow conditions for the 4 life stages of fish (spawning, fry, juvenile or adult). LCMR funding provides for devel-

opment of 12 fish curves, primarily on forage species, but including walleye and smallmouth bass spawning and catfish spawning and fry. Nothing has been funded for invertebrates, northern pike, sturgeon, and the other stages of walleye, smallmouth bass and catfish. This proposal provides for development of additional fish curves with validation in various ecoregions of the state.

The 1987-88 drought has demonstrated the economic, social and environmental importance of managing valuable water supplies in an equitable manner. Water appropriations suspension orders on 13 watersheds became necessary by 7-31-88. Adequate fisheries information is available on only 2 streams currently and 6 streams by the end of the current biennium. Without adequate fisheries data, protected flows established by simple hydrologic methods typically prove inadequate and lead to unsustainable economic commitments.

STATISTICS:

| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|--------------------------------------|-----------|-----------|-----------|-----------|
| No. methods reviewed/improved | 4 | 4 | 2 | 2 |
| No. fish curves evaluated | 2 | 10 | 10 | 10 |
| No. river data sets completed | 1 | 4 | 3 | 4 |
| No. new protected flows re-evaluated | 0 | 3 | 3 | 4 |
| No. public hearings anticipated | 0 | 5 | 5 | 6 |
| No. hydropower/special assessments | 3 | 6 | 7 | 7 |

RATIONALE:

With LCMR support, staff has become skilled in applying methods, conducting appropriate and necessary assessment studies, and developing reasonable and realistic recommendations for managing in-stream flow uses. Continuation of the program at the same funding level is essential to implement the program in 17 waterways and meet statutory obligations.

BASE:

| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|--------------------------------------|-----------|-----------|-----------|-----------|
| General Fund Expenditures (000's) \$ | -0- | \$ -0- | \$ -0- | \$ -0- |
| Minnesota Resources Fund (000's) | 174 | 218 | -0- | -0- |
| Minnesota Resources Fund Positions | 6.0 | 6.0 | -0- | -0- |

LONG RANGE IMPLICATIONS:

| | F.Y. 1992 | F.Y. 1993 | Total |
|--------------------------------------|-----------|-----------|--------|
| General Fund Expenditures (000's) \$ | 243 | \$ 253 | \$ 496 |
| General Fund Positions | | | |

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding at a reduced level of \$100,000 and 2.0 positions for each year of the biennium.

CHANGE REQUEST
 _____ Agency X Program _____ Activity 1990-91 Biennial Budget

ACTIVITY:

PROGRAM: WATER RESOURCES MANAGEMENT

AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: GROUND WATER SENSITIVITY - LCMR

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| Minnesota Resources Fund | \$ 362 | * 3.0 | \$ 362 | * 3.0 |
| Governor's Recommendation | | | | |
| Minnesota Resources Fund | \$ 362 | * 3.0 | \$ 362 | * 3.0 |

* 1.0 at Department of Natural Resources;
 2.0 at Pollution Control Agency

Request requires statutory change: _____ Yes X No
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The purpose of this project is to develop a team effort among federal, state and local agencies to collectively assess ground water contamination potential, analyze hydrologic conditions where contamination is known to occur, develop generic descriptions of these types of situations, and describe ways to prevent or limit further adverse impacts, all with special emphasis on the Jordan Sandstone aquifer.

DESCRIPTION/BACKGROUND:

This project resulted from the combination of 5 separate proposals. While some savings in cost will result from the sharing of expertise and knowledge necessary to meld the various participants into a project team, the individual project objectives will not all be accomplished at this level of funding. Overall, the project consists of the following major initiatives:

- 1) To prepare statewide guidelines for assessing the geologic sensitivity of ground water to surface-derived contamination. Such guidelines need to be formally established for local water planning and water management programs.
- 2) To evaluate these guidelines using the study areas discussed in the original 5 Legislative Commission of Minnesota Resources proposals.
- 3) To prepare a handbook and other educational materials which will be used

by planners and the public to assess geologic sensitivity.

- 4) To organize governmental units and colleges so they may efficiently cooperate on problems of ground water contamination related to local hydrogeologic conditions.
- 5) To evaluate the need to develop additional physical/hydrogeologic parameters, such as depth to water or thickness of vadose zone, into the existing statewide susceptibility assessment.

While the combination of proposals with varying scopes has resulted in a statewide look at some issues, the project will still give major emphasis to the Jordan Sandstone aquifer.

STATISTICS:

| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|---|-----------|-----------|-----------|-----------|
| No. of agencies and institutes contributing | -0- | -0- | 5 | 10 |
| Representative locations analyzed | -0- | -0- | 4 | 4 |
| Monitoring wells samples | -0- | -0- | 7 | 15 |

RATIONALE:

The Jordan aquifer is the most heavily used aquifer in the state. It extends from the Twin Cities area southward into Iowa and eastward into Wisconsin. Because of the nature of overlying deposits, especially the presence of solution channels and caves in the overlying dolomites, there are areas where the Jordan is particularly susceptible to pollution. As part of this project, the knowledge developed by local organizations will be combined with the technical expertise of state and federal agencies to document and characterize the relative susceptibility of the Jordan sandstone in different hydrologic settings. Guidelines will be developed for statewide use as to general susceptibility of ground water and an educational packet will be put together to enlist and support local authorities in addressing local areas of concern. Monitoring of selected sites will be used to evaluate effectiveness of recommended actions into the future.

BASE: None.

LONG RANGE IMPLICATIONS: None.

GOVERNOR'S RECOMMENDATION:

The Governor recognizes the authority of the Minnesota Future Resources Commission (MFRC, formerly the LCMR) to make budget recommendations directly to the legislature. While the Governor's budget reflects these recommendations in various agency proposals, the MFRC will present an entire package to the State Departments Division for legislative action.

CHANGE REQUEST 1990-91 Biennial Budget
____ Agency X Program ____ Activity

ACTIVITY:

PROGRAM: WATER RESOURCES MANAGEMENT

AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: RIVER BANK AND MEANDER MANAGEMENT - LCMR

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| Minnesota Resources Fund | \$ 100 | -0- | \$ 100 | -0- |
| Governor's Recommendation | | | | |
| Minnesota Resources Fund | \$ 100 | -0- | \$ 100 | -0- |

Request requires statutory change: ____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

Funds are requested to identify the areas of the state where stream channel shift is accelerated; produce comprehensive maps to aid local and state planners, zoning administrators and resource managers in many decision-making processes; and for rivers of varying physical characteristics, develop low cost stream maintenance methods as alternatives to traditional higher cost methods.

DESCRIPTION/BACKGROUND:

River bank erosion is a serious problem in Minnesota. Intensive channel erosion and meander shifts contribute to loss of agricultural lands, encroachment on roadways and degradation to stream corridors. A better understanding of this problem will enable educators, planners and managers to allocate resources to address meander management and implement low cost stream maintenance practices.

RATIONALE:

A reduction in the rate and amount of erosion/sedimentation damage via low cost protection methods would directly aid in the restoration and improvement of fish and wildlife habitat, enhance recreational opportunities and protect all classes of riparian property. Some low cost methods are currently evaluated in the field, but the number of sites is limited and several more years will be needed to adequately gauge their application. This project was an outgrowth of a day-long coordination meeting with the department, the St. An-

thony Falls Hydraulic Lab (SAFHL) and Legislative Commission on Minnesota Resources staff, to review department needs and SAFHL capabilities and prioritize areas of potential coordination.

BASE: None.

LONG RANGE IMPLICATIONS: None.

GOVERNOR'S RECOMMENDATION:

The Governor recognizes the authority of the Minnesota Future Resources Commission (MFRC, formerly the LCMR) to make budget recommendations directly to the legislature. While the Governor's budget reflects these recommendations in various agency proposals, the MFRC will present an entire package to the State Departments Division for legislative action.

CHANGE REQUEST 1990-91 Biennial Budget
_____ Agency X Program _____ Activity

ACTIVITY:

PROGRAM: WATER RESOURCES MANAGEMENT

AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: WATER POLLUTION CONTROL FUND TRANSFER TO THE GENERAL FUND.

| | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| Governor's Recommendation | | | | |
| General Fund | \$ 641 | 7.0 | \$ 641 | 7.0 |
| Water Pollution Control | (641) | (7.0) | (641) | (7.0) |

Request requires statutory change: _____ Yes X No

Statutes Affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends the consolidation of the Water Pollution Control Fund (4 cents of cigarette tax) with the General Fund. As a result of this recommendation, \$260 for Ground Water Exploration and Data Automation and \$1,022 for Flood Damage Reduction is recommended for transfer to the General Fund.

DESCRIPTION/BACKGROUND:

In 1985, the legislature dedicated 4 cents of a cigarette tax increase to the Water Pollution Control Fund. In 1987, the legislature appropriated \$1,250 for Flood Damage Reduction and Ground Water Data Automation from this source to the DNR.

RATIONALE:

In a special report published by the Department of finance in October of 1988, it is recommended that a number of special funds be consolidated into the General Fund. The reasons given for consolidation include a concern over the complexity and confusion created by a growing number of special funds and a concern over the stability of particular funding sources that are used to finance ongoing agency programs. At this time there is no immediate threat to the stability of cigarette tax revenues to the Water Pollution Control Fund, but a review of program expenditures coupled with declining cigarette tax estimates make the future very difficult to predict.

CHANGE REQUEST _____ Agency X Program _____ Activity 1990-91 Biennial Budget

ACTIVITY:

PROGRAM: WATER RESOURCES MANAGEMENT

AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: REGIONAL GROUND WATER ASSESSMENT

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|----------------------------------|-----------|-----------|-----------|-----------|
| | (000's) | | (000's) | |
| | Amount | Positions | Amount | Positions |
| General Fund | \$ 395 | -0- | \$ 395 | -0- |
| Governor's Recommendation | | | | |
| General Fund | \$ 395 | -0- | \$ 395 | -0- |

Request requires statutory change: _____ Yes X No

Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE: The regional assessments of ground water resources will directly serve the information needs of local water planners. The project areas, consisting of 4 to 5 counties for each project, will be selected based on amount of development pressure and interest on the part of local units of government, as well as known or potential problems of ground water contamination or depletion. The regional assessment approach will consist of

- 1) compiling information from a variety of agency and local sources;
 - 2) adding to that information base by drilling test holes, conducting surface and borehole geophysical surveys, and sampling wells for analysis;
 - 3) interpreting the relationships between supply problems and management options;
 - 4) describing probable trends for the future, and
-) recommending a monitoring network and schedule to document those trends so that management can be adjusted accordingly.

These evaluations are designed to be completed quickly and to give emphasis to near-surface ground waters to an approximate depth of 100 feet. Evaluation will not be limited to that depth because the relationship with deeper aquifers must also be taken into account. One outcome of these rapid assessments will be to determine the need for more detailed individual county studies that encompass all hydrogeologic units.

DESCRIPTION/BACKGROUND: Regional reconnaissance studies of water supplies were done cooperatively by the Department of Natural Resources (DNR) and the U.S. Geological Survey (USGS) in the late 1960s and early 1970s. Reports were published (in map form) describing both the surface water and ground water resources of the 39 watershed units. These water supply assessments are out of date and do not provide enough detail for use in local water planning.

Therefore, it is proposed:

- 1) to subdivide these regions into units of 4 to 5 counties;

- 2) to gather drilling information, water level and water quality information together in one place;
- 3) to supplement those data with test hole drilling, surface and borehole geophysics, water quality analyses and installation and measurement of new observation wells, and finally,
- 4) to compile a current assessment of the availability of water, its quality and suitability for use, and its susceptibility to contamination or depletion.

The out come will be quantitative information that directly supports local planning and management needs. A secondary product will be a network of sites for measuring water levels and water quality to document changes from the base levels established during the project.

Each regional study is expected to take 2 years of field work with a final year to complete the analysis and prepare an interpretive report. Work will be carried out jointly by the Minnesota Geological Survey and the USGS under contract with the DNR. The DNR will augment its staff in the geophysics and observation well programs to carry out its share of the work. Local units of government, especially Soil and Water Conservation Districts, will participate by gathering field data, sharing knowledge of water quality "hot spots" and identifying local concerns that need to be addressed. Results will be made available in brochures and in public presentations so that decision-makers develop a new awareness of the need to address ground water protection and management.

| STATISTICS: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|-------------------------------|-----------|-----------|-----------|-----------|
| Regional Studies Started | 0 | 0 | 1 | 2 |
| Regional Studies Underway | 0 | 0 | 1 | 3 |
| No. of Counties Participating | 0 | 0 | 5 | 12 |

RATIONALE: Much information has been added to agency files since earlier reconnaissance studies were completed. The initiation of local water planning has resulted in a desire to know more about water supplies in greater detail than the earlier projects provide. By compiling all that is know about near-surface aquifers and supplementing that data with additional sources of information from drilling, geophysical surveys and other sources, a more complete assessment can be made of the limitations or impacts of development on water supplies. Local governments will then have the base-line information needed to establish a management plan. Continued monitoring at sites selected during these studies will verify the effectiveness of the management plans or indicate where plans need to be adjusted.

BASE: None.

| LONG RANGE IMPLICATIONS: | (Dollars in Thousands) | | |
|---------------------------|------------------------|-----------|--------|
| | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund Expenditures | \$ 395 | \$ 395 | \$ 790 |

GOVERNOR'S RECOMMENDATION: The Governor recommends that this request be approved as a component of the "Comprehensive Water Resources Protection Act of 1989."

PROGRAM: FOREST MANAGEMENT
Agency: NATURAL RESOURCES, DEPARTMENT OF

1990-91 Biennial Budget

PROGRAM PURPOSE:

The Division of Forestry is the state's forest management agency. The varied roles in this responsibility include state forest land administration on 4.5 million acres of land; wildfire and pest control responsibility on all non-federal lands; cooperative forest management assistance to non-industrial forest landowners, municipal forests, school forests and forest-land users; development of planning and information data; and production of nursery-grown tree seedlings.

The division is also the primary catalyst in the forestry community in Minnesota. Important areas in this role include leadership in economic development related to forest products, agency coordination, leadership in pest and wildfire control, statewide forest resource planning, development of statewide resource data bases for use by many organizations and agencies, and leadership in regional and national forestry coordination and cooperation. This coordination and catalyst role has expanded as resource management and use has intensified.

OPERATION:

The Forest Management Program provides services in 6 areas: state land management, nursery operations and tree improvement, cooperative forest management, forest resources assessment, fire management, and administrative and technical support services. Administration of the Forest Management Program is the responsibility of the director of the Division of Forestry. Four regional forest supervisors have line authority for field operations and supervise 19 area supervisors. Field staff is trained to carry out all division programs. An assistant director and 3 assistants to the director supervise the central office staff. Central office staff provides administrative support service to the division and program oversight. Approximately 10% of the division's personnel time is committed to central office functions.

BUDGET ISSUE:

Program activities and demands continue to expand in many critical areas; i.e., forestry/wildlife coordination; extended wildfire protection demands, industrial expansion and wood demands; and overall, a generalized increase in the use of the forest by the public. Meanwhile, inflation, reallocations of funds, insurance charges, sales tax costs, increases in the costs of organizational support, along with a reduction of revenue in areas such as consolidated conservation area funds and federal funds, result in reductions in force through layoff or maintenance of vacant positions. Retention of the Boundary Waters Canoe Area (BWCA) Program-related positions, funding to refill authorized General Fund complement, and positive action on current CHANGE requests will allow the division to meet expectations of its clientele.

EXPLANATION OF BUDGET REQUEST:

This budget request, overall, will be used to provide for the state's public forestry activity. Organizational staffing; forest development monies; wildfire control funding; grants to other agencies, primarily counties with

forestry programs; and operations and maintenance monies make up the core of the budget.

Minnesota's forest products industry is the second largest manufacturing group in the state's economy. The industry has invested \$1.4 billion in new and expanded plants between 1977 and 1988. Announced plans for 1989 and 1990 include an additional \$630 million in new investment in Minnesota. The industry employs 54,000 Minnesotans; and for every job in the industry, an additional 2 jobs are created/supported in the state's service and trades sectors. In 1986, the industry paid \$1.6 billion to Minnesota workers. In total, for every \$1.00 in timber stumpage sold in the state, there is over \$37.00 in value added to the state's economy.

CHANGE levels totaling \$9,206,000 are outlined in this budget request and are identified as follows: \$832,000 and 6.0 positions each year are requested to increase timber supply and economic development and forest management staffing retention. \$125,000 and 26.0 positions in F.Y. 1991 are requested to convert the BWCA Program from federal funds. \$68,000 each year is requested to increase operations, maintenance, and repairs of state forest recreation facilities. \$250,000 each year is requested to implement objectives and changes in operational programs proposed within an environmental mediation agreement between the conservation community industry and the department. \$312,000 in F.Y. 1990 and \$1,122,000 in F.Y. 1991 are requested to provide an increased level of assistance to counties actively managing tax-forfeited forest lands. \$806,000 in F.Y. 1990 and \$494,000 in F.Y. 1991 are requested to expand Minnesota's pulp and paper science training opportunities and relocate and fund the Institute of Paper Chemistry's hybrid aspen and larch genetics projects. \$249,000 in F.Y. 1990 and \$676,000 in F.Y. 1991 are requested for fleet management. \$175,000 and 3.0 positions in F.Y. 1990 and \$52,000 and 3.0 positions in F.Y. 1991 are requested to add selected department-wide files to the inventory base of the Geographic Information System. \$1,050,000 and 1.0 new position and 4.0 Federal Fund conversion positions each year are requested for wildfire prevention and suppression. \$50,000 and 1.0 position each year are recommended by the Legislative Commission on Minnesota Resources (LCMR) to accelerate the Community Forestry Assistance Program. \$85,000 each year is recommended by the LCMR to determine the impacts of present and planned forest road networks expansion and upgrading on forest uses. \$25,000 each year is recommended by the LCMR to develop a system of forest soil interpretations and characteristics.

BUDGETARY FUND STATEMENTS:

1) Forest Management Fund: M.S. 89.04

Resources include the following:

- transfers from Acquired State Forest Fund - M.S. 89.036;
- transfers from Trust Fund Suspense Accounts;
- proceeds from sale of nursery tree planting stock;
- interest earned on cash balances; and
- revenue from charges for forest management services.

Proceeds may be appropriated for reforestation, forest roads, and equipment and training for fire control.

This "fund" consists of 4 appropriation accounts. The Forest Management Fund pays statewide indirect costs.

PROGRAM: FOREST MANAGEMENT
(Continuation)
Agency: NATURAL RESOURCES, DEPARTMENT OF

1990-91 Biennial Budget

BUDGETARY FUND STATEMENTS: (Contd.)

| Forest Management-Nurseries APID 31200:76-20 (000's) | Actual F.Y. 1988 | Estimated F.Y. 1989 | Estimated F.Y. 1990 | Estimated F.Y. 1991 |
|---|------------------------|------------------------|------------------------|------------------------|
| Balance Forward - In | \$ 554 | \$ 412 | \$ 459 | \$ 527 |
| Resources | 1,861 | 2,050 | 2,150 | 2,250 |
| Uses | (2,003) | (2,003) | (2,082) | (2,141) |
| Balance Forward - Out | \$ 412 | \$ 459 | \$ 527 | \$ 636 |
| | Estimated F.Y. 1992 | Estimated F.Y. 1993 | Estimated F.Y. 1994 | Estimated F.Y. 1995 |
| Balance Forward - In | \$ 636 | \$ 651 | \$ 568 | \$ 389 |
| Resources | 2,240 | 2,230 | 2,225 | 2,220 |
| Uses | (2,225) | (2,313) | (2,404) | (2,499) |
| Balance Forward - Out | \$ 651 | \$ 568 | \$ 389 | \$ 110 |

| Forest Management-Trust Land APID 31201:76-20 (000's) | Actual F.Y. 1988 | Estimated F.Y. 1989 | Estimated F.Y. 1990 | Estimated F.Y. 1991 |
|--|------------------------|------------------------|------------------------|------------------------|
| Balance Forward - In | \$ 2,473 | \$ 3,035 | \$ 3,150 | \$ 3,410 |
| Resources | 2,556 | 2,331 | 2,487 | 2,363 |
| Uses | (1,994) | (2,217) | (2,227) | (2,249) |
| Balance Forward - Out | \$ 3,035 | \$ 3,150 | \$ 3,410 | \$ 3,524 |
| | Estimated F.Y. 1992 | Estimated F.Y. 1993 | Estimated F.Y. 1994 | Estimated F.Y. 1995 |
| Balance Forward - In | \$ 3,524 | \$ 3,614 | \$ 3,694 | \$ 3,764 |
| Resources | 2,339 | 2,329 | 2,319 | 2,299 |
| Uses | (2,249) | (2,249) | (2,249) | (2,249) |
| Balance Forward - Out | \$ 3,614 | \$ 3,694 | \$ 3,764 | \$ 3,814 |

| Forest Mgmt.-State Forest APID 31202:76-20 (000's) | Actual F.Y. 1988 | Estimated F.Y. 1989 | Estimated F.Y. 1990 | Estimated F.Y. 1991 |
|---|------------------------|------------------------|------------------------|------------------------|
| Balance Forward - In | \$ 267 | \$ 202 | \$ 107 | \$ 32 |
| Resources | 439 | 415 | 439 | 431 |
| Uses | (504) | (511) | (514) | (519) |
| Balance Forward - Out | \$ 202 | \$ 107 | \$ 32 | \$ (56) |
| | Estimated F.Y. 1992 | Estimated F.Y. 1993 | Estimated F.Y. 1994 | Estimated F.Y. 1995 |
| Balance Forward - In | \$ (56) | \$ (151) | \$ (248) | \$ (347) |
| Resources | 424 | 422 | 420 | 418 |
| Uses | (519) | (519) | (519) | (519) |
| Balance Forward - Out | \$ (151) | \$ (248) | \$ (347) | \$ (448) |

| Forest Mgmt.-Services APID 31203:76-20 (000's) | Actual F.Y. 1988 | Estimated F.Y. 1989 | Estimated F.Y. 1990 | Estimated F.Y. 1991 |
|---|------------------------|------------------------|------------------------|------------------------|
| Balance Forward - In | \$ -0- | \$ 17 | \$ 22 | \$ 28 |
| Resources | 27 | 30 | 31 | 31 |
| Uses | (10) | (25) | (25) | (25) |
| Balance Forward - Out | \$ 17 | \$ 22 | \$ 28 | \$ 34 |
| | Estimated F.Y. 1992 | Estimated F.Y. 1993 | Estimated F.Y. 1994 | Estimated F.Y. 1995 |
| Balance Forward - In | \$ 34 | \$ 40 | \$ 46 | \$ 52 |
| Resources | 31 | 31 | 31 | 31 |
| Uses | (25) | (25) | (25) | (25) |
| Balance Forward - Out | \$ 40 | \$ 46 | \$ 52 | \$ 58 |

2) Consolidated Conservation Areas Fund: M.S. 84A.5

All income derived from consolidated conservation lands, which includes rents, timber sales, sand and gravel sales, and copper-nickel leases, are deposited into the Consolidated Conservation Fund. Of this income, one-half is paid to the county in which the land is located and the remaining one-half is retained in the Consolidated Conservation Fund. Of the proceeds from land sales, one-half is deposited into the Consolidated Conservation Fund and paid to the county in which the land is located. The remaining one-half is deposited into the Land Acquisition Account.

The amount retained by the Consolidated Conservation Fund is available for appropriation to support the Forest Management General Operations Program. These appropriations began in F.Y. 1978 in the amount of \$500,000. At that time, a substantial balance had accumulated in the Consolidated Conservation APID. Over time, the appropriations from this APID have exceeded the revenues (by design) and the original balance was used up as of F.Y. 1987. The appropriation request for the F.Y. 1989-91 biennium has been reduced to \$250,000 per year.

| Consolidated Conservation APID 38100:00-20 (000's) | Actual F.Y. 1988 | Estimated F.Y. 1989 | Estimated F.Y. 1990 | Estimated F.Y. 1991 |
|---|------------------------|------------------------|------------------------|------------------------|
| Balance Forward - In | \$ 7 | \$ -0- | \$ 14 | \$ 39 |
| Resources | 531 | 614 | 629 | 600 |
| Uses | (538) | (600) | (604) | (588) |
| Balance Forward - Out | \$ -0- | \$ 14 | \$ 39 | \$ 51 |
| | Estimated F.Y. 1992 | Estimated F.Y. 1993 | Estimated F.Y. 1994 | Estimated F.Y. 1995 |
| Balance Forward - In | \$ 51 | \$ 63 | \$ 75 | \$ 87 |
| Resources | 600 | 600 | 600 | 600 |
| Uses | (588) | (588) | (588) | (588) |
| Balance Forward - Out | \$ 63 | \$ 75 | \$ 87 | \$ 99 |

BUDGETARY FUND STATEMENTS: (Contd.)

3) State Forest Development: M.S. 16A.125

Up to \$500,000 is transferred each fiscal year into this account from the Trust Fund Suspense Accounts. Transfers are based on certified costs incurred for forest management activities on trust fund lands. A direct appropriation of \$500,000 is made to the department to be used for management of trust fund lands. This account does not earn interest on cash balances and pays statewide indirect costs.

| Forest Development APID 31209:10-20 (000's) | Actual F.Y. 1988 | Estimated F.Y. 1989 | Estimated F.Y. 1990 | Estimated F.Y. 1991 |
|--|------------------------|------------------------|------------------------|------------------------|
| Balance Forward - In | \$ 216 | \$ 223 | \$ 223 | \$ 223 |
| Resources | 503 | 500 | 500 | 500 |
| Uses | (496) | (500) | (500) | (500) |
| Balance Forward - Out | \$ 223 | \$ 223 | \$ 223 | \$ 223 |
| | Estimated F.Y. 1992 | Estimated F.Y. 1993 | Estimated F.Y. 1994 | Estimated F.Y. 1995 |
| Balance Forward - In | \$ 223 | \$ 223 | \$ 223 | \$ 223 |
| Resources | 500 | 500 | 500 | 500 |
| Uses | (500) | (500) | (500) | (500) |
| Balance Forward - Out | \$ 223 | \$ 223 | \$ 223 | \$ 223 |

4) State Forest Account: M.S. 89.035

Proceeds include all income received from lands acquired by the state for state forest purposes by gift, purchase, eminent domain or tax-forfeited. Income consists of land leases, sand and gravel, and timber sales including interest and penalty. Income is distributed as follows: 50% to the county in which the income was derived and 50% transferred to the Forest Management Fund. This account is exempt from both statewide and agency indirect cost payments and does not earn interest on cash balances.

| State Forest Account APID 31805:00-20 (000's) | Actual F.Y. 1988 | Estimated F.Y. 1989 | Estimated F.Y. 1990 | Estimated F.Y. 1991 |
|--|------------------------|------------------------|------------------------|------------------------|
| Balance Forward - In | \$ 402 | \$ 392 | \$ 419 | \$ 412 |
| Resources | 817 | 859 | 846 | 837 |
| Uses | (827) | (832) | (853) | (842) |
| Balance Forward - Out | \$ 392 | \$ 419 | \$ 412 | \$ 407 |
| | Estimated F.Y. 1992 | Estimated F.Y. 1993 | Estimated F.Y. 1994 | Estimated F.Y. 1995 |
| Balance Forward - In | \$ 407 | \$ 407 | \$ 407 | \$ 407 |
| Resources | 837 | 837 | 837 | 837 |
| Uses | (837) | (837) | (837) | (837) |
| Balance Forward - Out | \$ 407 | \$ 407 | \$ 407 | \$ 407 |

GOVERNOR'S RECOMMENDATION:

The Governor recommends a biennial increase of \$6,175,000 and 7.0 positions from the F.Y. 1990 BASE. This is a decrease of \$3,031,000 and 8.0 positions from the agency request. Details of both agency requests and Governor's recommendations are found on the individual CHANGE level pages.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF
PROGRAM : FOREST MANAGEMENT

| | | | | F.Y. 1990 | | | | F.Y. 1991 | | | | | |
|--|--|--|--|----------------|---------|--------|-----------------------|----------------|--------|--------|-----------------------|--------|--------|
| | | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | | |
| ACTIVITY EXPENDITURES: | | | | FY 1988 | FY 1989 | BASE | | CHANGE | TOTAL | BASE | | CHANGE | TOTAL |
| FOREST MANAGEMENT | | | | 22,147 | 23,559 | 24,093 | 1,990 | 26,083 | 25,330 | 23,231 | 2,817 | 26,048 | 25,270 |
| A FLEET MANAGEMENT GEN | | | | | | | 192 | | 192 | | 515 | | 515 |
| A FLEET MANAGEMENT SREV | | | | | | | 13 | | 13 | | 40 | | 40 |
| A INFORMATION SYSTEM PLANNING & GEN | | | | | | | 175 | | 64 | | 527 | | 416 |
| DEVELOPMENT | | | | | | | | | | | | | |
| A RIM AND TRUST FUND GEN | | | | | | | 0 | | 75 | | 0 | | 75 |
| P WILDFIRE PROTECTION GEN | | | | | | | 300 | | 0 | | 300 | | 0 |
| B ENVIRONMENTAL MEDIATION RESEARCH GEN | | | | | | | 250 | | 200 | | 250 | | 175 |
| B FOREST RECREATION MAINTENANCE AND GEN | | | | | | | 68 | | 0 | | 68 | | 0 |
| OPERATIONS | | | | | | | | | | | | | |
| B BWCA POSITION CONVERSION GEN | | | | | | | 0 | | 0 | | 125 | | 125 |
| B TIMBER SUPPLY GEN | | | | | | | 832 | | 533 | | 832 | | 533 |
| B DEVELOPMENT OF FOREST SOILMNRS | | | | | | | 25 | | 25 | | 25 | | 25 |
| INTERPRETATIONS | | | | | | | | | | | | | |
| B URBAN FORESTRY MNRS | | | | | | | 50 | | 50 | | 50 | | 50 |
| B IMPACTS OF FOREST ROADS SYSTEM MNRS | | | | | | | 85 | | 85 | | 85 | | 85 |
| FIRE FIGHTING | | | | 8,505 | 4,875 | 1,030 | 794 | 1,824 | 1,074 | 1,030 | 871 | 1,901 | 1,151 |
| A FLEET MANAGEMENT GEN | | | | | | | 44 | | 44 | | 121 | | 121 |
| P WILDFIRE PROTECTION GEN | | | | | | | 750 | | 0 | | 750 | | 0 |
| FOREST MANAGEMENT GRANTS | | | | 2,442 | 2,657 | 2,682 | 1,118 | 3,800 | 3,800 | 1,872 | 1,616 | 3,488 | 3,488 |
| B COUNTY FOREST MANAGEMENT GEN | | | | | | | 312 | | 312 | | 1,122 | | 1,122 |
| B PULP AND PAPER SCIENCE AND RELATED GEN | | | | | | | 806 | | 806 | | 494 | | 494 |
| FORESTRY GRANTS | | | | | | | | | | | | | |
| TOTAL EXPENDITURES | | | | 33,094 | 31,091 | 27,805 | 3,902 | 31,707 | 30,204 | 26,133 | 5,304 | 31,437 | 29,909 |
| SOURCES OF FINANCING: | | | | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | | | | |
| GENERAL | | | | 22,824 | 20,465 | 17,186 | 3,729 | 20,915 | 19,412 | 17,114 | 5,104 | 22,218 | 20,690 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF
PROGRAM : FOREST MANAGEMENT

| SOURCES OF FINANCING: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|---------------------------|---------|---------|----------------|--------|--------|-----------------------|----------------|--------|--------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| MN RESOURCES | 25 | 25 | 0 | 160 | 160 | 160 | 0 | 160 | 160 | 160 |
| SPECIAL REVENUE | 5,084 | 5,996 | 6,018 | 13 | 6,031 | 6,031 | 6,018 | 40 | 6,058 | 6,058 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| SPECIAL REVENUE | 913 | 919 | 919 | 0 | 919 | 919 | 919 | 0 | 919 | 919 |
| FEDERAL | 4,248 | 3,683 | 3,679 | 0 | 3,679 | 3,679 | 2,079 | 0 | 2,079 | 2,079 |
| GIFTS AND DEPOSITS | 0 | 3 | 3 | 0 | 3 | 3 | 3 | 0 | 3 | 3 |
| TOTAL FINANCING | 33,094 | 31,091 | 27,805 | 3,902 | 31,707 | 30,204 | 26,133 | 5,304 | 31,437 | 29,909 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 354.0 | 353.0 | 355.0 | 14.0 | 369.0 | 361.0 | 355.0 | 40.0 | 395.0 | 387.0 |
| MN RESOURCES | 0.0 | 0.0 | 0.0 | 1.0 | 1.0 | 1.0 | 0.0 | 1.0 | 1.0 | 1.0 |
| SPECIAL REVENUE | 15.0 | 15.0 | 15.0 | 0.0 | 15.0 | 15.0 | 15.0 | 0.0 | 15.0 | 15.0 |
| FEDERAL | 35.0 | 33.0 | 29.0 | 0.0 | 29.0 | 29.0 | 3.0 | 0.0 | 3.0 | 3.0 |
| TOTAL POSITIONS | 404.0 | 401.0 | 399.0 | 15.0 | 414.0 | 406.0 | 373.0 | 41.0 | 414.0 | 406.0 |

CHANGE REQUEST 1990-91 Biennial Budget
 _____ Agency X Program _____ Activity

ACTIVITY:

PROGRAM: FOREST MANAGEMENT

AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: WILDFIRE PROTECTION

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$1,050 | 5.0 | \$1,050 | 5.0 |
| Governor's Recommendation | | | | |
| General Fund | \$ -0- | -0- | \$ -0- | -0- |

Request requires statutory change: _____ Yes X No
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

Convert 4 wildfire protection positions threatened with elimination from federal funds to state funds; establish 1 position specializing in wildfire prevention; and increase suppression funding to an average year's expenditure for the purpose of maintaining present capabilities to prevent the loss of life, personal injury, and property, to reduce numbers of fires and the associated losses, and to reduce dependency on contingency funding. With the exception of prevention, levels of protection will not be increased.

DESCRIPTION/BACKGROUND:

Cost-efficient and effective wildfire protection requires statewide coordination and consistency. This is accomplished by a staff of 6 fire specialists and 3 clerical positions. Of these, 2 clerical and 2 specialist positions are supported with federal funds.

Current federal budget proposals target state assistance wildfire protection funds for elimination. Funding has declined from around \$500,000 in the late 1970's to \$180,000 during the present year. Funds are now granted to programs with multi-state impacts; thus most flexibility has been lost. Loss of 4 federally funded positions will increase protection costs and decrease quality. Examples of areas that will suffer include coordination of Department of Natural Resources (DNR) personnel and equipment, fire department and federal agency coordination, aerial wildfire suppression abilities, training, statewide equipment exchange, fire planning, news media response, and cooper-

ative agreements for out-state resources.

More than 95% of Minnesota's wildfires are preventable since they result from human activities. The DNR suppresses an average of 1,500 fires per year. Michigan, with a fire prevention specialist and an aggressive program, suppresses an average of 800 fires per year. Both the number and size of fires will be reduced through an effective prevention program. This would be reflected in suppression cost savings and reduced losses. It is much less costly to prevent fires than it is to suppress fires.

A prevention position would focus on specific fire causes and provide statewide direction. Activities include cause analysis; development of prevention objectives; fuels management; coordination of efforts among the DNR, federal agencies in Minnesota and rural fire departments; assisting local government agencies develop construction standards and developing insurance company interest in wildfire reduction.

Fire fighting expenditures average \$1.5 million each year. The BASE level of the Fire Fighting Account is \$750,000 each year with a provision to transfer funds between fiscal years. Of this amount, approximately \$410,000 is specified by appropriation language for presuppression costs. The remaining \$340,000 each year is available for fire suppression costs. The present level of funding is not adequate for a mild fire season and deficiency requests are required every biennium. Funds appropriated for emergency fire fighting are not available for other purposes.

Fire suppression expenditures are largely a function of short- and long-term weather conditions. There seldom is an average year, which eliminates the ability to accurately estimate necessary funding levels. Funding for an average year, with the ability to transfer funds between fiscal years in the biennium, will lessen contingency fund requests.

STATISTICS:

| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|-----------------------------|-----------|-----------|-----------|-----------|
| Number of wildfires (000's) | 2.8 | 1.9 | 1.5 | 1.3 |
| Acres burned (000's) | 160 | 65 | 55 | 45 |

RATIONALE:

Conversion of federally funded positions would assure the present level of protection and allow increased flexibility. Federal funds, if approved, would be used for specific projects and to develop new technology and methods. This flexibility would allow further protection refinement. Without conversion, wildfire protection will decline and the cost and losses will increase.

The desire to live in rural areas (rural/urban interface) and increased use of the out-of-doors have led to a situation that must be addressed before serious losses are suffered. The number of wildfires without additional emphasis on prevention will likely increase, as will the danger to life and values being protected. The cost of wildfire suppression will continue to increase. The best method to keep costs in check is to reduce the number of fires.

CHANGE REQUEST 1990-91 Biennial Budget
 _____ Agency X Program _____ Activity
 (Continuation)

ACTIVITY:
 PROGRAM: FOREST MANAGEMENT
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

RATIONALE: (Contd.)

Increasing the fire fighting budget to \$1.5 million each year and continuing the ability to transfer funds between fiscal years in the biennium will bring the account more in balance with actual needs. Dependence on contingency funds will be reduced and the department will be able to provide for timely payment of obligations within the 30-day statutory requirement.

| | | | | |
|--------------------------------------|------------------|------------------|------------------|------------------|
| <u>BASE:</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
| General Fund Expenditures (000's) \$ | 750 | \$ 750 | \$ 750 | \$ 750 |
| Federal Fund Expenditures (000's) \$ | 180 | \$ 180 | \$ -0- | \$ -0- |
| Federal Fund Positions | 4.0 | 4.0 | -0- | -0- |

| | | | |
|--------------------------------------|------------------|------------------|--------------|
| <u>LONG RANGE IMPLICATIONS:</u> | <u>F.Y. 1992</u> | <u>F.Y. 1993</u> | <u>Total</u> |
| General Fund Expenditures (000's) \$ | 1,050 | \$ 1,050 | \$ 2,100 |
| General Fund Positions | 5.0 | 5.0 | 5.0 |

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Although the request has merit, other spending priorities preclude additional funding. The Governor recommends that DNR continue to have open appropriations authority to meet emergency firefighting needs that exceed the amount of the direct appropriations.

ACTIVITY: FOREST MANAGEMENT
Program: FOREST MANAGEMENT
Agency: NATURAL RESOURCES, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

This budget activity provides the foundation for staffing the division and providing for delivery of the majority of programs. Work priorities are set in a formalized work planning process due to the large number of activities.

State Land Management provides for the administration and management of 4.5 million acres of forest land under the authority of the Commissioner according to the principles of multiple use and sustained yield. This includes land sales, exchanges, transfers, and lease functions; timber management and sales; forest road development; fish and wildlife habitat development; and recreation management.

Cooperative Forest Management provides technical assistance and guidance to: 1) non-industrial private forest landowners, 2) communities to develop and manage land that is urban in nature and where trees are used primarily for shade or ornamental purposes, and 3) counties in their efforts to intensify management of county forest lands. It also provides forest managers with site-specific forest soil interpretations and insect and disease assistance.

Nursery and Tree Improvement provides for the production of quality tree and shrub seedlings for planting on public and private lands.

Forest Resources Assessment monitors and assesses the status of the state's forest resources on a 10-year cycle in order to promote increased wood use and forest products manufacturing by the state's forest industry and improves management of the state's forest lands. Technical assistance and resource information are also provided to forest managers and forest products firms.

Fire Protection is responsible for preventing and controlling wildfires on all non-federal forest lands.

Administrative and Technical Support Services is responsible for forest resource planning, public affairs, personnel development, management information systems development, and economic analysis.

Statutory References: M.S. Ch. 84, 88, 89, 90, 92, 94, 282.

| <u>EFFECTIVENESS MEASURES:</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|--|------------------|------------------|------------------|------------------|
| Number of wildfires | 2,800 | 1,900 | 1,500 | 1,300 |
| Acres burned (thousands) | 160 | 65 | 55 | 45 |
| % of forest land inventoried | 10 | 35 | 15 | 3 |
| Increased wood utilization (thousand cords) | 155 | 140 | 100 | 550 |
| Increased capital investments by major forest industries (millions \$) | \$350 | \$765 | \$265 | \$600 |
| Acres of non-industrial land receiving treatment per FTE | 1,280 | 1,300 | 1,300 | 1,300 |
| Acres of state forest land receiving treatment per FTE | 1,095 | 1,100 | 1,100 | 1,100 |

| <u>STATISTICS:</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|--|------------------|------------------|------------------|------------------|
| Cords of wood sold (thousands) | 610 | 610 | 625 | 660 |
| State land acres planted/seeded (thousands) | 11 | 12 | 12 | 8 |
| Tree seedlings produced (millions) | 18 | 23 | 20 | 20 |
| Acres maintained of tree improvement plantings | 48 | 58 | 58 | 58 |
| Private landowner management plans | 7,031 | 7,000 | 7,000 | 7,000 |
| Community forestry assists | 1,373 | 1,500 | 1,500 | 1,500 |
| Acres protected from fire (millions) | 45.5 | 45.5 | 45.5 | 45.5 |
| Acres forest land inventoried (thousands) | 1,693 | 5,808 | 2,525 | 425 |
| Industrial development analyses completed | 48 | 45 | 50 | 50 |

REVENUE:

This activity generates dedicated and non-dedicated revenue.

| <u>Type of Revenue</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|-----------------------------|------------------|------------------|------------------|------------------|
| Non-dedicated (000's) | \$ 68 | \$ 55 | \$ 55 | \$ 55 |
| Dedicated - special (000's) | 3,556 | 3,495 | 3,540 | 3,630 |
| Dedicated - federal (000's) | 2,648 | 4,580 | 3,332 | 1,729 |
| Dedicated - trust (000's) | <u>2,063</u> | <u>2,130</u> | <u>2,090</u> | <u>2,170</u> |
| Total Revenue | \$ 8,335 | \$ 10,260 | \$ 9,017 | \$ 7,584 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF
PROGRAM : FOREST MANAGEMENT
BUDGET ACTIVITY : FOREST MANAGEMENT

| EXPENDITURES: | | | F.Y. 1990 | | | | F.Y. 1991 | | | |
|---|---------|---------|----------------|--------|--------|-----------------------|----------------|--------|--------|-----------------------|
| | FY 1988 | FY 1989 | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 13,649 | 14,323 | 14,942 | 598 | 15,540 | 15,295 | 14,181 | 698 | 14,879 | 14,634 |
| EXPENSES/CONTRACTUAL SRVCS | 4,357 | 5,521 | 5,479 | 950 | 6,429 | 6,123 | 5,029 | 1,346 | 6,375 | 6,039 |
| MISC OPERATING EXPENSES | 1,485 | 1,626 | 1,624 | 83 | 1,707 | 1,680 | 1,597 | 224 | 1,821 | 1,794 |
| SUPPLIES/MATERIALS/PARTS | 1,678 | 1,829 | 1,788 | 153 | 1,941 | 1,831 | 1,604 | 201 | 1,805 | 1,675 |
| CAPITAL EQUIPMENT | 180 | 77 | 77 | 120 | 197 | 132 | 67 | 262 | 329 | 289 |
| REAL PROPERTY | 644 | 42 | 42 | 0 | 42 | 42 | 42 | 0 | 42 | 42 |
| REDISTRIBUTIONS | 150 | 141 | 141 | 0 | 141 | 141 | 711 | 0 | 711 | 711 |
| STATE OPERATIONS | 22,143 | 23,559 | 24,093 | 1,904 | 25,997 | 25,244 | 23,231 | 2,731 | 25,962 | 25,184 |
| LOCAL ASSISTANCE | 4 | 0 | 0 | 86 | 86 | 86 | 0 | 86 | 86 | 86 |
| TOTAL EXPENDITURES | 22,147 | 23,559 | 24,093 | 1,990 | 26,083 | 25,330 | 23,231 | 2,817 | 26,048 | 25,270 |
| CHANGE REQUESTS: | | | | | | | | | | |
| FUND | | | | | | | | | | |
| A FLEET MANAGEMENT GEN | | | | 192 | | 192 | | 515 | | 515 |
| A FLEET MANAGEMENT SREV | | | | 13 | | 13 | | 40 | | 40 |
| A INFORMATION SYSTEM PLANNING & GEN | | | | 175 | | 64 | | 527 | | 416 |
| DEVELOPMENT | | | | | | | | | | |
| A RIM AND TRUST FUND GEN | | | | 0 | | 75 | | 0 | | 75 |
| P WILDFIRE PROTECTION GEN | | | | 300 | | 0 | | 300 | | 0 |
| B ENVIRONMENTAL MEDIATION RESEARCH GEN | | | | 250 | | 200 | | 250 | | 175 |
| B FOREST RECREATION MAINTENANCE AND GEN | | | | 68 | | 0 | | 68 | | 0 |
| OPERATIONS | | | | | | | | | | |
| B BNCA POSITION CONVERSION GEN | | | | 0 | | 0 | | 125 | | 125 |
| B TIMBER SUPPLY GEN | | | | 832 | | 533 | | 832 | | 533 |
| B DEVELOPMENT OF FOREST SOILMNRS | | | | 25 | | 25 | | 25 | | 25 |
| INTERPRETATIONS | | | | | | | | | | |
| B URBAN FORESTRY MNRS | | | | 50 | | 50 | | 50 | | 50 |
| B IMPACTS OF FOREST ROADS SYSTEM MNRS | | | | 85 | | 85 | | 85 | | 85 |
| TOTAL CHANGE REQUESTS | | | | 1,990 | | 1,237 | | 2,817 | | 2,039 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF
PROGRAM : FOREST MANAGEMENT
BUDGET ACTIVITY : FOREST MANAGEMENT

| CHANGE REQUESTS: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|---------------------------|---------|---------|----------------|--------|--------|-----------------------|----------------|--------|--------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| | | | | | | | | | | |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 13,617 | 14,410 | 14,926 | 1,817 | 16,743 | 15,990 | 14,854 | 2,617 | 17,471 | 16,693 |
| MN RESOURCES | 0 | 0 | 0 | 160 | 160 | 160 | 0 | 160 | 160 | 160 |
| SPECIAL REVENUE | 5,084 | 5,721 | 5,743 | 13 | 5,756 | 5,756 | 5,743 | 40 | 5,783 | 5,783 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| SPECIAL REVENUE | 913 | 919 | 919 | 0 | 919 | 919 | 919 | 0 | 919 | 919 |
| FEDERAL | 2,533 | 2,506 | 2,502 | 0 | 2,502 | 2,502 | 1,712 | 0 | 1,712 | 1,712 |
| GIFTS AND DEPOSITS | 0 | 3 | 3 | 0 | 3 | 3 | 3 | 0 | 3 | 3 |
| TOTAL FINANCING | 22,147 | 23,559 | 24,093 | 1,990 | 26,083 | 25,330 | 23,231 | 2,817 | 26,048 | 25,270 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 354.0 | 353.0 | 355.0 | 14.0 | 369.0 | 361.0 | 355.0 | 40.0 | 395.0 | 387.0 |
| MN RESOURCES | 0.0 | 0.0 | 0.0 | 1.0 | 1.0 | 1.0 | 0.0 | 1.0 | 1.0 | 1.0 |
| SPECIAL REVENUE | 15.0 | 15.0 | 15.0 | 0.0 | 15.0 | 15.0 | 15.0 | 0.0 | 15.0 | 15.0 |
| FEDERAL | 34.0 | 33.0 | 29.0 | 0.0 | 29.0 | 29.0 | 3.0 | 0.0 | 3.0 | 3.0 |
| TOTAL POSITIONS | 403.0 | 401.0 | 399.0 | 15.0 | 414.0 | 406.0 | 373.0 | 41.0 | 414.0 | 406.0 |

CHANGE REQUEST 1990-91 Biennial Budget
 _____ Agency _____ Program X Activity

ACTIVITY: FOREST MANAGEMENT
 PROGRAM: FOREST MANAGEMENT
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: ENVIRONMENTAL MEDIATION RESEARCH AND OPERATIONS

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|--|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 250 | -0- | \$ 250 | -0- |
| Governor's Recommendation | | | | |
| General Fund | \$ 200 | -0- | \$ 175 | -0- |
| Request requires statutory change: _____ Yes <u> X </u> No | | | | |
| Statutes Affected: | | | | |

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests these funds to implement research objectives and changes in operational programs proposed within an Environmental Mediation Agreement among the conservation community, industry, and the department. The mediation was initiated to address concerns over the aerial application of herbicides for conifer regeneration on state forest lands.

DESCRIPTION/BACKGROUND:

The aerial application of herbicides to state forest land has been a source of controversy in Minnesota for over 10 years. In 1986, the Department of Natural Resources and representatives of the environmental community agreed to sit down and attempt to resolve the issue through an environmental mediation process. A coalition representing the wood fiber, chemical, and agricultural industries also became active in the process. A landmark decision was reached in June, 1987, outlining a 6-year program of research, operational changes, and training.

The Mediation Agreement was ratified by all parties as a means of resolving the long-standing controversy over aerial spraying of herbicides. Research programs will address areas of concern expressed by all parties. These will include research on new spraying technology, non-chemical alternatives, and herbicide application impacts, including the impact on non-target organisms.

| STATISTICS: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|--|-----------|-----------|-----------|-----------|
| Vegetation management research initiatives | 15 | 21 | 35 | 40 |
| Herbicide use and environmental studies | -0- | -0- | 3 | 4 |
| Aerial application program limits (acres) | 8,000 | 6,000 | 6,000 | 5,000 |

RATIONALE:

Meeting expanding demands for wood fiber from a decreasing Minnesota forest land base will require increased forest productivity. Controlling the impacts of weed competition is one of the best available methods for improving forest productivity. Reducing the need for aerial herbicide application methods while trying to meet wood fiber demands requires the improvement or development of alternative management systems. Research is also needed to evaluate and improve techniques with respect to environmental impacts and safety. This increase in funding for research, training, and operational changes is crucial to the successful implementation of the Environmental Mediation Agreement and any lasting resolution of this conflict.

| BASE: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|------------------------------|-----------|-----------|-----------|-----------|
| Special Revenue Fund (000's) | \$ 6 | \$ 8 | \$ 8 | \$ 8 |

| LONG RANGE IMPLICATIONS: | F.Y. 1992 | F.Y. 1993 | Total |
|-----------------------------------|-----------|-----------|----------|
| General Fund Expenditures (000's) | \$ 650 | \$ 650 | \$ 1,300 |

(Expansion of research and operational funding identified in Mediation Agreement)

GOVERNOR'S:

The Governor recommends funding for this CHANGE level request, but at a reduced amount.

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: FOREST MANAGEMENT
PROGRAM: FOREST MANAGEMENT
AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: FOREST RECREATION MAINTENANCE AND OPERATIONS

| Agency Request | F.Y. 1990 (000's) | | F.Y. 1991 (000's) | |
|----------------|----------------------|-----------|----------------------|-----------|
| | Amount | Positions | Amount | Positions |
| General Fund | \$ 68 | -0- | \$ 68 | -0- |

Governor's Recommendation

| | | | | |
|--------------|--------|-----|--------|-----|
| General Fund | \$ -0- | -0- | \$ -0- | -0- |
|--------------|--------|-----|--------|-----|

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests this CHANGE to increase operations, maintenance, and repairs of state forest recreation facilities. Historically, these facilities have not been adequately maintained and new facilities have been added to the system. These funds would enable the division to increase maintenance and improve operations and management of these facilities to satisfy documented user demand, ensure the users' health and safety, and protect the state's investment in its existing recreation system.

DESCRIPTION/BACKGROUND:

Most of the state forest recreation facilities were constructed in the 1930's or 1960's by the Civilian Conservation Corps or with Land and Water Conservation Funds. Many of these facilities are worn out, do not meet Health Department standards, and do not satisfy user needs because adequate funds have not been available to do preventive maintenance.

This request would enable the Division of Forestry to increase maintenance, including preventive maintenance, and replace worn-out equipment and facilities such as picnic tables, fire rings, wells, and vault toilets. This request would also allow additional needy and elderly people to be hired through contracts with Greenview, Incorporated, to provide maintenance service.

| STATISTICS: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|---------------------------|-----------|-----------|-----------|-----------|
| State forests | 56 | 56 | 56 | 56 |
| State forest campgrounds | 44 | 44 | 44 | 44 |
| State forest campsites | 880 | 880 | 900 | 900 |
| State forest picnic areas | 34 | 34 | 36 | 36 |
| State forest beaches | 29 | 29 | 29 | 29 |

| EFFECTIVENESS MEASURES: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|---------------------------------------|-----------|-----------|-----------|-----------|
| State forest cost per campsite | \$110 | \$111 | \$120 | \$120 |
| State forest cost per picnic areas | \$820 | \$820 | \$1,120 | \$1,120 |
| State forest camper nights (000's) | 68 | 70 | 73 | 75 |
| State forest recreation users (000's) | 800 | 850 | 900 | 925 |

RATIONALE:

Millions of dollars have been invested in state forest recreation facilities over the years to attract visitors to the forested areas of the state. Increased maintenance dollars will help to retain these investments for today's and tomorrow's visitors, while protecting the health and safety of the people who use them. It will also help to bring wells and sanitation systems up to Health Department standards which will protect groundwater and other resources.

The State Comprehensive Recreation Plan indicates that the division can expect the number of visitors to its facilities to grow for at least the next 10 years. These facilities cannot continue to provide quality experiences without adequate operation and maintenance funding.

| BASE: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|------------------------------|-----------|-----------|-----------|-----------|
| General Fund (000's) | \$ 36 | \$ 36 | \$ 36 | \$ 36 |
| Special Revenue Fund (000's) | 101 | 98 | 100 | 102 |

| LONG RANGE IMPLICATIONS: | F.Y. 1992 | F.Y. 1993 | Total |
|------------------------------|-----------|-----------|--------|
| General Fund (000's) | \$ 68 | \$ 68 | \$ 136 |
| Special Revenue Fund (000's) | 110 | 110 | 220 |

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Although the request has merit, other spending priorities preclude additional funding.

ACTIVITY: FOREST MANAGEMENT
PROGRAM: FOREST MANAGEMENT
AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: BOUNDARY WATERS CANOE AREA (BWCA) - FEDERAL FUNDS END
9/30/90 - GENERAL 26 POSITIONS - CONVERSION FROM FEDERAL

| | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-----------|-----------|-----------|-----------|
| | (000's) | | (000's) | |
| Agency Request | Amount | Positions | Amount | Positions |
| General Fund | \$ -0- | -0- | \$ 125 | 26.0 |
| Governor's Recommendation | | | | |
| General Fund | \$ -0- | -0- | \$ 125 | 26.0 |

Request requires statutory change: _____ Yes X No
Statutes Affected:

The agency requests these funds to maintain quality personnel in critical positions within the division to maintain a quality forestry program. Technical, professional, and resource analysis capabilities will be affected.

Since 1979, the division has received an annual appropriation from the U.S. Forest Service (BWCA) matched 20% by state general funds. These funds have been used each year to intensify forest management activities in northern Minnesota.

These funds have been used to employ technical and professional personnel within the division as well as carry out a variety of management practices on the ground through the use of private contractors. The high-quality improvements in program delivery have been the result of the BWCA-funded staffing.

The progressive demonstration of a commitment to resource management by the state, counties, and U.S. Forest Service has resulted in the forest products industry in Minnesota investing over \$2 billion in plant expansions and new plant developments.

| | | | | |
|--|--------|--------|--------|--------|
| Acres of state land management per FTE | 1,095 | 1,100 | 1,130 | 1,145 |
| Acres of reforestation | 24,881 | 23,000 | 25,000 | 20,000 |
| Miles of road maintenance/reconstruction | 1,607 | 1,610 | 1,610 | -0- |
| Bridge replacement | 2 | 1 | 1 | -0- |
| New road construction | -0- | 17 | 15 | -0- |

The resulting workload increases, due to the increased forest product industry development, require the division to maintain quality staff in the 26.0 BWCAs positions to maintain its outputs in timber sales, reforestation, private forest management assistance, utilization and marketing, and economic analysis programs.

With this loss of 26.0 person years of effort, the division will be unable to meet its timber supply commitment to Minnesota's expanding forest products industry. Reduced volumes of timber will be available for harvest and a reduction in tree planting and other forest management activities will reduce payments to local vendors.

The requested General Fund dollars (\$125,000) assume that the existing state match of \$570,000 will continue to be appropriated to the division in its General Fund Account.

| <u>BASE:</u> | | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|-----------------------------------|----|------------------|------------------|------------------|------------------|
| General Fund Expenditures (000's) | \$ | 570 | \$ 570 | \$ 570 | \$ 570 |
| Federal Fund Expenditures (000's) | \$ | 132 | \$ 161 | \$ 190 | \$ 95 |
| Federal Fund Positions | | 26.0 | 26.0 | 26.0 | -0- |

| <u>LONG RANGE IMPLICATIONS:</u> | <u>F.Y. 1992</u> | <u>F.Y. 1993</u> | <u>Total</u> |
|-----------------------------------|------------------|------------------|--------------|
| General Fund Expenditures (000's) | \$ 225 | \$ 225 | \$ 450 |
| General Fund Positions | 26.0 | 26.0 | 26.0 |

The Governor concurs with the agency's request.

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: FOREST MANAGEMENT
PROGRAM: FOREST MANAGEMENT
AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: TIMBER SUPPLY

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|----------------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 832 | 6.0 | \$ 832 | 6.0 |
| Governor's Recommendation | | | | |
| General Fund | \$ 533 | 6.0 | \$ 533 | 6.0 |

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests these funds to increase the timber supply and economic development within the state through the following initiatives (\$ in 000's):

- Accelerate timber stand improvement activities in oak and other hardwood stands; \$290 and 4.0 positions.
- Increase cooperative research in fiber production of several key species; \$80.
- Develop a secondary forest products industry; \$72 and 1.0 position.
- Increase availability of oak and hybrid aspen seedling stock; \$260.
- Initiate sensitive management guidelines into forest management activities and information and education efforts; \$189 and 1.0 position.
- Expand department support for research and technical assistance provided through Minnesota's Forest Vegetation Management and Tree Improvement Cooperatives to improve the productivity of Minnesota's public and private forest lands while protecting the environment, its wildlife and citizens; \$90.
- Provide adequate funding to fill current vacant positions in the division being held vacant due to a continuing shortage of operations monies, which is the result of inflation, insurance surcharges, sales tax costs, organizational reprogramming, a reduction in Consolidated Conservation Fund receipts, and a reduction in federal funding; \$683.

DESCRIPTION/BACKGROUND:

Minnesota's forest products industry has added significantly to the state's economy since 1979 through the investment of \$1.5 billion in new and expanded pulp, paper and composite board facilities. Additional investments exceeding

\$1.0 billion are under serious consideration for the next 5 years. Continued growth and long-term health of these primary industries are extremely important.

The secondary process, or "value-added" forest product industries, has an excellent opportunity for expansion beyond its current \$2.6 billion sales value if 4 major constraints to such growth are reduced or eliminated.

- 1) Limited marketing and resource information flow.
- 2) Lack of financial ability to accomplish effective marketing analysis.
- 3) Lack of export marketing expertise.
- 4) A perceived lack of high-quality resource available for internal growth.

Increasing the future supply of quality hardwood sawlogs and veneer, as well as aspen, is necessary for continued growth in the forest products industry and Minnesota's economy. The ability to meet this goal is constrained by the inadequate availability of high-quality oak and hybrid aspen planting stock for reforestation on public and private lands and road access to existing stands.

A growing tourism industry within the forested regions of the state has increased the pressure for new road access as well as increased the forest user contact with timber harvest and management activities.

The application of sensitive management techniques and educating the forest user and forest managers will improve the non-timber values of the forest and develop a stronger partnership between the forest products and tourism economies.

Cooperative research programs addressing common goals of public agencies, private industry, and universities have proven to be effective and efficient mechanisms to address this problem. Minnesota's forestry community has initiated cooperative research programs in tree and forest vegetation management. Blandin Foundation support helped establish these cooperatives, but program beneficiaries must now maintain this initiative.

Program expansions in the forestry sector have resulted in substantial staffing shortages in the Division of Forestry. Earlier workload analysis information indicated understaffing of more than 100,000 person hours. Specific program changes include timber harvest, increases of more than 50%; a three-fold increase in reforestation on private lands as the result of the Conservation Reserve Program; back-to-back years of serious fire occurrence; and a marked increase of recreational use of state forest lands.

Carrying 17.0 vacancies (F.Y. 1989) in the division to cover budget shortfalls has exacerbated the chronic understaffing issue as described. Fully funding the positions will improve timber sales quality and efficiency, increase services to private landowners and communities, increase fire prevention, and restore the marketing staff in order to capitalize on economic development opportunities.

CHANGE REQUEST _____ Agency _____ Program X Activity _____ 1990-91 Biennial Budget
(Continuation)

ACTIVITY: FOREST MANAGEMENT
PROGRAM: FOREST MANAGEMENT
AGENCY: NATURAL RESOURCES, DEPARTMENT OF

| STATISTICS: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|--|-----------|-----------|-----------|-----------|
| Acres of state land management per FTE | 1,095 | 1,100 | 1,130 | 1,145 |
| Miles of forest road | 1,900 | 2,063 | 2,080 | 2,095 |
| Jobs created in value-added industry | 200 | 200 | 300 | 300 |
| Forest recreation users (000's) | 800 | 850 | 900 | 925 |
| Active seed orchards or progeny test areas | 41 | 43 | 50 | 54 |
| Vegetation management research initiatives | 15 | 21 | 30 | 30 |
| Cords of wood sold (000's) | 610 | 610 | 650 | 720 |
| Private landowner management plans | 7,031 | 7,000 | 7,700 | 8,000 |
| Community forestry assists | 1,373 | 1,500 | 1,550 | 1,550 |
| Industrial development analyses completed | 48 | 45 | 55 | 60 |

RATIONALE:

Long-term investments in the management of the state's forests must be made now to ensure continued quality in management, sustained yields of quality raw materials, and to meet the future demands for multiple-use opportunities.

Investing in an initiative to increase the working relationships with Minnesota's "value-added" industry will develop these linkages for growth in the industry, increased employment, increased profitability of existing companies, foster development of new industry, and ultimately increase the value of the forest resource so that all landowners can receive an equitable return for the resource.

Fluctuating funding of cooperatives impairs their effectiveness and discourages investments by private industries and other support groups who recognize the long-term stability needed within such programs. The Division of Forestry is an appropriate sponsor of these activities in its leadership role in the forest community and as a primary beneficiary of this research. The ability of the division to acquire this information is crucial for full implementation of the environmental mediation agreement.

Agency staff increases have been identified in work planning documents and workload analysis. Currently, over 20 local, national, and international wood product firms are examining capital investment opportunities in Minnesota. The Division of Forestry is directly involved with management of more than 30% of the wood resource base. This program change would begin to address personnel shortages and reaffirm the state's commitment to long-term resource use, stewardship, and conservation.

| BASE: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|------------------------------|-----------|-----------|-----------|-----------|
| General Fund (000's) | \$ 665 | \$ 805 | \$ 805 | \$ 805 |
| Special Revenue Fund (000's) | 1,389 | 1,297 | 1,297 | 1,354 |
| Federal Fund (000's) | 951 | 1,136 | 1,136 | 40* |

* Reduction is a result of ending Boundary Waters Canoe Area federal funding.

| LONG RANGE IMPLICATIONS: | F.Y. 1992 | F.Y. 1993 | Total |
|--------------------------|-----------|-----------|----------|
| General Fund (000's) | \$ 832 | \$ 832 | \$ 1,664 |
| General Fund Positions | 6.0 | 6.0 | 6.0 |

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding for this CHANGE level, but at a reduced amount.

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: FOREST MANAGEMENT
PROGRAM: FOREST MANAGEMENT
AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: DEVELOPMENT OF FOREST SOIL INTERPRETATIONS - LCMR

| Agency Request | F.Y. 1990 (000's) | | F.Y. 1991 (000's) | |
|----------------------------------|----------------------|-----------|----------------------|-----------|
| | Amount | Positions | Amount | Positions |
| Minnesota Resources Fund | \$ 25 | -0- | \$ 25 | -0- |
| Governor's Recommendation | | | | |
| Minnesota Resources Fund | \$ 25 | -0- | \$ 25 | -0- |

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests these funds as a pass-through grant to Beltrami County to develop a system of soil interpretations and characteristics for forest management that can be utilized by forested counties. The objective is to computerize information from county soil surveys in a format that ensures its optimum utilization in the forested counties. Forest soil interpretations and characteristics important to forest management, such as identification of cover types, potential productivity, equipment operability, roads and landings, harvesting and site preparation, root growth restrictions, regeneration, and susceptibility to ground water pollution by common use pesticides, will be developed. Results of on-going research on soil-site productivity investigated by the Beltrami County Land Department in cooperation with the Department of Forest Resources, University of Minnesota, will be incorporated into the Beltrami County Soil Survey Information System.

DESCRIPTION/BACKGROUND:

The computerization of the Beltrami County soil survey is in progress. Twenty Minnesota counties are already using the Soil Survey Information System, but Beltrami County is the first one with a major forest cover. Most soil characteristics and interpretations of county soil survey reports are developed for agricultural management. To optimize the use of soil surveys in counties with significant forest cover requires the development of soil characteristics and interpretations for forest management. Preliminary work done in 1986 by the Forestry Committee of the Cooperative Soil Survey of

St. Louis County can be used to start the project. The project will be developed by the Beltrami County Land Department and the Department of Soil Science, University of Minnesota, in collaboration with state and federal agencies (Department of Natural Resources, Minnesota Agricultural Experiment Station, Soil Conservation Service, and U.S. Forest Service).

| STATISTICS: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|---|-----------|-----------|-----------|-----------|
| Acres of forest regeneration | -0- | -0- | 2,500 | 2,500 |
| Townships digitized for soil survey information | -0- | -0- | 15 | 8 |

RATIONALE:

The soil is the base resource affecting all forest management decisions. Soil surveys are valuable for land-use planning. They aid in separating productive from non-productive forest land and assist the resource manager in evaluating alternatives for land use. County soil survey reports, as they currently exist, are useful for broad planning but are of limited use at the project level. This proposal will provide a framework for the development of a valuable analytical tool for the land manager. Soil information will be entered in a useful format for the microcomputer that will provide analysis on a site-specific basis for a variety of forest management options. Development of this system will optimize the multi-million dollar investment spent to create detailed county soil surveys; will increase the usefulness of the soil survey system in counties with forest cover; and will increase the cost efficiency of forest management. This funding will supplement other sources of funding for the biennium: Beltrami County, \$30,000; and the Minnesota Agricultural Experiment Station, \$5,000.

| BASE: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|-------|-----------|-----------|-----------|-----------|
| None. | | | | |

| LONG RANGE IMPLICATIONS: | F.Y. 1992 | F.Y. 1993 | Total |
|--------------------------|-----------|-----------|-------|
| None. | | | |

GOVERNOR'S RECOMMENDATION:

The Governor recognizes the authority of the Minnesota Future Resources Commission (MFRC, formerly the LCMR) to make budget recommendations directly to the legislature. While the Governor's budget reflects these recommendations in various agency proposals, the MFRC will present an entire package to the State Departments Division for legislative action.

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: FOREST MANAGEMENT
PROGRAM: FOREST MANAGEMENT
AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: URBAN FORESTRY - LCMR

| | F.Y. 1990 | | F.Y. 1991 | |
|--------------------------|-------------------|-----------|-------------------|-----------|
| Agency Request | (000's) Amount | Positions | (000's) Amount | Positions |
| Minnesota Resources Fund | \$ 50 | 1.0 | \$ 50 | 1.0 |

Governor's Recommendation

| | | | | |
|--------------------------|-------|-----|-------|-----|
| Minnesota Resources Fund | \$ 50 | 1.0 | \$ 50 | 1.0 |
|--------------------------|-------|-----|-------|-----|

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

Funding for this project is recommended by the Legislative Commission on Minnesota Resources. These funds will be utilized to accelerate the Community Forestry Program of the Department of Natural Resources as a part of a multi-agency effort to support the sound management of Minnesota's urban forests. In addition to establishing a program specialist position, this appropriation will be used for expanded training on reducing the impact of construction damage to trees.

DESCRIPTION/BACKGROUND:

Community forests are an extremely important yet often poorly managed resource. Their social, environmental, and economic values are well documented. Current funding and staffing levels of public agencies and universities are insufficient to support the development and institution of proactive community forestry programs.

The main objective of accelerating the Community Forestry Assistance Program is to expand training, technical assistance, public awareness, and inter-agency coordination.

| STATISTICS: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|---|-----------|-----------|-----------|-----------|
| Training sessions developed and implemented | -0- | -0- | 1 | 2 |
| Educational materials developed | -0- | -0- | 2 | 2 |

RATIONALE:

The urban forests located in large metropolitan areas, as well as more than 800 smaller communities, are an extremely valuable natural resource impacting wildlife, recreation opportunities, aesthetic characteristics, and environmental quality. Most city administrations lack the technical expertise to maintain and regenerate trees in urban situations or to improve their com-

munities' forests.

This CHANGE level represents one part of the State Shade Tree Advisory Committee's recommendation to the Governor and legislature for a multi-agency response to this need for technical assistance. Funding the program specialist position will enable Minnesota to implement a pilot federal funded cost-sharing program with local communities. Instituting a proactive approach to management of urban forests will reduce the need for and costs associated with programs originating as a response to crises and their management.

BASE: None.

LONG RANGE IMPLICATIONS: None.

GOVERNOR'S RECOMMENDATION:

The Governor recognizes the authority of the Minnesota Future Resources Commission (MFRC, formerly the LCMR) to make budget recommendations directly to the legislature. While the Governor's budget reflects these recommendations in various agency proposals, the MFRC will present an entire package to the State Departments Division for legislative action.

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: FOREST MANAGEMENT
PROGRAM: FOREST MANAGEMENT
AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: IMPACTS OF FOREST ROAD SYSTEMS - LCMR

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| Minnesota Resources Fund | \$ 85 | -0- | \$ 85 | -0- |
| Governor's Recommendation | | | | |
| Minnesota Resources Fund | \$ 85 | -0- | \$ 85 | -0- |

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

- 1) Improve planning of transportation systems and access related to natural resource management.
- 2) Develop a procedure and software analysis package for road inventory information including the framework for program analysis using geographic information systems that link natural resources and transportation data and other analysis components.
- 3) Develop analysis procedure that reduces or avoids conflicts among agency interests, public use, and developing land-use patterns over time with respect to spatial concerns for regions, landscapes, and ecosystems.
- 4) Address transportation planning for specific issues and possible impacts for timber supply, wildlife habitat (i.e., road density/timber wolf management), recreation, and tourism-related development.

DESCRIPTION/BACKGROUND:

Forest management involves the consideration of a wide range of land uses including timber production, tourism, wildlife habitat, and environmental protection. Management or development action for one use can have important impacts on other uses even though they can be geographically distant. Road system development is one element of management that has especially important implications for timber and recreation access and also for wildlife habitat and ecosystem protection and integrity. There are major questions about the adequacy of current access and the potential impacts of new road developments from economic, social, and ecological perspectives.

This proposal suggests the development of planning tools and analyses that would link forest and related water resources to present and potential road developments so as to assess the sensitivity of the resources to such developments and the implications for land use and related resources.

STATISTICS:

| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|--|-----------|-----------|-----------|-----------|
| Acres of state land management per FTE | 1,095 | 1,100 | 1,130 | 1,145 |
| Miles of forest road | 1,900 | 2,063 | 2,080 | 2,095 |
| Forest recreation users (000's) | 800 | 850 | 900 | 925 |
| Cords of wood sold | 610 | 610 | 650 | 720 |

RATIONALE:

This project addresses key questions of how existing road networks and planned road network expansion will impact forest uses in terms of opportunities for investment and in terms of costs of providing the multiple outputs from forest lands. The project is expected to generate a number of benefits:

- 1) An improved transportation planning system including guidelines and procedures for road inventory and a framework for analysis with a geographic information system format.
- 2) Solutions to some current and anticipated access/road problems relating to increased demand for timber for forest industry development, intensification of forest management to enhance timber supply, enhancing access for potential recreation and tourism developments, sensitivity to timber wolf and other endangered species habitat requirements, consideration of aesthetics and recreational user experience, and enhanced utilization of forest inventory data and Land Management Information Center capability.

BASE:

| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|------------------------------|-----------|-----------|-----------|-----------|
| General Fund (000's) | \$ 15 | \$ 29 | \$ 29 | \$ 29 |
| Special Revenue Fund (000's) | 651 | 651 | 651 | 651 |
| Federal Funds (000's) | 468 | 468 | 468 | -0- |
| Fuel Tax (000's) | -0- | 400 | 400 | 400 |
| Bonds Requested (000's) | -0- | 3,500 | 3,500 | 3,500 |

LONG RANGE IMPLICATIONS: None.

GOVERNOR'S RECOMMENDATION:

The Governor recognizes the authority of the Minnesota Future Resources Commission (MFRC, formerly the LCMR) to make budget recommendations directly to the legislature. While the Governor's budget reflects these recommendations in various agency proposals, the MFRC will present an entire package to the State Departments Division for legislative action.

ACTIVITY: FIRE FIGHTING
Program: FOREST MANAGEMENT
Agency: NATURAL RESOURCES, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

The Fire Fighting Activity consists of 3 categories: 1) prevention, 2) presuppression, and 3) suppression.

Prevention activities, such as public education, law enforcement, and burning regulations, are designed to reduce numbers of wildfires caused by open burning, improper machine use, carelessness, and arson. Accelerated use of wildland areas for recreation and structural development (rural/urban interface) has magnified the possibility of loss of life or injury and increased values protected. Increased use, combined with certain agricultural land retirement programs, will result in larger numbers of wildfires. Projected advances in timber demands increase values being protected. For these reasons, a wildfire protection CHANGE level request is being presented to this legislature (Forest Management Program CHANGE request).

Presuppression activities prepare suppression forces for the eventuality of fires and for locating fires. Activities include training crews, maintaining inter- and intra-state agreements for sharing personnel and equipment, developing fire plans, preparing dispatching plans, monitoring weather and associated fire danger, maintaining equipment in a state of readiness, and contracting for use of private equipment. Detection of fires is accomplished through a network of lookout towers, aerial detection flights, and public reporting.

Suppression activities are aimed at controlling fires at the minimum possible size and extinguishing them in the shortest time possible. This is accomplished through a balanced application of suppression forces, including such resources as trained crews, crawler tractor and plow units, dozers, fire trucks, pumps and hoses, hand tools, airtankers, retardants, and helicopters equipped for cascading water.

Fire weather is unpredictable and varies from year to year. Therefore, it is impossible to predict suppression costs on a yearly basis. The objective of the department is to obtain funding to maintain an organization of private and public resources along with in- and out-state cooperative agreements that allow for the flexibility to adapt to changing conditions. This budget request is at a level necessary to provide the baseline funding for certain presuppression costs such as airtankers, helicopters, and aerial detection contracts and, coupled with the CHANGE request, would provide minimal funding for an average year's suppression operations.

Cost-effective and efficient wildfire prevention, presuppression, and suppression activities require statewide coordination within the department, with federal agencies and fire departments. This is accomplished by a staff of 6 fire specialist positions and 3 clerical positions. Four of the 9 are employed under federal programs which are in danger of being eliminated. Effective fire protection requires that these positions continue to exist. The need to convert these positions to state funds is reflected by a CHANGE request in the Forest Management Activity.

Statutory References: M.S. 88.04 to 88.22.

OBJECTIVE:

To prevent and control forest fires, to reduce the risk of loss of life and personal injury, and to minimize losses to property and natural resources.

| <u>EFFECTIVENESS MEASURES:</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|---|------------------|------------------|------------------|------------------|
| Average acres lost/fire | 57.1 | 34.2 | 36.6 | 34.6 |
| Number of fires | 2,800 | 1,900 | 1,500 | 1,300 |
| <u>STATISTICS:</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
| Statute protection area (million acres) | 45.5 | 45.5 | 45.5 | 45.5 |
| Fires controlled (000's) | 2.8 | 1.9 | 1.5 | 1.3 |
| Acres lost to wildfires (000's) | 160 | 65 | 55 | 45 |
| Days airtankers contracted for | 90 | 90 | 135 | 135 |
| Days helicopters contracted for | 220 | 220 | 220 | 220 |

REVENUE:

This activity generates dedicated and non-dedicated revenue.

| <u>Type of Revenue</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|-----------------------------|------------------|------------------|------------------|------------------|
| Dedicated - general (000's) | \$ 262 | \$ 200 | \$ 200 | \$ 200 |
| Dedicated - federal (000's) | 780 | 264 | 150 | 150 |
| Total Revenue | \$ 1,042 | \$ 464 | \$ 350 | \$ 350 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF
PROGRAM : FOREST MANAGEMENT
BUDGET ACTIVITY : FIRE FIGHTING

| F.Y. 1990 | | | | | | | F.Y. 1991 | | | |
|----------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| EXPENDITURES: | FY 1988 | FY 1989 | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 2,847 | 2,035 | 605 | 300 | 905 | 605 | 605 | 300 | 905 | 605 |
| EXPENSES/CONTRACTUAL SRVCS | 4,271 | 1,462 | 300 | 314 | 614 | 344 | 300 | 391 | 691 | 421 |
| MISC OPERATING EXPENSES | 457 | 309 | 25 | 30 | 55 | 25 | 25 | 30 | 55 | 25 |
| SUPPLIES/MATERIALS/PARTS | 760 | 1,069 | 100 | 150 | 250 | 100 | 100 | 150 | 250 | 100 |
| NON-EXPENSE DISBURSEMENTS | 170 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL EXPENDITURES | 8,505 | 4,875 | 1,030 | 794 | 1,824 | 1,074 | 1,030 | 871 | 1,901 | 1,151 |
| CHANGE REQUESTS: | FUND | | | | | | | | | |
| A FLEET MANAGEMENT | GEN | | | 44 | | 44 | | 121 | | 121 |
| P WILDFIRE PROTECTION | GEN | | | 750 | | 0 | | 750 | | 0 |
| TOTAL CHANGE REQUESTS | | | | 794 | | 44 | | 871 | | 121 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 7,712 | 4,610 | 765 | 794 | 1,559 | 809 | 765 | 871 | 1,636 | 886 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| FEDERAL | 793 | 265 | 265 | 0 | 265 | 265 | 265 | 0 | 265 | 265 |
| TOTAL FINANCING | 8,505 | 4,875 | 1,030 | 794 | 1,824 | 1,074 | 1,030 | 871 | 1,901 | 1,151 |
| POSITIONS BY FUND: | | | | | | | | | | |
| TOTAL POSITIONS | | | | | | | | | | |

ACTIVITY: FOREST MANAGEMENT GRANTS
 Program: FOREST MANAGEMENT
 Agency: NATURAL RESOURCES, DEPARTMENT OF

1990-91 Biennial Budget

DESCRIPTION:

The Forest Management Grants Activity provides support to governmental subdivisions of state or local agencies for the protection or management of forest resources.

1) Private Forest Management Cost-Share Program:

Statutory Reference: M.S. 89.79

The Private Forest Management Cost-Share Program provides funds to implement forest management activities on privately owned land so as to increase forest productivity and reduce soil erosion. It is financially administered by the State Soil and Water Conservation Board (SWCB) through the local soil and water conservation districts. Cost-sharing to private landowners will pay between 50% and 65% of the total cost of implementing the prescribed practice. Prioritization of practices to be cost-shared will be done by the SWCB and Department of Natural Resources (DNR), Division of Forestry.

Landowner eligibility for cost-share dollars is determined by the potential to grow timber and provide other multiple-use benefits, as well as the erosion potential of the land. Landowners must be willing to enter into a contract with the local SWCB guaranteeing completion and maintenance of the cost-shared practice.

| Statistics: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|---|-----------|-----------|-----------|-----------|
| Cost per acre of assistance for tree planting | \$ 14.00 | \$ 14.00 | \$ 14.00 | \$ 17.00 |
| Cost per rod of fencing | \$ 12.00 | \$ 12.00 | \$ 12.00 | \$ 12.00 |
| Cost per foot of road construction | \$ 0.50 | \$ 0.50 | \$ 0.50 | \$ 0.50 |

| (Dollars in Thousands) | | | | |
|------------------------|-----------|-----------|-----------|-----------|
| Grants by Fund: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| General | \$ 120 | \$ 70 | \$ 120 | \$ 120 |
| TOTAL | \$ 120 | \$ 70 | \$ 120 | \$ 120 |

2) County Forestry Assistance Grants:

Statutory Reference: M.S. 282.36 and 298.22; Reorganization Order #87
 Laws of 1979, Ch. 333, Sec. 26; Federal P.L. 95-495
 Laws of 1987, Ch. 404
 Laws of 1988, Ch. 686, Art. 4

This program provides funds to intensify forest management on 2.8 million acres of county-administered lands. Activities include improving access to timber stands in need of harvest or regeneration, tree planting and seeding, thinning, release from competing weeds, recreation maintenance, inventory, and wildlife management. Allocations of available funds to the various activities is determined by the counties in consultation with

the DNR. The individual counties receive funds based on their proportionate acreage of the total 2.8 million acres.

| Statistics: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|--|-----------|-----------|-----------|-----------|
| Regeneration activities (acres) | 2,800 | 3,000 | 3,000 | 2,500 |
| Timber stand improvement (acres) | 2,900 | 3,000 | 3,000 | 1,990 |
| Road construction/reconstruction (miles) | 105 | 115 | 115 | 50 |

| (Dollars in Thousands) | | | | |
|----------------------------|-----------|-----------|-----------|-----------|
| Grants by Fund: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| General | \$ 1,375 | \$ 1,375 | \$ 1,375 | \$ 1,375 |
| Federal* | 810 | 810 | 810 | -0- |
| County Forest Roads Access | -0- | 275 | 275 | 275 |
| TOTAL | \$ 2,185 | \$ 2,460 | \$ 2,460 | \$ 1,650 |

* \$240 of F.Y.'s 1988, 1989, and 1990 is for the purchase of seedlings from state nurseries.

3) Rural Community Fire Departments:

Statutory Reference: M.S. 88.063, P.L. 95-313, Sec. 7

This program provides financial, technical, and other assistance to organize, train, and equip fire departments in rural areas and communities with a population under 10,000 for preventing and suppressing fires.

For most projects, the maximum grant is \$2,500 in order to reach as many departments as possible. Departments must be in communities with populations under 10,000 and must be able to match the amount requested. Applications are rated numerically based upon the following factors:

- size of community (population);
- total area served (acres);
- insurance rating;
- type of assistance (organization, training, or equipment);
- number of reciprocal agreements;
- estimated dollar value lost;
- project capability within community;
- number of communities involved; and
- the current community financial situation.

| Statistics: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|--------------------------------|-----------|-----------|-----------|-----------|
| Grants awarded | 97 | 97 | 97 | 97 |
| Funds awarded (000's) | \$ 112 | \$ 102 | \$ 102 | \$ 102 |
| Average approved grant (000's) | \$ 1.1 | \$ 1.0 | \$ 1.0 | \$ 1.0 |

| (Dollars in Thousands) | | | | |
|------------------------|-----------|-----------|-----------|-----------|
| Grants by Fund: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| Local (minimum) | \$ 112 | \$ 102 | \$ 102 | \$ 102 |
| Federal | 112 | 102 | 102 | 102 |
| TOTAL | \$ 224 | \$ 204 | \$ 204 | \$ 204 |

ACTIVITY: FOREST MANAGEMENT GRANTS
(Continuation)

1990-91 Biennial Budget

Program: FOREST MANAGEMENT

Agency: NATURAL RESOURCES, DEPARTMENT OF

4) Regeneration Growth Inventory

Statutory Reference: Laws 1987, Ch. 404, sec. 30, subd. 3(m)

This pilot project funded by the Legislative Commission on Minnesota Resources (LCMR) provides a grant to Beltrami County to inventory young timber stands and develop revised growth models that will indicate the feasibility of increased or decreased harvesting.

| | | | | |
|-------------------------------|------------------|------------------|------------------|------------------|
| <u>Statistics:</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
| Regeneration Survey Completed | -0- | 1 | -0- | -0- |

| | | | | |
|------------------------|-------------------------------|------------------|------------------|------------------|
| | <u>(Dollars in Thousands)</u> | | | |
| <u>Grants by Fund:</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
| Minnesota Resources | \$ 25 | \$ 25 | \$ -0- | \$ -0- |

| | | |
|--|-------------------------------|------------------|
| | <u>(Dollars in Thousands)</u> | |
| <u>CHANGE Requests:</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
| County Forest Management - Funds requested by the Minnesota Association of County Land Commissioners to provide an increased level of assistance to counties actively managing tax-forfeited forest lands | \$ 312 | \$ 1,122 |
| Pulp and Paper Science and Related Forestry Grants - Funds requested to expand Minneso- ta's pulp and paper science training oppor- tunities and relocate and fund the Institute of Paper Chemistry's hybrid aspen and larch genetics projects. | \$ 806 | \$ 494 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF
PROGRAM : FOREST MANAGEMENT
BUDGET ACTIVITY : FOREST MANAGEMENT GRANTS

| EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|--|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| SUPPLIES/MATERIALS/PARTS | 240 | 240 | 240 | 0 | 240 | 240 | 0 | 0 | 0 | 0 |
| STATE OPERATIONS | 240 | 240 | 240 | 0 | 240 | 240 | 0 | 0 | 0 | 0 |
| LOCAL ASSISTANCE | 2,202 | 2,417 | 2,442 | 1,118 | 3,560 | 3,560 | 1,872 | 1,616 | 3,488 | 3,488 |
| TOTAL EXPENDITURES | 2,442 | 2,657 | 2,682 | 1,118 | 3,800 | 3,800 | 1,872 | 1,616 | 3,488 | 3,488 |
| CHANGE REQUESTS: | | | | | | | | | | |
| FUND | | | | | | | | | | |
| B COUNTY FOREST MANAGEMENT GEN | | | | 312 | | 312 | | 1,122 | | 1,122 |
| B PULP AND PAPER SCIENCE AND RELATED GEN FORESTRY GRANTS | | | | 806 | | 806 | | 494 | | 494 |
| TOTAL CHANGE REQUESTS | | | | 1,118 | | 1,118 | | 1,616 | | 1,616 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 1,495 | 1,445 | 1,495 | 1,118 | 2,613 | 2,613 | 1,495 | 1,616 | 3,111 | 3,111 |
| MN RESOURCES | 25 | 25 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SPECIAL REVENUE | 0 | 275 | 275 | 0 | 275 | 275 | 275 | 0 | 275 | 275 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| FEDERAL | 922 | 912 | 912 | 0 | 912 | 912 | 102 | 0 | 102 | 102 |
| TOTAL FINANCING | 2,442 | 2,657 | 2,682 | 1,118 | 3,800 | 3,800 | 1,872 | 1,616 | 3,488 | 3,488 |
| POSITIONS BY FUND: | | | | | | | | | | |
| FEDERAL | 1.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| TOTAL POSITIONS | 1.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: FOREST MANAGEMENT GRANTS
PROGRAM: FOREST MANAGEMENT
AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: COUNTY FOREST MANAGEMENT

| | F.Y. 1990 | | F.Y. 1991 | |
|----------------|-----------|-----------|-----------|-----------|
| | (000's) | | (000's) | |
| Agency Request | Amount | Positions | Amount | Positions |
| General Fund | \$ 312 | -0- | \$1,122 | -0- |

Governor's Recommendation

| | | | | |
|--------------|--------|-----|---------|-----|
| General Fund | \$ 312 | -0- | \$1,122 | -0- |
|--------------|--------|-----|---------|-----|

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

These funds were requested by the Minnesota Association of County Land Commissioners to provide an increased level of assistance to counties actively managing tax-forfeited forest lands. Expanded activities will include forest regeneration, timber stand improvement, road construction and maintenance, inventory, wildlife management, recreation, and peat management.

DESCRIPTION/BACKGROUND:

Minnesota counties administer 2.8 million acres of commercial forest lands. This represents one-third of the productive forest lands in public ownership. The proper management of these lands is crucial to maintaining environmental quality and providing a steady flow of renewable natural resources which constitute a benefit to the entire state. The state's wood fiber, recreation, and tourism industries, as well as future economic development, depend on sound management of public lands.

The Boundary Waters Canoe Area Wilderness (BWCAW) Act provided funding for intensification of forest management on county-administered lands also. These grant funds will end in federal F.Y. 1990.

| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|--|-----------|-----------|-----------|-----------|
| Average annual cost per acre managed (dollars) | \$0.95 | \$1.07 | \$1.50 | \$1.50 |

(Specific program goals are available from the Minnesota Association of County Land Commissioners or individual County Land Commissioners.)

RATIONALE:

The active management of county-administered and tax-forfeited forest lands produces benefits for the entire state. The Minnesota Association of County

Land Commissioners has proposed this level of funding. The Division of Forestry has reviewed this request and considers it justifiable. These lands are an irreplaceable resource for future economic development. Their value is dependent upon sound, consistent management. This additional funding will help secure that goal.

| BASE: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|-----------------------------------|-----------|-----------|-----------|-----------|
| General Fund Expenditures (000's) | \$ 1,375 | \$ 1,375 | \$ 1,375 | \$ 1,375 |
| BWCAW Act Funds (000's) | 810 | 810 | 810 | -0- |
| County Forest Road Access (000's) | -0- | 275 | 275 | 275 |

| LONG RANGE IMPLICATIONS: | F.Y. 1992 | F.Y. 1993 | Total |
|-----------------------------------|-----------|-----------|----------|
| General Fund Expenditures (000's) | \$ 1,122 | \$ 1,122 | \$ 2,244 |

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: FOREST MANAGEMENT GRANTS
PROGRAM: FOREST MANAGEMENT
AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: PULP AND PAPER SCIENCE AND RELATED FORESTRY GRANTS

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 806 | -0- | \$ 494 | -0- |
| Governor's Recommendation | | | | |
| General Fund | \$ 806 | -0- | \$ 494 | -0- |

Request requires statutory change: _____ Yes X No
Statutes Affected:

The grant requests outlined below reflect the findings of the Select Committee on Pulp and Paper Science and Related Forestry and the Governor's Blue ribbon Commission on Forestry and Forest Products.

STATEMENT OF REQUEST/OBJECTIVE: Funds are requested in the sum of \$344,000 per year to expand the University of Minnesota's Paper Science and Engineering Program by adding 4 new faculty research positions and associated technical support. This will provide a broad-based research and technical assistance capability to put Minnesota in a regional leadership role with respect to pulp and paper research and development. This would produce significant increases in trained graduates to staff the state's rapidly-expanding program activity to support this industry's technical needs. This would also ensure successful accreditation from the Accrediting Board for Engineering and Technology (ABET) and the Technical Association of the Pulp and Paper Industry (TAPPI).

Funds are requested to relocate the Institute of Paper Chemistry's (IPC) hybrid aspen and larch genetics research projects to the Minnesota Agricultural Experiment Station in Grand Rapids and provide annual operating expenses to fund a geneticist and appropriate technical staff for an elevated level of operation as per recommendations of the Governor's Select Committee on Paper Science and Related Forestry.

A one-time request of \$90,000 is proposed to conduct a feasibility study on Minnesota's forest industry and educational institutions. The objective of this study will be to determine the specific needs for continuing education and technology transfer among Minnesota's forest products industry. This study will also focus on the educational research organizations existing within the state to determine their ability to deliver the education and technology needs of Minnesota's forest industries based on existing programs and inter-communication networks already in place.

DESCRIPTION/BACKGROUND: Paper Science and Engineering has been a strong, high-quality program at the University of Minnesota, preparing students to serve as engineers for the state's pulp and paper industry. Demand for

graduates of this program has always been very high and is expected to increase as the state's paper industry continues to expand. The program is supported by an active industrial support organization, the University of Minnesota Paper Science and Engineering Council. The paper industry in Minnesota currently is investing well over one billion dollars in expansion and modernization and is expected to continue to grow rapidly.

The IPC, a private research institution funded by the pulp and paper industry nationwide, is moving most of its operations from Appleton, Wisconsin to Atlanta, Georgia in order to be closely linked to a major graduate and research university (Georgia Tech). Two of the specific research projects that IPC cannot support in the move are the hybrid aspen and larch cooperatives because these projects are so closely associated with the pulp and paper industry in the Lake States. To facilitate the continuation of these research projects, they would be relocated to the University of Minnesota's Agricultural Experiment Station at Grand Rapids. A one-time appropriation of \$225,000 available until expended will accomplish the relocation and annual appropriation of \$150,000 would support operations (3 staff).

Continuing education and technology transfer are integral components to maintain an effective and competitive Minnesota forest products industry. At present, there is little information available on both the specific training and technology transfer needs of this diverse industry. There also is inadequate information on the ability of Minnesota education and research organizations to deliver the services needed by this industry. The study, directed by an advisory committee comprised of education, research and private forest industry leaders, will assess these needs and the state's ability to provide continuing education and technology transfer.

STATISTICS: Specific work objectives for each facet of this request are available.

RATIONALE: Minnesota is experiencing unparalleled expansion in the paper industry that will very likely continue into the future. The state must expand its paper science and engineering research and education program and provide tree improvement research to keep Minnesota on the cutting edge of this industry.

Continuing education and technology transfer programs must also be designed to ensure the competence and competitiveness of the state's industry and work force. These programs collectively will greatly enhance meeting these goals.

BASE: None.

| LONG RANGE IMPLICATIONS: | (Dollars in Thousands) | | |
|---------------------------|------------------------|-----------|--------|
| | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund Expenditures | \$ 494 | \$ 494 | \$ 998 |

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

PROGRAM: PARKS AND RECREATION MANAGEMENT
Agency: NATURAL RESOURCES, DEPARTMENT OF

1990-91 Biennial Budget

PROGRAM PURPOSE:

The state park system is a key element of Minnesota's tourism industry, which in many areas of the state is becoming the backbone of the economy. Individual state parks become focal points for local tourism efforts and for many outdoor recreation activities sought by Minnesota's citizens. Minnesota's most unique and valuable cultural and natural resources are found within state park boundaries. It is the division's responsibility to protect and interpret these unique resources.

This program provides for the management, maintenance, operation and development of 64 major state park units and 17 waysides. The objective of the program is to protect, maintain and improve recreational opportunities, facilities and natural resources within the state park system. Besides being vital to Minnesota's tourism and outdoor recreation industries, the state park system contains unique resources that are priceless examples of Minnesota's rich resources heritage. Within its boundaries are approximately 200,000 acres of prime resource land which served 6,700,000 park visitors during 1987. Projected visitation for 1988 is 7,100,000 visitors.

OPERATION:

The Parks and Recreation Management Program employs 168 full-time people. This is an average of 2.6 full-time people per park to operate 64 major state park units, 7 days a week, 52 weeks a year. This permanent staff is assisted by approximately 600 seasonal and part-time employees and 40 needy/elderly people employed under a contract with Greenview, Inc. This staff maintains and operates the park system's campgrounds, trails, picnic areas, interpretive centers and all other physical developments. The division also provides low-key enforcement, operates and leases concessions, provides lifeguard and night security services and provides interpretive service programs for park visitors. The division conducts comprehensive summer staff orientation/training programs relating to public relations, communications and enforcement. It has implemented a statewide resource management program directed at improving and restoring native vegetation and wildlife populations while controlling erosion, improving water quality, improving fish habitat and preserving historical/archaeological sites. The division has established a marketing program that, along with the computerized outdoor recreation information center, helps to ensure appropriate public utilization of the natural and cultural resources it maintains, promotes and coordinates with the state's tourism industry, and increases park visitor satisfaction by meeting their needs.

With bond funds provided through the capital budget program and with the assistance of the Legislative Commission on Minnesota Resources, the division develops and improves water and sewage systems, buildings, utilities, and does major rehabilitation on the park system's aging physical plant and natural resources.

EFFECTIVENESS MEASURES:

State parks are directly associated with the effort to improve the state's recreation and tourism economy. The Division of Parks and Recreation, in conjunction with the Office of Planning, conducted a Public Area Recreation

Visitor Survey, prepared by the U.S. Forest Service, in 8 Minnesota state parks. This survey, combined with the Minnesota Department of Natural Resources' 1987 summer-use survey of state park visitors and the 1986 state park monthly visitation figures, provided the following information: 1) In 1985, state park visitors spent \$68,000,000 on travel, goods, and services in the state during the 5-month summer season--that \$68,000,000 expenditure generated \$98,000,000 of business for the state; and 2) \$14,400,000 were new dollars from out-of-state visitors.

State parks attendance has increased from 5,500,000 visitors in 1986 to 6,700,000 visitors in 1987 (a 22% increase). With a projected increase to 7,100,000 visitors in 1988, it appears that substantial increases in economic impact will continue to be realized in the future.

The 1987 state park visitors survey showed that 94% of the state park visitors enjoyed their stay; 98% said they would return for another visit; and 97% said they would recommend state parks to their friends.

BUDGET ISSUE:

Minnesota's state park system is deteriorating at the present level of funding. State funding deficiencies and cuts have seriously eroded the ability to serve an increasing and more demanding clientele. Although many cost-saving measures have been implemented, it is impossible to market and maintain acceptable levels of service to the public, contribute to the state's tourism economy, maintain the physical plant, manage park resources and generate appropriate revenues without additional staff and funding. A 31% increase in visitor use from 1982-87, plus much heavier use during the winter season, has taxed the staff and facilities beyond capability. The division is also faced with serious funding deficiencies in its cultural and natural resource programs which are responsible for maintaining and preserving the unique resources found within state parks.

At this time, all available funding has been diverted to serve a rapidly increasing number of visitors demanding more and more service in the way of interpretive programs, reservation systems, clean and updated facilities, security, structures, cultural/archaeological interpretation, well-maintained natural resources, peace and quiet and any number of other needs. In attempting to meet these increasing demands, the natural and cultural resources for which parks were created are being neglected and are rapidly deteriorating. These resources need managing if we don't want to risk their loss. Additionally, the state park physical plant (structures, campgrounds, picnic grounds, trails, sewers, water wells and other facilities) has long been neglected. There has been insufficient staff and money to keep the facilities in operating order with the increasing number of visitors using the parks each year. The Province of Ontario Canada has operated its provincial park system for several years on a "minimum operations standards" system, through which minimum standards are developed for various operation and maintenance functions. Funding is then applied to each standard allowing the park system to carry out its responsibilities. The state of Minnesota worked closely with staff from Ontario in adapting their system to the Minnesota State Park System. It was found that the current level of Minnesota's operational and maintenance funding is 30% below minimum operating standards. Another issue and one of the reasons that the state park system is in this condition is the lack of a planning function within the division.

PROGRAM: PARKS AND RECREATION MANAGEMENT
(Continuation)
Agency: NATURAL RESOURCES, DEPARTMENT OF

1990-91 Biennial Budget

EXPLANATION OF BUDGET REQUEST:

This budget request, with CHANGE levels, will fund Minnesota's state park system so that park natural and cultural resources can be planned, protected and preserved, the physical plant can be maintained and the rapidly growing numbers of visitors can be served. This would allow the state park system to continue to play a major role in the state's economy.

The following CHANGE level requests are designed to bring the system up to the minimum level of operating standards. These changes are based on current needs, demands and visitation.

Five CHANGE request items (\$ in 000's) are requested for this program: \$55 and 10.0 positions each year are requested to convert 10.0 seasonal park naturalists positions to full-time. \$2,085 and 10.0 positions each year are requested to provide funding to plan and implement the newly developed maintenance and operations standards for state parks. \$15 each year is recommended by the Legislative Commission on Minnesota Resources (LCMR) for a camper survey to better understand and market camping in Minnesota. \$130 and 1.0 position each year are recommended by the LCMR for an American Youth Hostel Pilot Program. \$159 in F.Y. 1990 and \$427 in F.Y. 1991 are requested for fleet management.

The total CHANGE level request (excluding LCMR) amounts to \$4,866 and 20.0* positions for the biennium. Of this amount, 45.1% would be provided through special revenue from the State Park Maintenance and Operations Account and 54.9% would be provided from the General Fund.

* 10.0 positions are conversions from part-time to full-time and 10.0 positions are new full-time.

BUDGETARY FUND STATEMENTS:

1) State Park Maintenance and Operations Account: M.S. 85.05

Resources include proceeds from park permits, sales, rentals and leases of park facilities and transfers of surplus balances from the State Parks Working Capital Account. Appropriations from this account are for maintenance and operations of the state park system. This account earns interest on cash balances and pays statewide indirect costs.

| Park Maintenance APID 31500:80-20 (000's) | Actual F.Y. 1988 | Estimated F.Y. 1989 | Estimated F.Y. 1990 | Estimated F.Y. 1991 |
|--|---------------------|------------------------|------------------------|------------------------|
| Balance Forward - In | \$ 707 | \$ 1,521 | \$ 1,865 | \$ 1,866 |
| Resources | 4,722 | 4,918 | 5,017 | 4,992 |
| Uses | (3,908) | (4,574) | (5,016) | (5,105) |
| Balance Forward - Out | \$ 1,521 | \$ 1,865 | \$ 1,866 | \$ 1,753 |

| | Estimated F.Y. 1992 | Estimated F.Y. 1993 | Estimated F.Y. 1994 | Estimated F.Y. 1995 |
|-----------------------|------------------------|------------------------|------------------------|------------------------|
| Balance Forward - In | \$ 1,753 | \$ 1,567 | \$ 1,303 | \$ 927 |
| Resources | 5,078 | 5,165 | 5,225 | 5,316 |
| Uses | (5,264) | (5,429) | (5,601) | (5,780) |
| Balance Forward - Out | \$ 1,567 | \$ 1,303 | \$ 927 | \$ 463 |

2) State Parks Working Capital Fund: M.S. 85.22

All receipts derived from the rental or sale of items in state parks are deposited to this account. An open appropriation is available to purchase items for resale or rent. Of the surplus generated, \$100,000 is balanced forward and the balance is transferred to the State Park Maintenance and Operations Account. This account does not earn interest but pays statewide indirect costs.

| Parks Working Capital APID 31595:00-20 (000's) | Actual F.Y. 1988 | Estimated F.Y. 1989 | Estimated F.Y. 1990 | Estimated F.Y. 1991 |
|---|---------------------|------------------------|------------------------|------------------------|
| Balance Forward - In | \$ 503 | \$ 494 | \$ 592 | \$ 592 |
| Resources | 1,190 | 1,204 | 1,204 | 1,204 |
| Uses | (1,199) | (1,106) | (1,204) | (1,204) |
| Balance Forward - Out | \$ 494 | \$ 592 | \$ 592 | \$ 592 |

| | Estimated F.Y. 1992 | Estimated F.Y. 1993 | Estimated F.Y. 1994 | Estimated F.Y. 1995 |
|-----------------------|------------------------|------------------------|------------------------|------------------------|
| Balance Forward - In | \$ 592 | \$ 592 | \$ 592 | \$ 592 |
| Resources | 1,204 | 1,204 | 1,204 | 1,204 |
| Uses | (1,204) | (1,204) | (1,204) | (1,204) |
| Balance Forward - Out | \$ 592 | \$ 592 | \$ 592 | \$ 592 |

GOVERNOR'S RECOMMENDATION:

The Governor recommends a biennial increase of \$4,992,000 and 12.0 positions. The Governor's General Fund recommendation is based on a proposal to support state parks at a ratio of 70% General Fund and 30% Parks Special Revenue. Details of both agency requests and Governor's recommendations are found on the individual CHANGE level pages.

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF
PROGRAM : PARKS AND RECREATION MANAGEMENT
BUDGET ACTIVITY : PARKS AND RECREATION MANAGEMENT

| | | F.Y. 1990 | | | | | F.Y. 1991 | | | | |
|--|------|----------------|---------|--------|--------------------|--------|----------------|--------|--------|--------------------|--------|
| | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | |
| EXPENDITURES: | | FY 1988 | FY 1989 | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | | |
| PERSONAL SERVICES | | 10,684 | 10,438 | 10,969 | 1,748 | 12,717 | 11,084 | 10,969 | 1,748 | 12,717 | 11,084 |
| EXPENSES/CONTRACTUAL SRVCS | | 1,359 | 1,407 | 1,401 | 326 | 1,727 | 3,267 | 1,407 | 594 | 2,001 | 3,563 |
| MISC OPERATING EXPENSES | | 675 | 850 | 840 | 45 | 885 | 885 | 840 | 45 | 885 | 885 |
| SUPPLIES/MATERIALS/PARTS | | 1,695 | 2,374 | 2,081 | 235 | 2,316 | 2,316 | 2,080 | 235 | 2,315 | 2,315 |
| CAPITAL EQUIPMENT | | 23 | 10 | 10 | 20 | 30 | 30 | 10 | 20 | 30 | 30 |
| REAL PROPERTY | | 351 | <48> | <48> | 70 | 22 | 22 | <48> | 70 | 22 | 22 |
| REDISTRIBUTIONS | | 85 | 617 | 617 | 0 | 617 | 617 | 617 | 0 | 617 | 617 |
| TOTAL EXPENDITURES | | 14,872 | 15,648 | 15,870 | 2,444 | 18,314 | 18,221 | 15,875 | 2,712 | 18,587 | 18,516 |
| CHANGE REQUESTS: | FUND | | | | | | | | | | |
| A FLEET MANAGEMENT | GEN | | | | 107 | | 107 | | 286 | | 286 |
| A FLEET MANAGEMENT | SREV | | | | 52 | | 52 | | 141 | | 141 |
| P INTERPRETIVE - CONVERSION OF PART-TIME | GEN | | | | 37 | | 0 | | 37 | | 0 |
| P INTERPRETIVE - CONVERSION OF PART-TIME | SREV | | | | 18 | | 55 | | 18 | | 55 |
| P PLANNING, MAINTENANCE AND OPERATIONS | GEN | | | | 1,103 | | 1,010 | | 1,103 | | 1,032 |
| P PLANNING, MAINTENANCE AND OPERATIONS | SREV | | | | 982 | | 982 | | 982 | | 982 |
| P CAMPER SURVEY | MNRS | | | | 15 | | 15 | | 15 | | 15 |
| P AMERICAN YOUTH HOSTEL PROGRAM | MNRS | | | | 130 | | 130 | | 130 | | 130 |
| TOTAL CHANGE REQUESTS | | | | | 2,444 | | 2,351 | | 2,712 | | 2,641 |
| SOURCES OF FINANCING: | | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | | |
| GENERAL | | 9,521 | 10,094 | 10,372 | 1,247 | 11,619 | 11,489 | 10,378 | 1,426 | 11,804 | 11,696 |
| MN RESOURCES | | 0 | 0 | 0 | 145 | 145 | 145 | 0 | 145 | 145 | 145 |
| WATER RECREATION | | 522 | 628 | 572 | 0 | 572 | 572 | 571 | 0 | 571 | 571 |
| SPECIAL REVENUE | | 3,907 | 3,974 | 3,946 | 1,052 | 4,998 | 5,035 | 3,946 | 1,141 | 5,087 | 5,124 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | | |
| SPECIAL REVENUE | | 835 | 750 | 750 | 0 | 750 | 750 | 750 | 0 | 750 | 750 |
| IRON RANGE R & R | | 0 | 172 | 200 | 0 | 200 | 200 | 200 | 0 | 200 | 200 |
| GIFTS AND DEPOSITS | | 87 | 30 | 30 | 0 | 30 | 30 | 30 | 0 | 30 | 30 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF
PROGRAM : PARKS AND RECREATION MANAGEMENT
BUDGET ACTIVITY : PARKS AND RECREATION MANAGEMENT

| SOURCES OF FINANCING: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|-----------------------|---------|---------|----------------|--------|--------|-----------------------|----------------|--------|--------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| TOTAL FINANCING | 14,872 | 15,648 | 15,870 | 2,444 | 18,314 | 18,221 | 15,875 | 2,712 | 18,587 | 18,516 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 165.0 | 167.0 | 166.0 | 20.0 | 186.0 | 176.0 | 166.0 | 20.0 | 186.0 | 176.0 |
| MN RESOURCES | 0.0 | 0.0 | 0.0 | 2.0 | 2.0 | 2.0 | 0.0 | 2.0 | 2.0 | 2.0 |
| WATER RECREATION | 1.0 | 1.0 | 1.0 | 0.0 | 1.0 | 1.0 | 1.0 | 0.0 | 1.0 | 1.0 |
| IRON RANGE R & R | 0.0 | 0.0 | 2.0 | 0.0 | 2.0 | 2.0 | 2.0 | 0.0 | 2.0 | 2.0 |
| TOTAL POSITIONS | 166.0 | 168.0 | 169.0 | 22.0 | 191.0 | 181.0 | 169.0 | 22.0 | 191.0 | 181.0 |

CHANGE REQUEST _____ Agency X Program _____ Activity 1990-91 Biennial Budget

ACTIVITY:

PROGRAM: PARKS AND RECREATION MANAGEMENT
AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: INTERPRETIVE - CONVERSION OF PART-TIME

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|--|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 37 | 10.0 | \$ 37 | 10.0 |
| Special Revenue--Parks Maintenance & Operations | 18 | -0- | 18 | -0- |

Governor's Recommendation

| | | | | |
|--|--------|------|--------|------|
| General Fund | \$ -0- | 10.0 | \$ -0- | 10.0 |
| Special Revenue--Parks Maintenance & Operations | 55 | -0- | 55 | -0- |

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests funding and positions for the conversion of 10.0 part-time positions to full-time. This request represents an expansion of existing interpretive services to meet current park visitation demands and to facilitate compliance with Environmental Education Guidelines adopted by the State Board of Education (March, 1986).

The objective is to initiate the first phase of program alignment with the minimum service level standards for interpretive services as described in the State Park Interpretive Plan. Conversion of these positions will benefit park visitors by providing additional public contact hours, more cooperative activities with other public service providers including local school districts and greater diversity of public services.

DESCRIPTION/BACKGROUND:

Interpretive services in Minnesota state parks have evolved since the 1920's in response to public expectations. As park visitation continues to grow, increased pressure is placed upon park resources and staff. Interpretation is the key interface between the park visitor, park resources and park personnel. Interpretation and education develop responsibility and stewardship for natural and cultural resources by enabling visitors to better understand and enjoy the parks. It helps Minnesotans make more informed decisions related to environmental issues by experiencing firsthand their inter-relationships with such issues as groundwater, acid rain and global warming. Interpretation provides visitors with information about agency missions, methods and management priorities.

Recent surveys clearly show that visitors desire and expect opportunities to learn about Minnesota state parks and environmental issues. The emphasis in

state park management is changing today in response to public demand. Interpretation and education is the number one priority for the Division of Parks and Recreation. This request reflects our changing focus and addresses the initial phase of staff required to meet current demands for interpretive services in the state parks.

Currently, there are only 2.0 full-time interpretive positions in the state park system; 14 state parks have a 3-month seasonal interpretive program; 1 park has a 9-month interpretive program; and 8 parks have a year-round interpretive program. Interpretive services in the park system has been severely constrained as a result of the part-time status of the interpretive employees. Current staffing levels are insufficient to provide for demands of park guests and to meet increasing responsibilities for visitor services.

| BASE: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|-----------------------------------|-----------|-----------|-----------|-----------|
| General Fund Expenditures (000's) | \$ 161 | \$ 167 | \$ 167 | \$ 167 |
| General Fund Positions | 2.0 | 2.0 | 2.0 | 2.0 |

| | | | | |
|--|----|----|----|----|
| Special Revenue--Parks Maintenance & Operations (000's) | 81 | 84 | 84 | 84 |
|--|----|----|----|----|

| LONG RANGE IMPLICATIONS: | F.Y. 1992 | F.Y. 1993 | Total |
|-----------------------------------|-----------|-----------|-------|
| General Fund Expenditures (000's) | \$ 37 | \$ 37 | \$ 74 |
| General Fund Positions | 10.0 | 10.0 | 10.0 |

| | | | |
|--|----|----|----|
| Special Revenue--Parks Maintenance & Operations (000's) | 18 | 18 | 36 |
|--|----|----|----|

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request to convert 10.0 positions to full-time. However, to maintain the overall 70:30 funding ratio, the Governor recommends full funding from the Parks Maintenance and Operations account. DNR's internal accounting procedures require that all park positions be in the General Fund.

CHANGE REQUEST _____ Agency X Program _____ Activity _____ 1990-91 Biennial Budget

ACTIVITY:
PROGRAM: PARKS AND RECREATION MANAGEMENT
AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: PLANNING, MAINTENANCE AND OPERATIONS

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|--|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$1,103 | 10.0 | \$1,103 | 10.0 |
| Special Revenue--Parks Maintenance & Operations | 982 | -0- | 982 | -0- |
| Governor's Recommendation | | | | |
| General Fund | \$1,010 | -0- | \$1,032 | -0- |
| Special Revenue--Parks Maintenance & Operations | 982 | -0- | 982 | -0- |

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

This request will provide funding to implement the newly developed maintenance and operations standards for state parks, provide an assistant regional manager in each of the 6 Department of Natural Resources regions and provide 4.0 planning positions for the development of statewide and park unit plans.

The objective is to provide the Division of Parks and Recreation with sufficient funding to plan, maintain and operate the 64 state parks at an adequate level to stop the deterioration of resources and facilities and to assure a minimally acceptable level of services to state park users. The assistants to the regional managers will provide supervision needed to properly monitor the programs and field staff of the Division of Parks and Recreation.

DESCRIPTION/BACKGROUND:

In the past decade, the division has continually assumed additional duties in order to meet the recreational demands of the citizens of Minnesota and to deal with the most urgent problems brought on by the accelerating deterioration of aging facilities and neglected natural resources. Overall state park visitation increased 31% from 1982 to 1987, going from 5,135,450 to 6,743,797. By the end of 1988, state park use is expected to be over 7,100,000. This will represent a 38% increase since 1982.

Increased visitation and changing use patterns have significantly impacted the level of staffing required for the operation of the state park system. Additional duties assigned to field staff have further compounded the problem. There has been no funding to compensate for these changes and absorbing the costs has necessitated cutting back in routine maintenance and resource tasks. A cycle has developed in which state park operations have consistently fallen behind and become more reactive.

A system of minimum standards has been developed to determine the maintenance and operation funding needed to adequately sustain the state parks' resources, facilities, and services. By applying these standards through a detailed individual analysis of the 64 state parks, a need for 30% increase in funding for park programs has been identified.

Currently, the operations of the Division of Parks and Recreation is lacking a planning function. There is a need for a statewide parks plan and for revised park unit plans. Additionally, administrative and supervisory assistance at the regional level has been identified as a critical need. A state park regional manager directs and supervises the activity of up to 14 parks and 200 employees spread across one-sixth of the state. An assistant for each of these 6 regional managers would provide for a more adequate span of control. The Department of Administration's 1984 study of the Department of Natural Resources' structure indicated these positions were needed and this has been verified by the standards analysis. An efficient, high-quality state park operation cannot be achieved without successfully implementing a system of operating standards, a planning function and administrative and supervisory assistance at the regional level.

| BASE: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|---|-----------|-----------|-----------|-----------|
| General Fund Expenditures (000's) \$ | 3,948 | \$ 3,799 | \$ 3,799 | \$ 3,799 |
| Special Revenue--Park Maintenance & Operations (000's) | 1,974 | 1,899 | 1,899 | 1,899 |

| LONG RANGE IMPLICATIONS: | F.Y. 1992 | F.Y. 1993 | Total |
|---|-----------|-----------|----------|
| General Fund Expenditures (000's) \$ | 1,103 | \$ 1,103 | \$ 2,206 |
| General Fund Positions | 10.0 | 10.0 | 10.0 |
| Special Revenue--Park Maintenance & Operations (000's) | \$ 982 | \$ 982 | \$1,964 |

GOVERNOR'S RECOMMENDATION:

The Governor recommends additional funding for Parks Maintenance. The recommended General Fund amount is based on a recommendation that the General Fund provide 70% and the Parks Maintenance and Operations account provide 30% of the funding for the Parks and Recreation Program.

CHANGE REQUEST _____ Agency X Program _____ Activity 1990-91 Biennial Budget

ACTIVITY:

PROGRAM: PARKS AND RECREATION MANAGEMENT
AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: CAMPER SURVEY - LCMR

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| Minnesota Resources Fund | \$ 15 | -0- | \$ 15 | -0- |
| Governor's Recommendation | | | | |
| Minnesota Resources Fund | \$ 15 | -0- | \$ 15 | -0 |

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

This CHANGE request will provide partial funding for a cooperative project to study campers in Minnesota's public and private campgrounds. Presently, little information is known about people who camp in Minnesota. The Department of Natural Resources' Division of Parks and Recreation, the Office of Tourism, and the Minnesota Association of Campground Owners will cooperatively fund and conduct this study. The total cost of the study is \$70,000. The Office of Tourism will provide \$30,000 and the Association of Campground Owners will provide \$10,000 toward completion of the study.

DESCRIPTION/BACKGROUND:

This study of Minnesota campers will identify who they are, where they came from, what they did, how much they spent, what they liked, and how the decision to go camping was made. The project will study approximately 4,500 camper parties. This data will be used in making marketing decisions and a follow-up assessment of those marketing programs.

The information collected will be used to:

- 1) Provide a description of the Minnesota private/public campground market.
- 2) Segment the campground market using different segmentation bases: location of resident (in-state, out-of-state); camping equipment; family life style.
- 3) Determine the private/public share of Minnesota's camping market and the reasons why the camper makes the choice.
- 4) Estimate the expenditures associated with stays at campgrounds and what financial impact they have on the state's economy.
- 5) Develop a marketing plan that will:
 - increase the number of out-of-state campers;
 - keep Minnesota campers in Minnesota; and
 - encourage camping for recreational purposes.
- 6) Assess the results of the marketing plan.

BASE: None.

LONG RANGE IMPLICATIONS: None.

GOVERNOR'S RECOMMENDATION:

The Governor recognizes the authority of the Minnesota Future Resources Commission (MFRC, formerly the LCMR) to make budget recommendations directly to the legislature. While the Governor's budget reflects these recommendations in various agency proposals, the MFRC will present an entire package to the State Departments Division for legislative action.

CHANGE REQUEST _____ Agency X Program _____ Activity 1990-91 Biennial Budget

ACTIVITY:

PROGRAM: PARKS AND RECREATION MANAGEMENT
AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: AMERICAN YOUTH HOSTEL PILOT PROGRAM

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|----------------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| Minnesota Resources Fund | \$ 130 | 2.0 | \$ 130 | 2.0 |
| Governor's Recommendation | | | | |
| Minnesota Resources Fund | \$ 130 | 2.0 | \$ 130 | 2.0 |

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

This inter-agency program between the Minnesota Department of Natural Resources and the Minnesota Historical Society would establish, as a demonstration project, an American Youth Hostel within a state facility and produce a long-range plan for the development of youth hostel facilities in underutilized state buildings. The program would fund the renovation costs of an existing state-owned building that is currently not in use for utilization as a youth hostel. A portion of the appropriation would also be used as a grant to the Minnesota Chapter of the American Youth Hostel Association to fund their start-up costs such as beds, kitchen supplies, linens, etc., associated with creating this demonstration project.

The highest priority would be given to selecting buildings for this project that will be of historical value within state parks, be located along a major recreational corridor such as a bike route, provide low-cost alternative lodging facilities for travelers and provide an opportunity for historical interpretation/programming.

The state of Minnesota will enter into an agreement with the Minnesota Chapter of the American Youth Hostel Association to provide the day-to-day operation of the facility including staffing, routine maintenance, cleaning, etc.

DESCRIPTION/BACKGROUND:

This program will provide a use for an existing facility that is in need of renovation and at the same time provide a low-cost alternative lodging facility for travelers to Minnesota. This dual purpose will provide an educational opportunity for the traveler, provide the first major hostel facility in Minnesota giving those travelers who use hostels a link in the upper midwest, enhance Minnesota's tourism industry by granting accessibility to a large international group of hostel travelers and complement the recreational opportunities currently offered by the state.

The program will establish a demonstration project to examine the feasibility

of continued cooperation between the state and the American Youth Hostel Association in constructing other facilities and would produce a long-range plan for hostel development in Minnesota focusing on, but not limited to, use of historical structures.

The program would expand the clientele using Minnesota's recreational and tourism facilities. There are nearly 4,000,000 members of youth hostel organizations internationally that would be a potential source of travelers in Minnesota. A primary target for this type of facility is the bicycle traveler. The end result will be the introduction of a new segment of the world's population to Minnesota.

The American Youth Hostel Association will provide staff costs and operational costs for the facility. The Association is also exploring the possibility of securing matching funds from other non-state resources to supplement the start-up costs that will be funded through the proposed Legislative Commission on Minnesota Resources grant.

BASE: None.

LONG RANGE IMPLICATIONS: None.

GOVERNOR'S RECOMMENDATION:

The Governor recognizes the authority of the Minnesota Future Resources Commission (MFRC, formerly the LCMR) to make budget recommendations directly to the legislature. While the Governor's budget reflects these recommendations in various agency proposals, the MFRC will present an entire package to the State Departments Division for legislative action.

PROGRAM: TRAILS AND WATERWAYS MANAGEMENT
Agency: NATURAL RESOURCES, DEPARTMENT OF

1990-91 Biennial Budget

PROGRAM PURPOSE: This program provides a wide range of outdoor recreation opportunities (trails, river recreation, fishing piers and water accesses) throughout the state. Included are planning and priority setting, land acquisition, facility development, maintenance, interpretive services, grants to local units of government, technical assistance, administration and marketing. The objectives of these activities are to provide both citizens of the state and visitors opportunities to use Minnesota's natural and historical amenities in a safe and enjoyable manner; to protect the natural resources involved; and to maximize the tourism growth of the state.

OPERATION: This program encompasses the following operations:

- 1) Plan, develop, manage and maintain 3,000 miles of cross-country skiing, snowmobiling, horseback riding, hiking and bicycling on state trails, and within state parks and state forests.
- 2) Implement a program of interpretive services on state trails.
- 3) Manage and maintain 2,865 miles of river canoe routes, acquire and develop access points, campsites, portages and rest areas, and remove hazards such as snags, piers, pilings and lowhead dams.
- 4) Manage and maintain 1,200 accesses to public waters, and continue the acquisition and development of access sites on priority lakes.
- 5) Administer the 12,100 miles of the snowmobile trail program, including the development, maintenance and grooming of state and unit trails, and provide grants to local units of government.
- 6) Administer 1,600 miles of cross-country ski trails by providing grants to local units of government for maintaining grants-in-aid trails and funding Department of Natural Resources (DNR) unit trails.
- 7) Implement and administer the all-terrain vehicle (ATV) program.
- 8) Manage, in cooperation with the DNR's Division of Fish and Wildlife, the fishing pier program.
- 9) Administer land acquisition and recreation management for the wild and scenic rivers program.
- 10) Provide information which promotes utilization of water accesses, fishing piers, canoe and boating routes, and trails administered by the state.
- 11) Implement Minnesota's Clean Rivers Project.

BUDGET ISSUE: The Statewide Comprehensive Outdoor Recreation Plan projects the following additional activity by users of this program by 1995: biking (3.4%); horseback riding (1.6%); hiking/backpacking (3.5%); cross-country skiing (11.6%); snowmobiling (6.3%); boating (8.9%); canoeing (5.5%); and fishing (11.8%). Trail surveys on facilities administered by the DNR show continued high use by owners of 190,000 registered snowmobiles, 60,000 cross-country ski pass users, and an overall increase in bicycle use. There are 645,000 registered watercrafts, including 131,800 registered canoes. Over 40,000 ATVs have been registered. In order to respond to these demands, as well as provide quality maintenance, additional staff and funding is required. The department has implemented time- and cost-saving measures through cross-utilization of equipment and manpower, volunteer services and working agreements with local units of government. Effective as these measures are, it is impossible to provide these services and protect the environment at the present level of funding and staff. The private sector has realized the economic impact of these opportunities and with the state's promotion of tourism, these programs have increased in demand.

EXPLANATION OF BUDGET REQUEST: The following CHANGE levels (\$000's) are included in the program: \$250 is requested from the General Fund for increased management of DNR trails that have been acquired and developed in the past 4 years. \$200 and 4.0 unclassified positions each year are requested from the Water Recreation Fund to coordinate statewide river clean-up and to provide grants to local units of government. \$300 and 1.0 position each year are requested from the Water Recreation Fund for increased maintenance on water recreation sites and for increased program support to the regional offices. \$500 and 1.0 position each year are requested from the Water Recreation Fund for construction of safe harbors on Lake Superior. \$75 in F.Y. 1990 and \$125 in F.Y. 1991 are requested from the Special Revenue-ATV Account for increased grants to local units of government. \$81 in F.Y. 1990 and \$226 in F.Y. 1991 are requested to fund fleet management. \$64 and 1.0 position each year are recommended by the Legislative Commission on Minnesota Resources (LCMR) for trails planning and management. \$100 in F.Y. 1990 is recommended by the LCMR for the North Shore Harbors Study. \$75 each year is recommended by the LCMR for trail right-of-way protection. \$78 and 1.0 position each year is recommended by the LCMR for the Ridgeline Hiking Trail.

BUDGETARY FUND STATEMENTS:

1) Water Recreation Fund: M.S. 296.421

The Water Recreation Fund was created as of 7-1-85. The resources consist of the following sources: 1) unrefunded marine gas tax--1.5% of gas tax collections, 2) watercraft registrations, and 3) agency indirect costs receipts. The purposes of the Water Recreation Fund are for acquisition, development, maintenance, and rehabilitation of sites for public access and boating facilities on public waterways; lake and river improvement; state park development; and boat and water safety. To accomplish these purposes, appropriations are made to most of the DNR programs: Waters, Parks and Recreation, Water Access, Fish Management, Enforcement, Engineering, Lands, Regional Administration, Information and Education, Planning and Youth Programs.

| Water Recreation Fund APID 31000:01-19 (000's) | Actual F.Y. 1988 | Estimated F.Y. 1989 | Estimated F.Y. 1990 | Estimated F.Y. 1991 |
|---|---------------------|------------------------|------------------------|------------------------|
| Balance Forward - In | \$ 806 | \$ 1,110 | \$ 1,723 | \$ 1,609 |
| Prior Year Adjustments | 47 | 42 | 42 | 42 |
| Adjusted Balance Forward - In | 852 | 1,152 | 1,765 | 1,651 |
| Resources | 7,492 | 8,175 | 9,409 | 10,074 |
| Uses | (7,235) | (7,604) | (9,565) | (9,756) |
| Balance Forward - Out | \$ 1,110 | \$ 1,723 | \$ 1,609 | \$ 1,969 |

| | Estimated F.Y. 1992 | Estimated F.Y. 1993 | Estimated F.Y. 1994 | Estimated F.Y. 1995 |
|-------------------------------|------------------------|------------------------|------------------------|------------------------|
| Balance Forward - In | \$ 1,969 | \$ 2,486 | \$ 1,963 | \$ 1,883 |
| Prior Year Adjustments | 42 | 42 | 42 | 42 |
| Adjusted Balance Forward - In | 2,011 | 2,528 | 2,005 | 1,875 |
| Resources | 10,303 | 9,546 | 10,234 | 10,455 |
| Uses | (9,828) | (10,111) | (10,406) | (10,712) |
| Balance Forward - Out | \$ 2,486 | \$ 1,963 | \$ 1,883 | \$ 1,618 |

2) Snowmobile Trails and Enforcement Account: M.S. 84.82

Resources include unrefunded gas tax attributable to snowmobiles (.75%), snowmobile registration fees, and snowmobile safety training fees. Direct

PROGRAM: TRAILS AND WATERWAYS MANAGEMENT
Agency: NATURAL RESOURCES, DEPARTMENT OF

1990-91 Biennial Budget

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- 10) Provide information which promotes utilization of water accesses, fishing piers, canoe and boating routes, and trails administered by the state.
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| Water Recreation Fund | Actual | Estimated | Estimated | Estimated |
|-------------------------------|-----------|-----------|-----------|-----------|
| APID 31000:01-19 (000's) | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| Balance Forward - In | \$ 806 | \$ 1,110 | \$ 1,723 | \$ 1,609 |
| Prior Year Adjustments | 47 | 42 | 42 | 42 |
| Adjusted Balance Forward - In | 852 | 1,152 | 1,765 | 1,651 |
| Resources | 7,492 | 8,175 | 9,409 | 10,074 |
| Uses | (7,235) | (7,604) | (9,565) | (9,756) |
| Balance Forward - Out | \$ 1,110 | \$ 1,723 | \$ 1,609 | \$ 1,969 |

| | Estimated | Estimated | Estimated | Estimated |
|-------------------------------|-----------|-----------|-----------|-----------|
| | F.Y. 1992 | F.Y. 1993 | F.Y. 1994 | F.Y. 1995 |
| Balance Forward - In | \$ 1,969 | \$ 2,486 | \$ 1,963 | \$ 1,883 |
| Prior Year Adjustments | 42 | 42 | 42 | 42 |
| Adjusted Balance Forward - In | 2,011 | 2,528 | 2,005 | 1,875 |
| Resources | 10,303 | 9,546 | 10,234 | 10,455 |
| Uses | (9,828) | (10,111) | (10,406) | (10,712) |
| Balance Forward - Out | \$ 2,486 | \$ 1,963 | \$ 1,883 | \$ 1,618 |

2) Snowmobile Trails and Enforcement Account: M.S. 84.82

Resources include unrefunded gas tax attributable to snowmobiles (.75%), snowmobile registration fees, and snowmobile safety training fees. Direct appropriations are made for the following purposes: 1) grants-in-aid to counties and municipalities for construction and maintenance of snowmo-

PROGRAM: TRAILS AND WATERWAYS MANAGEMENT
(Continuation)
Agency: NATURAL RESOURCES, DEPARTMENT OF

1990-91 Biennial Budget

bile trails; 2) acquisition, development and maintenance of state recreational snowmobile trails; 3) snowmobile safety programs; and 4) the administration and enforcement of snowmobile laws, rules, and regulations. Appropriations are made to the Trails and Waterways Unit, the Division of Enforcement, the Bureau of Engineering, and the Bureau of Licenses. This account earns interest in cash balances and pays statewide indirect costs.

| Snowmobile Trails | Actual | Estimated | Estimated | Estimated |
|-------------------------------|-----------|-----------|-----------|-----------|
| APID 31000:21-20 (000's) | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| Balance Forward - In | \$ 1,464 | \$ 1,976 | \$ 1,962 | \$ 1,852 |
| Prior Year Adjustments | 120 | -0- | -0- | -0- |
| Adjusted Balance Forward - In | 1,584 | 1,976 | 1,962 | 1,852 |
| Resources | 4,089 | 3,935 | 3,993 | 3,958 |
| Uses | (3,697) | (3,949) | (4,103) | (4,242) |
| Balance Forward - Out | \$ 1,976 | \$ 1,962 | \$ 1,852 | \$ 1,568 |
| | Estimated | Estimated | Estimated | Estimated |
| | F.Y. 1992 | F.Y. 1993 | F.Y. 1994 | F.Y. 1995 |
| Balance Forward - In | \$ 1,568 | \$ 1,139 | \$ 611 | \$ (69) |
| Prior Year Adjustments | -0- | -0- | -0- | -0- |
| Adjusted Balance Forward - In | 1,568 | 1,139 | 611 | (69) |
| Resources | 3,908 | 3,908 | 3,858 | 3,858 |
| Uses | (4,337) | (4,436) | (4,538) | (4,645) |
| Balance Forward - Out | \$ 1,139 | \$ 611 | \$ (69) | \$ (856) |

3) Cross-Country Ski Account: M.S. 85.43

Receipts from the sale of cross-country ski passes are deposited to this account. Open appropriation authority was granted by Laws of 1987, Ch. 404, Sec. 103 to expend revenues for 1) grants for cross-country ski trails sponsored by local governments and special park districts; and 2) maintenance, winter grooming, and associated administrative costs for Department of Natural Resources cross-country ski trails. This account does not earn interest but pays statewide indirect costs.

| Cross-Country Ski | Actual | Estimated | Estimated | Estimated |
|--------------------------|-----------|-----------|-----------|-----------|
| APID 31600:00-20 (000's) | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| Balance Forward - In | \$ 30 | \$ 105 | \$ 100 | \$ 95 |
| Resources | 209 | 153 | 153 | 153 |
| Uses | (134) | (158) | (158) | (158) |
| Balance Forward - Out | \$ 105 | \$ 100 | \$ 95 | \$ 90 |
| | Estimated | Estimated | Estimated | Estimated |
| | F.Y. 1992 | F.Y. 1993 | F.Y. 1994 | F.Y. 1995 |
| Balance Forward - In | \$ 90 | \$ 83 | \$ 74 | \$ 63 |
| Resources | 153 | 153 | 153 | 153 |
| Uses | (160) | (162) | (164) | (166) |
| Balance Forward - Out | \$ 83 | \$ 74 | \$ 63 | \$ 50 |

4) All-Terrain Vehicle Account: M.S. 84.92

Resources: Fees from safety training, vehicle registrations, and unrefunded gas tax (.15%) transfers. Appropriations may be spent for

1) education and training; 2) administration of program; 3) acquisition, maintenance, and development of vehicle trails and use areas; 4) grants to local governments to construct and maintain all-terrain vehicle trails and use areas; and 5) grants to local governments for safety programs. This account does not earn interest on cash balances but pays statewide indirect costs.

| All-Terrain Vehicle | Actual | Estimated | Estimated | Estimated |
|--------------------------|-----------|-----------|-----------|-----------|
| APID 31600:01-20 (000's) | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| Balance Forward - In | \$ 773 | \$ 1,330 | \$ 1,372 | \$ 1,380 |
| Resources | 812 | 710 | 760 | 790 |
| Uses | (255) | (668) | (752) | (809) |
| Balance Forward - Out | \$ 1,330 | \$ 1,372 | \$ 1,380 | \$ 1,361 |
| | Estimated | Estimated | Estimated | Estimated |
| | F.Y. 1992 | F.Y. 1993 | F.Y. 1994 | F.Y. 1995 |
| Balance Forward - In | \$ 1,361 | \$ 1,323 | \$ 1,266 | \$ 1,189 |
| Resources | 790 | 790 | 790 | 790 |
| Uses | (828) | (847) | (867) | (888) |
| Balance Forward - Out | \$ 1,323 | \$ 1,266 | \$ 1,189 | \$ 1,091 |

GOVERNOR'S RECOMMENDATION: The Governor concurs with the agency request, except that no funding is recommended for the Non-motorized Trail Maintenance and Operations CHANGE request or for the General Fund BASE appropriations for Cross Country Skiing.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF
PROGRAM : TRAILS AND WATERWAYS MANAGEMENT

| ACTIVITY EXPENDITURES: | | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|---|------|---------|---------|----------------|--------|--------|--------------------|----------------|--------|--------|--------------------|
| | | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| TRAILS AND WATERWAYS MANAGEMENT | | 743 | 806 | 704 | 324 | 1,028 | 778 | 704 | 343 | 1,047 | 797 |
| A FLEET MANAGEMENT | GEN | | | | 10 | | 10 | | 29 | | 29 |
| B NON-MOTORIZED TRAIL MAINT.& OPERATIONS | GEN | | | | 250 | | 0 | | 250 | | 0 |
| B TRAILS PLANNING AND MANAGEMENT | MNRS | | | | 64 | | 64 | | 64 | | 64 |
| WATER ACCESS AND RECREATION | | 3,828 | 4,814 | 4,417 | 1,130 | 5,547 | 5,547 | 4,420 | 1,087 | 5,507 | 5,507 |
| A SAFE HARBORS - LAKE SUPERIOR | WREC | | | | 500 | | 500 | | 500 | | 500 |
| A FLEET MANAGEMENT | WREC | | | | 29 | | 29 | | 85 | | 85 |
| A FLEET MANAGEMENT | G&F | | | | 1 | | 1 | | 2 | | 2 |
| B WATER ACCESS AND RECREATION MAINTENANCE | WREC | | | | 300 | | 300 | | 300 | | 300 |
| B NORTH SHORE HARBORS STUDY | MNRS | | | | 100 | | 100 | | 0 | | 0 |
| B RIVER CLEAN UP | WREC | | | | 200 | | 200 | | 200 | | 200 |
| TRAILS RECREATION | | 3,453 | 4,127 | 4,142 | 269 | 4,411 | 4,339 | 4,144 | 388 | 4,532 | 4,460 |
| A FLEET MANAGEMENT | GEN | | | | 1 | | 1 | | 2 | | 2 |
| A FLEET MANAGEMENT | SREV | | | | 40 | | 40 | | 108 | | 108 |
| A X COUNTRY SKI | GEN | | | | 0 | | <72> | | 0 | | <72> |
| B ALL-TERRAIN VEHICLE PROGRAM | SREV | | | | 75 | | 75 | | 125 | | 125 |
| B RIDGELINE HIKING TRAIL | MNRS | | | | 78 | | 78 | | 78 | | 78 |
| B TRAIL RIGHT-OF-WAY PROTECTION | MNRS | | | | 75 | | 75 | | 75 | | 75 |
| TOTAL EXPENDITURES | | 8,024 | 9,747 | 9,263 | 1,723 | 10,986 | 10,664 | 9,268 | 1,818 | 11,086 | 10,764 |
| SOURCES OF FINANCING: | | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | | |
| GENERAL | | 689 | 781 | 776 | 261 | 1,037 | 715 | 776 | 281 | 1,057 | 735 |
| MN RESOURCES | | 119 | 519 | 0 | 317 | 317 | 317 | 0 | 217 | 217 | 217 |
| WATER RECREATION | | 3,220 | 3,325 | 3,346 | 1,029 | 4,375 | 4,375 | 3,349 | 1,085 | 4,434 | 4,434 |
| SPECIAL REVENUE | | 3,381 | 4,055 | 4,070 | 115 | 4,185 | 4,185 | 4,072 | 233 | 4,305 | 4,305 |
| GAME AND FISH | | 201 | 418 | 422 | 1 | 423 | 423 | 422 | 2 | 424 | 424 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | | |
| SPECIAL REVENUE | | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF
PROGRAM : TRAILS AND WATERWAYS MANAGEMENT

| | | | F.Y. 1990 | | | | F.Y. 1991 | | | |
|-----------------------|---------|---------|----------------|--------|--------|-----------------------|----------------|--------|--------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| SOURCES OF FINANCING: | FY 1988 | FY 1989 | | | | | | | | |
| FEDERAL | 383 | 639 | 639 | 0 | 639 | 639 | 639 | 0 | 639 | 639 |
| GIFTS AND DEPOSITS | 28 | 10 | 10 | 0 | 10 | 10 | 10 | 0 | 10 | 10 |
| TOTAL FINANCING | 8,024 | 9,747 | 9,263 | 1,723 | 10,986 | 10,664 | 9,268 | 1,818 | 11,086 | 10,764 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 12.0 | 12.0 | 12.0 | 0.0 | 12.0 | 12.0 | 12.0 | 0.0 | 12.0 | 12.0 |
| MN RESOURCES | 1.0 | 1.0 | 0.0 | 2.0 | 2.0 | 2.0 | 0.0 | 2.0 | 2.0 | 2.0 |
| WATER RECREATION | 19.0 | 19.0 | 19.0 | 6.0 | 25.0 | 25.0 | 19.0 | 6.0 | 25.0 | 25.0 |
| SPECIAL REVENUE | 11.0 | 11.0 | 11.0 | 0.0 | 11.0 | 11.0 | 11.0 | 0.0 | 11.0 | 11.0 |
| GAME AND FISH | 2.0 | 2.0 | 2.0 | 0.0 | 2.0 | 2.0 | 2.0 | 0.0 | 2.0 | 2.0 |
| TOTAL POSITIONS | 45.0 | 45.0 | 44.0 | 8.0 | 52.0 | 52.0 | 44.0 | 8.0 | 52.0 | 52.0 |

ACTIVITY: TRAILS AND WATERWAYS MANAGEMENT
 Program: TRAILS AND WATERWAYS MANAGEMENT
 Agency: NATURAL RESOURCES, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

Trails exist to provide recreation for state residents and tourists.

This activity supports the Department of Natural Resources' (DNR) overall trails program by providing funding for 1) trail planning, interpretation and marketing; 2) regional and area coordination; and 3) maintenance and operations of all state and unit trails used for bicycling, horseback riding and hiking.

The Trails and Waterways Management Activity exists to fulfill the legislative authorization found in M.S. 85.015 and 86A. This includes trail opportunities offered by state trails, state parks, and state forest trails statewide.

The state trails program has added or improved 88 miles of surfaced bicycle trails in the past 4 years which have resulted in over 150,000 additional bike-use occasions per year. The Statewide Comprehensive Outdoor Recreation Plan projects a steady increase in demand for bicycling (3.4% by 1995). Bicycling is projected to be one of the most popular family activities in the future. Effective management of these trails is critical for their safe use and enjoyment.

Funding for snowmobile, cross-country ski and all-terrain vehicle management is requested in the Trails Recreation Activity.

| <u>EFFECTIVENESS MEASURES: *</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|---|------------------|------------------|------------------|------------------|
| No. of total DNR biking occasions (000's) | 255 | 275 | 298 | 322 |
| No. of total DNR hiking and backpacking occasions (000's) | 2,340 | 2,360 | 2,381 | 2,402 |
| No. of total DNR horseback riding occasions (000's) | 366 | 368 | 370 | 372 |

* Estimates do not include out-of-state users of Minnesota trails. An "occasion" is registered every time someone participates in a trail use.

| <u>STATISTICS:</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|---|------------------|------------------|------------------|------------------|
| No. of bicycling miles maintained | 184 | 204 | 224 | 230 |
| No. of hiking miles maintained | 1,500 | 1,520 | 1,540 | 1,540 |
| No. of equestrian miles maintained | 534 | 555 | 565 | 590 |
| No. of plans completed | -0- | -0- | 1 | 1 |
| Existing plans amended | -0- | -0- | 1 | 1 |
| Trail-related surveys published | 7 | 5 | 6 | 7 |
| Percent of trail registry records updated | 60 | 80 | 60 | 80 |
| Editions of <u>Trail Explorer</u> | 8 | 8 | 10 | 10 |

REVENUE:

None.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF
PROGRAM : TRAILS AND WATERWAYS MANAGEMENT
BUDGET ACTIVITY : TRAILS AND WATERWAYS MANAGEMENT

| F.Y. 1990 | | | | | | | F.Y. 1991 | | | |
|--|---------|---------|------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| ----- | | | | | | | ----- | | | |
| AGENCY REQUEST | | | | | | | AGENCY REQUEST | | | |
| ----- | | | | | | | ----- | | | |
| EXPENDITURES: | FY 1988 | FY 1989 | BASE | CHANGE | TOTAL | GOVERNOR'S RECOMM. | BASE | CHANGE | TOTAL | GOVERNOR'S RECOMM. |
| ----- | | | | | | | | | | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 536 | 585 | 589 | 106 | 695 | 619 | 589 | 106 | 695 | 619 |
| EXPENSES/CONTRACTUAL SRVCS | 63 | 58 | 57 | 155 | 212 | 93 | 57 | 174 | 231 | 112 |
| MISC OPERATING EXPENSES | 21 | 33 | 16 | 5 | 21 | 21 | 16 | 5 | 21 | 21 |
| SUPPLIES/MATERIALS/PARTS | 27 | 58 | 42 | 43 | 85 | 45 | 42 | 43 | 85 | 45 |
| CAPITAL EQUIPMENT | 2 | 0 | 0 | 15 | 15 | 0 | 0 | 15 | 15 | 0 |
| REDISTRIBUTIONS | 46 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ----- | | | | | | | | | | |
| STATE OPERATIONS | 695 | 734 | 704 | 324 | 1,028 | 778 | 704 | 343 | 1,047 | 797 |
| LOCAL ASSISTANCE | 48 | 72 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ----- | | | | | | | | | | |
| TOTAL EXPENDITURES | 743 | 806 | 704 | 324 | 1,028 | 778 | 704 | 343 | 1,047 | 797 |
| ----- | | | | | | | | | | |
| CHANGE REQUESTS: | FUND | | | | | | | | | |
| ----- | | | | | | | | | | |
| A FLEET MANAGEMENT | GEN | | | 10 | | 10 | | 29 | | 29 |
| B NON-MOTORIZED TRAIL MAINT.& OPERATIONS | GEN | | | 250 | | 0 | | 250 | | 0 |
| B TRAILS PLANNING AND MANAGEMENT | MNRS | | | 64 | | 64 | | 64 | | 64 |
| ----- | | | | | | | | | | |
| TOTAL CHANGE REQUESTS | | | | 324 | | 74 | | 343 | | 93 |
| ----- | | | | | | | | | | |
| SOURCES OF FINANCING: | | | | | | | | | | |
| ----- | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 617 | 709 | 704 | 260 | 964 | 714 | 704 | 279 | 983 | 733 |
| MN RESOURCES | 81 | 97 | 0 | 64 | 64 | 64 | 0 | 64 | 64 | 64 |
| WATER RECREATION | 45 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ----- | | | | | | | | | | |
| TOTAL FINANCING | 743 | 806 | 704 | 324 | 1,028 | 778 | 704 | 343 | 1,047 | 797 |
| ----- | | | | | | | | | | |
| POSITIONS BY FUND: | | | | | | | | | | |
| ----- | | | | | | | | | | |
| GENERAL | 12.0 | 12.0 | 12.0 | 0.0 | 12.0 | 12.0 | 12.0 | 0.0 | 12.0 | 12.0 |
| MN RESOURCES | 1.0 | 1.0 | 0.0 | 1.0 | 1.0 | 1.0 | 0.0 | 1.0 | 1.0 | 1.0 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF
PROGRAM : TRAILS AND WATERWAYS MANAGEMENT
BUDGET ACTIVITY : TRAILS AND WATERWAYS MANAGEMENT

| POSITIONS BY FUND: | F.Y. 1990 | | | | | F.Y. 1991 | | | | |
|--------------------|-----------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | FY 1988 | FY 1989 | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| TOTAL POSITIONS | 13.0 | 13.0 | 12.0 | 1.0 | 13.0 | 13.0 | 12.0 | 1.0 | 13.0 | 13.0 |

CHANGE REQUEST 1990-91 Biennial Budget
 _____ Agency _____ Program X Activity

ACTIVITY: TRAILS AND WATERWAYS MANAGEMENT
 PROGRAM: TRAILS AND WATERWAYS MANAGEMENT
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: NON-MOTORIZED TRAIL MAINTENANCE AND OPERATIONS

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|----------------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 250 | -0- | \$ 250 | -0- |
| Governor's Recommendation | | | | |
| General Fund | \$ -0- | -0- | \$ -0- | -0- |

Request requires statutory change: _____ Yes X No
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests funds to increase maintenance and operations on state trails. Historically, these facilities have not been adequately maintained while additional facilities have been added to the system. These funds would enable the department to increase maintenance and improve operations and management of these facilities to satisfy documented user demand, ensure the users' health and safety and protect the state's investment in its existing recreation system.

DESCRIPTION/BACKGROUND:

The non-motorized trail program is underfunded due to continuing additions to the system, with concurrent cuts and lack of increases in maintenance funding. Cost-of-living salary increases have, in part, been absorbed by operational budgets, resulting in lower funding of operations. The current budget does not allow for proper maintenance of multi-million dollar facilities, resulting in deferred maintenance activities which result in higher costs at a later date.

This request would enable the Trails and Waterways Unit to increase maintenance on state and unit trails on a year-round basis, including trails constructed during the 1987-89 biennium. These facilities are currently under-maintained due to lack of funds. This request would increase General Fund maintenance dollars to ensure that existing and newly constructed facilities are adequately maintained during the non-winter months. Trails that

are maintained for hiking, bicycling and horseback riding have no dedicated funding. Increased demand with decreased maintenance support has created a crisis situation. Trail closures and curtailment of service are being considered during the non-snow months.

| STATISTICS: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|--|-----------|-----------|-----------|-----------|
| State trails | 14 | 15 | 15 | 15 |
| DNR bicycle trail mileage | 184 | 204 | 224 | 230 |
| DNR hiking trail mileage | 1,500 | 1,520 | 1,540 | 1,540 |
| Major trail waysides and parking areas | 12 | 13 | 14 | 15 |
| Equestrian trail mileage | 534 | 555 | 565 | 590 |

RATIONALE:

The Department of Natural Resources has been maintaining trail facilities at a reduced level for years due to inadequate funding. At the same time, many state trail facilities are experiencing new demands from record numbers of users. The Statewide Comprehensive Outdoor Recreation Plan indicates that the department can expect these demands to continue to increase for at least another 10 years. These facilities cannot continue to provide quality experiences without adequate maintenance and operations funding to protect the health and safety of the user and the resource. Many facilities have gone without preventative maintenance and regular supervision that is needed to prevent damage from vandals and uninformed users. Increasing job responsibilities and demands are also being placed on area Trails and Waterways managers. These increases have created administrative and resource management problems which will continue to affect the quality experience people expect from these facilities.

| BASE: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|--------------------------------------|-----------|-----------|-----------|-----------|
| General Fund Expenditures (000's) \$ | 620 | \$ 674 | \$ 674 | \$ 674 |

| LONG RANGE IMPLICATIONS: | F.Y. 1992 | F.Y. 1993 | Total |
|--------------------------------------|-----------|-----------|--------|
| General Fund Expenditures (000's) \$ | 300 | \$ 325 | \$ 625 |

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Although the request has merit, other spending priorities preclude additional funding.

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: TRAILS AND WATERWAYS MANAGEMENT
PROGRAM: TRAILS AND WATERWAYS MANAGEMENT
AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: TRAILS PLANNING AND MANAGEMENT - LCMR

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|--------------------------|-----------|-----------|-----------|-----------|
| | (000's) | | (000's) | |
| | Amount | Positions | Amount | Positions |
| Minnesota Resources Fund | \$ 64 | 1.0 | \$ 64 | 1.0 |

Governor's Recommendation

| | | | | |
|--------------------------|-------|-----|-------|-----|
| Minnesota Resources Fund | \$ 64 | 1.0 | \$ 64 | 1.0 |
|--------------------------|-------|-----|-------|-----|

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests funding for the purpose of developing and implementing a statewide strategic planning and management process for abandoned railroad grades and other long-distance trail opportunities.

DESCRIPTION/BACKGROUND:

Recreational trail use of abandoned railroad grades is one of the most successful and popular programs of the department. While some successes have been enjoyed, some opportunities have also been lost due to the lack of coordinated efforts on the part of state and local agencies.

This project will inventory abandoned railroad grades and other long-distance trail opportunities and establish a mechanism to assign priorities for action by appropriate agencies (Department of Natural Resources, Metropolitan Council, Department of Transportation, counties, cities).

Another important result of this project will be analysis of issues and policy recommendations for use by the legislature and other interested bodies to further encourage coordinated and timely response to opportunities.

RATIONALE:

A project of this type is the appropriate means to accomplish the stated need. Upon completion of the biennium, operating units will be able to carry

on the process developed, as well as benefit from a coherent set of recommendations.

BASE: None.

LONG RANGE IMPLICATIONS: None.

GOVERNOR'S RECOMMENDATION:

The Governor recognizes the authority of the Minnesota Future Resources Commission (MFRC, formerly the LCMR) to make budget recommendations directly to the legislature. While the Governor's budget reflects these recommendations in various agency proposals, the MFRC will present an entire package to the State Departments Division for legislative action.

ACTIVITY: WATER ACCESS AND RECREATION
 Program: TRAILS AND WATERWAYS MANAGEMENT
 Agency: NATURAL RESOURCES, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

Water Access and Recreation encompasses a broad range of programs including access to public waters, river recreation, wild and scenic rivers and fishing piers.

Currently, the Department of Natural Resources (DNR) manages approximately 1,200 water access sites that provide the general public free access to lakes and rivers. These sites average 2 acres in size, contain a boat launch ramp, parking lot, entrance road and, in high-use areas, toilets and trash barrels. Maintenance is accomplished primarily by contract and monitored by the DNR. Where accesses are concentrated, seasonal labor crews perform major maintenance: graveling parking lots and repairing ramps. Rules and regulations governing access use are enforced by DNR Conservation Officers. Whenever possible, the department cooperates with local units of government in establishing or upgrading water access sites. The DNR provides capital investment and local units maintain and operate the access site.

River recreation provides facilities and services to canoeists and boaters and ensures safe use on 19 designated rivers. Facilities provided and maintained include primitive campsites, rest areas, portage trails and access sites along the river corridor. Services provided include river clean-up, snag removal, maps, information guides, water level reports and signing of hazards.

The wild and scenic rivers program provides for protection and enhancement of segments of 6 rivers in Minnesota. Land acquisition of scenic easements or sites for recreation and the preservation of river segments are particularly important aspects of this program.

The fishing pier program is managed in cooperation with the Division of Fish and Wildlife. Lakes are selected for installation of fishing piers based upon the fish resource, local initiatives, and proximity to population or recreation resource centers. Water recreation staff, using funds provided by the Division of Fish and Wildlife, complete site analysis, legal agreements, contract for pier construction with Bayport Correctional Facility and install the piers.

Authority for these activities is found in M.S. 97A.141 and M.S. 85.32, and M.S. 104.25 to 104.40.

| <u>EFFECTIVENESS MEASURES:</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|--|------------------|------------------|------------------|------------------|
| No. of registered boats (000's) | 673 | 693 | 713 | 734 |
| Cost of access maintenance per site | \$.5 | \$.5 | \$.5 | \$.5 |
| Cost of construction per site (000's) | \$30 | \$30 | \$30 | \$30 |
| Cost of acquisition per site (000's) | \$40 | \$40 | \$40 | \$40 |
| Average annual maintenance cost per river mile | \$.1 | \$.1 | \$.1 | \$.1 |

STATISTICS:

| | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|-------------------------------|------------------|------------------|------------------|------------------|
| No. of river sites acquired | 4 | 4 | 4 | 4 |
| No. of accesses acquired | 11 | 11 | 11 | 11 |
| No. of accesses improved | 33 | 33 | 33 | 33 |
| No. of accesses maintained | 1,150 | 1,200 | 1,225 | 1,250 |
| No. of river miles managed | 2,865 | 2,865 | 2,865 | 2,865 |
| No. of river sites maintained | 537 | 553 | 563 | 573 |
| No. of fishing piers provided | 67 | 76 | 91 | 106 |

REVENUE:

None.

GRANTS AND AIDS:

1) River Clean-up:

Statutory Reference: M.S. 296.421

The CHANGE level for river clean-up from the Water Recreation Fund includes \$50,000 each year for grants to local units of government to assist in some of the incidental costs associated with volunteer clean-up efforts, such as proper disposal of the waste collected and equipment rental.

| <u>Statistics</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|----------------------------|------------------|------------------|------------------|------------------|
| Number of counties | -0- | -0- | 7 | 8 |
| Miles of river | -0- | -0- | 110 | 130 |
| Number of sites cleaned up | -0- | -0- | 50 | 60 |

| <u>Grants by Fund:</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|----------------------------------|------------------|------------------|------------------|------------------|
| Water Recreation Fund (000's) \$ | -0- | \$ -0- | \$ 50 | \$ 50 |

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF
PROGRAM : TRAILS AND WATERWAYS MANAGEMENT
BUDGET ACTIVITY : WATER ACCESS AND RECREATION

| EXPENDITURES: | F.Y. 1990 | | | | | | F.Y. 1991 | | | |
|--|-----------|---------|----------------|--------|-------|--------------------|----------------|--------|-------|--------------------|
| | FY 1988 | FY 1989 | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 1,149 | 1,147 | 1,170 | 296 | 1,466 | 1,466 | 1,170 | 296 | 1,466 | 1,466 |
| EXPENSES/CONTRACTUAL SRVCS | 1,054 | 789 | 369 | 117 | 486 | 486 | 372 | 174 | 546 | 546 |
| MISC OPERATING EXPENSES | 69 | 78 | 78 | 25 | 103 | 103 | 78 | 25 | 103 | 103 |
| SUPPLIES/MATERIALS/PARTS | 433 | 622 | 622 | 75 | 697 | 697 | 622 | 75 | 697 | 697 |
| CAPITAL EQUIPMENT | 40 | 17 | 17 | 0 | 17 | 17 | 17 | 0 | 17 | 17 |
| REAL PROPERTY | 1,046 | 2,148 | 2,148 | 467 | 2,615 | 2,615 | 2,148 | 467 | 2,615 | 2,615 |
| REDISTRIBUTIONS | 14 | 13 | 13 | 0 | 13 | 13 | 13 | 0 | 13 | 13 |
| STATE OPERATIONS | 3,805 | 4,814 | 4,417 | 980 | 5,397 | 5,397 | 4,420 | 1,037 | 5,457 | 5,457 |
| LOCAL ASSISTANCE | 23 | 0 | 0 | 150 | 150 | 150 | 0 | 50 | 50 | 50 |
| TOTAL EXPENDITURES | 3,828 | 4,814 | 4,417 | 1,130 | 5,547 | 5,547 | 4,420 | 1,087 | 5,507 | 5,507 |
| CHANGE REQUESTS: | | | | | | | | | | |
| FUND | | | | | | | | | | |
| A SAFE HARBORS - LAKE SUPERIOR WREC | | | | 500 | | 500 | | 500 | | 500 |
| A FLEET MANAGEMENT WREC | | | | 29 | | 29 | | 85 | | 85 |
| A FLEET MANAGEMENT G&F | | | | 1 | | 1 | | 2 | | 2 |
| B WATER ACCESS AND RECREATION MAINTENANCE WREC | | | | 300 | | 300 | | 300 | | 300 |
| B NORTH SHORE HARBORS STUDY MNRS | | | | 100 | | 100 | | 0 | | 0 |
| B RIVER CLEAN UP WREC | | | | 200 | | 200 | | 200 | | 200 |
| TOTAL CHANGE REQUESTS | | | | 1,130 | | 1,130 | | 1,087 | | 1,087 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| MN RESOURCES | 38 | 422 | 0 | 100 | 100 | 100 | 0 | 0 | 0 | 0 |
| WATER RECREATION | 3,175 | 3,325 | 3,346 | 1,029 | 4,375 | 4,375 | 3,349 | 1,085 | 4,434 | 4,434 |
| GAME AND FISH | 201 | 418 | 422 | 1 | 423 | 423 | 422 | 2 | 424 | 424 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| SPECIAL REVENUE | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL | 383 | 639 | 639 | 0 | 639 | 639 | 639 | 0 | 639 | 639 |
| GIFTS AND DEPOSITS | 28 | 10 | 10 | 0 | 10 | 10 | 10 | 0 | 10 | 10 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF
PROGRAM : TRAILS AND WATERWAYS MANAGEMENT
BUDGET ACTIVITY : WATER ACCESS AND RECREATION

| | | F.Y. 1990 | | | | | F.Y. 1991 | | | | |
|-----------------------|---------|----------------|-------|--------|-------|--------------------|----------------|--------|-------|--------------------|--|
| | | AGENCY REQUEST | | | | | AGENCY REQUEST | | | | |
| SOURCES OF FINANCING: | FY 1988 | FY 1989 | BASE | CHANGE | TOTAL | GOVERNOR'S RECOMM. | BASE | CHANGE | TOTAL | GOVERNOR'S RECOMM. | |
| TOTAL FINANCING | 3,828 | 4,814 | 4,417 | 1,130 | 5,547 | 5,547 | 4,420 | 1,087 | 5,507 | 5,507 | |
| POSITIONS BY FUND: | | | | | | | | | | | |
| WATER RECREATION | 19.0 | 19.0 | 19.0 | 6.0 | 25.0 | 25.0 | 19.0 | 6.0 | 25.0 | 25.0 | |
| GAME AND FISH | 2.0 | 2.0 | 2.0 | 0.0 | 2.0 | 2.0 | 2.0 | 0.0 | 2.0 | 2.0 | |
| TOTAL POSITIONS | 21.0 | 21.0 | 21.0 | 6.0 | 27.0 | 27.0 | 21.0 | 6.0 | 27.0 | 27.0 | |

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: WATER ACCESS AND RECREATION
PROGRAM: TRAILS AND WATERWAYS MANAGEMENT
AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: WATER ACCESS AND RECREATION MAINTENANCE

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|-----------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| Water Recreation Fund | \$ 300 | 1.0 | \$ 300 | 1.0 |

Governor's Recommendation

| | | | | |
|-----------------------|--------|-----|--------|-----|
| Water Recreation Fund | \$ 300 | 1.0 | \$ 300 | 1.0 |
|-----------------------|--------|-----|--------|-----|

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

This request is to increase maintenance on existing water access and recreation sites and provide maintenance on new water access and recreation sites recently acquired and developed. This CHANGE request will convert 1 part-time central office clerical position to full-time.

DESCRIPTION/BACKGROUND:

Until 1985, the Water Recreation Program was funded primarily by state bond funds and the Legislative Commission on Minnesota Resources to accelerate acquisition and development. Maintenance funds did not increase enough to provide adequate maintenance for the new developments. When the Water Recreation Fund was established in 1985, a base level of funding for maintenance was provided. However, this level has not been sufficient to maintain the large number of new accesses constructed prior to 1985. As new development of water access and river recreation sites (water recreation) continues, there is a need to provide maintenance on new sites and increased maintenance on existing sites. The need for such items as contract maintenance for trash pick-up, vegetation control and portable toilet rental is increasing. The number of seasonal labor crews to grade and gravel parking lots, repair launch ramps, replace signs and so on is also increasing.

There is also demand for quality access on locally significant lakes, necessitating additional funds for gravel, concrete plank ramps and labor. Laborers will remove brush, spread gravel and install plank ramps on existing

access sites that have had no improvement in 10 or 20 years. With the addition of 70 plank ramps each year (new development plus redevelopment of existing access sites), maintenance requirements for resetting ramps in the spring due to ice damage will continue to increase.

The position requested is a conversion of an existing part-time clerical position in the central office. With the increase in the Water Recreation Program activities, this conversion is needed to provide clerical support to central office staff working directly with the field.

| STATISTICS: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|----------------------------------|-----------|-----------|-----------|-----------|
| Number of accesses (new) | 33 | 33 | 36 | 36 |
| Number of launch ramps installed | 50 | 60 | 70 | 70 |

RATIONALE:

By increasing maintenance on existing water access sites (about 1,200), the quality of sites will improve and the public will be better served. Much of the maintenance on water access sites is due to weather; e.g., ice damage on ramps, potholes, washouts. A survey of Minnesota boaters in 1988 showed that toilets, docks, drinking water and security lighting were the facilities that would most add to boaters' enjoyment of the lakes and rivers they visit. These facilities require additional funds which will be provided on selected sites. Increasing the quality of the site will improve the recreation experience and provide better facilities for the handicapped and elderly. Approximately 36 new sites are developed each year which require maintenance.

| BASE: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|---------------------------------|-----------|-----------|-----------|-----------|
| Water Recreation Fund (000's) | \$ 500 | \$ 500 | \$ 500 | \$ 500 |
| Water Recreation Fund Positions | 19.0 | 19.0 | 19.0 | 19.0 |

| LONG RANGE IMPLICATIONS: | F.Y. 1992 | F.Y. 1993 | Total |
|---------------------------------|-----------|-----------|--------|
| Water Recreation Fund (000's) | \$ 300 | \$ 300 | \$ 600 |
| Water Recreation Fund Positions | 1.0 | 1.0 | 1.0 |

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: WATER ACCESS AND RECREATION
PROGRAM: TRAILS AND WATERWAYS MANAGEMENT
AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: NORTH SHORE HARBORS STUDY - LCMR

| Agency Request | F.Y. 1990 (000's) | | F.Y. 1991 (000's) | |
|---------------------------|----------------------|-----------|----------------------|-----------|
| | Amount | Positions | Amount | Positions |
| Minnesota Resources Fund | \$ 100 | -0- | \$ -0- | -0- |
| Governor's Recommendation | | | | |
| Minnesota Resources Fund | \$ 100 | -0- | \$ -0- | -0- |

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

This program will provide funds through the Department of Natural Resources (DNR) to the North Shore Management Board to determine the feasibility and location of safe harbors and public access sites on Lake Superior outside Duluth. The North Shore Management Board is a joint powers board consisting of county, city and township government which was created to direct development of a North Shore Management Plan on Lake Superior. Harbors and public accesses are major issues for the board considering economic development centers and tourism in its planning process.

DESCRIPTION/BACKGROUND:

This program will provide a plan for numbers, sizes and locations of harbors and public accesses on Lake Superior. The plan will consider the relationship of boating facilities, including marinas and public accesses, and the economic development of the land base. It will also consider public/private partnerships between the local community or county and private development. Potential funding sources, both federal and state, will be identified considering both economic development and recreation. Once siting is completed, engineering feasibility studies will be conducted to determine the size and cost of the proposed harbor using other funding sources, if available.

The DNR's role will be to guide the process of siting the proposed location of harbors to ensure safety of boaters and provide recreational benefit to boaters.

| STATISTICS: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|--|-----------|-----------|-----------|-----------|
| Miles of Lake Superior shoreline studied | -0- | -0- | 150 | 150 |
| Number of potential sites to be reviewed | -0- | -0- | 15 | 15 |

RATIONALE:

The DNR had identified the need for public accesses and harbors to provide for a safe boating and recreational experience. In a 1988 survey of Minnesota boat owners, a sizable proportion of boat owners (44%) would like to boat (or boat more often) on Lake Superior and its adjoining waters. These same boat owners, however, see barriers to their more frequent use of Lake Superior. A lack of protected harbors was one of the major barriers boat owners identified.

The plan and feasibility studies will provide the basis for funding safe harbors and public accesses on Lake Superior. Boaters will benefit by having additional launch facilities, dockage and a place of refuge during storms. The local economy will benefit by increased boating, tourism and business associated with harbors and marinas.

| BASE: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|-------|-----------|-----------|-----------|-----------|
| None. | | | | |

| LONG RANGE IMPLICATIONS: | F.Y. 1992 | F.Y. 1993 | Total |
|--------------------------|-----------|-----------|-------|
| None. | | | |

GOVERNOR'S RECOMMENDATION:

The Governor recognizes the authority of the Minnesota Future Resources Commission (MFRC, formerly the LCMR) to make budget recommendations directly to the legislature. While the Governor's budget reflects these recommendations in various agency proposals, the MFRC will present an entire package to the State Departments Division for legislative action.

CHANGE REQUEST 1990-91 Biennial Budget
 _____ Agency _____ Program X Activity

ACTIVITY: WATER ACCESS AND RECREATION
 PROGRAM: TRAILS AND WATERWAYS MANAGEMENT
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: RIVER CLEAN-UP

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| Water Recreation Fund | \$ 200 | 4.0 | \$ 200 | 4.0 |
| Governor's Recommendation | | | | |
| Water Recreation Fund | \$ 200 | 4.0 | \$ 200 | 4.0 |

Request requires statutory change: X Yes _____ No
 Statutes Affected: M.S. 296.421

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests funds to develop a River Clean-up Program statewide. This request includes 4 positions in the unclassified service to provide for the coordination of river clean-up efforts and funding for grants and aids to local units of government.

The objective of this request is to initiate a major clean-up effort of dump sites adjacent to rivers on both public and private lands.

DESCRIPTION/BACKGROUND:

The Department of Natural Resources and the Minnesota Clean-Rivers Task Force, a multi-agency task force established in 1988 to plan and direct a river clean-up effort, have intensified efforts to clean-up Minnesota's outstanding river resources. Considerable progress has been made over the past year, but major coordination and funding issues continue to surface and impede progress. Much work is currently centered on identifying the scope of the problem statewide. Major dumping sites have been located on many rivers and include items such as old car bodies, refrigerators and other appliances, tires, furniture, batteries, metal objects, etc. During the past 2 years, pilot clean-up projects have been completed. These projects, involving public/private partnerships, have helped to narrow the focus of the program and further identify important issues that must be addressed.

The grants proposed would be for costs incurred by local units of government

for proper disposal of the trash collected and for other costs associated with volunteer clean-up efforts, such as equipment rental. Statutory authority for this grant activity will be necessary before implementation.

STATISTICS:

| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|---|-----------|-----------|-----------|-----------|
| Miles of rivers and streams statewide (000's) | 90 | 90 | 90 | 90 |
| Number of rivers statewide | 157 | 157 | 157 | 157 |
| Local units of government | -0- | 10 | 50 | 50 |

RATIONALE:

This request is in response to a strong interest by private groups and local units of government to improve the quality of our river environments. The river clean-up effort has drawn attention to the outstanding scenic and recreational qualities of rivers and is necessary to help correct a significant dumping problem. Coordination efforts are essential to successful clean-up projects. Funding to assist local units with disposal through a grants program is an important element of this request, allowing greater participation.

BASE:

F.Y. 1988 F.Y. 1989 F.Y. 1990 F.Y. 1991

None.

LONG RANGE IMPLICATIONS:

F.Y. 1992 F.Y. 1993 Total

None.

GRANTS AND AIDS:

| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|-------------------------------|-----------|-----------|-----------|-----------|
| Water Recreation Fund (000's) | \$ -0- | \$ -0- | \$ 50 | \$ 50 |

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

ACTIVITY: TRAILS RECREATION
Program: TRAILS AND WATERWAYS MANAGEMENT
Agency: NATURAL RESOURCES, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

Snowmobile, cross-country ski and all-terrain vehicle (ATV) trails exist to provide safe and enjoyable recreational opportunities for state residents and tourists, and make available grants-in-aid (GIA) funding to local units of government.

This activity provides a wide variety of snowmobile and cross-country ski trail experiences throughout Minnesota. By providing these opportunities, users have the opportunity to expand their understanding of Minnesota's resources, enjoy high-quality trails, and benefit local economies.

This activity provides for state and unit trails (i.e., in state parks and forests) through the following actions:

- 1) administration of programs;
- 2) new trail development;
- 3) maintenance and rehabilitation of existing trails;
- 4) use monitoring; and,
- 5) program marketing.

The ATV/Off-Road Vehicle Program promotes safe, responsible and enjoyable use of ATV's. Included in this activity are program administration, rule and regulation implementation and trail maintenance. This activity also provides for the development of criteria for future use areas and development of criteria for the GIA program.

| <u>EFFECTIVENESS MEASURES:</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|---|------------------|------------------|------------------|------------------|
| Snowmobiling occasions on registered sleds on Department of Natural Resources' (DNR) trails * (000's) | 1,519 | 1,529 | 1,535 | 1,542 |
| Cross-country skiing occasions by licensed skiers on DNR trails * (000's) | 162 | 164 | 165 | 167 |
| Snowmobile GIA average development cost per mile | \$.4 | \$.4 | \$.4 | \$.4 |
| Snowmobile GIA average maintenance cost per mile | \$.2 | \$.2 | \$.2 | \$.2 |
| Cross-country ski average maintenance expenditure per mile ** | \$.1 | \$.1 | \$.1 | \$.1 |

* Estimates do not include out-of-state users of Minnesota trails. An "occasion" is registered every time someone participates in a trail use.

** Low maintenance expenditures reflect incomplete funding due to a shortage in dedicated revenues.

| <u>STATISTICS:</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|--|------------------|------------------|------------------|------------------|
| Miles of DNR snowmobile trails | 2,167 | 2,167 | 2,167 | 2,167 |
| Miles of maintained DNR cross-country ski trails | 841 | 841 | 841 | 841 |
| Miles of DNR ATV trails | 30 | 30 | 45 | 65 |

REVENUE:

This activity generates dedicated revenue.

| <u>Type of Revenue</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|-----------------------------|------------------|------------------|------------------|------------------|
| Dedicated - special (000's) | \$ 2,243 | \$ 1,550 | \$ 1,540 | \$ 1,530 |
| Total Revenue | \$ 2,243 | \$ 1,550 | \$ 1,540 | \$ 1,530 |

DESCRIPTION:

The GIA program involves a contractual agreement between local units of government and the state for snowmobile, cross-country ski and ATV trails.

1) Snowmobile Grants:

Statutory Reference: M.S. 84.83

Snowmobile trail grants help satisfy local snowmobile needs by providing funds for trail development and maintenance. Grants are given to local units of government which act as sponsors for local snowmobile clubs. To be eligible for a grant, a club, through its sponsor, must submit 1) landowner trail permits; 2) a project proposal which estimates costs for administration, acquisition, development and maintenance; and 3) a resolution from the local unit of government agreeing to be a sponsor for a club.

Criteria used to determine the dollar amount of a grant made to a trail club include terrain, weather, type of equipment, use, development and maintenance costs, and funds remaining from previous grants, if any.

| <u>Statistics:</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|-------------------------------------|------------------|------------------|------------------|------------------|
| Miles of GIA trails | 8,974 | 9,950 | 10,200 | 10,200 |
| Number of local units of government | 62 | 64 | 66 | 66 |

| <u>Grants by Fund:</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|--|------------------|------------------|------------------|------------------|
| Special Revenue--Snowmobile Safety and Enforcement Account (000's) | \$ 1,698 | \$ 1,748 | \$ 1,748 | \$ 1,748 |

ACTIVITY: TRAILS RECREATION

1990-91 Biennial Budget

(Continuation)

Program: TRAILS AND WATERWAYS MANAGEMENT

Agency: NATURAL RESOURCES, DEPARTMENT OF

DESCRIPTION: (Contd.)

2) Cross-Country Ski Grants:

Statutory Reference: Minnesota Laws, Ch. 654, Art. 2, Sec. 86

The purpose of the cross-country ski GIA program is to provide support for trails which help to fulfill local needs and complement state trail systems. Grants for ski trail development and maintenance are awarded to local units of government who act as sponsors for local ski clubs or local park systems. To be eligible for a grant, the sponsor must submit 1) a landowner trail permit; 2) project proposals estimating costs for administration, acquisition, development and maintenance; and 3) a resolution from the local unit of government agreeing to be sponsor for the grant. The grant amount is based on use, terrain, weather, type of equipment and maintenance and development costs.

The ski grant program is seriously underfunded and cannot meet the funding needs of local trail systems. Grant applications far exceed the amount of funding available. No grant made in the state adequately funds the total expenses incurred by the trail organization.

| <u>Statistics:</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|-------------------------------------|------------------|------------------|------------------|------------------|
| Miles of grants-in-aid (GIA) trails | 742 | 742 | 742 | 742 |
| Number of local units of government | 39 | 39 | 39 | 39 |

| <u>Grants by Fund:</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|--|------------------|------------------|------------------|------------------|
| Special Revenue--Cross-Country Ski Account (000's) | \$ 120 | \$ 120 | \$ 120 | \$ 120 |

3) All-Terrain Vehicle/Three-Wheel Off-Road Vehicle Grants:

Statutory Reference: M.S. 84.927

All-terrain vehicle (ATV) use in Minnesota has increased rapidly. This new legislation (1986) expanded the existing ATV program to include the establishment of policies and procedures, rules and regulations and a GIA program. Amendments are being proposed for the existing ATV legislation. These changes will bring Minnesota Statutes into line with a federal court consent decree.

The ATV grant program will be patterned after the snowmobile and ski grant programs. The mechanism and program organization will be the same, and program guidelines will emphasize safety, environmental protection, and placement of facilities in areas most likely to satisfy demand.

Statistics:

| | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|-------------------------------------|------------------|------------------|------------------|------------------|
| Miles of GIA trails | -0- | -0- | 460 | 550 |
| Number of local units of government | -0- | -0- | 8 | 10 |

Grants by Fund:

| | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|---------------------------------------|------------------|------------------|------------------|------------------|
| Special Revenue--ATV Accounts (000's) | \$ -0- | \$ -0- | \$ 275 | \$ 325 |

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF
PROGRAM : TRAILS AND WATERWAYS MANAGEMENT
BUDGET ACTIVITY : TRAILS RECREATION

| F.Y. 1990 | | | | | | F.Y. 1991 | | | | | |
|---------------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|--|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | |
| EXPENDITURES: | FY 1988 | FY 1989 | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | | |
| DETAIL BY CATEGORY: | | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | | |
| PERSONAL SERVICES | 802 | 995 | 1,008 | 30 | 1,038 | 1,038 | 1,008 | 30 | 1,038 | 1,038 | |
| EXPENSES/CONTRACTUAL SRVCS | 400 | 398 | 400 | 43 | 443 | 443 | 402 | 112 | 514 | 514 | |
| MISC OPERATING EXPENSES | 57 | 94 | 94 | 1 | 95 | 95 | 94 | 1 | 95 | 95 | |
| SUPPLIES/MATERIALS/PARTS | 241 | 435 | 435 | 2 | 437 | 437 | 435 | 2 | 437 | 437 | |
| CAPITAL EQUIPMENT | 126 | 23 | 23 | 0 | 23 | 23 | 23 | 0 | 23 | 23 | |
| REAL PROPERTY | 0 | 90 | 90 | 75 | 165 | 165 | 90 | 75 | 165 | 165 | |
| REDISTRIBUTIONS | 34 | 32 | 32 | 0 | 32 | <40> | 32 | 0 | 32 | <40> | |
| | | | | | | | | | | | |
| STATE OPERATIONS | 1,660 | 2,067 | 2,082 | 151 | 2,233 | 2,161 | 2,084 | 220 | 2,304 | 2,232 | |
| LOCAL ASSISTANCE | 1,793 | 2,060 | 2,060 | 118 | 2,178 | 2,178 | 2,060 | 168 | 2,228 | 2,228 | |
| | | | | | | | | | | | |
| TOTAL EXPENDITURES | 3,453 | 4,127 | 4,142 | 269 | 4,411 | 4,339 | 4,144 | 388 | 4,532 | 4,460 | |
| | | | | | | | | | | | |
| CHANGE REQUESTS: | FUND | | | | | | | | | | |
| | | | | | | | | | | | |
| A FLEET MANAGEMENT | GEN | | | 1 | | 1 | | 2 | | 2 | |
| A FLEET MANAGEMENT | SREV | | | 40 | | 40 | | 108 | | 108 | |
| A X COUNTRY SKI | GEN | | | 0 | | <72> | | 0 | | <72> | |
| B ALL-TERRAIN VEHICLE PROGRAM | SREV | | | 75 | | 75 | | 125 | | 125 | |
| B RIDGELINE HIKING TRAIL | MNRS | | | 78 | | 78 | | 78 | | 78 | |
| B TRAIL RIGHT-OF-WAY PROTECTION | MNRS | | | 75 | | 75 | | 75 | | 75 | |
| | | | | | | | | | | | |
| TOTAL CHANGE REQUESTS | | | | 269 | | 197 | | 388 | | 316 | |
| | | | | | | | | | | | |
| SOURCES OF FINANCING: | | | | | | | | | | | |
| ----- | | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | | |
| GENERAL | 72 | 72 | 72 | 1 | 73 | 1 | 72 | 2 | 74 | 2 | |
| MN RESOURCES | 0 | 0 | 0 | 153 | 153 | 153 | 0 | 153 | 153 | 153 | |
| SPECIAL REVENUE | 3,381 | 4,055 | 4,070 | 115 | 4,185 | 4,185 | 4,072 | 233 | 4,305 | 4,305 | |
| | | | | | | | | | | | |
| TOTAL FINANCING | 3,453 | 4,127 | 4,142 | 269 | 4,411 | 4,339 | 4,144 | 388 | 4,532 | 4,460 | |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF
PROGRAM : TRAILS AND WATERWAYS MANAGEMENT
BUDGET ACTIVITY : TRAILS RECREATION

| SOURCES OF FINANCING: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|-----------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| POSITIONS BY FUND: | | | | | | | | | | |
| MN RESOURCES | 0.0 | 0.0 | 0.0 | 1.0 | 1.0 | 1.0 | 0.0 | 1.0 | 1.0 | 1.0 |
| SPECIAL REVENUE | 11.0 | 11.0 | 11.0 | 0.0 | 11.0 | 11.0 | 11.0 | 0.0 | 11.0 | 11.0 |
| TOTAL POSITIONS | 11.0 | 11.0 | 11.0 | 1.0 | 12.0 | 12.0 | 11.0 | 1.0 | 12.0 | 12.0 |

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: TRAILS RECREATION
PROGRAM: TRAILS AND WATERWAYS MANAGEMENT
AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: ALL-TERRAIN VEHICLE PROGRAM

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|--|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| Special Revenue-- All-Terrain Vehicle | \$ 75 | -0- | \$ 125 | -0- |
| Governor's Recommendation | | | | |
| Special Revenue-- All-Terrain Vehicle | \$ 75 | -0- | \$ 125 | -0- |

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

This CHANGE level will allow the department to meet the growing demand through grants to local units of government.

DESCRIPTION/BACKGROUND:

The Department of Natural Resources (DNR) is responsible for implementing an All-Terrain Vehicle (ATV) Program on a statewide basis. This program consists of grants to local units of government and providing ATV opportunities on DNR-administered lands.

The DNR has identified limited numbers of designated ATV trails, but there are numerous opportunities available for ATV enthusiasts within state forests. Presently, the department has not initiated a grants-in-aid program because of tort liability questions.

The ATV Program has been negatively impacted by safety issues and actions taken by the U.S. Consumer Product Safety Commission. M.S. 84.92 is presently inconsistent with liability and safety standards, and amendments are being proposed that would strengthen protection against tort liability judgments for state and local units of government.

Public interest and demand for ATV facilities remains strong, and trails now open to ATVs receive substantial use. The department is gaining experience with this program and is finding that ATV trails will be more costly to

maintain and operate than other types of trails.

| STATISTICS: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|-------------------------------------|-----------|-----------|-----------|-----------|
| Total ATVs registered (000's) | 40 | 45 | 51 | 57 |
| Miles of state run ATV trails | 30 | 30 | 45 | 65 |
| Number of local units of government | 0 | 0 | 8 | 10 |

RATIONALE:

Demand for ATV facilities, demographics of ATV owners, and the requirements for safety are converging to create strong interest in this program. Use continues to increase, particularly near the metro area. Vehicle registration figures continue to grow, and gasoline tax revenue for this dedicated account increased as a result of the recent gasoline tax increase. Increased funding will be required to develop and operate trails and areas adequate for the demand.

Given constructive changes to M.S. 84.92, the state should be able to provide facilities.

| BASE: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|----------------------------------|-----------|-----------|-----------|-----------|
| ATV Account Expenditures (000's) | \$ 475 | \$ 475 | \$ 475 | \$ 475 |

| LONG RANGE IMPLICATIONS: | F.Y. 1992 | F.Y. 1993 | Total |
|----------------------------------|-----------|-----------|--------|
| ATV Account Expenditures (000's) | \$ 225 | \$ 225 | \$ 450 |
| ATV Account Positions | 1.0 | 1.0 | 1.0 |

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: TRAILS RECREATION
PROGRAM: TRAILS AND WATERWAYS MANAGEMENT
AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: RIDGELINE HIKING TRAIL - LCMR

| Agency Request | F.Y. 1990 (000's) | | F.Y. 1991 (000's) | |
|--------------------------|----------------------|-----------|----------------------|-----------|
| | Amount | Positions | Amount | Positions |
| Minnesota Resources Fund | \$ 78 | 1.0 | \$ 78 | 1.0 |

Governor's Recommendation

| | | | | |
|--------------------------|-------|-----|-------|-----|
| Minnesota Resources Fund | \$ 78 | 1.0 | \$ 78 | 1.0 |
|--------------------------|-------|-----|-------|-----|

Request requires statutory change: _____ Yes _____ No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

This request is for a grant of \$156,000 to the Superior Hiking Trail Association to plan, acquire easements, and construct a 20-mile segment of hiking trail to extend the existing Superior Hiking Trail from Gooseberry Falls State Park to Two Harbors, Minnesota.

DESCRIPTION/BACKGROUND:

The Legislative Commission on Minnesota Resources (LCMR) provided \$372,000 to the Superior Hiking Trail Association during the 1987-89 biennium to plan, acquire easements, and develop a hiking trail on the ridgeline overlooking Lake Superior between Gooseberry Falls State Park and Grand Marais, Minnesota.

This is a cooperative effort between a private, nonprofit organization (Superior Hiking Trail Association) and the state of Minnesota. The hiking trail project required the cooperation of the state, U.S. Forest Service, 2 counties, and several municipalities and townships.

Trail construction during the 1987-89 biennium was accomplished with workers provided by the Minnesota Conservation Corps (MCC), laid off mining company employees in Lake County, and various volunteer groups. MCC wages and materials accounted for 47% of the original LCMR appropriations.

The trail crosses both public and private land. Formal crossing agreements

have been negotiated with federal, state, county, township and municipal units of government. Donated easements include: 3 private landowners; 3 corporate landowners; the Merrill Estate, Minnesota Mining and Manufacturing, and Consolidated Paper Company. Other corporate landowners in the process of providing formal access to their lands: LTV Steel, Reserve Mining Company, Northern Land Company, and Cathedral of the Pines.

RATIONALE:

This project is the result of local initiative and is not part of a formally authorized state trail program.

The Superior Hiking Trail has already become a popular tourism and recreation component of the North Shore. While we do not have formal usage figures as yet, local resource managers and commercial operators indicate strong interest by tourists. Ten thousand maps of completed trail segments have been distributed.

BASE:

| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|------------------------------------|-----------|-----------|-----------|-----------|
| Minnesota Resources Fund (000's) | \$ 186 | \$ 186 | \$ -0- | \$ -0- |
| Minnesota Resources Fund Positions | 1.0 | 1.0 | -0- | -0- |

LONG RANGE IMPLICATIONS: None.

GOVERNOR'S RECOMMENDATION:

The Governor recognizes the authority of the Minnesota Future Resources Commission (MFRC, formerly the LCMR) to make budget recommendations directly to the legislature. While the Governor's budget reflects these recommendations in various agency proposals, the MFRC will present an entire package to the State Departments Division for legislative action.

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: TRAILS RECREATION
PROGRAM: TRAILS AND WATERWAYS MANAGEMENT
AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: TRAIL RIGHT-OF-WAY PROTECTION - LCMR

| | F.Y. 1990 | | F.Y. 1991 | |
|--------------------------|-------------------|-----------|-------------------|-----------|
| Agency Request | (000's) Amount | Positions | (000's) Amount | Positions |
| Minnesota Resources Fund | \$ 75 | -0- | \$ 75 | -0- |

Governor's Recommendation

| | | | | |
|--------------------------|-------|-----|-------|-----|
| Minnesota Resources Fund | \$ 75 | -0- | \$ 75 | -0- |
|--------------------------|-------|-----|-------|-----|

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

To provide funding for less than fee acquisition of high priority linear corridors and to rectify any safety hazards on these corridors.

DESCRIPTION/BACKGROUND:

This proposal would allow the department to negotiate with railroad companies on high priority corridors at a time when acquisition dollars are not available to the department. This will allow the department to acquire, in less than fee, the right to occupy until funding can be obtained for fee acquisitions. It will also allow the department to rectify any safety hazards so public use of these corridors can take place as soon as possible.

STATISTICS:

| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|---|-----------|-----------|-----------|-----------|
| Anticipated high priority corridors available for acquisition | -0- | -0- | 3 | 3 |

RATIONALE:

This CHANGE will make it possible to secure trail corridors until they can be acquired. If this is not accomplished within a reasonable time after the corridors are offered for sale, portions might be sold off and the continuity of the corridor will be destroyed. These high priority rights-of-way are important for several reasons. Some are links that will either close severances in existing trails, or will extend trails into cities or towns that need direct trail connection, or they will secure state ownership of new trail facilities as mandated by the legislature.

BASE:

F.Y. 1988 F.Y. 1989 F.Y. 1990 F.Y. 1991

None.

LONG RANGE IMPLICATIONS:

F.Y. 1992 F.Y. 1993 Total

None.

GOVERNOR'S RECOMMENDATION:

The Governor recognizes the authority of the Minnesota Future Resources Commission (MFRC, formerly the LCMR) to make budget recommendations directly to the legislature. While the Governor's budget reflects these recommendations in various agency proposals, the MFRC will present an entire package to the State Departments Division for legislative action.

PROGRAM: FISH AND WILDLIFE MANAGEMENT
Agency: NATURAL RESOURCES, DEPARTMENT OF

1990-91 Biennial Budget

PROGRAM PURPOSE: The Fish and Wildlife Management Program protects and manages the state's fish, wildlife, native plants and their communities; their intrinsic values and long-term benefits are maintained for present and future generations through stewardship and activities that include regulatory protection, physical management of species and habitats, advocacy of ecosystem integrity, and resource investigations and education. The program's management goals are to 1) achieve and maintain appropriate viable populations of these resources and 2) to provide and maintain quality opportunities for their use and appreciation.

OPERATION: The activities of this program are Fish Management, Wildlife Management and Ecological Services. The program protects and manages fish, wildlife and native plant species through land acquisition, habitat development and monitoring efforts. Land purchased is established as wildlife management areas, scientific and natural areas, spawning areas, and rough fish control sites; interest in land acquired under easement for stream improvement work, public access and for flowage onto private lands for wetland development.

Agreements with private landowners provide wildlife food plots, cover and small wetland restorations. Development work on fish and wildlife land includes such activities as the creation of forest openings, wetland improvements, seeding and planting, prescribed burning, and lake and stream improvement.

Recreational opportunities are provided to hunters, trappers, anglers and nature enthusiasts by rearing, stocking, relocation, and reintroduction of various fish and wildlife species. Population control efforts are accomplished through season setting and possession limits in conjunction with the opening, expanding or closing of use on certain hunting lands and public waters. Data collection, census and survey work and data review all contribute information to management so that efforts are effectively applied.

The division coordinates with other disciplines, agencies, local units of government and various interest groups to receive and distribute information. The division hosts public input meetings across the state; participates in or prepares responses for hearings on environmental impact issues; responds to thousands of inquiries from citizens and organizations; and gives numerous presentations to local, state, national, civic and resource organizations.

Division activities annually generate \$30.0 million in license fees and \$8.0 million in federal aid reimbursements into the Game and Fish Fund. The Game and Fish Fund provides 30% of the agency's annual budget and 80% of the division's funding.

PROGRAM PRIORITIES: The Reinvest in Minnesota Act states that fish and wildlife are renewable resources. They are to be conserved and enhanced through a planned management program. Although renewable, these resources must be wisely managed to survive the demands of tourism, hunter and angler pressure and threats to remaining habitat. Wise and effective management means balancing viable populations and adequate habitats with user pressures and land-use conversions. The issues facing the Fish and Wildlife Program in the 1990s will be to strike this balance through more and better research, management and evaluation techniques, and to obtain adequate funding.

The priorities requiring immediate and long-term attention are continuation of the comprehensive planning process, continued solvency of Game and Fish Fund, and attainment of stable and alternative funding sources. These priorities reflect program and financial concerns.

BUDGET ISSUE: The 1987 legislature passed a \$6.0 million license fee increase and federal aid allocations have doubled since 1985 but programs remain at same or lower levels of efforts. Hidden budget reductions totaling \$1.5 million are the result of base adjustments, reprogramming, underfunded salary supplements, increased insurance costs and sales tax and inflation. The impacts have been far reaching.

Fish management has cut back 10% on stream improvement, fish distribution, and lake rehabilitation work; all of these activities earn federal aid reimbursement. Boats, motors, and electrofishing systems have not been purchased even though basic fish management and research activities cannot be accomplished without timely replacement.

About 300 acres of wildlife lands will not be acquired. Deer habitat research and development work will remain undone and farmland deer studies have been curtailed. There has been an overall reduction to waterfowl area developments and about \$30,000 in development work will not be accomplished on the Lac Qui Parle Wildlife Management Area.

Ecological Services has had to forego or only partially complete important environmental review work for permit applications that affect wetlands and waterways. Certain pathology and chemical analysis work is being eliminated. Long-range planning efforts are behind schedule.

The most critical problem facing the division is the current over commitment of staff time. There is a need to reduce workloads but responsibilities are ever increasing. Because of inadequate funding and staffing, employees are experiencing stress and fatigue that are detrimental to the individual and to organizational effectiveness. This problem must be addressed.

EXPLANATION OF BUDGET REQUEST: This budget request will fund the Fish and Wildlife Management Program that generates over \$1 billion into the economy each year. Additional funding is necessary to meet resource and user needs if critical work is to be accomplished.

Sixteen CHANGE REQUEST items (\$ in 000's) are requested for this program. \$75 each year is requested to improve trout and salmon habitat. \$500 and 18.0 positions each year are requested to accelerate existing lake and stream survey efforts and provide a current data base for management planning and public information. \$25 each year is requested to provide for basic costs of the Scientific and Natural Areas Program. \$5 and 1.0 position each year are requested to coordinate the research and inventory activities of the Nongame Wildlife Program. \$150 each year is requested to provide special hunts and to cover increased printing costs for the big game, small game and waterfowl hunting regulations (synopses). \$75 each year is requested for pheasant habitat improvement. \$42 and 1.0 position each year are requested to increase the knowledge of and access to the agency's Natural Heritage Data System. \$150 and 4.0 positions each year are requested for conversion of the fish and wildlife comprehensive planning process. \$275 and 3.0 positions each year are requested to coordinate a comprehensive, statewide program for control of the noxious weed, purple loosestrife. Conversion of 6.0 complement positions from the Game and Fish Fund to the General Fund in the Ecolo-

PROGRAM: FISH AND WILDLIFE MANAGEMENT
(Continuation)
Agency: NATURAL RESOURCES, DEPARTMENT OF

1990-91 Biennial Budget

EXPLANATION OF BUDGET REQUEST: (Contd.)

gical Services Section. \$175 and 1.0 position each year are recommended by the Legislative Commission on Minnesota Resources (LCMR) to expand urban fishing opportunities and awareness. \$100 and 1.0 position each year are recommended by LCMR to coordinate the implementation of waterfowl/wetland protection and enhancement programs. \$75 and 2.0 positions each year are recommended by LCMR for the County Biological Survey. In addition, a continuation of the 1987-89 LCMR Swan Lake Project funding and 2.0 positions has been requested. \$100 each year is recommended by the LCMR for purple loosestrife research. \$266 in F.Y.1990 and \$708 in F.Y.1991 are requested for fleet management.

BUDGETARY FUND STATEMENTS:

1) Game and Fish Fund: M.S. 97A.055

Resources: All money received under the game and fish laws including receipt from 1) licenses issued; 2) fines and forfeits; 3) sales of contraband, wild animals, and other property under the control of the Department of Natural Resources; 4) fees from advanced education courses for hunters and trappers; 5) reimbursements of expenditures; and 6) contributions to the division.

Uses: Appropriations are made to fund game and fish related activities including administrative costs. The Game and Fish Fund pays statewide indirect costs and earns interest on cash balances.

| Game and Fish Fund APID 31400:00-23 (000's) | Actual F.Y. 1988 | Estimated F.Y. 1989 | Estimated F.Y. 1990 | Estimated F.Y. 1991 |
|--|------------------------|------------------------|------------------------|------------------------|
| Balance Forward - In | \$ 831 | \$ 904 | \$ 2,941 | \$ 2,396 |
| Prior Year Adjustments | 295 | 300 | 250 | 250 |
| Adjusted Balance Forward - In | 1,126 | 1,204 | 3,191 | 2,646 |
| Resources | 38,274 | 42,119 | 43,491 | 43,818 |
| Uses | (38,496) | (40,382) | (44,286) | (45,982) |
| Balance Forward - Out | \$ 904 | \$ 2,941 | \$ 2,396 | \$ 482 |
| | Estimated F.Y. 1992 | Estimated F.Y. 1993 | Estimated F.Y. 1994 | Estimated F.Y. 1995 |
| Balance Forward - In | \$ 482 | \$ (3,104) | \$ (8,594) | \$ (15,896) |
| Prior Year Adjustments | 250 | 250 | 250 | 250 |
| Adjusted Balance Forward - In | 732 | (2,854) | (8,344) | (15,646) |
| Resources | 43,854 | 43,718 | 43,754 | 43,618 |
| Uses | (47,690) | (49,458) | (51,306) | (53,219) |
| Balance Forward - Out | \$ (3,104) | \$ (8,594) | \$ (15,896) | \$ (25,247) |

2) Wildlife Acquisition Account: M.S. 97A.071

Revenue from the small game surcharge is credited to this account and may be appropriated for acquisition and development of wildlife management lands, maintaining waterfowl breeding grounds in Canada, and to pay assessments. This account is a dedicated account within the Game and Fish Fund and any unused balances remain in this account. As part of the Game and Fish Fund, this account does not pay indirect costs or earn interest on cash balances.

| Wildlife Acquisition APID 31405:05-23 (000's) | Actual F.Y. 1988 | Estimated F.Y. 1989 | Estimated F.Y. 1990 | Estimated F.Y. 1991 |
|--|------------------------|------------------------|------------------------|------------------------|
| Balance Forward - In | \$ 98 | \$ 274 | \$ 280 | \$ 313 |
| Prior Year Adjustments | 4 | -0- | -0- | -0- |
| Adjusted Balance Forward - In | 102 | 274 | 280 | 313 |
| Resources | 1,197 | 1,226 | 1,268 | 1,330 |
| Uses | (1,025) | (1,220) | (1,235) | (1,235) |
| Balance Forward - Out | \$ 274 | \$ 280 | \$ 313 | \$ 408 |
| | Estimated F.Y. 1992 | Estimated F.Y. 1993 | Estimated F.Y. 1994 | Estimated F.Y. 1995 |
| Balance Forward - In | \$ 408 | \$ 503 | \$ 598 | \$ 693 |
| Prior Year Adjustments | -0- | -0- | -0- | -0- |
| Adjusted Balance Forward - In | 408 | 503 | 598 | 693 |
| Resources | 1,330 | 1,330 | 1,330 | 1,330 |
| Uses | (1,235) | (1,235) | (1,235) | (1,235) |
| Balance Forward - Out | \$ 503 | \$ 598 | \$ 693 | \$ 788 |

3) Nongame Wildlife Management Account: M.S. 290.431

Proceeds from the amounts designated on tax forms are deposited to this account and are appropriated only for nongame management projects. This account earns interest on cash balances and is exempt from all indirect costs. This account may be used as match for Reinvest in Minnesota.

| Nongame Wildlife APID 31400:78-20 (000's) | Actual F.Y. 1988 | Estimated F.Y. 1989 | Estimated F.Y. 1990 | Estimated F.Y. 1991 |
|--|------------------------|------------------------|------------------------|------------------------|
| Balance Forward - In | \$ 1,157 | \$ 1,126 | \$ 696 | \$ 688 |
| Resources | 1,032 | 840 | 835 | 830 |
| Uses | (1,063) | (1,270) | (843) | (874) |
| Balance Forward - Out | \$ 1,126 | \$ 696 | \$ 688 | \$ 644 |
| | Estimated F.Y. 1992 | Estimated F.Y. 1993 | Estimated F.Y. 1994 | Estimated F.Y. 1995 |
| Balance Forward - In | \$ 644 | \$ 544 | \$ 387 | \$ 168 |
| Resources | 827 | 825 | 820 | 815 |
| Uses | (927) | (982) | (1,039) | (1,098) |
| Balance Forward - Out | \$ 544 | \$ 387 | \$ 168 | \$ (115) |

GOVERNOR'S RECOMMENDATION: The Governor recommends an increase of \$8,124,000 and .66 positions. This includes the portion of the Governor's RIM initiative allocated to the Fish and Wildlife Management program. The Governor also recommends a reduction in the General Fund BASE of \$1,282,000 and 8.0 positions. These positions and salary dollars are recommended in the Game and Fish Fund (see Lake and Stream/Wallop-Breaux Expansion CHANGE level). It is also recommended that the RIM CHANGE level be approved jointly with the Governor's bonding proposal for RIM and that it be considered a "bridge" funding and not become part of the DNR BASE.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF
PROGRAM : FISH & WILDLIFE MANAGEMENT

| ACTIVITY EXPENDITURES: | | F.Y. 1990 | | | | | F.Y. 1991 | | | | |
|---|------|-----------|---------|----------------|--------|--------|--------------------|----------------|--------|--------|--------------------|
| | | FY 1988 | FY 1989 | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| FISH MANAGEMENT | | 13,141 | 13,814 | 14,032 | 858 | 14,890 | 15,707 | 14,037 | 1,041 | 15,078 | 15,895 |
| A FLEET MANAGEMENT | GEN | | | | 6 | | 6 | | 17 | | 17 |
| A FLEET MANAGEMENT | G&F | | | | 102 | | 102 | | 274 | | 274 |
| A RIM AND TRUST FUND | GEN | | | | 0 | | 975 | | 0 | | 975 |
| P LAKE & STREAM/WALLOP BREAUX MATCH | GEN | | | | 0 | | <158> | | 0 | | <158> |
| P LAKE & STREAM/WALLOP BREAUX MATCH | G&F | | | | 500 | | 500 | | 500 | | 500 |
| B TROUT AND SALMON IMPROVEMENT | G&F | | | | 75 | | 75 | | 75 | | 75 |
| B URBAN FISHING PROGRAM | MNRS | | | | 175 | | 175 | | 175 | | 175 |
| WILDLIFE MANAGEMENT | | 12,646 | 19,706 | 17,733 | 626 | 18,359 | 19,215 | 17,741 | 879 | 18,620 | 19,476 |
| A FLEET MANAGEMENT | GEN | | | | 0 | | 0 | | 1 | | 1 |
| A FLEET MANAGEMENT | SREV | | | | 4 | | 4 | | 10 | | 10 |
| A FLEET MANAGEMENT | G&F | | | | 150 | | 150 | | 396 | | 396 |
| A RIM AND TRUST FUND | GEN | | | | 0 | | 1,240 | | 0 | | 1,240 |
| P LAKE & STREAM/WALLOP BREAUX MATCH | GEN | | | | 0 | | <477> | | 0 | | <477> |
| P LAKE & STREAM/WALLOP BREAUX MATCH | G&F | | | | 0 | | 160 | | 0 | | 160 |
| B ENDANGERED SPECIES PROTECTION | GEN | | | | 42 | | 0 | | 42 | | 0 |
| B SNA PROGRAM SUPPORT | GEN | | | | 25 | | 0 | | 25 | | 0 |
| B WILDLIFE SPECIAL HUNT AND REGULATIONS | G&F | | | | 150 | | 150 | | 150 | | 150 |
| B NON-GAME COORDINATION | SREV | | | | 5 | | 5 | | 5 | | 5 |
| B PHEASANT HABITAT IMPROVEMENT | G&F | | | | 75 | | 75 | | 75 | | 75 |
| B COUNTY BIOLOGICAL SURVEY | MNRS | | | | 75 | | 75 | | 75 | | 75 |
| B NORTH AMERICAN WATERFOWL PLAN COORD. | MNRS | | | | 100 | | 100 | | 100 | | 100 |
| ECOLOGICAL SERVICES | | 1,567 | 1,786 | 1,571 | 529 | 2,100 | 2,255 | 1,577 | 535 | 2,112 | 2,267 |
| A FLEET MANAGEMENT | GEN | | | | 4 | | 4 | | 10 | | 10 |
| A RIM AND TRUST FUND | GEN | | | | 0 | | 450 | | 0 | | 450 |
| B PLANNING/POLICY POSITION CONVERSIONS | G&F | | | | 150 | | 130 | | 150 | | 130 |
| B PURPLE LOOSESTRIFE CONTROL | GEN | | | | 275 | | 0 | | 275 | | 0 |
| B PURPLE LOOSESTRIFE RESEARCH | MNRS | | | | 100 | | 100 | | 100 | | 100 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF
PROGRAM : FISH & WILDLIFE MANAGEMENT

| ACTIVITY EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|---------------------------|---------|---------|----------------|--------|--------|-----------------------|----------------|--------|--------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| TOTAL EXPENDITURES | 27,354 | 35,306 | 33,336 | 2,013 | 35,349 | 37,177 | 33,355 | 2,455 | 35,810 | 37,638 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 1,093 | 6,761 | 6,486 | 352 | 6,838 | 8,526 | 6,494 | 370 | 6,864 | 8,552 |
| MN RESOURCES | 528 | 2,098 | 0 | 450 | 450 | 450 | 0 | 450 | 450 | 450 |
| WATER RECREATION | 157 | 144 | 144 | 0 | 144 | 144 | 144 | 0 | 144 | 144 |
| SPECIAL REVENUE | 1,078 | 1,233 | 760 | 9 | 769 | 769 | 762 | 15 | 777 | 777 |
| GAME AND FISH | 23,885 | 24,475 | 25,301 | 1,202 | 26,503 | 26,643 | 25,310 | 1,620 | 26,930 | 27,070 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| SPECIAL REVENUE | 85 | 143 | 143 | 0 | 143 | 143 | 143 | 0 | 143 | 143 |
| FEDERAL | 489 | 396 | 446 | 0 | 446 | 446 | 446 | 0 | 446 | 446 |
| GIFTS AND DEPOSITS | 39 | 56 | 56 | 0 | 56 | 56 | 56 | 0 | 56 | 56 |
| TOTAL FINANCING | 27,354 | 35,306 | 33,336 | 2,013 | 35,349 | 37,177 | 33,355 | 2,455 | 35,810 | 37,638 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 18.0 | 18.0 | 18.0 | 10.0 | 28.0 | 58.0 | 18.0 | 10.0 | 28.0 | 58.0 |
| MN RESOURCES | 8.0 | 8.0 | 0.0 | 6.0 | 6.0 | 6.0 | 0.0 | 6.0 | 6.0 | 6.0 |
| SPECIAL REVENUE | 10.0 | 10.0 | 10.0 | 1.0 | 11.0 | 11.0 | 10.0 | 1.0 | 11.0 | 11.0 |
| GAME AND FISH | 344.0 | 344.0 | 344.0 | 16.0 | 360.0 | 363.0 | 344.0 | 16.0 | 360.0 | 363.0 |
| FEDERAL | 4.0 | 4.0 | 4.0 | 0.0 | 4.0 | 4.0 | 4.0 | 0.0 | 4.0 | 4.0 |
| TOTAL POSITIONS | 384.0 | 384.0 | 376.0 | 33.0 | 409.0 | 442.0 | 376.0 | 33.0 | 409.0 | 442.0 |

CHANGE REQUEST _____ Agency X Program _____ Activity _____ 1990-91 Biennial Budget

ACTIVITY:

PROGRAM: FISH AND WILDLIFE MANAGEMENT

AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: LAKE AND STREAM/WALLOP-BREAUX EXPANSION

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|----------------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| Game and Fish Fund | \$ 500 | 18.0 | \$ 500 | 18.0 |
| Governor's Recommendation | | | | |
| Game and Fish Fund | \$ 660 | 22.0 | \$ 660 | 22.0 |
| General Fund | (635) | (8.0) | (635) | (8.0) |

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests funding and positions to accelerate existing lake and stream survey efforts and provide a current data base for management planning and public information. The request is for 18.0 new full-time positions.

DESCRIPTION/BACKGROUND:

Lake and stream resurveys are presently being completed on an average of 8-10 years per water. Environmental changes cannot be monitored frequently enough to take preventative action or alter management plans on many lakes and streams at existing survey frequencies. Many game fish enter the fishery at ages 3 and 4. Entire year classes may enter and leave a fishery without being assessed and changes affecting their abundance and sizes identified. The data from these surveys is entered into computer files accessible to other divisions, agencies, groups and individuals. The Section of Fisheries currently responds to over 25,000 requests annually for this information.

STATISTICS:

| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|---|-----------|-----------|-----------|-----------|
| Lake and stream information files managed (000's) | 7 | 7 | 7 | 7 |
| Annual fish surveys compiled | 900 | 900 | 1,050 | 1,050 |
| Annual fish management plans compiled | 434 | 400 | 450 | 450 |

RATIONALE:

The additional positions will allow for increased lake and stream resurvey efforts to an average of 5-6 year frequency. This will facilitate better and more proactive management and more current information to public and private inquiries. Salaries for these positions are eligible for federal aid reimbursement (75%) and will help in utilizing the recent Wallop-Breaux expansion funds. Federal aid reimbursement available to Fisheries will be approximately \$6.0 million per year over the biennium, compared to \$1.5 million in 1985.

BASE:

| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|----------------------------|-----------|-----------|-----------|-----------|
| Game and Fish Fund (000's) | \$ 9,218 | \$ 9,463 | \$ 9,963 | \$ 9,963 |

LONG RANGE IMPLICATIONS:

| | F.Y. 1992 | F.Y. 1993 | Total |
|------------------------------|-----------|-----------|----------|
| Game and Fish Fund (000's) | \$ 500 | \$ 500 | \$ 1,000 |
| Game and Fish Fund Positions | 18.0 | 18.0 | 18.0 |

GOVERNOR'S RECOMMENDATION:

The Governor recommends the agency's request with the following modifications:

The Governor recommends a deletion from the BASE of \$1,200,000 (\$1,270,000 with salary supplement) appropriated in Laws 1987, Chapter 357, Section 27, Subdivision 2. This appropriation and 8.0 new positions were authorized to implement components of the comprehensive fish and wildlife plan under Minnesota Statutes, Section 84.942. Within this appropriation, \$480,000 was allocated to help both public and private landowners improve wildlife habitat.

The Governor recommends that the 8.0 positions be reallocated to the Game and Fish Fund, 4.0 to Fish Management and 4.0 to Wildlife Management budget activities. The 4.0 positions to Fish Management are to be absorbed within DNR's CHANGE request for 18.0 new positions and \$1,000,000. The Governor recommends 4.0 additional complement and \$320,000 from the Game and Fish Fund for the Wildlife Management budget activity. The deletion from the BASE of \$480,000 for wildlife habitat improvement should be accommodated by future RIM appropriations.

ACTIVITY: FISH MANAGEMENT
Program: FISH AND WILDLIFE MANAGEMENT
Agency: NATURAL RESOURCES, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

Fish Management includes protecting fish habitat and fish populations from exploitation, and providing preferred species for sport fishing in 6,000 fishing lakes, totalling 3.8 million acres, and in 2,000 miles of trout streams and 13,000 miles of warmwater streams. Included is the rehabilitation of fish populations for the benefit of sport species and the enhancement of angling. Lake improvement projects accomplished in this activity include construction of water control structures, rough fish barriers and traps; improvement of natural spawning areas; and operation of warm and coldwater hatcheries. Construction is accomplished through private contractors, while rehabilitation is done with fisheries personnel and equipment.

Most work is funded with fishing license revenue from 1,490,100 license holders (1987). Clientele also include a variety of contract and licensed commercial fishing enterprises and a large live bait industry, licensed by the agency, that produces bait valued at \$30.0 million per year. Authority for this activity is found in M.S. Ch. 97 to 102.

EFFECTIVENESS MEASURES:

Statewide, the quality of fishing has been maintained for a growing number of anglers using increasingly sophisticated gear. Northern pike populations are as high as they were in the 1950's. Musky fishing opportunities have expanded. Trout and salmon fishing opportunities have increased dramatically through rehabilitation work on Lake Superior, providing lake trout, steelhead and salmon fishing. Important walleye lakes produce a greater harvest than ever, but the average size and number per angler have stabilized under intense fishing pressure.

| | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|---|------------------|------------------|------------------|------------------|
| Game fish reared and stocked (in millions) | 650 | 650 | 700 | 700 |
| Lakes receiving fish | 1,374 | 1,380 | 1,375 | 1,375 |
| Pounds of rough fish removed (in millions) | 7 | 7 | 7 | 7 |
| Lakes rehabilitated | 10 | 10 | 6 | 6 |
| Access fishing piers | 10 | 10 | 15 | 15 |
| New fish lakes (aeration) | 6 | 6 | 8 | 8 |

| | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|-----------------------------------|------------------|------------------|------------------|------------------|
| Field headquarters | 27 | 27 | 27 | 27 |
| Fish hatcheries | 21 | 22 | 22 | 22 |
| Rearing ponds | 360 | 360 | 360 | 360 |
| Spawning areas | 212 | 214 | 216 | 218 |
| Rough fish control structures | 89 | 91 | 91 | 92 |
| Trout streams | 575 | 575 | 575 | 575 |
| Trout lakes | 180 | 182 | 184 | 186 |
| Fish surveys completed | 900 | 900 | 1,050 | 1,050 |
| Walleye fingerling stocked (tons) | 100 | 100 | 100 | 100 |
| Trout and salmon stocked (tons) | 138 | 140 | 160 | 160 |

STATISTICS:

| | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|-------------------------------|------------------|------------------|------------------|------------------|
| Research: Completed studies | 4 | 6 | 7 | 7 |
| Research: Studies in progress | 28 | 28 | 28 | 28 |

REVENUE:

This activity generates dedicated and non-dedicated revenue.

| <u>Type of Revenue</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|---|------------------|------------------|------------------|------------------|
| Non-dedicated (000's) (Game and Fish Fund) | \$ 21,251 | \$ 22,371 | \$ 23,450 | \$ 23,700 |
| Dedicated-Federal (000's) | 114 | 122 | 122 | 122 |
| Dedicated-Gift (000's) | 38 | 10 | 10 | 10 |

BASE LEVEL REVIEW:

A base level review has been completed on all activities funded from the Game and Fish Fund. The analysis for the base level review was performed under contract with the Management Analysis Division, Department of Administration.

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF
PROGRAM : FISH & WILDLIFE MANAGEMENT
BUDGET ACTIVITY : FISH MANAGEMENT

| EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|---|---------|---------|----------------|--------|--------|-----------------------|----------------|--------|--------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 8,856 | 9,823 | 10,277 | 672 | 10,949 | 11,401 | 10,277 | 672 | 10,949 | 11,401 |
| EXPENSES/CONTRACTUAL SRVCS | 1,068 | 963 | 1,018 | 138 | 1,156 | 1,226 | 1,023 | 331 | 1,354 | 1,424 |
| MISC OPERATING EXPENSES | 569 | 676 | 676 | 10 | 686 | 706 | 676 | 15 | 691 | 711 |
| SUPPLIES/MATERIALS/PARTS | 1,297 | 1,560 | 1,294 | 38 | 1,332 | 1,432 | 1,294 | 23 | 1,317 | 1,417 |
| CAPITAL EQUIPMENT | 666 | 271 | 271 | 0 | 271 | 446 | 271 | 0 | 271 | 446 |
| REAL PROPERTY | 252 | 82 | 82 | 0 | 82 | 82 | 82 | 0 | 82 | 82 |
| NON-EXPENSE DISBURSEMENTS | 4 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| REDISTRIBUTIONS | 429 | 439 | 439 | 0 | 439 | 439 | 439 | 0 | 439 | 439 |
| STATE OPERATIONS | 13,141 | 13,814 | 14,057 | 858 | 14,915 | 15,732 | 14,062 | 1,041 | 15,103 | 15,920 |
| AIDS TO INDIVIDUALS | 0 | 0 | <25> | 0 | <25> | <25> | <25> | 0 | <25> | <25> |
| TOTAL EXPENDITURES | 13,141 | 13,814 | 14,032 | 858 | 14,890 | 15,707 | 14,037 | 1,041 | 15,078 | 15,895 |
| CHANGE REQUESTS: | | | | | | | | | | |
| FUND | | | | | | | | | | |
| A FLEET MANAGEMENT GEN | | | | 6 | | 6 | | 17 | | 17 |
| A FLEET MANAGEMENT G&F | | | | 102 | | 102 | | 274 | | 274 |
| A RIM AND TRUST FUND GEN | | | | 0 | | 975 | | 0 | | 975 |
| P LAKE & STREAM/WALLOP BREAUX MATCH GEN | | | | 0 | | <158> | | 0 | | <158> |
| P LAKE & STREAM/WALLOP BREAUX MATCH G&F | | | | 500 | | 500 | | 500 | | 500 |
| B TROUT AND SALMON IMPROVEMENT G&F | | | | 75 | | 75 | | 75 | | 75 |
| B URBAN FISHING PROGRAM MNRS | | | | 175 | | 175 | | 175 | | 175 |
| TOTAL CHANGE REQUESTS | | | | 858 | | 1,675 | | 1,041 | | 1,858 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 61 | 418 | 158 | 6 | 164 | 981 | 158 | 17 | 175 | 992 |
| MN RESOURCES | 0 | 0 | 0 | 175 | 175 | 175 | 0 | 175 | 175 | 175 |
| WATER RECREATION | 144 | 144 | 144 | 0 | 144 | 144 | 144 | 0 | 144 | 144 |
| GAME AND FISH | 12,766 | 13,100 | 13,578 | 677 | 14,255 | 14,255 | 13,583 | 849 | 14,432 | 14,432 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF
PROGRAM : FISH & WILDLIFE MANAGEMENT
BUDGET ACTIVITY : FISH MANAGEMENT

| SOURCES OF FINANCING: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|---------------------------|---------|---------|----------------|--------|--------|-----------------------|----------------|--------|--------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| FEDERAL | 148 | 122 | 122 | 0 | 122 | 122 | 122 | 0 | 122 | 122 |
| GIFTS AND DEPOSITS | 22 | 30 | 30 | 0 | 30 | 30 | 30 | 0 | 30 | 30 |
| TOTAL FINANCING | 13,141 | 13,814 | 14,032 | 858 | 14,890 | 15,707 | 14,037 | 1,041 | 15,078 | 15,895 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 4.0 | 4.0 | 4.0 | 0.0 | 4.0 | 21.0 | 4.0 | 0.0 | 4.0 | 21.0 |
| MN RESOURCES | 0.0 | 0.0 | 0.0 | 1.0 | 1.0 | 1.0 | 0.0 | 1.0 | 1.0 | 1.0 |
| GAME AND FISH | 209.0 | 209.0 | 209.0 | 18.0 | 227.0 | 227.0 | 209.0 | 18.0 | 227.0 | 227.0 |
| TOTAL POSITIONS | 213.0 | 213.0 | 213.0 | 19.0 | 232.0 | 249.0 | 213.0 | 19.0 | 232.0 | 249.0 |

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: FISH MANAGEMENT
PROGRAM: FISH AND WILDLIFE MANAGEMENT
AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: TROUT AND SALMON IMPROVEMENT

| Agency Request | F.Y. 1990 (000's) | | F.Y. 1991 (000's) | |
|---------------------------|----------------------|-----------|----------------------|-----------|
| | Amount | Positions | Amount | Positions |
| Game and Fish Fund | \$ 75 | -0- | \$ 75 | -0- |
| Governor's Recommendation | | | | |
| Game and Fish Fund | \$ 75 | -0- | \$ 75 | -0- |

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests funds to improve trout and salmon fishing by increasing efforts to manage trout habitat and by increasing hatchery production for stocking in inland lakes, streams and Lake Superior.

DESCRIPTION/BACKGROUND:

Funds are needed to increase the amount of stream trout lake rehabilitation and hatchery production for trout and salmon above the current level of effort. Lake rehabilitation requires chemically removing all fish in order to eliminate predatory fish and competitors for food. Lakes are then capable of carrying greater numbers and poundage of trout and salmon and are restocked only with those species. Production of trout and salmon will be increased to fill the needs of additional lake and stream carrying capacities and to enhance fishing opportunities in mine pits on the Iron Range and in Lake Superior.

| STATISTICS: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|---|-----------|-----------|-----------|-----------|
| Trout lakes rehabilitated | 4 | 4 | 8 | 8 |
| Production of trout and salmon (in millions) | 3.0 | 3.1 | 3.4 | 3.5 |

RATIONALE:

M.S. 97.4842 was amended in 1984 to expand the trout stamp to include salmon and to include angling to designated stream trout lakes and Lake Superior. It was amended in 1985 to increase the fee for the trout stamp to \$5.00. The expanded coverage and increased fee will produce estimated revenues of \$475,000 annually. This CHANGE level request of \$75,000 annually will increase spending to a total of \$468,400. Uses of revenue include development, restoration, maintenance and/or preservation of trout streams and lakes and the rearing of trout and salmon in trout streams, lakes and in Lake Superior.

| BASE: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|----------------------------|-----------|-----------|-----------|-----------|
| Game and Fish Fund (000's) | \$ 391 | \$ 393 | \$ 468 | \$ 468 |

| LONG RANGE IMPLICATIONS: | F.Y. 1992 | F.Y. 1993 | Total |
|----------------------------|-----------|-----------|--------|
| Game and Fish Fund (000's) | \$ 75 | \$ 75 | \$ 150 |

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: FISH MANAGEMENT
 PROGRAM: FISH AND WILDLIFE MANAGEMENT
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: URBAN FISHING PROGRAM - LCMR

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| Minnesota Resources Fund | \$ 175 | 1.0 | \$ 175 | 1.0 |
| Governor's Recommendation | | | | |
| Minnesota Resources Fund | \$ 175 | 1.0 | \$ 175 | 1.0 |

Request requires statutory change: _____ Yes X No
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests funding to establish an urban fishing program in cooperation with the University of Minnesota Extension Service to enhance awareness and understanding of aquatic ecology, fish management objectives, use of regulations, develop a knowledge of fish and fishing techniques, angler ethics, aquatic safety, resource stewardship and decision-making.

DESCRIPTION/BACKGROUND:

This urban aquatic resource education project will combine training in wise stewardship of our aquatic resources, development of life skills and daily living skills through experimental learning with the natural learning environment of a fishing experience. Educational and training materials will be developed and volunteers will be recruited and trained to implement the program through clinics, workshops and special events. A staff, curriculum package and well-defined delivery system utilizing public and private agencies will help this urban pilot project become an integral part of a proposed statewide DNR-Fisheries comprehensive aquatic resource education program. Emphasis will be placed on involving urban youth, women, single parents, persons from other cultures and senior citizens. The program can be modified to meet the needs of those who are physically, emotionally or mentally challenged. Minnesota's urban population has increased from 50.9% in 1970 to 66.9% in 1980. The program would combine the educational experience of the University of Minnesota with the management expertise of DNR in providing a quality aquatic education program serving urban Minnesota youth and special

target groups. Emphasizing the development of life skills and resource stewardship in participants, this opportunity will expand knowledge in aquatic ecology, fish management, water quality, safety, ethical behavior, angler skills, resource usage and fish identification.

RATIONALE:

As the demand for recreational opportunities and potential for environmental damage increase with an expanding population, the need develops, particularly in urban areas, to provide information and training to the public of angling opportunities and stewardship of our aquatic resources.

BASE: . F.Y. 1988 F.Y. 1989 F.Y. 1990 F.Y. 1991
 None.

LONG RANGE IMPLICATIONS: F.Y. 1992 F.Y. 1993 Total
 Pilot project - unknown.

GOVERNOR'S RECOMMENDATION:

The Governor recognizes the authority of the Minnesota Future Resources Commission (MFRC, formerly the LCMR) to make budget recommendations directly to the legislature. While the Governor's budget reflects these recommendations in various agency proposals, the MFRC will present an entire package to the State Departments Division for legislative action.

ACTIVITY: WILDLIFE MANAGEMENT
Program: FISH AND WILDLIFE MANAGEMENT
Agency: NATURAL RESOURCES, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE: Wildlife management protects and maintains the wildlife and native plants of Minnesota for their aesthetic, recreational and economic values. These rich and diverse natural resources contribute to the state's notable quality of life, and they are enjoyed and used by residents and visitors.

Management involves the protection and evaluation of wild plant and animal species and their habitats on all Minnesota lands and waters. This work consists of environmental review, technical and cost-share assistance on private lands, inventory and research, and habitat acquisition, maintenance and development.

Habitat acquisition and improvement are supported primarily by the \$5 pheasant and waterfowl stamp fees, \$2 which is "earmarked" from the sale of each deer hunting license, and \$4 from the surcharge on all small game licenses. Resident deer and bear hunting licenses have \$1 "earmarked" for deer and bear management practices. In addition, these activities receive support from basic hunting and trapping fees and federal aid reimbursements via the operations and management appropriation. A major aspect of managing wildlife populations is establishing hunting and trapping seasons, determining bag limits, and allocating permits and licenses as authorized by law. Other important aspects of wildlife management are to accommodate a growing number of persons with nonconsumptive interests in wildlife resources and to ensure adequate protection for rare plant and animal species.

During the last 3 years, the Section of Wildlife has implemented the Reinvest in Minnesota Program, the Federal Conservation Reserve Program, and Comprehensive Planning. However, during this period considerable amounts of work effort and resources were diverted from basic wildlife program needs; i.e., acquisition, census and survey, inventory, research and environmental review.

More control of wildlife damage has also been required. Complaints of crop damage by protected wildlife species have increased sharply in recent years. In order to act as quickly as possible to reduce losses and maintain good landowner relations, employees have had to continue to balance heavy workloads.

More time has been devoted to cooperative projects with local, state and national agencies and conservation groups, such as Ducks Unlimited, The Nature Conservancy, Minnesota Deer Hunters Association, Pheasants Forever, the Minnesota Waterfowl Association, and many others. These organizations spend \$1-2 million each year on projects that expand habitat dollars by about 20%. Therefore, more staff and funding are needed to maintain program quality and to improve service to the public.

| EFFECTIVENESS MEASURES: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|------------------------------------|------------------|------------------|------------------|------------------|
| Number of licenses sold (000's) | 1,100 | 1,150 | 1,150 | 1,150 |
| Recreational days hunting (000's) | 5,011 | 6,320 | 6,300 | 6,300 |
| Hunting & trapping harvest (000's) | 3,750 | 3,800 | 4,000 | 4,000 |

| STATISTICS: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|---|------------------|------------------|------------------|------------------|
| No. of permits/licenses issued, by computerized drawing (000's) | 161 | 135 | 150 | 150 |
| Acres of wildlife management areas purchased | 1,595 | 1,050 | 1,350 | 1,200 |

| STATISTICS: (Contd.) | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|--|------------------|------------------|------------------|------------------|
| Cost per acre of wildlife land | \$440 | \$450 | \$500 | \$500 |
| Acres of wildlife land donated | 2,228 | 2,500 | 2,000 | 2,000 |
| Acres of scientific and natural areas purchased | 360 | 400 | 400 | 400 |
| Acres of natural areas donated or designated on public lands | 480 | 500 | 400 | 300 |
| Acres of wetland managed and maintained/cost per acre | 70,300/\$5 | 75,000/\$5 | 80,000/\$6 | 80,000/\$6 |
| No. of small wetlands created/cost per acre | 40/\$450 | 30/\$475 | 50/\$500 | 50/\$500 |
| Acres of nesting cover established/cost per acre | 2,750/\$6 | 2,800/\$6 | 2,750/\$6 | 2,750/\$6 |
| No. of cover plantings established | 23 | 30 | 30 | 30 |
| No. of food plots/cost per acre | 1,238/\$10 | 1,200/\$10 | 1,200/\$15 | 1,200/\$15 |
| Acres of weed control/cost per acre | 8,609/\$20 | 8,600/\$20 | 8,500/\$20 | 8,400/\$20 |
| Miles of wildlife management area boundaries developed and improved/cost per mile | 375/\$230 | 350/\$250 | 400/\$250 | 300/\$250 |
| No. of public facilities developed and improved/cost per facility | 93/\$580 | 45/\$600 | 45/\$600 | 45/\$600 |
| Acres of forest management/cost per acre | 13,120/\$20 | 20,000/\$20 | 15,000/\$22 | 15,000/\$22 |
| Cost per acre of forest habitat improvement | \$106 | \$106 | \$110 | \$110 |
| No. of endangered/threatened/special concern species or communities protected | 84 | 90 | 94 | 98 |
| No. of research and inventory projects on animals, plants and native plant communities | 44 | 44 | 50 | 50 |
| Natural Heritage sites registered | 1 | 3 | 5 | 3 |
| Nongame checkoff revenue (000's) | \$723 | \$850 | \$1,000 | \$1,000 |
| Average Nongame donation | \$3.50 | \$5.92 | \$6.50 | \$6.50 |
| No. of scientific and natural areas designated and managed | 55 | 59 | 63 | 67 |

REVENUE: This activity generates dedicated and non-dedicated revenue.

| Type of Revenue | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|-----------------------------------|------------------|------------------|------------------|------------------|
| Non-dedicated (000's) | \$ 14,415 | \$ 17,125 | \$ 17,310 | \$ 17,300 |
| (Game and Fish Fund) | | | | |
| Dedicated-Special Revenue (000's) | 235 | 183 | 190 | 190 |
| Dedicated-Game and Fish (000's) | 1,193 | 1,226 | 1,270 | 1,330 |
| Dedicated-Federal (000's) | 82 | 40 | 40 | 40 |
| Dedicated-RIM (000's) | 311 | 750 | 500 | 500 |

BASE LEVEL REVIEW:

A base level review has been completed for the financial assumptions governing the payment in lieu of tax policies.

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF
PROGRAM : FISH & WILDLIFE MANAGEMENT
BUDGET ACTIVITY : WILDLIFE MANAGEMENT

| EXPENDITURES: | F.Y. 1990 | | | | | | F.Y. 1991 | | | |
|---|-----------|---------|----------------|--------|--------|-----------------------|----------------|--------|--------|-----------------------|
| | FY 1988 | FY 1989 | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 6,963 | 7,554 | 7,513 | 251 | 7,764 | 8,258 | 7,513 | 255 | 7,768 | 8,262 |
| EXPENSES/CONTRACTUAL SRVCS | 1,600 | 1,525 | 1,172 | 254 | 1,426 | 1,540 | 1,180 | 503 | 1,683 | 1,880 |
| MISC OPERATING EXPENSES | 1,179 | 1,236 | 1,294 | 10 | 1,304 | 1,332 | 1,294 | 10 | 1,304 | 1,332 |
| SUPPLIES/MATERIALS/PARTS | 1,219 | 1,182 | 1,053 | 23 | 1,076 | 1,129 | 1,053 | 23 | 1,076 | 1,196 |
| CAPITAL EQUIPMENT | 304 | 88 | 63 | 13 | 76 | 243 | 63 | 13 | 76 | 93 |
| REAL PROPERTY | 856 | 2,382 | 1,041 | 0 | 1,041 | 1,041 | 1,041 | 0 | 1,041 | 1,041 |
| REDISTRIBUTIONS | 47 | 50 | 48 | 0 | 48 | 48 | 48 | 0 | 48 | 48 |
| STATE OPERATIONS | 12,168 | 14,017 | 12,184 | 551 | 12,735 | 13,591 | 12,192 | 804 | 12,996 | 13,852 |
| AIDS TO INDIVIDUALS | 345 | 629 | 499 | 75 | 574 | 574 | 499 | 75 | 574 | 574 |
| LOCAL ASSISTANCE | 133 | 5,060 | 5,050 | 0 | 5,050 | 5,050 | 5,050 | 0 | 5,050 | 5,050 |
| TOTAL EXPENDITURES | 12,646 | 19,706 | 17,733 | 626 | 18,359 | 19,215 | 17,741 | 879 | 18,620 | 19,476 |
| CHANGE REQUESTS: | | | | | | | | | | |
| | | | | | | | | | | |
| A FLEET MANAGEMENT | | | | 0 | | 0 | | 1 | | 1 |
| A FLEET MANAGEMENT | | | | 4 | | 4 | | 10 | | 10 |
| A FLEET MANAGEMENT | | | | 150 | | 150 | | 396 | | 396 |
| A RIM AND TRUST FUND | | | | 0 | | 1,240 | | 0 | | 1,240 |
| P LAKE & STREAM/WALLOP BREAUX MATCH | | | | 0 | | <477> | | 0 | | <477> |
| P LAKE & STREAM/WALLOP BREAUX MATCH | | | | 0 | | 160 | | 0 | | 160 |
| B ENDANGERED SPECIES PROTECTION | | | | 42 | | 0 | | 42 | | 0 |
| B SNA PROGRAM SUPPORT | | | | 25 | | 0 | | 25 | | 0 |
| B WILDLIFE SPECIAL HUNT AND REGULATIONS | | | | 150 | | 150 | | 150 | | 150 |
| B NON-GAME COORDINATION | | | | 5 | | 5 | | 5 | | 5 |
| B PHEASANT HABITAT IMPROVEMENT | | | | 75 | | 75 | | 75 | | 75 |
| B COUNTY BIOLOGICAL SURVEY | | | | 75 | | 75 | | 75 | | 75 |
| B NORTH AMERICAN WATERFOWL PLAN COORD. | | | | 100 | | 100 | | 100 | | 100 |
| TOTAL CHANGE REQUESTS | | | | 626 | | 1,482 | | 879 | | 1,735 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF
PROGRAM : FISH & WILDLIFE MANAGEMENT
BUDGET ACTIVITY : WILDLIFE MANAGEMENT

| CHANGE REQUESTS: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|---------------------------|---------|---------|----------------|--------|--------|-----------------------|----------------|--------|--------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 569 | 5,871 | 5,821 | 67 | 5,888 | 6,584 | 5,823 | 68 | 5,891 | 6,587 |
| MN RESOURCES | 368 | 1,808 | 0 | 175 | 175 | 175 | 0 | 175 | 175 | 175 |
| SPECIAL REVENUE | 1,078 | 1,233 | 760 | 9 | 769 | 769 | 762 | 15 | 777 | 777 |
| GAME AND FISH | 10,388 | 10,531 | 10,839 | 375 | 11,214 | 11,374 | 10,843 | 621 | 11,464 | 11,624 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| SPECIAL REVENUE | 85 | 143 | 143 | 0 | 143 | 143 | 143 | 0 | 143 | 143 |
| FEDERAL | 141 | 94 | 144 | 0 | 144 | 144 | 144 | 0 | 144 | 144 |
| GIFTS AND DEPOSITS | 17 | 26 | 26 | 0 | 26 | 26 | 26 | 0 | 26 | 26 |
| TOTAL FINANCING | 12,646 | 19,706 | 17,733 | 626 | 18,359 | 19,215 | 17,741 | 879 | 18,620 | 19,476 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 10.0 | 10.0 | 10.0 | 1.0 | 11.0 | 23.0 | 10.0 | 1.0 | 11.0 | 23.0 |
| MN RESOURCES | 5.0 | 5.0 | 0.0 | 5.0 | 5.0 | 5.0 | 0.0 | 5.0 | 5.0 | 5.0 |
| SPECIAL REVENUE | 10.0 | 10.0 | 10.0 | 1.0 | 11.0 | 11.0 | 10.0 | 1.0 | 11.0 | 11.0 |
| GAME AND FISH | 108.0 | 107.0 | 107.0 | 0.0 | 107.0 | 111.0 | 107.0 | 0.0 | 107.0 | 111.0 |
| FEDERAL | 2.0 | 2.0 | 2.0 | 0.0 | 2.0 | 2.0 | 2.0 | 0.0 | 2.0 | 2.0 |
| TOTAL POSITIONS | 135.0 | 134.0 | 129.0 | 7.0 | 136.0 | 152.0 | 129.0 | 7.0 | 136.0 | 152.0 |

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: WILDLIFE MANAGEMENT
PROGRAM: FISH AND WILDLIFE MANAGEMENT
AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: ENDANGERED SPECIES PROTECTION

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 42 | 1.0 | \$ 42 | 1.0 |
| Governor's Recommendation | | | | |
| General Fund | \$ -0- | -0- | \$ -0- | -0- |

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

This request is to fund efforts to increase knowledge of and access to the agency's Natural Heritage Data System. The funds will be used to hire an endangered species specialist to integrate protection strategies into all land-use planning decisions within state and federal agencies and local units of government.

DESCRIPTION/BACKGROUND:

Minnesota's endangered, threatened and special concern species are declining in number and distribution; the future survival of many is in jeopardy. Habitat for these species needs to be protected from destruction or degradation.

In recent years the agency has made important strides in protecting endangered species. Since 1979 the Natural Heritage Data System has tracked detailed locality information on state and federally listed species. Annually updated, the system has become vital to the protection efforts of the agency's Scientific and Natural Areas Program and the environmental review process.

These efforts have protected only a small percent of Minnesota's 1,200 known endangered and threatened species. The agency has been sharply criticized for failing to implement a comprehensive protection program--one that insures endangered species are a priority in all land-use planning. Of equal concern is the failure to aggressively advertise the Natural Heritage Data System to other state and federal agencies and governments. To address these criticisms, a task force, including representatives from Forestry, Parks, and

Trails, was convened. It reiterated the importance of integrating endangered species considerations into all land-use planning. It is a critical need in developing a comprehensive, statewide protection program. Insufficient staffing and funding levels were identified as the primary factors preventing the agency from addressing this need.

| STATISTICS: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|--------------------------------|-----------|-----------|-----------|-----------|
| No. endangered species records | 5,100 | 6,200 | 7,200 | 9,100 |
| No. data requests | 200 | 290 | 380 | 500 |

RATIONALE:

M.S. 89.095 directs the agency to protect and manage state and federally listed plants and animals. The Minnesota Environmental Policy Act (116D.01) further clarifies the responsibilities of all government units to protect the state's rare species and their critical habitats.

A comprehensive program that fulfills these mandates must include 3 components: inventory, management, and protection. The Natural Heritage and Nongame Wildlife Programs have made significant progress addressing the inventory and management needs of listed species. These efforts have accelerated with the initiation of the County Biological Survey, a systematic and successful project to inventory rare species and unique natural habitats. Protection needs, however, have not been adequately addressed. Information transfer, both in the public and private sector, is the keystone to endangered species protection. Additional staff with full-time responsibility are essential. Protection efforts will continue to be compromised until this need is met.

| BASE: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|----------------------------------|-----------|-----------|-----------|-----------|
| General Fund (000's) | \$ 11 | \$ 11 | \$ 11 | \$ 11 |
| Nongame Wildlife Account (000's) | 11 | 11 | 11 | 11 |

Expenditures covered computer costs (approximately \$10,000 per year) and salary for a part-time position.

| LONG RANGE IMPLICATIONS: | F.Y. 1992 | F.Y. 1993 | Total |
|----------------------------------|-----------|-----------|-------|
| General Fund (000's) | \$ 42 | \$ 42 | \$ 84 |
| General Fund Positions | 1.0 | 1.0 | 1.0 |
| Nongame Wildlife Account (000's) | \$ 14 | \$ 15 | \$ 29 |

GOVERNOR'S RECOMMENDATION:

The Governor does not support the agency's request for this item. Because this request has merit, the Governor recommends the agency consider real-locating current resources to address those needs.

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: WILDLIFE MANAGEMENT
PROGRAM: FISH AND WILDLIFE MANAGEMENT
AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: SCIENTIFIC AND NATURAL AREAS PROGRAM SUPPORT

| Agency Request | F.Y. 1990 (000's) | | F.Y. 1991 (000's) | |
|----------------------------------|----------------------|-----------|----------------------|-----------|
| | Amount | Positions | Amount | Positions |
| General Fund | \$ 25 | -0- | \$ 25 | -0- |
| Governor's Recommendation | | | | |
| General Fund | \$ -0- | -0- | \$ -0- | -0- |

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests funds to enable the Scientific and Natural Areas (SNA) Program to meet basic costs of rent, telephone, fleet management, office supplies, and travel for existing staff at 2 locations. Funds are also needed to produce information for the public in response to increased demands.

DESCRIPTION/BACKGROUND:

The SNA Program has only 3 employees. It has statewide responsibilities to acquire, manage and protect a system of scientific and natural areas and primary responsibility for prairie management and the Prairie Bank Program.

Ninety percent of the current SNA budget is for salaries. The cost of absorbing salary increases, unfunded liabilities, and maintaining an outstate office has left the program unable to cover basic costs.

The management and planning of SNA sites and the vanishing prairies affect endangered resources consisting of 240 plant species, 109 animal species, 56 plant communities, and 49 geological features. At present, 55 dedicated SNA and 28 registry sites protect over 10% of these rare resources. This represents a 5-fold increase in the number of SNA units protected since 1978-79 (2,000 acres to 14,500 acres). In addition, legislation in 1987 established a Prairie Biologist position in the SNA Program. This necessitated establishing an office in Fergus Falls. Though Capital Budget "Improvement" funds

and Reinvest In Minnesota (RIM) funds have been forthcoming for development, basic support funding has declined to the point where it jeopardizes the ability to protect SNA's (areas acquired with \$2 million of public funds) and to carry out the state's prairie protection efforts.

| STATISTICS: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|--------------------------------|-----------|-----------|-----------|-----------|
| Designated state natural areas | 55 | 59 | 63 | 67 |
| State registry natural areas | 28 | 33 | 36 | 40 |
| Prairie-bank sites | -0- | 8 | 13 | 18 |

RATIONALE:

Increased program costs (cost-of-living increases, rent, fleet management) have not been matched by adequate budget increases for the 2 offices. This has crippled the program's operation. Meanwhile, innovative protection programs, such as RIM, have increased the state's ability to protect critical habitat and native prairie to meet accelerating public demand for the preservation of natural areas. (The 1986 President's Commission on American Outdoors documents that 81% of Americans "strongly agree" that government should preserve natural areas for use by future generations.)

This small request is necessary to provide the minimum support services to ensure the operation of this important program. Without adequate support services, some SNA sites may be damaged or species lost on state-owned lands acquired specifically to protect endangered plant and animal resources and vanishing prairie remnants may not be protected.

| BASE: | F.Y. 1987 | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|------------------------|-----------|-----------|-----------|-----------|-----------|
| General Fund (000's) | \$ 41 | \$ 129 | \$ 133 | \$ 133 | \$ 133 |
| General Fund Positions | 1.0 | 3.0 | 3.0 | 3.0 | 3.0 |

| LONG RANGE IMPLICATIONS: | F.Y. 1992 | F.Y. 1993 | Total |
|--------------------------|-----------|-----------|-------|
| General Fund (000's) | \$ 25 | \$ 25 | \$ 50 |

GOVERNOR'S RECOMMENDATION:

The Governor does not support the agency's request for this item. Because this request has merit, the Governor recommends the agency consider real-locating current resources to address those needs.

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: WILDLIFE MANAGEMENT
PROGRAM: FISH AND WILDLIFE MANAGEMENT
AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: WILDLIFE SPECIAL HUNT AND REGULATIONS

| Agency Request | F.Y. 1990 (000's) | | F.Y. 1991 (000's) | |
|--------------------|----------------------|-----------|----------------------|-----------|
| | Amount | Positions | Amount | Positions |
| Game and Fish Fund | \$ 150 | -0- | \$ 150 | -0- |

Governor's Recommendation

| | | | | |
|--------------------|--------|-----|--------|-----|
| Game and Fish Fund | \$ 150 | -0- | \$ 150 | -0- |
|--------------------|--------|-----|--------|-----|

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests funds to meet the cost of providing special hunts and to cover increased printing costs for the big game, small game and waterfowl hunting regulations (synopses). Special hunts provide recreation and are necessary to control wildlife populations; \$70,000 of this request will fund field operations and overhead necessary to administer the hunts. The synopses are the main source of information to over 600,000 hunters and trappers; \$80,000 of this request is to cover printing.

DESCRIPTION/BACKGROUND:

Between 1984 and 1988 special hunts have been provided at Lac Qui Parle (goose hunt) and Camp Ripley (deer, bow and arrow). In 1987 the first elk hunt in over 50 years took place near Grygla. The agency charges fees for these hunts conducted under the authority of M.S. 97A.401, Subd. 4, for deer and geese; and M.S. 97A.433, Subd. 3, for elk. These fees, totalling approximately \$70,000 per year, are deposited directly into the Game and Fish Fund; no prior request has been made to cover the associated costs of providing these hunts.

Historically, the License Bureau has received Game and Fish Funds to print game and fish licenses, synopses, and regulations. In recent years increased costs and the lack of adequate funding in the License Bureau have required that the Division of Fish and Wildlife make up the difference from its operating budget. These costs can no longer be absorbed. In addition, during

1988 the decision was made to transfer the fiscal and administrative responsibility for printing the regulations to the division where the synopses are designed and prepared. This request will provide for the projected costs. The amount of budget remaining in the License Bureau that provided partial funding for printing of the synopses is committed to cover the increased costs of printing fish and wildlife licenses; i.e., inflation, various types of licenses, larger quantities, etc.

| STATISTICS: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|--|-----------|-----------|-----------|-----------|
| No. of regulation copies issued (000's) | 1,300 | 1,300 | 1,300 | 1,300 |
| No. of hunts/number of hunters participating | 3/15,000 | 3/15,000 | 3/15,000 | 3/15,000 |

RATIONALE:

Special hunts provide recreation and are necessary for controlling wildlife populations. This request will fund the cost of field operations related to the special hunts. The second part of this request (\$80,000 per year) is to fund the printing of the big game, small game and waterfowl regulations (synopses). These are the main sources of information to over 600,000 hunters and trappers. The cost of printing these synopses has more than doubled in the last few years and will increase 20% more this year. The License Bureau has not been adequately funded, and each year the Division of Fish and Wildlife has been required to absorb the difference.

| BASE: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|-------|-----------|-----------|-----------|-----------|
| None. | | | | |

| LONG RANGE IMPLICATIONS: | F.Y. 1992 | F.Y. 1993 | Total |
|----------------------------|-----------|-----------|--------|
| Game and Fish Fund (000's) | \$ 150 | \$ 150 | \$ 300 |

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: WILDLIFE MANAGEMENT
PROGRAM: FISH AND WILDLIFE MANAGEMENT
AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: NONGAME WILDLIFE RESEARCH CONTRACT COORDINATION

| | F.Y. 1990 | | F.Y. 1991 | |
|--------------------------|-----------|-----------|-----------|-----------|
| | (000's) | | (000's) | |
| Agency Request | Amount | Positions | Amount | Positions |
| Special Revenue-- | \$ 5 | 1.0 | \$ 5 | 1.0 |
| Nongame Wildlife Account | | | | |

Governor's Recommendation

| | | | | |
|--------------------------|------|-----|------|-----|
| Special Revenue-- | \$ 5 | 1.0 | \$ 5 | 1.0 |
| Nongame Wildlife Account | | | | |

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests funds to coordinate the research and inventory activities of the Nongame Wildlife Program. The funds will be used to convert a part-time coordinator position to full-time complement. This position is responsible for monitoring and evaluating work done under contract.

DESCRIPTION/BACKGROUND:

The Nongame Program's Long-Range Plan identifies data acquisition as 1 of 8 major nongame resource issues in the state. Because of its importance, 30% of the program's annual budget is directed to research and inventory activities. Until F.Y. 1988, these activities were the responsibility of 1 staff person.

The majority of data acquisition efforts are conducted through contracts awarded to wildlife professionals, students and educators throughout the state. More than 50% of the contracts are awarded through a competitive small grants program. In 1982, 10 projects were contracted for a total of \$18,000. Today research and inventory contracts include 33 projects totaling over \$120,000. The administrative demands of these activities have grown proportionally.

The success of this contractual approach is evidenced by the quality and quantity of new information gathered on a wide range of nongame species. The competitive grants program has become an established and respected source of

funding and has become the model for similar programs throughout the country. Contracting is more cost-efficient than paying salary and field expenses for full-time field staff who may or may not have necessary expertise.

The rapid increase in administrative work required by data acquisition activities has jeopardized the program's ability to implement a comprehensive research program for all priority species. This problem was addressed in the Nongame Program's Strategic Plan recommendation that the hiring of a contract coordinator be given top priority. Early in F.Y. 1988, a part-time employee was added, but contract coordination has become a full-time job.

| STATISTICS: | F.Y. 1986 | F.Y. 1987 | F.Y. 1988 | F.Y. 1989 |
|--------------------------------|-----------|-----------|-----------|-----------|
| Total number of contracts | 14 | 17 | 26 | 33 |
| Total contract dollars (000's) | \$59 | \$68 | \$104 | \$120 |

RATIONALE:

One of the principal missions of the Nongame Wildlife Program is to conserve Minnesota's native nongame wildlife. Successful wildlife conservation, in turn, is dependent on accurate and up-to-date biological information.

Since the Nongame Wildlife Program began in 1976, more than 65 research projects have been successfully completed on a variety of species including the piping plover, common tern and bald eagle. Simultaneously, the responsibilities of the nongame research staff have grown to where over 60% of their time is spent on new activities, including the County Biological Survey and endangered species recovery efforts.

Each of these projects is critical to the agency's ability to manage and protect the nongame wildlife resource. Continuation of an effective data acquisition program requires that 2 full-time staff be committed to this responsibility; this can only be accomplished through the conversion of the part-time position to 1 full-time complement.

| BASE: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|----------------------------------|-----------|-----------|-----------|-----------|
| Nongame Wildlife Account (000's) | \$ 33 | \$ 34 | \$ 34 | \$ 34 |

| LONG RANGE IMPLICATIONS: | F.Y. 1992 | F.Y. 1993 | Total |
|----------------------------------|-----------|-----------|-------|
| Nongame Wildlife Account (000's) | \$ 5 | \$ 5 | \$ 10 |
| Nongame Wildlife Positions | 1.0 | 1.0 | 1.0 |

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

CHANGE REQUEST _____ 1990-91 Biennial Budget
 _____ Agency _____ Program X Activity

ACTIVITY: WILDLIFE MANAGEMENT
 PROGRAM: FISH AND WILDLIFE MANAGEMENT
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: PHEASANT HABITAT IMPROVEMENT

| | <u>F.Y. 1990</u> | | <u>F.Y. 1991</u> | |
|--------------------|------------------|------------------|------------------|------------------|
| | <u>(000's)</u> | | <u>(000's)</u> | |
| Agency Request | <u>Amount</u> | <u>Positions</u> | <u>Amount</u> | <u>Positions</u> |
| Game and Fish Fund | \$ 75 | -0- | \$ 75 | -0- |

Governor's Recommendation

| | | | | |
|--------------------|-------|-----|-------|-----|
| Game and Fish Fund | \$ 75 | -0- | \$ 75 | -0- |
|--------------------|-------|-----|-------|-----|

Request requires statutory change: _____ Yes X No
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests an increase for pheasant habitat improvement based upon actual and anticipated receipts generated from the sale of pheasant stamps.

DESCRIPTION/BACKGROUND:

The appropriation of pheasant stamp receipts is based upon actual and anticipated sales. F.Y. 1986 and F.Y. 1987 pheasant stamp sales were lower than anticipated and a CHANGE level decreasing the annual appropriation in F.Y. 1988 and F.Y. 1989 was requested. Pheasant stamp sales increased during license year ended 2-29-88. Further increases are expected for the next several years. This CHANGE level is needed to increase the pheasant stamp program to approximate the level of receipts.

RATIONALE:

This CHANGE level will result in an increase in cooperative pheasant habitat development projects. The increase is needed to align receipts with program expenditures.

BASE:

| | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|-------------------------------------|------------------|------------------|------------------|------------------|
| Pheasant Stamp Expenditures (000's) | \$ 400 | \$ 400 | \$ 400 | \$ 400 |

LONG RANGE IMPLICATIONS:

| | <u>F.Y. 1992</u> | <u>F.Y. 1993</u> | <u>Total</u> |
|----------------------------|------------------|------------------|--------------|
| Game and Fish Fund (000's) | \$ 75 | \$ 75 | \$ 150 |

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: WILDLIFE MANAGEMENT
PROGRAM: FISH AND WILDLIFE MANAGEMENT
AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: COUNTY BIOLOGICAL SURVEY - LCMR

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| Minnesota Resources Fund | \$ 75 | 2.0 | \$ 75 | 2.0 |
| Governor's Recommendation | | | | |
| Minnesota Resources Fund | \$ 75 | 2.0 | \$ 75 | 2.0 |

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests funds to continue the operation of the County Biological Survey. The funds will be used to continue 2 full-time positions--one to coordinate the survey, a second to coordinate the input and compilation of data.

DESCRIPTION/BACKGROUND:

The County Biological Survey is an integrated survey, conservation, planning, and educational effort directed at Minnesota's rare natural features. Initiated in 1987, the survey systematically gathers ecological data, county-by-county, on sensitive natural habitats and rare plant and animal species in the state. This ecological information is entered into the Natural Heritage Data System and is used to develop Geographic Information Systems. Comprehensive biological data generated by the survey is used to develop conservation goals and strategies for maintaining and enhancing Minnesota's rare species and unique natural habitats.

STATISTICS:

| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|-------------------|-----------|-----------|-----------|-----------|
| Counties surveyed | 3.5 | 3.5 | 3.5 | 3.5 |

RATIONALE:

Minnesota's rarest natural features are systematically identified by the cost-effective survey process, allowing the department to determine current and future management priorities and to assess our long-term performance in protecting all of Minnesota's rare resources.

The County Biological Survey has allowed the department to become more effective in responding to the increasing information demands for environmental review and statewide forest and wildlife planning efforts. As a result, the department's diverse resource management goals are becoming more fully integrated. In addition, the rapid distribution of high quality ecological information to planners, land managers, private consultants, and other decision-makers is accelerating by the application of advanced data management systems.

The County Biological Survey is now a vital part of the department's larger ongoing effort to inventory, protect, and manage the rare and endangered elements of Minnesota's natural resources. The survey is a long-term project designed to provide accurate and up-to-date biological information for all of Minnesota's 87 counties. This request, for the 1989-91 biennium, is critical to maintain the core benefits of the program.

BASE:

| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|------------------------------------|-----------|-----------|-----------|-----------|
| Minnesota Resources Fund (000's) | \$ 86 | \$ 86 | \$ -0- | \$ -0- |
| Minnesota Resources Fund Positions | 2.0 | 2.0 | -0- | -0- |

Expenditures covered salaries for 2 full-time positions and contracts for part-time field biologists.

LONG RANGE IMPLICATIONS:

| | F.Y. 1992 | F.Y. 1993 | Total |
|------------------------|-----------|-----------|--------|
| General Fund (000's) | \$ 325 | \$ 325 | \$ 650 |
| General Fund Positions | 2.0 | 2.0 | 2.0 |

GOVERNOR'S RECOMMENDATION:

The Governor recognizes the authority of the Minnesota Future Resources Commission (MFRC, formerly the LCMR) to make budget recommendations directly to the legislature. While the Governor's budget reflects these recommendations in various agency proposals, the MFRC will present an entire package to the State Departments Division for legislative action.

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: WILDLIFE MANAGEMENT
PROGRAM: FISH AND WILDLIFE MANAGEMENT
AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: NORTH AMERICAN WATERFOWL PLAN COORDINATION - LCMR

| Agency Request | F.Y. 1990 (000's) | | F.Y. 1991 (000's) | |
|--------------------------|----------------------|-----------|----------------------|-----------|
| | Amount | Positions | Amount | Positions |
| Minnesota Resources Fund | \$ 100 | 1.0 | \$ 100 | 1.0 |

Governor's Recommendation

| | | | | |
|--------------------------|--------|-----|--------|-----|
| Minnesota Resources Fund | \$ 100 | 1.0 | \$ 100 | 1.0 |
|--------------------------|--------|-----|--------|-----|

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests funds to coordinate the \$8 million waterfowl habitat program in Minnesota and obtain the biological data necessary for setting priorities and implementation of programs.

DESCRIPTION/BACKGROUND:

Protection and proper management of the 2,000 shallow lakes and marshes in Minnesota can greatly improve waterfowl and furbearer populations, increase recreational opportunities and enhance water quality. Biological assessments must be completed on 200 of these top priority basins so plans can be developed and the lakes designated for management.

About \$8 million is available annually from state, federal and private funds for waterfowl habitat acquisition and development through various programs but almost none of these funds are available for operational purposes. The North American Waterfowl Plan will become the most significant of the several programs with the Prairie Joint Venture segment of the plan calling for protecting and enhancing 1.1 million acres of habitat in the prairie pothole regions of the United States by the year 2000. A significant amount of this habitat must be developed in Minnesota. The total cost under the North American Waterfowl Plan will be \$1.5 billion.

| STATISTICS: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|------------------------------|-----------|-----------|-----------|-----------|
| Game lakes surveyed | 4 | 6 | 20 | 30 |
| Game lakes designated | 1 | 3 | 5 | 10 |
| North American funds (000's) | \$200 | \$500 | \$1,000 | \$1,000 |

RATIONALE:

Minnesota waterfowl, aquatic furbearers, many upland and big game species and hundreds of nongame species depend on wetlands for survival. They are the richest and most diverse of all habitats and must be protected and properly managed. An important first step is to maintain a biological inventory of the 2,000 most important shallow lakes and other wetlands. Most of these were surveyed between 1945 and 1985 with many completed in the 1950's and early 1960's. Therefore, much of the data that is available is 25 years old or more and must be updated before using it to make management decisions.

A full-time person is needed to coordinate these waterfowl management activities on a statewide basis. In addition, three 2-person survey crews are needed to reactivate the game lake survey program. One crew is covered in this request and two in the Reinvest in Minnesota request.

| BASE: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|---|-----------|-----------|-----------|-----------|
| North American Waterfowl Plan - Federal for Acquisition (000's) | \$ 200 | \$ 500 | \$ 1,000 | \$ 1,000 |

| LONG RANGE IMPLICATIONS: | F.Y. 1992 | F.Y. 1993 | Total |
|------------------------------|-----------|-----------|--------|
| Game and Fish Fund (000's) | \$ 100 | \$ 100 | \$ 200 |
| Game and Fish Fund Positions | 1.0 | 1.0 | 1.0 |

GOVERNOR'S RECOMMENDATION:

The Governor recognizes the authority of the Minnesota Future Resources Commission (MFRC, formerly the LCMR) to make budget recommendations directly to the legislature. While the Governor's budget reflects these recommendations in various agency proposals, the MFRC will present an entire package to the State Departments Division for legislative action.

CHANGE REQUEST
 _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: WILDLIFE MANAGEMENT
 PROGRAM: FISH AND WILDLIFE MANAGEMENT
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: SWAN LAKE AREA WILDLIFE PROJECT

| Agency Request | F.Y. 1990 (000's) | | F.Y. 1991 (000's) | |
|----------------------------------|----------------------|-----------|----------------------|-----------|
| | Amount | Positions | Amount | Positions |
| Minnesota Resources Fund | \$ -0- | 2.0 | \$ -0- | 2.0 |
| Governor's Recommendation | | | | |
| Minnesota Resources Fund | \$ -0- | 2.0 | \$ -0- | 2.0 |

Request requires statutory change: _____ Yes X No
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests the appropriation for the acquisition, habitat development and management of the Swan Lake Area Wildlife Project authorized in Laws of 1987, Ch. 404, Sec. 30, Subd. 3, Item (j) remain available until 6-30-91. The agency also requests 2.0 full-time positions.

DESCRIPTION/BACKGROUND:

Continuation of a program that combines land acquisition, massive cost-sharing on private land, innovative wildlife management techniques, state personnel, other agencies, conservation organizations and volunteers to permanently establish the state's premier wildlife project. The intensive 10-year wildlife management demonstration program will involve 150 square miles of wetlands (over 12,000 acres) and surrounding uplands (watershed) in southern Nicollet County. Management efforts will be focused on nongame (150 species), ducks (20 species), geese, deer, turkeys and furbearers (6 species). Resource areas involved are wildlife, water, recreation and soil/land use. Activities include inventory, research, planning, development, restoration and monitoring.

| STATISTICS: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|---|-----------|-----------|-----------|-----------|
| Acres acquired | -0- | 253 | 200 | 250 |
| Acres optioned | | 467 | | |
| Acres under easement | | 72 | | |
| Acres of habitat improvement | 200 | 386 | 250 | 300 |
| Cooperative habitat program with U.S. Department of Agriculture - acres | 300 | 415 | 350 | 350 |

RATIONALE:

The Swan Lake Area Wildlife Project progressed well with about half of the 1987-89 biennial appropriation being spent on habitat acquisition and development. One of the major items was the lake outlet improvement that will greatly improve water level management. Acquisition efforts were less successful than hoped for because of a turnaround in the farm economy and loss of the 10% incentive provision as a negotiation tool. Local interest in the project is high with good prospects for increased cooperation on various habitat projects. Private organizations continue to offer physical assistance and financial support. Expenditure of the funds for the 1987-89 biennium will keep the Swan Lake Project moving ahead as planned.

| BASE: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|------------------------------------|-----------|-----------|-----------|-----------|
| Minnesota Resources Fund (000's) | \$ 230 | \$ 762 | \$ 460 | \$ 460 |
| Minnesota Resources Fund Positions | 1.0 | 1.0 | -0- | -0- |
| Game and Fish Fund (000's) | 40 | 44 | 50 | 50 |
| Private Funds (000's) | -0- | 799 | 50 | 75 |

| LONG RANGE IMPLICATIONS: | F.Y. 1992 | F.Y. 1993 | Total |
|----------------------------------|-----------|-----------|--------|
| Minnesota Resources Fund (000's) | \$ 250 | \$ 250 | \$ 500 |
| Game and Fish Fund (000's) | 50 | 50 | 100 |
| Reinvest in Minnesota (000's) | 500 | 500 | 1,000 |

GOVERNOR'S RECOMMENDATION:

The Governor recognizes the authority of the Minnesota Future Resources Commission (MFRC, formerly the LCMR) to make budget recommendations directly to the legislature. While the Governor's budget reflects these recommendations in various agency proposals, the MFRC will present an entire package to the State Departments Division for legislative action.

ACTIVITY: ECOLOGICAL SERVICES
Program: FISH AND WILDLIFE MANAGEMENT
Agency: NATURAL RESOURCES, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

The Ecological Services Section carries out a variety of activities which help protect and maintain populations of fish, wildlife and native plant species in Minnesota. The work carried out relates primarily to fish and wildlife habitat protection, coordination of division programs which involve both fish and wildlife and providing laboratory and technical services. These include the following:

- 1) Comprehensive statewide fish and wildlife planning for the Division of Fish and Wildlife. The section facilitates an adaptive management system which sets strategic goals and long-range objectives for species management, organizes biennial and annual work planning and allocates organizational resources for maximum effectiveness and accountability.
- 2) Environmental review of land and water development projects on a statewide basis to prevent or mitigate actions which damage fish and wildlife population or habitat.
- 3) Research on acid precipitation impacts and the use of liming as a mitigative measure.
- 4) Environmental monitoring and habitat surveys on a statewide basis to identify limiting factors affecting fish and wildlife and implement corrective or mitigative measures.
- 5) Conduct of a comprehensive fish health program at state fish hatcheries through disease monitoring, diagnosis and implementation of therapeutic and disease control measures.
- 6) Investigation of pollution-caused kills of fish and wildlife to implement corrective measures and collect damage payments when guilt can be assigned.
- 7) Sounding and mapping of state lakes so maps will be available for lake management planning and lake users such as anglers and boaters.
- 8) Implementation and coordination of the statewide aquatic plant management, lake aeration and aquatic pesticide use programs.
- 9) Control of the noxious plant, purple loosestrife, on public waters.
- 10) Laboratory services in fish and wildlife pathology and analytical chemistry.

| <u>ACCOMPLISHMENTS:</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|----------------------------------|------------------|------------------|------------------|------------------|
| Information requests serviced | 5,880 | 6,000 | 6,000 | 6,000 |
| Environmental reviews conducted: | | | | |
| Public and private projects | 320 | 350 | 350 | 350 |
| Large water projects | 34 | 35 | 35 | 35 |
| Hydropower reviews | 19 | 20 | 20 | 20 |
| Lakes sounded | 10 | 30 | 40 | 50 |

| <u>ACCOMPLISHMENTS:</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|--|------------------|------------------|------------------|------------------|
| Lakes mapped | 28 | 20 | 40 | 50 |
| Maps published | 43 | 40 | 50 | 50 |
| Graphics projects | 29 | 30 | 30 | 30 |
| River surveys (no./miles) | 2/133 | 1/50 | 1/50 | 1/50 |
| Stream use attainability surveys | 8 | 10 | 10 | 10 |
| Fish tissue collection sites | 11 | 10 | 10 | 10 |
| Fish and wildlife kill investigations: | 36 | 40 | 40 | 40 |
| Payments received (000's) | \$2 | \$25 | \$10 | \$10 |
| Aquatic pesticide use inspections | 226 | 250 | 250 | 250 |
| Aquatic control permits reviewed (000's) | 1.2 | 1.2 | 1.2 | 1.2 |
| Aeration permits issued | 184 | 185 | 200 | 200 |
| Aeration system inspections | 331 | 350 | 350 | 350 |
| Purple loosestrife treated (acres) | 120 | 600 | -0- | -0- |
| Pathology specimens examined (000's) | 6.1 | 7.0 | 7.0 | 7.0 |
| Fish hatchery disease inspections | 18 | 20 | 25 | 30 |
| Fish transfer permits reviewed | 17 | 20 | 25 | 30 |
| Water chemistry profiles: | | | | |
| Lakes | 285 | 300 | 300 | 300 |
| Determinations (000's) | 4.2 | 4.5 | 4.5 | 4.5 |
| Forensic samples identified | 47 | 50 | 100 | 125 |
| Genetic profiles by electrophoresis: | | | | |
| Populations | 4 | 6 | 6 | 6 |
| Structural protein determinations (000's) | 10 | 15 | 15 | 15 |
| Other analytical determinations (problem solving chemistry, monitoring, assay of pesticide formulations) | 480 | 500 | 500 | 500 |
| Planning documents mailed for public review (000's) | .6 | 1.5 | 1.0 | 1.0 |
| Public input statements received for planning purposes | 14 | 150 | 100 | 100 |

REVENUE:

This activity generates dedicated and non-dedicated revenue.

| <u>Type of Revenue</u> | <u>Actual F.Y. 1988</u> | <u>Estimate F.Y. 1989</u> | <u>Estimate F.Y. 1990</u> | <u>Estimate F.Y. 1991</u> |
|---|-------------------------|---------------------------|---------------------------|---------------------------|
| Non-dedicated (000's) (Game and Fish Fund) | \$ 567 | \$ 601 | \$ 634 | \$ 634 |
| Dedicated - federal (000's) | 183 | 178 | 180 | 180 |
| Total Revenue | \$ 750 | \$ 779 | \$ 814 | \$ 814 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF
PROGRAM : FISH & WILDLIFE MANAGEMENT
BUDGET ACTIVITY : ECOLOGICAL SERVICES

| F.Y. 1990 | | | | | | | F.Y. 1991 | | | |
|--|---------|---------|-------|--------|-------|--------------------|----------------|--------|-------|--------------------|
| ----- | | | | | | | ----- | | | |
| AGENCY REQUEST | | | | | | | AGENCY REQUEST | | | |
| ----- | | | | | | | ----- | | | |
| EXPENDITURES: | FY 1988 | FY 1989 | BASE | CHANGE | TOTAL | GOVERNOR'S RECOMM. | BASE | CHANGE | TOTAL | GOVERNOR'S RECOMM. |
| ----- | | | | | | | | | | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 1,201 | 1,324 | 1,220 | 269 | 1,489 | 1,482 | 1,220 | 269 | 1,489 | 1,482 |
| EXPENSES/CONTRACTUAL SRVCS | 182 | 251 | 177 | 217 | 394 | 555 | 183 | 255 | 438 | 567 |
| MISC OPERATING EXPENSES | 70 | 70 | 63 | 11 | 74 | 67 | 63 | 11 | 74 | 67 |
| SUPPLIES/MATERIALS/PARTS | 63 | 105 | 80 | 0 | 80 | 85 | 80 | 0 | 80 | 85 |
| CAPITAL EQUIPMENT | 17 | 9 | 4 | 32 | 36 | 39 | 4 | 0 | 4 | 39 |
| REAL PROPERTY | 9 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| REDISTRIBUTIONS | 25 | 27 | 27 | 0 | 27 | 27 | 27 | 0 | 27 | 27 |
| ----- | | | | | | | | | | |
| TOTAL EXPENDITURES | 1,567 | 1,786 | 1,571 | 529 | 2,100 | 2,255 | 1,577 | 535 | 2,112 | 2,267 |
| ----- | | | | | | | | | | |
| CHANGE REQUESTS: | FUND | | | | | | | | | |
| ----- | | | | | | | | | | |
| A FLEET MANAGEMENT | GEN | | | 4 | | 4 | | 10 | | 10 |
| A RIM AND TRUST FUND | GEN | | | 0 | | 450 | | 0 | | 450 |
| B PLANNING/POLICY POSITION CONVERSIONS | G&F | | | 150 | | 130 | | 150 | | 130 |
| B PURPLE LOOSESTRIFE CONTROL | GEN | | | 275 | | 0 | | 275 | | 0 |
| B PURPLE LOOSESTRIFE RESEARCH | MNRS | | | 100 | | 100 | | 100 | | 100 |
| | | | | ----- | | ----- | | ----- | | ----- |
| TOTAL CHANGE REQUESTS | | | | 529 | | 684 | | 535 | | 690 |
| ----- | | | | | | | | | | |
| SOURCES OF FINANCING: | | | | | | | | | | |
| ----- | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 463 | 472 | 507 | 279 | 786 | 961 | 513 | 285 | 798 | 973 |
| MN RESOURCES | 160 | 290 | 0 | 100 | 100 | 100 | 0 | 100 | 100 | 100 |
| WATER RECREATION | 13 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| GAME AND FISH | 731 | 844 | 884 | 150 | 1,034 | 1,014 | 884 | 150 | 1,034 | 1,014 |
| ----- | | | | | | | | | | |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| FEDERAL | 200 | 180 | 180 | 0 | 180 | 180 | 180 | 0 | 180 | 180 |
| ----- | | | | | | | | | | |
| TOTAL FINANCING | 1,567 | 1,786 | 1,571 | 529 | 2,100 | 2,255 | 1,577 | 535 | 2,112 | 2,267 |

POSITIONS BY FUND:

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF
PROGRAM : FISH & WILDLIFE MANAGEMENT
BUDGET ACTIVITY : ECOLOGICAL SERVICES

| POSITIONS BY FUND: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|--------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| GENERAL | 4.0 | 4.0 | 4.0 | 9.0 | 13.0 | 14.0 | 4.0 | 9.0 | 13.0 | 14.0 |
| MN RESOURCES | 3.0 | 3.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| GAME AND FISH | 27.0 | 28.0 | 28.0 | <2.0> | 26.0 | 25.0 | 28.0 | <2.0> | 26.0 | 25.0 |
| FEDERAL | 2.0 | 2.0 | 2.0 | 0.0 | 2.0 | 2.0 | 2.0 | 0.0 | 2.0 | 2.0 |
| TOTAL POSITIONS | 36.0 | 37.0 | 34.0 | 7.0 | 41.0 | 41.0 | 34.0 | 7.0 | 41.0 | 41.0 |

CHANGE REQUEST 1990-91 Biennial Budget
 _____ Agency _____ Program X Activity

ACTIVITY: ECOLOGICAL SERVICES
 PROGRAM: FISH AND WILDLIFE MANAGEMENT
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: PLANNING/POLICY POSITION CONVERSIONS

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|----------------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| Game and Fish Fund | \$ 150 | 4.0 | \$ 150 | 4.0 |
| Governor's Recommendation | | | | |
| Game and Fish Fund | \$ 130 | 3.0 | \$ 130 | 3.0 |

Request requires statutory change: _____ Yes X No
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The department requests funds to maintain the comprehensive planning process now in place for the fish, wildlife and native plant resources. This process enables the division to establish objectives, identify problems, apply the proper strategies to correct problems, allocate resources effectively and be accountable to the public. This effort was approved and funded during the 1985-87 and 1987-89 biennia by the Legislative Commission on Minnesota Resources (LCMR). This request is for the conversion of funding and 4.0 positions to the Game and Fish Fund (includes conversion of 1.0 part-time position to full-time).

DESCRIPTION/BACKGROUND:

The Governor's Citizen Commission on Hunting and Fishing recommended that \$60 million per year for 10 years be spent to upgrade fish and wildlife resources in Minnesota. In 1986, the legislature authorized the Reinvest in Minnesota (RIM) Program to increase funding for resource management, especially habitat preservation and management. M.S. 84.942 requires long-range fish and wildlife planning to help ensure wise expenditure of RIM funds. Funds for planning have been provided by the LCMR for 2 biennia (1985-1989).

The comprehensive planning process implemented by the Fish and Wildlife Division is designed around a new adaptive management system. The components include a strategic plan with a 20-year perspective, a long-range plan with 6-year objectives for species or groups of species, biennial action planning for biennial budgeting, annual work planning based on specific work units and evaluation of each component. This system allows public involvement at every level and makes the division accountable for planning, budgeting, work and evaluation. Planning provides a mission, long-term direction, strategies to address long-term problems, 6-year regional objectives for species and communities, biennial plans, annual plans and budgets for every appropriation. This planning process meets the requirements in the RIM legislation and needs to be made a permanent part of operations in the division.

Planning activities are 75% reimbursable by the U.S. Fish and Wildlife Service under provisions of the Dingell-Johnson and Pittman-Robertson Act. Reimbursement produces income to the dedicated Game and Fish Fund.

ACCOMPLISHMENTS:

Planning in the preceding 2 biennia has provided a valuable adaptive management system to take a more businesslike approach to fish and wildlife management. A document called "The Concept Document" was written laying out the schedule and philosophy of the comprehensive planning. Following that 15 public meetings were held around the state to begin collecting information on resource problems and solutions. Closely associated to that were 8 internal divisional meetings collecting similar information. From that a strategic plan was drafted and distributed for public review.

Committees of division professionals were chartered to write long-range plans. Plans about species or groups were reviewed within the sections, within the division, and within the department. The 13 fisheries long-range plans have been reviewed by the public. The 24 wildlife long-range plans will be through department review by December, 1988, and then be distributed for public review.

Operational plans, work unit budgeting and cost accounting are in place and being used by the division.

RATIONALE:

The planning system is beneficial to the public, legislature, Commissioner of Natural Resources, Director of Fish and Wildlife, resource professionals and special interests because they will better understand and be involved in fish, wildlife and native plant resource management. This planning system allows the legislature and public to evaluate, question, discuss and participate in problem-solving and decision-making. Accountability, work ranking and evaluation are improved through comprehensive planning. Maintaining comprehensive planning is critical to fish and wildlife management in Minnesota.

| BASE: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|------------------------------------|-----------|-----------|-----------|-----------|
| Minnesota Resources Fund (000's) | \$ 130 | \$ 130 | \$ -0- | \$ -0- |
| Minnesota Resources Fund Positions | 3.0 | 3.0 | -0- | -0- |

| LONG RANGE IMPLICATIONS: | F.Y. 1992 | F.Y. 1993 | Total |
|------------------------------|-----------|-----------|--------|
| Game and Fish Fund (000's) | \$ 150 | \$ 150 | \$ 300 |
| Game and Fish Fund Positions | 4.0 | 4.0 | 4.0 |

GOVERNOR'S RECOMMENDATION:

The Governor recommends the funding as requested except for a biennial reduction of \$40.0 and 1.0 position to maintain the current base.

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: ECOLOGICAL SERVICES
PROGRAM: FISH AND WILDLIFE MANAGEMENT
AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: PURPLE LOOSESTRIPE CONTROL

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|----------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 275 | 3.0 | \$ 275 | 3.0 |

Governor's Recommendation

| | | | | |
|--------------|--------|-----|--------|-----|
| General Fund | \$ -0- | -0- | \$ -0- | -0- |
|--------------|--------|-----|--------|-----|

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests funds and 3.0 positions to manage and coordinate a comprehensive statewide program for control of the noxious weed, purple loosestrife. Included in this request is the conversion of \$98,000 annually of funding authorized by the Legislative Commission on Minnesota Resources (LCMR).

DESCRIPTION/BACKGROUND:

Purple loosestrife is an exotic plant that has invaded Minnesota and is spreading rapidly into marshes, shorelines, drainage ditches and wet pastures. The plant threatens the quality of wetlands, lakeshores and streambanks by displacing valuable native moist soil plants. The loss of plant diversity reduces habitat quality and causes a decline in fish and wildlife populations. At present, there are approximately 15,000 infested acres in 67 Minnesota counties.

Purple loosestrife was designated a noxious weed in 1987 by the Minnesota Department of Agriculture. This action prohibits the sale of the plant and requires landowners, including state agencies, to remove or control loosestrife on their land.

State legislation was passed in 1988 which requires the Department of Natural Resources (DNR), beginning 7-1-89, to control purple loosestrife below the ordinary high water mark on all protected waters. The CHANGE level will not be sufficient to accomplish this mandate so control will be centered on wildlife management areas and on public waters where loosestrife is just becoming established.

In recognition of the need for a statewide comprehensive control program for purple loosestrife, the LCMR appropriated \$196,000 to carry out a pilot control program during the 1987-89 biennium. Experience and data gathered will be used to implement a comprehensive statewide control program. Continuing research is needed to find non-chemical control techniques. A request has been made to LCMR to carry out additional research while comprehensive control is carried out with funds from this request.

| STATISTICS: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|--|-----------|-------------------|-------------------|-------------------|
| Acres of infested sites in Minnesota (000's) | 16.1* | 20.0 ^P | 24.0 ^E | 25.0 ^E |
| Acres of loosestrife in Minnesota (000's) | 3.2* | 4.0 ^P | 5.2 ^D | 6.2 ^E |
| Acres of DNR responsibilities (000's) | 1.5* | .5 | 3.0 ^B | 4.0 ^B |
| Infested acres treated by DNR (000's) | .1 | .6 ^E | 1.4 | 1.6 |

* - Based on reports in 1987

E - Estimated

P - Projected based on 1988 reports received

D - Increase because of low water conditions in F.Y. 1988-89

B - Projection based on public waters responsibility change

RATIONALE:

State and federal agencies and the private sector have a large investment in wetlands, shorelines and drainage systems. It is well-documented that purple loosestrife can displace native vegetation, degrade fish and wildlife habitat, and clog drainage systems. The plant has been designated a noxious weed by the Department of Agriculture and the legislature has given DNR major new responsibility for control efforts in public waters. Significant areas of state waters are now affected but still only represent about 1% of state water areas. It is essential that comprehensive control work begin to curb the spread of the plant. The longer statewide control measures are delayed, the more costly and difficult the task will be.

| BASE: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|----------------------------------|-----------|-----------|-----------|-----------|
| Minnesota Resources Fund (000's) | \$ 98 | \$ 98 | \$ -0- | \$ -0- |

| LONG RANGE IMPLICATIONS: | F.Y. 1992 | F.Y. 1993 | Total |
|-----------------------------------|-----------|-----------|--------|
| General Fund Expenditures (000's) | \$ 275 | \$ 275 | \$ 550 |
| General Fund Positions | 3.0 | 3.0 | 3.0 |

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Although the request has merit, other spending priorities preclude additional funding.

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: ECOLOGICAL SERVICES
PROGRAM: FISH AND WILDLIFE MANAGEMENT
AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: PURPLE LOOSESTRIPE RESEARCH - LCMR

| Agency Request | F.Y. 1990 (000's) | | F.Y. 1991 (000's) | |
|--------------------------|----------------------|-----------|----------------------|-----------|
| | Amount | Positions | Amount | Positions |
| Minnesota Resources Fund | \$ 100 | -0- | \$ 100 | -0- |

Governor's Recommendation

| | | | | |
|--------------------------|--------|-----|--------|-----|
| Minnesota Resources Fund | \$ 100 | -0- | \$ 100 | -0- |
|--------------------------|--------|-----|--------|-----|

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests funds for a new activity to initiate and carry out cooperative research with the University of Minnesota and other research institutions to document the genetic diversity and study the biology/ecology of Minnesota purple loosestrife populations to enhance the use of cultural control methods and evaluate the potential use of biological control agents thereby providing alternatives to chemical control methods. The research is intended to complement the department's purple loosestrife control program.

DESCRIPTION/BACKGROUND:

Purple loosestrife is an exotic plant that has invaded Minnesota and is spreading rapidly into marshes, shorelines, drainage ditches and wet pastures. The plant threatens the quality of wetlands, lakeshores and streambanks by displacing valuable native moist soil plants. The loss of plant diversity reduces habitat quality and causes a decline in fish and wildlife values. At present, there are approximately 15,000 infested acres in 67 Minnesota counties.

Purple loosestrife was designated a noxious weed in 1987 by the Minnesota Department of Agriculture. This action prohibits the sale of the plant and requires landowners to remove or control loosestrife on their land.

State legislation was passed in 1988 that requires the Department of Natural Resources (DNR), beginning 7-1-89, to control purple loosestrife below the ordinary high water mark on all protected waters.

In recognition of the need for a statewide comprehensive control program for purple loosestrife, the Legislative Commission on Minnesota Resources (LCMR) appropriated \$196,000 to carry out a pilot control program during the 1987-89 biennium. Experience and data gathered during this program indicates a comprehensive statewide control program is needed to contain the plant and prevent its spread to new areas. Ongoing research to provide new management techniques is also necessary.

The present containment strategy uses primarily chemical and some mechanical controls; however, a comprehensive strategy utilizing alternative methods is desired. There is a need to initiate research on purple loosestrife history and physiology in Minnesota to develop sound strategies for long-term control using integrated pest management methods that combine biological, cultural and chemical control. Newly developed integrated pest management strategies based on physiology research will need field testing prior to large-scale use. There is also a need to gather and analyze data to prepare for and accelerate implementation of biological control in Minnesota in cooperation with the U.S. Department of Agriculture.

| STATISTICS: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|---------------------|-----------|-----------|-----------|-----------|
| Cooperative efforts | 4 | 8 | 15 | 15 |
| Literature reviewed | 30 | 30 | 100 | 100 |

RATIONALE:

State and federal agencies and the private sector have a large investment in wetlands, shorelines and drainage systems. It is well documented that purple loosestrife can displace native vegetation, degrade fish and wildlife habitat, and clog drainage systems. Present control strategies are limited primarily to use of herbicides and limited mechanical control. Data is needed to broaden existing control schemes and find long-term alternatives which are more acceptable from an economic and environmental viewpoint. Funds may be needed for an additional biennium to complete cooperative research on biological control methods.

| BASE: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|-------|-----------|-----------|-----------|-----------|
| None. | | | | |

| LONG RANGE IMPLICATIONS: | F.Y. 1992 | F.Y. 1993 | Total |
|-----------------------------------|-----------|-----------|--------|
| General Fund Expenditures (000's) | \$ 100 | \$ 100 | \$ 200 |

GOVERNOR'S RECOMMENDATION:

The Governor recognizes the authority of the Minnesota Future Resources Commission (MFRC, formerly the LCMR) to make budget recommendations directly to the legislature. While the Governor's budget reflects these recommendations in various agency proposals, the MFRC will present an entire package to the State Departments Division for legislative action.

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: ECOLOGICAL SERVICES
 PROGRAM: FISH AND WILDLIFE MANAGEMENT
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: POSITION AUTHORITY CONVERSION

| | F.Y. 1990 | | F.Y. 1991 | |
|--------------------|-----------|-----------|-----------|-----------|
| | (000's) | | (000's) | |
| Agency Request | Amount | Positions | Amount | Positions |
| General Fund | \$ -0- | 6.0 | \$ -0- | 6.0 |
| Game and Fish Fund | -0- | (6.0) | -0- | (6.0) |

Governor's Recommendation

| | | | | |
|--------------------|--------|-------|--------|-------|
| General Fund | \$ -0- | 6.0 | \$ -0- | 6.0 |
| Game and Fish Fund | -0- | (6.0) | -0- | (6.0) |

Request requires statutory change: _____ Yes X No
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests 6.0 complement positions currently authorized in the Game and Fish Fund be converted to the General Fund.

DESCRIPTION/BACKGROUND:

The Ecological Services Section is appropriated operating funds from both the General Fund and the Game and Fish Fund. Thirteen positions were converted from part-time to full-time complement by the 1987 legislature and authorized in the Game and Fish Fund. Previously, these part-time positions were assigned to either fund depending on appropriation level. The section's Game and Fish Fund appropriation is not adequate to fund the total authorized complement. However, the General Fund appropriation includes available funding for these 6.0 full-time positions. This request is for the authorization of an increase in complement in the General Fund and a decrease in complement in the Game and Fish Fund. No change in funding level is requested.

RATIONALE:

Complement is authorized by fund. Sufficient money must be available in the fund where complement resides.

BASE:

| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|------------------------------|-----------|-----------|-----------|-----------|
| Game and Fish Fund Positions | 6.0 | 6.0 | 6.0 | 6.0 |

LONG RANGE IMPLICATIONS:

| | F.Y. 1992 | F.Y. 1993 | Total |
|------------------------|-----------|-----------|-------|
| General Fund Positions | 6.0 | 6.0 | 6.0 |

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

PROGRAM: ENFORCEMENT OF NATURAL RESOURCE LAWS
Agency: NATURAL RESOURCES, DEPARTMENT OF

1990-91 Biennial Budget

PROGRAM PURPOSE:

This program exists to protect our natural resources and guard against their abuse and depletion. Conservation Officers protect all public lands, waters, parks, timber, wild rice, and wild animals of the state by enforcing all natural resource laws, rules, regulations, and Commissioner's Orders. The objective is to reduce the illegal take of all fish and wildlife; to promote the safe use of watercraft, firearms, all-terrain vehicles (ATVs), and snowmobiles; to protect Minnesota's water resources by enforcing laws pertaining to surface use, dredging, filling, appropriations, and diversions; and to administer the wild rice harvest with input from Minnesota Indian bands. The division also provides enforcement services in state parks, trails, and forest campgrounds as well as investigation of forest fires in cooperation with the Division of Forestry. The division provides public education through programs in firearm safety, snowmobile safety, ATV safety, and advanced hunter education.

OPERATION:

Enforcement is accomplished by effective patrol with modern equipment and by investigation. All Conservation Officers are licensed by the Peace Officers Standards and Training (POST) Board and are skilled in the use of forensics, explosives, and teaching techniques. Officers investigate complaints, issue citations, prepare cases and act as witnesses in court. In addition, officers train youths in the safe use of watercraft, firearms, ATVs, snowmobiles and advanced hunter education. All officers are required to participate in an in-service education training program to maintain their POST licenses. The Division of Enforcement administers the St. Louis, Lake, and Cook County grants for smelt enforcement, the boat and water safety grants to county sheriffs, and participates with the non-profit Turn In Poachers (TIP) Corporation to operate the TIP Program.

| <u>EFFECTIVENESS MEASURES:</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|--------------------------------------|------------------|------------------|------------------|------------------|
| Number of arrests | 9,000 | 9,000 | 9,000 | 8,800 |
| Conviction rate | 97% | 97% | 97% | 97% |
| Written warnings | 4,500 | 4,500 | 4,500 | 4,500 |
| Firearm safety training * | 14,810 | 15,000 | 15,000 | 15,000 |
| Snowmobile safety training * | 3,120 | 3,000 | 3,000 | 3,000 |
| ATV safety training * | 657 | 200 | 500 | 500 |
| Advanced hunter education * | 3,419 | 3,760 | 4,510 | 4,960 |
| TIP calls received | 2,813 | 2,250 | 2,400 | 2,400 |
| TIP calls referred to officers | 893 | 950 | 950 | 950 |
| TIP arrests made | 359 | 400 | 450 | 450 |
| County boat and water safety grants | 78 | 78 | 78 | 78 |
| County boat and water safety arrests | 2,100 | 2,100 | 2,100 | 2,100 |

* Number of certificates issued

GRANTS AND AIDS:

1) County Boat and Water Safety Allocations:

Statutory Reference: M.S. 361.24

These funds are allocated to the counties on a formula basis for their participation in enforcement of the provisions of M.S. 361. All of the grant was liquidated for F.Y. 1988.

| <u>Statistics:</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|--------------------------|------------------|------------------|------------------|------------------|
| Counties allotted grants | 77 | 77 | 77 | 77 |

| <u>Grants by Fund:</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|----------------------------------|------------------|------------------|------------------|------------------|
| Water Recreation Fund (000's) \$ | 1,124 | \$ 1,124 | \$ 1,124 | \$ 1,124 |

2) Control of Smelt Fishing:

Statutory Reference: Laws of 1983, Ch. 301, Sec. 22

These funds are granted for the purpose of controlling smelt fishing on the North Shore, including development of parking facilities, traffic control, coordination of regulatory agencies, control of trespass and vandalism, control of litter and sanitation, and information and education.

| <u>Statistics:</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|-------------------------|------------------|------------------|------------------|------------------|
| Number of smelt arrests | 38 | 40 | 40 | 40 |

| <u>Grants by Fund:</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|-------------------------------|------------------|------------------|------------------|------------------|
| Game and Fish Fund (000's) \$ | 12 | \$ 12 | \$ 12 | \$ 12 |

REVENUE:

This program generates non-dedicated revenue.

| <u>Type of Revenue</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|-------------------------------|------------------|------------------|------------------|------------------|
| Water Recreation Fund (000's) | \$ 2,740 | \$ 2,880 | \$ 3,830 | \$ 4,450 |
| Game and Fish Fund (000's) | 700 | 700 | 700 | 700 |
| Total Revenue | \$ 3,440 | \$ 3,580 | \$ 4,530 | \$ 5,150 |

BUDGET ISSUE:

Historically, the budget for the division has been funded in a 60% Game and Fish Fund, 40% General Fund proportion. The 60/40 funding split resulted from a review of hours expended, which showed that 60% of the division's time was spent on tasks funded by the Game and Fish Fund. The remaining 40% was spent on tasks funded by the General Fund.

In F.Y. 1982, the funding split for the division was adjusted to 80% Game and Fish Fund and 20% General Fund in response to a review of the division's

PROGRAM: ENFORCEMENT OF NATURAL RESOURCE LAWS
(Continuation)
Agency: NATURAL RESOURCES, DEPARTMENT OF

1990-91 Biennial Budget

BUDGET ISSUE: (Contd.)

activities by funding source. At approximately the same time, recreational use, including cross-country skiing, all-terrain vehicle (ATV) use, boating, and trail use, began to increase significantly. Recreational enforcement and safety training related activities were increased in response to increased use. Both Game and Fish Fund and General Fund related enforcement decreased in direct proportion to the recreational increase.

The current funding split for the division's budget is 75% Game and Fish Fund, 13% General Fund, and 12% Special Revenue. A 3-year average of hours expended by the division (F.Y. 1986-88), by source of funding, shows Game and Fish Fund hours decreasing and General Fund and Special Revenue hours increasing.

| <u>Enforcement Funding Sources/Hours Expended:</u> | <u>General Fund</u> | <u>Game and Fish Fund</u> | <u>Special Revenue</u> |
|--|---------------------|---------------------------|------------------------|
| Historical Funding Split | 40% | 60% | -0- |
| F.Y. 1982 Funding Split Adjustment | 20% | 80% | -0- |
| Current Funding Split | 13% | 75% | 12% |
| Hours Expended by Fund (3-year average, F.Y. 1986-88) | 22% | 69% | 9% |
| Current Difference * | (9%) | 6% | 3% |

* Difference between funding source split and actual hours expended on activities related to that source.

In effect, the Game and Fish Fund and Special Revenue accounts have been supporting General Fund related activities.

EXPLANATION OF BUDGET REQUEST:

This budget request will fund the protection program for Minnesota's natural resources and the enforcement of laws and rules pertaining to recreational activities. This program provides law enforcement services over a wide range of activities including hunting, fishing, use of boats and recreational vehicles, and use of state parks, trails and wildlife management areas. Public education programs are operated in the areas of youth and advanced hunter education, snowmobile safety and ATV safety.

Six CHANGE REQUEST items (\$ in 000's) have been prepared to respond to increased demands for enforcement services and to update and expand educational programs. \$300 and 3.0 positions in F.Y. 1990 and \$150 and 3.0 positions in F.Y. 1991 are requested to expand recreational enforcement and supervisory control in the Metro Region. \$310 in each year is requested to provide intensified enforcement of laws and regulations in all areas of responsibility. \$25 in each year is requested to fund an updated and revised curriculum of 4 public education programs. \$150 in F.Y. 1990 is requested to fund the conversion of uniform color to forest green for Conservation

Officers. \$500 in each year is requested to increase the amounts available to counties for boat and water safety grants. \$189 in F.Y. 1990 and \$505 in F.Y. 1991 are requested for fleet management.

GOVERNOR'S RECOMMENDATION:

The Governor recommends a biennial increase of \$2,734,000 and no new positions. This is a decrease of \$750,000 and 3.0 positions from the agency request. Details of both agency requests and Governor's recommendations are found on the individual CHANGE level pages.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF
PROGRAM : ENFORCEMENT OF NR LAWS & RULES
BUDGET ACTIVITY : ENFORCEMENT OF NR LAWS & RULES

| EXPENDITURES: | F.Y. 1990 | | | | | | F.Y. 1991 | | | |
|---------------------------------------|-----------|---------|----------------|--------|--------|-----------------------|----------------|--------|--------|-----------------------|
| | FY 1988 | FY 1989 | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 7,869 | 8,394 | 8,774 | 420 | 9,194 | 9,084 | 8,774 | 420 | 9,194 | 9,084 |
| EXPENSES/CONTRACTUAL SRVCS | 820 | 1,032 | 1,036 | 213 | 1,249 | 1,285 | 1,041 | 525 | 1,566 | 1,606 |
| MISC OPERATING EXPENSES | 389 | 451 | 451 | 10 | 461 | 491 | 451 | 10 | 461 | 491 |
| SUPPLIES/MATERIALS/PARTS | 727 | 711 | 717 | 215 | 932 | 1,027 | 717 | 35 | 752 | 877 |
| CAPITAL EQUIPMENT | 219 | 0 | 0 | 116 | 116 | 0 | 0 | 0 | 0 | 0 |
| REAL PROPERTY | 10 | 10 | 10 | 0 | 10 | 10 | 10 | 0 | 10 | 10 |
| REDISTRIBUTIONS | 20 | 25 | 25 | 0 | 25 | 25 | 25 | 0 | 25 | 25 |
| STATE OPERATIONS | 10,054 | 10,623 | 11,013 | 974 | 11,987 | 11,922 | 11,018 | 990 | 12,008 | 12,093 |
| LOCAL ASSISTANCE | 1,107 | 1,136 | 1,136 | 500 | 1,636 | 1,511 | 1,136 | 500 | 1,636 | 1,511 |
| TOTAL EXPENDITURES | 11,161 | 11,759 | 12,149 | 1,474 | 13,623 | 13,433 | 12,154 | 1,490 | 13,644 | 13,604 |
| CHANGE REQUESTS: | FUND | | | | | | | | | |
| A FLEET MANAGEMENT | G&F | | | 189 | | 189 | | 505 | | 505 |
| A RIM AND TRUST FUND | GEN | | | 0 | | 260 | | 0 | | 260 |
| P ENFORCEMENT INTENSIFICATION | GEN | | | 120 | | 0 | | 120 | | 0 |
| P ENFORCEMENT INTENSIFICATION | WREC | | | 170 | | 290 | | 170 | | 290 |
| P ENFORCEMENT INTENSIFICATION | SREV | | | 20 | | 20 | | 20 | | 20 |
| P ENHANCED RECREATIONAL ENFORCEMENT | GEN | | | 200 | | 0 | | 100 | | 0 |
| P ENHANCED RECREATIONAL ENFORCEMENT | G&F | | | 100 | | 0 | | 50 | | 0 |
| P UNIFORM CONVERSION TO DNR GREEN | G&F | | | 150 | | 150 | | 0 | | 0 |
| P SAFETY TRAINING | GEN | | | 25 | | 0 | | 25 | | 0 |
| P COUNTY BOAT AND WATER SAFETY GRANTS | WREC | | | 500 | | 375 | | 500 | | 375 |
| TOTAL CHANGE REQUESTS | | | | 1,474 | | 1,284 | | 1,490 | | 1,450 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 1,180 | 1,392 | 1,466 | 345 | 1,811 | 1,726 | 1,466 | 245 | 1,711 | 1,726 |
| WATER RECREATION | 1,898 | 1,955 | 1,972 | 670 | 2,642 | 2,637 | 1,972 | 670 | 2,642 | 2,637 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF
PROGRAM : ENFORCEMENT OF NR LAWS & RULES
BUDGET ACTIVITY : ENFORCEMENT OF NR LAWS & RULES

| SOURCES OF FINANCING: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|---------------------------|---------|---------|----------------|--------|--------|-----------------------|----------------|--------|--------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| SPECIAL REVENUE | 376 | 410 | 414 | 20 | 434 | 434 | 414 | 20 | 434 | 434 |
| GAME AND FISH | 7,694 | 7,985 | 8,280 | 439 | 8,719 | 8,619 | 8,285 | 555 | 8,840 | 8,790 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| SPECIAL REVENUE | 0 | 8 | 8 | 0 | 8 | 8 | 8 | 0 | 8 | 8 |
| GAME AND FISH | 8 | 2 | 2 | 0 | 2 | 2 | 2 | 0 | 2 | 2 |
| GIFTS AND DEPOSITS | 5 | 7 | 7 | 0 | 7 | 7 | 7 | 0 | 7 | 7 |
| TOTAL FINANCING | 11,161 | 11,759 | 12,149 | 1,474 | 13,623 | 13,433 | 12,154 | 1,490 | 13,644 | 13,604 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 32.0 | 35.0 | 35.0 | 2.0 | 37.0 | 35.0 | 35.0 | 2.0 | 37.0 | 35.0 |
| WATER RECREATION | 18.0 | 18.0 | 18.0 | 0.0 | 18.0 | 18.0 | 18.0 | 0.0 | 18.0 | 18.0 |
| SPECIAL REVENUE | 7.0 | 7.0 | 7.0 | 0.0 | 7.0 | 7.0 | 7.0 | 0.0 | 7.0 | 7.0 |
| GAME AND FISH | 136.0 | 136.0 | 136.0 | 1.0 | 137.0 | 136.0 | 136.0 | 1.0 | 137.0 | 136.0 |
| TOTAL POSITIONS | 193.0 | 196.0 | 196.0 | 3.0 | 199.0 | 196.0 | 196.0 | 3.0 | 199.0 | 196.0 |

CHANGE REQUEST _____ Agency X Program _____ Activity _____ 1990-91 Biennial Budget

ACTIVITY:

PROGRAM: ENFORCEMENT OF NATURAL RESOURCE LAWS AND REGULATIONS

AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: ENFORCEMENT INTENSIFICATION

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|-----------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 120 | -0- | \$ 120 | -0- |
| Water Recreation Fund | 170 | -0- | 170 | -0- |
| Snowmobile Fund | 20 | -0- | 20 | -0- |

Governor's Recommendation

| | | | | |
|-----------------------|--------|-----|--------|-----|
| General Fund | \$ -0- | -0- | \$ -0- | -0- |
| Water Recreation Fund | 290 | -0- | 290 | -0- |
| Snowmobile Fund | 20 | -0- | 20 | -0- |

Request requires statutory change: _____ Yes X No

Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests funding to provide an intensified law enforcement effort by means of increasing overtime hours available to Conservation Officers. Increased demands for enforcement services, especially in recreational use areas, cannot be met with the existing level of overtime hours.

DESCRIPTION/BACKGROUND:

Conservation Officer overtime is necessary to adequately regulate resource and recreational use in Minnesota. Conservation Officers are assigned an average of 450 square miles to patrol and are frequently subject to unpredictable workloads. Recent increases in recreational opportunities and use and high resource by the public have increased the need for Conservation Officer overtime. Prior to F.Y. 1984, Conservation Officers were allowed to earn up to a maximum of 400 overtime hours per fiscal year. The hours were compensated at straight time. Many officers voluntarily worked beyond the 400 hour per fiscal year maximum without compensation. During F.Y. 1984, the maximum figure was reduced to 372 hours per fiscal year as a result of contract settlements in excess of the amount appropriated. Another reduction related to increased contract costs occurred in F.Y. 1985 when the maximum overtime was limited to 360 hours per fiscal year.

The effects of the Fair Labor Standards Act (Garcia Decision) (FLSA) eliminated the ability of officers to work overtime hours without compensation. The FLSA decision also required payment of time and one-half for overtime hours worked in excess of 86 hours per pay period. The effect of this time and one-half requirement has further reduced actual work hours to the cash value of 360 hours per fiscal year, which may be as few as 240 actual overtime hours worked.

During F.Y. 1989, the cash value overtime hour maximum was reduced from 360 hours per fiscal year to 289 hours per fiscal year as a result of unanticipated budget shortfalls due to 1) a General Fund cut, 2) prorated salary supplement, 3) reprogramming of funding to cover administrative costs, and 4) the effects of sales tax and inflation. Current levels of overtime funding are anticipated to continue at the cash value of 289 hours per fiscal year.

RATIONALE:

The requested funding will increase Conservation Officer overtime funding from the current level of cash value of 289 hours per fiscal year to the cash value of 396 hours per fiscal year. Overtime hours are worked almost exclusively on law enforcement. This funding request would result in a 37% increase in the amount of overtime available for law enforcement work.

Conservation Officers currently spend approximately 56% of their time on law enforcement-related duties. A 37% increase in overtime funding would result in increased enforcement to address problem areas, increased recreational enforcement, increased game and fish enforcement, and fewer citizen complaints related to violations. It is anticipated that arrests and warnings would increase as a result of increased funding.

BASE:

| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|----------------------------|-----------|-----------|-----------|-----------|
| Game and Fish Fund (000's) | \$ 750 | \$ 610 | \$ 637 | \$ 637 |
| General Fund (000's) | 130 | 106 | 111 | 111 |
| Special Revenue (000's) | 120 | 98 | 102 | 102 |

LONG RANGE IMPLICATIONS:

| | F.Y. 1992 | F.Y. 1993 | Total |
|-------------------------------|-----------|-----------|--------|
| General Fund (000's) | \$ 120 | \$ 120 | \$ 240 |
| Water Recreation Fund (000's) | 170 | 170 | 340 |
| Special Revenue (000's) | 20 | 20 | 40 |

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request, but recommends the General Fund portion of the request be approved in the Water Recreation Fund because of General Fund budgetary constraints.

CHANGE REQUEST _____ Agency X Program _____ Activity _____ 1990-91 Biennial Budget

ACTIVITY:

PROGRAM: ENFORCEMENT OF NATURAL RESOURCE LAWS AND REGULATIONS
AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: ENHANCED RECREATIONAL ENFORCEMENT

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|--------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 200 | 2.0 | \$ 100 | 2.0 |
| Game and Fish Fund | 100 | 1.0 | 50 | 1.0 |

Governor's Recommendation

| | | | | |
|--------------------|--------|-----|--------|-----|
| General Fund | \$ -0- | -0- | \$ -0- | -0- |
| Game and Fish Fund | -0- | -0- | -0- | -0- |

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests funding to add 2.0 specialized Conservation Officer positions and 1.0 Conservation Officer supervisor in the Metro Region. The additional Conservation Officer positions will be used to provide law enforcement services to the rapidly increasing number of Metro recreational users. The Conservation Officer supervisor position will be used to provide increased supervision and direction and reduce the span of control of the existing field supervisor.

DESCRIPTION/BACKGROUND:

The Metro Region comprises over 2 million people, approximately 50% of the state's population. Natural resources and recreation-related law enforcement is provided by 15.0 Conservation Officers, including 1.0 field supervisor and staff positions. The most recent additions to complement were 2.0 Conservation Officers (1.0 in F.Y. 1987 and 1.0 in F.Y. 1988) to provide increased boat and water safety enforcement on the St. Croix River and Lake Minnetonka.

Current workloads for Metro Conservation Officers include a high proportion of time responding to public requests for information, safety training activities, and control of nuisance animals, along with the fish and game related workload. The dramatic increase in recreational opportunities including cross-country skiing, all-terrain vehicle (ATV) use, boating, snowmobiling, and extensive use of state trails has created a need for increased recreational enforcement that cannot be met with existing staff.

STATISTICS:

| | Metro Region | | | Metro % of Statewide Total |
|---|--------------|-----------|-----------|-------------------------------------|
| | C.Y. 1986 | C.Y. 1987 | C.Y. 1988 | |
| Boat registrations | 276,071 | 283,324 | 290,708 | 42% |
| ATV registrations (statewide) | 28,523 | 39,813 | 44,642 | N/A |
| Snowmobile registrations | 66,203 | 63,967 | 59,670 | 33% |
| Cross-country ski passes | 21,819 | 1,873 | 19,193 | 32% |
| | F.Y. 1986 | F.Y. 1987 | F.Y. 1988 | |
| Percent of productive hours spent on recreational enforcement in the Metro area | 16.3 | 16.7 | 14.5 | |

RATIONALE:

The 2.0 additional Conservation Officer positions will be assigned to recreational enforcement. The 1.0 additional Conservation Officer supervisor will allow a decreased span of control and provide better prioritizing and direction of workloads. This alignment is projected to result in a 50% increase in hours expended on recreational enforcement within the region. This would bring the number of hours spent on recreational enforcement up to 19% of the regions total productive hours. This level of service will reduce complaints, increase compliance, increase recreational user satisfaction, and decrease accidents and injuries related to recreational use.

BASE:

| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|--|-------------|-----------|-------------|-------------|
| Total recreational enforcement hours - Metro | 4,369 | 4,400 | 4,500 | 4,500 |
| Recreational Enforcement Costs F.T.E. | 52.4 2.1 | 55 2.1 | 56.2 2.2 | 56.2 2.2 |

LONG RANGE IMPLICATIONS:

| | F.Y. 1992 | F.Y. 1993 | Total |
|-----------------------------------|-----------|-----------|--------|
| General Fund Expenditures (000's) | \$ 100 | \$ 100 | \$ 200 |
| General Fund Positions | 2.0 | 2.0 | 2.0 |
| Game and Fish Expenditures (000s) | \$ 50 | \$ 50 | \$ 100 |
| Game and Fish Fund Positions | 1.0 | 1.0 | 1.0 |

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Although the request has merit, other spending priorities preclude additional funding.

CHANGE REQUEST _____ Agency X Program _____ Activity _____ 1990-91 Biennial Budget

ACTIVITY:

PROGRAM: ENFORCEMENT OF NATURAL RESOURCE LAWS AND REGULATIONS

AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: UNIFORM CONVERSION TO FOREST GREEN

| | F.Y. 1990 | | F.Y. 1991 | |
|--------------------|-----------|-----------|-----------|-----------|
| | (000's) | | (000's) | |
| Agency Request | Amount | Positions | Amount | Positions |
| Game and Fish Fund | \$ 150 | -0- | \$ -0- | -0- |

Governor's Recommendation

| | | | | |
|--------------------|--------|-----|--------|-----|
| Game and Fish Fund | \$ 150 | -0- | \$ -0- | -0- |
|--------------------|--------|-----|--------|-----|

Request requires statutory change: _____ Yes X No

Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The department requests funds to change the color of Conservation Officer uniforms from British green to the less expensive and more readily available forest green. Forest green is the standard uniform for the department and is worn by personnel in other divisions. The funds requested would be used to convert Conservation Officers during F.Y. 1990 to forest green.

DESCRIPTION/BACKGROUND:

Historically, the Division of Enforcement has maintained a uniform color distinctive from the rest of the department. This was done to provide a readily identifiable uniform for enforcement personnel so that the public could easily distinguish them from other department personnel. This special color has become increasingly expensive to maintain and has resulted in delays in delivery because of the small number of garments ordered.

M.S. 626.88 specifies that Conservation Officer uniforms purchased subsequent to 1-1-81 must be green in color. There is no statutory provision requiring these uniforms to be distinctive from other department employees.

RATIONALE:

The change to the more commonly available forest green color will greatly accelerate the delivery of Conservation Officer uniforms. It will increase the number of garments of a common color purchased, resulting in a lower unit cost per article. Conservation Officers will be able to maintain a distinguishable appearance through the wearing of "off the rack" jackets not issued to other department employees.

BASE:

| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|----------------------------|-----------|-----------|-----------|-----------|
| Enforcement Division's | \$ 43 | \$ 43 | \$ 43 | \$ 43 |
| Portion of Field Services' | | | | |
| Uniform Budget (000's) | | | | |

| LONG RANGE IMPLICATIONS: | F.Y. 1992 | F.Y. 1993 | Total |
|-----------------------------------|-----------|-----------|---------|
| Department Uniform Budget (000's) | \$ (7) | \$ (8) | \$ (15) |

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

CHANGE REQUEST _____ Agency X Program _____ Activity 1990-91 Biennial Budget

ACTIVITY:

PROGRAM: ENFORCEMENT OF NATURAL RESOURCE LAWS AND REGULATIONS

AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: SAFETY TRAINING

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|----------------|-----------|-----------|-----------|-----------|
| | (000's) | | (000's) | |
| | Amount | Positions | Amount | Positions |
| General Fund | \$ 25 | -0- | \$ 25 | -0- |

Governor's Recommendation

| | | | | |
|--------------|--------|-----|--------|-----|
| General Fund | \$ -0- | -0- | \$ -0- | -0- |
|--------------|--------|-----|--------|-----|

Request requires statutory change: _____ Yes X No

Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests funding to expand the scope of existing youth and adult education programs. The curricula of the Youth Firearm Safety and Advanced Hunter Education Programs must be redesigned to make the programs more compatible with each other. These expanded and revised programs will provide a more complete and relevant group of educational programs.

DESCRIPTION/BACKGROUND:

The Division of Enforcement has operated a Youth Firearm Safety Training Program for over 30 years. As needs were identified, a Snowmobile Safety Training Program was mandated in 1970 and an All-Terrain Vehicle (ATV) Safety Training Program in 1985. These programs have been periodically updated as laws, needs and technology have changed.

In 1988, the Advanced Hunter Education Program was transferred from the Bureau of Information and Education to the Division of Enforcement. The close association of these programs has shown a need to merge portions of the curricula and redesign other portions to make the 2 programs more compatible. The Advanced Hunter Education Program has proved to be a popular voluntary program among well-motivated sportspersons wishing to learn more about the ethics and responsibilities associated with hunting.

The ATV and Snowmobile Programs need to be redesigned to bring them in line with current trends and legal decisions which affect their operation. The

ATV Program has been severely affected by the outcome of the National Association of Attorneys General lawsuit. Snowmobile usage must be evaluated to determine the cause of the recent increase in fatalities. Snowmobile Safety Program content must be revised to reflect the causes identified and youthful operators and others made aware of them.

RATIONALE:

Merging portions of the curricula of the Youth Firearms Safety Training Program and Advanced Hunter Education Program will benefit students of both programs in areas of safety education, hunter ethics, and landowner relations. It will provide a continuous outdoor educational experience beginning with youth safety programs and finishing with an advanced adult program stressing ethics and responsibility.

Revisions of the Snowmobile and ATV Programs will result in greater safety consciousness by students and decreased accidents and injuries.

BASE:

| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|--|-----------|-----------|-----------|-----------|
| Training Expenditures, including salaries (000's): | | | | |
| General Fund Expenditures | \$ 144 | \$ 149 | \$ 153 | \$ 158 |
| General Fund Positions (FTE) | 4.25 | 4.25 | 4.25 | 4.25 |
| Water Recreation Expenditures | \$ 79 | \$ 82 | \$ 85 | \$ 88 |
| Water Recreation Positions | 2.0 | 2.0 | 2.0 | 2.0 |
| Special Revenue Expenditures | \$ 63 | \$ 80 | \$ 81 | \$ 83 |
| Special Revenue Positions | 1.0 | 1.0 | 1.0 | 1.0 |
| Game and Fish Fund Expenditures | \$ 400 | \$ 424 | \$ 433 | \$ 444 |
| Game and Fish Fund Positions | 6.0 | 6.0 | 6.0 | 6.0 |

LONG RANGE IMPLICATIONS:

| | F.Y. 1992 | F.Y. 1993 | Total |
|-----------------------------------|-----------|-----------|-------|
| General Fund Expenditures (000's) | \$ 25 | \$ 25 | \$ 50 |

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Although the request has merit, other spending priorities preclude additional funding.

CHANGE REQUEST _____ Agency X Program _____ Activity 1990-91 Biennial Budget

ACTIVITY:
PROGRAM: ENFORCEMENT OF NATURAL RESOURCE LAWS AND REGULATIONS
AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: COUNTY BOAT AND WATER SAFETY GRANTS

| Agency Request | F.Y. 1990 (000's) | | F.Y. 1991 (000's) | |
|---------------------------|----------------------|-----------|----------------------|-----------|
| | Amount | Positions | Amount | Positions |
| Water Recreation Fund | \$ 500 | -0- | \$ 500 | -0- |
| Governor's Recommendation | | | | |
| Water Recreation Fund | \$ 375 | -0- | \$ 375 | -0- |

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

This request will provide funds to increase grants to counties which participate in the Boat and Water Safety Grant Program. Additional funding will meet the increasing demand for patrol, enforcement, education, search and rescue, waterway marking, and accident reporting.

From 1981-1986, the county boat and water safety grant total was \$994,300 per year. In F.Y. 1988, this amount was raised to \$1,124,300. This request would raise the amount to \$1,624,300 as follows:

- \$1,124,300 would be distributed as in the past with no match required by the county;
- \$500,000 would be distributed on a 50/50 match basis to those counties that wished to participate beginning in F.Y. 1990. The county's match would have to be over and above any base level the county expends now.

DESCRIPTION/BACKGROUND:

Grants to counties are made under authority of M.S. 361 and are funded from the Water Recreation Fund. Since its inception in 1959, this program has resulted in a significant reduction in boating accidents and drownings. The last major funding increase in this program occurred in F.Y. 1981 and resulted in a significant increase in activities and performance. A \$130,000 increase was also authorized by the 1987 legislature. This increase in

funding will offset the increasing cost of these services and allow expansion in the program where justified.

| STATISTICS: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|-----------------------------------|-----------|-----------|-----------|-----------|
| County Sheriffs' Activities: | | | | |
| Hours on boat and water (000's) | 128 | 128 | 128 | 128 |
| Citations issues (000's) | 2 | 2 | 2 | 2 |
| Rental boat inspections (000's) | 14 | 14 | 14 | 14 |
| Buoys or waterway markers (000's) | 4 | 4 | 4 | 4 |
| Deaths/100m boats | 3 | 3 | 3 | 3 |
| Search and rescue operations | 450 | 450 | 450 | 450 |

RATIONALE:

Increased grants in 1981 resulted in significantly higher activity levels and increased performance. Since 1981, the workload has increased. There are now over 673,000 registered watercraft compared to 580,000 in 1980. The increased registrations are primarily larger, more powerful watercraft. In addition, many counties are upgrading their efforts through the use of search and rescue diving teams; fast water rescue near dams; alcohol, noise, and speed enforcement; and community education efforts. The recent Fair Labor Standards Act decision has increased manpower costs dramatically. Increased funding will allow expanded services.

| BASE: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|-------------------------------|-----------|-----------|-----------|-----------|
| Water Recreation Fund (000's) | \$ 1,124 | \$ 1,124 | \$ 1,124 | \$ 1,124 |

| LONG RANGE IMPLICATIONS: | F.Y. 1992 | F.Y. 1993 | Total |
|-------------------------------|-----------|-----------|----------|
| Water Recreation Fund (000's) | \$ 500 | \$ 500 | \$ 1,000 |

GOVERNOR'S RECOMMENDATION:

The Governor recommends a smaller increase for County Boat and Water Safety Grants than the amounts requested by the agency.

PROGRAM: FIELD OPERATIONS SUPPORT
Agency: NATURAL RESOURCES, DEPARTMENT OF

1990-91 Biennial Budget

PROGRAM PURPOSE:

The primary purpose of the Field Operations Support Program is to provide professional and technical service support required for the effective and efficient management of the Department of Natural Resources (DNR). This program consists of 4 budget activities: 1) engineering services, 2) real estate management, 3) field services support, and 4) fleet management. The objective of these services is to minimize resource management involvement in obtaining or performing support requirements.

OPERATION:

This program encompasses the following operations:

1) Bureau of Engineering Services

- Surveying: Land surveys and topographic surveys, including preparing maps, plats, and land descriptions.
- Development: Engineering and architectural design and construction of DNR-operated facilities such as campgrounds, water accesses, hiking and biking trails, roads, bridges, dams, fish barriers, wastewater systems, interpretive centers, fish hatcheries, park contact stations, and forest nursery facilities.
- Recreational Mapping: Development and production of the department's recreational location maps; i.e., parks, trails, campgrounds, water accesses, etc.

2) Bureau of Real Estate Management

- Realty services for the acquisition, exchange, and sale of lands for natural resources.
- Leasing of state lands excepting mineral leases and timber permits, but including gravel, agricultural, homesite, wild rice, right-of-way leases and utility licenses.
- The administration of records, maps and documents relating to land ownership rights and transactions.

3) Bureau of Field Services

- Provide management of the department's fleet equipment including equipment repair and fabrication/modification needs in Field Services-operated shops. Also, develop and coordinate policy and procedures associated with equipment utilization, condition, maintenance and record keeping.
- Purchase of all equipment and material needs for the department utilizing several methods: 1) requisition through the Department of Administration's Procurement Division, which entails developing specifications, locating sources of supply, arranging demonstrations to ensure that the requested product fulfills the intended need, etc.;

2) bidding and awarding in accordance with authority granted to the department by the Department of Administration; 3) meeting needs by using stock of 2 service center-operated supply depots consisting of common-use items, items purchased in quantity, items needed immediately but hard to get in a hurry, and specialized requirements; and 4) developing policy and procedure, monitoring and training for local purchases.

- Provide the facility maintenance and repair, rehabilitation and remodeling for more than 1,600 department buildings (some 2,500,000 square feet) by letting bids to accomplish the work, or in some instances, performing the work with Field Services' crafts personnel.
- Provide a variety of other support activities including inventory management of fixed asset, semi-expendable and consumable inventories; on-the-job safety program implementation, compliance, and training; surplus equipment and building disposal; screening and acquisition of both state and federal surplus property; construction of wood routed signs; providing department uniforms; coordination of the radio communication needs of the department and the installation/repair of same by the Department of Transportation; administration and maintenance of a statewide cache of forest fire fighting materials and equipment.

All of the bureaus in this program are under the supervision of the Assistant Commissioner for Administration. They establish internal policies and procedures for the effective conduct of their respective service functions and provide a variety of specialized services in their particular area of expertise to the operating units. Failure to adequately provide these specialized services would require each operational unit in the department to either employ these specialists (buyer, fleet managers, inventory management specialists, engineers, architects, appraisers, realty specialists, surveyors, etc.) or contract for these services, which would result in inefficiencies and increased costs.

BUDGET ISSUE:

Budget issues for this program are included in the narratives at the activity level.

EXPLANATION OF BUDGET REQUEST:

In recent years, new and expanded programs have increased the demand for the services provided by this program. When the new/expanded programs were established, the bureau budgets were not adjusted to provide the additional staff and funding to meet the needs of these programs. As a result, the clientele are not served with timely, efficient and effective services.

Nine CHANGE request items are requested for this program. \$750,000 each year is requested for maintenance, repair and rehabilitation of facilities and small building construction. 2.0 positions each year are requested in the Water Recreation Fund to provide engineering services for development projects in the state park system. \$150,000 and 3.0 positions each year are requested for the conversion of land exchange activities from Legislative Commission on Minnesota Resources (LCMR) funds to the General Fund. \$444,000 in F.Y. 1990 and \$244,000 in F.Y. 1991 and 1.0 position are requested from the General Fund; \$325,000 in F.Y. 1990 and \$200,000 in F.Y. 1991 are re-

PROGRAM: FIELD OPERATIONS SUPPORT
(Continuation)

1990-91 Biennial Budget

Agency: NATURAL RESOURCES, DEPARTMENT OF

EXPLANATION OF BUDGET REQUEST: (Contd.)

quested from the Trust Fund for appraisals and sales of lakeshore lots in accordance with 1988 legislation. \$20,000 in F.Y. 1990 and \$54,000 in F.Y. 1991 are requested for fleet management. \$1,240,000 and 24.0 positions each year are requested for the conversion of professional services required for acquisition and development projects from bonding to the General Fund. \$50,000 and 1.0 position each year are requested to provide engineering services for the development of safe harbors with public access on Lake Superior.

\$285,000 and 3.0 positions each year are recommended by the LCMR to publish and provide for sale a statewide service of recreational maps displaying the location of various public recreational opportunities. \$100,000 and 2.0 positions each year are recommended by the LCMR to complete for presentation to the Land Exchange Board a package for the exchange of school trust fund lands in state parks and accelerate the exchange of school trust fund lands in the Boundary Waters Canoe Area Wilderness and other state units.

GOVERNOR'S RECOMMENDATION:

The Governor recommends all but one of the agency's CHANGE level requests for this program, the Conversion of LCMR positions. The Governor recommends modifying the funding for 2 CHANGE levels by recommending that \$200,000 of the Facility Maintenance request be provided by the Game & Fish Fund and the Professional Services Conversion request be funded from the Special Revenue Fund. The revenue in the Special Revenue Fund would be derived by professional services billing out the cost of its services to DNR programs.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF
PROGRAM : FIELD OPERATIONS SUPPORT

| | | | F.Y. 1990 | | | | F.Y. 1991 | | | | |
|---|--|--|----------------|---------|--------|-----------------------|----------------|--------|--------|-----------------------|--------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | | |
| ACTIVITY EXPENDITURES: | | | FY 1988 | FY 1989 | | | | | | | |
| FIELD SERVICES | | | 5,603 | 5,666 | 5,782 | 770 | 6,552 | 6,552 | 5,785 | 804 | 6,589 |
| A FLEET MANAGEMENT GEN | | | | | | 18 | 18 | | 48 | 48 | |
| A FLEET MANAGEMENT G&F | | | | | | 2 | 2 | | 6 | 6 | |
| B FACILITY MAINTENANCE/REPAIR, REMODELING GEN | | | | | | 750 | 550 | 750 | 550 | 550 | |
| B FACILITY MAINTENANCE/REPAIR, REMODELING G&F | | | | | | 0 | 200 | 0 | 200 | 200 | |
| FLEET MANAGEMENT | | | 6,619 | 7,527 | 7,527 | 0 | 7,527 | 7,527 | 7,527 | 0 | 7,527 |
| ENGINEERING SERVICES | | | 2,225 | 1,947 | 1,725 | 1,125 | 2,850 | 2,850 | 1,714 | 1,085 | 2,799 |
| A SAFE HARBORS - LAKE SUPERIOR WREC | | | | | | 50 | 50 | | 50 | 50 | |
| P PROFESSIONAL SERVICES CONVERSION GEN | | | | | | 750 | 0 | 750 | 0 | 0 | |
| P PROFESSIONAL SERVICES CONVERSION SREV | | | | | | 0 | 750 | 0 | 0 | 750 | |
| P LAKESHORE APPRAISALS AND SALES PSCH | | | | | | 40 | 40 | 0 | 0 | 0 | |
| B STATEWIDE PUBLIC RECREATION MAP MNRS | | | | | | 285 | 285 | 285 | 285 | 285 | |
| REAL ESTATE MANAGEMENT | | | 1,321 | 1,751 | 1,466 | 1,469 | 2,935 | 2,785 | 1,473 | 1,184 | 2,657 |
| P PROFESSIONAL SERVICES CONVERSION GEN | | | | | | 490 | 0 | 490 | 0 | 0 | |
| P PROFESSIONAL SERVICES CONVERSION SREV | | | | | | 0 | 490 | 0 | 0 | 490 | |
| P LAKESHORE APPRAISALS AND SALES GEN | | | | | | 444 | 444 | 244 | 244 | 244 | |
| P LAKESHORE APPRAISALS AND SALES PSCH | | | | | | 285 | 285 | 200 | 200 | 200 | |
| B CONVERSION OF LCHR POSITIONS GEN | | | | | | 150 | 0 | 150 | 0 | 0 | |
| B ACCELERATED LAND EXCHANGE MNRS | | | | | | 100 | 100 | 100 | 100 | 100 | |
| TOTAL EXPENDITURES | | | 15,768 | 16,891 | 16,500 | 3,364 | 19,864 | 19,714 | 16,499 | 3,073 | 19,572 |
| SOURCES OF FINANCING: | | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | | |
| GENERAL | | | 4,219 | 4,003 | 4,039 | 2,602 | 6,641 | 5,051 | 4,027 | 2,432 | 6,459 |
| MN RESOURCES | | | 153 | 156 | 0 | 385 | 385 | 385 | 0 | 385 | 385 |
| WATER RECREATION | | | 337 | 348 | 354 | 50 | 404 | 404 | 354 | 50 | 404 |
| SPECIAL REVENUE | | | 7 | 11 | 11 | 0 | 11 | 11 | 11 | 0 | 11 |
| GAME AND FISH | | | 3,537 | 3,731 | 3,843 | 2 | 3,845 | 4,045 | 3,854 | 6 | 3,860 |

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF
PROGRAM : FIELD OPERATIONS SUPPORT

| SOURCES OF FINANCING: | F.Y. 1990 | | | | | F.Y. 1991 | | | | |
|---------------------------|-----------|---------|----------------|--------|--------|-----------------------|----------------|--------|--------|-----------------------|
| | FY 1988 | FY 1989 | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| PERMANENT SCHOOL | 34 | 389 | 0 | 325 | 325 | 325 | 0 | 200 | 200 | 200 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 786 | 672 | 672 | 0 | 672 | 672 | 672 | 0 | 672 | 672 |
| SPECIAL REVENUE | 6,628 | 7,527 | 7,527 | 0 | 7,527 | 8,767 | 7,527 | 0 | 7,527 | 8,767 |
| FEDERAL | 67 | 54 | 54 | 0 | 54 | 54 | 54 | 0 | 54 | 54 |
| TOTAL FINANCING | 15,768 | 16,891 | 16,500 | 3,364 | 19,864 | 19,714 | 16,499 | 3,073 | 19,572 | 19,422 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 54.0 | 56.0 | 55.0 | 28.0 | 83.0 | 56.0 | 54.0 | 28.0 | 82.0 | 55.0 |
| MN RESOURCES | 3.0 | 3.0 | 0.0 | 5.0 | 5.0 | 5.0 | 0.0 | 5.0 | 5.0 | 5.0 |
| WATER RECREATION | 6.0 | 6.0 | 6.0 | 3.0 | 9.0 | 9.0 | 6.0 | 3.0 | 9.0 | 9.0 |
| SPECIAL REVENUE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 24.0 | 0.0 | 0.0 | 0.0 | 24.0 |
| GAME AND FISH | 40.0 | 40.0 | 40.0 | 0.0 | 40.0 | 40.0 | 40.0 | 0.0 | 40.0 | 40.0 |
| FEDERAL | 1.0 | 1.0 | 1.0 | 0.0 | 1.0 | 1.0 | 1.0 | 0.0 | 1.0 | 1.0 |
| TOTAL POSITIONS | 104.0 | 106.0 | 102.0 | 36.0 | 138.0 | 135.0 | 101.0 | 36.0 | 137.0 | 134.0 |

CHANGE REQUEST
 _____ Agency X Program _____ Activity 1990-91 Biennial Budget

ACTIVITY:
 PROGRAM: FIELD OPERATIONS SUPPORT
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: PROFESSIONAL SERVICES CONVERSION

| Agency Request | F.Y. 1990 (000's) | | F.Y. 1991 (000's) | |
|---------------------------|----------------------|-----------|----------------------|-----------|
| | Amount | Positions | Amount | Positions |
| General Fund | \$1,240 | * 24.0 | \$1,240 | * 24.0 |
| Governor's Recommendation | | | | |
| Special Revenue Fund | \$1,240** | 24.0 | \$1,240** | 24.0 |

* Request appropriation rider to "grandfather" unclassified employees into classified service.

** Open appropriation authority.

Request requires statutory change: X Yes _____ No
 Statutes Affected: 84.084

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests funds to convert current acquisition and development professional services positions from bonding funds to the General Fund. These positions provide engineering and land acquisition realty services to most divisions within the department. The objective of these services is to assist the divisions in their continuing efforts to improve habitat and provide equal opportunities for everyone to enjoy Minnesota's outdoors.

DESCRIPTION/BACKGROUND:

Historically, funds for professional services required for acquisition and development have been provided by applying a budget levy against project appropriations. Although this funding source is short-term, the department's acquisition and development responsibilities are ongoing. The department's acquisition program has been scaled down from the high point of activity and funding in the late 1970's. Since then significant expansion has occurred in the development program. Increased interest in sale of surplus state land as a source of funds for acquisition and in donation of land to the state, along with growing resource development needs, will continue the demand for real estate and engineering professional services into the future.

| STATISTICS: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|--|-----------|-----------|-----------|-----------|
| Number of engineering requests | 400 | 450 | 500 | 500 |
| Number of requests completed | 250 | 280 | 300 | 300 |
| Construction value of projects bid (000's) | \$7,000 | \$7,000 | \$8,000 | \$8,000 |
| Land acquisitions completed | 166 | 180 | 180 | 180 |
| Acres of land acquired | 7,152 | 7,800 | 7,800 | 7,800 |

RATIONALE:

The short-term nature of current funding for professional services makes effective work planning for long-range acquisition and development objectives very difficult and consequently impacts operational efficiency. Additionally, as demand continues for limited professional services, effective planning and coordination of acquisition and development activities among the divisions becomes even more critical. The department depends on timely, effective delivery of professional services to meet its continuing acquisition and development responsibilities. A stable level of professional services staffing is required to adequately meet this need.

Conversion of professional services from bonding to the General Fund is detailed as follows (\$ in 000's):

| | Positions | F.Y. 1990 | F.Y. 1991 |
|-----------------------------------|-----------|-----------|-----------|
| Engineering services | 17.0 | \$ 750 | \$ 750 |
| Realty services | 7.0 | 490 | 490 |
| Total Conversions to General Fund | 24.0 | \$ 1,240 | \$ 1,240 |

| BASE: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|--------------------------------|-----------|-----------|-----------|-----------|
| Bond Fund Expenditures (000's) | \$ 956 | \$ 872 | \$ -0- | \$ -0- |
| Bond Fund Positions | 24.0 | 24.0 | -0- | -0- |

| LONG RANGE IMPLICATIONS: | F.Y. 1992 | F.Y. 1993 | Total |
|-----------------------------------|-----------|-----------|----------|
| General Fund Expenditures (000's) | \$ 1,240 | \$ 1,240 | \$ 2,480 |
| General Fund Positions | 24.0 | 24.0 | 24.0 |

GOVERNOR'S RECOMMENDATION:

The Governor recommends approval of the 24.0 positions in the Special Revenue Fund. The recommended funding source is a direct billing to the projects for the cost of services, and because the demand for service may fluctuate, an open appropriation is recommended.

CHANGE REQUEST _____ Agency X Program _____ Activity _____ 1990-91 Biennial Budget

ACTIVITY:
PROGRAM: FIELD OPERATIONS SUPPORT
AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: LAKESHORE LEASING AND SALES

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 444 | 1.0 | \$ 244 | 1.0 |
| Trust Fund | 325 | -0- | 200 | -0- |
| Governor's Recommendation | | | | |
| General Fund | \$ 444 | 1.0 | \$ 244 | 1.0 |
| Trust Fund | 325 | -0- | 200 | -0- |

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests funds and 1.0 position to assist in administering the sale of several hundred lakeshore lease lots in accordance with 1988 legislation. The agency also requests funding for appraisals of approximately 1,000 leased lots for renewal in 1991.

DESCRIPTION/BACKGROUND:

As directed by legislation, the department expects to offer approximately 600 lakeshore lease lots for sale during the 1989-91 biennium. Sales will be held each year in several counties. Execution of these sales involves contracting for appraisals, coordinating appraisal reviews, handling a constant flow of correspondence with lessees and inquiries from the public, scheduling and advertising sales, holding auctions and processing paperwork to cancel leases and close sales. Sale legislation provides for 1.0 professional position for this activity through the 1989-91 biennium and authorizes the use of Trust Fund lease revenues to pay for surveys, appraisals and associated selling costs. However, clerical assistance is required to accomplish the projected workload, and the authorized Trust Fund revenues must be reapropriated for the 1989-91 biennium.

In addition, approximately 1,000 leases on lots not sold by 1991 must be renewed at that time and, therefore, require new appraisals. Since these lots must be offered for sale by F.Y. 1998, in accordance with sale legislation, the appraisals should be done to sale standards. The cost of contracting for such appraisals averages about \$600 each. Without funding for these appraisals, current realty staff will be forced to put new lease, license and easement applications on hold and concentrate exclusively on appraising lakeshore lots to meet the 1991 deadline.

Funding requirements for these activities during the F.Y. 1989-91 biennium are as follows (\$ in 000's):

| | F.Y. 1990 | F.Y. 1991 |
|-------------------------|-----------|-----------|
| General Fund | | |
| Clerical position (1.0) | \$ 26 | \$ 26 |
| Supplies and expenses | 18 | 18 |
| Lease appraisals | 400 | 200 |
| Total from General Fund | \$ 444 | \$ 244 |

| | | |
|------------------------------|--------|--------|
| Trust Fund | | |
| Surveys (Engineering Bureau) | \$ 40 | \$ -0- |
| Sale appraisals | 240 | 160 |
| Other sale costs | 45 | 40 |
| Total from Trust Fund | \$ 325 | \$ 200 |

| <u>STATISTICS:</u> | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|----------------------------|-----------|-----------|-----------|-----------|
| Lots appraised for leasing | -0- | -0- | 665 | 335 |
| Plats surveyed for sale | 110 | 97 | 22 | -0- |
| Lots appraised for sale | 150 | 400 | 300 | 200 |

RATIONALE:

Recently enacted legislation allows the department to conduct sales of lakeshore lots leased to private parties. The law requires the department to make these lots available for sale at the request of the lessee until December 31, 1992. The sale of these lots involves appraisals, coordinating appraisal reviews, scheduling and advertising sales, holding auction sales, and processing necessary documents to cancel leases and close sales.

| <u>BASE:</u> | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|-----------------------------------|-----------|-----------|-----------|-----------|
| General Fund Expenditures (000's) | \$ 693 | \$ 250 | \$ 63 | \$ 48 |
| General Fund Positions | 2.0 | 2.0 | 2.0 | 1.0 |

| | | | | |
|---------------------------------|--------|--------|--------|--------|
| Trust Fund Expenditures (000's) | \$ -0- | \$ 182 | \$ -0- | \$ -0- |
|---------------------------------|--------|--------|--------|--------|

| <u>LONG RANGE IMPLICATIONS:</u> | F.Y. 1992 | F.Y. 1993 | Total |
|-----------------------------------|-----------|-----------|--------|
| General Fund Expenditures (000's) | \$ 81 | \$ 81 | \$ 162 |
| General Fund Positions | 2.0 | 2.0 | 2.0 |
| Trust Fund Expenditures (000's) | \$ 200 | \$ 200 | \$ 400 |

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request, except that the Governor recommends this request not be considered an on-going appropriation. Any future funding beyond the 1990-91 biennium should be considered as another CHANGE request.

ACTIVITY: FIELD SERVICES
 Program: FIELD OPERATIONS SUPPORT
 Agency: NATURAL RESOURCES, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

The Field Services Activity provides support to the Department of Natural Resources in the following areas: 1) procurement of equipment, materials, and supplies; 2) fleet management, including repair services; 3) department facility maintenance, repair and betterment; 4) building disposal; 5) fixed asset inventory management; 6) consumable inventory management, including 2 supply warehouses; 7) coordination of non-fleet equipment fund allocations; 8) federal excess property acquisition; 9) personnel health and safety administration; 10) fire cache management; 11) wood routed sign manufacturing; 12) surplus property acquisition and disposal; and 13) coordination of the department radio system and radio maintenance.

The activity is designed to minimize the time spent by resource managers in obtaining support requirements. It is also responsible for coordinating, monitoring and enforcing the requirements, policies and procedures mandated by the legislature, by other state agencies or controlling interests.

This activity provides support through the administration office in St. Paul, 2 service centers located in Grand Rapids and St. Paul, and a Field Services unit in each of the 6 regions.

The administrative unit is responsible for coordinating the various activities, developing program policy, establishing procedures, managing the budget, and handling special problems. Specialists administer and coordinate the Fleet Management Program; the inventory management and surplus property acquisition and disposal programs; the department personnel health and safety program; and acquire federal excess equipment for use by the Division of Forestry for fire suppression.

The service centers provide for the procurement of the department's materials and supplies; vehicles and heavy equipment repairs and equipment fabrication/modification; warehouse and supply over 850 consumable stock items such as hardware, safety and protective equipment, automotive supplies, paint, abrasives, special-use items, etc.; administer the fire equipment cache; stock and distribute department uniforms; and manufacture wood routed signs.

The regional programs coordinate the Fleet Management Program; administer regional equipment pools; provide for the repair of equipment through department shops or local repair service; contract for building repair; coordinate radio system repair; coordinate health and safety programs and enforce safety mandates; administer the hazardous materials acquisition, use, storage and disposal requirements; coordinate vehicle accident cases; coordinate the Fixed Assets Records Management System (FARMS) and purchasing programs; coordinate surplus building and equipment disposal; etc.

| EFFECTIVENESS MEASURES: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|--|-----------|-----------|-----------|-----------|
| Value of federal excess acquisitions (000's) | \$1,000 | \$1,500 | \$1,500 | \$1,500 |
| No. of purchasing requisitions processed | 1,800 | 1,300 | 1,300 | 1,300 |
| Volume of stock sales (000's) | \$525 | \$530 | \$530 | \$530 |

| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|---|-----------|-----------|-----------|-----------|
| No. of equipment repair jobs | 1,400 | 1,450 | 1,450 | 1,450 |
| Value of surplus equipment disposed (000's) | \$175 | \$250 | \$250 | \$250 |
| No. of buildings disposed | 75 | 79 | 80 | 80 |
| No. of personnel uniformed | 1,050 | 1,050 | 950 | 950 |
| No. of routed signs produced | 1,800 | 2,000 | 2,000 | 2,000 |
| Workers' compensation injury costs (000's) | \$700 | \$650 | \$600 | \$550 |

| STATISTICS: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|------------------------------------|-----------|-----------|-----------|-----------|
| No. of department locations served | 192 | 188 | 180 | 180 |
| No. of non-fleet fixed assets | 25,000 | 20,000 | 20,000 | 20,000 |
| No. of buildings managed | 1,610 | 1,600 | 1,600 | 1,600 |

BUDGET ISSUES:

The base budgets for the various programs were established with the inception of the Field Services Program in 1974. Since that time new and expanded programs have been established without adequate funding for support requirements. Several budget cuts and inflation have severely impacted the ability to provide timely and efficient services. For example, an insufficient budget restricts the ability to adequately maintain 1,600 department buildings. The absence of minor maintenance results in deterioration, which will eventually require major rehabilitation. Currently the department's annual repair expenditures per building is \$500; or 62% of the amount needed to prevent major deterioration.

This program also provides for the management of the department's radio communications system. Technology in the radio industry continues to produce new and improved equipment. Consequently, existing radios become obsolete along with scarcity of parts in a relatively short period of time. The department is experiencing difficulty in maintaining its radio replacement schedule due to inadequate funding.

Programs are carried out in the administrative office in St. Paul, at 2 service centers and 6 regional offices. The services are performed by a staff of which 52% are part-time positions. Many programs are understaffed, impacting performance and prohibiting efficiency improvements.

REVENUE:

This activity generates dedicated and non-dedicated receipts.

| Type of Revenue: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|-----------------------|-----------|-----------|-----------|-----------|
| Non-dedicated (000's) | \$ 58 | \$ 52 | \$ 55 | \$ 55 |
| Dedicated (000's) | 118 | 119 | 128 | 132 |
| Total Revenue | \$ 176 | \$ 171 | \$ 183 | \$ 187 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF
PROGRAM : FIELD OPERATIONS SUPPORT
BUDGET ACTIVITY : FIELD SERVICES

| EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|---|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 2,117 | 2,298 | 2,408 | 0 | 2,408 | 2,408 | 2,408 | 0 | 2,408 | 2,408 |
| EXPENSES/CONTRACTUAL SRVCS | 1,117 | 1,033 | 1,035 | 670 | 1,705 | 1,705 | 1,038 | 704 | 1,742 | 1,742 |
| MISC OPERATING EXPENSES | 316 | 306 | 306 | 0 | 306 | 306 | 306 | 0 | 306 | 306 |
| SUPPLIES/MATERIALS/PARTS | 1,051 | 1,010 | 1,014 | 100 | 1,114 | 1,114 | 1,014 | 100 | 1,114 | 1,114 |
| CAPITAL EQUIPMENT | 841 | 991 | 991 | 0 | 991 | 991 | 991 | 0 | 991 | 991 |
| REAL PROPERTY | 134 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| NON-EXPENSE DISBURSEMENTS | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| REDISTRIBUTIONS | 26 | 28 | 28 | 0 | 28 | 28 | 28 | 0 | 28 | 28 |
| TOTAL EXPENDITURES | 5,603 | 5,666 | 5,782 | 770 | 6,552 | 6,552 | 5,785 | 804 | 6,589 | 6,589 |
| CHANGE REQUESTS: | | | | | | | | | | |
| | FUND | | | | | | | | | |
| A FLEET MANAGEMENT | GEN | | | 18 | | 18 | | 48 | | 48 |
| A FLEET MANAGEMENT | G&F | | | 2 | | 2 | | 6 | | 6 |
| B FACILITY MAINTENANCE/REPAIR, REMODELING | GEN | | | 750 | | 550 | | 750 | | 550 |
| B FACILITY MAINTENANCE/REPAIR, REMODELING | G&F | | | 0 | | 200 | | 0 | | 200 |
| TOTAL CHANGE REQUESTS | | | | 770 | | 770 | | 804 | | 804 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 3,256 | 3,440 | 3,556 | 768 | 4,324 | 4,124 | 3,559 | 798 | 4,357 | 4,157 |
| WATER RECREATION | 26 | 26 | 26 | 0 | 26 | 26 | 26 | 0 | 26 | 26 |
| GAME AND FISH | 1,535 | 1,528 | 1,528 | 2 | 1,530 | 1,730 | 1,528 | 6 | 1,534 | 1,734 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 786 | 672 | 672 | 0 | 672 | 672 | 672 | 0 | 672 | 672 |
| TOTAL FINANCING | 5,603 | 5,666 | 5,782 | 770 | 6,552 | 6,552 | 5,785 | 804 | 6,589 | 6,589 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 49.0 | 51.0 | 50.0 | 0.0 | 50.0 | 50.0 | 50.0 | 0.0 | 50.0 | 50.0 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF
PROGRAM : FIELD OPERATIONS SUPPORT
BUDGET ACTIVITY : FIELD SERVICES

| POSITIONS BY FUND: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | | | |
|--------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|--|--|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | | |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | | | |
| | | | | | | | | | | | | |
| TOTAL POSITIONS | 49.0 | 51.0 | 50.0 | 0.0 | 50.0 | 50.0 | 50.0 | 0.0 | 50.0 | 50.0 | | |

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: FIELD SERVICES
PROGRAM: FIELD OPERATIONS SUPPORT
AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: FACILITY MAINTENANCE/FACILITY REPAIR,
REMODELING AND REHABILITATION

| Agency Request | F.Y. 1990 (000's) | | F.Y. 1991 (000's) | |
|---------------------------|----------------------|-----------|----------------------|-----------|
| | Amount | Positions | Amount | Positions |
| General Fund | \$ 750 | -0- | \$ 750 | -0- |
| Governor's Recommendation | | | | |
| General Fund | \$ 550 | -0- | \$ 550 | -0- |
| Game & Fish Fund | 200 | -0- | 200 | -0- |

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests funds needed to maintain its facilities, accomplish major repairs and rehabilitation, and accomplish small building construction.

The objective is to adequately maintain facilities in a condition that will prevent premature deterioration, which would result in a substantial capital investment for major rehabilitation or replacement. A second objective is to establish a budget for major repairs, rehabilitation, expansion and small building construction requirements that out of necessity are currently financed with existing building maintenance funds.

DESCRIPTION/BACKGROUND:

This activity is responsible for funding the maintenance, repair and remodeling of the Department of Natural Resources' (DNR) buildings. This includes various administrative facilities (offices, warehouses, residences, etc.), hatcheries, park contact stations, group camp buildings, trail centers, sanitation and toilet buildings, and picnic shelters.

The department maintains over 1,600 buildings containing over 2.5 million square feet and located within 192 administrative sites statewide. An analysis of required repair and maintenance funding necessary just to maintain these buildings in a condition that would prevent major deterioration revealed a shortfall of over \$310 per building. Factors taken into consideration were a 20-year replacement schedule on roofs, interior and exterior painting intervals of 5 years, annual maintenance of heating systems, etc.

Major deterioration of several DNR buildings is resulting from the lack of an adequate preventive maintenance budget.

Furthermore, the consolidations of numerous DNR operations are causing severe overcrowding and further deterioration of many administrative facilities.

Although the rehabilitation projects are major expenditures against the department's maintenance budget, they are generally too small to be considered as capital improvements. Therefore, it has been necessary to use building maintenance funds to remedy the worst cases. In so doing, preventive maintenance is forfeited and major problems are initiated.

Also, the department does not have BASE level funding for preventive maintenance, upgrading or constructing parking areas and driveways, fences, sewer and water systems, plumbing and electrical systems, docks, walls, bridges, etc. Only the worst cases or emergencies are addressed; and, again, it is necessary to use building maintenance funds to accomplish them.

| STATISTICS: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|---|-----------|-----------|-----------|-----------|
| Annual repair expenditures per building | \$ 500 | \$ 500 | \$ 810 | \$ 810 |

RATIONALE:

The requested CHANGE level is required to adequately repair, remodel and maintain department facilities. The BASE level funding provides for an average annual expenditure of about \$500 per DNR building. This amount is significantly inadequate to maintain department buildings. Based upon the department's analysis, the CHANGE level amounts represent the minimum funding necessary for repair and maintenance of buildings. This amount will increase the average annual expenditure to about \$810 per building.

This CHANGE request will also provide a \$350,000 (\$150,000 change) budget for major building repairs (e.g., a \$50,000 roof replacement); remodeling and expansion requirements necessitated by office consolidations; minor construction such as oil and chemical storage buildings required by the Minnesota Occupational Safety and Health Act; rehabilitation of larger buildings; large heating system replacement or conversions; and \$100,000 in funding where none currently exists for rehabilitation; repair and maintenance of parking lots, fences, water and sewer systems, etc.

| BASE: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|--------------------------------------|-----------|-----------|-----------|-----------|
| Annual Repair and Betterment (000's) | \$ 1,050 | \$ 1,050 | \$ 1,800 | \$ 1,800 |

| LONG RANGE IMPLICATIONS: | F.Y. 1992 | F.Y. 1993 | Total |
|---|-----------|-----------|----------|
| General Fund - Increased Maintenance Effort (000's) | \$ 750 | \$ 750 | \$ 1,500 |

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request, except to fund \$200 each year from the Game and Fish Fund for fish hatcheries and other fish and wildlife facilities.

ACTIVITY: FLEET MANAGEMENT
Program: FIELD OPERATIONS SUPPORT
Agency: NATURAL RESOURCES, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

The objective of the Fleet Management Activity is to provide the department resource managers with adequate equipment necessary to carry out program responsibilities. Better conditioned equipment will benefit the resources through less downtime, savings of program dollars used for repair, and elimination of labor-intensive situations.

DNR is a mobile-dependent organization and many of the programs are heavily maintenance and development oriented. During the peak summer season, the department employees over 3,200 people. In order to get them to the job site and to enable them to accomplish their jobs, they must be provided with adequate numbers of reliable equipment.

Prior to the current biennium, token increases, budget cuts, inflation, and establishment and expansion of programs without support funds have seriously limited the department's ability to provide sufficient numbers and replace fleet equipment. A significant portion of the mobile fleet and construction/maintenance equipment rapidly aged past the point of usefulness. This situation was compounded by the fact that resource program dollars had to be used to repair and maintain equipment that was beyond its useful life. In the process, equipment provided was inefficient and expensive to operate.

The lack of adequate equipment also forced the department to compensate by using labor in situations where equipment would have been more cost effective. Again, program funds were being depleted in the process.

| <u>EFFECTIVENESS MEASURES:</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|--------------------------------|------------------|------------------|------------------|------------------|
| No. of fleet units replaced | 296 | 300 | 300 | 300 |
| % of fleet beyond useful life | 60 | 35 | 29 | 20 |

| <u>STATISTICS:</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|------------------------|------------------|------------------|------------------|------------------|
| No. of fleet equipment | 2,100 | 1,935 | 1,875 | 1,800 |

The equipment situation changed significantly during the 1987-89 biennium with the inception of the Fleet Management Program. This program is designed to provide the department with a fleet equipment accounting system that allows charging the programs for equipment based on their use of the equipment. The funds generated through the use of the equipment are used to keep it operational and to replace it on an established schedule. The program will result in more effective use of equipment and personnel, thereby enhancing resource management accomplishments.

Another aspect of the program is to achieve maximum utilization of equipment, dispose of the underutilized units and generate significant savings in downtime and repair costs encountered with antiquated and heavily used equipment. To date the fleet complement has been reduced by 165 units and downtime incidents have been significantly decreased.

The program is still in the implementation mode, so it is too early to determine whether all goals have been achieved. Preliminary indications are that

fleet management is successfully on schedule.

A CHANGE level request is submitted that will provide funding for the F.Y. 1989 lease purchase obligations and complete the implementation of funding for the program.

BUDGET ISSUES:

Equipment is obtained through 5-year lease purchase agreements. Concern was expressed by the Chairs of State Department Divisions of Senate Finance and House Appropriations Committees regarding the purchase of equipment in the second year of the biennium that requires a funding CHANGE in the following biennium. The current CHANGE request eliminates this problem and will complete the implementation of the Fleet Management Program.

Included in the CHANGE request is \$925,000 for the direct purchase of equipment in F.Y. 1991. Lease purchase equipment of \$4,075,000 will also be acquired with payments of \$915,000 beginning in F.Y. 1992. Payments required for the lease purchase payments will be in the BASE because of the direct purchase portion noted above.

With the approval of this CHANGE request, the Fleet Management Program will be fully funded and no further CHANGE requests will be necessary. Any future increase or decrease will be accomplished as part of new programs or individual department unit requests.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF
PROGRAM : FIELD OPERATIONS SUPPORT
BUDGET ACTIVITY : FLEET MANAGEMENT

| EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|----------------------------|---------|---------|----------------|--------|-----------------------|-------|----------------|--------|-----------------------|-------|
| | | | AGENCY REQUEST | | GOVERNOR'S RECOMM. | TOTAL | AGENCY REQUEST | | GOVERNOR'S RECOMM. | TOTAL |
| | | | BASE | CHANGE | | | BASE | CHANGE | | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| EXPENSES/CONTRACTUAL SRVCS | 439 | 510 | 510 | 0 | 510 | 510 | 510 | 0 | 510 | 510 |
| MISC OPERATING EXPENSES | 16 | 20 | 20 | 0 | 20 | 20 | 20 | 0 | 20 | 20 |
| SUPPLIES/MATERIALS/PARTS | 561 | 411 | 411 | 0 | 411 | 411 | 411 | 0 | 411 | 411 |
| CAPITAL EQUIPMENT | 5,146 | 5,000 | 5,000 | 0 | 5,000 | 5,000 | 5,000 | 0 | 5,000 | 5,000 |
| DEBT REDEMPTION & PENSIONS | 449 | 1,577 | 1,577 | 0 | 1,577 | 1,577 | 1,577 | 0 | 1,577 | 1,577 |
| REDISTRIBUTIONS | 8 | 9 | 9 | 0 | 9 | 9 | 9 | 0 | 9 | 9 |
| TOTAL EXPENDITURES | 6,619 | 7,527 | 7,527 | 0 | 7,527 | 7,527 | 7,527 | 0 | 7,527 | 7,527 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| SPECIAL REVENUE | 6,619 | 7,527 | 7,527 | 0 | 7,527 | 7,527 | 7,527 | 0 | 7,527 | 7,527 |
| TOTAL FINANCING | 6,619 | 7,527 | 7,527 | 0 | 7,527 | 7,527 | 7,527 | 0 | 7,527 | 7,527 |
| POSITIONS BY FUND: | | | | | | | | | | |
| TOTAL POSITIONS | | | | | | | | | | |

ACTIVITY: ENGINEERING
Program: FIELD OPERATIONS SUPPORT
Agency: NATURAL RESOURCES, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

The Bureau of Engineering provides 1) professional engineering and architectural services for the development and operation of Department of Natural Resources (DNR) administrative, recreational and maintenance facilities; 2) land surveying and mapping services required to identify DNR-administered land and to prepare maps needed for development and land management activities; and 3) mapping services for the layout and production of recreational maps, resource maps, and informational signs to satisfy each request. For example, a request to design and build a new fish hatchery building requires the combined effort of each section in the bureau, whereas a request to produce a state park map requires the work of one cartographer. Technical advice is also provided to field managers on roads, fish hatcheries, wells, pumps, etc.

The services provided can be categorized as follows:

1) Surveying

Land surveys and topographic surveys are conducted by survey crews on DNR-administered lands and lands being acquired. The land surveys are normally conducted 1) to establish ownership boundaries for trespass problems (i.e., farming on state land without a lease, cutting timber on state land without a permit, etc.); and 2) to allow for the legal posting of management units (i.e., state parks, wildlife management units, scientific and natural areas, etc.) so that the applicable laws may be enforced. Topographic surveys are conducted predominately for the design of development projects including determination of impoundment sizes and areas flooded.

2) Development

This activity includes the design and construction of DNR-operated facilities such as campgrounds, water accesses, hiking and biking trails, roads, bridges, dams, fish barriers, wastewater systems, interpretive centers, fish hatcheries, park contact stations, forest nursery facilities, etc. The architects, engineers and landscape architects work together as a team in developing cost-effective design and associated construction plans and specifications. There are engineering offices in each region which are responsible for construction contract administration and inspection for all projects processed by the bureau. These offices also design and prepare construction plans for smaller projects and provide technical assistance to field managers.

3) Mapping Services

Cartographers prepare sketches, layouts, overlays, typesetting, keylining, and color coding necessary to develop and produce DNR recreational user maps, wildlife management area maps and informational signs.

STATISTICS:

| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|----------------------------------|-----------|-----------|-----------|-----------|
| Number of projects completed (1) | 200 | 200 | 220 | 220 |
| Construction value (000's) | \$7,000 | \$7,000 | \$8,000 | \$8,000 |
| Surveys Completed (Total): | 151 | 151 | 170 | 170 |
| Acquisition | 27 | 27 | 30 | 30 |
| Land exchange | 16 | 16 | 20 | 20 |
| Development | 54 | 54 | 60 | 60 |
| General land surveys | 54 | 54 | 60 | 60 |
| Mapping projects completed (2) | 125 | 125 | 160 | 160 |

- (1) Water control structures, roads, bridges, water accesses, fish barriers, buildings, wastewater systems, water supply systems, campgrounds, bike trails, dams, including design, construction and feasibility
- (2) Trail maps, forestry maps, wildlife management area maps, information signs

Note: Dollar amounts in columns for F.Y. 1990 and F.Y. 1991 are estimated.

BUDGET ISSUE:

The bureau does not have the staff and funds needed to adequately support field operations in designing, building and maintaining the facilities required to manage the state's natural resources. As many as 50 projects per region cannot be worked on by Engineering because of limited staff. Also, 35% of the staff is funded from short-term programs. The change in emphasis and content of these programs require different combinations of surveyors, engineers and architects each biennium. This makes long-range planning difficult, as well as maintaining a coordinated staff of experienced professionals. Permanent staff is needed to provide timely and effective professional services.

REVENUE:

None.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF
PROGRAM : FIELD OPERATIONS SUPPORT
BUDGET ACTIVITY : ENGINEERING SERVICES

| F.Y. 1990 | | | | | | | F.Y. 1991 | | | |
|------------------------------------|---------|---------|-------|--------|-------|--------------------|----------------|--------|-------|--------------------|
| AGENCY REQUEST | | | | | | | AGENCY REQUEST | | | |
| EXPENDITURES: | FY 1988 | FY 1989 | BASE | CHANGE | TOTAL | GOVERNOR'S RECOMM. | BASE | CHANGE | TOTAL | GOVERNOR'S RECOMM. |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 1,345 | 1,377 | 1,407 | 761 | 2,168 | 2,168 | 1,395 | 768 | 2,163 | 2,163 |
| EXPENSES/CONTRACTUAL SRVCS | 719 | 459 | 188 | 274 | 462 | 463 | 192 | 229 | 421 | 422 |
| MISC OPERATING EXPENSES | 91 | 83 | 96 | 66 | 162 | 161 | 93 | 66 | 159 | 158 |
| SUPPLIES/MATERIALS/PARTS | 50 | 14 | 20 | 11 | 31 | 31 | 20 | 11 | 31 | 31 |
| CAPITAL EQUIPMENT | 3 | 0 | 0 | 13 | 13 | 13 | 0 | 11 | 11 | 11 |
| REDISTRIBUTIONS | 17 | 14 | 14 | 0 | 14 | 14 | 14 | 0 | 14 | 14 |
| TOTAL EXPENDITURES | 2,225 | 1,947 | 1,725 | 1,125 | 2,850 | 2,850 | 1,714 | 1,085 | 2,799 | 2,799 |
| CHANGE REQUESTS: | FUND | | | | | | | | | |
| A SAFE HARBORS - LAKE SUPERIOR | WREC | | | 50 | | 50 | | 50 | | 50 |
| P PROFESSIONAL SERVICES CONVERSION | GEN | | | 750 | | 0 | | 750 | | 0 |
| P PROFESSIONAL SERVICES CONVERSION | SREV | | | 0 | | 750 | | 0 | | 750 |
| P LAKESHORE APPRAISALS AND SALES | PSCH | | | 40 | | 40 | | 0 | | 0 |
| B STATEWIDE PUBLIC RECREATION MAP | MNRS | | | 285 | | 285 | | 285 | | 285 |
| TOTAL CHANGE REQUESTS | | | | 1,125 | | 1,125 | | 1,085 | | 1,085 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 717 | 252 | 159 | 750 | 909 | 159 | 144 | 750 | 894 | 144 |
| MN RESOURCES | 0 | 0 | 0 | 285 | 285 | 285 | 0 | 285 | 285 | 285 |
| WATER RECREATION | 223 | 232 | 236 | 50 | 286 | 286 | 236 | 50 | 286 | 286 |
| SPECIAL REVENUE | 7 | 11 | 11 | 0 | 11 | 11 | 11 | 0 | 11 | 11 |
| GAME AND FISH | 1,177 | 1,191 | 1,265 | 0 | 1,265 | 1,265 | 1,269 | 0 | 1,269 | 1,269 |
| PERMANENT SCHOOL | 34 | 207 | 0 | 40 | 40 | 40 | 0 | 0 | 0 | 0 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| SPECIAL REVENUE | 0 | 0 | 0 | 0 | 0 | 750 | 0 | 0 | 0 | 750 |
| FEDERAL | 67 | 54 | 54 | 0 | 54 | 54 | 54 | 0 | 54 | 54 |
| TOTAL FINANCING | 2,225 | 1,947 | 1,725 | 1,125 | 2,850 | 2,850 | 1,714 | 1,085 | 2,799 | 2,799 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF
PROGRAM : FIELD OPERATIONS SUPPORT
BUDGET ACTIVITY : ENGINEERING SERVICES

| SOURCES OF FINANCING: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|-----------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 4.0 | 4.0 | 4.0 | 17.0 | 21.0 | 4.0 | 3.0 | 17.0 | 20.0 | 3.0 |
| MN RESOURCES | 0.0 | 0.0 | 0.0 | 3.0 | 3.0 | 3.0 | 0.0 | 3.0 | 3.0 | 3.0 |
| WATER RECREATION | 4.0 | 4.0 | 4.0 | 3.0 | 7.0 | 7.0 | 4.0 | 3.0 | 7.0 | 7.0 |
| SPECIAL REVENUE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 17.0 | 0.0 | 0.0 | 0.0 | 17.0 |
| GAME AND FISH | 25.0 | 25.0 | 25.0 | 0.0 | 25.0 | 25.0 | 25.0 | 0.0 | 25.0 | 25.0 |
| FEDERAL | 1.0 | 1.0 | 1.0 | 0.0 | 1.0 | 1.0 | 1.0 | 0.0 | 1.0 | 1.0 |
| TOTAL POSITIONS | 34.0 | 34.0 | 34.0 | 23.0 | 57.0 | 57.0 | 33.0 | 23.0 | 56.0 | 56.0 |

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: ENGINEERING SERVICES
PROGRAM: FIELD OPERATIONS SUPPORT
AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: STATEWIDE PUBLIC RECREATION MAP - LCMR

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| Minnesota Resources Fund | \$ 285 | 3.0 | \$ 285 | 3.0 |
| Governor's Recommendation | | | | |
| Minnesota Resources Fund | \$ 285 | 3.0 | \$ 285 | 3.0 |

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

This request is to provide for the staff, equipment and funds to develop an integrated, comprehensive outdoor recreational mapping series and related geographical information and data. The objective is to provide a series of associated comprehensive, integrated outdoor recreation maps which show public lands and facilities administered by the various levels of government. It will also support the development of the Department of Natural Resources' (DNR) Geographical Information System (GIS).

DESCRIPTION/BACKGROUND:

The concept of developing a comprehensive recreation map has surfaced in recent years. The greatest interest has come from the public user sector and resource managers. No funding has been available to satisfy this need; however, during F.Y. 1987-88, the DNR reallocated time and funds to develop a prototype map. The prototype was subsequently utilized to obtain feedback from potential users in the public and private sectors. The results were very positive and verified the need to develop this map series. The mapping series would integrate and identify public lands, recreational resources, facilities and selected activities. The maps could also display various levels of geographical data (land ownerships, topography, recreation opportunities, etc.). This mapping program could produce a statewide series of up to 40 maps. It will also be a prototype GIS project and provide support in developing a plan for a statewide DNR GIS.

To develop this map series, any existing automated geographic facility and user data bases will be utilized, as well as non-automated data and information. A steering committee will be required to review and make recommendations on what will be displayed on the map. The committee can also be used to review map prototypes for readability and usability. The committee would consist of representation from state agencies, local units of government and other interest groups.

| STATISTICS: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|--------------------|-----------|-----------|-----------|-----------|
| Unit maps | 281 | 295 | 295 | 295 |
| Comprehensive maps | -0- | -0- | 15 | 25 |

(No comprehensive maps currently in existence.)

RATIONALE:

Currently, there is no comprehensive, integrated outdoor recreation map which shows public lands and facilities administered by the various levels of government. These maps would assist in dispersing recreational activities on public lands and maximize recreation opportunities by identifying various public recreational facilities. This mapping series would reduce the number of misinformed users and would assist in mitigating land-use issues. This would be a useful and aesthetic recreation map series with high visibility and marketability. When distributed and sold, the proceeds can be used to maintain and update information and sustain the future of the program.

| BASE: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|-------|-----------|-----------|-----------|-----------|
|-------|-----------|-----------|-----------|-----------|

None.

| LONG RANGE IMPLICATIONS: | F.Y. 1992 | F.Y. 1993 | Total |
|------------------------------|-----------|-----------|--------|
| Special Revenue Fund (000's) | \$ 225 | \$ 375 | \$ 600 |

GOVERNOR'S RECOMMENDATION:

The Governor recognizes the authority of the Minnesota Future Resources Commission (MFRC, formerly the LCMR) to make budget recommendations directly to the legislature. While the Governor's budget reflects these recommendations in various agency proposals, the MFRC will present an entire package to the State Departments Division for legislative action.

CHANGE REQUEST _____ 1990-91 Biennial Budget
 _____ Agency _____ Program X Activity

ACTIVITY: ENGINEERING
 PROGRAM: FIELD OPERATIONS SUPPORT
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: IMPROVED FIELD SUPPORT

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| Water Recreation Fund | \$ -0- | 2.0 | \$ -0- | 2.0 |
| Governor's Recommendation | | | | |
| Water Recreation Fund | \$ -0- | 2.0 | \$ -0- | 2.0 |

Request requires statutory change: _____ Yes X No
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

This request is to provide the professional staff needed to design and construct park development projects currently funded from the Water Recreation Fund.

DESCRIPTION/BACKGROUND:

Appropriations for the State Park Development Program up through the 1985-87 biennium included Legislative Commission on Minnesota Resources (LCMR) funds and a portion of the unrefunded marine gasoline tax. Professional services support necessary to implement the State Park Development Program (major rehabilitation and new development) was derived by applying a budget levy against the approved project amounts. LCMR appropriations authorized for the current biennium do not include funding for the State Park Development Program nor do the project proposals recommended for the 1989-91 biennium. The department continues to receive an annual appropriation of \$667,000 from the Water Recreation Fund (unrefunded marine gasoline tax) for the State Park Development Program. A budget levy of 15% is applied to this amount to provide funding for professional services; i.e., engineering design, construction, etc. However, the department is lacking complement authority to hire full-time staff to provide professional services support.

STATISTICS:

| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|---|-----------|-----------|-----------|-----------|
| Construction value of projects designed (000's) | \$ 600 | \$ 600 | \$ 700 | \$ 700 |

RATIONALE:

The State Park Development Program funded from the Water Recreation Fund is an ongoing program that requires architectural and engineering services. This request would provide the complement authority necessary to establish these positions.

BASE:

| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|---------------------------------|-----------|-----------|-----------|-----------|
| Water Recreation Fund (000's) | \$ 90 | \$ 90 | \$ 100 | \$ 100 |
| Water Recreation Fund Positions | -0- | -0- | -0- | -0- |

LONG RANGE IMPLICATIONS:

| | F.Y. 1992 | F.Y. 1993 | Total |
|---------------------------------|-----------|-----------|-------|
| Water Recreation Fund Positions | 2.0 | 2.0 | 2.0 |

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

ACTIVITY: REAL ESTATE MANAGEMENT
 Program: FIELD OPERATIONS SUPPORT
 Agency: NATURAL RESOURCES, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

The Bureau of Real Estate Management is responsible for real estate management activities associated with Department of Natural Resources (DNR) administered land. The major activities of the bureau include 1) issuance of leases, licenses and easements; 2) acquisition of land by purchase, exchange and receipt of donations; 3) sale of surplus state land; 4) review and audit of the administration of trust fund land; and 5) management of DNR land records. The records system is designed and maintained to accommodate the preparation of state in lieu of tax payments to counties; distinguish land types such as trust fund, consolidated conservation, tax-forfeited and acquired for revenue accounting purposes; and provide ownership and land status statistics for the Commissioner.

STATISTICS:

| | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|------------------------------|------------------|------------------|------------------|------------------|
| Leases, Licenses, Easements: | | | | |
| Transactions | 14,960 | 15,000 | 13,800 | 12,800 |
| Acres | 11,300 | 11,000 | 11,000 | 11,500 |
| Acquisitions: | | | | |
| Completed | 166 | 180 | 180 | 180 |
| Acres acquired | 7,152 | 7,800 | 7,800 | 7,800 |
| Value acquired (000's) | \$11,029 | \$8,900 | \$9,000 | \$9,000 |
| Exchanges: | | | | |
| Completed | 13 | 17 | 23 | 18 |
| Acres exchanged | 854 | 8,700 | 15,000 | 15,000 |
| Value exchanged (000's) | \$171 | \$1,740 | \$3,000 | \$3,000 |
| Land Sales: | | | | |
| Lakeshore lots | -0- | 91 | 300 | 300 |
| Sale value (000's) | \$-0- | \$1,373 | \$3,270 | \$3,270 |
| Other land (acres) | 15 | 165 | 200 | 200 |
| Sale value (000's) | \$20 | \$69 | \$300 | \$50 |

REVENUE:

This activity generates dedicated and non-dedicated revenue.

| <u>Type of Revenue</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|--------------------------------|------------------|------------------|------------------|------------------|
| Non-dedicated (000's) | \$ 183 | \$ 197 | \$ 213 | \$ 218 |
| Dedicated - special (000's) | 388 | 498 | 513 | 517 |
| Dedicated - university (000's) | 27 | 22 | 39 | 29 |
| Dedicated - trust (000's) | <u>1,103</u> | <u>1,185</u> | <u>1,725</u> | <u>1,919</u> |
| Total Revenue | \$ 1,701 | \$ 1,902 | \$ 2,490 | \$ 2,683 |

The projected increase in non-dedicated receipts is due to rising General Fund and Game and Fish Fund income from leasing and gravel sales and to planned increases in real estate service fees. Dedicated revenues are expected to increase in F.Y. 1990 and F.Y. 1991, mainly due to sale of leased

lakeshore lots.

ACTIVITY/BUDGET ISSUES:

Increasing demand for DNR real estate management services, both within the department and from the public, is straining the bureau's ability to provide efficient, timely service. Recent actions by the legislature have expanded the DNR's authority for commercial leasing and for land exchange with counties. The legislature has also directed the DNR to improve revenue generation on trust fund land, especially by exchanging trust land out of non-income-producing units such as state parks. Consequently, activity in these areas is expected to pick up significantly during the biennium. Preparations for sale of leased lakeshore lots, as required by the legislature, are already underway and will intensify during the biennium. The department is taking a renewed look at sales of surplus land as a potential source of revenue for acquiring more desirable parcels. Initiatives, such as the Reinvest in Minnesota Program, continue to add to the bureau's land acquisition workload.

At the same time, unclassified status and temporary funding sources for many of the bureau's personnel make long-range work planning difficult and reduce staff efficiency. In addition, as the divisions increasingly compete for limited real estate services, effective planning and coordination of real estate activities has become more critical than ever. Recognizing the department's ongoing need for timely delivery of real estate services, conversion of unclassified realty positions to the General Fund is justified.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF
PROGRAM : FIELD OPERATIONS SUPPORT
BUDGET ACTIVITY : REAL ESTATE MANAGEMENT

| F.Y. 1990 | | | | | | | F.Y. 1991 | | | |
|------------------------------------|---------|----------------|-------|--------|-----------------------|----------------|-----------|--------|-----------------------|-------|
| | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | |
| EXPENDITURES: | FY 1988 | FY 1989 | BASE | CHANGE | | TOTAL | BASE | CHANGE | | TOTAL |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 748 | 748 | 693 | 405 | 1,098 | 1,010 | 693 | 405 | 1,098 | 1,010 |
| EXPENSES/CONTRACTUAL SRVCS | 188 | 309 | 191 | 104 | 295 | 277 | 198 | 101 | 299 | 281 |
| MISC OPERATING EXPENSES | 276 | 472 | 454 | 78 | 532 | 515 | 454 | 76 | 530 | 513 |
| SUPPLIES/MATERIALS/PARTS | 25 | 40 | 33 | 8 | 41 | 39 | 33 | 8 | 41 | 39 |
| CAPITAL EQUIPMENT | 28 | 7 | 7 | 0 | 7 | 7 | 7 | 0 | 7 | 7 |
| REAL PROPERTY | 55 | 175 | 88 | 874 | 962 | 937 | 88 | 594 | 682 | 657 |
| REDISTRIBUTIONS | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL EXPENDITURES | 1,321 | 1,751 | 1,466 | 1,469 | 2,935 | 2,785 | 1,473 | 1,184 | 2,657 | 2,507 |
| CHANGE REQUESTS: | FUND | | | | | | | | | |
| P PROFESSIONAL SERVICES CONVERSION | GEN | | | 490 | | 0 | | 490 | | 0 |
| P PROFESSIONAL SERVICES CONVERSION | SREV | | | 0 | | 490 | | 0 | | 490 |
| P LAKESHORE APPRAISALS AND SALES | GEN | | | 444 | | 444 | | 244 | | 244 |
| P LAKESHORE APPRAISALS AND SALES | PSCH | | | 285 | | 285 | | 200 | | 200 |
| B CONVERSION OF LCMR POSITIONS | GEN | | | 150 | | 0 | | 150 | | 0 |
| B ACCELERATED LAND EXCHANGE | MNRS | | | 100 | | 100 | | 100 | | 100 |
| TOTAL CHANGE REQUESTS | | | | 1,469 | | 1,319 | | 1,184 | | 1,034 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 246 | 311 | 324 | 1,084 | 1,408 | 768 | 324 | 884 | 1,208 | 568 |
| MN RESOURCES | 153 | 156 | 0 | 100 | 100 | 100 | 0 | 100 | 100 | 100 |
| WATER RECREATION | 88 | 90 | 92 | 0 | 92 | 92 | 92 | 0 | 92 | 92 |
| GAME AND FISH | 825 | 1,012 | 1,050 | 0 | 1,050 | 1,050 | 1,057 | 0 | 1,057 | 1,057 |
| PERMANENT SCHOOL | 0 | 182 | 0 | 285 | 285 | 285 | 0 | 200 | 200 | 200 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| SPECIAL REVENUE | 9 | 0 | 0 | 0 | 0 | 490 | 0 | 0 | 0 | 490 |
| TOTAL FINANCING | 1,321 | 1,751 | 1,466 | 1,469 | 2,935 | 2,785 | 1,473 | 1,184 | 2,657 | 2,507 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF
PROGRAM : FIELD OPERATIONS SUPPORT
BUDGET ACTIVITY : REAL ESTATE MANAGEMENT

| SOURCES OF FINANCING: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|-----------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| | | | | | | | | | | |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 1.0 | 1.0 | 1.0 | 11.0 | 12.0 | 2.0 | 1.0 | 11.0 | 12.0 | 2.0 |
| MN RESOURCES | 3.0 | 3.0 | 0.0 | 2.0 | 2.0 | 2.0 | 0.0 | 2.0 | 2.0 | 2.0 |
| WATER RECREATION | 2.0 | 2.0 | 2.0 | 0.0 | 2.0 | 2.0 | 2.0 | 0.0 | 2.0 | 2.0 |
| SPECIAL REVENUE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 7.0 | 0.0 | 0.0 | 0.0 | 7.0 |
| GAME AND FISH | 15.0 | 15.0 | 15.0 | 0.0 | 15.0 | 15.0 | 15.0 | 0.0 | 15.0 | 15.0 |
| TOTAL POSITIONS | 21.0 | 21.0 | 18.0 | 13.0 | 31.0 | 28.0 | 18.0 | 13.0 | 31.0 | 28.0 |

CHANGE REQUEST 1990-91 Biennial Budget
 _____ Agency _____ Program X Activity

ACTIVITY: REAL ESTATE MANAGEMENT
 PROGRAM: FIELD OPERATIONS SUPPORT
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: LCMR LAND EXCHANGE CONVERSION

| Agency Request | F.Y. 1990 (000's) | | F.Y. 1991 (000's) | |
|----------------|----------------------|-----------|----------------------|-----------|
| | Amount | Positions | Amount | Positions |
| General Fund | \$ 150 | 3.0 | \$ 150 | 3.0 |

Governor's Recommendation

| | | | | |
|--------------|--------|-----|--------|-----|
| General Fund | \$ -0- | -0- | \$ -0- | -0- |
|--------------|--------|-----|--------|-----|

Request requires statutory change: _____ Yes X No
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests funds and the conversion of 3.0 land exchange positions from Legislative Commission on Minnesota Resources (LCMR) funds to the General Fund. The purpose of this request is to provide realty services required for land exchange. Specific objectives are exchange of trust land in the Boundary Waters Canoe Area (BWCA) and in state parks and implementation of exchange recommendations in forest unit plans.

DESCRIPTION/BACKGROUND:

Three of the 5 current land exchange positions are LCMR funded. These positions are critical in the exchange program's efforts to modify trust land holdings for the financial benefit of the trust and to meet the department's land exchange goals identified through forest unit management planning.

While funded largely from short-term sources, the land exchange program's responsibilities are ongoing and increasing due to 3 factors: 1) continuing forest unit planning efforts by the Division of Forestry (16 of 19 forest unit plans are yet to be completed); 2) an increase in exchange activity with the U.S. Forest Service; and 3) the 1988 passage of legislation permitting exchange of tax-forfeited land for trust fund land.

STATISTICS:

| Project | Acres Identified for Exchange |
|-------------------------------|----------------------------------|
| Trust Fund Land - BWCA | 85,000 |
| Trust Fund Land - State Parks | 10,700 |
| Forest Unit Plans - Completed | 84,000 * |

* Includes 56,000 acres of trust fund land in the BWCA.

RATIONALE:

The short-term nature of funding for land exchange positions makes long-range land exchange planning difficult and limits the ability of the program to employ qualified professionals and train them in land exchange procedures. Yet the demand for land exchange continues to increase as all levels of government, corporations and private individuals strive to improve their land holdings. A stable, professional staff of land exchange specialists is required to meet this demand and protect the state's real estate interests.

BASE:

| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|------------------------------------|-----------|-----------|-----------|-----------|
| Minnesota Resources Fund (000's) | \$ 123 | \$ 123 | \$ -0- | \$ -0- |
| Minnesota Resources Fund Positions | 3.0 | 3.0 | -0- | -0- |

LONG RANGE IMPLICATIONS:

| | F.Y. 1992 | F.Y. 1993 | Total |
|------------------------|-----------|-----------|--------|
| General Fund (000's) | \$ 150 | \$ 150 | \$ 300 |
| General Fund Positions | 3.0 | 3.0 | 3.0 |

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Although the request has merit, other spending priorities preclude additional funding.

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: REAL ESTATE MANAGEMENT
PROGRAM: FIELD OPERATIONS SUPPORT
AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: ACCELERATED LAND EXCHANGE - LCMR

| Agency Request | F.Y. 1990 (000's) | | F.Y. 1991 (000's) | |
|--------------------------|----------------------|-----------|----------------------|-----------|
| | Amount | Positions | Amount | Positions |
| Minnesota Resources Fund | \$ 100 | 2.0 | \$ 100 | 2.0 |

Governor's Recommendation

| | | | | |
|--------------------------|--------|-----|--------|-----|
| Minnesota Resources Fund | \$ 100 | 2.0 | \$ 100 | 2.0 |
|--------------------------|--------|-----|--------|-----|

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

There is a continuing need to accelerate land exchange transactions. Past planning efforts have identified several opportunities to exchange land with the U.S. Forest Service, several counties, and private corporations. Also, there is a continuing need to attempt to resolve the use of trust fund land in state parks and the Boundary Waters Canoe Area Wilderness (BWCAW).

DESCRIPTION/BACKGROUND:

Several significant opportunities exist to implement land exchanges that will improve the land ownership patterns for the Department of Natural Resources, counties, U.S. Forest Service, and forest industry.

The 1988 legislature took action to remove the last statutory barriers to the exchange of school trust lands with other state lands and tax-forfeited lands administered by the counties. In addition, the department and the U.S. Forest Service will begin the process of exchanging the more than 80,000 acres out of the BWCAW. The exchange of school trust lands out of the state parks has begun but will not be completed this biennium and future efforts will continue to require staff and resources.

Objectives include:

- 1) Complete the exchange of school trust land in state parks. Preliminary work has been completed that has developed land exchange projects for a

few state parks. This project will accelerate the exchange of these lands and, if funded, should allow the complete removal of trust lands from state parks.

- 2) Continue the exchange of school trust lands out of the BWCAW. Preliminary work has begun to resolve this problem. This initiative has been approved by the Land Exchange Board and development of a master Memorandum of Understanding between the department and the U.S. Forest Service to guide this project is underway. Proposals for major exchanges are being explored and substantial progress will be possible in the next biennium if resources are available for this project.
- 3) Implement land exchanges identified in approved forest unit plans. Several forest unit plans have been approved or are near completion. These plans have identified opportunities for significant exchanges with the counties, U.S. Forest Service, and private corporations. The staff and resources needed to execute these exchanges will be provided by this project.

RATIONALE:

The project will improve the generation of revenue for the school trust fund by acquiring lands that may be used for income production. The exchanges will also improve the land ownership pattern of several public agencies. Land management efficiency will be enhanced by eliminating scattered ownership, reducing boundary lines, and improving access for management.

BASE:

| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|------------------------------------|-----------|-----------|-----------|-----------|
| Minnesota Resources Fund (000's) | \$ 123 | \$ 123 | \$ -0- | \$ -0- |
| Minnesota Resources Fund Positions | 3.0 | 3.0 | -0- | -0- |

LONG RANGE IMPLICATIONS:

| | F.Y. 1992 | F.Y. 1993 | Total |
|--|-----------|-----------|-------|
| | | | |

None.

GOVERNOR'S RECOMMENDATION:

The Governor recognizes the authority of the Minnesota Future Resources Commission (MFRC, formerly the LCMR) to make budget recommendations directly to the legislature. While the Governor's budget reflects these recommendations in various agency proposals, the MFRC will present an entire package to the State Departments Division for legislative action.

PROGRAM: REGIONAL OPERATIONS SUPPORT
Agency: NATURAL RESOURCES, DEPARTMENT OF

1990-91 Biennial Budget

PROGRAM PURPOSE:

Regional operations, with headquarters in 6 locations throughout the state, is the cornerstone of department field operations. The regional operations staff--composed of a regional administrator, staff specialists for engineering, field services, lands, business management, public affairs, and clerical services--is the Department of Natural Resources' (DNR) support team in each of the 6 DNR regions.

The fundamental purpose of the regional operations staff is to 1) support all natural resources management within respective regions; 2) coordinate internally on interdisciplinary management activities and externally with other units of government; 3) monitor the implementation of programs and projects; 4) respond to inquiries, issues, concerns, and problems that arise from other units of government, legislators, and the public; and 5) provide services to field operations by providing specialized expertise in fiscal and personnel management, public affairs, engineering, procurement, maintenance, land administration, and clerical services, which allow discipline supervisors and managers to maximize natural resource management efforts.

OPERATION:

The regional administrators are the Commissioner's representatives in the regions. While each of the regional supervisors (fisheries, forestry, parks, etc.) are accountable directly to their respective division directors, interdisciplinary coordination of field activities is the responsibility of the regional administrators. The regional administrators, through regional staff meetings and frequent personal contacts with individual supervisors, provide internal coordination to ensure maximum natural resource management benefits and provide external coordination with elected officials, cities, townships, counties, regional development commissions, special interest groups, other agencies, and citizens.

Regional administrators supervise staff specialists who provide administrative services to field operations including 1) business office functions of bill-paying, accounting, budget monitoring, spending plan development and administration, bid processing, personnel transactions, labor relations advice, maintenance of personnel records and payroll processing; 2) engineering services of professional advice, project design, construction inspection, and contract administration; 3) land administration functions of leasing, appraisal, exchange, acquisition, and records maintenance; 4) field service functions of supplies and equipment procurement, equipment maintenance, building inspection and maintenance, fixed asset and consumable inventory control, and equipment assignments; and 5) public affairs program services of public education, public relations, media contacts, citizen participation, and a variety of other activities. These support services are provided to field operations in order to maximize the time and attention natural resources managers can focus on actual resource management. Significant efficiencies have resulted by providing these vital services in the regional offices. Examples include better utilization of department equipment, coordinated procurement of equipment and supplies, disposal of excess equipment, improved bill-paying performance, improved payroll administration, consolidation of DNR offices, disposal of buildings, more consistent administration of bargaining unit contracts, and more efficient contractor bidding.

Another direct result is better service to the public. Local vendors are utilized more efficiently, resource management issues can be resolved quicker and at local levels, and items of local interest can be plugged into the information and education system.

BUDGET ISSUE:

At the beginning of F.Y. 1988, it became abundantly clear to our DNR program managers that a very serious problem had developed in ability to provide adequate support services for field operations. To evaluate the seriousness of the situation and obtain professional advice in addressing the problem, a consultant specializing in administrative support organizations (Management Analysis Division, Department of Administration) was hired to study the DNR regional support program. It was to focus on the 1) regional business management units and 2) general clerical support for natural resource management programs.

The study was completed and a report published in August, 1988--"An Analysis of the Department of Natural Resources Regional Business Offices and Clerical Services." The report confirmed our concerns by identifying definite shortages of support staff and suggested changes and staff increases.

We have carefully reviewed the study report and find it both accurate and reasonable in its conclusions and suggested actions. Consequently, we have adopted it in total for this budget request.

Therefore, we respectfully request that the legislature study the report described above closely for it describes a very serious support services problem in the DNR. We have exhausted our present resources within the department to alleviate the regional support services problem and now are requesting resolution from our elected body.

EXPLANATION OF BUDGET REQUEST:

Four CHANGE REQUEST items (\$ in 000's) totaling \$2,476 are requested for this program. \$220 and 5.0 positions each year are requested to provide coordinated management of the natural resources of the Upper Mississippi River System, including the Mississippi River downstream of Anoka, the Minnesota River downstream of Jordan, and the St. Croix River downstream of Taylors Falls. 1.0 position each year is requested for conversion of a part-time information officer position to full-time complement in the Rochester region. \$16 in F.Y. 1990 and \$46 in F.Y. 1991 are requested to fund fleet management.

\$904 in F.Y. 1990 and \$1,070 in F.Y. 1991 and 67.0 (36.1 additional FTE's) positions are requested to improve Regional Operations Support services. This significant change is required to successfully manage the new and expanded activities that have been delegated to regional administration over a period of many years, but most dramatically within the last 4 years. Because of budget and workload problems experienced in many support agencies, such as Materials Management and Human Resources, many new or expanded responsibilities have been added to DNR regional administration with little or no new support staff to perform the necessary work. Specific examples are the fixed asset inventory system; volumes of mandated reporting forms (especially Human Resources); and sales tax related forms, reports, and filing.

PROGRAM: REGIONAL OPERATIONS SUPPORT
(Continuation)
Agency: NATURAL RESOURCES, DEPARTMENT OF

1990-91 Biennial Budget

EXPLANATION OF BUDGET REQUEST: (Contd.)

Another significant time consumer was the Department of Administration's decision to allow the department much higher local spending authority but no new help to handle the sudden increase in specification writing, bid handling, report writing, information filing, socially or economically disadvantaged (SED) reporting responsibilities, and general expediting duties.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the Mississippi River Team CHANGE request but has substituted funding from the Water Recreation Fund for the General Fund. The Governor does not recommend the agency's CHANGE request for Regional Operations Support Services.

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF
PROGRAM : REGIONAL OPERATIONS SUPPORT
BUDGET ACTIVITY : REGIONAL OPERATIONS SUPPORT

| F.Y. 1990 | | | | | | | F.Y. 1991 | | | |
|--|---------|---------|-------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| ----- | | | | | | | ----- | | | |
| AGENCY REQUEST | | | | | | | AGENCY REQUEST | | | |
| ----- | | | | | | | ----- | | | |
| EXPENDITURES: | FY 1988 | FY 1989 | BASE | CHANGE | TOTAL | GOVERNOR'S RECOMM. | BASE | CHANGE | TOTAL | GOVERNOR'S RECOMM. |
| ----- | | | | | | | | | | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 3,486 | 3,716 | 3,716 | 1,015 | 4,731 | 3,906 | 3,716 | 1,239 | 4,955 | 3,906 |
| EXPENSES/CONTRACTUAL SRVCS | 216 | 208 | 206 | 20 | 226 | 224 | 206 | 50 | 256 | 254 |
| MISC OPERATING EXPENSES | 430 | 484 | 507 | 35 | 542 | 519 | 507 | 28 | 535 | 519 |
| SUPPLIES/MATERIALS/PARTS | 148 | 193 | 172 | 20 | 192 | 183 | 172 | 19 | 191 | 183 |
| CAPITAL EQUIPMENT | 63 | 0 | 10 | 50 | 60 | 15 | 10 | 0 | 10 | 15 |
| REDISTRIBUTIONS | <292> | <360> | <360> | 0 | <360> | <360> | <360> | 0 | <360> | <360> |
| ----- | | | | | | | | | | |
| TOTAL EXPENDITURES | 4,051 | 4,241 | 4,251 | 1,140 | 5,391 | 4,487 | 4,251 | 1,336 | 5,587 | 4,517 |
| ----- | | | | | | | | | | |
| CHANGE REQUESTS: | FUND | | | | | | | | | |
| ----- | | | | | | | | | | |
| A FLEET MANAGEMENT | GEN | | 10 | | 10 | | 28 | | 28 | |
| A FLEET MANAGEMENT | WREC | | 0 | | 0 | | 1 | | 1 | |
| A FLEET MANAGEMENT | G&F | | 6 | | 6 | | 17 | | 17 | |
| P MISSISSIPPI RIVER TEAM | GEN | | 83 | | 0 | | 83 | | 0 | |
| P MISSISSIPPI RIVER TEAM | WREC | | 43 | | 126 | | 43 | | 126 | |
| P MISSISSIPPI RIVER TEAM | G&F | | 94 | | 94 | | 94 | | 94 | |
| P REGIONAL OPERATIONS SUPPORT SERVICES | GEN | | 867 | | 0 | | 1,033 | | 0 | |
| P REGIONAL OPERATIONS SUPPORT SERVICES | WREC | | 10 | | 0 | | 10 | | 0 | |
| P REGIONAL OPERATIONS SUPPORT SERVICES | G&F | | 27 | | 0 | | 27 | | 0 | |
| ----- | | | | | | | | | | |
| TOTAL CHANGE REQUESTS | | | 1,140 | | 236 | | 1,336 | | 266 | |
| ----- | | | | | | | | | | |
| SOURCES OF FINANCING: | | | | | | | | | | |
| ----- | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 3,067 | 3,233 | 3,381 | 960 | 4,341 | 3,391 | 3,381 | 1,144 | 4,525 | 3,409 |
| MN RESOURCES | 103 | 162 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| WATER RECREATION | 82 | 87 | 89 | 53 | 142 | 215 | 89 | 54 | 143 | 216 |
| GAME AND FISH | 564 | 561 | 581 | 127 | 708 | 681 | 581 | 138 | 719 | 692 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| SPECIAL REVENUE | 135 | 184 | 186 | 0 | 186 | 186 | 186 | 0 | 186 | 186 |
| FEDERAL | 43 | 10 | 10 | 0 | 10 | 10 | 10 | 0 | 10 | 10 |
| GIFTS AND DEPOSITS | 57 | 4 | 4 | 0 | 4 | 4 | 4 | 0 | 4 | 4 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF
PROGRAM : REGIONAL OPERATIONS SUPPORT
BUDGET ACTIVITY : REGIONAL OPERATIONS SUPPORT

| | | | F.Y. 1990 | | | | F.Y. 1991 | | | |
|-----------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| SOURCES OF FINANCING: | FY 1988 | FY 1989 | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| TOTAL FINANCING | 4,051 | 4,241 | 4,251 | 1,140 | 5,391 | 4,487 | 4,251 | 1,336 | 5,587 | 4,517 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 78.0 | 76.0 | 76.0 | 59.0 | 135.0 | 77.0 | 76.0 | 59.0 | 135.0 | 77.0 |
| MN RESOURCES | 4.0 | 4.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| WATER RECREATION | 2.0 | 2.0 | 2.0 | 4.0 | 6.0 | 5.0 | 2.0 | 4.0 | 6.0 | 5.0 |
| SPECIAL REVENUE | 8.0 | 8.0 | 8.0 | 0.0 | 8.0 | 8.0 | 8.0 | 0.0 | 8.0 | 8.0 |
| GAME AND FISH | 4.0 | 4.0 | 4.0 | 10.0 | 14.0 | 6.0 | 4.0 | 10.0 | 14.0 | 6.0 |
| TOTAL POSITIONS | 96.0 | 94.0 | 90.0 | 73.0 | 163.0 | 96.0 | 90.0 | 73.0 | 163.0 | 96.0 |

CHANGE REQUEST _____ Agency X Program _____ Activity 1990-91 Biennial Budget

ACTIVITY:

PROGRAM: REGIONAL OPERATIONS SUPPORT

AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: FUNDING FOR MISSISSIPPI RIVER TEAM

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|--------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 83 | 2.0 | \$ 83 | 2.0 |
| Game and Fish Fund | 94 | 2.0 | 94 | 2.0 |
| Water Recreation Account | 43 | 1.0 | 43 | 1.0 |

Governor's Recommendation

| | | | | |
|-----------------------|--------|-----|--------|-----|
| General Fund | \$ -0- | -0- | \$ -0- | -0- |
| Game and Fish Fund | 94 | 2.0 | 94 | 2.0 |
| Water Recreation Fund | 126 | 3.0 | 126 | 3.0 |

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests funds and 5.0 positions to continue the work of the Mississippi River Management Team. Included in this request is 1.0 new position and the conversion of 4.0 positions currently funded by the Legislative Commission on Minnesota Resources. The team will implement the federal Upper Mississippi River System, maximize utilization of river resources, maximize benefits from federal funds, implement habitat improvement and recreation projects, coordinate DNR perspective on river policy and planning, and coordinate unified river management within the Twin Cities metropolitan area.

The objective is to provide coordinated management of the natural resources of the Upper Mississippi River System, including the Mississippi River downstream of Anoka, the Minnesota River downstream of Jordan, and the St. Croix River downstream of Taylors Falls.

DESCRIPTION/BACKGROUND:

Minimal coordination of natural resources activities was provided until formation of the Mississippi River Management Team. Funding of this request will allow internal and external coordination of activities related to the

Upper Mississippi River System. It will maximize opportunities to secure federal funds for habitat improvement and recreation projects on the river system. The team will be closely involved in a long-term resource monitoring program to document effects of habitat improvement projects. Each year, the team will coordinate natural resource issues related to navigation channel maintenance on the river system. The team will coordinate environmental review of projects and evaluate impacts and develop strategies to cope with recreational uses of the Mississippi River System. The team will coordinate responses to natural resource and recreation issues on the Mississippi River System in the Twin Cities metropolitan area, including input into state legislation, input into federal legislation, and development of management strategies for the St. Croix River.

RATIONALE:

The river resources involved have a tremendous potential for recreational, fish and wildlife and other economic uses. The involvement of numerous agencies and units of government at every level requires comprehensive coordination. The interdisciplinary team, located in the Rochester Region, will ensure maximum state involvement and participate in the implementation of the federal, state and local projects and programs, including the efficient use of the federal funds that are available.

| BASE: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|------------------------------------|-----------|-----------|-----------|-----------|
| Minnesota Resources Fund (000's) | \$ 135 | \$ 136 | \$ -0- | \$ -0- |
| Minnesota Resources Fund Positions | 4.0 | 4.0 | -0- | -0- |
| Water Recreation Account (000's) | \$ 24 | \$ 24 | \$ 24 | \$ 24 |

| LONG RANGE IMPLICATIONS: | F.Y. 1992 | F.Y. 1993 | Total |
|---------------------------------|-----------|-----------|--------|
| General Fund (000's) | \$ 87 | \$ 91 | \$ 178 |
| General Fund Positions | 2.0 | 2.0 | 2.0 |
| Game and Fish Fund (000's) | 98 | 102 | 200 |
| Game and Fish Fund Positions | 2.0 | 2.0 | 2.0 |
| Water Recreation Fund (000's) | 45 | 47 | 92 |
| Water Recreation Fund Positions | 1.0 | 1.0 | 1.0 |

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request but recommends an increased Water Recreation Fund appropriation in lieu of the General Fund.

CHANGE REQUEST _____ Agency X Program _____ Activity _____ 1990-91 Biennial Budget

ACTIVITY:

PROGRAM: REGIONAL OPERATIONS SUPPORT

AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: REGIONAL OPERATIONS SUPPORT SERVICES

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|-----------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 867 | 56.0 | \$1,033 | 56.0 |
| Water Recreation Fund | 10 | 3.0 | 10 | 3.0 |
| Game and Fish Fund | 27 | 8.0 | 27 | 8.0 |

Governor's Recommendation

| | | | | |
|-----------------------|--------|-----|--------|-----|
| General Fund | \$ -0- | -0- | \$ -0- | -0- |
| Water Recreation Fund | -0- | -0- | -0- | -0- |
| Game and Fish Fund | -0- | -0- | -0- | -0- |

Request requires statutory change: _____ Yes X No

STATEMENT OF REQUEST/OBJECTIVE: This program CHANGE is a result of the Department of Administration's (DOA) "Analysis of the Department of Natural Resources Regional Business Offices and Clerical Services" conducted during 1988 by the Management Analysis Division. The study calls for the following additional complement positions in each region:

- 1) a professional-level personnel officer;
- 2) a management information systems coordinator;
- 3) an office services coordinator;
- 4) a receptionist; and
- 5) upgrading of existing part-time clerical positions to full-time.

"The net effect of these and more detailed staffing recommendations in the report would be to increase staff in the regions by a total of 36.1 full-time equivalents. This large of an increase is consistent with the documented workload of the regional offices" (DOA Analysis, August, 1988).

The detail of this CHANGE request, by region, is as follows:

| | Additions to Complement | Additional F.T.E.'s | (\$ in 000's) | |
|-------------------------|----------------------------|------------------------|---------------|-----------|
| | | | F.Y. 1990 | F.Y. 1991 |
| Region 1 (Bemidji) | 12.0 | 6.6 | \$ 185 | \$ 216 |
| Region 2 (Grand Rapids) | 12.0 | 6.9 | 190 | 229 |
| Region 3 (Brainerd) | 13.0 | 5.3 | 136 | 158 |
| Region 4 (New Ulm) | 10.0 | 5.5 | 130 | 153 |
| Region 5 (Rochester) | 10.0 | 6.3 | 139 | 167 |
| Region 6 (Metro) | 10.0 | 5.5 | 124 | 147 |
| TOTAL | 67.0 | 36.1 | \$ 904 | \$ 1,070 |

DESCRIPTION/BACKGROUND: The Department of Natural Resources contracted with the Management Analysis Division of the Department of Administration to assess the performance and staffing of the regional business offices and clerical support services. The report documents the serious understaffing of regional business offices and clerical functions. The study attributed the need for additional support staff to several factors:

- Complex budgets--more decentralized AID's than other agencies.

- Dispersed work locations and a wide variety of employment conditions.
- Large variations in seasonal workloads.
- Regional business offices operations are vulnerable to employee illness or vacation which can bring important business functions to a standstill condition.
- Increased workloads due to regional contract management, payroll cost coding, intradepartmental billing, statutory 30-day bill-paying mandate, payroll decentralization, increased complexity of hiring forms and procedures, and decentralized personnel functions.

STATISTICS:

- 1) Statewide Accounting System transactions per full-time equivalent processor:
 Department of Natural Resources 14,729
 Department of Administration 12,450
 Department of Corrections 6,389
 Department of Transportation 6,044
- 2) Personnel transactions per full-time equivalent processor:
 Department of Natural Resources 1,414
 Department of Administration 1,054
 Department of Corrections 439
 Department of Transportation 773
- 3) Payroll transactions per full-time equivalent processor:
 Department of Natural Resources
 Department of Corrections
 Department of Transportation

RATIONALE: Historically, the Department of Natural Resources has emphasized restraint in committing resources to administrative support services. Our various constituencies have viewed administrative functions as a secondary priority which diverts resources away from natural resource management. This approach has forced the regional support units to take on added decentralized responsibilities without a proportional increase in staff. As stated in the DOA study, "The regions deserve the full support of the DNR's top management, the legislature and the public in meeting their documented need for additional staff resources."

BASE:

| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|---------------------------------|-----------|-----------|-----------|-----------|
| General Fund (000's) | \$ 3,067 | \$ 3,232 | \$ 3,381 | \$ 3,381 |
| General Fund Positions | 78.0 | 76.0 | 76.0 | 76.0 |
| Water Recreation Fund (000's) | \$ 82 | \$ 87 | \$ 89 | \$ 89 |
| Water Recreation Fund Positions | 2.0 | 2.0 | 2.0 | 2.0 |
| Game and Fish Fund (000's) | \$ 564 | \$ 561 | \$ 581 | \$ 581 |
| Game and Fish Fund Positions | 4.0 | 4.0 | 4.0 | 4.0 |

LONG RANGE IMPLICATIONS:

| | F.Y. 1992 | F.Y. 1993 | Total |
|---------------------------------|-----------|-----------|----------|
| General Fund (000's) | \$ 1,033 | \$ 1,033 | \$ 2,066 |
| General Fund Positions | 56.0 | 56.0 | 56.0 |
| Water Recreation Fund (000's) | \$ 10 | \$ 10 | \$ 20 |
| Water Recreation Fund Positions | 3.0 | 3.0 | 3.0 |
| Game and Fish Fund (000's) | \$ 27 | \$ 27 | \$ 54 |
| Game and Fish Fund Positions | 8.0 | 8.0 | 8.0 |

GOVERNOR'S RECOMMENDATION: The Governor's recommendation does not provide funding for this request. Although the request has merit, other spending priorities preclude additional funding.

REGOPER.CR 1-10 AM

CHANGE REQUEST _____ Agency X Program _____ Activity 1990-91 Biennial Budget

ACTIVITY:

PROGRAM: REGIONAL OPERATIONS SUPPORT

AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: CONVERSION OF REGION V INFORMATION OFFICER

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|----------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ -0- | 1.0 | \$ -0- | 1.0 |

Governor's Recommendation

| | | | | |
|--------------|--------|-----|--------|-----|
| General Fund | \$ -0- | 1.0 | \$ -0- | 1.0 |
|--------------|--------|-----|--------|-----|

Request requires statutory change: _____ Yes _____ No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests complement authority for the conversion of a part-time Information Officer position in the Rochester Region to full-time complement.

DESCRIPTION/BACKGROUND:

The part-time position was created to improve public relations and increase public responsiveness in the Rochester Region. The department expanded its information and education efforts to respond to continued requests by the public for more information on activities, programs, rules and regulations. Currently, the Rochester Region is the only region that does not have a full-time Information Officer position.

RATIONALE:

This position focuses on developing a successful rapport with media contacts, generating coverage for special events, DNR issues and programs through news releases, coordination of talk shows on radio and television and on-site coverage of special projects. Consultation on the development of brochures and slide tape presentations; coordination of county fairs and other displays; attendance at town and public meetings; implementing and analyzing market and user surveys; organizing a regional library and clipping service, providing newsletter stories and information to legislative contacts.

A full-time complement position would allow expansion of these services and provide a resource to initiate programs for special interest groups such as nongame organizations; develop classes for adult education, conservation education programs for local schools, boat and hunter safety; write speeches for speakers bureau; conduct legislative, organization, media and conference tours and develop issue papers.

| BASE: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|----------------------|-----------|-----------|-----------|-----------|
| General Fund (000's) | \$ 25 | \$ 26 | \$ 26 | \$ 26 |

| LONG RANGE IMPLICATIONS: | F.Y. 1992 | F.Y. 1993 | Total |
|--------------------------|-----------|-----------|--------|
| General Fund (000's) | \$ -0- | \$ -0- | \$ -0- |
| General Fund Positions | 1.0 | 1.0 | 1.0 |

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

PROGRAM: SPECIAL SERVICES AND PROGRAMS
Agency: NATURAL RESOURCES, DEPARTMENT OF

1990-91 Biennial Budget

PROGRAM PURPOSE:

The program combines several essential service units to provide a broad range of support within the Department of Natural Resources (DNR) and bring unique programs to the public. The primary purpose of Special Services and Programs is to ensure that major bureaus and divisions have access to centralized interdisciplinary services and avoid expensive duplication of efforts. Combining these units under the supervision of the Assistant Commissioner of Planning and Special Services was accomplished at the beginning of the 1985-87 biennium. In April of 1987, the Bureau of Human Resources (including personnel management, training, and affirmative action) was added to the program.

OPERATION:

The program includes the following activities:

- 1) Information and Education, which provides the department's primary outreach to the public through boat and water safety programs, publications, the Volunteer magazine, audiovisual services, and graphic arts.
- 2) Planning, which researches, analyzes, plans for and responds to Minnesota's changing natural resource management needs from a balanced interdisciplinary perspective.
- 3) Youth Programs, which combines the growing need to provide meaningful employment opportunities to Minnesota's young people with expanding needs to complete natural resource projects on public lands in a cost-efficient manner.
- 4) Minnesota Environmental Education Board, which provides a nationally unique system of 13 Regional Environmental Education Councils and a network of volunteers throughout the state to assess environmental education needs and implement priority programs.
- 5) Other Staff Support Services, encompassing 3 department-wide functions:
 - Human Resources, including department personnel management activities, training, and affirmative action.
 - DNR Library, including the acquisition, organization, and dissemination of information resources needed to successfully perform the agency's mission.
 - Volunteer Management, including identifying potential volunteer projects, recruiting participants, and training department staff in the use and recognition of volunteers.

RECENT BUDGET HISTORY:

The 1985-87 biennial budget request included the Human Resources activity under the Administrative Management Program.

BUDGET ISSUE:

Several major department-wide initiatives are found within Planning and Special Programs. Many are designed to create a better trained and more service-oriented workforce--enhanced public responsiveness, marketing department services, employee recognition and expanded information and environmental education. While there are rarely outside constituencies for these kinds of support services, they are integral to serving DNR customers, internally and externally.

EXPLANATION OF BUDGET REQUEST:

CHANGE levels totaling \$1,873 are outlined in this budget request and are identified as follows: \$100,000 and 2.0 positions each year are requested to determine the level of information and services Minnesota government and businesses need from the department and to develop a marketing plan on how to improve DNR communication with these groups. \$70,000 and 2.0 positions each year are requested to respond more rapidly to requests for information from the public; create a greater understanding of natural resource programs, regulations, and facilities; and provide needed support services to existing DNR programs. \$30,000 in F.Y. 1990 and \$25,000 in F.Y. 1991 are requested for a grant to the Mississippi Headwaters Board to initiate new planning, education, and interagency coordination programs. \$40,000 and 1.0 position each year are requested to administer the Land and Water Conservation Fund Grant Program. \$31,000 in F.Y. 1990 and \$69,000 and 1.0 position in F.Y. 1991 are requested to improve public satisfaction with the service provided by DNR employees to the citizens of Minnesota. \$87,000 and 1.0 position in F.Y. 1990 and \$133,000 and 2.0 positions in F.Y. 1991 are requested for an improved information management system for the Human Resources Bureau. \$110,000 and 2.0 positions each year are requested to increase coordination and delivery of environmental education programs among state and local organizations throughout Minnesota. \$155,000 in F.Y. 1990 and \$395,000 in F.Y. 1991 and 2.0 positions are requested to establish a Water Information and Education Committee. \$20,000 in F.Y. 1990 and \$58,000 in F.Y. 1991 are requested to fund fleet management. \$30,000 each year is recommended by the Legislative Commission on Minnesota Resources (LCMR) for a grant to the city of Winona to plan for an Upper Mississippi River Interpretive Center. \$60,000 and 1.0 position each year is recommended by the LCMR to increase the understanding and utilization of alternative dispute resolution techniques. \$25,000 each year is recommended by the LCMR for a grant to Polk County Central Cities Community Center to improve coordination between volunteer groups and resource managers.

GOVERNOR'S RECOMMENDATION:

The Governor recommends a biennial increase of \$858,000 and 4.0 positions. This is a decrease of \$1,015,000 and 7.0 positions from the agency request. Details of both agency requests and the Governor's recommendations are found on the individual CHANGE level pages.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF
PROGRAM : SPECIAL SERVICES AND PROGRAMS

| | | | F.Y. 1990 | | | | F.Y. 1991 | | | | | |
|---|----------|------|----------------|---------|-------|-----------------------|----------------|-------|-------|-----------------------|--------|-------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | | |
| ACTIVITY EXPENDITURES: | | | FY 1988 | FY 1989 | BASE | | CHANGE | TOTAL | BASE | | CHANGE | TOTAL |
| INFORMATION AND EDUCATION | | | 2,196 | 2,344 | 2,178 | 170 | 2,348 | 2,178 | 2,184 | 170 | 2,354 | 2,184 |
| B INCREASED RESPONSE, COORDINATION & INFO | GEN | | | | | 70 | 0 | | | 70 | 0 | |
| B MARKETING DEPARTMENT SERVICES | GEN | | | | | 100 | 0 | | | 100 | 0 | |
| PLANNING | | | 1,259 | 1,472 | 1,325 | 160 | 1,485 | 1,415 | 1,331 | 155 | 1,486 | 1,421 |
| B LAWCON ADMINISTRATION | GEN | | | | | 40 | 0 | | | 40 | 0 | |
| B ALTERNATIVE DISPUTE RESOLUTION | MNRS | | | | | 60 | 60 | | | 60 | 60 | |
| B MISS. RIVER INTERPRETIVE CTR. | PLANNING | MNRS | | | | 30 | 30 | | | 30 | 30 | |
| B MISSISSIPPI HEADWATERS BOARD | GEN | | | | | 30 | 0 | | | 25 | 0 | |
| YOUTH PROGRAMS | | | 1,210 | 1,420 | 1,205 | 20 | 1,225 | 1,225 | 1,205 | 57 | 1,262 | 1,262 |
| A FLEET MANAGEMENT | GEN | | | | | 8 | 8 | | | 22 | 22 | |
| A FLEET MANAGEMENT | WREC | | | | | 1 | 1 | | | 4 | 4 | |
| A FLEET MANAGEMENT | SREV | | | | | 11 | 11 | | | 31 | 31 | |
| OTHER SUPPORT SERVICES | | | 901 | 982 | 962 | 143 | 1,105 | 987 | 968 | 227 | 1,195 | 993 |
| B IMPROVED CITIZEN SATISFACTION/EMPL PROD | GEN | | | | | 31 | 0 | | | 69 | 0 | |
| B PERSONNEL INFORMATION SYSTEM | GEN | | | | | 87 | 0 | | | 133 | 0 | |
| B VOLUNTEER COORDINATION | MNRS | | | | | 25 | 25 | | | 25 | 25 | |
| MINNESOTA ENVIRONMENTAL EDUCATION BOARD | | | 388 | 392 | 403 | 265 | 668 | 558 | 403 | 506 | 909 | 799 |
| A FLEET MANAGEMENT | GEN | | | | | 0 | 0 | | | 1 | 1 | |
| B MEEB CURRICULUM & REGIONAL COORDINATION | GEN | | | | | 110 | 0 | | | 110 | 0 | |
| B WATER EDUCATION | GEN | | | | | 155 | 155 | | | 395 | 395 | |
| TOTAL EXPENDITURES | | | 5,954 | 6,610 | 6,073 | 758 | 6,831 | 6,363 | 6,091 | 1,115 | 7,206 | 6,659 |

SOURCES OF FINANCING:

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF
PROGRAM : SPECIAL SERVICES AND PROGRAMS

| | | | F.Y. 1990 | | | | F.Y. 1991 | | | |
|---------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| SOURCES OF FINANCING: | FY 1988 | FY 1989 | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 3,801 | 3,922 | 3,861 | 631 | 4,492 | 4,024 | 3,876 | 965 | 4,841 | 4,294 |
| MN RESOURCES | 330 | 500 | 0 | 115 | 115 | 115 | 0 | 115 | 115 | 115 |
| WATER RECREATION | 439 | 478 | 486 | 1 | 487 | 487 | 489 | 4 | 493 | 493 |
| SPECIAL REVENUE | 330 | 398 | 401 | 11 | 412 | 412 | 401 | 31 | 432 | 432 |
| GAME AND FISH | 150 | 292 | 305 | 0 | 305 | 305 | 305 | 0 | 305 | 305 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| SPECIAL REVENUE | 19 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL | 707 | 754 | 754 | 0 | 754 | 754 | 754 | 0 | 754 | 754 |
| GIFTS AND DEPOSITS | 178 | 266 | 266 | 0 | 266 | 266 | 266 | 0 | 266 | 266 |
| TOTAL FINANCING | 5,954 | 6,610 | 6,073 | 758 | 6,831 | 6,363 | 6,091 | 1,115 | 7,206 | 6,659 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 65.0 | 62.0 | 61.0 | 10.0 | 71.0 | 64.0 | 61.0 | 12.0 | 73.0 | 64.0 |
| MN RESOURCES | 4.0 | 4.0 | 0.0 | 1.0 | 1.0 | 1.0 | 0.0 | 1.0 | 1.0 | 1.0 |
| WATER RECREATION | 7.0 | 7.0 | 7.0 | 0.0 | 7.0 | 7.0 | 7.0 | 0.0 | 7.0 | 7.0 |
| GAME AND FISH | 1.0 | 1.0 | 1.0 | 0.0 | 1.0 | 1.0 | 1.0 | 0.0 | 1.0 | 1.0 |
| FEDERAL | 1.0 | 3.0 | 3.0 | 0.0 | 3.0 | 3.0 | 3.0 | 0.0 | 3.0 | 3.0 |
| TOTAL POSITIONS | 78.0 | 77.0 | 72.0 | 11.0 | 83.0 | 76.0 | 72.0 | 13.0 | 85.0 | 76.0 |

ACTIVITY: INFORMATION AND EDUCATION
Program: SPECIAL SERVICES AND PROGRAMS
Agency: NATURAL RESOURCES, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

The mission of the Bureau of Information and Education is to increase public awareness of the importance of natural resources in Minnesota. The bureau disseminates information about the programs, policies, and services of the Department of Natural Resources (DNR), coordinates the legislatively mandated Boat and Water Safety Program, and responds to inquiries from the public. Clients include sports clubs, citizen organizations, teachers, the news media, and outdoor recreationists, including boaters, hunters, anglers, hikers, bikers, skiers, and snowmobilers.

Functions of the Bureau of Information and Education are handled by 6 sections:

- 1) **Information Center:** Up to 800 phone calls and walk-in visitors per day seek information about natural resource laws, licenses, outdoor recreation opportunities, permits, management programs, and trip planning.
- 2) **News, Publications, and Information:** News releases, media contacts, radio interviews, coordination of special events such as the State Fair, news conferences and sports shows, brochures and pamphlets, employee communications, fact sheets, and media, legislative and citizen group briefing packets are the responsibility of this unit. The Graphics Unit designs, prepares, and coordinates efforts to create brochures, magazines, posters, billboards, and 3-dimensional displays.
- 3) **Audio-Visual:** Still, video, and film photographic services and photo lab production are provided to the DNR; film and slide library services and public service production work for radio and television allow this unit to respond to internal and general public requests for special assistance.
- 4) **The Minnesota Volunteer:** The official publication of the Department of Natural Resources is sent to 100,000 Minnesota destinations, including all schools, libraries, and legislators in the state. Extensively used in classrooms, citizen organizations, and adult education courses it provides a direct communication link to the public with Minnesota's natural resource heritage.
- 5) **Marketing:** The marketing program focuses on services the public seeks. It is developing a long-range marketing plan for the department through surveys, focus groups, interdisciplinary planning, and increased communication. The anticipated result is improved responsiveness to the public.
- 6) **Boat and Water Safety:** The unit coordinates boat and water safety for Minnesota, including serving as liaison to the U. S. Coast Guard, other state agencies, counties, other states, public and private sector boating organizations, and the public. A primary task is to administer the legislatively mandated boating safety education program for youths aged 13-17. The program, which is officially certified by the U. S. Coast Guard and National Association of State Boating Law Administrators, has certified more than 73,000 youths since 1975.

Other boat and water activities include:

- Conducting in-service training--including boating while intoxicated enforcement classes--for conservation officers, county sheriff departments, and fire, rescue, and other enforcement agencies.
- Administering the county grants, water surface use management regulations, and legislative and rule coordination, and maintaining boat registration and accident statistics.
- Providing assistance to boating enforcement, registration, aeration safety, and canoe route safety programs.
- Printing and distributing the Minnesota Boating Guide which describes boating laws; providing boat and water safety brochures, film and slide presentations, news releases, and background information; and educating the public through exhibits at sports group meetings, schools, and boat shows.

STATISTICS:

| | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|--|------------------|------------------|------------------|------------------|
| Information Center: | | | | |
| Requests (000's) | 350 | 400 | 500 | 550 |
| News, Publications & Information: | | | | |
| News releases | 500 | 550 | 575 | 600 |
| Publications/displays | 130 | 210 | 350 | 400 |
| Circulation (000's) | 300 | 330 | 370 | 400 |
| Graphic Arts Projects | 367 | 440 | 500 | 550 |
| The Minnesota Volunteer: | | | | |
| Circulation (000's) | 100 | 100 | 100 | 100 |
| Audio-Visual: | | | | |
| Film loans | 5,600 | 5,700 | 5,800 | 5,900 |
| Boat and Water Safety: | | | | |
| Watercraft operators' permits issued | 3,088 | 3,100 | 3,100 | 3,100 |
| Boating publications (000's) | 350 | 350 | 350 | 350 |
| Enforcement and rescue personnel trained | 125 | 125 | 125 | 125 |

REVENUE:

This activity generates dedicated revenue.

| <u>Type of Revenue</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|-------------------------------|------------------|------------------|------------------|------------------|
| Dedicated - federal (000's) * | \$ 1,100 | \$ 1,300 | \$ 1,000 | \$ 1,000 |
| Dedicated - gift (000's) ** | 36 | 210 | 40 | 210 |
| Total Revenue | \$ 1,136 | \$ 1,510 | \$ 1,040 | \$ 1,210 |

* Revenue split among various divisions

** Volunteer Magazine Gift Account

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF
PROGRAM : SPECIAL SERVICES AND PROGRAMS
BUDGET ACTIVITY : INFORMATION AND EDUCATION

| F.Y. 1990 | | | | | | | F.Y. 1991 | | | |
|---|---------|----------------|-------|--------|-----------------------|----------------|-----------|--------|-----------------------|-------|
| | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | |
| EXPENDITURES: | FY 1988 | FY 1989 | BASE | CHANGE | | TOTAL | BASE | CHANGE | | TOTAL |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 922 | 951 | 881 | 152 | 1,033 | 881 | 881 | 152 | 1,033 | 881 |
| EXPENSES/CONTRACTUAL SRVCS | 680 | 735 | 665 | 10 | 675 | 665 | 671 | 10 | 681 | 671 |
| MISC OPERATING EXPENSES | 159 | 156 | 147 | 0 | 147 | 147 | 147 | 0 | 147 | 147 |
| SUPPLIES/MATERIALS/PARTS | 69 | 170 | 155 | 5 | 160 | 155 | 155 | 5 | 160 | 155 |
| CAPITAL EQUIPMENT | 267 | 182 | 180 | 3 | 183 | 180 | 180 | 3 | 183 | 180 |
| REDISTRIBUTIONS | 24 | 50 | 50 | 0 | 50 | 50 | 50 | 0 | 50 | 50 |
| STATE OPERATIONS | 2,121 | 2,244 | 2,078 | 170 | 2,248 | 2,078 | 2,084 | 170 | 2,254 | 2,084 |
| LOCAL ASSISTANCE | 75 | 100 | 100 | 0 | 100 | 100 | 100 | 0 | 100 | 100 |
| TOTAL EXPENDITURES | 2,196 | 2,344 | 2,178 | 170 | 2,348 | 2,178 | 2,184 | 170 | 2,354 | 2,184 |
| CHANGE REQUESTS: | FUND | | | | | | | | | |
| B INCREASED RESPONSE, COORDINATION & INFO | GEN | | | 70 | | 0 | | 70 | | 0 |
| B MARKETING DEPARTMENT SERVICES | GEN | | | 100 | | 0 | | 100 | | 0 |
| TOTAL CHANGE REQUESTS | | | | 170 | | 0 | | 170 | | 0 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 920 | 772 | 802 | 170 | 972 | 802 | 806 | 170 | 976 | 806 |
| MN RESOURCES | 60 | 204 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| WATER RECREATION | 296 | 323 | 329 | 0 | 329 | 329 | 331 | 0 | 331 | 331 |
| SPECIAL REVENUE | 27 | 30 | 30 | 0 | 30 | 30 | 30 | 0 | 30 | 30 |
| GAME AND FISH | 35 | 36 | 38 | 0 | 38 | 38 | 38 | 0 | 38 | 38 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| FEDERAL | 699 | 746 | 746 | 0 | 746 | 746 | 746 | 0 | 746 | 746 |
| GIFTS AND DEPOSITS | 159 | 233 | 233 | 0 | 233 | 233 | 233 | 0 | 233 | 233 |
| TOTAL FINANCING | 2,196 | 2,344 | 2,178 | 170 | 2,348 | 2,178 | 2,184 | 170 | 2,354 | 2,184 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF
PROGRAM : SPECIAL SERVICES AND PROGRAMS
BUDGET ACTIVITY : INFORMATION AND EDUCATION

| | | | F.Y. 1990 | | | | F.Y. 1991 | | | |
|-----------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| SOURCES OF FINANCING: | FY 1988 | FY 1989 | | | | | | | | |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 17.0 | 14.0 | 14.0 | 4.0 | 18.0 | 14.0 | 14.0 | 4.0 | 18.0 | 14.0 |
| MN RESOURCES | 3.0 | 3.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| WATER RECREATION | 5.0 | 5.0 | 5.0 | 0.0 | 5.0 | 5.0 | 5.0 | 0.0 | 5.0 | 5.0 |
| GAME AND FISH | 1.0 | 1.0 | 1.0 | 0.0 | 1.0 | 1.0 | 1.0 | 0.0 | 1.0 | 1.0 |
| FEDERAL | 1.0 | 3.0 | 3.0 | 0.0 | 3.0 | 3.0 | 3.0 | 0.0 | 3.0 | 3.0 |
| TOTAL POSITIONS | 27.0 | 26.0 | 23.0 | 4.0 | 27.0 | 23.0 | 23.0 | 4.0 | 27.0 | 23.0 |

CHANGE REQUEST _____ 1990-91 Biennial Budget
 _____ Agency _____ Program X Activity

ACTIVITY: INFORMATION AND EDUCATION
 PROGRAM: SPECIAL SERVICES AND PROGRAMS
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: INCREASED RESPONSE, COORDINATION AND INFORMATION

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 70 | 2.0 | \$ 70 | 2.0 |
| Governor's Recommendation | | | | |
| General Fund | \$ -0- | -0- | \$ -0- | -0- |

Request requires statutory change: _____ Yes _____ No
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

This request for funds will provide increased response to public inquiries, interdisciplinary coordination on information, and create needed materials by adding trained staff. The objectives of this increased effort are to respond more rapidly to requests for information from the public; create greater understanding of natural resource programs, regulations, and facilities; and provide needed support services to existing Department of Natural Resources programs.

Positions to be added are 1.0 Information Center staff and 1.0 Information Officer.

DESCRIPTION/BACKGROUND:

The Bureau of Information and Education serves citizens through its Information Center at 500 Lafayette Road in St. Paul, where the public can seek information. In order to meet the rising demand for materials and assistance, an additional position is necessary. Current staffing levels still require long waits for telephone answers. Also, an additional Information Officer is necessary to write and edit written materials on natural resource topics and programs.

Adding these 2 staff people to the Bureau of Information and Education will help to consolidate workloads and eliminate duplication of effort in various units of the department.

| STATISTICS: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|--|-----------|-----------|-----------|-----------|
| Information Center phone requests (000's) | 175 | 185 | 190 | 200 |
| Brochures distributed through Information Center (000's) | 600 | 650 | 700 | 750 |

RATIONALE:

Minnesota citizens, community organizations, and various legislative studies have called for increased and more effective communication on natural resource programs, regulations, and facilities. If not funded, delays in response to requests for information will increase and the level of service to the public will deteriorate.

| BASE: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|-----------------------------------|-----------|-----------|-----------|-----------|
| General Fund Expenditures (000's) | \$ 920 | \$ 772 | \$ 772 | \$ 772 |
| General Fund Positions | 17.0 | 14.0 | 14.0 | 14.0 |

Hunter Education transferred to Enforcement effective F.Y. 1989.

| LONG RANGE IMPLICATIONS: | F.Y. 1992 | F.Y. 1993 | Total |
|-----------------------------------|-----------|-----------|--------|
| General Fund Expenditures (000's) | \$ 70 | \$ 70 | \$ 140 |
| General Fund Positions | 2.0 | 2.0 | 2.0 |

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Although the request has merit, other spending priorities preclude additional funding.

CHANGE REQUEST _____ 1990-91 Biennial Budget
 _____ Agency _____ Program X Activity

ACTIVITY: INFORMATION AND EDUCATION
 PROGRAM: SPECIAL SERVICES AND PROGRAMS
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: MARKETING DEPARTMENT SERVICES

| | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-----------|-----------|-----------|-----------|
| | (000's) | | (000's) | |
| Agency Request | Amount | Positions | Amount | Positions |
| General Fund | \$ 100 | 2.0 | \$ 100 | 2.0 |
| Governor's Recommendation | | | | |
| General Fund | \$ -0- | -0- | \$ -0- | -0- |

Request requires statutory change: _____ Yes _____ No
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

This request is to determine the current level of information and services Minnesota government and businesses need from the Department of Natural Resources (DNR) and to develop a marketing plan on how to improve DNR communication with these groups.

DESCRIPTION/BACKGROUND:

A customer-focused marketing program within the DNR will measure and meet the expectations and needs of Minnesotans, while conserving and enhancing the state's natural resources. This focus on providing quality service and needed programs will help us carry out our regulatory mandates in a fair, understandable manner, while providing economic benefits. By increasing our awareness and understanding of people's expectations and needs, the DNR will be more responsive and effective in dealing with its many customers.

STATISTICS:

| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|-----------------------|-----------|-----------|-----------|-----------|
| Households surveyed | 0 | 1,240 | 0 | 1,240 |
| Unit marketing plans | 1 | 4 | 8 | 10 |
| Training sessions | 15 | 20 | 25 | 25 |
| Public liaison groups | 0 | 16 | 16 | 16 |
| Marketing brochures | 0 | 5 | 15 | 15 |

RATIONALE:

Several legislatively authorized studies over the years (most recently the Legislative Commission on Minnesota Resources' Touche-Ross Study, 1986) have highlighted a need for the DNR to improve the way in which it deals with its clients. This "unresponsiveness" is viewed as a major obstacle to the DNR carrying out its stated mission. The marketing program will improve delivery of DNR services and allow its employees to develop a better understanding of the needs and expectations of the people, agencies and organizations the DNR comes in contact with.

BASE:

| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|------------------------------------|-----------|-----------|-----------|-----------|
| Minnesota Resources Fund (000's) | \$ 60 | \$ 204 | \$ -0- | \$ -0- |
| Minnesota Resources Fund Positions | 2.0 | 3.0 | -0- | -0- |

LONG RANGE IMPLICATIONS:

| | F.Y. 1992 | F.Y. 1993 | Total |
|-----------------------------------|-----------|-----------|--------|
| General Fund Expenditures (000's) | \$ 100 | \$ 100 | \$ 200 |
| General Fund Positions | 2.0 | 2.0 | 2.0 |

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Although the request has merit, other spending priorities preclude additional funding.

ACTIVITY: PLANNING
Program: SPECIAL SERVICES AND PROGRAMS
Agency: NATURAL RESOURCES, DEPARTMENT OF

PURPOSE:

The Office of Planning provides a broad range of technical and management services in response to the needs of a diverse clientele both within and outside of the Department of Natural Resources (DNR).

The office is distinct from other DNR units by virtue of its interdisciplinary approach to research, environmental analysis, resource planning, and policy development. Because of this focus, the office receives frequent requests for information and services from a variety of sources, including the Commissioner's office, DNR divisions, DNR bureaus, DNR regions, other agencies, the Governor's office, legislators, private organizations, and individuals.

Planning, research, and special projects conducted by the office form the basis for department-wide coordinated resource management and major interdisciplinary policy-setting. To improve DNR's service to the public, the Office of Planning:

- Monitors and analyzes social and economic trends that affect natural resource management and responds to significant trends through policies and plans.
- Provides policy direction for consistent, enlightened resource management.
- Builds public understanding of DNR's role in land management and involves the public in resource decision-making.
- Conducts research, furnishes data, and provides consulting services needed to make resource and facility allocation, development, and management decisions.
- Conducts management studies that will result in streamlined administration and effective use of personnel and financial resources.
- Conducts special studies and projects upon request.
- Carries out DNR's responsibilities for federal and state environmental policy, including the Commissioner's responsibilities for activities of the Environmental Quality Board (EQB).
- Maintains eligibility for and administers federal Land and Water Conservation funds.

STATISTICS/ACCOMPLISHMENTS:

Highlights of accomplishments over the last 2 biennia include:

1) Environmental Impact Assessment and EQB Activities

- Provided staff to the Commissioner on EQB activities; served as DNR technical representative to the EQB; provided staff and support services to the Environmental Congress; served as liaison and staff to

EQB's Committee on Biotechnology.

- Served as DNR's technical representative to the Waste Management Board.
- Prepared 40 environmental assessment worksheets and environmental impact statements; analyzed 800 federal, state, local, and private projects commenting on environmental impacts and recommending mitigation measures.
- Served as staff to the Commissioner on high-level nuclear waste activities and on low-level radioactive waste.
- Coordinated DNR involvement in acid rain hearings, including preparation of technical information for presentation at hearings.
- Coordinated input into the development of EQB's Environmental Trends Report.

2) Planning and Research Services to Natural Resource Managers

- Designed and executed studies of anglers, state park visitors, state recreation demand, economic importance of water, boating patterns on Minnesota lakes, and needs of registered boat owners.
- Providing ongoing Geographic Information System development, mapping and other data analysis services to divisions, and updated Minnesota's inventory of recreation facilities.
- Coordinated development of the Mystery Cave Management Plan; developed feasibility studies for Niagara Cave and an underwater park.
- Conducted river resources assessments and monitored cooperative plans with local units of government, including revision of land-use rules for management of the St. Croix River.
- Coordinated interdisciplinary development of lake management and endangered species management procedures and conducted a study of impacts of purple loosestrife on wetlands as the basis for a statewide management program.
- Developed mechanisms for coordination of management activities by forestry and wildlife resource managers.

3) Department Management Improvement Projects

- Designed and managed DNR's strategic planning process and published the department's strategic plan, "Directions in Natural Resources."
- Increased employee involvement by staffing focus groups in each region and conducting employee surveys related to career paths and employee rewards and recognition.
- Facilitated DNR public responsiveness task force and recommended department-wide training program; provided expertise for the development of the DNR customer survey.

ACTIVITY: PLANNING
(Continuation)

1990-91 Biennial Budget

Program: SPECIAL SERVICES AND PROGRAMS

Agency: NATURAL RESOURCES, DEPARTMENT OF

STATISTICS/ACCOMPLISHMENTS: (Contd.)

3) Department Management Improvement Projects (Contd.)

- Designed and developed DNR's Senior Management Team program; staffed the Commissioner's office quarterly regional field tours and program reviews.
- Conducted major study of land acquisition procedures, assisted the Touche Ross DNR organizational study and provided assistance in implementing key recommendations.
- Piloted Alternative Dispute Resolution methods in aerial herbicide spraying on forest lands (mediation), development of the revised shoreland management rules (negotiated rule-making), and elk management (mediation).
- Created concept of a DNR Innovation Board and staffed its implementation.

4) Grant Management Activities

- Administered and collected \$1.4 million in the previous biennium and \$427,000 in the current biennium in federal reimbursements from the Land and Water Conservation Fund; inspected 240 projects built with fund assistance.
- Administered nature center grants to Environmental Learning Centers at Long Lake, Deep Portage, and River Bend; began process for Wolf Center grant.
- Administered the Dunlap Island redevelopment grant in Cloquet and the Kettle River Environmental Education Center near Sandstone.

In addition, the Office of Planning:

- Provided staff liaison to the Legislative Commission on Minnesota Resources.
- Staffed DNR's Planning and Environmental Review Team and Outdoor Recreation Coordination Committee.
- Staffed the Commission on Minnesotans Outdoors and the Presidents Commission on American Outdoors.
- Produced the Statewide Comprehensive Outdoor Recreation Plan, and coordinated federal, state, and local recreation interests.
- Participated in cooperative river planning studies with the U. S. Forest Service.

- Assisted the Minnesota National Guard in developing a natural resource management plan for Camp Ripley.
- Provided coordination and technical assistance to mandated local water planning efforts.
- Served as liaison to Lake Minnetonka Management Plan Advisory Committee.
- Staffed the Governor's Liaison Officer to the National Park Service for the Land and Water Conservation Fund.
- Provided liaison to the Mississippi Headwaters Board on natural resource planning, policy, management, development, and regulation issues.
- Jointly prepared the Highways in Recreation Areas Plan with the Minnesota Department of Transportation; currently cooperating on program implementation.

REVENUE:

This activity generates dedicated revenue.

| <u>Type of Revenue</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|------------------------|------------------|------------------|------------------|------------------|
| Federal (000's) | \$ 220 | \$ 207 | \$ 96 | \$ 150 |

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF
PROGRAM : SPECIAL SERVICES AND PROGRAMS
BUDGET ACTIVITY : PLANNING

| EXPENDITURES: | F.Y. 1990 | | | | | | F.Y. 1991 | | | |
|---|-----------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | FY 1988 | FY 1989 | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 883 | 1,036 | 1,024 | 84 | 1,108 | 1,074 | 1,024 | 84 | 1,108 | 1,074 |
| EXPENSES/CONTRACTUAL SRVCS | 157 | 129 | 143 | 8 | 151 | 149 | 149 | 8 | 157 | 155 |
| MISC OPERATING EXPENSES | 43 | 45 | 45 | 7 | 52 | 48 | 45 | 7 | 52 | 48 |
| SUPPLIES/MATERIALS/PARTS | 16 | 14 | 15 | 1 | 16 | 16 | 15 | 1 | 16 | 16 |
| CAPITAL EQUIPMENT | 62 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| STATE OPERATIONS | 1,161 | 1,224 | 1,227 | 100 | 1,327 | 1,287 | 1,233 | 100 | 1,333 | 1,293 |
| LOCAL ASSISTANCE | 98 | 248 | 98 | 60 | 158 | 128 | 98 | 55 | 153 | 128 |
| TOTAL EXPENDITURES | 1,259 | 1,472 | 1,325 | 160 | 1,485 | 1,415 | 1,331 | 155 | 1,486 | 1,421 |
| CHANGE REQUESTS: | | | | | | | | | | |
| FUND | | | | | | | | | | |
| B LANCON ADMINISTRATION GEN | | | | 40 | | 0 | | 40 | | 0 |
| B ALTERNATIVE DISPUTE RESOLUTION MNRS | | | | 60 | | 60 | | 60 | | 60 |
| B MISS. RIVER INTERPRETIVE CTR. PLANNING MNRS | | | | 30 | | 30 | | 30 | | 30 |
| B MISSISSIPPI HEADWATERS BOARD GEN | | | | 30 | | 0 | | 25 | | 0 |
| TOTAL CHANGE REQUESTS | | | | 160 | | 90 | | 155 | | 90 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 1,144 | 1,325 | 1,227 | 70 | 1,297 | 1,227 | 1,232 | 65 | 1,297 | 1,232 |
| MN RESOURCES | 27 | 51 | 0 | 90 | 90 | 90 | 0 | 90 | 90 | 90 |
| WATER RECREATION | 88 | 96 | 98 | 0 | 98 | 98 | 99 | 0 | 99 | 99 |
| TOTAL FINANCING | 1,259 | 1,472 | 1,325 | 160 | 1,485 | 1,415 | 1,331 | 155 | 1,486 | 1,421 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 22.0 | 22.0 | 22.0 | 1.0 | 23.0 | 22.0 | 22.0 | 1.0 | 23.0 | 22.0 |
| MN RESOURCES | 1.0 | 1.0 | 0.0 | 1.0 | 1.0 | 1.0 | 0.0 | 1.0 | 1.0 | 1.0 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF
PROGRAM : SPECIAL SERVICES AND PROGRAMS
BUDGET ACTIVITY : PLANNING

| POSITIONS BY FUND: | F.Y. 1990 | | | | | | F.Y. 1991 | | | |
|--------------------|-----------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | FY 1988 | FY 1989 | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| WATER RECREATION | 2.0 | 2.0 | 2.0 | 0.0 | 2.0 | 2.0 | 2.0 | 0.0 | 2.0 | 2.0 |
| TOTAL POSITIONS | 25.0 | 25.0 | 24.0 | 2.0 | 26.0 | 25.0 | 24.0 | 2.0 | 26.0 | 25.0 |

CHANGE REQUEST _____ 1990-91 Biennial Budget
 _____ Agency _____ Program X Activity

ACTIVITY: PLANNING
 PROGRAM: SPECIAL SERVICES AND PROGRAMS
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: FEDERAL LAND AND WATER CONSERVATION FUND ADMINISTRATION

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|----------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 40 | 1.0 | \$ 40 | 1.0 |

Governor's Recommendation

| | | | | |
|--------------|--------|-----|--------|-----|
| General Fund | \$ -0- | -0- | \$ -0- | -0- |
|--------------|--------|-----|--------|-----|

Request requires statutory change: _____ Yes X No
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests funds and 1.0 position to administer the Land and Water Conservation Fund (LWCF) Grant Program.

DESCRIPTION/BACKGROUND:

The LWCF Grant Program provides federal funds to states for the acquisition and development of outdoor recreation facilities. This position carries out 3 objectives: 1) maximize deposit of funds to the federal reimbursement account, 2) ensure continued receipt of LWCF funds, and 3) protect our recreation investment.

The Department of Natural Resources will administer the LWCF Program by: awarding state grant projects using the Open Project Selection Process; monitoring and accounting for grant projects; reporting anticipated receipts to the federal reimbursement account; minimizing losses of obligated funds to the Secretary of Interior's reappropriation account; inspecting completed projects to ensure compliance with grant program requirements; mitigating 6(f) conversions through negotiation of replacement property; and submitting mandatory reports to the federal government. Mandatory reports include: final performance; annual report to Congress; project compliance; biennial action program; biennial Open Project Selection Process; and quarterly minority business enterprise utilization reports.

STATISTICS:

| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|---------------------------------------|-----------|-----------|-----------|-----------|
| Funds obligated to projects (000's) | \$153 | \$153 | \$150 | \$150 |
| Funds collected and deposited (000's) | \$220 | \$207 | \$96 | \$150 |
| Project sites inspected | 42 | 50 | 75 | 75 |

RATIONALE:

Minnesota's F.Y. 1989 apportionment available for statewide projects is expected to be approximately \$150,000. This position will ensure that Minnesota remains eligible to participate in the program, obligate and collect all funds for statewide projects as they are made available to the state, and continue to monitor the compliance of approximately 410 previously funded statewide projects.

BASE:

| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|------------------------------------|-----------|-----------|-----------|-----------|
| Minnesota Resources Fund (000's) | \$ 40 | \$ 40 | \$ -0- | \$ -0- |
| Minnesota Resources Fund Positions | 1.0 | 1.0 | -0- | -0- |

LONG RANGE IMPLICATIONS:

| | F.Y. 1992 | F.Y. 1993 | Total |
|------------------------|-----------|-----------|-------|
| General Fund (000's) | \$ 44 | \$ 44 | \$ 88 |
| General Fund Positions | 1.0 | 1.0 | 1.0 |

GOVERNOR'S RECOMMENDATION:

The Governor does not support the agency's request for this item. Because all federal reimbursements are transferred to the Minnesota Resources Fund, a General Fund appropriation is not recommended..

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: PLANNING
PROGRAM: SPECIAL SERVICES AND PROGRAMS
AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: ALTERNATIVE DISPUTE RESOLUTION - LCMR

| | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| Agency Request | | | | |
| Minnesota Resources Fund | \$ 60 | 1.0 | \$ 60 | 1.0 |
| Governor's Recommendation | | | | |
| Minnesota Resources Fund | \$ 60 | 1.0 | \$ 60 | 1.0 |

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

This program will apply appropriate alternative dispute resolution techniques to resolve major conflicts that arise regarding department management and regulatory activities. This innovative approach to resolving natural resource disputes will build on the successful use of environmental mediation to resolve the 1987 aerial herbicide spraying dispute.

DESCRIPTION/BACKGROUND:

Alternative dispute resolution techniques, when properly applied, have proven successful in resolving complex environmental disputes. This program would apply those techniques to appropriate management and regulatory conflicts with which the department is involved. Included in this request is an alternative dispute resolution coordinator position within the Office of Planning Services to implement this program. Funds will be used to provide information, education, and training to department senior managers in the application of alternative dispute resolution techniques. As opportunities arise, funds will also be used to hire a mediator(s) to handle specific disputes.

RATIONALE:

Successfully applied alternative dispute resolution techniques have the potential to improve the department's working relationships with resource advocacy and public interest groups. Alternative dispute resolution methods

increase the likelihood that department staff will improve public responsiveness and service. Expenses of time and money seeking legislative or judicial remedies to conflicts should decrease as a result of this program.

BASE: F.Y. 1988 F.Y. 1989 F.Y. 1990 F.Y. 1991

None.

| LONG RANGE IMPLICATIONS: | F.Y. 1992 | F.Y. 1993 | Total |
|-----------------------------------|-----------|-----------|--------|
| General Fund Expenditures (000's) | \$ 90 | \$ 90 | \$ 180 |
| General Fund Positions | 2.0 | 2.0 | 2.0 |

GOVERNOR'S RECOMMENDATION:

The Governor recognizes the authority of the Minnesota Future Resources Commission (MFRC, formerly the LCMR) to make budget recommendations directly to the legislature. While the Governor's budget reflects these recommendations in various agency proposals, the MFRC will present an entire package to the State Departments Division for legislative action.

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: PLANNING
PROGRAM: SPECIAL SERVICES AND PROGRAMS
AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: MISSISSIPPI RIVER INTERPRETIVE CENTER PLANNING - LCMR

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| Minnesota Resources Fund | \$ 30 | -0- | \$ 30 | -0- |
| Governor's Recommendation | | | | |
| Minnesota Resources Fund | \$ 30 | -0- | \$ 30 | -0- |

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

Funds are requested for the city of Winona to establish a full scale Upper Mississippi River Interpretive Center in Levee Park to serve as a focal education point regarding the interrelationship between people and the ecology of the Upper Mississippi. The intent is to integrate the new facility with the Julius C. Wilkie Steamboat exhibit in downtown Winona to assure adequate parking and a clear view of the Mississippi River. The project is proposed to be a co-venture among the Legislative Commission on Minnesota Resources (LCMR), the federal government and local community agencies.

DESCRIPTION/BACKGROUND:

The project has 2 stages. The first stage is designed to reassess the appropriate exhibit scale. The building design was completed in 1979 and approximately \$250,000 was spent on site preparation. However, the tone of exhibition has clearly changed to one of environmental education which requires an architectural re-examination. The proposal is that the LCMR fund this stage at \$60,000. The Department of Natural Resources will provide oversight services through a contractual arrangement.

The second stage would encompass the actual engineering design of building to construction. The estimated project cost is \$5 million to be shared by LCMR, the federal government and local agencies.

The program objectives are:

- 1) Establish an interpretive center to educate visitors as to the inter-relationship between people and the ecology of the Upper Mississippi River.
- 2) The U.S. Fish and Wildlife portion of the exhibit would explain the role of the National Wildlife Refuge System and the importance of the Upper Mississippi River National Wildlife and Fish Refuge.
- 3) Provide a basically self-guided tour explaining the river and refuge mission, as well as recreational opportunities of the area.
- 4) Explain the importance of the Upper Mississippi River as a water highway to the sea for commercial and recreational vessels.
- 5) Provide "working-lab" opportunities and internships for students at Winona State University, St. Mary's College and the College of St. Teresa.
- 6) Provide an opportunity to learn about the role the Upper Mississippi has played as a vital part of our culture and state of Minnesota and national history and economy.
- 7) Provide exhibits of geology, geography, steamboats, log rafting, sawmilling, pearl button industry, wing dam construction, locks and dams, modern towboats and barges, commerce, ecology, wildlife, Upper Mississippi River Fish and Wildlife Refuge, sport fishing, and commercial fishing.
- 8) Provide a forum for examination of our future role as stewards of Upper Mississippi River resources and a place for exchange of management ideas, potential problems and resolution of those problems.

RATIONALE:

The central theme and benefit of the proposal is the creation of a facility to educate Minnesota and, generally, United States citizens as to the inter-relationships between people and the Upper Mississippi River. The center would serve not only as an educational tool for the general public, but also as a resource for serious scholarly and technical research to assist in the resolution of long-term impacts upon the river. The project assumes a cost-sharing among local, federal and LCMR funding.

BASE: F.Y. 1988 F.Y. 1989 F.Y. 1990 F.Y. 1991
None.

LONG RANGE IMPLICATIONS: F.Y. 1992 F.Y. 1993 Total
None.

GOVERNOR'S RECOMMENDATION:

The Governor recognizes the authority of the Minnesota Future Resources Commission (MFRC, formerly the LCMR) to make budget recommendations directly to the legislature. While the Governor's budget reflects these recommendations in various agency proposals, the MFRC will present an entire package to the State Departments Division for legislative action.

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: PLANNING
PROGRAM: SPECIAL SERVICES AND PROGRAMS
AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: MISSISSIPPI HEADWATERS BOARD GRANT

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|----------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 30 | -0- | \$ 25 | -0- |

Governor's Recommendation

| | | | | |
|--------------|--------|-----|--------|-----|
| General Fund | \$ -0- | -0- | \$ -0- | -0- |
|--------------|--------|-----|--------|-----|

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The Mississippi Headwaters Board requests a \$55,000 increase from the General Fund to initiate new planning, education, and interagency coordination programs.

DESCRIPTION/BACKGROUND:

The Mississippi Headwaters Board was formed in 1980 when 8 Minnesota counties entered the largest joint powers agreement in the state's history to plan use of the Upper Mississippi River. The Mississippi Headwaters Board has provided the local stewardship to ensure that the program for cooperative management of the river approved by the 1981 legislature is implemented. The Mississippi Headwaters Board requests this increase to initiate a 5-year action plan and education program; to review and update the river conservation ordinance; to assist Mississippi Headwaters communities in river clean-up projects; and to ensure coordination of the Mississippi River dam tenders and the U.S. Army Corps of Engineers' Headwaters operating plans with appropriate state and local interests.

| STATISTICS: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|---|-----------|-----------|-----------|-----------|
| Number of counties involved | 8 | 8 | 8 | 8 |
| 5-year action plan implementation | initiated | initiated | yes | yes |
| River-oriented learning stations (cooperation with Minnesota Environmental Education Board and Regional Environmental Education Councils) | 1 | 1 | 3 | 3 |
| Ordinance update | initiated | initiated | yes | yes |
| Coordination of Headwaters water level operations | initiated | initiated | yes | yes |
| Communities involved in river clean-up projects | 1 | 1 | 3 | 5 |

RATIONALE:

The Mississippi Headwaters Board has been primarily a regulatory board since it was authorized by the legislature 8 years ago. Its legislative charge is broader than that and the board and local citizens want to become more proactive in the areas of long-range planning, education, and interagency coordination.

| BASE: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|-----------------------------------|-----------|-----------|-----------|-----------|
| General Fund Expenditures (000's) | \$ 85 | \$ 85 | \$ 85 | \$ 85 |

| LONG RANGE IMPLICATIONS: | F.Y. 1992 | F.Y. 1993 | Total |
|-----------------------------------|-----------|-----------|-------|
| General Fund Expenditures (000's) | \$ 25 | \$ 25 | \$ 50 |

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Although the request has merit, other spending priorities preclude additional funding.

ACTIVITY: YOUTH PROGRAMS
Program: SPECIAL SERVICES AND PROGRAMS
Agency: NATURAL RESOURCES, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

The Office of Youth Programs, Minnesota Conservation Corps (MCC), has 2 primary objectives: 1) meaningful work experience for unemployed youth; and 2) the accomplishment of quality, cost-effective conservation work. The MCC is made up of 2 components: 1) a summer program which employs 16-18 year olds, and 2) a year-round young adult program for 18-26 year olds. Participants develop a strong work ethic, new job skills and attitudes, and an awareness of the natural environment. In return, Minnesotans realize long-term economic benefits including improved timber production, fish and wildlife habitat, trail and waterway systems, park and recreation resources, and work-prepared citizens. The MCC operates in all 6 Department of Natural Resources (DNR) regions and serves most DNR disciplines.

Current allocations allow the MCC young adult program to employ approximately 100 individuals annually, who may work a total of 12 months. The activity is organized into 3 regional roving crews (Duluth/North Shore, Grand Rapids, and Rochester) and 18 mini-crews (1 assistant crew leader, plus 2-3 corps members). Placements of 1 to 2 individual corps members at specific work sites account for the balance of the enrollment. Young adult participants at the entry level earn \$4.05 per hour, work a 40-hour week, and receive career development and job search instruction.

Average total cost per participant in the summer program is \$2,500. Summer participants work a 35-hour week at \$3.55 per hour and receive 5 additional hours of environmental awareness instruction.

MCC participants are ineligible for employment benefits other than workers' compensation.

OPERATION:

In F.Y. 1988, MCC employed 30 summer youth and leveraged outside funds (federal Job Training Partnership Act - JTPA/Minnesota Youth Program - MYP) to employ an additional 36 youth. In F.Y. 1989, MCC funded 25 summer youth positions and JTPA/MYP funded 23 positions. In both years, MCC covered staff, vehicle, food, and supply expenses.

Reliance on JTPA/MYP funds has its drawbacks. Work commitments and summer staff hire decisions are difficult to make because MCC cannot guarantee adequate youth referrals to fill out work crews. Minnesota's 17 autonomous JTPA Service Delivery Area offices must be negotiated with for youth referrals. JTPA/MYP funding has sustained reductions in recent years, and changing program guidelines has made it increasingly difficult for MCC to secure adequate referrals. Further, JTPA/MYP funds are targeted to handicapped, income and/or educationally disadvantaged youth. Research has shown that a socio-economic mix of youth makes for a better experience, both for the individual's personal growth and the work accomplished.

A \$326,500 increase in dedicated funding for the 1987-89 biennium enabled the MCC to place 38 young adults statewide. All funding sources for the MCC young adult program and the approximate number of positions created by each in the current biennium are as follows: Forest Management (20), Nongame

Wildlife (5); Snowmobile Trails (14), Water Recreation (8), Wildlife Acquisition (14/27), Legislative Commission on Minnesota Resources (16), and General Fund (16).

A Legislative Commission on Minnesota Resources appropriation for the 1987-89 biennium (\$294,000) enabled the MCC to work with the Minnesota Association of County Land Commissioners and the Suburban Hennepin Regional Park District in serving 7 local units of government in the accelerated management of forest and recreation resources. Participant units included Aitkin, Beltrami, Clearwater, Crow Wing, Itasca, and St. Louis counties and Hennepin Parks. For F.Y. 1988, projects valued at \$274,600 were accomplished.

| <u>EFFECTIVENESS MEASURES:</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|---|------------------|------------------|------------------|------------------|
| Estimated value of work accomplished (000's) | \$1,249 | \$1,382 | \$1,382 | \$1,382 |
| Value of work accomplished/ \$1.00 of program cost | \$1.07 | \$1.07 | \$1.07 | \$1.07 |

| <u>STATISTICS:</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|--|------------------|------------------|------------------|------------------|
| MCC funded summer youth positions | 30 | 25 | 25 | 25 |
| Non-MCC funded youth positions | 36 | 23 | ? | ? |
| MCC funded summer staff (college-age) | 22 | 18 | 18 | 18 |
| MCC funded young adult positions | 93 | 106 | 106 | 106 |

| <u>REVENUE:</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|-----------------|------------------|------------------|------------------|------------------|
|-----------------|------------------|------------------|------------------|------------------|

None.

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF
PROGRAM : SPECIAL SERVICES AND PROGRAMS
BUDGET ACTIVITY : YOUTH PROGRAMS

| EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|----------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 1,020 | 1,186 | 995 | 0 | 995 | 995 | 995 | 0 | 995 | 995 |
| EXPENSES/CONTRACTUAL SRVCS | 74 | 135 | 119 | 20 | 139 | 139 | 119 | 57 | 176 | 176 |
| MISC OPERATING EXPENSES | 24 | 21 | 18 | 0 | 18 | 18 | 18 | 0 | 18 | 18 |
| SUPPLIES/MATERIALS/PARTS | 56 | 72 | 67 | 0 | 67 | 67 | 67 | 0 | 67 | 67 |
| CAPITAL EQUIPMENT | 10 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| REAL PROPERTY | 22 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| REDISTRIBUTIONS | 4 | 6 | 6 | 0 | 6 | 6 | 6 | 0 | 6 | 6 |
| TOTAL EXPENDITURES | 1,210 | 1,420 | 1,205 | 20 | 1,225 | 1,225 | 1,205 | 57 | 1,262 | 1,262 |
| CHANGE REQUESTS: | | | | | | | | | | |
| | | | | | | | | | | |
| A FLEET MANAGEMENT | | | | | | | | | | |
| A FLEET MANAGEMENT | | | | | | | | | | |
| A FLEET MANAGEMENT | | | | | | | | | | |
| TOTAL CHANGE REQUESTS | | | | | | | | | | |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 478 | 484 | 500 | 8 | 508 | 508 | 500 | 22 | 522 | 522 |
| MN RESOURCES | 243 | 245 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| WATER RECREATION | 55 | 59 | 59 | 1 | 60 | 60 | 59 | 4 | 63 | 63 |
| SPECIAL REVENUE | 303 | 368 | 371 | 11 | 382 | 382 | 371 | 31 | 402 | 402 |
| GAME AND FISH | 115 | 256 | 267 | 0 | 267 | 267 | 267 | 0 | 267 | 267 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| SPECIAL REVENUE | 9 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL | 5 | 8 | 8 | 0 | 8 | 8 | 8 | 0 | 8 | 8 |
| GIFTS AND DEPOSITS | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL FINANCING | 1,210 | 1,420 | 1,205 | 20 | 1,225 | 1,225 | 1,205 | 57 | 1,262 | 1,262 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF
PROGRAM : SPECIAL SERVICES AND PROGRAMS
BUDGET ACTIVITY : YOUTH PROGRAMS

| SOURCES OF FINANCING: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | | | |
|-----------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|--|--|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | | |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | | | |
| | | | | | | | | | | | | |
| POSITIONS BY FUND: | | | | | | | | | | | | |
| GENERAL | 7.0 | 7.0 | 7.0 | 0.0 | 7.0 | 7.0 | 7.0 | 0.0 | 7.0 | 7.0 | | |
| TOTAL POSITIONS | 7.0 | 7.0 | 7.0 | 0.0 | 7.0 | 7.0 | 7.0 | 0.0 | 7.0 | 7.0 | | |

ACTIVITY: OTHER SUPPORT SERVICES
 Program: SPECIAL SERVICES AND PROGRAMS
 Agency: NATURAL RESOURCES, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

The Other Support Services Activity includes 3 unique statewide service units which assist Department of Natural Resources (DNR) divisions and bureaus. Though primarily internal, these units also provide several important outreach activities such as improved public responsiveness and management of volunteer services. Included are the following functions:

- 1) Human Resources - The bureau provides personnel management support services to all DNR programs, including development of internal personnel management policies and advising supervisors and managers on contract administration and other labor relations issues. In addition, the office provides employee recruitment, classification, training and development, performance appraisal and payroll/transaction processing. During the past several years, demands for personnel management services to be streamlined, timely and more responsive to employee, supervisor and DNR management needs have increased. The remoteness of many DNR locations has further challenged the bureau to develop methods to accommodate these needs. In addition to the basic personnel functions, the bureau has administrative responsibility for the agency's training and affirmative action programs.

The training function is responsible for directing staff enhancement and employee training at the central office and field level. The office formulates department-wide training and development plans and policies; assesses training needs; and prepares, conducts, and evaluates training programs. The training director is assisted in this effort by discipline and regional training boards, established to identify discipline and area-specific training needs. In the past year, special emphasis has been on implementing a department-wide program to aid employees in positively handling interactions with the citizens of Minnesota. A pilot program covering approximately one-third of DNR employees will be completed by the spring of 1989.

The primary goal of the Affirmative Action Unit is to promote a program that includes active recruitment and selection of qualified protected class applicants for DNR positions. The activity also develops and presents special informational programs for supervisors and employees, including preventing sexual harassment, interviewing skills, and working within a diverse and changing cultural work force. This office meets bi-monthly with a statewide DNR Affirmative Action Committee to review affirmative action progress, identify obstacles to protected group hires, and recommend changes in methods to recruit and retain protected class applicants.

- 2) DNR Library - The mission of the Library is to provide access to information in support of department research and decision-making. Since the unit opened in January, 1985, effective systems have been designed and implemented for identifying, acquiring, organizing, and disseminating needed information resources. Services such as document acquisition and cataloging, serials management and routing, on-line literature searches and interlibrary loans have resulted in:

- reduced duplication of information materials,
- reduced staff time and effort to find information,
- increased staff productivity and problem-solving ability, and
- increased interdisciplinary and interagency communication and information exchange.

Use of DNR Library services nearly doubled between 1987 and 1988, and the number of individual clients served increased by more than 30%. Service to field staff tripled in 3 years.

- 3) Volunteer Management - Volunteer Programs has greatly expanded the use of volunteers in providing and improving DNR services to the public. More than 160,000 volunteer hours have been devoted to natural resource-related projects which would not have been possible with existing funds and personnel during the past 5 years. A DNR Retiree Volunteer Program has been established to assist and support the mission of the DNR by using the expertise of past employees in special projects. Volunteers have been used extensively in the Minnesota Clean Rivers Project. Volunteer Programs also serves as the state coordinating agency for Minnesota's "Take Pride in America" campaign.

| STATISTICS: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|--|-----------|-----------|-----------|-----------|
| No. of employees taking customer service training | -0- | 800 | 1,300 | 1,500 |
| No. of employee transactions processed (000's) | 16 | 16 | 16 | 16 |
| No. of complement Affirmative Action hires (calendar year) | 35 | 40 | 50 | 60 |
| No. of grievances filed | 33 | 35 | 37 | 40 |
| Information requests | 2,400 | 2,700 | 2,700 | 2,700 |
| Interlibrary loans | 1,350 | 2,000 | 2,000 | 2,000 |
| DNR library collection loans | 2,100 | 3,000 | 3,000 | 3,000 |
| Items cataloged | 1,830 | 1,700 | 1,700 | 1,700 |
| New volunteer applicants | 1,200 | 1,275 | 1,350 | 1,400 |
| Identified uses for volunteers | 500 | 550 | 575 | 600 |
| Volunteer hours reported (000's) | 134 | 150 | 180 | 200 |
| Dollar value of volunteer work (@ \$7 per hour) (000's) | \$938 | \$1,050 | \$1,260 | \$1,400 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF
PROGRAM : SPECIAL SERVICES AND PROGRAMS
BUDGET ACTIVITY : OTHER SUPPORT SERVICES

| EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|---|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 618 | 691 | 715 | 31 | 746 | 715 | 715 | 96 | 811 | 715 |
| EXPENSES/CONTRACTUAL SRVCS | 212 | 215 | 170 | 46 | 216 | 170 | 176 | 62 | 238 | 176 |
| MISC OPERATING EXPENSES | 41 | 56 | 56 | 12 | 68 | 56 | 56 | 19 | 75 | 56 |
| SUPPLIES/MATERIALS/PARTS | 21 | 19 | 20 | 15 | 35 | 20 | 20 | 15 | 35 | 20 |
| CAPITAL EQUIPMENT | 9 | 1 | 1 | 14 | 15 | 1 | 1 | 10 | 11 | 1 |
| STATE OPERATIONS | 901 | 982 | 962 | 118 | 1,080 | 962 | 968 | 202 | 1,170 | 968 |
| LOCAL ASSISTANCE | 0 | 0 | 0 | 25 | 25 | 25 | 0 | 25 | 25 | 25 |
| TOTAL EXPENDITURES | 901 | 982 | 962 | 143 | 1,105 | 987 | 968 | 227 | 1,195 | 993 |
| CHANGE REQUESTS: | | | | | | | | | | |
| FUND | | | | | | | | | | |
| B IMPROVED CITIZEN SATISFACTION/EMPL PROD | GEN | | | 31 | | 0 | | 69 | | 0 |
| B PERSONNEL INFORMATION SYSTEM | GEN | | | 87 | | 0 | | 133 | | 0 |
| B VOLUNTEER COORDINATION | MNRS | | | 25 | | 25 | | 25 | | 25 |
| TOTAL CHANGE REQUESTS | | | | 143 | | 25 | | 227 | | 25 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 897 | 982 | 962 | 118 | 1,080 | 962 | 968 | 202 | 1,170 | 968 |
| MN RESOURCES | 0 | 0 | 0 | 25 | 25 | 25 | 0 | 25 | 25 | 25 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| SPECIAL REVENUE | 4 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL FINANCING | 901 | 982 | 962 | 143 | 1,105 | 987 | 968 | 227 | 1,195 | 993 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 16.0 | 16.0 | 15.0 | 1.0 | 16.0 | 16.0 | 15.0 | 3.0 | 18.0 | 16.0 |
| TOTAL POSITIONS | 16.0 | 16.0 | 15.0 | 1.0 | 16.0 | 16.0 | 15.0 | 3.0 | 18.0 | 16.0 |

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: OTHER SUPPORT SERVICES
PROGRAM: SPECIAL SERVICES AND PROGRAMS
AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: IMPROVED CITIZEN SATISFACTION AND
ENHANCED EMPLOYEE PRODUCTIVITY

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|----------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 31 | -0- | \$ 69 | 1.0 |

Governor's Recommendation

| | | | | |
|--------------|--------|-----|--------|-----|
| General Fund | \$ -0- | -0- | \$ -0- | -0- |
|--------------|--------|-----|--------|-----|

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

This request is to improve public satisfaction with the service provided by Department of Natural Resources' (DNR) employees to the citizens of Minnesota by improving employee customer service skills and recognizing improved job performance.

Objectives to achieve this include:

- 1) To develop, coordinate, and provide a curriculum of courses to enhance employee public responsiveness skills, including implementation of a comprehensive employee orientation program.
- 2) To implement a comprehensive departmental rewards and recognition program to reinforce excellence in performance and create new incentives to a quickly plateauing work force.
- 3) To minimize employee productivity losses that are attributable to employee work, family, and personal mental and physical health issues.

DESCRIPTION/BACKGROUND:

DNR employees are located in 383 different locations throughout Minnesota and involved in literally hundreds of innovative natural resources programs. The numbers, as well as the remoteness of many work locations, make it difficult

to ensure that employees are well-informed about agency programs. Interaction with the public is a major job responsibility requiring knowledge of program activities and regulations beyond individual employee job descriptions. In addition, there is increasing public expectation for better service. As DNR employees in all disciplines and support areas strive to become more responsive, it is important to provide them with the tools and information pertinent to their specific area of employment as well as sufficient information to allow them to respond professionally to public requests. This is particularly important in greater Minnesota where opportunities for skill improvement courses may be less readily available than in urban areas.

In addition to enhancing employee public responsiveness skills, the department needs to develop and implement strong departmental employee service-oriented programs that reinforce excellent work performance through:

- 1) a series of programs to address decreased productivity and lost work time issues as a result of personal, health, and family issues; and
- 2) a non-monetary rewards and recognition system to recognize individual and team work accomplishments that significantly contribute to the success of specific natural resources programs within the department and demonstrate a high level of public satisfaction with DNR services.

One position is requested in addition to funding (e.g., supplies, expenses, automated information systems) necessary to carry out the program efforts.

| STATISTICS: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|---|-----------|-----------|-----------|-----------|
| No. of employees receiving basic orientation to department/year | -0- | 240 | 270 | 300 |
| No. of employees receiving skills enhancement training/year | 600 | 1,000 | 1,100 | 1,180 |
| No. of employee grievances handled | 40 | 50 | 45 | 45 |

RATIONALE:

The public demands that DNR employees be more and more knowledgeable about natural resource-related programs, laws and regulations. It is crucial that employees throughout the state be provided with the tools and information necessary to demonstrate a strong service orientation to the citizens of Minnesota. Retaining the DNR's skilled work force and recruiting and training employees in multiple work locations requires a greater attentiveness to individual employee stresses and needs.

Improved public and employee responsiveness programs will ensure:

- 1) DNR employees are well-trained and responsive to the many public demands throughout Minnesota; and
- 2) reduction of employee stress and turnover by addressing employee work, personal, family, and health needs in both metropolitan and greater Minnesota areas.

CHANGE REQUEST 1990-91 Biennial Budget
 _____ Agency _____ Program X Activity
 (Continuation)

ACTIVITY: OTHER SUPPORT SERVICES
 PROGRAM: SPECIAL SERVICES AND PROGRAMS
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

IMPACT ON OTHER PROGRAMS:

The Human Resources Bureau provides services to all DNR programs through department-wide training and development plans and policies; assessment of training needs; and preparation, implementation, and evaluation of training programs. Implementation of this request will positively impact the entire department and is critical to providing employees with the necessary skills to handle public demands regarding the department's multiple and varied natural resources programs. Employee stress, resultant productivity losses and turnover will be reduced as employees are provided the skills to positively handle public demands and the personal demands of a changing work environment.

| | | | | |
|--------------------------------------|------------------|------------------|------------------|------------------|
| <u>BASE:</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
| General Fund Expenditures (000's) \$ | 73 | \$ 60 | \$ 60 | \$ 60 |

| | | | |
|--------------------------------------|------------------|------------------|--------------|
| <u>LONG RANGE IMPLICATIONS:</u> | <u>F.Y. 1992</u> | <u>F.Y. 1993</u> | <u>Total</u> |
| General Fund Expenditures (000's) \$ | 69 | \$ 69 | \$ 138 |
| General Fund Positions | 1.0 | 1.0 | 1.0 |

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Although the request has merit, other spending priorities preclude additional funding.

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: OTHER SUPPORT SERVICES
PROGRAM: SPECIAL SERVICES AND PROGRAMS
AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: PERSONNEL INFORMATION SYSTEM TO REDUCE COSTS AND IMPROVE POSITION MANAGEMENT

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|----------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 87 | 1.0 | \$ 133 | 2.0 |

Governor's Recommendation

| | | | | |
|--------------|--------|-----|--------|-----|
| General Fund | \$ -0- | 1.0 | \$ -0- | 1.0 |
|--------------|--------|-----|--------|-----|

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests funds and 2.0 positions for an improved information management system needed by the Human Resources Bureau to provide service to managers and supervisors in 383 work locations throughout Minnesota.

This request will decrease costs currently paid by the Department of Natural Resources (DNR) for unemployment and workers' compensation and improve systems for filling vacancies more efficiently and effectively.

Specific objectives include:

- 1) Reduce unemployment compensation costs by 10% each year of the biennium.
- 2) Reduce workers' compensation costs by 10% each year of the biennium.
- 3) Reduce time delays in filling vacancies by a minimum of 3 weeks through increased delegation of examination and classification authority from the Department of Employee Relations, innovative selection methods, and improved management of existing positions.

DESCRIPTION/BACKGROUND:

The department annually fills more than 800 emergency, seasonal, temporary, part-time, and full-time positions. The current internal record systems for workers' compensation and unemployment compensation are manual systems that make it difficult to manage programs, which cost the agency over \$2.0 million annually. In addition, changes in program activities and continued efforts to respond to and serve the citizens of Minnesota demand that positions be filled quickly.

The bureau needs to develop interdisciplinary information networks of active unemployment compensation claims and workers' compensation claims in order to match employees on paid claims with available work opportunities. Anticipated decentralization of examination authority by the Department of Employee Relations will allow the department to fill vacant positions 2 to 8 weeks

faster. The ability to fill positions quickly, especially in remote work locations, will improve public service by the DNR.

| STATISTICS: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|--|-----------|-----------|-----------|-----------|
| Workers' compensation claims (000's) | 793 | 900 | 810 | 729 |
| Unemployment compensation claims (000's) | 1,065 | 1,110 | 999 | 899 |
| Employment applications processed | 300 | 550 | 1,100 | 1,400 |
| Positions reviewed and properly classified | 475 | 600 | 600 | 600 |

RATIONALE:

Workers' compensation and unemployment compensation costs currently exceed \$2.0 million a year. It is conservatively estimated that such costs could be reduced by at least 10% in the first year of the biennium through an automated information and retrieval system that also would provide needed information to line managers and supervisors and reduce "down time" in the processing of applications for employment by at least 25%. The need is especially critical in remote work locations that are already sparsely staffed. Included in this request are 2.0 full-time positions in addition to hardware and software systems necessary to ensure greater services by each region, area, or district. The new positions will be responsible for developing internal automated information systems and inputting information for use by all management staff. Improved staffing and equipment capabilities will enhance the department's ability to fill positions quickly through 1) assessment matches of available employees on workers' compensation and unemployment compensation to reduce costs and 2) delegated classification and examination authority to reduce processing time by a minimum of 25%.

IMPACT ON OTHER PROGRAMS:

The Human Resources Bureau provides services to all DNR operations. Implementation of the CHANGE request will positively impact the entire department. It is critical in responding to escalating workers' compensation and unemployment compensation costs and to meeting the needs of DNR managers/supervisors in filling positions in a timely manner.

BASE: None.

| LONG RANGE IMPLICATIONS: | F.Y. 1992 | F.Y. 1993 | Total |
|--------------------------------------|-----------|-----------|--------|
| General Fund Expenditures (000's) \$ | 133 | \$ 133 | \$ 266 |
| General Fund Positions | 2.0 | 2.0 | 2.0 |

GOVERNOR'S RECOMMENDATION:

The Governor recommends the 1.0 position but no additional funding. Funding for this position should come from savings resulting from reduced unemployment and Workers' Compensation costs projected by the agency.

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: OTHER SUPPORT SERVICES
PROGRAM: SPECIAL SERVICES AND PROGRAMS
AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: LOCAL VOLUNTEER COORDINATION - LCMR

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| Minnesota Resources Fund | \$ 25 | -0- | \$ 25 | -0- |
| Governor's Recommendation | | | | |
| Minnesota Resources Fund | \$ 25 | -0- | \$ 25 | -0- |

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

Funds are requested for a grant to Polk County Central Cities Community Center to improve coordination between volunteer groups and resource managers.

The specific goal of this project is development of the capacity of local volunteers to improve and properly manage area natural resources. This will be achieved by coordinating local planning for such improvements and working with entities responsible for natural resource management. Objectives to achieve this goal include:

- 1) Improved coordination and dialogue between and among natural resource "providers" and "users" to facilitate development, management and increased capacity to utilize existing resources.
- 2) Formation of a coalition of member cities, local conservation and sportsmen's clubs and other interested parties to identify joint project options, priorities, and available resources and implement project development.
- 3) Provision of planning assistance to community natural resource projects. Also, assist private entrepreneurs and landowners to develop natural resource-based, non-traditional agricultural income and employment opportunities (e.g., aquaculture, fee-based hunting, maple syrup production, etc.).

DESCRIPTION/BACKGROUND:

Not being a primary tourism or high visibility area for the Department of Natural Resources, central and eastern Polk County's natural resources have generally been undeveloped. Natural resource development is now receiving more local attention as a means for economic diversification with recreation, tourism and related public and private natural resource development options occurring or being planned. Local conservation and sportsmen's clubs, watershed district personnel, lake improvement association representatives and city officials are among those directly interested in responsible, managed development of the natural resource base of the area. While there is a genuine desire to improve the natural resources of the area, these local groups lack the organization and technical expertise to effect these changes.

Local conservation and sportsmen's clubs have indicated specific projects they are interested in working on, including fishing piers, fish rearing ponds, fish stocking and fish management, a goose refuge, trail development and habitat improvements. These local volunteers are also interested in applying their efforts to development of proposed public projects related to the proposed Winger and Fertile reservoirs and in working with the Sandhill Watershed Districts to maintain environmental quality of this watershed.

Evolution of this project will be on-going throughout the biennium. It is hoped that by the time the project would begin, the coalitions would already be somewhat in place and the program emphasis will be on cooperative management and improvements related to specific projects which will serve to sort out a workable balance between the various involved parties.

RATIONALE:

Direct benefits of the project will be improved management of the natural resource base of the project area which will foster recreation, tourism and general economic diversification of the project area. This will be achieved through the improved communication resulting from the coalitions established and the specific projects accomplished. Of great importance and lasting value, the project will increase local volunteers' capacity to utilize professional management expertise and resources available through the various natural resource management agencies. This will enhance service delivery from these agencies, thus extending their limited resources. Developing the capacity of local volunteers to have more control over their area resources will foster a greater sense of responsibility and stewardship of these resources. The ultimate result of this project will be the existence of a diversified, healthy area economy with orderly development of the area's natural resources strongly contributing to future growth. Of statewide significance will be the ability to apply the methods used in this project to successfully develop similar coalitions between natural resource agencies and local volunteers statewide.

A project dealing with natural resource development is currently underway in the proposed project area, involving a \$50,000 budget. Local support for the project will primarily consist of the time and expense of local volunteers as they are mobilized on projects. Groups, such as the Department of Natural Resources, Pollution Control Agency, University Extension and others, will also be providing significant in-kind staff support in coordination with project staff and local volunteers. By the time the project begins, additional financial support is expected from the individual cities in the

CHANGE REQUEST 1990-91 Biennial Budget
____ Agency ____ Program X Activity
(Continuation)

ACTIVITY: OTHER SUPPORT SERVICES
PROGRAM: SPECIAL SERVICES AND PROGRAMS
AGENCY: NATURAL RESOURCES, DEPARTMENT OF

RATIONALE: (Contd.)

project area. Leveraging of additional resources to assist in these efforts will also be critical. Private foundations, such as the Mellon Foundation and the Fish America Foundation which are involved with environmental enhancement, preservation and education, will be contacted to determine their potential involvement in area projects. A project proposal has also been submitted to the Greater Minnesota Corporation to assist in several aquaculture research proposals in the area.

BASE: F.Y. 1988 F.Y. 1989 F.Y. 1990 F.Y. 1991

None.

LONG RANGE IMPLICATIONS: F.Y. 1992 F.Y. 1993 Total

None.

GOVERNOR'S RECOMMENDATION:

The Governor recognizes the authority of the Minnesota Future Resources Commission (MFRC, formerly the LCMR) to make budget recommendations directly to the legislature. While the Governor's budget reflects these recommendations in various agency proposals, the MFRC will present an entire package to the State Departments Division for legislative action.

ACTIVITY: MINNESOTA ENVIRONMENTAL EDUCATION BOARD 1990-91 Biennial Budget
Program: SPECIAL SERVICES AND PROGRAMS
Agency: NATURAL RESOURCES, DEPARTMENT OF

PURPOSE:

The Minnesota Environmental Education Board (MEEB) exists to foster the constructive use of natural resources and the environment and to promote coordination among various groups and institutions developing and distributing environmental education materials for formal and informal, kindergarten through adult education (M.S. 116E.01).

MEEB provides a network of citizen volunteers which no state in the nation can match. Members include business people, farmers, elected officials, laborers, representatives of voluntary organizations, educators and regional development commission representatives.

MEEB is composed of 13 regional councils with 12 members each. The board employs an Executive Director, 1 full-time regional coordinator, 1 full-time secretary, 4 seasonal regional coordinators, and 4 part-time secretaries.

Workplans are developed annually by each regional council to address local environmental issues such as groundwater, soil conservation, hazardous waste, recycling and wildlife habitat. Workplans are reviewed by the board--an advisory and policy-making body composed of representatives from each of the 13 regions, 6 members appointed by the Commissioners of the Departments of Natural Resources and Education, and representatives from 7 state agencies.

RECENT BUDGET HISTORY:

MEEB suffered a 50% cut in funding during the 1981-83 biennium, which dramatically affected its ability to provide the necessary staffing to maintain earlier program successes. CHANGE requests approved during the last 2 biennia have recouped \$97,000 of that cut, allowing a restoration of seasonal staffing levels in Grand Rapids and Morris and contributing materials and programs to implement the 1986 Elementary Education Rule.

| <u>STATISTICS:</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|--|------------------|------------------|------------------|------------------|
| Regional programs conducted | 245 | 245 | 245 | 245 |
| Participants in regional programs (000's) | 102 | 102 | 102 | 102 |
| Students using environmental learning stations (000's) | 35 | 35 | 35 | 35 |
| Curriculum workshop leaders trained | 165 | 180 | 150 | 150 |
| Teachers trained in curriculum materials | 1,275 | 1,425 | 1,000 | 1,000 |
| Requests for materials | 2,300 | 2,500 | 2,500 | 2,500 |

REVENUE:

This activity generates dedicated revenue.

| <u>Type of Revenue</u> | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|-----------------------------|------------------|------------------|------------------|------------------|
| Dedicated - special (000's) | \$ 46 | \$ -0- | \$ -0- | \$ -0- |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF
PROGRAM : SPECIAL SERVICES AND PROGRAMS
BUDGET ACTIVITY : MINNESOTA ENVIRONMENTAL EDUCATION BOARD

| | | F.Y. 1990 | | | | | F.Y. 1991 | | | |
|---|-----|----------------|---------|------|-----------------------|----------------|-----------|--------|-----------------------|-----|
| | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | |
| EXPENDITURES: | | FY 1988 | FY 1989 | BASE | CHANGE | TOTAL | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | | 269 | 275 | 282 | 161 | 443 | 344 | 282 | 161 | 443 |
| EXPENSES/CONTRACTUAL SRVCS | | 52 | 74 | 74 | 64 | 138 | 133 | 74 | 322 | 396 |
| MISC OPERATING EXPENSES | | 27 | 27 | 27 | 18 | 45 | 39 | 27 | 18 | 45 |
| SUPPLIES/MATERIALS/PARTS | | 15 | 16 | 20 | 9 | 29 | 29 | 20 | 5 | 25 |
| CAPITAL EQUIPMENT | | 15 | 0 | 0 | 13 | 13 | 13 | 0 | 0 | 0 |
| REDISTRIBUTIONS | | 4 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| STATE OPERATIONS | | 382 | 392 | 403 | 265 | 668 | 558 | 403 | 506 | 909 |
| LOCAL ASSISTANCE | | 6 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL EXPENDITURES | | 388 | 392 | 403 | 265 | 668 | 558 | 403 | 506 | 909 |
| CHANGE REQUESTS: | | FUND | | | | | | | | |
| A FLEET MANAGEMENT | GEN | | | | 0 | 0 | | 1 | | 1 |
| B MEEB CURRICULUM & REGIONAL COORDINATION | GEN | | | | 110 | 0 | | 110 | | 0 |
| B WATER EDUCATION | GEN | | | | 155 | 155 | | 395 | | 395 |
| TOTAL CHANGE REQUESTS | | | | | 265 | 155 | | 506 | | 396 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | | 362 | 359 | 370 | 265 | 635 | 525 | 370 | 506 | 876 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| SPECIAL REVENUE | | 6 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL | | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| GIFTS AND DEPOSITS | | 17 | 33 | 33 | 0 | 33 | 33 | 33 | 0 | 33 |
| TOTAL FINANCING | | 388 | 392 | 403 | 265 | 668 | 558 | 403 | 506 | 909 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | | 3.0 | 3.0 | 3.0 | 4.0 | 7.0 | 5.0 | 3.0 | 4.0 | 5.0 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF
PROGRAM : SPECIAL SERVICES AND PROGRAMS
BUDGET ACTIVITY : MINNESOTA ENVIRONMENTAL EDUCATION BOARD

| POSITIONS BY FUND: | F.Y. 1990 | | | | | | F.Y. 1991 | | | |
|--------------------|----------------|---------|-------|--------|-------|--------------------|----------------|--------|-------|--------------------|
| | ----- | | | | | | ----- | | | |
| | AGENCY REQUEST | | | | | | AGENCY REQUEST | | | |
| | ----- | | | | | | ----- | | | |
| | FY 1988 | FY 1989 | BASE | CHANGE | TOTAL | GOVERNOR'S RECOMM. | BASE | CHANGE | TOTAL | GOVERNOR'S RECOMM. |
| | ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| TOTAL POSITIONS | 3.0 | 3.0 | 3.0 | 4.0 | 7.0 | 5.0 | 3.0 | 4.0 | 7.0 | 5.0 |

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: MINNESOTA ENVIRONMENTAL EDUCATION BOARD
PROGRAM: SPECIAL SERVICES AND PROGRAMS
AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: MEEB CURRICULUM AND REGIONAL COORDINATION

| Agency Request | F.Y. 1990 (000's) | | F.Y. 1991 (000's) | |
|----------------|----------------------|-----------|----------------------|-----------|
| | Amount | Positions | Amount | Positions |
| General Fund | \$ 110 | 2.0 | \$ 110 | 2.0 |

Governor's Recommendation

| | | | | |
|--------------|--------|-----|--------|-----|
| General Fund | \$ -0- | -0- | \$ -0- | -0- |
|--------------|--------|-----|--------|-----|

Request requires statutory change: _____ Yes X No
Statutes Affected: _____

STATEMENT OF REQUEST/OBJECTIVE:

The Minnesota Environmental Education Board (MEEB) requests funds to increase coordination and delivery of environmental education programs among state and local organizations throughout Minnesota. The proposal will expand the staffing services available to the 200 volunteers serving on MEEB's 13 regional councils through the addition of 1 regional coordinator and clerical support. Funds are also requested for 1 curriculum coordinator position with clerical support to provide to Minnesota teachers increased coordination of environmental education curriculum programs.

DESCRIPTION/BACKGROUND:

The increased demands for environmental education among school children and adults, as well as the needs for greater coordination and higher quality of programming, require increased resources. Over 100 state and local organizations participate with MEEB in co-sponsoring educational events. Professional and clerical staff time is involved in coordinating sponsorship, locating materials, resources and speakers, managing workplans and budgets, and organizing events. Currently, most regional coordinators, working on a seasonal basis, provide staffing services to 3 regions of the state. The addition of 1 full-time regional coordinator would allow the seasonal coordinators to serve 2 regions.

The addition of a curriculum coordinator position would continue implementation of the Elementary Education Rule for environmental education in coordination with the Department of Education. It would assure a coordinated approach and continuation of curriculum programs including Agstravaganza, Project Learning Tree, Project WILD, and other state and national environmental programs. Regional workshop leaders would continue to be trained to help teachers integrate these materials within their existing curriculum.

dination with the Department of Education. It would assure a coordinated approach and continuation of curriculum programs including Agstravaganza, Project Learning Tree, Project WILD, and other state and national environmental programs. Regional workshop leaders would continue to be trained to help teachers integrate these materials within their existing curriculum.

| STATISTICS: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|--|-----------|-----------|-----------|-----------|
| Regional programs conducted | 245 | 245 | 275 | 275 |
| Participants in regional programs (000's) | 102 | 102 | 115 | 115 |
| Students using environmental learning stations (000's) | 35 | 35 | 37 | 37 |
| Curriculum workshop leaders trained | 165 | 180 | 200 | 200 |
| Teachers trained in curriculum materials | 1,275 | 1,425 | 3,000 | 3,000 |
| Requests for materials | 2,300 | 2,500 | 2,500 | 2,500 |

RATIONALE:

An increase in staff for the regional councils will provide stronger coordination of environmental programs among state agencies and local organizations. More of the programming ideas generated by the regional council volunteers will be implemented. More Minnesota citizens, kindergarten through adult, will be served because of the increased number of programs and additional staff time available for promoting environmental education.

The curriculum coordinator will assist schools in teaching about the environment. It has been proven that teachers are likely to teach a topic such as environmental education if they have been trained and motivated to do so through workshop sessions. Funding for the coordination of workshop programs will result in increased teaching of concepts about water, soil, wildlife, forestry, and other environmental topics.

| BASE: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|-----------------------------------|-----------|-----------|-----------|-----------|
| General Fund Expenditures (000's) | \$ 350 | \$ 350 | \$ 350 | \$ 350 |
| General Fund Positions | 3.0 | 3.0 | 3.0 | 3.0 |

| LONG RANGE IMPLICATIONS: | F.Y. 1992 | F.Y. 1993 | Total |
|-----------------------------------|-----------|-----------|--------|
| General Fund Expenditures (000's) | \$ 110 | \$ 110 | \$ 220 |
| General Fund Positions | 2.0 | 2.0 | 2.0 |

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Although the request has merit, other spending priorities preclude additional funding.

CHANGE REQUEST
 _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: MINNESOTA ENVIRONMENTAL EDUCATION BOARD
 PROGRAM: SPECIAL SERVICES AND PROGRAMS
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: WATER EDUCATION

| Agency Request | F.Y. 1990 (000's) | | F.Y. 1991 (000's) | |
|-------------------------------|----------------------|-----------|----------------------|-----------|
| | Amount | Positions | Amount | Positions |
| General Fund | \$ 155 | 2.0 | \$ 395 | 2.0 |
| Governor's Recommendation | | | | |
| General Fund | \$ 155 | 2.0 | \$ 395 | 2.0 |

Request requires statutory change: X Yes _____ No
 Statutes Affected: M.S. 116E.01

STATEMENT OF REQUEST/OBJECTIVE:

The Minnesota Environmental Education Board (MEEB) requests funding to establish a Water Information and Education Committee to provide to the public, decision-makers, regulators, educators, and the regulated community the necessary information and education for making environmentally sound decisions in areas which may impact water.

DESCRIPTION/BACKGROUND:

MEEB would establish a Water Information and Education Committee and coordinate the programs designed by the committee. The committee would exist to:

- 1) Identify water information and education needs, priorities, goals and prepare an implementation plan.
- 2) Coordinate the development and evaluation of water information and education materials and resources.
- 3) Coordinate the dissemination of water information and education through existing delivery systems.
- 4) Manage funding allocated to this committee to accomplish assessment, development, delivery and evaluation.
- 5) Prepare annual report on program results.

STATISTICS:

| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|--|-----------|-----------|-----------|-----------|
| Water education plan developed | -0- | -0- | 1 | 1 |
| K-12 water curriculum developed | -0- | -0- | -0- | 1 |
| Participants in water information and education programs (000's) | -0- | -0- | 10 | 50 |

RATIONALE:

An informed and educated public is essential in protecting water resources for the immediate future and for future generations. Information and education must be a key component of any water protection program. Water degradation can be directly attributed to individual choices, behaviors and widespread practices by public and private businesses and institutions. Water protection requires appropriate voluntary actions to prevent degradation of this most valuable resource. Non-biased information and educational programs based on research are the foundation upon which to build well-balanced information and educational programs to reach a broad cross section of Minnesota's population; i.e., business, industry, public decision-makers, professionals, educators, and the general public. Effective and creditable education programs should be delivered by non-advocacy educators who present all issues in a non-biased format which allows for the presentation of factual information based on research and technical information, and presents the pros and cons of various individuals, groups, and organizations.

BASE:

| | (Dollars in Thousands) | | | |
|---------------------------|------------------------|-----------|-----------|-----------|
| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| General Fund Expenditures | \$ 350 | \$ 350 | \$ 350 | \$ 350 |
| General Fund Positions | 3.0 | 3.0 | 3.0 | 3.0 |

LONG RANGE IMPLICATIONS:

| | (Dollars in Thousands) | | |
|---------------------------|------------------------|-----------|--------|
| | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund Expenditures | \$ 300 | \$ 300 | \$ 600 |
| General Fund Positions | 2.0 | 2.0 | 2.0 |

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request. The Governor recommends that this request be approved as a component of the "Comprehensive Water Resources Protection Act of 1989."

PROGRAM: ADMINISTRATIVE MANAGEMENT
Agency: NATURAL RESOURCES, DEPARTMENT OF

1990-91 Biennial Budget

PROGRAM PURPOSE:

The primary purpose of the Administrative Management Program is to provide the overall management and administrative service functions necessary for the effective and efficient operation of the Department of Natural Resources (DNR). It is the focal point for formulating and establishing policy directions for natural resources programs, integrating the various programs, and providing the administrative systems required for program implementation. The program is composed of the Administrative Management, Licensing, and Information and Data Systems activities.

OPERATION:

This program encompasses the following operations:

- 1) Commissioner's Office: Manages the department, formulates and establishes priorities and policies for implementation of natural resources management, and integrates the operations of the department into a cohesive management direction.
- 2) Financial Management: Conducts DNR financial management functions including the establishment of internal financial management policies and procedures, providing financial management reports to operating units of the department, providing financial transaction services to department units, and developing and monitoring of biennial budgets and annual spending plans.
- 3) License Center: Administration of licensing (hunting, fishing, trapping, snowmobiles, watercraft) including license development, printing, distribution and sales.
- 4) Internal Audit: Conducts both internal and external audits of various activities including state park sales, boat and water safety grants, and snowmobile trail grants.
- 5) Information and Data Systems: Provides for the administration and coordination of DNR data/word processing systems in support of natural resources management.
- 6) Office Services: Provides general office services to DNR units including mail services, forms handling and distribution, records management, and photocopying services.

Bureaus in this program are under the supervision of the Assistant Commissioner for Administration, except for Internal Audit, which is directly under the supervision of the Commissioner. Bureaus establish internal policies and procedures for the effective conduct of administrative functions by the various DNR operating units and provide a variety of specialized services in their particular area of expertise to the operating units. Failure to adequately provide these specialized services would require each operational unit in the department to either employ specialists on their staff (accountants, auditors, licensing personnel, etc.) or contract for services, resulting in inefficiencies and increased costs.

BUDGET ISSUE:

One of the more serious budget issues for the Administrative Management Program is the development of a department-wide automated cost accounting system. The department has acknowledged the need for a cost accounting system for some time. The objectives of such a system are to: provide information to enhance management decision-making; improve accountability; improve departmental responsiveness to requests for project/program cost information; and accelerate the process for federal requests for reimbursement, thereby improving cash flow and increasing interest earnings. The cost estimate for the development and maintenance of an automated cost accounting system for the department is \$500,000. A CHANGE request was prepared but omitted due to other budget priorities.

EXPLANATION OF BUDGET REQUEST:

Four CHANGE request items (000's) totaling \$1,251 are requested for this program. \$33 and 1.0 position each year is requested for the Internal Audit Unit to perform financial and operational audits on the state parks and the snowmobile and cross-country ski grants-in-aid made to cities and counties. \$43 and the conversion of 13.0 part-time positions to full-time complement is requested for the License Bureau. \$1 in F.Y. 1991 is requested to fund fleet management. \$410 and 6.0 positions in F.Y. 1990 and \$688 and 8.0 positions in F.Y. 1991 are requested for: installment purchase payments for the acquisition and installation of computer upgrade for 3 regional headquarters, plus the central office headquarters; implementation of headquarters and inter-regional communications; continuity in planning for the DNR Management Information Systems activities for the long-term; workable scheme to ensure that DNR's primary data bases are fully accurate, consistent, and that updates/collection are timely and accurate; continuation of employee development; and additional staff support necessary to implement and maintain these functions. The above objectives will expand the service capability to increase responsiveness to the public.

GOVERNOR'S RECOMMENDATION:

The governor recommends the agency CHANGE requests, except for a reduced level of funding for the Information and Data Systems CHANGE request and a \$30,000 annual reduction in the licensing activity due to the BASE reduction in cross country skiing.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF
PROGRAM : ADMINISTRATIVE MANAGEMENT

| | | F.Y. 1990 | | | | | | F.Y. 1991 | | | |
|---|------|-----------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| ACTIVITY EXPENDITURES: | | FY 1988 | FY 1989 | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| ADMINISTRATIVE MANAGEMENT | | 2,579 | 2,510 | 2,599 | 33 | 2,632 | 2,632 | 2,608 | 34 | 2,642 | 2,642 |
| A FLEET MANAGEMENT | GEN | | | | 0 | | 0 | | 1 | | 1 |
| B INTERNAL AUDIT | SREV | | | | 33 | | 33 | | 33 | | 33 |
| LICENSING | | 1,437 | 1,522 | 1,553 | 43 | 1,596 | 1,566 | 1,558 | 43 | 1,601 | 1,571 |
| A X COUNTRY SKI | GEN | | | | 0 | | <30> | | 0 | | <30> |
| B CONVERSION OF PART-TIME TO FULL-TIME | WREC | | | | 43 | | 43 | | 43 | | 43 |
| INFORMATION AND DATA SYSTEMS | | 944 | 1,153 | 1,183 | 410 | 1,593 | 1,419 | 1,188 | 688 | 1,876 | 1,572 |
| A INFORMATION SYSTEM PLANNING & GEN DEVELOPMENT | | | | | 410 | | 236 | | 688 | | 384 |
| TOTAL EXPENDITURES | | 4,960 | 5,185 | 5,335 | 486 | 5,821 | 5,617 | 5,354 | 765 | 6,119 | 5,785 |
| SOURCES OF FINANCING: | | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | | |
| GENERAL | | 2,647 | 2,545 | 2,648 | 410 | 3,058 | 2,854 | 2,650 | 689 | 3,339 | 3,005 |
| WATER RECREATION | | 503 | 594 | 608 | 43 | 651 | 651 | 613 | 43 | 656 | 656 |
| SPECIAL REVENUE | | 77 | 79 | 81 | 33 | 114 | 114 | 81 | 33 | 114 | 114 |
| GAME AND FISH | | 1,601 | 1,779 | 1,810 | 0 | 1,810 | 1,810 | 1,822 | 0 | 1,822 | 1,822 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | | |
| SPECIAL REVENUE | | 117 | 124 | 124 | 0 | 124 | 124 | 124 | 0 | 124 | 124 |
| FEDERAL | | 15 | 42 | 42 | 0 | 42 | 42 | 42 | 0 | 42 | 42 |
| GIFTS AND DEPOSITS | | 0 | 22 | 22 | 0 | 22 | 22 | 22 | 0 | 22 | 22 |
| TOTAL FINANCING | | 4,960 | 5,185 | 5,335 | 486 | 5,821 | 5,617 | 5,354 | 765 | 6,119 | 5,785 |
| POSITIONS BY FUND: | | | | | | | | | | | |
| GENERAL | | 46.0 | 47.0 | 47.0 | 6.0 | 53.0 | 50.0 | 47.0 | 8.0 | 55.0 | 50.0 |
| WATER RECREATION | | 7.0 | 7.0 | 7.0 | 13.0 | 20.0 | 20.0 | 7.0 | 13.0 | 20.0 | 20.0 |
| SPECIAL REVENUE | | 2.0 | 2.0 | 2.0 | 1.0 | 3.0 | 3.0 | 2.0 | 1.0 | 3.0 | 3.0 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF
PROGRAM : ADMINISTRATIVE MANAGEMENT

| POSITIONS BY FUND: | FY 1988 | FY 1989 | F.Y. 1990 | | | | GOVERNOR'S RECOMM. | F.Y. 1991 | | | | |
|--------------------|---------|---------|----------------|--------|-------|-------|-----------------------|----------------|--------|-------|-------|--|
| | | | AGENCY REQUEST | | | TOTAL | | AGENCY REQUEST | | | TOTAL | |
| | | | BASE | CHANGE | TOTAL | | | BASE | CHANGE | TOTAL | | |
| GAME AND FISH | 13.0 | 13.0 | 13.0 | 0.0 | 13.0 | 13.0 | 13.0 | 13.0 | 0.0 | 13.0 | 13.0 | |
| FEDERAL | 1.0 | 1.0 | 1.0 | 0.0 | 1.0 | 1.0 | 1.0 | 1.0 | 0.0 | 1.0 | 1.0 | |
| TOTAL POSITIONS | 69.0 | 70.0 | 70.0 | 20.0 | 90.0 | 87.0 | 87.0 | 70.0 | 22.0 | 92.0 | 87.0 | |

ACTIVITY: ADMINISTRATIVE MANAGEMENT
Program: ADMINISTRATIVE MANAGEMENT
Agency: NATURAL RESOURCES, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

Administrative management provides overall management direction to allow the department to fulfill its mission. Management and support services are also provided for other department line functions in the areas of financial, personnel and other administrative services. There is a broad spectrum of clientele to consider in directing the mission of the department, establishing goals and priorities for natural resources management, responding to issues and concerns, and providing support for operating functions scattered throughout the state. This includes citizens, the executive and legislative branches of state government, local units of government, natural resources users, environmental and sports groups, the media, and other department personnel. Included in this activity are 1) Commissioner's Office, 2) Financial Management, 3) Internal Audit, and 4) Office Services.

The department is organized into 6 regions, 6 divisions, 1 special unit (Trails and Waterways) and 11 bureaus. Each processes its own financial, personnel and other administrative documents based on policies and procedures developed by the Administrative Management Activity. This activity also provides the control and coordination necessary for efficient and effective management and performs functions that cannot be decentralized.

STATISTICS:

F.Y. 1988 F.Y. 1989 F.Y. 1990 F.Y. 1991

| | | |
|--|-----|-----|
| County grant and internal audits performed | 135 | 134 |
| Pieces of mail processed | | |
| Accounting transactions processed | | |
| Contracts managed through bid process | | |

REVENUE:

None.

BUDGET ISSUE:

It is becoming increasingly difficult to perform the administrative functions. As budgets shrink, staff agencies (i.e., Departments of Administration, Finance, and Employee Relations) delegate more and provide less support to line agencies. Reporting and regulation requirements are greater and changes in legislation requiring payments for various services have further contributed to this problem.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF
PROGRAM : ADMINISTRATIVE MANAGEMENT
BUDGET ACTIVITY : ADMINISTRATIVE MANAGEMENT

| F.Y. 1990 | | | | | | | F.Y. 1991 | | | |
|----------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| EXPENDITURES: | FY 1988 | FY 1989 | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 1,463 | 1,559 | 1,612 | 30 | 1,642 | 1,642 | 1,612 | 30 | 1,642 | 1,642 |
| EXPENSES/CONTRACTUAL SRVCS | 711 | 568 | 601 | 0 | 601 | 601 | 610 | 1 | 611 | 611 |
| MISC OPERATING EXPENSES | 277 | 313 | 313 | 3 | 316 | 316 | 313 | 3 | 316 | 316 |
| SUPPLIES/MATERIALS/PARTS | 81 | 70 | 73 | 0 | 73 | 73 | 73 | 0 | 73 | 73 |
| CAPITAL EQUIPMENT | 23 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| REDISTRIBUTIONS | 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| STATE OPERATIONS | 2,560 | 2,510 | 2,599 | 33 | 2,632 | 2,632 | 2,608 | 34 | 2,642 | 2,642 |
| LOCAL ASSISTANCE | 19 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL EXPENDITURES | 2,579 | 2,510 | 2,599 | 33 | 2,632 | 2,632 | 2,608 | 34 | 2,642 | 2,642 |
| CHANGE REQUESTS: | FUND | | | | | | | | | |
| A FLEET MANAGEMENT | GEN | | | 0 | | 0 | | 1 | | 1 |
| B INTERNAL AUDIT | SREV | | | 33 | | 33 | | 33 | | 33 |
| TOTAL CHANGE REQUESTS | | | | 33 | | 33 | | 34 | | 34 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 1,884 | 1,827 | 1,907 | 0 | 1,907 | 1,907 | 1,909 | 1 | 1,910 | 1,910 |
| WATER RECREATION | 15 | 15 | 15 | 0 | 15 | 15 | 15 | 0 | 15 | 15 |
| SPECIAL REVENUE | 4 | 15 | 15 | 33 | 48 | 48 | 15 | 33 | 48 | 48 |
| GAME AND FISH | 661 | 589 | 598 | 0 | 598 | 598 | 605 | 0 | 605 | 605 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| FEDERAL | 15 | 42 | 42 | 0 | 42 | 42 | 42 | 0 | 42 | 42 |
| GIFTS AND DEPOSITS | 0 | 22 | 22 | 0 | 22 | 22 | 22 | 0 | 22 | 22 |
| TOTAL FINANCING | 2,579 | 2,510 | 2,599 | 33 | 2,632 | 2,632 | 2,608 | 34 | 2,642 | 2,642 |

POSITIONS BY FUND:

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF
PROGRAM : ADMINISTRATIVE MANAGEMENT
BUDGET ACTIVITY : ADMINISTRATIVE MANAGEMENT

| POSITIONS BY FUND: | F.Y. 1990 | | | | | | F.Y. 1991 | | | |
|--------------------|-----------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | FY 1988 | FY 1989 | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| GENERAL | 35.0 | 36.0 | 36.0 | 0.0 | 36.0 | 36.0 | 36.0 | 0.0 | 36.0 | 36.0 |
| SPECIAL REVENUE | 0.0 | 0.0 | 0.0 | 1.0 | 1.0 | 1.0 | 0.0 | 1.0 | 1.0 | 1.0 |
| GAME AND FISH | 1.0 | 1.0 | 1.0 | 0.0 | 1.0 | 1.0 | 1.0 | 0.0 | 1.0 | 1.0 |
| FEDERAL | 1.0 | 1.0 | 1.0 | 0.0 | 1.0 | 1.0 | 1.0 | 0.0 | 1.0 | 1.0 |
| TOTAL POSITIONS | 37.0 | 38.0 | 38.0 | 1.0 | 39.0 | 39.0 | 38.0 | 1.0 | 39.0 | 39.0 |

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: ADMINISTRATIVE MANAGEMENT
PROGRAM: ADMINISTRATIVE MANAGEMENT
AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: INTERNAL AUDIT

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|---|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| Special Revenue-- Snowmobile Safety and Enforcement Account | \$ 16 | .5 | \$ 16 | .5 |
| Parks Maintenance and Operations Account | 17 | .5 | 17 | .5 |
| Governor's Recommendation | | | | |
| Special Revenue-- Snowmobile Safety and Enforcement Account | \$ 16 | .5 | \$ 16 | .5 |
| Parks Maintenance and Operations Account | 17 | .5 | 17 | .5 |

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The department requests funds and complement authority for an auditor position to conduct financial and operational audits on Minnesota's state parks to determine if they operate efficiently and effectively. The position will also audit the snowmobile and cross-country ski grants that counties and cities receive to determine if they are using their grant funds properly.

DESCRIPTION/BACKGROUND:

The Internal Audit Unit has been severely limited in its ability to handle the normal and necessary audits of the Department of Natural Resources. With over 2,500 full-time classified employees, 89 separate locations, and more than a \$140 million annual budget, it is essential that the Internal Audit Unit be adequately staffed to ensure that programs are operating within statutory guidelines and state funds are spent properly.

Currently, the Parks and Recreation Program receives over \$15.4 million a year for the management, maintenance, operation and development of Minnesota's 64 state parks and is on a 13-year audit schedule. These parks bring

in approximately \$5.7 million of dedicated revenue annually.

The Trails and Waterways Management Unit is in charge of granting snowmobile and cross-country ski grants-in-aid to the counties and cities within Minnesota. These grants are used to maintain and develop over 10,000 miles of snowmobile and 1,500 miles of cross-country ski trails. At the present time, this involves over 100 separate grants and approximately \$2 million for this program. With the current level of personnel, these grants are audited every 22 years.

STATISTICS:

| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|----------------------------|-----------|-----------|-----------|-----------|
| Number of parks audited | 7 | 4 | 14 | 14 |
| Number of counties audited | 1 | 2 | 6 | 8 |

RATIONALE:

The department and the legislature need to have assurance that dedicated monies are spent in accordance with their mandates. The taxpayers of this state need to know that their tax dollars are spent effectively and within the statutory requirements. The safeguarding of state assets and monies is very important to both the legislature and the taxpayers of this state. This position will help ensure that these needs and goals are met.

BASE:

| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|-------|-----------|-----------|-----------|-----------|
| None. | | | | |

LONG RANGE IMPLICATIONS:

| | F.Y. 1992 | F.Y. 1993 | Total |
|---|-----------|-----------|-------|
| Special Revenue-- Snowmobile Safety and Enforcement Account | \$ 19 | \$ 21 | \$ 40 |
| Parks Maintenance and Operations Account | \$ 19 | \$ 21 | \$ 40 |
| Special Revenue Fund Positions | 1.0 | 1.0 | 1.0 |

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

ACTIVITY: LICENSING
 Program: ADMINISTRATIVE MANAGEMENT
 Agency: NATURAL RESOURCES, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

The License Bureau administers the issuance of all cross-country skiing, hunting, fishing, and trapping licenses, both recreational and commercial, as authorized by law. It also administers the selection, by lottery, of successful applicants for antlerless deer, bear, turkey, and moose hunting licenses. County auditors are agents of the Commissioner in the sale of these licenses and may appoint subagents, such as sports shops and resorts, in order to make licenses readily available to the public.

The License Bureau also administers the issuance of watercraft, snowmobile, and all-terrain vehicle registrations. Authorized deputy registrars of motor vehicles serve as agents of the Commissioner in the sale of these registrations.

STATISTICS: F.Y. 1988 F.Y. 1989 F.Y. 1990 F.Y. 1991

Registrations:

| | | | | |
|----------------------|---------|---------|---------|---------|
| Watercraft | 191,920 | 241,286 | 201,604 | 205,856 |
| Snowmobiles | 66,570 | 61,885 | 53,540 | 69,081 |
| All-terrain vehicles | N/A | 10,270 | 11,602 | 8,344 |

Lotteries:

| | | | | |
|------------------------------|---------|----------|----------|----------|
| Moose - applicants | 68,352 | N/A | 71,769* | N/A |
| Moose - licenses | 1,300 | N/A | 1,365* | N/A |
| Bear - applicants | 19,687 | 25,879 | 27,172* | 27,172* |
| Bear - licenses | 4,810 | 5,310 | 5,575* | 5,575* |
| Turkey - applicants | 6,361 | 8,402 | 8,822* | 8,822* |
| Turkey - licenses | 2,700 | 3,000 | 3,150* | 3,150* |
| Antlerless deer - applicants | 257,000 | 269,850* | 269,850* | 269,850* |
| Antlerless deer - licenses | 113,025 | 111,175 | 111,175 | 111,175 |

* These figures indicate a 5% increase assuming that species survival and habitat maintains the same progression level as in past years.

Licenses:

| | | | | |
|----------------------|-----------|-----------|-----------|-----------|
| Commercials | 6,570 | 6,898 | 7,242 | 7,242 |
| Hunting | 697,435 | 732,306 | 768,921 | 768,921 |
| Fishing | 1,461,854 | 1,534,946 | 1,611,693 | 1,611,693 |
| Sportsmen | 107,390 | 112,759 | 118,396 | 118,396 |
| Cross-country skiing | 12,574 | 46,998 | 45,000 | 45,000 |

Stamps:

| | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|-----------|------------------|------------------|------------------|------------------|
| Waterfowl | 121,800 | 127,890 | 134,284 | 134,284 |
| Pheasant | 103,348 | 108,515 | 113,940 | 113,940 |
| Trout | 90,246 | 94,758 | 99,495 | 99,495 |

Number of Subagents:

| | | | | |
|-------------------|-------|-------|-------|-------|
| County auditors | 87 | 87 | 87 | 87 |
| Deputy registrars | 164 | 164 | 164 | 164 |
| Subagents | 3,078 | 3,078 | 3,078 | 3,078 |

REVENUE:

| <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|------------------|------------------|------------------|------------------|
| None. | | | |

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF
PROGRAM : ADMINISTRATIVE MANAGEMENT
BUDGET ACTIVITY : LICENSING

| F.Y. 1990 | | | | | | | F.Y. 1991 | | | |
|--|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| EXPENDITURES: | FY 1988 | FY 1989 | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 762 | 802 | 818 | 43 | 861 | 861 | 818 | 43 | 861 | 861 |
| EXPENSES/CONTRACTUAL SRVCS | 507 | 550 | 555 | 0 | 555 | 555 | 560 | 0 | 560 | 560 |
| MISC OPERATING EXPENSES | 109 | 144 | 144 | 0 | 144 | 144 | 144 | 0 | 144 | 144 |
| SUPPLIES/MATERIALS/PARTS | 52 | 20 | 30 | 0 | 30 | 30 | 30 | 0 | 30 | 30 |
| CAPITAL EQUIPMENT | 7 | 6 | 6 | 0 | 6 | 6 | 6 | 0 | 6 | 6 |
| REDISTRIBUTIONS | 0 | 0 | 0 | 0 | 0 | <30> | 0 | 0 | 0 | <30> |
| TOTAL EXPENDITURES | 1,437 | 1,522 | 1,553 | 43 | 1,596 | 1,566 | 1,558 | 43 | 1,601 | 1,571 |
| CHANGE REQUESTS: | FUND | | | | | | | | | |
| A X COUNTRY SKI | GEN | | | 0 | | <30> | | 0 | | <30> |
| B CONVERSION OF PART-TIME TO FULL-TIME | WREC | | | 43 | | 43 | | 43 | | 43 |
| TOTAL CHANGE REQUESTS | | | | 43 | | 13 | | 43 | | 13 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 103 | 111 | 111 | 0 | 111 | 81 | 111 | 0 | 111 | 81 |
| WATER RECREATION | 432 | 518 | 531 | 43 | 574 | 574 | 536 | 43 | 579 | 579 |
| SPECIAL REVENUE | 48 | 35 | 36 | 0 | 36 | 36 | 36 | 0 | 36 | 36 |
| GAME AND FISH | 737 | 734 | 751 | 0 | 751 | 751 | 751 | 0 | 751 | 751 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| SPECIAL REVENUE | 117 | 124 | 124 | 0 | 124 | 124 | 124 | 0 | 124 | 124 |
| TOTAL FINANCING | 1,437 | 1,522 | 1,553 | 43 | 1,596 | 1,566 | 1,558 | 43 | 1,601 | 1,571 |
| POSITIONS BY FUND: | | | | | | | | | | |
| WATER RECREATION | 5.0 | 5.0 | 5.0 | 13.0 | 18.0 | 18.0 | 5.0 | 13.0 | 18.0 | 18.0 |
| SPECIAL REVENUE | 1.0 | 1.0 | 1.0 | 0.0 | 1.0 | 1.0 | 1.0 | 0.0 | 1.0 | 1.0 |
| GAME AND FISH | 12.0 | 12.0 | 12.0 | 0.0 | 12.0 | 12.0 | 12.0 | 0.0 | 12.0 | 12.0 |

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF
PROGRAM : ADMINISTRATIVE MANAGEMENT
BUDGET ACTIVITY : LICENSING

| POSITIONS BY FUND: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|--------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| | | | ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| TOTAL POSITIONS | 18.0 | 18.0 | 18.0 | 13.0 | 31.0 | 31.0 | 18.0 | 13.0 | 31.0 | 31.0 |

CHANGE REQUEST _____ 1990-91 Biennial Budget
 _____ Agency _____ Program X Activity

ACTIVITY: LICENSING
 PROGRAM: ADMINISTRATIVE MANAGEMENT
 AGENCY: NATURAL RESOURCES, DEPARTMENT OF

REQUEST TITLE: CONVERT PART-TIME TO FULL-TIME

| Agency Request | F.Y. 1990 (000's) | | F.Y. 1991 (000's) | |
|---------------------------|----------------------|-----------|----------------------|-----------|
| | Amount | Positions | Amount | Positions |
| Water Recreation Fund | \$ 43 | 13.0 | \$ 43 | 13.0 |
| Governor's Recommendation | | | | |
| Water Recreation Fund | \$ 43 | 13.0 | \$ 43 | 13.0 |

Request requires statutory change: _____ Yes X No
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

This CHANGE request provides for the conversion of 13 part-time positions to full-time complement in the Department of Natural Resources' License Bureau. The objective of the conversions to full-time is to enable the License Bureau to be more responsive to public and departmental requests for service by having on-site full-time staff to assist clientele, both in person and via the telephone.

DESCRIPTION/BACKGROUND:

Prior to 1980, these positions were classified as intermittent but were utilized often times on a full-time basis depending on workload. Due to complement control mandated by the legislature and the Department of Finance, the Department was required to change these positions from intermittent to part-time unlimited with the stipulation that the hours worked be less than full-time.

These positions are needed on a full-time basis in order for the License Bureau staff to meet the increasing demand for services from clientele, both within and outside the agency.

STATISTICS:

| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|--|-----------|-----------|-----------|-----------|
| Watercraft licenses (000's) | \$ 2,709 | \$ 2,842 | \$ 2,390 | \$ 2,830 |
| Watercraft licenses - proposed increase 1-1-90 (000's) | | | 1,170 | 1,386 |

RATIONALE:

The License Bureau processes 673,000 applications for watercraft registrations during a three calendar year cycle. The registration of watercraft along with other recreational vehicles has become more complex and detailed in recent years; i.e., the expansion from 4 categories to 14 categories for watercraft registration. Computer systems enable the License Bureau to maintain more data on watercraft registrations, which is not only required by the U.S. Coast Guard, but is of use to enforcement agencies as well. For example, capturing the hull identification number on watercraft enhances our ability to find discrepancies in duplicate registrations. This feature alone greatly increases the validity of our watercraft registrations. These increased capabilities in turn generate more telephone calls and correspondence to and from clientele.

BASE:

| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|-------------------------------|-----------|-----------|-----------|-----------|
| Water Recreation Fund (000's) | \$ 286 | \$ 298 | \$ 298 | \$ 298 |

LONG RANGE IMPLICATIONS:

| | F.Y. 1992 | F.Y. 1993 | Total |
|---------------------------------|-----------|-----------|-------|
| Water Recreation Fund (000's) | \$ 43 | \$ 43 | \$ 86 |
| Water Recreation Fund Positions | 13.0 | 13.0 | 13.0 |

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

ACTIVITY: INFORMATION AND DATA SYSTEMS
Program: ADMINISTRATIVE MANAGEMENT
Agency: NATURAL RESOURCES, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

Information and Data Systems is responsible for 1) managing and supervising the department data entry center and computer center; 2) monitoring the department budget and expenditure processes relative to computer services and equipment purchases; 3) providing liaison to computer processing centers at the Intertechnologies Group of the Department of Administration, the University of Minnesota Computer Center, and others as needed; and 4) coordinating interdepartmental data processing activities. The unit also provides technical advice and assistance to department units in the development, implementation, and operation of information systems for administrative activities including 1) systems design, programming support, data entry and operations; 2) liaison and direction with consultants; 3) coordinating interdepartmental data exchange needs; 4) periodic reports for internal management; 5) lottery distribution of hunting permits; 6) maintaining and operating the department communications network linking the regional computer centers and, ultimately, the remote areas to the home office; and 7) miscellaneous special projects. Information and Data Systems manages the department's office automation effort including 1) training to end users, 2) maintaining existing administrative systems, and 3) implementing new administrative systems.

STATISTICS:

| | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|--|------------------|------------------|------------------|------------------|
| Applications/systems on S/38 | 48 | 62 | 62 | 62 |
| Applications/systems available to regional offices | -0- | 8 | 8 | 8 |
| Regional computers in network | 2 | 5 | 5 | 5 |
| Terminals in Network: | | | | |
| Region 1 | 28 | 42 | 42 | 42 |
| Region 2 | -0- | -0- | -0- | -0- |
| Region 3 | -0- | 35 | 35 | 35 |
| Region 4 | -0- | 18 | 18 | 18 |
| Region 5 | 24 | 28 | 28 | 28 |
| Region 6 | 0 | 6 | 6 | 6 |
| Central Office | 191 | 256 | 256 | 256 |

REVENUE:

| <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|------------------|------------------|------------------|------------------|
|------------------|------------------|------------------|------------------|

None.

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : NATURAL RESRCS,DPT OF
PROGRAM : ADMINISTRATIVE MANAGEMENT
BUDGET ACTIVITY : INFORMATION AND DATA SYSTEMS

| | | | | F.Y. 1990 | | | F.Y. 1991 | | | | | | |
|---|--|--|--|----------------|---------|-------|----------------|-------|--------|------------|---------|-------|-------|
| | | | | AGENCY REQUEST | | | AGENCY REQUEST | | | GOVERNOR'S | | | |
| | | | | BASE | CHANGE | TOTAL | RECOMM. | BASE | CHANGE | TOTAL | RECOMM. | | |
| EXPENDITURES: | | | | FY 1988 | FY 1989 | | | | | | | | |
| DETAIL BY CATEGORY: | | | | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | | | | |
| PERSONAL SERVICES | | | | 482 | 544 | 564 | 265 | 829 | 655 | 564 | 350 | 914 | 655 |
| EXPENSES/CONTRACTUAL SRVCS | | | | 285 | 374 | 384 | 80 | 464 | 464 | 389 | 24 | 413 | 413 |
| MISC OPERATING EXPENSES | | | | 48 | 80 | 80 | 12 | 92 | 92 | 80 | 56 | 136 | 91 |
| SUPPLIES/MATERIALS/PARTS | | | | 60 | 63 | 63 | 53 | 116 | 116 | 63 | 65 | 128 | 128 |
| CAPITAL EQUIPMENT | | | | 32 | 0 | 0 | 0 | 0 | 0 | 0 | 193 | 193 | 193 |
| DEBT REDEMPTION & PENSIONS | | | | 37 | 92 | 92 | 0 | 92 | 92 | 92 | 0 | 92 | 92 |
| TOTAL EXPENDITURES | | | | 944 | 1,153 | 1,183 | 410 | 1,593 | 1,419 | 1,188 | 688 | 1,876 | 1,572 |
| CHANGE REQUESTS: | | | | FUND | | | | | | | | | |
| A INFORMATION SYSTEM PLANNING & GEN DEVELOPMENT | | | | | | | 410 | | 236 | | 688 | | 384 |
| TOTAL CHANGE REQUESTS | | | | | | | 410 | | 236 | | 688 | | 384 |
| SOURCES OF FINANCING: | | | | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | | | | |
| GENERAL | | | | 660 | 607 | 630 | 410 | 1,040 | 866 | 630 | 688 | 1,318 | 1,014 |
| WATER RECREATION | | | | 56 | 61 | 62 | 0 | 62 | 62 | 62 | 0 | 62 | 62 |
| SPECIAL REVENUE | | | | 25 | 29 | 30 | 0 | 30 | 30 | 30 | 0 | 30 | 30 |
| GAME AND FISH | | | | 203 | 456 | 461 | 0 | 461 | 461 | 466 | 0 | 466 | 466 |
| TOTAL FINANCING | | | | 944 | 1,153 | 1,183 | 410 | 1,593 | 1,419 | 1,188 | 688 | 1,876 | 1,572 |
| POSITIONS BY FUND: | | | | | | | | | | | | | |
| GENERAL | | | | 11.0 | 11.0 | 11.0 | 6.0 | 17.0 | 14.0 | 11.0 | 8.0 | 19.0 | 14.0 |
| WATER RECREATION | | | | 2.0 | 2.0 | 2.0 | 0.0 | 2.0 | 2.0 | 2.0 | 0.0 | 2.0 | 2.0 |
| SPECIAL REVENUE | | | | 1.0 | 1.0 | 1.0 | 0.0 | 1.0 | 1.0 | 1.0 | 0.0 | 1.0 | 1.0 |
| TOTAL POSITIONS | | | | 14.0 | 14.0 | 14.0 | 6.0 | 20.0 | 17.0 | 14.0 | 8.0 | 22.0 | 17.0 |

1990-91 BIENNIAL BUDGET
PROGRAM STRUCTURE

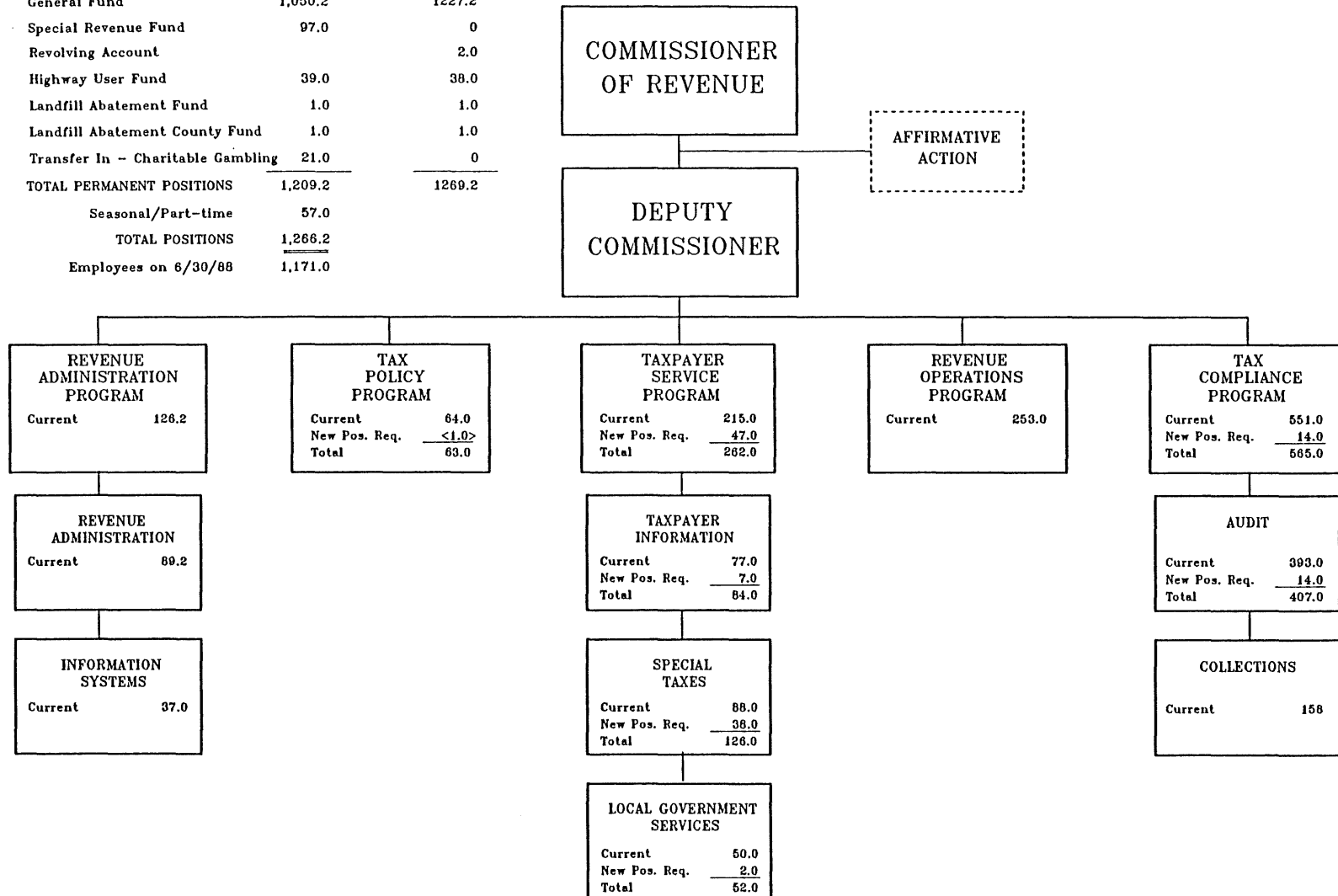
AGENCY: REVENUE, DEPARTMENT OF

| <u>PROGRAM</u> | <u>ACTIVITIES</u> | <u>SECTION</u> | <u>PAGE</u> |
|------------------------------|---|----------------|-------------------|
| REVENUE ADMINISTRATION ----- | Revenue Administration Information Systems | 4 | 479 481 |
| TAX POLICY ----- | Tax Policy | | 487 |
| TAXPAYER SERVICES ----- | Taxpayer Information Services Special Taxes Local Government Services | | 493 497 502 |
| OPERATIONS ----- | Operations | | 506 |
| TAX COMPLIANCE ----- | Audit Collections | | 511 514 |

POSITION RECONCILIATION

| | | |
|-----------------------------------|--------------------|--------------------------|
| Authority: | Current F.Y. 89 | Requested for 6/30/91 |
| Legislative Complement: | | |
| General Fund | 1,050.2 | 1227.2 |
| Special Revenue Fund | 97.0 | 0 |
| Revolving Account | | 2.0 |
| Highway User Fund | 39.0 | 38.0 |
| Landfill Abatement Fund | 1.0 | 1.0 |
| Landfill Abatement County Fund | 1.0 | 1.0 |
| Transfer In - Charitable Gambling | 21.0 | 0 |
| TOTAL PERMANENT POSITIONS | 1,209.2 | 1269.2 |
| Seasonal/Part-time | 57.0 | |
| TOTAL POSITIONS | 1,266.2 | |
| Employees on 6/30/88 | 1,171.0 | |

DEPARTMENT OF REVENUE
Organization Chart - September 15, 1988



AGENCY: REVENUE, DEPARTMENT OF

1990-91 Biennial Budget

AGENCY PURPOSE:

The mission of the Department of Revenue is to lead the effort and work with others to help make Minnesota's state and local tax system fair, efficient, stable, competitive, and understandable, in structure and operation.

We want people to comply with the tax laws and feel good about it. In the process, we want to empower our employees to accomplish this mission and enjoy their work.

Viewed most broadly, the entire tax system produces 2 products:

- o tax revenues
- o opinions of taxpayers about their government, their tax system, and their public officials.

Those opinions in turn can actually affect the revenues, for our system depends upon voluntary compliance.

The department does not produce the tax system products by itself. But it does play a critical role in interacting with others in making our tax system work.

SERVICES PROVIDED:

Organizationally, the department is divided into 5 programs: Tax Policy, Operations, Taxpayer Service, Compliance, and Administration.

Our clientele consists of 3 principal groups:

1. the governor and legislature, to whom we recommend ways to structure the tax system effectively and respond as to the likely effects of their proposals on the system;
2. taxpayers (and their representatives) whom we encourage to respond to the tax system with voluntary compliance, understanding, and belief in the system's fairness; and
3. local governments, whom we assist to make the tax system operate effectively.

To carry out its mission, the department currently employs about 1,200 full time employees and also employs about 325 seasonal employees to help with seasonal processing loads, principally those associated with the individual income tax filing season.

HOW WE MEASURE EFFECTIVENESS

Quantified measurement is both difficult and unprecedented, but we are trying to quantify voluntary compliance. We hope to have a rudimentary measurement system in place by 7-1-89.

Qualitatively, the department should be judged on an agencywide basis against the criteria for an effective tax system contained in our mission

statement. We say--and mean--that we want people to comply with the tax laws and feel good about it. The former we will get at through attempts to measure voluntary compliance. The latter may always be more anecdotal, but we may be able to use public opinion surveys.

ATTORNEY GENERAL COSTS:

| | (Dollars in Thousands) | | | |
|----------------------------------|------------------------|----------------------|-----------------------|-----------------------|
| | Actual F.Y. 1988 | Act/Est F.Y. 1989 | Estimate F.Y. 1990 | Estimate F.Y. 1991 |
| Fees for Legal Services Rendered | | | | |
| Fees Assessed | \$ 594 | \$ 600 | \$ -0- | \$ -0- |
| Fee Paid | 299 | 300 | (300) | (300) |
| Requested Budget | -0- | -0- | (300) | (300) |

EXPLANATION OF BUDGET REQUEST:

We used the biennial budget process aggressively to better understand our activities and to make changes to make better use of our resources. Our changes are of 4 types.

1. We have internally redirected approximately \$3.2 million in each year, deciding to make changes in our existing spending pattern to better achieve our mission. These changes are not reflected in the budget document, but we can provide a list of the changes.
2. We are proposing reductions in the base of our budget totaling \$700,000 each year. These are funding and activity reductions for specific activities which are required by law to be performed, but which we believe to be of sufficiently low priority in the achievement of our mission that they should be scaled back or eliminated.
3. We have made some organizational changes which involve some shifting of resources. Some of these changes won't be completed until July, 1989 and are not reflected in the budget document. The changes are designed to accommodate the inclusion of charitable gambling enforcement activities, improve quality of the department's audits and other activities, and focus more attention on measuring outputs from our activities.
4. We are proposing change requests in order to increase, or in some instances fully fund, our efforts in areas which are important in achieving our mission. The major change requests concern: improving taxpayer service, improving services to local governments, increasing audit coverage in the sales tax, continued development according to our strategic information plan, and increasing charitable gambling enforcement activities.

Our only agency wide change level request is to change the method of financing Attorney General costs for the department. This change will neither cost nor save money. However, we use the Attorney General staff almost exclusively for litigation to protect the state's financial interest. To discourage use of the Attorney General by charging for his services, is counterproductive. See attached change request.

REVENUE:

All of our activities together are intended to help make the tax system work. The results in tax collections were as follows for F.Y. 1988:

AGENCY: REVENUE, DEPARTMENT OF
(Continuation)

1990-91 Biennial Budget

| Tax Type | Number Filers | (Dollars in Thousands) | | INDEX | (Dollars in Thousands) | | Page |
|---------------------------|---------------|------------------------|------------------------------|-----------------------------------|---|--|------|
| | | Total Collections | Direct Compliance Production | | Agency Request 1990-91 Biennium All Funds | Governor's Recommendation 1990-91 Biennium All Funds | |
| Individual Income | 1,950,000 | \$ 2,643.7 | \$ 63.9 | BASE Level Request | \$ 127,353 | \$ 127,353 | |
| Corporate Income | 55,000 | 410.9 | 33.0 | Agency-wide CHANGE Requests | | | |
| Sales and Use | 125,000 | 1,678.5 | 61.8 | Attorney General Costs | (600) | -0- | 476 |
| Motor Vehicle Excise ** | - | 268.9 | - | Subtotal | (600) | -0- | |
| Motor Fuels | 14,270 | 391.2 | 1.5 | Program/Budget Activity | | | |
| Alcoholic Beverages | 295 | 55.7 | .8 | CHANGE Requests | | | |
| Cigarette and Tobacco | 185 | 155.9 | .2 | Information Systems | | | |
| Gross Earnings | 1,531 | 288.1 | 5.0 | Taxpayer Accounts | 4,494 | 4,494 | 483 |
| Gambling | 1,900 | 21.4 | .1 | Sales Tax Processing Module | 7,330 | 5,490 | 484 |
| Motor Vehicle Licenses ** | - | 251.2 | - | Increased Access Costs | 861 | 861 | 485 |
| Miscellaneous | - | 31.2 | - | Subtotal | 12,685 | 10,845 | |
| Total State Taxes | | \$ 6,196.7 | \$ 166.3 | Tax Policy | | | |
| | | | | Contingent Account for Litigation | | | |
| | | | | Costs * | [500] | -0- | 488 |
| | | | | Data Coordination Mandate | 161 | 161 | 489 |
| | | | | Tax Expenditure Study | (62) | (62) | 490 |
| | | | | Subtotal | 99 | 99 | |
| | | | | Taxpayer Information Services | | | |
| | | | | Taxpayer Information Services | 1,487 | -0- | 495 |
| | | | | Certificates of Rent Paid | (36) | (36) | 496 |
| | | | | Subtotal | 1,451 | (36) | |
| | | | | Special Taxes | | | |
| | | | | Charitable Gambling | 2,353 | 2,353 | 501 |
| | | | | Special Tax Reduction | (250) | (250) | 500 |
| | | | | Subtotal | 2,103 | 2,103 | |
| | | | | Local Government Services | | | |
| | | | | Local Government Services | 58 | 58 | 505 |
| | | | | Redirected Local Government | | | |
| | | | | Services | (204) | (204) | 504 |
| | | | | Subtotal | (146) | (146) | |
| | | | | Operations | | | |
| | | | | Revenue Accounting/Revenue | | | |
| | | | | Recapture | 178 | -0- | 508 |
| | | | | Subtotal | 178 | -0- | |
| | | | | Audit | | | |
| | | | | Increased Sales and Use | | | |
| | | | | Tax Audit Activity | 1,647 | 1,647 | 513 |
| | | | | Subtotal | 1,647 | 1,647 | |
| | | | | CHANGE Requests Subtotal | \$ 17,417 | \$ 14,512 | |
| | | | | AGENCY Total | \$ 144,770 | \$ 141,865 | |

* Amount not included in agency totals.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : REVENUE, DEPT OF

| PROGRAM EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|---------------------------|---------|---------|----------------|--------|---------|-----------------------|----------------|--------|---------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| REVENUE ADMIN PROGRAM | 14,301 | 20,143 | 16,600 | 3,513 | 20,113 | 20,113 | 16,802 | 9,172 | 25,974 | 24,134 |
| TAX POLICY PROGRAM | 2,556 | 2,807 | 3,168 | 130 | 3,298 | 3,298 | 3,131 | <31> | 3,100 | 3,100 |
| TAXPAYER SERVICES PROGRAM | 9,563 | 10,594 | 10,706 | 1,525 | 12,231 | 11,451 | 10,689 | 1,883 | 12,572 | 11,865 |
| OPERATIONS PROGRAM | 8,303 | 8,808 | 10,364 | 75 | 10,439 | 10,364 | 10,299 | 103 | 10,402 | 10,299 |
| COMPLIANCE PROGRAM | 22,150 | 22,128 | 22,719 | 737 | 23,456 | 23,756 | 22,875 | 310 | 23,185 | 23,485 |
| TOTAL EXPENDITURES | 56,873 | 64,480 | 63,557 | 5,980 | 69,537 | 68,982 | 63,796 | 11,437 | 75,233 | 72,883 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 50,589 | 57,953 | 61,840 | 5,810 | 67,650 | 67,305 | 62,074 | 11,232 | 73,306 | 71,201 |
| SP REV DIRECT APPROP | 4,731 | 4,856 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| HGHNY USER TAX DISTR | 1,535 | 1,589 | 1,635 | <40> | 1,595 | 1,595 | 1,640 | <40> | 1,600 | 1,600 |
| METRO LANDFILL ABTM | 9 | 41 | 41 | 0 | 41 | 41 | 41 | 0 | 41 | 41 |
| METRO LANDFILL CONTN | 9 | 41 | 41 | 0 | 41 | 41 | 41 | 0 | 41 | 41 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| SPECIAL REVENUE | 0 | 0 | 0 | 210 | 210 | 0 | 0 | 245 | 245 | 0 |
| TOTAL FINANCING | 56,873 | 64,480 | 63,557 | 5,980 | 69,537 | 68,982 | 63,796 | 11,437 | 75,233 | 72,883 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 1,010.2 | 1,073.2 | 1,170.2 | 44.0 | 1,214.2 | 1,209.2 | 1,170.2 | 59.0 | 1,229.2 | 1,224.2 |
| SP REV DIRECT APPROP | 97.0 | 97.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| SPECIAL REVENUE | 0.0 | 0.0 | 0.0 | 2.0 | 2.0 | 0.0 | 0.0 | 2.0 | 2.0 | 0.0 |
| HGHNY USER TAX DISTR | 39.0 | 39.0 | 39.0 | <1.0> | 38.0 | 38.0 | 39.0 | <1.0> | 38.0 | 38.0 |
| TOTAL POSITIONS | 1,146.2 | 1,209.2 | 1,209.2 | 45.0 | 1,254.2 | 1,247.2 | 1,209.2 | 60.0 | 1,269.2 | 1,262.2 |

CHANGE REQUEST
☒ Agency ☐ Program ☐ Activity 1990-91 Biennial Budget

ACTIVITY: COMPLIANCE
 PROGRAM: COMPLIANCE
 AGENCY: REVENUE, DEPARTMENT OF

REQUEST TITLE: ATTORNEY GENERAL COSTS

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|----------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ (300) | -0- | \$ (300) | -0- |

Governor's Recommendation

| | | | | |
|--------------|--------|-----|--------|-----|
| General Fund | \$ -0- | -0- | \$ -0- | -0- |
|--------------|--------|-----|--------|-----|

Request requires statutory change: ☐ Yes ☒ No
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

To change the method of financing Attorney General costs.

DESCRIPTION/BACKGROUND:

Revenue will decrease its General Fund base by \$300,000/year, which is the estimate of costs per year for attorney general funding. At the same time, the department proposes not to make a payment in the amount of \$300,000 to the General Fund.

This proposal neither costs nor saves the General Fund.

Currently, funds are appropriated to the Attorney General for supporting state agencies, but he is required to keep track of the time spent serving these clients. Agencies are then required to return to the General Fund, 50% of the costs assessed by the Attorney General. This creates an incentive for agencies to use the Attorney General judiciously.

However, in the case of a few agencies representing statewide interests, Finance, Employee Relations, and Administration, limitations on the use of Attorney General services is not in the public interest. These agencies have been exempted from paying for Attorney General costs.

Department litigation of alleged tax cheaters is the same sort of case.

RATIONALE:

Revenue is charged with the efficient administration of a body of highly complex tax laws. A part of our responsibilities is to vigorously collect delinquent taxes and to seek clarification of laws in court. We have our own attorneys who do much of the legal work for the department, including dispute resolution work short of representation in court. The Attorney General has a

staff of 7 attorneys dedicated to revenue matters, almost all of which is representation of us in court.

Taxpayers vigorously construe tax laws and the facts of their situations in their favor. This is a natural, healthy tension, but it is costly. Taxpayers choose whether to contest our audit or collection efforts in court, so we cannot "manage" case load. Once we are challenged in court, tax revenues are directly at stake and, when appropriate, we must judiciously defend. If we get more, or more complex, challenges than we can afford, we have to settle prematurely, put less effort than desirable into the defense, or cut back on other compliance efforts. Each of those choices has direct, negative impacts on tax collections.

By requiring the department to use funds appropriated for other purposes to pursue important litigation, the current practice discourages pursuit of the public interest.

| BASE: | (Dollars in Thousands) | | | |
|--------------|------------------------|-----------|-----------|-----------|
| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| General Fund | \$ 299 | \$ 300 | \$ 300 | \$ 300 |

| LONG RANGE FUNDING IMPLICATIONS: | (Dollars in Thousands) | | |
|----------------------------------|------------------------|-----------|----------|
| | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund | \$ (300) | \$ (300) | \$ (600) |

GOVERNOR'S RECOMMENDATION:

The Governor does not support the agency's request for this item.

PROGRAM: REVENUE ADMINISTRATION
Agency: REVENUE, DEPARTMENT OF

1990-91 Biennial Budget

PROGRAM PURPOSE:

The purpose of the Revenue Administration Program is to provide direction, leadership, and support in order for the department to accomplish its mission.

Those served include the governor and the legislature in the provision of public policy recommendations and information regarding the tax system structure and operation; all units of the department in the provision of overall department direction, leadership, and the support to carry out its mission; local governments in the provision of local tax guidance and direction; and the general public in the provision of tax information to facilitate compliance with tax laws.

SERVICES PROVIDED:

The Revenue Administration Program is organized into 2 budget activities, Revenue Administration and Information Systems.

The Revenue Administration Activity includes the commissioner's office and other offices and divisions with departmentwide support responsibilities. This activity establishes goals, objectives, and priorities; allocates resources; and provides overall direction, support, and administrative services to the operation of the department.

The Information Systems Activity includes the Revenue Information Systems Division which provides technical expertise and strategic direction in the development, maintenance, and operation of information systems.

EXPLANATION OF BUDGET REQUEST:

The only CHANGE level requests for the Revenue Administration Program relate to the Information Systems Activity. Additional funding is needed to continue our effort to improve the computer systems which support the department's operations. The integrated system will replace separate systems in order to increase the efficiency and quality of the information with which the tax system operates. The details of this CHANGE request appear in the narrative for the Information Systems Activity.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the funding as requested except for \$1,840,000 for the optical scanner requested in F.Y. 1991. This saving is the result of using Master Lease rather than an outright purchase of the equipment.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : REVENUE, DEPT OF
PROGRAM : REVENUE ADMIN PROGRAM

| ACTIVITY EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|-----------------------------|---------|---------|----------------|--------|--------|-----------------------|----------------|--------|--------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| REVENUE ADMIN | 5,215 | 8,653 | 8,441 | 0 | 8,441 | 8,441 | 8,643 | 0 | 8,643 | 8,643 |
| INFORMATION SYSTEMS | 9,086 | 11,490 | 8,159 | 3,513 | 11,672 | 11,672 | 8,159 | 9,172 | 17,331 | 15,491 |
| B RISD TAXPAYER ACCOUNTS | GEN | | | 1,277 | | 1,277 | | 3,217 | | 3,217 |
| B RISD SALES TAX PROCESSING | GEN | | | 1,954 | | 1,954 | | 5,376 | | 3,536 |
| B RISD INCREASED ACCESS COS | GEN | | | 282 | | 282 | | 579 | | 579 |
| TOTAL EXPENDITURES | 14,301 | 20,143 | 16,600 | 3,513 | 20,113 | 20,113 | 16,802 | 9,172 | 25,974 | 24,134 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 14,301 | 20,058 | 16,600 | 3,513 | 20,113 | 20,113 | 16,802 | 9,172 | 25,974 | 24,134 |
| SP REV DIRECT APPROP | 0 | 85 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL FINANCING | 14,301 | 20,143 | 16,600 | 3,513 | 20,113 | 20,113 | 16,802 | 9,172 | 25,974 | 24,134 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 97.2 | 116.2 | 126.2 | 0.0 | 126.2 | 126.2 | 126.2 | 0.0 | 126.2 | 126.2 |
| TOTAL POSITIONS | 97.2 | 116.2 | 126.2 | 0.0 | 126.2 | 126.2 | 126.2 | 0.0 | 126.2 | 126.2 |

ACTIVITY: REVENUE ADMINISTRATION
Program: REVENUE ADMINISTRATION
Agency: REVENUE, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

The Revenue Administration activity exists to provide overall direction, leadership, and support in order for the department to accomplish its mission and objectives. Those served include the taxpayers and their representatives, the governor, the legislature, local governments, and the general public. Internal clients include all units of the department.

SERVICES PROVIDED:

The commissioner and deputy commissioner provide overall leadership and direction for the department. They establish the department's mission and objectives, its priorities, and its performance plan and standards both of an operational and managerial nature. In addition, they provide information and advice regarding the state's tax policy and system and how it is working to the governor, the legislature, and the general public.

The Affirmative Action Office develops policies and procedures to eliminate barriers that contribute to an imbalance and inequities in the department's workforce. In addition, it assists department managers in implementing their affirmative action responsibilities and serves as human rights advocate to all applicants and employees with protected class status.

The Management Reporting and Analysis Office provides assistance and consultation to all managers in developing and analyzing meaningful management reports regarding the performance of the tax system, its administration, and department operations. In addition, it ensures that department policy, procedures, and operating plans are adhered to and that appropriate internal controls exist through its Internal Audit responsibilities.

The Information Access and Security Office encourages information exchange within an environment which ensures that federal, state, and departmental data security requirements are met.

The Administrative Services Division provides a wide range of services to managers including purchasing, building and facility management, leasing services, all mail opening activities (including tax returns and instructions), inventory and asset management, word processing, vehicle management, and receptionist and photocopying services.

The Human Resource Management Division provides a wide range of personnel services to all managers and employees of the department. It provides assistance and advice in the areas of recruiting and selection, labor management relations, performance management, training and development, employee benefits, and personnel policy development, and ensures that the provisions of the civil service law and union contracts are known, understood, and followed.

The Fiscal Services Office provides financial information and financial management advice and assistance to managers of the department. It maintains and monitors the department's budget and spending plans, accounts payable and payroll system and provides financial reports and information to managers.

HOW WE MEASURE EFFECTIVENESS

In addition to the following measures, we conduct weekly customer visits and use survey instruments to assess effectiveness.

| | <u>F.Y. 1988</u> | <u>F.Y. 1989</u> | <u>F.Y. 1990</u> | <u>F.Y. 1991</u> |
|--|------------------|------------------|------------------|------------------|
| Hours to open high dollar mail and prepare for processing | 4 | 3 | 2 | 2 |
| Percent Vendor payments made within 30 days | 99 | 98 | 98 | 98 |
| Percent Female professional employees | 31 | 35 | 38 | 40 |
| Number of "relevant" (as defined by attendees) training sessions offered | 145 | 150 | 180 | 215 |
| Days to produce taxpayer correspondence in Word Proc. | 3 | 4 | 2 | 2 |

EXPLANATION OF BUDGET REQUEST:

No change levels are requested for the Revenue Administration Activity.

REVENUE:

This activity is an integral part of the department's effort to raise \$6.1 billion annually. See Agency narrative.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : REVENUE, DEPT OF
PROGRAM : REVENUE ADMIN PROGRAM
BUDGET ACTIVITY : REVENUE ADMIN

| EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|----------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 2,946 | 3,110 | 3,683 | 0 | 3,683 | 3,683 | 3,683 | 0 | 3,683 | 3,683 |
| EXPENSES/CONTRACTUAL SRVCS | 954 | 4,937 | 3,969 | 0 | 3,969 | 3,969 | 4,190 | 0 | 4,190 | 4,190 |
| MISC OPERATING EXPENSES | 806 | 488 | 429 | 0 | 429 | 429 | 430 | 0 | 430 | 430 |
| SUPPLIES/MATERIALS/PARTS | 373 | 90 | 288 | 0 | 288 | 288 | 284 | 0 | 284 | 284 |
| CAPITAL EQUIPMENT | 120 | 28 | 72 | 0 | 72 | 72 | 56 | 0 | 56 | 56 |
| REAL PROPERTY | 16 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL EXPENDITURES | 5,215 | 8,653 | 8,441 | 0 | 8,441 | 8,441 | 8,643 | 0 | 8,643 | 8,643 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 5,215 | 8,568 | 8,441 | 0 | 8,441 | 8,441 | 8,643 | 0 | 8,643 | 8,643 |
| SP REV DIRECT APPROP | 0 | 85 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL FINANCING | 5,215 | 8,653 | 8,441 | 0 | 8,441 | 8,441 | 8,643 | 0 | 8,643 | 8,643 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 74.2 | 78.2 | 89.2 | 0.0 | 89.2 | 89.2 | 89.2 | 0.0 | 89.2 | 89.2 |
| TOTAL POSITIONS | 74.2 | 78.2 | 89.2 | 0.0 | 89.2 | 89.2 | 89.2 | 0.0 | 89.2 | 89.2 |

ACTIVITY: INFORMATION SYSTEMS
Program: REVENUE ADMINISTRATION
Agency: REVENUE, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

This division exists to provide the department with timely, accurate information needed to effectively operate the tax system. Effective information systems are critical to proper administration of tax systems because the department deals annually with millions of documents, payments and transactions involving 2 million taxpayers and many tax types.

SERVICES PROVIDED:

RISD has responsibility for analysis of the department's information systems needs; for planning, designing, and implementing new systems; and for operating and maintaining new and existing systems. During F.Y. 1988-89, in partnership with the user community, RISD has successfully implemented 2 major new systems, Taxpayer Registration (Business) and Taxpayer Account Adjustments, using the latest design and operational concepts. Two additional component systems, Taxpayer Registration (Individual) and the Computer-Assisted Collection System (CACS) are on schedule and will be implemented during F.Y. 1989. All of these systems were developed under a integrated planning process for Revenue department systems using a structured methodology and testing environment.

HOW WE MEASURE EFFECTIVENESS

The effectiveness of information systems is best measured in terms of the degree to which they meet the information needs of clients. For existing systems, pertinent questions include: Do the systems work as designed? Is the information processed by these systems timely, accurate and useful? What is the risk of, and implications of, systems failure? What is the true cost of operations? For new developments or major modifications, consideration should be given to whether they were delivered on time, within budget and with functionality as planned. Proposed systems should be evaluated for their contribution to effective operation of the tax system; this means that their development and operating costs should be reasonable in relation to the benefits received, that the information provided should have substantial value for clients, and that the risks of system failure should be reduced.

BUDGET ISSUES:

The Revenue Integrated Systems Plan provides for the staged, gradual replacement of separate and ineffective information systems. These systems, which range in age from 10 years to over 2 decades old, are inflexible, substantially undocumented and at risk of failure. They were created independently, without means to facilitate communications among them and with other statewide systems. This requires the maintenance of multiple taxpayer files for various tax types and results in processing problems, data conflicts and unacceptable delays in addressing client needs.

Under the Integrated Systems Plan the department will replace individual tax-type-based systems with an integrated data base containing all of the data concerning a taxpayer's accounts and transactions with the department. This plan provides the links among several processing, service, accounting and compliance functions.

This activity has 3 change level requests. The 1st 2 are tied to development of major new systems that comprise the next planned components of the Integrated Systems Plan. These systems include a comprehensive Taxpayer Accounts System for all taxpayers and the 1st major component of Document Processing dealing with sales tax returns and remittances. The 3rd change request funds expected increases in the number of times we access the information contained within our information systems. These monies would allow us to continue operating our existing systems effectively.

The F.Y. 1990-91 same level funds the administration, planning, operating and maintenance functions needed to operate our existing systems. The operation of new and existing systems include several major categories of costs that remain after development is completed. These include computer processing time, communications, storage, training, documentation, database maintenance and modification costs, and user support needs.

REVENUE

This activity is an integral part of the department's effort to raise \$6.1 billion annually. See Agency Narrative.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : REVENUE, DEPT OF
PROGRAM : REVENUE ADMIN PROGRAM
BUDGET ACTIVITY : INFORMATION SYSTEMS

| EXPENDITURES: | F.Y. 1990 | | | | | | F.Y. 1991 | | | |
|-----------------------------|-----------|---------|----------------|--------|--------|-----------------------|----------------|--------|--------|-----------------------|
| | FY 1988 | FY 1989 | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 867 | 1,783 | 1,740 | 0 | 1,740 | 1,740 | 1,740 | 0 | 1,740 | 1,740 |
| EXPENSES/CONTRACTUAL SRVCS | 7,870 | 9,478 | 6,190 | 3,339 | 9,529 | 9,529 | 6,190 | 6,646 | 12,836 | 12,836 |
| MISC OPERATING EXPENSES | 18 | 23 | 23 | 20 | 43 | 43 | 23 | 24 | 47 | 47 |
| SUPPLIES/MATERIALS/PARTS | 121 | 97 | 97 | 31 | 128 | 128 | 97 | 36 | 133 | 133 |
| CAPITAL EQUIPMENT | 210 | 109 | 109 | 123 | 232 | 232 | 109 | 2,466 | 2,575 | 735 |
| TOTAL EXPENDITURES | 9,086 | 11,490 | 8,159 | 3,513 | 11,672 | 11,672 | 8,159 | 9,172 | 17,331 | 15,491 |
| CHANGE REQUESTS: | | | | | | | | | | |
| | | | | | | | | | | |
| B RISD TAXPAYER ACCOUNTS | GEN | | | 1,277 | | 1,277 | | 3,217 | | 3,217 |
| B RISD SALES TAX PROCESSING | GEN | | | 1,954 | | 1,954 | | 5,376 | | 3,536 |
| B RISD INCREASED ACCESS COS | GEN | | | 282 | | 282 | | 579 | | 579 |
| TOTAL CHANGE REQUESTS | | | | 3,513 | | 3,513 | | 9,172 | | 7,332 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 9,086 | 11,490 | 8,159 | 3,513 | 11,672 | 11,672 | 8,159 | 9,172 | 17,331 | 15,491 |
| TOTAL FINANCING | 9,086 | 11,490 | 8,159 | 3,513 | 11,672 | 11,672 | 8,159 | 9,172 | 17,331 | 15,491 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 23.0 | 38.0 | 37.0 | 0.0 | 37.0 | 37.0 | 37.0 | 0.0 | 37.0 | 37.0 |
| TOTAL POSITIONS | 23.0 | 38.0 | 37.0 | 0.0 | 37.0 | 37.0 | 37.0 | 0.0 | 37.0 | 37.0 |

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: INFORMATION SYSTEMS
PROGRAM: ADMINISTRATION
AGENCY: REVENUE, DEPARTMENT OF

REQUEST TITLE: TAXPAYER ACCOUNTS (TPA)

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$1,277 | -0- | \$3,217 | -0- |
| Governor's Recommendation | | | | |
| General Fund | \$1,277 | -0- | \$3,217 | -0- |

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The objective of this request is to complete the development of the TPA System which will replace the current accounts receivable system, consolidate all taxpayer deposit accounts, and establish a centralized depository for all tax related accounting transactions. Project development activities include detail definition of the processing details, program coding, unit integration and user acceptance testing, system start-up, and implementation.

The development project is expected to be accomplished between July, 1989 and January, 1991. Contract development staff will be used during the programming and testing phases of the project and will assist in implementation.

DESCRIPTION/BACKGROUND:

This project will replace the current accounts receivable (A/R) system, consolidate all taxpayer deposit accounts, and establish a centralized depository for all tax related accounting transactions.

The department must maintain a comprehensive accounting record for each taxpayer. TPAs will be a central automated system for posting all tax related account transactions to a taxpayer's account. TPA will replace various existing systems that include both computerized and manual processes ranging from an outdated accounts receivable system which combines both accounting and collections activity, to use of columnar paper to list potential credit balances owed to taxpayers.

The current accounts receivable system, for example, used to maintain business and individual taxpayer accounts is 15 years old. Over this period of time, it has been modified to the point that new changes are extremely time consuming and therefore, costly to implement. The information currently maintained in the system is often inadequate or requires additional manual effort to consolidate into usable form. This causes delays in responding to

taxpayer requests for information or taking action regarding their account and inhibits the production of timely management reports critical to the operation of the department.

TPAs will be directly linked to and support revenue's tax compliance activities. Revenue's efforts to accelerate collection and audit actions require timely access to accurate taxpayer account data by compliance staff in order to effectively accomplish their tasks. Revenue also uses the information to respond to taxpayer requests by analyzing the taxpayer's account and determining what action should be taken. Such actions may include generating tax refunds or abating penalty and interest.

STATISTICS

| | (in Thousands) | | | |
|----------------------------------|----------------|-----------|-----------|-----------|
| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| Adjustments to Taxpayer Accounts | 96 | 101 | 106 | 111 |
| Financial transactions processed | 6,700 | 7,035 | 9,600 | 10,080 |

RATIONALE:

This development proposal was selected by revenue because it interfaces with almost all revenue systems, completely replaces the A/R system, consolidates accounting transactions, and eliminates redundant and inefficient taxpayer account processes. The system also acts as the information base for revenue's extensive tax audit and collection activities, provides financial information to the Department of Finance, and is used to respond to taxpayer inquiries. Almost all revenue tax return/remittance processing and other tax administration systems will interface with this system.

Revenue does not have an acceptable alternative to development of the TPA system. The department can continue to utilize current systems which will result in the continued patching of an already fragmented system. The completion of the TPA System is essential to the ongoing financial credibility of revenue. Accurate and timely data will allow us to efficiently identify and initiate collection action on delinquent taxpayers and allow us to perform fair enforcement actions based on accurate and timely information.

| BASE: | (Dollars in Thousands) | | | |
|--------------------------------|------------------------|-----------|-----------|-----------|
| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| General Fund | | | | |
| Accounts Receivable Operations | \$ 230 | \$ 242 | \$ 254 | \$ 267 |

| LONG RANGE FUNDING IMPLICATIONS | (Dollars in Thousands) | | |
|---------------------------------|------------------------|-----------|----------|
| | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund | | | |
| System Support | \$ 155 | \$ 162 | \$ 317 |
| System Operation TPA | 2,819 | 2,959 | 5,778 |
| | \$ 2,974 | \$ 3,121 | \$ 6,095 |

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: INFORMATION SYSTEMS
PROGRAM: ADMINISTRATION
AGENCY: REVENUE, DEPARTMENT OF

REQUEST TITLE: SALES TAX PROCESSING MODULE

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|----------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$1,954 | -0- | \$5,376 | -0- |

Governor's Recommendation

| | | | | |
|--------------|---------|-----|---------|-----|
| General Fund | \$1,954 | -0- | \$3,536 | -0- |
|--------------|---------|-----|---------|-----|

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The objective of this request is to develop and implement the sales tax and local option sales tax system as the prototype document processing system in Revenue's Integrated Systems Plan. Processing systems for all other major tax types would be developed and implemented subsequently, taking advantage of what we learn.

DESCRIPTION/BACKGROUND:

The sales tax processing system provides all information relating to state sales taxes, and local option sales tax activities, and is used for audit, collection, and information purposes. The system also interfaces with the accounts receivable (A/R), refund, and related processing systems. Approximately 150,000 business accounts actively file state sales tax and local option sales tax returns. The volume of sales tax returns received by the department approaches 1 million returns annually. The amount of revenue received through the filing of sales taxes was approximately 1.7 billion dollars in F.Y. 1988 and represents about 25% of all tax revenues collected by the department each year.

Revenue's current sales tax system is clearly inadequate to meet the changing needs of the department. The processing system requires revenue to continue expensive manual processing activities, accept inadequate processing speed, and subjects the department to potential problems in modifying the system to accommodate changes to the tax laws and changes to processing requirements. For example, in past years, when the sales tax rates have been changed, the department has had significant problems in modifying the system to accurately apply the new rates. Major problems resulted because the system was shutdown for long periods of time during the modifications. The shutdown slowed the processing of returns and hampered tax compliance efforts.

STATISTICS

| | (in Thousands) | | | |
|--------------------------------|----------------|-----------|-----------|-----------|
| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| Receipts | 1,716,765 | 1,785,436 | 1,856,853 | 1,931,127 |
| Sales Tax Filers | 142 | 146 | 150 | 154 |
| Returns Filed With Payments | 758 | 780 | 810 | 851 |
| Returns Filed Without Payments | 210 | 221 | 232 | 243 |

RATIONALE:

The development of this prototype system is based on the systems development experience revenue has acquired in the last 3-4 years. That experience indicates that by developing a prototype processing system, we can shorten the development time, test the logic and the technology, and examine the efficiencies and costs of operating the system. The direct benefit of this approach is the ability to apply what we have learned to the development of 11 other tax processing systems.

In addition to the technical benefits of this project, the pilot system will enable the department to efficiently determine if a taxpayer is in compliance with Minnesota tax laws; improve the timeliness of sales tax receipts deposits; serve taxpayers by allowing immediate and concurrent access to tax documents that have been filed, and with a transaction based system instead of batch processing, eliminate the delays caused by tax returns with errors.

There are essentially 2 reasons for proceeding with development of this system. The 1st reason is that continuing to use antiquated and undocumented processing systems is an unacceptable risk with potentially costly consequences. The consequences to tax administration include delays in responding to taxpayer information and service requests, a potential system crash of 1 or more systems including the links to other department systems (e.g. accounts receivable), and potential delays in overall processing standards such as, timely deposit of cash and generation of tax refunds. The 2nd reason for the request is revenue's efforts to become more efficient, offset some of the cost impact of increasing volumes, and respond to taxpayer demands for accuracy and timeliness will be severely hampered.

| BASE: | (Dollars in Thousands) | | | |
|-------------------------------|------------------------|-----------|-----------|-----------|
| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| General Fund | | | | |
| Sales Tax Processing (system) | | | | |
| Operating Costs | \$ 655 | \$ 675 | \$ 708 | \$ 744 |

| LONG RANGE FUNDING IMPLICATIONS: | (Dollars in Thousands) | | |
|--|------------------------|-----------|--------|
| | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund | | | |
| Incremental Sales Tax Processing Costs | \$ 394 | \$ 397 | \$ 791 |

GOVERNOR'S RECOMMENDATION:

The Governor recommends the funding as requested except for the \$1,840,000 requested in F.Y. 1991 for an optical scanner. This savings is the result of using Master Lease rather than an outright purchase of the equipment.

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: INFORMATION SYSTEMS
PROGRAM: REVENUE ADMINISTRATION
AGENCY: REVENUE, DEPARTMENT OF

REQUEST TITLE: INCREASED ACCESS COSTS

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|----------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 282 | -0- | \$ 579 | -0- |

Governor's Recommendation

| | | | | |
|--------------|--------|-----|--------|-----|
| General Fund | \$ 282 | -0- | \$ 579 | -0- |
|--------------|--------|-----|--------|-----|

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

This request provides funding for payment of InterTech charges resulting from expected increases in the number of times we request or change information stored in our information systems. These increases are the result of increased enforcement, processing and taxpayer service activities.

DESCRIPTION/BACKGROUND:

The department is dependent upon information stored in its information databases for effective management of compliance and service activities. Historically, we have experienced an average growth of 5% each year in the number of transactions occurring. A transaction occurs whenever a function or entry key is hit. It could involve entering data from a tax return; navigating through menus and screens of information; printing a document; or inquiring about the status of a taxpayer's account. The projected increases include both normal growth in these activities and increases due to changing from manual to electronic data storage. New systems installed under the Integrated Systems plan contain more usable information and serve more functional areas within the department. Transaction volumes for access to these databases are projected to increase by 10% per year as additional users and data come on line.

RATIONALE:

These funds are necessary to maximize the use of our information and the systems which contain that information. This does not add functionality, but allows current functionality to be used. The inability to pay for increased transactions could result in untimely responses and services, development of backlogs and outdated and incomplete taxpayer information

BASE:

| | (Dollars in Thousands) | | | |
|--------------|------------------------|-----------|-----------|-----------|
| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| General Fund | \$ 3,163 | \$ 4,080 | \$ 4,924 | \$ 4,924 |

LONG RANGE FUNDING IMPLICATIONS:

| | (Dollars in Thousands) | | |
|--------------|------------------------|-----------|---------|
| | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund | \$ 883 | \$ 959 | \$1,842 |

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

PROGRAM: TAX POLICY
Agency: REVENUE, DEPARTMENT OF

1990-91 Biennial Budget

PROGRAM PURPOSE:

The purpose of the Tax Policy program is to help provide a tax system which is fair, efficient, stable, competitive, and understandable. The program consists of a single budget activity, which contains 2 divisions: Appeals and Legal Services Division, and Tax Research Division.

SERVICES PROVIDED:

The Tax Policy Program provides the department, the executive branch, and the legislature with analyses of existing tax law, identifies problems with existing law, recommends law changes, and provides analyses of law changes proposed by others.

Appeals and Legal Services Division

The Appeals Section provides taxpayers with a forum for resolving disputes arising out of the audit, assessment, and collection of state taxes. This is the final administrative review of taxpayer appeals prior to a formal appeal to district court or tax court. The Appeals Section develops appeal procedures, provides feedback to other department activities, communicates with taxpayers, and holds taxpayer conferences to resolve actual taxpayer appeals. It is a key element of effective tax administration because disputes are resolved much more cheaply administratively than through litigation.

The Legal Services Section provides the department, the executive branch and the legislature with legal analyses of, and develops alternatives to, existing state tax laws and policies. The Legal Services Section provides legal counsel to the department, its employees, and representatives of local units of government by answering questions regarding tax policy and statute or rule interpretation as applied to various fact situations; suggests, drafts, and processes administrative rules so that the department has the necessary tools to fairly and efficiently determine and enforce tax liabilities; represents the department at administrative hearings that determine or enforce a tax liability; instructs other department employees and representatives of local units of government in specific tax subjects and general policy or law research; suggests and researches areas that need legislation to clarify or modify a substantive or procedural provision of state tax law; drafts the bills to accomplish the suggested law changes; and represents the department at legislative hearings related to all tax bills.

Tax Research Division

The Tax Research Division provides research and information on state and local taxes. The division provides services to the legislature, the governor, other state agencies and governmental units, other divisions in the department, and to other organizations and the public. The division:

1. Develops revenue analyses and computer simulations to assist policy makers in making decisions on proposed changes in state and local tax laws. Tax policy issues are researched and tax developments are monitored and reported on key tax issues. A comprehensive tax expenditure budget report is published according to legislative mandate and other special studies such as tax burden comparisons are produced.

2. Forecasts tax revenues in conjunction with the Department of Finance and monitors and reports collections on a monthly basis. The state economic forecasting model (REMI) is maintained and used to conduct policy simulations.
3. Prepares statistical information on individual and corporate taxes, sales and use tax, property tax refunds, and other taxes annually. Computer models used to estimate impacts of proposed tax changes are maintained and updated yearly. A summary description of the state and local tax system is published regularly and responses are prepared for a large volume of requests for tax data and information.
4. Maintains the department library, which provides reference and information services for all programs. The library provides a central source of tax, legal, economic, and other information for the department.

HOW WE MEASURE EFFECTIVENESS

1. Enactment of tax policy improvements into law, such as:
 - a. 1987--Simplification and broader bases for individual income tax, corporate income tax, and sales tax.
 - b. 1988--Expansion of sales tax nexus and reform of taxation of foreign income.
2. Enactment of department technical bills which clarify Minnesota tax provisions.
3. Customer surveys of satisfaction for publications and library services.
4. Regular interactions with our customers (including legislators, legislative staff, executive branch personnel, other governmental organizations, and the public) to measure satisfaction and current service needs.
5. Resolution of tax disputes with fairness to the taxpayer and the state, at minimum cost.
6. Reduction of Tax Court and District Court tax cases by Alternative Dispute Resolution.

EXPLANATION OF BUDGET REQUEST:

The Tax Policy Program requests an additional \$161,000 for F.Y. 1990 to carry out tax database and data coordination mandates of the 1988 Legislature. The program has reviewed all activities for possible cost reductions and concluded that the Tax Expenditure Study can be conducted every 4 years instead of every 2 years, with an intermediate supplement for law changes. This results in savings of \$31,000 per year.

REVENUE:

This activity is an integral part of the department's effort to raise \$6.1 billion annually. See Agency Narrative.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request, except for a contingent amount of \$500,000 for litigation costs, which was requested for appropriation to the general contingent account. The agency can still seek funds from the contingent account or from internal savings for this purpose. The contingent account recommendation is for \$1,500,000 for the biennium under the Department of Finance Section.

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : REVENUE, DEPT OF
PROGRAM : TAX POLICY PROGRAM
BUDGET ACTIVITY : TAX POLICY ADMIN

| EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|--------------------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 2,058 | 2,311 | 2,612 | 27 | 2,639 | 2,639 | 2,600 | <24> | 2,576 | 2,576 |
| EXPENSES/CONTRACTUAL SRVCS | 252 | 331 | 339 | 95 | 434 | 434 | 339 | <7> | 332 | 332 |
| MISC OPERATING EXPENSES | 37 | 60 | 72 | 1 | 73 | 73 | 72 | 0 | 72 | 72 |
| SUPPLIES/MATERIALS/PARTS | 153 | 71 | 76 | 0 | 76 | 76 | 76 | 0 | 76 | 76 |
| CAPITAL EQUIPMENT | 56 | 34 | 69 | 7 | 76 | 76 | 44 | 0 | 44 | 44 |
| TOTAL EXPENDITURES | 2,556 | 2,807 | 3,168 | 130 | 3,298 | 3,298 | 3,131 | <31> | 3,100 | 3,100 |
| CHANGE REQUESTS: | | | | | | | | | | |
| | | | | | | | | | | |
| B RESEARCH DATA COORDINATION MANDATE | | | | 161 | | 161 | | 0 | | 0 |
| B TAX EXPENDITURE STUDY | | | | <31> | | <31> | | <31> | | <31> |
| TOTAL CHANGE REQUESTS | | | | 130 | | 130 | | <31> | | <31> |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 2,376 | 2,620 | 3,168 | 130 | 3,298 | 3,298 | 3,131 | <31> | 3,100 | 3,100 |
| SP REV DIRECT APPROP | 180 | 187 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL FINANCING | 2,556 | 2,807 | 3,168 | 130 | 3,298 | 3,298 | 3,131 | <31> | 3,100 | 3,100 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 48.0 | 54.0 | 64.0 | <1.0> | 63.0 | 63.0 | 64.0 | <1.0> | 63.0 | 63.0 |
| SP REV DIRECT APPROP | 4.0 | 4.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| TOTAL POSITIONS | 52.0 | 58.0 | 64.0 | <1.0> | 63.0 | 63.0 | 64.0 | <1.0> | 63.0 | 63.0 |

CHANGE REQUEST _____ Agency X Program _____ Activity **1990-91 Biennial Budget**

ACTIVITY: TAX POLICY
PROGRAM: TAX POLICY
AGENCY: REVENUE, DEPARTMENT OF

REQUEST TITLE: CONTINGENT ACCOUNT FOR LITIGATION COSTS

| | F.Y. 1990 | | F.Y. 1991 | |
|----------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| Agency Request | | | | |
| General Fund | \$ 500 | -0- | \$ -0- | -0- |

Governor's Recommendation

| | | | | |
|--------------|--------|-----|--------|-----|
| General Fund | \$ -0- | -0- | \$ -0- | -0- |
|--------------|--------|-----|--------|-----|

Request requires statutory change: X Yes _____ No
Statutes Affected: MS, Sec. 8.15

STATEMENT OF REQUEST/OBJECTIVE:

To create a special contingency fund under the control of the Legislative Advisory Commission to pay for extraordinary costs of litigation such as expert witnesses or out-of-state counsel.

DESCRIPTION/BACKGROUND:

Tax cases are becoming more complex with larger dollars at stake. To effectively defend challenges to tax laws, the attorney general must seek highly qualified expert witnesses, and the costs can be high. To collect taxes from taxpayers not in Minnesota, the attorney general must contract with out-of-state counsel. These costs are unpredictable from year to year.

RATIONALE:

A \$500,000 fund, controlled by the LAC but separate from its other funds, would be available to the department in order to vigorously defend Minnesota's tax laws and to seek payment from non-Minnesotans who have Minnesota tax liabilities. Revenue would apply to the LAC for funds if expenditures are anticipated to be \$25,000 or more. Lesser expenses would continue to be funded by regular department funds. As the fund is drawn down, proceeds from successful litigation will be used to replenish the fund.

| | (Dollars in Thousands) | | | |
|--------------|------------------------|-----------|-----------|-----------|
| BASE: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| General Fund | \$ 31 | \$ 280 | \$ 100 | \$ 100 |

LONG RANGE FUNDING IMPLICATIONS: None.

GOVERNOR'S RECOMMENDATION:

The Governor does not support the agency's request for this item.

CHANGE REQUEST 1990-91 Biennial Budget
 _____ Agency ☒ Program _____ Activity

ACTIVITY: TAX POLICY
 PROGRAM: TAX POLICY
 AGENCY: REVENUE, DEPARTMENT OF

REQUEST TITLE: DATA COORDINATION MANDATE

| | F.Y. 1990 | | F.Y. 1991 | |
|----------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| Agency Request | | | | |
| General Fund | \$ 161 | -0- | \$ -0- | -0- |

Governor's Recommendation

| | | | | |
|--------------|--------|-----|--------|-----|
| General Fund | \$ 161 | -0- | \$ -0- | -0- |
|--------------|--------|-----|--------|-----|

Request requires statutory change: _____ Yes ☒ No
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

To develop data to fulfill analytical requirements of data coordination mandate per 1988 legislation.

DESCRIPTION/BACKGROUND:

The 1988 MN Laws, Ch. 719, Art. 19, Sec. 10, established a committee to coordinate preparation of income tax sample and other tax-related data. The purpose is to encourage cooperation between the legislature and state agencies, to share program development efforts, and to provide more commonality in models, in order to obtain more consistency in resulting analyses.

RATIONALE:

Different levels of analyses and types of tax models used have caused inconsistencies in results of revenue analyses of law changes. This effort, which provides for more common data and model usage, should lead to greater consistency in analyses. Specifically, this change requests funding of \$71,000 for an income tax sample, \$5,000 for compiling information on estimated market values of homesteads, and \$85,000 for a merge of income tax data with census data.

BASE: None.

| | (Dollars in Thousands) | | |
|----------------------------------|------------------------|-----------|--------|
| LONG RANGE FUNDING IMPLICATIONS: | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund | \$ 161 | \$ 0 | \$ 161 |

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

CHANGE REQUEST 1990-91 Biennial Budget
 _____ Agency X Program _____ Activity

ACTIVITY: TAX POLICY
 PROGRAM: TAX POLICY
 AGENCY: REVENUE, DEPARTMENT OF

REQUEST TITLE: TAX EXPENDITURE STUDY

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|----------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ (31) | (1.0) | \$ (31) | (1.0) |

Governor's Recommendation

| | | | | |
|--------------|---------|-------|---------|-------|
| General Fund | \$ (31) | (1.0) | \$ (31) | (1.0) |
|--------------|---------|-------|---------|-------|

Request requires statutory change: X Yes _____ No
 Statutes Affected: MS 270.067

STATEMENT OF REQUEST/OBJECTIVE:

This is a budget decrease request to change the mandate for publication of the tax expenditure budget report (M.S. 270.067) from every 2 years to every 4 years. Publication and release of the report now coincide with the state budget message.

DESCRIPTION/BACKGROUND:

Pursuant to legislative mandate, the department publishes a comprehensive tax expenditure report every 2 years. The current practice is to include 4 years of estimates with each tax expenditure provision. The 1st report was published in 1985, and the department initially received a modest appropriation to accomplish this work. Funding was provided for part-time personnel and printing and data processing costs, and like amounts are part of the current base budget for the Tax Research Division.

RATIONALE:

A comprehensive update of the tax expenditure report involves the expenditure of significant staff resources every 2 years. Unless there are significant state or federal law changes, most items in the report do not vary substantially from year to year. A report generated every 4 years, with an intermediate supplement summarizing new or repealed tax expenditures, would convey necessary information for budget purposes.

The request would decrease expenditures by \$30,600 each year for the 1990-91 biennium. Of this total, \$23,600 would be permanent in terms of a support staff position reduction. The difference of \$7,000 for other project-related costs is a reduction for the 1990-91 biennium, but would be needed to generate a report in the 1992-93 biennium. Current staff would be used to provide continuity for the report in terms of monitoring law changes and providing an intermediate update on new or repealed provisions.

BASE:

| | (Dollars in Thousands) | | | |
|--------------|------------------------|-----------|-----------|-----------|
| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| General Fund | \$ 31 | \$ 31 | \$ 31 | \$ 31 |

LONG RANGE FUNDING IMPLICATIONS:

| | (Dollars in Thousands) | | |
|--------------|------------------------|-----------|---------|
| | F.Y. 1992 | F.Y. 1993 | TOTAL |
| General Fund | \$ (31) | \$ (31) | \$ (62) |

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

PROGRAM: TAXPAYER SERVICE PROGRAM
Agency: REVENUE, DEPARTMENT OF

1990-91 Biennial Budget

PROGRAM PURPOSE:

The backbone of the state's tax system is voluntary compliance. The ultimate success of the tax system depends on taxpayers knowing about the tax requirements and on their willingness to respond to their responsibilities by determining and paying the correct amount of tax.

The primary purpose of this program is to enhance and improve voluntary compliance by providing taxpayers the information and means necessary for them to comply with the state's tax laws.

This program also provides services to local units of government to assist them in accurately administering the property tax to achieve a uniform statewide property tax system, and it makes payments of state aids to local governments.

SERVICES PROVIDED:

The taxpayer services program includes taxpayer information services, local government services, and special taxes administration.

Taxpayer information services:

Develops forms and instructions, communicates law changes through a wide variety of publications, provides a telephone service which taxpayers can call for help in filling out tax forms, trains volunteers to provide in-person assistance to low-income and elderly taxpayers, and generally responds to requests from taxpayers for assistance in resolving tax problems with the department.

Local government services:

Appraises utility and railroad properties and furnishes their market values to counties to allow the counties to determine and collect property taxes on the properties. It also develops guidelines for use by local government officials to ensure that properties are assigned to the correct property class and appraised at market value. In addition, it develops guidelines to ensure that property tax levies and property tax credits are determined correctly. Finally, it determines and makes payments of various state aids to units of local government.

Special taxes:

Facilitates the collection of taxes on commodities such as tobacco, liquor, wine and beer, motor fuel; and administers mining occupation and production taxes and taxes on hazardous and solid waste by developing and providing forms and instructions for determining the tax, receives the tax payments, verifies payments, records them, and monitors for tax evaders.

BUDGET ISSUE:

There are 2 major budget issues: improving services to taxpayers and improving voluntary compliance with the state's charitable gambling laws.

In August, 1988, an executive order of the governor brought the Charitable Gambling Control Board under the direction of the department to permit better coordination of all state government activities relating to charitable gambling and to provide better service to the charitable organizations authorized to conduct gambling. The move takes advantage of the department's experience in tax collection, processing and accounting of tax payments, and in licensing of business activities. Because of the tremendous growth in charitable gambling activities over the last 3 years, a substantially stepped-up enforcement effort is required to ensure that organizations are operating in compliance with the law. In addition, services to the organizations must be improved to facilitate their compliance.

The department has 2 basic means of communicating with taxpayers: by mail and by telephone. In April, 1988, 1st class postage rates rose about 14%, and bulk rates -- the principal rate used for mailing 2 million state income tax forms and instruction booklets -- increased by about 34%. These increases pushed up the department's mailing costs by approximately \$420 per year.

Law changes, increases in the number of individuals and businesses filing returns, and extension of the sales tax to additional items have increased the number of calls being made to the telephone taxpayer assistance office, and has led to frequent overloading of the service. This in turn has left many taxpayers without the information they must have to comply with the laws. Also, businesses in greater Minnesota at present have no direct toll-free access to the department. These frustrations have led to many complaints about the inaccessibility of the service.

EXPLANATION OF BUDGET REQUEST:

To expand services to individual taxpayers, businesses and non-profit organizations and to step up enforcement activities, the program is submitting 3 CHANGE level requests. The CHANGE level requests will result in:

1. Improving services to taxpayers.
2. Increasing enforcement activities in all phases of charitable gambling operations.
3. Improving services to local units of government.

In addition, the program has assessed its activities and is proposing reductions within each budget activity.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the funding as requested except for the taxpayer information request. This is a biennial reduction of \$1,487,000 in this programs request. Although the request has merit, other spending priorities preclude additional funding.

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : REVENUE, DEPT OF
PROGRAM : TAXPAYER SERVICES PROGRAM

| | | F.Y. 1990 | | | | | F.Y. 1991 | | | |
|--|------|----------------|---------------|---------------|-----------------------|----------------|---------------|---------------|-----------------------|---------------|
| | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | |
| ACTIVITY EXPENDITURES: | | FY 1988 | FY 1989 | BASE | | CHANGE | TOTAL | BASE | CHANGE | TOTAL |
| TAXPAYER SERVICES | | 4,170 | 3,960 | 4,318 | | 762 | 5,080 | 4,295 | 689 | 4,984 |
| B TAXPAYER INFORMATION SERVICES | GEN | | | | | 780 | | | 707 | |
| B CERTIFICATES OF RENT PAID | GEN | | | | | <18> | | | <18> | |
| SPECIAL TAXES | | 2,840 | 4,041 | 3,848 | | 836 | 4,684 | 3,854 | 1,267 | 5,121 |
| B SPECIAL TAX REDUCTION | GEN | | | | | <85> | | | <85> | |
| B SPECIAL TAX REDUCTION | HUTD | | | | | <40> | | | <40> | |
| B GAMING REGULATIONS/CHARITABLE GAMBLING | GEN | | | | | 961 | | | 1,392 | |
| LOCAL GOVT SERVICES | | 2,553 | 2,593 | 2,540 | | <73> | 2,467 | 2,540 | <73> | 2,467 |
| B REDIRECTED LOCAL GOVT SERVICES | GEN | | | | | <102> | | | <102> | |
| B LOCAL GOVT SERVICES | GEN | | | | | 29 | | | 29 | |
| TOTAL EXPENDITURES | | 9,563 | 10,594 | 10,706 | | 1,525 | 12,231 | 10,689 | 1,883 | 12,572 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | | 7,731 | 8,626 | 8,989 | | 1,565 | 10,554 | 8,967 | 1,923 | 10,890 |
| SP REV DIRECT APPROP | | 279 | 297 | 0 | | 0 | 0 | 0 | 0 | 0 |
| HIGHWAY USER TAX DISTR | | 1,535 | 1,589 | 1,635 | | <40> | 1,595 | 1,640 | <40> | 1,600 |
| METRO LANDFILL ABTM | | 9 | 41 | 41 | | 0 | 41 | 41 | 0 | 41 |
| METRO LANDFILL CONTN | | 9 | 41 | 41 | | 0 | 41 | 41 | 0 | 41 |
| TOTAL FINANCING | | 9,563 | 10,594 | 10,706 | | 1,525 | 12,231 | 10,689 | 1,883 | 12,572 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | | 151.0 | 174.0 | 176.0 | | 33.0 | 209.0 | 176.0 | 48.0 | 224.0 |
| SP REV DIRECT APPROP | | 6.0 | 6.0 | 0.0 | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| HIGHWAY USER TAX DISTR | | 39.0 | 39.0 | 39.0 | | <1.0> | 38.0 | 39.0 | <1.0> | 38.0 |
| TOTAL POSITIONS | | 196.0 | 219.0 | 215.0 | | 32.0 | 247.0 | 215.0 | 47.0 | 262.0 |

ACTIVITY: TAXPAYER INFORMATION SERVICES
Program: TAXPAYER SERVICES
Agency: REVENUE, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

The principal responsibility of the Taxpayer Information activity is to provide the state's 1.9 million individual taxpayers and 150,000 businesses with straightforward, easy-to-read and easy-to-understand printed information on how to voluntarily and correctly comply with the state's tax laws, and to respond to telephone inquiries for assistance in understanding and complying with the tax laws.

SERVICES PROVIDED:

Publication and Education Services:

1. develops and circulates newsletters, press releases, brochures, flyers, notices and form letters to educate taxpayer about their responsibilities, and about changes in their responsibilities as a result of changes in the law or in department policies and procedures;
2. writes and publishes tax forms and instructions to provide taxpayers with the means necessary for them to determine and pay their tax;
3. mails more than 3 million forms and instruction booklets to individuals each year and approximately 1.5 million forms and instructional information to businesses annually;
4. develops and provides training materials and instruction to volunteers who provide in-person assistance in filling out income tax returns for the elderly, low-income persons, the disabled or non-English speaking taxpayers;
5. produces an annual student tax guide for use in high schools; and
6. provides tax instruction to groups of individuals, businesses and tax preparers through tax workshops, seminars, conferences, or other public presentations.

Telephone Assistance:

Responds annually to about 550,000 tax inquiries from individuals and approximately 125,000 tax questions from businesses concerning tax law requirements department procedures, tax records, forms tax bills and refunds.

Problem and Error Resolution:

1. resolves disputes or protests arising out of individual income tax audit activities;
2. corrects taxpayer records for errors made by either the department or the taxpayer, or incorrect assessments of penalty and interest;
3. approves taxpayers' requests for the cancellation of penalties for the late filing of returns or payment of tax for reasonable causes; and
4. helps taxpayers resolve problems that have not been solved through normal channels.

Technical Assistance:

Analyzes and resolves technical problems in applying tax laws and procedures to complex circumstances of particular individuals or businesses; provides technical information for tax bulletins, newsletters, instructions and other

publications; develops tax reference materials and provides information for department training manuals or instructional courses; analyzes patterns of inquiry to identify opportunities for improving procedures and clarifying forms, instructions and other publications; responds to about 25,000 written inquiries annually from individuals and businesses with questions about the tax requirements or procedures; approves or rejects requests for tax exempt status for corporations or non-profit organizations; and provides direct in-person assistance to taxpayers who seek help in filling out their forms, or need forms or additional information to comply with the tax laws.

HOW WE MEASURE EFFECTIVENESS

A 1988 survey of 325 persons who called the department to order forms and who responded anonymously to a written questionnaire provides the following information:

- * 98% rated the service as "courteous" or "very courteous".
- * 94% rated the answers given to their questions as "adequate" or "very good".
- * 92% said that they were "satisfied" with the service they received.

BUDGET ISSUES:

The major budget issues for this activity are to maintain present levels of services, to extend services to a greater number of taxpayers and to respond more rapidly to taxpayers' requests to correct errors in their records.

The activity is asking for increased funds to cover the substantial increase in costs of mailing tax forms and instructions, refund checks, tax records and correspondence caused by steep raises in postage rates in April, 1988; to replace obsolete and worn mailing equipment; to respond adequately to increased calls from taxpayers with tax questions; and to reduce high backlogs in taxpayer requests for adjustments to their accounts.

The activity is also proposing law changes to the property tax refund program which would eliminate the need for landlords to provide certificate of rent paid forms to tenants and use instead a "percentage of rent" formula to determine renter property tax refunds. If the proposal is passed into law, it will eliminate budget expenses of \$18,000 in both F.Y. 1990 and F.Y. 1991.

REVENUE:

This activity is an integral part of the department's effort to raise \$6.1 billion annually. See Agency Narrative.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : REVENUE, DEPT OF
PROGRAM : TAXPAYER SERVICES PROGRAM
BUDGET ACTIVITY : TAXPAYER SERVICES

| EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|---------------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 2,041 | 1,977 | 2,525 | 175 | 2,700 | 2,507 | 2,525 | 178 | 2,703 | 2,507 |
| EXPENSES/CONTRACTUAL SRVCS | 1,078 | 960 | 1,010 | 11 | 1,021 | 1,010 | 992 | 1 | 993 | 992 |
| MISC OPERATING EXPENSES | 870 | 963 | 710 | 471 | 1,181 | 710 | 705 | 471 | 1,176 | 705 |
| SUPPLIES/MATERIALS/PARTS | 130 | 28 | 20 | 3 | 23 | 20 | 20 | 3 | 23 | 20 |
| CAPITAL EQUIPMENT | 51 | 32 | 53 | 102 | 155 | 53 | 53 | 36 | 89 | 53 |
| TOTAL EXPENDITURES | 4,170 | 3,960 | 4,318 | 762 | 5,080 | 4,300 | 4,295 | 689 | 4,984 | 4,277 |
| CHANGE REQUESTS: | | | | | | | | | | |
| | | | | | | | | | | |
| B TAXPAYER INFORMATION SERVICES | GEN | | | 780 | | 0 | | 707 | | 0 |
| B CERTIFICATES OF RENT PAID | GEN | | | <18> | | <18> | | <18> | | <18> |
| TOTAL CHANGE REQUESTS | | | | 762 | | <18> | | 689 | | <18> |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 4,132 | 3,920 | 4,318 | 762 | 5,080 | 4,300 | 4,295 | 689 | 4,984 | 4,277 |
| SP REV DIRECT APPROP | 38 | 40 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL FINANCING | 4,170 | 3,960 | 4,318 | 762 | 5,080 | 4,300 | 4,295 | 689 | 4,984 | 4,277 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 68.0 | 72.0 | 77.0 | 7.0 | 84.0 | 77.0 | 77.0 | 7.0 | 84.0 | 77.0 |
| TOTAL POSITIONS | 68.0 | 72.0 | 77.0 | 7.0 | 84.0 | 77.0 | 77.0 | 7.0 | 84.0 | 77.0 |

CHANGE REQUEST _____ Agency _____ Program X Activity _____ 1990-91 Biennial Budget

ACTIVITY: TAXPAYER INFORMATION SERVICES
PROGRAM: TAXPAYER SERVICES
AGENCY: REVENUE, DEPARTMENT OF

REQUEST TITLE: TAXPAYER INFORMATION SERVICES

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|----------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 780 | 7.0 | \$ 707 | 7.0 |

Governor's Recommendation

| | | | | |
|--------------|--------|-----|--------|-----|
| General Fund | \$ -0- | -0- | \$ -0- | -0- |
|--------------|--------|-----|--------|-----|

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

We desire to improve the level and timeliness of services to taxpayers.

DESCRIPTION/BACKGROUND:

The department has 2 basic means of communicating with taxpayers: by mail and by telephone. Each year the department mails more than 3.5 million forms, instructions and newsletters, 1.7 million tax refund checks, 800,000 tax information records, and over 100,000 other pieces of assorted correspondence. In April, 1988, bulk postage mailing rates were increased 34% and the 1st class rate was increased 14%--resulting in increasing the department's mailing costs by approximately \$420,000 per year.

The combination of increased audit and enforcement activities by the department and major changes in federal and state tax laws has resulted in increasing the number of taxpayer protest actions in dispute of department tax orders and the number of requests for cancellation of penalties to more than 18,000 per year. This increase has led to substantial delays in responding to taxpayer problems and correcting taxpayer records. Three of the requested positions would work with resolving these protests or complaints.

The department's telephone taxpayer assistance service has seen frequent and lengthy overloading due to law changes, extension of the sales tax to additional items and increases in the number of individual and business tax filers. This has left many taxpayers without the information they need to comply with the state's tax laws, and has led to frustration and complaints. For businesses, the situation is further complicated by the fact that they have no direct, toll-free telephone access to the department for assistance with business-oriented tax questions. The department needs additional employees to make this service available; four positions would be added to telephone assistance.

Rapid mail handling by the department results in quicker service to taxpayers

and more rapid deposit of incoming tax payments. The mail handling equipment now being used by the department is rapidly wearing out and experiencing frequent breakdowns. The envelope-stuffing machine used by the department is so old that it is no longer possible to obtain replacement parts for it. The department plans systematic, ongoing replacement of this equipment.

| STATISTICS: | Actual F.Y. 1988 | Act/Est F.Y. 1989 | Estimate F.Y. 1990 | Estimate F.Y. 1991 |
|-----------------------------|---------------------|----------------------|-----------------------|-----------------------|
| Abandoned calls: Individual | 42,300 | 20,000 | 10,000 | 5,000 |
| Business | 5,000 | 4,000 | 3,000 | 2,000 |

RATIONALE:

Collection of the great bulk of the state of Minnesota's tax revenues depends on voluntary compliance by the state's taxpayers. To ensure this compliance, the department must be able to:

- continue to provide the best tax forms and instructions to the state's taxpayers;
- to distribute tax forms, instructions and related materials widely;
- to extend services to new groups of taxpayers created by law changes; and
- to respond thoroughly and rapidly to questions and problems generated by the state's tax laws.

If the department cannot maintain existing levels of service to taxpayers, if it cannot provide taxpayers with answers to their questions and responses to their complaints and if it cannot extend services to new areas as they are created, the state runs a serious risk of having taxpayers lose confidence in the department and, as a result, losing the cooperation of taxpayers with the state's voluntary tax system.

| BASE: | (Dollars in Thousands) | | | |
|--------------|------------------------|-----------|-----------|-----------|
| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| General Fund | \$ 3,655 | \$ 3,929 | \$ 3,929 | \$ 3,929 |

| LONG RANGE FUNDING IMPLICATIONS: | (Dollars in Thousands) | | |
|----------------------------------|------------------------|-----------|---------|
| | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund | \$ 707 | \$ 707 | \$1,414 |

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Although the request has merit, other spending priorities preclude additional funding.

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: TAXPAYER INFORMATION SERVICES
PROGRAM: TAXPAYER SERVICES
AGENCY: REVENUE, DEPARTMENT OF

REQUEST TITLE: CERTIFICATES OF RENT PAID

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ (18) | -0- | \$ (18) | -0- |
| Governor's Recommendation | | | | |
| General Fund | \$ (18) | -0- | \$ (18) | -0- |

Request requires statutory change: X Yes _____ No
Statutes Affected: MS 290A

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests a reduction in funding for its costs of administering the state's property tax refund program. This request, if adopted, would also: permit owners of rental properties to reduce their costs; simplify the process of applying for refunds for renters; and allow the agency to focus on providing other kinds of services aimed at promoting voluntary compliance with the tax laws.

DESCRIPTION/BACKGROUND:

The agency is requesting the Certificate of Rent Paid, form CRP, be eliminated as part of the process of applying for a property tax refund by renters. Under the current program, owners of rental property must provide renters with a CRP form. In turn, renters use the information provided on the CRP form in filling out their applications for the refunds, and are also required to attach it to their filled-out applications.

Approximately 1 million CRP forms are filled out by the owners of rental property each year, yet only 350,000 or 1/3 are actually used by renters qualifying for the refund program. The process of filling out and sending CRP forms amounts to a significant expense for the owners of rental property.

In addition, each year the agency is required to fill out more than 7,000 CRP affidavits for renters who landlords neglect or refuse to do so. This requires the agency to make use of 2 seasonal employees for 3 to 4 month period each filing season.

More importantly, the CRP form is the largest source of errors in property tax refund applications -- especially those filled out by landlords of small and medium sized rental quarters. According to a study conducted by the agency in 1987, errors in filling out the CRP form by landlords accounted for 55% of all mistakes on applications from renters, and resulted in overpayments to renters amounting to about \$5 million a year.

In the place of the CRP form requirement, renters would list their rent payments for the year and the tables for determining the refund amounts would be restructured to provide refunds equivalent to those now provided through the present system.

RATIONALE:

The CRP, is a costly component of the property tax refund application process --both for the agency and landlords--and the largest source of errors in the filling of refund applications. Its elimination would make the property tax refund less costly, and allow the agency to concentrate on providing their services for improving voluntary compliance with the tax laws.

| BASE: | (Dollars in Thousands) | | | |
|--------------|------------------------|-----------|-----------|-----------|
| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| General Fund | \$ 18 | \$ 18 | \$ 18 | \$ 18 |

| LONG RANGE FUNDING IMPLICATIONS: | (Dollars in Thousands) | | |
|----------------------------------|------------------------|-----------|---------|
| | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund | \$ (18) | \$ (18) | \$ (36) |

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

ACTIVITY: SPECIAL TAXES
Program: TAXPAYER SERVICES
Agency: REVENUE, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

The purpose of this activity is to provide specialized taxpayers, the distributors of alcohol, tobacco and petroleum products and organizations authorized to conduct charitable gambling, with the information and means necessary for them to comply with the tax laws, and to audit their activities to ensure compliance.

SERVICES PROVIDED:

The Special Taxes activity is made up of 4 units:

Alcohol, Tobacco, and Special Taxes: Collects taxes, maintains records, conducts audits, and ensures that taxpayers meet statutory bonding, licensing, and pricing requirements for the following taxes:

1. state cigarette and tobacco tax from distributors and sub-jobbers,
2. gross earnings tax from telephone, telegraph, and trust companies,
3. state tax on the generation of hazardous waste,
4. tax on the disposal of solid waste in the seven-county metropolitan area,
5. liquor, wine, and beer taxes,
6. controlled-substance tax,
7. insurance tax,
8. tax on pulltab, tipboard, bingo, raffle, and paddlewheel activities; audits organizations conducting charitable gambling to ensure they are in compliance with state law; and ensures that money raised from charitable gambling is spent by organizations for charitable purposes.

Petroleum Taxes: This unit:

1. collects the state per-gallon taxes on gasoline and aviation fuel and on diesel fuel and propane gas used in motor vehicles and administers the interstate road tax program;
2. issues and renews licenses or permits;
3. instructs applicants for licenses and permits in record-keeping and reporting requirements;
4. issues refunds to qualified taxpayers and end users of the products; and
5. audits returns, refund applications, and other records of taxpayers and end users to ensure compliance with the tax laws.

Mineral Taxes: This unit:

1. collects from 6 mining companies the occupation tax, the taconite production tax, and royalty taxes;
2. collects the gross earnings tax from 2 taconite railroad companies;
3. audits the records and reports of the mining companies and companies that do business with them and monitors mining operations in person;
4. determines the amount of taconite production tax revenue due to 74 local units of government;
5. estimates the quantities and market values of iron range taconite and iron ore deposits to furnish to county auditors for their use in determining local property taxes; and
6. analyzes and forecasts production of all types of minerals in Minnesota,

and publishes the annual Minnesota Mining Tax Guide, a comprehensive report on all taxes affecting Minnesota mining operations, for use in developing tax policies on the state's mineral resources.

Gaming Taxes: This unit:

1. issues licenses to manufacturers and distributors of gambling devices;
2. issues licenses to organizations conducting charitable gambling activities;
3. recommends the suspensions of licenses for violations of the law;
4. makes rules governing charitable gambling;
5. develop forms, instructions, and other information to facilitate voluntary compliance with the laws;
6. provides telephone assistance to organizations with questions about the law; and
7. provides education and outreach services to organizations.

EFFECTIVENESS MEASURES:

| | Actual F.Y. 1988 | Act/Est F.Y. 1989 | Estimate F.Y. 1990 | Estimate F.Y. 1991 |
|--|---------------------|----------------------|-----------------------|-----------------------|
|--|---------------------|----------------------|-----------------------|-----------------------|

Alcohol, Tobacco, and Special Taxes

Audits

| | | | | |
|---------------------------|-------|-------|-------|-------|
| Cigarette and Tobacco | 200 | 150 | 125 | 120 |
| Liquor, Wine and Beer | 45 | 20 | 20 | 20 |
| Telephone and Telegraph | 25 | 25 | 25 | 25 |
| Hazardous and Solid Waste | 5 | 10 | 20 | 20 |
| Pull-Tab and Tipboard | 20 | 30 | 30 | 30 |
| Insurance | 4,900 | 4,750 | 4,760 | 4,780 |

Retail Inspections

| | | | | |
|-----------------------|-----|-----|-----|-----|
| Cigarette and Tobacco | 385 | 400 | 400 | 400 |
| Pull-Tab and Tipboard | 5 | 25 | 40 | 50 |

BUDGET ISSUE:

There has been an enormous growth in charitable gambling activity in Minnesota over the last 3 years. There was a 62% increase in the money spent by Minnesotans on charitable gambling from F.Y. 1986 to F.Y. 1987. Minnesotans spent \$294 million on charitable gambling in F.Y. 1986 and \$447 million in F.Y. 1987--an increase of \$153 million. The increase is even more dramatic in F.Y. 1988 with upwards of \$600 million spent on charitable gambling.

The number of monthly reports filed by organizations conducting charitable gambling activities has grown from 447 in F.Y. 1985 to about 900 in F.Y. 1988--an increase of more than 400%.

In response to this tremendous growth in charitable gambling activity, the governor in August, 1988 signed an executive order to bring the Charitable Gambling Control Board under the direction of the department. The merger served as a means for improving the coordination of state activities tied to charitable gambling and for strengthening both service and enforcement efforts directed at charitable gambling operations.

However, the current complement of employees is not enough to mount a sufficient audit presence among the 15 manufacturers and 60 distributors of gambling devices or at the more than 3,400 sites conducting gambling activities. In addition, the services need to be expanded to charitable organiza-

ACTIVITY: SPECIAL TAXES
(Continuation)
Program: TAXPAYER SERVICES
Agency: REVENUE, DEPARTMENT OF

1990-91 Biennial Budget

tions to assist them in their efforts to comply with the laws.

EXPLANATION OF BUDGET REQUEST:

The major budget issue for this activity is the need to expand audit, enforcement and service activities to improve compliance with the state's charitable gambling laws. This activity is requesting \$960,000 in F.Y. 1990 and \$1,392,000 in F.Y. 1991 for this purpose.

To reduce spending from the General Fund by \$95,000 per year, and to reduce spending from the highway user fund by \$40,000 per year, this activity is proposing a number of law changes which would reduce or eliminate activities which have been found not to contribute to voluntary compliance with the tax laws, and is proposing to be reimbursed from local tax revenues for its costs in connection with administering local tax laws.

REVENUE:

This activity is an integral part of the department's effort to raise \$6.1 billion annually. See Agency Narrative.

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : REVENUE, DEPT OF
PROGRAM : TAXPAYER SERVICES PROGRAM
BUDGET ACTIVITY : SPECIAL TAXES

| EXPENDITURES: | F.Y. 1990 | | | | | | F.Y. 1991 | | | |
|--|-----------|---------|----------------|--------|-------|--------------------|----------------|--------|-------|--------------------|
| | FY 1988 | FY 1989 | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 2,276 | 3,194 | 3,059 | 526 | 3,585 | 3,585 | 3,059 | 1,009 | 4,068 | 4,068 |
| EXPENSES/CONTRACTUAL SRVCS | 226 | 330 | 284 | 106 | 390 | 390 | 290 | 46 | 336 | 336 |
| MISC OPERATING EXPENSES | 202 | 390 | 399 | 97 | 496 | 496 | 399 | 152 | 551 | 551 |
| SUPPLIES/MATERIALS/PARTS | 112 | 33 | 41 | 11 | 52 | 52 | 41 | 10 | 51 | 51 |
| CAPITAL EQUIPMENT | 24 | 94 | 65 | 96 | 161 | 161 | 65 | 50 | 115 | 115 |
| TOTAL EXPENDITURES | 2,840 | 4,041 | 3,848 | 836 | 4,684 | 4,684 | 3,854 | 1,267 | 5,121 | 5,121 |
| CHANGE REQUESTS: | | | | | | | | | | |
| FUND | | | | | | | | | | |
| B SPECIAL TAX REDUCTION | | | | <85> | | <85> | | <85> | | <85> |
| B SPECIAL TAX REDUCTION | | | | <40> | | <40> | | <40> | | <40> |
| B GAMING REGULATIONS/CHARITABLE GAMBLING | | | | 961 | | 961 | | 1,392 | | 1,392 |
| TOTAL CHANGE REQUESTS | | | | 836 | | 836 | | 1,267 | | 1,267 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 1,046 | 2,113 | 2,131 | 876 | 3,007 | 3,007 | 2,132 | 1,307 | 3,439 | 3,439 |
| SP REV DIRECT APPROP | 241 | 257 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| HGHWY USER TAX DISTR | 1,535 | 1,589 | 1,635 | <40> | 1,595 | 1,595 | 1,640 | <40> | 1,600 | 1,600 |
| METRO LANDFILL ABTM | 9 | 41 | 41 | 0 | 41 | 41 | 41 | 0 | 41 | 41 |
| METRO LANDFILL CONTN | 9 | 41 | 41 | 0 | 41 | 41 | 41 | 0 | 41 | 41 |
| TOTAL FINANCING | 2,840 | 4,041 | 3,848 | 836 | 4,684 | 4,684 | 3,854 | 1,267 | 5,121 | 5,121 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 28.0 | 52.0 | 49.0 | 24.0 | 73.0 | 73.0 | 49.0 | 39.0 | 88.0 | 88.0 |
| SP REV DIRECT APPROP | 6.0 | 6.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| HGHWY USER TAX DISTR | 39.0 | 39.0 | 39.0 | <1.0> | 38.0 | 38.0 | 39.0 | <1.0> | 38.0 | 38.0 |
| TOTAL POSITIONS | 73.0 | 97.0 | 88.0 | 23.0 | 111.0 | 111.0 | 88.0 | 38.0 | 126.0 | 126.0 |

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: SPECIAL TAXES
PROGRAM: TAXPAYER SERVICES
AGENCY: REVENUE, DEPARTMENT OF

REQUEST TITLE: SPECIAL TAX REDUCTION

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|---------------------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ (85) | (1.0) | \$ (85) | (1.0) |
| Highway User Tax Fund | (40) | (1.0) | (40) | (1.0) |
| Governor's Recommendation | | | | |
| General Fund | \$ (85) | (1.0) | \$ (85) | (1.0) |
| Highway User Tax Fund | (40) | (1.0) | (40) | (1.0) |

Request requires statutory change: X Yes _____ No
Statutes Affected: M.S. 297, 297C.

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests: the scaling back of funding for activities which do not substantially contribute to its mission of improving voluntary compliance and reimbursement from local tax revenues for its costs of administering local tax laws. The agency requests a reduction in its funding from the highway user fund as a result of cost savings achieved through increases in productivity.

DESCRIPTION/BACKGROUND:

The agency is requesting 4 law changes related to the distributors of cigarette products. The law changes, if adopted, will allow the agency to reduce its costs and to redirect its resources to activities which contribute more to improving voluntary compliance with the tax laws. The following changes are requested:

1. abolishing the state's unfair cigarette sales law;
2. removing the choice by distributors of using 1 of 2 methods for affixing tax stamps to cigarettes packages, and instead mandate the use of one system;
3. eliminating the bond requirements for distributors of cigarette and alcohol products; and
4. licensing distributors of cigarette products once every 2 years instead of once a year.

Added together, these changes will reduce the agency's funding by \$30,000 per year and permit it to decrease its complement by 1.0 position.

In addition, the agency requests funding from taconite production tax revenues for its costs of administering the tax and determining the distribution of revenues to local units government. The taconite production tax is paid by mining companies in place of local property taxes. The revenues from the

tax are distributed to local units of governments near or in areas of the mining activity. By permitting the agency to be compensated from the taconite production tax for its expense in administering this local tax, means general fund expenditures would be reduced by \$55,000.

The agency also asks that its funding from the higher user fund be reduced. The agency has achieved cost savings in its administration of the state's petroleum tax laws through the development of computer programs to replace manually intensive tasks and by changes in operating procedures.

RATIONALE:

The agency is striving to make the widest use of its limited resources to encourage the broadest possible compliance by the state's taxpayers. This requires eliminating, or altering, those activities which contribute only marginally to voluntary compliance with the tax laws, and redirecting resources toward efforts that significantly strengthen voluntary compliance.

| BASE: | (Dollars in Thousands) | | | |
|-----------------------|------------------------|-----------|-----------|-----------|
| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| General Fund | \$ 85 | \$ 85 | \$ 85 | \$ 85 |
| Highway User Tax Fund | 40 | 40 | 40 | 40 |

| LONG RANGE FUNDING IMPLICATIONS: | (Dollars in Thousands) | | |
|----------------------------------|------------------------|-----------|---------|
| | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund | \$ (85) | \$ (85) | \$(170) |
| Highway User Tax Fund | (40) | (40) | (80) |

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: SPECIAL TAXES
PROGRAM: TAXPAYER SERVICES
AGENCY: REVENUE, DEPARTMENT OF

REQUEST TITLE: CHARITABLE GAMBLING

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|----------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 961 | 25.0 | \$1,392 | 40.0 |

Governor's Recommendation

| | | | | |
|--------------|--------|------|---------|------|
| General Fund | \$ 961 | 25.0 | \$1,392 | 40.0 |
|--------------|--------|------|---------|------|

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests funding to expand audit, enforcement and service activities to improve compliance with the state's charitable gambling laws among:

- manufacturers and distributors of gambling devices;
- operators of gambling sites; and
- organizations authorized to conduct charitable gambling activities.

DESCRIPTION/BACKGROUND:

Charitable gambling has been authorized by law in Minnesota since the 1940s. Bingo was the predominant form of charitable gambling for many years, but in recent years, 4 new types of gambling have been permitted by law: pulltabs, raffles, paddle-wheels and tipboards. As more forms of gambling have been permitted, and as gambling sites have spread from bingo halls to more widespread and readily-accessible locations, there has been a dramatic growth in gambling by Minnesotans.

To regulate the growing charitable gambling activity in Minnesota, the Charitable Gambling Control Board was created in 1984, and a small staff was authorized to carry out day-to-day regulatory activities on behalf of the board. However, since the inception of the board, the growth of charitable gambling has accelerated. In response to this tremendous growth in charitable gambling activity, in August, 1988, the governor signed an executive order bringing the Charitable Gambling Control Board staff under the direction of department. This reorganization served as a means for improving the coordination of state activities tied to charitable gambling and for strengthening both service and enforcement efforts directed at charitable gambling operations.

Charitable gambling activity in Minnesota has more than doubled over the last 3 years. In F.Y. 1986, Minnesotans spent \$294 million on charitable gambling and in F.Y. 1988, they spent more than \$600 million on charitable gambling.

In addition, the number of monthly reports filed by non-profit organizations conducting charitable gambling activities has grown 4-fold over the last 4 years -- jumping from 447 in F.Y. 1985 to approximately 1900 in F.Y. 1988.

In Minnesota there are now 60 distributors of gambling devices, and 3,400 authorized gambling sites.

However, the current complement of employees assigned to monitor and enforce charitable gambling laws, process tax payments and provide informational services is not sufficient to cope with phenomenal increases experienced in this activity. Two of the positions requested by the agency will be assigned to the Bureau of Criminal Apprehension to permit specialized and aggressive enforcement of the laws.

RATIONALE:

There is no regular or systematic on-site auditing or other investigation of gambling activities, and current resources allow only infrequent auditing of manufacturers and distributors. Use of gambling proceeds by the charitable organizations has not been verified. There has been no full-scale, widespread information program. Because of lack of thorough and consistent information, there has been an 25% error rate on initial applications, and an error rate of 35% on tax returns. Information on charitable gambling activities needs to be organized, interpreted, simplified and distributed widely to charitable organizations, both those which are already conducted gambling activities and those which are considering them.

Without adequate funding, there is a very high potential for revenue loss to the state of Minnesota, and no assurance that the proceeds from charitable gambling will be used for the purposes intended by the legislature.

| BASE: | (Dollars in Thousands) | | | |
|--------------|------------------------|-----------|-----------|-----------|
| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| General Fund | \$ 674 | \$ 927 | \$ 927 | \$ 927 |

| LONG RANGE FUNDING IMPLICATIONS: | (Dollars in Thousands) | | |
|----------------------------------|------------------------|-----------|---------|
| | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund | \$ 1,392 | \$ 1,392 | \$2,784 |

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

ACTIVITY: LOCAL GOVERNMENT SERVICES
Program: TAXPAYER SERVICES
Agency: REVENUE, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

The purpose of this activity is to ensure uniform and fair statewide administration of property taxes by local governments. This activity also ensures the timely and accurate payment of state aid payments to local government.

SERVICES PROVIDED:

The local government services division:

1. appraises property of public utilities and airlines throughout the state for use by local governments in determining property taxes;
2. develops guidelines for use by assessors to ensure that properties are assigned to correct classes and are appraised at market value;
3. gathers real estate sales data to monitor the accuracy of property appraisals by assessors and for use in determining state aid amounts for local governments;
4. issues state deeds for tax-forfeited lands;
5. assists assessors by appraising difficult-to-value commercial and industrial properties;
6. provides classroom instruction necessary for local assessors to obtain and/or renew licenses;
7. reviews county board actions approving reductions in property values;
8. determines and distributes state aids to local governments;
9. audits property tax levies to ensure compliance with state levy limit laws;
10. develops guidelines for property tax levies and property tax credits for county auditors and treasurers;
11. designs the property tax statement; and
12. prepares reports on property tax collections and state aids, and estimates the costs and effects of proposed property tax law changes.

This division has provided assistance to county assessors, auditors and treasurers in implementing extensive property tax law changes made in the 1988 Legislative Session.

In addition, the division established a position to serve as a liaison between the county governments and the department to facilitate the uniform recording and reporting of property tax data, and the transmission of it on computer disks in place of bulky written reports. As a result, by 1990 all county governments will be reporting property tax data to the department on diskettes. This will eliminate the need to data enter the information and will make it available for immediate use in determining state aid amounts and in preparing property tax statistical reports and forecasts.

The division also developed a comprehensive loose-leaf reference manual for use by county auditors and treasurers in determining, collecting, and distributing mortgage registration and deed taxes. Among the division's other accomplishments were:

- * the development of a computer system to determine if property owners were declaring more than one property as a homestead in order to receive multiple state paid homestead credits;

- * the processing of 160 applications from counties and cities requesting approvals to exceed state-imposed levy limits for exceptions permitted by law; and
- * the providing of assistance to legislators in the adoption of state laws governing the conduct of assessors and their removal from office.

HOW WE MEASURE EFFECTIVENESS

Statewide assessment/sales ratio:

| <u>Property Type</u> | <u>1982</u> | <u>1983</u> | <u>1984</u> | <u>1985</u> | <u>1986</u> | <u>1987*</u> |
|----------------------|-------------|-------------|-------------|-------------|-------------|--------------|
| Residential | 84.0% | 87.1% | 88.5% | 90.3% | 91.5% | 89.1% |
| Apartment | 76.0 | 79.2 | 78.7 | 85.2 | 91.5 | 90.3 |
| Seasonal | 71.2 | 74.7 | 77.7 | 81.0 | 87.1 | 86.4 |
| Farm | 70.6 | 86.2 | 94.6 | 96.2 | 113.4 | 112.4 |
| Comm-Industrial | 69.7 | 75.5 | 79.1 | 78.8 | 85.6 | 84.0 |

*Preliminary

EXPLANATION OF BUDGET REQUEST:

To improve services to local governments, the division requests an additional \$14,000 per year for the cost of converting 3.0 part-time positions to permanent positions, and \$15,000 to cover the costs of monitoring for duplicate homestead applications.

To reduce spending by \$102,000, the division is proposing to eliminate the tuition fund for part-time assessors, to abolish the special homestead property classification for blind or permanently disabled persons, and is proposing to be paid for the cost of determining and paying state aid police and fire from that fund instead of from the general fund.

REVENUE:

This activity is an integral part of the department's effort to raise \$6.1 billion annually. See Agency Narrative.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : REVENUE, DEPT OF
PROGRAM : TAXPAYER SERVICES PROGRAM
BUDGET ACTIVITY : LOCAL GOVT SERVICES

| EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|----------------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 1,879 | 1,928 | 1,936 | <48> | 1,888 | 1,888 | 1,936 | <48> | 1,888 | 1,888 |
| EXPENSES/CONTRACTUAL SRVCS | 397 | 364 | 355 | 14 | 369 | 369 | 355 | 14 | 369 | 369 |
| MISC OPERATING EXPENSES | 170 | 229 | 177 | <39> | 138 | 138 | 177 | <39> | 138 | 138 |
| SUPPLIES/MATERIALS/PARTS | 39 | 17 | 17 | 0 | 17 | 17 | 17 | 0 | 17 | 17 |
| CAPITAL EQUIPMENT | 67 | 51 | 51 | 0 | 51 | 51 | 51 | 0 | 51 | 51 |
| STATE OPERATIONS | 2,552 | 2,589 | 2,536 | <73> | 2,463 | 2,463 | 2,536 | <73> | 2,463 | 2,463 |
| AIDS TO INDIVIDUALS | 1 | 4 | 4 | 0 | 4 | 4 | 4 | 0 | 4 | 4 |
| TOTAL EXPENDITURES | 2,553 | 2,593 | 2,540 | <73> | 2,467 | 2,467 | 2,540 | <73> | 2,467 | 2,467 |
| CHANGE REQUESTS: | | | | | | | | | | |
| | | | | | | | | | | |
| B REDIRECTED LOCAL GOVT SERVICES | | | | <102> | | <102> | | <102> | | <102> |
| B LOCAL GOVT SERVICES | | | | 29 | | 29 | | 29 | | 29 |
| TOTAL CHANGE REQUESTS | | | | <73> | | <73> | | <73> | | <73> |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 2,553 | 2,593 | 2,540 | <73> | 2,467 | 2,467 | 2,540 | <73> | 2,467 | 2,467 |
| TOTAL FINANCING | 2,553 | 2,593 | 2,540 | <73> | 2,467 | 2,467 | 2,540 | <73> | 2,467 | 2,467 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 55.0 | 50.0 | 50.0 | 2.0 | 52.0 | 52.0 | 50.0 | 2.0 | 52.0 | 52.0 |
| TOTAL POSITIONS | 55.0 | 50.0 | 50.0 | 2.0 | 52.0 | 52.0 | 50.0 | 2.0 | 52.0 | 52.0 |

CHANGE REQUEST 1990-91 Biennial Budget
 _____ Agency _____ Program X Activity

ACTIVITY: LOCAL GOVERNMENT SERVICES
 PROGRAM: TAXPAYER SERVICES
 AGENCY: REVENUE, DEPARTMENT OF

REQUEST TITLE: REDIRECTED LOCAL GOVERNMENT SERVICES

| | F.Y. 1990 | | F.Y. 1991 | |
|----------------|-----------|-----------|-----------|-----------|
| | (000's) | | (000's) | |
| Agency Request | Amount | Positions | Amount | Positions |
| General Fund | \$(102) | (1.0) | \$(102) | (1.0) |

Governor's Recommendation

| | | | | |
|--------------|---------|-------|---------|-------|
| General Fund | \$(102) | (1.0) | \$(102) | (1.0) |
|--------------|---------|-------|---------|-------|

Request requires statutory change: X Yes _____ No
 Statutes Affected: M.S. 273.

STATEMENT OF REQUEST/OBJECTIVE:

The agency proposes to eliminate funding for two activities to improve the equity and fairness of the state's property tax system and to reimburse from a dedicated fund its costs of collecting and distributing monies related to the fund.

DESCRIPTION/BACKGROUND:

The agency requests eliminating the tuition fund set aside to reimburse part-time assessors for a portion of their costs of taking courses mandated by the State Board of Assessors to obtain or renew a license. This will result in both full-time and part-time assessors being compensated for their costs by the city or town employing them. The property tax is a local tax and the cost of administering it--including the cost of providing training for employees--is a local responsibility. Abolishing the tuition fund will reduce the state's general fund expenditures by \$38,000 per year.

The agency also requests improving the equity of the property tax system by eliminating the special property classification for blind and permanently disabled persons along with the requirement for them to apply to the department for the classification on their homes. Eligibility for the special classification is limited to all blind persons, regardless of income, and to disabled persons receiving disability pay from government source. Persons receiving disability pay from an employer in the private sector do not qualify for the special classification on their homes. Low or moderate income blind or disabled persons would be compensated for increases in their property tax bills through the state's property tax refund program. In effect, the change will result in treating all homeowners the same. And, through the property tax refund program, it will result in basing tax relief on the basis of ability to pay rather than on another criteria. The change, if adopted, will reduce funding for the agency by \$29,000 per year and decrease its complement by one position.

In addition, the agency requests the funds earmarked for state police and fire aids pay its costs of collecting and distributing the monies. A portion of the state's gross premium tax on insurance companies is earmarked, by law, for the payment of aid to police and fire pension plans. The department's costs in collecting the dedicated portion of the tax, in gathering the data necessary to determine eligibility for the aid, and in making payments of the aid amounts are approximately \$35,000 per year.

RATIONALE:

The agency is looking for opportunities to reduce its costs, while simultaneously improving the fairness, equity and accountability, of state's property tax system. By reducing the costs of these activities, the agency can direct its limited resources toward providing a broader range of services to local units of government.

| | (Dollars in Thousands) | | | |
|--------------|------------------------|-----------|-----------|-----------|
| BASE: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| General Fund | \$ 85 | \$ 100 | \$ 100 | \$ 100 |

| | (Dollars in Thousands) | | |
|----------------------------------|------------------------|-----------|----------|
| LONG RANGE FUNDING IMPLICATIONS: | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund | \$ (102) | \$ (102) | \$ (204) |

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: LOCAL GOVERNMENT SERVICES
PROGRAM: TAXPAYER SERVICES
AGENCY: REVENUE, DEPARTMENT OF

REQUEST TITLE: LOCAL GOVERNMENT SERVICES

| | F.Y. 1990 | | F.Y. 1991 | |
|----------------|-------------------|-----------|-------------------|-----------|
| Agency Request | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$ 29 | 3.0 | \$ 29 | 3.0 |

Governor's Recommendation

| | | | | |
|--------------|-------|-----|-------|-----|
| General Fund | \$ 29 | 3.0 | \$ 29 | 3.0 |
|--------------|-------|-----|-------|-----|

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests funding to improve services to local units of government and to ensure taxpayers are complying with the state's property tax laws.

DESCRIPTION/BACKGROUND:

The agency is requesting authority to convert positions in the Local Government Services activity, currently staffed year-round by seasonal employees, to full-time complement positions. Funds have traditionally been appropriated to the activity for seasonal employees to handle work peaks in preparing the agency's annual sales-to-assessment ratio studies and in assembling data necessary for determining state aid amounts to local units of government. However, in recent years, even non-periods have required the use of 3.0 seasonal positions at all times during the year. The 10 month limit on the term of employment of a seasonal employee has required the division to lay off experienced employees, to pay unemployment benefits to them and to train new ones for the same work. Making these positions permanent would enable the activity to retain experienced employees and better service local units of government by providing more timely and accurate information to them.

The cost of these changes, which are predominately offset by existing funds for seasonal employees and reductions in unemployment costs, is \$14,000 per year.

In addition, the agency is requesting funding to do a computer-generated match of property owner's social security numbers to uncover persons filing for more than one state paid homestead credit throughout the state. In its 1985 session, the legislature authorized such a computer-generated match, but did not provide the funding for it. Because this activity is already significantly under funded for other computer related activities, \$15,000 per year is needed. The agency estimates that this program serves as a deterrent to more than \$1 million in potential fraudulent homestead credit claims each year.

RATIONALE:

Using permanent employees to do work currently done year-round by seasonals would provide continuity of experience in performing tasks, resulting in improved problem solving ability, morale, teamwork, and service to local units of government through the providing of more timely and accurate information. Performing a computer-generated match of property owner's social security numbers ensures state government is not paying more for property tax relief than is necessary and deters taxpayers from evading the law.

| | (Dollars in Thousands) | | | |
|--------------|------------------------|-----------|-----------|-----------|
| BASE: | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| General Fund | \$ 63 | \$ 65 | \$ 65 | \$ 65 |

| | (Dollars in Thousands) | | |
|----------------------------------|------------------------|-----------|-------|
| LONG RANGE FUNDING IMPLICATIONS: | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund | \$ 29 | \$ 29 | \$ 58 |

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

PROGRAM: OPERATIONS
Agency: REVENUE, DEPARTMENT OF

1990-91 Biennial Budget

PROGRAM PURPOSE:

The primary purpose of the Operations Program is to process all tax returns, cash remittances and refunds; manage an accounting system to maintain the integrity of all transactions affecting taxpayers' accounts and meet financial reporting requirements and; provide information and records services to taxpayers and program clientele.

The Operations Program serves broad categories of clientele which include business and individual taxpayers, other revenue programs, state agencies, and local governments.

SERVICES PROVIDED:

Operations Program services have been organized into the following major functional areas:

Document Processing - This function manages services which include the processing of all tax returns, depositing of cash remittances, coding of cash remittances and refund claims to the proper state fund, managing the automated information processing functions and data entry, examining returns for accuracy and compliance with tax laws, and processing local option sales tax returns/remittances for political subdivisions. Timely deposit of cash remittances enables the state to maximize interest on tax revenues. The accuracy and the timely availability of information obtained from the tax returns and cash remittances serves as the data source for other revenue program functions and services.

Revenue Accounting - This function serves our clientele by maintaining an internal accounting system for taxpayer accounts, providing our clientele with financial information and reports, managing revenue's taxpayer accounts payable and tax refund systems, maintaining taxpayer accounts to record accounts receivable and related adjustments, and collecting debts owed to state and political subdivisions through the Revenue Recapture service. Maintaining accurate and timely financial systems/records provides our state agency clientele with the correct fund/accounting information. The function serves taxpayers by assuring the integrity of financial transactions and adjustments to a taxpayer's account. The most visible service to taxpayers is the processing of tax refunds as a result of overpayment of taxes and processing of property/renters refunds. Finally, the function serves state agencies, political subdivisions and other authorized individuals by offsetting tax refunds against debts owed to authorized agencies and individuals.

Records Management - The service activities of this function include the maintenance of individual and business taxpayer registration/information systems, updating taxpayer information, managing functions for the retention, retrieval, and disposition of all taxpayer and tax administration records used by taxpayers and internal clientele. The function serves taxpayers by prompt processing of applications for sales and withholding tax permits/numbers, retrieving records/information from individual/business tax records for taxpayers and for revenue audit, collection and research purposes. Maintaining accurate and timely individual/business information services provides our internal clientele with access to historical tax data, access to original records for audit and collection purposes, and provides the base information

necessary to effectively communicate with taxpayers regarding tax administration issues.

| HOW WE MEASURE EFFECTIVENESS | (Dollars in Thousands) | | | |
|---|------------------------|-----------|-----------|-----------|
| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| Deposit of Cash Remittances Over \$100,000 | .5 Days | .5 Days | .5 Days | .5 Days |
| Deposit of Cash Remittances Under \$100,000 | 1.0 Days | 1.0 Days | 1.0 Days | 1.0 Days |
| Availability of Trust Tax Return Data | 45 Days | 30 Days | 20 Days | 20 Days |
| Tax Refund Processing | 30 Days | 30 Days | 30 Days | 30 Days |
| Accounting Transactions | 30 Days | 15 Days | 10 Days | 10 Days |
| Accounting Document Entry | 120 Days | 60 Days | 30 Days | 30 Days |
| Time to Process Permits/I.D. No. | 3 Days | 3 Days | 2 Days | 2 Days |
| Time to Process Request for Information | 3 Days | 3 Days | 2 Days | 2 Days |
| Revenue Recapture Requests | 93,000 | 101,000 | 109,000 | 117,000 |
| Recapture Collection Results | \$ 6,023 | \$ 6,540 | \$ 7,059 | \$ 7,577 |

BUDGET ISSUE:

It is the intent of the Operations Program to build on the accomplishments of the current biennium. We will utilize F.Y. 1990-91 budget resources to improve services to taxpayers by continuing the 30 day tax refund standard achieved in F.Y. 1988, improve the timeliness of information/data available to our internal and state agency clientele, take advantage of revenue's relocation to new office space and the implementation of the new Taxpayer Registration (business/individual) computer systems to improve production and service efficiencies.

EXPLANATION OF BUDGET REQUEST:

The Operations Program budget request includes one CHANGE level request for the conversion of the Revenue Recapture activity to a revolving fund account. The conversion will allow the department to utilize claimant payments to fund ongoing operations, increase utilization of the service by authorized state and local government agencies through a marketing program, and offset changes to manual and computer systems necessary to improve services to our claimant agencies and taxpayers.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Other spending priorities preclude additional funding.

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : REVENUE, DEPT OF
PROGRAM : OPERATIONS PROGRAM
BUDGET ACTIVITY : OPERATIONS

| EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|---------------------------------------|---------|---------|----------------|--------|--------|-----------------------|----------------|--------|--------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 6,489 | 7,309 | 8,200 | 24 | 8,224 | 8,200 | 8,174 | 44 | 8,218 | 8,174 |
| EXPENSES/CONTRACTUAL SRVCS | 1,126 | 907 | 1,697 | 39 | 1,736 | 1,697 | 1,685 | 47 | 1,732 | 1,685 |
| MISC OPERATING EXPENSES | 244 | 296 | 122 | 9 | 131 | 122 | 122 | 9 | 131 | 122 |
| SUPPLIES/MATERIALS/PARTS | 397 | 255 | 258 | 3 | 261 | 258 | 257 | 3 | 260 | 257 |
| CAPITAL EQUIPMENT | 47 | 41 | 87 | 0 | 87 | 87 | 61 | 0 | 61 | 61 |
| TOTAL EXPENDITURES | 8,303 | 8,808 | 10,364 | 75 | 10,439 | 10,364 | 10,299 | 103 | 10,402 | 10,299 |
| CHANGE REQUESTS: | | | | | | | | | | |
| | | | | | | | | | | |
| B REVENUE RECAPTURE REVOLVING ACCOUNT | | | | <135> | | 0 | | <142> | | 0 |
| B REVENUE RECAPTURE REVOLVING ACCOUNT | | | | 210 | | 0 | | 245 | | 0 |
| TOTAL CHANGE REQUESTS | | | | 75 | | 0 | | 103 | | 0 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 8,303 | 8,808 | 10,364 | <135> | 10,229 | 10,364 | 10,299 | <142> | 10,157 | 10,299 |
| STATUTORY APPROPRIATIONS: | | | | | | | | | | |
| SPECIAL REVENUE | 0 | 0 | 0 | 210 | 210 | 0 | 0 | 245 | 245 | 0 |
| TOTAL FINANCING | 8,303 | 8,808 | 10,364 | 75 | 10,439 | 10,364 | 10,299 | 103 | 10,402 | 10,299 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 228.0 | 246.0 | 253.0 | <2.0> | 251.0 | 253.0 | 253.0 | <2.0> | 251.0 | 253.0 |
| SPECIAL REVENUE | 0.0 | 0.0 | 0.0 | 2.0 | 2.0 | 0.0 | 0.0 | 2.0 | 2.0 | 0.0 |
| TOTAL POSITIONS | 228.0 | 246.0 | 253.0 | 0.0 | 253.0 | 253.0 | 253.0 | 0.0 | 253.0 | 253.0 |

CHANGE REQUEST _____ Agency X Program _____ Activity _____ 1990-91 Biennial Budget

ACTIVITY: REVENUE ACCOUNTING/REVENUE RECAPTURE
PROGRAM: OPERATIONS
AGENCY: REVENUE, DEPARTMENT OF

REQUEST TITLE: REVENUE RECAPTURE REVOLVING ACCOUNT

| | F.Y. 1990 | | F.Y. 1991 | |
|-------------------|-----------|-----------|-----------|-----------|
| | (000's) | | (000's) | |
| Agency Request | Amount | Positions | Amount | Positions |
| General Fund | \$(135) | (2.0) | \$(142) | (2.0) |
| Revolving Account | 210 | 2.0 | 245 | 2.0 |
| Total | \$ 75 | | \$ 103 | |

Governor's Recommendation

| | | | | |
|-------------------|--------|-----|--------|-----|
| General Fund | \$ -0- | -0- | \$ -0- | -0- |
| Revolving Account | -0- | -0- | -0- | -0- |

Request requires statutory change: X Yes _____ No
Statutes Affected: M.S. 270A.07, Subd. 1

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests establishment of a revolving account to utilize payments for revenue recapture services to fund ongoing operations, efforts to increase utilization of the service by authorized state and local governments, and to offset changes to manual and computer systems to improve services to our clientele.

DESCRIPTION/BACKGROUND:

The Revenue Recapture Act was established to collect debts owed to state agencies, the University of Minnesota, and local government agencies by applying any of the debtor's tax refunds to the amount of the debt. Since the establishment of the Act, the number of recapture requests from authorized agencies has increased very slowly each fiscal year. In F.Y. 1988, county government agencies were the largest users of the Revenue Recapture program with 57,000 claims amounting to over \$103 million. This is followed by state agencies with 9,000 claims totalling \$8 million and colleges/universities with 4,000 claims totalling \$4 million.

The department's goal for Revenue Recapture in F.Y. 1990-91 is to implement an aggressive marketing program to increase the number of requests received from authorized agencies and to improve the services provided to our clients and taxpayers. The marketing program and improved services will require improvements to our manual and computer systems, additional seasonal workers and supplies/materials.

STATISTICS:

| | (in Thousands) | | | |
|---------------------|----------------|-----------|-----------|-----------|
| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| Collection Requests | 93 | 101 | 109 | 117 |
| Fee Receipts | \$ 280 | \$ 304 | \$ 327 | \$ 351 |

Debt Collection Results \$ 6,023 \$ 6,540 \$ 7,059 \$ 7,577

RATIONALE:

Historically, the department has received General Fund appropriations for the activity. The change in funding from General Fund appropriations to a revenue recapture revolving fund is intended to directly tie claimant agency payments to the costs of operation. The revolving fund would be utilized to fund the costs of ongoing operations such as, permanent and seasonal staffing, systems charges, and other related expenses. The revolving fund would also provide the resources to implement a marketing program to increase the utilization of the program and to fund changes to manual and computer systems. The improvements to the manual and computer process will result in containment of ongoing data entry/system costs and enable the department to reduce the time required to refund balances to taxpayers.

BASE:

| | (Dollars in Thousands) | | | |
|---------------------------------------|------------------------|-----------|-----------|-----------|
| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| General Fund Expenditures | \$ 136 | \$ 142 | \$ 135 | \$ 142 |
| Estimated Revolving Fund Expenditures | \$ -0- | \$ -0- | \$ 210 | \$ 245 |

LONG RANGE FUNDING IMPLICATIONS:

| | (Dollars in Thousands) | | |
|---------------------------------------|------------------------|-----------|---------|
| | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund Expenditures | \$ (142) | \$ (142) | \$(294) |
| Estimated Revolving Fund Expenditures | \$ 150 | \$ 155 | \$ 305 |

GOVERNOR'S RECOMMENDATION:

The Governor does not recommend establishment of a Special Revenue account for this program, however, the agency should continue to collect these receipts which should be deposited to the General Fund.

PROGRAM: COMPLIANCE
Agency: REVENUE, DEPARTMENT OF

1990-91 Biennial Budget

PROGRAM PURPOSE:

We serve those who are obeying the tax laws by auditing and collecting from those who are not. By identifying and processing cases where taxpayers have failed to obey the tax laws, we expect to increase the number of taxpayers who will voluntarily file and pay accurately and promptly.

SERVICES PROVIDED:

We identify, process and, in some cases, punish by prosecution taxpayers who have failed to meet their obligation as citizens to file tax returns.

We audit to educate, and, in some cases, to punish by prosecution taxpayers who have filed but are either mistakenly or knowingly reporting erroneously.

We resolve cases where taxpayers have failed to pay their taxes by using statutory collection techniques to clear up dollar delinquencies.

These services ensure that the obligation of paying taxes is distributed fairly and evenly among the taxpayers who are required to report and pay into our Minnesota tax system and that no business gains a competitive edge by using state tax dollars owed for investment into other business purposes.

In order to accomplish this, 5 divisions make up this program: Audit, Collections, Quality Assurance, Technical Tax Training, and Criminal Investigations.

HOW WE MEASURE EFFECTIVENESS:

The objective is to encourage voluntary compliance. The better we do at direct compliance efforts, the more likely voluntary compliance is to improve, for people realize that the action of noncompliance has unpleasant consequences. The more that taxpayers voluntarily comply, the less there is for us to bring in through direct compliance efforts.

In a sense, we are always trying to put our compliance program out of business by maximizing voluntary compliance; but always with the knowledge that we will never realize perfection and always will need some direct compliance effort to coax compliance from those who fail to comply voluntarily, due to inadvertence, inability or unwillingness.

We are working on meaningful measures of voluntary compliance, but have not yet achieved them. We have, however, developed meaningful measures of direct compliance collections, as shown in the REVENUE information.

BUDGET ISSUE:

Major sales tax legislation expected to generate \$41 million annually and requiring a large population of non-filers outside the state of Minnesota to file and pay sales and use tax was passed in the 1988 Legislature. No resources were appropriated to administer and to audit this new population of taxpayers. Estimates as to the number of taxpayers who will now be required to file approximates 120,000 and includes several multi-state and international corporations.

EXPLANATION OF BUDGET REQUEST:

One CHANGE level request is included for this program. In audit we are asking for \$1.04 million and 14.0 positions in F.Y. 1990, and \$.6 million in F.Y. 1991. We estimate that this will generate \$3.45 million in new assessments for the biennium. Approximately 50% of this amount would be collected during the biennium.

REVENUE:

Actual F.Y. 1988 Collections

| | |
|-----------------------------|----------|
| Individual | \$ 48.3 |
| Withholding | 15.7 |
| Total Individual | \$ 64.0 |
| Sales | 61.8 |
| Corporation | 33.0 |
| Total F.Y. 1988 Collections | \$ 158.8 |

Note: We cannot determine how much of this is paid at the time that an audit is completed versus how much is collected through more intense collection efforts, which is 1 reason why we need new integrated systems.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request for the additional audit resources.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : REVENUE, DEPT OF
PROGRAM : COMPLIANCE PROGRAM

| | | F.Y. 1990 | | | | | F.Y. 1991 | | | | |
|---------------------------------|-----|-----------|---------|----------------|--------|--------|-----------------------|----------------|--------|--------|-----------------------|
| | | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| ACTIVITY EXPENDITURES: | | FY 1988 | FY 1989 | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| AUDIT | | 16,871 | 16,571 | 16,975 | 737 | 17,712 | 18,012 | 17,242 | 310 | 17,552 | 17,852 |
| B INCREASED SALES/USE TAX AUDIT | GEN | | | | 1,037 | | 1,037 | | 610 | | 610 |
| B ATTORNEY GENERAL COSTS | GEN | | | | <300> | | 0 | | <300> | | 0 |
| COLLECTIONS | | 5,279 | 5,557 | 5,744 | 0 | 5,744 | 5,744 | 5,633 | 0 | 5,633 | 5,633 |
| TOTAL EXPENDITURES | | 22,150 | 22,128 | 22,719 | 737 | 23,456 | 23,756 | 22,875 | 310 | 23,185 | 23,485 |
| SOURCES OF FINANCING: | | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | | |
| GENERAL | | 17,878 | 17,841 | 22,719 | 737 | 23,456 | 23,756 | 22,875 | 310 | 23,185 | 23,485 |
| SP REV DIRECT APPROP | | 4,272 | 4,287 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL FINANCING | | 22,150 | 22,128 | 22,719 | 737 | 23,456 | 23,756 | 22,875 | 310 | 23,185 | 23,485 |
| POSITIONS BY FUND: | | | | | | | | | | | |
| GENERAL | | 486.0 | 483.0 | 551.0 | 14.0 | 565.0 | 565.0 | 551.0 | 14.0 | 565.0 | 565.0 |
| SP REV DIRECT APPROP | | 87.0 | 87.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| TOTAL POSITIONS | | 573.0 | 570.0 | 551.0 | 14.0 | 565.0 | 565.0 | 551.0 | 14.0 | 565.0 | 565.0 |

ACTIVITY: AUDIT
 Program: COMPLIANCE
 Agency: REVENUE, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE

The purpose of the audit activity is to promote an increase in voluntary compliance with Minnesota tax laws through fair and equitable enforcement of the tax laws.

SERVICES PROVIDED:

The audit activity is responsible for services in these areas:

1. Compliance Administration. This unit provides for the management of all Audit and Collection Division activities.
2. Audit Division. This division audits individual, corporate, fiduciary, small business, and partnership income tax returns, as well as withholding tax returns, sales and use tax returns, and estate tax returns filed by Minnesota taxpayers. These audits establish large amounts of additional tax revenue and encourage voluntary compliance through our audit presence.
3. Quality Assurance Division. This division ensures that audits are performed accurately, efficiently, fairly and consistently in accordance with state and federal laws and department policies and procedures.
4. Technical Tax Training. This unit provides support and training to all employees of the Compliance Program. In addition, it is currently involved with the design, development, delivery and administration of the integrated systems training for all 1200 revenue employees.
5. Criminal Investigation Division. This division is responsible for investigating potential tax crimes and referring completed cases to prosecutors. It investigates referrals from all areas within the department and from other state agencies and law enforcement organizations.

HOW WE MEASURE EFFECTIVENESS:

Increased voluntary compliance would be our most important effectiveness measure, however, there is no reliable, historical yardstick which simply and accurately gauges the changes in voluntary compliance. While efforts are underway to develop such measures, at least one measure we do use is to compare actual additional liabilities assessed to projected goals:

| HOW WE MEASURE EFFECTIVENESS | (Dollars in Thousands) | | | |
|--|------------------------|-----------|-----------|-----------|
| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| <u>Dollars Assessed Per Dollar Spent</u> | | | | |
| Total Assessments/Cost of Operation | \$ 6.6/1 | \$ 5.5/1 | \$ 5.4/1 | \$ 5.9/1 |
| <u>Hours Spent Per Field Case</u> | | | | |
| No. of Cases/Total Audit Hours | 40.9/case | 40.9/case | 38.0/case | 34.8/case |
| <u>Audit Dollars Per Audit Hour</u> | | | | |
| Total Assessments*/Total Audit Hours | **\$ 409/hr | \$ 377/hr | \$ 420/hr | \$ 483/hr |

* Total assessments for 1989 are expected to decrease due to the individual income tax law simplification and rate decreases. Total assessments are

expected to increase in later years because of the expanded sales tax base.

** This amount has been adjusted for one unusual, large tax assessment made in F.Y. 1988.

| HOW WE MEASURE EFFECTIVENESS | (Dollars in Thousands) | | | |
|--------------------------------|------------------------|-----------|-----------|-----------|
| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| <u>Criminal Investigations</u> | | | | |
| Cases received | 122 | 120 | 120 | 120 |
| Cases referred for prosecution | 35 | 45 | 50 | 50 |
| Complaints filed | 40 | 41 | 45 | 45 |
| Sentencings | *45 | 26 | 36 | 36 |

* The large number of sentences is the result of a major emphasis in F.Y. 1986 and 1987 on "failure-to-file" cases. The division's emphasis has since expanded to increase the number of more complex tax crime cases in addition to failure-to-file crimes. This will result in more comprehensive enforcement but fewer sentencings.

BUDGET ISSUES:

There are non-Minnesota companies who are operating in our state and are gaining a competitive edge over Minnesota companies by selling to Minnesotans and not collecting our sales tax. Without collecting the sales tax, this makes the selling price more appealing to Minnesota customers who buy from these non-Minnesota companies and results in lost business to Minnesota companies who are collecting the tax properly.

New legislation gives us the authority to go after these cheaters who have a business presence (nexus) in our state. Minnesota businesses will be very pleased if we bring these cheaters into compliance. (See attached CHANGE level request)

REVENUE

There is considerable revenue generated by our audit activities. However, our current reporting systems do not differentiate between voluntary payments of audits assessments and delinquent collections. Therefore, all revenue generated is totaled in the Compliance Program Narrative.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : REVENUE, DEPT OF
PROGRAM : COMPLIANCE PROGRAM
BUDGET ACTIVITY : AUDIT

| EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|---------------------------------|---------|---------|----------------|--------|--------|-----------------------|----------------|--------|--------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 12,550 | 13,308 | 13,858 | 489 | 14,347 | 14,347 | 13,839 | 501 | 14,340 | 14,340 |
| EXPENSES/CONTRACTUAL SRVCS | 1,759 | 1,738 | 1,382 | <300> | 1,082 | 1,382 | 1,668 | <300> | 1,368 | 1,668 |
| MISC OPERATING EXPENSES | 880 | 1,062 | 1,274 | 34 | 1,308 | 1,308 | 1,277 | 35 | 1,312 | 1,312 |
| SUPPLIES/MATERIALS/PARTS | 1,290 | 223 | 219 | 119 | 338 | 338 | 218 | 39 | 257 | 257 |
| CAPITAL EQUIPMENT | 392 | 240 | 242 | 395 | 637 | 637 | 240 | 35 | 275 | 275 |
| TOTAL EXPENDITURES | 16,871 | 16,571 | 16,975 | 737 | 17,712 | 18,012 | 17,242 | 310 | 17,552 | 17,852 |
| CHANGE REQUESTS: | | | | | | | | | | |
| | | | | | | | | | | |
| B INCREASED SALES/USE TAX AUDIT | GEN | | | 1,037 | | 1,037 | | 610 | | 610 |
| B ATTORNEY GENERAL COSTS | GEN | | | <300> | | 0 | | <300> | | 0 |
| TOTAL CHANGE REQUESTS | | | | 737 | | 1,037 | | 310 | | 610 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 12,599 | 12,284 | 16,975 | 737 | 17,712 | 18,012 | 17,242 | 310 | 17,552 | 17,852 |
| SP REV DIRECT APPROP | 4,272 | 4,287 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL FINANCING | 16,871 | 16,571 | 16,975 | 737 | 17,712 | 18,012 | 17,242 | 310 | 17,552 | 17,852 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 323.5 | 316.0 | 393.0 | 14.0 | 407.0 | 407.0 | 393.0 | 14.0 | 407.0 | 407.0 |
| SP REV DIRECT APPROP | 87.0 | 87.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| TOTAL POSITIONS | 410.5 | 403.0 | 393.0 | 14.0 | 407.0 | 407.0 | 393.0 | 14.0 | 407.0 | 407.0 |

CHANGE REQUEST _____ Agency _____ Program X Activity 1990-91 Biennial Budget

ACTIVITY: AUDIT
PROGRAM: COMPLIANCE
AGENCY: REVENUE, DEPARTMENT OF

REQUEST TITLE: INCREASED SALES AND USE TAX AUDIT ACTIVITY

| Agency Request | F.Y. 1990 | | F.Y. 1991 | |
|----------------|-------------------|-----------|-------------------|-----------|
| | (000's) Amount | Positions | (000's) Amount | Positions |
| General Fund | \$1,037 | 14.0 | \$ 610 | 14.0 |

Governor's Recommendation

| | | | | |
|--------------|---------|------|--------|------|
| General Fund | \$1,037 | 14.0 | \$ 610 | 14.0 |
|--------------|---------|------|--------|------|

Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

Our objective is to bring tax cheaters into compliance (which will increase sales tax collections) and make Minnesota taxpayers happy that we did. We are requesting funds to increase our audit activities in sales and use tax areas. We will identify and bring into compliance a great number of non-Minnesota businesses who are either not filing and paying or who are reporting inaccurately. We will do this by increasing our out-of-state audit presence, identifying out-of-state companies who have a business presence in Minnesota (nexus), auditing U.S. Customs points of entry, expanding our audit selection program parameters, and equipping our auditors with lap-top personal computers.

DESCRIPTION/BACKGROUND:

This request includes funds for expansion into new audit areas created by the recent passage of nexus out-of-state companies who have a business presence in Minnesota which identifies legislation. Funding was not provided to audit this new population of 120,000 taxpayers. The increase in the office staff will allow us to locate additional companies conducting business in this state that are located out of the state and to determine if they have nexus in Minnesota. Funding is also requested to increase our audit presence in the Chicago, Cleveland, Los Angeles and New York areas. This will allow us to select and complete more out-of-state audits. Currently, merchandise is bought by Minnesota residents through the mail from out-of-state vendors, thereby avoiding Minnesota sales tax. The new nexus legislation, combined with our increased audit coverage of out-of-state vendors, will improve the competitiveness of our in-state retailers by putting them on an equal basis with out-of-state retailers.

This will also provide funding for us to contact all Minnesota-licensed, fixed-base operators who owe sales tax on aircraft lease payments. It will allow us to conduct a full examination of the federal consumption returns filed at U.S. Customs offices in Minnesota to identify persons who have

imported items into Minnesota from outside the United States. We will notify these individuals by letter of their use tax obligations and request payment. It will allow us to expand our audit selection programs for sales tax to detect returns whose deductions exceed a predetermined amount.

Expansion in the Twin Cities metro area is needed because the caseload is too large for our current staff of sales tax auditors to adequately handle.

Increased use of personal computers reduces the time needed for the production and review of audit reports and allows us to do more audits. In F.Y. 1989 we will develop a standardized audit report format for use on lap top computers. Auditors will be required to use this format when conducting an audit. After the auditors and reviewers have been trained and have become proficient in the use of the audit reports on personal computers, we will see a reduction in the time it takes to complete an audit and produce an audit report. Other states' experience has shown time savings from 10-30%.

STATISTICS: (Dollars in Thousands)

| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|--|-----------|-----------|-----------|-----------|
|--|-----------|-----------|-----------|-----------|

ESTIMATED ADDITIONAL REVENUE

| CREATED: | | |
|-------------------------------------|----------|----------|
| Nexus audits on non-MN cases | \$ 300 | \$ 450 |
| Aircraft lease payments audits | 100 | 175 |
| Federal Consumption return audits | 125 | 150 |
| Excess deduction audits | 125 | 150 |
| Increase out-of-state auditors | 400 | 800 |
| Increase metro auditors | 225 | 450 |
| Total Estimated Additional Revenues | \$ 1,275 | \$ 2,175 |

RATIONALE:

This increased audit presence of our sales and use tax activity will create a sizable increase in revenue; encourage voluntary compliance with our tax laws and cut the competitive edge gained by out-of-state businesses when sales and use taxes are not assessed and paid.

BASE: (Dollars in Thousands)

| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
|--------------|-----------|-----------|-----------|-----------|
| General Fund | \$ 8,200 | \$ 8,200 | \$ 8,200 | \$ 8,200 |

LONG RANGE FUNDING IMPLICATIONS: (Dollars in Thousands)

| | F.Y. 1992 | F.Y. 1993 | Total |
|--------------|-----------|-----------|---------|
| General Fund | \$ 610 | \$ 610 | \$1,220 |

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

ACTIVITY: COLLECTIONS
Program: COMPLIANCE
Agency: REVENUE, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

Our purpose is to collect delinquent taxes through effective and efficient identification and processing of delinquent tax cases.

One goal is to improve the efficiency and effectiveness in processing delinquent tax cases through the installation of our new Computer Assisted Collection System (CACS) which will become operational on 2-1-89. CACS is a telephone call and case management system that schedules, prioritizes, and assigns delinquent cases. The major benefit of the CACS system is its ability to accelerate cash flow and reduce collection inventories by contacting large volumes of taxpayers in a short period of time. Our objective is to collect more taxes through increased productivity.

A key part of CACS is that revenue is pioneering the concept of government using high technology to create jobs in an economically depressed area of Greater Minnesota. Revenue is relocating our telephone collection operations in Ely, thus providing 16 new jobs in this area.

SERVICES PROVIDED:

We provide a level of comfort to all taxpayers who are paying timely that there are consequences to those who are not. The comfort to those who are paying comes from our effective processing of delinquent accounts, the speedy resolution of problems/complaints of 3rd parties, and the ensuring that all taxpayers comply with the tax laws and pay the proper amount.

| HOW WE MEASURE EFFECTIVENESS | (Dollars in Thousands) | | | |
|--|------------------------|-----------|-----------|-----------|
| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| A/R available for collection but currently unassigned. | \$ 32 | \$ 18 | \$ 5 | \$ 1 |
| Cost of collections (cost per dollar collected) | .08 | .075 | .07 | .065 |

REVENUE:

There is considerable income generated by our audit activities. However, our current reporting systems do not differentiate between voluntary payments of audit assessments and delinquent collections. Therefore, all revenue generated is totalled in the Compliance Program Narrative.

1990-91 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY : REVENUE, DEPT OF
PROGRAM : COMPLIANCE PROGRAM
BUDGET ACTIVITY : COLLECTIONS

| EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|----------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 4,650 | 5,043 | 4,905 | 0 | 4,905 | 4,905 | 4,905 | 0 | 4,905 | 4,905 |
| EXPENSES/CONTRACTUAL SRVCS | 305 | 251 | 405 | 0 | 405 | 405 | 294 | 0 | 294 | 294 |
| MISC OPERATING EXPENSES | 182 | 199 | 320 | 0 | 320 | 320 | 320 | 0 | 320 | 320 |
| SUPPLIES/MATERIALS/PARTS | 72 | 38 | 88 | 0 | 88 | 88 | 88 | 0 | 88 | 88 |
| CAPITAL EQUIPMENT | 70 | 26 | 26 | 0 | 26 | 26 | 26 | 0 | 26 | 26 |
| TOTAL EXPENDITURES | 5,279 | 5,557 | 5,744 | 0 | 5,744 | 5,744 | 5,633 | 0 | 5,633 | 5,633 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 5,279 | 5,557 | 5,744 | 0 | 5,744 | 5,744 | 5,633 | 0 | 5,633 | 5,633 |
| TOTAL FINANCING | 5,279 | 5,557 | 5,744 | 0 | 5,744 | 5,744 | 5,633 | 0 | 5,633 | 5,633 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 162.5 | 167.0 | 158.0 | 0.0 | 158.0 | 158.0 | 158.0 | 0.0 | 158.0 | 158.0 |
| TOTAL POSITIONS | 162.5 | 167.0 | 158.0 | 0.0 | 158.0 | 158.0 | 158.0 | 0.0 | 158.0 | 158.0 |

AGENCY: TAX COURT OF APPEALS

1990-91 Biennial Budget

AGENCY PURPOSE:

The purpose of the Tax Court is to hear and decide appeals of any state or local tax, including orders of the Commissioner of Revenue and local property tax assessments and classifications. M.S. Chapter 271.

OPERATION AND CLIENTELE:

The staff of the Tax Court consists of 3 judges, a Clerk of Court, 2 legal secretaries and a half-time law clerk. Each of the 3 judges "ride the circuit." Rather than having the taxpayer come to St. Paul, a judge travels to the taxpayer's district court to hear the case.

Appeals may be filed in person or by mail at the Tax Court's office in St. Paul or at the taxpayer's district court. The filing fees are \$25 in the regular division and \$2 in the Small Claims division. If the appeal is filed at the district court, then the district court can also charge a library fee. The district courts have the option of transferring their own property tax cases to the tax court and virtually all do.

Decisions are filed and published and, except for Small Claims decisions, may be appealed to the Supreme Court. Procedures are similar to the district court. Most cases are heard and decided within 1 year of filing.

ACTIVITY STATISTICS: F.Y. 1987 F.Y. 1988 F.Y. 1989 F.Y. 1990 F.Y. 1991

No. of appeals filed:

| | | | | | |
|----------------------|------|------|------|------|------|
| Revenue Department | | | | | |
| Orders | 261 | 247 | 284 | 327 | 376 |
| Local Property Taxes | 2144 | 2542 | 2923 | 3361 | 3865 |

No. of appeals

disposed of:

| | | | | | |
|----------------------|------|------|------|------|------|
| Revenue Department | | | | | |
| Orders | 280 | 252 | 250 | 285 | 330 |
| Local Property Taxes | 1966 | 2030 | 2600 | 2800 | 3250 |

ATTORNEY GENERAL COSTS:

None.

BUDGET ISSUES

The number of appeals filed this year is up approximately 15% from last year. This has been the general trend; e.g., for F.Y. 1986 1,920, for F.Y. 1987 2,405 and for F.Y. 1988 2,789 cases filed.

This requires modest incremental increases of funds for court reporters, travel and supplies. We also request funds for part-time clerical help and computer maintenance and repair. For F.Y. 1990 we request funds for programming and rule-making expenses.

EXPLANATION OF BUDGET REQUEST/CHANGE LEVEL REQUEST:

The Tax Court requests BASE level funding except for \$22,000 for the biennium to meet increased administrative costs.

| INDEX | (Dollars in Thousands) | | Page |
|-----------------------------|------------------------|---------------------------|------|
| | Agency Request | Governor's Recommendation | |
| | 1990-91 Biennium | 1990-91 Biennium | |
| | All Funds | All Funds | |
| BASE Level Request | \$ 876 | \$ 876 | |
| Agency-wide CHANGE Requests | | | |
| Increased Caseload | 22 | -0- | 518 |
| Subtotal | 898 | 876 | |
| AGENCY Total | \$ 898 | \$ 876 | |

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : TAX COURT
PROGRAM : TAX COURT
BUDGET ACTIVITY : TAX COURT

| EXPENDITURES: | FY 1988 | FY 1989 | F.Y. 1990 | | | | F.Y. 1991 | | | |
|----------------------------|---------|---------|----------------|--------|-------|-----------------------|----------------|--------|-------|-----------------------|
| | | | AGENCY REQUEST | | | GOVERNOR'S RECOMM. | AGENCY REQUEST | | | GOVERNOR'S RECOMM. |
| | | | BASE | CHANGE | TOTAL | | BASE | CHANGE | TOTAL | |
| DETAIL BY CATEGORY: | | | | | | | | | | |
| STATE OPERATIONS: | | | | | | | | | | |
| PERSONAL SERVICES | 334 | 353 | 358 | 2 | 360 | 358 | 358 | 2 | 360 | 358 |
| EXPENSES/CONTRACTUAL SRVCS | 56 | 51 | 57 | 7 | 64 | 57 | 57 | 5 | 62 | 57 |
| MISC OPERATING EXPENSES | 13 | 14 | 14 | 2 | 16 | 14 | 14 | 4 | 18 | 14 |
| SUPPLIES/MATERIALS/PARTS | 7 | 6 | 6 | 0 | 6 | 6 | 6 | 0 | 6 | 6 |
| CAPITAL EQUIPMENT | 2 | 3 | 3 | 0 | 3 | 3 | 3 | 0 | 3 | 3 |
| TOTAL EXPENDITURES | 412 | 427 | 438 | 11 | 449 | 438 | 438 | 11 | 449 | 438 |
| CHANGE REQUESTS: | | | | | | | | | | |
| | | | | | | | | | | |
| A INCR CASELOAD COSTS | | | | 11 | | 0 | | 11 | | 0 |
| TOTAL CHANGE REQUESTS | | | | 11 | | 0 | | 11 | | 0 |
| SOURCES OF FINANCING: | | | | | | | | | | |
| DIRECT APPROPRIATIONS: | | | | | | | | | | |
| GENERAL | 412 | 427 | 438 | 11 | 449 | 438 | 438 | 11 | 449 | 438 |
| TOTAL FINANCING | 412 | 427 | 438 | 11 | 449 | 438 | 438 | 11 | 449 | 438 |
| POSITIONS BY FUND: | | | | | | | | | | |
| GENERAL | 6.0 | 6.0 | 6.0 | 0.0 | 6.0 | 6.0 | 6.0 | 0.0 | 6.0 | 6.0 |
| TOTAL POSITIONS | 6.0 | 6.0 | 6.0 | 0.0 | 6.0 | 6.0 | 6.0 | 0.0 | 6.0 | 6.0 |

CHANGE REQUEST _____ 1990-91 Biennial Budget
☒ Agency _____ Program _____ Activity _____

ACTIVITY: TAX COURT
 PROGRAM: TAX COURT
 AGENCY: TAX COURT

REQUEST TITLE: INCREASED CASELOAD REQUIRES AN \$11,000 PER YEAR INCREASE IN FUNDING.

| Agency Request | (Dollars in Thousands) | | | |
|---------------------------|------------------------|-----------|-----------|-----------|
| | F.Y. 1990 | | F.Y. 1991 | |
| | Amount | Positions | Amount | Positions |
| General Fund | \$ 11 | -0- | \$ 11 | -0- |
| Governor's Recommendation | | | | |
| General Fund | \$ -0- | -0- | \$ -0- | -0- |

Request requires statutory change: _____ Yes ☒ No

STATEMENT OF REQUEST/OBJECTIVE:

This CHANGE request includes the following items that must be provided if the tax court is to effectively carry out its mandated mission:

STATISTICS:

| | (Dollars in Thousands) | |
|-------------------------|------------------------|-----------------------|
| | F.Y. 1990 | F.Y. 1991 |
| | Agency Request Change | Agency Request Change |
| 1. Court Reporters | \$ 3 | \$ 3 |
| 2. Travel | 1 | 2 |
| 3. Supplies | 1 | 2 |
| 4. Part-time Clerical | 2 | 2 |
| 5. Computer Maintenance | 2 | 2 |
| 6. Programming | 1 | 0 |
| 7. Rule Making | 1 | 0 |
| TOTAL | \$ 11 | \$ 11 |

DESCRIPTION/RATIONALE:

Items 1-5: The number of appeals filed this year is up approximately 15% from last year. This has been the general trend; e.g. for F.Y. 1986, 1920, for F.Y. 1987, 2,405 and for F.Y. 1988, 2,789 cases filed.

This increase in filings requires modest biennial incremental increases of funds for court reporters (\$6,000), travel and supplies (\$6,000). We also request funds for part-time clerical help during peak periods (\$4,000), and maintenance and repair funds for our word processor, computer and laser printer (\$4,000).

Item 6: Additional programming (\$1,000 in F.Y. 1990 only) is required to finish the final phase of our computerized case management operation. This final phase involves reports; specifically, to design and format the necessary database links to print out hard copy reports of Tax Court database information contained in the master file, maintenance programs and notice programs.

Item 7: It is necessary to revise the Tax Court Rules of Court to reflect current Tax Court practice, to conform with applicable procedures in the District Courts and to eliminate obsolete language (\$1,000 in F.Y. 1990 only).

| BASE | (Dollars in Thousands) | | | |
|--------------|------------------------|-----------|-----------|-----------|
| | F.Y. 1988 | F.Y. 1989 | F.Y. 1990 | F.Y. 1991 |
| General Fund | \$ 65 | \$ 65 | \$ 65 | \$ 65 |

| LONG RANGE IMPLICATIONS: | (Dollars in Thousands) | | |
|--------------------------|------------------------|-----------|-------|
| | F.Y. 1992 | F.Y. 1993 | Total |
| General Fund | \$ 11 | \$ 11 | \$ 22 |

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Although the request has merit, other spending priorities preclude additional funding.