

1990-91
PROPOSED
BIENNIAL
BUDGET

STATE DEPARTMENTS
VOLUME 2



PRESENTED BY
GOVERNOR RICH DORRICH TO THE 76TH LEGISLATURE
STATE OF MINNESOTA

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AGENCY PURPOSE:

The Council on Asian-Pacific Minnesotans was created by the Laws of 1985, First Special Session, Chapter 13, Section 68 "to ensure that Asians are more fully incorporated into the governmental and policy-making process; that they have better access to state government services; that the talents and resources of the Asian-Pacific Community be used and promoted where appropriate, and to assist others in their contact with the Asian-Pacific population.

OPERATION AND CLIENTELE:

The Council on Asian-Pacific Minnesotans has 13 members, 9 of which are appointed by the governor and are broadly representative of the ethnic diversity of the Asian-Pacific Community in Minnesota. The council is recommending the addition of 2 more members to be appointed by the governor to serve on the council. The other 4 members are non-voting, ex-officio legislators 2 members of the House of Representatives appointed under the rules of the House and 2 members of the Senate appointed under the rules of the Senate.

The Council on Asian-Pacific Minnesotans represents a constituency of over 55,000 Asian-Pacific Minnesotans and, of this group, over 34,000 are Southeast Asian Refugees and over 3,000 Asian-Pacific Adopted Children. The council serves as an advocacy body for the interests of refugees, immigrants, and citizens from 43 Asian-Pacific Communities, namely Afghanistan, Australia, Bangladesh, Belau, Bhutan, Brunei, Burma, Cambodia, China, Gilbert Islands, Guam, Hmong, Hong Kong, India, Indonesia, Japan, Khmer, Korea, Laos, Malaysia, Maldive Islands, Maoris, Marianas, Melanesia, Marshall Islands, Mongolia, Nepal, New Guinea, Okinawa, Pakistan, Philippines, Polynesia, Samoa, Singapore, Sri-Lanka, Taiwan, Thailand, Tibet, Tonga, U.S.S.R., Vanuatu, and Vietnam.

MAJOR PROGRAMS AND SERVICES

The Minnesota State Planning Agency in its most recent population notes reported that "the Asian population has grown the fastest of any racial or ethnic group in Minnesota Estimates of the 1980-85 rate of increase for the Asian population range from 50-67%." In addition, we expect the arrival in Minnesota of over 3,000 Amerasian Children during the next 2 years.

With this dramatic rapid growth in the Asian-Pacific population, its changing composition, and its great internal diversity, the council to meet this tremendous challenge has developed 2 major program areas, namely A) the Economic Development Program; and B) the Human Development Program. Between these 2 programs we have 9 task forces chaired by council members.

The specific activities/task forces offered by the Economic Development Program are the following: 1) Asian-American Chamber of Commerce of Minnesota; 2) Community Center and Housing Development; and 3) Fund Development. Specific activities/task forces addressed by the Human Development Program are the following: 1) Leadership Development; 2) Southeast Asian Refugee Program; 3) Health Services; 4) Education and Cultural Heritage; 5) Minnesota Asian-Pacific Womens' Program; and 6) Asian-Pacific Legal Services.

BUDGET ISSUES

The state Council on Asian-Pacific Minnesotans is the only council in the country today which is state funded. As a national model for the other states, the council reflects the Equal Opportunity-Affirmative Action Policy of the state of Minnesota and recommends additional funding to:

1. support the 9 activities/task forces mentioned above;
2. increase from 13 to 15 the membership of the council; and
3. create 1.0 additional position (Resource Development Specialist).

JUSTIFICATION

The Council on Asian-Pacific Minnesotans was created primarily to assist the governor and the legislature in promoting economic and human development programs to ensure the self-sufficiency and financial independence for over 55,000 Asian-Pacific Minnesotans, over 34,000 Southeast Asian Refugees, over 3,000 Adopted Asian Pacific Children and the influx of additional 3,000 Amerasian Children in Minnesota from Vietnam, Korea and the Philippines.

A. PROBLEMS AFFECTING THE ASIAN-PACIFIC COMMUNITY

To-date we are still addressing the serious problems affecting the Asian-Pacific Community which were documented in our 1986 public hearings conducted by the council in 5 cities - Rochester, Minneapolis, Saint Paul, Saint Cloud, and Duluth, namely - discrimination in employment, housing, educational opportunities, financial assistance, credits and loans and minority contracts. In addition, there is need for additional programs for leadership development, small business opportunities, international trade and commerce, refugee assistance programs, health services, mental health and social services, cultural heritage programs, community center and housing development, womens' programs and legal services.

B. RECOMMENDATIONS

The council's role is to advocate for improved access to government services and greater economic opportunities for the Asian-Pacific community to become active partners in promoting the state's economic growth and development.

The proposed budget will enable the council to a) expand its membership from 13 to 15 which will allow for greater citizen participation (additional seats for Indonesian and Thai communities); b) conduct the biennial state-wide public hearings in cooperation with educational institutions; and c) create 1.0 additional position (Resource Development Specialist) as a revenue enhancement program to match state funds and ensure financial stability of the council.

ATTORNEY GENERAL COSTS:

The agency has never encountered any need for legal services from the attorney general so it would be very difficult to project and estimate costs for this category.

AGENCY: ASIAN-PACIFIC MINNESOTANS, COUNCIL ON 1990-91 Biennial Budget
(Continuation)

EXPLANATION OF BUDGET REQUEST:

The state Council on Asian-Pacific Minnesotans is requesting a General Fund BASE level appropriation for the F.Y. 1990-91 biennium amounting to \$306,000. This request will maintain current programs and will increase the effectiveness of the council in positively addressing the issues and concerns affecting the Asian-Pacific Community.

The proposed budget CHANGE request total is for \$52,000 for 1.0 additional position for the biennium to develop nonstate funds from foundations, corporations and the private sector. This request will provide the necessary financial incentives to operate an effective expanded program for the Asian-Pacific Community.

INDEX	(Dollars in Thousands)		Page
	Agency Request	Governor's Recommendation	
	1990-91 Biennium	1990-91 Biennium	
	All Funds	All Funds	
BASE Level Request	\$ 312	\$ 312	
Agency-wide CHANGE Requests			
Establishment of Resource Development Unit	52	-0-	522
AGENCY total	\$ 364	\$ 312	

GOVERNOR'S RECOMMENDATION:

The Governor recommends the BASE level funding for this agency.

The Governor's recommendation does not provide for the CHANGE level increase requested. While 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 : CNCL ASIAN PACIFIC
PROGRAM : CNCL ASIAN PACIFIC
BUDGET ACTIVITY : CNCL ASIAN PACIFIC

F.Y. 1990							F.Y. 1991			
AGENCY REQUEST							AGENCY REQUEST			
GOVERNOR'S RECOMM.							GOVERNOR'S RECOMM.			
EXPENDITURES:	FY 1988	FY 1989	BASE	CHANGE	TOTAL	GOVERNOR'S RECOMM.	BASE	CHANGE	TOTAL	GOVERNOR'S RECOMM.
DETAIL BY CATEGORY:										
STATE OPERATIONS:										
PERSONAL SERVICES	87	101	112	26	138	112	112	26	138	112
EXPENSES/CONTRACTUAL SRVCS	25	22	22	0	22	22	22	0	22	22
MISC OPERATING EXPENSES	9	11	11	0	11	11	11	0	11	11
SUPPLIES/MATERIALS/PARTS	10	21	21	0	21	21	1	0	1	1
TOTAL EXPENDITURES	131	155	166	26	192	166	146	26	172	146
CHANGE REQUESTS:	FUND									
B ESTABLISH RESOURCE DEVELOPMENT UNIT	GEN			26		0		26		0
TOTAL CHANGE REQUESTS				26		0		26		0
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	128	155	163	26	189	163	143	26	169	143
STATUTORY APPROPRIATIONS:										
GIFTS AND DEPOSITS	3	0	3	0	3	3	3	0	3	3
TOTAL FINANCING	131	155	166	26	192	166	146	26	172	146
POSITIONS BY FUND:										
GENERAL	3.0	3.0	3.0	1.0	4.0	3.0	3.0	1.0	4.0	3.0
TOTAL POSITIONS	3.0	3.0	3.0	1.0	4.0	3.0	3.0	1.0	4.0	3.0

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

ACTIVITY:

PROGRAM:

AGENCY: ASIAN-PACIFIC MINNESOTANS, COUNCIL ON

REQUEST TITLE: ESTABLISHMENT OF RESOURCE DEVELOPMENT UNIT

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's)		(000's)	
	Amount	Positions	Amount	Positions
General Fund	\$ 26	1.0	\$ 26	1.0
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-

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

STATEMENT OF REQUEST/OBJECTIVE:

The council requests the above funds to establish a Resource Development Unit to secure additional funding resource which will increase the level of program activities between the Asian-Pacific Community, public-private institutions and the council. The increased participation of Asian-Pacific people in public policy development will provide the state with valuable resources to address the issues, needs and concerns affecting the Asian-Pacific population. The primary function of the Resource Development Unit is to raise non-state funds from corporations, foundations, and the private sector for the development of much-needed programs and services.

DESCRIPTION/BACKGROUND:

\$48,946.95 Private Funds raised in just 2.5 years. Since its creation the council has been successful in conducting fund raising activities to support its programs and has raised the total amount of \$48,946.95 in private funds.

The following highlights some of these private funding activities:

FUNDS RAISED THROUGH PRIVATE INITIATIVES

FISCAL YEAR	1986	1987	1988 (September)	TOTAL
AMOUNT	\$ 8,195.00	\$28,651.00	\$ 12,100.00	\$ 48,946.00

RATIONALE:

The council is mandated to raise the additional amount of \$10,000 for each fiscal year to secure the equivalent state match for its budget. To-date, the council has done exceedingly well and as a result the resources available to the Asian-Pacific community have increased considerably. However, since 1987, the majority of these non-state funds have been used to cover fund-raising administrative costs, in addition to the payment of the required sales tax on all council purchase orders. In addition, under the Tax Reform Act, major foundations are no longer willing to "subsidize" the state for these administrative costs, thus targeting most of their funds to "non-profit/non-state agencies. In order for the council to be competitive in fund development and to effectively secure other funding sources it is necessary to establish 1.0 position (Resource Development Specialist) whose primary function is resource development. It has been documented that a full time resource developer can secure 5 to 6 times the amount in additional resources than the personnel costs involved.

BASE:

	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General Fund	\$ -0-	\$ -0-	\$ -0-	\$ -0-

LONG RANGE IMPLICATIONS:

	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
General Fund	\$ 26	\$ 26	\$ 52

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.

AGENCY: BLACK MINNESOTANS, COUNCIL ON

1990-91 Biennial Budget

AGENCY PURPOSE:

The primary goal is to resolve or impact upon generic and specific issues and problems affecting the Black Minnesotan communities, families and individuals as the result of historical discrimination and deprivation, through studies, reports, program planning and recommended legislation to ensure that these communities and families receive and have access to state services and programs.

OPERATION AND CLIENTELE:

The Council on Black Minnesotans (CBM), created in July, 1980, studies socio-economic issues and problems affecting the Black population, which is the largest racial minority group in the state.

The CBM has 7 public members appointed by the Governor and 4 ex-officio legislative members appointed by the Minnesota Senate and House.

CBM's current standing task forces (Affirmative Action/Civil Rights; Criminal Justice; Education, Health); help with public policy research, planning and development in these areas.

Public hearings and legislative workshops are used to assess first hand the problems and issues of the constituency. These problems and issues are evaluated by the task forces and the ex-officio legislative representatives. A biannual report with recommendations, including legislative initiatives, is presented to the Governor and the legislature at the beginning of each biennial legislative session. This evaluation process will be complimented by CBM's compilation of valid statistical demographic data regarding Black Minnesotans, including social and economic profiles that are also provided to the public in CBM's State of the State reports in cooperation with the State Planning Agency's Data Network staff.

CBM also develops grant proposals that are submitted to other governmental agencies and foundations for assistance in underwriting the agency's activities and programs, as mandated by the state legislature. These grants are for program activities above basic services (i.e., newsletter, lecture series, demonstration projects, internships, museum, Black on Black Crime Center).

ACTIVITY STATISTICS:

	F.Y.1987	F.Y.1988	F.Y.1989	F.Y.1990	F.Y.1991
Fundraising	\$ 25,000	\$ 29,000	\$ 25,000	\$ 25,000	\$ 25,000
Public Information					
Reports & Studies	4	2	2	2	2
News Articles	52	52	52	52	52
T.V. Appearances	25	25	25	25	25
Community Meetings	100	100	100	100	100

	F.Y.1987	F.Y.1988	F.Y.1989	F.Y.1990	F.Y.1991
Conferences/Forums	-0-	-0-	1	1	1
Political Orientation Workshops					
(No. of Participants)	2/200	2/200	5/500	5/500	5/500
Biennial Legislative Reports	1	-0-	1	-0-	1
Black Data Network Reports	-0-	-0-	2	1	1
Demonstration Projects	-0-	-0-	2	1	1
Legislative Task Force Mtgs.					
(No. of Participants)	2/300	3/400	4/500	4/200	4/200
Legislative Testimonies	15	15	15	15	15
Public Hearings					
(No. of Participants)	3/500	3/500	3/500	3/600	3/600
Legislative Initiatives					
(Developed/Supported)	3/5	3/3	4/2	4/4	4/4
Internships	1	-0-	2	2	2
Grant Proposals Developed	7	5	5	6	7

ATTORNEY GENERAL COSTS:

The agency has never encountered any need for legal services from the attorney general so it would be very difficult to project and estimate costs for this category.

BUDGET ISSUES/ALTERNATIVES:

During the period of 1970 to 1985, the state's Black population increased approximately 26.6%. The number of Black families (53,344 to 72,700) with incomes below poverty levels are over 30%, the majority of all Black families are headed by females (61%), and 50% of Black children are living in poverty.

Black Minnesotans are continuing to experience disproportionate levels of unemployment and youth unemployment is at catastrophic levels, resulting in disproportionate levels of crime. These dramatic economic and social factors are affecting and increasing state social service costs. The demands upon the services of the Council on Black Minnesotans are compounded, and the budget requests for additional resources are predicated upon this set of circumstances.

AGENCY: BLACK MINNESOTANS, COUNCIL ON
(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	\$ 348	\$ 348	
Agency-wide CHANGE Requests			
Critical Increase for Operational Program Effectiveness	70	-0-	526
AGENCY Total	\$ 418	\$ 348	

GOVERNOR'S RECOMMENDATION:

The Governor recommends the BASE level funding for this agency.

The Governor's recommendation does not provide for the CHANGE level increase requested. While 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 : CNCL ON BLACK MINNSTN
PROGRAM : COUNCIL ON BLACK MINN
BUDGET ACTIVITY : COUNCIL ON BLACK MINN

			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	BASE	CHANGE	TOTAL		BASE	CHANGE	TOTAL	
DETAIL BY CATEGORY:										
STATE OPERATIONS:										
PERSONAL SERVICES	111	128	132	35	167	132	132	35	167	132
EXPENSES/CONTRACTUAL SRVCS	43	33	43	0	43	43	23	0	23	23
MISC OPERATING EXPENSES	12	8	8	0	8	8	8	0	8	8
SUPPLIES/MATERIALS/PARTS	5	1	1	0	1	1	1	0	1	1
TOTAL EXPENDITURES	171	170	184	35	219	184	164	35	199	164
CHANGE REQUESTS:	FUND									
B CRITICAL INCREASES FOR OPERATIONAL GEN PROGRAM EFFECTI				35		0		35		0
TOTAL CHANGE REQUESTS				35		0		35		0
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	145	170	181	35	216	181	161	35	196	161
STATUTORY APPROPRIATIONS:										
GIFTS AND DEPOSITS	26	0	3	0	3	3	3	0	3	3
TOTAL FINANCING	171	170	184	35	219	184	164	35	199	164
POSITIONS BY FUND:										
GENERAL	3.5	3.5	3.5	1.5	5.0	3.5	3.5	1.5	5.0	3.5
TOTAL POSITIONS	3.5	3.5	3.5	1.5	5.0	3.5	3.5	1.5	5.0	3.5

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

ACTIVITY: BLACK MINNESOTANS, COUNCIL ON
 PROGRAM: BLACK MINNESOTANS, COUNCIL ON
 AGENCY: BLACK MINNESOTANS, COUNCIL ON

REQUEST TITLE: CRITICAL INCREASES FOR OPERATIONAL PROGRAM EFFECTIVENESS

	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
Agency Request				
General Fund	\$ 35	1.5	\$ 35	1.5

Governor's Recommendation

General Fund	\$ -0-	-0-	\$ -0-	-0-
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Request requires statutory change: _____ Yes ☒ No
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

This CHANGE request includes the following distinct needs that must be provided if this Council is to continue to effectively carry out its mandated mission:

1. Increase Data Research Analyst position from half-time to full time - \$14
2. Additional Clerical Support (Clerk Typist I) position - 21
 Total cost per fiscal year \$35

DESCRIPTION/BACKGROUND:

1. Increase Research Staff: to improve the Council's data research capability. The objective is to provide the Governor, legislature overall community with relevant reports, studies and analysis of demographic data to identify issues and problems affecting the state's largest racial minority group.

Sec. 187.[3.9225], Subd. 3(a)-(d) mandates this Council to advise the Governor and legislature regarding issues, legislation and delivery of services affecting Black Minnesotans.

The state's Black population served by this Council has experienced an increase of 26.6% since 1970. The number of families living below poverty guidelines are over 30% of the total, and social service expenditures to this segment of the state's population are increasing. The

need for data research to develop responses to the myriad of issues affecting the state's Black population is great.

The full-time Research Analyst will conduct demographic data research, coordinate with the State Planning Agency in development of a Minority Data Network and generate reports re: minority demographic and receipt of state services. During the current biennial (1988-89) this agency has made significant contributions these inter-agency cooperation DHS, DH and DPS. Increased research has enabled the accomplishments.

2. Additional Clerk Typist I position: to provide adequate clerical support to the current 2.5 professional staff and the additional professional complement requested.

The current Administrative Secretary provides all clerical support to 2.5 professional staff complement, which includes office management, typing, telephone coverage, payroll management, referral and information.

The current complement is inadequate as a result of the sheer magnitude of the workload. Grants work for program resources requires increased typing and supportive clerical. One secretary is inadequate to provide clerical support for 2.5 professional staff and to perform other administrative tasks.

BASE:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General Fund	\$ 107	\$ 125	\$ 125	\$ 125

LONG RANGE IMPLICATIONS:	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
General Fund	\$ 35	\$ 35	\$ 70

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.

AGENCY: DISABILITY, COUNCIL ON**1990-91 Biennial Budget****AGENCY PURPOSE:**

The Minnesota State Council on Disability expands opportunities for all children and adults with a disability throughout Minnesota, without regard to disability, and advocates policies and programs which promote the independence of disabled persons and protect their right to participate fully in society.

OPERATION AND CLIENTELE:

The 21 member Council establishes policies, determines program goals and priorities, and oversees activities. The Council has 4 standing committees: Services to Persons, Community Living, Education, and Jobs and Training. These committees provide the basis for Council decisions and assist in their implementation. Council staff provides administrative support; maintains information and referral assistance to inquirers statewide; coordinates Council-sponsored events; researches and advocates improved policies, programs and services; drafts specific policy and legislative proposals; publishes information materials; provides technical assistance regarding accessibility; monitors and advocates the enforcement of nondiscrimination and affirmative action laws and regulations; and plans and manages Council budgets, staff and operations.

Fifteen percent of Minnesota's citizens (over 600,000 persons) have substantial disabilities including vision and hearing impairments, mental illness, epilepsy, learning disabilities, spinal cord injuries, mental retardation, respiratory disease, heart conditions and other physical disabilities.

OBJECTIVES:

1. Advise the governor and legislature, federal and local governments, service agencies and the public on all matters relating to persons with disabilities.
2. Make available to persons with disabilities and the general public information regarding community resources and services.
3. Advocate for improved service delivery and the enforcement of disability laws which protect the rights of persons with disabilities.
4. Promote cooperation and coordination among government, provider and consumer, services throughout the state.
5. Research, formulate and advocate plans, programs and policies which will advance the rights and independence of all of Minnesota's citizens with disabilities.
6. Conduct the Council's administrative affairs in an effective and efficient manner, consistent with applicable federal and state law and rule.

ACTIVITY STATISTICS:

- o Review of nondiscrimination, reasonable accommodations, income maintenance and other federal and state regulations and policies: 25 per year.
- o Participants in public education workshops and conferences: 1,000 per year.
- o Track analyze and/or support legislative bills: 40 annually.
- o Distribute bi-monthly newsletter: 8,600 copies per issue; produce special information/policy papers and brochures: 12 per year; and distribute information releases: News media (print and electronic) statewide and 350 disability related organizations.

- o Make public presentations: 100 groups per year; and sponsor policy/information forums: at least 6 per year statewide.
- o Serve on advisory committees, for the purpose of correlating and coordinating policy directions of public and private sector agencies: 85 per year.

EFFECTIVENESS MEASURES:

	<u>F.Y.1988</u>	<u>F.Y.1989</u>	<u>F.Y.1990</u>	<u>F.Y.1991</u>
Number of Information and Referral Needs Resolved	9,500	9,500	10,000	10,000
Number of Public Education Materials Produced and Distributed (including newsletters)	80,000	87,000	105,000	110,000
Percent of Information Recipients Indicating Satisfaction (by Survey)	94.5	95.5	96.5	97.5
Percent Employment in State Government	6.7	6.9	7.3	7.6
Number of Businesses, Homes, Schools, Public Services and Accommodations Enabled by the Council to Become Accessible	300	800	850	900
Local Disabilities Support Groups Established or Strengthened by Council Work	8	15	40	50

Other Results Sought by Council:

1. Secure legislative support for access 1992.
2. Increase accessible housing options.
3. Increase employment opportunities for persons with disabilities.
4. Increase commitment to state Affirmative Action Program.
5. Improve enforcement of human rights legislation.
6. Increase accessibility by improved enforcement of building code.
7. Implement reasonable accommodations plans in all state agencies.
8. Develop plans to alleviate the burden to families of excess costs resulting from a disability.
9. Improve transportation services especially in Greater Minnesota.
10. Improve federal protection for rights of persons with disabilities.
11. Expand integration at all levels of education.
12. Acknowledge the work of individuals and organizations who support persons with disabilities.

MAJOR ACCOMPLISHMENTS:

1. Elevated the consciousness level of the public about the need for improving the accessibility of public buildings by taking action against Galtier Plaza and the World Trade Center, pursuant to the legislative mandate of the Council Powers Act.
2. Advanced improved transportation for persons with disabilities, those who use Metro Mobility and other state-wide paratransit systems, by initiating legislation which established new state-wide safety requirements and by compelling increased responsiveness by the Regional Transit Board to the concerns of customers.
- 3) In cooperation with state legislators, local officials, state offices and state agencies, conducted a series of hearings throughout the state on why more people with disabilities are not working and produced a report on the barriers and disincentives to employment.
- 4) Extended the reach of public information by a 20% increase in the circu-

lation of the Connector, the Council's newsletter which provides up-to-date information to 8,600 persons on such pressing items as changes in legislation, actions by congress, availability of services and activities of disability organizations; produced a regular TV program for distribution via cable stations throughout the state into 410,000 cable-using households. This TV program serves a similar purpose as the Connector newsletter and is 1 of 2 of its kind in the United States.

- 5) Spearheaded major revisions to the state handicapped parking program by promoting needed changes to the legislature which made the law more functionally related to the disability of the individual, increased the penalties for misuse, and generally strengthened the law.
- 6) Successfully secured legislative changes to the Human Rights Act which require post-secondary schools to provide physical and programmatic access to students with disabilities and which strengthened the rights of persons with disabilities when applying for a job or when filing a charge of employment discrimination.
- 7) Enriched the quality of life for over 9,500 individuals annually through an information and referral service which puts persons with disabilities in touch with available services or by assisting individuals to provide improved services to persons with disabilities.
- 8) Promoted legislative changes which mandated early childhood intervention services, beginning at birth, for children with disabilities throughout the state.
- 9) Improved the ability of non-institutionalized individuals with disabilities to live independently, within their own homes, by facilitating legislative changes allowing these individuals to remain eligible for Medical Assistance.

BUDGET ISSUES/ALTERNATIVES:

Unemployment and underemployment of persons with disabilities remain substantially higher than among the general public despite studies showing the productivity of people with disabilities. The need for improved accessibility and improved programming to assist persons with disabilities to be independent in the community is greater than ever given the state's emphasis on deinstitutionalization. Persons with disabilities consistently state the need for expanded information and referral assistance. The Council on Disability is a unique resource for the public and state officials which brings together the many concerns faced by persons with disabilities.

ATTORNEY GENERAL COSTS:

	(Dollars in Thousands)			
	Actual F.Y. 1988	Act/Est F.Y. 1989	Agency Request F.Y. 1990 F.Y. 1991	
Fees Assessed	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Fee Paid	-0-	-0-	-0-	-0-
Requested Budget	-0-	-0-	11	11

EXPLANATION OF BUDGET REQUEST:

The Council on Disability requests a change in the total appropriation it re-

ceives. In 1990, an increase of \$48,000 is required and an increase of \$48,000 is requested in 1991. This increase will have the following effects:

- 1) it will increase the Council's ability to address the needs which persons with disabilities have for information about services and for referral to those services;
- 2) it will increase the Council's activity in Greater Minnesota and enable Council members to better respond to the needs of individuals who live in smaller communities;
- 3) finally, it will enable the Council to have the legal support it needs to raise enforcement issues on behalf of persons with disabilities.

INDEX	(Dollars in Thousands)		Page
	Agency Request 1990-91 Biennium All Funds	Governor's Recommendation 1990-91 Biennium All Funds	
BASE Level Request	\$ 948	\$ 948	
Transfer from DTED	-0-	212	531
Agency-wide CHANGE Request	96	-0-	530
AGENCY Total	\$ 1,044	\$ 1,160	

GOVERNOR'S RECOMMENDATION:

The Governor recommends the BASE level funding for this agency.

The Governor's recommendation does not provide for the CHANGE level increase requested. However, the Governor does recommend the transfer of the Office on Technology for People with Disabilities from the Department of Trade and Economic Development to the Council on Disability.

The Governor recommends this transfer in conjunction with the recommendation to provide no administrative funding mission of the council on Disabilities should include the activities and responsibilities of the Office on Technology for People with Disabilities.

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

AGENCY : CNCL ON DISABILITY
PROGRAM : CNCL ON DISABILITY
BUDGET ACTIVITY : CNCL ON DISABILITY

F.Y. 1990							F.Y. 1991			
EXPENDITURES:	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	291	365	375	10	385	431	354	10	364	410
EXPENSES/CONTRACTUAL SRVCS	78	73	65	38	103	65	66	38	104	66
MISC OPERATING EXPENSES	46	40	40	0	40	65	40	0	40	65
SUPPLIES/MATERIALS/PARTS	6	4	4	0	4	29	4	0	4	29
CAPITAL EQUIPMENT	18	0	0	0	0	0	0	0	0	0

STATE OPERATIONS	439	482	484	48	532	590	464	48	512	570
LOCAL ASSISTANCE	0	50	0	0	0	0	0	0	0	0

TOTAL EXPENDITURES	439	532	484	48	532	590	464	48	512	570
CHANGE REQUESTS:	FUND									

A INCR EFFCTVNSS & EFFCNCY OF OPERATIONS	GEN			48		0		48		0
A OFFICE OF TECH. PEOPLE/DISABL.	GEN			0		106		0		106

TOTAL CHANGE REQUESTS				48		106		48		106
SOURCES OF FINANCING:										

DIRECT APPROPRIATIONS:										
GENERAL	425	514	480	48	528	586	460	48	508	566
STATUTORY APPROPRIATIONS:										
SPECIAL REVENUE	0	2	2	0	2	2	2	0	2	2
FEDERAL	1	1	1	0	1	1	1	0	1	1
GIFTS AND DEPOSITS	13	15	1	0	1	1	1	0	1	1

TOTAL FINANCING	439	532	484	48	532	590	464	48	512	570
POSITIONS BY FUND:										

GENERAL	12.0	12.0	12.0	0.0	12.0	14.0	12.0	0.0	12.0	14.0

TOTAL POSITIONS	12.0	12.0	12.0	0.0	12.0	14.0	12.0	0.0	12.0	14.0

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

ACTIVITY: DISABILITY, COUNCIL ON
 PROGRAM: DISABILITY, COUNCIL ON
 AGENCY: DISABILITY, COUNCIL ON

REQUEST TITLE: INCREASE EFFECTIVENESS AND EFFICIENCY OF OPERATIONS

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
General Fund	\$ 48	-0-	\$ 48	-0-

Governor's Recommendation

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

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

STATEMENT OF REQUEST/OBJECTIVE:

The Council requests the above dollar amounts in order to enable it to more closely meet the mandates given it by the legislature. The principal objectives of this CHANGE request are:

- 1) provide more timely and high quality information to persons with disabilities which helps them to access the services available to them (\$27,000 each year);
- 2) increase the activities of the Council in Greater Minnesota in such a way that allows Council members to better respond to the concerns of persons who live in smaller communities (\$10,000 each year);
- 3) allow the Council to have the necessary legal support it needs to bring about improved enforcement of laws which protect the rights of persons with disabilities (\$11,000 each year).

DESCRIPTION/BACKGROUND:

Currently the Council undertakes policy analysis and proposes action on a wide variety of issues relating to the over 600,000 persons with disabilities in Minnesota. It provides public information services in the form of printed materials and technical assistance to all of the media outlets in the state. It provides the same information service to individuals and to organizations. The Council provides an information and referral service that responds to over 9,500 requests a year. The Council takes legal action on behalf of groups or selected individuals where it appears that better enforcement of the law is required and there exists a policy issue involving persons with disabilities. All these activities are required by statute.

RATIONALE:

In a series of public hearings conducted by the Council, one of the significant problems persons with disabilities voiced was the lack of understanding of the service delivery system. People were being victimized by the system because they did not understand it, and they were not able to make use of the

services actually available to them.

The Council is anxious to make more information available to these individuals and make it available in an understandable form. It is critical that persons with disabilities understand their rights and that they learn how to access the services systems set up to allow them to live independently.

The Council does not currently have the budget that allows it to publish the needed brochures and to send out timely announcements on issues important to persons with disabilities. It is also important for the Council to access other media, such as TV, and produce public service announcements which inform all Minnesotans about issues faced by persons with disabilities. These same materials would be available to educators who routinely ask for information.

The information and referral system of the Council is beginning to be coordinated with the centers for independent living in the state. This network, if completed, would allow up to date information to be made available to persons or groups throughout the state. However, the Council lacks the resources needed to make the information available to a statewide audience, and most of the offices continue to work in isolation.

The Council is very concerned that the needs of persons in Greater Minnesota be given more attention, and that the activities of the Council be extended throughout the state. This means that forums and hearings held by the Council must be held in places outside the metro area. If the involvement of Council members from around the state increases, they will be required to travel more, increasing the expenses of the Council.

Two years ago, a change in statute increased the role of the Council in enforcement matters, allowing the Council to initiate an action on its own. It was understood that this new power of the Council would be used selectively and in support of issues that involved a significant policy matter. However, it was not recognized that this would require additional resources, principally in the form of legal assistance. The Council is not able to carry out this new responsibility without either an increase in budget or the assistance of the Attorney General's Office without charge.

BASE:

	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General Fund	100	83	\$ 83	\$ 83

LONG RANGE IMPLICATIONS:

	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
General Fund	\$ 48	\$ 48	\$ 96

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: OFFICE TECH/PEOPLE DISABILITIES

PROGRAM:

AGENCY: DISABILITY, COUNCIL ON

REQUEST TITLE: OFFICE ON TECHNOLOGY FOR PEOPLE WITH DISABILITIES

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
Dept. of Trade & Econ. Dvlp. General Fund	\$ 50	1.0	\$ 50	1.0
Governor's Recommendation				
Dept. of Trade & Econ. Dvlp. General Fund	\$ (106)	(2.0)	\$ (106)	(2.0)
Council on Disabilities General Fund	\$ 106	2.0	\$ 106	2.0

Request requires statutory change: X Yes _____ No
Statutes Affected: M.S. 116J.970

STATEMENT OF REQUEST/OBJECTIVE:

Minnesota is a national model for policy and program development of technology for people with disabilities. Additional funds and positions are requested to meet the growing demand for an increase in the scope of services and the number of constituents the office has been able to serve with a staff of 2 people (1 professional and 1 clerical) and an all volunteer council.

DESCRIPTION/BACKGROUND:

Minnesota's program was the model for successful federal legislation, "The Technology-Related Assistance to Individuals with Disabilities Act of 1988." The program also coordinates policy development on the provision and funding of technology-related devices and services by a number of state agencies which provide a variety of services to this client population, provide information, referral and research data to consumers, manufacturers, professionals and policy makers, and develop strategies for more effective dissemination of product information and existing funding sources for the purchase of the devices.

EFFECTIVENESS MEASURES:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Private sector high tech businesses provided with assistance	2	50	50	50
Clients surveyed to determine market size, current manufacturers and funding sources	1,435	2,000	3,000	4,000
No. of clients provided technical and policy development assistance	67	100	200	200

ACTIVITIES:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Outreach activities such as program publications, speeches, displays	69	100	200	300
State agencies and organizations consulted on provision of technological devices for people with disabilities	32	50	150	200

RATIONALE:

The Technology-Related Assistance for Individuals with Disabilities Act of 1988 makes competitive grants of \$500,000 available to states which are able to demonstrate a comprehensive plan for the integration of technological devices and technology related services in all agencies that serve people with disabilities and the aging. Additional staff would enable the office to conduct the necessary research and build support for a coordinated state action plan to ensure that Minnesota would be in a competitive position to secure a grant.

BASE:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General Fund Expenditures	\$ 88	\$ 103	\$ 106	\$ 106
General Fund Positions	2.0	2.0	2.0	2.0

LONG RANGE IMPLICATIONS:	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
General Fund Expenditures	\$ 50	\$ 50	\$ 100
General Fund Positions	1.0	1.0	1.0

GOVERNOR'S RECOMMENDATION:

The Governor recommends that the BASE funding of \$106,000 each year and 2.0 positions for the Office on Technology for People with Disabilities be transferred to the Council on Disabilities. The Governor recommends this transfer in conjunction with the recommendation to provide no administrative funding for the Office of Science and Technology. The Governor believes that the mission of the Council on Disabilities should include the activities and responsibilities of the Office on Technology for People with Disabilities.

1990-91 BIENNIAL BUDGET
PROGRAM STRUCTURE

AGENCY: HOUSING FINANCE

SECTION

PAGE

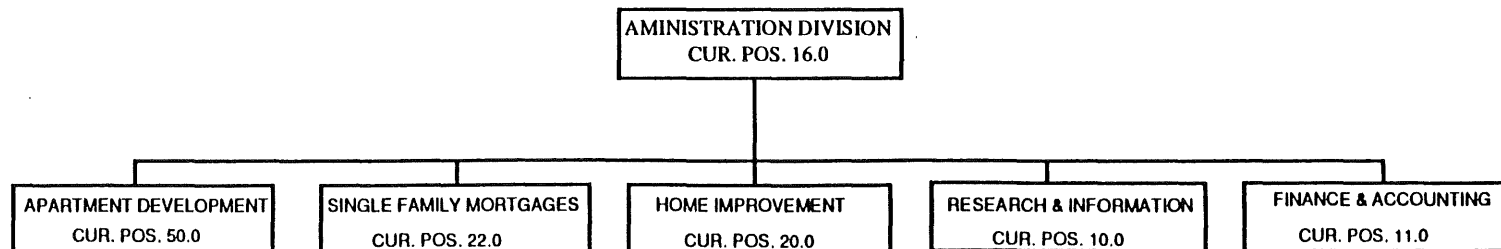
PROGRAMS

ACTIVITIES

HOUSING FINANCE-----	Appropriated Programs	4	537
	Non-Appropriated Programs		545
	Administrative Cost Ceiling		550

HOUSING FINANCE AGENCY ORGANIZATION CHART JULY 1, 1988

POSITION RECONCILIATION AUTHORITY LEGISLATIVE COMPLEMENT		
	CURRENT FY 88	REQUESTED FOR 6-30-91
HOUSING FINANCE FUND	129.0	129.0
TOTAL PERMANENT POSITIONS	129.0	129.0
SEASONAL/PART-TIME	21.0	21.0
TOTAL POSITIONS	150.0	150.0
EMPLOYEES ON 6-30-88	122.0	



AGENCY: HOUSING FINANCE

1990-91 Biennial Budget

AGENCY PURPOSE:

The agency was created to ensure the availability of housing-related financial services that will provide safe, decent, energy efficient, and affordable housing primarily for low and moderate income households. Each agency program must meet at least one of the following public purposes: (1) serving low and moderate income households, (2) promoting residential energy conservation, or (3) providing housing for a special population. (The special population must be predominantly low and moderate income people.) The agency has adopted a set of housing policies which guides the development of each of its programs.

AGENCY PROGRAMS AND FUNDING:

Agency programs generally fall into one of 3 categories: homeownership, home improvement, and rental housing. Funding has come from a combination of federal appropriations, federal tax subsidies, tax-exempt bonds, agency funds, and state appropriations.

Rental housing programs, in particular, relied upon federal appropriations and federal tax subsidies. Federal appropriations for housing have decreased by 80% during the 1980s. Federal tax subsidies for rental housing were eliminated under the Tax Reform Act of 1986 and a low-income housing tax credit was established. The tax credit program, as a result of its rent limits, requires large non-federal subsidies to fund rental housing. Due to the scarcity of non-federal subsidies, only approximately one-third of the tax credits available to Minnesota have been used. In addition to implementing the tax credit program, the agency's rental program priorities include the renovation of existing rental housing, the preservation of federal Section 8 rent subsidy contracts, and the funding of housing for special populations.

Homeownership and home improvement programs have relied upon a combination of tax-exempt bonds and state appropriations to provide affordable financing. The use of tax-exempt bonds reduces the interest rate on the loan by approximately 1-1/2% below the market rate. This subsidy by itself has provided affordability to many first time homebuyers. For lower income homebuyers and homeowners, this subsidy has been combined with state appropriations to provide affordability at lower income levels. And in the case of very low income homeowners, appropriations have been used to make deferred payment loans for basic housing improvements. Authorization to issue tax-exempt bonds for these programs expires 12-31-88. Although it is anticipated that the authority will be extended, additional volume limits and program restrictions are likely. Programs for the 1990-91 biennium will be funded from higher cost taxable bonds or mortgage pass-through securities, appropriations, and tax-exempt bonds, if available.

DEMOGRAPHICS AND HOUSING NEEDS:

Minnesota will undergo dramatic demographic changes in the decade of the nineties. The number of young households is projected to decrease while the number of middle-aged and elderly households will increase. The aging of the baby boom generation (those born between 1946 and 1964) results in an increase in middle-aged households who generally own a house and are interested in "moving up" to a larger unit or a unit with more amenities. In contrast, a decrease will occur in the number of young households who are generally

first time homebuyers and renters. Even though the number of young households is decreasing, their need for housing assistance still far exceeds available resources. The increase in the number of elderly households (over 75 years old) will require housing designed to meet special needs.

Homelessness is an indicator of the shortage of permanent affordable housing. Data from recent surveys indicate a 147% increase in the number of individuals seeking housing in the temporary shelter system. Of the 2,877 individuals staying in Minnesota shelters in May of 1988, 1,089 of them were children.

The number of households in need of affordable housing remains high. Agency research indicates that about one-third of all renters, or about 114,000 households, spend more than 30% of their income for rent. This situation has become worse in the past 5 years. Rent levels in real terms (nominal increases less the inflation rate) have increased by 10.1% for one bedroom units and 11.8% for two bedroom units during the period 1983 to 1988 in the Twin Cities metropolitan area. National homeownership rates for 25 to 29 year olds have dropped from a peak of 44% in 1979 to 36% in 1987. Potential first time homebuyers must pay interest rates determined by the national financial markets and accumulate adequate cash to pay for closing costs and a downpayment amount. For many portions of Minnesota, private mortgage insurance companies now require a minimum downpayment equal to 10% of the purchase price.

NATIONAL HOUSING POLICY DIRECTION:

The National Housing Task Force was established as part of a Congressional effort to reexamine America's housing policy. The report "A Decent Place to Live" was issued in 1988. Recommendations from this report will be used in drafting a new national affordable housing act. Senators Alan Cranston and Alfonse M. D'Amato are leading this effort.

The bill is likely to have 3 major components. The first will deal with homeownership affordability, a second with affordability of rental housing, and a third with affordable housing for people with special needs. The renewed support by the federal government will be distinctly different from previous federal programs. The program will require a joint investment by federal, state, and local governments. Without local and state funds, the federal funds will not be available. The programs will provide greater flexibility than the previous categorical programs. The Department of Housing and Urban Development will be less involved and state and local governments will be able to better respond to local needs. The programs will build on existing administrative and program capacity. The states which are active and successful will have an opportunity to receive a greater amount of federal funds.

GOVERNOR'S COMMISSION ON AFFORDABLE HOUSING FOR THE 1990'S:

The purpose of the Commission is to develop programs for affordable housing based upon the demographic changes likely to occur in the next decade. The Commission's recommendations will be used to develop a housing legislation package and an appropriation request for the 1989 session. This appropriation request is not included in the Housing Finance Agency's biennial budget submission.

AGENCY: HOUSING FINANCE
(Continuation)

1990-91 Biennial Budget

ATTORNEY GENERAL COSTS:

Fees for Legal Services Rendered	(Dollars in Thousands)			
	Actual	Act/Est	Agency Request	
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Fees Assessed	\$ 117	\$ 123	\$ -0-	\$ -0-
Fees Paid	117	123	-0-	-0-
Requested Budget	117	123	129	136

Note that the agency's Attorney General costs are funded from internally-generated earnings, not from state appropriations.

EXPLANATION OF BUDGET REQUEST:

The figures below include a General Fund request of \$20,700,000 for the 1990-1991 biennium. The General Fund request includes \$4,230,000 for the Homeownership Assistance Fund, \$5,270,000 for American Indian Housing Programs, \$10,000,000 for the Rehab Loan/Accessibility Loan Program, \$450,000 for the Elderly Home Sharing Program, and \$750,000 for Transitional Housing Programs. These programs are discussed more fully in the budget activity narrative immediately following.

Also requested is approval of the agency's complement of 129 and an administrative cost ceiling (dollars in thousands) of \$6,940 for F.Y. 1990 and \$7,360 for F.Y. 1991. (Note that this is not a request for appropriations. The cost ceiling is funded through internally-generated earnings.)

INDEX	(Dollars in Thousands)		Page
	Agency Request	Governor's	
	1990-91 Biennium	Recommendation	
	All Funds	All Funds	
BASE Level Request	\$ 243,332	\$ 243,332	

Program/Budget Activity CHANGE Requests

Appropriated Programs			
Appropriated Housing Programs	1,346	316	542
Governor's Commission on			
Affordable Housing for the 1990's	-0-	10,000	543
Subtotal	1,346	10,316	

CHANGE Requests Subtotal	\$ 1,346	\$ 10,316
AGENCY Total	\$ 244,678	\$ 253,648

GOVERNOR'S RECOMMENDATION:

The Governor endorses the agency's decision to fund the bond leveraging/interest writedown program from agency reserves, and concurs with the agency's request to redistribute BASE funding previously used for that program to its other appropriated programs. In addition to the BASE funding, the Governor recommends a biennial increase of \$316,000 for appropriated programs, and \$10,000,000 and 5.0 positions to implement various recommendations of the Commission on Affordable Housing for the 1990's. The Governor also concurs with the agency's administrative cost ceiling request.

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : HOUSING FINANCE AGCY

	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	
PROGRAM EXPENDITURES:										
HOUSING FINANCE	105,326	128,608	122,034	673	122,707	132,192	121,298	673	121,971	121,456
TOTAL EXPENDITURES	105,326	128,608	122,034	673	122,707	132,192	121,298	673	121,971	121,456
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	0	0	9,677	673	10,350	19,835	9,677	673	10,350	9,835
STATUTORY APPROPRIATIONS:										
SPECIAL REVENUE	4,504	1,465	542	0	542	542	0	0	0	0
MN HOUSING FINANCE	100,822	127,143	111,815	0	111,815	111,815	111,621	0	111,621	111,621
TOTAL FINANCING	105,326	128,608	122,034	673	122,707	132,192	121,298	673	121,971	121,456
POSITIONS BY FUND:										
MN HOUSING FINANCE	129.0	129.0	129.0	0.0	129.0	134.0	129.0	0.0	129.0	134.0
TOTAL POSITIONS	129.0	129.0	129.0	0.0	129.0	134.0	129.0	0.0	129.0	134.0

ACTIVITY: APPROPRIATED PROGRAMS
Program: HOUSING FINANCE
Agency: HOUSING FINANCE

1990-91 Biennial Budget

The agency's appropriated programs fall into 5 categories.

DESCRIPTION:

1) HOMEOWNERSHIP ASSISTANCE FUND (HAF)

Statutory Reference: M.S. 462A.21

The Homeownership Assistance Fund (HAF) was first authorized and funded by the legislature in 1977. Since that time, 5,200 households have received monthly payment and/or downpayment assistance in a total dollar volume of \$18,030,000 through HAF. HAF assistance has been offered in conjunction with below market-interest rate loans offered under the Minnesota Mortgage Program, which is funded through the sale of tax-exempt bonds.

Use of the Homeownership Assistance Fund has allowed selective targeting of approximately 25% of Minnesota Mortgage Program bond funds to lower income individuals whose adjusted incomes currently may not exceed \$23,000 in the Twin Cities metropolitan area, \$19,000 in seven designated urban outstate counties, and \$17,000 in all other counties. HAF has been used to assist these individuals in making monthly mortgage payments during the early years of the loan and/or to assist them in making their down payments. (Once a HAF loan commitment is made, the funds are disbursed over a period of up to ten years.) The monthly mortgage payment supplement has been granted based upon the borrower's monthly house payment, income level, and the amount needed to qualify under industry-accepted mortgage underwriting standards. HAF assistance is loaned to the borrower in the form of a no-interest mortgage loan, declines yearly on a predetermined schedule, and must be repaid on a predetermined schedule or when the borrower sells or no longer occupies the home. Repayments are recycled into new loans. Without HAF assistance, these low income individuals could not afford to buy their first home even with the below market interest rate offered by the agency bond programs.

In F.Y. 1988 and F.Y. 1989, both the percentage of Minnesota Mortgage Program borrowers served and the average subsidy per loan under the HAF program have declined somewhat. (In the past, average subsidy was between \$4,500 and \$4,600 per HAF loan.) This has been primarily due to lower program mortgage interest rates which have in and of themselves enabled the agency to reach lower income borrowers, and due to the fact that a much higher percentage of program loans have been FHA insured. FHA does not give the same weight to HAF in its borrower underwriting criteria as is given by some other mortgage insurers.

During the next biennium, it is expected that both the demand for HAF assistance and the average assistance per loan will increase considerably. Beyond the fact that increases in the general levels of mortgage interest rates have been predicted, the agency is anticipating that several fundamental changes in the way it does business will have a decided impact on HAF. The rules for HAF monthly assistance will be revised to reflect a greater anticipated future use of HAF in conjunction

with FHA insured mortgage loans and the use of HAF with anticipated changes in the law pertaining to tax-exempt bonds. It is also anticipated that the agency may have to raise all or a portion of its capital through taxable mortgage securities, which will result in generally higher mortgage interest rates. Thus, a higher subsidy per loan will be needed. Finally, the availability of HAF downpayment assistance will have to be maintained and the amount of available assistance will have to be increased, as "housing entry costs" are continually being cited by housing experts as the foremost barrier to housing affordability.

A total appropriation of \$4,230,000 is being requested.

Statistics	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
No. HAF Loans	640	480	409	409
\$ HAF Loans	\$2,439,134	\$1,919,280	\$2,250,000	\$2,250,000
Scheduled Repayment	\$ 115,000	\$ 123,000	\$ 131,000	\$ 139,000
Average HAF Loan	\$ 3,811	\$ 4,000	\$ 5,500	\$ 5,500

2) AMERICAN INDIAN HOUSING

Statutory Reference: M.S. 462A.07

The legislature has created 2 housing programs to deal with the housing needs and problems of American Indians: the Tribal Housing Program and the Urban Indian Housing Program.

The Tribal Housing Program was created by the legislature in 1976 pursuant to a study which revealed a severe shortage of decent, affordable housing for Indian families on and near Minnesota Indian reservations. Further, it was noted that the title status of reservation lands virtually precluded traditional sources of housing capital. Pursuant to the legislation creating the program, the agency contracts with tribal housing corporations established by the tribal organizations specified in the statute to administer the program. The three tribal organizations which administer the program are operated by the Red Lake Band of Chippewa Indians, the Minnesota Chippewa Tribe, and the four Minnesota Sioux communities.

The contract entered into between the agency and the tribal housing corporations enables the corporations to administer a revolving loan fund to finance home mortgage loans and rehabilitation loans to Indian families meeting specified income requirements. The agency funds new loans, and loan repayments are made into a revolving fund which is used for other new loans and administrative costs. Interest rates vary from 3.5% to 5% and transactions require little, if any, cash investment by the homebuyer. Since 1976, loans in the amount of \$26,975,937 have been made to 858 American Indian households. One tribal housing corporation also administers a rental program through which it rents out and manages units for low-income Indian families living on the reservation. The allocation formula for the tribal housing corporations is based upon tribal population. The Red Lake Band receives 29.2% of available funds, the Minnesota Chippewa Tribe receives 62.3% of the funds and the Minnesota Sioux communities receive 8.5% of the funds. An appropriation of \$3,770,000 is needed to maintain the same program activity level.

In 1978, it was noted that a significant percentage (currently 48.4%) of

ACTIVITY: APPROPRIATED PROGRAMS
 (Continuation)
Program: HOUSING FINANCE
Agency: HOUSING FINANCE

1990-91 Biennial Budget

American Indians lived in urban areas of the state and that this population had unique housing problems due to typically large and extended households and cultural difficulties in dealing successfully with established institutional housing providers. As a result, the legislature appropriated funds for the Urban Indian Housing Program. A fund allocation formula for the Urban Indian Housing Program is set by the agency based upon Indian population estimates. Minneapolis receives 53%, St. Paul receives 15%, the Twin Cities suburbs receive 24% and Duluth receives 8%.

In past years, the Urban Indian Housing Program was administered by locally based, nonprofit entities. These entities were required to leverage funds appropriated for the program with funds from other sources to provide housing opportunities for urban Indian families. While a few of these entities creatively combined resources to provide housing under the program, the overall results of this delivery system were that too few housing opportunities were provided over too long a period of time at too high an administrative cost. The programs that evolved were very similar for each community and oftentimes needed an inordinate amount of agency intervention so that they would be properly administered.

As a result, the agency, with the advice and counsel of the Minnesota Indian Affairs Council, revised the administrative rules governing the program and began direct administration of the program. The agency implemented a homeownership program by combining program funds with mortgage revenue bond funds to provide 6% mortgage loans, and is also processing a transitional housing project for single Indian women heads of households. As a result, it is anticipated that all program funds will be used in F.Y. 1989. These funds include the F.Y. 1988-89 appropriation, all previously uncommitted program funds and over \$300,000 in funds returned by the Minneapolis Community Development Agency (MCDA) for purposes of the program.

An appropriation of \$1,500,000 is needed in order to keep the program activity at slightly below the current biennium's level. The relatively low per unit cost is because program funds are leveraged with funds from other sources to provide for the most efficient use of program funds.

<u>Tribal Programs</u>				
	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
No. Mortgage Loans	49	62	45	45
\$ Mortgage Loans	\$2,110,000	\$2,689,000	\$1,942,000	\$1,942,000
No. Rehab Loans	1	-0-	-0-	-0-
\$ Rehab Loans	\$ 14,000	\$ -0-	\$ -0-	\$ -0-
<u>Urban Programs</u>				
	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
No. Mortgage Loans	31	84	43	43
\$ Mortgage Loans	\$ 888,242	\$1,511,000	\$ 773,000	\$ 773,000
No. Rental Loans	1	-0-	-0-	-0-
\$ Rental Loans	\$ 59,000	\$ -0-	\$ -0-	\$ -0-
No. Rehab Loans	2	-0-	-0-	-0-
\$ Rehab Loans	\$ 10,000	\$ -0-	\$ -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>
General	\$ -0-	\$ -0-	\$ 1,885	\$ 1,885
Housing Finance	2,124	2,689	57	57
TOTAL	\$ 2,124	\$ 2,689	\$ 1,942	\$ 1,942

3) REHABILITATION LOANS/ACCESSIBILITY LOANS:

Statutory Reference: M.S. 462A.05

The Rehabilitation Loan Program provides deferred loans of up to \$7,500 to very low income homeowners for the purpose of correcting health and safety hazards within their homes and improving their habitability, accessibility, and energy efficiency. Loans are repaid only if the property is sold or ceases to be the borrower's principal residence within 10 years from the date of the loan. Repayments are recycled into new loans.

Recent demographics relating to this program are as follows:

Average gross household income	\$ 6,175
Average market value of home before improvements	\$ 30,433
Average age of home	58 years
Average age of borrower	55 years
Average years borrower has lived in home	18 years

An agency analysis of the need for the Rehabilitation Loan Program from 1986 to 1990 shows that there are almost 68,000 households in Minnesota that would be eligible for the program. As of 6-30-88, local program administrators report over 2,300 applicants on waiting lists. This is in spite of the fact that most local administrators have not advertised the program during the past 6 years. At present funding levels, it would take over 3 1/2 years to serve just the people who are on waiting lists today.

ACTIVITY: APPROPRIATED PROGRAMS
(Continuation)
Program: HOUSING FINANCE
Agency: HOUSING FINANCE

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Appropriations totaling \$750,000 were allocated to the Accessibility Loan Fund in the last biennium. This is a fund within the Rehabilitation Loan Program which has as its sole purpose the modification of housing to make it accessible to handicapped family members. The maximum accessibility loan is \$10,000. Accessibility loans are repaid only if the property is sold or ceases to be the borrower's principal residence within 5 years of the date of the loan. Repayments are recycled into rehabilitation loans or accessibility loans. The average income of beneficiaries of the Accessibility Program is \$10,260 and the average household size is 2 persons. Forty-one percent of the disabled household members are over 65 years old.

Both rehabilitation loans and accessibility loans are delivered by a statewide network of local agencies. These agencies are partially reimbursed for their expenses in processing the loans through an administrative fee, which is paid out of the appropriation. Administrative fees for rehabilitation loans equal 14% of the appropriation that is dedicated to rehabilitation loans. Administrative fees for accessibility loans equal 14% of each approved loan amount, or \$400, whichever is greater, or \$125 for each referral that is processed, but does not result in a loan.

Statistics F.Y. 1988 F.Y. 1989 F.Y. 1990 F.Y. 1991

Rehabilitation Loans

Administrative Fees	\$ 630,000	\$ 782,000	\$ 798,000	\$ 805,000
Amount of New Loans	\$3,905,000	\$4,807,000	\$4,905,000	\$4,948,000
Number of New Loans	620	739	629	634
Average Loan Amount	\$ 6,298	\$ 6,505	\$ 7,800	\$ 7,800
Loan Repayments	\$ 620,000	\$ 690,000	\$ 750,000	\$ 800,000

Accessibility Loans

Administrative Fees	\$ 43,000	\$ 130,000	\$ 32,000	\$ 32,000
Amount of New Loans	\$ 261,000	\$ 833,000	\$ 226,000	\$ 226,000
Number of New Loans	36	111	30	30
Average Loan Amount	\$ 7,250	\$ 7,500	\$ 7,500	\$ 7,500

The General Fund request for the Rehabilitation and Accessibility Loan Programs is \$5,000,000 per year for F.Y. 1990 and F.Y. 1991.

Sixty-nine percent of rehabilitation loans made in the last calendar year were for \$7,000 or more. The maximum loan amount of \$7,500 set by statute is insufficient to finance complete rehabilitation of many properties. Therefore, the agency is asking the legislature to increase the maximum loan amount to \$9,000. The present loan amount of \$7,500 was established in 1983.

Statutory Reference: M.S. 462A.05

Under this program, grants are provided to nonprofit organizations for the development and/or operation of elderly homesharing programs throughout Minnesota. These programs match low and moderate income elderly homeowners with homeseekers who will contribute rent or services in exchange for sharing the home.

This income and these services help elderly homeowners stay in their homes longer than would be possible without this assistance, thus deferring institutionalization and the high public subsidy costs it entails. The quality of life of both the homeowner and the homeseeker should be improved under this arrangement with very minimal public cost.

Of the homeowners in these arrangements, 75% are single women, 87% are retired, 63% have annual incomes below \$15,000, and the average age is 76. Of the renters, 59% are single women, 59% have annual incomes below \$10,000, and the average age is 35. The renter pays a small rent (many are below \$100 per month) and provides services to the homeowner.

There is a growing interest in this housing option and a statewide association of homesharing providers has been formed. Most of these organizations depend upon funding from this program for continued operation.

<u>Statistics</u>	<u>F.Y. 1988-1989</u>	<u>F.Y. 1990-1991</u>
Applications Received	12	18
Amount Requested	\$ 515,173	\$ 650,000
Applications Selected	6	10
Population Served	1,200	1,550
Estimated Cost Per Person	\$ 290	\$ 300

	<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>
General	\$ -0-	\$ -0-	\$ 225	\$ 225
Housing Finance	145	203	7	7
TOTAL	\$ 145	\$ 203	\$ 232	\$ 232

5) TRANSITIONAL HOUSING

Statutory Reference: M.S. 462A.05, 462A.21

This program has 3 components. Through the "temporary housing" component, grants are made to nonprofit sponsors to rehabilitate properties in order to provide temporary housing to persons and families of low and moderate income having an immediate need for temporary housing as a result of natural disaster or other cause. Through the "low-income persons living alone" component, grants are made to nonprofit sponsors to assist in the development of housing for low-income persons living alone who do not

ACTIVITY: APPROPRIATED PROGRAMS
 (Continuation)
 Program: HOUSING FINANCE
 Agency: HOUSING FINANCE

1990-91 Biennial Budget

qualify for other low-income housing as elderly, handicapped or disabled. Through the "housing for the homeless" component, grants are made to sponsors to assist in the development of housing for rent or sale to very low-income homeless individuals and families. (In the 1988-89 biennium, the agency received separate appropriations for the 3 transitional housing programs. The appropriation request for the 1990-91 biennium combines the 3 components to simplify administration of the program.)

<u>Statistics</u>	<u>F.Y. 1988-1989</u>	<u>F.Y. 1990-1991</u>
Applications Received	20	20
Applications Selected	16	15
Capacity Created	245	222

<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>
General	\$	\$	\$ 375	\$ 375
Housing Finance	480	371	11	11
TOTAL	\$ 480	\$ 371	\$ 386	\$ 386

<u>(Dollars in Thousands)</u>			
<u>Change Requests</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>Type</u>
Appropriated Housing Programs See the CHANGE request sheet following the fiscal sheet for this activity.	\$ 673	\$ 673	Activity Specific

BASE LEVEL REVIEW

A BASE level review has been completed on current funding and programs related to the needs of cities. This review is a separate submission to the legislature.

GOVERNOR'S RECOMMENDATION:

The Governor recommends BASE funding for these programs plus a biennial increase of \$316,000. The Governor also recommends an appropriation of \$10,000,000 and 5.0 positions to implement some of the recommendations of the Commission on Affordable Housing for the 1990's.

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

AGENCY : HOUSING FINANCE AGCY
PROGRAM : HOUSING FINANCE
BUDGET ACTIVITY : APPROP 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:										
EXPENSES/CONTRACTUAL SRVCS	746	1,077	685	225	910	685	692	225	917	692
NON-EXPENSE DISBURSEMENTS	6,283	9,831	6,326	2,698	9,024	8,734	6,369	2,698	9,067	8,777
STATE OPERATIONS	7,029	10,908	7,011	2,923	9,934	9,419	7,061	2,923	9,984	9,469
AIDS TO INDIVIDUALS	10,845	7,263	4,810	<2,250>	2,560	12,560	4,810	<2,250>	2,560	2,560
TOTAL EXPENDITURES	17,874	18,171	11,821	673	12,494	21,979	11,871	673	12,544	12,029
CHANGE REQUESTS:										
FUND										
A AFFORDABLE HOUSING INITIATIVE				0		10,000		0		0
B APPROPRIATED HOUSING PROGRAMS				673		158		673		158
TOTAL CHANGE REQUESTS				673		10,158		673		158
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	0	0	9,677	673	10,350	19,835	9,677	673	10,350	9,835
STATUTORY APPROPRIATIONS:										
MN HOUSING FINANCE	17,874	18,171	2,144	0	2,144	2,144	2,194	0	2,194	2,194
TOTAL FINANCING	17,874	18,171	11,821	673	12,494	21,979	11,871	673	12,544	12,029
POSITIONS BY FUND:										
TOTAL POSITIONS										

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

ACTIVITY: APPROPRIATED PROGRAMS
PROGRAM: HOUSING FINANCE
AGENCY: HOUSING FINANCE

REQUEST TITLE: APPROPRIATED HOUSING PROGRAMS

	F.Y. 1990		F.Y. 1991	
Agency Request	(000's) Amount	Positions	(000's) Amount	Positions
General Fund	\$ 673	-0-	\$ 673	-0-
Governor's Recommendation				
General Fund	\$ 158	-0-	\$ 158	-0-

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

STATEMENT OF REQUEST/OBJECTIVE:

The appropriation request is a 3.5% per annum increase over the current biennium's appropriation. This modest increase is needed to maintain the same housing activity level. No new programs are being requested.

DESCRIPTION/BACKGROUND:

The 5 appropriated housing programs are described in the narrative for that activity.

BASE:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General Fund	\$9,527	\$9,677	\$9,677	\$9,677

GOVERNOR'S RECOMMENDATION:

The agency has recommended funding the bond leveraging/interest writedown program from agency reserves in the 1990-91 biennium instead of using a General Fund appropriation. This essentially frees up \$4,450,000 of the General Fund appropriation over the 1990-91 biennium. The agency proposes a reallocation of this funding to its other appropriated programs. In addition, the agency requests an increase of \$1,346,000 over the biennium for the appropriated programs.

The Governor concurs with the agency's reallocation plan, but recommends an increase of only \$316,000 for the biennium. The following is a listing of the Governor's recommendations by appropriated program with an indication of the increase (decrease) over what would otherwise be the BASE level of funding for the biennium.

	Governor's Recommendation	BASE Increase (Decrease)
Homeownership Assistance Fund	\$ 4,230,000	\$ 2,250,000
American Indian Housing	4,240,000	-0-
Rehab Loan/Accessibility Loan Program	10,000,000	2,566,000
Elderly Home Sharing	450,000	150,000
Transitional Housing Programs	750,000	(200,000)
Bond Leveraging/Interest Writedown	<u>agency reserves</u>	<u>(4,450,000)</u>
TOTAL	\$ 19,670,000	\$ 316,000

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

ACTIVITY: APPROPRIATED PROGRAMS
 PROGRAM: HOUSING FINANCE
 AGENCY: HOUSING FINANCE

REQUEST TITLE: GOVERNOR'S COMMISSION ON AFFORDABLE HOUSING FOR THE 1990S

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
General Fund	\$ -0-	-0-	\$ -0-	-0-
Governor's Recommendation				
General Fund	\$10,000	-0-	\$ -0-	-0-
Housing Finance Fund	-0-	5.0	-0-	5.0
Request requires statutory change: <u> X </u> Yes _____ No				
Statutes Affected: M.S. 462A				

GOVERNOR'S RECOMMENDATION:

The Governor requests these funds to supplement the \$9 million in agency reserves which will be used to implement some of the recommendations of the Governor's Commission on Affordable Housing for the 1990s. These funds will provide new programs to respond to the growing problem of providing affordable and decent housing for Minnesotans. Increasing problems of maintaining the condition and quality of existing housing and, therefore of maintaining the quality of neighborhoods and communities in all parts of the state will be one of the major housing issues of the 1990s. The most important message of the commission was that the state of Minnesota must respond to the serious nature of the housing problems affordability and quality, facing Minnesota. Funds are requested for the following programs: 1) rental housing programs for low income families, for low income individuals and for the chronically mentally ill; and 2) accessible housing programs for 3 bedroom new construction rental housing, for single family home accessibility and for regional accessibility information centers.

In developing the rental housing programs, the needs of different types of households must be considered in relation to the existing stock of rental housing in the state and the projected shifts in demand for housing due to demographic changes in the 1990s. Families with children need larger rental units. Because there is a shortage of 3 bedroom rental units in the state, a new construction program is recommended to meet this need. For individuals and smaller households, affordable efficiency, 1 and 2 bedroom units are needed. An acquisition and moderate rehabilitation approach to meeting this need is used in the proposed programs, because of the availability of these types of existing units.

The recommended rental financing programs are as follows:

Housing For Low Income Families (\$6,000,000):
 Large units (2 bedrooms and 3 or more bedrooms) for families with children.

Housing For Low Income Individuals (\$2,750,000):
 Efficiency and 1 bedroom units, including units designated for the mentally ill. This program will be a source of permanent housing for homeless individuals.

Transitional Housing (\$875,000):
 Temporary housing option for those without permanent housing. Transitional housing is linked with other human services including job placement, education, and child care. It represents a necessary step toward permanent housing for many homeless individuals and families.

One problem expressed by advocates for the disabled is the lack of accessible units with more than 1 bedroom. Because the state building code does not require that accessible units be of any particular size, there appears to be an adequate supply of accessible efficiencies and 1 bedroom units and a shortage of larger (2 or more bedrooms) accessible units in some areas of the state. A second problem expressed by both landlords and disabled individuals is the lack of timely information about available vacant accessible units. Landlords complain that they cannot find disabled tenants who want to rent the units, while disabled individuals claim that they do not know when accessible units become available. In such instances, landlords who may prefer to rent accessible units to disabled persons may rent the unit to a nondisabled person. Landlords are not required by law to rent their accessible units to disabled tenants. A third problem faced by people with disabilities is the cost of converting standard housing into accessible housing. The cost of the necessary modifications to a single family home is often prohibitively expensive for disabled individuals and their families.

In order to alleviate these problems, the following programs are recommended:

Establish clearinghouses throughout the state to assist landlords looking for disabled tenants and disabled individuals looking for suitable housing (\$125,000).

Increase the funding for an existing MHFA program that assists families who want to make their single family homes accessible for family members with disabilities (\$125,000).

Provide funds to pay for the additional cost of making 16 of the proposed newly constructed, affordable, 3 bedroom units accessible (\$125,000).

DESCRIPTION/BACKGROUND:

Most Minnesotans have a decent, affordable place to live. Many do not. This number is growing. To respond to the growing problem of affordable, decent housing, the Governor appointed a Commission on Affordable Housing for the 1990s, and asked the commission to develop an agenda for the 1989 session of the Minnesota Legislature.

The need for state action has never been greater. Federal support for affordable housing has decreased by 80 percent in the last 8 years. The

CHANGE REQUEST

1990-91 Biennial Budget

____ Agency ____ Program X Activity
(Continuation)

ACTIVITY: APPROPRIATED PROGRAMS

PROGRAM: HOUSING FINANCE

AGENCY: HOUSING FINANCE

cost of owning and renting housing has increased at a rate greater than that of increases in incomes for families and individuals with low incomes. Homelessness has increased, especially among families with children. The rate of homeownership for young families has decreased for the first time since the end of World War II.

Changes in the population of Minnesota, with the aging of the baby boom generation and the smaller size of the next generation, will dramatically affect the market for housing in the decade of the 1990s. Increasing problems of maintaining the condition and quality of existing housing and, therefore, of maintaining the quality of neighborhoods and communities in all parts of the state will be one of the major housing issues of the 1990s. Families and individuals with special housing needs have a difficult time finding affordable housing and the necessary social services to meet their special needs.

RATIONALE:

The role of the federal government in providing affordable housing is changing. The next generation of federal housing programs will require a more direct financial role for state and local governments. State government must be prepared to respond to this new role with programs that effectively use federal resources to meet Minnesota's housing needs.

These programs must also provide an opportunity for Minnesota to build capacity to use federal resources in combination with efforts by state and local governments and private and nonprofit housing providers in Minnesota. Much of this agenda involves capacity building to respond to the need for affordable housing in all parts of the state. An important part of this capacity building is adding to the programs which already exist in state government and strengthening the commitment to building new partnerships for providing affordable housing in Minnesota. Building new partnerships to respond to the housing issues of the 1990s is a challenge for all participants in the programs of this agenda.

ACTIVITY: NON-APPROPRIATED PROGRAMS
Program: HOUSING FINANCE
Agency: HOUSING FINANCE

1990-91 Biennial Budget

All of these programs are funded from federal funds and other dedicated funds.

DESCRIPTION:

1) HOUSING ASSISTANCE PAYMENTS

Statutory Reference: M.S. 462A.05

The agency, using bond proceeds, has financed 292 rental housing developments located in 76 of the 87 Minnesota counties, with mortgages totaling \$523 million. For 239 of these developments, the U.S. Department of Housing and Urban Development (HUD) makes Section 8 housing assistance payments through the agency to tenants in order to reduce their monthly housing expenditures to approximately 30% of their income.

Housing assistance payments are made to agency-financed developments in order to provide rent subsidies for tenants of low and moderate income. Eligible tenants for rental units assisted under the Section 8 Program are those with family incomes not in excess of 80% of the median income for the county in which a development is located, as determined by HUD. At least 30% of all units must be rented to families of "very low" income, which HUD defines as families with incomes less than 50% of the median income. For developments entering into contracts in 1981 and later, at least 95% of the units must be rented to "very low" income families.

In 1982, the federal government discontinued the Section 8 Program; however, assistance payments are committed to the agency's developments for the remainder of their mortgages (30 to 40 years), and, therefore, must continue to be administered by the agency. The security for repayment of the agency's bonds depends on the agency's continued administration of these funds.

This is a federal program. No state appropriation are used.

<u>Statistics</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
Section 8 Developments	239	239	239	239
Section 8 Households	13,691	13,691	13,691	13,691
Annual Housing Assistance				
Payments (in Thousands) \$	57,721	\$ 58,880	\$ 60,060	\$ 61,260
<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>
Housing Finance	\$ 57,721	\$ 58,880	\$ 60,060	\$ 61,260
TOTAL	\$ 57,721	\$ 58,880	\$ 60,060	\$ 61,260

2) RENTAL REHABILITATION

Statutory Reference: M.S. 462A.05

This program provides federal grants for the rehabilitation of rental housing and direct federal rent subsidies to eligible low and moderate income households.

<u>Statistics</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
Units Rehabilitated	112	320	360	400
Households Subsidized	45	128	144	160

<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>
Housing Finance	\$ 277	\$ 800	\$ 900	\$ 1,000
TOTAL	\$ 277	\$ 800	\$ 900	\$ 1,000

3) OIL OVERCHARGE RESIDENTIAL ENERGY IMPROVEMENT

Statutory Reference: M.S. 16A.055

This program provides subsidized financing and technical assistance for the purpose of increasing the energy efficiency of residential property. The U.S. Department of Energy must approve each program and requires that funds used cannot replace existing programs or appropriations.

Funds received by the agency have been used in agency programs or granted to the cities of Duluth, Minneapolis and St. Paul.

The agency has operated 2 programs. The first program used \$400,000 to subsidize interest rates on loans which financed energy improvements on residential rental properties and paid for certain construction management fees. The second program used \$3,100,000 in conjunction with a \$13,000,000 agency bond issue to provide low interest rate loans to improve the energy efficiency of single-family owner-occupied housing. This program was a continuation of the Home Energy Loan Program, for which appropriations have not been received since 1983. If the agency receives future allocations of oil overcharge funds, these funds may be used for the Home Energy Loan Program.

In F.Y. 1987 the city of Duluth used \$1,540,000 to leverage a \$5,000,000 bond sale to provide low-interest energy loans to improve rental and owner-occupied housing in the city of Duluth over a 3-year period.

The Minneapolis/St. Paul Housing Finance Board is using \$3,044,731 to improve the energy efficiency of rental properties by directly providing low interest loans, participating in loans for the purpose of reducing the interest rate, and paying costs associated with energy audits, loan servicing, loan insurance, and costs of issuance. To date, \$1,216,750 has been disbursed to the Minneapolis/St. Paul Housing Finance Board and the remainder, plus interest, will be disbursed over the next 2 years.

ACTIVITY: NON-APPROPRIATED PROGRAMS

1990-91 Biennial Budget

(Continuation)

Program: HOUSING FINANCE

Agency: HOUSING FINANCE

Statistics	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Total Loan Volume (in Thousands)	\$ 10,587	\$ 10,728	\$ 3,886	\$ 2,350
Number of Loans	3,200	3,100	900	500
(Dollars in Thousands)				
Grants by Fund	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Special Revenue	\$ 4,431	\$ 1,387	\$ 542	\$ -0-
TOTAL	\$ 4,431	\$ 1,387	\$ 542	\$ -0-

4) HOUSING TRUST FUND

Statutory Reference: M.S. 462A.201

This program is funded with interest earnings from real estate trust accounts. Ninety-five percent of the funds are to be used to finance rental and cooperative housing for very low-income people. An 8 member advisory committee has been established to assist in administering the fund and program development. The program is still in the development stage and no revenue history exists on which to base estimates of future receipts.

(Dollars in Thousands)				
Statistics	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Funds Collected	\$ -0-	\$ 250	\$ 250	\$ 250
(Dollars in Thousands)				
Grants by Fund	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Housing Finance	\$ -0-	\$ 250	\$ 250	\$ 250
TOTAL	\$ -0-	\$ 250	\$ 250	\$ 250

5) BOND LEVERAGING FUNDS

Statutory Reference: M.S. 462A.05

The agency uses bond leveraging/interest writedown appropriations in conjunction with its bond programs to strengthen the security provided to the bondholders which indirectly lowers the borrowing costs and related loan rates and to directly write down the loan rates charged to borrowers.

The agency provides financing from bond proceeds in 3 major areas:

- Homeownership Loans
- Home Improvement Loans
- Rental Housing Loans

A description of these programs follows:

Single Family Mortgage Loans

The Minnesota Mortgage Program (MMP) was first authorized by the legislature in 1971. This program is funded by the sale of tax-exempt mortgage revenue bonds and has been operating since 1973. Through 6-30-88, 23,557 mortgage loans in an amount of \$977,164,653 have been made under the program.

The Minnesota Mortgage Program was established to provide mortgage funds at below-market interest rates to low and moderate income Minnesotans. Mortgage funds are provided through the sale of tax-exempt mortgage revenue bonds, the proceeds of which are combined with bond leverage funds. Bond market conditions and financial constraints imposed by federal legislation necessitate a contribution to the bond sale. The effect of this contribution is to provide for the reduction of mortgage interest rates to levels that are more affordable by low and moderate income first-time homebuyers.

The affordability comparisons below reveal the difference that agency financing has meant to potential borrowers in terms of the income needed to qualify for the average mortgage loan at the average program interest rate during each fiscal year. In the current environment of increasing interest rates and house prices, it takes \$3,600 less borrower income to qualify for an agency mortgage than a market rate loan. In all markets over the past 3 fiscal years, agency financing has maintained an interest rate spread of at least 1-3/8% on market rate mortgage financing, and potential borrowers could earn at least \$2,300 less to qualify for the identical mortgage loan under the agency's program.

Affordability Comparison	F.Y. 1986	F.Y. 1987	F.Y. 1988
Average MMP Mortgage	\$ 48,450	\$ 46,750	\$ 54,300
Average Market Interest Rate	10.00%	9.92%	10.75%
Average MMP Interest Rate	8.65%	8.40%	8.85%
Market Monthly Payment	\$ 425	\$ 407	\$ 506
MMP Monthly Payment	\$ 377	\$ 356	\$ 431
Lesser Amount of Monthly Income Needed	\$ 192	\$ 204	\$ 300
Lesser Amount of Annual Income Needed	\$ 2,304	\$ 2,448	\$ 3,600
Recipient Data	F.Y. 1986	F.Y. 1987	F.Y. 1988
Average Borrower Income	\$ 24,246	\$ 22,582	\$ 23,647
Average Home Purchase Price	\$ 53,938	\$ 51,969	\$ 57,749
Percent New Construction	39%	26%	30%
Average Household Size	2.51	2.47	2.20

ACTIVITY: NON-APPROPRIATED PROGRAMS
 (Continuation)
Program: HOUSING FINANCE
Agency: HOUSING FINANCE

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<u>Statistics</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
No. Mortgage Loans	3,011	2,181	1,636	1,636
\$ Mortgage Loans	\$163,534,924	\$120,000,000	\$90,000,000	\$90,000,000
Average Mortgage Loan	\$ 54,300	\$ 55,000	\$ 55,000	\$ 55,000

The above statistics indicate continued heavy mortgage origination volume during the next 3 fiscal years. Loan origination volume is abnormally high for F.Y. 1988 and F.Y. 1989 due to bond sale timing prior to and during each fiscal year, increasing mortgage rates in late F.Y. 1987 and F.Y. 1988 that increased program demand, and arbitrary program changes imposed by Congress that will accelerate loan purchases during F.Y. 1988 and F.Y. 1989.

It is possible that the federal authority to issue tax-exempt mortgage revenue bonds will be further restricted or eliminated during late calendar year 1988 or early 1989. However, it is anticipated that the agency will at least maintain the volume indicated for F.Y. 1990 and F.Y. 1991 either through use of tax-exempt mortgage revenue bond issuance, taxable mortgage securities issuance or, as is likely, a combination of both. If the agency issues taxable mortgage securities, the mortgage interest rates provided will be at or near market, and the need for leverage/interest writedown funds will become even more acute as considerably greater subsidy will be needed to make financing affordable for low and moderate income Minnesotans.

Home Improvement Loans

The Home Improvement Loan Program was established for the purpose of providing home improvement financing with affordable interest rates and terms to persons and families with low and moderate incomes. The loans may be used to bring homes into compliance with building and housing codes and standards, to accomplish energy conservation related improvements, to make housing more desirable to live in and to improve the quality of the existing housing stock. The purchase or installation of luxury items, recreational facilities and personal property are not eligible uses of loan funds.

Affordability of financing depends on two factors: interest rate and loan term. Recognizing that loan affordability is dependent on income, the program offers interest rates of 3%, 5%, 7%, 9% and 9.75%, with the households with the lowest incomes receiving the lowest interest rates. Borrowers may take up to 15 years to repay the loan. This compares to typical market financing of 12% to 13% interest rates and loan terms of about 1 year per \$1,000 borrowed. The monthly payment on the average MHFA loan of \$7,040 at 7% over 10 years is 34% less than the payment on a \$7,040 loan made under typical market conditions of 12% interest over 7 years.

Not only does the Home Improvement Loan Program provide affordable home

improvement financing, it provides financing in areas of the state where lending institutions do not have the capital to lend for home improvements.

The Home Improvement Loan Program serves the target group of persons and families of low and moderate income, as defined by the agency in its rules. Low and moderate income is defined as an adjusted annual income of \$27,000 or less. In the Local Participation segment of the program, communities may receive a set-aside of home improvement funds for addressing special local needs. Adjusted annual income for this segment of the program may be as high as \$35,100. The interest rate for Local Participation Loans is 9.75%. In F.Y. 1988, the average annual adjusted income was \$17,010.

Since the program's inception in 1975, approximately 47,500 low interest rate home improvement loans totaling \$266,000,000 have been purchased by MHFA.

Loan funds are used for the following major improvement types:

Improvements % of Dollars

Additions and Alterations	32.8%
Exterior Finishing	18.1%
Interior Finishing	16.0%
Roofing	7.2%
Plumbing	5.9%
Heating, Cooling, Ventilating	6.0%
Insulation and Energy Conservation	14.0%

Energy conservation continues to be a priority improvement for borrowers as 20% of loan funds are used to upgrade heating and cooling systems and to install insulation and storm doors and windows. The program also provides an affordable alternative to purchasing a larger, more expensive home in that 19.7% of borrowers use the funds to increase their living space.

<u>Statistics</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
No. Loans	2,471	2,500	2,500	2,500
\$ Loans	\$17,387,000	\$17,750,000	\$17,875,000	\$18,000,000
Average Loan Size	\$ 7,036	\$ 7,100	\$ 7,150	\$ 7,200

Rental Housing

The agency has provided financing for over 18,000 rental units located throughout the state under various federal and state programs. Eighty percent of these units receive federal Section 8 subsidy, Section 236 subsidy, or subsidy from the state Department of Human Services.

In response to the decrease in federal funds for rental housing programs,

ACTIVITY: NON-APPROPRIATED PROGRAMS
(Continuation)
Program: HOUSING FINANCE
Agency: HOUSING FINANCE

1990-91 Biennial Budget

the agency created the Apartment Renovation Mortgage Program. The program provides long term loans for the purchase or refinancing of existing rental housing which is in need of energy improvements and moderate rehabilitation.

The purpose of the program is to preserve and improve the rental housing stock that is affordable to low and moderate income households.

The program is funded from the proceeds of the sale of taxable bonds and from bond leverage funds.

<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 Units	530	1,140	1,110	1,080
\$ Amt of Loans	\$8,985,000	\$20,000,000	\$20,000,000	\$20,000,000
Per Unit Loan	\$ 17,000	\$ 17,500	\$ 18,000	\$ 18,500
Per Unit Rehabilitation	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
Average Rent (1 bedroom)	\$ 337	\$ 350	\$ 375	\$ 390

6) LOW-INCOME HOUSING TAX CREDIT LOANS

Statutory Reference: M.S. 462A.05

Direct federal rent subsidies for newly constructed housing and indirect federal tax subsidies for rental housing have been eliminated and replaced with the low-income tax credit program. Developments which meet the rent and tenant income requirements among other requirements are eligible for the credit.

Three sources of funds are used to finance the project. The first source is debt financing which the agency provides. The second source is equity financing which is raised from the sale of the project to an owner who receives the tax credit. The third source is grants or deferred loans from local governments and private foundations.

Although the tax credit program is scheduled to sunset on 12-31-89, it is probable that the program or a similar program will continue beyond 1989.

<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 Units	-0-	400	385	370
\$ Amt of Loans	-0-	\$10,000,000	\$10,000,000	\$10,000,000
Average Loan	-0-	\$ 25,000	\$ 26,000	\$ 27,000
Average Cost/Unit	-0-	\$ 60,000	\$ 62,500	\$ 65,000

GOVERNOR'S RECOMMENDATIONS:

State appropriations for these programs are not required. The Governor does, however, support the agency's efforts in this area.

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

AGENCY : HOUSING FINANCE AGCY
PROGRAM : HOUSING FINANCE
BUDGET ACTIVITY : NON-APPROP PROGRAMS

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:										
EXPENSES/CONTRACTUAL SRVCS	656	667	610	0	610	610	640	0	640	640
NON-EXPENSE DISBURSEMENTS	18,557	34,000	31,000	0	31,000	31,000	31,000	0	31,000	31,000
REDISTRIBUTIONS	101	106	111	0	111	111	117	0	117	117
STATE OPERATIONS	19,314	34,773	31,721	0	31,721	31,721	31,757	0	31,757	31,757
AIDS TO INDIVIDUALS	63,029	69,117	71,552	0	71,552	71,552	70,310	0	70,310	70,310
TOTAL EXPENDITURES	82,343	103,890	103,273	0	103,273	103,273	102,067	0	102,067	102,067
SOURCES OF FINANCING:										
STATUTORY APPROPRIATIONS:										
SPECIAL REVENUE	4,504	1,465	542	0	542	542	0	0	0	0
MN HOUSING FINANCE	77,839	102,425	102,731	0	102,731	102,731	102,067	0	102,067	102,067
TOTAL FINANCING	82,343	103,890	103,273	0	103,273	103,273	102,067	0	102,067	102,067
POSITIONS BY FUND:										
TOTAL POSITIONS										

ACTIVITY: ADMINISTRATIVE COST CEILING
Program: HOUSING FINANCE
Agency: HOUSING FINANCE

1990-91 Biennial Budget

DESCRIPTION:

When the agency issues bonds and uses the proceeds to purchase mortgages and home improvement loans and to make multifamily project loans, it commits to the monitoring of these loans and maintaining of bondholder relationships until the last bond is retired ranging from 5 to 40 years depending on the type of bonds issued. The agency builds into its bond programs this cost and is reimbursed for this cost from the receipts in its bond programs. THESE COSTS ARE NOT FUNDED FROM STATE APPROPRIATIONS.

The agency is prohibited from expending money for the cost of general administration of its programs in any fiscal year in excess of a limit for such fiscal year as is established by law - in effect, a "cost ceiling." The agency's requested cost ceilings for F.Y.s 1990 and 1991 are respectively \$6,940,000 and \$7,360,000. The agency's requested complement for F.Y.s 1990 and 1991 is 129.0. (Note that this is not a request for appropriations. The cost ceiling is funded through internally-generated earnings.)

The major activities of the agency are as follows:

1) Loan Portfolio Management:

- Monitor delinquencies and performance of servicing agents for over 22,000 single family mortgage loans totaling over \$733,000,000 and over 31,900 home improvement loans totaling over \$107,000,000.
- Service over 290 multifamily project loans totaling over \$522,000,000 and monitor related delinquencies. This includes the management of over \$129,000,000 of escrow funds held in trust for the loan amounts.
- Monitor prepayments of loans.
- Administer the return of equity policy on multifamily projects.
- Inspect multifamily projects periodically and determine the need for maintenance repairs, etc. necessary to preserve the value of the projects.
- Disposition of real estate owned received in foreclosure or deed in lieu of foreclosure.

2) Loan Origination:

- Develop and maintain lender network throughout the state to originate loans and ultimately transfer these loans to the agency including the assignment of the servicing to the appropriate agent.
- Review loan files to ensure lenders are properly originating loans.
- Issue commitments to lenders to purchase loans based on funds available.
- Maintain delivery network for rehab loans throughout the state.
- Ensure compliance with complicated federal requirements regarding loans in order to maintain tax exempt status of outstanding bonds.

3) Loan Underwriting:

- Evaluate feasibility of new multifamily projects.
- Review construction and related costs for financed developments.
- Evaluate projected operating costs and the related rents to be charged.
- Perform credit evaluation.

- Provide technical assistance and public information on housing.

4) Housing Assistance Payments Administration:

- Administer over \$58,000,000 annually of federal Section 8 rental subsidies to Minnesota tenants in agency-financed projects.

5) Bondholder Relationships:

- Maintain relationships with holders of agency bonds totaling \$1,590,017,000, providing information as requested and periodically doing formal presentations.
- Maintain relationship with rating agencies to obtain best possible rating on debt resulting in lower interest costs and lower loan rates.

6) Investment Management:

- Work with bond trustee to manage investments in required reserve funds, principal and interest repayments on loans, prepayments of loan principal, etc.
- Obtain best possible investment rates for all funds.
- Maintain and update cash flow projections for bond programs to ensure there are no defaults on agency bonds.

7) Program Design and Implementation:

- Design and implement programs in conjunction with each bond sale in compliance with the related federal regulations.
- Design and implement programs using state appropriations.
- Investigate housing needs and design programs to satisfy the housing needs of low and moderate income families throughout Minnesota.
- Determine effects of tax reform and other federal regulations on the agency's ongoing bond programs.

ACTIVITY STATISTICS:

	<u>Number</u>	<u>Amount</u>
Loans Outstanding at 6-30-88		
Rental Housing Programs	292	\$ 522,931,000
Homeownership Programs	22,007	733,793,000
Home Improvement and Energy Programs	31,955	107,578,000
TOTAL	54,254	\$1,364,302,000

Bonds Outstanding at 6-30-88 \$1,590,017,000

Total Bonding Authority \$1,990,000,000

GOVERNOR'S RECOMMENDATION:

The Governor supports the agency's request regarding the administrative cost ceiling.

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

AGENCY : HOUSING FINANCE AGCY
PROGRAM : HOUSING FINANCE
BUDGET ACTIVITY : ADMIN COST CEILING

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	3,881	4,767	5,003	0	5,003	5,003	5,254	0	5,254	5,254
EXPENSES/CONTRACTUAL SRVCS	739	1,000	1,047	0	1,047	1,047	1,103	0	1,103	1,103
MISC OPERATING EXPENSES	318	440	460	0	460	460	484	0	484	484
SUPPLIES/MATERIALS/PARTS	88	100	104	0	104	104	110	0	110	110
CAPITAL EQUIPMENT	83	240	326	0	326	326	409	0	409	409
TOTAL EXPENDITURES	5,109	6,547	6,940	0	6,940	6,940	7,360	0	7,360	7,360
SOURCES OF FINANCING:										
STATUTORY APPROPRIATIONS:										
MN HOUSING FINANCE	5,109	6,547	6,940	0	6,940	6,940	7,360	0	7,360	7,360
TOTAL FINANCING	5,109	6,547	6,940	0	6,940	6,940	7,360	0	7,360	7,360
POSITIONS BY FUND:										
MN HOUSING FINANCE	129.0	129.0	129.0	0.0	129.0	134.0	129.0	0.0	129.0	134.0
TOTAL POSITIONS	129.0	129.0	129.0	0.0	129.0	134.0	129.0	0.0	129.0	134.0

1990-91 BIENNIAL BUDGET

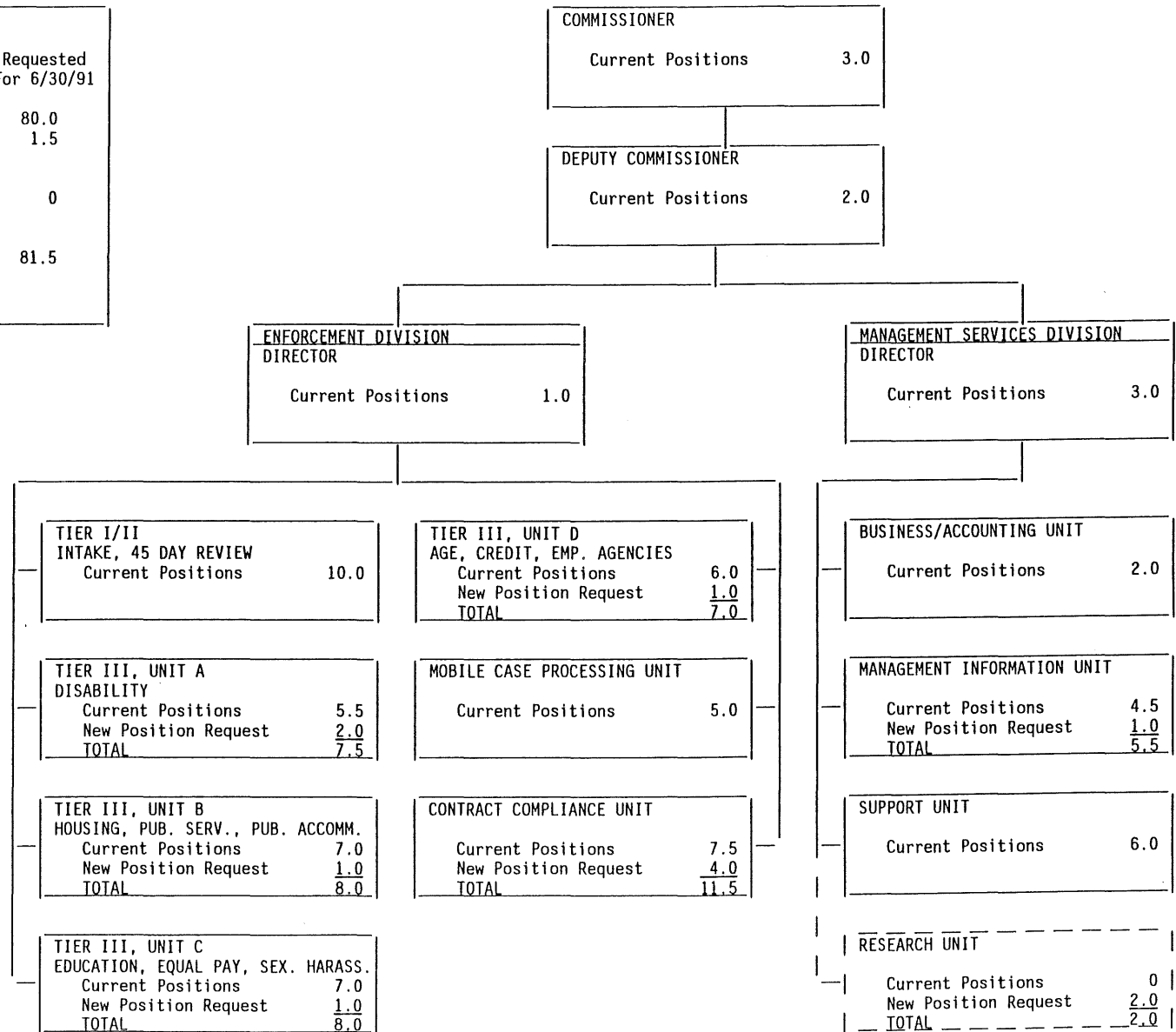
PROGRAM STRUCTURE

AGENCY: HUMAN RIGHTS, DEPARTMENT OF

<u>PROGRAMS</u>	<u>ACTIVITIES</u>	<u>SECTION</u>	<u>PAGE</u>
HUMAN RIGHTS ENFORCEMENT-----	Investigation, Education, Outreach	4	557
	Litigation		560
	Contract Compliance		563
	Enforcement Support		566
	Management and Administration		570

DEPARTMENT OF HUMAN RIGHTS
ORGANIZATION CHART 7-1-88

POSITION RECONCILIATION		
Authority:	Current FY 89	Requested For 6/30/91
Legislative Complement:		
General Fund	68.0	80.0
Federal	0	1.5
LAC Approved:		
Federal	1.5	0
TOTAL		
Permanent Positions	69.5	81.5
Employees On 6/30/88	68.0	



AGENCY PURPOSE:

The Department of Human Rights is responsible for the administration and enforcement of the Minnesota Human Rights Act (M.S. Chapter 363). The Act prohibits discrimination in employment, housing, public accommodations, public services, education, or credit on the basis of age, race, disability, color, creed, religion, national origin, sex, marital status, public assistance status, or familial status. The mission of the department is:

- a. to eliminate discriminatory practices by investigating charges of discrimination, to determine whether there is probable cause to believe a violation of the law occurred, to resolve complaints by agreement of the parties or through litigation; and
- b. to prevent discriminatory practices by educating the public about the Act, the practices it prohibits, and individual rights, responsibilities, and remedies under it.

OPERATION AND CLIENTELE:

The department is organized into two divisions, Enforcement and Management Services. The Enforcement Division is responsible for resolving charges of discrimination, preventing discrimination through education and outreach, and administering the contract compliance provisions of the Act. The Management Services Division implements the commissioner's policy decisions and is responsible for providing administrative services such as staff training, data processing, accounting, clerical support and personnel services.

The clientele of the department includes individuals alleging violations of their rights, persons alleged to have committed such violations, persons seeking state contracts, organizations representing protected class groups, and members of the general public.

MAJOR POLICY ISSUES:

A continuing strain on department investigative resources is anticipated. Projections indicate the department's caseload will increase by about 10% per year through F.Y. 1991. And an increasing number of the cases the department handles are complex, resource demanding cases such as the Metro Waste Control human rights audit and the St. Paul Firefighters court case. Investigations involving disability or age complaints and investigations examining the practices of large organizations are on the increase and are very time consuming.

The department needs to begin addressing systemic discrimination. Investigating individual charges of discrimination can remedy limited discriminatory situations, but circumstances often exist which are endemic to a company, an agency, or an industry. Such instances are conducive to customized, innovative investigative approaches such as the use of teams of investigators with a variety of skills to conduct speedy, comprehensive inquiries into alleged systemic discrimination.

The Human Rights Act must adapt to the needs of all Minnesota residents in the areas of human and civil rights. This requires amendments to respond to new or newly recognized ways individuals and groups are placed at a disadvantage in our society.

The department has proposed several amendments to the Act which tighten legal protections in the areas of disability, job testing, comparable worth, and sexual orientation. These changes, if passed, may impact on the number and nature of charges filed.

In 1988, the legislature adopted 2 amendments to the contract compliance portion of the Act which will expand the scope of the contract compliance program and affirmative action, in general, in Minnesota. The first requires all political subdivisions to develop affirmative action plans and obtain Certificates of Compliance from the department before being eligible to receive state funding. The other clarified that many non-governmental contractors who previously slipped by without an affirmative action plan are now required to have one and obtain a Certificate of Compliance.

AGENCY GOALS:

1. To provide speedy, appropriate resolution of complaints of alleged discrimination through rapid and thorough investigation of both routine and complex cases.
2. To enhance the department's "presence" in society so charging parties have the confidence in the department to bring their problems and complaints to it and respondents are confident a correct resolution will result. This will make the department an effective deterrent to discriminatory acts as people will be more aware of human rights issues and the consequences of ignoring them before they act.
3. To develop a true picture of the extent of discrimination in Minnesota to provide direction to decision makers (i.e., the governor, the legislature, community leaders, etc.) on issues to address and the impact of their policy decisions.
4. To work with the governor and the legislature to amend the Minnesota Human Rights Act to make the Act's coverage more comprehensive in discouraging irrelevant matters being used to people's detriment and to improve the ability of the department to meet its mandates.
5. To explore methods of addressing "systemic" discrimination or discrimination through the impact of a system or pattern of behavior rather than through the overt acts of the persons controlling it.

EXPLANATION OF BUDGET REQUEST:

The major portion of the department's operating budget comes from State General Fund appropriations. The department has 2 federal cost reimbursement contracts, with the U.S. Equal Employment Opportunity Commission (EEOC) and the U.S. Department of Housing and Urban Development (HUD). Contract receipts are treated as "non-dedicated" receipts and are used to partially reimburse the General Fund. The General Fund also receives any civil penalties assessed and collected for violations of the Act. At present, the department's state complement is 68.0 positions.

A minor portion of the department's budget comes from an interagency agreement with the State Board of Vocational Technical Education (SBVTE). Under this agreement, the department is reimbursed for the cost of providing civil rights compliance reviews of vocational technical schools. These reviews are required for SBVTE and the schools to meet the terms of their federal grants.

AGENCY: HUMAN RIGHTS, DEPARTMENT OF
(Continuation)

1990-91 Biennial Budget

This annually renewable agreement funds 1.5 federal positions.

The department is requesting increases in state funds and positions in the next biennium for a number of reasons. These include the following:

1. An increase of 5.0 positions and \$155,000 per year for salaries and related expenses to increase the investigative staff of the department. These positions are needed because of projected increase in the existing caseload as well as increases due to expanded protections anticipated to be enacted during the current legislative session.
2. An increase of \$155,000 in F.Y. 1990 and \$175,000 in F.Y. 1991 to pay anticipated billings for services provided by the Attorney General's office. The services are essential to the effective enforcement of the Act and have never been fully funded.
3. An increase of 4.0 positions and \$124,000 per year for salaries and related expenses to increase the contract compliance staff of the department. These positions are needed to meet workload increases resulting primarily from better enforcement of previously under-enforced portions of the Act and to a lesser degree from 1988 amendments to the contract compliance portions of the Act which increased the number of entities needing Certificates of Compliance to receive state funds.
4. An increase of 2.0 positions and \$87,000 per year for salaries and related expenses to create a research unit within the department. These positions are needed to improve the amount and quality of information available on the extent of human rights problems in Minnesota and other issues in the area of human rights.
5. An increase of 1.0 positions and \$170,000 in F.Y. 1990 and \$50,000 in F.Y. 1991 for salaries, computer systems development and equipment, and related costs to replace the department's outmoded and inefficient computer system and to expand the use of computer technology by the department. This is necessary to resolve long-standing problems recognized by both past and current department administrators which cannot be resolved with existing resources.

ATTORNEY GENERAL COSTS:

Fees for Legal Services Rendered	(Dollars in Thousands)			
	Actual	Act/Est	Agency Request	
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Fees Assessed	\$ 193	\$ 210	\$ 230	\$ 250
Fee Paid	72	75		
Requested Budget	118	141	230	250
Actual Appropriation	64	75		

<u>INDEX:</u>	(Dollars in Thousands)		<u>Page</u>
	Agency Request	Governor's	
	1989-91 Biennium	Recommendation	
	All Funds	All Funds	
BASE Level Request	\$ 5,820	\$ 5,820	
Activity-Specific CHANGE Requests			
Investigation, Education and Outreach			
Additional Investigative Staff	310	120	559
Litigation			
Funds to Pay Attorney General's Fees	330	-0-	562
Contract Compliance			
Additional Contract Compliance Staff	248	124	565
Enforcement Support			
Computer Development	220	220	569
Research Unit	174	174	568
CHANGE Requests Subtotal	\$ 1,282	\$ 638	
AGENCY Total	\$ 7,102	\$ 6,458	

GOVERNORS RECOMMENDATION:

The Governor recommends 2 additional investigative staff, 2 additional compliance staff, the computer development request and the research unit. While the other requests have 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 : HUMAN RIGHTS, DPT OF
PROGRAM : HUMAN RIGHTS ENFORCEMENT

		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	
INVESTIGATION, EDUCATION, OUTREACH		1,340	1,508	1,596	155	1,751	1,656	1,596	155	1,751	1,656
B ADDITIONAL INVESTIGATIVE STAFF	GEN				155		60		155		60
LITIGATION		203	201	201	155	356	201	201	175	376	201
B FUNDS TO PAY ATTORNEY GENERAL FEES	GEN				155		0		175		0
CONTRACT COMPLIANCE		203	206	212	124	336	274	212	124	336	274
B CONTRACT COMPLIANCE STAFF	GEN				124		62		124		62
ENFORCEMENT SUPPORT		541	515	527	257	784	784	527	137	664	664
B ESTABLISH RESEARCH CAPACITY	GEN				87		87		87		87
B IMPROVED COMPUTER SYSTEMS	GEN				170		170		50		50
MANAGEMENT AND ADMINISTRATION		338	365	374	0	374	374	374	0	374	374
TOTAL EXPENDITURES		2,625	2,795	2,910	691	3,601	3,289	2,910	591	3,501	3,169
SOURCES OF FINANCING:											
DIRECT APPROPRIATIONS:											
GENERAL		2,623	2,787	2,902	691	3,593	3,281	2,902	591	3,493	3,161
STATUTORY APPROPRIATIONS:											
FEDERAL		2	8	8	0	8	8	8	0	8	8
TOTAL FINANCING		2,625	2,795	2,910	691	3,601	3,289	2,910	591	3,501	3,169
POSITIONS BY FUND:											
GENERAL		68.0	68.0	68.0	12.0	80.0	75.0	68.0	12.0	80.0	75.0
FEDERAL		1.5	1.5	1.5	0.0	1.5	1.5	1.5	0.0	1.5	1.5
TOTAL POSITIONS		69.5	69.5	69.5	12.0	81.5	76.5	69.5	12.0	81.5	76.5

ACTIVITY: INVESTIGATION, EDUCATION, AND OUTREACH **1990-91 Biennial Budget**
Program: HUMAN RIGHTS ENFORCEMENT
Agency: HUMAN RIGHTS, DEPARTMENT OF

PURPOSE:

The primary goal of the Minnesota Human Rights Act is to secure for Minnesota residents freedom from discrimination based on age, race, sex, and other factors. The department's Enforcement Division was established to meet that public policy goal by investigating and facilitating appropriate resolution of complaints of discrimination filed with the department and by promoting prevention of discriminatory practices through education and outreach.

At Tier 1, or intake, the department responds to over 500 individuals per week. About 20% of these are potential charges from persons believing that they may have been subjected to illegal discrimination. Potential charges are screened to promptly identify and dispose of complaints which are not within the jurisdiction of the department, to reduce the number of complaints requiring full investigation, and to prioritize charges to allow concentration of limited public resources on cases that warrant substantial inquiry. When appropriate, potential charging parties are referred to a local human rights commission which attempts to resolve the dispute using the no-fault grievance process.

All charges docketed by the department, other than those taken in by the Mobile Unit, are sent to Tier 2. This unit provides up to 3 hours of investigation per charge within the first 45 days. If the charge cannot be resolved within this time, the charge is sent to one of four Tier 3 units which are responsible for the investigation of more complex cases. Each Tier 3 unit specializes in one or more of the areas of discrimination prohibited by Chapter 363. Enforcement officers (EO's), in Tiers 2 and 3, investigate charges of discrimination, and attempt to resolve charges through a variety of techniques including mediation and conciliation. If probable cause is found to believe that discrimination occurred and attempts at conciliation fail, the commissioner may issue a complaint and begin litigation using legal services purchased from the Attorney General's office. Each investigative unit also has educational and outreach responsibilities for their specialty area issues.

The department has also established the Mobile Unit to provide comprehensive enforcement services directly to Greater Minnesota. The unit maintains regularly scheduled office hours in Mankato, Rochester, Willmar, Bemidji, Moorhead, and Duluth. The Mobile Unit, while processing charges in all areas of discrimination, spends roughly equal proportions of its time in education and outreach as in investigation.

OBJECTIVES:

1. To accept and process those complaints which merit investigation, to screen out complaints which are not substantive or which should be referred to other agencies.
2. To provide technical assistance and general information to potential charging parties and persons seeking to avoid discriminatory behavior.
3. To conduct timely, comprehensive, and impartial investigations of charges alleging discrimination in violation of the Act within 180 days of fil-

ing.

4. To seek voluntary resolution and settlement between the charging party and respondent through mediation, no-fault grievance, conciliation, and other means.
5. To promote the no-fault grievance program as an alternative to the filing of charges with the department, encourage cities and counties to establish local human rights commissions, and provide basic and advanced training to local commission members.
6. To promote the prevention of discriminatory practices through public education to increase public awareness of the types of discriminatory acts prohibited under the Act, the services provided by the department, and alternatives to filing a charge.

STATISTICS:

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
Total Informational Inquiries	25,474	28,000	30,500	33,000
Potential Charges	6,453	7,000	7,500	8,000
Information/Tech. Assistance	19,021	21,000	23,000	25,000
Total Charges Filed	1,714	1,900	2,100	2,315
With Department	1,408	1,560	1,725	1,900
With Federal or Local Agencies	306	340	375	415

REVENUE:

This activity generates non-dedicated revenue. Funds received from the department's federal cost reimbursement contracts, with EEOC and HUD, are treated as non-dedicated revenue and deposited directly to the General Fund.

<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>
Non-dedicated	\$ 357	\$ 320	\$ 320	\$ 320

EXPLANATION OF BUDGET REQUEST:

The costs of this activity include personnel and related costs of 41.5 positions in the Enforcement Division. Included are 30.5 enforcement officers who directly investigate charges of discrimination and who provide intake, education and outreach services. The other 11.0 positions include the Director of Enforcement, 6 unit supervisors, and 4 direct support staff.

The change request includes a request for 5.0 positions and \$155,000 per year to handle the projected caseload based on existing provisions of the Human Rights Act and additional coverages currently being contemplated by the legislature.

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

AGENCY : HUMAN RIGHTS, DPT OF
PROGRAM : HUMAN RIGHTS ENFORCEMENT
BUDGET ACTIVITY : INVESTIGATION, EDUCATION, OUTREACH

		F.Y. 1990					F.Y. 1991			
		AGENCY REQUEST			GOVERNOR'S RECOMM.	AGENCY REQUEST			GOVERNOR'S RECOMM.	
EXPENDITURES:		BASE	CHANGE	TOTAL		BASE	CHANGE	TOTAL		
DETAIL BY CATEGORY:										
STATE OPERATIONS:										
PERSONAL SERVICES	1,110	1,317	1,405	141	1,546	1,461	1,405	141	1,546	1,461
EXPENSES/CONTRACTUAL SRVCS	169	160	160	8	168	162	160	8	168	162
MISC OPERATING EXPENSES	28	30	30	6	36	32	30	6	36	32
SUPPLIES/MATERIALS/PARTS	7	1	1	0	1	1	1	0	1	1
CAPITAL EQUIPMENT	26	0	0	0	0	0	0	0	0	0
TOTAL EXPENDITURES	1,340	1,508	1,596	155	1,751	1,656	1,596	155	1,751	1,656
CHANGE REQUESTS:	FUND									
B ADDITIONAL INVESTIGATIVE STAFF	GEN		155		60		155		60	
TOTAL CHANGE REQUESTS			155		60		155		60	
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	1,340	1,508	1,596	155	1,751	1,656	1,596	155	1,751	1,656
TOTAL FINANCING	1,340	1,508	1,596	155	1,751	1,656	1,596	155	1,751	1,656
POSITIONS BY FUND:										
GENERAL	41.5	41.5	41.5	5.0	46.5	43.5	41.5	5.0	46.5	43.5
TOTAL POSITIONS	41.5	41.5	41.5	5.0	46.5	43.5	41.5	5.0	46.5	43.5

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

ACTIVITY: INVESTIGATION, EDUCATION, AND OUTREACH
 PROGRAM: HUMAN RIGHTS ENFORCEMENT
 AGENCY: HUMAN RIGHTS, DEPARTMENT OF

REQUEST TITLE: ADDITIONAL INVESTIGATIVE STAFF

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
General Fund	\$ 155	5.0	\$ 155	5.0
Governor's Recommendation				
General Fund	\$ 60	2.0	\$ 60	2.0

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

STATEMENT OF REQUEST/OBJECTIVE:

The department is requesting the addition of 5.0 positions and \$ 155,000 per year in salaries and related expenses. These positions are required to increase investigative staff to meet projected increases in the existing caseload as well as caseload increases due to the expanded protections being contemplated by the legislature. The increases will enable the department to meet this anticipated demand while maintaining a level of highly professional investigations without developing a backlog of cases in the department.

DESCRIPTION/BACKGROUND:

Over a period of years prior to F.Y. 1985, a large backlog of cases developed because more charges were filed than were closed. In F.Y. 1985, the legislature authorized a staff increase to eliminate the backlog and maintain the caseload at an acceptable level. In eliminating the backlog and trying to close cases expeditiously, the department was subject to complaints that it accepted too many cases because potential charges were not being carefully screened and that its investigations were not thorough enough to appropriately resolve all the issues. Beginning in F.Y. 1987, the department placed a higher priority on the quality and thoroughness of screening and investigation. A separate intake unit was created and staffed by some of the most experienced investigators so potential charges could be screened more carefully and accurately than in the past. Investigative procedures have also been revised to increase productivity.

Because potential charges are increasing dramatically, the improved intake procedures only slow the rate of increase in charges docketed for investigation. The department still has to accept more charges than it can effectively handle. If the amendments to the Act being contemplated (e.g., the addition of sexual preference as a protected class or expanded jurisdiction over comparable worth complaints) pass, the demand for department services will increase even more. Taking all these factors into account, it is reasonable to project an increase in the department's caseload of about 10% per year. The cases now being accepted tend to be more complex and, more often, merit-

rious. There has been a dramatic increase in the rate of probable cause determinations in relation to no probable cause findings. These rates for F.Y.'s 1986 through 1988 were 18%, 27%, and 32% respectively. These cases require more thorough investigations and take more hours per case, on the average, than cases previously accepted. As the number of hours per case increases, the number of cases closed decreases. The department can partially offset this with improved training and procedures but additional staff are still going to be required to meet anticipated demand for investigative services.

STATISTICS:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Cases Closed By Department				
With Current Staff	1,149	1,400	1,750	1,750
With Additional Staff			2,050	2,050
Department Caseload, End of Fiscal Year				
With Current Staff	1,586	1,746	1,721	1,871
With Additional Staff			1,421	1,271

RATIONALE:

The number of charges the department accepts each year is greater than the number of cases it can close while conducting a comprehensive investigation. Without the requested positions, the department expects a new backlog problem to develop by the end of F.Y. 1991. This will happen despite tighter screening procedures and the increased efficiency of its Enforcement Officers (EOs). It would be irresponsible to risk denying service or providing ineffective services to persons with valid complaints under the Act by again yielding to the pressures to not accept cases or to quickly close them without fully addressing their merits.

BASE:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General Fund Expenditures	\$ 1,407	\$ 1,539	\$ 1,596	\$ 1,596
LONG RANGE IMPLICATIONS:	(Dollars in Thousands)			
	F.Y. 1992	F.Y. 1993	TOTAL	
General Fund Expenditures	\$ 155	\$ 155	\$ 310	

GOVERNOR'S RECOMMENDATION:

The Governor recommends the funding as requested except for a biennial reduction of \$190,000 and 3.0 positions.

ACTIVITY: LITIGATION
Program: HUMAN RIGHTS, ENFORCEMENT
Agency: HUMAN RIGHTS, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

The Minnesota Human Rights Act provides for litigation of discrimination complaints when the department has determined that there is probable cause to believe a violation of the Act has occurred and is unable to secure, through conciliation, voluntary compliance and settlement by the respondent. Litigation encompasses the legal and related services the department must purchase:

- a. to obtain representation from Special Assistant Attorneys General (SAAG) at public hearings held in response to the issuance of a complaint by the commissioner;
- b. to obtain legal representation at District, Appeals, or Supreme Court hearings when required to resolve a case;
- c. to obtain legal advice in order to carry out its statutory responsibilities and to insure that the state's interests are fully represented in all matters coming before the courts; and
- d. to pay the costs of contested case hearings conducted by the Office of Administrative Hearings (OAH).

ACTIVITY OBJECTIVE:

To deter discrimination and provide indirect legal assistance to charging parties by litigating cases with determinations of probable cause if conciliation has failed and litigation is warranted.

<u>ACTIVITY 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>
Cases Processed by SAAG	91	100	110	120
\$ Billed to DHR by SAAG	\$ 193	\$ 210	\$ 230	\$ 250
Cases Processed by OAH	50	55	60	65
\$ Billed to DHR by OAH	\$ 116	\$ 125	\$ 140	\$ 155
\$ Billed for Other Hearing Costs	\$ 15	\$ 16	\$ 18	\$ 20

REVENUE:

This activity generates non-dedicated revenue. Although not reflected in its budget, the department is instrumental in the collection of civil penalties and, in appropriate cases, attorney's fees from violators of the Act. These are deposited directly in the General Fund as non-dedicated revenues.

EXPLANATION OF BUDGET REQUEST:

This activity includes costs incurred for (a) costs of contested case hearings conducted by the Office of the Hearing Examiner including hourly billings for administrative law judges, fees for court reporters, transcripts of hearings, and expert witness analysis and testimony required to support the

department position at hearings and (b) legal services purchased from the Office of the Attorney General to prepare for representation of the department at legal proceedings and to conduct other legal business for the department. Litigation costs are expected to increase because the department will be handling more cases.

The CHANGE request for this activity is a request for \$155,000 in F.Y. 1990 and \$175,000 in F.Y. 1991 to pay a greater portion of the Attorney General fees assessed to the department for legal services. Appropriations to the department during the F.Y. 1988-89 biennium are sufficient to cover only about 25% of the amount assessed.

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

AGENCY : HUMAN RIGHTS, DPT OF
PROGRAM : HUMAN RIGHTS ENFORCEMENT
BUDGET ACTIVITY : LITIGATION

			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	196	195	195	155	350	195	195	175	370	195
MISC OPERATING EXPENSES	2	1	1	0	1	1	1	0	1	1
SUPPLIES/MATERIALS/PARTS	5	5	5	0	5	5	5	0	5	5
TOTAL EXPENDITURES	203	201	201	155	356	201	201	175	376	201
CHANGE REQUESTS:	FUND									
B FUNDS TO PAY ATTORNEY GENERAL FEES	GEN			155		0		175		0
TOTAL CHANGE REQUESTS				155		0		175		0
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	203	201	201	155	356	201	201	175	376	201
TOTAL FINANCING	203	201	201	155	356	201	201	175	376	201
POSITIONS BY FUND:										
TOTAL POSITIONS										

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

ACTIVITY: LITIGATION
 PROGRAM: HUMAN RIGHTS ENFORCEMENT
 AGENCY: HUMAN RIGHTS, DEPARTMENT OF

REQUEST TITLE: FUNDS TO PAY ATTORNEY GENERAL FEES

	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
Agency Request General Fund	\$ 155	-0-	\$ 175	-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 is requesting a \$155,000 in F.Y. 1990 and \$175,000 in F.Y. 1991 be appropriated to pay a greater portion of legal fees billed to the department by the Office of the Attorney General.

DESCRIPTION/BACKGROUND:

When the department is unsuccessful in obtaining voluntary agreements and settlements from respondents when probable cause has been found that they acted in violation of the Act, it must refer the case to the Office of the Attorney General for litigation. As a department regulating a complex body of law, the department also has continual need for ongoing legal advice from the Attorney General's Office.

In the 1985 Legislative Session, a law was passed requiring some state agencies to pay for the services provided by the Office of the Attorney General. Prior to that time, these services were funded with appropriations made directly to the Attorney General. Under this law, the Department of Human Rights is billed for 50% of the cost of the services provided by the Attorney General's Office. The cost is based on a billing rate of \$45.00 for each hour of service.

Initially there were no additional appropriations made for this purpose, agencies were expected to absorb the cost increase. This is extremely difficult for the department because it is a higher than average user of Attorney General services. The department is unusual in that it uses the Office of Attorney General to litigate charges of discrimination in addition to the more normal provision of administrative legal services. In order to pay its estimated Attorney General fees, the department requested funding from the legislature and was appropriated half of the amount requested. At the same time, the legislature doubled the billing percentage from 25% to 50%. This leaves the department in the position of only being able to pay about one fourth of the amount billed.

STATISTICS:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Cases Sent to SAAG	94	105	115	125
Cases Processed by SAAG	91	100	110	120
Total Cases with SAAG at End of Year	170	175	180	190
\$ Owed to SAAG by DHR	\$ 121	\$ 125	\$ 155	\$ 175

RATIONALE:

The department is unable to pay for Attorney General charges with its existing appropriations. It is not feasible to reduce the usage of these services since they are required to fully enforce the Minnesota Human Rights Act. Options such as leaving positions vacant are not feasible since the department would not be able to meet its mandates and responsibilities if it did so. Given the undesirability of the alternatives, the department must ask for a direct appropriation to cover this cost.

BASE:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General Fund Expenditures	\$ 72	\$ 75	\$ 75	\$ 75

LONG RANGE IMPLICATIONS:	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	TOTAL
General Fund Expenditures	\$ 175	\$ 175	\$ 350

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: CONTRACT COMPLIANCE
Program: HUMAN RIGHTS ENFORCEMENT
Agency: HUMAN RIGHTS, DEPARTMENT OF

1990-91 Biennial Budget

SBTVE's federal grants.

PURPOSE:

The contract compliance provisions of the Minnesota Human Rights Act encourage the creation of employment opportunities for minorities, women, and disabled persons by requiring that the state only do business with equal opportunity/affirmative action employers. Under rules adopted in June 1985, the Contract Compliance Unit of the Enforcement Division must review and approve the affirmative action (AA) plans of persons before they are certified to bid on state contracts or receive state funds.

The Contract Compliance Unit also monitors the implementation of approved affirmative action plans after certification and provides technical assistance to help persons prepare or revise affirmative action plans to meet certification requirements and to correct problem areas in employment policies and practices.

ACTIVITY OBJECTIVES:

1. To issue certificates of compliance after reviewing and approving the affirmative action plans of all persons who employ more than 20 full-time employees in Minnesota and desire to bid on state contracts or receive transfers of funds over \$50,000.
2. To monitor the implementation of approved affirmative action plans through review of compliance reports and on-site visits to assure stated goals are met and required actions taken.
3. To provide technical assistance to persons to assure voluntary compliance with the Act and the department whenever possible.

<u>ACTIVITY STATISTICS:</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
Reviews of AA Plans Conducted/ Certificates of Compliance Issued	490	3,500	3,500	5,000
Reviews of Semiannual and Monthly Compliance Reports	1,000	500	350	500
On-site Compliance Reviews of AA Plan Implementation Efforts	100	10	10	10
Follow-up On-site Reviews	100	5	0	0
Technical Assistance Contacts	4,000	5,000	5,000	5,000

EXPLANATION OF BUDGET REQUEST:

The Contract Compliance Unit has 7.5 positions: the unit supervisor, 5 enforcement officers, a unit aide, and a half-time clerical position. Six positions are state funded. The other 1.5 positions, an enforcement officer and a half-time clerical position are funded by an interagency agreement with the State Board of Vocational Technical Education (SBVTE), under which the department performs compliance reviews required of school districts by

The CHANGE request for this activity includes a request for 4.0 additional positions and \$124,000 per year to provide the increased level of services required by recent changes in the contract compliance portions of the Human Rights Act clarifying who has to have a certificate of compliance. These changes will increase the number of persons applying for a certificate in order to do business with the state from about 500 per year to approximately 3,500 to 5,000 per year during the next biennium. To review the affirmative action plans and issue certificates of compliance to all who must now apply, the department must drastically curtail the following monitoring and technical assistance efforts.

1. All certified persons must submit semiannual reports on their implementation efforts. Construction contractors are required to submit additional, monthly reports. An average of 7,000 to 10,000 such reports will be received each year.
2. On-site reviews of larger employers and construction contractors are conducted to review compliance efforts. Contractors are required to submit follow-up reports on actions taken to correct problem areas identified during the on-site review. An average of 200 on-site reviews should be conducted each year in order to adequately monitor each of the large and construction certificate holders on a regular basis.
3. Technical assistance and information are supplied to persons about all aspects of affirmative action and contract compliance. A total of 5,000 contacts are made each year through correspondence, telephone conversations and face to face meetings.

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : HUMAN RIGHTS, DPT OF
PROGRAM : HUMAN RIGHTS ENFORCEMENT
BUDGET ACTIVITY : CONTRACT COMPLIANCE

			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	198	195	201	113	314	252	201	113	314	252
EXPENSES/CONTRACTUAL SRVCS	0	2	2	6	8	8	2	6	8	8
MISC OPERATING EXPENSES	5	8	8	5	13	13	8	5	13	13
SUPPLIES/MATERIALS/PARTS	0	1	1	0	1	1	1	0	1	1
TOTAL EXPENDITURES	203	206	212	124	336	274	212	124	336	274
CHANGE REQUESTS:	FUND									
B CONTRACT COMPLIANCE STAFF	GEN			124		62		124		62
TOTAL CHANGE REQUESTS				124		62		124		62
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	201	198	204	124	328	266	204	124	328	266
STATUTORY APPROPRIATIONS:										
FEDERAL	2	8	8	0	8	8	8	0	8	8
TOTAL FINANCING	203	206	212	124	336	274	212	124	336	274
POSITIONS BY FUND:										
GENERAL	6.0	6.0	6.0	4.0	10.0	8.0	6.0	4.0	10.0	8.0
FEDERAL	1.5	1.5	1.5	0.0	1.5	1.5	1.5	0.0	1.5	1.5
TOTAL POSITIONS	7.5	7.5	7.5	4.0	11.5	9.5	7.5	4.0	11.5	9.5

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

ACTIVITY: CONTRACT COMPLIANCE
 PROGRAM: HUMAN RIGHTS ENFORCEMENT
 AGENCY: HUMAN RIGHTS, DEPARTMENT OF

REQUEST TITLE: CONTRACT COMPLIANCE STAFF

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
General Fund	\$ 124	4.0	\$ 124	4.0
Governor's Recommendation				
General Fund	\$ 62	2.0	\$ 62	2.0
Request requires statutory change: _____ Yes <u> X </u> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

The department requests 4.0 positions and \$124,000 year to increase the staff of the Contract Compliance Unit in order to fully enforce Sections 363.073 and 363.074, the contract compliance portions of the Minnesota Human Rights Act.

DESCRIPTION/BACKGROUND:

The department began operating under its current procedures pursuant to rules adopted in June, 1985. These rules and procedures require an extensive review and approval of the affirmative action goals and plans of contractors desiring to do business with the state. Due to intergovernmental difficulties, however, the contract compliance legislation was never fully implemented. This allowed the majority of contractors to ignore the contract compliance requirements while continuing to do business with the state. We have now corrected these problems and soon all parties doing business with the state will be required to be in compliance with the law. This will have the effect of dramatically increasing the workload of the Contract Compliance Unit. To a lesser degree, the 1988 amendments to the contract compliance portions of the Act increased the number of entities needing certificates and added to the workload.

STATISTICS:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Reviews of AA Plans Conducted/ Certificates of Compliance Issued	490	3,500	4,000	5,000
Reviews of Semiannual and Monthly Compliance Reports	1,000	500	1,000	1,000
On-site Reviews of Contractor AA Plan Implementation Efforts	100	10	150	500

On-site Follow-up Reviews 100 5 150 500

RATIONALE:

Review and approval of affirmative action plans must continue as certificates expire after 2 years and new bidders seek certification. It is expected that approximately 3,500 employers will request certification or recertification in F.Y. 1989 and that this number will increase to 5,000 in subsequent years.

With the current 500 certified contractors, the present staff could process the new certification requests; however, they could not conduct the necessary but time consuming on-site reviews or fully monitor all the reports received.

Now there will be approximately 5,000 bidders who will need to be certified, re-certified, and monitored. Without additional staff, processing certification requests will be extremely difficult. And, without additional staff, no significant level of monitoring can take place. Many affirmative action plans will be developed and shelved because compliance cannot be determined. Since information will not be available to impose sanctions for non-compliance, the legislative objective of this program will be frustrated. The additional positions are required to provide the minimum level of service to operate an effective compliance program.

BASE:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General Fund Expenditures	\$ 203	\$ 206	\$ 212	\$ 212

LONG RANGE IMPLICATIONS:	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	TOTAL
General Fund Expenditures	\$ 124	\$ 124	\$ 248

GOVERNOR'S RECOMMENDATION:

The Governor recommends one half the funding and positions requested. Program costs should be reviewed to ensure accountability and efficiency in program administration and the delivery of services.

ACTIVITY: ENFORCEMENT SUPPORT
Program: HUMAN RIGHTS ENFORCEMENT
Agency: HUMAN RIGHTS, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

The Enforcement Support activity provides services in direct support of the enforcement of the Human Rights Act rather than the administration of the department. Included in this activity is that portion of the Management Services Division which provides word processing, data processing, staff training, library, policy and procedures development, rule making, research, and some general clerical services.

ACTIVITY OBJECTIVES:

1. To provide automated correspondence, case tracking, management information, and other computerized services to facilitate and monitor the processing of cases and to provide management and staff with information necessary to manage the caseload.
2. To provide word processing, receptionist, and other clerical services to enforcement staff to assist in investigating charges of discrimination.
3. To provide staff training, library resources, and analysis of case processing policies and procedures to improve staff performance, develop staff skills, ensure compliance with performance standards, and enhance operating efficiency.
4. To improve research capabilities to enable the department to assess the nature and extent of discrimination in Minnesota, to analyze and report on human rights issues, and to assist in the investigation of complex cases.
5. To provide a liaison with EEOC and local jurisdictions so the investigation of jointly filed and related cases can be coordinated.

REVENUE:

None.

EXPLANATION OF BUDGET REQUEST:

The costs of this activity include the personnel costs and related expenditures for 12.0 positions as well the computer services budget for the department. The staff includes 4.5 positions in the Management Information Services Unit which provide data entry, management and statistical reports, and computer services; 6.0 positions in the Support Unit which provides word processing, receptionist, and other clerical services; and 1.5 positions in the management analysis and training area.

The change requests for this activity include requests for (a) 1.0 additional position and \$170,000 in F.Y. 1990 and \$50,000 in F.Y. 1991 to enable the department to replace its data processing system and make more effective use of available computer technology and (b) 2.0 additional positions and \$87,000 per year to create and staff a research unit to analyze and assess conditions and issues in the area of discrimination and to participate in the investigation of complex, major cases.

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

AGENCY : HUMAN RIGHTS, DPT OF
PROGRAM : HUMAN RIGHTS ENFORCEMENT
BUDGET ACTIVITY : ENFORCEMENT 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	396	381	393	110	503	503	393	110	503	503
EXPENSES/CONTRACTUAL SRVCS	45	47	47	81	128	128	47	25	72	72
MISC OPERATING EXPENSES	68	60	60	2	62	62	60	2	62	62
SUPPLIES/MATERIALS/PARTS	31	27	27	0	27	27	27	0	27	27
CAPITAL EQUIPMENT	1	0	0	64	64	64	0	0	0	0

TOTAL EXPENDITURES	541	515	527	257	784	784	527	137	664	664

CHANGE REQUESTS:	FUND									

B ESTABLISH RESEARCH CAPACITY	GEN			87		87		87		87
B IMPROVED COMPUTER SYSTEMS	GEN			170		170		50		50

TOTAL CHANGE REQUESTS				257		257				137

SOURCES OF FINANCING:										

DIRECT APPROPRIATIONS:										
GENERAL	541	515	527	257	784	784	527	137	664	664

TOTAL FINANCING	541	515	527	257	784	784	527	137	664	664

POSITIONS BY FUND:										

GENERAL	12.0	12.0	12.0	3.0	15.0	15.0	12.0	3.0	15.0	15.0

TOTAL POSITIONS	12.0	12.0	12.0	3.0	15.0	15.0	12.0	3.0	15.0	15.0

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

ACTIVITY: ENFORCEMENT SUPPORT
 PROGRAM: HUMAN RIGHTS ENFORCEMENT
 AGENCY: HUMAN RIGHTS, DEPARTMENT OF

REQUEST TITLE: ESTABLISH RESEARCH CAPACITY

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
General Fund	\$ 87	2.0	\$ 87	2.0
Governor's Recommendation				
General Fund	\$ 87	2.0	\$ 87	2.0

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

STATEMENT OF REQUEST/OBJECTIVE:

The department is requesting 2.0 positions and \$87,000 per year in salaries, data processing, and related costs to establish a unit that would conduct research and analyze data on human rights issues to determine the nature and scope of discrimination in Minnesota and to identify trends and patterns in order to formulate public policy and legislative recommendations, develop department policies and procedures, and target the use of department resources in order to more effectively fight discrimination in Minnesota. The staff of this unit would also conduct or assist in major and complex investigations.

DESCRIPTION/BACKGROUND:

There is an acute need for a research component to analyze discrimination and human rights issues, determine the facts, and develop solutions through such means as proposed legislation, departmental policies and procedures, or education and outreach. The department receives many requests for information from legislators, representatives of state and local government, and employers.

The department has limited resources to conduct needed research concerning discriminatory practices as mandated by Minnesota Statutes 363.05, Subd.1 (15). Some staff do have skills in such areas as statistical, sociological, or legal analysis, but they cannot be spared from their normal job duties on a regular basis to conduct any extensive research concerning discrimination in the state without interfering with the department's ability to investigate the specific charges filed with it. There is no flexibility in the department's staffing as every available position is needed to deal with case processing responsibilities. A discrete unit would have the time and resources to be able to analyze issues by geography, by types of discrimination, by chronic patterns and practices of discrimination, or by any number of other factors. The staff of this unit would be expected to possess the diverse skills needed to conduct statistical analyses, legal research, and investigations and to be proficient in the use of computerized statistical and data

base management systems.

The unit would be available to provide assistance and training to department investigators with particularly complex data to analyze and to entities external to the department about discrimination issues. Other state departments have requested the department provide training for their affirmative action officers. Some of these requests were complied with at the expense of investigative time.

The staff of this unit would also be available to conduct or assist in major investigations into patterns and practices of discrimination. During the past two years, the department has conducted several such major investigations. To do this it was necessary to draw resources normally committed to regular case processing activities. As a result, the number of cases closed each month by the investigators working on major projects declined significantly. Different investigators have worked on major cases with the result being that, although some expertise has been developed, it has been diffuse.

STATISTICS:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Major Investigations	2	3	8	10
Major Research Projects	0	0	6	6

RATIONALE:

A research unit is needed to analyze human rights and discrimination issues in Minnesota, to conduct major investigations, and to assist investigators with complex case data or research needs. Results of the research would alert state and local policy makers and employers to actual and potential areas of discrimination and set in motion a process whereby a significant amount of discrimination in Minnesota could be prevented. This unit would also be more effective in investigating major or complex cases.

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

LONG RANGE IMPLICATIONS:	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	TOTAL
General Fund Expenditures	\$ 87	\$ 87	\$ 174

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

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

ACTIVITY: ENFORCEMENT SUPPORT
PROGRAM: HUMAN RIGHTS ENFORCEMENT
AGENCY: HUMAN RIGHTS, DEPARTMENT OF

REQUEST TITLE: IMPROVED COMPUTER SYSTEMS

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
General Fund	\$ 170	1.0	\$ 50	1.0
Governor's Recommendation				
General Fund	\$ 170	1.0	\$ 50	1.0

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

STATEMENT OF REQUEST/OBJECTIVE:

The department is requesting 1.0 position, \$170,000 in F.Y. 1990, and \$50,000 in F.Y. 1991 to replace its computer system and to expand and improve its use of computer technology.

DESCRIPTION/BACKGROUND:

Currently, the department operates 2 major and several minor computer systems which should be but are not integrated. The main computer system of the department is the Case Processing System which tracks cases in process, generates automatic correspondence at major milestones during the course of a case, and keeps track of basic statistics for management purposes. This system operates on the University of Minnesota computer at a cost of \$25,000 annually for computer charges. The department has not had the resources to make significant improvements in this system for several years. The other major system is the U.S. Equal Employment Opportunity Commission (EEOC) Data Base. In F.Y. 1986, the department received a micro computer at no cost from EEOC. The department was given this computer to allow it to participate in a national data base of EEOC cases. The department upgraded the computer received from EEOC to the mini-computer level at its own expense to bring its data base in-house from the University, to improve and expand its computer systems, and, thereby, to provide better office automation and information services to the management and staff of the department. Due to a lack of appropriate staff and other resources, the department has been unable to fully implement this plan.

STATISTICS:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Computer Data Base Transactions Processed	23,733	28,000	32,000	37,000
Automatic Letters Generated	7,100	8,000	9,000	10,000
New Data Processing Applications Developed	1	1	5	5

RATIONALE:

The department's use of computers has been studied 3 times in recent years. The purpose of the third study was to reconcile the differing recommendations of the first two. All 3 studies reached the same conclusions. The department must replace the outmoded and inefficient case tracking system being run at the University, the EEOC system must be integrated with the case tracking system, and the department should expand its use of computer systems to provide tools to improve staff efficiency and effectiveness as well as to expand and improve the amount of information available for management purposes. The main difference in the studies was the hardware recommendations of each.

The recommendation of the latest study is that the department further upgrade its in-house computer and use it for all its data processing needs. This will cost \$64,000 in F.Y. 1990 for improvements to the processing unit and for additional terminals and printers.

To install the recommended system, the department will need \$64,000 in F.Y. 1990 and \$23,000 in F.Y. 1991 to purchase the systems analysis and programming services needed to most effectively design and develop the needed computer systems, programs and procedures as well as to install the new system and convert the existing files. As the new system is installed, payments to the University of Minnesota for computer charges will be phased out. This will result in an anticipated savings of about \$15,000 in F.Y. 1991; therefore, the net increase needed for F.Y. 1991 is \$8,000.

And finally, to manage the computer upgrading program, implement new applications in a more timely fashion, and to continually improve the effectiveness of the department's use of computers, the department needs a permanent full time computer professional on its staff. This person would be responsible for coordinating development of new systems and maintaining and improving existing ones.

BASE:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General Fund Expenditures	\$ 35	\$ 24	\$ 25	\$ 10

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.

ACTIVITY: MANAGEMENT AND ADMINISTRATION
Program: HUMAN RIGHTS ENFORCEMENT
Agency: HUMAN RIGHTS, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

The Management and Administration activity includes the Office of the Commissioner and part of the Management Services Division.

The Office of the Commissioner manages and directs the department pursuant to the requirements of M.S. Chapter 363; advises the governor and the legislature, develops human rights policies and programs, maintains contracts and cooperative agreements with Federal agencies; and develops and maintains relationships with other state agencies, local agencies, and human rights organizations to effectuate fully the purposes of the Human Rights Act.

This activity includes that portion of the Management Services Division which provides general administrative support services to the department such as personnel, financial management, accounting, and management analysis.

ACTIVITY OBJECTIVES:

1. To manage the provision of human rights enforcement and contract compliance services and administer the operations of the Department of Human Rights.
2. To execute the plans and directives of the governor and the legislature.
3. To promote a positive image for human rights.
4. To propose public policies and legislation.
5. To recruit, select, compensate, promote, and retain qualified staff.
6. To manage the financial resources of the department.
7. To analyze policy issues, make rules, and develop procedures.

ACCOMPLISHMENTS:

During the last year the department has dramatically improved its internal case processing systems. This has led to an increase in the average number of investigations completed from 19 per week at the beginning of F.Y. 1988 to 30 per week at the end or an increase in production of over 50%. In F.Y. 1989, so far, investigations completed have averaged 32 per week. Accountability and, thus, reliability have been significantly enhanced.

EXPLANATION OF BUDGET REQUEST:

The costs of this activity include the salaries and related costs of 8.5 positions. The staff include 3.0 positions in the Office of the Commissioner and 2.0 positions in the Office of the Deputy Commissioner. It also includes 3.5 positions in the Management Services Division which are responsible for departmental administrative activities such as accounting and personnel. No change in positions or funds is requested for this activity.

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

AGENCY : HUMAN RIGHTS, DPT OF
PROGRAM : HUMAN RIGHTS ENFORCEMENT
BUDGET ACTIVITY : MANAGEMENT AND ADMINISTRATION

			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	332	355	364	0	364	364	364	0	364	364
EXPENSES/CONTRACTUAL SRVCS	0	1	1	0	1	1	1	0	1	1
MISC OPERATING EXPENSES	5	8	8	0	8	8	8	0	8	8
SUPPLIES/MATERIALS/PARTS	1	1	1	0	1	1	1	0	1	1
TOTAL EXPENDITURES	338	365	374	0	374	374	374	0	374	374
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	338	365	374	0	374	374	374	0	374	374
TOTAL FINANCING	338	365	374	0	374	374	374	0	374	374
POSITIONS BY FUND:										
GENERAL	8.5	8.5	8.5	0.0	8.5	8.5	8.5	0.0	8.5	8.5
TOTAL POSITIONS	8.5	8.5	8.5	0.0	8.5	8.5	8.5	0.0	8.5	8.5

AGENCY: INDIAN AFFAIRS COUNCIL**1990-91 Biennial Budget****AGENCY PURPOSE:**

The Indian Affairs Agency exists to support Indians and tribal governments obtain a role in the development and delivery of state and federal programs to American Indian citizens of the state. The council is comprised of the 11 reservation governments plus 2 at-large members who represent Indians enrolled in tribes outside the state borders but reside in Minnesota. An advisory council consisting of 5 Indian residents of Minneapolis, St. Paul and Duluth advises the council on the unique problems and concerns of Indians living in the major urban areas. Three senators and 3 representatives from the legislature and officials or designees from several state agencies serve as ex-officio members of the council.

OPERATION AND CLIENTELE:

The council supports state and federal agencies in assisting Indians and tribal governments to develop mutual goals and implementing plans to achieve those goals:

1. Research and assemble information needed by tribal, state and other agencies to work effectively in the delivery of services to Indians.
2. Assist other government bodies in the delivery and program operations of services to Indians and tribes.
3. Makes recommendations to the governor and the legislature in developing programs that will work effectively with Indian groups.
4. Confer and coordinate with officials and agencies of other governmental units and legislative committees regarding Indian needs and goals.
5. Strive for greater understanding and improved communications and working relationships between Indians and non-Indians by creating an awareness of the legal, social and economic needs of Indians.
6. Promote increased participation by Indians in local, state and federal affairs.
7. Assist tribal governments in developing effective methods of self-government.
8. Administer the Indian Business Loan Program that provides technical and financial assistance to Indians to establish or expand business ventures.

BUDGET ISSUES:

The agency remains involved in the planning, coordinating, and acting as resource people in dealing with Indian Education, working with the Indian elderly, AIDS education and prevention, economic opportunity programs, welfare, housing, health, chemical dependency, legal rights, etc. The conflicting role of the agency as a representative of state government and as an advocate for Indian rights continues, but the agency, whenever possible, has successfully alleviated misunderstandings between state and tribal governments.

ATTORNEY GENERAL COSTS:

The agency has never encountered any need for legal services from the Attorney General; so it would be very difficult to project and estimate costs for this category.

EXPLANATION OF BUDGET REQUEST:

The Indian Affairs Council is requesting General Fund appropriations for F.Y. 1990-91 amounting to \$686. This request is on the basis of maintaining program levels comparable to that provided during the 1989 fiscal year.

<u>INDEX</u>	(Dollars in Thousands)		<u>Page</u>
	Agency Request	Governor's Recommendation	
	1990-91 Biennium	1990-91 Biennium	
	All Funds	All Funds	
BASE Level Request	\$ 2,150	\$ 2,150	
Agency-wide CHANGE Requests	-0-	-0-	
Agency Total	2,150	2,150	

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request for BASE level funding.

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : INDIAN AFFAIRS
PROGRAM : AMERICAN INDIANS

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	
AMERICAN INDIANS	392	358	383	0	383	383	363	0	363	363
INDIAN BUSINESS LOAN PRG	95	702	702	0	702	702	702	0	702	702
TOTAL EXPENDITURES	487	1,060	1,085	0	1,085	1,085	1,065	0	1,065	1,065
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	321	328	353	0	353	353	333	0	333	333
STATUTORY APPROPRIATIONS:										
SPECIAL REVENUE	95	702	702	0	702	702	702	0	702	702
FEDERAL	58	10	10	0	10	10	10	0	10	10
GIFTS AND DEPOSITS	13	20	20	0	20	20	20	0	20	20
TOTAL FINANCING	487	1,060	1,085	0	1,085	1,085	1,065	0	1,065	1,065
POSITIONS BY FUND:										
GENERAL	7.0	7.0	7.0	0.0	7.0	7.0	7.0	0.0	7.0	7.0
FEDERAL	2.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL POSITIONS	9.0	8.0	7.0	0.0	7.0	7.0	7.0	0.0	7.0	7.0

ACTIVITY: AMERICAN INDIANS
 Program: AMERICAN INDIANS
 Agency: INDIAN AFFAIRS COUNCIL

1990-91 Biennial Budget

PURPOSE:

The Indians of Minnesota are represented on the council by their respective elected leadership. Under their direction the agency researches and analyzes the social and economic factors affecting the Indian population and makes recommendations to meet their needs. The agency in its advocacy role provides direct assistance and referral to those having difficulty communicating badly needed services and helps them in applying for programs and following through to ensure the application process is completed.

OBJECTIVES:

To promote the understanding of Indians by non-Indians that leads to improvement of relations between the two groups.

EFFECTIVENESS MEASURES: F.Y. 1988 F.Y. 1989 F.Y. 1990 F.Y. 1991

No. of public information meetings/participants 4/440 4/550 4/660 4/770

Distribution of Indian information material 550 660 770 880

Indian Civil Rights

To assist human rights organizations gain the confidence of Indian people in filing complaints.

Public hearings/participants 4/330 4/330 4/330 4/330

Complaints filing workshops/participants 4/330 4/330 4/330 4/330

Urban Indian Concerns

To coordinate Indian group participation in Minneapolis, St. Paul, and Duluth through urban Indian advisory council sponsored hearings and forums.

No. of meetings/participants 12/50 12/60 12/60 12/70

No. of information gathering meetings/participants 4/330 4/330 4/330 4/440

Statewide Indian Concerns

To work with the legislature, state department of education, human services, housing finance agency, historical society, and state archaeologist in improving programs affecting Indians.

No. of legislative bills 13 15 15 16

Appearances before legislative committees 66 70 75 80

Legislative Update Reports 10 12 14 16

Legislative Orientation Training/Attendees 2/12 3/20 3/25 3/30

Decrease by percentage the number of drop-outs 25% 25% 30% 30%

Increase the percentage of students in higher education 10% 10% 15% 20%

Number of patients in chemical dependency programs 300 310 320 330

Economic Development

To help Indians to develop or expand their businesses leading to job creation and increased economic opportunities.

No. of Indian business loan applications 22 24 26 28

No. of loans approved 10 11 14 16

Percent of loans completed 60% 68% 72% 77%

No. of jobs created 44 50 55 60

Health Education

To provide AIDS prevention education to American Indian residents, Indian health service providers, health and legal professional and community leaders about AIDS, methods of transmission and ways to prevent transmission and other related issues.

No. of workshops/participants 1/100 4/400 4/400 5/500

No. of information meetings/participants 2/200 4/400 4/400 4/500

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : INDIAN AFFAIRS
PROGRAM : AMERICAN INDIANS
BUDGET ACTIVITY : AMERICAN INDIANS

			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	306	282	287	0	287	287	287	0	287	287
EXPENSES/CONTRACTUAL SRVCS	24	25	25	0	25	25	25	0	25	25
MISC OPERATING EXPENSES	44	49	69	0	69	69	49	0	49	49
SUPPLIES/MATERIALS/PARTS	1	1	1	0	1	1	1	0	1	1
CAPITAL EQUIPMENT	4	1	1	0	1	1	1	0	1	1

STATE OPERATIONS	379	358	383	0	383	383	363	0	363	363
LOCAL ASSISTANCE	13	0	0	0	0	0	0	0	0	0

TOTAL EXPENDITURES	392	358	383	0	383	383	363	0	363	363
SOURCES OF FINANCING:										

DIRECT APPROPRIATIONS:										
GENERAL	321	328	353	0	353	353	333	0	333	333
STATUTORY APPROPRIATIONS:										
FEDERAL	58	10	10	0	10	10	10	0	10	10
GIFTS AND DEPOSITS	13	20	20	0	20	20	20	0	20	20

TOTAL FINANCING	392	358	383	0	383	383	363	0	363	363
POSITIONS BY FUND:										

GENERAL	7.0	7.0	7.0	0.0	7.0	7.0	7.0	0.0	7.0	7.0
FEDERAL	2.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

TOTAL POSITIONS	9.0	8.0	7.0	0.0	7.0	7.0	7.0	0.0	7.0	7.0

ACTIVITY: INDIAN BUSINESS LOAN ACCOUNT **1990-91 Biennial Budget**
Program: INDIAN AFFAIRS COUNCIL
Agency: INDIAN AFFAIRS COUNCIL

PURPOSE:

The council administers the Indian Business Loan Program under the authority contained in M.S. Sec. 116J.64. This revolving fund loan program provides technical and financial support to Indians in establishing business ventures or expanding business operations. This program is made possible by a \$.25 per acre tax on mineral interests due and payable to the county auditors annually who in turn remit the tax revenue to the State Treasurer or to the state Revenue Department. Twenty percent of \$.05 of the per acre tax revenue received is deposited to a special account called "Indian Business Loan Account." Loan repayments are also deposited to this account.

Objective:

To increase the number of Indian-owned businesses in Minnesota so that the Indians have more economic opportunities.

EFFECTIVENESS MEASURES: F.Y. 1988 F.Y. 1989 F.Y. 1990 F.Y. 1991

No. of Indian business loan applications processed	22	24	26	28
No. of loans approved	10	11	12	13
Percent of loans completed	45%	45%	46%	46%
No. of jobs created	33	38	39	46
No. of reservation training programs	N/A	4	6	11
No. of participants trained	N/A	16	33	60

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

Loan inquires	645	708	777	851
Loan information mailings	56	64	70	77
Loan Officer visits to Indian reservations	7	14	16	18
Loan Officer on-site visits to secured Indian loan businesses	12	20	25	30

ECONOMIC DEVELOPMENT: Biennial Objectives - F.Y. 1990 and F.Y. 1991

To help Indians to develop or expand their businesses leading to job creation and increased economic opportunities.

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
No. of Indian business loan applications	22	24	26	28
No. of loans approved	10	11	14	16
Percent of loans completed	60%	68%	72%	77%
No. of jobs created	44	50	55	60

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

AGENCY : INDIAN AFFAIRS
PROGRAM : AMERICAN INDIANS
BUDGET ACTIVITY : INDIAN BUSINESS LOAN PRG

			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:										
NON-EXPENSE DISBURSEMENTS	95	702	702	0	702	702	702	0	702	702
TOTAL EXPENDITURES	95	702	702	0	702	702	702	0	702	702
SOURCES OF FINANCING:										
STATUTORY APPROPRIATIONS:										
SPECIAL REVENUE	95	702	702	0	702	702	702	0	702	702
TOTAL FINANCING	95	702	702	0	702	702	702	0	702	702
POSITIONS BY FUND:										
TOTAL POSITIONS										

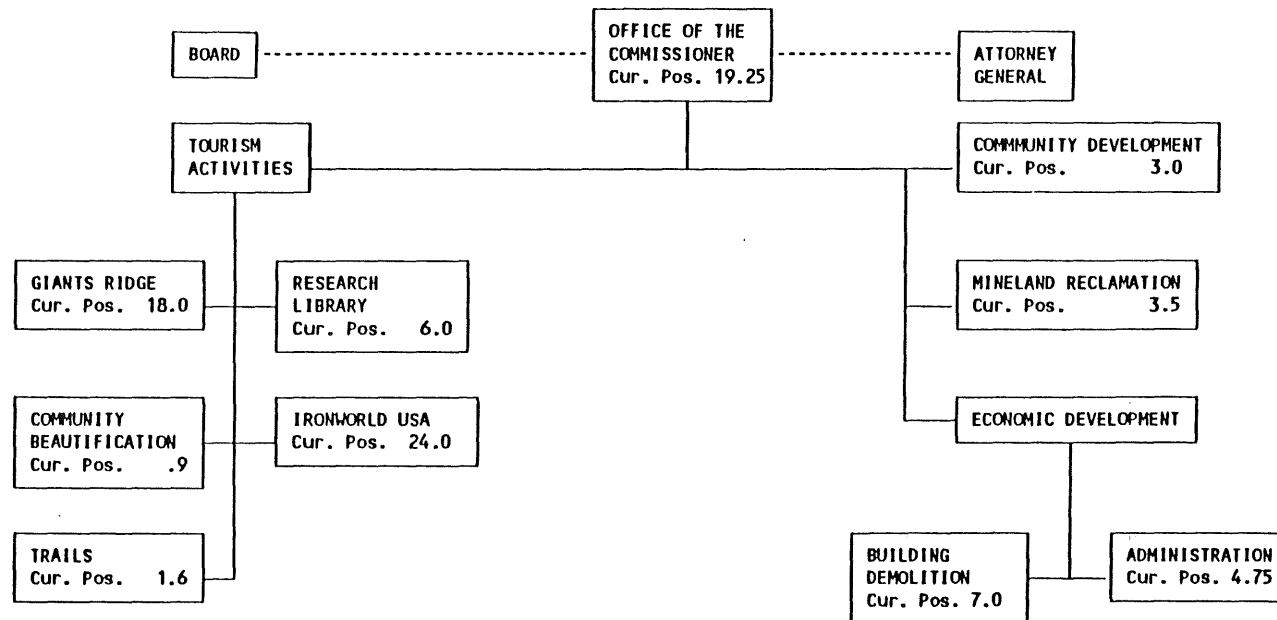
1990-91 BIENNIAL BUDGET

PROGRAM STRUCTURE

AGENCY: IRON RANGE RESOURCES AND REHABILITATION BOARD

<u>PROGRAMS</u>	<u>ACTIVITIES</u>	<u>SECTION</u>	<u>PAGE</u>
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TACONITE AREA ENVIRONMENTAL PROTECTION FUND -----	Local Economic Development Projects Mineland Reclamation		595 597
NORTHEAST MINNESOTA ECONOMIC PROTECTION FUND -----	Northeast Minnesota Economic Protection Fund		599
GENERAL FUND APPROPRIATION -----	General Fund Appropriation		601

DEPARTMENT OF IRON RANGE RESOURCES AND REHABILITATION BOARD
ORGANIZATION CHART 7-1-88



POSITION RECONCILIATION

<u>Authority:</u>	<u>Current F.Y. 1989</u>	<u>Requested for 6/30/91</u>
Legislative Authorized Special Revenue	84.0	88.0
LAC Authorized Special Revenue	-0-	-0-
Budgetary Authorized Special Revenue	20.0	-0-
TOTAL PERMANENT POSITIONS	104.0	88.0
Other Complement (FTE)	<u>85.0</u>	<u>85.0</u>
Total Authorized Positions	136.8	173.0
Employees on 6/30/88*	170.0	

*Employees counted as one regardless of the amount of time they are employed.

AGENCY: IRON RANGE RESOURCES AND REHABILITATION BOARD (IRRRB) 1990-91 Biennial Budget

AGENCY PURPOSE: Operating under authority granted and governed by M.S. 298.22, .223, and .29, Laws of Minnesota 1983, Ch. 46, and associated statutes and subdivisions, the Iron Range Resources and Rehabilitation Board is a regionally based state agency whose primary concerns and responsibilities are the development of the remaining resources in northeastern Minnesota.

OPERATIONS AND CLIENTELE: With the exception of the Environmental Development Program which this agency administers for Carlton and Koochiching Counties, expenditures of agency funds are restricted to those within or for the benefit of the Taconite Tax Relief Area: all or part of Lake, Cook, Itasca, Crow Wing, Aitkin, and St. Louis Counties is estimated at 175,000 persons.

The IRRRB's projects and programs address different facets of one primary goal: to combat the area's singular dependence upon the slumping taconite industry, seeking to stabilize, diversify and expand the economy of northeastern Minnesota. During the coming biennium, this agency will continue to encourage and support the establishment of a base for a diversified economy on the Iron Range, through the following activities:

1. Retention of existing jobs and the creation of new jobs through private sector business development.
2. Development of this region's under-utilized tourism industry.
3. Promotion of the development of this region's indigenous energy resources.
4. Promotion of the development and utilization of this region's other natural resources, especially wood-related products.

ATTORNEY GENERAL COSTS:	(Dollars in Thousands)			
	Actual	Act/Est	Agency Request	
Fees for Legal Services Rendered	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Fees Assessed	\$ 28	\$ 28	\$	\$
Fee Paid	28	28		
Requested Budget	\$ 28	\$ 28	\$ 28	\$ 28

BUDGET ISSUES: Revenues are available for expenditure during the biennium from taconite production and occupation taxes, interest earnings on agency funds, various receipts from operation of agency's tourism facilities, and from interest and principal returned on agency sponsored loans. Significant carry-forward of funds is required during the biennium to provide operation monies until taconite tax monies are received in the spring of each fiscal year.

F.Y. 1990-91 revenues from taconite production taxes is estimated at approximately \$10 million above the revenues available for the 1988-1989 biennium. The F.Y. 1990-91 biennial budget anticipates funding the existing projects and programs at their current level, and allocation of additional taconite tax revenues to economic development grants or loans for area businesses and communities.

Details of the department's operation are provided on the program and activity pages which follow.

EXPLANATION OF BUDGET REQUEST: The budget request for this biennium continues the agency's focus on specific sectors of economic opportunity: business development and new technologies; minerals, wood products and alternative fuels; and tourism.

The business development activities of the agency include marketing programs to assist Iron Range businesses and attract new businesses, as well as an extensive loan program to encourage expansion of existing business, development of new business and job enhancement/preservation. \$12.6 million has been budgeted for the biennium for economic development program including \$482 for the building demolition program and \$11 million for business development loans. This budget request is basically BASE level funding for the Economic Development Program.

The tourism activities of this agency include the agency-operated facilities (Giant's Ridge and Ironworld USA), a recreational trail development program and a project for enhancement of the entrances to area communities. Except for 1 time expenditures for new equipment or capital improvements, funding for these projects is also requested at the BASE level.

The budget request for the biennium includes an additional \$8 million for public works grants through the Taconite Area Environmental Protection Fund. The increase in taconite production in calendar year ending 12-30-88 is expected to result in 40 million tons (for tax computation purposes) of taconite. The increased production over the production levels of the past biennium is expected to continue for calendar years 1989 and 1990. The additional production tax receipts due to increased production have been allocated in this budget to community public works grants.

GOVERNOR'S RECOMMENDATION: The Governor concurs with the agency request, assuming that sufficient dedicated revenues are available. This budget is submitted for information only, no direct appropriations are being requested.

INDEX	(Dollars in Thousands)		Page
	Agency Request 1990-91 Biennium All Funds	Governor's Recommendation 1990-91 Biennium All Funds	
BASE Level Request	\$ 38,680	\$ 38,680	
Agency-wide CHANGE Requests	-0-		
Subtotal	\$ 38,680	\$ 38,680	
Program/Budget Activity CHANGE Requests			
Subtotal			
CHANGE Requests Subtotal	-0-		
AGENCY Total	\$ 38,680	\$ 38,680	

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

AGENCY : IRON RANGE RESRCE & R

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	
IRON RNGE RESR/REHAB	6,577	8,213	7,080	0	7,080	7,080	7,080	0	7,080	7,080
TAC AREA ENV PROTECT	2,162	2,238	6,430	0	6,430	6,430	6,430	0	6,430	6,430
N E ECONOMIC PROT	4,076	6,415	5,830	0	5,830	5,830	5,830	0	5,830	5,830
GENERAL FUND APPROPRIATION	3,155	917	0	0	0	0	0	0	0	0
TOTAL EXPENDITURES	15,970	17,783	19,340	0	19,340	19,340	19,340	0	19,340	19,340
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	3,083	917	0	0	0	0	0	0	0	0
STATUTORY APPROPRIATIONS:										
GENERAL	72	0	0	0	0	0	0	0	0	0
IRON RANGE R & R	8,494	10,349	13,510	0	13,510	13,510	13,510	0	13,510	13,510
FEDERAL	212	0	0	0	0	0	0	0	0	0
NE MN ECONOMIC PROT	4,076	6,415	5,830	0	5,830	5,830	5,830	0	5,830	5,830
GIFTS AND DEPOSITS	33	102	0	0	0	0	0	0	0	0
TOTAL FINANCING	15,970	17,783	19,340	0	19,340	19,340	19,340	0	19,340	19,340
POSITIONS BY FUND:										
IRON RANGE R & R	109.5	76.3	76.3	0.0	76.3	76.3	76.3	0.0	76.3	76.3
NE MN ECONOMIC PROT	13.5	11.7	11.7	0.0	11.7	11.7	11.7	0.0	11.7	11.7
TOTAL POSITIONS	123.0	88.0	88.0	0.0	88.0	88.0	88.0	0.0	88.0	88.0

APPROPRIATION SUMMARY
AGENCY BUDGET FOR
1990-1991 BIENNium

	IRRRB 391140024	KOOCH CO 391140224	CARLTON CO 391140324	TEPF 391141524	NEPF PROJECTS 391140358 391140458	TOTALS
Sources of Funds:						
Carryforward In	\$ 6,251	\$ 0	\$ 0	\$ 11,174	\$ 12,724	\$30,149
Taconite Tax Receipts	6,486	290	290	17,918		24,984
Departmental Earnings & Loan Proceeds	<u>4,274</u>	<u></u>	<u></u>	<u>1,448</u>	<u>12,350</u>	<u>18,072</u>
Receipts	\$ 10,760	\$ 290	\$ 290	\$ 19,366	\$ 12,350	\$43,056
Available Funds	\$ 17,011	\$ 290	\$ 290	\$ 30,540	\$ 25,074	\$73,205
Expenditures						
General Support	\$ 782	\$ 10	\$ 10	\$ 896	\$ 410	\$ 2,108
General Support Shop, Unemp. Comp, Workers Comp.	752					752
Tourism Projects & Transfer Out	4,518			4,530		9,048
Community Development	3,316					3,316
Environmental Development Grants		280	280			560
Economic Development Grant				11,010		11,010
Mineland Reclamation & Transfer Out				1,354		1,354
NE MN Economic Protection Fund Projects	<u></u>	<u></u>	<u></u>	<u></u>	<u>10,840</u>	<u>10,840</u>
Total Expenditures	\$ 9,368	\$ 290	\$ 290	\$ 17,790	\$ 11,250	\$39,398
Carryforward Out	\$ 7,643			\$12,750	\$ 13,824	\$33,807

PROGRAM: IRRR BOARD
Agency: IRON RANGE RESOURCES AND REHABILITATION BOARD (IRRRB)

1990-91 Biennial Budget

Except for 1 time expenditures, funding is at the BASE level for the activities in this program.

PROGRAM PURPOSE:

This program funds a variety of agency operations which focus on tourism as a form of economic development. Environmental development projects in Carlton and Koochiching Counties are also funded from this account. Money provided for environmental development is obtained from occupation taxes, other agency activities are funded by taconite production taxes.

OPERATION:

This program encompasses the following funding categories:

1. General administrative operation of the agency.
2. Funding for the Giants Ridge Recreational Area located near Biwabik, and IRONWORLD USA, in Chisholm, both of which are major agency operated tourism facilities.
3. Funding for community development projects which leverage local, state, or federal dollars, and provide for economic development of the area.
4. Funding for environmental development grants and loans for municipalities located in Carlton and Koochiching Counties.

BUDGET ISSUE:

During the F.Y. 1990-91 biennium, the agency will continue to employ cost containment for the agency operated tourism facilities, balancing the need for cost containment with the need for increased operational revenues from public utilization of these facilities. Community development funding will focus on economic development projects, and projects which enhance the physical appearance of local communities.

During the past biennium, agency staff efforts centered on agency operations, as reduced revenues from taconite production taxes diminished the extent to which this agency was able to participate in meeting community grant funding needs

EXPLANATION OF BUDGET REQUEST:

	(Dollars in Thousands)		
	<u>Requested Funding</u>		
	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
General Support Activity	\$ 989	\$ 767	\$ 767
Tourism Activity	5,102	4,365	4,365
Community Development	1,658	1,658	1,658
Environmental Development	<u>464</u>	<u>290</u>	<u>290</u>
Program Totals	\$ 8,213	\$ 7,080	\$ 7,080

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : IRON RANGE RESRCE & R
PROGRAM : IRON RNGE RESR/REHAB

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	
GENERAL SUPPORT	1,000	989	767	0	767	767	767	0	767	767
TOURISM	4,073	5,102	4,365	0	4,365	4,365	4,365	0	4,365	4,365
COMMUNITY DEVELOPMENT	1,094	1,658	1,658	0	1,658	1,658	1,658	0	1,658	1,658
ENVRNMNTL DVLP GRNTS	410	464	290	0	290	290	290	0	290	290
TOTAL EXPENDITURES	6,577	8,213	7,080	0	7,080	7,080	7,080	0	7,080	7,080
SOURCES OF FINANCING:										
STATUTORY APPROPRIATIONS:										
IRON RANGE R & R	6,332	8,111	7,080	0	7,080	7,080	7,080	0	7,080	7,080
FEDERAL	212	0	0	0	0	0	0	0	0	0
GIFTS AND DEPOSITS	33	102	0	0	0	0	0	0	0	0
TOTAL FINANCING	6,577	8,213	7,080	0	7,080	7,080	7,080	0	7,080	7,080
POSITIONS BY FUND:										
IRON RANGE R & R	97.5	72.8	72.8	0.0	72.8	72.8	72.8	0.0	72.8	72.8
TOTAL POSITIONS	97.5	72.8	72.8	0.0	72.8	72.8	72.8	0.0	72.8	72.8

ACTIVITY: GENERAL SUPPORT
 Program: IRRR BOARD
 Agency: IRON RANGE RESOURCES AND REHABILITATION BOARD (IRRRB)

1990-91 Biennial Budget

PURPOSE:

To effectively administer the agency and financially assist organizations and political subdivisions located in the Taconite Tax Relief Area. The General Support Activity is headquartered at Eveleth and provides administrative services for the agency's activities at the various IRRRB Offices: Administration offices at Eveleth, IRONWORLD USA Complex at Chisholm, and the Giants Ridge Recreational Area in Biwabik.

The Administrative Offices at Eveleth also provide grant and loan services for eligible businesses, non-profit organizations and municipalities, and assist whenever possible to locate alternative sources of funding to meet funding needs of public units.

EFFECTIVENESS MEASURES:

	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
Agency Budget Request	\$ 17,783	\$ 19,340	\$ 19,340
Community Grants	3,322	7,141	7,141
Economic Development Loans	5,517	5,000	5,000
*Administrative Operations	1,009	1,024	1,024
Gen. Support Workers, Unemployment Costs & Maintenance Shop	389	376	376
General Support administrative cost as a percent of total agency expenditures	5%	5%	5%

*Includes statewide indirect costs billed this agency.

EXPLANATION OF BUDGET REQUEST

The operational costs of this activity are reduced by administrative cost reallocation of \$633,000 for each year during the coming biennium. And, \$30,000 is also directly paid from the NEPF as state indirect administrative costs. This annual cost reallocation provides for the administration of the Taconite Area Environmental Protection Fund and for the Northeast Minnesota Economic Protection Fund, and is limited by statute to 5% of the available monies for these 2 accounts. This budget request provides funding for the agency's administrative staff at the BASE level as for F.Y. 1989.

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

AGENCY : IRON RANGE RESRCE & R
PROGRAM : IRON RNGE RESR/REHAB
BUDGET ACTIVITY : GENERAL 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	895	844	844	0	844	844	844	0	844	844
EXPENSES/CONTRACTUAL SRVCS	64	101	101	0	101	101	101	0	101	101
MISC OPERATING EXPENSES	115	115	115	0	115	115	115	0	115	115
SUPPLIES/MATERIALS/PARTS	90	84	84	0	84	84	84	0	84	84
CAPITAL EQUIPMENT	29	56	71	0	71	71	71	0	71	71
REAL PROPERTY	125	13	0	0	0	0	0	0	0	0
NON-EXPENSE DISBURSEMENTS	5	0	0	0	0	0	0	0	0	0
REDISTRIBUTIONS	<323>	<224>	<448>	0	<448>	<448>	<448>	0	<448>	<448>
TOTAL EXPENDITURES	1,000	989	767	0	767	767	767	0	767	767
SOURCES OF FINANCING:										
STATUTORY APPROPRIATIONS:										
IRON RANGE R & R	1,000	989	767	0	767	767	767	0	767	767
TOTAL FINANCING	1,000	989	767	0	767	767	767	0	767	767
POSITIONS BY FUND:										
IRON RANGE R & R	27.5	19.3	19.3	0.0	19.3	19.3	19.3	0.0	19.3	19.3
TOTAL POSITIONS	27.5	19.3	19.3	0.0	19.3	19.3	19.3	0.0	19.3	19.3

ACTIVITY: TOURISM
 Program: IRRR BOARD
 Agency: IRON RANGE RESOURCES AND REHABILITATION BOARD (IRRRB)

1990-91 Biennial Budget

PURPOSE:

To promote the general economic diversification of the Taconite Tax Relief Area through the development of this region's tourism industry.

1. Attract visitors to the region by providing quality tourist facilities and cultural and recreation opportunities for residents as well.
2. Augment the various tourism opportunities that exist in the region including community, county and regional attractions, both public and private as well as the natural outdoor habitat in northeastern Minnesota.
3. Develop and maintain an economic base attributed to tourism spending in the region.

For every 100,000 visitors, the economic impact to the region amounts to more than \$6 million in spending. Authority for this activity is found in M.S. 298.22 and 298.223.

Giants Ridge, located near Biwabik, Minnesota, opened for the 1984-85 season. Since that initial season, the facility has expanded equipment rental space, dining space, training and chalet areas. U.S. Olympic Nordic Training and time trials were held in 1988. A Japanese language school used the training facility under the auspices of Concordia College in August, 1988.

IRONWORLD USA, Chisholm, Minnesota, located on a 4 mile abandoned mine site, describes the mining region's history and ethnic traditions with exhibits, craft demonstrations and live entertainment in a unique picturesque landscaped park setting. This activity is also the site of the Iron Range Research Center, a depository for public and mining company records. The facility also provides the public with information on genealogy, oral history documentation, and other regional historical information.

Trails for snowmobile and cross country ski organizations are maintained near major recreation areas and communities in the Taconite Tax Relief Area in a 220 mile network, linked up to other trails throughout northeastern Minnesota.

Funding for this biennium provides for operational needs of IRONWORLD USA, Iron Range Research Center, Giants Ridge and Trails Development. Funding of grants for municipal tourism projects is not included for the biennium; however, such grants may be awarded if the taconite production taxes significantly exceed current revenue forecasts.

EFFECTIVENESS MEASURES:

	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Attendance at agency operated facilities:				
Giants Ridge	98,000	105,000	115,000	125,000
IRONWORLD USA	120,000	130,000	140,000	160,000

(Dollars in Thousands)			
F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991

Economic Benefit for the Region:

Giants Ridge	\$ 6,900	\$ 7,400	\$ 8,100	\$ 8,900
IRONWORLD USA	7,800	7,800	8,400	9,600

STATISTICS:

Facility Operational Costs				
Giant's Ridge	1,248	1,274	1,274	1,274
Ironworld USA	2,021	2,164	2,164	2,164
Research Library				
Facility Construction Costs				
Giant's Ridge Water System		150		
Ironworld USA Building & Grounds Improvements		530		
Total Facility Costs	\$ 3,557	\$ 4,468	\$ 3,788	\$ 3,788
Trails Development	\$ 102	\$ 101	\$ 101	\$ 101

REVENUE:

(Dollars in Thousands)			
Giant's Ridge	Ironworld USA		
\$ 622	\$ 667	\$ 700	\$ 700
521	711	750	750

GRANTS PROGRAM AND GRANT CRITERIA

A new project was implemented in F.Y. 1989 to address the problem of the negative impact of unsightly community entrances on tourism and business development efforts. This project is budgeted at the BASE level for the biennium (a total of \$700,000) for grants to community governments and local groups to design and deliver innovative community entrance enhancement projects. The program will be administered by IRRRB utilizing existing staff, thereby avoiding additional administrative costs commonly encountered in establishing new programs. Every attempt will be made to coordinate the program with community improvement initiatives developed by the Department of Trade and Economic Development (which were funded during the 1988 legislative session). The IRRRB staff will help coordinate the pooling of resources from various other programs in order that community and IRRRB funds can be highly leveraged.

Grants for trails development are budgeted at the BASE level for the biennium (a total of \$12,000) for local community organizational work on ski and snowmobile trails.

(Dollars in Thousands)		
F.Y. 1989	F.Y. 1990	F.Y. 1991

GRANTS BY FUND			
Special Revenue	\$ 356	\$ 356	\$ 356

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

AGENCY : IRON RANGE RESRCE & R
PROGRAM : IRON RNGE RESR/REHAB
BUDGET ACTIVITY : TOURISM

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	1,758	1,967	1,967	0	1,967	1,967	1,967	0	1,967	1,967
EXPENSES/CONTRACTUAL SRVCS	1,220	1,293	1,191	0	1,191	1,191	1,191	0	1,191	1,191
MISC OPERATING EXPENSES	352	383	383	0	383	383	383	0	383	383
SUPPLIES/MATERIALS/PARTS	268	329	329	0	329	329	329	0	329	329
CAPITAL EQUIPMENT	185	94	94	0	94	94	94	0	94	94
REAL PROPERTY	266	680	0	0	0	0	0	0	0	0
REDISTRIBUTIONS	0	0	45	0	45	45	45	0	45	45
STATE OPERATIONS	4,049	4,746	4,009	0	4,009	4,009	4,009	0	4,009	4,009
LOCAL ASSISTANCE	24	356	356	0	356	356	356	0	356	356
TOTAL EXPENDITURES	4,073	5,102	4,365	0	4,365	4,365	4,365	0	4,365	4,365
SOURCES OF FINANCING:										
STATUTORY APPROPRIATIONS:										
IRON RANGE R & R	3,828	5,000	4,365	0	4,365	4,365	4,365	0	4,365	4,365
FEDERAL	212	0	0	0	0	0	0	0	0	0
GIFTS AND DEPOSITS	33	102	0	0	0	0	0	0	0	0
TOTAL FINANCING	4,073	5,102	4,365	0	4,365	4,365	4,365	0	4,365	4,365
POSITIONS BY FUND:										
IRON RANGE R & R	67.0	50.5	50.5	0.0	50.5	50.5	50.5	0.0	50.5	50.5
TOTAL POSITIONS	67.0	50.5	50.5	0.0	50.5	50.5	50.5	0.0	50.5	50.5

ACTIVITY: COMMUNITY DEVELOPMENT **1990-91 Biennial Budget**
Program: IRRR BOARD
Agency: IRON RANGE RESOURCES AND REHABILITATION BOARD (IRRRB)

PURPOSE:

To provide funding for projects which will improve the quality of life in communities which are without adequate resources to initiate improvements. Funded projects include senior citizen center improvements, upgrading of public buildings, and the provision of or upgrading of water and sewer facilities for community buildings. Development of park and recreational facilities may include removal of old structures and landscaping or otherwise upgrading public land sites within the community.

This activity also provides funding for research or feasibility studies which are requested by communities or agency management to promote the economic growth of the area, assist the agency in analysis of funding requirements or to study the impact of proposed minerals development activities.

RECIPIENT IDENTIFICATION AND ELIGIBILITY CRITERIA:

The grants are available to municipalities and non-profit organizations which exist within the taconite tax relief area, and which meet the basic purpose of community development. All projects must be self sustaining and require no IRRRB financial support for operation or maintenance, and all projects must be based upon current and reliable feasibility analysis. All projects must be construction or program related and not include costs for operation or personnel. Grants may be awarded to non-profit corporations for the purpose of providing for improvements to senior citizen centers or for the purpose of projects which will benefit other disadvantaged groups. However, all such applications must have a resolution of support from the local unit of government in which the project is located.

SIGNIFICANT STATISTICS:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Funding allocated to research & planning studies	\$ 79	\$ 534	\$ 534	\$ 534
Funding allocated for community grants	828	1,000	1,000	1,000
Grants by Fund: Special Revenue	828	1,000	1,000	1,000

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

AGENCY : IRON RANGE RESRCE & R
PROGRAM : IRON RNGE RESR/REHAB
BUDGET ACTIVITY : COMMUNITY DEVELOPMENT

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	73	117	117	0	117	117	117	0	117	117
EXPENSES/CONTRACTUAL SRVCS	79	535	535	0	535	535	535	0	535	535
MISC OPERATING EXPENSES	15	5	5	0	5	5	5	0	5	5
SUPPLIES/MATERIALS/PARTS	49	1	1	0	1	1	1	0	1	1
NON-EXPENSE DISBURSEMENTS	50	0	0	0	0	0	0	0	0	0
STATE OPERATIONS	266	658	658	0	658	658	658	0	658	658
AIDS TO INDIVIDUALS	20	0	0	0	0	0	0	0	0	0
LOCAL ASSISTANCE	808	1,000	1,000	0	1,000	1,000	1,000	0	1,000	1,000
TOTAL EXPENDITURES	1,094	1,658	1,658	0	1,658	1,658	1,658	0	1,658	1,658
SOURCES OF FINANCING:										
STATUTORY APPROPRIATIONS:										
IRON RANGE R & R	1,094	1,658	1,658	0	1,658	1,658	1,658	0	1,658	1,658
TOTAL FINANCING	1,094	1,658	1,658	0	1,658	1,658	1,658	0	1,658	1,658
POSITIONS BY FUND:										
IRON RANGE R & R	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: ENVIRONMENTAL DEVELOPMENT GRANTS **1990-91 Biennial Budget**
Program: IRRR BOARD
Agency: IRON RANGE RESOURCES AND REHABILITATION BOARD (IRRRB)

PURPOSE:

To administer environmental development grants of local governments within Carlton and Koochiching Counties.

Authority for this activity is found in M.S. 298.217 and 298.22.

An amount equal to 1¢ per taxable ton of taconite produced in the preceding year (occupation tax) is appropriated from the General Fund and is credited to the IRRRB for the purposes of this activity.

Legislation was passed in 1986 which permits economic development loans or grants to businesses located within the counties in Region 3, provided that the county board or an advisory group appointed by the county board to provide recommendations on economic development shall make recommendations to the IRRRB regarding the loans. The budget request for the biennium allocates all available funds for this purpose; however, environmental development grants will be made for projects which correct emergency public works situations.

<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>
Grants By Fund:				
Special Revenue	\$ 396	\$ 458	\$ 280	\$ 280
Koochiching County	147	312	140	140
Carlton County	249	146	140	140
Total Projects Funded				
Annual Tax Receipts *	280	290	280	280

*Monies available, but unexpended each fiscal year, are carried forward and reserved for expenditure by that county in a following fiscal year.

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

AGENCY : IRON RANGE RESRCE & R
PROGRAM : IRON RNGE RESR/REHAB
BUDGET ACTIVITY : ENVRNMNTL DVLP GRNTS

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:										
REDISTRIBUTIONS	14	6	10	0	10	10	10	0	10	10
STATE OPERATIONS	14	6	10	0	10	10	10	0	10	10
LOCAL ASSISTANCE	396	458	280	0	280	280	280	0	280	280
TOTAL EXPENDITURES	410	464	290	0	290	290	290	0	290	290
SOURCES OF FINANCING:										
STATUTORY APPROPRIATIONS:										
IRON RANGE R & R	410	464	290	0	290	290	290	0	290	290
TOTAL FINANCING	410	464	290	0	290	290	290	0	290	290
POSITIONS BY FUND:										
TOTAL POSITIONS										

PROGRAM: TACONITE ENVIRONMENTAL PROTECTION FUND **1990-91 Biennial Budget**
Agency: IRON RANGE RESOURCES AND REHABILITATION BOARD (IRRRB)

PROGRAM PURPOSE:

The Taconite Environmental Protection Fund was created for the purpose of promoting the economic development of those areas of northeast Minnesota adversely affected by the environmentally damaging operations involved in mining taconite and iron ore concentrate. The Taconite Environmental Protection Fund Program monies are budgeted for the coming biennium for the following activities:

1. Reclamation, restoration, or reforestation of minelands not otherwise provided for by state law.
2. Local economic development projects which involve job creation or job retention, or the promotion of area tourism. For improvements in community water and sewer systems and other forms of public works.

OPERATION:

The Mineland Reclamation activity involves the conversion of abandoned mine sites to productive areas as recreational and tourism sites.

The local economic development activity provides grant funding to area communities for projects which are prioritized by the communities and which must meet specific agency criteria to qualify for funding.

BUDGET ISSUE:

Mineland reclamation projects include development of tourism facilities, reshaping of abandoned mine areas and revegetation of ravaged mine sites. Environmental factors require an ongoing revegetation program. Development of additional tourism attractions is contingent upon a commitment from the community involved to maintain the developed facility and the prioritizing of the project by the community in its requests for project funding.

Local economic development project grants are provided for a broad range of public works projects, including very costly water/sewer/wastewater treatment facilities and to numerous less costly projects such as improvements to public buildings. Development of specific funding criteria has been essential to enable the agency to work effectively with area communities in the identification of projects which are the most urgent in need or which contribute most effectively toward the economic development of this region.

EXPLANATION OF BUDGET REQUEST:

The funding for the biennium provides for an ongoing mineland reclamation program to maintain reclaimed areas and to provide vegetation and reforestation as requested by area communities. The development of tourism areas or facilities is not specifically funded for this biennium. However, an additional \$4 million is allocated to local economic development activity grants for projects involving sewer, water and miscellaneous public works projects, including tourism.

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 : IRON RANGE RESRCE & R
PROGRAM : TAC AREA ENV PROTECT

	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	
LOCAL ENV DEV PROJ	935	1,505	5,505	0	5,505	5,505	5,505	0	5,505	5,505
MINELAND RECLAMATION	1,227	733	925	0	925	925	925	0	925	925
TOTAL EXPENDITURES	2,162	2,238	6,430	0	6,430	6,430	6,430	0	6,430	6,430
SOURCES OF FINANCING:										
STATUTORY APPROPRIATIONS:										
IRON RANGE R & R	2,162	2,238	6,430	0	6,430	6,430	6,430	0	6,430	6,430
TOTAL FINANCING	2,162	2,238	6,430	0	6,430	6,430	6,430	0	6,430	6,430
POSITIONS BY FUND:										
IRON RANGE R & R	12.0	3.5	3.5	0.0	3.5	3.5	3.5	0.0	3.5	3.5
TOTAL POSITIONS	12.0	3.5	3.5	0.0	3.5	3.5	3.5	0.0	3.5	3.5

ACTIVITY: LOCAL ECONOMIC DEVELOPMENT PROJECTS **1990-91 Biennial Budget**
Program: TACONITE AREA ENVIRONMENTAL PROTECTION FUND
Agency: IRON RANGE RESOURCES AND REHABILITATION BOARD (IRRRB)

PURPOSE:

To assist communities in meeting local economic development needs including construction of sewer and water systems and other public works, with primary emphasis on funding those projects which will contribute to the economic growth of the Taconite Tax Relief Area, or are public works projects of an emergency need nature.

A primary goal of this activity is to leverage local, state, federal, and private funds to support the economic growth of the region statutorily defined as the Taconite Tax Relief Area (M.S. 273.134).

Grants are awarded to eligible local units of government to help them address their most critical economic development needs.

DESCRIPTION/BACKGROUND:

Funds from this program are intended to be used in situations in which a funding 'gap' exists and alternate sources of public and private financing cannot adequately address the problem.

All projects submitted for funding shall be evaluated on a project-to-project, competitive basis. Projects will be rated as to how well they address the following five basic criteria.

- o JOBS - The direct or indirect retention or creation of employment opportunities.
- o LEVERAGE - The leverage of respective funding sources compared to total project costs.
- o RELATIVE NEED - The degree of need or urgency for the project as comparatively judged against other projects.
- o IMPACT - The impact of the project on the region and the area most directly served by the applicant.
- o PROJECT VIABILITY - The financial, economic, and technological feasibility of the project to the directly or indirectly assisted.

STATISTICS:

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
Sewer & Water Grants	\$ 755	\$ 1,505	\$ 1,505	\$ 1,505
Misc. Public Works & Community Development Grants & Loans	\$ 180		\$ 4,000	\$ 4,000

Grants By Fund

Special Revenue
TOTAL

<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>
\$ 935	\$ 1,505	\$ 5,505	\$ 5,505
\$ 935	\$ 1,505	\$ 5,505	\$ 5,505

Taconite production has increased during 1988 and it is anticipated that production will increase or maintain its current level through the F.Y. 1990-1991 biennium. Community funding requests have greatly exceeded available dollars during the past biennium. The allocation of grant monies above the F.Y. 1989 level is expected to address the most critically needed projects as identified and prioritized by the communities.

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

AGENCY : IRON RANGE RESRCE & R
PROGRAM : TAC AREA ENV PROTECT
BUDGET ACTIVITY : LOCAL ENV DEV PROJ

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	935	1,505	5,505	0	5,505	5,505	5,505	0	5,505	5,505
TOTAL EXPENDITURES	935	1,505	5,505	0	5,505	5,505	5,505	0	5,505	5,505
SOURCES OF FINANCING:										
STATUTORY APPROPRIATIONS:										
IRON RANGE R & R	935	1,505	5,505	0	5,505	5,505	5,505	0	5,505	5,505
TOTAL FINANCING	935	1,505	5,505	0	5,505	5,505	5,505	0	5,505	5,505
POSITIONS BY FUND:										
TOTAL POSITIONS										

ACTIVITY: MINELAND RECLAMATION **1990-91 Biennial Budget**
Program: TACONITE ENVIRONMENTAL PROTECTION FUND
Agency: IRON RANGE RESOURCES AND REHABILITATION BOARD (IRRRB)

PURPOSE:

To reclaim, restore, and revegetate abandoned mine sites along with abandoned mining support facilities; minimizing safety and environmental hazards; stimulating the economic growth of the area by encouraging the development of various industries on the abandoned mining areas; and creating new opportunities for the utilization of mining sites that are vacant.

Site selection has been determined by the needs for corrective action of the greatest public demand of redevelopment. Community involvement is encouraged in the planning processes so that the improved area will most effectively meet the community needs, have community support, and enhance the public understanding of IRRRB Mineland Reclamation responsibilities. The physical reclamation processes which are undertaken to provide for future multiple usage of reclamation include:

1. Erosion control to stabilize pit walls and dumps to prevent air and water pollution, and further damage to the terrain.
2. Use of vegetative barriers to reduce the probability of public access to hazardous areas, and slope modification to eliminate the most extreme terrain changes.
3. Return of wastelands to a natural productive (economic) usage, including stocking mine pits with fish, improvement of wildlife habitats, and timber production.
4. Promotion of tourism on the Iron Range involving the protection and preservation of certain selected sites which possess unique beauty or history so that some evidence of mining continues to exist.
5. Development of alternative energy sources at or near mine sites. The use of wind power for energy producing pump storage systems, or the use of aspen as a fast growing fuel are 2 projects under development within this activity.

<u>EFFECTIVENESS MEASURES:</u>	(Dollars in Thousands)		
	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
Revegetation Costs	\$ 184	\$ 184	\$ 184
Engineering & Project Administration Costs	154	154	154
Project Costs	139	139	139
Mine Tours	200	200	200

EXPLANATION OF BUDGET REQUEST:

During the current biennium, agency staff have completed work on many mineland reclamation projects which were initially funded in 1980-84. The focus for the F.Y. 1990-91 biennium is on smaller projects, which have high priority designation by the affected community, and which contribute most

effectively toward economic development, or have a significant environmental impact.

The Hill Annex Mine Tour facility, located in Calumet, Minnesota, was transferred to the Department of Natural Resources (DNR) in August of 1988. The IRRRB will fund \$400,000 to DNR for tour operational costs during the biennium. Since the \$400,000 is a transfer out to DNR, the expenditures will appear in DNR's budget rather than here.

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

AGENCY : IRON RANGE RESRCE & R
PROGRAM : TAC AREA ENV PROTECT
BUDGET ACTIVITY : MINELAND RECLAMATION

			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	396	239	230	0	230	230	230	0	230	230
EXPENSES/CONTRACTUAL SRVCS	189	164	157	0	157	157	157	0	157	157
MISC OPERATING EXPENSES	44	46	41	0	41	41	41	0	41	41
SUPPLIES/MATERIALS/PARTS	53	44	40	0	40	40	40	0	40	40
CAPITAL EQUIPMENT	3	9	9	0	9	9	9	0	9	9
REDISTRIBUTIONS	236	228	448	0	448	448	448	0	448	448
STATE OPERATIONS	921	730	925	0	925	925	925	0	925	925
LOCAL ASSISTANCE	306	3	0	0	0	0	0	0	0	0
TOTAL EXPENDITURES	1,227	733	925	0	925	925	925	0	925	925
SOURCES OF FINANCING:										
STATUTORY APPROPRIATIONS:										
IRON RANGE R & R	1,227	733	925	0	925	925	925	0	925	925
TOTAL FINANCING	1,227	733	925	0	925	925	925	0	925	925
POSITIONS BY FUND:										
IRON RANGE R & R	12.0	3.5	3.5	0.0	3.5	3.5	3.5	0.0	3.5	3.5
TOTAL POSITIONS	12.0	3.5	3.5	0.0	3.5	3.5	3.5	0.0	3.5	3.5

PROGRAM: NORTHEAST MINNESOTA ECONOMIC PROTECTION FUND
1990-91 Biennial Budget
Agency: IRON RANGE RESOURCES AND REHABILITATION BOARD (IRRRB)

PROGRAM PURPOSE:

This fund exists to stimulate and diversify the economy of the taconite tax relief area, creating an environment in which the area is not extensively dependent upon the taconite industry, and encouraging creation of jobs for individuals who have become unemployed as a result of the decline in taconite production.

Funding is provided by interest and earnings received from the monies in the corpus of the Northeastern Minnesota Economic Protection Fund, and by return of interest and principal on loans made through the various programs. Withdrawals of monies from the corpus for this program occur only through legislative action.

Primary emphasis of the Economic Development Loan Activities is placed on projects which promote or further technologically innovative businesses, minerals, forestry and wood products, small businesses and tourism. This program is designed to increase, expand and diversify the area's economic base by creating new private investment in the region, as opposed to further subdividing the existing economic base.

To be eligible for assistance under this program, the business must be located within the primary taconite tax relief area. The business to be assisted must be a for-profit operation, but may be a new start-up or an existing business; and may be organized as a proprietorship, partnership, corporation, or producer cooperative.

All loans made through this program are sufficiently collateralized term loans, utilizing an interest rate of the lessor of 8% or 3 points below government obligations of the same maturity.

IRRRB is limited by law to a 50% participation of the total project costs to be financed, the remainder is to be financed by a regulated lending institution and the maximum participation by the IRRRB in any single project is limited to \$250,000.

The application process requires a written commitment by a local bank or the participant to fund 50% of the project cost. Loan applications are reviewed by a technical advisory committee which makes recommendations on loan funding to the IRRR Board. The IRRR Board must review and approve loans, the Legislative Advisory Commission must review the loan requests and make a recommendation to the Governor, whose approval is required before a loan may be processed.

This program also provides funding for a building demolition program which the agency staff conducts at the request of area communities. Dilapidated buildings are demolished to reduce hazards to the public, beautify the particular areas and promote new building construction.

OPERATION:

The fund promotes economic development by encouraging private sector business

development including area tourism development, and the utilization of this region's remaining natural resources such as wood and minerals.

1. The loan participation program with private lending institutions and the agency's common bond fund allow the IRRRB to provide lower interest rates and extended repayment terms for economic development projects.
2. Tourism in northeastern Minnesota is aided by providing low interest loans or services that would directly promote general or specific tourism projects.
3. Provides funding for a building demolition program and various renovation projects associated with Economic Development.

BUDGET ISSUE:

The agency goal is to establish a loan portfolio which will provide an annual source of funding of \$5 million. The reliance on interest from invested monies (including monies in the corpus of the Northeast Minnesota Protection Fund) makes long-range budgeting more challenging. Projects which are funded as loan guarantees continue to provide interest on investment income unless the monies are paid out on loan defaults. And, loans which are at a low rate of interest or with deferred principal payback schedules provide less immediate annual cash flow back to this account.

STATISTICS:

	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Loan Activity				
Loan Principal	\$ 1,454	\$ 1,500	\$ 1,550	\$ 1,550
Investment Income	3,884	4,000	4,100	4,100
Loan Interest	476	500	525	525
Total	\$ 5,814	\$ 6,000	\$6,175	\$6,175
Building Demolition				
Funding Allocated	\$ 307	\$ 309	\$ 241	\$ 241
No. Buildings Demolished	335	350	350	350

EXPLANATION OF BUDGET REQUEST:

BASE level funding is requested for the biennium for the economic development loan program. Building demolition funding for the biennium is also budgeted at the BASE level, except that no new equipment is requested. (New dump trucks were purchased in 1988 and 1989.)

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 : IRON RANGE RESRCE & R
PROGRAM : N E ECONOMIC PROT

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	
N E ECONOMIC PROT	4,076	6,415	5,830	0	5,830	5,830	5,830	0	5,830	5,830
TOTAL EXPENDITURES	4,076	6,415	5,830	0	5,830	5,830	5,830	0	5,830	5,830
SOURCES OF FINANCING:										
STATUTORY APPROPRIATIONS:										
NE MN ECONOMIC PROT	4,076	6,415	5,830	0	5,830	5,830	5,830	0	5,830	5,830
TOTAL FINANCING	4,076	6,415	5,830	0	5,830	5,830	5,830	0	5,830	5,830
POSITIONS BY FUND:										
NE MN ECONOMIC PROT	13.5	11.7	11.7	0.0	11.7	11.7	11.7	0.0	11.7	11.7
TOTAL POSITIONS	13.5	11.7	11.7	0.0	11.7	11.7	11.7	0.0	11.7	11.7

PROGRAM: GENERAL FUND APPROPRIATION 1990-91 Biennial Budget
Agency: IRON RANGE RESOURCES AND REHABILITATION BOARD (IRRRB)

PROGRAM PURPOSE:

This program is funded by a \$4 million appropriation from the general fund, and the monies so appropriated may be used for projects and programs for which technological and economic feasibility have been demonstrated. The projects and programs must have the following purposes:

1. Creating and maintaining productive, permanent, skilled employment, including employment in technologically innovative businesses; and
2. Encouraging diversification of the economy and promoting the development of minerals, alternative energy sources utilizing indigenous fuels, forestry, small business, and tourism.

OPERATION:

All projects which are funded through this program must benefit the tax relief area as defined in Minnesota Statutes, Section 273.134. The monies may be used to provide loans, loan guarantees, interest buy-downs, and other forms of participation with private sources of financing, provided that a loan to a private enterprise must be for the principal amount not to exceed one-half of the cost of the project for which financing is sought, and the rate of interest on a loan must be no less than the lesser of eight percent or the rate of interest set by the Minnesota development board for comparable small business development loans at that time.

All projects must be approved by a technical advisory committee and by at least eight members of the IRRR Board, and the commissioner of the IRRRB. All projects are submitted to the Legislative Advisory Commission for its review, and to the Governor for his approval.

\$300,000 of the monies appropriated must be used in the same manner as monies appropriated under Minnesota Statutes, Section 298.17 for Koochiching and Carlton Counties.

BUDGET ISSUE:

Project allocations for the appropriation:

COREX Process Study	\$ 50,000
Loans	1,650,000
Loan Guarantees	2,000,000
Koochiching County Projects	150,000
Carlton County Projects	<u>150,000</u>
Total	\$4,000,000

EXPLANATION OF BUDGET REQUEST:

No additional funding is requested for the biennium.

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

AGENCY : IRON RANGE RESRCE & R
PROGRAM : GENERAL FUND APPROPRIATION

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.
GENERAL FUND APPROPRIATION	3,155	917	0	0	0	0	0	0	0	0
TOTAL EXPENDITURES	3,155	917	0	0	0	0	0	0	0	0
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	3,083	917	0	0	0	0	0	0	0	0
STATUTORY APPROPRIATIONS:										
GENERAL	72	0	0	0	0	0	0	0	0	0
TOTAL FINANCING	3,155	917	0	0	0	0	0	0	0	0
POSITIONS BY FUND:										
TOTAL POSITIONS										

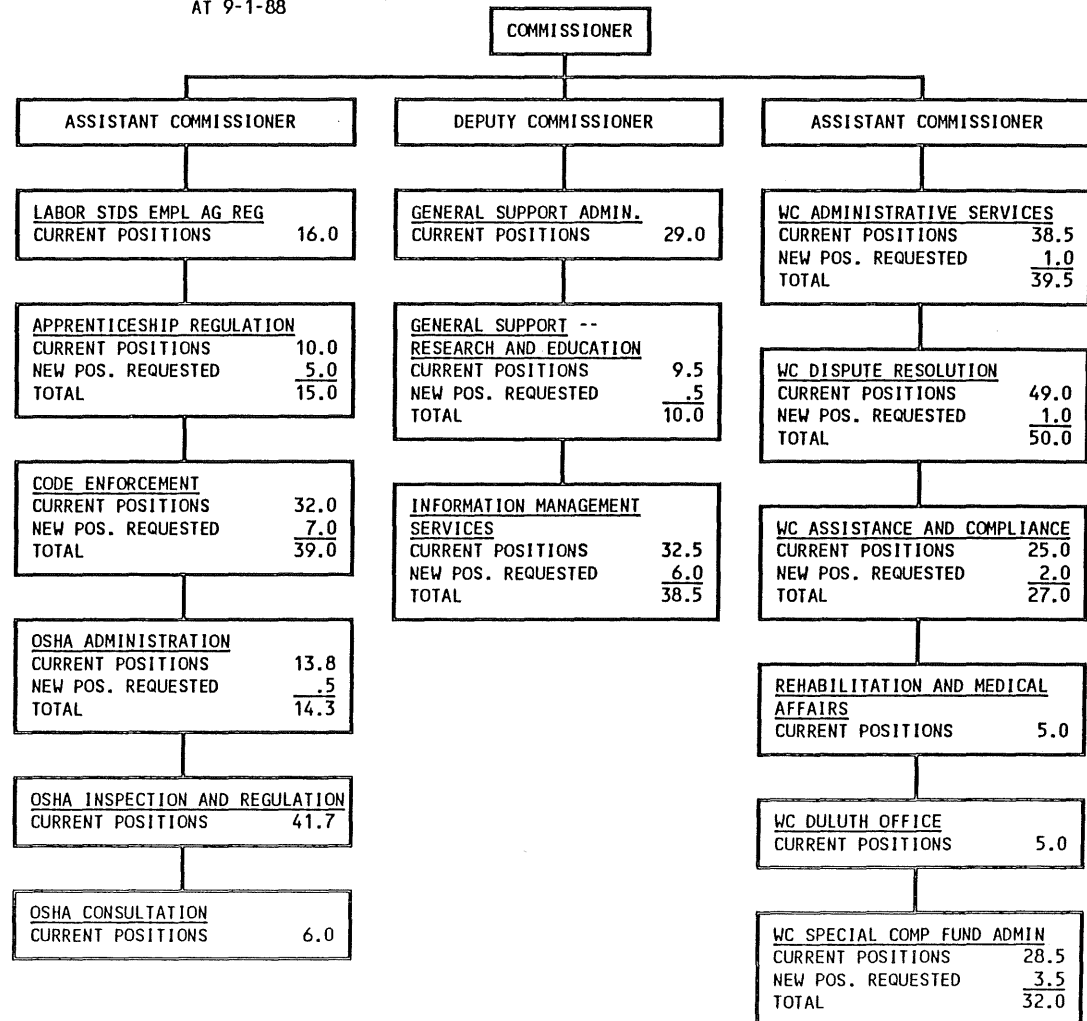
1990-91 BIENNIAL BUDGET
PROGRAM STRUCTURE

AGENCY: LABOR AND INDUSTRY, DEPARTMENT OF

<u>PROGRAMS</u>	<u>ACTIVITIES</u>	<u>SECTION</u>	<u>PAGE</u>
EMPLOYMENT STANDARDS----- REGULATION AND ENFORCEMENT	Labor Standards and Employment Agency Regulation Apprenticeship Regulation	4	612 614
WORKERS' COMPENSATION----- REGULATION AND ENFORCEMENT	Administrative Services Dispute Resolution Assistance and Compliance Rehabilitation and Medical Affairs Duluth Office Special Compensation Fund Administration		620 623 627 630 633 636
WORKERS' COMPENSATION SPECIAL COMPENSATION FUND-----	Workers' Compensation Special Compensation Fund		641
CODE ENFORCEMENT-----	Code Enforcement		643
OCCUPATIONAL SAFETY AND HEALTH----- REGULATION AND ENFORCEMENT	OSHA Administration OSHA Inspection and Regulation OSHA Consultation		649 652 654
GENERAL SUPPORT-----	General Support Administration General Support Research and Education		658 666
INFORMATION MANAGEMENT SERVICES-----	Information Management Services		667

DEPARTMENT OF LABOR AND INDUSTRY
ORGANIZATION CHART
AT 9-1-88

POSITION RECONCILIATION		
AUTHORITY:	CURRENT F.Y. 1989	REQUESTED FOR 6-30-91
LEGISLATIVE AUTHORIZED		
GENERAL FUND	69.0	74.5
FEDERAL	42.5	38.0
WORKERS' COMP -- SPECIAL	196.5	210.5
SPECIAL REVENUE -- APPROPRIATED	33.0	45.0
BUDGETARY AUTHORIZED		
DELETED (FEDERAL)		
TOTAL PERMANENT POSITIONS	341.0	368.0
OTHER COMPLEMENT (FTE)	20.0	20.0
TOTAL AUTHORIZED POSITIONS	361.0	388.0
EMPLOYEES ON 6-30-88	344.0	



AGENCY: LABOR AND INDUSTRY, DEPARTMENT OF
(Continuation)

1990-91 Biennial Budget

communications ability with potential outside users and other systems. Funding will be requested for these efforts which have been designated by the Commissioner as some of his highest priorities.

ATTORNEY GENERAL COSTS:

	(Dollars in Thousands)			
	Actual	Act/Est	Estimate	Estimate
Fees for legal services rendered	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Fees assessed	\$ 261	\$ 265	\$ 266	\$ 267
Fees paid	237	240	241	242
Requested budget	235	235	265	265

EXPLANATION OF BUDGET REQUEST:

The department requests a total of \$1,511,000 and 27.0 positions in F.Y. 1990 and \$1,235,000 and 27.0 positions in F.Y. 1991 CHANGE request increases for the 1990-91 biennium. Of this total \$941,000 and 14.0 positions in F.Y. 1990 and \$665,000 and 14.0 positions in F.Y. 1991 are requested to be funded from the Special Compensation Fund. General Fund requests equal \$243,000 and 5.5 positions in F.Y. 1990 and \$243,000 and 5.5 positions in F.Y. 1991. Special Revenue requests equal \$327,000 and 7.0 positions in F.Y. 1990 and \$327,000 and 7.0 positions in F.Y. 1991.

The Code Enforcement program requests \$162,000 and 4.0 positions in F.Y. 1990 and \$162,000 and 4.0 positions in F.Y. 1991 for staff to inspect elevators in jurisdictions not currently covered; \$165,000 and 3.0 positions in F.Y. 1990 and \$165,000 and 3.0 positions in F.Y. 1991 are requested to utilize agency indirect costs for general support services. These requests will be funded from the Special Revenue Fund.

The General Fund requests are in: the Employment Standards Regulation and Enforcement program, \$198,000 and 5.0 positions in F.Y. 1990 and \$198,000 and 5.0 positions in F.Y. 1991 for staff to promote and develop apprenticeship opportunities in non-traditional and high technology industries, and \$10,000 in F.Y. 1990 and \$10,000 in F.Y. 1991 for Attorney General fees; the OSHA program, \$15,000 and .5 position in F.Y. 1990 and \$15,000 and .5 position in F.Y. 1991 for work place safety standards development; and \$20,000 in F.Y. 1990 and \$20,000 in F.Y. 1991 for the Commissioner's Attorney General fees.

The Workers' Compensation Regulation and Enforcement program requests Special Compensation Fund funding of \$288,000 and 7.5 positions in F.Y. 1990 and \$166,000 and 7.5 positions in F.Y. 1991; \$112,000 and 1.0 position in F.Y. 1990 and \$32,000 and 1.0 position in F.Y. 1991 are requested for improvement of workers' compensation file administration; \$37,000 and 1.0 position in F.Y. 1990 and \$37,000 and 1.0 position in F.Y. 1991 are requested for a law clerk to handle routine legal matters for settlement judges, freeing them to handle more cases; \$45,000 in F.Y. 1990 and \$9,000 in F.Y. 1991 are requested for computer equipment and communication costs to allow increased monitoring and intervention on medical and rehabilitation cases; \$46,000 and 2.0 positions in F.Y. 1990 and \$46,000 and 2.0 positions in F.Y. 1991 are requested for data entry staff to free professional assistance and compliance specialists for increased case monitoring; \$35,000 in F.Y. 1990 and \$35,000 in F.Y. 1991 is requested to hire medical consultants for rule and policy promulgation and modification; \$8,000 in F.Y. 1990 and \$2,000 in F.Y. 1991 is requested for computer equipment to allow Duluth professional staff greater

access to the department's workers' compensation database, and \$5,000 and 3.5 positions in F.Y. 1990 and \$5,000 and 3.5 positions in F.Y. 1991 for improved Special Compensation Fund monitoring and auditing and greater uninsured claims administration.

The General Support program requests Special Compensation Fund funding of \$131,000 and .5 position in F.Y. 1990 and \$52,000 and .5 position in F.Y. 1991 for a half time actuary, completion of a medical cost containment study and an increased distribution of education material. The program also requests \$20,000 in F.Y. 1990 and \$20,000 in F.Y. 1991 from the General Fund for the Commissioner's attorney general costs.

The Information Management Services program requests \$335,000 and 6.0 positions in F.Y. 1990 and \$335,000 and 6.0 positions in F.Y. 1991 in Special Compensation Fund funding for computer system restructuring and \$187,000 in F.Y. 1990 and \$112,000 in F.Y. 1991 for a new computer system communications network.

The agency's major initiative is to improve the use of its computer system to the fullest extent possible.

INDEX	(Dollars in Thousands)		Page
	Agency Request	Governor's Recommendation	
	1990-91 Biennium	1990-91 Biennium	
	All Funds	All Funds	
BASE Level Request	\$ 208,974	\$ 208,974	
Agency-wide CHANGE Requests			
Attorney General Fees	60	-0-	609
Subtotal	\$ 60	-0-	
Program/Budget Activity CHANGE Requests			
Employment Standards Regulation and Enforcement			
Non-traditional and technological apprenticeship development	396	-0-	616
Subtotal	\$ 396	-0-	
Workers' Compensation Regulation and Enforcement			
File Administration Improvements	144	144	622
Settlement Staff Increase	74	74	625
Intervention and Monitoring			
Equipment Costs	54	54	626
Data Entry Staff	92	92	629
Medical Consultant Services	70	50	632
Computer Terminals and Printer	10	10	635
Assessment Auditors	(112)	(112)	638
Special Compensation Fund Actuary	64	64	639
Uninsured Claims Administrator	58	58	640
Subtotal	\$ 454	\$ 434	

AGENCY: LABOR AND INDUSTRY, 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	
Code Enforcement			
Elevator Inspection	\$ 324	\$ 324	645
Agency Indirect Costs	330	330	646
Subtotal	\$ 654	\$ 654	
OSHA Regulation and Enforcement			
Work Place Safety Standards			
Development	30	30	651
Subtotal	\$ 30	\$ 30	
General Support			
Education Material			
Distribution	40	22	664
Health Care Cost Containment			
Study Completion	79	79	665
Research Actuary	64	64	666
Subtotal	\$ 183	\$ 165	
Information Management Services			
Computer System Restructuring	670	670	669
Computer Communications Network			
Upgrade	299	299	670
Subtotal	\$ 969	\$ 969	
CHANGE Requests Subtotal	\$ 2,746	\$ 2,252	
AGENCY Total	\$ 211,720	\$ 211,226	

AGENCY PURPOSE:

The Department of Labor and Industry is primarily a regulatory agency for the protection of working people in Minnesota. Its mission is to protect the safety, health, and livelihood of workers by publicizing and enforcing safety standards, regulating workers' compensation benefits, and enforcing state regulations on compensation and employment standards.

OPERATIONS AND CLIENTELE:

The Department of Labor and Industry enforces and regulates the conditions and standards of employment for workers in the State of Minnesota by inspection, investigation, consultation and education. When necessary the department also uses its enforcement powers to impose penalties for noncompliance or violations of laws or established standards of employment.

The primary clients of the department are Minnesota's workers. The next level of clients are employers. A third level are those who provide services to either workers or employers, such as insurance companies, attorneys, rehabilitation and health care personnel, labor unions, as well as other government entities. The agency works closely with all its stakeholders to ensure they receive services in a timely and effective manner.

The department has 3 divisions, each with several programs. The largest division is the Workers' Compensation Division. Two distinct programs work together to serve workers, employers, and insurers under the state's workers' compensation laws. These programs are: Workers' Compensation Regulation and Enforcement and the Workers' Compensation Special Compensation Fund.

The second division in the department is Regulation and Enforcement. Three programs constitute this group: Employment Standards Regulation and Enforcement, Code Enforcement, and Occupational Safety and Health Regulation and Enforcement (OSHA). These programs protect the livelihood, health, and safety of Minnesota workers through such activities as Fair Labor Standards laws enforcement, apprenticeship regulation, boiler and high pressure pipe fitting licensing and inspection, and safety standards inspection and enforcement.

The third division is Administrative Services. It provides public and internal information and agency-wide coordination, management and support. The 2 programs in this group are Information Management Services and General Support. They provide services to all of the other programs, including computer operations and support, research and education, accounting and human resources.

OPERATIONS ISSUES:

The department has reorganized many of its operations and activities during the 1987-89 biennium to improve overall efficiency and effectiveness. The Workers' Compensation Division has 6 units--Administrative Services, Dispute Resolution, Assistance and Compliance, Rehabilitation and Medical Affairs, the Duluth Office and Special Compensation Fund Administration. The Workers' Compensation State Claims Management program administration was transferred by statute in July, 1987 to the Department of Employee Relations.

All programs are working to refine and focus their operations to ensure they are efficiently and effectively serving their clients. The details of these operations are described on the pages which follow.

BUDGET ISSUES:

Labor and Industry faces 2 major budget issues in the upcoming biennium, one involving the funding structure of its OSHA program and the other involving the restructuring and expansion of its information management system.

1. OSHA Funding

The OSHA program is responsible for ensuring a safe and healthful work place for Minnesota workers through education, technical assistance and, when necessary, enforcement of the Minnesota Occupational Safety and Health Act of 1973 by citation and penalty. This program is mainly funded through 50% federal funding and 50% General Fund state funding. (The OSHA Consultation activity is 90% federal and 10% General Fund state funded.)

It has long been recognized that there is a strong connection between a safe and healthful work place and one relatively free of injured and ill workers. For example, the OSHA program sets its inspection schedule on a "worst first" basis using workers' compensation first report of injury incidence of Minnesota employers.

The current funding structure of the OSHA program treats the issue of occupational safety and health as a social cost rather than a cost of doing business. Employers directly benefit from the efforts of the OSHA program through lower injury and illness costs, less paid sick leave, and higher productivity, yet all of Minnesota taxpayers pay the costs of the program. Viewed alternatively, employers with poor safety and health records, the "cost causers" in the workers' compensation system, bear no costs for the program which assists them in correcting its problems; again, the taxpaying public "foots the bill." There is an argument that the cost causers in the work place safety system should pay for the costs they create. Assessments charged to employers through their workers' compensation insurance premiums are based on lost time incidence--the more injured workers, the higher the premium. The cost causers pay for the costs they create. These assessments pay for the administration of the workers' compensation system. Funding the OSHA program similarly could be a logical step to carrying this concept to the entire aurora of work place safety and health.

2. Information Management System Restructuring

Labor and Industry did not use its existing computer system to full potential during its first 6 years in the department. (The system was installed in September of 1982.) Since then there has been a comprehensive change in the workers' compensation law in 1983 and in the administrative program in 1987. During the last year, a commitment has been made to fully and completely integrate the computer system into the day to day workings of the department. Major projects have been undertaken to computerize the tracking of 153,000 active workers' compensation files, and provide remote entry of first reports of injury and direct access to certain parts of the agency's workers' compensation database to workers' compensation insurers and self-insured employers. Most importantly, however, an overall revision of the entire workers' compensation database must simultaneously occur. Additionally, the agency must upgrade the communications network of its system to provide

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : LABOR & INDUSTRY,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	
EMPL STAD REG/ENFC	989	1,016	1,038	208	1,246	1,038	1,038	208	1,246	1,038
WRKS COMP REG/ENFC	5,672	5,698	6,341	288	6,629	6,619	6,372	166	6,538	6,528
WC SPEC COMP FUND	88,416	88,175	88,175	0	88,175	88,175	88,175	0	88,175	88,175
CODE ENFORCEMENT	1,430	1,407	1,430	327	1,757	1,757	1,430	327	1,757	1,757
OSHA REG/ENFC	3,408	3,333	3,493	15	3,508	3,508	3,507	15	3,522	3,522
GENERAL SUPPORT	2,481	2,512	2,484	151	2,635	2,606	2,515	72	2,587	2,558
INFORMATION MGT SVS	1,281	1,458	1,488	522	2,010	2,010	1,488	447	1,935	1,935
TOTAL EXPENDITURES	103,677	103,599	104,449	1,511	105,960	105,713	104,525	1,235	105,760	105,513
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	3,333	3,387	6,057	243	6,300	6,072	6,091	243	6,334	6,106
SP REV DIRECT APPROP	1,430	1,433	1,456	327	1,783	1,783	1,456	327	1,783	1,783
WORKERS COMP SPECIAL	7,979	8,024	8,586	941	9,527	9,508	8,617	665	9,282	9,263
STATUTORY APPROPRIATIONS:										
SP REV DIRECT APPROP	15	55	55	0	55	55	55	0	55	55
SPECIAL REVENUE	0	40	225	0	225	225	225	0	225	225
FEDERAL	2,495	2,435	2,345	0	2,345	2,345	2,356	0	2,356	2,356
WORKERS COMP SPECIAL	88,416	88,175	85,675	0	85,675	85,675	85,675	0	85,675	85,675
AGENCY	9	50	50	0	50	50	50	0	50	50
TOTAL FINANCING	103,677	103,599	104,449	1,511	105,960	105,713	104,525	1,235	105,760	105,513
POSITIONS BY FUND:										
GENERAL	69.0	69.0	69.0	5.5	74.5	69.5	69.0	5.5	74.5	69.5
SP REV DIRECT APPROP	33.0	33.0	33.0	7.0	40.0	40.0	33.0	7.0	40.0	40.0
SPECIAL REVENUE	0.0	0.0	5.0	0.0	5.0	5.0	5.0	0.0	5.0	5.0
FEDERAL	42.5	42.5	38.0	0.0	38.0	38.0	38.0	0.0	38.0	38.0
WORKERS COMP SPECIAL	196.5	196.5	196.5	14.0	210.5	210.5	196.5	14.0	210.5	210.5
TOTAL POSITIONS	341.0	341.0	341.5	26.5	368.0	363.0	341.5	26.5	368.0	363.0

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

ACTIVITY: LABOR AND INDUSTRY, DEPARTMENT OF
PROGRAM: LABOR AND INDUSTRY, DEPARTMENT OF
AGENCY: LABOR AND INDUSTRY, DEPARTMENT OF

REQUEST TITLE: ATTORNEY GENERAL FEES

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

Governor's Recommendation

General Fund	\$ -0-	-0-	\$ -0-	-0-
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Request requires statutory change: _____ Yes ☒ No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests the above dollar amounts to support the continued purchase of legal services from the Attorney General to ensure that the agency is appropriately advised and represented in all matters requiring legal counsel under the provisions of Minnesota Statute. These services provide essential support in implementing the agency's regulatory and enforcement mandates.

DESCRIPTION/BACKGROUND:

Essentially all agency programs have required the services of the Attorney General. In several cases, non-essential enforcement efforts were slowed due to the lack of funding to support active legal action by the department.

RATIONALE:

The regulation and enforcement responsibilities of the programs within Labor and Industry cannot effectively be implemented without the legal counsel and action of the Attorney General's staff. Since no General Fund appropriations were established to support the charges for these services, the department has found it necessary to cut back on the level of service purchased and take action only in the highest priority cases. To provide effective and timely assistance and enforcement to all clients whose cases call for such action, there must be additional funding for these programs.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request.

PROGRAM: EMPLOYMENT STANDARDS REG AND ENF
Agency: LABOR AND INDUSTRY, DEPARTMENT OF

1990-91 Biennial Budget

PROGRAM PURPOSE:

The primary purpose of this program is the regulation and enforcement of employment standards in the areas of the Minnesota Fair Labor Standards Act, wage claims and collections, prevailing wage, child labor, lie detectors, fee employment agencies, and apprenticeship training.

OPERATIONS:

The Employment Standards program works with Minnesota employees and employers to encourage and ensure compliance with the laws which regulate the employment relationship. Program activities combine education and training with monitoring, investigation and enforcement methods to regulate for compliance with the laws. This occurs in the regulation of: apprenticeship and some on-the-job training programs; the minimum wage; hours of work; child labor; the regulation of fee employment agencies; and a number of related laws. The program also certifies prevailing wage rate data in Minnesota.

The regulatory and enforcement functions required to ensure compliance with the laws covering the activities of this program are provided by Labor Investigators and Apprenticeship Field Representatives. The services are delivered on a statewide basis and affect approximately 100,000 employers and nearly 1,900,000 employees. When non-compliance or violations are found, the department's enforcement powers are used to require compliance with the law. Those accused of violating the laws may appeal an order to comply through the administrative hearing process or the judicial system.

BUDGET ISSUE:

A competitive world economy demands that Minnesota's workers be among the best trained in the world. For years, apprenticeship, through labor and employer partnership, has been a significant producer of the state's skilled work force. We would like it to do even more. A comparatively small investment today in a broader, more aggressive, apprenticeship program will produce much greater returns in the future.

The impact of changes in technology and demographics that are occurring in the work places regulated by the activities of this program are creating requirements for higher entry level skills for entrants to the workforce and for renewal of skills of existing workers. In order to cope with the increasing need for skilled workers and overcome some of the negative perceptions that some small and medium-sized companies have about state-regulated apprenticeship training programs, it is necessary to refocus this unit's activities and develop educational, promotional and developmental strategies that will stress the value of work place based apprenticeship training programs. These strategies will focus on a wide range of industries and toward erasing historic patterns of discrimination against women and racial minorities.

The new approach to meeting skilled workforce needs as we approach the year 2000 will require additional resources and policy decisions on use of existing resources. The changes that have been noted are referenced by the U. S. Department of Labor and the Minnesota Department of Jobs and Training in their publications titled "WORKFORCE 2000." These changes are also likely to

impact on the department's minimum wage and prevailing wage regulatory functions. However, at this time we believe that a shifting of Labor Standards and Employment Agency Regulation activity resources can be used to address increased workload demands.

EXPLANATION OF BUDGET REQUEST:

This budget request will fund the Employment Standards Regulation and Enforcement program which provides management, regulatory and enforcement functions required to ensure compliance with law and adopted rules.

One CHANGE request for \$10,000 in F.Y. 1990 and \$10,000 in F.Y. 1991 is presented to purchase Attorney General services allowing the Labor Standards and Employment Agency Regulation activity to carry out its functions.

One CHANGE request for \$198,000 and 5.0 positions in F.Y. 1990 and \$198,000 and 5.0 positions in F.Y. 1991 is presented to increase the Apprenticeship Regulation activity's ability to cope with the impact of technological and demographic work place changes. The funds requested will cover the cost of development for promotional and activity expansion strategies to meet these challenges.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the BASE level funding for this program. The Governor's recommendation does not provide for the CHANGE level increases requested.

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

AGENCY : LABOR & INDUSTRY,DPT
PROGRAM : EMPL STAD REG/ENFC

		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.
LBR STD/EMPL AGY REG		548	595	607	10	617	607	607	10	617	607
A LABOR STANDARDS A.G. FUNDS	GEN				10		0		10		0
APPRENTICESHIP REG		441	421	431	198	629	431	431	198	629	431
B APPRENTICESHIP DEVELOPMENT	GEN				198		0		198		0
TOTAL EXPENDITURES		989	1,016	1,038	208	1,246	1,038	1,038	208	1,246	1,038
SOURCES OF FINANCING:											
DIRECT APPROPRIATIONS:											
GENERAL		930	916	937	208	1,145	937	937	208	1,145	937
STATUTORY APPROPRIATIONS:											
FEDERAL		50	50	51	0	51	51	51	0	51	51
AGENCY		9	50	50	0	50	50	50	0	50	50
TOTAL FINANCING		989	1,016	1,038	208	1,246	1,038	1,038	208	1,246	1,038
POSITIONS BY FUND:											
GENERAL		26.0	25.0	25.0	5.0	30.0	25.0	25.0	5.0	30.0	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		27.0	26.0	26.0	5.0	31.0	26.0	26.0	5.0	31.0	26.0

ACTIVITY: LABOR STDS AND EMPL AGY REG 1990-91 Biennial Budget
Program: EMPLOYMENT STANDARDS REG AND ENF
Agency: LABOR AND INDUSTRY, DEPARTMENT OF

PURPOSE:

To ensure fair and equitable treatment of Minnesota workers through enforcement of statutes regulating wages, hours and conditions of work, fee employment agencies and lie detector usage.

This activity advises on and enforces the provisions of the Fair Labor Standards Act, the Minnesota Child Labor Standards Act, the Prevailing Wage Law, the Fee Employment Agency statutes, and the law governing the use of lie detectors. It further advises on and enforces M. S. 181 which concerns itself with employment wages, conditions, hours, and restrictions which are peripheral to the Fair Labor Standards Act. The major emphases of Labor Standards are to:

- 1) Regulate and enforce laws and employment standards that impact employees and employers in the State of Minnesota;
- 2) Provide hearings for contested orders and help resolve disputed wage issues as per applicable laws;
- 3) Provide the public with education information and consultative services;
- 4) Initiate inspections of firms or investigate complaints to determine compliance with the law;
- 5) Test, evaluate, and license fee employment agencies, managers, and counselors; and,
- 6) Certify prevailing wage rates for 87 Minnesota counties.

This activity serves approximately 1,900,000 employees and 100,000 employers. Consultative and information services are provided to the general public in an effort to acquaint them with the provisions of the above laws.

<u>EFFECTIVENESS MEASURES:</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
Inquiries responded to	58,339	60,000	60,000	60,000
Number of employers inspected	280	300	300	300
Complaints resolved	1,802	2,000	2,000	2,000
Firms licensed/registered	310	325	340	355
Managers/counselors licensed	480	480	480	480
Agency exams conducted	364	364	364	364
Prevailing wage rates certified	5,600	5,750	5,900	6,000

<u>STATISTICS:</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
Employers inspected	280	300	300	300
No. of employees due wages	1,802	2,000	2,000	2,000
Wage claims collected (000s)	\$ 182	\$ 200	\$ 200	\$ 200
Contractors surveyed	4,500	4,750	5,000	5,000

REVENUE:

This activity generates non-dedicated revenue.

	<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>
Statute violation penalties	\$ 67	\$ 72	\$ 76	\$ 80
Employment agency licensing	\$ 82	\$ 57	\$ 60	\$ 60

EXPLANATION OF BUDGET REQUEST:

This activity has one CHANGE request of \$10,000 in F.Y. 1990 and \$10,000 in F.Y. 1991 for Attorney General fees generated by the provision of legal services required to carry out statutory mandates.

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

AGENCY : LABOR & INDUSTRY,DPT
PROGRAM : EMPL STAD REG/ENFC
BUDGET ACTIVITY : LBR STD/EMPL AGY 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	475	495	507	0	507	507	507	0	507	507
EXPENSES/CONTRACTUAL SRVCS	23	17	17	10	27	17	17	10	27	17
MISC OPERATING EXPENSES	18	70	70	0	70	70	70	0	70	70
SUPPLIES/MATERIALS/PARTS	6	7	7	0	7	7	7	0	7	7
CAPITAL EQUIPMENT	26	6	6	0	6	6	6	0	6	6
TOTAL EXPENDITURES	548	595	607	10	617	607	607	10	617	607
CHANGE REQUESTS:	FUND									
A LABOR STANDARDS A.G. FUNDS	GEN			10		0		10		0
TOTAL CHANGE REQUESTS				10		0		10		0
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	539	545	557	10	567	557	557	10	567	557
STATUTORY APPROPRIATIONS:										
AGENCY	9	50	50	0	50	50	50	0	50	50
TOTAL FINANCING	548	595	607	10	617	607	607	10	617	607
POSITIONS BY FUND:										
GENERAL	17.0	16.0	16.0	0.0	16.0	16.0	16.0	0.0	16.0	16.0
TOTAL POSITIONS	17.0	16.0	16.0	0.0	16.0	16.0	16.0	0.0	16.0	16.0

ACTIVITY: APPRENTICESHIP REGULATION
Program: EMPLOYMENT STANDARDS REG AND ENF
Agency: LABOR AND INDUSTRY, DEPARTMENT OF

1990-91 Biennial Budget

One CHANGE request item for \$198,000 and 5.0 positions in F.Y. 1990 and \$198,000 and 5.0 positions in F.Y. 1991 is requested for these purposes.

PURPOSE:

To regulate the operation of apprentice training programs and provide a skilled labor force for Minnesota work places.

This activity promotes, regulates, and supervises training programs in apprenticeable trades that are designed to provide individuals with an equal opportunity to acquire marketable credentials, and to provide a skilled labor force and in-place training program to the state's business community. The demand for informational and promotional services is increasing as the result of changes that are occurring in the work place. This activity also establishes standards, hears disputes and functions as the "approval agency" for veterans receiving on-the-job training under the G.I. Bill.

The primary objectives for this activity in the coming biennium are to:

- 1) Develop educational, promotional and developmental strategies that stress the value of work place-based apprenticeship training programs;
- 2) Provide the administration and field services necessary to regulate and supervise apprenticeship and on-the-job training programs for at least 5,000 enrollees;
- 3) Improve affirmative action statutory compliance of sponsors by increasing the number of staff-initiated compliance reviews;
- 4) Pursue affirmative action and educational activities with sponsors to increase the rate of females hires;
- 5) Pursue affirmative action and educational activities with sponsors to increase the rate of minority hires; and
- 6) Encourage effective dispute resolution by sponsors prior to use of the statutory appeals process.

<u>STATISTICS:</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
Apprenticeship and OJT programs approved for veterans	20	20	35	35
Agreements approved/reinstated	1,453	1,500	1,700	1,900
Agreements cancelled or suspended	812	800	900	900
Completion certificates issued	723	775	800	800
Program enrollees	4,289	4,300	4,500	5,100

REVENUE:

This activity does not generate revenue.

EXPLANATION OF BUDGET REQUEST:

This budget request will fund the apprenticeship regulation activity which promotes, regulates and supervises training programs that are designed to provide employers with a skilled labor force. The thrust of effort in 1990-91 will be to expand services provided and refocus activity functions to cope with the demographic and technological changes that are occurring in the work place.

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

AGENCY : LABOR & INDUSTRY,DPT
PROGRAM : EMPL STAD REG/ENFC
BUDGET ACTIVITY : APPRENTICESHIP 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	382	383	393	148	541	393	393	148	541	393
EXPENSES/CONTRACTUAL SRVCS	3	4	4	30	34	4	4	31	35	4
MISC OPERATING EXPENSES	30	30	30	19	49	30	30	19	49	30
SUPPLIES/MATERIALS/PARTS	2	1	1	0	1	1	1	0	1	1
CAPITAL EQUIPMENT	22	1	1	1	2	1	1	0	1	1
REDISTRIBUTIONS	2	2	2	0	2	2	2	0	2	2
TOTAL EXPENDITURES	441	421	431	198	629	431	431	198	629	431
CHANGE REQUESTS:										
B APPRENTICESHIP DEVELOPMENT				198		0		198		0
TOTAL CHANGE REQUESTS				198		0		198		0
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	391	371	380	198	578	380	380	198	578	380
STATUTORY APPROPRIATIONS:										
FEDERAL	50	50	51	0	51	51	51	0	51	51
TOTAL FINANCING	441	421	431	198	629	431	431	198	629	431
POSITIONS BY FUND:										
GENERAL	9.0	9.0	9.0	5.0	14.0	9.0	9.0	5.0	14.0	9.0
FEDERAL	1.0	1.0	1.0	0.0	1.0	1.0	1.0	0.0	1.0	1.0
TOTAL POSITIONS	10.0	10.0	10.0	5.0	15.0	10.0	10.0	5.0	15.0	10.0

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

ACTIVITY: APPRENTICESHIP REGULATION
PROGRAM: EMPLOYMENT STANDARDS REG AND ENF
AGENCY: LABOR AND INDUSTRY, DEPARTMENT OF

REQUEST TITLE: NON-TRADITIONAL AND TECHNOLOGICAL APPRENTICESHIP DEVELOPMENT

	F.Y. 1990 (000's)		F.Y. 1991 (000's)	
Agency Request	Amount	Positions	Amount	Positions
General Fund	\$ 198	5.0	\$ 198	5.0

Governor's Recommendation

General Fund	\$ -0-	-0-	\$ -0-	-0-
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Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests an increase in both dollars and positions to expand the scope of service delivered to Minnesota constituents by its apprenticeship regulation activity. This request is in response to what is rapidly becoming a critical need for a more comprehensive approach to work place-based training programs that meet employers' labor force needs and recognize workers' investments in acquiring skills which provide marketable credentials.

Without the establishment of programs such as these, demographic and technological changes in the workforce will cause Minnesota businesses serious problems in attracting and maintaining a skilled labor force as the year 2000 approaches.

DESCRIPTION/BACKGROUND:

The nature of the changes facing the labor force suggest the need for a more systematic and comprehensive approach to industry based training which will meet employers' needs and also recognize the workers investment in acquired skills. Although the present apprenticeship system has been effective where adopted, it has concentrated on a relatively few occupations.

The shifting of demand for workers from traditional to non-traditional industries provides an opportunity to extend the apprenticeship concept to the emerging high-technology and other non-traditional industries. This concept can also be a vehicle to provide a regulated system of post-secondary training and education giving workers certified skills, thereby allowing them to compete for jobs in small firms where the greatest future growth of employment opportunities is expected to occur.

This activity also wishes to provide better service to employers, employees and other clientele located in the northern part of the state. Accessibility for displaced workers and economically disadvantaged people living in the area will be improved if a Duluth office is established. An additional

position is necessary for this purpose.

RATIONALE:

The department will use requested funds and positions to refocus and enhance its existing apprenticeship regulation activity to further develop and promote the use of apprenticeship training in non-traditional and high technology industries.

Because of the impact of demographic changes, many businesses are finding it necessary to hire workers who lack required skills and attempt to train them. But this process has some undesirable aspects for both the employer and the worker. A comprehensive program is needed to address the demographic and technological changes that are occurring in the work place so that businesses will have a cost effective method of attracting and retraining a skilled labor force.

To better serve business and employees in the northern part of the state and to more effectively pursue apprenticeship training programs for economically disadvantaged and displaced workers in that area, the department believes a Duluth office of Apprenticeship staffed by one professional is necessary.

	(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>
General Fund	\$ 335	\$ 335	\$ 335	\$ 335

	(Dollars in Thousands)		
<u>LONG RANGE IMPLICATIONS:</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>Total</u>
General Fund	\$ 198	\$ 198	\$ 396

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: WORK COMP REG AND ENF
Agency: LABOR AND INDUSTRY, DEPARTMENT OF

1990-91 Biennial Budget

PROGRAM PURPOSE:

The Workers' Compensation Division ensures that the provisions of the Workers' Compensation Law (M.S. Ch. 176) are administered promptly, efficiently and in compliance with the act.

OPERATIONS:

This program encompasses the following operations:

- 1) Provides legal and administrative support for the workers' compensation division and its constituents.
- 2) Educates and assists all parties to the workers' compensation system, monitors the handling of all workers' compensation claims by auditing claims to ensure compliance with the law.
- 3) Assists parties in resolving disputes through education and assistance and by providing various forms of informal dispute resolution to resolve disputes quickly and efficiently without the delays and uncertainty of formal litigation.
- 4) Monitors the delivery of rehabilitation services and medical benefits provided injured workers to ensure compliance and to encourage a return to work.
- 5) Pays workers' compensation benefits to employees injured while working for uninsured employers, reimburses insurers and self-insurers for benefits paid under the supplementary benefit or subsequent injury provisions of the act and maintains records on physically impaired employees.

<u>PROGRAM STATISTICS:</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
Reported injuries	50,020	50,100	50,100	50,100
Telephone calls for assistance	86,842	87,000	87,000	87,000
Penalties issued	5,920	6,000	5,500	5,000
Additional benefits due employees after audit	\$2,177,833	\$2,207,263	\$2,100,000	\$2,000,000
Disputes filed	17,483	17,000	16,500	16,000
Disputes resolved informally	12,683	13,000	14,025	13,600

BUDGET ISSUE:

The Legislature passed a number of administrative procedural changes to the workers' compensation statute during the 1987 legislative session which has made the dispute resolution process more efficient. It has allowed the department to experiment with additional methods of informal dispute resolution such as intervention and the issuance of formal orders without a formal or informal hearing or conference. These techniques, as well as the additional authority granted settlement judges during the same legislative session, has increased the number of disputes resolved with informal procedures.

Requests for telephone assistance and the number of disputes filed with the department have increased this biennium. However, several cases recently issued by the Supreme Court should clarify a few disputed issues and stabilize the services needed to deal with those issues by the end of the F.Y. 1989, unless substantial legislative changes are enacted during the 1989 legislative session.

Attempts to increase the department's ability to monitor the payment of benefits and services to injured workers and to intervene on problem cases before disputes arise will be increased next biennium with increased computerization of those activities. However, increased use of automation requires that data filed with the department be entered promptly and accurately by appropriate staff.

EXPLANATION OF BUDGET REQUEST:

A total of 9 CHANGE requests are included for this program: \$112,000 and 1.0 position for F.Y. 1990, \$32,000 and 1.0 position in F.Y. 1991 are requested for data entry and file administration improvements in administrative services; \$37,000 and 1.0 position in F.Y. 1990 and \$37,000 and 1.0 position in F.Y. 1991 are requested to increase settlement staff; \$45,000 in F.Y. 1990 and \$9,000 in F.Y. 1991 is requested for intervention and monitoring computer equipment and increased telephone and postage costs in dispute resolution; \$46,000 and 2.0 positions are requested for F.Y. 1990 and \$46,000 and 2.0 positions in F.Y. 1991 to add data entry operators in assistance and compliance; \$35,000 in F.Y. 1990 and \$35,000 in F.Y. 1991 are requested for medical consultant services in rehabilitation and medical affairs; \$8,000 in F.Y. 1990 and \$2,000 in F.Y. 1991 are requested to purchase computer equipment for the Duluth office; \$56,000 and 2.0 positions for F.Y. 1990 and \$56,000 and 2.0 positions in F.Y. 1991 are requested to audit Special Compensation Fund assessment reports from insurers and self-insurers; \$32,000 and .5 position in F.Y. 1990 and \$32,000 and .5 position in F.Y. 1991 are requested to perform actuarial projections of the Special Compensation Fund's liabilities and revenue; and \$29,000 and 1.0 position for F.Y. 1990 and \$29,000 and 1.0 position in F.Y. 1991 are requested to properly staff the administration of benefits to employees working for uninsured employers.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the funding as requested except for a biennial reduction of \$20,000 for medical consultant services in rehabilitation and medical affairs.

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

AGENCY : LABOR & INDUSTRY,DPT
PROGRAM : WRKS COMP REG/ENFC

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	
ADMINISTRATIVE SERVICES	1,355	1,293	1,494	112	1,606	1,606	1,506	32	1,538	1,538
B WC ADMIN-FILE ADMIN IMPROVEMENTS WCS				112		112		32		32
DISPUTE RESOLUTION	1,752	1,775	2,001	82	2,083	2,083	2,012	46	2,058	2,058
B WC DISPUTE RESOLUTION-CLAIM SETTLEMENT WCS				37		37		37		37
B WC DISPUTE RESOLUTION-INTERVENT.&MONIT.EQUIP. WCS				45		45		9		9
ASSISTANCE & COMPLIANCE	849	796	884	46	930	930	887	46	933	933
B WC ASSIST. & COMPL-DATA ENTRY STAFF WCS				46		46		46		46
REHAB AND MEDICAL AFFAIRS	268	305	336	35	371	361	337	35	372	362
B WC REHAB & MED AFFAIRS-MEDICAL WCS				35		25		35		25
DULUTH OFFICE	156	184	197	8	205	205	197	2	199	199
B WC DULUTH OFFICE-COMPUTER TERMINALS AND WCS				8		8		2		2
PRINTER										
SPECIAL COMP FUND ADMIN	1,292	1,345	1,429	5	1,434	1,434	1,433	5	1,438	1,438
B WC SPEC COMP FUND-ASSESSMENT AUDITORS WCS				<56>		<56>		<56>		<56>
B WC SPEC COMP FUND-ACTUARY WCS				32		32		32		32
B WC SPEC COMP FUND-UNINSURED CLAIMS ADMIN WCS				29		29		29		29
TOTAL EXPENDITURES	5,672	5,698	6,341	288	6,629	6,619	6,372	166	6,538	6,528

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

AGENCY : LABOR & INDUSTRY,DPT
PROGRAM : WRKS COMP REG/ENFC

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:										
WORKERS COMP SPECIAL	5,672	5,698	6,341	288	6,629	6,619	6,372	166	6,538	6,528
TOTAL FINANCING	5,672	5,698	6,341	288	6,629	6,619	6,372	166	6,538	6,528
POSITIONS BY FUND:										
WORKERS COMP SPECIAL	152.5	151.0	151.0	7.5	158.5	158.5	151.0	7.5	158.5	158.5
TOTAL POSITIONS	152.5	151.0	151.0	7.5	158.5	158.5	151.0	7.5	158.5	158.5

ACTIVITY: ADMINISTRATIVE SERVICES 1990-91 Biennial Budget
 Program: WORK COMP REG AND ENF
 Agency: LABOR AND INDUSTRY, DEPARTMENT OF

PURPOSE:

To provide legal and administrative support for the workers' compensation division and its constituents.

OPERATIONS:

- 1) Provide legal review, advice and education to all parties in the workers' compensation system including employees, employers, insurers, attorneys, union representatives, medical providers, rehabilitation professionals, and division employees.
- 2) Draft all program rules and legislation.
- 3) Represent the department in penalty actions to enforce compliance with the law.
- 4) Process all judicial orders and appeals within statutory time limits.
- 5) Receive, screen, process, and refer to the appropriate dispute resolution forum all disputes filed with the division.
- 6) Maintain all workers' compensation division files and ensure compliance with data privacy statutes.

<u>STATISTICS:</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
Disputes filed	17,483	17,000	16,500	16,000
Judicial orders served	6,916	7,200	7,200	7,500
Filing activities	853,968	850,000	700,000	700,000

REVENUE:

This activity generates non-dedicated revenue.

	<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>
Photocopy charges	\$ 55	\$ 57	\$ 58	\$ 59

BUDGET ISSUE:

The workers' compensation division has approximately 153,000 active files and receives approximately 20,000 pieces of mail each week which must be physically filed or matched with the proper file for research, audit or staff action. Implementation of a bar coded computerized file tracking system is scheduled for late summer of 1989 which should reduce the number of filing activities and improve the efficiency of the system. Unless major changes are made in the workers' compensation statute during the 1989 legislative session, legal support is anticipated to remain at approximately the F.Y. 1988 level.

EXPLANATION OF BUDGET REQUEST:

The review, screening and referral of disputes to the appropriate forum for resolution is a result of statutory changes enacted by the legislature in 1987 without additional appropriation.

One CHANGE request is requested to continue and improve this function. \$23,000 and 1.0 position in F.Y. 1990 and \$23,000 and 1.0 position in F.Y. 1991 for a data entry operator to enter incoming disputes into the computer database. \$89,000 in F.Y. 1990 and \$9,000 in F.Y. 1991 for computer, bar coding, photocopying, typing and microfiche equipment for improving filing, tracking, disseminating and storage of workers' compensation files.

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

AGENCY : LABOR & INDUSTRY,DPT
PROGRAM : WRKS COMP REG/ENFC
BUDGET ACTIVITY : ADMINISTRATIVE 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	1,113	1,062	1,138	22	1,160	1,160	1,138	22	1,160	1,160
EXPENSES/CONTRACTUAL SRVCS	91	175	300	4	304	304	312	4	316	316
MISC OPERATING EXPENSES	24	24	24	0	24	24	24	0	24	24
SUPPLIES/MATERIALS/PARTS	38	27	27	1	28	28	27	1	28	28
CAPITAL EQUIPMENT	89	5	5	85	90	90	5	5	10	10
TOTAL EXPENDITURES	1,355	1,293	1,494	112	1,606	1,606	1,506	32	1,538	1,538
CHANGE REQUESTS:										
FUND										
B WC ADMIN-FILE ADMIN IMPROVEMENTS				112		112		32		32
TOTAL CHANGE REQUESTS				112		112		32		32
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
WORKERS COMP SPECIAL	1,355	1,293	1,494	112	1,606	1,606	1,506	32	1,538	1,538
TOTAL FINANCING	1,355	1,293	1,494	112	1,606	1,606	1,506	32	1,538	1,538
POSITIONS BY FUND:										
WORKERS COMP SPECIAL	38.0	38.5	38.5	1.0	39.5	39.5	38.5	1.0	39.5	39.5
TOTAL POSITIONS	38.0	38.5	38.5	1.0	39.5	39.5	38.5	1.0	39.5	39.5

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

ACTIVITY: ADMINISTRATIVE SERVICES
 PROGRAM: WORK COMP REG AND ENF
 AGENCY: LABOR AND INDUSTRY, DEPARTMENT OF

REQUEST TITLE: FILE ADMINISTRATION IMPROVEMENTS

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
Special Compensation Fund	\$ 112	1.0	\$ 32	1.0

Governor's Recommendation

Special Compensation Fund	\$ 112	1.0	\$ 32	1.0
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Request requires statutory change: _____ Yes X No
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

This activity requests 1.0 position for a data entry operator and funding for a personal computer, computer terminals, printers, a lektriever, typewriters, bar code equipment, and microfiche expenses to effectively maintain division files and effectively enter and utilize information required to be filed with the department.

DESCRIPTION/BACKGROUND:

This activity maintains approximately 500,000 paper files with a retention requirement of 18 years. Approximately 153,000 files are open and active with the remainder stored in areas generating yearly storage charges of \$26,000. Efforts to more effectively and efficiently maintain and provide these files to staff, the Office of Administrative Hearings, Workers' Compensation Court of Appeals, Supreme Court, and properly authorized clientele will culminate in the implementation of a bar coded computerized file tracking system in late summer of 1989.

RATIONALE:

The addition of 1 data entry operator will allow the department to successfully automate data related to disputes within the workers' compensation system. This information and the equipment requested will allow a more proper allocation of staff skills to the most important dispute resolution work. It will also provide data necessary for the analysis of litigation trends, and identification of issues that need policy or legislative attention.

Funds requested for microfiche expenses will allow the department to maintain closed workers' compensation records on microfiche and eventually avoid the long term expense of paying for storage space.

BASE: (Dollars in Thousands)

	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Special Compensation Fund	\$ 864	\$ 794	\$ 794	\$ 794

LONG RANGE IMPLICATIONS: (Dollars in Thousands)

	F.Y. 1992	F.Y. 1993	Total
Special Compensation Fund	\$ 32	\$ 32	\$ 64

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

ACTIVITY: DISPUTE RESOLUTION
Program: WORK COMP REG AND ENF
Agency: LABOR AND INDUSTRY, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

To provide informal dispute resolution services to constituents that will result in the prompt, efficient resolution of workers' compensation disputes without the delay and uncertainty of formal litigation.

OPERATIONS:

- 1) Resolution of disputes by trained mediators.
- 2) Intervention in disputes by rehabilitation and medical specialists to gain agreement between the parties.
- 3) Approval of settlement agreements and attorney fees.
- 4) Issuance of orders on pre-trial motions and other special term matters.
- 5) Holding of administrative conferences to bring the parties together to discuss their differences and have an administrative decision made, if necessary, on rehabilitation, medical or discontinuance matters.
- 6) Holding of settlement conferences facilitated by settlement judges in order to gain agreement between the parties or, that failing, have a judicial decision issued without the necessity of a formal hearing.

STATISTICS:

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
Mediation resolutions	411	508	588	648
Intervention resolutions	6,276	6,280	5,885	5,470
Rehabilitation and medical decisions and orders	2,279	2,200	2,015	1,730
Settlement judges decision and orders	1,988	2,500	4,000	4,000
Settlement judges approved settlements	2,933	2,950	3,000	3,000
Total disputes resolved *	13,887	14,458	15,488	14,948
Attorney fee determinations	1,995	2,000	2,000	2,000

* Summary of disputes resolved does not include mediated settlements or stipulated settlements where no formal dispute was filed with the department.

REVENUE:

This activity does not generate revenue.

BUDGET ISSUES:

Settlement judges within the department spend approximately 12.5% of their time reviewing disputed attorney fee requests, special motions and petitions for contribution. These activities could more cost effectively be reviewed by a supervised law clerk freeing the judges to hold additional settlement conferences and resolve more disputes informally.

Rehabilitation and medical specialists will be performing more intervention and monitoring of rehabilitation assignments and plans. Computer terminals are needed to allow them access to the department's growing database. Additionally, with greater monitoring and intervention, both telephone and postage costs are anticipated to increase.

EXPLANATION OF BUDGET REQUESTS:

The budget requests for this activity will provide increased ability to monitor and resolve workers' compensation disputes informally.

Two CHANGE requests are requested for this activity: \$37,000 and 1.0 position in F.Y. 1990 and \$37,000 and 1.0 position in F.Y. 1991 for a law clerk to review pretrial motions and other special term matters, allowing judges additional time to resolve disputes thereby ensuring the timely provision of benefits to eligible employees; \$45,000 in F.Y. 1990 and \$9,000 in F.Y. 1991 for the purchase of computer terminals for rehabilitation and medical specialist staff to increase monitoring and increased telephone and postage costs due to increased monitoring.

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

AGENCY : LABOR & INDUSTRY,DPT
PROGRAM : WRKS COMP REG/ENFC
BUDGET ACTIVITY : DISPUTE RESOLUTION

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	1,599	1,660	1,769	36	1,805	1,805	1,769	36	1,805	1,805
EXPENSES/CONTRACTUAL SRVCS	59	55	172	5	177	177	183	5	188	188
MISC OPERATING EXPENSES	32	36	36	5	41	41	36	5	41	41
SUPPLIES/MATERIALS/PARTS	17	16	16	0	16	16	16	0	16	16
CAPITAL EQUIPMENT	45	8	8	36	44	44	8	0	8	8
TOTAL EXPENDITURES	1,752	1,775	2,001	82	2,083	2,083	2,012	46	2,058	2,058
CHANGE REQUESTS:										
FUND										
B WC DISPUTE RESOLUTION-CLAIM SETTLEMENT WCS				37		37		37		37
B WC DISPUTE RESOLUTION-INTERVENT.&MONIT.EQUIP. WCS				45		45		9		9
TOTAL CHANGE REQUESTS				82		82		46		46
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
WORKERS COMP SPECIAL	1,752	1,775	2,001	82	2,083	2,083	2,012	46	2,058	2,058
TOTAL FINANCING	1,752	1,775	2,001	82	2,083	2,083	2,012	46	2,058	2,058
POSITIONS BY FUND:										
WORKERS COMP SPECIAL	49.0	49.0	49.0	1.0	50.0	50.0	49.0	1.0	50.0	50.0
TOTAL POSITIONS	49.0	49.0	49.0	1.0	50.0	50.0	49.0	1.0	50.0	50.0

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

ACTIVITY: DISPUTE RESOLUTION
PROGRAM: WORK COMP REG AND ENF
AGENCY: LABOR AND INDUSTRY, DEPARTMENT OF

REQUEST TITLE: SETTLEMENT STAFF INCREASE

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
Special Compensation Fund	\$ 37	1.0	\$ 37	1.0
Governor's Recommendation				
Special Compensation Fund	\$ 37	1.0	\$ 37	1.0

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

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests the above dollar amount and position to employ a law clerk to handle certain routine legal matters thereby freeing settlement judges to increase the number of disputed case settlement conferences held.

DESCRIPTION/BACKGROUND:

Currently, the 7 settlement judges assigned to the Workers' Compensation Division hold over 3,100 settlement conferences per year. The agency can increase the number of cases handled by the judges by freeing them from routine legal work which can be prepared or completed by a law clerk working under the direction of the judges.

<u>STATISTICS:</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
Conferences scheduled	5,312	5,500	5,500	5,500
Conferences held	3,106	3,500	3,700	3,800
Conferences resolved	2,322	2,500	2,700	3,000
Conferences failed	269	280	286	266
Settlements approved	2,933	2,950	3,000	3,050
Attorney fee determinations	1,995	2,000	2,000	2,000
Other orders	1,988	4,000	4,500	5,000

ALTERNATIVES:

- 1) Increase capacity by adding a law clerk to do routine legal work under the direction of the judges, thereby freeing judges to hold more conferences.
- 2) Increase the number of judges.
- 3) Maintain current activity level.

RATIONALE:

By adding a law clerk, the capacity for holding additional conferences can be increased without increasing the number of judges. Resolution of disputes in the settlement conference forum improves the productivity of the judicial process by substantially reducing case backlogs and delays in delivering benefits to claimants; this activity achieves over 90% resolution of cases heard.

BASE:	(Dollars in Thousands)			
	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
Special Compensation Fund	\$ 447	\$ 518	\$ 518	\$ 518

LONG RANGE IMPLICATIONS:	(Dollars in Thousands)		
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>Total</u>
Special Compensation Fund	\$ 37	\$ 37	\$ 74

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

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

ACTIVITY: DISPUTE RESOLUTION
PROGRAM: WORK COMP REG AND ENF
AGENCY: LABOR AND INDUSTRY, DEPARTMENT OF

REQUEST TITLE: INTERVENTION AND MONITORING EQUIPMENT COSTS

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
Special Compensation Fund	\$ 45	-0-	\$ 9	-0-

Governor's Recommendation

Special Compensation Fund	\$ 45	-0-	\$ 9	-0-
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Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The above funds are requested to purchase computer terminals for rehabilitation and medical specialists to increase monitoring and intervention and to cover the additional telephone and postage charges incurred by increased monitoring and intervention.

DESCRIPTION/BACKGROUND:

Approximately 5,000-6,000 rehabilitation plans are submitted annually by Qualified Rehabilitation Consultants. The timely response to requests for assistance in resolving disputes has historically been, and will continue to be, essential to the goal of returning injured workers to meaningful employment. The associated costs of these disputes, however, contribute to the overall costs of rehabilitation in Minnesota. The department sees the monitoring of individual rehabilitation plans as a pro-active approach toward the prevention of many disputes. Monitoring, performed both by computer and by individual assessment of files, will ensure through staff intervention that rehabilitation consultation is provided when required by statute, and that prompt, cost-effective and appropriate rehabilitation services are delivered to injured workers. The rehabilitation specialists possess few terminals with which to perform the computer monitoring function. Equipment is needed to print letters in bulk to our clientele to notify them of their responsibilities toward the prompt and appropriate provision of rehabilitation services.

Allowing clientele to present their positions in disputes by telephone rather than in person during administrative conferences will reduce the overall costs of each workers' compensation claim by eliminating the clientele costs of traveling to and from the St. Paul or Greater Minnesota conference site.

RATIONALE:

Providing computer terminals to rehabilitation and medical specialists will allow them to monitor rehabilitation plans electronically and avoid the delay involved in waiting for paper files. Increased computer monitoring of rehabilitation will result in staff intervention in many cases resulting in increased telephone and postage costs. Increased computer monitoring and staff intervention should decrease disputes and ensure injured workers are provided prompt, cost effective services.

BASE:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Special Compensation Fund	\$ 35	\$ 7	\$ 7	\$ 7

LONG RANGE IMPLICATIONS:	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
Special Compensation Fund	\$ 9	\$ 9	\$ 18

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

ACTIVITY: ASSISTANCE AND COMPLIANCE
Program: WORK COMP REG AND ENF
Agency: LABOR AND INDUSTRY, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

To provide assistance to all parties who have problems or inquiries about workers' compensation benefits or procedures and to monitor and ensure eligible injured workers are paid benefits promptly and accurately.

OPERATIONS:

- 1) Provide prompt assistance and responses to employees, employers, insurers, medical providers, attorneys and the general public. Promote early resolution of problems and avoid the need for formal litigation.
- 2) Develop and implement more efficient and effective ways for early monitoring of claims to assure proper action has been taken and benefits due are paid promptly and accurately.
- 3) Monitor current claims for any problem areas that would benefit from early intervention and resolution.
- 4) Issue prompt warnings or penalty assessments, as established by statutes and rules, to emphasize the importance of compliance for effective, efficient and accurate claims processing.

EFFECTIVENESS MEASURES:

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
Additional benefits paid to injured employees after audit	\$2,177,833	\$2,207,260	\$2,100,000	\$2,000,000
Number of penalties assessed				
Late first reports of injury	3,014	3,000	2,800	2,700
Late payment of benefits	2,906	3,000	2,700	2,300

STATISTICS:

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
Injuries reported	50,020	50,100	50,200	50,300
Number of telephone calls to assistance specialists	71,585	72,000	72,000	72,000
In person contacts	502	550	575	600
Files closed	58,878	60,000	60,000	60,000
Notices of intention to discontinue compensation	5,345	5,400	5,400	5,400
Notices of discontinuance of compensation	51,145	52,000	52,000	52,000
Notices of permanent partial disability	5,924	6,000	6,000	6,000
Notices of denial	6,082	6,000	5,900	5,500

BUDGET ISSUE:

The installation of an improved telephone system resulted in a 25% increase in the number of in-person and telephone requests for assistance from clientele in F.Y. 1988. Properly responding to this increase in demand for service meant less resources were available for monitoring cases by assistance and compliance specialists. However, 140 hours per week are spent by these specialists entering data into the computer. By adding 2 data entry operators the workers' compensation specialists will be able to monitor more cases

and ensure prompt and accurate benefit payments to injured workers.

REVENUE:

This activity generates dedicated revenue.

	<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>
Special Compensation Fund penalty payments	\$ 923	\$ 955	\$ 989	\$ 1,023

EXPLANATION OF CHANGE REQUEST:

This activity has 1 CHANGE request of \$46,000 and 2.0 positions in F.Y. 1990 and \$46,000 and 2.0 positions in F.Y. 1991 for data entry staff to enter workers' compensation claim information, freeing professional staff for increased system monitoring.

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

AGENCY : LABOR & INDUSTRY,DPT
PROGRAM : WRKS COMP REG/ENFC
BUDGET ACTIVITY : ASSISTANCE & COMPLIANCE

			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	785	739	798	44	842	842	798	44	842	842
EXPENSES/CONTRACTUAL SRVCS	22	25	54	0	54	54	57	0	57	57
MISC OPERATING EXPENSES	29	22	22	0	22	22	22	0	22	22
SUPPLIES/MATERIALS/PARTS	7	7	7	1	8	8	7	2	9	9
CAPITAL EQUIPMENT	6	3	3	1	4	4	3	0	3	3
TOTAL EXPENDITURES	849	796	884	46	930	930	887	46	933	933
CHANGE REQUESTS:	FUND									
B MC ASSIST. & COMPL-DATA ENTRY STAFF	WCS			46		46		46		46
TOTAL CHANGE REQUESTS				46		46		46		46
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
WORKERS COMP SPECIAL	849	796	884	46	930	930	887	46	933	933
TOTAL FINANCING	849	796	884	46	930	930	887	46	933	933
POSITIONS BY FUND:										
WORKERS COMP SPECIAL	26.0	25.0	25.0	2.0	27.0	27.0	25.0	2.0	27.0	27.0
TOTAL POSITIONS	26.0	25.0	25.0	2.0	27.0	27.0	25.0	2.0	27.0	27.0

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

ACTIVITY: ASSISTANCE AND COMPLIANCE
 PROGRAM: WORK COMP REG AND ENF
 AGENCY: LABOR AND INDUSTRY, DEPARTMENT OF

REQUEST TITLE: DATA ENTRY STAFF

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
Special Compensation Fund	\$ 46	2.0	\$ 46	2.0

Governor's Recommendation

Special Compensation Fund	\$ 46	2.0	\$ 46	2.0
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Request requires statutory change: _____ Yes X No
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests the above funds and positions to perform data entry functions now done by workers' compensation specialists, giving the specialists additional time to monitor claims, resolve problems and ensure compliance with the statute.

DESCRIPTION/BACKGROUND:

Since the 1982 computerization of this activity, workers' compensation specialists have devoted a portion of each day to computer data entry work. Accumulated time spent averages 140 hours per week. The original assumption that a claim could be reviewed for statutory accuracy at the same time the data entry process was accomplished was incorrect and is not time or cost effective. The 2 responsibilities need employees with different skills, abilities and knowledge.

STATISTICS:

	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Claim Audits	31,000	35,000	100,000	100,000

RATIONALE:

Data entry work by professional specialists is neither time nor cost effective, given that such activities reduce time available for claims monitoring. Early monitoring of claims benefits the employer/insurer and the injured employee by providing accurate information on and enforcement of the workers' compensation statute, thereby preventing costly and lengthy disputes.

BASE:

	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Special Compensation Fund	\$ 788	\$ 746	\$ 746	\$ 746

LONG RANGE IMPLICATIONS:

	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
Special Compensation Fund	\$ 46	\$ 46	\$ 92

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

ACTIVITY: REHABILITATION AND MEDICAL AFFAIRS **1990-91 Biennial Budget**
Program: WORK COMP REG AND ENF
Agency: LABOR AND INDUSTRY, DEPARTMENT OF

PURPOSE:

To assure the provision of cost-effective and quality vocational rehabilitation and medical services to injured employees through the development and implementation of legislation, administrative rules and departmental policies and procedures. To provide for the efficient administration of the statutory authority to certify, monitor and discipline rehabilitation and health care providers. To provide administrative and staff support to the Medical Services Review Board and the Rehabilitation Review Panel. Authority for these activities is in accordance with M.S. 176.102, 16.103, 176.135, 176.136 and 176.83.

OPERATIONS:

- 1) Review with constituents and modify under Chapter 14 procedures, the rehabilitation rules, medical fee schedule, and the permanent partial disability schedule.
- 2) Provide orientation and continuing education for Qualified Rehabilitation Consultants (QRCs) and vendors.
- 3) Evaluate and approve or disapprove all applications and renewals of registration of QRC, QRC interns, QRC firms and vendors.
- 4) Investigate and take appropriate action, including Chapter 14 hearings, on rehabilitation provider and medical provider complaints.
- 5) Provide administrative assistance to the Rehabilitation Review Panel and Medical Services Review Board.
- 6) Develop methods and procedures to control costs and ensure quality of rehabilitation and medical services.

Statute references: M.S. Ch. 176.83, .102, .103, .135 and .136.

STATISTICS:

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
Registered QRCs	460	462	465	465
Registered vendors	86	86	86	86
Rehabilitation provider investigations	26	34	40	45
Medical provider investigations	37	38	40	42

REVENUE:

This activity generates non-dedicated revenue:

	<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>
Rehabilitation registration fees	\$ 45	\$ 48	\$ 49	\$ 50

BUDGET ISSUES:

The department's 1987 study of the Minnesota workers' compensation system indicated 29% of the costs to the workers' compensation system were medical costs. Managing those costs is a complex task involving not only the cost of medical services but service quality, length of treatment, and effectiveness

of communication between provider, patient, and entity responsible for the payment of services. Standards for quality of care and utilization of services and procedures cannot be addressed until more information is available on why costs are increasing so dramatically. The department is now doing such a study and will report its findings to the 1990 legislature. However, interim steps can be taken to expand the medical fee schedule and to develop procedures and strategies to increase communication that will reduce costs associated with these areas.

The expansion of the medical fee schedule to control costs, the need to address inequities in the permanent partial disability schedule and an increasing need to establish standards for quality, utilization and cost of medical care have increased the department's need for medical consultations and expert testimony at rules hearings.

EXPLANATION OF BUDGET REQUEST:

Thirty-five thousand dollars in F.Y. 1990 and \$35,000 in F.Y. 1991 are requested to add part-time medical consultants in the area of chiropractic, orthopedics, neurology, physical therapy, and the financial aspects of medical practice to assist the department in developing and implementing cost containment strategies.

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

AGENCY : LABOR & INDUSTRY,DPT
PROGRAM : WRKS COMP REG/ENFC
BUDGET ACTIVITY : REHAB AND MEDICAL AFFAIRS

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	200	200	211	0	211	211	211	0	211	211
EXPENSES/CONTRACTUAL SRVCS	44	77	97	35	132	122	98	35	133	123
MISC OPERATING EXPENSES	14	22	22	0	22	22	22	0	22	22
SUPPLIES/MATERIALS/PARTS	6	5	5	0	5	5	5	0	5	5
CAPITAL EQUIPMENT	4	1	1	0	1	1	1	0	1	1
TOTAL EXPENDITURES	268	305	336	35	371	361	337	35	372	362
CHANGE REQUESTS:										
FUND										
B HC REHAB & MED AFFAIRS-MEDICAL WCS CONSULTANTS				35		25		35		25
TOTAL CHANGE REQUESTS				35		25		35		25
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
WORKERS COMP SPECIAL	268	305	336	35	371	361	337	35	372	362
TOTAL FINANCING	268	305	336	35	371	361	337	35	372	362
POSITIONS BY FUND:										
WORKERS COMP SPECIAL	5.0	5.0	5.0	0.0	5.0	5.0	5.0	0.0	5.0	5.0
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: REHABILITATION AND MEDICAL AFFAIRS
PROGRAM: WORK COMP REG AND ENF
AGENCY: LABOR AND INDUSTRY, DEPARTMENT OF

REQUEST TITLE: MEDICAL CONSULTANT SERVICES

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

Governor's Recommendation

Special Compensation Fund	\$ 25	-0-	\$ 25	-0-
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Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

This activity requests the above funds to contract with medical consultants who will assist in attempts to control dramatically increasing medical costs by expanding the medical fee schedule; addressing permanent partial disability inequities; purchasing more complete medical databases; and establishing standards of quality and utilization for medical providers.

DESCRIPTION/BACKGROUND:

The department's 1987 study of the Minnesota workers' compensation system indicated 29% of the costs to the system were a result of medical expenses. Managing those costs is a complex task involving not only costs of medical services, but also the quality and utilization of services. Due to the complexity of this area and the increasing need to contain medical costs without decreasing the quality or access of care provided to injured workers, additional medical expertise is needed.

RATIONALE:

The requested funds will allow the department to: purchase consultation services and advice from medical providers with expertise in the areas of chiropractic, orthopedics, neurology, and physical therapy; address medical cost containment issues; and purchase medical databases to expand the medical fee schedule.

	(Dollars in Thousands)			
BASE:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Special Compensation Fund	\$ 85	\$ 85	\$ 85	\$ 85

	(Dollars in Thousands)		
LONG RANGE IMPLICATIONS:	F.Y. 1992	F.Y. 1993	Total
Special Compensation Fund	\$ 35	\$ 35	\$ 70

GOVERNOR'S RECOMMENDATION:

After review of this activity, the Governor recommends an alternative funding level of \$50,000 for the biennium.

ACTIVITY: DULUTH OFFICE
Program: WORK COMP REG AND ENF
Agency: LABOR AND INDUSTRY, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

To advise, educate and assist all parties in resolving disputes and returning injured workers to meaningful employment. To monitor and enforce compliance in the payment of benefits and delivery of rehabilitation services and medical benefits. This activity operates in accordance with the statutory requirements of M.S. Chapter 176, serving the northeastern region of Minnesota.

OPERATIONS:

This activity regulates and monitors parties for compliance with the law including the payment of benefits and delivery of rehabilitation services and medical benefits by: issuing warnings or penalty assessments for non-compliance, as established by statute or rule; educating and advising all parties in the system; intervening in rehabilitation and medical disputes; and holding administrative conferences to resolve disputes.

<u>EFFECTIVENESS MEASURES:</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
Administrative conferences scheduled	338	340	340	340
Administrative conferences held	198	200	200	200
Intervention on requests for assistance	194	190	190	190
Percentage of disputes resolved through intervention	60%	62%	65%	65%

<u>STATISTICS:</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
Telephone contacts to assistance and compliance specialists	15,257	16,000	16,500	17,000
In-person contacts (walk-ins)	1,471	1,500	1,500	1,500
Intervention (dispute resolution)	194	190	190	190
Rehabilitation and medical decision and orders issued	198	200	200	200

REVENUE:

This activity does not generate revenue.

BUDGET ISSUES:

The volume of requests for advise and assistance to this activity is anticipated to remain fairly stable over the next biennium. Additional computer terminals are needed to access information located in the department database which will ensure prompt and accurate service to constituents in Northeast Minnesota.

EXPLANATION OF BUDGET REQUEST:

Eight thousand dollars in F.Y. 1990 and \$2,000 in F.Y. 1991 are requested by this activity for the purchase of computer terminals and a printer to allow for the timely and accurate servicing of clientele.

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

AGENCY : LABOR & INDUSTRY,DPT
PROGRAM : WRKS COMP REG/ENFC
BUDGET ACTIVITY : DULUTH 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	123	148	161	0	161	161	161	0	161	161
EXPENSES/CONTRACTUAL SRVCS	11	15	15	0	15	15	15	0	15	15
MISC OPERATING EXPENSES	19	16	16	2	18	18	16	2	18	18
SUPPLIES/MATERIALS/PARTS	3	4	4	0	4	4	4	0	4	4
CAPITAL EQUIPMENT	0	1	1	6	7	7	1	0	1	1
TOTAL EXPENDITURES	156	184	197	8	205	205	197	2	199	199
CHANGE REQUESTS:										
FUND										
B WC DULUTH OFFICE-COMPUTER TERMINALS AND WCS PRINTER				8		8		2		2
TOTAL CHANGE REQUESTS				8		8		2		2
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
WORKERS COMP SPECIAL	156	184	197	8	205	205	197	2	199	199
TOTAL FINANCING	156	184	197	8	205	205	197	2	199	199
POSITIONS BY FUND:										
WORKERS COMP SPECIAL	5.0	5.0	5.0	0.0	5.0	5.0	5.0	0.0	5.0	5.0
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: DULUTH OFFICE
PROGRAM: WORK COMP REG AND ENF
AGENCY: LABOR AND INDUSTRY, DEPARTMENT OF

REQUEST TITLE: COMPUTER TERMINALS AND PRINTER

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

	<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>
Special Compensation Fund	\$ 8	-0-	\$ 2	-0-

Governor's Recommendation

Special Compensation Fund	\$ 8	-0-	\$ 2	-0-
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Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

This activity requests the above funds to meet increasing demands for prompt and accurate information which is not available without the use of computer support.

DESCRIPTION/BACKGROUND:

Since 1983, the department has increased the computerization of information and administrative functions. The Duluth office has operated with only 1 terminal and without a printer. With 5 staff requesting data needed to service clientele in the northeastern area of Minnesota, staff promptness and accuracy would be increased for clients with access to more terminals and the ability to print out monthly reports.

RATIONALE:

To allow for timely and accurate responses to the clientele of the Duluth Office, this request will allow the Duluth Office to fully utilize the department's database resources. Access to the department's database information is necessary to ensure that the Duluth Office meets its responsibilities to clientele in Greater Minnesota area.

	<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>
Special Compensation Fund	\$ 0	\$ 1	\$ 1	\$ 1

	<u>(Dollars in Thousands)</u>		
<u>LONG RANGE IMPLICATIONS:</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>Total</u>
Special Compensation Fund	\$ 2	\$ 2	\$ 4

ACTIVITY: SPECIAL COMP FUND ADMIN
 Program: WORK COMP REG AND ENF
 Agency: LABOR AND INDUSTRY, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

The Special Compensation Fund reimburses insurers and self-insurers for benefits paid under the second injury and supplemental benefit provision of the Minnesota workers' compensation law; pays workers' compensation benefits to employees injured while working for uninsured employers; verifies the existence or non-existence of workers' compensation coverage for injured employees or their representatives; and provides education and enforcement of employer responsibilities regarding the mandatory insurance provision of the Minnesota workers' compensation law.

OPERATIONS:

- 1) Provide for the reimbursement of supplemental benefits paid to long term disabled workers as a result of a work related injury or illness.
- 2) Provide for reimbursement of benefits paid to employees where the claimed injury is related to a pre-existing physical impairment.
- 3) Provide for payment of work-related claims for employees who are injured while working for uninsured employers and attempt to recover those amounts paid from available assets of the uninsured employer.
- 4) Locate uninsured employers and enforce compliance with the workers' compensation provision requiring employers to purchase insurance.
- 5) Provide information to injured employees or their representatives on the existence or non-existence of workers' compensation coverage for their employer at the time of an injury or disability.
- 6) Determine the registration of physically impaired employees pursuant to the 2nd injury provision of the workers' compensation law.
- 7) Assess and collect revenue to fund the administrative expenses for the Workers' Compensation Division, Workers' Compensation Court of Appeals, Office of Administrative Hearings, and the programs administered by the Special Compensation Fund.

STATISTICS:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Reimbursement claims rec'd	6,133	6,235	6,339	6,445
Amount claimed	\$ 83,566	\$ 92,758	\$ 102,961	\$ 114,287
Reimbursement claims paid	5,447	5,992	6,591	7,250
Amount paid	\$ 73,139	\$ 92,886	\$ 117,965	\$ 149,816
Insurance verification requests	6,404	6,500	6,500	6,500
Second injury registrations rec'd	9,027	9,478	9,952	10,450
Processed	8,745	9,182	9,641	10,123
Uninsured employer claims open	590	619	650	683
Amount paid to employees	\$ 8,692	\$ 9,438	\$ 10,258	\$ 11,156
Insurance enforcement investigations	503	510	510	510
Employees covered as a result of investigation	430	450	450	450

REVENUE:

See Special Compensation Fund Program summary for revenue information.

BUDGET ISSUES:

The difficulties encountered by consultants contracted in F.Y. 1988 to audit the procedures used by insurers and self-insurers to produce assessment reports indicate that these reports may not be reliable indicators of the amounts actually due the Special Compensation Fund. Several insurers were unable to produce sufficient supporting documentation of their procedures to properly evaluate report accuracy. The audit suggest that a variety of problems exist in preparation of these reports throughout the industry. Turn-over of staff in the insurance industry from year to year makes it very likely that this will be a continuing problem requiring annual auditing. The high cost of contracting this service makes hiring qualified Fund staff a more cost effective alternative.

Expenditures, as well as revenue, must be considered to project the financial liabilities of the Special Compensation Fund to properly manage this program. This is a very complicated process, however, because many variables affect the growth or contraction of workers' compensation claim activity, including population demographics, general economic conditions and changing legislation. An actuary is best qualified to perform this critical process.

Coverage information and enforcement activity appear to have been instrumental in slowing the predicted increase in the number of uninsured employer claims received each year. However, the cost of these claims increased 29.6% in F.Y. 1988 due to lack of staff to do proper claim management. This makes it imperative to administer these claims more efficiently to return injured workers to productive employment as soon as possible. Claims administrators of this activity's Special Claims unit are each presently assigned twice the insurance industry standard number of claims to manage (350 claims per staff as opposed to 165 claims per staff in the insurance industry). An additional claims administrator is required to more effectively reduce costs per claim.

EXPLANATION OF BUDGET REQUEST:

Three CHANGE items are requested for the activity. \$56,000 and 2.0 positions for F.Y. 1990 and \$56,000 and 2.0 positions in F.Y. 1991 are requested to audit assessment reports from insurers and self-insurers; \$32,000 and .5 position for F.Y. 1990 and \$32,000 and .5 position in F.Y. 1991 are requested to perform actuarial projections of the Fund's financial responsibilities; and \$29,000 and 1.0 position in F.Y. 1990 and \$29,000 and 1.0 position in F.Y. 1991 to properly staff the administration of benefits to employees working for uninsured employers at the time of injury.

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

AGENCY : LABOR & INDUSTRY,DPT
PROGRAM : WRKS COMP REG/ENFC
BUDGET ACTIVITY : SPECIAL COMP FUND 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	851	835	865	121	986	987	865	121	986	987
EXPENSES/CONTRACTUAL SRVCS	365	470	524	<150>	374	374	528	<150>	378	378
MISC OPERATING EXPENSES	26	27	27	31	58	58	27	31	58	58
SUPPLIES/MATERIALS/PARTS	39	10	10	0	10	10	10	3	13	12
CAPITAL EQUIPMENT	11	3	3	3	6	5	3	0	3	3
TOTAL EXPENDITURES	1,292	1,345	1,429	5	1,434	1,434	1,433	5	1,438	1,438
CHANGE REQUESTS:										
FUND										
B WC SPEC COMP FUND-ASSESSMENT AUDITORS WCS				<56>		<56>		<56>		<56>
B WC SPEC COMP FUND-ACTUARY WCS				32		32		32		32
B WC SPEC COMP FUND-UNINSURED CLAIMS ADMIN WCS				29		29		29		29
TOTAL CHANGE REQUESTS				5		5		5		5
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
WORKERS COMP SPECIAL	1,292	1,345	1,429	5	1,434	1,434	1,433	5	1,438	1,438
TOTAL FINANCING	1,292	1,345	1,429	5	1,434	1,434	1,433	5	1,438	1,438
POSITIONS BY FUND:										
WORKERS COMP SPECIAL	29.5	28.5	28.5	3.5	32.0	32.0	28.5	3.5	32.0	32.0
TOTAL POSITIONS	29.5	28.5	28.5	3.5	32.0	32.0	28.5	3.5	32.0	32.0

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

ACTIVITY: SPECIAL COMP FUND ADMIN
PROGRAM: WORK COMP REG AND ENF
AGENCY: LABOR AND INDUSTRY, DEPARTMENT OF

REQUEST TITLE: SPECIAL COMPENSATION FUND ASSESSMENT AUDITORS

	F.Y. 1990		F.Y. 1991	
Agency Request	(000's) Amount	Positions	(000's) Amount	Positions
Special Compensation Fund	\$ (56)	2.0	\$ (56)	2.0
Governor's Recommendation				
Special Compensation Fund	\$ (56)	2.0	\$ (56)	2.0

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

STATEMENT OF REQUEST/OBJECTIVE:

This activity requests the above dollar amounts to pay the salaries, related costs and travel expenses of 2.0 positions to audit the assessment reports prepared by insurers and self-insurers that determine the base for revenue paid to the Fund.

DESCRIPTION/BACKGROUND:

The Special Compensation Fund is primarily supported by an assessment on all insurers and self-insurers in Minnesota. These assessments constitute approximately 98% of total Fund revenue. It is necessary to verify the accuracy of the assessment reports and the procedures used to produce them in order to reliably predict and evaluate the Fund's financial position. It is estimated that revenue from this source will be \$107 million in F.Y. 1990; this would be approximately 15% of the estimated total workers' compensation premium paid by employers in the state. This assessment is calculated as a percentage of indemnity losses paid, and assessment reports of these losses must be submitted by all insurers and self-insurers semiannually. \$150,000 was appropriated by the 1987 legislature to contract an audit of a sample of these reports. Preliminary results of these contracted audits, which are still in progress, indicate that significant problems exist in the preparation of these reports. Several insurers have been unable to produce enough supporting documentation to properly evaluate their procedures. Clearly, continual auditing is required.

RATIONALE:

Proper management of the Fund's programs is based on assessment report accuracy. The only practical way to insure this accuracy is to conduct ongoing audits of the procedures used to prepare the reports. Contracting with consultants to permit the audit of enough insurers and self-insurers each year

to meet the objective of insuring that the reports will be a reliable indication of the amounts owed to the Fund is cost prohibitive. Addition of 2.0 positions will permit auditing of more insurers and self-insurers each year than would be possible by contracting for this service with specialized consultants. The \$94,000 requested appropriation to fund staff auditors is reduced by the \$150,000 per year appropriation for auditing by consultants resulting in an overall reduction in funding of \$56,000 per year.

BASE:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Special Compensation Fund	\$ 150	\$ 150	\$ 150	\$ 150

LONG RANGE IMPLICATIONS:	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
Special Compensation Fund	\$ 94	\$ 94	\$ 188

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

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

ACTIVITY: SPECIAL COMP FUND ADMIN
 PROGRAM: WORK COMP REG AND ENF
 AGENCY: LABOR AND INDUSTRY, DEPARTMENT OF

REQUEST TITLE: SPECIAL COMPENSATION FUND ACTUARY

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
Special Compensation Fund	\$ 32	0.5	\$ 32	0.5

Governor's Recommendation

Special Compensation Fund	\$ 32	0.5	\$ 32	0.5
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Request requires statutory change: _____ Yes X No
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

This activity requests the above dollar amounts to pay the salary and related costs of .5 position to prepare actuarial projections of Special Compensation Fund's financial responsibilities to help predict the probable impact on the Fund of proposed changes in the workers' compensation law. This position will also help conduct other statistical studies of Fund programs and policies.

DESCRIPTION/BACKGROUND:

The Special Compensation Fund is an important factor in workers' compensation issues in Minnesota. It is estimated that the assessment from insurers and self-insurers accounts for approximately 15% of the total workers' compensation premium paid by employers. Nearly \$100,000,000 per year is reimbursed to insurers and self-insurers by the Fund. Therefore, the financial position of the Fund is of critical importance to the entire business community. The financial position of the Special Compensation Fund must be known at present and must be reliably predictable in the future to properly manage Fund programs. However, many factors directly affect workers' compensation claim activity and, therefore, assessments to the Fund, including general economic conditions, business trends, inflation and population demographics.

RATIONALE:

Projection of the financial liabilities on the Fund is a part of any analysis of proposed workers' compensation legislation. Only an actuary can properly evaluate all of the factors involved in such projections. The most cost effective way to provide this service is to hire a properly qualified individual for the Fund. Contracting this function to outside consultants would not provide the same standard of service as would a staff actuary who is intimately familiar with the program and able to respond quickly. While

this is critical need for proper management of the Fund, the volume of work can be handled by .5 position.

BASE: None.

LONG RANGE IMPLICATIONS:	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
Special Compensation Fund	\$ 32	\$ 32	\$ 64

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

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

ACTIVITY: SPECIAL COMP FUND ADMIN

PROGRAM: WORK COMP REG AND ENF

AGENCY: LABOR AND INDUSTRY, DEPARTMENT OF

REQUEST TITLE: UNINSURED CLAIMS ADMINISTRATOR

	F.Y. 1990		F.Y. 1991	
	(000's)		(000's)	
Agency Request	Amount	Positions	Amount	Positions
Special Compensation Fund	\$ 29	1.0	\$ 29	1.0

Governor's Recommendation

Special Compensation Fund	\$ 29	1.0	\$ 29	1.0
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Request requires statutory change: _____ Yes X No

Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

This activity requests the above dollar amounts to pay the salary and related costs of 1.0 position to administer uninsured employer workers' compensation claims. The objective is to provide more intensive administration of these claims, including closer coordination of rehabilitation and return to work programs, than is presently possible due to the overwhelming number of files that each staff person must manage.

DESCRIPTION/BACKGROUND:

Pursuant to M.S. 176.183, the Special Compensation Fund is required to pay, administer and recover the costs of uninsured employer workers' compensation claims. The costs of this program have been increasing each year, even though the Coverage Education and Enforcement unit of the Fund has made significant progress in identifying uninsured employers and bringing them into compliance with the mandatory coverage provision of the workers' compensation law. This has slowed the increase in the number of uninsured employer claims received by the Fund each year. Administration of uninsured employer claims cost over \$8,600,000 in F.Y. 1988, an increase of 29.6% over F.Y. 1987, even though fewer claims were received. The cause of this increase is related to the particular difficulties encountered in returning these injured workers to productive employment. There is frequently a lack of transferable job skills from the worker's employment with the uninsured employer at the time of injury.

RATIONALE:

Injured workers of uninsured employers must be returned to work sooner. One more professional staff will help this activity do that. Closer attention to each claim will maximize the probability of an early return of the injured workers to productive employment. Every effort is being made to improve

efficiency through the use of the computer, but much of the rehabilitation and return to work program requires human interaction that can only be done by a claims administrator. The present staff of the Special Claims unit who administer these claims are handling approximately twice as many claims as claim handlers in the insurance industry (330 each in Special Claims, as opposed to 165 in the insurance industry). Creation of an additional position will permit each claim administrator to devote more attention to the claims that require it. If just 5 injured workers are returned to work 6 months earlier than they otherwise would have because of the extra attention given to their claims, the cost of the position would be paid for that year.

	(Dollars in Thousands)			
BASE:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Special Compensation Fund	\$ 144	\$ 144	\$ 144	\$ 144

	(Dollars in Thousands)		
LONG RANGE IMPLICATIONS:	F.Y. 1992	F.Y. 1993	Total
Special Compensation Fund	\$ 29	\$ 29	\$ 58

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

PROGRAM: WORK COMP SPECIAL COMPENSATION FUND
Agency: LABOR AND INDUSTRY, DEPARTMENT OF

1990-91 Biennial Budget

PROGRAM PURPOSE:

The Special Compensation Fund reimburses insurers and self-insurers for benefits paid under the second injury and supplemental benefit provisions of the Minnesota workers' compensation law, pays workers' compensation benefits to employees injured while working for uninsured employers, verifies the existence or non-existence of workers' compensation coverage for injured employees or their representatives; and provides education and enforcement of employer responsibilities regarding the mandatory insurance provision of the Minnesota workers' compensation law.

OPERATIONS:

- 1) Provide for the reimbursement of supplemental benefits paid to long term disabled workers as a result of a work related injury or illness.
- 2) Provide for reimbursement of benefits paid to employees where the claimed injury is related to a pre-existing physical impairment.
- 3) Provide for payment of work-related claims for employees who are injured while working for uninsured employers and attempt to recover those amounts paid from available assets of the uninsured employer.
- 4) Assess and collect revenue to fund the administrative expenses for the Workers' Compensation Division, Workers' Compensation Court of Appeals, Office of Administrative Hearings, and the programs administered by the Special Compensation Fund.

STATISTICS:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Reimbursement claims rec'd	6,133	6,235	6,339	6,445
Amount claimed	\$ 83,566	\$ 92,758	\$ 102,961	\$ 114,287
Reimbursement claims processed	5,447	5,992	6,591	7,250
Amount processed	\$ 73,139	\$ 80,457	\$ 89,965	\$ 92,816
Amount paid to Employees	\$ 8,692	\$ 9,438	\$ 10,258	\$ 11,156
Revenue collected	\$ 94,212	\$ 107,589	\$ 111,705	\$ 115,985

REVENUE:

This activity generates dedicated revenue.

	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Special Compensation Fund	\$ 94,212	\$ 107,589	\$ 111,705	\$ 115,985

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

AGENCY : LABOR & INDUSTRY,DPT
PROGRAM : WC SPEC COMP FUND

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	
SPECIAL FUND BENEFITS	88,416	88,175	88,175	0	88,175	88,175	88,175	0	88,175	88,175
TOTAL EXPENDITURES	88,416	88,175	88,175	0	88,175	88,175	88,175	0	88,175	88,175
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	0	0	2,500	0	2,500	2,500	2,500	0	2,500	2,500
STATUTORY APPROPRIATIONS:										
WORKERS COMP SPECIAL	88,416	88,175	85,675	0	85,675	85,675	85,675	0	85,675	85,675
TOTAL FINANCING	88,416	88,175	88,175	0	88,175	88,175	88,175	0	88,175	88,175
POSITIONS BY FUND:										
TOTAL POSITIONS										

PROGRAM: CODE ENFORCEMENT
Agency: LABOR AND INDUSTRY, DEPARTMENT OF

1990-91 Biennial Budget

PROGRAM PURPOSE:

The Code Enforcement program ensures boilers, pressure vessels, and high pressure piping installations are manufactured, installed, repaired and operated in accordance with the requirements of law, codes and established standards. The primary objective is to provide for the safety of users, operators and the general public.

<u>EFFECTIVENESS MEASURES:</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
High pressure pipe permits	212	230	250	270
Licenses issued: (Includes exams administered and renewals received)				
Boiler operator	28,734	29,400	30,150	30,800
Pipefitter	2,497	2,525	2,520	2,580
Inspections & surveys	19,477	21,820	23,015	24,780

OPERATIONS:

Compliance with the requirements of laws, codes and standards is achieved by conducting on-site inspections, examination and licensing of operators, workers and contractors. The program may also use its enforcement authority to issue orders to cease operation and impose penalties or revoke licenses when there are violations of law, code or standards.

BUDGET ISSUE:

The costs of operating this program and providing services to citizens of the state of Minnesota are paid for by fees collected from primary clientele, which includes owners, operators, contractors or workers that are subject to the provisions of the boiler or high pressure piping laws.

No increase of existing fees is anticipated. The ratio of revenue to costs will be monitored and appropriate action will be initiated to either reduce costs or increase fees if there is a change in current ratio.

EXPLANATION OF BUDGET REQUEST:

These program CHANGE requests are to cover the costs of expanding regulatory and enforcement activities to include elevator inspection and to utilize agency indirect costs for general support. Two CHANGE requests are presented: \$162,000 and 4.0 positions in F.Y. 1990 and \$162,000 and 4.0 positions in F.Y. 1991; \$165,000 and 3.0 positions in F.Y. 1990 and \$165,000 and 3.0 positions in F.Y. 1991 for agency indirect costs. The program will generate sufficient revenues through fees and license charges to cover the costs.

REVENUE:

This activity generates non-dedicated revenue.

(Dollars in Thousands)
F.Y. 1988 F.Y. 1989 F.Y. 1990 F.Y. 1991

License and inspection certificate fees	\$ 1,290	\$ 1,700	\$ 1,765	\$ 1,827
Elevator inspection fees	\$ 0	\$ 0	\$ 200	\$ 220

All revenue generated by this program is deposited in the Special Revenue Fund and all program costs are paid from the Special Revenue Fund.

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 : LABOR & INDUSTRY,DPT
PROGRAM : CODE ENFORCEMENT

			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								
CODE ENFORCEMENT			1,430	1,407	1,430	327	1,757	1,757	1,430	327	1,757	1,757
B CODE ENFORCEMENT-ELEVATOR INSPECTION			DAS			162	162		162	162	162	
B CODE ENFORCEMENT-AGENCY INDIRECT COST			DAS			165	165		165	165	165	
TOTAL EXPENDITURES			1,430	1,407	1,430	327	1,757	1,757	1,430	327	1,757	1,757
SOURCES OF FINANCING:												
DIRECT APPROPRIATIONS:												
SP REV DIRECT APPROP			1,430	1,407	1,430	327	1,757	1,757	1,430	327	1,757	1,757
TOTAL FINANCING			1,430	1,407	1,430	327	1,757	1,757	1,430	327	1,757	1,757
POSITIONS BY FUND:												
SP REV DIRECT APPROP			33.0	32.0	32.0	7.0	39.0	39.0	32.0	7.0	39.0	39.0
TOTAL POSITIONS			33.0	32.0	32.0	7.0	39.0	39.0	32.0	7.0	39.0	39.0

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

ACTIVITY: CODE ENFORCEMENT
PROGRAM: CODE ENFORCEMENT
AGENCY: LABOR AND INDUSTRY, DEPARTMENT OF

REQUEST TITLE: ELEVATOR INSPECTION

	F.Y. 1990		F.Y. 1991	
Agency Request	(000's) Amount	Positions	(000's) Amount	Positions
Special Revenue Fund	\$ 162	4.0	\$ 162	4.0

Governor's Recommendation

Special Revenue Fund	\$ 162	4.0	\$ 162	4.0
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Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests the above funds to cover the costs of expanding inspection of elevators, including new installations and repairs to existing elevators, on passenger and freight elevators in residential, office, and industrial sites. Manlifts at construction sites are excluded from inspection. This will increase the agency's inspection capabilities and provide for support services not currently available.

DESCRIPTION/BACKGROUND:

For the last 15 years, all functions related to the inspection and regulation of passenger elevators have been carried out by 1 person who is supervised by the director of the OSHA program. However, elevator inspection is not a primary OSHA function and is not covered by OSHA's enforcement authority. Funding for this function is currently being financed by building permit fee surcharges collected by the Department of Administration's Building Code and Standards Division. The limited amount of resources provided dictates the level of services available. This has prevented periodic inspections and caused significant delays in the final inspection of new installations. Although Minneapolis and St. Paul have ordinances that require periodic inspection of elevators, owners of elevators in other parts of the state are not subject to regulation or requirements for scheduled inspections to verify the condition or safety of elevators.

STATISTICS:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Elevators inspected	1,000	1,000	4,500	4,750
Permits for construction or installation of new elevators	50	50	50	50

RATIONALE:

Transfer of the existing elevator inspection position and functions from the OSHA program and funding of the 4.0 positions requested will increase the number of inspections that can be conducted and will provide for the safety of the general public and employees. Placing the elevator inspection, regulation and enforcement activities in the Code Enforcement program will also allow for cross-utilization of existing personnel and maximum utilization of resources.

BASE:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Special Revenue Fund	\$ 49	\$ 50	\$ 50	\$ 50

LONG RANGE IMPLICATIONS:	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
Special Revenue Fund	\$ 212	\$ 212	\$ 424

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

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

ACTIVITY: CODE ENFORCEMENT
 PROGRAM: CODE ENFORCEMENT
 AGENCY: LABOR AND INDUSTRY, DEPARTMENT OF

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

REQUEST TITLE: AGENCY INDIRECT COSTS--SPECIAL REVENUE FUND

	F.Y. 1990		F.Y. 1991	
Agency Request	(000's) Amount	Positions	(000's) Amount	Positions
Special Revenue Fund	\$ 165	3.0	\$ 165	3.0

Governor's Recommendation

Special Revenue Fund	\$ 165	3.0	\$ 165	3.0
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Request requires statutory change: _____ Yes X No
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests the above funds and positions for staff support provided to this special revenue program.

DESCRIPTION/BACKGROUND:

The agency provides administrative services and coordination, quality control, technical training, and outreach support to this program. This includes accounting, personnel, information management and procurement activities. It includes the development and implementation of quality control processes to identify operational issues which could have an adverse impact on the program's integrity or the delivery of services to our clientele. It also includes development and provision of public information programs and materials which will assist program constituents to understand their responsibilities and rights under program laws, rules, and regulations.

In the past, the agency has directly charged this Special Revenue program for administrative services provided to it. The biennial budget process now requires us to request these funds as an agency indirect cost.

RATIONALE:

The agency provides staff support services to this program. This request represents the funds and positions which provide these services.

BASE: None.

	(Dollars in Thousands)		
LONG RANGE IMPLICATIONS:	F.Y. 1992	F.Y. 1993	Total
Special Revenue Fund	\$ 165	\$ 165	\$ 330

PROGRAM: OSHA REGULATION AND ENFORCEMENT
Agency: LABOR AND INDUSTRY, DEPARTMENT OF

1990-91 Biennial Budget

PROGRAM PURPOSE:

To assure safe and healthful work place conditions for working men and women in the state of Minnesota.

OPERATIONS:

This program involves the inspection, by trained field staff, of work sites throughout Minnesota to assure compliance with safety and health standards. Citations and penalties may be imposed and abatement periods granted consistent with the law and established policy. Consultation services are provided to employers to achieve voluntary compliance with the Occupational Safety and Health (OSH) law. Judicial process is provided for resolving contested issues. Training programs are provided, either in response to a request from employer or employee groups, or as designed by Minnesota OSHA in response to a defined need. Research and statistical surveys monitor the effects of this program and determine the need for new standards or changes in existing ones.

Data from the U. S. Bureau of Labor Statistics show that incidence rates in occupational injuries and illnesses in Minnesota are significantly lower than in 1973, the BASE year. Even more significant is the reduction of industrial fatalities from about 80 per year in 1971 to about 25 per year now.

The Minnesota OSHA Program is an integral part of the state's efforts to reduce accidents by enforcement of standards that require employers to provide safe and healthful working conditions for employees. An effective OSHA program will contribute to the reduction of workers' compensation costs.

The clientele of this program are the nearly 2 million workers and 175,000 proprietors of work places in Minnesota. Program authority is found in M.S. Ch. 182.

FUNDING ISSUE:

The state funding requested for operation of the Minnesota OSHA Program will be used to supplement federal funds received from the U. S. Department of Labor, Occupational Safety and Health Administration. The requested funding assists the state's effort to reduce the cost of workers' compensation by requiring employers to provide Minnesota workers with safe and healthful work places.

The BASE level review that is appended to this budget request explores the feasibility of funding the state's share of Minnesota OSHA from workers' compensation premiums paid by the major workers' compensation cost causers. The BASE level review speaks to the cause and effect of employers who disregard the need to maintain safe and healthful work places and the relationship that Minnesota OSHA's efforts to reduce work-related injuries and illnesses has to the cost of workers' compensation.

EXPLANATION OF BUDGET REQUEST:

This budget request will provide funds to operate a Minnesota OSHA program and allow for delivery of services that employers have, in a recent survey,

deemed to be important to their efforts to reduce work place injuries, illnesses and fatalities.

One CHANGE request item is presented for this program. \$15,000 and .5 position in F.Y. 1990 and \$15,000 and .5 position in F.Y. 1991 to support the staffing increase authorized. An equal amount of federal funding for the new position will be requested. The position and funding requested will be used to develop and adopt safety and health standards.

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 : LABOR & INDUSTRY,DPT
PROGRAM : OSHA REG/ENFC

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.
-----							-----			
OSHA ADMIN	733	719	791	15	806	806	793	15	808	808
B OSHA ADMIN-WORKPLACE SAFETY STANDARDS GEN DEVELOPMENT				15		15		15		15
OSHA INSP/REG	2,412	2,346	2,428	0	2,428	2,428	2,430	0	2,430	2,430
OSHA CONSULTATION	263	268	274	0	274	274	284	0	284	284
-----							-----			
TOTAL EXPENDITURES	3,408	3,333	3,493	15	3,508	3,508	3,507	15	3,522	3,522
SOURCES OF FINANCING:										

DIRECT APPROPRIATIONS:										
GENERAL	1,212	1,234	1,307	15	1,322	1,322	1,310	15	1,325	1,325
STATUTORY APPROPRIATIONS:										
FEDERAL	2,196	2,099	2,186	0	2,186	2,186	2,197	0	2,197	2,197
-----							-----			
TOTAL FINANCING	3,408	3,333	3,493	15	3,508	3,508	3,507	15	3,522	3,522
POSITIONS BY FUND:										

GENERAL	28.1	28.1	28.1	0.5	28.6	28.6	28.1	0.5	28.6	28.6
FEDERAL	32.9	32.9	33.4	0.0	33.4	33.4	33.4	0.0	33.4	33.4
-----							-----			
TOTAL POSITIONS	61.0	61.0	61.5	0.5	62.0	62.0	61.5	0.5	62.0	62.0

ACTIVITY: OSHA ADMINISTRATION
Program: OSHA REGULATION AND ENFORCEMENT
Agency: LABOR AND INDUSTRY, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

To provide managerial guidance and administrative support to the OSHA activities, coordinate with federal OSHA in a manner which will provide for the protection of the safety and health of workers, assure continuance of federal funding, furnish information to stake holders, provide legal services to support enforcement efforts and assure those who receive citations or penalties for non-compliance or violation of OSHA standards with due process of law and means of appeal.

<u>EFFECTIVENESS MEASURES:</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
Imminent danger complaints responded to	49	40	35	30
Fatality investigations conducted	34	32	28	22
Employee discrimination complaints processed	35	50	70	70
Standards adopted	58	10	20	20
Educational outreach seminars conducted	155	175	200	200

<u>STATISTICS:</u>	<u>(In Thousands)</u>			
	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
Work places regulated	175	175	175	175
Employees covered by OSHA	2,000	2,000	2,000	2,000
Industry fatality ratios:				
Construction % of total fatalities	50%	45%	40%	35%
Manufacturing % of total fatalities	50%	55%	60%	65%
Contestations processed	.110	.150	.150	.150
Inspections related forms entered into computer	25	27	31	33

REVENUE:

This activity does not generate revenue.

The relationship of OSHA regulation and enforcement's efforts to workers' compensation costs is being reviewed. The BASE level review of funding assumptions indicates that the state's matching share of funds could be derived from workers' compensation premiums of employers with poor injury records since these employers are the cost causers in the area of workers' compensation.

BASE LEVEL REVIEW:

A BASE level review of alternative funding for this activity was completed and was submitted separately to the legislature.

FUNDING SOURCES:

The activity functions related to OSHA administration, legal services and statistics are 50% federally funded under Sec 23(g) of the Federal OSHA Act. The state's portion of funding has been provided from the General Fund. As discussed in the BASE level review, it appears that the state's funds could be derived from a surcharge on the workers' compensation premiums of those employers with poor injury records since they are the employers who most require the OSHA program.

EXPLANATION OF CHANGE REQUEST:

This activity is responsible for the promulgation of work place safety standards to protect Minnesota workers. A CHANGE request of \$15,000 and .5 position in F.Y. 1990 and \$15,000 and .5 position in F.Y. 1991 is requested to dedicate a position to standards development, allowing this activity to remain current in promulgation of work place safety standards for today's rapidly changing work place technology and environment.

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

AGENCY : LABOR & INDUSTRY,DPT
PROGRAM : OSHA REG/ENFC
BUDGET ACTIVITY : OSHA 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	551	508	559	13	572	572	560	13	573	573
EXPENSES/CONTRACTUAL SRVCS	113	125	146	0	146	146	147	0	147	147
MISC OPERATING EXPENSES	39	56	56	1	57	57	56	1	57	57
SUPPLIES/MATERIALS/PARTS	8	8	8	0	8	8	8	1	9	9
CAPITAL EQUIPMENT	10	4	4	1	5	5	4	0	4	4
REDISTRIBUTIONS	12	18	18	0	18	18	18	0	18	18
TOTAL EXPENDITURES	733	719	791	15	806	806	793	15	808	808
CHANGE REQUESTS:										
FUND										
B OSHA ADMIN-WORKPLACE SAFETY STANDARDS GEN DEVELOPMENT				15		15		15		15
TOTAL CHANGE REQUESTS				15		15		15		15
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	339	330	359	15	374	374	360	15	375	375
STATUTORY APPROPRIATIONS:										
FEDERAL	394	389	432	0	432	432	433	0	433	433
TOTAL FINANCING	733	719	791	15	806	806	793	15	808	808
POSITIONS BY FUND:										
GENERAL	6.7	6.7	6.7	0.5	7.2	7.2	6.7	0.5	7.2	7.2
FEDERAL	6.7	6.7	7.2	0.0	7.2	7.2	7.2	0.0	7.2	7.2
TOTAL POSITIONS	13.4	13.4	13.9	0.5	14.4	14.4	13.9	0.5	14.4	14.4

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

ACTIVITY: OSHA ADMINISTRATION
PROGRAM: OSHA REGULATION AND ENFORCEMENT
AGENCY: LABOR AND INDUSTRY, DEPARTMENT OF

REQUEST TITLE: WORK PLACE SAFETY STANDARDS DEVELOPMENT

Agency Request	F.Y. 1990 (000's)		F.Y. 1991 (000's)	
	Amount	Positions	Amount	Positions
General Fund	\$ 15	.5	\$ 15	.5
Federal	\$ 15	.5	\$ 15	.5

Governor's Recommendation

General Fund	\$ 15	.5	\$ 15	.5
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Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests the above funds and positions to provide the capability to promulgate adequate OSHA standards, utilize existing statistical data to properly manage the OSHA program and furnish performance and accident prevention information to OSHA program stake holders.

DESCRIPTION/BACKGROUND:

The OSHA program has changed very rapidly and significantly, especially in the last 6-8 years. These changes have occurred because Federal OSHA has developed standards and established procedures to assure safe and healthful conditions in nationwide work places. There are now 16 years of resolved court cases. The high-technology world has developed new machinery and new methods of safeguarding new and existing machinery, and, very significantly, the "production" world is trying to defeat OSHA's procedures. During these changing conditions, the Minnesota state program has been required to operate with essentially a standstill budget.

The area within OSHA administration where action must be taken is the area of developing standards. Minnesota OSHA has been reactive to the needs of employers and employees and has generally adopted federal standards even though Federal OSHA has been very slow ("and sometimes remiss") in adopting standards. In 1987, Minnesota OSHA adopted a very large and significant package of state specific standards by using our professional level safety investigators, industrial hygienists and supervisory personnel.

EFFECTIVENESS MEASURES:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Standards adopted	58	10	20	20

RATIONALE:

The Minnesota OSHA program has access to excellent information which could be used to promulgate proper standards, provide excellent statistical summaries of OSHA program performances and injury statistics. The best information describing the need for standards can be obtained from field enforcement personnel and results of OSHA court cases. There is a huge wealth of information in the OSHA system since all Minnesota inspections on or after 1-1-86 have been computerized. Approximately 50,000 1st reports of injury per year have been input to the workers' compensation computer database since 1984. We believe that using this existing data to develop standards will be very valuable.

BASE:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General Fund	\$ 26	\$ 26	\$ 26	\$ 26
Federal Fund	26	26	26	26

LONG RANGE IMPLICATIONS:	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
General Fund	\$ 15	\$ 15	\$ 30
Federal Fund	15	15	30

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

ACTIVITY: OSHA INSPECTION AND REGULATION
Program: OSHA REGULATION AND ENFORCEMENT
Agency: LABOR AND INDUSTRY, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

To prevent occupational injuries in Minnesota through the conduct of field investigations to enforce compliance with adopted safety and health standards.

This activity, as mandated in M.S. Ch. 182, is designed to assure safe and healthful working conditions for all Minnesota employees. To do so, this activity schedules investigations in accordance with "worst/first" and "special emphasis" concepts and conducts inspections to determine compliance with adopted occupational safety and health standards. If there are violations of safety standards, citations (which may include penalties) are issued which require correction of the conditions by a certain date. Follow-up inspections are conducted to assure compliance with those citations. The field safety investigations are conducted by the Department of Labor and Industry and health investigations are subcontracted to the Health Department. The Minnesota Right-to-Know Act was blended directly into this OSHA activity and has been enforced as part of the program 2 years ahead of the Federal Hazard Communication standard.

The activity also conducts an extensive outreach program, especially in its special emphasis programs (grain elevators, fire departments, electric utility companies, construction, nursing homes, and back injury prevention).

Specific activities for the coming biennium include approximately 7,000 safety and health field investigations per year, the promulgation of local standards, and adoption of Federal OSHA standards and training.

EFFECTIVENESS MEASURES:

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
Inspections conducted:				
Accident	83	80	80	80
Complaint	321	250	250	250
Target industry	2,431	2,800	3,000	3,000
Subcontractors	1,313	1,300	1,350	1,350
Special emphasis	225	250	300	300
Discrimination	35	20	20	20
Follow up	345	300	320	350
Health inspections	380	600	850	850
Total inspections	5,133	5,600	6,500	7,000
Violations processed:				
Serious	2,033	2,300	2,350	2,500
Non-serious	8,164	9,000	9,200	9,400
Willful intent	22	25	25	30
Repeated	150	200	250	300
Failure-to-abate	128	250	300	350
Total violations	10,497	11,775	12,125	12,610

FUNDING SOURCE:

This activity is 50% federally funded under Sec. 23(g) of the Federal OSHA Act. The state's portion of funding has been provided from the general fund. As discussed in the BASE level review, it appears that the state's share of matching funds could be derived from the workers' compensation premium of those employers with poor injury records since they are the cost causers in the areas of workers' compensation.

REVENUE:

This activity generates non-dedicated revenue.

	<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>
Safety violation penalties	\$ 516	\$ 850	\$ 1,000	\$ 1,000

BASE LEVEL REVIEW:

A BASE level review of alternative funding for this activity was completed and was submitted separately to the legislature.

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

AGENCY : LABOR & INDUSTRY,DPT
PROGRAM : OSHA REG/ENFC
BUDGET ACTIVITY : OSHA INSP/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	1,402	1,482	1,522	0	1,522	1,522	1,522	0	1,522	1,522
EXPENSES/CONTRACTUAL SRVCS	725	620	662	0	662	662	664	0	664	664
MISC OPERATING EXPENSES	132	151	151	0	151	151	151	0	151	151
SUPPLIES/MATERIALS/PARTS	60	32	32	0	32	32	32	0	32	32
CAPITAL EQUIPMENT	63	15	15	0	15	15	15	0	15	15
REDISTRIBUTIONS	30	46	46	0	46	46	46	0	46	46
TOTAL EXPENDITURES	2,412	2,346	2,428	0	2,428	2,428	2,430	0	2,430	2,430
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	848	879	922	0	922	922	923	0	923	923
STATUTORY APPROPRIATIONS:										
FEDERAL	1,564	1,467	1,506	0	1,506	1,506	1,507	0	1,507	1,507
TOTAL FINANCING	2,412	2,346	2,428	0	2,428	2,428	2,430	0	2,430	2,430
POSITIONS BY FUND:										
GENERAL	20.8	20.8	20.8	0.0	20.8	20.8	20.8	0.0	20.8	20.8
FEDERAL	20.8	20.8	20.8	0.0	20.8	20.8	20.8	0.0	20.8	20.8
TOTAL POSITIONS	41.6	41.6	41.6	0.0	41.6	41.6	41.6	0.0	41.6	41.6

ACTIVITY: OSHA CONSULTATION
Program: OSHA REGULATION AND ENFORCEMENT
Agency: LABOR AND INDUSTRY, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

To provide private sector employers with consultative services to assist them in implementing and maintaining effective safety and health programs that will reduce work place injury costs and provide places of employment which are safe and healthful.

This 90% federally-funded activity provides non-enforcement safety and health consultative services at no cost to requesting employers. The activity helps them prevent or reduce the occurrence of injuries and illnesses which may result from exposure to hazardous work place conditions or from hazardous work practices. Small companies in high-hazard industries, who might not otherwise have assistance in their efforts to reduce the human and financial costs of job-related injuries and illnesses, are specifically targeted in promotional activity and given a high priority in scheduling. Assistance is primarily provided at the work site, but may also be provided by phone or at another location convenient to the employer.

<u>EFFECTIVENESS MEASURES:</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
On-site consultations	270	250	340	385
Off-site consultations	1,203	1,200	1,600	1,680

<u>STATISTICS:</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
Total hazards identified	4,081	4,000	5,200	5,500
Serious hazards identified	437	425	580	610

FUNDING SOURCE:

The Consultation activity is 90% federally funded under Sec. 7(c)(1) of the Federal OSHA Act. (100% federal funding is provided for required out-of-state travel and expenses).

REVENUE:

This activity does not generate revenue.

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

AGENCY : LABOR & INDUSTRY,DPT
PROGRAM : OSHA REG/ENFC
BUDGET ACTIVITY : OSHA CONSULTATION

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	207	212	218	0	218	218	218	0	218	218
EXPENSES/CONTRACTUAL SRVCS	11	17	17	0	17	17	27	0	27	27
MISC OPERATING EXPENSES	24	24	24	0	24	24	24	0	24	24
SUPPLIES/MATERIALS/PARTS	11	3	3	0	3	3	3	0	3	3
CAPITAL EQUIPMENT	1	0	0	0	0	0	0	0	0	0
REDISTRIBUTIONS	9	12	12	0	12	12	12	0	12	12
TOTAL EXPENDITURES	263	268	274	0	274	274	284	0	284	284
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	25	25	26	0	26	26	27	0	27	27
STATUTORY APPROPRIATIONS:										
FEDERAL	238	243	248	0	248	248	257	0	257	257
TOTAL FINANCING	263	268	274	0	274	274	284	0	284	284
POSITIONS BY FUND:										
GENERAL	0.6	0.6	0.6	0.0	0.6	0.6	0.6	0.0	0.6	0.6
FEDERAL	5.4	5.4	5.4	0.0	5.4	5.4	5.4	0.0	5.4	5.4
TOTAL POSITIONS	6.0	6.0	6.0	0.0	6.0	6.0	6.0	0.0	6.0	6.0

PROGRAM: GENERAL SUPPORT
Agency: LABOR AND INDUSTRY, DEPARTMENT OF

1990-91 Biennial Budget

PROGRAM PURPOSE:

This program provides agency-wide management and administrative support to all programs to ensure coordinated action toward the accomplishment of the agency's mission, goals, and objectives. This includes agency-wide management of human, financial, informational and material resources as well as strategic planning. Educational and research assistance is also provided via this program. The objectives are to manage the agency so that it is responsive to client needs and to help the agency's programs and activities to efficiently and effectively accomplish their goals and objectives.

OPERATIONS:

This program encompasses these operations:

- 1) Agency-wide management including agency goal setting, public policy analysis and reporting, strategic planning, and organization development;
- 2) Human resource management, including staff planning and recruiting, training and development, compensation, contracts, examination and selection activities, and Department of Employee Relations transactions;
- 3) Financial management, including developing and implementing budgets, statewide accounting transactions, monitoring cash flow and the use of funds in each program and activity (especially the Workers' Compensation Special Compensation Fund and the Code Enforcement program);
- 4) Policy research and education dissemination on agency programs to agency staff and clients; and
- 5) Central support services to agency programs, including equipment and facilities acquisition and use, procuring supplies and services, and related administrative management functions.

BUDGET ISSUES:

To better control the state's workers' compensation costs we need better information for constituents and policy makers outside the agency as well as more effective processing of information inside the agency. Additional direct information in the form of pamphlets, handbooks, and brochures to employers and employees about the state workers compensation system will enable individuals to settle work within the system. At the same time, we require more thorough knowledge of the medical costs which account for roughly 30% of the total costs of benefits.

EXPLANATION OF BUDGET REQUEST:

This budget request will fund the agency's general support program which provides administrative support to the agency's other programs.

Four CHANGE items are requested. Attorney General fees, \$20,000 in F.Y. 1990 and \$20,000 in F.Y. 1991, for advising the Commissioner in agency-wide matters before various courts and administrative proceedings.

Three CHANGE requests are for the research and education activity. \$20,000 in F.Y. 1990 and \$20,000 in F.Y. 1991 is requested for printing and mailing costs to disseminate additional educational material on workers' compensation. The activity requests \$79,000 in F.Y. 1990 to complete a legislatively

mandated medical cost containment study began in F.Y. 1988. The activity also requests \$32,000 and .5 position in F.Y. 1990 and \$32,000 and .5 position in F.Y. 1991 for an actuary to do financial projections for various research and studies on the costs of the state's workers' compensation system.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the funding as requested except for the following: a biennial reduction of \$40,000 for attorney general fees, and \$18,000 for the printing and mailing costs of education materials.

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

AGENCY : LABOR & INDUSTRY,DPT
PROGRAM : GENERAL 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								
GEN SUPPORT			1,976	2,008	2,100	20	2,120	2,100	2,131	20	2,151	2,131
A GENERAL SUPPORT-A.G. FEES GEN						20	0		20		0	
GEN SUPPORT-RES & EDUC			505	504	384	131	515	506	384	52	436	427
B EDUC. MATERIAL DISTRIBUTION STRIBUTION WCS						20	11		20		11	
B HEALTH CARE COST STUDY ST STUDY WCS						79	79		0		0	
B GEN. SUPPORT-RES.&EDUC-ACTUARY WCS						32	32		32		32	
TOTAL EXPENDITURES			2,481	2,512	2,484	151	2,635	2,606	2,515	72	2,587	2,558
SOURCES OF FINANCING:												
DIRECT APPROPRIATIONS:												
GENERAL			861	870	936	20	956	936	967	20	987	967
WORKERS COMP SPECIAL			1,425	1,406	1,308	131	1,439	1,430	1,308	52	1,360	1,351
STATUTORY APPROPRIATIONS:												
SP REV DIRECT APPROP			15	55	55	0	55	55	55	0	55	55
SPECIAL REVENUE			0	0	185	0	185	185	185	0	185	185
FEDERAL			180	181	0	0	0	0	0	0	0	0
TOTAL FINANCING			2,481	2,512	2,484	151	2,635	2,606	2,515	72	2,587	2,558
POSITIONS BY FUND:												
GENERAL			8.5	8.5	8.5	0.0	8.5	8.5	8.5	0.0	8.5	8.5
SPECIAL REVENUE			0.0	0.0	5.0	0.0	5.0	5.0	5.0	0.0	5.0	5.0
FEDERAL			5.0	5.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WORKERS COMP SPECIAL			25.0	25.0	25.0	0.5	25.5	25.5	25.0	0.5	25.5	25.5
TOTAL POSITIONS			38.5	38.5	38.5	0.5	39.0	39.0	38.5	0.5	39.0	39.0

ACTIVITY: GENERAL SUPPORT ADMINISTRATION 1990-91 Biennial Budget
Program: GENERAL SUPPORT
Agency: LABOR AND INDUSTRY, DEPARTMENT OF

PURPOSE:

To provide executive direction and administrative coordination, services and support to the programs of the Department of Labor and Industry, so that agency resources are used efficiently and effectively in the accomplishment of the agency's mission, goals and program objectives.

General Support Administration provides direction and support to all programs and activities of Labor and Industry. Executive level leadership, direction, and strategic planning are provided by the Commissioner's Office. A comprehensive planning and evaluation process is directed at this level, and incorporates agency-level policy analysis and reporting. Administrative coordination and support include financial and personnel administration, including accounting and payroll activities. Technical guidance and support are provided to agency divisions to assist them in effectively using the human and financial resources appropriated to them, and to ensure compliance with state and federal laws, rules, and policies.

General Support is also the activity which funds and provides those materials, services, and facilities which are best coordinated at an agency-wide level. These services and supplies are provided to divisions to help them accomplish their work without requiring undue attention to the administrative tasks. Purchasing and services which are most efficiently provided in a centralized manner are implemented by this activity.

Centralized services include supply and equipment procurement, inventory management and coordination of transportation needs. Most facilities leasing and maintenance are also supported via this activity.

Funding is provided for organizations who can administer labor education advancement programs. Applications for this funding are reviewed and prioritized and funding levels are recommended.

STATISTICS:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Personnel:				
Agency complement * (FTE)	341	341	359	359
Unit staff (FTE)	4	4	4	4
Staffing ratio	85:1	85:1	90:1	90:1
Accounting:				
Budget managed	\$ 106	\$ 104	\$ 104	\$ 104
Central services transactions	1,749	2,000	1,800	1,800

REVENUE:

This activity does not generate revenue.

EXPLANATION OF BUDGET REQUEST:

One CHANGE request of \$20,000 in F.Y. 1990 and \$20,000 in F.Y. 1991 is requested for Attorney General representation and counsel for the Commissioner of the department and his staff.

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : LABOR & INDUSTRY,DPT
PROGRAM : GENERAL SUPPORT
BUDGET ACTIVITY : GEN SUPPORT

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	979	1,005	1,097	0	1,097	1,097	1,097	0	1,097	1,097
EXPENSES/CONTRACTUAL SRVCS	456	493	493	20	513	493	524	20	544	524
MISC OPERATING EXPENSES	180	172	172	0	172	172	172	0	172	172
SUPPLIES/MATERIALS/PARTS	69	57	57	0	57	57	57	0	57	57
CAPITAL EQUIPMENT	55	4	4	0	4	4	4	0	4	4
REDISTRIBUTIONS	15	55	55	0	55	55	55	0	55	55
STATE OPERATIONS	1,754	1,786	1,878	20	1,898	1,878	1,909	20	1,929	1,909
LOCAL ASSISTANCE	222	222	222	0	222	222	222	0	222	222
TOTAL EXPENDITURES	1,976	2,008	2,100	20	2,120	2,100	2,131	20	2,151	2,131
CHANGE REQUESTS:										
A GENERAL SUPPORT-A.G. FEES				20		0		20		0
TOTAL CHANGE REQUESTS				20		0		20		0
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	861	870	936	20	956	936	967	20	987	967
WORKERS COMP SPECIAL	1,069	1,083	1,109	0	1,109	1,109	1,109	0	1,109	1,109
STATUTORY APPROPRIATIONS:										
SP REV DIRECT APPROP	15	55	55	0	55	55	55	0	55	55
FEDERAL	31	0	0	0	0	0	0	0	0	0
TOTAL FINANCING	1,976	2,008	2,100	20	2,120	2,100	2,131	20	2,151	2,131
POSITIONS BY FUND:										
GENERAL	8.5	8.5	8.5	0.0	8.5	8.5	8.5	0.0	8.5	8.5
WORKERS COMP SPECIAL	20.0	20.5	20.5	0.0	20.5	20.5	20.5	0.0	20.5	20.5

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

AGENCY : LABOR & INDUSTRY,DPT
PROGRAM : GENERAL SUPPORT
BUDGET ACTIVITY : GEN SUPPORT

POSITIONS BY FUND:	FY 1988	FY 1989	F.Y. 1990				GOVERNOR'S RECOMM.	F.Y. 1991				GOVERNOR'S RECOMM.		
			AGENCY REQUEST			TOTAL		AGENCY REQUEST			TOTAL			
			BASE	CHANGE	TOTAL			BASE	CHANGE	TOTAL				
TOTAL POSITIONS	28.5	29.0	29.0	0.0	29.0	29.0	29.0	29.0	0.0	29.0	29.0	29.0		

ACTIVITY: GENERAL SUPPORT RESEARCH AND EDUCATION **1990-91 Biennial Budget**
Program: GENERAL SUPPORT
Agency: LABOR AND INDUSTRY, DEPARTMENT OF

PURPOSE:

To design, develop, and implement research and educational activities which are intended to provide greater knowledge and understanding of the agency and its programs. To carry out and coordinate statistical and policy analyses which will ultimately provide the legislature, the governor, and the public with better awareness of the level of effectiveness of the agency's programs. To develop and provide public information programs and materials which help agency constituents to understand their obligations and rights under agency programs, laws, rules, and regulations, and find effective and efficient means to fulfill them.

EFFECTIVENESS MEASURES:

Research:

F.Y. 1988 Comprehensive studies on:

- 1) workers' compensation insurance;
- 2) the level of income replaced by indemnity benefits;
- 3) the workers' compensation rehabilitation system;
- 4) supplementary benefits; and
- 5) litigation and dispute resolution in the workers' compensation system.

F.Y. 1989 Comprehensive studies on:

- 1) containment of medical costs in the workers' compensation system;
- 2) the profitability of workers' compensation insurance companies;
- 3) the way in which various states provide for long-term disability with alternatives for Minnesota's program; and
- 4) establishment of permanent, ongoing procedure for monitoring and reporting on the performance of the workers' compensation system with development of quarterly reports targeted at various aspects of the system.

F.Y. 1990 Comprehensive studies on:

- 1) continued assessment and evaluation of the workers' compensation medical benefit program with alternatives for containing costs;
- 2) assessment of effectiveness of workers' compensation insurance mechanisms nationally; and
- 3) the connection between safety in the work place (OSHA) and workers' compensation costs and how to better coordinate the two programs.

F.Y. 1991 Expanded studies on:

- 1) the interrelationship of workers' compensation with unemployment and human services programs as well as with OSHA;
- 2) alternatives for dealing with degenerative diseases, especially those due to aging, in the workers' compensation system; and
- 3) alternatives for dealing with occupational disease in the work place due to exposure to hazardous materials.

Public Education and Information Publications Distributed	Actual F.Y. 1988	Estimate F.Y. 1989	Estimate F.Y. 1990	Estimate F.Y. 1991
Employers' workers' compensation handbooks	4,000	6,000	7,000	8,000
Employees' workers' compensation handbooks	4,000	6,000	7,000	8,000

Public Education and Information Publications Distributed (Cont.)	Actual F.Y. 1988	Estimate F.Y. 1989	Estimate F.Y. 1990	Estimate F.Y. 1991
Health care providers' manual	1,000	1,200	1,500	1,800
Employees' workers' compensation brochures	85,000	86,000	87,000	88,000
Employers' workers' compensation brochures	8,000	10,000	12,000	14,000
CompAct (comprehensive newsletter for workers' compensation professionals)	12,000	15,000	16,500	18,000

Seminar Attendees	Actual F.Y. 1988	Estimate F.Y. 1989	Estimate F.Y. 1990	Estimate F.Y. 1991
For employer seminars	8,533	8,650	10,800	10,900
For insurer seminars	2,291	2,200	3,350	3,400
For employee seminars	1,120	2,175	2,200	3,250

REVENUE:

This activity does not generate revenue.

EXPLANATION OF BUDGET REQUEST:

Three CHANGE requests are requested for this activity. \$20,000 in F.Y. 1990 and \$20,000 in F.Y. 1991 for printing and mailing costs of increasing distribution of education materials. \$79,000 in F.Y. 1990 to complete the 2nd phase of a health care cost containment study. \$29,000 and .5 position in F.Y. 1990 and \$29,000 and .5 position in F.Y. 1991 for an actuary to do financial projections on changes in and affecting the workers' compensation system.

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

AGENCY : LABOR & INDUSTRY,DPT
PROGRAM : GENERAL SUPPORT
BUDGET ACTIVITY : GEN SUPPORT-RES & EDUC

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	306	338	353	31	384	384	353	31	384	384
EXPENSES/CONTRACTUAL SRVCS	127	148	13	87	100	95	13	8	21	16
MISC OPERATING EXPENSES	9	16	16	12	28	24	16	12	28	24
SUPPLIES/MATERIALS/PARTS	9	2	2	0	2	2	2	1	3	3
CAPITAL EQUIPMENT	54	0	0	1	1	1	0	0	0	0
TOTAL EXPENDITURES	505	504	384	131	515	506	384	52	436	427
CHANGE REQUESTS:										
FUND										
B EDUC. MATERIAL DISTRIBUTION STRIBUTION MCS				20		11		20		11
B HEALTH CARE COST STUDY ST STUDY MCS				79		79		0		0
B GEN. SUPPORT-RES.&EDUC-ACTUARY MCS				32		32		32		32
TOTAL CHANGE REQUESTS				131		122		52		43
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
WORKERS COMP SPECIAL	356	323	199	131	330	321	199	52	251	242
STATUTORY APPROPRIATIONS:										
SPECIAL REVENUE	0	0	185	0	185	185	185	0	185	185
FEDERAL	149	181	0	0	0	0	0	0	0	0
TOTAL FINANCING	505	504	384	131	515	506	384	52	436	427
POSITIONS BY FUND:										
SPECIAL REVENUE	0.0	0.0	5.0	0.0	5.0	5.0	5.0	0.0	5.0	5.0
FEDERAL	5.0	5.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WORKERS COMP SPECIAL	5.0	4.5	4.5	0.5	5.0	5.0	4.5	0.5	5.0	5.0

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

AGENCY : LABOR & INDUSTRY,DPT
PROGRAM : GENERAL SUPPORT
BUDGET ACTIVITY : GEN SUPPORT-RES & EDUC

POSITIONS BY FUND:	FY 1988	FY 1989	F.Y. 1990				GOVERNOR'S RECOMM.	F.Y. 1991				GOVERNOR'S RECOMM.						
			AGENCY REQUEST			TOTAL		AGENCY REQUEST			TOTAL							
			BASE	CHANGE	TOTAL			BASE	CHANGE	TOTAL								
TOTAL POSITIONS	10.0	9.5	9.5	0.5	10.0	10.0	10.0	9.5	0.5	10.0	10.0	10.0						

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

ACTIVITY: GENERAL SUPPORT RESEARCH AND EDUCATION
PROGRAM: GENERAL SUPPORT
AGENCY: LABOR AND INDUSTRY, DEPARTMENT OF

REQUEST TITLE: EDUCATIONAL MATERIAL DISTRIBUTION

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
General Fund	\$ 20	-0-	\$ 20	-0-
Governor's Recommendation				
General Fund	\$ 11	-0-	\$ 11	-0-

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

STATEMENT OF REQUEST/OBJECTIVE:

To reach more of this activity's clientele with educational material on the programs of the agency and issues and policies regarding these programs, this activity requests funds to cover the increased costs of printing and mailing of these materials.

DESCRIPTION/BACKGROUND:

This activity provides education and public information services on the workers' compensation system to employers, employees, insurers, health care providers, and other participants in the system, including other state agencies. It produces seminars and workshops to carry out these education and training functions. To pay for them, dedicated fees are charged and spent on costs for the presentation, facilities and the production of materials. Charges are set so as not to exceed program costs (exclusive of staffing costs). The cost of all publications distributed other than at seminars comes out of the activity's budget. The agency's policy in the past has been to provide no more than five copies of a publication per request. This activity wishes to increase the provision of copies to those requested in order to maximize the impact of its public education efforts.

STATISTICS:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Employers' workers' compensation handbooks	4,000	6,000	10,000	15,000
Employees' workers' compensation handbooks	4,000	6,000	10,000	15,000
Health care providers' manuals	1,000	1,200	2,000	2,400
Employees' workers' compensation brochures	85,000	86,000	197,000	200,000
Employers' workers' compensation brochures	8,000	10,000	17,000	21,000
CompAct (comprehensive newsletter for workers' compensation professionals)	12,000	15,000	29,000	36,000

RATIONALE:

In order to reach more people and better carry out its educational function, this activity proposes to provide as many copies of educational material as requested. This will result in increased costs for printing and mailing these copies.

BASE:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General Fund	\$ 11	\$ 11	\$ 11	\$ 11

LONG RANGE IMPLICATIONS:	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
General Fund	\$ 20	\$ 20	\$ 40

GOVERNOR'S RECOMMENDATION:

After review of this activity, the Governor recommends an alternative funding level of \$22,000 for the biennium.

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

ACTIVITY: GENERAL SUPPORT RESEARCH AND EDUCATION
PROGRAM: GENERAL SUPPORT
AGENCY: LABOR AND INDUSTRY, DEPARTMENT OF

REQUEST TITLE: HEALTH CARE COST CONTAINMENT STUDY COMPLETION

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
Special Compensation Fund	\$ 79	-0-	\$ -0-	-0-

Governor's Recommendation

Special Compensation Fund	\$ 79	-0-	\$ -0-	-0-
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Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

This activity requests funds to complete the 2nd phase of a health care cost containment study for which the Legislature appropriated \$135,000 in F.Y. 1989 for completion of its 1st phase. Representatives of the department notified the State Departments Division of House Appropriations and Senate Finance at the time of this appropriation that further funds would be necessary to conduct the 2nd year (F.Y. 1990) of the study.

DESCRIPTION/BACKGROUND:

This activity conducts in-depth, comprehensive analyses of various components of the workers' compensation system. All analyses are conducted in conjunction with comparisons of the workers' compensation system in other states which have a socio-economic profile similar to Minnesota. In F.Y. 1989, pursuant to legislative mandate, this activity is expanding the areas of analysis to include medical benefits. This is being done to assess the overall performance of the workers' compensation system and to recommend changes to the agency, the governor and the legislature to improve the system.

RATIONALE:

Research studies are conducted by staff with the help of research assistants and consultants. In F.Y. 1988, the research assistants and consultants, as well as necessary computer equipment, were paid for with an appropriation of \$79,150 from the Legislative Advisory Commission and an interagency transfer of \$50,000 from the Department of Commerce to the Department of Labor and Industry to complete a legislative mandated study of several components in the workers' compensation system. For F.Y. 1989, the legislature appropriated \$135,000 to the Department of Labor and Industry from the Special Compensation Fund for the purpose of conducting the first phase of the health care cost containment study. In order to complete the study, additional funding is necessary to complete its 2nd phase.

BASE: (Dollars in Thousands)

	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Special Compensation Fund	\$ 0	\$ 135	\$ 0	\$ 0

LONG RANGE IMPLICATIONS: (Dollars in Thousands)

	F.Y. 1992	F.Y. 1993	Total
Special Compensation Fund	\$ 0	\$ 0	\$ 0

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

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

ACTIVITY: GENERAL SUPPORT RESEARCH AND EDUCATION
 PROGRAM: GENERAL SUPPORT
 AGENCY: LABOR AND INDUSTRY, DEPARTMENT OF

REQUEST TITLE: RESEARCH ACTUARY

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
Special Compensation Fund	\$ 32	0.5	\$ 32	0.5
Governor's Recommendation				
Special Compensation Fund	\$ 32	0.5	\$ 32	0.5

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

STATEMENT OF REQUEST/OBJECTIVE:

This activity requests funds to cover the costs of hiring an actuary on a half-time basis. The actuary will be responsible for providing analyses of workers' compensation insurance levels and trends to the commissioner, the governor, and the legislature. The actuary will also evaluate rate increases requested by the Workers' Compensation Reinsurance Association and the Minnesota State Workers' Compensation Mutual Insurance Company.

DESCRIPTION/BACKGROUND:

In the past, the Department of Labor and Industry used the services of the actuary at the Department of Commerce on an ad hoc basis. However, there has been a growing interest in tracking and analyzing the premiums paid by employers to insurers. In response, the Research and Education activity has focused considerable attention to this issue. As a result, there is an increasing need for ongoing actuarial services which would warrant an actuary resident in the department. However, it is estimated that the workload can be handled by a half-time position. This activity would share a full-time actuary with the Special Compensation Fund Administration activity which has also requested a half-time actuary.

RATIONALE:

This activity provides information needed for the administration of the workers' compensation program and for public policy evaluation. The actuary will work in the Research and Education unit, providing statistical and actuarial analyses of workers' compensation insurance data. He/she will conduct a yearly exam of data from the Minnesota Workers' Compensation Insurers' Association, Workers' Compensation Reinsurance Association, Minnesota State Workers' Compensation Mutual Insurance Company and the Assigned Risk Plan.

He/she will also provide reports on the level of workers' compensation insurance expenditures and yearly changes in premiums and rates, as well as additional analyses of workers' compensation insurance issues on an ad hoc basis. The actuary will evaluate proposed rate changes for the Workers' Compensation Reinsurance Association and the Minnesota State Workers' Compensation Mutual Insurance Company and make recommendations whether to approve or disapprove the rate change.

BASE: None.

LONG RANGE IMPLICATIONS:	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1992	Total
Special Compensation Fund	\$ 32	\$ 32	\$ 64

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

PROGRAM: INFORMATION MANAGEMENT SERVICES
Agency: LABOR AND INDUSTRY, DEPARTMENT OF

1990-91 Biennial Budget

PROGRAM PURPOSE:

To provide agency-wide coordinated information management systems and support to process, store and retrieve information required for records management, research and statistical analysis; and to provide agency-wide mail, word processing and photo reproduction services to facilitate the effective and efficient use of resources in accomplishing the department's goals.

The program anticipates problems in meeting the needs of the agency and its clients. The agency needs to restructure its existing computer system. The agency also needs to upgrade its computer communications network equipment. The program needs to have the term of its revolving fund extended to enable it to bill clients for the use of the agency's computer system.

OPERATIONS:

This program provides services to all agency programs requiring computer-based support, telecommunications, central photo reproduction, word processing, and mail services.

- 1) Word Processing: Provide centralized document processing from handwritten or dictation equipment sources to hardcopy and electronic documents within 24 hours.
- 2) Statistical Services: a) Code 1st reports of injury and injury classification by ANSI code; and b) Edit and do employer/insurer follow-up to ensure the quality of data in the system, correcting master computer datafiles.
- 3) Data Entry: a) Enter all data received to establish a workers' compensation claim; b) Make initial hard copy file for records unit including file, labels, rolodex cards, and mailing labels; c) Create missing information letters for subsequent mailing to sources of data; and d) Complete special entry projects in support of statistical studies as requested.
- 4) Bureau of Labor Statistics (BLS) survey of occupational injury and illness: a) Inform Minnesota employers of the OSHA recordkeeping requirements and administer BLS survey to 9,000 employers annually. b) Edit BLS survey results and do employer follow up to ensure quality data in computer files; and c) Compile annual tabulations of work related injury and illness incidence rates by Standard Industrial Code.
- 5) Central Mail: Provide timely, coordinated and accurate handling of incoming and outgoing mail, both inter-office and U.S. Provide special runs and messenger service within 1 hour of assignment.
- 6) Central Reproduction: Provide large scale photo reproduction services, and selected in-house binding and publication services.
- 7) Computer Support Group: a) Provide MAPPER and system software support. b) Provide end user support - administration, data base management, training, and consulting. c) Manage UNISYS 1100/72 computer operations, including communications systems; d) Perform application design, development and implementation of special projects. e) Perform information systems planning. f) Manage telecommunications agency-wide.

EFFECTIVENESS MEASURES:

	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Word processing pages	232,156	259,206	265,000	270,000
Word processing turnaround	24 hrs	24 hrs	24 hrs	24 hrs
First reports of injury entered	57,914	60,008	60,000	60,000
Survey units processed	8,957	8,950	8,950	8,950
OSHA documents processed	25,774	26,500	27,500	27,500
Mail units processed	5,227.0	5,250.0	5,400.0	5,400.0
Mail turnaround time	6.5 hrs	6.5 hrs	6.5 hrs	6.5 hrs
Central photo copies (000s)	1,402	1,400	1,400	1,400

EXPLANATION OF BUDGET REQUEST:

Two CHANGE requests are made for this program. \$335,000 and 6.0 positions in F.Y. 1990 and \$335,000 and 6.0 positions in F.Y. 1991 to restructure the computer system of the department to better meet the needs of internal and external clients. \$187,000 in F.Y. 1990 and \$112,000 in F.Y. 1991 to purchase a new computer communications network to: allow remote entry of data by selected agency workers' compensation clientele; allow access to appropriate and legally permissible workers' compensation data bases; and, permit communications with external computer systems, including Intertech in the Department of Administration.

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 : LABOR & INDUSTRY,DPT
PROGRAM : INFORMATION MGT SVS

			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 MGT SVS		1,281	1,458	1,488	522	2,010	2,010	1,488	447	1,935	1,935	
B IMS-COMPUTER NETWORK UPGRADE	WCS				335		335		335		335	
B IMS-STRATEGIC INFORMATION PLANNING	WCS				187		187		112		112	
TOTAL EXPENDITURES			1,281	1,458	1,488	522	2,010	2,010	1,488	447	1,935	1,935
SOURCES OF FINANCING:												
DIRECT APPROPRIATIONS:												
GENERAL		330	367	377	0	377	377	377	0	377	377	
SP REV DIRECT APPROP		0	26	26	0	26	26	26	0	26	26	
WORKERS COMP SPECIAL		882	920	937	522	1,459	1,459	937	447	1,384	1,384	
STATUTORY APPROPRIATIONS:												
SPECIAL REVENUE		0	40	40	0	40	40	40	0	40	40	
FEDERAL		69	105	108	0	108	108	108	0	108	108	
TOTAL FINANCING			1,281	1,458	1,488	522	2,010	2,010	1,488	447	1,935	1,935
POSITIONS BY FUND:												
GENERAL		6.4	7.4	7.4	0.0	7.4	7.4	7.4	0.0	7.4	7.4	
SP REV DIRECT APPROP		0.0	1.0	1.0	0.0	1.0	1.0	1.0	0.0	1.0	1.0	
FEDERAL		3.6	3.6	3.6	0.0	3.6	3.6	3.6	0.0	3.6	3.6	
WORKERS COMP SPECIAL		19.0	20.5	20.5	6.0	26.5	26.5	20.5	6.0	26.5	26.5	
TOTAL POSITIONS			29.0	32.5	32.5	6.0	38.5	38.5	32.5	6.0	38.5	38.5

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

ACTIVITY: INFORMATION MANAGEMENT SERVICES
 PROGRAM: INFORMATION MANAGEMENT SERVICES
 AGENCY: LABOR AND INDUSTRY, DEPARTMENT OF

REQUEST TITLE: COMPUTER SYSTEM RESTRUCTURING

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
Special Compensation Fund	\$ 335	6.0	\$ 335	6.0

Governor's Recommendation

Special Compensation Fund	\$ 335	6.0	\$ 335	6.0
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Request requires statutory change: _____ Yes X No

Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

This program requests the above funds to restructure its existing computer system to enable it to provide better workers' compensation case monitoring and enforcement of workers' compensation laws by implementing a coordinated and integrated information system. This is a high priority project as designated by agency top management.

DESCRIPTION/BACKGROUND:

The department has known for some time that it needs to revamp its central computer system. This was echoed by the Legislative Auditor's February, 1988 report which criticized the Workers' Compensation Program data processing system: "The department's data processing system is inadequate." (page 83)

The agency has few strategic system guidelines currently in place by which to design, develop and implement projects which will address the concern of the Legislative Auditor and the needs of the agency and its clientele. Major substantive and procedural changes in workers' compensation legislation and activities have taken place since the agency's system was installed in 1983, and the agency has not responded to these changes by modifying its computerized information systems accordingly.

Additionally, many workers' compensation system needs were identified in a legislatively mandated January, 1988 report guided by 3 nationally known workers' compensation experts. As follow up, 2 of the 3 experts noted above have assisted the agency in redefining the long term goals and strategies of the workers' compensation program consistent with needs stated in January, 1988 report.

The agency's computer system is an indispensable tool to be used in meeting these strategies and goals. The computer systems containing and affecting stored workers' compensation data must be restructured to meet both these

long known and more recently defined needs.

RATIONALE:

An efficient integrated computer system will enable the agency to perform current functions at reduced cost and to perform additional functions at a reasonable cost. However, this will require intensive efforts and support to address the wide scope and interdependence of the workers' compensation administration system.

Existing computer support staff is at a 300 manhour deficit with current work-load. Reallocation of current agency resources is being exhausted. Additional staff and funds are essential to do the necessary restructuring of the current computer system. Only by this restructuring can the agency be ensured of having an efficient and integrated computer system which will meet known needs and possess the flexibility to incorporate future needs.

BASE:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Special Compensation Fund	\$ 225	\$ 225	\$ 225	\$ 225

LONG RANGE IMPLICATIONS:	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
Special Compensation Fund	\$ 335	\$ 335	\$ 670

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

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

ACTIVITY: INFORMATION MANAGEMENT SERVICES
 PROGRAM: INFORMATION MANAGEMENT SERVICES
 AGENCY: LABOR AND INDUSTRY, DEPARTMENT OF

REQUEST TITLE: COMPUTER COMMUNICATIONS NETWORK UPGRADE

	F.Y. 1990		F.Y. 1991	
Agency Request	(000's) Amount	Positions	(000's) Amount	Positions
Special Compensation Fund	\$ 187	-0-	\$ 112	-0-
Governor's Recommendation				
Special Compensation Fund	\$ 187	-0-	\$ 112	-0-

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

STATEMENT OF REQUEST/OBJECTIVE:

This program requests the above funds to acquire and install an upgrade to the existing computer communications network to allow remote entry and on-line access into the agency computer system, where appropriate.

DESCRIPTION/BACKGROUND:

The agency has a remote entry and on-line access project whereby workers' compensation insurers and self-insured employers will be able to have direct access to selected information in the agency's computer. The agency anticipates a substantial increase in the need for data communications with remote users as the project is fully implemented. The current network will not support additional communications without a substantial investment. The current network is also deficient in its ability to interconnect with other state government networks and private sector networks, making it difficult to share data between systems. The current network also needs to be expanded to accommodate new and existing terminals within the department.

UNISYS has announced that the agency's central computer network communications equipment will be "obsoleted" in the near future. If the current communications systems is not upgraded, it will still require a significant investment that will become obsolete in only a year or 2. The current network will have little or no salvage value.

Augmenting the communications systems at this time will address all of the above concerns. In addition, the system would be expandable and upgradeable to more closely fit the agency's needs as those needs expand.

RATIONALE:

Keeping the existing communications system will mean significant investments which are not cost effective. The software for the current system will no longer be updated, parts will become difficult to find, and maintenance costs will skyrocket. The current system will not provide the functionality required to meet the needs of the agency and its remote entry project.

The agency is developing remote entry and on line access for workers' compensation insurers, self-insured employers, and other interested parties. The proposed network system must be able to handle a wide range of communications protocols necessary to successfully develop this project. Software utilities and tools are available to help manage the proposed network, while no such tools are available for the current network.

The current computer communications network also needs to be expanded to accommodate the agency's terminals and devices which exist or will be placed in service in the near future.

The current network will not communicate with other state government networks, such as the Department of Administration. To exchange data, we prepare tapes. To use electronic mail, we place an additional terminal at the user's site (which can only be used on the state system), and incur charges for each line. The proposed equipment would provide the ability to do host to host communications between systems, thus making any agency terminal capable of talking to the state administration network.

Acquiring the proposed network system will allow the department to address all of the above problems, while preserving the flexibility to grow with the needs of the department and its clients. Maintaining the current network will require significant investments in additional hardware and software which will have no salvage value, are not upgradeable, and which will have high maintenance costs.

BASE: None.

	(Dollars in Thousands)		
<u>LONG RANGE IMPLICATIONS:</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>Total</u>
Special Compensation Fund	\$ 112	\$ 112	\$ 224

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

1990-91 BIENNIAL BUDGET

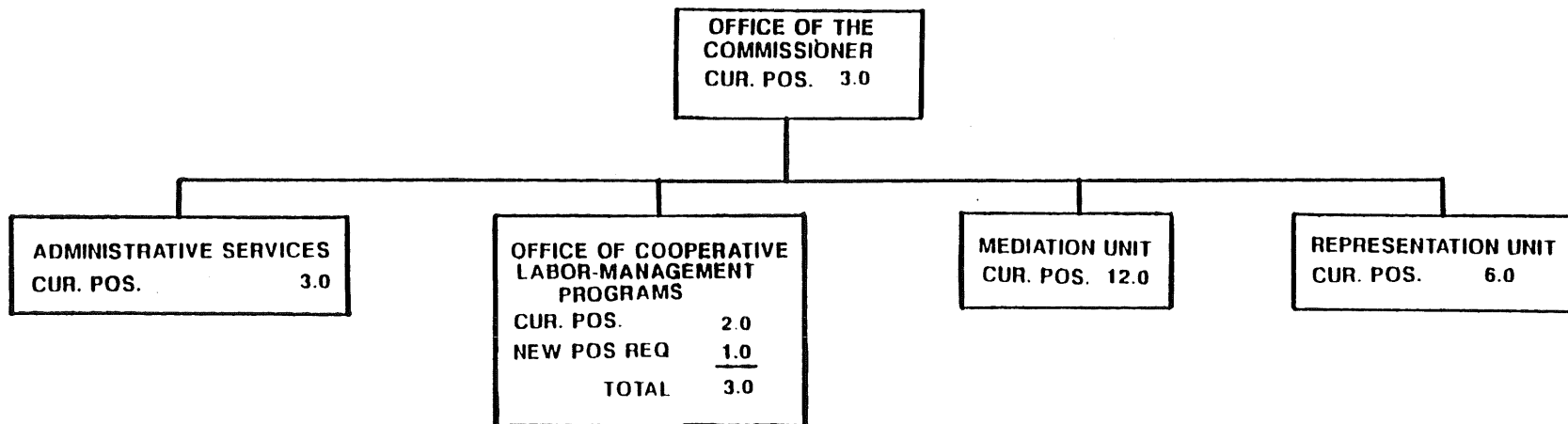
PROGRAM STRUCTURE

AGENCY: MEDIATION SERVICES, BUREAU OF

<u>AGENCY</u>	<u>PROGRAMS</u>	<u>SECTION</u>	<u>PAGE</u>
Mediation Services-----	Representation/Mediation	4	676
	Cooperative Labor Management Program		678

POSITION RECONCILIATION		
AUTHORITY	CURRENT FY 89	REQUESTED FOR 6/30/91
LEGISLATIVE COMPLEMENT:		
GENERAL FUND	26.0	27.0
TOTAL PERMANENT POSITIONS	<u>26.0</u>	<u>27.0</u>
EMPLOYEES ON 6/30/88	<u>23.0</u>	<u> </u>

**BUREAU OF MEDIATION SERVICES
ORGANIZATION CHART 7-1-88**



AGENCY: MEDIATION SERVICES, BUREAU OF

1990-91 Biennial Budget

AGENCY PURPOSE:

The Bureau of Mediation Services administers state labor relations laws (M.S. 179.01 -179.85 and 179A.01 - 179A.25), acts to minimize the adverse social and economic consequences of labor disputes, and promotes cooperative labor-management programs. It is a goal of the bureau to provide these services in a manner which encourages improved relationships between labor and management.

OPERATIONS AND CLIENTELE:

The Bureau provides assistance and services to employers, unions, and individual employees in both private and public sectors. Bureau activity is initiated by requests from employers, unions or employees. Overall economic and labor relations conditions heavily influence activity levels. While most activities are initiated by others, the Bureau is increasingly proactive in efforts to encourage improvement of basic labor-management relationships.

Primary services which the bureau provides include:

- 1) Assignment of professional labor mediators to assist in the resolution of collective bargaining and contract grievance disputes.
- 2) Determination of appropriate units for purposes of collective bargaining and the clarification or amendment of previously established units.
- 3) Conduct of elections or other procedures to verify the desires of employees with respect to union representation.
- 4) Promotion and coordination of cooperative labor-management programs in various regions and employment sectors within the state.
- 5) Facilitation of work site Labor-Management Committees to foster improvement in overall relationships between unions and employers.
- 6) Referral of qualified labor arbitrators to resolve grievance and interest disputes in both private and public sectors.
- 7) Summation and distribution of awards received from arbitrators.
- 8) Investigation and determination of fair share fee challenges filed by public sector employees.
- 9) Public information services relative to agency rules, procedures, determinations, applicable law and general labor relations matters for the general public, practitioners and other governmental and business entities.

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	\$ 4	\$ 5	\$	\$
Fee Paid	\$ 2	\$ 2	\$	\$
Requested Budget	-	-	\$ 5	\$ 5

EXPLANATION OF BUDGET REQUEST:

The agency requests an increase of \$124,000 in F.Y. 1990 for the upgrade of computer equipment and systems. The agency further requests an additional \$83,000 in F.Y. 1990 and \$100,000 in F.Y. 1991 for grant funds under the Area Labor-Management Committee Grant Program, as well as 1.0 additional complement position (\$88,000 for the biennium), to permit improved coordination and expansion of cooperative labor-management programs in the state.

<u>INDEX</u>	(Dollars in Thousands)		<u>Page</u>
	Agency Request 1990-91 Biennium All Funds	Governor's Recommendation 1990-91 Biennium All Funds	
BASE Level Request	\$ 3,515	\$ 3,515	
Agency-wide CHANGE Requests			
Office Automation	124	-0-	675
Subtotal	124	-0-	
Program/Budget Activity CHANGE Requests			
Cooperative Labor-Management Program	271	100	680
Subtotal	271	100	
CHANGE Requests Subtotal	\$ 395	\$ 100	
AGENCY Total	\$ 3,910	\$ 3,615	

GOVERNOR'S RECOMMENDATION:

The Governor recommends \$100,000 CHANGE level funding for this agency.

This funding is to expand the cooperative Labor-Management grant program for the 1990-91 biennium.

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

AGENCY : MEDIATION SERVICES

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	
REPRESENTATION/MEDIATION	1,371	1,412	1,465	124	1,589	1,465	1,470	0	1,470	1,470
COOP LABOR MGMT PROGRAMS	232	288	290	127	417	340	290	144	434	340
TOTAL EXPENDITURES	1,603	1,700	1,755	251	2,006	1,805	1,760	144	1,904	1,810
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	1,600	1,700	1,755	251	2,006	1,805	1,760	144	1,904	1,810
STATUTORY APPROPRIATIONS:										
FEDERAL	3	0	0	0	0	0	0	0	0	0
TOTAL FINANCING	1,603	1,700	1,755	251	2,006	1,805	1,760	144	1,904	1,810
POSITIONS BY FUND:										
GENERAL	21.0	26.0	26.0	1.0	27.0	26.0	26.0	1.0	27.0	26.0
TOTAL POSITIONS	21.0	26.0	26.0	1.0	27.0	26.0	26.0	1.0	27.0	26.0

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

ACTIVITY: MEDIATION SERVICES, BUREAU OF
 PROGRAM: MEDIATION SERVICES, BUREAU OF
 AGENCY: MEDIATION SERVICES, BUREAU OF

REQUEST TITLE: INFORMATION RESOURCE MANAGEMENT PROJECT

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
General Fund	\$ 124	-0-	\$ -0-	-0-

Governor's Recommendation

General Fund	\$ -0-	-0-	\$ -0-	-0-
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Request requires statutory change: _____ Yes ☒ No
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency has been unable to meet its target dates for completion of the automation of case file and history information. Approval of the requested funds will enable the agency to move the automation project to conclusion.

DESCRIPTION/BACKGROUND:

In 1984, the agency began to utilize automated word processing and information storage and retrieval systems via an IBM System/36 minicomputer. In September, 1988, as a part of an overall goal to conclude this project, the agency retained a consultant to assess the effectiveness of the internally designed and created systems, to study the feasibility of further automation of existing manual procedures, and to recommend an appropriate hardware/software strategy. As a result of this study, it has been determined that the agency's best choice is to convert to a local area network of personal computers at this juncture, rather than continuing development around an already outdated hardware system.

This decision requires a CHANGE level, which includes: \$61.6 for purchase of additional PC's and software packages for converting to the local network; \$60.0 for systems and data base design; and \$2.0 for tying the new local area network into the Statewide Accounting System and E-Mail network.

RATIONALE:

To retain the present system and achieve operational proficiency during the next biennium would require a CHANGE level request and commitment of almost \$79.0, yet result in an overall system which is based upon outdated hardware and less efficient design. The requested CHANGE level will permit the agency to achieve its operational goals in a more effective and productive manner with a system which will have a longer life span than the current System/36. With approval of this request, the agency will be able to achieve design and

implementation of a data base essential to effective agency management and research, as well as achieve further productivity gains through elimination of manual and redundant clerical operations.

BASE:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General Fund	\$ 12	\$ 9	\$ 124	\$ 0

LONG RANGE IMPLICATIONS:	F.Y. 1992	F.Y. 1993	Total
General Fundnegligible.....		

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: REPRESENTATION/MEDIATION
Agency: MEDIATION SERVICES, BUREAU OF

1990-91 Biennial Budget

PROGRAM PURPOSE:

The Mediation and Representation functions are to reduce or eliminate the adverse social and economic consequences of labor disputes; to determine appropriate units for collective bargaining within 90 days of the close of a hearing; to decide fair share fee challenges within 120 days of the close of a hearing; to maintain a respected source of labor arbitrators and to process all requests for referral of arbitrator panels within 10 days; and, to provide general administrative and clerical support to the operations and overall management of the agency.

Delays in responding to requests for mediation services and/or representation decisions can result in increased tensions and prolong the time required to resolve a dispute. Accordingly, the agency attempts to schedule its work and activity to meet the real demands for its services in a timely fashion. Agency workload is expected to continue at essentially the same levels as experienced in recent years although the peaks previously caused by cyclical teacher negotiations are not as dramatic. Maturing bargaining relationships tend to bring fewer parties to mediation, but those that do need mediation services present more difficult problems or issues and take more time to resolve as a result of greater complexity, economic impact, and tension between the parties.

The CHANGE level request for the office automation project will permit better caseload management for these functions, while also providing more accurate and timely information to clients. This project is discussed more fully in the agency wide CHANGE requests.

PROGRAM STATISTICS:

	<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>
Active Mediation Cases					
Public	524	528	550	550	550
Private	212	149	225	200	200
Representation Petitions (including Fair Share)					
Public	309	341	350	350	350
Private	22	29	30	30	30
Arbitration Panel Referrals					
Public	191	222	250	250	250
Private	113	116	100	100	100

EXPLANATION OF BUDGET REQUEST:

This program budget request does not reflect any CHANGES.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request for BASE level funding for this program.

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

AGENCY : MEDIATION SERVICES
PROGRAM : REPRESENTATION/MEDIATION

			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	
REPRESENTATION MEDIATION	1,371	1,412	1,465	124	1,589	1,465	1,470	0	1,470	1,470
A INFO RESOURE MGMT PROJECT	GEN			124		0		0		0
TOTAL EXPENDITURES	1,371	1,412	1,465	124	1,589	1,465	1,470	0	1,470	1,470
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	1,368	1,412	1,465	124	1,589	1,465	1,470	0	1,470	1,470
STATUTORY APPROPRIATIONS:										
FEDERAL	3	0	0	0	0	0	0	0	0	0
TOTAL FINANCING	1,371	1,412	1,465	124	1,589	1,465	1,470	0	1,470	1,470
POSITIONS BY FUND:										
GENERAL	19.0	24.0	24.0	0.0	24.0	24.0	24.0	0.0	24.0	24.0
TOTAL POSITIONS	19.0	24.0	24.0	0.0	24.0	24.0	24.0	0.0	24.0	24.0

PROGRAM: COOPERATIVE LABOR MANAGEMENT PROGRAM
Agency: MEDIATION SERVICES, BUREAU OF

1990-91 Biennial Budget

PROGRAM PURPOSE:

The Office of Cooperative Labor Management Programs provides encouragement as well as technical and financial support (in the form of grants) to the establishment and continuing operation of joint Area Labor-Management Committees (LMC's). The purpose of labor-management committees is to improve the overall labor-management relationship within a geographic area or throughout a particular industry.

Because of the inherently adversarial nature of collective bargaining, and the frequent lack of a structured alternative through which labor and management can discuss matters of mutual concern, labor-management relationships are often characterized by conflict and discord. The Cooperative Labor Management Program encourages and supports voluntary efforts by labor and management leaders to improve communication and cooperative ventures at area, industry, or community levels. Successful efforts result in better relationships, higher productivity, enhanced opportunities for job and economic expansion and an improved ability to compete in world, as well as domestic markets.

Area Labor-Management Committees currently exist in the Twin Cities, Duluth St. Cloud, and on the Iron Range, while statewide "industry" committees have been created within the public school system and the construction industry. These 6 committees, in turn, assist in the development of similar "worksite" committees and projects which bring the emphasis on cooperation down to operational levels.

PROGRAM STATISTICS:	(Dollars in Thousands)				
	F.Y. 1987	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Grant Funds Available	\$ 50	\$ 162	\$ 188	\$ 271	\$ 288
Number of Grant Applications Received	4	5	7*	7	8
Number of Grants Awarded	2	5	5*	7	8
Amount of Grants Awarded	\$ 50	\$ 162	\$ 188	\$ 271	\$ 288

*Projected

EXPLANATION OF BUDGET REQUEST:

The agency is submitting a CHANGE request to permit improved coordination and expansion of cooperative labor-management programs in the state. The request is for 1.0 additional complement position beginning in F.Y. 1990 (\$88,000 for the biennium) and an increase in grant funding of \$183,000 for the biennium.

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding of \$50,000 each year for the expansion of cooperative labor-management grant programs.

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

AGENCY : MEDIATION SERVICES
PROGRAM : COOP LABOR MGMT PROGRAMS

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	
COOP LABOR MGMT PROGRAMS	232	288	290	127	417	340	290	144	434	340
A COOPERATIVE LABOR-MGMT PROGRAMS	GEN			127		50		144		50
TOTAL EXPENDITURES	232	288	290	127	417	340	290	144	434	340
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	232	288	290	127	417	340	290	144	434	340
TOTAL FINANCING	232	288	290	127	417	340	290	144	434	340
POSITIONS BY FUND:										
GENERAL	2.0	2.0	2.0	1.0	3.0	2.0	2.0	1.0	3.0	2.0
TOTAL POSITIONS	2.0	2.0	2.0	1.0	3.0	2.0	2.0	1.0	3.0	2.0

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

ACTIVITY: COOPERATIVE LABOR-MANAGEMENT PROGRAMS
PROGRAM: COOPERATIVE LABOR-MANAGEMENT PROGRAMS
AGENCY: MEDIATION SERVICES, BUREAU OF

REQUEST TITLE: COOPERATIVE LABOR-MANAGEMENT PROGRAMS

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
General Fund				
Grants	\$ 83	-0-	\$ 100	-0-
New Position	44	1.0	44	1.0
TOTAL	\$ 127	1.0	\$ 144	1.0

Governor's Recommendation

General Fund				
Grants	\$ 50	-0-	\$ 50	-0-

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

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests increased funding for the Minnesota Area Labor-Management Grant Program (\$83,000 in F.Y. 1990 and \$100,000 in F.Y. 1991), as well as 1.0 technical assistance coordinator (\$44,000 in F.Y. 1990 and \$44,000 in F.Y. 1991) to allow for improved coordination of statewide activity and the development of new area committees.

DESCRIPTION/BACKGROUND:

1. GRANTS: The State Area Labor Management Grant Program was established in 1985 to provide partial support to voluntary joint committees of multiple employer and union organizations whose purpose is to improve the overall character of union-management relations in a geographic area or employment sector. The Office of Cooperative Labor-Management Programs was created in 1987 to provide coordination, strategic planning and technical assistance for the formation and operation of these area Labor Management Committees (LMC's). Both program elements contribute to increased communication, trust and understanding between unions and employers, with resulting increases in productivity, competitiveness, and economic development opportunities.
2. ADDITIONAL COMPLEMENT: One professional and 1.0 clerical position are allocated to this program at present. One additional professional level position is necessary to provide start up facilitation and technical support to newly forming area and industry committees.

LMC's created under this program involve non-traditional approaches and relationships for both labor and management leaders. Accordingly, the ability to provide neutral, professional facilitation and coaching support to new groups during their first 18-24 months of operation is often crucial to their

ability to achieve operational effectiveness. The additional professional position requested is necessary to fulfill this program need. The grant program provides funds which are critical to the operating effectiveness of the LMC's, yet does not hamper local decision making and control. LMC's, in turn, provide technical assistance, coordination and support for voluntary work-site programs of a similar nature. Central planning and technical support from the Office of Cooperative Programs helps to ensure effective use of the limited funds available for this program area.

Efforts by individual companies and enterprises to improve the nature of their labor-management relations have an obvious self-interest and are typically funded at the enterprise level. Area committees are established to support these individual efforts--and to promote a more generalized improvement in the character of labor-management relations in the region or industry. The community benefits of Area committees are just as real, but present difficult fund raising situations for committees. With a 50% matching fund requirement by the third year of operation, area committees are heavily reliant upon state grant funds for survival.

This request (\$183,000) projects reasonable budget needs and existing match requirements of established committees (Duluth, Twin Cities, Iron Range, Construction Industry, and Public Schools), plus modest amounts for emerging committees in the St. Cloud area, Health Care industry, and general Public Sector. Without additional funds, program growth will be impossible--and existing committees may not be able to survive at an operationally effective level. One overall consequence of this result is the potential loss of competitive edge with other states which are actively supporting such programs (Iowa, Illinois, Kentucky, Michigan, Ohio, Wisconsin and others).

RATIONALE:

1. GRANTS: Two new Area LMC's have been established during the current biennium (Iron Range and St. Cloud) and two additional committees are in formative stages (Health Care and Public Sector). Additional grant funds are necessary to permit maintenance of effort among established committees, allow start up funding of the two emerging committees and permit continued development efforts for two additional committees during the coming biennium.
2. ADDITIONAL COMPLEMENT: Observation and experience over the past 4 years indicate that direct, specialized facilitation and technical assistance is important to the initial development and operation of Area LMC's, while central coordination and strategic planning remain important to overall program effectiveness. An experienced process consultant and facilitator is often crucial to the ability of the members of an LMC to expand their vision and boundaries in a relationship which is often dominated by the inherent conflict of the bargaining table. One additional professional staff position is important to the agency's ability to meet this need.

The additional complement position requested would provide expanded and more comprehensive technical assistance and coordination to both the existing and increasing number of developing area committees. Expansion or improvement of services would include work with the Minnesota Labor-Management Council, coordination of the Bureau's efforts with other public and private organizations, coordination of state-wide labor-management projects and conferences, coordination of communication and involvement with regional and national programs and services, and assistance to major public and private systems in

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

ACTIVITY: COOPERATIVE LABOR-MANAGEMENT PROGRAMS
 PROGRAM: COOPERATIVE LABOR-MANAGEMENT PROGRAMS
 AGENCY: MEDIATION SERVICES, BUREAU OF

the design and implementation of labor-management programs. Funding for this position, assistant to the Labor-Management Program Director, is requested at \$36,000 (16I salary range) plus fringe benefits for a total of \$44,000 each year.

	(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>
Grants - General Fund	\$ 162	\$ 188	\$ 83	\$ 100

	(Dollars in Thousands)		
<u>LONG RANGE IMPLICATIONS:</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>TOTAL</u>
Grants - General Fund	\$ 100	\$ 100	\$ 200
Salary - General Fund	\$ 44	\$ 44	\$ 88

GOVERNOR'S RECOMMENDATION:

The Governor recommends \$50,000 each year for additional grants for Co-operative labor - management programs.

1990-91 BIENNIAL BUDGET

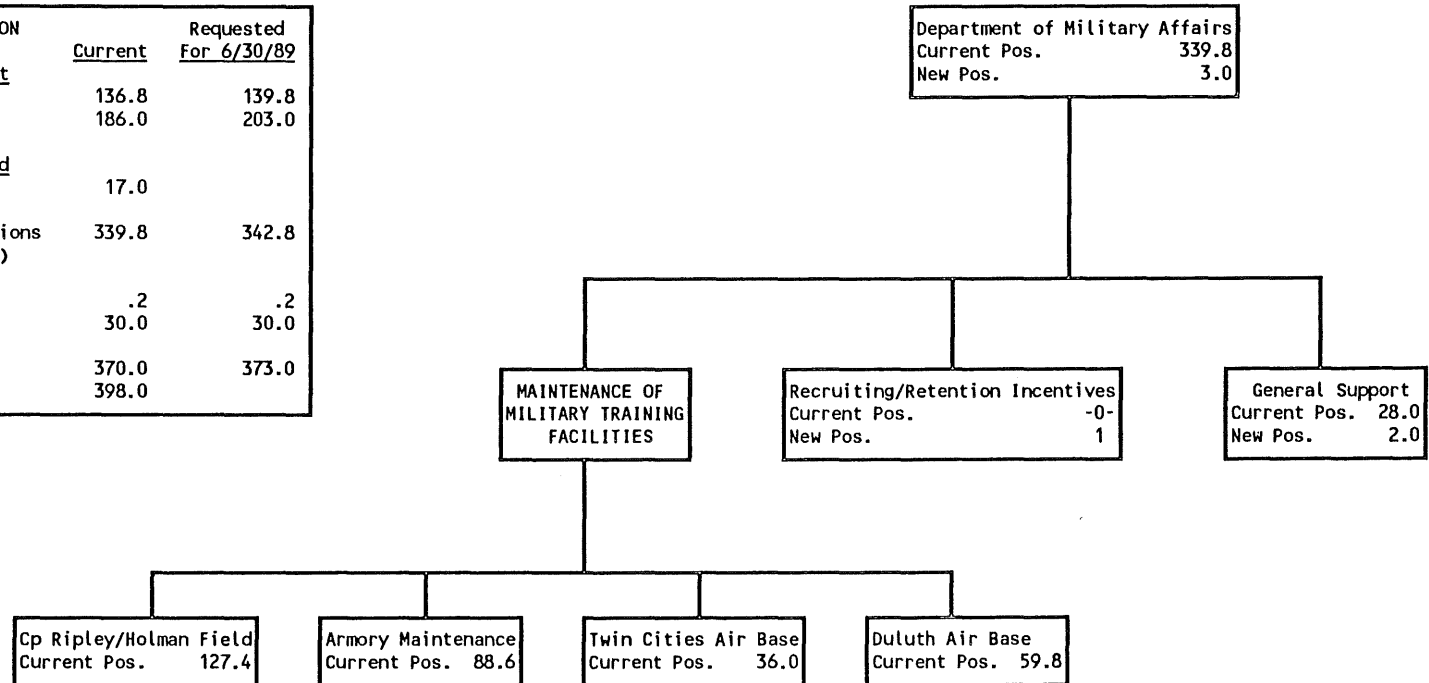
PROGRAM STRUCTURE

AGENCY: MILITARY AFFAIRS, DEPARTMENT OF

<u>PROGRAM</u>	<u>ACTIVITIES</u>	<u>SECTION</u>	<u>PAGE</u>
MAINTENANCE OF TRAINING FACILITIES-----	Camp Ripley-Holman Field	4	693
	Armory Maintenance		695
	Air Base Maintenance - Twin Cities and Duluth		702
GENERAL SUPPORT-----	Administrative Services		712
	Auxiliary Services		714
ENLISTMENT INCENTIVES-----	Cash Bonus/Tuition Reimbursement		716

DEPARTMENT OF MILITARY AFFAIRS
Organization Chart - Current as of 7/1/88

POSITION RECONCILIATION		
Authority:	Current	Requested For 6/30/89
<u>Legislative Complement</u>		
General Fund	136.8	139.8
Federal Fund	186.0	203.0
<u>Legislative Authorized</u>		
Federal Fund	17.0	
Total Permanent Positions	339.8	342.8
Other Complement (FTE)		
General Fund	.2	.2
Federal Fund	30.0	30.0
Total Positions	370.0	373.0
Employees on 6/30/88	398.0	



AGENCY PURPOSE:

The Department of Military Affairs consists of the military forces of the state of Minnesota, the Office of The Adjutant General and all military reservations, military installations, armories, air bases and facilities owned or controlled by the state for military purposes. The military forces of the state include the Army National Guard, Air National Guard, and when organized, the Minnesota State Guard. The department's primary goal is to enhance the Army and Air National Guard's ability to perform its dual mission.

1. The federal mission of the Minnesota National Guard is to provide units of trained, qualified and equipped personnel for mobilization in time of war or national emergency to augment the active forces.
2. The twofold state mission of the Minnesota National Guard is:
 - a) To provide units that are organized, equipped and trained to functions efficiently and effectively at existing strength, in the protection of life and property and the preservation of peace, order and public safety, under orders of the Governor; and
 - b) To provide temporary shelter for civilians in time of emergency and disaster; and
3. If the Minnesota National Guard were mobilized for federal service, it would be temporarily replaced by a then-organized local militia called the state Guard. The state Guard, under the command control of the Governor, would assume the state emergency duties formerly required of the National Guard.

OPERATIONS AND CLIENTELE:

The Adjutant General, as the department head, is responsible for organizing, providing personnel through recruiting and retention, training and equipping and maintaining equipment, and housing the over 13,000 member force authorized the Minnesota Army and Air National Guard.

The Department of Military Affairs provides supervision and technical support for the operation and maintenance of Minnesota National Guard facilities. These facilities include 72 armories, 11 Vehicle Maintenance/Storage areas, 2 Air National Guard bases, an Army Aviation Support Facility, and Camp Ripley. Technical support includes overall administration of fiscal, personnel, training and maintenance functions.

BUDGET ISSUES:

Ch. 686, Laws of Minnesota, 1988, established an incentives program consisting of a Cash Bonus and Tuition Assistance to members of the Minnesota Army and Air National Guard. Funding provided under that law was for F.Y. 1989 only. The program began 7-1-88 and cannot be evaluated until mid 1989.

This department feels that the continuation of both incentives is an essential part of our commitment to recruit, retain and provide increased educational opportunities to soldiers and airmen of the Minnesota Army and Air National Guard. Although they are 2 separate incentives, Cash Bonus and

Tuition Assistance, the department wishes to request combined funding for both so a shortfall in one may be supported from the other. A department legislative initiative is being pursued that will change the F.Y. 1989 program slightly and codify the above law. A CHANGE request is included at the program level for \$10,255,000 for the biennium.

The maintenance, repair and betterment of our armories and other training facilities is a major contribution by the state of Minnesota to the Army and Air National Guard. Included in the Maintenance of Training Facilities Program are 8 CHANGE requests. Four deal directly with issues heretofore addressed in the Capital Budget process: 1) roof replacements; 2) window replacements; 3) boiler replacements; and 4) underground fuel storage tank replacements. Four other CHANGE requests deal with; 5) an increase in utility funds; 6) a computerized maintenance program; 7) safety and occupational health equipment; and 8) employee travel and training.

The department offices within the Veterans Service Building are in desperate need of modular systems furniture. There has been an increase of 34 employees (mostly federal) in the building within the last 5 years with no appreciable increase in leased space. The overcrowded conditions have had a negative effect on productivity and employee morale. The department is also involved in planning for a possible move to a new building. Modular systems furniture could be used in the new facility.

EXPLANATION OF BUDGET REQUEST:

To accomplish the agency purpose stated above, the department, through this budget document, maintains and repairs training facilities, provides administrative and maintenance support, and certain recruiting and retention incentives to National Guard members. The budget request is divided into 3 program areas: 1) Maintenance of Training Facilities; 2) General Support and; 3) Enlistment Incentives.

The Maintenance of Training Facilities Program provides continuous maintenance and repair of training facilities which is critical if the Minnesota National Guard is to maintain federally mandated combat readiness standards. Many of our armories are aging and, with federal support, we are able to replace those aging facilities at the rate of 1 or 2 per year. These facilities are located in 67 different localities around the state and are often a visible part of each community and must be maintained in a most efficient and cost effective manner. The CHANGE requests numbered 1) through 4) above, address catch-up maintenance, repair and betterment of deteriorating facilities.

The General Support Program provides the personnel and administrative assets to manage the substantial amount of federal funds provided to the state by the National Guard Bureau. The greatest share of employees working for the department are federal employees who receive facility and administration support through this program. This program primarily supports the department headquarters in St. Paul.

The Enlistment Incentives Program is a new program for this biennium. Its purpose is to provide incentives that will help recruit new members, retain current members, and to provide increased educational opportunities to the maximum number of Minnesota National Guard soldiers and airmen. The incentives are available to males and females.

AGENCY: MILITARY AFFAIRS, DEPARTMENT OF
(Continuation)

1990-91 Biennial Budget

An agency level CHANGE request follows this page that details the request for funding to pay Attorney General's fees.

ATTORNEY GENERAL COSTS:

	(Dollars in Thousands)			
	Actual	Act/Est	Agency Request	
	F.Y.1988	F.Y.1989	F.Y.1990	F.Y.1991
Fees for Legal Services Rendered				
Fees Assessed	\$ 6	\$ 7	\$ -0-	\$ -0-
Fees Paid	3	4	-0-	-0-
Requested Budget	-0-	-0-	8	9

INDEX	(Dollars in Thousands)		Page
	Agency Request	Governor's Recommendation	
	1990-91 Biennium All Funds	1990-91 Biennium All Funds	
BASE Level Request	\$ 32,162	\$ 32,162	
Agency-wide CHANGE Requests			
Attorney General Costs	17	-0-	687
Subtotal	17	-0-	
Program/Budget Activity CHANGE Requests			
Maintenance of Training Facilities Program			
Employee Training and Travel	145	-0-	690
Safety and Occupational Health Equipment	54	-0-	691
Utility Increase	120	-0-	692
Armory Maintenance Activity			
Roof Replacement	790	790	697
Window Replacement	445	445	698
Boiler Replacement	195	195	699
Fuel Storage Tank Replacement	840	-0-	700
Computerized Maintenance	200	-0-	701
Subtotal	2,789	1,430	
General Support Program			
Site Utilization Coordination	72	-0-	711
Modular Systems Furniture	410	410	707
Microfilming of Personnel Records	97	-0-	708
Information Management Systems	36	-0-	709
Flags, Awards, and Academy Expenses	16	-0-	710
Subtotal	631	410	
Enlistment Incentives Program			
Tuition Reimbursement	3,295	3,295	718
Cash Bonus Payments	6,960	2,320	718
Subtotal	10,255	5,615	
CHANGE Requests Subtotal	\$ 13,692	\$ 7,455	
AGENCY Total	\$ 45,854	\$ 39,617	

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

AGENCY : MILITARY AFFAIRS,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	
MAINT-MILIT TRNG FAC	14,150	14,741	14,688	1,607	16,295	15,518	14,688	1,182	15,870	15,288
GENERAL SUPPORT	1,267	1,577	1,393	564	1,957	1,803	1,393	84	1,477	1,393
ENLISTMENT INCENTIVES	0	2,200	0	4,550	4,550	2,230	0	5,705	5,705	3,385
TOTAL EXPENDITURES	15,417	18,518	16,081	6,721	22,802	19,551	16,081	6,971	23,052	20,066
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	6,628	8,955	6,894	6,721	13,615	10,364	6,894	6,971	13,865	10,879
STATUTORY APPROPRIATIONS:										
SPECIAL REVENUE	8	218	0	0	0	0	0	0	0	0
FEDERAL	8,781	9,345	9,187	0	9,187	9,187	9,187	0	9,187	9,187
TOTAL FINANCING	15,417	18,518	16,081	6,721	22,802	19,551	16,081	6,971	23,052	20,066
POSITIONS BY FUND:										
GENERAL	136.8	136.8	136.8	3.0	139.8	137.8	136.8	3.0	139.8	137.8
FEDERAL	200.4	203.0	203.0	0.0	203.0	203.0	203.0	0.0	203.0	203.0
TOTAL POSITIONS	337.2	339.8	339.8	3.0	342.8	340.8	339.8	3.0	342.8	340.8

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

ACTIVITY: MILITARY AFFAIRS, DEPARTMENT OF
 PROGRAM: MILITARY AFFAIRS, DEPARTMENT OF
 AGENCY: MILITARY AFFAIRS, 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	\$ 8	-0-	\$ 9	-0-

Governor's Recommendation

General Fund	\$ -0-	-0-	\$ -0-	-0-
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Request requires statutory change: _____ Yes X No
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

Request funds to pay fees assessed by the Attorney General for legal and paralegal services provided to the department. These costs are now unbudgeted and the department wishes to establish a base for these costs.

DESCRIPTION/BACKGROUND:

The office of the Attorney General provides legal and paralegal services to this department in the following categories:

1. Review of federal/state cooperative funding agreements.
2. Advise on construction contract administration.
3. Arbitration.
4. Civil litigation.
5. Contract form and execution reviews.

RATIONALE:

Most of the services provided by the Attorney General are required by state and federal law. These required expenses relate to contract and federal/state agreement reviews. Very little funding is needed for civil litigation and arbitration. The department is fortunate to have a federally paid Staff Judge Advocate or attorney on the staff who is able to perform some of the legal work that would otherwise be provided by the Attorney General.

BASE:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Attorney Generals' Fees	\$ 3	\$ 4	\$ 4	\$ 4

LONG RANGE IMPLICATIONS:	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
Attorney Generals' Fees	\$ 9	\$ 9	\$ 18

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: MAINTENANCE OF TRAINING FACILITIES
Agency: MILITARY AFFAIRS, DEPARTMENT OF

1990-91 Biennial Budget

PROGRAM PURPOSE:

This program provides repair, replacement, maintenance and control of the Minnesota National Guard facilities listed below to ensure their structural integrity, general appearance, safe condition, energy efficiency, security and continued usefulness for their intended purposes. The program also provides the employees who administer the maintenance program and their training. The program is divided into 3 major activities:

1. Camp Ripley Training Site just north of Little Falls and the Army Aviation Support Facility located at the St. Paul Downtown Airport.
2. 72 single and multiple unit Army National Guard armories located in 67 separate localities and 11 vehicle maintenance/storage buildings.
3. Two Air National Guard bases, 1 located in Duluth and 1 located at the Twin Cities International Airport.

Continuous maintenance, security, replacement and repair of present training facilities ensures a longer, useful facility life, thereby reducing the need for major renovation due to deterioration. A well maintained facility enhances recruiting and retention, motivates personnel to perform their duties and displays a favorable public image of the entire Minnesota National Guard. Facility condition directly impacts on the ability of the National Guard unit to attain the operational readiness standards established by the Department of Defense and the National Guard Bureau. This is the primary goal of the department.

OPERATION:

The maintenance, security, replacement and repair of National Guard training facilities is planned, directed and executed by:

1. departmental statewide Facilities Planning Board;
2. Camp Ripley Planning Board;
3. Air National Guard Base Civil Engineers;
4. command elements of the Army and Air National Guard.

The Facilities Management Office at Camp Ripley implements the Army National Guard training facilities maintenance, replacement and repair program. The Air National Guard Base Civil Engineers at each air base direct and implement their maintenance, replacement and repair activities. Site security is controlled by local commanders within armories and air bases. The program objectives are accomplished by:

1. A mobile maintenance crew consisting of 7 individuals who complete small carpentry, painting, plumbing, electrical, roofing, and masonry projects within armories. This crew is under the direction of the Facilities Management Office, Camp Ripley.
2. Resident maintenance and repair personnel at the 2 air bases and whose duties include carpentry, painting, plumbing, electrical, mechanical plant maintenance, and roads and grounds maintenance.
3. Use of General Maintenance Workers, usually 1 at each facility location, however, Camp Ripley, the air bases, the Army Aviation Flight Facility, and larger armories have proportionally more custodial support. These individuals perform minor repair and maintenance in addition to tradi-

tional custodial tasks.

4. Replacement and repair contracts from state appropriated funds when projects are not within the capability of the mobile crew or resident maintenance personnel.
5. A Military Security Guard force at each air base that is totally supported by the federal government through salary reimbursements. Armory and Army Aviation Flight Facility security is the responsibility of the local commander using available personnel.

EXPLANATION OF BUDGET REQUEST:

This program includes several repair and replacement requirements previously included in the Capital Budget. The age of many of our armories makes it necessary to continue a schedule of repair or replacement of certain parts of those buildings; e.g. roofs, windows, doors and tuckpointing. The repair and replacement process allows facilities to remain structurally sound and be efficient to operate while maintaining their appearance and marketability should total facility replacement become possible.

Eight CHANGE requests are included in this program. Numbers 4 through 8 listed below are projects previously addressed in the Capital Budget.

1. A request for EMPLOYEE TRAINING AND TRAVEL is included at the program level as it crosses each of the 3 activities. The request is for \$145,000 for the biennium.
2. A request for SAFETY AND OCCUPATIONAL HEALTH EQUIPMENT is included at the program level as it affects each of the program activities. The request is for \$54,000 for the biennium.
3. A request for UTILITY INCREASE is included at the program level as it affects each of the program activities. The request is for \$120,000 for the biennium.
4. A request for ROOF REPLACEMENT at 53 armories is included at the ARMORY MAINTENANCE ACTIVITY level. The request is for \$790,000 for the biennium.
5. A request for WINDOW REPLACEMENT at 9 armories is included at the ARMORY MAINTENANCE ACTIVITY level. The request is for \$445,000 for the biennium.
6. A request for BOILER REPLACEMENT at 3 armories is included at the ARMORY MAINTENANCE ACTIVITY level. The request is for \$195,000 for the biennium.
7. A request for underground FUEL STORAGE TANK REPLACEMENT at 40 locations is included at the ARMORY MAINTENANCE ACTIVITY level. The request is for \$840,000 for the biennium.
8. A request for a COMPUTERIZED MAINTENANCE program at the Facilities Management Office is included at the ARMORY MAINTENANCE ACTIVITY level. The request is for \$200,000 only for the first year of the biennium.

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding for items 4, 5 and 6 above. While the other requests have 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 : MILITARY AFFAIRS,DPT
PROGRAM : MAINT-MILIT TRNG FAC

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	
CAMP RIPLEY/HOLMAN	5,749	5,892	5,979	0	5,979	5,979	5,979	0	5,979	5,979
ARMORY MAINTENANCE	4,603	4,793	4,712	1,607	6,319	5,542	4,712	1,182	5,894	5,312
P EMPLOYEE TRAVEL AND TRAINING				70		0		75		0
P SAFETY AND OCCUPATIONAL HEALTH EQUIPMENT				27		0		27		0
P UTILITIES INCREASE				60		0		60		0
B ROOF REPLACEMENT				445		445		345		345
B WINDOW REPLACEMENT				255		255		190		190
B BOILER REPLACEMENT				130		130		65		65
B FUEL STORAGE TANK REPLACEMENT				420		0		420		0
B COMPUTERIZED MAINTENANCE				200		0		0		0
AIR BASE MAINT-TWIN	1,421	1,581	1,575	0	1,575	1,575	1,575	0	1,575	1,575
AIR BASE MAINT-DULUT	2,377	2,475	2,422	0	2,422	2,422	2,422	0	2,422	2,422
TOTAL EXPENDITURES	14,150	14,741	14,688	1,607	16,295	15,518	14,688	1,182	15,870	15,288
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	5,369	5,396	5,501	1,607	7,108	6,331	5,501	1,182	6,683	6,101
STATUTORY APPROPRIATIONS:										
FEDERAL	8,781	9,345	9,187	0	9,187	9,187	9,187	0	9,187	9,187
TOTAL FINANCING	14,150	14,741	14,688	1,607	16,295	15,518	14,688	1,182	15,870	15,288
POSITIONS BY FUND:										
GENERAL	108.8	108.8	108.8	0.0	108.8	108.8	108.8	0.0	108.8	108.8
FEDERAL	200.4	203.0	203.0	0.0	203.0	203.0	203.0	0.0	203.0	203.0
TOTAL POSITIONS	309.2	311.8	311.8	0.0	311.8	311.8	311.8	0.0	311.8	311.8

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

ACTIVITY: MAINTENANCE OF TRAINING FACILITIES
PROGRAM: MAINTENANCE OF TRAINING FACILITIES
AGENCY: MILITARY AFFAIRS, DEPARTMENT OF

REQUEST TITLE: EMPLOYEE TRAINING AND TRAVEL

	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
Agency Request				
General Fund	\$ 70	-0-	\$ 75	-0-

Governor's Recommendation

General Fund	\$ -0-	-0-	\$ -0-	-0-
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Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

Requested funds will, in part, be committed to increased training and associated travel for department state employees. The objective of this request is to enable employees to attend necessary training heretofore not possible because of lack of funds. Funds would also be used to support the in-state travel of facilities management employees. The training discussed in this CHANGE request is not part of or related to the tuition reimbursement incentive.

DESCRIPTION/BACKGROUND:

Prior to this CHANGE request, the department has not formally made training and travel a separate issue in the budget process. Funds to support these requirements were taken from funds set aside for facilities maintenance and repair or other sources. In many instances, training has been requested by employee supervisors that was not authorized because of a lack of training and travel funding. The number of employees requiring travel has increased in the last 5 years. Although the salaries of these employees are almost totally reimbursed by the federal government, travel and training requirements are not provided for in the federal support agreement. The Building Maintenance coordinators, architects, and mobile maintenance crew personnel are required to travel extensively, averaging 2 days travel each week all year. \$36,000 was budgeted for F.Y. 1988 for all travel and training; however \$60,000 was actually expended with some travel and training denied because of lack of funding.

STATISTICS:

	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
No. to be trained (3 days each)	40	40	50	55
Average days travel/year	940	940	980	980

RATIONALE:

In-depth technical training and professional development seminars on building construction, computer operations, project management, environmental issues and other facilities related training is needed to increase personnel knowledge and effectiveness. This will result in a more effective, productive staff who are kept up-to-date on changing requirements and procedures in those areas. Estimates were based on \$65.00 per day in-state, job related travel (\$63,700) and the remainder for training fees, airline transportation and higher out of state hotel costs. In-state travel is essential in maintaining department facilities in 75 different locations around the state. The department's success in gaining federal construction dollars for new facilities has increased travel requirements to monitor the numerous projects underway statewide. The department no longer wants to divert maintenance and repair funds for training and travel.

BASE: None.

	(Dollars in Thousands)		
<u>LONG RANGE IMPLICATIONS:</u>	F.Y. 1992	F.Y. 1993	Total
General Fund	\$ 75	\$ 75	\$ 150

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: MAINTENANCE OF TRAINING FACILITIES
 PROGRAM: MAINTENANCE OF TRAINING FACILITIES
 AGENCY: MILITARY AFFAIRS, DEPARTMENT OF

REQUEST TITLE: SAFETY AND OCCUPATIONAL HEALTH EQUIPMENT

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's)		(000's)	
	Amount	Positions	Amount	Positions
General Fund	\$ 27	-0-	\$ 27	-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 funds to provide: (1) certain employee health and safety equipment, (2) safety signs and posters, (3) safety and occupational health training, and (4) medical surveillance for employees. The department goal is to reduce job injuries, workers compensation and missed workdays by providing employees adequate safety training and equipment.

DESCRIPTION/BACKGROUND:

The department is fortunate to have a safety and occupational health manager and an occupational health nurse on our staff. Their salaries are totally supported by the federal government. Safety equipment, training, and medical surveillance for state employees are not supported by the federal government. Safety and health awareness has not always been at the high level it now enjoys and deserves. Minimal equipment and training has previously been funded with little impact on other programs. This area needs a budget base established if our efforts are to continue at this level. Examples of some of the safety and occupational health needs are:

- o personal protective equipment (\$11,000), such as eye protection, boots/shoes, gloves, overshoes, disposable coveralls, aprons, respirators and cartridges, hearing protection;
- o facility safety equipment (\$9,000), such as fuel dispensing containers, flammable storage, signs and posters, and safety cans;
- o safety and occupational health training (\$6,000) such as professional training and right-to-know training;
- o medical surveillance for employees (\$1,000) such as blood lead testing, cholinesterase testing and other health testings.

STATISTICS:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Right-to-Know tng (No./empl)	200	125	200	125
Rifle range cleaning tng (No./empl)	10	2	1	2
Asbestos surveys (No./facilities)	10	15	10	10
Empl under medical surveillance	15	15	15	15

RATIONALE:

It is commonly accepted that an aggressive safety and occupation health program reduces employee injuries, lost work days, and workers compensation costs. Employee morale and productivity are often effected by an unsafe or unhealthy work place. Much effort has been expended by the federally supported staff on behalf of the state employees within this department. We feel obligated to support their efforts with equipment and training wherever possible.

BASE: None.

LONG RANGE IMPLICATIONS:	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
General Fund Expenditures	\$ 27	\$ 27	\$ 54

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: MAINTENANCE OF TRAINING FACILITIES
PROGRAM: MAINTENANCE OF TRAINING FACILITIES
AGENCY: MILITARY AFFAIRS, DEPARTMENT OF

REQUEST TITLE: UTILITY INCREASE

	F.Y. 1990		F.Y. 1991	
Agency Request	(000's) Amount	Positions	(000's) Amount	Positions
General Fund	\$ 60	-0-	\$ 60	-0-

Governor's Recommendation

General Fund	\$ -0-	-0-	\$ -0-	-0-
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Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

This CHANGE request is for an increase in utility dollars to offset rate increases occurring over the last several years. The objective is to establish a utility base more in line with today's costs.

DESCRIPTION/BACKGROUND:

The department is provided funds to pay for utility costs incurred at armories and other training facilities. Since late 1985, up to and including C.Y. 1988, electric rates alone have risen 11%, based in information received from the Public Utilities Commission. In addition, the requirement to pay sales tax on all utilities further adds to the shortfall which, in total, amounts to an increase in costs in just over 2 years of 16%. Spending is not discretionary; it is required to operate each facility. The F.Y. 1988 base amount for utilities was \$432,000. Actual expenditures were \$475,000. Much of the shortfall was due to sales tax collections that started in the middle of the biennium as well as increased rates. The F.Y 1989 base is the same with expenditures estimates being \$482,000.

	Actual F.Y. 1988	Est. F.Y. 1989	Est. F.Y. 1990	Est. F.Y. 1991
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Utility costs	\$ 475	\$ 482	\$ 492	\$ 492
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RATIONALE:

According to information received from the Public Utilities Commission, utility rates, especially electric rates, rise with the rate of inflation. The estimates shown above for F.Y. 1990 and F.Y. 1991 are based on a 2% increase in rates over F.Y. 1989 rates.

BASE: (Dollars in Thousands)

	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General Fund Expenditures	\$ 432	\$ 432	\$ 432	\$ 432

LONG RANGE 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.

ACTIVITY: CAMP RIPLEY-HOLMAN FIELD
Program: MAINTENANCE OF TRAINING FACILITIES
Agency: MILITARY AFFAIRS, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

This activity provides the physical maintenance to training installations at Camp Ripley and the Army Aviation Support Facility at the St. Paul Downtown Airport (Holman Field).

Camp Ripley is a 53,000 acre state-owned year-round military training facility and is the primary training site for the 10,350 members of the Minnesota Army National Guard. Camp Ripley is also heavily used by troops from other state National Guard units and troops from the active forces. Camp Ripley is designated by the National Guard Bureau as the primary Army National Guard winter training facility in the United States. This designation has brought a substantial amount of federal construction dollars to this state for expansion of Camp Ripley in this role. The troop housing area can support more than 12,000 troops during the summer months and approximately 2,500 during cold weather training months. Camp Ripley has facilities that provide the supply, maintenance and off-duty recreation required by organizations and units training at the site. Camp Ripley also has a superb 5,000 foot asphalt runway capable of handling large commercial or tactical aircraft that has allowed the Air National Guard to use Camp Ripley as a training area. A 3,500 foot dirt tactical runway was recently completed allowing more Air National Guard use of the airfield. This runway system has made Camp Ripley more accessible to out of state troops. To support the airfield, a limited Army Aviation Support Facility is in place that includes 2 hangers, an operations/crash rescue facility, 6 aircraft and 14 employees.

Holman Field at the St. Paul Downtown Airport (Holman Field) is the location of the National Guard hanger, which provides a training base and operational headquarters for the Army National Guard Aviation Brigade and the Army Aviation Support Facility. The facility supports 35 helicopters and 3 fixed-wing aircraft owned by the federal government and operated by National Guard personnel. Approximately 550 Army National Guard personnel are authorized to train at Holman Field. They are responsible for the management and execution of the entire Army National Guard aviation program which includes aircraft maintenance, flight operations, aviation standardization, tactical training, safety and administrative support. The facility, which recently underwent a major renovation, is supported by 6 general maintenance workers, 1 plant maintenance engineer, and 1 building maintenance foreman on 24 hour shifts, 7 days a week. They perform all janitorial services, maintain the complex environmental building systems and also provide building security.

<u>EFFECTIVENESS MEASURES:</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
Camp Ripley Troop Use:				
National Guard troops(man-days)	271,032	320,019	318,000	329,600
Other military troops(man-days)	76,276	84,438	86,900	85,000
Non-military use (No. of people)	3,200	3,500	3,500	3,500
Holman Field:				
Flying hours supported	6,540	7,200	7,200	7,500
Aircraft supported	38	38	38	38

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

AGENCY : MILITARY AFFAIRS,DPT
PROGRAM : MAINT-MILIT TRNG FAC
BUDGET ACTIVITY : CAMP RIPLEY/HOLMAN

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	3,877	4,222	4,301	0	4,301	4,301	4,301	0	4,301	4,301
EXPENSES/CONTRACTUAL SRVCS	732	461	469	0	469	469	469	0	469	469
MISC OPERATING EXPENSES	396	435	435	0	435	435	435	0	435	435
SUPPLIES/MATERIALS/PARTS	743	774	774	0	774	774	774	0	774	774
CAPITAL EQUIPMENT	1	0	0	0	0	0	0	0	0	0
TOTAL EXPENDITURES	5,749	5,892	5,979	0	5,979	5,979	5,979	0	5,979	5,979
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	1,001	1,001	1,031	0	1,031	1,031	1,031	0	1,031	1,031
STATUTORY APPROPRIATIONS:										
FEDERAL	4,748	4,891	4,948	0	4,948	4,948	4,948	0	4,948	4,948
TOTAL FINANCING	5,749	5,892	5,979	0	5,979	5,979	5,979	0	5,979	5,979
POSITIONS BY FUND:										
GENERAL	19.9	20.1	20.1	0.0	20.1	20.1	20.1	0.0	20.1	20.1
FEDERAL	104.5	107.3	107.3	0.0	107.3	107.3	107.3	0.0	107.3	107.3
TOTAL POSITIONS	124.4	127.4	127.4	0.0	127.4	127.4	127.4	0.0	127.4	127.4

ACTIVITY: ARMORY MAINTENANCE
Program: MAINTENANCE OF TRAINING FACILITIES
Agency: MILITARY AFFAIRS, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

To repair and maintain state-owned National Guard facilities at a high standard with the minimum essential custodian service to provide: (1) an efficient training, logistical and administrative facility for Army National Guard troop use for mission training; (2) a facility for use during natural disasters and other state active duty contingencies; and (3) a functional, well maintained facility available for use by state agencies, community organizations or individuals, and local businesses.

The department owns and/or operates 72 armories and 11 vehicle maintenance or storage buildings. Replacement armories under construction or recently completed in 1988 include Moorhead, Albert Lea and Brainerd. Total estimate value of this real estate is in excess of \$120,000,000. Total square footage of all armories and vehicle maintenance/storage buildings is just over 1,915,000 square feet. This activity provides maintenance and repair to those facilities. Twenty five of the 72 armories are over 40 years old. The older facilities require repairs and renovations to ensure structural integrity, energy efficiency and continued usefulness as National Guard training facilities. As indicated above, troop usage has increased in the last 3 years. Projected strength increases are shown in the Activity Statistics. Rental use by state agencies, community organizations, individuals, and private businesses provides a source of revenue to defray costs for maintenance, fuel and utility costs, and minor repairs. Revenues gained from rentals remain in Armory Fund accounts at each state-owned armory for their use (M.S. 193.29 Subd. 4). Funds from this activity are used in those armories that cannot generate sufficient revenues through rentals. This activity provides custodian service for all armories and all other Army National Guard training facilities.

Janitorial type maintenance and minor repairs are accomplished by general maintenance workers, usually 1 at each location. The department continually monitors facility janitorial needs and has been successful in reducing janitorial hours in those armories not requiring full-time support.

Major repairs and replacements, previously accomplished through Capital Budget monies, are now included in this activity. Repair and replacement projects include window replacements, tuckpointing, replacement of garage and personnel doors, concrete and blacktop repairs, kitchen range hoods, ceiling fans and garage exhaust systems and other smaller projects. Recent completion of window replacements and tuckpointing in 10 armories have already resulted in substantial energy savings. The larger projects are completed via state contract with private firms. Smaller projects are accomplished by the department's mobile crew consisting of 2 carpenters, 1 painter, 1 plumber, 1 mason, 1 roofer and 1 electrician.

EFFECTIVENESS MEASURES:

1. Use by Army National Guard troops, full-time administrative, training and supply personnel: Armories vary in size, configuration and age. The size of the troop unit(s) assigned to each armory is dependent on the physical plant capabilities. As troop use increases, maintenance and repair requirements also increase. During the last 3 years, the Army National Guard troop strength has increased as reflected in the Activity Statistics. With the increased troop usage factor, this activity has kept pace with day to day maintenance and repairs, however there is still a backlog of major repairs.
2. Use of armories to assist local authorities in natural disaster relief or other state active duty requirements is infrequent. Facilities and conditions have been adequate to complete state missions.
3. Nearly all 72 armories are rented or provided free of charge with varying degrees of frequency. Non National Guard users of armories include state agencies (for low cost office space), community organizations, individuals, and private businesses (rental only). Activity Statistics reflect income amounts and projections of future income.

STATISTICS:

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
Troop Use	10,350	10,700	10,800	10,950

CHANGE REQUESTS:

There are 5 CHANGE requests within this ACTIVITY. They are 1) ROOF REPLACEMENT, 2) WINDOW REPLACEMENT, 3) BOILER REPLACEMENT, 4) FUEL STORAGE TANK REPLACEMENT, and 5) COMPUTERIZED MAINTENANCE.

REVENUE:

Revenue generated within this activity is from rental of the various armories to other state agencies, community organizations, individuals and private businesses. Total revenues realized in F.Y. 1988 totaled \$358,000 and \$251,000 remained in local armory funds to defray operating and maintenance costs. \$107,000 was retained by the Minnesota State Armory Building Commission to defray cost for armories owned by the Commission. The F.Y. 1988 revenues were \$40,000 below estimates made during the last budget preparation. Revenues have been declining slightly over the last several years. Revenues are produced solely by armory rentals, which are cyclic depending on local economic conditions.

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : MILITARY AFFAIRS,DPT
PROGRAM : MAINT-MILIT TRNG FAC
BUDGET ACTIVITY : ARMORY MAINTENANCE

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	2,128	2,189	2,272	0	2,272	2,272	2,272	0	2,272	2,272	
EXPENSES/CONTRACTUAL SRVCS	946	1,140	1,040	1,250	2,290	1,870	1,040	1,020	2,060	1,640	
MISC OPERATING EXPENSES	848	882	818	130	948	818	818	135	953	818	
SUPPLIES/MATERIALS/PARTS	666	578	578	227	805	578	578	27	605	578	
CAPITAL EQUIPMENT	13	4	4	0	4	4	4	0	4	4	
REAL PROPERTY	2	0	0	0	0	0	0	0	0	0	

TOTAL EXPENDITURES	4,603	4,793	4,712	1,607	6,319	5,542	4,712	1,182	5,894	5,312	

CHANGE REQUESTS:	FUND										

P EMPLOYEE TRAVEL AND TRAINING	GEN			70		0		75		0	
P SAFETY AND OCCUPATIONAL HEALTH EQUIPMENT	GEN			27		0		27		0	
P UTILITIES INCREASE	GEN			60		0		60		0	
B ROOF REPLACEMENT	GEN			445		445		345		345	
B WINDOW REPLACEMENT	GEN			255		255		190		190	
B BOILER REPLACEMENT	GEN			130		130		65		65	
B FUEL STORAGE TANK REPLACEMENT	GEN			420		0		420		0	
B COMPUTERIZED MAINTENANCE	GEN			200		0		0		0	
				-----		-----		-----		-----	
TOTAL CHANGE REQUESTS				1,607		830		1,182		600	

SOURCES OF FINANCING:											

DIRECT APPROPRIATIONS:											
GENERAL	3,944	3,961	4,044	1,607	5,651	4,874	4,044	1,182	5,226	4,644	

STATUTORY APPROPRIATIONS:											
FEDERAL	659	832	668	0	668	668	668	0	668	668	

TOTAL FINANCING	4,603	4,793	4,712	1,607	6,319	5,542	4,712	1,182	5,894	5,312	

POSITIONS BY FUND:											

GENERAL	81.9	81.9	81.9	0.0	81.9	81.9	81.9	0.0	81.9	81.9	
FEDERAL	6.7	6.7	6.7	0.0	6.7	6.7	6.7	0.0	6.7	6.7	

TOTAL POSITIONS	88.6	88.6	88.6	0.0	88.6	88.6	88.6	0.0	88.6	88.6	

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

ACTIVITY: ARMORY MAINTENANCE
PROGRAM: MAINTENANCE OF TRAINING FACILITIES
AGENCY: MILITARY AFFAIRS, DEPARTMENT OF

REQUEST TITLE: ROOF REPLACEMENT

	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
Agency Request				
General Fund	\$ 445	-0-	\$ 345	-0-

Governor's Recommendation

General Fund	\$ 445	-0-	\$ 345	-0-
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Request requires statutory change: _____ Yes X No

Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

This CHANGE request is designed to continue the department's armory roof replacement program. Nineteen (19) roofs are in need of replacement in the next 6 years. This request is for 7 of those roofs. This request will reduce the backlog of roof replacements.

DESCRIPTION/BACKGROUND:

Roof replacements have previously been supported through the Capital Budget.

The roofs identified for replacement are in such poor condition that maintenance is almost impossible. These roofs are deteriorated to a point where repairs is impractical as there is nothing left to repair. The deterioration of the roofs itself is causing wood decks to rot and metal decks to rust through. This results in significant water damage to the interior walls, ceilings, and floors requiring extensive repair costs.

These old roofs are not insulated and are energy inefficient. If this CHANGE request is not supported, the department will have to continue to expend funds to try to maintain or temporarily repair the roofs well past their useful lives. The roofs being replaced are not insulated. However, the replacement roofs are insulated; so significant energy savings is also a result of roof replacements.

STATISTICS:

	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Roofs replaced (Capital Budget)	4	2	-0-	-0-
Roofs to be replaced	-0-	-0-	4	3

RATIONALE:

The longer roof replacements are delayed, the greater the risk of failure causing extensive interior damage. Temporary emergency repairs only postpone

the inevitable use funds that could be used for more permanent facility repairs.

BASE: None.

	(Dollars in Thousands)		
<u>LONG RANGE IMPLICATIONS:</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>Total</u>
General Fund	\$ 385	\$ 320	\$ 705

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

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

ACTIVITY: ARMORY MAINTENANCE
PROGRAM: MAINTENANCE OF TRAINING FACILITIES
AGENCY: MILITARY AFFAIRS, DEPARTMENT OF

REQUEST TITLE: WINDOW REPLACEMENT

	F.Y. 1990		F.Y. 1991	
Agency Request	(000's) Amount	Positions	(000's) Amount	Positions
General Fund	\$ 255	-0-	\$ 190	-0-

Governor's Recommendation

General Fund	\$ 255	-0-	\$ 190	-0-
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Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

This request is for replacement of windows at 9 armories constructed between 1937 and 1971. The project objective is to eliminate the maintenance of windows, improve overall energy usage, and improve the appearance of those armories identified for window replacement.

DESCRIPTION/BACKGROUND:

Window replacements have previously been supported through the Capital Budget.

The department maintains over 4,800,000 square feet of facilities. All 9 armories identified for window replacement have single pane glass, which is non insulating. Most facilities have large expanses of glass to provide adequate lighting in offices, classrooms and drill halls.

The current condition of these windows is such that most frames and sills are rotted out even after many years of maintenance and repair. The single pane glass is cracked or broken in several cases. The rotted frames are unrepairable in most instances and can only be replaced with a total unit.

In the 23 armories where windows have been replaced with aluminum windows, the transformation is striking. The exterior has a like-new appearance, especially when combined with tuckpointing. It has been the single most important facelift armories have had in many years. The replacements have had an immediate impact on energy consumption and employee comfort.

STATISTICS:

	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Windows replaced (Cap. Budget)	3	1	-0-	-0-
Windows to be replaced	-0-	-0-	5	4

RATIONALE:

The replacement of rotted framed, single pane windows will not only improve the buildings useful life, but also will reduce the energy consumption by replacement with insulated glass. No longer will general maintenance workers have to continually paint the outside and inside of the frames. Employee comfort is another benefit with no more drafts or frosted windows.

BASE: None.

LONG RANGE IMPLICATIONS:	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
General Fund	\$ 225	\$ 230	\$ 455

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

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

ACTIVITY: ARMORY MAINTENANCE
PROGRAM: MAINTENANCE OF TRAINING FACILITIES
AGENCY: MILITARY AFFAIRS, DEPARTMENT OF

REQUEST TITLE: BOILER REPLACEMENT

	F.Y. 1990		F.Y. 1991	
Agency Request	(000's) Amount	Positions	(000's) Amount	Positions
General Fund	\$ 130	-0-	\$ 65	-0-

Governor's Recommendation

General Fund	\$ 130	-0-	\$ 65	-0-
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Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

This CHANGE request is for major heating system renovation/replacement at 3 armories. Program includes replacement of boilers and associated heating system. The objective is to replace those systems identified as substandard before emergency replacement is needed due to failure.

DESCRIPTION/BACKGROUND:

Boiler and heating system replacements would normally be supported through the Capital Budget.

Over the last 2 years, the department has been forced to spend just over \$98,000 on emergency replacement of boilers. This has been "out-of-hide" and not budgeted for. The department has a large number of individual boilers used to heat large expanses of buildings. Most boilers are over 20 years old and some are as old as 40 years. The state has only had a boiler water treatment program for the last 10 years. Many of our boilers have seriously deteriorated because of lack of water treatment. Most have been retubed several times along with new firebricking and numerous welds to stop leaks. The burners are old and some burn up to 27 gallons of fuel an hour.

STATISTICS:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Boilers replaced or scheduled	2	1	-0-	-0-
Boilers to be replaced	-0-	-0-	2	1

RATIONALE:

Boiler replacement will allow this department to use its maintenance and repairs dollars to continue to maintain its other 60 boilers in good working order. If this request is not supported, maintenance dollars will have to be diverted to replacement, causing maintenance to slip on the boilers in good condition. Lack of maintenance will then cause deterioration and premature

failure.

BASE: None.

LONG RANGE IMPLICATIONS:	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
General Fund	\$ 130	\$ 65	\$ 195

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

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

ACTIVITY: ARMORY MAINTENANCE
PROGRAM: MAINTENANCE OF TRAINING FACILITIES
AGENCY: MILITARY AFFAIRS, DEPARTMENT OF

REQUEST TITLE: FUEL STORAGE TANK REPLACEMENT

	F.Y. 1990		F.Y. 1991	
Agency Request	(000's) Amount	Positions	(000's) Amount	Positions
General Fund	\$ 420	-0-	\$ 420	-0-

Governor's Recommendation

General Fund	\$ -0-	-0-	\$ -0-	-0-
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Request requires statutory change: _____ Yes X No

Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

This CHANGE request is for replacement of 40 underground fuel storage tanks installed at various locations within the state. Underground fuel storage tanks are required to ensure that our facilities have 2 sources of heating fuel available at all times. The objective is to replace old tanks with new tanks that have a multi-monitoring system to detect leaks that would contaminate underground water or material.

DESCRIPTION/BACKGROUND:

The 40 underground tanks needing replacement are all steel with some being protected by asphalt. The only way of evaluating the condition of these tanks is by digging each one up and visually inspecting it. The only way to evaluate the soundness of the tank (in ground) is not to use any fuel from the tank for a given period of time and then measure the fuel level to determine if fuel is leaking into the ground. Only 4 of the 116 tanks have monitoring systems attached.

STATISTICS:

	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Tanks to be replaced	-0-	-0-	20	20

RATIONALE:

The Pollution Control Agency has recommended that state agencies, among others, have an underground tank management program. Proposed laws and regulations indicate a requirement for dual lined tanks with a separate leak detection systems or ground monitoring system attached.

If this program is not supported, a potential exists for old deteriorating tanks to leak fuel into the ground and cause contamination of surrounding ground water and soils. This would obligate the state to large sums of money for cleanup and replacement of contaminated soils and repair or replacement

of the faulty tank under emergency circumstances.

BASE: None.

	(Dollars in Thousands)		
LONG RANGE IMPLICATIONS:	F.Y. 1992	F.Y. 1993	Total
General Fund	\$ 420	\$ 420	\$ 840

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: ARMORY MAINTENANCE
PROGRAM: MAINTENANCE OF TRAINING FACILITIES
AGENCY: MILITARY AFFAIRS, DEPARTMENT OF

REQUEST TITLE: COMPUTERIZED MAINTENANCE

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.

	F.Y. 1990		F.Y. 1991	
Agency Request	(000's) <u>Amount</u>	<u>Positions</u>	(000's) <u>Amount</u>	<u>Positions</u>
General Fund	\$ 200	-0-	\$	-0-
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-

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

STATEMENT OF REQUEST/OBJECTIVE:

This CHANGE request is for hardware and software to provide a cost/time effective maintenance and repair system down to maintenance worker level. The objective is to have immediately available, facility-specific information on all aspects of maintenance and repair of that facility so timely action can be taken.

DESCRIPTION/BACKGROUND:

Computerized maintenance is intended to enhance the department's maintenance and repairs program for 72 armories and 20 organizational maintenance shops by providing a means of information management, dissemination and collection. Users will be able to identify maintenance needs based on a program specifically written for each facility. Information on the various mechanical systems will be tracked to provide instant repair information to expedite emergency repairs. Schedules will be developed and then verified to ensure these systems are being maintained properly. Research time will be saved by the vast amount of information being available to the requestor. As mechanical systems become more complex with the advent of larger facilities, the maintenance and repair of these systems also becomes more difficult.

RATIONALE:

Without support, management of maintenance and repairs programs will not progress in technology along with the growth of technological systems within the facilities. This will cause the state to expend monies for repairs that could have been controlled by proper maintenance.

BASE: None.

LONG RANGE IMPLICATIONS: None.

ACTIVITY: AIR BASE MAINTENANCE
Program: MAINTENANCE OF TRAINING FACILITIES
Agency: MILITARY AFFAIRS, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

To provide buildings, grounds, and mechanical systems to the 2 major Minnesota Air National Guard organizations: The 133rd Tactical Airlift Wing located at the Twin Cities International Airport and the 148th Fighter Interceptor Group located at the Duluth International Airport. These facilities enable those organizations to attain and maintain their operational readiness as directed by the National Guard Bureau and Department of Air Force. Readiness is attained by utilizing base facilities to administer, equip and train Air National Guard personnel to support air crew flying activities. The best and most basic measurement of the effectiveness of this activity is to state the number of flying hours and/or sorties (take-offs) completed, as that is the bottom line intent of the Air National Guard program.

This activity maintains and improves the training and administrative facilities consisting of 35 separate structures at the Twin Cities air base and 30 separate structures at the Duluth air base. Each base provides facilities for aircraft and vehicle maintenance as well as providing training, housing, feeding and administrative office space for full-time and part-time personnel. This activity provides repairs and routine maintenance, including heating, electrical, plumbing, remodeling or rehabilitating offices, repairing roofs, painting of buildings, patching roads, repairing concrete, sweeping and snow plowing roads and ramps, cutting grass and providing janitorial service. Personnel at the Duluth base provide firefighting/crash rescue services to the entire International Airport under a joint use agreement with the Duluth Airport Authority, which is 100% federally supported. This activity provides 24 hour base security at both bases, which is 100% federally supported.

A CHANGE request is included at the Program level to provide funds to pay for increased Runway Use Fees charged by the Metropolitan Airports Commission in St. Paul and the Duluth Airport Authority in Duluth.

<u>EFFECTIVENESS MEASURES:</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
Flying hours - St. Paul	4,100	4,100	4,100	4,100
Flying hours - Duluth	4,400	4,400	4,400	4,400
Aircraft supported - St. Paul	8	8	8	8
Aircraft supported - Duluth	22	22	22	22

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : MILITARY AFFAIRS,DPT
PROGRAM : MAINT-MILIT TRNG FAC
BUDGET ACTIVITY : AIR BASE MAINT-TWIN

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	982	1,050	1,044	0	1,044	1,044	1,044	0	1,044	1,044
EXPENSES/CONTRACTUAL SRVCS	110	103	103	0	103	103	103	0	103	103
MISC OPERATING EXPENSES	161	159	159	0	159	159	159	0	159	159
SUPPLIES/MATERIALS/PARTS	153	269	269	0	269	269	269	0	269	269
CAPITAL EQUIPMENT	15	0	0	0	0	0	0	0	0	0
TOTAL EXPENDITURES	1,421	1,581	1,575	0	1,575	1,575	1,575	0	1,575	1,575
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	212	225	219	0	219	219	219	0	219	219
STATUTORY APPROPRIATIONS:										
FEDERAL	1,209	1,356	1,356	0	1,356	1,356	1,356	0	1,356	1,356
TOTAL FINANCING	1,421	1,581	1,575	0	1,575	1,575	1,575	0	1,575	1,575
POSITIONS BY FUND:										
GENERAL	3.6	3.6	3.6	0.0	3.6	3.6	3.6	0.0	3.6	3.6
FEDERAL	32.4	32.4	32.4	0.0	32.4	32.4	32.4	0.0	32.4	32.4
TOTAL POSITIONS	36.0	36.0	36.0	0.0	36.0	36.0	36.0	0.0	36.0	36.0

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

AGENCY : MILITARY AFFAIRS,DPT
PROGRAM : MAINT-MILIT TRNG FAC
BUDGET ACTIVITY : AIR BASE MAINT-DULUT

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	1,678	1,770	1,717	0	1,717	1,717	1,717	0	1,717	1,717
EXPENSES/CONTRACTUAL SRVCS	144	148	148	0	148	148	148	0	148	148
MISC OPERATING EXPENSES	308	298	298	0	298	298	298	0	298	298
SUPPLIES/MATERIALS/PARTS	247	259	259	0	259	259	259	0	259	259
TOTAL EXPENDITURES	2,377	2,475	2,422	0	2,422	2,422	2,422	0	2,422	2,422
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	212	209	207	0	207	207	207	0	207	207
STATUTORY APPROPRIATIONS:										
FEDERAL	2,165	2,266	2,215	0	2,215	2,215	2,215	0	2,215	2,215
TOTAL FINANCING	2,377	2,475	2,422	0	2,422	2,422	2,422	0	2,422	2,422
POSITIONS BY FUND:										
GENERAL	3.4	3.2	3.2	0.0	3.2	3.2	3.2	0.0	3.2	3.2
FEDERAL	56.8	56.6	56.6	0.0	56.6	56.6	56.6	0.0	56.6	56.6
TOTAL POSITIONS	60.2	59.8	59.8	0.0	59.8	59.8	59.8	0.0	59.8	59.8

PROGRAM: GENERAL SUPPORT
Agency: MILITARY AFFAIRS, DEPARTMENT OF

1990-91 Biennial Budget

PROGRAM PURPOSE:

This program has two activities, ADMINISTRATIVE SERVICES, and AUXILIARY SERVICES.

To provide support to the Office of the Adjutant General and the command headquarters of the Minnesota Army and Air National Guard so that they and their subordinate organizations may attain and maintain the standards of military readiness required by federal and state laws and regulations. The services provided include supervisory and technical support of training, maintenance, material, and administration of elements within the Minnesota Army and Air National Guard.

OPERATION:

The Minnesota Army and Air National Guard operates primarily to accomplish federal missions assigned by the Department of Defense through the National Guard Bureau. Federal funds are provided to accomplish these missions, however, in many cases, the state is responsible for the implementation of the programs and policies directed by those federal agencies.

The support provided by this program encompasses operations at the department's headquarters in St. Paul, Air National Guard bases in Duluth and St. Paul, the Army Aviation Flight Facility in St. Paul, the Camp Ripley training site just north of Little Falls, and to a lesser extent, armories throughout the state and other organizational elements within the National Guard.

The major objectives of this program are to: 1) improve staff supervision and support to elements of the Minnesota National Guard by all staff sections within the office of The Adjutant General; 2) prepare units and members of the National Guard for mobilization in the event of a national emergency or call to duty by the Governor in the event of a natural disaster or civil emergency; 3) consummate the sale of old armories and transmission of receipts to the Minnesota State Armory Building Commission for debt retirement of the replacement armory; 4) manage the Military Land Fund through receipts from timber cutting at Camp Ripley to purchase additional land for the Camp Ripley training site or other suitable training areas.

EFFECTIVENESS MEASURES:

The effectiveness of the administrative services provided through this program can best be measured by their contribution to the operational readiness of the Minnesota Army and Air National Guard. This readiness or ability to accomplish assigned federal missions is measured by a complex set of performance and testing programs, some of which are listed below.

Army Training and Evaluation Programs (Army)
Annual Training Performance Reports (Army)
Individual Training and Evaluation Programs (Army)
Command Readiness Inspections (Army)
Operations Readiness Inspections (Air)
Air Crew Standardization Evaluation Tests (Air)
Management Effectiveness Inspections (Air)
Training Exercises (Army and Air)

Both the Minnesota Army and Air National Guard have continued to receive high marks in all of the areas evaluated. Over the last 5 years, the importance of the National Guard has increased dramatically in the total defense structure. Many of the missions now performed by the Minnesota National Guard were previously performed by their active duty counterparts. With the increased emphasis has come increased federal dollars, the administration of which has placed a strain on this program.

EXPLANATION OF BUDGET REQUEST:

Some of the administrative services within this program are: (1) budget and accounting functions; (2) completing claims for reimbursement from the federal government under various state/federal Cooperative Funding Agreements; (3) annual audits of state armory and military funds as delegated by the Legislative Auditor; (4) personnel and payroll actions for state employees; (5) annual inventory of all department state owned property at 75 statewide locations; (6) personnel, payroll and logistic functions relating to state military emergencies; (7) negotiate sale of unused armories; (8) with DNR assistance, timber sales at Camp Ripley amounted to \$31,000 in F.Y. 1988 and are estimated to be \$30,000 in F.Y. 1989 and should remain at that level for F.Y. 1990-1991.

Five CHANGE requests are included in this program:

1. Request \$72,000 for 1.0 new position called Site Utilization Coordinator at Camp Ripley. The position is required to seek and coordinate new troop use at the Camp Ripley training site. This is not a new function but a request for specific funding to support tasks that cannot adequately be accomplished with existing staff.
2. Request \$410,000 for modular systems furniture for the department headquarters (\$310,000) and the Facilities Management Office at Camp Ripley (\$100,000).
3. Request \$66,000 (F.Y. 1990) for microfilming the department's military records to remove a 9 year backlog from the state archives and \$31,000 (F.Y. 1991) to microfilm current years records. One new position is part of the request.
4. Request \$36,000 for purchase of 6 personal computers, associated equipment, software, and training.
5. Request \$16,000 for soldier awards, flags for deceased guard members and support of the state officer candidate school, the Minnesota Military Academy.

The CHANGE requests have resulted from a substantial increase in workload and a corresponding increase in supported employees. In the past, some requirements presented have not been supported due to lack of funds. In other instances we have had to reduce services in another areas and use those funds to support higher priority needs. The department has been operating with the same base for several years. None of the funds requested via the CHANGE requests are for new programs but are for catch-up in current programs.

GOVERNOR'S RECOMMENDATION:

The Governor recommends \$410,000 for furniture. While the other requests have 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 : MILITARY AFFAIRS,DPT
PROGRAM : GENERAL SUPPORT

		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	
ADMIN SERVICES		1,254	1,284	1,318	564	1,882	1,728	1,318	84	1,402	1,318
A ATTORNEY GENERAL COSTS	GEN				8		0		9		0
P MODULAR SYSTEMS FURNITURE	GEN				410		410		0		0
P MICROFILMING OF PERSONNEL RECORDS	GEN				66		0		31		0
P INFORMATION SYSTEMS MANAGEMENT	GEN				36		0		0		0
P FLAGS, AWARDS & MLTRY ACADEMY EXPENSES	GEN				8		0		8		0
P SITE UTILIZATION COORDINATOR	GEN				36		0		36		0
AUXILIARY SERVICES		13	293	75	0	75	75	75	0	75	75
TOTAL EXPENDITURES		1,267	1,577	1,393	564	1,957	1,803	1,393	84	1,477	1,393
SOURCES OF FINANCING:											
DIRECT APPROPRIATIONS:											
GENERAL		1,259	1,359	1,393	564	1,957	1,803	1,393	84	1,477	1,393
STATUTORY APPROPRIATIONS:											
SPECIAL REVENUE		8	218	0	0	0	0	0	0	0	0
TOTAL FINANCING		1,267	1,577	1,393	564	1,957	1,803	1,393	84	1,477	1,393
POSITIONS BY FUND:											
GENERAL		28.0	28.0	28.0	2.0	30.0	28.0	28.0	2.0	30.0	28.0
TOTAL POSITIONS		28.0	28.0	28.0	2.0	30.0	28.0	28.0	2.0	30.0	28.0

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

ACTIVITY: GENERAL SUPPORT
PROGRAM: GENERAL SUPPORT
AGENCY: MILITARY AFFAIRS, DEPARTMENT OF

REQUEST TITLE: MODULAR SYSTEMS FURNITURE

	F.Y. 1990		F.Y. 1991	
Agency Request	(000's) Amount	Positions	(000's) Amount	Positions
General Fund	\$ 410	-0-	\$ -0-	-0-
Governor's Recommendation				
General Fund	\$ 410	-0-	\$ -0-	-0-

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

STATEMENT OF REQUEST/OBJECTIVE:

Request for funds to purchase modular systems furniture for the department headquarters in St. Paul (\$310,000) and the Facilities Management Office at Camp Ripley (\$100,000). The objective is to modernize our administrative offices and improve working conditions for our employees.

DESCRIPTION/BACKGROUND:

The current employee complement located in the department headquarters in St. Paul is spread over 2 floors and has become so overcrowded that productivity is affected. We have recently leased a conference room in the Veterans Service Building and converted it to office space. The federal employee complement keeps growing each year and must be provided office space within existing floor space. The department has also been forced to move some sections to other facilities (armories) to relieve overcrowding. This takes valuable training space from armories. Much of the overcrowding results from large traditional furniture like desks, credenzas, files, etc. The Facilities Management Office at Camp Ripley employs 32 people and has had an influx of new employees over the last 3 to 4 years with no increase in office space. Work stations were moved closer to each other to the point where productivity suffers. Recently, this office was forced to decentralize due to overcrowding. A portion of the staff was moved to another part of the building they occupy.

RATIONALE:

Modular furniture results in more efficient use of space and increases the productivity of department employees in both locations. Recently, the department had to lease additional space in the Veterans Service Building for office space because of overcrowding. In addition, 1 large section is being moved to the Roseville Armory because of severe overcrowding. The department wishes to remain centralized and bring back some of the sections that have moved away from the department headquarters because of overcrowding. The

cost estimate is based on guidance received from the Real Estate Management Division, Department of Administration.

BASE: None.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

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

ACTIVITY:

PROGRAM: GENERAL SUPPORT

AGENCY: MILITARY AFFAIRS, DEPARTMENT OF

REQUEST TITLE: MICROFILMING OF MILITARY PERSONNEL RECORDS

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
General Fund	\$ 66	1.0	\$ 31	1.0
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-

Request requires statutory change: _____ Yes X No

Statutes Affected: NA

STATEMENT OF REQUEST/OBJECTIVE:

Funding is needed to microfiche all remaining paper military personnel records. Requested funding includes 1 new employee (\$25) per annum to manage the military records retention program. Our objective is to properly preserve valuable military records, drastically reduce storage space now required, and to simplify access to those records.

DESCRIPTION/BACKGROUND:

M.S. 193.13 requires the department to maintain military records on all war veterans. The department also maintains records of all current and former members of the Minnesota Army and Air National Guard. This amounts to many thousands of records. In 1982, with the assistance of the state's microfilming unit, the department microfiched all military personnel records for people discharged up to and including 1979. Their financial assistance was provided with the understanding the department would assume future budgetary responsibility for future reduction of records to fiche. Not all documents within personnel records must be reduced to fiche. This means screening each document in each individual record. Current staffing does not allow dedication of employee to the screening and maintenance of military records. There are over 400 boxes of records at the state archives at 333 Sibley Street. The archives will not accept any more paper personnel records from the department until we reduce to volume now being stored there. We do not have sufficient storage space in the department headquarters so we have been forced to establish a paper records holding area at Camp Ripley, 120 miles to the north where over 100 boxes are stored their awaiting reduction for fiche. Records must be readily accessible for service verification and other request for service information from individuals.

STATISTICS:

	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Boxes to be Reduced:				
Backlog (boxes)	330	415	500	-
Annual Requirement (boxes)	85	85	85	85

RATIONALE:

With a possible move to a new building, the department wishes to reduced the amount of paper records requiring file cabinet space. This will reduce our need for storage space and purchase of additional file cabinets. An employee is requested to insure that records are maintained on a current basis and that no large backlog occurs. The estimated cost to microfiche records in a single storage box is \$70.00, therefore, \$41 thousand dollars would be required to eliminate the backlog and an annual amount thereafter of \$6 thousand dollars to reduce current records to microfiche. Only records of discharge personnel are reduced to fiche.

LONG RANGE IMPLICATIONS:	F.Y. 1992	F.Y. 1993	Total
Annual Cost to Fiche	\$ 6	\$ 6	\$ 12
Annual Cost of Employee	\$ 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: GENERAL SUPPORT
 PROGRAM: GENERAL SUPPORT
 AGENCY: MILITARY AFFAIRS, DEPARTMENT OF

REQUEST TITLE: INFORMATION MANAGEMENT

	F.Y. 1990		F.Y. 1991	
	(000's)		(000's)	
Agency Request	Amount	Positions	Amount	Positions
General Fund	\$ 36	-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 desires to purchase 6 personal computers, a laser printer, various software, appropriate training and work stations. The department has no state-owned computers in its inventory. This budget is being prepared on a personal computer owned by the federal government. The objective of the request is to modernize the entire approach to information management within the Comptroller Section of the department headquarters. The department also prints hundreds of documents that would be professionalized using a laser printer. A quarterly magazine is contracted out and could be done locally.

DESCRIPTION/BACKGROUND:

Over the past several years, the department has been fortunate to have the personal computer introduced to the department through federal sources. IBM compatible PCs are in many sections of the department staffed by federal employees. The Comptroller Section of the department is the sole section within the department responsible to conduct the state's business. The section has borrowed a PC from the federally staffed Director of Information Management section who directs the departments information management program on the federal side. The Comptroller Section accounts for all state dollars within the department and performs all accounting functions for the federal dollars provided to the state for facilities management. These functions are primarily performed using manual ledgers and calculators. Although effective, this method makes use of the data by management for decision-making difficult. Spreadsheet and data base software would drastically improve the maintenance and reporting of state and federal dollars managed by the Comptroller Section. Wordprocessing software would save much time with the multitude of correspondence. The department also wishes to access more of the information on the state mainframe through personal computers and linking software.

RATIONALE:

The Comptroller Section has attempted to gain more hardware support from the federal government with no success. As can be seen with this budget document, personal computers are replacing the typewriter and word processors in the office environment. Personal computers offer great flexibility and accuracy when processing numbers and text. They also challenge employees, enable them to learn new skills and become a more up-to-date employee. Training is requested as part of this CHANGE request to maximize the benefit of and make a smoother transition to a personal computer environment. Some employees have already become acquainted with personal computers and their benefit. Some applications have already been developed with borrowed equipment. The requested amount is based on an estimate of \$6,000 for a laser printer and \$6,000 for each system with hardware, software, and training as provide by the Information Policy Office.

BASE: None.

LONG RANGE 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.

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

ACTIVITY: GENERAL SUPPORT
PROGRAM: GENERAL SUPPORT
AGENCY: MILITARY AFFAIRS, DEPARTMENT OF

REQUEST TITLE: FLAGS, AWARDS, AND MILITARY ACADEMY EXPENSES

	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
Agency Request				
General Fund	\$ 8	-0-	\$ 8	-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 funding to continue providing U.S. flags to families of deceased Minnesota National Guard members pursuant to M.S. 192.381. The department is also often called upon to provide state and/or U.S. flags to other state agencies or citizens. \$1,000 is required each fiscal year.

The department requests funding to continue a military awards program designed to provide recognition to outstanding soldiers and airmen of the Minnesota National Guard. A strong awards and recognition program builds individual pride and unit cohesiveness. \$5,000 is required each fiscal year.

The department requests funding to provide the Minnesota Army National Guard's state officer candidate school with certain items that will enhance their training and recognition programs. This would assist the academy in providing a high quality educational experience to officer candidates. \$2,000 is required each fiscal year.

DESCRIPTION/BACKGROUND:

Currently, flags are procured using funds from other programs or through other savings. Cost of flags and numbers given have risen to a point where there is a need to establish a set annual amount to cover the costs. Flags are used as burial flags or as a family memento. Since 1985, 22 flags have been provided to citizens.

During the past 5 years, the department greatly expanded its military awards program and has spent just over \$15,000 for awards and decorations since 1984. Soldier recognition has become an important part of the strength maintenance effort. The department can no longer support the expanded requirements with existing funding levels. Only \$2,000 was expended in F.Y. 1988 for awards as large purchases were made in F.Y. 1987.

The Minnesota Army National Guards in-state officer candidate school is

called the Minnesota Military Academy. It also has increased its focus on cadet recognition and enhanced training methods. Historically, the department has not been able to provide funding for items contained in this request. In the past, cadets provided funds for their own recognition.

STATISTICS:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Officer candidates supported	57	101	100	100
Cost of Awards and Flags	\$ 2	\$ 4	\$ 6	\$ 6
Military Academy Expenses	-0-	-0-	2	2

RATIONALE:

The 3 areas addressed in this CHANGE request have previously either not been supported or supported with funds targeted for other purposes. When requirements are minimal, it is feasible to cover those expenses without changes to the budget. As requirements expand over the years and the base does not grow to keep pace, some worthwhile small programs go unfunded or are grossly under funded.

BASE: None.

	(Dollars in Thousands)		
LONG RANGE IMPLICATIONS:	F.Y. 1992	F.Y. 1993	Total
Flags/Awards/Academy Expenses	\$ 8	\$ 8	\$ 16

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: GENERAL SUPPORT

AGENCY: MILITARY AFFAIRS, DEPARTMENT OF

REQUEST TITLE: SITE UTILIZATION COORDINATION

	F.Y. 1990		F.Y. 1991	
	(000's)		(000's)	
Agency Request	Amount	Positions	Amount	Positions
General Fund	\$ 36	1.0	\$ 36	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 CHANGE request is to add a new position of Site Utilization Coordinator at the Camp Ripley training site. The objective is to increase the awareness and use of Camp Ripley by military and civilian organizations which will add to the economy of the local area and better utilize the investment of state and federal dollars in the training site.

DESCRIPTION/BACKGROUND:

Camp Ripley is the primary training site used by the Minnesota Army National Guard to complete their field type training requirements. The expansion of training and housing facilities has enable the site to become a year around training site, thus available for expanded troop use. The use of Camp Ripley by civilian agencies and out of state military organizations has increased as years pass and has gotten to the point where an individual is needed who would be responsible for soliciting additional commitments to utilized Camp Ripley for training purposes. This individual would be a liaison for military and civilian using Camp Ripley who would insure effective coordination of training site usage. This function is currently being done by part-time National Guard persons with little continuity of effort.

RATIONALE:

Maximum usage of Camp Ripley facilities is essential to gain maximum benefit from the state and federal investment. Increased use of Camp Ripley brings additional support dollars to the training site as well as dollars brought in

by out of state organizations that benefit the local economy. A full-time person would have a major task in approaching new military and civilian organizations to make them aware of the benefits of training at Camp Ripley.

BASE: None

LONG RANGE IMPLICATIONS:

	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
General Fund	\$ 36	\$ 36	\$ 72

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: ADMINISTRATIVE SERVICES

1990-91 Biennial Budget

Program: GENERAL SUPPORT

Agency: MILITARY AFFAIRS, DEPARTMENT OF

PURPOSE:

The Adjutant General as Military Chief of Staff to the Governor, heads the Department of Military Affairs. The Office of the Adjutant General is charged with the responsibility of supervision and supporting maintenance, recruiting, training and operational readiness of elements within the Minnesota Army and Air National Guard. It also provides for a \$1,200 annual payment to Mr. R. A. Weber for a compensation claim awarded by the legislature for the remainder of his life. This activity also provides Military Fund allowances for each National Guard units to assist in payment of necessary expenses to support their operations.

EFFECTIVENESS MEASURES:

The effectiveness of the administrative services provided through this activity can be best measured by their contribution to the operational readiness of the Minnesota Army and Air National Guard. This readiness or ability to accomplish assigned federal missions is measured by a set of measurement standards discussed in detail on the program page.

EXPLANATION OF BUDGET REQUEST:

The base level funding requested is to support the state operations of the department that include personnel services, other expenses and contractual services, miscellaneous operating expenses, supplies, materials, parts and capital equipment. Most of the detail needed to accomplish the above tasks is discussed on the program page.

Five change requests discussed on the respective change request pages directly effect operations within this activity. Change requests are also discussed at the program level.

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : MILITARY AFFAIRS,DPT
PROGRAM : GENERAL SUPPORT
BUDGET ACTIVITY : ADMIN 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	942	955	989	61	1,050	989	989	61	1,050	989
EXPENSES/CONTRACTUAL SRVCS	214	222	222	41	263	222	222	6	228	222
MISC OPERATING EXPENSES	27	40	40	15	55	40	40	16	56	40
SUPPLIES/MATERIALS/PARTS	8	12	12	1	13	12	12	1	13	12
CAPITAL EQUIPMENT	12	3	3	446	449	413	3	0	3	3
STATE OPERATIONS	1,203	1,232	1,266	564	1,830	1,676	1,266	84	1,350	1,266
LOCAL ASSISTANCE	51	52	52	0	52	52	52	0	52	52
TOTAL EXPENDITURES	1,254	1,284	1,318	564	1,882	1,728	1,318	84	1,402	1,318
CHANGE REQUESTS:										
FUND										
A ATTORNEY GENERAL COSTS GEN				8		0		9		0
P MODULAR SYSTEMS FURNITURE GEN				410		410		0		0
P MICROFILMING OF PERSONNEL RECORDS GEN				66		0		31		0
P INFORMATION SYSTEMS MANAGEMENT GEN				36		0		0		0
P FLAGS, AWARDS & MLTRY ACADEMY EXPENSES GEN				8		0		8		0
P SITE UTILIZATION COORDINATOR GEN				36		0		36		0
TOTAL CHANGE REQUESTS				564		410		84		0
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	1,254	1,284	1,318	564	1,882	1,728	1,318	84	1,402	1,318
TOTAL FINANCING	1,254	1,284	1,318	564	1,882	1,728	1,318	84	1,402	1,318
POSITIONS BY FUND:										
GENERAL	28.0	28.0	28.0	2.0	30.0	28.0	28.0	2.0	30.0	28.0
TOTAL POSITIONS	28.0	28.0	28.0	2.0	30.0	28.0	28.0	2.0	30.0	28.0

ACTIVITY: AUXILIARY SERVICES
Program: GENERAL SUPPORT
Agency: MILITARY AFFAIRS, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

To provide supervision and technical knowledge so that the following functions as prescribed by statute are carried out; armory sales, flood disaster claims, military forces emergency, military land fund and state guard equipment. In some instances, a particular function may not be performed during a given fiscal year.

PERFORMANCE INDICATORS:

Performance in this activity is judged primarily by functions in three areas:

1. The supervision and coordination of sales of old armories and transition of receipts to the Minnesota State Armory Building Commission for debt retirement of the new armory.
2. Pay all expenses in the event the National Guard is called to state active duty, by the governor, during a natural disaster or emergency. These cost are covered by an annual base appropriation of \$75,000.
3. Use receipts from timber cutting and the sale of gravel from Camp Ripley, to purchase additional land for the Camp Ripley training site.

RECENT BUDGET HISTORY:

Each fiscal year, \$75,000 is requested for the contingency of a call to state active duty. This same amount is requested for F.Y. 1990 and F.Y. 1991. If no calls to duty occur, no funds are expended.

EXPLANATION OF BUDGET REQUEST:

No change levels are requested in this activity.

REVENUE:

Timber sales at Camp Ripley amounted to \$31,000 in F.Y. 1988 and are estimated be \$30,000 in F.Y. 1989. Sales should remain at about that same level for F.Y. 1990-1991.

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

AGENCY : MILITARY AFFAIRS,DPT
PROGRAM : GENERAL SUPPORT
BUDGET ACTIVITY : AUXILIARY 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	58	58	0	58	58	58	0	58	58
EXPENSES/CONTRACTUAL SRVCS	3	218	0	0	0	0	0	0	0	0
MISC OPERATING EXPENSES	0	9	9	0	9	9	9	0	9	9
SUPPLIES/MATERIALS/PARTS	5	8	8	0	8	8	8	0	8	8
CAPITAL EQUIPMENT	3	0	0	0	0	0	0	0	0	0
TOTAL EXPENDITURES	13	293	75	0	75	75	75	0	75	75
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	5	75	75	0	75	75	75	0	75	75
STATUTORY APPROPRIATIONS:										
SPECIAL REVENUE	8	218	0	0	0	0	0	0	0	0
TOTAL FINANCING	13	293	75	0	75	75	75	0	75	75
POSITIONS BY FUND:										
TOTAL POSITIONS										

PROGRAM: ENLISTMENT INCENTIVES
Agency: MILITARY AFFAIRS, DEPARTMENT OF

PROGRAM PURPOSE:

To recruit, retain and provide increased educational opportunities to soldiers and airmen of the Minnesota Army and Air National Guard.

OPERATION:

The 1988 legislature provided \$1,040,000 for Tuition Reimbursement and \$1,160,000 for state Cash Bonus Payments. As a result of those appropriations the Adjutant General developed a tuition reimbursement program which would benefit the most possible number of National Guard members by reimbursing tuition costs up to 50% of actual costs for tuition at most educational institutions in the state of Minnesota. The Adjutant General also developed the Cash Bonus Program that pays each member of the Minnesota National Guard, not participating in the tuition reimbursement program, a \$100 cash bonus for being a member of the Minnesota National Guard. Both programs require that the member be participating satisfactorily in the active Minnesota National Guard.

BUDGET ISSUE:

By law, these 2 new programs did not take effect until 7-1-88 and funding was provided only through F.Y. 1989 and cannot be fairly evaluated until mid F.Y. 1989. Enabling legislation requires periodic reporting to the legislature on the progress of the programs. Notwithstanding evaluation, the department feels that the continuation of both incentives is an essential part of our commitment to recruit, retain, and provide increased educational opportunities to members of the Minnesota National Guard.

The readiness status of both the Army and Air National Guard depends heavily on the troop strength assigned to the various units. Understrength units cannot perform their mission up to the standards established by the National Guard Bureau. The flow of federal defense dollars into the state is directly proportional to personnel strength assigned to the state. The department is confident that these incentives will greatly assist strength maintenance in the Army and Air National Guard. As of August 15th, over 600 National Guard members have already applied for tuition reimbursement future schooling.

EXPLANATION OF BUDGET REQUEST:

1988 enabling legislation made separate appropriations for Tuition Reimbursement (\$1,040,000) and Cash Bonus Payments (\$1,160,000). Those amounts are considered the BASE level for this new program. The appropriation does not allow for transfer of monies between Tuition Reimbursement and Cash Bonus Payments or vice versa. This does not give the department the flexibility to offset any shortfall in either area. The department desires to receive one appropriation with separate justification furnished for Cash Bonus Payments and Tuition Reimbursement.

A CHANGE request is part of this program to establish a BASE amount for each part of the incentives program. The department requests a total of \$3,245,000 for Tuition Reimbursement, \$6,960,000 for Cash Bonus Payments, and \$50,000 for an employee to assist in program administration. The CHANGE request also requests the annual amount be raised to \$300 for each member.

The CHANGE request totals \$10,255,000 for the biennium which represents an annual increase of \$8,055,000 over the current appropriation. A department legislative initiative is being submitted to codify current enabling legislation.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the funding as requested for the tuition reimbursement program (\$3,295,000 for the biennium). The Governor recommends BASE level funding (\$2,320,000 for the biennium) for the cash bonus program.

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

AGENCY : MILITARY AFFAIRS,DPT
PROGRAM : ENLISTMENT INCENTIVES
BUDGET ACTIVITY : ENLISTMENT INCENTIVES

			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	1,160	0	3,505	3,505	1,185	0	3,505	3,505	1,185
STATE OPERATIONS	0	1,160	0	3,505	3,505	1,185	0	3,505	3,505	1,185
AIDS TO INDIVIDUALS	0	1,040	0	1,045	1,045	1,045	0	2,200	2,200	2,200
TOTAL EXPENDITURES	0	2,200	0	4,550	4,550	2,230	0	5,705	5,705	3,385
CHANGE REQUESTS:	FUND									
A TUITION REIMBURSEMENT	GEN			1,070		1,070		2,225		2,225
A CASH BONUS PAYMENTS	GEN			3,480		1,160		3,480		1,160
TOTAL CHANGE REQUESTS				4,550		2,230		5,705		3,385
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	0	2,200	0	4,550	4,550	2,230	0	5,705	5,705	3,385
TOTAL FINANCING	0	2,200	0	4,550	4,550	2,230	0	5,705	5,705	3,385
POSITIONS BY FUND:										
GENERAL	0.0	0.0	0.0	1.0	1.0	1.0	0.0	1.0	1.0	1.0
TOTAL POSITIONS	0.0	0.0	0.0	1.0	1.0	1.0	0.0	1.0	1.0	1.0

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

ACTIVITY:

PROGRAM: ENLISTMENT INCENTIVES

AGENCY: MILITARY AFFAIRS, DEPARTMENT OF

REQUEST TITLE: CONTINUANCE OF CASH BONUS PAYMENTS AND TUITION REIMBURSEMENT

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's)		(000's)	
	Amount	Positions	Amount	Positions
General Fund	\$4,550	1.0	\$5,705	1.0
Governor's Recommendation				
General Fund	\$2,230	1.0	\$3,385	1.0

Request requires statutory change: X Yes _____ No

Statutes Affected: Chapter 686, Laws of Minnesota, 1988 (Request to Codify)

STATEMENT OF REQUEST/OBJECTIVE:

The department feels that the Cash Bonus Payment and Tuition Reimbursement incentives are critical to the effort to recruit and retain quality soldiers and airmen. Funding will also increase educational opportunities available to Guard members. For tuition reimbursement, request \$1,045,000 in F.Y. 1990 and \$2,200,000 for F.Y. 1991. For cash bonus payments, request \$3,480,000 each year. \$25,000 is requested each fiscal year for a position to assist in the administration of the programs. A combined appropriation is sought to allow fund transfer flexibility between the 2 incentive programs.

DESCRIPTION/BACKGROUND:

The 1988 legislature provided \$1,160,000 for Cash Bonus Payments and \$1,040,000 for tuition reimbursement. Both programs were funded for only F.Y. 1989 as pilot programs. As applications for tuition reimbursement begin to arrive, it is apparent that the additional workload cannot be handled by current employees. Each application takes an average of one half hour to process 3 times per school year. That amounts to 1,425 hours processing time just for application for and payments of tuition reimbursements. Cash Bonus payment eligibility determination and payment will easily fill the remaining hours for an entire year. Estimates of workload for F.Y. 1991 and beyond more than justify the Clerk II position sought. Automation of the administration of the incentives programs will keep workload at a manageable level for 1 or 2 employees.

Cash Bonus Payments: An annual \$100 cash bonus payment is authorized in F.Y. 1989 for all Minnesota National Guard members serving satisfactorily. The bonus is intended to recognize service in Guard and, hopefully, convince people to remain in the Guard. This CHANGE request is to establish the cash bonus program as part of the BASE and to increase the annual amount to \$300.

Tuition Reimbursement: This program reimburses National Guard members for an annual amount of up to 50% of tuition expenses at most educational in-

stitutions (as much as \$1,100 per person) or up to \$250 annually for single courses at public colleges or vocational institutes. It is expected that if the program becomes established as an on-going program, participation should double by F.Y. 1991 from it's start point in F.Y. 1989.

STATISTICS:

	(in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Cash Bonus Recipients	-0-	10,300	11,600	11,600
Tuition Reimbursement Recipients	-0-	950	950	2,000
Applications to Process	-0-	950	950	2,000

RATIONALE:

This entire program is intended to, in some measure, replace the income tax exclusion once enjoyed by National Guard members. It is calculated to be an approximate loss of \$500 annually per Guard member. The \$100 annual cash bonus is not a large enough amount to produce intended results. The statistics above reflect an estimated 1,300 additional cash bonus recipients in F.Y. 1990 and F.Y. 1991. It appears that approximately 1,800 members will not receive a cash bonus payment in F.Y. 1989 because of unsatisfactory participation in training. It is anticipated that the increase in cash bonus amount will improve participation in training making more members eligible for a cash bonus payment. The tuition reimbursement program will allow some members to seek educational opportunities they might not otherwise seek without the assistance as well as fostering the military emphasis on civilian education. Career advancement and retention in the National Guard require certain levels of post secondary education.

BASE:

	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Tuition Reimbursement	\$ -0-	\$ 1,040	\$ -0-	\$ -0-
Cash Bonus Payments	\$ -0-	\$ 1,160	\$ -0-	\$ -0-

LONG RANGE IMPLICATIONS:

	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
Tuition Reimbursement	\$ 2,200	\$ 2,200	\$ 4,400
Cash Bonus Payments	\$ 3,480	\$ 3,480	\$ 6,960

GOVERNOR'S RECOMMENDATION:

The Governor recommends the funding as requested for the tuition reimbursement program (\$3,295,000 for the biennium). The Governor recommends BASE level funding (\$2,320,000 for the biennium) for the cash bonus program.

1990-91 BIENNIAL BUDGET

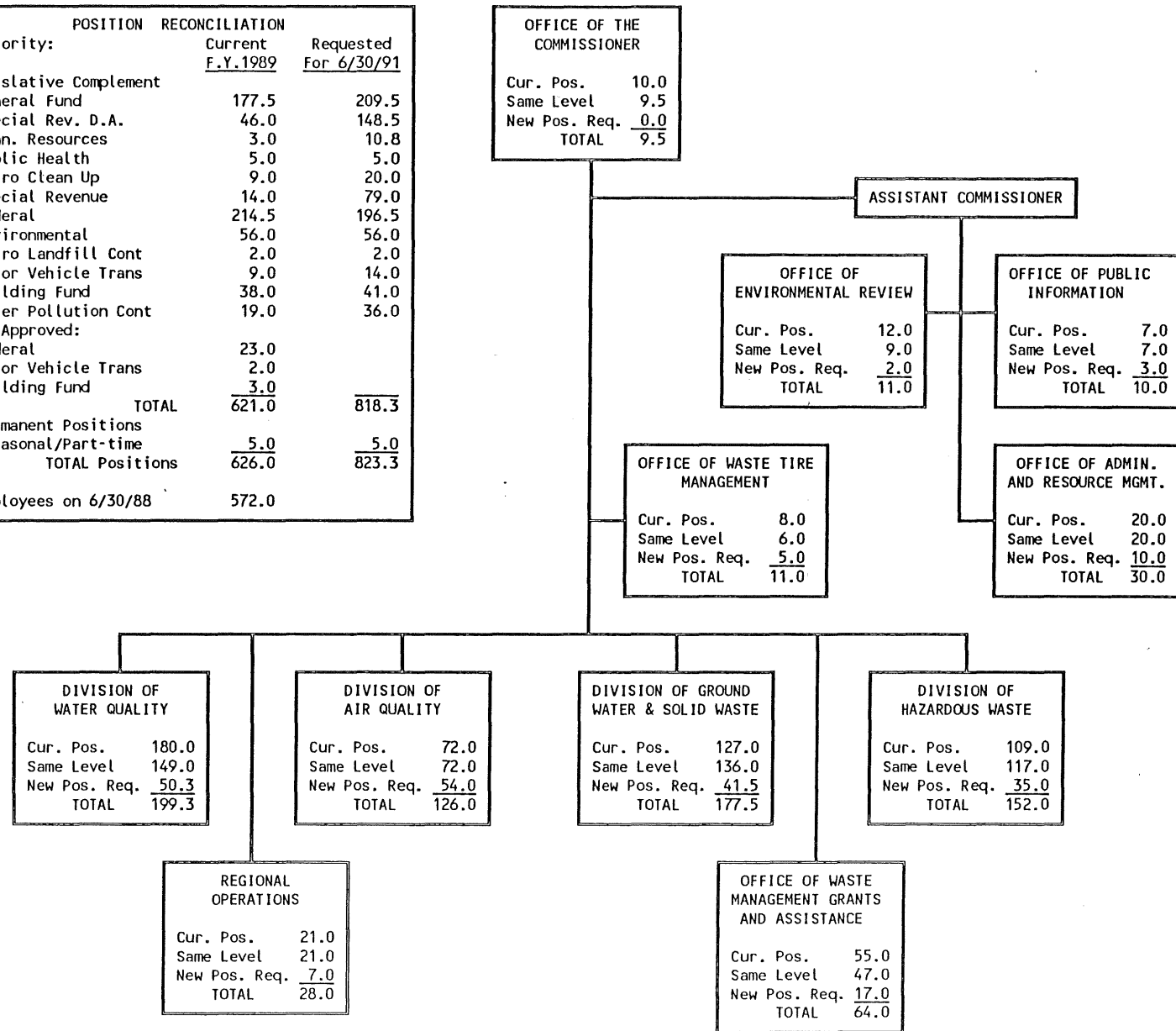
PROGRAM STRUCTURE

AGENCY: POLLUTION CONTROL

<u>PROGRAM</u>	<u>ACTIVITIES</u>	<u>SECTION</u>	<u>PAGE</u>
Water Pollution Control-----	Water Quality Operations Wastewater Facility Construction Grants Management	4	733 748
Air Pollution Control-----	Air Quality Operations		753
Ground Water and Solid Waste Pollution Control-----	Ground Water and Solid Waste Operations Ground Water and Site Response		775 778
Hazardous Waste Pollution Control-----	Hazardous Waste Operations		783
Regional Support-----	Regional Support Operations		795
General Support-----	General Support Management Operations		800
Waste Management Grants and Assistance-----	Waste Management Grants and Assistance Operations		807
Waste Tire Management-----	Waste Tire Management and Operations		818

MINNESOTA POLLUTION CONTROL AGENCY
ORGANIZATION CHART 11-10-88

POSITION RECONCILIATION		
Authority:	Current F.Y. 1989	Requested For 6/30/91
Legislative Complement		
General Fund	177.5	209.5
Special Rev. D.A.	46.0	148.5
Minn. Resources	3.0	10.8
Public Health	5.0	5.0
Petro Clean Up	9.0	20.0
Special Revenue	14.0	79.0
Federal	214.5	196.5
Environmental	56.0	56.0
Metro Landfill Cont	2.0	2.0
Motor Vehicle Trans	9.0	14.0
Building Fund	38.0	41.0
Water Pollution Cont	19.0	36.0
LAC Approved:		
Federal	23.0	
Motor Vehicle Trans	2.0	
Building Fund	3.0	
TOTAL	621.0	818.3
Permanent Positions		
Seasonal/Part-time	5.0	5.0
TOTAL Positions	626.0	823.3
Employees on 6/30/88	572.0	



AGENCY PURPOSE:

The Minnesota Pollution Control Agency is a regulatory and service agency whose mission is to serve the public in the protection and improvement of Minnesota's air, water and land resources by assessing the state's environment, regulating the quality of these resources, assisting local government, industry and citizens in meeting their environmental responsibilities and implementing strategies that will protect and enhance public health and the state's environment.

OPERATIONS AND CLIENTELE:

The agency has a 9 member citizen board, appointed by the governor. The board determines general environmental policy through the establishment of rules and decisions on individual environmental issues. The commissioner, also appointed by the governor, directs the activities of the agency's staff.

Agency staff operations are organized into 1 general support function, Office of the Commissioner, and 7 operational entities: Division of Water Quality; Division of Air Quality; Division of Ground Water and Solid Waste; Division of Hazardous Waste; Office of Regional Operations; Office of Waste Management Grants and Assistance; and Office of Waste Tire Management.

1. Division of Water Quality - To conduct all activities related to the control and abatement of water pollution. This includes: Monitoring the waters of the state to determine their quality; classifying waters as to their use and establishing ambient water quality standards through rule-making; administering state and federal permitting programs for 1,200 point source dischargers and 75,000 animal feedlots and facilities; taking enforcement action when permits and agency rules are violated; providing water management analysis and statewide planning on the impacts from non-point sources; providing review and approval of engineering plans for wastewater treatment plants and sewage sludge facilities and sites; and providing technical assistance, training and certification to operators of wastewater treatment facilities. The major focuses for this activity this biennium will be the construction of facilities to treat municipal wastewater and providing financial and technical assistance to local units of government to address nonpoint source pollution problems.
2. Division of Air Quality - To ensure that the state's air quality and noise pollution problems are controlled and improved so that human health and property will not be impaired or damaged. This is accomplished by: Assessing air quality through a statewide monitoring network; developing and implementing pollution control rules; permitting approximately 1,200 air emission sources; and reviewing and analyzing air pollution control engineering plans to ensure compliance with state and federal rules. The major focuses for this activity during this biennium will be: Development and implementation of a vehicle emission inspection and maintenance program in the Twin Cities Metropolitan Area; development and implementation of an air toxics program; continued development and implementation of a comprehensive municipal solid waste incinerator regulatory program; and continued analysis of acid rain deposition.
3. Division of Ground Water and Solid Waste - To develop and implement the activities necessary to provide adequate ground water protection, improve

solid waste management practices and clean up sites where releases or threatened releases of hazardous substances have or are occurring. This is accomplished by developing rules for ground water protection and solid waste facilities; conducting solid waste facility permitting, compliance and training activities; identifying sites having releases or threatened releases of hazardous substances and achieving site investigation and cleanup through responsible party actions or use of federal and state Superfunds; and working with local governments and other agencies on ground water planning and implementation of solid waste management practices to minimize pollution impacts and conserve natural resources. The major focuses for this activity this biennium will be the development and implementation of comprehensive efforts for ground water quality protection, improvement in solid waste facility practices, and continued cleanup of sites having releases or threatened releases of hazardous substances.

4. Division of Hazardous Waste - To ensure that hazardous wastes, storage tanks and spills are managed to protect human health and the environment.

This is accomplished by conducting a cradle-to-grave hazardous waste tracking system, a disclosure program to ensure that generators are developing and implementing plans for proper hazardous waste management, a hazardous waste facility permitting program and a monitoring and enforcement program to ensure that hazardous wastes are properly managed. The tank program consists of a notification program, locating and abating leaking tanks, writing rules to ensure proper installation and maintenance of tanks, and conducting inspections of tank sites. The Hazardous Waste Division also responds to releases of pollutants into the environment by maintaining a 24 hour spill reporting system and by taking quick action in responding to all reported releases. The major focuses for this activity this biennium will be to refine and enhance the hazardous waste management program, to provide better service to our clientele, to further implement the development and cleanup activities related to the tanks program and to provide quick response to all releases and complaints received from the public.

5. Regional Support - To provide service to the public in greater Minnesota by: Implementing the agency's responsibilities; representing the agency as liaison and coordinator with clientele; being the initial contact for public concerns related to environmental issues; and assisting local governments in meeting their environmental responsibilities. The agency's 5 regional offices are located in Brainerd, Detroit Lakes, Duluth, Marshall and Rochester. The primary focuses of the regional offices during this biennium will be complaint response, assistance to municipalities in their operation of wastewater treatment facilities and assistance to local governments in the control of nonpoint source pollution.
6. General Support - To direct, manage and facilitate the operational programs of the agency to include: Long-range planning and program direction; regulatory policy implementation; dissemination of public information; coordination of the agency activities internally as well as with other governmental entities; and the provision of general administrative support. The general support function includes: The agency board; commissioner's office; environmental review office; public information office and the administrative and resource management office (personnel, finance, materials management, data processing, safety and office services).
7. Office of Waste Management Grants and Assistance - To develop and imple-

ment state policy regarding solid, hazardous and industrial wastes through education, public information, program development and evaluation, planning and technical assistance to counties, and the awarding of grants to assist in the development and implementation of alternative waste handling. This includes: publishing legislatively mandated policy reports; providing grants for improvement in hazardous and solid waste abatement; providing planning assistance to counties in establishing and monitoring county solid waste management plans and processes; developing statewide waste education programs; providing grants for market research and development of alternatives to land disposal of solid waste; managing bond-funded solid waste capital assistance grants to counties; coordinating Minnesota Technical Assistance Programs; and operating a program which provides counties with grants for used oil storage tanks. The major focuses for this program during this biennium will be: continued work with the counties in developing solid waste plans and waste oil storage facilities and low tech solutions to solid waste; continued development of statewide waste education programs; and continued working with industry for waste reduction and alternative waste processing.

8. Office of Waste Tire Management - To clean up the nearly 300 waste tire dumps in Minnesota, to establish and implement an ongoing permitting and regulatory system to govern waste tire management in the state, and to foster the development of waste tire processing technologies and facilities with a particular emphasis on recycling and reuse of waste tires. This is accomplished by: an abatement program that provides financial assistance toward clean up of waste tire dumps; a permitting and regulatory program; a grant program for research into improved tire management technologies; a program to provide local governments to establish waste tire collection centers; and a program that provides loans to waste tire processing facilities and public education and information. The major focus for this program during this biennium will be to continue to resolve the state's waste tire problem.

The agency's goals and programs are closely associated with those of the United States Environmental Protection Agency. The Environmental Protection Agency has delegated numerous responsibilities and authorities to the agency for implementation and administration. These delegations help to ensure that a state perspective is maintained regarding environmental policy implementation. It also assures that environmental efforts are coordinated between the state and the federal government thereby reducing duplication and optimizing the agency's resources.

The agency's programs are statewide and they require the involvement of an extensive clientele on both general policy development and regulatory efforts on a local level. The agency works closely with local government, industry, environmental groups and concerned citizens in order to find the best solution to environmental problems that are within the policy of the federal and state pollution programs. Due to greater public awareness and concern about pollution and its effects, as well as efforts by the agency to encourage public involvement and participation when addressing environmental issues, the number of clientele directly served is increasing.

On 10-7-88, through Reorganization Order 155 the authorities, functions,

staff and resources of the Waste Management Board were transferred to the Pollution Control Agency. The responsibility for siting a hazardous waste containment facility was transferred to the Environmental Quality Board. The Pollution Control Agency and the State Planning Agency have entered into an interagency agreement to provide the State Planning Agency with funding and staffing necessary for them to perform the siting tasks.

Details of the agency's operations are provided on the program and activity pages which follow this general narrative.

BUDGET ISSUES:

Environmentally sound disposition of municipal solid waste and medical waste is an area of growing concern for the agency. Many sanitary landfills have been or are in the process of being closed. The closure process has to be monitored to ensure environmental protection. Several landfills contain hazardous materials, and these should be addressed under the Superfund program. Currently about 65% of the state's municipal solid waste is going to landfills and about 35% is being incinerated. As new incinerators are completed the amount incinerated will increase to 50% or more. The new solid waste rules require the agency to ensure that landfills are properly managed.

Municipal solid waste incinerators also have important environmental and public health concerns, and most of the state's smaller incinerators are regulated very little or not at all. Medical wastes, which present complex environmental and health concerns, are essentially unregulated. Household wastes, which are not properly disposed of, end up in the waste stream at incinerators and landfills. Improper disposal of household hazardous waste makes the regulation of landfills and incinerators more difficult. The agency needs to manage the state's solid waste, medical waste and household hazardous waste in order to protect the land, ground water and air environments. Funding of solid waste management programs is a major concern to the agency.

Ground water protection has become a major priority as more knowledge is gained indicating that the state's ground water supplies are deteriorating in quality. The agency needs to develop a comprehensive ground water program to protect the drinking water resources. Funding for a ground water program is also of major concern to the agency.

The agency has made progress in addressing the problems caused by hazardous waste through the Superfund hazardous waste site clean up program and the regulation of hazardous waste in general. Clean up is far from being complete, and the agency needs continued funding to address its hazardous waste sites. The agency also needs funding and positions for proper hazardous waste management and regulation to ensure that new hazardous waste dumps are not created.

In 1987 the legislature enacted a vehicle emissions inspection and maintenance program for the Twin Cities Metropolitan Area. Funding and positions are needed to complete the development of and implement this program. The program is designed to be self-funded through the inspection fee, however, the agency needs interim funding, as a loan, until the fees start to be collected.

AGENCY: POLLUTION CONTROL
(Continuation)

1990-91 Biennial Budget

Toxics pollution is an especially difficult area of environmental control, and all the major programs of the agency have a need to increase their efforts in reducing the amount of toxic chemicals entering the ground water, surface water, land and air. Increased toxics control will require additional funding and staffing resources.

As the agency develops its tanks and spills program, it is becoming increasingly evident that the problems associated with leaking petroleum storage tanks and accidental spills of chemicals are greater than anticipated. The agency needs resources to continue to protect the state's resources from these pollution sources.

Nonpoint source water pollution is a major thrust in the water program. The clean water partnership which provides funding to local governmental units was started this current biennium to improve water quality on the grassroots level through a grant and assistance program. If this program is to be effective, it needs to be expanded. There are far more local demands for assistance than the agency is able to provide.

The federal government has been reducing its funding to the water programs. The federal municipal wastewater treatment facility construction grants program is being phased out and replaced by a loan program. Considerable work remains in assisting communities in completing their federally supported grant projects currently being planned, designed and built. Federal support to administer this program will end before the last projects are completed. In addition the federal government is reducing its support to the general water program. Both of these programs are dedicated to protecting Minnesota's water resources. The agency is seeking state assistance to make up the federal shortfalls.

Solid waste management program development and evaluation, county technical and grant assistance and grant and technical assistance to industry and government to recycle or process solid waste are important agency priorities. The agency is seeking many change requests in the waste management programs including permanent funding for \$776,000 and 4.0 positions which was appropriated for F.Y. 1988 and F.Y. 1989 from an account that no longer has a source of funding. The agency also seeks authority for 5.0 Legislative Advisory Commission positions approved during the current biennium.

The citizens of the state request and demand more environmental services with quicker response times. These service needs range from assistance to municipalities building wastewater treatment facilities, to responding to citizen complaints of pollution, to assistance to local communities and clientele regarding permits, to general information. The agency wishes to respond by increasing its service especially in its regional offices. To accomplish this the agency needs funding and staffing.

The agency continually needs to conduct problem solving research to ensure the development of viable rules and the implementation of environment protecting programs. The agency has presented many proposals to the Legislative Commission on Minnesota Resources.

Over the past several years the agency has grown in size with very little increase in the funding and staffing to general administrative functions such as personnel, accounting, data processing, materials management and general services. The agency needs additional resources to support its basic functions and meet state and federal reporting and administrative requirements.

The agency is in the process of integrating the former Waste Management Board's responsibilities, functions and staffing into its total organization.

The agency is seeking to improve efficiency by reducing programmatic duplication and by recognizing cost savings.

Payments for services from other state departments and the Attorney General continue to increase. The net result of these payments is a budget cut thereby reducing the amount available for other pollution control activities.

ATTORNEY GENERAL COSTS:

Fees for Legal Services Rendered	Actual	Act/Est	Agency Request	
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Fees Assessed	\$ 263	\$ 267	\$ -0-	\$ -0-
Fees Paid	263	267	-0-	-0-
Requested Budget	263	267	347	347

EXPLANATION OF BUDGET REQUEST:

Environmental regulatory and service programs are becoming increasingly complex, and as a result the agency has a complex budget with many programs and sources of funding.

The agency has a BASE level request of \$99,601,000 and CHANGE requests totaling \$39,483,000.

The Legislative Commission on Minnesota Resources is recommending an appropriation of \$2,932,000 to the agency for various projects and programs funded from the commission's administered funds.

The agency cannot accomplish all that is required by federal and state law and that which is expected by the citizens of Minnesota within its base level budget. Where appropriate the agency seeks to fund its change requests through revenue sources which seek to place the burden of environmental clean up and regulation on those parts of the economy which most directly are involved with or cause the pollution. It is difficult to generalize the agency's budget, and therefore attention should be directed to the program, activity and CHANGE request narratives which follow.

AGENCY: POLLUTION CONTROL
(Continuation)

1990-91 Biennial Budget

INDEX	(Dollars in Thousands)		Page
	Agency Request	Governor's Recommendation	
	1990-91 Biennium All Funds	1990-91 Biennium All Funds	
BASE Level Request	\$ 99,601	\$ 99,601	
Agency-wide CHANGE Request			
Water Pollution Control and Public Health Fund Consolidation with General Fund		-0-	728
Program/Budget Activity CHANGE Requests			
Water Pollution Control			
Federal Budget Recovery	1,122	1,122	741
Local Water Assistance	869	619	745
Clean Water Partnership	1,710	1,200	747
Ground Water Review of Waste Water Treatment Systems	220	220	743
Water Toxics Permitting and Enforcement	184	184	744
Solid Waste Incinerator Ash as a Soil Amendment	100	100	739
PCBs and Mercury in the St. Louis and Mississippi Rivers	500	500	736
Minnesota River Nonpoint Source Assessment	700	700	737
Biological Manipulation of Wastewater Treatment Ponds	146	146	738
Contaminants in Minnesota Wildlife	174	174	740
Wastewater Facility Construction Management			
Wastewater Treatment Financial Assistance Programs	1,471	1,471	751
Subtotal	\$ 7,196	\$ 6,436	
Air Pollution Control			
Air Toxics Regulation	260	260	760
Vehicle Emissions Inspection and Maintenance	1,468	1,468	757
Audit and Verification of Pollutant Emissions	434	434	762
Chlorofluorocarbon-processed Packaging Ban	295	-0-	763
Waste Incineration Regulation	1,582	1,400	761
Medical Waste Incinerator Evaluation	250	250	758
Field Investigation of Food Chain and Game Fish Accumulations of Dioxin from Incinerator Emissions	296	296	759
Subtotal	\$ 4,585	\$ 4,108	

INDEX	(Dollars in Thousands)		Page
	Agency Request	Governor's Recommendation	
	1990-91 Biennium All Funds	1990-91 Biennium All Funds	
Ground Water and Solid Waste Pollution Control			
Solid Waste Management	1,729	1,400	771
Ground Water Protection Program	1,983	1,543	777
Redesign of the Minnesota Ambient Ground Water Monitoring	196	196	774
Evaluation of Municipal Solid Waste Materials Recovery	900	400	773
Ground Water and Site Response Superfund Site Response	8,500	8,500	782
Subtotal	\$ 13,308	\$ 12,039	
Hazardous Waste Pollution Control			
Hazardous Waste Program Implementation	1,118	1,118	790
Medical Waste Management	427	427	792
Household Hazardous Waste Program	693	-0-	793
Tanks and Spills Program	1,173	1,173	791
Household Batteries Recycling and Disposal Project	90	90	789
Waste Pesticide and Pesticide Container Management	1,660	1,660	794
Subtotal	\$ 5,161	\$ 4,468	
Regional Support			
Complaint Response	142	136	799
Community Assistance Program	378	378	798
Subtotal	\$ 520	\$ 514	
General Support			
Indirect Administrative Support	1,756	1,290	804
Environmental Review	223	223	806
Health Risk Assessment Modeling for Composting	80	80	803
Subtotal	\$ 2,059	\$ 1,593	

AGENCY: POLLUTION CONTROL
(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	
Waste Management Grants and Assistance			
Planning Support	486	-0-	816
Waste Education	920	-0-	812
Solid Waste Low Tech Grants	990	-0-	811
Minnesota Technical Assistance Program	240	-0-	815
Used Oil Grants and Loans	819	-0-	813
Solid Waste Market Development	610	-0-	817
Hazardous and Nonhazardous Waste Grants	250	-0-	814
Subtotal	\$ 4,315	\$ -0-	
Waste Tire Management			
Waste Tire Management	2,339	2,339	820
Subtotal	\$ 2,339	\$ 2,339	
CHANGE Request Subtotal	\$ 39,483	\$ 31,497	
AGENCY Total	\$ 139,084	\$ 131,098	

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : POLLUTION CNTRL AGENCY

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	
WATER POLLUTION CONTROL	8,159	9,831	8,255	4,152	12,407	11,824	6,455	3,044	9,499	9,322
AIR POLLUTION CONTROL	2,843	3,273	3,350	1,940	5,290	5,023	3,350	2,645	5,995	5,785
GROUND WATER & SOLID WASTE POLLUTION CONTROL	10,423	20,007	26,246	4,389	30,635	30,349	24,031	8,919	32,950	31,967
HAZARDOUS WASTE POLLUTION CONTROL	4,234	5,244	5,665	2,433	8,098	7,829	5,672	2,728	8,400	7,976
REGIONAL SUPPORT	937	931	969	260	1,229	1,226	969	260	1,229	1,226
GENERAL SUPPORT	3,671	3,644	3,538	1,071	4,609	4,376	3,623	988	4,611	4,378
WASTE MANAGEMENT GRANTS AND ASSISTANCE	0	3,217	2,844	2,145	4,989	2,844	2,844	2,170	5,014	2,844
WASTE TIRE MANAGEMENT	0	3,358	895	1,552	2,447	2,447	895	787	1,682	1,682
TOTAL EXPENDITURES	30,267	49,505	51,762	17,942	69,704	65,918	47,839	21,541	69,380	65,180
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	6,167	8,491	8,883	1,523	10,406	18,671	8,968	1,752	10,720	20,828
SP REV DIRECT APPROP	2,514	2,629	2,529	10,884	13,413	4,997	2,529	14,544	17,073	5,296
MN RESOURCES	486	440	0	1,706	1,706	1,706	0	1,226	1,226	1,226
PUBLIC HEALTH	222	230	234	46	280	0	234	46	280	0
PETRO CLEANUP	630	768	775	650	1,425	1,425	775	657	1,432	1,432
ENVIRONMENTAL	2,346	2,946	2,982	545	3,527	3,527	2,982	545	3,527	3,527
METRO LANDFILL ABTM	2,295	1,700	1,700	0	1,700	1,700	1,700	0	1,700	1,700
METRO LANDFILL CONTN	74	773	678	0	678	678	678	0	678	678
MOTOR VEHICLE TRANS	40	3,483	1,222	1,933	3,155	3,155	1,222	1,940	3,162	3,162
WATER POLLUTION CNTRL	934	2,544	2,700	655	3,355	0	1,420	831	2,251	0
STATUTORY APPROPRIATIONS:										
SPECIAL REVENUE	374	1,564	2,164	0	2,164	2,164	2,164	0	2,164	2,164
FEDERAL	11,849	16,940	20,987	0	20,987	20,987	22,474	0	22,474	22,474
ENVIRONMENTAL	1,592	5,600	5,590	0	5,590	5,590	1,375	0	1,375	1,375
BUILDING	744	1,397	1,318	0	1,318	1,318	1,318	0	1,318	1,318
TOTAL FINANCING	30,267	49,505	51,762	17,942	69,704	65,918	47,839	21,541	69,380	65,180
POSITIONS BY FUND:										
GENERAL	145.5	177.5	174.5	32.0	206.5	268.5	174.5	35.0	209.5	284.5
SP REV DIRECT APPROP	46.0	46.0	42.5	87.0	129.5	74.5	42.5	106.0	148.5	81.5
MN RESOURCES	3.0	3.0	0.0	10.8	10.8	10.8	0.0	10.8	10.8	10.8
PUBLIC HEALTH	5.0	5.0	5.0	0.0	5.0	0.0	5.0	0.0	5.0	0.0

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

AGENCY : POLLUTION CNTRL AGENCY

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	
PETRO CLEANUP	8.0	9.0	9.0	10.0	19.0	19.0	9.0	11.0	20.0	20.0
SPECIAL REVENUE	9.0	14.0	38.0	21.0	59.0	55.0	38.0	41.0	79.0	75.0
FEDERAL	237.5	237.5	207.5	0.0	207.5	207.5	196.5	0.0	196.5	196.5
ENVIRONMENTAL	56.0	56.0	56.0	0.0	56.0	56.0	56.0	0.0	56.0	56.0
METRO LANDFILL CONTN	2.0	2.0	2.0	0.0	2.0	2.0	2.0	0.0	2.0	2.0
MOTOR VEHICLE TRANS	2.0	11.0	9.0	5.0	14.0	14.0	9.0	5.0	14.0	14.0
BUILDING	23.0	41.0	38.0	3.0	41.0	38.0	38.0	3.0	41.0	38.0
WATER POLLUTION CNTRL	19.0	19.0	23.0	9.0	32.0	0.0	23.0	13.0	36.0	0.0
TOTAL POSITIONS	556.0	621.0	604.5	177.8	782.3	745.3	593.5	224.8	818.3	778.3

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

ACTIVITY:
PROGRAM:
AGENCY: POLLUTION CONTROL

Request Title: WATER POLLUTION CONTROL AND PUBLIC HEALTH FUND CONSOLIDATION
WITH THE GENERAL FUND.

	F.Y. 1990		F.Y. 1991	
	(000's)		(000's)	
Governor's Recommendation	Amount	Positions	Amount	Positions
General Fund	\$2,934	28.0	\$1,654	28.0
Water Pollution Control Fund	(2,700)	(23.0)	(1,420)	(23.0)
Public Health Fund	(234)	(5.0)	(234)	(5.0)

Request requires statutory change: X Yes _____ No
Statutes Affected: M.S. 297.13

GOVERNOR'S RECOMMENDATION:

The Governor recommends consolidation of the Water Pollution Control (4 cents cigarette tax) and Public Health funds with the General Fund. As a result of this recommendation, the BASE levels for these two funds are 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 and created the Public Health Fund, also funded by the cigarette tax. The Governor proposes that these sources be undedicated and that the programs which had been funded by these two sources be funded from the General Fund.

RATIONALE:

In a special report published by the Department of Finance in October of 1988, it was 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 and the Public Health Fund, but a review of program expenditures coupled with declining cigarette tax estimates make the future very difficult to predict.

PROGRAM: WATER POLLUTION CONTROL
Agency: POLLUTION CONTROL

1990-91 Biennial Budget

PROGRAM PURPOSE:

To prevent and abate pollution of waters of the state in order to make them available for their designated uses and to prevent adverse effects on the public health, safety and welfare.

OPERATION:

This program includes monitoring water quality statewide, classifying waters as to their use, establishing ambient water quality standards and the effluent limits necessary to maintain those standards, issuing permits containing effluent limits to water pollutant dischargers, enforcing the requirements contained in such permits, providing technical assistance in meeting effluent limits and providing funding and technical assistance to municipalities for the construction or upgrading of wastewater treatment facilities and providing financial and technical assistance to local units of government to address nonpoint source pollution problem.

BUDGET ISSUE:

1. State Wastewater Treatment Facility Construction Grants: Approximately 160 Minnesota communities still need new or improved wastewater facilities to resolve serious municipal water pollution problems. The projected total cost of these top-priority projects, including the correction of combined sewer overflows in the metropolitan area, is approximately \$460,000,000. The federal Wastewater Treatment Facility Construction Grants Program has for many years provided significant assistance in the building of such facilities. Federal grant funding is being phased out and will end in federal F.Y. 1990. Some continued federal assistance will continue in the form of a loan program to communities. This program will not meet the needs of many small communities in the state making the continuation of the Independent State Construction Grants Program vitally important. Accordingly, separate legislation maximizing the use of the loan program in conjunction with state grants is being proposed to address this issue. State funding is being requested through the Capital Budget.
2. Nonpoint Source Pollution Control: Nonpoint source pollution remains a serious water quality problem in Minnesota. While significant progress has been achieved in dealing with point sources, the same cannot be said of nonpoint sources. The agency has begun an intensive nonpoint program.

Solving the nonpoint source problem will require a full partnership of federal, state and local government and the public. The agency is proposing to increase its financial and technical assistance to local units of government through the Clean Water Partnership Program so that land management practices can be conducted to minimize nonpoint sources of pollution.

A focus will be placed on the Minnesota River nonpoint source strategy development. The Minnesota River waters encompass nearly one third of the state and represent an under utilized resource in many cases because of water quality problems. More attention is being given to the Minnesota River as an important recreational resource by local units of gov-

ernment.

Nonpoint source impacts on ground water are also a great concern and are being raised in local comprehensive water plans.

3. Federal Funding: Federal water quality funding has been reduced for the 1990-91 biennium. This includes not just funding for construction grants, but also funding for basic water quality programs such as monitoring, permitting and enforcement. Because federal funding represents a large part of the agency's total water quality funding, this will mean a significant reduction in the services the program is able to provide to the state's citizens unless state funding can support these efforts.

EXPLANATION OF BUDGET REQUEST:

The agency's request for the Water Pollution Control program funds 3 major areas. The Municipal Wastewater Treatment grants program provides funds for Minnesota communities to solve wastewater treatment problems. The regulatory compliance activities ensure that dischargers to Minnesota's lakes and streams meet protective standards. The program development area develops standards for receiving waters, monitors impacts on Minnesota's waters and leads the nonpoint pollution control effort in the state.

Eleven CHANGE requests are proposed for this program:

1. Federal Budget Reduction Recovery. \$484,000 and 11.0 positions for F.Y. 1990 and \$638,000 and 14.0 positions for F.Y. 1991 to provide F.Y. 1988 level water pollution control services, which decreased due to reduced federal funding to the state.
2. Local Water Assistance. \$436,000 and 6.0 positions for F.Y. 1990 and \$433,000 and 6.0 positions for F.Y. 1991 to conduct pollution control activities and to assist local government in controlling and protecting water resources.
3. Clean Water Partnership. \$1,606,000 and 2.0 positions for F.Y. 1990 and \$104,000 and 2.0 positions for F.Y. 1991 to provide financial and technical assistance to local government to implement projects to control nonpoint source pollution.
4. Ground Water Review of Wastewater Treatment Systems. \$112,000 and 2.0 positions for F.Y. 1990 and \$108,000 and 2.0 positions for F.Y. 1991 to assess impacts on ground water caused by wastewater treatment facilities.
5. Water Toxics Permitting and Enforcement. \$94,000 and 2.0 positions for F.Y. 1990 and \$90,000 and 2.0 positions for F.Y. 1991 to provide increased water protection through the control of toxics.
6. Solid Waste Incinerator Ash as a Soil Amendment. \$60,000 and .3 position for F.Y. 1990 and \$40,000 and .3 position for F.Y. 1991 to investigate the potential of using solid waste incinerator ash as a soil amendment on farm lands.
7. PCBs and Mercury in the St. Louis and Mississippi Rivers. \$285,000 and 1.0 position for F.Y. 1990 and \$215,000 and 1.0 position for F.Y. 1991 to study PCB and mercury contamination in Minnesota's major rivers.

PROGRAM: WATER POLLUTION CONTROL
(Continuation)
Agency: POLLUTION CONTROL

1990-91 Biennial Budget

8. Minnesota River Nonpoint Source Assessment. \$350,000 and 2.0 positions for F.Y. 1990 and \$350,000 and 2.0 positions for F.Y. 1991 to study the effect of nonpoint source pollution the Minnesota River.
9. Biological Manipulation of Wastewater Treatment Ponds. \$89,000 and 1.0 position for F.Y. 1990 and \$57,000 and 1.0 position for F.Y. 1991 to study ways to eliminate algal blooms in municipal wastewater treatment ponds.
10. Contaminants in Minnesota Wildlife. \$87,000 and 1.0 position for F.Y. 1990 and \$87,000 and 1.0 position for F.Y. 1991 to study toxic chemical build-up in wildlife.
11. Wastewater Treatment Financial Assistance Programs. \$549,000 and 11.0 positions for F.Y. 1990 and \$922,000 and 19.0 positions for F.Y. 1991 to address the federal reduction in administration dollars for wastewater treatment construction programs.

GOVERNOR'S RECOMMENDATION:

The Governor recommends a biennial increase of \$6,436,000 and 35.3 positions from the F.Y. 1990 BASE. This is a decrease of \$760,000 and 4.0 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 : POLLUTION CNTRL AGENCY
PROGRAM : WATER POLLUTION CONTROL

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	
W Q OPERATIONS		5,038	7,116	6,002	3,603	9,605	9,022	4,431	2,122	6,553	6,376
A FUNDING SHIFTS TO GENERAL FUND	GEN				0		1,722		0		442
A FUNDING SHIFTS TO GENERAL FUND	WPC				0		<1,722>		0		<442>
B LCMR PCBS & MERCURY IN ST LOUIS RIVER	MNRS				285		285		215		215
B LCMR MN RIVER NON-POINT ASSESSMENT	MNRS				350		350		350		350
B LCMR BIO MANIPULATION OF W.W. TREATMENT PONDS	MNRS				89		89		57		57
B LCMR SOLID WASTE INCIN AS SOIL AMENDMENT	MNRS				60		60		40		40
B LCMR CONTAMINATS IN MN WILDLIFE	MNRS				87		87		87		87
B FEDERAL BUDGET REDUCTION RECOVERY	GEN				380		484		534		638
B FEDERAL BUDGET REDUCTION RECOVERY	WPC				104		0		104		0
B G.W. REVIEW OF WASTE TREATMENT SYSTEMS	DAS				112		112		108		108
B WATER TOXICS PERMITTING AND ENFORCEMENT	DAS				94		94		90		90
B LOCAL WATER ASSISTANCE	GEN				0		309		0		310
B LOCAL WATER ASSISTANCE	DAS				436		0		433		0
B CLEAN WATER PARTNERSHIP	GEN				0		1,150		0		50
B CLEAN WATER PARTNERSHIP	DAS				1,606		0		104		0
W W FAC CONSTR GTS MGMT		3,121	2,715	2,253	549	2,802	2,802	2,024	922	2,946	2,946
A FUNDING SHIFTS TO GENERAL FUND	GEN				0		455		0		455
A FUNDING SHIFTS TO GENERAL FUND	WPC				0		<455>		0		<455>
B W.W. TREATMENT FAC ASST PROG	GEN				0		345		0		521
B W.W. TREATMENT FAC ASST PROG	DAS				204		204		401		401
B W.W. TREATMENT FAC ASST PROG	WPC				345		0		521		0
TOTAL EXPENDITURES		8,159	9,831	8,255	4,152	12,407	11,824	6,455	3,044	9,499	9,322
SOURCES OF FINANCING:											
DIRECT APPROPRIATIONS:											
GENERAL		1,275	1,328	1,335	380	1,715	5,800	1,335	534	1,869	3,751
SP REV DIRECT APPROP		817	844	860	2,452	3,312	1,270	860	1,136	1,996	1,459
MN RESOURCES		486	440	0	871	871	871	0	749	749	749

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

AGENCY : POLLUTION CNTRL AGENCY
PROGRAM : WATER POLLUTION CONTROL

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	
WATER POLLUTION CNTRL	790	2,387	2,177	449	2,626	0	897	625	1,522	0
STATUTORY APPROPRIATIONS:										
SPECIAL REVENUE	85	73	73	0	73	73	73	0	73	73
FEDERAL	3,962	4,015	3,066	0	3,066	3,066	2,546	0	2,546	2,546
BUILDING	744	744	744	0	744	744	744	0	744	744
TOTAL FINANCING	8,159	9,831	8,255	4,152	12,407	11,824	6,455	3,044	9,499	9,322
POSITIONS BY FUND:										
GENERAL	39.0	39.0	39.0	9.0	48.0	78.0	39.0	12.0	51.0	85.0
SP REV DIRECT APPROP	17.0	17.0	17.0	16.0	33.0	25.0	17.0	20.0	37.0	29.0
MN RESOURCES	3.0	3.0	0.0	5.3	5.3	5.3	0.0	5.3	5.3	5.3
FEDERAL	81.0	81.0	64.0	0.0	64.0	64.0	53.0	0.0	53.0	53.0
BUILDING	23.0	23.0	23.0	0.0	23.0	23.0	23.0	0.0	23.0	23.0
WATER POLLUTION CNTRL	17.0	17.0	17.0	9.0	26.0	0.0	17.0	13.0	30.0	0.0
TOTAL POSITIONS	180.0	180.0	160.0	39.3	199.3	195.3	149.0	50.3	199.3	195.3

ACTIVITY: WATER QUALITY OPERATIONS
 Program: WATER POLLUTION CONTROL
 Agency: POLLUTION CONTROL

1990-91 Biennial Budget

PURPOSE:

To establish appropriate standards of protection for waters of the state and to ensure that sources of pollutants are controlled to the extent necessary to maintain those standards. Operations: 1) collect and interpret monitoring data to evaluate the quality of the state's waters and the extent of existing and potential contamination by pollutants; 2) develop and update comprehensive water quality standards for the state and establish the effluent limits necessary to maintain those standards; 3) issue point source (approximately 1,200 statewide) and feedlot permits containing specific effluent limits and, if necessary, schedules for bringing dischargers into compliance with those limits; 4) provide water quality management planning as well as Clean Water Partnership Grants and technical assistance to abate nonpoint source water pollution in Minnesota's surface and ground water; 5) review permit compliance, conduct necessary inspections, investigate citizen complaints and take appropriate enforcement action if permits or agency rules are violated; and 6) provide technical assistance for training to wastewater facility operators and administer certification programs for such operators.

Authority for this activity is found in M.S. chs. 115 and 116.
 Clean Water Partnership Grants in M.S. 115.091-115.102 (Supp. 1987)

EFFECTIVENESS:

	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
	(numbers in parenthesis are with CHANGE levels)			
% of lakes assessed	11	11	10(20)	10(20)
% not fully supporting uses	28	25	28(25)	28(22)
% of stream miles assessed	5	5	5(10)	5(10)
% not fully supporting uses	65	62	65(60)	65(60)
% of major dischargers municipal	92	93	94	95
meeting standards industrial	96	96	96	96
% of major dischargers municipal	70	70	70(75)	70(80)
meeting standards industrial	75	72	69(75)	66(75)

STATISTICS:

	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
	(numbers in parenthesis are with CHANGE levels)			
Monitoring studies:				
intensive stream studies	10	10	8(10)	8(10)
intensive lake studies	20	20	18(20)	15(20)
toxic substance studies	20	20	15(30)	10(40)
NPDES/SDS permit issuances	236	225	215(240)	205(240)
Feedlot permit issuances	485	500	500(600)	500(600)
Sanitary sewer extension permit issuances	629	600	600	600
Permit compliance reviews:				
major (monthly)	80	80	80	80
minor (quarterly)	181	170	160(180)	150(180)
Enforcement actions	94	90	85(95)	80(95)
Wastewater operator certifications	580	500	500	500
Wastewater operator training opportunities	1,120	1,100	1,100	1,100
Clean Water Partnership Grants issued	-0-	12	8-10 (16-22)	6-8 (20-28)

REVENUE:

Type of Revenue	(Dollars in Thousands)			
	Actual F.Y. 1988	Estimated F.Y. 1989	Estimated F.Y. 1990	Estimated F.Y. 1991
Nondedicated	\$ 930	\$ 1,186	\$ 1,186	\$ 1,186

BUDGET ISSUES:

Recent monitoring data indicates a continuation in the trend of gradual steady improvement in the quality of the state's waters. Under federal and state mandates, the agency conducted assessments of Minnesota's waters to determine where uses were being impaired by toxics and other pollutants from point and nonpoint sources. Of 91,944 total river miles in the state, 4,443 miles (approximately 5%) were assessed. Of these, 1,553 miles (35%) were found to be fully supporting the designated uses, 564 (13%) were partially supporting and 2,326 (52%) were not supporting the designated uses. The sources of nonsupport were attributable to point and nonpoint source pollution; 738 miles (27%) were nonsupporting due to point sources of pollution, while 2,107 miles (73%) were nonsupporting due to nonpoint or unknown sources of pollution. As for lakes, of the 1,400,000 acres assessed, all but 237,000 have water quality sufficient to support their designated uses. The trend in water quality indicates improvements resulting from point source controls, but continued degradation, especially in lakes, from nonpoint sources.

Major issues that will be addressed during the next biennium with funds provided by the agency's budget request are:

Municipal Enforcement: Much of the agency's water quality enforcement efforts during the biennium will continue to focus on ensuring that municipal wastewater facilities are in compliance with standards. Under the provisions of the federal Clean Water Act such compliance was required nationwide by 7-1-88. While Minnesota has made considerable progress towards this goal, a number of the state's smaller communities still do not have adequate wastewater treatment. Key elements are ensuring that the necessary funding for facility construction is available to municipalities, ensuring that the facilities constructed work properly, and providing assistance to municipalities to get the best possible performance from existing facilities.

Nonpoint Source Pollution Control: Nonpoint source pollution remains a significant water quality problem in Minnesota. Nonpoint sources take the form of runoff or infiltration rather than discrete discharges. Nonpoint sources are directly associated with the way land is used and how runoff is managed. As a result, nonpoint sources of pollution are more difficult to resolve. The agency has begun a program of problem prioritization, governmental coordination, education, tool development and Clean Water Partnership demonstration projects. All of these activities are necessary parts of a comprehensive nonpoint source effort for the state.

Solving the nonpoint problem as a whole, however, will require increased financial and technical assistance and a full partnership of federal, state and local government and the public. The Clean Water Partnership Program provides financial and technical assistance to local governments to enable them to successfully deal with nonpoint source problems. Grants are made available to local units of government with authority to contract with agencies and organizations, raise funds, and adopt and enforce official controls. The sponsors must develop work plans and budgets consistent with Minn. Rule ch. 7076. Projects which best meet the objectives in the rule receive fund-

ACTIVITY: WATER QUALITY OPERATIONS
(Continuation)
Program: WATER POLLUTION CONTROL
Agency: POLLUTION CONTROL

1990-91 Biennial Budget

ing. The administrative rules become effective 9-26-88, and it is anticipated that \$1,300 will be provided to local units of government in F.Y. 1989. It should be noted, however, that continued funding at same level will not fully allow for a needed refocusing of the water quality program on nonpoint source problems.

Toxic Pollutants: Significant progress has not been made with nonconventional or toxic pollutants such as synthetic organic compounds and heavy metals as has been made in addressing conventional pollutants. Consequently, the last few years have seen a substantial shift of emphasis to this area, both through permits imposing limits on direct dischargers and through locally-run programs imposing "pretreatment" requirements on indirect dischargers of toxics to municipal wastewater facilities. The Great Lakes Toxic Substances Control Agreement (6-86) signed by all 8 Great Lakes governors provides a mechanism to approach the toxics problem on a broad front and will enable the states to learn collectively and contribute to each others' programs.

However, complete abatement of toxic water pollutants will require both greater monitoring to assess the full extent of the problems and further control efforts by the agency and the state's industries. This will require significant resources on the part of the agency both to establish toxics limits on a case-by-case basis in individual permits and to ensure compliance with such limits. Again, continued funding at base level will not fully allow for this needed refocusing of the water quality program on toxic pollutants. It should be noted that at same level the number of waters monitored and studies conducted will actually be reduced because of the increased cost of monitoring toxics versus conventional pollutants.

Toxics are showing up in fish and wildlife as contaminants to the food we eat. Monitoring of such contamination will be conducted through proposed Legislative Commission on Minnesota Resources funding. At the same time, PCBs in the St. Louis and Mississippi Rivers will be given attention through proposed Legislative Commission on Minnesota Resources funding in order that source and pathway determination can be made.

Improved Compliance: While the agency is expanding its water quality efforts in the relatively new areas of nonpoint sources and toxics, it is at the same time strengthening its efforts in the traditional area of compliance: the core activity of ensuring that dischargers meet the pollution limits contained in their permits. It is partly a matter of economics--by becoming more efficient in the operation of already-established programs, the agency can make resources available for new efforts. It is likewise a matter of finding more effective tools to achieve real water quality benefits--instead of relying solely on legal enforcement. The agency also provides needed information and assistance to the regulated community who apply the actual pollution controls.

Water Quality Standards: The state's water quality standards provide the basis for agency permits as well as any subsequent enforcement actions. These standards, however, are not static requirements, but are subject to a continuous process of revision as a result of new developments in scientific

information and pollution control technologies and as a result of continuing agency experience regarding the reasonableness and cost-effectiveness of such controls. The water quality standards are reviewed and revised every 3 years, with the next revision scheduled for F.Y. 1991. Mandates from the 1987 amendments to the Clean Water Act will require the next standards revision to focus on developing numerical water quality standards for toxics.

As in the past, this process will be an extensive one, involving a significant amount of scientific investigation, input from a variety of affected parties and formal rulemaking hearings.

Water Quality Monitoring: The agency's water quality monitoring program serves as the chief tool for determining pollution trends in the state's streams and lakes. Data from this monitoring lays the scientific groundwork for the agency's other water quality operations: standards setting, permitting, enforcement and wastewater facility construction.

Budget reductions over the past years, coupled with significant cost increases for laboratory analysis, have forced the agency to lower both the number of waters monitored and the frequency of sampling. The result has been a serious reduction in the information generated on water quality problems and the effectiveness of pollution control efforts. The agency has also undertaken an assessment of its water quality monitoring programs at the suggestion of the Legislative Auditor. The assessment recommends that the statewide ambient monitoring network be continued at a reduced level to continue to provide trend analyses. However, in order to better identify use impairment, quality improvement and data for local comprehensive water planning a more focused intensive monitoring effort is required.

Lake Improvement Programs: The agency currently administers a number of federally-funded Clean Lakes projects at various locations throughout the state. Through the local water planning effort, a greater focus is being placed on the value of lakes. Increased technical and resource management assistance is needed to respond to the need to protect this valuable resource.

EXPLANATION OF BUDGET REQUEST:

This budget will fund the water program with the exception of federally supported funding and positions which are being lost due to reductions in the federal budget. The major thrust of this program is to protect human health and the state's water resources from pollution.

The water quality operations activity has 10 CHANGE requests to replace lost federal support and to provide resources for increased pollution control services:

1. Federal Budget Reduction Recovery. \$484,000 and 11.0 positions for F.Y. 1990 and \$638,000 and 14.0 positions for F.Y. 1991 to provide F.Y. 1988 level water pollution control services, which decreased due to reduced federal funding to the state.

ACTIVITY: WATER QUALITY OPERATIONS
(Continuation)
Program: WATER POLLUTION CONTROL
Agency: POLLUTION CONTROL

1990-91 Biennial Budget

2. Local Water Assistance. \$436,000 and 6.0 positions for F.Y. 1990 and \$433,000 and 6.0 positions for F.Y. 1991 to conduct pollution control activities and to assist local government in controlling and protecting water resources.
3. Clean Water Partnership. \$1,606,000 and 2.0 positions for F.Y. 1990 and \$104,000 and 2.0 positions for F.Y. 1991 to provide financial and technical assistance to local government to implement projects to control nonpoint source pollution.
4. Ground Water Review of Wastewater Treatment Systems. \$112,000 and 2.0 positions for F.Y. 1990 and \$108,000 and 2.0 positions for F.Y. 1991 to assess impacts on ground water caused by wastewater treatment facilities.
5. Water Toxics Permitting and Enforcement. \$94,000 and 2.0 positions for F.Y. 1990 and \$90,000 and 2.0 positions for F.Y. 1991 to provide increased water protection through the control of toxics.
6. Solid Waste Incinerator Ash as a Soil Amendment. \$60,000 and .3 position for F.Y. 1990 and \$40,000 and .3 position for F.Y. 1991 to investigate the potential of using solid waste incinerator ash as a soil amendment on farm lands.
7. PCBs and Mercury in the St. Louis and Mississippi Rivers. \$285,000 and 1.0 position for F.Y. 1990 and \$215,000 and 1.0 position for F.Y. 1991 to study PCB and mercury contamination in Minnesota's major rivers.
8. Minnesota River Nonpoint Source Assessment. \$350,000 and 2.0 positions for F.Y. 1990 and \$350,000 and 2.0 positions for F.Y. 1991 to study the effect of nonpoint source pollution the Minnesota River.
9. Biological Manipulation of Wastewater Treatment Ponds. \$89,000 and 1.0 position for F.Y. 1990 and \$57,000 and 1.0 position for F.Y. 1991 to study ways to eliminate algal blooms in municipal wastewater treatment ponds.
10. Contaminants in Minnesota Wildlife. \$87,000 and 1.0 position for F.Y. 1990 and \$87,000 and 1.0 position for F.Y. 1991 to study toxic chemical build-up in wildlife.

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : POLLUTION CNTRL AGENCY
PROGRAM : WATER POLLUTION CONTROL
BUDGET ACTIVITY : W Q OPERATIONS

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	3,287	3,384	3,355	968	4,323	4,194	3,231	1,078	4,309	4,180
EXPENSES/CONTRACTUAL SRVCS	891	1,000	536	748	1,284	1,321	472	672	1,144	1,185
MISC OPERATING EXPENSES	186	175	157	79	236	236	153	83	236	236
SUPPLIES/MATERIALS/PARTS	121	58	54	36	90	90	51	26	77	81
CAPITAL EQUIPMENT	214	161	148	67	215	215	93	58	151	151
REDISTRIBUTIONS	3	1	1	205	206	113	1	205	206	113
STATE OPERATIONS	4,702	4,779	4,251	2,103	6,354	6,169	4,001	2,122	6,123	5,946
LOCAL ASSISTANCE	336	2,337	1,751	1,500	3,251	2,853	430	0	430	430
TOTAL EXPENDITURES	5,038	7,116	6,002	3,603	9,605	9,022	4,431	2,122	6,553	6,376
CHANGE REQUESTS:		FUND								
A FUNDING SHIFTS TO GENERAL FUND		GEN		0		1,722		0		442
A FUNDING SHIFTS TO GENERAL FUND		WPC		0		<1,722>		0		<442>
B LCHR PCBS & MERCURY IN ST LOUIS RIVER		MNRS		285		285		215		215
B LCHR MN RIVER NON-POINT ASSESSMENT		MNRS		350		350		350		350
B LCHR BIO MANIPULATION OF W.W. TREATMENT PONDS		MNRS		89		89		57		57
B LCHR SOLID WASTE INCIN AS SOIL AMENDMENT		MNRS		60		60		40		40
B LCHR CONTAMINATS IN MN WILDLIFE		MNRS		87		87		87		87
B FEDERAL BUDGET REDUCTION RECOVERY		GEN		380		484		534		638
B FEDERAL BUDGET REDUCTION RECOVERY		WPC		104		0		104		0
B G.W. REVIEW OF WASTE TREATMENT SYSTEMS		DAS		112		112		108		108
B WATER TOXICS PERMITTING AND ENFORCEMENT		DAS		94		94		90		90
B LOCAL WATER ASSISTANCE		GEN		0		309		0		310
B LOCAL WATER ASSISTANCE		DAS		436		0		433		0
B CLEAN WATER PARTNERSHIP		GEN		0		1,150		0		50
B CLEAN WATER PARTNERSHIP		DAS		1,606		0		104		0
TOTAL CHANGE REQUESTS				3,603		3,020		2,122		1,945

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : POLLUTION CNTRL AGENCY
PROGRAM : WATER POLLUTION CONTROL
BUDGET ACTIVITY : W Q OPERATIONS

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	1,275	1,328	1,335	380	1,715	5,000	1,335	534	1,869	2,775
SP REV DIRECT APPROP	817	844	860	2,248	3,108	1,066	860	735	1,595	1,058
MN RESOURCES	486	440	0	871	871	871	0	749	749	749
WATER POLLUTION CNTRL	363	1,839	1,722	104	1,826	0	442	104	546	0
STATUTORY APPROPRIATIONS:										
SPECIAL REVENUE	85	73	73	0	73	73	73	0	73	73
FEDERAL	2,012	2,592	2,012	0	2,012	2,012	1,721	0	1,721	1,721
TOTAL FINANCING	5,038	7,116	6,002	3,603	9,605	9,022	4,431	2,122	6,553	6,376
POSITIONS BY FUND:										
GENERAL	39.0	39.0	39.0	9.0	48.0	60.0	39.0	12.0	51.0	63.0
SP REV DIRECT APPROP	17.0	17.0	17.0	12.0	29.0	21.0	17.0	12.0	29.0	21.0
MN RESOURCES	3.0	3.0	0.0	5.3	5.3	5.3	0.0	5.3	5.3	5.3
FEDERAL	40.0	42.0	35.0	0.0	35.0	35.0	31.0	0.0	31.0	31.0
WATER POLLUTION CNTRL	6.0	6.0	6.0	2.0	8.0	0.0	6.0	2.0	8.0	0.0
TOTAL POSITIONS	105.0	107.0	97.0	28.3	125.3	121.3	93.0	31.3	124.3	120.3

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

ACTIVITY: WATER QUALITY OPERATIONS
PROGRAM: WATER POLLUTION CONTROL
AGENCY: POLLUTION CONTROL

REQUEST TITLE: PCBs AND MERCURY IN THE ST. LOUIS AND MISSISSIPPI RIVERS

	F.Y. 1990		F.Y. 1991	
	(000's)		(000's)	
Agency Request	Amount	Positions	Amount	Positions
Minnesota Resources Fund	\$ 285	1.0	\$ 215	1.0
Governor's Recommendation:				
Minnesota Resources Fund	\$ 285	1.0	\$ 215	1.0
Request requires statutory change:	<u> </u> Yes <u> X </u> No			
Statutes Affected:				

STATEMENT OR REQUEST/OBJECTIVE:

The Agency has received approval for this request from the Legislative Commission on Minnesota Resources. The first major objective of this project is to devise processes and procedures and, through pilot studies, to demonstrate the control/elimination of the factors causing the elevated water exposure and elevated accumulation of mercury in fish. The sources of mercury to the St. Louis River identified by the previous study were: (1) effluent from a municipal wastewater treatment plant; (2) release of mercury from sediment hotspots; and (3) airborne inputs and atmospheric deposition.

The second major objective of the study is to identify sources and pathways of PCBs to the St. Louis and Mississippi Rivers. The Agency proposes to intensively sample the aquatic sediment from the St. Louis River downstream of Cloquet and the Mississippi River in the Twin Cities area. Sediment traps will be placed in the rivers to assess contaminant loading from suspended solids. Cores will be taken in select areas to assess past disposal activities. Fish will be exposed to selected sediments (hotspots) in the laboratory to assess the accumulation potential of PCBs. Forage fish and invertebrates will also be analyzed to determine routes of exposure through the food chain. Computer models to predict the effects of sediment management options will be used.

DESCRIPTION/BACKGROUND:

PCB and mercury contamination of fish in the St. Louis and Mississippi Rivers has prompted Fish Consumption Advisories by the Minnesota Department of Health for these recreational fisheries. The St. Louis Bay has been listed as an "area of concern" by the International Joint Commission. Recent studies on mercury in the St. Louis River have identified three major source types, and specific control measures are now needed to mitigate the contamination. Although the legislature banned the use, possession and manufacture of PCBs in 1976, they still remain a pollution problem in both river systems.

Very low levels of PCBs are thought to be entering the St. Louis and Mississippi Rivers from point source dischargers and from sediments contaminated by past dischargers. This study would locate the sources and pathways of PCBs to the St. Louis River and Mississippi River systems. Since the sources of mercury to the St. Louis River have already been identified through the past Legislative Commission on Minnesota Resources study, pilot studies and demonstrated processes and procedures will be devised to reduce and eliminate the sources and conditions causing elevated mercury levels in fish.

RATIONALE:

Fish in major Minnesota rivers are contaminated with mercury and PCBs. Consumption advisories have been issued to sports fishermen by the Department of Health. This study will locate the sources of PCBs so they may be controlled and the waters returned to their beneficial use. If they are not controlled, fish contamination will continue and uses of these waters will be limited. The sources of mercury are known and control of the sources will avoid further fish contamination. These studies address a major pollution concern in Minnesota that currently impairs interstate waters.

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: WATER QUALITY OPERATIONS
 PROGRAM: WATER POLLUTION CONTROL
 AGENCY: POLLUTION CONTROL

REQUEST TITLE: MINNESOTA RIVER NONPOINT SOURCE ASSESSMENT

	F.Y. 1990		F.Y. 1991	
	(000's)		(000's)	
Agency Request	Amount	Positions	Amount	Positions
Minnesota Resources Fund	\$ 350	2.0	\$ 350	2.0

Governor's Recommendation:

Minnesota Resources Fund	\$ 350	2.0	\$ 350	2.0
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Request requires statutory change: _____ Yes X No
 Statutes Affected:

STATEMENT OR REQUEST/OBJECTIVE:

The Agency has received approval of this request from the Legislative Commission on Minnesota Resources. This request will establish a comprehensive monitoring network in the Minnesota River Basin. The overall monitoring program will include components which will assess: major nutrients, suspended sediments, Biochemical Oxygen Demand and organics, biomonitoring, bioassays, toxic studies, and land use characterization. Fourteen mainstem sites, ten major tributaries along the entire length of the river, and 15 separate springs (ground water input) will be monitored. This monitoring network will identify critical mainstem reaches and tributaries contributing the greatest nonpoint source loading. The information will allow for estimation of the nonpoint source load reductions necessary to achieve water quality goals, and the amount of resources necessary to address the problem.

DESCRIPTION/BACKGROUND:

This activity is a cooperative effort between the Agency, the U.S. Geological Survey, the U.S. Environmental Protection Agency, the U.S. Fish and Wildlife Service, the Board of Water and Soil Resources, the South Central Minnesota County Water Planning Project, and Mankato State University; with additional support from the Minnesota Department of Natural Resources, State Planning, the Metropolitan Council, the Metropolitan Waste Control Commission, the U.S. Corps of Engineers, and the Soil Conservation Service.

The Agency will coordinate the resource sampling and assessment of all the various cooperators so that the data generated is as meaningful and useful as possible. The Metropolitan Council and the Metropolitan Waste Control Commission will be assessing seven tributaries in the lower portion of the river concurrently with this program. The two studies will be coordinated as much as possible.

This project involves local interest groups so that the information learned through this program will be useful in addressing local concerns, such as

fisheries and recreation.

The Minnesota River is a valuable resource to the people of Minnesota. The river and the adjoining lands are made up of unique and valuable ecosystems. For its entire length, the river corridor is a major existing and potential recreational site. The quality of the water in the Minnesota River is suffering degradation from the land-uses taking place in the river's watershed. Agency studies show that nonpoint source pollution is causing frequent violations of water quality standards in the river. It has been estimated that 84% of the Biochemical Oxygen Demand material in the river in the area of Shakopee is of nonpoint source origin. The Agency has also determined that a 40% reduction in nonpoint source organics upstream of Shakopee is needed in order to insure that the water quality standards are met down stream during critical conditions.

The activity will allow for the assessment of nonpoint source pollutant loading to the Minnesota River so that implementation programs, such as the Clean Water Partnership Program, State Cost Share and RIM can be targeted to achieve the greatest results in resource improvement and protection.

RATIONALE:

Without this assessment nonpoint source control efforts cannot be effectively recommended and existing activities may not provide optimum benefit to water quality. The Minnesota River will continue to be degraded and beneficial uses cannot be realized. This program will address the need to focus resources on the most cost-effective solutions.

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: WATER QUALITY OPERATIONS
PROGRAM: WATER POLLUTION CONTROL
AGENCY: POLLUTION CONTROL

REQUEST TITLE: BIOLOGICAL MANIPULATION OF WASTEWATER TREATMENT PONDS

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
Minnesota Resources Fund	\$ 89	1.0	\$ 57	1.0

Governor's Recommendation

Minnesota Resources Fund	\$ 89	1.0	\$ 57	1.0
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Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency has received approval for this request from the Legislative Commission on Minnesota Resources. The primary objective of this proposal is to determine what factors cause Daphnia to thrive in some systems, and not in others. This information will allow us to determine ways to eliminate algal blooms from wastewater treatment ponds so that waste discharges from stabilization ponds will meet discharge standards.

DESCRIPTION/BACKGROUND:

This project is a cooperative effort between the agency and the University of Minnesota to optimize stabilization pond wastewater treatment so that it meets state water quality standards more efficiently and economically.

Stabilization ponds are increasingly recognized as a cost-effective way for smaller cities to treat their domestic wastewater. Of the 513 municipal wastewater treatment facilities in Minnesota, about 300 are stabilization ponds, and more are constructed every year.

Stabilization pond wastewater has a phosphorus concentration 30 to 60 times higher than most eutrophic lakes. Some ponds produce such massive algal blooms that wastewater discharge standards are violated for suspended solids. Other ponds with equally high phosphorus concentrations have crystal-clear water. The critical factor that determines whether algal blooms are present appears to be the presence or absence of large zooplankton, especially Daphnia, in the pond. Four stabilization ponds will be studied, 2 with excessive algae and 2 that have consistently met wastewater standards. Data will be collected so that the ponds can be characterized as ecological systems. Ecologically, stabilization ponds are greatly simplified lakes: inputs and outputs are known and adjustable, and there are no fish. In conjunction with

Dr. Heinz Stefan of the Saint Anthony Falls Hydraulic Laboratory, a computer model will be developed and used by the agency to optimize performance of stabilization ponds throughout the state.

RATIONALE:

Stabilization ponds are a cost-effective method of wastewater treatment for many small communities throughout Minnesota. Excessive growth of algae in these ponds cause water pollution problems if suspended solids standards are violated upon discharge. Stabilization pond technology is not being used in some cases because of this problem. This proposal will develop performance and design standards to enhance the usefulness of this technology.

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: WATER QUALITY OPERATIONS
PROGRAM: WATER POLLUTION CONTROL
AGENCY: POLLUTION CONTROL

REQUEST TITLE: SOLID WASTE INCINERATOR ASH AS A SOIL AMENDMENT

	F.Y. 1990 (000's)		F.Y. 1991 (000's)	
Agency Request	Amount	Positions	Amount	Positions
Minnesota Resources Fund	\$ 60	.3	\$ 40	.3

Governor's Recommendation

Minnesota Resources Fund	\$ 60	.3	\$ 40	.3
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Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OR REQUEST/OBJECTIVE:

The Agency has received approval for this request from the Legislative Commission on Minnesota Resources. The Agency requests the above funds and position to investigate the potential of utilizing solid waste incinerator ash as a soil amendment on agricultural land.

DESCRIPTION/BACKGROUND:

Management of ash materials resulting from the incineration of solid waste continues to be a perplexing problem. If improperly managed, these materials can significantly impact our water, air and land resources. Yet, these ash materials may have beneficial characteristics. Land application of various wastes for use as a soil amendment has had wide success in the wastewater treatment area. However, there is insufficient information known about the appropriateness of using various solid waste ash materials as a soil amendment. If these information voids can be filled, many ash materials that now require landfilling could possibly be beneficially utilized through landspreading.

The proposed project will consist of a literature search of the characteristics and the use of ash as a soil amendment, and the evaluation of the physical and chemical characteristics of ash from the incineration of processed and nonprocessed solid wastes. Ash (including fly ash and bottom ash) would be evaluated for acceptability of landspreading. Ash samples which appear to have beneficial characteristics will be utilized in various laboratory, greenhouse and field studies. Both the beneficial and detrimental effects of the agricultural utilization of ash will be evaluated.

Field studies will be prepared as demonstration plots so that occasional field programs can be presented to agricultural extension personnel, regulatory authorities, farmer groups, and ash generators. If research results indicate that ash can be beneficially utilized as a soil amendment, public

information meetings will be conducted at selected locations around the state. The purpose of the meetings will be to educate and inform potential users of ash and to survey their desire for using the product.

This activity has several objectives, including to:

1. Determine if landspreading of solid waste incinerator ash can be an environmentally sound alternative to landfilling similar to programs where municipal and industrial wastewaters and sludges are being beneficially utilized by the agricultural community.
2. Initiate the development of agricultural markets for appropriate ash materials.
3. Complement the limited research information that currently exists for the agricultural use of ash generated from the incineration of sewage sludge and wood wastes and from coal-fired power plants.
4. Educate potential users and generators about the utilization of solid waste incinerator ash as a soil amendment.

RATIONALE:

The benefits of this project are two-fold. First, an alternative to land-filling of ash could potentially be developed. The use of landfills for ash will continue to receive opposition. The public living near proposed land-fill sites are often extremely opposed to their development due to concerns of ground water pollution, property devaluation, and other real and perceived problems. By developing alternatives to landfilling ash, many of these problems can be reduced.

The second primary benefit of this project would be in providing a soil amendment containing both macro- and micro-nutrients including phosphorus, potassium, calcium, sulfur, boron and molybdenum. The controlled land application of ash to suitable sites at appropriate rates could offer substantial benefits to the agricultural community, as well as reduce our dependence on landfills.

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: WATER QUALITY OPERATIONS
PROGRAM: WATER POLLUTION CONTROL
AGENCY: POLLUTION CONTROL

REQUEST TITLE: CONTAMINANTS IN MINNESOTA WILDLIFE

	F.Y. 1990		F.Y. 1991	
	(000's)		(000's)	
Agency Request	Amount	Positions	Amount	Positions
Minnesota Resources Fund	\$ 87	1.0	\$ 87	1.0

Governor's Recommendation

Minnesota Resources Fund	\$ 87	1.0	\$ 87	1.0
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Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency has received approval for this request from the Legislative Commission on Minnesota Resources. The primary objective of this proposal is to determine the amount and extent of toxic contaminants in Minnesota's wildlife. The second objective is to determine the impact of those toxic contaminants on the health and well-being of the wildlife and consumers of the wildlife.

DESCRIPTION/BACKGROUND:

Fish monitoring has been useful to identify areas of contamination, trends in contaminant levels to evaluate abatement programs, and to advise safe consumption levels for consumers in the aquatic environment. Likewise, wildlife can be a useful indicator of environmental contamination in the terrestrial environment. Preliminary studies indicate that Minnesota wildlife may be contaminated with some pollutants.

The agency and cooperators propose to jointly conduct a statewide sampling program to determine the extent and magnitude of contaminants in Minnesota's wildlife. Sampling priority will be given to potential hotspots such as the Mississippi River, St. Louis Bay, Rainy River, hazardous waste sites, and near incinerators. Deer, bear, grouse, pheasants, loons, eagles, Canadian geese, wood ducks, raccoons, otters, mink and rabbits will be screened for contaminants. Approximately 200 samples will be collected and tested for organic and heavy metal contaminants. PCBs, pesticides, and dioxins will be analyzed by the University of Minnesota-Duluth from fat samples taken from the animals. Mercury, cadmium, chromium, lead, and arsenic will be analyzed by the Minnesota Department of Health from liver samples. Blood samples will be taken from nestling eagles from northeastern Minnesota and from nestlings and adults from the Mississippi River below the Twin Cities by the

University of Minnesota Raptor Program. Edible parts of game animals will be retained for follow-up studies if needed.

RATIONALE:

Minnesota wildlife are important for the ecological balance of its environment and to its \$200 million hunting industry. Significant levels of contaminants have been found in Minnesota fish which impact fish-eating wildlife. Intensive efforts to enhance or restore wildlife populations by the Minnesota Department of Natural Resources may not be effective due to contaminant accumulation. This study is designed to survey contaminant levels in Minnesota wildlife to determine the potential affects of contaminants to wildlife and to human consumers of wildlife.

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: WATER QUALITY OPERATIONS
 PROGRAM: WATER POLLUTION CONTROL
 AGENCY: POLLUTION CONTROL

REQUEST TITLE: FEDERAL BUDGET REDUCTION RECOVERY

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
General Fund	\$ 380	9.0	\$ 534	12.0
Water Pollution Control Fund	\$ 104	2.0	\$ 104	2.0
Governor's Recommendation				
General Fund	\$ 484	11.0	\$ 638	14.0

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

STATEMENT OR REQUEST/OBJECTIVE:

The objective of this change level is to provide F.Y. 1988 level service in water pollution control areas which are critical to preserving and attaining high health and water quality for the welfare of Minnesota citizens where the federal government is withdrawing funding support.

DESCRIPTION/BACKGROUND:

In 1987, Congress completely restructured the Clean Water Act. The goals of the Act moved from emphasis on point source discharges to emphasize control of nonpoint source discharges. The intent of the Clean Water Act amendments was to provide funding for a transition from the emphasis on point sources to an emphasis on nonpoint sources while maintaining basic core permitting, enforcement and monitoring programs. The Clean Water Act also requires states to pass through to local water planning authorities 40% of the nonpoint source planning and implementation funds. However, the federal budget for 1989 did not fund a portion of the Clean Water Act amendments (Section 319) which would have replaced the pass through dollars to allow continued statewide core activities necessary to meet the goals of the Clean Water Act. It is not anticipated that the federal F.Y. 1990 and F.Y. 1991 budgets will include funding for these core activities. Even though the federal budget does not provide for appropriations to meet the goals of the Clean Water Act, the requirements set forth by Congress still must be met by states. This change level represents funding only to maintain core programs at the 1988 level which was the last year of adequate federal funding.

STATISTICS:

These statistics reflect the activity and funding level if the change level is not approved.

STATISTICS: (Cont'd.)	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Direct dollars available for statewide activities (000's)	\$1,452	\$1,125	\$1,042	\$948
Federal dollars available to local water planning authorities	176	140	-0-	-0-
NPDES and State Disposal System permit issuance	236	225	215	205
Compliance reviews	261	250	240	230
Inspections	162	155	150	145
Bioassays conducted to determine toxic discharges	25	25	10	5
Number of waters tested for fish contamination	45	15	5	0
Waterbodies monitored/evaluated	60/4000	75/5000	10/1000	10/1000
Point source/NPS lake projects	25/12	25/12	10/5	5/0
Standards determinations	90	90	50	50

RATIONALE:

The Division of Water Quality receives a substantial portion of its operating budget from the Federal Government. These dollars in combination with state appropriations fund core pollution control programs including permitting, enforcement, water quality monitoring, toxics evaluations and surface and ground water evaluations. In the nonpoint source pollution control area these dollars fund pollution control planning activities as well as implementation of best management practices statewide.

Changes in the Clean Water Act required that Minnesota pass through to local water planning authorities a percentage of the state's funding. For the biennium, this will be about \$280,000. Since the section of the Clean Water Act which would have supplanted these dollars was not funded, the core activities will be severely curtailed. This cut, along with overall federal budget reductions due to lower appropriations has significantly reduced Agency efforts. Permits for Minnesota businesses will be delayed and fewer permits issued each year. Responses to citizen complaints regarding pollution problems will be delayed and corrective actions for which the Agency must provide oversight will also be delayed. Overall the Agency is able to provide less service to Minnesota citizens in maintaining a high quality environment. Other impacts will occur in that fewer inspections will be made to ensure that municipalities which have been given grants by the state and federal government are operating as designed in compliance with all permit requirements. If the change level is not approved, the Agency will have to request the Governor to request the U.S. Environmental Protection Agency Administrator to allow Minnesota to stop the pass through program to local water planning authorities. Although the Agency supports the local water pollution control efforts the basic state program will be crippled if funds are not available in F.Y. 1990 and F.Y. 1991 to continue core programs.

(Dollars in Thousands)			
BASE:	F.Y. 1988	F.Y. 1989	F.Y. 1990
Federal	\$ 1,452	\$ 1,149	\$ 1,043
			\$ 948

CHANGE REQUEST

1990-91 Biennial Budget

____ Agency ____ Program X Activity
(Continuation)

ACTIVITY: WATER QUALITY OPERATIONS

PROGRAM: WATER POLLUTION CONTROL

AGENCY: POLLUTION CONTROL

	(Dollars in Thousands)		
<u>LONG RANGE FUNDING IMPLICATIONS:</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>Total</u>
Federal	\$ 889	\$ 850	\$ 1,730
General Fund	738	833	1,571

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the request with all the funding from the General Fund because of the recommendation to consolidate the Water Pollution Control Fund with the General Fund.

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

ACTIVITY: WATER QUALITY OPERATIONS
PROGRAM: WATER POLLUTION CONTROL
AGENCY: POLLUTION CONTROL

REQUEST TITLE: GROUND WATER REVIEW OF WASTEWATER TREATMENT SYSTEMS

Agency Request	F.Y. 1990 (000's)		F.Y. 1991 (000's)	
	Amount	Positions	Amount	Positions
Special Revenue Fund (Fees)	\$ 112	2.0	\$ 108	2.0

Governor's Recommendation

Special Revenue Fund (Fees)	\$ 112	2.0	\$ 108	2.0
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Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OR REQUEST/OBJECTIVE:

The Agency requests the above funds and positions to provide the necessary hydrogeologic expertise to assess the impacts on ground water of proposed as well as existing wastewater treatment facilities. This will help ensure that the quality of ground water underlying such facilities is not impaired.

DESCRIPTION/BACKGROUND:

The Agency issues permits to many types of wastewater facilities which can potentially impact ground water. These include municipal and industrial stabilization ponds, sludge disposal systems, community drainfields, rapid infiltration systems, and land-application systems. All have the potential, if constructed or operated improperly, to degrade ground water quality with nitrates, bacteria, viruses, and/or toxic substances.

At present, however, the Agency does not have the resources either to adequately review plans for new facilities to ensure that they will not adversely affect ground water in the future, or even to adequately review the monitoring data for existing, permitted facilities to ensure that they are not adversely affecting ground water now.

Approximately 50 new or expanded wastewater treatment facilities potentially affecting ground water are proposed each year. Each should be carefully reviewed by a hydrologist for adequate design, location, and plans for ground water monitoring. At the same time, approximately 300 existing, permitted facilities are already required to monitor ground water and do currently submit monitoring reports. Each should likewise be reviewed by a hydrologist for compliance with the terms of their permits and identification of any possible ground water contamination.

The fact that the Agency does not currently have the resources to adequately do this kind of review likely means that in at least some cases undetected pollutants from such facilities are contaminating the state's ground water.

STATISTICS:

	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
New or expanded facilities				
impacting ground water	50	50	50	50
Such facilities reviewed	15	15	45	45
Existing facilities required				
to monitor ground water	300	300	300	300
Such facilities reviewed	75	75	225	225

RATIONALE:

Traditionally, the Agency's Division of Water Quality has focused its technical review and compliance efforts on discharges to surface water. Discharges of industrial and municipal wastewater which affect ground water, however, need to be just as thoroughly evaluated and monitored.

Ground water is an essential resource, providing, among other things, drinking water to nearly 70% of Minnesota's population. The Agency has taken significant recent steps to deal with ground water problems, but primarily in the nonpoint source area. Ground water is easily contaminated and it is cleaned up only with great difficulty. Ground water needs to be protected from any potential contamination from permitted wastewater disposal facilities. Ground water protection is vital to the citizens of the state to ensure pure drinking water.

BASE:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General Fund Expenditures	\$ 41	\$ 41	\$ 41	\$ 41
General Fund Positions	1.0	1.0	1.0	1.0

LONG RANGE FUNDING IMPLICATIONS:	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
Special Revenue Fund Expenditures	\$ 108	\$ 108	\$ 216
Special Revenue 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: WATER QUALITY OPERATIONS

PROGRAM: WATER POLLUTION CONTROL

AGENCY: POLLUTION CONTROL

REQUEST TITLE: WATER TOXICS PERMITTING AND ENFORCEMENT

	F.Y. 1990		F.Y. 1991	
Agency Request	(000's) Amount	Positions	(000's) Amount	Positions
Special Revenue Fund (Fees)	\$ 94	2.0	\$ 90	2.0

Governor's Recommendation

Special Revenue Fund (Fees)	\$ 94	2.0	\$ 90	2.0
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Request requires statutory change: ____ Yes X No

Statutes Affected:

STATEMENT OR REQUEST/OBJECTIVE:

The Agency requests the above funds and positions to evaluate industrial and municipal dischargers of wastewater for the possible discharge of toxic pollutants and, where necessary, to develop the appropriate permit limits and compliance mechanisms in order to ensure that the requirements of the Clean Water Act are met and that the public health and aquatic environment are protected.

DESCRIPTION/BACKGROUND:

The 1987 amendments to the Clean Water Act provided significant new requirements regarding toxic water pollutants. All existing wastewater discharges must be evaluated and, for those dischargers found to be releasing toxic pollutants into the aquatic environment, permitting and compliance strategies must be developed to correct the problems.

The Agency does have an ongoing program to identify toxic discharges, and it is estimated that 70 to 80 industrial and municipal wastewater dischargers do have toxic effluents. In each individual case, the discharge must be evaluated and then permit limitations set and compliance carefully monitored to ensure that water quality is protected.

The issues associated with controlling toxics, however, are much more complex and time-consuming than those associated with controlling discharges that do not contain toxics. Two additional staff are needed for this expanded effort to implement toxic control requirements in permits and to ensure compliance with these permit limits.

STATISTICS:

	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Permit issuances with toxic limits	2	5	20	20
Compliance reviews for toxics	5	10	30	50

RATIONALE:

The discharge of toxic pollutants from industrial and municipal wastewater treatment facilities is becoming a serious concern in Minnesota and has resulted in advisories that fish in certain areas be consumed only to a limited extent or not at all. The proposed funding will allow the Agency to control the discharge of such toxic pollutants by developing and enforcing appropriate permit limits.

BASE:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Special Revenue Funds (Fees)	\$ 36	\$ 54	\$ 54	\$ 54
Special Revenue Positions	1.0	1.0	1.0	1.0

LONG RANGE FUNDING IMPLICATIONS:	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
Special Revenue Fund Expenditures	\$ 90	\$ 90	\$ 180
Special Revenue 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: WATER QUALITY OPERATIONS
PROGRAM: WATER POLLUTION CONTROL
AGENCY: POLLUTION CONTROL

REQUEST TITLE: LOCAL WATER ASSISTANCE

	F.Y. 1990 (000's)		F.Y. 1991 (000's)	
	Amount	Positions	Amount	Positions
Agency Request				
Special Revenue Fund	\$ 436	6.0	\$ 433	6.0
Governor's Recommendation				
General Fund	\$ 309	3.0	\$ 310	3.0

Request requires statutory change: X Yes _____ No
Statutes Affected: The funding for this request will be included as a part of a comprehensive water resources protection initiative.

STATEMENT OR REQUEST/OBJECTIVE:

The Agency requests the above funds and positions to conduct pollution control activities and assist local units of government and individuals with efforts and activities to control sources of pollution for protection and improvement of surface and ground water in Minnesota.

DESCRIPTION/BACKGROUND:

This request includes funding for the Animal Feedlot Program, water quality related technical assistance activities and restructuring of the water quality monitoring system.

1. Manure from livestock is a valuable resource when applied to cropland, but a serious pollutant when it reaches surface or ground water. Manure from a feedlot can represent as much of a water quality threat as sewage from a small municipality. While Minnesota has long had a strong state program and has spent millions of dollars to help build municipal wastewater treatment facilities, relatively little has been done to deal with the problems of feedlots.
2. The Agency receives hundreds of requests for assistance from local units of government and citizens, in assessing water quality issues for lakes, streams and ground water resources. The Agency administers the Federal Clean Lakes Program where local units of government receive grants for lake management efforts. Currently, there is a lack of Agency staff to properly assist in this effort. With 54 local units of government in greater Minnesota and 46 in the metropolitan area preparing local water management plans, there has been a significant increase in the number of requests for technical assistance and services from the Agency. Many local units of government are interested in assuming a lead role in the protection of their water resources, but they still need assistance to characterize the water quality, identify the pollution problems and begin remedial action.

3. State funds would allow the ambient monitoring program to emphasize monitoring by ecoregion which would be more easily related to local water planning efforts. The redesigned ambient program would reduce the statewide monitoring network to 50 stations to collect data for trend analyses. Fifty more stations would be added to provide more specific long-term characterization of the water quality as the stations are rotated through the state's seven ecoregions. Monitoring would include biological surveys (fish and benthic macro-invertebrates), intensive monitoring of runoff events, and fish tissue and sediment monitoring in six of the seven ecoregions on a 2-year rotational basis.

This CHANGE level request allows the Agency to be responsive to both assistance and monitoring data requests for assistance to local water management initiatives.

This CHANGE level request allows the Agency to conduct high priority feedlot pollution control activities sought by individuals and local units of government. Minn. Stat. ch. 110B commits state agencies to assist in local water planning where significant efficiencies can be gained by utilizing state resource management staff. The Legislative Auditor's Report on Water Quality Monitoring, November, 1987, recommended changes to the ambient monitoring program and the current local water planning effort has identified a need for more intensive monitoring on a ecoregion basis.

STATISTICS:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Feedlot permits issued	485	500	600	600
Farmers receiving technical assistance	200	200	300	300
Lake assistance requests	440	500	600	650
Clean Lakes projects	20	28	48	53
Water plans reviewed	10	25	25	25
Monitoring stations/parameters	75/12	75/12	50/40	50/40
Months per year monitored	9	9	12	12
Ecoregions monitored/stations	0	2/50	2/50	2/50

RATIONALE:

Serious water pollution problems identified through local water planning agencies are occurring at livestock facilities that will not be addressed without this CHANGE level request. The ability of the Agency to provide good information and services to assist local units of government and citizens in controlling nonpoint water pollution sources is lacking due to insufficient resources and focused monitoring efforts toward local needs. The restructured monitoring program would specifically address local needs yet maintain statewide data for trend analysis.

LONG RANGE FUNDING IMPLICATIONS:	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
Special Revenue Fund	\$ 443	\$ 443	\$ 866
Special Revenue Fund Positions	6.0	6.0	6.0

CHANGE REQUEST

1990-91 Biennial Budget

____ Agency ____ Program X Activity
(Continuation)

ACTIVITY: WATER QUALITY OPERATIONS

PROGRAM: WATER POLLUTION CONTROL

AGENCY: POLLUTION CONTROL

GOVERNOR'S RECOMMENDATION:

The Governor recommends that this request be approved as a component of the "Comprehensive Water Resources Protection Act of 1989." The Governor has recommended an alternative funding level of \$619 and 3.0 positions for the biennium from the General Fund.

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

ACTIVITY: WATER QUALITY OPERATIONS
 PROGRAM: WATER POLLUTION CONTROL
 AGENCY: POLLUTION CONTROL

REQUEST TITLE: CLEAN WATER PARTNERSHIP

Agency Request	F.Y. 1990 (000's)		F.Y. 1991 (000's)	
	Amount	Positions	Amount	Positions
Special Revenue Fund	\$1,606	2.0	\$ 104	2.0
Governor's Recommendation				
General Fund	\$1,150	1.0	\$ 50	1.0

Request requires statutory change: X Yes _____ No

Statutes Affected: The funding for this request will be included as part of a comprehensive water resources protection initiative.

STATEMENT OR REQUEST/OBJECTIVE:

The Agency requests the above funds and positions to provide financial and technical assistance to local units of government and individuals to develop and implement projects and activities for control of nonpoint sources of pollution to protect and improve surface and ground water in Minnesota through the Clean Water Partnership Program.

DESCRIPTION/BACKGROUND:

M.S. 115.091 through 115.103 (Supp. 1987) established the Clean Water Partnership Program to provide financial assistance, through matching grants and technical assistance to local units of government for pollution control projects. The Agency has adopted permanent rules (Minn. Rules ch. 7076) to implement the program. The rules establish the administrative criteria and procedural conditions under which the Agency may award grants for projects to control nonpoint sources of pollution. The rules provide separate grants for 50% of the eligible costs of project development and project implementation. The project development grant is to complete a diagnostic study and implementation plan which meets the requirements defined in the rules. The project development activities identify the specific water quality problems and sources of pollution and the combination of best management practices, activities and protective measures that will be necessary to solve the identified problems. The project implementation grant is to install the best management practices and carry out educational and other activities identified in the implementation plan.

The Agency will accept applications annually for Clean Water Partnership projects from mid-September to November, after which the applications will be prioritized and the Agency Board will select projects to receive financial and technical assistance. This CHANGE level request will allow 4 to 10 new projects to be funded. The funds requested will provide program continuity allowing additional projects to begin the program development phase and

provide implementation grants for projects which have completed their diagnostic study and implementation plans. The proposed staff will perform administrative duties related to program and grant administration and provide technical assistance to each of the projects.

These locally led Clean Water Partnership Projects will build on the local water management initiatives started through comprehensive local water planning (M.S. ch. 110B), metropolitan surface water management planning (M.S. 473.878) and other local water management initiatives.

This CHANGE level request addresses the Environmental Quality Board's recommendation for continued funding for the Clean Water Partnership Program and other local assistance efforts, which is an important part of the comprehensive state water resources strategy set forth in its "1990-1991 Water Resources Priority Recommendations" report. This request is also consistent with the recommendations of the 1986 Nonpoint Source Pollution Control Issues Team Report and the Minnesota Nonpoint Source Management Program submitted to U.S. Environmental Protection Agency to meet the requirements of Section 319 of the Water Quality Act of 1987. As such, the funds requested here would allow the state to match federal funds that may become available.

STATISTICS:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Projects funded	-0-	12	16-22	20-28

RATIONALE:

Many human activities allow polluting materials to escape to water. Rain and snowmelt runoff carry nutrients, sediment, bacteria, toxic chemicals and other pollutants from agricultural, urban and other areas into lakes, streams and aquifers where they can greatly impair the usability of those waters for recreation, domestic and industrial uses. Solving these pollution problems requires an increased level of commitment requested in this CHANGE level so that nonpoint source water quality improvement and protection can be successful. No new projects would be initiated without this request.

BASE:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Water Pollution Control Fund	\$ 1,652	\$ 348	\$ 1,624	\$ 376
Water Pollution Control Positions	4.0	4.0	4.0	4.0

LONG RANGE FUNDING IMPLICATIONS:	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
Special Revenue Fund	\$ 5,000	\$ 5,000	\$10,000
Special Revenue Fund Positions	2.0	2.0	2.0

GOVERNOR'S RECOMMENDATION:

The Governor recommends that this request be approved as a component of the "Comprehensive Water Resources Protection Act of 1989." The Governor has recommended an alternative funding level from the General Fund.

ACTIVITY: WASTEWATER FACILITY CONSTRUCTION MGMT. **1990-91 Biennial Budget**
Program: WATER POLLUTION CONTROL
Agency: POLLUTION CONTROL

PURPOSE:

The Wastewater Facility Construction Management Program activity funds services in 2 areas: 1) Technical review of plans and specifications of all municipal wastewater treatment facilities modified or constructed in the state and inspection of the construction activities; and 2) management of state and federal financial assistance to communities building wastewater treatment facilities under the Federal Wastewater Treatment Construction Grants Program (Title II of the Clean Water Act), the State Revolving Fund (Title VI, Clean Water Act and M.S. 446A.07), the State Matching Grants Program (M.S. 116.18, subd. 2a), the Independent State Grants Program (M.S. 116.18, subd. 3a), the Capital Cost Component Grant (M.S. 116.18, subd. 3b), the Individual On-site Treatment Systems Program (M.S. 116.18, subd. 3c), and the Corrective Action Grants (M.S. 116.181).

STATISTICS:

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
No. of Grants Awarded(1)	42	15	20	13
No. of Loans Awarded(2)	0	2	15	22
No. of Communities Remaining on Needs List(3)	207	163	165	175

- (1) Number of grants awarded in F.Y. 1988 is higher because the state received half of the F.Y. 1987 federal grant funds in F.Y. 1988 plus the full F.Y. 1988 federal grant funds.
- (2) F.Y. 1989 is the first year of the state Revolving Fund loan program.
- (3) Communities on Needs List are increasing due to facility expansions and ongoing upgrades of aging systems.

Following is a list of the grant and loan funds administered under this activity.

<u>Source of Fund</u>	<u>(Dollars in Thousands)</u>	
	<u>1988-89 Biennium</u>	<u>1990-91 Biennium</u>
Federal Construction Grants Fund(1)	\$ 39,190	\$ 22,307
Federal Capitalization of State Revolving Fund(1)	16,916	66,921
State Grants Fund	62,302	58,420
State Revolving Fund Match(2)	3,200	12,268
Total	\$ 121,608	\$ 159,916

- (1) Federal funds are based on actual appropriation and proposed appropriation for 1988-89 biennium and authorization for 1990-91 biennium.
- (2) The Minnesota Public Facilities Authority has the authority to bond, which increases the amount of money available for loans.

BUDGET ISSUES:

The federal Construction Grants Program is being phased out, transferring the full responsibility for financing the modification or construction of

wastewater treatment facilities to the state and local units of government. The federal grants program will end in F.Y. 1990 and during a transition period which will last until F.Y. 1994 federal assistance will be provided through the capitalization of a state Revolving Fund. This fund will be used to provide assistance to communities building wastewater treatment facilities in the form of low interest loans.

The federal government has been providing grants to the state for the administration of the federal Construction Grants Program. At this time it is projected that these administrative dollars will be depleted by the spring of 1991. Some administrative funds are being provided for the State Revolving Fund but it is not sufficient for the full cost of administering the program. In addition, the revolving nature of the fund requires ongoing administrative funds. Grant and loan funding for municipal wastewater treatment construction is detailed in the capital budget.

EXPLANATION OF BUDGET REQUEST:

This budget request is based on the projection that construction of municipal wastewater treatment facilities will remain constant during the biennium. In turn, the administration of the program will require the same level of activity. These activities will include the management of construction projects awarded grants during the previous four years and processing new grant and loan applications plus the associated management activities.

This activity has the following CHANGE request:

1. Wastewater Treatment Financial Assistance Programs. \$549,000 and 11.0 positions for F.Y. 1990 and \$922,000 and 19.0 positions for F.Y. 1991 to address the federal reduction in administration dollars for wastewater treatment construction programs.

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

AGENCY : POLLUTION CNTRL AGENCY
PROGRAM : WATER POLLUTION CONTROL
BUDGET ACTIVITY : W W FAC CONSTR GTS 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	2,276	2,467	2,105	384	2,489	2,489	1,876	647	2,523	2,523
EXPENSES/CONTRACTUAL SRVCS	66	42	42	2	44	125	42	4	46	168
MISC OPERATING EXPENSES	101	82	82	18	100	100	82	29	111	111
SUPPLIES/MATERIALS/PARTS	27	20	20	6	26	26	20	8	28	28
CAPITAL EQUIPMENT	57	4	4	6	10	10	4	8	12	12
REDISTRIBUTIONS	0	0	0	133	133	52	0	226	226	104
STATE OPERATIONS	2,527	2,615	2,253	549	2,802	2,802	2,024	922	2,946	2,946
LOCAL ASSISTANCE	594	100	0	0	0	0	0	0	0	0
TOTAL EXPENDITURES	3,121	2,715	2,253	549	2,802	2,802	2,024	922	2,946	2,946
CHANGE REQUESTS:										
FUND										
A FUNDING SHIFTS TO GENERAL FUND				0		455		0		455
A FUNDING SHIFTS TO GENERAL FUND				0		<455>		0		<455>
B W.W. TREATMENT FAC ASST PROG				0		345		0		521
B W.W. TREATMENT FAC ASST PROG				204		204		401		401
B W.W. TREATMENT FAC ASST PROG				345		0		521		0
TOTAL CHANGE REQUESTS				549		549		922		922
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	0	0	0	0	0	800	0	0	0	976
SP REV DIRECT APPROP	0	0	0	204	204	204	0	401	401	401
WATER POLLUTION CNTRL	427	548	455	345	800	0	455	521	976	0
STATUTORY APPROPRIATIONS:										
FEDERAL	1,950	1,423	1,054	0	1,054	1,054	825	0	825	825
BUILDING	744	744	744	0	744	744	744	0	744	744
TOTAL FINANCING	3,121	2,715	2,253	549	2,802	2,802	2,024	922	2,946	2,946

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

AGENCY : POLLUTION CNTRL AGENCY
PROGRAM : WATER POLLUTION CONTROL
BUDGET ACTIVITY : W W FAC CONSTR GTS MGMT

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	0.0	0.0	0.0	0.0	0.0	18.0	0.0	0.0	0.0	22.0
SP REV DIRECT APPROP	0.0	0.0	0.0	4.0	4.0	4.0	0.0	8.0	8.0	8.0
FEDERAL	41.0	39.0	29.0	0.0	29.0	29.0	22.0	0.0	22.0	22.0
BUILDING	23.0	23.0	23.0	0.0	23.0	23.0	23.0	0.0	23.0	23.0
WATER POLLUTION CNTRL	11.0	11.0	11.0	7.0	18.0	0.0	11.0	11.0	22.0	0.0
TOTAL POSITIONS	75.0	73.0	63.0	11.0	74.0	74.0	56.0	19.0	75.0	75.0

CHANGE REQUEST

____ Agency ____ Program X Activity

1990-91 Biennial Budget

ACTIVITY: WASTEWATER FACILITY CONSTRUCTION MANAGEMENT

PROGRAM: WATER POLLUTION CONTROL

AGENCY: POLLUTION CONTROL

REQUEST TITLE: WASTEWATER TREATMENT FINANCIAL ASSISTANCE PROGRAMS

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
Water Pollution Control Fund	\$ 345	7.0	\$ 521	11.0
Special Revenue Fund (service fee on loan)	204	4.0	401	8.0

For transfer from Trade and Economic Development (PFA)

Governor's Recommendation

General Fund	\$ 345	7.0	\$ 521	11.0
Special Revenue Fund	204	4.0	401	8.0

Request requires statutory change: X Yes ____ No
 Statutes Affected: M.S. 446A.07, subd. 8(6)

STATEMENT OR REQUEST/OBJECTIVE:

The Agency requests the above funds and positions to continue administering municipal wastewater treatment grant and loan programs. The programs affected include the Federal Wastewater Treatment Construction Grants Program (Title II, Clean Water Act), the State Revolving Fund (Title VI, Clean Water Act), and the Independent State Grants Programs (Minn. Stat. 116.18).

DESCRIPTION/BACKGROUND:

The Agency administers several financial assistance programs for the construction of municipal wastewater treatment facilities. The majority of funding for construction of treatment facilities has come from the Federal Construction Grants Program authorized by the Clean Water Act. Minnesota has supported the effort to bring communities into compliance with water quality standards by awarding matching grants to communities participating in the federal grants program, and by establishing an Independent State Grants Program. In addition, the Minnesota State Legislature has appropriated funds to match the federal capitalization grants for the State Revolving Fund. The State Revolving Fund is a revolving loan fund which is dedicated for funding of municipal wastewater treatment facilities and nonpoint source water pollution abatement projects.

The Federal Construction Grants Program is being phased out, transferring the responsibility for financing these programs to state and local governments. In F.Y. 1990, one-half of Minnesota's federal allotment will be in the form of a capitalization grant for the State Revolving Fund. In 1991, the federal Construction Grants Program will end, and the entire state allotment will be for the State Revolving Fund. Along with financing for the construction of treatment facilities, the federal Government has supported the administration

of the construction grants program in the form of direct grants to states. The Agency projects that the balance of Minnesota's federal grants for the administration of the program will be depleted by spring of 1991. The change level is requested in order to continue to monitor construction activities and ensure compliance with the Clean Water Act.

Title VI of the federal Water Quality Act provides for 4% of the Capitalization Grant for the State Revolving Fund to provide assistance to the states to administer the loan program. Congress authorized \$2.4 billion nationally for the Construction Grant and State Revolving Fund programs in the 1987 amendments to the Clean Water Act. The President's budget reduces this authorization by approximately 40%. This translates into a loss of 4.0 staff positions for the Agency in F.Y. 1990 and 8.0 positions in F.Y. 1991 for administration of the loan program during its initial implementation as well as continuing operation. Minn. Stat. 446A, subd. 8(6) provides for up to 5% of the repayments to the State Revolving Fund to be used for administration of the program. The positions identified in this CHANGE request under the Special Revenue Fund would be funded under this provision. The Agency is seeking a minor modification of this statute so that it is consistent with federal law.

RATIONALE:

The number of wastewater treatment facility construction projects managed by the Agency will remain constant through the F.Y. 1990-1991 biennium. The state's review and management responsibilities for projects funded by the State Revolving Fund are similar to those funded by the Federal Construction Grants Program. Federal funding for both programs is approximately 20% less in F.Y. 1990 and 40% less in F.Y. 1991 than funding levels for administration of the Construction Grants Program alone in F.Y. 1988.

Without approval of the CHANGE request, delays will occur in various program areas. Because of these delays the award of grants and loans would also be delayed. This would become very critical relative to the loan program because failure to utilize the federal funds within a specified time frame will result in loss of the funds. These delays will also add to the impact on the environment because communities will be delayed in building needed treatment facilities. Federal assistance to states for the administration of financial assistance programs is decreasing while the states must maintain the same level of activity in administering grant and loan programs. It is the Agency's responsibility to ensure effective use of grant and loan funds by reviewing and monitoring wastewater treatment projects so that municipalities attain and maintain compliance with water quality standards.

BASE:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Federal Expenditures	\$ 1,779	\$ 1,860	\$ 1,810	\$ 1,321
Federal Positions	44.0	46.0	37.0	27.0

LONG RANGE FUNDING IMPLICATIONS:	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
Water Pollution Control Fund Expend	\$ 650	\$ 750	\$ 1,400
Water Pollution Control Positions	13.0	16.0	16.0
Special Revenue Fund	600	700	1,300
Special Revenue Positions	12.0	15.0	15.0

CHANGE REQUEST

1990-91 Biennial Budget

____ Agency ____ Program X Activity
(Continuation)

ACTIVITY: WASTEWATER FACILITY CONSTRUCTION MANAGEMENT

PROGRAM: WATER POLLUTION CONTROL

AGENCY: POLLUTION CONTROL

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the request except to substitute a General Fund appropriation for the Water Pollution Control Fund, which is recommended for merger with the General Fund.

PROGRAM: AIR POLLUTION CONTROL
Agency: POLLUTION CONTROL

1990-91 Biennial Budget

PROGRAM PURPOSE:

This program ensures that the state's air quality, (including noise), is maintained or improved so that human health, welfare and the environment are protected. The objectives of the program are to establish a regulatory system which is fair and consistent, to monitor the amounts and effects of pollutants emitted into the air, and to develop noise standards, monitoring and control procedures.

<u>EFFECTIVENESS MEASURES:</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
Enforcement Actions	75	81	88	94
Source Permits Issued	216	268	270	270

OPERATION:

This program encompasses the following operations to:

1. Implement the State Implementation Plan for controlling air pollution according to the requirements of the federal Clean Air Act of 1977 and M.S. 116.
2. Operate a statewide ambient air quality monitoring program to measure pollutants, evaluate the impact of existing and new facilities, audit monitoring activities of permittees, maintain an emission inventory and provide public information during air quality alerts.
3. Manage a facility permitting program for about 1,100 stationary air emission sources to assure compliance with state and federal air quality requirements.
4. Conduct compliance evaluations to assure facility compliance with permit conditions, rules and enforcement agreements.
5. Conduct an enforcement program to bring violators into compliance.
6. Investigate citizen complaints and spills of air contaminants.
7. Review, adopt and amend rules to ensure that ambient and emission standards are current and reasonable.
8. Determine significant sources of toxic air pollutants and manage a control program to protect the environment.
9. Minimize emissions from mobile sources through enforcement and education regarding automobile tampering and fuel switching and develop an inspection and maintenance program by 1991.
10. Implement a municipal solid waste incineration program which promotes state-of-the-art combustion controls and pollution control equipment.
11. Conduct noise abatement programs which emphasize statewide compliance by ambient noise sources such as highways and airports.

12. Enforce provisions of the acid deposition control plan adopted in 1986 and continue monitoring and research.

13. Develop air quality aspects of a soil lead standard and investigate soil lead contamination from sandblasting.

14. Enforce the state and federal asbestos rules and regulations.

<u>PROGRAM STATISTICS:</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
Rules promulgated	3	3	3	3
Compliance Agreements in force	35	35	40	45
Permits Issued:*				
Stationary sources	199	250	250	250
Indirect sources	17	18	20	20
Compliance Determinations				
Stationary sources	597	600	650	700
Air Toxics	19	20	40	60
Air Monitoring: sites	46	46	44	40
Acid Deposition Monitoring: sites	7	7	7	7
Noise Monitoring projects:				
Airport	20	20	20	20
Community	20	20	20	20
Continuous airport noise monitoring sites:	0	4	4	4
Toxics Air Monitoring sites:				
Site	2	2	4	4

* Includes new issuance, reissuance and modifications

REVENUE:

This program generates nondedicated revenue from permit fees and the Metropolitan Airports Commission.

<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>
Nondedicated	\$ 437	\$ 507	\$ 507	\$ 507

ACCOMPLISHMENTS:

During the 1987-89 biennium, the following were accomplished:

1. The Acid Rain Control Plan was implemented and compliance with the standard in sensitive areas was monitored.
2. An air toxics monitoring capability was developed.
3. A program was initiated to review new and existing point sources for health risks from toxic air pollutants.

PROGRAM: AIR POLLUTION CONTROL
(Continuation)
Agency: POLLUTION CONTROL

1990-91 Biennial Budget

4. An analysis of carbon monoxide pollution in the Twin Cities was completed and legislation for vehicle inspection/maintenance was enacted.
5. A new airport noise monitoring network was developed to better study the impacts of noise abatement strategies.
6. An air toxics team began addressing air quality issues associated with:
1) cleanup of Superfund sites; 2) treatment at asphalt plants of contaminated soils from the cleanup at underground tanks; and 3) environmental impact of air contaminants from landfills.

MAJOR ISSUES:

During the 1990-91 biennium, the following major issues need to be addressed:

As the agency implements the Great Lakes Governors Toxic Substances Agreement, new air program initiatives must occur to address increased concerns with air toxics. Ambient and source monitoring must include the use of the new air toxics monitoring capability. New and existing sources must be reviewed and permits issued to control air toxic emissions. A computerized inventory must be developed to track air toxic emissions. Additional monitoring and research will also be needed to address areas of uncertainty with regard to acid deposition.

New federal programs are adding to the state work load requiring increased time for review of permit applications. New federal programs include, additional New Source Performance Standards, new Prevention of Significant Deterioration pollutants and Best Available Control Technology guidance; new developments in air toxics review; changes in ambient air models; and new evaluation of supplemental fuels (i.e., densified refuse derived fuel, tire derived fuel, railroad ties, used crankcase oil, woodscrap and other fiber fuels).

The focus of the noise program will be airport noise reduction, with the agency working closely with concerned citizens, cities and airport officials.

Major revision to existing incinerator rules are necessary for municipal solid waste incineration, medical waste incineration, and industrial waste incineration.

EXPLANATION OF BUDGET REQUEST:

This budget request will fund Minnesota's air pollution control program which provides for the protection of the public and environment from harmful levels of air pollutants and noise, monitors air pollutants in the ambient air and the effects of air pollutants on the environment. The emphasis of this program is to provide the staffing levels, technical resources, and data gathering and analysis capabilities needed to assure a safe environment for people to work in, for recreational activities and wildlife protection.

Seven CHANGE request items are requested for this program:

1. Air Toxics Regulation. \$132,000 and 2.0 positions for F.Y. 1990 and \$128,000 and 2.0 positions for F.Y. 1991 to adequately regulate emissions of toxic air pollution.
2. Vehicle Emissions Inspection and Maintenance. \$348,000 and 6.0 positions for F.Y. 1990 and \$1,120,000 and 26.0 positions for F.Y. 1991 to implement the motor vehicle emission inspection and maintenance program enacted during 1988 legislative session.
3. Audit and Verification of Pollutant Emissions. \$220,000 and 3.0 positions for F.Y. 1990 and \$214,000 and 3.0 positions for F.Y. 1991 to implement a sampling and testing program of air toxic emissions.
4. Chlorofluorocarbon-Processed Packaging Ban. \$149,000 and 3.0 positions for F.Y. 1990 and \$146,000 and 3.0 positions for F.Y. 1991 to implement the chlorofluorocarbon packaging law enacted during the 1988 legislative session.
5. Waste Incineration Regulation. \$818,000 and 15.0 positions for F.Y. 1990 and \$764,000 and 18.0 positions for F.Y. 1991 to complete development and implement a regulatory program for waste incineration.
6. Medical Waste Incinerator Evaluation. \$125,000 and 1.0 position for F.Y. 1990 and \$125,000 and 1.0 position for F.Y. 1991 to study air toxics produced by the incineration of medical wastes and to develop control strategies.
7. Field Investigation of Food Chain and Game Fish Accumulations of Dioxin from Incinerator Emissions. \$148,000 and 1.0 position for F.Y. 1990 and \$148,000 and 1.0 position for F.Y. 1991 to test models used to predict dioxin contamination near a municipal solid waste incinerator.

GOVERNOR'S RECOMMENDATION:

The Governor recommends a biennial increase of \$4,108,000 and 28.0 positions in F.Y. 1990 and 48.0 position in F.Y. 1991. This is a decrease of \$477,000 and 6.0 positions from the agency request. Details of both agency requests and Governor's recommendation 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 : POLLUTION CNTRL AGENCY
PROGRAM : AIR POLLUTION CONTROL
BUDGET ACTIVITY : A Q OPERATIONS

			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	2,275	2,534	2,599	893	3,492	3,405	2,599	1,526	4,125	3,974
EXPENSES/CONTRACTUAL SRVCS	229	331	343	404	747	732	343	354	697	682
MISC OPERATING EXPENSES	132	166	166	80	246	238	166	106	272	264
SUPPLIES/MATERIALS/PARTS	69	99	99	62	161	157	99	38	137	133
CAPITAL EQUIPMENT	138	143	143	178	321	318	143	68	211	211
REDISTRIBUTIONS	0	0	0	323	323	173	0	553	553	521
TOTAL EXPENDITURES	2,843	3,273	3,350	1,940	5,290	5,023	3,350	2,645	5,995	5,785
CHANGE REQUESTS:	FUND									
A FUNDING SHIFTS TO GENERAL FUND	GEN			0		82	0			82
A FUNDING SHIFTS TO GENERAL FUND	PHLT			0		<82>	0			<82>
B VEHICLE INSPECTION	MVT			348		348	1,120			1,120
B LCMR MEDICAL WASTE INCINERATION	MNRS			125		125	125			125
B LCMR INVESTIGATE DIOXIN ACCUM	MNRS			148		148	148			148
B AIR TOXICS REGULATION	DAS			132		132	128			128
B WASTE INCERATION REG	GEN			0		700	0			700
B WASTE INCERATION REG	DAS			818		0	764			0
B AUDIT VERIFICATION OF POLLUTANT EMISSIONS	DAS			220		220	214			214
B CHLOROFLUOROCARBON PACKAGING BAN	DAS			149		0	146			0
TOTAL CHANGE REQUESTS				1,940		1,673	2,645			2,435
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	1,342	1,599	1,649	0	1,649	2,431	1,649	0	1,649	2,431
SP REV DIRECT APPROP	365	375	381	1,319	1,700	733	381	1,252	1,633	723
MN RESOURCES	0	0	0	273	273	273	0	273	273	273
PUBLIC HEALTH	77	81	82	0	82	0	82	0	82	0
MOTOR VEHICLE TRANS	0	0	200	348	548	548	200	1,120	1,320	1,320

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : POLLUTION CNTRL AGENCY
PROGRAM : AIR POLLUTION CONTROL
BUDGET ACTIVITY : A Q OPERATIONS

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:										
SPECIAL REVENUE	8	200	0	0	0	0	0	0	0	0
FEDERAL	1,051	1,018	1,038	0	1,038	1,038	1,038	0	1,038	1,038
TOTAL FINANCING	2,843	3,273	3,350	1,940	5,290	5,023	3,350	2,645	5,995	5,785
POSITIONS BY FUND:										
GENERAL	26.5	26.5	26.5	0.0	26.5	43.5	26.5	0.0	26.5	43.5
SP REV DIRECT APPROP	7.0	7.0	7.0	23.0	30.0	12.0	7.0	26.0	33.0	12.0
MN RESOURCES	0.0	0.0	0.0	2.0	2.0	2.0	0.0	2.0	2.0	2.0
PUBLIC HEALTH	2.0	2.0	2.0	0.0	2.0	0.0	2.0	0.0	2.0	0.0
SPECIAL REVENUE	4.0	4.0	4.0	6.0	10.0	10.0	4.0	26.0	30.0	30.0
FEDERAL	32.5	32.5	32.5	0.0	32.5	32.5	32.5	0.0	32.5	32.5
TOTAL POSITIONS	72.0	72.0	72.0	31.0	103.0	100.0	72.0	54.0	126.0	120.0

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

ACTIVITY: AIR QUALITY OPERATIONS
 PROGRAM: AIR POLLUTION CONTROL
 AGENCY: POLLUTION CONTROL

REQUEST TITLE: VEHICLE EMISSIONS INSPECTION AND MAINTENANCE

	F.Y. 1990 (000's)		F.Y. 1991 (000's)	
Agency Request	Amount	Positions	Amount	Positions
Motor Vehicle Transfer Fund	\$ 348	6.0	\$1,120	26.0
For transfer to the Vehicle Emissions Inspection Account (20 Fund)				

Governor's Recommendation

Motor Vehicle Transfer Fund	\$ 348	6.0	\$1,120	26.0
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Request requires statutory change: _____ Yes X No
 Statutes Affected:

STATEMENT OR REQUEST/OBJECTIVE:

The agency is currently developing rules and a request for proposals to implement a motor vehicle emission inspection and maintenance program as required by the Vehicle Emission Inspection Act of 1988. The rules and the contract for operation of the program should be finalized by the end of F.Y. 1989 or shortly thereafter. Additional staff are required to develop specific operation procedures and to review contract implementation in F.Y. 1990, and to monitor contractor performance, respond to motorists complaints, and issue waivers in F.Y. 1991 and beyond.

DESCRIPTION/BACKGROUND:

In response to serious concerns regarding air pollution in the Twin Cities metropolitan area, the 1988 legislature passed legislation requiring automobile emission inspection and maintenance. This annual inspection will result in dramatic reductions in carbon monoxide, ozone, and toxic air pollutants in the 7 county metropolitan area. This program will protect public health, and it will also insure that future development projects can proceed without severe restrictions resulting from air pollution concerns.

The agency is currently developing the rules that will govern the standards and testing procedures of automobiles and establish procedures for waiving and exempting vehicles from costly repairs and unnecessary testing. Staff are also developing the standards and testing procedures for licensing fleet inspections. The staff will be developing the specific conditions for a contract for selecting and monitoring the performance of the contractor who will be operating the program. The process for selecting the contractor should begin in the spring of 1989, and a contractor should be selected by fall, 1989.

RATIONALE:

The agency needs additional staff to fully implement the inspection/ maintenance program successfully and according to the schedule required by the law. Funds for the implementation and development of the program are requested from the Motor Vehicle Transfer Fund. Failure to successfully implement the program may result in federal sanctions.

Many new forms, records tracking procedures, and fleet inspection licensing procedures will need to be developed and implemented to comply with the rules and goals of the program. Computer programs are needed to correctly identify motorists who will need their vehicles inspected. Quality assurance and control procedures will be established to ensure that all motorists are being tested correctly. Finally, the public will need to be informed accurately and completely to make sure that the initial phases of the testing program operate smoothly and to minimize confusion and the amount of time and money motorists will have to spend testing vehicles.

In F.Y. 1991, before the first vehicles are tested, additional staff will be needed for each inspection station to respond to questions and complaints from the public, and to authorize waivers and exemptions from testing. Twelve to 15 inspection stations will be necessary to inspect the 1.3 to 1.5 million vehicles per year in the 7 county metropolitan area.

All costs of the inspection/maintenance program are to be covered by the inspection fee collected when vehicles are reregistered. The fee goes to the Vehicle Emissions Inspection Account and will cover both agency and contract costs. The agency requests that until the tests and fee collection begins, costs of developing the program and implementing the legislation be covered by a transfer of funds from the Motor Vehicle Transfer Fund into the Vehicle Emission Inspection Account as was done for F.Y. 1988 and F.Y. 1989. The future fees will repay the upfront cost to the Motor Vehicle Transfer Fund.

	(Dollars in Thousands)			
BASE:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Vehicle Emissions Inspection Account Expenditures	\$ 10	\$ 200	\$ 200	\$ 200
Vehicle Emissions Inspection Account Positions	4.0	4.0	4.0	4.0

	(Dollars in Thousands)		
LONG RANGE FUNDING IMPLICATIONS:	F.Y. 1992	F.Y. 1993	Total
Vehicle Emissions Inspection Account Expenditures	\$ 1,120	\$ 1,120	\$ 2,240
Vehicle Emissions Inspection Account Positions	26.0	26.0	26.0

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

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

ACTIVITY: AIR POLLUTION OPERATIONS
 PROGRAM: AIR POLLUTION CONTROL
 AGENCY: POLLUTION CONTROL

REQUEST TITLE: MEDICAL WASTE INCINERATOR EVALUATION

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
Minnesota Resources Fund	\$ 125	1.0	\$ 125	1.0
Governor's Recommendation				
Minnesota Resources Fund	\$ 125	1.0	\$ 125	1.0

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

STATEMENT OR REQUEST/OBJECTIVE:

The agency has received approval for this request from the Legislative Commission on Minnesota Resources. The objective is to study the nature, characteristics and amounts of toxic air pollutants emitted into the air from the incineration of medical wastes and to develop control strategies.

DESCRIPTION/BACKGROUND:

With the heightened public awareness and concern over municipal solid waste incineration, the agency is increasingly being asked to respond to concerns regarding the ongoing incineration of medical waste. The agency is in the process of drafting incineration rules, however, the available published database for medical waste incinerators consists of only 3 tests conducted in California. This amount of published information is not sufficient for the state to develop rules for regulating Minnesota's medical waste incinerators.

This study will evaluate noncriteria air emissions to determine the spectrum and quantity of pollutants/toxic, and to determine what available control strategies are necessary and cost effective. From these results, appropriate program and rule changes will be made to provide adequate control of emissions to protect human health and minimize environmental impacts. The study will also identify the components of the medical waste stream and the incinerator ash, to define the toxic and pathogen content so that appropriate disposal options are identified.

RATIONALE:

This study would enable the agency to undertake a more effective review program for existing and proposed medical waste incinerators, issue permits that better control operating conditions, identify appropriate ash disposal options and conduct appropriate rulemaking for establishing medical waste incinerator standards. The options for disposal of medical waste are disap-

pearing rapidly, as traditional waste handlers refuse to accept the waste. The agency needs to provide accurate information about disposal options to medical waste generators, solid waste haulers and processors, and the general public. This study would more effectively enable the agency to respond intelligently to inquiries from the public about their increasing concerns regarding incineration.

Without this activity, we will not be able to determine what impacts the incineration of medical wastes are having on our environment or the risks our citizens may be exposed to from the emissions of waste incineration.

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: AIR POLLUTION OPERATIONS
PROGRAM: AIR POLLUTION CONTROL
AGENCY: POLLUTION CONTROL

REQUEST TITLE: FIELD INVESTIGATION OF FOOD CHAIN AND GAME FISH ACCUMULATIONS OF DIOXIN FROM INCINERATOR EMISSIONS

	F.Y. 1990 (000's)		F.Y. 1991 (000's)	
Agency Request	Amount	Positions	Amount	Positions
Minnesota Resources Fund	\$ 148	1.0	\$ 148	1.0
Governor's Recommendation				
Minnesota Resources Fund	\$ 148	1.0	\$ 148	1.0

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

STATEMENT OR REQUEST/OBJECTIVE:

This study, which has received Legislative Commission on Minnesota Resources approval, proposes to test models used to predict dioxin contamination by measuring dioxin levels in the environment and in game fish near a municipal solid waste incinerator. The study would also make use of other ongoing dioxin monitoring studies and would use surrogate chemicals which behave similarly to dioxin to test the model.

DESCRIPTION/BACKGROUND:

In order to assure that dioxin emissions from municipal solid waste and hospital waste incinerators do not pose an unacceptable public health or environmental hazard, the Agency requires these facilities to model dioxin transport through the environment and into the human food supply. These scientific models have shown that uptake of dioxin by game fish and eventual consumption by fishermen is a major component of the cancer risk from incinerator emissions. The model used to determine transport of dioxin from air to water to fish is biologically plausible, but has not been fully validated by observations in the field. The uncertainty in the accuracy of the model makes it difficult to make regulatory decisions on the environmental acceptability of these incinerators.

Measured levels of these contaminants in air, water, sediment and fish would be compared with the concentrations predicted by the model. The effects of site-specific conditions used in the model, such as water velocity, would be evaluated for their effect on pollutant concentrations. Differential accumulation between rivers, backwaters and lakes would be evaluated. The results of these field investigations, along with data from an extensive literature review and from other ongoing dioxin monitoring studies, would be used to improve the accuracy of the model.

An advantage of the model currently being used by the Agency is that it recognizes that site-specific environmental conditions play a large role in the degree of accumulation of pollutants in fish. The study would provide information on how different conditions affect uptake of dioxin and other pollutants by fish. Risk assessors could then apply site-specific information to the model to obtain more accurate estimates of pollutant accumulation in fish.

RATIONALE:

Minnesota currently has 10 municipal solid waste incinerators in operation. Most are located near fishable bodies of water. Health risk assessments done on municipal waste incinerators have shown that exposure to dioxin emissions cause an accumulation in the human food chain and is responsible for a large part of the cancer risk posed by these facilities. In many cases accumulation of dioxin in game fish and subsequent ingestion is the largest component of this risk.

Agency staff need a modeling tool that will provide accurate estimates of the health risk posed by dioxin emissions from incinerators and subsequent accumulation in Minnesota waters. Because dioxin and other pollutant accumulations in the environment are very dependent on local environmental parameters, a model is needed that will account for these conditions. Without this information, we will not have a model that will give the accuracy required for making complex incinerator siting and permitting decisions.

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: AIR QUALITY OPERATIONS

PROGRAM: AIR POLLUTION CONTROL

AGENCY: POLLUTION CONTROL

REQUEST TITLE: AIR TOXICS REGULATION

	F.Y. 1990 (000's)		F.Y. 1991 (000's)	
Agency Request	Amount	Positions	Amount	Positions
Special Revenue Fund (Fees)	\$ 132	2.0	\$ 128	2.0
Governor's Recommendation				
Special Revenue Fund (Fees)	\$ 132	2.0	\$ 128	2.0

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

STATEMENT OR REQUEST/OBJECTIVE:

The Agency requests the above funds and positions to adequately regulate emissions of toxic air pollutants. The objectives are: 1) to expand the monitoring of ambient air quality for toxic compounds to determine and document the extent and magnitude of air toxic pollution; 2) to develop an inventory of sources of air toxics, including the amount and kind of pollution; 3) to develop rules governing the emissions of air toxics and control of those emissions; 4) to evaluate new facilities for air toxic emissions, and to issue permits for those facilities which contain conditions, where appropriate, for monitoring and reporting of air toxic emissions, and to require development of local contingency plans in the event of sudden and catastrophic releases, and 5) to evaluate "high risk" sources, such as hazardous waste, solid waste and sewage sludge incinerators, hazardous waste site clean ups, and to regulate air toxic emissions through issuance of permits and to conduct regular and frequent monitoring and inspection of these facilities.

DESCRIPTION/BACKGROUND:

In the past the state and federal government have concentrated air pollution control activities on those pollutants which were the most commonly emitted by volume. Now, faced with recent public concern over the Bhopal, India disaster and other releases throughout this country and the world, the U.S. Environmental Protection Agency and states have been pressured to develop programs to manage toxic air pollutants. The U.S. Environmental Protection Agency has left the regulation of these toxic air pollutants to the states and has not established national standards. The Agency has developed capability to begin monitoring toxic air pollutants. Other staff have been working on the issue of toxic air pollution emitted from municipal solid waste incinerators. The Agency does not have the staff needed to develop a complete inventory of toxic air pollutants, or review the impacts from a large number of emission sources and properly respond to public inquiries. To adequately address the whole picture of air toxics, the Agency must moni-

tor, study, and potentially develop rules for air toxics emissions from industrial process emissions, fossil fuel boilers, re-fueling operations, landfill gases, ground water contamination cleanups, and hazardous waste clean ups. In addition, new federal reporting requirements for environmental releases of toxic chemicals will result in a large number of public inquiries that will require staff response.

This program CHANGE request will provide the Agency with the staff and tools necessary to develop an overall approach for regulating air toxics. New staff will be added for monitoring and rules development.

RATIONALE:

Air toxics represents a class of air pollutants that potentially expose the citizens of Minnesota to their greatest outdoor air health risk. Existing resources are simply inadequate to even begin to address the full range of air toxics issues. The federal government has chosen to leave the bulk of air toxics controls and funding to states. The Agency has already reprogrammed existing staff to help deal with air toxics by phasing out some criteria pollutant monitoring. Additional reprogramming is not possible without sacrificing other important air quality programs.

Without the proposed increase we will not be able to address all sources of toxic air pollutants, we will not have a comprehensive inventory of emissions, we will not be able to conduct inspections at the desired level and we would not be able to adequately respond to the public.

	(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>
General Fund Expenditures	\$ 139	\$ 159	\$ 159	\$ 159
General Fund Positions	2.0	2.0	2.0	2.0

	(Dollars in Thousands)		
<u>LONG RANGE FUNDING IMPLICATIONS:</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>Total</u>
Special Revenue Fund (Fees)			
Expenditures	\$ 128	\$ 128	\$ 256
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: AIR QUALITY OPERATIONS
PROGRAM: AIR POLLUTION CONTROL
AGENCY: POLLUTION CONTROL

REQUEST TITLE: WASTE INCINERATION REGULATION

Agency Request	F.Y. 1990 (000's)		F.Y. 1991 (000's)	
	Amount	Positions	Amount	Positions
Special Revenue Fund	\$ 818	15.0	\$ 764	18.0
Governor's Recommendation				
General Fund	\$ 700	15.0	\$ 700	15.0

Request requires statutory change: X Yes _____ No
Statutes Affected: Funding for this request will be included in a comprehensive environmental initiative.

STATEMENT OR REQUEST/OBJECTIVE:

The agency requests the above funds and positions to complete development of and implement a regulatory program for waste incineration. The objective is to develop a comprehensive regulatory program for municipal solid waste, medical waste and industrial waste incineration activities including rule development, permitting, engineering review, air toxics review, operator training, technical assistance, inspection and surveillance, and enforcement.

DESCRIPTION/BACKGROUND:

In 1988, the agency completed an informal survey of existing incinerators in Minnesota. The survey showed that there are approximately 800 existing waste incineration facilities in Minnesota. These facilities are often very small and have no combustion control or pollution control equipment. These facilities burn a variety of waste including medical waste, industrial waste and wastes from office buildings, grocery stores, and apartment houses. Under the current rules, these facilities are generally not required to obtain agency permits, and are largely unregulated due to insufficient staff resources to require monitoring or to inspect these facilities. These 800 existing waste incinerators are likely emitting toxic pollutants and are in serious need of environmental, health, and permitting review.

There are 10 operating municipal solid waste incinerators and 2 more under construction which will have the capacity to incinerate over 5,000 tons of municipal solid waste per day, half of the waste generated in Minnesota each day. The 1985 legislature, through the Legislative Commission on Minnesota Resources, appropriated to the agency for the 1985-87 biennium 1.0 position and \$250,000 to conduct a municipal solid waste incineration study. The results of the study showed that incinerators emit potentially toxic pollutants such as heavy metals and organic compounds such as dioxins and dibenzofurans and acid gases which can damage pollution control equipment. The study recommended that toxic emissions be controlled by state-of-the-art

combustion controls, pollution control equipment, proper maintenance and operation, and mandatory operator training.

Currently, 6.0 positions are assigned to the waste incineration programs. Five of these positions have been reassigned from other air quality programs and one from solid waste programs. This has diminished the agency's effectiveness in other air quality programs. In addition, these 6.0 staff have been unable to keep up with the waste incineration work load.

RATIONALE:

The legislative mandate to decrease Minnesota's reliance on land disposal of waste has resulted in expanded reliance on incineration as the preferred disposal option, thus increasing the responsibilities of the air quality program. There has been no allocation of funds and positions to the agency to address the regulatory and environmental demands associated with this major shift in waste management. The lack of resources has put the agency behind in addressing waste incineration issues from both the regulated community and the public perspective resulting in submittals from incinerator permittees that are months old and have not been reviewed. In addition, staff has documented poor operation of small incinerators, but has been unable to follow up adequately to address environmental concerns and rule violations related to these operational deficiencies.

Sufficient staff are needed to fully develop and implement a regulatory program for waste incineration. Without additional staff we will continue to get behind in current permit and enforcement actions, we will not be able to develop regulations in a timely manner, we will not be able to respond to public concern and complaints or address the hundreds of currently operating incinerators. The agency will not have the resources to assure that incinerator operators are properly trained and that pollution controls are implemented. A reasonable way to provide the funding necessary to implement this program is to levy a tax on solid waste which is incinerated. Revenues could be deposited in a Waste Response and Regulation Account in the 20 Fund and appropriated to the agency.

BASE:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General Fund Expenditures	\$ 124	\$ 124	\$ 124	\$ 124
General Fund Positions	3.0	3.0	3.0	3.0

LONG RANGE FUNDING IMPLICATIONS:	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
Special Revenue Fund			
Expenditures	\$ 764	\$ 764	\$ 1,528
Positions	18.0	18.0	18.0

GOVERNOR'S RECOMMENDATION:

Governor recommends a biennial amount of \$1.4 million from the General Fund and 15.0 positions as a component of the Governor's environmental program for 1989.

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

ACTIVITY: AIR QUALITY OPERATIONS
 PROGRAM: AIR POLLUTION CONTROL
 AGENCY: POLLUTION CONTROL

REQUEST TITLE: AUDIT AND VERIFICATION OF POLLUTANT EMISSIONS

Agency Request	F.Y. 1990 (000's)		F.Y. 1991 (000's)	
	Amount	Positions	Amount	Positions
Special Revenue Fund (Fees)	\$ 220	3.0	\$ 214	3.0
Governor's Recommendation				
Special Revenue Fund (Fees)	\$ 220	3.0	\$ 214	3.0

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

STATEMENT OR REQUEST/OBJECTIVE:

The agency requests the above funds and positions to implement a sampling and testing program of toxic air emissions. The objective is to be able to conduct audits and independent monitoring of air emission sources to determine a facility's compliance with standards and permit limitations, to identify unregulated pollutant emissions from sources, and to obtain split samples with testing firms hired by facility owners to verify test data. The fund will be supported by billing facility owners for the costs of testing and laboratory services. Agency personnel will be supported from permit fees.

DESCRIPTION/BACKGROUND:

Of the 225 air pollution sources permitted annually, approximately 50% are required to conduct stack tests to determine the level of air pollutants emitted. The public is demanding that the agency verify the results of tests done by facility owners especially for hazardous air pollutants such as benzene and asbestos and other air toxics, such as formaldehyde, dioxins and furans. In every instance where monitoring is required or needed, the agency must rely on self-monitoring by a commercial laboratory hired by the regulated party. The agency does not have staff or funding to conduct independent audits of commercial laboratories, independent sampling and analysis at air emission facilities, audits of continuous emission monitoring systems at air emission facilities, and duplicate (split-sample) air emission monitoring to verify the test results obtained by a permittee's contract laboratory.

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

No. of Facilities Permitted Per Year*	225	225	225	225
No. of Facilities Required to Test	110	110	110	110
No. of Split Agency Samples With Change Level/Without	0	0	28/0	28/0
No. of Independent Agency Tests With Change Level/Without	0	0	5/0	5/0

* The total number of permitted air emission facilities in Minnesota is 1,100

RATIONALE:

With the increased concern over environmental and public health impacts of air toxics emissions from existing industrial sources as well as new sources, such as municipal solid waste incinerators, it is important for the agency to be able to independently audit commercial laboratories and pollutant emissions, and to verify stack test results at air emission sources.

The proposed staff and funding would allow the agency to respond to the concerns of our citizens to conduct duplicate sample analysis at 25% of the facilities that test yearly. It would also allow the agency to conduct 5 independent assessments of air emissions each year, and to conduct quality assurance audits at commercial laboratories and for continuous emission monitoring systems.

A special fund supported by permit fees would be used to cover staff expenses, the proposed Air Quality Revolving Test and would be used to cover the laboratory costs of audit tests.

LONG RANGE FUNDING IMPLICATIONS:	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
Special Revenue Fund (Fees)			
Expenditures	\$ 214	\$ 214	\$ 428
Positions	3.0	3.0	3.0

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

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

ACTIVITY: AIR QUALITY OPERATIONS
PROGRAM: AIR POLLUTION CONTROL
AGENCY: POLLUTION CONTROL

REQUEST TITLE: CHLOROFLUOROCARBON-PROCESSED PACKAGING BAN

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
Special Revenue Fund	\$ 149	3.0	\$ 146	3.0
Governor's Recommendation				
Special Revenue Fund	\$ -0-	-0-	\$ -0-	-0-

Request requires statutory change: X Yes _____ No
Statutes Affected: The funding for this request will be included as a part of a comprehensive waste reduction and recycling initiative.

STATEMENT OR REQUEST/OBJECTIVE:

During the 1988 session, the legislature enacted M.S.116.601-116.606 prohibiting the purchase and use of chlorofluorocarbon-processed packaging in Minnesota. The Agency needs staff to help administer and enforce the packaging ban and to develop rules to exempt certain types of packaging.

DESCRIPTION/BACKGROUND:

Chlorofluorocarbons are gaseous substances that have been linked to the destruction of the stratospheric ozone layer, which protects the earth from solar radiation. Chlorofluorocarbons are used as coolants and refrigerants, as cleaning agents in the electronics industry, and as blowing agents in the production of certain types of packaging materials such as styrofoam. In response to concerns relating to the destruction of the ozone layer, last session the legislature passed a bill prohibiting the purchase, manufacture, distribution, sale and use of chlorofluorocarbon-produced packaging in Minnesota. Packaging refers to all bags, sacks, wrapping, containers, bowls, plates, trays, cartons, cups, packing and lids used for packaging and not intended for reuse. The ban applies to all state and local governments effective 1-1-89, and statewide in 1-1-90. The legislation includes a civil penalty for persons who violate this ban. The Agency is required to exempt by rule packaging for which an acceptable substitute to chlorofluorocarbon does not yet exist or where the ban would impose an undue hardship. The legislation included a \$25,000 appropriation for the Agency to conduct a study identifying the current usage of chlorofluorocarbons in Minnesota. No positions were provided to the Agency to administer the program.

RATIONALE:

New legislation enacted last session requires the Agency to administer and enforce a ban on all chlorofluorocarbon-produced packaging manufactured,

sold, distributed or used in Minnesota. The legislation did not provide the Agency with any staff resources. The program CHANGE level will provide the Agency with the minimum number of staff necessary to effectively administer and enforce the program. The Agency will be unable to implement this legislation without this program CHANGE.

The Agency anticipates that administering this ban on packaging will require a considerable amount of staff effort. Identification of all users of chlorofluorocarbon-produced packaging and proper notification of the ban will be difficult. Enforcement will require considerable field work and on-site inspection. The Agency also expects a large number of requests for exemptions from the ban.

This program CHANGE request would provide funding for 3 full-time staff positions to administer the program. One position would provide overall coordination, 1 would be primarily responsible for review of exemption requests, and 1 position would be used for enforcement.

BASE:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General Fund Expenditures	\$ -0-	\$ 25	\$ 25	\$ 25
General Fund Positions	-0-	-0-	-0-	-0-

LONG RANGE FUNDING IMPLICATIONS:	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
Special Revenue Fund Expend.	\$ 146	\$ 146	\$ 292
Special Revenue 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.

PROGRAM: GROUND WATER/SOLID WASTE POLLUTION CONTROL 1990-91 Biennial Budget
Agency: POLLUTION CONTROL

PROGRAM PURPOSE:

This program provides control over the collection, transportation, storage, processing, and disposal of solid waste and the identification, investigation, evaluation and cleanup of sites where releases or threatened releases of hazardous substances may have occurred or are occurring. The program also establishes direction for ground water protection which is incorporated into various agency activities. Further, the program promotes alternatives to land disposal of solid waste in order to reduce the potential for pollution and effects on human health and to conserve and recover resources. The objectives of this program are to develop and implement programs relating to solid waste management and ground water quality protection; and identify and achieve cleanup at sites where releases or threatened releases of hazardous substances may have occurred or are occurring.

OPERATION: This program includes the following operations:

1. Identify releases and threatened releases of hazardous substances from active and abandoned disposal sites through tips, referrals, routine monitoring, and site inspections and implement site investigations, studies and cleanup through responsible party actions or utilization of federal and state Superfunds.
2. Conduct a solid waste facility permit, inspection and compliance program to ensure that facility activities are undertaken in accordance with statutory and regulatory requirements.
3. Develop and amend, as appropriate, rules for ground water protection and solid waste facilities taking into account current technology and economic information.
4. Conduct evaluations of ground water protection needs and develop strategies, studies and data that will provide the information necessary to guide Agency operations and assist local water planning.
5. Respond to parties requesting information about contamination at sites which are candidates for property transfer and provide technical review of investigation and cleanup plans so that environmental cleanup and property development can be mutually enhanced.
6. Work with agencies and governmental units responsible for waste management and resource planning to develop complementary goals, strategies and programs to minimize pollution impacts and conserve and recover natural resources.

BUDGET ISSUES:

In recent years, the concern over environmental protection, particularly ground water protection, has dramatically increased. During this same period, increasing instances of ground water contamination have been identified. Many of these situations have occurred as a result of the mismanagement of solid waste, hazardous waste, and hazardous substances. Many of these instances have resulted in contamination of major ground water aquifers, issuance of health advisories, and closure of municipal drinking water

wells. In order to bring about necessary site investigations and cleanups and thereby minimize effects on the states' ground water resources and the public, additional funding is needed. Landfills are becoming increasingly important within the Superfund program. Fifty-seven landfills are currently listed on the Permanent List of Priorities and that number is expected to increase with time. It is anticipated that significant additional State Superfund resources will be necessary to address these sites. In the 1990-1991 biennium, \$3.825 Million is projected for Superfund activities at 10 landfills. The costs to the fund are expected to rise as more landfills progress into the Remedial Action phase. Also, government owned landfills have statutorily imposed liability caps which shifts the burden to the state fund. In addition, fewer landfills will qualify for federal funding support due to not scoring sufficiently high on the federal scoring system. Calculations for the 1992-1993 biennium indicate that nearly \$60 Million may be necessary to address activities at 23 landfills. Additional sources or funding will be needed in order for cleanups at landfills to progress in a reasonable time frame.

If pollution impacts and response needs from landfills are to be minimized in the future an effective solid waste regulatory program must be in place. Additional staff resources are needed to implement an effective solid waste management regulatory program. Increased efforts are needed to adequately establish environmental requirements for facilities, audit operational and environmental performance at facilities and ensure appropriate responses are taken to identify problems. The increased resources will further allow enhanced communication with local governments, facility operators and the public so that all can have a better understanding of solid waste management needs, regulatory requirements and local issues. These efforts are preventative in nature and should minimize effects on human health and the environment, promote a more effective solid waste management system in the state and reduce additional demands on federal and state Superfunds. In part, the increase in resources is needed to offset a reduction in the Agency solid waste program in the 1987-1989 biennium. At that time the legislature transferred county solid waste planning and land disposal certificate of need responsibilities to the Waste Management Board. Though the legislature had originally appropriated only four positions to the Agency to conduct those responsibilities, the Agency put an additional six positions into those activities because of their importance. The Agency took those positions from the solid waste regulatory effort. When the programs were transferred all ten positions working in those activities were also transferred. The resultant reduction has severely impacted the Agency ability to meet the increasing solid waste program needs.

Considering the demand landfills are placing on Superfund and the need for an increased facility regulatory program to prevent continued problems, a tax on land disposed solid waste should be enacted to provide an appropriate funding source. The revenues could be deposited in a proposed Waste Response and Regulation Fund. Money in the fund could then be transferred to Superfund to finance needed response actions at landfills. Money in the fund could also be appropriated to the Agency to fund the increased regulatory efforts needed to minimize future environmental and public health impacts from solid waste facilities.

The increased concern for ground water protection has drawn the attention of all levels of government and the public. State agency programs are adding the necessary emphasis to ground water protection, local government units are including ground water in local water planning and members of the general

PROGRAM: GROUND WATER/SOLID WASTE POLLUTION CONTROL 1990-91 Biennial Budget
(Continuation)
Agency: POLLUTION CONTROL

public are increasingly concerned and aware of the relationship between land use and ground water quality. To guide state actions, state agencies, with input from the public, developed a ground water protection strategy. Implementation of the strategy and the actions necessary to preserve the quality of the state's ground waters will require additional resources. Additional resources are needed to develop standards for ground water quality, provide technical assistance to local governments as they undertake water planning and implementation, improve the state's ground water quality monitoring program, and implement the Agency's ground water quality data system so that existing data can be used in the most efficient manner possible and the data is available to local governments.

EXPLANATION OF BUDGET REQUEST:

This budget request will fund activities needed for ground water quality protection, allow the implementation of an effective solid waste regulatory program, allow the Agency to work with other agencies and local governments in developing and implementing an effective solid waste management system in the state, and provide for the identification, investigation and cleanup of contaminated sites threatening the public health and environment of the state.

Five CHANGE requests are requested for this program:

1. Solid Waste Management. \$593,000 and 12.0 positions for F.Y. 1990 and \$1,136,000 and 21.0 positions for F.Y. 1991 to implement efforts to assist the regulated community in achieving compliance with regulations and law regarding the disposition of solid waste.
2. Ground Water Protection Program. \$954,000 and 18.0 positions for F.Y. 1990 and \$1,029,000 and 18.0 positions for F.Y. 1991 to support ground water protection activities.
3. Redesign of the Minnesota Ambient Ground Water Monitoring. \$98,000 and 1.5 positions for F.Y. 1990 and \$98,000 and 1.5 positions for F.Y. 1991 to support the redesign and to improve Minnesota's ambient ground water monitoring program.
4. Evaluation of Municipal Solid Waste Materials Recovery. \$344,000 and 1.0 position for F.Y. 1990 and \$56,000 and 1.0 position for F.Y. 1991 and \$500,000 for F.Y. 1991 to develop data that will be used to establish goals and timetables to reduce the quantity and toxicity of incinerator ash.
5. Superfund Site Response. \$2,400,000 for F.Y. 1990 and \$6,100,000 for F.Y. 1991 (\$8,500,000 for the biennium) to continue the state Superfund program and to provide match necessary to receive federal Superfund dollars.

GOVERNOR'S RECOMMENDATION:

The Governor recommends a biennial increase of \$12,039,000 and 26.5 positions in F.Y. 1990 and 35.5 positions in F.Y. 1991. This is a decrease of

\$1,269,000 and 6.0 positions from the agency request. Details of both agency requests and Governor's recommendations are found on the individual CHANGE level pages.

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : POLLUTION CNTRL AGENCY
PROGRAM : GROUND WATER & SOLID WASTE POLLUTION CONTROL

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	
GROUNDWATER & SOLID WASTE OPERATIONS		6,409	7,314	7,482	1,989	9,471	9,185	7,482	2,819	10,301	9,318
A FUNDING SHIFTS TO GENERAL FUND	GEN				0		150		0		150
A FUNDING SHIFTS TO GENERAL FUND	WPC				0		<150>		0		<150>
B SOLID WASTE MANAGEMENT	GEN				0		490		0		910
B SOLID WASTE MANAGEMENT	DAS				593		0		1,136		0
B LCMR EVALUATION OF MUNICIPAL S.W.	DAS				0		0		500		0
B LCMR EVALUATION OF MUNICIPAL S.W.	MNRS				344		344		56		56
B LCMR REDESIGN OF MN AMBIENT MONITOR	G.W.MNRS				98		98		98		98
B GROUND WATER PROCTION PROGRAM	GEN				954		771		1,029		772
GROUNDWATER AND SITE RESPONSE		4,014	12,693	18,764	2,400	21,164	21,164	16,549	6,100	22,649	22,649
B SUPER FUND SITE RESPONSE	GEN				0		2,400		0		6,100
B SUPER FUND SITE RESPONSE	DAS				2,400		0		6,100		0
TOTAL EXPENDITURES		10,423	20,007	26,246	4,389	30,635	30,349	24,031	8,919	32,950	31,967
SOURCES OF FINANCING:											
DIRECT APPROPRIATIONS:											
GENERAL		1,060	1,070	1,118	954	2,072	4,929	1,118	1,029	2,147	9,050
SP REV DIRECT APPROP		0	0	0	2,993	2,993	0	0	7,736	7,736	0
MN RESOURCES		0	0	0	442	442	442	0	154	154	154
ENVIRONMENTAL		2,254	2,854	2,890	0	2,890	2,890	2,890	0	2,890	2,890
METRO LANDFILL ABTM		2,295	1,700	1,700	0	1,700	1,700	1,700	0	1,700	1,700
METRO LANDFILL CONTN		66	765	670	0	670	670	670	0	670	670
WATER POLLUTION CNTRL		124	112	150	0	150	0	150	0	150	0
STATUTORY APPROPRIATIONS:											
SPECIAL REVENUE		55	88	42	0	42	42	42	0	42	42
FEDERAL		2,977	7,818	14,086	0	14,086	14,086	16,086	0	16,086	16,086
ENVIRONMENTAL		1,592	5,600	5,590	0	5,590	5,590	1,375	0	1,375	1,375
TOTAL FINANCING		10,423	20,007	26,246	4,389	30,635	30,349	24,031	8,919	32,950	31,967

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

AGENCY : POLLUTION CNTRL AGENCY
PROGRAM : GROUND WATER & SOLID WASTE POLLUTION CONTROL

			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	29.0	29.0	29.0	18.0	47.0	56.0	29.0	18.0	47.0	65.0
SP REV DIRECT APPROP	0.0	0.0	0.0	12.0	12.0	0.0	0.0	21.0	21.0	0.0
MN RESOURCES	0.0	0.0	0.0	2.5	2.5	2.5	0.0	2.5	2.5	2.5
SPECIAL REVENUE	1.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FEDERAL	37.0	37.0	46.0	0.0	46.0	46.0	46.0	0.0	46.0	46.0
ENVIRONMENTAL	56.0	56.0	56.0	0.0	56.0	56.0	56.0	0.0	56.0	56.0
METRO LANDFILL CONTN	2.0	2.0	2.0	0.0	2.0	2.0	2.0	0.0	2.0	2.0
WATER POLLUTION CNTRL	2.0	2.0	3.0	0.0	3.0	0.0	3.0	0.0	3.0	0.0
TOTAL POSITIONS	127.0	127.0	136.0	32.5	168.5	162.5	136.0	41.5	177.5	171.5

ACTIVITY: GROUND WATER AND SOLID WASTE OPERATIONS 1990-91 Biennial Budget
Program: GROUND WATER AND SOLID WASTE POLLUTION CONTROL
Agency: POLLUTION CONTROL

PURPOSE:

To establish direction for ground water protection in agency programs and to insure that solid wastes are properly managed through regulatory controls, technical assistance, and public awareness to minimize air, surface water, ground water and land pollution.

Ground Water and Solid Waste Operations: 1) develops and implements ground water quality protection direction and programs considering waste management and other activities which can impact ground water quality and through regulations, publications, and information provides a public awareness of ground water quality and land use practice relationships; and 2) conducts a regulatory program for the storage, transportation, processing, treatment, and land disposal of solid waste and cooperates with agencies and governmental units to develop complimentary goals in waste management, promote reduction in waste generation, recovery of materials, production of energy from waste, and a reduction in land disposal to the extent feasible.

<u>EFFECTIVENESS:</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
Solid Waste Enforcement Agreements	10	11	8	8
Solid Waste Closure/Actions for Discontinued Facilities	3	8	8	8
<u>ACTIVITY STATISTICS:</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
Solid Waste Facility Permits	15	16	18	18
Solid Waste Actions:				
Landfill Inspections (includes Regions)	303	200	225	225
Notices of Violation	2	7	10	10
Technical Assistance:				
County Management Plan Implementation	5	20	20	20
Operator Training Programs	4	4	5	5
Individual Operators and Inspectors Trained	550	600	600	600
Metropolitan Contingency Fund Actions:				
Preliminary Assessments	0	1	0	1
Request for Closure Actions	2	2	2	2
Site Investigations	1	2	2	2

ACCOMPLISHMENTS:

1. Revised solid waste rules were promulgated in F.Y. 1989. The rules require major changes in the design, construction and operation of solid waste disposal facilities. The rules were developed in response to the

need for additional protection of Minnesota's surface and ground water. Permits must be issued for compost and resource recovery facilities and transfer stations in addition to demolition, industrial and sanitary landfills. All facilities must plan and provide for the financial responsibility of contingency action, closure and postclosure activities.

2. The agency has trained and certified operators and inspectors of landfills. Nearly 300 operators/inspectors are currently certified. The agency sponsors an annual solid waste conference attended by 500 people in 1988. Minnesota's training program is nationally recognized and serves as the prototype for the National Governmental Refuse Collection and Disposal Association training program.
 3. The enforcement program continues to focus on properly closing landfills, including developing adequate ground water monitoring systems, impermeable cover and long-term postclosure care. Eleven sites will be brought into the process during the 1988-89 biennium and are in various stages of implementing closure actions.
 4. The agency produced a solid waste policy report with assistance from an interested parties task force. The report includes analysis of current solid waste management policy, the status of implementation of policy and programs and recommendations for future action. The report is to be updated in F.Y. 1991.
 5. An automated data management system, which will enhance our management capabilities in the solid waste and ground water related programs, has been under development during F.Y. 1988 and will be completed in F.Y. 1989. The integrated ground water information system will provide the agency with the capability to store and analyze interactively the ground water quality data collected by several programs. This system will be compatible with other state and federal agency ground water related data bases to allow electronic data transfer between systems and agencies.
 6. An interagency work group lead by agency staff has completed the Minnesota Ground Water Protection Strategy, which serves as a blueprint for State ground water protection and management efforts. Public interest in ground water protection has been heightened by the strategy, local water planning, pesticides monitoring results, and other events. The strategy's starting point is the strong existing ground water protection efforts in many areas; the strategy identifies gaps and deficiencies in state programs and recommends changes.
- MAJOR ISSUES:
1. An increased reliance on municipal solid waste incineration in the state has created the need for proper management of the ash generated by solid waste incinerators. Amendments to the Waste Management Act require the agency to adopt rules for the testing, management and disposal of municipal solid waste incinerator ash by 6-30-90.
 2. Counties are implementing alternate technologies to manage solid waste. The relative success of these technologies will depend on proper design, operation and maintenance of the system. A poorly designed, operated or inoperable system can create environmental problems or excessive management costs. The agency needs to develop guidance documents and training programs for operators of alternative facilities to assure their continued

ACTIVITY: GROUND WATER AND SOLID WASTE OPERATIONS 1990-91 Biennial Budget
(Continuation)
Program: GROUND WATER AND SOLID WASTE POLLUTION CONTROL
Agency: POLLUTION CONTROL

successful operation and reduced reliance on landfills.

3. The legislature has requested landfill owners in the metropolitan area to disclose their disposal fee structures to the agency as part of a study to better understand disposal fee rates and impacts of those rates. The agency will continue to be involved in gathering this data, and in assessing these impacts.
4. Special wastes, such as infectious wastes and pesticide wastes, and discrete elements of the waste stream, such as large appliances, the noncombustible fraction, and certain plastics, pose unique handling and management demands, and the agency needs to be actively involved in finding solutions and outlining programs to resolve these concerns.
5. Implementation of the Minnesota Ground Water Protection Strategy will potentially affect a wide array of state and local programs. The strategy calls for revisions of the existing ground water quality rules, development of local government ground water programs, greatly increased education and information efforts, redesign of baseline monitoring programs, reviews of ground water protection activities within existing state programs.
6. Development of the solid waste management facility rules and the solid waste policy report indicate that additional efforts are needed in waste reduction and recycling to avoid the potential environmental effects of some disposal methods. Issues which must be addressed include the availability of the opportunity to recycle throughout the state, how to deal with problem materials and promote a reduction in waste generation and litter, and the relationship between recycling participation and promotion of markets for recycled materials.
7. The evolution of new solid waste management and disposal technology raises the need to examine these technologies in anticipation of introduction in the state. In addition to developing the understanding of processes, the evaluation of environmental and public health risk must also be reviewed in advance of installation of facilities. Risk management evaluation must also include examination of all possible routes of exposure rather than be limited to historic data and assumptions.

EXPLANATION OF BUDGET REQUEST:

This request funds the ground water and solid waste operations activity which has the major thrust of protecting ground water and managing solid waste in an environmentally sound manner.

Four CHANGE requests are requested for this activity:

1. Solid Waste Management. \$593,000 and 12.0 positions for F.Y. 1990 and \$1,136,000 and 21.0 positions for F.Y. 1991 to implement efforts to assist the regulated community in achieving compliance with regulations and law regarding the disposition of solid waste.

2. Ground Water Protection Program. \$954,000 and 18.0 positions for F.Y. 1990 and \$1,029,000 and 18.0 positions for F.Y. 1991 to support ground water protection activities.
3. Redesign of the Minnesota Ambient Ground Water Monitoring. \$98,000 and 1.5 positions for F.Y. 1990 and \$98,000 and 1.5 positions for F.Y. 1991 to support the redesign and to improve Minnesota's ambient ground water monitoring program.
4. Evaluation of Municipal Solid Waste Materials Recovery. \$344,000 and 1.0 position for F.Y. 1990 and \$56,000 and 1.0 position for F.Y. 1991 and \$500,000 for F.Y. 1991 to develop data that will be used to establish goals and timetables to reduce the quantity and toxicity of incinerator ash.

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : POLLUTION CNTRL AGENCY
PROGRAM : GROUND WATER & SOLID WASTE POLLUTION CONTROL
BUDGET ACTIVITY : GROUNDWATER & SOLID WASTE OPERATIONS

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	2,251	2,436	2,726	956	3,682	3,442	2,726	1,352	4,078	3,838
EXPENSES/CONTRACTUAL SRVCS	1,570	2,755	2,633	508	3,141	3,338	2,633	830	3,463	3,101
MISC OPERATING EXPENSES	125	150	150	105	255	239	150	128	278	252
SUPPLIES/MATERIALS/PARTS	53	174	174	34	208	203	174	27	201	206
CAPITAL EQUIPMENT	111	98	98	70	168	163	98	23	121	121
REDISTRIBUTIONS	8	1	1	316	317	100	1	459	460	100
STATE OPERATIONS	4,118	5,614	5,782	1,989	7,771	7,485	5,782	2,819	8,601	7,618
LOCAL ASSISTANCE	2,291	1,700	1,700	0	1,700	1,700	1,700	0	1,700	1,700
TOTAL EXPENDITURES	6,409	7,314	7,482	1,989	9,471	9,185	7,482	2,819	10,301	9,318
CHANGE REQUESTS:										
FUND										
A FUNDING SHIFTS TO GENERAL FUND GEN				0		150		0		150
A FUNDING SHIFTS TO GENERAL FUND WPC				0		<150>		0		<150>
B SOLID WASTE MANAGEMENT GEN				0		490		0		910
B SOLID WASTE MANAGEMENT DAS				593		0		1,136		0
B LCMR EVALUATION OF MUNICIPAL S.W. DAS				0		0		500		0
B LCMR EVALUATION OF MUNICIPAL S.W. MNRS				344		344		56		56
B LCMR REDESIGN OF MN AMBIENT G.W.MNRS				98		98		98		98
MONITOR										
B GROUND WATER PROCTION PROGRAM GEN				954		771		1,029		772
TOTAL CHANGE REQUESTS				1,989		1,703		2,819		1,836
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	1,060	1,070	1,118	954	2,072	2,529	1,118	1,029	2,147	2,950
SP REV DIRECT APPROP	0	0	0	593	593	0	0	1,636	1,636	0
MN RESOURCES	0	0	0	442	442	442	0	154	154	154
ENVIRONMENTAL	1,033	1,211	1,221	0	1,221	1,221	1,221	0	1,221	1,221
METRO LANDFILL ABTM	2,295	1,700	1,700	0	1,700	1,700	1,700	0	1,700	1,700

CHANGE REQUEST

1990-91 Biennial Budget

____ Agency ____ Program X Activity
(Continuation)

ACTIVITY: GROUND WATER AND SOLID WASTE OPERATIONS

PROGRAM: GROUND WATER AND SOLID WASTE POLLUTION CONTROL

AGENCY: POLLUTION CONTROL

GOVERNOR'S RECOMMENDATION:

The Governor recommends that this request be approved at an alternative level of funding and from the General Fund as a component of the Governor's environmental initiative for 1989.

CHANGE REQUEST

1990-91 Biennial Budget

____ Agency ____ Program X Activity**ACTIVITY:** GROUND WATER AND SOLID WASTE OPERATIONS**PROGRAM:** GROUND WATER AND SOLID WASTE POLLUTION CONTROL**AGENCY:** POLLUTION CONTROL**REQUEST TITLE:** EVALUATION OF MUNICIPAL SOLID WASTE MATERIALS RECOVERY

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
Minnesota Resources Fund	\$ 344	1.0	\$ 56	1.0
Special Revenue Fund	-0-	-0-	500	-0-
Governor's Recommendation				
Minnesota Resources Fund	\$ 344	1.0	\$ 56	1.0
Special Revenue Fund	-0-	-0-	-0-	-0-

Request requires statutory change: X Yes ____ No**Statutes Affected:** Funding for year 2 of this study will be included in a comprehensive environmental initiative.**STATEMENT OR REQUEST/OBJECTIVE:**

This request has been approved by the Legislative Commission on Minnesota Resources. The agency requests the position and funds to develop mass balance data that will be used to establish goals and timetables to reduce the quantity and toxicity of mixed municipal incinerator ash.

DESCRIPTION/BACKGROUND:

An increased reliance on municipal solid waste incineration to manage the solid waste generated in the state of Minnesota has created the need for proper management of the ash generated by solid waste incinerators. Feasible methods of reducing the quantity and toxicity of the ash must be based on sound scientific data. Recent amendments to the Waste Management Act during the 1988 legislative session require the agency, in cooperation with Minnesota counties and the Metropolitan Council, to develop and propose statewide goals and timetables for the reduction of the noncombustible fraction of municipal solid waste prior to incineration or processing into refuse derived fuel and for the reduction of the toxicity of incinerator ash.

In order to develop appropriate goals and realistic timetables, research needs to be conducted on what effect separating out particular components of municipal solid waste will have on the quantity and toxicity of fly and bottom ash from a solid waste incinerator. Previous research has been done which evaluates mixed municipal solid waste composition, solid waste incinerator emissions, and the leachability of items such as heavy metals, dibenzop-dioxins, and polychlorinated dibenzofurans from solid waste incinerator ash. However, there is not conclusive information on what would happen to the operation of the incinerator and to the quantity and toxicity of fly and bottom ash when specific waste streams are removed prior to incineration.

This project has 3 phases. Phase 1 and 2 have received LCMR funding. Phase 3 will be funded if appropriate legislation is passed. First, a municipal solid waste and solid waste incinerator ash composition and chemical make-up study will be conducted to provide a necessary base of information and act as a control for the next phases. Second, a mass balance model may be designed to determine the effect incineration has on the composition of the ash and emissions comparing "normal" municipal waste solid with municipal solid waste which has had specific waste streams such as coated paper and plastics removed. Third, if funded, test burns will be conducted on municipal solid waste emissions and ash samples in those areas where a literature search and models are not sufficient to reach a reliable conclusion on how removing specific substances will effect the quantity or toxicity of the ash. A phase 1 literature review will be conducted on studies that examined the relationships between emissions of specific compounds, levels of specific compounds in the fly, bottom, and combined ash, and key plant design and operational parameters (temperature, O₂, and CO), to the moisture content of the refuse and the quantity of specific compounds found in a representative sample of municipal solid waste.

RATIONALE:

The research outlined in this proposal can provide the necessary information to guide the agency, counties, and mass burn or energy recovery facility operators in the development and implementation of scientific and environmentally sound solid waste management. The increasing number of municipal solid waste incinerators in Minnesota represents a move away from reliance on landfills. The appropriate environmental utilization of solid waste management facilities requires additional information on which to base policies of solid waste separation, incineration, and ash management. This project is designed to provide information that allows policymakers to ensure that municipal solid waste is managed in an environmentally sound fashion and to ensure that solid waste incinerators are less harmful to the environment than the landfills they were designed to replace.

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. No additional funding is recommended from the Special Revenue Fund.

CHANGE REQUEST

____ Agency ____ Program X Activity

1990-91 Biennial Budget

ACTIVITY: GROUND WATER AND SOLID WASTE OPERATIONS
 PROGRAM: GROUND WATER AND SOLID WASTE POLLUTION CONTROL
 AGENCY: POLLUTION CONTROL

Request Title: REDESIGN OF THE MINNESOTA AMBIENT GROUND WATER MONITORING

	F.Y. 1990 (000's)		F.Y. 1991 (000's)	
Agency Request	Amount	Positions	Amount	Positions
Minnesota Resources Fund	\$ 98	1.5	\$ 98	1.5
Governor's Recommendation				
Minnesota Resources Fund	\$ 98	1.5	\$ 98	1.5

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

STATEMENT OR REQUEST/OBJECTIVE:

This request has been approved by the Legislative Commission on Minnesota Resources. The Agency requests the positions and funds to support the redesign of Minnesota's existing Ambient Ground Water Monitoring program. Although the current ambient program has produced valuable ground water information, the baseline data generated is inadequate for many purposes, including analyzing trends. The Redesign project will analyze the program to determine the most effective uses and design of the program. The funding requested will allow the Agency to better answer the questions currently being asked about the state's ground water quality.

DESCRIPTION/BACKGROUND:

Several changes to the ambient network design have been made recently. However, in order to achieve the several goals of ambient monitoring there are several possible modifications which need to be evaluated and the appropriate actions taken:

1. In order to make the ambient program as cost-effective as possible, it is necessary to evaluate the need to conduct sampling of an entire aquifer via representative sampling stations.
 - a. The identification of significant variations in ground water chemistry within any given aquifer through space and time will determine whether or not Agency staff need to continue with aquifer-wide sampling. Where available, existing data will be analyzed to quantify the variations in ground water quality within distinctly different portions of an aquifer (e.g., top, bottom, margins, or interior). Where data is not available, the appropriate samples will be collected and analyzed.
 - b. Selected aquifers which are more susceptible to surface derived con-

taminants will be sampled and tested on a time series basis to determine where there are variations with respect to time.

2. The ambient network should be expanded such that sampling stations will have an optimum density and spatial distribution in each of the principal aquifers. The total number of sampling stations in the network has been reduced from approximately 400 to 250 over the past several years and is thought to be inadequate. Therefore, numerous sampling stations must be added to the network.
3. Samples collected from any given aquifer have typically been spread out over at least a four year period of time and have not been done at regular intervals. The project will determine whether it is feasible to distinguish long-term trends in variable background ground water quality, and if so, under what conditions. The project will evaluate which substances will and will not reveal long-term trends, which aquifers are most likely to yield trends, and what testing frequency is needed for statistical evaluation of trends.
4. A variety of chemical parameters has been tested for since the program began in 1978. The chemical constituents most valuable for assessing ambient ground water quality will be determined and the appropriate changes will be made.
5. Ambient data collected by other units of government will be examined in order to determine if it could be used to enhance the Agency data base.

RATIONALE:

After evaluation of the aforementioned objectives, the ambient ground water program will be a much sounder, more cost-effective program. Any new data collected as a part of this program will prove useful in determining baseline conditions and in detecting long-term trends in Minnesota's ground water quality. In addition, this redesigned program will yield data which will be useful in the setting of ground water contaminant limits as recommended in the Ground Water Protection Strategy.

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: GROUND WATER AND SOLID WASTE OPERATIONS 1990-91 Biennial Budget
Program: GROUND WATER AND SOLID WASTE POLLUTION CONTROL
Agency: POLLUTION CONTROL

PURPOSE:

To establish direction for ground water protection in agency programs and to insure that solid wastes are properly managed through regulatory controls, technical assistance, and public awareness to minimize air, surface water, ground water and land pollution.

Ground Water and Solid Waste Operations: 1) develops and implements ground water quality protection direction and programs considering waste management and other activities which can impact ground water quality and through regulations, publications, and information provides a public awareness of ground water quality and land use practice relationships; and 2) conducts a regulatory program for the storage, transportation, processing, treatment, and land disposal of solid waste and cooperates with agencies and governmental units to develop complimentary goals in waste management, promote reduction in waste generation, recovery of materials, production of energy from waste, and a reduction in land disposal to the extent feasible.

<u>EFFECTIVENESS:</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
Solid Waste Enforcement Agreements	10	11	8	8
Solid Waste Closure/Actions for Discontinued Facilities	3	8	8	8
<u>ACTIVITY STATISTICS:</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
Solid Waste Facility Permits	15	16	18	18
Solid Waste Actions:				
Landfill Inspections (includes Regions)	303	200	225	225
Notices of Violation	2	7	10	10
Technical Assistance:				
County Management Plan Implementation	5	20	20	20
Operator Training Programs	4	4	5	5
Individual Operators and Inspectors Trained	550	600	600	600
Metropolitan Contingency Fund Actions:				
Preliminary Assessments	0	1	0	1
Request for Closure Actions	2	2	2	2
Site Investigations	1	2	2	2

ACCOMPLISHMENTS:

1. Revised solid waste rules were promulgated in F.Y. 1989. The rules require major changes in the design, construction and operation of solid waste disposal facilities. The rules were developed in response to the

need for additional protection of Minnesota's surface and ground water. Permits must be issued for compost and resource recovery facilities and transfer stations in addition to demolition, industrial and sanitary landfills. All facilities must plan and provide for the financial responsibility of contingency action, closure and postclosure activities.

2. The agency has trained and certified operators and inspectors of landfills. Nearly 300 operators/inspectors are currently certified. The agency sponsors an annual solid waste conference attended by 500 people in 1988. Minnesota's training program is nationally recognized and serves as the prototype for the National Governmental Refuse Collection and Disposal Association training program.
 3. The enforcement program continues to focus on properly closing landfills, including developing adequate ground water monitoring systems, impermeable cover and long-term postclosure care. Eleven sites will be brought into the process during the 1988-89 biennium and are in various stages of implementing closure actions.
 4. The agency produced a solid waste policy report with assistance from an interested parties task force. The report includes analysis of current solid waste management policy, the status of implementation of policy and programs and recommendations for future action. The report is to be updated in F.Y. 1991.
 5. An automated data management system, which will enhance our management capabilities in the solid waste and ground water related programs, has been under development during F.Y. 1988 and will be completed in F.Y. 1989. The integrated ground water information system will provide the agency with the capability to store and analyze interactively the ground water quality data collected by several programs. This system will be compatible with other state and federal agency ground water related data bases to allow electronic data transfer between systems and agencies.
 6. An interagency work group lead by agency staff has completed the Minnesota Ground Water Protection Strategy, which serves as a blueprint for State ground water protection and management efforts. Public interest in ground water protection has been heightened by the strategy, local water planning, pesticides monitoring results, and other events. The strategy's starting point is the strong existing ground water protection efforts in many areas; the strategy identifies gaps and deficiencies in state programs and recommends changes.
- MAJOR ISSUES:**
1. An increased reliance on municipal solid waste incineration in the state has created the need for proper management of the ash generated by solid waste incinerators. Amendments to the Waste Management Act require the agency to adopt rules for the testing, management and disposal of municipal solid waste incinerator ash by 6-30-90.
 2. Counties are implementing alternate technologies to manage solid waste. The relative success of these technologies will depend on proper design, operation and maintenance of the system. A poorly designed, operated or inoperable system can create environmental problems or excessive management costs. The agency needs to develop guidance documents and training programs for operators of alternative facilities to assure their continued

ACTIVITY: GROUND WATER AND SOLID WASTE OPERATIONS 1990-91 Biennial Budget
(Continuation)
Program: GROUND WATER AND SOLID WASTE POLLUTION CONTROL
Agency: POLLUTION CONTROL

successful operation and reduced reliance on landfills.

3. The legislature has requested landfill owners in the metropolitan area to disclose their disposal fee structures to the agency as part of a study to better understand disposal fee rates and impacts of those rates. The agency will continue to be involved in gathering this data, and in assessing these impacts.
4. Special wastes, such as infectious wastes and pesticide wastes, and discrete elements of the waste stream, such as large appliances, the noncombustible fraction, and certain plastics, pose unique handling and management demands, and the agency needs to be actively involved in finding solutions and outlining programs to resolve these concerns.
5. Implementation of the Minnesota Ground Water Protection Strategy will potentially affect a wide array of state and local programs. The strategy calls for revisions of the existing ground water quality rules, development of local government ground water programs, greatly increased education and information efforts, redesign of baseline monitoring programs, reviews of ground water protection activities within existing state programs.
6. Development of the solid waste management facility rules and the solid waste policy report indicate that additional efforts are needed in waste reduction and recycling to avoid the potential environmental effects of some disposal methods. Issues which must be addressed include the availability of the opportunity to recycle throughout the state, how to deal with problem materials and promote a reduction in waste generation and litter, and the relationship between recycling participation and promotion of markets for recycled materials.
7. The evolution of new solid waste management and disposal technology raises the need to examine these technologies in anticipation of introduction in the state. In addition to developing the understanding of processes, the evaluation of environmental and public health risk must also be reviewed in advance of installation of facilities. Risk management evaluation must also include examination of all possible routes of exposure rather than be limited to historic data and assumptions.
2. Ground Water Protection Program. \$954,000 and 18.0 positions for F.Y. 1990 and \$1,029,000 and 18.0 positions for F.Y. 1991 to support ground water protection activities.
3. Redesign of the Minnesota Ambient Ground Water Monitoring. \$98,000 and 1.5 positions for F.Y. 1990 and \$98,000 and 1.5 positions for F.Y. 1991 to support the redesign and to improve Minnesota's ambient ground water monitoring program.
4. Evaluation of Municipal Solid Waste Materials Recovery. \$344,000 and 1.0 position for F.Y. 1990 and \$56,000 and 1.0 position for F.Y. 1991 and \$500,000 for F.Y. 1991 to develop data that will be used to establish goals and timetables to reduce the quantity and toxicity of incinerator ash.

EXPLANATION OF BUDGET REQUEST:

This request funds the ground water and solid waste operations activity which has the major thrust of protecting ground water and managing solid waste in an environmentally sound manner.

Four CHANGE requests are requested for this activity:

1. Solid Waste Management. \$593,000 and 12.0 positions for F.Y. 1990 and \$1,136,000 and 21.0 positions for F.Y. 1991 to implement efforts to assist the regulated community in achieving compliance with regulations and law regarding the disposition of solid waste.

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

ACTIVITY: GROUND WATER AND SOLID WASTE OPERATIONS
 PROGRAM: GROUND WATER AND SOLID WASTE POLLUTION CONTROL
 AGENCY: POLLUTION CONTROL

REQUEST TITLE: GROUND WATER PROTECTION PROGRAM

Agency Request	F.Y. 1990 (000's)		F.Y. 1991 (000's)	
	Amount	Positions	Amount	Positions
General Fund	\$ 954	18.0	\$1,029	18.0
Governor's Recommendation				
General Fund	\$ 771	12.0	\$ 772	12.0

Request requires statutory change: X Yes _____ No
 Statutes Affected: The funding for this request will be included as a part of a comprehensive water resources protection initiative.

STATEMENT OR REQUEST/OBJECTIVE:

The agency requests funding to support ground water protection activities: rulemaking for ground water quality standards; operation and maintenance of the agency's ground water data management system; and technical assistance for ground water planning and program implementation by local units of government. Staff is needed to meet increasing demands for information and base line data, interpretation and analysis of data, and clear standards and goals for ground water quality. The objective of this request is to help provide the foundation for a coordinated, consistent program of ground water protection, supported by sound and accessible information.

DESCRIPTION/BACKGROUND:

As recommended in the Minnesota Ground Water Protection Strategy, Minn. Rules ch. 7060 and pt. 7050.0220 need to be revised to clarify the state's ground water protection goals and to update the existing contaminant regulations. During F.Y. 1990 and F.Y. 1991, this activity will include development of the rules and supporting documentation, complemented by public meetings and a special advisory committee.

Secondly, the agency's ground water data management system, the Integrated Ground Water Information System, is being developed to allow retrieval, analysis, and comparison of data from 8 different agency programs. The system will house both ground water quality monitoring data and related information on monitoring well construction. This information must be automated in order to be effectively managed. Development costs for the system, which will be completed in F.Y. 1989, have been funded by the U.S. Environmental Protection Agency. In order for the system to become operational and meet the state's needs for ground water quality information, the state needs to assume the costs of operating this system.

Finally, delivery and interpretation of ground water data for local units of

government is seeing increased demand due to the Comprehensive Local Water Management Act (1985) and the Metropolitan Surface Water Planning Act as amended to include ground water planning in 1987. During the 1987-88 biennium, 6 local water planning projects involving 52 counties and 2 watershed districts have sought assistance due to funding provided by the Legislative Commission on Minnesota Resources. Local government's need for information and technical assistance will further increase with the implementation of local ground water management programs.

RATIONALE:

The activities in this request have been recommended by the Minnesota Ground Water Protection Strategy, and they directly address needs identified by the strategy.

The rule revisions will help unify all the state's ground water protection programs under one framework of ground water quality goals and standards, integrating an overall nondegradation goal with specific, enforceable requirements. The ground water quality data management system will reduce the amount of overlap in data collection and will increase the ability to retrieve, analyze, and interpret data from many different programs in response to both state and local data needs. In turn, technical assistance and data must be delivered to aid emerging local ground water programs and to meet ground water information and education needs. As the agency's data management system becomes operational, it will further enhance the agency's ability to provide this assistance.

BASE:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General Fund	\$ 21	\$ 21	\$ 21	\$ 21
General Fund Positions	.5	.5	.5	.5

LONG RANGE FUNDING IMPLICATIONS:	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
General Fund	\$ 980	\$ 980	\$ 1,960
General Fund Positions	18.0	18.0	18.0

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."

ACTIVITY: GROUND WATER AND SITE RESPONSE 1990-91 Biennial Budget
 Program: GROUND WATER AND SOLID WASTE POLLUTION CONTROL
 Agency: POLLUTION CONTROL

PURPOSE:

The Minnesota Environmental Response and Liability Act (MERLA) was established in 1983 and provided the Agency with the authority and funds to investigate and cleanup abandoned hazardous waste sites for the protection of the public health and the environment.

The state Superfund program is composed of the following functions: (1) to discover and conduct preliminary investigations of hazardous substance releases from abandoned hazardous waste or solid waste sites and identify responsible parties; (2) to respond to emergency situations, such as a contaminated drinking water supply or drum removal; (3) to initiate remedial investigations/feasibility studies at identified sites; (4) through these actions, to develop remedial designs and implement remedial actions for the final cleanup of sites; and, (5) to conduct the administrative activities for the management of contracts, the MERLA Fund and federal Superfund money secured under Cooperative Agreements with the U.S. Environmental Protection Agency.

EFFECTIVENESS:

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
Sites on Permanent List of Priorities (cumulative)	139	159	174	189
Sites Undergoing Response Action by Responsible Parties (cumulative)	73	85	99	106
Sites Undergoing Response Action Using State or Federal Superfund Money (cumulative)	31	37	47	53
Total Response Actions (cumulative)	104	122	146	159

Without additional funds during the F.Y. 1990-1991 biennium, Response Actions will not be initiated at nine sites and on-going Response Actions will cease at 14 another sites.

STATISTICS:

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
A. <u>Hazardous Waste Site Verification</u>				
Additions to Federal Site Inventory	50	45	40	40
Preliminary Assessments	40	40	40	40
Site Inspections	13	15	15	15
Additions to Permanent List of Priorities	10	20	15	15
B. <u>Property Transfer Program</u>				
File Search Requests	667	840	900	960
Cleanup Assistance	20	10	10	10

STATISTICS: (Cont'd.)

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
C. <u>Expenditures Under Superfund</u>				
Estimated Dollar Value of Responsible Parties Actions (millions) (cumulative)	130.00	150.00	180.00	210.00
Federal Superfund Monies Secured (millions) (cumulative)	14.44	23.51	42.56	81.36
Site Specific Expenditures from State Superfund (millions) (cumulative)	5.72	10.61	18.60	25.78
Agency Administrative Expenditures (millions) (cumulative)	7.82	10.78	13.86	17.00
Responsible Party Reimbursement of Agency Administrative Costs (millions) (cumulative)	4.12	5.12	6.12	7.12
Agency Administrative Costs (millions) (cumulative)	3.70	5.66	7.74	9.88
Ratio of Actual Agency Administrative Costs to Estimated Responsible Parties Expenditures	1 to 35	1 to 27	1 to 23	1 to 21

REVENUE:

This activity has nondedicated revenue from taxes, interest and penalties associated with Superfund site cleanup.

	<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>
Type of Revenue				
Nondedicated Revenues	\$ 3,100	\$ 2,900	\$ 2,450	\$ 2,400

Revenues are decreasing because reimbursements are anticipated to decline as the Agency will be dealing more with government units and smaller companies. Also as the fund balance declines there is less interest.

ACCOMPLISHMENTS:

1. The Agency has 450 potential hazardous waste sites on the federal site inventory. Preliminary Assessments have been conducted at 342 sites.
2. The Agency has placed 159 sites on the state permanent list, of which 57 are sanitary landfills. A total of 11 sites have been deleted from the permanent list.

Forty of the 159 sites are included on the federal National Priorities List. The Agency has nominated 17 additional sites for inclusion on the National List, but no assurance has been provided that these sites will be placed on the National List during the next biennium.

ACTIVITY: GROUND WATER AND SITE RESPONSE 1990-91 Biennial Budget
(Continuation)
Program: GROUND WATER AND SOLID WASTE POLLUTION CONTROL
Agency: POLLUTION CONTROL

3. Response actions are underway at 122 sites. Responsible parties were undertaking the work at 85 sites and the dollar value of these activities has been estimated at \$150 Million. Thirty-seven sites are being addressed using state and federal Superfund monies.
4. The Agency has secured \$23.5 Million in federal Superfund money for conducting Remedial Investigation/Feasibility Study or Remedial Design/Remedial Action activities at Minnesota sites.
5. The Agency had responded to 14 emergencies involving contaminated water supplies and took action to provide affected residents with alternate drinking water. These communities included: Adrian, Askov, Atwater, Isanti, Lakeland Township, Lansing, LeHillier, Long Prairie, New Brighton/Arden Hills, Northern Township, St. Anthony, Waite Park, St. Paul Park, and Spring Grove. In addition, the Agency has responded to other emergencies which involved a pesticide fire in St. Cloud and a warehouse in Minneapolis containing barrels of pesticides and other hazardous chemicals, and numerous other actions handled under the Agency's Abandoned Barrel - Spills Contract.
6. The Agency has expended \$21.4 Million from the Environmental Response, Compensation and Compliance Fund for the Superfund program administration and site specific response actions.
7. To date, responsible parties have made reimbursements to the state Superfund in the amount of \$5.12 Million for expenses incurred by the Agency in administering the site cleanup activities.
8. The Agency has been involved with 7 major lawsuits related to Superfund activities. These sites included: Ecolotech, Boise-Onan, Reilly Tar, Isanti, Tonka-Woyke, Dakhue Sanitary Landfill, and Freeway Landfill.
9. Significant Agency staff effort has been spent administering the Federal Facility Agreement with the U.S. Army concerning response actions at the Twin Cities Army Ammunition Plant. The Federal Facility Agreement was executed by the Agency Board in July, 1987, and represented a first of its kind in the nation.
10. The Agency Property Transfer program was formally established in 1988 by legislative changes to MERLA. To date, the Agency has responded to in excess of 1,500 file search requests and provided investigation and/or cleanup assistance at 30 sites.

MAJOR POLICY ISSUES:

1. There are currently 159 hazardous waste sites on the permanent list. The Agency will continue its efforts to identify new hazardous waste sites in the state. By the end of F.Y. 1991, the Agency project that 189 sites will be on the permanent list.
2. MERLA directs the Agency to seek the use of private funds by responsible

parties before expending federal or state dollars for cleanup activities. To meet this mandate, the Agency will continue its emphasis on enforcement to seek responsible parties commitments for the clean up of hazardous waste sites.

3. MERLA has language on the liability of political subdivisions for Superfund actions. The language is unclear, however, regarding the liability cap of political subdivisions that are responsible parties at Superfund sites. Current statutory language provides \$300,000; \$400,000 and \$1.2 Million liability caps. Since the liability cap affects the level of state Superfund dollars versus local government dollars that would be required to address Superfund response actions at government operated or owned landfills, this ambiguity is of concern to counties, municipalities and the Agency. Depending on which liability cap applies, the impact on the Superfund would range from \$1 Million during the next biennium to \$15-60 Million the following biennium. The liability cap issue is proposed for discussion and clarification during the 1989 Legislative Session.
4. Fifty-seven landfills are on the state permanent list. Due to financially incapable owners and liability caps, the Agency projects that nearly \$4 Million from state Superfund will be spent on landfills during the 1990-1991 biennium. However, landfills are not paying any money into the state Superfund.
5. The Superfund program has matured over the past six years. As a result, the cleanup activities at sites have progressed from investigations into the remedial action phases. Because the major cost of response actions at a site is in the actual implementation of remedial actions, the draw down of the Environmental Response, Compensation and Compliance Fund is accelerating as these response actions are being implemented. Based upon the site cleanup work which is currently underway, it is anticipated that the Environmental Response, Compensation and Compliance Fund will be depleted by the middle of F.Y. 1990.

EXPLANATION OF BUDGET REQUEST:

One CHANGE request is requested in this activity:

1. Superfund Site Response. \$8.5 Million is requested for the Environmental Response, Compensation and Compliance Fund for the biennium. If \$2.4 Million is not added in F.Y. 1990 and \$6.1 Million in F.Y. 1991, response actions will not move forward at 23 government-financed sites. In some cases, these State dollars would be used as the 10% match needed to secure federal Superfund monies for final response action. Without the additional appropriation, the Agency estimates that it will not be able to secure \$33 Million in federal Superfund monies for response actions. In addition, with the depletion of the Environmental Response, Compensation and Compliance Fund, Agency enforcement and oversight of cleanup activities at responsible parties sites would be severely curtailed.

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

AGENCY : POLLUTION CNTRL AGENCY
PROGRAM : GROUND WATER & SOLID WASTE POLLUTION CONTROL
BUDGET ACTIVITY : GROUNDWATER AND SITE RESPONSE

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	1,302	1,676	2,206	0	2,206	2,206	2,206	0	2,206	2,206
EXPENSES/CONTRACTUAL SRVCS	2,439	10,711	16,252	2,400	18,652	18,652	14,037	6,100	20,137	20,137
MISC OPERATING EXPENSES	105	139	139	0	139	139	139	0	139	139
SUPPLIES/MATERIALS/PARTS	59	55	55	0	55	55	55	0	55	55
CAPITAL EQUIPMENT	27	62	62	0	62	62	62	0	62	62
STATE OPERATIONS	3,932	12,643	18,714	2,400	21,114	21,114	16,499	6,100	22,599	22,599
LOCAL ASSISTANCE	82	50	50	0	50	50	50	0	50	50
TOTAL EXPENDITURES	4,014	12,693	18,764	2,400	21,164	21,164	16,549	6,100	22,649	22,649
CHANGE REQUESTS:										
FUND										
B SUPER FUND SITE RESPONSE				0		2,400		0		6,100
B SUPER FUND SITE RESPONSE				2,400		0		6,100		0
TOTAL CHANGE REQUESTS				2,400		2,400		6,100		6,100
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	0	0	0	0	0	2,400	0	0	0	6,100
SP REV DIRECT APPROP	0	0	0	2,400	2,400	0	0	6,100	6,100	0
ENVIRONMENTAL	1,221	1,643	1,669	0	1,669	1,669	1,669	0	1,669	1,669
STATUTORY APPROPRIATIONS:										
FEDERAL	1,203	5,457	11,512	0	11,512	11,512	13,512	0	13,512	13,512
ENVIRONMENTAL	1,590	5,593	5,583	0	5,583	5,583	1,368	0	1,368	1,368
TOTAL FINANCING	4,014	12,693	18,764	2,400	21,164	21,164	16,549	6,100	22,649	22,649
POSITIONS BY FUND:										
FEDERAL	19.0	19.0	28.0	0.0	28.0	28.0	28.0	0.0	28.0	28.0
ENVIRONMENTAL	33.8	33.8	33.8	0.0	33.8	33.8	33.8	0.0	33.8	33.8

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

AGENCY : POLLUTION CNTRL AGENCY
PROGRAM : GROUND WATER & SOLID WASTE POLLUTION CONTROL
BUDGET ACTIVITY : GROUNDWATER AND SITE RESPONSE

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	52.8	52.8	61.8	0.0	61.8	61.8	61.8	0.0	61.8	61.8		

CHANGE REQUEST

____ Agency ____ Program X Activity

1990-91 Biennial Budget

ACTIVITY: GROUND WATER AND SITE RESPONSE

PROGRAM: GROUND WATER AND SOLID WASTE POLLUTION CONTROL

AGENCY: POLLUTION CONTROL

REQUEST TITLE: SUPERFUND SITE RESPONSE

	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
Agency Request				
Special Revenue Fund	\$2,400	-0-	\$6,100	-0-

For transfer to the Minnesota Environmental Response and Compensation Fund

Governor's Recommendation

General Fund	\$2,400	-0-	\$6,100	-0-
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Request requires statutory change: X Yes ____ No

Statutes Affected: Funding for this request will be included in a comprehensive environmental initiative.

STATEMENT OR REQUEST/OBJECTIVE:

The agency requests that \$8.5 million be transferred into the Minnesota Environmental Response Compensation and Compliance Fund (state Superfund) in order to clean up sites contaminated by hazardous substances. The objective is to ensure that clean up activities which have been initiated in the past will be completed and appropriate actions at new sites will be undertaken.

DESCRIPTION/BACKGROUND:

The agency will have initiated 122 Response Actions by the end of F.Y. 1989. By the end of F.Y. 1989, agency staff will have negotiated consent orders or tracked Requests for Response Actions for 85 sites (which represent an estimated responsible party commitment in excess of \$170 million private funds), been involved in lawsuits on seven sites, secured \$23.5 million in federal Superfund monies, and initiated Response Actions at 37 sites.

By the end of F.Y. 1991, Response Actions will be underway at 53 sites using federal and state Superfund money. Twenty-five of those sites will be in the remedial action or cleanup phase by the end of F.Y. 1991. At least one-half of these sites will use 90% federal funding. However, the 10% state match requirements, and in other cases 100% state financed actions (i.e., where a site does not score high enough to be included in the National Priorities List), will create a shortfall by mid F.Y. 1990 in the state Superfund.

Landfills are becoming increasingly important within the Superfund program. Fifty-seven landfills are currently listed on the permanent list and that number is expected to increase with time. It is anticipated that significant additional state Superfund monies will be necessary to address these sites. In the 1990-91 biennium, \$3.825 million is projected for Superfund activities at 10 landfills, of which \$2.275 million would be used for 10% state match of

federal money for remedy implementation. The costs to the state Superfund are expected to rise as more landfills progress into the remedial action phase. Fewer landfills will qualify for federal funding support due to not scoring sufficiently high on the federal scoring system. Government-owned landfills have liability caps which shift the burden to the state fund. Calculations for the 1992-93 biennium indicate that nearly \$60 million may be necessary to address activities at just 23 landfills.

STATISTICS:

	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Sites listed on Permanent List of Priorities (cumulative)	139	159	174	189
Sites undergoing Response Action by responsible parties (cumulative)	73	85	99	106
Sites Undergoing Response Action using state or federal Superfund money (cumulative)	31	37	47	53

Without additional funds during the F.Y. 1990-91 biennium, Response Actions will not be initiated at nine sites and on-going Response Actions will cease at 14 other sites.

RATIONALE:

The agency will continue to devote its main effort to negotiating consent orders with responsible parties, under which the responsible parties investigate and clean up sites using their own funds. This emphasis has resulted in roughly \$30 being spent by responsible parties for every Superfund administrative dollar spent. As part of these responsible party activities, the agency will be reimbursed by the responsible parties for past and future costs of agency staff overseeing cleanup activities conducted by the responsible parties. These reimbursements go directly to the state Superfund.

Fund financed Response Actions or cleanups in F.Y. 1989-1990-1991 will result in a shortfall in the state Superfund. The fund is projected to experience a zero balance in mid F.Y. 1990. Response Actions at 23 sites using state and federal monies will come to a halt at that time without an infusion of \$8,500,000.

BASE:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Minnesota Environmental Response Compliance and Compensation Fund	\$ 4,500	\$ 5,900	\$ 2,400	\$ 6,100

LONG RANGE FUNDING IMPLICATIONS:	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
Minnesota Environmental Response Compliance and Compensation Fund	\$ 37,000	\$ 53,000	\$90,000

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request, except that the request be funded from the General Fund.

PROGRAM: HAZARDOUS WASTE POLLUTION CONTROL
Agency: POLLUTION CONTROL

1990-91 Biennial Budget

PROGRAM PURPOSE:

To insure that hazardous wastes and releases from tanks and spills are properly managed through regulatory controls, technical assistance, and public awareness so as to minimize the potential for air, surface water, ground water and land pollution.

This program has two major elements: (1) hazardous waste pollution control, and (2) tanks and spills pollution control. The hazardous waste element provides control over the generation, collection, storage, transportation, processing, treatment, and disposal of hazardous wastes. This element includes an educational program and a collection and disposal program to deal with hazardous wastes from households. It also includes a pilot study to examine ways to address waste pesticides. The tanks and spills element is largely a new program to prevent releases and pollution from tanks via a regulatory program and to bring about cleanup of releases from petroleum storage tanks, transportation and pipeline incidents.

EFFECTIVENESS MEASURES:

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
Enforcement Agreements	9	5	5	5
Administrative Penalty Orders	3	8	12	15
Household Hazardous Waste				
Households Directly Served	1,870	2,500	2,500	2,500
Households Indirectly Served	72,800	183,600	183,600	183,600
Wastes Collected-Drums HW	166	310	310	310
-Gallons Paint/Oil	4,422	8,500	8,500	8,500
Releases from Tanks Identified (cumulative)	526	800	1,200	1,500
Tank Owner and/or Operator Investigations/Cleanups Underway (cumulative)	400	650	1,000	1,200
Fund Financed Investigations/Cleanups Underway (cumulative)	21	40	50	60
Emergency Responses to Tank Releases (annually)	14	20	20	20
Aboveground Tank Facilities Permitted (annually)	27	35	35	35
Property Transfer/Development				
General Inquiries	200	300	400	400
File Searches	50	75	50	50
Cleanup Oversights	50	120	80	70
On-Site Inspections by Regional Staff	75	100	100	100

REVENUE:

This program generates nondedicated revenue from permit fees.

<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>
Nondedicated	\$ 675	\$ 1,109	\$ 1,109	\$ 1,109

OPERATION:

This program encompasses the following operations:

1. Conduct a cradle-to-grave hazardous waste regulatory program through the identification of persons generating hazardous waste; reviewing and acting on generator disclosures regarding the management of hazardous waste; inspecting and taking necessary follow-up actions on generators, transporters, and treatment, storage, and disposal facilities; permitting these same facilities; and providing technical assistance to the public and regulated community.
2. Revise, as appropriate, existing hazardous waste rules, taking into account current technology, economic information, the increased emphasis on ground water protection and environmentally safe hazardous waste management.
3. Conduct a household hazardous waste program by sponsoring collection programs in cooperation with local units of government, establish permanent household hazardous waste collection facilities, develop, and distribute information materials to reduce the amount of this waste, and operate a toll free disposal advice and information hotline.
4. Conduct a used oil program consisting of rule development, education, providing regulatory information and service to generators and the general public, and intra-agency coordination on these issues.
5. Conduct a study to determine the extent of problems that exist with waste pesticides. Define alternative methods of dealing with these problems, and recommend programmatic or legislative initiatives to address these needs.
6. Conduct an underground storage tank inventory, rule writing, surveillance and enforcement program to insure that activities are conducted in compliance with statutory and regulatory requirements.
7. Respond to releases from tanks by working with the tank owner and/or operator and certifying their expenses for reimbursement to the Petro Fund or, if the tank owner and/or operator does not do the work, do the cleanup using Petro Fund.
8. Respond to spills from pipelines and transportation incidents.
9. Respond to requests for property transfer/development assists.
10. Conduct a lead program to determine the extent of lead contamination in the environment, prepare rules and guidance for the public on how to

PROGRAM: HAZARDOUS WASTE POLLUTION CONTROL
(Continuation)
Agency: POLLUTION CONTROL

1990-91 Biennial Budget

address problem areas, develop and disseminate guidance for people who will be working towards elimination of problem areas.

PROGRAM STATISTICS:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Hazardous Waste Permits	9	12	9	10
Hazardous Waste Actions:				
Generators in System	6,500	7,200	7,900	8,600
Manifests Received	85,000	90,000	95,000	100,000
Inspections	312	300	300	300
Complaint Follow-up	175	175	175	175
Technical Assistance	4,000	4,000	4,000	4,000
Notices of Violation	22	10	10	10
Rules Drafted	9	9	9	9
Workshops/Training Sessions	5	20	20	5
Household Hazardous Waste Actions:				
Permanent Collection Sites (Cumulative)	2	4	4	4
One Day Collection Events	10	13	12	12
Tanks:				
Underground Storage Tanks	32,100	33,000	33,600	34,000
Inventoried (cumulative)				
Aboveground Tanks	900	935	970	1,000
Inventoried (cumulative)				
Spills and Releases Reported (annually)	850	850	850	850

ACCOMPLISHMENTS

1. Nine separate amendments to the state's hazardous waste rules were promulgated in F.Y. 1988 to maintain equivalency with the federal regulations. Federal law mandates such equivalency for the state to continue to be authorized to operate its hazardous waste program in lieu of the federal program.
2. The hazardous waste program is continuing to provide education to the regulated community regarding the requirements of the state hazardous waste rules. This has been accomplished by conducting workshops throughout the state and developing fact sheets, video tapes, and a workshop format designed for the small quantity generator. The need for this effort is supported by the increase in requests for assistance on regulatory requirements.
3. A statewide hazardous waste computer tracking system developed in F.Y. 1984-1985 is being utilized. The system allows tracking of hazardous waste manifests and contains generator, transporter and facility background and compliance tracking data and thereby enhances our management capability.

4. A hazardous waste stabilization and containment facility is now being sited by the Environmental Quality Board. The Agency has prepared rules as required by Minn. Stat. 115A.175, subd. 5 which must be followed by those requesting disposal of their wastes at the facility. When the facility begins accepting wastes, the Agency will monitor the facility to assure compliance with state and federal rules.
5. The Agency initiated the Administrative Penalty Order process, in accordance with Minn. Stat. 116.075 (Supp. 1987). Several orders were issued resulting in quick compliance with the hazardous waste rules.
6. The Agency is required to collect fees from hazardous waste generators and facilities to recover part of the state's cost of regulation. In F.Y. 1988 fees total approximately \$700,000. Approximately 99% of fee bills were paid in F.Y. 1988 and F.Y. 1989.
7. The Agency has continued to address the problem of lead contamination in Minnesota. Staff is working with the Minnesota Department of Health to develop a comprehensive detection and abatement program that addresses all sources of lead contamination. The Agency completed soil sampling work in October of 1986. The lead report containing the results of the sampling was submitted to the legislature in June 1987. In our efforts to gather and disseminate information on the issue, the Agency and Department of Health conducted a workshop for state health professionals at which national experts discussed lead paint abatement techniques. The Agency staff is working with the Health Department, and local units of government to develop a comprehensive program to abate lead in the areas identified as problematic.
8. The household hazardous waste program worked with two communities to develop a "model community program" in 1988 to explore the feasibility and success of an ongoing, community-wide household hazardous waste management program, including development of public education materials, a telephone advice system, product exchanges and a collection day in each community. In addition, the first two permanent collection facilities were sited and put into operation, incorporating many of the model communities' program ideas. This program conducted 23 collection projects in counties or municipalities, providing direct service to 4,400 households and indirect service to 256,400 households in the participating communities. A major effort was made to improve and expanding an education program, including development of five information packages for use by local officials, distribution of 10,000 brochures and fact sheets and providing telephone advice to over 4,300 households.
9. The Pesticide Study project succeeded in defining the extent of the waste pesticide problem in Minnesota. This was accomplished through the use of a mail survey to 2,700 pesticide users and handlers and through the establishment of an advisory committee made up of varying representatives of the agricultural community. Five collection projects were held serving 271 farmers using a variety of management techniques including door-to-door collections and various cost sharing scenarios.

10. The Agency, with initial support from the Legislative Commission on Minnesota Resources in 1985 and the passage of the Petro Law in 1987, initiated a petroleum storage tank program which implemented an accelerated process of taking corrective actions at tank release sites.
11. The Agency has nearly completed an inventory of underground storage tanks, having identified more than 33,000 tanks at more than 12,000 facilities.
12. The Agency has certified nearly 40 responsible party tank cleanups to the Petro Board for reimbursement of responsible party costs.
13. Approximately 230 responses to major spills or other emergencies were taken or overseen by the Agency during the biennium, including the Annandale train derailment, Anoka cyanide canisters, St. Cloud pesticide fire and Minneapolis pesticide warehouse.
14. The Agency is involved in rulemaking to address the federal used oil as a fuel requirements. The majority of used oil collected in the state currently is burned as fuel by asphalt plants. The Agency has been conducting outreach activities for marketers and burners concerning these fuel requirements over the past year. The Agency also is providing information to the regulated community and the general public on the requirement for retailers of motor oil to post signs indicating a used oil collection location, and the prohibition on land disposal of used oil (including road oiling). The Agency co-chairs a work group comprised of state agencies and representatives of industry that has been attempting for the past two years to identify solutions to problems and ways to expand end-use markets and used oil recycling.
15. The Agency has conducted an outreach program to deal with lead-acid batteries. Guidelines on how to manage used batteries have been developed and distributed, a brochure has been sent to retailers and wholesalers, articles have appeared in the Agency's "Generator News," and a press release has been distributed to state newspapers. Information has been presented to generators at hazardous waste workshops around the state, and a list of qualified haulers have been developed.

MAJOR ISSUES

1. The number of hazardous waste handlers in the state remains far in excess of the staff capability to conduct frequent inspections. In fact, the number of handlers identified as having filed a disclosure of hazardous waste activity, approximately 6,500, represents a small fraction of the 20,000 potential handlers identified through various state industrial indexes. In order to gain compliance, the initial emphasis of our contacts is on information and assistance. Many of our materials and forms have been designed or tailored specifically for small generators and workshops are being held. Special efforts and additional resources are needed to provide hazardous waste management information to generators, get generators into the system, and to provide for adequate oversight of hazardous waste management throughout the state.
2. The federal Hazardous and Solid Waste Amendments of 1984 require all hazardous waste facilities to commit to correct contamination from releases of hazardous substances before they can close or receive a permit. These corrective actions are implemented under joint permitting procedures currently being developed by Agency and the U.S. Environmental Protection Agency. These activities are very resource intensive as they usually require ground water monitoring and cleanup.
3. The Agency began implementing the household hazardous waste program in F.Y. 1988 and F.Y. 1989. This program has received wide public support and the requests for assistance far outstep the current capability. The program needs to be expanded to serve more people. A stable funding source for this program must be found.
4. Although much work has been done on used oil, much more needs to be done to develop an economical and environmentally safe program to ensure proper management of used oil.
5. The Agency has been striving to formulate a comprehensive lead detection and abatement program in cooperation with the Health Department. The multiple sources of lead in the environment and the many controversial issues associated with its detection and abatement have caused this to be a lengthy process. A program is needed to address lead in the environment.
6. Pesticide waste storage and disposal have presented major environmental threats and actual damage. The Agency pesticide pilot study has demonstrated the need to establish a permanent program to try to deal with the complex problems associated with this issue, without causing a major financial impact upon the farming community. A funding source for this program will be required. A legislative initiative to address this issue will be proposed.
7. The number of discovered leaks from tanks has been growing at a phenomenal rate (approximately 800 in a new program begun July 1, 1987). If 10% of the currently inventoried 32,000 underground tanks are leaking, this number could grow to 3,200. We believe this is a conservative number based on information from the national level. Current Agency staffing is inadequate to allow movement on all sites with willing tank owners/operators and certification of their cleanup to tie Petro Fund for reimbursement of their expenses.
8. Tank owners and/or operators often claim that they are unable to afford tank cleanups either because they just cannot afford it, or because they have a cash flow problem. The cash flow problem could possibly be solved by amendment of the Petro Law and/or working with the banking community. The Agency is working to address this issue. The Agency has also obtained a federal grant to help determine when businesses can or cannot afford to cleanup while allowing them to stay in business.
9. There are, by industry experts' estimates, approximately 2,000 to 3,000

PROGRAM: HAZARDOUS WASTE POLLUTION CONTROL
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aboveground tank facilities in Minnesota with one to many tanks at each facility. Less than 1,000 of these facilities are permitted. These tanks are known to cause pollution of surface and ground water and sometimes catastrophic spills (recent Pittsburgh incident). The Agency would like to develop an effective aboveground tank program to inventory, inspect, permit and cleanup releases of aboveground tanks.

10. Property transfers and developments at tank sites are increasingly being required by buyers and mortgagors to be accompanied by environmental assessments and cleanups. These sites are, of course, high priorities for buyers and sellers, requiring quick turnaround times. Property transfers have already begun to conflict with the demands upon our limited resources to oversee and certify responsible party and environmentally driven cleanups.
11. Medical waste management is becoming a big issue. The utilization of Refuse Derived Fuel facilities has led to more direct handling of wastes which has led to worker concern. Additionally, several cases in the country and in Minnesota have shown that a medical waste management program is needed to ensure that medical wastes are properly disposed of.

BUDGET ISSUE:

In recent years, the concern over environmental protection, particularly ground water protection, has dramatically increased. During this same period, increasing instances of ground water contamination have been identified. Many of these situations have occurred as a result of the mismanagement of hazardous waste, hazardous substances, and leaking petroleum storage tanks. If future occurrences such as these are to be minimized or eliminated, hazardous waste and storage tank regulatory programs must be in place which allow for all segments of these activities to be regulated. Additional staff resources will allow for more timely responses to the hazardous waste and storage tank activities. It will also allow for more effective planning and implementation to occur through increased efforts being devoted to storage tank installation standards, hazardous waste management, and compliance monitoring and permitting. These efforts are preventative in nature, taken to minimize effects on human health and the environment and preclude additional demands on the federal and state Superfunds and petroleum release response funds.

The household hazardous waste and waste pesticide programs need to be adequately funded from a stable source. The demand for these programs has been clearly made by the public, and expanded programs are necessary to deal with these ongoing issues.

EXPLANATION OF BUDGET REQUEST:

This request provides for the ongoing support of the various hazardous waste and tanks related activities of the Agency. The 5 requested CHANGE request items with associated funding and positions are:

1. Hazardous Waste Program Implementation. \$549,000 and 10.0 positions for F.Y. 1990 and \$569,000 and 11.0 positions for F.Y. 1991 to provide addi-

tional services regarding hazardous waste.

2. Medical Waste Management. \$150,000 and 2.0 positions for F.Y. 1990 and \$277,000 and 4.0 positions for F.Y. 1991 to develop and implement a comprehensive medical waste management program.
3. Household Hazardous Waste Program. \$269,000 and 3.0 positions for F.Y. 1990 and \$424,000 and 3.0 positions for F.Y. 1991 to expand and improve the household hazardous waste program.
4. Tanks and Spills Program. \$583,000 and 11.0 positions for F.Y. 1990 and \$590,000 and 12.0 positions for F.Y. 1991 to continue development and implementation of the petroleum tank release and regulatory program.
5. Household Batteries Recycling and Disposal Project. \$40,000 and 1.0 position for F.Y. 1990 and \$50,000 and 1.0 position for F.Y. 1991 to develop and implement a project to examine management options for household batteries.
6. Waste Pesticide and Pesticide Container Management. \$842,000 and 4.0 positions for F.Y. 1990 and \$818,000 and 4.0 positions for F.Y. 1991 to establish and operate a program to collect and properly dispose of waste pesticides.

GOVERNOR'S RECOMMENDATION:

The Governor recommends a biennial increase of \$4,468,000 and 28.0 positions in F.Y. 1990 and 32.0 positions in F.Y. 1991. This is a decrease of \$693,000 from the agency request. 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 : POLLUTION CNTRL AGENCY
PROGRAM : HAZARDOUS WASTE POLLUTION CONTROL
BUDGET ACTIVITY : HAZARDOUS WASTE OPERATIONS

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	2,672	3,312	3,950	927	4,877	4,795	3,950	1,049	4,999	4,917
EXPENSES/CONTRACTUAL SRVCS	1,148	1,361	1,183	837	2,020	1,923	1,183	997	2,180	1,960
MISC OPERATING EXPENSES	136	139	195	155	350	345	202	167	369	362
SUPPLIES/MATERIALS/PARTS	88	214	213	53	266	263	213	41	254	251
CAPITAL EQUIPMENT	174	82	73	88	161	159	73	29	102	100
REDISTRIBUTIONS	0	1	1	323	324	294	1	365	366	336
STATE OPERATIONS	4,218	5,109	5,615	2,383	7,998	7,779	5,622	2,648	8,270	7,926
LOCAL ASSISTANCE	16	135	50	50	100	50	50	80	130	50
TOTAL EXPENDITURES	4,234	5,244	5,665	2,433	8,098	7,829	5,672	2,728	8,400	7,976
CHANGE REQUESTS:										
FUND										
A FUNDING SHIFTS TO GENERAL FUND GEN				0		445		0		445
A FUNDING SHIFTS TO GENERAL FUND PHLT				0		<142>		0		<142>
A FUNDING SHIFTS TO GENERAL FUND WPC				0		<303>		0		<303>
B LCMR HOUSEHOLD BATTERIES RECYCLE MNRS				40		40		50		50
B HAZ WST PROG IMPLEMENTATION DAS				549		549		569		569
B TANKS AND SPILLS PROGRAM DAS				52		52		52		52
B TANKS AND SPILLS PROGRAM PETC				531		531		538		538
B MEDICAL WASTE DAS				150		150		277		277
B HOUSEHOLD HAZARDOUS WASTE DAS				269		0		424		0
B WASTE PESTICIDE & PESTICIDE CONTAINER DAS MGMT				842		842		818		818
TOTAL CHANGE REQUESTS				2,433		2,164		2,728		2,304
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	677	841	784	0	784	1,229	784	0	784	1,229
SP REV DIRECT APPROP	673	703	715	1,862	2,577	2,308	715	2,140	2,855	2,431

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : POLLUTION CNTRL AGENCY
PROGRAM : HAZARDOUS WASTE POLLUTION CONTROL
BUDGET ACTIVITY : HAZARDOUS WASTE OPERATIONS

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	
MN RESOURCES	0	0	0	40	40	40	0	50	50	50
PUBLIC HEALTH	135	139	142	0	142	0	142	0	142	0
PETRO CLEANUP	630	768	775	531	1,306	1,306	775	538	1,313	1,313
MOTOR VEHICLE TRANS	34	119	121	0	121	121	121	0	121	121
WATER POLLUTION CNTRL	0	0	303	0	303	0	303	0	303	0
STATUTORY APPROPRIATIONS:										
SPECIAL REVENUE	226	553	28	0	28	28	28	0	28	28
FEDERAL	1,859	2,121	2,797	0	2,797	2,797	2,804	0	2,804	2,804
TOTAL FINANCING	4,234	5,244	5,665	2,433	8,098	7,829	5,672	2,728	8,400	7,976
POSITIONS BY FUND:										
GENERAL	16.0	16.0	16.0	0.0	16.0	22.0	16.0	0.0	16.0	22.0
SP REV DIRECT APPROP	21.0	21.0	18.0	20.0	38.0	35.0	18.0	23.0	41.0	38.0
MN RESOURCES	0.0	0.0	0.0	1.0	1.0	1.0	0.0	1.0	1.0	1.0
PUBLIC HEALTH	3.0	3.0	3.0	0.0	3.0	0.0	3.0	0.0	3.0	0.0
PETRO CLEANUP	8.0	9.0	9.0	10.0	19.0	19.0	9.0	11.0	20.0	20.0
SPECIAL REVENUE	4.0	4.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FEDERAL	53.0	53.0	65.0	0.0	65.0	65.0	65.0	0.0	65.0	65.0
MOTOR VEHICLE TRANS	2.0	3.0	3.0	0.0	3.0	3.0	3.0	0.0	3.0	3.0
WATER POLLUTION CNTRL	0.0	0.0	3.0	0.0	3.0	0.0	3.0	0.0	3.0	0.0
TOTAL POSITIONS	107.0	109.0	117.0	31.0	148.0	145.0	117.0	35.0	152.0	149.0

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

ACTIVITY: HAZARDOUS WASTE OPERATIONS
 PROGRAM: HAZARDOUS WASTE POLLUTION CONTROL
 AGENCY: POLLUTION CONTROL

REQUEST TITLE: HOUSEHOLD BATTERIES RECYCLING AND DISPOSAL PROJECT

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
Minnesota Resources Fund	\$ 40	1.0	\$ 50	1.0
Governor's Recommendation				
Minnesota Resources Fund	\$ 40	1.0	\$ 50	1.0

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

STATEMENT OR REQUEST/OBJECTIVE:

This request has been approved by the Legislative Commission on Minnesota Resources. The Agency requests the above funds and position to develop and implement a project to examine possible management options for household batteries. The project will involve market research, examination of existing options and analysis of the feasibility of deposits or other financial incentives. The project will also develop voluntary collection systems in certain areas, utilizing retail outlets for collection sites and recycling the batteries. Depending on what other management schemes are feasible, additional demonstration projects will also be set up. Widespread education of the public about the costs and benefits of source separation of toxic materials will be heavily emphasized. As a result of the research and demonstration projects, legislative recommendations will be developed as appropriate.

DESCRIPTION/BACKGROUND:

Household batteries contain a number of toxic metals, including mercury, nickel, cadmium, lithium and lead. Automotive batteries have an existing collection/recycling system, but it can be fragile, dependent on market forces. Other batteries are traditionally disposed of in landfills or other solid waste facilities.

Each year about 400,000 lead/acid batteries are disposed of improperly, representing 3,700 tons of lead into the solid waste stream. In addition, according to the National Electric Manufacturers Association, 32 million household batteries (all those except lead/acid batteries) are disposed of each year in Minnesota. However, the main reason why household batteries are a subject of concern is because of the increasing amount of solid waste that is incinerated. The elevated metals content of the emissions and ash from these incinerators, especially the higher concentrations of lead, mercury or cadmium, can cause problems.

Disposal of batteries in landfills, their presence in composting facilities

or, especially for lead/acid batteries, illegal dumping, are also environmental hazards associated with the improper disposal of household batteries.

While spent lead/acid batteries already have an existing, successful recycling network, this needs to be utilized and promoted as much as possible. Button batteries and rechargeable batteries are also recyclable. The problem is a lack of any system to collect and transport them.

The project would occur in several phases. First, the research phase, during which the staff person will identify which batteries are of greatest concern and need to be collected, examine the collection methods of existing programs nationally and internationally, and determine what markets currently exist for the targeted batteries. During this phase, the staff person will also determine what management standards should apply at the collection sites and during storage and transportation. During the second phase, communities which are interested in participating in a collection project will be contacted by the staff person, collection sites will be located and organizational systems will be set up. Communities in which solid waste incinerators are either presently in operation or on line will be targeted. Finally, the results of the demonstration project will be disseminated to other communities around the state and the country, and the benefits of the project discussed. During all these phases, public education efforts will be made to increase public awareness as defined in the project objectives.

RATIONALE:

In the past, landfilling of household batteries has contributed to the toxicity of the resulting leachate and the ground water contamination that it engenders. The toxic metals can also enter the environment and affect human health by contaminating compost, incinerator emissions or incinerator ash.

Separation and recycling of these batteries is a prudent and feasible conservation of resources. A recent study has determined that 50% of the mercury consumed in the United States is used in disposable batteries. Furthermore, while just 22% of the cadmium consumed is used in batteries, the remaining 78% is unrecoverable, being used in sources such as metal parts coatings.

Through a combination of effective education and convenient collection centers, this project will attempt to demonstrate that significant reduction of metals in the waste stream is possible. It will also explore a variety of other management options and provide valuable information for developing legislative strategies.

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: HAZARDOUS WASTE OPERATIONS
 PROGRAM: HAZARDOUS WASTE POLLUTION CONTROL
 AGENCY: POLLUTION CONTROL

REQUEST TITLE: HAZARDOUS WASTE PROGRAM IMPLEMENTATION

	F.Y. 1990		F.Y. 1991	
	(000's)		(000's)	
Agency Request	Amount	Positions	Amount	Positions
Special Revenue Fund (Fees)	\$ 549	10.0	\$ 569	11.0

Governor's Recommendation

Special Revenue Fund (Fees)	\$ 549	10.0	\$ 569	11.0
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Request requires statutory change: _____ Yes X No
 Statutes Affected:

STATEMENT OR REQUEST/OBJECTIVE:

The Agency requests the above funds and positions to provide more timely response to clientele, assure compliance, provide timely review of management plans, assure prompt investigation of citizen complaints, maintain an outreach program, improve hazardous waste tracking and inspection capabilities, and provide training to regulatory staff.

DESCRIPTION/BACKGROUND:

The Agency has an ongoing program to implement hazardous waste program requirements. For all generators who have properly notified the state about their wastes, the state reviews management plans annually. One-on-one assistance is provided to those generators who do not fully understand the hazardous waste rules. The state has an ongoing program to identify generators. A large number of generators have not notified the state as required, and are most likely not managing their wastes properly. Working with these generators, mostly small businesses, is time-intensive, but extremely beneficial to the preservation of the state's environmental quality through improved management of hazardous waste. Because the hazardous waste management system is extensive and complex, training for staff must occur. Congress provided funding to 14 states to develop a permanent, institutionalized training program for hazardous waste personnel. The Agency in cooperation with the Minnesota Technical Assistance Program, was awarded 1 of the grants in September, 1988. When the program ends (1990), a formal training program will be in place.

STATISTICS:

	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Generators in System (cumulative)	6,500	7,200	7,900	8,600
Management Plans Reviewed	300	300	500	750
Technical Assistance	4,000	4,000	5,000	6,000
Workshop/Training Sessions Held	5	20	20	20
Inspections	312	300	325	325

RATIONALE:

To reach the large number of generators who have not disclosed (10,000 to 15,000), and inform them about program requirements, a generator outreach program is essential. The Agency is using a combination of federal and state funds for this activity. Future federal funding is not expected.

The universe of hazardous waste generators has steadily increased. Agency staff review and approve hazardous waste management plans submitted by these generators. In order to continue to provide timely review of these plans, the Agency must increase its efforts in this area. As the number of generators increase, larger quantities of wastes are shipped. Manifests (shipping papers) that follow the wastes are used by the Agency and other entities to track the wastes, and keep track of volumes, types and disposal methods. In the past 2 years, the number of manifests received has more than doubled to approximately 90,000 per year. The Agency is making improvements to track these manifests, but additional resources are required.

Citizen complaints have doubled since 1984. To remain responsive, the Agency must provide resources to follow up. Complaint investigation is a priority because investigations have led to the discovery of waste mismanagement. Hazardous waste program requirements have become increasingly complex. Greater effort is needed to verify compliance and quickly respond to compliance issues. With the increasing costs of compliance, the incentives to mismanage hazardous waste are greater. There has been an increase in violations throughout the country. To prevent mismanagement, an on-site presence must be maintained and generators must be identified, monitored and violations corrected as they occur. Existing resources do not allow the Agency to be responsive in this area.

Congress provided seed money to get Minnesota started in the area of ongoing training. It is essential that this program continues so that all regulatory personnel in the state can keep current on hazardous waste management requirements. A Training Coordinator is being sought for the second year.

	(Dollars in Thousands)			
BASE:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General Fund Expenditures	\$ 599	\$ 547	\$ 566	\$ 566
General Fund Positions	14.0	13.0	13.0	13.0
Special Revenue Expenditures	\$ 673	\$ 703	\$ 703	\$ 703
Special Revenue Positions	18.0	18.0	18.0	18.0
Federal Expenditures	\$ 897	\$ 810	\$ 869	\$ 869
Federal Positions	31.0	29.0	28.0	28.0
Motor Vehicle Transfer	\$ 34	\$ 119	\$ 119	\$ 119
Motor Vehicle Fund Positions	2.0	3.0	3.0	3.0

	(Dollars in Thousands)		
LONG RANGE FUNDING IMPLICATIONS:	F.Y. 1992	F.Y. 1993	Total
Special Revenue Fund	\$ 569	\$ 569	\$ 1,138
Special Revenue Positions	11.0	11.0	11.0

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

CHANGE REQUEST

_____ Agency _____ Program X Activity

1990-91 Biennial Budget**ACTIVITY:** HAZARDOUS WASTE OPERATIONS**PROGRAM:** HAZARDOUS WASTE POLLUTION CONTROL**AGENCY:** POLLUTION CONTROL**REQUEST TITLE:** TANKS AND SPILLS PROGRAM

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
Special Revenue (Fees)	\$ 52	1.0	\$ 52	1.0
Petro Fund	531	10.0	538	11.0
Governor's Recommendation:				
Special Revenue (Fees)	\$ 52	1.0	\$ 52	1.0
Petro Fund	531	10.0	538	11.0

Request requires statutory change: X Yes _____ No**Statutes Affected:** M.S. 115C.03 dedicated fund for property transfer file search fees.**STATEMENT OR REQUEST/OBJECTIVE:**

The Agency requests the above funds and positions to continue development and implementation of the petroleum tank release response and regulatory program. The objective is to prevent releases from aboveground and underground tanks and to respond to releases, to oversee tank owner/operator cleanups and certify their expenses for reimbursement from the Petro Fund, and to assist in property transfer and development.

DESCRIPTION/BACKGROUND:

The 1987 Minnesota Legislature initiated the Petroleum Tank Release Cleanup Act (Petro Act). The resulting underground storage tank program inventories tanks, prevents releases from them by development of a regulatory program, and does cleanup or oversees tank owner/operator cleanup. The Agency has an extremely limited program to deal with aboveground tanks which needs to be expanded.

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

Aboveground Tank Facilities (1 facility = 1 to 100 tanks)				
Inventoried/Notified	34	50	500	1,800
Permitted	27	35	100	200
Inspected	6	12	150	250
Cleaned Up	0	0	6	12
Property Transfer/Development Assistance				
General Inquiries	200	300	400	400
File Searches	50	75	100	100
Cleanup Oversight	50	120	150	150
On-Site Inspections by Regional Staff	75	100	800	800

RATIONALE:

Funding is needed for 6 staff to inventory, and regulate aboveground tanks, as well as to oversee cleanup of aboveground tanks that have had releases. There are no full time staff assigned to work toward preventing potential catastrophic tank breakups as occurred in Pittsburgh recently or, releases from huge tanks which can result in feet of product on the ground water table. Although approximately 900 of the 2,000 to 3,000 aboveground tank facilities are regulated, most have never been inspected. Problems that have already occurred in Minnesota include aboveground tank fires, major leaks at tanks and initiation of construction of a 27,000,000 gallon tank farm addition without Agency approval.

Additional support is needed to help private parties and local governments in the transfer and development of businesses and sites with tanks. New owners and mortgage companies are increasingly requiring file searches and field investigations of tank sites before purchase. These demands upon the Agency staff prevent work on higher priority site cleanup, and certification of tank owner/operator cleanup expenses for reimbursement from the Petro Fund.

Additional support in the 5 Agency regional offices is necessary to inspect tank installations and removals, releases and cleanups. These staff would have a significant impact in preventing releases, as well as assuring adequate cleanups and to certify tank owner/operator expenses for reimbursement at the 32,000 underground storage tanks.

Without these CHANGE levels, the Agency will not be able to develop an effective aboveground tank program and prevent the major resulting environmental and public health problems, and owner/operator cleanups and reimbursements will be delayed.

BASE:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Petro Fund Expenditures	\$ 386	\$ 397	\$ 397	\$ 397
Petro Fund Positions	8.0	9.0	9.0	9.0

LONG RANGE FUNDING IMPLICATIONS:	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
Petro Fund Expenditures	\$ 538	\$ 538	\$ 1,076
Petro Fund Positions	11.0	11.0	11.0
Special Revenue Fund Expend.	\$ 52	\$ 52	\$ 104
Special Revenue 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: HAZARDOUS WASTE OPERATIONS
PROGRAM: HAZARDOUS WASTE POLLUTION CONTROL
AGENCY: POLLUTION CONTROL

REQUEST TITLE: MEDICAL WASTE MANAGEMENT

	F.Y. 1990 (000's)		F.Y. 1991 (000's)	
Agency Request	Amount	Positions	Amount	Positions
Special Revenue Fund (Fees)	\$ 150	2.0	\$ 277	4.0
Governor's Recommendation				
Special Revenue Fund (Fees)	\$ 150	2.0	\$ 277	4.0

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

STATEMENT OR REQUEST/OBJECTIVE:

The Agency request funds and positions to develop and implement a comprehensive program that will result in proper medical waste management. This will reduce occupational and environmental risks that are present from mismanagement of this waste.

DESCRIPTION/BACKGROUND:

There are an estimated 10,000 generators of medical waste in Minnesota. The medical industry has developed management programs to reduce internal occupational exposure to workers, resulting in an increase of the quantity of materials that need to be managed. A heightened concern by the medical industry regarding occupational exposure to medical wastes has raised concern among solid waste management personnel and the general public for proper management of the material. Recent incidents on the east coast include medical materials being washed up on shore, abandoned semitrailers containing medical waste and illegal dumping. These illegal activities are spurred on by the increased cost for proper management. In Minnesota, improper management incidents have occurred, and the potential exists for serious worker illness as more personal contact with medical waste occurs. This personal contact results from operation of hand sorting facilities and during repair of mechanical processing equipment. Waste handling persons have been stuck by needles, blood has splattered on personnel, and a recently closed medical waste recycling activity in Alexandria all give rise to the conclusion that a comprehensive program is needed.

RATIONALE:

The Attorney General's Office in consultation with the Agency, Minnesota Department of Health, and the regulated community recently completed a report on infectious waste management in Minnesota. The report indicates that regulatory duties of various agencies need to be coordinated better and that a clearer policy direction is needed. The Agency, in cooperation with the

Minnesota Department of Health, proposes to implement a comprehensive program that will establish this policy direction. The elements of the program will include education/training of generators, transporters, and management facility personnel; establishment of rules for generators, transporters, and facilities; development of an inventory and tracking system; and enforcement of standards to protect the public health and environment. A report on infectious waste issues by the Council of State Governments in early 1988 indicates that 88% of the states will soon have comprehensive programs. Without these additional resources, the Agency will not be able to develop and implement a comprehensive and coordinated medical waste program that would be necessary to prevent future medical waste management problems.

	(Dollars in Thousands)		
LONG RANGE FUNDING IMPLICATIONS:	F.Y. 1992	F.Y. 1993	Total
Special Revenue Fund Expenditures	\$ 277	\$ 277	\$ 554
Special Revenue Positions	4.0	4.0	4.0

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

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

ACTIVITY: HAZARDOUS WASTE OPERATIONS
PROGRAM: HAZARDOUS WASTE PROGRAM
AGENCY: POLLUTION CONTROL

REQUEST TITLE: HOUSEHOLD HAZARDOUS WASTE PROGRAM

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's)		(000's)	
	Amount	Positions	Amount	Positions
Special Revenue Fund	\$ 269	3.0	\$ 424	3.0
Governor's Recommendation				
Special Revenue Fund	\$ -0-	-0-	\$ -0-	-0-

Request requires statutory change: X Yes _____ No
Statutes Affected: Funding for this request will be included in a comprehensive environmental initiative.

STATEMENT OR REQUEST/OBJECTIVE:

The agency is requesting funds and positions to expand and improve the household hazardous waste program, and to provide a stable funding source to maintain the program's commitments to local communities. The goal of the household hazardous waste program is to enable every Minnesota citizen to have access to information or services so that they can dispose of the hazardous materials in their homes properly.

DESCRIPTION/BACKGROUND:

The 1987 legislature directed the agency to establish a permanent household hazardous waste program, consisting of 1 day and permanent collection sites, and education and technical assistance regarding proper management of household hazardous waste. The 1 day and permanent collection sites have emphasized local community involvement, with participating communities paying 50% of the disposal and staffing costs and 100% of the publicity and collection facility siting costs. Permanent collection sites have provided a wide range of services to the participating counties, including an education program, a local telephone hotline, and ongoing collection of household hazardous waste.

The program seeks to minimize costs by educating citizens about inexpensive and practical disposal alternatives. A vital element of the education program has been the development of a statewide, tollfree telephone advice system. In addition to the advice given by agency staff in 1988, 50 professional staff in regional and county offices have also been trained to respond to such calls.

STATISTICS:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
One Day Collections				
Number of events	10	13	18	18
Households served	1,870	2,500	3,600	3,600
Permanent collection sites				
Number of locations (cumulative)	2	4	6	8

STATISTICS: (Contd.)	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Number of households serviced	72,800	183,600	241,500	355,000
Volume of waste collected				
Drums of waste collected	166	310	500	540
Gallons paint and oil recycled	4,422	8,500	11,500	12,500
Telephone calls responded to	1,840	2,500	3,000	3,000

RATIONALE:

Minnesota is facing a crisis with solid waste. If citizens are to be able to rely on landfills and incinerators for disposal, toxicity of the waste streams must be reduced as much as feasible. The household hazardous waste program is an investment in prevention. The responsibility lies jointly with the state and the local units of government; therefore, costs are split 50/50. Ultimately, the responsibility lies with the average citizen, and therefore, the program's emphasis is on education and waste reduction techniques. Despite such efforts it is inevitable that historic accumulations of waste will result in households having hazardous waste to dispose. Costs have been minimized as much as possible through local cost sharing and waste reduction efforts. With hazardous waste disposal prices averaging \$350 per drum, a certain expenditure level is unavoidable. Reasonably convenient and accessible services are necessary to prevent these household hazardous waste from ending up in landfills and incinerators.

At BASE level the current program cannot achieve the objective of widespread access to information and collection services. Existing staff cannot meet the present demand for public education activities, collection projects, or ongoing programs. Lack of staff has severely impinged on the program's ability to maintain contact with interested past collection communities. Lack of funds has required the program to limit itself to smaller population centers, virtually ignoring major towns and cities. The public has expressed a great demand for this program to date and we believe that expansion is necessary to provide the requested service.

BASE:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Solid Waste Account Expend	\$ 216	\$ 300	\$ -0-	\$ -0-
Solid Waste Account Positions	3.0	3.0	-0-	-0-
Water Pollution Control Fund	\$ -0-	\$ -0-	\$ 303	\$ 303
Water Pollution Control Positions	-0-	-0-	3.0	3.0
General Fund	\$ -0-	\$ 100	\$ 50	\$ 50
General Fund Positions	-0-	-0-	-0-	-0-

LONG RANGE FUNDING IMPLICATIONS:	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
Special Revenue Fund	\$ 450	\$ 500	\$ 950
Special Revenue Fund Positions	3.0	3.0	3.0

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: HAZARDOUS WASTE OPERATIONS
PROGRAM: HAZARDOUS WASTE POLLUTION CONTROL
AGENCY: POLLUTION CONTROL

REQUEST TITLE: WASTE PESTICIDE COLLECTION PROGRAM

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
Special Revenue Fund (Fee)	\$ 842	4.0	\$ 818	4.0

Governor's Recommendation

Special Revenue Fund (Fee)	\$ 842	4.0	\$ 818	4.0
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Request requires statutory change: X Yes _____ No
Statutes Affected: 1987 Minn. Laws ch. 348, Sec. 48

STATEMENT OF REQUEST/OBJECTIVE:

This request will implement recommendations developed during the Waste Pesticide Collection Pilot Project authorized by the 1987 state legislature and conducted by the agency.

Based on the findings of this project, the agency requests authorization to establish and operate a program to collect and properly dispose of waste pesticides.

DESCRIPTION/BACKGROUND:

The widespread usage of pesticides by farmers and other pesticide users has resulted in a problem of how to safely dispose of excess, surplus, and unwanted pesticides. The disposal options available are severely limited by both legal and environmental constraints. Currently, when a pesticide cannot be used according to label directions, the disposal options include: (1) ship out-of-state for disposal at a licensed hazardous waste facility; or (2) store indefinitely.

The waste pesticide pilot project revealed that 29% of Minnesota farmers and 23% of other types of pesticide users have waste pesticide in storage. Based on the average quantities received at the 5 waste pesticide collections held in Minnesota under this project, the backlog of waste pesticides in Minnesota is estimated at 1,200,000 pounds of solids and 280,000 gallons of liquid.

The pilot project determined that a certain volume of the waste pesticides in storage (approximately 12.5%) must be managed as hazardous waste through collection and disposal out-of-state at a licensed hazardous waste facility. Such wastes consist mostly of banned/canceled/suspended products with no eventual use in Minnesota. These products, if left alone, will remain for an

indefinite period of time in barns and other structures in deteriorating containers with an ever increasing potential of being released into the environment.

STATISTICS:

	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
No. of counties serviced with pesticide management project	5	2	13	22
Gallons waste pesticides collected/managed	1,800	722	5,250	8,750
Pounds of waste pesticides collected/managed	7,783	3,120	22,500	37,500

RATIONALE:

The problems associated with the proper management of waste pesticides are not going to go away. Each year disposal restrictions, based on pollution concerns, become more and more stringent. The options open to the pesticide users are decreasing. Off-site removal and disposal is prohibitively expensive, given the economies of scale and typically large geographic spread. In such a situation, the only resource for the farmer is unlimited storage, so that containers continue to deteriorate and leak, are abandoned in off-site buildings or dumps, or burned in uncontrolled conditions. A comprehensive system to develop the most appropriate management methods and implement them will prevent intentional and unintentional environmental releases.

BASE:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Solid Waste Account Expenditures	\$ 146	\$ 70	\$ -0-	\$ -0-
Solid Waste Account Position	1.0	1.0	1.0	1.0

LONG RANGE IMPLICATIONS:	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
Special Revenue	\$ 850	\$ 900	\$ 1,750

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

PROGRAM: REGIONAL SUPPORT
Agency: POLLUTION CONTROL AGENCY

1990-91 Biennial Budget

PROGRAM PURPOSE:

The 5 regional offices of the agency provide liaison activities between local government units and central office staff, technical assistance to local units of government and provide local contact personnel for citizens concerned about pollution problems. This program provides a service to the central office by scheduled surveillance of permitted facilities; providing rapid response to spills and emergency episodes and assisting in final resolution; and issuing permits for transfer stations, demolition landfills, and open burning.

OPERATION:

The agency maintains regional offices in Duluth, Brainerd, Detroit Lakes, Marshall and Rochester. The offices serve 2 principal functions. They provide a service to the public by bringing state government to the local setting and they provide a service to the agency in carrying out its programs. As part of the responsibilities, regional staff provide such local service as attending city council and county board meetings to provide technical assistance on environmental issues and to explain agency policies or programs. They negotiate annual work plans with all divisions in the central office to conduct certain program tasks such as inspections, investigations, and spills response. These plans take into consideration agency priorities, regional capabilities and resources, cost and time efficiencies, and the tasks that are most effectively carried out by the regional offices. In addition, the accomplishment of assigned tasks, at times, results in recommending the initiation of administrative and/or formal enforcement action. Regional staff also conduct program activities delegated to them including complaint investigations, special investigations and permit issuance for open burning, demolition landfills and solid waste transfer stations. Numerous appearances and presentations are made to private organizations and schools. This involvement enhances the understanding and acceptance of the agency's programs.

Effectiveness indicators and statistics for F.Y. 1990 and F.Y. 1991 reflect what will be accomplished if the CHANGE levels are approved. If CHANGE levels are not approved work levels will remain at the F.Y. 1988 and F.Y. 1989 level.

<u>EFFECTIVENESS MEASURES:</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
% of municipal wastewater facilities surveyed annually	20	25	40	50
% of complaints investigated within 30 days	40	40	90	90
% of emergency incidents responded to within 4 hours	90	90	90	90

About 10% of complaints received are not pollution control complaints but local jurisdictional disagreements or land use issues involving local zoning.

10-15% of the complaints require longer term correction.

<u>STATISTICS:</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
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Water Quality:				
Permitted municipal wastewater treatment facilities	600	605	610	615
Municipal Wastewater treatment plant surveys	150	175	312	390
Survey follow-up with city council	0	25	65	190
Construction grant assistance	3	6	15	15
Operation/Certification asst.	2	5	15	15
Rate structuring asst.	2	6	12	25
Solid Waste:				
Inspections	250	250	375	375
County Permitting Assistance (hours)	2,000	2,000	2,000	2,000
Air Quality:				
Permitted facility inspections	300	300	300	300
Permits Issued:				
Demolition landfills and transfer stations	80	90	100	110
Citizen complaints and concerns (hours)	1,800	1,800	3,800	3,800

EXPLANATION OF BUDGET REQUEST:

This budget request will fund the agency's regional operations, and it will provide base environmental services to local governments, industry and citizens in Greater Minnesota.

In order to meet the growing demand and need for services, the agency requests 2 CHANGE requests with funding and positions for regional support:

1. Complaint Response. \$71,000 and 2.0 positions for F.Y. 1990 and \$71,000 and 2.0 positions for F.Y. 1991 to provide added capability to quickly respond to citizen pollution complaints.
2. Community Assistance. \$189,000 and 5.0 positions for F.Y. 1990 and \$189,000 and 5.0 positions for F.Y. 1991 to provide assistance to communities in regard to their wastewater treatment facilities.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request for the Community Assistance CHANGE request; but for the Complaint Response CHANGE request, the Governor recommends elimination of funding from the Public Health Fund and substitutes \$32,000 in funding from the General Fund rather than from the Water Pollution Control Fund.

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : POLLUTION CNTRL AGENCY
PROGRAM : REGIONAL SUPPORT
BUDGET ACTIVITY : REGIONAL SUPPORT 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	725	722	760	202	962	962	760	202	962	962
EXPENSES/CONTRACTUAL SRVCS	86	76	76	0	76	76	76	0	76	76
MISC OPERATING EXPENSES	108	111	111	41	152	152	111	48	159	159
SUPPLIES/MATERIALS/PARTS	14	12	12	10	22	21	12	10	22	19
CAPITAL EQUIPMENT	4	10	10	7	17	15	10	0	10	10
TOTAL EXPENDITURES	937	931	969	260	1,229	1,226	969	260	1,229	1,226
CHANGE REQUESTS:										
B COMMUNITY ASSISTANCE				189		189		189		189
B REG SUP COMPLAINT RESPONSE				0		16		0		16
B REG SUP COMPLAINT RESPONSE				3		0		3		0
B REG SUP COMPLAINT RESPONSE				9		9		9		9
B REG SUP COMPLAINT RESPONSE				41		41		41		41
B REG SUP COMPLAINT RESPONSE				2		2		2		2
B REG SUP COMPLAINT RESPONSE				16		0		16		0
TOTAL CHANGE REQUESTS				260		257		260		257
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	0	0	0	189	189	205	0	189	189	205
PUBLIC HEALTH	0	0	0	3	3	0	0	3	3	0
PETRO CLEANUP	0	0	0	9	9	9	0	9	9	9
ENVIRONMENTAL	0	0	0	41	41	41	0	41	41	41
MOTOR VEHICLE TRANS	0	0	0	2	2	2	0	2	2	2
WATER POLLUTION CNTRL	0	0	0	16	16	0	0	16	16	0
STATUTORY APPROPRIATIONS:										
SPECIAL REVENUE	0	0	969	0	969	969	969	0	969	969
FEDERAL	937	931	0	0	0	0	0	0	0	0
TOTAL FINANCING	937	931	969	260	1,229	1,226	969	260	1,229	1,226

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : POLLUTION CNTRL AGENCY
PROGRAM : REGIONAL SUPPORT
BUDGET ACTIVITY : REGIONAL SUPPORT OPERATIONS

			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	0.0	0.0	0.0	5.0	5.0	5.0	0.0	5.0	5.0	5.0
SPECIAL REVENUE	0.0	0.0	21.0	2.0	23.0	23.0	21.0	2.0	23.0	23.0
FEDERAL	21.0	21.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL POSITIONS	21.0	21.0	21.0	7.0	28.0	28.0	21.0	7.0	28.0	28.0

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

ACTIVITY: REGIONAL SUPPORT OPERATIONS
 PROGRAM: REGIONAL SUPPORT
 AGENCY: POLLUTION CONTROL

REQUEST TITLE: COMMUNITY ASSISTANCE PROGRAM

Agency Request	F.Y. 1990 (000'S)		F.Y. 1991 (000'S)	
	Amount	Positions	Amount	Positions
General Fund	\$ 189	5.0	\$ 189	5.0
Governor's Recommendation				
General Fund	\$ 189	5.0	\$ 189	5.0

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

STATEMENT OR REQUEST/OBJECTIVE:

The Agency requests the above funding and positions in order to provide direct assistance to communities regarding the funding, construction and operation of their wastewater treatment facilities.

DESCRIPTION/BACKGROUND:

Communities throughout the state are faced with the operation, maintenance, and replacement of wastewater treatment facilities. Each situation presents unique decision making circumstances for local staff and elected officials. Through this program the Agency can provide assistance to these communities in several ways: (1) Annual wastewater treatment plant surveys on each facility in the state followed by personal visits to each council to discuss the status of the facility; (2) On-site short-term operator assistance for minor operational problems and assistance to wastewater operators in attaining certification; (3) Heighten cities' awareness of the operation of wastewater treatment facilities; (4) Provision of a mechanism to enable cities to share information and experiences; (5) Enhancement of financial management capabilities by providing analysis assistance and knowledge of alternative funding sources and methods; (6) Assistance to cities in developing rate structures that include repair and replacement funds; and (7) Establishment of personal contacts with city staff and elected officials so that Agency/city communication is enhanced and a true wastewater partnership is established.

In January 1988, the Agency initiated a pilot project in the Brainerd Regional Office to assist communities with the various stages of funding, construction and operation of wastewater treatment facilities. Local input was sought, received and incorporated into this program at its inception.

STATISTICS:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Permitted municipal facilities	750	756	760	765
Number of surveys	150	175	312	370
Survey follow-up with city councils	0	25	65	190
Construction/grant assistance	3	6	15	15
Operation/certification assistance	2	5	15	15
Rate structuring	2	6	12	25

RATIONALE:

Service to small communities in the form of treatment facility surveys is currently provided on the average of once every five years. Communities, operator organizations and Agency staff feel that better compliance with effluent limits is possible by more frequent surveys, better communication and personal follow-up with city councils. Helping operators become certified and assisting with minor operational problems can also improve effluent quality and improve city/Agency relations. Providing education and assistance to city councils in the form of construction and grant information, wastewater treatment process information and implementing rate structures that include operation maintenance and replacement costs will enable cities to make better decisions on wastewater issues and assume responsible fiscal management of facilities.

BASE:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Federal Indirect (000's)	\$ 12	\$ 25	\$ -0-	\$ -0-

LONG RANGE FUNDING IMPLICATIONS:	F.Y. 1992	F.Y. 1993	Total
General Fund Expenditures	\$ 189	\$ 189	\$ 378
General Fund Positions	5.0	5.0	5.0

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

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

ACTIVITY: REGIONAL SUPPORT OPERATIONS
PROGRAM: REGIONAL SUPPORT
AGENCY: POLLUTION CONTROL

REQUEST TITLE: COMPLAINT RESPONSE

	F.Y. 1990		F.Y. 1991	
	(000's)		(000's)	
Agency Request	Amount	Positions	Amount	Positions
Water Pollution Control Fund	\$ 16		\$ 16	
Motor Vehicle Transfer Fund	2		2	
Petroleum Fund	9		9	
Environmental Response Fund	41		41	
Public Health Fund	3		3	
For transfer to the 20 Fund	71	2.0	71	2.0

Governor's Recommendation

General Fund	\$ 16		\$ 16	
Motor Vehicle Transfer Fund	2		2	
Petroleum Fund	9		9	
Environmental Response Fund	41		41	
For transfer to the 20 Fund	68	2.0	68	2.0

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

STATEMENT OR REQUEST/OBJECTIVE:

The agency requests the above funding and positions in order to provide complaint response capability in its central and northeast regional offices. The objective of this request is to provide timely response to citizen complaints and reports of pollution.

DESCRIPTION/BACKGROUND:

The regional offices located in Duluth, Rochester, Brainerd, Detroit Lakes and Marshall provide first response and assistance to citizens located in each region. In recent years citizen complaints and information regarding pollution have had greater validity. While in the past many of the complaints involved zoning and neighborhood issues, now 90% of the complaints point to pollution problems which the agency is required to investigate and resolve. The public continues to become more environmentally alert, and as a result the agency needs to provide timely response to ensure environmental protection and public health. The northeast and central regional offices experience a larger amount of citizen inquiries than the other regional offices. In the past the regional offices have received staffing assistance through special "Job Service" programs. These programs are no longer readily

available and the agency needs to hire permanent staff to provide these functions.

STATISTICS:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Complaints	322	330	360	380
% responded to within 30 days	40	40	90	90

RATIONALE:

Timely response to persons who are concerned about environmental problems is important. Validity of complaints from an informed citizenry has increased considerably in recent years resulting in increased demand on regional staff time and decreased ability to respond to other agency program needs. Two persons assigned to respond to citizen complaints and concerns about their environment would help correct this situation.

	(Dollars in Thousands)			
BASE:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Federal Indirect	\$ 10	\$ 20	\$ 10	\$ 10

	(Dollars in Thousands)		
LONG RANGE FUNDING IMPLICATIONS:	F.Y. 1992	F.Y. 1993	Total
Water Pollution Control Fund	\$ 16	\$ 16	\$ 32
Motor Vehicle Transfer Fund	2	2	4
Petroleum Fund	9	9	18
Environmental Response Fund	41	41	82
Public Health Fund	3	3	6
20 Fund Positions	2.0	2.0	2.0

GOVERNOR'S RECOMMENDATION:

The Governor recommends the funding as requested except for a biennial reduction of \$6,000. The Governor recommends consolidation of the Water Pollution Control Fund and Public Health Fund with the General Fund and recommends a biennial appropriation of \$32,000 from the General Fund in lieu of the Water Pollution Control Fund. No replacement funding is recommended for the Public Health Fund.

PROGRAM: GENERAL SUPPORT
Agency: POLLUTION CONTROL

1990-91 Biennial Budget

PROGRAM PURPOSE: This program, which includes the 9 member agency citizen board, directs and administers the agency's authorities and responsibilities. This is accomplished by long-range planning and program direction; implementing regulatory policies; making determinations on major environmental issues; interfacing with other units of government, citizen groups and industry; and managing the daily operations of the agency. Day-to-day operations involves: coordinating the efforts of the 4 operating divisions, the Office of Waste Management Grants and Assistance, the Office of Waste Tire Management and the regional offices; disseminating agency information; and directing administrative policies to ensure that available resources are used effectively, that fiscal, safety and personnel requirements are addressed appropriately, and that data processing is managed in a manner which promotes efficiency and meets the analytical, management and reporting needs of the agency. In order to involve an informed public in environmental decisions, emphasis is placed on public information and participation. This program also includes the Agency's responsibilities associated with the Environmental Policy Act and other special issues related to the environment such as low level radioactive waste, and coordination with other state, federal and regional agencies.

OPERATION: This program includes the following operations/units:

1. A 9 member citizen board that determines policy, implements regulatory authorities, and makes determinations on major environmental issues.
2. The Commissioner's Office represents the agency and directs, administers and manages the operations of the agency.
3. The Office of Waste Tire Management which regulates disposition of waste tires and provides technical and grant assistance.
4. An environmental planning and review office that fulfills the agency's responsibilities associated with the Environmental Policy Act and addresses special issues that may have multi-environmental impacts.
5. A public information office that responds to public inquiries, provides news releases, disseminates information materials, conducts public meetings, and provides technical library support to the agency.
6. An office of administration and resource management which is responsible for the personnel, accounting, materials management, safety, data processing and general office functions of the agency.

EFFECTIVENESS MEASURES:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Public inquiries responded to	5,100	6,600	7,400	7,700
% bills paid on time	98.8%	99%	99%	99%
% affirmative action goals met	79%	86%	98%	98%
Federal grants managed	33	35	40	45

ACCOMPLISHMENTS:

1. The agency continued to respond quickly to increased requests for information on a variety of issues including spills, hazardous waste sites, household hazardous waste, solid waste recycling, acid rain, toxic substances, tires and others.
2. The agency more clearly defined its ground water, solid waste and hazardous waste programs by organizing these three functions into the Division of Ground Water and Solid Waste and the Division of Hazardous Waste.
3. The agency established a centralized computer system to promote efficiency in data handling and management information services.

REVENUE: This activity generates nondedicated revenue from penalties, stipulation agreements.

Type of Revenue	(Dollars in Thousands)			
	Actual F.Y. 1988	Estimated F.Y. 1989	Estimated F.Y. 1990	Estimated F.Y. 1991
Nondedicated	\$ 267	\$ 300	\$ 300	\$ 300

BUDGET ISSUES:

1. The General Support program receives a major portion of its funding through the payment of indirect costs from all federal grant awards that are appropriated to the agency. Due to the passage of the Gramm-Rudman Law as well as the ending of certain federal programs, this funding source is expected to decrease, and due to its proportion, it is expected to have a significant impact upon the agency's General Support budget.
2. The general support function is funded through direct appropriations and indirect cost allocations. In the past several years the agency has assumed authority for several programs which are funded through special sources such as the water pollution control fund, the motor vehicle transfer fund, the petroleum fund, the environmental response fund and the health fund. These funding sources have not contributed their fair share toward agency indirect costs, and as a result, the agency has not had the resources necessary to adequately provide general support services. The agency is seeking appropriations from these funding sources through its indirect cost rate in order to have resources to provide catch-up services. In future appropriation requests, the agency will include indirect as part of the request.

EXPLANATION OF THE BUDGET REQUEST: This budget request will fund the general support functions of the agency. Three CHANGE request items are requested for this program:

1. Indirect and Administrative Support. \$878,000 and 13.0 positions for F.Y. 1990 and \$878,000 and 13.0 positions in F.Y. 1991 to provide general services to the agency.
2. Environmental Review. \$92,000 and 2.0 positions in F.Y. 1990 and \$89,000 and 2.0 positions in F.Y. 1991 to conduct environmental reviews.
3. Health Risk Assessment Modeling for Composting. \$80,000 for F.Y. 1990-91 biennium to develop a health risk model for composting of solid waste.

GOVERNOR'S RECOMMENDATION: The Governor recommends a biennial increase of \$1,593,000 and 11.0 positions. This is a decrease of \$466,000 and 4.0 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 : POLLUTION CNTRL AGENCY
PROGRAM : GENERAL SUPPORT
BUDGET ACTIVITY : GENERAL SUPPORT OPERATIONS

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	1,635	1,817	1,776	450	2,226	2,226	1,776	450	2,226	2,226
EXPENSES/CONTRACTUAL SRVCS	1,506	1,325	1,374	402	1,776	1,591	1,459	328	1,787	1,602
MISC OPERATING EXPENSES	304	280	176	32	208	203	176	29	205	200
SUPPLIES/MATERIALS/PARTS	59	45	42	117	159	159	42	114	156	156
CAPITAL EQUIPMENT	30	11	4	49	53	10	4	46	50	7
REDISTRIBUTIONS	137	166	166	21	187	187	166	21	187	187
TOTAL EXPENDITURES	3,671	3,644	3,538	1,071	4,609	4,376	3,623	988	4,611	4,378
CHANGE REQUESTS:										
A FUNDING SHIFTS TO GENERAL FUND				0		30		0		30
A FUNDING SHIFTS TO GENERAL FUND				0		<10>		0		<10>
A FUNDING SHIFTS TO GENERAL FUND				0		<20>		0		<20>
B LCMR HEALTH RISK ASSESSMENT MODEL				80		80		0		0
B INDIRECT & ADMIN SUPPORT C/L				43		0		43		0
B INDIRECT & ADMIN SUPPORT C/L				110		110		110		110
B INDIRECT & ADMIN SUPPORT C/L				504		504		504		504
B INDIRECT & ADMIN SUPPORT C/L				31		31		31		31
B INDIRECT & ADMIN SUPPORT C/L				190		0		190		0
B ENVIRONMENTAL REVIEW				113		113		110		110
TOTAL CHANGE REQUESTS				1,071		838		988		755
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	1,813	1,764	1,777	0	1,777	1,807	1,862	0	1,862	1,892
SP REV DIRECT APPROP	659	707	573	113	686	686	573	110	683	683
MN RESOURCES	0	0	0	80	80	80	0	0	0	0
PUBLIC HEALTH	10	10	10	43	53	0	10	43	53	0
PETRO CLEANUP	0	0	0	110	110	110	0	110	110	110
ENVIRONMENTAL	92	92	92	504	596	596	92	504	596	596

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

AGENCY : POLLUTION CNTRL AGENCY
PROGRAM : GENERAL SUPPORT
BUDGET ACTIVITY : GENERAL SUPPORT OPERATIONS

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	
METRO LANDFILL CONTN	8	8	8	0	8	8	8	0	8	8
MOTOR VEHICLE TRANS	6	6	6	31	37	37	6	31	37	37
WATER POLLUTION CNTRL	20	20	20	190	210	0	20	190	210	0
STATUTORY APPROPRIATIONS:										
SPECIAL REVENUE	0	0	1,052	0	1,052	1,052	1,052	0	1,052	1,052
FEDERAL	1,063	1,037	0	0	0	0	0	0	0	0
TOTAL FINANCING	3,671	3,644	3,538	1,071	4,609	4,376	3,623	988	4,611	4,378
POSITIONS BY FUND:										
GENERAL	35.0	35.0	32.0	0.0	32.0	32.0	32.0	0.0	32.0	32.0
SP REV DIRECT APPROP	1.0	1.0	0.5	2.0	2.5	2.5	0.5	2.0	2.5	2.5
SPECIAL REVENUE	0.0	0.0	13.0	13.0	26.0	22.0	13.0	13.0	26.0	22.0
FEDERAL	13.0	13.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL POSITIONS	49.0	49.0	45.5	15.0	60.5	56.5	45.5	15.0	60.5	56.5

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

ACTIVITY: GENERAL SUPPORT MANAGEMENT AND OPERATIONS
PROGRAM: GENERAL SUPPORT
AGENCY: POLLUTION CONTROL

REQUEST TITLE: HEALTH RISK ASSESSMENT MODELING FOR COMPOSTING

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
Minnesota Resources Fund	\$ 80	-0-	\$ -0-	-0-
Governor's Recommendation:				
Minnesota Resources Fund	\$ 80	-0-	\$ -0-	-0

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

STATEMENT OR REQUEST/OBJECTIVE:

This request has been approved by the Legislative Commission on Minnesota Resources. The Agency requests funding to develop a model for assessing the health risks of composting municipal solid waste, assigning comparative risks between solid waste management alternatives, and evaluating the extent of impacts on ground water, air quality, and occupational exposures.

DESCRIPTION/BACKGROUND:

The assessment of health risks associated with a project is being used to an ever increasing extent within the Agency for evaluating impacts, setting standards, and establishing permit limitations. Several of the solid waste management alternatives may potentially present significant human health and environmental risks. Health risk assessment models have been developed for some of the alternatives, but not all. As a consequence, these alternatives cannot be evaluated on a comparative basis.

Composting is an attractive technology for counties which are searching for methods to manage mixed municipal solid waste. Mixed solid waste composting is still in the development stages in this country. It has been used for years in many parts of the world and some assume that it will solve waste management problems in Minnesota. Compost use studies have been conducted by the University of Minnesota. Data is being generated on the appropriate use of various composted materials. This data should be used to evaluate health risks from composting. No method exists to evaluate these risks. A health risk model must be developed to make this assessment.

RATIONALE:

This project will provide information to individuals who are planning to implement waste management systems. The information will help them assess

the cost and effectiveness of a chosen technology depending on the environmental setting that exists. A better understanding of the risks of various technologies will result in more informed decisions. Comparison of risks from different technologies will allow local decision-makers to evaluate the potential risks from technologies. The end result will be a long-term cost benefit that will reduce the potential for adverse health and environmental degradation from compost facilities.

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: GENERAL SUPPORT MANAGEMENT AND OPERATIONS

PROGRAM: GENERAL SUPPORT

AGENCY: POLLUTION CONTROL

REQUEST TITLE: INDIRECT AND ADMINISTRATIVE SUPPORT

Agency Request	F.Y. 1990		F.Y. 1991	
	(000'S) Amount	Positions	(000'S) Amount	Positions
Water Pollution Control Fund	\$ 190		\$ 190	
Motor Vehicle Transfer Fund	\$ 31		\$ 31	
Petroleum Fund	\$ 110		\$ 110	
Environmental Response Fund	\$ 504		\$ 504	
Public Health Fund	\$ 43		\$ 43	
For transfer to 20 Fund	\$ 878	13.0	\$ 878	13.0

Governor's Recommendation

Motor Vehicle Transfer Fund	\$ 31		\$ 31	
Petroleum Fund	\$ 110		\$ 110	
Environmental Response Fund	\$ 504		\$ 504	
For transfer to 20 Fund	\$ 645	9.0	\$ 645	9.0

Request requires statutory change: ____ Yes X No

Statutes Affected:

STATEMENT OR REQUEST/OBJECTIVE:

The Agency requests the above funding and positions for its indirect cost pool in order to provide adequate administrative and general support to the Agency's various programs and to respond to the requirements of the Departments of Finance, Personnel and Administration and the U.S. Environmental Protection Agency. The objective of this request is to provide the basic accounting, personnel, administrative, data processing, public information and library services necessary to support environmental programs and meet the accountability requirements of the Agency.

DESCRIPTION/BACKGROUND:

Over the past several years the Agency has increased its line staff in order to meet the pollution control demands of the solid waste, air, water and hazardous waste programs. These programs have added considerably to the cost of providing indirect support, however, these programs have not been providing their proportionate share of the funds necessary for the Agency to provide indirect services to include sufficient office space. The Agency improved its administrative efficiencies, and as a result the Agency was able to provide administrative and program support with minimal increases in support staffing. However, the Agency is now in the position where it can no longer provide the basic support functions without additional staff and fund-

ing. The above requested amounts are based on the Agency's indirect cost rate of 36.3%. The following is the breakdown of the Agency's request:

1. Funding (\$50) each fiscal year for office space which the Agency had to procure for additional staff hired as a result of the 1988 Legislative Session.
2. Two positions and funding (\$61) each fiscal year in order to perform the payroll functions and accounts payable functions which can no longer be accomplished with current staff.
3. Three positions and funding (\$86) each fiscal year to assist in the area of materials management, mail and copy room and general activities.
4. Four positions and funding (\$446) each fiscal year to operate its computer center, to manage the Agency's data processing functions and to provide system development services to the Agency's operating divisions.
5. One position and funding (\$89) each fiscal year to provide adequate support to the operating divisions in its technical library.
6. Two positions and funding (\$94) each fiscal year in the public information office to provide the public with greater access to public information.
7. One position and funding (\$42) each fiscal year to implement an internal audit function to review the Agency's fiscal controls, procedures, and practices to be sure that dollars and other Agency resources are handled legally and efficiently.
8. Funding (\$10) each fiscal year to upgrade the public address system and furnishings in the Agency's board and public meeting room.

STATISTICS:

	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Employees Paid	447	580	633	650
Cost Accounted Employees	33	67	102	120
Appropriations Managed	63	106	115	115
Accounts Managed	256	280	316	316
Accounting Transactions	74,966	101,000	113,000	120,000
Number Letters Mailed	300,000	360,000	380,000	380,000
Number Purchase Orders	2,691	3,300	3,600	3,600
Library Requests	6,222	7,000	7,700	8,000
Information Requests	5,100	6,600	7,400	7,700

RATIONALE:

The Agency is in the position where it can no longer provide adequate support services to the line divisions without additional staffing. The Agency has outgrown its ability to provide service with only one or two staff in a functional area. During the past five years the Agency has grown 65%, however, administrative support has grown by only 30%. The Agency has now exceeded its ability to gain efficiencies through greater productivity to continue essential services without additional resources. This request represents a catch-up of indirect funding from past additions to the Agency's programs from several different sources of funding.

BASE:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Indirect Expenditures	\$ 2,060	\$ 2,060	\$ 2,060	\$ 2,060
Indirect Positions	25.5	25.5	25.5	25.5

CHANGE REQUEST

1990-91 Biennial Budget

____ Agency ____ Program X Activity
(Continuation)

ACTIVITY: GENERAL SUPPORT MANAGEMENT AND OPERATIONS

PROGRAM: GENERAL SUPPORT

AGENCY: POLLUTION CONTROL

	(Dollars in Thousands)		
LONG RANGE FUNDING IMPLICATIONS:	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>Total</u>
Water Pollution Control Fund	\$ 190	\$ 190	\$ 380
Motor Vehicle Transfer Fund	\$ 31	\$ 31	\$ 62
Petroleum Fund	\$ 110	\$ 110	\$ 220
Environmental Response Fund	\$ 504	\$ 504	\$ 1,008
Public Health Fund	\$ 43	\$ 43	\$ 86

GOVERNOR'S RECOMMENDATION:

The Governor recommends the funding as requested except for a biennial reduction of \$466 and 4.0 positions on the basis that the Governor recommends consolidation of the Water Pollution Control Fund (cigarette tax) and the Public Health Fund with the General Fund, which eliminates these two sources for Administrative Support.

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

ACTIVITY: GENERAL SUPPORT MANAGEMENT AND OPERATIONS
 PROGRAM: GENERAL SUPPORT
 AGENCY: POLLUTION CONTROL

REQUEST TITLE: ENVIRONMENTAL REVIEW

Agency Request	F.Y. 1990 (000's)		F.Y. 1991 (000's)	
	Amount	Positions	Amount	Positions
Special Revenue Fund	\$ 113	2.0	\$ 110	2.0
Governor's Recommendation:				
Special Revenue Fund	\$ 113	2.0	\$ 110	2.0

Request requires statutory change: X Yes _____ No
 Statutes Affected: M.S. 116.045 should be amended to require project proposers to pay the costs of preparing and distributing environmental assessment worksheets.

STATEMENT OR REQUEST/OBJECTIVE:

The Agency requests two positions to serve private and public sector interests who are proposing new or expanded industrial or commercial development projects and to provide the necessary expertise to meet the needs of the state environmental review program of the Agency.

DESCRIPTION/BACKGROUND:

The Agency's Office of Planning and Review prepares environmental impact statements (EIS's) and environmental assessment worksheets (EAW's) pursuant to the rules of the Environmental Quality Board. Increasingly, this office also acts as first contact and coordinator on environmental matters for clientele interested in business development opportunities in Minnesota. Providing this service minimizes future delays and increased costs to the project proposers by knowing the applicable processes and coordinating appropriate staff for environmental review and permitting. The present staffing level allows for this type of coordination to occur only with a limited number of projects. The environmental review of solid and hazardous waste projects has grown and will continue to grow in response to increased activity of county governments and the private sector in waste processing and disposal, waste incineration, and medical waste disposal. The demands on staff resources for environmental review in support of Agency regulatory functions on major projects has produced a chronic shortage of staff resources to review and comment on environmental documents prepared by other state or federal agencies. As a result, many environmental documents receive an incomplete review or are not reviewed at all. In F.Y. 1988, 45% of the environmental documents submitted to this Agency were not reviewed. In those instances where documents are not reviewed, environmental issues have to be addressed in the permitting stage if at all, resulting in added delays and additional costs. In F.Y. 1988 preparation of three EIS's consumed 4,290 hours or slightly more than two full-time staff not including the support

from the managerial, toxicologist, and clerical positions. Service to the private sector suffers chronic neglect due to staff limitations. Existing and projected staffing requirements in the Office of Planning and Review for EIS preparation, EAW preparation, and the review of environmental documents are summarized as follows:

STATISTICS (in full-time staff):	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
EIS/EAW Preparation				
Need	4.25	4.25	4.3	4.35
Available	3.4	3.4	3.4	3.4
EIS/EAW Review				
Need	1.0	1.1	1.15	1.2
Available	0.3	0.3	0.3	0.3
Special Projects				
Need	0.75	0.8	0.8	0.85
Available	0.3	0.3	0.3	0.3
Total Full-time Staff				
Need	6.0	6.15	6.25	6.4
Available	4.0	4.0	4.0	4.0

RATIONALE:

One additional staff concentrating on solid and hazardous waste issues is needed to deal with the increased activity in this area. The creation of a position to work with the private sector will help promote business development in a manner which does not compromise environmental protection. Close coordination can alleviate or prevent misunderstandings about regulatory requirements, provide important information and direction in the early stages of a project and help prevent needless delays due to a lack of communication. This position would also improve the Agency's capacity to produce accurate environmental review documents in a timely manner and create a knowledgeable contact person who can work with and assist other state and local personnel and programs involved in business development in Minnesota. Few projects are closely coordinated through the environmental review and permitting process. However, those that have been permitted and have received this type of coordination include the Minnesota Corn Processors alcohol plant, the Lake Superior Paper Industries mill, and the Blandin Paper Co. expansion.

BASE:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General Fund Expenditures	\$ 333	\$ 339	\$ 339	\$ 339
General Fund Positions	9	9	9	9

LONG RANGE FUNDING IMPLICATIONS:	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
Special Revenue Fund Expenditures	\$ 110	\$ 110	\$ 220
Special Revenue Fund Positions	2.0	2.0	2.0

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

PROGRAM: WASTE MANAGEMENT GRANTS AND ASSISTANCE
Agency: POLLUTION CONTROL

1990-91 Biennial Budget

PROGRAM PURPOSE:

The purpose of the Waste Management Grants and Assistance program is to develop and implement state policy regarding solid, hazardous and industrial wastes through education, public information, program development and evaluation, planning and technical assistance to counties, and the awarding of grants to assist in the development and implementation of alternative waste handling.

OPERATION:

This program includes the following operations:

1. Publishing of legislatively mandated policy reports including: (1) The Hazardous Waste Management Plan, a document which describes Minnesota's waste generation and disposal situation through the year 2000 and suggests measures for waste management, treatment and disposal; and (2) The Solid Waste Policy Report, a document which describes the solid waste management situation in Minnesota and suggests measures for solid waste management.
2. Awarding grants for improvements in hazardous and solid waste abatement.
3. Planning assistance to counties in establishing and monitoring county solid waste management plans and processes.
4. Statewide coordination and lead in a waste education program, including development of curricula for grades K-12.
5. Market research and development of alternatives to land disposal for solid waste, waste tires and tire recycling products.
6. Managing the bond-funded solid waste capital assistance program which provides grants to counties to partially fund high-tech capital projects as alternatives to land disposal of solid wastes.
7. Coordinating the Minnesota Technical Assistance Program which develops and promotes waste reduction initiatives and provides assistance and information to the state's small hazardous waste generators.
8. Operating a program which provides counties with grants for used oil storage tanks to improve the handling of waste oil and loans to fund waste oil re-refining equipment.

PROGRAM STATISTICS:

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
School Waste Education Curricula				
Units Developed	-0-	1	-0-	-0-
With change request:	-0-	1	3	4
Number Solid Waste Low Tech Projects				
Started Through Grant Assistance	2	4	-0-	-0-
With change request:	2	4	8	8

PROGRAM STATISTICS: (Cont.)

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
MnTAP Information Responses to Small				
Businesses Which Generate Waste	850	1,000	1,000	1,000
With change request:	850	1,000	1,200	1,400
Number of County Used Oil Storage Tanks				
Set Up Through Grant Program	-0-	40	-0-	-0-
With change request:	-0-	40	24	23
Number of Waste Processing Market				
Development Projects	-0-	1	-0-	-0-
With change request:	-0-	1	3	3
Number of Industrial Processing Projects	4	4	4	4
With change request:	4	4	6	6

REVENUE: None.

BUDGET ISSUES:

1. Because of uncertainties and unpredictability in the timing of grant awards and other program elements, the Agency requests the authority to transfer funds between fiscal years within the appropriation to this program as needed, and to carry forward unexpended F.Y. 1990 funds for use in F.Y. 1991 as needed so that grant awards and other expenditures may be made when needed without unnecessary restrictions due to fiscal year cutoff dates. Such authority has been provided in the past three biennial budgets.
2. During the 1988-1989 biennium the following programs were funded from the Solid and Hazardous Waste Account: (1) Nonhazardous and industrial waste grants and technical assistance, \$50,000; (2) Public education, \$190,000; (3) Solid waste management policy report, \$60,000; (4) Market development for recyclables, \$200,000; and (5) Waste reduction and separation projects and technical assistance, \$300,000. The Solid and Hazardous Waste Account has no permanent source of funding, therefore, the Agency is seeking funding in order to continue these programs as a part of the base level.
3. The Agency needs to obtain formal approval of three positions approved by the Legislative Advisory Commission on 7-27-87. These positions are funded from the Bond Fund and are assigned to tasks in the hazardous waste stabilization and containment program and the solid waste capital assistance program. These positions are necessary to continue the operation of these programs.

EXPLANATION OF THE BUDGET REQUEST:

The base level will provide funding to continue most of the programs for the Waste Management Grants and Assistance program with the exceptions mentioned in the section above.

Seven CHANGE REQUEST items are requested for this program:

1. Planning Support. \$243,000 and 7.0 positions (includes 3.0 Legislative Advisory Commission positions) for F.Y. 1990 and \$243,000 and 7.0 positions (includes 3.0 Legislative Advisory Commission positions) for F.Y. 1991 to improve capability to respond to solid waste planning assistance requests from the counties and to meet program development and evaluation

PROGRAM: WASTE MANAGEMENT GRANTS AND ASSISTANCE 1990-91 Biennial Budget
(Continuation)
Agency: POLLUTION CONTROL

efforts and planning and reporting obligations.

2. Waste Education. \$460,000 and 3.0 positions for F.Y. 1990 and \$460,000 and 3.0 positions for F.Y. 1991 to enhance waste education programs.
3. Solid Waste Low Tech Grants. \$495,000 and 2.0 positions for F.Y. 1990 and \$495,000 and 2.0 positions for F.Y. 1991 to continue grants to local units of government for solid waste reduction, recycling, source separation, waste and household hazardous waste planning, coordination and education activities.
4. Minnesota Technical Assistance Program. \$105,000 for F.Y. 1990 and \$135,000 for F.Y. 1991 to provide additional resources to Minnesota Technical Assistance Program in order for them to provide additional service and information to small hazardous waste generators.
5. Used Oil Grants and Loans. \$412,000 and 1.0 position for F.Y. 1990 and \$407,000 and 1.0 position for F.Y. 1991 to provide grants to counties for used oil storage tanks to improve the handling of waste oil and to provide loans to fund waste oil re-refining equipment and other oil processing equipment.
6. Solid Waste Market Development Program. \$305,000 and 3.0 positions for F.Y. 1990 and \$305,000 and 3.0 positions for F.Y. 1991 to enable the market development program to strengthen its abilities to influence the development of solid waste market alternatives.
7. Hazardous and Nonhazardous Industrial Waste Grants. \$125,000 and 1.0 position for F.Y. 1990 and \$125,000 and 1.0 position for F.Y. 1991 to implement a program of grants for hazardous and nonhazardous industrial waste minimization.

GOVERNOR'S RECOMMENDATION:

The Governor recommends BASE level funding for this program. Several of the agency change requests in this program are recommended by the SCORE Committee, however, the Governor's budget has insufficient revenues to fund them.

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

AGENCY : POLLUTION CNTRL AGENCY
PROGRAM : WASTE MANAGEMENT GRANTS AND ASSISTANCE
BUDGET ACTIVITY : WASTE MANAGEMENT GRANTS & ASSISTANCE OPERATIONS

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	0	1,686	1,781	440	2,221	1,781	1,781	440	2,221	1,781
EXPENSES/CONTRACTUAL SRVCS	0	414	439	470	909	439	439	504	943	439
MISC OPERATING EXPENSES	0	175	205	47	252	205	205	58	263	205
SUPPLIES/MATERIALS/PARTS	0	39	49	23	72	49	49	27	76	49
CAPITAL EQUIPMENT	0	30	30	20	50	30	30	1	31	30
REDISTRIBUTIONS	0	0	0	160	160	0	0	160	160	0
STATE OPERATIONS	0	2,344	2,504	1,160	3,664	2,504	2,504	1,190	3,694	2,504
LOCAL ASSISTANCE	0	873	340	985	1,325	340	340	980	1,320	340
TOTAL EXPENDITURES	0	3,217	2,844	2,145	4,989	2,844	2,844	2,170	5,014	2,844
CHANGE REQUESTS:										
FUND										
A FUNDING SHIFTS TO GENERAL FUND GEN				0		50		0		50
A FUNDING SHIFTS TO GENERAL FUND WPC				0		<50>		0		<50>
B SOLID WASTE LON TECH GRANTS DAS				495		0		495		0
B WASTE EDUCATION DAS				460		0		460		0
B USED OIL GRANTS AND LOANS DAS				412		0		407		0
B HAZARDOUS & NON-HAZARDOUS INDUSTRIAL WASTE GRANTS DAS				125		0		125		0
B MN TECHNICAL ASSISTANCE PROGRAM DAS				105		0		135		0
B PLANNING SUPPORT DAS				243		0		243		0
B SOLID WASTE MARKET DEVELOPMENT PROGRAM DAS				305		0		305		0
TOTAL CHANGE REQUESTS				2,145		0		2,170		0
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	0	1,889	2,220	0	2,220	2,270	2,220	0	2,220	2,270
SP REV DIRECT APPROP	0	0	0	2,145	2,145	0	0	2,170	2,170	0
WATER POLLUTION CNTRL	0	25	50	0	50	0	50	0	50	0

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : POLLUTION CNTRL AGENCY
PROGRAM : WASTE MANAGEMENT GRANTS AND ASSISTANCE
BUDGET ACTIVITY : WASTE MANAGEMENT GRANTS & ASSISTANCE OPERATIONS

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	
STATUTORY APPROPRIATIONS:										
SPECIAL REVENUE	0	650	0	0	0	0	0	0	0	0
BUILDING	0	653	574	0	574	574	574	0	574	574
TOTAL FINANCING	0	3,217	2,844	2,145	4,989	2,844	2,844	2,170	5,014	2,844
POSITIONS BY FUND:										
GENERAL	0.0	32.0	32.0	0.0	32.0	32.0	32.0	0.0	32.0	32.0
SP REV DIRECT APPROP	0.0	0.0	0.0	14.0	14.0	0.0	0.0	14.0	14.0	0.0
SPECIAL REVENUE	0.0	5.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BUILDING	0.0	18.0	15.0	3.0	18.0	15.0	15.0	3.0	18.0	15.0
TOTAL POSITIONS	0.0	55.0	47.0	17.0	64.0	47.0	47.0	17.0	64.0	47.0

CHANGE REQUEST

____ Agency ____ Program X Activity

1990-91 Biennial Budget

ACTIVITY: WASTE MANAGEMENT GRANTS AND ASSISTANCE OPERATIONS

PROGRAM: WASTE MANAGEMENT GRANTS AND ASSISTANCE

AGENCY: POLLUTION CONTROL

REQUEST TITLE: SOLID WASTE LOW TECH GRANTS

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
Special Revenue Fund	\$ 495	2.0	\$ 495	2.0
Governor's Recommendation				
Special Revenue Fund	\$ -0-	-0-	\$ -0-	-0-

Request requires statutory change: X Yes ____ No

Statutes Affected: The funding for this request will be included as a part of a comprehensive waste reduction and recycling initiative.

STATEMENT OR REQUEST/OBJECTIVE:

The agency requests increased funding and staff for grants to local units of government for solid waste reduction, recycling, source separation, waste collection, and household hazardous waste planning, coordination and educational activities. Objectives of this initiative include:

1. Providing technical and financial assistance to local units of government that are pursuing the lower technology (less capital intensive) landfill abatement alternatives.
2. Review and evaluation of the feasibility and marketability of low tech alternatives as part of an integrated solid waste management system.
3. Assistance to local units of government in implementation and operation of low tech alternatives through delivery of technical and waste education activities.

DESCRIPTION/BACKGROUND:

The Waste Reduction and Source Separation (LOW-TECH) Grants Program (M.S. 115A.53) was authorized by the 1987 legislature. Between April and August 1988, program operating rules and manuals were developed, 8 grant applications were submitted, and 6 grant awards totaling \$250,000 were made. Program funds are now exhausted. This is the only state program aimed at providing start-up funding and technical assistance for local government programs for recyclables collection, waste education, waste reduction, household hazardous waste planning and yard waste collection. Demand for staff time and financial assistance was and is extremely high.

STATISTICS:

	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Number of Grants Awarded	2	4	8	8
Amount Awarded	\$ 100	\$ 150	\$ 400	\$ 400

RATIONALE:

The legislature has declared that waste reduction, separation and recovery of materials are one of the state's highest environmental priorities (M.S. 115A.02). This program has proven a major stimulator for implementing waste reduction and recycling, especially in greater Minnesota. This change request is to provide increased funding and one additional complement position to provide for the steadily increasing demand from local units of government for financial and technical assistance for LOW-TECH projects. Funds cover development, implementation and certain capital costs for such programs as: (1) Collection vehicles, trailers, drop boxes and containers, public education materials, and first-year administrative and operating and maintenance costs for recyclables collection; (2) Collection vehicles, containers/bags, public education, administration for yard waste collection; (3) Household hazardous waste planning funds to cover development (feasibility and design), public education and collection vehicle expenses. The upcoming landfill ban on yard wastes, both for metropolitan and greater Minnesota (1990 and 1992) intensifies pressure for LOW-TECH grant assistance. Previous funding was inadequate to meet the growing need for assistance as counties and cities intensify landfill abatement efforts. More than 16 county and regional projects were prepared to submit LOW-TECH applications but could not be considered due to lack of funds. Almost all of these projects depended on state assistance to get the necessary local commitment to implement them.

In 1987 the legislature appropriated \$300,000 and 1.0 position for the 1988-89 biennium to fund solid waste LOW-TECH grants. The funding source was the Solid and Hazardous Waste Account, which was made up of funds from the Motor Vehicle Transfer and Water Pollution Control Funds. These funds are no longer available so this portion of the change level is to secure permanent funding for this position and program.

BASE:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Solid and Hazardous Waste Account Expenditures	\$ 23	\$ 277	\$ -0-	\$ -0-
Solid and Hazardous Waste Account Positions	1.0	1.0	-0-	-0-

RANGE FUNDING IMPLICATIONS:	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
Special Revenue Fund Expenditures	\$ 495	\$ 495	\$ 990
Special Revenue Fund Positions	2.0	2.0	2.0

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: WASTE MANAGEMENT GRANTS AND ASSISTANCE OPERATIONS
PROGRAM: WASTE MANAGEMENT GRANTS AND ASSISTANCE
AGENCY: POLLUTION CONTROL

REQUEST TITLE: WASTE EDUCATION

Agency Request	F.Y. 1990 (000's)		F.Y. 1991 (000's)	
	Amount	Positions	Amount	Positions
Special Revenue Fund	\$ 460	3.0	\$ 460	3.0

Governor's Recommendation

Special Revenue Fund	\$ -0-	-0-	\$ -0-	-0-
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Request requires statutory change: X Yes _____ No

Statutes Affected: The funding for this request will be included as a part of a comprehensive waste reduction and recycling initiative.

STATEMENT OR REQUEST/OBJECTIVE: The agency requests the above funding and positions to enhance its Waste Education program. The first objective of the program is to collect and disseminate practical information in order for all Minnesotans to improve the management of waste. The second objective is to develop increased public awareness of and interest in environmentally sound waste management methods to encourage better informed decisions on waste management issues by business, industry, local government, educational institutions and the public.

DESCRIPTION/BACKGROUND: The Waste Education program was established by the 1987 legislature for the purpose of providing waste education to Minnesotans of all ages. The program's objectives are accomplished by the following activities:

1. Coordinating and providing resources for reliable, consistent sources of information, which will help eliminate conflicting messages about proper waste management techniques.
2. Providing an information clearinghouse and referral service to private developers, industry, agribusiness, waste haulers, environmental groups, educational institutions, citizen organizations, governmental entities, media, and other interested individuals or organizations.
3. Developing public information campaigns on waste topics.
4. Developing school programs and curricula on waste topics for grades K-12 and advocating implementation of these educational programs.
5. Conducting further research on audience needs, incentives, and educational delivery mechanisms.

STATISTICS:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Clearinghouse Materials	1,000	3,000	7,000	10,000
Distribution of Information	280	495	950	12,000
Education Coalition Meetings	9	12	12	12
Committee Meetings	20	24	30	30
School Curricula Units	-0-	1	3	4
Public Service Announcements	-0-	1	6	8

STATISTICS: (Cont.)	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Education Campaign Materials	-0-	-0-	12	18
Workshops/Seminars	-0-	3	25	35
Newsletters/Direct Mail	2	9	12	12

This CHANGE request is expected to result in the following: (1) Continued activity of the Waste Education Coalition, a coordinating structure that allows all major providers of waste education to communicate more effectively; (2) Implementation and ongoing coordination of statewide publicity and education campaigns that address current information needs of Minnesota residents; (3) Implementation of a school curriculum program and creation of new programs that serve the needs of students, teachers, and administrators; and (4) Implementation of a computerized statewide clearinghouse of information and referral services and systems. The ultimate result of these collective efforts will be a better balanced system for managing the state's solid and hazardous wastes, increased awareness, and improved waste management.

RATIONALE: This program was originally created to satisfy a critical need for waste education in Minnesota. The program is eliminating unwanted duplication of effort among many state agencies and other organizations that provide information to the public on waste issues. The program is also providing services that were unavailable before the establishment of this program.

This CHANGE request will enable continuation of the Waste Education Coalition, which consists of representatives from those public agencies having responsibility for waste management or for public education. Included are the Pollution Control Agency, Metropolitan Council, Minnesota Environmental Education Board, Department of Education, Department of Agriculture, State Planning Agency, and educational institutions and other public agencies, interested citizens and industry.

In 1987 the legislature appropriated \$190,000 and 1.0 position for the 1988-89 biennium to fund waste education. The funding source was the Solid and Hazardous Waste Account, which was made up of funds from the Motor Vehicle Transfer and Water Pollution Control Funds. These funds are no longer available so this portion of the CHANGE level is to secure permanent funding for this position and program.

BASE:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Solid Waste Account Expenditures	\$ 50	\$ 140	\$ -0-	\$ -0-
Solid Waste Account Positions	1.0	1.0	-0-	-0-

LONG RANGE FUNDING IMPLICATIONS:	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
Special Revenue Fund Expenditures	\$ 460	\$ 460	\$ 920
Special Revenue Fund Positions	3.0	3.0	3.0

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: WASTE MANAGEMENT GRANTS AND ASSISTANCE OPERATIONS

PROGRAM: WASTE MANAGEMENT GRANTS AND ASSISTANCE

AGENCY: POLLUTION CONTROL

REQUEST TITLE: USED OIL GRANTS AND LOANS

	F.Y. 1990 (000's)		F.Y. 1991 (000's)	
Agency Request	Amount	Positions	Amount	Positions
Special Revenue Fund	\$ 412	1.0	\$ 407	1.0

Governor's Recommendation

Special Revenue Fund	\$ -0-	-0-	\$ -0-	-0-
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Request requires statutory change: X Yes ____ No

Statutes Affected: The funding for this request will be included as a part of a comprehensive waste reduction and recycling initiative.

STATEMENT OR REQUEST/OBJECTIVE:

The Agency requests the above funds and position to provide grants to counties for used oil storage tanks to improve the handling of waste oil and to provide loans to help fund waste oil re-refining equipment and other oil processing equipment.

DESCRIPTION/BACKGROUND:

Laws 1988, Chapter 685 established grants to counties for purchase of waste oil storage tanks, and loans to businesses for purchase and installation of used oil re-refining, and other used oil processing equipment. The maximum grant available per storage tank is \$2.5 (\$000's). Grants may not exceed \$5 to any one county under this program. Loans are available for up to 90% of equipment cost, or \$500, whichever is less. Funds appropriated for these purposes have been available until expended.

STATISTICS:

	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Number of Storage Tank Grants Made	-0-	40	24	23
Storage Tank Grants Made (000's)	-0-	200	120	115
Re-refining Equipment Loans Made (000's)	-0-	-0-	240	240
Number Waste Oil Processing Loans Made	-0-	-0-	1	1-3

RATIONALE:

The appropriation for grants to counties for F.Y. 1990-1991 for waste oil storage tanks funded 40 counties at the \$5 maximum. This change request will make the maximum grant amount available to all 87 counties.

This change request will make \$250 funding available to support one major re-refining project and one to three other desirable waste oil processing

projects.

These expenditures will significantly improve the management of used oil in Minnesota.

Because of the unpredictability of timing of grants and loans to be made under this program, the Agency requests the authority to transfer funds between fiscal years within this appropriation as needed, and to carry forward unexpended F.Y. 1990 funds for use in F.Y. 1991 as needed, so that grant and loan awards may be made without restrictions on funding due to fiscal year cutoff dates.

	(Dollars in Thousands)			
BASE:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Motor Vehicle Transfer Fund Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Motor Vehicle Transfer Fund Positions	-0-	-0-	-0-	-0-

	(Dollars in Thousands)		
LONG RANGE FUNDING IMPLICATIONS:	F.Y. 1992	F.Y. 1993	Total
Special Revenue Fund Expend.	\$ 292	\$ 292	\$ 584
Special Revenue 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

1990-91 Biennial Budget

____ Agency ____ Program X Activity**ACTIVITY:** WASTE MANAGEMENT GRANTS AND ASSISTANCE OPERATIONS**PROGRAM:** WASTE MANAGEMENT GRANTS AND ASSISTANCE**AGENCY:** POLLUTION CONTROL**REQUEST TITLE:** HAZARDOUS AND NONHAZARDOUS INDUSTRIAL WASTE GRANTS

	F.Y. 1990 (000's)		F.Y. 1991 (000's)	
Agency Request	Amount	Positions	Amount	Positions
Special Revenue Fund	\$ 125	1.0	\$ 125	1.0

Governor's Recommendation

Special Revenue Fund	\$ -0-	-0-	\$ -0-	-0-
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Request requires statutory change: X Yes ____ No**Statutes Affected:** The funding for this request will be included as part of a comprehensive waste reduction and recycling initiative.**STATEMENT OR REQUEST/OBJECTIVE:**

The Agency requests staff and funding to implement a program of grants for hazardous and nonhazardous industrial waste minimization. This activity will reduce the generation of industrial waste and thereby reduce the potential harm to Minnesota's environment.

DESCRIPTION/BACKGROUND:

The hazardous waste processing and reduction grant programs were established by the 1984 legislature and expanded by the 1987 legislature to include management of nonhazardous industrial waste. These programs have helped reduce generation of hazardous waste in Minnesota, and they have led to the development of Minnesota's first major commercial hazardous waste treatment facilities. The reduction program makes grants of up to \$30 (000's) to Minnesota businesses so that they can develop methods to reduce their waste generation. The processing program provides matching grants of up to \$50 to private sector organizations to develop facilities or services to properly treat industrial waste.

The Agency requests one position and funding to expand its current programs for hazardous and nonhazardous industrial waste reduction and processing grants. These programs serve to help minimize waste generation by Minnesota industries and to provide improved management capacity for wastes generated by Minnesota industries.

STATISTICS:

	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Reduction Grants Dollars (000's)	120	100	150	150
Number Reduction Grants	4	4	6	6
Processing Grants Dollars (000's)	30	50	50	50
Number Processing Grants	1	1	1	1

RATIONALE:

This change request will enable the Agency to expand the reduction grant program to include more projects to minimize generation of nonhazardous industrial waste. Two additional grants could be awarded to Minnesota industries in each fiscal year to accomplish waste reduction activities. Information from these grants can then be used by other similar companies for their own waste minimization activities.

In 1987 the legislature appropriated \$50 for the 1988-1989 biennium to fund this program. The funding source was the Solid and Hazardous Waste Account, which was made up of funds from the Motor Vehicle Transfer and Water Pollution Control Funds. These funds are no longer available so this portion of the change request is to secure permanent funding.

	(Dollars in Thousands)			
BASE LEVEL:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General Fund Expenditures	\$ 125	\$ 125	\$ 125	\$ 125
General Fund Positions	-0-	-0-	-0-	-0-
Solid and Hazardous Waste Account Expenditures	\$ 25	\$ 25	\$ -0-	\$ -0-
Solid and Hazardous Waste Account Positions	-0-	-0-	-0-	-0-

	(Dollars in Thousands)		
LONG RANGE FUNDING IMPLICATIONS:	F.Y. 1992	F.Y. 1993	Total
Special Revenue Fund Expend.	\$ 125	\$ 125	\$ 250
Special Revenue 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: WASTE MANAGEMENT GRANTS AND ASSISTANCE OPERATIONS
PROGRAM: WASTE MANAGEMENT GRANTS AND ASSISTANCE
AGENCY: POLLUTION CONTROL

REQUEST TITLE: MINNESOTA TECHNICAL ASSISTANCE PROGRAM

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
Special Revenue Fund	\$ 105	-0-	\$ 135	-0-
Governor's Recommendation				
Special Revenue Fund	\$ -0-	-0-	\$ -0-	-0-

Request requires statutory change: X Yes _____ No
Statutes Affected: The funding for this request will be included as a part of a comprehensive water resources protection initiative.

STATEMENT OR REQUEST/OBJECTIVE:

The Agency requests the above funds to improve the management of hazardous and industrial wastes generated by Minnesota's small businesses by providing additional resources to the Minnesota Technical Assistance Program (MnTAP). The objective of this program is to develop and promote hazardous and industrial waste reduction initiatives and to provide assistance and information to the state's small waste generating companies.

DESCRIPTION/BACKGROUND:

MnTAP was created in 1985 through a grant to the University of Minnesota and has since established an international reputation for excellence in waste reduction initiatives. MnTAP has provided invaluable assistance to Minnesota's small hazardous waste generators, and has established an information program available to any waste generator.

MnTAP provides assistance to small businesses who generate waste by providing technical assistance, conducting on-site visits, publishing fact sheets, quarterly reports, research reports and other information clearinghouse activities.

Through this change level MnTAP hopes to provide closer follow-up on requests for technical assistance to include nonhazardous industrial waste and wastes affecting air and water pollution.

STATISTICS:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Information Requests from Small Businesses	850	1,000	1,200	1,400
Interns Placed in Companies	5	6	7	8
On-Site Visits to Small Businesses	50	60	70	80

RATIONALE:

The Agency believes MnTAP's initiatives should be implemented as quickly as possible in order to maximize its effectiveness. This change request would enable MnTAP to maximize its effectiveness. This change request would enable MnTAP to expand its successful hazardous waste management research and technical assistance program more fully into nonhazardous industrial waste management assistance as well as additional help to companies in meeting air and water quality regulations. The change request would also enable MnTAP to provide better follow-up assistance to telephone inquiries through additional on-site visits to businesses.

BASE:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General Fund	\$ 215	\$ 215	\$ 215	\$ 215

LONG RANGE FUNDING IMPLICATIONS:	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
Special Revenue Fund	\$ 135	\$ 135	\$ 270
Special Revenue Fund Positions	-0-	-0-	-0-

GOVERNOR'S RECOMMENDATION:

The Governor does not support the agency's request but recommends the current level of effort.

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

ACTIVITY: WASTE MANAGEMENT GRANTS AND ASSISTANCE OPERATIONS
PROGRAM: WASTE MANAGEMENT GRANTS AND ASSISTANCE
AGENCY: POLLUTION CONTROL

REQUEST TITLE: PLANNING SUPPORT

Agency Request	F.Y. 1990 (000's)		F.Y. 1991 (000's)	
	Amount	Positions	Amount	Positions
Special Revenue Fund	\$ 243	4.0	\$ 243	4.0
Bond Fund	-0-	3.0	-0-	3.0

Governor's Recommendation

Special Revenue Fund	\$ -0-	-0-	\$ -0-	-0-
Bond Fund	-0-	-0-	-0-	-0-

Request requires statutory change: X Yes _____ No

Statutes Affected: The funding for this request will be included as a part of a comprehensive waste reduction and recycling initiative.

STATEMENT OR REQUEST/OBJECTIVE:

The agency requests the above funding and positions to improve its ability to respond to solid waste planning assistance requests from the counties and to meet its waste management program development and evaluation responsibilities and legislated reporting and planning obligations.

DESCRIPTION/BACKGROUND:

The level of activity in waste management, program development and county planning assistance has increased dramatically since 1987 without a corresponding increase in staffing and support resources. As a result the Office of Waste Management Grants and Assistance is unable to provide the overall high level of support expected by its clientele and the citizens of the state. The following is a breakdown of program staffing and support needs:

1. Three positions and funding each fiscal year, to address increased needs in the areas of solid waste planning, county solid waste planning assistance, development of the Solid Waste Policy Report, solid waste program newsletter and other support activities. These positions will enhance the protection of the state's environment through the development of policies and programs that improve waste management in the state. This will involve research to identify emerging and/or long range problems and the modification of existing programs or the development of new programs to address these problems.
2. Two positions from the solid waste capital assistance Bond Fund which were approved by the Legislative Advisory Commission on 7-7-87. These positions must be retained in order to continue the solid waste capital assistance programs. Costs associated with these positions are from the Bond Fund. No costs are shown in this request.

3. One position from the Bond Fund for hazardous waste facility siting which was approved by the Legislative Advisory Commission on 7-7-87. This position is necessary to continue the activities associated with siting a hazardous waste containment facility. Costs associated with this position are from the Bond Fund. No costs are shown in this request.

RATIONALE:

Over the past several years the responsibilities of the program development and evaluation functions have expanded significantly without a parallel increase in complement. Considerable staff overtime hours have been necessary to complete tasks. Until 1985 these functions were solely related to responsibilities in the area of hazardous waste, however, since that time the following responsibilities have been added:

1. Facility Development Report due prior to final site selection.
2. Hazardous and Industrial Waste Program Evaluation Report due every 2 years.
3. Report certifying the state's capacity to handle hazardous waste for 20 years as required by the Superfund program.
4. Hazardous and nonhazardous industrial waste program development responsibilities.
5. Program development responsibilities in the area of solid waste.
6. Solid Waste Program Evaluation Report.
7. Statewide Solid Waste Policy Report.
8. Solid Waste Advisory Council.
9. Ash Reduction Report.

In 1987 the legislature appropriated \$30,000 and 1.0 position for each year of the 1988-89 biennium for the writing of the Solid Waste Policy Report. The funding source was the Solid and Hazardous Waste Account, which was made up of funds from the Motor Vehicle Transfer and Water Pollution Control Funds. These funds are no longer available so this portion of the change level is to secure permanent funding for this position and task.

BASE:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General Fund Expenditures	\$ 300	\$ 310	\$ 310	\$ 310
General Fund Positions	6.0	6.0	6.0	6.0
Solid and Hazardous Waste Account Expenditures	\$ 30	\$ 30	\$ -0-	\$ -0-
Solid and Hazardous Waste Account Positions	1.0	1.0	-0-	-0-

LONG RANGE FUNDING IMPLICATIONS:	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
Special Revenue Fund Expenditures	\$ 243	\$ 243	\$ 486
Special Revenue Fund Positions	4.0	4.0	4.0
Bond Fund Positions	3.0	3.0	3.0

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 1990-91 Biennial Budget
 _____ Agency _____ Program X Activity

ACTIVITY: WASTE MANAGEMENT GRANTS AND ASSISTANCE OPERATIONS
 PROGRAM: WASTE MANAGEMENT GRANTS AND ASSISTANCE
 AGENCY: POLLUTION CONTROL

REQUEST TITLE: SOLID WASTE MARKET DEVELOPMENT PROGRAM

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
Special Revenue Fund	\$ 305	3.0	\$ 305	3.0

Governor's Recommendation

Special Revenue Fund	\$ -0-	-0-	\$ -0-	-0-
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Request requires statutory change: X Yes _____ No

Statutes Affected: The funding for this request will be included as a part of a comprehensive waste reduction and recycling initiative.

STATEMENT OR REQUEST/OBJECTIVE:

The agency requests the above funding and positions to enable the Market Development program to continue to fulfill its mission. Although the groundwork for development of markets for recycled materials has been initiated, continue funding is needed to more adequately develop potential markets for solid waste material.

DESCRIPTION/BACKGROUND:

The Market Development program was created by the 1987 legislature. The purpose of the Market Development program is to: (1) Assist and encourage the development of industrial markets for recyclable waste products; (2) Promote the expansion of markets for products made from recycled waste materials; and (3) Provide technical assistance to other state agencies and local governments to encourage solid waste reduction and procurement of products made from recycled materials.

The Market Development program consists of 5 major activities: (1) Implementation of a matching grant program to companies interested in developing new markets for recyclable waste materials in Minnesota; (2) Provision of information and other technical assistance to companies interested in developing facilities that would serve as markets for recyclable materials; (3) Development and promulgation of rules governing the labeling of plastic containers to enhance recycling of such containers; (4) Activities to promote the expansion of markets for products made from recycled material; and (5) Provision of technical assistance to other state agencies and to local governments to encourage procurement of products made from recycled materials.

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

Market Development Matching Grants (000's)				
Waste Plastic	-0-	75	-0-	-0-
Waste Tin	-0-	-0-	50	50
Mixed Paper	-0-	-0-	-0-	50
Compost	-0-	-0-	50	50
Waste Newsprint	-0-	-0-	50	-0-
Number of Minnesota Recycling Directories Published and Distributed (Cumulative)	1,500	2,000	2,100	2,200

RATIONALE:

This CHANGE request is sought to continue and increase the Market Development program's ability to develop markets for additional types of recyclable materials and to expand the program's ability to provide technical assistance to other state agencies and local governments in expanding procurement of recycled products.

Without additional funds, the Market Development program will not be able to build upon on the groundwork that has been laid during the past 2 years to establish adequate, stable markets for recyclable materials. Without such markets, Minnesota's efforts to expand its solid waste recycling activities will not be as effective.

In 1987 the legislature appropriated \$200,000 and 1.0 position for the 1988-1989 biennium to fund solid waste market development. The funding source was the Solid and Hazardous Waste Account, which was made up of funds from the Motor Vehicle Transfer and Water Pollution Control Funds. These funds are no longer available so this portion of the change request is to secure permanent funding for this position and program.

BASE:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Solid and Hazardous Waste Account Expenditures	\$ 36	\$ 164	\$ -0-	\$ -0-
Solid and Hazardous Waste Account Positions	1.0	1.0	-0-	-0-

LONG RANGE FUNDING IMPLICATIONS:	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
Special Revenue Fund Expenditures	\$ 305	\$ 305	\$ 610
Special Revenue Fund Positions	3.0	3.0	3.0

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.

PROGRAM: WASTE TIRE MANAGEMENT
Agency: POLLUTION CONTROL

1990-91 Biennial Budget

PROGRAM PURPOSE:

The Waste Tire Management program exists to clean up the nearly 300 waste tire dumps in Minnesota, to establish and implement an ongoing permitting and regulatory system to govern waste tire management in the state, and to foster the development of waste tire processing technologies and facilities with a particular emphasis on recycling and reuse of waste tires.

OPERATION:

The Waste Tire Management program consists of eight major activities:

1. An abatement program that provides financial assistance toward the clean up of waste tire dumps.
2. A program to permit and regulate facilities that store, transfer or process waste tires.
3. A program that provides transporters of waste tires with identification numbers.
4. A program that provides grants of up to \$30,000 for research into improved tire management technologies.
5. A program that provides grants of up to \$25,000 to local governments for establishment of waste tire collection centers.
6. A program that assists in studies of potential markets for tire-derived products.
7. A program that provides low-interest loans to assist with the capital costs for development of waste tire processing facilities.
8. Public education activities designed to inform tire dealers, the waste tire management industry and the general public of methods to improve the management of waste tires.

PROGRAM STATISTICS:

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
Number of tire dumps identified	200	300	400	500
Number of permits issued	-0-	4	20	20
Number of tire transporter identification numbers issued	-0-	60	70	80
Waste tire processing rate	2.4 mil	2.4 mil	4.1 mil	5.8 mil
Number of research grants awarded	-0-	1	1	1
Number of market studies for tire-derived products	1	1	1	1
Number of low-interest loans made for processing facilities	-0-	-0-	1	1
Number of educational seminars	1	1	1	1

REVENUE:

None

MAJOR ISSUES:

1. The Waste Tire Management program has gotten a good start. However, the current waste tire processing rate of 2.4 million tires annually is not sufficient to process an estimated 13 million tires in dumps and the 4 million tires discarded each year. Additional funding is necessary to develop new processing capacity and new uses for processed waste tires.
2. The regulation of waste tire dumps, transporters and handlers must be continued to ensure that new dumps are not created. Increased regulatory staff is necessary to ensure this.

EXPLANATION OF THE BUDGET REQUEST:

The appropriations for waste tire abatement was \$1,389 (\$000's) for F.Y. 1988 and \$889 for F.Y. 1989 and, for grants and loans, \$990 for F.Y. 1988. In 1988 the legislature expanded the Waste Tire Management program to include all the areas described in the operation section above. The total 1988-1989 biennial appropriation from the Motor Vehicle Transfer Fund to this program was \$4,268. The base level request, however, has only \$889.

One CHANGE REQUEST item (in 000's) is requested for this program:

1. Waste Tire Management. \$1,552 and five positions (including two Legislative Advisory Commission positions) for F.Y. 1990 and \$787 and five positions (including two Legislative Advisory Commission positions) for F.Y. 1991 to conduct additional waste tire abatement activities, permitting and regulation of the waste tire industry and the fostering of the development of waste tire management facilities.

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 : POLLUTION CNTRL AGENCY
PROGRAM : WASTE TIRE MANAGEMENT
BUDGET ACTIVITY : WASTE TIRE MANAGEMENT AND OPERATIONS

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	197	232	178	410	410	232	178	410	410
EXPENSES/CONTRACTUAL SRVCS	0	1,915	592	20	612	612	592	20	612	612
MISC OPERATING EXPENSES	0	25	41	17	58	58	41	17	58	58
SUPPLIES/MATERIALS/PARTS	0	0	0	12	12	12	0	12	12	12
CAPITAL EQUIPMENT	0	0	0	5	5	5	0	0	0	0
NON-EXPENSE DISBURSEMENTS	0	1,151	0	0	0	0	0	0	0	0
REDISTRIBUTIONS	0	0	0	60	60	60	0	60	60	60
STATE OPERATIONS	0	3,288	865	292	1,157	1,157	865	287	1,152	1,152
LOCAL ASSISTANCE	0	70	30	1,260	1,290	1,290	30	500	530	530
TOTAL EXPENDITURES	0	3,358	895	1,552	2,447	2,447	895	787	1,682	1,682
CHANGE REQUESTS:	FUND									
B WASTE TIRE MANAGEMENT	MVT			1,552		1,552		787		787
TOTAL CHANGE REQUESTS				1,552		1,552		787		787
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
MOTOR VEHICLE TRANS	0	3,358	895	1,552	2,447	2,447	895	787	1,682	1,682
TOTAL FINANCING	0	3,358	895	1,552	2,447	2,447	895	787	1,682	1,682
POSITIONS BY FUND:										
MOTOR VEHICLE TRANS	0.0	8.0	6.0	5.0	11.0	11.0	6.0	5.0	11.0	11.0
TOTAL POSITIONS	0.0	8.0	6.0	5.0	11.0	11.0	6.0	5.0	11.0	11.0

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

ACTIVITY: WASTE TIRE MANAGEMENT AND OPERATIONS
 PROGRAM: WASTE TIRE MANAGEMENT
 AGENCY: POLLUTION CONTROL

REQUEST TITLE: WASTE TIRE MANAGEMENT

Agency Request	F.Y. 1990 (000's)		F.Y. 1991 (000's)	
	Amount	Positions	Amount	Positions
Motor Vehicle Transfer Fund	\$ 1,552	5.0	\$ 787	5.0

Governor's Recommendation

Motor Vehicle Transfer Fund	\$ 1,552	5.0	\$ 787	5.0
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Request requires statutory change: _____ Yes X No
 Statutes Affected:

STATEMENT OR REQUEST/OBJECTIVE:

The agency requests the above funds and positions (to include 2.0 positions approved by the Legislative Advisory Commission in 1987) in order to continue and expand each of the eight major operational activities of the Waste Tire Management program. The objective of this request is to ensure environmentally and economically sound disposition of waste tires by regulating the waste tire management industry and by providing technical and monetary assistance to develop a viable waste tire processing industry.

DESCRIPTION/BACKGROUND:

This CHANGE request includes \$425,000 for F.Y. 1990 and \$198,000 for F.Y. 1991 for a total of \$623,000 for the biennium for tire abatement. At a cost of approximately 70 cents per tire, this request would allow the state to abate approximately 5 more tire dumps or approximately 900,000 tires. The BASE level will provide for the abatement of 9 waste tire sites or approximately 1,600,000 tires for the biennium. In order for the waste tire program to clean up current waste tire dumps and the 4,000,000 tires discarded annually, the state must develop additional processing capacity. This CHANGE level also requests: (1) \$60,000 each year of the biennium to annually award 2 research grants for improved tire management technology; (2) \$50,000 each year of the biennium to annually award 2 collection center development grants to municipalities; (3) \$30,000 each year of the biennium to conduct environmental tests where tires are to be burned as supplemental fuel; and (4) \$695,000 for F.Y. 1990 and \$162,000 for F.Y. 1991 to provide low interest loans to assist in the capital costs for development of waste tire processing facilities.

STATISTICS:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Number of Tire Dumps Identified	200	300	400	500
Tire Dump Clean Up Currently In Progress	2	13	20	20
Number of Tire Dumps Cleaned Up	1	1	20	20

STATISTICS: (Cont'd.) F.Y. 1988 F.Y. 1989 F.Y. 1990 F.Y. 1991

Number of Waste Tire Processing Facilities Being Developed (Cumulative)	3	6	7	8
Number of Waste Tire Collection Centers Established (Cumulative)	-0-	1	3	5
Waste Tire Processing Rate	2.4 mil	2.4 mil	4.1 mil	5.8 mil
Number of Permits Issued	-0-	4	20	20
Number of Tire Transporter Identification Numbers Issued (Cumulative)	-0-	60	70	80
Number of Research Grants Awarded	-0-	1	2	2
Number of Grants for Collection Centers Awarded to Local Governments	-0-	-0-	2	2
Number of Market Studies for Tire-derived Products	1	1	1	1
Number of Low-Interest Loans Made for Processing Facilities	-0-	-0-	1	1
Number of Educational Seminars	1	1	1	1

7.5 million tires are located in identified dumps. 5.5 million tires are estimated to be located in unidentified waste dumps. About 4 million tires are discarded annually.

RATIONALE:

Without additional funds and complement beyond the BASE level, the agency will be unable to fully implement the following major objectives in its Waste Tire Management program: (1) Tire dump abatement; (2) Permitting and regulation of the waste tire management industry; and (3) Fostering the development of waste tire management facilities. The BASE level funding would be inadequate to cover abatement costs of over 300 tire dumps that will remain in Minnesota at the start of the 1990-91 biennium. Ongoing permitting and enforcement activities are needed to ensure proper management of waste tires, and grant and loan programs will be needed to foster development of waste tire management facilities.

BASE:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Motor Vehicle Transfer Fund Expenditures	\$ 889	\$ 889	\$ 889	\$ 889
Motor Vehicle Transfer Fund Positions	6.0	6.0	6.0	6.0

LONG RANGE FUNDING IMPLICATIONS:	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
Motor Vehicle Transfer Fund	\$ 1,500	\$ 1,500	\$ 3,000
Motor Vehicle Transfer Fund Positions	5.0	5.0	5.0

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request. If the Motor Vehicle Transfer Fund's resources are inadequate to fund all programs, the Governor recommends this CHANGE request be reduced to stay within funding availability.

AGENCY: PUBLIC EMPLOYMENT RELATIONS BOARD

1990-91 Biennial Budget

AGENCY PURPOSE:

The Public Employment Relations Board is a 5-member, part-time board appointed by the Governor which promotes consistent and orderly labor relations between public employers and public employee organizations in the state of Minnesota by:

- 1) hearing and deciding appeals of unit determinations, fair share fee challenges, and other orders of the Bureau of Mediation Services;
- 2) establishing qualifications for arbitrators, recruiting qualified arbitrators and monitoring arbitrator performance;
- 3) submitting lists of arbitrators to parties to a grievance or contract negotiations impasse; and
- 4) providing an independent review of grievances.

The board plays a major role in assisting in the resolution of labor-management disputes in the public employment sector. Its purpose is to minimize the social economic consequences of labor disputes in the public sector and to foster mature, responsible relationships between the parties. Decisions rendered by the board furnish guidelines which are policy setting in nature and lend interpretation to the statute under which public employment labor relations activities are conducted. The board's activities fall into 4 major areas:

- 1) Appeals - An appeals process is available on matters of unit determinations, fair share fee challenges, and definitions of "essential," "professional," "supervisory," and "confidential" employee.
- 2) Arbitration - A roster of qualified arbitrators is maintained from which roster arbitrators are proposed to serve both in grievance arbitration matters and the arbitration of unresolved issues stemming from an impasse in contract negotiations as certified by the Bureau of Mediation Services.
- 3) Independent Review - The board provides for the independent review of grievances concerning adherence to the employment terms and conditions of individual public employees where no other procedure for such review exists.
- 4) Rules - The board promulgates its own rules and regulations.

OPERATIONS AND CLIENTELE:

Clientele which the board serves are public employers, public employees, public employee organizations and arbitrators functioning in the public employment sector. The agency initiates very little activity of its own accord, acting in response to requests from advocates or employees for assistance in resolving labor relations disputes. Overall economic and labor relations climates are major influences upon the board's workload.

ATTORNEY GENERAL COSTS:

The agency has never encountered any need for legal services from the

attorney general so it would be very difficult to project and estimate costs for this category.

ACTIVITY STATISTICS:

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
Number of grievance arbitration cases	155	155	155	155
Number of contract arbitration cases	64	64	64	64
Number of appeals	15	15	15	15
Number of Petitions	4	4	4	4

AGENCY PRIORITIES:

- 1) Continue streamlining the process of hearing and deciding unit determination and fair share fee challenge appeals by adhering to deadlines for staff preparation of draft decisions (4 weeks from close of hearing) and board review of draft decisions (2 weeks from date of draft).
- 2) Submit lists of arbitrators to parties to a grievance or contract negotiations impasse within 2 weeks of receipt of the request or the date of certification of impasse.
- 3) Evaluate arbitrator performance by continuously reviewing arbitrator evaluation forms completed by clients and monitoring arbitrators' rates of selection by the parties.
- 4) Continue facilitating internships of aspiring arbitrators with experienced arbitrators by encouraging established arbitrators to assist individuals who strive to qualify for placement on the board's arbitrator roster.

EXPLANATION OF BUDGET REQUEST:

The board is requesting BASE level General Fund appropriations for F.Y. 1990-91.

<u>INDEX</u>	<u>(Dollars in Thousands)</u>		<u>Page</u>
	<u>Agency Request</u>	<u>Governor's</u>	
	<u>1990-91 Biennium</u>	<u>Recommendation</u>	
	<u>All Funds</u>	<u>All Funds</u>	
BASE Level Request	\$ 130	\$ 130	
CHANGE Requests Subtotal	\$ -0-	\$ -0-	
AGENCY Total	\$ 130	\$ 130	

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 : PUBL EMPL REL BRD
PROGRAM : PUB EMP REL BD
BUDGET ACTIVITY : PUB EMP REL BD

		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	46	48	49	0	49	49	49	0	49	49	
EXPENSES/CONTRACTUAL SRVCS	5	6	6	0	6	6	6	0	6	6	
MISC OPERATING EXPENSES	5	8	8	0	8	8	8	0	8	8	
SUPPLIES/MATERIALS/PARTS	3	2	2	0	2	2	2	0	2	2	
CAPITAL EQUIPMENT	1	0	0	0	0	0	0	0	0	0	

TOTAL EXPENDITURES	60	64	65	0	65	65	65	0	65	65	

SOURCES OF FINANCING:											

DIRECT APPROPRIATIONS:											
GENERAL	60	64	65	0	65	65	65	0	65	65	

TOTAL FINANCING	60	64	65	0	65	65	65	0	65	65	

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	

AGENCY: SPANISH SPEAKING PEOPLE,
COUNCIL ON AFFAIRS OF

1990-91 Biennial Budget

AGENCY PURPOSE:

The State Council on Affairs of Spanish Speaking People advises the governor and the legislature on the nature of the issues and concerns affecting Spanish speaking people, including the unique problems encountered by Spanish speaking migrant agricultural workers.

OPERATIONS AND CLIENTELE:

The primary functions of the agency are to recommend legislation, serve as a conduit to state government, act as a referral agency, serve as a liaison with other units of government, perform studies and implement programs designed to benefit the Hispanic community.

The 7 member council is divided into 5 major program areas. These areas are legislative activities, community and governmental liaison activities, communications and public information activities, research activities and AIDS education and risk reduction activities.

The council's legislative activities are primarily aimed at recommending legislation that will improve the socio-economic and educational and health status of Hispanics. The legislative recommendations are in the areas of bilingual education, employment and training, economic development, women and minority set-aside programs, human rights, affirmative action, primary, secondary and post-secondary education and other pertinent areas. The council also makes legislative recommendations to the Minnesota congressional delegation and to federal government agencies.

Through the community and government liaison activities, the council serves as a liaison between governmental and educational institutions, private organizations and the Hispanic community; addresses issues and concerns affecting Hispanics; promotes affirmative action hiring; serves as a liaison to Latin American governments; promotes economic development and educational programs.

The major function of the communications and public information activities is the publication of AL DA/Update bilingual newsletter. In addition the council sponsors conferences, workshops, seminars and other public activities; serves as a liaison to the media; conducts public presentations to various public and private sector groups; highlights the contributions made by Hispanics to the state and maintains communications with the Hispanic and non-Hispanic communities. The council also publishes a bilingual services directory that lists over 100 Hispanic and non-Hispanic resources that provide bilingual and bicultural services throughout Minnesota. The directory also includes Minnesota Hispanic businesses and professionals; local Hispanic churches; major Hispanic national organizations and embassies of Hispanic nations in the country.

The council has initiated a major research effort during F.Y. 1989. Through this activity the council will collect, analyze and interpret demographic population data on Hispanics; prepare analysis on special census reports; design appropriate research techniques; provide the necessary data and information for the preparation of legislative recommendations and prepare reports and documents on Hispanic issues and concerns.

Another major activity initiated during F.Y. 1989 is the statewide Hispanic AIDS Education and Risk Reduction Project. The council, in cooperation with 6 Hispanic non-profit, community based organizations, is conducting a comprehensive and coordinated effort to reduce the incidence of AIDS in the Hispanic community.

The council's 3 staff members collect data, conduct studies, develop recommendations, monitor the legislative process, maintain communications, publish the newsletter and other special reports and carries out all the administrative functions of the agency.

OBJECTIVES:

1. To develop and/or promote the passage of legislation designed to improve the socio-economic, health and educational status of Minnesota's Hispanic community and Spanish-speaking migrant agricultural workers.
2. To increase participation of Hispanics in public employment and training programs and to increase the employment of Hispanics in the state service.
3. To increase Hispanic involvement in the determination of public policy issues.
4. To increase the number of Hispanics appointed to boards and commissions, councils and other advisory bodies.
5. To provide information on state services, public policy issues and other pertinent information so that additional programs to assist the Hispanic community can be implemented.
6. To work towards improved media portrayal and recognition of Hispanics so as to change media misconceptions and non-Hispanic biases.
7. To identify and or promote the development of additional resources available to the Hispanic community in order to assist this community in better addressing its issues and concerns.
8. To develop and encourage the development of public-private partnerships aimed at enhancing the community's capacity to effectively address its concerns.
9. To coordinate AIDS education and risk reduction efforts in Minnesota in order to reduce the incidence of human immunodeficiency virus (HIV) infection in the state's Hispanic community.
10. To develop seminars, workshops, programs, written and audio visual materials that will highlight the contributions made by Hispanics to the state.

ATTORNEY GENERAL COSTS:

The agency has never encountered any need for legal services from the Attorney General so it would be very difficult to project and estimate costs for this category.

AGENCY: SPANISH SPEAKING PEOPLE,
(Cont.) COUNCIL ON AFFAIRS OF

1990-91 Biennial Budget

EFFECTIVENESS MEASURES:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
No. of Hispanics in state employment	240	250	260	270
Public forums:				
No. of forums/No. of participants	4/300	4/350	4/350	4/350
No. of Hispanics on boards, commissions and other advisory bodies	55	60	65	70
Increase in positive media portrayal of Hispanics	12	12	12	12
Media relations:				
No. articles in print media	15	15	20	20
No. of TV appearances	8	10	12	12
No. of Newsletters:				
Issues published/No. per issue	6/1000	6/1000	8/1200	12/1200
No. of reports completed/No. printed	2/150	3/150	4/200	4/200
Bilingual Services Directories:				
No. of issues/No. per issue		1/3000	0	1/5000

	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Funds raised	\$ 50	\$ 100	\$ 125	\$ 150

BUDGET ISSUES/ALTERNATIVES:

There has been a considerable increase in the resettlement of Hispanics in greater Minnesota. Cities such as Willmar, Crookston, Blooming Prairie and Moorehead are experiencing a large influx of Hispanics, particularly migrant agricultural workers becoming permanent residents. There is considerable concern regarding these new arrivals. The communities affected have not been well prepared for this large influx and considerable problems have occurred. The council has been actively involved in providing assistance to these communities in addressing the concerns of the existing residents and at the same time in helping the new residents in establishing their new homes. In addition to the resettlement in greater Minnesota, there has also been a considerable influx of Hispanics, particularly from Central and South American and the Caribbean basin. These new immigrants need considerable assistance in resettlement. The farmworker influx, plus growing foreign immigration, the arrival of political refugees and the lack of a working knowledge of the English language are unique characteristics of the changing demographics of the Hispanic community. The council must continue to provide effective leadership to address the complex issues and concerns affecting Minnesota's Hispanic community, which is becoming larger and more diversified.

EXPLANATION OF BUDGET REQUEST:

The council is requesting a General Fund appropriation for the F.Y. 1990-91 biennium amounting to \$540,000. This request will maintain current programs and will increase the effectiveness of the agency in positively addressing

the issues and concerns affecting Hispanics.

The proposed budget CHANGE request total is for \$218,000 and 3.5 additional staff positions for the biennium. These budget CHANGES will make it possible for the council to continue its research efforts, maintain and increase liaison with communities in greater Minnesota, provide technical and other assistance to these communities and community based organizations and enhance the knowledge of Minnesota's residents regarding the valuable contributions made by Hispanics to this state and nation.

Minnesota's Hispanic community will continue to grow at a rapid pace. The factors influencing this growth include resettlement of migrant agricultural workers, foreign immigration, a larger than average birthrate for Hispanics and a median age of only 20 years as compared to 31 years for the majority population. It is imperative that the state continue to strengthen existing programs and develop new strategies that will positively address the issues and concerns of this growing population and enhance the ability of this community to achieve economic and educational success.

INDEX	(Dollars in Thousands)		Page
	Agency Request	Governor's Recommendation	
	1990-91 Biennium	1990-91 Biennium	
	All Funds	All Funds	
BASE Level Request	\$ 322	\$ 322	
Agency-wide CHANGE Requests			
Research Unit	64	-0-	824
Resource Development Unit	60	-0-	825
Liaison Unit	64	-0-	826
AIDS Unit	30	-0-	827
AGENCY Total	\$ 540	322	

GOVERNOR'S RECOMMENDATION:

The Governor recommends the BASE level funding for this agency.

The Governor's recommendation does not provide for the CHANGE level increases requested. While the requests have 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 : CNCL FOR SPAN SPKNG
PROGRAM : CNCL SPANISH-SPKG
BUDGET ACTIVITY : CNCL SPANISH-SPKG

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	110	121	126	100	226	126	126	100	226	126
EXPENSES/CONTRACTUAL SRVCS	35	60	35	9	44	35	15	9	24	15
MISC OPERATING EXPENSES	11	8	8	0	8	8	8	0	8	8
SUPPLIES/MATERIALS/PARTS	4	2	2	0	2	2	2	0	2	2
CAPITAL EQUIPMENT	13	3	0	0	0	0	0	0	0	0

TOTAL EXPENDITURES	173	194	171	109	280	171	151	109	260	151

CHANGE REQUESTS:	FUND									

B ESTABLISHMENT OF A RESEARCH UNIT GEN				32		0		32		0
B ESTABLISHMENT OF A RESOURCE DEVELOPMENT GEN UNIT				30		0		30		0
B COMMUNITY/INTERGOVERNMENTAL LIAISON UNIT GEN				32		0		32		0
B AIDS EDUCATION AND RISK REDUCTION GEN				15		0		15		0

TOTAL CHANGE REQUESTS				109		0		109		0

SOURCES OF FINANCING:										

DIRECT APPROPRIATIONS:										
GENERAL	146	171	168	109	277	168	148	109	257	148
STATUTORY APPROPRIATIONS:										
GIFTS AND DEPOSITS	27	23	3	0	3	3	3	0	3	3

TOTAL FINANCING	173	194	171	109	280	171	151	109	260	151

POSITIONS BY FUND:										

GENERAL	3.0	3.0	3.0	3.5	6.5	3.0	3.0	3.5	6.5	3.0

TOTAL POSITIONS	3.0	3.0	3.0	3.5	6.5	3.0	3.0	3.5	6.5	3.0

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

ACTIVITY: COUNCIL ON AFFAIRS OF SPANISH SPEAKING PEOPLE
PROGRAM: COUNCIL ON AFFAIRS OF SPANISH SPEAKING PEOPLE
AGENCY: COUNCIL ON AFFAIRS OF SPANISH SPEAKING PEOPLE

REQUEST TITLE: ESTABLISHMENT OF A RESEARCH UNIT

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

Governor's Recommendation

General Fund	\$ -0-	-0-	\$ -0-	-0-
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Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

During F.Y. 1989, in response to the substantial need for accurate demographic data on Hispanics, the legislature provided a 1 time appropriation for the council to initiate the establishment of a research unit. This research and analysis support function will provide critically needed data on the impact of public policy issues and public programs on Minnesota's Hispanic community. The unit will also collect and review the data currently available through public and private institutions. The primary objective is to develop relevant public policy recommendations to the governor and the legislature that accurately reflect the issues and concerns of the Hispanic community.

DESCRIPTION/BACKGROUND:

Minnesota Statue 3.9223 mandates the agency to perform or contract for the performance of studies designed to suggest solutions to problems of Spanish-speaking people in the areas of education, employment, human rights, housing, social welfare and other related programs. Also, the council is mandated to review applications for the receipt of federal monies and all proposed rules of any state agency, which will have their primary impact on Spanish-speaking people. Data on the Hispanic community is either not available or grossly inaccurate. Public policy decision makers find it difficult to formulate relevant public policies due to this lack of data. Data collection and research analysis activities have not been conducted on an on-going basis; as a result, there is still a considerable amount of data that must be collected and analyzed before an accurate picture of the Hispanic community can be formulated.

	F.Y. 1990	F.Y. 1991
Prepare report on data available at state demographers office.	1	1
Prepare directory of state agency programs aimed at Hispanic community.	1	1

STATISTICS:

	F.Y. 1990	F.Y. 1991
Prepare analysis on special census reports.	4	4
Conduct analysis of migration trends in selected cities in greater Minnesota.	3	3
Prepare biennial report to legislature	1	
Conduct interviews of Hispanics to determine present issues and concerns. (No. interviews/No. interviewees)	2/120	3/350
Conduct feasibility studies on the development, design and/or implementation of new projects.	2	2
Conduct public forums seminars and workshops on Hispanic demographics.	9	12
Conduct field studies on the areas of Hispanic education, housing needs, social service needs, employment and training needs.	4	4

RATIONALE:

As a result of the F.Y. 1989 appropriation, the council has initiated a data collection and research analysis function. However, considerable work needs to be done and in order to be successful, this activity must be continued. There is a considerable lack of information on Minnesota's Hispanic community and the data presently available is inconsistent and in most cases not current. In order to develop effective programs which will assist in resolving the unique problems affecting Hispanics, it is imperative that the present limited data base be considerably expanded.

Research on effective programs in other parts of the country will be collected and analyzed for application to addressing local issues and needs. Also, a network of communications and exchange of resources at the national level will be established to maximize the limited resources available to Hispanics.

The performance indicators used to evaluate this item will be the number and quality of studies conducted, the amount of data collected and the establishment of a resource library on Hispanic data.

BASE:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General Fund	\$ 0	\$ 28	\$ 28	\$ 28

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

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: COUNCIL ON AFFAIRS OF SPANISH SPEAKING PEOPLE
PROGRAM: COUNCIL ON AFFAIRS OF SPANISH SPEAKING PEOPLE
AGENCY: COUNCIL ON AFFAIRS OF SPANISH SPEAKING PEOPLE

REQUEST TITLE: ESTABLISHMENT OF A RESOURCE DEVELOPMENT UNIT

Agency Request	F.Y. 1990 (000's)		F.Y. 1991 (000's)	
	Amount	Positions	Amount	Positions
General Fund	\$ 30	1.0	\$ 30	1.0

Governor's Recommendation

General Fund	\$ -0-	-0-	\$ -0-	-0-
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Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests the above funds to establish a Resources Development activity to secure additional resources to increase the level of program activities between the Hispanic community, public institutions and the agency. The increased development of resources, both voluntary personnel and financial, will enhance the agency's capability to conduct its programs of work and to be of greater assistance to the Hispanic community. The primary function of the resource development activity is to secure non-state funds for the development of needed programs and activities.

DESCRIPTION/BACKGROUND:

Minnesota Statute 3.9223 mandates that the council serve as a conduit to state government for organizations of Spanish speaking people, serve as a referral agency to assist Spanish speaking people in securing access to state agencies and programs and serve as a liaison with governmental institutions. In order to accomplish these mandates, the council must develop additional sources from the private sector. One of the major functions of the council has been to provide technical assistance and resources to Hispanic community based organizations so that issues and concerns affecting this community can be addressed in an effective and positive manner. The council has been securing non-state funds since 1981. Between 1981 and 1986, the council's fund raising efforts averaged \$33,000 dollars per year. During the last biennium, the council raised \$52,000 in non-state funds. Twenty seven percent of the council's budget is from non-state sources.

However, in order to continue this effort and to maximize the success in fundraising, it is imperative that a more structured resource development effort be established. A full-time staff person, whose primary responsibility will be resource development, is an excellent investment for the state, the agency and the Hispanic community.

STATISTICS:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Funds raised	\$ 27	\$ 118	\$ 150	\$ 250

STATISTICS:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
	No. of volunteers recruited	60	90	140
Special projects developed	9	7	10	10

RATIONALE:

The council is mandated to raise 10% of its budget from non-state sources. To date the council has exceeded this mandate; as a result, the resources available to the Hispanic community have been increasing. However, since 1983 the administrative costs of fund raising have been included in the non-state funds being raised. Private funding sources are reluctant and in some instances unwilling to subsidize the state's administrative costs. These foundations have indicated an interest to continue supporting the council's special projects. In order to provide greater benefits to the Hispanic community and to maximize the resources of the council, a full time resource development person is needed. It is estimated that a full time resource developer could secure 4 to 5 times the administrative costs in additional non-state funds.

BASE:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General Fund	\$ 0	\$ 0	\$ 0	\$ 0

LONG RANGE IMPLICATIONS:	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
General Fund	\$ 30	\$ 30	\$ 60

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: COUNCIL ON AFFAIRS OF SPANISH SPEAKING PEOPLE
PROGRAM: COUNCIL ON AFFAIRS OF SPANISH SPEAKING PEOPLE
AGENCY: COUNCIL ON AFFAIRS OF SPANISH SPEAKING PEOPLE

REQUEST TITLE: COMMUNITY/INTERGOVERNMENTAL LIAISON UNIT

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
General Fund	\$ 32	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:

Hispanics have been arriving in Minnesota since 1886. However, their settlement in the state has been gradual and about 70% of the state's estimated 55,000 Hispanics have settled in the Twin Cities area. During the past 2 years, as a result of the drought and the decrease in the need for migrant agricultural labor, a considerable number of Hispanics are settling in cities in greater Minnesota. Crookston, Willmar, Blooming Prairie have experienced large scale growth in the number of hispanics that are becoming permanent residents. For example over 70 families have resettled in Blooming Prairie, in the past 18 months.

This large scale resettlement creates considerable problems for the community and the migrant agricultural worker. Long suppressed animosities and fears become evident and tensions between the new arrivals and the other residents increase dramatically. Most cities in greater Minnesota are not prepared to cope with this large and rapid influx of individuals, particularly when these individuals are from a different cultural and language background. Present trends indicate that this increased resettlement is very likely to continue. The council has been serving in a limited capacity due to the lack of staff resources, as a liaison between the non-Hispanic and migrant communities in these cities.

The council has been instrumental in establishing positive dialogue between local public officials and Hispanics. However, a considerable amount of work needs to be done in order to diminish the tensions, fear and anger affecting these communities.

DESCRIPTION/BACKGROUND:

Minnesota Statue 3.9223 mandates the agency to serve as a liaison with the federal government, local government units and private organizations on matters relating to the Spanish speaking people of the state and implement programs designed to solve problems of Spanish-speaking people. Through the Community and Inter-governmental Unit, the council will be able to establish

programs and activities that will resolve tensions and alleviate fears in the greater Minnesota communities experiencing the rapid large scale settlement of migrant agricultural workers. Local community residents will have an opportunity to learn more about the culture and values of Hispanics and Hispanics will be able to learn about the expectations of the majority society.

STATISTICS:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Establish liaison with city mayors		2	4	6
Establish local mayor's advisory committees	2	3	5	6
Conduct human relations seminars	2	4	7	10
Develop and distribute informational packets on Hispanics (No. packets/No. recipients)	2/200	4/300	4/300	5/500
Establish liaison with local city councils		2	4	6
Participate in community citizen meetings (No. meetings/No. participants)	1/48	1/300	3/500	3/600
Establish liaison with local school districts	2	3	5	7

RATIONALE:

The cities in greater Minnesota experiencing the large scale settlement of migrant agricultural workers and other Hispanics do not have adequate educational and social service support systems to address this new influx of individuals. The council, working in cooperation with these localities, private organizations and other interested groups, can assist these communities in better addressing the needs of the recent Hispanic arrivals and at the same time effectively and positively reduce fears and tensions.

This increased resettlement will definitely continue due to the poor economic conditions and lack of employment opportunities found in the southern states from which this population group generally comes. It is critically important that these local communities develop and implement programs that will assist the new comers. The council will be asked to play a significant role in addressing these concerns.

BASE:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General Fund	\$ 0	\$ 0	\$ 0	\$ 0

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

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: COUNCIL ON AFFAIRS OF SPANISH SPEAKING PEOPLE
PROGRAM: COUNCIL ON AFFAIRS OF SPANISH SPEAKING PEOPLE
AGENCY: COUNCIL ON AFFAIRS OF SPANISH SPEAKING PEOPLE

REQUEST TITLE: AIDS EDUCATION AND RISK REDUCTION

	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
Agency Request General Fund	\$ 15	0.5	\$ 15	0.5
Governor's Recommendation General Fund	\$ -0-	-0-	\$ -0-	-0-

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

STATEMENT OF REQUEST/OBJECTIVE:

Statistics have demonstrated that communities of color suffer a proportionally higher incidence of AIDS than other communities. On the national level, 38% of the AIDS cases reported to the Center for Disease Control were either black or Hispanic, and of the cases reported for children under 5 years old, 82% are either black or Hispanic. The council on Affairs of Spanish Speaking People has been requested by a consortium of Hispanic community based organizations to initiate a comprehensive and coordinated statewide AIDS education and risk reduction effort for Minnesota's Hispanic community. Through this effort, the council will effectively mobilize existing resources to combat AIDS and will secure and/or develop additional needed resources specifically designed to address the linguistic and cultural characteristics of the Hispanic community. In response to this community request, the council is in the process of identifying additional financial resources that can be secured to address this major issue. Through this effort, the council can establish community partnerships to provide mutual assistance and cooperation and diminish misinformation and lack of understanding regarding AIDS. The council will establish a clearinghouse and action alert network to inform Hispanics on the latest developments in AIDS research, changes in public policy and other pertinent information. The council will monitor the AIDS education and risk reduction activities of the 6 participating Hispanic community based organizations.

DESCRIPTION/BACKGROUND:

Minnesota Statute 3.9223 mandates the agency to serve as a liaison with the federal government, local government units and private organizations on matters relating to the Spanish-speaking people of the state and to implement programs designed to solve problems of Spanish-speaking people. Through the Hispanic AIDS education and risk reduction effort, the council will be able to administer this statewide effort and to initiate long-range plans to reduce the incidence of human immunodeficiency virus (HIV) infection in the Hispanic community. This effort is designed to maximize public/private partnerships. The funds requested will provide for the administration of the program and extensive solicitation of non-state funds will be initiated in order for the community based organizations to provide direct AIDS education and risk reduction services.

STATISTICS:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Establish formal working agreements with Hispanic community based organizations to provide direct services		6	7	9
Design and conduct AIDS education and risk reduction training seminars for service providers. (No. seminars/No. participants)	1/77	2/150	3/250	3/250
Train community volunteers to address the AIDS concern. No. trainees.	30	30	45	45
Provide constituent referrals to appropriate service providers. No. referrals.			260	300
Develop culturally sensitive radio and television programs and public service announcements. No. programs/No. announcements.			2/4	4/8

	(Dollars in Thousands)			
STATISTICS:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Secure funds from the private sector. Amount of funds secured.	\$ -0-	\$ -0-	\$ 20	\$ 30
Secure funds from the Federal government.	-0-	23	40	60

RATIONALE:

HIV is primarily transmitted through sexual contact. Hispanic culture and values traditionally do not openly address sexual topics as readily as the non-Hispanic community. Therefore, cultural sensitivity in program design and development is critically important. Linguistic and culturally relevant education and outreach efforts will be far more successful than those aimed at the general population.

In view of the higher incidence of AIDS in the Hispanic community, it is very important to establish coordinated and comprehensive programs to address this concern. Six Hispanic community based organizations and the council have developed a partnership which can effectively provide AIDS education and risk reduction activities. Private funding sources have indicated a willingness to participate in this effort and it is important for the state to fund the administrative support for this activity so that non-public funds raised can be focused on providing direct services.

	(Dollars in Thousands)			
BASE:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General Fund	\$ 0	\$ 0	\$ 0	\$ 0

	(Dollars in Thousands)		
LONG RANGE IMPLICATIONS:	F.Y. 1992	F.Y. 1993	Total
General Fund	\$ 15	\$ 15	\$ 30

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

PROGRAM STRUCTURE

AGENCY: STATE PLANNING AGENCY

PROGRAM

ACTIVITIES

SECTION

PAGE

Statewide Planning-----	Policy Analysis	4	834
	Information Services		847
	Administrative Support		854

POSITION RECONCILIATION

Authority:	Current FY 89	Requested for 6/30/91
Legislative Complement		
General Fund	75.5	90.5
Federal	6.0	6.0
Revolving	22.0	12.0
Special	4.5	4.5
Total Permanent Positions	<u>108.0</u>	<u>113.0</u>
Other Complement (FTE)	46.0	41.0
Total Authorized Positions	<u>154.0</u>	<u>154.0</u>
Employees on 6/30/88	119.0	

STATE PLANNING AGENCY

Organization Chart at July 1988

OFFICE OF THE COMMISSIONER

Current positions	6.0
New position request	1.0
Total	<u>7.0</u>

ADMINISTRATIVE SERVICES

Current positions	6.0
New position request	1.0
Total	<u>7.0</u>

HUMAN SERVICES

Current positions	17.0
New position request	2.0
Total	<u>19.0</u>

ENVIRONMENTAL

Current positions	23.0
New position request	1.0
Total	<u>24.0</u>

PUBLIC INVESTMENT

Current positions	8.0
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INFORMATION SERVICES

Current positions	48.0
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AGENCY PURPOSE:

The State Planning Agency (SPA) is a service agency which coordinates the policy analysis and policy development process for the executive branch of state government. The goal of the agency is to provide direction, advice, consultation, and coordination in the preparation of initiatives and plans so that the state will benefit from an integrated program for the development and effective use of its human, physical, and financial resources.

OPERATIONS AND CLIENTELE:

The SPA is 1 of 4 staff agencies in the executive branch. The agency provides a broad range of analytic, policy development, and information services to its 3 primary clients -- the Governor, the legislature, and state agencies. The agency maintains a close working relationship with its primary clients; local units of government and regional development commissions; the Metropolitan Council; elementary, secondary, and higher education systems; private sector organizations; and a wide variety of interest groups.

The SPA has 3 major activities:

1. Policy Analysis. This activity provides identification and analysis of trends which impact the state of Minnesota, definition of issues, planning and planning assistance to address major near-term and longer-range concerns, and coordination of the policy development process which recommends executive branch responses to these issues.

The major areas covered include human services, public investment (including education), and environment/natural resources policy. Of particular concern to SPA is the coordination of responses to issues which involve the responsibilities of more than 1 agency or emerging issues for which no agency is currently responsible.

2. Information Services. The agency's information service activity develops, maintains, and operates a Planning Information Center which provides automated data bases for use in the analysis of trends, geographic studies, and the interpretation of demographic changes. Included are Census data, business and industry, and land management information centers and the DATANET system. In addition to support for agency planning and analysis, services are provided to other state agencies, local governments, the legislature, and under contract to the private sector.

A regional assistance function and a center for the provision of information and assistance on dispute resolution techniques which provide an alternative to the court system are also provided within this activity.

3. Administrative Support. This activity includes direction of the executive branch issues management process; coordination of the executive branch legislative review, monitoring, and liaison functions of the agency; and provision of personnel, accounting, and other general administrative services.

The agency provides staff support for the Minnesota Environmental Quality Board and the Advisory Council on State-Local Relations. It coordinates the state's involvement with Minnesota Wellspring.

The statutory authority for the activities of the State Planning Agency is found at Minnesota Statutes, Chapter 116K.

AGENCY PRIORITIES:

SPA will emphasize the following priorities in the 1990-91 biennium:

- o Provision of information services to assist in issue identification and policy analysis;
- o Determination of near-term trends and longer-range change through the analysis of information sources and the dissemination of this information;
- o Management of a "critical" issues identification program and development of policy recommendations in the public investment, human resources, and environment/natural resources fields; and
- o Coordination of the executive branch legislative program.

There are important budget issues related to achieving the agency's priorities.

1. The reliance of the Planning Information Center on client fees to fund projects relating to the physical environment has limited the capability of the center to maintain current inventories and to provide technical assistance to resource managers in conducting their own analysis. To maximize its benefits to the state of Minnesota, it is necessary to accelerate the movement of the center toward an information clearinghouse and technical assistance center.
2. Direct technical assistance is being requested by local units of government. The state of Minnesota is increasingly building partnerships with local governments to address key public policy concerns. Resources to provide assistance to local units of government have not increased commensurately.
3. SPA has assumed expanded responsibilities for issue identification and coordination of the policy development process for the executive branch. During the 1980s, the staff and resources of the agency have declined.

ATTORNEY GENERAL COSTS:

	(Dollars in Thousands)			
	Actual F.Y. 1988	Act/Estimated F.Y. 1989	Agency Request	
Fees for Legal Services Rendered			F.Y. 1990	F.Y. 1991
Fees Assessed	\$ 14	\$ 14	\$ 0	\$ 0
Fee Paid	14	14	0	0
Requested Budget	7	7	5	5

EXPLANATION OF BUDGET REQUEST:

The General Fund budget request for SPA for the 1990-91 biennium is \$12,754 (dollars in thousands). This represents a 26% increase over the BASE level budget for the 1988-89 biennium. The proposed increase will allow SPA to

AGENCY: STATE PLANNING AGENCY
(Continuation)

1990-91 Biennial Budget

achieve the agency priorities and will address the major budget issues enumerated above.

Over 1/3 of the proposed budget change is a conversion of a portion of the Planning Information Center from a revolving fund to General Fund support. There will be no net increase in staff or funding to the agency as a result. The conversion will provide a steady funding source which will allow the agency to maintain current inventories and provide technical assistance to other state agencies.

Nearly 1/4 of the requested change is the result of expansion of the state's support for Regional Development Commissions to expand their capability to respond to increasing requests by local units of government for direct technical assistance.

Additional requests are made to aid the agency in fulfilling its responsibilities in respect to developing policy recommendations. These requests include additional support for staff for administration of drug abuse prevention funds, water planning, and policy coordination; assistance in development of an environmental compact among the states; and publication and library support.

INDEX	(Dollars in Thousands)		Page
	Agency Request	Governor's Recommendation	
	1990-91 Biennium All Funds	1990-91 Biennium All Funds	
BASE Level Request	\$ 28,262	\$ 28,262	
Program/Budget Activity CHANGE Requests			
Policy Analysis			
Environmental Compact of the States	200	100	837
Water Coord. & Policy Analysis	92	-0-	838
Drug Prevention Grants/Program Admin.	100	-0-	839
Statewide Land Use Update -LCMR	450	450	840
Hydrologic Model Applications-LCMR	110	110	841
Transfer of Office Jobs Policy	-0-	430	842
Human Dev/Neighborhood Stability	-0-	21,300	843
Great Lakes Protection	-0-	500	844
Accelerated Water Resources	-0-	131	845
Children's Interagency Policy	-0-	200	846
Subtotal	\$ 952	\$ 23,221	
Information Services			
Reg. Assist. Grants (Reg. Devel. Comm.)	746	-0-	850
Info Clearinghouse & Tech Asst. - Gen.	1,200	1,016	751
- S.R.	(440)	(440)	
State/Comm. Dispute Resolution	452	-0-	852
Ground Water Interv.	-0-	367	853
Subtotal	\$ 1,958	\$ 943	
Administrative Support			
Policy & Legis. Coord.	92	-0-	856
Publication Production & Distr.	150	-0-	857
Library Information Support	56	-0-	858
Transfer Washington Office	-0-	540	859
Subtotal	\$ 298	\$ 540	
CHANGE Requests Subtotal	\$ 3,208	\$ 24,704	
AGENCY Total	\$ 31,470	\$ 52,966	

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : STATE PLANNING
PROGRAM : STATEWIDE PLANNING

		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.
POLICY ANALYSIS		13,011	12,334	10,617	475	11,092	22,028	10,617	477	11,094	22,427
B ENVIRONMENTAL COMPACT OF THE STATES	GEN				100		100		100		0
B WATER COORD & POLICY ANALYSIS	GEN				45		0		47		0
B DRUG PREVENTION GRTS PROGRAM ADMIN	GEN				50		0		50		0
B STATEWIDE LAND USE UPDATE	MNRS				225		225		225		225
B HYDROLOGIC MODEL APPLICATIONS	MNRS				55		55		55		55
B TRSF JOB POL OFF TO SPA	GEN				0		215		0		215
B HUMAN DEVELOPMENT	GEN				0		10,650		0		10,650
B GREAT LAKES PROTECTION FUND	GEN				0		0		0		500
B ACCELERATED WATER RESOURCES COORD	GEN				0		66		0		65
B CHILDREN'S INTERAGENCY POLICY CONS	GEN				0		100		0		100
INFORMATION SERVICES		2,391	2,497	2,546	1,021	3,567	3,081	2,540	937	3,477	2,948
B REGIONAL ASST GRANTS (REG DEV COMM)	GEN				373		0		373		0
B INFORMATION CLEARINGHOUSE & TECH ASST CENTER	GEN				600		508		600		508
B INFORMATION CLEARINGHOUSE & TECH ASSTSREV CENTER					<170>		<170>		<270>		<270>
B STATE/COMMUNITY DISPUTE RESOLUTION PROG	GEN				218		0		234		0
B GROUND WATER DATA INTEGRATION	GEN				0		197		0		170
ADMINISTRTV SUPPORT		742	837	971	148	1,119	1,241	971	150	1,121	1,241
B POLICY & LEGISLATIVE COORDINATION	GEN				45		0		47		0
B PUBLICATION PRODUCTION & DISTRIBUTION	GEN				75		0		75		0
B LIBRARY INFORMATION SUPPORT	GEN				28		0		28		0
B TRANSFER OF WASHINGTON OFFICE TO SPA	GEN				0		270		0		270
TOTAL EXPENDITURES		16,144	15,668	14,134	1,644	15,778	26,350	14,128	1,564	15,692	26,616

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

AGENCY : STATE PLANNING
PROGRAM : STATEWIDE PLANNING

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	5,154	4,961	5,059	1,534	6,593	17,165	5,059	1,554	6,613	17,537
SP REV DIRECT APPROP	230	475	475	0	475	475	475	0	475	475
MN RESOURCES	511	493	0	280	280	280	0	280	280	280
STATUTORY APPROPRIATIONS:										
GENERAL	452	142	0	0	0	0	0	0	0	0
SPECIAL REVENUE	744	781	781	<170>	611	611	781	<270>	511	511
FEDERAL	9,025	8,788	7,813	0	7,813	7,813	7,813	0	7,813	7,813
GIFTS AND DEPOSITS	28	28	6	0	6	6	0	0	0	0
TOTAL FINANCING	16,144	15,668	14,134	1,644	15,778	26,350	14,128	1,564	15,692	26,616
POSITIONS BY FUND:										
GENERAL	77.5	75.5	75.5	15.0	90.5	98.0	75.5	15.0	90.5	98.0
SP REV DIRECT APPROP	4.5	4.5	4.5	0.0	4.5	4.5	4.5	0.0	4.5	4.5
SPECIAL REVENUE	22.0	22.0	22.0	<10.0>	12.0	12.0	22.0	<10.0>	12.0	12.0
FEDERAL	6.0	6.0	6.0	0.0	6.0	6.0	6.0	0.0	6.0	6.0
TOTAL POSITIONS	110.0	108.0	108.0	5.0	113.0	120.5	108.0	5.0	113.0	120.5

ACTIVITY: POLICY ANALYSIS
Program: STATEWIDE PLANNING
Agency: STATE PLANNING AGENCY

1990-91 Biennial Budget

PURPOSE:

The purpose of the policy analysis activity of the State Planning Agency (SPA) is to:

- o Identify and analyze trends which are affecting the state of Minnesota;
- o Define issues associated with identified trends and options for addressing these issues;
- o Provide planning services and assistance to address major near-term and longer-range concerns; and
- o Coordinate the executive branch process for recommending the responses to emerging issues.

Programs assigned to the agency by the legislature are administered within this activity.

The activity encompasses 3 major policy areas:

1. Human Services. The Human Services Division identifies and analyzes major policy issues and coordinates inter-agency policy development within 4 broad areas: jobs/income security, health (including mental health), criminal justice, and developmental disabilities. The division produces analyses defining emerging issues, prepares special studies of selected issues, coordinates inter-agency issue team input to the executive branch policy development process, and analyzes major policy proposals. The division further provides assistance to state, local, and private sector agencies through consultation, grants for improving service delivery, and information dissemination.
2. Environment and Natural Resources. The Environmental Division identifies and defines emerging natural resource and environmental issues; researches, analyzes, and coordinates the development of responses to these issues; and administers and implements programs which protect and enhance the state's environment and natural resources assigned to SPA and the Environmental Quality Board (EQB) by the legislature. These functions are performed within 2 sections of the division. The Issues Analysis and Policy Development section examines key environmental and natural resources issues and prepares or coordinates plans to respond to these concerns. The EQB Operations section provides staff support to the EQB and the programs for which the board is responsible.
3. Public Investment. The Public Investment Division is responsible for policy analysis, program reviews, strategic planning, and coordination of inter-agency analysis of major development proposals related to education, sustaining agriculture, transportation systems to enhance continued development, job creation, and economic development. The issue areas addressed within the division include K-12 education, higher education, agricultural policy, transportation policy, banking and insurance, telecommunications, and trade and economic development. The state of Minnesota's involvement with Minnesota Wellspring is coordinated through

this division.

The authority for this activity is contained in Minnesota Statutes, Section 116K.04.

ACTIVITY ACCOMPLISHMENTS:

1. Trend Analysis. In the first 15 months of the 1988-89 biennium, the agency prepared 28 reports assessing major trends in the state's population, program areas, and relationship to other states. In addition, the agency (in coordination with 5 other agencies and the University of Minnesota) prepared the first comprehensive assessment of trends in resource conditions in Minnesota.
2. Major studies. During the biennium, major studies of the feasibility of developing the aquaculture industry in the state, pesticide and nutrient use, sentencing effectiveness in preventing crime, the problems of the homeless, and programs and policies affecting children have been prepared. In addition, a handbook for local water planning was completed for use by local governments.
3. Policy academies. The agency developed and conducted 2 policy academies to assist state and national leaders in developing responses to the need for dropout prevention and to the problems of children.
4. Assessment of future directions. Twice monthly publication of reports of emerging issues (Future Scans) and monthly reports on state and national innovations in government (Innovations) were produced to assist in identifying emerging issues and longer-range planning. In addition, an agenda for action to address water resource concerns was prepared.
5. Environmental Quality Board. A series of 5 environmental congresses were held throughout the state of Minnesota to assist in identifying environmental issues of concern to Minnesotans. In addition, the EQB approved the state of Minnesota's first pipeline routing rules and a revision of the rules governing environmental review for projects.

REVENUE:

This activity generates dedicated and non-dedicated revenue.

Type of Revenue	(Dollars in Thousands)			
	Actual F.Y. 1988	Est F.Y. 1989	Est F.Y. 1990	Est F.Y. 1991
Non-dedicated	\$ 230	\$ 475	\$ 475	\$ 475
Dedicated-Federal	9,025	8,788	7,813	7,813
Total Revenue	\$ 9,255	\$ 9,263	\$ 8,288	\$ 8,288

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : STATE PLANNING
PROGRAM : STATEWIDE PLANNING
BUDGET ACTIVITY : POLICY ANALYSIS

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	2,692	2,485	2,376	120	2,496	2,679	2,376	122	2,498	2,678
EXPENSES/CONTRACTUAL SRVCS	1,530	1,045	626	61	687	784	626	61	687	698
MISC OPERATING EXPENSES	187	212	187	13	200	203	187	13	200	190
SUPPLIES/MATERIALS/PARTS	54	57	53	1	54	57	53	1	54	56
CAPITAL EQUIPMENT	6	2	2	0	2	2	2	0	2	2
REDISTRIBUTIONS	34	44	42	0	42	42	42	0	42	42
STATE OPERATIONS	4,503	3,845	3,286	195	3,481	3,767	3,286	197	3,483	3,666
LOCAL ASSISTANCE	8,508	8,489	7,331	280	7,611	18,261	7,331	280	7,611	18,761
TOTAL EXPENDITURES	13,011	12,334	10,617	475	11,092	22,028	10,617	477	11,094	22,427
CHANGE REQUESTS:										
B ENVIRONMENTAL COMPACT OF THE STATES	GEN			100		100		100		0
B WATER COORD & POLICY ANALYSIS	GEN			45		0		47		0
B DRUG PREVENTION GRTS PROGRAM ADMIN	GEN			50		0		50		0
B STATEWIDE LAND USE UPDATE	MNRS			225		225		225		225
B HYDROLOGIC MODEL APPLICATIONS	MNRS			55		55		55		55
B TRSF JOB POL OFF TO SPA	GEN			0		215		0		215
B HUMAN DEVELOPMENT	GEN			0		10,650		0		10,650
B GREAT LAKES PROTECTION FUND	GEN			0		0		0		500
B ACCELERATED WATER RESOURCES COORD	GEN			0		66		0		65
B CHILDREN'S INTERAGENCY POLICY CONS	GEN			0		100		0		100
TOTAL CHANGE REQUESTS				475		11,411		477		11,810
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	2,784	2,409	2,318	195	2,513	13,449	2,318	197	2,515	13,848
SP REV DIRECT APPROP	230	475	475	0	475	475	475	0	475	475
MN RESOURCES	511	493	0	280	280	280	0	280	280	280

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

AGENCY : STATE PLANNING
PROGRAM : STATEWIDE PLANNING
BUDGET ACTIVITY : POLICY ANALYSIS

F.Y. 1990							F.Y. 1991			
AGENCY REQUEST							AGENCY REQUEST			
GOVERNOR'S RECOMM.							GOVERNOR'S RECOMM.			
SOURCES OF FINANCING:	FY 1988	FY 1989	BASE	CHANGE	TOTAL	GOVERNOR'S RECOMM.	BASE	CHANGE	TOTAL	GOVERNOR'S RECOMM.
STATUTORY APPROPRIATIONS:										
GENERAL	427	142	0	0	0	0	0	0	0	0
SPECIAL REVENUE	12	11	11	0	11	11	11	0	11	11
FEDERAL	9,025	8,788	7,813	0	7,813	7,813	7,813	0	7,813	7,813
GIFTS AND DEPOSITS	22	16	0	0	0	0	0	0	0	0
TOTAL FINANCING	13,011	12,334	10,617	475	11,092	22,028	10,617	477	11,094	22,427
POSITIONS BY FUND:										
GENERAL	41.5	37.5	37.5	3.0	40.5	46.0	37.5	3.0	40.5	46.0
SP REV DIRECT APPROP	4.5	4.5	4.5	0.0	4.5	4.5	4.5	0.0	4.5	4.5
FEDERAL	6.0	6.0	6.0	0.0	6.0	6.0	6.0	0.0	6.0	6.0
TOTAL POSITIONS	52.0	48.0	48.0	3.0	51.0	56.5	48.0	3.0	51.0	56.5

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

ACTIVITY: POLICY ANALYSIS
PROGRAM: STATEWIDE PLANNING
AGENCY: STATE PLANNING AGENCY

REQUEST TITLE: ENVIRONMENTAL COMPACT OF THE STATES

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
General Fund	\$ 100	-0-	\$ 100	-0-
Governor's Recommendation				
General Fund	\$ 100	-0-	\$ -0-	-0-

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

STATEMENT OF REQUEST/OBJECTIVE:

The State Planning Agency (SPA) requests these funds to support initial development efforts for an organization that would have as its principal members the 50 states. The organization would serve as a mechanism to focus national attention on critical environmental and natural resources issues.

DESCRIPTION/BACKGROUND:

There exist many environmental and natural resources issues that transcend the boundaries of any one state. These issues and problems are facing the nation today and will continue to face the nation during the coming decades unless action is taken. Current efforts to find solutions to environmental problems are fragmented, and little leadership has been provided by the federal government. These issues of national, and often international, concern cannot be adequately addressed without informed participation and cooperation of the states.

An organization of state executive and legislative leaders from across the country focusing on broader environmental concerns can be developed to answer this need. It is envisioned that this organization would: conduct policy research; undertake surveys and special studies as needed; maintain an information clearinghouse; organize state, regional and national forums; provide technical assistance to the states; and foster nationwide leadership and cooperation in addressing environmental and natural resource issues.

The organization, composed of state leaders, would work closely with govern-

mental, environmental, business and community leaders. It would compliment the activities of existing organizations and could serve as the focal point for national environmental policy discussions.

RATIONALE:

This request would provide funding for the initial development efforts in respect to the organization. Requested funds would be used to support contracts with technical experts experienced in the creation of organizations with similar objectives in other fields, such as education and economic development.

Efforts will be made to seek private foundation financial support for convening interested parties from around the country. Because of the broad community that would be involved with the organization, all elements of that community need to be incorporated in the planning efforts. It is anticipated that during the 2 year development period it will be necessary to convene individuals from around the country to discuss creation of the organization. Attempts to obtain additional non-state funds for these expenses will also be made.

BASE:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General Fund	\$ -0-	\$ -0-	\$ -0-	\$ -0-

LONG RANGE IMPLICATIONS:	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
General Fund	\$ 50	\$ 50	\$ 100

GOVERNOR'S RECOMMENDATION:

The Governor recommends the funding as requested except for a biennial reduction of \$100,000.

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

ACTIVITY: POLICY ANALYSIS
PROGRAM: STATEWIDE PLANNING
AGENCY: STATE PLANNING AGENCY

REQUEST TITLE: WATER COORDINATION AND POLICY ANALYSIS-STAFF

Agency Request	F.Y. 1990 (000's)		F.Y. 1991 (000's)	
	Amount	Positions	Amount	Positions
General Fund	\$ 45	1.0	\$ 47	1.0
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-

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

STATEMENT OF REQUEST/OBJECTIVE:

Funding and authorization for a Planner Principal - Water Resources is requested to meet increasing demands for the coordination of water resources management activities required by Minnesota Statutes 116C.41.

DESCRIPTION/BACKGROUND:

The Environmental Division is responsible for providing staff support to the Environmental Quality Board (EQB) and its Water Resources Committee in carrying out state water resources policy development and coordination duties assigned to the board under Minnesota Statutes 116C.41-42. These duties include the responsibility for coordinating public water management activities; development of state water strategies; and integrating local, regional, and federal plans with state strategies.

Together, the board and division staff have made major progress toward establishing the coordination and policy development forum intended by the legislature. (See Report of the Legislative Auditor on Water Quality Monitoring, February 1987.) The EQB has been able to secure LCMR support for comprehensive local water planning (\$882,000 in the current biennium), the merger of 3 state boards into the Board of Water and Soil Resources to provide a better focus on local-state ties in water management, the linkage of the Clean Water Partnership and Flood Mitigation programs to comprehensive local water plans, and the establishment of county-based ground water planning in the metropolitan region under Minnesota Statutes, Section 473.8785.

STATISTICS:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Local water plans requiring integration into state plans	0	12	54	63
LCMR water proposals reviewed	82	0	100	0

RATIONALE:

Increasingly, the board is asked to participate in the development of plans and programs for the management of water resources. During the current biennium, the board has become involved in the review of 100 water project proposals at the request of the Legislative Commission on Minnesota Resources (LCMR), in overseeing development of comprehensive local water plans in 52 counties through the LCMR grant program, in adoption of the Minnesota Ground Water Protection Strategy and review of the Non-Point Pollution Management Program at the request of the Pollution Control Agency, and in review of the proposed Wellhead Protection Program for the Department of Health.

Additionally, the board has identified the need to take a longer range perspective on water issues. It has called for development of a "Ten-Year Agenda for Protecting Minnesota's Waters." The Ten-Year Agenda will give direction and perspective to the biennial priorities reports and associated state strategies that have and will continue to be developed. This approach is needed to ensure protection of Minnesota's water resources, both within a near-term (i.e., 2-year) and longer-term (i.e., 10-year) perspective. It responds directly to the board charge to "initiate, coordinate, and continue to develop comprehensive long-range water resources planning."

Division staff has not been able to address the need for longer term assessment, despite recognition that it will provide a missing critical analysis of Minnesota's water management needs. In addition, the board's added demands for coordinating water policy development and integrating local plans into state strategies have exceeded the agency's support capacity.

BASE:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General Fund Expenditures	\$ 168	\$ 168	\$ 168	\$ 168

LONG RANGE IMPLICATIONS:	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
General Fund Expenditures	\$ 49	\$ 51	\$ 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.

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

ACTIVITY: POLICY ANALYSIS
PROGRAM: STATEWIDE PLANNING
AGENCY: STATE PLANNING AGENCY

REQUEST TITLE: DRUG PREVENTION GRANTS PROGRAM ADMINISTRATION

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
General Fund	\$ 50	2.0	\$ 50	2.0

Governor's Recommendation

General Fund	\$ -0-	-0-	\$ -0-	-0-
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Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests funds to match federal dollars for 1.0 position and for state funds for 1.0 position to administer the federal Anti-Drug Abuse Act in Minnesota. This activity includes (1) policy development and statewide planning, and (2) management of contracts for federal funds to state and community agencies.

The objective of this request is to provide the agency with adequate support to assure that the state's interest is met by the recipients of federal funds. This includes the state's responsibilities to adequately coordinate the variety of programs involved, to establish policy and guidance, and to assist contracting agencies. In addition, because the primary beneficiary of the federal anti-drug monies is the state, General Fund support demonstrates the state's commitment to implementation of a comprehensive drug strategy.

DESCRIPTION/BACKGROUND:

In 1987, the State Planning Agency (SPA) was designated by the Governor to coordinate and administer the federal anti-drug abuse funds (narcotics control; treatment; education and prevention). This has required development of coordinated policy and administrative activities among the Departments of Education, Human Services, Public Safety, Health, and Corrections, and the Attorney General's Office, through the Governor's Task Force on Criminal Justice Policy. In Minnesota, the agency serves as the fiscal agent for all federal funds. The agency then contracts with the appropriate operational agency to carry out that department's part of the state strategy.

In addition to the broader policy and coordination function among the 3 main federal program parts, the agency serves as the program manager for the Governor's State Prevention program (one part of the omnibus federal drug act). This program consists of the (1) development of collaborative policy and plans by involving a variety of disciplines and interagency groups, and (2)

administration of community prevention grants.

STATISTICS:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Total Federal Money	\$ 8,610	\$ 6,769	\$ 6,769	\$ 6,769
Narcotic	3,103	975	975	975
Treatment	2,840	2,625	2,625	2,625
Education/Prevention	2,667	3,169	3,169	3,169
Number of Contracts	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
State Agencies	5	7	8	8
Local Communities	27	35	35	35
Evaluation/Training	1	3	5	5
Technical Assistance Requests	1,800	1,800	1,800	1,800

POLICY ACTIVITIES

State/local coordination can increase significantly by additional work with state and local policy groups. Evaluation activities can be given further attention to insure that funding is used for most effective programs.

RATIONALE:

It was initially believed that the Anti-Drug Abuse Act would be a 1 year program. On that basis, SPA decided to administer the Governor's program with existing staff and resources. The 1988 federal law was reauthorized through 1993, requiring a minimum state commitment through 1994.

Reauthorization of the law provides more extensive requirements and additional responsibilities. This includes provision to collect more detailed data; more expansive planning processes; a systematized reporting and evaluation requirement; and greater technical assistance to program grantees. SPA can no longer absorb all of the activity necessary to meet the state's commitment to this program.

BASE:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General Fund	\$ 23	\$ 23	\$ 23	\$ 23

LONG RANGE IMPLICATIONS:	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
General Fund	\$ 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.

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

ACTIVITY: POLICY ANALYSIS
PROGRAM: STATEWIDE PLANNING
AGENCY: STATE PLANNING AGENCY

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.

REQUEST TITLE: STATEWIDE LAND USE UPDATE - LCMR

	F.Y. 1990		F.Y. 1991	
	(000's)		(000's)	
Agency Request	Amount	Positions	Amount	Positions
MN Resources	\$ 225	-0-	\$ 225	-0-
Governor's Recommendation				
MN Resources	\$ 225	-0-	\$ 225	-0-

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

STATEMENT OF REQUEST/OBJECTIVE:

A grant to The International Coalition is requested as recommended by the Legislative Commission on Minnesota Resources (LCMR) in order to produce an update of the state's land use databases at the 2 1/2 acre level.

DESCRIPTION/BACKGROUND:

The current state land use database was developed in 1969 at a 40 acre level. It was automated on a grid cell basis and provides the fundamental component of the state's Land Management Information System.

The International Coalition has committed to producing a 2 1/2 acre digitized, statewide land use update based upon satellite imagery processed on to 1:24,000 U.S. Geological Survey mylar overlays. The database will be verified for "ground truth" by soil and water conservation district personnel and low level U.S. Agricultural Stabilization and Conservation Service photography.

RATIONALE:

The need to update this database is clear not only because of its age and the state's changing land uses, but because of the evolution of information systems and the development of new demands for higher resolution data, such as have occurred with local water planning applications. The need for a digitized, higher resolution database has become apparent.

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

ACTIVITY: POLICY ANALYSIS
PROGRAM: STATEWIDE PLANNING
AGENCY: STATE PLANNING AGENCY

REQUEST TITLE: HYDROLOGIC MODEL APPLICATIONS - LCMR

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
MN Resources	\$ 55	-0-	\$ 55	-0-

Governor's Recommendation

MN Resources	\$ 55	-0-	\$ 55	-0-
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Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

A grant to The International Coalition is requested as recommended by the Legislative Commission on Minnesota Resources in order to develop hydrologic model applications as they relate to geographic information systems.

DESCRIPTION/BACKGROUND:

The International Coalition will gather available data for a pilot, subwatershed area of 20 - 60 square miles in the Red River watershed. This data will be related through the GIS system and the HEC I hydrologic modeling program to assess how these 2 water management tools can be used together. A comparative analysis with the existing Timing Analysis program will be done to determine potential for a third water management tool.

RATIONALE:

The possibility exists to combine information and assessment capabilities present in geographic information systems with those of the U.S. Army Corp of Engineers HEC I model and the Red River Timing Analysis. If proven feasible through this project, planning efforts of both state and local agencies will benefit from an enhanced land use - hydrologic modeling capability.

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: POLICY ANALYSIS
PROGRAM: STATEWIDE PLANNING
AGENCY: STATE PLANNING AGENCY

REQUEST TITLE: TRANSFER OF OFFICE OF JOBS POLICY TO STATE PLANNING AGENCY

	F.Y. 1990		F.Y. 1991	
	(000's)		(000's)	
Governor's Recommendation	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
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.

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

ACTIVITY: POLICY ANALYSIS
PROGRAM: STATEWIDE PLANNING
AGENCY: STATE PLANNING AGENCY

REQUEST TITLE: HUMAN DEVELOPMENT/NEIGHBORHOOD STABILITY

	F.Y. 1990		F.Y. 1991	
	(000's)	Positions	(000's)	Positions
Governor's Recommendation	Amount		Amount	
General Fund	\$10,650	-0-	\$10,650	-0-

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

GOVERNOR'S RECOMMENDATION:

The Governor recommends these funds to provide assistance to the cities of Minneapolis, St. Paul and Duluth to help stabilize their inner city neighborhoods by reducing crime and addressing the needs of a growing number of dysfunctional residents. Program would aim to improve the health, job skills and safety of the area residents; improve the delivery of services currently available; and develop a sense of community.

DESCRIPTION/BACKGROUND:

In 1987, the legislature established the Urban Revitalization Action Program to provide assistance to Minneapolis and St. Paul to help them address the physical redevelopment needs of their distressed neighborhoods. As part of the administration's "Year of the City" package, this request will address many of the unique human development needs of these same neighborhoods as well as the human development needs of the city of Duluth.

Projects funded from this program would be targeted to the URAP neighborhoods with the most severe problems and integrated with job creation and housing development strategies. Neighborhood and minority groups will actively participate in the development, implementation and evaluation of the projects. The program will be aimed at promoting the family's role as primary care giver, assisting the family in making decisions.

The cities will use the funds for such things as: (1) providing for both neighborhood-based resource centers for delivering services and neighborhood outreach programs to promote family stability, maintenance of housing and self-sufficiency, (2) services to address employment barriers, such as adult basic education, counseling and case management, (3) programs to employ inner city youth, (4) wage subsidy programs (similar to MEED) to help provide employment for unemployed residents who are ineligible for either unemployment benefits or workers' compensation, (5) prevention and education of household environmental hazards, (6) child development services and parenting education, (7) targeted service delivery to public housing residents, and (8) strategies for better communication between police and target groups within the URAP neighborhoods.

RATIONALE:

A number of disturbing social and economic trends within the inner cities of Minneapolis, St. Paul and Duluth have been identified. Included among these trends are a rapidly escalating rate of violent crimes, numerous social and economic problems associated with increased sales and use of illegal drugs, a disproportionate number of the unemployed, an increasing proportion of AFDC recipients and a dramatic rise in the number of at-risk births. Experiences from around the country have demonstrated the devastating outcome of these trends if they are allowed to continue.

BASE: None.

	(Dollars in Thousands)		
LONG RANGE IMPLICATIONS:	F.Y. 1992	F.Y. 1993	Total
General Fund Expenditure	\$ 10,650	\$ 10,650	\$21,300

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

ACTIVITY: POLICY ANALYSIS
 PROGRAM: STATEWIDE PLANNING
 AGENCY: STATE PLANNING AGENCY

REQUEST TITLE: GREAT LAKES PROTECTION FUND

	F.Y. 1990 (000's)		F.Y. 1991 (000's)	
Governor's Recommendation	Amount	Positions	Amount	Positions
General Fund	\$ -0-	-0-	\$ 500	-0-

Request requires statutory change: X Yes _____ No
 Statutes Affected: New legislation.

GOVERNOR'S RECOMMENDATION:

The Governor requests these funds to support Minnesota's contribution to the Great Lakes Protection Fund. Minnesota's total contribution to the Fund has been set at \$1.5 million dollars, to be paid over a 3-year period.

DESCRIPTION/BACKGROUND:

On February 3, 1988, the Great Lakes governors endorsed the creation of the Great Lakes Protection Fund, a \$100 million endowment that will set a new standard for aggressive and effective regional action to advance the cause of clean water.

The fund was originally called for in the governors' Great Lakes Toxic Substances Control Agreement, and it will be used primarily to attack toxic problems. Toxics are a particularly vexing problem because they come from a variety of sources. They can be harmful in minute quantities, and they can affect health of all living organisms, including humans.

This type of endowment to attack shared pollution problems is the first of its kind ever devised and presents an unprecedented commitment to the Great Lakes. By creating a permanent funding mechanism, the states will help to ensure continuous development of needed scientific information and new clean-up technologies. Taking a regional approach to the threat of toxic contamination of the Great Lakes will improve coordination of projects and help make programs more cost effective.

The Great Lakes Protection Fund will support research to improve the science on which protection policies are based and advance management practices to be more effective for both industry and society.

STATISTICS:

About 219,000 Minnesota residents live in the 3 counties bordering Lake Superior, with 57,000 households depending on the Great Lakes for water supplies. Utilities, manufacturers, ore processors, fish hatcheries and other Minnesota industries also use Great Lakes water supplies.

Lake Superior and its North Shore attract tourists, sailors, recreational boaters, anglers and scuba divers. In 1987, North Shore State Park attendance reached over 1.6 million individuals, producing \$18 million in economic benefits for the region.

Duluth's revitalized waterfront is expected to increase tourism by 25%, generating \$9 million more in annual expenditures, stimulating investment in real estate and increasing property values.

Minnesota's Lake Superior charter fishing industry has grown 20% annually since 1985. The 67 boats operating in 1988 accounted for \$2.5 million in spending in coastal communities.

Minnesota's major Great Lakes ports have transported more than 80 million tons of freight through the Great Lakes system in a single season. The Port of Duluth/Superior, the largest U.S. port on the Great Lakes, supported 2,900 jobs, generating a total economic impact of \$160 million in 1986.

RATIONALE:

The five interconnected Great Lakes form the largest system of fresh surface water lakes on earth. Lake Superior directly benefits Minnesota by providing drinking water, supporting waterborne commerce, navigation, manufacturing and power production, encouraging recreation and fishing and sustaining a valuable freshwater ecosystem. The Great Lakes Protection Fund, a regional endowment funding research to clean up toxic water pollution, will help sustain these benefits.

BASE: None.

	(Dollars in Thousands)		
LONG RANGE IMPLICATIONS:	F.Y. 1992	F.Y. 1993	Total
General Fund	\$ 500	\$ 500	\$1,000

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

ACTIVITY: POLICY ANALYSIS
PROGRAM: STATEWIDE PLANNING
AGENCY: STATE PLANNING

REQUEST TITLE: ACCELERATED WATER RESOURCES COORDINATION

	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
Governor's Recommendation				
General Fund	\$ 66	2.0	\$ 65	2.0

Request requires statutory change: X Yes _____ No
Statutes Affected: M.S. Chap.116C.

GOVERNOR'S RECOMMENDATION:

The Governor requests funding and authorization for accelerated coordination of water resources management required by the proposed "Comprehensive Water Resources Protection Act of 1989."

DESCRIPTION/BACKGROUND:

The State Planning Agency is responsible for providing staff support to the Environmental Quality Board and its Water Resources Committee in carrying out state water resources policy development and coordination duties assigned to the Board under Minnesota Statutes, Section 116C.41. These duties include responsibility for coordinating public water management activities, development of state water strategies, and integrating local, regional and federal plans with state strategies.

The proposed "Comprehensive Water Resources Protection Act of 1989" calls for several major new duties to be assigned to the Environmental Quality Board. These include

1. development of a state water resources monitoring plan;
2. coordination of an ongoing Assessment of state water research priorities through a new state water research coordinating committee (reportable to EQB);
3. adoption of a rule defining areas of the state sensitive to ground water contamination and coordination of state-supported information gathering intended to define these areas;
4. adoption of a rule establishing requirements for the compatibility of water data collected in state-supported programs;

5. coordination of the evaluation of state ground water protection programs.

RATIONALE:

To begin to address findings that pesticides and other toxic compounds are routinely showing up in Minnesota's drinking water supplies, the environmental Quality Board, working in cooperation with the Pollution Control Agency and other key state agencies, has adopted the Minnesota Ground Water Protection Strategy and the closely related Strategy for the Wise Use of Pesticides and Nutrients. The Governor has signed and submitted the ground water strategy to the U.S. Environmental Protection Agency as the state's approach to protecting Minnesota's ground water.

The strategies call for a new focus on protection of ground water supplies. This focus requires better coordination of state programs, better management of the water information needed to support these programs, and systematic thought about the research needed to make protection efforts efficient.

This CHANGE level request would provide the added staff support necessary at the State Planning Agency to carry out the new duties to be assigned to the Environmental Quality Board by the proposed "Comprehensive Water Resources Protection Act of 1989."

BASE:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General Fund Expenditures	\$ 168	\$ 168	\$ 168	\$ 168

LONG RANGE IMPLICATIONS:	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
General Fund Expenditures	\$ 65	\$ 65	\$ 130

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

ACTIVITY: POLICY ANALYSIS
PROGRAM: STATEWIDE PLANNING
AGENCY: STATE PLANNING AGENCY

REQUEST TITLE: CHILDREN'S INTERAGENCY POLICY CONSORTIUM

	F.Y. 1990		F.Y. 1991	
	(000's)		(000's)	
Governor's Recommendation	Amount	Positions	Amount	Positions
General Fund	\$ 100	1.5	\$ 100	1.5

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

GOVERNOR'S RECOMMENDATION:

The Governor requests funds to support an interagency policy process which will build on the work of the Children's Policy Academy. The emphasis would be on creating mechanisms within major state and local agencies required to achieve organization and delivery system change. The process would be expected to lead to consistent and cohesive state policy addressing the developmental needs of children. This would lead to a continuum of community-level services maximizing the impact of resources available to the education, health, human services and criminal systems.

STATISTICS:

A recent survey by the State Planning Agency identified over 200 state programs for children. There is little coordination among these programs, resulting in some services becoming over-specialized and isolated and perhaps leading to inefficient use of limited resources.

RATIONALE:

There are currently several interagency teams which review and discuss issues relative to a specific target population. For example, the Interagency Teams on Child Abuse and Neglect, and Teen Pregnancy and Parenting have provided a mechanism to coordinate state efforts as well as provide technical assistance to local agencies. The Department of Human Services CHANGE request, "Joining Forces Pilot Project-Improve Access to School," describes a similar interagency initiative. The policy consortium would provide oversight to all efforts, thus assuring a coordinated, consistent and cohesive delivery of services for children.

This request is part of the Children's Package.

	(Dollars in Thousands)		
LONG RANGE IMPLICATIONS:	F.Y. 1992	F.Y. 1993	Total
General Fund	\$ 100	\$ 100	\$ 200

ACTIVITY: INFORMATION SERVICES
Program: STATEWIDE PLANNING
Agency: STATE PLANNING AGENCY

1990-91 Biennial Budget

PURPOSE:

This activity serves executive and legislative branch decision-makers by supplying information for application in assessment of options and implementation of strategic and tactical decisions. Within this activity, the Planning Information Center has been established to develop and operate automated data bases used for geographic and demographic studies and for trend analysis.

There are 5 major functions within this activity.

1. Land Management Information Center. The Land Management Information Center (LMIC) provides geographic and statistical information to state programs through computer mapping and online data retrieval systems. This "clearinghouse" of summary information integrates data from numerous state agencies and provides analytic and graphic services to management programs in waste management, acid rain, mineral exploration, forestry, and other areas. Clients are assessed fees to recover computer and staffing expenses for projects.
2. State Demography Office. This office produces annual estimates of population and households for all cities, towns, and counties and of county median income. Information is supplied to other agencies for use in allocation formulas and in grants disbursement. Projections of population, labor force, and other characteristics of the state's population are regularly prepared and trends in respect to the state's population are regularly monitored. The office serves as a liaison to the U.S. Bureau of the Census, coordinates the statewide network of State Data Center affiliates, operates a pilot business and industry data center program, and provides information to a broad clientele of public and private users.
3. DATANET. Minnesota's largest online automated information retrieval system is operated through the Planning Information Center. This system, called DATANET, contains 13 data bases with facts and information ranging from land and mineral resources to county business patterns and labor force statistics. Over 2,000 rankings comparing Minnesota to other states are available for use by planners and decision-makers. Over 140 subscribers are now using DATANET.
4. Regional Assistance. The Regional Assistance function administers the state appropriation for Regional Development Commission general assistance grants and coordinates activities at the state and regional levels to assist in effectively implementing state goals and policies.
5. Dispute resolution. This function serves as a state focal point for maintaining and distributing information in respect to alternative methods of resolving disputes outside of the court system.

The statutory authority for this activity is Minnesota Statutes, Section 116K.04.

ACTIVITY ACCOMPLISHMENTS:

1. Establishment of Minnesota Economic and Business Information Network. Minnesota was one of 15 states selected to participate in pilot projects to establish a business and industry data center.
2. Software development. The Planning Information Center developed a state-of-the-art software mapping system for personal computers (EPPL 7). In F.Y. 1988, 70 individual and site licenses to use the software were granted, contributing \$40,000 toward recouping the cost of development.
3. DATANET expansion. Already the largest online data retrieval in Minnesota, the DATANET system was expanded to include additional adolescent health care information, criminal justice statistics, school profile data, county rankings for the United States, and a map service design function.
4. Service Bureau projects. In F.Y. 1988, \$732,000 was billed for LMIC Service Bureau projects. Major projects included Indian treaty lands mapping, integrated ground water information system design, forest inventory computerization, and metropolitan sewer network mapping.
5. Dispute Resolution. The agency's dispute resolution center has provided assistance in environmental mediation, in the mediation of health care disputes, and to the state's farmer-lender mediation program. Two statewide dispute resolution "days" have been held, along with 4 training sessions.

ACTIVITY STATISTICS:	F.Y. 1985	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Estimated No. of demographic requests	6,100	7,000	7,200	8,800	8,800
No. of information publications	22	22	22	16	16
No. of client projects	180	160	140	120	110
No. of programs served	22	19	17	15	14

REVENUE:

This activity generates revenue through a revolving fund:

	(Dollars in Thousands)			
	Actual F.Y. 1988	Estimated F.Y. 1989	Estimated F.Y. 1990	Estimated F.Y. 1991
Project receipts	\$ 732	\$ 770	\$ 600	\$ 500

BASELEVEL REVIEW:

A BASE level review has been completed for the revolving fund component of this activity. This review is a separate submission to the legislature.

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : STATE PLANNING
PROGRAM : STATEWIDE PLANNING
BUDGET ACTIVITY : INFORMATION 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	1,443	1,612	1,640	186	1,826	1,903	1,640	86	1,726	1,803
EXPENSES/CONTRACTUAL SRVCS	332	324	344	152	496	566	338	152	490	553
MISC OPERATING EXPENSES	66	65	64	42	106	69	64	42	106	69
SUPPLIES/MATERIALS/PARTS	75	40	42	37	79	67	42	37	79	67
CAPITAL EQUIPMENT	69	40	40	55	95	60	40	55	95	40
REDISTRIBUTIONS	29	39	39	0	39	39	39	0	39	39
STATE OPERATIONS	2,014	2,120	2,169	472	2,641	2,704	2,163	372	2,535	2,571
LOCAL ASSISTANCE	377	377	377	549	926	377	377	565	942	377
TOTAL EXPENDITURES	2,391	2,497	2,546	1,021	3,567	3,081	2,540	937	3,477	2,948
CHANGE REQUESTS:										
FUND										
B REGIONAL ASST GRANTS (REG DEV COMM) GEN				373		0		373		0
B INFORMATION CLEARINGHOUSE & TECH ASST GEN CENTER				600		508		600		508
B INFORMATION CLEARINGHOUSE & TECH ASSTSREV CENTER				<170>		<170>		<270>		<270>
B STATE/COMMUNITY DISPUTE RESOLUTION PROG GEN				218		0		234		0
B GROUND WATER DATA INTEGRATION GEN				0		197		0		170
TOTAL CHANGE REQUESTS				1,021		535		937		408
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	1,653	1,715	1,770	1,191	2,961	2,475	1,770	1,207	2,977	2,448
STATUTORY APPROPRIATIONS:										
SPECIAL REVENUE	732	770	770	<170>	600	600	770	<270>	500	500
GIFTS AND DEPOSITS	6	12	6	0	6	6	0	0	0	0
TOTAL FINANCING	2,391	2,497	2,546	1,021	3,567	3,081	2,540	937	3,477	2,948

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

AGENCY : STATE PLANNING
PROGRAM : STATEWIDE PLANNING
BUDGET ACTIVITY : INFORMATION SERVICES

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	25.0	26.0	26.0	10.0	36.0	37.0	26.0	10.0	36.0	37.0		
SPECIAL REVENUE	22.0	22.0	22.0	<10.0>	12.0	12.0	22.0	<10.0>	12.0	12.0		
TOTAL POSITIONS	47.0	48.0	48.0	0.0	48.0	49.0	48.0	0.0	48.0	49.0		

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

ACTIVITY: INFORMATION SERVICES
PROGRAM: STATEWIDE PLANNING
AGENCY: STATE PLANNING AGENCY (SPA)

REQUEST TITLE: REGIONAL ASSISTANCE GRANTS (REGIONAL DEVELOPMENT COMMISSIONS)

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
General Fund	\$ 373	-0-	\$ 373	-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 increase the state's general support to Regional Development Commissions (RDCs). The objective is to expand the RDCs capability to respond to increasing requests for direct technical assistance by local units of government and to actively participate with state and federal agencies in revitalizing rural Minnesota.

DESCRIPTION/BACKGROUND:

Regional Development Commissions were authorized by the Regional Development Act of 1969, Minnesota Statutes 462.381 to 462.398. Currently, RDCs are organized in 9 of the 12 planning regions of the state. Funding is passed through SPA to the RDCs. There is no state complement for this function.

RDCs are charged with facilitating "...intergovernmental cooperation...to ensure the orderly...coordination of the state, federal, and local...programs for the solution of economic, social, physical and governmental problems of the state and its citizens." RDCs have become an extension of local governments. Each commission is principally governed by local elected officials.

Each commission annually prepares and adopts a work program which responds to concerns of local governments. These work programs translate such concerns into a federal, state, and locally funded blueprint for action. Annual work programs cover 2 broad areas: (1) community and human services and (2) economic development. This melding of community/human services and economic development activities, combined with their strong ties to local government, makes RDCs unique in Minnesota.

RATIONALE:

A recent report by the National Governors' Association Task Force on Rural Development recommends that federal, state, and local governments work in

partnership to establish regional alliances that are grass-roots approaches to rural development. The report recognizes that federal and state governments have a responsibility to help local governments. The Task Force report also calls for "individual communities and counties to pool their resources and build substate regional mechanisms for cooperation."

To deal effectively with major issues in waste management, water quality, services to senior citizens, declining population, declining tax bases, access to cultural activities, quality education, economic development and other problems facing all of rural Minnesota, cooperation is necessary. While all local governments must address such problems they are not all able to retain full time professional staff to deal with them. Through cooperative ventures, RDCs provide the staff expertise, experience, intergovernmental knowledge and broad perspective to deal with problems occurring throughout their regions. Knowledge which is gained from solving a problem in one part of the region can be applied to a problem in another. Because of their dual responsibility for human service and economic development issues, and their in-depth knowledge of needs in each region, RDCs provide a valuable informational and coordinating resource for public and private entities created to deal with single issues.

Regional commissions are operating at full capacity. Most cannot adequately respond to the current demand for services and the need for planning, development assistance and coordination. Needs are expected to increase in the future. Allocations derived from the local levy are decreasing as a consequence of the decline in property values throughout most of rural Minnesota. Seven commissions have reached the maximum local levy limit of 1/6 mill. Most federal funding has been cut in recent years. State funding has decreased abruptly since the F.Y. 1976-77 biennium, when over \$2 million was appropriated.

The agency requests an increase of \$373,000 for each fiscal year for a total appropriation of \$750,000 per fiscal year. This increase will enable RDCs to respond to the growing demand for services and be an active partner in the federal-state-local rural revitalization effort. Beginning in F.Y. 1990, each regional commission will prepare an annual "State of the Region" report, outlining trends and problems occurring in their regions. These reports will be submitted to SPA and shared with other public and private entities. They will be used to help shape rural initiatives and programs for the state of Minnesota.

BASE:

General Fund Expenditures

(Dollars in Thousands)			
F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
\$ 377	\$ 377	\$ 377	\$ 377

LONG RANGE IMPLICATIONS:

General Fund Expenditures

(Dollars in Thousands)		
F.Y. 1992	F.Y. 1993	Total
\$ 623	\$ 623	\$1,246

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: INFORMATION SERVICES
PROGRAM: STATEWIDE PLANNING
AGENCY: STATE PLANNING AGENCY

REQUEST TITLE: INFORMATION CLEARINGHOUSE AND TECHNICAL ASSISTANCE CENTER

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
General Fund	\$ 600	10.0	\$ 600	10.0
Special Revenue	(170)	(10.0)	(270)	(10.0)
Governor's Recommendation				
General Fund	\$ 508	10.0	\$ 508	10.0
Special Revenue	(170)	(10.0)	(270)	(10.0)

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

STATEMENT OF REQUEST/OBJECTIVE: The agency requests these funds to (1) provide a stable funding source to develop and maintain inventories of natural, physical, and human resources for Minnesota and (2) employ these inventories for improved program evaluation. The objectives of the Land Management Information Center have been to both provide a clearinghouse of state data and provide data analysis services. The center's reliance on client fees to fund projects has limited its capability to maintain current inventories. To provide technical assistance to resource managers in conducting their own analysis, and to apply available information to evaluate state programs.

DESCRIPTION/BACKGROUND: The Land Management Information Center (LMIC) was established in F.Y. 1978 with a BASE General Fund appropriation and authority to charge fees for information services. The first year's fee revenue was \$24,000; this amount has risen to over \$800,000. The LMIC was combined with the State Demographer in 1986 to form the Planning Information Center. The majority of General Fund staff and funding is directed to support demographic analysis (which has always been supported through the General Fund) and the revolving fund activity of LMIC. This has left few resources for data clearinghouse and technical assistance functions or for program evaluation applications.

In the past decade, there have been many changes in computer technology and use. The role of the central facility has shifted toward data integration and technology transfer and away from providing application services for client's projects. The reliance on client fees to perform these new duties is inappropriate and unworkable. This is because information is a resource, not a commodity. It should be distributed based on the need to know, not rationed on the ability to pay. The clientele has shifted from a few, large scale projects to many, small scale, independent users.

Similarly, program evaluation applications cannot be supported with client fees. Program evaluation is critical to the ability of the State of Minnesota to make the most effective use of its resources. The adaptation of information resources to serve the evaluation process is essential to its

success.

STATISTICS:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General Fund Staff (FTE)				
Staff assigned to data integration	2	2	11	11
Staff assigned to technical assist.	2	2	11	11
Staff support of revolving fund	10	10	2	2
Subtotal	14	14	24	24
Revolving fund staff (FTE)	15	15	5	5

RATIONALE: The clearinghouse function involves integrating agency geographic (e.g., natural resources) and statistical (e.g., demographics) data into a common computer compatible form so that they can be used together by the many analysts in state and local government. The beneficiaries of integration are the users of data and the decision makers using the results. However, these beneficiaries are unable or unwilling to pay the continuing cost of automating and integrating data files.

The technical assistance function involves spending more time preparing and training analysts to do their own computer mapping, modeling, and evaluation with desktop computers. This change in technology over the past decade requires a new response other than fee-for-service from a central facility. There are many requests from state and local agencies to apply this new computer mapping and analysis capability into their own operational activities. PIC has the expertise, through its LMIC activity, but needs support in addition to training fees.

The rationale for the revolving fund was that there were particular beneficiaries of the facility who contracted for projects to be conducted. The rationale for this request is that the beneficiaries have become diffused, more users have an expectation for available data and fewer agencies are sponsoring data development programs. What is needed today is a clearinghouse for data and technical assistance so that functional program staff can conduct their own computer mapping, analysis, and evaluation. All state and local agencies now have a need for data and expertise. Specific project requests to LMIC would continue to pay for direct production services. The implications of not funding this change request are several; (1) limited use of a major state investment, over 20 years, in computer mapping technology, (2) reduction in the quality of information for analysis and decision making, (3) reduced program evaluation capability, (4) a slower adoption of computer analysis capability by state and local agencies, and (5) numerous incompatible data bases that defy correlation.

BASE:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General Fund Expenditures	\$ 716	\$ 726	\$ 756	\$ 756
Revolving Fund Receipts	764	770	600	500

LONG RANGE IMPLICATIONS:	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
General Fund Expenditures	\$ 600	\$ 600	\$ 1,200
Revolving Fund Receipts	400	400	800

GOVERNOR'S RECOMMENDATION: The Governor recommends the funding as requested except for a biennial reduction of \$184,000 to provide a stable funding source and maintain inventories of natural, physical and human resources and employ these inventories for improved program evaluation.

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

ACTIVITY: INFORMATION SERVICES
 PROGRAM: STATEWIDE PLANNING
 AGENCY: STATE PLANNING AGENCY

REQUEST TITLE: STATE/COMMUNITY DISPUTE RESOLUTION PROGRAM FUNDING

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
General Fund	\$ 218	-0-	\$ 234	-0-
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-

Request requires statutory change: X Yes _____ No
 Statutes Affected: M.S. 1986, Ch. 494

STATEMENT OF REQUEST/OBJECTIVE: These funds will be used to develop a pilot program for improving the negotiation skills of state employees involved in policy negotiations and to provide partial funding for community dispute resolution programs eligible to be certified under M.S. Ch. 494. The community programs provide the public with an efficient, fair and low-cost means of resolving disputes outside the courtroom.

DESCRIPTION/BACKGROUND: Negotiation Skill Building: The agency's Office of Dispute Resolution has sponsored 4 negotiation training sessions for public employees. The curriculum is intended to teach general negotiation skills for a variety of work situations. However, there is a need for a more advanced seminar designed to aid employees who routinely work with other agencies, the governor's office and the legislature in shaping major policy initiatives for the state.

Community Dispute Resolution Programs: In 1981, \$100,000 was appropriated for pilot programs related to community dispute resolution. Based on the pilot, the legislature passed M.S. Ch. 494, the Community Dispute Resolution Program Act in 1983 and subsequently enacted guidelines, developed by the State court Administrator's Office, under which programs may be certified to receive court referrals. A 1983 request by the court for \$200,000 to fund certified programs was not granted, due to limited funds. Nine programs have been established, 7 in the metro area and 1 each in NE and SE Minnesota. Funding sources vary by program but generally include local governments, the IOLTA and civil filing fee surcharge programs authorized by the legislature and foundations. Foundations have been generous in the past, but are not an ongoing source of money for operations. Two programs are not currently serving clients due to the lack of funding. In all cases, staff must spend a disproportionate amount of time seeking funds, rather than settling disputes and informing the public about the availability of the service.

STATISTICS: (6 Programs)	1st HALF	
	C.Y. 1987	C.Y. 1988
Total cases process	1,196	641
Mediations ending in agreement	367	181

STATISTICS: (6 Programs)	1st HALF	
	C.Y. 1987	C.Y. 1988
Mediations with no agreement	65	29
Conciliations	204	90
Referrals to other services	1,334	738
Volunteer dispute resolvers	300	
Volunteer hours	10,000+	

RATIONALE: Negotiation Skill-Building: State government decision-making is more complex than ever before. Administrative and legislative policies often impact diverse segments of the population. It is advantageous for staff involved in policy negotiations to be skilled at structuring and participating in negotiation sessions to assure proper consideration of all views. This request for \$20,000 would fund the design and implementation of a pilot advanced negotiation skill-building program for staff involved in high levels of state policy formulation.

Community Dispute Resolution Programs: The CDR programs address the urgent need of citizens for efficient, fair alternatives for dispute resolution apart from the court system. People are spared unnecessary stress and expense, inappropriate processes and inadequate remedies by providing mediation, conciliation and, where appropriate, information and referral services. Cases often involve repeated "annoyance calls" to police and other government agencies that rarely get resolved.

State funding would help stabilize existing programs and provide start-up funds for 1 or 2 new programs to serve the public in greater Minnesota. New programs should utilize experienced mediators trained with state funds through the farm-credit mediation program. Many have expressed an interest in assisting people in resolving a wide range of disputes. If approved, funds would be allocated for up to 1/3 of the total annual budget of existing programs, not to exceed \$25,000 per program per year, for a maximum of 2 years. Funds are requested for technical assistance for new programs, for training pursuant to Ch. 494, and for evaluation, administration and public awareness. Programs accepting funds will be required to submit detailed annual statistics on their activities. This data will be useful in determining stat policy regarding the future role of community programs within the overall justice system.

An advisory committee would be appointed by the commissioner to assist in developing guidelines for disbursing grant funds, to review applications and make recommendations related to the funding thereof.

BASE: None.

LONG RANGE IMPLICATIONS:	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
General Fund Expenditure	\$ 240	\$ 250	\$ 490

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: INFORMATION SERVICES
PROGRAM: STATEWIDE PLANNING
AGENCY: STATE PLANNING AGENCY

REQUEST TITLE: GROUND WATER DATA INTEGRATION

	F.Y. 1990 (000's)		F.Y. 1991 (000's)	
Governor's Recommendation	Amount	Positions	Amount	Positions
General Fund	\$ 197	1.0	\$ 170	1.0

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

GOVERNOR'S RECOMMENDATION:

The Governor requests these funds to provide for a "Ground Water Clearinghouse" at the State Planning Agency Land Management Information Center (LMIC). The clearinghouse would provide on-line storage and active maintenance of several major state ground water data bases in an integrated framework at LMIC. In addition, funding is requested to automate key information in order to fill in major gaps in these data bases, and to integrate newly delineated geologic and hydrologic information into the state Geographic Information System.

DESCRIPTION/BACKGROUND:

A number of important ground water data systems have been fully or partially automated. These include:

State Well Index; Department of Natural Resources (DNR) - summary file containing well descriptors for all reported wells and referencing other data sources.

County Well Index; Minnesota Geological Survey (MGS) - a system compatible with the above developed for local governments to collect and analyze ground water information.

Well Log; Minnesota Geological Survey (MGS) - contains the complete stratigraphic record and construction information for wells and borings.

Integrated Ground Water Information System (IGWIS) - under development by the Pollution Control Agency to store and analyze all ground water data collected by it.

DNR additionally maintains data bases on water appropriations (State Water Use Data System - SWUDS) and ground water levels (Observation Well Data Base - OBWELL).

Cuts in funding have left these important data bases incompletely populated or with major components missing. Moreover, the distribution of water management responsibilities among several agencies in Minnesota has resulted in a ground water data management system that is equally distributed. A major

need identified by ground water data users is that of an interface which allows easier access to data from these various sources. Creation of this interface requires that all data be stored in compatible formats.

Funding is needed to

1. interpret remaining historical well log records and automate this data on the Minnesota Geological Survey's "Well Log" system. (Automation of new records will be done by the Minnesota Department of Health under funding requested for an expanded water well program.) [\$145,250]
2. digitize additional hydrogeologic and water-related maps in order to make them part of the state natural resource Geographic Information System available to all agencies through LMIC> [\$30,000]
3. create a ground water clearinghouse at LMIC, using the DNR's State Well Index as the keystone. This interface would include the maintenance of the State Well Index, County Well Index, and Well Log data bases at LMIC, with links to DNR's OBWELL and SWUDS data bases, MPCA's IGWIS data base, and the Environmental Protection Agency's national water quality data base, STORET.

Needed to accomplish this clearinghouse function are a data base coordinator, programming staff time, disk purchase for storage and computing expenses. [\$192,200]

RATIONALE:

Items #1 and 2 are needed to fill important data gaps in the state ground water data system. Item #3 is needed to establish an accessible framework for ground water data. Much data is already automated, but because it resides in several locations, it is not readily accessible to anyone requiring information from more than one data set.

The request is required to implement the Minnesota Ground Water Protection Strategy, which identifies data management as a critical need for effective regulatory programs. This need has long been recognized by the interagency water data advisory group, Systems for Water Information Management (SWIM), and the Legislative Commission on Minnesota's Resources (LCMR), which requires that any LCMR-funded data collections of common value for state resource planning be integrated into the LMIC data base. The need has also been recognized by state agencies and local governments attempting to assemble and merge all data relevant to local water planning. The role of local governments as an active partner in generating data is recognized, as is the need for state staffing to verify locally-collected data and merge it into a state system.

	(Dollars in Thousands)			
BASE:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General Fund Expenditures	\$ 50	\$ 50	\$ 50	\$ 50

	(Dollars in Thousands)		
LONG RANGE IMPLICATIONS:	F.Y. 1992	F.Y. 1993	Total
General Fund Expenditures	\$ 156	\$ 156	\$ 312

ACTIVITY: ADMINISTRATIVE SUPPORT
Program: STATEWIDE PLANNING
Agency: STATE PLANNING AGENCY

1990-91 Biennial Budget

PURPOSE:

The Administrative Support activity includes the functions of the Commissioner's Office: (1) direction of the executive branch issues management process, including the agency's future issues scanning program; (2) coordination of the executive branch legislative review, monitoring, and liaison functions of the agency; (3) support for the Advisory Committee on State-Local Relations, which is chaired by the commissioner; and (4) provision of accounting, personnel, and other general administrative services. This activity provides the executive, administrative, and fiscal management services necessary for the agency to carry out its mandates, directives, and program objectives efficiently and effectively.

The authority is contained in Minnesota Statutes, Section 116K.04.

ACTIVITY ACCOMPLISHMENTS:

1. Futures directions. The State Planning Agency (SPA) Futures Committee provides a forum for the identification of emerging issues of potential concern to the state of Minnesota. Resulting information is disseminated to over 2,500 clients through Future Scans publication. Through this function, active communication and information sharing is maintained with other states and with a national issues scanning board.
2. ACSLR. The State-Local Services/Fiscal Responsibilities Study was completed for the ACSLR by the agency. The completion of the study led to a focus on 3 areas: social services, child care and child development; and district court/public defense financing.
3. Affirmative action. SPA ranked among the top 3 agencies in affirmative action hires.
4. Policy development program coordination. The agency coordinates the review of 200 to 300 potential issues and topics in order to select 15 to 20 priority policy concerns in each year of the biennium as part of the executive branch policy development program. The agency coordinates the development of policy recommendations for these priority issues.
5. Legislative review. In 1987, 220 proposed executive branch legislative initiatives were reviewed for consistency with administration goals; in 1988, 350 initiatives were included in the review process. In addition, the agency coordinated the review and processing of 314 bills presented to the Governor for signature as a result of actions during the 1988 session.

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : STATE PLANNING
PROGRAM : STATEWIDE PLANNING
BUDGET ACTIVITY : ADMINISTRTV SUPPORT

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	523	605	623	73	696	805	623	75	698	805
EXPENSES/CONTRACTUAL SRVCS	70	87	107	65	172	163	107	65	172	163
MISC OPERATING EXPENSES	81	89	89	10	99	110	89	10	99	110
SUPPLIES/MATERIALS/PARTS	17	16	112	0	112	119	112	0	112	119
CAPITAL EQUIPMENT	11	0	0	0	0	4	0	0	0	4
STATE OPERATIONS	702	797	931	148	1,079	1,201	931	150	1,081	1,201
LOCAL ASSISTANCE	40	40	40	0	40	40	40	0	40	40
TOTAL EXPENDITURES	742	837	971	148	1,119	1,241	971	150	1,121	1,241
CHANGE REQUESTS:										
FUND										
B POLICY & LEGISLATIVE COORDINATION GEN				45		0		47		0
B PUBLICATION PRODUCTION & DISTRIBUTION GEN				75		0		75		0
B LIBRARY INFORMATION SUPPORT GEN				28		0		28		0
B TRANSFER OF WASHINGTON OFFICE TO SPA GEN				0		270		0		270
TOTAL CHANGE REQUESTS				148		270		150		270
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	717	837	971	148	1,119	1,241	971	150	1,121	1,241
STATUTORY APPROPRIATIONS:										
GENERAL	25	0	0	0	0	0	0	0	0	0
TOTAL FINANCING	742	837	971	148	1,119	1,241	971	150	1,121	1,241
POSITIONS BY FUND:										
GENERAL	11.0	12.0	12.0	2.0	14.0	15.0	12.0	2.0	14.0	15.0
TOTAL POSITIONS	11.0	12.0	12.0	2.0	14.0	15.0	12.0	2.0	14.0	15.0

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

ACTIVITY: ADMINISTRATIVE SUPPORT
PROGRAM: STATEWIDE PLANNING
AGENCY: STATE PLANNING AGENCY

REQUEST TITLE: POLICY AND LEGISLATIVE COORDINATION

Agency Request	F.Y. 1990 (000's)		F.Y. 1991 (000's)	
	Amount	Positions	Amount	Positions
General Fund	\$ 45	1.0	\$ 47	1.0

Governor's Recommendation

General Fund	\$ -0-	-0-	\$ -0-	-0-
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Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

This request will provide funding and complement to assist the State Planning Agency (SPA) in fulfilling its responsibility for the coordination and implementation of the Executive Branch Policy Development Program. This request would fund 1 full-time position. The objective of this request is to provide sufficient staff to meet the increased need for coordinating the identification of issues and the development of policy options to address these issues among state agencies and the legislature.

DESCRIPTION/BACKGROUND:

SPA is responsible for the coordination of the Executive Branch Policy Development Program. This program involves (1) the coordination of the identification of major issues affecting the state and the development of policy options to address these issues; (2) a comprehensive review process for legislative initiatives submitted by state agencies; (3) a legislative monitoring system for tracking action on major legislation, including the Governor's initiatives, state agency bills and other significant legislative proposals affecting the executive branch; and (4) the coordination of the policy and budget review of bills that are passed by the legislature in order to make final recommendations to the Governor when bills are presented to him for signature.

STATISTICS:	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989*
Legislative Review:				
Agency Initiatives Reviewed	120	350	220	350
Agency Bills Introduced	65	130	91	150
Agencies Bills Passed	35	75	82	N/A

STATISTICS:	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989*
Policy Development:				
Emerging Issues	150	150	200	300
Priority Issues Identified	15	22	21	20

* Estimated

RATIONALE:

During the past biennium the SPA has increased its efforts to identify major issues affecting the state. A goal of the agency is to increase our ability to provide services to both state agencies and the legislature. By increasing the staff available for the executive branch policy development program, the agency will be better able to provide information and assistance to the executive branch agencies and the Legislature in the development of legislation necessary to address major issues.

BASE:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General Fund Expenditures	\$ 25	\$ 0	\$ 0	\$ 0

LONG RANGE IMPLICATIONS:	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
General Fund Expenditures	\$ 49	\$ 51	\$ 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.

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

ACTIVITY: ADMINISTRATIVE SUPPORT
 PROGRAM: STATEWIDE PLANNING
 AGENCY: STATE PLANNING AGENCY

REQUEST TITLE: PUBLICATION PRODUCTION AND DISTRIBUTION

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's)		(000's)	
	Amount	Positions	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:

The agency requests these funds to consolidate the production and expand the distribution of publications and reports produced by the agency. The objective of these reports is to educate the public and state and local officials about a wide-range of critical trends and policy issues and, thereby, enhance the public policy debate in respect to these issues.

DESCRIPTION/BACKGROUND:

The enabling legislation of the State Planning Agency (SPA) calls on the agency to "stimulate public interest and participation in the development of the state." It further calls on the commissioner to "develop and analyze information and forecasts relating to the state's population, economy, natural resources and human services" and to "promote awareness by citizens and public officials of major long-range trends and policy issues."

The agency currently supports 4 periodicals: "Future Scans", "Innovations", "Population Notes", and "Trend Reports." Current distribution of these reports is limited to 3,000 copies. "Minnesota Patterns," a publication summarizing data from the Land Management Information Center, has appeared very infrequently and with limited distribution because of relatively high production costs. The distribution of special study reports is limited even further. A recent comprehensive report on Minnesota environmental quality, for example, was limited to about 1,000 copies, while a major statistical compendium on Minnesota children was limited to fewer than 100 copies because of lack of printing funds. Demand has exceeded the supply of both publications.

STATISTICS:

Publication	First Issue	Circulation as of		
		Fall, 1986	Spring 1987	9/88
Future Scans	5/84	940	1,100	2,850
Innovations	4/88	-	-	3,900
Population Notes	10/81	1,800	2,300	3,000
Trend Reports	2/87	-	1,150	2,850

RATIONALE:

The publications of the SPA have proven to be very successful at informing state officials and the public. Circulation has approximately doubled in the most recent biennium, and these publications have frequently been the subject of legislative and executive inquiries and major news stories and editorials. However, the extensive attention given to these reports has led to a situation where the agency cannot afford to meet the increased demand for these reports from the public.

The funding requested would raise the circulation of the agency's major periodicals to approximately 5,000. Most of the additional circulation would go to local government officials, business leaders, and citizens. Additional funding would also enable the agency to increase the frequency and distribution of "Minnesota Patterns" and of special reports such as "Minnesota Environmental Quality."

BASE:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General Fund Expenditures	\$ 96	\$ 99	\$ 95	\$ 95

LONG RANGE FUNDING IMPLICATIONS:	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
General Fund Expenditures	\$ 75	\$ 75	\$ 150

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: ADMINISTRATIVE SUPPORT
PROGRAM: STATEWIDE PLANNING
AGENCY: STATE PLANNING AGENCY

REQUEST TITLE: LIBRARY INFORMATION SUPPORT

	F.Y. 1990		F.Y. 1991	
Agency Request	(000's) Amount	Positions	(000's) Amount	Positions
General Fund	\$ 28	1.0	\$ 28	1.0

Governor's Recommendation

General Fund	\$ -0-	-0-	\$ -0-	-0-
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Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The State Planning Agency (SPA) requests these funds to complete the staffing of a library support service. This request will assist SPA by providing literature searches and other information location services in support of the agency's policy analysis functions.

DESCRIPTION/BACKGROUND:

Before re-locating in the Centennial Building, SPA contracted with the Department of Education for library services. Both agencies were located in the Capitol Square Building. There was no need for the agency to establish a library service separate from that available through the Department of Education.

No similar library services were available to SPA when the agency moved to the Centennial Building. The option of continuing to use the Department of Education library was considered, and the agency maintained a contract for services with the Department of Education in F.Y. 1988. However, the information service demands of the agency and the need for staff assistance in the same building has led the agency to conclude that the establishment of library services in the Centennial Building is essential.

SPA has established an initial library service using existing state and federal funds. In addition, it has entered into an inter-agency agreement with the Department of Finance to provide certain library support services required by the department so that the establishment of a separate facility for the Department of Finance is unnecessary. The agency has also begun discussions with the Department of Employee Relations and the Department of

Administration, potential future tenants of the Centennial Building, in respect to their use of the agency's library facility.

RATIONALE:

This request would provide funding for a complement position for a librarian for SPA. The services of a librarian are currently being provided under a contractual arrangement on a part-time (80%) basis. To complete necessary cataloging of information and to meet the demand for computerized literature searches and secure identified materials, a full-time librarian is required.

	(Dollars in Thousands)			
BASE:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General Fund Expenditures	\$ 24	\$ 25	\$ 25	\$ 25

	(Dollars in Thousands)		
LONG RANGE IMPLICATIONS:	F.Y. 1992	F.Y. 1993	Total
General Funding Expenditures	\$ 28	\$ 28	\$ 56

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: ADMINISTRATIVE SUPPORT
PROGRAM: STATEWIDE PLANNING
AGENCY: STATE PLANNING AGENCY

REQUEST TITLE: TRANSFER OF WASHINGTON OFFICE

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
TRADE AND ECONOMIC DEVELOPMENT, DEPARTMENT OF				
General Fund	\$ 73	1.0	\$ 73	1.0

Governor's Recommendation

TRADE AND ECONOMIC DEVELOPMENT, DEPARTMENT OF				
General Fund	\$ 73	1.0	\$ 73	1.0
General Fund	\$ (270)	(4.0)	\$ (270)	(4.0)
STATE PLANNING AGENCY				
General Fund	\$ 270	4.0	\$ 270	4.0

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

STATEMENT OF REQUEST/OBJECTIVE:

The Washington office requests 1.0 position and additional funds in order to increase the office capacity to respond more effectively to the significant increase in request for assistance from Minnesota state agencies, the congressional delegation, the executive and legislative branches of government.

DESCRIPTION/BACKGROUND:

The demand for information and assistance from the Washington Office by state agencies, the executive and legislative branch's of state government, as well as, request for information from the congressional delegation has nearly doubled in the past 2 years. The office will also have an increased role in staffing multi-state national leadership efforts, such as the National Governor's Association, Alliance for action on Acid Rain, and the Council of Great Lakes Governor's with the Governor's selection as Chair of the Educational Commission of the States; the Education subcommittee of the National Governor's Association; and the subcommittee of the Alliance for Action on Acid Rain. The advent of the Gramm-Rudman legislation which has resulted in significant cuts in available federal funds requires that the office become much more proactive in identifying non-budgeted federal funds and monitoring the appropriations process in order to insure that Minnesota is positioned to garner its share of the scarce federal funds available.

The additional funds would allow the office to purchase on line computer access to federal committee and congressional hearing schedules, committee

meetings, scheduled votes, and regulatory actions. The office also needs to purchase additional periodicals and other reference materials that will allow the required quick response to request for information.

RATIONALE:

The Washington Office has provided key assistance in enabling the State of Minnesota to successfully identify and tap federal resources, however cuts in domestic spending under the Budget Summit Agreement is requiring that more and more staff time be dedicated to monitoring the appropriations process and the appropriations committees. The current staffing level will not allow the office to continue the level of services required in order to be effective.

BASE:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General Fund Expenditures	\$ 190	\$ 190	\$ 197	\$ 197
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	\$ 73	\$ 73	\$ 146
General Fund Positions	1.0	1.0	1.0

GOVERNOR'S RECOMMENDATION:

The Governor recommends the transfer of \$197,000 each year and 3.0 positions from the Department of Trade and Economic Development's BASE to the State Planning Agency for the purpose of operating the Washington office. The Governor further recommends that the requested increase of \$73,000 and 1.0 positions be appropriated to the State Planning Agency. The Governor's recommendation is made in recognition that the activities of the Washington office are broader in scope than those related solely to trade and economic development. Given the nature of the Washington office's responsibilities, the State Planning Agency appears to be a more appropriate location. This is particularly true given the increased responsibilities for the coordination of the State's federal policy efforts and the State's affiliation with various Governors' Associations.

1990-91 BIENNIAL BUDGET

PROGRAM STRUCTURE

AGENCY: TRADE AND ECONOMIC DEVELOPMENT, DEPARTMENT OF

<u>PROGRAMS</u>	<u>ACTIVITIES</u>	<u>SECTION</u>	<u>PAGE</u>
MINNESOTA TRADE OFFICE _____	Minnesota Trade Office	4	868
BUSINESS PROMOTION _____	Business Promotion		878
	Minnesota Amateur Sports Commission		886
	Celebrate Minnesota 1990		889
TOURISM _____	Tourism		891
ADMINISTRATION _____	Commissioner's Office		901
	Administrative Services		903
	Communications Office		905
	Washington Office		908
COMMUNITY DEVELOPMENT _____	Community Development		911
SCIENCE AND TECHNOLOGY _____	Science and Technology		927
	Council on Technology for People with Disabilities		932
POLICY ANALYSIS _____	Policy Analysis		938
	Minnesota Council on Productivity and Quality		941

DEPARTMENT OF TRADE AND ECONOMIC DEVELOPMENT
July 1, 1988

POSITION RECONCILIATION		
Authority:	Current FY 89	Requested for 6/30/91
<u>Legislative Complement</u>		
General Fund	176.7	235.7
Motor Vehicle	3.0	3.0
Economic Development	24.0	-0-
Federal Fund	17.0	21.0
Trunk Highway	10.0	-0-
Special Revenue	-0-	3.0
<u>LAC Authorized</u>		
Federal Fund	.5	-0-
TOTAL PERMANENT POSITIONS	<u>231.2</u>	<u>262.7</u>
Other Complement (FTE)	39.0	39.0
TOTAL AUTHORIZED POSITIONS	<u>270.2</u>	<u>301.7</u>
EMPLOYEES ON 6/26/88	225.0	

ADMINISTRATION			
	Net		
	Current	Changes	Total
Commr's Office	3.0	-0-	3.0
Admin Services	19.0	2.0	21.0
Communications	8.0	2.0	10.0
Washington Office	3.0	1.0	4.0
PROGRAM TOTAL	33.0	5.0	38.0

SCIENCE & TECHNOLOGY			
	Net		
	Current	Changes	Total
Science & Tech	4.0	3.0	7.0
Cncl Tech/Disable	2.0	2.0	4.0
PROGRAM TOTAL	6.0	5.0	11.0

POLICY ANALYSIS			
	Net		
	Current	Changes	Total
Policy Analysis	15.7	3.5	19.2
Produc & Quality	2.0	(2.0)	-0-
PROGRAM TOTAL	17.7	1.5	19.2

TRADE			
	Net		
	Current	Changes	Total
PROGRAM TOTAL	35.0	1.0	36.0

TOURISM			
	Net		
	Current	Changes	Total
PROGRAM TOTAL	48.0	5.0	53.0

BUSINESS PROMOTION			
	Net		
	Current	Changes	Total
Bus. Promotion	27.0	4.0	31.0
Amateur Sports	6.0	1.0	7.0
Celebrate MN 1990	2.0	-0-	2.0
PROGRAM TOTAL	35.0	5.0	40.0

COMMUNITY DEVELOPMENT			
	Net		
	Current	Changes	Total
PROGRAM TOTAL	56.5	9.0	65.5

AGENCY PURPOSE:

The Department of Trade and Economic Development is the lead agency in state government's commitment to be a catalyst in the development of a balanced and competitive state-wide economy by identifying issues and opportunities, development of policies, partnerships and programs, and implementation strategies to promote economic development of the state through diversification and maximum use of resources in domestic and international markets.

Based on an understanding of regional and structural economic strengths, the department develops and implements programs that create a favorable environment for economic development.

OPERATIONS AND CLIENTELE:

The Department of Trade and Economic Development is organized into 7 divisions that serve communities, local units of government, the commercial, industrial and agricultural sectors and consumers in meeting shared goals for economic growth and development in domestic and international markets in collaboration with the Minnesota legislature and the executive branch of state government.

Minnesota Trade Division: The Minnesota Trade Division assists small- and medium-sized businesses and those new to exporting through general export and market specific education programs, a network of foreign trade offices, trade leads, export financing, trade shows and foreign trading missions, targeted market research and selective reverse investment strategies to identify and expand export markets for Minnesota products. The primary clientele of this office are small- and medium-sized businesses, foreign buyers and investors, foreign trade missions, and ranking international governmental officials.

Business Promotion Division: The Business Promotion Division provides business information and technical assistance, develops and administers long and short term business promotion and retention strategies through the Small Business Assistance Office, Star Cities, Main Street, Environmental Resources Development Office, Development Resources Office and site location programs. This division also houses the Minnesota Amateur Sports Commission and the Celebrate Minnesota 1990 project. The primary clientele of this division are small businesses, business owners, local units of government, citizen volunteers and environmental groups, amateur sports organizations, civic and community organizations.

Office of Tourism: The Office of Tourism markets Minnesota's products and services that relate to travel, provides joint venture marketing grants to organizations, and tourist information through a statewide network of travel information centers. The clientele of this division are travel related organizations, small family-owned tourism businesses and tourists.

Administration Division: The Administration Division provides administrative and management support to departmental operating divisions through policy development, management assistance, federal legislative assistance, fiscal services, personnel, the Washington Office, and the department's Communications Office. The primary clients of this division are departmental employees, local elected officials, and the executive, legislative and federal

governmental branches.

Community Development Division: The Community Development Division provides comprehensive planning and economic development assistance to local communities and businesses by providing grants for housing rehabilitation, recreational facilities, public facility improvements, and economic development projects. The primary clientele of this division are local elected officials, community development agencies, local economic development corporations, executive and legislative branches, and businesses.

Office of Science and Technology: The Office of Science and Technology conducts research on current and emerging science and technology policy issues, national state technology policy and program development, expenditure of state research funds, and development of research review procedures in order to broaden the state's support for science and technology programs that efficiently and effectively utilize the state's economic resources. The division disseminates results of the research through publications, policy papers, data base development, seminars and workshops. This office also houses the Council on Technology for People with Disabilities. The primary clienteles are the high technology business community, academic institutions, public/private technology partnership groups, state agencies, the legislative, executive, and federal branches of government.

Policy Analysis Office: The Policy Analysis Office provides economic and analytic support for economic development policy and program decisions through analysis of economic trends and conditions, identification of emerging and current market strengths, economic and job impact analysis, development of economic forecasting models, preparation of industry marketing proposals, literature and database searches. The Office's clientele include the executive, legislative and federal branches of government, private sector, departmental operating divisions, media, and individuals.

BUDGET ISSUES:

The Office of Science and Technology, Rural Development Board Administration, Public Facilities Authority Administration, Regional Technical Assistance Grants program, Loan Portfolio Management program, Economic Recovery Fund program, and Agriculture and Economic Development board program administration are funded through F.Y. 1989 with Economic Development Fund dollars. This funding source will not be available after 6-30-89. Due to the change in funding, CHANGE requests have been submitted to fund these activities at the BASE level from the General Fund.

ATTORNEY GENERAL COSTS:

Fees for Legal Services Rendered	(Dollars in Thousands)			
	Actual	Act/Est	Agency Request	
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Fees Assessed	\$ 75	\$ 80	X X X X X	X X X X X
Fee Paid	\$ 50	\$ 53	X X X X X	X X X X X
Requested Budget			\$ 53	\$ 53

PROGRAM CHANGES:

A major change enacted by the 1987 Legislature in the states economic development policy resulted in a shift of a major portion of the department's financial assistance resources away from direct business assistance and toward community based economic development assistance. This change in policy,

AGENCY: TRADE AND ECONOMIC DEVELOPMENT,
DEPARTMENT OF
(Continuation)

1990-91 Biennial Budget

the addition of several new programs and the elimination of others required the department to reexamine its mission and purpose, organizational structure, program design and delivery systems; as well as, build consensus on comprehensive strategies for incorporating the new responsibilities into an effective integrated results oriented plan of action. A departmental reorganization which followed a department wide strategic planning process was guided by two principals:

1. organizational form of the department would to the extent feasible follow and clearly reflect its functional responsibilities and
2. reorganization would result in making the department's programs easier to access by the clients it served.

The Business Services Program Office was abolished, the Financial Management Office and all loan programs were consolidated in one division, and the Communications office and staff were transferred to the administration division consistent with the offices department wide service focus. Regional development commissions and other community based organizations were tapped to play an expanded role in providing project assistance at the local level to both communities and businesses.

The departmental reorganization and implementation of priority strategies identified as part of the strategic planning process has resulted in the delivery of uniform high quality external communications pieces, increased leveraging of public funds with private sector and foundation dollars, increased public awareness and easier access to departmental programs and resources, improved analytic support for policy decisions and program design, ability to accurately measure customer satisfaction with services, and department wide accountability measures.

EXPLANATION OF BUDGET REQUEST:

Due to a number of departmental programs that were funded from the Economic Development Fund and the Trunk Highway Fund in the 1987 Legislative Session, these programs are now being submitted as CHANGE requests. Funding these programs from these funds is no longer possible as the funds have or will be expended by 6-30-89. A major portion of the department's CHANGE requests is due to this funding change. The remaining CHANGE requests are requested to expand or enhance existing programs. The department has made an in-depth review of its programs and based on this analysis, it has determined that these areas need additional resources and positions to more effectively complete the missions it has been assigned. With the broad responsibilities assigned to this department by the legislature, the CHANGE requests submitted reflect the current additional continued funding and position needs.

AGENCY: TRADE AND ECONOMIC DEVELOPMENT,
DEPARTMENT 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	\$ 144,775	\$ 144,775	
Agency-wide CHANGE Requests			
Implementation of Tactical	729	400	866
Information Plan			
Agency Relocation Study	50	-0-	867
Subtotal	\$ 779	\$ 400	
Program/Budget Activity			
CHANGE Requests:			
Minnesota Trade Office			
World Trade Center Marketing			
BASE Reduction	-0-	(278)	871
MN Corporate Partnerships for	100	-0-	872
International Competitiveness			
International Trade Offices	-0-	500	873
Subtotal	\$ 100	\$ 222	
Business Promotion			
Technical Institutes Contracts	190	-0-	882
Targeted Industry Initiative	350	-0-	883
Main Street Increase	200	24	884
MN Motion Picture and Television	200	-0-	885
Board Grant Increase			
MN Amateur Sports Commission	234	234	888
Increase			
Cold Weather Resource Center	-0-	1,500	876
Minnesota Project Outreach	-0-	1,600	877
Subtotal	\$ 1,174	\$ 3,358	
Tourism			
Joint Venture Tourism Marketing	2,400	2,400	894
Program Increase			
Tourism Marketing Increase	5,000	2,250	896
Travel Information Centers	1,500	1,500	897
Funding			
Public Television Grant	-0-	1,000	898
Subtotal	\$ 8,900	\$ 7,150	
Administration			
Communications Office Increase	482	-0-	907
Washington Office Increase	146	(394)	910
Subtotal	\$ 628	\$ (394)	

INDEX	(Dollars in Thousands)		Page
	Agency Request	Governor's Recommendation	
	1990-91 Biennium	1990-91 Biennium	
	All Funds	All Funds	
Community Development			
Economic Development Fund Base	8,900	8,200	920
Reauthorization			
Celebrate Minnesota 1990 Grant	600	300	921
Increase			
Small Cities Match Increase	200	200	922
Great River Road Project Grant	1,500	-0-	923
Urban Revitalization Action			
Program	-0-	40,000	924
Subtotal	\$ 11,200	\$ 48,700	
Science and Technology	\$	\$	
Economic Development Fund Base	1,642	410	930
Reauthorization			
Science and Technology Program	545	-0-	931
Increase			
Office on Technology for People	100	(212)	934
with Disabilities			
Adaptive Equipment Loan	300	-0-	935
Guarantee Fund			
Subtotal	\$ 2,587	\$ 198	
Policy Analysis			
Targeted Industry and Trade	398	-0-	940
Analysis			
Community Quality Councils	100	100	943
Grant			
Subtotal	\$ 498	\$ 100	
CHANGE Requests Subtotal	\$ 25,866	\$ 59,734	
AGENCY Total	\$ 170,641	\$ 204,509	

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : TRADE & ECON DVLPMT

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	
MN TRADE OFFICE	1,903	2,079	2,414	50	2,464	2,525	2,426	50	2,476	2,537
BUSINESS PROMOTION	2,372	3,004	2,698	587	3,285	4,277	2,698	587	3,285	4,477
TOURISM	6,442	7,468	7,246	4,450	11,696	10,896	7,246	4,450	11,696	10,746
ADMINISTRATION	1,912	1,924	2,004	939	2,943	1,857	2,004	468	2,472	2,157
COMMUNITY DEVELOPMT	38,926	59,294	46,194	5,600	51,794	70,694	67,825	5,600	73,425	92,025
SCIENCE & TECHNOLOGY	753	1,626	106	1,396	1,502	205	106	1,191	1,297	205
POLICY ANALYSIS	919	1,067	904	249	1,153	954	904	249	1,153	954
TOTAL EXPENDITURES	53,227	76,462	61,566	13,271	74,837	91,408	83,209	12,595	95,804	113,101
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	22,895	28,260	20,978	13,271	34,249	50,820	20,990	12,595	33,585	50,882
MOTOR VEHICLE TRANS	196	196	196	0	196	196	196	0	196	196
STATUTORY APPROPRIATIONS:										
SPECIAL REVENUE	868	945	906	0	906	906	906	0	906	906
TRUNK HIGHWAY	0	288	0	0	0	0	0	0	0	0
FEDERAL	22,843	34,678	39,403	0	39,403	39,403	61,034	0	61,034	61,034
RURAL REHABILITATION	77	6,500	0	0	0	0	0	0	0	0
GIFTS AND DEPOSITS	12	45	4	0	4	4	4	0	4	4
ECONOMIC DEVELOPMENT	6,336	5,550	79	0	79	79	79	0	79	79
TOTAL FINANCING	53,227	76,462	61,566	13,271	74,837	91,408	83,209	12,595	95,804	113,101
POSITIONS BY FUND:										
GENERAL	168.1	176.7	174.7	61.0	235.7	198.7	174.7	61.0	235.7	198.7
SPECIAL REVENUE	3.0	0.0	3.0	0.0	3.0	3.0	3.0	0.0	3.0	3.0
TRUNK HIGHWAY	0.0	10.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FEDERAL	11.1	17.5	17.0	0.0	17.0	17.0	21.0	0.0	21.0	21.0
MOTOR VEHICLE TRANS	3.0	3.0	3.0	0.0	3.0	3.0	3.0	0.0	3.0	3.0
ECONOMIC DEVELOPMENT	24.0	24.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL POSITIONS	209.2	231.2	197.7	61.0	258.7	221.7	201.7	61.0	262.7	225.7

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

ACTIVITY:

PROGRAM:

AGENCY: TRADE AND ECONOMIC DEVELOPMENT, DEPARTMENT OF

REQUEST TITLE: IMPLEMENTATION OF TACTICAL INFORMATION PLAN

	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
Agency Request				
General Fund	\$ 575	2.0	\$ 154	2.0

Governor's Recommendation

General Fund	\$ 50	1.0	\$ 350	1.0
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Request requires statutory change: _____ Yes ☒ No

Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests these funds to implement its Tactical Information Plan. The objective of the Tactical Information Plan is to provide the agency with the necessary information and systems to support its Strategic Plan.

DESCRIPTION/BACKGROUND:

Recently, the agency has experienced an unprecedented number of changes in its responsibilities. In response to this, the agency completed an agency-wide strategic planning effort including the supporting information management process. One of the resulting components was the Tactical Information Plan.

The portion of the Tactical Information Plan that requires funding calls for an IBM compatible departmental mini computer, an application development language to improve programmer productivity, an electronic mail/scheduling package, installation, training, facilities and disaster recovery. It also includes conversion on one division's existing systems to make it compatible with the agency and state-wide architectures and the resources to address the critical new application development needs. It is anticipated that this will meet the agency's hardware and software needs for the next 5 years.

Because of the great potential benefits that the agency's clientele will receive by the application opportunities identified, the plan also calls for 2 additional systems professionals experienced in the new hardware and software. This will also provide the necessary influx of technical expertise to ensure the investment provides maximum benefit as quickly as possible.

RATIONALE:

If the Tactical Information Plan is not funded, the agency will have to use time sharing services to meet the information needs of its Strategic Plan. Over a 5 year period, it is estimated that this approach will cost the agency \$1,046,000 more than the proposed plan.

By funding the plan, in addition to the above cited cost savings, the agency will be able to ensure that new systems development is compatible with its Strategic Information Plan and its Information Vision. This prevents the development of systems that will later require expensive conversions.

BASE: None.

LONG RANGE IMPLICATIONS:	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
General Fund Expenditures	\$ 154	\$ 154	\$ 308
General Fund Positions	2.0	2.0	2.0

GOVERNOR'S RECOMMENDATION:

After review of this activity, the Governor recommends an alternative funding level of \$400,000.

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

ACTIVITY:

PROGRAM:

AGENCY: TRADE AND ECONOMIC DEVELOPMENT, DEPARTMENT OF

REQUEST TITLE: AGENCY RELOCATION STUDY

	F.Y. 1990		F.Y. 1991	
	(000's)		(000's)	
Agency Request	Amount	Positions	Amount	Positions
General Fund	\$ 50	-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 of Trade and Economic Development programs are currently located in 3 separate buildings. \$50,000 is requested to contract for a study by the Management Analysis Division of the Department of Administration to fully examine agency and client needs and make recommendations on the most efficient and effective options for consolidating all programs in one location.

DESCRIPTION/BACKGROUND:

The Department of Trade and Economic Development currently has the Tourism programs housed in the Farm Credit Services Building, the Minnesota Trade Office housed in the World Trade Center and the balance of department's programs housed on 2 floors of the American Center Building where the majority of Ramsey County Social Service programs and the Ramsey County Detox Center are also located. Ramsey County has recently purchased the American Center building. Both from a client accessibility, image and management perspective, it is desirable to have all programs housed in 1 location. In order to make the most appropriate site selection decision, there are a number of factors which need an in-depth examination.

The departments clients range from small business executives, Minnesota citizens, governmental leaders and local elected officials, to foreign trade delegations, visiting dignitaries and tourists. A study and recommendations on client needs, the location environment most conducive to meeting those needs, total agency space needs, program accessibility by clients, and cost effectiveness will provide the department with objective criteria on which to base relocation decisions.

RATIONALE:

The consolidation of all departmental programs in one location will facilitate interdivisional cooperation and resource sharing, improved access to and understanding by clients of the total range and relationship of economic development programs and minimize the fragmentation of service delivery.

BASE: None.

LONG RANGE IMPLICATIONS: None.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request.

PROGRAM: MINNESOTA TRADE OFFICE 1990-91 Biennial Budget
Agency: TRADE AND ECONOMIC DEVELOPMENT, DEPARTMENT OF

PROGRAM PURPOSE:

The Minnesota Trade Office (MTO) assists small- and medium-sized businesses and those new to exporting to overcome exporting obstacles, identify and expand international export market opportunities for their products and services, and identify and develop selected reverse investment opportunities. Educational, industry, geographic and export finance specialists provide general export and market specific training programs and seminars, conduct trade missions, host foreign trade delegations, participate in domestic and foreign trade shows, locate distributors, conduct international market intelligence and provide export finance assistance through three operating sections and a network of public/private foreign trade offices and honorary trade representatives.

OPERATION:

The Trade Office is organized into 3 sections:

1. The Export Development Section provides educational programs for Minnesota companies and their employees on international trade activities through 3 programs:
 - a) the Education Program conducts state wide seminars, and intensive 14 week Export Development Program, workshops, classes, individual meetings and job site assistance to companies that are new to exporting and those wishing to expand their international marketing capabilities;
 - b) the Resource Center is available for use by both trade office staff and clients seeking specific data on foreign markets, product export potential, country specific export and selling requirements, international trade directories, economic, industry and demographic data on foreign markets and industry sectors;
 - c) the Targeted Industry Export Marketing program identifies buyers, distributors, distribution networks and new foreign markets for the products and services of Minnesota manufacturers, agricultural producers, agri-businesses, and service sector businesses by generating and distributing computer matched trade leads, organizing and participating in domestic and foreign trade and catalog shows, publication of industry specific directories, providing individual counseling and technical assistance and utilizing the divisions computerized data base of exportable Minnesota products, foreign buyers and Minnesota companies exporting. The Targeted Industry Export Marketing program includes personnel with specialized experience and knowledge of the industry sectors including agriculture, agri-business, manufacturing, electronic and medical which have been targeted as having the greatest potential for export and new market penetration.
2. Minnesota Export Finance Authority (MEFA) provides financial assistance for small and medium-sized businesses involved in export. The authority guarantees loans to exporters who have an export order but can not raise the capital required to fill the order. MEFA can guarantee up to 90% of loans ranging from \$25,000 to \$250,000 for up to one year. The program works with the Export-Import Bank of the United States (EximBank) and the Foreign Credit Insurance Association (FCIA) to provide Minnesota exporters with insurance coverage against the commercial and political risks of

nonpayment by foreign buyers. MEFA also counsels exporters, bankers, and buyers on all aspects of international transactions, including loan structure, documentation, contract review, foreign currency fluctuations and risks. MEFA is the first state export finance authority in the country.

3. International Marketing and Investment Program focuses on geographical specialization providing country specific information, promotion, and marketing assistance to Minnesota companies interested in marketing their products and services internationally. The program has identified priority foreign markets e.g. Canada, France, Germany, Japan, Taiwan and the United Kingdom as those offering the most export opportunity to Minnesota companies investment activities. Using country specialist with a well developed knowledge of the targeted countries the program works closely with the export development program, and 8 international offices to conduct product specific and general market research, advise Minnesota companies on market entry strategies, locate and facilitate relationships with foreign distributors and coordinate the participation of Minnesota companies in trade shows and other external marketing events. The 8 foreign offices are staffed by 3 foreign nationals under contract and 5 honorary representatives who have close ties to Minnesota and are not compensated. These offices are located in Sweden, Norway, England, Japan, Belgium, Hong Kong, Taiwan and Beijing. Minnesota companies referred to the foreign offices by MTO staff to arrange appointments with foreign buyers and governmental officials, participate in trade shows and advise on local business practices and protocol. Minnesota corporations and the Taipei World Trade Center have provided free space for 5 of the foreign offices which greatly leverages the states investment.

ACCOMPLISHMENTS:

1. An innovative new partnership with Minnesota corporations and a foreign government has resulted in establishment of 5 foreign based offices. Through public/private cooperative agreements, private sector and government in-kind contributions of office space, staff time and market expertise are leveraged with state dollars to provide a very cost effective service. These offices are located in Hong Kong, Beijing, Brussels, London and Taiwan.
2. Minnesota was among 10 states to receive free office space in the Taipei World Trade Center in Taiwan to promote the state's exports and help Minnesota companies do business in Taiwan. The office, 400 square feet, is provided without charge to the state for 3 years. This arrangement is the result of the sister state agreement shared between Minnesota and Taiwan. Through the new office, companies that want to display their products or do business in Taiwan can have appointments and business leads arranged by the Minnesota Trade Office in advance of business missions.
3. In F.Y. 1988, the Minnesota Trade Office hosted 5 Chinese trade missions. These visits, coupled with Trade Office technical assistance, resulted in \$35 million of sales of computer and agri-business equipment to China. In addition, a large shipment of feed mill equipment was made and contract talks for agricultural business consulting services were completed. Close working relationships with China's top 10 purchasers were solidified. Because of its strong business ties with China, Minnesota was chosen by the Journal of Commerce over all other states to jointly sponsor the "Minnesota Page" in the Journal of Commerce/Chinese edition--China's most

PROGRAM: MINNESOTA TRADE OFFICE 1990-91 Biennial Budget
(Continuation)
Agency: TRADE AND ECONOMIC DEVELOPMENT, DEPARTMENT OF

widely distributed newspaper. Twelve Minnesota companies are currently advertising in this paper.

4. In June 1988, 13 Minnesota companies participated in a Minnesota Trade Office organized trade mission to the Soviet Union. The mission focused on the agriculture and medical industries. Each participant prepared a proposal indicating their specific interest/intent and these were delivered to appropriate Soviet Ministries in February, 1988. The Soviet Ministries selected those proposals in which they were most interested and trade mission participants were selected on the basis of that expressed interest by the Soviets. The June meetings were all scheduled in advance, the participants were thoroughly briefed on Soviet business practices, and each participant returned with a clear understanding of the next step required by them in the process of negotiating a successful agreement.

STATISTICS:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Export Development Program:				
Companies assisted by industry area-				
Processed foods	211	215	215	215
Livestock	105	110	115	121
Agricultural equipment, services, commodities	105	110	115	121
Medical/Health care	445	450	472	496
Industrial general manufacturing	1,225	1,235	1,296	1,361
Trade leads sent to clients-				
Agriculture	12,000	15,200	16,800	17,500
Non-Agriculture	7,000	9,500	15,000	18,000
Number of Minnesota firms participating in-				
Trade shows/promotional events	312	327	343	361
Foreign trade missions	48	57	75	91
Training workshops held and cosponsored	75	85	95	110
Workshop attendees	1,500	1,800	2,100	2,600
Export development training programs held (14 week)	2	3	5	6
Export development training program attendees	16	24	40	48
Number of clients utilizing MTO resource center	900	1,170	1,521	1,977
Directories provided to-Minnesota businesses	14,000	8,065	15,070	8,075
Foreign buyers	2,350	3,900	2,750	4,600
Minnesota Export Finance Authority:				
Number of loan guarantee applications	14	20	25	30
Applications approved	14	18	22	28
Dollar amount of loans guaranteed (000's)	\$ 2,545	\$ 3,500	\$ 4,000	\$ 4,000
STATISTICS: (Contd.)	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991

Applications for insurance	3	5	8	10
Insurance applications approved	3	4	6	8
Total dollar amount of insurance (000's)	\$ 200	\$ 200	\$ 300	\$ 300
International Marketing and Investment Program:				
Trade show promotional events	39	40	40	40
Foreign trade delegations hosted	355	435	535	625
Clients seen by foreign offices	750	790	830	870

PERFORMANCE INDICATORS:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Export Development Program:				
Finalized sales or distributorship	150	200	400	600
Dollar amount of sales (in millions)	\$ 12	\$ 15	\$ 17	\$ 19
Percentage of clients who export after training	70%	75%	75%	75%
Minnesota Export Finance Authority:				
Export value of transactions (000's)	\$ 3,577	\$ 4,286	\$ 4,500	\$ 5,000
International Marketing and Investment Program:				
Finalized sales or distributorship	59	69	80	100
Dollar amount (in millions)	\$ 29	\$ 35	\$ 40	\$ 50
Foreign Offices:				
Contractual	3	3	4	4
Minnesota corporate and government partnerships	3	5	11	14

REVENUE:

None.

EXPLANATION OF BUDGET REQUEST:

One CHANGE request item is requested for this program. \$50,000 and 1.0 position each year is requested to further expand the public/private and foreign government partnerships.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide for the CHANGE level increase requested. The Governor further recommends a biennial reduction of \$278,000 for the World Trade Center conference facility marketing function and an increase of a biennial \$500,000 for additional International Trade offsets.

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : TRADE & ECON DVLPMT
PROGRAM : MN TRADE OFFICE
BUDGET ACTIVITY : MN TRADE 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	1,138	1,219	1,219	40	1,259	1,127	1,219	40	1,259	1,127
EXPENSES/CONTRACTUAL SRVCS	414	508	854	0	854	1,007	866	0	866	1,024
MISC OPERATING EXPENSES	215	286	276	9	285	306	276	9	285	308
SUPPLIES/MATERIALS/PARTS	70	61	58	1	59	68	58	1	59	68
CAPITAL EQUIPMENT	45	5	7	0	7	17	7	0	7	10
STATE OPERATIONS	1,882	2,079	2,414	50	2,464	2,525	2,426	50	2,476	2,537
LOCAL ASSISTANCE	21	0	0	0	0	0	0	0	0	0
TOTAL EXPENDITURES	1,903	2,079	2,414	50	2,464	2,525	2,426	50	2,476	2,537
CHANGE REQUESTS:										
FUND										
P MN CORPORATE PARTNER-INT'L COMPETIVENESS GEN				50		0		50		0
P WORLD TRADE CTR. MKTG. BASE RED. GEN				0		<139>		0		<139>
P INTERNATIONAL TRADE OFFICES GEN				0		250		0		250
TOTAL CHANGE REQUESTS				50		111		50		111
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	1,890	2,061	2,396	50	2,446	2,507	2,408	50	2,458	2,519
STATUTORY APPROPRIATIONS:										
SPECIAL REVENUE	13	18	18	0	18	18	18	0	18	18
TOTAL FINANCING	1,903	2,079	2,414	50	2,464	2,525	2,426	50	2,476	2,537
POSITIONS BY FUND:										
GENERAL	35.0	35.0	35.0	1.0	36.0	32.0	35.0	1.0	36.0	32.0
TOTAL POSITIONS	35.0	35.0	35.0	1.0	36.0	32.0	35.0	1.0	36.0	32.0

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

ACTIVITY:

PROGRAM: MINNESOTA TRADE OFFICE (MTO)

AGENCY: TRADE AND ECONOMIC DEVELOPMENT, DEPARTMENT OF

REQUEST TITLE: WORLD TRADE CENTER MARKETING BASE REDUCTION

	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	\$ (139)	(3.0)	\$ (139)	(3.0)

Request requires statutory change: ____ Yes X No

Statutes Affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends the above reduction which represents the BASE level marketing costs for the conference facility in the Trade Center.

DESCRIPTION/BACKGROUND:

World Trade Center Corporation is charged with management of the third and fourth 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 Trade and Economic Development received a funding appropriation and complement for the purpose of assisting the World Trade Center Corporation in the marketing of the conference facility space.

RATIONALE:

The World Trade Center conference facility should be operated by a private corporation and in a self-sufficient manner.

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

ACTIVITY:

PROGRAM: MINNESOTA TRADE OFFICE (MTO)

AGENCY: TRADE AND ECONOMIC DEVELOPMENT, DEPARTMENT OF

REQUEST TITLE: MN CORPORATE PARTNERSHIPS FOR INTERNATIONAL COMPETITIVENESS

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
General Fund	\$ 50	1.0	\$ 50	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 funding to further expand the public/private and foreign government partnerships that have resulted in the underwriting of space cost for foreign offices. The office has successfully negotiated contracts with 4 private sector multi-national law firms, corporations and 1 foreign government, Taipei World Trade Center, for in-kind contributions of office space, staff time, and market expertise for overseas MTO operations. This request includes the salary and support cost for 1.0 position to spend half-time working with multinational Minnesota based corporations with a potential interest in developing a partnership relationship with the MTO, and half-time to create a coordinated approach to sister state/province relationships with foreign governments.

DESCRIPTION/BACKGROUND:

There is increasing competition among states to increase the effectiveness of efforts to expand export activity by local corporations and to gain market share for manufactured goods and services. The ability to provide a shared cost extension of the MTO home office services overseas, staffed with experienced commercial trade consultants and prominent business people in the foreign markets where Minnesota companies desire to do business, will significantly enhance a firms chances of competing successfully overseas and greatly leverage the states investment for such offices. To maximize the opportunity for the MTO to build additional relationships with the private sector, multinational corporations who have indicated a willingness and to explore a cooperative effort to expand MTO foreign offices, the assignment of staff time is required to identify opportunities, negotiate contracts and to monitor the implementation of the contractual relationships.

Sister state province relationships have been successfully utilized by several states to broaden export and reverse investment opportunities for both parties to the relationship. California has 184 such relationships and

Michigan has 49. In Portland, Oregon, a trade relationship of several hundred million dollars annually has developed as a direct by-product of the relationship. Although the establishment of economic development ties is not the primary purpose of sister state/province relationships, the awareness, understanding, friendship, cultural and educational exchanges among the participants often result in strengthened economic opportunities. Minnesota currently has 16 Sister City relationships, however there is no coordinated effort to increase this number or to maximize the benefits to the parties involved. In order for such relationships to be successful broad coordinated support is required between government, communities, educational and cultural institutions. The Minnesota Trade Office through its high level, well developed relationships with several foreign governments is in an excellent position to coordinate such a state effort. There is currently no staff available to devote the time required to undertake this activity.

STATISTICS:

	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Foreign office partnerships developed	2	5	7	7
Sister City/State/Province relationships developed		7	10	15
Exchange visits coordinated (Sister City/State/Province)		15	25	40

RATIONALE:

The use of 1.0 position split 50% to facilitate the development of additional public/private partnership efforts to expand the number of foreign offices, MTO international network, and actively develop and improve the coordination of Sister City, state, province relationships is a cost effective, better coordinated and more productive way for Minnesota to expand export and economic development in the international arena.

BASE: None.

LONG RANGE IMPLICATIONS:	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
General Fund Expenditures	\$ 50	\$ 50	\$ 100
General Fund Positions	1.0	1.0	1.0

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request.

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

ACTIVITY:

PROGRAM: MINNESOTA TRADE OFFICE

AGENCY: TRADE AND ECONOMIC DEVELOPMENT, DEPARTMENT OF

REQUEST TITLE: INTERNATIONAL TRADE OFFICES

	F.Y. 1990		F.Y. 1991	
	(000's)	Positions	(000's)	Positions
Governor's Recommendation	Amount		Amount	
General Fund	\$ 250	-0-	\$ 250	-0-

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

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding to expand the Minnesota Trade Office's (MTO) network of foreign offices in order to provide more effective access to and greater penetration in export markets where Minnesota companies and products have a competitive advantage.

DESCRIPTION/BACKGROUND:

The ability to extend the MTO services through offices located in foreign markets staffed with trade consultants familiar with the local business culture, foreign distribution networks and distributors will greatly enhance Minnesota firms chances of successfully competing in the foreign markets. The U.S. Department of Commerce has estimated that an increase in trade of manufactured goods could be as high as 6% in 1989. Based on Minnesota exports to Canada in 1986, a 6% increase in that country alone could mean \$50 million in increased sales of Minnesota agricultural and manufactured products. It is anticipated that many of these sales will come from companies not currently exporting.

RATIONALE:

The Minnesota Trade Office has successfully launched 5 foreign offices at a cost far less than investments made by other states. Local offices in key foreign markets such as Canada and Japan would provide quick access to changing local market information, better follow-up on investment prospects, and local assistance with development of effective marketing programs. The U.S. Canada Free Trade agreement, the value of the U.S. dollar and the federal governments efforts to address the trade imbalance combine to make the timing of Minnesota's entrance into these and other key markets particularly important.

PROGRAM: BUSINESS PROMOTION 1990-91 Biennial Budget
Agency: TRADE AND ECONOMIC DEVELOPMENT, DEPARTMENT OF

PROGRAM PURPOSE:

This program exists to help:

- a) individuals start businesses;
- b) existing businesses expand;
- c) to help out-of-state businesses expand in Minnesota; and
- d) to help local public officials become more effective at economic development and community rehabilitation/enhancement activities.

Encompassing a broad range of activities, this program serves such clientele as entrepreneurs, small businesses, expanding businesses, main street retailers, out-of-state businesses seeking investment opportunities, communities in need of technical assistance, and community-minded volunteers.

The program is also an active collaborator with private and non-profit-sector organizations and post-secondary education institutions in evaluation of the state's strengths and in promoting business growth in Minnesota.

OPERATION:

This program consists of the following operations:

1. Environmental Resources Development Office. This activity includes Main Street, the Governor's Design Team, the Community Improvement Program, and Minnesota Beautiful. The office works with local officials and community volunteers to develop comprehensive plans and projects for self improvement including the physical rehabilitation, marketing, and upkeep of communities. The goal of these activities is to make communities environmentally sound and economically stable which positions them to be more economically competitive and attractive for new business growth and expansion.
2. Small Business Assistance Office. This office provides information on state licensing requirements, state and federal procurement policies, and new business start-up information to more than 15,000 clients annually. The office works with legal and accounting firms, trade associations, Technical Institutes and business firms and is nationally recognized as one of the most effective programs of its type.
3. Development Resources Office. This office provides leadership training, technical and research assistance to local units of government committed to strengthening their economic development efforts through long range planning, identification of community strengths and action plans. This is accomplished through the Star Cities, Business Retention, Targeted Marketing, National Development Council Training, Community Profiles and Technical Assistance Programs.

POLICY ISSUES:

The business promotion division has the responsibility to provide economic development technical assistance and economic resource data to communities as part of the state's commitment to strengthen economic development decision making and technical skills at the local level to insure the success of the state's community-based economic development policy. The Development Resources and Environmental Resources Development offices work together in

providing communities with assistance and education across a broad range of activities, including economic development planning and research, strategies for economic growth and retail development, and strategies for physical revitalization.

Through targeted industry specialists and site selection professionals, the division meets the needs of larger local, out-of-state and foreign businesses seeking expansion and investment opportunities in Minnesota. The small business community, increasingly recognized for its job creation potential, receives counseling, technical assistance and information on growth opportunities from the division. Increasingly, division program activities are conducted in partnership with post-secondary education, utility companies and industry.

With the increasing need for businesses to compete in the global economic arena, the general level of requests for assistance have both increased in number and sophistication requiring a corresponding increase in technical sophistication and professional knowledge of staff.

EXPLANATION OF BUDGET REQUEST:

Five CHANGE requests are requested for this program. \$95,000 and 1.0 position each year to provide additional small business assistance service through a contract with Technical Institutes; \$100,000 each year to enable communities to participate in the Minnesota Main Street program; \$100,000 each year for a grant increase to the Minnesota Motion Picture and Television Board (Film Board); \$175,000 and 2.0 positions each year for an expanded Targeted Industry Initiative; and \$117,000 and 1.0 position each year to increase staffing for the Minnesota Amateur Sports Commission.

The additional funding for small business assistance will allow business management and planning assistance throughout the state and will meet demand for new and revised small business publications. The increase in the grant to the Film Board will allow an increase in the advertising and marketing effort, matching that of other states and encourage motion picture production activity in the state. Funding for the Main Street program will allow the state to contract with the National Main Street Center for technical assistance to Minnesota cities. The Target Industry Initiative is an expanded effort to create new investment in market sections that have high potential for growth. The increase in funding for the Amateur Sports Commission is to allow operations to expand to the new level of demand resulting from increased amateur sports activity in the state.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with agency's request for \$117,000 and 1.0 position each year for the Minnesota Amateur Sports Commission, and recommends an increase of \$12,000 each year for the Minnesota Main Street program. The Governor's recommendation does not provide funding for any of the other agency requests. However, the Governor further recommends a biennial appropriation of \$1,500,000 for the Cold Weather Resource Center; and \$1,600,000 for Minnesota Project Outreach.

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

AGENCY : TRADE & ECON DVLPMT
PROGRAM : BUSINESS PROMOTION

F.Y. 1990							F.Y. 1991				
		AGENCY REQUEST					AGENCY REQUEST				
					GOVERNOR'S RECOMM.					GOVERNOR'S RECOMM.	
ACTIVITY EXPENDITURES:		FY 1988	FY 1989	BASE	CHANGE	TOTAL		BASE	CHANGE	TOTAL	
BUSINESS PROMOTION		2,165	2,169	2,114	470	2,584	3,576	2,114	470	2,584	3,776
P COLD WEATHER RESOURCE CENTER	GEN				0		650		0		850
P MINNESOTA PROJECT OUTREACH	GEN				0		800		0		800
B TECHNICAL INSTITUTES CONTRACTS	GEN				95		0		95		0
B TARGETED INDUSTRY INITIATIVE	GEN				175		0		175		0
B MAIN STREET INCREASE	GEN				100		12		100		12
B MN MOTION PICTURE & TV GRANT INCREASE	GEN				100		0		100		0
MN AMATEUR SPORTS COMMISSION		177	526	357	117	474	474	357	117	474	474
B MN AMATEUR SPORTS COMMISSION INCREASE	GEN				117		117		117		117
CELEBRATE MN 1990		30	309	227	0	227	227	227	0	227	227
TOTAL EXPENDITURES		2,372	3,004	2,698	587	3,285	4,277	2,698	587	3,285	4,477
SOURCES OF FINANCING:											
DIRECT APPROPRIATIONS:											
GENERAL		1,847	2,567	2,372	587	2,959	3,951	2,372	587	2,959	4,151
MOTOR VEHICLE TRANS		196	196	196	0	196	196	196	0	196	196
STATUTORY APPROPRIATIONS:											
SPECIAL REVENUE		283	200	116	0	116	116	116	0	116	116
FEDERAL		38	10	10	0	10	10	10	0	10	10
GIFTS AND DEPOSITS		8	31	4	0	4	4	4	0	4	4
TOTAL FINANCING		2,372	3,004	2,698	587	3,285	4,277	2,698	587	3,285	4,477
POSITIONS BY FUND:											
GENERAL		23.0	32.0	33.0	4.0	37.0	34.0	33.0	4.0	37.0	34.0
SPECIAL REVENUE		3.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
MOTOR VEHICLE TRANS		3.0	3.0	3.0	0.0	3.0	3.0	3.0	0.0	3.0	3.0
TOTAL POSITIONS		29.0	35.0	36.0	4.0	40.0	37.0	36.0	4.0	40.0	37.0

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

ACTIVITY:
PROGRAM: BUSINESS PROMOTION
AGENCY: TRADE AND ECONOMIC DEVELOPMENT, DEPARTMENT OF

REQUEST TITLE: COLD WEATHER RESOURCE CENTER

	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	\$ 650	-0-	\$ 850	-0-

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

GOVERNOR'S RECOMMENDATION:

The Governor recommends a biennial appropriation of \$1,500,000 for the purpose of promoting cold weather research.

DESCRIPTION/BACKGROUND:

To explore the possibilities for expanding cold weather related businesses. The Governor created the Governor's Blue Ribbon Commission on Cold Weather Research. The commission surveyed the extent of current cold weather testing, identified the strengths of northern Minnesota as a testing location, and proposed an initiative to expand cold weather testing in Minnesota.

This funding would support a Cold Weather Resource Center. The mission of the center should be to foster economic development by promoting, attracting, and coordinating cold weather research, testing and related activities in Minnesota. The center would have as a primary objective the matching of existing facilities and capabilities with current and potential customers. It would have the responsibility of nurturing new business opportunities based on cold weather testing, research or services.

RATIONALE:

The availability of affordable cold weather testing services can stimulate new product development and support Minnesota inventors. New developments and increased research facilities can serve to draw new businesses to Minnesota. Additionally, improved performance of building components and systems, road materials, land-based vehicles, and the like that have been rigorously tested under weather conditions will result in better products, and potentially cost savings for Minnesota consumers.

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

ACTIVITY:

PROGRAM: BUSINESS PROMOTION

AGENCY: TRADE AND ECONOMIC DEVELOPMENT, DEPARTMENT OF

REQUEST TITLE: MINNESOTA PROJECT OUTREACH

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

Request requires statutory change: _____ Yes X No

Statutes Affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation of \$800,000 each year of the biennium for the purpose of making a grant to establish a statewide, computer-based system for small businesses.

DESCRIPTION/BACKGROUND:

Minnesota Project Outreach would be a cooperative effort supported by the Department of Trade and Economic Development, the University of Minnesota and the Greater Minnesota Corporation. It would provide small businesses access to computer based technical and marketing information that they could tie into using personal computers. The system would also allow small businesses to tap into information regarding the availability of federal resources--particularly with regard to technology.

In addition to accessing information, businesses would also have the opportunity to place information in the system which identifies their products and markets. In effect, the system will facilitate the sale of Minnesota products and services to other Minnesota-based businesses.

RATIONALE:

This computer based system would go far towards bridging gaps in information available to small businesses, provide a link to technical services, and allow for marketing of Minnesota goods and services.

ACTIVITY: BUSINESS PROMOTION
 Program: BUSINESS PROMOTION
 Agency: TRADE AND ECONOMIC DEVELOPMENT, DEPARTMENT OF

1990-91 Biennial Budget

DESCRIPTION:

The Business Promotion Division operates programs created to serve businesses, local officials, and community volunteers who are active in economic development and community enhancement activities geared to create the most conducive environment for economic stability, growth and prosperity. The objectives of the Business Promotion Division are:

1. To enhance the economic development opportunities of Minnesota communities through community-based environmental improvement programs operated by the Environmental Resources Development Office;
2. To increase the availability and accessibility of timely, accurate and comprehensive information and technical assistance through the Small Business Assistance Office; and,
3. To create greater capacity for successful locally-initiated economic development through technical assistance to communities provided by the Development Resources Office.

Statutory References: M.S. 116J.01, 116J.58, 116J.66 to 116J.87, 116J.981, 116J.982

<u>EFFECTIVENESS MEASURES:</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
Citizen volunteer hours (000's)	700	850	950	950
Professional architect volunteer hours	3,500	3,500	3,500	3,500
Community inquiries on program services	170	185	250	250
Increase in same day responses to publication requests (000's)	40	45	46	46
Increase in individual new topics developed and published	6	4	3	3
Increase in cooperative ventures	20	24	20	20
Increase in clients seen through technical institute contracts	200	250	350	350
Information cost savings to small businesses through the use of publications (000's)	\$ 750	\$ 750	\$ 750	\$ 750
Cities completing Star Cities economic development training	10	8	8	5
Cities completing economic development retraining	63	70	78	85
Jobs resulting from new wood products investments	50	150	160	200
Wood products capital investment (000,000's)	\$ 10,000	\$ 70,000	\$ 30,000	\$ 40,000
Jobs resulting from targeted marketing by communities		50	75	150

DESCRIPTION:

The Business Promotion Division operates a variety of technical assistance programs for local communities and the small business community.

1. Environmental Resources Development Office

This office initiates projects to improve the environment for economic development. A major focus is to work with local citizens to assess local conditions, make plans for improvements, and initiate projects to make their communities more economically and physically attractive for business retention and expansion. Last year, this office generated 700,000 hours of volunteer activity, worth \$3.5 million in economic and environmental investment in the state. Through its 4 major community programs, the Minnesota Community Improvement Program (MCIP), Minnesota Beautiful, the Governor's Design Team, and Minnesota Main Street, the office improves communities and empowers citizens to carry on that work. Additionally, the office analyzes the economic development potential of such environmental issue areas as recycling, wild flower development, Minnesota Green, Used Oil Task Force, Garden Expo, and river cleanup. It initiates or collaborates on those projects which can create an environment attractive to economic expansion.

<u>Statistics:</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
Minnesota Beautiful Program:				
Number of applications received for the Beautification Assistance Program	93	98	130	130
Project awards	43	50	55	65
Community visits and technical assistance provided to groups, businesses and communities	185	230	250	275
Community requests for assistance Minnesota Community Improvement Program:	1,469	1,700	1,800	2,000
Total number of applications	80	85	120	120
Total number of workshops	57	67	75	75
Community inquiries on program services	1,850	2,000	3,800	3,800
Conferences/workshops	3	3	3	3
Individual participants	198	200	250	300
Communities participating	90	90	100	120
Technical assistance requests by communities	49	50	75	100
Main Street Program:				
Applications received	10	15	20	25
Community participants		3	5	5
Number of community visits	7	7	7	7
Number of professional architect volunteers	94	95	95	95

2. SMALL BUSINESS ASSISTANCE OFFICE

This office provides information and assistance to applicants regarding the requirements of licenses and permits to do business in Minnesota and aids in securing these through a master application procedure and a pre-application conference procedure. The Small Business Assistance Office provides a single point of access for small businesses for information on requirements for organization, regulation, taxation, and employment issues. It also serves as a clearinghouse for, and supports the development of, a wide range of public and private small business assistance resources. The office responds to direct requests for assistance (by

ACTIVITY: BUSINESS PROMOTION
(Continuation)

1990-91 Biennial Budget

Program: BUSINESS PROMOTION

Agency: TRADE AND ECONOMIC DEVELOPMENT, DEPARTMENT OF

phone, mail and in person), publishes assistance publications, and conducts workshops on small business issues.

	(Dollars in Thousands)			
Statistics:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Workshops and seminars offered	60	70	75	75
No. of individual publications developed and published	15	21	24	27
Total distribution of publications (000's)	198	220	235	240
No. of individual issues workshops	60	70	75	75
Number of workshop clients served	2,400	3,000	3,700	3,700
Number of clients served by assistance (000's)	14	15	15	15

3. Development Resources Office

This office includes:

- 1) The Minnesota Star City/Star County for Economic Development program which provides technical assistance and training in strategies for planning and implementing effective economic development programs through workshops, conferences and the National Development Council to local fiscal and economic development professionals and organizations;
- 2) Business Retention/Targeted Marketing program for Minnesota cities which provides economic data to local units of government and business prospects, financial and site selection information and technical assistance, to encourage business prospects to locate in Minnesota including: Community Profiles, labor information and computerized listings of available industrial buildings; and
- 3) Targeted Industry Specialist program which identifies investment, business development, expanded market and export opportunities for products and services in the targeted industry sectors.

	(Dollars in Thousands)			
Statistics:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Number of direct staff contacts with local governments, chamber of commerce and counties	360	380	400	420
Staff presentations to communities	90	95	100	110
Active Star City participants	85	95	100	100
Workshops held	20	20	20	20
Professionals trained	40	40	37	35
Communities participating in Business Retention Program	55	65	75	80
Business retention surveys analyzed	1,500	1,700	2,000	2,500
Total communities trained in Targeted Marketing Program		75	50	50

REVENUE:

None.

GRANT/AIDS SUMMARY:

Grant provided to Minnesota Motion Picture and Television Board

Statutory Reference: Laws of 1987, Ch. 404, Sec. 26, Subd. 3
Laws of 1988, Ch. 686, Art. 1, Sec.14 (j)

The Minnesota Motion Picture and Television Board (Film Board) receives a \$120,000 grant per year which is matched using a formula of \$1 of in-kind contributions or money for every \$3 provided by the state. The Film Board promotes Minnesota as a location for film, television and music recording production. The biennial appropriation to the Film Board funds the services in 3 categories.

1. Production Services. The cornerstone of the Film Board's activities is the service it provides to production companies that use Minnesota as a location for film, video, television and music recording projects.
2. Advertising and Promotion. Through paid advertising in industry trade publications and journals and participation in industry trade events, the Film Board attempts to attract the attention of industry decision makers and make them aware of Minnesota's excellent production resources.
3. Education. Through a variety of programs, most notably the annual Midwest Film, Video and Recording Conference, the Film Board provides educational opportunities and services for the industry.

	(Dollars in Thousands)			
Grants by Fund:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General Fund	\$ 120	\$ 120	\$ 120	\$ 120
Total	\$ 120	\$ 120	\$ 120	\$ 120

BASE LEVEL REVIEW:

A base level review was completed describing technical assistance programs to small business. It was submitted separately to the legislature.

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : TRADE & ECON DVLPMT
PROGRAM : BUSINESS PROMOTION
BUDGET ACTIVITY : BUSINESS PROMOTION

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	1,252	1,055	1,140	112	1,252	1,145	1,140	112	1,252	1,145
EXPENSES/CONTRACTUAL SRVCS	495	749	613	218	831	613	613	218	831	613
MISC OPERATING EXPENSES	198	203	203	30	233	208	203	30	233	208
SUPPLIES/MATERIALS/PARTS	66	34	30	10	40	32	30	10	40	32
CAPITAL EQUIPMENT	33	7	7	0	7	7	7	0	7	7
REDISTRIBUTIONS	1	1	1	0	1	1	1	0	1	1
STATE OPERATIONS	2,045	2,049	1,994	370	2,364	2,006	1,994	370	2,364	2,006
LOCAL ASSISTANCE	120	120	120	100	220	1,570	120	100	220	1,770
TOTAL EXPENDITURES	2,165	2,169	2,114	470	2,584	3,576	2,114	470	2,584	3,776
CHANGE REQUESTS:										
P COLD WEATHER RESOURCE CENTER	GEN			0		650		0		850
P MINNESOTA PROJECT OUTREACH	GEN			0		800		0		800
B TECHNICAL INSTITUTES CONTRACTS	GEN			95		0		95		0
B TARGETED INDUSTRY INITIATIVE	GEN			175		0		175		0
B MAIN STREET INCREASE	GEN			100		12		100		12
B MN MOTION PICTURE & TV GRANT INCREASE	GEN			100		0		100		0
TOTAL CHANGE REQUESTS				470		1,462		470		1,662
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	1,847	1,843	1,792	470	2,262	3,254	1,792	470	2,262	3,454
MOTOR VEHICLE TRANS	196	196	196	0	196	196	196	0	196	196
STATUTORY APPROPRIATIONS:										
SPECIAL REVENUE	84	116	116	0	116	116	116	0	116	116
FEDERAL	38	10	10	0	10	10	10	0	10	10
GIFTS AND DEPOSITS	0	4	0	0	0	0	0	0	0	0
TOTAL FINANCING	2,165	2,169	2,114	470	2,584	3,576	2,114	470	2,584	3,776

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

AGENCY : TRADE & ECON DVLPMT
PROGRAM : BUSINESS PROMOTION
BUDGET ACTIVITY : BUSINESS PROMOTION

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	23.0	24.0	25.0	3.0	28.0	25.0	25.0	3.0	28.0	25.0		
MOTOR VEHICLE TRANS	3.0	3.0	3.0	0.0	3.0	3.0	3.0	0.0	3.0	3.0		
TOTAL POSITIONS	26.0	27.0	28.0	3.0	31.0	28.0	28.0	3.0	31.0	28.0		

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

ACTIVITY: BUSINESS PROMOTION
PROGRAM: BUSINESS PROMOTION
AGENCY: TRADE AND ECONOMIC DEVELOPMENT, DEPARTMENT OF

REQUEST TITLE: TECHNICAL INSTITUTES CONTRACTS

Agency Request	F.Y. 1990 (000's)		F.Y. 1991 (000's)	
	Amount	Positions	Amount	Positions
General Fund	\$ 95	1.0	\$ 95	1.0

Governor's Recommendation

General Fund	\$ -0-	-0-	\$ -0-	-0-
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Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE: These funds are requested to expand the number of greater Minnesota locations providing business planning and business management assistance through contract with the office and to increase staff to meet demand for new and revised small business publications.

DESCRIPTION/BACKGROUND: Over the last 2 years there has been a great increase in the sophistication of inquiries and requests for assistance directed to the Small Business Assistance Office. Meeting this demand requires additional staff time.

To meet this demand while still serving the basic assistance needs of small businesses the office has undertaken to:

1. Contract with the State Board of Vocational Technical Education for business planning and business management topics to be delivered to businesses referred by the Department of Trade and Economic Development. These services are currently provided at 8 technical institutes. The funds requested will allow for the expansion of the number of technical institutes delivering services to 16.
2. Publish, as joint ventures with private firms and other state agencies, new publications on specialized, advanced topics (e.g., Starting a Food Business in Minnesota, A Guide to Intellectual Property Protection, Legal Guide for Software Developers). The demand for these services by the small business community exceeds the ability of existing resources. Without the provision of these services by the public sector, small businesses must purchase the services at a higher price or go without them, resulting in lost job creation opportunities. The funds will facilitate production of new publications and allow the office to conduct advanced topic workshops for small businesses.

STATISTICS:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
No. of individual publications developed and published	15	21	26	29
Total distribution of publications (000's)	198	220	260	285
No. of individual topical workshops	60	70	80	80

STATISTICS:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
No. of workshops clients served	2,400	3,000	4,400	4,400
No. of clients served by direct assistance (000's)	14	15	18	18

RATIONALE: The Small Business Assistance Office remedies the problem of information costs for potential and new small businesses in Minnesota. The increasing sophistication of inquiries and the increased demand for its services of a labor intensive nature require additional staff, publications and contract services. The requested funds will allow the Small Business Assistance Office to deliver these at a cost of about \$10 per hour rather than requiring small businesses to pay the private market cost of \$100 per hour. It is particularly important that this service be provided at very modest cost in rural outstate Minnesota where such services, if available at all, are high priced in the private market.

Two alternatives have been considered:

Alternative 1: Private development and publication of publications. There are hundreds of "how-to-go-into-business" guidebooks available in bookstores. These vary in price from a few dollars to several hundred dollars with an average price of about \$18. There is only one company which publishes state-specific books which address the mechanics of business function in individual states. This publisher does not now have such a publication for Minnesota and its other publications sell for about \$30. No private publisher publishes anything resembling the Minnesota-specific publications on set aside, regulation, environmental issues, or employer/employee issues. Given the state's interest in small business economic development and removal of information cost as a barrier to entry, state provision of this information appears to meet the test of appropriateness of government action.

Alternative 2: User fees for publications and seminars. Existing policy is to provide these services at no cost. If user fees were charged, a policy decision would have to be made as to whether to offset costs only or to generate income in excess of costs to the General Fund. A major national issue (as reflected at the August, 1986 White House Conference on Small Business) is that of government competition with private sector firms. The Small Business Assistance Office has excellent success in securing the contributed services of private firms in the preparation of its materials (as, for example, with the private law firm which collaborated on A Guide to Intellectual Property Protection). There is considerable doubt that such cooperation would be forthcoming if the state were seen as offering a for-pay service in the competitive market.

BASE:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General Fund Expenditures	\$ 392	\$ 417	\$ 425	\$ 425
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	\$ 95	\$ 95	\$ 190
General Fund Positions	1.0	1.0	1.0

Governor's Recommendation: The Governor's recommendation does not provide funding for this request.

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

ACTIVITY: BUSINESS PROMOTION
PROGRAM: BUSINESS PROMOTION
AGENCY: TRADE AND ECONOMIC DEVELOPMENT, DEPARTMENT OF

REQUEST TITLE: TARGETED INDUSTRY INITIATIVE

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
General Fund	\$ 175	2.0	\$ 175	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 initiative would identify market opportunities in targeted industry sectors that exhibit high growth potential. These market opportunities will be researched and brought to the attention of businesses that are in a position to invest in Minnesota. Efforts in the minerals/metals and electronics areas are anticipated. The result will be increased investment, greater market share, and job growth.

DESCRIPTION/BACKGROUND:

Many states are increasingly directing their development efforts through sector-targeted program as opposed to general support. This initiative would combine the strengths of several department and executive branch efforts with specialized staff and outside research in partnership with the Greater Minnesota Corporation. The program would conduct market research to identify high-potential market niches, identify comparative advantages, conduct technical research financed through the Greater Minnesota corporation, and bring these opportunities to existing firms through a selective marketing program. The program would also assist in the expansion of businesses in the target industries by determining industry needs and opportunities for intra-industry supplier-seller relationships.

The program would involve extensive interaction between the research ability of the Policy Analysis Office, market opportunities identified by both the Minnesota Trade Office and the Minnesota Marketplace program, industry knowledge in the Departments of Natural Resources and Agriculture, research financed by the Greater Minnesota corporation, and business recruitment efforts in the Business Promotion and Community Development divisions.

RATIONALE:

Industries have different suppliers, personnel needs, capital needs and site needs and the targeted industry specialist program would be a very viable

approach. By developing a better understanding of selected industries, the department is able to fashion policies to support their growth. The business community has strongly supported such industry-related assistance in all of the fields in which it currently exists.

Past experience shows that having an individual who is fully conversant with specific industry needs provides better service to firms in those industries. Existing industry specialist activities demonstrate the effectiveness of this approach. Existing industry specialists have achieved success in bringing in investment, filling unneeded facilities, and helping develop out-of-state and international markets.

This approach complements the community-based system by developing expertise at the state level that is accessible to communities. Existing community development efforts are complemented by state-level expertise in targeted high growth industries. Development of this expertise at the community level is both impractical and inefficient.

Intensive interaction with the Minnesota Trade Office and trade groups is envisioned for the individuals holding these positions. The targeted industry initiative would also link with the Minnesota Marketplace program.

BASE:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General Fund Expenditures	\$ 126	\$ 156	\$ 160	\$ 160
General Fund Positions	2.0	2.0	2.0	2.0

LONG RANGE IMPLICATIONS:	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
General Fund Expenditures	\$ 175	\$ 175	\$ 350
General Fund Positions	2.0	2.0	2.0

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request.

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

ACTIVITY: BUSINESS PROMOTION
PROGRAM: BUSINESS PROMOTION
AGENCY: TRADE AND ECONOMIC DEVELOPMENT, DEPARTMENT OF

REQUEST TITLE: MAIN STREET INCREASE

	F.Y. 1990		F.Y. 1991	
Agency Request	(000's) Amount	Positions	(000's) Amount	Positions
General Fund	\$ 100	-0-	\$ 100	-0-
Governor's Recommendation				
General Fund	\$ 12	-0-	\$ 12	-0-

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

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests these funds to increase the funding for the Main Street program which will allow the state to contract with the National Main Street Center for technical assistance to Minnesota cities.

DESCRIPTION/BACKGROUND:

A major effort to increase community involvement in the Main Street program is envisioned in 1990, requiring a contract with the National Main Street Center which will work in partnership with the state Main Street program to provide in-depth training to communities. State funding would be leveraged by participating communities that would pay a portion of total program cost. The state and federal roles are to provide technical help to communities as they plan downtown and retail development as part of a comprehensive economic development and rehabilitation effort.

Typically, cities commit a staff person half-time for a year or more to coordinate the program. The Main Street program itself involves a review of downtown users, understanding the community's retail base, historic preservation, and the planning and restoration of a community's downtown. Because of the technical nature of these activities, state and federal expertise is invaluable in guiding a community through the process. The actual program involves local businesses, community volunteers, municipal officials, and the general public, leading to a reinvigorated community.

RATIONALE:

Many communities are interested in participation in the Main Street program which involves a partnership of federal, state, and local government with business and community leadership. Currently, service availability is limited by the small number of staff and the lack of state dollars to pay for contract costs with the National Main Street Center. Most states that oper-

ate the program pay for the technical assistance with the national center matched by local dollars and staff commitment while Minnesota has not had funding available for this purpose. The program has had a demonstrated effectiveness both in Minnesota and other states but cannot meet even current demand without increased state assistance.

BASE:

	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General Fund Expenditures	\$ 48	\$ 45	\$ 47	\$ 47

LONG RANGE IMPLICATIONS:

	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
General Fund Expenditures	\$ 100	\$ 100	\$ 200

GOVERNOR'S RECOMMENDATION:

After review of this activity, the Governor recommends an alternative funding level of \$24,000.

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

ACTIVITY: BUSINESS PROMOTION
PROGRAM: BUSINESS PROMOTION
AGENCY: TRADE AND ECONOMIC DEVELOPMENT, DEPARTMENT OF

REQUEST TITLE: MN MOTION PICTURE AND TELEVISION BOARD GRANT INCREASE

Agency Request	F.Y. 1990 (000's)		F.Y. 1991 (000's)	
	Amount	Positions	Amount	Positions
General Fund	\$ 100	-0-	\$ 100	-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 Motion Picture and Television Board requests funding to increase its advertising and promotional efforts in order to effectively compete with other states in attracting production activity to Minnesota. Funds will be used for the development and execution of a comprehensive, integrated and targeted advertising and promotion plan.

DESCRIPTION/BACKGROUND:

While California and New York are still the major entertainment centers of the country, the industry continues to expand elsewhere. Annually, billions of dollars are spent outside of California and New York on the production of feature films, television series' and specials, documentaries, commercials, music videos, and industrial and educational films.

While awareness of Minnesota's desirability as a location is steadily growing, the state must begin to invest significantly more in the development and execution of marketing and promotion activities if it is to remain competitive with the efforts of other states. In order to attract the attention of decision makers, significant effort and millions of dollars are spent annually by state film commissions. Heavy use is made of media advertising, participation in industry trade events, and the development and distribution of promotional materials.

Additional funding, which will be matched \$1 of in-kind contributions or money from the Film Board for every \$3 provided by the state, will be used by the Film Board to develop and execute a comprehensive, integrated and targeted advertising and promotion plan. The plan will incorporate advertising and the production and distribution of promotional materials. Three separate advertising campaigns will be designed to reach the east and west coast markets and local audiences.

RATIONALE:

Through this expanded advertising and promotion effort, the Film Board will demonstrate to the national and international production communities that Minnesota should be seriously considered for future production projects. These efforts will showcase the diversity of film locations in Minnesota, availability of creative and production talent, and state-of-the-art film, video, television and music production facilities.

The additional promotional effort will generate a substantial increase in production inquiries. Annual production inquiries are projected to increase by F.Y. 1991. Annual production revenue, job creation from industry activity and tax revenue to the state are projected to increase by 70% during the same period.

BASE:

	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General Fund Expenditures	\$ 120	\$ 120	\$ 120	\$ 120

LONG RANGE IMPLICATIONS:

	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
General Fund Expenditures	\$ 100	\$ 100	\$ 200

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request.

ACTIVITY: MINNESOTA AMATEUR SPORTS COMMISSION 1990-91 Biennial Budget
Program: BUSIENESS PROMOTION
Agency: TRADE AND ECONOMIC DEVELOPMENT, DEPARTMENT OF

PURPOSE:

The purpose of the Minnesota Amateur Sports Commission (MASC) is to generate economic and social benefits through amateur sports in Minnesota. The MASC will serve to focus and promote amateur sports in Minnesota which will increase tourism and business revenues, increase recreational opportunities and expand Minnesota's national reputation as a sports-oriented state.

By attracting major sporting events to Minnesota that draw out-of-state visitors, our tourism economy will be expanded which will result directly in increased job creation and economic development.

The MASC's role in assisting counties and cities in the development of sport and recreational facilities will strengthen Minnesota's infrastructure of buildings that provide increased recreational benefits to Minnesota.

The purpose of the MASC in expanding social and economic benefits through sport activity relates well to Minnesota's future. Numerous studies indicate that the international and national market for leisure activities such as sport spectators or sport participants is on the increase.

OPERATIONS AND CLIENTELE:

The MASC provides services to Minnesotans in the following areas:

1. Statewide Event Promotion The MASC provides assistance for cities, Chambers of Commerce and Visitor and Convention Bureaus in attracting major sporting events statewide. The MASC researches potential events for Minnesota, introduces the events to Minnesota communities and assists the communities in bringing these activities to Minnesota. The MASC has established an all-volunteer Minnesota Amateur Sport Promotion Board to assist commission staff in serving Minnesota communities with event promotion expertise.
2. Statewide Sport Facility Development Assistance The MASC staff provides technical assistance to Minnesota communities who wish to develop amateur sport facilities. In some cases, the MASC staff assists communities that are developing facilities using private funds. In other cases, the MASC staff works with communities to access state funds through the MASC's capital budget request process. The MASC educates communities as to which type of facilities will yield the greatest economic and social benefits for their area.
3. Staging the State Olympic Games MASC staff organize, sanction and coordinate the Minnesota Star of the North state games. The inaugural State Games held in 1988 in St. Cloud drew 4,300 participants. These State Olympic Games showcased Minnesota athletes of all ages and tend to draw attention to promote these healthy lifestyle activities so that more Minnesotans may become involved in amateur sports. The 1989 Summer State Games will be held in Burnsville. The MASC will inaugurate an annual Winter State Games beginning in February of 1990. The first such Games will be hosted by Giants Ridge in Biwabik and surrounding communities. The MASC has established an 18-member, all-volunteer Star of the North State Games Board which coordinates private fund raising and implementation of the State Games program.

4. Statewide Amateur Sports Activity Development The MASC has a formal program for the development of amateur sport at many levels. The MASC has formed a Governor's Council on Physical Fitness and Sport, a 16 member, all-volunteer board that holds an annual conference to promote safety and health-related topics for sport organizers and educators. The MASC has initiated a Minnesota Amateur Sports Congress, a 16-member, all-volunteer board which, along with MASC staff, assists amateur sport associations in increasing their memberships and offering quality programs to Minnesotans. The MASC has initiated an Amateur Sport Institute Board, an all-volunteer board, to develop formal curriculum to better educate the amateur sport coaches, referees and participants. Institute programs will begin in the Summer of 1990.

ACCOMPLISHMENTS:

1. The Commission has been assisting numerous Minnesota communities and sport associations in bidding for major sporting events. Currently Minnesota has secured over 30 prominent sporting events to be held over the next 5 years. These events have an estimated economic impact of \$121 million. The Commission actively participated in events representing \$60 million of this amount. The Commission has been instrumental in increasing the economic benefit in Minnesota through sporting events. Current secured sport event economic impacts are (in millions): 1987-\$7.1; 1988-\$11.2; 1989-\$13.1; 1990-\$33.2; and 1991-\$49.1. The Commission is also working on active bids which have the following potential economic impacts (in millions): 1990-\$8.2; 1991-\$5.1; 1992-\$30.9; 1993-\$41.1; 1994-\$43.6; and 1999-\$150.0.
2. The Commission provides on-going guidance by managing and maintaining the advisory committees who consult with 3 other state agencies on sport facility technical aspects. The MASC 1987 bonding appropriation of \$29.4 million provided funding for the following facilities:
 - a) Improvements to Giants Ridge National Ski Center, Biwabik, for \$2.2 million were completed on time and within budget;
 - b) Construction for a National Sport Center, Blaine, began in the fall of 1988 of which the Commission is the owner and operator and will administer the entire construction process. The project is on track and is to be completed by the 1990 U.S. Olympic Sports Festival. This is a \$14.7 million project and the first construction contract has come in 21% under budget;
 - c) Construction for the National Ice Hockey Center, St. Cloud, a \$9.5 million project, is administered by the State University System and is on time and under budget as the bid came in \$900 thousand under budget; and
 - d) Construction for the University of Minnesota Swim Center, a \$3 million project, is being administered by the University of Minnesota and is still in the negotiations process.

REVENUE:

None

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

AGENCY : TRADE & ECON DVLPMT
PROGRAM : BUSINESS PROMOTION
BUDGET ACTIVITY : MN AMATEUR SPORTS COMMISSION

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	129	232	236	22	258	258	236	22	258	258
EXPENSES/CONTRACTUAL SRVCS	34	251	78	70	148	148	78	70	148	148
MISC OPERATING EXPENSES	12	26	26	0	26	26	26	0	26	26
SUPPLIES/MATERIALS/PARTS	2	5	5	0	5	5	5	0	5	5
CAPITAL EQUIPMENT	0	12	12	25	37	37	12	25	37	37
TOTAL EXPENDITURES	177	526	357	117	474	474	357	117	474	474
CHANGE REQUESTS:										
B MN AMATEUR SPORTS COMMISSION INCREASE				117		117		117		117
TOTAL CHANGE REQUESTS				117		117		117		117
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	0	499	353	117	470	470	353	117	470	470
STATUTORY APPROPRIATIONS:										
SPECIAL REVENUE	169	0	0	0	0	0	0	0	0	0
GIFTS AND DEPOSITS	8	27	4	0	4	4	4	0	4	4
TOTAL FINANCING	177	526	357	117	474	474	357	117	474	474
POSITIONS BY FUND:										
GENERAL	0.0	6.0	6.0	1.0	7.0	7.0	6.0	1.0	7.0	7.0
SPECIAL REVENUE	3.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL POSITIONS	3.0	6.0	6.0	1.0	7.0	7.0	6.0	1.0	7.0	7.0

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

ACTIVITY: MINNESOTA AMATEUR SPORTS COMMISSION
PROGRAM: BUSINESS PROMOTION
AGENCY: TRADE AND ECONOMIC DEVELOPMENT, DEPARTMENT OF

REQUEST TITLE: MINNESOTA AMATEUR SPORTS COMMISSION INCREASE

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
General Fund	\$ 117	1.0	\$ 117	1.0
Governor's Recommendation				
General Fund	\$ 117	1.0	\$ 117	1.0

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

STATEMENT OF REQUEST/OBJECTIVE:

The Minnesota Amateur Sports Commission (MASC) is requesting 1.0 additional clerical support position with corresponding financial resources to provide more support staff assistance. This staff addition would allow a greater amount of staff time to be available to Minnesota communities especially in greater Minnesota and would make the Commission's activities more efficient and cost-effective. In addition, the Commission is requesting additional resources for communications, sport development program and equipment.

RATIONALE:

The level of programming has increased significantly for the Minnesota Amateur Sports Commission. Specific programs such as the "Star of the North" State Games has increased from 4,300 participants in 1988 to a projected 12,000 participants in 1989 (for the Summer Games). Beginning in 1990 the Commission will administer both a winter and summer "Star of the North" State Games. All of the registrations for these State Games are administered by the Commission. The number of cities and Minnesota amateur sport associations requesting assistance has doubled from approximately 20 requests in 1987 to 40 requests in 1988 and is expected to maintain at that higher level.

1. Additional funds are needed to increase circulation and content of the Minnesota Amateur Sports Commission (MASC's) quarterly newsletter from 4,000 to 10,000. As there are approximately 75 active amateur sport associations representing 1.2 million Minnesotans, the Commission's newsletter, The Minnesota Medalist, should have a greater content level and distribution to sport leaders, counties, cities, school districts, visitor and convention bureaus and chambers of commerce.
2. The MASC needs additional dollars for development programs such as youth sport camps to be held through the various MASC's state support facilities. Special emphasis will be placed on sport safety, sport education

official courses, coach courses, women's and girls' programs, and disadvantaged youth. Funds will be utilized in designing curriculum and producing curriculum materials and providing promotional brochures for development programs.

3. Additional equipment is needed to carry out the mission of the MASC in the areas of computers and related equipment to maintain a large complex mailing address system. The Commission requires the ability to communicate with large numbers of constituents by personalized direct mail on a regular basis.

STATISTICS:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Quarterly newsletter distribution	4,000	7,000	10,000	12,000
State Games participants	4,300	12,000	15,000	20,000
Communications circulation	2,500	7,000	10,000	12,000
Marketing file (sport promotion/ national coaches network)	400	2,000	20,000	30,000

BASE:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General Fund Expenditures	\$ -0-	\$ 349	\$ 353	\$ 353
Special Revenue Fund Expenditures	\$ 169	\$ -0-	\$ -0-	\$ -0-
General Fund Positions	-0-	6.0	6.0	6.0
Special Revenue Fund Positions	3.0	-0-	-0-	-0-

LONG RANGE IMPLICATIONS:	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
General Fund Expenditures	\$ 117	\$ 117	\$ 234
General Fund Positions	1.0	1.0	1.0

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

ACTIVITY: CELEBRATE MINNESOTA 1990
 Program: BUSINESS PROMOTION
 Agency: TRADE AND ECONOMIC DEVELOPMENT, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

Celebrate Minnesota 1990 will be a yearlong series of events and activities designed to celebrate Minnesota's past, present and promise for the future. Funding was initially provided for this program during the 1988 Legislative Session. The year was chosen because Minnesota will host the U.S. Olympic Festival, one of the world's largest gatherings of amateur athletes. The celebration will be built on the self-designed activities of communities and neighborhoods throughout the state. The purpose is to invoke the pride of citizens in their own communities and their state, and enlist that pride in projects and activities that will build a foundation for the 21st century, improve the economic capacity of communities and increase tourism. To assist communities in undertaking community improvement projects, a matching grant program provides funds of up to \$25,000 per community. These grants must be matched \$3 to \$1 by local funds or volunteer efforts, and projects must be linked to 1990 celebrations.

Celebrate Minnesota 1990 has 10 goals:

1. Expand statewide the opportunity to join in the excitement that will be generated by the U.S. Olympic Festival--'90.
2. Increase tourism activity through a campaign inviting friends, relatives and former Minnesotans back to the state for 1990 events.
3. Encourage community leaders and citizens to plan and build projects which have an impact on the appearance, economic stability and future of the community, and use these projects as focal points around which 1990 celebrations will occur.
4. Encourage a strong sense of state and community pride and an appreciation of the diverse elements which make up Minnesota by stimulating communities to look at themselves through the eyes of a visitor.
5. Generate projects to preserve our history, improve our quality of life and strengthen our economy.
6. Encourage attention to Minnesota's place in the 21st century through futures conferences, school activities and public discussions.
7. Renew Minnesota's commitment to the environment, through ongoing environmental clean-up programs and new efforts, such as the Minnesota Clean Rivers Project.
8. Give greater visibility and recognition to government-citizen partnerships already in existence, such as Minnesota Community Improvement Program, Minnesota Beautiful, Governor's Design Team and Minnesota Main Street while seeking new avenues for cooperation between state agencies, and state and local governments. Leverage resources, expertise and volunteer networks in the statewide celebration.
9. Develop opportunities for corporate partnerships with community and governmental units to support art, music and cultural enterprises.
10. Foster an environment for developing projects of recurring benefit or long-lasting effect in our society.

Statutory Reference: Laws of 1988, Ch. 686, Art. 2, Sec. 1 to 3

EFFECTIVENESS MEASURES:

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
Community visits		50	50	50
Grant workshops		9		
Brochures mailed (000's)		20	30	10
Grant kits mailed (000's)		5	3	
Corporate contacts		20	50	50
Official community participants		300	100	500
Joint projects involving other state agencies		80	80	
Physical projects initiated		100	100	
Clean-up/environmental projects		30	30	10
Conferences/public discussions			10	10

ACCOMPLISHMENTS:

A key underpinning of the Celebrate Minnesota 1990 program has been the cooperation among state agencies. One goal has been to utilize existing programs, such as Minnesota Community Improvement Program and Minnesota Beautiful. In addition, agencies such as the Department of Transportation, Natural Resources and Education are working on special programs involving participation in the 1990 celebration. A related program, as an example, is the Minnesota Clean Rivers Project, aimed at building a volunteer effort to clean up rivers and build public opinion for preservation of river resources.

REVENUE:

None.

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

AGENCY : TRADE & ECON DVLPMT
PROGRAM : BUSINESS PROMOTION
BUDGET ACTIVITY : CELEBRATE MN 1990

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	147	149	0	149	149	149	0	149	149
EXPENSES/CONTRACTUAL SRVCS	30	135	51	0	51	51	51	0	51	51
MISC OPERATING EXPENSES	0	18	18	0	18	18	18	0	18	18
SUPPLIES/MATERIALS/PARTS	0	4	4	0	4	4	4	0	4	4
CAPITAL EQUIPMENT	0	5	5	0	5	5	5	0	5	5
TOTAL EXPENDITURES	30	309	227	0	227	227	227	0	227	227
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	0	225	227	0	227	227	227	0	227	227
STATUTORY APPROPRIATIONS:										
SPECIAL REVENUE	30	84	0	0	0	0	0	0	0	0
TOTAL FINANCING	30	309	227	0	227	227	227	0	227	227
POSITIONS BY FUND:										
GENERAL	0.0	2.0	2.0	0.0	2.0	2.0	2.0	0.0	2.0	2.0
TOTAL POSITIONS	0.0	2.0	2.0	0.0	2.0	2.0	2.0	0.0	2.0	2.0

PROGRAM: TOURISM 1990-91 Biennial Budget
Agency: TRADE AND ECONOMIC DEVELOPMENT, DEPARTMENT OF

PROGRAM PURPOSE:

The purpose of the Office of Tourism is to market Minnesota's products and services that relate to travel, stimulate economic activity in the state by maintaining and increasing the gross sales of Minnesota travel businesses, and be responsive to Minnesota's community, business and consumer needs as they relate to tourism, as well as national and international travel consumers and trade.

OPERATION:

The Office of Tourism program is administered by the Director of Tourism and is divided into 4 areas.

1. Consumer Advertising/Marketing: Develops statewide, regional and national advertising/marketing campaigns focused at the consumer market to generate greater travel into and throughout Minnesota. The primary target markets are: Minnesota, Illinois, Wisconsin, North Dakota, South Dakota, Iowa, Missouri, Nebraska, Wisconsin, Indiana, and Canada. This area is also responsible for public/private partnerships and cooperative advertising programs and promotions.
2. Information Services: Provides travel information to consumers both by phone and at the 10 Travel Information Centers across the state, as well as at the new centers to open near Worthington and St. Cloud. It conducts research and provides computer services to all office functions.
3. Communications Services: Produces all consumer and travel trade publications for the office (app. 25/year), including the MINNESOTA EXPLORER newspaper. It conducts the office's media relations programs, working with consumer and travel trade media statewide, nationally and internationally. It also provides event planning, including the Governor's Fishing Opener, as well as distribution services (i.e., mailroom).
4. Travel Trade Services: Maintains the regional office program in Mankato, Brainerd, and Duluth, as well as for a new Metro Regional Office. Conducts the state's joint venture marketing program. It works with travel agents, tour operators, and meeting and convention planners to increase bookings in Minnesota.

BUDGET ISSUE:

The promotional investment of the Office of Tourism continues to show an excellent return for the state. Across the country, however, other states are raising their tourism budgets and the competition is increasing nationally and internationally for travel dollars. An expanded Local Joint Venture Tourism Marketing Program, which requires matching private sector monies, can greatly assist our efforts to leverage promotional dollars in the surrounding states, allowing us to extend our advertising reach to new markets. In addition to the need for increased national exposure for Minnesota, the state will need to promote its major statewide program, Celebrate Minnesota 1990. In support of those programs and to maintain the marketing edge we established with the MINNESOTA EXPLORER newspaper. Tourism is now proposing to produce a major new publication, EXPLORE MINNESOTA UP-CLOSE, to be a companion to the newspaper. To take advantage of the explosion of opportunity in the audio visual area, a new state film needs to be produced. There has also been a transfer in F.Y. 1989 of 10 Travel Information Centers from MNDOT to

the Office of Tourism, with additional centers scheduled to be opened during this budget period near Worthington and St. Cloud, as well as expanded travel information services, which requires additional funding.

EXPLANATION OF BUDGET REQUEST:

The budget request will fund Minnesota's tourism program. The state's tourism industry includes state and federal agencies involved in travel and recreation; chambers of commerce and visitor and convention bureaus; local, regional, statewide, national and international travel organizations; and approximately 6,000 travel-related businesses in Minnesota. This accounts for over \$5.3 billion in travel expenditures; 108,000 jobs and approximately 28 million visitor trips to our state (source: U.S. Travel Data Center, 1986 figures).

Three CHANGE request items are requested for this program. \$1,200,000 each year to expand the Local Joint Venture Tourism Marketing Program; \$2,500,000 each year to increase national and international tourism marketing and production of marketing collateral materials, and \$750,000 and 15 positions each year to maintain and expand our travel information services.

Grants by Fund:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General Fund	\$ 639	\$ 550	\$ 550	\$ 550
Total	\$ 639	\$ 550	\$ 550	\$ 550

REVENUE:

This program receives dedicated revenue through the marketing of tourism related publications and media promotional materials to business and organizations. (Laws 1987, Ch. 404, Sec.26, Subd. 4)

Type of Revenue:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Dedicated - special	\$ 580	\$ 691	\$ 691	\$ 691
Total	\$ 580	\$ 691	\$ 691	\$ 691

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request for \$1,200,000 each year to expand the Local Joint Venture Tourism Marketing Program and \$750,000 and 15.0 positions each year to maintain and expand our travel information services. The Governor recommends an alternative funding level of \$1,200,000 the first year, and \$1,050,000 the second year of the biennium for the tourism marketing effort. The Governor also recommends an appropriation of \$500,000 each year for a grant to support Public Television Original Productions.

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

AGENCY : TRADE & ECON DVLPMT
PROGRAM : TOURISM
BUDGET ACTIVITY : TOURISM

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	1,380	2,223	1,966	466	2,432	2,432	1,966	466	2,432	2,432
EXPENSES/CONTRACTUAL SRVCS	3,552	3,886	3,889	2,493	6,382	5,107	3,889	2,493	6,382	4,957
MISC OPERATING EXPENSES	572	680	697	81	778	753	697	81	778	753
SUPPLIES/MATERIALS/PARTS	229	107	122	85	207	207	122	85	207	207
CAPITAL EQUIPMENT	70	22	22	125	147	147	22	125	147	147
STATE OPERATIONS	5,803	6,918	6,696	3,250	9,946	8,646	6,696	3,250	9,946	8,496
LOCAL ASSISTANCE	639	550	550	1,200	1,750	2,250	550	1,200	1,750	2,250
TOTAL EXPENDITURES	6,442	7,468	7,246	4,450	11,696	10,896	7,246	4,450	11,696	10,746
CHANGE REQUESTS:	FUND									
P JOINT VENTURE TOURISM MKTG INCREASE	GEN			1,200		1,200		1,200		1,200
P TOURISM MARKETING INCREASE	GEN			2,500		2,365		2,500		1,050
P TRAVEL INFORMATION CENTERS FUNDING	GEN			750		750		750		750
P PUBLIC TELEVISION GRANT	GEN			0		500		0		500
TOTAL CHANGE REQUESTS				4,450		4,815		4,450		3,500
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	5,870	6,489	6,555	4,450	11,005	10,205	6,555	4,450	11,005	10,055
STATUTORY APPROPRIATIONS:										
SPECIAL REVENUE	572	691	691	0	691	691	691	0	691	691
TRUNK HIGHWAY	0	288	0	0	0	0	0	0	0	0
TOTAL FINANCING	6,442	7,468	7,246	4,450	11,696	10,896	7,246	4,450	11,696	10,746
POSITIONS BY FUND:										
GENERAL	38.0	38.0	38.0	15.0	53.0	53.0	38.0	15.0	53.0	53.0
TRUNK HIGHWAY	0.0	10.0	0.0	0.0	0.0	0.0	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 : TRADE & ECON DVLPMT
PROGRAM : TOURISM
BUDGET ACTIVITY : TOURISM

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	38.0	48.0	38.0	15.0	53.0	53.0	38.0	15.0	53.0	53.0		

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

ACTIVITY:

PROGRAM: TOURISM

AGENCY: TRADE AND ECONOMIC DEVELOPMENT, DEPARTMENT OF

REQUEST TITLE: JOINT VENTURE TOURISM MARKETING PROGRAM INCREASE

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
General Fund	\$1,200	-0-	\$1,200	-0-
Governor's Recommendation				
General Fund	\$1,200	-0-	\$1,200	-0-

Request requires statutory change: _____ Yes ☒ No

Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

Due to changes in the marketplace, this program is no longer competitive at current funding levels. Bringing matching fund marketing programs for not-for-profit tourism organizations into line with programs in competitive states would enable Minnesota's tourism promotion presence to be stronger in our out-of-state markets.

DESCRIPTION/BACKGROUND:

The Joint Venture Tourism Marketing Fund Program was first implemented beginning in 1983. Available to local, regional or statewide not-for-profit tourism organizations in Minnesota, the program was created to generate a higher degree of private sector financial involvement in tourism marketing. The end result is to generate increased travel into and throughout the State of Minnesota. During F.Y. 1988, 165 applications were filed, with state funds sufficient to only fund 117 of those programs. The cap on the state match to private sector funds was initially \$5,000 per project and more recently \$10,000 for multi-community projects. The total budget allocated to this program has remained roughly the same since 1983.

Due to increased tourism promotion occurring statewide, nationally and internationally these matching funds per project are not adequate to provide the significant impact necessary in the increasingly competitive area of tourism promotion. While current funding levels can have important impact on programs with small or limited budgets, the funds are not adequate to appreciably impact those promotional programs of larger tourism promotion organizations in the state, particularly as they reach out to national and international markets.

The request would provide for a broader range of opportunities for communities and organizations to participate. Under the umbrella of the Joint Ven-

ture Tourism Marketing Fund Program we are proposing that 4 categories be established.

1. Local, Regional and Statewide Not-for-profit Tourism Organization Marketing This is essentially the present program with an increase in the maximum funding to a \$15,000 limit for multi-community organizations and a \$7,500 limit for single organizations, with consideration given to broadening the guidelines to add historical societies, information centers, and other not-for-profit organizations as eligible applicants. Funding is project-specific and typically includes advertising and publications for statewide or national marketing. Applicants would choose between this program or the Destination Marketing Organization program (4 below).
2. Competitively Bid Midwest, National and International Meetings, Conventions and Events Marketing There is considerable expense involved in soliciting out-of-state for these kinds of tourism functions. There is also considerable economic benefit to the state when we are fortunate enough to secure them. This category would assist not-for-profit tourism organizations statewide, particularly convention and visitors bureaus, to be competitive with other out-of-state destinations for these functions. Funds cannot be used to compete against other Minnesota destinations for the same function. Eligibility would be based on size of budget and maintenance of at least one full-time paid staff person. The minimum request would be \$5,000 and the maximum \$40,000, with actual funding dependent on the private sector cash match dedicated to out-of-state meetings, conventions and events marketing.
3. Not-for-Profit Events and Festivals Marketing To increase the marketing and image of Minnesota's events and festivals that can draw visitors from out-of-state and enhance Minnesota's image, this category would be established to increase advertising and marketing efforts nationally and internationally. Eligibility would be based on existing budgets and maintenance of at least 1.0 full-time paid staff person and attendance usage figures. The minimum request would be \$15,000 and the maximum \$100,000, with actual funding dependent in part on the total number applicants and the private sector cash match dedicated to promotion.
4. Destination Marketing This program would be available to tourism Destination Marketing Organizations (DMOs) statewide, with eligibility established by size of budget and maintenance of at least one full-time paid staff person. A DMO is defined as a not-for-profit organization that is formed for the primary purpose of tourism promotion, representing all facets of the travel industry within an area and designated as the primary tourism promotion organization for a city or area. Funds would be used to support leisure and consumer travel marketing out-of-state. The minimum request would be \$15,000 and the maximum \$100,000, with actual funding dependent on the total pool of eligible applicants and the private sector cash match dedicated to leisure and consumer travel marketing more than 100 miles from the destination or out-of-state.

STATISTICS:

	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Number of applicants	165	175	300	300
Number of projects funded	117	100	250	250

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

ACTIVITY:
PROGRAM: TOURISM
AGENCY: TRADE AND ECONOMIC DEVELOPMENT, DEPARTMENT OF

RATIONALE:

To continue to advance private sector involvement, the levels of the state's commitment needs to be raised to sustain our competitiveness in tourism promotion on a national and international basis. This additional capacity building will enable not-for-profit tourism promotion organizations to increase the number and effectiveness of their programs in states and provinces bordering Minnesota, thus supplementing the Office of Tourism's marketing reach and allowing us to move into new markets.

<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>
General Fund Expenditures	\$ 639	\$ 550	\$ 550	\$ 550

<u>LONG RANGE IMPLICATIONS:</u>	(Dollars in Thousands)		
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>Total</u>
General Fund Expenditures	\$ 1,200	\$ 1,200	\$ 2,400

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

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

ACTIVITY:

PROGRAM: TOURISM

AGENCY: TRADE AND ECONOMIC DEVELOPMENT, DEPARTMENT OF

REQUEST TITLE: TOURISM MARKETING INCREASE

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's)	Positions	(000's)	Positions
General Fund	\$2,500	-0-	\$2,500	-0-
Governor's Recommendation				
General Fund	\$1,200	-0-	\$1,050	-0-

Request requires statutory change: _____ Yes ☒ No

Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE: The state's investment in marketing tourism, depending on which category is being compared, is anywhere from 19th to 22nd in the country as of 1987. Since 1983 the state's investment has shown a return to the state in increased sales, employment and tax revenues as they relate to travel. To remain competitive and to reach out into new, untapped markets, the Office of Tourism will need additional marketing funds, which would increase advertising nationally and internationally, as well as provide the necessary level of promotional support for the state's major new program, Celebrate Minnesota 1990. New collateral materials, including production of a new statewide travel film and new publication, Explore Minnesota UP-CLOSE, to supplement the MINNESOTA EXPLORER newspaper, will provide us with the materials we need to maintain and enhance our marketing edge already achieved.

DESCRIPTION/BACKGROUND: For 1988, the Office of Tourism is anticipating inquiries will be close to one million, more than a 500% increase since 1982. (Much of that increase has been sustained at a cost per inquiry of approximately \$2.) To sustain growth, it will be necessary to move into new market areas, including working with group tour operators, nationally and internationally, as well as to increase visibility in existing markets.

The cornerstone of our direct marketing strategy has been the MINNESOTA EXPLORER newspaper. Now in its 4th year of publication with over 1.3 million issues per year, Tourism has been researching ways to keep the newspaper fresh and appealing to consumers. The inclusion of a new publication, Explore Minnesota UP-CLOSE would accomplish that. Other support material needed includes a new state travel film. The previous film, Overtures, was produced in 1984 and is out-of-date.

Domestic Markets F.Y. 1989 by ADI (Area of Dominant Influence):

Duluth-Superior	Chicago
Minneapolis-St. Paul	Lafayette-Indianapolis
Alexandria	St. Louis
Mankato	Kansas City
Rochester-Mason City-Austin	Omaha

Domestic Markets F.Y. 1989 by ADI (Area of Dominant Influence) (Cont'd):

Cedar Rapids-Waterloo-Dubuque	Sioux City
Davenport-Rock Island-Moline-Quad Cities	Sioux Falls-Mitchell
Des Moines	Fargo

International Statistics:

	Visitors 1983	Visitors 1986
Germany	3,978	38,894
Scandinavian countries	1,666	17,794
United Kingdom	4,545	21,357
Japan	2,334	33,330

*Sweden only

(Source: In-flight survey of U.S. Travel and Tourism Administration)

Group Tour Marketing Statistics: Total economic impact (including both direct and indirect expenditures) of one-day tours going to Minnesota in 1986 was \$2.2 million, up 30.3% from 1985; multi-day tours was \$17.2 million, up 21.0%; and all tours was \$19.4 million, up 21.7% (source: "Group Tour and Charter Industry Economic Impact Research Report, 1986).

STATISTICS:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Inquiries (000's)	930	1,000	1,020	1,115
Brochures distributed (000's)	2,956	3,192	3,450	3,720
Film bookings, Overtures	1,480	275	275	2,500
Viewers	56,446	8,250	8,250	250,000

(See Description/Background:)

RATIONALE: Tourism is predicted to be one of the world's largest industries by the year 2000. As we move in that direction, competition for travel dollars has heated up nationally and internationally. To maintain and increase Minnesota's market share will mean an increased level of investment in promotion of the state's travel opportunities on a statewide, national and international basis. We are only beginning to realize our full potential relative to the burgeoning group tour and international markets. In addition to increased advertising monies, the state needs to maintain and enhance its collateral materials that sell Minnesota.

BASE:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General Fund Expenditures	\$ 3,127	\$ 3,127	\$ 3,130	\$ 3,130

LONG RANGE IMPLICATIONS:	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
General Fund Expenditures	\$ 2,500	\$ 2,500	\$ 5,000

GOVERNOR'S RECOMMENDATION:

After review of this activity, the Governor recommends an alternative funding level of \$2,250,000.

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

ACTIVITY:

PROGRAM: TOURISM

AGENCY: TRADE AND ECONOMIC DEVELOPMENT, DEPARTMENT OF

REQUEST TITLE: TRAVEL INFORMATION CENTERS FUNDING

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's)		(000's)	
	Amount	Positions	Amount	Positions
General Fund	\$ 750	15.0	\$ 750	15.0
Governor's Recommendation				
General Fund	\$ 750	15.0	\$ 750	15.0

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

STATEMENT OF REQUEST/OBJECTIVE:

Responsibility for the state's 10 Travel Information Centers (TICs) was transferred from MNDOT to the Office of Tourism in the 1988 legislative session, permanent funding for the continued operation of the centers needs to be appropriated from the General Fund, in part to replace trunk highway funds in the amount of \$288,000 per year and 10.0 trunk highway positions. In addition, there will be 2 new TICs operating during the F.Y. 1990-91 biennium, which will require funding and staffing. With the additional computer needs of the TICs and the ensuing demand for computer services from the central office, we are requesting funds to upgrade and expand our computer network for travel information collection and dissemination and staffing to provide essential support services.

DESCRIPTION/BACKGROUND:

During the 1988 legislative session, authority for the state's 10 Travel Information Centers across the state was transferred to the Office of Tourism from MNDOT. The funds appropriated for the transitional year F.Y. 1989 were to continue uninterrupted operation of the centers while final negotiations were completed on the TIC's actual costs and budgets. There are also 2 new centers scheduled to open during the F.Y. 1990-91 biennium with 1 near Worthington and 1 near St. Cloud.

When the TICs were transferred to our office, MNDOT dropped its plans to develop a computerized travel information system for TICs. The system connections provided to the TICs were not compatible with our current system. In addition, the state's tourism promotion program has experienced phenomenal growth over the past several years, generating the need for far more computerized inquiry records than previously anticipated at our Response Center. This has necessitated our request for additional staffing, as well as computer capacity and flexibility. There is also a need to buy official highway maps for distribution at the TICs, formerly supplied by MNDOT. Without funds

and staff, the services of the TICs would be dramatically reduced, resulting in shortened hours or the closing of centers. The maps are critical to the overall travel information system for the state.

STATISTICS:	(in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
TIC visitors	2,015	2,500	2,750	2,900
Brochures distributed at TICs	1,305	1,600	1,800	2,000
Response center inquiries processed	930	1,000	1,020	1,115
Response center brochures distributed	2,956	3,192	3,450	3,720

RATIONALE:

Travelers to Minnesota have become increasingly dependent on the services offered at our staffed Travel Information Centers along the state's primary highways. The TICs serve as a valuable statewide travel counseling resource and perform a major selling function in promoting tourism attractions, lodging and natural resources in each of their surrounding areas. The continued funding of the TICs is in the best interest of travelers and a critical distribution point for travel information from the Office of Tourism and other state agencies. To adequately provide that travel information, the TICs need to be connected to our information database and our computer capacity and flexibility expanded to meet that need.

BASE:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General Fund Expenditures	\$ -0-	\$ 577	\$ 577	\$ 577
Trunk Highway Expenditures	\$ -0-	\$ 288	\$ -0-	\$ -0-
Trunk Highway Positions	-0-	10.0	-0-	-0-

LONG RANGE IMPLICATIONS:	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
General Fund Expenditures	\$ 750	\$ 750	\$ 1,500
General Fund Positions	15.0	15.0	15.0

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

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

ACTIVITY:

PROGRAM: TOURISM

AGENCY: TRADE AND ECONOMIC DEVELOPMENT, DEPARTMENT OF

REQUEST TITLE: PUBLIC TELEVISION GRANT

	<u>F.Y. 1990</u>		<u>F.Y. 1991</u>	
	<u>(000's)</u>		<u>(000's)</u>	
	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
Governor's Recommendation				
General Fund	\$ 500	-0-	\$ 500	-0-

Request requires statutory change: _____ Yes X No

Statutes Affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends a biennial appropriation of \$1,000,000 for the purpose of making a grant for the establishment of a public television original production development fund.

DESCRIPTION/BACKGROUND:

This funding would provide a grant to KTCA-Twin Cities Public Television in order to establish an original productions fund.

This fund would give Minnesota public television an even greater capacity for inventive made-in-Minnesota productions. Federal funds and private contributions could also be leveraged as a result of this appropriation.

RATIONALE:

Not only would this funding encourage the arts industry in Minnesota, but such productions, with the potential to be aired nationally and internationally, would serve to promote the native talents of Minnesotans.

PROGRAM: ADMINISTRATION 1990-91 Biennial Budget
Agency: TRADE AND ECONOMIC DEVELOPMENT, DEPARTMENT OF

PROGRAM PURPOSE:

Administration provides centralized administrative, management, communications and federal liaison support to departmental operating divisions by developing and directing the implementation of organizational policies, providing management direction, fiscal services, personnel/employee relations services, departmental publications and marketing materials.

OPERATION:

1. The Commissioner's Office is responsible for overall department policy and management systems development and also coordinates with other state, federal and local governmental units.
2. The Administrative Services Office consists of:
 - a. The Fiscal Services Unit which provides budgeting, accounting, financial reporting, purchasing, payroll processing, accounts payable and general accounting functions;
 - b. The Office Services Unit which is responsible for staffing the department's reception area and responding to general information inquiries, departmental records management, mail processing, and distribution, equipment leasing and maintenance, telecommunications and space allocation; and
 - c. The Personnel Office which administers the department's personnel and labor relations programs and works to support management's maximum utilization of the human resources required to fulfill the mission and achieve the goals of the department.
3. The Communications Office is responsible for writing and designing publications and related materials for external use by all departmental divisions and programs.
4. The Washington Office serves as the federal representative and liaison for all state agencies, the executive branch and the legislature.

EXPLANATION OF BUDGET REQUEST:

Two Agency-wide and 2 activity CHANGE requests are requested under the Administration Program. \$575,000 and 2.0 positions in F.Y. 1990 and \$154,000 and 2.0 positions in F.Y. 1991 are requested for Implementation of Tactical Information Plan to provide the agency with necessary information and systems to support its Strategic Plan. \$50,000 in F.Y. 1990 is requested to contract for an Agency Relocation Study to fully examine agency and client needs and make recommendations on the most efficient and effective options for consolidating all programs in one location. \$241,000 and 2.0 positions each year for the Communications Office activity are requested for staffing and printing and design to enable the office to meet increased demands for services to support legislatively mandated programs. \$73,000 and 1.0 position each year for the Washington Office activity are requested to enable the office more effectively respond to requests from Minnesota state agencies, the congressional delegation, and the executive and legislative branches of government.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide the requested funding for the Communications Office. The Governor recommends that \$270,000 each year (\$197,000 in BASE funding and \$73,000 in CHANGE level funding) and 4.0 positions be appropriated to the State Planning Agency for the operation of the Washington Office.

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : TRADE & ECON DVLPMT
PROGRAM : ADMINISTRATION

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	
COMMISSIONERS OFFICE	217	230	235	0	235	235	235	0	235	235
ADMINISTRATIVE SERVICES	735	738	792	625	1,417	842	792	154	946	1,142
A IMPLEMENTATION-TACTICAL INFORMATION PLAN GEN				575		50		154		350
A AGENCY RELOCATION STUDY GEN				50		0		0		0
COMMUNICATIONS OFFICE	770	766	780	241	1,021	780	780	241	1,021	780
B COMMUNICATIONS OFFICE INCREASE GEN				241		0		241		0
WASHINGTON OFFICE	190	190	197	73	270	0	197	73	270	0
B WASHINGTON OFFICE INCREASE GEN				73		73		73		73
B TRANSFER OF WASHINGTON OFFICE GEN				0		<270>		0		<270>
TOTAL EXPENDITURES	1,912	1,924	2,004	939	2,943	1,857	2,004	468	2,472	2,157
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	1,835	1,867	1,923	939	2,862	1,776	1,923	468	2,391	2,076
STATUTORY APPROPRIATIONS:										
SPECIAL REVENUE	0	0	81	0	81	81	81	0	81	81
FEDERAL	77	57	0	0	0	0	0	0	0	0
TOTAL FINANCING	1,912	1,924	2,004	939	2,943	1,857	2,004	468	2,472	2,157
POSITIONS BY FUND:										
GENERAL	30.0	30.0	30.0	5.0	35.0	28.0	30.0	5.0	35.0	28.0
SPECIAL REVENUE	0.0	0.0	3.0	0.0	3.0	3.0	3.0	0.0	3.0	3.0
FEDERAL	3.0	3.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL POSITIONS	33.0	33.0	33.0	5.0	38.0	31.0	33.0	5.0	38.0	31.0

1990-91 Biennial Budget

PURPOSE:

The Commissioner's office is responsible for overall departmental policy and management systems development in order to insure that departmental resources are effectively and efficiently utilized, that individual and divisional roles and responsibility for accomplishing departmental mandates is clear, and that accountability, productivity, and program effectiveness can be accurately measured.

ACCOMPLISHMENTS:

1. Initiated and implemented an agency-wide strategic planning process which included all staff and was deemed necessary in order to effectively implement the change in agency mandate and mission, as well as to fully integrate the missions of new programs placed in the department by the 1987 legislature into a comprehensive economic development strategy for the state.
2. Completed a departmental reorganization in January, 1988 which consolidated departmental financing programs in 1 division making them more accessible to clients; abolished the business finance specialist function; moved the Communications Office to the Administration Division insuring that services would be uniformly available to all divisions consistent with the office's department-wide service function and transferred funds to the Minnesota Trade Office to fund four positions as mandated by the legislature.

Statutory Reference: M.S. 116J.01

REVENUE:

None.

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

AGENCY : TRADE & ECON DVLPMT
PROGRAM : ADMINISTRATION
BUDGET ACTIVITY : COMMISSIONERS 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	147	154	158	0	158	158	158	0	158	158
EXPENSES/CONTRACTUAL SRVCS	16	29	29	0	29	29	29	0	29	29
MISC OPERATING EXPENSES	50	40	41	0	41	41	41	0	41	41
SUPPLIES/MATERIALS/PARTS	4	7	7	0	7	7	7	0	7	7
TOTAL EXPENDITURES	217	230	235	0	235	235	235	0	235	235
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	217	230	235	0	235	235	235	0	235	235
TOTAL FINANCING	217	230	235	0	235	235	235	0	235	235
POSITIONS BY FUND:										
GENERAL	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

1990-91 Biennial Budget

The Administrative Services activity provides and coordinates the department's management support services through 3 sections: The Fiscal Services Unit, the Office Services Unit and the Personnel Services Office.

- ACCOMPLISHMENTS:

8. Directed a department-wide physical fixed asset inventory and established systems and procedures for fixed asset management to ensure that adequate controls exist over the state's assets.

STATISTICS:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Payment/Payroll transactions/ inquiries processed	104,800	105,000	110,000	115,000
Requisitions/Purchase orders processed	3,700	3,700	3,800	3,800
Supplemental budgets processed	360	360	380	380
Fixed assets inventory records	860	776	825	850
Telecommunications requests processed	110	120	110	110
Total No. of employees	225	270	237	241
No. of protected group employees	82	85	88	91
Total No. of permanent hires	59	55	50	45
No. of protected group hires	26	28	30	32
Reclassifications processed	53	70	40	40

None.

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

AGENCY : TRADE & ECON DVLPMT
PROGRAM : ADMINISTRATION
BUDGET ACTIVITY : ADMINISTRATIVE 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	598	614	656	85	741	706	656	85	741	706
EXPENSES/CONTRACTUAL SRVCS	68	97	99	90	189	99	99	43	142	139
MISC OPERATING EXPENSES	17	19	19	0	19	19	19	0	19	19
SUPPLIES/MATERIALS/PARTS	12	8	13	0	13	13	13	0	13	13
CAPITAL EQUIPMENT	18	0	5	450	455	5	5	26	31	265
REDISTRIBUTIONS	22	0	0	0	0	0	0	0	0	0
TOTAL EXPENDITURES	735	738	792	625	1,417	842	792	154	946	1,142
CHANGE REQUESTS:										
FUND										
A IMPLEMENTATION-TACTICAL INFORMATION PLAN GEN				575		50		154		350
A AGENCY RELOCATION STUDY GEN				50		0		0		0
TOTAL CHANGE REQUESTS				625		50		154		350
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	658	681	711	625	1,336	761	711	154	865	1,061
STATUTORY APPROPRIATIONS:										
SPECIAL REVENUE	0	0	81	0	81	81	81	0	81	81
FEDERAL	77	57	0	0	0	0	0	0	0	0
TOTAL FINANCING	735	738	792	625	1,417	842	792	154	946	1,142
POSITIONS BY FUND:										
GENERAL	16.0	16.0	16.0	2.0	18.0	17.0	16.0	2.0	18.0	17.0
SPECIAL REVENUE	0.0	0.0	3.0	0.0	3.0	3.0	3.0	0.0	3.0	3.0
FEDERAL	3.0	3.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL POSITIONS	19.0	19.0	19.0	2.0	21.0	20.0	19.0	2.0	21.0	20.0

ACTIVITY: COMMUNICATIONS OFFICE
 Program: ADMINISTRATION
 Agency: TRADE AND ECONOMIC DEVELOPMENT, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

The Communications Office produces agency-wide communications materials and publications that promote Minnesota to state, national and international audiences. Through a variety of communications activities and marketing techniques, the Communications Office generates inquiries and leads for the agency and enhances public awareness of the department's available programs.

OPERATION:

The Communications Office writes and designs publications and related materials for external use by all departmental divisions and programs; produces a quarterly publication focusing on emerging business issues; writes and designs brochures that increase public awareness of the department's programs; produces slide shows and audio-visual presentations, trade show displays and materials; and is responsible for publishing proposals to businesses considering expansion or location in Minnesota.

Statutory Reference: M.S. 116J.01

ACCOMPLISHMENTS:

1. In the fall of 1987, a comprehensive communications/marketing plan for the entire agency was implemented, in support of the department's newly adopted strategic plan and reorganization. Prior to that, the Communications Office primarily conducted the telemarketing function, oversaw the agency's advertising campaign, and served one departmental division (former Economic Development Division). The office, now a part of the agency's Administration Division, serves all 7 divisions' communications needs; has abolished the telemarketing function; and spends less than 1/10 of its entire budget on advertising. The office is the one-stop location for communications and marketing support for the entire agency.
2. Merged the former Minnesota Magazine, World Trade Update and 6 program newsletters into a quarterly publication, in an effort to better present the department's programs as a comprehensive economic development effort with one primary mission, rather than as a group of unrelated and fragmented programs, as department programs have been perceived in the past. The new quarterly serves as the agency's single regular external communications document.

EFFECTIVENESS MEASURES/PERFORMANCE INDICATORS:

To communicate a positive message about Minnesota's economic strengths and to increase public awareness of the department's programs and activities by producing and distributing high quality and informative publications, writing press releases, holding press conferences, and producing displays and trade show presentations. The following is an Activity/Project summary of the Communications Office.

ACTIVITY/PROJECT:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Profile Minnesota (000's)	14	25	30	35
Resources Minnesota (000's)	12	18	25	25
Minnesota Enterprise (000's)		54	92	115
Enhance Minnesota (000's)	10	10	12	12
Sports Minnesota (000's)	2	8	15	15
Celebrate Minnesota (000's)	20	25	35	10
Minnesota: A World of Opportunity (000's)		15	20	20
Minnesota: Investing in the Future (000's)		10	15	15
Industry brochures (000's)		17		
Compare Minnesota (000's)	3	8	6	6
Economic Report to Governor (000's)	6	6	8	8
World Trade Update (000's)		5		
Minnesota Magazine (000's)	28			
DTED Overview (000's)	1	2	2	2
Enterprise Zone (000's)	2	2	2	2
Council on Productivity and Quality (000's)	8	20		
DTED folders (000's)	6	11	12	12
NASA LINK brochure (000's)	5	5	5	5
Community Profiles (000's)	15	15	17	17
OMNI loan brochure (000's)	5	5		
Press releases	63	85	100	100
Press conferences	8	12	12	12
Displays/trade shows	6	10	15	15
Business proposals published	6	8	10	15
Inquiries-magazines	46	75	100	120
Phone inquiries--Fact Packs (000's)	2	2	2	2

BUDGET ISSUES:

The Communications Office now provides a full array of communications services to 7 operating divisions of the agency, where it previously focused primarily on marketing the department's loan programs through advertising and direct mail. Between the fall of 1987 and the spring of 1988, there was a 300% increase in demand for communications services and a 500% increase in demand for the production of publications and displays.

REVENUE:

None.

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

AGENCY : TRADE & ECON DVLPMT
PROGRAM : ADMINISTRATION
BUDGET ACTIVITY : COMMUNICATIONS 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	232	268	269	69	338	269	269	69	338	269
EXPENSES/CONTRACTUAL SRVCS	484	452	445	167	612	445	445	167	612	445
MISC OPERATING EXPENSES	27	31	36	3	39	36	36	3	39	36
SUPPLIES/MATERIALS/PARTS	9	10	15	2	17	15	15	2	17	15
CAPITAL EQUIPMENT	18	5	15	0	15	15	15	0	15	15
TOTAL EXPENDITURES	770	766	780	241	1,021	780	780	241	1,021	780
CHANGE REQUESTS:	FUND									
B COMMUNICATIONS OFFICE INCREASE	GEN			241		0		241		0
TOTAL CHANGE REQUESTS				241		0		241		0
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	770	766	780	241	1,021	780	780	241	1,021	780
TOTAL FINANCING	770	766	780	241	1,021	780	780	241	1,021	780
POSITIONS BY FUND:										
GENERAL	8.0	8.0	8.0	2.0	10.0	8.0	8.0	2.0	10.0	8.0
TOTAL POSITIONS	8.0	8.0	8.0	2.0	10.0	8.0	8.0	2.0	10.0	8.0

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

ACTIVITY: COMMUNICATIONS OFFICE
 PROGRAM: ADMINISTRATION
 AGENCY: TRADE AND ECONOMIC DEVELOPMENT, DEPARTMENT OF

REQUEST TITLE: COMMUNICATIONS OFFICE INCREASE

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
General Fund	\$ 241	2.0	\$ 241	2.0
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-

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

STATEMENT OF REQUEST/OBJECTIVE:

Additional funds are requested for staffing and printing and design which will allow the office to meet increased demands for services to support legislatively mandated programs. The addition of the Minnesota Trade Office, the Minnesota Amateur Sports Commission, Celebrate Minnesota 1990, the Minnesota Community Improvement Program, Minnesota Beautiful, the Governor's Design Team and the Health Care Industry Program to the department has resulted in a higher demand for the Communications Office to produce publications and communications support materials. Efforts for these programs are projected to increase by 300% during the next 2 years.

DESCRIPTION/BACKGROUND:

The production of many high-quality publications and support materials since the fall of 1987 has raised internal expectations and demand for high-caliber marketing tools during the next biennium. Many external organizations (ranging from chambers of commerce, convention bureaus and cities to Fortune 500 companies as well as numerous small- and medium-sized businesses across the state) also have requested copies of the office's publications to complement their efforts to promote Minnesota as a good place in which to do business. We view this cooperation with public and private sector groups as an ideal partnership and as an extension of our department's role, but it clearly increases the office's funding needs. In addition, the acquisition of the Minnesota Trade Office's communications services has demanded that the office produce pieces in many foreign languages, which impacts the printing, design and language translation costs to the office.

In December, 1988, the department produced its first quarterly issue of a departmental magazine that confines all the agency's external periodic communications efforts into one business publication. This has resulted in both a staffing and funding need for the Communications Office.

RATIONALE:

The Urban Institute study of the agency indicated that community and business leaders have little awareness of the agency's programs and activities. Recent efforts by the Communications Office to increase public awareness of the agency's services and to increase media attention to the state's positive economic news have been well-received by community and business leaders throughout the state. The demand for Profile Minnesota, alone, is an example of the support the agency has received for increased awareness and additional tools to help promote the state. Fortune 500 companies, as well as small and medium-sized businesses from around the state, have requested massive quantities of many of our publications for their use, which also helps to increase public awareness of the programs offered by our agency and helps us promote the State of Minnesota.

BASE:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General Fund Expenditures	\$ 770	\$ 766	\$ 780	\$ 780
General Fund Positions	8.0	8.0	8.0	8.0

LONG RANGE IMPLICATIONS:	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
General Fund Expenditures	\$ 241	\$ 241	\$ 482
General Fund Positions	2.0	2.0	2.0

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. While the request has merit, other spending priorities preclude additional funding.

ACTIVITY: WASHINGTON OFFICE
 Program: ADMINISTRATION
 Agency: TRADE AND ECONOMIC DEVELOPMENT, DEPARTMENT OF

1990-91 Biennial Budget

PURPOSE:

The Washington Office serves as the federal representative and liaison for all state agencies, the executive branch, and the legislature. The office represents Minnesota state government's concerns in Washington with federal agencies and with congress.

The Washington Office regularly confers and interacts with members of the Minnesota congressional delegation, by alerting them to the status of legislative and regulatory activity within Minnesota state government and by providing them with analyses of the impact of proposed legislation and existing federal programs on the Minnesota constituents and Minnesota state agencies. The Washington Office arranges and facilitates meetings between state officials and federal agency officials, members of the congress and their staffs.

The Washington Office also works closely with state agencies to assist them in working more effectively with the federal government. One example is the annual training seminar conducted in Minnesota for state agency staff by the Washington Office on the congressional budget and legislative process and how the Washington Office can be of assistance to better facilitate the inclusion of Minnesota's needs and interest in that process. The Washington Office also provides state officials with analysis of federal legislation as requested, copies of legislation, congressional and federal agency reports and other information important to the work of the state.

ACCOMPLISHMENTS:

1. Following the notification by state agencies that legislation was needed, proactively worked with congressional delegation to gain passage of legislation on clean water, highway authorization, aids, welfare reform and others.
2. Improved the advanced notice to state agencies on federal legislative actions, such as hearings, committee markups, floor votes and comment periods on draft regulations. A systematic process was implemented to notify state agencies on a weekly basis of federal legislative action on issues affecting Minnesota. Prior to this year, notification had been accomplished on an ad-hoc basis or only upon request.
3. Improved communication to Minnesota congressional delegation on federal issues affecting the State of Minnesota. The number of briefings have nearly doubled to the congressional delegation on matters of importance to the State of Minnesota. Briefings were held with both the congressional staff members and with committee staff. In previous years, briefings were done only individually with each congressional office.
4. Increased both the effectiveness and efficiency of efforts of federal liaisons within state government. A two-day seminar held in June was conducted by the Washington Office in order to provide state agency staff with better tools to more effectively follow and track federal legislation.

EFFECTIVENESS MEASURES:

	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Contacts and personal visits with Minnesota congressional delegation	600	750	900	1,050
Communications with non-Minnesota congressional committee/members	60	90	120	150
Request for assistance from state agency staff on federal issues	1,200	1,500	1,800	2,100
Calls from Minnesota congressional delegation	960	1,160	1,360	1,560
Calls from non-Minnesota congressional committees/offices on Minnesota programs	60	90	120	150
Meetings with federal cabinet level appointees or deputies	20	28	36	44
Meetings with other federal agency staff	60	90	120	150
Congressional delegation letters on applications with federal agencies	12	24	36	48
Minnesota delegation lunches		10	15	20
Requests/visits from Minnesota legislative members	36	72	96	106
Press inquiries	48	84	124	168
Minnesota promotional events		18	24	26
Coordination with the University of Minnesota		12	20	30
Congressional/agency hearings attended	72	100	125	150
Multi-state meetings attended	216	230	250	300
National organization meetings	168	190	220	250
Public inquiries	180	210	240	270

* National Governor's Association, Alliance for Action on Acid Rain, Education Commission of the States, Council of Great Lakes' Governors, etc.

BUDGET ISSUES:

The relationship between the federal government and states has changed dramatically in the past few years. The Administration's New Federalism policies which have shifted responsibilities in a number of areas from the federal to the state level with a reduction in federal funds requires more than ever before that Minnesota state government have adequate representation, and budget support that will facilitate Minnesota's effectiveness in competing for scarce federal resources. A more indepth monitoring and understanding of the federal appropriations process, as well as, the ability to establish both formal and informal relationships that result in more meaningful input in federal policy development is required. The proactive involvement of the state has required that the Washington Office staff provide more extensive and more sophisticated information to state agency heads, the executive and legislative branches of government.

REVENUE:

None.

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

AGENCY : TRADE & ECON DVLPMT
PROGRAM : ADMINISTRATION
BUDGET ACTIVITY : WASHINGTON OFFICE

F.Y. 1990							F.Y. 1991			
EXPENDITURES:	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	134	135	142	40	182	0	142	40	182	0
EXPENSES/CONTRACTUAL SRVCS	37	42	42	14	56	0	42	14	56	0
MISC OPERATING EXPENSES	10	11	11	10	21	0	11	10	21	0
SUPPLIES/MATERIALS/PARTS	2	2	2	5	7	0	2	5	7	0
CAPITAL EQUIPMENT	7	0	0	4	4	0	0	4	4	0
TOTAL EXPENDITURES	190	190	197	73	270	0	197	73	270	0
CHANGE REQUESTS:	FUND									
B WASHINGTON OFFICE INCREASE	GEN			73		73		73		73
B TRANSFER OF WASHINGTON OFFICE	GEN			0		<270>		0		<270>
TOTAL CHANGE REQUESTS				73		<197>		73		<197>
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	190	190	197	73	270	0	197	73	270	0
TOTAL FINANCING	190	190	197	73	270	0	197	73	270	0
POSITIONS BY FUND:										
GENERAL	3.0	3.0	3.0	1.0	4.0	0.0	3.0	1.0	4.0	0.0
TOTAL POSITIONS	3.0	3.0	3.0	1.0	4.0	0.0	3.0	1.0	4.0	0.0

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

ACTIVITY: WASHINGTON OFFICE
 PROGRAM: ADMINISTRATION
 AGENCY: TRADE AND ECONOMIC DEVELOPMENT, DEPARTMENT OF

REQUEST TITLE: WASHINGTON OFFICE INCREASE

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
TRADE AND ECONOMIC DEVELOPMENT, DEPARTMENT OF				
General Fund	\$ 73	1.0	\$ 73	1.0
Governor's Recommendation				
TRADE AND ECONOMIC DEVELOPMENT, DEPARTMENT OF				
General Fund	\$ 73	1.0	\$ 73	1.0
General Fund	\$ (270)	(4.0)	\$ (270)	(4.0)
STATE PLANNING AGENCY				
General Fund	\$ 270	4.0	\$ 270	4.0

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

STATEMENT OF REQUEST/OBJECTIVE:

The Washington office requests 1.0 position and additional funds in order to increase the office capacity to respond more effectively to the significant increase in request for assistance from Minnesota state agencies, the congressional delegation, the executive and legislative branches of government.

DESCRIPTION/BACKGROUND:

The demand for information and assistance from the Washington Office by state agencies, the executive and legislative branch's of state government, as well as, request for information from the congressional delegation has nearly doubled in the past 2 years. The office will also have an increased role in staffing multi-state national leadership efforts, such as the National Governor's Association, Alliance for action on Acid Rain, and the Council of Great Lakes Governor's with the Governor's selection as Chair of the Educational Commission of the States; the Education subcommittee of the National Governor's Association; and the subcommittee of the Alliance for Action on Acid Rain. The advent of the Gramm-Rudman legislation which has resulted in significant cuts in available federal funds requires that the office become much more proactive in identifying non-budgeted federal funds and monitoring the appropriations process in order to insure that Minnesota is positioned to garner its share of the scarce federal funds available.

The additional funds would allow the office to purchase on line computer access to federal committee and congressional hearing schedules, committee

meetings, scheduled votes, and regulatory actions. The office also needs to purchase additional periodicals and other reference materials that will allow the required quick response to request for information.

RATIONALE:

The Washington Office has provided key assistance in enabling the State of Minnesota to successfully identify and tap federal resources, however cuts in domestic spending under the Budget Summit Agreement is requiring that more and more staff time be dedicated to monitoring the appropriations process and the appropriations committees. The current staffing level will not allow the office to continue the level of services required in order to be effective.

BASE:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General Fund Expenditures	\$ 190	\$ 190	\$ 197	\$ 197
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	\$ 73	\$ 73	\$ 146
General Fund Positions	1.0	1.0	1.0

GOVERNOR'S RECOMMENDATION:

The Governor recommends the transfer of \$197,000 each year and 3.0 positions from the Department of Trade and Economic Development's BASE to the State Planning Agency for the purpose of operating the Washington office. The Governor further recommends that the requested increase of \$73,000 and 1.0 positions be appropriated to the State Planning Agency. The Governor's recommendation is made in recognition that the activities of the Washington office are broader in scope than those related solely to trade and economic development. Given the nature of the Washington office's responsibilities, the State Planning Agency appears to be a more appropriate location. This is particularly true given the State Planning Agency's increased responsibilities for the coordination of the State's federal policy efforts and the State's affiliation with various Governors' Associations.

PROGRAM: COMMUNITY DEVELOPMENT 1990-91 Biennial Budget
Agency: TRADE AND ECONOMIC DEVELOPMENT, DEPARTMENT OF

PROGRAM PURPOSE: The Rural and Economic Development Act of 1987 (MN Laws, Ch. 386) dramatically altered the state's policy of providing financial incentives and assistance directly to Minnesota's businesses and moved towards a policy of community-based development programs and services. The Community Development Division has been assigned primary responsibility for implementing key provisions of the Act involving the:

1. Implementation of a community-based approach to development placing greater emphasis on local initiative and decision-making;
2. Establishment of the Rural Development Board and the Public Facilities Authority along with management of related programs and activities, as well as the implementation of the Urban Revitalization Action Program;
3. Utilization of and improved access for communities to state directed development assistance through the consolidated management of departmental community-based development grant programs and services.

The purpose of divisional activities is to provide a unified, comprehensive approach to community development assistance aimed at improving the quality of life for community residents, and to encourage more balanced economic growth throughout Minnesota through economic diversification, stabilization and growth of rural communities, and revitalization of depressed neighborhoods in the state's largest cities of Minneapolis and St. Paul.

OPERATION: Community-based development covers a broad range of government programs and activities. The Community Development Division offers communities a "full service menu" of integrated community development programs through its 6 consolidated operations: the Community Assistance Unit, the Outdoor Recreation Unit, the Economic Development Unit, the Public Facilities Authority, the Rural Development Board, and the Agriculture and Economic Development Board.

- I. The Community Assistance Unit administers the Housing and Urban Development Small Cities Program, the Celebrate Minnesota 1990 Grant Program, the Urban Revitalization Grant Program, the Community Development Corporations Program, Enterprise Zone Program, the County Capital Improvement Program, the Minnesota Marketplace Program, and all special appropriations assigned to the Division.
- II. The Outdoor Recreation Unit administers the Outdoor Recreation Grant Program to provide funding in partnership with local governments, the State of Minnesota, and the U. S. Department of Interior.
- III. The Economic Development Unit administers the Economic Recovery Fund, the Economic Development set-aside portion of the Housing and Urban Development Small Cities Program and the Small Business Administration (SBA) Opportunities Minnesota, Inc. (OMNI) loan program.
- IV. The Public Facilities Authority provides grants through the State Independent Grant Program, below market rate loans through the Water Pollution Control Revolving Fund, and administers the District Heating Loan and the Energy Conservation Investment Loan programs.
- V. The Rural Development Board administers the Challenge Grant and the Rural Rehabilitation Pilot Project programs, and is responsible for preparation of the Rural Investment Guide.
- VI. The Agriculture and Economic Development Board administers the Agricultural Resources Loan Guaranty and the Small Business Development Loan programs.

ACCOMPLISHMENTS: The Community Development Division has succeeded in the implementation of key provisions of the Rural and Economic Development Act calling for establishment of new organizations and programs, and consolidated management of grant and loan programs in accordance with a community-based approach in the provision of community development assistance. Performance can be measured by the following accomplishments:

1. The Rural Development Board has been established and has succeeded in leveraging \$6 million in private foundation support with the \$6 million appropriated for the Challenge Grant Program.
2. The Public Facilities Authority has been established as the framework for an innovative approach to financing critical community infrastructure needs.
3. Six regional "Enhance Minnesota" Community Development seminars were held in May, 1988. Over 1,500 community residents and leaders attended these seminars designed to provide general information on and broaden citizen participation in the full range of available community development programs. These innovative seminars were enthusiastically received by participants who appreciated the usable and comprehensive overview of program information, made available for the first time in this format.
4. The public-private partnership was promoted and enhanced by 3 regional workshops for Minnesota rural bankers in the use of state and federal development assistance programs. This Division cosponsored and participated in the design and implementation of the workshops with the Federal Reserve Bank of Minneapolis, the U. S. Department of Housing and Urban Development, the U. S. Economic Development Administration, the Small Business and Farmers Home Administrations, and the Minnesota Bankers Association.
5. To provide local access to the full range of information and assistance available from this activity's program resources to constituents statewide, training seminars were provided to Regional Development Commissions, Community Development Corporations and Minnesota Initiative Funds.
6. The SBA Opportunities Minnesota, Inc. loan program was integrated with the Economic Recovery Fund and the federal Small Cities Development Program set-aside funds to simplify and enhance the effectiveness of these sources of economic development financial assistance.
7. Designed and implemented a unique and innovative single application process for all the community development programs administered by this Division.
8. Contacts with federal development agencies, the Small Business Administration, Farmers Home Administration, Housing and Urban Development, Environmental Protection Agency, Economic Development Administration, and the Department of the Interior, were intensified to insure continual, ongoing federal development assistance for Minnesota's communities.
9. An unprecedented Needs Assessment Study of Water Supply Systems in Minnesota was completed to provide up-to-date information and analysis on the adequacy of water supply systems throughout the state. The results of this study are made more critical in light of the potential for immediate and long-term impacts of the 1988 drought.
10. Since the demand for community-based state assistance is rapidly increasing beyond current state resources, the division has been effective in building an alliance with other public and private participants in rural community development, such as the Regional Development Commissions, the Minnesota Initiative Funds and nonprofit development corporations. The public/private, state/local partnership now forms the basis for the Community Development Division's operations.

PROGRAM: COMMUNITY DEVELOPMENT
(Continuation)

1990-91 Biennial Budget

Agency: TRADE AND ECONOMIC DEVELOPMENT, DEPARTMENT OF

The Community Development Division administers a variety of community assistance programs and activities.

I. COMMUNITY ASSISTANCE UNIT:

1. Small Cities Development Program Statutory Reference: M.S. 116J.401 to 116J.403

This program assists Minnesota communities by providing federal funds for decent housing, improved public facilities, and expanded economic opportunities, mostly affecting people of low and moderate incomes. The Small Cities Development Program administers grants to nonentitlement townships and cities of under 50,000 population and to counties of under 200,000 population.

Statistics:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Small Cities Development Program:				
Housing Units Rehabilitated	643	643	643	643
Commercial Units Rehabilitated	61	61	61	61
Projects Completed	30	30	30	30
Public Facility Projects:				
Water systems	7	7	7	7
Sewer systems	8	8	8	8
Dilapidated structures cleared	71	71	71	71
Communities participating at application workshops	275	375	375	375
Applications reviewed	68	70	70	70
Applications funded	28	30	30	30

	(Dollars in Thousands)			
Grants by Fund:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Federal	\$ 14,558	\$ 14,558	\$ 14,558	\$ 14,558
TOTAL	\$ 14,558	\$ 14,558	\$ 14,558	\$ 14,558

2. Celebrate Minnesota 1990 Grant Program Statutory Reference: Laws of 1988, Ch. 686, Art. 2, Sec. 1-3

This program provides financial assistance to communities to help prepare for participation in the statewide celebration to be held in 1990. Grants are to be used for undertaking cleanup, beautification and/or community improvement projects associated with locally-sponsored celebrations planned as part of Celebrate Minnesota 1990.

Accomplishments:

- 2,500 sets of application guidelines and materials have been distributed to eligible applicants and other interested parties.
- Ten statewide application workshops have been conducted.
- Completed applications have been received and are being reviewed by the Division.

Anticipated Goals:

- Up to 60 applicants will receive 1990 grants by February, 1989.
- Grantees will complete their projects by 12-31-89, in time to partici-

pate in the 1990 celebration.

- The physical appearance of up to 60 communities will be improved.
- The grant program will stimulate local participation in the broader Celebrate Minnesota 1990 concept.
- The grant program will stimulate broader citizen involvement in the improvement and promotion of their communities.

	(Dollars in Thousands)			
Grants by Fund:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General	\$ 700	\$ 700	\$ 700	\$ 700
General CHANGE Request		300	300	300
TOTAL	\$ 700	\$ 1,000	\$ 1,000	\$ 1,000

3. Minnesota Marketplace Program Statutory Reference: Laws of 1988, Ch. 686, Art. 2, Sec. 4-8

This program assists businesses in meeting their needs for goods and services within Minnesota before seeking suppliers from a wider marketplace. The program is intended to reduce dependence on product imports and increase business and employment opportunities within the state.

Accomplishments:

- Proposals were solicited and received from prospective nonprofit Marketplace Assistance Organizations.
- A Marketplace Assistance Organization was selected.
- Seven local marketplace service centers are in the process of being selected by the Department and the Marketplace Assistance Organization.

Anticipated Goals:

- Minnesota businesses will have a resource to identify local vendors who can meet their needs for goods and services.
- A lack of vendors for specific supply needs can be identified, creating the potential for business development in Minnesota.
- Through the goals identified in one and two above, employment and business opportunities in Minnesota will increase.

	(Dollars in Thousands)			
Grants by Fund:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General	\$ 350	\$ 350	\$ 350	\$ 350
TOTAL	\$ 350	\$ 350	\$ 350	\$ 350

4. County Capital Improvement Review Program Statutory Reference: Laws of 1988, Ch. 519

This program provides for the review and approval of Capital Improvement Programs (CIPs) from those counties that choose to bond for capital improvements without conducting a local referendum to secure the approval of voters. Each Capital Improvement Program is reviewed in accordance with criteria established by the 1988 legislature.

PROGRAM: COMMUNITY DEVELOPMENT
(Continuation)

1990-91 Biennial Budget

Agency: TRADE AND ECONOMIC DEVELOPMENT, DEPARTMENT OF

Statistics:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Number of CIP's Approved		10	25	35

5. Urban Revitalization Action Program (URAP) Statutory Reference: Laws of 1988, Ch. 386, Art. 6, Sec. 1-13

This program financially assists Minneapolis and St. Paul to physically revitalize their most distressed neighborhoods by rehabilitating existing housing and commercial buildings, replacing infrastructure, and clearing blighted property for commercial and industrial development.

Statistics:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Mpls./St. Paul URAP program plans submitted	2	2		
Plans approved and agreements executed	2	2		
Neighborhoods impacted	6	6		
Housing units rehabilitated/developed		280		
Commercial units rehabilitated		30		
Blighted properties cleared		85		
Property made available for industrial development (in blocks)		4		

	(Dollars in Thousands)			
Grants by Fund:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General	\$ 4,500	\$ 4,500		
TOTAL	\$ 4,500	\$ 4,500		

6. Pilot Community Development Corporation Program Statutory Reference: M.S. 116J.982

This grant program assists Minnesota low-income, nonprofit Community Development Corporations (CDC'S) accomplish economic development objectives through the provision of administrative and capital venture funding support. The program also provides training to community development corporations on other state and federal economic development programs. The ultimate goal of the program is to create and/or retain private sector jobs.

Statistics:	F.Y. 1989	F.Y. 1989	F.Y. 1990	F.Y. 1991
No. of jobs targeted to be created by businesses	435	435	435	435
No. of successful business expansions	27	27	27	27
CDC applicants trained	15	17	18	19
CDC applications reviewed and grants awarded	15	17	18	19

	(Dollars in Thousands)			
Grants by Fund:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General	\$ 250	\$ 250	\$ 250	\$ 250
TOTAL	\$ 250	\$ 250	\$ 250	\$ 250

7. Enterprise Zone Program Statutory Reference: M.S. 469.166

This program exists to address the fiscal disparity in Minnesota border cities and areas of economic distress in the state's urban, agricultural and iron mining areas. State and local tax credits and refunds are used to stimulate job creation and job retention in these locations. Enterprise Zones are geographically defined areas where incentives have been provided to retain businesses.

Statistics:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
No. of jobs targeted to be retained by businesses	7,901	18,000	7,000	5-300
No. of jobs targeted to be created by businesses	1,400	1,440	1,180	880
No. of disadvantaged workers hired	863	863	690	500
No. of businesses awarded tax credits	877	877	800	725
State tax credits awarded	\$ 7,400	5,409	\$ 4,669	\$ 3,942
Local tax credits awarded	\$ 4,052	\$ 2,974	\$ 2,567	\$ 2,168
Training sessions conducted	1	1	1	1

8. Special Appropriation Administration This program provides administrative support to assure proper management of all special appropriations assigned to the Community Development Division. Duties and responsibilities include drafting grant agreements, authorizing payments, monitoring progress and closing out projects. Historically, special appropriations have financed a broad range of activities including business expansion, solid waste disposal facilities and recreation areas.

	(Dollars in Thousands)			
Statistics: (Projects Funded)	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Aitkin County Growth	\$ 500	! -0-	-0-	-0-
Great River Road Project	\$ 3,000	\$ 750	-0-	-0-
CHANGE Request	-0-	-0-	\$ 750	\$ 750
Duluth Port Authority	\$ 350	-0-	-0-	-0-
Duluth Zoo	\$ 4,000	-0-	-0-	-0-
Duluth Convention Center	\$ 1,200	-0-	-0-	-0-
Metropolitan Regional Parks	\$ 15,500	-0-	-0-	-0-
Acquisition and Betterment				
Metropolitan Regional Parks	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
Operation and Maintenance				
Mississippi River Park	-0-	\$ 600	-0-	-0-
Como Park Conservatory	-0-	\$ 800	-0-	-0-
Trout Lake Park	-0-	\$ 50	-0-	-0-

PROGRAM: COMMUNITY DEVELOPMENT
(Continuation)

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	(Dollars in Thousands)			
Grants by Fund:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General	\$ 2,500	\$ 4,200	\$ 2,000	\$ 2,000
Bonding Authority	24,050	-0-	-0-	-0-
General CHANGE Request			750	750
Total	\$ 26,550	\$ 4,200	\$ 2,750	\$ 2,750

II. OUTDOOR RECREATION UNIT:

1. Outdoor Recreation Grant Program Statutory References: M.S. 86.51, 86.71 and 86.75

This program provides grants in partnership with communities and the U.S. Department of the Interior for the acquisition and/or development of local outdoor recreation facilities. The grants are available to counties, cities, towns, and special park districts or selected park and recreation boards in cities of the first class.

Statistics:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Parkland acres acquired	389	125	125	125
Facilities by type:				
Camping areas	5	5	5	5
Trails	17	20	25	25
Water-oriented (boat accesses, fishing docks, beaches)	25	25	30	30
Picnic areas	11	15	15	15
Athletic fields/courts	16	16	10	10
Applications reviewed	150	150	150	150
Number of grants awarded	25	25	25	25

	(Dollars in Thousands)			
Grants by Fund:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Bonding Authority	\$ 1,250	\$ 1,250	\$ -0-	\$ -0-
Federal	152	152	152	152
Bonding Authority CHANGE Request	-0-	-0-	1,250	1,250
TOTAL	\$ 1,402	\$ 1,402	\$ 1,402	\$ 1,402

III. ECONOMIC DEVELOPMENT UNIT:

1. Economic Recovery Fund and Small Cities Development Program (Economic Development Set-Aside) Statutory References: M.S. 116J.401 to 116J.403, 116J.873

This program awards state and federal grants to communities to provide loans to community-based businesses and/or for public improvements necessary for business expansion or start-up projects. All approved projects must meet at least two of the state's objectives:

1. Retain or create permanent private sector jobs mostly for people of low- and moderate-income;
2. Leverage new private investments in economic development; and
3. Increase a community's tax base through new economic development.

Grant recipients may retain all or a portion of loan repayments for establishment of locally-administered economic development revolving loan funds.

Statistics:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
No. of grants awarded	44	44	44	44
Private funds committed by businesses (000,000's)	\$ 26	\$ 26	\$ 26	\$ 26
No. of jobs targeted for creation by businesses	1,467	1,467	1,467	1,467
No. of jobs targeted to be retained by businesses	55	55	55	55

	(Dollars in Thousands)			
Grants by Fund:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General	\$ 2,165	\$ 2,165	\$ 2,165	\$ 2,165
Federal	2,570	2,570	2,570	2,570
Economic Development	3,500	3,500	-0-	-0-
General CHANGE Request			3,500	3,500
TOTAL	\$ 8,235	\$ 8,235	\$ 8,235	\$ 8,235

2. Opportunities Minnesota, Inc. (OMNI) Loan Program Statutory Reference: M.S. 116M.05

This program provides loans, guaranteed by the U.S. Small Business Administration, to support the expansion or start-up of businesses. Projects must meet the federal objective to create or retain one job for every \$15,000 of OMNI program assistance.

Statistics:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
No. of loans approved	24	24	24	24
OMNI loan funds approved (000's)	\$ 5,993	\$ 5,993	\$ 5,993	\$ 5,993
Private funds committed by businesses (000's)	\$ 10,834	\$ 10,834	\$ 10,834	\$ 10,834
No. of jobs targeted for creation by businesses	449	449	449	449
No. of jobs targeted to be retained by businesses	540	540	540	540

- IV. PUBLIC FACILITIES AUTHORITY (PFA): Statutory References: M.S. 41A.065

The Public Facilities Authority provides financing through public facility grant and loan programs to develop complete and affordable packages for wastewater facilities and energy conservation improvements. Eligible applicants are communities that have been certified by affected state regulatory agencies including the Pollution Control Agency and the Department of Public Service.

1. State Independent Grant Program Statutory References: M.S. Chapter 116J.18

This program provides partial grants to municipalities to assist in financ-

PROGRAM: COMMUNITY DEVELOPMENT
(Continuation)

1990-91 Biennial Budget

Agency: TRADE AND ECONOMIC DEVELOPMENT, DEPARTMENT OF

ing construction of wastewater treatment facilities. The program is funded through the sale of State General Obligation (GO) bonds.

Accomplishments:

1. The Public Facilities Authority has completed an interagency agreement with the Pollution Control Agency to provide technical and compliance project reviews and priority funding lists.
2. Final program rules were published in the State Register in December, 1988.
3. The Public Facilities Authority has awarded 3 corrective action set-aside grants and 4 continuation grant awards for previously funded projects.

Anticipated Goals: Thirteen grant awards for the construction of waste water treatment facilities are anticipated in F.Y. 1990 and 13 grant awards are anticipated in F.Y. 1991.

2. Water Pollution Control Revolving Fund Statutory Reference: M.S. 446A

This program provides below market rate loans to communities to assist in financing the construction of municipal waste water treatment facilities. When combined with the State Independent Grant program this fund will provide 100% of project financing. The program is financed through a capitalization grant from the Environmental Protection Agency with 20% state match from the sale of State General Obligation (GO) bonds and revenue bonding authority of the Public Facilities Authority.

Accomplishments:

1. The Public Facilities Authority has completed an interagency agreement with the Pollution Control Agency to assist in preparing applications for the capitalization grant from the Environmental Protection Agency to provide technical and compliance project reviews.
2. Final rules were published in the State Register in December, 1988.
3. The capitalization grant application has been submitted to the Environmental Protection Agency and approval is expected in March, 1989.

Anticipated Goals: Fifteen loans for construction of wastewater treatment facilities are anticipated for F.Y. 1990 and 15 loans are anticipated for F.Y. 1991.

Grants by Fund:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Federal			\$ 21,185	\$ 42,370
Total			\$ 21,185	\$ 42,370

3. Energy Conservation Investment Loan Program Statutory References: M.S. 165.37, 446A.10

This program provides funding to public entities to finance energy conservation measures of publicly owned buildings and is financed through the sale of State General Obligation (GO) bonds.

Accomplishments:

1. The Public Facilities Authority has completed an interagency agreement

with the Department of Public Service for the marketing and technical review of projects.

2. Final program rules were published in the State Register in October, 1988.

Anticipated Goals: Fifteen loans are anticipated in F.Y. 1990 and 15 are anticipated for F.Y. 1991.

4. District Heating Loan Program Statutory References: M.S. 116J.36, 446A.10

This program provides funds to communities and municipal utilities to finance the design and/or the construction of district heating systems. The program is financed through the sale of State General Obligation (GO) bonds.

Accomplishments:

1. The Public Facilities Authority has completed an interagency agreement with the Department of Public Service to assist in the marketing and technical review of projects.
2. Final program rules were published in the State Register in December, 1988.

Anticipated Goals: While no new loans are anticipated this biennium, the Authority will continue to make this program available to potential users.

- V. RURAL DEVELOPMENT BOARD: Statutory Reference: Laws of 1987, Ch. 386, Art. 1

The Rural Development Board was established to investigate and evaluate new methods of rural development. It is comprised of state agency heads, rural community leaders, the heads of the post-secondary educational systems, and the president of the Greater Minnesota Corporation (GMC). Its 2 major program responsibilities include the administration of the Challenge Grant Program and the Rural Rehabilitation Pilot Project Program. The Board is also responsible for preparation of the Rural Investment Guide. The Rural Development Board provides rural Minnesota with an effective voice in the executive branch of state government.

1. Challenge Grant Program Statutory References: M.S. 116N.08

This program provides up to \$1 million each to 6 Regional Organizations with established regional revolving loan funds throughout greater Minnesota in a public/private effort to stimulate job creation and retention, private investment and economic growth.

Accomplishments:

1. The Board adopted rules and certified six Regional Organizations (the Minnesota Initiative Funds) to administer \$6 million in Challenge Grants.
2. Regional revolving loan funds were established in the fall of 1988 and loans are being made to new and expanding businesses in rural communities.

PROGRAM: COMMUNITY DEVELOPMENT
(Continuation)

1990-91 Biennial Budget

Agency: TRADE AND ECONOMIC DEVELOPMENT, DEPARTMENT OF

Anticipated Goals:

1. Through the end of F.Y. 1990, the majority of the Board's \$6 million Challenge Grant allocation will have been disbursed in loans for rural businesses to create and retain jobs.
2. \$12 million (Challenge Grant funds and required matching dollars by the Minnesota Initiative Funds) plus additional private funds leveraged for individual loans (at least 50% of the amount of each project's cost) will be channeled into the rural economy for development projects.

Grants by Fund:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Rural Rehabilitation Revolving		\$ 6,000		
Total		\$ 6,000		

2. Rural Rehabilitation Pilot Project Program Statutory References: M.S. 116N.04, Subd. 2, 116N.05

This program provides funding for farm-related rural development pilot projects. A regional advisory committee, certified by the board, is responsible for the review and recommendation of projects for funding. Projects must be designed to principally benefit low-income persons.

Accomplishments:

1. Regional advisory committee appointments, through RDCs and county commissioners, were completed in September, 1988.
2. Program guidelines are being formulated for the issuance of grants.

Anticipated Goals: Funds will be disbursed for rural rehabilitation pilot projects through F.Y. 1990.

Grants by Fund:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Rural Rehabilitation Revolving		\$ 500		
Total		\$ 500		

3. Rural Investment Guide Statutory References: M.S. 116N.06

The Rural Investment Guide is a comprehensive strategy to advise state agencies, the general public and the legislature on rural economic issues, the establishment and implementation of programs relating to rural development, and to serve as a plan to recommend the coordination and allocation of public and private resources to rural areas statewide.

Accomplishments:

1. The Board adopted a proposal defining the breadth and scope of the Rural Investment Guide.
2. Data is being collected and analyses completed.

Anticipated Goals: The Rural Investment Guide will be presented to the 1990 legislature.

4. Degradable Plastics Task Force Statutory Reference: M.S. 325E.045, Sec. 2

A study of the feasibility and consequences of requiring plastic industry and consumer products to be degradable.

Accomplishments:

1. An advisory task force was formed.
2. A research outline is being developed.

Anticipated Goals: A report, including legislative proposals, will be presented to the 1990 legislature.

- VI. AGRICULTURAL AND ECONOMIC DEVELOPMENT PROGRAM Statutory Reference: M.S. 41A.01-41A.06

The Agricultural and Economic Development Program was created by the Rural and Economic Development Act of 1987. Through the Agricultural and Economic Development Fund, the Agricultural and Economic Development Board administers the Agriculture Resource Project Program and the Small Business Development Loan Program. These programs can make direct loans, participate in loans and purchase and guarantee loans utilizing tax exempt bonds issued by the board. Loan funds may be used for the acquisition of land, buildings and machinery, for the development or expansion of agri-processing businesses and for fish and turkey production. The objective of the program is to strengthen and diversify the economic profiles of Minnesota's communities statewide, with particular emphasis in the rural areas, by stimulating employment and assisting in the utilization, expansion and diversification of Minnesota's agricultural products.

Statistics:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Small Business Development Loan Program:				
No. of jobs targeted to be created/retained by businesses	4,780	300	300	300
No. of loans	19	6	6	6
Total amount of loans (000's)	\$ 19,700	\$ 9,000	\$ 9,000	\$ 9,000
Private funds leveraged (000's)	\$ 3,900	\$ 1,800	\$ 1,800	\$ 1,800
Agriculture Resource Project:				
No. of jobs targeted to be created/retained by businesses	110	110	110	110
No. of loans	2	2	2	2
Total amount of loans (000's)	\$ 6,515	\$ 6,100	\$ 6,100	\$ 6,100
Private funds leveraged (000's)	\$ 1,300	\$ 1,200	\$ 1,200	\$ 1,200

1. Small Business Development Loan Program Statutory reference: M.S. 41A.02, 41A.036, Subd. 1 and 2

This program enables the approval of loans for business expansions at fixed interest rates. Loans are available for a maximum term of up to 20 years for land acquisition, building construction/renovation, machinery and equipment. Projects must enhance the local tax base and create and/or retain employment opportunities.

PROGRAM: COMMUNITY DEVELOPMENT
(Continuation)

1990-91 Biennial Budget

Agency: TRADE AND ECONOMIC DEVELOPMENT, DEPARTMENT OF

2. Agriculture Resource Project Statutory Reference: M.S. 41A.02, Subd. 6, M.S. 41A.035, M.S. 41A.05, Subd. 2

This program enables the approval of loans for the development or expansion of agri-processing businesses and fish and turkey production. Projects must enhance the local tax base and create and/or retain employment opportunities.

3. Municipal Revenue Bonds Statutory Reference: M.S. 474.01 to 474.26

Unit staff are required to review applications for the issuance of tax-exempt industrial revenue bonds submitted by communities for manufacturing purposes, to insure that proposed bond issues meet the requirements of state and federal laws and that proposed bond issues not exceed bond allocation limits. Under current tax law, manufacturing is ineligible for tax-exempt bond issuance after 1989.

Statistics:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Value of bond applications approved (000,000's)	\$ 35	\$ 40		
No. of bond applications	10	12		

REVENUE: This program receives dedicated revenue under the OMNI program for a one-time processing fee and a continuing servicing fee up to the maximum allowed by the Small Business Administration on debentures issued for loan purposes. (M.S. 41A.065, Subd. 8)

	(Dollars in Thousands)			
Type of Revenue:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Dedicated - Economic Development Fund	\$ 118	\$ 120	\$ 130	\$ 130

EXPLANATION OF BUDGET REQUEST: Four CHANGE requests are requested to fund activities in the Community Development Division:

1. \$4,450,000 each year (Economic Development Fund Base Reauthorization) consisting of \$3,500,000 for the Economic Recovery Grant program, \$400,000 and 8.5 positions each year for Public Facilities Administration, \$300,000 and 6.5 positions each year for Rural Development Board Administration, \$200,000 and 5.0 positions each year for Minnesota Agriculture and Economic Development Administration, \$50,000 and 1.0 position each year for Loan Portfolio Management;
2. \$300,000 each year for increased funding for Celebrate Minnesota 1990 grants;
3. \$100,000 each year for increased funding for Small Cities matching funds; and
4. \$750,000 each year for a grant for the Great River Road Project.

BASE LEVEL REVIEW: A BASE level review has been completed on the analysis of the assumptions for long-range funding of the Combined Sewer Overflow/Wastewater Treatment Program in cooperation with the Pollution Control Agency. This review is submitted separately to the legislature.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an alternative funding level of \$4,100,000 each year and 13.0 positions for the Economic Development Fund BASE reauthorization and \$300,000 in the first year of the biennium for increased funding for Celebrate Minnesota 1990 grants and \$100,000 each year for increased funding for small cities matching funds. The Governor's recommendation does not provide funding for the Great River Road Project.

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : TRADE & ECON DVLPMT
PROGRAM : COMMUNITY DEVELOPMT
BUDGET ACTIVITY : COMMUNITY DEVELOPMT

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	1,584	1,918	1,539	850	2,389	2,061	1,692	850	2,542	2,214
EXPENSES/CONTRACTUAL SRVCS	384	655	457	131	588	566	653	131	784	762
MISC OPERATING EXPENSES	133	173	151	49	200	200	218	49	267	267
SUPPLIES/MATERIALS/PARTS	58	55	42	10	52	52	72	10	82	82
CAPITAL EQUIPMENT	144	41	30	10	40	40	30	10	40	40
NON-EXPENSE DISBURSEMENTS	770	16,070	21,185	0	21,185	21,185	42,370	0	42,370	42,370
REDISTRIBUTIONS	52	21	23	0	23	23	23	0	23	23
STATE OPERATIONS	3,125	18,933	23,427	1,050	24,477	24,127	45,058	1,050	46,108	45,758
AIDS TO INDIVIDUALS	123	0	0	0	0	0	0	0	0	0
LOCAL ASSISTANCE	35,678	40,361	22,767	4,550	27,317	46,567	22,767	4,550	27,317	46,267
TOTAL EXPENDITURES	38,926	59,294	46,194	5,600	51,794	70,694	67,825	5,600	73,425	92,025
CHANGE REQUESTS:										
FUND										
P ECONOMIC DVLPM FUND BASE REAUTHORIZATION GEN				4,450		4,100		4,450		4,100
P CELEBRATE MINNESOTA 1990 GRANTS INCREASE GEN				300		300		300		0
P SMALL CITIES MATCH INCREASE GEN				100		100		100		100
P GREAT RIVER ROAD PROJECT GRANT GEN				750		0		750		0
P URBAN REVITALIZATION ACTION PROGRAM GEN				0		20,000		0		20,000
TOTAL CHANGE REQUESTS				5,600		24,500		5,600		24,200
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	10,464	13,433	6,722	5,600	12,322	31,222	6,722	5,600	12,322	30,922
STATUTORY APPROPRIATIONS:										
SPECIAL REVENUE	0	29	0	0	0	0	0	0	0	0
FEDERAL	22,714	34,603	39,393	0	39,393	39,393	61,024	0	61,024	61,024
RURAL REHABILITATION	77	6,500	0	0	0	0	0	0	0	0
ECONOMIC DEVELOPMENT	5,671	4,729	79	0	79	79	79	0	79	79

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

AGENCY : TRADE & ECON DVLPMT
PROGRAM : COMMUNITY DEVELOPMT
BUDGET ACTIVITY : COMMUNITY DEVELOPMT

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	
TOTAL FINANCING	38,926	59,294	46,194	5,600	51,794	70,694	67,825	5,600	73,425	92,025
POSITIONS BY FUND:										
GENERAL	22.9	21.5	21.5	23.0	44.5	36.5	21.5	23.0	44.5	36.5
FEDERAL	7.6	14.0	17.0	0.0	17.0	17.0	21.0	0.0	21.0	21.0
ECONOMIC DEVELOPMENT	21.0	21.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL POSITIONS	51.5	56.5	38.5	23.0	61.5	53.5	42.5	23.0	65.5	57.5

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

ACTIVITY:

PROGRAM: COMMUNITY DEVELOPMENT

AGENCY: TRADE AND ECONOMIC DEVELOPMENT, DEPARTMENT OF

REQUEST TITLE: ECONOMIC DEVELOPMENT FUND BASE REAUTHORIZATION

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
General Fund	\$4,450	21.0	\$4,450	21.0

Governor's Recommendation

General Fund	\$4,100	13.0	\$4,100	13.0
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Request requires statutory change: _____ Yes X No

Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency is requesting funding and positions for program costs that were funded from the Economic Development Fund the last biennium. The funding and positions requested are for administrative costs of the Public Facilities Authority, the Rural Development Board, and the Agricultural and Economic Development Board and grant funds for Economic Recovery Fund Program.

DESCRIPTION/BACKGROUND:

The Public Facilities Authority, the Rural Development Board, and the Agricultural and Economic Development Program were created by the Rural and Economic Development Act of 1987, as part of a comprehensive economic development effort for the State of Minnesota. These entities were designed to adopt a community-based approach to development and assistance emphasizing overall community needs. The programs are responsible for addressing critical rural issues; providing grants and long-term, low-interest loans to communities for essential sewer and water facilities; and for providing innovative forms of financing for agricultural and economic development projects designed to stimulate job creation and assist in the utilization, expansion and diversification of Minnesota's agricultural products. Funding for these entities was appropriated from the Economic Development Fund the last biennium for startup costs. Startup activities have been completed including developing programs, processing rules, entering into contracts and awarding funds, with regular meetings being held by the Boards and Authority. These entities serve communities statewide. The Agricultural and Economic Development Board maintains and services the former Minnesota Energy and Economic Development Authority's (MEEDA) loan portfolio.

The Economic Recovery Fund, established in July, 1985, provides funds to communities to make business loans or finance public improvements that support business development projects. During the last biennium, the Economic Recovery fund was funded from both the General Fund and the Economic Development

Fund. Prior to the last biennium, the Economic Recovery Fund was funded fully from the General Fund.

RATIONALE:

Funding these programs from the Economic Development Fund is not possible as these funds are no longer available. Therefore, the entities created by the Rural and Economic Development Act of 1987 require a General Fund appropriation, for administrative costs only, to carry out the activities. Grant funds that these entities award are made available through federal and bonding sources and through the Rural Rehabilitation Revolving Fund. The Economic Recovery Fund Program will be significantly reduced without a General Fund appropriation and severely limit the funding assistance that can be provided to Minnesota's communities.

BASE:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Economic Development Fund Expenditures	\$ 5,566	\$ 4,650	\$ -0-	\$ -0-
General Fund Expenditures	\$ 2,164	\$ 2,164	\$ 2,164	\$ 2,164
Economic Development Positions	21.0	21.0	-0-	-0-

LONG RANGE IMPLICATIONS:	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
General Fund Expenditures	\$ 4,450	\$ 4,450	\$ 8,900
General Fund Positions	21.0	21.0	21.0

GOVERNOR'S RECOMMENDATION:

The Governor recommends \$4,100,000 which annually provides \$3,500,000 for the Economic Recovery Grant program, \$250,000 and 5.5 positions for the Public Facilities Authority, \$300,000 and 6.5 positions for the Rural Development Board, and \$50,000 and 1.0 position for Loan Portfolio Management. The Governor further recommends that any unobligated balances in the Economic Development Fund be deposited as non-dedicated receipts into the General Fund.

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

ACTIVITY:

PROGRAM: COMMUNITY DEVELOPMENT

AGENCY: TRADE AND ECONOMIC DEVELOPMENT, DEPARTMENT OF

REQUEST TITLE: CELEBRATE MINNESOTA 1990 GRANTS INCREASE

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	\$ 300	-0-	\$ -0-	-0-

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

STATEMENT OF REQUEST/OBJECTIVE:

The agency is requesting an increase in grant funds to provide an ongoing source of funds and continue the Celebrate Minnesota 1990 grant program through the next biennium.

DESCRIPTION/BACKGROUND:

The Celebrate Minnesota 1990 Program was created by the 1988 state legislature. The focus of Celebrate Minnesota 1990 is to coordinate, publicize and stimulate community participation and increased tourism in statewide and local, multi-event celebrations planned to occur in 1990. To prepare for these events and to generate local pride, physical improvements and enhancements within communities are encouraged.

One component of Celebrate Minnesota 1990 is a grant program intended to assist Minnesota communities conduct cleanup, beautification and other community improvement projects. Grants are provided to communities that have a \$25,000 maximum and requires a local match equal to 75% of the total project cost.

STATISTICS:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
No. of workshop participants		600	600	600
No. of applications anticipated		200	200	200
No. of grants awarded		60	100	100

RATIONALE:

The concept of Celebrate Minnesota 1990 is beginning to gain considerable momentum around the state. The department conducted 10 application workshops statewide and over 600 people participated. Equally important was the interest and enthusiasm for the Celebrate Minnesota 1990 Grant Program that was

demonstrated by grant application workshop participants. The combination of receiving statewide promotion for local celebrations and the universal need/desire to beautify Minnesota's communities has generated strong statewide interest that will result in the receipt of hundreds of grant applications. It is anticipated that the current base of \$700,000 will finance only a fraction of the applications received by the department.

The goal of the department is to increase and maintain the momentum for Celebrate Minnesota 1990 by keeping the public aware of the "Celebration" through the various state and local Celebrate Minnesota 1990 events. One important and tangible method of accomplishing that goal is to continue local cleanup, beautification and/or community improvement projects that are associated with 1990 celebrations. Important by-products of this program include stimulating broader citizen involvement in the improvement and promotion of their communities and conducting local physical improvements that will last well beyond 1990.

BASE:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General Fund Expenditures	\$ -0-	\$ 700	\$ 700	\$ 700

LONG RANGE IMPLICATIONS: None.

GOVERNOR'S RECOMMENDATION:

After review of this activity, the Governor recommends an alternative funding level of \$300,000 for the first year of the biennium.

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

ACTIVITY:

PROGRAM: COMMUNITY DEVELOPMENT

AGENCY: TRADE AND ECONOMIC DEVELOPMENT, DEPARTMENT OF

REQUEST TITLE: SMALL CITIES MATCH INCREASE

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
General Fund	\$ 100	2.0	\$ 100	2.0
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 agency requests increased funds and complement to provide the required state match for administration of the small cities portion of the federally funded Small Cities Development Block Grant Program.

DESCRIPTION/BACKGROUND:

The State of Minnesota assumed the administrative responsibilities for the small cities portion of the Federal Community Development Block Grant Program in 1983. The Housing and Community Development Act of 1987 (PL 100-242) requires states to match 50% of the administrative costs of the program (the first \$100,000 in federal funds does not require state match). The level of state funding appropriated to match federal administrative dollars has been insufficient to adequately support program costs and satisfy the match requirements. Also, additional staff support are required to carry out increased activities with the program.

RATIONALE:

The Small Cities Development Program is complex. The state must assure that each recipient community complies with a broad range of federal laws and regulations, including Davis-Bacon and related acts, Acquisition/Relocation laws, Environmental laws, Civil Rights laws, and accounting and audit regulations. Many of the smaller grant recipients have no experience with the breath or scope of applicable laws and regulations and must be trained and coached to get through the process. Also, increased advanced technical assistance is planned for communities through a newly implemented and innovative application process.

While the impact of the Small Cities Development Program in Minnesota is high in terms of both dollars (\$17 million annually for both the Small Cities and Economic Development portions) and community benefit (sewer and water system development, housing and commercial rehabilitation, industrial development

and expansion), the cost to the state is very low. In order to receive the maximum benefit of this program, additional matching funds for administration are vitally needed.

STATISTICS:

	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Applications Reviewed	68	70	70	70
Applications Funded	28	30	30	30

BASE:

	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General Fund Expenditures	\$ 264	\$ 270	\$ 274	\$ 274
General Fund Positions	4.0	4.0	4.0	4.0

LONG RANGE IMPLICATIONS:

	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
General Fund Expenditures	\$ 100	\$ 100	\$ 200
General 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: COMMUNITY DEVELOPMENT

AGENCY: TRADE AND ECONOMIC DEVELOPMENT, DEPARTMENT OF

REQUEST TITLE: GREAT RIVER ROAD PROJECT GRANT

	F.Y. 1990		F.Y. 1991	
	(000's)		(000's)	
Agency Request	Amount	Positions	Amount	Positions
General Fund	\$ 750	-0-	\$ 750	-0-

Governor's Recommendation

General Fund	\$ -0-	-0-	\$ -0-	-0-
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Request requires statutory change: _____ Yes ☒ No

Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests these funds to provide the ongoing funding necessary for continued development of the Great River Road Project.

DESCRIPTION/BACKGROUND:

The Great River Road Project is a key project designed to enhance commercial, residential and recreational development of the Mississippi River Corridor in Minneapolis. The funds requested will assist the City of Minneapolis in land acquisition and development necessary to continue this project.

RATIONALE:

Federal funding for this project has been reduced. State funds are necessary to complete the project as well as to offset the reduced federal funding.

	(Dollars in Thousands)			
BASE:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Bonding Authority	\$ 3,000	\$ -0-	\$ -0-	\$ -0-
General Fund Expenditures	-0-	750	-0-	-0-

LONG RANGE IMPLICATIONS: None.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request.

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

ACTIVITY:

PROGRAM: COMMUNITY DEVELOPMENT

AGENCY: TRADE AND ECONOMIC DEVELOPMENT

REQUEST TITLE: URBAN REVITALIZATION ACTION PROGRAM INCREASE

	F.Y. 1990		F.Y. 1991	
	(000's)		(000's)	
Governor's Recommendation	Amount	Positions	Amount	Positions
General Fund	\$20,000	-0-	\$20,000	-0-

Request requires statutory change: X Yes _____ No
 Statutes Affected: 469

GOVERNOR'S RECOMMENDATION:

The Governor recommends these funds in order to increase the assistance provided to Minneapolis and St. Paul through the Urban Revitalization Action Program (URAP) and to make Duluth eligible for funding under URAP. The objective is to broaden the extent of physical development in the 3 cities to "turn around" deteriorating neighborhoods.

DESCRIPTION/BACKGROUND:

The URAP was established in 1987 to provide assistance to Minneapolis and St. Paul to help them address the physical redevelopment needs of their distressed neighborhoods. The distressed area of the cities are defined as those neighborhoods that meet 2 out of the following 3 criteria: twice the unemployment rate of the SMSA, 1/2 the median income, 25% of the housing is substandard or 70% of the housing built before 1940.

As part of the Administration's Year of the City package, this request would expand the URAP program by providing additional funds and add Duluth as an eligible city. The expanded URAP would provide funding to assist the cities to: (1) rehabilitate existing commercial, industrial and residential properties, (2) construct new housing, (3) create job opportunities by offering resources for business expansion and establishment, (4) enable cities and non-profit organizations to acquire vacant land and boarded buildings, (5) improve public infrastructure, and (6) rehabilitate private properties which meet compelling needs within the community. The cities would be required to use 50% of the funding for housing programs, and would be encouraged to develop programs consistent with the recommendations of the Governor's Commission on Affordable Housing.

RATIONALE:

Minnesota's cities of the first class are integral to the economic and social well-being of the entire state. While the economy of the twin cities metropolitan area and Duluth have generally prospered, core neighborhoods in the inner cities have not shared in that prosperity. A number of very dis-

turbing trends have been identified within the 3 cities. Experiences in other cities around the country have demonstrated the devastating outcome of these trends if they are allowed to continue. Consequently, there is a need to provide increased assistance to these cities to help assure that they can address the unique economic development and housing needs of their inner cities.

BASE:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General Fund Expenditures	\$ 4,500	\$ 4,500	\$ -0-	\$ -0-

LONG RANGE IMPLICATIONS:	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
General Fund Expenditures	\$ 20,000	\$ 20,000	\$40,000

PROGRAM: SCIENCE AND TECHNOLOGY 1990-91 Biennial Budget
Agency: TRADE AND ECONOMIC DEVELOPMENT, DEPARTMENT OF

PROGRAM PURPOSE:

The mission of this program is to initiate policy level discussion and decisions on appropriate state science and technology policy issues; to coordinate Minnesota's science and technology economic development programs, to be the primary source of information on the state's science and technology community; and to broaden the state's support for scientific and technological development through cooperative efforts in order to promote the efficient and effective use of the state's resources.

OPERATION:

This office includes the Office of Science and Technology and the Council on Technology for People With Disabilities.

The Office of Science and Technology conducts research on technology policy issues and high technology industry sectors; disseminates research findings through publications and public forums and in response to individual client requests; and acts as a vital link between public policy makers, industry, and educational institutions. The Office and the Committee on Science and Technology Research and Development recommend guidelines for the legislature, state agencies, and state institutions to use in allocating funds for scientific and technological research and development projects.

The Council on Technology for People With Disabilities is unique among state and nationally-funded efforts to address the variety of challenges that face people with disabilities. It is not an advocate in the traditional sense. The activity is directed toward making the disabled, their families, social service and rehabilitation professionals, and public policy makers more knowledgeable of the technological advancements available and the potential they have for improving the quality of life and the productivity of people with disabilities.

EXPLANATION OF BUDGET REQUEST:

In F.Y. 1988 and F.Y. 1989, the Office of Science and Technology was funded through the Economic Development Fund. Since these funds are no longer available to the Office, appropriations are being requested from the general fund in order to continue this activity. The change in funding source requires that the budget for the Office of Science and Technology activity be requested in its entirety. A CHANGE request of \$821,000 and 3.0 positions each year is requested to maintain the current funding levels for the Office of Science and Technology. A second CHANGE request of \$275,000 and 4.0 positions in F.Y. 1990 and \$270,000 and 4.0 positions in F.Y. 1991 is requested to increase the effectiveness of the office in carrying out its broadened mandate.

The Council on Technology for People with Disabilities is charged with developing innovative methods to increase the awareness and availability of appropriate technologies to people who could benefit from their use. Two CHANGE requests are requested to fund recommendations determined by the council as critical to successfully carry out this charge. The CHANGE request for the creation of a loan guarantee fund for the purchase of adaptive equipment calls for 1.0 position and \$50,000 for program administration and

\$200,000 for a loan guarantee pool in F.Y. 1990 and 1.0 position and \$50,000 for program administration in F.Y. 1991. The second CHANGE request is to provide \$50,000 and 1.0 position each year to implement a comprehensive plan for technology assistance and to position the state for receipt of a federal grant of up to \$500,000 per year for 3 years.

GOVERNOR'S RECOMMENDATION:

The Governor does not recommend administrative funding for the Office of Science and Technology. The Governor's recommendation provides \$60,000 each year for a grant to the Minnesota Technology Corridor Corporation, \$120,000 each year for a grant to Minnesota Project Innovation, and \$25,000 each year for a grant to the Midwest Technology Development Institute. The Governor further recommends that BASE funding of \$106,000 each year and 2.0 positions be transferred to the Council on Disability in order to carry-out the responsibilities of the Council on Technology for People with Disabilities. The Governor's recommendation does not provide for the requested increases for this activity.

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

AGENCY : TRADE & ECON DVLPMT
PROGRAM : SCIENCE & TECHNOLOGY

			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								
SCIENCE & TECHNOLOGY			665	1,523	0	1,096	1,096	205	0	1,091	1,091	205
B ECONOMIC DVLP FUND BASE REAUTHORIZATION GEN						821		205		821		205
B SCIENCE & TECHNOLOGY PROGRAM INCREASE GEN						275		0		270		0
COUNCIL TECH/PEOPLE DISABILITIES			88	103	106	300	406	0	106	100	206	0
B OFFICE/TECHNOLOGY-PEOPLE/DISABILITIES GEN						50	<106>			50		<106>
B ADAPTIVE EQUIPMENT LOAN GUARANTEE FUND GEN						250	0			50		0
TOTAL EXPENDITURES			753	1,626	106	1,396	1,502	205	106	1,191	1,297	205
SOURCES OF FINANCING:												
DIRECT APPROPRIATIONS:												
GENERAL			88	803	106	1,396	1,502	205	106	1,191	1,297	205
STATUTORY APPROPRIATIONS:												
SPECIAL REVENUE			0	2	0	0	0	0	0	0	0	0
ECONOMIC DEVELOPMENT			665	821	0	0	0	0	0	0	0	0
TOTAL FINANCING			753	1,626	106	1,396	1,502	205	106	1,191	1,297	205
POSITIONS BY FUND:												
GENERAL			2.0	3.0	2.0	9.0	11.0	0.0	2.0	9.0	11.0	0.0
ECONOMIC DEVELOPMENT			3.0	3.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL POSITIONS			5.0	6.0	2.0	9.0	11.0	0.0	2.0	9.0	11.0	0.0

ACTIVITY: SCIENCE AND TECHNOLOGY 1990-91 Biennial Budget
Program: SCIENCE AD TECHNOLOGY
Agency: TRADE AND ECONOMIC DEVELOPMENT, DEPARTMENT OF

PURPOSE:

The purpose of this activity is to provide the following services:

1. To enhance the creation, development, and expansion of technology intensive businesses in the state by providing access to vital financial, policy, scientific trend and technological innovation information. This will be accomplished through divisional publications and referral to technical experts in academia, industry, federal laboratories, state programs and partnership organizations; and by conducting research on the advanced technology industry sector, science and technology trends and the potential for economic competitiveness and growth in Minnesota.
2. To catalogue all state-funded scientific and technologically-related research and development activities in a computerized data base; to provide guidelines for funding agencies to use in evaluating the merit of these activities; and to advise the legislature on criteria that can be used to evaluate direct funding requests for projects and the effectiveness of agency procedures to assess the benefit of these projects to the state.

Statutory References: M.S. 116J.970-116J.971

ACCOMPLISHMENTS:

The Office:

1. Initiated NASA Link, a joint federal/state project to provide all Minnesota businesses with access to NASA's technological information. Minnesota is the first state to provide this service at no charge to the private sector;
2. Coordinated U.S. Department of Commerce/Minnesota Initiatives to promote economic development through joint ventures in advanced manufacturing, supercomputers, patents, and weather information dissemination;
3. Surveyed 1800 Minnesota technology-intensive companies to update computer database and directory of technology intensive businesses;
4. Prepared guidelines for the legislature and state agencies to use in allocating funds for science and technology research and development;
5. Reviewed and analyzed data in order to determine the technological development potential of various regions of the state for recommendation of policies which can maximize this potential;
6. Sponsored the following Conferences: (co-sponsors in parentheses)
 - Technology Transfer through NASA Link
(ARAC Industrial Applications Center, Indianapolis)
 - Supercomputers: Emerging Applications in Manufacturing
(National Bureau of Standards, Cray Research, ETA Systems, Minnesota Supercomputer Center, University of Minnesota Productivity Center)
 - Symposium on International Technical Innovation and Entrepreneurship
(Utah Innovation Foundation)
 - New Materials, Superconductivity and Computer Technology
(Japan External Trade Organization, Minnesota Trade Office, Minnesota High Technology Council, Midwest Technology Development Institute)
 - Midwest Electronic Expo
(Circuits Manufacturing, EOS/ESD Technology, and Electronics Test

- Magazines); and
7. Produced the following Publications:
 - State Technology Programs in the United States - 1988
 - High Technology in Minnesota: A Directory of Technology Companies
 - High Technology in Minnesota: A Directory of Programs, Policies, and Services
 - NASA Link: Strengthening Minnesota Industry Through Access to NASA's Advanced Technology

EFFECTIVENESS MEASURES:

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
No. of Minnesota businesses provided NASA technological information *	50	200
No. of technology businesses provided information and assistance	720	850

* Program began 2-1-88

REVENUE:

None.

GRANT/AIDS SUMMARY:

1. Minnesota Technology Corridor Corporation (MTCC)

Statutory Reference: Laws of 1987, Ch. 404, Sec. 26, Subd. 7

To support and encourage the growth of technology-intensive businesses and to foster technology, research and development, and prototype manufacturing along a 24 acre corridor set aside for technology business development. State financial support is matched equally by the City of Minneapolis and the University of Minnesota. Recipient and amount of grants established by law.

<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>
% of corridor acres developed	8%	8%	10%	10%
(24 acres originally available for development in technology corridor)				

<u>Grants by Fund:</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>
Economic Development	\$ 60	\$ 60	\$ -0-	\$ -0-
General CHANGE Request			60	60
TOTAL	\$ 60	\$ 60	\$ 60	\$ 60

2. Minnesota Project Innovation, Inc. (MPI)

Statutory Reference: Laws of 1987, Ch. 404, Sec. 26, Subd. 7

To assist businesses in applying for and securing Small Business Innovation Research (SBIR) grants from the federal government, which assist in promoting economic development and job creation. Recipient and amount of grants established by law. (NOTE: Actual 1988 data currently unavailable. 1987 statistics reflect increases in Minnesota awards despite 12% decrease in funds

ACTIVITY: SCIENCE AND TECHNOLOGY
(Continuation)

1990-91 Biennial Budget

Program: SCIENCE AD TECHNOLOGY

Agency: TRADE AND ECONOMIC DEVELOPMENT, DEPARTMENT OF

available nationally.)

Statistics:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Minnesota companies receiving SBIR grants	25	29	33	37
Total amounts (000's)	\$ 3,600	\$ 4,000	\$ 4,400	\$ 4,800
Clients served (federal fiscal year)	310	360	410	470

(Dollars in Thousands)				
Grants by Fund:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Economic Development	\$ 120	\$ 120	\$	\$
General CHANGE Requests			240	240
TOTAL	\$ 120	\$ 120	\$ 240	\$ 240

3. Minnesota Inventors Congress, Inc. (MIC)

Statutory Reference: Laws of 1987, Ch. 404, Sec. 26, Subd. 7

To establish a focal point for an invention support system; to coordinate an invention support system through regional centers and existing groups dedicated to invention promotion; to promote invention research; and to develop a fiscal design for a statewide invention support system. Recipient and amount of grants established by law.

(Dollars in Thousands)				
Grants by Fund:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Economic Development	\$ 75	\$ 75	\$	\$
General CHANGE Request			130	125
TOTAL	\$ 75	\$ 75	\$ 130	\$ 125

4. Midwest Technology Development Institute (MTDI)

Statutory Reference: Laws of 1987, Ch. 404, Sec. 26, Subd. 7

To enhance the efforts of the Midwestern states in technology development and transfer through university research consortia and to expand the export markets of and compensation for products produced. Recipient and amount of grants established by law.

(Dollars in Thousands)				
Grants by Fund:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Economic Development	\$ 137	\$ 166	\$	\$
General CHANGE Request			166	166
TOTAL	\$ 137	\$ 166	\$ 166	\$ 166

5. Advanced Integrated Manufacturing Center (AIMC)

Statutory Reference: Laws of 1988, Ch. 686, Art. 1, Sec. 14(d)

To conduct applied research in advanced integrated manufacturing technology and to provide small- and medium-sized businesses with access to new technology, training and technical assistance. Eligible recipient must be a Minnesota corporation and must demonstrate management and technical skills, must have the ability to leverage financial support through the federal government and private sources, must be familiar with advanced manufacturing technology and must be able to collaborate with higher education institutions so that the goals of the project can be achieved.

(Dollars in Thousands)				
Grants by Fund:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General		\$ 500		
TOTAL		\$ 500		

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

AGENCY : TRADE & ECON DVLPMT
PROGRAM : SCIENCE & TECHNOLOGY
BUDGET ACTIVITY : SCIENCE & TECHNOLOGY

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	134	243	0	257	257	0	0	257	257	0
EXPENSES/CONTRACTUAL SRVCS	193	171	0	198	198	0	0	198	198	0
MISC OPERATING EXPENSES	158	222	0	199	199	0	0	199	199	0
SUPPLIES/MATERIALS/PARTS	10	7	0	7	7	0	0	7	7	0
CAPITAL EQUIPMENT	5	5	0	5	5	0	0	5	5	0
STATE OPERATIONS	500	648	0	666	666	0	0	666	666	0
LOCAL ASSISTANCE	165	875	0	430	430	205	0	425	425	205
TOTAL EXPENDITURES	665	1,523	0	1,096	1,096	205	0	1,091	1,091	205
CHANGE REQUESTS:										
FUND										
B ECONOMIC DVLP FUND BASE REAUTHORIZATION GEN				821		205		821		205
B SCIENCE & TECHNOLOGY PROGRAM INCREASE GEN				275		0		270		0
TOTAL CHANGE REQUESTS				1,096		205		1,091		205
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	0	700	0	1,096	1,096	205	0	1,091	1,091	205
STATUTORY APPROPRIATIONS:										
SPECIAL REVENUE	0	2	0	0	0	0	0	0	0	0
ECONOMIC DEVELOPMENT	665	821	0	0	0	0	0	0	0	0
TOTAL FINANCING	665	1,523	0	1,096	1,096	205	0	1,091	1,091	205
POSITIONS BY FUND:										
GENERAL	0.0	1.0	0.0	7.0	7.0	0.0	0.0	7.0	7.0	0.0
ECONOMIC DEVELOPMENT	3.0	3.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL POSITIONS	3.0	4.0	0.0	7.0	7.0	0.0	0.0	7.0	7.0	0.0

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

ACTIVITY: SCIENCE AND TECHNOLOGY
PROGRAM: SCIENCE AND TECHNOLOGY
AGENCY: TRADE AND ECONOMIC DEVELOPMENT, DEPARTMENT OF

REQUEST TITLE: ECONOMIC DEVELOPMENT FUND BASE REAUTHORIZATION

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
General Fund	\$ 821	3.0	\$ 821	3.0
Governor's Recommendation				
General Fund	\$ 205	-0-	\$ 205	-0-

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

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests these funds to provide a stable funding source to carry out the activity's existing mandate.

DESCRIPTION/BACKGROUND:

Since its creation in 1983, the Office of Science and Technology has experienced several significant changes in the mission and scope of its activities. The current focus of the Office is clear: to develop an accountability system which maximizes the wise and efficient use of state dollars for research and development, to be the primary source of information on the Minnesota science and technology community, and to develop and implement creative methods to enhance technology intensive industries in Minnesota. The agency believes that this is an appropriate and valuable mission and seeks no change in this mandate.

The office is currently funded through the Economic Development Fund but this source of funding is not available to the office for the next biennium. The purpose of this CHANGE request is to secure appropriations from the general fund so that the office can continue to provide valuable services to the Minnesota science and technology community. The CHANGE request of \$821,000 for each fiscal year includes \$400,000 and 3.0 positions for office operations, \$60,000 for the Minnesota Technology Corridor Corporation, \$120,000 for Minnesota Project Innovation, \$75,000 for Minnesota Inventors Congress, and \$166,000 for Midwest Technology Development Institute.

EFFECTIVENESS MEASURES:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
No. of Minnesota businesses provided NASA technological information	50	200	220	250
No. of technology businesses provided information and assistance	720	850	900	900

RATIONALE:

The office has developed a broad range of products and services to assist technology-intensive industries. Its directory of technology companies in Minnesota is a "best seller" among local manufacturers and visiting foreign trade representatives. The directory of State Technology Programs in the United States, designed as an aid to the legislature in funding technology initiatives, is nationally recognized as the authoritative guide to such programs. Cooperative ventures with NASA and the U.S. Department of Commerce provide state businesses with access to state-of-the-art technologies and expertise across the nation. Close cooperation with the Institute of Technology, the Minnesota High Technology Council, the Greater Minnesota Corporation, and Minnesota Project Innovation provides a means to identify important policy issues and to work jointly to support high technology firms in Minnesota.

At least \$95 million of state funds have been or will be spent on scientific and technological research and development projects in F.Y. 1988-89. Many of these projects were not subject to evaluation through peer review processes. The Office of Science and Technology has recommended guidelines for state agencies, institutions, and the legislature to use in evaluating proposed projects beginning in 1989. Such review processes hold researchers and agencies accountable for their actions while at the same time enhancing their credibility in the eyes of their peers and the public. The information on research and development activities provided to the office by funding agencies is a valuable resource for the legislature, agencies, and institutions to use in allocating funds for future projects.

BASE:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Economic Development Fund Expenditures	\$ 665	\$ 821	\$ -0-	\$ -0-
Economic Development Fund Positions	3.0	3.0	-0-	-0-

LONG RANGE IMPLICATIONS:	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
General Fund Expenditures	\$ 821	\$ 821	\$ 1,642
General Fund Positions	3.0	3.0	3.0

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide any funding for the administration of the Office of Science and Technology, or the Minnesota Inventors Congress. The Governor does recommend \$60,000 each year for the Minnesota Technology Corridor Corporation, \$120,000 each year for Minnesota Project Innovation, and \$25,000 each year for Midwest Technology Development Institute. The Governor further recommends that the funding for these grants be appropriated to the Business Promotion Division.

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

ACTIVITY: SCIENCE AND TECHNOLOGY
PROGRAM: SCIENCE AND TECHNOLOGY
AGENCY: TRADE AND ECONOMIC DEVELOPMENT, DEPARTMENT OF

REQUEST TITLE: SCIENCE AND TECHNOLOGY ACTIVITY INCREASE

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
General Fund	\$ 275	4.0	\$ 270	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 made to provide additional staff and funding so that the Office of Science and Technology can carry out its expanded mandate and so that the office, Minnesota Project Innovation, Inc., (MPI) and Minnesota Inventors Congress (MIC) can expand the services offered to their constituents.

DESCRIPTION/BACKGROUND:

In 1987, the office assumed significant new responsibilities for identifying and monitoring all state-funded scientific and technological research and development projects; recommending guidelines for the legislature, state agencies, and state institutions to use in evaluating such projects; and evaluating the effectiveness of a decentralized research review processes. Current staffing level of 3.0 positions is not sufficient to carry out this broadened mandate. The CHANGE request consists of \$100,000 and 4.0 positions for each fiscal year to address the increased demand for critical products and services produced by the office; \$120,000 each year to increase the grant to Minnesota Project Innovation, Inc.; and \$55,000 for F.Y. 1990 and \$50,000 for F.Y. 1991 to increase the grant to Minnesota Inventors Congress (MIC).

RATIONALE:

The office's mandate to develop an annual list of state-funded science and technology research and development projects for the Legislature presents an excellent opportunity to disseminate information on research conducted in the state. Approval of this CHANGE request would enable the Office to develop and maintain a computer database which will make information regarding such projects more readily available and will improve state policy makers' ability to evaluate proposed research projects and avoid duplication of research efforts. Additional staff would also enable the Office to provide more effective services to technology intensive businesses and to be more active in

arranging cooperative efforts to promote the Minnesota science and technology community.

The success of Minnesota Project Innovation's efforts to assist emerging businesses in obtaining Phase I Small Business Innovation Research (SBIR) grants has created a demand for its services from firms which are ready for higher levels of federal support. Additional funds would allow MPI to expand its services to assist firms in obtaining business development (Phase II) grants through the SBIR program; to assist firms in the procurement (Phase III) stage; and to increase the awareness of SBIR grant programs among Minnesota businesses.

Additional funds would also enable Minnesota Inventors Congress to continue and expand the statewide Minnesota Student Inventors Congress and to conduct an extensive study on the "missing link" which would improve inventors' abilities to reach markets for their new products. MIC is seeking matching funds from Argonne National Laboratory for the marketing study.

BASE:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Economic Development Fund Expenditures	\$ 468	\$ 595	\$ -0-	\$ -0-
Economic Development Fund Positions	3.0	3.0	-0-	-0-

LONG RANGE IMPLICATIONS:	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
General Fund Expenditures	\$ 270	\$ 270	\$ 540
General Fund Positions	4.0	4.0	4.0

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request.

ACTIVITY: COUNCIL TECH/PEOPLE DISABILITIES 1990-91 Biennial Budget
 Program: SCIENCE AND TECHNOLOGY
 Agency: TRADE AND ECONOMIC DEVELOPMENT, DEPARTMENT OF

PURPOSE:

The purpose of this activity is to advise the governor and legislature on those policies and developments in science and technology that will enable the over 600,000 Minnesotans with disabilities to lead more productive lives through the use of technology-related devices and services.

The objectives are:

1. to coordinate policies relating to the provision of technology-related services and devices among state agencies;
2. to provide information, training, research, and marketing data to Minnesota's technology producers on the expressed needs and potential applications of technology for people with disabilities or who are aging; and
3. to increase awareness through the dissemination of current market information and training on sources of funding and technological aids now available for people with disabilities.

Statutory Reference: M.S. 116J.970-116J.971

<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 state programs assisted in receiving technological aids for people with disabilities	4	5	5	5
Private sector high tech businesses provided with assistance	21	50	75	75
Clients surveyed to determine market size, current manufacturers and funding sources	1,435	2,000	2,000	2,000
No. of clients provided technical and policy development assistance	67	100	100	100
Computerized database listings (technology-related products and services for people with disabilities)	250	400	400	400

PERFORMANCE INDICATORS:

1. Minnesota's successful public-private partnership efforts through the Council on Technology for People with Disabilities is a national model for federal legislation. The "Technology-Related Assistance for Individuals with Disabilities Act of 1988" was signed into law 8-19-88. As a result, the Minnesota program may become a model for all 50 states to use in designing technology-related assistance programs over the next 3 years. Key testimony was presented to the U.S. Senate Subcommittee on the Handicapped and U.S. House Select Committee on Education. The council has been designated by the Governor to coordinate the state's submission of a grant proposal for these funds.
2. Established partnerships with IBM's Special Needs Center, Honeywell and Apple's National Special Education Alliance; proactively collaborated on conferences, seminars, and intervened in obtaining technologies for computer centers and training programs for people with disabilities

throughout Minnesota.

3. Provided technical assistance and advice on the establishment of a nationwide database, "ABLEDATA," to the National Institute of Disability Research and Rehabilitation.
4. The council has had the lead role in coordinating the efforts of 5 state agencies, the State University System, and the council on disability to develop and coordinate state policy that facilitates the development and broader access to technological devices for disabled people.

STATISTICS:

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
Individual client contacts	797	2,000	2,000	2,000
Outreach activities such as program publications, speeches, displays	69	100	100	100
Videos and training tools on technology and its uses	3	3	3	3
Annual Governor's Awards to Minnesota Technology Producers presented	7	10	10	10
State agencies and organizations consulted on provision of technological devices for people with disabilities	32	50	50	50
Council meetings and council events	38	38	38	38

REVENUE:

None.

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

AGENCY : TRADE & ECON DVLPMT
PROGRAM : SCIENCE & TECHNOLOGY
BUDGET ACTIVITY : COUNCIL TECH/PEOPLE DISABILITIES

			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	69	72	75	60	135	0	75	60	135	0
EXPENSES/CONTRACTUAL SRVCS	6	11	11	23	34	0	11	23	34	0
MISC OPERATING EXPENSES	9	13	13	12	25	0	13	12	25	0
SUPPLIES/MATERIALS/PARTS	3	3	3	2	5	0	3	2	5	0
CAPITAL EQUIPMENT	1	4	4	3	7	0	4	3	7	0
STATE OPERATIONS	88	103	106	100	206	0	106	100	206	0
LOCAL ASSISTANCE	0	0	0	200	200	0	0	0	0	0
TOTAL EXPENDITURES	88	103	106	300	406	0	106	100	206	0
CHANGE REQUESTS:	FUND									
B OFFICE/TECHNOLOGY-PEOPLE/DISABILITIES	GEN			50		<106>		50		<106>
B ADAPTIVE EQUIPMENT LOAN GUARANTEE FUND	GEN			250		0		50		0
TOTAL CHANGE REQUESTS				300		<106>		100		<106>
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	88	103	106	300	406	0	106	100	206	0
TOTAL FINANCING	88	103	106	300	406	0	106	100	206	0
POSITIONS BY FUND:										
GENERAL	2.0	2.0	2.0	2.0	4.0	0.0	2.0	2.0	4.0	0.0
TOTAL POSITIONS	2.0	2.0	2.0	2.0	4.0	0.0	2.0	2.0	4.0	0.0

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

ACTIVITY: COUNCIL TECH/PEOPLE DISABILITIES
 PROGRAM: SCIENCE AND TECHNOLOGY
 AGENCY: TRADE AND ECONOMIC DEVELOPMENT, DEPARTMENT OF

REQUEST TITLE: OFFICE ON TECHNOLOGY FOR PEOPLE WITH DISABILITIES

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
DEPT. OF TRADE & ECON. DVLP. General Fund	\$ 50	1.0	\$ 50	1.0
Governor's Recommendation				
DEPT. OF TRADE & ECON. DVLP. General Fund	\$ (106)	(2.0)	\$ (106)	(2.0)
COUNCIL ON DISABILITIES General Fund	\$ 106	2.0	\$ 106	2.0

Request requires statutory change: X Yes _____ No
 Statutes Affected: M.S. 116J.970

STATEMENT OF REQUEST/OBJECTIVE:

Minnesota is a national model for policy and program development of technology for people with disabilities. Additional funds and positions are requested to meet the growing demand for an increase in the scope of services and the number of constituents the office has been able to serve with a staff of 2 people (1 professional and 1 clerical) and an all volunteer council.

DESCRIPTION/BACKGROUND:

Minnesota's program was the model for successful federal legislation, "The Technology-Related Assistance to Individuals with Disabilities Act of 1988." The program also coordinates policy development on the provision and funding of technology-related devices and services by a number of state agencies which provide a variety of services to this client population, provide information, referral and research data to consumers, manufacturers, professionals and policy makers, and develop strategies for more effective dissemination of product information and existing funding sources for the purchase of the devices.

EFFECTIVENESS MEASURES:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Private sector high tech businesses provided with assistance	2	50	50	50
Clients surveyed to determine market size, current manufacturers and funding sources	1,435	2,000	3,000	4,000
No. of clients provided technical and policy development assistance	67	100	200	200

ACTIVITIES:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Outreach activities such as program publications, speeches, displays	69	100	200	300
State agencies and organizations consulted on provision of technological devices for people with disabilities	32	50	150	200

RATIONALE:

The Technology-Related Assistance for Individuals with Disabilities Act of 1988 makes competitive grants of \$500,000 available to states which are able to demonstrate a comprehensive plan for the integration of technological devices and technology related services in all agencies that serve people with disabilities and the aging. Additional staff would enable the office to conduct the necessary research and build support for a coordinated state action plan to ensure that Minnesota would be in a competitive position to secure a grant.

BASE:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General Fund Expenditures	\$ 88	\$ 103	\$ 106	\$ 106
General Fund Positions	2.0	2.0	2.0	2.0

LONG RANGE IMPLICATIONS:	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
General Fund Expenditures	\$ 50	\$ 50	\$ 100
General Fund Positions	1.0	1.0	1.0

GOVERNOR'S RECOMMENDATION:

The Governor recommends that the BASE funding of \$106,000 each year and 2.0 positions for the Office on Technology for People with Disabilities be transferred to the Council on Disabilities. The Governor recommends this transfer in conjunction with the recommendation to provide no administrative funding for the Office of Science and Technology. The Governor believes that the mission of the Council on Disabilities should include the activities and responsibilities of the Office on Technology for People with Disabilities.

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

ACTIVITY: COUNCIL TECH/PEOPLE DISABILITIES
 PROGRAM: SCIENCE AND TECHNOLOGY
 AGENCY: TRADE AND ECONOMIC DEVELOPMENT, DEPARTMENT OF

REQUEST TITLE: ADAPTIVE EQUIPMENT LOAN GUARANTEE FUND

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
General Fund	\$ 250	1.0	\$ 50	1.0
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-

Request requires statutory change: X Yes _____ No
 Statutes Affected: M.S. 1987. Sec. 166J.970

STATEMENT OF REQUEST/OBJECTIVE:

A variety of technological aids which enhance independence in the work place, home, and other environments are unavailable to middle and low-income consumers with a disability due to cost of products, lack of government assistance, and the fact that individuals and families struck by a disability, illness, or aging have no savings for this equipment. This activity would establish a loan guarantee loan fund to acquire these technological aids. The CHANGE request includes \$200,000 for a loan guarantee pool and \$50,000 and 1.0 position for program administration in F.Y. 1990 and \$50,000 and 1.0 position for program administration in F.Y. 1991 to educate potential loan recipients and process loan guarantee applications. The \$200,000 loan guarantee pool will be matched one-to-one by nonstate revenue sources for a total guarantee fund of \$400,000. The funds would only be used to guarantee bank loans and would be expended only in the event of default.

DESCRIPTION/BACKGROUND:

Innovations in technology have resulted in a significant increase in the kind of adaptive equipment designed to enable people with disabilities and the aging to achieve or maintain a higher quality of life and a more productive place in society. For example, reduced effort driving systems, communication aids, environmental controls, and roll-in showers are relatively new products in the consumer marketplace. The perceived limited demand for these products make their costs unusually high. Some equipment, primarily defined as medically necessary, can be paid for through some existing programs. However, existing restrictions prevent the purchase of more technologically sophisticated aids. The demand for assistance in purchasing independence enhancing technologies far exceeds the resources available.

This loan program seeks to provide funding for technological devices not covered by other funding sources. There is a desire by most individuals with disabilities to pay for products themselves. By making the terms and conditions more favorable to the lender, the availability of such loans is expected

to increase. Loans will assist people with disabilities to improve their quality of life, access to employment, and either become or continue to be productive members of the community. Without this CHANGE request, very simple technological aids will remain beyond the reach of many people with disabilities.

BASE: None.

LONG RANGE IMPLICATIONS:	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
General Fund Expenditures	\$ 50	\$ 50	\$ 100
General Fund Positions	1.0	1.0	1.0

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request.

PROGRAM: POLICY ANALYSIS 1990-91 Biennial Budget
Agency: TRADE AND ECONOMIC DEVELOPMENT, DEPARTMENT OF

PROGRAM PURPOSE:

The mission of the Policy Analysis Office is to:

1. promote business location in Minnesota by producing information and analysis demonstrating to business Minnesota's economic advantages;
2. enhance the effectiveness of department projects and programs by providing economic and job impact analysis; and
3. improve the quality of public policy decision making by analysis of key issues relating to the state's economy.

OPERATION:

The Policy Analysis Office is organized into 3 sections:

1. The Economic Analysis Section prepares analysis for businesses considering expansion in Minnesota, and for the design and evaluation of department programs. This section conducts analysis of economic trends and conditions for use in long term or strategic planning.
2. The Information Services Section provides data processing and management information services support to the Economic Analysis Section staff and entire department, including maintaining economic and business information databases. This section includes a library which provides trade, economic development and energy reference materials and reference research for both the Departments of Trade and Economic Development and Public Service and general public.
3. The Minnesota Council on Productivity and Quality was created by the 1987 Legislature to increase awareness of the importance of quality and productivity to the long term competitiveness of the state. The council conducts outreach and education programs and stimulates development of community quality programs.

ACCOMPLISHMENTS:

1. Acted as lead agency in production of the 1988 and 1989 Economic Reports to the Governor, one of four major executive branch budget documents.
2. Established first in the nation program, "Commerce/Minnesota Initiative," to improve information delivery by the U.S. Department of Commerce to the state enhancing state's knowledge of its economy and providing it with a competitive edge over other states.
3. Prepared the state's proposal detailing our comparative economic advantages for USWEST, MacMillan Bloedel and 10 other major business expansions.
4. Developed in conjunction with the Urban Institute performance monitoring systems for department programs, to be used as national prototypes for evaluating state economic development programs.
5. Prepared base analysis of international trade activities and trends for the Minnesota Trade Office: Minnesota's Export Portfolio, The Geographic Distribution of High Export Potential Industries, and Patterns of Foreign Direct Investment.
6. Produced CompareMinnesota describing and comparing Minnesota economic conditions, and business location factors with the nation and region.
7. Analyzed economic linkage between the Metropolitan economy and Greater Minnesota in 3 studies: Labor Market Interactions of the Twin Cities and

Greater Minnesota, Evidence of Branching by Established firms, and Greater Minnesota's Role as a Supplier for the Twin Cities.

8. Established the Minnesota Council on Productivity and Quality as an organization to promote quality improvement as a long-term economic strategy for Minnesota.

BUDGET ISSUE:

In 1987 the Minnesota Trade Office was merged with the department, adding new staff and a wide array of export promotion and investment programs. In an overall effort to meet increasing needs for international trade information and improve Trade Office programming, the staff have requested extensive analytic assistance from the Policy Analysis Office. In addition, the 1987 legislature passed a bill contracting for a Minnesota international trade forecasting model. The model, when completed, will assist in identifying emerging opportunities for expanding international trade and prioritizing resource allocation.

These expanding responsibilities have occurred while a national trend toward more information-driven business location decisions has resulted in increasing requests for detailed analysis on Minnesota economic conditions, labor quality and supplies, etc. for specific business expansion projects. The expansions for USWEST and MacMillan Bloedel are 2 examples of such requests. However, the Policy Analysis Office has prepared detailed industry and market analyses for 12 major business expansions over the past 18 months.

Department demands for economic analysis, and data processing have also increased dramatically in the past 2 years. Such programs as the Amateur Sports Commission, Celebrate Minnesota 1990, an expanded Star Cities Program and a new Communications Office have all placed new analytic and data processing demands on the Policy Analysis Office.

The Policy Analysis Office has received no increase in resources to conduct its international trade analysis, operate and maintain the international model, or respond to business information needs. It will be virtually impossible to continue to meet the needs for these and other analytic and information services at current resource levels.

EXPLANATION OF BUDGET REQUEST:

Two CHANGE request items are requested for the Policy Analysis Office. \$199,000 and 4.0 positions each year are requested to increase analytic capabilities to meet the need for international trade analysis, business demands for economic information about Minnesota, and a targeted industry initiative. The Minnesota Council on Productivity and Quality intends to become a private nonprofit entity 7-1-89. The Council is seeking \$50,000 each year for the start-up of community quality councils grant program.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the BASE level funding for this program, as well as a biennial increase of \$100,000 for the start-up of a community quality councils grant program.

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

AGENCY : TRADE & ECON DVLPMT
PROGRAM : POLICY ANALYSIS

			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								
POLICY ANALYSIS			880	888	904	249	1,153	954	904	249	1,153	954
B TARGETED INDUSTRY AND TRADE ANALYSIS			GEN			199	0			199	0	
B COMMUNITY QUALITY COUNCILS GRANT			GEN			50	50			50	50	
COUNCIL PRODUCTIVITY & QUALITY			39	179	0	0	0	0	0	0	0	
TOTAL EXPENDITURES			919	1,067	904	249	1,153	954	904	249	1,153	954
SOURCES OF FINANCING:												
DIRECT APPROPRIATIONS:												
GENERAL			901	1,040	904	249	1,153	954	904	249	1,153	954
STATUTORY APPROPRIATIONS:												
SPECIAL REVENUE			0	5	0	0	0	0	0	0	0	
FEDERAL			14	8	0	0	0	0	0	0	0	
GIFTS AND DEPOSITS			4	14	0	0	0	0	0	0	0	
TOTAL FINANCING			919	1,067	904	249	1,153	954	904	249	1,153	954
POSITIONS BY FUND:												
GENERAL			17.2	17.2	15.2	4.0	19.2	15.2	15.2	4.0	19.2	15.2
FEDERAL			0.5	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL POSITIONS			17.7	17.7	15.2	4.0	19.2	15.2	15.2	4.0	19.2	15.2

ACTIVITY: POLICY ANALYSIS
 Program: POLICY ANALYSIS
 Agency: TRADE AND ECONOMIC DEVELOPMENT, DEPARTMENT OF

1990-91 Biennial Budget

Statutory Reference: M.S. 116J.01, Subd. 3

HISTORY/BACKGROUND:

The Policy Analysis Office of the Department of Energy and Economic Development was established in 1984. In 1985, the Legislative Auditor recommended expanded analysis of economic development programs and projects to improve their effectiveness.

In response to these recommendations, the Policy Analysis Office refocused its activities to deliver analytic services that improve the quality of the decision making process for the design and implementation of department economic development programs. Such services include the development of performance monitoring systems, job impact analysis for financing projects, and targeting of department outreach programs as well as providing general business and economic information, library and analytic support.

In addition, Policy Analysis Office has conducted extensive research to aid in development of effective state economic development strategies and policies; acting as the lead unit in development of the Economic Reports to the Governor (1986-1989) and the 1987 Governor's Commission on the Economic Future of Minnesota.

As the Department has expanded to include the Minnesota Trade Office, (MTO), Minnesota Amateur Sports Commission and Celebrate 1990, the Division has provided information and analytic services to these groups, as well. For example, in service to the MTO Policy Analysis staff have:

1. Conducted a detailed analysis of Minnesota's Export Portfolio;
2. An analysis of patterns of foreign reverse investment; and
3. A survey of Minnesota exporters and their service needs.

These and all Policy Analysis services are designed to improve program effectiveness and public decision making, in order to assure the efficient use of public funds.

REVENUE:

None.

PURPOSE:

The mission of the Policy Analysis Office is to:

1. promote business location in Minnesota by producing information and analysis demonstrating to business Minnesota's economic advantages;
2. enhance the effectiveness of department projects and programs by providing economic and job impact analysis; and
3. improve the quality of public policy decision making by analysis of key issues relating to the state's economy.

ACTIVITY FUNCTIONS:

The Policy Analysis Office provides analysis and information services to the Commissioner and operating divisions of the Department of Trade and Economic Development and to the governor, legislature, businesses, communities, and the public. Policy Analysis services consist of the following:

1. Business location analyses: Prepare marketing proposals, location analyses for businesses considering expansion in Minnesota.
2. Program effectiveness: Assess program and project impacts, provide industry and geographic targets and support performance monitoring systems.
3. Information services: Provide economic information, and business lists, and maintain economic development data bases.
4. Computer support: Provide computer and technical support, data processing and data base development services to the department.
5. Library services: Maintain trade, economic development and energy publications, reference services and conduct data base searches.
6. Policy/strategy: Provide analysis and research, and work with state/federal agencies in developing economic development policies and strategies.

<u>PERFORMANCE INDICATORS:</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
No. of <u>CompareMinnesota</u> publications distributed	1,000	2,000	2,000	2,500
No. of detailed business proposals produced	6	12	18	18
Days required to respond with detailed business expansion proposal	15	10	5	5
Business/public inquiries answered by library	1,800	1,800	1,800	1,800
Major projects assisted through data processing and programming services	49	51	55	55
Projects analyzed for economic impact	15	10	10	10
Pilot performance measurement standards for program monitoring		5		
Interagency information or analytic products	2	2	2	2
Economic trends/conditions evaluated (detailed analyses)	3	4	6	6
Industry/firm searches of computerized databases completed	310	310	310	310
Business leads provided to MN Trade MN Trade Office	1,100	1,100	1,100	1,100

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

AGENCY : TRADE & ECON DVLPMT
PROGRAM : POLICY ANALYSIS
BUDGET ACTIVITY : POLICY ANALYSIS

			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	550	580	596	130	726	596	596	130	726	596
EXPENSES/CONTRACTUAL SRVCS	252	254	254	48	302	254	254	48	302	254
MISC OPERATING EXPENSES	28	28	28	8	36	28	28	8	36	28
SUPPLIES/MATERIALS/PARTS	36	26	26	13	39	26	26	13	39	26
CAPITAL EQUIPMENT	14	0	0	0	0	0	0	0	0	0
STATE OPERATIONS	880	888	904	199	1,103	904	904	199	1,103	904
LOCAL ASSISTANCE	0	0	0	50	50	50	0	50	50	50
TOTAL EXPENDITURES	880	888	904	249	1,153	954	904	249	1,153	954
CHANGE REQUESTS:	FUND									
B TARGETED INDUSTRY AND TRADE ANALYSIS	GEN			199		0		199		0
B COMMUNITY QUALITY COUNCILS GRANT	GEN			50		50		50		50
TOTAL CHANGE REQUESTS				249		50		249		50
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	862	876	904	249	1,153	954	904	249	1,153	954
STATUTORY APPROPRIATIONS:										
FEDERAL	14	8	0	0	0	0	0	0	0	0
GIFTS AND DEPOSITS	4	4	0	0	0	0	0	0	0	0
TOTAL FINANCING	880	888	904	249	1,153	954	904	249	1,153	954
POSITIONS BY FUND:										
GENERAL	15.2	15.2	15.2	4.0	19.2	15.2	15.2	4.0	19.2	15.2
FEDERAL	0.5	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL POSITIONS	15.7	15.7	15.2	4.0	19.2	15.2	15.2	4.0	19.2	15.2

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

ACTIVITY: POLICY ANALYSIS
PROGRAM: POLICY ANALYSIS
AGENCY: TRADE AND ECONOMIC DEVELOPMENT, DEPARTMENT OF

REQUEST TITLE: TARGETED INDUSTRY AND TRADE ANALYSIS

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
General Fund	\$ 199	4.0	\$ 199	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 agency requests funding to support the increased demands for analytic assistance resulting from the merger of the Minnesota Trade Office with the department, and in order to meet analytic needs for a targeted industry initiative (See Business Promotion Activity CHANGE Request). The request includes salaries and support costs for 4.0 positions and contractual and computer costs necessary to maintain and operate the international trade model and support a targeted industry initiative.

The objective of this request is to assure the design and development of effective and efficient economic development programs, and to encourage business location in Minnesota especially in targeted industries, by providing economic analysis and information services.

DESCRIPTION/BACKGROUND:

In 1987 the Minnesota Trade Office was merged with the department with new responsibilities and an array of functions. Minnesota Trade Office staff have requested extensive analytic assistance from the Policy Analysis Office in order to assure effective program design. In addition the 1987 legislature passed a bill appropriating \$300 thousand to contract for development of a Minnesota-specific international trade model. Two positions and trade support funds required to operate and maintain this model are included in this CHANGE request.

The department's Business Promotion Division has submitted a Targeted Industry Initiative. However, this program will require extensive analytic support in order to be effective. Analysis will be necessary to assess such factors as resource utilization, import substitution potential and Minnesota cost competitiveness in order to identify market opportunities, as well as provide information and analysis for marketing efforts. As part of the analysis and marketing effort for targeted industries, detailed business proposals identifying Minnesota comparative advantages would be developed. The CHANGE request also provides for 2.0 positions to meet these needs.

STATISTICS:

	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Targeted industries analyzed for market opportunities			4	4
Generic industry proposals developed		2	4	4
Analytic support for trade programs (No. of major projects)	6	8	10	10
Export forecasts produced		1	2	2
Industry/firm searches of computerized databases completed	310	310	560	560
Business leads provided to MN Trade Office	1,100	1,100	1,400	1,400
Business/public inquiries answered by library	1,800	1,800	2,700	2,700

RATIONALE:

Information services and economic analysis help focus and improve program effectiveness. However, the addition of new programs to the department, the analytic needs of a targeted industry program and growing international trade activity now requires an expanded commitment to those functions. If these needs are left unaddressed it will inevitably lead to a lower quality, less effective economic development program.

BASE:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General Fund Expenditures	\$ 862	\$ 876	\$ 904	\$ 904
General Fund Positions	15.2	15.2	15.2	15.2

LONG RANGE IMPLICATIONS:	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
General Fund Expenditures	\$ 199	\$ 199	\$ 398
General Fund Positions	4.0	4.0	4.0

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request.

ACTIVITY: MN COUNCIL ON PRODUCTIVITY AND QUALITY 1990-91 Biennial Budget
Program: POLICY ANALYSIS
Agency: TRADE AND ECONOMIC DEVELOPMENT, DEPARTMENT OF

PURPOSE:

The Minnesota Council on Productivity and Quality was created by the 1987 Legislature to raise awareness of the importance of quality and productivity to Minnesota's global economic competitiveness and to stimulate development of quality initiatives in business, and state and local government.

The Council conducts outreach and education programs to this end. In addition, the Council provides matching grants to communities to encourage initiation of quality programs.

Small cities often depend on 1 or 2 manufacturers, providing a major proportion of the town's income. If these businesses fall behind in the international competition for quality and productivity improvement, the entire community may face economic decline.

Quality techniques can also be used as an offensive economic development strategy for small towns. By building quality infrastructure and educational systems, communities can attract new and expanding businesses. The ultimate goal is a reputation of "Quality Second to None" for the entire state.

Statutory Reference: M.S. 116J.94

<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 companies contacted	66	75		
No. of companies requesting information	46	70		
No. of companies referred to consultants	12	18		
Presentations on quality	21	30		
News stories and articles on Council's activities	6	12		
Workshops held	3	6		
Matching grants/cash and in-kind to Council (000's)	\$ 172	\$ 250		
Community Quality Councils established	1	5		

BUDGET HISTORY:

The 1987 legislation establishing the Council envisioned that it would operate entirely on private funds after the F.Y. 1988-89 biennium. The Council will become a nonprofit entity in July, 1989. Its entire budget for business sector programs, \$250,000 per year, will be funded through private contributions during the next biennium.

During the F.Y.s 1988 and 1989, the Council established a very popular and highly demanded Community Quality Council program, for which it is seeking continued state support.

The purpose of this program is to establish community, county or regional Quality Councils to further the knowledge and implementation of quality

techniques and quality management in Greater Minnesota. Towns, cities, counties, community/area development corporations, or nonprofit agencies acting as leader or coordinator are eligible to participate in the community quality council program.

The Council sunsets as a state function on 6-30-89. The council then intends to become a private nonprofit organization. A CHANGE request is included in the Policy Analysis activity requesting \$50,000 each year for the Community Quality Council program.

REVENUE:

None.

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : TRADE & ECON DVLPMT
PROGRAM : POLICY ANALYSIS
BUDGET ACTIVITY : COUNCIL PRODUCTIVITY & QUALITY

	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	11	51	0	0	0	0	0	0	0	0
EXPENSES/CONTRACTUAL SRVCS	23	59	0	0	0	0	0	0	0	0
MISC OPERATING EXPENSES	2	15	0	0	0	0	0	0	0	0
SUPPLIES/MATERIALS/PARTS	1	2	0	0	0	0	0	0	0	0
CAPITAL EQUIPMENT	2	1	0	0	0	0	0	0	0	0
STATE OPERATIONS	39	128	0	0	0	0	0	0	0	0
LOCAL ASSISTANCE	0	51	0	0	0	0	0	0	0	0
TOTAL EXPENDITURES	39	179	0	0	0	0	0	0	0	0
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	39	164	0	0	0	0	0	0	0	0
STATUTORY APPROPRIATIONS:										
SPECIAL REVENUE	0	5	0	0	0	0	0	0	0	0
GIFTS AND DEPOSITS	0	10	0	0	0	0	0	0	0	0
TOTAL FINANCING	39	179	0	0	0	0	0	0	0	0
POSITIONS BY FUND:										
GENERAL	2.0	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL POSITIONS	2.0	2.0	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: POLICY ANALYSIS
PROGRAM: POLICY ANALYSIS
AGENCY: TRADE AND ECONOMIC DEVELOPMENT, DEPARTMENT OF

REQUEST TITLE: COMMUNITY QUALITY COUNCILS GRANT

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
General Fund	\$ 50	-0-	\$ 50	-0-
Governor's Recommendation				
General Fund	\$ 50	-0-	\$ 50	-0-

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

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests these funds to continue to establish community-based quality programs. Such programs identify key areas within individual communities where quality improvements are needed, and establish specific projects and goals for achieving quality improvement.

The objective of the community-based quality program is to improve Minnesota's competitiveness in national and international markets, in order to assure long term economic growth.

DESCRIPTION/BACKGROUND:

The Minnesota Council on Productivity and Quality was created by the 1987 Legislature to raise awareness of the importance of quality and productivity for the state's economic competitiveness. The Council received \$100,000 each year of the last biennium with \$50,000 in the F.Y. 1988 and \$100,000 in F.Y. 1989 to be matched by nonstate contributions. It was envisioned that the Council would obtain sufficient private sector support so that it could be set up as a nonprofit entity, beginning in July, 1989.

The Council intends to become a nonprofit entity in 1989 and will be supported by private sector sources. A loaned executive from a Minnesota company will serve as executive director and \$150,000 per year of private cash contributions from business and industry will fund the Council's public information and education services.

However, the Council is requesting funds to continue the Community Quality Council program. The program provides technical and financial assistance to help communities establish community-wide quality programs. In late F.Y. 1988, the city of Little Falls became the first Quality Community Council. Eight other communities are currently planning or considering forming Community Quality Councils.

These community-based programs include not only quality improvement efforts for local business, but for public facilities and systems such as infrastructure and education as well. Because the program serves the general public, the Council believes that public support is both appropriate and necessary.

STATISTICS:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Community Quality Councils established	1	5	6	6

BASE:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General Fund Expenditures	\$ 39	\$ 164	\$ -0-	\$ -0-

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.

1990-91 BIENNIAL BUDGET

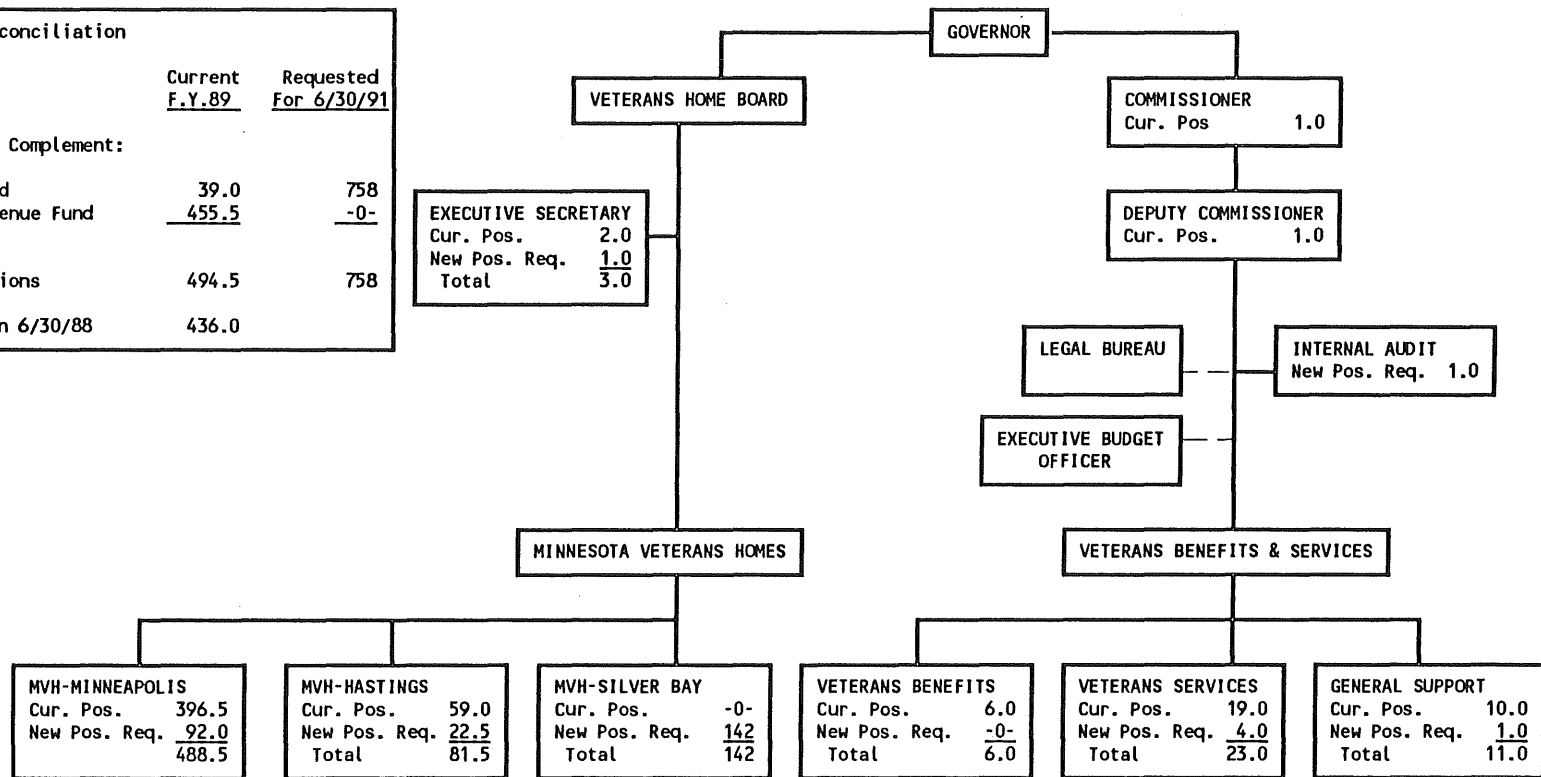
PROGRAM STRUCTURE

AGENCY: VETERANS AFFAIRS, DEPARTMENT OF

<u>PROGRAM</u>	<u>ACTIVITIES</u>	<u>SECTION</u>	<u>PAGE</u>
VETERANS BENEFITS AND SERVICES-----	Veterans Benefits and Services	4	950
DEDICATED ACCOUNTS-----	Trust Accounts -- Central Office		963
VETERANS HOMES-----	Veterans Home - Minneapolis Veterans Home - Hastings Veterans Home - Silver Bay	(See Health and Human Services budget document)	
VETERANS HOME BOARD-----	Veterans Home Board		
DEDICATED ACCOUNTS-----	Trust Accounts -- Nursing Homes		
BUILDING RENTAL-----	Dedicated Receipts		

DEPARTMENT OF VETERANS AFFAIRS
ORGANIZATION CHART 7-1-88

Position Reconciliation		
Authority:	Current F.Y.89	Requested For 6/30/91
Legislative Complement:		
General Fund	39.0	758
Special Revenue Fund	<u>455.5</u>	<u>-0-</u>
Total Positions	494.5	758
Employees on 6/30/88	436.0	



AGENCY PURPOSE:

The Department of Veterans Affairs exists to serve Minnesota veterans and their families. These services are provided mainly by acting as advocates for the nearly 500,000 veterans of Minnesota in pursuing claims for federal veterans benefits, acting as custodian of veterans' bonus and discharge records, and health care through the Minnesota Veterans Homes in Minneapolis and Hastings.

The major areas of service provided by the department are:

1. nursing and domiciliary care at the Veterans Homes;
2. financial assistance to veterans and their families;
3. advocacy on behalf of veterans and dependents pursuing federal veterans benefits;
4. technical assistance and training for Minnesota's County Veterans Service Officers;
5. guardianship services to more than 150 incompetent veteran residents;
6. enforcement of the Veterans Preference Statutes;
7. dissemination of information of veterans programs issues.

An additional vital function of the department is to monitor all federal veterans programs which impact Minnesota veterans. During the last federal fiscal year, a total of \$485,000,000 was received by veterans and their dependents in Minnesota. Additionally, approximately \$120,000,000 was received in the form of military retired pay by Minnesotans. These funds are infused directly into the economy of Minnesota and are a direct result of the efforts of the department, Minnesota County Veterans Service Officers and veterans organizations.

OPERATIONS AND CLIENTELE:

The department has 3 major programs for which state appropriations are granted: Veterans Benefits and Services, Veterans Homes, and the Board of Directors.

Veterans Benefits and Services is coordinated through central office and consists of a Claims Office located at Fort Snelling (St. Paul), with branch offices serving veterans in the Duluth and Moorhead areas. Programmatic functions other than claims are handled by a central office staff located in the capitol complex.

The Minnesota Veterans Homes are composed of 2 campuses: the Minneapolis campus which contains 346 beds of skilled nursing care and 194 beds of domiciliary care, and the Hastings campus which provides 200 beds of domiciliary care. During the 1988 Legislative session, operation and control of the Minnesota Veterans Homes was transferred to a newly created Board of Directors, appointed by the Governor. While under the organizational structure of the Department of Veterans Affairs, this 9 member board is responsible for the operation of the homes. The Commissioner of Veterans Affairs serves as an ex-officio member of the board and is responsible for the provision of administrative services to the board.

Primary clientele of the department are the nearly 500,000 veterans of Minnesota and their families. Secondary clientele are the County Veterans Service

Officers who number more than 100 individuals and are located in every county in Minnesota. The County Veterans Service Officer system in Minnesota is considered by many to be the "best in the country". Tertiary clientele include county government, the Minnesota Legislature, the state and federal court systems, state and national veterans organizations, the U.S. VA, other state and federal agencies, Minnesota's congressional delegation, health care providers, and other groups.

The major challenge of the department is meeting the needs of older veterans. Those veterans over the age of 65 comprise the fastest growing segment of the veteran population. It is this group of veterans who continue to place the greatest demands upon all aspects of services and programs offered by the department. The number of veterans aged 65 plus in Minnesota is predicted to peak at 138,000 in the year 2000, an increase of over 60% from current levels of roughly 85,000.

BUDGET ISSUES:

The case load of the department in the areas of the Veterans Relief Program and claims assistance will continue to increase, due primarily to the increasing age of the veteran population. To meet this demand, the department proposes to increase its computer capacity to be able to process claims in a more timely manner and to more effectively support the County Veterans Service Officer system.

In 1987, the staff of the Minnesota Veterans Homes (Minneapolis and Hastings) received a mandate to provide quality care, to support and maintain the physical plant, and to assure the efficient use of resources by means of an effective management support system. Some programs in these areas had been initiated, but to assure the ongoing commitment to quality care, a substantial increase in resources (staff and supplies) is needed to provide a model health care system of which the state can be proud.

In addition, the legislature has authorized a veterans facility at Silver Bay. The budget for the operation of this new facility is part of this request.

ATTORNEY GENERAL COSTS:

	(Dollars in Thousands)			
	Actual F.Y. 1988	Act/Est F.Y. 1989	Estimate F.Y. 1990	Estimate F.Y. 1991
<u>Fees for Legal Services Rendered</u>				
Fees Assessed	\$ 17.6	\$ 19.0	\$ -0-	\$ -0-
Fee Paid	12.5	24.1	-0-	-0-
Requested Budget	20.0	20.0	22.0	22.0

EXPLANATION OF BUDGET REQUEST:

This budget request is made to support operations of the department which directly impact the quality and timeliness of services provided to Minnesota's veterans and their dependents. Program demands have increased in proportion to the increase in the age of Minnesota's veterans, at a time when there has been no substantial increase in resources. Cooperation with Minnesota's County Veterans Service Officers is of paramount importance, both in terms of service to veterans and their dependents and in terms of direct federal dollars flowing to veterans in Minnesota, which last year totaled in excess of \$600,000,000. Department resources are extended as far as possible; without these modest increases, the quality of service can no longer be guaranteed.

AGENCY: VETERANS AFFAIRS, DEPARTMENT OF
(Continuation)

1990-91 Biennial Budget

The creation of the Board of Directors (Laws of 1988, Ch. 699, Sec. 6) by the 1988 Legislature has assigned responsibility for management of the Minneapolis, Hastings and the proposed Silver Bay facilities to the board. The board has adopted 3 basic criteria for managing the homes under its jurisdiction.

Quality Care - will be assured by recruiting and retaining qualified professional staff and equipping them with state of the art technology.

Physical Plant Services - will be supported with well-qualified individuals who will be called upon to maintain the needs of the old while providing for the needs of the new.

Efficient and effective management systems - will be implemented through the introduction of a truly integrated management support information system.

In addition to providing for the needs of nearly 744 residents, this budget contains a request to fund a major new initiative for a facility in Silver Bay.

In many ways, this request is a blueprint for the future needs of the veterans health services for the state.

The budget request for the Veterans Homes is found in the Health and Human Services section. The budget request for the rest of the Department of Veterans Affairs is to be found in the State Departments section.

Veterans Affairs INDEX - Consolidated	(Dollars in Thousands)		Page
	Agency Request	Governor's	
	1990-91 Biennium All Funds	1990-91 Biennium All Funds	
BASE Level Request	\$ 44,286	\$ 44,286	
Program/Budget Activity CHANGE Requests			
Veterans Benefits and Services			
Veterans Relief Fund	324	324	952
Base Level Adjustment	68	-0-	962
Veterans Assistance Officers	164	-0-	956
Employee Development	10	-0-	959
Special Equipment	50	-0-	960
Fiscal Guardianship Services	48	48	957
Internal Auditor	52	52	958
Bronze Star Grave Markers	60	60	954
C.V.S.O. Information System	77	-0-	953
Minnesota Veterans Data Base	44	-0-	961
Record Storage	60	-0-	955
Subtotal	957	484	
Minnesota Veterans Home			
Geriatric Research and			
Training Mission	50	50	*
Minnesota Veterans Home - Minneapolis			
New Positions	4,870	4,870	
Current Expense Increases	820	820	
Special Equipment	1,133	1,133	
Repairs and Replacements	785	785	
Subtotal	7,608	7,608	
Minnesota Veterans Home - Hastings			
New Positions	1,242	1,242	
Current Expense Increases	72	72	
Special Equipment	211	211	
Repairs and Replacements	214	214	
Subtotal	1,739	1,739	
Minnesota Veterans Home - Silver Bay			
Silver Bay Veterans Home	9,703	5,000	
Veterans Home Board			
Administrative & Info. Officer	116	116	
CHANGE Requests Subtotal	\$ 20,173	\$ 14,997	
AGENCY Total	\$ 64,459	\$ 59,283	

* See Health and Human Services budget document.

AGENCY: VETERANS AFFAIRS, DEPARTMENT OF
(Continuation)

1990-91 Biennial Budget

Veterans Affairs INDEX - Benefits & Services	(Dollars in Thousands)		Page
	Agency Request	Governor's Recommendation	
	1990-91 Biennium All Funds	1990-91 Biennium All Funds	
BASE Level Request	\$ 8,572	\$ 8,572	

Program/Budget Activity CHANGE Requests

Veterans Benefits and Services			
Veterans Relief Fund	324	324	952
Base Level Adjustment	68	-0-	962
Veterans Assistance Officers	164	-0-	956
Employee Development	10	-0-	959
Special Equipment	50	-0-	960
Fiscal Guardianship Services	48	48	957
Internal Auditor	52	52	958
Bronze Star Grave Markers	60	60	954
C.V.S.O. Information System	77	-0-	953
Minnesota Veterans Data Base	44	-0-	961
Record Storage	60	-0-	955
CHANGE Requests Total	\$ 957	\$ 484	
Benefits & Services Total	\$ 9,529	\$ 9,056	

Veterans Affairs INDEX - Nursing Homes	(Dollars in Thousands)		Page*
	Agency Request	Governor's Recommendation	
	1990-91 Biennium All Funds	1990-91 Biennium All Funds	
BASE Level Request	\$ 35,714	\$ 35,714	

Program/Budget Activity CHANGE Requests

Minnesota Veterans Home - Minneapolis		
Geriatric Research & Training Mission	50	50
New Positions	4,870	4,870
Current Expense Increases	820	820
Special Equipment	1,133	1,133
Repairs and Replacements	785	785
Subtotal	7,658	7,658
Minnesota Veterans Home - Hastings		
New Positions	1,242	1,242
Current Expense Increases	72	72
Special Equipment	211	211
Repairs and Replacements	214	214
Subtotal	1,739	1,739
Minnesota Veterans Home - Silver Bay		
Silver Bay Veterans Home	9,703	5,000
Veterans Home Board		
Administrative & Info. Officer	116	116
CHANGE Requests Subtotal	\$ 19,216	\$ 14,513
AGENCY Total	\$ 54,930	\$ 50,227

* See Health and Human Services budget document.

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : VETERANS AFFAIRS,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	
VETERANS BENEFITS & SERVICES	2,533	2,454	2,486	480	2,966	2,728	2,486	477	2,963	2,728
DEDICATED ACCOUNTS	1,662	1,800	1,800	0	1,800	1,800	1,800	0	1,800	1,800
TOTAL EXPENDITURES	4,195	4,254	4,286	480	4,766	4,528	4,286	477	4,763	4,528
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	2,533	2,454	2,486	480	2,966	2,728	2,486	477	2,963	2,728
STATUTORY APPROPRIATIONS:										
AGENCY	1,662	1,800	1,800	0	1,800	1,800	1,800	0	1,800	1,800
TOTAL FINANCING	4,195	4,254	4,286	480	4,766	4,528	4,286	477	4,763	4,528
POSITIONS BY FUND:										
GENERAL	41.0	37.0	37.0	6.0	43.0	39.0	37.0	6.0	43.0	39.0
TOTAL POSITIONS	41.0	37.0	37.0	6.0	43.0	39.0	37.0	6.0	43.0	39.0

PROGRAM: VETERANS BENEFITS AND SERVICES
Agency: VETERANS AFFAIRS, DEPARTMENT OF

1990-91 Biennial Budget

PROGRAM PURPOSE:

The goals of this program are to provide assistance to veterans and their dependents in their efforts to obtain benefits to which they are entitled, to provide emergency financial assistance to qualified veterans and their dependents, and to provide technical assistance to County Veterans Service Officers and other service providers. The program encompasses 2 activities: Veterans Benefits and Services, and General Support.

OPERATION:

Veterans Benefits and Services provides temporary emergency financial assistance to qualified veterans and their dependents, including subsistence assistance and limited medical assistance. The department is also charged with the responsibility of certifying war orphans for free tuition at state institutions and to provide limited educational financial assistance to war orphans and veterans.

The department's Claims Offices, located at Fort Snelling and Moorhead, assists veterans and their dependents in efforts to obtain federal veterans benefits. The total dollar value of all veterans benefits received last year by Minnesota recipients totaled over \$600,000,000. The current active case load is 188,000. The Field Services section provides technical assistance and supervision of the County Veterans Service Officers located in every county in the state, as well as the department's branch offices located in Duluth and Moorhead. Field Services also investigates allegations of veterans preference violations and acts as a liaison between the department and other agencies, such as the Veterans Administration (VA). The department's Guardianship Division currently serves as guardian for the finances of 152 veteran clients. These guardianship appointments are made either by the court system or the VA.

The department's other budget activity is General Support, which is comprised of the Commissioner's Office, the Deputy Commissioner's Office, Financial Management Services, Personnel Services, and Information Systems.

BUDGET ISSUE:

The case load of the department continues to increase as the number of elderly veterans increase, especially in the subsistence and claims areas. As stated earlier, this demand will continue to increase until the number of elderly veterans, the heaviest users of these services, peaks in the year 2000. The department must increasingly rely upon the County Veterans Service Officers to provide the bulk of front-line service to Minnesota's veterans and their dependents; training and technical services provided by the department continues to be of paramount importance to the delivery of services to the veterans of Minnesota and their families. In 1987, the Minnesota Association of County Veterans Service Officers initiated legislation which allows the commissioner to establish standards for continuing education and certification of County Veterans Service Officers.

EXPLANATION OF BUDGET REQUEST:

The department is requesting funding of 3.0 additional Veterans Assistance

Officer positions, 1.0 of which would be located in St. Paul, 1.0 in the Duluth Branch Office and 1.0 in the Moorhead Branch Office. These positions are needed to meet the increased demand for services by the rapidly aging veteran population. The Internal Auditor position is requested to provide critical analysis of programs, program expenditure, and review of fiscal policies and procedures. Funding is requested for an additional position in the Guardianship Division located in the central office; this request is based upon a recent legislative audit recommendation and in anticipation of increased case load.

Increased funding for employee development is requested to help employees become more professional and better equipped to meet increasing demands for services, particularly in the area of electronic data processing. The department is requesting the establishment of a base level budget for equipment necessary to upgrade its telephone system which is at capacity and to expand its computer storage capacity.

Funding of a cost of living increase is requested for the Veterans Relief Program to maintain an acceptable level of service. Since 1980 there have been no increases in this budget activity; activity was suspended or reduced as demand outstripped available resources. Funding of a computer driven information system to assist the County Veterans Service Officers is requested to meet increased demand for services while reducing time lag between application and response. In addition, funding of a veterans data base would speed processing of applications for benefits at the department level by converting "hard copy" data to electronic data, reducing response time and relieving the storage problems encountered with hard copy materials.

Funding of the Bronze Star Grave Marker Program is requested to meet continuing demand which will increase as Minnesota's veteran population continues to age. This activity has not been funded since F.Y. 1981, when the last of these markers were distributed. Record storage funding is requested to allow the department to convert "hard copy" records, which must be stored by law, to microfilm storage. Many of these records date from the World War I era and are starting to deteriorate. Additionally, the department continues to accumulate records in accordance with law, yet we are faced with less capacity within which to store these records.

Funding of a base level adjustment is requested to enable the department to meet costs which were previously met through the method of holding positions vacant, a method which is no longer viable as these positions are needed to meet demands for service.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the position for fiscal guardianship and the position for internal audits. The Governor also recommends the agency's request for the increase to the Veterans Relief Account and the Bronze Star Grave Markers. The Governor does not provide funding for the other requests. While these requests have merit, other spending priorities preclude additional funding.

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : VETERANS AFFAIRS,DPT
PROGRAM : VETERANS BENEFITS & 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
VETERANS BENEFITS			1,212	1,219	1,224	257	1,481	1,416	1,224	264	1,488	1,416
P VETERANS RELIEF FUND	GEN					162		162		162		162
P C.V.S.O. INFORMATION SYST	GEN					35		0		42		0
P BRONZE STAR GRAVE MARKERS	GEN					30		30		30		30
P RECORD STORAGE	GEN					30		0		30		0
VETERANS SERVICES			578	626	642	106	748	666	642	106	748	666
P VETERANS ASSISTANCE OFFICERS	GEN					82		0		82		0
P FISCAL GUARDIANSHIP SERVICES	GEN					24		24		24		24
GENERAL SUPPORT			743	609	620	117	737	646	620	107	727	646
P INTERNAL AUDITOR	GEN					26		26		26		26
P EMPLOYEE DEVELOPMENT	GEN					5		0		5		0
P SPECIAL EQUIPMENT	GEN					30		0		20		0
P MINNESOTA VETERANS DATA BASE	GEN					22		0		22		0
P BASE LEVEL ADJUSTMENT	GEN					34		0		34		0
TOTAL EXPENDITURES			2,533	2,454	2,486	480	2,966	2,728	2,486	477	2,963	2,728
SOURCES OF FINANCING:												
DIRECT APPROPRIATIONS:												
GENERAL			2,533	2,454	2,486	480	2,966	2,728	2,486	477	2,963	2,728
TOTAL FINANCING			2,533	2,454	2,486	480	2,966	2,728	2,486	477	2,963	2,728
POSITIONS BY FUND:												
GENERAL			41.0	37.0	37.0	6.0	43.0	39.0	37.0	6.0	43.0	39.0
TOTAL POSITIONS			41.0	37.0	37.0	6.0	43.0	39.0	37.0	6.0	43.0	39.0

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

ACTIVITY: VETERANS BENEFITS AND SERVICES
PROGRAM: VETERANS BENEFITS AND SERVICES
AGENCY: VETERANS AFFAIRS, DEPARTMENT OF

REQUEST TITLE: VETERANS RELIEF FUND

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
General Fund	\$ 162	-0-	\$ 162	-0-

Governor's Recommendation

General Fund	\$ 162	-0-	\$ 162	-0-
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Request requires statutory change: _____ Yes X No
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests increased funding for the Veterans Relief Fund. Benefits under this program have been either reduced or suspended in prior fiscal years due to a lack of adequate funding to fully meet demands.

This program provides temporary financial assistance to veterans who are unable to work due to sickness or other circumstances involving medical needs.

DESCRIPTION/BACKGROUND:

Current utilization of this program is the highest in recent history; yet the average length of time on the program per veteran is approximately 2-1/2 months (6 months maximum). Nearly 60% of benefits under this program are expended in Greater Minnesota.

The agency has been able to maintain a very low administrative cost for this program and also improved the "turn-around time" of emergency assistance payments to 5 days or less.

Fiscal year 1988 expenditures for the program were 97% of appropriations. Fiscal year 1989 expenditures (after the first tri-mester) are running 19% ahead of F.Y. 1988. Utilization of the program coupled with the need for a cost-of-living adjustment going back to 1980 demonstrates the need for this increased funding.

BASE:	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General Fund Expenditures	\$ 988	\$ 988	\$ 988	\$ 988

LONG RANGE IMPLICATIONS:	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
General Fund Expenditures	\$ 162	\$ 162	\$ 324

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

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

ACTIVITY: VETERANS BENEFITS AND SERVICES
PROGRAM: VETERANS BENEFITS AND SERVICES
AGENCY: VETERANS AFFAIRS, DEPARTMENT OF

REQUEST TITLE: COUNTY VETERANS SERVICE OFFICER INFORMATION SYSTEM

	F.Y. 1990		F.Y. 1991	
Agency Request	(000's) Amount	Positions	(000's) Amount	Positions
General Fund	\$ 35	-0-	\$ 42	-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 designed to meet the informational needs of the County Veterans Service Officers (CVSOs) of Minnesota who are located in every county.

DESCRIPTION/BACKGROUND:

Presently all requests for information by the CVSOs are handled via the mail, as are requests by the department for information from the CVSOs. The ability to send and receive information electronically would greatly enhance the ability of the department and CVSOs to provide the services necessary to meet the needs of the nearly 500,000 veterans of Minnesota and their dependents.

The request is proposed in 2 parts:

- Part 1: A study coordinated by a temporary employee to accurately access the needs of the proposed system linkage.
- Part 2: Acquisition of necessary hardware, presumably a compatible IBM System 36 computer.

In many instances, time is of the essence in filing claims for benefits and services. Electronic transfer of data between the department and the CVSOs would significantly reduce time-caused delays in the application for benefits process.

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

	(Dollars in Thousands)		
LONG RANGE IMPLICATIONS:	F.Y. 1992	F.Y. 1993	Total
General Fund Expenditures	\$ 5	\$ 5	\$ 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 X Program _____ Activity **1990-91 Biennial Budget**

ACTIVITY: VETERANS BENEFITS AND SERVICES
PROGRAM: VETERANS BENEFITS AND SERVICES
AGENCY: VETERANS AFFAIRS, DEPARTMENT OF

REQUEST TITLE: BRONZE STAR GRAVE MARKERS

	<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>
General Fund	\$ 30	-0-	\$ 30	-0-
Governor's Recommendation				
General Fund	\$ 30	-0-	\$ 30	-0-

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

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests funding to provide Bronze Star Markers for the graves of Minnesota's deceased veterans.

DESCRIPTION/BACKGROUND:

This activity has not been funded since F.Y. 1981, when the last of the Bronze Star Markers were distributed. Funding at the requested level would provide approximately 5,000 markers for each year of the biennium. In the 1988-89 biennial budget request, this was recommended by the Governor, passed individually by both the House and Senate, but was denied in conference committee.

The Bronze Star Marker Program has been an emotional one for many Minnesota veterans. For many veterans, this marker is the only state benefit that they, as veterans, will receive.

	<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	\$ -0-	\$ -0-	\$ -0-	\$ -0-

	<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	\$ 30	\$ 30	\$ 60

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

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

ACTIVITY: VETERANS BENEFITS AND SERVICES
PROGRAM: VETERANS BENEFITS AND SERVICES
AGENCY: VETERANS AFFAIRS, DEPARTMENT OF

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.

REQUEST TITLE: RECORD STORAGE

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

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

STATEMENT OF REQUEST/OBJECTIVE:

This request would allow the department to streamline its record storage system while meeting legislatively mandated retention requirements.

DESCRIPTION/BACKGROUND:

The department is required to maintain records of veterans' discharge papers, bonus applications, and payments. Some of these records, especially World War I records, are in desperate need of transfer to microfilm, as the paper itself is starting to deteriorate. All of the "hard copy" records from the Korea and Vietnam periods (in excess of 100,000 separate records) present an ever increasing storage problem when combined with records acquired since the Vietnam era.

The addition of a temporary position to catalog, microfilm and destroy records would allow the department to meet its legislatively mandated requirements while reducing storage space needs and attendant costs.

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

	(Dollars in Thousands)		
LONG RANGE IMPLICATIONS:	F.Y. 1992	F.Y. 1993	Total
General Fund Expenditures	\$ 30	\$ -0-	\$ 30

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

ACTIVITY: VETERANS BENEFITS AND SERVICES
PROGRAM: VETERANS BENEFITS AND SERVICES
AGENCY: VETERANS AFFAIRS, DEPARTMENT OF

REQUEST TITLE: VETERANS ASSISTANCE OFFICERS

	F.Y. 1990		F.Y. 1991	
Agency Request	(000's) Amount	Positions	(000's) Amount	Positions
General Fund	\$ 82	3	\$ 82	3
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 establishment and funding of 3.0 Veterans Assistance Officer positions. This request will provide needed staffing in the Duluth, Fargo/Moorhead and metro regions of the state.

The objective is to improve services to veterans, veterans' families and County Veterans Service Officers in these areas and increase the amount of federal benefits and services available to Minnesota's veterans.

DESCRIPTION/BACKGROUND:

The projected population for Minnesota veterans over the age of 65 is expected to increase over 18% by 1992. This increase has a direct relationship with the need for information and services, particularly for World War II and Korean veterans. Information and assistance regarding veterans benefits involving hospital and insurance programs, emergency assistance, pensions and other veterans related programs will increase dramatically, and the department's goal is to continue providing prompt and efficient services.

Recently, the federal VA approved the establishment of a VA Outpatient Clinic in Superior, Wisconsin. The Veterans Administration is projecting an annual case load of 20,000-30,000 visits; 60-70% will be Minnesota veterans. The Duluth Branch Office currently has 1.0 staff person. The addition of another Assistance Officer will virtually double the services for northeast Minnesota.

The Moorhead Branch Office, currently staffed with 2.0 people, serves the northwestern counties with approximately 40,000 veterans. The VA Regional Office in Fargo is proposing the transfer of approximately 50 clients to the state's Fiscal Guardianship Program. The increased case load for Guardianship, coupled with aging veteran population, will require an increase in staffing to meet the demands.

In 1985 the Veterans Benefit Program in St. Paul was required to transfer a position to the Veterans Home in Minneapolis in an attempt to increase nursing staff. At the time, program activity for veterans benefits was stable and case loads were evenly distributed. Since 1986, however, there has been an increased demand for veterans benefits, and projections show the increase will continue. While the "rate of distribution" remains the same, the increasing case load has created delays in the delivery of veterans benefits.

	(Dollars in Thousands)			
BASE:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General Fund Expenditures	\$ 289	\$ 300	\$ 300	\$ 300

	(Dollars in Thousands)		
LONG RANGE IMPLICATIONS:	F.Y. 1992	F.Y. 1993	Total
General Fund Expenditures	\$ 82	\$ 82	\$ 164

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: VETERANS BENEFITS AND SERVICES
 PROGRAM: VETERANS BENEFITS AND SERVICES
 AGENCY: VETERANS AFFAIRS, DEPARTMENT OF

REQUEST TITLE: FISCAL GUARDIANSHIP SERVICES

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

	<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	\$ 24	1.0	\$ 24	1.0
Governor's Recommendation				
General Fund	\$ 24	1.0	\$ 24	1.0

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

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests funding for the establishment of 1.0 additional position in the Guardianship Program headquartered in central office. This request is based on recent legislative audit recommendations and in anticipation of an increased case load.

The objective is to provide better service and accountability to the 152 persons that are currently on the program and prepare for the anticipated increase in case load from the VA Regional Office representing the northwest region of Minnesota.

DESCRIPTION/BACKGROUND:

The agency provides financial guardianship services to veterans that are determined by the VA and local probate courts to be incompetent to handle their own finances. The current ratio of clients to staff is 50 to 1. At present levels, the agency is unable to accept any additional assignments.

Recent legislation has enabled the agency to charge a fee of up to 5% of monthly income (from clients exceeding base pension benefits). As a result, the agency has returned to the general fund approximately 2/3 of the cost of operation. If allowed to expand, the agency anticipates this rate of return to continue.

	<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	\$ 85	\$ 87	\$ 87	\$ 87

	<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	\$ 24	\$ 24	\$ 48

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

ACTIVITY: VETERANS BENEFITS AND SERVICES
 PROGRAM: VETERANS BENEFITS AND SERVICES
 AGENCY: VETERANS AFFAIRS, DEPARTMENT OF

REQUEST TITLE: INTERNAL AUDITOR

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

	<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	\$ 26	1.0	\$ 26	1.0
Governor's Recommendation				
General Fund	\$ 26	1.0	\$ 26	1.0

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

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests the funding and position to serve as an Internal Auditor. This position would provide critical analysis of programs, program expenditures, fiscal policies and procedures, and to assist management in the effective discharges of its responsibilities. This position would be located in the department's central office.

DESCRIPTION/BACKGROUND:

Internal auditing is an essential tool for maintaining fiscal stability and credibility in state government. Agency expenditures for F.Y. 1988 totaled over \$19,000,000. The agency currently does not have an established function with the responsibility to determine if the agency's receipts and expenditures are subject to adequate controls and if controls are effectively operating. Recent legislative audits revealed that if the department had an internal audit function, the majority of the findings by the auditors would have been resolved prior to the audit. Due to the recent decentralization of staff, and recognizing the required "separation of duties", the function of internal auditing could not be implemented with the current complement of staff. The addition of an Internal Auditor position to the central office staff will meet the recommendations of the Legislative Auditor's report.

	<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	\$ -0-	\$ -0-	\$ -0-	\$ -0-

	<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	\$ 26	\$ 26	\$ 52

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

ACTIVITY: VETERANS BENEFITS AND SERVICES
PROGRAM: VETERANS BENEFITS AND SERVICES
AGENCY: VETERANS AFFAIRS, DEPARTMENT OF

REQUEST TITLE: EMPLOYEE DEVELOPMENT

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.

	<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	\$ 5	-0-	\$ 5	-0-
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-

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

STATEMENT OF REQUEST/OBJECTIVE:

The most recent Department of Administration Management study of the department stressed that the department should make a strong commitment to employee development through training.

DESCRIPTION/BACKGROUND:

Historically, the department has had "minimal" financial resources to devote to employee development via training and education. During F.Y. 1986, the year of the highest per employee expenditure for this activity, the average was only \$34.

The department's proposed expenditure for this activity of \$100 per employee is modest (the average cost of a class conducted by the Department of Employee Relations is \$100), yet it would serve as a base upon which to build. Given the current movement towards electronic data handling, adequate staff training and development is most critical.

	<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	\$ 1	\$ 1	\$ 1	\$ 1

	<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	\$ 5	\$ 5	\$ 10

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

ACTIVITY: VETERANS BENEFITS AND SERVICES
 PROGRAM: VETERANS BENEFITS AND SERVICES
 AGENCY: VETERANS AFFAIRS, DEPARTMENT OF

REQUEST TITLE: SPECIAL EQUIPMENT

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.

	<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	\$ 30	-0-	\$ 20	-0-
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-

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

STATEMENT OF REQUEST/OBJECTIVE:

The department is requesting the establishment of a BASE level budget for central office equipment. The department must upgrade its telephone system, which is at capacity, and expand its computer system to include disk storage, telephone link-up with off-site locations, etc.

DESCRIPTION/BACKGROUND:

Historically, the department dedicated the bulk of equipment resources to meet the demands of the Veterans Homes. In F.Y. 1987 the department expended \$46,000 on equipment; \$43,000 was spent on equipment for the Veterans Homes. In F.Y. 1988 Central Office sacrificed positions to purchase a new computer system due to the decentralization of services from the Homes.

Currently, the department's phone system, an amalgamation of 3 different brands, is at capacity and cannot meet the needs of computer linkage and staff changes. Further, the department needs to purchase office equipment and furnishings to efficiently integrate computer equipment into the department.

	<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	\$ 121	\$ 20	\$ 20	\$ 20

	<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	\$ 20	\$ 20	\$ 40

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

ACTIVITY: VETERANS BENEFITS AND SERVICES
 PROGRAM: VETERANS BENEFITS AND SERVICES
 AGENCY: VETERANS AFFAIRS, DEPARTMENT OF

REQUEST TITLE: MINNESOTA VETERANS DATA BASE

	<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	\$ 22	1.0	\$ 22	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 objective of this request is to automate the department's data base on clients to speed service to these clients.

DESCRIPTION/BACKGROUND:

The department currently maintains "hard copy" files on nearly 100,000 veterans who receive services through the department's claims office, as well as over 3,400 clients annually who receive service through the department's benefits office. Retrieving data necessary to compile reports for audits, to support management needs and requests for information from the legislature and the Minnesota County Veterans Servicers, requires an inordinate amount of staff time that could be better devoted to serving clients' needs.

The addition of 1.0 full-time data entry person would speed the data entry process and greatly enhance the department's ability to provide service in a timely manner by reducing "turn around" time in the application process.

Based upon the current process of using existing department personnel to enter this data on a "time permitting" basis, our IBM System 36 is estimated to be out of storage capacity before the project is completed.

This position, once data entry is complete, would be used to service the data base, to keep data current, and to retrieve data necessary to generate useful working reports.

	<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	\$ -0-	\$ -0-	\$ -0-	\$ -0-

	<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	\$ 22	\$ 22	\$ 44

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: VETERANS BENEFITS AND SERVICES
 PROGRAM: VETERANS BENEFITS AND SERVICES
 AGENCY: VETERANS AFFAIRS, DEPARTMENT OF

REQUEST TITLE: BASE LEVEL ADJUSTMENT

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request.
 Other spending priorities preclude additional funding.

	<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	\$ 34	-0-	\$ 34	-0-
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-

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

STATEMENT OF REQUEST/OBJECTIVE:

The objective of this request is to restore revenues that the department was forced to derive from holding positions vacant to meet these unanticipated funding objectives.

DESCRIPTION/BACKGROUND:

The 1987 Legislature required state agencies to pay state sales taxes of 6% (6.5% in Minneapolis) on such purchases as supplies, equipment, telephone charges, etc. Further, the state Attorney General's Office began charging state agencies a fee for service. The agency requested funding for the 1988-89 biennium, but was denied.

As the department was unable to anticipate these legislatively mandated changes, these charges could only be met through the process of holding positions open. Since the reorganization of the department and decentralization of some agency functions, the department is no longer able to realize the salary savings necessary to meet these obligations.

The department requests that the value of these changes be added back to the department's budget as an adjustment to the base budget.

	<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	\$ 21	\$ 30	\$ 0	\$ 0

	<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	\$ 34	\$ 34	\$ 68

PROGRAM: DEDICATED ACCOUNTS
Agency: VETERANS AFFAIRS, DEPARTMENT OF

1990-91 Biennial Budget

PROGRAM PURPOSE:

This program accounts for all dedicated receipts pertaining to residents of the Veterans Homes and veterans for whom the commissioner is financial guardian. This program does not involve any legislative appropriation. The objectives of the services provided under this program are: accurate accounting of financial activity, proper safeguards/security of personal funds, coordinated investments with maximized interest earnings, and assistance in financial planning.

OPERATION:

This program encompasses the following operations.

1. A personal banking system for residents of the Veterans Homes whereby deposits and withdrawals of personal funds can be made daily and reconciled for the benefit of residents on monthly statements.
2. A financial guardianship service to eligible veterans encompassing the review and payment of obligations incurred by the client, annual financial reviews presented to the courts on behalf of the client, and maximized earnings on investments.
3. A coordinated canteen operation providing the availability of miscellaneous supplies/toiletries and snacks for the convenience of the residents at the Veterans Homes. Profits realized from operation are used for resident activities. Sales tax receipts are deposited to the general fund.
4. Administration of a designated contribution account whereby monies donated to the department for the benefit of veterans, are accurately recorded and expended in accordance with the intent of the donor. Examples include material donations such as handi-vans, televisions and woodworking equipment, as well as monies donated for resident activities such as fishing trips, ball games and bingo.

BUDGET ISSUE:

All funds are recorded as dedicated receipts and used for the benefit of Veterans Home residents and veterans under financial guardianship.

EXPLANATION OF BUDGET REQUEST:

This program does not involve any legislative appropriation.

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

AGENCY : VETERANS AFFAIRS,DPT
PROGRAM : DEDICATED ACCOUNTS

			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	
TRUST ACCOUNTS-CENTRAL OFFICE	1,662	1,800	1,800	0	1,800	1,800	1,800	0	1,800	1,800
TOTAL EXPENDITURES	1,662	1,800	1,800	0	1,800	1,800	1,800	0	1,800	1,800
SOURCES OF FINANCING:										
STATUTORY APPROPRIATIONS:										
AGENCY	1,662	1,800	1,800	0	1,800	1,800	1,800	0	1,800	1,800
TOTAL FINANCING	1,662	1,800	1,800	0	1,800	1,800	1,800	0	1,800	1,800
POSITIONS BY FUND:										
TOTAL POSITIONS										

AGENCY PURPOSE:

The Waste Management Board was created by the Waste Management Act of 1980 as a temporary agency to improve the management of solid and hazardous waste in Minnesota. Subsequent legislation had made the board a permanent agency with added responsibility for waste education, market development, county planning assistance and approval, and waste tire management. The board had these primary responsibilities:

1. For solid waste, to ensure that recycling projects as well as resource recovery and processing facilities are developed, and county solid waste management plans are completed and implemented to improve the management of Minnesota's solid waste, and reduce reliance upon landfills for disposal of solid waste. Also, every 2 years the board and Pollution Control Agency are to jointly prepare a report evaluating the current status of solid waste management, with recommendations for improvements.
2. For hazardous waste, to prepare a long-term management plan together with an inventory of preferred areas for private development of processing enable reduction of the amount of hazardous waste generated through research and technical assistance grants.
3. For hazardous wastes, to select and acquire a site for commercial treatment through stabilization and containment, and to assist in the development of the facility. Presently no facilities exist in Minnesota for stabilization and containment of hazardous wastes.
4. For waste tires, to identify and abate waste tire dumps, and to facilitate research and development of uses for waste tires as an alternative to land disposal.

In early October, 1988, Governor Rudy Perpich signed Reorganization Order Number 155 transferring the powers and duties of the board to the Minnesota Pollution Control Agency and the Environmental Quality Board.

Expenditure history is presented through September, 1988. Expenditures for the remainder of F.Y. 1988 and the F.Y. 1990-91 biennial budget request is in a separate Waste Management program in the Pollution Control Agency budget.

GOVERNOR'S RECOMMENDATION:

Because of the merger of the Waste Management Board with PCA, the Governor's recommendations for its programs are included in PCA's budget recommendation.

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

AGENCY : WASTE MANAGEMENT BD

	F.Y. 1990						F.Y. 1991			
			AGENCY REQUEST			GOVERNOR'S RECOMM.	AGENCY REQUEST			GOVERNOR'S RECOMM.
PROGRAM EXPENDITURES:	FY 1988	FY 1989	BASE	CHANGE	TOTAL		BASE	CHANGE	TOTAL	
WMB-OPERATIONS & MGMT	2,067	557	0	0	0	0	0	0	0	0
WMB-HAZ WASTE SITE ACQUISTN	1,152	133	0	0	0	0	0	0	0	0
WASTE TIRE MANAGEMENT	687	45	0	0	0	0	0	0	0	0
TOTAL EXPENDITURES	3,906	735	0	0	0	0	0	0	0	0
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	1,922	477	0	0	0	0	0	0	0	0
SPECIAL REVENUE	120	30	0	0	0	0	0	0	0	0
MOTOR VEHICLE TRANS	687	45	0	0	0	0	0	0	0	0
WATER POLLUTION CNTRL	25	50	0	0	0	0	0	0	0	0
STATUTORY APPROPRIATIONS:										
BUILDING	1,152	133	0	0	0	0	0	0	0	0
TOTAL FINANCING	3,906	735	0	0	0	0	0	0	0	0
POSITIONS BY FUND:										
GENERAL	32.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SPECIAL REVENUE	5.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
MOTOR VEHICLE TRANS	6.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BUILDING	9.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL POSITIONS	52.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

AGENCY PURPOSE:

The Water Resources Board was a 5 member citizen board with statewide jurisdiction appointed by the governor and confirmed by the senate. The board administered 3 separate state laws governing local water planning and management--the Minnesota Watershed Act, the Metropolitan Water Management Act, and the Comprehensive Local Water Management Act. The board also served as a forum for resolving questions of state water policy arising from inconsistencies in state water laws and conflicts over proper application of statutory water policy.

HISTORICAL BACKGROUND:

Many reorganization proposals affecting the board and other state water agencies have been discussed since the 1960s. Governor Perpich, in his 1988-89 Biennial Budget, proposed the merger of the board's functions with those of the former Soil and Water Conservation Board and the Southern Minnesota Rivers Basin Council into a new Board of Water and Soil Resources (BWSR). The new BWSR was created effective 10-1-87 by Sec. 103, Ch. 358, Laws of 1987.

Sec. 8 of Ch. 358 made a single combined appropriation to the new BWSR for the F.Y. 1988-89 biennium. Because the new BWSR did not take effect until 3 months into F.Y. 1988, the Department of Finance allocated a portion of the combined appropriation to the existing boards for that quarter. The Water Resources Board was allocated \$34,000 for those 3 months.

EXPLANATION OF BUDGET REQUEST:

All of the board's responsibilities were transferred into the new BWSR and the Water Resources Board was abolished effective 10-1-87. Funding for these duties has been integrated into the budget of the BWSR. The budget for the BWSR is contained in the Transportation--Semi States Division of the Budget Document.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendations for these activities are found under the budget request for the Board of Water and Soil Resources contained in the Transportation/Semi-States Division of the Budget Document.

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : WATER RESRCS BRD
PROGRAM : WATER RESOURCES BD
BUDGET ACTIVITY : WATER RESOURCES BD

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	30	0	0	0	0	0	0	0	0	0
EXPENSES/CONTRACTUAL SRVCS	1	0	0	0	0	0	0	0	0	0
MISC OPERATING EXPENSES	2	0	0	0	0	0	0	0	0	0
CAPITAL EQUIPMENT	1	0	0	0	0	0	0	0	0	0

TOTAL EXPENDITURES	34	0	0	0	0	0	0	0	0	0

SOURCES OF FINANCING:										

DIRECT APPROPRIATIONS:										
GENERAL	34	0	0	0	0	0	0	0	0	0

TOTAL FINANCING	34	0	0	0	0	0	0	0	0	0

POSITIONS BY FUND:										

TOTAL POSITIONS										

AGENCY PURPOSE:

The Workers' Compensation Court of Appeals has been established by the legislature as the exclusive statewide authority to decide all questions of law and fact in workers' compensation appeals within the court's jurisdiction as provided by M.S. Chap. 175A and 176.

Decisions are written to inform the court's clientele of the basis of the decisions and to create a body of law pertaining to these workers' compensation issues.

OPERATION AND CLIENTELE:

The Workers' Compensation Court of Appeals consists of 5 judges appointed by the Governor and confirmed by the state Senate. The court performs an appellate function reviewing decisions of the Workers' Compensation Division of the Department of Labor and Industry and the Office of Administrative Hearings. The judges review the evidentiary record created by the initial decision-making body; preside over oral arguments; conduct necessary legal research; decide the issues; and issue appropriate written orders, decisions and memoranda. Appeals from decisions of this court are directly appealable to the Supreme Court.

Primary clients served by the above-stated operational procedures are injured workers, employers, insurance companies, attorneys, and medical and rehabilitation providers.

ACTIVITY STATISTICS:

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
Total incoming matters for resolution	617	648	680	714
% increase from previous fiscal years	13%	5%	5%	5%
Total matters resolved	605	726	726	726
% increase from previous fiscal years	21%	20%	0%	0%
Time elapsed between certification of transcript and disposition (days)	224	190	180	175
% (decrease) from previous fiscal years	(20%)	(15%)	(5%)	(3%)

ATTORNEY GENERAL COSTS:

	<u>(Dollars in Thousands)</u>			
<u>Fees for Legal Services Rendered</u>	<u>Actual F.Y. 1988</u>	<u>Act/Est F.Y. 1989</u>	<u>Agency Request F.Y. 1990 F.Y. 1991</u>	
Fees Assessed	\$ -0-	\$ 3	\$ -0-	\$ -0-
Fee Paid	4	3	-0-	-0-
Requested Budget	-0-	3	3	3

REVENUE/RECEIPTS:

This activity generates non-dedicated revenue.

	<u>(Dollars in Thousands)</u>			
<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	\$ 3	\$ 2	\$ 2	\$ 2
Total Revenue	\$ 3	\$ 2	\$ 2	\$ 2

BUDGET ISSUES:

The Workers' Compensation Court of Appeals' projections for F.Y. 1989 and the next biennium are based on the court's analysis which indicates that the increase of incoming matters will continue but at a reduced rate. Our conclusion that the increase will continue is based upon the fact that the complement of judges at the Office of Administrative Hearings was increased by more than 50% in F.Y. 1988. The rationale behind the reduced rate of increase is that many of the legal issues which arose as a result of the significant legislative changes in 1983 and 1984 have now been decided by the Supreme Court. The Workers' Compensation Court of Appeals has made dramatic progress in decreasing the time elapsed between when the file is certified to the court and the matter is finally resolved. The court continues to be optimistic about additional reduction of time taken to resolve an appeal because of the growing expertise of the law clerks and due to the implementation of procedural rule changes effective in the fall of 1988. As illustrated in the statistic section, however, as the number of incoming matters increases the processing time may also eventually increase.

EXPLANATION OF BUDGET REQUEST:

The court is requesting the BASE level of funding and staffing for the next biennium for the purpose of its decision-making function. One CHANGE, however, is requested for information systems which is needed in order to provide services more efficiently, timely, and to maintain the current level of support staff.

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 : WORKERS COMP CRT APP
PROGRAM : WORKERS COMP CT OF APPEALS
BUDGET ACTIVITY : WORKERS COMP CT 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	588	660	677	0	677	677	677	0	677	677
EXPENSES/CONTRACTUAL SRVCS	109	81	85	15	100	100	89	11	100	100
MISC OPERATING EXPENSES	14	21	21	1	22	22	21	1	22	22
SUPPLIES/MATERIALS/PARTS	38	18	18	1	19	19	18	1	19	19
CAPITAL EQUIPMENT	11	5	5	1	6	6	5	0	5	5
TOTAL EXPENDITURES	760	785	806	18	824	824	810	13	823	823
CHANGE REQUESTS:	FUND									
B INFORMATION SYSTEMS	WCS			18		18		13		13
TOTAL CHANGE REQUESTS				18		18		13		13
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
WORKERS COMP SPECIAL	760	785	806	18	824	824	810	13	823	823
TOTAL FINANCING	760	785	806	18	824	824	810	13	823	823
POSITIONS BY FUND:										
WORKERS COMP SPECIAL	15.0	15.0	15.0	0.0	15.0	15.0	15.0	0.0	15.0	15.0
TOTAL POSITIONS	15.0	15.0	15.0	0.0	15.0	15.0	15.0	0.0	15.0	15.0

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

ACTIVITY:

PROGRAM:

AGENCY: WORKERS' COMPENSATION COURT OF APPEALS

REQUEST TITLE: INFORMATION SYSTEMS

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
Special Compensation Fund	\$ 18	-0-	\$ 13	-0-

Governor's Recommendation

Special Compensation Fund	\$ 18	-0-	\$ 13	-0-
---------------------------	-------	-----	-------	-----

Request requires statutory change: _____ Yes X No

Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The Workers' Compensation Court of Appeals requests funding for maintenance, enhancement and development of information systems to enable the Court to operate and provide services as efficiently as possible.

DESCRIPTION/BACKGROUND:

The Workers' Compensation Court of Appeals, with the advice and approval of the Inter Technologies Group of the department of Administration, has purchased computer hardware and software and has developed and installed an information management system. This was accomplished over the past several years. The development effort was funded primarily by 1 time savings resulting from unavoidable delay in filling positions in F.Y. 1988. The system has been instrumental in making more efficient use of fiscal and human resources and in reducing case processing time through faster turn-around on draft orders and faster service of decisions. When fully operational, the system will provide more complete and timely information for management decision-making purposes and an aid for research.

This request would provide funding to: 1) enhance and upgrade the existing system; 2) further train personnel and develop staff expertise in the use of the systems; and 3) gain access to the major state systems (biennial budget, statewide accounting, personnel/payroll, and fixed asset records management).

RATIONALE:

The court is committed to reducing the appeals processing time and to providing services in an efficient and timely manner. Funding for this request would result in: 1) better information which can be used by the

court for management decisions; 2) better control of fiscal resources through direct input of financial, personnel and payroll transactions; 3) dollar savings by enabling the court to continue operating with the current level of staffing rather than request additional support personnel; 4) obtain maximum utility of existing systems and human resources; and 5) ensure that future system development will provide the best design to satisfy immediate and long term needs of the agency and its clients.

BASE:

	(Dollars in Thousands)			
	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Special Compensation Fund	\$ 42	\$ 3	\$ 3	\$ 3
Special Compensation Fund Positions	-0-	-0-	-0-	-0-

LONG RANGE IMPLICATIONS:

	(Dollars in Thousands)		
	F.Y. 1992	F.Y. 1993	Total
Special Compensation Fund	\$ 9	\$ 9	\$ 18
Special Compensation Fund Positions	-0-	-0-	-0-

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

AGENCY PURPOSE:

Purpose of the Minnesota World Trade Center Corporation (WTCC) is to stimulate the state's economy and expand its job base through promotion of WTCC and its programs and services. A related purpose is managing the World Trade Conference Center. WTCC's mission is to represent Minnesota's commitment "to develop and manage the World Trade Center as a regional focus and resource center for international trade."

OPERATION AND CLIENTELE:

WTCC began operations 7-1-87; predecessor organizations (including the original task force, siting commissions, and the World Trade Center Board as distinct from the World Trade Center Corporation) developed the trade center project since 1983. WTCC maintains Minnesota's membership in the World Trade Centers Association; assures trade center operations comply with Association requirements; and develops, implements, and facilitates trade programs and services offered through the trade center. WTCC cooperates with the Minnesota Trade Office and other public agencies. By law and by its own policy, WTC is prohibited from duplicating Trade Office programs.

WTCC policy is set by a 15-member Board; 9 are public members and 6 are non-voting and members of the legislature (3 each house). When its membership organization is formed (in F.Y. 89) WTCC's dues-paying member will elect 6 board members; 3 will be appointed by the governor. The board hires a President who appoints and directs staff.

WTC's primary clients will be its membership organization consisting of persons and organizations having an interest in international trade. More generally, clients include private companies engaged in international trade, (particularly small and medium size firms with potential to expand overseas sales), trade service and professional companies (export/import managers, lawyers, accountants, transportation/distribution managers, international financing companies), trade organizations and groups, academic institutions, and other world trade centers.

Under terms of a development agreement with private owners of the trade center, WTCC has 20,000 square feet of rent-free space in the building for 30 years. The space has been built out as a conference center and WTCC offices. The agreement also provided \$1.0 million for build-out and furnishings, or about 60-percent of actual costs. The development agreement represents a state asset with an estimated value of \$10 million. WTCC is responsible for operating costs (air conditioning, heat, light, janitorial services, taxes, etc.) estimated at \$207,000 for fiscal 1990, and at \$217,000 for fiscal 1991. Through the rental of conference center space and through joint ventures and partnerships, the WTCC will generate revenue to reduce the state's future financial commitments. Because the conference center is new (it opened in the fall of 1988) revenue generation projections are subject to revisions based on operational experience. WTCC's goal is to become financially self-sufficient in calendar 1995.

MAJOR POLICY ISSUES:

On submission of WTCC's 1988-89 budget, a stated WTCC goal was to attain financial self-sufficiency wherein fees for service and other revenues would

pay for administration and operations. WTCC has projected self-sufficiency within 10 years of the opening its main revenue source, the conference center. The goal remains; however, it is now projected that self-sufficiency may be attained in calendar 1995. Until then, ever-increasing revenues will incrementally decrease the need for public support.

To date, the state has provided \$2.8 million for WTCC activities. Direct benefits to the state include rent-free space and the build-out allowance minimally valued at \$10 million. Indirect benefits include a major office building and retail center valued at \$130 million, 250 construction jobs to build the building, and 720 retail and other jobs for businesses and services in the completed building.

The world trade center is a focal point of state efforts to encourage business expansion and jobs growth through increasing exports.

MAJOR BUDGET ISSUES:

This budget request represents net WTCC costs for general administration, for conference center operations, and for programs and services. Costs for space operations (heating, ventilating, air-conditioning, maintenance) amount to \$424,000 for the biennium and are provided through the Department of Administration. Under continuing agreement, annual costs for marketing the conference center are \$135,000 and are provided through the Department of Trade and Economic Development.

In this budget request, WTCC seeks \$876,000 for conference center furnishings and equipment, acquired through lease/purchase financing. Funding this amount will reduce annual WTCC costs by \$126,000.

This budget request includes \$13,500 to support costs of services provided by Attorney General's Office.

EXPLANATION OF BUDGET REQUEST:

This budget is a CHANGE-level request. WTCC's 1988-89 biennial budget was not funded; however, the state appropriated \$430,300 in direct funding to WTC for F.Y. 1989.

GOVERNOR'S RECOMMENDATION:

The Governor does not support the agency's request for this item.

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

AGENCY : WORLD TRADE CTR CORP
PROGRAM : WORLD TRADE CENTER CORP
BUDGET ACTIVITY : ADMINISTRATION

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	189	320	320	344	664	320	320	167	487	320
EXPENSES/CONTRACTUAL SRVCS	262	545	545	175	720	545	545	212	757	545
MISC OPERATING EXPENSES	51	27	27	57	84	27	27	79	106	27
SUPPLIES/MATERIALS/PARTS	3	5	5	33	38	5	5	34	39	5
CAPITAL EQUIPMENT	11	25	25	625	650	25	25	0	25	25

TOTAL EXPENDITURES	516	922	922	1,234	2,156	922	922	492	1,414	922

CHANGE REQUESTS:	FUND									

P WTCC ADMIN. AND PROGRAM FUNDING	GEN			1,234		0		492		0

TOTAL CHANGE REQUESTS				1,234		0		492		0

SOURCES OF FINANCING:										

DIRECT APPROPRIATIONS:										
GENERAL	0	0	0	1,234	1,234	0	0	492	492	0
STATUTORY APPROPRIATIONS:										
SPECIAL REVENUE	516	922	922	0	922	922	922	0	922	922

TOTAL FINANCING	516	922	922	1,234	2,156	922	922	492	1,414	922

POSITIONS BY FUND:										

TOTAL POSITIONS										

ACTIVITY:
PROGRAM:
AGENCY: WORLD TRADE CENTER CORPORATION

	F.Y. 1990		F.Y. 1991	
	(000's)		(000's)	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$1,234	-0-	\$ 492	-0-
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-

STATEMENT OF REQUEST/OBJECTIVE:

DESCRIPTION/BACKGROUND:

RATIONALE:

Activities of the WTCC support state policy to promote development of trade opportunities in overseas markets as a means of expanding Minnesota businesses, expanding production and providing jobs. To further its policy, the state sought and obtained membership in the World Trade Centers Association to enable construction of a trade center building in Minnesota. In obtaining the membership, the state assumed responsibility for maintaining trade center activities consistent with association requirements. This budget request supports administrative activities to promote the state's international trade policies, to maintain the state's membership in the World Trade Centers Association and to implement statutory mandates to promote trade center programs and activities to stimulate international trade by Minnesota businesses.

GOVERNOR'S RECOMMENDATION:

The Governor does not support the agency's request for this item. Furthermore, the Governor recommends that the World Trade Center Corporation operate as a private corporation.

1990-91 BIENNIAL BUDGET

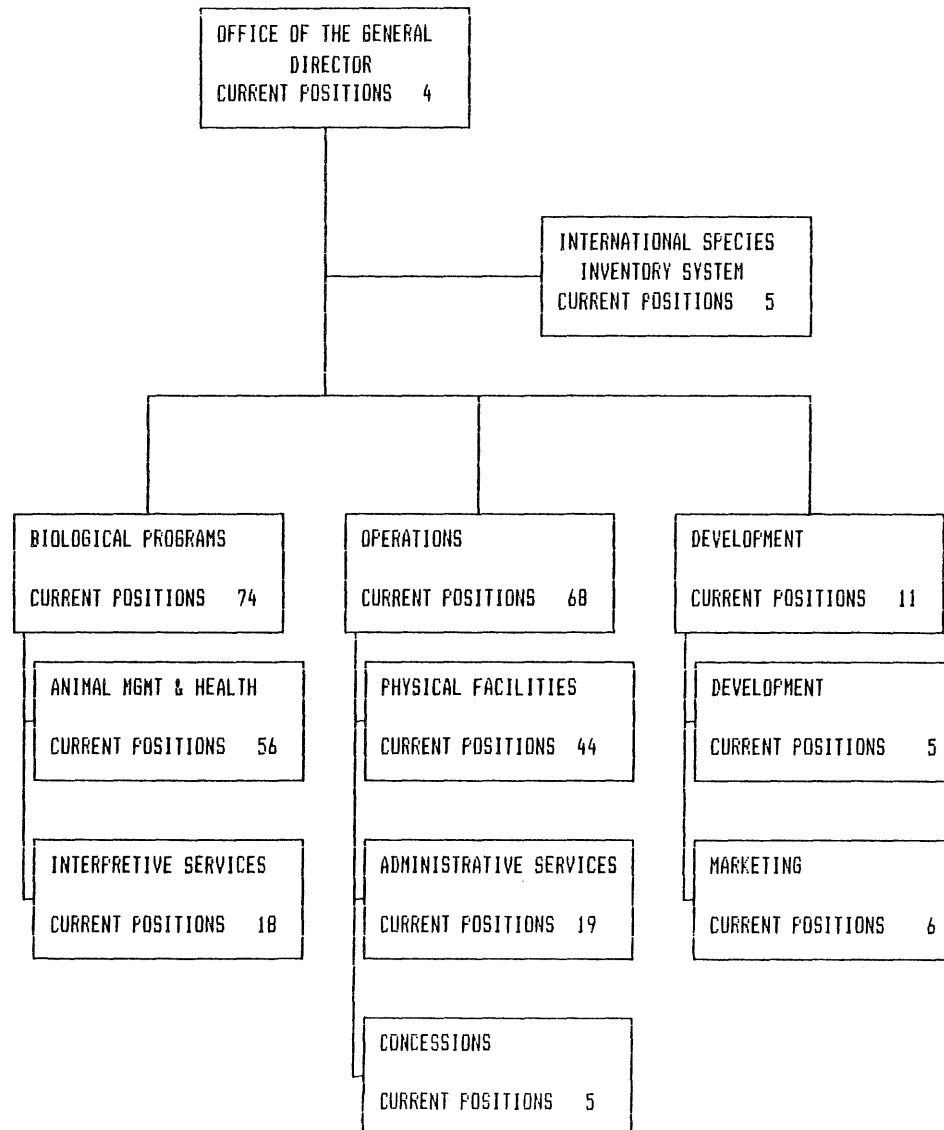
PROGRAM STRUCTURE

AGENCY: MINNESOTA ZOOLOGICAL GARDEN

<u>PROGRAM</u>	<u>ACTIVITIES</u>	<u>SECTION</u>	<u>PAGE</u>
BIOLOGICAL PROGRAMS-----	Animal Management and Health	4	983
	Interpretive Services		985
OPERATIONS-----	Physical Facilities		989
	Administrative Services		991
	Concessions		993
DEVELOPMENT-----	Development		997
	Marketing		999
INTERNATIONAL SPECIES INVENTORY SYSTEM-----	International Species Inventory System		1001

MINNESOTA ZOOLOGICAL GARDEN
ORGANIZATION CHART 7-1-88

<u>POSITION RECONCILIATION</u>		
AUTHORITY:	Current	Requested
	FY 89	For 6-30-91
LEGISLATIVE AUTHORIZED		
GENERAL FUND		
SPECIAL REVENUE		
FEDERAL		
REVOLVING		
AGENCY	162	185
BUDGETARY AUTHORIZED		
SPECIAL REVENUE		
REVOLVING		
TOTAL PERMANENT POSITIONS	162	185
OTHER COMPLEMENT (FTE)		
TOTAL AUTHORIZED POSITIONS	162	185
EMPLOYEES ON 6-30-88	251	



AGENCY PURPOSE:

The Minnesota Zoological Garden (MZG) is a service agency operating a public zoo whose mission is to strengthen the bond between people and the living earth.

The organizational goals of MZG are:

- 1) to provide an exciting, affordable family experience that unobtrusively brings visitors to a heightened awareness of and appreciation for wild-life;
- 2) to operate a high quality recreational facility that serves all citizens of Minnesota;
- 3) to serve as a statewide resource that provides a significant addition to the state's quality of life;
- 4) to provide a multi-disciplinary education and research environment to promote a better understanding of MZG's animal collection; and
- 5) to maximize revenue while increasing attendance.

OPERATIONS AND CLIENTELE:

The MZG attracts over 830,000 visitors annually, 25% of whom are from outside the 7 county metropolitan area and 20% of whom are from out of state. This attendance ranks the MZG in the top 20 of the more than 140 zoos in the United States, the majority of which are located in more densely populated urban areas and/or offer free admission. In addition to annual attendance, the MZG reaches many more persons through a variety of off-site outreach, promotional and educational programs.

The Zoo operates in 3 major program areas:

- 1) Biological Programs provides the animal husbandry, animal health, animal records and research functions as well as the education, horticulture, exhibits and graphics departments necessary to maintain a healthy animal collection, present interesting and informative exhibits and conduct educational programs for all age groups;
- 2) Operations is responsible for the financial management, purchasing, personnel, volunteer programs and first aid, maintenance and year-round operation of the zoo's physical plant and grounds, admissions and gift store operation, and
- 3) Development includes the fund raising, capital development, marketing, public relations, membership, group sales, special events and audio-visual functions necessary to build and maintain public, private and membership support.

BUDGET ISSUES:

The MZG's grant does not include funds for compensation increases due to employee contract negotiations. The following language is recommended for adoption:

"The Minnesota Zoological Garden is eligible for a salary supplement in the same manner as other state agencies. The Commissioner of Finance will determine the amount of salary supplement based on available funds."

OTHER FUNDING CONSIDERATIONS

To supplement the state grant MZG generates revenue from gate receipts, gifts and grants, the operation of a gift store, the monorail, membership programs and facility rental. Earned income represents 55% of the operating budget.

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	\$ 5	\$ 5	\$	\$
Fee Paid	5	5		
Requested Budget	5	5	3	3

EXPLANATION OF BUDGET REQUEST:

Using a foundation of market research and strategic and long range planning, MZG's Board of Directors has assembled an ambitious and exciting multi-year capital development plan that sets the stage for MZG's first major exhibit and facility construction program since opening in 1978. In addition to new exhibits on the Tropics, Northern, Ocean and Discovery Trails, this plan also makes long-needed improvements in visitor services and comfort. Significant attendance and admissions revenue increases are expected as new exhibits and facilities are opened in the second and subsequent years of the development program.

In the 4 fiscal years since the MZG's funding was converted to a grant, the grant amount has remained constant resulting in a reduction, in constant dollars, of approximately \$725,000. Continuing and increasingly more successful fund raising has enabled MZG to maintain operations at the pre-F.Y. 1986 level, but at the price of virtually no real growth. To assure that existing programs and services are maintained and enhanced while MZG launches its first capital development campaign, an increase in the grant is requested.

INDEX	(Dollars in Thousands)		Page
	Agency Request 1990-91 Biennium All Funds	Governor's Recommendation 1990-91 Biennium All Funds	
BASE Level Request	\$ 22,230	\$ 22,230	
Agency-wide CHANGE Requests			
Increase in Operating Grant	3,421	1,486	979
Subtotal	\$ 3,421	\$ 1,486	
AGENCY Total	\$ 25,651	\$ 23,716	

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : ZOOLOGICAL GARDEN

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	
BIOLOGICAL PROGRAMS	2,714	4,455	3,139	496	3,635	3,338	3,139	544	3,683	3,338
OPERATIONS	5,320	6,533	6,565	571	7,136	7,034	6,565	610	7,175	7,034
ZOO DEVELOPMENT	985	978	1,006	600	1,606	1,156	1,006	600	1,606	1,006
ISIS	339	405	405	0	405	405	405	0	405	405
TOTAL EXPENDITURES	9,358	12,371	11,115	1,667	12,782	11,933	11,115	1,754	12,869	11,783
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	0	0	4,965	1,667	6,632	5,783	4,965	1,754	6,719	5,633
STATUTORY APPROPRIATIONS:										
ZOOLOGICAL GARDENS	9,358	12,371	6,150	0	6,150	6,150	6,150	0	6,150	6,150
TOTAL FINANCING	9,358	12,371	11,115	1,667	12,782	11,933	11,115	1,754	12,869	11,783
POSITIONS BY FUND:										
ZOOLOGICAL GARDENS	162.0	162.0	162.0	23.0	185.0	172.0	162.0	23.0	185.0	172.0
TOTAL POSITIONS	162.0	162.0	162.0	23.0	185.0	172.0	162.0	23.0	185.0	172.0

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

ACTIVITY: MINNESOTA ZOOLOGICAL GARDEN
 PROGRAM: MINNESOTA ZOOLOGICAL GARDEN
 AGENCY: MINNESOTA ZOOLOGICAL GARDEN (MZG)

REQUEST TITLE: INCREASE IN OPERATING GRANT

Agency Request	F.Y. 1990		F.Y. 1991	
	(000's) Amount	Positions	(000's) Amount	Positions
General Fund	\$1,667		\$1,754	
Zoo Fund		23.0		23.0
Governor's Recommendation				
General Fund	\$ 818		\$ 668	
Zoo Fund		10.0		10.0

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

STATEMENT OF REQUEST/OBJECTIVE:

To provide for the increased awareness of MZG's objectives and programs and for the continued enhancement, development and maintenance of the facilities and grounds.

To provide funding assistance for the continued operations of the Minnesota Zoo; for enhancing, developing, and maintaining the Minnesota Zoo's animal exhibits, physical facilities, and grounds; and for increasing the awareness of the Minnesota Zoo's objectives and programs.

DESCRIPTION/BACKGROUND:

Zoos are evolving into a major force in the environmental area on a local and national level as well as internationally. With the ever increasing destruction of habitat for animals in the wild worldwide, Zoos are becoming the last resort for the continued preservation and propagation of animal species. The Minnesota Zoo, as one of the major Zoos in the United States, is actively involved in the preservation and propagation of endangered species by its involvement in the International Species Survival Program (SSP) for 9 species in its animal collection. For example, funding provided by the State in the current fiscal year has assisted the Minnesota Zoo in the development of a Koala exhibit. This exhibit provides the Minnesota Zoo with an opportunity to display an animal that is attractive to visitors as well as to participate in a national effort to preserve and propagate Koalas in captivity.

In addition, the Minnesota Zoo is moving to become more involved in educating the people of Minnesota about the environment and relationship people have with the living earth. In the current biennium, the Minnesota Zoo has acquired the nationally recognized "World of Birds Show" presented by Steve Martin. This presentation provides the opportunity to create an awareness of

environmental concerns in a fun and entertaining manner. Moreover, through gifts from a major corporation of the Zoo has expanded its Children Zoo's area to provide for more interaction with visitors and animals. The expansion of the area will continue through a cooperative effort with the Department of Natural Resources to create a "My Backyard" exhibit which will demonstrate ways to help animals survive in urban areas of the State. With an increase in funding assistance by the State, the Minnesota Zoo will continue and enhance its programs and activities as well as continue its role as a major Zoo in the United States.

STATISTICS:

	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
No. of species	455	475	500	500
No. of students for self-guided tours	56,148	57,500	58,500	59,500
No. of donors	2,033	2,125	2,250	2,350

RATIONALE:

The operating grant provided by the State to the Minnesota Zoo has remained at a constant level for the last 4 years. Other sources of revenue have enabled the Minnesota Zoo to maintain its existing overall programs and modestly improve certain activities. The increase requested in the operating grant appropriated by the State will assist in providing the Minnesota Zoo with the resources necessary to fulfill its mission to the people of Minnesota.

Summary of CHANGE request:

	F.Y. 1990	F.Y. 1991
Biological Programs - Program	\$ 496	\$ 544
Animal Management and Health-Budget Activity	\$ 395	\$ 437
Positions	11.0	11.0
Interpretive Services-Budget Activity	\$ 101	\$ 107
Positions	6.0	6.0
Operations - Program	\$ 571	\$ 610
Physical Facilities Budget Activity	\$ 542	\$ 559
Positions	3.0	3.0
Administrative Services-Budget Activity	\$ 29	\$ 51
Development - Program		
Marketing-Budget Activity	\$ 600	\$ 600
Positions	2.0	2.0
Development-Budget Activity	\$	\$
Positions	1.0	1.0

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

ACTIVITY: MINNESOTA ZOOLOGICAL GARDEN
 PROGRAM: MINNESOTA ZOOLOGICAL GARDEN
 AGENCY: MINNESOTA ZOOLOGICAL GARDEN (MZG)

Biological Programs requests increases in funding and positions related to the proposed new exhibits to be constructed during the 1990-91 biennium, as well as the new Koala exhibit that is scheduled to open in the spring of 1989. Seven of the positions requested are for the new exhibits. Also, \$75,000 is requested for the additional animal food costs. Two positions are requested for horticultural operations to assist in the proposed expanded operation to "green the Zoo". Five of the new positions requested are to convert seasonal positions to permanent positions in the Zoo Lab, Children's Zoo, and Skytrail operations. Other positions are requested for animal health and research. Additional funding is also requested for supplies and expenses because of inflation increases of the past 4 years.

Operations requests increases in funding for repair, replacement, and betterment of the physical facilities, equipment, and grounds. Each year over \$1 million in maintenance projects are identified. Items identified for the coming biennium include repairs to the Tropics building roof, animal exhibits and holding areas, roadways, pathways and parking lots; and replacement of horticultural plantings, vehicles and equipment. Funding increases are also needed in the engineering and electrical areas. The 3.0 positions requested are to increase the number of custodians due to the increase in the public areas that will need to be cleaned and maintained. Additional funding is also requested for supplies and expenses because of inflation increases of the past 4 years.

Development requests increases in funding for expanded marketing, advertising, and outreach activities. To maintain the existing attendance base and expand the base through the opening of the new exhibits, the Zoo must be able to communicate effectively with people in Minnesota and out of state about new and exciting activities. Funding is also requested to develop ancillary promotional pieces to be distributed throughout the state as well as on site. Three new positions are requested for the increased activity in the marketing, membership and development.

	(Dollars in Thousands)			
BASE:	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
General Fund:				
Biological Programs	\$ 1,560	\$ 1,741	\$ 1,768	\$ 1,768
Operations	2,639	2,734	2,776	2,776
Development	416	416	422	422

	(Dollars in Thousands)		
LONG RANGE FUNDING IMPLICATIONS:	F.Y. 1992	F.Y. 1993	Total
General Fund Expenditures	\$ 1,754	\$ 1,754	\$ 3,508

GOVERNOR'S RECOMMENDATION:

The Governor recommends the following CHANGE level amounts:

	(Dollars in Thousands)		
	F.Y. 1990	F.Y. 1991	Positions
Biological Programs	\$ 199	\$ 199	9.0
Operations	469	469	-0-
Development	150	-0-	1.0
	\$ 818	\$ 668	10.0

Biological Programs: The Governor recommends 9.0 of the 17.0 requested positions and \$199,000 each year of the biennium. This includes \$75,000 each year for animal food, \$6,000 each year for additional supplies and expense, \$22,000 each year for an animal health technician position, \$48,000 for 2.0 horticulture positions, and \$10,000 for Horticulture Supplies and Expense. \$38,000 for conversion of 4 part-time zookeepers to full-time, and 2.0 minor-all positions funded from dedicated receipts.

Operations: The Governor recommends \$435,000 each year for major maintenance, repairs and replacements, and \$20,000 each year for additional supplies and expense and \$14,000 each year for Administration expenses.

Development: The Governor recommends \$150,000 in F.Y. 1990 for market research and printing brochures and zoo maps. One additional position is recommended in membership funded from dedicated receipts.

The Governor further recommends that, notwithstanding M.S. 85A.02, Subd. 5b., the Minnesota Zoo should not be exempted from the requirements of M.S. 16A concerning budgeting and payroll.

PROGRAM: BIOLOGICAL PROGRAMS
Agency: MINNESOTA ZOOLOGICAL GARDEN (MZG)

1990-91 Biennial Budget

PROGRAM PURPOSE:

This program has two purposes: one is to maintain a diverse and healthy collection of exotic animals in social groupings living in naturalistic surroundings; the other is to create an awareness of MZG's mission--to strengthen the bond between people and the living earth. This is accomplished through quality educational programs, creative interpretive displays, demonstrations and interactive experience that imparts a strong conservation ethic. Together these objectives provide the zoo visitor with a fun, exciting and educational experience that ensures their continuing patronage.

OPERATION:

This program encompasses the following functions under 2 primary activities:

- 1) Animal Management, Health and Horticulture; and
- 2) Interpretive Programs.

The Animal Management, Health and Horticultural objectives are met through:

- 1) routine animal management practices for the Zoo's animal collection, including daily feeding and cleaning, breeding introductions on a seasonal basis, and inoculation and preventive veterinary care;
- 2) planning and constructing animal holding and exhibit facilities that meet the needs of the animals, staff and visitors;
- 3) maintaining a healthy and vibrant plant collection that enhances the facility and provides a naturalistic environment for the animals;
- 4) supporting and encouraging conservation activities through in-house projects and cooperative inter-institutional projects; and
- 5) disseminating knowledge of animal management, health, horticultural and conservation activities to zoo professionals worldwide by publishing in scientific journals and popular magazines and by presenting papers and lectures at professional public forums.

Interpretive Programs objectives are met through:

- 1) maintaining a diversity of quality educational programs responsive to zoo visitor's expectations, including preschoolers, organized school groups, gifted students, adults and families;
- 2) operating exciting interactive programs that increase recreational experiences while emphasizing the value of a zoo visit (free flight bird shows, extensive animal contact areas and interpretive demonstrations); and
- 3) instilling a strong conservation ethic through creative interpretation about the animal collection and other endangered and vanishing animals.

EXPLANATION OF BUDGET REQUEST:

The capital development program calls for the construction and opening of several major exhibits during the biennium as well as the implementation of the horticultural master plan and the growth and enhancement of interactive and interpretive programs. These new exhibits and the accompanying increased demand upon support services within Biological Programs (animal health, exhibit shop, horticulture, etc.) necessitates the increase of the complement

by 17.0 positions. Animal Management, Health and Horticulture will increase by 11.0 positions and Interpretive Programs will increase by 6.0 positions.

Funding increases are also requested to provide for the continuing, as well as additional, costs associated with the feeding and health care of the current and proposed expanded animal collection.

GOVERNOR'S RECOMMENDATION:

The Governor recommends a CHANGE level increase of \$199,000 each year and 9.0 new positions for animal management, health and horticulture activities.

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

AGENCY : ZOOLOGICAL GARDEN
PROGRAM : BIOLOGICAL 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			
ANIMAL MGT & HEALTH	1,877	3,511	2,139	395	2,534	2,332	2,139	437	2,576	2,332		
A INCREASE IN OPERATING GRANT	GEN			395		193		437		193		
INTERPRETIVE SERVICES	837	944	1,000	101	1,101	1,006	1,000	107	1,107	1,006		
A INCREASE IN OPERATING GRANT	GEN			101		6		107		6		
TOTAL EXPENDITURES			2,714	4,455	3,139	496	3,635	3,338	3,139	544	3,683	3,338
SOURCES OF FINANCING:												
DIRECT APPROPRIATIONS:												
GENERAL	0	0	1,768	496	2,264	1,967	1,768	544	2,312	1,967		
STATUTORY APPROPRIATIONS:												
ZOOLOGICAL GARDENS	2,714	4,455	1,371	0	1,371	1,371	1,371	0	1,371	1,371		
TOTAL FINANCING			2,714	4,455	3,139	496	3,635	3,338	3,139	544	3,683	3,338
POSITIONS BY FUND:												
ZOOLOGICAL GARDENS	74.8	73.8	73.8	17.0	90.8	82.8	73.8	17.0	90.8	82.8		
TOTAL POSITIONS			74.8	73.8	73.8	17.0	90.8	82.8	73.8	17.0	90.8	82.8

ACTIVITY: ANIMAL MANAGEMENT
Program: BIOLOGICAL PROGRAMS
Agency: MINNESOTA ZOOLOGICAL GARDEN (MZG)

1990-91 Biennial Budget

PURPOSE:

To provide and maintain natural social groupings of healthy animals exhibiting normal behavior in naturalistic surroundings; to improve existing protocols for the exhibition and maintenance of captive exotic animals; and to disseminate that information through professional, scientific and popular journals and periodicals.

Animal Management, Health and Horticulture encompasses the following activities.

1. Provides routine animal care including feeding, sanitation and manipulation of over 1,700 exotic animals;
2. Maintains adequate animal populations for exhibition through propagation programs, animal acquisition, sale or trade activities;
3. Maintains and protects the health of the animal population through preventive veterinary care, quarantine procedures, prompt veterinary treatment and diagnosis in the event of animal sickness, and adequate pathology performed on all diseased animals;
4. Maintains, monitors and reviews existing animal holding and exhibit facilities and reviews future animal facility designs to ensure their appropriateness;
5. Maintains and improves a healthy plant collection of over 2,000 varieties;
6. Supports conservation activities for endangered species by participating as program coordinators or committee members of Species Survival Plans;
7. Supports research about current animal management or exhibition problems through in-house projects, by soliciting the assistance of outside researchers and by utilizing the resources of area universities; and
8. Communicates with animal care and zoo professionals worldwide to ensure that MZG has access to the best, most recent information relevant to the captive maintenance of exotic animals.

<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 scientific/popular papers published	20	25	30	35
No. of professional presentations	22	26	35	40

<u>STATISTICS:</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
Animal inventory	1,700	1,900	2,500	2,500
No. of species	455	475	500	500
Keeper/animal	1:43	1:40	1:50	1:50

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

AGENCY : ZOOLOGICAL GARDEN
PROGRAM : BIOLOGICAL PROGRAMS
BUDGET ACTIVITY : ANIMAL MGT & HEALTH

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	1,503	1,706	1,734	278	2,012	1,842	1,734	278	2,012	1,842
EXPENSES/CONTRACTUAL SRVCS	32	71	71	0	71	71	71	0	71	71
MISC OPERATING EXPENSES	31	29	29	0	29	29	29	0	29	29
SUPPLIES/MATERIALS/PARTS	289	348	298	117	415	383	298	159	457	394
CAPITAL EQUIPMENT	22	57	7	0	7	7	7	0	7	7
REAL PROPERTY	0	1,300	0	0	0	0	0	0	0	0
STATE OPERATIONS	1,877	3,511	2,139	395	2,534	2,332	2,139	437	2,576	2,343
LOCAL ASSISTANCE	0	0	0	0	0	0	0	0	0	<11>
TOTAL EXPENDITURES	1,877	3,511	2,139	395	2,534	2,332	2,139	437	2,576	2,332
CHANGE REQUESTS:										
A INCREASE IN OPERATING GRANT				395		193		437		193
TOTAL CHANGE REQUESTS				395		193		437		193
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	0	0	1,332	395	1,727	1,525	1,332	437	1,769	1,525
STATUTORY APPROPRIATIONS:										
ZOOLOGICAL GARDENS	1,877	3,511	807	0	807	807	807	0	807	807
TOTAL FINANCING	1,877	3,511	2,139	395	2,534	2,332	2,139	437	2,576	2,332
POSITIONS BY FUND:										
ZOOLOGICAL GARDENS	55.5	55.5	55.5	11.0	66.5	62.5	55.5	11.0	66.5	62.5
TOTAL POSITIONS	55.5	55.5	55.5	11.0	66.5	62.5	55.5	11.0	66.5	62.5

ACTIVITY: INTERPRETIVE PROGRAMS
 Program: BIOLOGICAL PROGRAMS
 Agency: MINNESOTA ZOOLOGICAL GARDE (MZG)

1990-91 Biennial Budget

PURPOSE:

To provide effective interpretation and communication of the natural history, behavior and inter-relationships of the MZG's zoological and horticultural collection to all visitors insuring that significant formal and informal educational experiences are made available to that public.

Interpretive programs are provided by zoo naturalists who are responsible for the design, development, direction and evaluation of all informal and formal educational offerings serving the school districts statewide. Programs and curriculum materials are developed for visiting school groups, teacher in-services, skytrail narration (reaches 34% of all zoo visitors), special classes, volunteer training, internship opportunities, a Speaker's Bureau outreach and specially targeted educational segments such as gifted and foreign language students.

Staff responsible for "Discovery Trail" provide interpretive animal displays and programs through operation of the children's zoo area, daily free-flight bird shows, daily animal demonstrations and the hands-on interactive area called Zoolab. In addition, this activity maintains a selection of animals used for ZooArk outreach, public relations and promotional appearances, educational class usage, and for daily volunteer presentation of interpretive talks to zoo visitors.

EFFECTIVENESS MEASURES:

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
No. of daily interpretive animal programs	11	13	13	15
No. of hours of public on-site interactive programming	30	40	45	45
% of counties using Zoo-Ark services	52%	70%	70%	70%
% of statewide schools receiving zoo mailing	100%	100%	100%	100%

STATISTICS:

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
No. of animals available for off-site use	30	50	60	60
No. of students admitted for self-guided tours	56,148	57,500	58,500	59,500
No. of students participating in specialized programs	9,500	10,000	10,000	10,000
No. of teacher in-services held	15	15	15	15
No. of off-site Speaker's Bureau presentations	180	200	200	200
No. of people in Speaker's Bureau presentations	8,224	10,000	10,000	10,000

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : ZOOLOGICAL GARDEN
PROGRAM : BIOLOGICAL PROGRAMS
BUDGET ACTIVITY : INTERPRETIVE 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	661	796	852	95	947	852	852	95	947	852
EXPENSES/CONTRACTUAL SRVCS	114	82	82	0	82	82	82	0	82	82
MISC OPERATING EXPENSES	11	16	16	0	16	16	16	0	16	16
SUPPLIES/MATERIALS/PARTS	48	45	45	6	51	51	45	12	57	51
CAPITAL EQUIPMENT	2	3	3	0	3	3	3	0	3	3
REDISTRIBUTIONS	1	2	2	0	2	2	2	0	2	2
STATE OPERATIONS	837	944	1,000	101	1,101	1,006	1,000	107	1,107	1,006
LOCAL ASSISTANCE	0	0	0	0	0	0	0	0	0	0
TOTAL EXPENDITURES	837	944	1,000	101	1,101	1,006	1,000	107	1,107	1,006
CHANGE REQUESTS:	FUND									
A INCREASE IN OPERATING GRANT	GEN			101		6		107		6
TOTAL CHANGE REQUESTS				101		6		107		6
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	0	0	436	101	537	442	436	107	543	442
STATUTORY APPROPRIATIONS:										
ZOOLOGICAL GARDENS	837	944	564	0	564	564	564	0	564	564
TOTAL FINANCING	837	944	1,000	101	1,101	1,006	1,000	107	1,107	1,006
POSITIONS BY FUND:										
ZOOLOGICAL GARDENS	19.3	18.3	18.3	6.0	24.3	20.3	18.3	6.0	24.3	20.3
TOTAL POSITIONS	19.3	18.3	18.3	6.0	24.3	20.3	18.3	6.0	24.3	20.3

PROGRAM: OPERATIONS
Agency: MINNESOTA ZOOLOGICAL GARDEN (MZG)

1990-91 Biennial Budget

intersection of Zoo Boulevard and TH 77.

PROGRAM PURPOSE:

The Operations Division exists to provide a friendly, safe, attractive and well-maintained visitor environment; to protect and maintain the state's investment in the MZG physical facilities; to provide visitor and staff support services; and to provide concessions for visitor enjoyment as well as income generation.

OPERATION:

This program has 3 budget activities:

- 1) Physical Facilities, which provides maintenance and operational support to all structures, systems, equipment and developed grounds on the 485 acre MZG site to assure functional utility and quality performance.
- 2) Administrative Services, which provides visitor services and administrative support services including finance, personnel, purchasing and inventory control operations.
- 3) Concessions, which provides for the operations of the Gift Store and the Skytrail.

BUDGET ISSUE:

MZG's physical plant, equipment, heating, ventilation and air-conditioning systems (HVAC), and roadways are now over 10 years old. Additional financial resources will be necessary to repair and maintain MZG's facilities and equipment to enable continued performance and functional utility.

EXPLANATION OF BUDGET REQUEST:

During the current biennium major work was completed on the administration building and education wing of the main building complex. Structural problems on the entrance overhangs on the upper plaza were repaired as well as repair of the roofs on the 2 buildings. In addition, repairs to portions of the roadways and plaza areas were completed. A substantial proportion of the repair, replacement and betterment budget was dedicated to the completion of these projects resulting in the deferred maintenance of other areas. The increase requested will result in more projects being completed and better maintenance of MZG.

In addition, the position complement is increased by 3.0 positions in F.Y. 1990 and F.Y. 1991 to provide staff for cleaning and maintaining the additional public areas.

The concession's operating expenses are funded by the revenue earned. In the current biennium, major renovation and repair was made on the Skytrail trains. Funding for the work performed was provided by the excess revenue generated from the operations of the Skytrail. The renovation and repair of the trains has increased their useful life and increased the safety of the trains. Excess revenue generated from the Gift Store has provided the funding in part for the programmatic and design work for the dolphinarium, coral reef/shark, lower level redesign, and the amphitheater. In addition, other capital projects funded from MZG revenue include the re-landscaping of the old Minnesota Zoo entrance and design and construction of new signage at the

GOVERNOR'S RECOMMENDATION:

The Governor recommends a CHANGE level increase of \$469,000 each year for facility maintenance, repairs, replacements and supplies.

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : ZOOLOGICAL GARDEN
PROGRAM : OPERATIONS

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	
PHYSICAL FACILITIES	3,097	3,766	3,787	542	4,329	4,242	3,787	559	4,346	4,242
A INCREASE IN OPERATING GRANT	GEN			542		455		559		455
ADMIN SERVICES	1,324	1,369	1,380	29	1,409	1,394	1,380	51	1,431	1,394
A INCREASE IN OPERATING GRANT	GEN			29		14		51		14
CONCESSIONS	899	1,398	1,398	0	1,398	1,398	1,398	0	1,398	1,398
TOTAL EXPENDITURES	5,320	6,533	6,565	571	7,136	7,034	6,565	610	7,175	7,034
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	0	0	2,775	571	3,346	3,244	2,775	610	3,385	3,244
STATUTORY APPROPRIATIONS:										
ZOOLOGICAL GARDENS	5,320	6,533	3,790	0	3,790	3,790	3,790	0	3,790	3,790
TOTAL FINANCING	5,320	6,533	6,565	571	7,136	7,034	6,565	610	7,175	7,034
POSITIONS BY FUND:										
ZOOLOGICAL GARDENS	68.9	71.6	71.6	3.0	74.6	71.6	71.6	3.0	74.6	71.6
TOTAL POSITIONS	68.9	71.6	71.6	3.0	74.6	71.6	71.6	3.0	74.6	71.6

ACTIVITY: PHYSICAL FACILITIES
 Program: OPERATIONS
 Agency: MINNESOTA ZOOLOGICAL GARDEN (MZG)

1990-91 Biennial Budget

PURPOSE:

To provide attractive and well-maintained public buildings and grounds for the enjoyment and recreational pleasure of visitors to MZG. To repair and maintain MZG's physical plant, operating systems and equipment.

<u>EFFECTIVENESS MEASURES:</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
% service orders completed within 10 days	90%	95%	95%	95%
% preventive maintenance tasks completed	97%	98%	98%	100%
% of completed repair, replacement, betterment projects	75%	85%	90%	95%

<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 service orders	1,950	1,800	1,800	1,800
No. of preventive maintenance points	625	625	625	625
No. of motorized vehicles/equipment maintained	105	105	105	105

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : ZOOLOGICAL GARDEN
PROGRAM : OPERATIONS
BUDGET ACTIVITY : PHYSICAL FACILITIES

			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	1,335	1,510	1,531	89	1,620	1,531	1,531	89	1,620	1,531
EXPENSES/CONTRACTUAL SRVCS	428	160	160	0	160	160	160	0	160	160
MISC OPERATING EXPENSES	744	758	758	0	758	758	758	0	758	758
SUPPLIES/MATERIALS/PARTS	405	614	614	452	1,066	1,066	614	469	1,083	1,066
CAPITAL EQUIPMENT	53	111	111	0	111	111	111	0	111	111
REAL PROPERTY	129	610	610	0	610	610	610	0	610	610
REDISTRIBUTIONS	3	3	3	0	3	3	3	0	3	3
STATE OPERATIONS	3,097	3,766	3,787	541	4,328	4,239	3,787	558	4,345	4,239
LOCAL ASSISTANCE	0	0	0	1	1	3	0	1	1	3
TOTAL EXPENDITURES	3,097	3,766	3,787	542	4,329	4,242	3,787	559	4,346	4,242
CHANGE REQUESTS: FUND										
A INCREASE IN OPERATING GRANT	GEN			542		455		559		455
TOTAL CHANGE REQUESTS				542		455		559		455
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	0	0	1,899	542	2,441	2,354	1,899	559	2,458	2,354
STATUTORY APPROPRIATIONS:										
ZOOLOGICAL GARDENS	3,097	3,766	1,888	0	1,888	1,888	1,888	0	1,888	1,888
TOTAL FINANCING	3,097	3,766	3,787	542	4,329	4,242	3,787	559	4,346	4,242
POSITIONS BY FUND:										
ZOOLOGICAL GARDENS	43.0	44.0	44.0	3.0	47.0	44.0	44.0	3.0	47.0	44.0
TOTAL POSITIONS	43.0	44.0	44.0	3.0	47.0	44.0	44.0	3.0	47.0	44.0

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : ZOOLOGICAL GARDEN
PROGRAM : OPERATIONS
BUDGET ACTIVITY : ADMIN 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	979	995	1,006	0	1,006	1,006	1,006	0	1,006	1,006
EXPENSES/CONTRACTUAL SRVCS	178	116	116	0	116	116	116	0	116	116
MISC OPERATING EXPENSES	59	59	59	0	59	59	59	0	59	59
SUPPLIES/MATERIALS/PARTS	25	73	73	29	102	87	73	51	124	87
CAPITAL EQUIPMENT	30	58	58	0	58	58	58	0	58	58
REAL PROPERTY	0	1	1	0	1	1	1	0	1	1
REDISTRIBUTIONS	53	67	67	0	67	67	67	0	67	67
STATE OPERATIONS	1,324	1,369	1,380	29	1,409	1,394	1,380	51	1,431	1,394
LOCAL ASSISTANCE	0	0	0	0	0	0	0	0	0	0
TOTAL EXPENDITURES	1,324	1,369	1,380	29	1,409	1,394	1,380	51	1,431	1,394
CHANGE REQUESTS:										
A INCREASE IN OPERATING GRANT				29		14		51		14
TOTAL CHANGE REQUESTS				29		14		51		14
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	0	0	876	29	905	890	876	51	927	890
STATUTORY APPROPRIATIONS:										
ZOOLOGICAL GARDENS	1,324	1,369	504	0	504	504	504	0	504	504
TOTAL FINANCING	1,324	1,369	1,380	29	1,409	1,394	1,380	51	1,431	1,394
POSITIONS BY FUND:										
ZOOLOGICAL GARDENS	21.4	22.8	22.8	0.0	22.8	22.8	22.8	0.0	22.8	22.8
TOTAL POSITIONS	21.4	22.8	22.8	0.0	22.8	22.8	22.8	0.0	22.8	22.8

ACTIVITY: CONCESSIONS
 Program: OPERATIONS
 Agency: MINNESOTA ZOOLOGICAL GARDEN (MZG)

1990-91 Biennial Budget

PURPOSE:

To operate concessions that enhance the experience of MZG's visitor as well as to provide sources of revenue for improvements to MZG.

In the current biennium, major renovation and repair was made on the Skytrail trains. Funding for the work performed was provided by the excess revenue generated from the operations of the Skytrail. The renovation and repair of the trains has increased their useful life and increased the safety of the trains. Excess revenue generated from the Gift Store has provided the funding in part for the programmatic and design work for the dolphinarium, coral reef/shark, lower level redesign, and the amphitheater. In addition, other capital projects funded from Minnesota Zoo revenue include the re-landscaping of the old Minnesota Zoo entrance and design and construction of new signage at the intersection of Zoo Boulevard and TH 77.

EFFECTIVENESS MEASURES:

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
Gift Store sales per visitor	\$ 1.01	\$.96	\$.98	\$.99
Average Gift Store sale	\$ 5.90	\$ 6.15	\$ 6.35	\$ 6.60
No. of Skytrail riders (000's)	287	324	324	324

STATISTICS:

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
Number of Gift Store outlets	4	5	6	6
Number of Skytrail trips	5,830	6,500	6,500	6,500
Number of concessions	3	3	3	3

(Dollars in Thousands)

REVENUE:

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
Gift Store Sales	\$ 833	\$ 830	\$ 846	\$ 854
Skytrail revenue	368	399	400	400
Other concession revenue	119	144	139	139

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

AGENCY : ZOOLOGICAL GARDEN
PROGRAM : OPERATIONS
BUDGET ACTIVITY : CONCESSIONS

			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	172	161	161	0	161	161	161	0	161	161
EXPENSES/CONTRACTUAL SRVCS	222	81	81	0	81	81	81	0	81	81
MISC OPERATING EXPENSES	30	17	17	0	17	17	17	0	17	17
SUPPLIES/MATERIALS/PARTS	463	447	447	0	447	447	447	0	447	447
CAPITAL EQUIPMENT	5	0	0	0	0	0	0	0	0	0
REAL PROPERTY	3	686	686	0	686	686	686	0	686	686
REDISTRIBUTIONS	4	6	6	0	6	6	6	0	6	6
TOTAL EXPENDITURES	899	1,398	1,398	0	1,398	1,398	1,398	0	1,398	1,398
SOURCES OF FINANCING:										
STATUTORY APPROPRIATIONS:										
ZOOLOGICAL GARDENS	899	1,398	1,398	0	1,398	1,398	1,398	0	1,398	1,398
TOTAL FINANCING	899	1,398	1,398	0	1,398	1,398	1,398	0	1,398	1,398
POSITIONS BY FUND:										
ZOOLOGICAL GARDENS	4.5	4.8	4.8	0.0	4.8	4.8	4.8	0.0	4.8	4.8
TOTAL POSITIONS	4.5	4.8	4.8	0.0	4.8	4.8	4.8	0.0	4.8	4.8

PROGRAM: DEVELOPMENT
Agency: MINNESOTA ZOOLOGICAL GARDEN (MZG)

1990-91 Biennial Budget

PROGRAM PURPOSE:

The primary objectives of this program are:

- 1) the development and maintenance of a heightened awareness in the private giving community of the needs and benefits of MZG,
- 2) the operation of an aggressive fund raising program to meet those needs,
- 3) operation of the membership and ADOPT programs in order to increase revenue and individual commitment to MZG,
- 4) to operate group sales and special events in order to make MZG a useful and exciting community resource and attract new constituencies to MZG, and
- 5) to market MZG to make its program and services known to the public and therefore increase attendance and revenue.

OPERATION:

Development encompasses those activities directed toward securing and increasing private, visitor and community support for MZG. The program includes the Capital Fund Drive and general fund raising, Membership, Marketing, Public Relations, Special Events and Group Sales.

Since F.Y. 1983, MZG memberships have increased from 3,950 to the current 14,250. Group sales began a program of after-hours facilities rental in mid F.Y. 1987. During the last half of F.Y. 1987 there were 10 after-hours facilities rentals bringing 2,385 additional people to MZG. During F.Y. 1988 there were a total of 43 after-hours facilities rentals involving 6,358 people and bringing MZG additional income of more than \$24,000.

BUDGET ISSUE:

Stable and constant attendance growth is necessary for the continued success of MZG. In order to accomplish this task, additional funding is necessary to provide MZG with the resources necessary to embark on an aggressive and concentrated marketing and advertising program aimed at out-of-state visitors and greater Minnesota residents.

EXPLANATION OF BUDGET REQUEST:

An additional 3.0 positions are requested for F.Y. 1990 and F.Y. 1991 to provide staffing for the expanded marketing program. In addition, funds are requested to increase the promotional and marketing capability of MZG and to provide funds for professional advertising assistance.

GOVERNOR'S RECOMMENDATION:

The Governor recommends a CHANGE level increase of \$150,000 in F.Y. 1990 for market research and printing brochures and zoo maps.

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

AGENCY : ZOOLOGICAL GARDEN
PROGRAM : ZOO DEVELOPMENT

		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
ZOO DEVELOPMENT		194	236	240	0	240	240	0	240
MARKETING		791	742	766	600	1,366	766	600	1,366
A INCREASE IN OPERATING GRANT	GEN				600			600	0
TOTAL EXPENDITURES		985	978	1,006	600	1,606	1,006	600	1,606
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL		0	0	422	600	1,022	422	600	1,022
STATUTORY APPROPRIATIONS:									
ZOOLOGICAL GARDENS		985	978	584	0	584	584	0	584
TOTAL FINANCING		985	978	1,006	600	1,606	1,006	600	1,606
POSITIONS BY FUND:									
ZOOLOGICAL GARDENS		13.3	11.6	11.6	3.0	14.6	11.6	3.0	14.6
TOTAL POSITIONS		13.3	11.6	11.6	3.0	14.6	11.6	3.0	14.6

ACTIVITY: DEVELOPMENT
Program: DEVELOPMENT
Agency: MINNESOTA ZOOLOGICAL GARDEN (MZG)

1990-91 Biennial Budget

PURPOSE:

To raise funds from the corporate and private giving communities to expand MZG's exhibit, education and research programs in order to provide a more varied, complete and enjoyable experience for the zoo visitor.

This program is responsible for directing MZG's capital fund drive and general fund raising activities. Plans are currently underway for the improvement and addition of several new exhibits during MZG's second decade of operation. The establishment and success of a capital fund drive is necessary to the completion of this continued expansion, improvement and operation of MZG. It will also be necessary to establish an annual giving program for increased operating costs of this expansion.

STATISTICS:

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
% of donors	2,033	2,125	2,250	2,350

REVENUE:

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
Gifts and Grants	\$ 301.2	\$ 420.0	\$ 500.0	\$ 500.0
A.D.O.P.T.	\$ 51.9	\$ 60.0	\$ 75.0	\$ 100.0

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

AGENCY : ZOOLOGICAL GARDEN
PROGRAM : ZOO DEVELOPMENT
BUDGET ACTIVITY : ZOO DEVELOPMENT

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	148	205	209	0	209	209	209	0	209	209
EXPENSES/CONTRACTUAL SRVCS	20	10	10	0	10	10	10	0	10	10
MISC OPERATING EXPENSES	7	12	12	0	12	12	12	0	12	12
SUPPLIES/MATERIALS/PARTS	15	9	9	0	9	9	9	0	9	9
CAPITAL EQUIPMENT	4	0	0	0	0	0	0	0	0	0
TOTAL EXPENDITURES	194	236	240	0	240	240	240	0	240	240
SOURCES OF FINANCING:										
STATUTORY APPROPRIATIONS:										
ZOOLOGICAL GARDENS	194	236	240	0	240	240	240	0	240	240
TOTAL FINANCING	194	236	240	0	240	240	240	0	240	240
POSITIONS BY FUND:										
ZOOLOGICAL GARDENS	4.5	5.5	5.5	0.0	5.5	5.5	5.5	0.0	5.5	5.5
TOTAL POSITIONS	4.5	5.5	5.5	0.0	5.5	5.5	5.5	0.0	5.5	5.5

ACTIVITY: MARKETING
Program: DEVELOPMENT
Agency: MINNESOTA ZOOLOGICAL GARDEN (MZG)

1990-91 Biennial Budget

PURPOSE:

To promote MZG through a variety of programs, services and activities in order to foster a widespread public awareness for and support of MZG that increases attendance and revenue.

Zoo Marketing includes the advertising, market research, membership, public information and publicity, group sales and special events functions and activities at MZG. The entire population of the state is the target audience for the marketing function although the activities and programs are designed to target specific sub-groups of the population. Market research forms the base for all advertising and publicity activities.

Techniques and tools include market analysis and planning; design and production of promotional materials; keeping media, business and cultural communities aware and informed through news articles, press releases and personal appearances; targeted mailings and soliciting membership; promotional campaigns and sales activities for special events and group sales; and active solicitation techniques for corporate ticket sales.

<u>EFFECTIVENESS MEASURES:</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
# of Media Contacts	225	270	325	385
# of Media Sponsored Promotions	0	4	8	10
# of Market Research Programs	0	3	5	7

<u>STATISTICS:</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
Memberships	14,250	15,718	17,290	19,020
Special Events	43	58	64	72

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : ZOOLOGICAL GARDEN
PROGRAM : ZOO DEVELOPMENT
BUDGET ACTIVITY : MARKETING

			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	273	193	217	54	271	217	217	54	271	217	
EXPENSES/CONTRACTUAL SRVCS	391	453	453	528	981	603	453	528	981	453	
MISC OPERATING EXPENSES	88	61	61	0	61	61	61	0	61	61	
SUPPLIES/MATERIALS/PARTS	28	28	28	18	46	28	28	18	46	28	
CAPITAL EQUIPMENT	9	5	5	0	5	5	5	0	5	5	
REDISTRIBUTIONS	2	2	2	0	2	2	2	0	2	2	
STATE OPERATIONS			791	742	766	600	1,366	916	766	600	1,366
LOCAL ASSISTANCE			0	0	0	0	0	0	0	0	0
TOTAL EXPENDITURES			791	742	766	600	1,366	916	766	600	1,366
CHANGE REQUESTS: FUND											
A INCREASE IN OPERATING GRANT GEN			600			150		600			0
TOTAL CHANGE REQUESTS			600			150		600			0
SOURCES OF FINANCING:											
DIRECT APPROPRIATIONS:											
GENERAL			0	0	422	600	1,022	572	422	600	1,022
STATUTORY APPROPRIATIONS:											
ZOOLOGICAL GARDENS			791	742	344	0	344	344	344	0	344
TOTAL FINANCING			791	742	766	600	1,366	916	766	600	1,366
POSITIONS BY FUND:											
ZOOLOGICAL GARDENS			8.8	6.1	6.1	3.0	9.1	7.1	6.1	3.0	9.1
TOTAL POSITIONS			8.8	6.1	6.1	3.0	9.1	7.1	6.1	3.0	9.1

PROGRAM: INTERNATIONAL SPECIES INVENTORY SYSTEM 1990-91 Biennial Budget
Agency: MINNESOTA ZOOLOGICAL GARDEN (MZG)

PROGRAM PURPOSE:

The International Species Inventory System (ISIS) exists to collect, analyze, and disseminate census, vital statistics and pedigree data on wild species in captivity.

OPERATION:

The primary objective is to aid in the long term successful management of these species by providing specific information services. The activity is entirely self-funded from special revenue and grants, pays rent and indirect costs for space and services and requires no General Fund appropriation.

EXPLANATION OF BUDGET REQUEST:

The expenses are funded by the revenue earned.

GOVERNOR'S RECOMMENDATION:

This program is presented for information only and requires no recommendation.

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

AGENCY : ZOOLOGICAL GARDEN
PROGRAM : ISIS

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	
ISIS	339	405	405	0	405	405	405	0	405	405
TOTAL EXPENDITURES	339	405	405	0	405	405	405	0	405	405
SOURCES OF FINANCING:										
STATUTORY APPROPRIATIONS:										
ZOOLOGICAL GARDENS	339	405	405	0	405	405	405	0	405	405
TOTAL FINANCING	339	405	405	0	405	405	405	0	405	405
POSITIONS BY FUND:										
ZOOLOGICAL GARDENS	5.0	5.0	5.0	0.0	5.0	5.0	5.0	0.0	5.0	5.0
TOTAL POSITIONS	5.0	5.0	5.0	0.0	5.0	5.0	5.0	0.0	5.0	5.0

AGENCY: MINNESOTA STATE RETIREMENT SYSTEM (MSRS) 1990-91 Biennial Budget

AGENCY PURPOSE:

The MSRS is a service agency that provides a comprehensive retirement program for public employees working throughout the state. Membership is comprised mainly of state employees, state law enforcement officers, constitutional officers, legislators, judges, employees from the University of Minnesota, the Metropolitan Transit commission and employees from other designated public agencies. In total, the system provides an overall retirement program for 185 agencies. In addition, MSRS also manages a tax-deferred income plan that is available to all public employees in Minnesota.

OPERATIONS AND CLIENTELE:

Membership in F.Y. 1988 was over 66,000 persons. Another 14,000 received monthly retirement payments or survivor benefits. Over 4,400 refunds were paid during the year to members terminating their public service and withdrawing from the retirement program.

Operation of the MSRS retirement plans is based on a computerized system that maintains an individual account for every participating member. The system maintains a complete record of each member's contributions, refunds, years of employment, current status, and other program information.

AGENCY OBJECTIVES:

1. To provide guidance through individual and group counseling, handbooks, and other methods, so that members are informed of current retirement programs and income deferral options.
2. To make the monthly retirement disability, and survivor benefit payments on an accurate, efficient basis.
3. To make refunds on a timely basis for members withdrawing from the system.
4. To maintain minimal cash balances so that investment returns are maximized.

<u>ACTIVITY STATISTICS</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
Total Membership	66,328	67,000	67,500	68,000
Refunds Paid to Members	4,462	4,700	5,000	5,300
New Retirees Added During the Year	1,013	900	950	950
Retired Members or Survivors				
Paid monthly	14,005	14,500	14,900	15,300
Annuity Estimates Prepared for Members	3,900	4,000	4,100	4,200

EXPLANATION OF BUDGET REQUEST:

The retirement programs are operated from retirement trust funds with employee contributions, employer contributions and investment income. Expenditure levels are determined by employee numbers, salary, turnover, retirements, and the investment return on assets. Those expenditures and our clientele are determined by law and reflect the long-term nature of retirement programs with little short-term spending discretion. No significant operating changes and no new positions are anticipated for the 1990-91 biennium.

REVENUE:

None.

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 : MINN STATE RET SYST
PROGRAM : MN STATE RETIREMENT SYSTEM
BUDGET ACTIVITY : MSRS ADMINISTRATION

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	1,322	1,412	1,475	0	1,475	1,475	1,549	0	1,549	1,549
EXPENSES/CONTRACTUAL SRVCS	716	737	769	0	769	769	773	0	773	773
MISC OPERATING EXPENSES	201	213	222	0	222	222	160	0	160	160
SUPPLIES/MATERIALS/PARTS	60	20	21	0	21	21	21	0	21	21
CAPITAL EQUIPMENT	1	40	42	0	42	42	42	0	42	42
DEBT REDEMPTION & PENSIONS	97,180	105,831	122,164	0	122,164	122,164	129,866	0	129,866	129,866
REDISTRIBUTIONS	204	610	<8>	0	<8>	<8>	<10>	0	<10>	<10>
TOTAL EXPENDITURES	99,684	108,863	124,685	0	124,685	124,685	132,401	0	132,401	132,401
SOURCES OF FINANCING:										
STATUTORY APPROPRIATIONS:										
CORR EMPL RET	2,750	3,248	3,469	0	3,469	3,469	3,706	0	3,706	3,706
AGENCY	1,019	1,079	1,155	0	1,155	1,155	1,235	0	1,235	1,235
MN STATE RETIRMT SYS	73,325	80,899	93,501	0	93,501	93,501	99,296	0	99,296	99,296
STATE PATROL RETIREMENT	6,337	7,337	7,857	0	7,857	7,857	8,406	0	8,406	8,406
STATE UNCL EMP RETIR	1,641	1,603	3,123	0	3,123	3,123	3,207	0	3,207	3,207
DEFERRD COMPENSATION	11,451	11,209	11,849	0	11,849	11,849	12,559	0	12,559	12,559
JUDGES RETIREMENT	3,161	3,488	3,731	0	3,731	3,731	3,992	0	3,992	3,992
TOTAL FINANCING	99,684	108,863	124,685	0	124,685	124,685	132,401	0	132,401	132,401
POSITIONS BY FUND:										
MN STATE RETIRMT SYS	41.6	40.0	40.0	0.0	40.0	40.0	40.0	0.0	40.0	40.0
TOTAL POSITIONS	41.6	40.0	40.0	0.0	40.0	40.0	40.0	0.0	40.0	40.0

AGENCY: MINNESOTA STATE RETIREMENT SYSTEM (MSRS) 1990-91 Biennial Budget
ELECTIVE OFFICERS RETIREMENT PLAN

AGENCY PURPOSE:

The Elective Officers Retirement Plan is administered by the MSRS under MS Ch. 352C. It provides retirement benefits to members and their survivors based on defined formulas. Members contribute 9% of salary to the General Fund. The state funds the plan at retirement from the General Fund. The plan has no assets.

As of 6-30-88, there were 6 active members, 3 retired members, 5 survivor annuitants and 5 deferred annuitants.

BUDGET REQUEST:

The General Fund appropriation request is the estimated funding needed for the actual benefit payments for retired members and survivors. Funding needed is estimated at \$168,000 for F.Y. 1990 and \$180,000 for F.Y. 1991.

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 : CONSTITNL OFFCR RET
PROGRAM : MN STATE RETIREMENT SYSTEM
BUDGET ACTIVITY : MSRS 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:										
DEBT REDEMPTION & PENSIONS	97	155	166	0	166	166	178	0	178	178
REDISTRIBUTIONS	2	2	2	0	2	2	2	0	2	2
TOTAL EXPENDITURES	99	157	168	0	168	168	180	0	180	180
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	99	157	168	0	168	168	180	0	180	180
TOTAL FINANCING	99	157	168	0	168	168	180	0	180	180
POSITIONS BY FUND:										
TOTAL POSITIONS										

AGENCY: MINNESOTA STATE RETIREMENT SYSTEM (MSRS) 1990-91 Biennial Budget
LEGISLATIVE RETIREMENT PLAN

AGENCY PURPOSE:

The Legislative Retirement Plan is administered by the MSRS under M.S. Ch. 3A. It provides retirement benefits to members and their survivors based on defined formulas. Members contribute 9% of salary to the General Fund. The state funds the plan at retirement from the General Fund. The plan has no assets until members retire.

As of 6-30-88, there were 201 active members, 125 retired members, 41 survivor annuitants and 94 deferred annuitants.

BUDGET REQUEST:

The General Fund appropriation request is the estimated funding needed for the present value of member benefits at retirement and the actual benefit payments for survivors. Actual General Fund expenditures will vary greatly with the number of retirements. Funding needed is estimated at \$2,028,000 for F.Y. 1990 and \$2,127,000 for F.Y. 1991.

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 : LEGISLATORS RETRMNT
PROGRAM : MN STATE RETIREMENT SYSTEM
BUDGET ACTIVITY : MSRS 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	0	1,945	2,028	0	2,028	2,028	2,127	0	2,127	2,127
DEBT REDEMPTION & PENSIONS	576	182	194	0	194	194	207	0	207	207
REDISTRIBUTIONS	35	34	36	0	36	36	37	0	37	37
TOTAL EXPENDITURES	611	2,161	2,258	0	2,258	2,258	2,371	0	2,371	2,371
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	611	2,161	2,258	0	2,258	2,258	2,371	0	2,371	2,371
TOTAL FINANCING	611	2,161	2,258	0	2,258	2,258	2,371	0	2,371	2,371
POSITIONS BY FUND:										
TOTAL POSITIONS										

AGENCY: MINNESOTA STATE RETIREMENT SYSTEM (MSRS) 1990-91 Biennial Budget
JUDGES RETIREMENT PLAN

AGENCY PURPOSE:

The Judges Retirement Plan is administered by the MSRS under MS Ch. 490. It provides benefits to members and their survivors based on defined formulas. Members contribute 1.25% of salary and 8.76% of salary after the Social Security maximum salary is reached. The state funds the plan as assets are needed for retirements and benefits. The plan has assets from the employee contributions and is partially funded.

As of 6-30-88, there were 245 active members, 104 retired members, 60 survivor annuitants and 6 deferred annuitants.

BUDGET REQUEST:

The General Fund appropriation is the estimated funding needed for the present value of retirements and the actual benefit payments for survivors. The General Fund expenditures will vary with the number of retirements. Funding needed is estimated at \$5,500,000 for F.Y. 1990 and \$5,900,000 for F.Y. 1991.

REVENUE:

None.

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 : JUDGES RETIREMENT

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	
MN STATE RETIREMENT SYSTEM	2,650	2,875	5,500	0	5,500	5,500	5,900	0	5,900	5,900
TOTAL EXPENDITURES	2,650	2,875	5,500	0	5,500	5,500	5,900	0	5,900	5,900
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	2,650	2,875	5,500	0	5,500	5,500	5,900	0	5,900	5,900
TOTAL FINANCING	2,650	2,875	5,500	0	5,500	5,500	5,900	0	5,900	5,900
POSITIONS BY FUND:										
TOTAL POSITIONS										

AGENCY: MINNESOTA STATE RETIREMENT SYSTEM (MSRS) 1990-91 Biennial Budget
SUPPLEMENTAL BENEFIT

AGENCY PURPOSE:

The supplemental benefit program is administered by the MSRS under MS CH. 352.73. It provides an additional monthly benefit of \$10 for Social Security participants and \$18 for non Social Security participants who were retired 6-30-63. As of 6-30-88, there were 117 retirees receiving this benefit.

BUDGET REQUEST:

The General Fund appropriation request is the estimated annuity payments for the biennium. Estimated funding needs are \$17,000 for F.Y. 1990 and \$17,000 for F.Y. 1991.

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 : MSRS SERF SUPPL BEN
PROGRAM : MN STATE RETIREMENT SYSTEM
BUDGET ACTIVITY : MSRS 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:										
REDISTRIBUTIONS	0	0	17	0	17	17	17	0	17	17
TOTAL EXPENDITURES	0	0	17	0	17	17	17	0	17	17
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	0	0	17	0	17	17	17	0	17	17
TOTAL FINANCING	0	0	17	0	17	17	17	0	17	17
POSITIONS BY FUND:										
TOTAL POSITIONS										

AGENCY: PUBLIC EMPLOYMENT RETIREMENT SUPPLEMENT 1990-91 Biennial Budget

AGENCY PURPOSE:

Approximately \$14,000 from the state's General Fund is annually appropriated to the Public Employee's Retirement Association (PERA) to make statutorily mandated supplemental payments of \$15 per month to certain public employee retirees who retired before July, 1962 with a minimum of 20 years of service and annuities of less than \$200 per month.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency request of \$14,000 for F.Y. 1990 and \$13,000 for F.Y. 1991.

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

AGENCY : PERA SUPPL PAYMENTS
PROGRAM : PUBLIC EMPL RETR ASN

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	
PERA ANNUITIES & REF	0	0	14	0	14	14	13	0	13	13
TOTAL EXPENDITURES	0	0	14	0	14	14	13	0	13	13
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	0	0	14	0	14	14	13	0	13	13
TOTAL FINANCING	0	0	14	0	14	14	13	0	13	13
POSITIONS BY FUND:										
TOTAL POSITIONS										

AGENCY PURPOSE:

This program exists to provide supplemental retirement benefits to public employees who retired prior to 1973.

Prior to 1973, public employee retirement benefits were based on capped salaries for the employee's total years in public service. However, benefits for employees retiring in and after 1973 were based on the employee's 5 highest years of salary. The 1973 policy resulted in substantially higher benefits for people retiring after the change. Supplemental benefits provided through this program reduce the benefit difference attributable to the 1973 change.

In 1988, the supplemental benefit was \$20 per year of service credit. So, for example, an individual retiring prior to 1973 with 10 years of public service would receive an annual supplemental benefit of \$200 and an individual with 30 years would receive \$600.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation of \$5,300,000 for F.Y. 1990 and \$5,300,000 for F.Y. 1991 to continue this program.

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : PRE-73 SUPPL BNFTS

				F.Y. 1990				F.Y. 1991			
				AGENCY REQUEST			GOVERNOR'S RECOMM.	AGENCY REQUEST			GOVERNOR'S RECOMM.
PROGRAM EXPENDITURES:				BASE	CHANGE	TOTAL		BASE	CHANGE	TOTAL	
PRE-1973 SUPPLEMENTAL PENSION BENEFIT ADJUSTMENTS				5,404	5,119	5,300	0	5,300	5,300	5,300	5,300
TOTAL EXPENDITURES				5,404	5,119	5,300	0	5,300	5,300	0	5,300
SOURCES OF FINANCING:											
DIRECT APPROPRIATIONS:											
GENERAL				5,404	5,119	5,300	0	5,300	5,300	0	5,300
TOTAL FINANCING				5,404	5,119	5,300	0	5,300	5,300	0	5,300
POSITIONS BY FUND:											
TOTAL POSITIONS											

AGENCY PURPOSE:

M.S. 422A established a state obligation to assist the city of Minneapolis in financing the unfunded liabilities of the Minneapolis Employees' Retirement Fund.

- The annual state obligation is specified in statute as:

- (a) the total annual level dollar contribution needed to amortize the unfunded liability by 2017. (This amount is estimated by the actuary for the Legislative Commission on Pensions and Retirement)

less

- (b) a contribution from the city equal to:

- 1. 2.5% of covered payroll, plus

- 2. \$3,900,000

The actuarial valuation completed at the close of F.Y. 1988 estimated the fund's liabilities at \$979 million. With assets of \$717 million, the unfunded liability stood at \$262 million. Under current statutes, approximately 60% of this (roughly \$157 million) will be an obligation of the state.

The estimated state obligation is \$10,415,000 for F.Y. 1990 and \$10,475,000 for F.Y. 1991.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the amounts needed to meet current statutory obligations.

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

AGENCY : MPLS PENSION RETRMNT
PROGRAM : FIN MISC NON OPERATING
BUDGET ACTIVITY : NON-PROGRAMMATIC

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	10,271	10,612	10,415	0	10,415	10,415	10,475	0	10,475	10,475
TOTAL EXPENDITURES	10,271	10,612	10,415	0	10,415	10,415	10,475	0	10,475	10,475
SOURCES OF FINANCING:										
STATUTORY APPROPRIATIONS:										
GENERAL	10,271	10,612	10,415	0	10,415	10,415	10,475	0	10,475	10,475
TOTAL FINANCING	10,271	10,612	10,415	0	10,415	10,415	10,475	0	10,475	10,475
POSITIONS BY FUND:										
TOTAL POSITIONS										

AGENCY: LOCAL POLICE/FIRE AMORTIZATION STATE AID 1990-91 Biennial Budget

AGENCY PURPOSE:

M.S. 423A.02 established a state obligation to provide aid to assist local police or fire retirement associations with the financing of their unfunded liabilities. Only those associations being phased out are eligible for the aid.

Current statute established the aid for each of the 49 associations at a fixed amount until the association ceases to exist.

At the close of calendar year 1986, the actuarial liability of these funds was \$1.08 billion. Assets stood at \$528 million, leaving an unfunded liability of \$550 million.

GOVERNOR'S RECOMMENDATION:

The Governor recommends \$7,517,000 for F.Y. 1990 and \$7,517,000 for F.Y. 1991 to meet the current statutory obligations for the Local Police Fire Amortization Aid.

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

AGENCY : LOCAL POL-FIRE AMORT

	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	
PROGRAM EXPENDITURES:										
FIN MISC NON OPERATING	8,053	7,543	7,517	0	7,517	7,517	7,517	0	7,517	7,517
TOTAL EXPENDITURES	8,053	7,543	7,517	0	7,517	7,517	7,517	0	7,517	7,517
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	7,517	7,543	7,517	0	7,517	7,517	7,517	0	7,517	7,517
STATUTORY APPROPRIATIONS:										
GENERAL	536	0	0	0	0	0	0	0	0	0
TOTAL FINANCING	8,053	7,543	7,517	0	7,517	7,517	7,517	0	7,517	7,517
POSITIONS BY FUND:										
TOTAL POSITIONS										

AGENCY: PUBLIC EMPLOYEES RETIREMENT ASSOCIATION 1990-91 Biennial Budget
(PERA)

AGENCY PURPOSE:

PERA is a service organization whose purpose is the administration and maintenance of a retirement system for the employees of governmental units within the state. PERA serves over 2,250 separate units of government including cities, counties, townships, school districts, and other units of government whose revenue is derived from taxation, fees or assessments. PERA was created by legislative act on 4-24-31, and administers its funds in accordance with M.S. Ch. 353 to 353D and 356. The administration of PERA is under the direction of a 9 member board of trustees that appoints an executive director to serve as the statutory head of the agency. Through legislation, PERA became a state agency on 7-1-85. Financial activities of the association are recorded in funds 75 and 76 of the statewide accounting system.

Monthly retirement, survivor and disability payments are issued by PERA to annuitants and beneficiaries who may reside within or outside of the state. Revenues are derived from employee and employer contributions and from income earned on investments. All employees of governmental units within the state are required by law to be members of PERA unless they do not meet the criteria for membership or they are included in another retirement system. There are 3 major categories of membership within the association:

1. Coordinated--employees who are also covered under social security;
2. Basic--employees not covered by social security, employed prior to 1968;
3. Police and Fire--police officers, fire fighters and others authorized by statute.

OPERATION AND CLIENTELE:

1. Collect payroll contributions from each eligible employee and employer among 2,250 units.
2. Issue monthly payments to benefit recipients on the 1st working day of each month.
3. Maintain the PERA Regular Fund (basic and coordinated plans) of over \$2.6 billion in assets and the Police and Fire Fund in excess of \$565 million in assets, at cost as of 6-30-88.
4. Maintain accounts for each of approximately 101,000 active members, 2,200 deferred members, 24,000 retirees, and 4,000 disabilitants and survivors.
5. Advise and provide information to members and employers in a timely manner.
6. Immediately invest all available funds to maximize investment income.
7. Obtain annual actuarial valuations which accurately assess the financial condition of the association's assets and liabilities.

ACTIVITY STATISTICS:

(As of 6-30-88 annually, combination of Regular and Police and Fire Funds)

	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
Contributions: (in Millions)				
Employee	\$ 85.0	\$ 88.0	\$ 91.0	\$ 94.0
Employer	98.3	101.0	104.0	108.0

	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991
(Continued)				
Active Contributing Members	100,928	103,000	105,000	107,000
Retirees, Survivors & Disabilitants	28,207	30,000	32,000	34,000
Average Monthly Annuity	\$ 497	\$ 540	\$ 580	\$ 620
Filled Positions vs. Authorized	65/71	65/71	66/71	66/71
Ratio of Staff to Members	1/1987	1/2046	1/2076	1/2136
Administrative Cost per Account	\$ 28	\$ 31	\$ 30	\$ 31
Total Investments (in Millions)	\$ 3,475	\$ 3,725	\$ 3,975	\$ 4,225

MAJOR POLICY ISSUES:

Legislative issues of concern to PERA and constituents anticipated for discussion in 1989:

1. Continue the rule of 90.
2. Improve the benefit and early retirement provisions for the Police and Fire Fund members.
3. Add 2 automatic bounce-back provisions for retirees who select a joint and survivor option.
4. Develop a permanent solution to increase benefits payable to pre-1973 retirees and survivors.
5. Establish a level percentage annuity formula for all funds.
6. Guarantee public pensions to ensure that the benefit package, as of a point in time, would not be reduced by legislative changes.
7. Provide certain Basic and Police and Fire Fund members with a health care coverage option.

AGENCY PRIORITIES:

Two of PERA's primary objectives relating to overall member services are:

1. providing contribution, refund, annuity and benefit information and explanation, and;
2. providing pre-retirement counseling and financial planning services.

To aid public employees in planning for their financial futures, especially in retirement, PERA is committed to the goal of disseminating information that is complete, accurate, timely and understandable. To achieve this goal, PERA assesses its constituent group's needs on an ongoing basis, packages the information in a format that is easy to access and comprehend, and establishes a planned cycle for the gathering and dissemination of financial data and contribution/benefit information to the various constituent groups.

The principal vehicles used by PERA to communicate with its constituency are:

1. The annual personal benefit statement;
2. Periodic PERA newsletters;
3. Comprehensive annual financial report;
4. Various other publications and notices, including tax information;
5. Pre-retirement groups and individual counseling sessions;
6. Pre-retirement financial planning seminars;
7. Employer information workshops; and
8. Regional town meetings.

PERA has also instituted an Information Forum for the exchange of communications among the PERA constituent groups regarding legislative proposals that could affect PERA's funds, members or beneficiaries. PERA also establishes its own agenda of legislative proposals in order to improve service delivery

AGENCY: PUBLIC EMPLOYEES RETIREMENT ASSOCIATION 1990-91 Biennial Budget
(Continuation)

In order to enhance the quality of service, PERA is currently in the process of implementing a redesign of its automated systems, and a redesign of the annual personal benefit statement.

<u>ATTORNEY GENERAL COSTS</u>		<u>(Dollars in Thousands)</u>			
		<u>Actual</u>	<u>Act/Est</u>	<u>Estimate</u>	<u>Estimate</u>
<u>Fees for Legal Services Rendered</u>		<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
Fees Assessed	\$	53	\$ 28	\$ -0-	\$ -0-
Fees Paid		53	28	-0-	-0-
Requested Budget		28	28	28	28

EXPLANATION OF BUDGET REQUEST:

The projected increase to the administrative costs budgeted for F.Y.'s 1990 and 1991 over those in 1989 anticipate the known and contingent costs for inflation, expansion of services, and enhancements to the automated systems. Total benefit payments are budgeted at an annual increase of 20%.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

1990-91 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY : PUBL EMPL RET ASSOCH
PROGRAM : PUBLIC EMPL RETR ASN
BUDGET ACTIVITY : PERA 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	2,060	2,217	2,217	0	2,217	2,217	2,217	0	2,217	2,217
EXPENSES/CONTRACTUAL SRVCS	1,110	1,743	1,413	0	1,413	1,413	1,448	0	1,448	1,448
MISC OPERATING EXPENSES	298	441	441	0	441	441	441	0	441	441
SUPPLIES/MATERIALS/PARTS	83	50	50	0	50	50	50	0	50	50
CAPITAL EQUIPMENT	65	185	185	0	185	185	185	0	185	185
DEBT REDEMPTION & PENSIONS	178,384	206,239	206,239	0	206,239	206,239	206,239	0	206,239	206,239
NON-EXPENSE DISBURSEMENTS	998	1,210	1,210	0	1,210	1,210	1,210	0	1,210	1,210
REDISTRIBUTIONS	135	68	68	0	68	68	68	0	68	68
TOTAL EXPENDITURES	183,133	212,153	211,823	0	211,823	211,823	211,858	0	211,858	211,858
SOURCES OF FINANCING:										
STATUTORY APPROPRIATIONS:										
PUBLIC EMP RETR ASSO	167,702	192,854	192,524	0	192,524	192,524	192,559	0	192,559	192,559
PUBLIC EMP POLC/FIRE	15,431	19,299	19,299	0	19,299	19,299	19,299	0	19,299	19,299
TOTAL FINANCING	183,133	212,153	211,823	0	211,823	211,823	211,858	0	211,858	211,858
POSITIONS BY FUND:										
PUBLIC EMP RETR ASSO	71.0	71.0	71.0	0.0	71.0	71.0	71.0	0.0	71.0	71.0
TOTAL POSITIONS	71.0	71.0	71.0	0.0	71.0	71.0	71.0	0.0	71.0	71.0

AGENCY PURPOSE:

The primary purpose of the Teachers Retirement Association (TRA) is to provide to eligible members a monthly retirement annuity benefit. In addition, refunds to former members and benefits as a result of death or disability are also provided.

OPERATIONS AND CLIENTELE:

Membership is compulsory for all public school teachers in Minnesota except those in the cities of Duluth, Minneapolis, St. Paul and the University of Minnesota system. Approximately 3,500 eligible State University and Community College System teachers also participate in the College Supplemental Retirement Plan administered by the association.

General information is provided to approximately 63,300 active and 15,600 inactive teachers by various means. Individual counseling is provided in response to individual requests. This service is available at the TRA State Office or at 14 out-state counseling centers provided on a regular schedule at a number of State University and Community College facilities. A computerized statement of account, including projected retirement benefits, is provided annually for each active member of the fund. In addition, timely memos and newsletters are transmitted to the reporting units and members explaining TRA services and benefit programs. Annuity, disability and survivor benefit checks are paid to approximately 17,000 recipients each month. Annually approximately 3,000 members who have ceased to teach request a refund of their accumulated contributions plus interest.

EXPLANATION OF BUDGET REQUEST:

This budget request will permit approximately the BASE level of services to be provided during the F.Y. 1990-91 biennium. Funding is provided from employee contributions withheld from salaries and employer contributions paid by employer reporting units.

GOVERNORS' RECOMMENDATION:

The Governor concurs with the agency's request.