COMMISSION ON REFORM AND EFFICIENCY

CORE

A MINNESOTA MODEL

RECOMMENDATIONS FOR REORGANIZING THE EXECUTIVE BRANCH

DETAILED REPORT

APRIL 1993

Pursuant to 1991 Laws, Chapter 345, Article 1, Section 17, Subd 9

THE CORE VISION OF STATE GOVERNMENT

The Commission on Reform and Efficiency envisions a Minnesota state government that is mission driven, oriented toward quality outcomes, efficient, responsive to clients, and respectful of all stakeholders. These goals are defined below.

Mission driven

State government will have clearly defined purposes and internal organizational structures that support the achievement of those aims.

Oriented toward quality outcomes

State government will provide quality services. It will focus its human, technical, and financial resources on producing measurable results. Success will be measured by actual outcomes rather than processes performed or dollars spent.

Efficient

State government will be cost-conscious. It will be organized so that outcomes are achieved with the least amount of input. Structures will be flexible and responsive to changes in the social, economic, and technological environments. There will be minimal duplication of services and adequate communication between units. Competition will be fostered. Appropriate delivery mechanisms will be used.

Responsive to clients

State government services will be designed with the customer in mind. Services will be accessible, located conveniently, and provided in a timely manner, and customers will clearly understand legal requirements. Employees will be rewarded for being responsive and respectful. Bureaucratic approvals and forms will be minimized.

Respectful of stakeholders

State government will be sensitive to the needs of all stakeholders in providing services. It will recognize the importance of respecting and cultivating employees. It will foster cooperative relationships with local units of government, and nonprofit and business sectors. It will provide services in the spirit of assisting individual clients and serving the broader public interest.

— Feb. 27, 1992

CORE
STATE OF MINNESOTA
COMMISSION ON REFORM AND EFFICIENCY

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April 16, 1993

The Honorable Arne Carlson
Governor
130 State Capitol
St. Paul, Minnesota 55155

The Honorable Ember Reichgott
Minnesota Senate
Legislative Commission on Planning and Fiscal Policy
306 State Capitol
St. Paul, Minnesota 55155

Dear Governor Carlson and Senator Reichgott:

Pursuant to Laws of Minnesota 1991, Chapter 345, Article 1, Section 17, Subdivision 9, the Commission on Reform and Efficiency was directed to recommend long-term actions for improving government efficiency and effectiveness.

This is one of a series of reports being issued in response to our charge and provides detailed findings and recommendations regarding the reorganization of the executive branch. We are pleased to report that the commission has identified numerous opportunities for significant reform. The problem analysis and recommendations contained in this and our subsequent reports represent the best thinking of our diverse and bipartisan group. You will see that we have taken our charge seriously and have not shied away from controversy. We respectfully request your continued support for the much-needed government reform detailed in the commission's reports and recommendations.

Sincerely,

Arend J. Sandbulte
Commission Chair

Glen Taylor
Chair
Working Committee

Dana B. Badgerow
Commissioner of
Administration

AJS/GT/DBB

c: Agency Heads
Legislators

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BY THE
MINNESOTA
COMMISSION ON
REFORM AND EFFICIENCY

APRIL 1993

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INTRODUCTION

Minnesota has long had a reputation for being the state that works. But what was good government in the 1980s may not be good enough for the 1990s and beyond. Service delivery systems are often fragmented and ineffective. Meanwhile, the state's chronic budget deficit and demographic trends point to a future of expanding needs and shrinking resources. Maintaining the status quo is no longer an option. State government must change — radically and soon.

The above paragraph introduces the executive summary of *Imperatives for Change: An Assessment of Minnesota State Government*, published in December 1992 by the Commission on Reform and Efficiency (CORE). The assessment examined the challenges facing the state and presented five significant opportunities for structural and management reform. Cutting broadly across all areas of state government, those reform imperatives are:

- Government must be held accountable for results.
- Government must have a strong customer focus.
- Government must streamline fragmented and overlapping services.
- Government must replace outdated, inflexible administrative systems.
- Government must be structured to deal more effectively with the frequent turnover of top management.

Meeting these imperatives is a daunting task. It demands a response every bit as complex as the problems it addresses. Any single change has consequences for policies, structures, systems and procedures throughout state government.

CORE's assessment report indicates what needs to be done differently. CORE's subsequent reports show *how* it can be done differently.

This document completes a series of reports recommending change. Each report approaches the imperatives from a different perspective; together they represent a comprehensive strategy for achieving CORE's vision statement.

This report addresses overall reorganization of the executive branch. It builds on, and augments, the recommendations in earlier reports. While each of those reports places a system or functional area under a microscope, this report presents an encompassing view of the executive branch, particularly those agencies and operations under the direction of the governor.

Why reorganize?

The *Imperatives for Change* document was the first CORE report to address CORE's legislative mandate "to recommend long-term actions for improving state government efficiency and effectiveness" (Minnesota Laws 1991, Chapter 345, Article 1, Section 17, Subd. 9). This document, *A Minnesota Model: Recommendations for Reorganizing the Executive Branch*, is the ninth and final CORE report to address that same mandate. The two documents are closely connected: *Imperatives for Change* presents the findings from CORE's assessment of executive branch management, and *A Minnesota Model* presents CORE's response to the imperatives.

CORE examined data gathered from state employee surveys, interviews with former and current government managers, discussions with academic and political leaders, and an organizational analysis of government in Minnesota and other states. The conclusion reached is that Minnesota's current structure creates barriers to effective executive management.

The barriers are significant. The governor's span of control over 26 cabinet-level agencies and about 200 smaller agencies hampers the governor's ability to communicate and effectively implement policies. Executive branch complexity blurs lines of authority and accountability. Service delivery is fragmented, making it difficult for citizens to receive needed services. Fragmentation also leads to overlap and duplication among agencies.

The barriers inhibit accountability. It is difficult for the governor, the legislature or citizens to hold individual commissioners accountable for state policies when commissioners lack the power to coordinate activities that transcend their agency's functions. In addition, both agencies and their organized constituencies protect against changes that may diminish their influence, even at the expense of administrative efficiency or service effectiveness. With government organized around narrowly defined functions, the burden is on each citizen to untangle the web of interrelated services.

Learning from the past

In this century, Minnesota has sponsored 14 studies on the organization and management of state government. These studies reviewed the state's constitution, recommended major structural reorganizations, and promoted managerial reforms. The studies were driven by a need to concentrate executive authority and to coordinate staff services, a lack of functional integration between agencies, and a proliferation of boards and commissions.

Most of Minnesota's reform efforts saw limited success. Of their hundreds of recommendations, only a fraction were adopted shortly after publication. Many reorganization proposals were suggested repeatedly over a period of 10 to 50 years before they were adopted.

A Minnesota model

Minnesota's previous efforts focused on internal issues, not emphasizing external factors such as customer satisfaction. CORE's approach is to address external customers through redesigned service delivery *as well as* internal customers through streamlined processes.

CORE's overarching concern is to create a "Minnesota model" — a structure and delivery system that better assesses and responds to customer needs, and that enables state employees to provide quality services to customers. As part of its strategy, CORE identified five reorganization objectives:

- Establish reasonable management spans of control.
- Strengthen interagency planning, policy development, program management, and service delivery.
- Create a flexible structure that can be reconfigured to meet changing management and customer needs.
- Design a structure that will facilitate changes of administration.
- Strengthen executive–legislative branch relations.

Project scope

CORE conducted its work by dividing its membership into three working committees. The Executive Reorganization Working Committee focused on three separate, but closely related, projects. The first project was the assessment of state government that resulted in the publication of *Imperatives for Change*. Simultaneously, the committee was involved with the CORE quality initiative that resulted in the publication of *Central Mail Benchmarking Project* in July 1992 and *Minnesota's Quality Initiative* in February 1993. The third project was to examine and analyze the organization and structure of the executive branch and develop alternative models that focus on results and improved service delivery.

One of the hazards of reform is that proposals to reorganize government are often superficially viewed as nothing more than proposals to rearrange government — a shuffling of boxes on an organization chart. In its "Minnesota model," CORE proposes changing processes, or the way that things get done. It redefines and realigns administrative power. It attempts to institutionalize the capacity for change, giving each governor the ability to continually reorganize and fine-tune programs to address the priorities of the day.

This is one reason why CORE's quality initiative was an early project of the same working committee responsible for structural change. Quality management goes well beyond precision measurement to include rebuilding the attitude or culture of an organization. Reasons for making quality improvement a component of CORE's recommendations include:

1. The basic tenet of the quality improvement philosophy is customer satisfaction, and CORE's vision defines customer- and client-driven service delivery as a top priority in its reform proposals.

2. A quality approach focuses on the continual improvement of processes, and CORE recognizes that processes must be analyzed and redesigned to make government operations more efficient.

3. A quality approach will precipitate a cultural change in government, which would help ensure that CORE's structural redesigns achieve success.

4. Building continuous quality improvement practices into CORE's long-term systemic improvement strategy could mitigate the need for future reform efforts.

CORE's summary report, *A Minnesota Model: Recommendations for Reorganizing the Executive Branch*, published in March 1993, outlined CORE's findings and recommendations. Concentrating on executive management, its scope also included implications of the reform imperatives on boards and commissions, constitutional offices, and various policies and practices.

This detailed report provides, in anthology form, condensations and excerpts from working papers created by the CORE Executive Reorganization Working Committee and its staff. It concentrates on background and analytical material pertinent to the development of the CORE reorganization objectives. For example, this report gives a summation of reorganization models examined by the working committee, but further develops only those models that were critical in developing the final recommendations.

The future

CORE's recommendations face the same barriers that delayed or scuttled earlier reforms. What may be different this time is that reform has become less of an insider's game and more of an issue in which the public has ownership. Minnesota's citizens, as well as its political leadership, have made change a priority. It has been CORE's obligation and privilege to help chart the course.

REFORM BACKGROUND

CORE began its examination of executive reorganization with studies of previous reform efforts in Minnesota and of recent similar efforts in other states. The first part of this section reviews Minnesota reform efforts during this century. The second part examines recent reform efforts in other states in general, summarizing specific reform projects in five states. The third part describes current legal authority for reorganization in Minnesota. The section concludes with a bibliography.

Minnesota reform efforts

> *. . . [T]he enormous growth of state expenditures emphasizes the crying need for radical changes. The commission's plan would mark a tremendous improvement. It would check the constant rise in the burdens of taxation. It would give the people more for their money. It would enable the people to control their public service.*

This quote, taken from the *Preliminary Report of Minnesota's Economy and Efficiency Commission of 1914*, could easily have been written by the Commission on Reform and Efficiency. Contained within it are themes familiar to most state reforms — change, control and efficiency.

Whenever governments have been perceived as bloated, fragmented, inefficient or not accountable, the call to reorganize is commonly heard. Despite their popularity, state reorganization efforts often do not prove to be successful. Traditional executive branch reorganizations often concentrated on internal issues, and consequently failed to give adequate attention to the influence of important external factors. This reality is understandable and forgivable in light of the notion that bureaucracies were created in such a way as to be protected from certain outside forces. Nevertheless, past failure to account for the fiscal, political and societal issues that triggered government reforms leaves us with studies that appear to have been performed in a vacuum. Stacks of reports exhibiting the familiar "before and after" charts misleadingly depict governments as static rather than dynamic entities. While this fact does not make historical documents irrelevant, it does highlight the need for leaders of current reform efforts to be keenly aware of government's external environment.

Minnesota has often sought executive reorganization as a tool to create better government. Since 1910, the state of Minnesota has sponsored 14 major studies on the organization and management of state government. Several of the reports reviewed the state's constitution, most recommended major structural changes, and a few suggested primarily managerial reforms (Table 1).

TABLE 1. Minnesota reorganization and reform efforts

STUDY	DATES	GOVERNOR	SPONSOR	TYPE
Efficiency and Economy Commission	1913-14	Adolph O. Eberhart	Governor	Executive reorganization, civil service & budgeting reform
Reorganization Act	1925	Theodore Christianson	Legislature	Executive reorganization
Senate Committee Investigation of All Departments of State Government	1935	Floyd B. Olson	Legislature	Investigation of allegations of political favoritism & misuse of public funds
Reorganization Act	1939	Harold E. Stassen	Legislature	Executive reorganization, civil service reforms
Constitutional Commission of Minnesota	1947-48	Luther W. Youngdahl	Governor	Constitutional reforms, constitutional office changes
Efficiency in Government Commission	1949-50	Luther W. Youngdahl	Legislature	Reorganization, administrative reforms, strengthen legislative branch, increase control of executive branch
The Minnesota Self-Survey	1955-58	Orville L. Freeman	Governor	Executive reorganization
Governor's Council of Executive Reorganization	1968	Harold LeVander	Governor	Executive reorganization
Loaned Executive Action Program (LEAP)	1972-73	Wendell R. Anderson	Governor	Executive reorganization, management reforms
Minnesota Constitutional Study Commission	1973	Wendell R. Anderson	Legislature, Governor, Judicial	Reforms in all three branches, constitutional office changes
Governor's Task Force on Waste and Mismanagement	1977-78	Rudy Perpich	Governor	Managerial reforms, some executive reorganization
Governor's Task Force on Constitutional Officers	1984	Rudy Perpich	Governor	Constitutional office changes
Strive for Excellence in Performance (STEP)	1985-90	Rudy Perpich	Governor	Managerial and programmatic reforms
Commission on Reform and Efficiency (CORE)	1991-92	Arne Carlson	Governor	Executive reorganization, managerial and programmatic reforms

National context of Minnesota reforms

Several factors precipitated studies in Minnesota: the need to concentrate executive authority and to coordinate staff services, the lack of functional integration between agencies, the proliferation of boards and commissions, the need to establish an independent audit, and the necessity of forming a cabinet to serve at the governor's pleasure. A scan of the reorganization literature shows that Minnesota is not unique in its reasons for pursuing reorganizations. Government theorists include all of the above in a classic set of administrative principles that dominated most state reorganization efforts prior to 1978.

Most of Minnesota's reorganization and reform efforts saw limited success. Of the literally hundreds of recommendations spanning the past 80 years, only a fraction were adopted during the years immediately following publication. Adding to the difficulty of assessing the impact of suggested reforms is a clear absence of follow-up reports or implementation data. Interestingly, historical analysis does show that many of the same restructuring and reform ideas were suggested repeatedly over periods of 10 to 50 years before they were adopted. Due to the lack of appropriate documentation, we are left to guess at why certain apparently worthy recommendations were largely ignored when initially suggested.

Reorganization theorists have identified a chronological pattern to state reorganizations, demonstrating how they seem to emulate federal executive branch reorganizations. The following study describes Minnesota's major reform and reorganization efforts within the context of national reorganization trends.

1910 to 1936

The first wave of state reorganizations occurred between 1911 and 1936 and had as its catalyst President Howard Taft's *Economy and Efficiency Commission Report* of 1912. Following the federal government's lead, state reorganization of this period focused on creating clearer lines of accountability in the executive branch and garnering more control for the governor.

During this period, Minnesota attempted two significant reorganizations, through Gov. Adolph Eberhart's Economy and Efficiency Commission of 1914 and the Legislative Reorganization Act of 1925. The 1914 Economy and Efficiency Commission was made up of 30 members appointed by the governor. At the outset the commission decided to "focus not on *what* the state should do, but the *way* it should do it." The commission had determined that the major problem with state government lay in its organization and methods of finance.

The main features of the commission's plan included: creation of six departments headed by directors who serve at the pleasure of the governor (finance, public domain, public welfare, education, labor and commerce, and agriculture); establishment of a merit system in the civil service to protect against the possible abuse of power due to centralization of authority in the governor's office; and establishment of new policies to guide the biennial budget appropriations process. A scan of the *Laws of Minnesota* shows scant evidence of any structural or managerial changes resulting from the commission's study.

Actions taken by the legislature in 1925 brought about significant reforms in the executive branch. The Reorganization Act of 1925 was this century's first major consolidation of many small agencies and divisions under department umbrellas. The 1925 act created the Executive Council and several major departments, including Administration and Finance, Conservation, Commerce, Education, Highways, and Public Institutions. In most cases these new departments were run by commissions, rather than by a director or commissioner as recommended in the report of 1914. Nevertheless, the act did make significant headway toward organizing the disparate functions of state government and in bringing the executive branch under gubernatorial control.

1937 to 1946

President Franklin Roosevelt's Brownlow Committee report sparked the second wave of reorganizations, occurring between 1937 and 1946. These efforts focused on enhancing the administrative powers of governors and on tightening fiscal control. Reforms of this period resulted primarily in changes in state financial management practices such as accounting, budgeting, auditing and purchasing.

Perhaps Minnesota's most significant restructuring effort occurred during this period. Based on the findings of a legislative investigating committee, the legislature adopted the 1939 Reorganization Act. This action created the Department of Administration, gave the commissioner of administration power to regulate purchasing, to plan for building and highway construction, and to prepare the biennial budget. The act also created the departments of Public Examiner, Taxation and Social Security. By the same act, Minnesota adopted a civil service system, quarterly budget controls and a centralized purchasing system based on competitive bidding.

1947 to 1965

A third wave of state reorganizations, covering 1947 through 1965, emanated from the federal Hoover Commission. The Hoover Commission promoted themes that were prevalent in the growing American business sector — economy, efficiency and enhanced service to clients. Across the country, states inaugurated "Little Hoover Commissions" that attempted to achieve economies of scale by eliminating duplication and streamlining management processes.

Minnesota's own "Little Hoover Commission," formally known as the Efficiency in Government Commission, was established by the 1949 legislature and directed to "fully and impartially inform the legislature about the administration of state government so that measures may be taken to achieve greater efficiency and economy." Nineteen commission members, assisted by 130 private citizens and a team of nationally recognized consultants, studied the executive branch of government, which at that time consisted of 105 agencies in state government (35 major departments and 70 boards, commissions and offices).

In 1951, the Efficiency in Government Commission submitted a report to the legislature listing 111 major recommendations. Areas under study were executive management, legislative authority, agriculture, commerce and utilities, conservation, education, licensing and inspection, health, highways and aeronautics, labor and industry, law enforcement, welfare and taxation. The whole of state government would have undergone major changes if the recommendations had not been largely ignored at the time.

A few years later, newly elected Gov. Orville Freeman began his term in office by presenting a sweeping reorganization proposal to the legislature. The 1955 legislature passed the proposal; however, problems with the act's engrossment caused it to be struck down by the Minnesota Supreme Court in *Foster v. Naftalin*, [246 Minn. 181, 74 NW.2d 249 (1956)]. Had the reorganization plan been enacted, it would have reduced the number of state agencies and organized them by function, granted the governor the authority to appoint and remove department heads, reduced the number of boards and commissions that diffused executive responsibility, and established an Office of Post-Audit independent of the governor.

Following the invalidation of the 1955 Reorganization Act, Gov. Freeman established a Task Force on Overall Structure, which commenced a comprehensive study know as the *Minnesota Self-Survey*. The task force recommended consolidating major state functions into 14 departments and increasing the Department of Administration's span of control. Most notably it recommended that the Department of Administration take on the preauditing and accounting responsibilities of the state auditor, and that the duties of the public examiner be assigned to the new office of the Legislative Post-Auditor.

In 1948, Minnesota also sponsored an analysis of the state constitution. The 1948 report of the Constitutional Commission recommended the abolition of the elected positions of secretary of state, state treasurer and the state auditor and also recommended revisions to the constitution. No action was taken by the legislature as a result of the commission's findings. It should be noted that four subsequent studies of Minnesota government concurred with the findings of the Constitutional Commission, recommending constitutional changes in the elected-position status of secretary of state, auditor and treasurer.

Reports and documents leave few clues as to why Minnesota government did not undergo a major restructuring as a result of any of the reorganization studies of this period. While minor internal alignments and management improvements did occur, a growing bureaucracy lacking clear lines of accountability remained.

1965 to 1978

The period between 1965 and 1978 is referred to as the "golden years" of state reorganization. This description is based on compiled data indicating a high adoption rate for the 22 states that attempted reorganizations during that time. Factors said to have initiated this next wave of state reorganizations included unprecedented growth in state expenditures, the expansion of state services and regulatory activities, the influence of private-sector management practices and budgeting techniques, citizen demand for improved services, and legislatures seeking more power in the policy implementation arena.

Coinciding with this period, Minnesota government underwent another serious reform and reorganization effort: Harold LeVander's Governor's Council on Executive Reorganization of 1967-68. The objectives of this effort differ markedly from those of prior reform efforts. While it is true that the examination of executive branch structure remained a priority, the 1968 council took a proactive stance, attempting to identify both the potential problems of state government administration and the best management tools available to meet future administrative and programmatic challenges.

In total, the council's final published report contained 51 recommendations. Two of the council's major recommendations echoed suggestions from previous reorganization studies. First, the council suggested that department heads should be appointed by and serve at the pleasure of the governor. Second, the council recommended the abolition of the constitutional elected offices of state auditor, treasurer and secretary of state. Other noteworthy recommendations included broad executive reorganization powers for the governor and same-ticket election of the governor and lieutenant governor. In addition, the council's report included a plan for reorganizing the executive branch.

There is evidence in the Laws of Minnesota for 1969 that several of the council's reorganization recommendations were adopted. The 1969 legislature created a Department of Public Safety, renamed the Department of Conservation to Natural Resources, and most importantly, gave the governor the power to appoint commissioners to serve at his pleasure.

The Loaned Executive Action Program, commonly known as LEAP, also occurred during the period between 1965 and 1976. Established by Gov. Wendell Anderson, LEAP's objective was not to study the total reorganization of the executive branch, but to improve executive branch efficiency and responsiveness by enhancing administrative systems and organizational structures. LEAP used the expertise of 100 private-sector loaned executives in its effort to find ways for government to become more customer-oriented and to gain business savvy. The LEAP report, published in 1973, contained 1,136 recommendations that were projected to save $75 million. Major recommendations called for changes in the departments of Administration and Personnel, improvements in management information systems, and creation of a Department of Finance.

As with most government reforms, LEAP's implementation details are largely undocumented, making difficult any assessment of its success or failure. However, the session laws of 1973 do show that some of LEAP's reorganization recommendations were adopted. They include the creation of the Department of Finance, the transfer of power of the public examiner to the state auditor, and changes in the newly created Department of Revenue. During that same session, the legislature created a new office in its own branch, that of the Legislative Auditor.

1975 to 1985

The number of states undertaking comprehensive reorganizations tapered off dramatically between 1975 and 1985. The literature identifies several reasons for the dearth of sweeping reorganization studies during this period. First, many states were content with the success of recent reorganizations. Second, emerging policy issues and tight resources caused budgeting and management reforms to take precedence over structural and executive control issues. Also contributing to the lack of reorganization efforts was legislative resistance to any effort that could be construed as an attempt to expand gubernatorial power.

Gov. Rudy Perpich established Minnesota's only major reform effort of this period, the Task Force on Waste and Mismanagement. It should be noted, however, that this was not a reorganization study. The fundamental objective of the task force (also referred to as the Goff study, after Robert Goff, Perpich's public relations executive who organized the effort), was to search out and then recommend ways to eliminate waste in state management. The theme and attitude of the Goff report were similar to those of President Ronald Reagan's Grace Commission, a federal reform of the same period.

The Goff task force was staffed by 12 state employees who were assisted by 21 private-sector volunteers. The Goff report contained 255 recommendations, many of which were implemented, but resulted mostly in one-time savings. The Goff study suggested several specific reforms in the areas of statewide inventory management, professional development, long-distance telephone use, purchasing, printing and publications, and land acquisition.

1986 to 1990

Since 1986, there has been a significant increase in state reorganization efforts nationwide. Many elements account for the recent resurgence in comprehensive reforms. State resources are dwindling due in large part to the escalating costs of health care and education. Likewise, public dissatisfaction with higher taxes has combined with a general suspicion of bureaucratic and political systems, forcing a new wave of bipartisan reform demands. In addition, downsizing and quality control measures in the private sector have put pressure on the government to follow suit.

Contemporary reforms show evidence of moderate success in terms of dollar savings and enhanced executive control. Recently published reports from other states identify elimination of services and positions, user fees, privatization, and performance-based budgeting among the popular remedies for healing the afflictions of state organizations.

Between 1986 and 1990, Gov. Perpich led the state of Minnesota in a reform effort known as STEP — Strive Toward Excellence in Performance. The STEP effort tapped business-sector expertise and employed business partnerships. STEP emphasized the need for long-term, continuous changes in the productivity and quality of state services. Unlike many of the state efforts occurring concurrently throughout the nation, STEP did not focus on the structure of government, nor did it attempt a reorganization. The STEP effort consisted of 59 agency-initiated projects covering a wide range of topics. One example of a STEP project is "Sentencing to Service," a partnership between two state agencies that put nonviolent lawbreakers to work on environmental projects. A second example is the "Minnesota Weather Information Network," which provided thorough, timely localized weather information for pilots, motorists and farmers. The 1990 change in executive administration halted STEP's existence as a specific reform program. Of the 59 STEP projects, 50 percent were incorporated into the ongoing structures of their agencies, and another 30 percent were either one-time projects or were not completed by the time the STEP program was formally closed. STEP has been heralded as an innovative and effective government reform model.

Examples of reform recommendations

These are examples of recommendations from the 1951 report of Minnesota's Efficiency in Government Commission, summarized from *Reorganizing the State Government of Minnesota*, by the Minnesota Institute of Governmental Research, July 1952.

1. Executive and administrative power should be concentrated in the governor, rather than being diffused among multiple elected officials. The attorney general, secretary of state, state auditor and treasurer should be subordinate to the governor.

2. The Administration Department commissioner should function as an assistant governor or business manager or chief administrative officer responsible for management: directing, coordinating and controlling state activities.

3. The governor's span of control should be limited to a maximum of 20 reporting units, each headed by an individual.

4. Confirmation of the governor's appointees by the senate should be eliminated; responsibility should be solely with the governor.

5. Administrative activities should be eliminated from all boards and commissions.

6. Functions should be integrated into single departments, enabling the governor to delegate the duty of coordination to single officials.

7. Departments should use advisory boards that are limited to advising and counseling.

8. Departments with police or regulatory powers should use quasi-judicial boards with dispute resolution authority.

9. All but top employees should be in the civil service system. No hiring preference should be given to veterans.

10. The legislature's committee system should be organized on the same functional basis as the executive branch.

11. The attorney general, secretary of state, state auditor and treasurer positions should either be eliminated or be appointed by the governor.

12. Ex-officio members should be eliminated from all boards, such as those dealing with investments and pensions.

13. The Department of Administration should be responsible for making all state administrative reports readable, informative and useful.

14. The Department of Administration should serve as a central public complaint office. It should follow up, investigate and respond to all criticisms of state operations.

15. A new governor needs to spend too much initial time making too many appointments. Agency consolidation would reduce the number of necessary appointments; also, some appointed positions should be in civil service.

16. No funding sources should be dedicated; all should be in one general fund.

17. Commissioners, rather than the legislature, should have the authority to set and change the internal organization of departments.

18. Attorneys assisting departments should be appointed by commissioners, rather than by the attorney general.

19. The Department of Revenue's scope should be expanded to all revenue and tax laws, including liquor stamps, auto licenses and insurance taxes.

20. State inspection services should be centralized so that no businesses need to be inspected by multiple agencies.

21. The Veterans Affairs Department should be abolished, with its duties split between the departments of Military Affairs and Human Services.

22. All activities dealing with dependency, disease and crime should be in a coordinated program of general welfare.

23. All professional licensing and registration boards should be merged into one central licensing authority. None of its members should be members of the regulated professions.

24. A Department of Legislative Services should be created to employ legislative staff and to carry out the functions of the revisor of statutes and many of the functions of the secretary of state. A nonadministrative agency, its commissioner should be appointed by the legislature.

25. Department post-audits should be conducted annually by a legislatively appointed examiner.

26. Many more state employees, including assistant commissioners and people employed by the legislature, should be included in civil service.

27. Agencies with 50 or fewer employees should be merged into other agencies.

These items are summarized from *Executive Reorganization for the Improvement of State Government*, by the Governor's Council on Executive Reorganization, Dec. 1, 1968.

1. The constitutional elected offices of state auditor, secretary of state, attorney general and state treasurer should be abolished.

2. The governor should appoint the attorney general and state treasurer to serve as counsels.

3. Positions involved in policy formulation and direction should be unclassified. Positions involved in policy execution should be classified under civil service.

4. The governor needs some system that enables ongoing executive branch reorganization.

5. All tax functions should be transferred to the Revenue Department, including taxes on motor vehicle licenses, beer, liquor and insurance.

6. Health, corrections, human services, vocational rehabilitation and veterans affairs programs need integration; they should be combined into one department.

Reform efforts in other states

In recent years, numerous states have turned to executive branch reorganization as a significant reform opportunity. This part of the report presents the results of a systematic review of six reform, or reorganization, projects that have taken place in five states between 1985 and 1992. The purpose of this review is to provide a context for CORE's reorganization effort by examining other states' results and the factors that contributed to a project's success or failure.

Several reviews of state reorganization and reform efforts have been completed by academicians and state analysts in the last several years. In 1989, for example, James K. Conant reviewed the efforts of 22 comprehensive executive branch reorganizations that took place between 1965 and 1987 (Conant, 1989). Conant's analysis found that the principal goals or values for reorganizations were effectiveness, efficiency, and economy, and that the prescribed mandates for achieving these goals were expanded executive power and a modern, streamlined executive branch. Further, Conant emphasized that improvements in effectiveness, efficiency, and economy have seldom been documented. Conant concluded that "proponents of the classical school should be more cautious about the bottom line results they expect from reorganization, but they need not abandon the pursuit of a modernized, streamlined executive branch or strong executive leadership" (Conant, 1988).

A more recent survey of all 50 states and their reorganization activities by the South Carolina State Reorganization Commission reported similar results (State Reorganization Commission, 1991). This survey found that states continue to search for ways to improve the effectiveness and efficiency of government services. Summaries of state reorganization projects reported by the commission also indicate, however, that reorganization efforts conducted in the last several years are more likely than previous efforts to claim significant cost savings. It also appears that they are more likely to be carried out as part of larger reform efforts. In a few states, "reinventing government" or total quality management techniques are promoted as part of the most recent reforms.

Reviews by Conant, the South Carolina Commission, and others provide a useful broad-brush look at state reorganization program. CORE built upon that research by looking in depth at many reorganization and reform efforts recently conducted in various states. The six sample projects summarized here are those conducted in the last two years (with one exception) and represent a wide range of goals, methodologies, and types of recommendations. This is a mix of projects whose recommendations were successfully implemented and projects whose recommendations are struggling to stay alive.

CORE examined all recent reform or reorganization efforts conducted by other states. This sampling describes six projects conducted in the five states of Alabama, Iowa, New Jersey, South Carolina, and Texas. Two of these efforts include a plan for restructuring the entire state government (Iowa in 1985 and South Carolina in 1991). The other four projects were broad efforts to reform state government as a whole. In those four cases,

TABLE 2. Overview of project goals and estimated savings

STATE	PROJECT NAME and AFFILIATION	YEAR STUDY COMPLETED	MAJOR GOALS	ESTIMATED SAVINGS ASSOCIATED WITH REFORM[1]
Alabama	Alabama Management Improvement Program (AMIP): private corporation; governor sponsored	1991 (Phase 1 and Phase 2, about one year)[2]	Identify short-term savings; encourage new management techniques; effectiveness and efficiency; involve stakeholders to ensure implementation	$91 million annually
Iowa - 1991	Governor's Committee on Government Spending Reform; Booz-Allen facilitated	1991 (six months)	Develop strategies to reshape future role and practices of Iowa government with focus on spending reductions	About $482 million in FY 1993; $592 million in FY 1994; $6.3 million due to reorganization
Iowa - 1985	Restructuring and downsizing government; governor initiated; Peat Marwick conducted	1985 (four months)	Identify savings; eliminate unnecessary programs and activities; improve governor's control	$30 million - $40 million
New Jersey	Governor's Management Review Commission	1990 (about one year)	Cut costs; streamline operations; increase productivity	$965 million
South Carolina	South Carolina Commission on Government Restructuring; governor appointed	1991 (about one year)	Establish/concentrate authority/responsibility; manageable span of control; enhance government responsiveness; address inefficiency	Not yet determined
Texas	Texas Performance Review	1991 (six months)	Efficiency; maximize federal funding; eliminate unnecessary services; privatize as appropriate; suggest needed changes; consolidate, reorganize where appropriate	$12.26 billion over five years

[1]May include cost avoidances, revenue increases and cost savings, and often includes the elimination of many programs and positions. It is almost impossible to determine the savings attributable to reorganization (see discussion on Page 17).

[2]Sub-studies took six to 10 weeks to complete; the process took about one year.

departments or issues being studied. The reorganization efforts considered here were completed in 1990-1991, except for the 1985 Iowa study. All of the studies were initiated or supported by the state's governor. The length of time taken to complete the six studies ranged from about four months to 12 months. The details are summarized in Table 2.

Goals

Nearly all the state reform efforts examined here shared the goals of cutting costs and increasing efficiency. Two states explicitly conducted restructuring efforts to enhance the governor's control of government agencies. As shown in Table 2, other goals identified by reform and restructuring efforts are increased productivity, eliminating unnecessary programs, enhanced government responsiveness, improved management practices, privatized services where appropriate, and involving stakeholders to ensure implementation.

Estimated savings

With the exception of South Carolina, all the states reported significant cost savings resulting from their reform efforts. Estimated savings ranged from $30 million to $40 million in Iowa in 1985, to $12.26 billion in Texas over five years.

Texas promotional materials relate the ease with which significant savings were realized: "When the Performance Review began, some expressed the hope that we could find savings of $200 million. We found that much the first day" (TPR, 1991).

Often "savings" are the expected result of several different activities such as increasing state fees and charges, eliminating unnecessary services and privatizing services. The methodology for calculating these savings is rarely (if ever) specified. It is nearly impossible to identify the savings directly attributable to reorganization. Data on cost savings is usually itemized by the relevant departments or issues rather than by reorganization vs. other strategies.

Another problem in evaluating savings due to reorganization is that "reorganization" can refer to different activities in different states. In a South Carolina study, reorganization is defined generally as "the rearranging of personnel and resources to achieve a common goal" (State Reorganization Commission, 1991). In Iowa, executive reorganization includes "reducing layers of middle management, simplifying the job classification system and implementing a management incentive program" (GCGSR, 1991). In other cases, reorganization might include the elimination of positions, agencies, and programs. Most of the six reform efforts recommended major work force and service reductions as a way to save millions of dollars.

TABLE 3. Project methodologies, reporting of recommendations, status of implementation and costs

STATE	GENERAL APPROACH/ METHODOLOGY	REPORTING OF ANALYSES & RECOMMENDATIONS	STATUS OF IMPLEMENTATION	COST
Alabama	**Project 1**: short-term studies of 17 agencies and departments and 4 cross-cut studies. **Project 2**: address seven specific questions. Focus on functional areas	Recommendations made in wide variety of areas (e.g., raise revenues, eliminate services and positions, restructure departments)	As of 1991, 74 percent of original recommendations implemented	$1.6 Million. Private business funded
Iowa - 1991	Seven task forces studying broad areas, facilitated by Booz-Allen	Recommendations in wide variety of areas, focus on savings; brief rationale and implementation plans; some study of executive branch	About $200 million worth of FY 1993 recommendations in the governor's budget	Approximately $400,000. About 2/3 private sector funding
Iowa - 1985	Peat Marwick teams meet with other experts to devise plan; department heads provide input; state managed estimate impact	Recommendations in wide variety of areas; restructuring recommendations reduce 68 departments to 18, eliminate 37 boards & commissions; little discussion	A majority of all recommendations and most of the restructuring recommendations implemented through State Reorganization Act of 1986	Approximately $160,000 (about $500,000 if done today). Private sector funding
New Jersey	**Phase 1**: Audits of 12 departments and 19 cross cut issues. About half done by private sector. Methodology varied by audit, often includes surveys, interviews, etc. **Phase 2**: 10 more audits completed by private sector	Recommendations in wide variety of areas; each audit has own report. Reorganization recommendations common within departments	Phase 1 report done. About $245 million of $965 million in expected savings realized	**Phase 1**: Unknown, much pro bono work. **Phase 2**: approximately $1.4 million.
South Carolina	Data gathered from numerous sources, including extensive department surveys; six primary analyses of data	Restructuring Plan developed. Consolidation of 145 agencies to 15 cabinet departments; each proposed department described in detail; 11 basic principles outlined	Report to serve as guide, one model. Report is Stage 1 of 5. Attempting to get referendum on ballot to set maximum number of cabinet-level departments at 15	Unknown. All public funds.
Texas	Ten teams covered a wide variety of issues. Methodologies included review of other state efforts, interviews with experts, "hotline" for public input, public hearings, and employee ideas	Recommendations made in wide variety of areas in three volume report. Restructuring recommendations within specific areas	65 percent of proposals adopted in some form as of August 1991	Between $200,000 and $250,000. Funded by public sector.

General methodology

Table 3 shows that three of the states approached the reform task by conducting studies of a variety of programs and cross cut issues (Alabama, New Jersey, and Texas). Others examined all major departments or focused on reorganization needs. Generally, states relied on teams composed of public and private experts to conduct the analysis, with a commission or similar body guiding staff work. Approaches ranged from top-down studies in Iowa (1985), in which Peat Marwick teams developed the basic restructuring plan, to Texas and Alabama reform efforts involving extensive employee input.

Sources of data used by the states included previous reports, public and private experts, state employees, and specific department information. Some states such as Iowa (1985) developed recommendations quickly and without much reporting of the rationale behind the recommendations. Other states such as South Carolina employed a very systematic approach and conducted surveys of every department.

Cost

The reported cost of the reorganization and reform studies ranged from $160,000 in Iowa (1985) to $1.6 million in Alabama. In most cases, the private sector picked up some of the tab, either through direct contributions or in-kind support.

Success factors and problems

A list of the major factors associated with a project's success is presented in Table 4 on the next page. Factors especially emphasized by the project directors or chairs interviewed included the involvement of state employees in developing recommendations, using consultants when necessary, having a short time frame to conduct the study so that momentum for the project isn't lost, and "good timing." Good timing was said to include an associated budget crisis that stimulated a need for change and a strong governor.

Table 4 also lists major problems experienced by states in completing and implementing their work. One common problem is that recommendations can be stalled or killed by interest groups and the legislature. Texas' strategy for mitigating this problem was to keep the recommendations secret until the project's completion, and then release all 975 recommendations at once. This reduced the speed with which interest groups could digest the recommendations and form their opposition. Iowa (1991), took the opposite approach — the press was invited to attend all meetings. This reportedly resulted in good press, which in turn stimulated public support. Another strategy to strengthen the chance of recommendations actually being implemented, the director of the Texas program advised, is to educate legislators regarding the recommendations right before the report is released so that the legislators can confidently withstand interest group opposition.

TABLE 4. Major success factors and problems reported in reform/reorganization efforts[3]

STATE	MAJOR SUCCESS FACTORS	MAJOR PROBLEMS
Alabama	Involvement of state employees; use of private-sector expertise; implementation plans and monitoring	"Where is all the money you saved?"
Iowa - 1991	Short time frame; consultants; informed press; consensus process	Special interest groups can try to block recommendations.
Iowa - 1985	Building credibility; good timing; backing of governor	Some "vocal constituents" can try to block recommendations.
New Jersey	Focus on areas under executive branch control	Legislature can block recommendations; a later report was issued that critiques the commission's work.
South Carolina	Systematic approach; public support strong	Opposition to referendum may be based on fears of too much gubernatorial control.
Texas	Budget crisis; broad support; short time frame; adequate resources; state staff; independent sponsor; "timing was everything," results released in a single package	**[Advice]** Avoid grandiose promises; expect agency opposition; educate legislators so they can stand up to lobbyists; brief special interest groups; take measured risks.

[3]As reported by project directors, chairs, or other staff.

Relationship to CORE

Major similarities and differences between CORE and other state efforts are highlighted in Table 5. Generally, many state efforts are like CORE in that one of their reform goals is efficiency, both public and private expertise is tapped, the scope of the study is broad, and a team analysis approach is used. CORE's approximate one-year time frame is similar to that of several states.

TABLE 5. Major similarities and differences between CORE and other efforts

STATE	MAJOR SIMILARITIES TO CORE	MAJOR DIFFERENCES FROM CORE (PRESENT OR EXPECTED)
Alabama	Team analysis approach; public and private expertise used; emphasize efficiency; broad scope	CORE will provide more justification for recommendations; CORE larger scope; CORE has specific restructuring project.
Iowa - 1991	Use of commission; public and private mix; broad scope	CORE has specific restructuring project; CORE's time frame longer; CORE has smaller staff.
Iowa - 1985	Focus on restructuring; goals of efficiency	CORE has longer time frame; CORE more detailed analyses; CORE more employee input.
New Jersey	Broad scope; cost-cutting goals; use of commission	CORE has specific restructuring project; CORE less reliant on consultants.
South Carolina	Focus on restructuring; careful analysis; some shared goals	CORE likely to have more detailed plan; CORE broader; some goals may differ.
Texas	Goals of efficiency; customer focus; broad scope	CORE has specific restructuring project; CORE has limited public input as yet; CORE scope smaller.

One major difference between CORE and other efforts is that CORE will likely do a more comprehensive job of justifying recommendations than other states have done. Several of the six reports reviewed for this paper justified program and position eliminations in a sentence or two. CORE also has a broader scope and smaller staff than many other projects. CORE's funding is primarily from the public sector, whereas some other states were funded primarily by private monies.

Examples of recommendations

Many of the recommendations in the studies would, if implemented, make those states more consistent with government structure and practices in Minnesota. The following, however, are examples of reform recommendations found in the studies that are not fully consistent with Minnesota today:

- Review and assess department mission statements.
- Establish privatization as a priority for state agencies.

- Place a new, tight sunset provision on all boards, commissions, councils and task forces.
- Create new umbrella departments to consolidate all small state agencies and organizational units.
- Eliminate state programs by shifting their responsibility to local governments.
- Eliminate the role of boards in administrative work.
- Define and recognize a governor's cabinet.
- Combine health and human services administration into a single, unified system.
- Create a central environment department.
- Create a customer hotline, and hold periodic public stakeholder meetings.

Reorganization authority

Today, there are essentially four systems governing the reorganization of Minnesota government: reorganization order, legislative action, executive order, and constitutional amendment. The nature of the office affected and the basis for its authority dictates which of them can be used.

Reorganization order

The commissioner of administration may transfer personnel, powers or duties from one state agency to another by issuing a reorganization order. A reorganization order becomes effective upon filing with the secretary of state so long as the following requirements are satisfied:

a. Submission of a proposed order to the chairs of the governmental operations committees in the House and Senate at least 30 days before filing with the secretary of state.

b. Approval by the governor.

c. Filing with the secretary of state.

d. Submitting a bill to the legislature making all statutory changes required by the reorganization no later than the next Jan. 15.

If the order transfers substantially all the powers or duties or personnel of any department, or the Housing Finance Agency or the Pollution Control Agency, it is not effective until ratified by concurrent resolution or enacted by law.

Since reorganization orders have been authorized, 162 have been issued by commissioners of administration, the most recent of which transferred the Department of Health's duties for the Occupational Health and Safety Act (OSHA) health consulting services to the Department of Labor and Industry.

Legislative action

Departments, councils, boards, and advisory councils within the executive branch are authorized by statute. The legislature then has authority to create, eliminate or modify any or all of them through legislation. When the legislature exercises that authority, the governor has the power to veto any changes. The legislature may also delegate some authority to the executive branch with certain limitations. For example, the commissioner of administration's authority to issue reorganization orders is based on legislative delegation of that limited power.

Executive order

The governor may create, within the governor's office, advisory task forces, councils and committees to advise or assist on matters relating to the laws of the state. These task forces generally expire after two years.

Constitutional amendment

Some aspects of state government are specified by the Constitution and any change would require a constitutional amendment. For example, elimination of any of the officers in the executive branch would require a constitutional amendment. Those officers include governor, lieutenant governor, secretary of state, auditor, treasurer, and attorney general.

Changing the nature of the responsibilities of those officers, except those duties specified in the constitution, may occur by statute. Article V, Section 4, of the Constitution says, "The duties and salaries of the executive officers shall be prescribed by law."

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MINNESOTA TODAY

In its work, CORE used many existing sources of information and analysis regarding Minnesota state government, as well as conducting its own research based on available data. But in general, the most critical sources for reform insight have been the employees and agencies responsible for state operations. Their observations shaped the findings in CORE's report, *Imperatives for Change: An Assessment of Minnesota State Government.*

This section describes some of the information sources that assisted CORE's response to those findings. The first part analyzes information gathered during the early work of CORE, when about 1,000 state employees contributed recommendations for change. The second part makes use of the biennial budget documents, in which state agencies have a formal opportunity to make their strongest case regarding the need, effectiveness and cost of their services, all in a consistent format. The third part describes the CORE interviews conducted with top management in cabinet agencies. The section concludes with a bibliography.

State employee concerns

In its first six months of operation, the Commission on Reform and Efficiency (CORE) concentrated on immediate cost savings: identifying structural changes that could be made immediately without a loss in operational effectiveness or efficiency. In preparation, qualitative data was collected identifying ways in which government could be made more efficient. CORE staff interviewed individuals and groups having expertise or special knowledge in public administration, including current and former state administrators, for their insights and recommendations. More than 700 employees responded to a questionnaire from the governor asking for ways in which departments could be more efficient. In all, approximately 1,000 individuals volunteered recommendations.

Immediate cost savings were achieved using this information for CORE's first project. This information also included many suggestions for simplifying or streamlining processes and operations and thus had value for CORE's later assessment and reorganization projects as well.

When used for these latter projects, there is considerable variation in the value of the data. Most of the interviews and written responses have short-term savings as a target, and were not aimed at assessment or organization. By design, interviews went into relative depth, while some response forms encouraged brevity. Still, all of the data serves as raw ore for this process; the issue of cost savings and the issues of assessment of operations and organization are closely related. From this perspective, perhaps the most interesting observation is that state employees and the other interviewed stakeholders tended to see cost savings not as a primary goal but rather as a by-product of improved operations.

Findings

The sheer quantity of state employee responses has indicated a real interest in participating in a change process. This willingness, and sometimes enthusiasm, may be crucial in implementing any of CORE's final recommendations. Respondents answered the questions presented them (which differed among the various subgroups) but typically they went beyond those questions to provide other information and suggestions they considered germane. Most respondents dealt with immediate concerns, but often they provided commentary on what they perceived to be the issues behind those concerns.

In reviewing the qualitative data, a concern for accountability appears as a central theme across all respondent subgroups. Accountability to consumers is demanded, whether the consumer is a citizen wanting service or a state employee wanting assistance in delivering that service. Accountability is diagnosed as both a cause and a symptom. It is explored within an agency, among executive agencies, and among the branches of government.

A perceived lack of accountability was often expressed with a sense of frustration. Respondents cited an inability to hold others accountable, especially other state agencies involved in joint operations, and their own service vendors, including state agencies and private organizations. A picture emerges of agencies that perform their functions adequately on their own timetables, but their timetables are not synchronized with each other. Part of the reported frustration comes from not knowing who in fact does have the authority and responsibility to hold other agencies accountable for their performance.

The following summary attempts to condense the volumes of CORE's initial project responses into categories of general findings and observations. All of them, in effect, serve as subcategories of accountability, because they all deal with that theme in different ways.

Mission

Why are we here? What are we supposed to be doing? These kinds of questions were asked by employees in numerous ways. Respondents were concerned about not having a visible mission statement, about not having or not following outcome measurements, about hazy obligations to customers, about contradictions between regulatory and supporting roles, and about shared responsibilities with other state units.

Basic worklife concerns were often expressed as conflicts. Respondents described conflicts between input and output focus, agency and customer driven, rules and purpose as a priority, status quo and improvement, problem solving and avoidance, and uniformity and flexibility. But from an internal perspective there was not a sense that government operations are bad. A prevailing sense was that operations are good, but not at their full potential. Respondents said that systemic change (with myriad, often contradictory, specifics offered) could result in improved effectiveness.

Systems

Managers, professionals and support staff were alike in decrying internal support. They claimed that the systems designed to alleviate their work problems are not only failing to doing so, but are causing additional problems as well. The system functions cited most often are human resources (staff hiring and training), accounting (budget planning and reporting), and various centralized administrative activities including technology introduction. A recurring complaint was the "use it or lose it" approach to budgeting, which was charged with encouraging wasteful spending near the end of each fiscal year, and with discouraging any saving of funds.

Respondents did not speak in terms of a morale problem, but a lack of incentive to improve performance was stressed repeatedly. They reported lacking improvement tools — information, technology, training — and authority to act. Managers reported an inability to plan creatively or to look beyond the current fiscal year.

Communication

Respondents reported having difficulty communicating (and therefore, cooperating) with other employees within their own and among other organizational units. The difficulty appeared to be among and between both supervisors and subordinates in both staff and line positions. Respondents in interviews suggested that the difficulties are symptoms of confusion caused by unclear lines of authority and responsibility. Some respondents said agencies provide as little specific information as possible about their activities to administrative and legislative leadership.

Structural realignment

Respondents expressed strong concern that consumers are uninformed about available state services, and about how to access services. One part of this difficulty is the redundancy in names: respondents reported that both employees and consumers are confused by the multiple agencies with similar titles. While some insist that functional duplication exists, others caution that similar names do not necessarily mean similar functions.

Respondents called for a redrawing of the administrative branch's organization charts. Some called for mergers, for example, mergers among the various units dealing with environmental issues. Some cautioned against mergers, and others urged breaking up the larger units, such as the Human Services Department. Still others called for leaving the charts alone, and concentrating on the methodologies by which agencies work with each other.

These recommendations appear contradictory, but have an element of commonality. All address the question of "Who's in charge here?" Those promoting merger view it as a way to pull together the various agencies with responsibility for the same issue. Those promoting separation view it as a way to give clearer focus and more visibility to agencies now "hidden" in mega-structures. Those concerned with methodology view the real issue as making someone accountable for improved responsiveness and cooperation between agencies.

Politics

Politics as an issue may appear incongruous coming from respondents in a system with an overtly political focus. But the inherent periodic changes in policy and priorities are not the real concern. The identified issue is unnecessary disruptive involvement with agency administration. The identified consequences are lack of consistent management strategy and lack of accountability within agencies.

Two sources were commonly identified. One, leadership changes often go beyond the policy-making level, extending to middle management levels. This can result in a loss of agency goals and practices, and often culminates in a rearranging-the-chairs kind of reorganization. Two, legislative committees often move beyond policy making and exercise micromanagement control that can be inconsistent with the legislature's own goals.

Conclusions

Throughout the CORE initial-project qualitative data, accountability is a dominant theme. In CORE's reorganization projects, that theme is reflected throughout all projects, particularly the CORE quality initiative. Quality concepts involve determining and delivering what the consumer wants. Successful implementation requires accountability for measuring both the process and output. The initial-project data carried several implications for subsequent CORE activities:

Initial assessment — The CORE initial-project qualitative data has provided a starting point for an assessment of the effectiveness of state government. Overall, participating employees and other stakeholders found state operations to be generally in working order, and described service to consumers as adequate or better. In that assessment, employees also diagnosed general and specific problems that, if resolved, could result in higher levels of productivity and consumer satisfaction.

Search for focus — A major concern of respondents was the focus of each state agency. Respondents implied that a potential measurement of agency effectiveness is the clarity of its focus. The purpose, and functions of each agency — what it can and cannot do — needs to be understood by its own staff members, by other state agencies, by its consumers and by its potential consumers.

Process assessment — An arena for further assessment may be the set of processes and support systems involved in delivering services to consumers. Respondents clearly warned that the sources of inefficiencies and other problems that consumers encounter do not always originate in the agencies that they deal with face-to-face, but often stem from "faceless" agencies that are involved elsewhere in the process.

Reorganization goals — Proposals for reorganization follow from an assessment of state government. CORE initial-project data suggests that goals for any reorganization should include stronger and more visible accountability both within and among agencies, and an improved public perception of the purpose of each state agency. Structural reorganization issues transcend the bigger-vs.-smaller size debate. A real possibility is that a comprehensive set of recommendations may include elements of both.

Agency performance indicators

The CORE vision statement calls for a renewed government that is mission driven, oriented toward quality outcomes, efficient, responsive to clients, and respectful of stakeholders. An important source of information for evaluating how well the state is currently meeting this vision — and therefore how state government needs to be restructured — is the biennial budget. In addition to monetary information, nearly every agency's budget submission has a "performance measurement" section. This section describes how agencies measure the services they are providing, and what results from the provision of these services. An analysis of the performance measurement section can be a significant indicator of what agencies are measuring, and how those measurements relate to CORE's vision for state government.

For this study, the performance measurement section of the budget is used to broadly indicate to what degree agencies are oriented toward quality outcomes, efficient, and responsive to clients.

Importance of measurement

In the past, governments have often focused on measuring how activities are conducted, rather than measuring the outcomes of program activities. Agencies often have measured inputs, such as how many people were involved with a program, while ignoring outcomes, or results. In *Reinventing Government*, Osborne and Gaebler present the case for outcomes measurement:

- What gets measured gets done.
- If you don't measure results, you can't tell success from failure.
- If you can't see success, you can't reward it.

- If you can't reward success, you're probably rewarding failure.
- If you can't see success, you can't learn from it.
- If you can't recognize failure, you can't correct it.
- If you can demonstrate results, you can win public support.

While valuable, outcomes measurement does have some important limitations. One concerns the accuracy of the data. Poor data collection methods and inaccurate information can result in misrepresentation of a program. Another problem is that outcomes may be difficult and expensive to measure. It is much easier to count the number of people in a classroom than to measure the quality of the curriculum provided. Other problems include using inappropriate measures, using too few or too many measures, and expecting outcomes beyond the control of any program.

Outcomes are not the only important program characteristic that can be measured. To understand an education program, for example, it is helpful to know certain basic explanatory data such as the number of children in the state aged 5 to 18. "Output" data that documents program activities is another type of measure that can be used to describe a program; for example, the number of children enrolled in school. Information on process, such as the number of task forces established, may also be useful.

In addition, efficiency data is often of critical import in determining a program's success or failure. Customer satisfaction is also significant, particularly in quality improvement programs that have measuring and meeting customer needs as a basic focus.

The primary caveat of this study is that the analysis is a broad indicator rather than a precise evaluation of agency performance in measuring program activities and outcomes.

Methodology

This study examined performance indicators reported by 99 programs within 23 cabinet-level agencies and two higher education systems in the 1992-93 Minnesota biennial budget. With four exceptions, all programs within each department were included in the study. Due to the large number of programs within Public Safety, Education, and the higher education systems, a sample of their programs was analyzed. In higher education, the instruction programs of the University of Minnesota and the community colleges were examined. In Public Safety, all programs with budgets exceeding $5 million were included in the analysis. For K-12 education, the education aids budget was removed from consideration, because the aids are determined by formula and therefore no performance information was provided. The three largest remaining programs were selected for inclusion in this analysis.

The primary source of information for this analysis was the 1992-1993 biennial budget document. It was selected as the instrument for this analysis because it has emphasis on measuring performance, and because the State of Minnesota does not have a comprehensive performance management system. The budget was the only central location for statewide performance information. It was assumed that agencies presented their most important measurements in the budget.

Using a standard form, information was collected on the following items: department mission statement, program purpose, and the number of performance indicators that measure outputs, outcomes, or efficiency, or are explanatory in nature. Definitions used to categorize the measures are as follows:

Output measures report the number of units produced or services provided by a program. Examples are the number of health care home visits provided to the elderly and the number of road improvements completed. Output measures should capture what a program does.

Outcome measures report the results or impact of a program. Examples of outcome measures are the decrease of malnourishment in children who received free school lunches, the percentage of cancer patients treated who are now in remission, and the value of stolen property recovered. Outcome measures should capture why a program exists.

Efficiency measures report the cost per unit of output or outcome. Cost per highway mile constructed and average time per vehicle inspection performed are efficiency measure examples.

Explanatory information provides details regarding elements or factors of the environment in which the agency operates that may affect performance. Examples would be weather conditions for road maintenance, passing ratio for nationally administered examinations, establishment of a task force, and income cap for health care program recipients. These may also be referred to as "process measures."[3]

Analysts also took note of how many of the indicators related to customer satisfaction regardless of whether they were outcome, output, efficiency or explanatory measures. Customer satisfaction-related items included such measures as the results of customer surveys and attempts to promptly resolve customer complaints.

It is important to note that, although standards were used for categorizing performance measures, some subjectivity was required in classifying some of the less clear perfor-

[3]Adapted from *Accurate and Appropriate Performance Measures Are the Foundation of Tomorrow's Texas*, L. Alwin, State Auditor, Austin, Tex., 1992.

TABLE 6. Number of performance measures by type in 1992-1993 biennial budget

DEPARTMENT	OUTPUT	OUTCOME	EFFI-CIENCY	EXPLAN-ATORY	TOTAL NO. (%)
Administration	26 (35%)	5 (7%)	11 (15%)	33 (44%)	75 (100%)
Agriculture	16 (48%)	5 (15%)	1 (3%)	11 (33%)	33 (100%)
Commerce	13 (46%)	9 (32%)	1 (4%)	5 (18%)	28 (100%)
Community Colleges	1 (8%)	8 (67%)	1 (8%)	2 (17%)	12 (100%)
Corrections	5 (36%)	1 (7%)	0 (0%)	8 (57%)	14 (100%)
Education	2 (15%)	2 (15%)	0 (0%)	9 (69%)	13 (100%)
Employee Relations	23 (31%)	6 (8%)	8 (11%)	37 (50%)	74 (100%)
Finance	3 (15%)	9 (45%)	0 (0%)	8 (40%)	20 (100%)
Health	30 (52%)	2 (3%)	1 (2%)	25 (43%)	58 (100%)
Housing Finance	20 (77%)	2 (8%)	2 (8%)	2 (8%)	26 (100%)
Human Rights	10 (100%)	0 (0%)	0 (0%)	0 (0%)	10 (100%)
Human Services	26 (31%)	19 (23%)	5 (6%)	33 (40%)	83 (100%)
Jobs & Training	19 (73%)	0 (0%)	1 (4%)	6 (23%)	26 (100%)
Labor & Industry	10 (29%)	3 (9%)	10 (29%)	11 (32%)	34 (100%)
Military Affairs	3 (25%)	3 (25%)	1 (8%)	5 (42%)	12 (100%)
Planning	6 (86%)	1 (14%)	0 (0%)	0 (0%)	7 (100%)
U of M	2 (9%)	0 (0%)	1 (5%)	19 (86%)	22 (100%)
Natural Resources	34 (37%)	18 (20%)	2 (2%)	37 (41%)	91 (100%)
Pollution Control	20 (38%)	7 (13%)	0 (0%)	26 (49%)	53 (100%)
Public Safety	13 (29%)	6 (13%)	0 (0%)	26 (58%)	45 (100%)
Public Service	14 (33%)	11 (26%)	4 (10%)	13 (31%)	42 (100%)
Revenue	12 (50%)	2 (8%)	3 (13%)	7 (29%)	24 (100%)
Trade & Econ. Development	13 (25%)	17 (33%)	1 (2%)	20 (39%)	51 (100%)
Transportation	75 (60%)	11 (9%)	4 (3%)	34 (27%)	124 (100%)
Vets Affairs	6 (67%)	0 (0%)	0 (0%)	3 (33%)	9 (100%)
TOTAL	**396 (40%)**	**147 (15%)**	**57 (6%)**	**377 (39%)**	**977 (100%)**

mance indicators. In addition, there is no way to determine whether the measures in the budget are accurate. Some claim that many agencies do not regularly review or in any way change their performance information from year to year. And because there is no statewide system to track performance data, there is no standard set of rules for measuring or reporting performance. Further, agencies may have been limited in how much or how well they could describe their programs in a budget document. Therefore, these results should be viewed as a general view of how agencies are measuring performance, rather than a precise measurement of performance indicators.

Results

Overall, 977 performance indicators were identified as being used by the 25 departments analyzed (Table 6). Most of these indicators (79 percent) were related to outputs (40 percent) or were explanatory in nature (39 percent). Outcome indicators accounted for 15 percent of all indicators identified, while efficiency measures comprised 6 percent of the total.

Outputs

All departments reported at least one measure of output, and 14 (56 percent) reported more than 10 measures. Output measures accounted for at least half of all measures used in seven (28 percent) of the departments.

In most cases, the output measures provided a quantified description of activities conducted by a department. For example:

- 2,845 waterways were developed for recreational use
- 1.5 million pieces of mail were processed
- approximately 2,500 miles of rail line were inspected

In other cases, the output measures did not provide much insight into what the program did, or why it was done. For example, many programs simply listed as a measure of performance how much money they spent for certain activities.

Outcomes

Eighty-four percent of the departments reported at least one outcome measure, while 20 percent reported more than 10. In only one case did outcome measures compose the majority of all measures used. In many cases, outcome measures were used to demonstrate the effectiveness of the program. For instance:

- State employee turnover rate is 4.9 percent as compared to an industry average of 10.8 percent (where one of the purposes of the program is a stable work force).
- 50 percent of the insurers changed their policies to comply with Minnesota law (where the goal is compliance with state law).
- 25 percent of persons at risk for nursing home placement were diverted to less expensive community services.

In other instances, outcome measures were too vague to be meaningful. Examples are:

- Development of a pilot program resulted in significant improvements in health and fitness (but no measure of how).
- Professional staff provides training to several other divisions to improve success rate (but no discussion of whether it worked).

Efficiency

Surprisingly, only 55 of the 977 measures reported (6 percent) measured efficiency. Thirty-two percent of all departments had no measures of efficiency, and only one department used more than 10 efficiency measures. In one department, efficiency measures composed more than 25 percent of all performance indicators.

Efficiency measures often were an indicator of cost effectiveness, such as the cost per rider. Many efficiency measures were also related to customer satisfaction. For example:

- percentage of work requested completed within the requester's deadline.
- Discontinuance conferences are being held within 15 days of receipt.
- The time required to process an application was reduced from an average of two months to two days.

On the other hand, some measures were too vague to truly measure the program's efficiency. Examples of weak measures include:

- The unit has basically achieved its goal to process filings with the required 10- to 30-day allowance. (There is no quantification of "basically." How many of the filings met the goal efficiency rate?)
- More computers were purchased to increase the productivity of employees (but no discussion of the results.)

Explanatory/process information

Explanatory information was provided by 92 percent of the departments. Fifty-two percent of the departments examined reported more than 10 explanatory measures. In 20 percent of the departments, explanatory information composed at least half of the measures.

Explanatory information often included background data that was helpful in understanding a program. For example, the number of family farms in Minnesota or the number of older persons in the state. By definition, however, the measures do not quantify the activities or outcomes of the program. They therefore provided little meaningful evidence of the program's activities or outcomes. Examples of explanatory information:

- Five new staff members were added to the division in 1991.
- Discussion of attempts to coordinate new rules or programs with other agencies.
- Details about the creation of a task force to address an issue, the outcomes of which are not clear.
- A new MIS system for the department was implemented.

Customer satisfaction

Approximately 16 percent of all measures used by the agencies reviewed in this study were related to customer satisfaction (Table 7). Eighty-four percent of the agencies had at least one measure, and 24 percent had more than 10. As noted above, customer satisfaction often relates to efficiency measures, such as promptness in responding to requests, applications, or complaints.

In some cases, departments actually measured consumer satisfaction with service or products. In many of these cases, the results of customer surveys and other instruments are not presented, although one department's performance indicators states that a survey was conducted. In other cases, "customers" are mentioned, but there is no indication that customer concerns were measured and taken into account. For example:

- On behalf of consumers, our staff take a lead role with other agencies to maximize all available resources.
- Customer expectations for service are changing [no data].

TABLE 7. Evaluation of biennial budget performance measures: 1992-1993

Customer Satisfaction Measures

DEPARTMENT	CUSTOMER SATISFACTION	PERCENT OF AGENCY TOTAL
Administration	20	27
Agriculture	8	24
Commerce	2	7
Community Colleges*	5	42
Corrections	0	0
Education	0	0
Employee Relations	15	20
Finance	8	40
Health	4	7
Housing Finance	2	8
Human Rights	0	0
Human Services	1	1
Jobs & Training	16	62
Labor & Industry	7	21
Military Affairs	2	17
Planning	1	14
Natural Resources	11	12
Pollution Control	1	2
Public Safety	0	0
Public Service	5	12
Revenue	5	21
Trade & Economic Development	27	53
Transportation	1	1
University of Minnesota*	14	64
Veterans Affairs	1	11
TOTAL	**155**	**16 percent***

*percent of all measures in all agencies

Conclusion

The results of this analysis indicate that Minnesota state government agencies are primarily measuring outputs and process when evaluating their programs. Forty percent of the measures employed by agencies related to outputs, while 39 percent were explanatory in nature. Fifteen percent of the measures evaluated program outcomes, while only 6 percent appeared to measure efficiency. Only 16 percent of all the measures related to customer satisfaction. Seven of the 25 agencies had one or no measure of outcomes, and six had one or no measure of customer satisfaction.

This analysis of performance measures was limited in some ways. For example, some subjectivity was required in the categorization of measures. Also, the appropriateness and accuracy of the outcomes, customer satisfaction and other measures were not assessed.

However, even with these limitations, this analysis clearly indicates that agencies, in general, are not effectively measuring their programs. They are concentrating on process and outputs rather than outcomes or efficiency. There is also wide variation among departments and programs as to what and how measurements are being made. Due to this variation and the emphasis on process and outputs, it is extremely difficult to use the existing performance data to assess how well or poorly an agency is performing.

This analysis suggests that Minnesota should consider the importance of providing agencies with incentives for appropriately measuring and reporting on the results of the activities they are conducting. Measures should be developed that allow for a true evaluation of programs' outcomes, efficiency, and responsiveness to customers. Without such measurement, it would be difficult if not impossible for Minnesota to achieve the state government envisioned by CORE.

Agency interviews

The first two parts of this section draw upon important information sources: the CORE interviews and questionnaires that enabled individual state employees to participate in the process, and the biennial budget documents in which agencies have an opportunity to highlight their strengths, accomplishments and needs. This part describes an important third source of CORE information: agency interviews. During 1992, 21 cabinet agencies selected members of their management staff to discuss, with CORE, reorganization and reform needs from their agency's perspective. (Three other cabinet agencies participated in similar processes with other CORE projects.)

A set of standard, open-ended questions were asked in a series of meetings. Separate sessions were held with each agency, and participants were free to articulate their personal, professional opinions regardless of whether those opinions were formally held by the agency. In all but two agencies, commissioners and/or deputy commissioners were present in the discussions. The recommendations gathered are from individuals and do not necessarily represent the position of their agencies. At the same time, the positions are valuable indicators of current thinking among agency leadership.

The interview responses were augmented with supporting data from the *Minnesota Guidebook* and the secretary of state's *State of Minnesota* "blue book." A scan of the resulting documentation makes apparent a number of generalizations. For example, although agencies profess to understand their customers or consumers, and are convinced that they are serving those customers well, very few agencies were able to produce (at the interviews or subsequently) customer surveys or any forms of market research analysis. At least one agency based its claim of customer satisfaction solely on its ability to deal with people who took the time to write letters of complaint.

At the same time, the interviews made clear that agencies see many opportunities for improvement and reorganization. Agency managers can identify a variety of programs and activities in other agencies that duplicate, overlap or possibly even conflict with programs and activities in their own agency. Understandably, managers typically argued that the redundancy should be resolved by moving programs into, rather than out of, their own agencies, but often managers in both affected agencies identified the same issue.

General recommendations

In addition to program-specific recommendations, agency managers repeatedly urged systemic changes to improve operations. Following are examples of the requested changes.

Fiscal issues

1. In an effort to improve responsiveness and accountability, revolving fund budgeting should be considered for more programs, making them more competitive and market driven.

2. Certain functions could be considered for privatization.

3. Hold parties found to be in violation of state laws, codes, etc., liable for the costs of investigations.

4. Agencies that generate income for the state should be exempt from across-the-board cuts applied to other agencies if it inhibits their ability to generate revenue.

5. More dollars should be spent on problem avoidance than on problem solving; for example, drug education, Head Start, and job creation, placement and training vs. correctional systems and prisons.

6. Create a "superfund" of resources to replace the many different funds for service users with differing and strict eligibility requirements.
7. Develop outcome measurements that evaluate the effectiveness of dollars spent.
8. Agencies should be allowed to obtain personnel, insurance, purchasing, printing and real estate services from the private sector.
9. So that agencies and the public know how much is being spent and for what purpose, a tracking system should be developed that would track all federal dollars coming into the state to all levels: state, county and municipal.
10. All revenue collection should be centralized in one agency.
11. Provide funding for administration of task forces, commissions, and committees established by the legislature.
12. Have the Attorney General's Office charge on a fee-for-service basis. Allow agencies to choose the source of their legal advice, including from the private sector.
13. The Attorney General's Office could serve as the state's single collection agency for receivables and collectibles.

Human resource issues

1. Ensure adequate training and training funds for employees.
2. Personnel policies including hiring and salaries should be handled by the agencies, especially where the duties are specialties of that particular agency.
3. There should be agency funding for long-term planning and management training, especially for newly appointed agency heads.
4. Managers, in general, need to be trusted and held accountable to make the right decisions based on their expertise and firsthand knowledge of their agency.
5. Establish professional managers for agencies that would allow continuity as commissioners change.
6. Modify job descriptions and responsibilities to move staff toward becoming generalists as opposed to specialists.

Organization issues

1. Clarify lines of authority regarding multiple programs with overlapping jurisdiction.
2. Eliminate boards and commissions that have lost their mission, focus or direction, and transfer necessary remaining responsibilities to the appropriate agency.
3. Advisory task forces, boards and commissions should be subject to sunset provisions and audited regularly.

4. Boards and commissions should have some kind of oversight and increased accountability.
5. Create an administrative structure that leads to better coordination and problem-solving abilities between agencies that have similar programs or common customers.
6. Integrate all building codes and standards in one agency.
7. Separate licensing and regulatory functions from service functions within agencies.
8. Place all related programs within one agency.
9. Physically consolidate multiple agency offices into one central location.

Process issues

1. Eliminate statutory requirements that require the production of reports with little value.
2. Encourage experimental utilization of alternative delivery systems.
3. Simplify the rule-making process.
4. Encourage all state agencies to use a uniform identifier of customers and businesses, as opposed to multiple systems now being used.
5. Develop a long-range strategic plan for all of Minnesota.
6. Decentralize purchasing and allow agencies to deal with their own procurement issues.
7. Staff agencies should provide more services to the smaller agencies that do not have the personnel or expertise afforded by larger agencies.
8. Incentives for good performance should be offered to employees and agencies.
9. Micromanagement by the legislature should cease.
10. Allow agencies more flexibility in purchasing and hiring.

Interview format

The general responses listed above were taken from a series of open-ended questions that were asked in each of the agency management focus group interviews. The responses produced a wealth of agency- and program-specific recommendations. As noted earlier, the responses do not represent the views, findings, or recommendations of CORE or CORE staff, nor do they necessarily represent the official position of the participating cabinet agencies. The agency responses are an important component of the participation and contributions by state agencies during CORE's research.

Agencies' managers were asked the following questions about program relationships:

- What programs in your department overlap with programs in other departments?
- Identify any gaps in your department's service delivery.
- What programs are no longer useful or are of diminished priority/value?
- Describe your department's relationships with other agencies and organizations.

Managers were asked to identify any barriers impeding their agency's ability to achieve its mission. They were asked to describe how customers or consumers were able to have any input into agency programs or operations. Finally, they were asked to offer any recommendations that CORE should consider before formulating the CORE final reports.

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ORGANIZATION OPTIONS

This section contains four parts that indicate CORE's direction in formulating recommendations for reorganization of executive branch management. The first part helps indicate the range of thought by scanning some of the relevant theories or models considered by CORE, then describes a standard method of categorizing state government structures. The second part examines Virginia's 20 years of experience with a secretary-coordinator system. The third part introduces the implications if Minnesota considers a structural change. The fourth part analyzes the book *Reinventing Government* and the potential impact of its recommendations on Minnesota. The section concludes with a bibliography.

Organizational models

CORE examined a selection of major theories and models related to reorganizing and restructuring governments. "Restructuring" was broadly defined to include any overall attempts or methodologies to change the way in which government policies and services are developed, administered, and delivered. Some models focus on the organizational structure of government, expecting systems to develop in a corresponding manner; others emphasize systems development, expecting structures to form around those systems. Attitudes, philosophies and expectations affect questions about what government should do as well as how government does it. Relevant background material was as old as Machiavelli's 1513 *The Prince* and as new as McKinsey & Co.'s 1992 *Terminator II*-styled horizontal organization.

This part does not attempt to summarize the available options for reorganization. It offers a sampling of approaches designed for public management, and a summary of the standard models used to categorize state government structures. It should be noted that other models are described elsewhere in this report, including total quality management. Also, this report includes an analysis of *Reinventing Government* that addresses the book's premises as an organizational model.

Public management theories

Administrative orthodoxy

As described in the 1991 South Carolina report, *On Reorganization*, there are two competing theories of why reorganizations occur: administrative orthodoxy and political realism.

The theory of **administrative orthodoxy** emerged from the perceived need to reorganize government into a cabinet form of government (Conant, 1988, in South Carolina, 1991). Basic principles of administrative orthodoxy, outlined in 1938 and applicable today, include:

- concentration of authority and responsibility;
- departmentalization, or functional integration;
- undesirability of boards for purely administrative work;
- coordination of the staff services of administration;
- provision of an independent audit; and
- recognition of a governor's cabinet.

The principles of administrative orthodoxy emphasize economy and control, which can be achieved through the abolition of offices, reduction of salaries, elimination of positions, and curtailing of expenses. In addition, the principles call for a strong executive leader, clear lines of authority and responsibility, manageable spans of control, meritocratic personnel procedures, and modern techniques for management. In short, the goal of reorganization, under the principles of administrative orthodoxy, is primarily that of organizationally restructuring government so that efficiency and economy are achieved.

Political realism

The thrust of the **political realism theory** is that reorganizations are undertaken as a result of political competition between the executive and legislative branches, among interest groups, or among political parties.

The basic principles of political realism are:

- Reorganizations are undertaken to achieve political ends, and
- Goals for reorganizations may be to exchange, or detract from, either the governor's or the legislature's power.

The principles of political realism hold that the structure of an organization does not in itself ensure efficiency and economical operations of state government. Scholars who believe in the theory of political realism contend that governmental structure has little influence on performance (South Carolina, 1992).

Institutional arrangements

John Brandl, a University of Minnesota Humphrey Institute professor and a CORE commissioner, has developed a theory that government should be reorganized through the use of "systematic institutional arrangements" to orient citizens, politicians, and public administrators so as to align their private motives with social good. These arrangements include:

- competition;
- adjusting prices;
- principled oversight (judicial oversight to ensure that benefits of government programs exceed costs); and
- "Mediating structures" (that is, the use of mediating institutions such as churches and families to provide services. For example, in Minnesota, providing families with a government payment of $250 to care for their disabled child at home instead of placing him or her in an institution).

Constitutional reform

One theory of reorganization holds that reorganization efforts are basically incapable of achieving real reforms. Instead, ambiguities in the Constitution should be addressed "head on" to effect change (Garnett, 1987).

Standard categories

Government reform is a complex topic, and discussion of its myriad issues can easily become bogged down. Within academic research, attempts have been made to catalog various alternative structures and systems, to categorize them by common or dissimilar attributes, and to provide a common nomenclature. The effort has had some success; however, real world dynamics result in new approaches that don't fit neatly into standard formats, and old terminology is continually given new meanings and interpretations.

A standard categorical approach, the "modified Bell typology of executive reorganization," developed by James Garnett in 1982, is a usable starting point when researching options. Users of the typology have continued to amend it so that it remains workable for basic comparative purposes. This part of the report describes the typology and relates it to Minnesota's experience. It then discusses the typology's components that have not been tried in Minnesota.

Basic model types

One of the most common ways of understanding, evaluating and planning executive reorganizations involves comparing the secretarial model with the "traditional" and "agency head cabinet" models. These models represent three basic ways of structuring state government. It is further described in Table 8. Definitions of traditional models, secretary systems, and agency head cabinet models vary. Basically, however, the following applies:

1. In the **traditional model**, there are a relatively large number of agencies (17 or more) and at least 25 percent of the agencies are headed by "plural executives." "Plural executives" refers to the fact that the agency has a group of executives who provide leadership, such as board and commission members, rather than a commissioner or secretary. In the traditional model, fewer than half the agency heads are appointed by the governor.

   When a reorganization results in a traditional structure, more than half of the consolidation is into single-function, narrowly defined agencies. Transplanted agencies retain a high level of authority after the reorganization.

2. In the **agency head cabinet model**, there are a moderate (9 to 16) number of agencies, with fewer than 25 percent headed by plural executives. Half to two-thirds of the department heads are appointed by the governor.

   When a reorganization results in an agency head cabinet structure, more than half the consolidation is into single-function, broadly defined agencies. A majority of transplanted agencies relinquish statutory authority, structural identity, and control over management support services.

3. In the **secretary cabinet model**, there are a relatively small number of agencies (less than nine), and fewer than 10 percent of the agencies are headed by plural executives. More than two-thirds of the department heads are appointed by the governor.

   When a reorganization results in a secretary cabinet structure model, more than half of all consolidation is into very large, multiple-function or broad single-function agencies. More than half the reorganization transplants involve the transplant of agencies into super-agencies (umbrella organizations), with the transplanted agencies primarily retaining their structural identity and much of their statutory authority while relinquishing some control over management support services (for example, submitting to budget review by the super-agency).

Overview

Historically, traditional models have been replaced by cabinet forms, with secretary and subcabinet formations being the most recent, albeit scattered, development. Traditional models were established as a way to inject greater democracy into state and federal systems: the boards and commissions gave voice and power to general and specific groups

TABLE 8. Modified Bell typology of state executive reorganization

	TRADITIONAL	CABINET	SECRETARY - COORDINATOR
Dimension 1: Number of agencies after reorganization	**High** ≥ 17	**Medium** 9-16	**Low** 1-8
Dimension 2: Degree of functional consolidation	**Low consolidation** More than 50 percent of all consolidation is into single-function agencies, narrowly defined (e.g., Water Supply, Highways)	**Moderate consolidation** More than 50 percent of all consolidation is into single-function agencies, broadly defined (e.g., Environmental Protection, Transportation)	**High consolidation** More than 50 percent of all consolidation is into very large multiple-function or broad single-function agencies (e.g., Human Resources, Natural Resources)
Dimension 3: Proportion of post-reorganization department heads appointed by governor	**Low** < 50 percent	**Moderate** ≥ 50 percent ≤ 66 percent	**High** ≥ 67 percent
Dimension 4: Proportion of post-reorganization agencies with plural executives (e.g., boards or commissions)	**High** ≥ 25 percent	**Moderate** ≥ 10 percent ≤ 24 percent	**Low** ≤ 9 percent
Dimension 5: Degree of management authority retained by transplanted agencies	**High** — Most (> 50 percent) reorganization transplants involve transplant of agencies into other units, with the transplanted agencies primarily retaining their statutory authority, structural identity, and control over management support services (e.g., budgeting, purchasing).	**Low** — Most (> 50 percent) reorganization transplants involve transplants into other units, with the transplanted agencies primarily relinquishing statutory authority, structural identity, and control over management support services.	**Moderately high** — Most (> 50 percent) reorganization transplants involve the transplant of agencies into super-agencies, with transplanted agencies primarily retaining their structural identity and much of their statutory authority while relinquishing some control over management support services (e.g., submitting to budget review by the super-agency).

*Source: Garnett, 1982

of citizens. The cabinet model was created to address some of the problems inherent in the traditional model. Most notably, the traditional model was difficult to govern because the agencies were numerous, independent and headed by plural executives.

The cabinet structure allowed for clearer lines of communication and responsibility between the governor and state agencies. As government grew more complex and the number of departments rose, some states found that the agency head cabinet system had become too large to effectively govern. Thus, some states developed a secretary system to limit the governor's span of control and otherwise improve the government structure.

However, the historical path of traditional, agency head cabinet and secretary cabinet models has not necessarily been one leading from the least desirable to the most desirable form of government. Critics of each system remain, demonstrating that each model has its own advantages and disadvantages.

One of the most common arguments against the secretary system is that it simply creates another layer of government, adding costs and expanding on an already too thick bureaucracy. In some schools of thought, the cabinet system is retained as the ideal model of executive reorganization (Garnett, 1982). The cabinet system, as well as the secretary system, is faulted by some as having the potential to weaken the voice of constituents who need to be heard.

Cabinet

The word "cabinet" may be generally defined as an "advisory council of a governor of a state" (in NGA, 1988). According to the National Governors Association, a cabinet is "a group of department or agency heads who are convened regularly at the direction of the governor to conduct state business." This definition includes three critical factors:

- While a governor may have many advisers, the cabinet is composed of top level government officials with responsibility for the operation of state departments or agencies;
- While the members of a cabinet have independent responsibilities and authorities, the cabinet itself works collectively, usually in relatively formal meetings; and
- A cabinet works at the direction of the governor, either through the governor's personal participation or through the participation of a senior staff member designated by the governor" (NGA, 1988).

A 1988 survey of the NGA found that main functions of cabinets include disseminating information, communicating, teaching, developing policy, solving problems, assisting with interagency coordination, assuring accountability, and serving in ceremonial capacities.

In 1988, Conant used the modified Bell typology to examine the results of 22 state government comprehensive executive reorganizations. He found that the cabinet model of executive branch organization was the legal/structural objective pursued in seven states; the traditional model was the objective in nine states; and the secretary/coordinator model was pursued in four states (Conant, 1988). For the four states opting to use the secretary/coordinator model, governors were able to appoint 80 percent or more of the department heads; and for those nine states moving to the cabinet model, the governors were able to appoint 60 percent or more (Beyle, 1990).

In an earlier survey, James Garnett found that in reorganizations taking place between 1947 and 1975, slightly more than half followed the traditional model, one-third choose a cabinet form and 15.4 percent adopted a secretary-coordinator arrangement (in Advisory Commission on Intergovernmental Relation, 1985).

In addition to cabinets, many states have, like Minnesota, formed subcabinets. Generally, subcabinets exist when agency and department heads are assigned to broad issue groups, such as natural resources, human resources or executive management, to provide advice to the governors on management and policy issues (Bodman and Garry, 1982). In 1982, 25 of the 50 states had established subcabinet systems. In a 1988 survey of 35 states, the National Governors Association found that 22 states had subcabinets.

Bodman and Garry note that the major strengths of the subgroup system appear to be their ability to zero in on major issues — the "big ticket" items - with the key state government actors, improve coordination, and add new members as needed depending on current issues on the docket. An area of weakness noted by Bodman and Garry is that the large membership of subcabinets can be counterproductive.

Secretary model

The secretary model, with all its variations, contains a wealth of options for Minnesota to consider. This section looks at its application in one state (Kentucky), then lists potential advantages and disadvantages.

Kentucky: a secretary example

The functions of secretaries may vary by state and within states. Kentucky implemented a secretarial system in 1973 with the establishment of six "program cabinets." Each secretary is a member of the governor's cabinet and serves as a liaison in carrying out the responsibilities for overall direction and coordination of the departments, boards, and commissions included in the related cabinet. The secretary recommends cabinet reorganization to the governor, evaluates and passes on all budget requests originated by administrative bodies in the cabinet, and advises the governor on appointments of heads of units and commissioners. Each secretary is empowered to create positions and employ necessary personnel (Freedman, 1990).

Kentucky statute specifically lists the authority, power and duties of cabinet secretaries by stating that the secretary of each cabinet shall:

(a) Be a member of the governor's cabinet and shall serve as the governor's liaison in carrying out the responsibilities for overall direction and coordination of the departments, boards and commissions included in the related cabinet;

(b) Recommend to the governor desired reorganization affecting the related cabinet;

(c) Advise the governor on executive actions, legislative matters and other steps that may be desirable for better program service;

(d) Evaluate and pass on all budget requests originated by the departments, boards and commissions within such related cabinet;

(e) Advise the governor on the appointment of commissioners and heads of units included in the related cabinet, except for those whose election or selection is otherwise provided for by law.

In addition, each secretary is authorized to accept and expend funds from any source, whether public or private, in support of the duties and responsibilities of the related cabinet; and each secretary shall have any and all necessary power and authority, subject to appropriate provisions of the statutes, to create such positions and to employ the necessary personnel in such positions to enable the secretary to perform the functions of the secretary's office (Freedman, 1990).

Potential secretary advantages

A brief review of the literature and discussion with individuals from other states indicates that there are several potential advantages to implementing a secretary system. Secretary systems may:

Reduce the governor's span of control and generally improve management and communication.

"[Broad consolidation] provides the governor with an organizational structure which is an adequate and effective tool for the administration of the complex affairs of government" (Council of State Governments, 1969).

"The governor can better articulate his policy with secretaries in place. After being at a cabinet level, I can't see how you can have that many agencies reporting to the governor" (Fox, 1992).

The governor's span of control may be too large, even if the number of cabinet level agencies is limited to less than 25. If a small number of secretaries meet frequently with the governor, the governor may be better able to see that policies are effectively implemented, and the secretaries may be in an excellent position to proactively promote the programs they feel are most beneficial. Secretaries may also assist the governor and commissioners in building broad support for programs, and serve as "lightning rods" for criticism against the governor or programs (Harris, 1992).

If all the smaller agencies are grouped under secretaries, these agencies may lose some of their power and authority. This may increase the governor's ability to manage state agencies (see this point also under "disadvantages").

". . . [T]he [agency head] cabinet structure itself may be too unwieldy for the detailed discussions needed to prepare an issue for consideration" (NGA,1988). ". . . the need for interagency coordination or joint problem solving may be less in a state with a small number of secretariats or superagencies" (NGA, 1988; also, Council of State Governments, 1969).

Improve efficiency, cost-effectiveness and service integration.

"[Broad consolidation] brings essential groups of programs and services into clear, coordinated relationship to each other; highlights overlapping and obsolete functions for necessary restructuring; and consolidates numerous independent, fragmented but related activities into single structures" (Council of State Governments, 1969);

If secretaries have the responsibility for spending within a designated budget, this may ensure budget control and create incentives for the secretary to eliminate and/or coordinate activities as appropriate. By having the "big picture" view of several departments, the secretary may also look horizontally across departments, setting overriding goals and prioritizing among competing programs (Harris, 1992).

Improve effectiveness.

"[Broad consolidation] insures a more continuous and uniform review of program performance;"

Improve management across administrations.

With secretaries in place, agency heads have more staying power; they are not quite as subject to political winds. When a governor comes in, he usually doesn't want to replace all the agency heads. With a secretarial system, he can replace just the secretaries and some agency heads. This way there can be a mix of old and new ideas. This stimulates a cross-fertilization of ideas and flow of information (Fox, 1992).

Potential secretary disadvantages

A preliminary look at some of the possible disadvantages of a secretary system finds several potential problems.

- The agency head cabinet system, not the secretary system, is seen by some as the reform ideal. As Garnett wrote in 1982, "The secretary-coordinator type ranks as the most reform oriented, with the cabinet model ranking in between. However, because the cabinet type adheres most closely to the orthodox reform ideal regarding centralization-decentralization of managerial authority, it is judged by the Council of State Governments and others to represent the highest degree of reform" (Garnett, 1982).

- By implementing a secretary system, one adds "another layer of government" and may increase costs: "some would say that by having a secretary system, you're not in touch with agencies, you're just another layer, there's too much fat" (Fox, 1992). Salaries and staff support to secretaries could incur substantial cost.

- If all the smaller agencies are grouped under secretaries, these agencies may lose some of their power and authority. The "voice of the people," especially those with special needs, may be harder to hear if boards, commissions, and similar agencies are brought under a secretary's jurisdiction.

- Activities most appropriately handled by agencies may become directed from the secretaries' offices. This was found to be the case in a report assessing Virginia's first approach to a secretarial system (Commonwealth of Virginia, 1984).

Making a secretary system work

The Council of State Government emphasizes the need to conduct reform in the light of gubernatorial support and strong staffing, planning, and budget systems:

> Accomplishing the organization forms of reorganization, however, is not enough to bring about coordination. History is replete with cases in which agencies brought together under one umbrella continue about their business as independently as in the past. A large bureaucracy does not change its habits quickly. Reorganization can only indicate intended lines of authority and patterns of coordination; it cannot create them. Only the people involved can do that.
>
> It is significant, then, that accompanying reorganization movements are other equally important efforts to improve administration: the staffing of cabinet-level secretaries, the strengthening of the governor's office through increased professional staffing; and improving decision-making through improvement of planning and budgeting systems and state information systems.

> Most critical in accomplishing all of these is a capable and imaginative professional staff serving the governor and his major agency heads. One more ingredient must be added: the vigorous leadership and support of the governor himself . . . .(Council of State Governments, 1969)

In CORE work on the human services project, a similar problem occurring in states that attempt to put all human services under one umbrella was identified. Based on research with other states, if the secretary system is just an umbrella, then it won't make a difference. Agencies will behave the way they always have. The secretaries need to have some clout and be given some tools for doing their job effectively. Possible ways of doing this include:

- coordinated systems planning (shared, similarly collected data across agencies);
- budget planning (that is, the secretary has the final say and needs to balance the competing needs of agencies under her/his direction); and
- common job classifications (job classifications now are so narrow that a secretary may have difficulty integrating programs and addressing priorities, because it is difficult to move people from one position to another as needs arise. If there were common job classifications, secretaries would be better able to relocate people as needed) (Kelly, 1992).

Another tool for increasing the secretary's ability to effectively perform his or her job is direct and consistent support from the governor. In Virginia, for example, the first governor to take office after a secretary system was implemented held meetings between himself, each secretary, and all the commissioners under the secretary's authority. In these meetings, the governor emphasized that all communications to the governor and the legislature should be done through, or at least with the knowledge of, the secretary. The governor then stood by this principle, thereby strengthening the secretaries' real authority (Harris, 1992).

On a final note about planning a successful model, the NGA offers the following caution about cabinet "missions" in general:

"A cabinet with a well-defined and relevant mission can make a substantial contribution to both the policy development process and the effective administration of state government. In addition, it can help unite a group of disparate individuals into a strong team with clear goals. On the other hand, a cabinet with an unclear or trivial mission can waste the governor's time and cabinet members' time . . . ."

Possible configurations

Secretary systems may be configured in an almost endless variety of ways. For example, all or some agencies could report to the secretaries; secretary power and authority could range from weak to strong, and be established in different ways; and the number of secretaries could range from one to eight (Garnett's model) or more, representing any topic area or any number of agencies.

Whether a secretary model actually results in advantages or disadvantages for a state depends on the specific configuration chosen and the strength of other systems in the state. Unfortunately, there is apparently no "hard" data to support any specific secretarial design as being better than other designs.

Following is information on how other states have proposed grouping or actually grouped their departments.

Kentucky: Today, all agencies, boards, and commissions of the executive branch are placed in 13 program cabinets: finance and administration, revenue, education and humanities, human resources, workplace development, labor, economic development, tourism, transportation, natural resources and environmental protection, justice, corrections, and public protection and regulation.

California: A 1969 publication of the Council of State Governments describes the establishment of secretarial systems in California and Massachusetts. Of California, the CSG writes:

"This was not a reorganization of existing departments. Rather it was accomplished by establishing 'super agencies' as umbrella organizations covering existing departments having broadly related functions. The organization and method of selecting the heads of existing agencies were not changed, but the secretaries heading the 'super agencies' created a new administrative and policy-making layer. The four secretaries plus a few other officials formed a small cabinet of advisors close to the governor.

"The four new agencies are: the Human Relations Agency, which includes all health, welfare, and rehabilitation functions; the Resources Agency, which includes all departments, boards, and commissions dealing with air, water, and natural resources; the Agriculture and Services Agency, which consolidates functions dealing with agriculture, commerce, and general citizens services; and the Business and Transportation Agency, which includes all existing governmental agencies dealing with business and transportation" (Council of State Governments, 1969).

Virginia: Virginia has had a secretary model since 1972. In its 1984 study, Virginia developed 11 configurations for potential realignment, shown in Table 9.

TABLE 9.
Secretarial alignment options examined in Virginia

FIVE SECRETARIES:

1. Administration and Finance
   Commerce and Resource
   Education
   Human Resources
   Public Safety and Transportation
2. Administration and Finance
   Commerce, Resources and Transportation
   Education
   Human Resources
   Public Safety

SIX SECRETARIES:

3. Administration
   Commerce, Resources and Transportation
   Education
   Finance
   Human Resources
   Public Safety
4. Administration
   Commerce and Resources
   Education
   Finance
   Human Resources
   Public Safety and Transportation
5. Administration and Finance
   Economic Development and Transportation
   Education
   Human Resources
   Public Safety
   Resource Management
6. Administration and Finance
   Economic Development
   Education
   Human Resources
   Public Safety and Transportation
   Resource Management
7. Administration and Finance
   Commerce and Resources
   Education
   Human Resource
   Public Safety
   Transportation

SEVEN SECRETARIES:

8. Administration and Finance
   Economic Development
   Education
   Human Resources
   Public Safety
   Resource Management
   Transportation
9. Administration
   Commerce and Resources
   Education
   Finance
   Human Resources
   Public Safety
   Transportation
10. Administration
    Commerce and Transportation
    Education
    Finance
    Human Resources
    Public Safety
    Resource Management

EIGHT SECRETARIES:

11. Administration
    Economic Development
    Education
    Finance
    Human Resources
    Public Safety
    Resource Management
    Transportation

SOURCE: Virginia, 1984

Conclusion

One of the major conclusions that may be drawn from a preliminary examination of the possible implementation of a secretary model in Minnesota is that there is a wide variation in cabinet and secretary structures, and there is apparently no hard data to signify superiority of any one alignment. The impact of a secretary system would depend in large part on the specific configuration of the system and the powers and duties given to secretaries.

Potential advantages to an appropriately designed secretary system include decreased span of control, improved communication, and greater efficiency in the delivery of services. Potential disadvantages include increased costs due to secretary and staff salaries, "another layer of government," and a lessening in the power of boards and commissions.

If a secretary system is implemented, the model will need to be structured to maximize potential advantages and address potential weaknesses. As the model adds another layer of government, for instance, the model may need to address how to thin the bureaucracy as a whole. It is also important to keep in mind that the secretary model is often only one way to address a noted problem. Attempts to decrease the span of control, for instance, could include implementing a secretary system, reducing the number of cabinet level agencies, or placing all boards and commissions under other agencies.

Secretary model in practice

The previous part of this section described the Bell typology of state organizations, which includes three basic systems — the commission (or traditional) model, the agency head cabinet model, the secretary cabinet (or coordinator) model — and hybrid variations of the three. This part profiles the secretary system developed in Virginia during the past 20 years. It illustrates both the variable and stable aspects of Virginia's secretary model.

Virginia's experience with a secretary model provides a good case study. Like Minnesota, Virginia once relied on the commission model, then began a shift to agencies that reported directly to the governor. Minnesota continued that approach, consolidating smaller departments into larger ones to achieve an economy of scale. Virginia chose a different approach; it created a secretarial system. In that system it continued consolidation at a pace slower but more continuous than Minnesota's.

Extensive analysis both preceded and followed Virginia's change to a secretarial system. A primary goal was to create a structure that enabled a governor to be truly accountable for the actions of the executive branch. A primary rationale was that any reorganization is necessarily piecemeal and is never complete. Virginia looked for a structure that institutionalized the process of reorganization. It came up with a system that attempts to encourage change by placing budgetary control in the hands of administrators responsible for policy management but not responsible for line or operational management.

Virginia began a secretarial system in 1972. Since then, the state's five governors have shown tremendous diversity in operating styles and reporting relationships. From a Virginia perspective, this diversity is not a contradiction, but a confirmation of their system's practicality. The distinction appears in their terminology. Although Virginia officials refer to the governor's "cabinet," they emphasize that they have a secretary coordinator model, not a secretary cabinet model. They associate the secretary cabinet model with the federal government, where secretaries have specific line authority. The Virginia model has more flexibility, enabling each administration to adapt the top level of government according to the governor's needs and priorities.

Even with each governor's variations, the Virginia executive branch organization has remained essentially the same. Following are some of its constant basic elements.

Governor's span of management

The Secretary model intends for the governor to receive administrative information and advice from no more people than is practical for effective communication, direction and control. For most of the model's duration, Virginia struggled to stay at six secretaries, but in retrospect, it seems inevitable that eight would be created.

Two secretarial offices — (1) **education**, and (2) **health and human resources** — have been relatively stable from the beginning. In theory, (3) **administration** and (4) **finance** were aligned with one secretary, but in practice an assistant secretary for finance was treated as a full secretary. When administration and finance were formally separated, the previously distinct offices of (5) **transportation** and (6) **public safety** were merged. That merger didn't appear to have a workable "fit," so the two were separated again. After several proposals for divisions were rejected, (7) **natural resources** was separated from (8) **commerce.**

The driving reason for maintaining a low number of secretaries was to ensure a workable span of management for the governor. Secretaries are expected to work directly and regularly with the governor; too large a number could inhibit a close working relationship. Each governor's personal style can determine an individual managerial limit for effective communication, direction and control; the state's intent has been to prevent any governor's limit from being exceeded.

Various studies have differed in recommending the number and configuration of secretariats, but they have common selection criteria:

1. Agencies in a functional area should serve reasonably related purposes;
2. Agencies must require the supervision of a secretary;

3. The secretary should have a reasonable workload and span of management;
4. The governor requires independent coordination and advice regarding the functional area; and
5. Structural arrangements ought to be intended to be enduring, not simply convenient, expedient, or based on the abilities of the incumbent.

Extension of the governor

As the chief executive officer of the state, a governor has ultimate responsibility and accountability for state operations. In Minnesota, if a problem or issue transcends departmental jurisdictions, there is no one except the governor who can be held responsible. Under Virginia statute, the governor can extend coordinative, budgetary and oversight responsibility to the secretaries. Virginia views secretaries as extensions of the governor for management coordination and cohesive direction. Initially, secretaries were responsible for policy coordination, but as representatives of the governor their roles have evolved toward management and policy-making.

Virginia department commissioners, on the other hand, are viewed as extensions of their agencies, which they are responsible for leading and operating. They do not serve in the governor's cabinet. Agency information and analysis go directly to their respective secretaries, who are responsible for coordinating and synthesizing the information.

Secretaries and commissioners alike serve at the pleasure of the governor. Upon taking office, governors typically first appoint secretaries, and then appoint commissioners on the recommendation of the secretaries. Secretaries and commissioners require both political and managerial expertise; they differ only in the area of emphasis. As extensions of the governor, secretaries typically leave office with the governor who appointed them. As extensions of their agencies, commissioners tend to continue in office with succeeding administrations.

Powers and duties

When the Virginia secretary system began, each secretary had essentially the same role and responsibilities, although articulated uniquely for each office. For example, rather than simply saying that secretaries are responsible for planning in their respective areas, it was stated that the transportation commissioner was responsible for the state's master transportation plan. Through statute revisions, appropriation acts and especially executive orders, each secretary's role became more complex. Several years ago, the legislature stopped the trend by again giving each secretary a common set of responsibilities. With the exception of the secretary of education, all secretaries have, in statute, the following powers and duties:

1. Resolve administrative, jurisdictional, operational, program or policy conflicts between agencies or officials assigned to that secretary;

2. Direct the formulation of a comprehensive program budget for the functional area identified in statute encompassing the services of agencies assigned to that secretary;

3. Hold agency heads accountable for their administrative, fiscal and program actions in the conduct of the respective powers and duties of the agencies;

4. Direct the development of goals, objectives, policies and plans that are necessary to the effective and efficient operation of government;

5. Sign documents on behalf of the governor that originate in agencies assigned to the secretary; and

6. Employ personnel and contract for consulting services as may be required to perform the powers and duties conferred upon the secretary by statute or executive order.

The governor can designate secretaries and other executive branch officers to perform any of the governor's vested powers. Two powers in particular are commonly shared with secretaries:

1. The governor has the authority and responsibility for the formulation and administration of the policies of the executive branch, including resolution of policy and administrative conflicts between and among agencies; and

2. The governor may, by executive order, assign or reassign any state agency to any secretary.

The statute section dealing with the secretaries also notes responsibilities of agencies assigned to each secretary. The agencies shall:

1. Exercise their respective powers and duties in accordance with the general policy established by the governor or by the secretary acting on behalf of the governor;

2. Provide such assistance to the governor or secretary as may be required; and

3. Forward all reports to the governor through the secretary.

In addition to formal duties, secretaries have responsibilities that are informal but often considered mandatory. These include directing the preparation of studies required by the legislature or governor; representing the governor at meetings and ceremonies; maintaining liaison with legislators, constituents and officials concerned about the activities under the secretary's jurisdiction; and chairing or serving on boards and other groups as a governor's appointee.

The exception in this system is the secretary of education. The secretary is like all others regarding cultural agencies (state museums, etc.), but has a sharply restricted role with educational agencies. A stated reason for this is a traditional reluctance in the state to centralize power in educational matters for fear of "indoctrination" and other abuses. Higher education institutions are exempt from this jurisdiction; their unique reporting relationships are specified in the state constitution. With other educational agencies, power is shared with traditional commissions, such as a board of education. The position has been described as more promotional than controlling.

Because this position is not precisely like the other secretaries, a legislative committee once recommended abolishing it. The proposal was rejected. At least two reasons for retaining the office were evident. One is that the elevated status and visibility of the office is important for symbolic reasons, to demonstrate the priority that education has for state government. The other is that the secretary does have the coordinative power essential to the model, specifically, the power "to resolve administrative, jurisdictional or policy conflicts between any agencies or officers for which he is responsible and to provide policy direction for programs involving more than a single agency."

Reporting relationships

Since the system's inception, Virginia governors have viewed their secretarial cabinet as a primary advisory body for executive-level policy making. How they have actually used the cabinet has differed by personal style. One governor met weekly with the cabinet; another met irregularly and on call. Some have considered the cabinet to consist only of the eight secretaries; others have extended cabinet status to the secretary of state, at least for ceremonial purposes.

(The secretary of state, or more precisely, secretary of the commonwealth, is a governor-appointed position. While the secretary as an individual may be consulted on the cabinet level, particularly regarding state-federal relationships, the secretary of state's operational units report to the secretary of administration.)

The secretarial relationship with the governor's chief of staff has varied considerably. Of the past four governors, the first did not have a chief of staff but had a secretary function in that role; the second had a powerful chief of staff generally described as the governor's alter ego; the third appointed a former secretary as chief of staff, who functioned as a "super secretary"; and the fourth has a chief of staff who concentrates on legislative affairs. Because the chief of staff is the central coordinator for the governor's activities, secretaries have always had a need to keep the chief informed about important developments.

Statute specifies that secretaries are subject to direction and supervision by the governor. Generally this has not been delegated to chiefs of staff, but that could change. In the 1980s, legislation was passed formalizing the role and power of the chief of staff as a *de facto* deputy governor, serving at the governor's pleasure, who can act as the governor in his/her absence. Significant background to this change is that the lieutenant governor is elected apart from the governor, and sometimes is a member of an opposition party. Rather than change the constitution to have the two run as a ticket, the legislature institutionalized the chief of staff position to give the governor a personally selected back-up person.

Office staffing

Each governor has used secretaries to suit the governor's own style and needs. Initially the secretaries emphasized coordinating and policy-making activities and had a total support staff of 17 people. During 1976-78 (the Virginia system's third biennium), the governor involved his secretaries in direct program management and provided them with a total staff of 90 people (primarily by transferring State Planning personnel). This was an aberration; since then, the secretaries have returned to their original role and typically have a total staff of about 25 people. When the state changed from six to eight secretaries, it did not expand the total staffing except for a few clerical positions.

Typically, each secretary has one personal assistant titled "deputy secretary" (some secretaries have had two, some have had none), and one or two clerical staff. At times, other staff have been assigned to a single secretary, but generally other staff have been in a central pool providing bookkeeping, word processing, messenger services, etc.

The real extent of assistance provided to secretaries is much greater than their immediate staff. Secretaries use student interns, staff mobility assignments and internal and external consultants to conduct projects. They also can call upon the staffs of the agencies that report to them. For example, secretaries do not have their own budget analysts, but require their agencies to provide them with budget analysis. They also can "farm out" projects to their agencies. Each secretary sets the structure of his or her office.

Secretarial activities

Secretaries interpret their primary responsibility as assisting the governor in directing the development, coordination and implementation of policy for their respective areas of state government. This can mean different things, depending on the needs of the state and the priorities of the governor: one secretary may be concerned with line authority oversight in one or more departments in his/her office, while another may not. Therefore, the methods and activities they employ in policy formulation and execution vary significantly, both in terms of use and emphasis. There are, however, at least three common points.

1. Each secretary deals with representatives from agencies within the secretary's jurisdiction, through meetings, correspondence and discussions. The primary vehicles for fostering policy are budget submissions, executive agreements, studies, reports, board appointments and position papers.

2. Each secretary deals with individuals and groups external to the executive branch: legislators, constituents, national officials and citizens, through speeches, meetings, conversations and correspondence. The primary vehicles for articulating policy are testimony, speeches and personal contacts.

3. Each secretary deals with the day-to-day operation of his/her office, including personnel matters, general administration and special projects. This is done through supervision and briefing of staff, reviewing correspondence and reports, and developing initiatives and policy papers. Special planning projects are sometimes directed or performed to a large extent within the secretaries' immediate offices.

State studies have noted that management developments that have paralleled the evolution of the secretarial system have considerably enhanced its operation and potential. These developments include computerized budgeting and accounting systems, consolidation of support systems, and performance measurement tools such as management by objectives.

Implications for Minnesota

Reorganization inherently means change. This part begins a discussion of change by first giving an overview of how Minnesota is structured today. It then illustrates a dichotomy between how the state operates in theory and how it really operates in practice. It concludes by introducing some of the implications if Minnesota considered a secretary model.

Overview of Minnesota structure

The composition of cabinets and subcabinets is made at the discretion of the governor, and therefore varies by governor's term, or even within a governor's term. The current governor has assembled a cabinet that is composed of 23 major agencies and three additional agencies (Table 10). There are more than 200 other state agencies, such as boards and commissions. Many of these other state agencies, while not official members of the governor's cabinet, have substantial powers. Boards, for example, can have rulemaking, license-granting, adjudicatory and other administrative powers. Authorities, such as the Minnesota Public Facilities Authority, issue bonds for financing, ownership and development.

TABLE 10. Cabinet-level agencies, 1992

Administration	Labor and Industry
Agriculture	Strategic and Long Range Planning
Commerce	Mediation Services
Corrections	Military Affairs
Education	Natural Resources
Employee Relations	Pollution Control
Finance	Public Safety
Health	Public Service
Housing Finance	Revenue
Human Rights	Trade & Economic Development
Human Services	Transportation
Iron Range RRB	Veterans Affairs
Jobs and Training	Waste Management

The cabinet-level agencies have been grouped into subcabinets called "clusters" in this administration. The five cluster groups relate to administrative services (for example, finance and employee relations); human resources (for example, education and human services); jobs and commerce (for example, commerce and transportation); environmental (for example, natural resources and public service); and state security (for example, public safety and military affairs). In addition, subclusters may form around special issues (for instance, children's welfare). Cluster leaders, representing the governor, develop agendas for regularly scheduled cluster meetings. The clusters were created to improve communication between the governor and agencies, reduce the governor's span of control, and examine policy issues.

Like many states, Minnesota's current system is a hybrid of the traditional, agency head cabinet, and secretary models. Twenty-six agency heads form an agency head cabinet. Minnesota also has a large number of independent boards and commissions, characteristic of a traditional system. While the state has not had a secretary system, the cluster groups have some of the same appearance.

Minnesota's hybrid structure has existed for decades, with the cabinet and subcabinet compositions changing over the years. In 1969, Minnesota reported six subcabinets in the areas of administration, economic resources, education, health and welfare, natural resources, and safety and regulation (Council of State Governments, 1969).

In the recent Perpich administration, there were five subcabinets: executive management services, jobs and economic development, energy and environmental resources, human resources and services, and education and cultural affairs. One commissioner was appointed as chair of each subcabinet, which could change over time. The subcabinets were expected to review legislative initiatives, make recommendations to the governor, funnel communications between the governor's office and the cabinet, and develop interagency policy and management. Subcabinets had few, part-time staff and met infrequently.

Some of the apparent problems with the subcabinet were that the subcabinet chair had no authority over other members, and each member had his or her own power base. The governor continued to communicate directly with some agency heads. Also, the subcabinet chair did not have the staff to deal with operational and management issues.

Subcabinets were also used in the Quie and Anderson administrations. At that time, junior level staff at the governor's office served as a conduit between the governor and the subcabinet. This reportedly alienated some of the cabinet members and decreased the effectiveness of the cabinets.

Structure dichotomy

Commission models were adopted by many states, including Minnesota, during the turn-of-the century Progressive Era, as a means to combat real and potential corruption. In preventing corruption, the commission model also prevented any centralized executive control. Over a half century ago many states, including Minnesota, began moving toward the agency head cabinet model as a means of providing centralized control. Now, in turn, states are grappling with the difficulty of over-centralization. Symptoms of this problem can include excessive layers of middle management, an inflexible structure, a formalized up-down chain of command, and little use of innovative communication technology.

In recent years states have tried to maintain the advantages of centralized control while avoiding the disadvantages. Most states, including Minnesota, have developed hybrid variations collectively known as the sub-cabinet model. As already noted, Minnesota's most recent governors (Anderson, Quie, Perpich, Carlson) have had executive structures that evolved during the course of their administration, and essentially each one grouped major agencies into related clusters. Each cluster has had a person (either a governor's staff member or a department commissioner) responsible for communication both among the cluster agencies and between the governor and the cluster agencies.

Today, Minnesota's executive organization chart can be drawn in either of two ways. **In theory**, a chart illustrating reporting relationships can show approximately 200 people reporting directly to the governor *(Figure 1)*. They represent the chief administrators and appointed chairs of the state's major agencies and most of the state's numerous boards and commissions. **In practice**, a chart illustrating a 20-year composite of reporting relationships can show the chief administrators of the state's major agencies grouped into clusters that report to one of several members of the governor's staff, who in turn report to the chief of staff, who in turn reports to the governor *(Figure 2)*. On the "practical" chart, the boards and commissions have varied lines.

FIGURE 1. Minnesota government: theoretical perspective

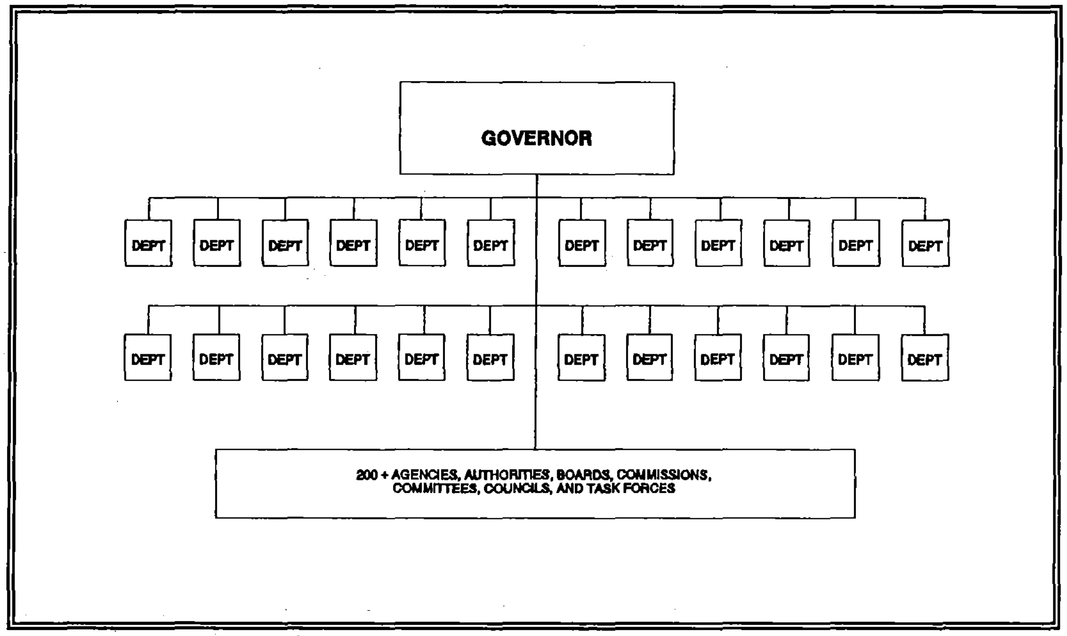


FIGURE 2. Minnesota government: practice composite

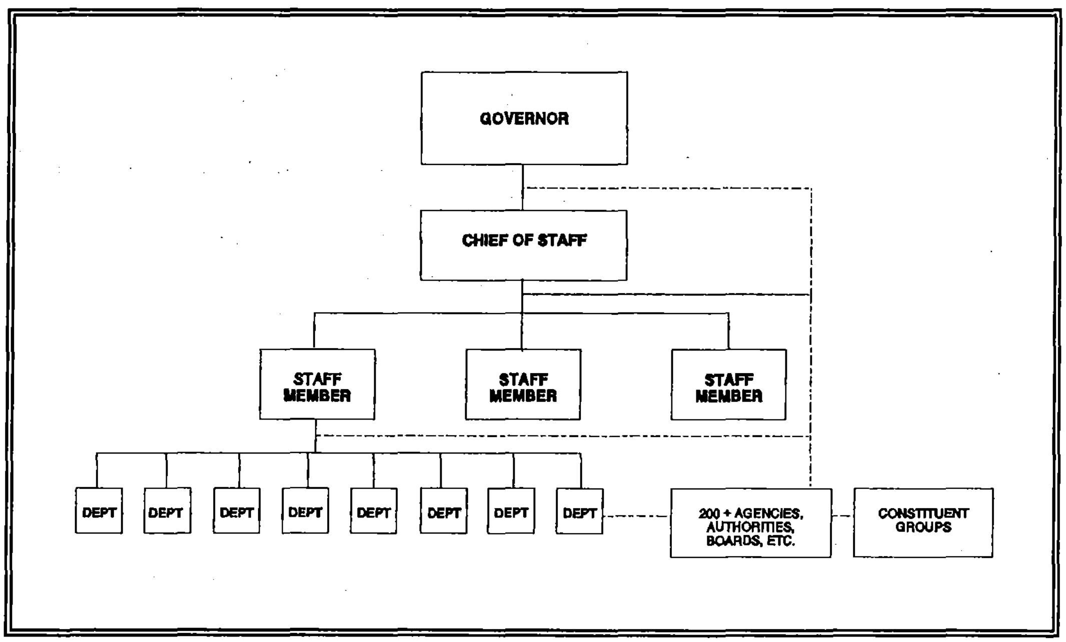
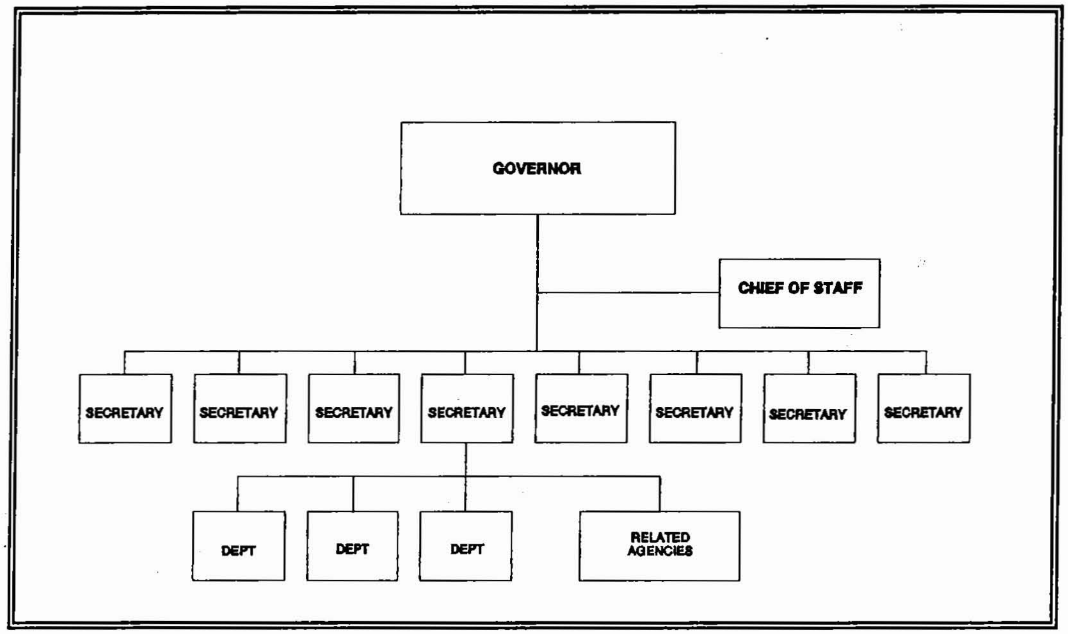


FIGURE 3. One-secretary model (Virginia)



The only model on the Bell typology not attempted in Minnesota is the secretary cabinet. About a dozen states have adopted this basic model or a hybrid variation, including Virginia *(Figure 3)*, Kentucky, California and Massachusetts.

Implications for Minnesota

If Minnesota considered adopting a secretary cabinet model, it would have a wide array of options and variables from which to choose. Virginia's secretary cabinet system has undergone several major changes and innumerable minor adjustments during the past 20 years. But the basic theory, framework and operation of the system in Virginia have remained constant. Within the context of that framework, it is possible to consider the implications of a similar change in this state.

The governor

As noted above, although each of the last four Minnesota governors had differences in his administrative structure, some generalities can be made. In theory about 200 people report directly to the Minnesota governor. If only the major agencies are considered, then in theory about 25 people report directly to the governor. In reality, all of those administrators report (if they report at all) to about three or four members of the governor's staff, who in turn report to the governor's chief of staff.

Formal structure. The secretary model would clarify and formalize this picture. All administrative agency heads would report to about eight secretaries. The secretaries would meet as a group regularly. They meet as a group, or individually, with the governor either regularly or as needed. In this model the governor receives current, direct information and advice from, and gives direction to, eight key, top-level advisors whose full-time role is ensuring that all administrative agencies are advancing the governor's program and priorities.

Appointment timing. In Minnesota, new governors have a relatively short time to make many key administrative appointments, including about 25 commissioner-level executives. In a secretary model, the governor can instead be concerned about only the eight secretaries in that initial time period. Later, when the mechanisms of the new administration are more in place, the governor can be concerned about the commissioner appointments. And at that point, the governor would have the secretaries in place to assist with appointment recommendations.

The governor's staff

Reporting. Secretaries are extensions of the governor and are integral members of his/her staff. Unlike other staff members, they often report directly to the governor, rather than reporting through the chief of staff (although the chief is always kept informed). The chief of staff typically acts more in a coordinating role than a directing role with the secretaries. This allows the chief to focus more on the operations of the executive office. Again, the governor has the discretion to shape reporting to fit personal management style.

Cabinet status. A "cabinet" is generally defined as an advisory council of a governor. In theory, commissioners now serve as a governor's cabinet, meeting regularly as a group with the governor and providing advice on major issues. In reality, commissioners infrequently meet with a governor in a group or a sub-group, and occasions when they are involved in providing direct advice are seldom, if not rare.

As noted in the earlier staff working paper, "The Secretary Model," Minnesota has a hybrid, sub-cabinet model. At various points during the past four administrations, two groups may be viewed as having served as a governor's advisory group. One is sub-groupings (that is, subcabinets) of commissioners who reported either to the governor or one of his staff members. The other is the governor's staff chief and deputy chiefs who, after gathering information from commissioners, served as a *de facto* cabinet.

Cabinet designation. Depending on personal style and needs, a governor retains discretion on how staff members are used, even with a secretary model. But in that model, the secretaries are clearly delineated as the governor's cabinet; in fact, the reason that the total number of secretaries is kept small is so the number is workable as a cabinet.

In the secretary model, commissioners are no longer presumed to be a cabinet. Their reports would go through the secretaries, similar to going through the governor's deputy chiefs of staff today.

Commissioners

Under the current system, commissioners are required to perform two distinct roles: representing the governor and representing their department. Insofar as major departments report to the governor there is no contradiction. But there is a mixing of roles. To use a corporate analogy, the governor is a chairman of the board. Commissioners are called upon to function as both chief executive officers and chief operating officers.

Role clarification. In the secretary model, commissioners have a clear chief operating officer role, and are accountable for the day-to-day operation of departments, as well as the continual effort to reach the departmental goals. Commissioners would have full control of their line item budgets. Secretaries, in theory, should have little interest in budgeting below the program level. Secretaries are more concerned about the correlation of program budgets among the departments under their jurisdiction.

Longer duration. In addition to a more focused role, the model has several implications for commissioners. One is longevity. Today, it is generally accepted that commissioners will leave office along with the governor who appointed them. In the secretary model, this may hold true for secretaries, who are extensions of the governor, but should not necessarily hold true for commissioners. There is a presumption in the model that commissioners have been selected because of their exceptional administrative effectiveness. In theory, a new governor and new secretary, with a philosophy quite different from their predecessors, could be able to achieve desired policy changes without changing commissioners.

Staff change. Under the current system, some commissioners have appointed deputies to manage operations, freeing the commissioners for a more external role representing the governor. In the secretary model, the external role is more the domain of the secretaries; commissioners are expected to provide more operational management. This brings into question whether the role of deputy commissioner should be redefined, or eliminated.

Accountability. In the current system, commissioners are aware of many issues, problems and opportunities that involve inter-departmental cooperation or integration. Sometimes these issues are dealt with by forming teams at the commissioner or program level to share information or activity. Cooperation comes out of professionalism and persuasion. Accountability for interaction is vague: commissioners' responsibility and power generally are confined to their departments' programmatic areas, and the governor's staff generally is not in a good position to arbitrate all of the areas where cooperation is needed. In the secretarial model, secretaries have the power and the position to be accountable for inter-departmental cooperation.

Constitutional officers

Unless accompanied by election changes, implementing a secretarial model does not have any impact on constitutional officers other than the governor. The secretarial model is concerned with communication and control of executive branch agencies that report to the governor. In Minnesota, constitutional officers are elected independent of the governor; the officers are not responsible to each other.

In the current system, the only potential exception is the office of lieutenant governor. Unlike the other constitutional officers, the lieutenant governor is, in effect, selected by the governor. The state supreme court in recent years has solidified the understanding that the two are a team. The lieutenant governor is able to fill the second-in-command role filled by the chief of staff in Virginia. But just as the Virginia chief of staff can play a role in a secretary model, the Minnesota lieutenant governor could play a role as well.

Role possibility. Minnesota's lieutenant governor's only required role is to take the governor's place, should the governor be incapacitated. Other than that, the lieutenant governor assumes whatever tasks are assigned by the governor. With the secretary model, one possibility (of many) is to have the lieutenant governor be one of the secretaries. In an earlier reorganization proposal for Minnesota (Minnesota Institute of Governmental Research, Inc., 1952), the commissioner of administration was identified as the true deputy governor of the state. Perhaps the lieutenant governor could appropriately become the secretary of administration, a first among equals in the governor's cabinet. This may have some impact on elections: voters would know who the gubernatorial candidates would choose to serve as the state's business manager.

Legislature

Budgeting. As with constitutional officers, a change to a secretary system does not inherently cause any changes for the legislature, but an impetus for change is created. The administration most likely would provide the legislature with budgets representing the group of agencies under the jurisdiction of one secretary. The legislature, in turn, may consider changing its committee structure to complement the secretarial offices.

In a secretary model, given that the administration has a heightened capacity for fiscal oversight, the legislature may consider changing its own role in budget development. In Virginia, the legislature sets a maximum expenditure and staffing level for each department. Expenditure and staffing levels are set for sub-department units, but those levels are advisory only. All expenditure and staffing decisions — other than department-level caps — are left to the administration.

Reinventing Government

One approach to understanding both the status and the potential of Minnesota state government is through an analytical comparison of state practices with the book, *Reinventing Government* by David Osborne and Ted Gaebler (Addison-Wesley, 1992). The book, much of it based on Minnesota experience, is a compilation of "best practice" case studies, organized along the lines of the author's theoretical perspective of public administration.

Basic principles

Osborne and Gaebler contend that governments typically respond to budget crises by either raising taxes or cutting services. Their premise is that a third alternative exists, which is to recreate, or reinvent, government as entrepreneurial public organizations. The authors describe entrepreneurship as the use of resources in new ways to maximize productivity and effectiveness. If it is possible to change how government thinks, then it is possible to change how government acts, they say.

The book holds that the key to reinventing government is changing the incentives that drive public institutions; that is, changing the institutions' internal markets. The book does not address **what** government does, but **how** government does it.

The book has been likened to a public-sector version of *In Pursuit of Excellence* (Tom Peters and Robert Waterman; Harper & Row, 1982), a popular book that examines private-sector corporations recognized as being well managed and analyzes the elements contributing to that recognition. Osborne and Gaebler examined local, state and federal government organizations and developed a list of 10 principles or characteristics found in entrepreneurial government. They provide examples of how each has been applied in public-sector settings. Ideally, entrepreneurial governments are ones that:

1. Steer more than they row.
2. Empower communities rather than simply deliver services.
3. Encourage competition rather than monopoly.
4. Are driven by their missions, not their rules.
5. Fund outcomes rather than inputs.
6. Meet the needs of the customer, not the bureaucracy.
7. Concentrate on earning, not just spending.
8. Invest in prevention rather than cure.
9. Decentralize authority.
10. Solve problems by leveraging the marketplace, rather than simply creating public programs.

On Page 80 of this report, each principle is briefly explained and illustrated by existing and potential Minnesota examples. These principles are not independent, free-standing concepts, but interrelated. Examples used to describe one principle can apply to the others as well.

In essence, the message might be condensed to two directives on how government should operate:

1. Government should create innovative market incentives and controls that guide individual and organizational activity toward goals set by the community.
2. Government should always act from a customer-first perspective.

The Minnesota experience

Reinventing Government could have been subtitled "Made in Minnesota." Although the authors try to find examples of innovation all across the nation, invariably they return to Visalia and Sunnyvale (two smaller California communities), the city of St. Paul, and the state of Minnesota, which they extol as "the land of rational government." The example of government action that best embodies all of their principles is Minnesota's policy of open enrollment for elementary and secondary school students. The book includes many familiar names. The origin of the open enrollment policy, for example, is credited to a legislative proposal championed by Ted Kolderie, Curt Johnson, Joe Nathan, Al Quie and John Brandl.

This recognition of the state carries some implications. One is that, by the authors' standards, Minnesota state government already is innovative and effective, with policies that enable its local governments to be innovative and effective as well. Another is that if CORE seeks to improve the effectiveness of state government, it may have to look beyond the conventional approaches, because this state may have resolved most of the conventional issues. (This would be in keeping with CORE's initial project cost-cutting analysis, where it was observed that most cost-cutting proposals in other states were measures already enacted in Minnesota.)

In relation to other states, the authors clearly demonstrate that Minnesota has been innovative in its approach to government activities. But this clear picture does have some small clouds in it. One is that Minnesotans have been, and continue to be, divided over the value and impact of some of the measures the authors applaud. The same book, by different authors, might have been more critical of Minnesota innovation. Another cloud is that a number of the activities detailed in the book have run their course, have been terminated, or have been repealed. They might be, as the authors believe, the wave of the future; but right now they're just part of history.

The death of acclaimed, innovative programs is not a unique-to-Minnesota phenomenon.

As part of a nationwide state government reorganization effort, the National Commission on State and Local Public Service is researching the impact of programs generally recognized as innovative. Their interim study shows that only 15 percent of innovative programs still exist five years after they've begun. Structures that enable people to begin innovative work do not necessarily enable that work to be sustained or transferred. Paul Light, a consultant to the national commission, reported to CORE staff members in a July 13, 1992, interview that causal analysis of the problem is not complete, and that it remains a serious issue in reorganization.

Structural change implications

The *Reinventing Government* model begins with asking government and community leadership to adopt a set of attitudes and perspectives. The authors might quibble over some minor word choices, but quite likely they would applaud the CORE vision of state government: a mission-driven, client-responsive, outcome-oriented government is precisely what they are preaching.

The authors treat process and structure as an integrated unit. Explicitly and implicitly they argue that if governments create customer-driven processes, and if they do so with the right set of attitudes and perspectives, then governments will create whatever structure is needed to carry out those processes. The authors are careful not to take a prescriptive approach to structure. But through their examples — and the bulk of the book is examples — the following seven structure-related points are raised:

Process compatibility

As noted above, structures must be checked to see if they are synchronized with desired systems and processes, and systems and processes must be checked to see if they are synchronized with desired structures.

IMPLICATION: Part of CORE's intent has been the creation of a macro-view, or framework, for understanding government services. This framework has had to include structure, systems and process in order to have value.

Transparent integration

From a customer perspective, jurisdictions mean nothing: Services should appear to flow to the customer as an integrated, seamless whole. It doesn't matter what kinds of boundaries or compartments government sets up, as long as they aren't impediments to customer service.

IMPLICATION: Regardless of how the state is structured, linkages — not advisory linkages, but ones with power — need to be established. Because customer problems often transcend traditional departments, customer service issues might be handled best on a higher level, such as a secretary system, or on some other dimension, such as the Attorney General's Office.

Clearly defined missions

In order to be mission-driven, organizations need missions that are without any sense of ambiguity or contradiction. The right size of an organization has nothing to do with the volume of people, programs or dollars; the right size is whatever fits within one clear mission. A large organization with a vague mission should be "chunked" into smaller organizations given clarified parts of the old mission.

IMPLICATION: An examination of mission statements should precede reorganization, to determine if "chunking" is appropriate. An assumption might be that the largest departments — Human Services, Transportation, etc. — are most in need of being broken into smaller units; but the reality is that possibly the smallest departments have the most mission ambiguity. On a theoretical level, the authors say actual size is irrelevant; on a practical level, they want sizes to be much smaller.

Separation of regulation and service

Government operations can be divided into regulatory activity and service activity. The authors' strongest structural advice is that the two activities should never be included within the same organization. The two roles are extremely different, and when included in the same organization they can cause confusion and can function at cross-purposes. This is one of the few instances when the authors say "never."

IMPLICATION: The authors' strong emphasis suggests it would be worthwhile to examine if Minnesota mixes regulatory and service activity within the same organizational unit. If it does, then this could be a significant starting point for reorganization. But no solution is pre-ordained; a variety of approaches might achieve the desired separation.

Capacity for quick change

Structures are established as part of the effort to meet a need. Once established, a sense of turf protection emerges, which inhibits changing the structure to meet new needs. The authors suggest the mission–customer–outcome-driven attitude to prevent a turf mindset. Keeping higher-level budget controls outside of the turf is a recommended antidote.

IMPLICATION: An implicit extension is that program (not line item) budget control should be with administrators primarily charged with setting and accomplishing government priorities, rather than with administrators primarily charged with accomplishing ongoing goals through ongoing operations. The latter are more likely to be heavily invested in their current structures and turf.

Flattened structure

Multiple layers of control (for example, middle management) was a necessary consequence of centralized government, especially before the technological revolution in communication. But if government decentralizes, that is, moves decision-making control closer to the level of people serving customers, then those once essential control layers become impediments to effective operations.

IMPLICATION: Reducing the layers of government is practically an article of faith among government reform efforts. But these authors offer a caution: flattening the structure needs to be accompanied by the formal decentralization of control. Otherwise, departments are left with centralized mechanisms and no one to operate them.

Formalizing change agents

The authors acknowledge that two things are necessary for innovation to occur. One is an individual or group that develops an innovation and is willing to risk experimentation. The other is an individual or group in a position to champion and protect the experimenters. A lack of either means the innovation might not happen; a departure of either means the innovation might not last. An unmet challenge is to use the structure to support and maintain innovation.

IMPLICATION: Minnesota administrators have formally established change champions in the past, but those efforts generally have gone with the administrators. The authors might suggest that this acceptable; that if any administration is successful in creating a mission–customer–outcome-driven environment, then the change champions will emerge.

Principles summary and application

In *Reinventing Government*, Osborne and Gaebler devote separate chapters to each of the 10 key principles they have identified as integral to bringing a sense of entrepreneurship to government organizations. Following are those 10 principles. Each is accompanied by a brief description of its basic concept, some examples of how the principle is now carried out in Minnesota, and some possibilities for carrying it even further in the state.

Activities happen for a multiplicity of reasons. It is possible to reject one of the following principles, yet endorse the programs or policies listed as its examples. It is possible to subscribe to one of the principles, yet have a solid basis for rejecting one of the corresponding examples. The possibilities listed for extending each principle are not a necessary consequence of extension, but simply illustrate the range of application.

1. Catalytic government: steering rather than rowing

CONCEPT: Institutions steer by determining what goals are to be reached and by setting policies and practices that point toward those goals. Institutions row by directly performing the services and operations needed to reach the goals. Institutions often insist on performing the services as a means of control. The authors argue that the opposite is true: governments that concentrate on steering have more control than those that are involved with rowing as well. The authors advocate fewer direct state services, and more partnerships with other government units and the private sector. Through subcontracting and partnering, the state helps make other institutions healthy.

The model is not concerned with **what** gets done, but with **how** it gets done. However, the model's premise is that it creates a better environment for addressing the question of what gets done. If the state is steering, then it tends to ask why a certain service should be provided. But if the state is rowing, then it tends to ask how it can better provide the service. Institutions preoccupied with rowing tend toward narrow strategies, and become guided by programs rather than problems.

EXAMPLES: In Minnesota, a major component of the state budget is spent on a wide range of human services. Most of these services are directed by state government but delivered by county governments. In the field of international trade, the state steers toward goals through policies and regulation, but it is moving away from directly providing the services to traders that are associated with the Minnesota World Trade Center.

POSSIBILITIES: Public post-secondary schools could be transformed to quasi-public or private schools. State parks could be maintained by adjacent counties or by private organizations. Regional treatment centers could be operated by local agencies (public or private) based in the regions that they serve.

2. Community-owned government: empowering rather than serving

CONCEPT: The authors express a fear that when citizens think of themselves as recipients of services, they fall into "clienthood," a dependency that saps initiative and accepts — even expects — mediocrity. But when citizens think of themselves as the owners of those service systems, then they develop a mindset that displays creativity and demands quality. Community movements that began in the 1970s have been an attempt to regain control from unhearing bureaucracies.

To give citizens a voice, and an arena in which to use it, governments typically create advisory boards, designate advisory board seats for specific constituencies, create boards with power, and use performance measures in contracts.

EXAMPLES: Minnesota has helped lead a national trend toward a sense of ownership in elementary and secondary schools. Part of the effort has been to require (at least nominally) schools to have community or parental input into curriculum; another part is legislation authorizing charter schools. In the field of aging, state policies coupled with funding opportunities (through the SAIL — Seniors Agenda for Independent Living — program) are encouraging communities to develop home-based alternative forms of long-term care.

POSSIBILITIES: By using more performance contracts (preferably created with community input) and fewer service grants, the state possibly would create a greater sense of assurance that its funds were being used as intended. Initiative and referendum could be available on state ballots. State advisory boards could be reexamined to see if they still fulfill their original purpose of ensuring consumer and community involvement in state government.

3. Competitive government: injecting competition into service delivery

CONCEPT: The authors stress that, when used properly in the right context, competition is critical for the effective delivery of public services. The alternative to competition is a monopoly, which is much more likely to result in service mediocrity. Competition can be between any two service providers, regardless if they are for-profit, non-profit, or public agencies. Competition allows government to use market forces as a source of accountability. Competition can result in privatization, but it doesn't need to. If a competitive process leads to more effective and efficient service delivery, then it is insignificant if the service provider is a public or private organization.

Four caveats are placed on competition. One, competition is appropriate among service providers, but not among policy-setting agencies that need coordination. Regulating agencies also should not be competing. Two, competition should be among teams, not individuals. Merit raises should go to organizational units. Three, competition needs to be maintained. Sometimes a government should maintain a presence in service provision to prevent a new monopoly from forming. Four, carrying through a competitive process requires skills that may not be present in all government agencies; staff training may need to precede a change in process.

EXAMPLES: With its open enrollment policy, Minnesota has allowed public school districts to directly compete with each other for students, and for the state aid funding that goes to each student. When one unit of the Jobs and Training Department solicits bids for certain job training grants, the competitors include private for-profit and non-profit groups and other government agencies including other units within the same department. Centralized administrative services, such as printing and the motor pool, scan private-sector counterparts when setting rates that are billed to other state agencies.

POSSIBILITIES: The formation and strengthening of rural private providers might be encouraged by competitively bidding (on the state or county level) state-funded human service programs now operated by counties. Private providers could be allowed to bid for central administrative services. Private firms and local governments could bid on infrastructure maintenance.

4. Mission-driven government: transforming rule-driven organizations

CONCEPT: The authors state: "Government rules are aggregated into systems — budget systems, personnel systems, purchasing systems, accounting systems. The real payoff comes when governments deregulate these systems, because they create the basic incentives that drive employees." The authors believe that government rules make sense for simple, patterned, repetitive tasks, but nothing else. They note that, in private businesses, personnel is a support function, while in government it is a control function. They advocate government agencies being driven by their missions rather than by rules.

The authors contend that both legislative and administrative leadership too often is preoccupied with control systems, including rules, budget line items, and the number of employees. Leadership needs to be free to deal with the big picture. If leadership is aware of an organization's purpose and goals, and knows what outcomes will result at what cost, then it doesn't really need to know about line items or staff complements.

In the past, limited success has come from sunset laws, review commissions, zero-based budgets and lists of prioritized cuts, some of the traditional approaches to redefining purpose and goals. The authors' strongest recommendation is the creation of smaller, mission-driven, public or quasi-public organizations. They endorse Peters and Waterman's concept of "chunking and hiving," that is, setting free a smaller part of a large organization, to pursue a clear mission. Their caution is to avoid smaller groups around turf issues. They suggest a dynamic rather than static view of organizational structure.

EXAMPLES: The Finance Department's 1994-95 biennial budget instructions state: "All budget narratives must articulate clear statements of mission, objectives and results." The Administration Department's separating of the Information Policy Office (service) and the InterTechnology Group (regulation) is an example of "chunking." The Governor's Commission on Children is an experiment in mission-driven government.

POSSIBILITIES: The state's various health and human service activities could be "chunked" or realigned with mission, rather than program or turf, as a starting point. But the authors would still warn that the state's reliance on rules likely prevents the mission from truly driving a department's operation.

To be developed in Minnesota, this concept would require several transformations. Government support systems would need to be refocused on their role and purpose. Administrative and legislative leadership would need to change their expectations and priorities when involved with planning and controlling. State agencies would need to complete the establishment of clear missions and a strong outcome-based measurement system.

5. Results-oriented government: funding outcomes, not inputs

CONCEPT: The authors believe that "what gets measured gets done." In the past, most measurement of government work dealt with inputs (numbers of dollars spent, number of workers employed) and some with output (number of meals served; miles of road paved). The authors advocate measuring outcomes, or the results of government activity. Unless results are measured, there is no way to discern success from failure. And unless it is discerned, success can't be rewarded and duplicated, and failure can't be corrected. They observe that demonstrated success can earn public support.

The authors approve of methodologies such as W. Edwards Deming's Total Quality Management, but they assert that the ultimate tool is the budget. In adding measurement to a budget, they recommend budgeting for a defined level of service quantity (output) and quality (outcome). With this approach, legislative and administrative policy makers can have even greater control without being concerned about budget line items or size of staff. Policy makers can know that *X* miles of roads will be maintained at a certain level and that *Y* miles of roads will be upgraded to a certain level, and that it will cost them *Z* dollars. The input particulars can be left to their managers.

EXAMPLES: The 1994-95 budget directions state "... the 1994-95 budget stresses effectiveness measures. Agencies are expected to identify effectiveness measures that clearly demonstrate the outcomes of services delivered by agency programs. Effectiveness is a measure of outcomes, impact, or quality of the task accomplished or the services provided and customer satisfaction with these services." A CORE staff analysis of 1992-93 state agency performance indicators showed that 15 percent measured outcomes. (Forty percent measured outputs, and the others were explanatory or efficiency measurements.)

POSSIBILITIES: The use of a results-oriented budget process is only beginning in Minnesota. Some programs within agencies are likely to need assistance in developing the outcome measurements most appropriate for their work; but when fully operational, a results-oriented budget will in itself be a dramatic change. A possible next step is developing a budgeting process that enables the legislature to vote on specified service levels rather than on line items. Such a system could enable the legislature and administration to know more precisely what they are "buying" with each allocation. In theory, the state will know that it has fully reached this point when the legislature can set policy direction without having a need to control inputs such as staff size. Other possible changes include paying service providers (both private and public, including state agencies) based on results; for example, funding vocational training program based on their placement rates.

6. Customer-driven government: meeting the needs of the customer, not the bureaucracy

CONCEPT: The authors suggest that government agencies have always been customer driven; the problem is that agencies have identified their direct funding sources — elected officials — as their primary customers. With elected officials needing to respond to organized constituencies, those constituencies become the real customers, rather than the individuals being served. The authors urge agencies, in their strategic planning processes, to redefine their primary customers as those individuals being directly served. Customer-driven agencies should be user-friendly and holistic in their approach. As with private-sector customer-driven operations, the systems and processes involved should be transparent to the customer.

Ideally, government should put the customer in the driver's seat. The authors compare the food commodities program to food stamps, which allow users to make their own food selections at a time and place of their own choosing. They contrast veterans education services, in which users select their own colleges, to veterans health services, with choice limited to Veterans Administration hospitals.

Three caveats are given. One is that a customer-driven approach works only if there is competition; it assumes that informed customers can choose to be served elsewhere. Two, government must guard against costly inefficiencies in competition, for example, many garbage trucks wearing out the same street. Three, customers need to be defined differently for regulatory agencies. For regulators, the primary customer is the community at large.

EXAMPLES: Again, Minnesota's open school policy puts the customers — students and their parents — in the driver's seat by allowing them to choose the elementary or secondary school most appropriate for them. Medical Assistance clients choose their own health care providers, or if restricted, face only the same kinds of restrictions (such as a closed HMO) that other health care consumers face. The Metropolitan Transit Commission has "stores" in convenient skyway locations and has after-hours telephone service.

POSSIBILITIES: The state's educational choice policy could extend to post-high school education: State funding could go directly to customers (adult citizens) as vouchers for training and education, rather than going to state-operated institutions. A voucher-based program could integrate college grants and loans with training programs associated with the Human Services and Jobs and Training departments. Other customer-driven possibilities include allowing initiative and referendum on state ballots; and allowing taxpayers to designate recipient programs for a discretionary percent of income taxes.

A range of possibilities exists within the concept of "one-stop shopping." The state could operate service stores in malls or other regional centers, providing licensing, sales and information involving multiple departments. State agencies, separately or jointly, could operate customer service (complaint) units or ombudsman services. Options also include a telephone number for potential customers who don't know whom to call, with follow-up to ensure that they connected with the right place; or customer representatives who would stay with a customer throughout a complex process.

7. Enterprising government: earning rather than spending

CONCEPT: The authors challenge any assumption that government should be responsible for money-losing services but should stay clear of money-making operations. They note examples of governments deriving income from power and cable television utilities, an amusement park, shopping centers, hotel and office complexes and other profit centers. In addition to providing non-tax revenue, operating profit centers opens up governments to different concepts of organization and philosophy so that all public services can operate with a profit center mentality. One change it can lead to is having all operations become responsible for the actual costs of their services, rather than paying a set overhead rate.

Several approaches are suggested for turning managers into entrepreneurs. Departments can be allowed to save all or part of any funds they save. Centralized seed funds can encourage new profit-making initiatives. The authors insist that a true investment perspective is rare in government, and that it ought to be used as a way to save money. They also recommend increasing user fees, not only to raise money but to simultaneously lower demand.

EXAMPLES: The state generates money in some innovative ways, including royalties from employee-developed computer software applications and patents. The lottery is an entrepreneurial activity competing with the private sector. Several Administration Department divisions have a modified pay-your-own-way philosophy, including the centralized printing, book store, mail and motor pool operations. User fees are increasing at state-owned educational and recreational institutions.

POSSIBILITIES: Recasting the Minnesota Zoo as a private organization could enable it to secure new private-sector revenue sources, relieving its reliance on public funds. More generally, the state could eliminate indirect charge rates and let agencies be aware of, control and pay their own real costs. Saving money could be encouraged by expanding the ability of units to retain part or all of funds not spent. Accounting changes can be made to make it simpler for all government agencies to take in money as well as spend it.

A caution in raising user fees is that government may view some enterprises as legitimate "loss leaders." For example, by keeping state park rental rates relatively low, the state may be encouraging tourists whose additional dollars spent with local businesses indirectly pay back the cost of state park operations.

8. Anticipatory government: prevention rather than cure

CONCEPT: The authors cite numerous examples of using an ounce of prevention: building water sprinkler requirements, restrictions on smoking, pollution regulation, and support of programs like Head Start and nutrition programs for new and expectant low-income mothers. They also express fear that government has lost some ability to deal with problems due to the simultaneous demise of traditional large power blocks and the rise of a multitude of specialized interest groups. They endorse Alvin Toffler's solution of "anticipatory democracy." This is often expressed through futures commissions, strategic planning and cross-departmental planning.

Governments typically use cash accounting, in which expenses are not counted until money is actually paid. Private businesses typically use accrual accounting, in which any future obligation incurred is counted as an expense. The authors insist that a future-oriented government needs accrual accounting to maintain awareness of the size of future obligations. This likely would change the habitual elimination of preventive maintenance programs as a quick fix during budget crises.

EXAMPLES: Minnesota already supports many prevention programs, and even provides additional state funding for federal prevention programs operating in the state. Prominent prevention strategies include SAIL (seniors) and the Children's Cabinet. Current future-oriented activity includes Minnesota Milestones and CORE. The state already extends its budget projections to four years. It requires departments to develop fiscal notes that detail implications of proposed policy changes; the notes consider the impact on other state agencies and on other levels of government.

POSSIBILITIES: Accrual accounting could be expanded. It is used in the Administration Department's Management Analysis Division, but typically is not found in Minnesota state government.

9. Decentralized government: from hierarchy to participation and teamwork

CONCEPT: The authors state that, 50 years ago, centralized government was essential, given the state of information technology and the expertise level of its work force. Today, information complexity and overload make centralized government paralyzed. Systems created to save waste now make it. The authors urge moving decision-making and controlling activities to the peripheries of organizations. Studies show that decentralized organizations tend to be more flexible, effective, innovative and productive, and have higher morale and commitment. Managers in decentralized organizations tend to have more, not less, control. In decentralized organizations, the control based on rules and regulations is replaced by control based on shared mission, goals and measured outcomes.

Decentralization requires emphasis on teamwork and participatory management techniques. The authors anticipate that the most serious resistance comes from middle managers whose previous work now constitutes over-control. As agencies try to become more participatory, they need to remove layers of control, flattening their organizational structure. Simultaneously, individuals also need flexibility that transcends traditional positions in government.

EXAMPLES: Minnesota's former STEP program was cited as an example of an effort to champion decentralization efforts in state government. CORE ultimately may have a similar role.

POSSIBILITIES: Following the governor's quality initiative, the introduction and more widespread use of participatory management techniques could lead to a transformation of state agencies as less hierarchial organizations with fewer levels of control, with a higher reliance on technology to carry a growing demand for information. Presumably these organizations could have higher measurable effectiveness and efficiency. State policies and funding mechanisms could extend the transformation to local government units.

10. Market-oriented government: leveraging change through the market

CONCEPT: When confronted with a problem, a typical government response is an administrative program. But often a better approach is changing the market, such as through tax incentives or zoning changes. Government can steer by creating incentives that move people in the direction that the state wants to go, while letting them make most of the decisions themselves. Using market structuring avoids problems inherent in programs such as turf defense, fragmented delivery systems, inadequate programming scale, and the use of commands rather than incentives. Market structuring is not new; the authors ask that it be considered when new programs are proposed. They acknowledge that it works only when a market is healthy with adequate supply, demand, accessibility, information, rules and policing.

Less traditional is the use of market structuring instead of regulation. Again, it avoids problems inherent in regulation, such as hollow penalties, very slow processes, discouragement of innovation, expense, focus on symptom rather than causes, and an ignoring of the underlying economic incentives driving firms or individuals. An emerging field is the use of "green taxes," that don't prohibit pollution, but force polluters to pay for the real costs associated with their actions.

Market-orientation can be applied to public systems. The authors state: "We have argued throughout this book that the key to reinventing government is changing the incentives that drive public institutions. This is simply another way of saying that the key is changing the markets that operate within the public sector."

EXAMPLES: Minnesota has used traditional market structuring approaches, and has used green taxes: The state has taxed agricultural pesticides and fertilizers, using some of the revenue for groundwater protection. The state's MinnesotaCare plan creates a new service program for a niche (families with low-income, employed heads) but has a primary emphasis on restructuring market incentives so the private sector can insure just about everyone else. The state's nursing home rate equalization law eliminates institutions' incentive for consumer fraud and abuse that sometimes permeates other states.

POSSIBILITIES: Better application of market structuring could reduce the state's heavy use of rulemaking. By analyzing the state's "systems," for example, education and mental health, as "markets," Minnesota could transform them as customer-driven concerns with an insurance of adequate supply, demand, accessibility, information, rules and policing.

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A MINNESOTA MODEL

The final section of this report lists the reorganization recommendations that CORE has termed "a Minnesota model." The first part gives the primary recommendation — a cabinet structure of executive offices — and a series of eight additional recommendations that clarify the concept. Those recommendations are given with additional text, but the primary rationale and justification for the model are within the preceding sections of this report.

The following parts extend the implementation of the CORE vision statement and the reorganization objectives to a number of other arenas. The recommendations in those parts are accompanied by background material. The second part examines smaller agencies — boards, commissions, councils, committees and advisory task forces — but does not reexamine the smaller agencies already analyzed in other CORE reports, particularly those on human services and environmental services. The third part considers the potential impact of CORE recommendations on constitutional officers. Included is a note on the proposed executive office of public advocacy, because of its impact on the attorney general's office. The fourth part summarizes public policies and practices that can be affected by CORE's direction. The fifth part highlights fiscal implications.

Executive management

CORE proposes a Minnesota model of executive offices, to reduce the number of reporting executives so that the governor can better communicate administration priorities and hold top officials accountable for meeting goals. The model groups agencies with similar goals and customers to improve service integration and delivery. The model replaces some existing agency administrators with a smaller number of secretaries and deputy secretaries who have the authority to shift resources, eliminate redundant services and demand program effectiveness.

The model goes far beyond reshuffling the boxes on the state organization chart. It changes processes, or the ways that things get done. It redefines and realigns administrative power. It attempts to institutionalize the capacity for change, giving each governor the ability to continually reorganize and fine-tune programs to address the priorities of the day.

Comparison with other states

All states are similar in that they provide the same basic services; all states differ somewhat in how they are organized to deliver those services. Organizational research categorizes each state as one of three types, generally termed commission, agency–cabinet, and secretary–coordinator. CORE proposes a hybrid of both agency–cabinet and secretary–coordinator concepts.

Recommendations

1. ***Minnesota should establish a cabinet structure of executive offices to provide coordination and integration of related policies, functions and programs. Each executive office should be headed by a secretary serving at the will of the governor.***

The following eight recommendations define the proposed structure:

2. ***Establish a cabinet structure of executive offices headed by secretaries, reducing the number of executives reporting directly to the governor and creating a more manageable span of control.***

Today, about 200 agency executives can claim to report directly to the governor. Even the current 26 cabinet-level agency executives present the governor with a formidable span of control. Given a governor's extensive responsibilities and time constraints, a reduced number of reporting executives would enhance meaningful communication.

The past four administrations have coped by clustering similar agencies, and having agency communication flow through one or more layers of the governor's administrative staff. By streamlining the cabinet, the governor would be able to communicate directly with decision-making executives.

This proposal recommends grouping agencies under eight executive offices: Administration, Business Development, Education, Environment, Finance, Health and Human Services, Public Advocacy, and Transportation and Safety. (A proposed organization chart is shown in Appendix 2, and each executive office is discussed in detail in Recommendation 9 on Page 98.) A final executive office configuration would need to be jointly determined by the governor and the legislature.

3. ***Redefine the role and authority of agency executive leadership, increasing accountability to the governor for service coordination and customer focus.***

The Minnesota model introduces new terms, including the secretary and deputy secretary titles, to emphasize that the roles of these officials would be significantly different from the current roles of the many commissioners and deputy commissioners they would replace. All terminology differs in meaning in different states. For the Minnesota model, the meanings are:

Secretary: one of a relative handful of initial key gubernatorial appointees. Working directly and regularly with the governor, each secretary would be accountable for the coordination of policy implementation and service delivery within the executive office, regardless of agency jurisdictional boundaries and other traditional impediments to cooperation. As extensions of the governor, secretaries would be expected to serve terms concurrent with the governor's.

Deputy secretary: the chief operating officer of an agency, reporting to a secretary. Deputy secretaries would be accountable for achieving the agency's goals and objectives. They would report to a secretary who works with them to achieve the administration's policy goals. A deputy secretary would be a professional manager serving at the will of the governor.

Today, a governor-elect needs to give immediate consideration to appointing commissioners and other top managers in many key agencies. The governor's staff is immersed in the need to make hundreds of appointments to numerous boards, commissions, councils and other agencies.

In this model, the avalanche of immediate appointments would be both delayed and shared with others. The governor would need to be concerned immediately with eight, rather than 26, top administrative appointments. Those eight appointees would advise the governor on deputy secretary and other staff selections as well as on board and commission appointees.

4. Consolidate executive-level agency management.

Today, the governor's cabinet agencies (excluding the uniquely structured Military Affairs Department) are served by 116 commissioners, deputy commissioners, assistant commissioners and assistants to the commissioners. With secretaries directing agency policy formulation and deputy secretaries directing agency operations, a net reduction of agency executives (commissioner and deputy commissioner-level positions) should accompany the initial implementation of the new system. Further position consolidation would continue as secretaries reorganize the agencies reporting to their offices.

5. Consolidate agency policy and support services management by placing control of these functions directly under the secretaries.

Each executive office would have responsibility for policy and planning coordination and for support services administration. A policy coordinator and a support services chief administrator would report directly to the secretary and are defined as:

Policy coordinator: a staff member responsible for assisting with the coordination and integration of policies, plans, budgets and programs within each secretary's purview. A large staff would not be required, because the actual planning and budgeting would be conducted by the individual agencies. The policy coordinator would be concerned with improving individual program effectiveness through coordination, and would assist the secretary in mediating and resolving disputes among competing agency interests. This position would assist with legislative relations.

Chief administrator: a staff member responsible for directing all support functions for the executive office's agencies. Support services staff would remain within their agencies, reporting to a matrix management involving the agency and the executive office. Support services management would be placed in the executive office, reporting to a chief administrator who would directly serve the secretary. This consolidation within each executive office would enable the elimination of management positions in areas including human resources, procurement, communications, legislative relations, information systems, staff training and development, statistical research, quality control, safety and workers' compensation.

6. Invest each secretary with the same general powers and duties.

Each secretary would have the same general powers and duties:

Represent, and act on behalf of, the governor on issues related to the secretary's functional area. Boards and commissions that nominally report directly to the governor would instead report to a secretary as the governor's representative.

Advise the governor on the appointment of deputy secretaries, small agency heads and board members. Although the governor would retain all final authority for all appointive positions in the executive branch, secretaries would relieve much of the burden through a significant consulting role for appointments in their functional areas.

Supervise deputy secretaries and hold them accountable for their actions. Deputy secretaries would report directly to the secretaries. For agencies, this would be the clearest area in which the secretaries act as extensions of the governor.

Direct strategic planning and policy development for the functional area assigned to the executive office. In an area such as long-term health care, for example, each involved agency would be responsible for its own planning, but the Secretary of Health and Human Services would be held accountable for coordination of all agency plans. Multi-agency operations should appear seamless from a customer perspective. Secretaries also would bear responsibility for coordination of programs involving more than one executive office.

Direct the formulation and presentation of a comprehensive program budget for the functional area assigned to the executive office. The budgeting process would be an extension of the planning process. Again, in an area such as long-term health care, each involved agency would be responsible for developing its own budgets. The Secretary of Health and Human Services would then be responsible for ensuring coordination among all long-term care budgets within that executive office. If a program was to be enhanced or diminished in one agency, its impact on related programs in other agencies would need to be identified and reflected within the comprehensive budget of the executive office.

Reorganize and reassign programs, program budgets and support services to improve operations among the agencies assigned to that executive office. In order to meet emerging needs, and in order to maximize effectiveness with existing resources, flexibility would need to be instilled in state operations. This secretarial power would be a key element in creating that flexibility. The power also would serve another purpose: While secretaries should resolve interagency conflict with negotiation, this power would give secretaries an ultimate tool for resolving such conflict.

Resolve administrative, jurisdictional, operational, program or policy conflicts between agencies or officials assigned to that executive office. Turf issues have long hampered program effectiveness and have prevented agencies from having a customer focus. Secretaries would be responsible for resolving these issues. For example, a secretary could be held accountable if two agencies continued to collect related data in incompatible formats, inhibiting the flow of important information.

Coordinate development of legislation, and represent agencies in the legislative process. As the person responsible for the coordination of budgets within an executive office, the secretary would be responsible for the presentation of those budgets to the legislature. As an extension of the governor, the secretary would be accountable for negotiations during the legislative process.

7. Invest each deputy secretary with the same general powers and duties.

Each deputy secretary would have the same general powers and duties:

Formulate agency planning and budget recommendations on behalf of the secretary responsible for the agency's functional area. Deputy secretaries would conduct all agency planning and budget activities. They would be responsible for providing the secretary with all requested data, information and recommendations.

Implement agency plans by directing the agency's operations and controlling the agency's line item budget. Deputy secretaries would be the chief operating officers of agencies, reporting to the secretaries.

Exercise all administrative authority not assigned to a secretary. As professional managers, deputy secretaries would develop reporting and working relationships with secretaries.

8. Establish an Executive Office of Public Advocacy, consolidating functions now located in a number of agencies.

Minnesota provides many programs that advocate on behalf of individuals or groups seeking fair treatment from government or regulated businesses. Examples include the Ombudsman for Mental Health and Mental Retardation, the Council on Disability, the Human Rights Department, the Crime Victims Advisory Council, the Board on Aging, the Spanish Speaking Affairs Council and the consumer advocacy functions of the Attorney General's Office and the Department of Public Service. And, in a separate report, CORE has recommended that a public advocate for environmental issues be included in the Executive Office of Public Advocacy.

Coordinating these programs through an executive office would create a visible point of access for citizens who seek help but don't know what, or how, services are available. The executive office should be accountable for agency follow-through and effectiveness, and should be responsible for eliminating overlap and fragmentation among related services.

9. Functionally align all state agencies under the executive offices.

Agencies and programs should be grouped rationally from a customer perspective, bringing together those services or regulatory functions that provide a common customer base with a continuum of integrated services.

The configuration should be jointly determined by the governor and the legislature. CORE considered a range of five to 14 executive offices. Many variations would be workable, but the following alignment of eight offices is recommended:

Executive Office of Administration. State agencies themselves would be the primary customers of the programs within the Executive Office of Administration. The Employee Relations Department and many of the Administration Department programs would support and improve the work of other agencies that directly serve citizens. The secretary should be the state's primary change agent for ongoing improvement in state management practices.

Executive Office of Business Development. Numerous programs affect the development of the state's commerce and industries, including agriculture, as well as the technology areas in which new business may emerge. Regulation and development functions should be kept in separate organizational units, but placing these programs in one executive office would enhance policy coordination and move toward "one-stop shopping" among related programs.

Executive Office of Education. Education is a traditional priority for state government. CORE proposes consolidating all education-related agencies and programs, including arts and history, within this executive office. Gov. Arne Carlson has proposed the creation of a Department of Children and Education Services. The governor's proposal offers greater, and differing, detail than does CORE's; however, both proposals are consistent with CORE's alignment criterion.

Executive Office of Environment. In a separate report, *Reforming Minnesota's Environmental Services System*, CORE recommends consolidation of all environment-related agency programs into two new agencies — a Department of Resource Management and a Department of Environmental Protection.

Executive Office of Finance. The secretary of finance would be a critical resource for the governor. In coordinating the functions of the departments of Finance and Revenue, as well as the state's strategic planning efforts, the secretary would be the governor's chief financial adviser.

Executive Office of Health and Human Services. In a separate report, *Reforming Minnesota's Human Services Delivery System*, CORE recommends placing the Health, Human Services, Veterans Affairs and Corrections departments, the Housing Finance Agency and some programs of the Jobs and Training Department within one executive office.

Executive Office of Public Advocacy. This executive office would create one point of access for citizens seeking fair treatment from government or regulated businesses.

Executive Office of Transportation and Safety. This executive office would bring together services traditionally connected since the "highway patrol" days and continued through related involvement with state drivers.

Program transfers among agencies. While an agency may be placed within one executive office, many of its programs more appropriately may be placed within other executive offices. An example is the Jobs and Training Department. From a customer perspective, some of its pro-grams would be best aligned with the Executive Office of Education, while other programs would be best aligned with Business Development or Health and Human Services. While not an explicit CORE recommendation, program realignment could lead to the dissolution of traditional agencies.

Location. The model wouldn't require the immediate relocation of any agency, although later moves would result from continuing agency reorganization. The executive offices may be best located in one building in the state capitol complex, to facilitate communication among secretaries and with the governor and legislators. A common location also would enable shared support staff.

Table 11 shows the proposed alignment of cabinet-level agencies with executive offices. Appendix 3 shows the proposed alignment of most state agencies with executive offices.

TABLE 11. Proposed alignment of agencies

EXECUTIVE OFFICE OF ADMINISTRATION
- Department of Administration
- Department of Employee Relations

EXECUTIVE OFFICE OF BUSINESS DEVELOPMENT
- Bureau of Mediation Services
- Department of Agriculture
- Department of Commerce
- Department of Trade and Economic Development
- Department of Labor and Industry
- Iron Range Rehabilitation and Resources Board

EXECUTIVE OFFICE OF EDUCATION
- Department of Education
- Department of Jobs and Training

EXECUTIVE OFFICE OF ENVIRONMENT
- Department of Resource Management (proposed)
- Department of Environmental Protection (proposed)

EXECUTIVE OFFICE OF FINANCE
- Department of Finance
- Department of Revenue
- Office of Strategic and Long Range Planning

EXECUTIVE OFFICE OF HEALTH AND HUMAN SERVICES
- Department of Corrections
- Department of Health
- Department of Human Services
- Department of Veterans Affairs
- Housing Finance Agency

EXECUTIVE OFFICE OF PUBLIC ADVOCACY
- Department of Human Rights
- Consumer advocacy functions from the Attorney General's Office and the Department of Public Service

EXECUTIVE OFFICE OF TRANSPORTATION AND SAFETY
- Department of Military Affairs
- Department of Public Safety
- Department of Transportation

This list does not reflect program realignment, but presents the primary placement of current cabinet agencies among the proposed executive offices. Additional CORE recommendations call for elimination of the Department of Public Service, and for consolidation of the Department of Natural Resources, the Pollution Control Agency and the Office of Waste Management within the two new departments proposed for the Executive Office of Environment.

Small agencies

Minnesota has about 275 boards, commissions, councils and advisory task forces, with more being created every year. These often obscure bodies develop policy, make rules, promote industries, regulate activities, issue reports, and oversee the operation of public infrastructure. Each is intended to add value to the state, but their sheer number strains managerial control and adds to the perception that government is fragmented.

The powers of the various bodies are defined by statute. The legislation authorizing each board, commission, council, and advisory task force describes the specific powers of that entity, while another section of the law describes general powers common to each type of body.

The legislature has adopted a uniform standard in identifying or clarifying these agencies. *Advisory task forces* are created to study a single topic and have a life of two years or less. *Advisory councils or committees* created by statute (M.S. 15.014 or 15.059) will expire by sunset law on June 30, 1993, unless extended by specific laws. *Authorities* are agencies whose primary purpose is to issue bonds for financing, ownership or development. *Boards* have rule-making, license-granting, adjudicatory or other administrative powers. *Commissions* are generally agencies composed of legislators, except for certain agencies such as CORE. *Committees* are advisory agencies. *Councils* are advisory agencies with at least half their members from specified occupations, political subdivisions, or other categories. *Governor's agencies* are created by executive order to advise or assist on matters relating to state law; "Governor's" appears in the front of their names.

Within each subject area is a variety of these boards, commissions, councils and advisory task forces, each with differing powers. The Department of Finance has identified the following:

Health	39	Insurance	7
Citizen safety, legal, judicial	26	Transportation	4
Agriculture	9	Educational	25
Environmental	23	Governmental Operations	30
Natural Resources	6	Human Rights/Minority Affairs	17
Arts and Sports	7	Legislative	14
Business and Labor	22	Metropolitan Agencies	7
Workers' Compensation	3		
		TOTAL	**239**

This list does not reflect all such organizations created by law, but does provide an overview of the multiplicity of organizations by subject matter.

Although names are generally consistent, there is no similar consistency in agreed-upon policies or procedures defining the roles of the legislative and executive branches when new organizational responsibilities are created and assigned by the legislature. As a consequence, responsibility for planning, organizing and controlling these agencies is not always well defined or well placed.

Earlier in this report, the issue of accountability was highlighted as a critical concern in Minnesota government management. In too many cases, neither the governor nor any of the governor's appointed officials has a real controlling relationship with the agencies. Some of the consequences can be inefficient and more costly use of administrative resources, confusion about budgeting and reporting, and a diffusion of responsibility to carry out tasks. Assigning each smaller agency to a secretary or secretary's designee (who could be the director of a larger agency) can at least ensure that responsibility for direction and feedback have been clearly established.

Accountability

10. Assign each board, commission, council and advisory task force to a secretary or a secretary's designee. Each secretary could align small agencies' staffing and support activities anywhere within the agencies reporting to the executive office.

Smaller agencies usually report only to whoever appointed their members to office, but even that accountability is often nominal. Most appointments are for fixed terms that don't coincide with any elected official's term.

Some small agencies hire their own staff while others rely on staff provided by cabinet-level agencies. No one is explicitly responsible for ensuring that staffing is provided effectively or efficiently.

The operating cost of boards, commissions, councils and advisory task forces is small but not obvious. The costs of those staffed by larger agencies are absorbed by the larger agencies' budgets. Other smaller agencies are funded by fees paid by the industries and occupations they regulate, which in turn pass the cost on to consumers.

Advisory bodies

11. Sunset all advisory bodies over a four-year period beginning in 1994. Each secretary should recommend whether advisory bodies within their executive office should be reinstated after their sunset date.

12. Include a sunset date in all new legislation creating advisory bodies.

Advisory bodies provide citizens and organized constituencies with a formal opportunity to advise the governor and other leaders on policy issues. Once they are created, however, no one has oversight responsibility for redundancy or obsolescence. Many, but not all, have sunset provisions calling for their automatic expiration on a certain date, unless the legislature extends their organizational life. Placing sunset provisions on all current and future advisory groups would increase the likelihood that they would continue to serve a relevant purpose.

Of the boards, commissions, councils and task forces, 175 have no final administrative or decision-making power; they may only advise the governor, a commissioner, or other designated individual who has the decision-making authority. Advisory bodies provide an opportunity for citizen or interest group comments before a decision is made. By statute, authorization for many of these advisory bodies will expire on June 30, 1993. Examples of these types of bodies include:

The Curriculum Advisory Committee
The STARS Advisory Council
The Voting Systems Advisory Task Force
The Aquaculture Advisory Committee
The Data Collection Advisory Committee

The basic decision to make about advisory bodies is whether there is a reason for them to continue. There is a sense of organizational inertia that keeps groups in existence long after their reasons for formation have ceased to exist. Having sunset provisions doesn't mean that every advisory group will be terminated, but it does make it likely that basic questions will be asked, and answered.

Occupational licensing

13. ***Create a central licensing agency responsible for all administrative functions in support of independent licensing and examining boards.***

14. ***Sunset all professional licensing over a four-year period beginning in 1994. Each secretary should recommend whether licensing activities within their executive office should be reinstated after their sunset date.***

Occupational licensing boards are generally autonomous with statutory authority to formulate policies and standards governing regulated occupations. While many have a host agency that performs some administrative functions, most boards retain an independent executive director and other staff. Examples of these include:

Board of Medical Examiners
Board of Pharmacy
Board of Social Work Licensing
Board of Barber Examiners
Board of Electricity
Board of Abstractors
Board of Teaching
Board of Chiropractic Examiners

Examining and licensing boards would remain independent, but administrative and support functions would be centralized under the Secretary of Administration, eliminating redundant executive directors and duplicated activities.

Sunset provisions would assist the legislature in considering the continued value of regulating more than 60 professions through licensing, registration or certification. Of these professions, 27 are regulated through independent examining and licensing boards (each with four to 17 members). The others are regulated by agencies without public boards.

Although Minnesota has "sunrise" legislation to create threshold standards to be met before additional professions are licensed, the number of licenses continues to increase. While the intent of licensing is to safeguard citizens from poorly trained professionals, often the effect is to limit the professional pool and thus raise costs.

Regulation

Minnesota has 10 boards and commissions to regulate various commercial activities. Recommended changes for several, including the Pollution Control Agency Board, the Environmental Quality Board and the Board of Water and Soil Resources, are included in other CORE reports.

Regulation may extend from preventing risk to human health and preventing ecosystem damage to control over the type and price of services offered by public utilities. Examples include:

Public Utilities Commission	Board of Boxing
Transportation Regulation Board	Racing Commission
Pollution Control Agency Board	Gambling Control Board

This report's recommendations address three additional regulatory boards.

15. Eliminate the Department of Public Service, transferring its staff and responsibilities to the Public Utilities Commission. (Advocacy functions would be transferred to the Executive Office of Public Advocacy.)

The Department of Public Service both serves as a consumer advocate before the Public Utilities Commission and enforces orders issued by the commission. The department also serves as consumer advocate on energy matters before the Federal Energy Regulatory Commission. Additional functions include maintaining energy conservation and weights and measures programs. The Public Utilities Commission is a quasi-judicial body with an independent staff and executive secretary to support its decision-making role.

If the consumer advocacy functions of the Department of Public Service are transferred to an Executive Office of Public Advocacy, there would no longer be need for separate, independent staff in both the department and the commission.

The remaining responsibilities of the Department of Public Service should be transferred to the Public Utilities Commission, consolidating utility regulatory and energy conservation programs in one agency. This consolidation would eliminate the Department of Public Service and allow for more efficient use of the remaining regulatory staff.

Although these changes would improve accountability, this move would not provide state budget savings because these activities are primarily fee funded, but would reduce the cost of regulation, which is now paid by utility customers through rates approved by the commission.

16. Reduce the Public Utilities Commission from five to three full-time commissioners.

The Public Utilities Commission currently has five full-time commissioners. A decision-making body this large can make it difficult for the public to hold commissioners accountable.

At least two earlier state studies have urged reducing the commission size. In addition to saving money, having three instead of five commissioners would still allow for diverse representation while making it easer for the public to hold individual commissioners accountable for their decisions. Minnesota has eight full-time commissioners (five at the Public Utilities Commission and three at the Transportation Regulation Board) doing the work that a majority of states do with just three commissioners.

17. Consolidate gambling regulation activities by merging the Racing Commission and the Gambling Control Board.

Minnesota has two regulatory agencies for gambling — the Gambling Control Board and the Racing Commission. In addition, a separate board oversees the operation of the state lottery.

The Gambling Control Board (formerly the Charitable Gambling Board) regulates lawful gambling to prevent its commercialization and to maintain integrity of operations. The board of seven part-time members is appointed by the governor and operates through an executive director and staff.

The Racing Commission has a board of nine part-time members and regulates horse racing and parimutuel betting as well as grants licenses to developers of race tracks. The Racing Commission retains an executive director and staff to carry out its work.

Consolidating the Gambling Control Board and Racing Commission could result in more efficiency and cost savings through fewer management, support staff and appointed governing members. The separate board that oversees the state lottery is not included because its role is operational and promotional, not regulatory.

Constitutional offices

CORE's examination of the executive branch concentrated on those agencies and appointed officials that report to the governor. The study did not address the appropriateness of having independently elected state constitutional officers. CORE did, however, identify areas in which its general premises and recommendations could have an impact on some of the constitutional offices. The following recommendations are limited to those areas.

Attorney general

18. Allow the governor and agencies to select in-house (non-litigation) counsel on a competitive basis. Continue the role of attorney general as exclusive representative of state government in litigation.

The attorney general serves as chief legal officer and general counsel to state agencies and the legislature. Typical powers of the attorney general include the authority to institute civil suits; represent state agencies; defend and/or challenge the constitutionality of legislative or administrative actions; enforce open meetings and record laws; revoke corporate charters; enforce antitrust prohibitions against monopolistic enterprises; enforce air, water and pollution and hazardous waste laws; handle criminal appeals and serious statewide criminal prosecution in a majority of states; intervene in public utility rate cases; and enforce the provision of charitable trusts.

The extent to which state attorneys general control legal advice to the governor and agencies varies widely among the states. In six states, agencies may hire their own legal counsel without regard for the attorney general's office. These states include Florida, Kentucky, Mississippi, Montana, South Carolina, and Texas. Other states have a hybrid system where legal advice is rendered by a combination of individuals from the attorney general's office and in-house attorneys. California, Georgia, Massachusetts and North Dakota are examples of states where the attorney general defers to the governor's or agencies' "in-house" counsel for providing day-to-day legal advice. However, the attorneys general in those states retain the right to represent the agencies if an issue is litigated.

By statute, the Minnesota Office of Attorney General has the exclusive right to act as attorney for all state officers as well as boards and commissions. The attorney general currently represents the state in all litigation as well as providing in-house counsel to the governor and agencies. Agencies may not hire counsel or retain private counsel without the attorney general's approval.

There is a compelling argument for requiring the attorney general to represent the state during litigation: It establishes clear responsibility for the litigation and consistency in arguments presented to the courts. There is no compelling argument, however, for exclusive, centralized legal services to the agencies.

Many agencies have highly specialized needs or may need additional counsel to address discrete, specific problems from time to time. The attorney general's staff may not have that specialized knowledge, or they may be shorthanded because of other demands. Another concern is that an agency is required to pay the cost of legal services but the agency is not allowed to hold the attorney accountable for results.

In a number of states the issue of a potential conflict between the interest of the attorney general's office and the interests of the governor or client agency has been raised. As a separately elected official, the attorney general may have different priorities than a governor or agencies. This is of particular importance when the attorney general has responsibility to both advise an agency and challenge the same agency.

The Minnesota Attorney General's Office attempts to minimize possible conflicts of interest by creating separate divisions within the office. This system is used in a number of other states. A few states have "in-house" counsel represent agencies when there is a potential conflict. The likelihood of these conflicts of interest is higher when the attorney general represents all of state government. Additionally, as the attorney general's responsibility to independently act on behalf of groups of citizens has expanded, the potential for conflicts between a governor's administration and these independent responsibilities has increased.

CORE is concerned with creating a customer focus in all of state government. Allowing agencies to select in-house counsel by purchasing services from the attorney general, hiring an attorney in an unclassified position, or contracting with an outside law firm could create healthy competition based on price, ability and customer service. Agencies should follow the example of other large organizations, both public and private, that use a mix of legal services, based on the organization's needs.

Advocacy

19. Combine the consumer advocacy functions of the Attorney General's Office with other related advocacy functions in the proposed Executive Office of Public Advocacy.

The Attorney General's Office is also affected by the CORE proposal to create an executive office of pubic advocacy. If all of the state's consumer or public advocacy activities are included in the executive office, it would involve a component of the Attorney General's Office.

Public advocacy seeks to assist people seeking fair treatment from government and businesses regulated by government. Minnesota has numerous agencies, boards, councils, ombudsmen and programs with advocacy roles. They range from the consumer advocacy of the Attorney General's Office to the Council for the Hearing Impaired and the Ombudsman for Crime Victims.

The result of having these advocacy services in many different corners of state government is often:

- Citizen confusion as they have difficulty determining which of the state's advocates may be able to assist them with their problems.
- Lack of accountability as the multiplicity of government agencies reduces the ability of citizens to hold anyone responsible for decisions.
- Duplication of efforts as some state advocacy efforts duplicate or overlap advocacy programs in other parts of state government.

CORE has recommended creation of an executive office of public advocacy to coordinate and strengthen the many advocacy programs already in operation. It makes sense to also include the related activities now housed in the Attorney General's Office.

The Residential Utilities Division of the Attorney General's Office represents residential and small business consumers before the Minnesota Public Utilities Commission and the Federal Energy Regulatory Commission. Minnesota consumers are also represented before these same agencies by the Public Service Department. For consumer protection matters not related to regulated utility services, the Consumer Division of the Attorney General's Office responds to individual consumer complaints, investigating and prosecuting consumer-related cases.

Coordination of those activities through the executive office would provide a more visible and consistent voice for consumers. It would also help ensure that state and federal regulatory bodies hear one state position on behalf of Minnesota consumers.

Establishing an executive office of public advocacy would provide numerous benefits, including:

- Increased visibility and accessibility of these services to the public.
- Increased independence of the state's advocacy services by making their office equal in status with agencies to be challenged.
- Cost savings provided by elimination of duplicate and overlapping services and the opportunity to consolidate related staff activities.
- "One-stop" information and referral provided to citizens for the state's advocacy programs.
- Resolution of citizens' problems through a variety of methods including investigation, mediation and litigation.

State treasurer

20. After establishing a secretary of finance, examine the roles and relationship between the finance secretary and the state treasurer.

The state treasurer's primary functions include receiving and accounting for all state monies; ensuring that state monies are invested, properly collateralized and protected against default; and determining what monies are available for investment.

Establishing a secretary of finance position would create a significant new position that serves as the governor's chief financial adviser. The relationship between the two fiscal leadership positions would need to be examined. It is possible that under the Minnesota model, the secretary of finance could perform duties and responsibilities of the state treasurer. Further study is needed, however, to determine if consolidation or role changes would enhance the financial management of the state's assets, debts and investments.

Lieutenant governor

21. Governors should consider the option of assigning lieutenant governors to serve in a secretarial role.

The lieutenant governor is second in command and is prepared to assume the governor's duties any time the governor is unable to perform them. The lieutenant governor represents the governor and the state of Minnesota within the state, nationally and internationally.

A bill was enacted in 1971 enabling the governor to delegate to the lieutenant governor such powers, duties, responsibilities and functions as prescribed by law to be performed by the governor, provided those powers are not imposed upon the governor by the constitution. Until 1972 the lieutenant governor presided over the Minnesota Senate. A constitutional amendment, ratified in November of that year, permitted the senate to choose its own presiding officer. Consequently, the lieutenant governor became a full-time official of the executive branch.

The lieutenant governor chairs the Tourism Advisory Council and the Capitol Area Architectural and Planning Board, is a member of the Executive Council and oversees affirmative action in state government for the executive branch.

The Office of Lieutenant Governor already provides governors with a highly flexible resource. Under current statutory authority, governors can assign any of their responsibilities to lieutenant governors. If the Minnesota model is implemented, the governor may want to consider assigning the lieutenant governor to serve as one of the secretaries. The model would provide governors with an optimal new use for the resources and expertise of the Lieutenant Governor's Office.

Nationally, the office and powers of lieutenant governor have expanded in recent years. These professionals are now directing key state government agencies, chairing special gubernatorial committees, and serving as liaisons with other levels of government.

States are, for the most part, consistent in the responsibilities assigned lieutenant governors by their constitutions. In most states, the lieutenant governor's main constitutional responsibilities are to serve as the presiding officer of the state senate and as forerunner in the line of succession to the governor's office.

In at least 34 states, the duties of the lieutenant governor have been increased by legislation. A common thread runs throughout those provisions: most of the responsibilities assigned through statutes involve the lieutenant governor's service on state boards and commissions. Many of these statutes are open-ended, so the lieutenant governor must wait until their governor assigns or delegates responsibilities.

Twenty-eight lieutenant governors are presiding officers of the senate. The legislative responsibilities of the lieutenant governor generally have been on the decline.

There are 25 lieutenant governors who serve as members of their governor's cabinet or advisory bodies. (There is no statutory provision in Minnesota for the lieutenant to serve on the governor's cabinet.) Forty-two states (Minnesota included) designate the lieutenant governor to move into the governor's office when there is a vacancy and almost all serve as acting governor in cases of disability.

Today, 36 states (Minnesota included) allow the governor to assign responsibilities to the lieutenant governor. Some lieutenant governors have service on state boards, while others have involvement in economic development programs, trade missions, the coordination of various segments of the administration, or service as principal liaisons with other levels of government.

In several states lieutenant governors are designated by their state constitutions as members or chairs of a variety of boards, committees and commissions. Examples are:

1. Alaska: The lieutenant governor retains the constitutional responsibilities associated with the post of secretary of state.
2. Florida: The governor may assign the lieutenant governor the duty of serving as the head of any one department.
3. California: The lieutenant governor is ex-officio member of the regents of the University of California.
4. Connecticut: The lieutenant governor is a member of the corporation of Yale University.
5. Massachusetts: The lieutenant governor has the constitutional responsibility of presiding over the Executive Council.

6. Nebraska: The lieutenant governor is authorized by the state constitution to preside over the unicameral legislature and vote in the case of ties. Also, the constitution provides that the lieutenant governor serve on all boards and commissions in lieu of the governor and perform all duties as may be delegated by the governor.
7. American Samoa and Maryland: The lieutenant governor duties are totally at the discretion of the governor.

Policies and practices

Each of CORE's eight reports of recommendations includes proposals to change state policies and practices. Included here are overarching proposals not offered in earlier reports.

Co-location

22. Agencies should relocate to common facilities and, whenever possible, integrate their activities to improve service delivery.

Co-location is a method for improving service delivery and customer satisfaction. It involves the relocation of agencies to common facilities and, whenever possible, the integration of their activities.

In general, each state agency is responsible for establishing its branch offices. Consequently, throughout Minnesota there are separate locations for agencies providing similar services to similar customers.

Minimally, co-location means moving various state offices into one vicinity. Carried further, it involves locating different agency offices in a common building and sharing resources. This could create a new level of customer convenience, particularly in much of Greater Minnesota.

Agencies use a variety of service area boundaries. Co-location in itself wouldn't require these to change, but it likely would accelerate any trend toward standardized boundaries, or toward development of regional centers for the delivery of state services. The Revenue Department currently is considering a network of centers to provide products, services and information from several agencies, using flexible, up-to-date delivery systems.

The co-location model is an attempt to have the agencies better identify with current and potential customers and to improve service delivery. A major advantage is that this model promotes one-stop shopping for the customer. The need to visit several locations within one town or even in several towns would be eliminated. The potential could also be expanded through the use of technology. A co-location center could be hooked into an interactive information kiosk system serving the surrounding region.

There are numerous potential administrative advantages. Agencies in a central location could share resources, including cross-trained personnel, and have clearer lines of communication and interaction. Cross-training could result in better coordination of similar programs or those that share customers. Emphasis could be placed on the reduction of forms, multiple application processes and conflicting regulations among the participating agencies. Co-location facilities could serve as an office of information, complaint resolution or public advocacy and problem solving. Evening and weekend service center hours could be more easily offered.

With legislative approval for entering into 20-year leases with the option to own, then the potential for large long-term savings is significant. Implementation expenses would include relocation costs and potentially higher initial lease rates, but long-term efficiency gains through shared resources should heavily outweigh short-term expense. A single location would enable shared space, staff and equipment, and improved interagency communication.

Technology investment

23. Establish a statewide data and technology investment plan to improve both customer service and the efficiency of state systems.

The primary use of technology in state government is for the purpose of collecting, managing or disseminating information. Nearly every government transaction involves the exchange of information. Most of the products of government are in the form of information, for example, legislation, rules, tax rates, licenses, and highway maps. Most of the work done by government employees deals with information; an important skill set is knowing what information is needed, where it's located and how to retrieve it.

One of the goals of the restructuring is to improve our ability to access and use information in the delivery of government services. Information, and the technology to use it effectively, is a critical resource requiring the same level of attention as finances and human resources. State government's primary use of technology has been for collecting and managing data, generally within one program or agency. With the integration of services and rethinking of the ways to deliver those services, the need to support information sharing will continue to grow.

As the state redesigns its management, human resource and service delivery systems, it also needs to re-engineer the administrative processes involved in those systems. This should benefit the state employees who operate those systems and their customers as well. Information can be made both more useful and more user-friendly through technological advances such as multi-media kiosks, image processing, interactive video, and electronic data interchanges.

Information and technology needs must be integrated into comprehensive planning for services. Plans must focus on improving the quality and ability to share data and the effective use of technology in the delivery of services. An analysis of technology investments, in terms of immediate costs, long-term savings and service effectiveness, should be required in any state service planning.

Ethics

24. The leaders of all three branches of government should establish a joint commission to create a uniform code of ethics for all employees of state government.

A uniform ethics code is long overdue. Currently, different public employees comply with different laws and principles setting acceptable standards. A lack of uniformity results in confusion and varying degrees of conformance and enforcement.

Following is a description of current ethical practice standards:

Executive Branch

- Executive branch employees must comply with a Code of Ethics established in law in 1981 (M.S. 43A.38). The statutory provisions of this code focus on five categories of conduct: limitations on gifts, favors and any form of outside compensation; restraints on outside employment; restrictions on economic interests and financial disclosure requirements; limitations on appearances and involvements with other agencies; and restrictions on personal use of state assets. Recently, an interagency task force of executive branch employees completed a draft of ethical principles. "Renewing Our Commitment to Ethical Government" focuses more on positive employee actions and attitudes, and less on behavioral restrictions. The principles are intended to clarify, and eventually amend, the statutes.

Judicial Branch

- The judicial branch personnel plan describes a variety of employment policies that are ethics oriented. The guidelines in the personnel plan exist in lieu of any other written code of conduct for non-judge employees of the Supreme Court, the State Court Administration, and all Supreme Court Boards (excluding the Board on Judicial Standards), District Court administration offices and judges, and the Eighth Judicial District Court Administration offices.

- Judges and attorneys employed by the judicial branch are governed by the Professional Rules for Attorneys and Judges. In addition, the Board of Judicial Standards and the Lawyers Board of Professional Responsibility set guidelines and act as policing bodies for the ethical behavior of all judges and attorneys who practice in Minnesota.

Legislative Branch

- No written code of ethics applies specifically to any of the legislative branch's non-elected employees. However, most employees of the legislative branch use as a guide the rules of conduct for executive branch employees codified in Minnesota Statutes, Chapter 43A.

- Members of the Senate and House are governed by the ethical standards codified in Minnesota Statutes, Chapter 10A. In addition, both the Senate and the House administer an Ethics Committee that holds legislators and lobbyists in compliance with laws in Chapter 10A.

- In the 1993 legislative session, bills that strengthen and append the language of Chapter 10A have been introduced in both houses.

Ethical Practices Board

- Established in 1974 by the Ethics in Government Act, the Ethical Practices board is a bipartisan six-member citizen body whose goals include maintaining public confidence in the integrity of government through public disclosure and public financing of political candidates.

Minnesota's leaders should see reorganization as an opportunity to affirm the basic values that underlie public service. By creating an environment where all public employees can be motivated to practice high ethical standards, reorganization may strengthen public trust in government.

Development of a consistent statement of principles to guide the behavior of all state employees would help achieve this goal. A uniform code could be complemented by more specific codes addressing unique circumstances of different offices, but the uniform code must address all of the public's basic concerns.

Administration transitions

25. The Executive Office of Administration should establish transition processes and provide training for appointed officials to assist rapid orientation to the complex environment of public management.

Change in the leadership of state government is the norm. New chief executive officers are elected as often as every four years, bringing new mandates and priorities and new top managers. Appointed state officials often change even more frequently.

Transition issues are significant enough to be one of CORE's five imperatives for change.

The transition is rarely smooth and, at its worst, can resemble a hostile corporate takeover. CORE's assessment report described the consequences. As an example, by the time a major initiative is ready to be implemented, the agency leaders who sponsored it are gone, and the new leaders have new priorities.

The Minnesota model would ease transitions by having secretaries assisting the governor with the appointment process. Once appointments are made, the Executive Office of Administration would need to develop and manage efforts to assist the new officials.

Recommended changes include:

- *An orientation program for executive-level appointees.* Topics would include organizational structure, budget preparation and approval process, decision-making procedure in the governor's office, personnel and ethics policies, data privacy and open meeting laws, availability of legal advice, media relations, legislative relations, and bargaining unit contracts and grievance procedures.

- *The designation of agency transition coordinators.* Each cabinet-level agency would designate one individual in the classified service as transition coordinator. The coordinator would be responsible for providing incoming appointees with current information about the agency.

- *An adequate transition fund.* The current fund of $34,000 for the governor-elect should be increased to at least $200,000 to cover the full costs of a transition, including the staff to help the governor-elect select appointees, prepare a budget and initiate legislative proposals. Minnesota would be better served if governors-elect did not have to rely on private contributions to fund the transition when they are forging their programs for the coming biennium.

Fiscal analysis

This report urges substantial changes in the way state government is organized. The governor's span of control would focus on eight secretaries rather than 26 commissioners and the heads of more than 275 agencies, boards, commissions, councils and task forces. Many agency functions would be streamlined and restructured. The leadership of state agencies would change as new consolidated positions would be given formal accountability for policy, budget and service coordination.

This report summarizes the initial changes recommended for the Minnesota model. Implementation of this model would not be the end, but the beginning, of the reorganization process. Implementation of the model would only set the stage for future, ongoing change.

TABLE 12. EXECUTIVE REORGANIZATION

Preliminary Fiscal Analysis

ACTIVITY	ANNUAL SAVINGS	ANNUAL INCREASE	ONE-TIME TRANSITION	FIVE-YEAR PROJECTION
Executive Management				
Establish executive offices		$4,357,600	$ 19,200	$21,807,200
Eliminate agency positions replaced by executive offices	($6,663,400)		$458,700	($32,858,300)
Boards and Commissions				
Eliminate utility and gambling regulatory positions	($308,900)		$ 74,600	($1,469,900)
Other Consolidation				
Support services management and miscellaneous reorganization	($5,177,160)		$1,045,200	($24,840,600)
TOTAL	**($12,149,460)**	**$4,357,600**	**$1,597,700**	**($37,361,600)***

*Other CORE reports describe environmental and human services reorganization, and include $7,300,000 of the five-year savings reported here. The exclusive five-year projected savings of this report's recommendations are $30,061,600. Additional accumulated savings would include a 10 percent reduction in executive branch operating costs over the next four years of operation. This would include productivity improvements and program elimination, reduction, or streamlining. The value of these efficiency improvements is estimated at $288,531,000.

Implementation

Change requires deliberation and joint action by the governor and legislature. To ensure sufficient time, consideration should begin now, with action as soon as possible. New structures and systems should be in place by January 1995. Experience in other states has shown that reorganization is most effective when it begins concurrent with a new gubernatorial term, regardless of whether the incoming governor is new or an incumbent.

Cost savings

In its realignment of agency authority and accountability, the Minnesota model consolidates the roles of numerous positions. The transition to the model results in an estimated net reduction of 80 to 90 executive or managerial positions and up to 30 professional and clerical support positions. This includes the elimination of commissioner and deputy commissioner positions, creation of new secretary and deputy secretary positions, and consolidation of support services management such as management information systems, public information, research, and training and development.

Department of Finance figures show that operating costs for the executive branch agencies are $852,968,000 for Fiscal Year 1994. During the first year of operation, the executive office restructuring should result in a net reduction of about $6,200,000 in operating expenses (Table 12). One-third of that amount would result from changing from commissioner-based to secretary-based administration. The remaining savings would result from the consolidation of support services management positions.

Transition costs

One-time transition costs for establishing the eight new executive offices and eliminating management, professional and clerical positions are estimated at $1,597,700.

Five-year analysis

Over a five-year period, total net savings are estimated at $37,361,600. The savings would result primarily from reduced personnel costs as well as subsequent reductions in related direct costs, such as reduced equipment expenses.

Overlap with other CORE reports. Other CORE reports describe, in more detail, the reorganization of agencies in the environmental and human services fields. About $7,300,000 of the five-year savings reported here is also included in the other reports. The exclusive five-year projected savings of this report's recommendations are $30,061,600.

Future reorganization and savings

One purpose of the Minnesota model is to structure executive branch agencies in such a way that change can happen on an ongoing basis, enabling agencies to respond to new challenges and priorities.

If the executive offices are established, CORE believes that secretaries, given their authority and responsibility, should be given the directive to continue the reorganization process. Secretaries should be charged with achieving an additional annual savings of 2.5 percent of their agency operating costs over the next four years of operation, through productivity improvements and program elimination, reduction and streamlining. Given the 1994 base line of total agency operating costs, the savings resulting from these efficiencies are estimated at $288,531,000.

CONCLUSION

During this century, Minnesota has felt compelled to repeatedly examine how its government works. In the 1990s, the drive is unchanged, but the need to take action may be more acute. Today, as citizens try to grasp the extent of the state's array of services, and as they assess the services they receive, there is growing apprehension that government isn't working well. This public perception, coupled with ever-growing demands for services, is forcing change. In a chorus that transcends partisan voices, citizens are calling upon officials to take bold steps so that "the system" will work better for everyone.

Minnesota's approach to executive branch management can be better. It does not fully meet the needs of the governor, or of state agencies, or of the citizens they serve. CORE's recommendations for change address the problems identified in its initial assessment report, *Imperatives for Change*, and are intended to direct Minnesota toward the CORE vision of state government.

Resolution of the imperatives for change is not a simple task. Real-world problems are complex, and require a comprehensive approach to the interaction of structures, systems, policies and procedures. Agencies, while not the same as businesses, must develop the same mindset that values consumers or users as customers. To be effective, agencies must coordinate activities from a customer perspective; to be efficient, they must consolidate administrative functions; to be appropriate, they must be flexible in a changing world.

In its series of reports, CORE proposes a set of interrelated changes. But no changes, no matter how good, can resolve organizational issues once and for all. Change must be a constant in government. Above anything else, CORE intends to institutionalize the capacity for change, so that every administration has a real ability to continually reorganize and redirect programs to address the priorities of the day. CORE calls for the creation of a new, uniquely Minnesota model of state government.

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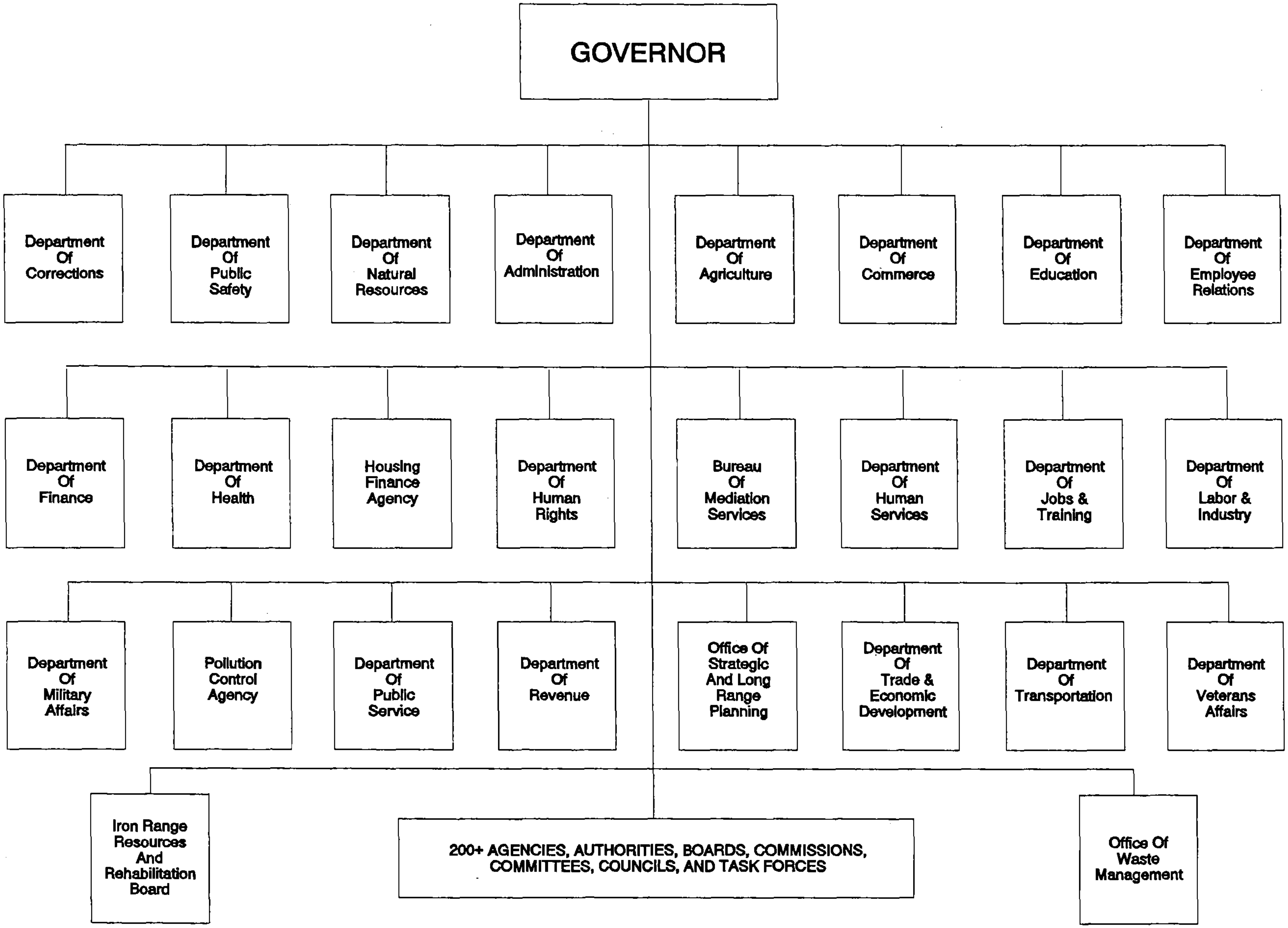
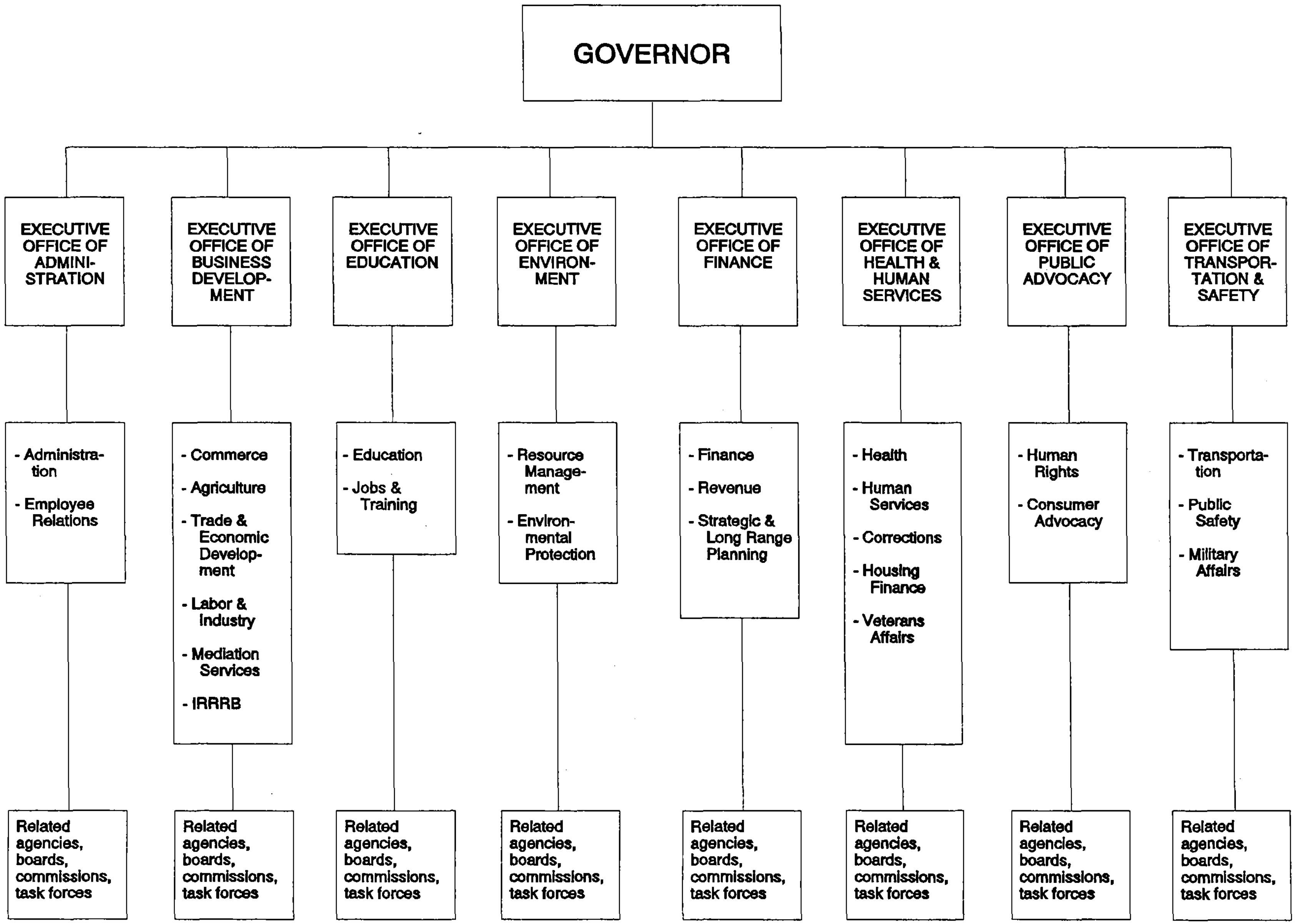
APPENDIX 1. CURRENT MINNESOTA GOVERNMENT



APPENDIX 2. PROPOSED MINNESOTA MODEL



APPENDIX 3. PROPOSED ORGANIZATION OF EXECUTIVE OFFICES

(Cabinet agencies and departments are designated by boldface type.)

EXECUTIVE OFFICE OF ADMINISTRATION

Department of Administration
Department of Employee Relations

Capitol Area Architectural and Planning Board
Governor's Council on Geographic Information
Information Policy Advisory Task Force
Intergovernmental Information Systems Advisory Council
Office on Volunteer Services
Office of Volunteer Services Advisory Committee
Small Business Procurement Advisory Council
STARS Advisory Council

EXECUTIVE OFFICE OF BUSINESS DEVELOPMENT

Bureau of Mediation Services
Department of Agriculture
Department of Commerce
Department of Labor and Industry
Department of Trade and Economic Development
Iron Range Resources and Rehabilitation Board
Advisory Council on Workers' Compensation
Advisory Seed Potato Certification Task Force
Advisory Task Force on Uniform Conveyancing Blanks
Agent Termination Board of Review
Agriculture Chemical Response Compensation Board
Agriculture Commodity Research and Promotion Councils
Agriculture Research Loan Guaranty Program Advisory Committee
Agriculture Research Loan Guaranty Board
Apprenticeship Advisory Council
Area One Potato Research and Promotion Council
Bank Advisory Committee
Board of Veterinary Medicine
Board of Animal Health
Board of Electricity
Board of Boxing
Board of Accountancy
Board of Abstracters
Board of Architecture, Engineering, Land Surveying, and Landscape Architecture
Board of Barber Examiners
Builders State Advisory Council
Code Enforcement Advisory Council
Committee on Science and Technology Research and Development
Consumer Advisory Council on Vocational Rehabilitation
Continuing Insurance Education Advisory Task Force
Cosmetology Advisory Council
Credit Union Advisory Task Force
Dairy Research and Promotion Council
Employment Agency Advisory Task Force
Export Finance Authority Board of Directors
Fair Plan Board of Directors
Family Farm Advisory Council
Insurance Solvency Task Force
Insurance Advisory Task Force
Interstate Cooperation Commission
Lawful Gambling Control Board
Market Assistance Program Committee
Medical Malpractice Joint Underwriting Association
Minnesota Technology, Inc.
Minnesota Public Facilities Authority
Minnesota Automobile Assigned Claims Bureau
Minnesota Automobile Insurance Plan Governing Committee
Minnesota Insurance Guaranty Association
Minnesota Joint Underwriting Association - Liability Insurance
Minnesota Life and Health Insurance Guaranty Association Board of Directors
Minnesota Property Insurance Placement Facility
Minnesota Comprehensive Health Association
Board of Directors
Minnesota Racing Commission

Minnesota Rural Finance Authority
Minnesota Small Business Development Center Advisory Board
Natural Wild Rice Promotion Advisory council
Occupational Safety and Health Advisory Council
Occupational Safety and Health Review Board
Petroleum Tank Release Compensation Board
Private Detective and Protective Agency Services Board
Property Insurance Placement Facility
Real Estate Advisory Task Force
Real Estate Appraiser Advisory Board
Rehabilitation Review Panel
Reinsurance Association Board of Directors
Rural Development Board
Securities Regulation Advisory Committee
Soybean Research and Promotion Council
State Fund Mutual Insurance Company
State Compensation Insurance Fraud Board of Directors
Steamfitting Examination Advisory Council
Turkey Research and Promotion Council
Workers' Compensation Insurers Association
Workers' Compensation Administrative Task Force
Workers' Compensation Assigned Risk Plan Review Board
Workers' Compensation Self-Insurance Security Fund
Workers' Compensation Self-Insurers Advisory Committee

EXECUTIVE OFFICE OF EDUCATION

Department of Education
Department of Jobs and Training

Administrator's Academy
Advisory Committee for Supported Employment Services
Advisory Council on the Minnesota Academy for the Deaf and the Blind
Advisory Council on Uniform Financial Accounting and Financial Standards
American Indian Education Committees
Asian/Pacific Learner Task Force
Average Cost Funding Task Force
Board of the Minnesota Center for Arts Education
Board of Teaching
Career Teacher Task Force'
Children's Trust Fund Advisory Council
Consumer Advisory Council on Vocational Rehabilitation
Elementary-Secondary-Vocational Computer Council
Environmental Education Advisory Board
Faribault Academy
Governor's Job Training Council
Governor's Interagency Coordinating Council on Early Childhood Intervention
Higher Education Coordinating Board
Higher Education Board Candidate Advisory Council
Higher Education Advisory Council
Higher Education Facilities Authority
Hispanic Learner Task Force
Interagency Adult Learning Advisory Committee
Job Service Employer Committee
Mastery Learning Advisory Council
Mayo Medical School
Minnesota Academy of Science
Minnesota Academic Excellence Foundation
Minnesota Education in Agriculture Leadership Council
Minnesota Humanities Commission
Minnesota Job Skills Partnership Board
Minnesota Indian Scholarship Committee
Minnesota Library for the Blind and Physically Handicapped Advisory Committee
Minnesota State Arts Board
Minnesota State University Board
Nonpublic Education Council
Nonpublic Schools Committee
Operator Management Committee
Research and Development for Alternative Education Structures and Practices Advisory Task Force
Special Education Advisory Council
Speech-Language Pathologist and Audiologist Advisory Council
State Council on Vocational Technical Education
State University System
State Curriculum Advisory Committee

State Board for Community Colleges
State Board of Education
State Board of Technical Colleges
Student Advisory Council to the HECB
Summer Scholarship Advisory Committee
Task Force on Education and Employment Transitions

EXECUTIVE OFFICE OF ENVIRONMENT

Department of Environmental Protection (proposed)
Department of Resource Management (proposed)

Advisory Council on Wells and Borings
Citizens Council on Voyageurs National Park
Citizens Environmental Board (proposed)
Environmental Conservation Library
Great Lakes Commission
Hazardous Waste Management Planning Council
Local Government Advisory Board on Environmental Services (proposed)
Market Development Coordinating Council
Metropolitan Parks and Open Space Commission
Mineral Coordinating Board
Minnesota Environmental Council
Minnesota-Wisconsin Boundary Area Commission Technical Advisory Task Force
Mississippi River Parkway Commission
Nuclear Waste Council
Pollution Prevention Task Force
Solid Waste Management Advisory Council
Southern Minnesota Rivers Basin Board
Waste Education Coalition
Water Supply and Wastewater Treatment Operations Certification Council
Wetland Heritage Advisory Committee

EXECUTIVE OFFICE OF FINANCE

Department of Finance
Department of Revenue
Office of Strategic and Long Range Planning

Advisory Task Force on Divestment, State Board of Investment
Agriculture and Economic Development Board
Board of Assessors
Equalization Board
Investment Advisory Council
Minnesota State Retirement System
Minnesota Tax Court
Minnesota Teachers Retirement Association
Public Employees Retirement Association
State Retirement System

EXECUTIVE OFFICE OF HEALTH AND HUMAN SERVICES

Department of Corrections
Department of Health
Department of Human Services
Department of Veterans Affairs
Housing Finance Agency

Abused Children Advisory Task Force
Action for Children Commission
Advisory Council on Plumbing Code Examinations
Advisory Task Force on the Women Offender in Corrections
Advisory Task Force on Mental Retardation and Related Conditions
Alcohol and Other Drug Abuse Advisory Council
American Indian Child Welfare Advisory Council
American Indian Advisory Task Force on Chemical Dependency
Battered Women Advisory Council
Big Island Veteran's Camp Board of Directors
Board of Marriage and Family Therapy
Board of Nursing
Board of Social Work
Board of Psychology
Board of Chiropractic Examiners
Board of Dentistry
Board of Optometry
Board of Pharmacy
Board of Podiatry
Board of Examiners for Nursing Home

Administrators
Board of Medical Practice
Board of Pardons
Chemical Dependency Advisory Council
Chemical Dependency Council and Continuing Education Committee
Child Abuse Prevention Advisory Council
Children's Trust Fund Advisory Council
Community Education Advisory Task Force (Pharmacy)
Controlled Substances Advisory Council
Corrections Advisory Board
Corrections Board
Disabled Children Interagency Coordinating Board
Drug Utilization Review Board
Emergency Medical Services Advisory Council
Environmental Health Specialist/Sanitarian Advisory Task Force
Health Advisory Task Force
Health Care Cost Containment Commission
Health Promotion and Wellness Advisory Task Force
Health Quality Assurance Interagency Board
Hearing Instrument Dispenser Advisory Council
Home Care Task Force
Hospital Planning Committees
Housing Trust Fund Advisory Committee
Human Services Board
Human Services Board Advisory Committee
In Home Services Task Force
Institute for Addiction and Stress Research Board of Directors
Institutional Care and Economic Impact Planning Board
Interagency Long Term Care Planning Commission
Juvenile Justice Advisory Committee
Maternal and Child Health Advisory Task Force
Medical Policy Directional Task Force on Mental Health
Medical Services Review Board
Mental Health and Chemical Dependency Facility Review Board
Merit Systems Council
Minnesota Early Childhood Care and Educational Council
Minnesota Veterans Homes Board
Mortuary Science Advisory Council
Pharmacy Continuing Education Committee
Physical Therapy Council
Physician Assistant Advisory Council
Sexual Assault Advisory Council
Social Work Continuing Education Committee
State Advisory Council on Mental Health
State Mental Health Services Planning Council
Subcommittee on Children's Mental Health
Telecommunication Access for Communication Impaired Persons Board

EXECUTIVE OFFICE OF PUBLIC ADVOCACY

Department of Human Rights
All consumer advocacy functions from Attorney General's Office and the Department of Public Service

Board on Aging
Council for the Blind
Council on Asian-Pacific Minnesotans
Council on Black Minnesotans
Council on Disability
Council for the Hearing Impaired
Crime Victims Reparation Board
Environmental Advocacy (proposed)
General Crime Victims Advisory Council
Governor's Advisory Council on Technologies for People with Disabilities (STAR Program)
Governor's Planning Council on Developmental Disabilities
Human Rights Advisory Task Force
Indian Affairs Council
Minnesota Crime Victim and Witness Advisory Council
Ombudsman for Asian-Pacific Minnesotans
Ombudsman for Older Minnesotans
Ombudsman for Mental Health and Mental Retardation
Ombudsman for Spanish Speaking Minnesotans
Ombudsman for Corrections
Ombudsman for Crime Victims
Ombudsman for Native Americans
Spanish Speaking Affairs Council

EXECUTIVE OFFICE OF TRANSPORTATION AND SAFETY

Department of Military Affairs
Department of Public Safety
Department of Transportation

Airport Zoning Board
Armory Building Commission
Board of Peace Officer Standards and Training
D.A.R.E. Advisory Council
Drug Abuse Prevention Resource Council
Emergency Response Commission
Fire Protection Systems Advisory Council
Governor's Council on Fire Prevention and Control
Hazardous Materials Incident Response Advisory Task Force
Highway Sign Franchise Program Advisory Committee
Metropolitan Airports Commission
Metropolitan Transit Commission
Minnesota Safety Council
Pipeline Safety Advisory Council
Poison Information Advisory Task Force
Regional Transit Board
Seaway Port Authority of Duluth
Transportation Regulation Board

OTHER STATE ORGANIZATIONS

Agriculture Society
Ethical Practices Board
Historical Society
Humane Society
Metropolitan Sports Facilities Commission
Metropolitan Council
Minnesota Zoological Board
Municipal Board
Office of Administrative Hearings
Office of State Archeologist
Public Utilities Commission
Science Museum of Minnesota
Sibley House
State High School League
University of Minnesota

THE CORE MEMBERSHIP

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COMMISSION CHAIR
Chairman, President and CEO
Minnesota Power
Duluth

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Association of Area
Business Publications
Lakeville

JANE BELAU
President
Belau Consulting Group
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SHARON SAYLES BELTON
Minneapolis City Council
President
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JOHN E. BRANDL
Professor
University of Minnesota
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Middle Management Association
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JACK W. EUGSTER
CEO, The Musicland Group
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GERALDINE A. EVANS
Chancellor
Community College System
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Fergus Falls

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Minneapolis

CONNIE G. WEINMAN
Vice President
National City Bank
Minneapolis

C. ANGUS WURTELE
Chairman and CEO
The Valspar Corp.
Minneapolis