



#1

**2005 Deficiency Bill  
Agency Relocations from 717 Delaware Sale Proceeds**

Agency	F & E Move		Telecom (voice & data)		F & E Lease Purchase *		Transition Rent		Total	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Agriculture	\$ 514	\$ 704	--	--	\$ 980	\$ 549	\$493	\$511	\$1,987	\$1,764
Health	\$1,097	\$1,311	\$28	\$28	\$1,279	\$ 722	\$314	\$260	\$2,718	\$2,321
<b>Total</b>	\$1,611	\$2,015	\$28	\$28	\$2,259	\$1,271	\$807	\$771	\$4,705	\$4,085

\* The total furniture and equipment budget has been reduced but the 2005 request increased from the 2004 request because the 2005 request includes four (4) lease purchase payments for fiscal years 2006 and 2007 and the 2004 request only included two (2) lease purchase payments for fiscal year 2006



## Governor Pawlenty's *Drive to Excellence* A Transformation Roadmap for Improving Government Services

What is Minnesota's "Drive to Excellence"?

- Governor Pawlenty's "Drive to Excellence" plan envisions providing **faster, more reliable and cost-effective services to Minnesota's citizens and businesses.**
- The "Drive to Excellence" aspires to change the operation of state government:
  - Business decisions: Agency-centric ⇒ Enterprise/Government-wide focus
  - Resource deployment: Inefficient back-end processes ⇒ Mission critical front-end services
- The first step in the "Drive to Excellence" initiative is to assess where the State can become more efficient and improve services. Opportunities to improve how we deliver services will be described in a "Transformation Roadmap" - the best path for achieving the results described in the "Drive to Excellence."

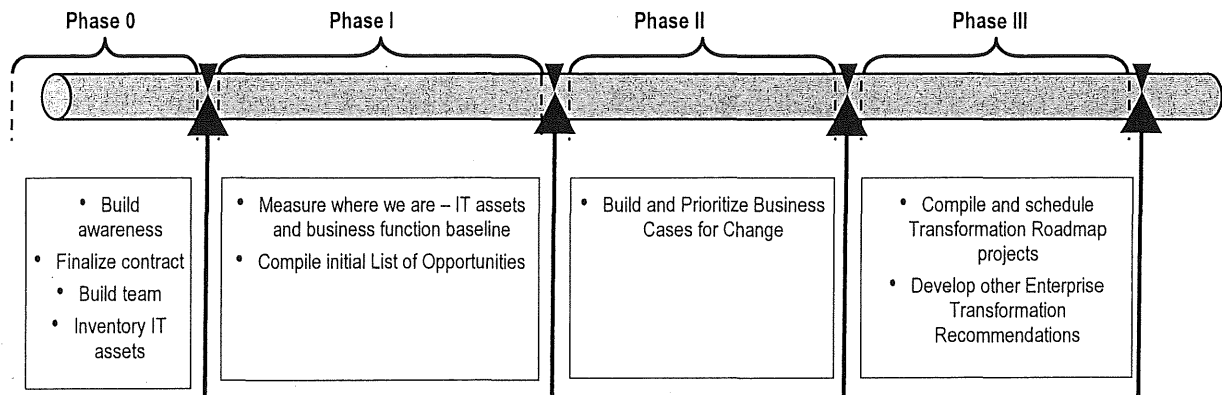
Why is this important now?

- The "Drive to Excellence" initiative will allow us to **chart our own pathway into the future.** If we don't plan for this now, we will limit our options for future action.
  - Within the next nine years, up to 47% of state employees will be eligible for retirement. We need to prepare ourselves for a smaller, yet equally effective, workforce.
  - Minnesota faces another budget deficit in FY2006-2007. The time is upon us to create real efficiencies in how state government is run.
  - Citizens and businesses expect us to keep looking for ways to do things faster, better and more cost effectively.
- Governments that have pursued similar transformation opportunities have generally found **\$5 - \$10 in saving opportunities for every \$1 invested.** Samples of actual savings achieved:
  - Kentucky: \$700M over 8 years
  - Illinois: \$105M in 2004-2005, anticipated \$503M more over next 5 years
  - Pennsylvania: \$270M in 5 years
  - Texas: \$300M
- Typical benefits resulting from business and technology transformation projects:

Benefit Area	Sample Initiatives	Cost Savings Results	Operational Results
Reengineering	Elimination of bottlenecks, redundancies, and unnecessary hand offs in processes	25-30%	Analysis of business processes can result in significant cost savings in staff time, rationalized organizational structures
Strategic Sourcing	Create uniform standards, improve monitoring of contract compliance	15-25%	Increased price transparency, purchase goods and services at competitive costs
Automation	Processing, billing collection and procurement improvements	15-20%	Automated processes are less expensive and produce fewer processing errors
Functional Consolidation	Shared service centers and centers of expertise to achieve economies of scale	10-20%	Redundant IT systems can be eliminated; tighter agency focus on core mission / functions
Facilities Strategies	Renegotiate leases, relocate to reduce real estate costs	5-20%	Consolidation of service centers, IT centers

How will this "Transformation Roadmap" for saving money and improving services be created?

In partnership with Deloitte Consulting, teams of state employees will be convened to identify service improvements and savings opportunities. The "Transformation Roadmap" has three main phases:



Phase I: Gathering and Assessing Information (9/10/04 – 10/29/04)

Phase I will take a broad look at 72 agencies, commissions and boards, inventorying services and information technology assets to help us gauge where we are. We will:

- Create a comprehensive picture of who does what
- Understand how much services cost
- Know what technologies currently support services.

At the end of Phase I, we will know where we stand. We will also have a list of ideas for changes that save dollars and improve services.

Phase 2: Analyzing (10/29/04 – 12/03/04)

During Phase II, we will:

- Sort opportunities into categories of "Quick Win," "Medium Range" and "Long Range," based on criteria like complexity and time to implement (one month to three years)
- Assess costs and benefits to see which opportunities really help us cut costs and improve services
- Decide which opportunities need to be part of the "Roadmap" to help us meet our "Drive to Excellence" goals.

Phase 3: Prioritizing (12/03/04 – 1/21/05)

During Phase III, the most promising opportunities will be selected by the Steering Committee. We will then:

- Decide how we can most successfully implement those opportunities (what order, what scope, etc.).
- Develop other recommendations needed to meet the goals described in the "Drive to Excellence"

**For more information about this project, please contact:**

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# Department of Administration

## Agency Overview

Dana B. Badgerow, Commissioner



## Our Mission

Admin's mission is to lead  
Minnesota state government  
in delivering quality products  
and services faster, better  
and more cost-effectively

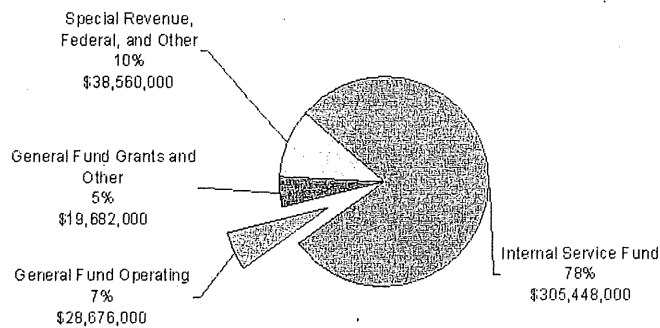


## Admin by the numbers

- 850 employees
- 22 divisions
- Archaeology to technology
- \$392 million budget ('04-05 biennium)



## FY2004-05 budget by fund type





## Department accomplishments

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## Surplus real estate sales

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- 2003 Legislative mandate of \$5.05 million
- Total sales through 12/04 of \$7.06 million
- Sales expenses: \$141,200
  - Anoka – 28 acres (DHS) to city and county
  - St. Cloud – 15 acres (DOC) for development
  - Former BCA Building





## Reverse auction purchasing

- 68 auctions so far in FY05
- \$1.9 million savings through FY05
- \$4.6 million extended potential savings
  - Copy paper: \$1.2 million
  - High-visibility garments: \$306,000
  - Computer support services: \$41,600
- Online surplus goods sales



## Computer and telecom services

- Computer services
  - 200-plus customers, \$38.8 million revenues in FY04
  - 93% increase in computing volume FY00-04
  - 36% decline in computing 'service unit' costs FY00-04
- Telecommunications services
  - 65,000-plus dial-tone lines and long distance
  - Connectivity over a shared, statewide public network
  - Internet Protocol Telephony contract





## Looking ahead

- Drive to Excellence
- New buildings
- Governor's Bonding Bill
- Department reform







## *An Introduction to Admin*

The mission of the Department of Administration is to lead Minnesota government in delivering quality products and services faster, better and more cost-effectively. Admin's main office is located in the Administration Building on Sherburne and Cedar avenues in St. Paul, northeast of the State Capitol.

**Building Codes and Standards Division** administers the state building code, which sets construction standards to assure the health, safety, comfort and security of building occupants. The division also regulates manufactured housing (mobile homes) and prefabricated buildings; provides training seminars for building officials, manufacturers, dealers and installers; and reviews, evaluates and inspects all new or altered elevators and lifting/transportation devices.

**Plant Management Division** maintains 3.7 million gross square feet of space in 22 facilities, as well as the surrounding grounds and parking areas under the custodial control of Admin, promotes energy conservation opportunities on a statewide basis and administers the state recycling program and center.

**Real Estate Management Division** is responsible for the inventory, allocation, planning and leasing of office and storage space in nonstate-owned buildings, and in state-owned buildings under the custodial control of the Department of Administration. The division provides short-term leasing of state-owned property that is not needed for state use. The division also acquires and disposes of real property.

**The State Architect's Office** is the central resource for state building design guidelines, project management for design and construction for most state agencies and administration of the state's predesign program. The office also collects data for the state facility condition audit and facilitates the Statewide Facilities Management Group.

**Office of Technology (OT)** is charged with providing statewide leadership and direction for information and communication technology policy. OT is undergoing a transformation to better serve the state by immersing its staff in the Drive to Excellence (DTE) program to create an enterprise view of shared services and IT governance and to develop concrete enterprise service processes and solutions. OT is also the home of North Star, the state's official Internet portal.

**InterTechnologies Group** is the core computer operations and telecommunications organization for State of Minnesota agencies, providing services in managing and operating information technology resources. InterTech adds value through familiarity with customers' businesses, identifying shared or aggregate information technology needs and determining supply alternatives in order to meet those needs competitively.

**Communications Media Division** is responsible for mail processing and distribution and publishing and retail sales of government publications. The division operates Minnesota's Bookstore, 660 Olive St., St. Paul, which sells state government publications and other materials and items of interest to the public.

**Information Policy Analysis Division** promotes understanding of and compliance with laws regulating information. IPA helps define and interpret decisions about the classification of information as public or not public and answers questions about federal and state freedom of information and data practices.

**Environmental Quality Board** develops policy and reviews proposed projects that could significantly affect the environment. Admin provides support services for the board.

**Land Management Information Center (LMIC)** offers data, software, project consultation and coordination services that promote the effective use of geographic information and technology.

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

**Management Analysis Division** is government's in-house, fee-for-service management consulting group. Its professional management consultants provide management consultation services to local, regional, state and federal government agencies and higher education using accepted tools and techniques.

**Materials Management Division** is responsible for purchasing; contracting; professional and technical services contracting; surplus property acquisition, warehousing and disposal; and all other aspects of buying goods and services for state agencies. The mission of the Materials Management Division is to provide responsible material and service acquisition and property disposition through professional, timely and worthwhile services meeting customer expectations.

**Municipal Boundary Adjustments Office** reviews and adjudicates municipal boundary changes in response to requests from cities, townships and property owners.

**Office of the State Archaeologist** duties include sponsoring, conducting and directing research into the prehistoric and historic archaeology of Minnesota; protecting and preserving archaeological sites and objects; and enforcing provisions of Minn. Statutes 138.31-138.42 and 307.08.

**Risk Management Division** is responsible for the development and operation of the state's risk and insurance management program, which seeks to minimize the adverse impacts of risks and losses for state agencies; absorb risk while maintaining a stable financial profile; and ensure the long-term financial security of the state and its agencies.

**Travel Management Division** offers fleet management services services to state agencies and their employees. Many of the division's fleet services are also available to counties, cities, school districts and other political subdivisions.

**State Demographic Center**, Minnesota's liaison with the U.S. Census Bureau, estimates, forecasts and investigates changes in the state's population, analyzes census data and distributes information.

**Minnesota Governor's Council on Developmental Disabilities** seeks to assure that people with developmental disabilities receive the necessary support to achieve increased independence, productivity, integration and inclusion into the community.

**A System of Technology to Achieve Results (STAR) Program**, created by the Technology Related Assistance for Individuals with Disabilities Act, provides coordination and assistance in identifying technology resources that will increase, maintain or improve the functional capabilities of individuals with disabilities.

**Financial Management and Reporting Division** provides a centralized and integrated accounting system for Admin and strives to provide timely and accurate financial services while conforming to the Generally Accepted Accounting Principles.

**Human Resources Division** provides personnel services to all department employees, provides advice and consultation to management on human resource issues and administers labor agreements and plans. The HR staff is responsible for payroll and employee benefit services and maintains personnel records.



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## Department accomplishments

The **sale of surplus state real estate** resulted in the deposit of over \$7 million to the General Fund, exceeding 2003 legislation that called for the sale of \$5.05 million in real estate. The 17 parcels ranged from a residential lot in Brooklyn Park to the former BCA building on University Avenue.

**Reverse auctions** have resulted in nearly \$1.9 million in savings to state agencies, with potential savings of \$4.6 million. The state's first professional services auctions, held in late 2004, resulted in \$41,600 in savings on computer support for the Department of Public Safety.

**RiskSmart**, an electronic automation system, has increased accuracy, reliability and responsiveness in managing the state's insurance needs. Within the first quarter of its implementation, 91 percent of automobile and small agency package policy renewals were processed electronically.

The continued implementation of **computer-aided facility management software** is providing streamlined work order processing and preventive maintenance scheduling, resulting in more efficient completion of work and equipment monitoring.

**Legislative Profiles** from the State Demographic Center ([www.demography.state.mn.us](http://www.demography.state.mn.us)) provide information on more than 400 population characteristics by House, Senate and Congressional district.

**Digital aerial photographs** of the entire state are now available online from the Land Management Information Center ([www.lmic.state.mn.us](http://www.lmic.state.mn.us)) as the result of a cooperative agreement between the state and federal governments. The images were gathered at a cost one-tenth that of a decade ago.

The Office of Technology is helping lead the **Drive to Excellence (DTE) Transformation Roadmap Program** to assure its success. OT has used traditional project management methodologies to manage and report on the DTE program, including its objectives, projects and reports.

The **cost of computer services has declined by 36 percent** since FY2000, as measured by service unit (the execution of a single instruction by a computer), while computer volume has increased 96 percent.

A cooperative effort between Travel Management and Materials Management divisions resulted in a **new state contract** with a private vendor that greatly increases the availability of daily rental vehicles for state agency business needs throughout Minnesota and focuses resources on Travel Management's core business of long-term vehicle rentals.

Local governments can make **better planning and land management decisions** faster by utilizing “Unplatted Earthworks and Burial Sites in Minnesota,” an interactive web site developed by the Office of the State Archaeologist and the Land Management Information Center that provides local governments with burial site location information.

A warrant (check) **printing and mailing solution** developed for the Department of Finance is saving \$190,000 annually on printing and mailing costs for 1.2 million checks, including pension payments.

**Quick-response contracts** have reduced the time it takes to hire contractors to address hazardous materials issues. The contracts affect asbestos, lead, microbial and HVAC system hazard abatement and remediation.

All 61 Minnesota counties involved in **hazard mitigation planning** are using the “Careful County Mock Plan,” which was developed by the Local Planning Assistance Center.

The Governor’s Council on Developmental Disabilities has documented the **50-year history** of Minnesota’s efforts to move people with developmental disabilities from state institutions to community settings. The multi-media history is available online at [www.mncdd.org](http://www.mncdd.org).

The [www.mncodes.org](http://www.mncodes.org) web site gives construction industry professionals and homeowners better, more convenient and faster access to **construction code information**. The site transparently moves users across state agency lines.

**Telephone service customers** are using the Internet to search and view billing statements, make account changes and disconnect phone services. As a result, service center staff is devoting its time to more critical functions, rather than manually entering information. With full implementation, the cost of processing orders will be cut in half, from \$30 to \$15.

State agencies will **save more than \$4.8 million** on lease costs as a result of negotiations conducted by Admin. Additional savings of nearly \$1.4 million resulted from space planning and the re-utilization of office systems furniture.

More than 300 employees completed nearly 600 training and development classes during the first year of the department’s **SkillSoft online learning initiative**. The move to online learning and away from classroom-style instruction offers individualized training on the employee’s own schedule and at their own pace, resulting in a better-trained workforce at significantly reduced cost.

Admin generated over \$500,000 in utility rebates by **meeting or exceeding energy efficiency standards** in retrofit and new construction projects.

1                                   A bill for an act  
 2           relating to state government; providing deficiency  
 3           funding for certain state agencies; appropriating  
 4           money.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

6                                   DEFICIENCY APPROPRIATIONS

7 Section 1. [APPROPRIATIONS.]

8           The sums shown in the columns marked "APPROPRIATIONS" are  
 9           appropriated from the general fund, or another named fund, to  
 10          the agencies and for the purposes specified in this act, to be  
 11          available for the fiscal year indicated for each purpose, and  
 12          are added to appropriations in Laws 2003, First Special Session  
 13          chapters 1, 2, and 14. The figure "2005," where used in this  
 14          act, means that the appropriation or appropriations listed under  
 15          it are available for the year ending June 30, 2005.

16                                   SUMMARY BY FUND

	2005	TOTAL
18 General	\$ 31,405,000	\$ 31,405,000
19 TOTAL	\$ 31,405,000	\$ 31,405,000

20                                   APPROPRIATIONS  
 21                                   Available for the Year  
 22                                   Ending June 30  
 23                                   2005

24 Sec. 2. BOARD ON JUDICIAL		
25 STANDARDS		230,000

26 This appropriation is added to  
 27 appropriations in Laws 2003, First  
 28 Special Session chapter 2, article 1,

1 section 7.

2 Sec. 3. BOARD OF PUBLIC DEFENSE 7,681,000

3 This appropriation is added to  
4 appropriations in Laws 2003, First  
5 Special Session chapter 2, article 1,  
6 section 8.

7 Sec. 4. PUBLIC SAFETY

8 Subdivision 1. Total  
9 Appropriation

10 General Fund 986,000

11 This appropriation is added to  
12 appropriations in Laws 2003, First  
13 Special Session chapter 2, article 1,  
14 section 9. The amounts that may be  
15 spent from this appropriation for each  
16 program are specified in subdivisions 2  
17 and 3.

18 Subd. 2. Emergency Management 710,000

19 [FEMA MATCHING FUNDS.] This  
20 appropriation is to provide matching  
21 funds for FEMA funds received for  
22 natural disaster assistance payments.  
23 This appropriation is available until  
24 June 30, 2007.

25 Subd. 3. Law Enforcement and  
26 Community Grants 276,000

27 [GANG STRIKE FORCE.] This appropriation  
28 is for grants to the Criminal Gang  
29 Strike Force under Minnesota Statutes,  
30 chapter 299A.

31 Sec. 5. CORRECTIONS

32 Subdivision 1. Total  
33 Appropriation

34 General Fund 4,370,000

35 This appropriation is added to  
36 appropriations in Laws 2003, First  
37 Special Session chapter 2, article 1,  
38 section 13. The amounts that may be  
39 spent from this appropriation for each  
40 program are specified in subdivisions 2  
41 and 3.

42 Subd. 2. Correctional Institutions 4,180,000

43 Subd. 3. Operations Support 190,000

44 Sec. 6. HUMAN SERVICES

45 Subdivision 1. Total  
46 Appropriation 13,394,000

47 This appropriation is added to  
48 appropriations in Laws 2003, First  
49 Special Session chapter 14, article  
50 13C, section 2, subdivision 8. The  
51 amounts that may be spent from this  
52 appropriation for each program is

1 specified in subdivision 2.

2 Subd. 2. State-Operated  
3 Services 13,394,000

4 This appropriation is for the forensic  
5 treatment programs operated by  
6 state-operated services.

7 Sec. 7. VETERANS AFFAIRS 39,000

8 This appropriation is added to  
9 appropriations in Laws 2003, First  
10 Special Session chapter 1, article 1,  
11 section 17.

12 Sec. 8. ADMINISTRATION 4,705,000

13 This appropriation is to the Department  
14 of Administration for relocation costs  
15 for the Departments of Health and  
16 Agriculture and is available until June  
17 30, 2006. Notwithstanding any law to  
18 the contrary, proceeds from the sale or  
19 disposition of the Department of Health  
20 land and building at 717 Delaware  
21 Street in Minneapolis, after paying all  
22 expenses incurred in selling or  
23 disposing of it, estimated to be  
24 approximately \$4,853,000, must be  
25 deposited in the general fund.

26 Sec. 9. [SUNSET OF UNCODIFIED LANGUAGE.]

27 All uncodified language in this act expires June 30, 2005,  
28 unless another date is specified.

29 Sec. 10. [FORECAST ALLOCATION.]

30 The commissioner of finance shall reduce the amount  
31 allocated on the basis of the November 2004 general fund  
32 forecast for the purpose of Minnesota Statutes, section 16A.152,  
33 subdivision 2, paragraph (a), clause (3), by \$25,100,000.

34 Sec. 11. [EFFECTIVE DATE.]

35 Sections 1 to 10 are effective the day following final  
36 enactment.

