



REPORT

How to achieve greater efficiency and economy in Minnesota's Government



Recommendations of the
Minnesota Efficiency in Government Commission
(*Little Hoover Commission*)

December, 1950

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	SENATE CONCURRENT RESOLUTION NO. 5 (Creating the Efficiency in Government Commission).	

Acknowledgments.

State of Minnesota



Efficiency in Government Commission

ROOM 236 STATE CAPITOL

St. Paul 1

December 26, 1950

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TO THE LEGISLATURE AND GOVERNOR OF THE STATE OF MINNESOTA:

The Efficiency in Government Commission, created by the 1949 Legislature and charged with the duty of reporting to the 1951 Legislature, herewith submits its report.

The Commission has had the invaluable assistance of nearly 130 other private citizens, and of nationally recognized management consultants who have made detailed studies and reports for the Commission. Together we have kept before us the directive "to fully and impartially inform the Legislature about administration of State government so that measures may be taken to achieve efficiency and economy." We have directed our efforts toward achieving greater efficiency and economy without curtailing essential State services.

The magnitude and importance of the subjects studied by the Commission, and the far-reaching effects of the recommendations if adopted, could not be expected to lead to unanimous agreement among the 19 Commission members who come from every district of the State. Nevertheless, the great majority of the recommendations have been adopted unanimously. On some matters there exist honest and sincere differences of opinion among Commission members, but all told the report represents the consensus of the members of the Commission.

The members of the Commission have been deeply impressed with the importance, scope and variety of tasks imposed upon the Executive Branch of the government of this State. We have been gratified by the evidences of loyal and efficient public service. We are reassured by the fact that Minnesota was one of the first of the States to move toward placing State government on a sound business basis. Yet, we are concerned by the fact that a completely sound basis of business management was not reached. The Executive Branch of the State government, today, is neither suitably organized, nor sufficiently unfettered to meet the responsibilities assigned to it.

We have joined with the important State officials in our search for ways and means to serve the people of Minnesota more efficiently and economically. We are all anxious that Minnesota should continue to be recognized as "the best managed of the 48 states."

In arriving at our recommendations, we did not alter our course because of constitutional or statutory barriers that stand in the way of needed improvements. This is a blueprint for today - and tomorrow.

Respectfully submitted,

THE EFFICIENCY IN GOVERNMENT COMMISSION

By

A handwritten signature in dark ink, appearing to read "Bradshaw Mintener".

Bradshaw Mintener, Chairman

THE SETTING An Introduction

BIG BUSINESS

Minnesota State government is big business. Our nearly 3 million citizens are served by a State government whose Executive Branch consists of 105 separate agencies, manned by 13,700 employees, and costing more than 240 million dollars a year.

The history of Minnesota government is one of progress. The citizens of this State—stalwart, courageous, and freedom-loving—have continually reshaped their government. They have never lost faith in their ability to remain its master. As the art of governmental administration has developed, and men have learned how better to apply scientific and technological knowledge to the problems of government, Minnesota has made many changes.

PREVIOUS REORGANIZATIONS

Two major “reorganizations” of the Executive Branch have taken place in this century. In 1925 the Commission of Administration and Finance, known as the “Big Three,” was created. This change was hailed, in its day, as a great advance. In 1939 Minnesota received national recognition because it was the first State to establish the position of State business manager (Commissioner of Administration). At the same time, Minnesota adopted a Civil Service system, quarter-by-quarter balanced budgets and centralized purchasing with open competition on State purchases.

The 1939 changes failed to include many necessary fundamental improvements in the organization structure of the state. Minnesota still has a sprawling organization consisting of 35 major departments and 70 boards, commissions and offices. Furthermore, in 1939 the Legislative Branch was not strengthened as it must be to keep pace with the Executive Branch.

GOVERNOR LACKS CONTROL

Under the present system the Governor cannot be held accountable for the work of most department heads and various boards and commissions. The terms of office of most department heads are longer than his. He does not have opportunity to appoint many of the major department heads until he is serving a third term. The important staff functions of accounting, treasury management and legal administration, and the regulation of utilities, are under officials who are elected and therefore completely independent of the Governor. This condition diffuses responsibility, places on the voters the impossible task of determining by ballot the technical qualifications of these officials and provides sources of friction within the administrative organization.

Introduction

LEGISLATIVE BRANCH NEEDS STRENGTHENING

On the legislative side, there is urgent need for strengthening representative government. The principles of separation of powers and of checks and balances have proved their worth. There can be no compromising of these principles in the name of efficiency and economy. Improvements in the ability of one branch of government to cope with its responsibilities must not be made at the expense of the other branches of government.

GUIDING PRINCIPLES

In making recommendations which will strengthen the Legislative Branch of government and improve executive management, the Commission has been guided by the following principles of democratic government and efficient administration:

1. The Legislative and Executive Branches of government must be strong, and they must remain equal.
2. The Executive Branch must attain efficiency and economy yet remain responsive to the people and their elected representatives.
3. The organization of the government should be kept as simple and understandable as possible, to provide a workable span of control, and unity of command.
4. Departments should be organized according to major functions to eliminate overlapping and duplication.
5. Administrative authority, as well as responsibility, should be centered in the Chief Executive of the State.
6. Principal departments should be directed by a single administrative official directly responsible to the Governor.
7. Terms of office for the Governor and department heads should coincide and be for a four year period.
8. Management services of government should be combined in a single administrative department, to directly aid the Governor in managing the State's business.
9. With certain important and justifiable exceptions, boards and commissions should be used only to perform advisory, quasi-legislative and quasi-judicial functions.
10. The appointment, advancement and retention of State personnel should be based solely on fitness and merit, under a statutory Civil Service system.

11. The Legislature should exercise its important control function by providing for regular, independent audits of the Governor's management of State affairs.

RECOMMENDATIONS SHOULD RESULT IN REDUCED COSTS

The stage of development of Minnesota's State government is such that it is not enough to state broad general principles of organization and procedure. The recommendations must be as specific as time and staff facilities permit.

The Commission has endeavored to bring together in its studies the best experience of this and other states, together with accepted principles of both private and public management. These have been shaped to meet the needs of our people and our times. Experience, principles and existing good administrative practices in the State government have been melded into a number of recommendations. When these recommendations are adopted, Minnesota will have a State government which can provide the services which the people of the State require, with increased efficiency and at a reduced cost that they can afford to pay.

No price tag has been placed on these recommendations. Savings from improved organization and procedures accrue over a period of years; they are not measured in direct costs alone. It is in more efficient service that the greatest savings lie. The Commission is certain, however, that the recommendations contained herein can result in an out-right and immediate net saving to the taxpayers of not less than \$4,300,000 per year.

SUMMARY . . of Major Recommendations

FOR ACHIEVING GREATER EFFICIENCY AND ECONOMY IN MINNESOTA'S GOVERNMENT

**(Supporting information and recommendations follow in the
body of the Report)**

LEGISLATURE

- ★ Establish a Department of Legislative Services handling research, library reference, bill drafting, and committee staffing to aid the Legislative Branch and place it on an equal footing with the Executive Branch.
- ★ Establish a Department of Post-Auditor to place control of expenditures of State funds with the Legislature, where it fundamentally belongs. This permits the Legislature to enforce accountability on the Executive Branch for proper expenditure of funds.
- ★ Transfer to the Legislative Advisory (Emergency) Committee functions now performed by miscellaneous boards and commissions.
- ★ Direct and empower the Department of Legislative Services to follow through on the recommendations of the Efficiency in Government Commission to see that they are carried out.

EXECUTIVE MANAGEMENT

- ★ Reduce the 105 State agencies to a manageable number, with no more than 17 major administrative departments.
- ★ Shorten the ballot by reducing the number of elective offices in the Executive Branch of the State government.
- ★ Reduce substantially the number of boards and commissions.
- ★ Provide a four-year term of office for Governor and all department heads to assure more stability of administration and accountability to the Chief Executive.
- ★ Strengthen the management tools of the Chief Executive by further consolidating the management functions and permitting greater administrative flexibility.
- ★ Place pre-auditing (approving the payment of claims) and all general accounting activities in the Department of Administration so that this tool of management can be used effectively.

SUMMARY

- ★ Assign treasury duties and the custody of State funds to the Department of Administration.
- ★ Provide that the Governor shall submit a single appropriations bill with his budget to the Legislature, and that all proposed expenditures (including those from dedicated funds) shall be appropriated by the Legislature.
- ★ Continue Veterans Preference, but limit preference to a fixed number of grade points after a passing grade has been obtained. No absolute preference to be allowed, and preference to be used only once, either for entrance to service or for promotion.
- ★ Place all officials and employees up to, but not including, the executive head of a department under Civil Service.
- ★ Open the so-called "back door" of the Civil Service law to some extent so as to eliminate inefficient employees, and provide that appeals once acted on by the Civil Service Board shall not be subject to review by the courts.

AGRICULTURE

- ★ Change the name of Department of Agriculture, Dairy and Food to Department of Agriculture.
- ★ Place responsibility for inspection of lodging places, food, food services, and all other sanitary inspections in Department of Agriculture instead of in Health Department, so as to eliminate duplication of services.
- ★ Transfer hotel inspection from Department of Health (except boat inspection) to Department of Agriculture.
- ★ Transfer Grain Inspection Division, Livestock Weighing Division and warehouse regulation of Railroad and Warehouse Commission to Department of Agriculture.
- ★ Transfer powers and duties of Weights and Measures Division of Railroad and Warehouse Commission to Department of Agriculture.
- ★ Transfer routine inspections conducted at the premises of on and off sale liquor dealers by State liquor inspectors to General Inspection Division of Department of Agriculture.
- ★ Transfer livestock buyers' and dealers' license activities of Railroad and Warehouse Commission to Department of Agriculture.
- ★ Establish an Advisory Board of five to assist the Commissioner of Agriculture in formulation of departmental policies.

SUMMARY

COMMERCE AND UTILITIES

- ★ Replace the three-member Commerce Commission by a single Commissioner appointed by the Governor, and continue the duties and powers of the present Department of Commerce composed of Banking, Insurance and Securities Division.
- ★ Transfer powers and duties of Railroad and Warehouse Commission relating to utility regulations to Department of Commerce. Provide for a full-time quasi-judicial board of three members appointed by Governor for six-year overlapping terms of office to hear appeals and handle rule-making matters.
- ★ Transfer the functions of Department of Business Research and Development to Department of Commerce.
- ★ Transfer duties of Great Lakes-St. Lawrence Tidewater Commission and Upper Mississippi-St. Croix Improvement Association to Department of Commerce.
- ★ Transfer powers and duties of Iron Range Resources and Rehabilitation Commission to Department of Commerce.
- ★ Transfer powers and duties of Department of Aeronautics to Department of Commerce.
- ★ Establish an Advisory Board to assist the Commissioner of Commerce in formulation of departmental policies with certain limited powers in connection with the regulation of financial institutions.
- ★ Retain the assets of Rural Credits, so long as they are profit-making for the State, to help recoup the State's losses in this program.
- ★ Extend the 2% insurance premium tax to the whole insurance industry, except township mutuals.

CONSERVATION

- ★ Reorganize the Department of Conservation to provide two immediate subordinates of the Commissioner, namely, a Deputy Commissioner and Assistant Commissioner both under Civil Service, with the Deputy Commissioner specializing in departmental administration and the Assistant Commissioner aiding the Commissioner in public relations and educational work.
- ★ Establish a five-man Advisory Board to assist the Commissioner of Conservation in formulating departmental policy.
- ★ Develop immediately a long range departmental policy.

SUMMARY

- ★ Base departmental and divisional policies on what is found to be scientifically correct, and not on the emotions or opinions of any group or groups not technically qualified.
- ★ Invest an additional one million dollars per year long enough to acquire and maintain personnel and equipment necessary to develop the State's forests and protect them against fire and disease, and to prepare a long-range management plan.
- ★ Develop a master park plan for the entire State, and reduce the number of parks, expand the present system or acquire additional land for parks in accordance with the master plan.
- ★ Empower the Commissioner of Conservation to survey and classify for industrial, recreational, or conservation purposes all lakes and streams within the State.
- ★ Codify all laws relating to State lands, tax-forfeited lands and forestry matters.
- ★ Transfer to Department of Conservation from Boards of County Commissioners authority to conduct hearings, and approve or reject applications for auxiliary forests.
- ★ Assign to the Division of Forestry the responsibility for developing a long-range plan for management of tax-forfeited lands and give to the Commissioner of Conservation decision-making authority necessary to complete and inaugurate the plan within three years.
- ★ Establish the position of Director of Information under the Assistant Commissioner of Conservation.

EDUCATION

- ★ Transfer to Department of Education the functions now performed by the State Teachers College Board, and the Schools for Blind and Deaf. Department of Education should retain its present functions.
- ★ Place policy-making power for Department of Education in a nine-member board to be appointed by the Legislature for six-year overlapping terms. The Board of Education should be required to appoint an executive to have administrative control of the Department.
- ★ Establish a Legislative Advisory Commission on Higher Education to report to the Legislature as to whether appropriation requests for higher education are free from expensive and competing duplication.

SUMMARY

- ★ Give Boards of County Commissioners power to appoint County Superintendents of Schools, subject to the approval of the Executive Head of the State Department of Education. County Superintendents should be required to hold a teaching certificate equivalent to the administrative or supervisory assistant for the public schools. They should perform such services as the State Department of Education shall direct.
- ★ Provide a uniform system of cost accounting in the institutions of higher learning receiving State funds.
- ★ Refuse equalization aid to any school district until the Commissioner of Revenue shall have certified to Department of Education that the ratio of assessed value to true value in the district is in conformity with those ratios prevailing throughout the State.
- ★ Re-direct the program of public schools so as to provide vocational training which will prepare the youth of the State to engage in the employment opportunities which the State has to offer.
- ★ Encourage establishment of schools large enough for efficient and economic operation, yet not so large that the child is removed from the influence of the home for too much of the day. Action should be by local decision but the State must eventually reduce or stop State support to uneconomic schools.

EXAMINING, LICENSING AND INSPECTING

- ★ Retain state licensing boards, but provide a state licensing authority to perform certain rule-making and decision-making functions.
- ★ Centralize examination and license administration under a Director of Licensing and Registration.
- ★ Deposit license fees in the General Revenue Fund, and appropriate for examining and licensing activities.
- ★ Transfer, consolidate and reorganize all State health and sanitary inspection activities in the Department of Agriculture, to improve the service, reduce the cost and eliminate all unnecessary over-lapping and duplication.

HEALTH

- ★ Place a highly qualified Commissioner of Health, appointed by the Governor, in charge of Department of Health.
- ★ Establish an Advisory Board to assist the Commissioner of Health in formulating departmental policies.

- ★ Decentralize public health administration by use of local health districts, and limit State activity to educational, consultative and supervisory work.
- ★ Reorganize Department of Health according to major functions.
- ★ Transfer health and sanitary inspection activities to Department of Agriculture.
- ★ Revise the health laws and regulations into a modern health code.

HIGHWAYS AND AERONAUTICS

(Highways)

- ★ Establish a Highway Planning and Advisory Board to assist the Commissioner of Highways in planning the long-term building program for highways.
- ★ Empower the Commissioner of Highways to reduce the mileage of the State highway system by 2,000 miles.
- ★ Double the size of the Highway Patrol and extend its jurisdiction to all roads in the State.
- ★ Increase drivers' license fees sufficiently to finance the Highway Patrol and the Drivers' License Division of Highway Department.
- ★ Issue drivers' licenses directly through Department of Highways instead of through the clerks of district courts.
- ★ Transfer the function of issuing chauffeurs' licenses from the Secretary of State to Highway Department.
- ★ Consider authorizing counties to classify roads to limit truck use according to weight.
- ★ Authorize the Commissioner of Highways to assist the counties in the purchase of machinery, supplies and special services.
- ★ Re-examine the allocation formula for the distribution of State aid to counties for highways.
- ★ Deny State highway aid to counties unless they have adopted a long-range plan for highway construction and maintenance, approved by the Commissioner of Highways.

(Aeronautics)

- ★ Transfer the powers and duties of Department of Aeronautics to Department of Commerce.

SUMMARY

- ★ Separate the powers, duties and activities of the State department in charge of Aeronautics and the Metropolitan Airports Commission, by law, so as to eliminate friction and conflict in authority.
- ★ Reduce, and allocate the receipts of the Flight Property Tax and the proportion of the Gas Tax paid by carrier planes to municipalities where the revenue was derived, based on some equitable formula, after the State aviation debt is paid off.
- ★ Amend the law so as to prohibit the State government from owning or operating any airports.
- ★ Discontinue State aids for building or improving local landing fields and airports.
- ★ Discontinue State aeronautical services wherever service is duplicated by the Federal government.
- ★ Reduce the budget for State aeronautical activity from the present \$110,000 to approximately \$50,000 per year, if the recommendations respecting curtailment of State aeronautical activity are adopted.

LABOR AND INDUSTRIAL RELATIONS

- ★ Establish a Department of Labor and Industry, headed by a single Commissioner appointed by the Governor, to replace the Industrial Commission.
- ★ Transfer the Division of Employment and Security from Department of Social Security to Department of Labor and Industry.
- ★ Transfer to Department of Labor and Industry all building inspection activities, and require the department to prepare and enforce, with certain exceptions, uniform building codes for the State.
- ★ Transfer to Department of Labor and Industry safety inspection activities of the State Fire Marshal (now in the Insurance Division), except inspections of arson cases, which should be transferred to the Department of Law.
- ★ Establish a Quasi-judicial Board to deal with workmen's compensation, unemployment compensation and representation matters, to establish compensation insurance rates and perform quasi-judicial functions now assigned to the Industrial Commission and Compensation Insurance Board.
- ★ Establish an Advisory Board to assist the Commissioner of Labor and Industry in formulating departmental policies.

SUMMARY

- ★ Provide uniform state-wide coverage of employers under the unemployment compensation program.
- ★ Make the administration of the workmen's compensation program self-supporting, but not profit-making, to the State.
- ★ Establish an independent Department of Labor Conciliation.

LAW ENFORCEMENT

- ★ Transfer the investigatory and liquor control functions of the Liquor Control Commissioner, the arson investigation functions of the State Fire Marshal, the functions of the Athletic Commission and enforcement of fair trade practices (now in Department of Business Research and Development) to Department of Law.
- ★ Give the Attorney General power to appoint persons in charge of the above functions and the functions of the Bureau of Criminal Apprehension, all to be under Civil Service.
- ★ Give to the liquor control inspectors the power to make arrests for offenses committed in their presence.
- ★ Give state liquor control officials concurrent jurisdiction with local governing bodies over both on-sale and off-sale liquor establishments.

WELFARE

- ★ Establish a Department of Welfare to be under a single executive appointed by the Governor.
- ★ Transfer to Department of Welfare the functions presently performed by the Division of Social Welfare, the Division of Public Institutions, the Youth Conservation Commission, the Soldiers Home Board, the Board of Parole, and the relief activities of the Department of Veterans Affairs.
- ★ Organize Department of Welfare according to major functions and assign institutions to the appropriate functional administrative units.
- ★ Establish an Advisory Board to assist the Commissioner of Welfare in formulating departmental policy.
- ★ Establish a small board to perform quasi-judicial functions in the field of probation and parole.
- ★ Retain control and responsibility for direct relief within local governments. Codify the statutes governing direct relief, and provide that the county in which a person resides is responsible for the local

SUMMARY

share of grants, and that non-citizens be granted Old Age Assistance on the same basis as citizens.

- ★ Limit the responsibility of relatives for aiding needy persons to spouse, parent and child, making them responsible for the full amount of assistance or care necessary or to the extent of their ability to contribute.
- ★ Employ a few attorneys to secure uniform and effective prosecution in non-support, abandonment and recovery cases.
- ★ Continue study of methods to confine medical costs for assistance and relief recipients to that which is essential, and consider the suggestion that when a recipient seeks medical care of his own volition he be required to pay for the first office or home call out of his regular maintenance grant, and that subsequent visits or medical services be paid for at public expense only when the doctor specifically requests he return or orders additional treatment or care.
- ★ Transfer to the State direct responsibility for tuberculosis hospitalization, utilizing the largest and best equipped of the existing institutions.
- ★ Provide relief and services to veterans through the Department of Welfare and the County Welfare Boards, with veterans offices as separate and distinct from regular welfare offices as may be practicable.
- ★ Make relatives of patients in State institutions responsible for the full cost of their care or to the extent of their ability to pay, and adopt adequate measures for collection and enforcement.

TAXATION

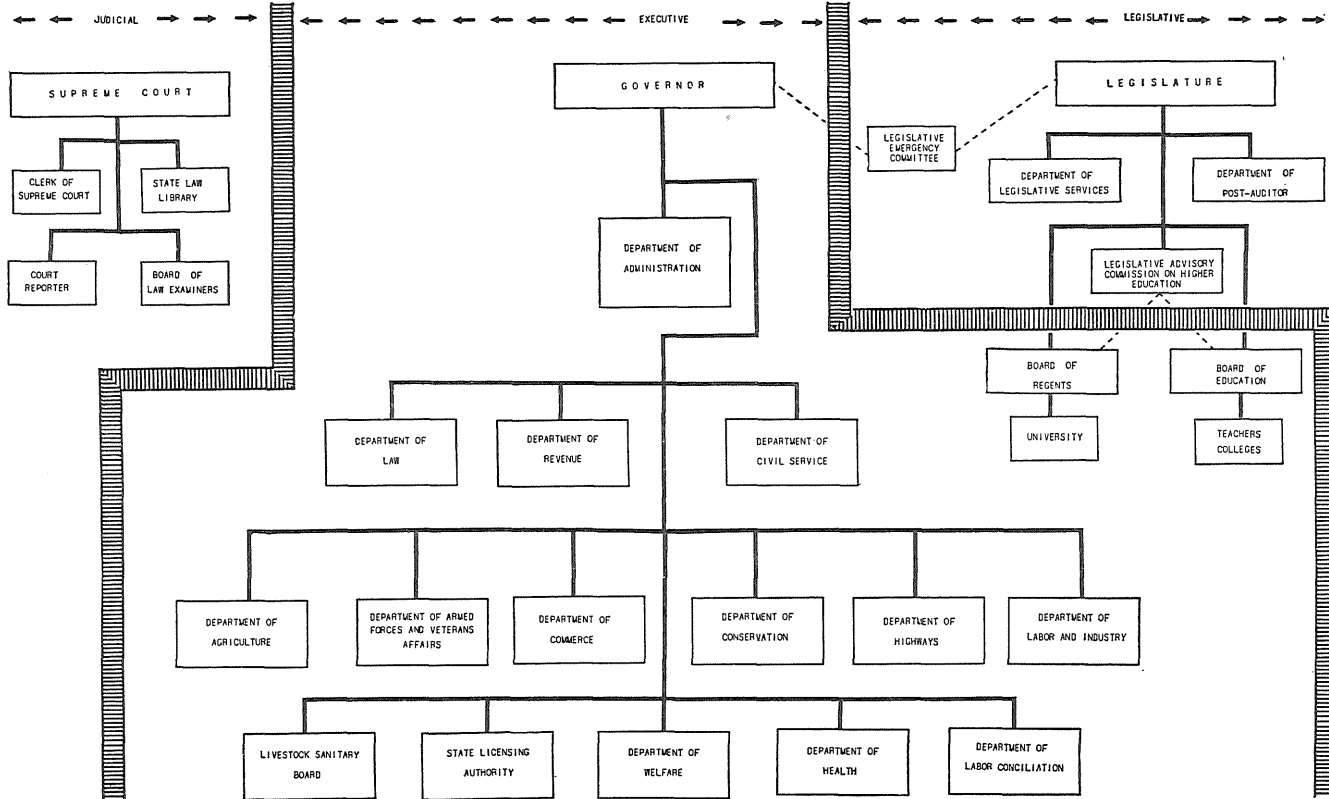
- ★ Establish a single central revenue agency to be called the Department of Revenue and to be headed by a single Commissioner appointed by the Governor.
- ★ Transfer to Department of Revenue all the major tax collection functions, including auto licenses (now under Secretary of State), insurance taxes (now under Commissioner of Insurance), liquor stamps (now under State Treasurer), and airplane licenses (now under the Department of Aeronautics).
- ★ Establish an Advisory Board to assist the Commissioner of Revenue in formulating departmental policy.
- ★ Establish a Quasi-judicial Board to hear appeals from decisions of the Commissioner of Revenue.

SUMMARY

- ★ Modify personal property tax laws to eliminate inequalities, and discontinue taxes which cannot be made to return an amount which will exceed the cost of administration by substantially the same percentage as do other major sources of revenue.
- ★ Discontinue dedicated funds because they are inconsistent with a sound governmental tax policy.
- ★ Extend the county assessor system to all counties.
- ★ Consider ability to pay in addition to assessed valuation in granting State aids.

THE MAJOR AGENCIES OF STATE GOVERNMENT

RECOMMENDATIONS OF
THE EFFICIENCY IN GOVERNMENT COMMISSION



CHAPTER I

To Strengthen the . . . LEGISLATURE

INTRODUCTION:

The Commission desires to declare its faith in our representative, constitutional form of government. Danger lurks where any branch of the government allows itself to become weak and powerless to serve the people properly and adequately. This group of private citizens has studied in intimate detail the structure and operations of the Executive Branch of the government. This could not be done without a particular awareness of the place of the Legislature in the administration of government. The Commission is loath to suggest further improvements in the Executive Branch without pointing out the need for strengthening the Legislative Branch. Our form of government cannot live unless the three branches of government remain strong and substantially equal in power.

1. DEPARTMENT OF LEGISLATIVE SERVICES

Herein we recommend primarily improvements in the Executive Branch of the State government. We feel, however, there is urgent need for strengthening the Legislative Branch of Minnesota's State government. The scope of legislation has increased many-fold in recent years. More than ever before, Legislators need competent assistance in bill drafting and obtaining reference library materials. Legislative committees need trained, year-round staff members. This is especially true in the fields of appropriation and tax legislation.

Recommendation:

Establish a Department of Legislative Services on a permanent year-round basis to perform the following functions:

Legislative research; bill drafting; care of the legislative archives; publishing the legislative manual; coding and publishing administrative rules and regulations; responsibility for the legislative reference library; and responsibility for the functions previously exercised by the Secretary of State for elections and canvassing. In addition, this department should be responsible for the functions of the voting machine commission for which there would no longer then be a need.

LEGISLATURE

The Revisor of Statutes, now responsible to the Supreme Court, should be assigned to this new legislative service department.

The director of this department should preside at the opening session of the House of Representatives and a member of the Supreme Court should administer the oath of office to the members. The head of this department should be appointed by the Legislature.

2. DEPARTMENT OF POST-AUDITOR

That no man should be empowered to audit his own books is axiomatic in private business. It ought to be so in the public business. In Minnesota, the Public Examiner, an appointee of the Governor, post-audits the accounts of the departments of the Executive Branch. Clearly this is wrong.

The function of post-auditing—of reviewing the financial transactions and accounts of the State government—belongs to the Legislature. The power which the people have placed in the Legislature to appropriate money to the Executive Branch carries with it a responsibility to force accountability by the Governor and his department heads. When the Legislature has provided the machinery to fulfill this obligation to the people, it can, with confidence, accord the Governor power and authority commensurate with his responsibility for all administrative operations of the government.

Recommendation:

Establish a Department of Post-Auditor in the Legislative Branch in order to bring the post-audit function directly under control of the Legislature. The Post-Auditor should be an individual of high qualification in the accounting and auditing field, appointed by the Legislature for a long fixed term of office. Sufficient funds should be made available so that post-audits can be made currently and not after a lapse of years.

3. LEGISLATIVE EMERGENCY COMMITTEE

The Legislative Advisory Committee has served a good purpose in distributing the contingent fund, veterans' relief, general relief and aids of the type which cannot have a definite basis of distribution. However, it was ruled by the Attorney General that the Legislative Emergency Committee as first created in 1939 was unconstitutional in that it was acting in an administrative field. Consequently, the name was changed to Legislative Advisory Committee and the legislative members of this committee, under the law, act in an advisory capacity to the Governor.

Recommendation :

Establish by constitutional amendment, a Legislative Emergency Committee consisting of the Governor and membership from the House and Senate as now prevails on the Legislative Advisory Committee. The duties performed by the Executive Council in issuing short terms notes, the Allotment Board with respect to allotment of highway funds, and activities of the Land Exchange Commission, should be assigned to the Legislative Advisory Committee.

4. TRANSFER OF FUNDS

As has been said, the Legislature is obliged to hold the Executive Branch accountable for its expenditures. The Legislature has used rigid appropriations to meet this obligation, and the device has created inefficiency and waste. The practice of appropriating for (1) salaries and (2) supplies and expense has resulted in conditions where employees who must travel in the performance of their duties remain at home, on a salary, because the amounts necessary for supplies and expenses are not available.

Recommendation :

Empower the Legislative Advisory Committee to transfer funds from one appropriation to another within a department, but not between departments.

5. ACTING UPON THIS COMMISSION'S RECOMMENDATIONS

It has been the history of many interim committee reports that they were relegated to the dust-gathering parts of the files, never again to see the light of day. Do-nothingness is virtually the antithesis of efficiency. This Commission would be derelict in its duty if it did not point out, in the very first section of this report, that it is solely the creation of the Legislature. By concurrent resolution the Legislature by-passed the need for gubernatorial approval and opportunity for veto. It was the directive of the Legislative Branch that the Executive Branch be investigated and studied, and that appropriate recommendations be made. These recommendations now have been made, but they can be of no value unless action is taken to put them into effect.

Recommendation :

The Legislature should empower and direct the Department of Legislative Services to set up a schedule, to be approved by the Legislature, for putting into effect the recommendations of this Commission, and should report to the Legislature, at regular intervals, the progress made toward this end.

CHAPTER II

To Achieve Greater Efficiency and Economy in **EXECUTIVE MANAGEMENT**

INTRODUCTION

In its study of executive management in the State government the Commission was materially assisted by both private and public groups. The Minnesota Society of Certified Public Accountants appointed a special committee to study and report to the Commission on accounting and auditing. The Minnesota Institute of Governmental Research authorized its staff to give whatever assistance possible in the study of executive management and other functions of State government. The staff of the Legislative Research Committee participated in the study of executive management and, in addition, concentrated on a study of State inspectional services which was made available to the Commission.

The job of executive management is four-fold. The Chief Executive must (1) plan, (2) organize, (3) direct and (4) represent.

- (1) To *plan* he must explore alternative courses of action, visualize and weigh the consequences of each and review the courses of action before making a final decision.
- (2) To *organize* he must define the tasks assigned to major offices and agencies, establish the broad outlines of inter-relationships among agencies and determine the lines of authority.
- (3) To *direct* he must issue *commands* for execution of plans, policies and assignments; *coordinate* the various segments of the organization into a smoothly-functioning unit; *control* by ascertaining that assigned tasks have been carried out in an efficient and intelligent manner.
- (4) To *represent* he must be the focal point of decision-making for the entire administrative service.

Tools used in executive management include (1) fiscal management, (2) personnel management and (3) legal administration.

Administration is both an art and a science. It is the application of individual skill to administrative problems, rather than the mere application of a body of principles to such problems. Students of administration

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have assembled a body of information taken from a wide range of administrative experience. This information indicates what techniques and solutions have been found generally effective in given sets of circumstances. For want of a better term, the techniques and solutions have been called "principles" of administration. As applied to State government, it is generally agreed among recognized authorities that for maximum efficiency in the Executive Branch the following principles must be observed:

1. *Administrative authority, as well as responsibility, should be centered in the Chief Executive of the State.*

This provides the unity of command so essential to administrative coordination, supervision and direction. A strong executive is the crux of any successful organization, public or private. Dispersion of executive power creates confusion, irresponsibility and weak and wasteful government. The answer to the fear of a strong executive is to be found in stronger Judicial and Legislative Branches of government. Lack of the latter is the prime weakness of so many proposed state reorganization plans.

Adherence to this principle requires a short ballot and the elimination of the election of independent administrative officers, thus avoiding sources of friction in the conduct of the state administration and fixing complete responsibility for executive action in the Governor's office. It likewise simplifies the ballot for the voter and focuses the spotlight of public attention on the Governor's office.

2. *The "housekeeping" or management services of government should be combined in a single administrative department to serve as a direct aid to the Governor in managing the State's business.*

Such a department gives the Chief Executive an efficient means of directing, coordinating and controlling all state activities. It should be responsible for such duties as fiscal control and accounting, budgeting, purchasing, engineering and architectural activities and administrative planning. This relieves the Governor of much of the management detail and makes his time available for policy matters and state leadership. This set-up is the key to effective management of state government.

3. *The organizational plan should be as simple as possible, with the minimum number of departmental units so that the span of control need be no wider than is practicable for effective supervision.*

There is a limit to human capacity to supervise a large number of administrative units. When several agencies perform the same major functions the result is waste, duplication, friction and inefficiency.

4. *Every principal department should be in charge of a single administrative head directly responsible to the Governor.*

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Effective management requires that administrative authority for departmental operation be in the hands of one man. This results in prompt decisions, fixes responsibility for results, and prevents the "buck passing" so often common to administrative boards.

5. *Terms of office for the Governor and department heads should coincide and be for a four-year period.*

A four-year term is needed to give the Governor sufficient time to develop and carry out his policies. Hold-over heads of departments result in irresponsibility as a new Governor cannot be held accountable for their actions. In addition, and consistent with the principle of fixing administrative responsibility in the Governor, department heads should be removable by the Governor at his option and without cause.

6. *Departmental units should be organized on a functional basis (such as welfare, education, agriculture, etc.) so as to eliminate overlapping or duplicating activities.*

Departmental integration brings together all related activities in an orderly relationship. It fixes responsibility on one individual for one major function of government.

7. *With certain important and justifiable exceptions, boards and commissions should be used only to perform advisory, quasi-legislative and quasi-judicial functions.*

Boards and commissions have been classified as administrative, advisory, quasi-judicial, or quasi-legislative (policy-making). A "policy-making" board assures collective judgment which may be enforced on an administrator, and yet may attain a high degree of efficient operation.

Administrative boards are those in which the members act in a dual capacity. Together they act as the legislative body and determine policy. They then change to their second capacity and become administrators, having personal, day-to-day, full-time responsibility for the direction and supervision of a major administrative organizational unit.

Administrative boards are slow in action, cumbersome, wasteful. They are timid in the exercise of their powers, and ineffective in cooperating with other departments. In addition, ex-officio members are usually too busy with their major assignments to devote sufficient time or energy to ex-officio board meetings. Only rarely do they bring any special knowledge or experience to these ex-officio jobs.

Administrative boards served a purpose many years ago when modern systems of budgeting, accounting, auditing, purchasing, and, especially, independent civil service agencies, were not available to protect the abuses of a single executive. These buffer boards are no longer necessary. Only

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a single officer can act promptly on administrative decisions. He can be held accountable for his actions while this is impossible with a three- or five-man board. Experience has proven there is much truth in the old saying, "boards keep minutes and waste hours."

Policy-making boards are composed of citizens who serve on a part-time basis, and who employ a professionally-trained and experienced executive to have complete charge of the administration of the policies established by the board.

Advisory boards to a department head are desirable if their duties are limited to advising, counseling or recommending a specific course of action on matters of general policy. Such boards offer an opportunity for citizens with special knowledge or interests to contribute their experience and judgment.

Boards with quasi-judicial power likewise have a place in the organizational structure. They should have the authority to hear and adjudicate appeals from administrative rules and decisions, but should have no part in the administration of the department concerned. This arrangement also eliminates the "combined prosecutor-and-judge" defect so commonly found in administrative agencies, and prevents a board from passing on questions that they have already pre-judged.

8. The appointment and retention of State personnel should be on the basis of ability, experience and merit, under a definite Civil Service law, thus insuring continuity of administrative service and efficiency.

The Commission has appraised the organization and management of our State government in the light of the above accepted principles and those of private business management, and has measured Minnesota against the best experience in other states.

The Commission recommends a number of changes to eliminate deficiencies and provide clear leadership, efficient operation and, above all, responsiveness and accountability to the people and their elected representatives. The proposed improvements in executive management, therefore, are a move toward more democratic, as well as more efficient, government.

1. CONSOLIDATION OF AGENCIES

1. At present there are 105 agencies in the Executive Branch of the Minnesota State government. These consist of 35 major administrative departments and elective offices, 58 boards, commissions and committees, and 12 semi-official agencies.

Too many agencies create duplication of plant, equipment and effort,

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and therefore waste time and money. No Governor or Commissioner of Administration can effectively coordinate the efforts of so many governmental agencies.

Recommendation :

Except for certain minor offices, non-paid boards and semi-official agencies, the Executive Agencies of the State Government should be consolidated into the following :

- 1. Governor's Office**
- 2. Department of Administration**
- 3. Department of Civil Service**
- 4. Department of Law**
- 5. Department of Agriculture**
- 6. Department of Armed Forces and Veterans Affairs**
- 7. Department of Commerce**
- 8. Department of Conservation**
- 9. Department of Health**
- 10. Department of Highways**
- 11. Department of Labor and Industry**
- 12. Department of Labor Conciliation**
- 13. Department of Revenue**
- 14. Department of Welfare**
- 15. State Licensing Authority**
- 16. Live Stock Sanitary Board**
- 17. Board of Education (Responsible to the Legislature)**
- 18. Board of Regents (Responsible to the Legislature)**

2. CONSOLIDATION OF FUNCTIONS

Under the present plan of organization, there are many agencies operating in the same major functional fields. This results in duplication, conflict, waste and ineffectiveness. There are six agencies operating in the welfare field, six in commerce, three in labor, two in conservation, three in education, and five in agriculture. There is no central pension agency for the State. Revenues are not even collected by one department. Eighteen licensing boards function without management supervision and since they operate on dedicated receipts their budgets are not reviewed by the Legislature.

Recommendation :

Re-allocate to appropriate departments all major functions as recommended in following sections of this report.

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3. THE GOVERNOR'S OFFICE

Reorganization and consolidation do not center responsibility and commensurate authority in the Governor. They merely arrange the government so it can be effectively managed. The Governor's office must be improved. There is need for a cabinet of department heads responsible to the Governor for efficient and economical management of the departments.

Under the present system the Governor cannot be held accountable for the work of department heads. There are varying terms of office of the Governor and his department heads. Responsibility for major phases of state operations is dispersed among several elected officials. There is lack of team-work among the various offices within the Executive Branch.

Recommendation:

- (1) Establish a Governor's office to be staffed by four key people—an Executive Secretary to handle administrative details of the office and advise the Governor on appointments to public office; a counsel to specialize in proposed and pending legislation and handle clemency, extradition and other legal matters, and to serve as Secretary to the Board of Pardons; a secretary trained in general research; and a Public Relations Secretary to handle press and radio relationships.
- (2) Establish a four-year term for the Governor and all Department heads.
- (3) The Governor should appoint all department heads, for a term corresponding to his and removable at his option.
- (4) State elections should be held in alternate odd-numbered years, so that a State administration can be judged independently of a National administration.

4. DEPARTMENT OF ADMINISTRATION

National recognition which has been accorded Minnesota for being the first State to appoint a business manager has not been misplaced. Ten years of experience with this department has proved its effectiveness. Its management of the allotment control system, preparation of the biennial budget, control of purchasing and building construction, renting and leasing of land and property, providing a central storeroom and service unit, and other central management services, are practices similar to those common to most successful private businesses.

The 1939 Legislature did an outstanding job in setting up the Department of Administration with the result that a real effort is being made to

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apply sound principles of business management to state operation. There were, however, two serious weaknesses of the 1939 change. One was the failure to place the accounting system in the Department of Administration. Accounting is a major tool of fiscal management and should be located where information concerning current operations of state government is most needed. Accounting should not be confused with post-auditing. Independent post-audits should be made by the Post Auditor appointed by the Legislature. The other weakness was the use, contrary to modern business practice, of a separate Office of State Treasurer to handle payments and serve as custodian of funds.

Recommendation:

- (1) As many of the present duties of the State Auditor as the Constitution will now permit should be transferred to a division of accounts and financial control in the Department of Administration. A constitutional amendment will be necessary to fully achieve the Commission's objectives.
- (2) Functions of the State Treasurer should be transferred to the Department of Administration, following adoption of a constitutional amendment abolishing the Office of Treasurer.
- (3) Improve the budget system by:
 - (a) Requiring the Governor to transmit a single appropriation bill covering all proposed expenditures at the time the budget document is submitted to the legislature;
 - (b) Including all proposed expenditures, regardless of the source of funds, in the current appropriation acts and making illegal any expenditure not included in such acts.
- (4) Improve the centralized purchasing system by:
 - (a) Following the successful practice of many states of not requiring sealed bids for purchases under \$2,000.
- (5) Make the following improvements:
 - (a) Establish within the Department of Administration a Division of Organization and Methods to constantly study management problems and make sound recommendations for increased efficiency and economy;
 - (b) Transfer the duties of the Archives Commission to the Commissioner of Administration, and empower him to destroy records after 30 days written notice to the Attorney General, Post-Auditor, and the Director of the State Historical Society.

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- (c) Place supervision of construction of new armories under the Commissioner of Administration where supervision of construction of other state buildings now resides.

5. ARMORY BUILDING COMMISSION

It is recommended that certain functions of the Armory Building Commission be transferred to the Department of Administration. If provision is made for handling of other present duties of the Commission there will be no further need for the Commission.

Recommendation:

Transfer to the Department of Armed Forces and Veterans Affairs those functions of the Army Building Commission which are not transferred to the Department of Administration.

6. FOR BETTER CO-ORDINATION

Major reorganizations of large institutions, such as the State government, are not quickly and easily accomplished. The day-to-day work must go on while change is taking place, personnel must become accustomed to new procedures and routines, unanticipated problems must be solved and the solutions eased into place. Much has been accomplished since 1939 in firmly establishing what has been called an office of "state business manager." However, the idea has not yet been accepted in all quarters of the State service. There is a too great readiness on the part of operating departments to "pass the buck" to the Department of Administration for delays, extra costs and unsatisfactory results. The excuse of "too much red tape" is offered for failure to comply with central procedural regulations and to fully realize the benefits available from central purchasing, budget control and other central services. The solution of the problem does not lie in more directives and tightened procedures. The problem is primarily one of recognition that successful administration is largely a matter of human relationships.

Recommendation:

The Department of Administration should take the initiative in informing top personnel in operating agencies of the department's objectives, and by personal contact keep such operating heads informed of the objectives and methods of operation of the central agency.

7. STENOGRAPHIC POOL

One of the costly results of having an administrative organization scattered among different locations is the difficulty of fully using stenographic

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personnel. One office may have personnel temporarily idle during the same period that another is having to work overtime. The fact, however, that a large part of the State government administrative service is located in the Capitol and Office Building makes possible substantial savings.

Recommendation:

A stenographic pool should be established to service the departments within the Capitol and Office Building, to the fullest extent practicable.

8. NAMING ORGANIZATIONAL UNITS

There appears to be no standard nomenclature for identification of organizational units. In one case a section is part of a division; in another a division is part of a section. For ease of understanding by officials and the public, and to aid in comparing operations of various units, a standard nomenclature is desirable.

Recommendation:

A standard organization nomenclature should be established by the Department of Administration to be used by all departments, e.g. department, division, section, unit, etc., in descending order within the organization pyramid.

9. COMPENSATION FOR OVERTIME

State departments appear to enjoy autonomy in the establishment of overtime policies for their employees. In some instances employees are paid in proportion to the full amount of overtime worked, in other instances a dollar limit is placed upon the amount available for overtime, and in still other instances compensatory time off is all that is available to the employee who has worked overtime.

Recommendation:

Take steps, through the Department of Administration, to establish a uniform policy on compensation for overtime work, to strengthen employee morale by the equal treatment of all employees.

10. CIVIL SERVICE

Minnesota adopted a model Civil Service law in 1939. The Civil Service System has stood the tests of manpower shortages, war, inflation and tremendous unrest among the working population. There is room for improvement in the system, but the Commission has found no evidence of a desire

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on the part of the public or State officials and employees to return to the personnel administration methods that prevailed before 1939.

Minnesota has solved the "spoils" problem. Millions of dollars have been saved by the Civil Service System. For example, the State now has 13,700 employees as compared with 15,800 in 1938, yet many new functions have been added in recent years.

A major defect in the present Civil Service law is the so-called "closed back door" which places upon the department head the burden of proof that an employee should be discharged. It is the opinion of this Commission that it should be the duty of State employees to demonstrate satisfactory performance of duties assigned.

To suggest more freedom for department heads to remove unsatisfactory employees appears to return the spoils system. This is not so, however, because the abuse of such power is not likely to occur when department heads must still appoint new employees from eligible lists established under the merit system.

Recommendation:

The so-called "back door" to Civil Service should be opened considerably. Department heads should be authorized to discharge Civil Service employees for cause, after notice and hearing by the appointing authority, except that there should be right of appeal to the Civil Service Board when the employee claims that the dismissal is based on political, racial or religious motives. Discharges by administrative action, and decisions with respect thereto by the Civil Service Board, should not be subject to review by the courts.

11. A SINGLE MERIT SYSTEM

There is lack of uniformity of application of the merit system throughout the State service. The State Highway Patrol has its own system, independent of the regular merit system. Within the Department of Conservation and the Office of Attorney General, unlike most State departments, division heads are not under Civil Service. Duplication of systems is wasteful and contributes to competition among systems for higher and higher benefits. Exclusions from the merit system provide an opening wedge for the ultimate return to the spoils system.

Recommendation:

All State officials and employees up to, but not including, the executive head of a department should be under a single civil service system.

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12. THE CIVIL SERVICE DIRECTOR

At present the Director of Civil Service is an appointee of the Civil Service Board. Because personnel administration is an important tool of executive management, the Director of Civil Service should be appointed by the Governor, but only with safeguards against abuse of the appointing power.

Recommendation:

The Department of Civil Service should be retained as a separate department having a policy-making Civil Service Board and a Director who has full responsibility for administration of the Civil Service program and who is himself under Civil Service. The Director should be appointed by the Governor from a list of three names prepared by the Civil Service Board, as now provided by law.

13. PERSONNEL ADMINISTRATION

Occasionally, the centralization in one office of a function common to many departments has an unfortunate initial effect. The operating agencies, thinking themselves totally relieved of responsibility for the function, "wash their hands" of it. This attitude results in ineffective administration. Transfers of such functions as accounting, purchasing and personnel administration to a central agency are made only to provide the same service more economically and efficiently. The operating agencies have a large stake in the successful performance of central services.

Some operating agencies and the Civil Service Department have not yet reached a mutual understanding of their respective areas of responsibility, nor a full appreciation of the problems peculiar to each. Specifically, there is an inclination to blame each other for failure to transfer, demote or discharge incompetent and non-productive employees, although both agencies agree such action is desirable.

It is not sufficient that a central axiliary agency issue numerous, carefully-worded regulations, memoranda, explanatory material, etc., on the assumption that because the material has been issued all operating personnel will be thoroughly familiar with such material and in substantial agreement with it. Neither will the use of operating department personnel officers as liaison between the operating departments and the central agency, in the case of personnel administration, eliminate the problem. Personnel administration particularly is a top management matter which requires the attention of the Governor, his Director of Civil Service and the operating department heads.

Recommendation:

(1) Steps should be taken to provide the necessary conferences

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of department heads and the Director of Civil Service under the Governor's sponsorship, to provide continuous top-level understanding of Civil Service problems;

- (2) Heads of agencies should fully inform themselves of their authority in personnel matters under Civil Service regulations, and then courageously take such action as is deemed necessary, within that authority, to provide the greatest efficiency in the operations of their departments.

14. WORK LOADS

The compartmentalization of the public service which sometimes results from a position classification plan, makes it difficult to shift employees to meet changes in the work load. It is the duty of operating officials to bring such fluctuating work load problems to the attention of the central personnel agency in order that that agency may provide for them in the specifications for various positions. Likewise, it is the duty of the Civil Service Department to take cognizance of such situations and provide sufficient flexibility in its regulations as to provide for variations in work loads. Of several cases reported to the Commission one described an accumulation of at least two weeks of inquiries arising from advertisements by the Tourist Bureau in the early part of June, 1950, which could not be handled promptly because clerical and stenographic help was not, or could not be, shifted to handle the load. This is a critical delay for an industry which is highly competitive and depends so completely on two or three months of business for its livelihood.

Recommendation:

Through the cooperative efforts of the Department of Civil Service and operating agencies, methods should be devised for moving personnel with ease in order to meet work loads.

15. SALARIES

The Commission noted with particular interest that several department heads receive lower salaries than do their assistants. Such a situation is illogical and demoralizing.

Recommendation:

Pay schedules for all officers and employees of the State should provide that no subordinate in the State service shall be compensated by the State at a rate greater than the compensation rate of his superior.

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16. MERIT INCREASES

During the 10 years of Civil Service certain weaknesses have appeared which bear watching and can probably be eradicated without danger to the whole Civil Service System. The Commission is of the view, for example, that Civil Service is more inflexible than it needs to be to accomplish its objectives, and that there is need for wider joint participation by the operating departments and the Civil Service Department in personnel administration.

Recommendation:

The legislature should make a study of the problem of granting merit increases more frequently than the present Civil Service laws permit.

17. TECHNICAL EXAMINATIONS

There was frequently presented to the Commission testimony to the effect that the examinations given by the Civil Service Department were not appropriate to the requirements of technical positions. The Commission did not analyze positions and examinations to pass judgment on this matter, but considers it one which merits attention.

Recommendation:

The Civil Service Department should consider following the policy of giving department heads an opportunity to review written examinations for technical positions within their departments before such examinations are held, not for the purpose of requiring approval by operating departments but to assure that examination questions are practical and appropriate.

18. RETIREMENT

Time did not permit a comprehensive study of the several retirement systems serving different groups of public employees. Further, the recently enacted Federal legislation which permits extending the Old Age and Survivors Insurance coverage to public employees is not yet in full operation and should be considered before far-reaching recommendations are made. Some improvements can and should now be made, however, in accordance with the trend toward coupling responsibility for salary scales and pensions in a single department.

Recommendation:

- (1) The State Employees' Retirement Fund and the State Highway Patrol Retirement Fund should be consolidated, and**

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together with the Teachers' Retirement Fund, they should be transferred to the Civil Service Department. The Director of Civil Service should be made ex-officio secretary of both funds and should have responsibility for all so-called "housekeeping" duties. All ex-officio members of the retirement boards should be replaced by the members of the Civil Service Board, but employees' representatives should continue to serve on the boards as at present.

- (2) A study should be made to determine the advisability of:
 - (a) Early consolidation of all retirement systems for State and local government employees;
 - (b) Utilization of the Federal Social Security program for payment of the portion of the retirement allowance which it will provide, supplemented by a State fund system;
 - (c) Mandatory retirement upon reaching retirement age, unless the head of the employee's department requests continued employment and the Civil Service Department approves.

19. BENEFITS FOR STATE EMPLOYEES

State employees are treated differently from most private employees with respect to unemployment compensation insurance and liability insurance. The State, as an employer, is exempt from the unemployment compensation laws. If a State employee becomes unemployed he can draw no unemployment compensation benefits based on State employment. This fact indirectly retards the discharge of employees whose removal from State service is desirable. It interferes materially with the objectives of an "open back door" policy.

With respect to liability insurance, if a State employee who is operating a State vehicle becomes involved in an accident he is personally liable for damages. Consequently, some employees refuse to drive State cars and, on the other hand, supervisors hesitate to request employees to run such risks. Where forest wardens, for example, have needed drivers during emergencies this has interfered with efficient operations.

Recommendation:

The Legislature should give consideration to plans for unemployment compensation insurance and liability insurance for State employees comparable to the present systems applicable to private employees.

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20. VETERANS' PREFERENCE

Testimony given before virtually every committee of the Commission established the fact that the present Veterans' Preference law acts to reduce the efficiency of the State departments. Vacancies can be filled, in many instances, only by appointment of persons substantially less qualified than others available for employment, because the less qualified persons have veterans' preference.

Recommendation:

The State should continue preference for veterans. Preference should be available for use only once. It should not be applied to a candidate's examination grade unless he first earns a passing grade. Preference should not exceed a certain number of examination points for an able veteran and a greater number for a disabled veteran. The total of examination grade points plus veterans' preference points should determine the veteran's position on eligible lists. No veteran should go to the head of an eligible list unless his earned grade plus veterans' preference points place him there.

21. LEGAL ADMINISTRATION

The position of Attorney General is an elective office. The Attorney General represents the State in all civil actions and criminal appeals, and performs many other legal duties not the least of which is the rendering of opinions on legal questions to State executive departments. He appoints certain Assistant Attorney Generals to be the legal officials of several large departments whose legal work requires the services of a full-time legal counsel.

Because it is an elective office, the incumbent might easily be of an opposite political party from that of the Governor. The views of the two might be at complete variance. Furthermore, the views of the legal counsels within the several departments might well work to prevent the execution of programs to which the Governor is pledged by virtue of his election.

Efforts to hold the Chief Executive accountable for his acts and the acts of his department heads are defeated when faced with this situation.

Recommendation:

Establish a Department of Law, to be headed by the Attorney General appointed by the Governor. The department should perform the usual legal work now assigned to the Attorney General, and in addition should exercise the functions of the following agencies:

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- (a) The Bureau of Criminal Apprehension;
- (b) The law enforcement functions of the Liquor Control Commissioner;
- (c) The Division of Fair Trade Practices of the present Department of Business Research and Development;
- (d) The Athletic Commission.
- (e) Arson investigation function now performed by the Fire Marshal Division.

All positions within the Department of Law, except the Attorney General, should be under Civil Service and the legal counsels of the various departments should be appointed by the heads of the respective departments from Civil Service lists. The recommendations listed here should not be made effective until the adoption of a constitutional amendment which will permit appointment of the Attorney General. (The Commission recommends such an amendment.)

CHAPTER III

To Achieve Greater Efficiency and Economy in **AGRICULTURE**

INTRODUCTION

Minnesota is primarily an agricultural state.

The agricultural interests of the State are served by several governmental agencies. The United States Department of Agriculture, one of the largest governmental agencies in the world, spends many millions of dollars annually to assist agriculture in the State of Minnesota. The University of Minnesota, in cooperation with the United States Department of Agriculture, has an extensive program in the interests of agriculture. In addition, several State agencies, the largest of which is the Department of Agriculture, serve the agricultural interests of the State.

The State's participation in agricultural programs is largely in the field of inspections and regulation. The Commission's recommendations are aimed primarily at increasing the efficiency of the State's service in these fields, and reducing the cost.

1. INSPECTION FUNCTIONS

At the present time the Railroad and Warehouse Commission performs the functions of grain inspection, livestock weighing and warehouse regulation. In addition, the State Department of Health shares with the Department of Agriculture, Dairy and Food the responsibility for certain health inspectional activities, perhaps the most glaring example of duplicated and overlapping inspectional activities in the State service.

The Commission is of the opinion that the objectives of inspectional functions of the State should be to prevent violations rather than to apprehend and punish violators. The problem and the recommended solution is described in detail in the chapter on "Examining, Licensing and Inspecting."

Recommendation:

The name of the Department of Agriculture, dairy and food should be shortened to: Department of Agriculture. It should continue to exercise its present functions, and the following functions should be added to this department.

- (1) Grain weighing and inspection, livestock weighing, and warehouse regulation (from the Railroad and Warehouse Commission);
- (2) Powers and duties of the Weights and Measures Division, of the Railroad and Warehouse Commission;
- (3) Hotel inspection but not boat inspection (from the Department of Health);
- (4) Responsibility for inspection of lodging places, food and food services and all other sanitary and health inspections;
- (5) Routine liquor inspections conducted at the premises of on-sale and off-sale liquor dealers (after establishment of a Department of Law under an appointed Attorney General, to which should then be transferred the law enforcement functions of the State Liquor Control Commissioner);
- (6) Livestock buyers' and dealers' licensing activities (from the Railroad and Warehouse Commission);
- (7) Function of the Land Use Committee.

Inspectional activities of the Department of Agriculture should always be accompanied by a program of education for the purpose of reducing violations and attaining the major objectives of the inspectional program.

2. ADVISORY BOARD

Fear arises in the public mind when it is suggested that control of a large State department be centered in a single official. The idea of centralized authority in government is repugnant to most Americans.

On the other hand, one of the major tools of efficient and economical administration is the single position serving as the center of authority and responsibility. This tool has proved its worth in the fields of military, church, business and government organization and administration. However, a large governmental agency directed by a single individual is subject to the errors of human direction, and precaution must be taken in the placing of this authority. The Legislature must assure, in so far as possible, that the major policy decisions of a single department head are conditioned by his positive familiarity with the wishes of those served. Although the department head must assume full responsibility for his decisions, he must not be deaf to the potential interests and needs of the public. The Executive Branch in our system of government needs to be, and can be efficient; above all else, however, it must be responsibly aware of the will of the people.

In this report, we have recommended the establishment in more than half of the major administrative departments, of advisory boards to assist

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department heads in the establishment of departmental policies. The pattern recommended in the following paragraphs is that suggested for the other departments, subject only to such variations as are required by the peculiarities of the work of those departments. Such variations will be mentioned in the appropriate chapters.

Recommendation:

Establish for the Department of Agriculture an Advisory Board to assist the Commissioner of Agriculture in an advisory way only, in establishing departmental policies.

The Board should consist of five members, appointed by the Governor for six-year overlapping terms, and removable by him only for cause. Members should be persons who have demonstrated a broad interest in, and familiarity with, the Agriculture of Minnesota. It should be required that one member should be selected from the Agriculture Department of the University of Minnesota.

The Board should have no administrative responsibility and its findings, decisions and recommendations should not be binding upon the Commissioner.

The Commissioner should be required by law to meet with the Advisory Board not less than four times a year if and when meetings are called by the chairman or at the written request to the Commissioner by a majority of the members, at a time convenient to both the Board and the Commissioner.

The Commissioner should be required by law to make available to the Board such information as they may request regarding the policies and programs of the department.

Members of the Board should be compensated on a per diem plus actual expense basis; the chairman should be compensated at a slightly higher rate than is paid the other members of the Board.

3. QUASI-JUDICIAL BOARD

The present Railroad and Warehouse Commission combines in one board quasi-legislative, quasi-judicial and administrative functions. When the administrative duties are transferred to the Department of Agriculture and Department of Commerce provision must be made for performance of the other functions.

Recommendation:

Establish in the Department of Agriculture a quasi-judicial board to handle grain appeals.

The board should consist of three members, appointed by the Governor for six-year overlapping terms and removable by the Governor only for cause, and should be located within the department solely for "housekeeping" purposes.

Decisions of this Board with respect to quasi-judicial matters should be independent of, and superior to, those of the Commissioner of Agriculture

4. EXTENSION SERVICE

It has already been mentioned that the University of Minnesota, in cooperation with the United States Department of Agriculture, is one of the important agencies of the State serving the agricultural interests. Here is a ready-made and natural alliance which, if taken advantage of, will bring good results. Agricultural education already is carried on at public expense by extension agents in every county. Their work is coordinated through the Extension Service at the University of Minnesota.

Recommendation:

There should be constant and effective liaison between the Director of Extension and the Commissioner of Agriculture. Every inspector employed by the Department of Agriculture should maintain a close working relationship with the county agents in the area in which he operates. This relationship should not be left to chance, but should be planned for and insisted upon by the top officials.

5. LIVE STOCK SANITARY BOARD

Information was obtained from other midwestern states in which work comparable to that of the Live Stock Sanitary Board is organized differently from the organization in Minnesota. It appears that nothing would be gained by reorganizing along different lines and perhaps there would be considerable loss.

Recommendation:

No change should be made in the organization of the Live Stock Sanitary Board, at this time.

6. WEIGHTS AND MEASURES

The Railroad and Warehouse Commission has two administrative units which are concerned with weights and measures inspections. This is due to conflicting provisions of the law, which, on the one hand, give the Department of Weights and Measures within the Railroad and Warehouse Com-

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mission supervision and control over all weights, weighing devices and measures in the State; and on the other hand, the law specifically exempts all track scales in the State and all hopper scales in terminal elevators from the jurisdiction of the Sealers of Weights and Measures and places them under the supervision of the State Weigh Master who is in charge of grain weighing.

Recommendation :

Transfer weights and measures activities from the Railroad and Warehouse Commission to the Department of Agriculture and amend the law to permit all weights and measures activities to be performed by a single administrative unit within the Department of Agriculture.

CHAPTER IV

To Achieve Greater Efficiency and Economy in **COMMERCE AND UTILITIES**

INTRODUCTION:

Traditionally, a major function of government has been that of regulation. As our social customs and economic practices have advanced they have become more complex and thus more difficult for the individual to understand and prepare for. Increasingly, then, the government has been called upon to regulate in detail the operations of certain businesses and industries.

In addition, the states (which are in competition with all other states) have been called upon to assist, encourage and promote commerce and industry, presumably for the benefit of all of the citizens of the State. Minnesota's State government has been called upon to increase its regulation of, and assistance to, business in the State. In responding, there have sprung up the inevitable large number of independent agencies each intended to attain certain specified objectives and yet with considerable freedom to develop programs intended to implement their major objectives.

1. ORGANIZATION

The number of major and minor agencies in the field of commerce and utilities has materially extended the span of control of the Governor with the consequent reduction in ability to supervise adequately the work of the various agencies in this field. In addition, the number of agencies has created duplication of services and competition for funds.

Recommendation:

There should continue to be a Department of Commerce as one of the State's major administrative agencies.

The present three-member Commerce Commission should be replaced by a single Commissioner of Commerce appointed by the Governor and removable by him.

Except for the functions performed by the State Fire Marshal, the Department of Commerce should continue to perform the functions of the present Division of Insurance, Division of Banking, and Division of Securities.

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In addition, the following functions should be transferred to the Department of Commerce:

- (1) All functions of the present Railroad and Warehouse Commission, except Grain Weighing and Inspection, Livestock Weighing and Warehouse Regulation which should be transferred to the Department of Agriculture, and Bus and Truck Inspections which should be transferred to the Highway Patrol.
- (2) The functions of the present Department of Aeronautics.
- (3) The functions of the Department of Business Research and Development.
- (4) The functions of the Iron Range Resources and Rehabilitation Commissioner and Commission.
- (5) The functions of the Great Lakes-St. Lawrence Tidewater Commission and the Upper Mississippi-St. Croix River Improvement Association.

2. ADVISORY BOARD

There is need for an Advisory Board to assist the Commissioner of Commerce in the establishment of departmental policies. The nature of the Commissioner's work is such as to make it advisable that such Advisory Board have certain strictly specified and carefully limited duties, in addition to those of a purely advisory nature.

Recommendation:

Establish for the Department of Commerce an Advisory Board to assist the Commissioner of Commerce, in an advisory way only, in establishing departmental policies.

The Board should consist of seven members, appointed by the Governor for six-year overlapping terms, and removable by him only for cause. Members should be persons who have demonstrated a broad interest in and familiarity with the business and industry of Minnesota.

The Board should have no administrative responsibility and its findings, decisions and recommendations should not be binding upon the Commissioner.

The Commissioner should be required by law to meet with the Advisory Board not less than four times a year if and when meetings are called by the Chairman, or at the written request to the Commissioner by a majority of the members, at a time convenient to both the Board and the Commissioner.

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The Commissioner should be required by law to make available to the Board such information as they may request regarding the policies and programs of the Department.

Members of the Board should be compensated on a per diem plus actual expense basis; the Chairman should be compensated at a slightly higher rate than is paid the other members of the Board.

The Board should have the following duties, but no others:

To act on charter applications for new banks, small loan companies, thrift companies, building and loan companies, credit unions and other financial institutions licensed to do business by the State of Minnesota.

To fix legal reserve rates for banks within a range to be established by the Legislature.

To fix the fees for investigations necessary to the chartering and licensing of banks, small loan companies, thrift companies, building and loan companies, credit unions and other financial institutions.

To fix fees for auditing services, at such rates as shall make those services self-supporting.

3. QUASI-JUDICIAL BOARD

With the consolidation of the functions of the present Railroad and Warehouse Commission within the Department of Agriculture and Department of Commerce, each of which is headed by a single administrator, there is need for a quasi-judicial board to handle appeals and rate-making matters. In several sections of the report it is recommended that quasi-judicial boards be established because quasi-judicial matters should be determined on the basis of collective judgment, rather than on the decisions of a single individual. The pattern for quasi-judicial boards in each instance follows that described in the accompanying recommendation, except for variations due to the peculiarities of functions assigned to particular boards.

Recommendation:

Establish a quasi-judicial board within the Department of Commerce to handle appeals and rate-making matters.

The board should be independent of the Commissioner of Commerce, and its decisions in quasi-judicial matters should be superior to his.

The board should consist of three members, appointed by the Governor for six-year overlapping terms and removable by him

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only for cause, and who should fairly represent the interests of all concerned.

The board should be located administratively within the Department of Commerce solely for convenience and economy.

4. DIVISION OF BANKING

The Division of Banking is operating at a deficit. The annual expenditures for the past two years have exceeded the receipts by an average of \$5,000. Because of rising costs and the increase of workloads, it is reasonable to anticipate that the expenditures will exceed the receipts by an increasing amount in the years ahead. It is interesting to note that despite the evidence in 1941 that there was need for a general increase in fee schedules, the Legislature changed the examination schedule for credit unions and reduced the charges to these institutions for such service. The fact that the credit unions are being examined at less than cost, means that the burden is being shifted to other institutions subject to examination, and to the general taxpayers.

Recommendation:

Fee schedules for examinations, charter investigations, etc., should be adjusted to do two things:

- (1) Place the services on a self-sustaining basis, and
- (2) Set fees at an amount which will correspond to the cost of the service performed, regardless of the type of institution being serviced. Fees should be set at such a figure as to provide a reasonable reserve to cover minor variations in costs.

5. RURAL CREDITS ORGANIZATION

The duties of the Conservator of Rural Credits are primarily those of liquidation. The total amount of loans and contracts held by the State under the Rural Credits program has been substantially reduced in the past two years. Yet at the present time, the number of funds and the number of accounts within funds is practically the same as it was at the time Rural Credits was a large State operation.

Recommendation:

The number of funds in rural credit operations should be reduced to one, and the bookkeeping should be simplified to correspond with the bookkeeping needs of the present operation.

Specifications for positions in rural credits should be broad enough to permit changes in the duties of employees without

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having to reallocate the positions of these employees to higher paying classes. The number of employees should be reduced to the extent made possible by the simplification of the accounting system.

6. RURAL CREDITS: ITS FUTURE

It is not the purpose of this report to provide a history of the Rural Credits operation in the State of Minnesota, nor to criticize that costly operation. Currently there is discussion of the advisability of disposing of all of the assets of Rural Credits because it appears that the program is being prolonged unnecessarily. The desire to terminate this activity is understandable, but action should not be taken without full consideration of all of the factors involved. Information presented to the Commission indicates that contracts and loans presently held by Rural Credits are returning revenue to the State during the time that the State must pay interest on some 14 million dollars in bonds and certificates of indebtedness which cannot be redeemed before 1954. The present loans and contracts are returning approximately \$120,000 per year, whereas the expenditures for operation of Rural Credits is now about \$50,000 per year.

Recommendation:

The assets of Rural Credits should not be sold or the operations terminated until a careful study has been made to determine whether such action would be economical. The State should make every effort to recoup the losses incurred over the past quarter of a century.

7. DISPOSAL OF LANDS

Under the laws of 1947, lands which were held by the Conservator of Rural Credits were transferred to the Division of Lands and Minerals of the Department of Conservation for disposal by that Department. Much of the land available for sale is sub-marginal land which probably would not bring a price of more than \$2.00 per acre, and which is so located as to make it unwise to offer it for sale because of the potential demand for schools, highways, welfare, etc. from persons who might purchase the land. The law prohibits the Department of Conservation from selling any land for less than \$5.00 an acre. The low value of the land in question, together with the undesirability of disposing of it, results in the Conservation Department's holding about six thousand acres.

Recommendation:

Funds should be provided to permit Rural Credits and the Department of Conservation to survey jointly the thirty-nine

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parcels of land now under the Division of Lands and Minerals to determine which lands should be sold and what lands retained by the Department of Conservation for State purposes.

The Department of Conservation should be authorized to compensate the Department of Rural Credits at a figure (estimated at \$6,000) agreed upon by the two departments, for land retained for State purposes. This would permit Rural Credits to clear the item from its books.

Land which can be sold without adverse indirect cost to the State should be transferred back to Rural Credits for disposal.

8. INSURANCE: PREMIUM TAX

Revenue from the insurance industry is produced by a 2% premium tax which is levied on only a part of the insurance industry in the State of Minnesota. The Commission is not passing upon the merits of a tax policy which includes a tax on insurance premiums paid in the State. It does point out, however, the inequality which exists here without apparent justification.

Recommendation:

The tax structure should be revised to include all insurance premiums now exempt from taxes under the present laws of the State.

The law should provide that the 2% premium tax now imposed on part of the industry should be imposed on all premium income, except for that received by Township Mutuals doing business only on a local level and not on an interstate or state-wide basis. The exemption of Township Mutuals should be continued, however, only so long as they are subject to the present restrictions as to area of operations and kinds of insurance sold.

9. INSURANCE: TOWNSHIP MUTUALS

A large number of the people of Minnesota are being insured by Township Mutuals on a local basis. The interests of such persons should be protected. Examinations by the Division of Insurance are designed to give this protection, but the Township Mutuals are not subject to examination.

Recommendation:

The Division of Insurance should be authorized to examine Township Mutual Insurance Companies at least every three years.

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10. INSURANCE: LAWS

The insurance code of the State of Minnesota has been amended so many times that it has become almost impossible for the insurance industry to interpret its many and sometimes conflicting provisions.

Recommendation:

There should be a complete revision and recodification of the Insurance Laws of the State of Minnesota.

11. INSURANCE: ANNUAL REPORT

Virtually the only source of information on the activities of the entire insurance industry within the State is the Division of Insurance. Each year the division prepares an annual report to the Governor which contains information of interest and value to people in the insurance industry.

Recommendation:

The annual report of the Division of Insurance to the Governor should be published and made available to the industry.

12. INSURANCE: APPROPRIATION

In 1944 the United States Supreme Court declared the insurance industry to be interstate commerce. Since that time there has been evidence of a desire on the part of the Federal government for Federal regulation of the insurance industry. At the present time State supervision is being continued under an agreement between the Congress and the States whereby the States may retain supervision only so long as the Congress considers such State supervision to be adequate. If the administration of the insurance laws of the State should fall below the standard set by the Congress of the United States, it is likely that the power to regulate the industry within this State would pass to the Federal government and the State would lose the nearly \$5,000,000 of annual revenue which is now collected through the premium tax.

Recommendation:

Appropriations for the activities of the Division of Insurance should be increased by \$60,000 annually in order to maintain the highest possible standard of service.

13. SECURITIES: REGISTRATION

Section 80.08 of the Minnesota Statutes grants to the Commerce Commission authority to deny an application for registration of securities "for good cause appearing to the Commission." Although the courts have ruled

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that fraud or a tendency to defraud must be shown in denying an application, an applicant who receives a denial has no recourse except to the courts which would have the effect of defeating his own purpose. Legal action by an applicant, even though he were to be successful, would involve delay and publicity which would likely make his transaction unsuccessful.

Recommendation:

Section 80.08 should be rephrased so as to define more precisely the circumstances under which registration of securities by application may be denied.

14. SECURITIES: CO-OPS

Securities of cooperative associations are exempt from the registration provisions of the law. This type of financing has expanded greatly in recent years and the securities often find their way into the hands of inexperienced investors.

Recommendation:

The securities of Cooperative Associations which are offered for sale to the general public should be placed under the same registration requirements as apply to other securities, in order to provide protection for the investing public.

15. SECURITIES: SALESMEN

There is growing use of part-time salesmen to distribute certain kinds of securities, notably mutual bonds and shares. Frequently, such salesmen are inadequately trained.

Recommendation:

The rules and regulations of the Department of Commerce should be more precise as to the qualifications required of salesmen of securities.

16. SECURITIES: REPORT

The law requires the Commissioner of Securities to prepare a lengthy and detailed annual report, the bulk of which consists of lists which could as well be made available for reference in the Commissioner's office.

Recommendation:

The law should be amended to permit a more simplified report form, with consequent savings.

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17. COMMUNITY PROMOTION

The program of business research and development which the State has carried on has concentrated on assistance to the small towns of the State, leaving the three large cities to operate their own promotional activities with their specialized staffs. The program is still in the formative stage and consideration should be given to devices for more efficient and economical service.

Recommendation:

Consideration should be given by the Department of Commerce to a plan for regional efforts which would combine the promotional activities of several towns or cities in the various "natural" areas of the State and provide economy of effort on the part of local communities.

18. INDUSTRIAL PROMOTION

One of the most valuable services which the State provides to industries thinking of locating in Minnesota is the assembling of essential data on cities and regions of the State, which data may be used as factual background in the industries' consideration of locations and sites.

Recommendation:

The program of gathering basic data for industrial use should be expanded to meet the demand.

19. TRUCKING OPERATORS

In performance of its regulatory functions the State has an obligation to the citizens to tell the "why" of the regulations. There is not, however, an obligation to do the citizens' work for them in order that they may avoid violation of law. Personnel in the Bus and Truck Division of the Railroad and Warehouse Commission have devoted a good portion of their time to helping individual truckers and trucking companies properly keep their records, remit properly for C.O.D. items and in general doing many things which the operators should be doing for themselves.

Recommendation:

The laws should be amended to make trucking operators solely responsible for their own operations.

20. HIGHWAY INSPECTION

Inspectors of the Railroad and Warehouse Commission travel the highways of the State checking on truck and bus safety, licenses, permits, etc.

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Recommendation:

The highway inspection activities performed by the Railroad and Warehouse Commission personnel should be transferred to the State Highway Patrol.

21. RAILROAD PROPERTY VALUATIONS

If the value of the railroad property in any taxing jurisdiction exceeds 25% of the entire property value, that jurisdiction shares in the gross earnings tax assessed against railroads. There are about 27 such communities in the State, to which some \$100,000 of the gross earnings tax is allocated annually. The Engineering Division of the Railroad and Warehouse Commission is required by law to keep up-to-date valuations of railroad property in each of these jurisdictions as well as certain other jurisdictions. The cost to the Division is between \$10,000 and \$12,000 annually.

Recommendation:

Methods of evaluating railroad property should be revised to reduce the present exorbitant cost.

22. HEARINGS

One of the most costly functions of a regulatory body is the holding of hearings. Public protection, of course, is of first importance. However, judgment must be used to assure that the hearing process does not become unduly expensive.

Recommendation:

Hearings by the Department of Commerce that are not mandatory should be eliminated wherever possible, consistent with adequate protection of the public. More extensive use should be made of examiners to conduct mandatory hearings, when this will conserve the time of top level personnel. Reporters' notes should be filed regularly and transcribed only when required.

23. UTILITY REGULATION LAWS

Over a period of years, the laws with their several amendments often become conflicting and inappropriate to the times. For example, the State law requires a member of the Railroad and Warehouse Commission to visit annually each county in which there is a railroad and to inquire into the railroad business of the county. He must make inspections of depots, after filing advance notice in the local newspapers.

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Recommendation:

A special committee of the Legislature should be appointed to study the laws relative to the regulation of utilities for the purpose of removing archaic provisions and bringing the laws into conformity with modern requirements and practices.

24. TOURIST BUREAU

The State spends substantial sums each year to attract tourists to our State. Unless the expenditures get results they are completely wasted.

Recommendation:

A competent Citizens Advisory Committee should be created to review the expenditures of the Tourist Bureau at regular intervals to determine that a choice of media and other advertising activity is consistent with the demonstrated consumer preferences and responses among our recreational visitors.

CHAPTER V

To Achieve Greater Efficiency and Economy in **CONSERVATION**

INTRODUCTION:

The term "conservation" as used in this report embraces the preservation and development of natural resources, and the activities incidental to the principal objectives of the State's several conservation programs.

Conservation is a major function of the Minnesota State Government. The fact that Minnesota's economy is built around several great extractive industries and the tourist trade makes careful husbanding of our natural resources of vital concern to every citizen.

The successful administration of the conservation function depends upon the presence of the following:

- (1) Sound long range policies, patiently and courageously adhered to;
- (2) Appropriate organizational structures;
- (3) Highly trained and skilled technical personnel; and
- (4) Scientific methods and equipment.

1. ORGANIZATION

Industrialization of our nation has been accompanied by a growing false notion that so long as we can manufacture and fabricate we can produce. As the number and size of our urban areas increase, appreciation of the importance of natural resources diminishes. Therefore, the major task of state officials in the field of conservation is to inform, advise, educate, and direct the public for the protection of its own long range interests; to demonstrate that without natural resources to process we can produce nothing. Administration of departmental affairs is of secondary importance.

Furthermore, the various conservation programs are closely inter-dependent. As an example, fish propagation depends on water supply, and water supply depends on land use.

The conservation agencies of the State must be organized with the major task of those agencies clearly in mind, and the close inter-dependence of the various programs recognized.

Recommendation :

The Department of Conservation should be headed by a Commissioner of Conservation appointed by the Governor and removable by him.

The Department should be so organized that the immediate subordinates of the Commissioner of Conservation should be two, namely a Deputy Commissioner of Conservation and an Assistant Commissioner of Conservation.

The Deputy Commissioner of Conservation and the Assistant Commissioner of Conservation should be career men who are under civil service, but the major functions of each should be entirely different.

The Deputy Commissioner of Conservation should be in charge of the administration of the day-to-day affairs of the department. The directors of the several divisions of the department should report to the Deputy Commissioner and he should have within his office a business management unit into which would be centralized all the business management affairs of the department having to do with fiscal, personnel and "housekeeping" activities, and a legal section.

The major responsibility of the Assistant Commissioner should be public relations, sharing with the Commissioner the attendance at meetings and having under his direction the activities of the Information Division.

2. SOIL CONSERVATION

At the present the State's Soil Conservation Committee is relatively independent of the Department of Conservation. This relative independence prevents the necessary close cooperation which ought to exist between the State Conservation Committee and the Department of Conservation.

Recommendation :

Establish a Division of Soil Conservation to be headed by a director who should serve as the executive secretary of the Soil Conservation Committee.

The Soil Conservation Committee should consist of the State Commissioner of Agriculture and the Director of the Production Marketing Administration (of the U. S. Department of Agriculture), as ex-officio members, and three public members appointed by the Commissioner of Conservation.

It should be a major function of the Director of the Soil Conservation Division to serve the Soil Conservation Committee.

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3. PUBLIC RELATIONS

The Commission wishes to emphasize, again, that public relations in the broad sense are the major tasks of the Department of Conservation. For this reason, it has recommended the establishment of an Assistant Commissioner position to reduce the public relations load upon the Commissioner.

Successful conservation programs are greatly dependent upon public knowledge and acceptance. Today the competition for attention is extremely keen yet there are available today better facilities than ever before to inform and re-educate the public. It is the belief of the Commission that an informed public will accept programs based on sound policies set forth by the Department.

Recommendation:

Establish a strong Division of Information headed by a highly qualified information man under the general direction of the Assistant Commissioner.

He should be responsible for aggressively informing, educating and publicizing on conservation matters.

He should be editor of the department's magazine and should steadily push for its expanded circulation and should have the same status as the other directors of the various operating divisions who report to the Deputy Commissioner of Conservation.

4. ADVISORY BOARD

Centralization of authority and responsibility for the major functions of State Government in single positions is necessary for maximum efficiency of operations. However, it is necessary that the heads of large and important departments be constantly aware of the interests of persons who are affected by the policies of the department.

Recommendation:

Establish for the Department of Conservation an Advisory Board to assist the Commissioner of Conservation, in an advisory way only, in establishing departmental policies.

The Board should consist of five members, appointed by the Governor for six-year overlapping terms, and removable by him only for cause. Members should be persons who have demonstrated a broad interest in, and familiarity with conservation activities in Minnesota.

The Board should have no administrative responsibility and its findings, decisions and recommendations should not be binding upon the Commissioner.

The Commissioner should be required by law to meet with the Advisory Board not less than four times a year if and when meetings are called by the Chairman, or at the written request to the Commissioner by a majority of the members, at a time convenient to both the Board and the Commissioner.

The Commissioner should be required by law to make available to the Board such information as they may request regarding the policies and programs of the Department.

Members of the Board should be compensated on a per diem plus actual expense basis; the Chairman should be compensated at a slightly higher rate than is paid the other members of the Board.

5. NON-MINERAL LANDS

The duties of the director of the Division of Lands and Minerals are highly specialized. Unfortunately, there has been assigned to this division the administration of other than mineral lands, which has reduced the effectiveness of the division in carrying out its major functions.

Recommendation:

All non-mineral lands administered by the Department of Conservation should be transferred from the Division of Lands and Minerals to the Division of Forestry.

The responsibility of coordinating the activities of all agencies, such as townships, counties and the State Department of Conservation having to do with the management and administration of public lands should be vested in the Director of the Division of Forestry.

The State Geographic Board should be discontinued and its duties assigned to the Division of Forestry.

6. POLICIES

The Commissioner of Conservation cannot escape the responsibility for making important decisions. He does have, however, considerable latitude in the selection of advice and facts upon which such decisions are based. Fortunately, the department staff and facilities are capable of producing the kind of technical information necessary if policies are to be based on scientifically-determined facts. Facts, however, have been discarded in favor of opinions. Particularly has this been so when there appeared

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unanimity of opinion among the special interest groups which have organized themselves to "bring pressure to bear." The Commission has found that some administrative decisions, such as changes of game, fur and fish seasons, reversals of recommendations of the Director of Lands and Minerals on mineral prospecting permits and renewals of mineral leases, and failure to salvage forest products advised by the Division of Forestry, have been based on the whims of pressure groups, political groups and individuals, and not on the technical advice of technicians within the Department. The Governor's Advisory Committee on Conservation frequently is not given the facts behind regulations. The biologist's recommendations and the Committee's recommendations were over-ridden on the 1950 closed deer season.

Recommendation:

Departmental and division policies should be based on what is found to be technically, ecologically or fundamentally correct to the best of existing knowledge and uses, and not on the emotions or opinions of any group of groups not technically qualified in the particular field.

If the facts indicate a choice of policy is available, the Department should seek the suggestions and recommendations of the official advisory board before deciding on a particular policy.

7. STAFF MEETINGS

Policies are meaningless unless effectively administered, and good administration doesn't just happen. It must be worked at constantly, to keep the staff alert, the organization adapted to changing problems, and the parts of the organization synchronized. These things can be accomplished only if there is understanding throughout the organization of the objectives and procedures of the department, delegation of authority to the division heads, and a high morale which stimulates action.

Recommendation:

Fairly frequent, even if irregular, staff meetings of the Commissioner and division directors should be held. The primary objective of those meetings should be to integrate the several divisions into a smooth functioning organization in which top personnel serve the Department of Conservation first and then their particular divisions.

8. CONSERVATION MAGAZINE

The departmental magazine has proved its worth, although its full effectiveness has not been reached because of excessive editing of factual

articles to force them into a pattern of departmental and divisional thinking. Department men in the scientific field should have the same right as those in the education field to publish in scientific journals the results of their research efforts and should be encouraged to do so.

Recommendation:

Publication of the conservation department magazine written for laymen should be continued.

It should include technical information and articles prepared by field men of the department, uncensored by division directors.

The cost of the magazine should be pro-rated among the various divisions according to their respective budgets.

9. PERSONNEL ADMINISTRATION

Competence and high morale within the technical staff are major ingredients of effective administration. A number of conditions, in and out of the Department's control, have prevented maximum effectiveness. For example, the Commissioner spends too much time on game and fish work; the activities of game conservation and land use have not been coordinated; the research programs are not sufficiently applied to the solution of basic problems; the artificial game bird propagation program is of little assistance to either the sportsman's bag or the breeding population. Those recommendations which the Department can adopt are included here; others, necessary but outside the Department's jurisdiction (such as extension of civil service, more realistic civil service examinations for technical positions, limited veterans' preference, higher salaries, etc.) are included elsewhere in the report.

Recommendation:

Technical personnel should not only be permitted but encouraged to publish in scientific journals the results of their research.

Establish within the office of Assistant Commissioner a program of in-service training of departmental personnel so that each employee of the Department of Conservation shall come to understand and be qualified to discuss and explain the objectives of the Department.

Top personnel should restrain themselves from personal participation in the administration of individual divisions. They should delegate responsibility to division heads, and assist them in increasing their ability to handle greater responsibilities.

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ities. They should thus conserve their energies and talents for the important tasks of making policy, directing overall administration and representing the Department of Conservation.

10. GAME AND FISH

The Division of Game and Fish spends more money than all of the rest of the Department of Conservation. A large part of the expenditures is financed from license fees which, in effect, are dedicated funds. Such large expenditures should be made prudently, in accordance with policies based, to the fullest extent possible, upon factual data. To do otherwise leads to short-sighted, unwise, and wasteful programs. The Division is hampered by internal politics, pressure groups, and partisan political influence. This gives rise to a program in which vast sums are spent on questionably productive, short-range, short-sighted groups of activities ill-fitted to a policy that should rest on sound biological and ecological facts.

Modern game management operates under a policy that first requires a sound land use plan and then recognizes that any improvement in the status of wild life is dependent upon such a sound land management program.

The Commission appreciates the fact that the Division of Game and Fish has been under undue pressure from groups that have insisted on the expenditure of millions of dollars for unwise purposes. In addition to these groups, the Commission has noted that even legislators use the influence of their office to encourage unsound game and fish practices.

It should be pointed out also that the present administration of the Division of Game and Fish, intentionally or unintentionally, has encouraged public misconception of a sound conservation program by annually soliciting advice from unqualified organizations as to game populations, suggested bag limits and length of seasons, as well as by encouraging the demand from such groups for artificial propagation of species, increased bounties, and other unwise and costly practices.

Recommendation:

Develop immediately a long-range departmental policy based on:

- (1) Sound land use;**
- (2) Sound fisheries practices, and**
- (3) Accepted game management practices.**

The present program should be re-analyzed and re-evaluated, then altered to fit the long-range policy. The official advisory board proposed herein should be used to assist in establishing these policies.

11. GAME WARDENS

Just as the policeman on the beat is the "city government" to most city dwellers, so the game warden is "the Department of Conservation" to those who frequent woods and streams. Armed with a knowledge of the Department's long-range policies, as well as a gun, game wardens are the best public relations men the Department has. The strict enforcement of the game and fish regulations is important, but the reasons for such regulations are even more important. Furthermore, there is need for closer supervision of warden personnel. The present practice of sending the wardens' daily reports direct to the St. Paul office prevents the district supervisors from using one of the best supervisory tools available.

Recommendation:

Wardens should be trained in the overall objectives of the Department and the peculiar problems of the districts to which they are assigned.

On-the-job training should be continuously carried on under direction of district game warden supervisors who should receive for examination the daily reports of the game wardens and should maintain a permanent record of activities within their districts.

A study should be made to ascertain the feasibility of consolidating the work of field men in the Divisions of Game and Fish and Forestry under a district conservation officer who would be responsible for the direction of all conservation officers working in the district.

All reports, including diaries, should clear through such district conservation officers, and they should be responsible for the development of a good land use program for their respective areas.

12. FISH PROPAGATION

It is the opinion of recognized experts that artificial propagation should play a relatively small role in fisheries matters. Lake and stream improvement, with a resulting improved condition which encourages natural propagation, should get the bulk of attention and funds. Yet, from the 1948-49 budget of the Conservation Department only a little over \$60,000 was spent for lake and stream improvement and natural propagation, while more than eight times that amount was spent for artificial propagation.

Recommendation:

Relatively greater emphasis should be placed on natural propagation of fish.

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13. FISHERIES

Basic fisheries research should precede expenditures. It is unwise and wasteful for a department to undertake programs unless it knows where it is going and what the limitations on its programs are likely to be. Furthermore, research should be continuous, and geared to a long range departmental policy. Research projects should be carefully thought out before started, and then carried to completion. They should not be "put on the shelf" in favor of "service biology" projects. The fisheries research programs of the Department of Conservation have suffered from all of these faults.

Recommendation:

Establish a comprehensive, far-sighted basic research program, and defer any extensive fisheries expenditures until the research program demonstrates the need.

Thereafter, basic research on fisheries biology should have priority over service biology.

14. STREAM IMPROVEMENT

Stream improvement efforts are futile unless water sheds are under control. Minnesota has been retarded in this because of the view that public money cannot be used on private lands for soil conservation purposes.

Recommendation:

Authorize reasonable expenditures on private lands where stream improvement will clearly result.

The proposed Division of Soil Conservation should serve as a liaison between the Department of Conservation and the United States Soil Conservation service to obtain maximum stream improvement benefits from the soil conservation work in the various local districts.

15. FISH PLANTING

Fish planting, particularly of trout and wall-eyed pike, is costly. It runs as high as \$1.50 per pound of fish taken to creel.

Recommendation:

Establish a special license to pay for fish planting.

16. ROUGH FISH CONTROL

Control of rough fish, not elimination, is the most realistic objective of a rough fish removal program. Game fishing can exist where there are

carp. On the other hand, some lakes whose value for game fishing has been impaired by silting and erosion can be made good permanent carp lakes. The State policy with regard to rough fish is not realistic.

Recommendation:

Establish a program of rough fish control, using carp control dams where warranted and employing private contract fishermen, except for routine duties.

17. WILDLIFE DEVELOPMENT

Both the University and the Department of Conservation have an interest in wild life development. Students need practical experience, and the Department's Division of Game and Fish needs the part-time services which students can provide.

Recommendation:

The Department of Conservation should grant modest stipends for employment of highly qualified graduate students in the execution of the wild life development program.

18. COORDINATION OF PROGRAMS

The inter-dependence of conservation programs is especially apparent where wild game is concerned. Game conservation is related to land use, while food and cover are related to soil conservation.

Recommendation:

Establish closer coordination of game management and the programs of other units in and out of the Division of Game and Fish.

19. RESEARCH

The solution of many basic management problems depends on the findings from research projects, and the experiences of departments in other states. Season determination for fish and game is only one of many uses of research.

Recommendation:

Research personnel should be relieved of administrative duties in order that they may devote more time to research. The department should exercise courage, as well as caution, in adopting modern game management practices based on research findings and experience.

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20. GAME REFUGES

Minnesota has over three million acres of game refuges. Properly managed, a game refuge can be an important device for promoting game population, although there are four or five other ways to accomplish the same goal. Improperly managed, a game refuge can defeat its own purpose by reducing the carrying capacity of the range or over-populating areas with consequent loss to disease or predation.

Recommendation:

Restricted use, if not discontinuance, of the Red Lake Refuge, and greater flexibility in the use of all refuges.

21. BOUNTIES

The State provides bounty money for only one purpose—to reduce the population of predatory animals. Bounties paid on a state-wide basis without regard to ecological situations, are a waste of public funds.

Recommendation:

A flexible bounty program related to local land use problems.

22. FORESTRY

For forty to fifty years, Minnesota has ignored an important economic fact. That fact is that the potential value of Minnesota's forest production far exceeds the potential value of her mineral production. Ignoring facts usually leads to costly mistakes. In this case instead of perpetuating, managing and preserving forests, the State has permitted millions of dollars of loss by fire, disease and insects, for want of adequate personnel and equipment.

Recommendation:

The State should invest an additional one million dollars per year for such a period as necessary to acquire and maintain the personnel and equipment needed to protect the forests against fire, insects and disease and to develop the State's forests.

23. TAX-FORFEITED LANDS: MANAGEMENT

The State holds in trust for local political sub-divisions 4,300,000 acres of tax-forfeited lands. No long term plan for management of these lands has been devised.

Recommendation:

The Division of Forestry should be assigned the responsibility of developing a long range plan for the management of tax-forfeited lands.

The Commissioner of Conservation should be given such decision-making authority as is necessary to permit the completion and inauguration of this plan within three years.

24. TAX-FORFEITED LANDS: EARNING CAPACITY

Several million acres of tax-forfeited lands are held by the State because the owners would not or could not pay the taxes levied against this property by the various taxing jurisdictions, both State and local. Thousands of acres are still held in trust because the counties and private operators do not agree as to the earning capacity of certain forest lands and the tax revenue they should produce to the county. This stalemate is to the disadvantage of all concerned.

Recommendation:

Accept the statement by experts that, in general, a tax of ten cents per acre per year on productive forest lands is the break-even point.

The Division of Forestry should assign qualified personnel to auxiliary forest work for the purpose of education, standardizing procedures, and supervising the operation of the auxiliary forest law.

State and County forestry officials and the auxiliary forest owners, at the start of each logging season, should agree on general cutting regulations and the schedule of prices for timber to be cut on auxiliary forest lands.

Larger owners should estimate the total cut for the year from auxiliary forest lands and post a bond covering the total estimated yield tax plus twenty-five percent.

The State Area Forestry Supervisor should be notified directly when cutting is to be undertaken on auxiliary forest lands and copies of this notification should be sent to the County Auditor and the State staff man assigned to the auxiliary forest job, with the understanding that cutting can commence within one week of the date of notification to the area supervisor unless the owner is advised otherwise.

The State Division of Forestry should be responsible for the scales on the cuttings of the auxiliary forest lands.

Authority for conducting hearings, and for approving or rejecting applications for auxiliary forests should be transferred to the Commissioner of Conservation from the Boards of County Commissioners.

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By agreement with the County Board, and with the approval of the Commissioner of Conservation, the owner of an auxiliary forest tract should be permitted to make an annual advance payment of four cents an acre to the county, which sum should be credited against the yield tax when it becomes due.

25. LAWS

Over a period of years laws become out-dated and in conflict with one another. This has happened to the laws relating to State lands, tax-forfeited lands, and forestry matters.

Recommendation:

The State timber laws should be amended to permit modification in both size of sale and period during which cutting must be completed following sale of state-held forest lands.

The State land laws should be amended to permit sale of trust fund lands for specified conservation purposes.

All laws relating to State lands, tax-forfeited lands and forestry matters should be codified.

26. MEMORIAL FORESTS

Some of the memorial county, municipal, township and school forests of the State are of such area and location as to make difficult, if not impossible, the profitable management on a productive basis. Also, in most cases counties will not offer for sale land best suited for timber production.

Recommendation:

The Commissioner of Conservation should conduct a survey of all present memorial county, municipal, township and local forests to determine whether or not the size and location of such forests is such that it would be possible to manage profitably the forest on a production basis, having in mind the personnel and funds available for such purpose.

If such survey of any forest determines that the area or location is too large for such purpose, then such forest should be reduced as determined by the Commissioner of Conservation, and the territory not included within the limits determined by the Commissioner should then revert to the status of other tax-forfeited lands.

All county, township, school and memorial forests should be examined and classified and a management plan submitted to the Department of Conservation for approval within three years

from the date of the establishment of the forest. The Commissioner should be requested to approve or disapprove the plan within six months of his receipt of it, but if no plan is submitted the land should revert to the status of other tax-forfeited lands.

Upon request of any bona fide prospective purchaser (and approval of the request by the Department of Conservation), the county should be required to offer for sale land for auxiliary forest purposes in blocks not to exceed five thousand acres in one unit.

27. LAKES AND STREAMS

A single lake or stream may have potential use for industrial, recreational or conservation purposes. Oftentimes there arise conflicts among the parties who are interested in the development of a particular lake or stream for a particular purpose. At present, before a determination as to use of a particular lake or stream can be made, it is necessary for the interested parties to go through a long series of lengthy hearings.

Recommendation:

For the purpose of reducing the number of hearings, and to guide the Department of Conservation in lake and stream improvement and wild life propagation, the Commissioner of Conservation should be empowered immediately to survey and classify for industrial, recreational or conservation purposes all lakes and streams within the State.

28. TIMBER SCALING

Wherever the sale of State timber is involved, extreme care should be exercised to avoid any loss to the State.

Recommendation:

When State, County or auxiliary forest timber is cut subject to scale, adequate records should be kept. The functions of the surveyor general of logs and lumber should be transferred to the Division of Forestry, with provision made in the Department of Post-Auditor for check scaling timber cut on State or County lands, or auxiliary forests.

29. STATE PARKS

The tourist trade is one of the major industries of the State. Consequently, sound management and adequate maintenance of the State parks is very important, for the benefit not only of the residents of the State who

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wish to use park facilities, but also of the thousands of persons from out-of-state who visit Minnesota. The park system cannot be adequately managed and maintained if it is over-extended and the funds are spread too thinly over the whole system. The State park system should not be further expanded until such time as an adequate plan for management, improvement and upkeep of present parks has been fully developed. The status of our present State parks should be re-evaluated and parks which have outlived their usefulness should be eliminated. Such an economy would make additional money available to other parks. The Tourist Bureau should widely publicize the nature and location of State parks. It now fails to do this.

Recommendation:

With the assistance of recognized authorities in the field of park development and management, the Department of Conservation should develop a master park plan for the entire State.

The number of parks should be reduced, or the present system expanded, or additional land for parks be acquired according to the provisions of the master park plan.

Recognition should be given to the large number of tourists who need and enjoy roadside areas with picnic facilities, and the Department of Conservation and the Department of Highways should cooperate in the development of more of these facilities with adequate identification on maps and along highways to show their location.

CHAPTER VI

To Achieve Greater Efficiency and Economy in **EDUCATION**

INTRODUCTION

This chapter deals with administration of the highest-priced function of the State government. The Commission does not propose to quarrel with those who contend that education is "cheap at any price." It does observe that because huge expenditures are being made for education it is extremely important that we do whatever can be done to provide a full dollar's worth of educational service for every dollar spent.

The Commission was materially assisted in its work in this field by a firm of experienced management consultants.¹ Copies of the report of this firm contain findings and recommendations to which the reader is referred. The report is available to the Legislature, the Governor, and interested State officials and citizens.

Conclusions from a study of this kind are built upon certain basic concepts. The Commission has based its conclusions on the fundamental principle that education is primarily the responsibility of the parents and the local community. The government—first at the local government level, then at the county level, and finally at the State level—has an obligation to assist the parent but never entirely to supplant parental and community responsibility for the education of the child.

Contained herein are recommendations which, in the judgment of the Commission, will protect Minnesota's high position in education, yet will provide more efficient and less costly administration within the constitutional educational structure which prevails in our State.

1. LEGISLATIVE ADVISORY COMMISSION

There is a vital need for the integration and coordination of the curricula of the State's institutions of higher education. The Commission found duplication of curricula which is a potential source of waste and extravagance.

The concept and rank of professors varies between institutions, and misunderstandings occur as a result thereof.

¹Public Administration Service, Chicago

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There is need for further refinements in the control of research programs being carried on by the colleges within the University and other State institutions.

The cost of the educational system of the State is increasing at a tremendous rate, far in excess of increases due solely to higher costs. No statutory limits, nor even definition of general powers or purposes, exist to furnish a boundary for educational activity. Expansion beyond the ability of the State to carry the load is likely if some such limits are not established or defined.

There is need for an agency to provide information and qualified independent judgment relative to the needs of the State-supported institutions of higher education.

Recommendation:

Establish a five-member legislative advisory commission on higher education composed of the President of the University, the Commissioner of Education, two lay members and a full-time executive director appointed by the Legislature. The executive director should be a professional educator of high standing.

The Commission should have no administrative authority or power but should report to the Legislature as to whether the programs for which the institutions request appropriations are in conformity with its recommendations and free from expensive and competitive duplication.

2. BOARD OF EDUCATION

There is nothing in the statutes to indicate the purpose or to define the limits of the educational responsibility of the State Board of Education. In defining the general powers and duties of the Board there should be recognition that the development of literate, intelligent and self-supporting citizens, in industrial America, requires a more effective coordination of academic and vocational education. Few citizens are able to contribute much to their community until they are able to more than sustain themselves.

Recommendation:

Enact into law a guide for the policies of the State Board of Education, charging the board with responsibility of establishing educational policy to the end that:

- (1) All children of school age in the State shall be provided with opportunities for the basic education needed by a lit-

erate and intelligent citizenry necessary to the continuation of democracy, and

- (2) So far as may be done under the laws of the State, all children, youths and adults shall be provided the opportunity for vocational training to meet the legitimate vocational needs of such persons and to assist them to become useful and productive citizens.

3. ADDITIONAL FUNCTIONS

If the usual pattern of organization along functional lines were followed, all educational agencies would be placed within a single department. The Commission has considered an alternate arrangement providing for a Department of Higher Education which would include the University, the five teachers colleges and the junior colleges. The latter would acceptably divide administrative responsibility in the field of education between elementary and high schools under the Board of Education, and education above the high school under the Department of Higher Education.

However, the Teachers' College programs need to be closely coordinated with the general education system. While they are, in a minor way, institutions for general educational purposes, the Teachers' Colleges are primarily teacher-training institutions, and this should continue to be their main function.

Recommendation:

Transfer to the Department of Education the functions now performed by the Teachers' College Board, the School for the Deaf and the Braille and Sight-Saving School. The Department of Education should retain its present functions.

4. POLICY-MAKING BOARD

There is need for continuity of policies and stability of programs in the field of education. Also, there is need for safeguards against the use of the Department of Education for propaganda or political purposes. The sound administrative practice of having executive department heads appointed by the Governor has, we believe, a justifiable exception in the field of education.

There should be placed in one department, however, full responsibility for all education work, except that of the University.

There is need for a complete, unified, coordinated educational program for the entire State, based on continuous study.

There should be in the Department of Education a chief executive

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officer who would have clear legal authority to provide leadership for concerted action, coordinated supervision and elimination of waste.

Recommendation:

- (1) Place at the head of the Department of Education a nine-member policy-making board, appointed by the Legislature for six-year overlapping terms and in a manner similar to appointment of members of the Board of Regents.**
- (2) The functions of the board should be policy-making within limits definitely fixed by the Legislature. It should confine its activities to those of an advisory and legislative nature, including such specific matters as approval of the budget, the annual report and departmental rules, regulations and standards.**
- (3) The Board of Education should employ an executive to be designated Commissioner of Education, to have complete administrative control of the department.**
- (4) The Commissioner of Education should have power to appoint all departmental employees, including the teachers' college presidents whose appointments should be subject to approval of the Board of Education.**

5. STAFF, TECHNICAL AND INSPECTION SERVICES

The present organization of the Department of Education is deficient in the following respects:

- (1) At no place in the department is responsibility centered for coordinating research on the educational problems of the State, for identifying the major educational needs, and for planning the programs of the department and of other educational institutions to meet these needs.**
- (2) The provision of departmental administrative services and the processing of state aids (after certification) should be organizationally separated from research and planning functions.**
- (3) The organizational dispersion among 10 or more units of services to the 7,000 local school systems in the state produces a fragmented program and a lack of cohesion and purposefulness in the department's efforts, undoubtedly results in a great deal of inefficiency in such matters as the scheduling of field visits, and makes it difficult for the department to provide consultative services to the local school systems equally and uniformly.**

- (4) This same organizational dispersion of effort means that practically each division in the department is attempting to serve the essentially local and immediate needs of each of the 7,000 school districts, at the expense of more concentrated attention to the preparation of published materials—on curriculum improvement, school business administration and the like—which could be made available to and be made to serve, all school districts uniformly.
- (5) At present no provision is made for administration of the Teachers' College program.

Recommendation:

1. Provide staff services to the Commissioner, consisting of a Research and Planning Division and a Division of Departmental Administration.

The Division of Research and Planning should have responsibility for analyzing reports, statistics, and other materials pertinent to educational problems confronting the State; for identification of education needs and for the formulation of methods to meet these needs; for the maintenance of close liaison with other agencies conducting educational and related research.

The Division of Departmental Administration should carry on for the Department—or be the department's representative with the other State agencies responsible—such administrative functions as budget preparation and control, personnel transactions, purchasing, accounting, and payroll administration. In addition, the Division should perform the administrative processing of State aids to local school systems (after certification by other Divisions), and should provide the necessary central office facilities such as switchboard services, duplicating services and the like.

2. Establish three technical divisions covering instructional services, vocational services and school administrative services. These Divisions should be responsible for the development of phases of the total program coming within their individual specialties and serve as training and advisory groups to the field staff.

The Instructional Services Division would be concerned with development of suggested general curricula, improved teaching methods and aids, the effective use of classroom and related equipment and the preparation of technical guidance materials and manuals for the use of agency field staff and local school

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officials. It should also be responsible for teacher certification and other teacher personnel services.

The Vocational Services Division should have similar responsibility in the vocational fields and also—because of its close relationship—for the vocational rehabilitation program conducted by the Department.

The School Administrative Service Division should be concerned with improving the school organization, budgeting and accounting systems, physical plant problems, the school lunch program and transportation of school children. It should also compute and certify State and Federal aids in accordance with the policies of the Department and upon certification of the eligibility of the schools by the field staff.

3. Establish a level embracing inspectional and advisory services to school districts (field services), the operation of the two schools for handicapped children—Braille and Sightsaving School and School for the Deaf—and Teachers Colleges.

Responsibility for normal field activities of the Department should be centralized and assigned to a single unit—the field services. The staff of this Division would make periodic visits to the local public schools, identify and discuss needs and problems with appropriate officials and offer constructive assistance as required. Field staff members should be generally familiar with the range of problems confronting school administrators and instructional employees—including curriculum, teaching methods, use of equipment and general school administration. Particularly complex or specialized problems should be referred to the appropriate technical office division through the chief of the field unit for special advice and assistance. The technical divisions should be responsible for the study and analysis of school needs; for the formulation of techniques, methods and specific plans for meeting these needs; and, on the basis of such study, for the preparation of manuals, bulletins and other materials. Results of specialized office activities should be brought together in the field operations unit and applied directly to local school problems through a coordinated field service program.

The two institutions transferred from the Division of Public Institutions—the Braille Sight-Saving School and the School for the Deaf should be located in the Department directly under the Commissioner. The operation of these schools should receive direct attention, as required, by the executive head of the agency although it would be expected that large delegations of authority for operations would be made to the respective superintendents.

The schools, however, should receive special services from functional units of the agency, and administrative controls and services should be provided to them by the Division of Departmental Administration.

The Teachers College Division should assume the administrative duties previously performed by and under the direction of the Teachers College Board.

6. COUNTY SCHOOL SUPERINTENDENTS

The Department of Education uses many field personnel in its general supervision of local school systems. The effectiveness of their work is dependent upon the competence and workmanship of the elected County School Superintendents. Yet there are no particular educational qualifications required of a candidate for County Superintendent of Schools.

Recommendation:

Authorize Boards of County Commissioners to appoint County Superintendents of Schools, subject to the approval of the Commissioner of Education.

The County Superintendent should be required to hold a teaching certificate equivalent of that required of the administrative or supervisory assistant for the public schools.

County Superintendents should perform such services as the Department of Education requires.

7. EQUALIZATION AIDS

The basic aid, the swamp land aid and the \$10.00 census aid are satisfactory and should be retained. The distress and emergency aids are being well handled. Effective use is being made of a relatively small amount of money to accomplish the purpose for which these aids were established. However, it is disturbing to note that equalization aids for education purposes were paid, in some amount, in every county of the state, while equalization aid for welfare purposes was paid in only fifteen of the northern counties of the state. Drawing a line east and west across the state at the approximate level of Stearns County, the Committee found that \$2,429,783.00 was paid out in equalization aids to counties south of this line. Places like Litchfield, Albert Lea, Worthington, White Bear, St. Louis Park and Robbinsdale all received substantial equalization aid payments, according to the estimated equalization aids for 1949 and 1950. Robbinsdale, for instance, received \$130,946.00. Substantial variations, difficult to reconcile, appear in this equalization aid picture. Hennepin County, for instance, received \$600,000.00; Cook County received \$12,-

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998.00. The Commission does not understand the need for payment of \$600,000.00 in equalization aid to Hennepin County. Equalization aid, while separate from emergency or distress aid, was established as an aid to make possible better education for children in the poorer school districts. Distress or emergency aid is being properly handled but approximately \$2,500,000.00 is being needlessly expended because of the abuses of the assessed valuation test for distribution of equalization aids.

The present system of allocating equalization aid is based solely on the test of "assessed valuation." This approach puts a premium on fraudulent valuation and is not a workable or practical approach. The State says, in effect, that it will give districts money if they need it and proceeds to distribute the money on the basis of the district's answer to the question "How much do you have?" Gross abuses have occurred and unconscionable advantages have been taken as a result of the present system of equalization aids. The best way to jeopardize legitimate aid to poorer school districts is to make improvident use of such funds where their use is not warranted.

Recommendation:

Pay no equalization aid to any school district until the Commissioner of Revenue shall have certified to the Department of Education that the ratio of assessed value to true value in the district is in conformity with the ratios prevailing throughout the State.

Any State expense incurred by the Department of Revenue in furtherance of this recommendation should be paid out of the Income Tax Fund.

8. VOCATIONAL TRAINING

There has been in recent years relative de-emphasis on the importance of vocational training. The unfortunate result has been that too few of those who complete their formal education are adequately equipped to meet the employment requirements of an industrial economy.

Recommendation:

Re-direct the program of the public schools so as to provide vocational training which will prepare the youth of the State to engage in the employment opportunities which are offered in the State.

9. LOCAL SCHOOL SYSTEMS

The Commission gave considerable attention to the progress being made to reorganize the local school systems of the state. There is still much

to be done and a substantial defect exists in the maintaining of schools with inadequate enrollments, in which educators inform us there are very meager educational offerings. As the state substantially increases its support to local education it faces an obligation to be certain that the money is actually giving better educational results and is not ineffective because of support of schools which are too small. Local savings up to three million dollars per year can be effected and better schooling provided for the rural areas of the state when larger attendance units are obtained through reorganization or consolidation of both elementary and high schools.

Recommendation:

Encourage establishment of schools large enough for efficient and economical operation, yet not so large that children are removed from the influence of the home for too much of the day.

Action should be by local decision but the State must eventually reduce or stop State support of uneconomic schools.

10. BOARD OF REGENTS

Members of the Board of Regents of the University have neither the time nor the facilities for reviewing and passing judgment on the tremendous volume of specific business transactions. Relief of the Board from detailed administrative matters should permit that body to devote sufficient time to the formulation of long-range objectives and policies, the deployment of resources and facilities between teaching and research and among the several colleges and other primary University organizational units, provision of support and guidance to the President, faculty, and staff of the University, reviewing of periodic educational, financial, and administrative reports, and appraisal of the total adequacy and effectiveness of the institutional program. The present practice also requires that office personnel—both in the President's office and elsewhere—prepare and assemble voluminous tabulations and reports, many of which would be otherwise unnecessary.

Recommendation:

Examine the detailed functions of the Board of Regents and relieve that board of its present concern with minor administrative matters.

Provision should be made for the delegation to the President of authority for all appointments of personnel other than a limited number of key officials of the University, for the approval of budgetary transfers within major purpose categories (e.g. Colleges), and for the expenditure of funds in accordance with provisions of appropriations and internal University allotments.

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11. UNIVERSITY: ORGANIZATION

The President of the University is currently responsible for the instruction and guidance of more than 22,000 students, for the conduct of important research projects in the physical and social sciences—many of which are directly related to the national security and defense—for the supervision of upward of 6,800 academic and civil service employees, and for the general direction of an institution spending at a rate approaching \$50,000,000 annually.

Additional assistance is required in the office of the President to reduce the excessive burdens devolving on the President. Otherwise, there will continue to be lack of opportunity to give sufficient attention to certain matters.

Although several arrangements have been made for assistance in planning the educational program of the University, they fall considerably short of the facilities needed to insure that the great resources and energies of this large institution are directed toward activities and services which meet the needs of the State satisfactorily and efficiently. No provision has been made for the systematic analysis of State and National educational needs, for the review of present and proposed curricula in terms of these needs, for the continuing review and improvement of teaching methods and techniques, and for the relation of these findings in the planning and direction of academic operations.

The University is spending upward of \$3,000,000 annually for research under contract and special appropriations in addition to indeterminate amounts in the form of part-time research activities of the teaching staff. Little provision, however, has been made to assist the President in the evaluation and coordination of these extensive activities. Research programs involving contracts or the expenditure of special funds pass through the comptroller's office and this official has provided a measure of coordination and central review; these efforts, however, are limited as this official has neither the time nor the necessary staff.

The President has no office to which he can turn in matters of academic personnel administration; nor does he have adequate statements of policy and criteria by means of which to evaluate proposed personnel transactions. Recommendations from deans with respect to academic personnel matters are, depending on the rank involved, scrutinized personally either by the academic vice president or by the President himself.

Inadequate provision has been made for the review of college and departmental budget estimates and of requests for transfers of funds and supplemental allotments during the course of the fiscal year. No budget examiners have been attached to the office of the business vice president or President to review the propriety of requests and as a result determinations are actually made on the basis of insufficient information. No pro-

vision has been made for the systematic review of organization problems; as such problems arise current practice is to establish a special committee or make a special assignment to a member of the University staff for the development of recommendations, or to request, in limited areas, assistance from the University civil service personnel office. Except for recent materials prepared in connection with employee training programs, no manuals of procedures have been prepared and no office has been concerned with problems of procedure analysis and control. Similarly, no formal provision has been made for the regular development, installation, and improvement of systems of administrative reporting through the several levels of the University hierarchy.

Recommendation :

Reorganize the top management structure of the University.

- (1) Provide a Vice President of the University, to serve as principal assistant to the President in matters of academic and related affairs.
- (2) Provide a Vice President for Student Affairs, with responsibility for functions of the Dean of Students, Health Service activities, guidance of student affairs, formulation of scholarship policy recommendations and alumni relations.
- (3) Provide a Vice President for Business Administration, with substantially the same duties as at present.
- (4) Provide a Director of the Budget, to act as a key subordinate to the President in the development and execution of the budget. He should direct the mechanics of budget preparation, review proposed expenditure programs and formulate recommendations for presidential action, and assist the president in presentation of the budget to the Board of Regents and the State Legislature.
- (5) Provide a Director of Educational Research, to concentrate on identification of education needs, evaluation of present curricula, teaching loads, instructional methods and general results of the educational effort measured against present and anticipated future requirements of citizens of the State.
- (6) Director of University Relations, to carry out a basic responsibility of the University to publicize its programs and activities and disseminate the results of its work.

12. COST ACCOUNTING

One of the approaches which the Commission made to a study of higher education was an attempt to secure meaningful figures on costs. It was

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surprised to find that no adequate cost figures existed available to determine relative expense of functions within the institutions or to make comparisons between the institutions. For example, the information given the Commission revealed that the cost of a day's maintenance in the dormitories at St. Cloud Teachers College was \$1.27, whereas the cost at the University was \$2.40. It does not believe that these figures represent true differences. The University was unable to furnish cost figures to determine what the State has invested, for instance, in a graduate of aeronautical engineering. Sound accounting practice is an essential procedure for business. It is an equally sensible procedure for the business of higher education in Minnesota, for clear knowledge of facts is the best insurance against waste, inefficiencies and extravagance.

Recommendation:

Set up a uniform system of cost accounting in the institutions of higher learning receiving State funds to the end that figures be made available to the business management of the institutions, to the Legislature, which appropriates the money for their operation, and to the citizen, who pays the taxes.

13. UNIVERSITY PHYSICAL DEVELOPMENT

Effective planning for the physical development of the University has been impeded by lack of provision for long-range educational and research plans. University "master plans" have been prepared which consist primarily of area maps with indications of possible building sites.

Recommendation:

Place with the University's Vice President of Business Administration responsibility for coordinating the preparation, as soon as practicable, of master plans for physical development of the University which will establish, after approval of the Regents, a land acquisition program, building priorities, sizes and types of construction, preliminary plans, estimated costs, and related information.

14. UNIVERSITY: THE BUDGET

The budget preparation process at the University consists of two major phases: (1) development of estimates on which to base requests for funds to the Legislature, and (2) preparation of the internal operating budget of the institution in view of actual amounts appropriated and available.

Previous actual expenditures are employed in the development of the

legislative requests, but colleges and other organization units are provided only with past years' allotments for guidance in the preparation of internal budget estimates. The latter practice is undesirable in that it permits the incorporation of previous errors in future estimates.

The present internal budget is adopted in considerable detail by the Board of Regents, including line items for all regular personnel services. In theory this would mean that, for instance, transfers of funds between items covering civil service salaries in a particular college or office would require specific regents' approval. In practice, however, the comptroller has been authorized to approve transfers within allotments for specific purposes within the same organization unit as, for example, academic payrolls or supplies. Requests for other budget changes are treated as supplemental allotments and are reviewed and passed on by the president, subject, of course, to final regents approval. This practice tends to involve the president unnecessarily in a considerable amount of detail.

Expenditure estimates prepared by the several deans and other responsible administrative officers—both in the legislative and internal budget processes—are often insufficiently justified and documented. In general, only requests for additional funds, new positions, or other major items are explained in detail and no effort is made to justify the continuance of past levels of expenditures.

Recommendation:

- (1) Provide actual expenditures and obligations of relevant previous periods to estimating units. Many decisions at the present time are, of necessity, made on the basis of insufficient information. Establishment of the proposed budget unit attached to the presidential office will eliminate this deficiency and provide the mechanics for effective control of University spending patterns.
- (2) The Regents should approve the University budget in lump sum by colleges and other major organization units so that transfers within these units may be made by the administration, and authorize the budget office to approve intra-unit transfer—generally regardless of the object category involved, but with questions of policy or significant departure from customary practices being referred to the President for final decision.
- (3) Require detailed work programs in support of all requests, and where applicable require units of proposed work to be expressed in measurable terms in order to facilitate comparisons of plans and actual subsequent performance.

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15. UNIVERSITY: FINANCIAL STATEMENTS

At the present time no frequent summary financial statements are prepared for the President of the University, regular reports to the chief executive consisting primarily of copies of detailed appropriation statements, together with data comparing estimated with actual revenues and income.

Recommendation:

Supply the President with summary statements reflecting, in convenient form, the results of over-all fiscal operations, including explanatory texts pointing up significant problems and trends.

16. UNIVERSITY: COMMODITY SPECIFICATIONS

Few commodity specifications are used by the University purchasing office although some standard descriptions have been prepared by warehouse personnel. Specifications are highly desirable elements of a sound procurement program in stimulating the widest possible competition and in providing standards against which to compare commodities subsequently delivered.

Recommendations

Prepare specifications for items in common use at the University, including adaptation of commodity specifications developed by the State Purchasing Division, within the Department of Administration.

17. UNIVERSITY: MATERIALS TESTING PROGRAM

The University makes few tests of deliveries of commodities at the present time and, as a result, receiving units are not assured that receipts actually comply with requested materials and equipment.

Recommendations

Expand the materials testing program to the end that the University will be assured that suppliers are delivering items meeting purchase order specifications.

18. UNIVERSITY: PURCHASE RECEIPTS

Present procedures for acknowledging receipt of materials are unsatisfactory. Departments and offices report receipt of orders to the business office on copies of invoices forwarded by the latter unit. As considerable time often elapses between deliveries and receipt of invoices, the probabil-

ity of error in acknowledgment is enhanced. Further, the likelihood of error is also increased by the pre-insertion of quantities on receiving documents—as in the case when copies of vendors invoices are used for this purpose.

Recommendation:

Send a copy of the purchase order—in which quantities are blocked out—to requisitioning departments. Quantities actually received then should be posted to this copy, receipt acknowledged, and the document sent to the accounting office immediately after deliveries are effected.

19. UNIVERSITY: SEALED BIDS

Standard requisitioning forms and instructions have been prepared by the University, but practices with respect to the stimulation of competition among vendors, advertising, use of sealed bids and related matters have not been formalized and codified.

Recommendation:

Develop regulations, to be adopted by the Regents, setting forth the conditions under which sealed bids should be used and the procedures to be followed in the solicitation of bids and awarding contracts. Such regulations should also set forth procedures to be followed in stimulating competition where the use of sealed bids is not mandatory.

20. UNIVERSITY: COORDINATION WITH STATE PURCHASING

Some cooperative arrangements exist between the University and other state agencies, particularly in the matter of materials testing. Considerable savings might be effected—by both the University and the State government as a whole—if closer coordination were developed between the institution and the State Department of Administration which has central responsibility for the state purchasing program.

Recommendation:

Develop arrangements providing that the State agency purchase and supply the University with common items now procured by the Department of Administration.

21. UNIVERSITY: PERSONNEL ADMINISTRATION

The cooperative spirit existing between the faculty and the executive heads of the University has placed Minnesota among those institutions which have done a good job in the handling of academic personnel matters.

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A faculty tenure system has recently been formulated and adopted; fixed rates have been established for teaching and research assistants and minimums set for instructors and assistant professors. Recommendations are submitted by deans to the office of the President where transactions affecting staff below the rank of associate professor are scrutinized by the academic vice president; those involving positions above this rank receive the personal attention of the President. No criteria have been developed, however, with respect to qualifications for recruitment, promotion, salary increases, or other faculty personnel actions. Wide flexibility is highly desirable in the recruitment, payment, and promotion of top-level academic personnel in order to secure and retain the character of staff required at an institution such as the University of Minnesota.

Recommendation:

Inventory and examine practices and develop basic policies for the guidance of deans, key administrative officials and others directly concerned with academic personnel matters.

22. UNIVERSITY: REPORTING SYSTEM

Effective planning, coordination, and evaluation of institutional performance requires that key officials be adequately informed. At present, there is no system of regular administrative or activity reporting within the University. Important matters are often called to the attention of the President and other major officials by personal contact or individualized memoranda.

Recommendation:

Make a detailed analysis of the informational requirements of key academic and administrative posts in terms of content, amount of detail and timing.

Construct a system which will provide, through successive levels of university hierarchy, for the reporting of activities, present and anticipated problems, trends and other significant matters.

23. UNIVERSITY: DIRECTIVES

No system has been developed for the efficient transmission of orders and directives from the University Regents and top executive offices to the deans, departmental chairmen, and others concerned. Some of these materials are now channelled through the student newspaper and the monthly faculty bulletins; others are promulgated as unnumbered letters from the President's office.

Recommendation:

Make a careful examination of the nature and classes of information disseminated throughout the University in terms of content, frequency, clientele, and establish a series of classified, numbered and dated orders or directives which will facilitate reference and use and will assure that all offices and officials affected by particular classes of decisions and information are systematically appraised.

CHAPTER VII

To Achieve Greater Efficiency and Economy in

EXAMINING, LICENSING INSPECTING

Examining and Licensing

INTRODUCTION:

This chapter of the report deals with (1) State licensing and examining boards, and (2) the major inspectional activities of various State agencies. The Commission was greatly assisted by the staff of the Legislative Research Committee which made a detailed study of the State's inspectional activities and made its findings available to the Commission.

In Minnesota the following independent State boards license their respective trades and professions:

- Board of Accountancy
- Board of Registration for Architects, Engineers, and Land Surveyors
- Board of Barber Examiners
- Board of Examiners in Basic Sciences
- Board of Chiropody Examiners
- Board of Chiropractic Examiners
- Board of Dental Examiners
- Board of Electricity
- Board of Hairdressing and Beauty Culture Examiners
- Board of Medical Examiners
- Board of Massage Examiners
- Board of Nurses Examiners
- Board of Optometry
- Board of Pharmacy
- Board of Veterinary Examiners
- Hairdressing and Beauty Culture Code of Fair Competition, etc.
- Board of Watchmaking Examiners
- Board of Osteopathy
- Board of Law Examiners

In general, the members of the boards are appointed by the Governor from the members of the trade or profession licensed by that board. The

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Governor usually requests recommendations from the respective trade or profession. The citizens of the State have benefited in many ways from the services of the boards. Hundreds of individual board members, over many years, have contributed their time and talents to improve the quality of professional and trade services and to protect the public from unscrupulous and/or incompetent persons.

The boards have served the State well, yet there is room for improvement. The Commission has a number of recommendations which it believes will advance the high purposes of the State boards, will further increase public confidence in the boards, and make for greater efficiency and economy. These recommendations are based in certain concepts of the nature of State boards, and the power they wield, and the Commission feels it is appropriate to describe these basic concepts.

Ours is a government of laws. The power to administer the laws is received as a grant from those to be governed. When these powers are invoked they are presumed to apply equally to individual citizens for the potential protection of all citizens.

Within this framework men are free to pursue their own courses so far as they do not materially interfere with the courses chosen by other citizens. Interference may take several forms, such as a threat to the physical safety of, endangering the health of, or interrupting or destroying the economic well-being of, the main body of citizens.

When such interference takes place, or there is the likelihood or possibility of such interference, the power to administer the laws—which we call the “police power”—may be exercised by the State to prevent or stop such interference. For example, the various boards may revoke a license, or further than that they may refuse to grant a license on the basis that the candidate for a license might interfere with the public in the ways described.

The authority to exercise police power is the life blood of the State boards. It is the solemn obligation of such boards to exercise that power for the protection of the public; it is an equally solemn duty to refuse to exercise the police power of the State for any other purpose.

Having these basic concepts always in mind, the Commission makes the following comments and recommendations respecting the organization, management and operations of the several State licensing and examining boards.

1. ORGANIZATION

In this period of highly developed techniques and skills, when scientific knowledge is increasing at a rapid rate, and public protection requires the services of specialists, the professional nature of licensing and examining boards is a necessity. Laymen would be at a loss to judge the technical competence of candidates for licenses.

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On the other hand, even the most highly trained and experienced professional or trades person does not exist in a vacuum. His views may at times be colored by personal considerations. The public, whose total welfare is so dependent upon the professions and trades, must be protected against the dangers which may result if members of the State boards should ever succumb to the enticements of personal consideration.

This Commission has accepted the responsibility for utter objectivity in proposing machinery of government which will do two necessary things:

- (1) Utilize the capacities of the professions and trades in order to assure the quality, identity and integrity of those professions and trades; and
- (2) Preserve the right of the public to judge the acts which affect its members individually and as a whole.

Recommendation:

- (1) That, except for one, the present State Licensing Boards should be continued and they should perform the following functions:
 1. Prepare and direct the examination of candidates for admission to the respective trades and professions;
 2. Hear demands (made in accordance with procedures of the State Licensing Authority) for license suspension or revocation, to be initiated by the Board, submitted by any citizen or the Director of Licensing and Registration (described below), and recommend appropriate action to the State Licensing Authority (described below):
 3. Recommend, upon their initiative or when requested by the State Licensing Authority, rules for the regulation of their respective trades and professions;
 4. Notify the Director of Licensing and Registration of the names of those who have qualified for licenses;
 5. File with the Director of Licensing and Registration official minutes of all meetings and other official documents, and copies of all Board correspondence.

Licensing Boards should be composed of five members, appointed by the State Licensing Authority from lists of candidates submitted by the governing board of the respective trade or professional association in the manner described below. They should be appointed for five-year, over-lapping terms. They should be compensated on a per diem plus actual expense basis as determined by the State Licensing Authority.

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(2) Establish an agency of State Government to be known as the "State Licensing Authority," having no administrative duties but empowered to perform the following quasi-legislative and quasi-judicial functions:

1. Adopt rules for the regulation of trades and professions under its jurisdiction, upon its initiative or when recommended by a State Licensing Board. It should be required to refer all rules which it initiates to the appropriate State Licensing Board for review and comment and to adopt such rules only after considering the recommendations of the appropriate board unless such board has not replied within 90 days of receipt of the draft of the proposed rules. All rules of the Authority should be subject to provisions of law respecting review by other agencies of the State.

If rules initiated by a State Licensing Board have not been acted upon by the State Licensing Authority within 120 days of receipt, whether or not modified or amended, they should become law and the Director of Licensing and Registration should promulgate them in the same manner as though they had been approved by the State Licensing Authority;

2. Appoint members of State Licensing Boards from lists of candidates submitted by the governing boards of the respective trades or professions, only, however, if a list contains at least twice as many names as there are vacancies to be filled;
3. Hear and act upon appeals from decisions of State Licensing Boards respecting questions of admission to examinations, conduct of examinations, licensing of persons, suspension of licenses, and revocation of licenses. The State Licensing Authority should be empowered to concur in, modify, or reverse the decisions of Licensing Boards in appealed cases;
4. Order State Licensing Boards to serve notice of suspension or revocation upon licensed persons, or to set a date for a show cause hearing. If within 90 days of such order the State Licensing Board shall not have acted, the State Licensing Authority should be empowered to hold a hearing, suspend or revoke a license without referral to the appropriate State Licensing Board;
5. Set fees for examinations, licensing, and activities inci-

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dental to the regulation of trades and professions, such fee schedules to apply as equitably as possible to the various trades and professions, and among individuals, it being the purpose to set such fees as will make the regulation of trades and professions self-supporting but not profit-making for the State.

6. Fix the licensing periods, and the license due dates, for all professions and trades under its jurisdiction.
7. Appoint the Director of Licensing and Registration from a list of eligibles submitted by the Civil Service Department, and remove the Director, when necessary, according to Civil Service provisions. The Director of Licensing and Registration and all regular, full time employees should be in the classified Civil Service.

The State Licensing Authority should be composed of five persons, appointed by the Governor for five-year, overlapping terms and removable by him only for cause. They may, but need not, be members of any trades or professions licensed by the State. They should be compensated on a per diem plus actual expense basis established by the Legislature.

The State Licensing Authority should have power to establish its own rules of procedure and elect its own officers.

2. CENTRAL SECRETARIAT

Presently there is no central secretariat for the various boards. They either choose one of their members to serve as secretary, or employ another person, frequently on a part-time basis, to serve as secretary. Offices and files of the various boards are in numerous places throughout the State. With changes of secretaries there is danger of loss, or failure to transfer, valuable records. Persons making inquiry about certain professions and trades have to journey to more than one office. The preparation of examinations, making arrangements for examination rooms, writing and sending of notices, etc., are details which are handled by persons as an "extra" job with the danger of neglect and delay.

There is no uniform method of regularly checking the quality of services provided the public by licensed persons.

Recommendation:

Create the position of Director of Licensing and Registration. The person filling this position should be the chief administrative officer serving the State Licensing Authority and

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State Licensing Boards. He should have the following kinds of duties:

1. Be responsible, under the State Licensing Authority, for performance of all clerical, secretarial, financial, inspectional and investigative work of the Authority, including the issuance and withdrawal of licenses upon proper authorization.
2. Perform administrative duties for the various licensing boards, e.g. preparing examinations, arranging for examination rooms, notifying applicants and successful candidates, handling correspondence, etc.
3. Be the sole custodian of all records of the State Licensing Authority and the State Licensing Boards.

3. FEES

There is a general misconception that fees paid to licensing boards are private funds which should be dedicated for the exclusive use of the particular licensing board to which they have been paid. This ignores the fact that the State, in exercising its police power, has an inherent right to make a charge on a benefit basis for services rendered. With minor exceptions, fees paid to the various licensing boards in Minnesota are under the exclusive control of the particular board to which paid, and expenses of the boards are paid from such fees rather than from appropriations made by the Legislature.

Recommendation:

Fees collected by the State Licensing Authority should be deposited in the General Revenue Fund and the operations of the State Licensing Authority and the State Licensing Boards should be financed by appropriations made to the Authority, subject to the same budgetary control as are the appropriations of regular tax-supported State agencies.

When appropriations are first available, unobligated balances on hand in the Treasury of each State Licensing Board, should be deposited in the State Treasury to the credit of the General Revenue Fund as soon thereafter as practicable. The State Licensing Authority should be directed to adjust the schedule of licensing and other fees, by profession and trade, so that each profession or trade will receive full credit, in the form of reduction in fees, for the amount of the balance it deposited in the General Revenue Fund. Adjustments should be made so as to require at least a minimum fee payment, and to provide that the total of all adjustments shall equal the balance deposited

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within a period of not more than 5 years. Adjusted fee schedules should be made effective within one year from the effective date of the act.

4. POLICE POWERS

Economic pressure encourages the members of trades and professions to seek use of the police power of the State to restrict the number of entrants into their particular trade or profession. This sometimes leads to ill-advised legislation which establishes licensing and examining boards whose function is predominantly the protection of the individual license holder, not the public. For example, in 1937, the State extended use of the police powers to the painters and decorators. To the credit of the Legislature, that law was repealed in 1941.

Recommendation:

The law establishing a Board of Watch-Making Examiners should be repealed and the Legislature should exercise extreme care and courage in extending the police power only to types of employment where the public interest is greatly involved.

Inspectional Services

INTRODUCTION:

From the days when the primary function of government was the maintenance of law and order, to the present day when government is generally accepted as a great service agency, inspections have been a principal device of law enforcement. State government, particularly, has traditionally performed numerous and varied inspectional functions, and Minnesota State government has conformed to the general pattern.

For many reasons, the organization for, and conduct of, inspections by the State is an integral part of the problem of efficiency in government. The inspectional services are expensive, and they are a major area of contact between the citizens and the government; and state inspections are so widespread, varied, and intimately concerned with personal affairs of many citizens that they are not easily administered.

Efforts to provide well organized and efficiently administered inspectional services in Minnesota have not been markedly successful. The study made by this Commission leads to the conclusion that there are many inefficiencies in the present system. Duplications exist which could be eliminated. The grouping of inspectional activities has been haphazard rather than logical. Improvements in organization and administration have been undertaken, only to die for lack of persistency on the part of responsible officials.

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In order to facilitate consideration of this Commission's comments and recommendations, the inspectional activities are grouped by type of inspectional activity. The Commission has listed only those state inspectional activities about which it is prepared to make recommendations.

5. BOATS

Two state agencies inspect boats in Minnesota. The Department of Health, through its hotel and resort inspection, inspects so-called "small boats". The boiler inspectors from the Department of Labor and Industry inspect steam boats and inboard motor boats, and the chief boiler inspector examines, as to qualifications and fitness, the masters and pilots of all steam boats and vessels and all gasoline boats and vessels carrying passengers for hire on the inland waters of the State. Furthermore, agencies of the Federal Government pass on fitness of certain vessels and the qualifications of certain officers.

With the present staff, the Department of Health is unable to inspect all of the small boats which are used in the State. On the other hand, it is reported that there are no longer any steam boats plying the waters of Minnesota, thus there is no need for the qualifications of a boiler inspector in the inspection of boats. There is need for the boat inspection function to be performed by personnel who are qualified by experience and training, whose seasonal workload will permit complete coverage of those points at which boats are let for hire, and, where possible, it is economically desirable that boat inspection be performed as an incidental duty by someone whose regular duties take them to the place at which boats are placed for hire.

Recommendation:

The boat inspection function now being performed by the Health Department and the Department of Labor and Industry should be transferred to the Department of Conservation under the supervision of the game wardens.

6. LODGING PLACES, FOOD AND FOOD SERVICES

The essential purpose of inspecting places of lodging, food and food service is the protection of public health. Which agency of government does the inspecting is of secondary importance, but the protection of the public health should take precedence over any promotional activities which may also be assigned to such agency. However, the efficiency and economy of inspecting depends upon proper organization and administration.

The organization and administration of state inspection of lodging places, food and food service is marked by duplication of services, inadequate supervision, uneven distribution of work loads, over-specialization by

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inspectors, incomplete coverage and failure to use the fundamental tools necessary to assure effective work. For example, both the Department of Health and the Department of Agriculture exercise jurisdiction over restaurants, dining rooms, drive-in refreshment stands and food and beverage vending machines. The Health Department has jurisdiction over the sale of food for consumption on the premises, and Agriculture has jurisdiction where food is prepared, handled or sold. Obviously, such over-lapping jurisdiction results in duplication of services. To further aggravate this problem the two departments have been unable to arrive at standard requirements, with the result that in some instances compliance with the regulation of one department means violation of the regulations of the second department, and vice versa.

At present, at least thirty-six inspectors in the Department of Agriculture report to one supervisor. An analysis of the work loads of the Dairy and Food Inspectors reveals that one inspector is used to inspect sixty-four creameries and pasteurizers in a district having an area of 8,447 square miles, whereas two inspectors are used to inspect sixty-one creameries and pasteurizers in an area of 3,400 square miles.

Both the inspectors and laboratories servicing the inspectors are highly specialized. There are beverage inspectors, fish inspectors, dairy and food inspectors, law enforcement inspectors, and still others; also, the Department of Agriculture has three independent laboratories, a food laboratory, a bacteriological and canning laboratory and a feed and fertilizer laboratory. Despite the numerous kinds of inspectors and the several laboratories an analysis of work performed by the inspectors reveals that considerable areas of the state receive little or no inspectional service while at the same time the work of the laboratories cannot proceed regularly because of the lack of samples for laboratory examination which must be provided by the inspectors in the field.

Such tools of effective administration as education of those who do not comply with regulations in the areas where there is need, the use of manuals of instruction to guide and train inspectors, and the use of check lists to be certain that all items are covered and all facilities and products are inspected, are items which are little known in the inspectional services of the State.

Recommendation:

Responsibility for the inspection of lodging places, food and food service and all other sanitary inspections should be placed in the Department of Agriculture.

A program for training or retraining inspectors should be established which will qualify inspectors to perform inspections of more than one kind wherever it is economical and efficient to do so.

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Inspectional services should be organized into about five regions or districts with a supervisor of inspections in charge of each region or district who in turn will report to the head of the Division.

The Division should include not only all inspectional services of the Department but should have within it the laboratories engaged in servicing the inspectional activities. It should be the duty of the district supervisors to maintain accurate records of compliances within the district and be especially equipped to carry on a sound public relations and educational program which will raise the standard of compliance throughout the district so that in all areas compliance will be substantially the same.

Management tools, such as manuals of instruction, should be prepared by the Division for use in training new personnel and in maintaining the highest quality of service among all employees. Such manuals should be prepared by the Division after consultation with district supervisors who in turn will have requested from the inspectors in the field recommendations and suggestions.

Check lists should be used by all inspectors, because of the multitude of details involved in an inspection, in order that he may be assured, and the person whose facilities are inspected may be assured, that no important item has been overlooked and to provide the supervisor with information which will indicate the areas which need his special attention.

It should be the duty of the head of the Division to make assignments and coordinate the work of the Division in such a manner as to provide even workloads among the employees, eliminate unnecessary travel, centrally locate inspectors in areas they are to serve, and provide the maximum of joint use of laboratories and inspectional facilities.

7. MOTOR POOL

Recommendations contained herein, if adopted, could provide substantial reduction in the number of inspectors which might cover a particular industry or territory. Pooling of motor vehicles could further reduce the costs of inspections.

Recommendation:

Establish a motor pool for State-owned motor vehicles to reduce duplicated travel and provide maximum service from vehicles.

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8. JAIL AND LOCK-UP

The State employs, in the Division of Public Institutions, a jail and lock-up inspector who is required by law to inspect each of the nearly four hundred jails in the State at least once a year. The inspector checks for safety, security and sanitation. Because one person, stationed in the Capitol, must inspect all jails under the present arrangement, it is obvious that a great deal of time must be spent in travel rather than in productive work. Furthermore, because of inadequate supervision the inspector is inclined to travel a greater amount of time than would be necessary if a regular routing were required.

Recommendation:

Inspection of jails and lock-ups should be transferred to the County Welfare Boards which should report results to the Director of Social Welfare. This should preclude the necessity of having an annual inspection of jails and lock-ups by local health officers.

9. LIQUOR

The duties of liquor inspectors cover three major and quite different functions. (1) The liquor inspectors check for violation of the liquor tax law. (2) They perform routine inspections of on- and off-sale dealers' premises. (3) They conduct investigations preliminary to apprehension of violators of liquor laws. It is to be noted that the liquor inspectors do not have the power of arrest (beyond that of an ordinary citizen), but make the investigations upon which may be based arrests by local peace officers.

Recommendation:

The functions performed by the liquor inspectors should be divided in three ways as follows: The liquor tax work of this office should be transferred to the Department of Revenue; the routine inspections conducted at the premises of on- and off-sale dealers should be assigned to the general inspection division of the Department of Agriculture; and the investigatory function should be transferred to the Department of Law which has people trained in this kind of work and with whose work this type of activity is consistent.

10. LIVESTOCK BUYERS' AND DEALERS' LICENSE AND BOND

The Railroad and Warehouse Commission supervises the operation of livestock buyers and dealers both of whom are licensed and bonded. These activities are very similar to those performed by a division of the Depart-

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ment of Agriculture in relation to wholesale produce dealers licensing, bonding, and inspection.

Recommendation:

The inspection work connected with the livestock buyers' and dealers' licensing and bonding should be transferred from the Railroad and Warehouse Commission to the Department of Agriculture, and integrated with the services provided the wholesale produce dealers by that department.

11. MOTOR VEHICLE REGISTRATION

In Minnesota a division within the office of the Secretary of State registers motor vehicles, and the registration laws are enforced jointly by the Highway Patrol and the Law Enforcement Inspectors employed by the Secretary of State's office. Both the Highway Patrol and the Law Enforcement Inspectors check to see that these motor vehicles are registered in the proper class and that they display the proper evidence of such registration. The Highway Patrol, however, has jurisdiction only over vehicles which are operating on the State highways whereas the Law Enforcement Inspectors check on vehicles which are off the highways, in parking lots, or on side roads and on private property. The present procedures used by Law Enforcement Inspectors, are awkward and wasteful because the number of vehicles registered is so great that all the law enforcement officer can do is record information from the vehicle and then check the office records to determine whether there has been a violation, and then apprehend the violator, if possible.

Recommendation:

The registration of motor vehicles function should be transferred from the office of the Secretary of State to the Department of Revenue (and collections credited to proper funds).

The powers of the Highway Patrol should be broadened so as to authorize it to check on registrations off as well as on the State highways.

The law should be changed to require registrants of trucks to carry in the cab of the truck a copy of the registration certificate showing all information on the original certificate, with the exception of evidence of ownership.

12. PLUMBING

There is within the State Department of Health a plumbing unit which examines and licenses plumbers and sets up standards for safe and sanitary plumbing installations.

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Recommendation :

The functions of plumber examination and licensing and the establishment of plumbing standards should be transferred to the Department of Labor and Industry.

The law should require that before regulations respecting plumbing are promulgated by the Department of Labor and Industry there should be review and comment, though not necessarily approval, by the Department of Health.

13. SAFETY

Safety inspection in Minnesota is carried on by several departments. The Department of Labor and Industry has two units performing inspectional services under the heading of safety inspections and the Fire Marshal Division within the Division of Insurance of the Department of Commerce performs a similar function. The Department of Labor and Industry utilizes so-called safety inspectors, boiler inspectors and steam-fitting inspectors. The safety inspector's primary responsibility is to prevent accidents which would do injury to the public and employees. The boiler inspectors' and steam-fitting inspectors' duties are to prevent accidents due to explosions and poor workmanship, and the damage which would result therefrom. The safety inspection function of the Fire Marshal's office is designed to prevent and eliminate fire hazards.

Recommendation :

All of the safety inspection functions of the State should be placed within one division in the Department of Labor and Industry.

Arson investigation functions of the Fire Marshal Division should be transferred to the Department of Law.

CHAPTER VIII

To Achieve Greater Efficiency and Economy in **HEALTH**

INTRODUCTION:

The Commission studied very carefully and in great detail, the organization and operations of the State Department of Health. A firm of professional management consultants* was employed to make a study on behalf of the Commission and their report supplements this report and is available to members of the Legislature, the Governor and interested State officials and citizens. The consultant's report contains a great many details to which the reader is referred. We confine ourselves here to the major recommendations and a brief statement of the reasons therefor.

1. ORGANIZATION

The State Board of Health is headed by an administrative board of nine members appointed by the Governor with customary (not required by law) Senate confirmation, for three-year overlapping terms. Boards are useful where the collective judgment of a number of persons is required, but they are recognized as having distinct disadvantages when heading administrative organizations. They diffuse both responsibility and authority which confuses the public and employees, they provide almost unlimited opportunity for "buck-passing," they delay decision making, and are generally cumbersome and undesirable for getting administrative work done.

Recommendation:

Establish a Department of Health under a single official, entitled the Commissioner of Health, who should be appointed by and removable by the Governor and whose term shall be co-terminous with that of the Governor.

The law should establish such qualifications for the Commissioner of Health as recommended by the U. S. Public Health Service for persons holding positions as Chief State Health Officers.

2. ADVISORY BOARD

It is essential that the head of a major State department be kept informed and aware of the interests of those persons affected by the opera-

*J. L. Jacobs and Company, Chicago

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tions of the department which he heads. This can be done without interference with the administration of the departmental affairs.

Recommendation:

Establish for the Department of Health an Advisory Board to assist the Commissioner of Health, in an advisory way only, in establishing departmental policies.

The Board should consist of five members, appointed by the Governor for six-year overlapping terms, and removable by him only for cause. Members should be persons who have demonstrated an interest in and familiarity with matters of public health.

The Board should have no administrative responsibility and its findings, decisions and recommendations should not be binding upon the Commissioner.

The Commissioner should be required by law to meet with the Advisory Board not less than four times a year if and when meetings are called by the Chairman, or at the written request to the Commissioner by a majority of the members, at a time convenient to both the Board and the Commissioner.

The Commissioner should be required by law to make available to the Board such information as they may request regarding the policies and programs of the Department.

Members of the Board should be compensated on a per diem plus actual expense basis; the Chairman should be compensated at a slightly higher rate than is paid the other members of the Board.

3. LOCAL HEALTH UNITS

It is generally recognized that whether it is desirable or needed, there is a strong trend towards centralization of government. It is the view of the Commission that wherever decentralization is possible and practicable it ought to be effected. Public health is a field in which local administrations can be both efficient and economical, particularly when aided by educational, consultative and supervisory services at the State level. Numerous studies and much experience have demonstrated what is a desirable size of local administrative units for public health purposes.

Recommendation:

Establish single- or multiple-county Health Districts having adequate financial resources to assure necessary local public health services by the respective local health units.

Authority and responsibility for public health administra-

tion should be transferred to the local health districts as rapidly as possible and the State Department of Health should increasingly limit its activities to educational, consultative and supervisory services, except where local health units have not been established.

4. LOCAL HEALTH SERVICES

With public health administration decentralized there is need for reorganizing the State Health Department so as to perform most efficiently its functions in serving the local health units. The present organization of the State Health Department does not provide maximum emphasis on local health administration.

Recommendation:

Reorganize the Department of Health on a functional basis by the establishment of four divisions, namely, the Division of Environmental Sanitation, the Division of Local Health Services, the Division of Departmental Administration and the Division of Disease Prevention and Control.

The Division of Local Health Services should be under the immediate direction of the Deputy Commissioner of Health and should serve as a central operating division from which all services should be channeled to the district health officers and to the local health units.

5. PREVENTIVE HEALTH

Over the years, the Minnesota State Department of Health has concentrated on preventive public health rather than care and treatment of disease. With the expansion of the State's mental health program there immediately arose the question as to whether the State Department of Health should participate in this expanded program.

Recommendation:

The State Department of Health should continue to concentrate on the preventive phases of public health.

The mental health section should be a part of the Division of Local Health Services in order that it may assist in the promotion and educational programs on mental health and mental hygiene.

6. INSPECTIONAL SERVICES

One of the most glaring evidences of overlapping jurisdiction in the State government is that between the Department of Agriculture and the Department of Health, in the field of inspectional services.

HEALTH

Recommendation:

Responsibility for the inspection of lodging places, food and food service and all other sanitary inspections should be placed in the Department of Agriculture, and any such functions now performed by the State Department of Health should be transferred to the Department of Agriculture.

The Boat Inspection function now performed by the Department of Health should be transferred to the Department of Conservation and be the responsibility of that Department's game wardens.

7. HEALTH LAWS

Numerous amendments of statutes and enactments of new laws have been made to meet the development and expansion in the field of public health. There are instances where specific provision in the laws and regulations are in conflict or are overlapping, and some provisions are now obsolete or outmoded.

Recommendation:

Completely revise and simplify existing laws, rules and regulations, and compile a modern Public Health Code, with supplementary regulations.

8. ACCOUNTING RECORDS

It is not infrequent that departments, feeling the need for certain accounting information, establish departmental accounting systems which parallel and duplicate the accounting systems in the central State agencies. Likewise, divisions within a department frequently maintain accounting records which are duplicated elsewhere within the department. In the Department of Health, budgetary accounting records are maintained in several of the divisions and even in units and sections.

Recommendation:

Duplicate budgetary accounting records should be discontinued, and the budgetary accounting records of the Division of Accounts and Finance should be maintained as the central records for the department, with provision for supplying unit and section heads with information which they may require.

9. MECHANIZED EQUIPMENT

The increasing volume of vital statistics and public health information which must be obtained and disseminated by the Department of Health necessitates the use of mechanical tabulating equipment.

Recommendation:

Wherever practicable mechanical tabulating equipment should be used to expedite tabulating work.

The services of the statistics unit should be extended to other divisions within the Department in order that they may have the benefit that accrues from the use of mechanical equipment.

10. HEALTH DEPARTMENT QUARTERS

The State Department of Health is one of several State agencies whose activities are located at widely separated points. The major locations are on the University of Minnesota Campus and in the State Office Building in St. Paul.

Recommendation:

Conduct a space survey to determine the requirements of the Department of Health, providing minimum space for individual employees.

Take steps to provide quarters for the entire department in one location in order to increase the efficiency of departmental operations.

CHAPTER IX

To Achieve Greater Efficiency and Economy in **HIGHWAYS** **AERONAUTICS**

Highways

INTRODUCTION

The increased registration of cars and trucks, greater average annual mileage per vehicle and increased weights and speeds, have combined to expand Minnesota's highway problem many times in recent years. In 1930 there were licensed 624,651 automobiles and 108,063 trucks; by 1949 the corresponding figures were 876,538 and 182,548, an increase in automobiles of 40.2%, and in trucks 68.9%. Greater speeds require the elimination of curves. Traffic congestion forces the construction of wider roads. The trucking industry has expanded by leaps and bounds, and the average speed of trucks has doubled in one decade, requiring the construction of more expensive types of roads. Unfortunately, highway construction has not kept pace with this large increase in highway use and needs so that we face a critical highway problem today.

All classes of roads (State, county, town and city) are part of one transportation system. Each is of little value without the others since the great majority of motor vehicle trips involve travel on more than one class of roads.

Demands for improvements in all classes of roads are far in excess of available revenues. Clearly, there will not be sufficient funds to do a large job of construction for many years to come. The problem is to maintain a proper balance between expenditures on each class of roads so that the entire system will reasonably serve the needs of the people in all vocations and in all sections of the State.

It is the duty and obligation of the Department of Highways to make the best possible use of the available highway funds and to conserve to the fullest possible extent the existing highways of all types—town and county roads, State trunk highways, and city and village streets. This is more urgent in Minnesota, with our relatively extensive road mileage, than it is in other states. It is a difficult task because our total highway system is administered by 2,700 units of government.

The accompanying recommendations are made, therefore, to conserve and protect the existing highways, and to give the highway users a better and safer highway system. This can be done within the present revenue of the Department plus an amount to finance the drivers' license activity and an expanded Highway Patrol.

1. REDUCTION OF STATE HIGHWAYS

Additional funds for construction can be made available if the State trunk highway system is reduced in size. The State trunk highway system which was originally included in the State Constitution totalled 6,891 miles. The Legislature has added 5,069 miles. Minnesota now has one of the largest State highway system in the country. The net total today is 11,892 miles.

The mileage as of January 1, 1949, included 3,293 miles of concrete, 5,485 of bituminous, and 2,241 of non-dustless roads. Unfortunately, there are still over 2,000 miles of gravel roads in the State trunk highway system. This does not mean that the Commissioner of Highways has overlooked these roads, but rather there is no sound social or economic reason for improving these lightly traveled roads.

If these little-used roads remain in the State trunk highway system, only a limited amount of work will be done on them during the next 10 years. On the other hand, if local pressure causes any work to be done on these little-used roads it will be largely an economic waste. This could easily run into many millions of dollars and, in addition, would delay the building of many roads that are urgently in need of a better type of surface.

Recommendation:

Pass legislation authorizing the Commissioner of Highways, after recommendation by the Highway Planning and Advisory Board (hereafter recommended), to eliminate not less than 1,000 miles nor more than 2,000 miles of roads in the State trunk highway system.

2. PLANNING AND ADVISORY BOARD

We believe that it is very important to determine the type of highways that this State reasonably requires, and where they should be built. The type of highway to be built and the place of construction should be determined by careful traffic counts, as well as by the social and economic factors involved. Long range and scientific highway planning, removed from local pressure groups, is essential to a sound State highway system. Further, the plans adopted must conform to the reasonable ability of highway users to pay for them.

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At the same time, the public should have knowledge as to the proposed building programs of the Department. At present the Commissioner of Highways spends approximately fifty million dollars annually without consultation with any agency of government, and designates where, when and how this vast sum of money is to be spent.

Our highways are vital to the economic life of the State. It is possible for the Commissioner of Highways to retard the growth and development of communities through failure to build the necessary highways. We must be certain that the more important and heavily traveled roads are built first. "First things first" must be our highway objective.

This State is fortunate in its present Commissioner of Highways and in the general efficiency and honesty of the Department. In the past the Department has not always been efficiently or even honestly conducted.

There is need for an official group of disinterested and informed men able to give the Commissioner valuable advice and assistance in the formation of highway policies and programs.

Recommendation:

Create a Highway Planning and Advisory Board of five men to be appointed by the Governor and removable by him only for cause.

The Board should consist of five members with six-year overlapping terms. The Commissioner of Highways should designate someone from his Department to act as permanent secretary of the Board. The Board should meet at least once quarterly.

The Board should consider such matters as

- (1) Analysis of, and recommendations for, long and short term programs for highway construction and maintenance;**
- (2) Methods of financing highway construction;**
- (3) Distribution and allotment of highway funds to local units;**
- (4) Policing and safety of highways;**
- (5) Policies that may affect the efficiency of the Department;**
and
- (6) Reductions and limitations on highway system mileage.**

The Board should be advisory only to the Commissioner of Highways.

The Commissioner should be required by law to make available to the Board such information as they request relative to the policies and programs of the Department.

The last meeting of the Board in each calendar year should be devoted to the review and analysis of the program of the

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Department for the ensuing year and to an appraisal of the ten-year program to be prepared and filed by the Highway Commissioner.

3. WEIGHT RESTRICTIONS

This Commission is convinced that there is a great waste of taxpayers' money in permitting the highways to be used by vehicles having load weights far in excess of the designed strength of the road.

This is said in full knowledge that the great trucking industry is of vital importance to the economic development of this State. Our road system must be designed to permit heavy trucks to reach every major section of the State. On the other hand, it is not believed that the State can finance 11,000 miles of heavy duty roads. We must therefore protect and conserve the roads we now have. It is of special importance to the trucking industry that we follow this policy.

Highways are not just built, but are scientifically constructed and planned to carry definite maximum load weights. It is folly to permit trucks in excess of these designed road weights to travel these roads, as they can quickly do tremendous damage.

Recommendation:

Grant authority to Boards of County Commissioners to classify county roads for truck use based on the gross weight of the vehicle and restricting the use for any time of the year regardless of weather conditions or deterioration. Authorize County Boards to delegate to County Engineers the duty of restricting road use during the spring breakup.

Modify the truck license law so that a license shall not be issued to a truck that exceeds Minnesota standards as to weight and length. The specifications of a truck should be part of the application for registration.

4. HIGHWAY PATROL

The purpose of the Highway Patrol is to protect the lives and property of highway users, and the highway itself from destructive and illegal use. The need for an effective law enforcement agency performing these functions is clear from the following facts:

In 1949, violation of the law on the highways produced 539 deaths, 18,898 injuries, and the loss of property valued at more than \$30,000,000. A total of 41,779 accidents were reported, involving 77,892 vehicles. The annual loss in property exceeds the annual amount paid out for new roads. In the same year the Patrol made 3,548 arrests for motor vehicles exceed-

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ing the lawful axle weight limit. For the same offense in 1949, there were 1,704 more arrests made than in 1947. Apparently this evil is increasing.

Some trucking companies, for a period of seven months in 1950, were each arrested from 20 to 40 times for exceeding the axle load weight limit. Such unlawful acts must be profitable. The Department estimates that not over 10% of overweight violators were detected. It is impossible to estimate the damage to our highways by these thousands of overweight vehicles whether detected or undetected. The State should take the profit out of law violation and protect the lawful operator from unfair competition. Also, the limit of jurisdiction of the Highway Patrol, which now may not leave State trunk highways except in "hot pursuit," should be extended.

Recommendation :

Double the State Highway Patrol and extend its jurisdiction to all roads, especially county roads.

The Patrol should use all mechanical devices that will aid in law enforcement.

Roads should be policed to prevent overweight trucks from using both the State and county highway systems.

Fix the minimum fine for an overload weight at \$25.00, and for the second violation and subsequent violations at \$100.00. On conviction for a third violation, the license plate to operate such vehicle should be cancelled and such vehicle should not be operated unless a license is obtained for the full year in which the offense was committed.

Where an overload violation is committed by a truck not licensed in this State, its permit to operate in the State should be cancelled and the owner of such truck should be required to purchase a license plate for such truck as would be required of a domestic truck.

5. DRIVERS' LICENSE FEES

The present drivers' license fee is \$1.00 for four years. This is not adequate to support the Drivers' License Bureau and the Highway Patrol.

The Drivers' License Division protects the highway user by determining through examination the ability of a person to drive a motor vehicle. The actual cost of this examination to the Department is \$2.75 per person. The Department loses practically the entire cost of the examination. In addition, the Department carries on an effective State-wide educational campaign in our schools. The processing of a quarter of a million accident reports a year is also handled by this Division.

Alone, the annual expense of operating the Drivers' License Division

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of the Highway Department is running about \$150,000 greater than annual receipts.

A drivers' license fee of \$3.00 for two years (\$1.50 per year) would produce \$1,291,000 over the present annual cost of the Department. This sum and the fines collected by the Highway Patrol would be sufficient to pay the cost of increasing the number of personnel of that Department from 160 to 320, and would relieve the trunk highway fund of an expenditure of approximately \$860,000 per year. The latter amount could be used to expand the construction program.

The additional money collected from the motor vehicle owner for a drivers' license could give the taxpayer far more highway service for his highway tax dollar. It could give him more police protection on the highway and make his roads safer. It could also protect the highway itself from unlawful destruction, and hence provide a better highway to drive on. It would protect the State's multi-million dollar investment in highways.

Recommendation:

Increase the drivers' license fee to \$1.50 per year, or \$3.00 for two years, in order to finance the Drivers' License Division and the enlarged Highway Patrol.

6. ISSUANCE OF DRIVERS' LICENSES

At present drivers' licenses can be obtained from the offices of the clerks of district court. A fee of 20c for issuing each license is paid by the State. There is no reason why the licenses should not be issued directly by the Department, and the State saved this expense. Such a policy would result in an estimated net savings to the State of \$100,000 per year and would cause less inconvenience to persons renewing their drivers' licenses.

Recommendation:

Issue drivers' licenses by mail directly from the Department of Highways (Drivers' License Division) through the United States mail.

7. CHAUFFEURS' LICENSES

Chauffeurs' licenses were in use before the State required drivers' licenses. Most states have abolished chauffeurs' licenses. It is illogical to have the drivers' licenses issued in one department and the chauffeurs' licenses in another.

Recommendation:

Transfer issuance of chauffeurs' licenses from the Office of

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Secretary of State to the Drivers' License Division of the Highway Department.

This license should be a combination drivers' and chauffeurs' license and should run for two years from date of birthday, at a fee of \$5.00. Such a license should require strict tests as to driving ability and physical condition of the applicants, with tests to be repeated each two years.

The money collected from the issuance of both chauffeurs' and drivers' licenses should be put into the trunk highway fund. Expenditures for the Drivers' License Division as well as the State Highway Patrol should be charged to this fund.

8. ALLOCATION OF HIGHWAY FUNDS

One-third of the gasoline tax or about \$12,000,000 per year, is reserved for the counties. The bulk of this money is then divided between the State Aid Road Fund and the County Aid Road Fund. Within limits set by the Legislature (not less than 1% nor more than 3%, and not less than $\frac{3}{4}\%$ nor more than 3% to any one county in any one year respectively from the two funds), the Allotment Board apportions the funds among the counties. The Board is directed to consider mileage, traffic needs and conditions of the counties in making the allocation. In addition, the Board has discretionary power to make special allotments for unusual and especially burdensome road work required by individual counties.

The Commissioner of Highways has reported that "the laws supply no guide for the State Board of Allotment in determining what shall constitute a fair and equitable distribution of highways funds among the counties."

It is recommended elsewhere that the allotting of these funds be made the duty of the Legislative Emergency Committee. Whether or not this change is made immediately, it is desirable that wide discretion be left with the Allotment Board because county highway needs are constantly changing. It is probably impossible to devise an exact and arbitrary legislative formula that would be satisfactory.

Recommendation:

Re-examine promptly the present formula used for allocation of State aid money, and obtain the impartial advice and opinion of an investigating agency as to what changes, if any, should be made in the present formula. The Planning and Advisory Board possibly should consider this problem.

9. ALLOTMENT BOARD

The present Allotment Board is composed of the Commissioner of Highways, State Auditor and State Treasurer. The allotment function

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should be assigned to the Governor and the chairman of the two tax committees of the respective Houses. This group is now known as the Legislative Advisory Committee. This proposal would bring the allotment procedure closer to the thinking of the Legislative bodies.

Recommendation:

Transfer the present functions of the Allotment Board to the Legislative Emergency Committee.

10. STATE AID FOR COUNTIES

The county property tax levy for roads and bridges amounted to \$13,-595,644 in 1950. If the State aids are added to the county property levy for roads and bridges, and the percentage thereof figured by the counties we find that in one county (St. Louis) the county provides more than 75% of the total available; 51 counties provide from 50% to 75%; 28 counties provide from 25% to 50%; and 6 counties provide less than 25% of the total. The six counties providing less than 25% of the total are Aitkin, Cass, Clearwater, Cook, Mahanomen and Lake of the Woods. These counties are usually considered to be the financially distressed counties.

It is obvious from the above data that all counties are not making the same effort to finance roads. The Commission believes that in revising the allotment formula, some minimum levy or a matching of State funds should be required before a county is eligible for State aids.

Recommendation:

Require some minimum county levy or a matching of State funds before a county is eligible for State aid.

Eliminate the existing limitations (usually fifteen mills), and give County Boards discretion as to the amount that should be levied in order to lessen the pressure on the Legislature to shift county roads to the State trunk highway system.

Deny State Aid to counties unless they prepare and adopt long-range construction and maintenance programs, and have them approved by the Commissioner of Highways.

The Highway Department should cooperate with the counties in the preparation of such plans even to the point of offering free engineering service.

11. CLASSIFICATION OF COUNTY ROADS

County roads are now classified as State aid and county aid roads. This is confusing.

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Recommendation :

Require County Boards to reclassify and mark county roads into primary and secondary systems.

The county primary system should consist of heavily-traveled roads and designation should be subject to approval of the Highway Commissioner.

The county secondary system should consist of the roads carrying light traffic, and be the direct responsibility of the County Boards.

12. PRIMARY ROADS

State funds should be used primarily in developing the so-called "primary roads" in the various counties. These roads are the most important roads in the county in so far as traffic needs are concerned. This can be accomplished without increasing State aids to counties, and yet would leave with the county boards the right to determine where local property taxes for highways should be spent.

Recommendation :

Increase the total amount of allotments for primary (State Aid Fund) roads from \$1,200,000 to \$6,000,000 per year.

13. GAS TAX REFUNDS

There is great pressure for more highway funds at the county level. It is therefore worthy of note that over \$6,000,000 from gasoline taxes are refunded to non-highway users annually. Furthermore, the refunds to non-highway users require a great deal of red tape and provide opportunity for fraud.

Recommendation :

Consider abolishment of non-highway use gas tax refunds and the making of grants in equal amounts to the counties, rather than to individuals, for use on rural roads.

14. STATE AID FOR CITIES

The 1949 Legislature gave the counties responsibility over State aid county roads. The county property levy for roads is against urban property as well as rural, so cities are entitled to some direct benefits for such levies.

Recommendation :

Provide additional aid to cities by requiring counties to assume responsibility for secondary county roads through cities and villages.

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15. AUTO LICENSE FEES

The present practice of reducing the auto license fee with the age of cars is illogical. Only six states follow this practice. An old car uses the road to the same extent as a new one. This tax is not based on value but on the privilege of using the highways.

Recommendation:

Eliminate age of vehicle as a factor in determining motor vehicle license fees.

16. SURVEY REPORT

The Commission gave considerable time to a study of plan of organization and procedural methods of the State Department of Highways for the purpose of increasing the efficiency and reducing the cost of administration. Work was aided materially by the survey and report of the Public Administration Service, Chicago, dated August 14, 1950. This survey was authorized by the Commissioner of Highways but the survey staff was made available to the Commission. The Commission gives approval to the report and endorses the recommended changes. Most of these proposed changes can be made by the Commissioner of Highways without any change in legislation. It is our hope that these improvements will be made promptly.

The survey report had the following conclusion as to the department:

“The State Highway Department has a good organization. This assertion is true when comparisons are made with road organizations in other states . . . For more than thirty years the highway department has been directed by one administrator, rather than a board, and as a result, there has been no splintering of responsibility. For the most part authority has been properly delegated. The department has kept abreast of advances in highway planning, research, and special studies.”

Recommendation:

- (1) Adopt the recommendation of the Public Administration Service report to make the Planning Division a staff agency.
- (2) Adopt the recommendations of the Public Administration Service report which provides for changes in legislation in respect to the accounting system of the Highway Department. The law requiring accounts to be kept on a County basis should be repealed and the type of accounting system left to the discretion of the Commissioner of Highways.
- (3) Adopt the recommendation of the Public Administration

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Service report to establish, subject to approval of the Commissioner of Administration, the office of a Chief Construction Engineer in the Department, and to give the eight district engineers greater authority for construction.

17. CONTRACT BIDDING

The present law in respect to the bidding on State highway contracts is restricting competition. Contractors must now present a bond covering 5% of their estimated bid. These bids may be changed just before being deposited and it is difficult to change the amount of the bond at such a short notice or to rewrite the proposal. The Commissioner of Highways is qualified to know the amount of the bond or certified check which should be deposited with the bid.

At the present time the Highway Department retains 15% of bid payments on contracts as well as on the final payment. This provision ties up a large amount of contractors' funds so that many of them are not able to bid on new contracts until the final payment is made, thus reducing competition on highway projects. Financing costs of loans are necessarily included in the bids, thus highway costs are increased.

Recommendation:

Adopt the Federal provisions on public works and highways in Minnesota, by which the State would retain no more than 10% of each estimate up to 50% of the contract price.

The State should pay interest at 4% on all unpaid balances after 90 days from the completion of the contract.

Amend the statutes so that the Commissioner of Administration or the Commissioner of Highways may accept a bid containing alterations or erasures if, in his opinion, those erasures or alterations have not been made for fraudulent or unlawful purpose. For an additional protection it is suggested that any contract let on bids in which fraudulent alterations or erasures have been made shall be declared void.

18. FINANCING CONSTRUCTION

Contracts cannot be awarded unless cash funds are available in the State Treasury. This has slowed down the construction program.

Recommendation:

Authorize the Commissioner of Highways to let contracts against estimated receipts for the year subject to the allotting authority under the Commissioner of Administration.

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19. COUNTY PURCHASES

In the year 1949, 87 counties of the State purchased approximately \$1,600,000 worth of machinery and supplies for the use of their respective highway departments. The Commissioner of Highways purchased for the State of Minnesota in the same period approximately the same amount of similar machinery and supplies at much lower prices.

It is obvious that if bids for the purchase of such supplies and materials both for the state and counties could be combined that a substantial saving could be made by the counties. This would give the benefit of volume buying to the counties acting jointly which cannot be obtained by the counties acting separately. The savings to the counties by channeling their purchase requirements through the State would be at least \$300,000 per year. The counties are agents of the State. The business of the construction and maintenance of county highways is a part of the functions of the State government. There appears to be no reason why all possible savings should not be made for the benefit of these agents of the State.

Recommendation:

Amend Chapter 161.03, Subsection 12, Minnesota Statutes, 1949, so that the Commissioner of Highways may assist the Counties in the purchase of machinery, supplies and special services.

20. COUNTY HIGHWAY EMPLOYEES

The county highway departments are a key unit in the entire highway program of the State. Additional powers are suggested for counties in this report. It is therefore important that "political spoils" be removed from county highway units and that the professional status of engineers and other employees be raised materially.

Recommendation:

Consider requiring all County Highway employees to be under a "merit system" to be administered by the State Civil Service Department.

21. COUNTY HIGHWAY ENGINEERS

The qualifications and appointment of county highway engineers is fixed in Section 162.00, Subdivision 2, of the Statutes. The present term of office is two years. A longer term would result in a more stable situation and enable the County Board and Engineer to consider and formulate long-range programs.

Recommendation:

Extend the term of County Highway Engineers to four years.

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22. TOWNSHIP ROADS

The townships have jurisdiction over approximately 80,000 miles of roads. The major portion of this mileage consists of lightly traveled land access roads. There are areas in the sparsely settled portions of the State where valuations are so low that townships are unable to raise sufficient money for road purposes. It is obvious that most towns do not have sufficient valuation to bring in any sizeable amount of taxes for roads, yet modern road building requires expensive machinery as well as engineering knowledge, centralized purchasing, a merit system for selecting employees, etc.

One possible solution to this problem is to give towns the option of discontinuing their highway divisions and turning this function over to the county government. At present some towns are turning over their highway activities to the counties on an agreement basis. This should be done on a county-wide basis.

The State of Kansas reports very favorable results with a different type of legislation. In that state a county board can adopt the county unit plan by resolution. Unless a protest petition signed by ten percent of the voters is filed within 90 days, the resolution becomes effective. Otherwise the county board must call an election to decide the question. Half of the counties in Kansas have adopted the county-unit plan by this voluntary method. Some of the states, such as Iowa, have abolished the town road building units and assigned this activity to the counties. Results in Iowa warrant serious consideration of such a step in Minnesota.

Recommendation:

Adopt some type of permissive legislation which will enable Counties to take over township roads, and authorize Counties to go beyond the 15-mill limitations in such cases.

Aeronautics

INTRODUCTION:

At the end of the war there was a general belief that the non-military aviation industry would expand very rapidly, probably following the course of the automobile and highway development of a quarter of a century ago. There was a great deal of energy back of this expansion and many felt that Minnesota could not afford to stand back and ignore this new means of rapid transportation.

Following this lead, the State Legislature adopted an aggressive policy, set up a Department of Aeronautics with far reaching powers, and made liberal appropriations, even to the extent of issuing State general obligation bonds to assist in the building of local airports. No other state gov-

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ernment except Illinois has been so generous in assisting in the construction of local airports.

In addition, a new policy of taxation, designed to make the users of this means of transportation pay a large part of the cost thereof, was inaugurated.

The Legislature set up three major tax sources—a plane license tax, a gas tax of four cents per gallon with a sliding scale based on volume of gasoline used, and a flight property tax (in lieu of local personal property taxes) to pay off the bond issues.

The Legislature of 1943 created the Metropolitan Airports Commission with jurisdiction over aviation in the cities of Minneapolis and St. Paul and an area of 25 miles distant from the court houses in Ramsey and Hennepin Counties.

Based on population, ability to finance and need for the service, Minnesota has spent more money for its State Department of Aeronautics and for aid in building local airports than any state of the Union. It, therefore, appeared necessary to the Commission that the attention of the Legislature be forcefully called to these facts. If some action is not taken now we believe that the State will find itself saddled with a debt and current operating cost for aviation activities beyond the means of the “user” taxes to finance, thus throwing this burden on general taxpayers who have little interest in and no direct benefit from air transportation.

1. TRANSFER OF FUNCTIONS

The major functions of the State in the aeronautics field are those of advising on aviation matters and regulating aviation activity. The Department of Commerce is primarily a regulatory agency and it is, therefore, the logical place to assign this aviation activity.

Recommendation:

Transfer the aviation activities and powers of the Aeronautics Department to the Department of Commerce.

2. MEETINGS OF METROPOLITAN AIRPORTS COMMISSION

The Metropolitan Airports Commission is a large and important factor in the aviation picture of the State. Local civic groups of the Twin Cities have suggested that the membership of this Commission be reorganized since, as they point out, it has been very difficult for the Mayors of the two cities to find time to attend the numerous meetings that are necessary. The Chairman must reside outside Ramsey and Hennepin counties. The law sets seven of the nine members as the quorum necessary to do business.

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Recommendation:

Reduce the number required for a quorum of a Metropolitan Airports Commission meeting from seven to six.

3. JURISDICTION OF METROPOLITAN AIRPORTS COMMISSION

The Metropolitan Airports Commission is a municipal body created pursuant to Chapter 500, Laws of 1943. It had for its object and purpose the creation of one authority in the cities of Minneapolis and St. Paul for the purpose of construction, operation and maintenance of airports. It was a finely conceived piece of legislation and has resulted in splendid cooperation between the cities. This body has the power to issue bonds up to \$15,000,000 and levy taxes for the payment of such bonds as well as for operating deficits. It is operating one of the best aeronautical facilities of cities of like size in the United States. For example, over 600,000 passengers made use of these facilities in 1949.

It was the purpose of the original act that the Commission should have full and complete jurisdiction over the construction and operation of all fields within an area of twenty-five miles of the downtown centers of the two cities.

The Legislature of 1947, Chapter 363, of the 1947 Session Laws, took away from the Metropolitan Airports Commission all control and jurisdiction over airports within the metropolitan area other than airports directly owned and operated by the Commission, except for control over flight and traffic patterns. As a result of this amendment divided authority exists between the Commission and the State Department. This has created considerable friction.

Power to determine what airports, other than those operated by the Commission, may be operated within the area has rested with the State Commissioner of Aeronautics. In addition, if the Metropolitan Airports Commission proposes to construct an airport or improve an airport and State funds are involved, the State Department has authority to veto the plans and designs of the commission. These provisions created a great deal of friction.

This divided authority in the law has led to constant trouble and dispute between the State Department of Aeronautics and the Metropolitan Airports Commission. Evidence presented to the Commission indicates that various actions of the State Department have been costly to the Metropolitan Airports Commission and have caused much unnecessary delay in construction. The law as now framed does not work for the best and the most efficient and economical operation of aviation in and for the Twin Cities area, although the Metropolitan Airports Commission was created for the sole purpose of serving this metropolitan area.

Recommendation:

Repeal the amendment passed by the legislative session of 1947 and return to the Metropolitan Airports Commission full and unrestricted power as provided in the original act.

If any appropriations are made by the Legislature for the use of the Metropolitan Airports Commission, such appropriations should be made directly to the Commission or channelled through the Governor and Legislative Emergency Committee without any control over the same by the State Department of Commerce.

Provide by law that insofar as the Metropolitan Airports Commission might revoke or refuse to license an airport, either private or municipal, operating at the time of revocation, the Commission should be compelled to compensate the owner for the value of such field.

4. AIRLINE TAXES

The present burden of taxation on commercial air lines, by both the flight property and the gasoline tax, is very much out of line with similar tax burdens levied in other states. Twenty-six states do not levy a gasoline tax on the industry. The flight property tax has not been adopted in any other state. No other state approaches the amount of tax levied by Minnesota on the interstate aviation transportation industry. The above criticism does not apply to the license tax and gasoline tax on intrastate flying. Steps should be taken to ease the tax burden on the commercial airline industry so this industry is not placed in an unfavorable competitive position. Unfortunately no major tax change can be made until the outstanding bonds are paid by 1956-57.

Furthermore, some financial aid should be given the key or commercial airports of the State since a large portion of the revenue originates from this source. The cities lost the right to tax airplanes as personal property when the Constitution was changed to permit the financing and construction of local airports.

Twin Cities property taxpayers are facing a heavy load to pay the debt service on millions of dollars of bonds that have been issued to build metropolitan airports. They have every right to protest against using their share of users' taxes to pay for State debt after 1957.

Recommendation:

Once the State debt is paid off the Legislature should reduce and allocate the flight property tax and the proportion of

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the gas tax paid by these interstate carrier planes. These receipts should be distributed to the municipalities where the revenue was derived from on some equitable formula to be determined at that time.

5. LOCAL LANDING FIELDS

Practically every area of the state is served by airports. The objective of the Department to place airports approximately forty miles apart has been substantially reached. Planning of airport locations has not been well conceived in all cases. It was apparently the policy of the Legislature to aid in the construction of airfields wherever a local group developed a plan for constructing an airport. This resulted in duplication of service in some areas.

The wisdom of creating so many small fields in this State at the present time can be questioned. In fact, we believe that this program has expanded beyond present needs and uses. Data showing actual traffic counts on the landing fields is not available. Use can be measured roughly, however, by the number of licensed planes in the State. The number of planes has dropped from 1,924 in 1948 to 1,789 in 1949, and 1,777 in 1950.

There are eleven counties with ten or fewer registered aircraft using fields which have a capital investment of \$15,000 to \$40,000. Clearly, the State has an over-supply of airports at the present time.

Recommendation:

Discontinue State aids for building or improving local landing fields.

6. STATE OWNERSHIP OF AIRPORTS

Some municipal fields are not receiving sufficient revenue to pay for their operations. Where municipalities refuse to furnish the necessary funds to pay for current operating deficits such fields should be abandoned, and not in any instance turned over to the State government. A bill was presented to the 1949 Legislature authorizing the State to take over and operate local airports, but failed to pass. A similar bill is likely to be presented again in 1951. If such legislation were adopted it would put the State government in the aviation business, and ultimately cost millions of dollars. In addition, it would discourage private investment in airport facilities. The State now owns and operates a field at Grand Marais at a cost of \$58,000. This is a bad precedent for State ownership. The real value of the Grand Marais field is to the National Guard for emergency and auxiliary purposes.

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Recommendation:

Prohibit the State Government from owning or operating airports.

Transfer the Grand Marais Air Field to the National Guard.

7. FUTURE FINANCING

Large sums of public money could easily be spent on aviation, and there exists a small and insistent minority that will demand unlimited expenditures for their special benefit. The general taxpayer should not be burdened for the pleasure of a few citizens nor for the economic advantage of a special group, except for the early development of such activity. The current construction program should be completed and this expense will undoubtedly require most of the \$650,000 bond issue authorized in 1949. The Federal Government will no doubt continue to aid local fields up to 50% of the costs for the next few years. Urgently needed local fields can still be built with federal assistance.

Recommendation:

Finance all future expenditures in the aeronautics field solely by aviation "user" taxes and limit the spending program to the receipts obtained from such tax sources.

8. TRANSFER OF FUNCTIONS

The Federal Government regulates and supervises the operation of airplanes in every conceivable respect. It has approximately 85 employees located in the State who are exclusively engaged in aeronautical work duplicated by the State Department. The broad statement can be made that there are no services rendered by the State Department of Aeronautics that cannot be obtained by interested parties from the Federal Civil Aeronautics agencies.

We do not believe that the doctrine of state rights as applied to the aviation industry has any significance, or that there is any reason for the states to attempt to duplicate federal regulation of this industry on the plea that the state should not abandon its constitutional rights to regulate aviation. The Federal Government will continue to police and regulate aviation, and most of the duplication of federal service by the State is an unreasonable waste of the taxpayers' money.

The Federal Government has a department in Minnesota for policing and enforcing the federal law for the safe operation of planes. In other words, the service performed by the State Department is paralleled by the service performed by the Federal Government. There is a limited field

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for state policing and accident investigation of non-carrier aircraft involving violations of the State aeronautical code. For this reason, it is advisable to continue the State agency, though on a limited scale.

The federal department has competent men who aid in the construction and planning of air fields from the commencement to the conclusion. In fact, it aids in the construction of local fields to an even greater extent than the State government. It licenses all planes, licenses all pilots, gives examinations to pilots, checks the safe condition of all planes for each 100 hours of operation, and federal inspectors are constantly visiting the airfields of the state. For example, during the latter part of November federal inspectors visited municipal fields at Duluth, Hibbing and Willmar, and checked planes and the condition of the fields for safe operation. It also furnishes the same service to private fields.

The Commission questions, as did a recent California legislative investigating committee, whether there is any reason for state licensing of planes and pilots. New York, Texas and California—major aviation states—do not license either planes or pilots. In fact few states do. Actually the State government is merely registering licenses already issued by the Federal Government.

Not only does the Federal Government certify (similar to licensing) all planes, pilots and air schools, but it provides accurate, up-to-the minute IBM registration data free of charge to any state, simply for the asking. It is, therefore, difficult to justify the cost, inconvenience and red tape of duplicate State licensing.

It might be contended that the State must register the aircraft in order to collect the flight property tax and the license fee. These State taxes can be levied and based on federal registration lists which are available to all State officials. This will save money, time and trouble. In addition, it is sound fiscal practice to place all tax collecting functions in a single department.

Recommendation:

Withdraw the State from all aeronautical activities where its service is duplicated by the Federal Government, except in the few instances cited.

Transfer to the Department of Revenue the collection of aviation license fees.

Explore the possibilities of having the State Highway Patrol assist in investigating aircraft accidents, and give Highway Patrol and aeronautics investigators joint use of radio facilities.

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9. BUDGET

The Commission is of the opinion that the Department of Aeronautics has been well administered, but that State participation in the field of aeronautics has exceeded that required for sound development of aviation and protection of the public interest. Funds will not be required in the amounts previously spent, if State aeronautical activities are limited as suggested here.

Recommendation:

Reduce the budget for State aeronautical activity from the present \$110,000 a year to approximately \$50,000 per year.

10. LIABILITY INSURANCE AND TITLE REGISTRATION

The Commission did not have the time or staff to investigate the various problems concerning liability insurance and registration of titles in respect to airplanes. We believe that these problems are sufficiently important to warrant consideration by the Legislature. We call attention to the fact that the Minnesota State Bar Association has such proposed legislation under consideration.

The Legislature should be concerned with the State's responsibility for passengers riding in State-owned planes. This subject also needs study.

As suggested by the Commissioner of Aeronautics, the statutes should be amended to permit the State to impound abandoned aircraft and, if the owner does not come forward, to dispose of them at a sheriff's sale to recover delinquent taxes, and to preclude the use of un-airworthy aircraft.

Recommendation:

None.

CHAPTER X

To Achieve Greater Efficiency and Economy in **LABOR and** **INDUSTRIAL RELATIONS**

INTRODUCTION:

"Ideas pay dividends in Minnesota" is an appropriate slogan of the State's official business-promotion agency. The slogan is accurate largely because of the high quality of our laboring force and the capable leadership of our industrialists. The two, aided by sound legislation, have an enviable record of cooperative relationships. The State agencies directly concerned with labor and industry are discussed in this chapter, and recommendations are made for improvements in the organization and work of these agencies.

In its study of the Division of Employment and Security, the Commission was assisted by Griffenhagen and Associates, Chicago, consultants in public administration and finance. The reader is referred to the Griffenhagen report on file.

1. ORGANIZATION AND MANAGEMENT

As presently constituted, the Department of Labor and Industry is under the administrative management of a three-member board known as the "Industrial Commission." This Commission performs administrative, quasi-judicial, and quasi-legislative functions.

The principal criticism of the present management and operations of the Department of Labor and Industry, and the agencies which would become component parts of the proposed Department of Labor and Industry, is due in large part to the present form of organization. It is virtually impossible to gain maximum administrative effectiveness under a multi-member board type of organization. There are unlimited opportunities for "passing the buck" from one member to another. Costly, and otherwise undesirable, delays result from the need for reaching complete and mutual understanding and agreement among the members of the board before decisions can be made. It is extremely difficult to obtain maximum coordination of the activities of all of the administrative units under the Board's direction when the heads of certain administrative units are responsible to one Board member, others to a second Board member, and still others

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to a third Board member. While it appears that in recent years there has been harmony within the Industrial Commission, the potentiality for friction, dissension and stalemate in the conduct of public business is great and dangerous.

Recommendation:

Establish a Department of Labor and Industry under the direction of a single official who shall be known as the Commissioner of Labor and Industry. To this Department head should be transferred the administrative and rule-making functions now being performed by the Industrial Commission.

The quasi-judicial functions should be assigned to a quasi-judicial board, described below.

With the transfer of the functions of the Industrial Commission, there would be no further need for a three-member Industrial Commission.

The Commissioner of Labor and Industry should be appointed by the Governor and should be removable by the Governor. His term of office should correspond to that of the Governor.

Place full administrative responsibility for management of the Department of Labor and Industry upon a single official serving as Commissioner of Labor and Industry.

Integrate administrative authority to do at least three important things:

- (1) Fix responsibility to permit recognition of good work and to identify the source of poor work.
- (2) Materially expedite the work of the Department.
- (3) Eliminate uncertainty among personnel within the agency as to the center of responsibility and authority.

2. ADVISORY BOARD

As in the case in several other major departments, and for the same reasons, the Commissioner of Labor and Industry should have assistance in establishing major departmental policies.

Recommendation:

Establish an Advisory Board to assist the head of the Department of Labor and Industry, in an advisory way only, in establishing departmental policy. The number and qualifications of members should reflect the variety of subjects upon which departmental policies are required. The members of the Board should be appointed by the Governor for six-year over-lapping

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terms, and should be removable by the Governor only for cause. Such Board would have no administrative responsibilities and its findings, decisions, and recommendations would not be binding upon the Commissioner of Labor and Industry.

The Advisory Board should be subject to the call of the Commissioner. He should be required by law to meet with such Advisory Board not less often than four times a year if and when meetings were called by the chairman of the Advisory Board, or upon written request to the Commissioner by a majority of the membership of the Board, all such meetings to be at a time convenient to the Board and the Commissioner. The proceedings of the meetings should be a matter of public record.

The Commissioner of Labor and Industry should be required by law to make available to the Advisory Board such information as they may request respecting the policies and programs of the Department of Labor and Industry.

Members of the Advisory Board should be compensated for their services on a per diem plus actual expense basis, the chairman to be compensated at a rate slightly higher than other members.

3. QUASI-JUDICIAL BOARD

Quasi-judicial matters should be determined on the basis of collective judgment. With the establishment of administrative responsibility under a single official, there still remains the quasi-judicial function which has previously been performed by the Industrial Commission and other State agencies.

Recommendation:

Establish a Quasi-Judicial Board which would be independent of, and whose decisions in quasi-judicial matters would be superior to, the Department of Labor and Industry.

This Board should be composed of three members who would fairly represent the interests of all concerned in matters to come before the Board. They should be appointed by the Governor for six-year over-lapping terms and be removable by him only for cause.

It should be the duty of this Board to hear and adjudicate disputed claims under workmen's compensation and unemployment compensation, establish compensation insurance rates and perform related work, perform the quasi-judicial functions now being performed by the State Industrial Commission, and con-

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duct hearings in contested representation cases of the kind which now go before the Division of Conciliation.

With the transfer to this Board of the quasi-judicial functions of the Compensation Insurance Board and handling of the ministerial functions by the Department of Labor and Industry, there should be no further need for the Compensation Insurance Board.

4. UNEMPLOYMENT COMPENSATION CLAIMS

Disputed claims for unemployment compensation are presently submitted to a three-member tribunal whose decisions are subject to review and overruling by the Director of the Division of Employment and Security. This arrangement, whereby a single administrative official can over-ride the collective judgment of a board sitting on a quasi-judicial matter, seems to complicate the procedure and invalidate the primary objective of the three-member tribunal serving as a Quasi-Judicial Board.

There is need for greater protection to the participants in disputed unemployment compensation claims cases, protection of the kind that places final determination in quasi-judicial matters in the hands of the Board rather than a single official.

Recommendation:

Retain the present statutory provisions for referees and tribunals within the Division of Employment and Security.

Appeals from the administrative decision of a referee (when no tribunal is used) or a tribunal, should be made directly to the Quasi-Judicial Board without review by the Division or Department Head. The latter would be notified of the Board's decisions for his information.

Appeals from decisions of the Quasi-Judicial Board should go to the State Supreme Court.

5. DEPARTMENT OF LABOR CONCILIATION

Under a peculiarly worded provision of the law, the Division of Conciliation is "established in the Department of Labor and Industry . . . but not in any way subject to the control of the Department" (M.S. 179.02). The Labor Conciliator, who has supervision and control over the Division of Conciliation, is appointed by the Governor with the advice and consent of the Senate. It is not clear whether it was the intention of the Legislature that this Division should be a part of the Department of Labor and Industry or should not be a part of said Department.

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Recommendation:

Establish a Department of Labor Conciliation, having the full status enjoyed by the other major departments of the executive branch of the State Government, under a Commissioner of Labor Conciliation who would be appointed by and removable by the Governor and whose term would correspond to that of the Governor.

The Division of Conciliation now constituting a part of the Department of Labor and Industry would no longer be needed.

The functions of the Department of Labor Conciliation should be the same as the functions of the present Division of Conciliation, except that the responsibility for the conduct of hearings in contested representation cases should rest with the Quasi-Judicial Board described above.

6. FIRE MARSHAL DIVISION

There is within the Division of Insurance of the Department of Commerce a Fire Marshal Division. This office makes inspections of public buildings, hotels, liquified petroleum gas and other petroleum products installations. The Division also carries on programs to increase the effectiveness of the fire fighting forces in the State and to prevent fires. These activities are for the purpose of reducing loss of property, and constitute a public safety function similar to the public safety function in the Department of Labor and Industry.

Recommendation:

Transfer the safety functions now performed by the State Fire Marshal Division of the Division of Insurance within the Department of Commerce to a Division within the Department of Labor and Industry, which division may or may not be known as the "Fire Marshal Division."

The function of investigation of arson cases should be transferred to the Department of Law.

7. DEPARTMENT OF SOCIAL SECURITY

There is in the State government a Department of Social Security, composed of the Division of Employment and Security, the Division of Social Welfare and the Division of Public Institutions. The heads of these divisions compose the Social Security Board whose function is to "coordinate" the functions of the three divisions. The function of the Division of Employment and Security is primarily that of job placement and administration

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of unemployment compensation, for persons in the labor market. Despite this primary objective, the Division of Employment and Security is not located organizationally within the Department of Labor and Industry.

Recommendation:

Transfer the Division of Employment and Security of the Department of Social Security to the Department of Labor and Industry.

Upon the transfer of the functions of the Division of Public Institutions and the Division of Social Welfare to another Department, there will then be no need for the continued existence of the Department of Social Security.

8. DIVISION OF EMPLOYMENT AND SECURITY

The present organization of the Division of Employment and Security violates several principles of public administration. For example, the span of control of supervisory personnel at various levels is so broad as to interfere with effective operation; organizational units are not grouped logically according to their major functions in many cases; staff and line activities are combined under single supervisors more frequently than is desirable for maximum efficiency; lines of authority are not always clear.

Recommendation:

Reorganize the Division of Employment and Security according to the following plan (lines of descending authority are shown by indentation of position titles):

Position Title	Staff Section Units
Director	
Deputy director	
Assistant director	Administrative services section
Accountant	Fiscal unit
Personnel officer	Personnel unit
Tabulating machine supervisor	Tabulating unit
Executive	Office services unit
Plant maintenance engineer	Plant maintenance and custodial unit
Attorney	Appellate section
Attorney	Legal section
Informational representative	Information section
Employment research supervisor	Research and statistics section
Executive	Planning section

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	Operating Sections and Units
Assistant director	Employment service section
Farm employment supervisor	Farm placement and clearance
Employment security supervisor (6)	District supervisors—six local office districts
Employment security supervisor	Local office managers
Assistant director	Unemployment compensation and S.R.A. section
Accountant	Accounting section (tax collection)
Unemployment compensation supervisor	Benefits section

9. ADMINISTRATIVE SERVICES SECTION

Presently the heads of three staff sections of the Division of Employment and Security—office management, personnel and fiscal—report to the Director. The tabulating unit, which serves many sections of the Division, and the supervision of custodial workers in the central building, are under the Director for Unemployment Compensation and Servicemen's Readjustment Allowances.

Recommendation:

Consolidate the units responsible for personnel, fiscal and office management functions of the Division of Employment and Security in a single staff section entitled the Administrative Services Section.

The tabulating unit and supervision of custodial workers in the central building should be transferred to this section.

The head of the proposed administrative services section should be an assistant director who reports to the director.

10. LEGAL SECTION

The responsibility for the legal activities of the Division of Employment and Security is split between two units of the Division. An Assistant Attorney General, assigned full-time to the Division, acts in a legal advisory capacity to the Director of the Division and, as Chief Counsel, is responsible for all litigation in which the Division is involved in the courts of the State. Another employee, the Chief of the Legal Section, acts in a legal advisory capacity to the heads of the various organization units in

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the Division and also represents the Division in hearings before tribunals, prosecutes fraud cases, negotiates compromise settlements, certifies all legal documents and decisions to the Secretary of the federal Department of Labor, and performs other legal activities within the administrative framework of the Division not especially referred to the Chief Counsel by the Director.

This arrangement makes it difficult to obtain the coordination necessary between the activities of the two units, has resulted in some confusion in the minds of officials in the agency as to whom to go to for advice on legal matters and has made it necessary to establish extra clearances in order that each may be informed of the work of the other. It is always possible, too, that the advice of one may not be in entire agreement with the advice of the other on any given legal matter.

Recommendation:

Consolidate responsibility for the legal functions and activities of the Division of Employment and Security in a single staff section entitled the legal section. The head of the proposed legal section should report directly to the Director of the Division.

11. PLANNING SECTION

The Planning, Standards and Methods Section is a staff section of the Division of Employment and Security and is responsible for planning, reviewing and developing operating procedures, reducing the procedures to writing, and establishing production schedules and operating standards of performance.

There is also a Technical Services Unit which is a staff unit in the Employment Services Section of the Division. The Technical Services Unit plans, develops and coordinates programs for job analysis, industrial services, counseling, staff training and occupational testing. It maintains relationships with government and private agencies, interprets policies in the assigned fields of activities and evaluates and makes recommendations on technical services programs to be carried out in the local offices of the Employment Service.

There is another staff training unit which serves in a staff capacity on the staff of the Assistant Director in charge of Unemployment Compensation and Servicemen's Readjustment Allowances. This Training Unit assists in determining training needs, develops training material, conducts training sessions, exercises functional supervision over personnel engaged in conducting training, evaluates results of training and keeps training records.

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Recommendation:

Consolidate the several units now responsible for planning, standards, methods, technical services, unemployment compensation and SRA training, and employment service training functions into a single staff section in the Division of Employment and Security, to be entitled the planning section. The head of the proposed planning section should report directly to the Director of the Division.

12. EMPLOYMENT SERVICE

There are 33 local Employment Service Offices operating in the State under the supervision of an Assistant Director of the Division of Employment and Security. In addition, there are approximately 118 itinerant points in the State served by the local Employment Service Offices.

Five Employment Security Supervisors (grade IV) assist the Assistant Director in supervising the various local offices.

It was reported that during the first six months of 1950, these five Employment Security Supervisors, spent their time as follows:

Supervisor	Hours Spent in Local Office	Hours Spent in State Office	Hours Spent in Travel Status
No. 1	540	272	219
No. 2	160	774	27
No. 3	381	495	105
No. 4	391	414	118
No. 5	480	328	185
Totals	1,952	2,283	654

It is noted from the above that of 4,889 hours tabulated, only 1,952 (40% of the total) were spent by these five supervisors in local offices.

Recommendation:

Organize the employment service on a district basis, as shown below, by the establishment of six districts and place the local employment service offices in each district under an employment security supervisor (Grade IV).

The headquarters office of each district should be at a central point within the district.

The district supervisors should report to the assistant director in charge of the Employment Service Section.

Organizational plan:

Assistant director, employment service

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Farm employment supervisor II
Farm employment supervisor I
Employment security supervisor IV (Minneapolis district)
Employment security supervisor IV (St. Paul district)
Employment security supervisor IV (outstate district No. 1)
6 local office managers
2 sub-local office managers
Employment security supervisor IV (outstate district No. 2)
8 local office managers
Employment security supervisor IV (outstate district No. 3)
8 local office managers
Employment security supervisor IV (outstate district No. 4)
7 local office managers

13. REPRESENTATION CASES

The Division of Conciliation performs two major functions: conciliation and determining representation. The performance of these two functions by a single agency may act to invalidate the effectiveness of that agency. Conciliation is a function whose successful performance requires recognition by all parties of the impartial nature of the agency providing the conciliation service. Representation cases, on the other hand, are matters requiring judicial decisions which affect not only employers and employees, but many times make a choice between employee groups, thus creating the feeling on the part of the groups not favored by the decision that they are being discriminated against by the Division of Conciliation. The determination as to whether an election shall be held, or which group shall be recognized for representation purposes without the holding of an election, is a quasi-judicial function which ought to be performed by an agency specializing in quasi-judicial matters and not responsible for a conciliation function.

Recommendation:

Relieve the proposed Department of Labor Conciliation of responsibility for conducting hearings in contested representation cases.

14. WORKMEN'S COMPENSATION CLAIMS

Workers, whose workmen's compensation claims are denied by insurers, are now having to wait an average of three to three and a half months after the filing of a claim petition before they get the first hearing before a referee. This is due to several factors, the major ones being requests for continuances and shortages of referees.

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Recommendation :

Use stringent legal devices, such as fees, penalties, etc., to reduce to a legitimate minimum the number of denials of liability by insurers.

Because of the great importance to the individual employee affected, and the fact that workmen's compensation claims are rarely filed except when an employee has suffered injury and is in more than usual need of income, everything possible should be done to streamline the procedures for acting on workmen's compensation claims and reduce to the very minimum the length of time that expires between the date of injury and the determination of claims.

15. REFEREES

It appears that the present staff of referees (four) is not sufficient to provide prompt consideration and decision respecting disputed workmen's compensation claims.

Recommendation :

Increase the staff of referees sufficiently to keep work current, if detailed study of work loads confirms the need.

16. CONSOLIDATION OF BOILER AND STEAMFITTING INSPECTORS

Boiler Inspectors are now appointed on a part-time basis, and appointments are made under Civil Service, but according to Senatorial Districts.

Recommendation :

Combine the positions of Boiler Inspector and Steamfitting Inspector so that both kinds of work can be handled by a single inspector who shall be a full-time Civil Service employee without regard to the senatorial district of his residence.

17. COMPENSATION OF BOILER AND STEAMFITTING INSPECTORS

The fee system is used to compensate Boiler Inspectors with a limit placed upon the total amount of the fees which may be collected in any one year by a Boiler Inspector. It is inevitable that such a system encourages service for a fee rather than because of the need for protecting the public, and it is reasonable to expect that the number of inspections made would be reduced materially after the Inspector has reached the maximum amount of income permissible during any one year.

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Recommendation:

Pay each of the Boiler Inspectors—Steamfitting Inspectors according to the Civil Service pay plan, in lieu of compensation based upon fees collected for services rendered. Fees should be deposited in the General Revenue Fund.

18. CONSOLIDATION OF OTHER INSPECTIONAL SERVICES

The Department of Labor and Industry has inspectors of various kinds, such as the above mentioned Boiler Inspectors, Safety Inspectors, Inspectors of Steam-fitting Standards, Labor Investigators, etc. The private citizen whose business may be inspected by three or four different inspectors from the same Department within a very short period, questions, and rightly so, whether such inspections might not be handled by fewer persons from the Department.

Recommendation:

Combine inspectional services wherever possible so that a single employee may perform the duties now performed by two or more people.

19. INSPECTIONAL SERVICE FEES

The fee schedules for inspectional services, some of which were established about 1900, do not provide revenue equal to the cost of the services.

Recommendation:

Adjust fee schedules for all inspectional services to provide sufficient revenue to cover the entire cost of such inspections plus related costs, in order that this function may be placed on a self-supporting, but not profit-making, basis.

20. WORKING CONDITIONS

The Department reports that physical working conditions for employees within the Department of Labor and Industry, with respect to lighting and other items, fall below the standards which the Department enforces on private industry.

Recommendation:

Improve working conditions of State employees so as to be equal to or better than those required in the minimum standards set by the State for private industry. Public employees

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should not be exempt from the rules and regulations governing working conditions which their governmental employer imposes upon private industry.

21. STORAGE OF RECORDS

The Department of Labor and Industry is required by law to retain its records for 18 years. Records kept that long, of course, accumulate and ultimately occupy an undue amount of space. Storage space for records, particularly in central locations and highly congested areas, is very expensive.

Recommendation:

Make a thorough study to determine whether there is need for retaining records for a period of 18 years.

If there is need for old records a comparison should be made between the cost of micro-filming inactive files and the cost of using space and filing cabinets required for standard sized files. The recommendations from such a study should be adopted by both executive action and statutory change, if necessary.

22. WORKMEN'S COMPENSATION INSURANCE PROGRAM

The cost of administering the workmen's compensation insurance program (the Division of Workmen's Compensation and the Statistics Division of the Department of Labor and Industry, the Compensation Insurance Board, and miscellaneous costs) is about \$175,000 per year, of which about \$160,000 is paid from the General Revenue Fund and is, therefore, a direct charge against the taxpayers of the State. The Commission recognizes that the general public has an interest in an adequate and well-administered workmen's compensation insurance program, and may have an obligation to finance a portion of the cost of administration from general tax fund. The *total* cost of administration should not be paid by the general taxpayers. Private insurance companies profit from business which, by law, employers are forced to place with some approved insurer. Currently, annual premium payments for workmen's compensation insurance total \$15,000,000 in Minnesota.

Recommendation:

Take action to make the administration of the workmen's compensation insurance program self-supporting, but not profit-making.

Establish a charge of one percent on gross premiums paid, and a comparative charge against self-insurers, to make administration of the workmen's compensation insurance program

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virtually self-supporting. Use this method or some other equitable method to relieve the general taxpayer of the burden of administrative costs of the workmen's compensation insurance program.

23. TABULATING EQUIPMENT

The Department of Labor and Industry reports that the mechanical tabulating equipment is antiquated and subject to frequent breakdowns, requiring manual operation of the accounting system. This condition is wasteful and inefficient.

Recommendation:

Discontinue the use of inaccurate and poorly functioning tabulating equipment. Both the operating department and the Department of Administration should see that such conditions are eliminated insofar as appropriations will permit.

24. BUILDING INSPECTION

Several State departments perform functions related to building construction as it affects the public safety. There is no single department or official to whom the architects, engineers and contractors can turn for final decisions. Also, there is no uniform code of minimum standards for building construction applicable throughout the State. The public has little or no protection in the rural areas, and except in the largest cities the facilities for drafting and enforcing adequate municipal building codes are insufficient to provide the needed public protection.

Recommendation:

Transfer building inspection activities of the various State Departments to the Department of Labor and Industry.

The Commissioner of Labor and Industry should be responsible for:

- 1. Integrating building inspection activities.**
- 2. Drafting, adopting and enforcing a code of minimum building standards based on performance alone and applicable to all building construction except farm buildings and one and two-family dwellings.**
- 3. Drafting minimum standard performance codes for voluntary adoption by local governments when authorized, to protect farmers and home owners.**

The Department should be required to accept inspections by local officials to the fullest extent possible, in order to retain

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local administration of building regulation and avoid duplication of inspections by State and local officials.*

25. BENEFIT CLAIMS

The Statutes provide that a claimant for unemployment compensation benefits may be disqualified from receiving benefits for from three to seven weeks, for one or more of the four major causes for such disqualification. In order for the Division of Employment and Security to have adequate information as to the reason for a worker's unemployment, Regulation No. 18 was promulgated, requiring an employer to file with the Division a separation notice on a form furnished by the Division at the time an employee separates, whenever, in the employer's opinion, there is cause for disqualifying the employee from receiving benefits. The statutes prescribe also that employers shall be notified when initial claims are determined and be given 12 days to file a disqualification protest. Since compliance with the regulation just cited does not affect the employer's right of protest, employers usually disregard it and do not file a protest with the Division until they are informed that an employee has filed an initial claim for benefits. As a result, it is necessary for the Division to make special disqualification determinations which require a considerable amount of extra clerical work and also extend the time which the claimant has to wait for his initial benefit determination and benefit check.

Recommendation:

Amend the statutes so as to permit only those employers who have complied with the regulations of the Division of Employment and Security and have filed a separation notice indicating possible disqualification within five days after separation, to file a disqualification protest within twelve days after an employee files his initial claim for benefits.

26. INVESTIGATION OF CLAIMS

The Division of Employment and Security is investigating all claims for benefits filed to determine whether or not the claimants are drawing benefits during the time they are working. The investigation of every claim filed during all four quarters of the year represents a workload of considerable size, and it is reported that during the last year only about 100

***NOTE:** The program recommended agrees substantially with the views of the League of Minnesota Municipalities, Association of General Contractors and the professional societies of architects and engineers, except as to organization where the Commission recommends inclusion in an existing department, rather than creation of a new and separate department.

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cases of possible fraud were discovered. It is reported that it is not expected that every possible case of fraud can be discovered in this type of investigation but that the investigation serves as a deterrent, generally, to any widespread attempt by the workers to obtain unemployment compensation benefits fraudulently.

Recommendation:

The Division of Employment and Security should perform fraud investigation in greater detail than at present, but on an alternate quarter basis rather than for every quarter. Vary the pattern of alternate quarters from time to time so that the same quarters will not be covered year after year.

27. BENEFIT CHECKS

Minnesota is one of the few states that has adopted the practice of preparing and issuing benefit checks in the local Employment Service Offices. The procedure has considerable merit because it expedites the payment of benefits to workers and increases the prestige of the local Employment Service Office in the community. There is a need, however, to find some way to speed up the writing of checks and posting to the pay authorization cards and claim record cards in the local office.

Recommendation:

Consider installation of machines in local employment service offices which will perform in one operation the benefit check writing and posting operations now performed in separate operations.

28. EMPLOYER CONTRIBUTION REPORTS

The Division of Employment and Security retains employer contribution reports in file for a period of four years, after which time the reports are microfilmed. The retention of these reports in the active file for a period of four years requires a considerable amount of filing space and equipment. There is little, if any, need for reference to these employer reports after they have been on file for a period of three years.

Recommendation:

The Division of Employment and Service should retain employer contribution reports in file for a period of only three years before microfilming them.

It should retain the continuation sheets of these reports in file for a period of only three years before destroying them.

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29. INACTIVE RECORDS

An inspection of the building housing the central office of the Division of Employment and Security reveals that the major portion of the basement is used for the storage of all types of inactive records. There are many, many tons of these paper records, most of which could be disposed of without loss to the Division.

Recommendation:

Destroy or otherwise dispose of the accumulation of paper records now stored in the basement of the central office building of the Division of Employment and Security.

30. FARM PLACEMENT AND CLEARANCE UNIT

The Farm Placement and Clearance Unit is a staff unit in the Employment Service Section and is responsible for developing programs for specialized recruitment service to agriculture and rural industries. It operates a clearance system for the transfer of workers between areas within the State and between Minnesota and other states. The unit is supposedly headed by a Farm Employment Supervisor, grade II, and there are two Farm Employment Security Supervisors, grade I, assigned to the unit. In actual practice the Supervisor responsible for clearance, as well as the head of the unit, reports directly to the Assistant Director.

An evaluation of the workload accomplished in the unit indicates there is not sufficient work to warrant the assignment of two Supervisors, grade I, to this unit.

Recommendation:

Define and reduce to writing the responsibilities and duties of the several supervisory positions in the farm placement and clearance unit in the employment service section.

Provide that only the head of this unit report directly to the Assistant Director in charge of the section.

Eliminate one position of farm employment supervisor, Grade I.

31. EMPLOYMENT SECURITY REPRESENTATIVES

As of December 31, 1949, there were 388 Employment Security Representatives serving the Division of Employment and Security on a part-time basis in placing workers locally and in recruiting workers during peak harvesting and canning periods. These representatives are located in small towns and are paid on a placement unit activity basis. During the calendar

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year 1949, the total compensation paid to Employment Security Representatives for work performed was reported as \$12,100.

Prior to 1946, Employment Security Representatives did not receive compensation for the work they performed for the Division, but in 1946, when the Employment Service was returned by the Federal Government to the State, the Division established a policy which provided for paying these representatives at a nominal rate.

It is probable that the work performed by the representatives in these very small towns would be accomplished by civic-minded citizens at no cost to the Division even if the Employment Security Representatives had not been appointed and paid for such work.

Recommendation:

Discontinue the practice of employing and paying employment security representatives in small communities on a year round basis.

Appoint such representatives only in selected communities as needed on a part-time basis to assist in the recruitment of workers during the canning and harvesting seasons.

32. LOCAL EMPLOYMENT SERVICE OFFICES

Minnesota, with 33 local Employment Service Offices, has a greater number of local offices in cities under 10,000 than do other midwestern states. In addition, nearly 120 localities receive "itinerant" service from near-by local offices. The workload accomplishments of five of the smaller local offices and five large offices, for the year 1948 and 1949, is reported as follows:

Local Office	Popula- tion*	No. of Full Time Employees August 1, 1950	Place- ments	1948		1949			Itinerant Points Served
				Initial UC Claims	Cont'd UC Claims	Place- ments	Initial UC Claims	Cont'd UC Claims	
Alexandria	5,051	4	601	591	2,249	685	754	3,665	2
Grand Rapids	4,875	4	436	829	3,396	357	2,338	8,485	5
Little Falls	6,047	7	908	731	3,923	604	1,988	8,269	3
Marshall	4,590	5	659	404	1,678	791	716	2,309	4
Thief River Falls	6,019	5	794	456	2,606	807	921	4,306	3
Duluth	101,065	42	15,599	5,215	20,898	9,171	13,459	60,449	8
Faribault	14,527	6	1,384	752	2,857	1,762	1,079	3,896	1
Mankato	15,654	13	5,205	1,829	7,428	9,386	2,777	11,877	11
Minneapolis	492,370	118	44,903	20,746	91,917	40,031	42,063	217,870	0
Rochester	26,312	10	2,948	1,226	5,519	2,979	1,700	7,036	1
*1940 Census.									

*1940 Census.

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Recommendation:

Make a detailed analysis of the workload and administrative factors which justify establishment of full-time local offices.

Re-determine the need for local Employment Service offices in cities of less than 10,000 population, particularly in the non-agricultural areas of the State.

33. INTRA-GOVERNMENTAL RELATIONS

The Division of Employment and Security has developed satisfactory cooperative relationships with certain other State agencies. The relationship that exists between the Division and the State Department of Administration is generally satisfactory, except for being somewhat strained because of the conflict between the budgetary controls exercised by the Department of Administration in the State and the Bureau of Employment and Security in the Federal Government.

The Division contends that it requires additional work in the Fiscal Section to satisfy the budgetary control requirements of both these agencies because they differ in several respects. The State Department of Administration requires the submission of a biennial budget and a quarterly allotment budget, while the Federal Bureau requires the submission of an annual budget and quarterly reports of workload accomplished and expenditures. The Federal Bureau permits transfer of funds from category to category with the exception that funds approved for the purchase of new equipment may not be used for any other purpose. The rules of the State Department of Administration prohibit the transfer of funds between major categories and also provide for a position control.

Recommendation:

The Director of the Division of Employment and Security and the Commissioner of Administration should confer as long as necessary to determine the specific elements of conflict between the controls exercised by the State Department of Administration and the Federal Bureau of Employment and Security, to reconcile the differences, and to develop an agreement that will provide adequately for the Division to meet the requirements of both agencies without any unnecessary additional work on the part of the staff of the Division.

34. COVERAGE UNDER UNEMPLOYMENT COMPENSATION

The Minnesota Employment and Security Law provides that employers performing service in a city or town of 10,000 population or more, having *one* or more workers, and employers performing service in a city or town

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of less than 10,000 population, having *eight* or more workers, shall pay contributions in accordance with the tax provisions of the law. Workers engaged in similar employment may or may not accumulate benefit rights, depending only on the size of the city in which they perform services. Claimants for benefits are not always aware of the effect on their benefit rights of this split coverage provision, and in many cases insist that employers have erroneously reported the wages paid with respect to the differentiation between the work performed inside and that performed outside of cities of 10,000 or more population. The Division is required to determine the status of employers and to maintain records of employer contributions under a dual system of coverage. The above illustrates conditions which seem to impose upon the Division unnecessary administrative costs and delays. Minnesota is reported to be the only state operating under a split coverage provision of law.

Recommendation:

Amend the statutes to provide uniform coverage of employers under the unemployment compensation program.

The extent of coverage under the State unemployment compensation laws should be a matter for legislative determination.

35. UNEMPLOYMENT COMPENSATION FUND

The Unemployment Compensation Fund from which benefits are paid to workers during periods of unemployment is supported by revenues in the form of payroll taxes paid by employers in the State.

The contributions received, the benefits paid during the year, and the balance in the Fund at the end of each year, for the last four calendar years were reported by the Division as follows:

	Contributions Received	Benefits Paid	Fund Balance
1946	\$ 14,368,783	\$ 9,639,544	\$ 100,426,389
1947	14,952,127	4,585,276	112,779,620
1948	13,004,185	5,558,895	122,558,053
1949	10,447,461	13,343,639	122,287,337

The Griffenhagen report states: "There is a distinct possibility that the present schedule of rates which determines the amount of contributions to be paid by employers will not provide sufficient revenues to support the fund during a continuing period of widespread unemployment in the state. There are several reasons which make it advisable that consideration be given to the possible revision of the schedule, included among which are:

- (1) The minimum rates may be too low to provide adequate

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revenues to keep the fund solvent during periods of high unemployment.

- (2) During a continuing period of unemployment, the schedule of rates may not provide for a rate of increase in taxes in proportion to the rate of decrease in the payrolls.
- (3) During a continuing period of unemployment, the increases in the taxes necessary to keep the fund solvent may be greater than the increases necessary when employment is at a high level.
- (4) In a number of instances the minimum rates established in the present schedule have resulted in many employers paying quarterly contributions in such small amounts that it costs the division more to process the payments than the amount of the payments received.
- (5) During a period of continuing unemployment, the increases in tax rates provided in the rate schedule may not be sufficient to maintain a proper proportionate relationship between revenues received and benefits paid."

The Griffenhagen report has raised a question as to the adequacy of the State Unemployment Compensation Fund, under the present statutes, in the event of severely adverse conditions of unemployment.

Recommendation:

Continue legislative consideration of the question of the unemployment compensation fund.

Consider the advisability of creating a special interim commission to analyze the present statutes to determine whether they should be amended. Such a special commission should be required to file its report not later than December 1, 1952.

CHAPTER XI

To Achieve Greater Efficiency and Economy in **LAW ENFORCEMENT**

INTRODUCTION:

An understanding of the legal and traditional part the State plays in law enforcement, and a knowledge of the roles of the various law enforcement agencies are prerequisites to judging the quality of their work and properly recommending a distribution of functions.

Although elected by the local people, the county sheriffs and county attorneys are State officials. The counties, unlike the cities and villages which are municipal corporations, are sub-divisions of the State government. Therefore, under the direction of the Governor and with the counsel and assistance of the Attorney General, the sheriffs and county attorneys enforce the law. Certain local laws are enforced by officials of the municipal corporations because the State has delegated to the cities and villages authority to exercise the police power in certain, restricted, local matters.

As the problems of law enforcement have increased in scope, complexity, and variety, it has become necessary for the State to create certain agencies to provide technical advice and specialized assistance to the so-called "local" law enforcement officials, and to centralize certain related activities within these State agencies. This advice and assistance is provided primarily by the office of the Attorney General, the Bureau of Criminal Apprehension, the Liquor Control Commissioner and the State Highway Patrol, each specializing in certain kinds of assistance. In addition, these central agencies perform functions which have little or no relation to the problems of local law enforcement.

To demonstrate the dual role of State law enforcement agencies, it is noted the Attorney General represents the State in purely State matters, yet he assists county, city, village and town attorneys. The State Highway Patrol has as its primary function the protection of the State's investment in highway facilities and the promotion of safety on the highways, yet it incidentally assists the local law enforcement officers where it has jurisdiction. The Liquor Control Commissioner performs a three-way function, namely, State liquor tax law enforcement, inspection of licensed premises and assistance to local government investigations necessary in apprehending violators of liquor laws. The Bureau of Criminal Apprehension, while

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it possesses concurrent jurisdiction with the sheriff, has a positive directive from the Legislature to "cooperate" with local law enforcement officers.

The State Highway Patrol, the Liquor Control Commissioner, and the Bureau of Criminal Apprehension have given assistance to local communities in greater or less degree according to the needs of the local law enforcement agencies and according to the authority which the State agency has. For example, the Bureau of Criminal Apprehension has assisted local law enforcement agencies in such a way that there might be substantially the same quality of law enforcement work throughout the State. Those counties and cities where personnel and finances make possible good law enforcement rarely call upon, or are expected to use, the Bureau of Criminal Apprehension; on the other hand the small communities and weaker counties lean heavily on the Bureau of Criminal Apprehension and receive the bulk of its attention. A proper evaluation cannot be made of the work of the Bureau of Criminal Apprehension without considering local law enforcement requirements.

The work of the three agencies mentioned above is so closely related to that of the local law enforcement officers that the Commission feels it should make recommendations respecting local law enforcement wherever such recommendations are closely related to the entire problem of law enforcement throughout the State.

1. TRANSFER OF FUNCTIONS

At the present time several State agencies perform law enforcement activities which ought to be transferred to other agencies. For example, the State Fire Marshal makes arson investigations, which is the type of function which ought to be assigned to the regularly constituted law enforcement agency. On the other hand, the Liquor Control Commission collects liquor taxes, a function which might more properly be placed in the Department of Revenue. Also, there is some crossing of lines of authority with respect to the organization for management of the Bureau of Criminal Apprehension. The law creating the Bureau of Criminal Apprehension placed it "under the Attorney General," but provided that the Superintendent of the Bureau of Criminal Apprehension be appointed by the Governor. Both the Governor and Attorney General are elective officials, who might be from opposite political parties. It appears desirable to have the Attorney General an appointive position, which would require a constitutional amendment. Aside from that desirable change, when there are too many small, semi-independent departments of the State government, the span of control of the Governor becomes so extended as to make it impossible for him to supervise adequately the work of the agency heads.

Recommendation:

Transfer the functions of the Bureau of Criminal Apprehension, the investigatory and liquor control functions of the Liquor Control Commissioner and the arson investigation activities of the State Fire Marshal to the Department of Law.

Persons in charge of the above functions should be appointed by the Attorney General and be under Civil Service.

This recommendation is contingent upon adoption of a constitutional amendment providing for the appointment of the Attorney General by the Governor.

2. LIQUOR CONTROL INSPECTORS

The present law has been construed to deny the Liquor Control Commissioner's inspectors the power of arrest. These inspectors regularly assist local law enforcement officers in investigations of liquor law violations and are frequently at the scene when offenses are committed, but because they do not have the power of arrest effective enforcement of the law is materially reduced.

Recommendation:

Give the law enforcement inspectors under the Liquor Control Commissioner the power to make arrests for offenses committed in their presence.

3. LIQUOR LICENSES

Under the present law neither the Liquor Control Commissioner nor the local governing bodies have the power to suspend licenses as disciplinary measures. The power to revoke, however, is given to both the State and the local communities. This "all or nothing" situation reduces the flexibility of the enforcement program and severely handicaps both the State and the local community in effectively disciplining, when necessary, those engaged in the liquor business.

Recommendation:

Give the Liquor Control Commissioner and the local governing bodies equal authority to suspend as well as revoke liquor licenses.

Give the State authority to suspend as well as to revoke licenses of municipal liquor stores.

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4. JURISDICTION OVER LIQUOR ESTABLISHMENTS

The Liquor Control Commissioner has jurisdiction, concurrently with the local governing body, of off-sale liquor establishments. He has no jurisdiction over on-sale establishments.

Recommendation:

Give the State Liquor Control Commissioner concurrent jurisdiction with local governing bodies over both on-sale and off-sale liquor establishments.

5. BUREAU OF CRIMINAL APPREHENSION

The Bureau of Criminal Apprehension operates through five districts, the agents in each district being under the supervision of the Assistant Superintendent whose position is classed by Civil Service as Crime Investigator Supervisor. In addition, the Assistant Superintendent is the administrative officer of the Bureau.

Recommendation:

Re-assign the duties within the Bureau of Criminal Apprehension, possibly with the appointment of an administrative assistant, to free the Assistant Superintendent of administrative detail in order that he may devote full time to the professional work of the Bureau.

6. CONSOLIDATION OF RADIO FACILITIES

Both the State Highway Patrol and the Bureau of Criminal Apprehension operate radio communication systems. There has been considerable discussion regarding the advantages and disadvantages of consolidating these two radio systems. The Commission is informed that technical developments in radio communication now permit the handling of both emergency and non-emergency calls over the same net-work, using the same personnel, transmitter, tower, etc.

Recommendation:

Consolidate State radio facilities to the fullest practicable extent, with the management and operation of the radio system assigned to one department.

Give priority to police emergency calls of the law enforcement agencies being served.

7. REGISTRATION OF FELONS

At one time the Twin Cities area of Minnesota was considered a major crime center. Now, as then, felons were free to move in and out of the State

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without restriction, and only after they had committed, or were suspected of committing, a crime, were the law enforcement officers of the State free to apprehend them.

Recommendation:

Require by law the one-time registration of all felons under the Bureau of Criminal Apprehension, such registration to be limited to five years after release from a penal institution or from being placed on probation.

8. LIE-DETECTORS

One of the valuable tools of crime detection and prevention is the polygraph or "lie-detector." Many large city police departments have and use lie detectors to assist in gaining confessions. The Bureau of Criminal Apprehension has no such equipment, but uses equipment owned and located at the University of Minnesota and the St. Paul Police Department.

Recommendation:

Equip the Bureau of Criminal Apprehension with a polygraph to free the Bureau from dependence upon other agencies for help in expediting solution of crimes and to provide improved service and assistance to local law enforcement officers.

9. MOBILE CRIME UNITS

Criminal activity, with which the Bureau of Criminal Apprehension must be concerned, extends throughout the entire State. This vast area, in any part of which a crime may occur, requires great mobility on the part of the agents of the Bureau, and in particular mobility of the scientific crime detection facilities which the Bureau possesses.

Recommendation:

The Bureau of Criminal Apprehension should specialize in the development and use of mobile crime units so that it may act quickly and effectively in the solution of crimes which occur away from the the main centers of population.

10. LICENSING OF USED CAR DEALERS

There is frequent interchange of motors in cars with the result that it is extremely difficult to reduce the traffic in stolen cars.

Recommendation:

The State should license used car dealers and require them to put up a bond.

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The licensing of used car dealers should be assigned to that agency which registers motor vehicles, but enforcement of the licensing law should be assigned to the Department of Law.

11. LOCAL LAW ENFORCEMENT

There are a number of matters affecting law enforcement at the local government level which have come to the Commission's attention. To the extent that local law enforcement can be made more effective and self-sufficient, the State will be relieved of the burden of assisting local law enforcement agencies.

Recommendation:

- (1) Instead of permitting the sheriff to have only one hundred dollars at the beginning of the year for liquor law enforcement activities and making the liquor law enforcement program dependent upon fines and other miscellaneous income, the law should be changed to authorize a revolving fund which may be set at one thousand dollars, or the Board of County Commissioners should appropriate sufficient amounts to adequately enforce the liquor laws within the county.**
- (2) Since Minnesota is the only jurisdiction that follows the English system which gives defendants the final argument, with the result that the State is severely handicapped in the prosecution of cases, the State should be given at least the opportunity for rebuttal in trials.**

CHAPTER XII

To Achieve Greater Efficiency and Economy in **WELFARE**

INTRODUCTION

The State is administering a vast and costly combination of programs in the welfare field. Thousands of persons, unable to care for themselves or failing to conduct themselves in a manner acceptable to the community, are assisted or supervised by the State through one or more of the following:

- The Division of Social Welfare
- The Division of Public Institutions
- The Department of Veterans Affairs
- The Board of Parole
- The Soldiers Home Board
- The Youth Conservation Commission

These agencies are some of the largest in the State service. In order adequately to study their problems of organization and administration, the Commission engaged a nationally-known firm of management consultants¹ to make detailed reports on these agencies. Also, the studies made by another management consultant firm² on behalf of the Division of Public Institutions were available to the Commission.

These various reports contain numerous suggestions for constructive economy, most of which can be accomplished by administrative direction, which, for the purpose of keeping the report focused upon the important general plan, we have not touched on specifically. The Commission endorses the suggestions contained in the reports of the two consulting firms, and considers these reports as supplements to the Commission's report, except where they are inconsistent with the recommendations which the Commission has made specifically. Copies of the consultants' reports are on file and are available to the Legislature, the Governor, and interested State officials and private citizens.

(1) Griffenhagen & Associates, Chicago (did not study Division of Institutions)
(2) Public Administration Service, Chicago (studied Division of Institutions)

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1. ORGANIZATION

The number of departments in the field of public welfare and corrections, reporting directly to the Governor and Legislature, extends span of control beyond that which can reasonably be handled, and contributes to unwieldy organization of State government as a whole. Some of the institutions of the State are attached to agencies according to functions. Others are grouped together simply because they are institutions.

Staff services and controls provided by the Department of Administration and the Civil Service Department are so far removed from the operating units the result is misunderstanding, confusion and discord.

Recommendation:

Establish a Department of Welfare under a single executive to be appointed by the Governor. To this Department should be assigned the functions presently performed by the Division of Social Welfare, the Division of Public Institutions, the Youth Conservation Commission, the Soldiers Home Board, the Board of Parole and the relief activities of the Department of Veterans Affairs. The Department of Welfare might consist of a

Division of Public Assistance

Division of Mental Health

Division of Corrections

Division of Medical Care

Division of Youth Conservation and Child Welfare

The Department should be organized functionally and the institutions assigned to the proper functional divisions. Within this framework the head of the Department of Welfare should be given wide latitude to assign functions and duties and to create administratively the necessary subdivisions.

The staff services and controls such as business management, including cost accounting and collections, legal advice, personnel, and also those staff services peculiarly necessary for institutional operation such as dietitian, farm advisor, building repair and maintenance, should be established at the departmental level, at least to the extent that such services at the departmental level are in conformity with the general pattern of the State government. Where controls are to be exercised state-wide, effective liaison should be established at the departmental level.

2. ADVISORY AND QUASI-JUDICIAL BOARDS

Establishment of a single Department of Welfare under a responsible administrator, necessary to secure effective administration, carries responsibility for good or for evil. The lives of thousands are involved. Also, past history of governmental charities and institutions shows long periods of bureaucratic stagnation and neglect interspersed with short and sporadic efforts at reform for many classes of State wards, while other classes assumed to be politically important have been dealt with more generously. The State must guard against abuses of this or any other kind.

Recommendation:

- (1) Establish an Advisory Board of nine persons appointed by the Governor for overlapping terms of six years. It should be the function of such a board to be a consultant to the Commissioner of Welfare on matters of the establishment or change of policy, or regulations, or of the failures or needs of any particular branch or division of the department. Such a board should have no administrative power but should be given sufficient authority that it may continuously examine the program and results of the department and make its findings and recommendations known to the head of the Department, and if necessary, to the Governor, the Legislature, and the public.
- (2) Establish a Quasi-Judicial Board to perform the quasi-judicial functions now performed by the Board of Parole, and the Youth Conservation Commission. Such a board should be limited to quasi-judicial functions and not control administratively the personnel which may be necessary to administer the system of probation and parole.

3. PUBLIC ASSISTANCE PROGRAM

Minnesota has a comparatively liberal policy with respect to the various public assistance aids and relief. Assistance to the needy consists of a patchwork of aids for specified groups, financed and administered jointly by Federal, State and local governments, superimposed upon the all-inclusive direct relief to needy which historically has been administered and financed by local units of government. The differing and extensive regulations covering eligibility requirements, standards of aid, relative and family responsibility, together with a staggering total cost, has created in the minds of the average citizen a feeling of confusion and bafflement which makes most efforts at explanation futile.

The Commission assumes that the State desires a public assistance

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program, and a method of administering it, that will provide the assistance necessary for a reasonable standard of existence to all those who are unable to support themselves, furnished to them in a manner which does not single them out to little-thinking neighbors as paupers on the one hand, and on the other hand does not contain abuses, the shirking of family responsibility, or discourage initiative and efforts for self-support.

Recommendation :

(1) Abolish the present system of categorical aids. Establish a general relief program uniformly applied to all classes of needy persons.

(2) Direct relief should remain within the control and responsibility of local government administered by the county welfare boards.

The statutes governing direct relief should be codified and clarified.

(3) There should be one uniform requirement regarding legal settlement of eligibility for all of the public assistance programs.

The requirement for legal settlement in a township, village, or town should be eliminated.

(4) The county, in which a recipient of an old age assistance grant resides, and intends to reside, should be responsible after one year for paying local share of the grants as is done in the Aid to Dependent Children program. This will minimize the administrative costs involved in the interchange of local funds.

(5) Non-citizens should be granted old age assistance on the same basis as citizens. This will permit Federal participation in the cost and will relieve the drain on general relief funds.

4. RESPONSIBILITY OF RELATIVES

There should be uniform treatment of all applicants for, and recipients of, public assistance insofar as support from legally responsible relatives is concerned. The same principles should apply with respect to responsibility for reimbursing the State for the cost of care of inmates in all state institutions other than penal institutions.

Recommendation :

Limit responsibility for relatives to spouse, parent, and child. These relatives should be responsible for the full amount

of assistance or care necessary to the extent of their ability to contribute.

Categorical aids should be denied and only direct relief granted where responsible relatives, having the ability, fail or refuse to support or refuse to cooperate in determining their ability to contribute.

Monthly old age assistance requirements which prevent a uniform application of this policy.

5. PROSECUTION

Vigorous efforts at enforcement and recovery should be instituted to the end that relative responsibility may be made as uniform as possible. The responsibility for enforcement is now divided between the Division of Social Welfare, the county welfare boards and the county attorneys. The results have not been uniform and effective.

Recommendation:

Secure uniform prosecution in non-support, abandonment and recovery cases, by having the State Department of Welfare employ a few attorneys to prosecute such cases uniformly. In outlying sections of the State the Department of Welfare should designate practicing attorneys which the county welfare boards should be required to employ to prosecute such cases.

6. SUPPORT OF CHILDREN

The State is now supporting or assisting in the support of children in many cases in which it would be unnecessary if their natural parents were making a proper contribution to their support. There are loopholes in the statutes which permit unwilling parents to escape payment.

Recommendation:

Amend the laws relating to abandonment and non-support so that women can be held guilty of abandonment.

Correct the statutes so that persons cannot escape prosecution unless they devote a substantial portion of their income to the support of the children for whom they are responsible.

The State should enter into a reciprocal agreement with other states designed to facilitate the collection of support money from persons who are residing in other states. (Many other states are now doing this.)

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7. DIVORCE CASES

Judges are without factual information, especially in uncontested divorce cases, upon which to base their decision for support and custody of minor children, which may contribute to these children later becoming public charges.

Recommendation:

Set up machinery and procedures to insure that the Department of Welfare, through county welfare boards, or other approved social agencies, will make an investigation of all divorce cases in which minor children are involved for the purpose of presenting to the court plans adequate to insure the material support of the children. This procedure will protect the State's interests in regard to the eventual support of these children.

8. DISPOSAL OF ASSETS

Some persons dispose of their assets by transfer to their children for the purpose of becoming eligible for old age assistance or for the purpose of defeating the lien law.

Recommendation:

Fix at six years the time within which a disposal of assets may be considered a disposal in contemplation of seeking public assistance.

9. SALE OF TAX JUDGMENTS

In some counties there is loss of thousands of dollars by the transfer of property subject to old age assistance liens through the purchase of tax judgments.

Recommendation:

Prohibit county auditors from selling tax judgments taken against properties subject to old age assistance liens.

10. COST OF MEDICAL CARE

Testimony submitted to the Commission indicates that the biggest "leak" in relief funds is in medical care, which has been increasing very rapidly in recent years. It is estimated that this is costing at least \$2,000,000 a year more than is necessary. This is occasioned by clients repeatedly seeking medical care when none is needed, and by the prescription of

types of care beyond what is reasonably essential. The provision for medical and hospital assistance to the various classes of needy has resulted in a tremendous increase in the costs of medical care and presents one of the unsolved conundrums of socialized medicine. Self-supporting persons do not seek medical care unless their complaints, and the prospect of relief, are sufficient to encourage them to face the cost. Free relief medicine gets out of hand because it contains no corresponding regulator.

Recommendation:

Make a continuous study of methods to confine medical costs for assistance and relief recipients to that which is essential.

Consider a legal provision to the effect that when a recipient seeks medical care of his own volition that he be required to pay for the first office or home call out of his regular maintenance grant, and that subsequent visits or medical services be paid for at public expense only when the doctor specifically requests he return or orders additional treatment or care. For extended treatment or care a prior authorization from the county welfare office should be required.

11. POST AUDITING

There is now duplication in the post auditing of county welfare departments. Effective post auditing of welfare activities requires more than financial auditing.

Recommendation:

The State's post-auditor or the Department of Welfare should make a post audit of each of the County Welfare Departments each year. The Department of Welfare may make the post audit if it conforms to the standards which the Post Auditor may direct, and if it is filed with the County Auditor and otherwise made available to the public to the same extent as are the reports of the Public Examiner.

Strengthen the personnel of the post auditor's office by the occasional employment of persons or firms who have sufficient knowledge of the field of public welfare to make an operational as well as a financial audit of the activities of the department, and report whether or not the department is effectively carrying out the provisions in the statutes which govern its operation. This recommendation should not be construed to mean that the post auditor should not be permitted to make a sample audit of representative county welfare boards as a part of the audit of the activities of the State Department of Welfare.

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12. CARE OF TUBERCULOSIS PATIENTS

The State provides hospitalization for persons who have tuberculosis. Use is made of the state-operated sanatorium at Walker and 14 local sanatoria operated by counties, or groups of counties, which the State assists by a system of grants-in-aid. The size, the adequacy and the standard of care which can be economically provided by the local sanatoria varies widely. Counties and groups of counties in most instances are ill equipped to provide the type of administrative supervision and control which is necessary to assure that such institutions are operated effectively and economically. The incidence of the disease is decreasing in relation to the population and, with improved methods of case finding and care, can be expected to further decrease. At present there are 2,075 beds available with 1,754 in use.

Recommendation:

- (1) Utilize the largest and best equipped State sanatoria to provide an improved standard of care to tubercular patients without regard to their residence.
- (2) The State should provide care and treatment for tuberculosis by taking over not more than six of the local institutions as are suitable and needed and operate them as one of the functions of the proposed division of medical care within the proposed Department of Welfare. The other institutions can be discontinued or utilized for other groups of persons requiring custodial care.

13. RELIEF FOR INDIANS

In operating a system where the local governments are responsible for payment of direct relief, and a portion of the categorical aids, it is essential that the burden be distributed as equitably as possible. The Indian population is concentrated in comparatively few counties and constitutes a substantial relief burden in these localities. Because of their mode of living and the exemptions of Indian lands from taxation they contribute little to the taxable resources of the counties in which they reside.

Recommendation:

- (1) The State should assume the financial responsibility for all forms of relief and assistance granted to Indians.
It should continue to use the local welfare offices to administer such assistance.
- (2) Seek additional federal reimbursement, over and above the regular reimbursements allowed for specific types of aid

under the Federal Social Security Act, to defray a larger portion of the cost involved in providing financial assistance to Indians on reservations, as has been done in some other states.

14. RELIEF FOR TRANSIENTS

Transients and persons without legal settlement create a problem in equitably financing a substantial portion of the relief load upon a local basis.

Recommendation:

Provide State reimbursement to counties for the cost of general assistance for persons in need who do not have legal settlement in this State, or in the county in which they reside, at time of application, utilizing the established county welfare boards for administration.

Continue vigorous efforts to return to the place of legal settlement persons applying for assistance who have no legal settlement within the State.

15. RELIEF FOR VETERANS

There is a duplication of activity in the present system of county Veterans Service Officers. Also veterans' relief activities are carried on by the Department of Veterans Affairs and the Soldiers Home Board. To provide more efficient administration and effect substantial savings, certain organizational changes are desirable.

Recommendation:

Provide relief and service to veterans from State funds through the Department of Welfare and the county welfare boards.

Coordinate these activities on a local basis under the administration of the county welfare boards and have each county provide an office or personnel, under civil service, especially skilled in administering and advising on the various veterans' programs.

These offices should be known as veterans offices and be separate and distinct from the regular county welfare offices. They should be conducted under conditions where the personnel will be available for assisting with the general welfare program when not needed on veterans' work.

16. MENTAL HEALTH: ORGANIZATION

At present the administration of the mental health program, and of the various mental institutions, is in a state of flux in the inauguration of the

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new and improved program established by action of the 1949 session of the State Legislature. Until these new procedures, principles and policies are put into operation and installed as a going concern, they are difficult to evaluate with respect to efficiency and economy. It is believed that the organization which this report suggests will allow the adoption of the new standards on a sound framework of administrative organization which should facilitate the greatest economy consistent with the expanded program.

It is important to emphasize the basic change which is undertaken in the new mental health program. Prior to its adoption the State provided, primarily, custodial care for persons whom it was necessary to remove from community life because of mental illness or defects. It has now established a program based upon the principle that mental illness is, in a large measure, a preventable and curable affliction calling for greatly improved standards with respect to space, food, clothing and attendants, and an individualized program of treatment looking to the cure or improvement of each patient and his eventual release.

Recommendation:

- (1) Establish a division of mental health as one part of an expanded and coordinated Department of Welfare.
- (2) Give the head of the division of mental health, under the general direction of the head of the Department of Welfare, line control over the various State mental institutions as well as such facilities as may be necessary for a general preventive and educational program and for continuous follow-up care in the communities for discharged patients.

17. MENTAL HEALTH: LONG-RANGE PLANNING

To prevent costly mistakes in the new mental health program there is need for careful planning. There is presently a lack of long-range planning for institutional construction based upon well defined purposes to which each institution should be devoted, and upon carefully calculated expected loads.

Recommendation:

Investigate the following areas before the pattern or organization becomes too immobile and fixed.

- (1) Calculate expected future loads by types of cases under conditions which might exist when the so-called "total push" program is provided for all patients, as a guide in any new building program.
- (2) Calculate the extent to which economy will or will not be

facilitated by specialization of the institutions for particular types of cases as against their utilization as general institutions caring for several types of afflicted on a geographical basis.

- (3) Calculate the extent to which it may ultimately be desirable to provide treatment for mental patients at local general hospitals, with partial State support, which would facilitate the development of the private practice of psychiatry, as against the development of the State institutions and State medicine to shoulder the total load of mental illness.
- (4) Define the place of the geriatric units at the State mental institutions in the general development of a program for the institutional care of the aged, which will eventually have to encompass adequate facilities for chronic and convalescent hospitalization, and rest homes.
- (5) Calculate the extent to which research and staff training programs should be concentrated and coordinated with the activities of educational institutions as against the development of research programs in all of the institutions.

18. MENTAL HEALTH: ADMINISTRATION

Competent supervision is essential in the operation of mental institutions, if efficiency and economy are to be obtained. There is evidence that appointments are made to supervisory positions on the theory that because a person is a skilled physician he will be a successful administrator. There is increasing recognition that it is a costly waste of medical talent to burden professional personnel with the details of administration.

Recommendation:

Upgrade and strengthen the office of business manager in the various institutions, if the policy of utilizing professional psychiatrists as superintendents of the individual institutions is continued. This, together with staff services to be provided by the Department of Welfare, will relieve the superintendent of administrative and paperwork details and permit him to devote the majority of his time and efforts to clinical duties.

19. MENTAL HEALTH: RESPONSIBILITY FOR PATIENTS

There is need for relative responsibility for mental patients just as there is similar need in other forms of public assistance.

Recommendation:

Establish responsibility for support of mental patients under principles similar to those recommended for public assistance

programs, to-wit: That the patient himself should be responsible for his support to the extent that he has assets of his own; that his spouse, his parents and his children should be responsible for the full cost of care to the extent of their means.

Institute adequate measures of enforcement, including legislation designed to prevent the disposal of assets or the disinheriting of immediate members of the family to escape support payments.

20. MAINTENANCE OF BUILDINGS

There is a lack of an effective and uniform policy in providing preventive maintenance and repair of institutional buildings.

Establish a more effective and uniform policy for the preventive maintenance of State institutional buildings.

This can be accomplished by (1) strengthening the business management at these institutions and giving it a greater responsibility in budget making, (2) more effective inspection and supervision by a departmental agency concerned with building maintenance, and (3) the institution of cost accounting and performance budgeting which will recognize depreciation and maintenance as regular cost factors.

21. COST ACCOUNTING

There is lack of effective accounting, particularly cost accounting, on the institutional level and the utilization of such information for management purposes and budgeting. The local management of the institutions appears to have little knowledge or control of the budgets which are made for them.

Recommendation:

Continue efforts toward development of a useful system of cost accounting and utilize it for the purpose of management such as the eventual inauguration of performance budgets, the determination of profitableness of agricultural operations, etc.

YOUTH CONSERVATION AND CHILD WELFARE: STATE LEVEL

There is duplication and confusion in the statutes and functions between the Youth Conservation Commission and the child welfare activities conducted through county welfare boards under the Division of Social Welfare.

Recommendation:

Establish a division of youth conservation and child welfare within the proposed Department of Welfare.

The statutes governing child welfare and youth conservation should be codified into a single system providing a complete program for dependent, neglected and delinquent children and youths, and community activities for the prevention of the same. This can be accomplished only by acquiring competent personnel in each county. Some of the funds now being used for special programs should be utilized for financial assistance to counties for such personnel.

23. YOUTH CONSERVATION AND CHILD WELFARE: COUNTY LEVEL

As a part of the State's earlier program for child welfare several counties have provided officers performing functions in the field of juvenile probation and parole. The metropolitan counties have gone further in providing institutions for the care and training of delinquent children or youths. The operation of these institutions has resulted in the State-operated institutions at Red Wing and Sauk Center being graduate institutions for the metropolitan counties, but schools of original commitment for the rest of the State. The State institutions for both boys and girls are not now being used to capacity and at Sauk Center, particularly, there is a great excess in capacity and staff in relation to the load. On the other hand, there is need for a central reception center, which should be located adjacent to the metropolitan area.

Recommendation:

Parallel the coordination of youth conservation and child welfare activities on the State basis with a similar coordination in the local counties by bringing the probation or parole work for children and youths under the jurisdiction of the county welfare boards.

Investigate the advisability of having the State take over the county institutions for delinquent boys and girls.

Provide a single system for the care and correction of delinquents by utilizing one institution for a reception center, one for boys, and one for girls. Consider the probability that the present institution for girls at Sauk Center could be closed entirely or used for the care of other classes of persons needing custodial care.

CHAPTER XIII

To Achieve Greater Efficiency and Economy in **TAXATION**

INTRODUCTION

This Commission was not asked to suggest major changes in Minnesota's tax policies. The prime objective has been only to help bring about a more efficient and economical administration of these policies.

It is not always easy, however, to draw a sharp line between policy and administration: often it is necessary to change a particular tax law in order to improve the overall effectiveness of tax collection.

That is why the recommendations that follow include in some cases a consideration—even though brief—of certain specific tax policies such as those affecting personal property and dedicated funds. These were found to present definite problems of an administrative nature. They demanded the Commission's attention.

It should also be pointed out that, because of a paradox peculiar to tax collection, one rule for administrative economy does not necessarily apply to this field. In the case of most State agencies, a reduction of personnel usually results in a saving of money (though perhaps not increased efficiency). The reduction of staff in tax collection often means the loss of revenue, and frequently inequitable treatment of taxpayers.

1. ORGANIZATION

Taxes and fees are now collected in a number of State offices. For example, the State Treasurer collects the liquor stamp taxes, the Division of Insurance collects insurance taxes, certain tax laws are enforced by the Liquor Control Commissioner, and auto license fees are collected by the Secretary of State.

Recommendation:

Establish a Department of Revenue to replace the present Department of Taxation.

The Department of Revenue should serve as a single central collection agency for the State.

Its functions should include the collection of liquor, auto

and insurance taxes, and all other major taxes and fees except those paid to a specific department.

It should be headed by a Commissioner appointed by and removable by the Governor.

The Commissioner's term should be co-terminous with that of the Governor.

2. ADVISORY AND QUASI-JUDICIAL BOARDS

Minnesota has adopted the modern device of placing a single administrator in charge of the major tax collection agency. This contributes to maximum efficiency of operation, but does not provide the safeguards to which citizens are entitled to protect them against capricious or arbitrary actions of a single individual.

Recommendation:

- (1) Establish for the Department of Revenue an Advisory Board to assist the Commissioner of Revenue, in an advisory way only, in establishing departmental policies.

The Board should consist of six members, appointed by the Governor for six-year overlapping terms, and removable by him only for cause. Members should be persons who have demonstrated an interest in and familiarity with tax matters.

The Board should have no administrative responsibility and its findings, decisions and recommendations should not be binding upon the Commissioner.

The Commissioner should be required by law to meet with the Advisory Board not less than four times a year if and when meetings are called by the Chairman, or at the written request to the Commissioner by a majority of the members, at a time convenient to both the Board and the Commissioner.

The Commissioner should be required by law to make available to the Board such information as they may request regarding the policies and programs of the Department.

Members of the Board should be compensated on a per diem plus actual expense basis; the Chairman should be compensated at a slightly higher rate than is paid the other members of the Board.

- (2) Create a three-member Quasi-Judicial Board within the De-

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partment of Revenue to hear appeals from decisions of the Commissioner of Revenue. Members should be appointed by the Governor and removable by him only for cause. They should have six-year overlapping terms. The Board should be located administratively within the Department only for convenience and economy. The Board's decisions in quasi-judicial matters should be independent of, and superior to, those of the Commissioner of Revenue.

3. PERSONAL PROPERTY TAX

Household goods and inventories are included within the term "personal property," and they are taxed according to the value which is placed upon them as of May 1 each year. It is a well-known fact that valuations placed on household goods so frequently fail to cover all household goods and fall so far short of the true value of the property listed, that the assessing of household goods has become a public farce. In many instances, the tax collected is less than the public cost of collection. With respect to taxes on inventories, those who can operate for a short period with a minimum inventory use many means to assure a negligible inventory on May 1. Those whose type of business cannot operate with a reduced inventory, then must bear a disproportionate portion of the personal property tax burden.

Recommendation:

Modify the personal property tax laws to eliminate inequalities and discontinue taxes which cannot be made to return an amount which will exceed the cost of administration by substantially the same percentage as do other major sources of revenue.

4. DEDICATED FUNDS

When funds are "dedicated" or "ear-marked" for special purposes they contribute to certain very undesirable administrative practices, as well as working counter to certain basic principles of representative government. For example, the availability of funds which cannot be used for any other purpose, no matter how great the need, encourages unsound spending for the dedicated purposes and results in "feast and famine" spending. Dedication permits the accumulation of funds which cannot be used by a unit of government which may, at the same time, be having to borrow at interest to finance necessary activities. Furthermore, dedication of funds, especially by constitutional provision, removes the power to spend from the elected and appointed officials who represent the people whose money is filling the dedication coffers.

Recommendation:

That the Legislature recognize that all dedicated funds are unsound as a governmental tax policy and that the Legislature take the steps necessary to discontinue the present dedication of funds and to prevent further dedication of funds.

5. COUNTY ASSESSORS

Under present laws each county must have either a county assessor or a supervisor of assessments. Presently about half the counties have one system, and half have the other. "Supervisors of assessments" is a misnomer; they cannot "supervise," they only "advise" the many town, village, and city assessors. There are still in excess of 2,600 local assessors, most of them without training or adequate experience, and working on a part time basis. The desirable goal of true equalization of assessments throughout the State will never be attained so long as the supervisor of assessments system exists.

Recommendation:

Provide a county assessor for each county, to be appointed by the Board of County Commissioners with approval of the Commissioner of Revenue and subject to removal by the County Board, or by the Commissioner of Revenue.

6. STATE AIDS

A large item of state expenditure is grants-in-aid to local units of government. School aids and welfare aids are most significant at present. Aids are based on assessed valuations for several reasons. For example, it is a relatively stable base, it is the traditional (although not accurate) measure of ability to pay, and the validity of other bases of making aid payments is subject to challenge. On the other hand, an aid program in which the aids increase as assessed valuations decrease is an open invitation to local citizens to press for lower valuations and to local assessors to accede to the pressure. Furthermore, there results a head-on clash between the movement for better assessing, if that should result in higher assessments, and the drive to keep assessments down.

Recommendation:

State aids should be paid to counties upon an ability to pay formula or some other basis which will eliminate tendencies toward inadequate assessments, rather than upon the basis of assessed valuations, as at present. To facilitate administration, it is suggested that aids be distributed among local units of governments within counties according to assessed valuation.

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7. HOUSING THE DEPARTMENT OF REVENUE

Different units of the Department of Taxation are located in as many as five different locations, some several blocks from files or other units with which they must transact a great deal of business. Maximum efficiency and high morale are impossible under such conditions.

Recommendation:

The housing in a single location of all the major units of the Department of Revenue, and exploration by the Legislature of the desirability of constructing a building for the Department of Revenue and perhaps other state agencies.

8. PERSONNEL

The amounts of revenue collected by the state, and collection of all taxes to assure an equitable distribution of the tax burden, is dependent in large degree upon the number and efficiency of the tax examiners, auditors, and investigators in the Department of Revenue. The Commission believes the employment of additional personnel in these positions is justified and is a sound investment.

Recommendation:

There should be appropriated adequate funds to employ such additional examiners, auditors, and investigators as will clearly return more in revenue than their employment will cost and will permit more efficient operation of the Department.

9. INCOME TAX RETURNS

For several years the Department of Taxation has assigned professional staff members to stations in Minneapolis, St. Paul, Duluth, to assist taxpayers in the preparation of their income tax returns. No charge is made for the service, although it is provided only in these restricted areas in the State and at a direct cost of more than \$25,000 per year.

Recommendation:

That the Department of Revenue discontinue the discriminatory and costly practice of preparing income tax returns in cities of the first class.

10. REPORTS

Among the many reports prepared by the Taxation Department are two which go to the State Treasurer and State Auditor. The report to the State Treasurer certifies as to every receipt and also the name, address,

account number, and amount of payment of every taxpayer. The report to the State Auditor classifies all deposits, immediately upon receipt, into 12 fund classifications.

Recommendation:

That the Commissioner of Revenue and the Commissioner of Administration confer with the object of eliminating every unnecessary item now reported by the Taxation Department.

11. TAX INFORMATION

Tax administration is difficult work, and tax administrators are constantly having barriers thrown in their way which make more difficult, if they do not prevent, collection of taxes properly due. For example, in an attempt to prevent disclosure of the affairs of private citizens who report to State agencies, helpful exchanges of information between departments and within departments are not made.

Recommendation:

- (1) Amend the present income tax laws to authorize the Commissioner of Revenue, at his discretion, to make income tax returns available to division heads within the Department.
- (2) Make the records of the Division of Employment and Security available to the Department of Revenue, upon written request from the Commissioner of Revenue, not as a routine matter but when specified information is desired.
- (3) Make necessary appropriations to finance the photostating every three years of federal income tax returns filed by Minnesota taxpayers with the U. S. Treasury Department.

12. JOINT TENANCY TAX

When a man and wife jointly own property (in joint tenancy), and one of the two dies, it is sometimes very difficult to determine how much the surviving spouse contributed in acquiring the property which was jointly owned. Yet the law requires such a determination because inheritance taxes are due on the part of the property which the deceased party contributed. It is often claimed that contributions were made in kind rather than cash, and the value of such contributions becomes the subject of disagreement between the surviving spouse and the Department of Taxation, and the detailed work of making the determination is very time-consuming and expensive.

Recommendation:

Amend the law to provide that where the deceased joint tenant was the spouse of the surviving joint tenant there

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be included in the estate of the deceased joint tenant one-half of the value of the property without regard to who furnished the consideration; and that where the deceased joint tenant is not the spouse of the surviving joint tenant, the entire value of the property be included in the estate of the deceased joint tenant.

13. SPECIAL USE FUEL TAX

A so-called Special Use Fuel tax is levied on material other than gasoline consumed in motor vehicles on the public highways. The owners of the vehicles are permitted to remit these taxes directly to the state. There are only about 300 such owners registered in the State, but to collect the tax the Taxation Department must contact individually, each month, more than 200 of these persons. The cost of collection is extremely high in relation to the revenue collected.

Recommendation:

Change the law to require special use fuel dealers, not vehicle owners, to remit to the State the tax on special use fuel.

14. NON-HIGHWAY GASOLINE TAX REFUNDS

Excessive fluctuations in work load are a major cause of inefficiency of clerical operations. The present provisions governing refunds of non-highway gasoline taxes create peak work-loads because the refund period is six months and the bulk of the gasoline purchases are made in the planting season and not paid for until the fall. Consequently, during a very short period, six months after planting, the Department receives a huge volume of refund applications; the remainder of the year the number is small. In the chapter on Highways it is recommended that refunds to individuals be replaced by equal refunds to the counties.

Recommendation:

If non-highway gasoline tax refunds are continued to individuals, reduce the refund period from six to four months to permit a more uniform volume of work and more efficient use of personnel and equipment within the Department of Revenue.

15. ASSESSMENT OF UTILITIES

At present local assessors are responsible for assessment of certain kinds of electric utility properties, and the Commissioner of Taxation is responsible for assessment of the remaining kinds outside corporate limits. The Commissioner is required to equalize the valuations fixed by the local

assessors. As a matter of practice, the original assessment of all utility property except land is being done increasingly by the State.

Recommendation:

The State should recognize the demonstration of lack of qualification in local assessors to assess utility properties and should relieve the local assessors of that legal responsibility.

16. MECHANIZED EQUIPMENT

In an operation involving as much detailed, routine work in such huge volume as is done by the Department of Taxation, it is essential that the operations be mechanized as far as possible both for economy and efficiency of operations.

Recommendation:

- (1) That the Department of Revenue continue mechanizing wherever possible and that a qualified representative of the Department visit other States to note the uses of mechanical equipment which might be instituted here;**
- (2) That the Department survey its procedures in order to simplify the work as much as possible, using professional management consultants to assist if necessary;**
- (3) That every effort be made to locate units using mechanical equipment in such proximity to each other that maximum use may be made of existing equipment instead of duplicating equipment as has been the case of necessity in the Petroleum and Tax Research Divisions.**

17. TAX-EXEMPT PROPERTY

The Commission has observed concern about the increasing amount of tax-exempt property throughout the State, and the number of claims for exemption which are of questionable validity.

Recommendation:

A thorough study should be made by the Legislature of the entire problem of tax-exempt property to determine the relative importance of the problem and to determine whether present tax-exemption provisions of law should be altered.

A Note on the Judicial Branch

The Judicial Branch has not been given detailed consideration by the Commission. In connection with studies of executive agencies, however, the Commission observed conditions which it is deemed warrant the following.

Recommendation:

- (1) The present State library, which is essentially a law library, should be called the State Law Library, and the Law Librarian should be appointed by and be responsible to the Chief Justice of the Supreme Court. (At present the State Librarian is appointed by the Governor.)
- (2) The elective status of the Clerk of the Supreme Court should be abolished and the office made appointive by the Chief Justice of the Supreme Court.
- (3) The Supreme Court Reporter, and the Board of Law Examiners should be appointed by the Chief Justice rather than by the entire Supreme Court Bench as at present.

Senate Concurrent Resolution No. 5

(Creating the Efficiency in Government Committee)

Introduced February 25, 1949
By Neumeier, Sletvold & Miller

A concurrent resolution creating an interim commission to study problems of State Government relating to efficiency and economy in government and the avoidance of waste and duplication.

WHEREAS, the amount paid for government has been greatly increasing from year to year; and

WHEREAS, the functions and cost of government have become so great and the shares of the earnings of persons and corporations taken for governmental purposes so large that great fear is being expressed that soon taxes will have reached the point of diminishing returns; and

WHEREAS, the Legislature is each session being required to search for new sources of revenue; and

WHEREAS, many citizens claim that there is waste and needless duplication in some departments of government and that there are being performed many governmental functions that are unnecessary or not worth what they cost; and

WHEREAS, the Legislature is in session for only 90 days during each biennium and during its short sessions has so many pressing and important problems to solve that it cannot devote the necessary time to make a thorough study to determine how to promote greater economy and efficiency in government and to eliminate waste and duplication; and

WHEREAS, citizens frequently criticize politicians and refrain themselves from engaging in politics and yet are vitally interested in governmental efficiency and economy and many are by business training and practical experience well qualified to make constructive suggestions for the solution of such problems;

WHEREAS, it is the desire of the Legislature of the State of Minnesota that they have such an opportunity and that the Legislature have the benefit of their experience and recommendations;

NOW, THEREFORE, BE IT RESOLVED by the Senate, the House of Representatives concurring that an Interim Commission to be known as Efficiency in Government Commission be and the same is hereby created to consist of 19 members, nine to be appointed by the Senate, nine to be appointed by the House of Representatives and one to be appointed by the

Governor. The nine to be appointed by the Senate are to be appointed by the Committee on Committees from a list of three names from each of the nine congressional districts of the state submitted by the majority vote of the senate members from each of said districts, one to be appointed from each congressional district. The nine to be appointed by the House of Representatives are to be appointed by the Speaker of the House from a list of three names from each of the nine congressional districts of the state submitted by the majority vote of the members of the House from each of said districts, one to be appointed from each district. None of said members so appointed to the Commission shall be members of the Legislature or officials or employees of the State government, provided that this shall not exclude the appointment of any persons from the University of Minnesota, but said members shall be business, professional, labor and agriculture leaders from each of said congressional districts. In the event of vacancies on said Commission for any reason, the remaining members of the Commission by a majority vote thereof may fill said vacancy, provided, however, that said vacancy shall be filled by a man from the same congressional district, if possible, in which the vacancy occurs.

Said Commission is hereby authorized to organize, elect a chairman, its officers and agents and ten members shall constitute a quorum.

It shall be the duty and purpose of the Commission to fully and impartially inform the Legislature about administration of State government so that measures may be taken to achieve efficiency and economy. To this purpose the Commission shall investigate and study the organization, methods of operation, and activities of State government and recommend what changes, if any, are required or advisable by

- (a) reduction of unnecessary expenditures
- (b) elimination of duplication and overlapping of services and functions
- (c) consolidation of similar services
- (d) abolition of unnecessary functions.
- (e) definition and limitation of activities of the various divisions of government
- (f) assuring responsiveness and adherence to statutory authority and policy
- (g) such other measures as the Commission finds will effect its general purpose.

The field of study and investigation of the Commission shall be primarily the Executive Branch of the government, including all departments, divisions, bureaus, agencies, boards, and commissions thereof, and including the several licensing boards and commissions. It is not intended that the Commission shall study the relations between State and local government except to the extent only that such study may be incidentally involved in its primary study.

The Commission shall submit to the Governor and to the Legislature a

report of its findings and recommendations between November 15, 1950, and January 1, 1951, and until such formal submission its findings and recommendations shall not be disclosed.

The Commission may appoint committees to deal with particular problems or phases of its study, but there will be at least one member of the Commission on each committee and no person shall be eligible for appointment to a committee who would not be eligible for appointment to the Commission. The Commission and its committees may hold hearings at such times and places as may be convenient for the purpose of taking evidence and testimony to effect the purposes of this act, and for such purposes the Commission and its committees may issue subpoenas. In the case of contumacy or refusal to obey a subpoena issued under the authority hereof, the district court of the county where such refusal or contumacy occurred may upon complaint of the Commission by its chairman punish as for contempt the person guilty thereof. Witnesses shall be paid the fees and mileage required to be paid to witnesses in civil actions in district court, but fees need not be paid in advance unless so ordered by the Commission or by the committee issuing the subpoena. The Commission is authorized to secure directly from any executive department, bureau, agency, board, commission or office, or any official or employee of the State, information, suggestions, estimates and statistics for the purpose of this act, and each such department, bureau, agency, board, commission, officer, and employee is authorized and directed to furnish such information, suggestions, estimates and statistics directly to the Commission or to a committee upon request made by the chairman of the Commission. Provided, however, that said Commission shall not have the authority to examine any income tax returns or to examine any papers, records or documents of fiduciary character or nature.

Members of the Commission and its committees will serve without pay, except that the chairman may be paid such compensation as the Commission may determine, or in lieu of compensation to the chairman the Commission may employ a full-time director at such compensation as the Commission may determine, who shall not be a member of the Commission and shall be subject to its authority. Members of the Commission and its committees shall be paid for their actual traveling and other expenses necessarily incurred in the performance of their duties. The Commission may employ expert clerical and professional aid and assistance; it may purchase stationery and other supplies; and it may do all things reasonably necessary and convenient in carrying out its purposes and duties.

Acknowledgments

The Efficiency in Government Commission gratefully acknowledges the invaluable assistance of the following Committee Members and professional consultants. The Committee Members, all of whom are private citizens, have brought wide and responsible experience to the work of the Committees. The Commission has based its judgments in large part upon the reports of the Committees. The Commission assumes full responsibility for the material in this report.

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