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ADMINISTRATION & RELATED SERVICES TRANSFERS

January 2015



MINNESOTA DEPARTMENT OF PUBLIC SAFETY

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Executive Summary

Recent legislation directed the Department of Public Safety (DPS) to review the amounts and purposes of transfers included in Chapter 117, Article 1, Section 5, Subdivision 2(b), and make recommendations to the legislative committees with jurisdiction. The Fiscal and Administrative Services (FAS) Division of DPS researched the history, purpose, and amount of the transfers in order to make those recommendations.

Request for Report

The Laws 2013, Chapter 117, Article 1, Section 5, Subdivision 2(b), includes the following language:

\$792,000 in each year is from the general fund for transfer by the commissioner of management and budget to the trunk highway fund on December 31, 2013, and December 31, 2014, respectively, in order to reimburse the trunk highway fund for expenses not related to the fund. These represent amounts appropriated out of the trunk highway fund for general fund purposes in the administration and related services program.

\$610,000 in each year is from the highway user tax distribution fund for transfer by the commissioner of management and budget to the trunk highway fund on December 31, 2013, and December 31, 2014, respectively, in order to reimburse the trunk highway fund for expenses not related to the fund. These represent amounts appropriated out of the trunk highway fund for highway user tax distribution fund purposes in the administration and related services program.

\$716,000 in each year is from the highway user tax distribution fund for transfer by the commissioner of management and budget to the general fund on December 31, 2013, and December 31, 2014, respectively, in order to reimburse the general fund for expenses not related to the fund. These represent amounts appropriated out of the general fund for operation of the criminal justice data network related to driver and motor vehicle licensing.

Before January 15, 2015, the commissioner of public safety shall review the amounts and purposes of the transfers under this paragraph and shall recommend necessary changes to the legislative committees with jurisdiction over transportation finance.

Report Findings

The first reference to transfers in this legislation appears to be in the Laws of 1979 in which transfers were established from the General Fund (GF) to the Trunk Highway Fund (THF) and from the Highway User Tax Distribution Fund (HUTD) to the Trunk Highway Fund. In 1983, an additional transfer was added to move funds from the HUTD to the GF for the Criminal Justice Data Network (CJDN). All three of these transfers have continued, in varying amounts, through 2013.

The transfer from the GF to the THF has been \$792,000 since 2004, the transfer from the HUTD to the THF has been \$610,000 since 1999, and the transfer from the HUTD to the GF has been \$716,000 since 1994. (See Appendix for history of transfer amounts)

DPS staff talked to numerous agency staff, staff at Minnesota Management and Budget (MMB) and legislative staff, regarding the history of these transfers, though no one could provide further historical knowledge of these specific transfers. It was speculated that these transfers were established to ease budgeting, bookkeeping, purchasing and payment processing concerns. With many staff and the related costs associated with administering DPS programs spread across various funding mechanisms, it was probably deemed appropriate to limit the “split-coding” of budgets, payroll, and purchasing/payment transactions for efficiency. The process does, in fact, greatly ease bookkeeping and transaction processing, and prevents the agency from developing and implementing a costly, cumbersome and difficult time tracking process.

While there have been changes to the various fund transfers amounts over the past 24 years, it has been 11 years since any transfer amounts have changed. In 2004, the transfer from the General Fund (GF) to the Trunk Highway Fund (THF) was reduced from \$1,830,000 to \$792,000. While no specific details can be found regarding the reason for the reduction, it may have been enacted for state GF budget purposes.

DPS FAS examined the transfers over the past 24 years and experimented with various calculating methodology in order to determine patterns or budget relationships. Complicating the fund transfer issue is the fact that the Administrative and Related Services program area supports 10 different program areas within DPS which receive funding from five different sources. The type and nature of the program areas also adds complexity to the issue. Some areas have large budgets but small staff and serve primarily as “pass-through” for grants and other public safety disbursements while others have larger staffs that provide direct services with a smaller budget. DPS FAS could find no calculation that it could attribute the past transfer amounts to and consequently cannot make a recommendation on changing the amounts.

Recommendations

The amounts in the DPS Administrative and Related Services fund transfers have changed several times over the past 24 years; however, they have remained the same for the past 11 years. The specific process for calculation (if any) of the transfer cannot be determined. If the Legislature decides to continue the funds transfer in order to more closely align expenditures with fund purposes, it is recommended that a methodology for calculating the appropriate transfer amounts and a biennial process for determining and reporting those amounts to the legislature be established.

Appendix

DPS - Administration and Related Services Transfers								1/7/2015
Fiscal Year	General Fund TO	THF Fund	HUTD Fund TO	THF Fund	HUTD Fund TO	General Fund	Session Law	
1980	216,300		293,600				Laws 1979, Chapter 333, Section 41	
1981	222,400		293,600					
1982	303,200		383,800				Laws 1981, Chapter 357, Section 3	
1983	313,800		391,400					
1984	382,500		333,200		384,400		Laws 1983, Chapter 293, Section 4, Subdivision 12 (a,b,c)	
1985	385,900		329,400		411,300			
1986	449,900		417,700		385,200		Laws 1985, 1st Special Session, Chapter 10, Section 4, Subdivision 12 (a,b,c)	
1987	449,100		416,000		389,100			
1988	753,500		326,000		520,900		Laws 1987, Chapter 358, Section 5, Subdivision 12 (a,b,c)	
1989	755,200		327,300		556,300			
1990	1,340,000		455,000		994,000		Laws 1989, Chapter 269, Section 5, Subdivision 12 (a,b,c)	
1991	1,063,000		453,000		1,027,000			
1992	1,306,000		437,000		1,026,000		Laws 1991, Chapter 233, Section 5, Subdivision 20 (a,b,c)	
1993	1,320,000		443,000		1,026,000			
1994	1,233,000		449,000		716,000		Laws 1993, Chapter 266, Section 5, Subdivision 18 (a,b,c)	
1995	1,196,000		443,000		716,000			
1996	1,520,000		416,000		716,000		Laws 1995, Chapter 265, Article 2, Section 5, Subdivision 7 (a, b, c)	
1997	1,446,000		474,000		716,000			
1998	1,851,000		580,000		716,000		Laws 1997, Chapter 159, Article 1, Section 4, Subdivision 2	
1999	1,830,000		610,000		716,000			
2000	1,830,000		610,000		716,000		Laws 1999, Chapter 238, Article 1, Section 4, Subdivision 2 (b)	
2001	1,830,000		610,000		716,000			
2002	1,830,000		610,000		716,000		Laws 2001, 1st Special Session, Chapter 8, Article 1, Section 4, Subdivision 2 (b)	
2003	1,830,000		610,000		716,000			
2004	792,000		610,000		716,000		Laws 2003, 1st Special Session, Chapter 19, Article 1, Section 4, Subdivision 2 (b)	
2005	792,000		610,000		716,000			
2006	792,000		610,000		716,000		Laws 2005, 1st Special Session, Chapter 6, Article 1, Section 4, Subdivision 2 (b)	
2007	792,000		610,000		716,000			
2008	792,000		610,000		716,000		Laws 2007, Chapter 143, Article 1, Section 5, Subdivision 2 (b)	
2009	792,000		610,000		716,000			
2010	792,000		610,000		716,000		Laws 2009, Chapter 36, Article 1, Section 5, Subdivision 2 (b)	
2011	792,000		610,000		716,000			
2012	792,000		610,000		716,000		Laws 2011, 1st Special Session, Chapter 3, Article 1, Section 5, Subdivision 2 (b)	
2013	792,000		610,000		716,000			
2014	792,000		610,000		716,000		Laws 2013, Chapter 117, Article 1, Section 5, Subdivision 2 (b)	
2015	792,000		610,000		716,000			