DEPARTMENT OF ADMINISTRATION

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February 1, 2024

Governor Tim Walz

Senator Erin Murphy, Chair
State and Local Government and Veterans
Committee

Senator Bruce Anderson, Ranking Member
State and Local Government and Veterans
Committee

Representative Ginny Klevorn, Chair
State and Local Government Finance and Policy
Committee

Representative Jim Nash, Ranking Member
State and Local Government Finance and Policy
Committee

SENT VIA ELECTRONIC MAIL

RE: Office of Small Agencies Study Report

Dear Governor Walz and Legislators,

In accordance with Minnesota Laws 2023, Chapter 62, Article 2, Section 129, attached is the Office of
Small Agencies Study Report. The Department of Administration contracted with Management and
Budget's Management Analysis and Development Division to conduct the study, which examined the
unique issues faced by small agencies including boards, commissions, councils, task forces, and
authorities. The study also assessed whether the current support model provides adequate support for
the agencies and their volunteer board members.

The report provides recommendations on how to support these small agencies most effectively in their
delivery of important functions of government.

Please contact Julie Bayerl, julie.bayerl@state.mn.us, if you have any questions.

Sincerely,

Tamar Gronvall
Commissioner

Cc: Simone Frierson, Policy Advisor, Office of Governor Tim Walz

        Legislative Reference Library

Small Agencies Study

Department of Administration
January 29, 2024

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Management Analysis and Development

Management Analysis and Development is Minnesota government's in-house fee-for-service management consulting group. We have over 35 years of experience helping public managers increase their organizations' effectiveness and efficiency. We provide quality management consultation services to local, regional, state, and federal government agencies and public institutions.

Alternative Formats

To request a reasonable accommodation and/or alternative format of this document contact us at 651-259-3800, Management.Analysis@state.mn.us, or accessibility.mmb@state.mn.us.

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Acronyms

Admin—Department of Administration

AGO—Attorney General's Office

CBTO—Chief Business Technology Officer

ETD—Enterprise Talent Development

GO—Governor's Office

MAD—Management Analysis and Development

MMB—Minnesota Management and Budget

MNIT—Minnesota IT Services

OSS—Office of the Secretary of State

SmART—Small Agency Resource Team

Executive summary

In 2023, the Minnesota Legislature required a study on Minnesota government's small agencies[1]. Under the new law, the commissioner of the Department of Administration (Admin) must: 1) review unique issues faced by small agencies (including boards, commissions, councils, task forces, and authorities); 2) assess current supports for small agencies and their volunteer board members; 3) examine how other states provide support to small agencies[2]; and 4) develop recommendations on providing the most effective support to small agencies going forward. The commissioner is required to submit findings and recommendations of the study to Governor Walz and specified legislative leaders by February 1, 2024.

Subsequently, Admin engaged Management Analysis and Development (MAD) to conduct this study. MAD is the State of Minnesota's in-house consulting practice providing management consulting services to public sector organizations, including state agencies, boards, and commissions. In collaboration with Admin leaders, MAD developed key research questions guiding the study, which are as follows:

- What are small agencies (and boards, commissions, councils, task forces, and authorities)?
- What is the current support model?
- What are the unique issues faced by small agencies?
- What changes or improvement, if any, can be made to effectively support small agencies in their delivery of important functions of government?

MAD used several methods to answer these research questions, including desk research, interviews with leaders in varied roles across state government, and a survey of small-agency board members and heads. Between the latter two methods, MAD received input from 235 participants. MAD staff aggregated the information provided through all methods and summarized their findings.

Key findings

Small agencies and current support model

In their review of state statutes, MAD consultants found no single official definition for "small agencies." MAD's examination of the administrative structures of small agencies confirms their diversity and roles. Broadly characterized as non-cabinet entities, small agencies encompass boards, commissions, and task forces, each fulfilling varied capacities, including advisory, advocacy, court or court-related, licensing, and/or regulatory roles.

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[1] Agencies, boards, task forces, and commissions that are not departments of the state as defined in Minnesota Statutes § 15.01.

[2] Admin previously collaborated with MAD on this study in 2022. Detailed findings from this study are provided in Appendix E.

The organizational setups of these small agencies also vary. For instance, boards are often guided by multi-member governing bodies with an executive director or an equivalent position, while some agencies have a singular appointed leader. While many small agencies operate independently, others are housed under larger cabinet-level agencies.

Administratively, small agencies exhibit diverse staffing capacities and operational approaches. Smaller agencies often rely on centralized functions such as Admin's Small Agency Resource Team (SmART) and/or MNIT for enterprise services, while larger ones may have in-house operations. SmART stands out as a key source of operational support, offering financial management and human resources (HR) services to over forty small agencies, boards, and commissions. Agencies linked to a cabinet-level agency through statute or executive order have less clarity and documentation of the supports provided by the cabinet agency or across the state enterprise.

Unique issues faced by small agencies

In both key informant interviews and the survey of small-agency boards and heads, MAD asked study participants to reflect on the unique issues faced by small agencies, drawing on their experiences and observations while serving on or working with such agencies. This section offers a high-level summary of the ideas shared.

Insufficient support

Insufficient support emerged as a major issue of concern among study participants. One of the challenges mentioned in this area was related to limited staff capacity, both within small agencies, SmART, and central service agencies. Survey data revealed a large variation in staffing capacity across small agencies. Most small agencies lack dedicated support for administrative functions such as finance, HR, legal, and IT, relying heavily on services provided by SmART or larger cabinet agencies. While SmART is considered valuable, it faces funding constraints, leading to delays and longer service time. This is especially true for HR, due to increased demand and staff turnover. IT support is stretched thin, with a single chief business technology officer (CBTO) serving the majority of small agencies that receive enterprise services from MNIT. Further, the insufficiency of dedicated legal services poses challenges for some small agencies in navigating legal complexities, often resulting in leaders recognizing legal risks only at a serious and detrimental stage.

Disconnection and inconsistent communication

Apart from insufficient support, small agencies face significant challenges related to disconnection and inconsistent communication. Survey responses indicated that a small percentage of board members, chairs, and agency heads feel adequately connected to the broader state government. Opportunities for small agencies to gather, connect, and share updates with each other and cabinet-level agencies are also limited, leading to a sense of being overlooked within the state government landscape. In addition, inconsistent communication exacerbates the challenges faced by small agencies, with variations in operational procedures, approaches to seeking assistance, and the timeliness of information sharing. Small agencies report feeling left out when crucial updates are distributed due to this inconsistency in communication.

Administrative competence

Another notable challenge for small agencies is board members' and small-agency staff's lack of understanding of state administrative policies and procedures. Interview participants highlighted concerns about boards' limited understanding of their roles and responsibilities, the functioning of the state government, and essential areas such as HR, financial management, governance roles, and administrative authority, despite the boards being recipients of reports from executive directors (EDs). Interviewees observed that, as a result, boards may fall short in taking necessary actions or recognizing the need for intervention when faced with ED or staffing issues within their respective agencies.

Training

Inconsistent onboarding and insufficient ongoing training present significant challenges for small agencies, with study participants noting disparities in access to such opportunities. Survey data revealed that approximately 40 percent of agency heads received onboarding, compared with over 70 percent for board members and chairs. Small agencies served by SmART tend to have better access to orientation and ongoing training, leaving non-SmART agencies to manage onboarding independently. Participants highlighted an imbalance in training topics, noting a greater emphasis on technical leadership aspects and a lesser focus on the organizational and board management aspects of their roles. Moreover, there is a lack of clarity regarding roles in the onboarding and training processes, with no designated unit or agency overseeing these activities for small agencies. According to study participants, many small-agency heads are responsible for onboarding board members, even if they themselves have not received sufficient onboarding.

Other issues

Staff turnover impacts

Study participants also mentioned staff turnover as critical challenges within small agencies, posing a significant risk for losing valuable institutional knowledge and experiences. The limited staffing in many small agencies, where employees often perform multiple functions, can make the departure of a single employee highly impactful on operations. One interview participant said inadequate pay scales put small agencies at a distinct disadvantage compared with cabinet-level agencies or the private sector when it comes to attracting and retaining top-tier candidates.

Agencies get created by the legislature and executive order, but then may get forgotten

Interviewees emphasized that small agencies are frequently established by the legislature and executive orders but face a subsequent lack of attention and support. They shared that the legislature often lacks a comprehensive understanding of the services small agencies receive and the necessary support they require.

Absence of an accurate and timely board and staff tracking process

Several interviewees pointed out the absence of an accurate and timely tracking process for new boards and staff transitions. This concern was substantiated by challenges MAD faced during the study, with difficulties in finding a unified and up-to-date list of small agencies and appointments. The Office of the Secretary of State (OSS) has made significant headway in recent years to enhance their database of small agencies for managing appointments-related information; however, there remain gaps in the information, primarily due to OSS's reliance on receiving updates from relevant agencies (i.e., central service agencies, host agencies, and small agencies). Additionally, there does not appear to be a comprehensive current database of small agencies maintained by central service agencies for administrative and communications purposes.

IT security risks

Another challenge highlighted by study participants relates to IT security risks, specifically noting that many board members of small agencies reportedly use their personal email addresses and computer devices for board-related business. Interviewees expressed concern that this practice poses a great risk of exposing confidential or private data to security vulnerabilities.

Study participants' ideas for improvement

Study participants shared a variety of ideas to improve the way the state supports small agencies. MAD compiled the ideas below and categorized them as follows:

- Ways to expand supports provided by current models
- Ways to centralize administrative functions
- Creating an Office of Small Agencies

MAD then vetted these ideas with key informants and used them as inputs to recommendations. Some of the ideas suggested included:

- **Expand supports provided by current models by:**
  - Providing host cabinet agencies for all small agencies
  - Adding capacity to current supports, including increasing SmART and MNIT CBTO capacity
  - Creating resources for topics related to legal, policy, and programs
  - Improving onboarding and ongoing training for agency heads and board members
- **Centralize administrative functions and information sharing for small agencies by:**
  - Coordinating administrative functions and information sharing
  - Providing standardized services and supports to all agencies, which potentially include:
    - Expanding SmART to serve all small agencies
    - Adopting the SmART model for IT supports
    - Providing standardized onboarding and training for all small agencies

- **Create an Office of Small Agencies**
  - When asked about the potential benefits of an Office of Small Agencies, interviewees said it would lead to more standardized administrative practices, development and improvement of processes for providing supports, and more consistency and connection across small agencies.
  - This office would change the reporting relationship of executive directors from board to cabinet agency leadership and create a direct line of authority to the Governor's Office. Funding for this office would be secured through direct appropriation from the legislature. Interviewees said this would relieve boards of personnel and management responsibilities and enable them to focus more on the aspects of the work they enjoy.

Other suggested ideas for improvement were related to better role definition and documentation for key processes related to new agency creation, the appointment process, and onboarding, as well as ways to improve connections among non-cabinet agencies and with the rest of state government.

Conclusion and recommendations

Small agencies play a vital and irreplaceable role in connecting constituencies to state government and addressing their unique needs. Any changes to supports for small agencies or the structure that provides those supports should be made with an awareness of not only the way agencies have organized according to the legal authorities under which they are established and the resources available to them, but also the impact the change could have on constituencies' ability to voice their perspectives and be heard.

MAD's recommendations reflect careful consideration of the resources and structures that support small agencies and how they could be leveraged to ensure small agencies receive adequate support. MAD presents four support structure options as recommendations, progressing in cost and effort:

1) Maintaining current levels
2) Expanding existing models
3) Centralizing administrative functions and information sharing for small agencies
4) Creating an Office of Small Agencies, and the relative advantages and costs to each

MAD recommends option 3 to meet the needs of all small agencies and promote further coordination of HR, finance, IT, and legal functions to be provided by SmART.

Regardless of the structure chosen, MAD recommends the following to improve consistency and connections:

- Establishing standards for the creation of small agencies
- Defining roles and creating documentation for key processes
- Improving connections among small agencies and with the broader state government
- Pausing the creation of new small agencies until the legislature can chart a new path for small-agency creation and supports

Background

In 2023, the Minnesota Legislature required a study on Minnesota government's small agencies[3]. Under the new law, the commissioner of the Department of Administration (Admin) must: 1) review unique issues faced by small agencies (including boards, commissions, councils, task forces, and authorities); 2) assess current supports for small agencies and their volunteer board members; 3) examine how other states provide support to small agencies[4]; and 4) develop recommendations on providing the most effective support to small agencies going forward. The commissioner is required to submit findings and recommendations of the study to Governor Walz and specified legislative leaders by February 1, 2024.

Subsequently, Admin engaged Management Analysis and Development (MAD) to conduct this study. MAD is the State of Minnesota's in-house consulting practice providing management consulting services to public sector organizations, including state agencies, boards, and commissions. In collaboration with Admin leaders, MAD developed key research questions guiding the study, which are as follows[5]:

- What are small agencies (and boards, commissions, councils, task forces, and authorities)?
- What is the current support model?
- What are the unique issues faced by small agencies?
- What changes or improvement, if any, can be made to effectively support small agencies in their delivery of important functions of government?

Methodology

MAD used several methods to answer these research questions, including desk research, interviews, and a survey. Between the latter two methods, MAD received input from 235 participants. MAD staff aggregated the information provided through all methods and summarized their findings.

Desk research

MAD surveyed various electronic records of current state law, including the enabling legislation for this study (Minnesota Session Laws—2023 Regular Session, Chapter 69, Article 2, Section 129) and relevant sections of State Statutes 2023, including Chapter 15, State Agencies in General, and Chapter 16B, Department of Administration. MAD also reviewed pertinent online information maintained by the Minnesota House of

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[3] Agencies, boards, task forces, and commissions that are not departments of the state as defined in Minnesota Statutes § 15.01.

[4] Admin previously collaborated with MAD on this study in 2022. Detailed findings from this study are provided in Appendix E.

[5] The legislature did not direct an assessment of the effectiveness or appropriateness of small agencies, boards, councils, and commissions in state government. MAD considered those issues to be out of scope for this study.

Representatives Research Department, including [Creation and Organization of Executive Branch Agencies](#) and [Executive Branch Advisory Groups](#). Previous MAD research, including a survey of non-cabinet agencies (2022), a survey of SmART partners (2021), and state comparison research on shared services for small agencies (2022) were also examined.

Key informant interviews

Over the course of the study, MAD conducted twenty-one interviews with thirty-three leaders in varied roles across state government, including fourteen individual interviews and seven group interviews with two to four participants. The interviews included representatives from Admin, Minnesota Management and Budget (MMB), Minnesota IT Services (MNIT), the Governor's Office (GO), the Office of the Secretary of State (OSS), and several small agencies. The Office of the Minnesota Attorney General (AGO) was also invited to participate.

MAD used a single set of questions for all interviewees but allowed the conversation to flow freely, incorporating follow-up questions based on the interviewees' experiences. Interview questions were centered around the strengths and challenges of the current support model for small agencies, as well as where key informants see the greatest opportunities for improvement in the future. Additionally, interviewees were asked to provide suggestions on potential questions MAD should consider for the survey of small-agency boards and heads.

Detailed analysis of the interview responses is provided in [Appendix A](#), and the list of interview questions can be found in [Appendix B](#).

Survey of small-agency boards and heads

MAD distributed an online survey to 631 board chairs, board members, and agency heads from a pool of sixty-seven small non-cabinet agencies. The survey participants were identified using a list generated by the OSS and cross-referenced with existing lists from Admin, SmART, and MMB. For the purpose of this study, MAD chose to include only active boards and commissions from the executive branch that meet the following criteria:

- Have been legislatively established for two years or longer, which thus exclude advisory committees, ad hoc committees, or task forces
- Are not a non-profit or a division within a larger cabinet agency

For board chairs and members invited, MAD opted to invite everyone with active appointments except those who are:
- Ex-officio members
- Representatives from a cabinet agency (i.e., commissioner, assistant commissioner)
- Representatives from the legislative branch

The survey was open from September 25 to October 8, 2023. Survey participants who did not complete the survey after one week received up to two more email reminders that the survey was still open. At closing, MAD received a total of 202 responses, representing a 32 percent response rate.

Table 1 below provides a breakdown of response rate by respondent category.

Table 1. Breakdown of response rate by respondent category

Category	Total contacted	Total received	Response rate
Overall pool	631	202	32%
Agency	67	60	90%
Agency with an agency head	53	45	85%
Board member or chair	578	157	27%

The survey had thirty questions, including five open-ended questions and eight demographic questions. Survey questions were framed around five main areas, including the appointment process, board experience, agency head experience, level of support, and training. It is important to note that response counts varied on each question, and respondents could choose multiple responses on several questions. Narrative summaries of data may also be different from charts due to rounding. Detailed analysis of the survey results is provided in Appendix C, and the survey tool is provided in Appendix D.

Key findings

This section provides an overview of key findings from MAD's desk research, key informant interviews, and survey of small-agency board and agency heads. Throughout the findings section, MAD uses the term "study participants" to refer to both interview and survey respondents combined.

Small agencies and current support model

Small agencies are a distinctive and invaluable asset for Minnesota and its state government. These agencies play a unique role in engaging with communities and advocates across a wide spectrum of issues, forging crucial connections between constituents and state government, and vice versa. The diverse array of small agencies attracts board applicants and job candidates who are not only mission-focused but also bring a wealth of varied life experiences and professional backgrounds.

In their reviews of state statutes, MAD found no single official definition for "small agencies." While Minnesota Statutes § 15.01 defines naming conventions for state agencies, including boards, committees, and councils, research indicates that the legislature does not always follow these conventions when creating new entities.[6] An examination of the administrative structures of small agencies confirms their diversity and roles. Broadly characterized as non-cabinet entities, small agencies encompass boards, commissions, and task forces, each

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[6] Mark Shephard. *Executive Branch Advisory Groups* (Minnesota House of Representatives Research Department, 2016), https://www.house.mn.gov/hrd/pubs/advsgrp.pdf.

fulfilling varied capacities, including advisory, advocacy, court or court-related, licensing, and/or regulatory roles.

The organizational setups of these small agencies also vary. For instance, boards are often guided by multi-member governing bodies with an executive director or an equivalent position, while some agencies have a singular appointed leader. While many small agencies operate independently, others are housed under larger cabinet-level agencies.

Administratively, small agencies exhibit diverse staffing capacities and operational approaches. Data from MAD's survey of small-agency boards and heads revealed a large variation in staffing levels, ranging from one to over one hundred full-time equivalent (FTE) employees. Nearly half of the surveyed agencies reported staffing between one and ten FTEs, while 31 percent indicated between eleven and fifty FTEs, and the remaining 22 percent have fifty or more FTEs. Many of the smaller small agencies rely heavily on centralized functions such as Admin's Small Agency Resource Team (SmART) and/or MNIT for core administrative services such as financial management, human resources (HR), and IT. In contrast, larger small agencies have in-house operations, while others receive operational support through cabinet-level agencies or contracts. Table 2 provides an overview of the supports small agencies use to fulfill their administrative functions.[7]

Table 2. Overview of small agencies' administrative function supports

Administrative function area	Service source(s)
Financial management	In-house, SmART, cabinet-level host agency
Human resources	In-house, SmART, cabinet-level host agency
Procurement	In-house, SmART, cabinet-level host agency
Legal	In-house, MMB legal, AGO
IT services	In-house, MNIT, external contract

SmART was established in 2008 to provide finance, accounting, payroll, purchasing, and HR services to ethnic councils and other small agencies as defined by the commissioner of Admin (Minnesota Statutes Chapter 16B, Section 16B.371). SmART has grown substantially over the past fifteen years and currently offers financial management and HR services to over forty small agencies, boards, and commissions. Study participants characterized it as a significant and appreciated resource to independent small agencies that do not have a formal connection to a cabinet-level agency. Participants also praised SmART's high-quality and cost-effective fee-for-service expertise, highlighting its understanding of the key role of trust and communication in building strong customer-focused relationships.

MNIT is required by statute (Minnesota Statutes, Chapter 16E, Section 16E.016) to provide services to all state agencies, except the Minnesota State Retirement System, the Public Employees Retirement Association, the Teachers Retirement Association, the State Board of Investment, the Campaign Finance and Public Disclosure Board, the State Lottery, and the Statewide Radio Board. The same statute indicates that the chief information officer can allow state agencies to procure information technology services via contractor to achieve the "best value" (Minnesota Statutes. Section 16E.016).

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[7] MAD is aware that there are exceptions to some of these sources of support.

For small agencies linked to a cabinet-level agency through statute or executive order, the types of supports provided by the host cabinet agency or across the state enterprise remain less defined and less well-documented.

The OSS plays a robust role in managing appointments, including collecting information on new entities, maintaining a thorough resource guide for staff contacts working to set up and/or manage small agencies, and facilitating review and filings of various official documents. The OSS is also in regular communication with the GO, which has a key role in board member appointments to over 150 small agencies, boards, commissions, and task forces as well as certain staff leadership appointments for various executive branch agencies.

Enterprise Talent and Development (ETD) at MMB provides training to all state employees but is not tasked with onboarding state employees. ETD provides mandatory core courses for supervisors, managers, and HR professionals, which must be completed within the probationary period and are paid for by the agency. ETD also offers ongoing courses and a leadership series that are open to small agencies, but capacity is limited, and costs can be prohibitive to small agencies.

Unique issues faced by small agencies

In both key informant interviews and the survey of small-agency boards and heads, MAD asked study participants to reflect on the unique issues faced by small agencies, drawing on their experiences and observations while serving on or working with such agencies. This section offers a high-level summary of the ideas shared.

Insufficient support

Insufficient support emerged as a major issue of concern among many study participants. One of the challenges mentioned in this area was related to limited staff capacity within small agencies, SmART, and central service agencies. As mentioned in the previous section, there is a large variation in staffing capacity across small agencies, ranging from one to over one hundred FTEs. According to interviewees, most small agencies lack dedicated support for administrative functions such as finance, HR, legal, and IT, and rely heavily on services provided by SmART or larger cabinet agencies such as Admin, MMB, and MNIT, as well as the AGO.

While study participants view SmART as a valuable resource for financial management and HR functions, they see it as a constrained resource that does not receive adequate funding. The rising demand for SmART services and support, coupled with staff turnover at SmART in recent years, has resulted in delays and a longer response time, especially for HR services.

In addition, study participants also cited challenges with IT support, noting that the majority of small agencies that receive enterprise services from MNIT are currently served by a single chief business technology officer (CBTO), whose capacity is stretched very thin. This has led to limited attention and prolonged timelines for procurement and other service requests and processing.

The insufficiency of dedicated legal services for some small agencies also poses challenges to small agencies in navigating legal complexities. One interviewee said the lack of legal support often resulted in small-agency

leaders not being able to recognize potential legal risks developing within their organization until they have escalated to a serious and potentially detrimental stage.

Disconnection and inconsistent communication

Disconnection and inconsistent communication were cited as two other major challenges faced by small agencies. As evidenced by survey responses, less than 15 percent of board members and chairs, and less than 30 percent of agency heads, strongly agreed they felt adequately connected to the rest of state of government. Study participants cited the scarcity of opportunities for small agencies to gather, connect, and share updates among themselves and with cabinet-level agencies.

Study participants shared that small agencies often grapple with a sense of being overlooked within the state government landscape. The challenge is particularly acute, as these entities tend to have limited avenues to garner attention of larger agencies.

In addition to disconnection, the issue of inconsistent communication compounds challenges faced by small agencies. Variability in operational procedures, approaches to seeking assistance, and the timeliness of information dissemination contribute to a sense of unpredictability. This inconsistency is reflected in feedback from small agencies, who report feeling left out when crucial updates are shared.

Administrative competence

Another notable challenge for small agencies is related to a lack of understanding of state administrative policies and procedures among both board members and small-agency staff. As stated by interview participants, a critical aspect of this challenge is the boards' limited understanding of their roles and responsibilities, the functioning of the state government, and essential areas such as HR, financial management, governance roles, and administrative authority, despite the boards being the recipients of reports from executive directors (EDs). Interviewees observed that, as a result, boards may fall short in taking necessary actions or recognizing the need for intervention when faced with ED or staffing issues within their respective agencies.

Complicating matters is the reality that volunteer board members, though not officially categorized as state employees, are tasked with significant administrative and operational duties. This includes overseeing agency heads, leading hiring processes, conducting performance reviews, and fulfilling fiduciary responsibilities, which often extend beyond the initial passion that led them to serve in a small agency or task force leadership role.

Training

Inconsistent onboarding and ongoing training emerged as another area of challenge for small agencies. Study participants pointed out that not all board members and agency heads receive onboarding and ongoing training opportunities. This discrepancy is notably evident in the survey data, with approximately 40 percent of all surveyed agency heads reporting having received some form of onboarding, compared with around 70 percent for board members and board chairs. Additionally, approximately half of all respondents stated they had received some form of training after onboarding, while nearly a quarter stated they had received neither of the trainings.

Several interviewees also highlighted the disparity in access to training opportunities between small agencies served by SmART and those not served by it. One interviewee stated that board members and EDs from agencies served by SmART generally receive some form of orientation and ongoing training, sometimes required by state statute, on a range of topics related to their roles. Meanwhile, non-SmART agencies are often left on their own for onboarding and ongoing training.

In addition to disparity in access, study participants also pointed to an imbalance in the training topics covered. While the state currently offers various topics for small-agency staff in leadership roles (i.e., EDs, managers, and supervisors), much of what is offered tends to focus more heavily on the technical leadership aspects and less on the organizational and board management aspects of their roles. This represents a gap in the acquisition of skills crucial for effective agency operation. This discrepancy emphasizes the need for a more comprehensive and inclusive training framework that encompasses both technical and practical aspects.

Study participants also pointed out the unclear roles in the onboarding and training process. They highlighted the absence of a designated unit or agency in charge of this area for small agencies. Several interviewees shared that in many small agencies, agency heads tend to be the only ones onboarding their own board members, even though many of them might not have received sufficient onboarding themselves.

Other issues

Staff turnover impacts

Staff turnover was mentioned by study participants as critical challenges within small agencies, putting them at an increased risk for losing valuable institutional knowledge and experiences. Given the limited staff working at many small agencies, where employees often serve several functions, the departure of a single employee can have an immense impact on their operations. One interview participant pointed out that one contributing factor to this issue could be the inadequate pay scale, particularly for executive roles. They added that the limited financial incentives put small agencies at a distinct disadvantage compared with cabinet-level agencies or the private sector, creating challenges in attracting and retaining top-tier candidates.

Agencies get created by the legislature and executive order, but then may get forgotten

Several interviewees pointed out that small agencies often get created by the legislature and executive orders, but these small agencies often experience a lack of attention and support afterward. They shared that the legislature often lacks a good understanding of services currently provided to small agencies and the necessary supports they need.

Absence of an accurate and timely board and staff tracking process

Additionally, several interviewees pointed out the absence of an accurate and timely tracking process for new boards and staff turnover. This concern was substantiated by challenges MAD faced during the study, with difficulties in finding a unified and up-to-date list of small agencies and appointments. The OSS has made significant headway in recent years to enhance their database of small agencies for managing appointments-related information; however, there remain gaps in the information, primarily due to OSS's reliance on receiving

updates from relevant agencies (i.e., central service agencies, host agencies, and small agencies). Additionally, there does not appear to be a comprehensive current database of small agencies maintained by central service agencies for administrative and communications purposes.

IT security risks

Another challenge highlighted by study participants relates to IT security risks, specifically noting that many small-agency board members reportedly use their personal email addresses and computer devices for board-related business. Interviewees expressed concern that this practice poses a great risk of exposing confidential or private data to security vulnerabilities.

Study participants' ideas for improvement

Study participants provided a variety of ideas to improve the way the state supports small agencies. MAD compiled the ideas and categorized them into three broad themes as follows:

- Ways to expand supports provided by current models,
- Ways to centralize administrative functions
- Creating an Office of Small Agencies

MAD then tested these ideas with key informants and used the ideas as inputs to recommendations.

Expand supports provided by current models

Provide host agencies for all small agencies

Some small agencies are hosted by cabinet-level agencies. For instance, the Explore Minnesota Tourism Council is hosted by the Department of Employment and Economic Development. Host agency roles are often, but not always, defined in statute and vary by each small agency. For example, the enabling statute for the Explore Minnesota Tourism Council (Minnesota Statutes 116U.05) is silent on how they receive administrative and professional services. Conversely, statutory language for the Environmental Quality Board requires them to "contract with the Pollution Control Agency for administrative services necessary to the board's activities. The services shall include personnel, budget, payroll, and contract administration" (Minnesota Statutes 116C).

Several interviewees indicated that small agencies which are hosted by a cabinet agency typically experience fewer challenges accessing supports than agencies which are not hosted by a cabinet agency, though one interviewee indicated there are exceptions. This idea led a few interviewees to suggest that each small agency be hosted by a cabinet agency that is charged with ensuring the small agency receives adequate supports.

However, MAD also heard from interviewees that even with connection in state statute, some small agencies do not have a strong connection to their cabinet-level agency and lacked understanding of how to seek support or expertise on state policies and procedures. As one interviewee noted, "the larger agencies need to do a better job of acknowledging the small boards, commissions and agencies under them—they are a part of them."

Add capacity to current supports

Interviewees and survey respondents suggested ways to ensure all central service agencies have adequate capacity to support small agencies.

Increase SmART capacity to provide timely, adequate supports to the agencies it currently serves

Survey respondents whose agencies are served by SmART spoke highly of the services they receive but also shared their observation that SmART has limited capacity, particularly in providing HR supports. Some survey respondents and many interviewees suggested SmART add staff in order to provide timely, high-quality supports to small agencies. A few interviewees also suggested the high and increasing volume of agencies SmART is expected to serve has led to burnout and turnover among SmART staff that could be partially addressed by expansion.

Increase MNIT capacity to assist small agencies with their needs, including help desk, project management, and procurement

Study participants who commented on challenges with IT focused on the capacity of the CBTO. Subsequent interviews also highlighted limited CBTO capacity, contributing to procurement challenges. They indicated the need to increase the capacity of the CBTO by hiring additional staff to assist in addressing small agencies' IT needs. A few interviewees noted that MNIT has funding to add capacity for helpdesk, project management, and procurement support and is actively hiring.

Resources for topics related to legal, policy, and programs

Study participants mentioned that small-agency heads and board members have limited time to seek the information or contacts necessary to address needs that arise. One idea that study participants suggested is to provide resources on demand. Such resources could include recorded trainings or training materials, toolboxes, templates, websites, or contacts lists categorized by topic. This would allow agency heads and board members access to the information they need when it is most useful to them and help them work more efficiently.

Improve onboarding and ongoing training for agency heads and board members

For all small agencies, but especially for those not hosted by a cabinet agency or served by SmART, onboarding and ongoing training are crucial to ensuring agency heads and board members know about HR policies, IT security risks and precautions, legislative processes, and legal options and obligations. Additionally, study participants indicated the need for small-agency heads and board members to understand how their agency interacts with the rest of state government, particularly the executive branch. Standardizing such training and delivering it consistently could better equip small agencies to avoid missteps.

In follow-up conversations regarding onboarding, key informants voiced the need to improve both the content and process of onboarding, especially for agency heads, but they were uncertain what the roles of the various central service agencies should be. For example, it was unclear to several interview participants who should meet a new agency head on their first day, help them get an identification badge, or explain their role to them.

Expanding ETD's role to provide standardized, consistent training to small agencies would require appropriations either directly from the legislature or that pass through small agencies to allow ETD to hire the necessary staff to expand and deliver curriculum specific to small agencies.[8]

Study participants who talked about onboarding and training agreed that current onboarding and training supports are insufficient but did not provide recommendations to expand these supports within the current structure.

Centralize administrative functions and information sharing for small agencies

Several study participants expressed desire for more coordinated and consistent services across small agencies. For example, one interviewee said it would be beneficial if there were communication among central services, so each would know what interactions small agencies had, which would help them better serve the small agencies. A few interviewees suggested funding these services through direct appropriations to the agencies providing supports or through appropriations to the agencies, which they would pay to the central service agencies for supports. Interviewees said the former would be more straightforward, while the latter would give small agencies more say in the support they receive and more clearly reflect the true cost of government.

Coordinate administrative functions and information sharing

Interviewees indicated the need for more coordination between agencies providing support and among small agencies. To enhance communication among agencies providing support, interviewees suggested the state finds a way to centralize information sharing. For small agencies, they suggested regular convenings of small agencies as an affinity group or "communities of practice" to connect executive directors and build capacity and connections.

Provide standardized services and supports to all agencies

Expand SmART to serve all small agencies

A few interviewees suggested SmART expand to provide services not only to the growing number of agencies currently in scope but also to all non-cabinet agencies. Interviewees were split on whether large non-cabinet agencies or agencies hosted by a cabinet agency should be served by SmART. Ideas included exempting agencies hosted by a cabinet agency, only requiring SmART participation for agencies below a defined size threshold, or initially including all agencies but give them the option to opt out of SmART services based on size or the existence of a host agency.

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[8] SmART also provides periodic training sessions to the agencies they serve in reactions to needs they observe. This service is above and beyond SmART's explicit roles as defined in statute.

Adopt the SmART model for IT supports

Currently, MNIT is required to provide services to all state agencies, with a few exceptions ([Minnesota Statutes Section 16E.016](#)) but can allow agencies to procure some enterprise services via contract. In the survey of small-agency boards and heads, 25 percent of agency heads say they get information technology services in-house or from an external vendor. Survey participants also provided critical feedback about procuring and managing services, such as the web content platform Tridion. To ensure small agencies receive adequate IT services and supports, a few respondents suggested creating an office similar to SmART that provides IT services and supports comparable to cabinet agencies. The office could be funded through chargebacks, like SmART, or through direct appropriation from the legislature. Interviewees cautioned that the former may be difficult for small agencies to support, given their limited budgets. The latter would avoid small-agency involvement but also limit their ability to influence their IT resources.

Provide standardized onboarding and training for all small agencies

As stated above, interviewees and survey respondents mentioned that additional onboarding and training would give small agencies a baseline of what they needed to know to run an agency in state government. In particular, survey respondents expressed some desire for standardized, regular trainings to build knowledge across all small agencies.

Create an Office of Small Agencies

Several interviewees and survey respondents discussed the idea of an Office of Small Agencies. This office would change the reporting relationship of executive directors from board to cabinet agency leadership and create a direct line of authority to the GO. This Office of Small Agencies, according to interviewees, could be funded by direct appropriation from the legislature.

Interviewees said this would relieve boards of personnel and management responsibilities and allow them to focus more on the aspects of the work they enjoy. Interviewees further said this model would create opportunities for small agencies to be more active participants in the executive branch, to have their stories and perspectives heard, and to provide a clearer escalation path for challenges that arise.

Centralize authority and reporting structure within a cabinet-level agency

Interviewees who spoke in support of an Office of Small Agencies provided two possibilities for reporting structure. They said small agencies could report to an assistant or deputy commissioner of the Department of Administration or to the commissioner of a new cabinet agency focused solely on small agencies. One suggestion was the transfer of all statutory authority to the cabinet-level agency, leaving agency boards to focus solely on agency operations. The cabinet agency, as described by interviewees, would be responsible for ensuring small agencies meet their statutory and administrative requirements but not be involved in the agencies' day-to-day business.

When asked about the potential benefits of an Office of Small Agencies, interviewees said it would lead to more standardized administrative practices, development and improvement of processes for providing supports, and more consistency and connection across small agencies.

Expand SmART as a mandatory service to all agencies under a certain threshold

Within the Office of Small Agencies, as described by interviewees, SmART would expand to serve all agencies served by the new office. SmART would continue to provide similar HR and finance services, and the Office of Small Agencies would be responsible for ensuring SmART has the staff and other resources to do so.

Provide MNIT services via MNIT@Admin or create MNIT@Small Agencies

Through an Office of Small Agencies, MNIT would provide services similarly to how cabinet-level agencies receive services, interviewees said. If the office were housed in the Department of Administration, MNIT services would either go through MNIT@Admin or a separate group dedicated to small agencies, such as a MNIT@Small Agencies.

Hire legislative liaisons

One interviewee who supported the idea of an Office of Small Agencies suggested the office include one or more legislative liaisons dedicated solely to small-agency needs.

Coordinate other central service agency functions

Interviewees said the Office of Small Agencies could also be responsible for providing standardized, consistent onboarding and training for small agencies but did not provide guidance on whether the training would be provided by SmART, ETD, a new division of the Office of Small Agencies, or some other means.

Other suggestions

Survey respondents and interviewees also suggested ideas for improvement regardless of the model through which small agencies receive support.

Define roles and create documentation for key processes

Documentation and administrative tracking when new agencies are created

Interviewees discussed the need for a clear process for adding new agencies to various parts of state administrative and financial tracking systems, including the OSS's roster; SWIFT, managed by MMB;[9] and Workers' Compensation at Admin, among many other procedures needed for new agencies. Further MAD inquiry revealed the need for more clarity around roles and responsibilities and a better understanding of all the procedures that are required to establish a new agency.

Appointment process

Several study participants characterized the appointment process as slow and cumbersome—some attributing delays to stakeholder feedback and limited GO staff making appointments. Survey respondents suggested small agencies would benefit by timelier and more proactive appointment processes. They also suggested more transparency for prospective board members about roles and responsibilities, and appointment status.

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[9] SWIFT is the state's accounting and procurement system.

Many study participants spoke to the need for an improved onboarding process for both agency heads and for board members. Because agency heads often take charge of onboarding board members, much of the study participants' feedback focused on the need for standardized and consistent onboarding for agency heads. For example, interviewees indicated a lack of clarity in roles for various aspects of onboarding new agency heads— and especially those leading that are new or agencies that are neither served by SmART nor hosted by a cabinet agency. Roles that lack clarity include first-day orientation, establishing connections, early training, and how to navigate their work and state government. Interviewees concluded that there is a need for both role clarity and an established and documented process for onboarding agency heads.

Improve connections among non-cabinet agencies and with the rest of state government

Study participants highlighted the need for better connection both among small agencies and between small agencies and the rest of state government, particularly the executive branch. Specific suggestions for connection between agencies included communities of practice, opportunities for shared learning, and some way for agency heads to talk about needs they have.

Some survey respondents said they would like to be included more with the executive branch. They expressed a desire to receive more communication and recognition from the executive branch as well as ways to share their successes and escalate their needs.

Discussion

Small agencies play a crucial role in connecting constituencies to state government and addressing their unique needs. Their thorough understanding of the constituencies they serve allows them to create, regulate, and enforce policy effectively. Changes to small agency supports or the structure that provides those supports should be made with an awareness of both the way agencies have organized according to the legal authorities under which they are established and the resources available to them and the impact on constituencies' ability to voice their perspectives, contribute their expertise, and be heard.

Small agency supports structure

The structures below reflect a continuum of providing supports as a customer service model to a model driven by authority. Each has its benefits and drawbacks, as outlined, that require careful consideration. Small agencies are uniquely capable to connect with constituencies and carry out their current statutory authority based on their deep subject matter expertise. As such, MAD cautions against adopting models that diminish the authority and ability of small agencies to continue to do such work. Finally, elements of these structures are not mutually exclusive and could be blended to create the most value for small agencies.

Maintain current levels of support

The findings in this report indicate that the current levels of support are insufficiently serving small agencies. Initial investments in this option would be minimal, but there is risk for more expenses in the long term. For example, continuing to provide insufficient support will contribute to burnout and turnover and increase the already long timelines to access staff and IT resources. Additionally, ineffective program and legal challenges arising from missteps made by personnel who have not been trained or onboarded sufficiently can result in long-term expenses. Without coordination among central service agencies providing support, agencies will continue to struggle to find the correct contacts or information to complete their work and communicate challenges, needs, risks, and successes.

Expand supports provided by current models

In recent years, the number of agencies SmART serves has more than doubled. Further expanding the capacity of SmART and MNIT to provide timely, sufficient supports for the agencies they currently serve is crucial. MNIT is currently expanding the CBTO capacity for project management, help desk, and procurement. Because some expansion is already happening, the cost and effort to implement such an expansion would be less disruptive than other potential structures. The impact of ensuring timely and adequate HR, financial, and IT services would go far in closing the gaps for agencies that SmART and MNIT serve. However, expanding existing services to meet demand would not change the current situation for agencies not served by SmART and those agencies that contracted services in lieu of those that MNIT provides other agencies. Such expansion would do little to address needs related to coordination, inclusion and communication, and onboarding and training.

Centralize administrative functions and information sharing for small agencies

Interviewees discussed ways to centralize services—particularly those in the scope of SmART and MNIT—and apply them to all small agencies. This would represent a large expansion of SmART (most states in the state comparison study had far more FTEs than SmART)[10] and create a "MNIT@Agency"[11] structure for MNIT supports for small agencies. The latter could be achieved by an expansion of MNIT@Admin or the creation of a MNIT@Small Agencies. Expanding to this degree would require financial and human resources dedicated to SmART and MNIT to determine the appropriate organizational structure and to hire, train, and sustain the necessary staff to carry out the work.

In addition, this centralization would include creating a cohesive training and onboarding program for small-agency heads, at minimum, and potentially board chairs, board members, and small-agency staff. Such a

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[10] Please refer to Appendix E for findings from 2022 state comparison research on shared services for small agencies.

[11] MNIT provides services to cabinet agencies by assigning staff to provide dedicated services to each agency using the nomenclature MNIT@<agency name>. For example, MNIT@Admin or MNIT@MnDOT.

program should include clear processes for onboarding agency heads[12] and providing initial training on topics related to working in state government, roles of board members and agency heads, important contacts, the legislative process and rulemaking, and a guide to policies and procedures of running a small agency.[13] Onboarding should also include an orientation to the central service agencies and the resources available to small agencies. Creating this training and onboarding structure would require additional capacity for the agencies tasked with coordinating, developing, and creating content.

Coordination and navigation

Several survey respondents discussed that they do not have access to or do not know how to access various supports they need. Interviewees in central service agencies also noted that agencies sometimes contact them looking for supports that are provided elsewhere. There is a clear need for improved coordination of supports that allows agencies to compile, communicate, and escalate their needs as well as navigate the system of supports. Centralization will improve navigation for some but will also be initially confusing and still may not provide agencies direct inroads to the executive branch.

The legislature could provide resources for coordination at the central service agency and small agency levels. Coordination at the central service agency level could take the form of a new team housed within SmART[14] to convene working groups, coordinate services, and help small agencies navigate the central service agencies to access supports. One working group convened by SmART would exist to discuss and address small-agency concerns. This working group would include senior leadership representatives from Admin, MMB, MNIT, OSS, AGO, the Legislative Coordinating Commission, and the GO and have staff dedicated to leading and supporting the workgroup. Cabinet agencies that host small agencies should also be engaged.

At the small agency level, some agency heads already meet to discuss and address their own needs. This idea should be expanded to a working group or groups that include either all small agencies or representatives from small-agency subgroups (such as the Health Licensing Boards). This group would function as a community of practice for shared learning. The group would also hear challenges from small agencies and escalate these needs, as appropriate, through the workgroup coordinating central service agencies.

The final component of the coordination team is a navigator role. Navigator(s) would work with workgroups to ensure two-way communication and consistency in service. Navigators will also help agency heads access services by directing them to the correct contacts and providing basic information about the supports available.

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[12] Please refer to Define roles and create documentation for key processes below.

[13] SmART provides some of these trainings, but they are not available to all small agencies.

[14] It is also worth noting that the need for interagency coordination and connection and for incubation of new governmental structures is not unique to non-cabinet agencies and that a standalone agency or division that serves incubation and interagency coordination functions for the entire enterprise, with specific resources to serve non-cabinet agencies, would fill a critical gap.

Scope of centralization

The general scope of centralization would be all non-cabinet agencies. Agencies could opt out of aspects of centralization by meeting size thresholds (potentially measured by FTEs or budget) or if they receive adequate services from another cabinet agency. The new workgroup outlined in the previous section should determine criteria for "adequate services from another cabinet agency" through a comprehensive review of statutory obligations of cabinet agencies hosting small agencies and as an assessment of remaining needs.

Advantages and disadvantages of centralizing supports and providing coordination

Centralization ensures a base level of supports for all small agencies. Establishing formal coordination gives small agencies the ability to communicate needs, especially in times of crisis, and access resources to address those needs. This also provides the executive branch with more insights into the work that small agencies are doing which, in turn, will lead to earlier knowledge of both successes and challenges.

MAD acknowledges that this approach likely represents a substantial increase in the cost of small agencies. Implementing this structure would prevent long-term costs caused by lack of understanding and adherence to policies and procedures.

This structure may require changes in statute to, among other things, increase the scope of SmART to all small agencies. The legislature may also choose to revisit statutes creating small agencies that receive supports from other cabinet agencies and determine whether current requirements are adequate or to make those requirements more consistent. This structure would also require developing a new process by which resources to fund SmART supports would be allocated when services are provided to small agencies that do not have independent budget or agency finance codes for state accounting and budget systems.

Create an Office of Small Agencies

The final structure is the most formal and requires the most significant up-front investment. Creating an Office of Small Agencies would involve all the programmatic expansion mentioned above and bring it all into one cabinet agency. The office would also include at a minimum a new director-level position to implement varied activities listed above as well as provide support to the appointments process, and staff dedicated to supporting small agencies through the legislative process and understanding and fulfilling statutory obligations.

This office would bring all supports and coordination under one roof and under the supervision of a single commissioner, deputy commissioner, or assistant commissioner. That individual would be responsible for the performance of small-agency heads and receive regular reports on small-agency activity.

Advantages and disadvantages of an Office of Small Agencies

An Office of Small Agencies would have all the benefits of centralized supports—easier access, more adequate staffing, better insight into small agencies—and would enable agencies and their boards to focus more specifically on the work they are tasked to do in statute or order. This structure would require small-agency boards to relinquish some authority over personnel management and administrative functions of the agency. In this new structure, small agencies that have statutory authority to hire agency heads would retain this role,

while responsibility over other personnel matters, including performance reviews of agency heads, would shift to the new office of small agencies. This authority would then report up through the governor, which could improve connections and reduce risk.

Reporting directly to a cabinet-level agency and indirectly to boards would allow small-agency heads the same level of services and supports as cabinet agencies. This level of consolidation is beyond what has been done in states in the comparison study.[15] Depending on the agency, there could be varying impacts on the board and agency head relationship—some improving by relieving the board of administrative duties and some strained by the diminished authority the board has over the agency head. Shifting reporting responsibilities could also put the agency head in the difficult position of reporting to two people and having to navigate ambiguity or competing directions. Additionally, the individual or office tasked with overseeing the work of small agencies could only provide minimal oversight, given the large number of small agencies.

As stated above, this structure would require the most upfront and ongoing investment, of both financial and staff resources, to plan and implement. If an Office of Small Agencies is established as a new cabinet agency, it would also require establishing new administrative staff and processes, such as general counsel, diversity and equity, and agency human resources. Additionally, there would need to be transition resources available to socialize and get buy-in for the new office, work with relevant constituencies or communities to manage the change, and to establish and staff the office.

Recommendations

The following recommendations reflect careful consideration of the resources and structures that support small agencies and how they could be leveraged to ensure small agencies have an adequate level of support. The recommended structure of support strives to achieve a balance without creating new challenges or risks and ensuring Minnesota invests appropriately in small agencies. The other recommendations provided require fewer resources and can be implemented in the near term.

Recommended structure for small agency supports

Based on the key findings and discussion above, MAD recommends the centralization of administrative functions and information sharing for small agencies. This would include the expansion of SmART and MNIT to provide services to all small agencies, with the possible exception for agencies that meet a size threshold or can demonstrate they have sufficient support through other means, such as their own systems or a host agency. Additionally, SmART should expand to include a non-cabinet-agency services and supports team responsible for convening the workgroup of small agencies and central service agencies, coordinating supports to small agencies, establishing and enforcing processes for small-agency supports, and helping small agencies navigate

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[15] Please see Appendix E for findings from the 2022 state comparison research on shared services for small agencies.

state government and access what they need. As part of this expansion, SmART should establish a baseline of sufficient services and supports.

Centralization of administrative functions and information sharing would require further refinement of scope as well as a detailed fiscal analysis to ensure it is resourced effectively.

Further consideration needed for an Office of Small Agencies

MAD does not recommend the creation of an Office of Small Agencies at this time. It is possible that the potential for such an agency could arise again in the future, but there are several considerations that would require deep exploration.

In developing this recommendation, MAD considered whether an Office of Small Agencies could achieve the same results of providing sufficient supports and improving coordination and connection among small agencies and between small agencies and the executive branch. MAD determined that an Office of Small Agencies could be a potential long-term solution if, in establishing standards for the creation of small agencies (see the recommendations below), the legislature determines that the statutory authorities delegated to small agencies or the authority to supervise a small-agency head could be assumed by a cabinet-level agency. Future explorations of an Office of Small Agencies with such authority should closely examine:

- Whether the value autonomous small agencies provide can be replicated or exceeded by a cabinet-level agency
- The effects, if any, an Office of Small Agencies would have on constituency engagement for small agencies
- A comprehensive fiscal analysis of the cost of creating a new cabinet agency or creating a large new division within an existing small agency

Other recommendations

Regardless of the structure chosen, MAD also recommends:

Establish standards for the creation of small agencies

Non-cabinet agencies are created via statute or executive order. While some standards exist in statute as to naming conventions, required connection to a cabinet-level agency, and other key structural and operational details, interviewees observed these are not uniformly evaluated or applied when new agencies are created. The OSS has developed several thorough and useful documents to collect and compile information relating to appointments. Similar care and attention should be paid to the processes by which the legislature and GO deliberate about and create new non-cabinet entities.

As a first step, MAD recommends that a straightforward checklist be developed with input and expertise of nonpartisan House and Senate research staff, the Office of the Revisor, GO, and relevant cabinet-level agencies. This would be a valuable resource to ensure greater clarity and consistency in the duties and structures of potential new small agencies, as well as a clearer understanding of the financial and human resources needed to

successfully establish and operate them. The checklist could include: 1) who provides which types of administrative supports (SmART, host cabinet agency, or other); 2) consultation with other agencies working on related issues; 3) classification accurate to the intended duties and consistent with Chapter 15 (board, commission, task force, etc.), and other essential information.

Define roles and create documentation for key processes

Two of the concerns raised by many study participants center around the lack of clarity and a well-defined process for establishing and tracking new small agencies, and for delivering onboarding and ongoing training to agency heads. Despite the continuous addition of many such agencies over the years, there appears to be an absence of a centralized, up-to-date, and accurate list of them. Similarly, the absence of a well-defined onboarding and training process has also resulted in a disparity in training access among SmART and non-SmART agencies, as well as between standalone small agencies and those hosted under larger cabinet agencies.

As a crucial starting point, MAD recommends that the state undertake a comprehensive process mapping initiative, led by an expanded SmART, to clearly outline the steps involved in these processes. This effort will serve as a foundation for identifying and rectifying steps and pain points in the process, while also clarifying the roles and responsibilities of agencies and divisions that should be actively involved.

In terms of roles for establishing initial and ongoing training, MAD sees potential for involvement of SmART, ETD, and possibly other entities. However, both SmART and ETD currently face limitations in capacity and resources and could benefit greatly from a larger appropriation to expand their capacity, coordinate logistics, and develop and disseminate contents in this crucial area.

Improve connections among non-cabinet agencies and with the rest of state government

As discussed in the Findings section, disconnection from other small agencies and the state government was an issue many study participants raised. MAD recommends that the expanded SmART office explore ways to strengthen connections among small agencies and with the broader state government. One way to achieve this goal is to establish a policy mandating that all small-agency board members have access to and use state email addresses for their board-related activities. While this will incur additional IT costs and potentially necessitate additional funding for small agencies, it will enable their access to a unified and secure communication channel, calendar system, and other essential resources.

Fostering regular interaction and information sharing among heads of small agencies is also crucial. This can be facilitated through various means, including communities of practice, shared learning opportunities, and platforms where small-agency heads can discuss their respective needs. By creating these channels, the state can promote collaboration and instill a sense of shared purpose and vision among small agencies.

Furthermore, enhancing connections with the executive branch is also important. This can be achieved through more frequent and consistent communication from the executive branch, as well as opportunities for small-agency heads to gather and connect with their cabinet-level agency counterparts to share their successes and escalate their needs.

Pause the creation of new small agencies

MAD recommends the legislature pause the creation of small agencies while it considers the recommendations in this report and charts a path forward. Dozens of new small agencies, boards, commissions, and task forces were created by the 2023 legislature and signed into law by the governor and are in varying stages of planning and operations and determining sources for supports. Ahead of adding more, thoughtful consideration of options is warranted. Once standards for the creation of small agencies are implemented, and the legislature has had a chance to consider the other recommendations in this report, the creation of small agencies in accordance with the new standards should resume.

Appendix A: Findings from key informant interviews

Methodology

MAD conducted twenty-one interviews over the course of the study with thirty-three leaders in varied roles across state government, including fourteen individual interviews and seven group interviews with two to four participants. The interviews included representatives from the Department of Administration, Minnesota Management and Budget; and Minnesota IT Services (the state's enterprise information technology agency), as well as the Governor's Office, the Office of the Secretary of State, and a few small agencies. The Office of the Minnesota Attorney General (AGO) was also invited to participate.

Across these areas of state government, the interviewees brought a wide range of experiences in how they interact or interacted with small agencies. The types of technical assistance and support included:

- **Finance:** Internal controls; budgeting; financial management and systems; procurement
- **Human resources:** Recruitment and hiring; personnel management; labor relations; appointments
- **Information technology:** Procurement; IT support
- **Policy and programs:** Legislative budget requests and policy proposal development; rulemaking
- **Legal:** Counsel on legal options and obligations relevant to boards and small agencies

Findings

Interviewees highlighted important ways that small agencies are succeeding. The wide variety of small agencies and opportunities to serve in both volunteer and staff roles attracts unique applicants and candidates with a strong commitment to the mission-focused work small agencies perform. A few interviewees who work for state agencies mentioned that the current administration is making strides to promote these opportunities more broadly and advance an engaged government model.

Interviewees also observed that small agencies are uniquely positioned to work with Minnesota communities and advocates on issues related to their missions, and to foster connections and collaboration in ways that can be more challenging to initiate and sustain in larger agencies.

The state's Small Agency Resource Team (SmART) was acknowledged by many interviewees as an overwhelmingly positive asset and source of expertise to small agencies. They noted SmART delivers quality financial and human resources support services in a more cost-effective way than would be available through hiring staff or external consultants within small agencies. One interviewee specifically praised SmART's attention to building strong relationships and trust with the agencies it serves in highlighting its effectiveness, and another highlighted that positive communication and coordination between SmART and other colleagues in the Department of Administration and with other agencies in state government.

SmART was also mentioned by several interviewees as a limited resource that does not receive sufficient funding to meet the full—and growing—demand for services. Human resources functions from SmART and some turnover in staffing in this area means responses sometimes take longer than expected, though one interviewee noted this is a challenge in state government and not unique to SmART. They added that whether through SmART or other supports in state government, there are limited overall resources to support small agencies, and it can be difficult for small agencies to rise to the top for attention among many competing needs for attention and expertise by larger agencies.

The interviews highlighted that inconsistency is a prevalent challenge for both small agencies and the larger agencies that provide supports. Small agencies typically have significant autonomy in how they operate, seek assistance, and receive information. Interviewees specifically expressed that both small-agency board members and staff often lack consistent understanding and adherence to state administrative policies and procedures. One interviewee specifically noted that small-agency boards and staff struggle to understand the difference between governance role and administrative authority.

Several interviewees also noted that information flow is inconsistent. How and what information sharing occurs from larger agencies to smaller agencies is not always clear. A few interviewees also observed that small agencies are generally disconnected from the rest of state government, particularly in understanding the state's overall vision and strategic priorities. They further noted that this may be attributed, at least in some degree, to the limited opportunities for small agencies to gather with larger agencies or other state offices to share updates and engage in discussions.

Staffing considerations were also mentioned in several interviews. Staff turnover can be a challenge in any office or agency, but it is often a greater difficulty in small agencies. Turnover results in losses of institutional knowledge and history and understanding of state policies and procedures. One interviewee suggested that the pay scale, especially for executive positions in certain small agencies with specialized regulatory functions, is too low to attract and retain the strongest candidates for the roles. Board members may have significant fiduciary and personnel responsibilities, but as volunteers, are not subject to the same policies and standards as state employees.

When asked about their greatest concerns in relation to small agencies, interviewees shared a range of responses, which included:
- Lack of training opportunities
- Absence of regulatory, enforcement, and compliance authority
- Limited or no oversight of executive directors
- Liability risks for volunteer boards in carrying out duties, including supervisory responsibilities, procurement processes, and state ethics rules
- Legal risks
- Disconnection from the rest of state government
- Greater worry about fraud, if not using SmART
- Small agencies administering grants with little or no oversight
- Staffing longevity and continuity at small agencies/staff turnover
- IT/cybersecurity vulnerabilities, particularly around board members using personal email accounts rather than being issued a state email account for agency-related business and communication

- Increasing and ongoing requests for SmART without sufficient additional funding or capacity

On the topic of potential additional connections and services, interviewees also shared a robust list of suggestions. Several of the ideas centered on increased and improved communication as a means to address perceived challenges and struggles summarized in the preceding paragraphs. These include:

- Ensure vision, mission, and state priorities are shared with small-agency leaders and they see themselves in that vision.
- Regularly convene small agencies as an affinity group (quarterly leadership gatherings).
- Create "communities of practice" to connect executive directors and build capacity and connections.

Several interviewees noted that additional or expanded technical assistance and training would further help small agencies, specifically additional IT support and training, more professional/technical contracting support, legal support, and training in how to support positive workplace culture. Expanding SmART was mentioned several times, in the context of adding more agencies to SmART's roster, expanding services offered by SmART, or both.

When asked about the greatest opportunities for improvement or change, interviewees shared tactical, structural, and strategic ideas for consideration, including:
- Change reporting relationship for executive directors from boards to a cabinet-level agency or agencies.
- Free up boards from personnel and management responsibilities.
- Require that every small agency the state creates is housed under a supervising agency.
- "Train up" so managers reach out ahead of crisis or drastic actions that create significant liabilities and risks for agency and the state (HR issues were cited most often).
- Add capacity or increase staffing supports at SmART, Admin, MMB, and MNIT to better serve small agencies.
- Add resources at strategic level: toolboxes, trainings, templates, websites, road shows, etc.
- Create a centralized and shared information portal to track interactions across and within state agencies that work with small agencies.
- Create an Office or Department of Small Agencies to increase consistency and efficiency and reduce risks.
- Rethink how MNIT serves small agencies.
- Direct overall funding of "Admin layer" supports so it is not handled agency by agency.

Appendix B: Key informant interview questions

- Could you tell us briefly about yourself and your experience in state government?
- How do you engage with small agencies, authorities, boards, commissions, councils, and/or task forces:
    a) In your current role?
    b) In previous role(s)?
    c) What experience(s) do you have working with their boards?
- Given your experiences, what is working?
- What's not working?
- What are areas for greatest opportunity and improvement in:
    a) How the state supports small agencies?
    b) How various parts of state government interact with small agencies?
    c) Additional connections or services such as IT and legal? Others?
- What are your greatest concerns?
- Do you have any thoughts on topics or questions that should be included in surveys and/or focus groups with staff and volunteer leadership of small agencies?
- Is there anything else you would like to share that we haven't asked or covered with you today?

Appendix C: Findings from survey of small-agency boards and heads

Methodology

MAD sent out an online survey to a pool of 361 board chairs, board members, and agency heads from a total of 67 small non-cabinet agencies, using a list generated by the Office of the Minnesota Secretary of State. The list was cross-referenced with other existing lists from Admin, SmART, and MMB.

The survey was open between September 25 and October 8, 2023. Board chairs, board members, and agency heads who did not complete the survey after one week received an email reminder that the survey was still open. At closing, MAD received a total of 202 responses, representing a 32 percent response rate.

The survey had thirty questions, including five open-ended questions and eight demographic questions. Survey questions were framed around five main areas, including appointment process, board experience, agency head experience, level of support, and training. It is important to note that response counts varied on each question, and respondents could choose multiple responses on several questions. Narrative summaries of data may also be different from charts due to rounding.

It should be noted that the survey respondents are not a representative sample of all small-agency boards and heads. The analysis here represents the perspectives of only those who took the survey.

Throughout this summary analysis, in presenting the results of agreement rating questions, MAD focused on "strongly agree" responses to spotlight areas for improvement more effectively. Additionally, quotes from open-ended responses are included as bulleted lists and emphasized in italics. These statements reflect the participants' sentiment and content, but MAD may have edited them for spelling, clarity, and length. These statements represent respondents' perceptions and experiences.

Profile of respondents

Roles

Nearly 80 percent of the respondents identified themselves as either board members (65 percent) or board chairs (12 percent), while another 22 percent identified themselves as heads of small agencies, who hereafter are referred to as "agency heads" (Figure 1).

Figure 1. Respondents' role at their agency (n=202)
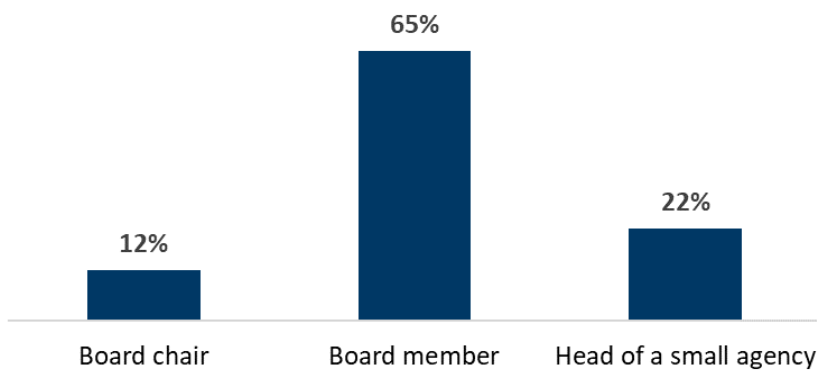
Tenure

Overall, over 75 percent of the respondents have been in their role for five years or less, and nearly half have been in their role for two years or less. These numbers appeared more varied when broken down by role (Figure 2). Specifically, over 80 percent of those identifying as board members reported a tenure of five years or less, compared with 64 percent for board chairs and 60 percent for agency heads.

**Figure 2. Respondents' tenure at their agency by role (n=202)**
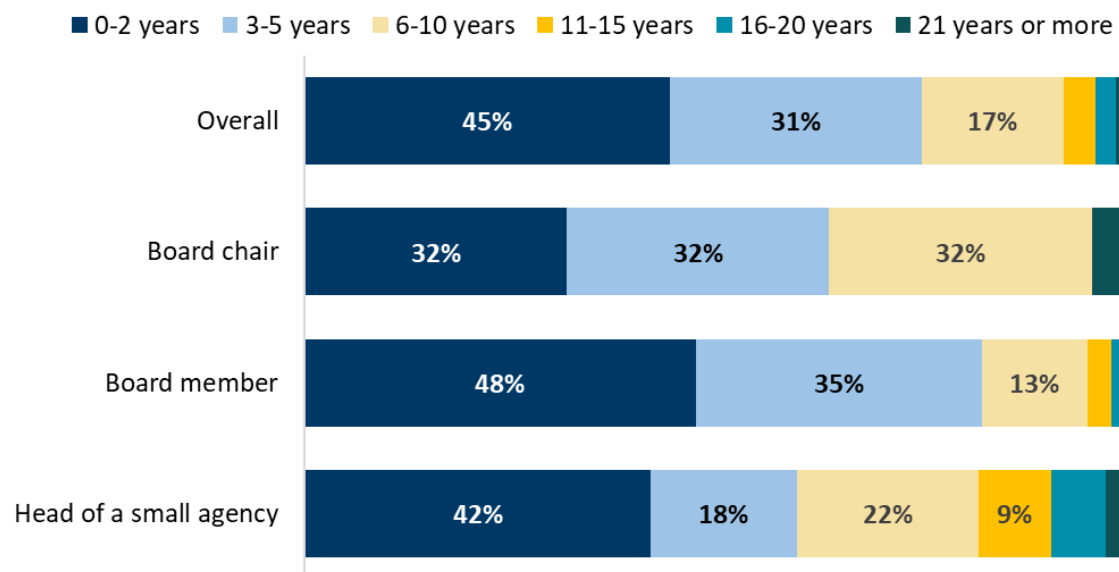
Agency type

Respondents who are agency heads were asked to specify their agency type. They were provided a list of options, from which they could select more than one answer. As depicted in Figure 3, 37 percent identified their agency as regulatory, 35 percent as health-related, 24 percent as a licensing board or commission, 11 percent as advisory or advocacy, and 9 percent as ethnic or cultural. About 28 percent chose "other," describing their agencies as related to legal, education, retirement, infrastructure financing, lottery, tourism, or arts.

Figure 3. Respondents' agency type, as reported by those identifying as an agency head (n=45)
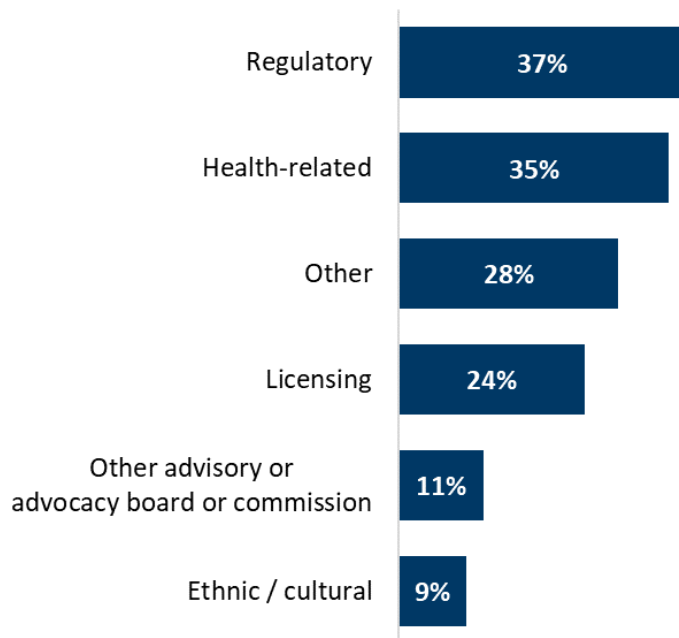
In addition, respondents were asked to indicate whether their agencies' appropriations fall under a cabinet agency (Figure 4). Eighty-four percent stated their appropriations do not fall under a cabinet agency.

Figure 4. Does your agency's appropriation fall under a cabinet agency? (n=45)
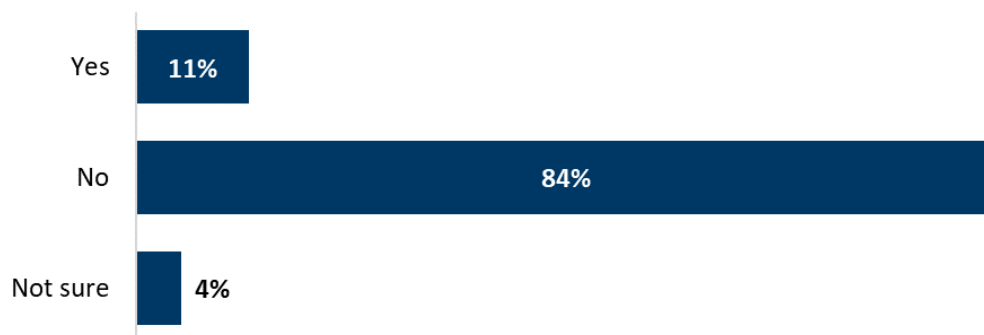
Number of staff

Respondents who are agency heads were also asked to share the number of full-time equivalent employees (FTE), including vacant positions at their agencies. The reported numbers varied greatly across agencies, ranging from as low as 1 FTE to as high as 260. As shown in Figure 5, nearly half of the responding agencies have between one and ten FTEs, 31 percent have between eleven and fifty FTEs, and the remaining 22 percent have fifty or more FTEs.

Figure 5. Number of FTEs (including vacant positions) at respondents' agency (n=45)

Category	Percentage
1 to 10	47%
11 to 50	31%
Over 50	22%
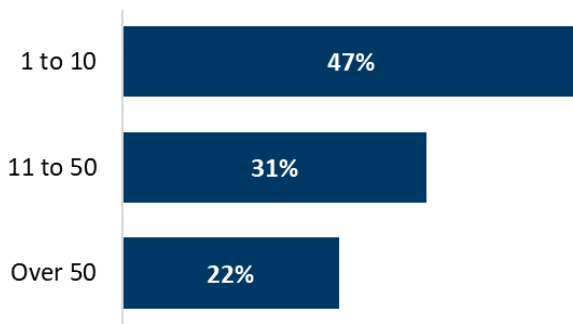
Findings

Appointment process

As part of the survey, MAD asked respondents who were appointed by the Governor's Office in the past five years to share their experiences with the appointment process. As depicted in Figure 6, nearly three-quarters of the respondents reported having a good (42 percent) or very good (32 percent) overall experience, while 18 percent said they had a fair overall experience, with the remaining 8 percent having a poor or very poor experience.

Figure 6. Respondents' ratings of their overall experience with the appointment process (n=130)
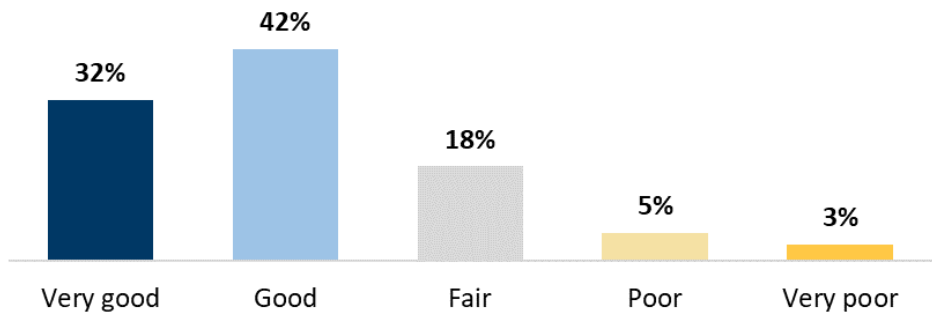
Respondents were also asked to rate different aspects of the appointment process (Figure 7).

- Nearly 40 percent strongly agreed that they received information about whom to contact for help (38 percent) and that details regarding position openings and the appointment process was easy to find (36 percent) and presented in an accessible format (35 percent).
- Nearly 30 percent strongly agreed that information about the appointment process was presented in a clear and easy-to-understand manner.

Figure 7. Respondents' ratings of the different aspects of the appointment process (n=130)
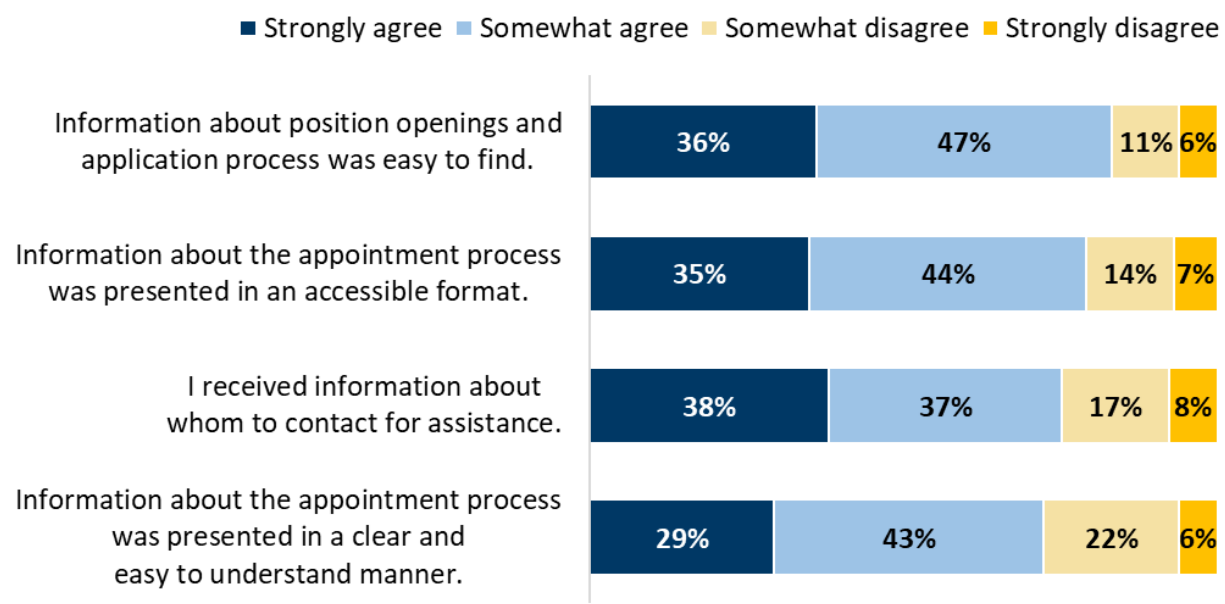
Board and agency head experiences
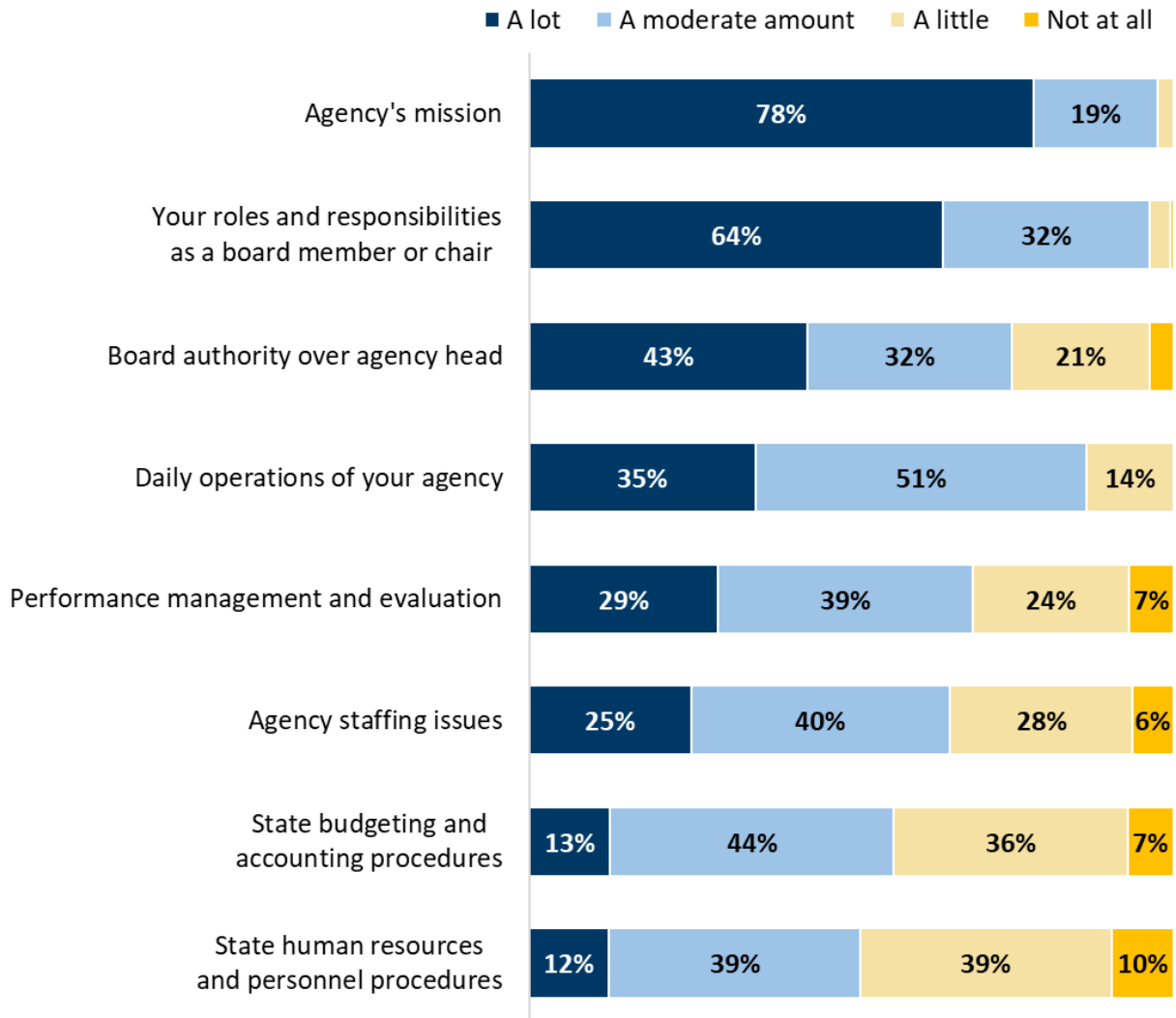
MAD also asked board members, board chairs, and agency heads about the different aspects of their roles and experiences.

Board's level of understanding of their roles and functions

Respondents who identified as board members or chairs were asked to rate their understanding of various aspects of their roles and functions (Figure 8).

- Areas in which respondents most frequently reported having a lot of understanding included their agency's mission (78 percent) and their roles and responsibilities as a board member or board chair (64 percent).
- Approximately 40 percent of the respondents said they had a lot of understanding of board authority over agency heads (43 percent) and the daily operations of their agency (35 percent), while around a quarter said they had a lot of understanding of performance management and evaluation (29 percent) and their agency's staffing issues (25 percent).
- Areas in which respondents least frequently reported having a lot of understanding included state human resources and personnel procedures (12 percent) and state budgeting and accounting procedures (13 percent).

Figure 8. Boards' level of understanding of different aspects of their roles and functions (n=156)

Legend: ■ A lot ■ A moderate amount ■ A little ■ Not at all

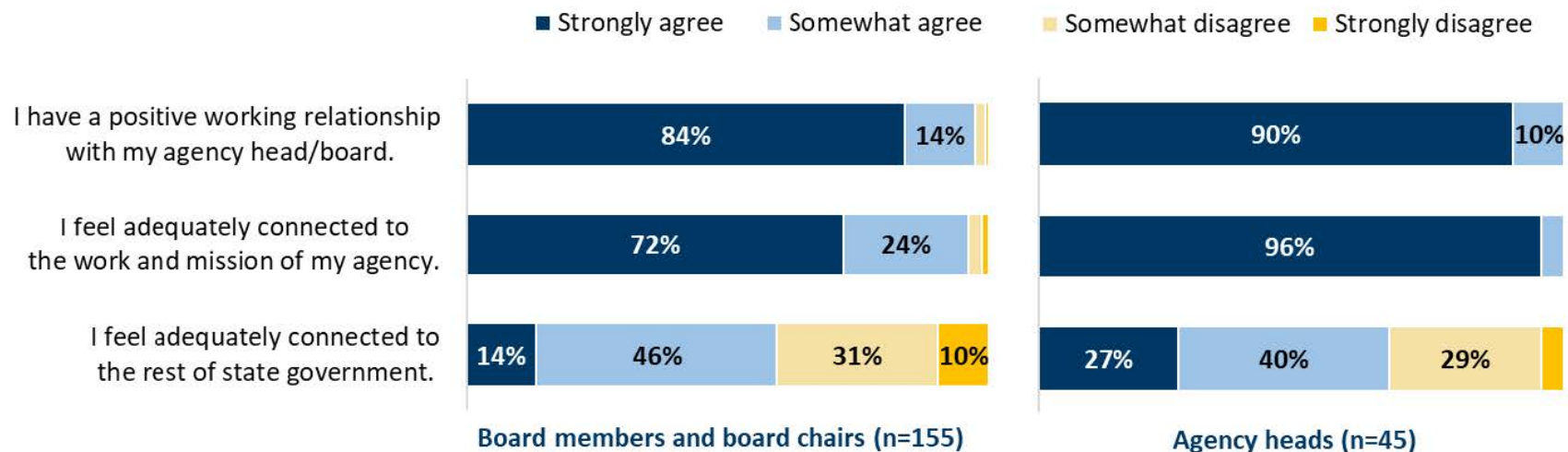| Aspect	A lot	A moderate amount	A little	Not at all
Agency's mission	78%	19%		
Your roles and responsibilities as a board member or chair	64%	32%		
Board authority over agency head	43%	32%	21%	
Daily operations of your agency	35%	51%	14%	
Performance management and evaluation	29%	39%	24%	7%
Agency staffing issues	25%	40%	28%	6%
State budgeting and accounting procedures	13%	44%	36%	7%
State human resources and personnel procedures	12%	39%	39%	10%

Relationships and sense of connections

Both respondents who are board members or chairs and agency heads were asked to rate a few statements related to their relationships with their agency head or board, as well as their sense of connection to their agency's work and mission, and the broader state government (Figure 9).

- Ninety percent of respondents who are agency heads and 84 percent of those who are board members and chairs strongly agreed that they have a positive working relationship with their agency head or board.
- In terms of feeling adequately connected to the work and mission of their agency, respondents who are agency heads (96 percent) more frequently strongly agreed with this statement than those who are board members or chairs (72 percent).
- While agency heads were nearly twice as likely as board members or chairs to feel adequately connected to the rest of state government, less than 30 percent of agency heads and less than 15 percent of board members and chairs strongly agreed they felt so.

Figure 9. Relationship and sense of connections

Legend: ■ Strongly agree   ■ Somewhat agree   ■ Somewhat disagree   ■ Strongly disagree

Board members and board chairs (n=155)

	Strongly agree	Somewhat agree	Somewhat disagree	Strongly disagree
I have a positive working relationship with my agency head/board.	84%	14%		
I feel adequately connected to the work and mission of my agency.	72%	24%		
I feel adequately connected to the rest of state government.	14%	46%	31%	10%

Agency heads (n=45)

|	Strongly agree	Somewhat agree	Somewhat disagree	Strongly disagree
I have a positive working relationship with my agency head/board.	90%	10%		
I feel adequately connected to the work and mission of my agency.	96%			
I feel adequately connected to the rest of state government.	27%	40%	29%	

Level of support

One of the goals of this survey is to assess the extent of support at small agencies. For this purpose, MAD strategically structured the survey questions into two distinct sections—one focusing on individual-level perspectives and the other on agency-level insights.

Individual level

This set of rating statements asked all respondents to reflect on the extent of individual-level support based on their experiences in the past twelve months (Figure 10).

- Overall, approximately 60 percent of all respondents strongly agreed that they knew whom to reach out to for questions or support (66 percent) and that they received prompt and timely support (60 percent).
- While nearly 60 percent of all respondents strongly agreed they had access to information and resources that helped them perform their work effectively, less than half strongly agreed they had access to information and resources on state policies and procedures.
- Respondents least frequently strongly agreed they received adequate communications about what is happening in state government (32 percent).

Figure 10. Reflecting on your experiences in the last 12 months, to what extent do you agree or disagree with the following statements? (n=200)
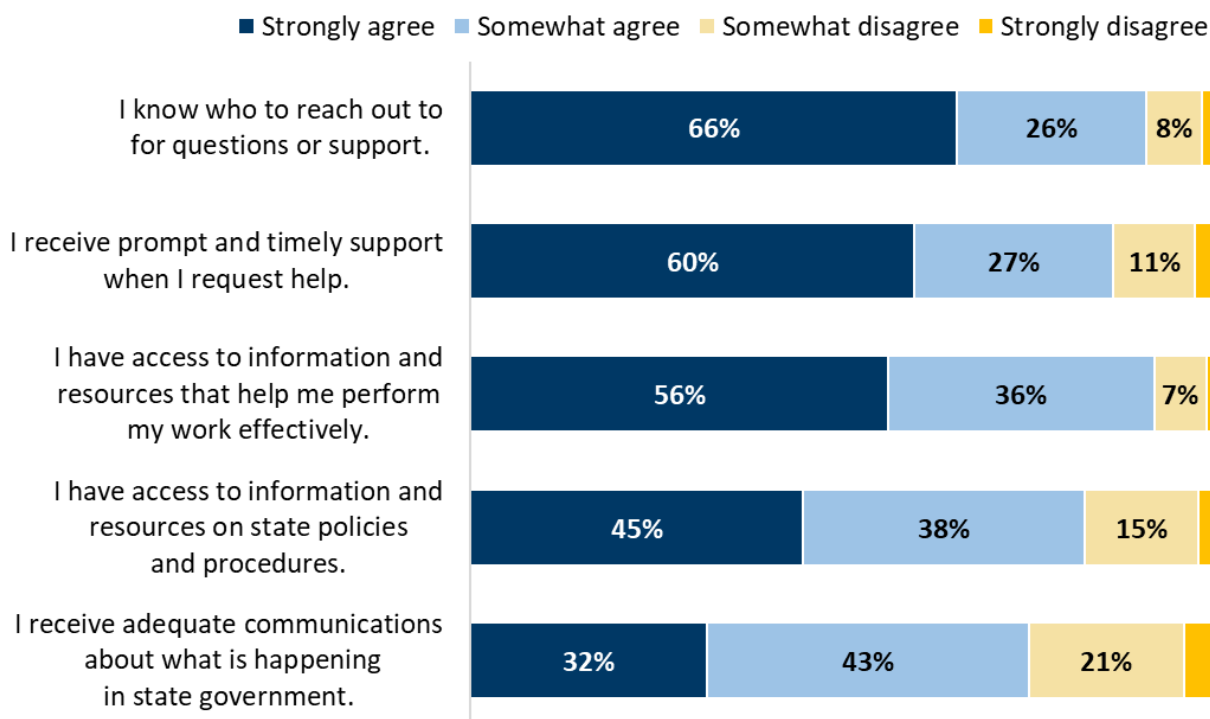
These results varied more greatly when analyzed by role (Figure 11), with a notably higher rate of strong agreement observed among respondents identifying as board members and chairs compared with those identifying as agency heads in more than half of the statements.

- About 70 percent of respondents identifying as board members or chairs strongly agreed that they knew whom to reach out to for questions or support (70 percent) and that they received prompt and timely support (69 percent), compared with 51 percent and 27 percent, respectively, among those identifying as agency heads.
- Over 60 percent of respondents identifying as board members or chairs strongly agreed they had access to information and resources that helped them perform their work effectively, compared with 33 percent among those identifying as agency heads.
- Approximately half of respondents identifying as agency heads strongly agreed they had access to information and resources on state policies and procedures, compared with 43 percent among those identifying as board members or chairs.
- Approximately 30 percent of respondents from both groups strongly agreed they received adequate communications about what is happening in state government.

Figure 11. Reflecting on your experiences in the last 12 months, to what extent do you agree or disagree with the following statements?
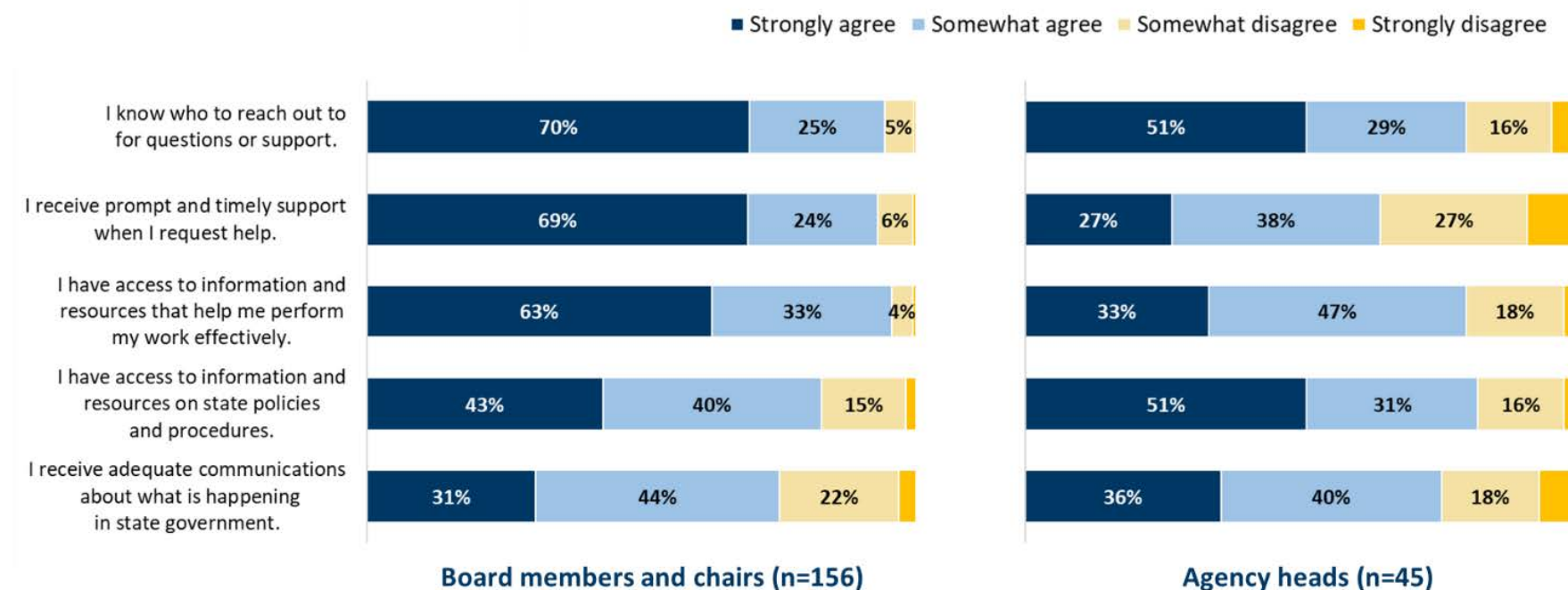
Agency level

As part of the survey, MAD asked respondents identifying as agency heads to specify agencies that support them in administrative function areas, specifically financial management, human resources (HR), IT services, procurement, and legal. They were provided a list of agencies known to offer services in one or more of those function areas, from which they could select more than one answer. Figure 12 offers an overview of those responses as perceived by agency heads.[16]

Figure 12. Agencies from which small agencies received their administrative function support from, as perceived by agency heads (n=45)
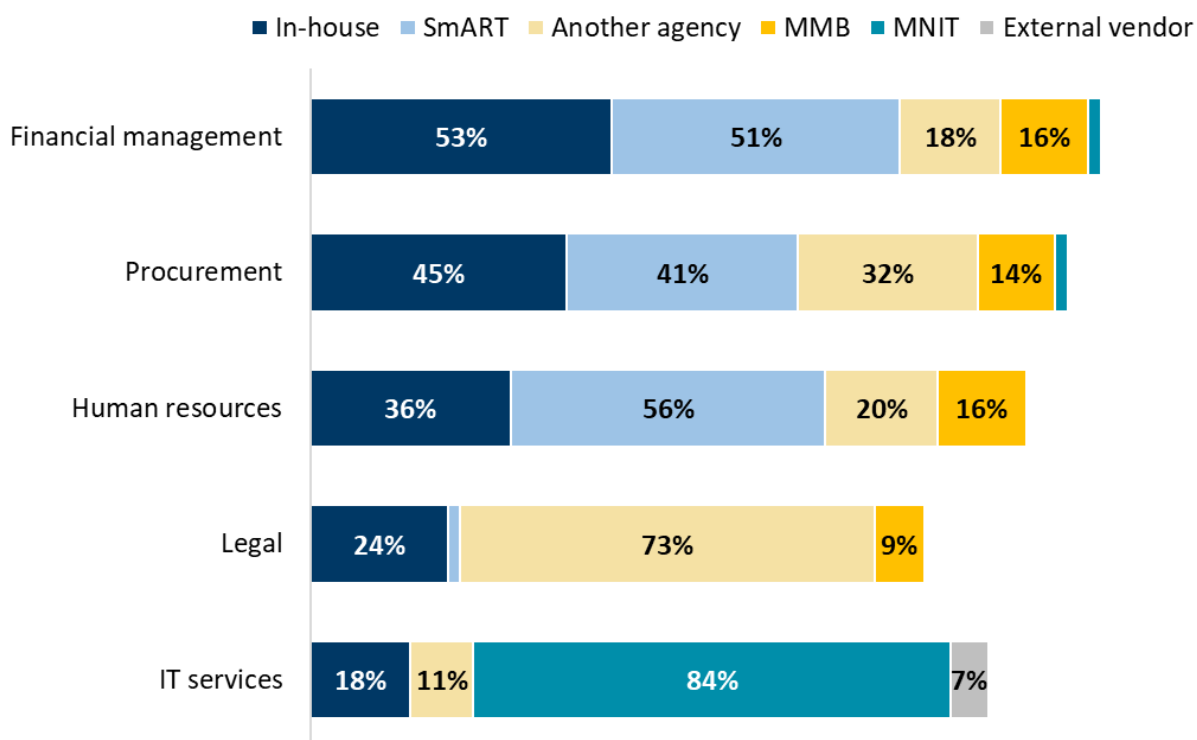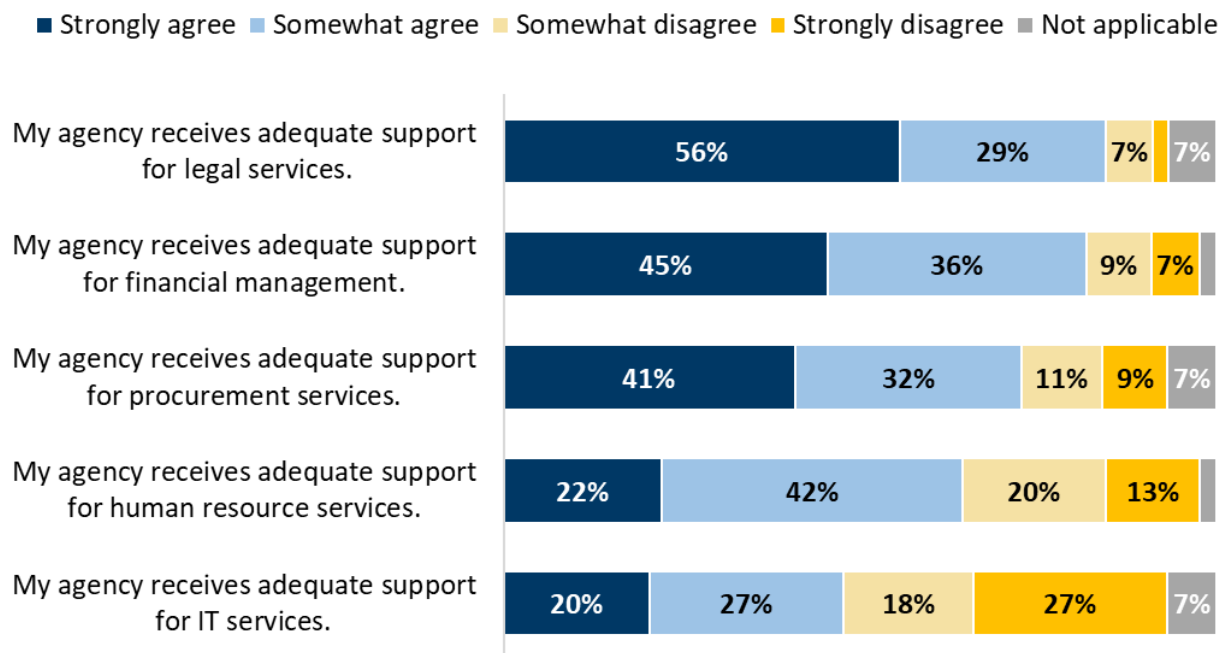

As a follow-up, MAD asked all respondents who are agency heads whether their agencies received adequate support in each administrative function area from the agencies they specified in the preceding question, drawing on their experiences over the past twelve months. As illustrated in Figure 13:

- Over 55 percent of all respondents strongly agreed their agencies received adequate support for legal services, compared with approximately 40 percent for financial management (45 percent) and procurement services (41 percent).
- Agency heads strongly agreed their agencies received adequate support least frequently from the administrative function areas of HR (22 percent) and IT (20 percent).

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[16] MAD is aware that these responses may not be entirely accurate. For instance, MAD knows that MNIT does not currently offer financial management services nor does SmART offer any legal services.

Figure 13. Reflecting on your experiences with the agencies in the last 12 months, to what extent do you agree or disagree with the following statements? (n=45)

Legend: ■ Strongly agree ■ Somewhat agree ■ Somewhat disagree ■ Strongly disagree ■ Not applicable

Statement	Strongly agree	Somewhat agree	Somewhat disagree	Strongly disagree	Not applicable
My agency receives adequate support for legal services.	56%	29%	7%		7%
My agency receives adequate support for financial management.	45%	36%	9%	7%	
My agency receives adequate support for procurement services.	41%	32%	11%	9%	7%
My agency receives adequate support for human resource services.	22%	42%	20%	13%	
My agency receives adequate support for IT services.	20%	27%	18%	27%	7%

Ideas for better future support

Respondents who said they either somewhat disagreed or strongly disagreed with any of the statements about the level of support they received were asked to provide feedback on what central service agencies could do better to support them. Of the twenty-five respondents that provided a comment, the most frequently mentioned agencies or functions[17] were MNIT (mentioned by about 50 percent of respondents), HR (mentioned by about 35 percent of respondents), and IT procurement (mentioned by about 35 percent of respondents). The most common ways they described the support issues they faced were "slow" and "having limited capacity," with about one-third of respondents saying each. Other experiences described included a lack of inclusion in broader state government, particularly in the executive branch; complicated processes; and insufficient onboarding.

In general, respondents reported slow response times across several agencies and functions, including MNIT, HR, IT procurement, SmART, Admin, and MMB. Limited capacity was also mentioned across the same agencies and functions as well as Legal and AGO. However, most respondents mentioned MNIT in particular as having

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[17] It was not always clear from comments whether respondents were referring to a general function or an agency that provides that function. Where possible, MAD drew upon information in the comment and elsewhere in the survey to determine the agency and function.

limited capacity. Respondents who described complicated processes were most often referring to the procurement of IT resources.

The comments below illustrate the nature of the opinions. They are not provided in proportion to all comments provided.

- *Legal support for complaint management is fantastic. However, issues with contract, HR-related matters, statutory interpretation are not supported.*
- *The CBTO for our agency left over a year ago and has not been replaced. The current acting staff is attempting to cover all of the IT management… Project management staff was pulled for another project with expected return in August; it is October with no return date in sight. This is untenable for one individual.*
- *Legal is a big hurdle for us. We can't afford in-house legal, but often utilize MMB or the AGO for questions and procedures. It would be helpful to have someone in-house or share with another small agency as we don't have enough work for them to be a full-time employee.*
- *… We are often an afterthought. Our main GO contacts are primarily dealing with cabinet-level agencies, but we are just as large as some of those agencies and do not have the same kind of support. We are often pulled into cabinet-level issues but aren't treated with the respect of the commissioners/staff.*

All respondents were asked to comment on additional ways the state could better support their agencies, beyond what they had already shared. The 111 comments were evenly distributed across the following themes, each appearing in about one in every ten comments:

1. Better communication/more inclusion
2. Improved funding/expenses
3. Improvements for MNIT
4. Improvements for HR
5. Miscellaneous
6. More connection with each other
7. More or better training
8. More staff
9. Support for community work

The comments below illustrate the nature of the opinions. They are not provided in proportion to all comments provided.

- *Some appointments do not seem to know what their service might entail, and they seem to drop out prior to finishing their term. Perhaps a better explanation could be provided to potential candidates, prior to their selection, with an overtly expressed expectation that they will serve at least a full term, if selected.*
- *More attention paid to communicating with boards/commissions. We frequently don't receive the same level of information as do cabinet agencies. Board/commission leadership should be included in quarterly leadership gatherings.*
- *PLEASE provide true assistance to the small board and agencies who have very limited time to get basic, simple things done (ordering, financial management, IT, HR) by having a dedicated staff assigned to us...*

We focus on excellent customer service. But we waste a fair amount of time trying to do many things that have too many layers to complete. Small boards rarely have the capacity/knowledge to do the same things that larger boards do.

- *A standardized training program for state agencies to use both for onboarding and also for ongoing training needs. Training ideally can be delivered in an electronic format and is consistent across state agencies when applicable.*

- *We need board/council/commission policies that can be easily adapted for each agency. Each agency has to develop its own policies and procedures, which seems wasteful. A standardized training program for state agencies to use both for onboarding and also for ongoing training needs… Have a basic curriculum of relevant board functions and responsibilities. Something beyond a one-hour phone call.*
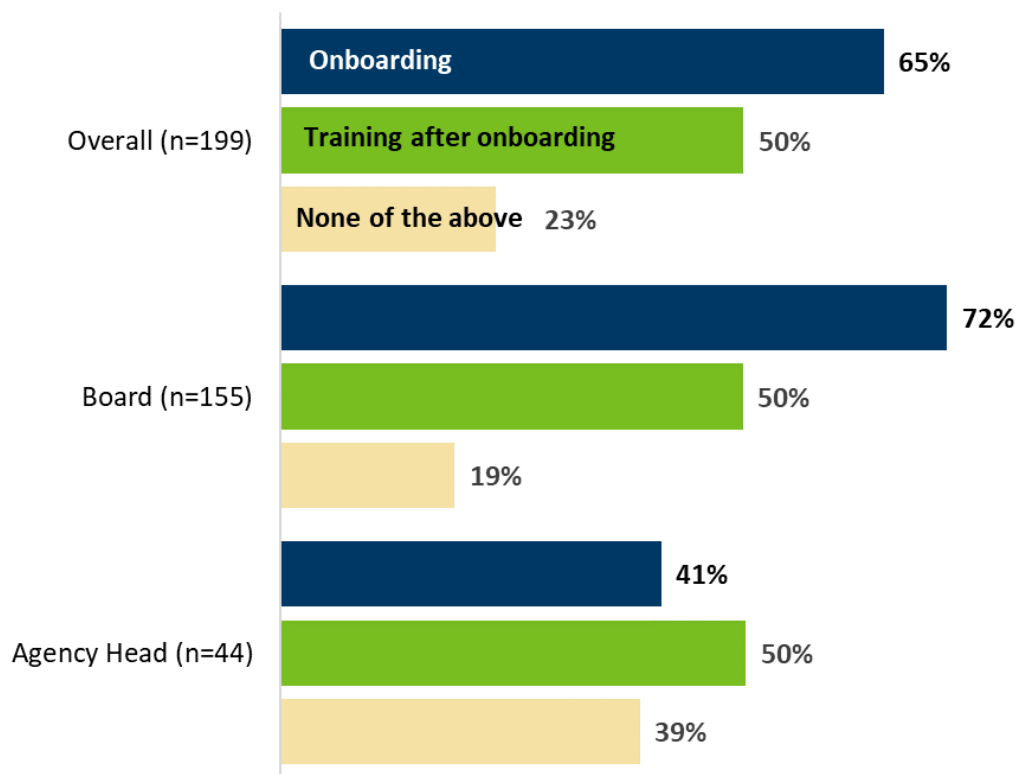
Training

The fourth part of the survey focused on training received by small-agency heads, board members, and chairs. Questions were framed to gather insights into the types and topics of training offered, their usefulness in preparing them for their roles, potential future training topics, and feedback on how to improve future trainings.

Types of training received

As part of the survey, MAD asked respondents to share the types of training they have received in their roles at their small agencies. Respondents were presented with a list of options from which they could select more than one answer. As depicted in Figure 14, 65 percent of all respondents reported receiving some form of onboarding, 50 percent received additional training after onboarding, and 23 percent indicated they had not received either of the above.

Figure 14. Which of the following trainings have you received?

The disparities in training opportunities became more apparent when the data was analyzed by role. As illustrated in Figure 14 above, the percent of respondents who have received some form of onboarding was notably higher among those who are board members and chairs (72 percent), compared with those who are agency heads (41 percent).

Additionally, the percentage of respondents who reported having received neither onboarding nor training after onboarding was also markedly higher among respondents who are agency heads (39 percent), compared with less than 20 percent among those who are board members and chairs.

Training quality

MAD also asked respondents who reported having received onboarding, training after onboarding, or both, to reflect on the extent to which those trainings helped prepare them for their roles.

Figure 15 shows the range of respondents' ratings for onboarding training. Overall, 40 percent of respondents who have received some form of onboarding chose "to a large extent" and another 41 percent chose "to some extent." By role, respondents who are board members and board chairs were more than twice as likely as their agency head counterparts to report "to a large extent" (43 percent compared with 19 percent). While the exact reason for this difference was not clearly explained by the survey data, insights from key informant interviews revealed that in a number of small agencies, new board members often get onboarded by their agency heads, while new agency heads may not always have access to the same opportunity.

Figure 15. To what extent did the *onboarding training* you received help prepare you for your role?
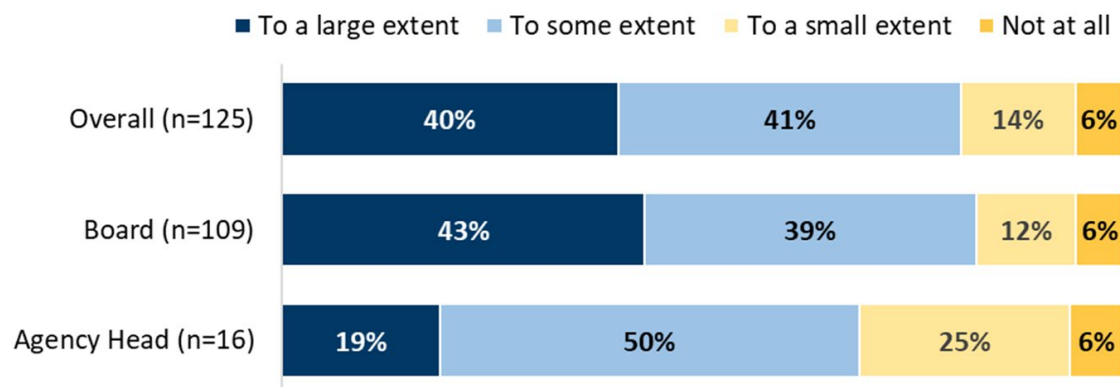
Legend: ■ To a large extent ■ To some extent ■ To a small extent ■ Not at all

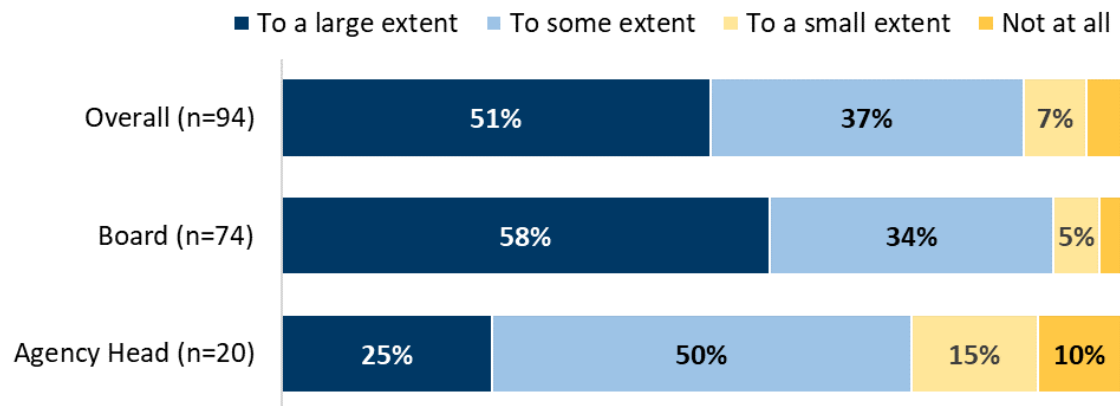|	To a large extent	To some extent	To a small extent	Not at all
Overall (n=125)	40%	41%	14%	6%
Board (n=109)	43%	39%	12%	6%
Agency Head (n=16)	19%	50%	25%	6%

Figure 16 depicts the range of respondents' ratings for training they received after onboarding. Overall, 51 percent of respondents who received this category of training chose "to a large extent" and 37 percent chose "to some extent."

Similar to the responses for onboarding, when analyzed by role, respondents who are board members and chairs were more than twice as likely to report "a large extent" compared with those who are agency heads (58 percent compared with 25 percent).

Figure 16. To what extent did the *training you received after onboarding* help prepare you for your role?

Legend: ■ To a large extent ■ To some extent ■ To a small extent ■ Not at all

	To a large extent	To some extent	To a small extent	Not at all
Overall (n=94)	51%	37%	7%	
Board (n=74)	58%	34%	5%	
Agency Head (n=20)	25%	50%	15%	10%

Training topics

Onboarding training topics

Figure 17 provides an overview of the range of onboarding training topics received by board members and board chairs. Respondents were presented with a list of training topics from which they could select more than one answer.

- Training topics most frequently received by board members and chairs were related to roles and responsibilities as a board member or chair (88 percent), ethics (68 percent), authority of board chair (64 percent), and overview of agency budget (64 percent).
- Onboarding training topics they least frequently reported having received included State Government 101 (33 percent), rulemaking (37 percent), and supervision and performance review (38 percent).

Figure 17. Onboarding training topics received by *board members and chairs* (n=110)

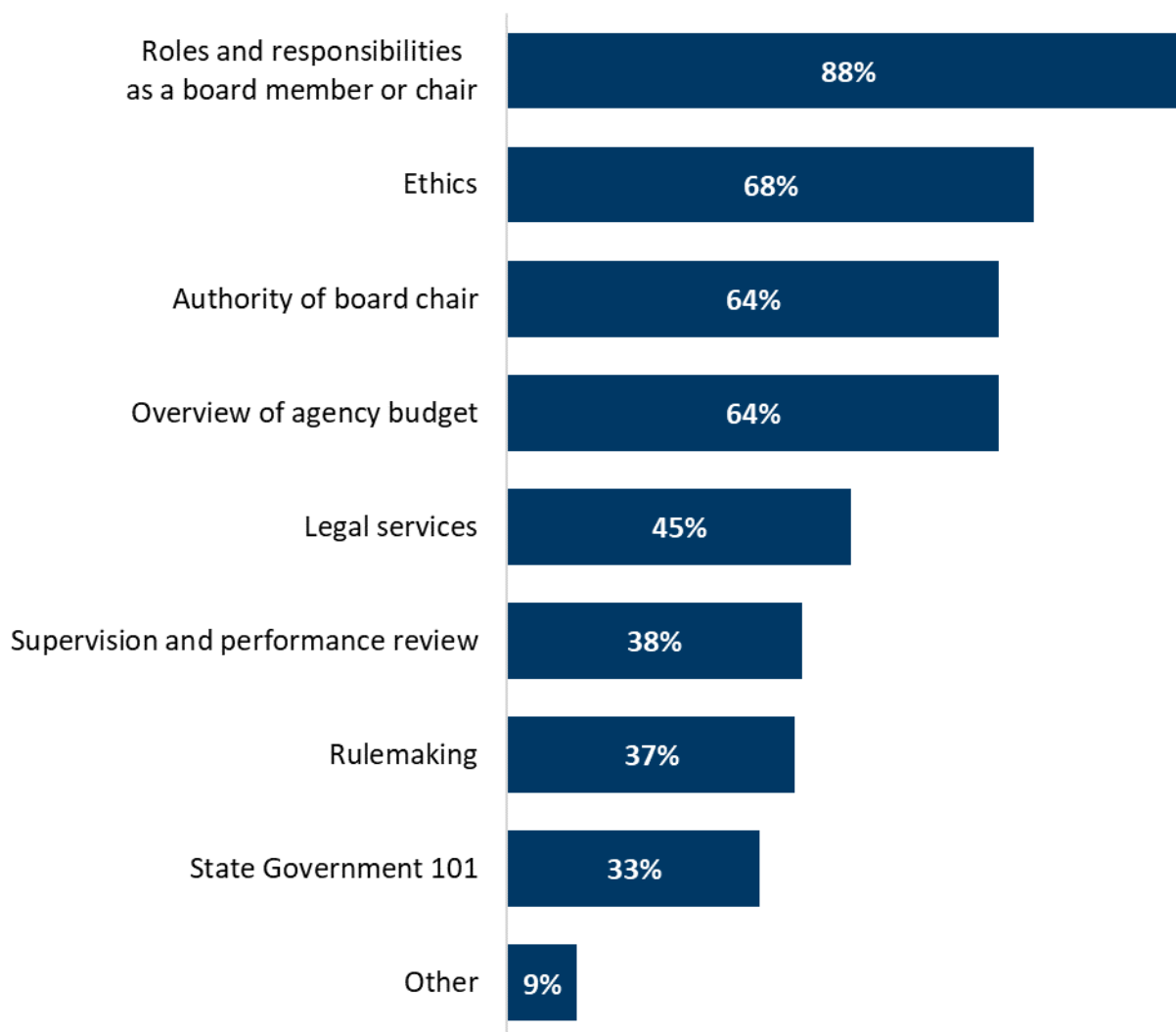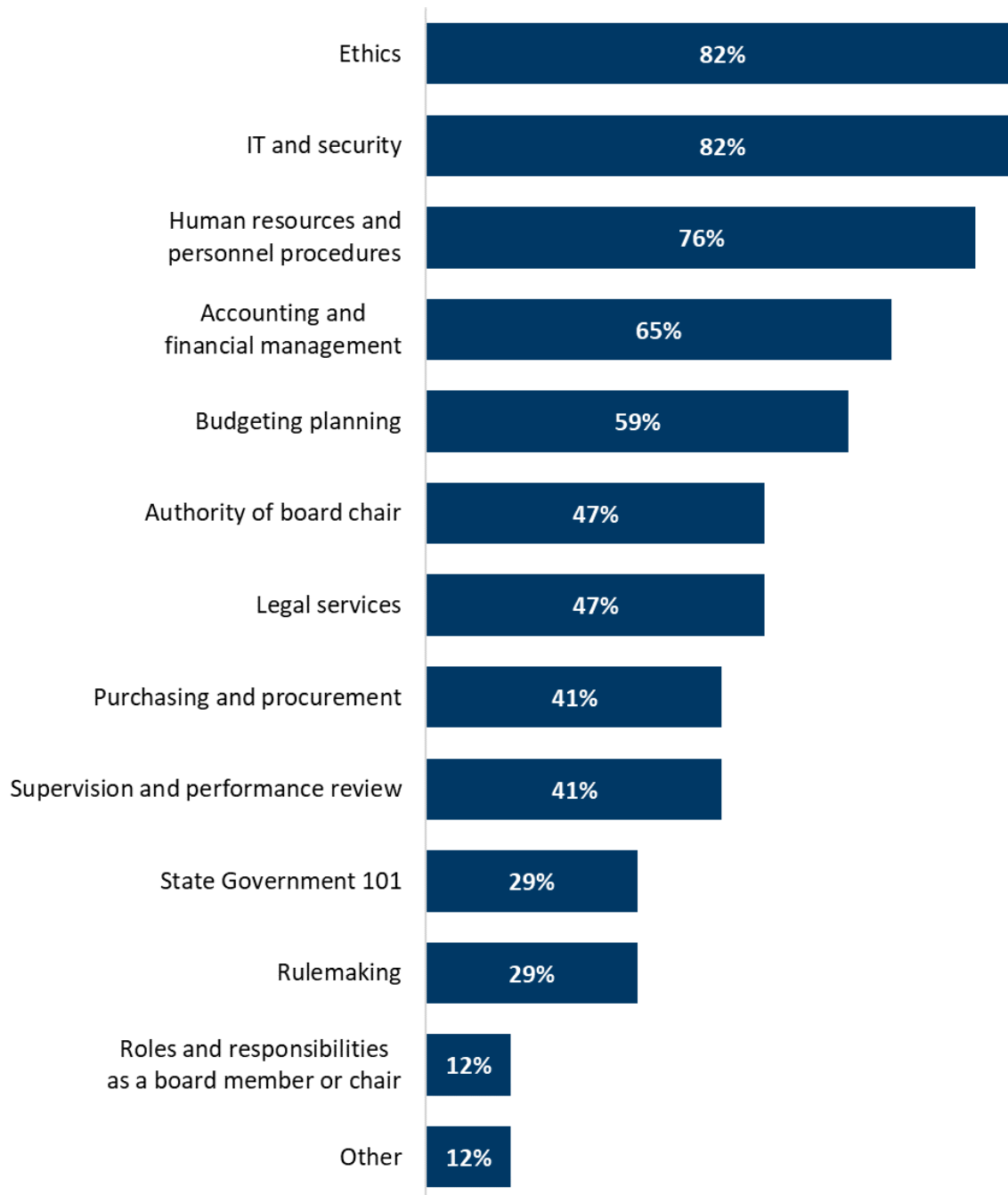| Topic	Percent
Roles and responsibilities as a board member or chair	88%
Ethics	68%
Authority of board chair	64%
Overview of agency budget	64%
Legal services	45%
Supervision and performance review	38%
Rulemaking	37%
State Government 101	33%
Other	9%

Figure 18 provides an overview of the range of onboarding training topics received by agency heads. Respondents were presented with a list of training topics from which they could select more than one answer.

- Training topics they most frequently received were related to ethics (82 percent), IT and security (82 percent), HR and personnel procedures (76 percent), and accounting and financial management (65 percent).

- Onboarding training topics they least frequently reported having received were related to board roles and responsibilities (12 percent), rulemaking (29 percent), and State Government 101 (29 percent).

**Figure 18. Onboarding training topics received by *agency heads* (n=45)**

Topic	Percent
Ethics	82%
IT and security	82%
Human resources and personnel procedures	76%
Accounting and financial management	65%
Budgeting planning	59%
Authority of board chair	47%
Legal services	47%
Purchasing and procurement	41%
Supervision and performance review	41%
State Government 101	29%
Rulemaking	29%
Roles and responsibilities as a board member or chair	12%
Other	12%

Desired training topics

In addition, using the same list of training topics provided in the preceding question, MAD asked respondents to identify topics on which they would like to receive additional training.
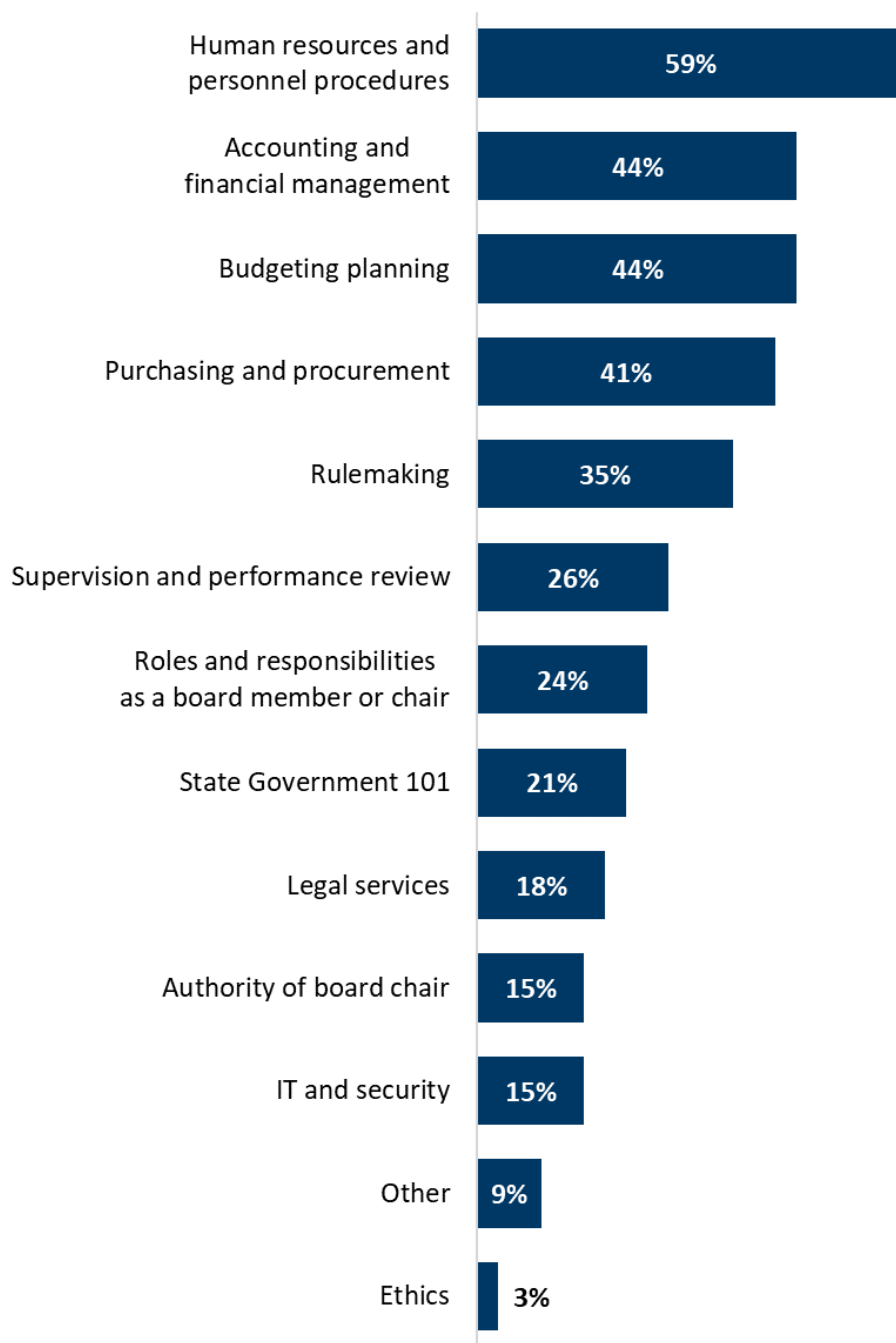
As illustrated Figure 19, approximately half of the respondents who are board members and chairs expressed a desire for more training on State Government 101 and rulemaking. Nearly 40 percent would like more training on supervision and performance review (38 percent) and board roles and responsibilities (36 percent), and 34 percent would like more training on an overview of agency budget (34 percent).

Figure 19. Topics *board members and chairs* would like to receive more training on (n=110)
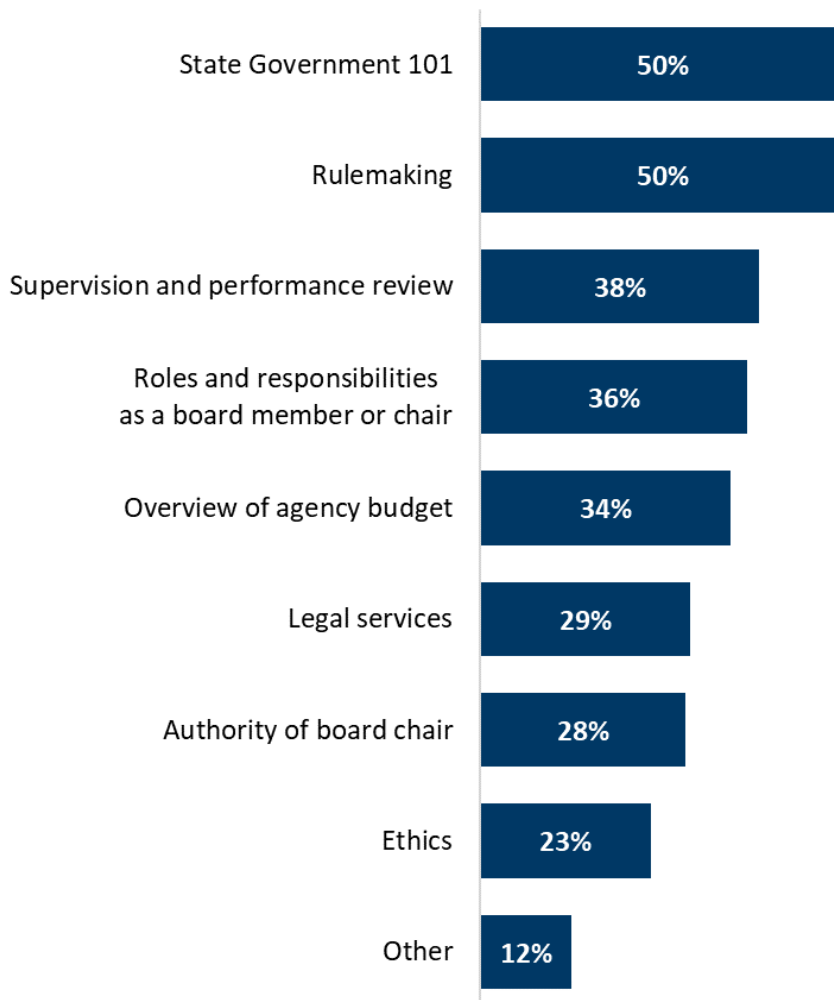
Among respondents who are agency heads (Figure 20), the most frequently requested training topics included HR and personnel procedures (59 percent), followed by accounting and financial management (44 percent), budgeting planning (44 percent), and purchasing and procurement (41 percent).

Figure 20. Topics *agency heads* would like to receive more training on (n=45)

Topic	Percentage
Human resources and personnel procedures	59%
Accounting and financial management	44%
Budgeting planning	44%
Purchasing and procurement	41%
Rulemaking	35%
Supervision and performance review	26%
Roles and responsibilities as a board member or chair	24%
State Government 101	21%
Legal services	18%
Authority of board chair	15%
IT and security	15%
Other	9%
Ethics	3%

Ideas for future training

Training for board members

Respondents were asked in what way training could be improved for board members. In all, 103 respondents provided ideas for improvement. About one-third suggested specific topics for training. The most common

topics suggested were board member responsibilities and an introduction to state government and how it works. About one-fourth of respondents suggested improvements for onboarding, and one-eighth suggested standardized training for board members. About one-sixth said they had no improvements to provide, and one-eighth said they were not aware of trainings offered to board members.

Examples of comments about agency head training include:

- *We need board/council/commission policies that can be easily adapted for each agency. Each agency has to develop its own policies and procedures, which seems wasteful.*
- *A standardized training program for state agencies to use both for onboarding and also for ongoing training needs. Training ideally can be delivered in an electronic format and is consistent across state agencies when applicable.*
- *My training was a document that was provided, giving an overview of the role of board members. It appeared to be a thorough document. What was missing was any opportunity for interaction and questions.*
- *My board members have received no training, other than an orientation that I give. They learn by participating in our board events…I think that there is a gap in our appointments process where the duties, responsibilities, and time commitments of being a board member aren't communicated correctly.*

Training for agency heads

Of the seventy-three comments suggesting training for agency heads, one-fourth suggested specific training topics. The most common topics suggested were how to lead an agency in state government, how to work with a board, and training specific to the board or agency they were leading. More interaction with other boards and the rest of the executive branch, regular or ongoing training, and improved onboarding were each suggested by nearly half of respondents.

Examples of comments about agency head training include:

- *I'm not sure what specific ideas to promote, SMART does try to provide training, and some of it is effective. However, you would probably need to be in the job for two years before you had a chance to participate in all training (SMART does not hold all training each year). I also think the HR training needs to be developed.*
- *Onboarding training for personnel; supervision and performance review; personal coaching for executive directors; time management; trends in public Administration; facilitation skills.*
- *Agency head training should be more frequent, at least once a year. It should include topics on leadership, including attending seminars and conferences across the state and country to gain a broader spectrum of knowledge and understanding relative to government engagement with the community they serve.*
- *Again, I think there is limited information provided about "what you need to know as a new agency head", so a practical list would be helpful (reminders about CFB (Campaign Finance Board) reporting, conflicts of interest, etc.).*
- *There are some great trainings available as you go (quarterly, etc.) and people are happy to answer any questions. However, there isn't an onboarding or anything like that, and left up to you to ensure you are looped into the items you should be. Often need to track down from other small agency heads or be alerted by bigger agencies. This has gotten better but would have been helpful as an "onboarding."*

- *I feel there is more training needed to support the legislative process. Maybe an onboarding and annual refresher course?*

Other findings

The final survey question asked respondents what else they would like MAD to know. Respondents provided 106 comments, 41 of which were "n/a," "no," "no comment," or something similar. The 65 remaining comments were evenly spread among positive feedback for central service agencies, requests for additional board support, requests for more communication and inclusion, comments about their work being rewarding, and recommendations for improving onboarding and training.

The comments below illustrate the nature of the comments. They are not provided in proportion to all comments provided.

- *MMB's finance acumen and HR expertise is very valuable. The AGO performs very professionally and provides insight and legal guidance. You should consider having a course or training specific to executive directors (ED) and their senior staff on all aspects of the job.*
- *There are a number of fantastic folks working in these areas. I think small agencies are some of the most effective and productive agencies in the enterprise but are largely ignored by all three branches.*
- *I am part of a group of EDs who regularly meets to discuss issues that are affecting them. This has been by far the most helpful mechanism we have for training EDs. When one of the participating boards has an "issue," all of the other EDs learn from that issue and take steps to prevent it from happening to our boards. If we identify issues that affect us all, we can take steps collaboratively to try to solve them. Perhaps this model of support can be formalized across all small agencies*
- *There are many things I like about working for a small agency. It also can be difficult because there is a lot that is expected of us. SmART does many things well for the boards. There have also been some issues. For example, we have experienced delays in bills being paid over the last couple of months. Our board is represented by the AGO. They provide great support to the board's complaint resolution process, but are often hesitant to assist with other legal matters, including data practices requests, licensure issues, rulemaking, etc. We do not have attorneys on staff, so I often make decisions without the support of legal counsel.*
- *My main concern is being such a small board, we do not get the services or attention we need. However, I understand this is not the only place where this occurs.*
- *Overall, serving as a citizen board member has been interesting, enlightening, and at times, challenging. My term is up in January 2024. I plan to re-up for another four years if the GO agrees.*

Appendix D: Survey instrument

Survey introduction page

The Minnesota Legislature has directed the Minnesota Department of Administration (Admin) to conduct a study to review the unique issues faced by small agencies of state government, including boards, commissions, councils, task forces, and authorities, and to assess whether the current support model adequately serves those agencies and their volunteer board members.

Admin has contracted with Management Analysis and Development (MAD) to conduct a survey of small agencies. MAD is a section within Minnesota Management and Budget that provides independent consultation to public sector organizations.

You are invited to complete this survey because you currently serve as a board chair, a board member or as a head of a small agency, which in this case is *[agency name]*.

Throughout this survey, the term "agency" includes agencies, boards, commissions, councils, task forces, and authorities, whereas the term "board" includes both boards and councils.

This survey is voluntary and should take no more than 15 minutes of your time.

Data privacy

Any private information you provide in this survey is protected under the Minnesota Data Practices Act, Minnesota Statutes §13.64. Your responses will be aggregated and summarized in a public report. ADMIN will not have access to individual respondent names or individual demographic information.

Tips for using this survey

- Use the "Next" and "Back" buttons at the bottom of the page to navigate the survey.
- If you cannot complete the survey at one sitting, you can leave this page and return to complete the survey later using the link in the invitation email. Your responses will be saved automatically.

If you have questions about the survey, please contact Mongkol Teng at Mongkol.Teng@state.mn.us.

Thank you for your time!

Survey questions

About you and your agency

1. **Which of the following best describes your position at your agency?**
   - Board chair
   - Board member
   - Head of a small agency (i.e., executive director, executive secretary, etc.)

2. **Is this your first time serving on a State of Minnesota small agency board or commission?**
   - Yes
   - No

3. **How long have you been in your role?**
   - 0-2 years
   - 3-5 years
   - 6-10 years
   - 11-15 years
   - 16-20 years
   - 21 years or more

4. **Which of the following best describes your agency?**
   (Check all that apply; this question is answered by those identifying themselves as a head of a small agency in Q1 only.)
   - Health-related
   - Ethnic/cultural
   - Licensing
   - Regulatory
   - Other advisory or advocacy board or commission
   - Other (Please specify:)

5. **Does your agency have a board?**
   (This question is answered by those identifying themselves as a head of a small agency in Q1 only.)
   - Yes
   - No

6. **How many full-time equivalent employees (including vacant positions) does your agency have?**
   (This question is answered by those identifying themselves as a head of a small agency in Q1 only.)

7. **Does your agency's appropriation fall under a cabinet agency?**
   (This question is answered by those identifying themselves as a head of a small agency in Q1 only.)
   - Yes
   - No

8. **Were you appointed by the Governor's Office?**
     o Yes
     o No

Appointment process

This section seeks to understand your experience going through the appointment process.

(This section is answered by those appointed by the Governor's Office in the last five years.)

9. **How would you rate your overall experience with the appointment process?**
     o Very good
     o Good
     o Fair
     o Poor
     o Very poor

10. **To what extent do you agree or disagree with the following statements?**
     (Respondents selected from the following options for each statement: Strongly agree, Somewhat agree, Somewhat disagree, Strongly disagree.)
     o Information about position openings and application process was easy to find.
     o Information about the appointment process was presented in a clear and easy to understand manner.
     o Information about the appointment process was presented in an accessible format.
     o I received information about whom to contact for assistance.

Board experience

This section aims to understand your experience as a board chair or board member of your agency.

(This section is answered by those identifying themselves as a board chair or board member in Q1 only)

11. **How would you rate your level of understanding of the following areas?**
     (Respondents selected from the following options for each statement: A lot, A moderate amount, A little, Not at all.)
     o Agency's mission
     o Daily operations of your agency
     o State human resources and personnel procedures
     o State budgeting and accounting procedures
     o Agency staffing issues
     o Board authority over agency head
     o Your roles and responsibilities as a board member or chair
     o Performance management and evaluation

12. **To what extent do you agree or disagree with the following statements?**

(Respondents selected from the following options for each statement: Strongly agree, Somewhat agree, Somewhat disagree, Strongly disagree.)
   o   I have a positive working relationship with my agency head.
   o   I feel adequately connected to the work and mission of my agency.
   o   I feel adequately connected to my fellow board members.
   o   I feel adequately connected to the rest of state government.

13. **The following questions aim to understand your assessment of your agency staff lead. To what extent do you agree or disagree with the following statements?**

(Respondents selected from the following options for each statement: Strongly agree, Somewhat agree, Somewhat disagree, Strongly disagree.)
   o   My agency head has a good understanding of the mission of our agency.
   o   My agency head has a good understanding of their roles and responsibilities.
   o   My agency head has the appropriate qualifications to effectively support the work of my agency.
   o   My agency head provides our board with adequate communication about the operations of our agency.

Agency head experience

This section aims to understand your experience as the head of your agency.

(This section is answered by those identifying themselves as a head of a small agency in Q1 only)

14. **To what extent do you agree or disagree with the following statements?**

(Respondents selected from the following options for each statement: Strongly agree, Somewhat agree, Somewhat disagree, Strongly disagree.)
   o   I have a positive working relationship with my board.
   o   I feel adequately connected to the work and mission of my agency.
   o   I feel adequately connected to my board.
   o   I feel adequately connected to the rest of state government.

15. **This section aims to understand your assessment of your board. To what extent do you agree or disagree with the following statements?**

(Respondents selected from the following options for each statement: Strongly agree, Somewhat agree, Somewhat disagree, Strongly disagree.)
   o   My board has a good understanding of the mission of our agency.
   o   My board has the appropriate qualifications to effectively support the work of my agency.
   o   My board has a good understanding of their roles and responsibilities.
   o   My board is sufficiently engaged in the work of our agency.

Level of support

The following questions seek to understand the level of support you have received in your role.

16. **Reflecting on your experiences in the last 12 months, to what extent do you agree or disagree with the following statements?**
(Respondents selected from the following options for each statement: Strongly agree, Somewhat agree, Somewhat disagree, Strongly disagree.)
    o   I have access to information and resources that help me perform my work effectively.
    o   I have access to information and resources on state policies and procedures.
    o   I know who to reach out to for questions or support.
    o   I receive adequate communications about what is happening in state government.
    o   I receive prompt and timely support when I request help.

17. **How does your agency receive the following services? Check all that apply.**
(This question is answered by those identifying themselves as a head of a small agency in Q1 only. Respondents selected from the following options for each item: In-house, SmART, MNIT, MMB, Through another agency, Through an external vendor, Not applicable.)
    o   Financial management
    o   Human resources
    o   IT services
    o   Procurement
    o   Legal

18. **Reflecting on your experiences with the aforementioned agencies in the last 12 months, to what extent do you agree or disagree with the following statements?**
(This question is answered by those identifying themselves as a head of a small agency in Q1 only. Respondents selected from the following options for each statement: Strongly agree, Somewhat agree, Somewhat disagree, Strongly disagree, Not applicable.)
    o   My agency receives adequate support for financial management.
    o   My agency receives adequate support for human resource services.
    o   My agency receives adequate support for IT services.
    o   My agency receives adequate support for procurement services.
    o   My agency receives adequate support for legal services.

19. **You chose "Somewhat disagree" or "Strongly disagree" for one or more areas in the question above. Please tell us more about your rating—what could those agencies do to better support your agency?**

20. **Beyond what you've shared, in what other ways can the state better support your agency?**

Training experience and needs

The section seeks to understand your training experience and to gather your input on how the state could better support you in this area.

21. Which of the following training opportunities have you received? (Check all that apply)
- o Onboarding training
- o Training after onboarding
- o None of the above

22. Which of the following training topics have you received as part of your onboarding? (Check all that apply)
(This question is answered by those identifying themselves as a board chair or board member in Q1 and who stated they have received onboarding training in Q21.)
- o Authority of board chair
- o Overview of agency budget
- o Ethics
- o Legal services
- o State government 101
- o Rulemaking
- o Roles and responsibilities as a board member or chair
- o Supervision and performance review
- o Other (Please specify)

23. Which of the following training topics have you received as part of your onboarding? (Check all that apply)
(This question is answered by those identifying themselves as a head of a small agency in Q1 and who stated they have received onboarding training in Q21.)
- o Accounting and financial management
- o Authority of board chair
- o Budgeting planning
- o Ethics
- o Human resources and personnel procedures
- o IT and security
- o Legal services
- o Purchasing and procurement
- o State government 101
- o Rulemaking
- o Roles and responsibilities as a board member or chair
- o Supervision and performance review
- o Other (Please specify)

24. **To what extent did the <u>onboarding training</u> you received help prepare you for your role?**
    - o   To a large extent
    - o   To some extent
    - o   To a small extent
    - o   Not at all

25. **To what extent did the training you received <u>after onboarding</u> help prepare you for your role?**
    - o   To a large extent
    - o   To some extent
    - o   To a small extent
    - o   Not at all

26. **Which of the following topics would you like to receive more training on? (Check all that apply)**
    (This question is answered by those identifying themselves as a board chair or board member in Q1.)
    - o   Authority of board chair
    - o   Overview of agency budget
    - o   Ethics
    - o   Legal services
    - o   State government 101
    - o   Rulemaking
    - o   Roles and responsibilities as a board member or chair
    - o   Supervision and performance review
    - o   Other (Please specify)

27. **Which of the following topics would you like to receive more training on? (Check all that apply)**
    (This question is answered by those identifying themselves as a head of a small agency in Q1.)
    - o   Accounting and financial management
    - o   Authority of board chair
    - o   Budgeting planning
    - o   Ethics
    - o   Human resources and personnel procedures
    - o   IT and security
    - o   Legal services
    - o   Purchasing and procurement
    - o   State government 101
    - o   Rulemaking
    - o   Roles and responsibilities as a board member or chair
    - o   Supervision and performance review
    - o   Other (Please specify)

28. **In what ways can training be improved for board members?** This may include additional topics you are interested in having, ways the training could be delivered, the pace of the training, etc.

29. **In what ways can training be improved for agency heads?** This may include additional topics you are interested in having, ways the training could be delivered, the pace of the training, etc.

30. **Is there anything else you would like us to know?**

Appendix E: Findings from 2022 state comparison research on shared services for small agencies

In 2022, the Minnesota Department of Administration's Small Agency Resource Team (SmART) asked MAD to conduct research examining how other states support and/or manage their small agencies. The key research questions guiding this research included:

1. What is the current state of small agencies in other states?
2. What are other states' approaches to managing or supporting small state agencies (boards, commissions, etc.)?
3. What are some notable examples of their successes/best practices in small agency support or oversight?
4. What challenges have they encountered, and how do they deal with those issues?

Between April and July 2022, MAD consultants conducted preliminary desk research and interviews with relevant staff from other states. In collaboration with the client, the consultants developed a list of interview questions, which can be found in Appendix G.

Based on preliminary desk research, which involved reviews of various states' websites, news articles, and state reports, seven states were identified as having some form of small agency support in place, including Arkansas, Connecticut, Mississippi, Ohio, Oregon, Tennessee, and Washington. Only five states (Arkansas, Ohio, Oregon, Tennessee, and Washington), however, responded to and participated in MAD's interview requests by the end of the study. Except for Washington, all the interviews were conducted online. Due to scheduling challenges, Washington opted to reply to MAD's interview questions via email.

Below are MAD's findings from the desk research and interviews with contacts from the five states. Unless noted, all information provided below is from interviews with state representatives.

Key findings

Current state of small agencies

None of the states contacted have a formal definition for small agencies.

None of the states interviewed reported having a formal definition for small agencies. When asked how they would define "small agency" if they had to, the interview participants' responses varied noticeably from state to state. For example, Oregon defined small agencies as any boards or commissions with fifty FTEs or less, while Washington and Tennessee characterized small agencies as any agencies with one hundred to two hundred FTEs or less.

In more than half of the states contacted, small agencies have been either eliminated or consolidated into larger departments.

MAD's desk research and interviews revealed that small agencies in more than half of the states MAD contacted have been eliminated, merged, or consolidated into larger departments in recent years, as part of their efforts to reduce spending, improve administrative efficiency, and streamline operations.

The most noticeable restructuring efforts were noted in Arkansas and Washington, where hundreds of small agencies had been eliminated or merged into larger departments in recent years. For example, prior to 2016, Washington had hundreds of small agencies, but now forty-four remain.

Similarly, Arkansas launched a major restructuring plan in 2018 by reducing the number of cabinet-level agencies from forty-two to fifteen and establishing the Department of Transformation and Shared Services, tasked with overhauling and streamlining the state's operations and shared services system, including reorganizing small agencies. As of 2022, few small agencies remain in Arkansas. All the formerly independent cabinet-level boards and commissions have been consolidated as divisions under the state's fifteen larger departments. Those that remain are non-cabinet-level independent and regulatory agencies, such as the Ethics Commission, the Highway Commission, the Game and Fish Commission, and the State Board of Election Commission.

A similar effort also happened in Ohio, although to a much lesser extent. Approximately ten small agencies have been eliminated in the past five years, reducing the number of small agencies to twenty-five as of June 2022. According to the interview participants, the effort has since been discontinued.

The exceptions to this finding were Oregon and Tennessee. Interview participants from both states reported no downsizing efforts, but rather the formation of new boards and commissions.

Approaches to managing or supporting small state agencies

None of the states interviewed have official oversight structure over small agencies.

None of the states interviewed reported having any official oversight structure or plans to establish oversight over small agencies in their states. In most of the states that participated in the interviews, boards and commissions retain authority and discretion in carrying out their legislatively mandated responsibilities.

Shared services model is a common practice to support small agencies.

While the setup varies, all the five states MAD interviewed offer some form of shared services to small agencies. Ohio, Oregon, and Washington have work teams dedicated to supporting and working with small agencies. Connecticut, which did not respond to our interview requests, also has a Small Agency Resource Team (SmART), offering payroll and human resources (HR) services to small agencies. Arkansas and Tennessee offer statewide shared services support for all types of agencies.

Common services offered by all the states include payroll, accounting, HR, procurement, and information technology (IT). Other services available included geographical information systems (Arkansas), performance evaluation (Ohio), enterprise content management (Ohio), and contact center assistance (Ohio).

With the exception of Ohio, none of the states have mandates requiring state agencies to opt in for shared services.

Appendix F offers a detailed overview of how shared services are provided in each of the five states as of the time of this study and how they compare with SmART's offerings in Minnesota.

Shared services funding models

Except for Ohio, none of the states that participated in the interviews receive appropriations for their shared services for small agencies. According to the participants, the shared services divisions are supported by an internal service fund, which is funded by fees collected from small agencies for the services they use.

In the case of Ohio, in addition to service fee revenues, their Office of Budget and Management, which provides consolidated shared services to small and large agencies, also receives appropriation to cover costs associated with the development and agency integration of new services.

Notable examples of success and best practices

As part of the interviews, we also asked interview participants to share some of the advantages of their shared services model, the most common of which included:

- **More capacity to provide broad support for all agencies***:* While the states differed in their shared services models, all states interviewed cited increased capacity to provide core financial, HR, or IT services across the enterprise, as well as smaller agencies having access to a larger pool of support staff, as advantages of their shared services model. As one interviewee described, smaller agencies typically struggle with staff turnover within their business function team, whereas shared services units have a larger pool of skilled employees and can accommodate such changes. Another participant stated that by using shared services, small agencies can gain access to more staff than they would have if the functions were housed within their agencies.

- **Consistent and standardized process for core business functions***:* All states said that consistent and standardized processes for business functions was a success of the shared services model. According to the state agencies that have a centralized unit providing services (Arkansas, Ohio, and Oregon), shared services staff are able to provide consistent and standardized services that are aligned with wider enterprise policies and processes. These states also discussed providing trainings for small agency staff and increasing their capacity to conduct business in alignment with statewide processes and policies. Additionally, when process customization is needed, it is less burdensome on smaller agencies to do so as shared services staff can provide those customizations in alignment with how those modifications are being made elsewhere. One participant also mentioned that shared service providers can act as a conduit for small agencies to share best practices.

- **Resource efficiencies:** Shared services, according to interviewees, provide more cost-effective arrangements and options for small agencies that subscribe to them, allowing them to focus their resources, including budget and time, on their mission. Participants said shared services help reduce the need for small agencies to hire staff for these business functions. While the funding model differed across state agencies, several participants said paying for shared services is less resource intensive for small agencies than having their own staff. One participant also said that at the state level, shared services save the state money by reducing the number of FTEs performing similar functions in multiple small agencies.

Challenges

All interview participants described a few challenges their states encountered with their shared services model, including:

- **Lack of buy-in for transitioning to shared services:** Several states reported initial skepticism and concern among state agencies regarding the shared services model. States that transformed or restructured how they performed those functions, such as merging small agencies into larger departments or consolidating core business functions in a centralized administrative unit, discussed early concerns about service costs and staff job security. Several states reported that taking the time to address concerns, manage expectations, and demonstrate how it would benefit small agencies aided the transition and resulted in agencies signing up for services voluntarily.
- **Lack of mandate for shared services across the enterprise:** One participant said the lack of a mandate requiring small agencies to subscribe to shared services is a challenge. According to the participant, not requiring all small agencies to use the shared service model is a missed opportunity for cost reduction and efficiency improvement. Furthermore, the participant stated that they may not always have the capacity to respond to ad hoc requests for assistance from agencies that do not participate in the shared services. According to the participant, their centralized services are staffed to meet the needs of their existing customer base, and they are not always able to staff up for ad hoc requests from small agencies that have experienced staffing turnover or have other needs.
- **Broader challenges of implementing standardized policies:** A few states described the general difficulties of implementing broad policies across the enterprise in a standardized and uniform manner when some agencies may want more customized services or have more specific needs. One participant also stated that specific functions, such as HR, that are not embedded in their organizations can be a challenge for organizations with narrow or specialized missions.

Appendix F: State comparison data

This section provides a detailed overview of how shared services are provided in each of the five states as of July 2022 and how they compare with SmART's offerings in Minnesota.

Theme	Minnesota	Arkansas	Ohio	Oregon	Tennessee	Washington
Definition of "small agency"	• No formal definition.	• No formal definition.	• No formal definition. Technically, all small licensing boards and commissions.	• No formal definition—generally agencies under 50 FTEs (because many agencies over that tend to maintain their core services).	• No formal definition—informally any agencies under 100 to 200 FTEs.	• No formal definition—previously any agencies under 100 FTEs that are not part of a larger agency.
State of small agencies	• 44 small agencies. • Other small agencies exist but are independent or serviced by larger "parent" agencies.	• Since 2019, a majority of the small agencies have been consolidated as "divisions" under the state's 15 cabinet-level departments. • Those that remain are non-cabinet-level independent and regulatory agencies such as the Ethics Commission, and the Game and Fish Commission.	• 25 small agencies. • In recent years, there have been efforts to reduce the number of boards and commissions. Ten agencies were eliminated, but the effort has since been discontinued.	• 30 agencies under 50 FTEs. • 30 agencies with 50 to 100 FTEs. • ~20 agencies with over 100 FTEs. • There haven't been any efforts to eliminate or consolidate small agencies.	• No information.	• 44 small agencies. • Since 2016, Washington State eliminated or consolidated 140 state boards and commissions.

Theme	Minnesota	Arkansas	Ohio	Oregon	Tennessee	Washington
Shared service provider	• Department of Administration's Small Agency Resource Team (SmART).	• Department of Transformation and Shared Services (TSS).	• Office of Budget and Management (OBM)'s Shared Services Division. • Department of Administrative Services (DAS).	• Department of Administrative Services (DAS) contracts with small and medium agencies for accounting, budget, HR, and IT. • OregonBuys, a separate unit within DAS, offers procurement support.	• Centralized Accounting Initiative (CAI) provides accounting services to all state agencies, including 16 classified as small agencies. • Department of Human Resources (HR) provides services for 16 small agencies.	• Department of Enterprise Services (DES)'s Small Agency Services provides HR, payroll, and budget services. • DES's Statewide Goods and Services Procurement provides procurement services. • By the end of FY2026, all these services will be consolidated into the *OneWashington Initiative*.

Theme	Minnesota	Arkansas	Ohio	Oregon	Tennessee	Washington
Types of shared services offered	• Financial management, HR, and leadership resources.	• Personnel, procurement, information systems, building authority, geographical information system, and employee benefits.	• Accounting, travel and expense reimbursements, supplier management, enterprise content management and contact center assistance, payroll, and HR services (e.g., position management, interviews, processing any personnel changes, labor relations with union, and performance evaluation).	• Accounting, HR, IT, payroll, and procurement.	• Accounting, HR, IT, and payroll.	• HR, payroll, budget, and procurement.
Primary customers	• 44 small agencies, as of August 2022. • 1 cabinet-level agency. • Serving 649 FTEs.	• All the 15 cabinet-level departments, and some of the non-cabinet-level agencies. • No information on the number of FTEs served.	• 25 small agencies, though the types of services used vary. • Serving 588 FTEs.	• 50 small and medium agencies that have contracted for shared services. • Serving a combined total of 4,200 employees.	• All executive branch agencies, including 16 small agencies (boards and commissions). • Serving 1,300 FTEs for HR, 1,250 FTEs for IT, and 1,150 FTEs for accounting.	• 36 small agencies use HR services, as of August 2022. • Serving approximately 1,300 positions.

Theme	Minnesota	Arkansas	Ohio	Oregon	Tennessee	Washington
Number of FTE for small agency services	• 11 FTEs for financial services. • 6.5 FTEs for HR.	• No information.	• 5.75 FTEs for fiscal services • 2 FTEs for HR side.	• 35 FTEs for payroll, accounting, and fiscal. • 7-8 FTEs for HR. • 60 FTEs for IT. • No dedicated procurement staff for small agencies.	• 14 FTEs for HR. • 19 for accounting services.	• No information.
Funding sources	• Small general fund appropriation. • Agencies pay for the services they use.	• No direct appropriation. • Agencies pay for the services they use.	• There is direct appropriation for shared services. • OBM also charges based on head count for the HR side and each agency's share of operating spending.	• No direct appropriation. • Agencies pay for the services they use.	• No direct appropriation. • Agencies pay for the services they use.	• No direct appropriation. • Agencies pay for the services they use.
Additional services requested by agencies that are not yet available	• Some agencies would like to see IT support included. • In-house legal counsel services.	• No known additional service requests as of the time of the interview.	• In-house legal counsel services, primarily around contract review and negotiation, which is outside of OBM's scope of responsibility and is offered through the Attorney General's office.	• Short-term help to cover for staff turnover.	• No information.	• Agencies want DES to take on filing of personnel files, position files, medical files, but they do not have the staff or space to take this on. They also want DES to take on policy creation.

Theme	Minnesota	Arkansas	Ohio	Oregon	Tennessee	Washington
Level of authority over small agencies	• SmART does not have any authority over any of the agencies. • Agency heads report to their boards or the Governor's Office based on legislative language.	• TSS does not have any authority over any of the agencies. • All the cabinet-level small agencies report to the commissioners of their respective department. • All the non-cabinet agencies report to the governor.	• OBM and DAS have no legislative authority over small agencies. When it comes to fiscal, financial, and HR practices, DAS and OBM have the authority to request that certain things happen in accordance with their policies. • Shared services are mandated for some agencies and optional for others.	• DAS does not have any authority over any of the agencies. • Shared services are optional. There is no mandate for small agencies to contract with DAS.	• CAI and HR do not have any authority over small agencies.	• DES does not have any authority over small agencies.
Who leads the division?	• SmART Director in partnership with CFO and HR Director. • Reports to Deputy Commissioner.	• Secretary of TSS.	• OBM General Counsel and Chief of Operations.	• DAS shared financial services CFO.	• Specific division heads providing centralized services.	• Chief Financial Officer. • Chief Human Resource Officer.

Theme	Minnesota	Arkansas	Ohio	Oregon	Tennessee	Washington
Level of staff involvement with small agencies	• Support to agency heads and internal staff. • Presentations and/or meetings with board or individual members as requested by partners. • Support with statewide service issues.	• More supportive role although there are certain things by law that have to come up to personnel level. • Very minimal interactions with non-cabinet-level agencies. No direct interaction with their board members.	• Support as needed, including providing onboarding training to small agency staff. • All contacts are primarily with the executive directors. There is no direct interaction with small agency board members.	• Support as needed, including training on the different finance and HR practices for internal staff of the small agencies. • All contacts are primarily with the executive directors. There is no direct interaction with small agency board members.	• Managers work with appointed authorities or agency heads for high-level issues, strategic planning, etc. • Staff work with internal staff of agencies for day-to-day operations and services. • All contacts are primarily with the agency heads. There is no direct interaction with small agency board members.	• While DES has a training team that creates statewide training, they do not offer training to small agency staff. • All contacts are primarily with the executive directors. There is no direct interaction with small agency board members.

Theme	Minnesota	Arkansas	Ohio	Oregon	Tennessee	Washington
Shared services performance measures	• Does occasional customer surveys to track performance. • In 2021, 85% of agencies that responded to the customer satisfaction survey were satisfied with SmART services. • Prompt Payment tracking.	• No information.	• No performance tracking as of the time of the interview but would consider it in the future. • Measure used as of the time of the interview is the savings from centralizing management and billing model of shared services (e.g., ~$400,000 current fiscal year, and ~$700,000 the following fiscal year).	• Have tracked payment data (e.g., accounts payable) in the past. Also track deadlines for statewide reporting for previous fiscal years. • Used to do customer satisfaction surveys. • Since the COVID-19 pandemic, performance tracking has been less common.	• HR – customer satisfaction survey every other year. • Financial services – no formal surveys but plan to start doing that in the future. Feedback so far has been gathered mostly informally. • IT services – customer satisfaction survey every year.	• No performance measurements for services. • In the past have done customer satisfaction surveys.

Appendix G: State comparison interview questions

This appendix contains the full text of the interview questions.

1. Could you please tell us briefly about yourself and your role in your organization?
2. Next, we have a few questions about small agencies in your state.
   a. How does your state define "small agency"?
   b. How many small agencies do you currently have?
   c. What trends have you noticed about small agencies in your state?
   d. Are you aware of any plans to change how small agencies operate in your state?

3. Can you tell us about your state government's model or approach for small agency support?
   a. How do you define shared services? How is it different from the broader enterprise services?
   b. Who are your primary customers?
      i. How do you determine which agencies to support?
      ii. How many agencies do you support and what is the total FTE served?
      iii. What specific services do you provide?
         1. Do you provide financial, purchasing, HR and payroll services?
         2. If not, who processes your partner agency payroll?
      iv. Who handles performance management, specifically for staff and/or executive leaders?
   c. How do you foresee these services will change in the next 5 to 10 years?
   d. How many FTEs do you have?
      i. What types of classifications are they?
      ii. How many financial and HR staff?
   e. What funding sources/model does the agency currently use to provide these services?
      i. Do you have agreements with the partner agencies?
      ii. Do you charge and invoice them for services?
      iii. Do you get a direct appropriation for services?

4. As a small agency support division, do you have any authority over the small agencies you serve or work with?
   a. If yes, what types of authority? Any legislative authority?
      i. Do you have any oversight authority over board actions?
   b. Who manages the day-to-day activity?
      i. Is there someone who leads the program?
      ii. Are there any positions that are politically appointed?
   c. Can you describe in more detail the involvement your staff has with these agencies?
      i. Do you work directly with board members? If yes, what's the relationship?
      ii. Do you provide training to board members and/or staff? If yes, what types?

5. What do you think are the advantages of your state's model/ approach small agency support?

       a.   What notable examples of success/ best practices can you share?

       b.   What opportunities do you see for your state's model/ approach?

6. What challenges have you encountered in your model/ approach?
    a. How has your state government responded to those challenges?
    b. What other things can be done to help with those challenges?
    c. Are there services your partner agencies are asking for that you are unable to provide?
        i. If yes, what services and what prevents you from providing them?

7. Do you have any performance measures or evaluation information related to your services or support model that you could share with us? Examples:
    a. Payment data? How many payments do you make timely?
    b. How many purchase orders do you create? How many days to issue a purchase order?
    c. Turn time in hiring? How long to fill a position start to hire date?
    d. Do you perform regular partner agency satisfaction surveys? If so, could you share them with us?
    e. Are there internal controls in place to ensure separation of duties?
    f. Do partner agency heads approve their own timesheet?

8. Have there been any efforts in the past to establish oversight over small agencies?
    a. **If yes,** how has this worked in practice?
        i. What have been some successes and challenges of such efforts?
        ii. What advice do you have for states like Minnesota if it were to establish its own oversight structure?

    b. **If no,** does your state have any plan in the future to establish oversight over small agencies?
        i. If so, how is the process going? What's the timeline?
        ii. What challenges has your state faced with this effort?
        iii. How is your state addressing those challenges?

9. Are you aware of any other states or government entities that might be good examples for us to look at for this research?

10. Is there anything else you'd like to share with us about your state's shared services model/ approach?